In November of 2017, the European Union (EU) officially launched the Permanent Structured Cooperation (PESCO) project, its latest attempt to deepen defense cooperation among EU members. Earlier that same year, the EU approved two other important initiatives designed to strengthen defense cooperation: the Coordinated Annual Review on Defence (CARD) and the European Defence Fund (EDF). Shortly after the launch of PESCO, many U.S. defense officials expressed skepticism about its value.1 This is not surprising; U.S. officials have reflexively opposed European defense initiatives such as PESCO since the end of the Cold War. U.S. opposition to these initiatives reflects its fear that they could lead the EU to become a competitor to the North Atlantic Treaty Organization (NATO) for European security issues, and in so doing reduce U.S. influence in European security.

The United States has not always been so skeptical of European defense initiatives. In the early 1950s, the United States was actually a staunch supporter of Europe’s first, and to this day most significant, attempt at defense integration, the European Defence Community (EDC). One of the reasons for such strong U.S. support of the EDC was its desire for Europe to share more of the burden for its own security, a sentiment that continues today.

Since the end of the Cold War, the EU has taken several steps to deepen defense cooperation and integration. The United States has tended to look at these efforts through two contradictory lenses. On the one hand, the United States has consistently urged Europe to increase its capabilities and do more for its own defense. On the other hand, concerns about losing influence in European security affairs and the implications of European strategic autonomy have tempered U.S. support for such efforts.
Of these three EU initiatives, the EDF has the potential to be the most controversial because actual European Commission money is at stake. Concerns about diminished U.S. influence and EU divergence from NATO as a result of PESCO, together with CARD and EDF, are misguided, however. Previous attempts at European defense cooperation have shown that such projects tend to be limited by the will of European countries themselves, and PESCO is no different. Rather than be concerned about the remote possibility of European strategic autonomy, the United States should throw its full support behind the PESCO initiative and these other attempts to strengthen European defense. The success of these initiatives advances U.S. interests because they will strengthen the European arm of NATO.

**Defense Integration in the Post–World War II Era**

In the early 1950s, Europe had to solve the question of German rearmament—whether to allow it and, if so, when and how. Not every country was in favor of German rearmament, given the scar tissue that still remained after two world wars in the preceding 35 years. At the same time, it was not clear what sort of demand signal there would be from Germany to participate in broader European defense structures.²

The Truman administration was adamant that the “common defense” of Europe include a plan for the rearmament of Germany.³ Just as the Americans saw the Marshall Plan as a temporary means for Europe to become economically self-sufficient, they likewise envisioned Europe eventually carrying more of the burden for its own defense. The answer that Europe developed was an ambitious EDC concept.

The EDC would have transformed European defense structures in ways that are almost unimaginable today. Specific articles called for common armed forces, a board of commissioners accountable to supranational institutions rather than national governments, an assembly, and a council.⁴ Other significant features of the EDC treaty included a mutual defense clause that mirror imaged NATO’s Article V and a protocol governing relations between the EDC and NATO that emphasized avoiding any duplication of functions or responsibilities.⁵

Current U.S. defense officials might be surprised to learn how vigorously the United States supported a project like EDC that sought to deepen European defense integration outside the auspices of NATO. Upon its inauguration, the Eisenhower administration made it clear that it “wholeheartedly” supported the success of EDC.⁶ Despite the strong support of the Americans, the EDC treaty ultimately failed when it was rejected by the French parliament on August 30, 1954.

Several factors contributed to the failure of the EDC. Despite strong U.S. support for the EDC, including threats of pulling financial support for European defense, the EDC project did not get off the ground. The most important reason was that the EDC represented too much supranationalism too soon for the French. Despite the efforts of some French proponents of European integration, such as Robert Schuman and Jean Monnet, the federal concept they envisioned for Europe proved less acceptable in France than many thought.⁷

The rise and fall of the EDC project is the earliest example that demonstrates the limits of European community defense initiatives. Ultimately, the success of EU initiatives depends on the ability of all member states to agree on the depth and breadth of them. The requirement for consensus is even more complicated today in a union of 28 countries.

**Defense Integration After the Cold War**

The fall of the Berlin Wall and the disintegration of the Warsaw Pact caused many politicians and political scientists to reconsider the nature of European security. Indeed, many observers on both sides of the Atlantic openly questioned the need for NATO’s existence. There were many ways that Europe could have adjusted to the so-called new world order. Regardless of the ultimate form of a new European security structure, it was clear
that the international community would expect more out of Western Europe.8

Throughout the Cold War, the United States would often harangue its European allies about burden-sharing. The post–Cold War environment was no different, as many in Washington sought to cash in on the “peace dividend.” For its part, many European leaders sought greater independence from Washington on security issues and saw an opportunity to leverage the new security environment to that end.

NATO itself issued a new strategic concept in 1991 in light of the changed security situation in Europe. Significantly, this new strategic concept acknowledged that the

enhancement of the role and responsibilities of the European members of the Alliance is positive and reinforcing. The development of a European security identity and defence role, reflected in the strengthening of the European pillar within the Alliance, will not only serve the interests of the European states but also reinforce the integrity and effectiveness of the Alliance as a whole.9

The European Union interpreted NATO’s new strategic concept as a signal of Alliance and, more importantly, American endorsement to strengthen European defense structures. This effort ultimately led to the inclusion of a Common Foreign and Security Policy (CFSP) in the Maastricht Treaty, which was signed in 1992 and entered into force in 1993. Subsequent strategic concepts in 1999 and 2010 doubled down on the notion that a stronger, more capable EU defense capability is in NATO’s interest because it furthers Alliance capabilities.10

The United States was suspicious of CFSP, despite its previous support for the new NATO strategic concept. Its primary concern was the development of EU capabilities that would ultimately lead to a reduction in the importance of NATO, and hence U.S. influence in European security matters.11 The United States was angry, almost bitter, over what it perceived as its marginalization in European security affairs. In the so-called Bartholomew memorandum of February 1991, the United States made clear that it was concerned about any efforts to strengthen the European pillar that would weaken NATO’s structure or redefine and limit its role.12 As it turned out, however, the CFSP was more aspirational than actionable in practice.

Nowhere were the shortcomings of the CFSP clearer than in the European Union’s inability to adequately respond to the crisis in the Balkans during the violent disintegration of Yugoslavia in the 1990s.13 Based on its demonstrated weakness in responding to the crises in the Balkans, the EU realized that it would need to develop some form of military capacity in order to be able to have a foreign policy with any teeth. Momentum for such an endeavor received an enormous boost when the United Kingdom (UK) and France issued the Saint-Malo Declaration on December 4, 1998, which stated that the European Union “must have the capacity for autonomous action, backed by credible military forces, the means to decide to use them and a readiness to do so, in order to respond to international crises.”14

The Saint-Malo Declaration marked the first time since the proposed European Defence Community in the 1950s that the United Kingdom supported deeper European defense integration outside of NATO’s architecture. The UK’s acceptance of the need to increase EU defense capabilities paved the way for the launching of the European Security and Defence Policy (ESDP) in 1999.15 ESDP represented the first successful concrete steps to develop an autonomous military capability within the European Union.

It is important to note that the authors of ESDP wanted to make it clear that they had no intent for the European Union to replace NATO as the primary guarantor of European security. They explicitly stated that the EU would act militarily only where NATO as a whole was not engaged and that it would not create unnecessary duplications.16 With these principles, the EU hoped to placate the American understandable and often stated concerns regarding any military capabilities developed outside of NATO.
Observations from Previous EU Defense and Foreign Policy Integration Efforts

What conclusions can be drawn from Europe’s attempts to deepen defense and foreign policy integration in the past, from the EDC project of the 1950s through the end of the Cold War and the ongoing war on terror? In each case, both internal and external drivers drove Europe’s efforts to deepen its defense integration. In both cases, the external drivers were the changing security landscape in Europe and the preferences of the United States. The internal driver was Europe’s consensus that it needed to increase its contribution to the continent’s own defense.

The United States was a critical factor in both cases, but for different reasons. In the 1950s, the United States was adamant that Europe shoulder more of the burden for its own defense, and was equally convinced that rearming Germany was critical to that end. In the period after the Cold War, European NATO members were concerned that the United States might lose interest in transatlantic security and sought to hedge against that possibility.

The reasons for failure of the 1950s attempt to launch the EDC and the limitations of post–Cold War EU common foreign and security policy are also similar. In both cases, factors internal to the EU were the limiting factor of these efforts to deepen defense integration. The successive attempts in the post–Cold War period have also been limited by the complexities of securing EU consensus in defense and security policy.

PESCO: The Latest Initiative

Permanent Structured Cooperation is undertaken on a voluntary basis by those member states whose military capabilities are sufficiently developed and who agree to meet more binding defense spending and capability commitments. PESCO was originally included in the EU’s Treaty of Lisbon, which was signed in December 2007 and entered into force on December 1, 2009. The treaty was necessary to provide structural changes in the wake of the EU’s expansion after the Cold War. It also reflected EU recognition of a need to play a stronger international role. To this end, one of the treaty’s objectives was to improve the coherence of EU foreign affairs.17

The launch of PESCO was met by two predictable reactions from American and, to a lesser extent, European security experts. Some effectively dismissed the initiative out of hand as simply another grandiose EU idea that suffers from a deficit of substance to match its ambition. Others saw PESCO as a not-so-subtle indicator of Europe’s desire to shift the focus of security from NATO to the EU. While the jury is still out regarding the former assertion, there is almost zero risk of the latter.

Part of a Larger EU Effort to Improve Defense Capabilities. The European Union officially launched PESCO in December 2017, when the Council of the European Union adopted a decision in accordance with the requirements called for in the Lisbon Treaty. Twenty-five of the 28 EU members joined the PESCO initiative, with only the United Kingdom, Denmark, and Malta opting out. The council decision also established a list of ambitious and more binding commitments agreed to by the participating member states, the governance structure for PESCO, and an initial draft list of 17 projects.

The binding commitments that participating member states agreed to meet include increasing defense budgets, increasing defense investment expenditure to 20 percent of total defense spending, and establishing a regular review to ensure participating states are actually meeting these commitments.18 It is important to note that these binding commitments closely parallel NATO commitments—an early indication that the authors of PESCO intended for it to complement and be in sync with NATO.

The council deferred decisions on two important areas that remain under discussion. First, the rules regarding the participation of third countries in PESCO were not decided, largely due to the ongoing Brexit negotiations. Second, the standards by which the council would assess the degree to which participating member states...
are in fact meeting their binding commitments were also not determined.

As mentioned, PESCO should not be considered as a standalone EU initiative. Before PESCO was formalized, the EU approved two other important initiatives to strengthen defense cooperation. In May of 2017, the council established the Coordinated Annual Review on Defence and in June the same year launched the ambitious European Defence Fund. These two initiatives should be viewed as part of a broader EU effort, together with PESCO, to strengthen the EU’s Common Security and Defence Policy (CSDP).19

The intent of CARD is to fulfill the 2016 EU Global Strategy (EUGS) call for the “gradual synchronisation and mutual adaptation of national defence planning cycles and capability development practices” in order to enhance EU member states’ strategic convergence.20 Working through the European Defence Agency, which serves as its secretariat, CARD constitutes the basis of EU defense cooperation initiatives aimed at improved defense capabilities. CARD assesses defense cooperation in the EU and then identifies opportunities for further cooperation.21 These opportunities for cooperation then manifest themselves in the form of concrete PESCO projects.

The purpose of the EDF is to provide funds to support the collaborative projects developed through the CARD process. It provides incentives for EU member states to cooperate on joint development projects by offering grants for collaborative research projects.22 Thus, for the first time, European defense firms can receive funding from the EU budget to finance joint development projects. According to the European External Action Service, after 2020, the EU budget will provide up to 1.5 billion euros annually for collaborative European research and technology.23 In order to receive co-funding, collaborative projects must have at least three participating member states that commit to buying the final product. Projects developed under the auspices of PESCO can receive up to 30 percent co-financing, versus 20 percent for those developed outside of PESCO.24

When considered in combination with each other, CARD, PESCO, and EDF are complementary initiatives aimed at increasing EU defense capabilities. The Lisbon Treaty specifically established PESCO as a possible means for deeper cooperation when it entered into force in 2009. Although CARD and EDF do not have the same treaty foundation, they were clearly designed with the same goal: to strengthen CSDP by providing credible capabilities to operationalize the political ambitions contained in the EU’s 2016 global strategy.

**Defining the Strategic Context.** Despite its inclusion in the Lisbon Treaty, the European Union did not formally launch PESCO until December 2017. It is logical to ask what changed by 2017 that provided enough impetus to move forward. Three factors combined to create a perfect storm. First, there is European-wide agreement that the security environment has fundamentally changed, for a variety of reasons. Second, the UK vote to leave the European Union in June 2016 was effectively a threat to some countries and an opportunity for others. Lastly, the election of Donald Trump in November 2016 reinforced the momentum of the first two factors.25

The changed security environment was the root cause at the heart of the EU decision to launch PESCO in 2017. There are several events and trends that caused the EU to reassess the security environment within and beyond Europe. Russia’s invasion and subsequent annexation of Crimea in 2014, together with its support for separatists in eastern Ukraine, forced the EU to take action. Russia’s willingness to alter borders and violate the sovereignty of a neighboring country by force shook the EU to its core. Germany was particularly affected by Russia’s actions and has been a leader in the push for continued sanctions against Russia.

Major terrorist attacks in France, Germany, Norway, and several other European countries have made the EU realize that security of its citizens requires engagement beyond its borders. The increased concerns from the threat of terrorism magnified the impact of the migration crisis. In 2015 and 2016, the European Border and Coast Guard Agency detected more than 2.3 million
illegal crossings into the European Union. Germany alone took in over 1 million migrants in 2015. Citizens demanded that the EU and their national governments take action to protect them against the burgeoning threat from migration.

EU reassessment of the security environment led to the publication of the EU's 2016 Global Strategy. Much had changed since the last publication of an EU strategy in 2003. The EUGS identified the need to "nurture the ambition of strategic autonomy for the European Union," as the EU's High Representative for Foreign Affairs and Security Policy noted in her foreword to the strategy. This theme has been persistent in EU member state thinking. As recently as the summer of 2018, the European Union explicitly linked the increased funding available through EDF as a means to increase the EU role as a security and defense provider.

Brexit was effectively the "proximate cause" of PESCO's launch. The potential of an EU without the United Kingdom is a threat for two principal reasons. First, it calls into question the fundamental nature and vision of the European project as a whole. Second, the loss of the UK would mean the loss of the EU's most capable military member. In 2016, the UK accounted for nearly 25 percent of all EU defense spending. The loss of the UK would seriously impede the EU's efforts to translate its political ambition as stated in the 2016 EUGS into actual credible capabilities to implement it.

Despite these downsides, some countries—France in particular—viewed the potential loss of the United Kingdom as an opportunity. The UK has historically served as a brake on efforts to deepen EU defense cooperation. With London out of the way, those countries that have always sought to develop strategic autonomy in Europe would be able to develop deeper defense and security cooperation free from British obstructionism.

The election of Donald Trump as President in November 2016 served to reinforce the momentum that was already in place after the launch of the EUGS and Brexit vote in June of 2016. During his campaign, President Trump openly questioned the value of NATO and implored the European members of the Alliance to increase their defense spending. Famously, he even insinuated that the invocation of Article V, heretofore considered sacrosanct among NATO allies, would become conditional based on members’ ability to meet their commitment to increase defense spending to 2 percent of gross domestic product.

How Does PESCO Differ from Previous Initiatives? Similar to the European Defence Community effort in the 1950s and the launch of the EU's common foreign and security policy in the 1990s, both external and internal drivers explain the EU's decision to launch PESCO. A change in Europe's security environment is once again the primary external driver, or root cause, of PESCO, and the EUGS is the manifestation of how the European Union assesses its new security environment. A critical difference between the previous cases and the present one is the impact of the United States.

In previous cases, the United States pressed Europe to increase its burden-sharing, but there was never any doubt about America's interest and role in European security, primarily through NATO. Indeed, it was keen U.S. interest in NATO that has historically caused it to be suspicious of EU efforts to deepen European defense and security cooperation. The rhetoric from the current U.S. administration has caused some European officials to openly question the U.S. commitment to and interest in European security.

The internal drivers that led to PESCO's launch are in some ways similar but in other ways unique to previous EU efforts to deepen defense cooperation. As with the EDC project in the 1950s and post–Cold War efforts, a consensus that the EU needs to develop its military capabilities is a critical internal driver. The difference in the present case, however, is that the EU has broader ambitions than the narrow territorial and collective defense vision of the 1950s, and even ambitions beyond its European neighborhood compared to its immediate post–Cold War scope.

The broad internal and external drivers explained herein influenced each of the 25 PESCO participating
countries in varying degrees. Some countries, such as Germany, were shaken by the Brexit vote and were motivated at least in part to help shore up solidarity within the EU. Some countries, led by France, were motivated solely by a desire to make the EU a more relevant international actor by strengthening both its capabilities and willingness to use them. Lastly, some countries simply joined PESCO almost by “default,” due to their desire to support EU initiatives that Germany favors. Of course, not all countries fit neatly into just one of these three categories.

One of the key differences between PESCO and previous EDC initiatives is the role of the defense industry. The defense industry is not directly involved in PESCO, but the impact of EDF and how it interacts with PESCO is an important development for European defense cooperation. Previous EU efforts were more focused on defense and foreign security policy initiatives rather than concrete projects for military hardware. Nearly half of the current 34 PESCO projects are designed to develop and produce tangible military end items to strengthen EU defense capabilities.

PESCO itself does not have a European defense industry development imperative, but it cannot logically be separated from other major EU defense initiatives, namely CARD and EDF. The European Union’s stated purpose for launching the EDF was to better coordinate European defense research and spending so that EU member states can spend their defense budgets more wisely. The EDF will not be fully operational until 2021, and in the interim, the EU will provide funds to collaborative defense development projects via the European Defence Industrial Development Programme (EDIDP). EDIDP is essentially a test run for the EDF, and the EU plans to invest roughly 500 million euros in projects via the program. From 2021 to 2027, the EU plans to invest roughly 13 billion euros in research and development of new defense projects.

The European Commission has described the EDIDP as an “industrial program of the EU aiming at supporting the competitiveness and innovation capacity of the Union’s defense industry.” Thus, while the EU’s stated goal may be to better coordinate member states’ defense spending, there is no doubt that there is a broader goal of supporting the European defense industrial base. It is precisely this desire that has both U.S. Government officials and U.S. defense industry representatives most concerned about objectives the EU has in mind for PESCO and funding for it via the EDF.

Prospects for the Success of PESCO. EDC efforts in the 1950s and post–Cold War efforts to deepen EU defense integration or cooperation were both ultimately limited by internal factors, particularly French reservations about timing. In the post–Cold War efforts to deepen cooperation, EU member states clearly preferred that foreign and defense policy remain primarily at the intergovernmental level, and in so doing limited the broader political ambitions of the EU.

The success or failure of PESCO will largely be determined by internal EU dynamics. Specifically, the success of PESCO rests on the EU’s ability to ensure the completion of the projects that have already been approved. Because there is significant EU funding available via the EDF, there is the risk that PESCO–participating countries focus more on proposing projects to support their respective defense industries than the development of necessary capabilities.

Many previous EU efforts undertaken under the auspices of its security and defense policy, such as the EU Battlegroup concept, were big on rhetoric but ultimately unsuccessful in the delivery of actual results. The EU launched PESCO with much fanfare. High Representative of the Union for Foreign Affairs and Security Policy Federica Mogherini called the signing of the PESCO agreement a “historic moment in European defense.” The hype surrounding the launch of PESCO has perhaps created unrealistic expectations about what it can ultimately deliver.

So far, there is a mix of cautious optimism and outright skepticism about the prospects for PESCO’s success. The “integrationists” are optimistic that PESCO truly does represent a historic step forward for European
defense and that it will successfully complete the projects already approved, thereby bringing increased capabilities to EU member states. Some of the nuances of PESCO that make it different from previous EU defense cooperation initiatives have the integrationists bullish on its potential for success.

One of the aspects of PESCO that makes it fundamentally different from previous EU efforts is the fact that the commitments participating member states agreed to—such as regularly increasing defense spending and committing 20 percent of their defense spending to research and development—are legally binding. Additionally, the tight coordination between EU and NATO defense planning ensures that PESCO will be complementary to rather than duplicative to NATO. Lastly, PESCO is focused on developing concrete capabilities rather than establishing separate EU strategic structures.

Skeptics believe that PESCO is just the latest incarnation of an EU defense cooperation initiative that is not truly new and will not deliver necessary capabilities. They see many of the projects approved thus far by PESCO as simply projects that were already in the works under previous initiatives. Additionally, critics argue that the most important defense projects in the next decade—such as the next generation fighter aircraft and main battle tank—will be done outside the scope of PESCO on a bilateral or trilateral basis. Ultimately, according to this argument, countries will decide to cooperate simply due to calculations of interest, not because they are motivated by PESCO. Lastly, skeptics believe that the PESCO participating states may have rushed to failure in approving the initial 34 projects. Eager to deliver a success, the projects were approved without going through the CARD process that would identify actual capabilities gaps.

How Should the United States Approach PESCO?

Either one of the outcomes predicted by the initial reactions to PESCO’s launch identified would be detrimental to U.S. security interests if it actually came to fruition. Fortunately, early indications are that PESCO fits neither of these typical caricatures of EU defense initiatives. Concerns that increased EU military capabilities of the European Union will foment strategic autonomy from NATO are not well grounded.

The strategic context today is significantly different than the immediate post–Cold War time period or even in the post-9/11 environment. In the 1990s, there was a legitimate and serious debate about the future of NATO after the collapse of the Soviet Union. Although the EU launched its common foreign and security policy largely in response to the crises within Europe that Europeans could not address themselves, the concern about the EU developing into a strategic competitor or even replacement for NATO was legitimate because of the uncertainty surrounding the future strategic direction of the Alliance.

The threat of NATO being undermined by a stronger, more cohesive EU is almost nonexistent today. After Russia’s aggression in Ukraine in 2014, which continues to this day, the value of the Alliance has never been clearer to the European members. EU members of NATO do envision the EU developing some semblance of strategic autonomy, but this should not be construed as a threat to NATO’s raison d’être or to U.S. interests. Among European countries that are members of both NATO and the EU, there is wide consensus that the Alliance is the cornerstone of their collective defense. The development of strategic autonomy by the EU is therefore not a threat to NATO but instead would actually advance U.S. strategic interests.

In an era of renewed great power competition, the United States has no better ally and partner than Europe. As the 2017 U.S. National Security Strategy accurately describes the relationship, “the United States is safer when Europe is prosperous and stable, and it can help defend our shared interests and ideals.” The United States should publicly and privately support the PESCO initiative because a stronger and more capable EU will also strengthen the European arm within NATO.
PESCO’s success would also directly support U.S. European Command objectives as outlined in its 2019 posture statement. It is focused on increasing member state capabilities and thereby would increase allies’ ability to increase both its contributions to NATO missions as well as develop specific capabilities that the Alliance needs. Because the defense budgets of individual European countries are small, PESCO is a critical means for NATO members to be able to collaboratively develop significant increases in capabilities. While member states pledged to increase their spending long before PESCO was formally launched, it can only help generate support for sustaining defense spending and generating greater capabilities by members of both NATO and the EU.

Support for PESCO would demonstrate the sincerity of U.S. calls for increased burden-sharing by our European allies. Continued criticism of Europe for inadequate defense spending and thus insufficient defense capabilities, while on the other hand opposing an initiative that is designed to allow Europe to do precisely that, would be hypocritical. The United States should not simply provide blind, unconditional support, however, because it does have an interest in the direction that the EU takes with PESCO. In fact, there are three conditions the United States should seek.

First, the United States should insist that there be tight cooperation between EU and NATO capabilities development planning. Indeed, cooperation between the two has never been greater, and the United States will want to ensure that this cooperation and coordination continues. Defense spending in Europe will almost certainly never have the same level of support that it typically does in the United States. It is imperative that Europe spends its resources wisely and avoids any duplication with NATO as well as redundancy among European countries.

Second, the United States should continue to pressure the EU about the issue of third country participation in PESCO projects. France has been the most reluctant about broadening the scope of third party participation. Cynics, both within and beyond Europe, believe it is simply an effort by France to protect its defense industry. There are many more EU member countries that favor widening the scope of third party participation, both to ensure the UK remains engaged in Europe after Brexit and to maintain close ties with the United States. The United States can leverage these countries to ensure its defense industry does not suffer reduced access to the European market.

Third, and perhaps most controversial, the United States should open its own procurement processes to competition from European firms. One of the most often heard critiques from European allies regarding the development and procurement of defense projects is the real or imagined firewall preventing European firms from fairly competing in the U.S. market. One way to maximize the likelihood of U.S. participation as a third country in PESCO projects is to afford the same opportunity to European defense firms in the U.S. market. There are intellectual property challenges to be overcome, but this is an opportunity to further deepen the U.S.-European defense relationship. Given that the U.S. share of worldwide research and development spending is significantly lower than it was 25 to 50 years ago, joint European and U.S. military development projects could make a lot of sense for both sides of the transatlantic alliance.

There is a remote possibility that as the European Union develops its defense capabilities and some semblance of strategic autonomy, it could slowly drift away from its transatlantic allies. The risk of this happening is quite small for two reasons. First, Europe is so far from being able to ensure its collective defense outside of NATO that it would take years for it to be completely self-sufficient regarding collective defense. Second, countries that are members of both the EU and NATO are unequivocal in their view that the Alliance is the ultimate guarantor of European security.

Moreover, the United States shares so many values with its European allies that should the EU ever truly develop strategic autonomy, it would actually help the United States more than it would hurt. A European Union less willing to defer to the United States yet able
to act autonomously would be a tradeoff worth making. Since EU members that belong to NATO continually stress the importance of the Alliance for their collective defense, it is unlikely such a tradeoff would ever be necessary. Instead, a stronger, more autonomous Europe is more likely to strengthen the transatlantic relationship than weaken it.43

It is worth noting the evolving impact that the rivalry between the United States and China is having on some Europeans’ support for the idea of strategic autonomy. The challenge or even threat from China had little role in the launch of PESCO, CARD, or EDF—or the EU Global Strategy that underpins all of these initiatives. However, as the relationship between the United States and China has become increasingly contentious, many in Europe are concerned about getting caught uncomfortably between the two. There is a recognition that reduced security dependency would allow Europe to more comfortably manage its position between the United States and Russia.

There is also the risk that the U.S. defense industry will be shut out of the possibility to participate in PESCO projects, or lose control of intellectual property working within the program. U.S. Government officials have recently articulated these concerns to the EU.44 These issues are genuine but can be overcome in implementation, and U.S. policymakers should recognize that preserving the European defense industrial base is an imperative for its allies, too. This risk is more likely than strategic drift between the EU and NATO or the United States. However, it would also be worth the tradeoff if it means a far more capable EU, and thus a far more capable European arm within NATO. Even if it were excluded from PESCO projects, the U.S. defense industry would not necessarily be cut out of the European market entirely. Many countries choose to buy major American end items not only because of the quality of the product but also to secure a strategic bilateral relationship with the United States. Even if U.S. companies were completely cut out of many PESCO projects, the U.S. defense industry will be fine given the magnitude of U.S. defense spending vis-à-vis Europe.45

PESCO’s failure would have far more negative repercussions for U.S. interests than its success ever would. A strong, stable, and unified Europe is in the U.S. national interest. The EU feels threatened by the possibility of fault lines within it. Citizens have been frustrated by the EU’s inability to handle the euro crisis and the migration crisis, and they now face the possibility of losing the United Kingdom. Many EU countries face increasingly powerful populist parties that question the reason for continuing the European project.46 The future of the European Union does not hang in the balance based on the success or failure of PESCO. However, success in an initiative like PESCO could go a long way toward building momentum for developing EU military capabilities.

Conclusion

Analysis of European efforts to deepen defense and security cooperation over the past half century demonstrates that both external and internal drivers explain the timing and desire for deeper cooperation among European countries. In each case, the success of such efforts has been limited by factors internal to Europe. PESCO is not likely to be any different.

The root cause that drove the EU to launch PESCO in December 2017 was the new security environment facing the EU. The British referendum in June 2016 to leave the European Union served as the proximate cause, while the rhetoric from the current U.S. administration amplified the changes that were already afoot.

Given that the alliance is a core interest, the United States should leverage the opportunity that PESCO presents for EU countries to develop their defense capabilities. Therefore, the United States should throw its support behind PESCO in public and in private. The risk of strategic drift between the EU and NATO is incredibly remote and mitigated by the strong preference of the EU members of NATO to have the Alliance continue to be the provider of Europe’s collective defense. If the United States is to be successful in the era of great power
competition, it will need the support of strong allies and partners. Strong support for the PESCO initiative is a low-risk, high-reward approach for the United States to strengthen its most important partnership.

Notes


5. Ibid., 153, 179.


7. Ibid., 158.


13. Ibid., 2.


18. Council of the European Union, “Council Decision 14866/17: Establishing Permanent Structured Cooperation (PESCO) and De-

termining the List of Participating Member States,” Brussels, December 8, 2017.

19. Upon entry into force in 2009, the Lisbon Treaty changed the name of the European Security and Defense Policy to the Common Security and Defense Policy.


23. Ibid.

24. Ibid.

25. Several European officials in the course of numerous discussions between September 2018 and April 2019 identified at least one of the three reasons listed here. Many often identified two, and in some cases all three.


32. Claudia Major of the German Institute for International and Security Affairs describes these different motivations for joining PESCO as the “integrationist,” “defense,” and “default” countries, respectively.


34. Ibid.


43 Alina Polyakova and Benjamin Haddad, “Europe Alone: What Comes After the Transatlantic Alliance,” Foreign Affairs 98, no. 4 (July/August 2019), 119.


45 In 2017, the United States spent nearly $686 billion on defense, which equates to over 70 percent of the $956 billion spent by the entirety of NATO. If the United Kingdom ultimately does leave the European Union, non-EU NATO allies would account for approximately 80 percent of all NATO defense spending. For data on NATO defense spending broken down by country, see Niall McCarthy, “Defense Expenditures of NATO Members Visualized,” Forbes, July 10, 2018, available at <www.forbes.com/sites/niallmc>.