

Implementation and governance of Permanent Structured Cooperation (PESCO)

Established in 2017, PESCO is a Treaty-based military and defence cooperation mechanism involving 25 EU Member States. It aims to be a key vehicle for increasing the European Union's ability to take more responsibility for its security by reducing defence industrial fragmentation and increasing its capacity for crisis management through collaborative projects. As PESCO has been undergoing a strategic review in the course of 2020, the European Parliament is set to vote on a draft recommendation on the implementation and governance of PESCO during the October II plenary session.

What is PESCO?

PESCO is a Treaty-based framework and process to deepen defence cooperation between EU Member States. It was formally [established](#) on 11 December 2017. Signing up to PESCO is optional and currently 25 EU Member States (all but Denmark and Malta) have joined the framework, (legally) committing to increase joint defence investment, joint planning and joint development of defence capabilities. The [objective](#) of PESCO is to 'arrive at a coherent full spectrum of defence capabilities available to Member States for national and multinational (EU, NATO, UN, etc.) missions and operations'. Concretely, this means endowing the participating EU Member States with the required capabilities to reinforce the EU's role as a security provider and as a protector of its citizens in a more cost-efficient manner.

What led to the launch of PESCO?

Geopolitically, the EU began to experience a series of shocks in its [security environment as of the beginning of this decade](#), epitomised in particular by the 2014 illegal Russian annexation of Crimea. Since then, the multiplicity of threats has grown to encompass not only conventional armed conflict but also threats of a hybrid nature such as cyber-attacks, disinformation, and economic coercion. These are joined by global challenges such as climate change and pandemics. The EU's strategic reflections about tackling the above culminated with the launch of the [EU Global Strategy](#) and the '[winter package](#)' on defence in 2016, which paved the way for PESCO and began drafting the contours of strategic autonomy for the EU.

How does PESCO work?

The legal provisions of PESCO are enshrined in [Article 46](#) of the Treaty on European Union (TEU) and [Protocol 10](#), while PESCO is established under [Article 42\(6\)](#) TEU. PESCO provides the opportunity for differentiated integration in defence among those Member States that are willing and capable. The coordinating body of PESCO is its [secretariat](#), composed of the European Defence Agency and the European External Action Service, including the EU Military Staff under the responsibility of the High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP). The two main pillars of PESCO are its binding commitments and its collaborative projects.

What distinguishes PESCO from other defence pledges at EU level is its **legally binding nature**. Member States participating in PESCO are under a legal obligation to implement [20 binding commitments](#) to invest, plan, develop and operate defence capabilities together, within the Union framework. Specifically, the commitments laid out in Protocol 10 include: achieving higher levels of defence investment and spending on research and development, in light of contributing to the North Atlantic Treaty Organization (NATO), among others; increasing the interoperability of Member States' defence apparatuses; and reducing identified capability shortfalls and generating strategically relevant defence capabilities.

The overarching goals of the binding commitments are to guide participating Member States to jointly achieve the full spectrum of capabilities, to boost the European defence technological and industrial base (EDTIB), and to stimulate a more competitive and non-wasteful European defence industry.

The most visible part of PESCO is its **collaborative projects**. These are initiated by Member States, which join up in various constellations for each project. Initially, participating Member States [adopted](#) a list of 17 projects in March 2018, complemented by an [additional](#) 17 projects in November 2018, and by a further 13 projects [approved](#) in November 2019, bringing the current total to 47. The projects cover a wide range of capabilities and use the [capability development plan](#) (CDP) as the reference for filling existing shortfalls. The diverse projects cover training facilities, cyber-defence and response, unmanned air, land and naval equipment, the mobility of armed forces, air systems, reconnaissance and space, to name a few. Among the most acclaimed projects are [military mobility](#) and the Crisis Response Operation Core ([EUFOR CROC](#)).

Any defence capabilities generated through the PESCO framework will be owned by those Member States that invested in them. They would thus be available for use in any international framework deemed suitable by the respective Member States, whether in the EU, NATO, United Nations, or a 'coalition of the willing'. To this end, the [PESCO notification](#) emphasises the principle of [complementarity with NATO](#) and its potential added value in reinforcing the European pillar and contribution to NATO.

The **progress of PESCO** is assessed annually through the national implementation plans submitted by the Member States, demonstrating how they are meeting the 20 binding commitments. The resulting analysis takes the form of an annual report authored by the HR/VP, which highlights both achievements and areas for improvement.

Where does the compass point for PESCO?

The first phase of PESCO runs from 2018 to 2020, ending with a **strategic review process**. This is currently ongoing and is set to be finalised by the end of 2020, possibly at the November Foreign Affairs Council, by when the objectives for the next phase of PESCO (2021-2025) will also have to be agreed. A number of pending issues remain to be resolved. One of these is to agree on rules for third-party (non-EU) participation in PESCO projects, which is highly [delicate](#) politically. The 17 June 2020 [conclusions](#) of the Foreign Affairs Council call for a swift agreement on this matter. It also remains to be seen how PESCO's connection with the European Defence Fund will play out after the latter's implementation as of 2021, particularly since PESCO projects are eligible to receive an extra 10 % of [funding](#) from the programme. Expert and academic reactions to PESCO vary. Some [authors](#) question the strength of the incentives for delivery created by PESCO, others go further and propose the creation of an [intergovernmental peer-review system](#) to better incentivise PESCO members and to increase threat-perception convergence. [Experts](#) have also pointed out that the real test for PESCO will be to jointly identify concrete objectives and then create the capabilities needed to achieve them, or to articulate a clear [sense of purpose](#) for PESCO.

European Parliament position

Parliament had called [repeatedly](#) for the establishment of PESCO. Parliament was therefore quick to [welcome](#) the PESCO notification in December 2017, and, in January 2020, it [welcomed](#) the effective implementation of PESCO but criticised the lack of 'strategic justification' of defence policy considerations.

On 21 September 2020, Parliament's Committee on Foreign Affairs (AFET) adopted a [report with a draft recommendation concerning the implementation and governance of PESCO](#) ([Rule 118](#) of the Rules of Procedure). It highlights shortcomings such as the lack of compliance with binding commitments and a limited embedding of PESCO in national defence-planning processes. It also points at the risk of being constrained by the 'lowest common denominator approach' and criticises the lack of coherence and strategic ambition of the PESCO project list, as well as their failure to address priority shortfalls. To address this, it recommends grouping, where relevant, of PESCO projects and discarding those with insufficient progress or relevance. Increased scrutiny powers for the European Parliament and national parliaments are recommended as are decisions on third-party cooperation to be taken at the level of each PESCO project. The potential value of PESCO projects in crises such as the coronavirus pandemic are also noted. Lastly, the report calls for an 'EU Security and Defence White Book' on the basis of the outcome of the ongoing [Strategic Compass](#) process.

Recommendation ([Rule 118](#) of Rules of Procedure): [2020/2080\(INI\)](#); Committee responsible: AFET; Rapporteur: Radoslaw Sikorski (EPP, Poland).

