

Research Briefing
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EU Permanent Structured Cooperation (PESCO): a future role for UK defence?

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Summary

In an effort to strengthen European defence cooperation and capabilities development, in 2017 EU Ministers agreed to establish Permanent Structured

Cooperation (PESCO). Part of a wider package of interlocking defence measures, the mechanism allows willing EU member states to cooperate on specific defence capability projects.

25 EU Member States participate in PESCO, which currently has 60 projects underway.

In November 2020, the EU agreed the rules governing the participation of third states in individual PESCO projects. Under those rules, third countries can exceptionally be invited to participate in a specific PESCO project, provided they can add value and if they meet several political and legal considerations, including support for the EU's Common Security and Defence Policy.

As an EU member state, the UK stayed outside the remit of PESCO after it was first established. Following Brexit, the UK expressed concerns over participation but remained open to cooperation on a case-by-case basis. In July 2022 the UK applied to join PESCO's Military Mobility project. That application was approved by the participating EU states in early October and formal approval was subsequently given at a meeting of EU Defence Ministers on 15 November.

While welcomed by many observers, the decision has revived the debate about UK-EU defence cooperation in the longer term.

1

What is Permanent Structured Cooperation (PESCO)?

In an effort to strengthen European defence cooperation and capabilities development, in 2017 EU Ministers agreed to establish Permanent Structured Cooperation (PESCO) as part of a wider package of interlocking defence measures.

The mechanism, provided for in [Article 42 of the Lisbon Treaty](#), allows willing EU Member States to collaborate on specific defence capability projects, which could also attract additional EU financing through the European Defence Fund, which launched in 2021.¹

PESCO participating states are also expected to meet 20, legally binding, defence policy commitments, including meeting agreed defence spending targets, the harmonisation of military requirements, greater collaboration in capability development and providing substantial support to EU-led operations and training missions.²

¹ And its predecessor, the EU Defence Industrial Development Programme.

² Set out in the [Annex to the Decision](#) (PDF) establishing PESCO (Decision 14866/17)

1 Background reading

For background on PESCO, its legal basis, initial capability projects and how it has evolved, the following Library briefing papers may be useful:

- [European defence: where is it heading?](#), September 2019
- [EU defence: the realisation of Permanent Structured Cooperation \(PESCO\)](#), September 2019

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Participating states and projects

There are currently 60 PESCO capability projects.

25 EU Member States have signed up to PESCO. Malta and Denmark are the only EU Member States who sit outside of its remit.³

The first phase of PESCO ran until the end of 2020, after which [a strategic review of its implementation and progress was undertaken](#) (PDF).

The second phase of PESCO was launched in 2021. Lasting until 2025, it coincides with the financial framework of the European Defence Fund, through which some PESCO projects will be partly funded (the ‘PESCO bonus’).⁴

In November 2021 EU Foreign Ministers agreed to a fourth tranche of PESCO projects, which have a specific focus on the air, cyber and space domains. Previous tranches were agreed in March 2018, November 2018 and November 2019.

Among the latest programmes to be adopted (14 in total) are:

- Strategic air transport for outsized and heavy cargo
- Main battle tank simulation and testing
- Essential systems for future surface naval vessels
- A semi-autonomous surface vessel
- Next generation, small, remotely piloted air system
- Small, scalable weapons
- Cyber training
- Common hub for the exchange of classified imagery

³ European Union, [Permanent Structure Cooperation](#)

⁴ Under the terms of the [European Defence Fund](#), a number of PESCO projects could potentially be part-funded at a higher rate of EU financing (30%) than that available to other collaborative projects set up with EDF funding (20%). This has been dubbed “the PESCO bonus”. European Defence Fund funding for PESCO projects will not, however, be automatic.

- Defence of space assets

The PESCO initiative now has [60 projects in total \(PDF\)](#).⁵ Of those, 38 projects are aligned with NATO priorities.⁶

The Cyber Rapid Response Teams and the European Medical Command, established as projects in March 2018, are now operational.⁷ More than one third of current projects are expected to achieve initial operational capability by 2025.⁸

Any capabilities developed through PESCO will not be EU assets but will be owned and operated by the participating member states of each project.

3 Participation by non-EU third states

Third states can be invited into a PESCO project, provided they add value and meet several political and legal considerations.

In November 2020 the Council of Ministers agreed the [general conditions for third state participation](#) in PESCO projects.⁹

Those rules had been the subject of negotiation for nearly two years,¹⁰ because of differences of opinion between PESCO Member States over how inclusive the mechanism should be. The United States had expressed concern over the potential restriction on US involvement in PESCO projects, suggesting that in retaliation it could impose reciprocal restrictions on EU companies operating in the US.

3.1 General conditions for participation

The regulations controlling third-party access to PESCO were always expected to be strict and require, in some form, a commitment to strengthening EU defence through the EU's Common Security and Defence Policy (CSDP).¹¹

⁵ One project, the [European Union Training Mission Competence Centre](#), from the first batch of PESCO programmes adopted in March 2018, has been closed by its participating Member States.

⁶ [Remarks by the EU High Representative on the recommendation concerning the implementation and governance of PESCO](#), 20 October 2020

⁷ In February 2022 a Cyber Rapid Response Team was activated for the first time and deployed to Ukraine (European Defence Agency, [Press release](#), 24 February 2022)

⁸ Council of the European Union, [Press release](#), 16 November 2021 and European Defence Agency, [Press release](#), 16 November 2021

⁹ Council Decision 2020/1639

¹⁰ A Council Decision had been expected, in principle, by the end of 2018 (Council of the European Union, Council Conclusions on Security and Defence, 10246/18, 25 June 2018)

¹¹ Initial discussion of what third state participation could look like is set out in [EU Defence: the realisation of Permanent Structured Cooperation](#), House of Commons Library, 2019

The Council of Ministers has said that going forward “third states that can add value to a PESCO project may be invited to participate if they meet a number of political, substantive and legal conditions”.¹² Specifically:

- A third state must share the values on which the EU is founded.
- It must not contravene the security and defence interests of the EU and its member states.
- A state must have a political dialogue with the EU, which covers defence and security aspects when it participates in a PESCO project.
- A state must provide substantial added value to a project, for example technical expertise or additional capabilities, including operational or financial support, thus contributing to the success of the project, and the overall advancement of PESCO.
- Participation must contribute to strengthening CSDP and the EU’s level of ambition with respect to CSDP operations.¹³
- Participation must not lead to a dependency on a third state or allow that third state to impose restrictions on the use of developed capabilities. As an article in Jane’s Defence Weekly succinctly noted, “in other words the PESCO consortium will retain full control of all the project’s intellectual property”.¹⁴
- An agreement must be reached on sharing any capabilities or technology developed within a specific project, outside of the PESCO framework. This is to prevent such capabilities being used against the EU and its Member States in the future.
- Participation must be consistent with the 20 binding defence commitments that PESCO Member States have signed up to, including defence spending targets and harmonisation of capability requirements.¹⁵
- A third state must have an agreement in place to exchange classified information with the EU and an Administrative Agreement with the European Defence Agency.¹⁶

¹² Council of the European Union, [Press release](#), 5 November 2020

¹³ This level of ambition is outlined in the EU’s 2016 [Global Strategy](#) and the subsequent [Security and Defence Implementation Plan](#)

¹⁴ Jane’s Defence Weekly, “PESCO countries agree to project rules for third country participation”, 9 November 2020

¹⁵ These are set out in Annex II of the [2017 Joint Notification](#) establishing PESCO. A key focus for the second phase of PESCO (2021-2025) is the fulfilment of these binding commitments, with “tangible deliverables” achieved by 2025 (Council of the European Union, [Council Conclusions on the PESCO Strategic Review 2020](#), 13188/20)

¹⁶ The EDA provides support to the PESCO Secretariat. The EDA has a [number of third state administrative agreements](#) in place.

3.2 Acceptance into a PESCO capability project

There will be no blanket acceptance of third parties into PESCO projects.

A third state must submit a request to participate in a specific PESCO project. That request must contain detailed information on the reasons for participation, the scope of proposed participation and how that state will fulfil the general conditions set out above.

The member states in the project must unanimously agree whether the request complies with all the general conditions and whether they wish to invite the state to participate. They must also agree the scope of that participation. The Council of Ministers and the EU High Representative are then notified accordingly.

It will then be for the Council of Ministers, upon receipt of an opinion by the Political and Security Committee, to take the ultimate decision on whether the participation of the third state in a particular project meets all the necessary conditions.

Once a third state has been accepted into a project, the project members will then negotiate an administrative agreement with that state (see below). The agreement will include a mechanism to allow the periodic review of that state's contribution and whether it continues to meet the conditions for participation.¹⁷

3.3 What are a third state's rights and obligations?

The rights and obligations of a third state participating in a specific PESCO project will be set down in an administrative agreement. Among other things, the agreement will cover:

- Rules on attendance in PESCO project meetings.
- The roles and responsibilities of a third state in a specific project.
- The scope of involvement of the third state in the decision-making process within a specific PESCO project. The extent of an invited third state's role in decision making will be in accordance with its contribution, and fully respect the decision-making autonomy of the EU. Safeguarding the control of the project and decisions on future members will be the responsibility of the participating EU Member States.
- The scope and areas of information sharing between the PESCO project members and the third state.

¹⁷ The Annex of the [Council Decision 2020/1639 \(PDF\)](#) sets out the template for any Administrative Arrangement.

- The right of a third state to terminate its participation in a PESCO project. A decision to do so will only take effect once the project members and the third state have reached an agreement on the conditions under which its participation will cease.
- The right of project members to reassess, and recommend suspension, of a third state's participation. The final decision on suspension will be taken by the Council, after consulting the Political and Security Committee. If one or more project members consider that a third state's participation no longer meets the general conditions set out above, they may refer the issue to the Council for a decision.

Regardless of the extent of decision-making powers conferred on a third state within a specific PESCO project, third states will have no decision-making powers in relation to the overall governance of PESCO, including the future direction of the initiative.

The rules also make clear there is no reciprocity between PESCO and the European Defence Fund (EDF), which is subject to its own rules on third state participation.¹⁸

4 UK participation in PESCO?

Although broadly supportive of the initiative, the UK did not sign up to PESCO in 2017 and, therefore, stayed outside of its remit while an EU member state.

4.1 Initial views post Brexit

Post Brexit, defence cooperation between the EU and UK is not part of the Trade and Cooperation Agreement. Instead, defence and security cooperation is being conducted on a flexible, ad-hoc basis [“within a framework of broader friendly dialogue and cooperation between the UK and the EU”](#).

The UK's involvement in specific PESCO projects has remained a possibility on a case-by-case basis. However, the EU's rules on third state participation, agreed in 2020, will now apply.

In December 2020 the Secretary of State for Defence stated that the UK had no plans to participate in PESCO “because we have serious concerns about the intellectual property rights and export controls that it would seek to

¹⁸ Full third-party involvement in the EDF will only open to non-EU Members of the European Economic Area (EEA). The EDF agreement allows for participation in cooperative projects by entities in third countries, but they will not receive any EU funding and will be subject to strict rules on the retention of intellectual property within the EU, security of supply and access to classified information.

impose”. He went on to state that the UK “will always be open to working with European industries... on a case-by-case basis”.¹⁹

However, as the European Scrutiny Committee pointed out at the time, future administrations could take a different approach as the importance of a PESCO project to the UK’s national interest potentially outweighs the risks of participation.²⁰ Indeed, the FCDO committed to keeping PESCO participation “under review based on the way in which the rules are interpreted in practice, and the position taken by other third countries”.²¹

4.2

Participation in PESCO’s Military Mobility project

In March 2018 the EU launched a [Military Mobility project](#), under the remit of PESCO. It was one of the first projects established under the mechanism, having been identified as a priority when PESCO was established in December 2017.²² It is also a major deliverable of EU-NATO cooperation, as set out in the 2018 [Joint Declaration on EU-NATO Cooperation](#) (PDF).

The aim of the project is to enable the unhindered movement of military personnel and assets within the borders of the EU and involves all EU member states, except for Ireland.²³ It provides a strategic platform for sharing best practice, strategic communication and addressing bureaucratic obstacles to movement through the EU, such as customs barriers. In contrast to many PESCO projects, it does not involve the research, development or procurement of a physical military asset. Nor does it establish a joint military force.

In May 2021, EU High Representative, Josep Borrell, called the project an “area of shared priority and common interest in our transatlantic relations”.²⁴ NATO Deputy Secretary General, Mircea Geoană, said strong NATO-EU cooperation on military mobility is essential for maintaining preparedness and preserving collective security.²⁵

At the same time the EU Foreign Affairs Council agreed to extend invitations to allow the United States, Norway and Canada to participate in the

¹⁹ [HC Deb 7 December 2020](#), c546

²⁰ European Scrutiny Committee, Thirty Second Report of Session 2019-2021, HC229-xxviii, p.24

²¹ Foreign, Commonwealth and Development Office, [Explanatory Memorandum for European Union legislation and documents](#), 25 November 2020

²² Council of the European Union, [Press release](#), 11 December 2017 and Council of the European Union, [Council Decision \(PDF\)](#), 1 March 2018. It also builds upon a [Joint Communication on Improving Military Mobility in the European Union \(PDF\)](#) that was presented by the European Commission in November 2017.

²³ Ireland has observer status in the Military Mobility project (House of the Oireachtas, [Common Foreign and Security Policy](#), 18 May 2021)

²⁴ Council of the European Union, [Press release](#), 6 May 2021

²⁵ NATO, [Press release](#), 6 May 2021

programme. All three countries had previously expressed an interest in joining the programme, which has taken on even greater significance since Russia's invasion of Ukraine in February 2022.

Participation by the UK

The UK has previously expressed an interest in the Military Mobility project.²⁶ As outlined above, however, the Government had reservations about participation in PESCO more broadly.

The increasing significance of military mobility to the current European security climate has, however, led the UK to reconsider.

At the beginning of October 2022, the members of the Military Mobility project approved an application by the UK to join the programme. The MOD said that the project is “an important part of enabling NATO's response to the crisis in continental Europe” and will “co-ordinate infrastructure development and other logistics measures that will allow NATO to move forces quickly across the continent”.²⁷ It went on to note that:

Our NATO Allies Canada, Norway and the USA have already joined the PESCO Military Mobility project. We support all efforts to increase cooperation between EU partners and NATO Allies; including ensuring that bodies such as NATO, the EU and the Joint Expeditionary Force are working to complement each other.²⁸

An EU official acknowledged that “there is an interest in working with the UK, especially in the context of Russia's war against Ukraine”.²⁹

Formal approval

Having been approved by EU states participating in the project in October 2022,³⁰ the UK's application was subsequently considered by the EU Council of Ministers on 15 November 2022.

In [Council Decision 2022/2244 \(PDF\)](#), EU Ministers confirmed that the UK's participation in the military mobility project meets the general conditions on third party involvement in individual PESCO projects (see above) and authorised the Netherlands, as the lead nation, to formally invite the UK to join.

As the project does not involve the research, development or procurement of armaments and is not supported by the European Defence Agency (EDA), the Decision notes that the UK will not be required to agree a separate

²⁶ See European Committee A, [EU Defence: Permanent Structured Cooperation](#), 26 April 2018 and [Ministerial Correction](#), 3 May 2018

²⁷ PQ61721, EU defence policy, 20 October 2022

²⁸ PQ60930, EU defence policy, 18 October 2022

²⁹ [“UK moves closer to join EU's military mobility scheme”](#), Euractiv, 20 October 2022

³⁰ [“UK moves closer to join EU's military mobility scheme”](#), Euractiv, 20 October 2022

administrative agreement with the EDA, as is the case for third parties involved in other PESCO projects.

As the project is also not focused on military equipment, the general conditions on third party contribution to fulfilling the priorities of the EU's Capability Development Plan and the Coordinated Annual Review of Defence (CARD)³¹ do not apply to the UK in this instance.

Announcing the decision to allow UK participation, EU High Representative, Josep Borrell, said:

Russia's war against Ukraine has further demonstrated that being able to move troops and military equipment swiftly across Europe and beyond is essential for our security. Sharing information and experiences with key partners is crucial. The PESCO project "Military Mobility" led by the Netherlands provides the right platform in this regard. After the US, Canada and Norway joined last year, the UK's participation is yet another proof of the importance of this project. Ensuring fast movement and secure transport of armed forces is crucial to improve the EU and NATO's ability to respond to crises, in particular now as we provide urgent military support to Ukraine.³²

Next steps

Now the UK has been accepted into the project, the participating member states will proceed to negotiate an administrative agreement with the UK. That agreement will establish the rights and obligations of the UK, including rules on attendance, the UK's roles and responsibilities, information sharing and the extent of the UK's decision-making powers with respect to this specific project.

It will also include a review mechanism to allow the EU member states to periodically review the UK's contribution and whether it continues to meet the conditions for participation.³³

The UK will formally join the project on the date specified in that administrative agreement.

³¹ An explanation of the Coordinated Annual Review of Defence (CARD) is set out in [European Defence: Where is it heading?](#), House of Commons Library, September 2019

³² Council of the European Union, [Press release](#), 15 November 2022

³³ The Annex of the Council Decision 2020/1639 sets out the template for any Administrative Arrangement.

4.3

Further PESCO participation?

On 18 October the MOD said that while it continues to monitor PESCO projects as they develop, it “has no intention to apply for any other PESCO projects at this time”.³⁴

While welcomed by many, the UK’s participation in PESCO’s military mobility project has, however, revived concerns that the UK could, inadvertently, be led into greater military integration with the EU in the future.³⁵

Box 2: Further reading

- European Union: [Permanent Structured Cooperation](#)
- European Union, [PESCO Factsheet \[PDF\]](#), November 2021
- Norwegian Institute of International Affairs, [Keeping up with the emerging European Defence Union: Synchronising third country participation](#), September 2022
- Centre for European Policy Studies, [“PESCO: A force for positive integration in EU defence”](#), 14 September 2021
- Politico, [“EU military projects face delays, leaked document shows”](#), 12 July 2021

³⁴ PQ60931, EU defence policy, 18 October 2022

³⁵ [“Liz Truss warned she could be falling into EU army trap with new military agreement”](#), The Express, 7 October 2022

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