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Subject : Report by the Head of the European Defence Agency to the Council

Delegations will find attached the Report by the Head of the European Defence Agency to the Council, as noted by the Political and Security Committee on 7 November 2013.

REPORT BY THE HEAD OF THE EUROPEAN DEFENCE AGENCY TO THE COUNCIL

INTRODUCTION

The European Defence Agency pursues effective and output-oriented European cooperation in order to improve the defence capabilities of participating Member States. The 2014 Work Programme sets out its activities for next year. The underlying principle is cost-effective cooperation, with a focus on Pooling & Sharing.

The financial crisis continues to have an impact on many national defence budgets. As a way to mitigate this, the Agency pursues Pooling & Sharing through: identifying and supporting cooperative projects and programmes; addressing civil-military synergies; promoting best practice; and working with industry. The Agency has submitted to Defence Ministers the first annual assessment of the national implementation of the Code of Conduct on Pooling & Sharing, as a vehicle for supporting it on a more systematic, longer-term basis.

I **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 also informs national defence planning. Work on its revision is on track to be completed in 2014: this will ensure its continued relevance, including for Pooling & Sharing which has made major strides during the course of 2013.

Member States have committed to new projects and are making progress in established collaborations, for example:

- Air to Air Refuelling (AAR): the Agency has developed an overall approach to meeting the critical European capability requirement through: increasing overall capacity, reducing fragmentation of the fleet, and optimising the use of assets. It has led to four complementary work-strands, some in close cooperation with OCCAR (in the framework of the Administrative Arrangement signed in July 2012), and with the European Air Transport Command (EATC), aimed at: short-term solutions, including access to commercial AAR services; optimising the use of existing assets and organisations; increasing the A400M fleet AAR capability by acquiring additional refuelling kits; and increasing the strategic multirole tanker transport capability in Europe by 2020.
- The Counter-IED laboratory continues to be deployed in Afghanistan for operations within ISAF. It is a major success: it is fully integrated into the C-IED effort in Afghanistan and has become vital for ISAF. Building on this, work has commenced on a follow-on project for a Joint Deployable Exploitation Analysis Laboratory.
- Helicopter Availability: includes a synthetic based helicopter tactics course; a helicopter tactics instructor training course, with 20 courses delivered so far; an operational English training course; basic helicopter training harmonisation; NH90 technical interoperability; and operational test & evaluation. To date 149 helicopters, 279 crews, and over 8850 personnel have participated in the six live exercises of the Helicopter Exercise Programme. Since its launch in 2009, over a thousand aircrew from 18 Member States have taken part in one or more EDA training activities.
- Multinational Modular Medical Units (Medical Field Hospitals) attracts growing participation: sixteen Member States have signed the Declaration of Intent. The Common Staff Target has been finalised and agreed. On 8 October 2013 the Steering Board approved the establishment of the Ad Hoc Category B project “Multinational Modular Medical Unit. The Memorandum of Understanding and Common Requirements will follow, with the objective of procurement of assets in 2014 and Initial Operational Capability in 2015.

- European Satellite Communications Procurement Cell (ESCPC) is operational and has been triggered several times for the benefit of the eight participating Member States on a pay-per-use basis. A further eight have expressed an interest in joining. The Agency is also investigating the conditions under which EU actors such as the Commission or the EEAS could make use of the Cell. The ESCPC is a building block for the Agency's initiative on a future governmental satellite communication capability.
- Maritime Surveillance (MARSUR): the live network is active and membership continues to increase. The next step is a technical evolution to enhance services with the addition of a classified information handling capability.
- Ammunition: A five-year Framework Contract, with a possible two-year renewal, is being concluded for CZ, EE, LV, LT, and PL to procure Carl Gustav ammunition.

The Agency has contributed to the preparations for the December 2013 European Council on defence issues, ranging from preparation of key European programmes (Remotely Piloted Aircraft Systems (RPAS), Satellite Communications, AAR, Cyber), to measures to support Research & Technology (R&T) and the EDTIB in close coordination with the European Commission.

Remotely Piloted Aircraft Systems. In cooperation with relevant actors, and in particular the European Commission, work is on-going to develop a comprehensive regulatory and technology roadmap for the use of RPAS in non-segregated airspace. Initial regulation should be in place from 2016. A Joint Investment Programme on RPAS was established in June 2012 to invest in selected R&D areas of interest to the defence community while exploiting synergies and ensuring coordination with the European Commission. Building on this, and in line with the Steering Board mandate of April 2013, the Agency has proposed the establishment of a user community for the short-term solution; and developed a Common Staff Target for Medium Altitude Long Endurance RPAS. Additional synergies are being carried out with the activities led by the European Space Agency.

II Preparing the Future

R&T programmes have been expanded into new capability priority areas, including protection against Chemical, Biological, Radiological and Nuclear (CBRN) threats. The R&T programme on CBRN protection, in which Member States have invested €12m, is focusing on next-generation capabilities and is coordinated with the European Commission under the European Framework Cooperation. The Programme Arrangement was signed in March 2012. Seven projects on detection, CBRN sample handling, and Modelling & Simulation, have been selected under the first call for proposals, in coordination with civil activities within the Framework Programme 7 Security Programme. Contracts for all these projects were let in 2013. The second call for proposals on personal and collective protection, CBRN sensor networking and decontamination was launched in Summer 2013: the selection of proposals will be made in November.

Based on the EU Cyber Security Strategy, the Agency is taking forward projects on cyber defence training, and the strengthening of cyber protection for CSDP operations and missions, in close cooperation with security and civilian actors. In view of exploring new opportunities avoiding duplication of effort, the Agency has also established liaison with the Cooperative Cyber Defence Centre of Excellence. Research and Innovation for Cyber Security and Cyber Defence is a significant element in the EU Cyber Security Strategy. Defence research efforts focus on specific areas identified in a Research Agenda and Roadmap covering the next ten years, taking into account the security and civil research projects of the Commission and the European Space Agency. Cryptography and technology supply chains are considered of high importance.

In addition to Cyber Defence new R&T priorities have been derived from the revised CDP in the areas of: Counter-IED, Fuel and Energy, Intelligence/Surveillance/Reconnaissance (ISR), Medical Support, and Mobility Assurance.

The two Joint Investment Programmes – Force Protection, and Innovative Concepts and Emerging Technologies – are in their final phase and focus on exploitation of the results achieved and the new networks between defence industry, research establishments and academia. A second Joint Investment Programme on Innovative Concepts and Emerging Technologies was established in March 2012, with a total investment of €5.2m. Eight topics were identified into technologies ranging from Artificial Intelligence systems to New Human & Systems concepts for cooperative working. Signatures of the contracts of the selected projects are expected early in 2014.

The R&T programme on Unmanned Maritime Systems consists of fifteen projects involving eleven Member States and Norway, for a total investment of €6m. This multidisciplinary approach facilitates the transition from an R&T programme to the development phase through a system-of-systems approach including interoperability, modularity, and inter-changeability of modules and standardisation.

A number of initiatives are under way on Radiofrequency Sensors to increase the maturity of technologies applicable to RPAS payloads and address the challenges of spectrum scarcity for future Radar Systems.

In 2013 the Agency further developed activities to improve energy efficiency and reduce the environmental impact of the European armed forces including R&T. The Go Green Category B project has made good progress.

Member States' military airworthiness authorities have begun to harmonise their requirements for aircraft maintenance and certification through the MAWA Forum within EDA. This will pave the way for cross-recognition, time- and cost-reduction of the certification process and, potentially, pooling multinational maintenance and operation of aircraft. The European Military Airworthiness Requirements that Member States have agreed await transposition into national regulations: they are planned to be used for the support of the A400M and expected to yield financial and operational benefits. The Agency is pursuing further standardisation in the areas of ammunition qualification (for which a roadmap of actions is being implemented), diplomatic clearances for military transport aircraft, and clearances of tankers/receivers with a view to supporting Pooling & Sharing.

Single European Sky ATM Research (SESAR). The Agency facilitates the coordination of the military views on SESAR, focusing now on the deployment phase, with a view to ensuring that military interests are well considered by the European Commission. The Agency sponsors the SES/SESAR Military Implementation Forum that brings together Member States, NATO, Eurocontrol, the European Commission and the SESAR Joint Undertaking, and is yielding significant results. It is promoting an understanding of the financial and operational implications on the military community of the forthcoming deployment of SESAR. At their request, Member States also discuss SESAR in an Ad Hoc Working Group within the EDA framework. At the April 2013 Steering Board ministers approved the launch of a Category A programme to support the Agency's work on SESAR.

III European Defence Technological and Industrial Base and Technology non-Dependence

Support to Small and Medium Enterprises (SMEs) has been enhanced by an action plan approved by the Steering Board in March 2013. This is being implemented and updated in the light of possible synergies with the Commission on the basis of its Communication.

Against the background of increasingly constrained defence budgets in Europe and growing competition in the global defence market, it is important to mobilise the different tools that Member States and the EU have at their disposal. The Agency is supporting Member States in the implementation of the Defence and Security Procurement Directive 2009/81/EC. The Agency has also commenced the review of its market-related initiatives, resulting in the closure of the Electronic Bulletin Board and the development of the Defence Procurement Gateway, an internet-based platform to ease access to defence procurement-related information, including business opportunities, and to improve transparency in the European Defence Equipment Market. To facilitate increased cross-border contracting and Pooling & Sharing among Member States, the Agency has further developed its Framework Arrangement for Security of Supply. The Agency has also used its tools for pooling demand particularly for off-the self-procurements, resulting in a number of pilot cases and confirming the benefits of a pooled approach. In view of further expanding its work in this domain the Agency has explored promising new areas for pooling of demand.

The Agency also focuses on European Technology non-Dependence. The Commission and EDA have developed strategies respectively for *key enabling technologies* and *critical technologies for European non-dependence*.

Activities related to critical space technologies are being coordinated with the European Commission and the European Space Agency. This includes RPAS technologies: over half the cost of building a complex intelligence, surveillance and reconnaissance RPAS is related to sensing technologies and data exploitation capabilities. Excellence in these areas will be necessary for future industrial competitiveness in the global marketplace. Because of Europe's potential dependence on third-country suppliers for such technologies, EDA has launched work to identify the priority areas for future technological and industrial investment.

IV Interaction with key stakeholders

The Agency is building on its active relationship with the European Commission, in order to promote the interests of defence Ministries in a number of EU policy areas that have potential implications for defence: Research & Innovation (HORIZON 2020), Technology non-Dependence, SMEs, Maritime Surveillance, Single European Sky, Radio Spectrum, Cyber Defence, and Space. In 2013 the Agency launched an initiative on the use of European Structural Funds (ESF), in line with current criteria and funding limits, to support dual-use research and innovation projects. The first two pilot cases have been successfully submitted with the Agency's support. This will be followed by further applications in 2014.

The Agency is associated to the Task Force on Defence Industry and Market established by the Commission. The work of the Task Force led to the Commission Communication of 24 July "Towards a more competitive and efficient defence and security sector". The Agency is acting as a platform between the European Commission and the Ministries of Defence in order to convey common views.

The Agency is reinforcing its relations with third parties: an Administrative Arrangement with Serbia was finalised during 2013 and awaits signature. Cooperation with Norway, through its own Administrative Arrangement, continues to be mutually beneficial: in 2013 Norway joined EDA's Collaborative Database. The Administrative Arrangement with the European Space Agency, which was signed in June 2011, has helped improve synergies regarding space-related technologies and will be further called upon namely in the domain of governmental satellite communications capabilities. Beyond the coordination of studies in areas such as satellite communication or Earth observation, a first Implementing Arrangement was signed in December 2011 on a jointly funded demonstrator on UAS and a second is expected for a follow-up demonstration. ESA will further contribute to efforts in the domain of ISR and cyber security in space. The Framework for Cooperation with Switzerland, concluded in 2012, is facilitating Swiss participation in the Agency's projects and programmes. And the Arrangement with OCCAR, also concluded in 2012, is supporting Member States' collaborative programmes through their life-cycle. In the priority area of Air-to-Air Refuelling, OCCAR is supporting the contributing States as the management organisation for acquisition of multi-role tanker transport aircraft.

The Agency continues to ensure complementary and mutually-reinforcing capability development with NATO, in particular with Allied Command Transformation (ACT), in a spirit of transparency and reciprocity. Further progress has been achieved in coordinating activities in a number of areas of common interest. Contacts with the NATO International Staff are also taking place, including on NATO's interest in wider EU policy areas such as Single European Sky. The Agency continues to contribute to the work of the EU-NATO Capability Group. Contacts with NATO remain important, notably on Pooling & Sharing and NATO activities within the framework of "Smart Defence".

The informal dialogue with the United States continued to develop, with a focus on synergies between Pooling & Sharing and related initiatives, and policy issues such as export controls.