



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 22 June 2012

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**CSDP/PSDC 401
COSDP 543**

COVER NOTE

from: EEAS
date of receipt: 22 June 2012
to: Political and Security Committee

Subject: Proposal on the applicable Flat Rates of Reimbursement for the deployment of
EU Battle Groups

Delegations will find attached the EEAS document with reference EEAS 01130/12

Encl.: EEAS 01130/12

EUROPEAN EXTERNAL ACTION SERVICE



**EUROPEAN UNION
MILITARY STAFF**

Brussels, 22 June 2012

EEAS 01130/12

**CSDP/PSDC
COSDP**

NOTE

From: European External Action Service

To: Political and Security Committee

No. Prev. doc.: ST 11783/12, CSDP 399, COSDP 538, dated 22 June 2012

Subject: Proposal on the applicable Flat Rates of Reimbursement for the deployment of EU Battle Groups

Delegations will find attached the Proposal on the applicable Flat Rates of Reimbursement for the deployment of EU Battle Groups, which was approved by the EUMC on 21 June 2012.

References:

- A. Council agreement of 19 December 2011 on the declaration set out in document ST 18066/11.
- B. Council decision 2011/871/CFSP of 19 December 2011 establishing a mechanism to administer the financing of the common costs of European Union operations having military or defence implications (ATHENA).
- C. EEAS 00440/12 dated 22 March 2012 (Outcome of Proceedings EUMC meeting on 21 March 2012).
- D. 12-0392 dated 29 May 2012 (Act of the ATHENA Special Committee (SC) on the "Nature and scope of the incremental costs eligible for common funding incurred during a Battle Group deployment").

BACKGROUND

1. At Reference A, it is stated that "ATHENA will bear as operational common costs incremental transport costs for land, sea and air deployment of Battle Groups at short notice to the joint operations area in accordance with the EU Battle Group Concept", until 31 December 2013. As a part of this, "the Council will adopt no later than mid 2012 the applicable flat rates, below actual costs, through the expertise of the EUMC and taking into account the scope of the incremental transport costs to be determined by the ATHENA Special Committee."
2. On 3 February 2012, PSC requested the EUMC to make a proposal on the applicable flat rates for deployment of EU Battle Groups. The following proposal takes into account the 21 March 2012 EUMC decision to develop differentiated Flat Rates of reimbursement as a percentage of the incremental transport costs.

STATE OF PLAY

3. The Act of the ATHENA Special Committee on the "Nature and scope of the incremental costs eligible for common funding incurred during a Battle Group deployment" (Reference D) describes the geographical scope of the deployment eligible for common funding and lists which items are "incremental".

Three types of transportation assets, based on the type of sourcing of assets used during the deployment, are considered:

Type A: Government owned and leased assets; assets provided through SAC and SALIS arrangements;

Type B: Full time chartered or assured access assets;

Type C: Spot market chartered assets.

4. The list of eligible "incremental costs" determined by the ATHENA Special Committee is restrictive for the Type A and B assets. Regarding spot market chartered (Type C) assets, costs determined as eligible "incremental costs" encompass all costs incurred by the use of these assets.
5. The EUMC proposal is based on the following considerations:
 - to encourage all MS to make contributions to the roster of EU BG offers and commitments;
 - to emphasize the overarching EUMC ambition to facilitate and encourage EU military capability development;
 - to improve deployability of EU military forces;
 - to promote the EU Pooling and Sharing Initiatives that will, in the short and medium term, facilitate MS engagement in multinational endeavours within a constrained economic environment;
 - to minimise the risks to meet the EU Rapid Response Operations requirements, associated with the unsettled commercial conditions on the spot market.

PROPOSAL

6. The EUMC proposal for establishing Flat Rates for reimbursement is as follows:
 - 100% of the incremental costs for the Type A and Type B assets (government owned and leased assets, assets provided through SAC and SALIS arrangements, full time chartered or assured access assets);
 - 40% of the incremental costs for the Type C assets (Spot market chartered assets);

RECOMMENDATION

7. The EUMC invites the PSC to agree this proposal and to forward it to the Council for approval.
