

Jürgen Wagner

PESCO: THE MILITARISTIC HEART OF THE EUROPEAN DEFENCE UNION

European Studies on Foreign and Peace Policy

Published by Özlem Alev Demirel MEP

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Preface:



“PESCO” – this abbreviation will in a few years possibly symbolically stand for such a deeply misguided policy of the European Union as the prevailing “FRONTEX” EU border protection agency. Frontex currently represents a brutal policy of isolation, and PESCO is the cornerstone of a “European Defence Union” that is currently being established.

However, does this really concern “defence”? Is PESCO therefore a necessary step towards a more efficient and internationalist foreign and military policy in the sense of progressive “European values”, as some people claim, or is it necessary to say what is really being planned: the safeguarding of economic and trade interests, also via military structures, and the development of a ‘major power’ position of the EU in the world.

PESCO is the English abbreviation for “Permanent Structured Cooperation”, and this mechanism has existed since December 2017. The ruling hierarchy links great expectations to it: German Chancellor Angela Merkel spoke of a “giant step” with regard to the activation of PESCO with which it will be possible to close a “historical gap” in the EU structure.

As part of this the goal of establishing the European Union as a major military power is openly and blatantly expounded. The new President of the European Commission Ursula von der Leyen summed it up some time ago in the following words: “It is about a Europe that can also throw more weight into the scales militarily. Building skills and structures is one thing. The other is the common will to actually use this military might when circumstances require it.” (Speech by Ursula von der Leyen at the Munich Security Conference on 16 February 2018)

The media, however, unfortunately reports hardly at all about how fundamentally the previous rules of the game of EU military pol-

icy have been thrown overboard by PESCO. While unanimity and voluntarism used to be the hallmarks of the Common Security and Defence Policy (CSDP), completely different standards now prevail: armament constraints and threats of sanctions are the focus.

Participation in PESCO has its price: all 25 countries that currently take part had to agree to comply with 20 armaments criteria in the future (see 2.1 PESCO criteria: a tightly laced arms corset) ranging from regular increases in arms expenditure and the provision of troops to participation in major strategic armament projects. Fulfilment of these criteria is monitored regularly. Since the consensus principle has also been softened at central points it is now also possible to throw countries with a qualified majority out of PESCO if they “misbehave”. This in turn increases the pressure on the participants.

In truth, PESCO serves a European military and armaments complex, dominated by Germany and France, which is to be promoted. In order to give momentum to the entire development, PESCO projects will in future also be preferably financed via a “European Defence Fund” (EDF) which has a billion-scale budget and is currently being set up. This Defence Fund is another instrument that is currently being established which, however, in principle, contradicts the Lisbon Treaties (Article 41.2. TEU).

The first 34 PESCO projects have already been launched. Germany is involved in 14 of them and has also assumed project management for six. The most important of them so far has been the construction of an armed Eurodrone. The Franco-German joint projects consisting of combat aircraft and battle tank are also lined up.

Whether everything will progress as Berlin and Paris envisage has not yet been finally decided at this point in time: both the USA as well as many small and mid-sized EU countries are sceptical about PESCO; they would like to continue to focus on NATO in view of their own political considerations.

Unfortunately it seems relatively certain that the anchoring of PESCO will have high priority, especially under Ursula von der Leyen, the new President of the European Commission – the reason being that Mrs. von der Leyen had previously strongly pushed these developments and the establishment of PESCO in her position as former German Defence Minister.

She played a leading role as German Defence Minister in advancing the expansion of the EU military apparatus at a dizzying pace within a period of just a few years. She also played a significant role in the activation of PESCO, as made clear by her successor Annetegret Kramp-Karrenbauer at the leave-taking of von der Leyen at the venue of a military tattoo on 15 August 2019. “Europe and European unification – and I’m no longer revealing a secret here – is the subject that’s at your heart. [...] In a very difficult phase for Europe you have advanced European unification. You have taken the initiative for more teamwork and more cooperation in the area of defence. You’ve awakened PESCO from its deep sleep. [...] This is what the arms cooperation, mainly with France, stands for, to develop the fighter aircraft and tanks of the future. It is also what entry into the European Defence Union stands for.”

The proposal of von der Leyen to subordinate a Directorate of Defence (DG Defence) to the French Commissioner-designate (who held the post of French Defence Minister before her appointment) for the European domestic market underpins this assessment.

Who, if not us in the centre of Europe, know that times of rearmament and aspirations to great-power status have never led to more security for the various populations. Such eras were always times when insecurity grew and the danger of war raised its ugly head. It therefore remains decisive whether it will be possible – and also via a strong peace movement – to put a stop to the unrestricted export of cross-border EU armament projects.

This important study aims to contribute to educating and disseminating information that clarifies why PESCO and the European Defence Union are anything but peace-making instruments. I express my gratitude to all who made this study possible.



Özlem Alev Demirel MdEP

Introduction:

Via PESCO to the Defence Union

¹ *PESCO: Ein Meilenstein auf dem Weg zur Verteidigungsunion* [“PESCO: A milestone on the way to a defence union”], *bmvg.de*, 13 November 2017.

² *EU-Staaten bauen an Verteidigungsunion* [“EU states construct defence union”], *heute.de*, 13 November 2017.

³ *EU-Staaten beschließen ständige militärische Zusammenarbeit* [“EU states resolve permanent military cooperation”], *Zeit Online*, 11 December 2017.

⁴ *Kellner, Anna Maria: Zum Erfolg verdammt? Die Gemeinsame Sicherheits- und Verteidigungspolitik der EU ein Jahr nach der Globalen Strategie* [“Codemned to succeed? The joint security and defence policy of the EU one year after the Global Strategy”], in: *Zeitschrift für Außen- und Sicherheitspolitik*, no. 1/2018, p. 1-11, p. 5.

One superlative chased another as almost all EU states declared their willingness in November 2017 to set up a “Permanent Structured Cooperation”, or “PESCO” for short. “Today is a great day for Europe,” announced Ursula von der Leyen, President of the European Commission, as she cheered the event.¹ Federica Mogherini, the former EU Foreign Affairs Representative, also spoke of a “historic moment for European defence.”² von der Leyen’s predecessor as President of the European Commission, Jean-Claude Juncker, was completely immersed in pathos as he remarked “She has awakened, the sleeping beauty of the Treaty of Lisbon.”³

The jubilation was all too understandable – after all, PESCO had been wandering through the corridors of Brussels for several years without any concrete signs of commencing its journey. Even a few months before activation it was anything but certain that the coup would succeed – many small and mid-sized EU countries in particular had long-standing reservations because of justified concerns about being tied to the carts of Franco-German interests. However, the sophisticated architecture which Berlin and Paris had pegged out for the project in the summer of 2017 left them with little choice: either they reluctantly jumped onto the PESCO train, for which they had to submit to a strict regime of sanction options and arms constraints, or they ran the risk of losing any influence on EU military policy. However, since PESCO is to become the new “heart”⁴ of the Common Security and Defence Policy (CSDP⁵), they decided, for the time being at least, to jump onto the already running PESCO bandwagon. It is apparent at first glance that a lot is at stake with PESCO: politically, EU military policy is to be made “more effective” by introducing, for the first time on a large scale, sanction mechanisms and coercive elements in order to punish states unwilling to arm themselves, thus rendering it easier for Germany and France in

particular to broadly govern in the future; militarily, PESCO is to significantly “improve” the operational capability and impact of the European armed forces; and industrially, the establishment of a Franco-German dominated European industrial armaments complex is to be aimed for. In short, it concerns also establishing the EU’s superpower status in the military sphere, in a way deemed necessary in order to continue to adopt a leading role within the structure of the great powers in an era of deteriorating geopolitical conditions.

All of these projects are part of the ambitions of PESCO to place European military policy on a fundamentally new footing by means of a “European Defence Union” (EDU). “A milestone on the way to a defence union” was for example the Defence Ministry headline when the activation of PESCO began to emerge.⁶ The new President of the Commission Ursula von der Leyen has already presented an ambitious timetable for this purpose. On the occasion of the signing of the “Treaty of Aachen”, with which France and Germany had brashly claimed the leading role in European military issues in January 2019, she declared: “Germany and France are leading the way in European defence policy. This is indeed splendid. A year ago, we launched the Defence Union, and since then we have been working step by step on our ambitious development plan. My aim is to celebrate the topping-off ceremony during the next German EU Council Presidency in 2020.”⁷

Based on this, it can be assumed that the pace with which facts have been created regarding the repositioning of European military policy, and not least via PESCO structures, is to be maintained in the coming years. Whether or not this will succeed though is a completely different matter: the USA, whose enthusiasm is limited, will potentially not stand by idly and watch the development of a potent competitor in terms of military power politics. More important, however, is the question of whether Germany and France will succeed in nullifying the considerable intra-European level of resistance to the project. This is currently at least questionable, because although many countries have indeed initially, and grudgingly, joined PESCO, this does not mean that they will not sooner or later switch to sabotaging the project from within. Finally, it is also to be hoped that it will be possible to bring the current processes more into the focus of a critical public, because so far the distorted and, above all, highly abbreviated media coverage of PESCO has not even begun to reflect a project of this magnitude.

⁵ *The sector was renamed several times. It first operated under the term “European Security and Defence Identity” (ESDI), then it was called “Common Security and Defence Policy” (CSDP) until a new name change was introduced with the Treaty of Lisbon from 1 December 2009.*

⁶ *PESCO: Ein Meilenstein auf dem Weg zur Verteidigungsunion [“PESCO: A milestone on the way to a defence union”], bmvg.de, 13 November 2017.*

⁷ *“Deutschland und Frankreich sind ein Tandem” [“Germany and France form a tandem”], Frankfurter Rundschau, 21 January 2019.*

Part 1

PESCO: interests - logic - genesis

⁸Lippert, Barbara et al.: *Strategische Autonomie Europas. Akteure, Handlungsfelder, Zielkonflikte, SWP-Studie 2* [“Europe’s strategic autonomy. Protagonists, fields of action, conflicts of aims”, SWP study 2], February 2019, p. 6.

⁹“Wir müssen die europäische Leitkultur verteidigen” [“We must defend European defining culture”], *Die Welt*, 7 June 2017.

¹⁰“Erst die wirtschaftliche und politische Integration hat den Staaten Europas im Verbund das internationale Gewicht verliehen, das auch die Großen des Kontinents allein nicht mehr auf die Waagschale bringen.” [“Only the economic and political integration has given Europe’s states in combination the international weight which even the big players on the continent can no longer bring to bear by themselves.”] (*Neue Macht – Neue Verantwortung. Elemente einer deutschen Außen- und Sicherheitspolitik für eine Welt im Umbruch* [“New power, new responsibility. Elements of a German foreign and security policy for a world in upheaval”], SWP/GMF, September 2013, p. 20)

The first attempt to create a type of “European Defence Union” goes back a long way. However, after it turned out to be a failure such ambitions were put aside for a long time: “The striving for self-assertion and self-determination with the (Western) Europeans according to the structural conditions of bipolarity was an important motivating force behind the founding of the community. This is also reflected in the intent to create a European Defence Community (EDC) in conjunction with a European Political Community (EPC). The failure of these in 1954 had the direct consequence that the EEC countries essentially outsourced their security policy and defence policy to NATO, which was founded as early as 1949, and thus established the Atlantic subordination of the EC/EU for many decades thereafter.”⁸

However, since the early 1990s at the latest, hardly any high-ranking politician has failed to put the demand back on the agenda that the European Union must become a (military) “global protagonist” – the somewhat “nicer” version of the less commonly used phrases “world power”, “great power” or “global power”. These clamours have once again become significantly louder under the impression of European symptoms of crisis (most notably: Brexit), combined with escalating major power struggles and the transatlantic alliance that has become much more fragile since 2016 due to the election of Donald Trump.

Manfred Weber can be exemplarily quoted in this respect, who, as head of the conservative “European People’s Party” (EPP), was considered the most promising candidate for the position of President of the Commission for the years 2019 to 2024: “The EU is at an

historic moment. Either Europe will grow up and mature or we won’t be able to defend the European model of life in the globalised world. To do this though we must now build a strong Europe that is capable of asserting itself. [...] We must defend this European defining culture and, if possible, assert it globally. [...] Common defence is absolutely mandatory! We are currently being shown that we can no longer place our head on the chest of the Americans as we have done in past decades. This is why Europe must be able to defend itself. In addition to the euro currency, this is the second major development in Europe which is now on the agenda.”⁹

“We must defend this European defining culture and, if possible, assert it globally.”⁹

Behind such claims lies the conviction, deeply rooted in the minds of the top European politicians, that not even the largest EU states will be able to assert their national interests on the global stage on their own in the future; this will only be possible in combination and as a network, and in the form of “the global power that is Europe”.¹⁰ This assessment in

turn is linked to the idea that the European Union can only “successfully” assert itself within the amalgam of the great powers if it succeeds in establishing military capabilities to a much greater extent than has previously been the case. This is precisely the purpose of PESCO as the most important element of the “European Defence Union” which is currently being developed. To this end the mechanism relies on the concentration, or consolidation, of the defence sectors of the individual states. In consequence, a Europeanised armaments complex is to be officially created as far as possible – this, however, on closer examination turns out to be primarily a Franco-German project.

1.1

PESCO: global strategy and defence union

For many years Great Britain proved to be an inhibiting force to the expansion of the EU military apparatus by organising existing resistance to it and by blocking any undesirable developments via its veto power. However, after the majority of the British population decided to leave the European Union as a result of its referendum from 23 June 2016, this role, almost overnight, became null and void. The way was now clear for major “progress”, and the basis for this was provided only a few days later on 28 June 2016 by the “Global Strategy for EU Foreign and Security Policy” (EUGS), approved by the Council, which has since replaced the “European Security Strategy” from 2003 as the highest ranking EU document in this sector.¹¹

The gloomy assessment was that the situation is in an “existential crisis” and the “European project” and therefore also “peace, prosperity and democracy” were currently being “called into question”, and this in turn was used to announce an urgent need for action (EUGS: page 11). The global strategy identifies an “open and fair economic system” and “access to natural resources” as interests that must be protected, meaning militarily enforced, in this context (EUGS: page 36). As the “area of responsibility”, i.e. the geographical regions in which such ambitions are to be given military emphasis, the document cites countries “within our eastern neighbourhood which extends as far as Central Asia” as well as all countries in the south extending “as far as Central Africa” (EUGS: page 20). The “protection” of trade routes must also be guaranteed in the Indian Ocean, in the Mediterranean, in the Gulf of Guinea as far as the South China Sea and the Strait of Malacca (EUGS: page 36).

To achieve this, the global strategy (and later also the Defence Union as a development of this) sets out the overriding aim that the EU must strive for the broadest possible “strategic autonomy”. “The strategy nourishes the

claim to strategic autonomy of the European Union. This is necessary to promote the common interests of our citizens and our principles and values.” (EUGS: page 5). The document itself somewhat lacks more detailed information that might be indicative of what lies behind this claim. In a series of documents published in consequence, however, it became clear that the core of this concept rested on the ability to act independently in the most important foreign and military policy areas without dependence on the USA (or even on Russia or China). The German Government wrote in January 2019 “The phrase [...] describes the level of ambition of the EU to become an independent and capable protagonist in terms of foreign and security policy, in complementarity with NATO, in order to promote peace and ensure security. This also includes the ability to establish and maintain those strategic capabilities that the EU does not currently have or only has to a limited extent.”¹²

¹² Antwort der Bundesregierung, Drucksache 19/692219, [Response of the Federal German Government], 9 January 2019. A position paper regarding strategic autonomy, the creation of which involved no less than 29 employees of the influential foundation “Stiftung Wissenschaft und Politik” (SWP), reads quite similarly: “A high degree of strategic autonomy generates the capability to uphold, further develop or create policies in international

politics and removes the need to unwillingly subject to external policies. The opposite of strategic autonomy would be a status as a recipient of rules and strategic decisions made by third parties – the US, China or Russia – with immediate effect on Europe. [...] This defines strategic autonomy as the capability to implement self-chosen priorities in terms of foreign and security policy and to make decisions as well as the institutional, political

¹¹ *Gemeinsame Vision, gemeinsames Handeln: Ein stärkeres Europa. Eine Globale Strategie für die Außen- und Sicherheitspolitik der Europäischen Union, Brüssel, [“Shared vision, common action: A stronger Europe: a global strategy for the European Union’s foreign and security policy”], Brussels, 28 June 2016. There is no official German translation; however, the conclusions of the Council of 28 June 2016 do contain a translation to which the page numbers in this chapter refer.*

and material conditions to realise them in cooperation with third parties or, if necessary, autonomously.” (Lippert et al 2019, p. 5)

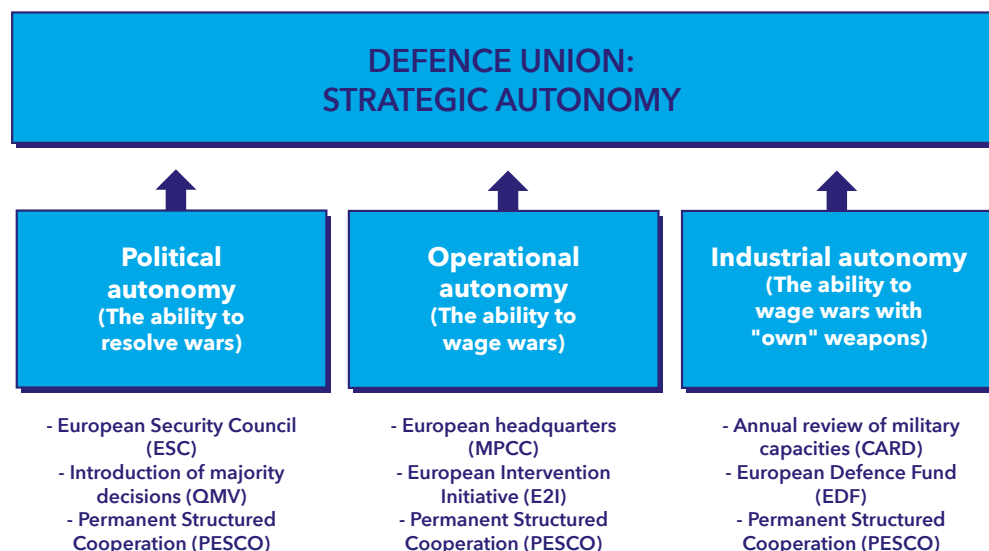
It is generally assumed that such autonomous capacity to act on the military scale consists of three levels: political autonomy means having the decision-making structures deemed necessary for quick and smooth resolutions; operational autonomy includes the provision of all planning capacities as well as corresponding troops and material in order to militarily operate (and win) independently, and industrial autonomy makes it possible to act in a genuinely independent way due to military power from “domestic” production, which, however, assumes the existence of a corresponding arms industry complex.¹³

In this light, these elements can already be found somewhat cryptically in the global strategy, when it is claimed for example with regard to the political sphere that the CSDP must “become faster and more efficient”: “We must also develop the capacity to respond rapidly by eliminating the procedural, financial and political influences that hinder the transfer of battle groups and the build-up of forces and that impinge on the efficiency of military CSDP operations” (EUGS: page 42). Ambitious targets are also defined concerning the military aspect. “In terms of highest-level military capabilities, Member States require all essential equipment in order to respond to external crises and maintain the security of Europe. This means that the full range of land, air, space and sea capabilities, including fundamental strategic requirements, must be available.” (EUGS: page 40). There is also, ultimately, no doubt concerning the importance of the industrial sector: “A sustainable,

innovative and competitive European defence industry is essential for the strategic autonomy of Europe and for a credible CSDP” (EUGS: page 39 and thereafter).

According to the view expressed in the global strategy, only through the “Europeanisation” of military and armaments policy can substantial progress be made in all of these targets – and this in turn would require an expansion of defence cooperation as forced via PESCO, and if necessary with use of pressure: “For the acquisition and maintenance of a large part of these capabilities Member States will be required to move towards cooperation in the sector of defence and to regard this cooperation as the norm. [...] The common security and defence policy must become more responsive. Increased cooperation between Member States should be explored and could lead to more structured cooperation under full exploitation of the possibilities offered by the Treaty of Lisbon. [...] The defence cooperation between Member States will be systematically promoted. Regular evaluations of the EDA benchmarks may generate positive peer pressure between Member States.” (EUGS: page 40 and thereafter)

¹³ Drent, Margriet: *European strategic autonomy: Going it alone? Clingendael Policy Brief, August 2018, p. 4.*



1.2 PESCO: the “logic” of arms cooperation

The “logic” of an Europeanisation of arms policy is based on the consideration that the EU countries together pump sometimes more, sometimes less than a third of that of the United States into their military budgets (depending on the specific year), but generate only ten percent of the military impact.¹⁴ This is attributed to the highly splintered or fragmented nature of the sector compared to the USA, which, to put it bluntly, is scattered over (the current) 28 states with their respective individual political decision-making bodies, armed forces and supply industries.

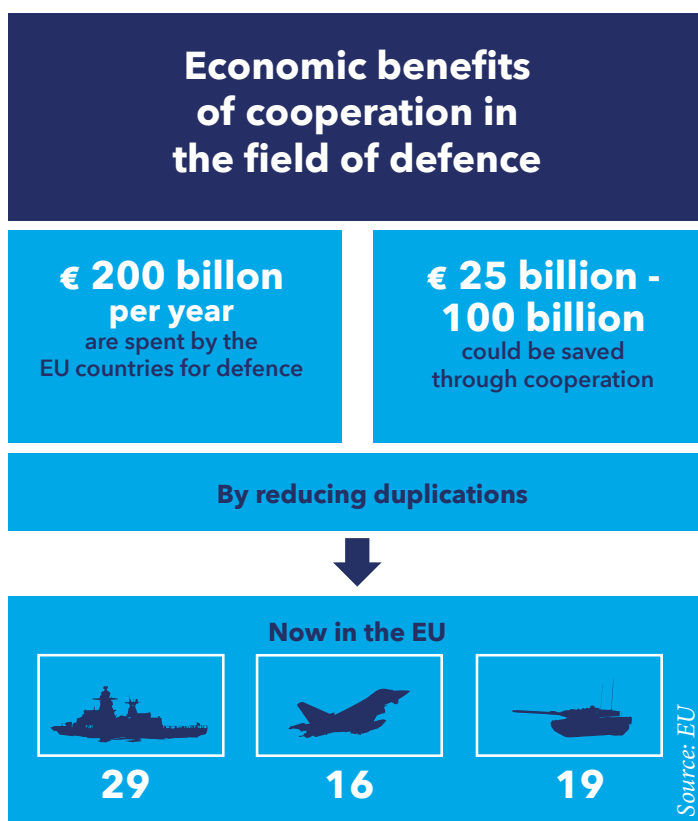
According to the EU Commission, this would in turn cause additional costs which would be “better” invested in additional weapons systems and thus more military clout if the sector were to be consolidated. “The lack of cooperation in aspects of defence costs Europe between EUR 25 billion and EUR 100 billion each year depending on the sector. This is money that we could use so much better in other ways.”¹⁵

The main problem is that the European Union currently allows itself to maintain 178 large-scale weapons systems (29 of which are combat ships, 16 combat aircraft and 19 combat tanks). This is far more than the USA with its 30 large-scale projects, which apparently

also currently serve as a role model according to German Chancellor Angela Merkel: “Work is now going on to turn 178 European weapons systems into as many as the Americans have, which is 30.”¹⁶

However, a number of studies suggest that there is reason for doubt as to whether consolidation of the sector would lead to the expected efficiency improvements,¹⁷ especially to the extremely optimistic extent assumed by the Commission. Despite this, it has long been regarded as a form of military-political truism that the whole results in more than

the sum of its parts. The preference though until now has been to bundle at the national level. The number of large single-country system manufacturers in Europe has fallen significantly over the years from 45 (in 1986) to 30 (2001) and, now in the meantime, to 20 (2016).¹⁸ It is therefore hardly possible any longer to speak of a nationally fragmented arms industry. “Large parts of European technological capacity [...] are now concentrated in the hands of a small, oligopolistic group of national champions.”¹⁹



¹⁴ Kamp, Karl-Heinz: *Die Europa-Armee: Pro und Kontra* [“The European army: pros and cons”], BAKS working paper no. 4/2015, p. 2.

¹⁵ Kamp, Karl-Heinz: *Die Europa-Armee: Pro und Kontra* [“The European army: pros and cons”], BAKS working paper no. 4/2015, p. 2.

¹⁶ Wiegold, Thomas: *Mehr europäische Verteidigung?* [“More European defence?”] *Augengeradeaus.net*, 11 June 2018.

¹⁷ cf. Edwards, Jay: *The EU Defence and Security Procurement Directive: A Step Towards Affordability?*, Chatham House, August 2011, p. 6, referencing: Stratiogiannis, Ioannis A./ Zahos, Christos K.: *Defence Industry Consolidation and Weapon System Cost Growth*, Naval Postgraduate School, 2008; und *Defence Acquisitions Assessment of Selected Weapons Programmes*, US Government Accountability Office (GAO), 2009. cf. also Hensel, Nayantara: *Can Industry Consolidation Lead to Greater Efficiencies? Evidence from the U.S. Defense Industry*, in: *Business Economics* (2010) 45, p. 187-203.

¹⁸ *Post-Truth, Post-West, Post-Order?* *Munich Security Report* 2017, p. 21.

¹⁹ Markowski, Stefan/ Wylie, Robert: *The Emergence of European Defence and Defence Industry Policies*, in: *Security Challenges*, vol., no. 2, June 2007, p. 31-51, p. 40.

²⁰ cf. in more detail, albeit uncritical, regarding the development of the EU armament sector Bertges, Florian: *Der fragmentierte europäische Verteidigungsmarkt: Sektorenanalyse und Handlungsoptionen* [“The fragmented European defence market: sector analysis and options for action”], Frankfurt am Main 2009.

²¹ Biscop, Sven: *PESCO: Good News for NATO from the EU*, Egmont Commentaries, 14 February 2018.

²² Dossi, Amos: *PESCO-Rüstungskooperation: Potenzial und Bruchlinien* [“PESCO Armament Cooperation: Prospects and Fault Lines”], *CSS-Analysen zur Sicherheitspolitik* [CSS analyses regarding security policy], no. 241, March 2019, p. 2.

²³ Dossi, Amos/Keohane, Daniel: *Die Ständige Strukturierte Zusammenarbeit (PESCO) als Instrument europäischer Sicherheits- und Integrationspolitik: Hintergrund, Perspektiven, Implikationen für die Schweiz* [“Permanent structured cooperation (PESCO) as an instrument for European security and integration policy: background, perspectives, implications for Switzerland”], *CSS-Studie* [CSS study], July 2019, p. 10.

²⁴ *Deutsche Waffenbauer hoffen auf Rüstungsboom* [“German arms manufacturers hope for armament boom”], *Wirtschaftswoche*, 9 January 2018.

The situation is quite different when it comes to trans-European associations which are still rather rare in the defence sector.²⁰ Obviously, various forms of resistance need to be overcome here on the path to a European armaments structure. This primarily concerns the respective national interest (nobly referred to as “reservation of sovereignty”) in having the widest possible control over their own armed forces and associated industrial capabilities. Without “positive peer pressure”, as formulated by the EU global strategy, hardly any state will be prepared to cede access options in this regard.

If a way has been found here to place countries under pressure, they must be urged to harmonise the individual armed forces. The modular or randomly assembled EU units, which until now have been drawn from individual armies supplied with often completely different equipment, are to be successively replaced by more and more sub-areas with standing common formations and common staffs, and equipped with uniform weapons systems purchased in large quantities across Europe. A European defence market which, according to the “logic” of the internal market, requires contracts to be put out to tender on a pan-European basis, is intended to prevent relatively small national defence companies from continuing to be financed by their “home countries” with contracts. PESCO is the miracle weapon here that in the future should lead to the envisaged pan-European procurement projects. “If PESCO should function, the participating countries will in future publish a public call for tenders and award a contract to build a model.”²¹

Since this causes the option for the protection of smaller companies to be rescinded in the “optimum case”, this is supposed to trigger a wave of mergers and acquisitions, at the end of which only a small number of large armaments corporations remain – the so-called “Euro champions”. For example, the “CSS Analyses in Security Policy” which is named “PESCO Armament Cooperation: Prospects and Fault Lines” cites the following: “The ultimate goal: reduction from about 180 types of complex weapon systems currently in use in Europe to 30. The logical endpoint of this path would, on the one hand, be an arsenal standardised throughout Europe within the weapons system categories, and on the other hand a centralised procurement process and a

series of transnationally consolidated system integrators, meaning defence industry general contractors.”²²

Such a process naturally has winners and losers – it favours the big players and companies most likely to emerge victoriously from the imminent dog-eat-dog situation. Another “CSS Analysis in Security Policy” states: “The arms policy of PESCO, i.e. its technology-related approach, [can] already be assessed more specifically. Its basic assumption is that nationally structured defence industry- and procurement structures are redundant because the technological and economic performance of their products is fundamentally worse than that which is achievable through Europe-wide standardisation. As a consequence, the aim is to consolidate supply (industry) and centralise demand (procurement) in the European defence market and to simultaneously standardise military equipment. This approach, propagated in particular by supporters of EU integration and representatives of market-dominant arms companies, is well-founded.”²³

The countries from which these “market-dominant arms companies” predominantly originate, i.e. which are currently rubbing their hands with regard to PESCO, is laid bare in a ‘Wirtschaftswoche’ article. “The weapons manufacturers are hoping for a new boom in the mid-term, especially from an initiative called Pesco. [...] The Pesco procurement association [is to] bundle many billions. [...] And because the new systems are to be built in high quality and simultaneously in large quantities, ‘the technically leading German companies will primarily benefit’, states Heinz Schulte, head of the industry information service griephan. [...] Decisions can only be made on the basis of the capabilities of the companies’, demands Patrice Caine, head of armaments at the French Thales group. This means with many orders, small companies are left out.”²⁴

Based on this background it is not particularly surprising that the potential main beneficiaries should also turn out to be the main driving forces behind the initiation of PESCO.

1.3

PESCO: Franco-German leadership ambitions

PESCO is likely to have its origins in the concepts of a core Europe that were first introduced into the debate on the future of the Union by Germany in the early 1990s and later also taken up by France. In any case the idea is not new that a form of “avant-garde” of “capable and willing” entities comes together for specific policy areas in order to act independently of the remaining EU members – but under the umbrella of the EU and with use of its resources. Conceptual visionaries here were German CDU politicians Wolfgang Schäuble and Karl Lamers, who warned against an “overstretching of institutions” as early as 1994 – a code word for the supposedly excessive influence of small countries – and promoted the “creation of a core Europe”.²⁵ Later, then Foreign Minister Joschka Fischer adopted this concept in his “Humboldt Speech” in 2000 when he called for the possibility that an “avant-garde” in the EU must form a “gravitational centre” for quickly and flexibly achieving results in specific policy areas.²⁶ Around this time, then French Prime Minister Jacques Chirac also blustered about “pioneer groups”, and his successor Nicolas Sarkozy advocated the idea that individual states must become the “engine of the new Europe”.²⁷

The “Treaty of Amsterdam” (1997) already introduced the option of “close cooperation” between certain Member States for specific policy areas. With the “Treaty of Nice” (2001) the areas were once again expanded but military aspects continued to be categorically omitted. This changed with the EU Constitutional Treaty signed in June 2004, which for the first time created the legislative possibility for the existence of exclusive groups in the military sphere via PESCO. The passages relevant in this sense were then included in the

currently applicable “Treaty of Lisbon” which came into force on 1 December 2009. However, activation of PESCO failed for the time being due to British resistance, which then collapsed following their exit referendum of 23 June 2016, thus making the stage free for a Franco-German PESCO walkover.

These two countries then indeed immediately took the initiative, firstly in the form of a document by then Foreign Ministers Frank-Walter Steinmeier and Jean-Marc Ayrault, published just four days after the Brexit referendum: “Germany and France [must] work together to develop the EU step by step into an independent and globally active protagonist. [...] Groups of Member States should be able, as flexibly as possible, to set up continuously structured cooperation in the sector of defence or to proceed with individual operations.”²⁸

After the summer break, then Defence Ministers Ursula von der Leyen and Yves le Drian added a further document on 12 September 2016. The document once again explicitly emphasised the central role of PESCO as the most important instrument for implementing the goals formulated in the global strategy. “Some of our proposals should also be considered within the framework of Permanent Structured Cooperation (PESCO), which can have a significant influence on the fulfilment of the objectives as defined by the recently published EUGS.”²⁹

²⁸ Ayrault, Jean-Marc/Steinmeier, Frank-Walter: *Ein starkes Europa in einer unsicheren Welt*, Stand 27.06.2016.

²⁹ Le Drian, Jean Yves/Leyen, Ursula von der: *Erneuerung der GSVP [“Modernisation of the CSDP”]*, Berlin, 12 September 2016.

²⁵ Schäuble, Wolfgang/Lamers, Karl: *Überlegungen zur europäischen Politik [“Considerations regarding European policy”]*, 1 September 1994.

²⁶ Fischer, Joschka: *Vom Staatenbund zur Föderation – Gedanken über die Finalität der Europäischen Integration [“From alliance of states to confederation – thoughts on the finality of European integration”]*, Vortrag an der Humboldt-Universität [speech at Humboldt University], 12 March 2000.

²⁷ Wagner, Jürgen: *Brüssel, das neue Rom? Ostexpansion, Nachbarschaftspolitik und das Empire Europa [“Brussels, the new Rome? Eastern expansion, neighbourhood policy and the European Empire”]*, Studien zur Militarisierung EUropas [Studies on EUropean militarisation] 36/2008, p. 19.

³⁰ Entwurf von Schlussfolgerungen des Rates zur Umsetzung der Globalen Strategie der Europäischen Union im Bereich der Sicherheit und der Verteidigung [Draft of Council Conclusions on Security and Defence in the context of the EU Global Strategy], Brussels, 14 November 2016, p. 14.

In November 2016, the Council then mandated the EU Foreign Policy Representatives to “explore the potential of an all-party inclusive Permanent Structured Cooperation (PE-SCO)”.³⁰ However, it was not the EU Foreign Policy Representatives who subsequently appeared to be calling the shots – nor did the process progress in an “inclusive” manner. It was once again Berlin and Paris who were in charge at the Franco-German summit on 13 July 2017. There they agreed on a compromise which was then abruptly presented to the other countries and finally adopted. The summit’s final declaration tersely stated: “In the field of common security and defence, France and Germany believe the launch of inclusive and ambitious Permanent Structured Cooperation (PESCO) is of essential importance [...]. In order to stimulate the debate on these commitments among all interested EU members, France and Germany have agreed on a series of binding commitments and elements for an inclusive and ambitious PESCO, including a time schedule and specific assessment mechanisms. These proposals can form the basis for a broader agreement between EU Member States and would ensure a high level of ambition for any future PESCO. They could become the core of a binding commitment which would then immediately lead to a notification proposal.”³¹

³¹ *Franco-German Ministerial Council, 13 July 2017, p. 24.*

³² *Antwort der Bundesregierung, Drucksache 19/2884 [Response of the Federal German Government], 20 June 2018.*

³³ *Möller, Almut/Pardijs, Dina: The Future Shape of Europe, ECFR, Flash Scorecard, March 2017, p. 5.*

³⁴ *Ein Kern für Europa, [“A core for Europe”], FAZ, 25 March 2017.*

³⁵ *Notification on Permanent Structured Cooperation: www.consilium.europa.eu/media/31511/171113-pesco-notification.pdf*

It is therefore no wonder that enthusiasm within the ranks of many Member States, especially the small and mid-sized ones, remained limited. A study conducted by the “European Council on Foreign Relations” in spring 2017 concluded that no fewer than 18 Member States would have an undecided attitude or even be hostile to PESCO.³³ In this phase, the “Frankfurter Allgemeine Zeitung” summarised these reservations on 25 March 2017 as follows: “With support from France and Spain, the Chancellor courted a ‘Europe of differing speeds’. Many other Europeans were not enthusiastic about this. [...] The term of ‘core Europe’ has also not gained in popularity. In others, this quickly evokes the image of a German central star, orbited by many planets.”³⁴

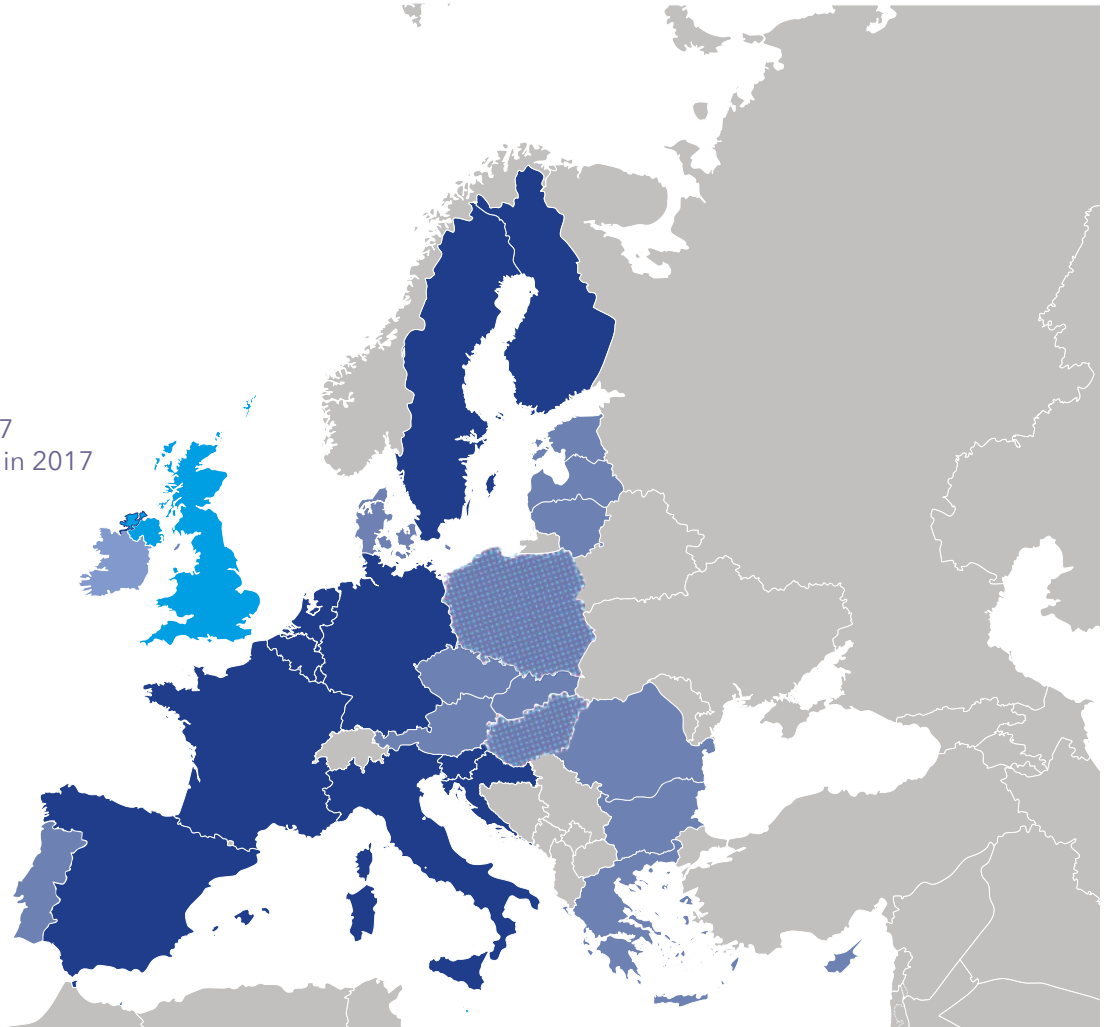
“A German central star orbited by many planets.”³⁴

Nevertheless, no less than 23 EU countries finally agreed to sign the said notification document in November 2017, which cleared the way for the activation of PESCO.³⁵ After Ireland and Portugal joined the initiative on 7 December PESCO was then officially launched by a Council decision on 11 December 2017 – to the exclusion of Great Britain, Denmark and Malta. Why in the end almost all countries joined the project despite their obviously existing reservations only becomes apparent upon a closer look at the PESCO architecture, which Germany and France cunningly constructed from the point of view of power politics.

Germany and France had thus precisely described, indeed instructed, how things should henceforward proceed. On 20 June 2018, the German Federal Government responded to a minor question from the Left parliamentary group in the Bundestag concerning the further procedure, and in particular the question of how the remaining EU countries had been integrated into the PESCO initiation process: “On the basis of a Franco-German proposal on the obligations of PESCO,” other countries were approached, which then led to “a joint letter from the Defence Ministers of Germany, France, Italy and Spain to the High Representative of 21 July 2017. It then proceeds to state, almost as if it purposefully aimed to stoke the reservations of many countries, “by sending a copy of this letter to all Defence Ministers of the EU, all Member States were involved.”³²

PESCO

- PESCO members
- other EU members
- still undecided in 2017
- still against accession in 2017



Source: Map: NordNordWest, license: Creative Commons by-sa-3.0 de

Part 2

PESCO: armament via coercion and sanction

Although Germany and France primarily determined the decisive elements of PESCO among themselves, they were not entirely in agreement on the priorities of the project. Even in the preparatory period it was always claimed that Germany would pursue an “inclusive” approach by involving as many countries as possible. France on the other hand was primarily interested in bringing together fewer countries in accordance with “more ambitious” requirements under the umbrella of PESCO. Furthermore, Germany aimed to focus on the capability development (i.e. armaments projects) and related industrial policy measures, whilst France was mainly interested in the “improved” provision of intervention troops to support its operations particularly in Africa.³⁶

The result is, as so often happens, a weak amalgam of both approaches – a type of “inclusive-ambitious” PESCO. At first glance it is open to all members, but they have little choice but to join in if they do not want to lose any substantial rights of determination. As part of this though, ambitious criteria were defined that stipulate substantial “improvements” in the areas of troop deployment, capacity development and arms financing. To this end, PESCO will be closely interwoven with two further projects: the “Coordinated Annual Review on Defence” (CARD) and the “European Defence Fund” (EDF), and as a result, a self-contained system is to be established ranging from the identification (CARD) and implementation (PESCO) to the financing (EDF) of strategically relevant European military projects.

³⁶ Major, Claudia/ Mölling, Christian: *Die Europäische Interventionsinitiative EI2* [“The European intervention initiative”], *DGAP Standpunkt*, no. 10/June 2018; *Europeans approve defense pact in bid to reduce dependence on U.S.*, *Washington Post*, 13 November 2017.

37 *Permanent Structured Cooperation – SSZ, #EUDEFENCE, November 2018.*

To round things off, a review mechanism has been established to allow Member States that do not meet such criteria to be imposed with sanctions that can even go as far as expulsion from PESCO and resultant ostracism to the military periphery of the Union. Germany and France have given themselves the opportunity to force the other Member States either into a tight armaments corset or to punish them for “unruly” behaviour via their voting weights and termination of the consensus principle that was valid until now. The key innovation of PESCO is that consensus is thus replaced by coercion. Whilst the official EU-PESCO fact sheet emphasises that Member States “voluntarily chose to participate”, it makes it clear in the same breath that the decisive “advantage” of PESCO is that “voluntariness” is not very far away: “The difference between PESCO and other forms of cooperation lies in the legally binding nature of the obligations entered into by the participating Member States. Each participating Member State shall submit a plan for its national contributions and endeavours in accordance with the agreements. These national implementation plans are to be regularly assessed. Here lies the difference between PESCO and the current voluntary approach of the EU’s common security and defence policy.”³⁷

PESCO countries	Treaty of Lisbon (votes in %)	Treaty of Nice (votes in %)
Germany	18.77	8.4
France	15.25	8.4
Italy	13.88	8.4
Spain	10.59	7.83
Poland	8.62	7.83
Romania	4.43	4.04
Netherlands	3.93	3.77
Belgium	2.59	3.48
Greece	2.44	3.48
Czech Republic	2.38	3.48
Portugal	2.33	3.48
Sweden	2.30	2.9
Hungary	2.22	3.38
Austria	2.00	2.9
Bulgaria	1.60	2.9
Finland	1.25	2.03
Slovakia	1.23	2.03
Ireland	1.10	2.03
Croatia	0.93	n.V
Lithuania	0.64	2.03
Slovenia	0.47	1.16
Latvia	0.44	1.16
Estonia	0.30	1.16
Cyprus	0.20	1.16
Luxemburg	0.14	1.16

Source: EU voting calculator

2.1

PESCO architecture: sophisticated

As indicated above, the legal bases of PESCO were already laid down in the EU Constitutional Treaty from 2004, to be subsequently incorporated into the 2009 “Treaty of Lisbon”. Here it is Articles 42 and 46 and Protocol No. 10 which set out the broad framework of PESCO; Germany and France later had the opportunity to develop the “intricacies” in their favour. Article 42(6) first of all mundanely specifies the option of being able to form small groups in the military sector under the umbrella of the European Union. Article 46(1) stipulates that eligibility to participate in PESCO is coupled with the compliance to certain “criteria” which are specified – initially in a relatively vague form – in “Protocol 10 on Permanent Structured Cooperation” in the “Treaty of Lisbon” (see Appendix A).

The fact that Article 46(2) stipulates that the Council can decide to activate PESCO by a qualified majority (65% of the EU population and 55% of the EU Member States) proves to be a decisive factor here – the previously categorically valid consensus principle in the military sector was thereby substantially weakened. The following Article 46(3) then declares that any Member State wishing to join “at a later stage” is dependent on a positive vote of the countries already in the PESCO boat, which must agree to this by qualified majority. This is not all though – the crux of the matter, i.e. that a participating country not adequately fulfilling the PESCO criteria can be thrown out again later by qualified majority without its own right to vote, is set out in Article 46(4): “If a participating Member State no longer fulfils the criteria or is no longer able to meet the commitments [...] the Council may adopt a decision suspending the participation of the Member State concerned. The Council shall act by a qualified majority. Only members of the Council representing the participating Member States, with the exception of the Member State in question, shall take part in the vote.”

The full scope of the introduction of qualified majority voting in the military field only becomes clear against the background that the “Treaty of Lisbon” also massively shifted the weighting of votes with such agreements in favour of those countries with large populations – these, as chance would have it, are also the powerful Member States. In this way Germany for example, which had 8.4% of the votes in the previously valid “Treaty of Nice”, more than doubled its voting share with the PESCO format to 18.77%. For France, the jump from 8.4% to 15.25% is smaller but still relatively generous. At this point it is worth recalling the PESCO initiation process to comprehend the tricky situation that most Member States had been placed into by the self-proclaimed EU leaders. As mentioned, it started with Germany and France agreeing on all essential aspects of PESCO in July 2017. They then fetched Italy and Spain on board, which meant that almost 60% of the votes and thus the share of the population in a qualified majority were as good as certain. It was then clear that it would be possible to “convince” sufficient numbers of small Member States of the usefulness of PESCO via money, good words or threats so that the qualified majority required for activation could hardly have been prevented – and in particular because Great Britain, the previous “protective power” behind which sceptics could always hide, had dropped out. Against this background PESCO sceptics such as Poland found themselves in a very difficult situation: if they had continued to propagate their negative attitude and refused to declare allegiance to PESCO it would still have been brought to life. Later admission would have been theoretically possible, but then only those states would have been entitled to vote which were already in the PESCO boat – and which would have had to approve the application with a qualified majority. And in this constellation, candidate countries would later have been completely dependent on the goodwill of Germany and France, which together had a virtual blocking minority and could have refused any country later admission at their discretion.

Participation therefore became mandatory in order not to forfeit any influence on projects initiated in the future within the framework of PESCO – these can also include anything imaginable, and with the exception of resolutions for military operations, no other restrictions can be found.

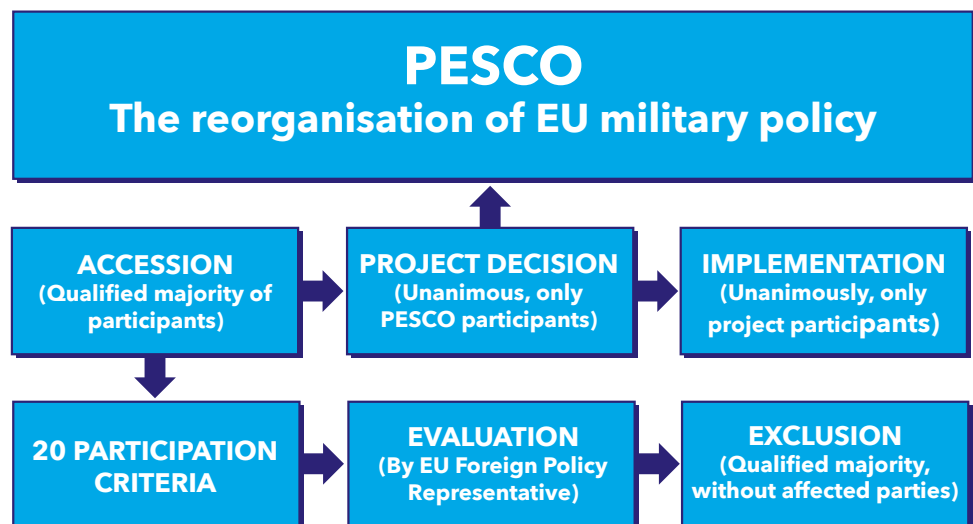
In detail, it all functions as follows: although PESCO partly distances itself from the consensus principle, and in some cases in extremely critical places, the initiation of PESCO military projects must in the future continue to be decided by consensus; only the participating PESCO countries still have the right to vote though. The specific design of all details is subsequently the sole responsibility of the project participants: “The current legal situation is that the list of projects must be enacted unanimously by all 25 participating countries, but all further decisions regarding project work will only be made within the respective project group. In this way, the specifically cooperating countries can decide autonomously on the speed, scope and modalities of their cooperation without being dependent on agreement by the Council or the other PESCO states.”³⁸

But the “right” to be allowed to join PESCO had to be bought at a high price, namely that all interested countries had to “voluntarily” declare their willingness to comply with 20 armaments criteria in the future via signing of the notification document in November 2017.

Decisive in this respect is that compliance with these criteria should be subject to a, presumably rigid, evaluation process which is planned as follows: at the beginning of each year each country is required to submit a “national implementation plan” which testifies to the extent to which “progress” has been made in fulfilling each criterion. Subsequently, the EU Foreign Policy Representative prepares a report in the spring assessing whether the results described are deemed sufficient. The results then serve as a basis for the Council to decide whether a Member State should be threatened with expulsion from PESCO because of insufficient fulfilment of the criteria. The PESCO Council decision states that “At least once per year, the joint FAC/Defence will receive a report from the High Representative [...]. This report will detail the status of PESCO implementation, including the respect, by each participating Member State, of its commitments, in coherence with its National Implementation Plan. This report, after an EUMC advice, will serve as a basis for Council recommendations and decisions adopted in accordance with Article 46 of the TEU.”³⁹

³⁸ Kellner 2018, p. 7.

³⁹ Council decision (GASP) 2017/2315 establishing permanent structured cooperation (PESCO) and determining the list of participating Member States, Brussels, 11 December 2017.



2.2

PESCO criteria: a tightly laced arms corset

It now becomes clear from the PESCO architecture described above that the specific nature of the criteria to which Member States have now, in principle, committed themselves, is of extreme importance (see Appendix B). The 20 criteria attached to the official Council resolution for activation of PESCO can be approximately summarised into four categories: identification (CDP/CARD) – troop generation (PESCO) – capability development (PESCO) – financing (EPF/EDF).⁴⁰

a) Identification (CDP/CARD): This obligates States to “bring their defence apparatus into line with each other as far as possible” 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.” (Criterion b) Capacity shortfalls are identified in the “Capability Development Plan” (CDP), while states in the CARD process must disclose and coordinate their defence planning in order to agree on projects for eliminating the identified gaps. All PESCO countries are therefore committed to providing the “support [...] to the maximum extent possible” for this process. “Playing a substantial role in capability development within the EU, including within the framework of CARD, in order to ensure the availability of the necessary capabilities for achieving the level of ambition in Europe.” (Criterion 6)

In the next step the states also agree to close the identified capability gaps. “Help to overcome capability shortcomings identified under the Capability Development Plan (CDP) and CARD. These capability projects shall increase Europe’s strategic autonomy and strengthen the European Defence Technological and Industrial Base (EDTIB).” (Criterion 15)

Following a test phase, the first full run of the CARD should be completed in autumn 2020 – this at least is the timetable specified by the Council in its conclusions of 17 June 2019.⁴¹ Finally, in order to ensure the implementation of central projects as identified in the CARD process, the countries must also become involved in at least one of the projects initiated in this way: “Take part in at least one project under the PESCO which develops or provides capabilities identified as strategically relevant by Member States.” (Criterion 17)

b) Troop generation (PESCO): Concerning the operational issue, countries will have “concrete measures to enhance the availability, interoperability, flexibility and deployability of their forces” (Criterion (c). To this end PESCO States should “provide substantial support within their means and capabilities [...] for CSDP operations [...]” (Criterion 14). This includes among other factors a broader financial base: “Participating Member States will strive for an ambitious approach to common funding of military CSDP operations and missions, beyond what will be defined as common cost according to the Athena council decision.” (Criterion 12)

With a view in particular to Eastern Europe, PESCO participants strive, among other things, for “[s]implifying and standardising cross border military transport in Europe for enabling rapid deployment of military materiel and personnel.” It is also specified that countries should not only be “[s]ubstantially contributing to EU BG”, but that they should also explicitly make “available formations, that are strategically deployable, for the realisation of the EU LoA”. Another undertaking is “[d]eveloping a solid instrument [...] to record available and rapidly deployable capabilities in order to facilitate and accelerate the Force Generation Process (Criterion 12). Also, in order to “develop” interoperability, PESCO countries are “to agree on common

⁴⁰ Council decision (CFSP) 2017/2315 of 11 December 2017. The quotations in this section, unless otherwise specified, refer to this document.

⁴¹ Council Conclusions on Security and Defence in the context of the EU Global Strategy, Luxembourg, 17 June 2019, p. 9.

technical and operational standards of forces” and furthermore, an “obligation to consider the sharing of existing capabilities” applies. (Criterion 13)

In addition, to enable rapid decisions to be taken on the deployment of troops, the countries in which, as in Germany, Parliament has to at least perfunctorily make a commitment here, will be obliged to guarantee the smooth running of operations. They are tasked, where applicable, with “reviewing their national decision-making procedures.”

c) Capability development (PESCO): The aim here is to “work together to ensure that they take the necessary measures to make good [...] the shortfalls perceived in the framework of the “Capability Development Mechanism.”” Where specific projects have been agreed upon in the CARD process to close identified capability deficiencies, attention should be paid to a transnational approach – “[c]onsider as a priority a European collaborative approach in order to fill capability shortcomings identified at national level”. (Criterion 16)

To further simplify the launching of Europe-wide armaments projects it is necessary to align ideas and concepts as much as possible. “Commitment to drawing up harmonised requirements for all capability development projects agreed by participating Member States.” (Criterion 9)

These projects are also subject to a “[c]ommitment to the intensive involvement of a future European Defence Fund in multinational procurement with identified EU added value” (Criterion 8). If it has not yet become clear that funds are to be used exclusively for establishing a European armaments complex, a “buy European criterion” certainly demonstrates this: “Ensure that the cooperation programmes - which must only benefit entities which demonstrably provide added value on EU territory - and the acquisition strategies adopted by the participating Member States will have a positive impact on the EDTIB.” (Criterion 20)

d) Financing (EPF/EDF): In addition to the already briefly mentioned criteria for “better” financing of EU military operations and transnational arms projects, considerable pressure is also being put on the size and structure of national defence budgets.

This is implemented among other methods by a commitment to a “[s]uccessive medium-term increase in defence investment expenditure to 20 % of total defence spending” and to “[i]ncreasing the share of expenditure allocated to defence research and technology with a view to nearing the 2 % of total defence spending”. (Criteria 2 & 4)

The most far-reaching aspect in terms of potential however is likely to be the commitment to a “[s]uccessive medium-term increase in defence investment expenditure”. This means, in effect, an annual inflation-adjusted increase in the military budget – any future reduction of the defence budget is thus made almost impossible!

Whilst some criteria are quite vaguely formulated and leave room for interpretation, the financial specifications are quite concrete. It is therefore crucial that the states, as described above, submit themselves to an evaluation mechanism, at the end of which exclusion from PESCO in extreme cases may occur. Even this is carried out by means of a PESCO criterion, namely the obligation of the “Establishment of a regular review of these commitments (with the aim of endorsement by the Council).” (Criterion 5)

Whether related to the PESCO criteria or not, everything in 2018 shifted in the prescribed direction both in terms of budget size as well as share of defence investment. In addition, tangible results have also been achieved in the other two areas, where it was called via PESCO criterion for “better” financing options at EU level.

Funds are to flow exclusively into the establishment of a European armaments complex.

The Commission proposal for the next “Multi-Annual Financial Framework 2021 to 2027” (MFF) is decisive here. This earmarks not only EUR 6.5 billion for the expansion of military mobility, but a special fund outside the budget, the “European Peace Facility”, was thrown into the ring at the same time. With the planned sum of EUR 10.5 billion over the same period, the Community contribution to the financing of CSDP operations as called for by PESCO Criterion 12 is to be substantially increased from the current 5% to 15% level up to 35% to 40%: “This facility will enable a fixed fund to be created which will facilitate the initiation of new operations and improve the impact and planning capability of ongoing operations.”⁴²

The most important budget item, the “European Defence Fund”, is also included in the official Commission proposal for the 2021 to 2027 budget. This is a legally highly questionable⁴³ kitty which will be used in the next MFF to loosen up EUR 13 billion for the research and development of major pan-European armaments projects (the use of national leverage can even generate up to EUR 48.6 billion). PESCO projects should be preferentially supported via this budget and subsidised with a higher component (with an EU share of 30% instead of 20%). On 19 March 2019, the first EUR 525 million was paid out via an EPF predecessor – with EUR 100 million of this for construction of the armed Eurodrone, the most important PESCO project to date.⁴⁴

It is also worth noting here that the criteria are not carved in stone; they can be adapted at the end of each phase according to PESCO Council decisions: “The Council may adopt decisions and recommendations in accordance with Article 46 Paragraph 6 of the TEU, which shall [...] control the implementation of the more far-reaching obligations as specified in the Appendix over the two successive initial phases (2018 to 2020 and 2021 to 2025), and set more precise targets for implementation of the more far-reaching obligations as specified in the Appendix at the beginning of each phase; [...]. At the end of each phase (2021, 2025) a strategic review will be carried out to assess the extent to which commitments made during the period under review have been fulfilled, to decide on the launch of the next phase and, if necessary, to update the obligations for the next phase.”

⁴² Proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the Commission regarding the establishment of a European Peace Facility, Brussels, 13 June 2018, p. 2. The EPF is to serve for financing of so-called improvement measures, meaning the instruction and armament of friendly forces in third countries.

⁴³ Fischer-Lescano, Andreas: Rechtsgutachten zur Illegalität des Europäischen Verteidigungsfonds, Rechtsgutachten im Auftrag der GUE/NGL [Legal opinion regarding the illegality of the European Defence Fund, legal opinion commissioned by the GUE/NGL], 30 November 2018.

⁴⁴ Europäischer Verteidigungsfonds auf Kurs: 525 Mio. EUR für Eurodrone und andere gemeinsame Forschungs- und Industrieprojekte [“European Defence Fund on target: 525 million EUR for Eurodrone and other joint research and industry projects”], European Commission, press release, Brussels, 19 March 2019.

2.3

PESCO projects: a balance between intervention and armament

Up to November each year a decision is to be taken on the initiation of a new wave of PESCO projects that are intended to both “improve” troop generation and operational capability and to address any gaps in capability. By doing this in the form of transnational procurement projects, the aim is to simultaneously speed up the development of a European armaments complex. The projects should “contribute to the EU LoA” in order to “further Europe’s strategic autonomy”. As far as the “project portfolio” is concerned, it is to “reflect an appropriate balance between projects which are more in the area of capability development and those who are more in the area of operations and missions”.⁴⁵

⁴⁵ Council decision (CFSP) 2017/2315 of 11 December 2017.

⁴⁶ Permanent Structured Cooperation (PESCO) updated list of PESCO projects, Overview, 19 November 2018.

⁴⁷ PESCO – Permanent Structured Cooperation: Mehr Zusammenarbeit bei der Verteidigung [“More cooperation in defence”], bmvg.de, December 2018.

⁴⁸ Einstieg in die Verteidigungsunion [“Entering the defence union”], bmvg.de, 8 December 2017.

⁴⁹ Permanent Structured Cooperation (PESCO) updated list of PESCO projects, Overview, 19 November 2018.

Concerning the timing, the first round of PESCO was somewhat out of the ordinary because it was not intended to wait eleven months for the first projects following activation in December. After 17 projects had already been decided upon in an initial round in March 2018, 17 further projects followed in November of that year, meaning that the whole is now on schedule. With regard to management of the current 34 projects, three major EU powers in particular have been able to assert themselves: Italy leads seven PESCO projects, followed by Germany and France with six each – no other country (except Greece) leads more than one.⁴⁶

In the field of operational readiness Germany assumed the lead in the “Coordinated European Geoinformation Support”, which is intended to “improve the accuracy of navigation, orientation in space and the calculation of environmental influences [...] and thus more efficiently support the soldiers.”⁴⁷ In addition, Germany also takes the lead in the development of a “network of logistics hubs” designed to “improve” the transport capabi-

lities both within and outside the Union; a “European Medical Command” is intended to make medical care more efficient throughout Europe, an “EU Training Centre” is intended primarily to train forces for CSDP missions for military strengthening; and, potentially and initially one of the most far-reaching, the “European Union Force Crisis Response Operation Core” (EUFOR CROC), which aims to carry out a “joint analysis of potential threats”, the “improvement of material and personnel planning” and the “shortening of response times and crisis planning”. EUFOR CROC is indeed ambitious, as 60,000 soldiers are to be led into the field via this entity in the future – although without the contribution from Great Britain.⁴⁸

Germany is involved in a total of 14 PESCO projects, and the “electronic warfare” (EW) project under Czech leadership with Germany as the sole partner is also “interesting” in this respect. In the description of the “Electronic Warfare Capability and Interoperability Programme for Future Joint Intelligence, Surveillance and Reconnaissance (JISR) Cooperation” it is stated that: “The ultimate objective of the project is to create a standing EW force. [...] This force should be capable of joint EW operations in an electromagnetic environment and of supporting the EU combat forces with unique electronic combat capabilities.”⁴⁹

Germany has landed what is undoubtedly the biggest fish

As far as the developing of capacity is concerned, i.e. armaments projects in the narrower sense, Germany is not involved in one particular major project – the planned construction under Italian leadership of an armoured infantry fighting vehicle, an amphibious landing vehicle and a lightly armoured vehicle.⁵⁰ Under French leadership, here though with German (and Spanish) participation, the further development of the Tiger combat helicopter “Tiger Mark III” is to be carried out as part of PESCO. As emphasised by a current situation assessment of the “Scientific Service” by the Bundestag in summer 2018, it is a matter of equipping the “complete ‘Tiger’ fleet of Germany, Spain and France” with a “mid-life update” from 2020 onwards, so that “the combat value of the weapon system can be increased”.⁵¹

However, Germany has landed what is undoubtedly the biggest fish, heading up the most “prominent” defence project to date to be developed within the framework of PESCO: the armed Eurodrone (MALE RPAS). Germany, France, Italy and Spain were already on board early on and the Czech Republic is also listed as a participating country in this PESCO project. The first one-to-one model of the drone was presented at the ILA at the end of April 2018.⁵² The declared objective was originally the delivery of first drone systems developed by Airbus D&S (DEU), Dassault Av (FRA), Leonardo (ITA) and Airbus S.A.U. (ESP) in 2025.

⁵⁰ *The tank project is not exactly received positively in Germany: “The list containing 19 EDF funding projects is subject to criticism. Individual projects create the impression of being driven by national industrial and political interests rather than by the idea of developing European systems,” expressed BDI armament expert Matthias Wachter towards Handelsblatt. He refers to the example of the armoured personnel carrier Italy intends to develop with Greece and Slovakia, considered that the arguably most modern APC in the world already exists: the Puma, built by German armament companies Kraus-Maffei Wegmann and Rheinmetall. The Italian project, as referenced in German industrial circles, solely serves industrial-political ambitions.” (Der Weg zur EU-Armee ist steinig – kommt stattdessen die “Armee der Willigen”? [“The road to an EU army is rocky – is an ‘Army of the Willing’ coming instead?”] Handelsblatt, 26 December 2018)*

⁵¹ *Wissenschaftlicher Dienst des Bundestages: Die deutsch-französische Rüstungskooperation, Sachstand, [Scientific service of the Bundestag: Franco-German armament cooperation, state of affairs], 28 June 2018.*

⁵² *Borchers, Detlef: Euro MALE: Airbus zeigt Modell der europäischen Drohne [“Euro-MALE: Airbus exhibits model of European drone”], netzpolitik.org, 27 April 2018.*

#PESCO projects with German participation

- European Medical Command: creation of an element for the joint coordination – later also for management of – medical service capabilities, services and forces in Europe.
- European Secure Software-defined Radio (ESCOR): aspired further development of capabilities in the field of secure communication technologies for further improvement of the interoperability of armed forces of the EU Member States.
- Network of logistics hubs in Europe and to support operations: networking of existing logistics structures, processes and logistical planning by unifying management and processes, and establishment of a network of logistics hubs in Europe.
- Military mobility: improving and simplifying procedures for cross-border transport of armed forces in Europe with added value for the EU and NATO.
- European Union Training Mission Competence Center (EU TMCC): setting up of an entity for coordinating the training, information and knowledge management for EU training missions for more efficient provision of qualified personnel.
- Strategic command and control system for CSDP operations and missions: improved strategic and operational leadership and exchange of information in CSDP missions and operations.
- Core element for EUFOR crisis response operations (European Union Force Crisis Response Operation Core/EUFOR CROC): contribution to improvement of EU crisis management.

Second round PESCO projects in which Germany is involved:

- Integrated Unmanned Ground Systems (UGS): unmanned ground-based systems with flexible equipment/deployment options as part of the future German capability portfolio.
- European remote-controlled flight system for medium altitudes and long duration – European MALE RPAS (Eurodrone): development of cooperation(s) in the areas of operation and use for the next generation of MALE RPAS, for efficiency gains and sustainable synergies beyond development of the new platform.
- European combat helicopter TIGER Mark III: a currently ongoing armaments cooperation between the main TIGER user nations. Due to its national capability targets, Germany is one of the three partners in addition to France and Spain.
- Electronic warfare – capability and interoperability programme for future Joint Intelligence, Surveillance and Reconnaissance (JISR) cooperation in the area of passive surveillance systems (PSS).
- Co-basing: establishment of a network of existing bases/support points in national territories, especially outside Europe, made available for use by partners of the respective participating Member States as part of missions and operations.
- “GeoMETOC Support Coordination Element”: development of an architecture of EU-proprietary GeoMETOC (geo-meteorological and oceanographic) capabilities, based on more in-depth cooperation between the European geoservices.
- EU radio navigation solution: strengthening of European autonomy concerning use of GPS.

Source: Response of the German Federal Government, Drucksache 19/752919, 4 February 2019

The Eurodrone is one of the three major European defence projects which (if Germany and France have their say at least) are to establish themselves as pan-European standard systems. This is intended to achieve high unit numbers and thus low unit prices, which in turn is intended to help to compete with products from the USA and other countries on world export markets – and to further reduce unit prices via systems sold in these markets. The other two major projects are the planned construction of a Franco-German battle tank (MGCS) and a combat aircraft (FCAS), which were, in principle, decided at the same summit meeting of the two countries in July 2017 at which the most important guidelines for PESCO had also been made.⁵³

Both are projects of considerable scope: the “Future Combat Air System” focuses on a combat aircraft the development of which was finally and contractually launched at the Le Bourget Air Show in mid-June 2019 between Germany and France, and the Spaniards who joined later. According to current plans, the general requirements are to be clarified by 2027, a demonstrator is to be constructed to 2030, and from then on the development phase is to begin. The year 2040 is the target delivery date for the first FCAS. Concerning development costs and in particular the overall volume, data differs widely in some cases. The total of EUR 65 million that Germany and France (without Spain) have provided for the concept study is already known – this should make it possible to determine all the specifics of the aircraft in advance.

This financing of the concept study was approved by the Budget Committee of the Bundestag on the basis of a draft from the Ministry of Defence, which also provides information on further parts of the cost forecasts. “According to an initial approximate estimate by France, the total requirement for technology maturation and demonstration up until 2030 is around EUR 8 billion.”⁵⁴ However, this is where the at least moderately reliable estimates end – it is completely unclear what the total volume of the project will in end effect be. One article for example speaks of a total of EUR 100 billion,⁵⁵ while the other mentions EUR 500 billion.⁵⁶

The “Main Ground Combat System” is in a similar price range, a battle tank intended as a successor to the Leopard 2 or Leclerc. The

Franco-German holding company KNDS was founded specifically for construction of the MGCS, this corporate holding consisting to equal parts of “Krauss-Maffei Wegmann” and “Nexter”. KNDS presented a first demonstrator for the project at the Eurosatory armaments fair at the beginning of June 2018 – the turnover for this project is also estimated at up to EUR 100 billion.⁵⁷

It can be assumed that the lead countries will try to place both FCAS and MGCS in one of the next PESCO project rounds to enable cross-financing of these horrendous development costs via the EU Defence Fund. According to media reports specific work is already being done with this in mind. “A draft of the [EPF] work programme submitted to the Handelsblatt newspaper lists feasibility studies for a new-generation combat aircraft and a new platform for warships. This also includes a study for a new battle tank that Germany and France aim to develop together.”⁵⁸

In mid-August 2019, a PESCO incorporation of the MGCS also appears to have explicitly been the subject of a meeting between the defence ministers of Germany and Poland.⁵⁹ However, the battle tank project is not really making headway at the moment, and the reasons for this provide an impression of some of the partly considerable problems that currently still obstruct PESCO in the realisation of its full militarisation potential.

⁵³ *Joint statement regarding the Franco-German Ministerial Council, 13 July 2017.*

⁵⁴ *Griephan Briefe, no. 23/2019. Other sources reference a total of 4 billion euros in development costs until 2025, 2.5 billion of which would be absorbed by France as system leader. See Brzozowski, Alexandra: Next-generation European fighter jet cooperation ready for take-off, euractiv.com, 17 June 2019.*

⁵⁵ “Engineers report an integrated network, the development of which will cost approximately 8 billion euros. In terms of procurement and operation, an expenditure of 100 billion euros is named.” (AIRSHOW: Deutschland und Frankreich mit Verträgen für Luftkampfsystem [Germany and France with contracts for an air combat system], Handelsblatt, 14 June 2019)

⁵⁶ “The FCAS is supposed to cost up to 500 billion euros by the middle of the century, and the new tank is to cost 100 billion euros.” (Bund gibt ersten Millionenbetrag für deutsch-französischen Kampffjet frei [“Federal Government releases first amount in the millions for Franco-German fighter jet”], Handelsblatt, 5 June 2019)

⁵⁸ *Das EU-Zukunftsprojekt Verteidigungsfonds ist in Gefahr, [“The EU future project Defence Fund is in danger”], Handelsblatt, 13 June 2018.*

⁵⁹ *Minister Błaszczak w Berlinie. Bez spornych spraw, Deutsche Welle (Polish edition), 16 August*

⁵⁷ *ibid.*

Part 3

PESCO: potential disruptive factors

Although Paris and Berlin in particular are putting pressure on a “successful” implementation of PESCO there are still some hurdles that it must overcome, and some of these are significant. On the one hand this concerns the USA, who are not at all positive about the project and are already firing their first torpedoes in its direction, and on the other the Franco-German leadership duo who are being successively faced with difficulties on the basis of who should set the tone among the two countries. Furthermore, a whole

series of small and medium-sized EU states continue to look at PESCO with suspicion because they sense – with some justification – a Franco-German attempt to get essential elements of European military policy under their control. And finally, the question of the export of joint armaments projects may prove to be an important and critical point for PESCO and the Defence Union, which could also be used as an approach towards peace policy.

3.1

PESCO, a poison pill for the USA?

In principle, PESCO projects are also open to non-member countries, but only “exceptionally”, and on condition that they contribute to “substantial added value”. Even here it is stressed that “[t]his will not grant decision powers to such Third States in the governance of PESCO.”⁶⁰ The USA in particular did not like these regulations at all, as was made abundantly clear by an urgent letter from two senior Pentagon officials to the EU Foreign Policy Representative in May 2019. “The letter to Federica Mogherini is nothing less than a new US declaration of war against the EU. On four tightly printed pages the two defence state secretaries Ellen Lord and Andrea Thompson criticise two central projects of the EU – the agreements for more cooperation with defence and the billion-euro fund for the development of EU defence projects. [...] Specifically, Washington complains that US companies are excluded from the supported development projects by ‘poison pills’ included in the corresponding contracts. [...] The intensity of the letter surprised many diplomats in the EU. It was admittedly known that reservations existed about the attempt to become more independent in the defence sector, but now Washington is threatening penalties if the EU does not come around.”⁶¹

The European Union was noticeably annoyed and immediately responded, according to ‚Zeit Online‘. “The EU has rejected the US government’s criticism of plans for a European Defence Union. A four-page letter to the Foreign Affairs and Defence Ministry in Washington informed that the EU initiatives criticised by the USA to strengthen European defence cooperation were not aimed at excluding American companies from the outset.”⁶²

To prove that the USA had no cause for complaint, an analysis was specially prepared by the in-house “European Union Institute for Security Studies” (EUISS), which criticised the “rude and questionable accusations” which lacked any basis. After all, between 2014 and 2016 the USA exported military equipment to a value of 62.9 billion dollars to the European Union while the total for the same period in the reverse direction was a mere 7.6 billion dollars. The US accusation that the EU intends to close off its armaments market is unfounded according to the EUISS: “In essence, Washington has apprehension that EPF and PESCO could lock US companies out of the European market. [But] the quantitative figures show that the European defence market is significantly more open than the US market.”⁶³

⁶⁰ Council decision (CFSP) 2017/2315 of 11 December 2017.

⁶¹ USA attackieren EU-Pläne für Verteidigungsfonds [“USA attack EU plans for defence fund”], Spiegel Online, 14 May 2019.

⁶² EU weist US-Kritik an Verteidigungsunion zurück [“EU rejects US criticism of defence union”], Zeit Online, 16 May 2019.

However, the USA is not only afraid of losing shares in the EU arms market – the sale of large-scale weapon systems also gives a country a not inconsiderable influence over the recipient, a factor that Washington was keen to leverage in the past to assert its interests within the EU. Moreover, it is not only the EU market that the US is apprehensive about – it is the declared objective of PESCO to make EU defence products “more competitive”, thus stoking competition with the US for shares in the global weapons market. Ulrike Franke of the “European Council on Foreign Relations” criticised thus: “My personal view is that the main reason why Americans see this whole catalogue of efforts – and in particular the Defence Fund – so negatively is the concern that this fund and the PESCO projects could develop into high technology projects where they are either not involved, meaning American companies are not involved, or if they are involved, they lose control over exports under the current regulations.”⁶⁴

It is interesting to note that Washington did not stop at verbal criticism. In mid-June 2019 it launched the “European Recapitalization Incentive Program” (ERIP), a fund initially budgeted with 190 million dollars, with which Greece, Albania, Slovakia, Bosnia-Herzegovina, northern Macedonia and Croatia should be “persuaded” to buy weapons from the USA instead of from Russia or even from the EU. The specialist journalist Björn Müller specifically sees the project as a torpedo directed against PESCO: “The Americans are launching their fund for the purchase of US weapons at a time when European allies of the US are making considerable efforts of their own, via the EU, to consolidate their fragmented defence industries and attempt to unify their diverging equipment. PESCO is the magic word here.”⁶⁵

In the mid-term though it is likely that the US will come to terms with a stronger EU industrial armaments sector and the associated disadvantages for the Americans. Not only since Donald Trump took over the US presidency has Washington massively pressurised Europeans to expand their military impact in order to provide them with more support in the increasingly difficult task of securing world order. However, the only way in which the EU countries are prepared to do this is through PESCO and the resultant

consolidation of their defence sector: “Traditionally the USA has been critical of attempts to strengthen Europe’s strategic autonomy. The Trump government is trying to undermine these attempts. However, increasing numbers of US politicians and analysts are recognising the value of a more independent and more capable Europe. In the long term, Europe’s strategic autonomy could become an indispensable element of a constructive transatlantic relationship.”⁶⁶

Until this insight becomes mainstream, the United States will probably continue to distribute their “poison pills” such as ERIP for some time to come. EU members Slovakia and Croatia at least already seem to have swallowed them – they apparently intend to use the US fund. In addition, the programme, in extended form, is expected to enter a new round in the next financial year. Many small and mid-sized EU states could thus find themselves in a situation in which the USA incentivises its armaments products (which are usually lower-priced anyway) with subsidies. They would then have to decide what is more valuable to them: cheaper products or the Franco-German vision of a defence union.

The above-mentioned EUISS analysis states: “ERIP is designed to guide Europeans away from old Soviet systems, but it is also a subsidy for the US industry. Should the US attempt to fire up ERIP on the basis of EPF or PESCO, Member States will have the choice between potentially (but not always) cheaper standard products from the USA, or EU processes that promote the long-term development of their own defence capabilities and industries and help to secure European technological innovation in the process.”⁶⁷

⁶³ Fiott, Daniel: *The poison pill: EU defence on US terms?* EUISS Brief, no. 7/June 2019, p. 4 and 2.

⁶⁴ Müller, Björn: *Konkurrenz zur EU-Rüstungspolitik? US-Fonds sollen mittelosteuropäische Staaten zum Kauf von US-Waffen bewegen* [“Competition for EU armament policy? US fund to animate East-Central European states to buy US weapons”], NDR4, *Streitkräfte & Strategien* [“Armed forces & Strategies”], 24 August 2019, p. 16.

⁶⁵ *ibid.*, p. 14.

⁶⁶ Thompson, Jack: *Die strategische Autonomie Europas und die USA* [“Europe’s strategic autonomy and the USA”], *CSS-Analyse zur Sicherheitspolitik* [CSS analysis regarding security policy], no. 248, September 2019, p. 1.

⁶⁷ Fiott 2019, p. 6.

3.2

PESCO and the internal conflicts in the leadership duo

Whilst Germany and France increasingly declared for themselves that they were the ones who should assume the leading role in EU military policy, the cut and thrust within the self-declared top duo also increased in severity. Most recently, Berlin and Paris officially underpinned their claims to leadership with the signing of the “Treaty of Aachen” at the end of January 2019, which states:⁶⁸ “Both countries hold regular consultations at all levels prior to major European meetings, thereby attempting to establish common positions and bring about common statements by the ministers” (Ch. 1, Art. 2). Regarding the chapter on “Peace, Security and Development”, it specifically continues: “Both States [...] shall consult together with a view to defining common positions on all important decisions affecting their common interests and to acting jointly whenever possible (Ch. 2, Art. 3). „Handelsblatt‘ concisely describes the meaning of these passages thus: “In the defence policy chapter of the Treaty of Aachen, Germany approaches France most strongly. [...] According to the contract text both countries aim to develop a common strategic culture, especially with a view to joint military operations. The new aspect is that in future the German Government wants to push forward firstly with France and then subsequently integrate the other Europeans. Until now, Berlin only wanted to drive ahead with projects in which all Europeans were involved. France always saw this as unrealistic.”⁶⁹

The Treaty of Aachen then states that the aim is to “develop joint defence programmes” with the objective of “promoting consolidation of the European technological and industrial defence base” (Ch. 2, Art. 4). Primarily with a view to the three major projects currently being planned consisting of Euro-drone, battle tank and combat aircraft, it then emphasises: “In joint projects, both countries will develop a common approach to arms exports.” (Ch. 2, Art. 4).

Three main problems thus emerge: firstly, the large-scale systems must apparently be massively exported in order to be realised; secondly, they must initially be accepted by most EU countries as pan-European standard systems; and thirdly, Germany and France must somehow agree on the highly important issue of system leadership. After all, it is of some importance as to whether more German or more French companies emerge as “Euro champions” from the planned mergers and acquisitions.

As a consequence, the disputes in this matter were, and in some cases remain, very tough. To gain an impression of the tone in this regard, a passage from the insider information service “Newsletter Verteidigung” [Defence Newsletter] can be quoted. “In the knowledge of this excessive political pressure in Germany, the French ‘partners’ are attempting to claim all the lucrative shares for themselves. ‘If in a year or two Paris submits a purely French proposal for a project that ultimately costs EUR 100 billion or more, Germany, which will invest a lot of money in the project, will not accept that,’ warned Dirk Hoke, CEO of Airbus Defence and Space, referring to FCAS in an interview. ‘Germany will have the feeling that 80 or 90 percent of the project has been defined in France, and that will not be acceptable.’ Similar reports are also made by those responsible for the MGCS project in the Bundeswehr. They would experience new surprises every week.”⁷⁰

In the meantime, it seemed that both countries reached agreement on a ‘package deal’. Dassault was to take the lead with the FCAS, and Airbus with the Eurodrone and the interlocking systems associated with the combat jet. For the MGCS, the KNDS holding was planned under German leadership, which is the above-described Franco-German consortium of Nexter and Krauss-Maffei Wegmann (KMW).

⁶⁸ *Treaty on Franco-German Cooperation and Integration (Treaty of Aachen).*

⁶⁹ *Deutschland kommt beim Thema Verteidigung Frankreich entgegen [“Germany makes concessions to France regarding defence”], Handelsblatt, 21 January 2019.*

⁷⁰ *Lindhorst, Burghard: Bundeswehr erneut Spielmasse [“Bundeswehr as clout yet again”], Newsletter Verteidigung [Defence Newsletter], 3/2019, p. 4.*

According to reports a contract should have been signed for the MGCS in June 2019, in parallel to the FCAS. This is, however, being delayed by Rheinmetall's takeover plans for KMW, which the German Government has been pushing hard for several years. France is, probably not without good reason, sensing the attempt via this measure to gain the upper hand in the KNDS consortium, which is actually split to equal amounts. According to the French criticism a takeover of KMW by Rheinmetall would mean a significant shift in influence within the consortium towards the German company. Handelsblatt reports concerning the French position that development of the battle tank will not progress until this issue is addressed. "[Rheinmetall] aims to acquire [...] a majority stake in the Franco-German holding company KNDS in which the shares of KMW and Nexter are bundled. As minority owners, the influence of the French would be smaller than before. [...] It is a precondition for us that the balance in the alliance of tank builders is maintained," Handelsblatt claimed to hear from French government headquarters. This would, however, no longer be the case if Rheinmetall were to come into the joint venture between Krauss-Maffei Wegmann (KMW) and Nexter as intended. "If Germany really wants that, something must be added from the French side to gain the equilibrium again," the Élysée insider explained.⁷¹

France then proposed to split the project, but this seemed to meet with resistance from Rheinmetall which obviously hopes to gain control of the MGCS by acquiring KMW. The French press says: "According to our information the German Rheinmetall Group is blocking, via the Franco-German KNDS Group, the Main Ground Combat Systems (MGCS) programme which is the future European tank, project management of which has been transferred to Germany. [...] Why? Simply because the Group chaired by Armin Papperger is very dissatisfied with its participation in the MGCS programme. The Franco-German authorities recently sent these three manufacturers [...] a document specifying the distribution of tasks: 50% for Nexter, 25% for Krauss-Maffei and 25% for Rheinmetall. This is not enough for Armin Papperger, who also wants leadership of the KNDS by flying the flag of Rhenish patriotism in Germany."⁷²

Nevertheless, Paris and Berlin should somehow come into agreement – the idea of a Defence Union dominated by both and with an associated armaments complex is simply too attractive for them. However, whether these disputes help to convince other EU countries of the meaningfulness of the major projects is a completely different matter. Conflicts between Germany and France for example have already led at an early phase to considerable delays and cost increases with the Eurodrone. As mentioned, according to plan it should have been delivered by 2025, and at first everything seemed to be "well on the way": In November 2018 it was transformed into a PESCO project and in March 2019 the first EUR 100 million of subsidies flowed from a predecessor of the European Defence Fund. But then the project seemed to come to a standstill after a report by the French Senate in June 2019 complained that the drone had a tendency towards "obesity" ("obésité"). The reason was that the German side, for safety reasons, had insisted on two engines instead of France's preferred one. "It makes this drone too heavy, too expensive and therefore difficult to export", the report claims.⁷³ At the end of August 2019 it was then claimed that delivery would probably be delayed until almost 2030.⁷⁴

Against this background, the motivation of other EU countries to commit themselves to costly projects which were also designed exclusively along Franco-German lines, as against purchasing from the US, is deemed moderate at best. Whether, despite this, they can be convinced, or whether an attempt will be made to force them by threat of sanctions will probably be of considerable importance not only for the future of PESCO but also for the further development of the European Union.

⁷¹ *Europäische Rüstungsprojekte stellen Deutschland und Frankreich vor neue Herausforderungen* ["European armament projects pose new challenges for Germany and France"], Handelsblatt, 24 April 2019.

⁷² *Rheinmetall bloque le projet de char du futur (MGCS)*, La Tribune, 15 July 2019.

⁷³ *RAPPORT FAIT au nom de la commission des affaires étrangères, de la défense et des forces armées (1) sur le projet de loi (PROCEDURE ACCELEREE) autorisant la ratification du traité entre la République française et la République fédérale d'Allemagne sur la coopération et l'intégration franco-allemandes*, 27 June 2019.

⁷⁴ *European MALE UAV will not arrive until late 2020s*: OCCAR, Flightglobal.com, 20 August 2019.

3.3

PESCO and European centrifugal forces

Germany and France drew the following conclusions from the devastating experience with previous EU large-scale defence projects: only one company in each case (either from France or Germany) should take the clear lead. The requirement profile for the projects is defined exclusively by Germany and France – the array of wishes in past years via which almost every country was able to introduce its “special needs” should be put to a stop. And finally, after all this has happened, the other EU states are cordially invited or prompted to contribute to the production costs, to order numerous products and thus to contribute to the reduction of unit prices.

Based on this it is only understandable that there are massive fears in a number of countries of falling by the wayside. ECFR member Ulrike Franke states in this respect: “It is now the case that at present, especially in Poland, i.e. in Eastern Europe, there is a certain concern that PESCO and the European Defence Fund could in the end mainly help the already existing, larger and primarily Western European corporations, companies such as Airbus etc... But it could also lead to some countries deciding to buy American products after all and not, let’s say, take part in the European projects. And this competition is, at the least, unfavourable.”⁷⁵

This alone shows that it is nonsense when the EU global strategy implies “there is no contradiction between national and European interests.”⁷⁶ Finally, it is obvious that countries wish to see their political and industrial interests safeguarded in such major projects if they are to invest significant budgets in them. This in turn is why it is important to

be involved in a major PESCO project from the outset because later participation depends on the unanimous approval of the already participating countries. The PESCO Council decision states in this regard that “participating Member States contributing to a project may agree among themselves to admit other participating Member States wishing to participate in the project at a later stage.”⁷⁷

In this context, Poland for example was condemned to the lower ranks by the German-French team leadership. The admission of the MGCS into PESCO was, as mentioned, to be the subject of talks between Defence Minister Annegret Kramp-Karrenbauer and her Polish counterpart Mariusz Błaszczak in mid-August 2019. “He [Błaszczak] was also of the opinion that from a Polish perspective it would be a good idea to accelerate work on the Franco-German project to construct a tank and to obtain EU funding within the framework of a permanent structured cooperation in the field of PESCO defence. The Main Ground Combat System Project was announced in 2018.

The German Rheinmetall Group and the Franco-German KNDS were invited to contribute to the preparatory work.”⁷⁸ However, Germany and France apparently do not want to know anything about a Polish participation – at least at an early stage – because, according to Justyna Gotkowska, an expert at the Centre for Eastern Studies (OSW), they have “so far shown little interest” in this issue.⁷⁹

Currently, Germany and France show little willingness to adequately consider the wishes and desires of other countries.

⁷⁵ Müller 2019, p. 16.

⁷⁶ EU Global Strategy 2016, p. 12.

⁷⁷ Council decision (CFSP) 2017/2315 of 11 December 2017.

⁷⁸ Deutsche Welle (Polish edition), 16 August 2019. See also: Poland interested in joining Franco-German Main Ground Combat System programme, Jane’s Defence Weekly, 23 August 2019.

⁷⁹ <https://twitter.com/jgotkowska/status/1162378868315099138>

This and similar situations create the enormous risk of fracturing or dismantling the potential of PESCO and the lofty plans of a “European Defence Union”. Currently, Germany and France show little willingness to adequately consider the wishes and desires of other countries. If this remains so the question arises as to how they will respond. To stay with the example – would Poland veto a PESCO MGCS project? Would Germany and France nevertheless insist on going it alone and possibly – in an extreme case – threaten Poland with exclusion from PESCO? And would Poland try to get the desired material elsewhere, either by initiating projects with other EU countries or by buying from the USA?

In the case of the FCAS for example, in May 2019 Poland expressed interest in ordering a total of 32 F-35 fighter jets from the USA, the fiercest competitor of the Franco-German fighter aircraft. At an estimated unit price of EUR 79 million⁸⁰ per aircraft this makes an order volume of over EUR 2.5 billion – money that the FCAS and its chances of realisation will be deprived of. Other countries are

taking a different approach in order to avoid German-French attempts at appropriation. According to a draft by the Ministry of Defence for the budget committee of the German Bundestag, attempts were made to bring Sweden, Italy and Great Britain into the FCAS boat but the countries “could not so far be persuaded to cooperate.”⁸¹ This is not surprising, especially in the case of Italy and Great Britain: in May 2018 the United Kingdom announced its intent to build a sixth-generation fighter aircraft, the Tempest, as a successor to the “Eurofighter Typhoon”. The Italian company Leonardo is also involved in the construction alongside British companies, which suggests that Rome could decide against the FCAS.⁸²

While it will be attempted to somehow put together a viable basis for future PESCO projects, a further situation must at the same time be overcome – the German arms export guidelines.

⁸⁰ “The costs for the stealth multirole combat aircraft (maiden flight 2006, speed 1,6 Mach = 1976 km/h) are a matter of mere speculation: the land-based standard version (there are two more for aircraft carriers, which Poland does not have) of the ‘F-35A Lightning II Joint Strike Fighter’ currently has a price tag of 89.2 million USD (79 million euros).” (Polen rüstet gegen Putin auf, Bild, [“Poland arms itself against Putin”], Bild, 30 May 2019)

⁸¹ Griephan Briefe, no. 23/2019.

⁸² At any rate, the “Istituto Affari Internazionali” (IAI), the country’s main think tank, argued that Italy should initially fully invest in Tempest instead of being reduced to the role as an FCAS junior partner. Only later, from a position of strength, it should consider fusing Tempest and FCAS to be able to force the self-proclaimed Franco-German leadership duo into making concessions. (Marrone, Alessandro/ Nones, Michele: Europe and the Future Combat Air System, IAI, March 2019)

3.4

PESCO and arms exports

The need according to prevailing opinion of bundling the European defence industry has already been described above. In this context, the three currently largest transnational EU projects – Eurodrone (MALE RPAS), battle tank (MGCS) and air combat system (FCAS) – are intended to drive forward the formation of a European armaments complex. However, their chances of realisation depend largely on exports being able to achieve the critical mass that makes construction possible in the first place; domestic markets would simply not be sufficient. Based on this, interested parties have recently repeatedly made clear to the German Government that the overly “restrictive” regulations in Germany would jeopardise implementation of the EU’s major projects

(see also the box). Anne-Marie Descôtes, the French ambassador to Germany, informed: “The European market by itself is not sufficient to make the major Franco-German and European armaments projects such as the new Franco-German battle tank and the next generation of fighter aircraft economically viable.”⁸³

⁸³ Descôtes, Anne-Marie: *Vom ‘German-free’ zum gegenseitigen Vertrauen [‘From ‘German-free’ to mutual trust’]*, BAKS-working paper 7/2019, p. 1.

#No arms exports - no major projects

“The increase in exports contributes significantly to maintaining the critical mass of European defence companies. [...] Without exports many EU companies [...] would struggle to survive.”
(Report by the Group of Personalities on the Preparatory Action for CSDP-related research, EUISS, Paris, February 2016, page 44 and thereafter)

“Those who (...) want to prevent exports at any price must honestly say that they fundamentally do not want this industry in Germany.”
(Annegret Kramp-Karrenbauer, CDU Chairperson, FAZ, 1 March 2019)

“Former Brigadier General Erich Vad, for many years military policy advisor to German Chancellor Angela Merkel, knows what is also achieved with the export of military equipment – influence. “If we deliver, they depend on us. If they make a mess of things we can stop the supply, stop the maintenance or simply stop sending spare parts. That can also be used as a foreign policy instrument.” [...] This logic works no less mercilessly in the opposite direction. If a country has no arms industry of its own it has to buy weapons – and becomes dependent. [...] In a country like Germany a defence industry of its own can only survive if it is permitted to export. Otherwise it will either have to be massively subsidised or it emigrates abroad.”
(Daniel Brössler and Stefan Kornelius, Süddeutsche Zeitung, 29 March 2019)

“This is the crucial question for the future of the European defence industry: without the ability to export, large-scale programmes such as the European air combat system FCAS will not be able to achieve the quantities required to produce at competitive costs.”
(Tom Ender, former Head of Airbus, Handelsblatt, 18 April 2019)

This message seems to have reached the German Government. On 26 June 2019 a revised version of the arms export guidelines from 2000 was published, addressing issues relating to the export of European Community products with a level of prominence not previously known. The aim must be to “strengthen the European industrial armaments base, promote the convergence of decisions concerning the export of defence equipment and develop common approaches”.⁸⁴

This clear move in the direction of support for the industry is supplemented by a form of free export ticket for products with German parts by the anchoring of a so-called de minimis rule.⁸⁵ Peace researchers Simone Wisotzki and Max Mutschler write on the effects: “The application of a de minimis rule would mean, however, that such objections should or can only be raised if the share of German parts in the overall system exceeds a certain value level or percentage (the guidelines do not specify how high this value should be). Such de minimis regulations are not new and have also been used in earlier cooperation contracts, although these were generally very low figures. In the wake of the insistence, especially by France, on looser export controls, rates of up to 30 percent are under discussion. That would, in the case of the export of arms components, be the actual undermining of German arms export control via European arms cooperation.”⁸⁶

Free ticket for the export of products with German parts

Already in an additional agreement to the “Treaty of Aachen” on 14 January 1919, the German Government had in principle issued a ‘free ticket’ for the export of common defence equipment. “The parties will not oppose any transfer or export to third countries, apart from, and in exceptional cases, where direct interests or national security would be affected.”⁸⁷

However, the big coup is touted with headlines such as “Germany must not isolate itself” (Deutschlandfunk) and “Europe finally needs

common rules for armaments sales” (Handelsblatt). The objective is to agree with the European partners on the lowest common denominator concerning arms exports. The new CDU chairperson Annegret Kramp-Karrenbauer also sung along with the choir: European arms export guidelines are needed but they “do not have to be as strict as the German regulations”.⁸⁸

⁸⁵ *The revised version of the guidelines state: “For German deliveries of parts (individual parts or assemblies) which constitute weapons of war or other military hardware, regulations may be applied which factor in the integration of delivered parts into superordinate (weapons) systems, in particular de minimis regulations.”*

⁸⁶ *Wisotzki, Simone/ Mutschler, Max: Sind die überarbeiteten Politischen Grundsätze der Bundesregierung für den Export von Kriegswaffen und sonstigen Rüstungsgütern tatsächlich “restriktiver”? [“Are the revised political principles of the Federal German Government for the export of weapons of war and other military hardware really ‘more restrictive’?”] PRIE, 4 July 2019.*

⁸⁴ *Politische Grundsätze der Bundesregierung für den Export von Kriegswaffen und sonstigen Rüstungsgütern [“Political principles of the Federal German Government for the export of weapons of war and other military hardware”], www.bmwi.de*

⁸⁷ *Wagner, Jürgen: Europäischer Türöffner: Die Neuauflage der Rüstungsexportrichtlinien [“European door-opener: the revised edition of the military hardware export guidelines”], Telepolis, 11 July 2019.*

⁸⁸ *CDU-Chefin Kramp-Karrenbauer fordert mehr Geld für die Bundeswehr [“CDU chair Kramp-Karrenbauer demands more funds for the Bundeswehr”], Handelsblatt, 22 March 2019.*

Conclusion:

Movement or no movement against PESCO?

The major “progress” made since 2016 regarding the expansion of the EU military apparatus is praised from all sides. At the heart of these “successes” is PESCO, and herein lies the reason why PESCO is being partly placed on the same footing as measures such as the introduction of Economic and Monetary Union and the euro currency.⁸⁹

⁸⁹ *Wie sich Europa für die Zukunft rüstet, [“How Europe is arming for the future”], Morgenpost, 8 November 2017.*

Top European staff have definitely placed high expectations in PESCO: “We have activated an ambitious and inclusive Permanent Structured Cooperation in the defence sector. 25 Member States have pledged to join forces regularly, to act together, to spend and invest together and to procure and handle together. The possibilities of Permanent Structured Cooperation are enormous.”⁹⁰

Unfortunately, however, there is relatively little resistance to this, which is probably due to the fact that these “possibilities” of PESCO concerning their consequences for peace policy are difficult to communicate. The mechanism is comparatively complex, but above all it hides behind such hackneyed phrases that this is a continuation of the European unification process, a claim that proves to be highly positive with the population. After all, it has always had a positive effect on peace and prosperity, which is why it makes sense not to stop here either with the military sphere and armaments. In actual fact very few people are likely to be happy with the interests described here actually pursued with PESCO. But since little is known about these interests and because the media hardly contributes to rectify this situation, the strategy is to hang a pseudo-progressive cloak over the construction of a “PESCO Defence Union”.

As specified above, it has certainly not (yet) been determined that the project will be fruitful. Unfortunately however, many of the questions in this regard that still remain to be answered will be decided primarily on the executive floors of the European capital cities – and whether and how a reconciliation of interests will succeed and what this could turn out to be is currently still merely guess-work. Yet, one should not rely on the fact that ways are not found to put national egoisms aside in favour of a common (military) positioning on the global stage – the necessity for this is almost nowhere seriously doubted.

For this reason, it may be necessary for peace policy counter-strategies to follow a two-track approach: even if the peace policy myths surrounding PESCO cannot be unmasked overnight, continuous efforts in this direction are required to achieve sustainable changes. On the other side, the potential effects of PESCO are so serious that it is also mandatory to immediately look for meaningful starting points. In this respect, the focus should be on the large-scale arms projects which are, in a sense, the crown jewels of PESCO – if they fail, the whole high-flown project of a “European Defence Union” will be up for discussion.

From this point of view alone it seems worthwhile for the peace movement to take a closer look at the issue of critical exports of the major projects. This could possibly provide an opportunity to derail the running PESCO train after all.

⁹⁰ *Federica Mogherini, High Representative of the Union for Foreign Affairs and Security Policy from 2014 to 2019, as cited in Permanent Structured Cooperation – SSZ, #EUDEFENCE, November 2018.*

Appendix A

PESCO in the Treaty of Lisbon

Art. 42:

(6) 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. Such cooperation shall be governed by Article 46. It shall not affect the provisions of Article 43.

Art. 46

(1) Those Member States which wish to participate in the permanent structured cooperation referred to in Article 42(6), which fulfil the criteria and have made the commitments on military capabilities set out in the Protocol on permanent structured cooperation, shall notify their intention to the Council and to the High Representative of the Union for Foreign Affairs and Security Policy.

(2) Within three months following the notification referred to in paragraph 1 the Council shall adopt a decision establishing permanent structured cooperation and determining the list of participating Member States. The Council shall act by a qualified majority after consulting the High Representative.

(3) Any Member State which, at a later stage, wishes to participate in the permanent structured cooperation shall notify its intention to the Council and to the High Representative. The Council shall adopt a decision confirming the participation of the Member State concerned which fulfils the criteria and makes the commitments referred to in Articles 1 and 2 of the Protocol on permanent structured cooperation. The Council shall act by a qualified majority after consulting the High Representative. Only members of the Council representing the participating Member States shall take part in the vote.

A qualified majority shall be defined in accordance with Article 238(3)(a) of the Treaty on the Functioning of the European Union.

(4) If a participating Member State no longer fulfils the criteria or is no longer able to meet the commitments referred to in Articles 1 and 2 of the Protocol on permanent structured cooperation, the Council may adopt a decision suspending the participation of the Member State concerned.

The Council shall act by a qualified majority. Only members of the Council representing the participating Member States, with the exception of the Member State in question, shall take part in the vote.

A qualified majority shall be defined in accordance with Article 238(3)(a) of the Treaty on the Functioning of the European Union.

(5) Any participating Member State which wishes to withdraw from permanent structured cooperation shall notify its intention to the Council, which shall take note that the Member State in question has ceased to participate.

(6) The decisions and recommendations of the Council within the framework of permanent structured cooperation, other than those provided for in paragraphs 2 to 5, shall be adopted by unanimity. For the purposes of this paragraph, unanimity shall be constituted by the votes of the representatives of the participating Member States only.

**PROTOCOL (No 10) ON PERMANENT
STRUCTURED COOPERATION ESTA-
BLISHED BY ARTICLE 42 OF THE TREA-
TY ON EUROPEAN UNION**

[...]

Article 1

The permanent structured cooperation referred to in Article 42(6) of the Treaty on European Union shall be open to any Member State which undertakes, from the date of entry into force of the Treaty of Lisbon, to:

- (a) proceed more intensively to develop its defence capacities through the development of its national contributions and participation, where appropriate, in multinational forces, in the main European equipment programmes, and in the activity of the Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency), and
- (b) have the capacity to supply by 2010 at the latest, either at national level or as a component of multinational force groups, targeted combat units for the missions planned, structured at a tactical level as a battle group, with support elements including transport and logistics, capable of carrying out the tasks referred to in Article 43 of the Treaty on European Union, within a period of five to 30 days, in particular in response to requests from the United Nations Organisation, and which can be sustained for an initial period of 30 days and be extended up to at least 120 days.

Article 2

To achieve the objectives laid down in Article 1, Member States participating in permanent structured cooperation shall undertake to:

- (a) cooperate, as from the entry into force of the Treaty of Lisbon, with a view to achieving 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.

Article 3

The European Defence Agency shall contribute to the regular assessment of participating Member States' contributions with regard to capabilities, in particular contributions made in accordance with the criteria to be established, inter alia, on the basis of Article 2, and shall report thereon at least once a year. The assessment may serve as a basis for Council recommendations and decisions adopted in accordance with Article 46 of the Treaty on European Union.

Appendix B

The 20 PESCO criteria.

Resolution (CFSP) 2017/2315 of the Council of 11 December 2017

ANNEX

List of ambitious and more binding common commitments undertaken by participating Member States in the five areas set out by Article 2 of Protocol 10

“a) cooperate, as from the entry into force of the Treaty of Lisbon, with a view to achieving 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.’

Based on the collective benchmarks identified in 2007, participating Member States subscribe to the following commitments:

1. Regularly increasing defence budgets in real terms, in order to reach agreed objectives.
2. Successive medium-term increase in defence investment expenditure to 20 % of total defence spending (collective benchmark) in order to fill strategic capability gaps by participating in defence capabilities projects in accordance with CDP and Coordinated Annual Review (CARD).
3. Increasing joint and ‘collaborative’ strategic defence capabilities projects. Such joint and collaborative projects should be supported through the European Defence Fund if required and as appropriate.
4. Increasing the share of expenditure allocated to defence research and technology with a view to nearing the 2 % of total defence spending (collective benchmark).
5. Establishment of a regular review of these commitments (with the aim of endorsement by the Council).

“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.’

6. Playing a substantial role in capability development within the EU, including within the framework of CARD, in order to ensure the availability of the necessary capabilities for achieving the level of ambition in Europe.
7. Commitment to support the CARD to the maximum extent possible acknowledging the voluntary nature of the review and individual constraints of participating Member States.
8. Commitment to the intensive involvement of a future European Defence Fund in multinational procurement with identified EU added value.
9. Commitment to drawing up harmonised requirements for all capability development projects agreed by participating Member States.
10. Commitment to considering the joint use of existing capabilities in order to optimise the available resources and improve their overall effectiveness.
11. Commitment to ensure increasing efforts in the cooperation on cyber defence, such as information sharing, training and operational support.

“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.’

12.

With regard to availability and deployability of the forces, the participating Member States are committed to:

— Making available formations, that are strategically deployable, for the realisation of the EU LoA, in addition to a potential deployment of an EUBG. This commitment does neither cover a readiness force, a standing force nor a stand by force.

— Developing a solid instrument (e.g. a data base) which will only be accessible to participating Member States and contributing nations to record available and rapidly deployable capabilities in order to facilitate and accelerate the Force Generation Process.

— Aiming for fast-tracked political commitment at national level, including possibly reviewing their national decision-making procedures.

— Providing substantial support within means and capabilities to CSDP operations (e.g. EUFOR) and missions (e.g. EU Training Missions) - with personnel, materiel, training, exercise support, infrastructure or otherwise - which have been unanimously decided by the Council, without prejudice to any decision on contributions to CSDP operations and without prejudice to any constitutional constraints,

— Substantially contributing to EU BG by confirmation of contributions in principle at least four years in advance, with a stand-by period in line with the EU BG concept, obligation to carry out EU BG exercises for the EU BG force package (framework nation) and/or to participate in these exercises (all EU Member States participating in EU BG).

— Simplifying and standardising cross border military transport in Europe for enabling rapid deployment of military materiel and personnel.

13.

With regard to interoperability of forces, the participating Member States are committed to:

— Developing the interoperability of their forces by:

— Commitment to agree on common

evaluation and validation criteria for the EU BG force package aligned with NATO standards while maintaining national certification.

— Commitment to agree on common technical and operational standards of forces acknowledging that they need to ensure interoperability with NATO.

— Optimising multinational structures: participating 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).

14.

Participating Member States will strive for an ambitious approach to common funding of military CSDP operations and missions, beyond what will be defined as common cost according to the Athena council decision.

“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”

15.

Help to overcome capability shortcomings identified under the Capability Development Plan (CDP) and CARD. These capability projects shall increase Europe’s strategic autonomy and strengthen the European Defence Technological and Industrial Base (EDTIB).

16.

Consider as a priority a European collaborative approach in order to fill capability shortcomings identified at national level and, as a general rule, only use an exclusively national approach if such an examination has been already carried out.

17.

Take part in at least one project under the PESCO which develops or provides capabilities identified as strategically relevant by Member States.

“e) take part, where appropriate, in the development of major joint or European equipment programmes in the framework of the European Defence Agency.”

18.

Commitment to the use of EDA as the European forum for joint capability development and consider the OCCAR as the preferred collaborative program managing organisation.

19.

Ensure that all projects with regard to capabilities led by participating Member States make the European defence industry more competitive via an appropriate industrial policy which avoids unnecessary overlap.

20.

Ensure that the cooperation programmes - which must only benefit entities which demonstrably provide added value on EU territory - and the acquisition strategies adopted by the participating Member States will have a positive impact on the EDTIB.

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