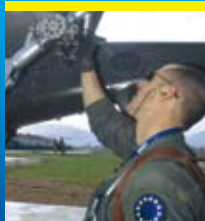




EUROPEAN ARMAMENTS CO-OPERATION STRATEGY





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Introduction to the European Armaments Co-operation Strategy
Alexander Weis, Chief Executive, European Defence Agency

Promoting and enhancing European Armaments Co-operation is central to the mission of the European Defence Agency to improve European military capabilities. In October 2008 the European Armaments Co-operation Strategy was approved by the Agency's Steering Board. It provides a clear statement of intent of the pMS to promote and enhance more effective European armaments co-operation in support of the European Security Defence Policy (ESDP).

One of the core messages in the Strategy is that Europe must seek to maximise opportunities in armaments co-operation and ensure that the option to co-operate is already considered in defence planning. This should not exclusively be for co-operative development but also the potential advantages of co-operation on in-service support or upgrading existing assets as well as other lines of capability development.

As a prerequisite for effective European armaments co-operation, the Strategy focuses on the need for a solid European Defence Technology and Industrial Base (EDTIB) by drawing on attributes of the EDTIB Strategy. Conversely, effective co-operation on armaments programmes fosters the environment in which the EDTIB can be strengthened and provide competitive products for European industry. Therefore, there is a need to provide greater transparency and mutual understanding between governments and industries to help ensure the EDTIB remains coherent alongside future European capability needs.

Overall, implementation of the Strategy will have a broad effect on defence procurement and acquisition in Europe and realise more effective military capability for the ESDP. A major step in translating the many facets of the Strategy into tangible action is the development of an “EDA Guide to the Conduct of a Programme Preparation Phase”. This will provide the participating Member States and other stakeholders with a framework in which to prepare a cooperative programme, work together on common outputs and develop the necessary evidence to support their decisions regarding the next phases of the programme.

The next steps will be to elaborate a roadmap and key performance indicators from the Actions at the Annex to support and evaluate progress made in European armaments co-operation.

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INTRODUCTION

1. The continual pressure on defence budgets, the rising costs of armaments and the decrease in the numbers of equipment produced accentuates the need to find more efficient ways of providing capability to our Forces. In the context of this strategy this means achieving more effective European armaments co-operation in support of the European Security Defence Policy (ESDP); to reach full operational capability quicker and more cost-effectively than has been done before. The growing use of new technologies, which are increasingly being adapted from civil technologies (dual-use), joint off-the-shelf purchase and co-operation in-service, has increased the opportunities for co-operation.
2. Governments' draw security policy, military, economical, technology and industrial benefits from participating in co-operative Armaments programmes. For example to meet a capability requirement and sustain it thereafter at a more affordable price, to improve interoperability of forces, to increase potential equipment sales, to strengthen the European Defence Technology and Industrial Base (EDTIB) and to foster strategic multinational understanding.
3. The pMS' have developed sophisticated methods to identify their capability needs. They take account of their membership of the EU and other organisations and from these derive their political and military ambitions. One of the natural sources for identifying capability needs is through the EDA's Capability Development Plan (CDP), although it is recognised that not all needs will be fulfilled through co-operative programmes. A European policy approach to armaments is needed that links the future European capabilities needs with the future EDTIB and investment therein.

VISION

To promote and enhance more effective European armaments co-operation in support of the ESDP.

STRATEGY

4. If the vision is to be met and Europe is to have a significant role globally, we have to find ways to achieve the following three strategic aims.

STRATEGIC AIM 1 - GENERATE, PROMOTE AND FACILITATE COOPERATIVE PROGRAMMES TO MEET CAPABILITY NEEDS

5. To achieve more effective armaments co-operation it is necessary to use co-operative opportunities early in the life cycle and to shape these potential programmes co-operatively from the onset. The EDA, within its function and tasks ascribed in the Joint Action, has an important role to facilitate the translation of capability needs into co-operative programmes in a structured manner. We must take informed decisions regarding co-operation in order to take the co-operative approach, when it is appropriate to do so, as a means of fulfilling the capability priorities emerging from the CDP or from initiatives proposed by the pMS. Acquisition strategies must be selected carefully and we must make the best use of R&T derived from the EDRT Strategy, the pMS, civil technologies, and the investment by defence industry.
6. Once military needs are harmonised between pMS', future cooperative programmes can be prepared in a structured manner in a so-called "Preparation Phase," which should be documented accordingly. The subsequent programmes are generally carried out by appropriate executive agencies after the corresponding decisions have been taken by the interested pMS.

7. Once we embark on co-operation we must continue to avoid divergence for the good reasons we originally identified: we do not wish to see duplicate international initiatives that end up with different solutions that are not able to work effectively together in operations. Likewise, we wish to avoid the possibility of purchasing equipment that will no longer be effective in operations, and therefore coherence with the Capability Development Plan (CDP) and the pMS defence plans will need to be checked at major programme decision points.
8. We must seek to maximise the opportunities to use armaments co-operation and ensure the option to co-operate is considered in our defence planning and in our procurement decisions. This should not be exclusively for co-operative development but consider also the potential advantages of co-operating on in-service support or upgrading of existing assets and other lines of capability development.

STRATEGIC AIM 2 - ENSURE THE EDTIB AND INVESTMENT THEREIN IS CAPABILITY ORIENTATED AND SUPPORTS FUTURE CO-OPERATIVE PROGRAMMES

9. A solid European industrial base is a prerequisite for effective European armaments co-operation. Conversely, effective co-operation on armaments programmes fosters the environment in which the EDTIB can be strengthened and provide competitive products for European industry.
10. Greater transparency and mutual understanding between governments and industries will help to ensure the EDTIB remains coherent with future European capability needs. Here we must look to provide the European defence industry with the information that it will need to inform its decisions on consolidation and investment. This information will be based on analysis of the CDP, the results of implementation of both the European Defence Research and Technology (EDRT) Strategy and the EDTIB Strategy, and the way we structure future co-operative programmes. However, we

must recognise that some such decisions have to be taken in the light of developments in the global market. Nonetheless, we wish to secure the ability to procure defence equipment from strategic sectors of the European market in the long term. These orientations must be supported by appropriate acquisition strategies and resource allocation.

STRATEGIC AIM 3 - IMPROVE THE EFFECTIVENESS AND THE EFFICIENCY OF EUROPEAN ARMAMENTS CO-OPERATION DEVELOPING THE RIGHT TOOLS TO ACHIEVE THE ENDS

11. Beside the activity to facilitate and prepare armament co-operations, efforts have to be made to improve the efficiency of European armaments co-operation. Opportunities to cooperate must be identified and considered early in the life cycle to be most effective. Whereas there is an interest to intensify the dialogue in order to harmonise capability needs, the definition of cooperation programme itself must not result in the sum of national requirements leading to an over-specified product. Instead there must be a real and effective harmonisation of needs to maximise the benefits of co-operation.
12. Decisions taken during the programme 'Preparation Phase' and targeted risk reduction activities will have a significant influence upon the outcome of a co-operative programme in terms of costs, timescales and performance. We should not only be clear on how to conduct a programme 'Preparation Phase', but also how to ensure the progression of a co-operative programme. A through-life approach is needed from the onset so that co-operative programmes are best placed to progress effectively through-life. Thus, the working interfaces between the pMS, the EDA and the relevant executive agencies documented accordingly must be smooth, flexible and avoid duplication of effort as much as possible. And we need to co-ordinate and harmonise materiel standardization in accordance with the EDA Standardization Policy.

13. As part of our through-life approach we must plan early for test and evaluation aspects. In turn, the European Defence Test & Evaluation Base (DTEB) must be optimised, as outlined in the "DTEB Conceptual Guide".
14. Being clear on how we work together, learning from each other and tackling co-operation from a European perspective will be essential. In the long-term we wish to see a common understanding and approach emerge, supported where required through training and education. Above all though, through our actions the pMS will mitigate against additional burdens.
15. Finally, we need to improve the way we do business generally by sharing and utilising current tools for best practice in the acquisition process and associated skills.

ACTIONS DERIVED FROM THE EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

Armaments acquisition has many facets and it demands many actions from the pMS and the EDA to bring about more effective European armaments co-operation, as described in the European Armaments Co-operation Strategy. The following actions have been derived against each of the strategic aims.

STRATEGIC AIM 1 - GENERATE, PROMOTE AND FACILITATE COOPERATIVE PROGRAMMES TO MEET CAPABILITY NEEDS, THROUGH:

- Using the results and priorities defined by the CDP and pMS capability initiatives as the foundation upon which short-to-long term capability development activity within ESDP should be undertaken;
- EDA, in consultation with the pMS, to produce and maintain a 'Guide to the Conduct of a Programme Preparation Phase' that includes methods and tools to be applied and identifies the roles of stakeholders, the outputs and the decision points of the pMS both nationally and collectively;
- EDA to facilitate and support the harmonisation of Common Staff Targets (CST) and Common Staff Requirements (CSR) and encourage the pMS to inform others of their requirements early so that opportunities for co-operation can be optimised;
- Identifying innovative solutions to co-operation, notably by utilising 'dual use' technologies applicable to the military and security sectors;
- Constructing defence equipment or procurement plans on the premise that co-operation is considered as a potential solution, so that we are receptive to co-operation at the earliest opportunity;

- Opportunities to co-operate (throughout the acquisition life-cycle and for the harmonisation of capability needs) are shared amongst the pMS through the CDP Database and the co-operative option is considered in all acquisition decisions, so that no opportunities to co-operate are missed;
- The EDA analyse the pMS' intentions to upgrade existing major assets, and draw to the attention of like-minded pMS the possibilities for joint support solutions and user clubs and promoting them as appropriate;
- Consider all lines of development in order to maximise co-operation and interoperability.

STRATEGIC AIM 2 - ENSURE THE EDTIB AND INVESTMENT THEREIN IS CAPABILITY ORIENTED AND SUPPORTS FUTURE CO-OPERATIVE PROGRAMMES, THROUGH:

- Exchanging appropriate information between governments and industries on long-term European capability planning and industrial long-term investment planning;
- As established in the EDTIB Strategy, we need to:
 - i. Ensuring the key European industrial capacities is preserved or developed;
 - ii. Improving the assuredness in European security of supply and security of information as established in the EDTIB Strategy;
 - iii. Seeking a rational and more flexible approach to industrial participation that improves the efficiency and effectiveness of co-operative projects and allows industry to find the most efficient solution to support consolidated requirements; and
 - iv. Enlarging the contribution of small and medium sized enterprises.
- Using when appropriate co-operation in sub-systems and components as the forerunner to platform and systems co-operation; and
- Transparency and compatibility of procurement policies and practices,

including budgetary planning and cycles, so that we may improve the way we do our business.

STRATEGIC AIM 3 - IMPROVE THE EFFECTIVENESS/EFFICIENCY OF EUROPEAN ARMAMENTS CO-OPERATION, AS FOLLOWS:

- EDA to develop with the pMS and other stakeholders an outline of how the EDA should interface with relevant executive agencies and service providers in the circumstance of the management of co-operative programmes;
- common understanding of the policies and processes applying to co-operative programmes developed where required through education, training and practical experience, with the EDA facilitating such advice;
- in developing publicity and providing briefings to explain the benefits of co-operation, particularly to those national staffs involved in the initiation of programmes;
- in developing best practice defence materiel standardisation management;
- EDA to produce, maintain and promote a living 'Guide to Armaments Co-operation Best Practice,' developed in consultation with the pMS to tackle the breadth and diversity of co-operative programmes. This would include but not be limited to the above and:
 - i. Outline reasons to co-operate and the advantages of doing so;
 - ii. Models for the efficient conduct of joint off-the-shelf purchases;
 - iii. Procedures for applying through-life management and life cycle costing to aid decision making;
 - iv. Best practice standardisation management;
 - v. European quality guidelines;
 - vi. General Arrangement, that also draws upon a set of standard con-

tractual conditions, which could be used as the basis for co-operative armaments programmes;

- vii. A guide to co-operation in sub-systems and components;
 - viii. Improving security of supply and security of information;
 - ix. Innovative approaches to financing programmes;
 - x. Actions to optimise costs and time-schedules for co-operative armaments programmes;
 - xi. Analysis of lessons learned from ongoing co-operative programmes and share acquisition process best practice amongst pMS;
 - xii. To promote functional and value analysis within the framework of the programme preparation phases; and
 - xiii. To support and promote risks management methods in relationship with European standardization bodies.
 - xiv. VAT issues related to cooperative programmes.
- The EDA to implement and maintain the "DTEB Conceptual Guide".

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