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# Behind PESCO

The past and future...



**FINABEL**

European Army Interoperability Center

This text was drawn up with the help of Mrs. Giorgia Cervellati, member of the Finabel research team, under the supervision and guidance of the Head of the Permanent Secretariat.

This Food for Thought paper is a document that gives an initial reflection on the theme. The content is not reflecting the positions of the member states, but consists of elements that can initiate and feed the discussions and analyses in the domain of the theme. It was drafted by the Permanent Secretariat of Finabel.

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## INTRODUCTION

After a long period of wars that devastated Europe for the first half of the 20<sup>th</sup> century, Europeans were inspired by a vision of lasting peace. More than 70 years later, Europe has experienced the longest period of peace in its troubled history.



Source: European Commission

Figure 1

Despite this, the world is facing new challenges and threats. On a European level, as well as on a global level, tensions are rising and nations face challenges stemming from economic, environmental and technological drivers. Peace and security can no longer be taken for granted and the threats Europe is facing do not respect national borders. Consequently, for the EU the best approach is to work together to prevent and tackle such issues, even if the deployment of security and armed forces remains in the hands of Member States.

European citizen concerns cannot be denied, with security becoming the number one priority. The European Union and its Member States have a duty and responsibility to protect its citizens and promote European interests and values. Citizens look to the EU for protection, demanding to feel safe and secure in Europe. As stated by Jean-Claude Juncker, President of the European Commission, in

2014: “I also believe that we need to work on a stronger Europe when it comes to security and defence matters. Yes, Europe is chiefly a ‘soft power’. But even the strongest soft powers cannot make do in the long run without at least some integrated defence capabilities.”<sup>1</sup>

It was under his presidency that European defence has started to gain importance. In his 2016 State of the Union address, he called for a Europe that protects and defends, at home and abroad. It was in that year that the idea of the Permanent Structured Cooperation (PESCO) began, awakening the so called “sleeping beauty of the Lisbon Treaty”. In December 2016, the European Council called for work on the elements and options for an inclusive PESCO based on a modular approach and outlining possible projects. The year 2017 represented a crucial year for PESCO, ending with its ratification by 23 Member States in November and its establishment, by Council decision, in December with 25 participants. Only the UK, Denmark and Malta have opted not to take part in any current projects.

PESCO could be the vehicle needed to move EU defence cooperation to a higher level. It introduced something completely different from the past, with a series of binding commitments, numerous projects and a way to assess Member States performance that will give an added-value to this initiative, as it combines carrot-and-stick enforcement measures.

The aim of this paper is to underline the different features of the Permanent Structured Cooperation, considering the 20 commitments that characterize the initiative and the first batch of 17 projects that were approved

<sup>1</sup> Jean-Claude Juncker, President of the European Commission, Political Guidelines for the European Commission, 15 July 2014.

on the 6<sup>th</sup> of March 2018. Close to another two dozen were added on the 19<sup>th</sup> of November 2018. In analysing these aspects, particular attention is devoted to the impact of such initiatives on Land Forces, underlining the way in which PESCO can improve their cooperation and interoperability. Focus should also be placed on the economic aspect of the initiative. This is a crucial aspect for both the European institutions, the Member States and the national companies which deal with defence. The aim is to show that the Permanent Structured Cooperation, taken together with the Coordinated Annual Review on Defence (CARD) and the European Defence Fund (EDF), could represent a big step forward for European defence and security issues and that it is important to continue its development in the coming months and years.

This paper is organised as follows:

- The first chapter shows an historical overview of PESCO, underlining PESCO's slow start, from its entry into force with the Lisbon Treaty in 2009 until its establishment in December 2017. The second paragraph examines the reasons why we need a European Security and Defence Union, placing emphasis on the structural and enabling factors that led the EU to concentrate its efforts on defence and security issues.
- The Second chapter goes in depth inside PESCO. The first paragraph points out the different actors involved in PESCO initiative, with an explanation of the different tasks and responsibilities. The second paragraph is devoted to the analysis of the 20 commitments decided by Member States, as well as some possible future improvements in this regard. It then focuses on the impact of these commitments on Land Forces (LF), underlining which of them can improve LF capabilities and cooperation between Member States' armies. The third paragraph analyses the 17 projects that were

initiated in March 2018, stressing their importance, and the possible improvements in the future and how PESCO could be considered to be a success in this aspect. The focus will be placed on the impact of such projects on Land Forces and consequently on Finabel Member States. Which of them could be an achievement and in which way? The fourth and last paragraph is devoted to an explanation of the Coordinated Annual Review on Defence (CARD), underlining its objectives and its close relationship with PESCO.

- The third chapter goes in depth into the economic side of defence. It analyses at first why, from a financial point of view, there is the need for more cooperation. The focus is then shifted to the European Defence Fund (EDF), explaining what it is, how it works and its relationship with PESCO. It underlines how the EDF can incentivise Member States to develop and participate in projects within PESCO's framework.
- The fourth and last chapter is devoted to the future of PESCO. It considers the variables to make PESCO a success and it opens some questions on the possible developments of this new initiative.

## HISTORICAL OVERVIEW

### The long history of PESCO: from Lisbon to 2017

The Permanent Structured Cooperation (PESCO) first appeared in the European Union in 2007 with the signature of the Lisbon Treaty, entering into force in 2009. Article 42.6 of the Treaty of the European Union (TEU) stated that “those Member States whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework”<sup>2</sup>. The details of such cooperation are established in article 46 of the same Treaty, regulating the creation of the permanent structured cooperation, the accession of Member States, and the formulation of the commitments in respect to Member States.

The objectives of PESCO laid out in Protocol 10 (TEU) states that the participating Member States need to “develop their defence capabilities through the development of their national contributions and participation, where appropriate, in multinational forces, in the main European equipment programs and in the activity of the European Defence Agency (EDA)”<sup>3</sup>.

Articles 42.6 and 46 (TEU) taken together with Protocol 10 (TEU) represented the basis for the Permanent Structured cooperation to be born. However, when the Treaty entered into force in 2009, it was evident that neither the European Union nor the Member States

felt the urgency of launching PESCO. The sovereign debt crisis in the Eurozone, which dominated the European political context in those years, brought the EU to concentrate all its efforts on economic policies, leaving the permanent structured cooperation aside.

The turning point for the “awakening” of PESCO started in 2014. The Russia’s seizure of Crimea in 2014, the terrorist attacks on European soil by Islamist fundamentalist groups, the migration crisis, the ‘Brexit’ referendum in the UK, and the election of Donald Trump in the US with a consequent shift in US foreign and defence policy, all worked to contribute to an increased awareness that Europe needs to tackle security and defence more seriously than before.

In 2016, the High Representative of the Union for Foreign and Security Policy/Vice – President of the European Commission (HR/VP) released the EU Global Strategy (EUGS), showing the EU’s core interests and principles for engaging in the wider world. The focus of the EUGS was on the need for a strong Europe that thinks strategically, shares a vision and acts together<sup>4</sup>. Member states did not have the strength and the resources to act alone and address the threats that were and are challenging Europe. This is still the case today. Only after a series of meetings between the EU foreign and defence ministers did the idea of PESCO come out as a possible vehicle to meet the ambitions set in EUGS, with

<sup>2</sup> European Union, *Treaty of Lisbon Amending the Treaty on European Union and the Treaty Establishing the European Community*, 13 December 2007, 2007/C 306/01.

<sup>3</sup> Nováky N. (2018), “*The EU’s Permanent Structured Cooperation in defence: Keeping Sleeping Beauty from snoozing*”, Wilferied Martens Centre for European Studies, *European View* 2018, Vol. 17(1) 97 – 104.

<sup>4</sup> European union, “*European Union Global Strategy*”, 2016.

the request by the European Commission on December 2016, to work on the elements and options for an inclusive PESCO.

The following months were crucial for the implementation of the Permanent Structured Cooperation. After several speeches, studies, and questionnaires, on the 22<sup>nd</sup> of June 2017, the European Council called for an inclusive and ambitious PESCO, giving the Member States three months to agree on common commitments and concrete capability projects. On the 21<sup>st</sup> of July 2017, France, Germany, Spain and Italy wrote a letter to the HR/VP setting out proposals, as requested by the Council, supported by Belgium, the Czech Republic and the Netherlands. This proposal letter represented a milestone in the genesis of PESCO, serving as a solid basis for its subsequent establishment. On the 13<sup>th</sup> November 2017, 23 EU Member States<sup>5</sup> signed the common notification to officially signal their intention to Participate in PESCO. On December 2017, 25 Member States (Ireland and Portugal joining) adopted a Council decision establishing PESCO in accordance with Article 46(3) TEU.

2017 has been a crucial year for European defence: the so-called “sleeping beauty” of the Lisbon Treaty has been awakened, opening an unprecedented opportunity to move EU defence cooperation to a higher, and more ambitious level.

## Why do we need a European Security and Defence Union?

The idea of creating a European Defence Community came more than six and a half

decades ago, evolving from the Pleven Plan and issues of Defence and Security, but it was only in December 2017 that Defence and Security reached its summit. After seven decades of peace, the longest period in Europe’s troubled history, the strategic environment has deteriorated, and the European Union saw the necessity to deepen its security and defence policy. The reasons behind this necessity can be identified as the combination of structural and enabling factors.

First, Europe cannot take for granted the US security umbrella provided through the North Atlantic Treaty Organization (NATO). Under the Obama administration, the EU relied on the transatlantic partnership which, combined with the Eurozone crisis of those years, led European leaders to put aside issues of defence. Even though the US is increasing its military presence in Europe, Washington neither has the will nor the ability to look after Europe. This means that Europe needs to assume greater responsibility for their security. Furthermore, with the election of Donald Trump as the 45<sup>th</sup> US President, Europeans felt that the security guarantee provided by America has become unpredictable, realising that there is a pressing need to “work on a stronger Europe when it comes to security and defence matters”<sup>6</sup>.

Second, the rising instability in the strategic environment, both on a European and global level, as well as new emerging security threats (economic, environmental, and technological) present important challenges to Europe’s security. From the East, the EU faces an assertive Russia, intent on reaffirming its sphere of influence. From across the Mediterranean, the EU faces terrorist threats and attacks tar-

<sup>5</sup> Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Romania, Slovakia, Slovenia, Spain and Sweden.

<sup>6</sup> Jean-Claude Juncker, President of the European Commission, Political Guidelines for the European Commission, 15 July 2014.

geted towards the heart of European cities. In the Middle East and East Asia, regional rivalries are escalating. Moreover, more turbulence and conflicts may continue to arise and escalate as a consequence of climate change, resource scarcity, demographic growth, and subsequent state fragility. In such an unstable scenario, it is not surprising that European public opinion is much more concerned about security. Opinion polls from the European Commission showed that security has become the number one concern for most Europeans<sup>7</sup>.

Third, in the world of the 21<sup>st</sup> century, EU Members can be considered to be small to medium sized countries. Besides, many of the threats that Europe faces today do not respect national borders, increasing the need for Member States to prevent and tackle these issues by working together. From a finance point of view, taking into account technological implications, the fragmentation of defence markets, the lack of interoperability and coordination, negatively affect the economy of Member States and this of the European Union as a whole. Along with these structural trends, some enabling factors should also be taken into consideration.

First, the role of the European Commission. It has been traditionally unwilling to place greater focus on defence issues. The situation began to change under President Barroso but it was under President Juncker that defence issues truly took on new relevance. In November 2016, the European Defence Action Plan was presented with the aim of setting up financial measures to move Member States towards deeper cooperation. In July 2017, the European Defence Fund (EDF) was created, allocating, for the first time, a part of the EU budget to defence.

Second, the referendum in the UK voting for the exit from the European Union played an important role in defence and security issues. Since 2010, when the Conservative Party returned to power, the UK became doubtful regarding defence cooperation with the rest of Europe. The concern was that, by deepening European security and defence cooperation, the Atlantic Alliance would be negatively affected. With “Brexit”, the UK took a step back, in terms of deepening cooperation in Europe on this issue. Yet this also gave the rest of the EU more room to work on defence and security, with the UK no longer blocking this initiative. Deepening cooperation in defence and security issues is also seen as a signal of strengthening unity after an event that will divide the European Union, and after fragmentation in other areas such as migration, and the Eurozone.

Third, the restart of the Franco-German engine was a major push for European defence. Since Germany’s leadership in the EU has grown and the above mentioned structural factors showed up, Germany took the initiative. France hesitated but followed during the last months of Francois Hollande’s presidency. It was only after the election of Emmanuel Macron in France that the Franco-German engine restarted completely, giving European security and defence a new opportunity.

<sup>7</sup> European Commission (2017) “Reflection paper on the Future of European Defence”, COM (2017) 315 of 7 June 2017.

## PESCO IN DETAIL

PESCO was born after one year of intensive work by the EU Member States, as well as by EU institutions such as the European External Agency Service (EEAS) and the European Defence Agency (EDA). It is an ‘ambitious, binding and inclusive’ framework aimed at incentivising cooperation among Member States in the field of capability development and operation<sup>8</sup>. It aims at enabling the EU Member States the capacity to ensure the defence and security of the European Union and its citizens. This implies the possible deployment of operations that are facilitated by the PESCO framework, the common commitments it defines and the projects it initiates. PESCO is a means to an end rather than an end on its own: it can evolve and adapt to changing circumstances, positively contributing to more proactive EU defence cooperation in the coming years. Its establishment shows the will of the EU Member States to bring defence a step further.

PESCO will deliver more usable, deployable, interoperable and sustainable set of capabilities and forces, contributing to the reinforcement of the North Atlantic Treaty Organisation (NATO) as well. By enhancing European defence efforts, PESCO aims to make Europe’s contribution to NATO more substantial and more effective. All Member States participating in a PESCO project can, at any time, make their capabilities available to NATO, to the United Nations (UN) or other relevant organisations. It is essential to ensure there will be no overlap between organisations and the planned projects, to avoid unnecessary duplication. The EDA is supporting Member States to ensure this.

In establishing PESCO, Member States have set up 20 commitments in this respect, that reflects their shared goals for European defence. One of the most important aspects of this new initiative is its binding nature, making it different from previous initiatives. Furthermore, the first set of 17 projects have been developed, and a new set has just been approved. The projects constitute the core of PESCO. It is vital to further these projects and reach concrete results in the coming months.

However, the Permanent Structured Cooperation does not stand alone. It has been developed in strict connection with the Coordinated Annual Review on Defence (CARD) and the European Defence Fund (EDF). CARD could serve as a basis for identifying future projects for PESCO, while the EDF could provide support to the projects from a financial point of view. These initiatives must complete each other in a coherent and coordinated way, boosting the positive effects on security and defence issues.

### PESCO’s Governance: Who are the Actors?

The initiative to launch PESCO did not come from the European Union, but from Member States who saw the need to enhance their defence efforts. There were several actors involved in the whole process, with different functions at different stages.

**Member States** are responsible for the main activities and decision of PESCO. They propose the projects and submit their National

<sup>8</sup> Fiott D., Missiroli A., Tardy T. (2017). “*Permanent Structured Cooperation: What’s in a name?*”, European Union institute for Security Studies (IIS), Chaillot Paper n°142 – November 2017.

Implementation Plans (NIPs) to the PESCO Secretariat, which is composed of the EDA and the EEAS. Member States have the responsibility of the projects in which they are the lead Nation and they have to provide information on their development. Member States, within the framework of the European Council, can decide about on the suspension of a participant, taking the decision through qualified majority voting. All other decisions taken in the PESCO framework, with the exception of the possible participation of a third state that is taken by qualified majority voting, are taken through unanimous voting procedure. Member States act also as coordinators, together with other actors, for the European Defence Fund (EDF).

The **European Defence Agency (EDA)** is part of the PESCO Secretariat. It plays a key role in relation to the capability dimensions of the common commitments, and to the capability projects, as well as in the annual assessment of nations' contributions to PESCO. The EDA represents the preferred cooperation forum and management support structure at the EU level for participating Member States to engage in technology and capability development activities. It acts as the interface and central operator for EU funded defence activities<sup>9</sup>.

The EDA is also responsible for the gathering of information for CARD and, together with the EU Military Staff (EUMS), it is engaged in bilateral dialogues with Member States. It supports the assessment of the projects, ensuring there is no unnecessary duplication with existing initiatives, as well as in other institutional contexts. The EDA can also support the practical implementation of PESCO's project at the request of the Member States. Further-

more, the implementation of the European Defence Fund (EDF) relies to a large extent on the EDA, both in research and in capability domains. The EDA also plays the role of CARD Secretariat, gathering all the information from Member States, providing analysis and identifying possible future cooperation.

The **European External Action Service (EEAS)** is a part of the PESCO Secretariat with the EDA. It supports the operational dimension of common commitments and the operational projects. Within the EEAS, it will be the EU Military Staff (EUMS), together with the Crisis Management and Planning Directorate (CMPD), which will take the lead in assessing progress from an operational point of view. It will also be involved in the management of the capability window for the European Defence Fund (EDF).

The **High Representative of the Union for Foreign Affairs and Security Policy/Vice President of the Commission (HR/VP)** is the supervisor of the whole PESCO process. It will be up to the HR/VP to conduct the annual review of the binding commitments made by Member States' governments. It is on the basis of their evaluation that Member States can decide to suspend a State that has not fulfilled its commitments.

## The Commitments

The 25 Member States have set up 20 commitments, embodying the participating Member States' shared ambition for European defence. The core aspect that differentiates PESCO from previous initiatives on defence cooperation is the binding nature of these commitments. In providing a binding aspect to this project,

<sup>9</sup> Domecq J., (2018). "Coherence and focus on capability priorities: why EDA's role in CARD, PESCO and EDF matters", Real Instituto Elcano, ARI 54/2018.

Member States demonstrated their willingness to “share the burden and create conditions for a greater EU role in crisis management”<sup>10</sup>.

As settled in the “Notification on Permanent Structured Cooperation (PESCO)”<sup>11</sup>, the 20 commitments can be divided into five different areas:

- “(a) cooperation, as from the entry into force of the Treaty of Lisbon, with a view to achieve approved objectives concerning the level of investment expenditure on defence equipment, and regularly review these objectives, in the light of the security environment and of the Union's international responsibilities.”
- “(b) bring their defence apparatus into line with each other as far as possible, particularly by harmonising the identification of their military needs, by pooling and, where appropriate, specialising their defence means and capabilities, and by encouraging cooperation in the fields of training and logistics.”
- “(c) take concrete measures to enhance the availability, interoperability, flexibility and deployability of their forces, in particular by identifying common objectives regarding the commitment of forces, including possibly reviewing their national decision-making procedures.”
- “(d) work together to ensure that they take the necessary measures to make good, including through multinational approaches, and without prejudice to undertakings in this regard within the North Atlantic Treaty Organisation, the shortfalls perceived in the

framework of the ‘Capability Development Mechanism.’”

- “(e) take part, where appropriate, in the development of major joint or European equipment programmes in the framework of the European Defence Agency.”<sup>12</sup>

The first five commitments are related to expenditure. Besides the first one that is to “regularly increase defence budget in real terms, in order to reach agreed objectives”<sup>13</sup>, Member States have committed to allocate 20% of their defence spending to investment and 2% to research and technology. In order to deepen defence cooperation within the EU framework, the defence budget is fundamental. One of the aims of PESCO is to help Member States allocate their budget in the most efficient manner, avoiding duplications and consequently avoiding inefficient cost expenditure that would be prevented through closer cooperation. More details on the economic side of PESCO are provided in the next chapter.

One of the most tangible of these 20 commitments is the obligation to “take part in at least on project under PESCO which develops or provides capabilities identified as strategically relevant by Member States”<sup>14</sup> (Commitment No.17). With this obligation, none of the Member States can refuse to take part in any project, leading to a consequent increase in cooperation between them, as well as an increase in the strength of PESCO itself. This obligation is linked to the general commitment in helping to address the common capa-

<sup>10</sup> European Defence Agency (2018), “Quantum Leap: How PESCO could shape European Defence”, issue #15 view of Rudolf Štědrý, Deputy Defence Policy Director, Ministry of Defence, Czech Republic.

<sup>11</sup> Notification on Permanent Structured Cooperation (PESCO) to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy (2017).

<sup>12</sup> *ibid.*

<sup>13</sup> *ibid.*

<sup>14</sup> *ibid.*

bility shortfalls that the EU identifies, and to look for collaborative options first, even when certain shortfalls are national issues. These binding commitments are at the very heart of PESCO. These are also the elements that differentiate PESCO from previous initiatives. They ensure that PESCO is here to stay.

It is paramount for PESCO's credibility and success for Member States to fulfil their commitments and to have an assessment process for this fulfilment. The mechanism in place to ensure Member States will accomplish these is built into the National Implementation Plans (NIPs) that the 25 participating Member States presented at PESCO's launch. The NIPs will be updated once a year, outlining how each of them intends to meet the overall commitments and the more specific objectives to be fulfilled at each phase. This differs from the voluntary approach that was the rule within the EU's Common Security and Defence Policy.

A great role in this assessment process is played by the PESCO Secretariat. It is composed of the European Defence Agency (EDA) and the European External Action Service (EEAS), including the EU military Staff and it represents a single point of contact for the participating Member States. PESCO's Secretariat will determine to what extent the commitments are met. On the base of this assessment, the High Representative of the Union for Foreign Affairs and Security Policy (HR) will present an annual report to the Council describing the status of PESCO in the different Member States. It is then up to the Council to decide whether the different countries are continuing to fulfil their commitments or not, and in the worst case to decide on a suspension from PESCO membership, through qualified majority voting<sup>15</sup>.

The production of NIPs by Member States does not guarantee that they will meet all of their commitments, but they will have to explain the failure to do so to the other Member States, to the public and to their national parliaments. Furthermore, the presence of many participants in the projects will incentivise states to not withdraw from them. The commitment to enter into collaborative capability projects will mean collective engagement, and this will mean it would be difficult to renege without an adverse reaction from the other participants. The presence of an assessment process to check Member States' fulfilment of their commitments is a big step towards increased transparency and cooperation between participants. However, some commitments could be interpreted differently and thus could lead to the Member States building their NIP in different ways. Take, for example, the first commitment of "regularly increasing defence budget in real terms". Some Member States wrote their plan to achieve this result in a detailed way, step by step, while others simply stated that they committed to increase their budget. In order for the PESCO Secretariat to assess and evaluate the situation, there is a need to develop a standardized way of writing the NIPs. This also implies a higher degree of transparency, which is fundamental for reaching the agreed upon objectives, as well as for increasing possible future cooperation in capabilities and operations.

### *Impact of the Commitments on Land Forces*

Within the 20 Commitments undertaken by Member States, numbers 12 to 14 concentrate on the availability, interoperability, flexibility and deployability of the forces. This can have a substantial impact on Land Forces and

<sup>15</sup> European Union, *Treaty of Lisbon Amending the Treaty on European Union and the Treaty Establishing the European Community*, 13 December 2007, 2007/C 306/01. Article 46.4.

could represent a positive achievement for final Member States.

One of these commitments is to ensure strategically deployable formations are made available, in addition to a potential deployment of EU Battlegroups (EUBGs). This can be useful for achieving the EU's military level of ambition, and to provide substantial support every time the EU launches an operation. EUBGs are part of the European Union's military rapid reaction capacity in responding to an emerging crisis. In a world in which these crises are rising and more threats are arising, the need to increase European military capacity cannot be denied. In relation to EU Battlegroups, Member States are committed to provide substantial support within the means and capabilities of CSDP operations and missions, providing personnel, materiel, training, exercise support, infrastructure and other relevant measures.

To boost interoperability and cooperation between Member States' armies, the 12<sup>th</sup> commitment underlines the need to create a solid instrument (for example, a data base) to record available and rapidly deployable capabilities in order to facilitate and accelerate the Force Generation Process. This tool can bring an unprecedented benefit to European armies as, when needed, every country could have a complete picture of the European Union situation as a whole and consequently the reaction can be faster and easier. Related to this goal, Member States have also committed to "simplifying and standardising cross border military transport in Europe for enabling rapid deployment of military materiel and personnel".

In the 13<sup>th</sup> commitment, participating Member States bind themselves to developing the

interoperability of their forces and to optimise multinational structures. For the latter, Member States "could commit to joining and playing an active role in the main existing and possible future structures partaking in European external action in the military field (EUROCORPS, EUROMARFOR; EUROGENDFOR, MCCE/ATARES/SEOS)"<sup>16</sup>. All these points could represent a great advantage for improving the cooperation between European armies and also for increasing the presence and deployability of European armies when needed, for example in the case of an attack or crisis. It is pivotal for the military to reach a high level of operational readiness, ensuring speed in reacting to what happens in the international arena.

Furthermore, as stated in the 10<sup>th</sup> commitment, it is essential for Member States to consider the joint use of existing capabilities. This can bring savings in terms of defence spending, an optimisation of the available resources and an improvement to the effectiveness of the forces.

The 20 commitments are clearly ambitious, but they represent the opportunity for European defence, and consequently also for Land Forces, to take steps towards a more cooperative environment, with an increase in capabilities and a decrease in costs.

## Projects

On the 6<sup>th</sup> of March 2018, the EU Council of Ministers formally adopted the first set of 17 PESCO Projects. Each of them is led by one Member State and promoted by a group of participating countries that vary for each project. The 17 projects adopted vary great-

<sup>16</sup> Notification on Permanent Structured Cooperation (PESCO) to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy (2017).

ly in their focus and strategic outreach. Most of them are linked to operational needs, with several stemming from lessons identified in the field. For a better understanding of the different areas, they can be organised into four different categories: capability needs, logistical / training needs, maritime surveillance, and cybersecurity needs (see Table on next page).

More recently, on the 19<sup>th</sup> of November 2018, another set of 17 projects were approved:

- Helicopter Hot and High Training (H3 Training),
- Joint EU Intelligence School,
- EU Test and Evaluation Centres,
- Integrated Unmanned Ground System (UGS),
- EU Beyond Line of Sight (BLOS) Land Battlefield Missile Systems,
- Deployable Modular Underwater Intervention Capability Package (DIVEPACK),
- European Medium Altitude Long Endurance Remotely Piloted Aircraft Systems – MALE RPAS (Eurodrone),
- European Attack Helicopters TIGER Mark III,
- Counter Unmanned Aerial System (C-UAS),
- European High Atmosphere Airship Platform (EHAAP) – Persistent Intelligence, Surveillance and Reconnaissance (ISR) Capability,
- One Deployable Special Operations Forces (SOF) Tactical Command and Control (C2) Command Post (CP) for Small Joint

- Operations (SJO) – (SOCC) for SJO
- Electronic Warfare Capability and Interoperability Programme for Future Joint Intelligence, Surveillance and Reconnaissance (JISR) Cooperation,
- Chemical, Biological, Radiological and Nuclear (CBRN) Surveillance as a Service (CBRN SaaS),
- Co-basing,
- Geo-meteorological and Oceanographic (GeoMETOC) Support Coordination Element (GMSCE),
- EU Radio Navigation Solution (EURAS),
- European Military Space Surveillance Awareness Network (EU-SSA-N).<sup>17</sup>

Along with this, the official PESCO website was recently launched under <https://pesco.europa.eu/>, where relevant information and documents relating to the project can be found and accessed.

PESCO's projects provide the EU with an opportunity to address European capability shortfalls, harmonising the European defence capability landscape, and enhancing interoperability and deployability of European forces<sup>18</sup>. As Domecq points out: "It is important that we choose the right projects with the right impact. At the end of the day, what we need is a more coherent set of deployable, interoperable, sustainable capabilities and forces"<sup>19</sup>. These projects will be the real test of PESCO. The numerous proposals for the first set demonstrated the enthusiasm and dynamism coming from the Member States, along with the second set that have just been approved.

<sup>17</sup> (2018), "Permanent Structured Cooperation (PESCO) updated list of PESCO projects" - Overview - 19 November 2018. (Accessed on the 30<sup>th</sup> of November <https://www.consilium.europa.eu/media/37028/table-pesco-projects.pdf>).

<sup>18</sup> European Defence Agency (2018), "Quantum Leap: How PESCO could shape European Defence", issue #15 view of Rudolf Štědý, Deputy Defence Policy Director, Ministry of Defence, Czech Republic.

<sup>19</sup> Domecq J., (2018). "Coherence and focus on capability priorities: why EDA's role in CARD, PESCO and EDF matters", Real Instituto Elcano, ARI 54/2018.

Focus Area	Project	Leading Country	Participants
<b>Capabilities / Needs from Operational Lessons Identified</b>	European Medical Command	 DE	CZ, ES, FR, IT, NL, RO, SK, SE
	European Secure Software Defined Radio	 FR	BE, DE, IT, NL, PL, PT, FI
	Deployable Military Disaster Relief Capability Package	 IT	EL, ES, HR, AT
	Energy Operational Function (EOF)	 FR	BE, ES, IT
	Strategic Command and Control System for CSDP Missions and Operations	 ES	DE, IT, PT
	Armoured Infantry Fighting Vehicle / Amphibious Assault Vehicle / Light Armoured Vehicle	 IT	EL, SK
	Indirect Fire Support	 SK	IT
	EUFOR Crisis Response Operation Core	 DE	ES, FR, IT, CY
<b>Logistical / Training</b>	Network of logistic Hubs in Europe and support to Operation	 DE	BE, BG, EL, ES, FR, HR, IT, CY, HU, NL, SI, SK
	Military Mobility	 NL	BE, BG, CZ, DE, EE, EL, ES, FR, HR, IT, CY, LV, LT, LU, HU, AT, PL, PT, RO, SI, SK, FI, SE
	EU Training Mission Competence Centre (EU TMCC)	 DE	BE, CZ, IE, ES, FR, IT, CY, LU, NL, AT, RO, SE
	European Training Certification Centre for European Armies	 IT	EL
<b>Maritime Surveillance</b>	Maritime (semi-) Autonomous Systems for Mine Countermeasures (MAS MCM)	 BE	EL, LV, NL, PT, RO
	Harbour & Maritime Surveillance and Protection	 IT	EL, ES, PT
	Upgrade of Maritime Surveillance	 EL	BG, IE, ES, HR, IT, CY
<b>Cybersecurity</b>	Cyber Threats and Incident Response Information Sharing Platform	 EL	ES, IT, CY, HU, AT, PT
	Cyber Rapid Response Teams and Mutual Assistance in Cyber Security	 LT	ES, FR, HR, NL, RO, FI

Regarding the capability projects, each participating State will acquire the same equipment, serving as the foundation for more integrated forces. Once a project has been completed, the resulting capability will be co-owned, as part of a unified force, by all States that were participating in the project. In this way, Member States can avoid the issue of duplication that usually occurs, additionally aiding in making the European defence industry more competitive.

Furthermore, cooperative collaborative projects that have been developed outside the EU framework, have not always reduced costs or improved interoperability<sup>20</sup>. For example, some EU governments can develop a new capability together, but the outcome would be different. Common capabilities may look the same from the outside, but the technical specification could differ from country to country. Consequently, it is quite difficult for countries to actually work together or, for example, the development of a joint training capacity. The development of collaborative projects in the PESCO framework would aim to improve interoperability and will add new possibilities for collaboration and developing joint programs.

In the coming years, the key issue will be to avoid dispersing European strengths. To this end Member States have to build a coherent set of projects. The success of PESCO will be determined from the ability to propose and implement a balanced mix of both capability-oriented projects and operational projects. An encouraging sign is the presence of some projects in non-traditional areas such as cybersecurity. Looking at the coming years, it will be increasingly important to assure the presence of projects to face such needs, to

ensure that the EU has a broad toolbox to address a large variety of security challenges. Furthermore, it is important for PESCO to focus on projects that, because of their need of a large mass of participating Member States and because they address a common shortfall, cannot be tackled efficiently by a single country.

An important point in which Member States, together with PESCO Secretariat and the HR/VP, should work together is the establishment of general conditions under which a third state can be invited to participate in individual projects. One possible solution could be to associate third states with PESCO through their participation in a CSDP operation, that is in some way supported by a PESCO project. However, there is a need to clarify the conditions and analyse in depth possible cooperation with PESCO states. It is important for PESCO and the European Union as a whole to be open to the participation of such states that could add value to these single projects. This is particularly relevant also in the context of the imminent “Brexit”, but it has also implications beyond the UK. In the world we are facing today, threats and challenges are global and have taken on a hybrid nature. Thus responses to these threats can no longer be confined to the EU alone.

A possible improvement for future lists of PESCO projects would be to distinguish between ‘strategically relevant’ projects and others. It would be a step further if Member States could commit themselves to participate in at least one ‘strategically relevant’ project, aside from the commitment of participating in at least one collaborative project, already present in the binding commitments. Yet there would be an issue in deciding how ex-

<sup>20</sup> Fiott D., Missiroli A., Tardy T. (2017). “*Permanent Structured Cooperation: What’s in a name?*”, European Union institute for Security Studies (IIS), Chaillot Paper n°142 – November 2017.

actly projects will be defined to be ‘strategically relevant’, but this could be done by the European Defence Agency while analysing the different projects from the outset.

Success and results, even regarding small projects, will demonstrate PESCO’s added value. The achievement of tangible results will encourage a higher level of cooperation on more ambitious projects and will show the importance of the Permanent Structured Cooperation in defence and security issues. PESCO projects could be considered to be a success when the results are seen on the ground, when the military will use the capabilities developed for defence operations. However, this will only be possible in a few years as the first set of projects are still under development.

### *Impact of the Projects on the Land Forces*

In order to maximise the effects of PESCO’s projects, it is crucial that the military will play a central role in the process, as they are the end-users of defence capabilities. As stated by the EUMC chairman, General Mikhail Kostarakos, “the military are those who, better than any other, know which capabilities and assets are critical, and which are just a ‘nice to have’<sup>21</sup>.

Within the initial set of 17 projects, most of them could have a positive impact on Land Forces (LF) and represent an improvement for cooperation and joint development between armies.

One of the projects already underway is the Military Mobility project. Led by the Netherlands and joined by almost all Member States, the aim is to enhance the deployment of forces by enabling freedom of movement for military personnel and equipment in the

most optimised way possible<sup>22</sup>. It will support the commitment of simplifying and standardising cross-border military transport procedures. With this project in action, European forces can react faster when needed, avoiding barriers such as legal hurdles for cross-border movement, lingering bureaucratic requirements, and infrastructural issues.

Some of the projects have as their goal the increase of interoperability between countries. For example, the project on the European Medical Command (EMC) will provide critical medical resources, evacuation facilities, triage and resuscitation, treatments and it will ensure an efficient joint EU management of scarce European medical services. It will contribute to the harmonisation of national medical standards for legal framework conditions and sanitary service principles.

Furthermore, the European Secure Software defined Radio aims to develop common technologies for European military radios. This will guarantee the interoperability of EU forces in the context of joint operations, regardless of the radio platform used, and thus enhancing communicative avenues between the different Member States’ forces.

The Armoured Infantry Fighting Vehicle / Amphibious Assault Vehicle / Light Armoured Vehicle project will develop a vehicle based on a common platform and it will support fast deployment manoeuvre, reconnaissance, combat support, logistic support, command and control, and medical support. These are examples of how projects developed under the PESCO umbrella can represent a step forward for European armies, both in terms of capabilities developed and in terms of interoperability. Other projects represent a valid

<sup>21</sup> European Defence Agency (2018), “Quantum Leap: How PESCO could shape European Defence”, issue #15.

<sup>22</sup> *ibidem*.

achievement for Land Forces, like the Energy Operational Function (EOF), the European Union Training Mission Competence Centre (EU TMCC), the development of a Deployable Military Disaster Relief Capability Package, the Indirect Fire Support (EuroArtillery), the Network of logistic Hubs in Europe and support to Operations, the European Training Certification Centre for European Armies which, for example, aims to promote the standardisation of procedures among European Armies. All these projects are a great signal of the fact that Member States are more and more willing to cooperate and to develop joint capabilities in order to increase their interoperability. Hopefully, this will make cooperation and collective action part of European culture which can lead to more ambitious and effective military operations.

## Coordinated Annual Review on Defence (CARD)

The EU Global Strategy of 2016 identified many challenges. One of them was the lack of defence coordination between governments. The strategy called for a gradual synchronisation of national defence planning cycles and capability development practices. Therefore, the Coordinated Annual Review on Defence (CARD) was established in 2017 with the objective “to develop, on a voluntary basis, a more structured way to deliver identified capabilities based on greater transparency, political visibility and commitment from Member States<sup>23</sup>”. It primarily focuses on the monitoring of national defence spending plans to help identify new collaborative initiatives.

The role of gathering information is played by the European Defence Agency (EDA) who acts as the “CARD Secretariat”. EDA present-

ed a methodology to implement the CARD, starting from September 2017. The starting point was the analysis of the relevant information already available by Member States. The second phase (October 2017 – April 2018) consisted of bilateral dialogue between EDA/EUMS and Member States in order to validate, complement and consolidate the information of the previous phase. The third phase (June 2018) is the CARD analysis: the EDA compiled and analysed Member States’ contributions and producing an analysis, presenting aggregate data and identifying trends regarding defence spending plans, implementation of CDP priorities as well as opportunities for future cooperation in defence issues. This analysis will then be discussed with Member States and will be the base for the final report. The fourth and final phase (Autumn 2018) is the CARD Report. It will be drafted by the EDA, based on the outcome of previous steps and it will present the main results of the review as well as recommendations on the next steps to undertake. The CARD process will be fully implemented in 2019.

CARD can provide added value but, in order to achieve its objective, it is necessary that the information collected from Member States are as detailed and as up-to-date as possible. This implies a high level of transparency and a high degree of willingness to collaborate coming from the Member States.

CARD is a tool that was created before PESCO and is not directly linked to it. However, it is not meant to stand alone either. It works together with the Capability Development Plan (CDP), PESCO and the European Defence Fund (EDF). Together they represent a cornerstone of a coherent EU mechanism to boost collaborative defence capabilities. The CARD analyses the priorities identified

<sup>23</sup> European Defence Agency, “Coordinated Annual Review on Defence (CARD)”, Factsheet.

in the CDP. Following this, new projects can be launched in various formats (for example under PESCO) and some of them could be co-funded by the EDF. CARD's reach and remit in respect to all Member States will help to avoid the duplication of efforts and guarantee full transparency of the CDP<sup>24</sup>.

As stated above, CARD is a voluntary initiative. However, it is important to translate it into a more mandatory process, at least inside PESCO. This would guarantee a situation in which all Member States have to present their defence plans to the EDA, with a consequent increase in the possibilities that the Agency could find for collaborative projects.

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<sup>24</sup> European Defence Agency (2018), "Quantum Leap: How PESCO could shape European Defence", issue #15 view of Gianni Candotti, Defence Capabilities & Policy Director, Ministry of Defence, Italy.

## THE ECONOMIC SIDE OF DEFENCE

As stated before, the world is facing new challenges and threats that make internal security and external defence borders increasingly blurred. Europeans citizen are looking for a Europe that protects them within and beyond its borders. Due to the nature of these challenges and threats, Member States cannot afford to face them on their own. It is pivotal for Member States to collaborate and work together on joint efforts, both on a capability and operational level, as well as for financial aspects.

The costs of defence equipment, including development costs, are increasing faster than the available defence budgets. The lack of cooperation between Member States is estimated to cost annually between €25 billion and €100 billion. This is due to inefficiencies, a lack of competition and a lack of economies of scale for industry and production. 80% of

procurement and more than 90% of Research and Technology are run on a national basis, leading to a costly duplication of military capabilities. Up to 30% of annual defence expenditures could be saved through pooling of procurement<sup>25</sup>. Focusing on strategic issues, dysfunctional cooperation and EU fragmentation in defence contributes to the lack of deployability of our armed forces. Less than 3% of European troops (40,000) are deployed due to the lack of interoperability and shortages in equipment.

Comparing the actual situation of the EU, and the situation of the US, the biggest military power in the international arena (see Figure 2<sup>26</sup>) is particularly revealing. The European Union has 178 different weapon systems, while the US only has 30. The EU spends half as much as the United States, but it is not even half as efficient as them.

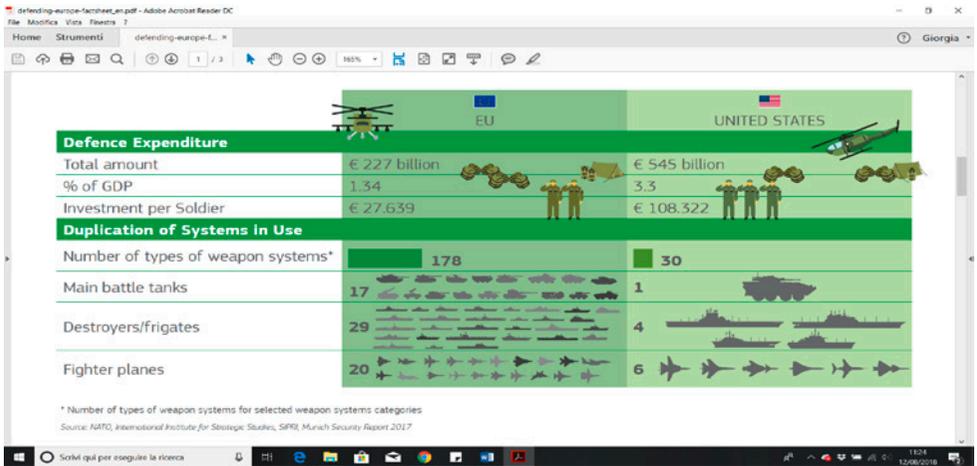


Figure 2

<sup>25</sup> European Commission – Fact Sheet “The European Defence Fund: Questions and Answers”.

<sup>26</sup> European Commission, “Defending Europe, the case for greater EU cooperation on security and defence”.

The first step toward an improvement in security and defence in the EU is to increase Member States' defence budgets. In the 30 plus PESCO commitments, the first five are devoted to financial aspects. The Member States declare a commitment to “regularly increase defence budgets in real terms<sup>27</sup>”, to successively increase defence investment expenditure to 20% of total defence spending, to increase joint collaborative strategic defence capabilities projects and to increase the share of expenditure allocated to defence research and technology with a view to nearing the 2% of total defence spending goal.

When Member States begin to increase their defence budgets, the EU can aid them in allocating these funds in the most efficient manner. Member States can achieve greater output by pooling resources than developing capabilities separately on a lone national scale. Increased collaboration also reduces the problem of duplication that every year results in a waste of expenditure. This will also promote the standardization of equipment and ensure increased interoperability. Additionally, the increased collaboration may allow an economy of scale, reinforcing the competitiveness of the EU defence industry. While the downturn in European defence spending during the economic crisis has been reversed, to reach Europe's strategic autonomy there is a need to spend more efficiently, which in turns means collaborating spending efforts. To help Member States develop and acquire strategic defence capabilities quickly, jointly, and in a more effective manner, in 2016 European Commission President Juncker announced the establishment of the European Defence Fund (EDF).

## The European Defence Fund (EDF): What is it?

The European Defence Fund will “boost the EU's excellence and efficiency in defence equipment and technology by supporting the whole production chain: research, prototype development and ad acquisition<sup>28</sup>. Until 2020, the Commission will allocate €590 million to the EDF. After 2020 the proposal is to allocate a minimum of €1.5 billion every year. The Fund will not substitute Member States' defence investments, but its role is to enable and accelerate cooperation.

It is estimated that, together with Member States' contributions, the Fund could generate a total investment of €5.5 billion per year after 2020<sup>29</sup>. It consists of two legally distinct but complementary windows: a research window and a capability window. Both will be coordinated by the Commission, the High Representative, the Member States and the European Defence Agency. The programs and tools that are developed under these two windows will be open to the participation of beneficiaries from all Member States.

One important aspect is that all the companies, regardless of their size or located country, can benefit from the tools available. The defence industry is not made up of only big companies acting as prime contractors, but also of Small and Medium Enterprises (SMEs) that often act as sub-contractors in the supply chain. Particularly, they will benefit considerably, becoming the heart of innovation in Europe, critical for the supply chains. Boosting the competitiveness of the European de-

<sup>27</sup> Notification on Permanent Structured Cooperation (PESCO) to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy (2017).

<sup>28</sup> European Commission – Fact Sheet “The European Defence Fund: Question and Answers”.

<sup>29</sup> *ibidem*.

fence industry could undoubtedly benefit defence-related SMEs. The EDF seeks to ensure great participation of cross border SMEs, with a proportion of the budget for the projects involving their participation. Furthermore, in assessing the projects to finance, the participation of these companies is taken into account.

The **Research window** aims at financing collaborative defence research, and technology development activities across Europe. Defence research is essential to face emerging and future threats and to fill technological gaps in key areas. However, defence companies do not invest in R&D if they do not have a commitment by the government to acquire the products. The EU, under the EDF, offers direct funding, fully financed from the EU budget. The projects it finances can include the ones under the Permanent Structured Cooperation and they take into account the defence capabilities priorities agreed by the Member States within the EU. This approach is different, considering the current and the next budgetary cycle. The current one will run until the end of 2019, with the allocated €25 million in the year 2017 and it will allocate a total amount of €90 million until the end of 2019. In reference to the next budgetary cycle that will run after 2020, the Commission proposes to establish a dedicated EU defence research program and to allocate a total amount of €500 million, making the European Union one of the biggest defence research investors in Europe<sup>30</sup>.

The commission, in cooperation with Member States and the European Defence Agency (EDA), will establish the annual work programs. The EDA will be responsible for pub-

lishing the calls for proposals, organising the evaluation and managing the research projects selected to receive EU funding.

The **Capability window** supports the joint development and joint acquisition of key defence capabilities, complementing, leveraging and consolidating cooperation among Member States. It focuses on collaborative projects to develop prototypes in strategic priority areas that are defined by Member States in the Capability Development Plan (CDP). While the research window is fully financed by the EU budget, here the approach is mainly focused on co-financing. Financial contributions mainly come from Member States, but the European Union makes a budgetary contribution to encourage defence cooperation, reducing the risks associated with the industrial development cycle, as well as providing leverage to national contributions and supporting the competitiveness of the European defence industry<sup>31</sup>.

The Commission proposes a budget of €500 million for 2019 and 2020. The program will leverage national financing with an expected multiplying effect of 5. Therefore, it is expected to generate a total investment of €2.5 million for the first two years and €5 million every year after 2020. In order to encourage cooperation, only projects involving at least 3 companies from at least 2 Member States will be eligible for the EDF. The program enhances cross-border cooperation among industries and contributes to the competitiveness of the whole defence sector. For this reason, it should benefit both large-scale companies and SMEs. Furthermore, in order to be eligible for the program, industries have to demonstrate that Member States have

<sup>30</sup> European Commission – Fact Sheet “The European Defence Fund: Question and Answers”.

<sup>31</sup> European Commission, Communication from the commission to the European Parliament, the Council, the European Economic and Social Committee of the Regions, Launching the European Defence Fund. Brussels, 7.6.2017 COM (2017) 295 final.

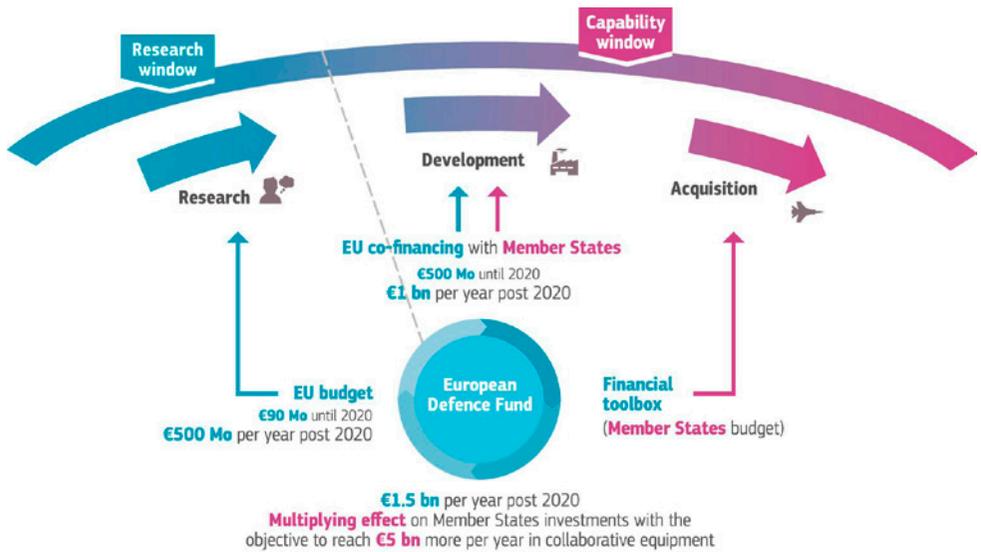


Figure 3

committed to jointly finance development to procure the final product or technology in a coordinated manner.

The Commission is responsible for the execution and the management structure of the program. It can delegate tasks related to the implementation of the work program to the EDA. The Agency also plays an important role in the identification of defence capability priorities commonly defined by Member States through the Capability Development Plan. The EEAS is also involved in the program, including in the work of its Program Committee.

Another important tool to take into consideration is the European Defence Fund's **Financial Toolbox**. It will provide different types of arrangements that Member States can decide to use, for example to address challenges from a financing perspective. The standardised and predefined financial tools provided can be used flexibly for Member States and the use of

them is voluntary. It is important to integrate the key aspects of these Financial Toolbox with the Permanent Structured Cooperation, considering its inclusive character.

Figure 3 explains schematically these three different aspects of the European Defence Fund: the research window, the capability window and the financial toolbox.

### European Defence Fund and PESCO

The European Defence Fund was established before PESCO but they are closely connected. For example, the Permanent Structured Cooperation's projects may be eligible for a higher rate of EU co-financing in the capability window, through the EDF, reaching 30% instead of 20%. Financial incentives are vital to ensure that governments continuously invest in capabilities and defence research through PESCO, and the EDF represents one of these incentives.

The European Commission's hope is that, in exchange for financial support under the EDF, participating Member States will be incentivised to agree to early harmonisation and interoperability requirements for common defence capabilities programs<sup>32</sup>. However, PESCO projects do not have any type of priority inside the European Defence Fund. This means that PESCO projects are considered the same as other initiatives when assessed, the only difference comes after the project is financed, where it is given 10% more for the ones developed under the PESCO framework. However, participation in the Structured Cooperation is not a pre-requisite for obtaining support under the program.

It is important for PESCO to synchronize with EDF and CARD in order to reach full capability in defence and security issues. There is a need for coherence and complementarity among the tools, to avoid duplication of efforts, resources and manpower within European organisations and institutions, as well as between Member States.

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<sup>32</sup> Fiott D., Missiroli A., Tardy T. (2017). "Permanent Structured Cooperation: What's in a name?", European Union institute for Security Studies (IIS), Chaillot Paper n°142 – November 2017.

## WHAT IS THE FUTURE FOR PESCO?

PESCO has been in a state of “hibernation” for many years, but the changing strategic environment led EU Member States to take European defence more seriously. The Permanent Structured Cooperation shows that the EU is moving from vision to action when it comes to defence issues. Now that PESCO has been put into practice, it is important to keep this initiative and momentum going. It could be a game changer for European security and defence. However, at the same time, it raises a lot of expectations, from the Member State, as well as from the citizens. There is a need to develop a spirit of cooperation between countries, where the collective European interest has to come first, before separated and lone interests. Citizens should feel protected, they should see the European Union as the driver for peace, stability and security.

One of the main questions that arise from this new initiative is: under which conditions could we say that PESCO is a success? First of all, it is important to say that PESCO was established at the end of 2017, with the first 17 projects entering into force in 2018. Consequently, the concrete results of PESCO can be assessed only according to a few months of data. However, there is a need to show how the initiative has been successful so far and how it is producing concrete and tangible results. This will encourage a higher level of cooperation between Member States, and an increase in the development of more ambitious projects, making PESCO a self-sustaining process. PESCO can be considered a success if, in 3 or 5 years, the results are visible “on the ground”, with the capabilities used by the military of the whole European Union and the joint projects put into action.

Before achieving this, it is important to look at the commitments of the Member States and it will be interesting to see how these will

evolve as some countries (and/or the European Union itself) will face new challenges and situations (for example, the economic crisis, or the increase of terrorism). Another situation to consider is what will happen when there is a change of government in one Member State, that has a different approach to defence and more specifically towards PESCO. The question then is how binding are these commitments? How they will work with a country that does not wish to respect them? For now, the answer to this question has not yet been found, but it would be interesting to see how (and if) PESCO will manage such situations of non-compliance. Will there be non-compliance procedures? What exact form would these procedures take? Would a carrot over stick approach be favoured due to the overall initial voluntary nature of the commitments?

Hypothetically, this could lead to a simple combination of the two approaches, the more classic carrot-and-stick approach: using the strategy of ensuring transparency so as to employ a naming-and-shaming approach, along with stronger punitive measures should a Member State continue to fail to carry out its commitments, such as suspension from participation in PESCO.

For this reason, highlighting the results garnered by PESCO can play an important role: if the results are clearly visible, it would in theory be difficult for a new government to deny them and to change its commitment towards the initiative in the eyes of the public. For now, there is a need for a concrete commitment to the 20 binding commitments, as well as a need for a way to assess them, with concrete consequences in case a Member State does not fulfil its obligations. If this does not happen, the binding nature of PESCO, that constitutes one of its major

strengths, will be lost and every effort taken in the last year would be seen as ineffective.

In regards to the current projects, it will be interesting to see how the first 17 approved on the 6<sup>th</sup> of March 2018 will evolve and, how the more recent second set of 17 projects, approved on the 19<sup>th</sup> of November 2018, will develop. The first round already involves some crucial topics, but some of them were already in development before the Permanent Structured Cooperation, led by single countries that then decided to submit the project to PESCO with the help of other Member States. The next round of projects could involve some that have been developed, from initial conception to full implementation, by Member States together, giving PESCO an even stronger, cooperative character.

## CONCLUSION

The Permanent Structured Cooperation can appear as a small step, if measured against the magnitude of the security challenges Europe is confronted with today. It is an initiative that will take time to garner concrete result, and can even be seen as a type of “bet” upon European defence. However, if measured against the difficulties European security and defence has experienced in the past decade, it can be seen as a giant step forward for the European Union in terms of defence and security.

This paper underlined the different characteristics of the Permanent Structured Cooperation. It considered the overall structural characteristics of the over 20 different commitments and projects that have been approved, as well as its relationship with existing initiatives and the economic aspects. The analysis focused on the actual situation and looked at the advice given on how to improve the status of the process so far. It is important to continue to work deeply on these commitments, and their clarification. Furthermore, a strong and strict way of assessing them is an essential characteristic which will emphasise the binding nature PESCO is supposed to have.

Another aspect which must be emphasised is the projects themselves. There is a need to provide tangible results on the ground in order to increase the willingness to cooperate: if the first 17 projects will work and the result are tangible and visible, Member States will continue to increase their cooperation and interoperability for the second set for example. The projects will undoubtedly have a significant impact on European Land Forces and consequently on Finland's Member States, encouraging the development of new capabilities and as well as cooperation on new joint projects. This will decrease duplication between Member States and encourage the development of joint programs (for example

training programs) that will allow countries to cooperate in a more efficient manner.

Furthermore, in order to achieve the agreed upon objectives, the economic aspect of this new initiative should not be underestimated. The lack of interoperability between countries costs a fortune each year, decreasing the capability of the European Union to deploy its forces. To conclude, cooperation is the key for European defence and security. Many of the threats and challenges that we are facing today do not respect national borders, leading to a desperate need to work together to tackle them, as otherwise there will always be the risk of remaining one step behind these threats, at all times, forever playing catch up. In a connected and complex world as the one we are facing today, Member States need to cooperate to protect themselves and their citizens, using the EU's resources in the most efficient manner.

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Created in 1953, the Finabel committee is the oldest military organisation for cooperation between European Armies: it was conceived as a forum for reflections, exchange studies, and proposals on common interest topics for the future of its members. Finabel, the only organisation at this level, strives at:

- Promoting interoperability and cooperation of armies, while seeking to bring together concepts, doctrines and procedures;
- Contributing to a common European understanding of land defence issues. Finabel focuses on doctrines, trainings, and the joint environment.

Finabel aims to be a multinational-, independent-, and apolitical actor for the European Armies of the EU Member States. The Finabel informal forum is based on consensus and equality of member states. Finabel favours fruitful contact among member states' officers and Chiefs of Staff in a spirit of open and mutual understanding via annual meetings.

Finabel contributes to reinforce interoperability among its member states in the framework of the North Atlantic Treaty Organisation (NATO), the EU, and *ad hoc* coalition; Finabel neither competes nor duplicates NATO or EU military structures but contributes to these organisations in its unique way. Initially focused on cooperation in armament's programmes, Finabel quickly shifted to the harmonisation of land doctrines. Consequently, before hoping to reach a shared capability approach and common equipment, a shared vision of force-engagement on the terrain should be obtained.

In the current setting, Finabel allows its member states to form Expert Task Groups for situations that require short-term solutions. In addition, Finabel is also a think tank that elaborates on current events concerning the operations of the land forces and provides comments by creating "Food for Thought papers" to address the topics. Finabel studies and Food for Thoughts are recommendations freely applied by its member, whose aim is to facilitate interoperability and improve the daily tasks of preparation, training, exercises, and engagement.



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