



**EUROPEAN COUNCIL**

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to : Delegations

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Subject : **EUROPEAN COUNCIL  
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**CONCLUSIONS**

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Delegations will find attached the conclusions of the European Council (19/20 December 2013).

*For the first time since the entry into force of the Lisbon Treaty, the European Council held a thematic debate on defence. It identified priority actions for stronger cooperation. This debate was preceded by a meeting with the NATO Secretary-General. He presented his assessment of current and future security challenges and welcomed the ongoing efforts and commitments by the EU and its Member States as being compatible with, and beneficial to NATO.*

*The European Council welcomed the general approach reached by the Council on the Single Resolution Mechanism, which will be a cornerstone of the Banking Union. The European Council reviewed the economic situation and the progress in implementing the Compact for Growth, Jobs and Competitiveness. The European Council also identified the main features of the Partnerships for Growth, Jobs and Competitiveness to support structural reform, with a view to concluding discussions by October next year.*

## **I. COMMON SECURITY AND DEFENCE POLICY**

1. Defence matters. An effective Common Security and Defence Policy helps to enhance the security of European citizens and contributes to peace and stability in our neighbourhood and in the broader world. But Europe's strategic and geopolitical environment is evolving rapidly. Defence budgets in Europe are constrained, limiting the ability to develop, deploy and sustain military capabilities. Fragmented European defence markets jeopardise the sustainability and competitiveness of Europe's defence and security industry.

2. The EU and its Member States must exercise greater responsibilities in response to those challenges if they want to contribute to maintaining peace and security through CSDP together with key partners such as the United Nations and NATO. The Common Security and Defence Policy (CSDP) will continue to develop in full complementarity with NATO in the agreed framework of the strategic partnership between the EU and NATO and in compliance with the decision-making autonomy and procedures of each. This requires having the necessary means and maintaining a sufficient level of investment. Today, the European Council is making a strong commitment to the further development of a credible and effective CSDP, in accordance with the Lisbon Treaty and the opportunities it offers. The European Council calls on the 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). This will also bring benefits in terms of growth, jobs and innovation to the broader European industrial sector.
  
3. In response to the European Council conclusions of December 2012, important work has been undertaken by the Commission, the High Representative, the European Defence Agency and the Member States. The Council adopted substantial conclusions on 25 November 2013, which the European Council endorses.
  
4. On that basis the European Council has identified a number of priority actions built around three axes: increasing the effectiveness, visibility and impact of CSDP; enhancing the development of capabilities and strengthening Europe's defence industry.

**a) Increasing the effectiveness, visibility and impact of CSDP**

5. In recent years progress has been made in a number of areas relating to CSDP. The numerous civilian and military crisis management missions and operations throughout the world are a tangible expression of the Union's commitment to international peace and security. Through CSDP, the Union today deploys more than 7000 staff in 12 civilian missions and four military operations. The European Union and its Member States can bring to the international stage the unique ability to combine, in a consistent manner, policies and tools ranging from diplomacy, security and defence to finance, trade, development and justice. Further improving the efficiency and effectiveness of this EU Comprehensive Approach, including as it applies to EU crisis management, is a priority. In this context, the European Council welcomes the presentation of the joint communication from the Commission and the High Representative.
6. The Union remains fully committed to working in close collaboration with its global, transatlantic and regional partners. Such collaboration should be further developed in a spirit of mutual reinforcement and complementarity.
7. The European Council emphasises the importance of supporting partner countries and regional organisations, through providing training, advice, equipment and resources where appropriate, so that they can increasingly prevent or manage crises by themselves. The European Council invites the Member States, the High Representative and the Commission to ensure the greatest possible coherence between the Union's and Member States' actions to this effect.

8. The EU and its Member States need to be able to plan and deploy the right civilian and military assets rapidly and effectively. The European Council emphasises the need to improve the EU rapid response capabilities, including through more flexible and deployable EU Battle groups as Member States so decide. The financial aspects of EU missions and operations should be rapidly examined, including in the context of the Athena mechanism review, with a view to improving the system of their financing, based on a report from the High Representative. The European Council invites the Commission, the High Representative and the Member States to ensure that the procedures and rules for civilian missions enable the Union to be more flexible and speed up the deployment of EU civilian missions.
9. New security challenges continue to emerge. Europe's internal and external security dimensions are increasingly interlinked. To enable the EU and its Member States to respond, in coherence with NATO efforts, the European Council calls for:
- an EU Cyber Defence Policy Framework in 2014, on the basis of a proposal by the High Representative, in cooperation with the Commission and the European Defence Agency;
  - an EU Maritime Security Strategy by June 2014, on the basis of a joint Communication from the Commission and the High Representative, taking into account the opinions of the Member States, and the subsequent elaboration of action plans to respond to maritime challenges;
  - increased synergies between CSDP and Freedom/Security/Justice actors to tackle horizontal issues such as illegal migration, organised crime and terrorism;
  - progress in developing CSDP support for third states and regions, in order to help them to improve border management;
  - further strengthening cooperation to tackle energy security challenges.

The European Council invites the High Representative, in close cooperation with the Commission, to assess the impact of changes in the global environment, and to report to the Council in the course of 2015 on the challenges and opportunities arising for the Union, following consultations with the Member States.

**b) Enhancing the development of capabilities**

10. Cooperation in the area of military capability development is crucial to maintaining key capabilities, remedying shortfalls and avoiding redundancies. Pooling demand, consolidating requirements and realising economies of scale will allow Member States to enhance the efficient use of resources and ensure interoperability, including with key partner organisations such as NATO. Cooperative approaches whereby willing Member States or groups of Member States develop capabilities based on common standards or decide on common usage, maintenance or training arrangements, while enjoying access to such capabilities, will allow participants to benefit from economies of scale and enhanced military effectiveness.
  
11. The European Council remains committed to delivering key capabilities and addressing critical shortfalls through concrete projects by Member States, supported by the European Defence Agency. Bearing in mind that the capabilities are owned and operated by the Member States, it welcomes :
  - the development of Remotely Piloted Aircraft Systems (RPAS) in the 2020-2025 timeframe: preparations for a programme of a next-generation European Medium Altitude Long Endurance RPAS; the establishment of an RPAS user community among the participating Member States owning and operating these RPAS; close synergies with the European Commission on regulation (for an initial RPAS integration into the European Aviation System by 2016); appropriate funding from 2014 for R&D activities;

- the development of Air-to-Air refuelling capacity: progress towards increasing overall capacity and reducing fragmentation, especially as regards the establishment of a Multi-Role Tanker Transport capacity, with synergies in the field of certification, qualification, in-service support and training;
  - Satellite Communication: preparations for the next generation of Governmental Satellite Communication through close cooperation between the Member States, the Commission and the European Space Agency; a users' group should be set up in 2014;
  - Cyber: developing a roadmap and concrete projects focused on training and exercises, improving civil/military cooperation on the basis of the EU Cybersecurity Strategy as well as the protection of assets in EU missions and operations.
12. Cooperation should be facilitated by increased transparency and information sharing in defence planning, allowing national planners and decision-makers to consider greater convergence of capability needs and timelines. To foster more systematic and long-term cooperation the European Council invites the High Representative and the European Defence Agency to put forward an appropriate policy framework by the end of 2014, in full coherence with existing NATO planning processes.
13. The European Council welcomes the existing cooperative models, such as the European Air Transport Command (EATC), and encourages Member States to explore ways to replicate the EATC model in other areas.

14. The European Council welcomes the progress achieved in cooperation through the European Defence Agency Code of Conduct on Pooling and Sharing. It encourages the further development of incentives for and innovative approaches to such cooperation, including by investigating non market-distorting fiscal measures in accordance with existing European law. It invites the European Defence Agency to examine ways in which Member States can cooperate more effectively and efficiently in pooled procurement projects, with a view to reporting back to the Council by the end of 2014.
  
15. Taking into account the frequent recourse to missions which are civilian in nature, the European Council calls for the enhanced development of civilian capabilities and stresses the importance of fully implementing the Civilian Capability Development Plan.

**c) Strengthening Europe's defence industry**

16. Europe needs a more integrated, sustainable, innovative and competitive defence technological and industrial base (EDTIB) to develop and sustain defence capabilities. This can also enhance its strategic autonomy and its ability to act with partners. The EDTIB should be strengthened to ensure operational effectiveness and security of supply, while remaining globally competitive and stimulating jobs, innovation and growth across the EU. These efforts should be inclusive with opportunities for defence industry in the EU, balanced and in full compliance with EU law. The European Council stresses the need to further develop the necessary skills identified as essential to the future of the European defence industry.

17. A well-functioning defence market based on openness, equal treatment and opportunities, and transparency for all European suppliers is crucial. The European Council welcomes the Commission communication "Towards a more competitive and efficient defence and security sector". It notes the intention of the Commission to develop, in close cooperation with the High Representative and the European Defence Agency, a roadmap for implementation. It stresses the importance of ensuring the full and correct implementation and application of the two defence Directives of 2009, inter alia with a view to opening up the market for subcontractors from all over Europe, ensuring economies of scale and allowing a better circulation of defence products.

***Research – dual-use***

18. To ensure the long-term competitiveness of the European defence industry and secure the modern capabilities needed, it is essential to retain defence Research & Technology (R&T) expertise, especially in critical defence technologies. The European Council invites the Member States to increase investment in cooperative research programmes, in particular collaborative investments, and to maximise synergies between national and EU research. Civilian and defence research reinforce each other, including in key enabling technologies and on energy efficiency technology. The European Council therefore welcomes the Commission's intention to evaluate how the results under Horizon 2020 could also benefit defence and security industrial capabilities. It invites the Commission and the European Defence Agency to work closely with Member States to develop proposals to stimulate further dual use research. A Preparatory Action on CSDP-related research will be set up, while seeking synergies with national research programmes whenever possible.

***Certification and standardisation***

19. Developing standards and certification procedures for defence equipment reduces costs, harmonises demand and enhances interoperability. The European Defence Agency and the Commission will prepare a roadmap for the development of defence industrial standards by mid-2014, without duplicating existing standards, in particular NATO standards. Together with the Commission and Member States, the European Defence Agency will also develop options for lowering the costs of military certification, including by increasing mutual recognition between EU Member States. It should report to the Council on both issues by mid 2014.

***SMEs***

20. SMEs are an important element in the defence supply chain, a source of innovation and key enablers for competitiveness. The European Council underlines the importance of cross-border market access for SMEs and stresses that full use should be made of the possibilities that EU law offers on subcontracting and general licensing of transfers and invites the Commission to investigate the possibilities for additional measures to open up supply chains to SME's from all Member States. Supporting regional networks of SMEs and strategic clusters is also critically important. The European Council welcomes the Commission proposals to promote greater access of SMEs to defence and security markets and to encourage strong involvement of SMEs in future EU funding programmes.

***Security of Supply***

21. The European Council emphasises the importance of Security of Supply arrangements for the development of long-term planning and cooperation, and for the functioning of the internal market for defence. It welcomes the recent adoption within the European Defence Agency of an enhanced Framework Arrangement on Security of Supply and calls on the Commission to develop with Member States and in cooperation with the High Representative and the European Defence Agency a roadmap for a comprehensive EU-wide Security of Supply regime, which takes account of the globalised nature of critical supply chains.

**d) Way forward**

22. The European Council invites the Council, the Commission, the High Representative, the European Defence Agency and the Member States, within their respective spheres of competence, to take determined and verifiable steps to implement the orientations set out above. The European Council will assess concrete progress on all issues in June 2015 and provide further guidance, on the basis of a report from the Council drawing on inputs from the Commission, the High Representative and the European Defence Agency.