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# PeSCo

## THE DUTCH PERSPECTIVE

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**T**raditionally, the Netherlands has relied more on *Atlantis* than on *Europa* for its security and defence. American participation is deemed crucial for guaranteeing European security. Therefore, NATO remains the ‘cornerstone’ of the nation’s security policy. Defence cooperation in the European Union, starting at the turn of the century, received lukewarm support. Certainly, the Netherlands contributed to several military CSDP operations, but with limited amounts of military personnel – contrasting heavily with the country’s sizeable participation in NATO’s ISAF operation in Afghanistan. The European Defence Agency was activated during the Netherlands Presidency in the second semester of 2004. The first EDA Ministerial Steering Board was held back-to-back with the EU Informal Defence Ministers meeting in Noordwijk, a seaside resort north of The Hague. In the following years the Dutch participated in a high number of the projects and programmes, but with regard to the Agency’s role and related budget and staff, The Hague was rather cautious. In short, the Netherlands supported CSDP, but not wholeheartedly.

In recent years the Dutch approach to EU defence cooperation has changed. A proactive attitude has replaced the reluctant approach of the past. The main reasons for this change are the deteriorating international security environment and the increasing American pressure on Europe to take more responsibility for its own security. For the Dutch government, it is no longer a matter of NATO or EU priority - both organizations play important roles in strengthening European defence capabilities. With regard to the EU, once more, the Netherlands EU Presidency in the first semester of 2016 coincided with the preparations of important initiatives. The EU Global Strategy (EUGS) was released just before the end of the Dutch Presidency in June 2016. Work had already started on the next steps, including the Implementation Plan on Security and Defence. During the Netherlands Presidency a series of high-level seminars were organized to explore the scope for the implementation of the EUGS in the area of security and defence. One of the items raised was the question of how to make the EU evolve from ‘voluntarism’ to a more binding ‘commitment’ for capability development. The seeds for what later became the Coordinated Annual Review on Defence (CARD) were sown in the spring of 2016. Thus, the Dutch proactive approach to the other two major elements of the new EU activism in security and defence – the Commission’s European Defence Fund (EDF) and the launching of Permanent Structured Cooperation (PeSCo) – came as no surprise.

More specifically with regard to PeSCo, the Netherlands was one of the four countries supporting the Franco-German-Italian-Spanish paper of July 2017 that set the train in motion leading to the formal launch in December. Throughout the process, before and after the Council’s decision to launch PeSCo, The Hague has actively participated in order to use the momentum and to move forward as quickly as possible. The change of government in the autumn of 2017 had no impact on the Dutch policy on European security and defence, which underlines the fundamental shift in the country’s approach. The Rutte-3 government continues to support the further evolvement of European defence cooperation, albeit according to a balanced Dutch approach – which will be explained in the following sections.

## APPROACH AND EXPECTATIONS

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The Dutch government's view on the aim and objectives of PeSCo was defined in a Letter to Parliament ahead of the November 2017 Council meeting, on the occasion of which the initiating EU member states would sign the official PeSCo notification. In the Letter PeSCo is described as “an appropriate instrument” to strengthen the European security and defence policy. The Netherlands will aim for “concrete results”, leading to “better defence capabilities” for CSDP operations while at the same time strengthening the European contribution to NATO.<sup>1</sup> Three key principles of the Dutch approach to PeSCo are mentioned here. In short:

- No ideological debates on the purpose of European defence cooperation: PeSCo is a “means” to strengthen European military capabilities for EU operations.
- Therefore, concrete output is the key to measuring its success.
- The output also has to strengthen NATO.

The current Foreign and Defence Ministers, Stef Blok and Ank Bijleveld, fully support these key principles. The same applies to a large majority in the Dutch Parliament. The ‘inclusive and ambitious’ PeSCo – the well-known diplomatic compromise between the German and French views – is taken for granted. In the Dutch view the existing set-up of PeSCo allows for both: at the level of commitments inclusiveness prevents the creation of a dividing line between EU member states, while more ambition can be realized in smaller groups at the project level. Again, this view implies that the real criterion for success is concrete output. On the other hand, The Hague also considers the PeSCo commitments as an important breakthrough, replacing voluntarism (read: often free-riding) by a more binding system, including monitoring and assessment.

Although the government in The Hague backs up its contributions to EU defence initiatives with a proactive policy, the Dutch approach remains predominantly output driven. Debates on e.g. ‘EU strategic autonomy’ are avoided as far as possible as this might bring differences of opinion between the four parties constituting the Rutte-3 government to the fore.<sup>2</sup> In other words, underlining the importance of producing concrete results through PeSCo is the way to guarantee the broadest political and public support. Debates on strategic autonomy, what constitutes a European Defence Union or the *finality* of EU defence cooperation might end the existing majority support for PeSCo and the other elements (CARD, EDF) of the trilogy to progress in European defence cooperation. The same applies to EU-NATO cooperation. The government approach on the dual purpose of defence cooperation in the EU – serving both the improvement of European capabilities needed for CSDP as well as to reinforce the European contribution to a better burden-sharing in NATO – is backed up by a large majority in Parliament and in Dutch society. In the simplest terms, European defence initiatives, including PeSCo, primarily serve the purpose of improving European defence capabilities – not the creation of a European Army.

An important element of the Dutch approach to PeSCo is to aim for a flexible formula allowing for the participation of third countries in PeSCo projects. The countries which The Hague would like to involve primarily are Norway and the United Kingdom (after Brexit). The contribution of these

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<sup>1</sup> *Raad Algemene Zaken en Raad Buitenlandse Zaken*, Brief van de minister van Buitenlandse Zaken aan de Voorzitter van de Tweede Kamer van de Staten-Generaal, Den Haag, 3 november 2017, Kamerstuk 21 505-02, Nr. 1793. (translation into English by the author).

<sup>2</sup> The Rutte-3 government is a coalition of four political parties: VVD (Centre-right Liberals), CDA (Christian Democrats), D66 (Centre-left Liberals) and CU (Centre-right Christians). D66 is favouring a prominent role for the EU in security and defence, while the other three parties follow a more cautious line in varying degrees.

countries can help to realize successful PeSCo projects. Since the formal launching of PeSCo, in December 2017, The Hague has pressed for a timely decision on the rules for third country participation in PeSCo. The Netherlands preferred an early Council's decision on the matter instead of the deferral to November 2018 as has been agreed.

Dutch expectations are directly related to this approach: PeSCo has to produce results! The current political weight given to this aim entails risks. What if PeSCo output comes very slowly? What if the results do not really improve EU and NATO capabilities? At this stage there are certainly doubts in The Hague as to whether PeSCo will succeed – though they are not pronounced in public. These doubts are not so much related to the ‘commitment’ level – as most of the criteria are rather general – but first and foremost to the projects. So far, it seems that the implementation of PeSCo projects is not mirroring the momentum and the urgent need to move forward at high speed. At the same time, it is acknowledged at the policy level of the Dutch Ministry of Defence that it takes time and a huge effort to mobilize experts down in the weeds of the organization. There is still a lack of understanding there. Many defence experts have no experience of working in the EU context. Bureaucratic resistance against anything new is also a particular phenomenon in the defence world. The assumption is that concrete results will overrule these objections and lead to wider engagement. The European Defence Fund is considered to be an important instrument to convince defence planners, armament procurement staff and defence industries in the Netherlands ‘to come on board’ of the PeSCo train. The Military Mobility (MM) PeSCo project – with the Netherlands as the lead nation – serves all purposes: it is in line with the three principles and it draws in other actors, within and outside the Ministry of Defence. It is assumed that this project would not have happened without PeSCo. Early results of the MM project were generated because of the PeSCo governance structure. Direct contacts between capitals instead of time-consuming and more political-bureaucratic meetings in EU forums in Brussels are considered to be an important factor to ensure success. In other words: PeSCo increases ‘ownership’ and this is a prerequisite for realizing concrete output.

## CHOICE OF PROJECTS

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The Hague has selected candidates for the first batch of PeSCo projects – approved in early 2018 – by systematically checking existing defence plans. This procedure also made sure that the projects were not at risk by transferring them to the PeSCo context. It offers additional value in terms of commitment, the number of participants and a financial bonus if EDF money can be attracted. It is acknowledged that the first batch consists of a wide range of different projects (operational, procurement, other), but this is the result of the ad hoc selection procedure under time pressure and the aim of having as many member states participating in PeSCo projects as possible. The absence of a large capability improvement project in the first batch is seen as a logical consequence. Also, up until 2021 the available money from the EDF is found to be too small. A big project would absorb it all. Military Mobility is considered by The Hague as the PeSCo flagship (of the first batch). It will not improve European capabilities, but it is a crucial prerequisite to move forces across Europe and is thus operationally and capability relevant. Future PeSCo projects have to be

capability-driven, i.e. in line with the priorities stemming from the updated Capability Development Plan. Quantity – the number of projects – should not be decisive. In particular smaller countries – due to limited expert staff – can only handle a handful of projects. Quality in terms of addressing European shortfalls will be essential.

## PeSCo's RELATIONSHIP TO CARD AND EDF

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CARD should act as a driver for selecting PeSCo projects. The Hague expects that the national CARD reports will show a large amount of overlap with the NATO Defence Planning Capability Review of the Netherlands. The latter has been sent to Parliament in July 2018 and, thus, has been made public. A CARD report on the Netherlands deviating substantially from the NATO report – in terms of what capabilities the country has to improve – could have a negative effect on domestic political and public support for a further increase in defence spending. Of course, not all requirements of the EU and NATO are the same, but there is a large amount of overlap, in particular as the EU has increased its ambition level, based on the EUGS. Widely diverging requirements of the EU and NATO could be used by those political parties opposing defence budget growth to point to the lack of overlapping collective EU and NATO needs. A recent opinion poll shows that a large majority of the Dutch population support a rising defence budget. However, when asked about priorities in government spending, defence only ended up at number eight in the ranking.<sup>3</sup> Thus, it is deemed crucial that the two international organizations dealing with defence – the EU and NATO – sing from the same song sheet in assessing the Dutch shortfalls and priorities for capability improvement.

On the EDF: from the perspective of the Dutch Ministries of Foreign Affairs and Defence it is a welcome financial tool in support of European capability development. In the Letter to Parliament explaining the government position on the establishment of the EDF it reads: “The proposals can contribute to the development and acquisition of strategic capabilities by the member states that are needed by the EU to take more responsibility for its own security. This will also serve NATO. The Alliance remains the cornerstone of our security policy, but the EU has to be better equipped, trained and organized.” The EDF has to strengthen CSDP and the Commission’s proposals can help to create important prerequisites: a stronger European Technological and Industrial Base and an open, competitive and well-functioning European Defence Equipment Market. For the latter EDF conditions to involve Small and Medium-sized Enterprises (SMEs) – the backbone of the Dutch DTIB – are welcomed but the government makes a plea for more concrete proposals on how to improve SMEs cross-border defence market access.<sup>4</sup>

<sup>3</sup> Of the 24,000 opinion panel members 62% agreed that the Netherlands should spend 2 percent of its GDP on defence according to the NATO target and, thus, substantially increase its defence budget (currently the country spends 1.3 percent). See: *1V Opiniepanel – Onderzoek 'De NAVO-norm'*, 11 juli,

[https://eenvandaag.avrotros.nl/fileadmin/user\\_upload/PDF/RapportageDefensieNAVO.pdf](https://eenvandaag.avrotros.nl/fileadmin/user_upload/PDF/RapportageDefensieNAVO.pdf)

<sup>4</sup> *Nieuwe Commissievoorstellen en initiatieven van de lidstaten van de Europese Unie*, Brief van de minister van Buitenlandse Zaken aan de Voorzitter van de Tweede Kamer van de Staten-Generaal, Den Haag, 14 juli 2017, Kamerstuk 22 112, Nr.

The Dutch government underlines the need for a capability-driven approach by the EDF. PeSCo could actually help to avoid the risk of an industry-driven approach, as the Ministries of Defence launch the projects. Using EDF money outside PeSCo could offer more scope for an industry-driven approach, although the comitology procedure on approving the work programmes will give member states the opportunity to intervene. However, from the perspective of the Ministry of Economic Affairs and the Dutch defence industrial lobby, the EDF is primarily approached as a tool offering scope for attracting funding for the Dutch Defence Technological and Industrial Base (DTIB). The dominating interest is not to address European capability shortfalls but rather to participate in industrial development and procurement programmes at a cross-border level. Currently, this is considered to be extremely difficult. Dutch SMEs have practically no access to prime companies elsewhere in Europe. The EDF offers a new opportunity to break these barriers. At the same time, doubts exist as to whether EDF criteria for SME participation will be fully applied. The complexity and bureaucracy of EU tendering procedures – even more complicated for EDF application – are a potential show-stopper. SMEs often do not have the staff capacity to invest the necessary amount of time and resources in such time-consuming procedures.

## CLUSTERS AND PeSCo

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The Dutch are experienced in multinational defence cooperation through bilateral or subregional clusters. The Benelux and the bilateral German-Netherlands frameworks are the most advanced examples.

Benesam – the naval cooperation with Belgium – is long-standing. In the nineties, one naval command (Admiral Benelux) was established. Already for decades mutual dependencies exist in training and maintenance. Both countries operate the same M-frigates with only one school and maintenance facility in the Netherlands; the same applies to the minehunters with Belgium hosting those facilities. Recently, the acquisition of new frigates and minehunting capabilities has been synchronized in the defence plans of the two countries: they will procure the same ships in the 2020s.

The German-Netherlands format is another example of deeper defence cooperation. The Dutch 11th Air Mobile Brigade and the German Division Schnelle Kräfte have a combined staff located in Germany. For mechanized forces the two countries have even agreed to integrate units at a low organizational level, which was something of a taboo in a not too distant past. A Dutch tank company is part of the 414th German Tank Battalion, which is under the command of the Dutch 43rd Mechanized Brigade, subordinated to the 1st German Armoured Division. Air defence units have been brought under one command and the bilateral cooperation has also been extended to naval forces.

Both the Benelux and the German-Netherlands defence cooperation offer potential for PeSCo. The cluster forums are now also used to synchronize defence and procurement plans. Clearly, in that sense clusters can be used to explore the potential for bringing

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projects into PeSCo on behalf of several partners and opening these projects up to participation for other member states. The PeSCo format should not replace the clusters – the practical Dutch view of ‘what functions well should be kept’ is included in the argument.

## THE COMMISSION-EDA-MEMBER STATES RELATIONSHIP

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There is little or no appetite in The Hague for an institutional debate on the roles of the European Commission and the European Defence Agency. The Commission as a new defence player is welcomed, but traditionally the Dutch view is that new tasks should not automatically lead to the creation of new structures, in particular not as it could lead to duplicating what already exists in EDA. Although critical voices can be heard with regard to the Agency’s functioning – related to the Brussels institutional competition – the Agency is still regarded as the preferred place for facilitating a member states-driven approach in European capability development. If PeSCo, CARD and the EDF deliver concrete results and more resources will be required for the role of the Agency, the Netherlands will be open-minded to consider a reasonable growth path. But it will be the consequence of PeSCo success and in the Dutch view cannot be driven by bureaucratic and institutional interests.

## CONCLUSION

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The traditional Dutch pragmatism is reflected in the country’s perspective on PeSCo. It is an instrument to improve European military capabilities for CSDP operations, but also serving NATO’s needs. In The Hague the term ‘strategic autonomy’ is neglected. Thus, PeSCo is not placed in the context of a grand design for European defence. Maintaining the broadest possible domestic political and public support for European defence efforts is also driving this practical approach. Ideological debates on the role of PeSCo, on a European Defence Union and on the expansion of the Brussels institutions may threaten the existing majority view in support of the EU’s defence efforts. As a consequence, PeSCo has to produce concrete results for sustained Dutch interest, support and participation. The Military Mobility project has been very helpful in this respect, but more flagships will be needed for a successful PeSCo in the years to come. The management of projects by the member states is seen as a great advantage of the PeSCo formula, avoiding bureaucratic-institutional discussions in the ‘Brussels bubble’ and allowing for national policy-makers and experts to deal directly with their counterparts in other capitals. The progress made in the Military Mobility project, under Dutch leadership, would not otherwise have been possible. To summarize, the key words describing the Dutch perspective on PeSCo are: “whatever works is fine” and “be present at the table”. ■

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***Policy Paper***

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### **ARES GROUP**

*The Armament Industry European Research Group (Ares Group) was created in 2016 by The French Institute for International and Strategic Affairs (Iris), who coordinates the Group. The aim of the Ares Group, a high-level network of security and defence specialists across Europe, is to provide a forum to the European armament community, bringing together top defence industrial policy specialists, to encourage fresh strategic thinking in the field, develop innovative policy proposals and conduct studies for public and private actors.*

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