



REPORT BY THE HEAD OF THE EUROPEAN DEFENCE AGENCY TO THE COUNCIL

23 MAY 2011

I. Introduction

The European Defence Agency (“Agency”) pursues effective and output-oriented European collaboration in order to improve the defence capabilities of participating Member States (pMS). The Council Decision on the Agency, on the basis of the Lisbon Treaty, will further underline its key role in support of the Council and of Member States to improve the EU’s defence capabilities.

The 2011 Work Programme sets out the Agency’s activities for this year. The underlying principle remains cost-effective collaboration in support of CSDP. The Capability Development Plan (CDP) provides the baseline for prioritising the work of the Agency.

The impact of the global economic crisis on national defence budgets has provided added impetus to seeking savings through European cooperation. The Agency is pursuing a systematic approach to Pooling & Sharing, including addressing civil-military synergies, identifying and promoting best practice, and working with industry. The Agency stands ready to take forward, and contribute to, further work on Pooling & Sharing as directed by Council.

II. Improving Capabilities

The updated CDP, approved by the Steering Board in March 2011, provides the framework for addressing capability priorities and for guiding the definition of capability requirements that could be met through collaborative projects and programmes. It is firmly established as a tool for influencing national defence planning. Member States have agreed on a reshaped set of priorities based on the updated CDP.

Delivering capabilities requires dedicated projects and programmes, carried out by contributing Member States and facilitated by the Agency. Participating Member States

have committed to new projects and are pursuing established collaborations within the Agency. Whilst the CDP priorities are particularly important, other projects and initiatives have also been taken forward, all of which are in line with the CDP. For example:

- The Deployable C-IED Level 2 Exploitation Capability project launched in April 2010 will be deployed to Afghanistan for operations within ISAF this summer, under a French lead and manned by a multinational crew.
- The Helicopter Training Programme (HTP) is operational. In the two exercises organized so far, some 60 helicopters, 110 crews, and 1300 personnel have participated. More than 60 of the trained crews have deployed to Afghanistan. Work on the longer-term work strand, the Future Transport Helicopter, has also progressed, in coordination with NATO and the United States CENTCOM
- Strategic transportation: Ministers will sign the European Air Transport Fleet Programme Arrangement for this Pooling & Sharing initiative in the margins of the 23 May Steering Board.
- The Third Party Logistics Platform - designed *inter alia* to identify commercial solutions for logistics support - will be developed further. It is currently involved in sourcing commercial solutions for operational logistics support to Operation Atalanta.
- The European Satellite Communication Procurement Cell, which will allow Member States to acquire better commercial satellite communication services at a lower price, is ready for Member States' signature.
- The Network Enabling Capability implementation study has been completed.
- A new work strand on Cyber Defence has been launched within the Agency. This will require strong support by pMS and coordination with EU actors.
- The Wise Pen Team finalised its work on Maritime Surveillance in support of CSDP, paving the way for close cooperation and coordination between relevant maritime stakeholders within the respective legal frameworks.
- The Maritime Surveillance Networking project is coming to a successful conclusion. In June 2011, a demonstration by 6 Member States will be conducted

to show the benefits of sharing data, information and, potentially, intelligence to improve maritime security.

Other projects in a broad range of domains have also made good progress: Advanced European Jet Pilot Training ; Biological Equipment Development and Enhancement Programme; Future Tactical Unmanned Aerial System; Maritime Mine Counter Measures; European Secure Software Defined Radio; Mid-air Collision Avoidance System; and Multinational Space-based Imagery System.

Member States have started to harmonise their requirements for aircraft maintenance and certification. This would pave the way for cross-recognition, time- and cost-reduction of the certification process and, potentially, multinational maintenance of aircraft.

III. Research & Technology

Defence Research & Technology (R&T) collaboration in Europe is developing, facilitated by the efforts and initiatives of the Agency. The links between the CDP and the European Defence R&T Strategy have been expanded into additional priority areas, including protection against Chemical, Biological, Radiological and Nuclear (CBRN) threats. The R&T programme on CBRN protection is focusing on next-generation capabilities in which Member States have invested some €10 million. Work is ongoing to define the technological content in accordance with the budget and to synchronise it with activities within the European Commission Framework Programme 7 and with those of the European Space Agency. Signature of the CBRN programme is foreseen in September 2011.

The Agency is active in the area of European technology non-Dependence. It co-organised with the Hungarian Presidency a conference in April 2011, which addressed the challenges, strategies and solutions for improving access to key enabling technologies.

The two Joint Investment Programmes - Force Protection, and Innovative Concepts and Emerging Technologies - are encouraging the building of networks between defence industry, research establishments and academia. The new R&T programme for Unmanned Maritime Systems for mine counter-measures and other naval

applications has been further developed with a view to activation in 2011.

IV. Armaments

The European Armaments Co-operation Strategy is facilitating effective and efficient armaments cooperation in order to reduce costs and increase timely delivery of capabilities. The Guide on the Conduct of a Programme Preparation Phase has been applied to the following projects: Maritime Mine Counter Measures; Biological Equipment Development and Enhancement Programme; Advanced European Jet Pilot Training; Future Transport Helicopter; and Future Tactical Unmanned Aerial System.

V. European Defence Technological and Industrial Base

The implementation of the European Defence Technological and Industrial Base Strategy has been underway for four years. The Agency is currently reviewing progress, particularly in view of the austere financial environment and the new regulatory regime. The Code of Conduct on Defence Procurement plays a valuable role in enhancing transparency and competition in the European Defence Equipment Market. Under the Code, the number of contract opportunities published on the Agency's Electronic Bulletin Board portal has reached 640, with a total value exceeding €24 billion. Of the 385 contracts awarded under competition, nearly one third are cross-border. The recently amended Code of Conduct on Offsets is enhancing transparency of offset policies and practices. In order to ensure its effectiveness, the Steering Board clarified its scope, stressing that it applied to practices covered by Article 346 TFEU.

VI. Interaction with key stakeholders

The Agency is enhancing its relationship with the European Commission, and is actively engaged in representing the interests of pMS in a number of EU policy areas that have potential implications for defence: Research; Radio Spectrum; Internal Market; Maritime Surveillance; Single European Sky; and Space.

The Agency is reinforcing its relations with third parties. Cooperation based on the Administrative Arrangement with Norway continues to be mutually beneficial. The Administrative Arrangement with the European Space Agency, which is in the process

of being finalised, would mark an important step in maximising the effectiveness of, and investment in, synergies regarding space-based or -related technologies. The Agency will propose to Council the approval of an Administrative Arrangement with Switzerland in the course of this year, which would allow Swiss participation in the Agency's projects and programmes. Council discussions continue on an Administrative Arrangements with OCCAR. Its approval would be a significant step forward in providing a means of transferring the Agency's projects into collaborative programmes managed by OCCAR.

The Agency's efforts to ensure complementary and mutually-reinforcing capability development with NATO have been intensified, in particular with Allied Command Transformation (ACT), in an effort to work in mutual transparency and reciprocity. Further progress has been achieved in coordinating activities in five areas of common interest (Counter-IED; NEC; Joint Intelligence Surveillance and Reconnaissance; Medical; and CBRN protection). Contacts with the NATO International Staff are also being pursued, including NATO'S interest in wider EU policy areas such as Single European Sky. The Agency continues to contribute actively to the EU-NATO Capability Group. Contacts with NATO are increasingly important in the light of Pooling & Sharing initiatives.

The informal dialogue with the United States is also developing, with a focus on capabilities where requirements could converge and the financial burden could be shared (eg Software Defined Radio, Unmanned Aircraft Systems and Future Transport Helicopter); and policy issues such as export controls and offsets.