

**Defence Capability Needs and Added Value of the EDF –
EDA perspective and contribution**

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Speech by EDA Chief Executive Jorge Domecq

Check against delivery

- Defence matters again in Europe. After more than two decades of strategic time-out we are now focused on how to defend our countries, our fellow citizens and our open societies.
- It did not use to be the case. In fact, it was only five years ago, in December 2013, the European Council for the first time since the entry into force of the Lisbon Treaty in 2009, held a thematic debate on defence.
- Well-known developments in Europe itself as well as in the East, the South and the West have since forced defence back on the European agenda. As a consequence, the EU is stepping up its work in the field of capability development. This is a recognition of the fact that Europe can no longer outsource its own security and that national responses are not enough to counter transnational challenges.
- The European Defence Fund is one of the most important recent initiatives to incentivize Member States' efforts to foster defence cooperation. The unprecedented nature of

the Commission's proposal, to use the community budget to fund pure defence-related activities, shows how much the world has changed in the past five years.

- However, the EDF cannot be seen in isolation. Rather, its great potential lies in being strongly connected to several recent EU initiatives and Member States' overall effort to relaunch the European defence project. After all, the Permanent Structured Cooperation (PESCO) was only a legal option for almost a decade, when by the end of last year 25 Member States made it a political reality. And as the implementation plan of the EU Global Strategy envisaged, a Coordinated Annual Review on Defence (CARD) started in 2017 at EU level with the aim of discussing Member States' defence plans and putting into action the EU defence capability priorities.
- Let me focus in my intervention on these three initiatives, the EDF, PESCO and CARD. Although separate initiatives, they are strongly interlinked. The baseline for all three are the common capability priorities agreed by the Member States in the Capability Development Plan (CDP).
- In a somewhat simplified 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 how to do it in a collaborative manner, while the EDF may provide the funds to support the implementation of

cooperative defence projects in general, and with a bonus if in PESCO.

- Starting with the CARD, it introduces a monitoring mechanism that over time will play a crucial role in providing a comprehensive picture of Member States' defence plans and capabilities, the state of collaboration, as well as progress towards EU priorities.
- CARD will help identify Member States' needs, on a voluntary basis, through a structured review process which can lead to cooperative projects. And this is the point where CARD connects to PESCO, for which CARD could serve as pathfinder. The CARD Trial Run Report, which is based on the bilateral dialogues conducted with Member States, will be presented to Defence Ministers in November. Lessons Identified from this test phase are important, and I am grateful to our Austrian colleagues for their offer to host a workshop on this subject in December.
- PESCO, in turn, was invoked last December when 25 Member States confirmed that they are ready to fulfil higher criteria and make more binding commitments on defence spending, and to step up defence cooperation.
- As you may know, 17 projects were selected in the first round of proposals for PESCO-projects. Initial assessments of the 33 proposed projects in the second round have been completed and a clarification workshop

was held on 20-21 September at the Agency. Based on the assessment of the projects in the second round, the HR will issue her recommendations to Member States. Ministers will have the final say at the November FAC.

- A lot has been achieved under PESCO in a very short timeframe. It is however important to underline that PESCO is much more than an umbrella for projects; it is primarily about common planning, increasing spending, collaborating more, and using existing capabilities, if needed, all in a structured and more efficient manner.
- Coming now to the EDF, as a funding instrument, it has a clear link with PESCO. The ten percent extra bonus proposed for a project developed in the PESCO framework creates a strong incentive to look for programmes which are potential candidates for additional funding but can also demonstrate a higher commitment for cooperation in certain capability domains.
- Even if we ensure that all three initiatives are smoothly coordinated and harmonised, and Member States commit to work along these lines, there is one element which is indispensable for coherent capability development at European level, and that is Common Priority Setting, which must be the baseline for CARD, PESCO and EDF.
- A rapidly changing security environment required a revision of the existing CDP priorities from 2014. Building on a thorough analysis of European capability shortfalls,

lessons from operations, and major technological and innovation trends, the current review process is now completed. I would like to highlight here the input provided by the EUMC and EUMS, including the High Impact Capability Goals, without which this revised CDP would not have been possible.

- As the Council agreed at the FAC on 25 June in Luxembourg, "these priorities, as a key reference for Member States' and EU's capability development, will inform CARD, PESCO and the European Defence Fund, which bring a step-change in defence cooperation, thus contributing to coherence among these three distinct but mutually reinforcing initiatives, in accordance with the Council conclusions of November 2017."
- The Capability Development Priorities will thus provide the baseline for our common priority setting. But we also have the Overarching Strategic Research Agenda (OSRA) which will ensure the link between capability priorities and defence research activities. OSRA provides a structured, systematic and transparent prioritisation mechanism for collaborative European defence research. OSRA also maps technologies and expected operational impact, as well as providing roadmaps for their development in view of future capability needs.
- I would like to thank the MS for their excellent contribution to the OSRA process. With 26 Member States completing

the scoring of the Technology Building Blocks we will before the end of the year, for the first time have agreed research priorities stemming from the CDP 2018, that can be used for not only ad-hoc research activities among Member States but also for the Research Window of the future European Defence Fund projects and other funding instruments (H2020, Horizon Europe, ESIF, COSME, and more). The refined OSRA Version 2 is expected to be released in November 2018.

- What the CDP is for capability development, the OSRA is for research. Coherence between them is ensured through a direct connection of OSRA to CDP priority actions.
- We know that any funding tool can only achieve its aim if the money is spent on well-defined and well-targeted projects. In our case, in the defence domain, these targets are defined by Member States through commonly agreed priorities. We are confident that the project categories proposed by the Commission in the EDIDP draft Work Programme are now explicitly linked to the new EU Capability Development Priorities.
- The EDA fully supports the Commissions initiatives as the Agency implements the Preparatory Action on Defence Research, and earlier the Pilot Project, under a delegation agreement with the Commission. And things are going

very well, as confirmed by the Independent Observer and as repeatedly acknowledged by the Commission itself.

- Regarding the future EDF, which is negotiated right now by the EU institutions and the Member States, it is important that it takes into account the experiences from the EDIDP discussions, as well as the lessons learned from the implementation of the PA and the Pilot Project.
- I am proud to say that EDA is playing a key part in the current European defence initiatives, in close interaction with the EEAS/EUMS, the EUMC, and the Commission, all in support of national defence efforts. The Agency coordinates the Capability Development Plan (CDP), acts as the secretariat for the Coordinated Annual Review on Defence (CARD) and is part of the PESCO secretariat.
- We also support the test cases for the European Defence Fund (EDF), notably in the implementation of the Preparatory Action on Defence Research (and before that for the Pilot Project) by ensuring a capability driven approach and making full use of our expertise - from the shaping of the work programme to the definition of technical specifications, and the assessment of projects, to the uptake of results.
- EDA also supports the European Defence Industrial Development Programme by sharing its expertise and advise for the development of the Work Programme and

assessing upon request, projects to be presented by Member States.

- Summing up my message, the European Defence Fund has a great potential added value in the development of European defence capabilities and incentivizing cooperation. However, coherence and consistency among the three major initiatives, EDF, PESCO and CARD, as well as with relevant NATO processes are crucial to ensure the support Member States need to develop the capabilities they require together.
- When we say that it is not only about spending more but in particular about spending better, we mean exactly this: coherence; spending on the capabilities we need, not only on what can make our industry more competitive; and researching on projects that will lead to the programmes that will provide our armed forces with the systems they require.
- Looking backwards 20 years, it was here in Austria, at Pörtlach, as a follow-up of the EU Informal Defence Ministers meeting that there was a clear call for a European foreign policy, backed by credible military forces, that would allow Europe to play its full role on the international stage.
- As a result, this call provided a renewed impetus that led to the creation of the European Defence Agency. The time

was ripe for EDA and the idea was finally included in the work of the Convention as a necessity.

- Now that the call for the EU to take security and defence more in its own hands and as foreseen in the EU Global Strategy, making full use of EDA's potential is only a logical consequence of that call together with the support of EU funding that the EDF will bring about.
- Thank you!