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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: COUNCIL RECOMMENDATION assessing the progress made by the participating Member States to fulfil commitments undertaken in the framework of permanent structured cooperation (PESCO)

COUNCIL RECOMMENDATION

of ...

**assessing the progress made by the participating Member States
to fulfil commitments undertaken in the framework
of permanent structured cooperation (PESCO)**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and in particular Article 46(6) thereof,

Having regard to Protocol No 10 on permanent structured cooperation established by Article 42 of the Treaty on European Union, attached to the Treaty on European Union and to the Treaty on the Functioning of the European Union,

Having regard to Council Decision (CFSP) 2017/2315 of 11 December 2017 establishing permanent structured cooperation (PESCO) and determining the list of participating Member States¹,

Having regard to the proposal from the High Representative of the Union for Foreign Affairs and Security Policy,

¹ OJ L 331, 14.12.2017, p. 57.

Whereas:

- (1) Point (d) of Article 4(2) of Decision (CFSP) 2017/2315 provides that the Council is to adopt decisions and recommendations assessing the contributions of participating Member States (pMS) to fulfil the agreed commitments, according to the mechanism described in Article 6 of that Decision.
- (2) Article 6(3) of Decision (CFSP) 2017/2315 provides that, on the basis of the annual report on PESCO presented by the High Representative of the Union for Foreign Affairs and Security Policy (High Representative), the Council is to review once a year whether the pMS continue to fulfil the more binding commitments referred to in Article 3 of that Decision.
- (3) Paragraph 15 of the Council Recommendation of 6 March 2018 concerning a roadmap for the implementation of PESCO¹ provides that, as of 2020, the High Representative should present his annual report in March or April of each year, taking into account the revised and updated national implementation plans (NIPs) presented by pMS in January of the same year. Paragraph 16 of that Recommendation provides that the Military Committee of the European Union should provide the Political and Security Committee with military advice and recommendations to enable it to prepare the Council's review on whether the pMS continue to fulfil the more binding commitments, by May of each year.

¹ OJ C 88, 8.3.2018, p. 1.

- (4) Paragraph 26 of the Council Recommendation of 15 October 2018 concerning the sequencing of the fulfilment of the more binding commitments undertaken in the framework of permanent structured cooperation (PESCO) and specifying more precise objectives¹ provides that the High Representative should take that Recommendation into account in the annual report on PESCO, which will support the assessment of the fulfilment of the more binding commitments by each pMS.
- (5) Point (c) of Article 4(2) of Decision (CFSP) 2017/2315 provides that the Council is to adopt decisions and recommendations updating, and enhancing if necessary, the more binding commitments set out in the Annex to that Decision in light of the achievements made through PESCO, in order to reflect the Union's evolving security environment. Such decisions are to be taken in particular at the end of the phases referred to in point (b) of Article 4(2) of Decision (CFSP) 2017/2315, based on a strategic review process assessing the fulfilment of the PESCO commitments.

¹ OJ C 374, 16.10.2018, p. 1.

- (6) Paragraph 14 of the Council Recommendation of 14 May 2019 assessing the progress made by the participating Member States to fulfil commitments undertaken in the framework of permanent structured cooperation (PESCO)¹ provides that in addition to describing the status of PESCO implementation, including the fulfilment by each pMS of its commitments in accordance with its NIP, the High Representative is invited to also provide in the 2020 annual report first proposals with a view to the strategic review process at the end of the first PESCO phase (2018-2020), taking into consideration other relevant EU initiatives contributing to the fulfilment of the Union's Level of Ambition in the area of security and defence.
- (7) On 15 April 2020, the High Representative provided the Council with his annual report on the status of PESCO implementation, including on the fulfilment, by each pMS, of its commitments, in accordance with its revised and updated NIP.
- (8) On that basis, the Council should therefore adopt a Recommendation assessing the progress made by the pMS to fulfil commitments undertaken in the framework of PESCO,

HAS ADOPTED THIS RECOMMENDATION:

¹ OJ C 166, 15.5.2019, p. 1.

I. Objective and scope

1. The objective of this Recommendation is to assess the contributions made by the pMS to fulfil the more binding commitments undertaken in the framework of PESCO, based on the Annual Report on the Status of PESCO Implementation provided by the High Representative on 15 April 2020 (Annual Report) and in accordance with the NIPs presented by the pMS.
2. Following the Recommendation adopted by the Council on 14 May 2019, the Annual Report also includes a dedicated chapter on the PESCO strategic review at the end of the first PESCO phase (2018-2020) and provides recommendations and proposals on the commitments, projects and processes as well as working methods that are addressed in this Recommendation.

II. Findings and assessment

3. The Annual Report provides a solid basis to assess the status of PESCO implementation, including the fulfilment, by each pMS, of its commitments, in accordance with its NIP.

4. By addressing Europe's current and future security and defence needs, notably with their current and future efforts to fulfil their more binding commitments, the pMS contribute to enhancing the Union's capacity to act as a security provider and its strategic autonomy, and strengthen its ability to cooperate with partners and to protect its citizens.
5. Overall, the Council underlines that the pMS:
 - (a) confirmed the positive trajectory in terms of the commitments related to defence budgets and defence investment expenditure. However, overall progress remains modest at this stage and, although the pMS face financial challenges as a consequence of the COVID-19 crisis, they are encouraged to allocate the necessary resources to further contribute to this positive trend in the coming years. The pMS are also encouraged to further contribute to a European collaborative approach (for example through equipment procurement and defence research and technology);

- (b) are strongly encouraged to take more into account and make better use in their national defence planning processes, as an element of orientation and decision making, of the EU defence planning tools such as the Capability Development Plan (CDP), which also includes the results of the Headline Goal Process (HLGP), the Strategic Context Cases (SCC), the Coordinated Annual Review on Defence (CARD) as well as other initiatives such as the European Defence Industrial Development Programme or other relevant EU instruments. In that regard, the Council underlines the importance that EU institutions, agencies and bodies and Member States further enhance the coherence between these tools and initiatives, while recognising that they are distinct and have different legal bases;

- (c) are encouraged to make further progress in fulfilling the commitments related to bringing their defence apparatus in line with each other and to regularly review plans and objectives to be taken forward, notably with a view to playing a substantial role in capability development within the Union, including within the framework of CARD, while recognising that this requires a sustained longer-term effort. The Council recalls that in its Recommendation of 14 May 2019, it indicated that the coherence of output between CARD and the CDP, on the one hand, and respective NATO processes such as the NATO Defence Planning Process, on the other hand, has been and will continue to be ensured where requirements overlap, while recognising the different nature of the two organisations and their respective responsibilities and memberships. The Council encourages further discussions amongst Member States on such a coherence between those processes, as appropriate;

- (d) should, in order to increase the operational output as a matter of urgency, enhance their efforts as regards the commitments related to strengthening the availability, deployability and interoperability of forces including by completely filling the EU Battlegroup roster, the Rapid Response Data Base and the Statements of Requirements for common security and defence policy (CSDP) missions and operations. In particular, it is important that their contribution to support CSDP missions and operations should improve qualitatively and quantitatively, also with a view to the most demanding missions. With regard to the more binding commitment on the ambitious approach by the pMS on the common funding of military CSDP missions and operations, the implementation is linked to the Athena Mechanism review and to the establishment by the Council of the proposed European Peace Facility, which are currently being discussed by Member States;
- (e) have shown limited progress, compared to the updated NIPs provided in 2019, in taking measures to address capability shortcomings identified under the CDP and CARD, including an assessment of the implementation of High Impact Capability Goals (HICGs), and should therefore consider undertaking more efforts to increase the use of a European collaborative approach as a priority in national planning. The pMS should also indicate how their capability development projects strengthen the European Defence Technological and Industrial Base;

- (f) still have to enhance their efforts with a view to fulfilling the commitments related to taking part, where appropriate, in major joint or European equipment programmes in the framework of the European Defence Agency;
- 6. In light of the findings and recommendations of the Annual Report as regards the individual NIPs, each pMS is encouraged to continue efforts and review its contribution to the fulfilment of the more binding commitments accordingly.
- 7. Taking into account the fact that PESCO aims at contributing to the fulfilment of the Union's Level of Ambition in the area of security and defence, including with a view to the most demanding missions, further work needs to be done to define the 'coherent full spectrum force package' in line with the parameters mentioned in the PESCO common notification.
- 8. As Member States only have a 'single set of forces' which they can use within different frameworks, the development of Member States' capabilities within the EU frameworks will also help to strengthen defence capabilities potentially available to other frameworks, including the United Nations and NATO.

III. National Implementation Plans

9. While the quality of the information provided in the NIPs has overall improved, the pMS are invited to further improve the quality and ensure the appropriate level of granularity of the information provided, with particular emphasis on developing dedicated forward-looking plans on how they envisage contributing to the fulfilment of more binding commitments and more precise objectives of PESCO. As the NIPs should provide an important basis for political oversight, maintaining momentum, and ensuring transparency among pMS, the Council emphasises the need to improve their political dimension, in order to facilitate discussions at political level on the progress made on the more binding commitments.
10. The pMS are encouraged to continue to engage in bilateral dialogues with the PESCO secretariat on the review and update of their future NIPs and with a view to ensuring transparency among themselves and further developing coherence and consistency in relation to the information required and provided in the context of PESCO.

IV. PESCO projects

11. The majority of the 47 projects being developed under PESCO are considered to contribute to the implementation of the EU Capability Development Priorities, with 24 of them directly addressing the HICGs and 12 indirectly. Three projects have already reached Initial Operational Capability (IOC) and 23 are planned to reach IOC in the timeframe 2020-2023. However, more than two-thirds (30) of the projects remain at their ideation phase, including some which were already established in March and November 2018.
12. In light of the PESCO projects' progress reports to the Council of 28 February 2020, pMS are encouraged to focus on swift and effective implementation of their projects in order to deliver the expected outputs and products, with a view to fulfilling the more binding commitments. The pMS are also encouraged to enhance and accelerate the processes leading to the adoption of Project Arrangements in an effort to achieve more clarity and certainty regarding emerging projects at a faster pace. The Council also recalls that there is a need to reinforce the reviewing process of the progress of PESCO projects, using clear, targeted and transparent criteria developed in close coordination with pMS. It further stresses that, when project members identify that projects are encountering difficulties in delivering results, those projects should either be revived or closed, in order to ensure the relevance and credibility of all PESCO projects.

13. The Council considers that in order to be able to better assess the progress of the projects and identify synergies, dedicated workshops on PESCO projects management and events on the projects' progress should be organised to facilitate further discussion between pMS. The Council also recognises the need for a better common understanding of terms and definitions related to the project development and management. In addition, the PESCO secretariat should continue to provide expertise upon request and to facilitate liaison with other EU actors as regards possible synergies with other EU instruments and initiatives developed in other relevant EU institutional frameworks to ensure transparency and inclusiveness and avoid unnecessary duplications.
14. The Council highlights that clustering, merging or grouping of projects in order to increase synergies, their impact and efficiency, save resources and prevent duplications should be considered where appropriate and when project members, considering a supporting role for the PESCO secretariat, agree.

15. With a view to identifying future PESCO project proposals, the Council recommends continuing to use as a baseline the agreed EU Capability Development Priorities which are derived from the CDP, and which include the HICGs, and to take the related SCC as implementing guidance. In addition, the findings of the CARD Aggregated Analysis and the CARD Report should be taken as a pathfinder to help pMS identify opportunities for collaborative projects, including in the operational domain. The Council stresses that suitable PESCO projects could benefit from future funding under the European Defence Fund (EDF), if eligible.
16. While pMS are encouraged to continue submitting project proposals covering a broad range of topics, the Council also invites the submission of project proposals with a more operational focus and short-term impact based on already existing capabilities. To that end, more refined or additional criteria for the selection of more mature proposals for projects which directly contribute to mitigating shortfalls as identified in the CDP, including the HICGs, can be developed together with pMS.

17. In line with its Conclusions on Security and Defence in the context of the EU Global Strategy of June 2019, the Council looks forward to the adoption, as soon as possible, of a Council Decision on the general conditions under which third States could exceptionally be invited to participate in individual PESCO projects, in accordance with point (g) of Article 4(2) and Article 9 of Decision (CFSP) 2017/2315, the guidance provided in the PESCO notification as well as Council Decision (CFSP) 2018/909¹, establishing a common set of governance rules for PESCO projects.

V. PESCO Strategic Review

18. A pMS-driven PESCO strategic review process was launched in December 2019 assessing the fulfilment of the PESCO more binding commitments, as laid down in Decision (CSFP) 2017/2315. The proposals and recommendations set out in Part V draw on the various discussions and inputs provided by pMS, including the recommendations provided in the Annual Report.

Commitments

19. The Council underlines that the current set of more binding commitments has proven to be solid guidelines in ensuring consistent implementation of PESCO and should therefore not be changed at this stage. However, the Council also highlights that there is a need to step up the efforts to fulfil those more binding commitments.

¹ Council Decision (CFSP) 2018/909 of 25 June 2018 establishing a common set of governance rules for PESCO projects (OJ L 161, 26.6.2018, p. 37).

20. In addition, the Council stresses that it is necessary that pMS agree on the objectives and concrete deliverables for the next PESCO phase (2021-2025) as part of the PESCO Strategic Review process this year, also considering new areas of cooperation in light of the evolving security context, in particular, but not limited to, climate change, countering hybrid threats, cyber, artificial intelligence, space-related aspects, energy security and maritime security, as well as on tangible results to be achieved both from a capability perspective and from an operational angle. Furthermore, identified mid- and long-term consequences and challenges of the response to complex emergencies, such as pandemics that could be addressed within the PESCO framework, should be taken into account. A revision and update of the Council Recommendation of 15 October 2018 on the more precise objectives should take all of the above into account. As part of this process, the Council stresses the need to use the PESCO Strategic Review to identify those projects which will start delivering concrete results by 2025.

21. The Council highlights that options to improve the follow-up to the fulfilment of all more binding commitments, including at political level and via the Political and Security Committee (PSC), should be further explored, in particular where progress was assessed by the High Representative and highlighted by the Council as not sufficient, namely on operational commitments, as well as on the commitments related to the European collaborative approach. Further discussions on progress indicators, which could assist pMS in planning to fulfil the more binding commitments and to facilitate the assessment of progress as outlined in paragraph 2 of the Council Recommendation of 15 October 2018, are also encouraged.
22. The Council underlines that options for innovative incentives to promote the fulfilment of PESCO's operational commitments may be considered and further explored, with a particular focus on improving the availability, deployability and interoperability of forces to CSDP missions and operations. It stresses that this should also take into account ongoing work and inform future efforts on the common funding of military CSDP missions and operations.

23. The Council underlines that discussions on the Strategic Compass and its EU-level threat analysis, to be delivered by the end of 2020, should lead to a clearer direction for EU initiatives, such as PESCO. This necessary process could further contribute to develop the common European security and defence culture, informed by our shared values and objectives and which respects the specific character of the security and defence policies of the Member States.
24. The Council recognises the need to continue efforts, also through the PESCO Strategic Review, in ensuring the coherence and coordination between different EU defence initiatives (CARD, PESCO, and the future EDF) under closer political monitoring and guidance by Member States, including at ministerial level, while recognising that those initiatives are distinct and have different legal bases.

Projects

25. The Council emphasises that the PESCO project cycle should be aligned with the CARD cycle in order to use its findings and recommendations as a pathfinder for opportunities for collaborative projects and provide an improved framework for pMS to submit more ambitious project proposals, including in the operational domain. In addition, the results of the HLGP have a specific importance for CSDP missions and operations, which should be taken into account when proposing new PESCO projects with a view to strengthening the fulfilment of the operational commitments. Those considerations should guide the definition of the project submission cycle, while taking into account the balance between administrative burden and the outcome and quality of PESCO projects.

Processes

26. As regards the NIPs' cycle, the Council invites the PESCO secretariat to provide detailed options on how to improve the coherence between the cycles of PESCO NIPs and CARD as well as the HLGP. This should also aim at reducing the administrative burden and improving the quality of the NIPs, also ensuring the appropriate level of detail. It stresses that at the same time the necessary political momentum needs to be ensured, as well as the Council's role in providing strategic direction and guidance for PESCO on an annual basis. The Council should also consider the possibility of adjusting the deadlines for pMS to hand in PESCO documents, also with regard to the submission of NIPs and project proposals.

VI. Way forward

27. The Council invites:

- the PESCO secretariat to prepare and organise dedicated workshops with pMS in 2020 in order to further improve the related PESCO processes (*inter alia* the future PESCO NIPs, the project cycles and processes and coherence between the NIPs and CARD, as well as HLGP) and identify the key policy goals and objectives for PESCO from 2021-2025 in preparation for the adaptation of the sequencing/more precise objectives;
- the PESCO secretariat to present options to improve the follow-up to and explore the possibility of incentives for the fulfilment of some commitments which have not been sufficiently fulfilled by the pMS;
- the PESCO secretariat to present before the end of 2020 a document for validation to finalise the PESCO Strategic Review; and
- pMS to review their NIPs with a view to updating them as appropriate.
