



EUROPEAN
LEADERSHIP
NETWORK



Are PESCO projects fit for purpose?

EUROPEAN DEFENCE
POLICY BRIEF

Alice Billon-Galland & Yvonne-Stefania Efsthathiou

February 2019

Authors

Alice Billon-Galland is a Policy Fellow at the European Leadership Network (ELN), where she leads the European Defence programme. Her current work focuses on transatlantic burden-sharing, EU defence initiatives, EU-NATO relations, and French foreign and defence policy. Alice is part of the Leadership Team of Women in International Security UK (WIIS UK). She regularly comments on defence issues for international media from Deutsche Welle to Newsweek and the Wall Street Journal.

Yvonne-Stefania Efstathiou is Research Analyst and Coordinator for the Defence and Military Analysis Programme at IISS. Her current research focuses on European defence initiatives, the continent's capability shortfalls and the notion of strategic autonomy. Yvonne also contributes to the collection and validation of defence and military data for The Military Balance and the Military Balance+ database.

The opinions articulated in this report represent the views of the authors, and do not necessarily reflect the position of the International Institute for Strategic Studies, the European Leadership Network or any of the ELN's members.

Are PESCO projects fit for purpose?

Executive Summary

In 2018 the launch of 34 capability projects under the European Union (EU)'s **Permanent Structured Cooperation (PESCO)** framework was hailed by some as a breakthrough for European defence. At the same time, it was met with widespread scepticism over its ability to meet the continent's defence needs.

This policy brief draws upon the EU's 2018 revised Capability Development Plan (CDP) and its Level of Ambition (LoA) capability requirements to assess whether current projects address the EU's identified shortfalls to any meaningful extent.

By cross-referencing PESCO projects against these two EU target criteria, this ELN-IISS research paper concludes that:

- **PESCO projects are headed in the right direction.** They broadly correspond to the CDP priorities across all domains while also beginning to tackle some of the LoA capability shortfalls, although to a very limited extent. There are particularly promising projects in the fields of *Intelligence Surveillance and Reconnaissance*, *Enhanced Logistics*, *Ground Combat Capabilities*, and *Cybersecurity*;
- **Nevertheless, the vast majority of EU LoA shortfall areas are currently not covered by PESCO projects.** Projects are often at the low-end of the capability spectrum and consist mostly of what Member States were ready to develop at the national level;
- Mere activity is not the solution to Europe's capability problems. **Although PESCO projects are useful, they are for now unlikely to make a significant impact on meeting the Union's requirements;**
- PESCO has the potential to become a meaningful framework for European defence procurement, but **only if Member States show willingness to go beyond the political and industrial hurdles** to jointly deliver the capabilities that they need.

Introduction

In response to increasing security challenges facing Europe – among which the deteriorating transatlantic relations, renewed Russian assertiveness, and Brexit¹ – the European Union (EU) has made steady progress in the areas of security and defence. Several new mechanisms have been established, including the Permanent Structured Cooperation (PESCO). PESCO is a treaty-based framework that aims to deepen defence cooperation among EU Member States which are “capable and willing to do so.”² In late 2017, the 25 participating Member States³ agreed a set of binding commitments to invest, plan, develop, and operate defence capabilities together. The objective is to arrive at a “coherent full spectrum force package” jointly available to Member States “with a view to [addressing] the most demanding missions and operations.”⁴

To date, participating Member States have adopted two rounds of PESCO projects (unveiled in 2018), and attention has now turned from launching projects to their delivery. Progress in this field is important due to a critical lack of European capabilities in key areas and consequent long-term dependency on the United States. Whilst PESCO is not the only vehicle available for either EU or European capability development, it does offer a new avenue to tackle aforementioned issues by potentially addressing both the practical and political aspects. PESCO provides a platform for collaboration that could result in economies of scale and

interoperability, should the end product be procured by Member States, and may also contribute to deeper political integration in the areas of defence and security, ultimately leading to more strategic convergence.

Met with scepticism, the 34 announced projects⁵ are perceived by many to lack ambition when compared to Europe’s capability shortfalls.⁶ A number of benchmarks and arguments have been used to demonstrate their inadequacy. NATO’s capability requirements, “EU army” ambitions, and European strategic autonomy are often cited as reasons why these projects are simply a drop in the ocean. Yet the judgement about their (in)adequacy remains dependent on how PESCO’s purpose is defined and how its role in solving Europe’s capability shortfalls is both conceptualised *and* operationalised.

“PESCO provides a platform for collaboration that could result in economies of scale and interoperability.”

To determine whether the PESCO projects are fit for purpose they need to be assessed against benchmarks taking into account agreed aims, not unrealistic expectations. This paper makes this assessment using two criteria: the 2018 revision of the Capability Development Plan (CDP),⁷ in which the EU’s capability development priorities are defined, and the capabilities required to achieve the EU’s Level of Ambition (LoA)⁸ - which specifies

1 After Brexit the EU could lose 20% of its military and 40% of its defence-industrial capabilities, and thereby its influence and credibility as a security actor. See Peter Round et al, “[European strategic autonomy and Brexit](#),” *IJSS*, June 14, 2018.

2 “[Notification on Permanent Structured Cooperation](#),” Council of the European Union, 2017.

3 All excluding Denmark, Malta, and the United Kingdom.

4 “[Notification on Permanent Structured Cooperation](#),” Council of the European Union, 2017.

5 “[Updated list of PESCO projects](#),” Council of the European Union, November 19, 2018.

6 “[EU unveils plan for new but limited military projects](#),” *Financial Times*, November 20, 2018.

7 “[Capability Development Plan factsheet](#),” European Defence Agency, 2018.

8 The European Union’s Level of Ambition is defined in “[Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union’s Foreign and Security Policy](#),” European External Action Service, June 2016. In this paper it will be operationalised using Douglas Barrie et al, “[Protecting Europe: meeting the EU’s military level of ambition in the context of Brexit](#).”

the bloc's intentions regarding potential missions. As an obvious starting point, the CDP was selected because the Council Declaration advises participating Member States to fill strategic gaps by cooperating in capability projects that address CDP priority areas.⁹

The LoA, however, puts those capability projects in the wider strategic picture and evaluates their fitness to fulfil the EU's ambition to carry out multinational missions. Annex I on the principles of PESCO states that the main driver of the framework's capability development will be "the fulfilments of the capability shortfalls related to the EU Level of Ambition and CSDP objectives and priorities."¹⁰ Though this may not constitute the only framework for the use of PESCO-developed capabilities, it provides a good indicator of whether EU Member States are developing capabilities that match their identified needs and goals.

PESCO projects and the EU Capability Development Plan

In 2008 the European Defence Agency (EDA) launched a Capability Development Plan that identified the European Union's short and long-term security and defence challenges, making recommendations on the capabilities required to fill them. In 2019, the CDP remains a comprehensive planning tool that not only draws together priorities agreed by Member States,¹¹ but also provides them with a framework for areas of potential cooperation.

IJSS-DGAP, November 2018.

9 "Council Decision establishing Permanent Structured Cooperation," Council of the European Union, December 8, 2017.

10 "Notification on Permanent Structured Cooperation," Council of the European Union, 2017.

11 To meet this objective, the 2018 CDP revision took into account new developments in the wider European security and defence environment, including the necessity to counter hybrid threats as well as the new EU Level of Ambition agreed by Member States in 2016. See "Capability Development Plan factsheet," European Defence Agency, 2018.

The latest CDP, which provides a set of Capability Development Priorities, was adopted in June 2018. It aims to address "main capability shortfalls for deployed operations" alongside focus areas such as the adaptation of "military capabilities required for territorial defence and security or cyber defence."¹²

The current identified priority areas are:

- Enabling capabilities for cyber responsive operation;
- Space-based information and communication services;
- Information superiority;
- Ground combat capabilities;
- Enhanced logistic and medical supporting capabilities;
- Naval manoeuvrability;
- Underwater control contributing to resilience at sea;
- Air superiority;
- Air mobility;
- Integration of military air capabilities in a changing aviation sector; and
- Cross-domain capabilities contributing to achieve EU's level of ambition.

Table 1 cross-references the two rounds of PESCO projects, adopted in March and November 2018 respectively, against the 38 (2018) CDP priorities¹³ – the 11 priority areas are each divided into specific subcategories. The goal is to assess whether the 34 PESCO projects do indeed touch upon the EU identified priorities.

12 "Capability Development Plan factsheet," European Defence Agency, 2018.

13 Ibid.

Table 1: 2018 EU Capability Development Priorities vs PESCO Projects

2018 EU Capability Development Priorities	PESCO Projects	
	Round 1	Round 2
Enabling capabilities for cyber responsive operation		
Cyber cooperation and synergies	<ul style="list-style-type: none"> • Cyber Rapid Response Teams and Mutual Assistance in Cyber Security • Cyber Threats and Incident Response Information Sharing Platform 	None
Cyber R&T	None	None
Systems engineering framework for cyber operations	<ul style="list-style-type: none"> • Cyber Rapid Response Teams and Mutual Assistance in Cyber Security • Cyber Threats and Incident Response Information Sharing Platform 	None
Cyber education and training	None	None
Specific cyber defence challenges in the air, space, maritime and land domain	None	<ul style="list-style-type: none"> • Integrated Unmanned Ground System (UGS) • Electronic Warfare Capability and Interoperability Programme for Future Joint Intelligence, Surveillance and Reconnaissance (JISR) Cooperation
Space-based information and communication services		
Earth observation	None	None
Positioning, navigation and timing	None	<ul style="list-style-type: none"> • EU Radio Navigation Solution (EURAS)
Space situational awareness	None	<ul style="list-style-type: none"> • European Military Space Surveillance Awareness Network (EU-SSA-N)
Satellite communication	None	None
Information Superiority		
Radio spectrum management	None	<ul style="list-style-type: none"> • Electronic Warfare Capability and Interoperability Programme for Future Joint Intelligence, Surveillance and Reconnaissance (JISR) Cooperation
Tactical CIS	<ul style="list-style-type: none"> • European Secure Software defined Radio (ESSOR) 	None
Information management	<ul style="list-style-type: none"> • Strategic Command and Control (C2) System for CSDP Missions and Operations 	<ul style="list-style-type: none"> • Geo-meteorological and Oceanographic (GeoMETOC) Support Coordination Element (GMSCE)
Intelligence, Surveillance and Reconnaissance (ISR) capabilities	<ul style="list-style-type: none"> • Harbour & Maritime Surveillance and Protection (HARMSPRO) 	<ul style="list-style-type: none"> • Electronic Warfare Capability and Interoperability Programme for Future Joint Intelligence, Surveillance and Reconnaissance (JISR) Cooperation • European High Atmosphere Airship Platform (EHAAP)- Persistent Intelligence, Surveillance and Reconnaissance (ISR) Capability • One Deployable Special Operations Forces (SOF) Tactical Command and Control (C2) Command Post (CP) for Small Joint Operations (SJO)- (SOCC) for SJO • Integrated Unmanned Ground System (UGS)
Ground combat capabilities		
Upgrade, modernize and develop land platforms (manned/unmanned vehicles, precision strike)	<ul style="list-style-type: none"> • Armoured Infantry Fighting Vehicle/ Amphibious Assault Vehicle/ Light Armoured Vehicle • Indirect Fire Support (EuroArtillery) 	<ul style="list-style-type: none"> • Integrated Unmanned Ground System (UGS) • EU Beyond Line of Sight (BLOS) Land Battlefield Missile Systems
Enhance protection of forces (CBRN, CIED, individual soldier equipment)	<ul style="list-style-type: none"> • Armoured Infantry Fighting Vehicle/ Amphibious Assault Vehicle/ Light Armoured Vehicle 	<ul style="list-style-type: none"> • Chemical, Biological, Radiological and Nuclear (CBRN) Surveillance as a Service (CBRN SaaS) • Counter Unmanned Aerial System (C-UAS)

2018 EU Capability Development Priorities	PESCO Projects	
	Round 1	Round 2
Enhanced logistic and medical supporting capabilities		
Military Mobility	<ul style="list-style-type: none"> Military Mobility Armoured Infantry Fighting Vehicle/ Amphibious Assault Vehicle/ Light Armoured Vehicle 	None
Enhanced logistics	<ul style="list-style-type: none"> Network of Logistic Hubs in Europe and support to Operations Energy Operational Function (EOF) 	<ul style="list-style-type: none"> Co-basing
Medical support	<ul style="list-style-type: none"> European Medical Command 	None
Naval manoeuvrability		
Maritime situational awareness	<ul style="list-style-type: none"> Upgrade of Maritime Surveillance 	<ul style="list-style-type: none"> Deployable Modular Underwater Intervention Capability Package (DIVEPACK)
Surface superiority	<ul style="list-style-type: none"> Maritime (semi-) Autonomous Systems for Mine Countermeasures (MAS MCM) 	None
Power projection	None	<ul style="list-style-type: none"> Co-basing Deployable Modular Underwater Intervention Capability Package (DIVEPACK)
Underwater control contributing to resilience at sea		
Mine warfare	<ul style="list-style-type: none"> Maritime (semi-) Autonomous Systems for Mine Countermeasures (MAS MCM) Harbour & Maritime Surveillance and Protection (HARMSPRO) 	None
Anti-submarine warfare	None	None
Harbour protection	<ul style="list-style-type: none"> Harbour and Maritime Surveillance and Protection (HARMSPRO) 	None
Air Superiority		
Air combat capability	None	None
Air ISR platforms	None	<ul style="list-style-type: none"> European Medium Altitude Long Endurance Remotely Piloted Aircraft Systems- MALE RPAS (Eurodrone) Electronic Warfare Capability and Interoperability Programme for Future Joint Intelligence, Surveillance and Reconnaissance (JISR) Cooperation European Attack Helicopters TIGER Mark III European High Atmosphere Airship Platform (EHAAP) – Persistent Intelligence, Surveillance and Reconnaissance (ISR) Capability
Anti-Access Area Denial (A2/AD) capability	None	None
Air-to-air refuelling	None	None
Ballistic Missile Defence (BMD)	None	None
Air Mobility		
Strategic air transport	None	None
Tactical transport including air medical evacuation	None	None

2018 EU Capability Development Priorities	PESCO Projects	
	Round 1	Round 2
Integration of military, air capabilities in a changing aviation sector		
Military access to airspace	None	None
Ability to protect confidentiality of mission critical information	<ul style="list-style-type: none"> • Cyber Rapid Response Teams and Mutual Assistance in Cyber Security • Cyber Threats and Incident Response Information Sharing Platform 	None
Coordination with civilian aviation authorities	None	None
Adaptation of military air/space C2 capability	<ul style="list-style-type: none"> • Strategic Command and Control (C2) System for CSDP Missions and Operations 	None
Cross-domain capabilities contributing to achieve EU's Level of Ambition		
Innovative technologies for enhanced future military capabilities	Almost all projects fall under this category	
Autonomous EU capacity to test and to qualify EU developed capabilities	None	<ul style="list-style-type: none"> • EU Test and Evaluation Centres
Enabling capabilities to operate autonomously within the EU's LoA	<ul style="list-style-type: none"> • Strategic Command and Control (C2) System for CSDP Missions and Operations • European Training Certification Centre for European Armies 	<ul style="list-style-type: none"> • One Deployable Special Operations Forces (SOF) Tactical Command and Control (C2) Command Post (CP) for Small Joint Operations (SJO)- (SOCC) for SJO • Deployable Modular Underwater Intervention Capability Package (DIVEPACK)

Some projects appear in more than one CDP priority category

A lack of available information and vague use of language makes matching some PESCO projects against CDP priorities challenging. This could be due to issues of confidentiality, a lack of planning and understanding of what the projects will entail from their inception, or a combination of both. Nonetheless, the data listed in **Table 1** demonstrate that there is indeed activity taking place that relates to the 2018 CDP priorities. Out of the 38 priority areas, 25 can be identified as having projects relating to them. Amongst the 13 priority areas that do not are *Air combat capability*, *Anti-Access Area Denial (A2/AD) capability*, *Ballistic Missile Defence (BMD)*, *Strategic air transport*, and *Tactical transport*.

PESCO capability development projects broadly fall under CDP priority areas of *Enabling capabilities for cyber responsive operation*; *Enhanced logistic and medical supporting capabilities*; *Ground Combat Capabilities* and *Information Superiority*.

Whilst it is tempting to focus only on hardware projects, PESCO's two rounds consist of both operational and capability development projects. For example, in the area of *Enhanced logistic and medical supporting capabilities* the EU is moving forward with both a "Military Mobility" project and the creation of a "European Medical Command" - addressing two vital gaps in their ability to deploy. Similarly, the "Co-Basing" project¹⁴ aimed at improving the sharing of bases and support points – operated by France, Belgium, Czechia, Germany, Spain, and the Netherlands – will provide enhanced logistical support on the ground, as well as serve as an avenue for greater strategic convergence.

Significantly, and for the first time, EU Member States under PESCO agreed to cultivate synergies that allow for stronger

¹⁴ "Updated list of PESCO projects," Council of the European Union, November 19, 2018.

defence against cyber-attacks. In particular, they are developing much-needed capabilities such as the “Cyber Rapid Response Teams and Mutual Assistance in Cyber Security” project, and the “Cyber Threats and Incident Response Information Sharing Platform” that would protect against attacks on military and civilian infrastructures. In addition, Member States have adopted a “European Military Space Surveillance Awareness Network (EU-SSA-N) project,” signalling Europeans’ willingness to remain engaged on space-related matters.

“It is safe to argue that the overall direction of PESCO projects is currently consistent with CDP goals.”

Yet what it is still missing are big-ticket items that would have a major impact when conducting the military operations the EU aims to carry out. Developing capacity in *Air mobility* – including strategic airlift, tactical air transport, and air medical evacuation – for example, would have a significant impact on military operations. In addition, there has not been an announcement of any PESCO project relating to the development of *Air-to-Air Refuelling (AAR)* capabilities or *Ballistic Missile Defence (BMD)*, which constitute two of the most important European shortfall areas. One explanation is that several intergovernmental initiatives already exist in these fields, among which are the introduction of the A400M fleet AAR capability and the increase of the strategic tanker capability in Europe by 2020 – both of which are monitored by the EDA.¹⁵ Such gaps will need addressing should the EU aim to reach its Level of Ambition, particularly following the UK’s departure from the Union. The UK’s heavy transport fleet¹⁶ is of particular importance as Brussels will see

its heavy transport aircraft total reduced by around a third after Brexit.¹⁷

Whilst such notable gaps persist when judged against CDP priorities, it is safe to argue that the overall direction of PESCO projects is currently consistent with CDP goals. When measured against this marker, Member States appear to have considered the CDP when proposing their projects and it is therefore possible to state that they are fit for purpose. However, it is important not to confuse activity relating to priorities with their solution. In this regard, the Union’s capability shortfalls have not been solved by PESCO projects, but rather have started to be worked on.

PESCO projects and the EU Level of Ambition’s requirements

A complementary benchmark to measure the suitability of PESCO projects is whether they help EU efforts to reach its own Level of Ambition (LoA). In accordance to the EU’s LoA, as defined in the bloc’s 2016 Global Strategy,¹⁸ Member States aim to conduct military operations including peace enforcement, conflict prevention, stabilisation and support to capacity-building, rescue and evacuation, and support to humanitarian assistance. While capabilities developed within PESCO will be nationally owned and therefore usable for various national and international missions – including those outside of the EU – they nonetheless aim to contribute to the Union’s military operations. Consequently, the EU’s Level of Ambition can enhance the Capability Development Plan in determining whether projects will fill established priorities as well as make any operational difference on the ground.

However, the capability requirements to

15 “[Air-to-Air Refuelling](#),” European Defence Agency, February 20, 2018.

16 The UK holds 28 out of the 63 heavy transport aircraft within the Union. See [Military Balance+](#), IISS, 2019.

17 Yvonne-Stefania Efstathiou, “[European strategic airlift: a work in progress](#),” IISS, January 10, 2019.

18 “[Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union’s Foreign and Security Policy](#),” European External Action Service, June 2016.

Table 2: EU LoA capability shortfalls vs PESCO Projects**Table 2a: Maritime domain shortfalls**

EU LoA Capability Shortfalls	PESCO Projects	
	Round 1	Round 2
Aircraft carriers	None	None
Principal amphibious ships	None	None
Mine countermeasures	• Maritime (semi-) Autonomous Systems for Mine Countermeasures	None
Surface combatants	None	None
Nuclear submarines	None	None
Replenishment vessels	None	None
Conventional submarines	None	None

Table 2b: Air domain shortfalls

EU LoA Capability Shortfalls	PESCO Projects	
	Round 1	Round 2
Combat ISR (CISR) uninhabited aerial vehicle (UAV)	None	• European Medium Altitude Long Endurance Remotely Piloted Aircraft Systems – MALE RPAS (Eurodrone)
ISR aircraft	None	None
Heavy transport aircraft	None	None
Electronic-warfare aircraft	None	None
Electronic-intelligence aircraft	None	None
Tanker aircraft	None	None
Maritime patrol aircraft	None	None
Signals intelligence aircraft	None	None

reach the EU's LoA are not explicitly defined as in the case of the CDP. To that end, the paper turns to a recent IISS-DGAP study¹⁹ in order to operationalise the concept. The joint study identifies the capability shortfalls the EU would face should it attempt to conduct more than one of its LoA-related operations at a time – currently a plausible scenario. In the air and maritime domains it outlines requirements through an equipment lens whereas in the land domain, only in terms of formed units with specific roles. Accordingly, given the missing hardware component, our ability to draw direct links between the land shortfalls in the LoA and PESCO projects is limited.

19 Douglas Barrie, et al, "[Protecting Europe: meeting the EU's military level of ambition in the context of Brexit](#)," IISS-DGAP, November 2018.

Drawing upon the IISS-DGAP concurrency suites,²⁰ **Table 2** cross-references the two batches of PESCO projects against identified maritime and air hardware LoA shortfalls.²¹ The goal here is to assess whether the 34

20 The concurrency scenarios included foresee the EU conducting a) Concurrency suite one: one peace-enforcement operation plus one rescue and evacuation operation; and b) Concurrency suite two: two conflict-prevention operations, two operations for stabilisation and support to capacity-building, one operation for support to humanitarian assistance plus one rescue and evacuation operation.

21 The data comes from the « Shortfall » columns of the Capability Assessment EU28 for Concurrency Suite One (Table 4.2: "[Concurrency suite one capabilities and shortfalls](#)," p.33) and Concurrency Suite Two (Table 4.3: "[Concurrency suite two capabilities and shortfalls](#)," p.34) of Douglas Barrie et al, "[Protecting Europe: meeting the EU's military level of ambition in the context of Brexit](#)," IISS-DGAP, November 2018. The shortfalls presented in the table above are thus based on EU capabilities inclusive of UK assets.

PESCO projects will indeed contribute to the Union's ability to conduct military missions and operations.

As **Table 2a** shows, only one PESCO project addresses the seven capability shortfalls identified in the maritime domain: the "Maritime (semi-) Autonomous Systems for Mine Countermeasures" project addressing the *Mine countermeasures* gap. The fact that some of the other shortfalls – e.g. *Nuclear submarines* and *Aircraft carriers* – are currently not PESCO projects could be understood if we take into consideration the fact that those capabilities are very high-end and only a few Member States aspire and can afford to have a blue water navy.²² Similarly, in the air domain (**Table 2b**) PESCO projects address only one out of the eight LoA-identified shortfalls, in the area of *Combat ISR (CISR) uninhabited aerial vehicles (UAV)*.²³ The conclusions drawn from the CDP-PESCO projects comparison above can be echoed here: big-impact and mission-critical items such as *Heavy transport aircrafts* and *Tanker aircrafts* (for *Air-to-Air Refuelling and Air Transport*) are not currently covered by PESCO.

"Although PESCO projects are useful, their impact will for now only be marginal in meeting the Union's requirements."

Despite being unable to draw direct conclusions from the IISS-DGAP study's land domain requirements, it does appear that the proposed PESCO projects will have a positive impact on forces' ability to deliver the EU's LoA. The IISS-DGAP research argues that

forces face absolute shortfalls among others in the areas of *Intelligence Surveillance and Reconnaissance (ISR)* and *Logistics* and it is therefore encouraging to see PESCO projects, such as the "European High Atmosphere Airship Platform (EHAAP)" and "Network of Logistic Hubs in Europe and support to Operations," touching upon these areas.²⁴

When PESCO projects are compared against the EU's Level of Ambition rather than its Capability Development Plan, there seems to be much less convergence, with the vast majority of shortfall areas not covered by PESCO projects. To be fair, the goal of PESCO and its benchmark for success was never to fill *all* of the EU's capability gaps, and some of the current projects do aim toward addressing shortfalls identified in the LoA. Nevertheless, their ability to meet European armed forces' needs on the ground will be very limited. Most PESCO projects deal with non-high-end capabilities and lack the potential to address the full range of scenarios the EU has set itself to deliver. Ultimately, although PESCO projects are useful, their impact will for now only be marginal in meeting the Union's requirements.

The way forward for PESCO projects

As this paper demonstrated, PESCO projects broadly correspond to the CDP priorities across all domains while also beginning to touch upon some of the LoA capability shortfalls, although to a very limited extent. When judged against these two benchmarks, PESCO projects are fit for purpose in the sense that they are located in capability areas that respond to the Union's identified needs. However, these shortfalls have not yet been addressed. Mere activity is not the solution to the problem. The proposed projects have not yet been delivered and what their end products will entail is not currently clear. Additionally, projects are on the low-end of

²² A blue-water navy is a maritime force capable of operating globally, essentially across the deep waters of open oceans.

²³ The Eurodrone MALE RPAS will come in a strike-capable configuration when it reaches the actual flying stage in the mid-2020s. Nevertheless, it will be possible to opt to solely install the reconnaissance features.

²⁴ "Updated list of PESCO projects," Council of the European Union, November 19, 2018.

the capability spectrum and are unlikely to significantly reduce shortfalls by themselves. Key mission-critical capabilities – required if the EU were to conduct one or more of its LoA operations at a time – are currently not covered by PESCO projects, thus rendering them rather unfit for purpose. This is not to say that Member States may not decide to move to higher end spectrum capabilities in the future, but simply that they would need to do so if PESCO is to be more than what Europeans are currently prepared to offer and instead meet the continent's security requirements.

Moving to the highest end of the spectrum may be challenging. The question remains whether industrially advanced Member States are likely to use the PESCO format to procure high-level capabilities such as aircraft carriers. As things stand today, it seems rather unlikely for those states to use such a recently-established framework with no track record of successful delivery to procure the most strategic capabilities which constitute large political and industrial endeavours. States may also be reluctant to open the projects up to both wider participation and EU bureaucracy, preferring instead to stick to the smaller clusters of trusted partners with whom they have established cross-border supply chains.

“These projects are a step in the right direction, but should not be expected to provide the full solution.”

For the time being, it is critical for the existing PESCO projects to be delivered, as their ability to contribute to building EU capacity and trust is still to be realised. These projects are a step in the right direction, but should not be expected to provide the full solution to the EU's capability problems and security concerns.²⁵

Recommendations

To be fit for purpose, PESCO projects need to develop capabilities that respond to the continent's security environment in an effective and timely manner. To this end, delivering on time is of utmost importance. Participating Member States should **increase the level of interactions** to:

- a) report on and discuss progress on each specific project. Due to a lack of sanctions for those states disrupting or slowing down the process, frequent contact would create a peer-pressure environment whereby Member States keep each other in check. As a result, we could expect an increase in transparency, early identification of challenges, exchange of lessons-learned, and more trust.
- b) identify with industry what is technically feasible while ensuring that the inclusivity of participating Member States' industrial bases do not impact on efficiency. Meetings with industry should follow those with participating Member States, which would have the first and final word on the platforms' specifications. Interaction with industry would also be an indicator of Member States' commitment to the projects: a key factor for the defence industrial base which is concerned about investing resources into building up proposals, prototypes, and developing cross-border supply chains in vain.

framework. Participating Member States have committed themselves to five pillars: (A) raise the level of investment expenditure on defence equipment to the 2007 collective benchmarks, (B) bring the defence apparatus into line with one another as far as possible, (C) enhance readiness, interoperability, and deployability of forces, (D) take the necessary measures to tackle the shortfalls perceived in the Capability Development Mechanism, and (E) take part in the development of major equipment programmes through the EDA. See Annex II of [“Notification on Permanent Structured Cooperation,”](#) Council of the European Union, 2017.

25 PESCO projects are only one pillar of the PESCO

The Union should also put in place and uphold **credible scrutiny and sanction mechanisms** to ensure that participating states deliver on adopted projects. Despite the fact that a procedure exists on paper to suspend the participation of a Member State to the framework, should it fail to fulfil its binding commitments,²⁶ there are no explicit sanctions for an inability or unwillingness to deliver on projects. It would be politically difficult to impose sanctions on a fellow Member State so, for PESCO projects to deliver, Europeans need a combination of carrots, eg. European Defence Fund (EDF) funding, and sticks.

Sustaining momentum is a challenging task. Unless PESCO delivers, it risks being yet another familiar EU story where the Union defines goals, fails to meet them, and later moves the goalpost. This scenario would only strengthen the image of the EU as a paper tiger with large ambitions but a limited ability to deliver. At a time when the EU is building its own credentials on defence issues, PESCO should build trust, expertise, and credibility both within the EU and for the EU as a security provider. Positive results in delivering the first rounds of projects would increase trust in PESCO as a credible avenue to develop operational capabilities and may lead to procuring bigger-impact platforms in the future. Accordingly, new rounds of PESCO projects should not be a priority. It may be tempting for the EU and Member States to be seen to launch more projects, but such a move would be short-sighted and stretch expertise and resources even more. It is important that PESCO projects not be viewed as an end in themselves, but rather as a means to an end. Especially as for many countries there is an additional “fit for purpose” test which is that PESCO projects must also address shortfalls identified in the NATO context – a point this paper willingly did not address – which complicates matters further.

Nevertheless, when conceptualising **future projects**, Member States **should be cognizant of the EU CDP and LoA benchmarks**. CDP priorities should better reflect the wide range of LoA requirements, advancing from a narrow list that is easy to fill but that omits critical platforms. The capabilities PESCO should aim to develop in the future are the mission-critical ones; amongst others, Air-to-Air Refuelling (AAR), Strategic Lift (air, maritime and land), and Command and Control (C2) – although some of them, as we have noted, are already being creatively addressed through other EU and European initiatives. PESCO has the potential to become a key format for multinational high-impact and mission-critical procurement, particularly given the financial constraints faced in procuring big-ticket items and the incentives now offered through the EDF.

“It is important that PESCO projects not be viewed as an end in themselves, but rather as a means to an end.”

A **mechanism to measure Member States’ progress** in procuring the capabilities that enhance the Union’s ability to reach its Level of Ambition would be useful. Such a tool would also determine the extent to which PESCO projects contribute to these efforts. This would mean that not only would the Union be procuring the right capabilities, but that tax payers’ money would not be wasted. This mechanism should simply feed the identified LoA capability gaps to the CDP, which could in turn guide PESCO procurement more directly. The EDF could provide additional financial rewards to projects addressing critical LoA shortages in the next PESCO tranches. Using these benchmarks, PESCO projects should be cross-referenced with the indicated LoA capability gaps to determine their fitness.

Finally, Member States would benefit from **broader multinational collaboration**. Already-existing projects that involve PESCO Member

²⁶ [“Council Decision establishing Permanent Structured Cooperation,”](#) Council of the European Union, December 8, 2017.

States could easily come under the framework, as was the case for the Eurodrone.²⁷ Doing so would help standardise European weapons systems and widen the number of participants even more, thus increasing the economies of scale. A lack of access to EDF funding, limitations over Intellectual Property ownership, and no-say in export rules for the end-product may, on the contrary, hinder the inclusion of third states in PESCO projects. In allowing existing projects that involve third states (that meet set criteria²⁸) to fall under the framework's umbrella, participating PESCO states and the Union could benefit. Countries would profit from each others' expertise, technologies, and lower costs as the pool of potential buyers increases. While the end product may not be truly European - should countries such as the US be involved - this could constitute a necessary interim stage given the current security environment and need to build expertise and achieve results. And the EU would add platforms that further European defence to its inventory. For instance, Germany and Norway have already agreed to procure the same Type 212 air-independent propulsion (AIP) submarine, but there is still time for other countries to get involved.²⁹ Bringing the procurement of submarines, which constitutes a CDP and LoA priority, within the PESCO framework could be of added value to both participating states and the Union.

Conclusion

Are PESCO projects fit for purpose?

Judgements regarding their inadequacy are fair in that the projects are on the low-end of the spectrum and largely consist of what Member States were already prepared to develop at the national level. Their impact in helping the EU reach its Level of Ambition will be marginal.

Nevertheless, a degree of willingness to meet CDP requirements is evident despite being insufficient to meet the Union's current LoA needs. Regarding the extent to which the projects will address Europe's capability gaps, the information provided on each project is currently too vague, consequently limiting our ability to draw concrete conclusions. But, although PESCO projects will not solve Europe's capability problems, they are undeniably a step in the right direction.

In placing the technical discussion back in the wider strategic context, particularly given the increasingly volatile security environment, the key priority for Europeans is to deliver much-needed capabilities. The patchwork of European procurement initiatives currently provides many platforms to develop these. The goal for PESCO is to become a trusted avenue for European procurement - a goal for which it has significant potential. However, whether this materialises depends on Member States' willingness to move beyond political and industrial complexities and to jointly develop what the continent needs - rather than what they are prepared to offer.

27 The Eurodrone MALE RPAS programme was initially authorised by OCCAR (Organisation Conjointe de Cooperation en matière d'Armement) in 2015, with the participation of Germany, France, Italy and Spain. The Czech Republic joined as a participating country upon the announcement in November 2018 that the project would be included in PESCO.

28 ["Exit, le Royaume-Uni pourra participer à la PESCO. Vers un accord sur la participation des pays tiers,"](#) *Bruxelles 2*, December 14, 2018.

29 ["Germany, Norway formally start submarine cooperation,"](#) *Naval Today*, August 23, 2017.



EUROPEAN LEADERSHIP NETWORK

The European Leadership Network (ELN) works to advance the idea of a cooperative and cohesive Europe and to develop collaborative European capacity to address the pressing foreign, defence and security policy challenges of our time. It does this through its active network of former and emerging European political, military, and diplomatic leaders, through its high-quality research, publications and events, and through its institutional partnerships across Europe, North America, Latin America and the Asia-Pacific region.



The International Institute for Strategic Studies is a world-leading authority on global security, political risk and military conflict. IISS is an international research institute that provides objective information on military, geopolitical and geo-economic developments that could lead to conflict and promotes the development of sound policies that further global peace and security, and maintain civilised international relations.