

**CONSEQUENCES OF THE LISBON TREATY ON THE
MILITARY CAPABILITIES AND ARMAMENTS
PROGRAMMES OF THE EUROPEAN UNION**

**FINAL CONCLUSIONS OF THE MISSION ENTRUSTED
BY THE PRIME MINISTER**

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TITLE II

PERMANENT STRUCTURED COOPERATION (PSC)

Summary: Permanent structured cooperation (PSC) is often seen as complex to implement. This perception stems from the analysis by quantitative criteria which was current when the institutional existence of PSC was discovered by the diplomatic and military players as the rotating presidencies elapsed. The present economic and financial context which is not evolving in the direction of compliance with quantitative criteria, albeit dynamic, contributes to feeding a certain scepticism. Additionally, some Member States are discovering PSC only now, and many do not want to be excluded. This observation is the source of a widespread position which subjects any analysis on the content of PSC and on its implementation mechanisms to the setting in place of the European External Action Service (EEAS).

The widely differing political and economic situations of European States, and of their defence, leads to posing as a prerequisite that PSC shall be the subject of realistic and progressive implementation using relevant mechanisms of adaptation.

A reasonable and pragmatic but resolutely political interpretation indeed allows PSC to be considered as a means for the European Union to advance by freeing itself from obstacles caused by strong, albeit dynamic constraints. This step forward by the Union must proceed from an inclusive approach in which the 27 Union Member States participate, possibly in successive stages and with, where applicable, a transition period. This inclusive approach has already met a favourable response from the three Member States which will shortly be holding the rotating presidency of the EU, so there is a favourable political period until mid-2012.

Each Member State will find economic interest in PSC, in exchange for the contractualisation of its cooperation before its peers. This interest will increase as the launch of PSC will trigger a virtuous financial mechanism: committing to PSC does not mean spending more for defence, but spending better together and finally spending less.

In an immediate manner, in effect, PSC will work as an instrument executing and implementing the political will consented to by and between the Member States, and affirmed in the framework of a Council convening the ministers of defence concerned. This way it will act as a structuring melting pot which will frame, at European level, the restructurings and necessary convergences of national defence instruments. PSC shall encourage a strengthening of the efficacy of the defence effort in a wide sense and shall lead to operational advantages, more effective defence expenditure, and the end of the present duplications and shortfalls.

This new instrument shall form the base for providing the EU with the necessary capabilities to carry out its missions, but it is also necessary, at the same time, to obtain new funding at European level, so as to preserve the incentivising nature of the mechanism without burdening, by an additional levy, the budget of the Member States. The prospect of several years of tension regarding budgets, especially defence budgets, and which will not spare any EU Member State, will also spur on a strengthening of the funding of the collective defence effort in an appropriate Community budgetary framework. In correlation with the elaboration of a 'European white paper' serving as a prelude to a 'European military programming Act' already envisaged by certain MEPs, the European capabilities and armaments policy (ECAP) laid down by the Lisbon Treaty and which remains to be defined, would form an ideal framework for the allotment of budget lines devoted to funding the collective defence effort of Europeans,

and immediately from the next 2014-2020 pluriannual framework. A debate on this Community level funding would be effectively in tune with the economic government which is currently being set in place in the European Union and which will perhaps shortly involve also national parliaments.

I – ISSUES STUDY

11. The Lisbon Treaty provides the European Union with the institutional means to organise its Common Security and Defence Policy (CSDP).

The Lisbon Treaty (hereafter called the 'LT') includes innovatory provisions in the defence sphere. In particular, it provides the European Union (EU) with a 'toolbox', permanent structured cooperation (PSC), to enable it to move forward on the common security and defence policy, in a coordinated, pragmatic and competitive manner.

Ratified by each of the 27 Member States, the LT is sustained by a powerful institutional dynamics. Its provisions cannot be considered as lacking interest on the grounds that some commentators feel they are unsuitable, outmoded or too complex to implement. An institutional text of such scope compels recognition *per se*. There would be a considerable political risk in claiming that the efforts accomplished to get the LT adopted would have been completely wasted in a field as essential as the organisation of collective defence across the whole Union. There would be no better way of discrediting the European institution in the eyes of its citizens. As a reminder, the Member States committed, in the ministerial declaration adopted in November 2009, on the 10th anniversary of the European security and defence policy (ESDP), superseded today by the CSDP, 'to make concrete and adapted steps to implement all the provisions and articles of the Lisbon Treaty pertaining to the common security and defence policy (CSDP)'.

12. Grounds for the creation of the ESDP/CSDP

The ESDP came into being owing to a view widely shared in western Europe that the European Union had to secure the military and civil means to ensure security on its edges, in Europe in particular. As an integral part of the CFSP introduced by the Maastricht Treaty, its effective implementation took place immediately after the adoption of NATO's new strategic concept, in 2009, by drawing the mechanisms and determinants of its own development from the new transformation processes following this doctrinal reform.

The ESDP has therefore striven from its beginnings to initiate, in the institutional and political framework of the Union, an innovatory capability-development process strongly inspired by NATO's experiences in this field.

As in NATO, the capabilities required to support the implementation and also the development of the ESDP are those which the Member States make available to the Union. This situation largely explains the difficulties encountered subsequently in the roll-out of operations conducted in the framework and/or under the responsibility of the Union (see further on), and also justifies the recommendations we make in this report.

13. A decade of sometimes ambitious but inconclusive initiatives condemns the unstructured approach of the ESDP.

131. It should be recalled that the ESDP earned its stripes in the field. It sometimes gave rise to strong reactions at its beginnings, but operations outside the EU, especially the latest, the Atalanta operation, have contributed to getting European Union Member States interested in it, even those that hesitated most for reasons linked to the present

economic climate or traditional reasons. It should also be noted that the Lisbon Treaty institutionalises henceforth the European Defence Agency, a body created on the margins of the treaty by a Joint Action in 2004 (see the corresponding box further on), and which works in interaction with the Military Committee (EUMC) and the European Union military staff (EUMS) regarding the operational forces. It is advisable that this institutionalisation should bear the seeds of significant progress towards a genuine consolidation/integration of European defence capabilities via channels which the Member States and competent European institutions will deem most appropriate (convergences, coordinations, poolings, specialisations, etc.).

132. According to the global objective for military capabilities adopted in 2003, the EU should be capable of deploying a force of 50,000 to 60,000 men in less than two months, who should be autonomous for a year, but this objective has never been met owing to the lack of means made available by the Member States and the slowness of the decisional process despite the very high political level of the contracted commitments.

A European Parliament mission, led by MEP Christian Ehler who will transmit his report in the next few weeks after travelling to all the theatres engaged in by the European Union and after visiting all the tactical groups, will give details of the reality in the field, in other words that the European Union is suffering from capability deficits in all the theatres. For instance, the EULEX mission in Kosovo, launched with a 50% deficit of militaries, is still awaiting nearly 260 persons to complete its complement. The Helsinki objectives have not been reached whereas there was nevertheless a prior agreement between the States adopted at the highest possible political level. This can lead to believing that launching another political initiative like the PSC appears unattainable.

Also, the EU interventions present technical shortfalls.

- a) Recurring capability shortfalls result from the absence of an assignment process for the military capabilities made available by the Member States to the Union to carry out missions it assigns itself under the ESDP/CSDP. These shortfalls weaken operational efficacy as much as the political credibility of the Union in the operations where it intervenes. In effect, capabilities are often unavailable because simultaneously mobilised for interventions made as part of the national security and defence policy, or for interventions made within the framework of NATO, the UN or *ad hoc* coalitions.
- b) Regarding the civilian aspects of the ESDP, the EU is still suffering serious difficulties to fulfil its police, justice or rule of law missions. But then it would be necessary to define precisely what the EU must know how to do and how it can reach that objective.
- c) The interplay between civilians and soldiers in the existing missions is the source of many problems. In Afghanistan, for instance, European soldiers engaged in the framework of the ISAF cannot communicate with their civilian counterparts deployed under the ESDP/CSDP because of the equipment. Soldiers want hardened equipment, whereas civilians use off-the-shelf equipment. At European level, this kind of practices leads to an immense shambles. In Kosovo, in particular, the communication difficulties between soldiers and policemen nearly led to personnel losses in the European ranks.

- d) Also, interoperability between tactical groups does not work, but then it has not been planned. In the field, Europeans still depend on Americans, especially regarding intelligence. As for troop transportation, the EU depends on Ukrainian air transport means, which displeases certain Member States bearing in mind the supposed rapprochement between Ukraine and Russia. However, a number of parliamentarians emphasise that the only issue of interest to their foreign interlocutors is knowing whether the EU is capable of conducting alone (it being implied without the Americans) an external operation. Intelligence, communications and air transport appear to be the three sectors to be developed as a matter of priority to provide the EU with credible military intervention capabilities, without forgetting to develop commonalities between military and civilian equipment by means of processes that can be funded, where applicable, from European funds established and fed by appropriate channels.
- e) Last, the command structures are poorly defined.

This brief presentation of initiatives and even cooperations that are insufficiently coordinated, a mediocre cost-efficacy ratio, major capability shortfalls, and low interoperability ..., draws an unflattering picture which nonetheless embodies a positive aspect: the undeniable know-how, highly perfectible in its implementation but real in terms of experience, of the European Union in the very vast field of civil-military action, which illustrates the interconnection between the 'security' and 'defence' aspects of the ESDP/CSDP.

133. Situation of the European defence technological and industrial base (DTIB)

As they seek to keep control over all the activities related to it, the Member States have decided not to entrust the EU with the responsibility of conducting multilateral equipment programmes in defence fields. The Joint Organisation for Armaments Cooperation (OCCAR) largely plays this role. From now on, the European Defence Agency has been commissioned to identify and define such programmes in accordance with the right mechanisms for the requirements of differentiation and voluntary participation. Its closer interconnection with OCCAR undoubtedly forms a short term priority.

When seeking new markets, some manufacturers, and not the least, which are present in defence equipment markets, under-exploit the possibilities offered by the existence of EU civil programmes that can provide outlets to their research departments and production units. So, are industrial lobbies really effective at European level?

SMEs, often highly innovatory in the defence sector, are too often disconnected from European funding, standardisation and certification circuits.

In some fields, like cyberdefence, where the United States injects 300 million to one thousand million Euros per year, American standards are highly likely to prevail if the EU does not define its own. Regarding certification, progress is also essential: out of the 20 thousand million Euros which the NH90 helicopters cost, 4 thousand million were devoted to obtaining certifications in the various Member States. The European Union should be allowed to have European standardisation and certification bodies in the defence field, of the same level as the American ones.

Also European manufacturers are obliged to abide by the contractual requirements of governmental programmes, which are subject to the uncertainties of the annual enforcement of national military programming Acts (note should be taken of a chronic under-enforcement in France, going as far as the loss of the amount budgeted annually by the military programming Act), a situation that is impossible in the framework of European Union programming processes.

134. Last, it should be recalled that Europe's defence is organised along two complementary lines, NATO which is getting to grips in this year 2010 with a revision of its strategic concept, and the CSDP which is bound to assert itself as the European pillar in the field, an affirmation which will also be beneficial to NATO.

14. Permanent structured cooperation forms the 'active principle' of the CSDP

In the defence field, permanent structured cooperation is one of the most visible new provisions of the LT. It appears in articles 42 and 46 of the Treaty on European Union and is also the subject of the appended protocol no. 10 (see box further on).

The political intentions which presided over the inclusion of the provisions on PSC in the Treaty establishing a Constitution for Europe, then in the LT, whether expressed publicly or not, are of two natures:

- a) A deepening of European political integration in the defence sphere, by inventing, rehabilitating, deepening and/or undertaking appropriate forms of public European solidarities that can take the form of cooperations, coordinations, convergences, poolings, harmonisations, restructurings, or specialisations in favour of the CSDP;
- b) Use of the EU framework to undertake reforms of a national scope in the defence sector, by encouraging the States, by a binding framework, and on a voluntary basis, to undertake within themselves the institutional, budgetary, doctrinal, structural and macroeconomic reforms in favour of the defence sector, in a coordinated manner with the intentions relating both to the deepening of European political integration in the defence sphere, and the constitution of a credible European pillar within NATO.

PSC forms a *de facto* political process aimed, within the EU institutional framework, at extending to challenges of a capability-development, structural and financial nature, the structured cooperation process started by a few Member States outside the Union framework, following the Letter of intention ('LoI') which defined the first strategic orientations of the public accompaniment of industrial restructurings undertaken in Europe in the defence and armaments sectors, and of which the principles were transposed in a framework agreement signed in July 2000.

PSC deploys a structured cooperation mechanism serving the CSDP, the common policy placed under the political responsibility of the Council convened in a format bringing together the representatives of the 26 States Parties to the CSDP, Denmark having chosen to opt out in this respect. And the CSDP is itself an integral part of the common foreign and security policy (CFSP) placed under the responsibility of the Council in a format bringing together the representatives of the 27 States Parties to the CFSP, which forms one of the components of the European Union's external action.

PSC, a unique mechanism, is not an embodiment of 'enhanced cooperation', a mechanism also provided for by the LT in the defence sphere. Enhanced cooperation

must concern a minimum number of Member States laid down by the treaty. Its implementation, conditional on the joint observation of the failure – total or partial – of initiatives of the same nature at the level of the European Union as a whole, involves several Community institutions. The launch of enhanced cooperation in the CSDP field is decided unanimously by the Council in the specific framework of the CFSP.

By contrast, the decision to launch PSC between the sole Member States that have respected certain criteria, without any constraint as to the number of participants, is taken by the Council acting by a qualified majority. It is not conditional on the joint observation of the failure – total or partial – of initiatives of the same nature at the level of the European Union as a whole. Within PSC, decisions are taken unanimously by the participating Member States (whereas once enhanced cooperation has been launched, decisions are taken by the participating States acting by a qualified majority). Hence the absolute need for Member States participating in PSC to have agreed previously on the terms of their cooperation. Once this prerequisite is met, the conduct of PSC, under the sole authority of the Council appears, on the face of it, more simple than that of enhanced cooperation. However, the variety of institutionally legitimate players intervening in one or the other of the fields covered by PSC (European Commission, European Parliament, national parliaments in particular) can justify demands for a broader mode of governance following the example of what happened in other equally strategic sectors of activities (telecommunications, financial services, etc.).

PROTOCOL No. 10 ON PERMANENT STRUCTURED COOPERATION

THE HIGH CONTRACTING PARTIES,

HAVING REGARD TO Article 42(6) and Article 46 of the Treaty on European Union,

RECALLING that the Union is pursuing a common foreign and security policy based on the achievement of growing convergence of action by Member States,

RECALLING that the common security and defence policy is an integral part of the common foreign and security policy; that it provides the Union with operational capacity drawing on civil and military assets; that the Union may use such assets in the tasks referred to in Article 43 of the Treaty on European Union outside the Union for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter; that the performance of these tasks is to be undertaken using capabilities provided by the Member States in accordance with the principle of a single set of forces,

RECALLING that the common security and defence policy of the Union does not prejudice the specific character of the security and defence policy of certain Member States,

RECALLING that the common security and defence policy of the Union respects the obligations under the North Atlantic Treaty of those Member States which see their common defence realised in the North Atlantic Treaty Organisation, which remains the foundation of the collective defence of its members, and is compatible with the common security and defence policy established within that framework,

CONVINCED that a more assertive Union role in security and defence matters will contribute to the vitality of a renewed Atlantic Alliance, in accordance with the Berlin Plus arrangements,

DETERMINED to ensure that the Union is capable of fully assuming its responsibilities within the international community,

RECOGNISING that the United Nations Organisation may request the Union's assistance for the urgent implementation of missions undertaken under Chapters VI and VII of the United Nations Charter,

RECOGNISING that the strengthening of the security and defence policy will require efforts by Member States in the area of capabilities,

CONSCIOUS that embarking on a new stage in the development of the European security and defence policy involves a determined effort by the Member States concerned,

RECALLING the importance of the High Representative of the Union for Foreign Affairs and Security Policy being fully involved in proceedings relating to permanent structured cooperation,

HAVE AGREED UPON the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The permanent structured cooperation referred to in Article 42(6) of the Treaty on European Union shall be open to any Member State which undertakes, from the date of entry into force of the Treaty of Lisbon, to:

- (a) proceed more intensively to develop its defence capacities through the development of its national contributions and participation, where appropriate, in multinational forces, in the main European equipment programmes, and in the activity of the Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency), and*
- (b) have the capacity to supply by 2010 at the latest, either at national level or as a component of multinational force groups, targeted combat units for the missions planned, structured at a tactical level as a battle group, with support elements including transport and logistics, capable of carrying out the tasks referred to in Article 43 of the Treaty on European Union, within a period of five to 30 days, in particular in response to requests from the United Nations Organisation, and which can be sustained for an initial period of 30 days and be extended up to at least 120 days.*

Article 2

To achieve the objectives laid down in Article 1, Member States participating in permanent structured cooperation shall undertake to:

- (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;*
- (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;*
- (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;*
- (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";*
- (e) take part, where appropriate, in the development of major joint or European equipment programmes in the framework of the European Defence Agency.*

Article 3

The European Defence Agency shall contribute to the regular assessment of participating Member States' contributions with regard to capabilities, in particular contributions made in accordance with the criteria to be established, inter alia, on the basis of Article 2, and shall report thereon at least once a year. The assessment may serve as a basis for Council recommendations and decisions adopted in accordance with Article 46 of the Treaty on European Union.

15. Commitments attached to PSC examined in terms of those already contracted by the Member States within the EU and NATO.

According to Article 42.6 of the Treaty on European Union (TEU), only those Member States whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework.

There is no doubt that, among the requirements of Article 42.6, the commitments appear that were contracted at the time of decisions and declarations by the European Council or by the Council, which concern directly or indirectly the operational capabilities necessary to implement the CSDP (both military and civil-military and civil) for the most demanding missions.

However such commitments were made by all the Union Member States, within the European Council and/or the Council, via decisions relating to the adoption of the long

term vision (LTV), headline goals, concepts¹, etc., as well as through mechanisms making up for capability shortfalls, force generation conferences, and the creation of the European Defence Agency (see box hereafter).

The European Defence Agency was established under a joint action of the Council of Ministers on 12 July 2004 in order to:

- 1. Improve the defence capabilities of the European Union, especially in crisis management,*
- 2. Promote European cooperation in the armaments field,*
- 3. Strengthen the technological and industrial base of EU defence and create a competitive European defence equipment market,*
- 4. Encourage research, with a view to strengthening the European technological and industrial potential in the defence field.*

The present tasks of the Agency therefore consist in particular in:

- 1. Establishing a global and systematic approach to define the needs of the European security and defence policy and to meet these needs,*
- 2. Promoting cooperation actions between EU Member States in the defence equipment field,*
- 3. Contributing to the development and global restructuring of the European defence industry,*
- 4. Promoting European research and technology in the defence field, without forgetting European political priorities,*
- 5. Working, in close cooperation, with the Commission, in establishing a European defence equipment market competitive internationally.*

The Agency's 'comparative advantage' is its capacity to deal with all these matters in a coordinated manner to obtain synergies. Yet the Member States, which have still not granted it the required human and budgetary resources, do not really profit from such an advantage.

It should be observed here that the Lisbon Treaty also contains provisions on the EDA, which differ somewhat from the provisions included in the joint action in force (see box hereafter).

Provisions of the Lisbon Treaty on the European Defence Agency

Article 42.3 of the Treaty on European Union

.../... Member States shall undertake progressively to improve their military capabilities. The Agency in the field of defence capabilities development, research, acquisition and armaments (hereinafter referred to as 'the European Defence Agency') shall identify operational requirements, shall promote measures to satisfy those requirements, shall contribute to identifying and, where appropriate, implementing any measure needed to strengthen the technological and industrial base of the defence sector, shall participate in defining a European capabilities and armaments policy, and shall assist the Council in evaluating the improvement of military capabilities.

¹ These *concepts* were drafted by the EU Staff as early as 2000 and above all after the military operation in the Congo in 2003.

Here is their list for guidance: military planning at the political and strategic levels (25 September 2001); force generation (26 September 2002); rapid military reaction (24 January 2003); transport and strategic movements (16 February 2006); framework nation (25 July 2002); global planning (3 November 2005); support for the host State in crisis management operations (15 June 2006); logistic support; reception, staging, onward movement and integration - RSOM&I - (20 September 2006); battle groups or tactical groups (5 October 2006); medical and health support (July 2007); rapid sea reaction (15 November 2007); rapid air reaction (21 December 2007); military information (February 2008); military control and command (16 June 2008); geospatial information. These concepts are continuously updated.

Article 45 of the Treaty on European Union

1. *The European Defence Agency referred to in Article 42(3), subject to the authority of the Council, shall have as its task to:*

(a) contribute to identifying the Member States' military capability objectives and evaluating observance of the capability commitments given by the Member States;

(b) promote harmonisation of operational needs and adoption of effective, compatible procurement methods;

(c) propose multilateral projects to fulfil the objectives in terms of military capabilities, ensure coordination of the programmes implemented by the Member States and management of specific cooperation programmes;

(d) support defence technology research, and coordinate and plan joint research activities and the study of technical solutions meeting future operational needs;

(e) contribute to identifying and, if necessary, implementing any useful measure for strengthening the technological and industrial base of the defence sector and for improving the effectiveness of military expenditure.

2. *The European Defence Agency shall be open to all Member States wishing to be part of it. The Council, acting by a qualified majority, shall adopt a decision defining the Agency's statute, seat and operational rules. That decision should take account of the level of effective participation in the Agency's activities. Specific groups shall be set up within the Agency bringing together Member States engaged in joint projects. The Agency shall carry out its tasks in liaison with the Commission where necessary.*

Adaptation in the Lisbon Treaty of the joint action setting up the EDA has been started by the Council and is being finalised.

Additionally, the *declaration on capabilities* adopted by the Council on the eve of the European Council of 11 and 12 November 2008 sets numerical and precise targets to enable the EU, in the coming years, to conduct simultaneously, outside its territory, a series of civilian missions and military operations of varying scope, corresponding to the most likely scenarios².

By subscribing to this declaration by the *declaration by the European Council on the enhancement of the ESDP* appended to the conclusions of the European Council of 11 and 12 December 2008 (paragraph 3), all the heads of State and of government of the Member States

² Europe should actually be capable, in the years ahead, in the framework of the level of ambition established, inter alia of deploying 60 000 men in 60 days for a major operation, within the range of operations envisaged within the headline goal for 2010 and within the civilian headline goal for 2010, of planning and conducting simultaneously:

- two major stabilisation and reconstruction operations, with a suitable civilian component, supported by a maximum of 10 000 men for at least two years;
- two rapid response operations of limited duration using inter alia the EU's battle groups;
- an emergency operation for the evacuation of European nationals (in less than ten days), bearing in mind the primary role of each Member State as regards its nationals and making use of the consular lead State concept;
- a maritime or air surveillance/interdiction mission;
- a civilian-military humanitarian assistance operation lasting up to 90 days;
- around a dozen ESDP civilian missions (inter alia police, rule of law, civil administration, civil protection, security sector reform and observation missions) of varying formats, inter alia in a rapid reaction situation, including a major mission (possibly up to 3 000 experts), which could last several years.

For its operations and missions, the European Union uses, in an appropriate manner and in accordance with its procedures, the resources and capabilities of Member States, of the European Union and, if appropriate for its military operations, of NATO.

and the President of the Commission, a fully fledged member of the European Council, grant it an enhanced status which has the value of 'objectives approved' by all the Member States and the European Commission in the field of capabilities, missions and concepts.

Through said declaration, the European Council '*voices its determination to support this effort in the long term*' and '*calls on the Member States to convert these commitments into national requirements in terms of equipment*' (paragraph 4), by promoting '*the restructuring of the European defence technological and industrial base, in particular around centres of European excellence, avoiding duplication in order to ensure its soundness and its competitiveness*', which '*is a strategic and economic necessity*.' (paragraph 5).

Also, the Union Member States have all ratified the LT. Except for the provisions confirming Denmark's general opt-out from the CSDP and, as no declaration nor any additional protocol stipulate reservations or conditionalities with respect to the solidarity requirement embodied in the *solidarity clause* set forth in Article 222 of the Treaty on the functioning of the European Union, and with regard to the *mutual assistance clause in the event of armed aggression on the territory of a Member State* set forth in Article 42.7 of the Treaty on European Union, nearly all Member States are obliged both politically and *de jure* to ensure, while intervening, that they do not jeopardise either the effectiveness, operability, credibility, or efficacy of the policies and actions implemented by the Union in the security and defence field on the basis of the treaty.

Referring more specifically to the clause of Article 42.7, and in accordance with its specific provisions, namely: '*Commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the foundation of their collective defence and the forum for its implementation*', the commitment to cooperate pursuant to this mutual assistance does not go beyond the commitments subscribed to within NATO for the States which are also members of that organisation.

In this respect, the *NATO-EU declaration on the ESDP*, signed on 16 December 2002, reassures EU access to NATO's planning capabilities for its own military operations and reaffirms the political principles on which the strategic partnership is based: effective mutual consultation; equality and due regard for the decision-making autonomy of the organizations; respect for the interests of EU and NATO member states; respect for the principles of the charter of the United Nations; and coherent, transparent, and mutually-reinforcing development of the military capacity of the two organizations.

These declarations as a whole in no way augur the effective capability of a Member State to meet '*higher criteria*' for its military capabilities or its determination to subscribe to '*more binding commitments in this field*' '*for the most demanding missions*'. This applies even before the date of the establishment of PSC by the Council. Hence the need for a new commitment prior to the establishment of PSC, taking the form of the provisions set forth in article one of protocol no. 10.

Only the States which have subscribed to these commitments, at the same time, whereas they already meet '*higher criteria*' for their military capabilities '*for the most demanding missions*' will be *de jure* and *de facto* eligible for integration into PSC.

16. Faced with the economic crisis, will the EU renounce building its common security and defence which the LT invites it to establish?

Admittedly, the general context faced by the European Union States is not, on the face of it, one of the most favourable to launch a defence initiative as important and demanding as PSC.

A continuous decline in military budgets in Europe is compounded by a particularly serious economic and financial crisis mobilising the energy of Europeans and their initiative-taking capacities. Yet it can be considered paradoxically that the present difficulties are also of a nature to raise the awareness of Europeans on the need to better coordinate their military expenditure and rally more strongly to support, in a more organised manner, their defence technological and industrial base (DTIB). Indeed they cannot underrate its major importance today and tomorrow.

This search for synergies within the European Union must be backed up by the implementation of funding that does not imply a rise in the Member States' contribution to the effort made collectively in the defence sphere.

The Member States, even those which traditionally devote a large share of their budgetary effort to defence, will be less and less able to fund alone some of their military and security equipment, nonetheless essential for the affirmation of the European Union internationally. The permanent search for synergies between the Member States, on the one hand, and the competent European institutions, on the other hand, is vital to continue to irrigate the DTIB with funding, without which the European Union could no longer collectively have the necessary equipment to cope with the looming threats (especially in the cyberdefence sphere).

To support the European defence industry in a context of ever greater budgetary contraction, while obliging it to consolidate its offering, some European parliamentarians advocate increasing the EDA's operational budget.

Ten thousand million Euros are awaiting their allocation by the European Commission Enterprise and Industry Directorate-General, for civilian programmes, but France in particular is scarcely paying attention to this, whereas satellite programmes meeting the capability-development needs of the Union, pursuant to the CSDP, could be launched under the supervision of the EDA, executed by the European Space Agency, and co-funded using this same Community funding. There is a worrisome lack of collective awareness that the civilian security market is becoming increasingly important and will certainly be the bigger in the future. Therefore equipment of the Félin type (Félin being the French acronym for the cat-like 'infantry-man with integrated equipment and links') must necessarily allow soldiers to communicate with police officers and civilians!

Then there is the ongoing transformation of NATO which is also tapping the capacities of the Member States. Furthermore, NATO is envisaging an extension of its field of action to the civil-military framework which is precisely already the intervention framework of the EU.

The present economic context bears the seeds of a serious risk of an irreversibly negative evolution of the CSDP if no provision contributes to dynamising its operation in a rational and coordinated manner, thereby minimising its implementation cost. It is

therefore absolutely vital for the Union States to find the ways and means of giving an initial impetus to PSC by ensuring its implementation mechanisms become applicable.

The schedule of rotating presidencies is favourable to this end: the three countries taking over, from Spain, the rotating presidency of the Council of the European Union, Belgium (second half 2010), Hungary (first half 2011) and Poland (second half 2011 and first half 2012³) have agreed on the implementation of new CSDP instruments. In a political analysis document⁴, the three countries give their vision of some new provisions of the LT – especially PSC – while pinpointing the implementation difficulties. The extreme terseness of the presentation of some provisions indeed hinders their common comprehension, and therefore requires prior work of 'convergent reading', with a view to *'using these instruments in the best possible way'*. Among the five provisions found for the future defence Europe, there is PSC⁵ which, according to them, must lead to strengthening the efficacy of the defence effort at European level. By a political document in the first annex to this report, the three Member States specified, on the eve of the Belgian presidency, their joint position on PSC which, we will see, is in tune with our prudent and pragmatic perception of the future of this new instrument.

³ During the rotating Danish presidency of the first half of 2012, Poland will keep control of CSDP issues, because of the opt-out clause granted to Denmark in this field.

⁴ Unofficial paper, jointly drawn up by Belgium, Hungary and Poland. Among the recent contributions on PSC, mention is also to be made of the public report presented in June 2010 to the Western European Union Assembly, and of which we give a summary in annex 2.

⁵ The four other provisions analysed, some of which can be seen as spurring inclusivity, are the aid and mutual assistance clause (Article 42 TEU), the solidarity clause (Article 222 TFEU), the start-up fund (Article 41 TEU), and the 'avant-garde' group (Article 42§5 and 44 TEU).

II – PSC: AN ADAPTED BUT ENGAGING CONTRACTUAL FRAMEWORK, FOR A PRAGMATIC AND DYNAMIC APPROACH TO THE CSDP

21. The LT gives the impression of urging Europeans to spend more for their defence whereas they want money to be better spent by pooling and coordinating their efforts.

The aim of reducing costs by the pooling of means, which is expected by the CSDP and desired by EU countries, appears to contradict the prospect of additional efforts suggested by the TEU with respect to PSC. This apparent contradiction is, in the present context of financial and economic crisis, the first argument put forward to justify strong reservations against PSC.

22. A political and pragmatic approach to PSC allows this apparent contradiction to be surmounted.

The spirit of the Treaty is the progressive construction of a collective defence. Observation of the facts since Saint-Malo confirms and reinforces the inclusive nature which PSC must have. It is a credibility requirement for the EU internationally and also a feasibility requirement. What's more, other requirements will be restrictive when related in particular to cooperation programmes in the armaments and equipment field which must, in the PSC framework, be implemented with a concern for economic efficacy in the European sense and without any counter-concession of the geographic return type. As such these requirements impose variable-geometry cooperations.

The disparate situations of the EU States with regards to defence therefore makes it essential to implement flexible framing that combines inclusivity and restrictiveness. This is precisely what PSC allows through the provisions set forth in Protocol no. 10 devoted to it.

23. The 'development' of the national contribution to the defence effort required of PSC member countries must be understood as an increase in the effort made in favour of the CSDP.

As described in that protocol, PSC sets forth the requirement for each State to 'develop' its national contribution to the defence effort⁶.

There are of course several possible interpretations of this requirement: is it a matter for each State to increase the share of its defence budget with respect to its GDP or its general budget? Or is it rather a matter for each of them, in the framework of their currently observed defence budgets, to increase or secure the share of defence in favour of the CSDP-PSC, by committing to precise objectives?

If we accept to envisage the issue in an open and lucid manner, the latter interpretation is to be adopted, in accordance with the terms of paragraph a) of Article 2 of said protocol. We realise that the implementation of PSC would be greatly facilitated this way.

Is it however a PSC 'on the cheap', as could be objected? No, it is rather a realistic PSC, comprising an 'entry ticket' within the means of European countries. This PSC bears an

⁶ According to the terms of Article 1 of Protocol no. 10.

intrinsic dynamics fed by the operational requirements as regards equipment, interoperability, and the keeping of equipment in good condition, etc...

The integration of a Member State in PSC therefore does not suppose a greater budgetary effort but rather a higher contribution to the CSDP. This interpretation leads to dismissing the definition of collective and imperative criteria in favour of the notion of national effort: the individualised contractual criterion, consented to, accepted, controlled and renewed as time goes by.

24. PSC reconciles the essential inclusivity which European defence must establish and the necessary restrictiveness attached to armaments programmes and industrial cooperation.

PSC is a twin-base mechanism, resting on two cooperation bases – 'force generation' and 'armaments programmes', which implies for each Member State:

- a) Mandatory adherence to the 'force generation base' by the supply of one or several tactical groups and their environment; the tactical groups component may be completed by civilian means adapted to the conduct of EU missions.

When the Member States make military forces available for possible participation in collective actions this is *a priori* within their reach, except perhaps for the smallest of them. Many States already adhere to this within the European framework or that of NATO (21 countries out of 27). Several components of this operational dimension already exist (the tactical groups in particular), but we should head towards an intensification of their use, better coordination of tactical groups among themselves, and compatibility, in intervention theatres, of these military units with the civilian forces also deployed by the EU.

- b) Optional adherence 'where applicable', but recommended, to the 'armaments programme base', which leads to avoiding the spectre of mandatory and unconsented-to industrial cooperations.

The roll-out of equipment programmes concerns above all EU States which have defence industries or research laboratories that can assume the cost. The European Defence Agency, now provided with institutional reality by the LT, must be the kingpin of this provision of the Treaty, yet without this preventing any other form of bi- or multilateral cooperation in the military equipment sphere. Of course EU States that don't have defence industries must have the possibility of cooperating in equipment programmes, especially via their financial contributions. But no binding mechanism of technological or industrial returns must be imposed.

This 'à la carte' approach therefore reconciles:

- The inclusivity requirement by, in practice, allowing all EU States to be PSC applicants by contributing, alone or in cooperation, a tactical group, while most Member States already have some on account of EU or NATO tactical groups;
- The necessary restrictiveness for all questions concerning armaments programmes and industrial cooperations related to them.

Practically, PSC bears the seeds of a specialisation approach at European level.

25. Open to all European Member States who commit to respect its operating mode, PSC is not an 'excluding' structure.

- PSC does not compete with NATO, an organisation with an exclusively military purpose, unlike PSC which aims at giving the EU the capacities to fill all the missions it has set itself in the security and defence spheres ('Petersberg missions'), which covers a range of capacities far broader than NATO's in the present state of its strategic concept. In this respect, the aptitude for humanitarian missions, and also an effective and therefore credible civil-military component, must be a major focus of PSC. With this in mind, and in order to strengthen complementarity with NATO, the European Union must arm a civil-military headquarters, the buildings of which already exist, but which remains to be equipped with all the competences to conduct EU civil-military operations with a fast reaction. The interoperability of the forces engaged by virtue of PSC must be ensured, first technically, and then operationally, by means of regular training and possibly by making use of NATO's training infrastructures, largely under-employed. The implementation of PSC must not lead to duplicating organs existing in NATO.

- It does not at all exclude bi- or multilateral cooperations in the armaments programmes sphere, within the framework of or outside the European institutions.

- It does not encroach on national defence policies. Contributing to such a collective instrument in no way implies a loss of autonomy for the Member States participating in it.

- It does not interfere in the export field.

- It does not imply mandatory participation in operations conducted by the EU, but in order to preserve the credibility of the operational capabilities of PSC, it must be properly understood that the States assert their free will on adhering to the 'force generation' base by which they make a virtual assignment of contingents to PSC.

- PSC does not compete with and does not eliminate any of the organisms existing in the EU. PSC is not mandated to decide on or direct operations. It fits into a capability-development approach providing the EU with the means of its policy.

26. Belonging to PSC would imply for each State the conclusion of a 'national PSC commitment' which would act as an entry criterion and then subsequently as an 'objective' contract for each stage of PSC.

Abandonment of the budgetary criterion notion in favour of that of an 'individualised contractual criterion' implies the existence of a 'level' mandated to examine the admissibility of the proposal made by each Member State and control the reality of its commitment.

Protocol no. 10 entrusts to the European Defence Agency (EDA) the responsibility of controlling (annually) the reality of equipment programme commitments. The EDA therefore sees its institutional legitimacy strengthened by this role of 'permanent secretary' of the 'armaments programmes base'.

In an equivalent manner, referring to the 'force generation base', it is clear that only the European Union Military Staff (EUMS) is able to appreciate the operational quality and employability of the tactical groups made available by the Member States as well as their logistics environment.

27. PSC governance would include:

- a) An initial phase consisting in gaining a sense of perspective regarding: 1) Petersberg missions, 2) The review of existing capabilities and 3) Major capability-development shortfalls, to deduce from them a first PSC stage and the nature of the 'national PSC commitment' of each applicant State;
- b) A mode of governance by successive objectives contracts allowing progress to be made in the European Union's level of capabilities along with the evolution of 'approved objectives' (*per se* re-assessable);
- c) Political steering and control over the implementation of PSC by the PSC Council of Ministers, based on the politico-military and diplomatic competences of the Political and Security Committee and of the EUMC, as well as on the respective technical and operational competences of the EDA and EUMS.

PSC represents a roadmap for progress. It must therefore be devised as a succession of stages of which the Member States will determine the magnitudes and rhythm depending on the capability-development objectives they set collectively.

The first PSC launch stage presents major interest because it 'triggers' motion. It is essential that it allow the greatest number of States to join PSC. Later, PSC member countries will trace the prospects of their evolution.

That's why pragmatism and realism command that we start from the present situation of each State. Each State shall commit, before its peers, by an individualised contract, to reach, in the time-frame in question, the objective set by common agreement with the EU in the PSC approach.

PSC is a new way forward based on the following principles:

- Inclusivity: the CSDP is and must be a collective approach;
- Efficacy of expenditure: States must be able to spend better thanks to the progressive pooling of their defence and, in actual fact, therefore contain their expenditure;
- Restrictiveness: the States decide freely on their equipment programmes cooperations.

PSC governance could be a matter for the defence Council of Ministers, in Council format, of which the creation is envisaged, presided by the High Representative who is moreover Vice-President of the European Commission, and which seems adapted to taking decisions concerning the executive aspects of PSC. These decisions could be prepared by the EU Military Committee (EUMC), on the basis of information consolidated at the level of the two standing secretariats of the two bases - 'force generation' and 'armaments programmes', the EUMS and the EDA.

Referring to aspects that are not exclusively a matter for the executive component of PSC (establishment of military programming Acts, establishment of the elements of national and European budgets on public investments pertaining to security and defence equipment programmes, democratic control over PSC...), an appropriate mode of governance remains to be established involving in particular the European Parliament and national parliaments and compensating for the shortfalls observed to date in this respect (non-compliance with contracted commitments, difficulties to fund programmes carried out in cooperation, etc.).

The 'individualised contractual criterion' notion is essential for implementation of PSC. This amounts to laying down the principle that access to PSC is not subjected to the taking into account of a level of national budgetary expenditure imposed by the PSC Member States or by the Community bodies but to the taking into account of a level of national effort made in favour of the CSDP and approved collectively at Union level.

It is a matter here of contractualising the commitment of each Member State to meet, each for its own part, a common European objective approved collectively at Union level. The expected gains will result here from better implementation, through the contractualisation channel, of the subsidiarity and proportionality principles in the fields covered by PSC. Better still, this contractualisation can be enhanced by a component mobilising a European funding mechanism that can provide, where applicable, additional financial resources allowing it to be guaranteed that the beneficiary State shall respect its contractualised objective. The use of an additionality principle adapted to the specific context of PSC would then assure the success of such individualised contractualisation, on account of its twin, encouraging and binding, nature.

Implementation of PSC also requires the establishment of a financial, economic, social and territorial environment ready to take into account the expected effects of the innovations, restructurings, consolidations, and rationalisations that are the subject of PSC.

28. Community funding prospects for PSC.

Even if the intrinsic inclusivity of PSC allows for a contractualised 'à la carte' contribution in its implementation, it affords the political advantage of envisaging the funding of certain programmes, aimed at providing the EU with the necessary capabilities, with community funds (additional or main). EU funding of the activities developed under PSC is a highly complex issue. This European funding can assume three forms: budgetary, non budgetary and public-private partnership (see annex 3).

It should be recalled that contrary to ideas widely held in European institutions and capitals, nothing in the LT bans the contribution of funds from the EU general budget to finance activities or programmes for the development of equipment, goods, services or technologies that can be used in the defence sphere.

Nevertheless, as a political precaution, at least in a first stage, it is recommended to limit this type of contribution to programmes and activities aimed at the development of equipment, goods, services and technologies of dual use and/or for use in the civil-military framework.

In this respect, it should be noted here that the LT also provides for the establishment of a European capabilities and armaments policy (ECAP), yet without it being defined in the body of the treaty (and, even more so, without it being the subject of an additional protocol which would give it greater visibility). Article 42 paragraph 3 of the TEU indeed mentions the participation of the European Defence Agency in the definition of such a policy (cf. box). However there are no details as to this new policy in terms of aims, objectives, and the institutions involved in defining and implementing it. In particular, the relationship between the ECAP and PSC is not explained.

Article 42 paragraph 3

Member States shall make civilian and military capabilities available to the Union for the implementation of the common security and defence policy, to contribute to the objectives defined by the Council. Those Member States which together establish multinational forces may also make them available to the common security and defence policy.

Member States shall undertake progressively to improve their military capabilities. The Agency in the field of defence capabilities development, research, acquisition and armaments (hereinafter referred to as 'the European Defence Agency') shall identify operational requirements, shall promote measures to satisfy those requirements, shall contribute to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, shall participate in defining a European capabilities and armaments policy, and shall assist the Council in evaluating the improvement of military capabilities.

According to the present terms of the treaty, there is no problem for the ECAP to be developed outside the CFSP field, as it could concern activities covering a far broader range than the strict CFSP perimeter. Far beyond the sole defence stakes, the ECAP would thus crystallise within the European Union a debate which has not managed to emerge between the traditional players of the diplomatic-military sphere on the appreciation of the global risks and threats affecting the Union's capacity to accomplish the crisis management and security missions it sets itself and also its capacity to consolidate the strategic autonomy of its technological and industrial base essential for

its major strategic objectives. Conducted at the Union level, this global approach could lead in particular to a 'European white paper', then to a 'European military programming Act'.

The ECAP could be introduced in particular on the basis of Article 352 of the Treaty on the functioning of the European Union⁷, if the competent Union institutions were to decide so. The Union and its Member States would then have a political framework propitious to the creation of the financial, economic, social and territorial environment required by the implementation of PSC, and also ensuring full overall coherence of the programming initiatives (programming Acts, European programmes, etc.) and contractual initiatives of a capability-development or 'armaments' dimension adopted under PSC. As we have seen, the objective of PSC is indeed to achieve military and civil-military capabilities for comparable national budgets, none of the States being individually obliged to increase the share of its budget devoted to defence. A second funding channel, to be explored at the same time, would consist in allocating Community resources (public and private) to a policy – the ECAP – identified as having also to contribute to strengthening European Union civil-military capabilities within PSC.

This new Community policy would then mobilise new players, especially the European Commission. By becoming a stakeholder in the EU military capabilities development process, the Commission would progressively familiarise itself with its new field of intervention, bearing in mind that it already participates in mechanisms allowing the launch and funding of dual purpose and/or security programmes (refer to annex 3 for a macroscopic approach to the envisageable financial mechanisms).

If the ECAP were to make its début, it would naturally share a common destiny with PSC as the very definition of the ECAP is in tune with the pursuit of PSC objectives and the organisation of PSC actions, the EDA intervening explicitly in the LT in the two processes of the global development of the EU's capabilities and armaments: PSC and the ECAP. Upstream in the process, the EDA would participate, alongside other players to be identified, in the definition and operational implementation of the ECAP and, downstream, it is also the European organ tasked with verifying the concordance between the announced commitments and the effective commitments of PSC Member States.

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It should be recalled that this type of imprecision or legal vacuum regarding the provisions set forth by the TEU does not form a major obstacle insofar as the general framework of these provisions has been laid down. In this case, indeed, the TEU has, in what it is agreed to call the flexibility clause (Article 352 TFEU), made provision for the European Council to rule on the necessary adjustments or clarifications to meet the Treaty objectives. But this flexibility clause does not apply to the CFSP framework.

III – PSC ADDED VALUE

31. PSC offers above all considerable political added value with respect to what exists institutionally. With this new organisation, the EU will present to the world a renewed image of cohesion, coherence, credibility and efficacy in the organisation of its CFSP.

The pace of the deepening of European political integration in the defence sphere and also regarding the reforms required nationally in this field have not led to the expected results either in terms of the effective operability of the ESDP/CSDP and economies of scale (especially at budget level) or the consolidation of the European technological and industrial base essential for CSDP operability and the strategic autonomy of the Union in the defence sphere.

Consequently, this structuring instrument (PSC constitutes a *de facto* convergence framework in the political, strategic, budgetary and structural fields), with binding consequences both for the Union and for the States participating in PSC on a voluntary basis, appeared to the drafters and signatories of the Treaties as being the only one that can intensify and simultaneously redynamise the integration, convergences and reforms processes in a field as demanding as that of defence.

Also, if the Member States participating in PSC decided to form a group of Member States in the sense of Article 44 for the purpose of being entrusted with the conduct of a mission for the EU, then PSC would in fact fulfil an operational function.

The EMU (Economic and Monetary Union) experience of permanent structured cooperation – which does not bear its name – has sufficed to convince all the heads of State and of government to use this type of macro-structural instrument to allow their States and the Union to advance their reforms at a speed more in keeping with strategic and budgetary requirements.

The creation of the European Defence Agency, and its inclusion in the treaty, let it be hoped that a dynamics will emerge, genuinely propitious to the development of the instrumental component of the Union's political pillar.

Unfortunately, the propensity of the Member States to fail to keep their contracted commitments either outside the Union (as for instance in the multilateral framework attached to the Letter of intention aimed at establishing the conditions for a strong public accompaniment of restructurings in the armaments field) or in the Union framework (whether *vis-à-vis* the Stability and Growth Pact, the Lisbon Strategy, or, referring to ESDP/CSDP, the capabilities development mechanism), has not allowed it to reach as such all the objectives that had been assigned to it. This has therefore participated in further undermining the credibility of the commitments to cooperate, even in a legally binding form, which the States enter into here or there.

Will PSC escape this fate?

The question of inclusivity (must PSC make room for all the Union States or only some of them?) continues to give rise to hesitations, even if we have seen that the idea of involving all 27 Member States in PSC meets with almost general agreement.

Internationally, what would indeed be the political credibility of a Europe leaving the defence of its vital interests to a few of its Member States? Who would decide in the event of an external intervention, the twenty-seven or else the few PSC Member States?

By contrast, can it reasonably be claimed that twenty-seven countries can together devise and carry out industrial programmes for armaments or security equipment? There is no shortage of examples illustrating the futility of such a proposition.

PSC must therefore allow such contradictions to be managed, which implies organisation based on flexible and extremely adaptable mechanisms. Most fortunately, the text of Protocol no. 10 appended to the LT, which explains the nature of the commitments made by the States participating in PSC, is sufficiently flexible to meet the indisputable difficulties of application.

32. PSC forms a consolidation factor for the European External Action Service (EEAS).

By the permanent secretariat role which two bodies involved in the CFSP, the EUMS and the EDA, will have to play on behalf of PSC, in close cooperation with the Political and Security Committee and the EUMC, the launch of PSC will serve to spur the setting in place of an effective EEAS, including in the CSDP field.

33. PSC is an asset for the EUMC and the EUMS which will be able to base themselves on identified capabilities with a controlled operational value.

34. PSC is an asset both for the EDA and for the European DTIB because the adherence of the States to a joint military approach cannot but encourage them to equip themselves later with armaments, equipment and technologies devised by Europeans.

PSC must contribute to the emergence of the 'European Defence Equipment Market' referred to by the European Commission in its communication of 2007 entitled 'Strategy for a stronger and more competitive European defence industry'.

35. PSC is a framework to clarify the rules of the game regarding industrial cooperation on equipment programmes.

The States are free to cooperate to the best of their possibilities to reach the objectives they collectively set themselves. They are however encouraged to pool their efforts by participating in the main armaments programmes. PSC does not challenge Article 346 of the Treaty on the functioning of the European Union (former Article 296 of the Treaty establishing the European Community). PSC, in relation with the EDA, must contribute to regulating the offset requirements in the internal market denounced by the European Commission.

36. PSC has an affirmed civil-military dimension in accordance with the orientations which the EU has already transcribed in its external action.

The civil-military dimension is inherent in Petersberg missions. This is a specific characteristic distinguishing the CSDP from NATO. PSC must strengthen this dimension by favouring the development of capabilities necessary for fast, targeted, coordinated and adjustable interventions.

37. PSC forms a framework propitious to the mobilisation of Community resources of a public and private nature.

The role of PSC in developing the Union's external action capabilities can allow it to be hoped that, in a certain number of sectors, Community resources of a public nature (general budget of the EU) and private nature (European Investment Bank - EIB, etc.) will be mobilised. The humanitarian and civil-military sector requires communication means, air transport or helitransport means, and theatre logistics means, today lacking. Cannot it be imagined that the Community budget will participate in the production of the equipment necessary for the efficacy of the action decided by the EU itself? Similarly, the 'capabilities development plan' elaborated jointly by the EUMS and the EDA has highlighted capability-development shortfalls in sectors where duality cannot be disputed: communication, surveillance of maritime areas, logistic transport, health equipment and facilities, etc. The duality of equipment could also facilitate the use of public Community resources. Such a prospect obviously only has meaning if PSC is of a nature as inclusive as possible.

38. A few proposals to make PSC more attractive for the Member States.

In conclusion to this survey of what forms the added value of PSC with respect to mechanisms already in place, it should simply be observed that PSC must present indisputable attractiveness to EU States so that the dynamics which it bears *per se* are triggered.

Apart from the obvious interest it presents for the European Union of displaying 'a presence' internationally, PSC must be part of a 'win-win' relationship with the EU States and especially those which still have a credible defence today.

What proposals can be made that have a strong incentive nature for the Member States?

- a) Pooling, whenever possible, of the processes for keeping equipment in operational condition.
- b) Networking of the training structures of armed forces personnel.
- c) Greater integration of certain zone control and surveillance missions.
- d) Contribution of the Community budget to funding certain civil-military actions in which PSC Member States would be called on to participate.
- e) Contribution of the European budget to the production, standardisation and certification of equipment devoted to security missions implemented in the PSC framework.

- f) Coverage by the European budget of equipment specifically devoted to civil-military operations (helicopters, projectable health equipment, population rescue materiel, etc....) and which could also be used for the civil intervention force which the Barnier report recommends setting in place.
- g) Definition and execution, through the EDA, of joint force equipment programmes.
- h) Use of innovatory funding mechanisms already tried out in other strategic sectors (space sector in particular).

IV- OPERATIONAL CONCLUSION

The Lisbon Treaty, ratified by the 27 Member States of the EU, must now enter into force by implementing the planned provisions. The legal frameworks exist, the definition frameworks also, the bodies participating in or accompanying the implementation already function, and the increasingly tense economic context is a lever encouraging the rationalisation of expenditure efforts out of necessity. Everything is therefore a matter of political determination.

But this implementation cannot be a failure. It must pass through an intermediary 'gearing up' phase to allow the European States to take possession of the instrument, develop PSC governance procedures, and also to specify the nature of the relationship between PSC and NATO, it being recalled that the LT lays down the fundamental principle of compatibility between the two entities.

With this in mind, we feel the need for a phasing period integrating a short period of time for analysis and definition prior to the official launch of PSC. For optimal efficacy, we recommend that each of the 27 Member States should designate a 'Mr PSC' in charge of:

- In a first stage, identifying with his interlocutors the contours of the contract which the Member State he represents commits to respect in the PSC framework. This stage can and must be immediate, so as to be in phase on the one hand with the ongoing debates at NATO and on the other hand with the defence-related adjustments which the Member States (especially those devoting a significant share of their budget to them) will be forced to make in the coming months under the pressure of their political and financial agendas.
- In a second stage stemming quite logically from the previous one, preparing, at the level of EU defence ministers, the common declaration of the Member States enshrining their participation in PSC and thus contractualising their commitment before their peers.
- In a third stage, once PSC has been launched and to accompany the structuring of its permanent operation of which follow-up could at a future date be entrusted to the European Union Military Committee (EUMC), ensuring the best possible coordination between national and European players, including the obtaining of new Community fundings, if possible as early as the elaboration phase of the next 2014-2020 pluriannual budgetary framework, so that permanent structured cooperation becomes a long-term melting pot for European cooperation in fields of strategic importance and a political success for the Member States.