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# PeSCo

## THE ITALIAN PERSPECTIVE

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They do not reflect the views of any organization.*

*Policy Paper*

## SUMMARY

Italy is likely to remain a strong supporter of Permanent Structured Cooperation (PeSCo) despite the changes brought about by the new government on other dossiers like migration. The armed forces, the Ministry of Foreign Affairs, and the national defence industry are keen to participate in or lead capability development projects within PeSCo. Moreover, from the Italian perspective this initiative ought to be connected with the European Defence Fund (EDF) and the Coordinated Annual Review of Defence, to exploit synergies among these elements – and particularly the EDF co-funding. At the same time, Rome does not expect to establish strong linkages between PeSCo and the Framework Nation Concept developed within the Atlantic Alliance, although Italy does favour broader NATO-EU cooperation.

*Keywords: PeSCo, Common Security and Defence Policy, European Defence Fund, European Defence Technological and Industrial Base, CARD, sub-regional initiatives, Italy.*

## NATIONAL PERSPECTIVE ON PeSCo: WHAT EXPECTATIONS?

The national perspective on PeSCo is widely shared across the Ministry of Defence (MoD) and the Ministry of Foreign Affairs and international cooperation (MFA), as well as in the offices of the Presidency of the Council of Ministers and of the Head of State dealing with defence and foreign policy. This outlook also enjoys quite a stable consensus at the political level, despite other important divergences between Italian parties and movements, and among the public opinion. The current coalition government led by Giuseppe Conte, established on 1 June 2018 and made up of the Lega and Movimento 5 Stelle (M5S), did so far not challenge this consensus.

Generally speaking, expectations for PeSCo were and are high in Italy. Italian policy-makers actively supported the whole range of developments fuelled by the EU Global Strategy and leading towards the launch of PeSCo, EDF and the Coordinated Annual Review of Defence (CARD) and were also in favour of greater NATO-EU cooperation. Concerning PeSCo, Italy's main goal is to have a structured framework whereby willing and able Member States, particularly the larger ones, jointly invest in capability development as well as pool and share existing capabilities with the support of EU institutions. Joint investments are seen as the most effective way – and sometimes the only way – to develop the capabilities needed by the Italian military, as well as to support the European defence industry and hence the national one in Italy. Alongside this policy goal, public discourse in Italy has stressed the symbolic and political value of European defence - “difesa Europea” or “Europa della difesa” in Italian. The goal is to improve Europe's ability to protect its citizens and interests in the context of an unstable EU neighbourhood, particularly in the South, and a relatively unreliable US administration. Due to these expectations and rationales, Italy led four projects and participated in another eleven within the first batch of seventeen PeSCo projects launched in 2018.

Nine months after PeSCo's launch, Italy remains a strong supporter of this initiative. The Defence Minister Elisabetta Trenta - from M5S - has not changed the path chosen by her predecessor Roberta Pinotti regarding PeSCo, perhaps because as a researcher and a member of the army's civil reserve unit she already brings a keen understanding of defence issues to her new job. At the EU ministerial meeting in Luxembourg, she reiterated Italy's support for PeSCo, EDF and NATO-EU cooperation, and expressed satisfaction for the PeSCo projects' governance rules<sup>1</sup>. On 26 July 2018, while presenting her defence policy guidelines to the Chamber of Deputies and the Senate's Defence Committees, Trenta stated that "Italy has always been and remains among the Member States supporting the initiative"<sup>2</sup>. Accordingly, Rome is going to present new and robust projects for the second PeSCo wave this year<sup>3</sup>, for example on Man Battle Tanks. Such an approach is substantially shared by a pro-EU personality such as Enzo Moavero Milanesi, who has been a European Commission civil servant and the Minister of European Affairs for both the Mario Monti's and Enrico Letta's governments prior to becoming the head of the Italian MFA under the current executive.

From an Italian viewpoint, PeSCo's launch is a step in the right direction for European defence, yet from here on it will be crucial to implement the established process and work on concrete projects. The PeSCo "to do list" is still significant, but at least there is a framework in which to operate which may be successful. Accordingly, the initiative's "output" will need to be evaluated in some years and will largely be dependent on major Member State's willingness to invest in both the process and the projects. Italian policy-makers are aware that PeSCo is still in its early phase and its development could take different directions and speeds.

## ASSESSMENT OF THE DIFFERENCES BETWEEN PeSCo IN THE LISBON TREATY AND THE DECEMBER 2017 AGREEMENT ON PeSCo

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From an Italian perspective, the permanent structured cooperation outlined in the letter and spirit of the Lisbon Treaty foresaw greater self-selection among Member States than what eventually occurred in 2017. Last year, the prevailing political will has moved towards a more inclusive equilibrium<sup>4</sup>, whereby different national positions – including on the value of the EU integration project itself - are now represented within PeSCo. This inclusiveness has at least the advantage of increasing the pool of participating Member States who might invest in cooperative projects. On the other hand, in such an inclusive framework ensuring the success of individual projects - and of PeSCo as a whole - requires constant political will: since a large grouping intrinsically drives decision-making towards

<sup>1</sup>Ministero della Difesa, MinisterialeUE: il Ministro Elisabetta Trenta a Lussemburgo, 25 Giugno 2018

<sup>2</sup>Ministero della Difesa, *Audizione del Ministro per la Difesa sulle linee programmatiche del Dicastero presso le Commissioni congiunte 4<sup>a</sup> (Difesa) del Senato della Repubblica e IV (Difesa) della Camera dei deputati*, 27 luglio 2018, p.13

<sup>3</sup>Stefano Pioppi «Più Nato con più Europa. La strategia italiana al Consiglio Ue spiegata dalla Trenta», in *Formiche*, 25 giugno 2018.

<sup>4</sup>Alessandro Marrone, «Permanent Structured Cooperation: An Institutional Pathway for European Defence», IAI Commentaries, 20 November 2017.

the lowest common denominator, the most ambitious members will have to strive to let PESCO fulfil its demanding commitments.

Italian policy-makers also view positively the slightly more significant role ascribed to EU institutions in PeSCo in comparison with the Lisbon Treaty's provisions. The initiative does maintain a predominantly intergovernmental character, yet the involvement of the High Representative/Vice President and the creation of a PeSCo secretariat made up of the European Defence Agency (EDA), EU Military Committee and European External Action Service, is a potentially significant novelty. While the widening of its membership is likely to lower ambitions, this PeSCo "institutional anchor" may help counterbalance this tendency in favour of more ambitious initiatives. EU institutions are indeed keen to remind the Treaty's commitment – for instance about the most demanding missions mentioned by the Lisbon Treaty – and PeSCo provide them some accountability mechanisms to exert political pressure. Moreover, the de facto establishment of a "quartet" by the four states which have supported PeSCo since its inception – namely France, Germany, Italy and Spain – is viewed as a positive step to share ideas and plans, reduce existing divergences and ultimately to drive the initiative forward.

## WHAT TYPES OF PROJECTS FOR PeSCo?

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The prevailing idea within both the MFA and the MoD, particularly within the Defence Chief of Staff and National Armament Directorate, is that PeSCo projects should focus on capability development. It is not by chance that two of the four projects led by Italy aim to develop quite robust capabilities, namely a new family of armoured vehicles and systems for harbour protection. The Italian military is particularly keen to seek cooperation with both large and small participating Member States on a range of future capabilities, including the new generation of main battle tanks with a view to connect with the Franco-German bilateral cooperation. The second wave of projects presented by Rome will likely reflect this general attitude towards joint capability development.

Of course, authorities are aware that capabilities are not merely material, and Italy is indeed taking part in eleven other PeSCo projects ranging from military mobility to training and education. Moreover, one of the next Italian projects will likely involve training Remotely Piloted Aircraft Systems (RPAS) crews, conducive to RPAS' flight into non-segregated airspaces in Europe.

Nonetheless, Italy favours projects dealing with research and development, procurement, as well as maintenance, repair and overhaul of capabilities. The Italian defence industry widely shares this position, which depicts PeSCo as a driver for cooperative programmes and further investments at both the national and European levels. Indeed, from the industrial point of view cooperative programmes help achieve economies of scale needed to develop and export advanced equipment to third markets. At the same time, they usually imply joint ventures between Italian industries and other major industrial players in Europe, which are appreciated as a way to keep European and national DTIB competitive

and technologically advanced.

However, the short to long-term availability of state's budgetary resources to sustain subsequent waves of PeSCo projects is problematic. Indeed, Italian defence spending will not substantially increase in the next three years. On a positive note, a basically pacifist movement like M5S has largely abandoned its intentions to cut military expenditures, which had previously been raised while they were in the opposition. Instead, Minister Trenta intends to rationalize expenditures dedicated to military infrastructures and estates<sup>5</sup> to reinvest saved resources in the personnel as well as in research and development activities – a difficult endeavour – with a focus on the cyber domain and dual-use technologies<sup>6</sup>. The current greater emphasis on dual use, civil-military cooperation, state and societal resilience<sup>7</sup>, is also part of a political discourse on collective security put forward by M5S representatives aimed to reconcile M5S past and present positions on defence. Concretely, Trenta also stresses the importance of developing the national military in line with both the EU Capability Development Plan and the NATO Defence Planning Process.

## LINKS BETWEEN PeSCo AND EUROPEAN DEFENCE FUND

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The Italian approach to capability development leads quite naturally to connecting PeSCo with EDF. While the two initiatives are recognized as different and separate, Italy is keen to see the former as an incubator for projects to be submitted to the latter. This mindset is widely shared at the political level. In the aforementioned parliamentary hearing, Trenta stated that PeSCo “for Italy should also be seen as an important opportunity for industrial development, thanks to the enormous potentiality of the whole ensemble military-research-industry when it comes to the design, production and deployment of innovative capabilities”<sup>8</sup>. The deputy Defence Minister Angelo Tofalo also stressed the opportunities presented by PeSCo and EDF at a workshop organized by the National Armament Directorate with Italian defence industrial interlocutors<sup>9</sup>. Moreover, the Deputy Prime Minister and Minister for Economic Development Luigi Di Maio – the M5S leader – visited a Leonardo factory on his first day in office, while Lega lawmakers have made several explicit references preserve industrial and technological sovereignty. The government agreement signed by M5S and Lega as basis for their executive mandate, after the March 2018 elections, officially cements this approach<sup>10</sup>.

From an Italian perspective, the more connected PeSCo and EDF are the better it is for both

<sup>5</sup> Mario Giordano, « Così proteggo l'Italia dalle vere minacce (di cui nessuno vi parla) », in *La Verità*, 23 luglio 2018.

<sup>6</sup> Ministero della Difesa, *Audizione del Ministro per la Difesa sulle linee programmatiche del Dicastero presso le Commissioni congiunte 4<sup>a</sup> (Difesa) del Senato della Repubblica e IV (Difesa) della Camera dei deputati*, p. 16

<sup>7</sup> Ministero della Difesa, *Duplici uso e resilienza*, p. 10, September 2018.

<sup>8</sup> Ministero della Difesa, *Audizione del Ministro per la Difesa sulle linee programmatiche del Dicastero presso le Commissioni congiunte 4<sup>a</sup> (Difesa) del Senato della Repubblica e IV (Difesa) della Camera dei deputati*, p. 13

<sup>9</sup> Ministero della Difesa, « Iniziative Europee per la Difesa: una opportunità per il sistema Paese », 26 Giugno 2018

<sup>10</sup> M5S and Lega, *Contract for the government of change*, 18 May 2018.

the military and the industry in Italy and the EU. Indeed, PeSCo projects would definitely be more ambitious with the Fund's financial support, while EDF projects will only succeed if they focus on filling the gaps identified by the armed forces through subsequent procurement programmes. Should the two initiatives not be appropriately linked, PeSCo would suffer from the lack of EU financial support. At the same time, EDF would result in a waste of European taxpayers' money since from an Italian point of view PeSCo is the main venue for cooperative procurement.

## **LINKS BETWEEN PeSCo AND COORDINATED ANNUAL REVIEW ON DEFENCE**

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From the Italian point of view, CARD and PeSCo are conceptually linked as the former reviews the Member States' capability development plans and the latter aims to cooperatively develop the capabilities lacking in the European armed forces. The synergy between the two initiatives seems to have great potential, but the absence of automatic linkages is concerning. If and how such CARD-PeSCo linkages will be created and implemented remains to be seen. Italy is eager to see this fully established sooner rather than later. In this context, EDA could play an important role to bring armed forces' need at EU level.

## **CONSEQUENCES OF PeSCo AND OTHER EFFORTS REGARDING CSDP ON THE GOVERNANCE OF CSDP**

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With the exception of Denmark and Malta, PeSCo and the EU Common Security and Defence Policy (CSDP) have almost the same membership - in a post-Brexit context. Furthermore, the PeSCo pool of participants is even larger of those MS actively participating in CSDP missions. Therefore, the former has the potential to have a positive impact on CSDP as an incubator for better military capabilities available to EU missions. However, the decision to launch an operation under the Union's flag will still be taken on an ad hoc basis, as the kind of PeSCo established in 2017 does not represent an operational commitment per se.

## **LINKS BETWEEN PeSCo AND FNC**

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In line with this approach, from the Italian perspective PeSCo has no strong links with the Framework Nation Concept (FNC) developed within the Atlantic Alliance, although Italy remains in favour of broader EU-NATO cooperation. The FNC relies on the assumption that one single nation provides the bulk of capabilities, while the others plug in mainly with a view to operational deployment – for collective defence, high-end crisis management

operations or stability missions. PeSCo is rather open to different formats of cooperation, including for example a group of large Member States participating in a joint effort on a more or less equal basis. Once again, for Italy, PeSCo aims to fill capability gaps which no single European military can address alone, by pooling the resources of willing and able participating countries to cooperate - rather than compete - on capability development.

## **IMPACT AND COHERENCE OF PeSCo ON SUB-REGIONAL INITIATIVES: WEIMAR TRIANGLE, NORDEFECO, VISEGRAD, E21**

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When it comes to regional initiatives, it is worth noting that Italy is not part of the Weimar Triangle, the NORDEFECO or the Visegrad 4, nor does it have treaty-based bilateral defence relations similar to those established by the Elysée or Lancaster House Treaty. Accordingly, Rome is keener than other European capitals to invest in a multilateral framework. Moreover, Italian policy-makers emphasize that in the last decade none of the aforementioned regional groupings delivered a leap forward in the defence domain, whether operationally or regarding capability development. For Italy, part of the impetus for PeSCo stems from the fact that the status quo of scattered islands of cooperation was not sufficient anymore to protect Europe's security and interests, let alone its strategic autonomy. Bilateral, regional and multilateral initiatives and formats will continue to co-exist and may be mutually beneficial in various ways. Nonetheless, Italy considers that PeSCo now deserves to be prioritized when it comes to politico-military investments and be granted sufficient time to show signs of progress.

In this context, Italian policy-makers have been sceptical of the French acceleration on the European Intervention Initiative (E2I) only a few weeks after the PeSCo launch. The current government also feels E2I could potentially weaken PeSCo<sup>11</sup>. Moreover, E2I's goals and tenets result somehow unclear, beside resulting *de facto* in a set of bilateral cooperation launched by Paris to better rely on European allies for military operations in Africa. The operational feature of E2I and the capability development character of PeSCo may appear complementary; however, the underlying logic of the two initiatives is not. Indeed, the latter sees a European governance, while the former presents an "à la carte" French choice.

The Italian perception of E2I, coupled with a preference for EU and NATO frameworks rather than Paris-led coalitions<sup>12</sup>, contributed to the Conte government's decision not to participate in the initiative's launch on June 26<sup>th</sup>. The 2011 experience, when France drove the military campaign in Libya which led to the collapse of Qaddafi's regime, still sheds a negative light on Paris in Italy's eyes. The waves of migrants sailing each year towards Italy from the shores of Libya since the 2011 war further exacerbated this negative outlook. Tension with Paris on the migration issue, which is crucial for both Lega and M5S, also influenced Rome's decision and may influence other dossiers of lesser importance for the

<sup>11</sup> Tom Kington, « Italy's new defence minister commits to F-35, butts heads with France », in *Defence News*, 29 June 2018.

<sup>12</sup> Stefano Pioppi, « Una nuova stella nel Movimento. Così Elisabetta Trenta conquista consensi », in *Formiche*, 9 luglio 2018.

ruling coalition<sup>13</sup>. Finally, the recent revamp of Libyan crisis has further worsened the Italian perception of France's role in North Africa. Meanwhile, the Conte government has started to build good relations with Donald Trump's administration, as demonstrated by the bilateral meeting in Washington in July 2018, also with the aim of enhancing its role vis-à-vis European partners - a recurring approach in Italian foreign and defence policy<sup>14</sup>.

An overarching question is if and how the Italian approach to PeSCo in particular, and to European defence cooperation and integration in general, will change under the current government. When a new ruling coalition comes into power, formed by political parties which have never governed together at the national or local level, a certain plurality of views is expected. Furthermore, the development of a more robust and coherent strategy may take some time. On the one hand, both Lega and M5S have criticized the EU on a number of dossiers, from the lack of solidarity to address the migratory flows faced by Italy, to the damages caused by austerity measures during the economic recession of the last decade. Accordingly, they have assumed a more nationalistic profile in recent years, also at odds with France and Germany on migration and fiscal measures respectively.

However, these criticisms have not significantly targeted defence and the EU's possible role in this field. On the contrary, both parties are somewhat sympathetic to the idea of greater European strategic autonomy with respect to the US. Moreover, Lega has supported military expenditures and the national defence industry during its ten year-long participation to conservative governments since the 1990s, while M5S has partly abandoned its pacifist positions since 2017 to prepare for government responsibilities.

These political dynamics are not producing any pressure for a radical change in Italian defence policy, unlike migration policy, nor are they likely do so in the future. Pragmatic continuity will probably persist when it comes to PeSCo, European defence, EU-NATO relations, defence industrial policy and military expenditures<sup>15</sup>. The milieu of institutions and stakeholders, which constantly interacts with any ruling coalition in Italy, also seeks this continuity. Such a deep-rooted consensus on defence issues is particularly important at a time when the political class may pay less attention to the defence dossiers because of the priority attached to others like migration. Moreover, Italian parliamentary opposition parties are in favour of such continuity, thus removing another possible political catalyst for change in this domain.

In conclusion, when it comes to PeSCo, Italy is likely to remain a supporter of this initiative, to lead and/or join capability development projects, to connect PeSCo with European Defence Fund and CARD rather than with Framework Nation Concept, and to prefer EU and NATO formats over French-led groupings. ■

<sup>13</sup> Alessandro Marrone, « The Conte Government: Radical Change or Pragmatic Continuity in Italian Foreign and Defence Policy? », in *IAI Commentaries*, 15 June 2018

<sup>14</sup> Stefano Cabras, « Grazie a Trump l'Italia può tornare centrale in Europa. L'intervista a Dottori », in *Formiche*, 4 Agosto 2018

<sup>15</sup> Alessandro Marrone, « The Conte Government: Radical Change or Pragmatic Continuity in Italian Foreign and Defence Policy? », in *IAI Commentaries*, 15 June 2018

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