



EDA CHIEF EXECUTIVE

“MOVING PESCO FORWARD: WHAT ARE THE NEXT STEPS?”

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OPENING: Jorge Domecq, Chief Executive, EDA

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- Ladies and Gentlemen, Ambassadors, Colleagues.
- Warm welcome to the seminar “PESCO moving forward what are the next steps?”, which is organized by the Armament Industry European Research Group. I would like to express my sincere appreciation to the Ares Group for inviting me to this seminar. I am honoured to open this very interesting and forward-looking discussion on PESCO, which is very timely. As we know, the Ares Group, together with its experienced armament policy and defence industrial policy experts, last year have launched a series of papers and studies in cooperation with several participating Member States with a view to identify convergences and divergences on the perception of PESCO and

to define the way PESCO could evolve in the future. One of the conclusions made Mr Maulny and Ms Di Bernardini in their policy paper, which I also share, was that “...the indulgence that has prevailed until today cannot be a guideline for future years”. Indeed, there is much higher expectation of PESCO than there was achieved with different initiatives in the past to strengthen European military capabilities, but what makes this initiative different from the other is that the participating Member States agreed to each other the 20 more binding commitments, which are binding. It is for the first time a Treaty based cooperation among Member States in the perspective of a common defence of the EU. It is not an instrument for international cooperation.

- Over the past two years Member States have launched new ground breaking EU defence initiatives to foster European defence cooperation, as a key contribution to achieving the EU Level of Ambition in security and defence, and today we can see the progress that has been made and which has been achieved in such a short period of time – the momentum is there and we should not fail to use it.
- It is good to see that the implementation of PESCO is rapidly progressing – thanks to the participating Member States, which have made a further step towards the achievement of the EU Level of Ambition.

- The launch of PESCO certainly created a new dimension in EU Member States' defence cooperation and planning, but for this process to become a success and in a long run to deliver concrete results, we need a continuous and strong political engagement from all participating Member States by fully reflecting the 20 commitments in their national defence planning. I know that it is not an easy thing to do but this is a critical point for PESCO. The PESCO secretariat will need to continue to play a key role in support of Member States in keeping PESCO ambitious.
- Of course, we are just at the beginning and there is still a scope for an increased coherence among all different initiatives, which have been recently launched, such as CARD, PESCO and EDF, including by ensuring their full uptake in national defence planning. But as I have already said upfront, the difference between PESCO and other forms of cooperation is the binding nature of the commitments undertaken by participating Member States.
- Member States will have to adapt their national defence planning systems to the new reality, new planning cycle and the way they work with each other in the EU framework on security and defence. Consequently, they also need to ensure that national budgets will be available to make the best use of the

funding coming from the European Community through the EDF.

- I would like to underline three crucial aspects of enhancing European defence efforts: 1) the role of prioritisation; 2) the level of investment needed; and 3) the importance of generating ambitious proposals for projects within PESCO, under which the positive impact on the European capability landscape is one of the assessment criteria. But all this is possible only by ensuring that PESCO more binding commitments are taken forward in the national priority setting, including the development of new projects.
- Our continues efforts will be needed in taking these defence initiatives forward in a coordinated manner, including by using one set of EU Capability Development Priorities, deriving from the Capability Development Plan, which is a key reference for the collaborative defence capability development in the EU framework.
- The EU Capability Development Priorities adopted by Member States play a central role in the coherent implementation of the different initiatives. As agreed by the Council they inform CARD, PESCO, and EDIDP/EDF, as key reference for EU and Member States' capability development. This allows ensuring that collaborative opportunities identified through CARD, and projects carried out within PESCO and/or supported by the EDF

contribute to improving the availability of the capabilities needed for achieving the EU's Level of Ambition, looking at the entire European capability landscape.

- We are now developing for each one of the 2018 EU Capability Development Priorities Strategic Context Cases, which will also serve to inform the preparation of the future PESCO projects, including the development of project descriptions as well as the assessment of PESCO project proposals by the PESCO secretariat. The Strategic Context Cases, together with the findings of future CARD cycles should also facilitate the identification of future PESCO project proposals and respond to those PESCO commitments referring to CDP and CARD. In return, the development of the PESCO projects – existing ones and new ones will provide additional meaningful information to refine the content of the Strategic Context Cases.
- We have just ended the first PESCO annual cycle, and there is clearly still a learning curve and quite some potential for improvement in terms of the reflection of the agreed 20 more binding commitments in Member States' national defence plans, and also by taking forward the implementation of PESCO projects.
- But let me highlight few elements, as regards the fulfilment of the more binding commitments and the advancement of the 34 PESCO projects, which were presented in the first High

Representative's Annual Report, prepared on the basis of the information provided by Member States in their National Implementation Plans:

- First, the progress was clearly made, as regards the increased level of the defence budgets and joint defence investment and this is, indeed, an important marker of our ambition – also in the context of EU-NATO cooperation.
- Moreover, we have seen good indications of the initial use of the agreed EU Capability Development Priorities and the findings of the CARD Trial Run in Member States' national defence planning processes. This integration is of course a critical point.
- Second, more work still will be needed to translate all these efforts in order to strengthen collaborative capability development and also enhancing the availability of forces for CSDP missions and operations by filling in the important force generation gaps.
- Third, in terms of the 34 projects, the work is advancing, but the focus now should be on their effective implementation. It is important to highlight that the credibility of PESCO projects will be assessed first by their contribution to the fulfillment of the more binding commitments, so Member States need to demonstrate a political leadership in delivering the expected output and products, which would have a real impact on our

ability as EU to act as a security provider. The PESCO projects must complement an ambitious PESCO.

- Although most of the projects are still in the preparatory phase, all 34 projects address the EU Capability Development Priorities and, where possible, take into consideration the CARD Trial Run findings. In the third wave of PESCO project proposals, which was just launched in the beginning of May, Member States agreed to consider those projects, which are more mature, more substantiated, including the financial planning, and more supported by the other participating Member States.
- Furthermore, as agreed last week at the Foreign Affairs and Defence Council, holding of the fourth call for PESCO projects in 2021, instead of 2020, will allow for the CARD report due in 2020 to inform the preparation of the fourth call for projects, thus moving to a biennial process to identify, assess and select new PESCO projects proposals.
- With regard to the coherence of output between PESCO projects and respective NATO processes, such as the NATO Defence Planning Process (NDPP), let me highlight that at least 25 PESCO projects out of 34 also reflect NATO priorities. This clearly shows that PESCO does not, and will not, weaken NATO. We should not forget that the notification presented by PESCO initiating Member States states that (*I quote*)

“...enhanced defence capabilities of EU Member States will also benefit NATO. They will strengthen the European pillar within the Alliance and respond to repeated demands for stronger transatlantic burden sharing” (*end of the quotation*), with the full spectrum of defence capabilities in support of the single set of forces.

- As the first PESCO cycle ended, we have to take stock of the initial lessons identified and prepare for the next cycle, in view of the 2020. We should also start preparing the ground for the strategic review foreseen for PESCO before the end of 2020. This review should take into account the fulfilment of the commitments. It should also be informed by the wider work on the coherence between the main defence initiatives – PESCO, CARD and EDF – as well as other relevant initiatives that help implement our level of ambition.
- It is just to mention that the High Representative/Vice President/Head of the Agency was invited by the Council, and will present in few days’ time, a forward looking report on the interaction, linkages and coherence between these initiatives, including the coordination between the supporting institutions and bodies at EU level – EEAS, EC and EDA, and taking into account the respective lessons identified.
- Although all EU defence initiatives are distinct and have different legal bases, objectives and governance, they pursue

the same goals: delivering more capabilities through deepening European cooperation and, in doing so, strengthening the Union's ability to take more responsibility as security provider and to enhance its strategic autonomy and freedom of action.

- Keeping a momentum will be essential to continue building a credible and increasingly integrated European defence sustaining the Union's ability to act as a security provider. A change of mind-set is still needed to fully embed the binding commitments in Member States' defence administrations, so as to make cooperation the norm. It is very important that Member States are in the lead of the process, but a challenge will be to ensure their continuous commitment in taking forward the implementation of all these new initiatives. And, even more, by contributing collectively with the required resources and input. If they are to produce a step change in the European Defence, in particular PESCO cannot just remain a supplement to a purely national approach to defence planning. We need to embed them in our national systems.
- Thank you. I would like to stop here and to hand over the floor to the moderator of the first panel Mr Dick Zandee.
- I wish you all a very fruitful and forward-looking discussions.