



ASD-Europe Seminar
INNOVATIVE SMARTNESS: MATCHING EUROPE'S
DEFENCE CAPABILITY NEEDS TOGETHER

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“EU Defence Cooperation - Completing the Puzzle”

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Speaking notes

Check against delivery

- Your Excellency, Generals, Ladies and Gentlemen, Dear Colleagues,
- Thank you for the kind invitation to come to Stockholm. The title of today's event rightly suggests that we have to match Europe's defence capability needs together. I would add one single, but important word to that: not only together, but also coherently. More precisely, the fundamental question is: how can we ensure that we are spending on the right things; that we are together addressing the relevant shortfalls?
- To answer this question, we have at the European level developed a number of pieces. Allow me to explain how

I see the pieces of the current defence puzzle fitting together in a coherent whole.

- Let me be clear: it is not self-evident that more money will lead to a more coherent European capability landscape. On the contrary, more money may lead to even more fragmentation and inefficiency if we do not ensure coherence. How should this be done?
- To begin, I would like to refer to the EU Global Strategy and its Implementation Plan, which mentions the notion of coherence in two senses. First, coherence in defence planning and capability development at European level, and second, coherence with NATO's defence planning processes.
- At European level, in the wake of the EU Global Strategy, several initiatives have been launched to reinforce defence cooperation. I would like to emphasise three, with particular relevance to European capability development: the Coordinated Annual Review on Defence (CARD), the Permanent Structured Cooperation (PESCO), and the European Defence Fund (EDF).
- Although these three initiatives are separate, they are strongly interlinked. The baseline for all three strands are the common capability priorities set by the CDP, which I will touch upon later. In a somewhat simplistic

manner, we could say that while CARD gives us an overview and tells us what to focus our common efforts on, PESCO gives an answer to the question how to do it in a collaborative manner, and the EDF could pay to support the implementation.

- CARD was proposed in the implementation plan of the EU Global Strategy. It introduces a monitoring mechanism, driven by Member States, with three objectives:
 - first, to gather information on respective national defence spending plans;
 - second, to assess contributions to the implementation of the commonly agreed capability priorities;
 - and third, to look at cooperation practices in capability development and operational commitments.

- One of the major expectations of CARD is the identification of opportunities where Member States can join their efforts in developing or procuring defence assets. The first round of bilateral dialogues with Member States has been concluded (also here in Stockholm just three weeks ago), and on this basis EDA, in cooperation with the EU Military Staff and the EU Military Committee, will prepare the first CARD report for discussion at ministerial level in November

this year. The report will include a description of the main trends affecting the European capability landscape and recommendations regarding areas for cooperation. Based on lessons learned from the trial run, the first full cycle of CARD will begin next year, subject to the decision of Defence Ministers.

- CARD will play a crucial role in providing a comprehensive picture of Member States' defence plans and capabilities, the state of play regarding collaboration, as well as progress towards EU priorities. It 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.
- PESCO, this dormant article of the Lisbon Treaty, 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. So far, 17 projects have also been selected in the first round of proposals for PESCO-projects.
- As part of PESCO, participating Member States have prepared National Implementation Plans, in which they provide details about how and in what timeframe they can fulfil their agreed commitments. Work is underway

in other aspects, as well. The next set of projects will be identified by November this year. Member States will also sequence their binding commitments for the two consecutive phases of PESCO (2018-2020 and 2021-2015). Other issues, like common set of governance rules for projects, as well as possible participation of third-states are under consideration.

- As you see, a lot has been done under PESCO in a short timeframe. Since we are only in the initial phase, we cannot draw definitive conclusions. But we can safely state that Member States are serious and the perspective is there to go deeper and launch major future projects in the PESCO framework. It is however important to underline that PESCO is much more than an umbrella for projects; it is primarily about increasing spending, collaborating more, and using existing capabilities, if needed, all in a structured and more efficient manner.
- Coming to the third initiative, the European Defence Fund, it is an unprecedented proposal of the European Commission, since it provides EU-funding to defence projects for the first time.
- The EDA fully supports the EDF as the Agency implements the Preparatory Action on Defence Research, and the earlier Pilot Project, under a delegation agreement with the Commission. And things

are going very well, as confirmed by the Independent Observer in his report of 30 January 2018 and as acknowledged in the letter from the European Commission's DG GROW to the Agency on 20 March 2018, stating "due to the cooperative spirit of Member States, the industry, and the efforts of EDA, the PADR is well on track".

- Seeking to identify preliminary lessons learnt in view of a future European Defence Research Programme as part of EDF, the Agency has developed a living document that is gradually updated thanks to Commission and Member States' inputs. This document was presented to the Ministers of Defence during their EDA Steering Board meeting on 5 May in Sofia for further consideration by Member States and the European Commission.
- Of course, EDF is not yet in its full cycle. While the research window is already in its test phase with the Preparatory Action, the capability window will do the same with the start of the European Defence Industrial Development Programme (EDIDP) next year.
- While research projects are expected to be fully funded by EDF, capability development projects will typically receive co-funding of 20%. In the framework of the EDIDP, the Commission has made a proposal to provide an extra 10% funding to collaborative projects if it is

conducted in the PESCO framework. All in all, EDF represents a significant contribution and incentive to financing collaborative capability development, but it is important that it should complement and not substitute national budgetary efforts.

- Even if we ensure that all these three initiatives are smoothly coordinated and harmonised, and Member States pay particular attention 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 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 nearing completion. The proposed new set of EU Capability Development Priorities will be presented to Member States in June. In this context I also have to refer to the Overarching Strategic Research Agenda (OSRA), which is a tool under development which will support Member States' research activities along agreed priorities, strongly linked to the CDP, but also taking into account the need for the technological push and innovation.

- As I mentioned earlier, coherent capability development also has a trans-Atlantic dimension. With 22 EU Member States in NATO, we have to ensure that EU and NATO defence planning processes are mutually reinforcing and provide a coherent output. The Joint Declaration signed in Warsaw in 2016 called for a coherent, complementary and interoperable development of defence capabilities, as one of the priority actions between the EU and the Alliance.
- With all these new initiatives for European defence collaboration there is now a window of opportunity to further strengthen coherence. From this perspective it is encouraging to see that all 21 EDA Member States being also NATO Allies have invited the Agency to their NATO defence planning bilateral meetings, and in several cases EDA Member States have also invited NATO staff as observers to their CARD dialogues.
- Beyond the harmonisation of the respective planning processes we are also seeking coherence of output in concrete projects, demonstrating that the complementarity of efforts also cover projects, like the work on air-to-air refuelling, Maritime Situational Awareness Aircraft, Counter-IED or medical support. We have to follow this path and continue to pursue a mutually beneficial cooperation between the two organisations.

- Ladies and Gentlemen.
- In summing up, I see the challenge of ensuring coherent capability development, in the EU and in cooperation with NATO. But I am confident that we are able to provide a coherent answer at European level. What we need is a systematic implementation of those priorities which we commonly agree upon, and which are the baseline for developing defence capabilities at European level in a coherent manner, be it in research, prototyping or in the development phase.
- I am proud to say that EDA is playing its part in putting the pieces of this European defence puzzle together. The Agency coordinates the Capability Development Plan (CDP), acts as the secretariat for the Coordinated Annual Review on Defence (CARD), as well as for the Permanent Structured Cooperation (PESCO) together with the EEAS/EUMS, and plays a key role in the European Defence Fund (EDF), especially in the implementation of the Preparatory Action on Defence Research.
- CDP, CARD, PESCO and EDF are there to provide a coherent framework to support national efforts. We have to make these EU initiatives real game-changers and protect them from becoming, self-contained bureaucratic processes or purely industrial subsidies.

- What is crucial is to establish the output-oriented link between these initiatives as the pieces completing the puzzle that will lead to real progress: more effective European defence cooperation, supporting Member States to develop the capabilities they really need, together.
- Thank you!