

## Security & Defence Committee, European Parliament

Intervention  
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(*Check against delivery*)

### **FIRST SESSION: LONG-TERM-REVIEW OF THE EUROPEAN DEFENCE AGENCY**

- Thank you very much Ms Chairman. I am glad to have the opportunity to address the European Parliament and this Subcommittee.
- Members of Parliament, and the SEDE Committee in particular, have demonstrated over the past years to be a driving force when it comes to generating innovative proposals and continuous political impetus in support of more defence cooperation.
- I'd like to recall in this context the idea of a Pilot Project for EU-funded defence related research that has been born in this very Committee and which is currently implemented by the Agency. I will come back to it in more detail during the following session.

- And I am convinced that the Parliament will be able to provide further impetus in the months and years to come. EDA is regularly part of recommendations and opinions generated and discussed in this very forum.
- For this very reason, I am particularly grateful to have an exchange with you on what is called the EDA Long Term Review, LTR in short.
- Let me say it upfront: I consider the LTR being a key exercise and milestone for EDA: it has reinforced the Agency's missions statement; and it has set out an ambition as regards EDA's role in connection with major on-going policy initiatives such as PESCO, CARD and the European Defence Fund.
- The LTR process has been launched by the Head of Agency Federica Mogherini on the consideration that, as indicated in the EU Global Strategy, full use was to be made of EDA's potential. It is necessary to ensure that the Agency is adequately resourced and remains fit-for-purpose and adaptable more than 12 years after its creation.
- The LTR exercise itself consisted of a series of high-level meetings conducted over six months from November 2016 to April 2017, during which an in-depth reflection and structured assessment of the EDA's long-term

objectives, priorities and ways of working was carried out together with national Sherpas personally appointed by Ministers.

- On that basis Defence Ministers endorsed and welcomed on 18 May the LTR conclusions and recommendations.
  
- What are the key features to be highlighted?
- The LTR argues for reinforcing three specific functions to be performed by EDA.
- The first function is for EDA to act as the **major intergovernmental prioritisation instrument at EU level** in support of capability development, in coordination with the EEAS and EUMC.
  - Prioritisation at European level is the key word here. Prioritising capability development also means understanding what is available and what is not available at the European level, and focus resources towards what is really needed.
  - We have the Capability Development Plan, the so called CDP, which identifies which capabilities will be needed to serve the overall EU Level of ambition and can be developed in cooperation, taking also into account the input provided by Member States to NATO. The CDP is now being reviewed together with Member States, and the new Capability

Priorities are expected to be approved by March next year. The link with national plans will be increasingly important to ensure coherent uptake and indeed effective implementation of identified priority areas. The CDP priorities should also inform and guide future EU-funded defence-related activities under the European Defence Fund, be it for the Research or the Capability Window. This has been highlighted in several Council Conclusions in the past.

- For R&T activities more specifically, we are further developing an Overarching Strategic Research Agenda, to identify the technologies we should focus our research efforts on and which should support the capability priorities derived from the CDP.
- We are finally looking into identifying Key Strategic Activities, to highlight which industrial capabilities and skills Europe needs to retain and develop.
- We are now including these tools within a single integrated framework, so as to provide Member States with a complete picture of all that is needed to plan the defence investments in a way that maximises the security of Europe as a whole.
- To this toolbox we will soon add the Coordinated Annual Review on Defence (CARD) which is now undergoing its trial run and which aims at providing over time a complete picture of the European

capability landscape and of the implementation of CDP priorities. I may provide you with more details here in response to your possible questions.

- In respect of PESCO, Member States have asked the Agency in close coordination with the EUMS to support a first consolidation, clustering and analysis of proposed PESCO projects. A dedicated workshop towards the end of October, led by Member States, will provide an opportunity to present first findings in this respect. More widely, EDA's role in the overall PESCO governance framework is to be elaborated over the weeks and months to come, in line with relevant Treaty and Council provisions, yet also in light of the recent LTR conclusions. We need an ambitious PESCO, representing a step change as regards European defence cooperation. Be it for the CDP review, the CARD or the PESCO, Member States' buy-in, contribution and drive will be key to success.
- Let me turn to the second key function that Member states assigned to EDA with the LTR: the Agency is to act as **preferred cooperation forum and management support structure** to engage in concrete technology and capability development activities.
  - This is a recognition of the work EDA has done for many years to help MS collaborate with each other.

EDA is involved in a wide range of activities that promote cooperation. The Agency has been facilitating dialogue between MS, launching feasibility studies to identify further potential cooperation areas, and leading or supporting a extensive portfolio of projects. Right now, we are continuing to support some 50 capability and some 100 R&T related projects within the Agency.

- Among the recent initiatives since May, that have highlighted EDA's potential in supporting concrete capability development, one can name the inauguration of the European Tactical Airlift Center in June 2017, the Cyber dimension (e.g. CYBRID exercise at Ministerial level in September 2017 co-organised with the Estonian Presidency), the setting up of an Ad-hoc Working Group regarding Military Transportation in September 2017 following the initiative taken by the NL Minister. Earlier initiatives such as on Main Battle Tank are progressing in implementation. There are many other areas where EDA could effectively provide a European dimension in the future.
- Finally, as a third key task, the LTR foresees the reinforcement of EDA's role as facilitator towards the Commission and other EU Agencies, acting notably as the "Central Operator" for EU-funded defence related activities.

- Clearly, this third task implies the reinforcement of the role of the European Defence Agency as the *trait d'union* between Member States on one side, and EU institutions on the other.
- The Agency is institutionally suited to play this role. It acts under the Council's authority, and benefits from direct political guidance from Defence Ministers and high-level national defence stakeholders such as National Armaments Directors, Capability Directors, R&T Directors and Defence Policy Directors.
- One of the crucial dimension of this task is to assess the impact of wider EU policies and regulations on the defence sector in areas such as Cyber, Space, or Energy. A particularly telling example is the role EDA has played since 2010 in coordinating military views on Single European Sky, taking the role of interface for the military community with EU Institutions and with other partners such as Eurocontrol and NATO.
- Turning to our envisaged role as “Central Operator” for EU-funded defence related activities, discussions are on-going. While the Agency continues to implement the Pilot Project and the

first year of the Preparatory Action on defence research, the notion of “Central Operator” still needs refinement. More specifically for the Capability Window and the European Defence Industrial Development Programme (EDIDP), the Agency created an Inter-Directorate Task Force and engaged with Member States with a view to clarifying the exact nature of EDA’s support to MS. Upon Member States’ request, the Agency already provided advice within the Council’s Friends of Presidency (FoP) Group about the inclusion of SMEs in future EDIDP calls, and today will provide its perspective at the EDIDP Consultation Forum convened by the Commission. Similarly to what it has been asked to perform as regards PESCO project proposals, the Agency could notably advise Member States on the impact of proposed EDIDP projects on the European capability landscape and its coherence, and has called on Member States to send cost-free SNEs to support such work. This is only a natural consequence of MS call for the need to ensure the necessary linkage between CARD, PESCO and EDF, while acknowledging that they are separate initiatives, all directed to improve the coherence of EU capability landscape in accordance with the agreed priorities.

- Let's not forget that at the end, the EDF should not represent a sole industry subvention in its own right but lead to the development of required capabilities based on a strong European Defence Technological and Industrial Base (EDTIB). The link to capability priorities and the generation of capabilities in support of a coherent and complementary European capability landscape is key and this is where EDA comes in. This is why the negotiation of the EDIDP regulation needs to be looked at very closely.
- What is of utmost importance, I believe, is the right balance between the community and intergovernmental dimension if we want defence cooperation to make a qualitative leap. It is, in my opinion, the structural issue on which the success of all of our efforts is dependent.
- When I say “right balance” I mean that each entity/institution will have to play a role which is consistent with its own tasks, mandate, expertise and responsibilities. There should be a clear division of roles, stemming both from the Treaty and from the political reality on the ground. Let's not forget that EDA is referred to in the Treaty as the Agency in the field of defence capabilities development, research, acquisition and armaments.

- Defence is, and will continue to be for the foreseeable future, a responsibility of Member states. That is in the Treaty, and it is also a fact which implies that any meaningful step forward on defence cooperation will happen only if on the basis of Member States' strong political buy-in.
- The EU can indeed provide important incentives and funding in support of more cooperation and capability development and this is why EDA welcomes the setting up of the European Defence Fund.
- We do need additional external stimulus, to foster cooperation which is not a natural reflex.
- But what we do not need is duplication of structures which would mean waste of resources and confusion of institutional responsibilities. Policy comes before structures: not the other way round.
- And making full use of EDA is part of that approach. And this is based on having also the right resources at our disposal, funding-wise, human resources-wise and in terms of effective decision-making.
- This is why the LTR conclusions also refer, for example, to the potential value of Qualified Majority Voting, which

is by the way inscribed within the Council decision establishing the Agency. And for the same reason the Review also recognise the importance of ensuring that the Agency has the required resources and expertise.

- And I want to highlight that this Parliament has argued in favour of the reinforcement of the Agency's funding and resources different times.
- One more issue that we addressed during the Agency's LTR process was the principles governing EDA's relations with third parties.
- As you know, EDA may pursue relations with Third Parties (countries, organisations or entities) in order to fulfil its mission; the ONLY vehicle to formal cooperation is the conclusion of an Administrative Arrangement, upon formal request by the interested third party which must be approved by the Council by unanimity.
- So far the Agency has concluded Arrangements with Norway, Switzerland, the Republic of Serbia and Ukraine, and also with the ESA and OCCAR.
- What we discussed with Member States during the LTR process was the principles to govern the Agency's relations with third parties; allow me to elaborate on that.

- EDA pursues relations and contacts with Third Countries in complete transparency with its Member States while considering: (1) European Union's Common Foreign and Security Policy and its Strategic Partnerships (2) Member States' political sensitivities (3) necessity to respect the decision making autonomy of the Agency.
- In developing relations with Third Parties, the Agency ensures reciprocity, namely mutual benefits for ALL EDA Member States and for the interested Third Countries.
- Cooperation with the Agency is not a way to support partners, but a mutual and balanced relationship with a common objective - capability development through cooperation. This can also ensure interoperability with third countries' armed forces contributing to CSDP missions and operations.
- Administrative Arrangement cannot be empty shells: Third Parties shall demonstrate true commitment to pursue cooperative activities with the Agency and its Member States with concrete objectives and results. The activities are developed with the maximum of flexibility and on a case-by-case basis.

- Having said all this, and before you get me wrong - I am well aware that the hardest bit is yet to come. The hardest bit will be to get the defence establishments taking ownership of the LTR, of their Agency and effectively implementing initiatives such as PESCO, CARD and the EDF
- This envisaged reinforcement of the Agency as intergovernmental tool serving Member States across the lifecycle of capability development will need to be filled with life.
- While single actions and technical measures can accompany and support such process, real key to success will be the political will by Member States to conduct collaborative efforts within the Agency framework, and give visibility to its added value in terms of coherent capability development and economies of scale.
- And here the European Parliament can help to push in the direction of gradually building a more ambitious European Defence, making full use of existing structures such as EDA.
- We are now working on the implementation of practical measures to deliver on what was decided in the Review. Ministers will revert on the LTR by spring 2019 to take

stock of progress and assess the need for additional recommendations and further steps.

- LTR is not a one-shot set of decisions. It is a continuous process, to raise awareness at strategic level in capitals regarding the potential of EDA, to increase ownership by Member States, to ensure it is fit for purpose in a period of step change in European defense. To quote the EU Global Strategy, the full use of the Agency's potential is one of the "essential prerequisites for European security and defence efforts".
- With that I am happy to answer your questions and develop certain specific issues I touched upon in more depth.
- Thank you very much.