

**HR(2019) 52**

EUROPEAN EXTERNAL ACTION SERVICE



GREFFE

**Report by the High Representative,  
acting also in her capacity of Vice-President of the Commission  
and Head of the European Defence Agency,  
to the Council**

**of 29/05/2019**

**on interactions, linkages and coherence among EU defence initiatives**

**HR(2019) 52**

## **Report by the High Representative / Vice-President of the Commission / Head of the European Defence Agency**

### **on interactions, linkages and coherence among EU defence initiatives**

#### **Introduction**

1. Over the past two years the EU launched new ground-breaking initiatives to foster European defence cooperation as a key contribution to achieving the EU level of ambition in security and defence agreed by Council in November 2016. In December 2017, the Council established a Permanent Structured Cooperation (PESCO), in which 25 Member States participate. Earlier that year in June, the Commission proposed through the European Defence Fund (EDF)<sup>1</sup> to make use of the EU budget for funding industrial and scientific cooperation in defence research and development. In addition, the Coordinated Annual Review on Defence (CARD) was established in the same year to assess the entire European capability landscape and identify potential future cooperation opportunities. These initiatives form part of the wider implementation of the EU Global Strategy in the area of security and defence, and support the implementation of the EU Capability Development Priorities as derived from the Capability Development Plan (CDP). Although distinct and different (legal bases, objectives and governance) they contribute to the same goals: delivering more capabilities through deepening European cooperation and, in doing so, strengthening the Union's ability to take more responsibility as security provider and to enhance its strategic autonomy and freedom of action. Other initiatives currently being implemented by EU institutions and bodies in areas such as Military Mobility equally support the wider implementation of the EU Level of Ambition in the area of security and defence.
2. As underlined by the European Council (December 2017), the coherent implementation of these three initiatives is key to increasing the efficiency and output of defence cooperation. To that effect they were designed and developed from the outset as complementary and mutually

---

<sup>1</sup> In the context of this report, the terms "European Defence Fund", "EDF" or "draft EDF Regulation" refer to the common understanding on the partial agreement reached between the European Parliament and the Council on 19 February 2019 and reflected in the document presented as an annex to the Note 6733/1/19 REV 1 of 1 March 2019. On 27 February 2019 COREPER took note of the common understanding reached at the last trilogue between the European Parliament and the Council, subject to final adoption, in the form of a progress report. On 18 April the European Parliament adopted its position on the partial agreement, confirming the common understanding.

## HR(2019) 52

reinforcing initiatives, supporting the development and use of European capabilities - including through strengthening the European Defence Technological and Industrial Base (EDTIB).

3. Against this background, recalling its conclusions of November 2017, the Council, in November 2018, invited the High Representative/Vice-President of the Commission/Head of the European Defence Agency (HR/VP/HoA) to continue promoting where appropriate further synergies and coordination among EU defence initiatives (CARD, PESCO and the EDF), in close consultation with Member States. In this regard the HR/VP/HoA was invited to present by mid-2019 a forward looking report on the interaction, linkages and coherence between these initiatives including the coordination between the supporting institutions and bodies at EU level (European External Action Service (EEAS), European Commission and European Defence Agency (EDA)), and taking into account the respective lessons identified. This report responds to this tasking. This report is without prejudice to the respective responsibilities of the Council, the Commission and the High Representative in ensuring consistency between the different areas of the EU's external action including the CFSP/CSDP and its other policies.
4. Good progress has been made, together with Member States, to ensure that these defence initiatives are coordinated and fit well together, including by using one set of EU Capability Development Priorities as a key reference. There is however scope for increased coherence among them including by ensuring their full uptake in national defence planning.
5. It is recalled that Member States have a 'single set of forces' which they can use in different frameworks. Therefore capabilities developed within the EU can be made available to the latter as well as to other frameworks (including United Nations and NATO). In this context, the coherence of output between, on the one hand CARD as well as the CDP and, on the other hand, respective NATO processes such as the NATO Defence Planning Process (NDPP), has been and will continue to be ensured, where requirements overlap, while recognising the different nature of the two organisations and their respective responsibilities. Coherence is pursued upstream as regards the respective prioritisation tools as well as downstream at project level, ensuring that there is no unnecessary duplication with activities taken forward in other frameworks.

## I. State of play – coherence widely achieved so far

6. Coherence is built throughout the different initiatives: CDP, CARD, PESCO - which are integral parts of the end-to-end planning process that is emerging within the EU to support the development of a coherent set of flexible, deployable, interoperable and sustainable capabilities and forces, and EDF - which can support research and development for certain defence products and technologies with EU added value. Such process includes the following, from common priority setting, to joint planning and to project implementation:

a) **Common priority setting**, through the CDP, providing for the capability requirements at EU level over time and integrating different perspectives: the current CSDP shortfalls (see below), the lessons from CSDP operations, the overview of Member States' defence plans and programmes (mid-term perspectives) and the long-term capability trends taking into consideration technological perspectives and potential changes in the security context. Consistency is ensured with NATO defence planning process (in outputs and timelines). Eleven EU Capability Development Priorities were agreed by Member States in 2018.

The CDP thus includes the High Impact Capability Goals identified as part of the Headline goal process (and presented in the Progress Catalogue) to address, in a phased approach (short and medium term), the major shortfalls faced by the EU to meet the military requirements necessary to undertake CSDP operations autonomously, as part of the EU Level of Ambition in security and defence.

b) **Coordination in national defence planning and identification of opportunities for cooperation**, through CARD - providing over time a full picture of the European capability landscape, monitoring the implementation of EU Capability Development Priorities (including the R&D and industrial dimension), assessing the state of defence cooperation in Europe, and serving as pathfinder for new collaborative projects.

c) **Joint planning and projects**, through PESCO – providing a framework, based on the more binding commitments, for increased defence spending and joint investment, harmonised requirements, coordinated use of capabilities, collaborative approach to fulfilling capability gaps and strengthening the EDTIB, enhanced operational availability, interoperability, flexibility and deployability of forces for CSDP, and for generating and implementing capability and operational projects.

## HR(2019) 52

d) **Enhancing, through the EDF, the competitiveness, efficiency and innovation capacity of the EDTIB** throughout the Union. As its pilot programmes – the European Defence Industrial Development Programme<sup>2</sup> (EDIDP) and the Preparatory Action on Defence Research (PADR), the EDF will focus on those cooperative projects with established EU added value, particularly projects which Member States alone cannot finance or projects with high financial risks but of strategic interest for the EU. In line with the draft EDF Regulation, the Commission will implement this Community programme in accordance with the comitology rules and under direct management as general rule.

7. Coherence is largely in-built from the outset in the initiatives themselves:

a) The many cross-links provide hooks for ensuring consistency:

- i. CARD monitors the implementation of the EU Capability Development Priorities in national defence planning and, on that basis, identifies new collaborative opportunities to support them (the 2018 priorities are taken into account in the first full CARD cycle that will start in September 2019).
- ii. PESCO binding commitments include supporting EU Capability Development Priorities, and making optimal use of CARD and EDF.
- iii. Under the EDIDP, actions funded by the EU budget have to be consistent with defence capability priorities commonly agreed by Member States within the CFSP framework and particularly in the context of the CDP, whilst regional and international priorities, may also be taken into account when they serve the Union's security and defence interests. References are also made to the Overarching Strategic Research Agenda, which identifies common defence research objectives, and to CARD. Furthermore, PESCO projects corresponding to categories of projects identified in the EDIDP work programme, and which are selected after assessment by the Commission, will benefit from a 10% increased funding rate.

All abovementioned arrangements are also envisaged under the EDF which, in addition, foresees that the final evaluation of the Fund's implementation (carried out by the

---

<sup>2</sup> Regulation (EU) 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme.

## HR(2019) 52

Commission) will assess its contribution to addressing the shortfalls identified in the CDP.

- b) EU Capability Development Priorities adopted by Member States play a central role in the coherent implementation of the different initiatives. As agreed by the Council (Conclusions of June 2018) they inform CARD, PESCO and EDIDP/EDF, as key reference for EU and Member States' capability development. This allows ensuring that collaborative opportunities identified through CARD, and projects carried out within PESCO and/or supported by the EDF contribute to improving the availability of the capabilities needed for achieving the EU's level of ambition, looking at the entire European capability landscape. By including the High Impact Capability Goals, the priorities will also contribute to the fulfilment of the needs and objectives identified in the context of the Headline goal process.
  - c) Synergies are also sought throughout the projects dimension:
    - i. The assessment of new PESCO project proposals takes into account information on, inter alia, the EU Capability Development Priorities that are being addressed as well as the intention to request EDF funding and, if so, the activities that are concerned, while also checking that there is no unnecessary duplication with activities being conducted in other frameworks (i.e. NATO).
    - ii. The PESCO projects adopted by the Council<sup>3</sup> and the categories of projects (with proposed actions) set out in the EDIDP 2019-2020 work programme (adopted on 19 March 2019 through comitology) and thus also the related calls for proposals (issued in April 2019) all address the EU Capability Development Priorities.
    - iii. While there is no automaticity between PESCO and funding access to EDIDP/EDF<sup>4</sup>, 22 PESCO projects envisage an industrial participation and have the intention to make use of EU funding instruments as highlighted in the progress reports on PESCO projects' implementation (issued in March 2019) and in the HR Annual Report on the status of PESCO implementation. Moreover, proposals in the PESCO framework were given due consideration in the EDIDP work programme.
8. Coherence is facilitated by the coordination between the supporting EU actors (EEAS, Commission and EDA), based on both working arrangements and informal channels:

---

<sup>3</sup> Council Decision (CFSP) 2018/1797 of 19 November 2018 amending and updating Decision (CFSP) 2018/340 establishing the list of projects to be developed under PESCO.

<sup>4</sup> Eligibility for/and awarding of funding under EDIDP/EDF is to take place in accordance with the rules set out therein.

## HR(2019) 52

- a) The Project Team on the Defence Union co-chaired by HR/VP Mogherini and Vice-President Katainen provides for regular coordination on the various defence work strands (with updates notably on PESCO and the EDIDP/EDF). It is accompanied by a meeting dedicated to the coherence between the defence initiatives (CARD, PESCO, EDF) held by the HR/VP/HoA with Vice-President Katainen and Commissioner Biènkowska.
- b) The PESCO secretariat (composed of the EEAS including EU Military Staff (EUMS), as well as the EDA) provides a single point of contact for coordinated support on PESCO to the participating Member States, under the authority of the HR/HoA.
- c) Commission services have already been invited by participating Member States to attend certain PESCO projects' meetings. Project members can involve the Commission, as appropriate, in the proceedings of the project, in line with the governance rules for PESCO projects and as recalled in the Council Recommendation on the progress made by participating Member States to fulfil PESCO commitments. This is being encouraged by the PESCO secretariat, bearing in mind that such involvement is for project coordinators to decide.
- d) Cooperation between the EDA and the EEAS, including the EUMS, was further strengthened in the implementation of CARD, through the CARD secretariat.
- e) In line with the comitology rules the EDA has been attending EDIDP Programme Committee meetings to provide its views and expertise as an observer. The EEAS has been assisting in the committee, also providing its views. The same arrangements are foreseen under the EDF. Moreover, informal technical meetings were regularly organised between the Commission, the EEAS and the EDA during the elaboration of the EDIDP work programme. This contributed, in particular, to ensuring compatibility with the EU Capability Development Priorities, maximising potential synergies with PESCO projects and clarifying the application of the bonus foreseen for actions "developed in the context of PESCO". As regards the Pilot Project and Preparatory Action on Defence Research, the EDA provided support upstream (input to Scoping paper/work programme preparation) and in the implementation under a delegation agreement with the Commission, while also facilitating the uptake of results into capability projects.

## **II. Looking ahead: fostering greater coherence among EU defence initiatives**

9. Efforts should continue to foster synergies between the various elements of defence planning and capability development, making improvements as needed in light of the lessons learned from the first implementing phase.

*Using the refined guidance on the EU Capability Development Priorities as continuous common reference*

10. The fundamental issue is to help deliver the capabilities that are needed to make the EU deliver on its level of ambition, in line with its security and defence interests. To that end we need to bring three dimensions together: 1) guidance to further identify and refine the critical areas where cooperation is most needed to deliver a more capable European Union, and hence demonstrate 'EU added value'; 2) generating ambitious proposals for projects within PESCO (under which the positive impact on the European capability landscape is one of the assessment criteria); 3) benefiting from EDIDP/EDF which, will incentivise the development of defence products and technologies contributing to the Union's strategic autonomy.
11. Further to the lessons identified from the first CARD trial run and from the first PESCO cycles, more focused avenues for cooperation are expected through the Strategic Context Cases developed to implement the EU Capability Development Priorities. These Strategic Context Cases also link to the High Impact Capability Goals, R&T roadmaps as well as Key Strategic Activities identifying industrial skills, manufacturing capacities and technologies underpinning strategic autonomy. The numerous links between initiatives will favour cross-fertilisation:
  - a) The completion of the first full CARD cycle by the end 2020 (with a Report to the EDA Steering Board, forwarded to the Council in November), will provide a complete overview of the state of Member States' defence planning as regards the EU Capability Development Priorities (taking into account the Strategic Context Cases, to be endorsed in June 2019), while also identifying collaborative opportunities (in view of PESCO projects' cycle 2021 as well as the upcoming annual EDF work programmes). The inclusion of the R&T and industrial dimensions in the first fully-fledged CARD cycle should foster greater coherence of European defence research efforts and to help identify opportunities for R&T collaborative projects matching Member States' objectives.



## HR(2019) 52

- b) In the development PESCO project proposals, participating Member States are invited to make use of the Strategic Context Cases once agreed and to take into account the CARD findings considering on that basis projects that are more mature and substantiated, including as regards financial planning.
- c) R&T priorities identified through the Overarching Strategic Research Agendas (OSRA) and its technology roadmaps, which are aligned with Member States' operational needs and requirements, will also inform funding decisions at EU and national levels.
- d) In order to help target funding on the most critical areas for achieving the EU level of ambition, the Commission (assisted by the Programme Committee) will take into consideration in the elaboration of the EDF annual work programmes refined guidance on these capability priorities agreed by Member States, whilst bearing in mind that the Fund is not intended to support all EU Capability Development Priorities.

### *Facilitating coherent sequencing of processes*

- 12. Improving consistency in the sequencing of processes, with PESCO and CARD facilitating coordination in national defence planning and collaborative projects, which may be supported by the EDIDP/EDF with co-funding from Member States (as regards development projects), will increase mutual reinforcement between initiatives, for the benefit of their output.
  - a) Holding the next call for PESCO projects in 2021, as provided for in Council Recommendation of 14 May 2019 on the progress made to fulfil their commitments within PESCO<sup>5</sup>, will allow for the CARD report in 2020 to inform the preparation of the 4<sup>th</sup> set for projects (between the call in May 2021 and the adoption in the following November) - which themselves will inform the preparation of the next CARD report in 2022. Based on further lessons learned, the participating Member States will consider the option of moving to a biennial process to identify, assess, and select new PESCO project proposals.
  - b) The adoption by the Commission of EDF work programmes on an annual basis will facilitate the interaction with the next waves of PESCO projects, the CARD findings and recommendations (including in terms of the industrial and research terms dimensions), as well as the Strategic Context Cases.

---

<sup>5</sup> Council Recommendation assessing the progress made by the participating Member States to fulfil commitments undertaken within the framework of permanent structured cooperation (PESCO), 14 May 2019.

## HR(2019) 52

### *Enhancing coordination between EU actors supporting the defence initiatives*

13. Continued cooperation between the EEAS, the Commission and the EDA, within their respective competences and bearing in mind the different rules attached to the different frameworks, will contribute to mutual reinforcement between the initiatives.
  - a) Efforts to foster synergies between PESCO projects and other EU policies and programmes, such as for example military mobility, should be intensified, by further fostering the involvement of relevant Commission services in projects, as appropriate, when agreed by project coordinators. PESCO Secretariat will continue acting as facilitator in that regard.
  - b) Close coordination between the Commission, the EDA and the EEAS during the elaboration of the EDF work programmes, both through informal contacts and within the Programme Committee, will facilitate cross fertilisation.

### *Fully embedding EU tools and processes in national planning*

14. Member States play a key role in ensuring coherence among EU defence initiatives. To have a positive impact on enhancing cooperation and ultimately on delivering capabilities, the related tools and processes need be embedded in national defence planning process, and considered as benefitting Member States themselves (for instance the National Implementation Plans (NIPs) under PESCO, and CARD – which significantly increase transparency and scope for coordination on defence planning). They should not be an add-on to business as usual, nor be seen as an extra layer and burden. Fully exploiting their potential implies to some extent a change of mind-set in national administrations, as well an internal shift in resource allocations to EU matters.
15. In this regard, as reflected in the HR Annual Report on PESCO implementation, while initial progress has been made by participating Member States in using EU initiatives and instruments (such as the revised CDP, PESCO, CARD, EDIDP and EDF in the future) in their defence planning, efforts need to be stepped up to confirm the positive trend and to consider collaborative approach as a priority in national planning.
16. PESCO and EDF projects will rely on Member States making their resources available. While EDIDP/EDF will provide major incentives for defence cooperation, Member States could also

## HR(2019) 52

make use of the Commission's proposed financial toolbox to identify possible financial solutions for cooperative defence capability projects.

17. Measures such as training planners with courses (i.e. ESDC) or workshops (i.e. on the PESCO NIPs) will facilitate the incorporation of EU tools in national systems.
18. As tasked by its Steering Board, EDA will support Member States in facilitating and stimulating the preparation of project proposals for the EDIDP/EDF across the EU Capability Development Priorities, organising and running to that effect a collaborative "market place" in which Member States can participate on a voluntary basis.

### *Strengthening the link between capability development and CSDP operational engagement*

19. Since capabilities are ultimately developed to be used operationally - in the EU or within other frameworks (UN, NATO, national, ...), further consideration should also be given to promoting the operational availability of forces for CSDP operations, in view of the PESCO commitments in this regard and the military requirements derived from the EU military CSDP level of ambition. As highlighted in the HR Annual Report on PESCO, indeed further efforts are needed from the Member States to address the force generation gaps in CSDP missions and operations. Strengthening capabilities is a necessary condition for the Union to be able to undertake more demanding operations in the future, while there may also be scope to explore synergy and linkages to other relevant EU initiatives. In this regard, further reflection is needed regarding the guidance by Ministers to be provided in view of the next Headline goal cycle by the end of 2020, building on the revised High Impact Capability Goals, and taking into account the implementation of the EU Capability Development Priorities through the Strategic Context Cases and the findings of the CARD full report. Beyond 2020, consideration will be given on the scope, content and objectives of the political guidance on the Headline goal cycle to be provided in 2022 (and issued in early 2023).
20. In the frame of the implementation of the 2016 Warsaw and the 2018 Brussels Joint EU-NATO Declaration, efforts will continue to update the respective organisation on defence initiatives through regular staff-to-staff contacts and cross-invitation, and to foster coherence of outputs and timelines between EU and relevant NATO processes. This includes, in the context of CARD, participation of the EDA and the EUMS in NDPP bilateral dialogues with Allies that

## HR(2019) 52

are also EU Member States upon their invitation, and reciprocal participation of NATO staff in the CARD bilateral consultations upon invitation by EU Member States that are also NATO Allies. It also implies making best use for the CDP revision process and CARD of available tools and relevant data provided by Member States in the NATO context, therefore avoiding unnecessary administrative burden while respecting the distinct nature of the EU and NATO processes and the decision-making autonomy of the two organisations.

21. Strong coherence already exists among the EU defence initiatives, and it will be strengthened where needed and possible, taking also full account of identified lessons in the implementation of the CDP, CARD, PESCO and PADR/EDIDP. The focus should be kept on output and delivery of defence capabilities, ensuring buy-in and ownership of the Member States. Looking ahead, in the second half of 2020, different inter-connected initiatives taken forward in the context of the EU Global Strategy (including, CARD, PESCO, EDF) will reach key milestones: (i) the first CARD cycle report will be delivered in November 2020, after (ii) the presentation of the revised Progress Catalogue in the middle of that year, and (iii) a strategic review on PESCO is foreseen at the end of the first PESCO phase in 2020. With a view to such review process the Council has invited the High Representative to provide first proposals in the 2020 Annual Report on the status of PESCO implementation taking into consideration other relevant EU initiatives contributing to the fulfilment of the Union's level of ambition in security and defence. Further enhancing the link between capability development and CSDP operational engagement should be part of the endeavour to ensure continuous coherence among EU efforts.

---