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Subject: Council Conclusions on the PESCO Strategic Review

Delegations will find in annex the Council Conclusions on the PESCO Strategic Review, as approved by the Council at its meeting held on 18 November 2024.

Council Conclusions on the PESCO Strategic Review (PSR)

Introduction

1. The Council welcomes the fact that the Permanent Structured Cooperation (PESCO), since its launch in 2017, has proven to be a central framework to deepen defence cooperation among the participating Member States at EU level. Through the more binding commitments and collaborative projects in the PESCO framework, the participating Member States have stepped up their defence efforts. This includes operational readiness and interoperability, defence spending and investment, capability development, the contribution of their armed forces to the most demanding missions, strengthening the European Defence Technological and Industrial Base (EDTIB), as well as helping to build a common strategic culture.
2. The Council stresses the importance of the PESCO Strategic Review, conducted in line with the Council Decision establishing PESCO¹, as a step towards a stronger and more strategic and effective PESCO beyond 2025. The Council welcomes the outcomes of discussions conducted by the participating Member States with the support of the PESCO Secretariat in the reflection phase, and takes note of the recommendations of the Annual Report of the High Representative on the status of PESCO implementation.

¹ Council Decision (CFSP) 2017/2315 of 11 December 2017 establishing permanent structured cooperation (PESCO) and determining the list of participating Member States.

3. The Council notes that the key principles and goals of PESCO, stated in the annex to the Council Decision establishing PESCO, remain valid. PESCO thus remains an ambitious, binding, and inclusive EU legal framework for investments in the security and defence of the EU Member States' territory and their citizens. PESCO also provides a crucial political vehicle for participating Member States to improve their respective military assets and defence capabilities through well-coordinated initiatives and concrete projects based on the more binding commitments. A stronger and more capable EU in the field of security and defence will contribute positively to global and transatlantic security and is complementary to NATO, which remains the foundation of collective defence for its members. In this respect, the Council recalls the guiding principles set out in the Treaties and those agreed by the European Council.

4. The Council recalls that PESCO has to contribute to the fulfilment of the Union's Level of Ambition and Common Security and Defence Policy objectives and priorities, while reflecting the participating Member States' needs and requirements in the new security environment. To remain at the centre of and further strengthen EU defence efforts, PESCO needs to be updated to reflect relevant existing and upcoming Union instruments and policies, in particular those stemming from the Strategic Compass for Security and Defence².

² 7371/22.

5. The Council underlines the importance of bringing Ukraine closer to EU defence initiatives, in line with the joint security commitments between the European Union and Ukraine signed on 27 June 2024. Henceforth, the Council stresses that PESCO should, where applicable, also contribute to the wider EU efforts aimed at addressing Ukraine's military needs. This contributes to the overall efforts to increase EU defence readiness, while enabling Member States to continue providing military support to Ukraine. Military support will be provided in full respect of the security and defence policy of certain Member States and taking into account the security and defence interests of all Member States.
6. Against this backdrop, the Council agrees on adjusting PESCO in view of its new phase, starting in 2026, and provides the following guidance in relation to commitments, projects, and working methods.

Commitments

7. The Council notes that, without decreasing the existing level of ambition, PESCO should be underpinned by commitments that are more strategic and political, concrete and streamlined, and limited in number. The Council recommends that the revised set of commitments be structured on the basis of key areas such as defence spending and investment, capability development, armament and industrial cooperation, and operational dimension.
8. The Council emphasises the need for these commitments to indicate clear and measurable goals, to enhance implementation, and to ensure transparency. The Council acknowledges that this will help strengthen political oversight, support participating Member States' reporting, and simplify the assessment of PESCO progress. This, in turn, will support increased visibility of PESCO, as well as enhanced political ownership.

9. The Council welcomes the fact that the majority of the participating Member States have consistently increased defence spending, including defence investment. At the same time, the Council calls on further increasing these efforts and their impact, and looks forward to streamlining the relevant commitments accordingly, including through measurable indicators for the next PESCO phase, to align them, notably, with the requirements stemming from the evolving security environment. It also notes the importance of translating the increased national budgets into more collaborative defence investment, making the best use of PESCO, alongside other EU instruments, to enhance cooperation between participating Member States to deliver capabilities identified as strategically relevant. The Council also stresses the importance of enhanced efforts aimed at achieving the collective benchmark related to defence research and technology, supporting relevant policies and activities through available tools at EU level.

10. With regard to the commitments related to defence planning, harmonisation of requirements, and the implementation of EU tools and initiatives, the Council stresses the need for a more cohesive and efficient EU capability development approach to strive for full interoperability. In this respect, the Capability Development Plan and resulting EU Capability Development Priorities remain the central reference for EU-wide defence planning and for existing and future defence-related initiatives, policies, and legislation. The Council underlines that these should be further strengthened throughout the relevant commitments. Through a collaborative EU capability development approach, the participating Member States should make the best use of collaborative opportunities identified through the Coordinated Annual Review on Defence (CARD) to identify common projects and take advantage of EU funding instruments such as the European Defence Fund (EDF) and European Defence Industry Programme (EDIP) proposed by the Commission. The Council stresses the European Defence Agency's (EDA) essential role and expertise to ensure the coherent alignment of current and future EU defence initiatives, policies, and legislation related to the capability development cycle and beyond. The Council also highlights the importance of the growing coherence of output between the EU's and NATO's respective defence planning and capability development processes, in line with its Recommendation of 13 November 2023³.

³ Council Recommendation of 13 November 2023 assessing the progress made by the participating Member States to fulfil commitments undertaken in the framework of the permanent structured cooperation (PESCO) (C/2023/994).

11. The Council notes that the operational commitments need to be updated taking into account the Strategic Compass and recent developments in the global security landscape. In order to contribute to the EU's ability to act, to increase interoperability among Member States, and to foster standardisation (in line with NATO standards), operational commitments could notably support the operationalisation of the EU Rapid Deployment Capacity and the conduct of the related EU live exercises, while keeping in mind the single set of forces principle. The Council also reiterates the key importance of the EPF as a global instrument in support of our CFSP/CSDP objectives. In addition, the Council notes that all relevant commitments should encompass cooperation in all operational domains (land, air, maritime, cyber, and space), as well as strategic enablers and force multipliers.

12. The Council also stresses the key importance of providing EU missions and operations with adequate personnel, forces, and capabilities, as well as the importance of the development of operational capabilities, and highlights the continued importance of the relevant commitments.

13. The Council recalls the need to strengthen the EDTIB, in line with its Conclusions of May 2024⁴. In this sense, and with a view to reinforcing the role of PESCO as a central framework in the EU defence toolbox, the Council recommends strengthening the links between PESCO and instruments in support of the EDTIB. The commitments should be updated to further emphasise the importance of strengthening the EDTIB, taking into account the overall objectives identified in relevant documents. In its Conclusions of May 2024, the Council welcomed the presentation of the Joint Communication of the European Commission and the High Representative on a new European Defence Industrial Strategy⁵ and called on all work on it to be taken forward in coordination with Member States. In addition, attention should be given to enhancing the responsiveness and resilience of the EDTIB, reducing strategic dependencies, ensuring security of supply, and supporting more collaborative procurement. In this context, the Council also stresses the importance of promoting the cross-border participation of SMEs and midcaps throughout the EU.

Projects

14. The Council acknowledges that PESCO provides the platform for launching projects of strategic relevance to the EU and its Member States, including to respond to needs related to the full spectrum of capabilities, also for high-intensity warfare. They should contribute to the fulfilment of the EU's Level of Ambition, while also delivering on the capability gaps and the needs of participating Member States, including for their international and national tasks, and the protection of the Union and its citizens.

⁴ 9225/24.

⁵ 7339/24.

15. The Council emphasises the need for improved project quality. In this context, PESCO projects should be developed on the basis of the collaborative opportunities identified by CARD, thereby addressing the 2023 EU Capability Development Priorities, including the High Impact Capability Goals. They should contribute to the coherence of the EU capability landscape, as well as to the coherence of output between the EU and NATO, where requirements overlap, while having a positive impact on the EDTIB and across the EU.

16. The Council stresses the importance of adhering to the assessment criteria for the project proposals. To promote the development of strategic and impactful projects, the respective project proposals should include clear and measurable objectives and timelines, set by the project members to stimulate timely progress. The Council also encourages participating Member States to launch a new project with preferably at least three participants. The Council also encourages the participating Member States to close projects that are underperforming or that are no longer considered relevant. Moreover, the Council underlines the possibility for participating Member States to also (exceptionally) launch new projects outside the biennial project cycle, if their level of maturity is considered to be sufficient and if agreed by the Council.

17. The Council notes that sufficient budgets, as well as their effective use, are a fundamental prerequisite for the successful development and execution of projects. The Council stresses the importance of exploring financial incentives for PESCO projects, including through closer cooperation with EU programmes, as relevant. It encourages participating Member States to continue making the best use of the EDF, as well as to explore ways of applying other EU financial tools and instruments, such as the EDIP proposed by the Commission, to increase collaborative projects, cooperate to mitigate capability shortfalls, support aggregating demand, and step up joint procurement. The Council stresses the importance of defining clear links between relevant PESCO projects and EDF proposals.
18. The Council also encourages an earlier and more structured involvement of the end-users (most notably the armed forces of participating Member States) throughout the project's lifecycle, also taking advantage of expertise and cooperation under the EDA framework. Recalling the Council Decision establishing the general conditions under which third States could exceptionally be invited to participate in individual PESCO projects⁶, notably its Article 7, the Council stresses the importance of resuming discussions on the common set of governance rules⁷, in order to possibly adapt modalities for engagement with the defence industry, research institutes, and academia, in full respect of the prerogatives of the Council.

⁶ Council Decision (CFSP) 2020/1639 of 5 November 2020 establishing the general conditions under which third States could exceptionally be invited to participate in individual PESCO projects.

⁷ Council Decision (CFSP) 2018/909 of 25 June 2018 establishing a common set of governance rules for PESCO projects.

19. The Council recognises the importance of capitalising on the results of successfully completed projects. In this respect, the Council emphasises the need to step up the visibility of PESCO, for instance possibly through a designated ‘PESCO’ label and by proactively communicating on the impact and contribution of successful projects, as well as their possible transition to functioning defence capabilities. In this regard, the Council invites the PESCO Secretariat, in coordination with the participating Member States, to bring the necessary work forward.

20. Recalling the joint security commitments between the European Union and Ukraine, the Council notes the possibility for PESCO projects to contribute further to goals stated therein, including through developing capabilities that are also needed for high intensity warfare on the European continent. In this context, the Council also encourages participating Member States, with the support of the PESCO Secretariat, to facilitate Ukraine’s participation in PESCO projects, within the current legal framework related to third States’ participation, and to provide possibilities to share lessons learned stemming from Russia’s war of aggression. The Council also stresses that this would support the strengthening of cooperation, leading to the progressive integration of the Ukrainian defence technological and industrial base into the EDTIB.

21. The Council recalls that third States that meet the general conditions could exceptionally be invited to participate in individual PESCO projects, in accordance with the invitation procedure provided for in the Council Decision establishing the general conditions under which third States could exceptionally be invited to participate in individual PESCO projects. Third States can provide a substantial added value to the project and contribute to the strengthening of PESCO and the Common Security and Defence Policy (CSDP) and meeting the more binding commitments, as illustrated by the Military Mobility project. Within the framework of the relevant Council Decision, the Council sees merit in further capitalising on the involvement of third States in PESCO projects, where this involvement provides added value.

Working methods and role of PESCO Secretariat

22. The Council highlights that the participating Member States, particularly at the political level, remain responsible for the overview of PESCO, including through the assessment and review of progress and the provision of strategic direction. More frequent exchanges between participating Member States, including at ministerial, chiefs of defence and ambassadors' level, will be conducive to that end, especially in areas where efforts need to be further enhanced.

23. The Council reaffirms the central role of National Implementation Plans (NIP) as an instrument for fostering transparency among participating Member States and for assessing their progress in fulfilling the more binding commitments, also in support of the High Representative's Annual Report. The Council invites the PESCO Secretariat to present, in coordination with participating Member States, an updated and simplified NIP template, to be used in the next PESCO phase, in order to make the NIPs more politically focused, concise, and future-oriented, while reporting on the fulfilment of the updated commitments. Furthermore, the Council looks forward to maintaining the annual cycle of NIPs and biennial cycle of political statements.
24. The Council highlights the key importance of improving the strategic communication on PESCO and the participating Member States' efforts within this framework, for different audiences, including the EU citizens. It notes that the Annual Report prepared by the High Representative and the annual Council Recommendation should be used in support of this task. An effective communication would increase the visibility of PESCO as a key EU defence initiative and further contribute to wider EU communication efforts in the area of security and defence.
25. The Council also highlights the importance of additional dedicated courses and training related to PESCO, to be conducted by the European Security and Defence College (ESDC) pending available resources.

26. While PESCO remains a Member States-led initiative, the Council welcomes a stronger and more effective role of the PESCO Secretariat to deliver on its aims, in particular in the areas of:

- assessing the fulfilment of commitments;
- assessing proposals for new PESCO projects;
- support to the identification of projects upon participating Member States' request, in line with the EU Capability Development Priorities and the CARD collaborative opportunities;
- assisting participating Member States in project management and evaluation of progress achieved, also by collecting and sharing best practices;
- assisting participating Member States in completing the annual NIPs, also by collecting and sharing best practices;
- supporting synergies among projects;
- seeking synergies with other relevant initiatives and tools;
- supporting ESDC on courses and trainings related to PESCO, as required;
- and enhancing strategic communication.

27. Without prejudice to any future decisions, the Council emphasises the importance of ensuring that the PESCO Secretariat is adequately staffed.

Way ahead

28. The Council looks forward to PESCO being adapted, in line with these Council Conclusions. In particular, it invites the High Representative, with the support of the PESCO Secretariat, to propose, in a timely manner, appropriate amendments to the PESCO legal framework, based on the guidance provided in these Conclusions. In particular, it looks forward to the amendment of the Council Decision establishing PESCO by May 2025 and the possible amendment of the Council Decision establishing a common set of governance rules for PESCO projects by the end of 2025, paving the way for the next PESCO phase to start in 2026.
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