



C/2023/994

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COUNCIL RECOMMENDATION

of 13 November 2023

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

(C/2023/994)

THE COUNCIL OF THE EUROPEAN UNION,

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

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

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

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

Whereas:

- (1) Article 4(2)(d) of Decision (CFSP) 2017/2315 provides that the Council is to adopt decisions and recommendations on assessing the contributions of participating Member States (pMS) to fulfil the agreed commitments, according to the mechanism described in Article 6 of that Decision.
- (2) Article 6(3) of Decision (CFSP) 2017/2315 provides that, on the basis of the annual report on PESCO presented by the High Representative of the Union for Foreign Affairs and Security Policy (the 'High Representative'), the Council is to review once a year whether the pMS continue to fulfil the more binding commitments referred to in Article 3 of that Decision.
- (3) Appendix 1 to the Annex to the Council conclusions of 20 November 2020 on the PESCO Strategic Review 2020 specifies that the High Representative is to present the annual report on PESCO implementation by July of each year, with a view to the Council adopting its recommendation assessing the progress made by the pMS to fulfil the commitments undertaken in the framework of PESCO by November of that year. Paragraph 16 of the Council Recommendation of 6 March 2018 concerning a roadmap for the implementation of PESCO ⁽²⁾ provides that the Military Committee of the European Union (EUMC) should provide the Political and Security Committee with military advice and recommendations to enable it to prepare the Council's review on whether the pMS continue to fulfil the more binding commitments.
- (4) Paragraph 26 of the Council Recommendation of 16 November 2021 concerning the sequencing of the fulfilment of the more binding commitments undertaken in the framework of PESCO and specifying more precise objectives, and repealing the Recommendation of 15 October 2018 ⁽³⁾ (the 'Recommendation of 16 November 2021'), provides that the pMS will review and update their national implementation plans (NIPs) accordingly and communicate them to the PESCO secretariat by 10 March 2022, and annually thereafter by the same date in accordance with Article 3(2) of Decision (CFSP) 2017/2315, in view of the assessment process set out in Article 6(3) of that Decision. Every other year, the NIPs should be accompanied by a high-level political statement in which the pMS could outline main achievements, state specific national priorities and share their experience in terms of planning and contributions to the fulfilment of all more binding commitments.

⁽¹⁾ OJ L 331, 14.12.2017, p. 57.

⁽²⁾ OJ C 88, 8.3.2018, p. 1.

⁽³⁾ OJ C 464, 17.11.2021, p. 1.

- (5) Paragraph 28 of the Recommendation of 16 November 2021 provides that the High Representative should take into account that Recommendation in the annual report on PESCO from 2022 onwards, which will support the assessment of the fulfilment of the more binding commitments by each pMS.
- (6) On 21 March 2022, the Council adopted the Strategic Compass for Security and Defence, and on 20 March 2023 the High Representative submitted his Annual Report on the Strategic Compass Implementation, in which he called for Member States' continued and solid political engagement for PESCO to deliver on its objectives and to support the implementation of the Strategic Compass.
- (7) On 23 May 2023, the Council adopted Decision (CFSP) 2023/1015 ⁽⁴⁾, confirming the participation of Denmark in PESCO, and amending Decision (CFSP) 2017/2315 establishing permanent structured cooperation (PESCO) and determining the list of participating Member States.
- (8) On 25 July 2023, the High Representative provided the Council with his Annual Report on the status of PESCO implementation (the 'Annual Report'), including on the fulfilment by each pMS of its commitments, in accordance with its updated and reviewed NIP.
- (9) On that basis, the Council should therefore adopt a Recommendation assessing the progress made by the pMS to fulfil commitments undertaken in the framework of PESCO,

HAS ADOPTED THIS RECOMMENDATION:

I. Objective and scope

1. The objective of this Recommendation is to assess the contributions made by the pMS to fulfil the 20 more binding commitments undertaken in the framework of PESCO. The assessment is based on the Annual Report provided by the High Representative on 25 July 2023 and on the NIPs presented by the pMS in 2023.

II. Findings and recommendations

2. On the basis of the Annual Report, the Council underlines that the pMS have stepped up their efforts towards the fulfilment of the more binding commitments, including through the PESCO projects which demonstrate progress in all relevant domains. Furthermore, the Council notes that this year's Annual Report reflects the first implications of Russia's ongoing war of aggression against Ukraine for the pMS' security and defence policies and projects. This is illustrated by initial changes in pMS' existing plans to secure capabilities required for high intensity warfare, including strategic enablers, their intention to adjust national defence industrial policies and strategies, and in their enhanced cooperation to facilitate cross-border military transport in Europe, including host nation support. In the current geopolitical context, PESCO is a key framework for defence cooperation and for enhancing pMS' defence capabilities that is flexible and adaptable, while remaining Member State-driven. The Council welcomes the participation of Denmark as the twenty-sixth Member State, which is a clear sign of PESCO's continued relevance. A stronger and more capable Union in security and defence will contribute positively to global and transatlantic security and is complementary to NATO, which remains the foundation of collective defence for its members.
3. The PESCO framework is also demonstrating its value in addressing the new security challenges. The pMS' enhanced contributions to the fulfilment of the PESCO commitments have begun to reflect the implications of the profoundly altered security environment across all five areas: spending, planning, operational dimension, addressing capability shortfalls, and strengthening the European Defence Technological and Industrial Base (EDTIB). While a major shift is not yet evident in the NIPs, the Council notes that the pMS are accommodating initial changes within their existing plans to secure capabilities required for high intensity warfare, including strategic enablers. Several PESCO projects have taken measures to rapidly increase the availability and effectiveness of capabilities at the pMS' disposal in the face of the challenges presented by Russia's ongoing war of aggression against Ukraine. Such projects include countering unmanned aerial systems, medical support, and the protection of maritime critical infrastructure.

⁽⁴⁾ Council Decision (CFSP) 2023/1015 of 23 May 2023 confirming the participation of Denmark in PESCO, and amending Decision (CFSP) 2017/2315 establishing permanent structured cooperation (PESCO) and determining the list of participating Member States (OJ L 136, 24.5.2023, p.73).

Progress in the five commitment areas

4. In the current geopolitical context, the Council welcomes the enhanced cooperation in the PESCO framework and the improvements across all the commitment areas. At the same time, it acknowledges that further progress is needed for the fulfilment of all commitments by the end of the second PESCO initial phase, in 2025.

5. To that effect, the Council underlines that:
 - (a) the pMS have continued increasing their defence expenditure, leading to a 12 % growth in 2023, with further increases forecast for 2024-2025. Moreover, 25 % of the total defence expenditure allocated to defence investment in 2022 was used to accelerate the procurement of needed capabilities and the replenishment of stocks with predominantly off-the-shelf procurement in search of immediate solutions, and also benefitting the EDTIB. Recalling the Versailles agenda and the Strategic Compass, the Council reiterates the need to spend more and better in defence and to improve capability development and planning in the EU in order to better address operational realities and new threats and challenges. At the same time, the Council calls for a combined effort by all the pMS to reverse the decline in defence Research and Technology spending from 1,7 % to 1,1 %, remaining well below the 2 % collective benchmark. Boosting research, technology, development and innovation, as well as acquisition – particularly in a joint manner between the pMS - should remain a priority for the pMS, while striking the right balance between long-term innovation for future capabilities and adequate quantities of military equipment and stockpiles, also with a view to strengthening the EDTIB;
 - (b) the pMS have demonstrated some improvements in the use of the EU capability development tools and initiatives as references in national processes. In this respect, they are encouraged to make full use of the EU prioritisation tools and initiatives, notably the EU Capability Development Plan (CDP) which serves as a central reference for EU capability development, taking into account the Headline Goal Process for capability planning, and for all EU defence-related initiatives and instruments, as well as recommendations of the Coordinated Annual Review on Defence (CARD) to inform national capability planners, thus supporting the pMS' efforts towards making their defence plans converge, where possible. The Council recalls that coherence of output between the CDP and the CARD, on the one hand, and respective NATO processes such as the NATO Defence Planning Process, on the other hand, has been and will continue to be ensured where requirements overlap, while recognising the different nature of the two organisations and their respective responsibilities and memberships;
 - (c) in order to fill the persisting gaps that should be filled urgently, the pMS are encouraged to step up their contributions to the on-going military common security and defence policy (CSDP) missions and operations, and the Comprehensive Database, which is built on EU Battlegroups Roster, the Rapid Response Database and Force Element Lists, and which provides a fundamental element of the EU Rapid Deployment Capacity (EU RDC) architecture, while taking into account the single set of forces principle. Moreover, recalling the Headline Goal Process, the pMS are encouraged to address more specifically strategic capability shortfalls, namely the High Impact Capability Goals . In addition, the pMS should finalise the re-assessment of the scope and definition of the common costs of military CSDP missions and operations, military exercises and the EU RDC with a view to reaching a political agreement in 2023. The work on the definition of the parameters of a fair share of contributions to military missions and operations, as requested in the Recommendation of 16 November 2021, should be finalised as soon as possible;
 - (d) the pMS have not yet sufficiently prioritised a European collaborative approach in addressing capability gaps. While the Council welcomes the fact that the pMS are increasingly exploring EU collaborative options to address urgent needs and increase the availability and effectiveness of defence capabilities, it encourages them to invest more and use the growing defence budgets also to invest in European collaborative solutions to close capability gaps, thus contributing to a more coherent EU defence landscape and to reducing technological and industrial dependencies, when feasible;

- (e) the pMS have continued to use the European Defence Agency (EDA) as the principal European forum for joint capability development, in particular for activities such as harmonisation of requirements and innovation and as a framework for joint procurement. Harmonisation of military requirements as well as the interoperability of armed forces, in terms of both capabilities and operations, remain core objectives in line with the commitments undertaken in PESCO;
 - (f) the pMS have focused on enabling their national industries to take part in cross-border cooperation within the EU, particularly under the European Defence Fund. Some pMS signal the intention to adjust national defence industrial policies and strategies in the context of the changing security environment, including addressing security of supply and reducing strategic dependencies. The Council highlights that the reactivity and resilience of the EDTIB should be bolstered to face high-intensity warfare scenarios and encourages the pMS to take advantage of new initiatives to ramp up EU defence industrial production capacity. The pMS are also invited to continue their involvement in cooperation programmes that have a positive impact on the EDTIB, including by considering those programmes in their acquisition strategies and procedures.
6. The Council further calls on each pMS to take into account the findings and recommendations presented in the Annual Report, and to review and update its contribution to the fulfilment of the more binding commitments.

PESCO projects

7. In May 2023, the fifth wave of PESCO projects was adopted by means of Council Decision (CFSP) 2023/995 ⁽⁹⁾, bringing the number of PESCO projects to 68, contributing to the fulfilment of the 20 more binding commitments. The Council welcomes the new projects that aim at delivering critical capabilities with a more operational focus, enhancing the pMS' ability to address conventional threats, and delivering next generation capabilities, as well as strengthening the protection of critical seabed infrastructure, communications and medical support tailored to the EU RDC.
8. Noting the PESCO Projects Progress Report of 11 July 2023, the Council underlines the adaptability and effectiveness of PESCO as a cooperation framework, with visible progress in PESCO projects across all domains. The Council welcomes the fact that addressing the capability areas highlighted by lessons observed from Russia's ongoing war of aggression against Ukraine is already within the remit of some of the ongoing PESCO projects.
9. The Council furthermore welcomes the fact that PESCO projects are already producing concrete deliverables in areas such as cyber, unmanned systems, military mobility, chemical, biological, radiological and nuclear surveillance, medical services, among others. Some of these capabilities, such as those delivered by the PESCO projects European Medical Command and Cyber Rapid Response Teams, have already been used or activated in support of EU CSDP missions and operations, namely EUMAM Ukraine and EUTM Mozambique, or EU partners, including Ukraine. These positive developments are evidence that PESCO projects constitute a means towards cultivating a collaborative culture.
10. For those projects approaching their completion, having ensured successful deliverables, the PESCO secretariat could facilitate discussions on the use of delivered capabilities and related structures, including possible follow-on projects. The Council also suggests that having reached their objectives, thus establishing permanent and structured cooperation, projects could be closed. The PESCO Secretariat should provide advice on the closure of projects to ensure that the pMS' efforts are focused on projects delivering concrete results.
11. At the same time, the Council notes that some of the projects require special attention or particular scrutiny to deliver tangible results as planned. Where project members identify that projects cannot provide the expected outputs or do not make progress anymore, such projects should be closed.

⁽⁹⁾ Council Decision (CFSP) 2023/995 of 22 May 2023 amending and updating Decision (CFSP) 2018/340 establishing the list of projects to be developed under PESCO (OJ L 135, 23.5.2023, p. 123).

12. To provide an efficient start to cooperation and to ensure quality in the projects' impact on the EU defence landscape, the Council highlights the benefits for the pMS to present mature project proposals, clearly identifying concepts, timelines, objectives, and programmes of work. With a view to future waves of PESCO projects, the Council underlines the necessity for the upcoming projects to be strategically relevant, in line with the Strategic Compass and reflecting the current geopolitical context, as well as connected to the EU Capability Development Priorities. Furthermore, the projects should take advantage of the collaborative opportunities for joint defence capability development identified by CARD. To that end, the pMS are encouraged to consider seeking the PESCO secretariat's support in project implementation, as well as in generating project proposals as appropriate, taking advantage of the EDA's and the European Union Military Staff's expertise.
13. When requested by pMS, the PESCO secretariat could propose and facilitate meetings between groups of PESCO projects with identified synergies and commonalities in order to promote cooperation and increase their impact and efficiency, save resources, and prevent unnecessary duplication. Moreover, pMS, with PESCO secretariat's support as appropriate, should continue enhancing strategic communication around the projects and their value for EU security and defence. In addition, the coordinating MS are encouraged to provide information on progress, including to the EUMC, when their project reaches major milestones and objectives.
14. The Council recalls that third States that meet the general conditions could exceptionally be invited to participate in individual PESCO projects, in accordance with the invitation procedure provided for in Council Decision (CFSP) 2020/1639 ⁽⁶⁾. It notes the interest of several EU partners to join PESCO projects. In this regard, the Council welcomes the future participation of Canada in a second PESCO project, namely Network of Logistic Hubs in Europe and support to Operations, as provided for in Council Decision (CFSP) 2023/385 ⁽⁷⁾. It also looks forward to the future participation of the United Kingdom in the Military Mobility project, upon the completion of the Administrative Arrangement, as provided for in Council Decision (CFSP) 2022/2244 ⁽⁸⁾.

III. PESCO Strategic Review

15. In the context of the PESCO Strategic Review (PSR), to be conducted by the end of 2025 at the latest, and as stated in the PESCO notification, which also recalls the specific character of the security and defence policy of certain Member States, the Council recalls that the pMS will assess the fulfilment of all PESCO commitments set for the initial phase, and discuss and decide on new commitments, with a view to embarking on a new stage towards European security and defence integration, in line with the Strategic Compass.
16. The PSR presents a major opportunity to shape the future development of PESCO and adapt it to the geopolitical context, while keeping up the ambition. The Council calls on the pMS to use the PSR to strengthen PESCO so that it can better deliver on its full potential. By better supporting the pMS in harmonising their planning and securing the capabilities needed, PESCO can make a significant contribution to the agreed goals and further enhance the coherence with the other EU defence initiatives and activities. Without prejudging the outcome of the PSR, formulating the more binding commitments in a manner that is more specific, measurable, achievable, relevant and time-bound will help pMS in fulfilling them.
17. In this regard, the Council welcomes and agrees with the proposal by the High Representative to launch the PSR this November. The milestones and timelines of the PSR should follow three distinct phases: a reflection phase (November 2023-May 2024) with discussions among the pMS on the scope and depth of the PSR; a decision phase (June-November 2024) resulting in an agreement on the elements of PESCO to be revisited; and an implementation phase (in the course of 2025) to formalise the PSR outcomes by amending, as required, the relevant legal acts. The timely completion of the PSR will make it possible to start the next phase of a reinvigorated and stronger PESCO as of 2026.

⁽⁶⁾ Council Decision (CFSP) 2020/1639 of 5 November 2020 establishing the general conditions under which third States could exceptionally be invited to participate in individual PESCO projects (OJ L 371, 6.11.2020, p. 3).

⁽⁷⁾ Council Decision (CFSP) 2023/385 of 20 February 2023 on the participation of Canada in the PESCO project Network of Logistic Hubs in Europe and Support to Operations (OJ L 53, 21.2.2023, p. 14).

⁽⁸⁾ Council Decision (CFSP) 2022/2244 of 14 November 2022 on the participation of the United Kingdom of Great Britain and Northern Ireland in the PESCO project Military Mobility (OJ L 294, 15.11.2022, p. 22).

As the proposed calendar is initial, pending the results of the reflection phase, it may be adjusted accordingly. A more specific agenda and supporting documents will be provided in due time. The implementation could start earlier, if pMS so agree and where possible.

IV. Way forward

18. The pMS should make further progress in the implementation of the 20 more binding commitments, with a view to fulfilling all of them by 2025, and the related projects, taking into account this Recommendation. The Council underlines that the projects should assist the pMS in fulfilling the more binding commitments.
19. The Council further highlights the necessity to focus the NIPs on strategic and policy aspects. This will help PESCO to also contribute to the objectives agreed in the Strategic Compass. To that end, the pMS are invited to update their NIPs and present them to the PESCO secretariat by 10 March 2024. In doing so, the Council underlines the need to better reflect pMS' defence policies, future-oriented planning, and objectives so as to clearly outline their political intent and vision to implement the commitments. The pMS are also encouraged to continue using the digital platform of EDA, namely the EU Collaboration in Defence, to submit their NIPs as it has become the pMS' preferred means of updating the NIPs.
20. In 2024, all pMS should accompany their NIPs with a high-level political statement, outlining main achievements and stating national priorities. This will further ensure the necessary political ownership and support discussions at political level, including on the future of PESCO beyond its current phase in the context of the upcoming PSR.
21. Noting that PESCO provides a framework for closer cooperation among the pMS in both commitments and projects, the Council encourages the pMS to use it more and better alongside and consistently with the other defence-related initiatives and processes, notably the CDP, CARD and the European Defence Fund. Furthermore, they are also invited, taking the Strategic Compass into account, to take forward, within the PESCO framework where possible, potential new opportunities in relation to joint procurement, in full consistency with the EDA programmes and with Regulation (EU) 2023/2418 of the European Parliament and of the Council ⁽⁹⁾ on establishing an instrument for the reinforcement of the European defence industry through common procurement, and the ramping-up of the EDTIB production capacity, in full consistency with Regulation (EU) 2023/1525 of the European Parliament and of the Council ⁽¹⁰⁾ on supporting ammunition production.
22. The Council is committed to the coherence of the EU defence initiatives and considers PESCO to be a central part of it, including with a view to any forthcoming defence-related Union policies and instruments. The Council thus recalls the need to determine the nature and extent of the synergies that could be developed between PESCO and future instruments designed to reinforce the EDTIB.
23. In light of the geopolitical context and new efforts in EU defence, ensuring political momentum and enhanced pMS' ownership is essential for PESCO to remain a truly strategic initiative. Regular high-level political discussions between the pMS and the High Representative, also in his capacity as Vice-President of the Commission and Head of the EDA, including in respective Council preparatory bodies, notably the Political and Security Committee, the EUMC, and the Politico-Military Group and in other relevant formats, should continue. The Council also invites the PESCO secretariat to continue its role in support of pMS, across the actions identified in this Recommendation, including through regular meetings with pMS representatives.

⁽⁹⁾ Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L 2023/2418, 26.10.2023, ELI: <http://data.europa.eu/eli/reg/2023/2418/oj>).

⁽¹⁰⁾ Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023, p. 7).

Done at Brussels, 13 November 2023.

For the Council
The President
J. BORRELL FONTELLES
