

I

(Resolutions, recommendations and opinions)

RECOMMENDATIONS

COUNCIL

COUNCIL RECOMMENDATION

of 16 November 2021

concerning the sequencing of the fulfilment of the more binding commitments undertaken in the framework of permanent structured cooperation (PESCO) and specifying more precise objectives, and repealing the Recommendation of 15 October 2018

(2021/C 464/01)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on European Union, and 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, annexed 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), point (b), of Decision (CFSP) 2017/2315 provides that the Council is to adopt decisions and recommendations on sequencing the fulfilment of the more binding commitments set out in the Annex to that Decision in the course of the two consecutive initial phases (the years 2018–2020 and 2021–2025) and specifying at the beginning of each phase the more precise objectives for the fulfilment of the more binding commitments.
- (2) On 15 October 2018, the Council adopted a Recommendation (the ‘Recommendation of 15 October 2018’) concerning the sequencing of the fulfilment of the more binding commitments undertaken in the framework of PESCO and specifying more precise objectives ⁽²⁾ for the phases 2018–2020 and 2021–2025.

In accordance with paragraphs 4 and 27 of the Recommendation of 15 October 2018, the Council should adopt a second set of more precise objectives for the phase 2021–2025. As specified in the Council Conclusions of 20 November 2020 on the PESCO Strategic Review (PSR) 2020, the Council should review that Recommendation at the beginning of the next phase in 2021 with a view to setting the objectives and concrete deliverables for the next PESCO phase 2021–2025 in line with the PSR.

⁽¹⁾ OJ L 331, 14.12.2017, p. 57.

⁽²⁾ OJ C 374, 16.10.2018, p. 1.

- (3) In the light of the Conclusions of 20 November 2020, the Coordinated Annual Review on Defence (CARD) findings and recommendations should be used to inform the objectives and concrete deliverables for the next PESCO phase (2021-2025).
- (4) In accordance with Council Decision (CFSP) 2020/1639 ⁽³⁾, a third State may exceptionally be invited to participate in a PESCO project, and provide a substantial added value to the project and contribute to the strengthening of PESCO and the Common Security and Defence Policy (CSDP) and meeting more binding commitments.
- (5) The Council should therefore adopt another recommendation and repeal the Recommendation of 15 October 2018,

HAS ADOPTED THIS RECOMMENDATION:

I. Objective and scope

1. In the light of the Council Conclusions of 20 November 2020 on the PSR, the overall aim for the second initial phase until 2025 will be to fulfil the more binding commitments which participating Member States made to one another, including by working towards a coherent full-spectrum force package, in line with the PESCO notification ⁽⁴⁾, that contributes to the fulfilment of the EU Level of Ambition. Such a coherent full-spectrum force package should be further elaborated by Member States in the context of the Strategic Compass. ⁽⁵⁾
2. The objective of this Recommendation is to ensure a common approach and to enable the participating Member States to fulfil the more binding commitments set out in the Annex to Decision (CFSP) 2017/2315. It is to facilitate the annual assessment process set out in Article 6 of that Decision, based on a complete set of relevant data including roadmaps. In order to assist participating Member States in planning to fulfil the more binding commitments and facilitating the assessment of the progress of PESCO in the report of the High Representative of the Union for Foreign Affairs and Security Policy (the 'High Representative'), this Recommendation includes intermediate objectives, milestones, with related progress indicators, including for operational commitments in order to provide a fair share to the respective force generation for CSDP missions and operations, within Member States' means and capabilities. Those data should be provided annually by the participating Member States in their national implementation plans (NIPs), reviewed and updated, as appropriate, in accordance with Article 3(2) of that Decision. The security rules set out in Council Decision 2013/488/EU ⁽⁶⁾ should also be applied to the NIPs and other relevant documents based on the information contained therein. The participating Member States should, supported by the PESCO secretariat, ensure transparency among all participating Member States and further develop coherence and consistency in relation to the information required and provided in the context of PESCO and other defence-related initiatives, including CARD. Coherence between various defence-related initiatives should be further developed and strengthened, including as regards Member States' reporting, in order to alleviate the administrative burden and improve the quality of the NIPs. That work should take into account the lessons identified at the end of the first PESCO initial phase (2018–2020), in particular through the related strategic review process.
3. In accordance with the commitments set out in the Annex to Decision (CFSP) 2017/2315, and without altering them or introducing new commitments, this Recommendation provides guidance on the sequencing of the fulfilment of those commitments for the phase 2021–2025, and specifies more precise objectives for each commitment, highlighting that participating Member States should implement those commitments as soon as possible, in particular those which were to be fulfilled by 2020.
4. The more precise objectives referred to in Section II, which also include progress indicators, where applicable, for specific commitments, will enable participating Member States to plan for the fulfilment of the more binding commitments in a structured and transparent manner and to provide detailed and assessable information on progress achieved on the fulfilment of each commitment in their NIPs. Regular exchanges between participating Member States in the relevant Council preparatory bodies, as referred to in the PSR, should be ensured, in particular on the areas in which efforts have to be maintained or enhanced.

⁽³⁾ 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).

⁽⁴⁾ In particular, Annex I-Principles of PESCO.

⁽⁵⁾ As stated in the Council Conclusions on Security and Defence of 17th June 2020, 'building on the threat analysis and other possible thematic input, the Strategic Compass will define policy orientations and specific goals and objectives'.

⁽⁶⁾ Council Decision 2013/488/EU of 23 September 2013 on the security rules for protecting EU classified information (OJ L 274, 15.10.2013, p. 1).

5. The aim is to adapt the existing more precise objectives based on the experience gained from the first initial phase in order to help participating Member States to better achieve concrete deliverables and to facilitate implementation with regard to the fulfilment of the more binding commitments as soon as possible, and by the end of 2025. Particular attention should be given to the areas where improvements are needed, including at project level in line with the Conclusions on the PSR and to ensure continuous progress beyond the two consecutive initial phases (the years 2018-2020 and 2021-2025). At the end of the two consecutive initial phases in 2025, the Council will conduct a strategic review process assessing the fulfilment of the PESCO more binding commitments set out in Decision (CFSP) 2017/2315 by each participating Member State and will update, and enhance if necessary, those commitments in light of achievements made through PESCO, in order to reflect the Union's evolving security environment, its operational needs, as well as Member States' and the Union's capability development priorities. In that context, at the beginning of 2026, following the strategic review process outlined above, the Council should adopt a third set of more precise objectives, updated, and enhanced if necessary, taking into account Article 4(2), point (c) of Decision (CFSP) 2017/2315.

II. Sequencing of the fulfilment of the commitments by specifying more precise objectives

Commitments 1 to 5

6. Commitment 1: Participating Member States should provide in their NIPs precise financial data on the evolution of total defence expenditure compared to the previous year in real terms ⁽⁷⁾, including in absolute figures, demonstrating a plan for a regular increase in spending. In this regard, participating Member States should also provide in their NIPs their nationally agreed spending projections for the coming years. Those participating Member States which are also members of NATO and are spending at or above the relevant NATO guideline on defence expenditure, should provide an indication of their plans to maintain or change that level of defence spending. Within the context of their NIPs, working towards, maintaining or exceeding the current relevant NATO guideline for defence expenditure ⁽⁸⁾ will be considered as demonstrating a positive trend in fulfilling this more binding commitment. On the basis of the information provided in the NIPs, the annual report of the High Representative will also provide a detailed overview of the evolution of the defence spending by participating Member States, in accordance with Article 6(3) of Decision (CFSP) 2017/2315.
7. Commitment 2: Participating Member States should each provide precise financial data in their NIPs on how they intend to contribute to the collective 20 % benchmark ⁽⁹⁾ on defence investment. That information should provide the forecast of increase compared to the previous year in real terms, as a percentage of the total defence budget. The figures provided should comprise investments for defence procurement and research and development (R&D). Those participating Member States which are already spending at or above the level of the (collective) benchmark should provide an indication of their plans to maintain or change that level of spending.
8. Commitment 3: Participating Member States should provide detailed information in their NIPs on how and by which means they seek to increase the number, size and impact of joint and collaborative strategic defence capability projects, also mentioning budgetary figures and the specific projects which benefit or have benefited from Union financial assistance. In this regard, the participating Member States should each provide precise financial data on how they plan to contribute to achieving in real terms the European collaborative equipment procurement collective benchmark – 35 % of total equipment spending – and the European collaborative defence research and technology (R&T) collective benchmark – 20 % of total defence R&T spending. Those participating Member States which are already spending at those levels should provide an indication of their plans to maintain or change those levels of spending.
9. Commitment 4: In order to assist the monitoring of actual year-to-year progress, participating Member States should each clearly provide in their NIPs precise financial data on how they will contribute, with a view to nearing the 2 % of total defence spending (collective benchmark) as a share of total defence expenditure for defence R&T, including expenditure forecasts.

⁽⁷⁾ In accordance with the European Defence Agency (EDA) list of definitions of defence data (EDA201807105).

⁽⁸⁾ The 2 % of GDP, according to the current relevant NATO guideline on defence expenditure, applies solely to those participating Member States which are also members of NATO, and it does not constitute an agreed PESCO objective.

⁽⁹⁾ In November 2007, the EDA Ministerial Steering Board approved four collective benchmarks for investment: 20 % of total defence spending for equipment procurement (including R&D/R&T); 35 % of total equipment spending for European collaborative equipment procurement; 2 % of total defence spending for defence Research and Technology (R&T); 20 % of total defence R&T spending for European collaborative defence R&T.

10. Commitment 5: Participating Member States are encouraged to use their NIPs every year to share their experience in terms of planning and contributing to the fulfilment of the commitments 1 to 4 in light of the more precise objectives set out above. At the end of 2025, a review of those commitments will be conducted, based on the spending data provided in the NIPs, with a view to adapting the indicators and objectives for those commitments as necessary, for endorsement by the Council.

Commitments 6 to 11

11. Commitment 6: By 2025, participating Member States will have progressed in systematically considering and making the best use of the Union's capability development tools and initiatives, such as the Capability Development Plan (CDP) and the CARD, to inform and make their national decision-making, priority-setting and defence planning more coherent, which ensure coherence of output with respective NATO processes, where requirements overlap, while recognising the different nature of the two organisations and their respective responsibilities and memberships. That would entail for the Member States to highlight their substantial role in capability development within the Union including by indicating the preferred areas for the development of collaborative defence capability activities within the Union with a reference to the CARD findings and recommendations. To that effect, participating Member States should indicate in their NIPs how they implement the Union's Capability Development Priorities derived from the CDP, including through national priority-setting, and outline their plans and objectives on the respective priorities to be achieved in the coming years.
12. Commitment 7: Annually, each participating Member State should indicate in their NIPs how they have made the best use of the Union's available tools and processes and how they plan to proceed in this endeavour. This comprises support for the CARD process, including through providing all relevant information requested, conducting CARD bilateral dialogues and sharing the outcomes of the national defence reviews, whenever possible. The participating Member States should include in their NIPs information on how they have implemented and/or plan to use the actionable recommendations provided in the agreed CARD Reports.
13. Commitment 8: On an annual basis, participating Member States will make the best possible use of the European Defence Fund in support of their collaborative capability development projects. In their NIPs, participating Member States should indicate for which EU Capability Development Priorities agreed under the CDP and CARD Focus Areas EU financial assistance has been received, or could be sought in the future and, to the extent possible, the share of national defence investment they have committed or plan to commit to those collaborative projects. In their NIPs, participating Member States should indicate the usability and added value of the EU funding to the national defence capability development efforts. Also, by the end of 2025, participating Member States should indicate their intention to ensure follow-up to the results of both the Preparatory Action on Defence Research (2017–2019), the European Defence Industrial Development Programme (EDIDP) (2019–2020) and the European Defence Fund for collaborative projects with an identified EU added value.
14. Commitment 9: Participating Member States should list the relevant ongoing collaborative capability development projects in line with the CDP in PESCO, as well as in other frameworks, and indicate the planned start and completion of the harmonisation of requirements. The foreseen start of harmonising capability requirements should also be indicated for the planned and intended projects. That should be done for the coming years, in particular focusing on closing capability gaps identified through the CDP and taking CARD into account.
15. Commitment 10: Participating Member States should map in their NIPs those capabilities and facilities that they have planned to make available and provide for joint use by other participating Member States, with specific examples such as training and education, exercises, military bases and logistic support, indicating those which are also available in the case of operations. Participating Member States could also map in their NIPs which capabilities, including infrastructure offered by other participating Member States, could provide a basis for cooperation. The NIPs should indicate how such cooperation could optimise available resources and improve their overall effectiveness, including by providing, when available, information on potential savings. The participating Member States should use the Collaborative Database (CODABA), in particular to support them in sharing information on their relevant defence plans and interests in this respect. Participating Member States should provide regular inputs to it and report accordingly in their NIPs on having done so.

16. Commitment 11: Participating Member States should indicate in their NIPs how they are going to increase cooperation on cyber defence, including through existing initiatives or new collaborative activities. In their NIPs, they should indicate how they plan to maintain or further increase, by 2025, the level of their participation in multinational cyber exercises and their cooperation, including in the framework of EDA and the European Security and Defence College (ESDC). Also, by 2025, participating Member States should indicate how they intend to establish regular cooperation with other participating Member States on cyber defence and related activities, such as information sharing, training and operational support, but also capability development. Information from the NIPs on the cooperation on cyber defence of participating Member States and their contribution to cyber defence and related activities, including capability development, will be included in the High Representative's Annual Report on the Status of PESCO Implementation as an annex.

Commitments 12 to 14

17. Commitment 12: By 2025, participating Member States should:

(a) sub-commitment 12.1:

- contribute to the EU Force Catalogue with all deployable national capabilities that correspond with the requirements of the latest EU Requirements Catalogue towards a coherent EU full-spectrum force package (EU FSFP) in line with the PESCO notification ⁽¹⁰⁾, building on the EU Force Package defined in the Progress Catalogue ⁽¹¹⁾. In accordance with the single set of forces principle, participating Member States' inputs should be in line with the Headline Goal Process (HLGP) instructions and should include all deployable assets (including headquarters and capabilities usable in support of missions and operations). Participating Member States should report these inputs in their NIPs;
- focus on the future availability of capabilities needed for the fulfilment of the High Impact Capability Goals (HICGs), optimising the planned contributions to the EU Force Catalogue for the short and medium term. Emphasis should be given to the fulfilment of all short-term HICGs. Their planning efforts will be measured through the HLGP. Participating Member States should report these planning efforts in their NIPs;

- (b) sub-commitment 12.2: in accordance with the EU Military Rapid Response Concept, complete the Rapid Response Database (RRDB), to enable it to be a useful military planning tool to contribute to the fulfilment of the EU level of ambition. In contributing to the RRDB, and without prejudice to any constitutional requirements with regard to deployment decisions, participating Member States will signal their potential contribution of rapidly deployable formations, capabilities and relevant supporting infrastructure which could be rapidly deployed or utilised in a military CSDP mission or operation in support of the EU level of ambition. To that end, each participating Member State should update in the RRDB the list of its available military formations and capabilities ahead of the annual Military Rapid Response Coordination Conference. That comprises updating or completing the land, maritime and air databases, and includes an indication of the level of readiness for capabilities and forces, where applicable. Without prejudice to classification requirements, that part of the RRDB should be accessible to participating Member States so as to support the ability to make an initial assessment regarding the possibility to launch a military CSDP mission or operation. In this regard, a projection of formations and capabilities based on a requirements analysis which is derived from the illustrative scenarios would allow the participating Member States to contribute to the RRDB in a more accurate way. Participating Member States should reflect their contributions to this database in their NIPs;

- (c) sub-commitment 12.3: have assessed the feasibility of a fast-tracked political commitment at national level, whilst respecting their constitutional requirements, including through a possible review, if not already done, of their national decision-making procedure, with a view to making improvements. If applicable, the exercising of decision-making procedures in rapid-response scenarios through POLEX-type exercises, and relevant findings, should also be reflected in the NIPs;

⁽¹⁰⁾ In particular Annex I - Principles of PESCO.

⁽¹¹⁾ The purpose of the HLGP, and in particular of the Force Catalogue, is to gain a complete understanding of the forces potentially available for CSDP missions and operations and their related capabilities, without any prejudice to or link to force generation processes serving CSDP missions and operations.

(d) sub-commitment 12.4:

- have provided substantial support within their means and capabilities to CSDP military missions and operations aiming at filling the statements of requirement (SORs) and thus complying with the agreed level of ambition for the CSDP missions and operations. To this end, participating Member States are to provide a fair share to force generation, the parameters of which should be defined by them as soon as possible and by the summer of 2022 at the latest;
- these contributions to the CSDP military missions and operations, portrayed in a table, will be included in the High Representative's annual report on PESCO implementation as an annex and should be positively highlighted. Participating Member States should report annually in their NIPs their contributions to fulfilling the SORs for the CSDP military operations and missions, aiming at maintaining or increasing these contributions, thus providing a fair share to the force generation for CSDP missions and operations;
- in this process, participating Member States could refer to their national and international engagements that contribute to European and international peace and security;
- these elements should increase the transparency of participating Member States' efforts, with a view to recognising substantial contributions. They should also be used to encourage and support Member States to increase their contributions, within their means and capabilities, to CSDP missions and operations. For this purpose, recommendations would be provided and the implementation of these recommendations would be regularly reviewed, including at the political level.

(e) sub-commitment 12.5: confirm their substantial and recurring contributions to the EU Battlegroups (EU BGs), in principle at least four years in advance, and prepare and train their contributing forces and capabilities in accordance with the EU BG Concept and the EU BG Preparation Guide. To this end, participating Member States should contribute as soon as possible to filling the EU BG Roster and reflecting their contributions in their NIPs. The contributions of each participating Member State to the EU BG Roster covering a five-year period will be included in the High Representative's annual report on PESCO implementation as an annex;

(f) sub-commitment 12.6: have made a tangible contribution towards the implementation of the EU Action Plan on military mobility and the PESCO projects in that area, subject to national sovereignty, decision-making, laws and regulations, including by taking forward the four measures at national level as agreed in the Council conclusions of 25 June 2018 on security and defence. To this end, as stated in paragraph 18 of those conclusions, participating Member States should develop national plans on military mobility implementation; granting the Cross Border Movement Permission (CBMP) and the Diplomatic Clearance (DIC) within five working days and considering bringing this period down further for rapid reaction units; establish a strong interconnected network of NPOCs including their Terms of Reference (ToRs); and practice military mobility in national and/or multinational exercises, as soon as possible, but no later than 2024. Those participating Member States that have not yet developed national plans for military mobility implementation should do so immediately and provide those national contributions via the common workspace and further reflect them in the NIPs. Participating Member States' efforts in this regard should be included in the High Representative's Annual Report on PESCO implementation as an annex.

18. Commitment 13. In the area of interoperability of forces, participating Member States should:

(a) sub-commitment 13.1:

- use the EU BG Preparation Guide, including the common evaluation and validation criteria for the EU BG force package, which are aligned with NATO standards, while maintaining national certification. In their NIPs, participating Member States should state how they train and certify their forces, for example, by developing an EU BG exercise programme for the preparation phase and by executing a final live exercise (LIVEX) as part of the BG certification package;
- specify in their NIPs how they intend to implement common technical and operational standards to be utilised by forces of all the participating Member States, while acknowledging the need to ensure interoperability and coherence between the Union and NATO and ensuring that appropriate prerequisites for maximum interoperability need to be in place to enable all participating Member States to fulfil their commitments;

- (b) sub-commitment 13.2: indicate in their NIPs their current participation or their efforts to participate, and the intention to enhance, where possible, their participation in and contribution to the European multinational structures, in particular those available to the Union. Contributions of participating Member States to the European multinational structures will be included in the High Representative's annual report on PESCO implementation as an annex.

19. Commitment 14:

- in line with Article 75(1) on the review of Council Decision (CFSP) 2021/509 ⁽¹²⁾ establishing a European Peace Facility,, participating Member States should engage to consider, identify and are encouraged to propose, options and possibilities for the development of an ambitious approach to common funding of military CSDP operations and missions, beyond what is defined as common cost in accordance with Decision (CFSP) 2021/509. In this regard, participating Member States are invited to take stock of the costs for which special funding eligibility has been requested during the year on an ad-hoc basis, and/or costs that could be proposed from a national point of view, as also potentially eligible for common funding. In line with the review clause provided for in Decision (CFSP) 2021/509, whether in the context of the planned triennial reviews of that Decision, or at the request of a Member State, participating Member States are invited to jointly and duly consider these proposals within the EPF Committee to inform the subsequent discussion in the Council on the possible changes to the list of common costs;
- furthermore, participating Member States are also invited to include in their proposals potential additional ways of contributing to the financing of the costs of the CSDP military operations and missions. Participating Member States are encouraged to include in their NIPs their findings regarding both aspects;
- in addition, a more systematic use of the existing financial incentives (e.g. the VAT exemption for ad hoc projects in the EDA) in support of defence cooperation, including for CSDP military missions and operations could be explored.

Commitments 15 to 17

20. Commitment 15: By 2025, participating Member States should have increased the number and volume of their capability development projects, and should also have progressed on their implementation, which contributes to filling those capability gaps identified in the CDP (including in HICGs) and described in the Union's Capability Development Priorities, including in the related Strategic Context Cases (SCC) and by using CARD findings and recommendations, including the collaborative opportunities identified, in particular the Focus Areas. In this context, further attention is required from participating Member States on collaboration in the following areas: countering hybrid threats, climate change, energy security, maritime security, space-related aspects, and emerging and disruptive technologies, including artificial intelligence. Participating Member States should provide their plans for the coming years by describing the number and estimated volume of their collaborative projects in financial terms, and provide information about their national projects which help to overcome capability shortcomings identified under the CDP. Participating Member States should also share their assessment of the importance of those projects for an improved strategic autonomy of the Union and a more integrated, sustainable, innovative and competitive European Defence Technological and Industrial Base (EDTIB), which remains open for cooperation. For those activities which have an industrial or technology dimension, participating Member States should state which type of European industrial sector or technology they plan to strengthen.
21. Commitment 16: Participating Member States should reflect in their NIPs appropriate decisions and steps taken at the national level in order to further consider as a priority a European collaborative approach for future projects to close capability gaps identified at national level. Active use of CODABA, as well as collaborative opportunities identified by CARD and in particular the Focus Areas, could facilitate the fulfilment of that commitment. Participating Member States should list in their NIPs collaborative projects and multinational activities which they envisage will close shortcomings identified at national level, and share plans on how they intend to increase the use of the collaborative approaches in this respect.
22. Commitment 17: As all participating Member States are contributing to one or more PESCO projects, the NIPs should provide information on their overall contribution in resources and expertise over time to PESCO projects and how those projects strategically impact the Union and the participating Member States' defence capability landscape. This could also reflect the roles that participating Member States intend to assume in capability development in a European context.

⁽¹²⁾ Council Decision (CFSP) 2021/509 of 22 March 2021 establishing a European Peace Facility, and repealing Decision (CFSP) 2015/528 (OJ L 102, 24.3.2021, p. 14).

Commitments 18 to 20:

23. Commitment 18: Throughout the PESCO phase 2021-2025, participating Member States should ensure they make the best use of the EDA as the European forum for joint capability development. To that end, the participating Member States should indicate in their NIPs in which projects they participate, and indicate the associated financial volume channelled through the EDA, taking the figures of 2020 as a baseline, keeping a three-year outlook as a minimum standard for every NIP update, and listing the intended activities for the following years, including the capability domains and type of activity planned in accordance with national legislation. Participating Member States are invited to indicate in their NIPs how and in what situations they consider the Organisation for Joint Armament Cooperation (OCCAR) to be the preferred collaborative programme managing organisation, and to provide information on the decisions taken for the selection of another multinational programme managing organisation if appropriate, while having considered OCCAR as an option. This does not prejudice the application of Directive 2009/81/EC of the European Parliament and of the Council ⁽¹³⁾.
24. Commitment 19: Throughout the PESCO phase 2021-2025, participating Member States should demonstrate that their collaborative capability projects, including PESCO projects, contribute to fostering the competitiveness, efficiency and innovation of the defence industry throughout the Union, by supporting and enabling cross border cooperation, including for SMEs, as well as strengthening and improving the security of supply for defence products and technologies. Participating Member States, in line with the Statement of the Members of the European Council of 26 February 2021, would also aim at boosting research, technology development and innovation and reducing European strategic dependencies in critical technologies and value chains, without prejudice to national decision-making procedures.
- (a) The NIPs should specify how an appropriate industrial policy, if in place, guides the development of collaborative capability development projects to avoid unnecessary overlap, with indications on the industrial areas strengthened and those areas in which overlaps were prevented.
- (b) Participating Member States will report on their cooperative programmes benefitting from Union co-funding under the EDIDP and/or EDF in accordance with commitments 3 and 8.
25. Commitment 20:
- (a) Throughout the PESCO phase 2021-2025, participating Member States should demonstrate that their cooperation programmes benefit entities which provide added value on Union territory (e.g. aspects related to generated results and intellectual property rights, technological improvements, and the creation of market opportunities). In accordance with Article 7(5) of Decision (CFSP) 2020/1639, the NIPs should provide indications, as appropriate, of the relevant entities benefitting from cooperative programmes and the related impact on the EDTIB.
- (b) Participating Member States, will, in line with Directive 2009/81/EC, demonstrate that the acquisition strategies they have implemented from 2021 to 2025 have a positive impact on the EDTIB. This could be indicated by listing the absolute volume of the defence investment and the relative share which is allocated to solutions developed and produced within the Union. In particular, NIPs should provide information on capability and technology areas as agreed in the CDP, and acquisition strategy in relation to capability projects that have an industrial dimension.

III. Way forward

26. Following the adoption of this Recommendation, participating Member States will review and update their 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 participating Member States could outline main achievements and state specific national priorities and share their experience in terms of planning and contributions to the fulfilment of all more binding commitments. Regular high-level political discussions between the participating Member States and the High Representative should continue to ensure political momentum.

⁽¹³⁾ Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC (OJ L 216, 20.8.2009, p. 76).

27. Bearing in mind the PESCO notification, which also recalls the specific character of the security and defence policy of certain Member States, and taking into account the outcome of the Strategic Compass, participating Member States, in the context of the strategic review process to be conducted by the end of 2025 at the latest, will assess the fulfilment of all PESCO commitments, 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 outcome of the strategic review process, in the beginning of 2026, the Council should adopt a third set of more precise objectives, updated, and enhanced if necessary, taking into account Article 4(2) point (c) of Decision (CFSP) 2017/2315.
28. The High Representative should take this Recommendation into account in the annual report on PESCO from 2022 onwards, which will support the assessment of the fulfilment of the more binding commitments by each participating Member State.
29. The Recommendation of 15 October 2018 is hereby repealed.

Done at Brussels, 16 November 2021.

For the Council

The President

J. BORRELL FONTELLES
