EU News

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EU NEWS

● EC Defence Action Plan (EDAP) in favour of the arms business revealed on 30/11

On Wednesday 30 of November, the EC conveyed a press conference to present its 'European Defence Action Plan' (EDAP), meant to contribute to the Implementation of the EU Global Strategy in the area of Security and Defence (see below) and to the Joint EU-NATO Declaration of July 2016 (Warsaw Declaration).

A personal comment first: astonishing how everybody at EU level got excited about this Plan with intensive press coverage, while its main proposals still have to be negotiated and agreed among Member States and the EP, before starting to turn concrete. The day after, the final vote of the only EU institution elected by citizens, the European Parliament, on the EU 2017 budget including funding for military research, went almost unnoticed...

Having said so, it is clear that this EDAP is extremely worrying and openly proposes that the military sector be a transversal priority on many key EU policies and funding, on top of specific proposals:

The lion’s share is the so-called European Defence Fund, which would consist of 2 parts: first, the already well-known European Defence Research Programme (ERDP) of at least €3.5 billion for 2021-2027, and second a ‘capability window’ to “support the joint development of defence capabilities” (military assets), to be financed by national contributions but also “where possible, supported by the EU budget” (indicative proposed amount of €5 billion/year). A ‘Coordination Board’ would “ensure consistency between the research and the capability ‘windows’”, and would consist of the EC, F. Mogherini, EDA, Member States and of course... the industry “as appropriate”. In other words, making sure that the EU-paid research lead to state-paid contracts for the industry. By the way, national contributions to this Fund could be excluded from the national deficits under EU targets (Stability and Growth Pact), and its coordination and administrative costs be taken over by the EU budget.

The other main proposal is to facilitate access of arms companies to a range of EU funding opportunities, what the EC calls “fostering investments in defence supply chains”, as a way to support the competitiveness of this sector. This would mean concretely to adapt the lending criteria of the European Investment Bank, so that it is not limited to dual-use activities. This would also open up other EU financial instruments based on the EIB lending, such as EFSI (European Fund for Strategic Investment) and COSME (Programme for the Competitiveness of Enterprises and SMEs). The Plan also refers to increased use of the EU Structural Funds (ESIF) and Regional funds (ERDF), encouraging the creation of “regional clusters of excellence” in the field of defence (the EC already launched the “European Network of Defence-related regions to support EU regions with relevant industrial and research assets” with a focus on maritime security, cyber-security, RPAS and satellite communications).

Last but not least, the arms sector will become a priority under the new Skills Agenda for Europe, by supporting an "industry-led European Defence Skills Alliance" and making use of EU funds such as COSME and ... Erasmus+, the EU programme for education, training, youth and sport!!

The third dimension of this Plan relates to the 'single market for defence'. The EC will in particular focus on reinforcing the implementation of the 2 main Directives, on defence procurements and on intra-EU arms transfers (see below). This will also include working on "strengthening security of supply", "cross-border market access for SMEs in the defence sector" and "standardisation and conformity assessment". A last area of work would be “maximising civil/military synergies across EU policies” in particular in areas such as European Space, border control and maritime surveillance, cyber-security,
Single European Sky or Maritime Security Strategy, for the main ones.

What will be the next steps? These proposals will now have to be discussed “with all stakeholders” according to the EC. Who does that concretely mean, one doesn’t know... the next European Council of 15-16 December is presented by the EC as a key milestone, but this would mainly be a political endorsement at best. It is not excluded that many member States will be annoyed by the 'interventionism' and 'hyperactivity' of the Commission in an area they still consider their preserve; but most probably they will back up this Plan next week, even if with limited enthusiasm and some safeguards. Then formal decision-making processes should happen in the coming months/years for many of these proposals.

Concretely, the EC plans to launch a scoping study in 2017 to refine the budget implications, some of them needing the EP agreement too. THE EC also mentions setting-up an 'Implementation Steering Group' with Member States (a first meeting should take place in the first quarter of 2017), which should meet on a regular basis and “facilitate progress in the Actions”. And the industry?? The EC “will also establish a Consultation Forum with the European defence industry to best align the supply and the demand sides”. What did you expect?! 😊

No risk for ENAAC to lack challenges for the coming years!

Access to documents:
EC Defence Action Plan in English, French and German
EC press release on EDAP and fact-sheet, French or English
EC Frequently Asked Questions on EDAP, French or English

Implementation plan on Security and Defence of the EU Global Strategy on Foreign and Security Policy

On November 14th, High Representative F. Mogherini presented and got support of Member States for her 'Implementation Plan on Security and Defence', meant to contribute to the implementation of the EU Global Strategy on Foreign and Security Policy (GS). It defines Europe’s level of ambition in 3 areas (a)responding to external conflicts and crisis, b)building the capacity of partners and c)Protecting the Union and its citizens) and identifies 13 concrete actions points. An important focus is put on civilian crisis management; but the text is also presented as part of a wider package including the EC Defence Action Plan and the Warsaw Declaration. Apart from action 6 (see below) this Plan does not go into practical details but provides a framework for the concrete proposals of the EC Defence Action Plan (EDAP):

- defence capability priority areas in which EU should invest and develop collaborative approaches:
  1. Intelligence, Surveillance and Reconnaissance, Remotely Piloted Aircraft Systems, satellite communications, and autonomous access to space and permanent earth observation;
  2. high-end military capabilities, including strategic enablers;
  3. cyber and maritime security.
- develop the Capability Development Plan translated into “concrete European collaborative capability development or procurement programmes”, and “making use of relevant EU funding instruments in support for required industrial and technological efforts”, a better alignment of defence and R&T efforts including the PA and future ERDP and further collaborative capability programmes supported by a European Defence Fund.
- insist on the central role of the EDA to assist Member States and to act as interface between them and the Commission “without being a substitute for national positions”

- deepening defence cooperation for economies of scale and more efficient use of resources in front of the rising costs of defence technology and in order to retain full spectrum armed forces
- take forward cooperation with NATO including on military capability development
- use the possibility of Permanent Structured Cooperation (PESCO) provided by the Lisbon Treaty also in the field of defence expenditures and capability development
- Action 6: EDA with its participating Member States to develop further proposals concerning output-oriented capability development, Key Strategic Activities, R&T, more structured cooperation, critical enablers, and Security of Supply, and prepare for their implementation.

EU ministers for Foreign Affairs and for defence met on 14 November to discuss this Plan and welcomed this Implementation Plan. Their “Council Conclusions” insists on many proposals related to EDAP, such as:
- allocating a sufficient level of expenditure for defence, including through “availability, flexibility and eligibility of EU financial instruments to support security and defence”;
- deepening defence cooperation in particular in the R&T field (referring to the PA, ERDP, Defence Fund and other sources like the EIB and EFSI);
- establishing a structured dialogue with Industry;
- strengthening the defence internal market and a more integrated, sustainable innovative and competitive European Defence technological and Industrial Base (EDTIB).

They also call for a review of the Capability Development Plan (CDP) by spring 2018 through EDA, and for a quick solution for the implementation of the Capacity Building Plan (CBSP) initiative
Grants agreements were signed on 28 October at EDA for the 3 selected research activities, to start on November 1st for a duration of 12 to 18 months, and funded under 2015 & 2016 EU budgets.

1. Inside Building Awareness and Navigation for Urban Warfare (SPIDER) - Grant: €433.225
The objective is to provide a proof of concept for an innovative system to improve soldiers’ inside building awareness by introducing into buildings miniaturized sensors which can move and change position to provide better coverage and improved performance. By visualizing the indoor map, the soldiers will have a crucial awareness enabling them to safely navigate inside the building. The system will be designed to be highly robust to endure operation in hostile environments.

Project carried out by a consortium led by TEKEVER, a Portuguese technology company, and composed of IT Aveiro - Instituto de Telecomunicações (Portugal), Aralia (Spain) and the Bulgarian Defence Institute (BDI).

2. Standardisation of Remotely Piloted Aircraft System (RPAS) Detect and Avoid (TRAWA) - Grant: €433.292
The aim is to contribute to the development of standards for a performant and affordable detect and avoid (DAA) system usable on-board Remotely Piloted Aircraft Systems (RPAS). The activity is an enabler for the widespread use of RPAS in non-segregated airspace in Europe because it supports the development of standards for the certification of DAA solutions and helps to identify technology capabilities which need to be developed by the European defence industry.

Project carried out by a consortium led by the Netherlands Aerospace Center (NLR) and partners: the German Aerospace Center (Deutsches Zentrum für Luft- und Raumfahrt, DLR), Deep Blue (Italy), Tony Henley Consulting (UK) and EuroUSC (Italy)

3. Unmanned Heterogeneous Swarm of Sensor Platforms (EuroSWARM) - Grant: €434.000
This activity will demonstrate, through a live experimentation, that typical military missions and tasks can be performed in exemplary scenarios by an unmanned, autonomous and heterogeneous ‘swarm’ system of systems, using emerging enabling technologies. The activity is expected to deliver a control & command architecture for autonomous and heterogeneous swarms of sensors. Any kind of weaponry is excluded from the system. Using static/mobile sensors and vehicles in an unmanned swarm-based autonomous system such as EuroSWARM can become a pilot for large scale usage to deal with critical European and global challenges such as border control or surveillance-security.

Project carried out by a consortium led by the University of Cranfield (UK) and includes the French aerospace research agency ONERA (Office National d’Etudes et de Recherches Aérospatiales), the Swedish Defence Research Agency FOI and the University of Patras (Greece).

Further details on the projects available here

**Evaluation of the EU transfer Directive: no revision but worrying recommendations**

The EC also published on November 30 the evaluation reports of the two ‘defence package’ Directives, the one on public procurements and the one on intra-EU transfers of arms-related goods. The evaluation of the Transfer Directive is based on an external assessment conducted by Technopolis Group and stakeholders input, mainly the industry. Interesting to note that our contribution seemed not to have passed the office of the EC Head of Unit, as his staff in charge of the transfer Directive were not aware of it. A more detailed analysis of this evaluation will be shared with you, at this stage the main finding is that the implementation of the Directive is slow and thus the impact is not considered to be not yet sufficiently clear. Member States are slow in issued the 4 minimum required Global Licences, and certification of defence companies is not very successful either so far. One of the reasons mentioned for the latter is the “limitations” set by MS as regards re-exporting of transferred goods outside the EU, and the personal liability of companies’ staff about the control of transfers and exports...

the EC does not plan to revise the Directive but to strengthen its implementation in particular by issuing 2 recommendations on the following main points:

a) agreed minimum list of non-sensitive goods & components from the ML that should benefit from the Global Licences for armies and for certified companies
b) agreed list of ‘safe countries’ for which there should be no restrictions to re-exports: EEA countries (EU, Iceland, Norway), + Australia, Canada, Japan, New Zealand, Switzerland, Liechtenstein and the US

The EC also wants to lead discussions for a greater harmonisation of certification conditions and procedure.
It claims that MS do not want a lowering of level of requirements, but to make the process easier thanks to synergies with “EU General Exports Authorisations for export of controlled dual-use systems” (EU GEAs).

The EC considered that evaluating the possible impact of the Transfer Directive on arms exports was not part of its mandate. In parallel however, arms exports control and the EU Common Position are mainly presented in the evaluation as 'limitations' and 'restrictions' that impact negatively the implementation of the Directive. This confirm our concerns that under cover of technical issues there will be a growing push for further liberalisation of the EU arms trade globally.

Another issue that will deserve a thorough follow-up in the coming months!!

Access to documents:
EC evaluation of the Transfer Directive
Recommendation 1
Recommendation 2
external evaluation by Technopolis group

In short

- **Preparatory Action on Defence Research formally adopted by EP and EU Council on 29/11 and 01/12:**
  The Preparatory Action on Defence research proposed under the 2017 Budget, with an annual envelope of 25 million EUR, was formally adopted by EU Member States on November 29 and the European Parliament on December 1st. However as you may know, the crucial vote took place on October 26th during the “1st reading vote” of the European Parliament, because this was the last opportunity for a specific vote on this military funding issue. For further details you can refer to the summary of the campaign sent a couple of weeks ago, and which is included as annex to this newsletter.

  The next steps will be to scrutinize this PA and to work in close cooperation with friendly MEPs to encourage them to set-up an efficient and critical annual review process at EP level.

- **Revision of the EU firearms directive under aggressive lobbying from pro-arms groups**
  The revision of the so-called “firearms directive” regulating the acquisition and possession of firearms is undergoing a fierce debate among EU institutions, under an intense and aggressive lobbying from pro-arms lobbyists, and partly hunters and sport shooters (see articles below). In this case the Commission is the body trying to impose a more restrictive regulation, while some Member States and a large group of MEPs are trying to water-down as much as possible the EC proposals. The Unit in charge of the file has been regularly complaining that civil society from the “anti-arms trade” did not show any support on this issue. Below 2 articles that sum-up the situation as it stands now.

  Commission battles hostile firearms lobby
  EU scrambles to finalise gun-control reforms

- **EU and US sign military logistical assistance agreement**
  official press release says:
  “The High Representative of the European Union for Foreign Affairs and Security Policy, Federica Mogherini and the U.S. Secretary of State, John Kerry signed an EU-U.S. Acquisition and Cross-Servicing Agreement (ACSA) today. This agreement fulfils a 2014 EU-U.S. Summit pledge to enhance practical EU-U.S. security and crisis response management cooperation.

  The ACSA will facilitate reciprocal provision of reimbursable logistic support, supplies, and services between the European Union and the United States during military deployments and operations. The signing of the ACSA marks a major milestone in EU-U.S. military cooperation in enabling crisis response and promoting security around the world. EU and U.S. personnel and forces continue to work hand-in-hand to address crises in international security, particularly in Africa.

  The ACSA will also help to reinforce the strategic partnership between the EU and NATO as they work together to strengthen defence and security in Europe and project stability among neighbours and partners.”