



Paris, Berlin, Madrid, Rom, 21 July 2017

Dear Colleagues, Dear Federica,

To invigorate the debate on a draft notification among EU Member States for an inclusive and ambitious PESCO we have agreed on a proposal for binding commitments.

Supported by Belgium, Czech Republic, Finland and The Netherlands we believe this proposal to be a sound basis for further coordination among Member States. We have strived to encapsulate all relevant aspects.

Our approach remains highly ambitious in order to create a real leap forward in strengthening our Common Security and Defence Policy.

We are looking forward to receiving your comments.

Florence Parly

Dr. Ursula von der Leyen

Maria Dolores de Gospedal

Roberta Pinotti

To
High Representative of the Union for Foreign Affairs and Security Policy
EU Defence Ministers

Permanent Structured Cooperation (PESCO)
**FR/DE/ES/IT Proposals on the necessary commitments and elements for an inclusive
and ambitious PESCO**

Supported by BE, CZ, FI and NL

(20/07/2017)

- The European Union and its Member States can bring to the international stage the unique ability to combine, in a coherent and consistent manner, policies and tools ranging from diplomacy, security and defence to finance, trade, development and human rights, as well as justice and migration. This contributes greatly to the Union's ability to play a positive and transformative role in its external relations and as a global actor. We are committed to strengthening a truly common European foreign policy with a view to the EU becoming an effective global actor. In this regard, we highlight the essential contribution of both civilian and military Common Security and Defence Policy (CSDP) to the priorities identified in the EU's level of ambition derived from the EU Global Strategy.
- The Union is pursuing a common foreign and security policy based on the achievement of growing convergence of action by Member States. The common security and defence policy is an integral part of the common foreign and security policy; it provides the Union with operational capacity drawing on civil and military assets. The strengthening of the security and defence policy will require efforts by Member States in the area of capabilities – both civilian and military.
- Bearing in mind the European Council conclusions of 22/23 June 2017 in which “the European Council agrees on the need to launch an inclusive and ambitious Permanent Structured Cooperation (PESCO)” and with a view to drawing up “a common list of criteria and binding commitments fully in line with Articles 42(6) and 46 TEU and Protocol 10 to the Treaty - including with a view to the most demanding missions [...] within three months, with a precise timetable and specific assessment mechanisms, in order to enable Member States which are in a position to do so to notify their intentions to participate without delay”, France and Germany make the following proposals.

I- Principles governing the definition of commitments and the design of a PESCO:

- “Permanent Structured Cooperation (PESCO)” is set out in Articles 42 and 46 of the Treaty on European Union (TEU) and Protocol No 10 to the Treaty. It can only be activated once and is applied by qualified majority, in order to bring together all willing Member States in the area of defence, “**whose military capabilities fulfil higher criteria**” and which have made “**more binding commitments with a view to the most demanding missions**”.
- PESCO is an inclusive European framework for investments in the security of the EU's territory and its citizens. PESCO provides a crucial political framework for all Member States to improve their respective military assets and defence capabilities through well-coordinated initiatives and concrete projects based on more binding commitments. Enhanced defence capabilities of EU Member States will also benefit NATO and strengthen the European pillar within the Alliance and respond to repeated demands for stronger transatlantic burden sharing.

- PESCO is a crucial step towards strengthening common defence policy. It could be an element of a possible development towards a common defense should the Council by unanimous vote decide so. A long term vision of a PESCO could be to arrive at a coherent full spectrum force package - in complementarity to NATO, which will continue to be the cornerstone of collective defence for its members.
- We propose to create PESCO as a solid political framework based on (1) the common understanding of all participants of the five key commitments set out in Article 2 of Protocol 10 (to the Treaty on European Union) and (2) concrete initiatives and multinational projects providing capabilities that contribute to fulfilling the EU level of ambition added value. A future European Defence Fund (EDF) and a Coordinated Annual Review on Defence (CARD) should constitute two additional lines of activities closely connected to this framework.
- We consider an inclusive PESCO as the most important instrument to foster common security and defence in an area where more coherence, continuity, coordination and collaboration is needed. In this respect we consider that it is our common responsibility to make the best possible use of the whole potential of the Treaties and would like to work closely with other Member States towards PESCO to preserve the security, the unity and the values of our Union. European efforts to this end must be united, coordinated, and meaningful and must be based on commonly agreed political guidelines.
- PESCO offers a reliable and legally binding framework within the EU treaties. This provides more certainty and effectiveness and a more structured approach to defense matters within the EU. Through PESCO, the Union could work towards a coherent full spectrum force package as PESCO would add top-down coordination and guidance to the already existing or future bottom-up structures and lines of efforts. It would provide opportunities for Member States to improve defence capabilities through participation in well-coordinated initiatives and concrete common projects. However, participation in PESCO needs to remain voluntary and leave national sovereignty untouched.
- We consider an inclusive PESCO as a strong political signal towards our citizens and the outside world: governments are taking common security and defence seriously and pushing it forward. For EU citizens it means more security and a clear sign of willingness of all Member States to foster common security and defence.
- PESCO needs to be output oriented and should enable tangible progress on collaborative capability development goals and the availability of deployable defence capabilities for combined operations.
- The “**inclusive**” and “**modular**” nature of the PESCO, as described by the European Council in December 2016, must not lead to cooperation being levelled down. **The objective of inclusiveness does not undermine the need for all PESCO participating Member States to agree to a common list of objectives and commitments.** As recalled by the June 2017 European Council, PESCO is “**inclusive and ambitious**”.
- This list of commitments must **help to reach the level of ambition of the EU** as defined in the Council conclusions of 14 November 2016, endorsed by the December 2016 European Council, and thus **strengthen the strategic autonomy of both Europeans and the EU.**

- **Binding nature of the commitments made under the PESCO:** specific discussions must be held on the **mechanism enabling guaranteed compliance with the commitments made**, and on the **conditions for implementing Article 46.4 of the TEU** providing for the suspension of a Member State's participation.
- **Assessment:** We envision a responsibility of the EU MC for all PESCO components. The **European Defence Agency (EDA)** is responsible for assessing compliance with the commitments and after the endorsement of its assessment by the Member States should contribute to an annual report of the High Representative (HR) on PESCO to the Foreign Affairs Council / Foreign and Defence ministers. The EU Military Staff (EUMS) and the EDA should share responsibility for all PESCO projects. EDA should facilitate all projects which are more in the area of capability development, whereas the EUMS should have oversight responsibilities for all operational projects which provide already existing capabilities or projects which are not procurement related.
- **Phased approach:** These commitments could be spread out over time into a **phased approach, for which the PESCO Member States will stand guarantor**, in line with the principle of regular assessment set by the Protocol (Article 3).

II- Conditional timetable

- The precise outline of governance and the principles governing the definition of ambitious and binding commitments (entry criteria, common and single list of commitments, phased approach, and assessment mechanisms) should be developed with the other Member States based along the lines of this proposal, within three months after the European Council meeting on 22/23 June 2017.
- The European Council's conclusions of 22/23 June 2017 have provided a roadmap to establish a PESCO. In so doing we will take into account the progress in the areas currently under discussion (namely EU Battlegroups, Athena, Coordinated Annual Review on Defence (CARD), European Defence Fund), governance, the implementation of the five commitments made in Article 2 of Protocol No 10 and the incentives which the PESCO members could enjoy. Work in the coming months must move swiftly and could be supported by a working group / "PMG plus" dealing with the details of a notification.
- Common notification will be sent without delay when a common list of binding PESCO commitments has been drawn up (possibly in the working group / "PMG plus") and Member States have proposed concrete projects using the template provided by the EEAS. The Member States would then have a period of time to make known their intention to join the PESCO.
- Within the three months period foreseen after notification, Member States wishing to join the PESCO should propose a national timetable demonstrating their ability to meet the binding commitments to which they are signing up.
- The PESCO would then be officially launched after the Council has taken a positive decision with qualified majority. PESCO is open to all Member States able and willing

to subscribe to the common list of binding commitments which will have to be drawn up.

III- List of ambitious and binding common commitments in the five areas set out by Article 2 of Protocol No 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.”

In order for PESCO members to be able to **approach the collective benchmarks identified in 2007**, discussions must begin to set ambitious common commitments in this area. To this end, we propose the following commitments for PESCO members:

- 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) and crucial in kind contribution to fill strategic capability gaps by participating in strategic armament projects.**
- 3. Increase in joint and "collaborative" strategic armaments projects. Such joint and collaborative strategic armaments projects should be supported through the EDF if required and as appropriate.**
- 4. Increase 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. Play a key 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 a maximum extent acknowledging the voluntary nature of the review and individual constraints of Member States.**
- 8. Commitment to the intensive involvement of a future EDF in multinational procurement with identified EU added value.**

9. **Commitment to drawing up harmonised requirements for all capabilities identified as eligible by the PESCO Member States.**
10. **Commitment to considering the joint use of existing capabilities in order to optimize the available resources and improve their overall effectiveness.**

“(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.”

11. With regard to availability and deployability of the forces, the PESCO Member States are committed to:

- **making available strategically deployable formations for the realization of the EU LoA beyond a potential deployment of an EUBG.**
- **developing a solid instrument to record available and rapidly deployable capabilities which will only be accessible to PESCO members and contributing nations in order to facilitate and accelerate the Force Generation Process.**
- **aiming for fast-tracked political commitment at national level, which could include evaluation of the national decision-making process.**
- **providing substantial support within means and capabilities to CSDP operations (e.g. EUFOR) and EUTMs - with personnel, material, training, exercise support 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 at least six 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).**

12. With regard to interoperability of forces, the PESCO 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.**

- **optimizing existing multinational structures: PESCO members could commit to joining and playing an active role in the main existing structures partaking in European external action in the military field (EUROCORPS, EUROMARFOR, EUROGENDFOR, MCCE/ATARES/SEOS).**
- 13. With regard to common funding of CSDP operations, Member States participating in PESCO will strive for an ambitious extension beyond the decision taken by the European Council on 22/23 June 2017 that “deployment of Battlegroups should be borne as a common cost by the EU-managed Athena mechanism on a permanent basis”.**

“(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.’”

- 14. Help to overcome capability shortcomings identified under the Capability Development Plan (CDP) and CARD. These capability projects must increase Europe’s strategic autonomy and thus strengthen the European Defence Technological and Industrial Base (EDTIB).**
- 15. Examine 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 a review has been already carried out.**
- 16. 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.”

- 17. Commitment to the use of EDA as the European forum for joint capability development and consider the OCCAR as the preferred collaborative program managing organization.**
- 18. Ensure that all projects with regard to capabilities led by States Parties to the PESCO make the European defence industry more competitive via an appropriate industrial policy which avoids unnecessary overlap.**
- 19. Ensure that the cooperation programmes – which must only benefit entities which have demonstrably provided added value on EU territory – and the acquisition strategies adopted by the participating Member States will have a positive impact on the EDTIB.**