In 2011, the debate about defence capabilities focused on the financial crisis. We have seen a wave of defence budget cuts across Europe. The budgetary constraints pose both a challenge and an opportunity. They offer a chance to reform, and to launch a new dynamic. We already saw it in 2011, with a renewed focus on closer European cooperation.

The European Defence Agency (EDA) has been established for this very purpose: to improve Europe’s military capabilities through an integrated and coherent approach bringing together at the European level capability planning, strengthening the defence industrial base, armaments co-operation and Research & Technology.

EDA delivered very good results in 2011. In particular, its work to turn the Pooling & Sharing concept into a reality was clearly recognised by the European Defence Ministers at the EDA Steering Board, on 30 November.

It is only one step towards better European defence cooperation for more efficient capabilities. But it is an important one. The objective is now to go further, with the aim of building a long term win-win situation through greater cooperation. This is why EDA will engage further work on Pooling & Sharing in 2012.

Catherine Ashton,
Head of the European Defence Agency
2011 has been an intense year for the European Defence Agency, ending with important decisions by the Ministerial Steering Board on 30 November on cooperation through Pooling & Sharing.

The difficult financial context is an opportunity to do more together on defence capabilities. The financial crisis had – and still continues to have – significant consequences for defence budgets. At the same time, the level of engagement of Member States’ Armed Forces remains high, with growing expectations on the rapidity, precision, and sustainability, which require cutting-edge capabilities. European Ministries of Defence also need to prepare today for the capabilities of tomorrow, which means investing in Research & Technology.

In this overall context EDA’s rationale has become increasingly pertinent: cooperation on defence capabilities is not a luxury; it is necessary, and urgent.

The Council Decision on EDA of 12 July 2011 underlined the Agency’s key role in support of the Council and of Member States. It gives EDA a strong legal basis. EDA’s Steering Board meets at ministerial level, which allows for political impetus and guidance. As a tool at the service of its participating Member States, EDA is the place where efficient and results-oriented cooperation can be launched and developed.

Political impulse was given by the Ministers of Defence during the EDA Steering Board of May. Following the Ghent initiative highlighting the imperative for more cooperation amongst EU Member States, EDA was tasked to propose new areas for pooling and sharing capabilities. We delivered significant results at the November ministerial Steering Board: Ministers endorsed eleven operational cooperation opportunities proposed by the Agency, including air-to-air refueling, medical field hospitals, maritime surveillance, training of air crews (helicopters, transport, fast jet), and satellite communications, to mention a few. Not every country will take part in every project, but most have confirmed they intend to be involved in at least one of them, offering a clear sign of confidence in the Agency’s work and methods. Other key achievements in 2011 were the deployment of the EDA counter-IED forensic laboratory in Afghanistan, the multinational helicopter exercise in Italy (“Italian Call 11”) and the launch of the MARSUR Project.

The strengthening of the European Defence Technological and Industrial Base has also been a priority for the Agency in 2011, and will remain so in 2012. EDA has been working closely with Member States and the European Commission to strike a balance between the single market on the one
hand, and the specificities of the defence sector on the other. To this end, it organised a high-level seminar on Article 346.

In order to ensure maximum synergy, we are also working in close partnership with the European Commission on dual-use technologies (civilian and military), in fields such as space, maritime surveillance, CBRN (chemical, biological, radiological, and nuclear) and cyber protection. An administrative arrangement was signed with the European Space Agency (ESA) in June, allowing increased dialogue and cooperation between the space and defence communities, in order better to support Europe’s security and defence needs.

The Agency is where defence ministries can identify and articulate their interests vis-à-vis a range of broader EU policies and initiatives, such as Radio Spectrum or Single European Sky. Its expertise is available to, and utilised by, Member States in their consideration of the defence implications of these policies. In 2011, the recommendations sent by EDA to the Council were endorsed in the Radio Spectrum Policy Programme. Concerning the Single European Sky, whereas SESAR is being prepared for deployment, EDA participates at the political and technical levels and provides relevant input on behalf of the military. In order to reinforce interoperability between our Armed Forces, EDA has been continuing to work on standardisation and certification with the publication, for example, of the first European Military Airworthiness Requirements, comparable to those required in the civil aviation.

This annual report, being an overview of what we did in 2011, shows that EDA is able to deliver concrete and pragmatic solutions in a very challenging and dynamic context. The decisions taken by ministers last November have strengthened the Agency’s determination to put forward further operational solutions to the challenges being faced by our defence ministries. This is of course a first step, but an important one. Over the coming months, EDA will support progress in these new cooperative opportunities and continue to propose other concrete areas for operational cooperation, as well as enablers for a more structured long-term approach to cooperation. It will especially be the case in Research & Technology, a vital area for European future capabilities against the backdrop of decreasing national investment. If we want to be able to meet our international commitments (whether under the auspices of the UN, the EU, or NATO), ensure the security of our citizens, and defend our interests, we need to prepare the future through the necessary investments. On a personal basis, 2011 has been my first year as EDA’s Chief Executive. During my visits to capitals I have been impressed by the commitment to cooperation in the face of extremely difficult financial constraints. I must also say that I have been impressed by the professionalism, personal commitment and dedication of EDA staff. The challenges ahead are huge but I am sure we will be able to achieve more by doing it together.

Claude-France Arnould,  
Chief Executive
The European Defence Agency pursues effective and output-oriented European cooperation in order to improve the defence capabilities of participating Member States. The Council Decision on the Agency, approved on 12 July, has further underlined the Agency’s key role in support of the Council and of Member States in this regard.

The 2012 Work Programme sets out the Agency’s activities for the year. The underlying principle remains cost-effective cooperation, with a focus on Pooling & Sharing.

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 enabling factors, and working with industry. The Agency has submitted proposals to Defence Ministers on how to take forward this important initiative that was launched at the informal meeting of Ministers in Ghent in September 2010. Ministers of Defence agreed on these proposals at the last 2011 EDA Steering Board, on 30 November 2011, offering a clear sign of confidence in the Agency’s work and methods.

In 2012, the Agency will continue to propose other concrete areas for operational cooperation.

1. Focused on delivering capabilities

The updated Capability Development Plan (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 established as a tool for supporting 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. Member States have committed to new projects and are pursuing established collaborations within the Agency. In 2011, several projects and initiatives have been taken forward, all of which are in line with the CDP. For example:

- The C-IED laboratory, launched in April 2010, was deployed to Afghanistan for operations within the International Security Assistance Force (ISAF) in July 2011.
• The Helicopter Training Programme is operational. In the three exercises organized so far, some 58 helicopters, 114 crews, and 1300 personnel have participated. 63 of the trained crews have deployed to Afghanistan.

• The Maritime Surveillance Networking project was successfully demonstrated in June 2011 by 6 Member States. 15 Member States have signed - or will shortly sign - the Technical Arrangement.

• Strategic transportation: Ministers signed 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 and facilitate the information exchange between governmental experts - is currently involved in sourcing commercial solutions for operational logistics support to Operation ATALANTA and EU Battle Groups, and to implement a new designed web portal.

• The European Satellite Communication Procurement Cell, which will allow Member States to acquire better commercial satellite communication services at a lower price, has been signed by 4 Member States.

• The Network Enabling Capability (NEC) implementation study has been completed.

• A new work strand on Cyber Defence has been launched within the Agency. This will require strong support by participating Member States and coordination with EU actors.

• Medical Support confirmed the broad interest of pMS in the subject with an appreciated launch of a project aimed to optimize medical support in operations through a strengthen of international cooperation.

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; and Mid-Air Collision Avoidance System.

2. Investing in R&T priorities

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 European Technology non-Dependence and European Framework Cooperation (EFC), bridging technology with the European Commission Framework Programme on Security Research. The R&T programme on CBRN (Chemical, Biological, Radiological and Nuclear) protection is focusing on technologies for the next-generation of capabilities. With a total budget of €12m, the activities will be synchronised with security research within the European Framework Cooperation. Signature of the CBRN programme is foreseen in March 2012.

The Agency is active in the area of European Technology non-Dependence. EDA co-organised with the Hungarian Presidency a conference in April 2011, which addressed the challenges, strategies and solutions for improving access to strategic technologies in Europe and not only in the Defence area. Based on these activities, EDA has been tasked by the Steering Board “to contribute to a comprehensive, cross-domain European Technology non-Dependence strategy in consultation with relevant organisations and stakeholders”.

The 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 and innovative R&T programme on Unmanned Maritime Systems for mine counter-measures and other naval applications has been activated in 2011 with an open architecture system approach to be fully modular, interoperable and easily upgradable.

3. Promoting armaments cooperation

The European Armaments Co-operation Strategy is facilitating effective and efficient armaments cooperation in order to reduce costs and increase timely delivery of capabilities. Several programmes and projects have been taken forward, such as Maritime Mine Counter Measures; Biological Equipment Development and Enhancement Programme; Advanced European Jet Pilot Training; Future Transport Helicopter; and Future Tactical Unmanned Aerial System. EDA has been working closely with all the relevant stakeholders to analyse the consequences of SESAR for the military. The Agency will play an active role in SESAR deployment from the military point of view.

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. In 2011, the first European Military Airworthiness Requirement was published, moving the Member States a step closer to their goal of harmonising their national military airworthiness regulations in Europe.

EDA has been working on the Unmanned Aircraft Systems (UAS) insertion in general air traffic, participating actively to the UAS panel. On 15 December, EDA and the European Space Agency signed an Arrangement on a demonstration project in the area of UAS Command and Control via satellite. It represents the first jointly-funded activity since the entry into force of the Administrative Arrangement of the two Agencies in June 2011.

4. Strengthening the market & the 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. 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 almost 700. Approximately 470 contracts, with the value of 5.8 bn euros, had been awarded under competition. 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 of the Treaty on the Functioning of the EU.
CHAPTER II – A Selection of Key Achievements

1. Focused on delivering capabilities

Counter- Improvised Explosive Devices (IED) Theatre Exploitation Laboratory
Road-side bombs and other IEDs are the number-one killer of deployed forces in crisis management operations. They also result in high civilian casualties. The Deployable Level 2 Exploitation Capability is a mobile laboratory, enabling forensic analysis of IED incidents in order to develop means to prevent further attacks.

Built by Spanish company Indra, the Laboratory was delivered to EDA in mid-2011. Following this, it was handed over to France who is the Lead Nation for the eighteen-month deployment to Afghanistan. Supported by Austria, Italy, Luxemburg, Netherlands, Spain, Romania, Sweden and Poland, the Laboratory has been in operation since autumn 2011.

European Air Transport Fleet programme
The programme Arrangement has been signed by Ministers in the margins of the 23 May Steering Board, formalising the partnership. A first flying event is planned for June 2012. A technical arrangement permitting to simplify and harmonise the existing diplomatic clearances mechanism will be signed in 2012.

Logistic Support
Conducted with the support of the Commission (DG RELEX), the European External Action Service (EUMS-CPCC), the Council, ASD (Aerospace and Defence Industries of Europe) and specialised industries, the project consists of two main parts:
1) establishment of a European Third Party Logistic Support (TPLS) Platform to enhance the exchange of information, best practice, etc. and 2) establishment of the Virtual On-site Information Center (VOSIC) for J4/J8 branch to improve the TPLS-related information management in the Area of Operation.

Nearly completed, the TPLS platform has been used as test case within the EU operation ATALANTA.

Helicopter Training Programme
The aim is to increase the number of available transport helicopters for operations where terrain (large distances, deserts, mountains) and lack of security (road-side bombs, etc.) set a high demand on the use of helicopters.
Between 2009 and 2011, 58 helicopters, 114 crews and 1300 personnel participated to the programme, of which 63 crews have been deployed to Afghanistan.
Energy programme:
The aim is to improve the safety and mobility of deployed troops thereby increasing their combat effectiveness, while decreasing consumption and therefore dependency on fuel. As a critical operational capability the CDP Fuel & Energy priority goal is to gain a deeper understanding of the consequences of implementing renewable energy sources in the military domain. The objective is to develop a standardized deployable, self-sufficient energy system architecture, incorporating novel technologies to provide operations with power, water and ensure recovery of waste.

Intelligence, Surveillance, Reconnaissance (ISR)
To support Member States in enhancing their capabilities in the domain of ISR, EDA promotes common initiatives and coordinates related activities and studies.
In 2011, EDA activities led to the organization of a Workshop on Geospatial information with the participation of Member States, the European Commission, the EU Satellite Center and FRONTEX.
Concerning Military SATCOM, the launch of the Secure Telecommunication by Satellite (SECTELSAT) initiative represents a strong Pooling & Sharing opportunity.

Satellite Communication (SATCOM)
The European Satellite Communication Procurement Cell, which will allow Member States to aggregate the demand at European level and lease commercial satellite communication services at lower prices, has already been signed by 4 Member States. It represents a quick Pooling and Sharing opportunity.
In 2011, EDA also launched an initiative for SATCOM tactical/mobile interim solution (ETISC) in cooperation with the European Space Agency (ESA).
Concerning Military SATCOM, the launch of the Secure Telecommunication by Satellite (SECTELSAT) initiative represents a strong Pooling & Sharing opportunity.

Communication and Information Systems (CIS)
CIS are vital to conduct modern operations. In order to support Member States in enhancing their CIS interoperability, EDA chose to work on CIS Architectures.
In 2011, EDA conducted 5 Architecture training courses (1 in Belgium, 1 in Greece, 2 in Poland, 1 in Romania), for a total of 84 participants. Further training events are planned for 2012. The Reference Architectures developed by EDA were used in support of EU Operation ATALANTA, and the aim is to extend it in support of Maritime Surveillance.
A J1 Functional Area System (FAS) demonstrator has been finalised. It will be used during the exercises European Endeavour in May 2012 and Multi-Layer in October 2012.
Medical Field Hospitals
Medical Field Hospitals are a prerequisite for any multinational operations and a very expensive capability. The concept for a pooled and shared capability under the lead of Italy has been agreed, and a Declaration of Intent should be signed by Ministers of Defence at the March EDA Steering Board.

Space Situational Awareness
In the area of Space Situational Awareness (SSA), EDA further supported the building up of a dual SSA capability at European level. Based on its previous work in defining military needs, the Agency actively contributed towards establishing an aggregated set of civil-military requirements. The latter have been formally endorsed by Member States in the Political and Security Committee in November 2011. The Agency did further bridge to other European actors involved such as the European Commission, the European External Action Service, the European Space Agency and the EU Satellite Center to monitor relevant activities and facilitate the inclusion of defence-specific aspects. On 30 November 2011, the domain of SSA was also identified by Ministers meeting in the EDA Steering Board as a suitable opportunity for Pooling and Sharing.

Air-to-air refuelling
Air-to-air refuelling is a major capability shortfall, as shown again during the operation in Libya. The aim is to improve the operational output and the cost effectiveness, and to address the dependency on the US of European air forces. A RFI was sent to industry in May, that helped to present a report in November on possible options to alleviate the shortfall. Expert meetings were organised to develop concrete solutions together with willing pMS. A Pooling and Sharing project is expected to be launched in 2012 with France as a framework nation.

Radio Spectrum (RS)
EDA is analysing the implications that the evolution of the regulatory framework on Radio Spectrum could have for the military. Based on this analysis, EDA sent recommendations to the Council which were endorsed in the Radio Spectrum Policy Programme. EDA also launched studies on the derivation of the Radio Spectrum picture associated with deployment scenarios and on the development of a spectrum valuation model.
2. Investing in R&T priorities

"CapTech" (Capability Technology) activities
The task to coordinate and plan joint research activities is handled by the "CapTech" network. The "CapTechs" bring together a network of experts from Member States, industry, research & academic institutions and agencies (European and national) to propose collaborative projects. There are twelve "CapTechs" in total from generic technologies (components, materials, ...) to system level. During 2011 the "CapTechs" launched 8 new contracts and completed 8 collaborative projects.

During 2011 one important activity in all CapTechs was the development of Strategic Research Agendas (SRA). For instance, in the naval domain, five of the biggest European shipyards have collaborated in order to deliver the SRA. More than 100 experts from shipyards, systems suppliers, governmental establishment and academia joined expert workshops to analyse technologies and provide proposals for the future. The outcome is a strategic vision for the Naval R&T along with nineteen strategic projects needed for supporting the vision. This industrial view will be further examined and focused by the EDA Member States in 2012.

Joint Investment Programme-Force Protection
With two projects finished during 2010, 16 out of 18 projects of the Joint Investment Programme on Force Protection (JIP-FP, 20 Member States, budget of 54.93 M€) were still running in 2011. The programme is entering the delivery phase with four projects completed during 2011 and the remaining are planned for 2012. Of the projects finishing in 2011 three support the upcoming EFC JIP CBRN, Generic Urban Area Robotized Detection of CBRN Devices (GUARDED), European Protective Individual Defence Armour (EPIDARM) and Robust and autonomous airborne threat identification system as lab-on-a-chip device with integrated optoelectronic sensors and combined pathogen enrichment (Patho-ID Chip). However the main thrust in EPIDARM was on ballistic protection. While the project Wireless Robust Link for Urban Force Operations (WOLF) successfully addressed tactical communication, information processing and situational awareness capabilities.

Joint Investment Programme (JIP)-CBRN
A successful workshop was held with providing for an exchange of views on topics for the JIP-CBRN first call "Next generation Detection for Bacteriological and Chemical agents and Modelling & Simulation of CBRN architectures". During the workshop, the European Framework Cooperation (EFC) coordination letter was signed by the EDA and the European Commission. During 2011 the Management Committee prepared the Program Arrangement and the first call for proposals to be issued after the signing of the PA in March 2012.
**Joint Investment Programme-Innovative Concepts and Emerging Technologies**

All ten projects and two studies of the JIP on Innovative Concepts and Emerging Technologies (JIP-ICET, 11 Member States, budget of 15,58 M€) were running in 2011. The technology studies Forecasts in Metamaterials with Extreme Parameters for Disruptive Antennas, Radomes and Cloaking in Radar Applications (METAFORE) and Forecast Study on Nanomaterials Integrated into Textiles for Protection Applications (NANOTEX) were completed and their results will help the contributing Members to identify the most promising research topics in their respective technology areas. The first R&T project Helicopter Fuselage Crack Monitoring and Processing through on-board Sensors Network (HECTOR) was also completed successfully and the work will be exploited in the follow-on project Aircraft fuselage crack monitoring system and prognosis through on-board expert sensor network (ASTYANAX) that has been approved as a Cat.B project (SBD 2011/32).

Based on the positive experiences from JIP-ICET, the preparation of JIP-ICET2 was started in view of launching the programme in 2012.

**Unmanned Maritime Systems (UMS)**

The main achievements in 2011 for UMS was the launching of 6 projects working on the Systems Integration; Standards and interfaces; Safety and regulations; Conformal hydrophone arrays; Modular lightweight minesweeping; and Drifting mines detection. Furthermore, the UMS Management Committee has drafted a methodology and coordination document for the UMS programme which has been distributed widely in order to inform stakeholders about the vision set by the nations contributing to UMS, demonstrate the work done so far, and enable transparency. Another achievement of 2011 was the initialisation of information flow with the European Commission on UMS related projects funded under their Framework Programmes. A final achievement was the finalisation of the work aiming at the expansion of the UMS programme in 2012.

**Military Green**

Following the adoption of Fuel and Energy as one of the top 10 Capability Development Plan (CDP) priorities in March 2011, the EDA organised the conference Sustainable Energy for EU Crisis Management in Budapest on 5 and 6 May 2011. It paved the way for future collaborative activities under the umbrella Military Green, EDA work strand on Energy and Environment.
3. Promoting armaments cooperation

**Maritime Mine Counter Measures (MMCM)**
During 2011, the emphasis in the MMCM Cat B project has been on the staffing of the Common Staff Requirement (CSR), writing a report on the achievements of the project and supporting the Member States on deciding on the future of European MMCM co-operation. The CSR has been received positively and the report on the achievements has been discussed at a National Armaments Directors meeting in November. The most outstanding achievement in this programme has been the decision made by France and the UK to entrust OCCAR to develop a MMCM solution broadly based on the commonly agreed CSR.

**Future Unmanned Aerial Systems (FUAS)**
In 2011, FTH team analysed the results of request for Information (RFI) sent to Industry. RFI assessment process was conducted with the support of Member States and the results have been incorporated into the business case document which is now in the hands of the Member States and will be finalised by mid-2012.

**Future Transport Helicopter (FTH)**
In 2011, FTH team analysed the results of request for Information (RFI) sent to Industry. RFI assessment process was conducted with the support of IABG and the results have been incorporated into the business case document. The business case document is in the hands of the Member States and will be finalised early 2012.

**Biological Equipment Development and enhancement Programmes (BIO EDEP)**
Military capabilities to counter biological threats in operations or to support civilian efforts in the European homeland in case of an attack are very limited. The ultimate aim of the BioEDEP is to develop a demonstrator consisting of various subsystems dealing with detecting, identifying and monitoring biological agents/threats, brought under a unifying system architecture. The Common Staff Requirements have been delivered and approved by the Member States. A first version of the business case is now in the hands of Member States for analysis.

**Advanced European Joint Pilot Training (AEJPT)**
During 2011, the AEJPT Business Case Document was updated with the results of the analysis of the responses to the Request for Information released to industry. A questionnaire was also addressed to the Member States to better define a way ahead with the programme; EDA provided the Member States recommendations to go ahead with the programme.
Software Defined Radio (SDR)
During the 2011, EDA has successfully conducted consultations with the European Commission (EC), the ESSOR (European Secure Software Radio) Project Nations (FR, IT, ES, FI, SE, PL) and Germany to prepare the grounds for Software Defined Radio standardisation in the military domain. Last November, EDA has co-hosted with the European Commission a workshop on “Software Defined Radio and Cognitive Radio Standardisation” at the Joint Research Centre in Ispra. EDA has also coordinated the EU military requirement in support of the EC SDR standardisation mandate that will be officially distributed in October 2012. This mandate covers the commercial, the public safety and the military domain.

Unmanned Air System (UAS)
In 2011, EDA continued to support the UAS stakeholder community towards a civil/military coordination for Unmanned Aircraft Systems in the European Union. Following the successful organisation of the 2010 EDA/EC UAS high level conference, the European Commission launched the UAS Panel process to provide the necessary background to prepare a strategy for the future of UAS. The European Defence Agency actively supported the work by inserting in the Panel workshops all the relevant work carried out within EDA. In particular, EDA organised the 5th and last workshop dedicated to technology. EDA also launched a joint demonstration mission in cooperation with the European Space Agency on the networking of earth Observation ground segments.
Airworthiness
EDA has been helping Member States in this field by establishing the Military Airworthiness Authorities (MAWA) Forum. 2011 has been a ground breaking year with the approval of the European Harmonised Military Airworthiness Basic Framework Document, and the publication of the first European Military Airworthiness Requirement. This publication moved the Member States a step closer to their goal of harmonising their national military airworthiness regulations in Europe, and it is being considered to be an applicable document by the nations participating in the A400M programme. The development of other requirements that will address the full spectrum of harmonised airworthiness requirements is progressing to the agreed MAWA work-plan. Their publication and subsequent implementation into national airworthiness regulations will clear the road to initiate the essential activities that will ultimately lead to ‘Mutual Recognition’ and hence support deeper EU Defence cooperation under EDAs Pooling & Sharing initiative.

Single European Sky (SES) and SESAR
In December 2010, the Ministers of Defence tasked EDA to liaise with all the relevant stakeholders and further analysed the operational financial risks associated with the implementation of SESAR by the military. The necessary network to get access to the relevant information has been established and the unique positioning of EDA as both an “EU” and an intergovernmental agency in the defense domain has been recognised by the stakeholders. As SESAR is being prepared for deployment, EDA has been designated by the Commission to participate at the political guidance level and provide relevant input from the military. In September 2011, EDA sponsored the SES / SESAR Military Implementation Forum to raise the awareness and to promote structured and harmonised military views. In this forum, all the military community is represented, including NATO.
4. Strengthening the market & the industrial base

Launch of the "EDEM (European Defence Equipment Market) in the Global Context" work strand
On 23 May, EDA Defence Ministers’ Steering Board tasked the Agency to work towards increased global competitiveness of the European defence industry and reciprocal market access. To take this forward, EDA launched "EDEM in the Global Context" work strand that address such issues as possible measures to limit barriers and inherent obstacles to defence trade and ways to enhance European defence industries competitiveness and innovative advantage in the global defence market.

Effective Procurement Methods
EDA’s new Effective Procurement Methods (EPM) initiative was presented to the participating Member States in July 2011. Based on the enhanced mandate of the EDA following the Lisbon Treaty and in line with the current Pooling & Sharing initiatives, EPM focuses on the development of innovative ways to consolidate the demand side of the European Defence Equipment Market and to identify current common demand especially in the area of off-the-shelf purchases. In this field, savings for Member States are expected to be more visible as higher level of harmonisation results in a more streamlined production for industry and economies of scale, while improving interoperability. In December 2011 the EDA launched two EPM pilot cases. In both cases, Counter-IED training and EU Battle Group Logistic Support Services, the implementation will be made during 2012.

Code of Conduct on Defence Procurement and the Electronic Bulletin Board
In July 2011 the Code of Conduct on Defence Procurement and the Electronic Bulletin Board (EBB) celebrated their 5th anniversary. By the end of 2011 close to 700 contract opportunities had been published on the EBB. Approximately 470 contracts, with the value of 5.8 bn euros, had been awarded under competition, approximately one third cross-border. This clearly indicates that the Code of Conduct on Defence Procurement and the EBB plays a valuable role in enhancing transparency and competition in the European Defence Equipment Market.
Key industrial capabilities
EDA has enhanced work on Europe’s key industrial capabilities: those capabilities that must be maintained or developed to ensure that Europe is able to respond to future security and defence challenges. To this end the EDA launched a comprehensive analysis of the European industrial base air, land and naval systems.

EDA’s Roadmap and Implementation Plan study on gun-launched « smart munitions » presented its first results in December 2011. The study identified a minimum harmonization among Member States’ future operational requirements but also actions to be taken in order to maintain/develop key industrial capabilities to meet such requirements.

European Network of National Safety Authorities on Ammunition (ENNSA) delivered its initial assessment on the ways Member States could improve harmonization of ammunition qualification procedures and practices on indirect fire 155mm artillery munitions.

Security of Supply Portal
Security of Supply is a critical topic regarding both the European Defence Technological and Industrial Base (EDTIB) and the functioning of the European Defence Equipment Market (EDEM). In November 2011 the EDA took a major step by launching a new Portal increasing the transparency of Member States policies, procedures and priorities connected to the Security of Supply.

SMEs (Small and Medium-sized Enterprises)
Enhanced SME participation in the defence market is an important issue for the EDA Member States. This is reflected in the first annual report on the implementation of the Guidelines for facilitating SME’s access to the defence market, which was submitted to the EDA Steering Board in 2011. A number of concrete measures to increase SMEs’ participation in the defence market have been implemented by Member States, including solutions for facilitating the flow of information to industry (e.g. through organizing events for industry), ensuring timely payments by contracting authorities to main contractors as well as adequate time limits for receipt of tenders. Also, mechanism encouraging the equitable treatment of suppliers (e.g. guidelines for industry, codes of good business behaviour, calls for tender clauses) have been established.

High Level Seminar on article 346 TFEU and Defence Procurement Seminars
On 11 May the EDA hosted a High Level Seminar on the scope of application of Article 346 Treaty on the Functioning of the EU. Senior government representatives discussed the legal framework for defence procurement, exchanged views on the specificities of the defence market and addressed the implications for national security interests and operational sovereignty. In December, the Agency held two more events for defence acquisition experts from Member States’ procurement authorities and industry to address the new EU regulatory environment in the context of the increasing need for improved cost-effectiveness and efficiency of the European market in time of fiscal austerity.
1. EDA: a proactive hub for cooperation

The Agency is enhancing its relationship with the European Commission, and is actively engaged in representing the Member States’ interests regarding defence 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. In line with the tasking given by Ministers in May, the Agency submitted proposals to the Council on the Radio Spectrum Policy Programme. These have been endorsed in the Radio Spectrum Policy Programme.

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 was signed in June 2011 and is already helping to improve the effectiveness of, and investment in, synergies regarding space-based or -related technologies. The Agency has signed an Administrative Arrangement with Switzerland, which will allow Swiss participation in the Agency’s projects and programmes. 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 also developed strongly, with a focus on capabilities where requirements could converge and the financial burden could be shared and policy issues such as export controls and offsets.

2. Our Staff - the most precious asset

By Adam Sowa, EDA deputy Chief executive

The European Defence Agency, a Council agency at the heart of European Union’s defence, effectively combines political impetus and high expertise. Under the political guidance of the Council and with steering from the Ministers of Defence, the Agency transforms defence capability needs into viable capability development initiatives.

EDA expertise and a unique, integrated way of working, bringing together all relevant actors early in the process, are critical factors in delivering defence capabilities needed for the Common Security and Defence Policy, through common projects and programmes.

But it would not be possible without our Staff, top quality, efficient and well-motivated people.

Working under pressure, to deliver meaningful and step-changing results, in difficult times and challenging international environment, they must have extraordinary qualities. And yes they do have them.

So who are they?

They are dedicated, civilian and military people, coming from 26 Member States, representing different cultures with extensive experience in a wide variety of areas of expertise, recruited...
through a demanding process of open competition. They are innovative, flexible and open minded with friendly, service orientated approach and a strong drive to deliver. They are mature team workers, professionally managing not only their projects but also their relations. They network with their expert colleagues from our Member States, a variety of European bodies and national institutions, industries as well as defence and science communities at large.

And they are very few, just over a hundred.

3. Boosting communication

Communication, as well as cooperation, is an essential part of the cultural change that EDA is fostering in the European Defence sector. Rather than being a low profile area, therefore, communications is a ‘must have’ for EDA’s success. This is why, in line with EDA’s willingness to proactively share its achievements, the Agency has decided to boost its communication approach through a new Communication Strategy.

2011 saw the launch of this new approach: the Communication Strategy was approved by the EDA Management Board, and began to enter into force during the last quarter of the year. The Agency also began to improve its visual identity and to develop its own communication channels (e.g. website, publications, press releases).

2012 will be the year of the full implementation with several publications: EDA 2011 Annual Report, EDA Corporate brochure and EDA Magazine “European Defence Matters”. Website and monthly e-news will be significantly enhanced. EDA will also be present in social media, with the improvement of its communication through Twitter, Linkedin, Youtube and Flickr. Moreover, there is an increasing momentum to position EDA at the heart of European Defence debates. And this is what this strategy is all about: boosting reputation through effective communication.
CHAPTER IV – Key Facts and Figures

EDA IN 2011:

Budget: 30,53 M€

Staff: 116

EDA PROJECTS AND PROGRAMMES IN 2011

32 running projects and programmes

Total amount of 312 M€ (ad hoc budgets directly funded by the Member States)

which 6 new projects, for a total amount of 74 M€