



Permanent Structured Cooperation for Effective European Armed Forces

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In this Security Policy Brief, Sven Biscop and Jo Coelmont outline a concrete proposal to implement Permanent Structured Cooperation, the new defence mechanism introduced by the Lisbon Treaty. Setting real but realistic binding criteria for participation will allow Member States to invest more, better, and together in deployable capabilities. For the first time, participating Member States would create a binding commitment in the field of defence and allow an EU body, the European Defence Agency, to assess their performance.

The Objective: More Capable, More Deployed

The Protocol on Permanent Structured Cooperation in Defence (PSCD) annexed to the Lisbon Treaty sets out two objectives (Art. 1), one of which, i.e. to supply or contribute to a Battle Group, has already been achieved by most Member States. This leaves a single major objective: to

proceed more intensively to develop defence capacities, which must of course be available and deployable, as Art. 2 (c) says. Thus PSCD should enable participating Member States (pMS) to increase at a quicker pace than at present their national level of ambition in terms of deployability and sustainability. In other words pMS will be able to field more capabilities for the full range of operations in all frameworks in which they engage: the Common Security and Defence Policy (CSDP), NATO, the UN, and others. In doing so, they will contribute to the achievement of the overall objectives for the Common Foreign and Security Policy (CFSP) and CSDP to which they have agreed in the Lisbon Treaty.

Of course, if all Member States had the will, they could do more using the existing EU-bodies and mechanisms, notably the European Defence Agency (EDA) – but that collective will seems to be lacking. PSCD has the potential to bring real added value therefore. Now is the time to consider it, making full use of the momentum created by the implementation of the Lisbon Treaty.

Through PSCD, pMS can step up their national contribution and/or, as stressed in Art. 1, participate in multinational forces, European equipment programmes and the activities of the

EDA. The main problem of Europe's armed forces is fragmentation: limited defence budgets spent on a plethora of small-scale capabilities result in disproportionately high spending on "overhead" (and useless intra-European duplications) and, consequently, less spending on deployable capabilities and actual operations. To overcome this low cost-effectiveness, multinational cooperation is a must. Hence PSCD must be inclusive: the more pMS, the more synergies and effects of scale can be created. Thus, the challenge is to reconcile inclusiveness and ambition, i.e. to translate Art. 2 of the Protocol into quantitative proportional criteria that allow all Member States to participate but that do entail a real commitment.

Criteria for Participation: Realistic but Real

Art. 2 of the Protocol mentions five areas which now have to be operationalized by pMS:

- To agree on objectives for the level of investment in defence equipment;
- To "bring their defence apparatus into line with each other as far as possible", by harmonizing military needs, pooling, and, "where appropriate", specialization;
- To enhance their forces' availability, interoperability, flexibility and deployability, notably by setting "common objectives regarding the commitment of forces";
- To address the shortfalls identified by the Capability Development Mechanism (CDM), including through multinational approaches;
- To take part, "where appropriate", in equipment programmes in the context of the EDA.

When translating Art. 2 into concrete criteria, pMS must take into account that criteria for participation must be realistic, i.e. they must be within reach of the majority of Member States, and must stimulate them to tackle the obstacles to deployability and sustainability, notably by addressing the capability shortfalls identified in the Headline Goal process.

This has 3 implications:

- pMS cannot be expected to fulfil the criteria at the launching of PSCD: criteria must be fulfilled by an agreed deadline.
- Criteria that are unrealistic and cannot be expected to generate more deployable capabilities in a reasonable timeframe, e.g. defence expenditures representing 2% of GDP, should be avoided. This is especially true in times of economic crisis.
- PSCD must not just focus on the input, i.e. the level and manner of spending, but also on the desired output, i.e. on deployable capabilities. The obstacles and capability gaps are well-known, hence there is no need to concentrate on developing a new Headline Goal, which will simply result in a very similar document. Rather PSCD will be a way of achieving the existing HG2010 – which must indeed be considered a living document – in a reasonable timeframe. That is the desired output.

Taking these implications into account, the following criteria can be envisaged – these must be seen as one set, to be pursued simultaneously:

- Criterion 1: The overall objective of PSCD is that pMS increase their deployability and sustainability by an agreed % by an agreed deadline, e.g. by 25% in 5 years and by 50% in 10 years, until they have reached an agreed target, e.g. 50% deployability and 10% sustainability (to the latter most Member States have already agreed in the context of NATO). Thus if PSCD is launched in 2010, a pMS which now has the ambition to always have 1000 troops in the field, should e.g. aim to continually field 1250 by 2015, and 1500 by 2020. The objective could be detailed for each component, army, navy and air force, and might also be expressed as a % of the total population of each pMS, as a measure of solidarity and burden-sharing. How to achieve this (enhancing cost-effectiveness, pooling, specialization etc.) is at the discretion of each individual pMS, but the final objective is the same for all.

- **Criterion 2:** In view of solidarity and burden-sharing, pMS should strive to harmonize their defence expenditures, particularly those pMS spending less than the EU average (in 2008, 1,63% of GDP for the 26 Member States participating in the EDA). At the very least, pMS spending less should commit not to further decrease their defence expenditures, neither in real terms nor in % of GDP.
- **Criterion 3:** pMS will contribute in ratio of their GDP to the EDA-initiated projects aimed at addressing the shortfalls identified in the Headline Goal process. Obviously, pMS cannot take part in each and every EDA project, so they can select those in which to participate, but their financial contribution to those specific projects must represent a share of the total cost of all EDA projects combined that is reflective of their GDP.
- **Criterion 4:** In order to reinforce political solidarity and stimulate cooperation, pMS will participate in all CSDP operations requiring military assets (of the unanimous Council decision to launch which they are of course a part), with military forces, deployed in theatre, and listed in the Statement of Requirements; the size and type are left to the discretion of each individual pMS.

The aim of PSCD is not to punish or exclude Member States. Maximum effect requires encouraging *all* Member States to generate more deployable capabilities, by allowing as many as possible to participate in PSCD at their own level of means, hence this proposal for realistic but real criteria. PSCD should be an attractive forum, for those able and willing to join when it is launched, for those that might join later, and even for those opting to “wait and see”. This will not only ensure that the full potential of PSCD for capability development is explored, but will also give a new dynamic to CSDP as a whole. Working towards the objectives of PSCD will have obvious implications for budgetary efficiency, capabilities, armaments cooperation, R&D, the defence market, as well as interoperability and joint participation in operations, and, finally, for overall political solidarity.

PSCD as a Permanent Capability Generation Conference

Fulfilling these criteria will ensure that pMS have money to spend – the third criterion should help to ensure that they will spend it where it is most needed. Experience shows however that even repeated calls to reconsider and harmonize national defence planning in order to focus on the commonly identified capability shortfalls yield little results. Useful inspiration can be found in the method used to launch CSDP operations: a Force Generation Conference.

Within PSCD the EDA can organize a “Capability Generation Conference” aimed at remedying each commonly identified shortfall within a reasonable timeframe and functioning as a peer review of investment plans. This implies that pMS are willing:

- To revisit their national defence planning, without any taboos.
- To do away with national capability initiatives proven to be redundant.
- To pool assets and capabilities in order to generate savings.
- To contribute to the programmes launched to fill the shortfalls in function of GDP, as per criterion 3.
- To actively contribute to negotiations for as long as it takes to achieve success.

This would indeed result in a permanent conference – but also in a permanently relevant EDA.

“End-to-End” Multinational Cooperation: Pooling

The reality is that many pMS will not be able to meet the criteria and contribute significant capabilities if they maintain the same range of nationally organized capabilities that they possess today. Therefore identifying the opportunities for multinational cooperation is an essential instrument to achieve PSCD, allowing pMS to contribute relevant capabilities in a cost-effective way.

The EDA will have the bird's eye view: based on the information which in the context of the Capability Development Plan (CDP) pMS already provide (and must continually update) about their plans and programmes, and in combination with the progressive results of the Capability Generation Conference, it will be able to identify opportunities for cooperation.

Multinational cooperation does not imply that all pMS in PSCD cooperate in all capability areas. Rather within the single PSCD a set of overlapping clusters will emerge, with e.g. pMS 1, 2 and 3 cooperating in area X and pMS 2, 3, 4 and 5 cooperating in area Y. This cooperation can take various forms, from joint procurement or development projects but with the aim of afterwards equipping national formations, to pooling, i.e. the creation of permanent multinational formations. The latter type of "end-to-end" cooperation will be the most effective in terms of enhancing cost effectiveness, but the beauty of PSCD is its flexibility: it functions as a wedding agency for those pMS seeking cooperation – which should stop flirting with the concept and implement it – but without obliging pMS that prefer to contribute nationally to engage in it.

The model for pooling can be provided by EATC: deployable national assets, in this case transport aircraft, remain clearly identifiable and manned by national personnel, but are co-located on one base, where all support functions are multinationalized, as are the command & control arrangements. Thus pooling can still offer great flexibility: each pMS in EATC has to guarantee that its personnel in the support and in the command & control structures will be available whenever a pMS deploys its aircraft – but no pMS is obliged to deploy its own actual aircraft each and every time another pMS deploys its aircraft for a specific operation.

The same model can be applied to fighter wings or army divisions. E.g. by anchoring the Belgian median brigade more firmly in the Eurocorps, cost effectiveness can be enhanced because each individual pMS no longer has to nationally organize all support functions required at division and corps level. pMS can focus defence spending on the line battalions, which remain entirely national, and on a more limited range of support functions, as some

support functions can be abolished at the national level, either in favour of participation in a multinational Eurocorps structure or because another Eurocorps pMS will assume responsibility in that particular area.

Pooling can thus be an important instrument to achieve the objectives of PSCD, either by deepening integration in relevant existing multinational formations (but without aspiring to pull all existing frameworks into PSCD), or by new initiatives. Today, most multinational formations have limited permanent elements and except for FHQs are rarely if ever the framework in which troops are deployed. In some cases, pMS could base cooperation on successful common experience in providing a Battle Group, using that as a basis to build a larger-scale and more permanent multinational formation. In a way, the Battle Groups predict the pattern of cooperation, as in that context the usual suspects for cooperation have already found each other.

Obviously, pooling is easier when pMS use the same equipment, hence smaller pMS especially will inevitably have to take into account whom they want to cooperate with as a major factor in procurement decisions. For pooling to increase cost-effectiveness, national structures and bases must naturally be pooled and thus in some instances cut.

The Crucial Role of the EDA

Art. 3 of the Protocol gives a crucial role to the EDA, which "shall contribute to the regular assessment of pMS' contributions [...] and shall report thereon at least once a year". A binding commitment needs a body overseeing its implementation. Art. 46 (4) TEU even provides for the possibility of suspension from PSCD if a pMS no longer fulfils the criteria. Those decisions will be taken by the pMS, on the basis of the data collection and assessment by the EDA.

Enabling the EDA to fulfil this task has a number of implications, translated into the following proposals:

- Obviously, pMS must continue to show full transparency to the EDA about all aspects of

their defence effort. The EDA must be able to freely enter into contact with all relevant national authorities of pMS.

- The EDA will have to organize itself for its assessment role. If additional staff or funds are required, pMS should provide these, according to GDP. Contribution of national personnel to the relevant EDA body would ensure that the views of all pMS are represented in each assessment.
- In view of democratic accountability and as a measure of peer pressure, the results of the assessment process should as far as possible be made public. This could be part of an EDA Yearbook on CSDP, a comprehensive report on CSDP policies and current operations, but focussing in particular on capability development and the contribution of each pMS.

A real assessment of capabilities concerns not just the figures, but performance in the field. In addition to the role of the EDA and on a voluntary basis, pMS could also agree to exercises and manoeuvres and “tactical evaluation” by the EU Military Staff, which could in time lead to a process of certification.

Common Funding

The decision to launch a CSDP operation is taken by the Council acting unanimously and thus each time reflects the broadest political solidarity. However, the current rules governing the sharing among Member States of expenditures arising from the military implications of such an operation do not reflect a similar solidarity. For military CSDP operations very few expenditures are eligible for common funding. The guiding principle is still “costs lie where they fall”, meaning in practise that those Member States providing the required military forces and capabilities also have the honour to pay for the bulk of the total cost of a given operation. More solidarity in terms of funding would encourage more Member States to participate with even larger military contributions and ease the process of “Force Generation Conferences”.

For CSDP operations, pMS could be encouraged to create in PSCD their own more equitable system of burden-sharing, based on common funding. A key to share the global common costs among pMS would be established (which could be similar to the one used at present by Member States for CSDP operations). Contributing capabilities mentioned in the Statement of Requirements would however count as a contribution in kind. pMS would thus be encouraged to invest in the “right” capabilities and to effectively deploy them.

Launching and Governing PSCD

The Treaty states that the Member States intending to participate notify the Council, which will launch PSCD by a Qualified Majority Vote (QMV) of all Member States, after consulting the High Representative (Art. 46 (2) TEU). Later admissions, and suspensions, will be decided upon by QMV of the pMS only. All other decisions will be taken by unanimity of the pMS.

In order to signal their commitment and ensure the necessary political impetus, it is proposed that pMS mark the creation of PSCD by a declaration at the level of the European Council. Only the Heads of State and Government can provide the high-level political impetus that will stimulate Foreign and Defence Ministers to take action. The annual report on PSCD by the EDA should be discussed at that level as well, for the European Council to define general guidelines. Within those guidelines pMS in the Foreign Affairs Council, chaired by the High Representative, can adopt the necessary decisions. Within the board of the EDA, pMS’ Ministers of Defence should also meet regularly, e.g. twice yearly, in order to monitor progress and inform the Council and European Council prior to the discussion of the annual report. Within the EU Military Committee too and the working groups advising it, pMS can discuss PSCD.

pMS can thus make full use of all existing EU institutions to govern capability development in the context of PSCD. In order to ensure full coordination, non-pMS can always participate in all PSCD-related discussions, without voting rights. That will also ensure maximum information when deciding on operations, always by unanimity of all Member States.

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