



Council of the
European Union

Brussels, 18 November 2014

15562/14

COPS 302
PESC 1186
CSDP/PSDC 667
POLMIL 102

OUTCOME OF PROCEEDINGS

From: Council

On: 17–18 November 2014

N° prev. doc.: 15089/14 COPS 283 PESC 1131 CSDP/PSDC 626 POLMIL 95

Subject: Policy Framework for Systematic and Long-Term Defence Cooperation

Delegations will find attached the Policy Framework for Systematic and Long-Term Defence Cooperation, as adopted by the Council on 18 November 2014.

**POLICY FRAMEWORK FOR SYSTEMATIC AND LONG-TERM DEFENCE
COOPERATION**

1. In December 2013, the European Council invited the High Representative and the European Defence Agency to put forward, by the end of 2014, an appropriate policy framework to foster more systematic and long-term defence cooperation, in full coherence with existing NATO planning processes.
2. Europe's strategic and geopolitical environment is evolving rapidly, becoming more complex and less predictable. Called upon to assume increased responsibilities as a security provider, the EU and its Member States should be prepared and able to act effectively in a coherent and united way, including through the Common Security and Defence Policy (CSDP), to enhance the security of European citizens and contribute to peace and stability in our neighbourhood, especially the Eastern and Southern, and in the broader world.
3. The European Council identifies the strategic interests and objectives of the Union, in line with Article 22 of the Treaty on European Union (TEU), including decisions on the level of ambition in CSDP. The Council, notably with Ministers of Defence, provides integrated and comprehensive political guidance on defence cooperation, including on capability development in CSDP.
4. This Policy Framework is based on the guidance provided by the European Council and the Council in their Conclusions on CSDP of December and November 2013 respectively.
 - The European Council called on Member States to deepen defence cooperation by improving the capacity to conduct missions and operations and by making full use of synergies in order to improve the development and availability of the required civilian and military capabilities, supported by a more integrated, sustainable, innovative and competitive European Defence Technological and Industrial Base (EDTIB).

- The Council underlined that a systematic and longer-term approach to European defence cooperation has become essential to preserve and develop military capabilities. It allows Member States to develop, acquire, operate and maintain capabilities together, thereby achieving economies of scale and enhancing military effectiveness.
 - The Council also underlined the importance of addressing the need to sustain sufficient expenditures related to security and defence. Furthermore, it signalled that European interdependence is becoming increasingly paramount and therefore stressed the need to address these challenges together, making the best use of scarce national and Union resources through increased and more systematic cooperation and coordination among Member States, and making coherent and effective use of EU's instruments and policies. This should contribute to a less fragmented defence sector and to remedying capability shortfalls and avoiding redundancies.
5. Defence cooperation refers to collaboration in developing capabilities across all lines of development, and also in enhancing the quality, availability, interoperability and coordinated use of existing capabilities, notably through bilateral or multinational formations and initiatives. Defence cooperation is underpinned by convergence of planning processes and exchange of information at all levels.
 6. Sustained political will is indispensable, as well as a change of mind-set, to ensure that all opportunities for enhanced cooperation are seized and utilised. Defence cooperation does not limit Member States' freedom of national action; rather it makes their collective efforts overall more sustainable and credible.
 7. In this context, Member States are committed to deepening defence cooperation in Europe as a way to develop, deploy and sustain future-oriented military capabilities, which they may make available, on a national and voluntary basis, for national, multinational, CSDP, United Nations or NATO engagements.

8. Member States will make full use of the European Defence Agency (EDA) as a catalyst for cooperative programmes, as provided for in Article 42 TEU. They are committed to continuing engagement in EDA as a way to ensure continuity and consistency in the development of capabilities, benefiting from savings and synergies, on the basis of variable formats. While underlining the primary role of Member States, the support by EU structures is instrumental to foster defence cooperation, including by stimulating incentives and synergies with EU wider policies.
9. Since the launch of Pooling & Sharing in 2010, progress has been achieved. However, the need for improved and enhanced defence cooperation and for continuous political impetus is increasingly strong, including through the definition of a “European capabilities and armaments policy” as referred to in Article 42 TEU. A more systematic and long-term approach to European defence cooperation has become essential to preserve and develop military capabilities, as well as the technological and industrial base that underpins them.
10. Through this Policy Framework for systematic and long-term defence cooperation, Member States are committed to providing a stronger and more coherent basis for defence cooperation in Europe, from defining requirements and priority-setting through in-service support to disposal/decommissioning. This defence cooperation should be based on a clear and structured process and dialogue between the EU and its Member States, in order to ensure both coherence of actions and opportunities for cooperation throughout all the stages of capability development. In this context, Member States will make best use of EU mechanisms or instruments without prejudice to national decision making processes, while coordinating with their defence capability commitments in other multinational fora. In order to reinforce systematic cooperation, implementation of this Policy Framework also aims to improve and foster a better use of these mechanisms and instruments, and without additional bureaucracy. Member States will be regularly updated at the political level on the basis of an overview of their implementation, in order to measure progress.

11. Member States will pursue coherence through existing processes within the EU and NATO, notably the Capability Development Plan (CDP) and Headline Goal process and the NATO Defence Planning Process. Because Member States each have a single set of forces, coherence with NATO planning processes should continue to be pursued in their outcomes and timelines. Unnecessary duplication will be avoided with due respect to the institutional framework and decision-making autonomy of both organisations.

12. When developing defence capabilities, the following elements will guide the cooperative approaches of Member States:
 - Strategic consistency: at the request of the interested Member States, EDA would support national defence reviews, ranging from ad hoc advice, sharing best practice, to active participation in the process. This would contribute to coherence among Member States.

 - Information-sharing: in order to inform national decisions on investments, objectives and priority-setting, there is a need to increase transparency and coordination in capability planning, throughout all levels and processes. More systematic information-sharing among Member States, including through the EU Military Committee (EUMC), is a first and essential step toward more systematic and long-term defence cooperation and would allow for greater convergence in defence planning. Increased transparency is a prerequisite for harmonisation of requirements and reducing the number of variants of the same equipment and will make a difference for Member States to maintain essential capabilities.

 - Identification of CSDP critical capability shortfalls: the Headline Goal process will be used to identify critical capability shortfalls. This process is supported by the EU military staff and assessed by the EUMC. The shortfalls will be regularly re-assessed in light of progress in the EU and NATO and further political guidance.

- Priority-setting: the revised CDP will be an essential element for the setting of cooperative capability development priorities. It generates and prioritises actions in order to address shortfalls. It will offer Member States a broader picture of the European capabilities landscape over time (capability shortfalls, including key enablers which are critical for the launch and sustainability of an operation, Research and Technology dimension, overview of industrial capabilities and procurement plans) and will guide Member States' and EDA's efforts.
- Further developing incentives for and innovative approaches to cooperation, including by investigating non market distorting fiscal measures for collaborative projects in accordance with existing EU law; and examining ways and means in which Member States can cooperate more effectively and efficiently in pooled procurement projects.
- Preparing the programmes of tomorrow: before launching a new programme or capability development initiative, be it on a national or on a multinational basis, Member States are encouraged to turn to EDA for advice. EDA will provide Member States with independent, non-binding proposals for cooperation to inform their national decision-making process. EDA will also identify opportunities for collaboration in support of Member States.
- Mainstreaming cooperation into national defence planning, including through the Code of Conduct on Pooling and Sharing.
- Taking advantage of the European framework to incentivise cooperation. In this regard, EDA will:
 - Pursue greater synergies with wider EU policies and activities carried out by its institutions and agencies (notably to stimulate dual use research, certification or security of supply), while respecting current rules and regulations.

- In terms of project or programme management, pursue greater synergies notably with OCCAR. On the basis of lessons learned EDA, in close cooperation with OCCAR, will submit proposals.
 - On the basis of an assessment of the impact on cooperation in Europe of both the Defence Security and Defence Procurement Directive and the Intra-Community Transfer Directive, and bearing in mind that critical capabilities are increasingly likely to be developed on a multinational basis, formulate policy recommendations on how to foster defence cooperation between Member States.
 - In consultation with the EUMC, consolidate military requirements and, when appropriate, seek synergies with civil security requirements, as a basis for new cooperative programmes to develop military capabilities.
 - Foster cooperation among Member States on the basis of a strengthened EDTIB, which should be inclusive with opportunities for defence industry in the EU, balanced and in full compliance with EU law.
- Management of programmes: Member States participating in a cooperative programme should identify a coordinator throughout its life-cycle, acting as the primary point of contact with industry.
 - Political oversight: Member States involved in the cooperative development of capabilities will regularly exchange views at the level of decision-makers, including in variable formats. Synergies between regional initiatives will be encouraged, with a view to sharing information and improving coherence.

- Coordination of in-service support: Member States will maintain coherence throughout the life-cycle of a capability including for certification, test & evaluation, and training. In this context, Member States will scrutinise the in-service support phase of a capability on a regular basis in order to ensure that coordination and interoperability are pursued throughout the life of the capability.
 - Coordination in the use of capabilities: EDA will develop inclusive proposals, in particular a barter mechanism designed to optimise the use of existing capabilities through a balancing system taking into account existing systems such as Atares.
 - Improving capacity and preparation to conduct CSDP missions and operations: harnessing MS participation and cooperation in training and exercises.
13. Member States are committed to proactively engage at the political and expert levels, with the support of EDA and the EEAS. The Council will be regularly updated on implementation of the Policy Framework, and its impact on the development of military capabilities in Europe, and give further guidance as required. The Policy Framework will be reviewed by the Council in three years' time, on the basis of a progress report by the High Representative/Head of the Agency.
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