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Implementation of European Council conclusions in Common Security and Defence Policy (CSDP) since the Lisbon Treaty

Three relatively recent European Councils - in December 2012, December 2013 and June 2015 - have considered security and defence issues, with Heads of State or Government emphasising the need to strengthen defence cooperation in Europe. Progress was made on certain issues, such as cybersecurity and maritime security, but more needs to be done to address new security threats, develop greater capabilities and foster growth in both the defence industry and the defence market. This Briefing assesses the different commitments the European Council has made in respect to the CSDP since the entry into force of the Lisbon Treaty, considers to which extent they have been fulfilled, and identifies future challenges to implementation.

1. Background

The EU Heads of State or Government have addressed the Common Security and Defence Policy (CSDP) three times since the entry into force of the Lisbon Treaty on 1 December 2009. The <u>June 2015 European Council</u> meeting took stock of the progress that has been made in implementing the European Council's conclusions from <u>December 2012</u> and <u>December 2013</u> concerning CSDP and also defined a new roadmap towards further progress. This Briefing considers the European Council's commitments in CSDP since the entry into force of the Lisbon Treaty as well as the extent to which they have been implemented.

The December 2012 European Council put security and defence back on the agenda of European Heads of State or Government (from which it had been absent since December 2008). Three specific lines for action, which could lead to a deepening of security and defence cooperation in the EU, were identified: (1) effectiveness, visibility and impact of CSPD; (2) the development of civilian and military capabilities; and (3) the strengthening of the European defence industry and the defence market. Two deadlines were set. Firstly, the Heads of State or Government called upon the then High Representative/Vice President of the European Commission (HR/VP), Catherine Ashton, to submit, by September 2013, a forward-looking report, which would 'develop further proposals for actions to strengthen CSDP and improve the availability of the required civilian and military capabilities'. Secondly, they committed to reverting to the CSDP during their December 2013 meeting, evaluating progress and setting a new roadmap for the period after 2013. The planning document issued in June 2012 by the then President of the European Council, Herman Van Rompuy, was instrumental in setting the time-frame for the December 2013 meeting. The document aimed to provide a roadmap for the European Council during the second mandate of President Herman Van Rompuy and decided to hold a thematic meeting of the European Council in December 2013 devoted to defence issues.

The December 2013 European Council represented a milestone, as a third of its Conclusions were dedicated to defence. The Heads of State or Government took stock of progress on European defence cooperation based on both the October 2013 progress report submitted by the HR/VP and the July 2013 European Commission Communication, which underlined the decline in defence spending and outlined the need to strengthen the defence market and defence industry. European leaders agreed that defence cooperation should progress along the lines of the three axes identified in December 2012 and established a roadmap for further action. Clear

deadlines were set for two issues: cybersecurity and maritime security. These deadlines were fully met, as explained in more detail below. A new date to assess progress of the CSDP was set for June 2015.

The June 2015 European Council intended to focus on defence but ended up considering the migration crisis as its top priority instead. The conclusions reconfirmed that work would continue on the three axes identified in 2012 and 2013. The main outcome of the meeting was to mandate the HR/VP to carry out a strategic review and submit a Global Strategy for the European Union by June 2016.

2. Effectiveness, visibility and impact of CSDP

Under the 'effectiveness, visibility and impact of CSDP' axis, successive European Councils have identified a number of actions to be undertaken by the HR/VP, the European Commission and the European Defence Agency (EDA), in cooperation with the Member States. These actions can be grouped as follows: 1) strengthening the EU's comprehensive approach to crisis management; 2) enhancing the EU's rapid response capacity; 3) addressing the new security challenges facing the EU, and; 4) strengthening partnerships with international and regional organisations, particularly the United Nations (UN), the North Atlantic Treaty Organisation (NATO), and the African Union (AU).

One of the main elements necessary to ensure the effectiveness and visibility of CSDP, and security and defence policies in Europe in general, is the <u>allocation of appropriate financial resources</u>. The trend observed for almost all EU Member States during the past decade has been a marked <u>reduction in defence expenditure</u>, with an <u>overall decline of 9% in military expenditure</u> since 2005. As reported in the <u>'Cost of Non-Europe in Common Security and Defence Policy'</u> study, produced by the European Added Value Unit of EPRS, EU Member States' overall defence expenditure declined from 251 billion euro in 2001 to 190 billion euro in 2012. A further decrease took place in 2013, with collective European defence spending representing only <u>186 billion euro</u>.

The European Council's position on funding defence and security expenditure has evolved significantly in this three-year period. In December 2012, the financial crisis and the resulting budgetary cutbacks dominated the debate. 'Pooling and sharing' was seen as a way to further develop timely capabilities and to overcome fiscal constraints within Member States. Given the recent deterioration of the security landscape in the EU's neighbourhood, as a result of the Libyan, Syrian and Ukrainian crises, the European Council went further in June 2015 and encouraged Member States to 'allocate a sufficient level of expenditure for defence', in addition to developing bi- and multilateral cooperation projects. This is in line with the 2014 NATO Wales Summit commitment (22 out of the 28 EU Member States are also members of NATO) to reach, during the next decade, an allocation to defence expenditure of 0.2 per cent of GDP. In the aftermath of the 13 November 2015 terrorist attacks in Paris, several countries, including France and the United Kingdom, announced that they intended to increase their defence budgets. France also called for a certain degree of flexibility in applying EU rules, with French President François Hollande announcing to the French Parliament that a 'security pact' would prevail over the Stability and Growth Pact. A number of Member States, including France, had already considered as early as 2002 excluding defence expenditure from the Stability and Growth Pact rules, as a means to facilitate capabilities development and strengthen European security.

Another possibility to assess the visibility and effectiveness of CSDP is by considering its civilian and military operations. To date, the EU has carried out 32 CSDP operations - 21 civilian and 11 military - with military missions being more sizeable in terms of staff. Since the December 2012 European Council, three civilian CSDP missions - EUBAM Libya (2013), EUAM Ukraine (2014) and EUCAP Sahel-Mali (2014) - and four military CSDP missions - EUTM Mali (2013), EUFOR RCA (2014 - 2015), EUMAM RCA (2015) and EUNAVFOR MED Sophia (2015) - have been launched. These missions and operations continue to be the EU's most visible and tangible contribution to international security and stability. When compared with deployments under the auspices of the UN or NATO, the number of staff deployed in EU operations has been estimated (in 2011) to be nearly 30 times less than in deployments carried out individually by the other two organisations. The EU's 'added value' derives from its often being considered a legitimate actor, particularly in contexts where other international organisations' cannot easily act (for example in the case of EUBAM Rafah, the EU was perceived as more 'neutral' in comparison to the UN). Analysis of the impact of CSDP operations is difficult and experts point to

resistance in this matter, principally from Member States which fear that assessing CSDP operations 'would imply a parallel evaluation of their own performance, individual or collective'.

2.1 The EU's 'comprehensive approach' to crisis management

The European Council in December 2012 revived the debate on the EU's 'comprehensive approach' to crisis management. Following up on this, the Council (Education, Youth, Culture and Sports configuration) outlined, in November 2013, that 'the EU needs to apply and further develop its comprehensive approach to all phases of the conflict cycle, from early warning and prevention, through management to stabilisation and peacebuilding'. The HR/VP and the European Commission issued a Joint Communication in December 2013 on 'The EU's Comprehensive Approach to External Conflict and Crises', which was endorsed that same month by the European Council. The December 2013 European Council defined work on the 'comprehensive approach' as a 'priority' and the Foreign Affairs Council, at its May 2014 meeting, took stock of progress made, while calling for the adoption of an Action Plan to help implement the Joint Communication in 2015. Academic research suggests that the EU's action on the ground, particularly in the African context, has remained sometimes less comprehensive and less coordinated than intended, due to diverging national positions and despite a consensus on the need for a 'comprehensive approach'. The Action Plan adopted in April 2015 calls for coherence between the Member States and the EU on actions taken in different countries and regions to help overcome existing coordination difficulties. It also calls for more coherence between the different EU actors throughout the entire crisis management cycle, drawing on both CSDP and development tools. A first evaluation of the implementation of the Action Plan is expected in 2016. The Foreign Affairs Council committed to the continued strengthening of the EU's 'comprehensive approach' to external crises and to adopting an 'EU-wide strategic framework for Security Sector Reform' by 2016, at its May 2015 meeting.

On the institutional side, the European Commission formed a Commissioners' Group on External Action in 2014, which is supported by a joint secretariat comprising personnel from the Secretariat-General of the Commission and the EEAS, who are tasked with the preparation of the meetings. Commissioners whose portfolios have an external dimension (i.e. humanitarian aid, energy security, trade and migration) meet once a month to coordinate the EU's external actions, under the chairmanship of the HR/VP. According to experts, the Commissioner's Group contributed to strengthening inter-institutional cooperation and for facilitating information-sharing among the different foreign policy actors during its first year of operation. Scholars also argue that, under the Lisbon Treaty framework, the European External Action Service (EEAS) has become central to crisis management decision-making, as it coordinates the action of the different Brussels-based actors, the actors on the ground (namely, the EU Delegation and EU Special Representatives), and it also liaises with Member States. Furthermore, the Civilian Planning and Conduct Capability (CPCC) unit within the EEAS serves as the Operational Headquarters for civilian missions, thus responding to the EU's request for operational rapidity and coherence. The EU Operations Centre, which is not a standing Headquarters, was activated in 2012 to enhance EU's civil-military action in the Horn of Africa. Since 2014, the Operations Centre also supports the EU missions in the Sahel. There is no military equivalent of the CPCC and this impacts on the rapidity and coherence of CSDP military missions, as a separate Chain of Command has to be established for each operation.

2.2 Rapid response capacity

In December 2012, the European Council identified the need to 'strengthen the EU's ability to deploy the right civilian and military capabilities and personnel rapidly and effectively on the whole spectrum of crisis management action'. Following this, Heads of State or Government evaluated progress in December 2013 and June 2015, based on successive reports from the HR/VP, and, as a result, continued to call for further reinforcement of the EU's rapid response capacity.

Crisis Management Procedures (CMP) are regularly reviewed in order to ensure greater flexibility and rapidity in the decision-making process regarding CSDP missions and operations. Through the last <u>CMP review in 2013</u>, a

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¹ The conclusions on CSDP were adopted as an 'A' item (without debate) at the Ministers of Education, Youth, Culture and Sports meeting on 25-26 November 2015.

'fast-track' procedure for urgency purposes was introduced, allowing for a single planning document replacing the Concept for Operations (CONOPS) and the civilian Operation Plan (OPLAN). Scholars saw this as a step forward in enhancing the EU's crisis management/rapid response capacity. The same scholars considered that institutional and procedural progress remained insufficient in addressing the absence of adequately trained personnel who were rapidly deployable to CSDP missions. They considered this to be an aspect which needs both EU institutions and Member States' attention as a matter of priority. Additionally, Member States could strengthen the visibility of the CSDP by rapidly committing capabilities and avoiding a cumbersome forcegeneration process. A telling example here is the EUMAM RCA mission, established in January 2015 and launched in March 2015, as a follow-up to the EUFOR RCA mission (2014-2015). Although the mission was to be comprised of only 60 staff, 12 were still to be deployed in June 2015.

Regarding civilian crisis management, the <u>Civilian Capability Development Plan (CCDP)</u> explored means of improving the process of generating a corresponding force and facilitating its rapid deployment. The May 2015 Foreign Affairs <u>Council</u> recognised that the CCDP had not yet been fully implemented and that more efforts were needed both from Member States and the EEAS, particularly regarding the rapid deployment of expert personnel on civilian missions. Ministers also underlined the need to revisit the <u>June 2000 Feira European Council's headline goal</u> (that 5,000 police officers, out of whom 1,000 remain on high alert, should deployable within 30 days), in the light of new threats to security and the requirements of different CSDP missions. No clear timeline for review was set but it is most likely that this exercise will take place in the second half of 2016 and be based on the results of the ongoing strategic review.

On the military side of crisis management, progress was made in 2015 with the adoption of the new Military Rapid Response Concept, which aims at enhancing the EU's Military Rapid Response capacity. The primary 'rapid response' capabilities at the EU's disposal are the EU Battlegroups, which, so far, have never been used in an operational context. The possible use of Battlegroups was discussed at an informal meeting of EU Ministers of Defence in February 2015, which resulted in no clear outcome, due to diverging national positions. The May 2015, Foreign Affairs Council reverted to the matter and stated that the EU's Battlegroups should be systematically taken into consideration as an option during the early preparatory phases of CSDP operations. Ministers called for the 'Declaration on the EU Battlegroups strategic transport costs' to be reviewed in 2016. This would allow for clarifications on funding, particularly since scholars argue that the main outcome of the

2015 <u>review of the Athena Mechanism</u> (<u>common costs for CSDP military operations</u>) was the possibility to fund deployment transportation costs for EU Battlegroups. A new <u>schedule</u> for the EU Battlegroups, outlining those which shall be on standby until 2020, was published by the EEAS in October 2015. <u>Experts</u> consider this to be a revival of the Battlegroup concept, with Member States having presented their contributions well in advance after several years of reduced interest (2012-2015).

The November 2013 Council (Education, Youth, Culture and Sports configuration) recognised that the provisions of the Lisbon Treaty in respect of <u>rapid response have not been fully utilised</u>. One example is Article 44 TEU, which allows for a group of Member States to be entrusted by the Council with 'the implementation of a task' in the event that they have both the willingness and the required capabilities. <u>Experts</u> argue that Article 44 TEU refers to CSDP missions and operations and that it 'does not create a new category of EU operations'. The commonly shared assessment of the added value of Article 44 TEU is that it provides both flexibility and rapidity, as it may circumvent the cumbersome process of force-generation. No operation based on Article 44 TEU has been launched to date. Although it is difficult to assess all the implications resulting from the possible activation of this Treaty clause, a review of crisis

Article 44TEU

- '1. Within the framework of the decisions adopted in accordance with Article 43, the Council may entrust the implementation of a task to a group of Member States which are willing and have the necessary capability for such a task. Those Member States, in association with the High Representative of the Union for Foreign Affairs and Security Policy, shall agree among themselves on the management of the task.
- 2. Member States participating in the task shall keep the Council regularly informed of its progress on their own initiative or at the request of another Member State. Those States shall inform the Council immediately should the completion of the task entail major consequences or require amendment of the objective, scope and conditions determined for the task in the decisions referred to in paragraph 1. In such cases, the Council shall adopt the necessary decisions.'

management procedures might be required to anticipate the decision-making specificities of Article 44 TEU missions and operations.

2.3 New security challenges

Based on the <u>report</u> submitted by the HR/VP in October 2013 and on the November 2013 Council conclusions, the European Council identified several new security challenges in December 2013: 1) cybersecurity; 2) maritime security; 3) cooperation with third countries, particularly in the area of border management, and; 4) internal/external security interactions, particularly in areas such as 'illegal migration, organised crime and terrorism'.

The December 2013 European Council also tasked the HR/VP, in cooperation with the European Commission and the EDA, to submit a proposal for an EU Cyber Defence Policy Framework, to be adopted in 2014. The Council adopted the document in November 2014, meeting the deadline. The document was intended to support the implementation of the 2013 EU Cybersecurity Strategy, particularly regarding the development of training programmes, enhancement of cyber-defence capabilities and increased cooperation both within the EU and with external partners (i.e. NATO). The first bi-annual report, stemming from a reporting obligation introduced by the Framework Document, recognises progress in both cyber-training and inter-institutional cooperation. The report calls for enhanced cooperation with NATO. Experts are of the opinion that further cooperation with NATO would lead to greater complementarity and avoid the duplication of effort in times of budgetary constraint. The EDA's instrumental role in developing and running some ten projects targeted at improving the EU's cyber-defence capabilities in the past four years was recently recognised in a study submitted to the EP Committee on Civil Liberties, Justice and Home Affairs.

Maritime Security is the second area where the December 2013 European Council set a clear deadline for the EU institutions. The Heads of State or Government invited the HR/VP and the European Commission, in coordination with the Member States, to prepare an EU Maritime Security Strategy. The Council adopted the Strategy in June 2014, within the timeframe set by the European Council. The rationale behind the adoption of such a Maritime Security Strategy is to 'secure the maritime security interests of the EU and its Member States against a plethora of risks and threats in the global maritime domain'. The Strategy identifies a number of 'risks and threats', including organised crime, illegal migration, piracy and armed robbery at sea. An Action Plan, identifying nearly 130 actions to be taken, was adopted in December 2014, including an obligation concerning the regular reporting of progress made. However, this requirement remains less precise than the six-month reporting mechanism for cybersecurity. According to experts, the adoption of the EU's Maritime Security Strategy and subsequent Action Plan strengthened the European Commission's position in defence, as the development of capabilities can be carried out within the framework of the 2009 Defence Directives and because 'dual-use research' programmes are eligible for EU funding. The EDA's involvement in conducting maritime programmes should also be noted, particularly when it comes to maritime surveillance, capabilities development, and training.

At the same meeting, the European Council recognised the importance of cooperating with third countries and regions, particularly regarding capacity-building in border management, and called for progress in this area. The same month, the Foreign Affairs Council endorsed the reviewed <u>'EU Concept on CSDP Support to Integrated Border Management'</u>. That document took stock of the experience accumulated on the ground in missions having a border management component (for example EUBAM Moldova and Ukraine). In July 2014, the EEAS issued a document considering options to support CSDP Sahel-Saharan Border Management engagements. It was endorsed by the CIVCOM in September 2014 and a recommendation was forwarded to the Political Security Committee (PSC) to increase support to <u>Sahel-Saharan Border Management</u> within the framework of the <u>Action Plan</u> of the <u>EU Strategy for Security and Development in the Sahel</u>. In her June 2015 <u>report</u>, the HR/VP recognised that '[w]ork is in progress on the border management also as a work strand of the implementation of the EU Strategy for Security and Development in the Sahel'. It was also stressed that, following the <u>23 April 2015 extraordinary European Council</u>, cooperation on cross-border cooperation and fighting trafficking in human

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² The first 'EU Concept on CSDP Support to Integrated Border Management' was issued in 2006.

beings will be enhanced, particularly with countries in the Sahel region. More recently, in November 2015, the <u>Valletta Summit</u> on Migration addressed EU cooperation with African countries, in the context of the ongoing migrant crisis. The meeting resulted in a sixteen-point <u>Action Plan annexed to a Political Declaration</u>.

The Heads of State or Government recognised the increasing interconnectedness of internal and external security. They identified three areas - illegal migration, organised crime and terrorism - relevant to both home affairs and the CSDP. Progress was made at technical level to allow for more coordinated action between internal and external security apparatuses, with the <u>EEAS concluding cooperation agreements with FRONTEX, EUROPOL and the European Gendarmerie Force</u>. The European Commission Communication from April 2015 on <u>The European Agenda on Security</u> stresses the importance of jointly considering both internal and external security dimensions concurrently. The June 2015 HR/VP <u>report</u> called for enhanced coordination at ministerial level, in order to commonly address both internal and external security challenges.

2.4 Cooperation with international and regional partners

Cooperation with NATO continues at both political and technical level. As part of the political dialogue between the two organisations, NATO Secretary General Jens Stoltenberg was invited to attend the June 2015 European Council meeting, where defence was discussed. At their November 2015 informal meeting, the Ministers of Defence, joined by the NATO Secretary General, underlined the need to support capacity-building in third countries as the 'best way to create stability and diminish the need for crisis management interventions'. At a technical level, EU-NATO cooperation mainly focusses on capabilities development, with work being carried out on four leading projects - air-to-air refuelling, remotely piloted aircraft systems, satellite communications, and cybersecurity. The HR/VP 2015 report underlined that the 'two organisations remain committed to ensuring coherent, complementary and mutually reinforcing military capability development, fully recognising that the Member States and Allies have a single set of forces'.

The December 2013 European Council also aimed to give a new impetus to the relationship between the EU and the UN. The Heads of State or Government referred to the UN as a 'key partner' and called for greater cooperation between the two organisations. Cooperation between the EU and the UN is based on the recognition that the UN is primarily responsible for ensuring international security. The EU contributes capabilities and funding to UN crisis management operations. As regards funding, EU Member States' cumulative contributions account for around 40 per cent of the total UN peace-keeping budget, with the five largest EU Member States contributing 28.5 per cent of the UN peacekeeping budget for the period 2013 - 2015. The 'Plan of Action to enhance EU CSDP support to UN peacekeeping' has contributed to enhance planning coordination although its implementation has been evaluated as 'uneven'. The priorities for EU-UN cooperation for the period 2015-2018 are outlined in the document 'Strengthening the EU-UN strategic partnership on peacekeeping and crisis management', which is currently being examined in the Council.

The June 2015 European Council called to 'intensify' the partnership with the African Union and African countries. The HR/VP, in her June 2015 report, identified capacity building as a priority for increased cooperation in an African context. The April 2015 Joint Commission Communication on capacity building considered training and equipping third countries as a priority. The EU's capacity building concept is currently being tested in Mali and Somalia.

3. Capabilities development

The European Council in 2012, 2013 and 2015 underlined the need to enhance cooperation on capabilities, both military and civilian. It recognised that capabilities remain national and encouraged Member States to pursue more collaborative projects within the framework of the 'Policy Framework for Systematic and Long-Term Cooperation'. The EU and its Member States currently face several challenges in the area of capabilities development: financial constraints, duplication of costs, ageing technologies and the necessity to start new programmes in order to anticipate or even overcome capability shortfalls.

³ Contributions are as follows: France (7.22%), Germany (7.14%), UK (6.68%), Italy (4.45%) and Spain (2.97%).

At present, it is too early to evaluate the impact of the terrorist attacks in Paris on medium and long-term defence and security spending in Europe. Furthermore, increased spending in this area does not necessary mean better spending in the absence of enhanced coordination between Member States. As <u>argued</u> by the Commission's European Political Strategy Centre (EPSC), Member States' cumulative defence spending comes second in the world after that of the United States, however, Europe 'is far from being the second largest military power - a clear consequence of inefficiency in spending and lack of interoperability'. The 2013 report by the European Added Value Unit of EPRS, on the <u>'Cost of Non-Europe in Common Security and Defence Policy'</u> examined the implications of cost duplication and underlined that collaborative project development and mutualisation of costs could lead to greater value for money in defence.

Member States' initial response to the above challenges relates to collaborative armaments projects run through the EDA (in parallel to bi- and multilateral initiative, i.e. OCCAR). There are currently four such collaborative projects being carried out through the EDA, all mentioned in the December 2013 European Council conclusions: air-to-air refuelling, remotely piloted aircraft systems, satellite communications, and cybersecurity. The 2015 European Council took stock of progress made regarding these programmes based on the 2014 and 2015 HR/VP reports and on the May 2015 Foreign Affairs Council conclusions. The <u>EU Pooling and Sharing</u> initiative, developed in synergy with <u>NATO's Smart Defence</u>, provided an additional answer. The initiative encourages Member States to pool and share capabilities, with a 2011 <u>Code of Conduct on Pooling and Sharing</u> supporting and facilitating the process. In November 2015, the Foreign Affairs Council, following an informal meeting of the Ministers of Defence, held a discussion on future capabilities projects ('biological joint deployable exploitation and analysis laboratory (Bio-JDEAL), medical evacuation and anti-tank weapons'). The contributing 27 Member States (Denmark does not take part in the EDA) did not reach an agreement to raise EDA's budget which, for the past seven years, remained at the rather symbolic level of nearly 30,5 million euro (of which <u>7 million euro was project-related expenditure in 2014</u>).

A <u>June 2015 EPSC note</u> called for a 'European Semester on Defence Capabilities'. It recommends introducing 'benchmarks for collaborative efforts in equipment procurement and research'. This ambitious recommendation could lead to enhanced capability development if Member States commit to fulfil their engagements. However, the note is less forthcoming on the institutional options to implement such a recommendation.

On the civilian capabilities side, as already outlined, the EU developed the <u>Civilian Capabilities Development Plan</u> in 2012, with the aim of overcoming current shortfalls and deployment delays encountered when launching civilian crisis management operations. The successive HR/VPs, in their <u>2014</u> and <u>2015</u> reports, underlined that work was conducted in view of overcoming the existing civilian capabilities gaps (through tailor-made training programmes) and enhancing cooperation with military CSDP initiatives.

4. Defence industry and defence market

Security and defence research and technology (R&T) is of the utmost importance to avoid technological obsolescence, allowing for the renewal of capabilities and strengthening the European defence industry. Member States' research investments have <u>fallen almost 30 per cent</u> during the last decade. In this context, the December 2013 European Council recognised security and defence research and development as a priority and encouraged the development of synergies between civilian and military research - so called 'dual-use research' in order to reduce costs and increase competitiveness. The European Commission, in cooperation with the EDA, is developing a <u>'Preparatory Action in CSDP related research'</u> for 2017. The Preparatory Action is intended to permit CSDP research to be funded through the EU budget, in line with the 2013 and 2015 European Council Conclusions. This option is currently evaluated by a <u>Group of Personalities</u>, who will submit their recommendations by March 2016. Over the longer term, this Preparatory Action could pave the way for a <u>defence research programme</u> funded under the EU Multiannual Financial Framework.

The 2012, 2013 and 2015 European Councils called for strengthening the European defence industry and market. Experts argue that this 'seems to be more wishful thinking than reality' for the moment. They point to the slow implementation of the 2013 Commission Communication on 'A New Deal for European Defence' and of the 2014

Action Plan, generated by certain Member States' hesitations. The <u>June 2015 EPSC note</u> called for a 'defence industrial strategy' to enable the development of 'key industrial and technological capabilities in Europe'.

With regard to the defence market, the Commission monitors the implementation of the two 2009 Defence Directives, on public <u>procurement</u> and on <u>transfers of defence-related products</u>. <u>Experts</u> underline that procurement continues to be carried out mainly outside of the framework of the 2009 Directive, with the Lisbon Treaty allowing Member States to invoke the exception clause of <u>Article 346 TFEU</u>, on grounds of national security. The Commission will assess the implementation of the Directive and report to the Council and the Parliament by August 2016.

As regards the Transfers Directive, the <u>June 2015</u> Commission report outlined that 'there are clear indications that the potential offered by [the Directive's] innovative and flexible tools has not yet been fully exploited by Member States and defence companies'. The Commission will assess the implementation of the Directive and report to both the Council and the Parliament by June 2016.

5. European Parliament views

Since the entry into force of the Lisbon Treaty, the European Parliament has voted on <u>over twenty resolutions on issues relevant</u> to the CSDP, which have contributed to shaping the debate. For example, the Parliament called, in a <u>resolution on preparations for the European Council meeting (19-20 December 2013)</u>, upon the Heads of State or Government to take 'a clear stance in favour of a stronger European defence system'. More recently, during the May 2015 plenary session, through its <u>resolution on the implementation of the Common Security and Defence Policy</u>, the Parliament called on the 'Union to encourage Member States to meet NATO capacity targets, which require a minimum level of defence spending of 2 % of GDP and a minimum 20 % share of the defence budget for major equipment needs, including for research and development'. Also, during the May 2015 plenary, in a resolution on <u>European defence markets</u>, the Parliament underlined that market fragmentation represents a risk which may hamper European security.

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