

*Delivered by EDA CE on behalf of HRVP/HoA.
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Key Messages

The Global context

- What happened last Friday evening in Paris was a painful and tragic reminder of the growing threats and volatility with which we are confronted.. The threats we are facing are manifold and serious, and they take the form of a mix of both conventional and non-conventional means to destabilize European societies.
- Yet, these growing threats are not matched by more defence investment, nor by greater output from that investment.
 - o While European Member States have reduced their defence expenditure by almost 10% since 2005, emerging powers have increased theirs exponentially: Russia by 97%, Saudi Arabia by 112%, China by 167%, and India by 39%.
 - o And whilst the US spends twice as much on defence as all EU Member States put together, it achieves ten times more in terms of capability output.
- This clearly points to a mismatch between the challenges we are facing and our determination and ability to address them. Ultimately, this is about security assessments, interests, policy choices and instruments. These are issues at the heart of the Global Strategy on Foreign and Security Policy which I will present in June 2016.
 - o This will be a reference point for the EU: for the first time since 2003, Member States will align their thinking on the basis of common interests.
- This should also become a reference point for defence.
 - o Shortly before the Warsaw NATO summit, this will be a strong message. Europe should not become a follower, nor a free-rider.
 - o Defence will be part of the overall picture.

- The Preparatory Action needs to be designed in terms of the impact we want to achieve on the global stage: do we want remain a strong defence player

Europe's strategic autonomy

- This brings me to the question of the impact of the PA on Europe's strategic autonomy.
- Against the background of growing threats, an appropriate degree of freedom of action needs to be retained in Europe. This implies the sustainable ability to develop, modify and operate the required capabilities. It also means, for the longer term, being able to understand the impact of emerging technologies on defence equipment; this is especially relevant in a hybrid context.
- Obviously, the PA should contribute to reinforcing the competitiveness of the European defence industry.
- We need to mobilise EU instruments in support of Europe's strategic autonomy: defence research at European level is certainly the most important one.
- The ultimate goal of the PA should be to contribute to preparing the capabilities of tomorrow:
 - o the PA and, more so the potential follow-on programme, can act as leverage for funding critical technologies and supporting the development of future capabilities.
 - o This is crucial in a context marked by a new US strategy for funding cutting-edge technologies ("US Third Offset Strategy").
 - o We cannot afford to have a PA that's confined to funding "nice to have" research. It should target European priorities.

EU added-value of the PA and future defence research programme

- I see the added-value of the PA and the future defence research programme in its use and governance.

- First, the PA should be driven by European needs, not the sum of national requirements.
 - These European needs should be defined in a collective manner, building on EDA's instruments, such as the Capability Development Plan.
 - We should also think ahead in order to complement what is being done on a national basis: our focus should be on cutting-edge defence technologies. We need to maximize investment at the European level in critical technologies to ensure the EU's operational effectiveness in the future.
 - We should also assess how these technologies can be a catalyst for future capabilities. In other words, how, combined with other instruments, they can form the basis for new cooperative programmes.
 - In the future, a more integrated approach between the Commission and EDA will be required.
- Second, governance. The PA and its follow-on programme are uncharted territory. On the one hand, the PA will deal with defence, which is per se specific. On the other, the PA is to be funded from the EU budget.
 - The governance arrangements will thus need to reconcile the intergovernmental and community approaches, which are not the same.
 - We face some constraints. The current rules need to be followed. But they should be used flexibly to allow for the close involvement of Defence ministries upstream and downstream, with the support of EDA.
 - We shall reflect between the link adequate governance linked to the possibility of co-funding between Commission, Member States and industry.
 - In particular, when it comes to a future EU defence research programme, we will need to be innovative in our approach and thinking. For example, we might envisage a Joint Undertaking of the sort established for other EU activities

such as Single European Sky, in which representatives of the Commission, Defence Ministries, industry and EDA/EEAS would shape and implement the EU defence research programme.

- This would be a genuine integrated approach, de-compartmentalizing civil and defence. This would make a real difference.

The GOP role in promoting the PA

- We need to be clear: defence is not the core business of the Commission, which has other pressing priorities on its agenda.
- But the strong political push of President Juncker, including the upcoming European Defence Action Plan, sets the tone. This needs to be anchored in the preparation of the next Multiannual Financial Framework. If not, this will not become a reality.
- In order to set the political and legal conditions for a future EU defence research programme, we need to secure the buy-in of several constituencies and we, as members of the GOP, should work to that end with:
 - Defence ministries, which need to be involved throughout the process. I will ensure that the PA is regularly on their agenda, as it was earlier this morning at the EDA Steering Board.
 - Commission services, in particular the Secretary General of the Commission.
 - European Parliament. I strongly welcome the engagement of MEP Gahler. But it will also be important to reach out to the budgetary committee and ITRE (Industry, Research and Energy Committee).
 - And Defence industry, to make sure that the PA is used at its full.