



E u r o p e a n D e f e n c e A g e n c y

EDA Bulletin

Issue 3, December 2006

Gaining Altitude

Nick Witney, Chief Executive

You remember that old footage of the early space rocket launches. A dramatic countdown is followed by the moment of ignition; clouds of smoke and flame bear witness to huge amounts of energy being expended; and no movement is discernible. Then, agonisingly slowly, but with increasing momentum, the thing starts to head for the sky.

So it has seemed with the EDA; and the past semester has been the one in which the enterprise has demonstrably begun to gain altitude. You can read elsewhere in this bulletin about the main results delivered in the second half of 2006 – beginning with the entry into operation, on 1 July, of the Code of Conduct on Defence Procurement. We all know that we must wait for



Head of the EDA, Javier Solana (right) and Finnish Minister of Defence Seppo Kääriäinen at the informal meeting of EU Defence Ministers in Levi, Finnish Lapland, on 2-3 October 2006. (Photo Council of the European Union)

the confirmed award of the first cross-border contracts under the regime before we can claim that a genuine opening of the European defence equipment market is under-way, but the successful population of the Electronic Bulletin Board is an encouraging first step.

Following on from there, a fruitful meeting of the National Armaments

Directors Steering Board in September produced an important agreement on Security of Supply, as well as encouraging consensus on what sort of a Defence Technological and Industrial Base (DTIB) we should be striving to create in Europe. Two ministerial-level meetings of the Steering Board, the first in Lapland, then approved the

The EDA's Long-Term Vision for European Defence Capability Needs is available at

<http://www.eda.europa.eu/ltv/ltv.htm>

See articles on pages 3, 4, 5 and 6.

publication of the EDA's Long-Term Vision, and launched the first defence R&T Joint Investment Programme under the Agency's auspices.

This last development was an especially pleasing culmination to a year in which R&T, and the need to find ways to "spend more, spend better and spend more together", was a particular focus. The final tally of 18 contributing Member States plus Norway, and an overall budget of

€54m, both exceeded the top end of our original scale of expectation.

So we have done the things we set out to do in the course of 2006 – and we have an exciting 2007 to look forward to. We will start the year by welcoming Bulgaria and

Romania as the newest Member States participating in the Agency. And we know that the debate on the future of the DTIB will be an important agenda for us, with a major conference planned for 1 February in Brussels.

But if 2005, which finished with the agreement on the Code of Conduct on Defence Procurement, was "the year of the market", and 2006 has been "the year of R&T", then next year must be "the year of Capabilities". A strong consensus is emerging that we now need to tackle the creation of an ESDP Capability Development Plan. Thus far, our approach to capability development has been to focus on "targets of opportunity" – with some notably successful outcomes (see, for example, the piece on Software-Defined Radio elsewhere in this

Bulletin). But, now that we have the Long-Term Vision as an endorsed

basis, we need to become more systematic in our approach.

The last Steering Board meeting of the year has set us on our way. We have mapped out an approach for the year ahead with two

strands: taking the Capabilities guidance in the Long-Term Vision and making it more specific and directly usable by national defence planners; and conducting a process of "mutual disclosure" of national defence plans, so that pMS can identify opportunities for cooperation and the pooling of efforts and resources. The work will have to embrace many stakeholders beyond EDA staffs. We shall have to resist the temptation to over-engineer the process – to grind too fine, and forget that it is the outcome and not the process itself that matters. But, provided we recall the imperatives of speed and agility to which we have all subscribed in the Long-Term Vision, then I am confident that, as a "year of Capabilities", 2007 will be as productive as 2006 has turned out to be. ■



“ 2006 has been “the year of R&T”, 2007 must be “the year of Capabilities”. ”

Contents

Gaining Altitude	1
<i>Nick Witney, Chief Executive</i>	
A Shared View of a Challenging Future	3
<i>Hilmar Linnenkamp, Deputy Chief Executive</i>	
Assessing the Long-Term Vision	4
<i>Tim Williams, Head of the European Security Programme at the RUSI</i>	
The Long-Term Vision Propels Capabilities to Centre Stage	6
<i>Pierre Hougardy, Head of the Capabilities Directorate</i>	
Towards a European Defence R&T Strategy	8
<i>Bertand de Cordoue, Director R&T</i>	
Up and Running	10
<i>Ulf Hammarström, Director Industry & Market</i>	
What Sort of Defence Industry Do We Want?	11
<i>By Ulf Hammarström, Director Industry & Market</i>	
In Brief	12
European Defence Spending – the Facts	13
<i>Dick Zandee, Head of Policy & Planning Unit</i>	
Spreading the Word	15
EDA Events	16



Nowa gra o olbrzymie pieniądze

11 September 2006

Rzeczpospolita

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ROZMOWA Nick Witney, dyrektor wykonawczy Europejskiej Agencji Obrony
Nowa gra o olbrzymie pieniądze

Europa wydaje około 180 miliardów euro na uzbrojenie. W porównaniu z tym, ile przeznaczają USA, kwota ta wydaje się raczej skromna, jednak są to ogromne pieniądze.

LONG-TERM VISION

A Shared View of a Challenging Future

Hilmar Linnenkamp, Deputy Chief Executive

The lifecycle of military systems is often decades rather than years. B-52s from the early 1960s are still in service, which is not the case with commercial aircraft. This long lifecycle needs to be taken into account in the capability development process. Decisions made today will be reflected in capabilities we have in the 2030s. For that reason, it was considered necessary to provide decision-makers and military planners with an informed backdrop for their investment decisions.

On 3 October, the EDA Steering Board welcomed the output of a year long exercise - an **Initial Long-Term Vision (LTV)** for EU Capability and Capacity Needs (<http://www.eda.europa.eu/ltv/ltv.htm>). The Defence Ministers endorsed the report, a concise 25-page document, as a reasonable foundation for the EDA's medium-to-long term agendas.

The Initial LTV was developed in three parallel work strands discussing developments in the global context, the nature of future crisis management operations and trends in science and technology. The report presents the key findings in all three work strands, with special emphasis on issues related to military capabilities. The work was carried out in close co-operation with the EU Military Committee. A wide range of experts and organisations such as the EU Institute for Security Studies contributed to the exercise.

Its initial findings underline that some of the prevailing trends may have rather substantial implications for the military. These trends include commercially driven ubiquitous communications and generally available satellite observation and surveillance systems; diminishing numbers of young people available for recruitment; and increasing pressure on public spending due to the burden of aging societies. In particular, developments in the commercial markets will confront our own military with a situation where the (asymmetric) opposing party may have more sophisticated equipment than our troops do. That could give them local and temporary superiority – an effect all armed forces have always strived for.

This is one example of the issues that will be addressed in the LTV follow-on work to articulate possible military capability needs in the longer term. With a timeframe of interest up to the year 2025, the document allows Member States and the EDA to look beyond the Headline Goal 2010. It will serve as a framework for directing future military capability development, and could act as a significant catalyst to longer-term R&T activities as well as provide a foundation to shape tomorrow's European DTIB.

The vision is not an attempt to forecast a specific future, nor is it an effort to offer a road map to be followed over the next twenty years. Rather, it strives to indicate some of the most important trends which could contribute to the strategic environment awaiting us in 2025, and the nature of ESDP operations in that time. From this analysis it deduces a series of generic descriptions of capability characteristics and identifies Future Capability Profiles within the six familiar capability areas - Command, Inform, Engage, Protect, Deploy and Sustain.

The EDA's next major effort – generating an **EU Capability Development Plan (CDP)** - will assist Member States in developing their national plans and programmes in order to balance forces appropriately against ambition, resource and risk. It should allow the Member States to recognise potential for convergence of their plans, so that



“The vision is not an attempt to forecast a specific future.”

opportunities can be identified and pursued for joint investment and collaborative projects. Such activities need to be embedded in a shared perception of the most likely environment in which European forces would have to operate. The LTV offers this common view. ■

PERSPECTIVES

Assessing the Long-Term Vision

Tim Williams, Head of the European Security Programme at the RUSI (London) gives his views on the LTV.

Part of the purpose of publishing the LTV is to encourage a debate about how best to prepare for future security challenges and military requirements. So the EDA asked Tim Williams, Head of the European Security Programme at the Royal United Services Institute for Defence and Security Studies in London, to give his assessment of the report. If you would like to join the debate, please send your feedback via our website <http://www.eda.europa.eu/ltv/ltv.htm> where we will publish a selection of contributions.

By following robust trends, the European Defence Agency (EDA) has developed a credible vision of Europe's strategic environment and capability requirements in 2025.

In the course of its 28 pages the LTV goes far beyond the confines of the European Security Strategy and represents a clear progression in the development of an EU 'strategic culture' by providing an in depth assessment of the 'what, why and how' of ESDP in 2025. That 24 EU governments have all been able to sign up to such a detailed document, dealing with the most closely guarded of national competences,

indicates tangible progress in mustering consensus among EU countries on questions of defence.

In conceptual terms, however, the LTV is a caught somewhat trying to

square a circle. The objective of the LTV is to help the European defence community understand the future for which it must prepare but the vehicle for the Vision is the emerging European Security and Defence

Policy. It is in seeking to reconcile this objective with ESDP that the LTV displays some weakness.

At present the list of potential ESDP missions consists of humanitarian and rescue tasks,

peacekeeping operations, tasks of combat forces in crisis management (including peacemaking), joint disarmament operations, support for third countries in combating terrorism and security sector reform. These types of missions are largely concerned with the resolution of conflicts to which the EU is a third party and do not include operations in which the EU countries might be defending their territories or vital interests against an aggressor. Such matters remain, of course, the responsibility of national governments and NATO.

In seeking to prepare for the world in 20 years' time, however, defence planners, technologists and industrialists are unlikely to be guided, in the first instance at least, by the perceived requirements of conflict resolution missions.



“Many of the lessons are as relevant to combat as to crisis management.”

FINANCIAL TIMES
DEUTSCHLAND

Demografiewandel treibt Kosten der EU-Armeen

02 October 2006

Financial Times Deutschland

Wettbewerb um Nachwuchskräfte lässt Sold steigen Von George Parker und fidelius Schmid, Brüssel.

Den Staaten der Europäischen Union droht bis 2025 eine Kostenexplosion in ihren Verteidigungshaushalten.

Die Europäische Verteidigungsagentur (EDA) nennt als Grund die steigenden Ausgaben für Soldatengehälter. Wegen der rapide alternden Bevölkerung Europas stehen die Armeen im verstärkten Wettbewerb mit dem Privatsektor um den immer weniger werdenden Nachwuchs. Das treibe die Kosten, heißt es in einem Bericht der Agentur, der der Financial Times vorliegt.



Exploiting knowledge gathered by UAVs will be one important future capability. (Design : Future European Air Combat System/ETAP).

If a question remains unanswered, it concerns the role that ESDP will play in the future. In that regard, however, the LTV is clear – it is an initial vision and as both ESDP and the strategic environment evolve, the Long-Term Vision will also develop.

timw@rusi.org ■

Rather they will look towards the capabilities of potential strategic adversaries and what Europe and the European defence technological and industrial base will require to address such threats. And on the subjects of adversary and threat, the LTV is conspicuously silent. As a consequence, the LTV might find itself open to the charge that it will only be of relatively limited importance in determining future European defence capability and capacity needs. But such an accusation would be unfair. The LTV is a sensible

document and many of the lessons it identifies for military operations and capability development are as relevant to combat as they are to crisis management.

The six considerations it highlights for defence planning – knowledge exploitation, interoperability, manpower balance, rapid acquisition, industrial policy and flexibility for the unforeseen – will no doubt serve as guiding principles for the process in the years to come and point to the success of the Long-Term Vision exercise.



Perspektiven der Europäischen Verteidigungsagentur

November 2006

Hilmar Linnenkamp

"Die Long-Term-Vision kommt zu dem Schluss, dass die europäischen Regierungen in einer koordinierten Aktion das Ziel verfolgen müssen, den Anteil von investiven Ausgaben inklusive Forschung und Technologie in den Verteidigungsbudgets drastisch zu erhöhen".

The Daily Telegraph

EU defence strategy snatches stability from the jaws of victory

3 October 2006

The Daily Telegraph

DEFENCE ministers from Britain and other European Union nations will today be asked to endorse a bleak vision of future European military capabilities.

According to the new **European Defence Agency**, traditional ideas of "victory" will have to be jettisoned in favour of limited, multi-national campaigns to restore "stability" to conflict zones, with the grudging consent of an ageing, ever more casualty-averse European population.

The vision of Europe in 20 years' time was drawn up at the invitation of defence ministers by the EU body, which exists to push for more common spending and research by EU defence ministries and industries.

The paper, An Initial Long-Term Vision for European Defence Capability and Capacity Needs, paints a Europe in which plunging fertility rates leave the military struggling to recruit young men and women of fighting age, at a time when national budgets will be under unprecedented strain to pay for greying populations.

CAPABILITIES DEVELOPMENT

Long-Term Vision Puts Capabilities Centre Stage

Pierre Hougardy, Head of the Capabilities Directorate, talks about the importance of his task

The EDA has always said that its work is “capabilities-led”. What does that mean in practice?

Pierre Hougardy: The Joint Action which created the Agency is absolutely clear on this point: our mission is to support the Council and the Member States in their efforts to improve defence capabilities, specifically for crisis-management operations and the activities of ESDP. So everything we do must relate to that overall purpose. We must have a clear and shared view of what capabilities the EU and its Member States will need in the future and then ensure that every initiative we take in R&T, or to strengthen the Defence Technological and Industrial Base, helps to meet those capability requirements.

What has the Agency achieved so far in this area?

P.H.: Progress can be measured in two ways: by looking at specific projects and by considering the framework which has been created to tackle the problem in a systematic way. There are encouraging results in both. Very early on, we produced a significant study on future requirements for Command, Control and Communication (C3), which in turn has led to positive results in the area of Software Defined Radio ([see page 7](#)) and good work on Network Enabled Capability. We have worked with Member States to try to address short-term requirements in areas such as strategic lift and air-to-air refuelling, where we have managed an ad hoc group of 11 Member States seeking improvements.

Behind the scenes, we have mapped the overall Capability Development Process showing how it fits into the overall ESDP picture and the complicated institutional framework of the EU. We have also tied the various R&T technology communities (“CapTechs”) to capability themes so that each effort is coordinated. And we have set up Integrated Development Teams, networks of experts to address and develop solutions for specific capability needs.

What is going to happen on the basis of the Long-Term Vision?

P.H.: The LTV is a huge step forward because it provides a political and intellectual framework for capabilities development, it offers specific and detailed guidance on the areas we need to work on, and it gives a real stimulus to the work which the Agency and the Member States must undertake together. Establishing an ESDP Capability Development Plan (CDP) is a major component of our 2007 work programme. This will naturally be based on the EU’s Headline Goal for 2010 but, in relation to the lead times for developing new defence capabilities, 2010 is effectively tomorrow. So the idea is that we should use the LTV analysis to work on priorities over the next two decades. Crucially, the CDP will provide a vehicle for mutual transparency amongst the Member States of what their medium- to long-term



The mission is to support efforts to improve defence capabilities, specifically for crisis-management operations.

defence planning looks like, so that opportunities can be identified and pursued for joint investment and collaborative projects; for pooled acquisition of capabilities; for coherent role specialisation; or for anything else where the pooling of efforts and resources promises better value for money from constrained defence budgets.

There have been joint European efforts to improve defence capabilities in the past. Why will this be different?

P.H.: We recognise that we are building on the foundation of much good work which has been carried out in the past, both within the EU and NATO. But many previous initiatives have focused on individual shortfalls, trying to plug gaps over a relatively short period. Our aim is to be more comprehensive and systematic, taking a sufficiently long-term view so that governments will

be able to re-orient spending and investments – nationally and through increased collaboration – to deliver the capabilities which all agree that they and the EU need.

What are the biggest challenges you face in this aspect of the Agency's work?

P.H.: Currently, Member States approach capability development in very different ways, the result of different cultures, processes and mind-sets. Further work to understand fully what will be required from future EU-led crisis management operations and how such military force can be deployed will help to bring these different cultures together. We also have to bear in mind the requirements and

concerns of industry and face the challenges posed by emerging technologies. This will require pragmatism, sensitive handling and a real commitment by all concerned.

How does working at the EDA compare with previous positions you have held?

P.H.: A multinational organisation is an extremely challenging environment to work in, but also a most rewarding one. The EDA is no exception. The ground-breaking principles and concepts for how the Agency is trying to help Member States give real substance to ESDP, namely through an integrated and capability-driven approach, present a unique test for all of us. ■



“Our aim is to be more comprehensive and systematic.”

SOFTWARE DEFINED RADIO

A year ago, the EDA Steering Board directed the Agency to work towards a collective European approach to developing a next-generation Software Defined Radio (SDR) as a joint civil/military endeavour.

The Agency can now report that such a collective European approach towards a next-generation SDR is well on track. This approach includes a **Commission study project** (“WINTSEC”), a complementary **EDA study** on military specifications, and a major **collaborative project of five governments**.

The new Preparatory Action for Security Research (PASR) announced by the Commission in October includes a project aimed at improving wireless interoperability for security (WINTSEC). This €3.7 million project studies “...the deployment of standardised Internetworking layer at Core Network level and Software Defined Radio (SDR) added value...” for security end users. Contracts will be signed by the end of the year and, from January 2007, the specific programme on security within the 7th Framework Programme will take over from the PASR for seven years.

In parallel, the EDA has worked with Member States to establish longer term military requirements for a future generation of SDR and has invited tenders for a **€1.75 million study** to complement the Commission WINTSEC project. This will support the long-term collective European approach to develop the next generation of interoperable SDR as a joint civil/military endeavour, and will secure the military footprint in this initiative.

In addition, Finland, France, Italy, Spain and Sweden have proposed a **€100 million study** on a European Secured Software Defined Radio Referential (ESSOR). This ambitious study aims at enhancing interoperability (in Europe and with the US) of medium-term national SDR projects and at promoting a truly European technological and industrial capacity of strategic importance. The ESSOR study, led by France, is planned to be an ad hoc project under the auspices of the EDA.

R&T

Towards a European Defence R&T Strategy

Bertrand de Cordoue, Director, R&T

Having made 2006 the “year of R&T”, the time has come to draw up a report card on what has been achieved. The direction was clear and firm: at their informal summit at Hampton Court in October 2005, EU Heads of State and Government recognised Defence R&T as a key priority. Then, at the December European Council, Javier Solana proposed the way forward: better data, more ad hoc collaborations; more money and investigation of a new joint funding mechanism; and definition of a European Defence R&T strategy, including identifying priorities in those technologies which we should especially seek to preserve or develop in Europe.

A major conference in February was followed by two meetings of the Agency Steering

Board in March and May, largely devoted to the issue and consolidating consensus on the need to “spend more, spend better and spend more together”.

These imperatives were underlined by the data showing that only about 1.25% of European defence spending goes on R&T. As Solana reported to the Heads of State and Government, “this level of investment is clearly inadequate to sustain an internationally

competitive DTIB in Europe”. He went on to note that “with ad hoc collaborative projects slow to materialise, the importance of reaching early agreement on a joint investment scheme cannot be overstated”.

So it is a source of particular satisfaction that, by the year’s end, the first Defence R&T Joint Investment Programme on Force Protection, involving three-quarters of our participating Member States, was ready to be launched (see accompanying article on page 9).



“A more systematic technology watch needs to be organised.”

Turning to strategy and priorities, a series of intensive workshops involving experts from participating Member States led to a methodology guide “Defining and implementing a European R&T strat-

egy for Defence applications” in April, proposing to address this complex task through a step-by-step approach listing a dozen of actions which could be undertaken to contribute to that objective. These actions relate, for example, to:

- drawing lessons from the definition of the first JIP;
- implementing such programmes into proper roadmaps;
- setting up a technology watch



EDA Takes First Step Toward Joint Research

27 November 2006
Defense News

The European Defense Agency (EDA) approved its first substantial military research project, finally launching a working model it needs to herd national capitals toward joint defense research investment.

The Nov. 13 decision opens the door to a wide range of shared research-and-development possibilities, and reinforces the rationale for nations to cooperate in planning capability development and defense budgets, according to EU officials.

mechanism;

- co-ordinating with other strategies;
- handling of Intellectual Property Rights or the introduction of competition in R&T...

But even if we can be pleased with these achievements, we know that most of this work plan is still in front of us and that we have a lot more work to do:

- Scientists and R&T specialists have made substantial contributions to the technology dimensions of the Long-Term Vision. As we now move towards formulating a set of common capability priorities, there will be more focus on areas in which further joint investments in R&T could be launched.
- Defence R&T planning also has to take into consideration criteria

related to the Defence Technological & Industrial Base (DTIB), such as competitiveness, autonomy or non duplication. Further analysis involving industry is of course needed to identify the key technologies from that point of view and to introduce these priorities in the definition of our R&T strategy.

- There is broad support too for the idea that Defence R&T spending should increasingly be coordinated with other R&T investments in the civil area, which means that a convincing Defence R&T strategy must include a certain degree of articulation with other strategies and programs. This is for instance obviously the case with the EU Research Framework Programme, and particularly with its potentially dual-use element on security research.
- Similarly, a more systematic technology watch needs to be organised on a European basis to detect technology breakthroughs which may influence defence capacities in the future. This dimension will progressively become part of the strategy development process.

So a common European Defence R&T strategy will not be built in one day. It is much more an incremental process, made up of pilot test-initiatives and of intensive common thinking and work to agree on ends and means. But in the end, what matters is to increase the number of collaborative activities and projects targeting common priorities. And, from that perspective, we are off to a very good start. ■

THE JOINT INVESTMENT PROGRAMME ON FORCE PROTECTION

On 13 November 2006, the EDA Steering Board approved the Joint Investment Programme on Force Protection (JIP-FP). The JIP-FP initiative is unquestionably a breakthrough, but it is also as an experiment: for the first time, a number of EU Member States, under the EDA umbrella, are jointly investing in an R&T programme aimed at a shared European military priority, committing the money before final decisions are taken on exactly how and where to spend it.

The major features of this initiative are:

- Participation was optional but has been high: **18 Member States and one third country** having an administrative arrangement with the EDA, Norway, have launched the JIP, which is due to run for three years.
- The Programme is **capability-driven**: starting from the capability objective “force protection”, specific technology areas and research themes have been identified.
- Funding of the JIP-FP totalling around **€54 million** has been agreed and committed in advance by the governments who are taking part.
- A set of **management rules** for the JIP-FP have also been approved. A management committee where each contributing state is represented has been established to govern the programme; its decisions can be taken through a voting mechanism reflecting the share of each contributor in the budget.
- R&T activities which will be funded under the JIP-FP will be selected through **calls for proposals** addressed to industries and laboratories from the contributing Member States.
- All contributors will have **equal access** to the results of the JIP-FP.
- A **global balance principle** has been agreed to monitor the work-sharing under the JIP-FP.

The amplifying effect of **joint investment** should increase the return to even the biggest contributors by a factor of four or five. But perhaps the biggest benefit of all will be the introduction of new “players” – research institutes as well as governments – into European defence R&T. Almost half the JIP-FP budget is being contributed by Member States outside the traditional “big six”; whilst the competition rules require bidders to team up with research centres in other Member States. The creation of new networks should itself provide a further boost to European innovation.



An EDA R&T CapTech National Coordinators seminar took place on EDA premises on 5 December 2006. This seminar was attended by 60 Government representatives from 19 countries belonging to the whole spectrum of technology areas (CapTechs) and to both levels of national representation, R&T Point of Contact (coordination level) and CapTech National Representative (working level). The objectives were to assess the situation of the CapTech structure after 18 months of its creation. (Photo EDA)

CODE OF CONDUCT

Ulf Hammarström, Director Industry & Market, talks about achievements and challenges ahead

Up and Running

The Code of Conduct on Defence Procurement has been operating since 1 July, subscribed to by 22 of the 24 Member States participating in the Agency. And the EDA Electronic Bulletin Board, the practical embodiment of this new marketplace, is offering new opportunities to suppliers across Europe to compete for contracts which previously would have been protected under Article 296 of the Treaties. On 1 December, there were more than 85 such opportunities posted on the Bulletin Board by 11 Member States, with an aggregate value that we estimate at over €5 billion. Also operating is the associated Code of Best Practice in the Supply Chain, with the aim of promoting fair and equal competition down the supply chain. Significant change has happened in defence procurement.

Of course, some will say that none of this means anything until we have seen a full contract cycle and the first cross-border contracts are actually awarded to suppliers from other Member States of the Union. That is true, but it is like complaining to a baby that has started walking but does not yet know how to run. We can confidently say at this stage that the Electronic Bulletin Board is off to a good start, demonstrating that we have crossed a psychological watershed.

For decades, the automatic assumption about procurement of defence equipment was that it should be done on a national basis.

That assumption is now replaced by one of Europe-wide competition. Furthermore, there is transparency to enable monitoring of the implementation. The EDA is informed of contracts being awarded under the exemptions to the Code, although those are of course not published. And

the benefit will be felt not only by the customer – for the benefit of taxpayers and the armed forces – but by Europe's Defence Technological and Industrial Base as a whole. It will help to promote centres of excellence across the continent and should mean less duplication and more specialisation to ensure competitiveness.

But we are not resting on this success. More will need to be done to ensure that there is equal opportunity and that the EDA adds value where it can do so best. For example, we hosted a workshop in October bringing together National Armaments Directors and officials from countries which joined the European Union in 2004, plus Romania and Bulgaria, with representatives of a number of European defence companies which often act as prime contractors for major defence equipment purchases. The aim was to support the new Member States whose defence industries have to undergo a significant transformation so that they can better integrate into the new European Defence Equipment



Col. Nikolay Yankov, Bulgarian National Armaments Director (left), with Arturo Alfonso Meiriño and Margarida Costa of the Industry & Market Directorate at an industry seminar in Sofia on 30 November 2006.

Market. Countries will only open up their markets if there is mutual benefit. Because of their history, the industries of the later members of the Union have a particular transformation period to go through before they can fully integrate with the "older" Member States' industrial structures. The EDA will do all it can to support in this process.

The Steering Board has also agreed important new elements to support the new market, by enhancing security of supply and security of information across the borders of the Member States subscribing to the new regime. Since September, they have committed themselves to try to meet requests from another Member State for goods and services during an emergency, crisis or armed conflict, including from their own stocks if necessary.

...(continued on page 15)

Some 85 contract opportunities with a value over 5 billion Euros are posted on the EDA electronic bulletin board at:
<http://www.eda.europa.eu/ebbweb/>

EDTIB

What Sort of Defence Industry Do We Want?

Why is it important to have a defence industry, nationally and on a European level? Why not just buy military equipment on the global market?

There are many aspects to the answers to these questions but, fundamentally, governments have an interest in and seek control over knowledge and supply in this critical area. At root, it is to do with independence, sovereignty or autonomy. The defence industry does not serve a normal commercial market. It relies on public – principally Ministry of Defence – procurements, and so governments are by definition interested in sustaining the industry. Fully autonomous sourcing of all military commodities and services is not practical, economically feasible or desirable. But if independence meant nothing, there would be little interest in having a defence industry within your own borders. The key thing becomes to define where you seek independence; the appropriate level of autonomy to aim at in a globalised world. This process, started by the Steering Board in September, will be a major focus of our work in 2007.

There is today broad agreement that Europe should have a strong and competitive Defence Technological and Industrial Base (DTIB) to underpin ESDP as an enabler to a self-standing European capability for crisis management. Member States have agreed that the European DTIB should be characterised by three “C’s”: Capability-driven, Competent and Competitive. Capability-driven

means providing what the military requires; competent means our soldiers should have the best, cutting-edge equipment that can be found; and competitive means it should be provided in an economically efficient manner to the benefit of the taxpayers.

Pressure on European defence budgets, which are often decreasing, and the increasing costs of equipment development and of international operations, mean that European defence industries will struggle to survive and remain globally competitive in the years ahead. For sure, no single country is any longer capable of sustaining a complete DTIB to meet all future military requirements. Since we are not content to only rely on the global market, a European perspective on the DTIB is necessary where the national DTIBs are no longer the answer. And the answer must go beyond simply adding up the existing 24 national DTIBs.

For an EDTIB to develop, a more efficient use of the available resources is required. This will include more cross-border rationalisation of the European DTIB and centres of excellence with an acceptable regional distribution. Redundant industrial capabilities should be sustained only where they constitute a necessary basis for competition. Otherwise they will be an

unaffordable luxury. A more common European approach to which key capabilities should be preserved or developed on a European level is a necessary first step. Each nation will have to decide what its key national

capacities are, bearing in mind the agreed rules of the Code of Conduct Regime in Defence Procurement and its undertakings of transparency and competition.

Broadly speaking, helping member

states to converge their thinking on what achieving the three “C’s” require is the starting point. Such a common vision – which involves less duplication, more specialisation, more mutual dependence and less dependence on non-European sources of supply – will make it easier to work out how to get from here to there, as well as facilitating collaboration and joint investment. A major EDA EDTIB Conference on 1 February 2007 will be instrumental in drawing up the needed policies and strategies.

There are therefore two dimensions which will guide our work for achieving a future EDTIB; firstly, deciding how much sovereignty in which key technologies is possible and desirable on a European level; secondly finding the balance between market forces and government direction (via co-operative programmes or R&T investment) in shaping the future EDTIB. ■



“A major EDA EDTIB Conference will be held on 1 February 2007.”
Ulf Hammarström

New Approach for Rationalising European Defence Test & Evaluation Base

Competitive and cost-efficient defence test and evaluation facilities are crucial for armaments acquisition. They are used to reduce the technological and cost **risks of development** and to assure governments of the capabilities of defence equipment before it is passed to the military user. Because European Test & Evaluation capacities have grown up on a national level, a rationalisation effort is needed in this important area.

Until now, the EDA has focused on the "supply side", in order to map European test facilities and to identify and then deal with overcapacity.

We are now looking with Industry at the "demand side" as well, to ensure the full picture is understood. The Aerospace and Defence Industries Association of Europe and the EDA recently organised a seminar to address this issue. Any rationalisation effort must take into account all of the needs for future Test & Evaluation capabilities in Europe and be consistent with the Long-Term Vision and the future R&T and European Defence Technological and Industrial Base strategies, which the EDA is developing.

The methodology envisaged is to set up **groupings of Test & Evaluation capacities** in Europe to satisfy the current and future needs of customers, preventing any unnecessary duplication. For the time being we have established, as a test case, an Embryo Grouping in a specific technical area, Electromagnetic Effects. If this proves successful, more could follow.



*Carlo Magrassi,
Armaments Director*

**A prototype of the
EDA-hosted system is
expected in early 2007.**

A "Dating Agency" for Work on Standards

The EDA's Standardisation Policy is to increase, in co-operation with the participating Member States and Industry, the transparency and commonality of standards used in defence procurement. The overall aim is to **enhance interoperability** and **reduce acquisition costs**.

One of the most exciting areas is the development of a **European Defence Systems Standardisation Information System (EDSIS)**, that will for the first time provide the pMS with the opportunity to share standardisation information.

A prototype of the EDA-hosted system is expected to be up and running in **early 2007** and initially it will provide information on new military standards being developed by the pMS or major revisions of existing standards. The EDSIS is simple but effective as co-operation can be identified quickly to allow resources to be shared in the production of bi-national or multi-national standards. Thus expertise and costs can be shared, and interoperability enhanced through the use of these common standards.

In the longer term, the EDSIS is expected to hold, or link to, information on national standardisation organisations and procedures, as well as links to national and standardisation websites. In effect, it will become **the single portal** for European Defence Standardisation and a tool to do business better.



**A lightning simulator at
the Wroclaw University
of Technology.**

Pictured are (from left) Cornelius Van Es, Senior Officer/Armaments Directorate of the EDA, Dr Ryszard Zielinski of the Telecommunications, Tele-informatics and Accoustics Institute at the Wroclaw University of Technology, Michel Gari, Principal Policy Officer, Armaments Directorate of the EDA, and Col. Witold Jagiello, Chief of Analysis and Programming at Armaments Policy Department of the Polish Ministry of Defence.

DATA

European Defence Spending – the Facts

Dick Zandee, Head of Policy & Planning Unit

For the first time, detailed data on European defence expenditure have been collected by the EDA. These data reveal: how much is spent, on what the money is spent, and how many troops Europe has deployed for crisis management. The data have been assembled, based on an initial



The figures prove that Europe is under-spending.

set of indicators approved by the Ministerial Steering Board in November 2005. The data-gathering exercise will be conducted on an annual basis, providing the Agency and its participating Member States with baseline information on defence spending input and output. These figures will also assist the Agency in its different work strands, in particular on Research & Technology and Armaments co-operation, and the upcoming elaboration of a Capability Development Plan.

HEADLINES

In 2005, the 24 EDA countries spent a total of €193 billion on defence, roughly half of what the United States spent but still an enormous amount of European taxpayers' money. It constitutes 1.81% of the

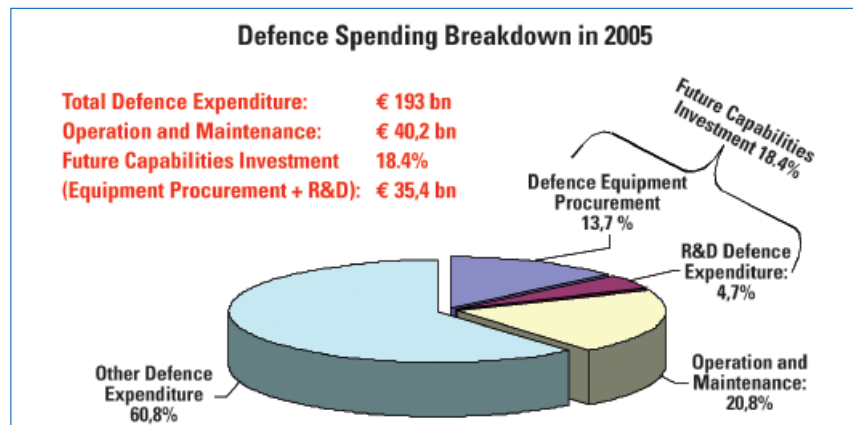
combined € 10.6 trillion economies and 3.81% of the government expenditure of all 24 states. This

INVESTMENT

Research & Development (R&D) and Equipment Procurement constitute the two essential spending categories for investing in future military capabilities. The breakdown shows just over 18% of Europe's

average of 1.81% is below the target of 2%, which NATO has set for its Member States.

Another way of comparing investment is to analyse what is spent per soldier. Data show that the 24 EDA countries spent about € 19,000 per soldier on future capabilities investment (the U.S.



defence spending went on such investment (the U.S. spent around 32%).

Les Echos

LE QUOTIDIEN DE L'ECONOMIE

INDUSTRIE

Europe : 150 millions pour les premiers programmes de recherche militaire

ALAIN RUELO

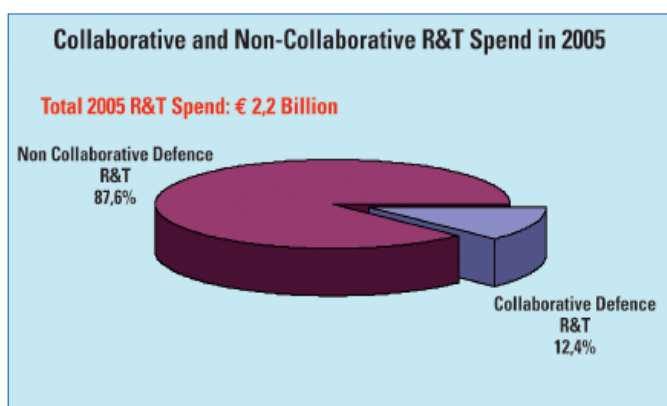
13 November 2006

A la grande satisfaction de ses promoteurs, l'Europe de la défense devrait franchir un palier significatif aujourd'hui avec le lancement, à Bruxelles, par les ministres de la Défense des 24 pays composant l'Agence européenne de défense (les 25 moins le Danemark) de deux programmes de recherche à vocation militaire. C'est une première dans les annales de l'Union, d'autant que les moyens consacrés suivent avec 150 millions d'euros mobilisés, dont plus de 50 millions pour la France, premier contributeur, selon nos informations. « C'est sans précédent », confirme-t-on au sein de l'agence. Le premier programme, le plus avancé, porte sur les technologies de radio logicielle pour définir la radio tactique du futur la plus « interopérable » possible, un domaine dans lequel les Etats-Unis ont une longueur d'avance. Partant du constat de l'absence de démarche coordonnée en Europe, un gros travail a été mené pour rassembler les efforts de cinq pays : Suède, Finlande, Italie, Espagne et France.

R&T

Research & Technology is crucial for delivering future capabilities. The Agency is unique in assembling

European Defence R&T data, as all other institutions assemble R&D figures. R&T, a subset of R&D, encompasses basic research, applied research and technology demonstration (but not "Development", leading to procurement of



equipment). The figures prove that Europe is under-spending, with just over 1.1% of all defence money allocated to R&T. As shown in the chart below only a small portion of R&T expenditure was spent collaboratively.

DEPLOYED TROOPS

What *output* did Europe achieve with almost € 200 billion of *input*? In 2005, the 24 EDA countries had on average 73,500 troops deployed in crisis management operations. Set against the total military strength of over 1.8 million soldiers this implies that approximately 4% of the troops were deployed (the U.S. percentage was 16%). Troops need to be rotated, so the percentage of deployable troops might be five times higher. However, it still represents a small percentage of the total number under arms. ■

EUROPE AND US: COMPARING 2005 DEFENCE EXPENDITURE

	Europe	US
Total military	1,855,000	1,371,000
Deployed in operations	73,600 (4%)	227,400 (16%)
Research & Development incl. R&T	€9.0 bn €2.2 bn	€53.2 bn €13.4 bn
Equipment Procurement	€26.4 bn	€77.6 bn
Investment (Equip. Proc. + R&D)	18%	32%



España y otros cuatro países lanzan proyecto de radio militar

13 November 2006

[Agencia EFE - Servicio General](#)

Bruselas, 13 nov (EFE).- España, Francia, Italia, Suecia y Finlandia firmaron hoy un proyecto de 100 millones de euros para contar de aquí a 2010 con un sistema de radio por software que garantizará comunicaciones seguras a una fuerza militar multinacional.

"Es un proyecto no sólo muy interesante tecnológicamente, sino que permitirá mejorar mucho la interoperabilidad entre Ejércitos", dijo en una rueda de prensa el ministro español de Defensa, José Antonio Alonso, quien calificó el sistema como "más seguro, fiable y rápido".

...(continued from page 10)

In principle this means that the level of Security of Supply previously enjoyed only by the six Lol nations, now exists on a European level. This is a key step in enhancing the mutual confidence without which no common market can exist. The Member States also agreed rules governing the security of classified information relating to defence procurement. These are important steps towards ensuring that governments can buy from defence suppliers across Europe with full confidence and that no companies will suffer any discrimination on these grounds. ■

SPREADING THE WORD

SPREADING THE MESSAGE

In preparation for new EU members Bulgaria and Romania joining the EDA on 1 January 2007, Chief Executive **Nick Witney** met **Bulgarian Defence Minister Vesselin Bliznakov** in Sofia in July (below) and **Arturo Alfonso Meiriño**, Deputy Director for Industry & Market, visited **Eng. Ioan Ion, Romanian Secretary of State and Chief of Armaments Department**, during a seminar held in Bucharest on 28 November (right).



EUROCORPS SEMINAR

Malgorzata Alterman, Head of Media & Communication at the EDA, addressing a seminar on information organised by the Eurocorps in December.



ASD CONVENTION IN VIENNA



EDA Chief Executive Nick Witney giving a keynote address to the annual convention of the AeroSpace and Defence Industries Association of Europe (ASD) in Vienna. "The future will be bright and prosperous only if we redouble our efforts to prepare it, and to prepare it together," he said. (Photo AAI Austrian Aeronautics Industries Group)

SDA CONFERENCE



A conference organised by the EDA, the Finnish EU Presidency and Security and Defence Agenda on "Challenges for the European Defence Technological and Industrial Base" brought together senior representatives from government, EU institutions and industry. (Photo SDA/Bénédicte Maindix)

EDA EVENTS

Key Dates for the first half of 2007

12 January	JIP Management Committee
25 January	Capability Development Plan Team
1 February	EDTIB Conference
2 February	R&T Directors Seminar
29 March	Steering Board (National Armaments Directors)
14 May	Steering Board (Defence Ministers)
June/July	Steering Board (Capabilities)

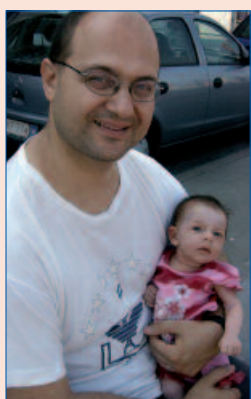
CHRISTMAS PARTY

Not an EDA lecture, but children of Agency staff enjoying the entertainment at the Christmas Party.



ANOTHER NEW ADDITION

Leonardo Argiri, Project Officer in the EDA Research & Technology Directorate with his new baby **Valentina**.



Le Monde

Une Europe vieillissante risque de manquer de soldats

5 October 2006

UE -- AGENCE EUROPÉENNE DE LA DÉFENSE

DANS VINGT ANS, la défense va connaître, en Europe, de graves problèmes de recrutement dus au vieillissement de la population, souligne l'Agence européenne de défense (AED) dans un rapport intitulé " Une vision à long terme des besoins et capacités de la défense européenne " et rendu public lors de la réunion des ministres européens de la défense, mardi 3 octobre, à Levi (Finlande).

L'agence, qui a rencontré, pendant un an, un " panthéon d'experts " européens, estime qu'avec 2 millions d'hommes et de femmes en uniforme l'Europe a encore de la marge. Elle préconise un recours accru à la sous-traitance, à l'automatisation et à la réduction de capacités jugées superflues : les Européens, se demande l'Agence, ont-ils besoin, collectivement, de 10 000 chars et de 3 000 avions de combat ?

Dans l'Europe de 2025, qui ne représentera plus que 6 % de la population mondiale, écrit l'Agence, le pourcentage des plus de 65 ans passera de 37 % à 48 % ; le réservoir de la tranche 16-30 ans, dans lequel recrutent les armées, aura été réduit de 15 %

TEAM SUPPORT

EDA Project Officer **Wolfgang Schröder** has had to return to his native Germany due to a serious illness. All of his colleagues at the Agency send him and his family our very best wishes.