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When needs must (or exploiting existing European defence cooperation solutions to best avail)

When needs must: Over the years, Europe has developed a large number of collaborative defence sector instruments:

- OCCAR originally established in 1996;
- EUMS and other crisis management and response systems introduced since 2001;
- EDA created in 2004;
- the post of High Representative of the Union for Foreign Affairs & Security Policy and the “Headline Goals” established in Helsinki in 2009;
- CARD, the Coordinated Annual Review on Defence mechanism launched at the end of 2016;
- PESCO (Permanent Structured Cooperation) for which provision was made in the Lisbon Treaty and which was established in December 2017;
- EII, the European Intervention Initiative of June 2018;
- European Defence Fund and the creation of DG DEFIS in early 2021;
- European Defence Industry Reinforcement through Common Procurement Act (EDIRPA), the regulations governing which were adopted by the European Parliament on 12 September 2023;
- European Defence Investment Programme (EDIP), currently being drawn up, that was announced at the same time as the EDIRPA initiative;
- ASAP Regulation (Act In Support of Ammunition Production - Part 3 of the Ammunition Plan), which is now in force (publication in the OJEU on 24 July)

While each of these instruments has been developed for a specific purpose, such a lengthy list could give the impression of dispersion or duplication of effort. It was therefore wisely decided under the German Presidency of the Council of the European Union in the second half of 2020 that work should begin on drafting the “Strategic Compass”, a sort of European Defence & Security White Paper. This was then adopted by the European Council in March 2022 under the French Presidency. The aim of the Compass, as its name suggests, is to provide strategic guidance and clarity, while highlighting Europe’s shared goal of strategic autonomy, the common threats (old and new) that it faces and the capabilities needed as a priority to respond to these threats. Aptly named, the Compass should serve as a reference in ensuring the best possible use of the arsenal of tools at our disposal.

One of the key sentences in the Strategic Compass, which was already employed in the Versailles Declaration a few days earlier, states that: "a stronger and more capable EU will

contribute positively to global and transatlantic security and is complementary to NATO, which remains the foundation of collective defence for its members."

But while its short-term goal may consist simply of establishing a 5,000-strong Rapid Reaction Force, the Strategic Compass demonstrates that by "supporting Ukraine in facing Russia's military aggression, the EU is showing an unprecedented resolve" and is "more united than ever". The Strategic Compass will enhance the EU's strategic autonomy:

- by ensuring greater and better targeted investment in capabilities and technological innovations, at both EU and national levels,
- by filling strategic gaps and reducing strategic technological and industrial dependencies,
- by adopting a coordinated and collaborative approach to increased Member State and EU spending,
- by encouraging collaborative approaches (joint purchasing/common procurement/cooperative programmes) through VAT exemptions and new financial mechanisms and bonuses.

The Strategic Compass was unanimously adopted by the 27 EU members.

While the war in Ukraine has renewed much-needed NATO credibility, there are those who would argue that it has interfered with the process of European awakening and halted the momentum created by the Compass. For them, the urgency of the situation could be used to justify off-the-shelf purchases of supplies only obtainable from the Americans, the extra funds released for defence spending in Europe then being earmarked for that purpose rather than for joint, common and collaborative intra-European investment.

It would be contradictory, on the one hand, to predict that the war in Ukraine will drag out at length (and even a ceasefire would not lessen the long-term threat from Russia) while, on the other, not to join forces in working on medium to long-term European capability solutions. And where has it been demonstrated that national European short-term capability solutions have already be reached their limits?

It is against this backdrop that the Commission's "EDIRPA" proposal of 19 July 2022 of funding joint acquisitions through a mechanism with a budget of €500 million (reduced now to €300 million, the rest having been redirected towards ASAP) could not have come at a more opportune moment.

It will nevertheless remain necessary to use tried and tested procurement solutions to avoid the risk of duplicating existing structures and of having to wait until the Community Agency mentioned in the EDIP project has been established. This would, by definition, be inconsistent with the need to cater to the urgent need to replenish stocks and proceed with short and medium-term acquisitions. The terms of reference of the EDA make it an ideal candidate for this role, as underscored by its involvement in joint ammunition procurement . OCCAR, for its part, has already managed €100 billion worth of collaborative projects, its area of excellence but it could also be tasked with orchestrating joint purchases on behalf of several European countries and procurement on behalf of the EU for some common defence infrastructure acquisitions. OCCAR may only have a small number of members but, for projects it manages, it also involves non-member third countries, while fully respecting their interests as partners in collaborative programmes.

In his address in Prague, the German Chancellor, Olaf Scholz declared that: "OCCAR could become the nucleus of a Europe of joint defence and armament". Without necessarily taking things that far, OCCAR could undoubtedly be a vehicle, first for the rapid and efficient implementation of EDIRPA and then for that of EDIP, the European Defence Investment Programme, the aim of which is to extend and broaden the scope of EDIRPA. For greater efficiency and to avoid duplication of structural costs, it should be remembered that the EU could perfectly well task a National Armaments Agency with managing joint procurement operations with the consent of the States concerned. For example, France, Germany and Sweden have offered to act as joint procurement agencies under Part 2 of the ammunition action plan.

But whatever the channel adopted, it is vital that it should qualify for VAT exemption in the same way as the NSPA, which was the only option for those Member States naturally keen to avoid VAT for their Airbus MRTT acquisitions. EDA as such is not liable for VAT.

The "Collaborative Procurement of Ammunition" project funded within the EU via the intergovernmental European Peace Facility mechanism, with a suitably augmented budget for the purpose, was approved by the European Council on 20 March. The project has three complementary lines of thrust: financial compensation for countries delivering ammunition to Ukraine from their existing stocks, replenishing and supplementing Member State stocks to be better prepared for high-intensity warfare and ramping up manufacturing capacity in Europe. The European Defence Agency and Member States acting on behalf of several volunteer partner countries are considered capable of being tasked with joint procurement operations (2nd line of thrust).

It is worth recalling the terms of Article 42 of the Treaty of Lisbon: "The Agency in the field of defence capabilities development, research, acquisition and armaments (hereinafter referred to as the "[European Defence Agency](#)") shall identify operational requirements, shall promote measures to satisfy those requirements, shall contribute to identifying and, where appropriate, implementing any measure necessary to strengthen the industrial and technological base of the defence sector, shall participate in defining a European capabilities and armaments policy, and shall assist the Council in evaluating the improvement of military capabilities". In the following excerpt from Council Decision (CFSP) of 12 October 2015 defining the statute, seat and operational rules of the EDA, it is clearly stated in Article 5 that: "The Agency shall ... (c) propose multilateral projects to fulfil the objectives in terms of military capabilities, ensure coordination of the programmes implemented by the Member States and management of specific cooperation programmes, in particular by: (iv) taking, at the request of Member States, responsibility for managing specific programmes and (v) preparing, at the request of Member States, programmes to be managed by OCCAR or through other arrangements, as appropriate".

It is therefore clear that the European Council's recent decision extends the EDA's role to management of joint purchases, a task that EDA is diligently performing. Apart from this specific aspect of EDA activities, OCCAR's specific remit with regard to managing cooperation programmes begs the very real question of whether more systematic collaboration between the two bodies would not be the best way to ensure efficient use of public, financial and human resources.