Abstract

The Permanent Structured Cooperation (PESCO) aims to achieve more effective, efficient and synergic military capabilities through a series of ad hoc projects. It is legally rooted in the EU Lisbon Treaty, yet it is substantially intergovernmental and much of its content and shape will be decided by the member states over the next few years. As with all institutional designs incorporating differentiated integration, the onset of PESCO begs the question of how this initiative relates to third countries that are not full members of the EU such as Norway, Turkey and – in the future - the UK. The modality of these countries’ involvement in PESCO directly impacts on the future of EU–NATO collaboration. In principle, this involvement could be achieved by granting NATO member third countries consultation rights in deciding on PESCO’s policy direction, and full participatory rights in PESCO’s capability and operational projects to which they can participate.

Introduction: What is PESCO and how does it work?

The Permanent Structured Cooperation (PESCO) is the latest development in terms of European collaboration and, eventually, integration in the defence domain. It aims to achieve more effective, efficient and synergic military capabilities through a series of ad hoc projects on a number of military aspects. It is legally rooted in the EU Lisbon Treaty and features an important role for the Union’s High Representative/Vice President (HR/VP), yet it is substantially intergovernmental and much of its content and shape will be decided by the member states over the next few years.

Following a reflection fuelled by the 2016 EU Global Strategy on Foreign and Security Policy (EUGS), PESCO was formally launched on December 2017 by 25 EU member states – all but Denmark, Malta and the UK.1 PESCO envisages two layers of governance: a higher one, in which all participating member states are involved and decisions are taken by consensus; and a lower level

comprising specific projects. In the latter case, only those European countries committed to a certain project decide on its implementation, budget, developments, etc.

PESCO activates a Lisbon Treaty provision by establishing a legally binding framework deeply rooted in the EU’s institutional “landscape”. As such, it is qualitatively different from declarations favouring enhanced European defence cooperation put forward by European summits in recent years. Indeed, PESCO envisages binding and quite detailed commitments, coupled with accountability mechanisms such as national implementation plans and the annual report presented by the HRVP. Also, single participating member states can be excluded from PESCO in the event of their non-compliance; although this constitutes a remote possibility, this risk of exclusion will probably put member states under pressure to fulfil their commitments.

Moreover, EU institutions are strongly involved in PESCO in various ways. The HRVP is fully committed – having, for instance, the aforementioned responsibility of overseeing the yearly evaluation of PESCO results. The European Defence Agency (EDA) acts as a PESCO secretariat together with the European External Action Service (EEAS) – including the EU Military Committee, which is tasked with supporting the initiative’s operational aspects. Such a legal and institutional framework constitutes another strength of PESCO, since it contributes to keeping the project on the EU political agenda and encourages further developments – as have occurred in a number of EU policy fields, including some in the defence sector as a result of the drafting and implementation of the EUGS.

1. What are the challenges facing PESCO in the light of future scenarios?

The majority of the first batch of 17 projects endorsed within PESCO, in March 2018, has had little or no direct impact on the development of military capabilities – the focus being rather on education, training, military mobility, medical commands and a cyber-response team. The five PESCO initiatives directly focused on capability development deal with the armoured infantry fighting vehicle, indirect fire support, maritime systems for mine countermeasures, harbour protection and the upgrading of maritime surveillance.

Such a low-profile start has underlined to two main weaknesses of PESCO. The first one relates to its balance between ambitions and inclusiveness. This (im)balance was the result of intense negotiations in the run-up to the launch of PESCO. In particular, France pushed for more demanding commitments in order to make the initiative ambitious and relevant both for crisis-management operations and defence procurement – and therefore a means to achieve European strategic autonomy. To this end, Paris was happy to have only a few willing and able member states joining PESCO. Conversely, Berlin aimed for a more inclusive initiative, one that would not lead to new dividing lines in Europe, as a way of politically reaffirming European unity and the viability of the EU integration process vis-à-vis Brexit (Britain’s intended exit from the EU) and anti-EU forces within and beyond the Union – a view that was also appreciated by Brussels institutions. The resulting balance is clearly closer to Berlin’s stance than that of Paris. However, inclusiveness came with a price. If an initiative like PESCO, designed for a core group of member states very close to each other in political and military terms, is implemented through the participation of 25 national governments there is a risk of diminishing its effectiveness, efficiency and ambitions – for example, because of the unanimity voting system required at the higher level of governance.

It is not by chance that, as mentioned above, the first wave of 17 projects has, by mobilizing only modest resources, disappointed those expecting a breakthrough in terms of defence cooperation and integration. Actually, much has depended – and will depend – on the political will of major European countries and the actual determination of others to follow up on their commitments. Noticeably, France and Germany are not participating in any of the five PESCO projects more directly related to capability development, and have limited their involvement in the others in comparison with a strong commitment from, for example, Italy and Spain. In parallel, Berlin and Paris have relaunched bilateral cooperation with their July 2017 joint proposal for a number of cooperative procurement efforts. As a whole, it seems to be the case that PESCO has not been used thus far for the most ambitious level of

capability development by those counties able to invest in such projects.

One of the reasons for this lack of commitment in the initial phase lies exactly in the fact that the launch of a very inclusive PESCO raised doubts about its ambition and effectiveness – in Paris as well as in other capitals in Western Europe. France has indeed continued to work on bilateral deals on defence cooperation with other major European countries. On January 2018, France and the UK concluded the Sandhurst Agreement in the wake of the 2010 Lancaster House Treaty, according to which:

1. a UK–France Defence Ministerial Council will be established;
2. the UK will continue to participate in European defence research and capability-development programmes; and
3. the UK is allowed to support the synergic deployment of European troops through the French-led European Intervention Initiative (EI2).10

The EI2, involving another nine European countries,11 aims to joint military forces and common funding as well as developing a common strategic culture as a precondition for effectively coordinating the use of military forces.12 Actually, the EI2 may contribute to fragmenting European cooperation in the defence field by introducing a PESCO-like mechanism opened to non-EU countries and those outside the Union’s institutional framework.13 Regarding fragmentation and bilateral deals, the aforementioned Sandhurst Agreement is part of a renewed French effort to enhance and deepen bilateral cooperation with other European countries, as proven by the initiative to sign a “Quirinale Treaty” with Italy by the end of 2018, along the lines of the 1963 Élysée Treaty with Germany.14

In this context, any future development of PESCO will largely depend on whether and how it will be related to bilateral and mini-lateral cooperation between European countries. This could represent a win–win situation whereby, for example, bilateral formats act as “incubators” of cooperative projects to be opened up to other participants in the PESCO framework in order to pool and share the resources of willing and able countries in a transparent manner. Or, the current status quo of fragmentation, poor coordination, and un-useful duplication of efforts and initiatives at various levels and in different formats could be allowed to continue.

PESCO’s future development will be also influenced by its relations with other recent EU initiatives in the defence domain. First in line would be the European Defence Fund (EDF), launched by the European Commission in 2016, which finances military research (90 million euro in 2017–19) and co-finances the development of defence capabilities (500 million euro in 2019–20).15 The proposal for the next multiannual financial framework 2021–2027 see 4.1 billion euro for research and 8.9 billion euro for capability development over seven years. PESCO participating member states (pMS) are obviously interested in gaining access to such financing. The Commission has decided that the EDF will co-finance 20 per cent of the cost of development and acquisition projects outside PESCO, and 30 per cent of the cost of projects within it; a 10 per cent increase for joint programmes worth hundreds of millions of euros is a significant quantitative incentive for pMS to embark on cooperative projects within PESCO.16

The other recent and relevant EU initiative is the Coordinated Annual Review of Defence (CARD), designed to share and regularly assess the military planning of the Union’s member states at the level of national ministers of defence, in order to better identify capability gaps and potential for cooperation on future procurement programmes – with the EDA again acting as secretariat. In launching PESCO, pMS have committed to supporting CARD “to the maximum extent possible”,17 which in turn would strengthen PESCO itself by pressuring national governments to align their military requirements and plans, and invest in cooperative procurement programmes.

Taken together, the PESCO politico-institutional framework, the ministerial assessment conducted under CARD and the EDF’s relevant EU resources for military research and procurement all represent an important pathway for increased defence cooperation and integration within the Union. As with every such pathway, it can be taken or not – and further steps forward can be

11 Belgium, Denmark, Estonia, Germany, Italy, the Netherlands, Portugal, Spain and the UK.
relatively fast and large or slow and small, depending on the will of those actors willing and able to undertake the journey. At the very least, once the whole mechanism is fully in place it will represent a “trigger” for national actors – armed forces, ministries of foreign affairs and defence industries – to consider opportunities for cooperation. The fact that the process is reiterated on a regular basis provides, over the years, the opportunity to channel their efforts through PESCO, and potentially to open it up to third countries such as Turkey – to which issue we now turn.

2. Third-country involvement in PESCO, and relations with Turkey

In accordance with Article 42(6) of the Treaty on European Union (TEU), PESCO is established by “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”. Thus, in terms of institutional design, PESCO constitutes an exemplary case of differentiated integration, whereby only member states that are willing and able can join. In this sense, it is similar to the Eurozone and the Schengen regime, in which not all EU member states are involved. Yet, as with all institutional designs incorporating differentiated integration, the onset of PESCO begs the question of how this initiative will relate to third countries that are not full members of the EU. The question becomes all the more pressing in the context of PESCO given the complexity of the security threats that Europe is currently facing, which often defy the internal-external distinction. These range from Islamic fundamentalism to right-wing populism and the vastness of the geographical area covering China and Russia as well as the Middle East and Africa, from where external security threats to Europe emanate. Both the complexity and the scope of these threats necessitate that the EU employ feasible and effective mechanisms in integrating key third countries in its future defence initiatives within the scope of PESCO.

Cooperation between PESCO and third countries is an area that remains overlooked in the present arrangement. The current set-up stipulates that member states may invite third countries to take part in projects to which they can bring “substantial added value […]”, contribute to strengthening PESCO and the CSDP [Common Security and Defence Policy] and meet more demanding commitments”, but that these third countries do not have decision-making rights. Hence, while leaving the door open to third country involvement, in line with the “all but the institutions” dictum of the EU, this provision runs the risk of hampering any substantial cooperation with third parties in a field in which flexible integration applies. Such a rule implies that the EU may lose out on any meaningful input by key third countries that otherwise play significant roles in matters concerning European security and defence. It also ensures that third-country defence companies would be excluded from capability projects. This understanding excludes countries such as Norway, which is a key player in conflict resolution and mediation; the UK, which is a strong policy actor and one of the largest contributors to CSDP military missions with a wide geographic outreach; and Turkey, which is a key partner in counterterrorism and a regional pivot in the Middle East and the Balkans with a growing presence in Africa. Yet, the exclusionary nature of EU defence cooperation is expected to be much more pronounced in the case of Turkey since – unlike Norway and, possibly, the post-Brexit UK – it does not enjoy any official links with the EDA, which would otherwise enable it to participate in EDA projects and programmes.

The modality of these countries’ involvement in PESCO additionally directly impacts on the future of EU–NATO (North Atlantic Treaty Organization) collaboration, which also remains unclear under the PESCO arrangements. Although it is clear that, especially from the US perspective, PESCO could be perceived as an important step towards burden sharing in the security field, tighter coordination between the EU and NATO – particularly concerning capability planning – will be necessary to avoid leaving member states having to face competing expectations from both sides. As underlined by HR/VP Federica Mogherini, complementarity rather than conflict should define the EU–NATO relationship following the adoption of PESCO. Yet, effective EU–NATO collaboration, now also driven by the establishment of PESCO in addition to increasing security imperatives, also hinges on successful security collaboration between the EU and non-EU member NATO states. This is best demonstrated through the EU’s relationship with Turkey.

EU–NATO relations entered a severe impasse in relation to the contested role of Cyprus in EU–NATO cooperation after its EU membership in 2004. Turkey vetoed the signing of a security agreement between NATO and Cyprus, which would have led to Cyprus’ inclusion in the Partnership for Peace (PfP) and thus to its inclusion in EU–NATO cooperation. Meanwhile, Cyprus vetoed the EU–Turkey Security Agreement on the exchange of classified material between the two sides, and Turkish membership of the EDA. This double veto has, in effect, led to the freezing of the EU–NATO dialogue and prevents any substantial collaborative operation between the two parties.

The EU–NATO joint declaration adopted in Warsaw in 2016, where Turkey chose not to exercise its veto power, re-launched hopes for cooperation and intensified the strategic partnership amid rising security concerns on both fronts in the aftermath of Russia’s annexation of

18 Ibid., p. 8.
Crimea. Yet, it remains unclear how this cooperation will move forward given the “frozen” nature of the Cyprus conflict, with no prospect of resolution in sight. Indeed, disputes over gas in the Levant are further exacerbating relations between Turkey and Cyprus, as well as fostering instability in the eastern Mediterranean. Furthermore, Turkey’s bilateral relations with Greece, which is also a PESCO member, are also deteriorating – especially since 1 March 2018, when two Greek soldiers who had strayed across the Turkish border were detained by the Turkish authorities. The recent downturn in Turkey–Greece relations has been picked up by the EU and was discussed in a plenary meeting of the European Parliament in April 2018. This all feeds into a mutual distrust in the increasingly strained EU–Turkey relationship, in which both sides are looking for ways to come up with a more clearly defined strategic partnership given the fact that Turkish EU accession does not figure as a realistic option in the short to medium term.

3. The way forward?

Cyprus’ membership of PESCO, the escalation of bilateral disputes between Greece and Turkey, and the pressing need for the specification of EU–NATO collaboration modalities through PESCO at a time when the overall EU–Turkey relationship is also stagnating all constitute causes of concern for the future of PESCO as well as for European security writ large. Yet, Turkey is rarely mentioned in debates over third-party involvement in PESCO, and the initiative does not figure in discussions on the current shape and the future of the EU–Turkey relationship. For instance, the Commission’s April 2018 report on Turkey makes no mention of PESCO under the section on foreign and security policy or elsewhere, and the initiative has thus far not been publicly raised in any EU–Turkey meetings or correspondence. However, specifying modalities that will allow for a meaningful and inclusive contribution to PESCO by NATO-member third parties – including, but not exclusive to, Turkey – may in fact play a key role in easing the EU–NATO impasse. In principle, and in the short to medium term, this could be achieved by granting NATO member third countries consultation rights in deciding on PESCO’s policy direction in the Council of Ministers and full participatory rights in PESCO’s capability and operational modules, through which defence-related projects will be implemented. Such participation could mainly be “performance-based”, in the sense that it would depend upon the extent of the financial and/or qualitative (such as intelligence-exchange and capability-development) contributions made by third countries.19

Given the fact that a treaty change to grant third countries decision-making powers in areas subject to differentiated integration such as PESCO is not probable in the near future, this could be one way to break the impasse.

Cyprus – and now, due to increasingly strained ties, Greece – can be expected to veto this or similar arrangements where they concern the involvement of Turkey. Yet, it is also clear that neither country possesses the required military presence or the capabilities to participate in every PESCO module on which the member states will agree. Thus, it would be up to the pMS in the modules to agree on the inclusion of third countries in the projects to which they are contributing. While more operational PESCO projects would benefit from Turkish involvement, especially those that are geared towards the development and transfer of defence technology, they would overlap with Turkey’s own needs in this field.

This could be a realistic way to overcome the Cypriot veto and strengthen the European security complex by allowing a substantive contribution from Turkey as well as other NATO countries not belonging to the EU. Participating in nine out of thirty EU-led operations, Turkey has so far been the biggest contributor to European operations after France, Germany and Britain. Furthermore, this mechanism could provide a novel way to foster mutual trust between the EU and Turkey – and possibly contribute to breaking the vicious cycle of blockage with NATO. Perhaps most importantly, such meaningful inclusion could help to anchor Turkey in the European security framework at a time when the country’s commitment to NATO is increasingly being questioned.

Turkey currently seems to be struggling to strike a delicate balance between its relations with Russia and those with the West, which at times pits it against Europe in its foreign-policy choices – as was recently observed in its inaction following the Russian spy attack. Turkey’s decision to purchase a Russian-made S-400 missile system has also caused a great deal of international controversy over the country’s place in the Western security bloc, yet the fact that the very same country signed an agreement on 8 November 2017 with fellow NATO members France and Italy to develop its national air and missile defence systems attests to the available “space” through which Europe can engage more strongly with Turkey. Precisely because of Turkey’s domestic troubles, which are reflected in the volatility of its foreign- and security-policy initiatives, novel forms of anchorage beyond the weakened accession framework are necessary for the sake of wider European security.

---

References


Nathalie Tocci, Framing the EU Global Strategy. A Stronger Europe in a Fragile World, Cham, Springer-Palgrave Macmillan, 2017

