Chairman of the European Union Military Committee
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CEUMC Speech at the College of Europe
“PESCO, Possible Game Changer for Security and Defence Cooperation in the EU?”
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Thank you Jörg for your kind introduction and for inviting me here today. (Rector Jörg MONAR).

Ladies and Gentlemen,

Good morning.

Usually I begin my presentations in Universities by explaining to the participants which Institution I represent and its position and role in the whole EU organigram. Today this will not be needed; you are all most familiar with the EU, therefore I move directly to what we are here to discuss: PESCO and its potential –if any– to forward Security and Defence cooperation in the EU.

And since we are here in an academic environment, you will not be surprised by the following disclaimer: what you are about to hear today, it will be personal opinions and thoughts which may not reflect those of the EU Military Committee, the EEAS or any European Institution for that matter.

Having said that, let us begin with the basics and put the discussion into context. Why PESCO and why now? President Juncker had likened PESCO to a "Sleeping Beauty". He said, and I quote: "It is time to wake the Sleeping Beauty up". Make no mistake. The Prince that gave the kiss to the Sleeping Beauty and woke her up, he was not President Juncker. Actually, it was none of the current EU high level officials. It was you. Each and every one from you in this room or out in the streets. The streets of Bruges, the streets of Brussels, of Paris, London, Madrid, Berlin, Nice. It is the nameless, faceless but powerful individual, whose security feeling has been bluntly traumatised by cruel and barbaric terrorist attacks. But also, by the actions of the revisionist nation that lies to our eastern external borders. The migratory crisis and the powerful, dramatic images on the 8 o' clock news added another dimension to the
experienced feeling of insecurity that prevailed. I called this individual "powerful". And he is. He holds the power of his or her vote. This power cannot be ignored by the respective governments. One should never forget that governments are elected to serve the people. The same holds true for the European Union.

This traumatised security feeling and the subsequent demand for its restoration are the driving factors for whatever changes we witness in the security and defence domain. Coming closer and cooperating has historically been the societies' response in the face of common challenges or dangers. In the European Union's case, a relevant provision exists in the Lisbon Treaty. Not by coincidence: the idea of European integration in the security and defence domain goes further back than most people remember. In December 1939, in the outbreak of World War II, the French Prime Minister, Édouard Daladier stated in front of the Senate: "Against the return of events as those we are suffering from today, [...] I conceive that a new Europe should have a wider organisation than that which now exists. It will be necessary to multiply exchanges and perhaps envisage federal ties between the various States of Europe". As it often happens, this grandiose idea fell victim to its own scale; the post-Water War Europe, was not mature to adopt this idea in its entirety and certainly not in the defence domain. The idea though was not dead. On October 1950, France's Prime Minister René Pleven proposed a new plan for the creation of a European Defence Community, with West Germany, France, Italy, and the Benelux countries as members. It is ironic that this plan fell victim to the failure of its ratification by the very same nation that conceived it. The rest is history.

Since the end of the Cold War and for the following 25 years, Europe was overwhelmed by a feeling of euphoria, deriving from an unprecedentedly long period of peace and an equally impressive economic growth. The latter was to a certain point due to the peace dividend. Armed conflict in our continent was widely considered to be something of the past, to be found only in history books. International problems could be solved by development projects, humanitarian aid and donations. And, of course, by the export of democracy and of our western principles and values. War, in general, was considered to be a relic of the past. The prevailing feeling was very clearly illustrated in the opening statement of 2003's European Security Strategy. "Europe has never been so prosperous, so secure nor so free. The violence of the first half of the 20th Century has given way to a period of peace and stability unprecedented in European history."
Then reality kicked in. And Europe was abruptly awakened. The EU Global Strategy, presented by the High Representative/Vice President, madam Mogherini, acknowledged that the assumptions on which we had built our policies were not valid any more, had they ever been so. The new reality was summarised in the following phrase in HR/VP's foreword of the EU Global Strategy, "The purpose, even existence, of our Union is being questioned. [...] Our wider region has become more unstable and more insecure." A drastic change of course was needed.

Despite the wide acknowledgement of this need, old habits die hard. Formalities threatened to block the way towards strengthening defence cooperation within the EU. The word "Defence" remained a taboo in the high rises around Schuman Square. The answer to overcome these stumbling blocks was found in the Lisbon Treaty in the form of Permanent Structured Cooperation. Despite what one might think, and regardless of the common understanding of the challenges to European security and defence, agreeing on going this way with PESCO had not been an easy task. Diverging opinions, cautiousness, reluctance to undertake binding commitments and certainly not in the defence domain, which constitutes the very core of national sovereignty, made this endeavour a very delicate one. The European way of doing things provided the solution to this Gordian knot: a compromise between ambition and inclusiveness was achieved. This compromise resulted in 25 out of 28 EU Member-States signing up for PESCO. A first win was achieved.

So here we are today, sixty one years after Rome and almost eighty years from the first seeds of European defence integration, not discussing any more but actually working on the realisation of deepened European defence cooperation. Adopting a very tight schedule, on 11 December 2017, the Council adopted a decision establishing Permanent Structured Cooperation. Even an initial list of 17 projects to be launched has been put together and waits for a formal Council decision to go ahead. These projects cover areas such as training, capability development and operational readiness in the field of defence, each of them adding a piece to the jigsaw of European common security and defence. Germany and Italy are the lead nations in four of them each, while France and Greece lead two of them respectively. The remaining five are led by Belgium, Lithuania, the Netherlands, Slovakia and Spain.

Projects is only one out of four basic components of PESCO. Binding commitments is the second one. Emphasis here is on the word "binding". Provisions are in place even for the suspension of the participation of a
Member State in a project, should it be documented in an annual PESCO review by the Council that it failed to uphold its commitments.

**Governance** is the third basic component. Here, two layers of governance will exist. The first one, at the level of the Council and the second one at the level of the Member States participating in any particular project. The first one guarantees that the Council will continue to provide strategic direction and guidance for PESCO, while the second one will provide operational guidance and oversight on the execution and the progress of the project.

The last basic component, which is actually the most sensitive, is about **third parties participation** in individual projects. I describe it as "sensitive" since it will determine the participation of the United Kingdom in PESCO after Brexit. But it is not limited to UK. Other nations show great interest in participating in European defence projects, some of which would like to see the relationship between EU and UK extended to them as well.

Ladies and Gentlemen,

**In theory**, PESCO has the potential to lead to the evolution of the European Union to a well-rounded global security provider. The projects that will be launched under its umbrella will not only address current operational shortfalls in our Missions and Operations, but they will also support the strategic autonomy of the Union in the future. Because, one cannot declare strategic autonomy when they lack the tools to exercise it. Having a strong, active and innovative defence industry, **timely** delivering **state-of-the-art** defence equipment, incorporating in-house developed **cutting-edge technologies** is paramount in order for the European Union to remain relevant in the game of shaping a future world according to ones interests. At this point, we should remind ourselves of the stated aim of PESCO: "[...] to jointly develop defence capabilities and make them available for EU military operations. This will thus enhance the EU’s capacity as an international security partner, also contributing to protection of Europeans and maximise the effectiveness of defence spending".

But PESCO is not the touchstone of European defence. No matter how efficient it may prove to be, it does not provide a comprehensive response to the problem at hand. Therefore, it is supplemented by two additional initiatives, the Coordinated Annual review on Defence, or **CARD** and the
European Defence Fund, or EDF. The three of them are kind of the three Musketeers that will support European Defence, or if you wish, the Holy Triad of it. Any discussion about PESCO would be incomplete if not touching upon these two initiatives as well, since the linkages between them are too strong to ignore.

It is well-known that the multiplicity of different types of variants of main defence articles is the main problem that European defence cooperation on the field faces. 28 national Armed Forces operate 19 different types, blocks or variants of combat aircraft, or 37 models of Armoured Personnel Carriers! This situation has serious implications when discussing joint operations, where interoperability and maintenance are among the most crucial planning factors. But it also has financial implications, even when these articles are in their camps or shelters. It has been estimated that any figure between 25-100 billion Euros out of the 200 billion that are invested on an annual basis on defence, could be saved if there had been a better cooperation and coordination among Member-States. The Coordinated Annual Review on Defence will try to put an end to this mere situation and to this waste of money. CARD is now on its trial run. Its results can lead to greater defence planning synchronization in the EU, to the identification of the capabilities that are needed, notably through the forthcoming review of the Capability Development Plan by spring 2018. It can also lead to the identification of potential opportunities for defence cooperation in the future, feeding into PESCO.

Achieving enhanced defence cooperation could easily turn to be mere wishful thinking, if not given the necessary initiatives to make participation more attractive. This is where the European Commission steps in, actively participating in this effort. The European Defence Fund (EDF) and the European Defence Industry Development Programme (EDIDP) will provide substantial support to eligible PESCO projects and throw real money to supplement and amplify national investments in defence research, in the development of prototypes and in the acquisition of defence equipment and technology.

This is the state-of-play today. If you, listening to what I have told you so far, got the impression that everything is fine, and that the difficult part is behind us, then I have fooled you. The real work in every project begins when the conceptual phase is over. When whatever has been decided and agreed upon will be up for implementation. This will be the real test for the honesty of purposes and the validity of commitments. As the nineteenth-century Prussian
military commander Helmuth van Moltke put it, "No plan survives first contact with the enemy". And this is where we stand today.

Let me elaborate on this. PESCO has to deliver. Theological discussion about institutional setups, including all the wishful thinking about what will happen now that PESCO is here, do not touch upon the only important question: "Can PESCO deliver in the real world? Does it contribute to European defence?" So let us move from theory and examine facts.

Fact number one: Defence industry plays a central role in strengthening EU's defence. I have already explained the reason and we could spend hours and hours exchanging more arguments to support this. This role and its importance are indisputable. Fact number two, equally indisputable: defence industries in Europe come in all different sizes today. There are the large, multinational enterprises who dominate the market and there are the small-medium enterprises that guarantee the security of supply for national Armed Forces. They all compete for a piece of the pie, and for survival. Fact number three: no defence industry, no matter its size is a non-profit organisation. They are all trying to make profit. And there is no evil here: they have employees to pay and shareholders to report to. They all try to maximise profit and this is legitimate.

From the other side of the hill, from a purely economic point of view, European Union should seek to maximise the output of its investment. This is also legitimate, and a demand of the taxpayers. The question is, how should we define output? By the quantity of items delivered? By the number of projects launched? By the number of patents or breakthroughs accomplished? By the increase in industry's annual revenues? All these questions remain to be answered. Fact number four: when examining defence, only the end-user's point of view is relevant. And the end-user of defence capabilities and the bearer of military expertise, is the military. I therefore argue that in order to maximise the effect of PESCO projects and the output of European investments in defence, the military should play a central role, together with the industry.

What should that role look like? When it comes down to defence, it is the military who knows the best about shortfalls it faces and capabilities it needs. It is the military who knows the best what is considered critical and what is a "nice to have" capability. It is the military who has to assess its capabilities against possible, illustrative scenarios, identify the gaps, express them in future projects and, finally, prioritise them. These projects are then
communicated to the industry, which in turn provides **options** and **solutions** to address these shortfalls. Finally, it should be up to the military to evaluate the level any given project satisfies its requirements, with reference to parameters such as usability, deployability and sustainability. Industry from its part, drawing from its own expertise, may also provide **new ideas** for the military to examine their relevance, calculate the risk and consider the feasibility. But, in the end, it is not "the chicken or the egg" dilemma. The roles in this relationship are well defined. This is at least what we think.

The next point I want to make is about PESCO governance. **Transparency** and the establishment of a **common** set of governance rules for projects are the foundations for any cooperation that longs to last. They build trust and remove any shadow of cautiousness. It is fundamental for all participants to know that the same rules apply to everyone, if one truly wants to build a **team spirit**. Mistakes made in the past in other domains, mistakes that generated grievances and at a national level and splits in the EU, should lead to well-educated decisions in the defence domain.

One could add to the list of potential "**collateral losses**" the ambition that should govern PESCO. It is argued that the compromise reached in order to achieve inclusiveness to the maximum point, has already inflicted damage to the level of ambition of this endeavour. They back their argument with the numerous examples of "**polyphony-turned-into-cacophony**" within the EU institutions. **I do not share their position.** I believe that it is up to the interested Member-States to raise the level of ambition they deem relevant, by proposing and supporting the launch of respective projects. Inclusiveness is paramount for the cohesion of the EU.

**Ladies and Gentlemen,**

These are some of the sensitive issues that, if not given appropriate attention, they might undermine, if not derail, the Permanent Structured Cooperation. I remain optimistic and confident that this will not be the case. I know that a large number of European capitals have invested political capital in getting PESCO that far.

PESCO has the potential to be a **game-changer** in the way we, in Europe, handle our defence. The way it has been drawn, it may lead in due time to political integration in Europe. But that's too far in the future. Before reaching this point, it needs to deliver tangible defence results. The first is the political
objective for **tomorrow**. The second is the peoples' demand for **today**. These two objectives are not exclusive. Focusing on the second, PESCO can change the way Member-States national defence institutions regard cooperation with each other. Achieving quick victories in not-that-ambitious projects will prove both the added value PESCO has and the benefits for participants. This will in turn lead to more cooperation, in more ambitious projects, making it a self-sustained process. Until this happens, it needs our full attention to identify and remedy teething problem that will most certainly appear. But it would be unfair to be quick to jump into conclusions about its efficacy, and even more, to abandon or stop this initiative.

I would parallel the situation to a parachutist having just jumped out of an aircraft: there is no turning back. He has to do everything by the book if he is to survive the landing and stand up to his feet, without injuries. If he does so, he will take on future challenges with renewed self-confidence. If not, then the consequences will follow him for a long time. We will do our best to have a good landing and a successful PESCO.

I will stop here and I welcome your questions or remarks.

Thank you.

Edited by Captain (Hellenic Navy) Vasileios Loukovitis