



Brussels, 18 May 2009

**Report by the Head of the European Defence Agency**  
**to the Council (GAERC, 18 May 2009)**

The Agency has been focussing on the practical implementation of its strategies and policies - addressing challenging work strands on capabilities, Research & Technology, Armaments and Industry & Market issues. Good progress has been made across a range of cooperative projects in priority areas - including helicopters' availability, airlift, logistics, protection against biological threats, space, and maritime surveillance. Interactions with key stakeholder have been strengthened in particular, by enhanced efforts to seek synergies with the European Commission, to increase coherence with NATO, and to formalise the relationship with OCCAR.

**I. The Agency intensified work on the practical implementation of the strategic framework (completed at the end of 2008).**

1. The Capability Development Plan - as the 'overall strategic tool' - is now influencing all the Agency's activities. It is proving a valuable tool for pMS, stimulating greater efficiency and identifying more cooperative opportunities by defining future requirements in a coherent, transparent and collective way.

Of the twelve CDP selected priority actions, nine have been taken forward by the Agency together with the pMS - information on concrete progress in these areas, as well as in other key domains, is provided in section II.

Furthermore, pMS have now a sound vehicle (Strategic Context Cases) for taking forward, in a collaborative framework, improvements in chosen areas.

The Agency, together with relevant EU actors, will continue to assist pMS by providing collective priorities for future capability development.

2. Valuable work has been undertaken on implementing the European Defence Research and Technology strategy, with continuous encouragement to spend better and more together:
  - connecting common R&T priorities and Capability priorities, with a view to defining key technologies directly linked with CDP needs (with CBRN and Maritime Mine Counter Measures considered as the most likely first areas for collaborative projects);
  - The implementation of the two Defence R&T Joint Investment Programmes on Force Protection and on ICET (Innovative Concept and Emerging Technologies) has provided valuable experience (See II), to be taken into account when considering the launch of further programmes of that kind;
  - the level of European collective R&T spending has been increasing (although it remains below the benchmark agreed by Defence Ministers in November 2007).
3. Progress has been maintained on strengthening the European Defence Technological and Industrial Base (EDTIB):
  - Work on identifying those key industrial capabilities to be preserved or developed in Europe has been tested in the area of Future Air Systems – focussing on the European supply chain as a whole and not just Europe’s major aerospace companies. The ongoing analysis of pMS’ requirements will be presented, with concrete proposals, to the Steering Board this coming October.
  - Efforts to create a European Defence Equipment Market have been intensified:
    - On the whole the implementation of the Code of Conduct on Defence Procurement (for “Government contracts”) continues to be positive. The market value has increased up to 5.4 bn € in 2008. Transparency is improving. And there is an encouraging increase of cross border awarded contracts – although contract numbers are still too low.
    - pMS approved the Reporting and Monitoring System for the Code of Conduct on Offsets, which will be critical to make the Code fully effective, transparent and accountable between subscribing Member States. All subscribers to the Defence

Procurement Regime will apply the Code of Conduct on Offsets (25 pMS plus Norway), to start on 1 July this year.

4. A key factor in making the European Armaments Cooperation (EAC) strategy a reality is the application of the Guide to conduct programme preparation phase (a number of important EDA projects are foreseen as test cases). Work is also progressing in areas such as education, best practice, and standardisation.

**II. The Agency continues to offer an appropriate framework to generate collaborative endeavours that contribute to address the key capability shortfalls of the EU - in particular in priority areas selected by the CDP. Its added value is demonstrated with the existing cooperative projects/programmes being implemented and new initiatives being generated and launched.**

1. Substantial progress has been made in the area of force projection.
  - Momentum has been maintained on activities to improve helicopter availability, with continued EDA involvement in facilitating short, medium and longer term solutions.
    - Our training activity on helping the sharing of helicopter facilities is proving to be very useful. Furthermore, work has progressed towards launching a helicopter tactics programme in 2010 – the aim of which is to fill the gap between competent crew and the high end skills needed to deploy on demanding operations. Its content will be shaped by ongoing work on: addressing urgent operational training for crews in pre-deployment (20 Czech crews this spring), landscaping the needs and capabilities available in Europe, and learning from the first EDA sponsored multinational exercise (in the French Alps). Concrete proposals will be presented to pMS this autumn. Success will depend on their willingness to commit.
    - As for the medium term, we have been looking at potential upgrade programmes for specific helicopter types (initially MI, then PUMA in due course), with the intention to generate opportunities for collaborations. Here again, I expect proposals to be submitted to Ministers in November.

- For the longer term – beyond 2010, I expect the ad hoc project on the “Future Transport Helicopter”, based on a Franco-German initiative, to be established under the Agency’s roof this month. It offers an excellent opportunity for wider participation in Europe and perhaps across the Atlantic.
- We have established a Third Party Logistics Support (TPLS) Platform for improving awareness of existing options for contracting services (including helicopter services) in support of EU Crisis Management Operations. It is now entering its initial operational phase, with the aim of linking the demand side - EU CMOs, with the service providers - industry.
  - We have maintained momentum on the work to establish a European Air Transport Fleet, a key pooling initiative backed by Defence Ministers (with 12 of them having signed the Declaration of Intent last November). We are on schedule to produce a substantial Letter of Intent for signature in the autumn. This is a challenging opportunity for Europe to optimise its assets and hopefully promote further acquisitions.
2. Significant steps have been taken on force protection. Looking at the requirement to maintain the ability to manoeuvre in current and future operations, progress is reported in the areas of Counter Improvised Explosive Devices; Maritime Mine Counter Measures; Counter-MANPADs (a number of pMS are ready to bring substantial R&T work streams to the Agency) and CBRN (this month we plan to launch a 100 M€ biological detection, identification and monitoring Programme, which should contribute to provide European forces with a robust and reliable protection system by 2015).
  3. Other priorities relate to Information and Communications. More specifically:
    - Network Enabled Capabilities within an EU context is all about the efficient and effective use of the 21<sup>st</sup> century IT and CIS technology – and it is about people and their training as well. EDA continues to believe that the NEC Concept which was handed over to me (in my capacity of SG-HR) last summer is a robust piece of work that provides the solid foundations we need to build on. The Agency will support the initiative to launch an implementation programme.

- With the newly established Cell for European Satellite Communication Procurement - which will go live early next year - we believe we can make significant savings for pMS by consolidating demand.
  
  - Clearly, Information Superiority remains essential to current and future operations. Significant steps have been taken towards strengthening this capability with, in particular:
    - the establishment in EDA of the MUSIS project to develop in cooperation the second generation of military earth observation satellites. We will support wider European participation, and seek synergies with the Commission's work (in particular the GMES Programme), and with the European Space Agency in due course;
    - continued work on the definition (by 2010) of military requirement for Space Situational Awareness;
    - Intelligence training courses, once again successfully run by EDA – and which we hope will be hosted from next year by volunteer pMS.
  
  - Our work on Maritime Surveillance is concentrated on facilitating an ESDP recognised Maritime picture. We continue to work on the definition of military requirements, with a focus on linking the wide range of entities involved in managing maritime surveillance across the EU. There is here a great potential for seeking civil-military synergies which will help increase efficiency.
  
  - 4. The two R&T Joint Investment Programmes (JIP) on Force Protection and on ICET are up and running. Concerning the first one, so far 13 contracts have been placed essentially covering notably CBRN and ballistic protection, explosives detection, situation awareness technologies. Initial lessons learned show that the current JIP model works well, even though improvements are needed to meet even more challenging objectives.
- III. On the basis of the progress described above, EDA has been enhancing contacts with key stakeholders (including European Commission, OCCAR, and NATO) when and where appropriate.**

1. Consistently with last December European Council Conclusions, we have intensified our effort to seek synergies with the Commission, in particular between defence R&T and civil security Research under the 7<sup>th</sup> Framework Programme. Such interaction has been developed or initiated in a number of areas including Software Defined Radio, Force protection, Space, Maritime Surveillance, CBRN, and Counter-IED. I have great expectation that a major initiative for synchronising and coordinating defence and civilian security-related research activities can be launched next autumn.
2. I have recently received a Directive from the Steering Board to negotiate the draft of an Administrative Arrangement (AA) between EDA and OCCAR. The negotiations, which will be led by the Chief Executive on the Agency's side, are about to start, on the basis of Principles agreed by pMS. The Presidency and the GSC have been informed of the recommendation by the Steering Board to the Council to conclude a Security Agreement between the EU and OCCAR, at the latest simultaneously with the approval of the draft EDA-OCCAR Administrative Arrangement.
3. EDA's contribution to the EU-NATO Capability Group - and the associated staff to staff contacts - have contributed to avoiding duplication and to ensuring coherence of work and mutual reinforcement between the two organisations.

---