

Brussels, 1 DECEMBER 2015

INTERVENTION EDA CE TO EP/SEDE ON 01 DECEMBER – CHECK AGAINST DELIVERY

- Thank you Madam Chair;
- I wish I could address you here today in better circumstances. Before I start, let me just emphasize that we are facing an utterly new reality today. As a result of the tragic events which unfolded in Paris, France has now invoked the use of Art. 42.7 TEU in response to the attacks. This is a first.
- Last week, Brussels has been in lockdown and under the highest possible security alert, meaning clear and present danger. This was also a first for Belgium. The point I would like to make: Do we really need events like Paris as a wake-up call? Do we really need to face imminent threats at home before we act and proceed in further European defence integration? I sincerely hope not. We need the right capabilities, a sound European armaments policy supporting our defence industries, enhanced civ-mil synergies and EU-NATO relations to make a quantum leap. The EDA Steering Board of 17 November tackled just these issues.
- Before debriefing on the outcome of the EDA Ministerial Steering Board and reflecting on the future of the European Defence Agency, let me start by referring to **the Global Strategy**.

- I have been consistently underscoring two particular elements which should be reflected in some way in the Global Strategy. First of all, the need to develop the right capabilities at the European level. Secondly, the necessity of a strong European Defence Industrial and Technological Base to safeguard Europe's strategic autonomy. And this concerns the sustainable, I repeat, sustainable ability to deploy, modify and operate a capability in different contexts.
- When speaking at EDA's annual conference three weeks ago, the High Representative indeed highlighted the need to develop a document with clear military requirements. This could take the form of a "sub-strategy". In addition, the upcoming Dutch Presidency will make this *follow-on document* one of its priorities.
- It almost goes without saying that EDA will deliver the necessary input but many actors will need to be involved also such as the EUMS, the EEAS, etc. ...
- And equally important, the "follow-on document" needs to ensure that the Commission's European Defence Action Plan to strengthen the single market for defence responds to capability needs. Therefore, the link with the Action Plan needs to be firmly established. And we need to develop a clear definition of the defence industrial sector on the basis of the capabilities which are needed.
- Furthermore, some more existential questions will arise as the Global Strategy takes shape. We will need to have our instruments clearly defined. For instance, to which extent will there be a focus on

capabilities related to CSDP operations and to which extent will the full spectrum be considered?

- At this point, the political debate as to what European defence really entails is still being held. And it is here where the Dutch Presidency could contribute to the discussion with Member States.
- Of course, it is more relevant than ever now to make a great stride forward in EU-NATO relations. In this regard, I am particularly looking forward to the outcome of the Warsaw Summit as it will most likely impact on-going work at the European level: the development of the Headline Goals, just to name one. On the other hand, at the NATO side, the NATO Summit will most likely provide more clarity about the Framework Nations Concept. The results of Warsaw therefore need to be clearly factored into our work.
- At this point, I also already foresee that the issue of Hybrid will emerge more than ever as a centerpiece of cooperation between both organizations in both directions.
- Finally, and I want to clearly stress this point: we must avoid at all costs to end up with a so-called “division of labor”, where the EU is pushed in the “soft power”/“civilian mission” corner and NATO takes care of the high-end missions. I believe it has now become abundantly clear that such an approach is not at all coherent with the call for Europe to invest more in defence and to provide for “its own security”, becoming a security provider, rather than a security consumer and to remain in the end a relevant global actor.
- This brings me to my second point, the outcome of the EDA Ministerial Steering Board of 17 November.

- I will start with **EDA's key capability programs**.
- EDA remains actively engaged in supporting the four key programmes endorsed by the European Council in December 2013: Air-to-Air Refuelling (Strategic Tanker), Remotely Piloted Aircraft System (RPAS), Governmental Satellite Communications (GovSatCom), and Cyber Defence.
- European strategic tanker capability. Under the lead of the Netherlands, the objectives are: contract award first half of 2016 and Interim Operating Capability (IOC) mid-2020; facilitate the participation of additional Member States; achieve synergies in in-service support with similar fleets in Europe (UK, FR and IT) and in training. Work is also ongoing to optimize the capabilities Europe already possesses (or will possess in the near future).
- AAR compatibility assessments are currently being conducted on Italian KC767s, and will also soon take place on other tankers (such as the A330 MRTT and KC46) to deliver AAR clearances to all European receivers. In addition, the EATC is conducting tanker training and exercises, and there is dialogue with UK into the use of spare Voyager capacity. Finally, EDA is conducting activity to optimize the A400M as a tanker platform, including assessing AAR compatibility.
- European RPAS. A four Nations programme (France, Germany, Italy and Spain) under the lead of Germany: the objective is to support a MALE RPAS programme, starting with a definition study to be launched end-2015; and facilitate the interaction with other potential partners

during the development phase. EDA and the Commission are intensifying their activities in the field of air traffic insertion, certification and regulation for the safe integration of RPAS into non-segregated airspace. The development of an RPAS Airworthiness Regulatory Framework aims at the harmonisation of RPAS airworthiness requirements between Member States.

- And finally, EDA is doing work on facilitating the development of dual-use functional requirements for RPAS in the broader context of Single European Sky. Civil-military cooperation in the development of a framework providing operational clearance for RPAS, based on dual-use standards and regulation, will increase market opportunities for civil variants of European RPAS and generate economies of scale in development and production. EDA is liaising closely with the Commission, EASA, SESARJU and EUROCONTROL on behalf of the defence community to develop options for dual-use R&T projects to be submitted to MS for subsequent integration in SES/SESAR work strands.
- On GOVSATCOM, the European Council in Dec 2013 tasked MS with the support of EDA and in collaboration with EC, EEAS and ESA to prepare the next generation of GOVSATCOM in the 2025 timeframe. Users are both military and civil. ESA's technical expertise is taking forward these two sets of needs, gathered by EDA and the Commission, to explore the most adapted system.
- On this basis, we will be in a position to build future programmatic proposals based on a clearly dual-use process from the onset taking also into account European autonomy, Security of Supply, innovation and support to European industry. And this is why it is key to get the

Governance right, avoiding the situation of other European systems which have not been conceived as dual from the outset, creating difficulties when defence communities thereafter look at using these potential assets (eg Galileo, Copernicus). The Space Surveillance and Tracking topic demonstrated the possibility to reconcile the two sides of the coin. This ambitious project will succeed only if Member States, EDA, the Commission, EEAS and ESA will be able to invent ways to cooperate in a sensitive and complex institutional setting.

- Cyber. Activities are continuing in the areas of education, training and exercises, human factors, and technologies in complementarity with the EUMS initiative on Training & Education. Ad hoc projects are under way for Cyber Ranges, for which the Common Staff Requirements were endorsed in June 2015 and for which the Project Arrangements are under development with a view to their being signed in March 2016; and for deployable Cyber Defence Situational Awareness Packages for headquarters, for which the CSR has been submitted for endorsement by Member States.
- Also in line with the Steering Board mandate of June 2015, EDA has started to discuss with Member States the establishment of a Cyber Defence Joint Investment Program, JIP, with the aim to start first projects under the umbrella of the JIP in 2017. The JIP will allow us to bring together under one single organization all activities related to Cyber Defence as well as government and industrial parties.
- As to **future cooperative programs**,
- The Steering Board has supported EDA's role in taking forward the cooperative efforts required for preparing the capabilities of tomorrow. Following a bottom-up approach, and on the basis of the Capability

Development Plan and an assessment of cooperative opportunities derived from the Collaborative Database (CODABA), the Agency has investigated and proposed to Member States potential future priority capability activities. To this end, initial roadmaps have been elaborated on Bio-JDEAL, Medevac and Anti-Tank Weapons which were welcomed by the Steering Board. Early de-confliction with NATO has been, and will continue to be, ensured through staff-to-staff contacts.

- For other potential projects (Blue Water Patrol Ships, Naval Logistic Ship, and Maritime Air Support), work will continue to align activity and take account of strategic defence reviews with a view to their being submitted to the Steering Board once they are sufficiently mature.
- Let me conclude this point on the roadmaps by pointing out the philosophy behind them. Why were these areas chosen? First, they are priority shortfalls coming from the Capability Development Plan. Secondly, they were required by a critical mass of interested Member States: 8 to 12 on each occasion.
- Thirdly, they can be realized in a short time. And lastly, and I keep making this point, EDA is not only an Agency of big-ticket programs.
- **When we speak of cooperative defence programs, we need to refer to the work we are doing on enablers for cooperation.** Collaborative acquisition of defence equipment as well as R&T have been steadily declining since 2006. Collaborative R&T spending now stands at a critical low: 8%. So we therefore need to proactively push cooperation where possible.

- Through the Adoption of the revised EDA Council Decision the **VAT exemption** is a reality. VAT exemption will be applicable where there is clear EDA added value and we will be working closely with Member States to identify opportunities to utilise it.
- Work is also progressing on financial incentives.
- We are also studying a Barter Mechanism. Barter is a much more extensive practice within the Defence community than one could reasonably expect. An effective barter mechanism in Europe would facilitate the exchange or sharing of capabilities among Member States in a cost effective manner without financial transactions involved. We will conduct a stock-taking exercise in the first half of 2016 and table proposals to Member States during the second half of next year.
- This brings me to **Hybrid**. EDA will conduct hybrid top-table exercises in February and July 2016 with the objective to stress-test military capabilities in a hybrid threat environment. This will facilitate the assessment of the implications of Hybrid Warfare for existing and planned military capabilities, and will involve relevant stakeholders, including Member States, EEAS, Commission, and NATO.
- EDA is also engaged in the elaboration of the Joint Framework on countering Hybrid threats, led by the EEAS and the Commission; and is contributing to an activity on Countering Hybrid Warfare conducted in the framework of the Multinational Capability Development Campaign 2015-16.

- We are particularly optimizing our work with NATO in this regard, as I mentioned earlier.
- **On to R&T.** Europe's strategic autonomy needs to be underpinned by policies, tools and investment in key strategic activities. This calls for a collaborative prioritization of efforts and a smart investment approach by Member States. The Preparatory Action on CSDP-related research is a potential game-changer, paving the way for a future defence research and defence programme. In May 2015 the Steering Board endorsed the consolidated views of Defence Ministries on Content, Process, Governance and Modalities of the Preparatory Action to date. The Group of Personalities, in which I represent the HR as alternate, established by the Commission is due to provide a report with recommendations on objectives, scope, governance and modalities in February 2016.
- EDA continues to work closely with the Commission and Member States, including through a series of workshops, to define how the Preparatory Action might best be set up to take into account the specificities of defence research. In the next few months, the Commission and EDA and legal experts of the Member States will meet a number of times in an expert working group on IPR. We will also focus on the content and use the existing mechanisms in EDA that identify the capabilities and research priorities.
- As you are aware, on the initiative of the Parliament, the EU budget 2015 also foresaw a pilot project with 2 activities in the area of defence research. The necessary Delegation Agreement between the Commission and EDA has been signed on 16 November. The transfer of funds is taking place now and EDA will be transmitting the

consolidated options for the work program, backed by Member States, to the Commission later this week for its consideration.

- If the Commission adopts the work-plan in December and it communicates to EDA its adopted work-plan, then EDA can launch the call for proposals and could do already in January 2016.
- **Regarding support to industry, including SMEs.**
- Defence industry is essential for Europe's strategic autonomy and its ability to act with partners. EDA and the Commission are cooperating closely to mobilize EU instruments in support of defence industry.
- EDA's work is focusing on a wide array of issues:
 - o Facilitating the participation of eleven Central and Eastern EU Member States in cooperative programs and cross-border supply chains. We are now finalizing a study dedicated to these countries, helping them to overcome barriers for defence cooperation within the European Defence Technological and Industrial Base (EDTIB). Concrete proposals will be tabled for discussion in the first half of the next year;
 - o The implementation of a Supply Chain Action Plan and an SME Action plan to devise measures to promote better access to supply chains, business opportunities, market information and finance.
 - o Access to EU funding: through interaction with the Commission, EDA has identified sources of support relevant to defence-related SMEs and clusters, such as COSME, ESIF and the partnership and advisory services of the Enterprise Europe

Network. To this end, we have conducted five workshops in Member States in 2015 (plus one at EDA premises) and intend to carry forward at least other four in 2016.

- Security of Supply: with a view to further enhance trust, confidence and mutual political support between Member States, the Agency continues to pursue intergovernmental actions endorsed by Ministers in May 2015 as an input to the Commission-led roadmap for a comprehensive EU-wide Security of Supply regime. The Agency stands ready to support the Commission and Member States in the development of the final proposals for this roadmap. The proposals of some Member States to further strengthen SoS are also being analysed, e.g. a potential Council decision on SoS.

- **As to wider EU policies, I will focus on SES/SESAR, REACH and Energy to mention but three areas.**
- SES/SESAR. EDA is facilitating the coordination of military views for SES and SESAR in line with its mandates. The modalities for Single European Sky, developed in close coordination with States, EUMC and other organisations including NATO, were approved by the Steering Board on 30 September 2015. They include the creation of an “EDA SES Military Aviation Board” (ESMAB) which provides for coordination and cooperation with States and international organisations to prevent any adverse impact on national and collective defence capabilities.
- EDA’s priorities are to safeguard the operational needs of the military in SES, support military projects which may benefit from EU funds and facilitate close coordination with EU Institutions, Agencies and NATO. In this context, EDA signed an MOU with the SESAR Deployment

Manager in June 2015 supports Member States and NATO in identifying military projects and preparing bids for EU co-funding, and promoting, towards EU institution, the efforts made by Member States in ensuring a voluntary compliance of military systems with SES regulations. The defence community has always emphasized the prerequisites of military forces having access to airspace for training purposes, air policing and air defence.

- EDA is currently supporting the States in elaborating the proposals to be submitted to the next INEA Call that will close February 2016. EDA is proposing 32 projects related to military assets for SESAR Deployment. These 32 projects range from ground systems, to air platforms and also specific studies.
- REACH. The EDA Code of Conduct on REACH defence exemptions adopted by Member States in March 2015, is a major step towards harmonisation of national procedures on granting REACH defence exemptions, aimed at alleviating defence industry's administrative burden and costs. The Agency is preparing with Member States, and in close cooperation with the Commission, European Chemicals Agency and industry, a prioritised REACH roadmap to facilitate coordinated action, in order to identify and focus efforts to mitigate the impact of REACH in defence, while contributing to the development of a competitive advantage for the European Defence Industry. This roadmap should be delivered in the first half of 2016.
- Considering also the interest of external stakeholders, such as the US DoD and industry, towards EDA work on REACH, the EDA can play a role of military coordinator in this domain to ensure that the views of

the military community as a whole are coordinated and conveyed to the Commission and Chemicals Agency.

- Energy. Energy use in the military is not just about enhancing resilience and operational capability on deployments. Developing this capability for deployments is essential as is developing an understanding that energy use in our domestic operations is equally important. EDA is organising the Consultation Forum (on behalf of DG Energy and funded from the EU Budget) on sustainable energy in the defence and security sector, the first meeting of which is on 14th and 15th January. The objectives of this consultation forum are to (a) examine existing EU energy legislation and assess how this applies to the military identifying the challenges to its implementation, (b) facilitate and support projects which will enhance militaries energy efficiency and penetration of renewable energy and (c) examine existing financing mechanisms and identify new mechanisms suitable for EU militaries to conduct this work. All work in this area will contribute to overall EU energy targets and as such it will be important that this consultation forum develops recommendations on behalf of the defence sector to facilitate progress.
- **The future role and direction of the Agency was also at the center of the discussion among Ministers at the SB on 17 November.** Given the current security situation, there are five areas where I believe Member States could and should make greater use of EDA:
- First, The Capability Development Plan that was developed by MS' experts and reflects their requirements needs to be translated into actions: the roadmaps for potential future cooperative projects. It also needs to be utilised as a real instrument for defence planning,

including support to regional cooperation and other initiatives, such as the Framework Nation Concept.

- Second, systematic use of enablers: VAT exemption; a possible defence fund; standardisation & certification; and linking defence to growth and investment.
- Third, as you are aware, cuts in Defence R&T are having an impact on our ability to address capability development and deal with the complex and varied security challenges that we face. The Preparatory Action on CSDP-related Research should be the catalyst for greater engagement in defence R&T leading to a defence research programme being included in the next Multi-annual Financial Framework, which would address the future capability priorities agreed at European level.
- Fourth, systematically harness civ-mil synergies, using EDA as an interface without prejudice to national positions and sovereignty. We need to take advantage of the opportunities provided by Civ-Mil Synergies, for example in areas such as Maritime Security, Energy & Environment, Space and SES.
- Last but not least, the opportunities offered by EU funding. As an intergovernmental body, EDA is in a position to facilitate dialogue between Member States and the Commission. We will support the development of the Commission's Action Plan. This will be through direct engagement in the process and also through the continuation of our work in key areas such as Security of Supply, SMEs and the Preparatory Action. This should lead to a strong, competitive and integrated defence industry which underpins our capability needs.

- Before I conclude, I have to make one final point: EDA's budget. As many of you may already be aware, we are faced, for 2016 and for the sixth year in a row, with a flat cash budget. We are now confronted with the paradox of a further decreasing budget in real terms yet EDA is given more and more tasks. This will imply that some of the activities of our three-year planning framework will be postponed, reduced in scale, or outright cancelled.
- We are at a critical juncture. If we get it right, we can ensure strategic autonomy and make the EU relevant both in its own right as a security provider and as a reliable partner for NATO. But we need to act now, and we need to be adequately resourced to do so.
- Thank you.