



The ESSDs Review and prospects for the Army

The scout

Monsieur Jean-Jacques PATRY

Published on 17/09/2020

Engagement opérationnel

Les Entreprises de Servithese de Security and Defence (ESSD): What is it?

There is no internationally established legal definition of ESSDs. The only one currently recognized is the one mentioned in the "Montreux Document", which became the International Code of Conduct Association (ICOCA) and which has a normative scope taken up by the American ANSI/ASIS and ISO 18788 regulations.

1 "Private commercial entities that provide military and/or security services, regardless of how they describe themselves. Military and security services include, in particular: Armed guarding and protection of persons and objects, such as convoys, buildings and other places; Maintenance and servicing of weapons systems; Prison detention; And advice and training to local forces and security personnel".

This definition displays a list of activities covered by a code of conduct for signatory companies. It will evolve regularly by adapting to international security markets, which are changing quite rapidly (on average every 5 years). These ESSDs are above all British and American companies with solid experience in outsourcing and profit-seeking, even if newcomers are appearing: Indians, Russians, Chinese.

In France, the pool of private security resources is quite large and includes :

- The **Defence Industrial and Technological Base (DITB)**: support and training of foreign armies related to the sales of war material (ex: DCI), between 27 and 35 billion euros of turnover;
- The **Private Security Companies (PSC)**: about 3,500 companies with a turnover of six billion euros;

- **ESSDs**, which constitute a grey area in legal terms. There are 130 of them in France, registered internationally, which provide an operational capability involving the deployment of war materiel or the transmission of operational know-how.

11 of these 130 have a real operational capability and 5 are listed in the ICOCA register of ESSDs. They represent 130 million CA, a relatively small amount.

Their classification is important because it immediately makes it possible to identify the real capacities of companies in often opaque markets. We can therefore distinguish three classes:

- **Classe I**: companies delivering know-how that does not require logistics or heavy teams (consulting, auditing, etc.);
- **Class II**: those providing armament services, equipment, niche human resources, etc.; **Class II**: those providing services of armament, equipment, niche human resources, etc.; **Class III**: those providing services in the field of transport and logistics. These companies require the implementation of resources in the field and therefore significant fixed assets;
- **Class III**: those capable of constituting an operational midfield function (SRI, EW, C2, deep fire, mobility, logistics, coastguard, counterterrorism aviation, etc.). They very often work in "clusters", with other companies.

No French ESSD can claim Class III. The 11 largest are at best Class II. The rest are Class I.

In conclusion

The French ESSDs constitute a very small part of the ESPs. Their status is tolerated, which explains why they are developing internationally with some difficulty, especially as they do not have the same financial surface area as Anglo-Saxon companies. Their competences are very close to those of national ESPs and, with one or two exceptions, they do not seek the militarisation of their means of action, which would involve too great a cost.

Compétences des French ESSDs in 2018 (excluding the maritime sector)

French ESSDs of Class II, Anticip, Erys, Geos, Corpguard specialize in the geographical areas and tense socio-political environments where their clients operate (Africa, Near and Middle East, Latin America).

They primarily seek private clients (companies and NGOs) whom they advise in terms of protection of people, sites, data and information. They can provide lightly armed security teams, carry out crisis intervention, watch/warning and technical assistance missions in high-risk areas.

To a lesser extent, they can also work for state or international institutions: protection, cyber security, incident management, alert monitoring, technical assistance.

In terms of human resources, they hire only a few hundred staff at best and have some

rare capacities: protected communications, civilian armoured vehicles, small arms (often controlled local teams), perimeter surveillance and warning systems and pursuit, watch and warning COs.

In comparison, American and British companies act in consortium and for governments (United States, United Kingdom, Canada). They are capable of providing turnkey operational functions (ISC, logistics, strategic and tactical airlift, bases, etc.). As an illustration, G4S is the third or fourth global reference and represents 11 billion USD in turnover in 2017. In Africa, it provides telecommunications, airport security, port facilities, industrial and mining rights-of-way, embassies and public buildings, as well as post-conflict support to NGOs and institutions.

In conclusion - Interests for the Army

- French ESSDs are small companies, with a low volume of staff and a limited financial surface area that does not allow the mobilisation of assets on large contracts.
- They specialise in providing assistance to companies and individuals in tense areas, but do not intervene in war zones (in which case they could incur civil and criminal liability).
- They often work for - and not with - large American ESSDs as auxiliaries (subcontracting of SSR programmes in French-speaking Africa).

Perspectives of evolution by 2035 for adT needs?

In this constrained environment, the prospects for externalization through ESSDs for the benefit of adT are limited, but real.

In the short term: support to training and coaching activities in Africa

In order to support the French effort in Africa, it is necessary to develop ad hoc alliances (**G5Sahel** or **FMM** for example), to train competent executives and technicians for multinational commitments, to support EMSOME in order to create competent partner**armies** enabling French disengagement from these areas. ESSDs could be low-cost and effective solutions for training these professionals 2. The ESSDs could be piloted by armies in the field in order to be integrated at the strategic level. Finally, in the long term, such missions would enable national ESSDs to be upgraded.

This binomial adT ESSD would facilitate the concentration of forces on support and combat missions, the only ones capable of creating a real bond of trust with local contingents through risk sharing; something that no ESSD can achieve.

In the medium term: access to rare space, cyber and intelligence resources

The French armies are deficient in certain areas. Here, civilians could supplement military resources with extended SRI coverage. An interesting solution because it would be applicable to all types of environments (permissive or semi-permissive). This is already being done for the Navy in the Gulf of Aden and off the coast of Somalia. These

capabilities are very easy to mobilise due to the abundance of light SRI means and optronic balls for hire. These resource pools go beyond the ESSD framework alone. Other companies may have access to them.

The field of geointelligence exploitation is also very promising. Armies could use civilian space resources to create georeferenced databases with real-time updates over very large geographical areas and gaps. Civilian companies could provide telecommunication, telemetry, guidance, navigation and metadata processing algorithms. This solution would thus provide easy access to the most recent technological advances at "market" prices.

Recommendation for the adT: mapping changes in the security markets and "keeping an eye out".

The aim is to be on the lookout for what civil society will be exploring in terms of so-called Industrial Revolution 4.0 technologies (AI, robotics, nanotechnology, intelligent materials, etc.). ESSDs synthesize what is accessible at a given moment T for the security needs of their clients. They will therefore use some of these technological combinations. At least, the most profitable ones for the private sector. The TDA should therefore keep an "inquisitive eye" on these security markets to take or adapt what would appear to meet a future operational need; either to lease the capacity or to duplicate it by internal competence.

Conclusion

As wide as the "pool of civilian resources" is, what the French ESSDs can put at the service of the national armies is limited. Apart, no doubt, from the maritime domain, which is not studied here, they will remain marginal resources for TDA by 2035, because :

- They are not recognized by the State and face a certain institutional mistrust;
- They do not have the financial space to work on large projects. As demonstrated by the example of the bankruptcy of the Sovereign Global Fund. This too small financial surface area is incompatible with public payment deadlines ;
 - The culture of working with the forces is non-existent and will remain so if nothing changes;
 - Their head office is often abroad. This requirement is imposed by their private clients, who do not want the French State to interfere in contracts. Consequently, moving closer to the French armies subject to national regulations for these ESSDs is not necessarily desirable. Winning a public contract with uncertain payment and the risk of losing private customers is questionable.

Nevertheless, a number of factors may influence this development:

- Adapting the legal framework: this is not the case for the time being, especially since the 2019-2025 Military Programming Law rather provides for tighter control of the activities of national ESSDs;
- It is still possible to build up or dispose of scarce capacities for the Army based on know-how mastered for private clients;
- Provided, however, that the profitability of public procurement is at least equivalent to that of private procurement.

It is important to bear in mind that ESSDs are not mercenaries but belong to the world of the private sector.

Questions

Why do American ESSDs dominate the market?

US ESSDs have an excellent track record of providing services to the US Armed Forces since the Vietnam War. Initially confined to logistics and support, the context of the "War on Terror" has allowed them to considerably increase their areas of technical expertise. Often working in consortium with major financial groups or arms producers (Boeing...), the ESSDs have become the essential vectors of military arms assistance and training activities for the benefit of the US armed forces' allies.

Comment assess the performance of the ESSDs?

ESSDs operate in highly competitive markets. They therefore have an obligation of quality. Their profits depend closely on the services they are able to offer to foreign players. A number of factors come into play, in particular:

- Demand: is the foreign government interested in their services? ;
- The nature of the services offered: ESSDs offer services whose nature depends heavily on the national backgrounds from which they come (each ESSD teaches what it knows, with personnel having their own national military culture).

However, it is difficult to assess the quality of the services provided, as the ESSDs tend to conceal, or even hide, their results in order to avoid losing credibility and maintain the best possible image.

Comment explain the state's mistrust of ESSDs?

Several factors can be mentioned:

- Within the same state, several institutions may have divergent views and interests (cabinet, institutions, and pressure groups) regarding ESSDs;
- France has a particular statist culture that does not favour the outsourcing of regalian prerogatives (unlike the Anglo-Saxons);
- ESSDs are often associated with mercenaries and have a bad image, hence the reluctance of politicians;
- In the United States, ESSDs benefit from an economical model. In the United States, ESSDs benefit from a favourable economic model. Not in France;
- French ESSDs don't have the history and experience of the American ESSDs that started intervening in Vietnam. French ESSDs are not taken seriously and are therefore not integrated into operational networks (and even less so into intelligence - except for sensor rentals);
- The highly competitive nature of the market prevents the emergence of new players who are therefore struggling to survive;

- Outsourcing is sometimes more expensive in the long run;
 - A central element of debate is that of access to weapons. Such a capacity has a financial cost, but also a cost in terms of image in the event of a problem. ESSD "Anticip" is one of the few French companies to have weapons for contracts in Iraq, a country it knows very well and whose environment is particularly corrosive. French ESSDs in general tend to specialise in technical skills that do not require the possession of weapons.

Remark (Gl Facon): it is necessary to defend public power that is disinterested and effective. The only contribution the ESSDs could make would be limited to the field of strategic thinking and military thinking.

Thes ESSD as a source of problems for public authorities?

This is the case today in all geographical areas where state institutions are malfunctioning or have disappeared. For example:

- In Mexico: 13,000 security companies were registered in 2015; 10,000 in Brazil. They have become indispensable for private and public actors in extremely unequal and violent societies;
- The phenomenon is similar in South Africa, where ESSDs benefit from an enabling environment: the most successful are reserved for the protection of members of the ruling regime and the communities that support them.

For the LCL Patry, there is a phenomenon of paramilitarization in Latin America and Africa. The ESSDs are becoming key players with means that are often comparable, and sometimes even superior, to regular local capacities. They are often close to the political leaders, whom they supply with "cash".

In areas of latent conflict (Mexico, Brazil in the favelas) or even open conflict (Afghanistan, Libya), the creation of local ESSDs often responds to the following needs a concern for the self-protection of private or community interests, as a complement to military training and regular forces. They therefore play a "security" role that should never be underestimated.

Thes ESSD lack strategic vision ?

ESSDs are purely market-driven and seek to maximize their profits to satisfy their shareholders. Thus, they have no strategic vision other than that of their chart of accounts. However, this does not prevent them from being vectors of influence for States that have a strategy, or even large industrial groups that want to set up in a "tense" area.

A genuine public/private partnership should be created with these ESSDs, in order to incorporate them as partners and integrate them into an overall strategy when it seems necessary.

Thes Russian and Chinese Class III ESSDs also respond to economic logic or are they politically driven?

Chinese ESSDs were originally an emergency measure to protect Chinese citizens abroad (especially in Africa). They very quickly became an obligation to "secure" investments while the Chinese armed forces were growing in strength. Co developed by the various ministries, large Chinese companies acquired their know-how from the best American ESSDs through joint ventures before becoming autonomous.

Russian ESSDs are much more like mercenaries based on a model such as Executive Outcomes in the 1980s. They are very practical for the Kremlin, which can deny any link with their initiatives. It should be noted that groups like Wagner are in contradiction with international law on mercenarism, but are not subject to sanctions.

The ESSDs are one of the vectors of influence among others, especially in the field of indirect strategy, which we know is of great interest in our hyper-competitive world.

2 It should be noted, however, that training must involve building mutual trust between men and their instructors. This trust can be more easily established when instructors fight alongside these armies, an action that the ESSDs cannot achieve.

Title : Monsieur Jean-Jacques PATRY
Author (s) : Monsieur Jean-Jacques PATRY
Release date 21/01/2019
