

Coordinated Annual Review on Defence (CARD)



The EU Global Strategy (EUGS) presented in June 2016 called for the "*gradual synchronisation and mutual adaptation of national defence planning cycles and capability development practices*" to enhance strategic convergence between Member States and facilitate and promote defence cooperation among them.

On the 18th of May 2017, the Council endorsed the modalities to establish the Coordinated Annual Review on Defence (CARD) and launched the CARD Trial Run.

Over the following months, the EDA, in its role as CARD Secretariat, compiled all available information on participating Member States' (pMS) defence expenditure and capability development, grouping it along the three lines indicated in the Council Conclusions: (i) Member States' aggregated defence plans, (ii) the implementation of the EU Capability Development Priorities resulting from the CDP, and (iii) the development of European cooperation. The information gathering was followed by Bilateral Dialogues between pMS and the EDA and EUMS in order to complete, discuss and clarify the data. This provided the basis for the analytical work that resulted in the CARD Aggregated Analysis from which the CARD Report for the EDA Steering Board in Ministers of Defence format was derived.

CARD Trial Run Outcomes

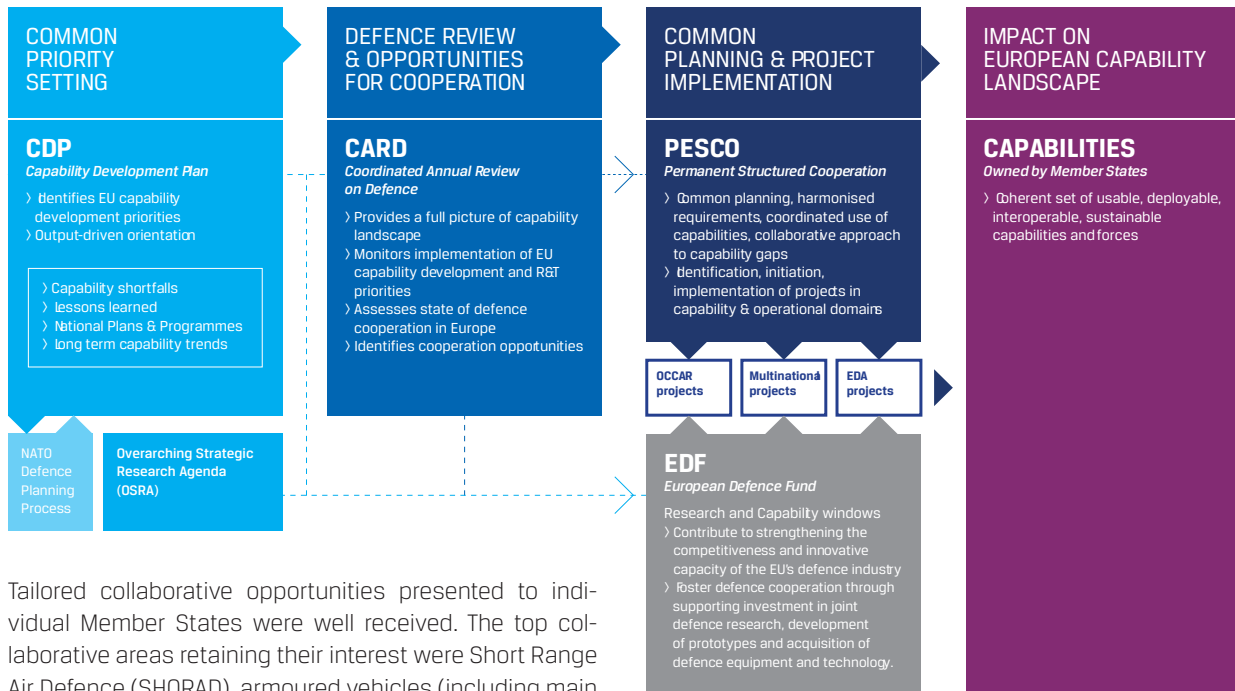
The CARD Trial Run findings confirmed that there is a positive trend in the overall defence spending of the 27 participating Member States over the 2015-2019 period, although in real terms defence expenditure in 2017 still remained below the 2005 level. Investment in general, and procurement expenditure in particular, is increasing across all Member States, but at a very different pace

and scale. The 20% collective investment benchmark was reached in 2016 and defence investment will likely continue to increase further, representing some €47 billion of investment in 2017. However, 12 Member States represent 81% of the total EU defence investment. On the other hand, investment in defence research and development has decreased from 23,5% of total investment in 2015 to 21% in 2017 and is estimated to decrease further over time. Eight Member States represent 95% of European defence R&T expenditure. The fact that the collective benchmark of 2% of total defence spending being invested in defence R&T has never been reached, raises concerns regarding the long-term European technological innovation capacity.

The EU Military Committee's contribution to the CARD Trial Run established that the EU does not have available all required military capabilities necessary for the implementation of the EU CSDP military Level of Ambition derived from the EU Global Strategy. These deficiencies are reflected in two sets of High Impact Capability Goals (HICG), addressing major shortfalls in the short-term and medium term. The level of Member States' deployed forces in CSDP and non-CSDP operations and missions remained constant over the last 3 to 4 years, with an average manpower of 48.000 troops, although there is a disparity between Member States in terms of type of operation, engagement framework and overall operational effort.

Data shared by 12 Member States shows a steady increase, in relative terms, in the collaborative dimension of capability development - from 24% in 2015 to nearly 31% in 2017. Data shared by 15 Member States shows that the collaborative part of European Defence R&T expenditure remained around 11% between 2015 and 2017 but decreased by 6% in absolute terms.

A coherent approach from priorities to impact



Tailored collaborative opportunities presented to individual Member States were well received. The top collaborative areas retaining their interest were Short Range Air Defence (SHORAD), armoured vehicles (including main battle tanks), helicopters (light and medium), medical support, cyber defence, satellite communications, tactical Unmanned Aerial Systems (UAS), maritime mine countermeasures and maritime security. All these collaborative opportunities are linked to the recently approved 2018 EU Capability Development Priorities.

The CARD Trial Run recommendations on the European defence expenditure landscape propose that pMS include in their multiyear defence plans voluntary national objectives regarding the annual growth rates of their defence budget and R&T expenditure, as well as concrete measures aimed at rebalancing defence expenditure in favour of investment programmes and enhancing their participation in collaborative projects.

Recommendations focusing on the European capability development landscape propose that pMS aim for greater coherence between their national capability development plans, including on timelines, engage more in cooperative activities, and consider channelling investments on medical capabilities into ensuring a European capability in support of CSDP operations.

The CARD Trial Run also highlighted the fact that Member States still carry out defence planning and acquisition mostly from a national perspective. The EU needs to move from ad hoc multinational projects towards a systematic and structured alignment of Member States'

defence planning. Member States do cooperate, but an accurate and comprehensive EU overview on what, to what extent and with whom, is still lacking.

CDP, CARD, PESCO, EDF: different tools for a common goal

CARD is the cornerstone of recent EU security and defence initiatives and an essential intermediate step in the overall EU capability development process. Several EU security and defence initiatives were launched quasi simultaneously – the CDP revision, CARD and PESCO. The coherence between these initiatives must be ensured and the way they affect each other is not only to be understood but purposefully planned. A coherent approach from priority setting to output is important and adequate sequencing is critical to ensure that the different steps of the overall approach reinforce each other.

In a somewhat simplistic manner, we could say that the CDP tells us what to focus our common efforts on, the CARD gives us an overview of where we stand and identifies next steps, PESCO in turn gives us options on how to do it in a collaborative manner, while the EDF could provide the funds to support the implementation of cooperative defence projects in general, but with a bonus, if in PESCO.

Towards the first full CARD Cycle

The CARD Trial Run provided the baseline for subsequent iterations of the review. Work accomplished until now will be discussed amongst all stakeholders involved to draw relevant lessons learned and identify potential adjustments to the CARD methodology in view of the first full cycle.

The first full CARD cycle will be wider in scope. It will be based on the 2018 EU Capability Priorities, which encompass the entire capability spectrum and are themselves much broader than the 2014 CDP Priority Areas used as a reference for the CARD Trial Run. In addition to that, greater attention will be paid to prioritisation, notably in relation to R&T.

The CARD offers pMS a tool to increase consistency between their national defence plans from a European perspective and to engage more systematically in defence cooperation.

Last update: 26 November 2018