

Kangaroo Group

The Role of the EDA in European Defence Cooperation Chief Executive Jorge Domecq

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(Check against delivery)

- First of all, let me thank you very much for your invitation to come here and discuss the role of the European Defence Agency in European defence cooperation.
- As we are all very much aware, this is a topical moment for European defence. The Implementation Plan of the EU Global Strategy proceeds apace. The build-up process of the Permanent Structured Cooperation is under way with the notification having been signed and leading the way to a Council Decision establishing PESCO in the weeks to come. The CARD process has been designed and been effectively launched. The CDP revision is progressing towards a more output oriented CDP in spring next year. The Pilot Project and Preparatory Action on Defence Research are under implementation and on track.
- At the same time, also the Commission's European Defence Action Plan is approaching a key moment, with the possible approval of the regulation for the EDIDP. Similarly, new proposals to be developed in the

framework of the EU-NATO Joint Declaration should be defined and approved by end of the year.

- Taken together, all these policy developments are going to change the way we do defence cooperation today. And, since the European Defence Agency is – as was just highlighted by the Council in its guidelines given to the Agency on 13 November – the intergovernmental platform of choice within the EU, supporting Member States in capability development serving the EU level of ambition, these developments are bound to change the way we do our business as well.
- So this is a particularly good moment to have this conversation. All the more as political decisions have been taken but that we are now approaching the critical moment of implementing them and turning them into tangible output, which is – as you know – always two different things. And here frank and open debates is certainly crucial to ensure that the various opportunities and risks of this process are properly taken into account by the decision-makers.

THE AGENCY TODAY

- In order to discuss the future of EDA, we must start from the basis: that is, from the Treaty. It defines EDA as “an Agency in the field of defence capabilities development, research, acquisition and armaments”, with the specific

goal, as expressed in the Council Decision establishing the EDA, of supporting “the Council and the Member States in their effort to improve the Union's defence capabilities in the field of crisis management and to sustain the CSDP”.

- This is the foundation of the agency, the North Star which we use to orient our navigation. Clearly, it is an extremely wide and ambitious mandate, and its full implementation can realistically only be achieved in the long run.
- And, since we are among friends, let me be frank: stimulating defence cooperation is never easy. Defence cooperation does not come natural: even in its mildest forms, it implies a modicum of compromise.
- Even simply designing a common requirement for a platform means that the participating States will not design the requirement exactly as they would have done on a purely national basis. More binding forms of cooperation, like sharing platforms, imply a certain sharing of control on the equipment in question and, therefore, an inherent limitation of sovereignty. And we need to recognise and accommodate the political sensibilities linked to this.

- We all know that for many years the Agency has been underused by its shareholders, but things are moving with high speed now. I thereby want neither to be among those who are continuing lamenting that nothing moves forward, nor among those being naively optimistic. Let's start with a key EDA work strand, that is, supporting Member States in launching capabilities development initiatives.
- The Agency does so along the whole life-cycle of capability development: from the identification of common needs and requirements to basic research and technology, from development of equipment to pooling of acquisition, from maintenance to training and exercises.
- Let me just give you some numbers, to give you an idea of the activities we perform:
 - The total value of the ongoing capability projects launched thanks to the stimulus and support of the Agency is 55,2 million.
 - The value of the ongoing research and technology projects and programs, launched thanks to our stimulus and support, is more than 256 million.

- Also, the value of the pooled acquisitions done by Member states through the EDA's procurement arrangements is more than 134 million.
- Not bad at all for an Agency which has a budget of around 30 million, and a staff of around 140! As a matter of fact, each single euro invested by Member States in the Agency is generating 11 euro of cooperative European projects.
- However, the value of the Agency's output is by no means limited to capability development:
 - We have important work ongoing in support of the European defence industrial base, for example by encouraging SMEs and cross-border cooperation, by promoting defence companies' access to EU funding or by addressing key topics such as security of supply and technology dependency.
 - We support the defence community in evaluating and managing the impact of European regulations. This is particularly true for SES/SESAR where we are playing the role of military coordinator, or again for the REACH regulation where Member States and industry highly value our work.

- We uphold pooling and sharing between Member States, in several different ways, for example by efforts in standardization and certification, notably in the air domain.
- In short, the Agency today punches above its weight in terms of capability development and carries out a wide portfolio of activities, in support of the various dimensions of European defence.
- But EDA is also facing new major initiatives it has been called on to support, as I referred to them in my introduction: CARD, PESCO and the EDF.
- The Council Conclusions of 13 November just called for making full use of EDA in that respect, echoing thereby the call made already by the EU Global Strategy. How is this going to impact the Agency in the future, including in terms of resources?

THE AGENCY IN THE FUTURE

- In the last two years Member States and the European institutions clearly took the decision to step up the pace of defence integration. Which means that also the EDA must adapt its role to a new scenario, and prepare to face new challenges.

- This is the reason why the Head of Agency launched a process which culminated this May with the endorsement, by the Defence Ministers, of a Long Term Review of the Agency, a strategic document which I had the honour to present to the SEDE subcommittee of the European Parliament in September.
- Among other things the Long Term Review, or LTR, tackles issue such as effective decision-making (recognising the potential value of the use of Qualified Majority Voting in the Agency's Steering Board) and human and financial resources, acknowledging the importance of ensuring that the Agency has the required resources and expertise.
- In that context, let me digress shortly to inform you that at the EDA Steering Board of last week Ministers agreed to increase our budget by 5%, bringing it up to 32,5 million in 2018. It is a moderate increase, considering that our budget has been largely stagnating in the last years, and that the EDA has been receiving several additional tasks lately. But I am convinced that it signals a renewed interest in developing the Agency's potential.
- Also, I should note that a proposal which has been championed for a long time by the European Parliament is now slowly becoming a topic for reflection for Member States. I refer to the possibility that part of the EDA

budget would be financed from the EU budget. Even if we are only at the investigation stage, the Council specifically tasked the Agency on 13 November to investigate this issue and provide an assessment by spring 2018. It is interesting to see that the idea is becoming part of the agenda.

- Digressions aside and back to the LTR, I believe the most important outcome of the Review has been to clearly identify three main priorities for the Agency to focus on in the future.
 - The first 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.
 - The second is to act as preferred cooperation forum and management support structure to engage in concrete technology and capability development activities.
 - The third is EDA's role as facilitator towards the Commission and other EU Agencies, acting notably as the "Central Operator" for EU-funded defence related activities.

- Those three priorities are the tasks on which our Member States asked us to focus our efforts in the years to come. On our role as cooperation forum and management support structure I already gave you some elements, so I will not come back to it, if not to ensure you that we will strive to continue to do so with increase efficiency and success, tackling new and old challenges alike.
- I would like instead to briefly focus on the two other tasks. First of all, prioritisation. Prioritizing capability development means understanding what is available and what is not available at the European level, and focus resources towards what is really needed.
- This increased emphasis on prioritisation is a major step forward, as it implies a more structured approach to capability development at the EU level: an acceleration of the ongoing shift from ad hoc cooperation initiatives to a more holistic, comprehensive and coherent framework of cooperation.
- An important tool in this respect will be 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.

- The main pillar of EDA's prioritisation effort will be the revised 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 Spring next year. The link with national plans, ensured by the CARD, will be increasingly important to obtain 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, as highlighted in several Council Conclusions in the past. We must ensure that the CDP does not remain – if it has ever been – a paper taking dust on the shelves but become a guiding and output generating tool.
- 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 also

looking into identifying Key Strategic Activities, to highlight which industrial capabilities and skills the European industrial base needs to retain and develop.

- Finally, I should underline that the EDA support to member States as regards prioritisation also relates to the PESCO. In close coordination with the EUMS, the Agency supported a first consolidation, clustering and analysis of the over 50 proposed PESCO projects. We did support the different PESCO workshop organized by Member States at the level of Defence Policy Directors and we just had an expert workshop in the Agency's premises last week gathering over 130 participants.
- While the exact future role of EDA is under consideration, it will for sure also include the assessment role of PESCO pMS against the binding commitments they have signed up to and the National Implementation Plans they will have each of them drawn up. The latter role is given by the Treaties and is also activating a provision in the EDA Council Decision that has remained dormant for over 13 years.
- As you can see, the Agency is approaching the prioritisation task with a wide angle, taking into account all the different dimensions of the issue, from the research to the development to industrial issues, with several different but complementary tools.

- The second priority tasks highlighted in the LTR on which I would like to draw your attention is EDA's role as facilitator towards the Commission and other EU Agencies, acting notably as the "Central Operator" for EU-funded defence related activities.
- This 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.
- Of particular importance is here our role in relation to EU-funded defence related activities, and thus notably the European Defence Fund. We already have a strong role on the preparatory actions of the so-called research window: the Pilot Project and the Preparatory Action. I referred to them earlier.
- Both are proceeding well, and in both cases EDA is successfully playing an upstream and an implementation role - even though, in the case of the Preparatory Action, the Agency's upstream role would need to be more clearly defined and recognised.
- Our upstream role, that is the assistance in the definition and prioritization of research areas and

topics, ensures that selected projects will respond to capability priorities agreed by Member States in the CDP. This is crucial, and it is also the only way to ensure that the future European Defence Research Program will be politically legitimate

- If EU-funded programmes would not lead to the development and later production of real military capability programs, used by Member States, it will risk to be perceived merely as a subsidy to industry, which is not what it was designed for.
- I also would like to say that the planned future EDRP should be more than about just innovation and frontier research. It is indeed about supporting the R&T needed to take up its results in future capability programmes. In that sense the idea of a European DARPA is sometimes rather misleading.
- On the capability window, at the latest NAD Steering Board in October Member States asked EDA to support them to achieve a common understanding of the EU added value of projects or topics that they may consider for the EDIDP, the “preparatory action” of the capability window.
- This should be done by assessing the expected impact of a project or topic on the EU defence capability

landscape: by providing a forum for Member States to consult and coordinate on the EDIDP: finally, by providing technical support for the preparation of draft specifications.

- In fact, I believe that the work done so far successfully demonstrate that the Agency can provide substantial support to both the Commission and the Member States in such a program.
- Before concluding, let me just note that, for the EDF to be effective, it will be necessary to find a right equilibrium in its governance between the communitarian and the intergovernmental dimensions.
- Respective prerogatives will need to be accommodated and equilibrated in order to guarantee a satisfying and productive balance. If we will be able to do so, I am convinced that the EDF will be an important incentive to stimulate cooperation.
- In this domain, we should make full use of EDA's structures and expertise, and not start duplicating in other frameworks instead of bringing the best of both worlds together. The tax payers would not forgive us in a difficult time of resource constraints and budgetary restrictions, that will become ever more evident when we will approach the next MFF.

- So, to conclude. The Agency embarked on a voyage of transformation which will hopefully allow it to remain fit for purpose and able to serve the interest of its Member States and of Europe, in a scenario in rapid transformation.
- The LTR gave us a more clearly defined strategic direction, but now an even more delicate task is before us: to implement what has been decided. For that, we will need political will and attention from our Member States, and their active contribution.
- So far, as expressed in the latest Ministerial Steering Board of last week, the Council Conclusions and the Guidelines for 2018 which I strongly recommend for reading, the Member States welcomed the first steps taken in the implementation of the LTR conclusions and recommendations, and encouraged EDA to take forward the implementation.
- However, it will be necessary to maintain the momentum going in the long run, because we have a long way in front of us. I count on your precious support and critical stimulus in order to do so and I am looking forward to your questions.
- Thank you.