



The 7th International Scientific Conference
**“DEFENSE RESOURCES MANAGEMENT
IN THE 21st CENTURY”**
Bra ov, November 15th 2012



EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

C lin AVRAM

Air Force Staff

Abstract:

The European Defence Agency (EDA) works in a policy area traditionally characterised by high diversity among actors regarding basic notions of what level of integration and which principles of interaction in the defence sector are appropriate for the EU, which countries should participate in defence cooperation, and what coordination mechanisms and instruments should be used.

Key words: security, defence, policy, states, governments, cooperation, armaments.

1. Introduction

The European Defence Agency was established under a Joint Action of the Council of Ministers on 12 July, 2004, "to support the Member States and the Council in their effort to improve European defence capabilities in the field of crisis management and to sustain the European Security and Defence Policy as it stands now and develops in the future". The European Defence Agency (EDA) works in a policy area traditionally characterised by high diversity among actors regarding basic notions of what level of integration and which principles of interaction in the defence sector are appropriate for the EU, which countries should participate in defence cooperation, and what coordination mechanisms and instruments should be used.

2. Background to the European Armaments Cooperation

Armaments cooperation in Europe has a long tradition, the first cooperative programmes being launched in the 1960s, and their number increased considerably over the following decades. Because of the reductions of defence budgets, the increased complexity of military systems, their spiralling costs, and the requirement for increased interoperability within alliances, States more and more resort to collaborative procurement for their defence equipment. In a collaborative defence procurement programme, participating States agree to procure and manage together the development and/or production of a complex military system and/or its support. Procuring collaboratively is expected to have cost benefits during the development and the production phase of the system, operational benefits because of interoperability and standardisation of equipment across the participating States, industrial benefits such as technology transfers, and political benefits by helping the participating States foster mutual understanding. However, the most important factor encouraging collaborative procurement is the inability of most European States to procure complex

EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

military equipment otherwise than either by buying it from the United States or by sharing its costs with other States.

Projects such as Transall, Tornado, HOT, Milan and Eurofighter – to name only a few – have illustrated both the political will and the technological capability to develop high-tech weapon systems jointly. However, this armaments cooperation was not entirely a success story due to some very specific factors:

- it has been limited mainly to aerospace and defence electronics, whereas land armaments and naval shipbuilding have remained by and large nationally focused
- armaments cooperation has traditionally been organised on a purely intergovernmental, ad hoc basis, which has implied complex institutional and industrial arrangements, leading to delays and cost overruns
- these programme-specific arrangements have not changed the fundamental weakness of Europe's armaments sector, market fragmentation, which results in costly and unnecessary duplication.

All this has put European countries under pressure to develop a more ambitious and systematic approach towards armaments cooperation, the latest twenty years showing a multitude of multinational initiatives at different levels and with varying memberships, leading to an extremely complex institutional landscape. The Western European Armament Group (WEAG), Western European Armament Organisation (WEAO), the Organisation for Joint Armaments Cooperation (OCCAR) and the Letter of Intent (LoI) are the most important multinational initiatives established during this period.

Even these initiatives seem innovative and promising, they have been developed outside the EU-framework. In general, the results have not been satisfying, the market fragmentation and duplications persisted, and the institutional setting remained a patchwork. In some areas competences overlapped, whereas others were not covered at all. The various initiatives were not coordinated, and there was no overall strategy, because a coherent armaments policy was missing.

3. European Defence Agency

In 2004, the Council of the EU created a European Defence Agency (EDA) to support the EU Member States in their effort to improve the EU defence capabilities in the field of crisis management and to sustain the development of the European Security and Defence Policy (ESDP). The European Defence Agency, within the overall mission set out in the Joint Action, is ascribed four functions, covering:

- developing defence capabilities
- promoting Defence Research and Technology (R&T)
- promoting armaments co-operation
- creating a competitive European Defence Equipment Market and strengthening the European Defence, Technological and Industrial Base (EDTIB)

These four functions form the chain for capability development, from defining requirements via research and armaments cooperation to industrial supply. This integrated approach will contribute to coherent capability development, where demand and supply are optimally connected in order to save time and costs for governments. More collaboration will, in turn, provide opportunities for industrial restructuring and progress towards the continental-scale demand and market, which industry needs.

EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

The Agency conducts its activities within a strategic framework. It consists of four strategies, endorsed by EDA Steering Board.

- **The Capability Development Plan (CDP)** provides to Member States an auditable picture and assessment of capability trends and requirements, over the short, medium and long term, in order to inform national decisions on defence investments; this includes the identification of areas for cooperation for capability improvement, and the proposal concerning options for collective solutions. The CDP is the overall strategic tool, the 'driver' for R&T investment, for armaments cooperation and for the defence industries.

- **The European Defence Research & Technology (EDRT)** strategy aims at enhancing more effective R&T in support of military capabilities. The EDRT strategy defines the 'Ends' (in which key technologies to invest), the 'Means' (how to do this) and the 'Ways' to implement the ends and means through roadmaps and action plans.

- **The European Armaments Cooperation (EAC)** strategy is focused on promoting and enhancing more effective European armaments co-operation in support of CSDP capability needs. The EAC strategy defines how to improve the effectiveness and efficiency of European armaments programmes by a series of actions, applying lessons learned from past experiences through a 'Guide to Armaments Co-operation Best Practice'.

- **The European Defence Technological and Industrial Base (EDTIB)** strategy describes the future European defence industrial landscape, based on the three C's: Capability-driven, Competent and Competitive. The future EDTIB has to be more integrated, less duplicative and more interdependent, with increased specialisation, for example by establishing industrial centers of excellence. It refers to action fields for which Governments will be responsible, such as consolidating demand and investment. Logically, the strategy links the work on realising the future EDTIB to the Agency's activities on the European Defence Equipment Market. Special attention is paid to the importance of Small- and Medium-sized Enterprises with their typical flexibility and capacity to innovate.

These strategies provide for the destinations of EDA's activities in the four functional areas and for the course to be followed. But they don't produce capabilities by themselves. These have to be generated through concrete projects and activities.

4. European Armaments Co-Operation Strategy

The participating Member States (pMS') have developed sophisticated methods to identify their capability needs. They took account of their membership of the EU and other organisations and from these derived their political and military ambitions. One of the natural sources for identifying capability needs is through the EDA's Capability Development Plan (CDP), although it is recognised that not all needs will be fulfilled through co-operative programmes. A European policy approach to armaments was needed that links the future European capabilities needs with the future EDTIB and investment therein. In 15 October 2008 the European Armaments Co-operation Strategy (EAC) was approved by the Agency's Steering Board, having the following strategic aims:

1 - Generate, promote and facilitate cooperative programmes to meet capability needs

2 - Ensure the EDTIB and investment therein is capability orientated and supports future co-operative programmes

EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

3- Improve the effectiveness and the efficiency of European armaments cooperation

One of the core messages in the Strategy is that Europe must seek to maximise opportunities in armaments co-operation and ensure that the option to co-operate is already considered in defence planning. This should not exclusively be for seeking co-operative development opportunities but also with a view to the potential advantages of co-operation on in-service support or upgrading existing assets as well as for other lines of capability development.

As a prerequisite for effective European armaments co-operation, the strategy focuses on the need for a solid European Defence Technological and Industrial Base (EDTIB) by drawing on attributes of the EDTIB Strategy. Conversely, effective co-operation on armaments programmes fosters the environment in which the EDTIB can be strengthened and can provide competitive products for European industry. Therefore, there is a need to provide greater transparency and mutual understanding between governments and industries to help ensure the EDTIB remains coherent alongside future European capability needs.

Identified capability needs are described in the Common Staff Target (CST). The CST is the main input for a Preparation Phase. The Preparation Phase is the initial phase of a co-operative armament programme or an activity to sustain an existing capability. It corresponds to the input of stakeholders working together on requirement consolidation and project management, with the aim to connect a harmonized link to capability requirement with the armaments and industrial arrangements necessary to deliver the resulting co-operative programme.

The Common Staff Requirements (CSR) translate the CST into military requirements across all Capability Areas, including the effect on all Lines of Development, measures of effectiveness, as well as numbers, costs, key programme dates and the acquisition strategy. Technology push and dual use issues will be taken into account, the overall risks to the programme assessed and mitigating actions taken or planned.

The CSR expresses the requirements with solutions in mind, and therefore technological, economic and industrial issues must also be considered, especially for the larger cooperative programmes where the stakeholder interaction and influence is complex. This process of generating the CSR is iterative and its content will reflect inputs from the contributing Members and other stakeholders participating in its production. During this process users' requirements should be harmonized and the consequences of unique requirements should be addressed.

Overall, implementation of the EAC Strategy will have a broad effect on defence procurement and acquisition in Europe and help to realise more effective military capability for the CSDP. A major step in translating the many facets of the Strategy into tangible action is the development of an "EDA Guide to the Conduct of a Programme Preparation Phase". This Guide provides the participating Member States and other stakeholders with a framework in which to prepare a cooperative programme, work together on common outputs and develop the necessary evidence to support their decisions regarding the next phases of the programme.

The Guide describes the necessary steps for the consolidation of capability requirements which have been outlined in the Common Staff Target (CST) during the requirement identification phase. The preparation phase starts with a Steering Board decision comprising a group of contributing Members declaring their intention to carry

EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

out a Preparation Phase and produce a Business Case (including the Common Staff Requirements (CSR) and Through Life Management Plan (TLMP)). The Business Case is to provide sufficiently compelling reasons for the contributing Members to take decisions, initiate further activities and commence negotiations for the following phases, prior to any formal commitment. It is the key decision document resulting from the Preparation Phase and covers the significant items that will affect a decision to proceed with a co-operative programme.

During the Preparation Phase within the EDA, a prospective programme is prepared in terms of an outline scope, time, cost, acquisition organisation and participation. A through-life approach is taken by considering the impact of the subsequent phases (definition, development, production, in service and disposal) and addressing the identified programme risks and opportunities as early as possible. However, each programme can be tailored to a subset of the above mentioned five phases which may influence the scope of interest for the TLM. Therefore all possible stakeholders responsible for the different programme phases have to harmonize from the beginning their approach to TLM.

5. Specific actions derived from the European Armaments Co-Operation Strategy

Armaments acquisition has many facets and it demands many actions from the pMS and the EDA to bring about more effective European armaments co-operation, as described in the European Armaments Co-operation Strategy. The following actions have been derived against each of the strategic aims.

Strategic Aim 1 - Generate, promote and facilitate cooperative programmes to meet capability needs, through:

- using the results and priorities defined by the CDP and pMS capability initiatives as the foundation upon which short-to-long term capability development activity within ESDP should be undertaken.
- EDA, in consultation with the pMS, to produce and maintain a 'Guide to the Conduct of a Programme Preparation Phase' that includes methods and tools to be applied and identifies the roles of stakeholders, the outputs and the decision points of the pMS both nationally and collectively.
- EDA to facilitate and support the harmonisation of Common Staff Targets (CST) and Common Staff Requirements (CSR) and encourage the pMS to inform others of their requirements early so that opportunities for co-operation can be optimised.
- Identifying innovative solutions to co-operation, notably by utilising 'dual use' technologies applicable to the military and security sectors.
- Constructing defence equipment or procurement plans on the premise that co-operation is considered as a potential solution, so that we are receptive to co-operation at the earliest opportunity.
- Opportunities to co-operate (throughout the acquisition life-cycle and for the harmonisation of capability needs) are shared amongst the pMS through the CDP Database and the co-operative option is considered in all acquisition decisions, so that no opportunities to co operate are missed.

EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

- The EDA analyse the pMS' intentions to upgrade existing major assets, and draw to the attention of like-minded pMS the possibilities for joint support solutions and user clubs and promoting them as appropriate.
- Consider all lines of development in order to maximise co-operation and interoperability.

Strategic Aim 2 - Ensure the EDTIB and investment therein is capability oriented and supports future co-operative programmes, through:

- Exchanging appropriate information between governments and industries on long term European capability planning and industrial long-term investment planning.
- Ensuring the key European industrial capacities is preserved or developed.
- Improving the assuredness in European security of supply and security of information as established in the EDTIB Strategy.
- Seeking a rational and more flexible approach to industrial participation that improves the efficiency and effectiveness of co-operative projects and allows industry to find the most efficient solution to support consolidated requirements.
- Enlarging the contribution of small and medium sized enterprises.
- Transparency and compatibility of procurement policies and practices, including budgetary planning and cycles, so that we may improve the way we do our business.

Strategic Aim 3 - Improve the effectiveness/efficiency of European armaments co-operation, as follows:

- EDA to develop with the pMS and other stakeholders an outline of how the EDA should interface with relevant executive agencies and service providers in the circumstance of the management of co-operative programmes.
- common understanding of the policies and processes applying to co-operative programmes developed where required through education, training and practical experience
- in developing publicity and providing briefings to explain the benefits of co-operation particularly to those national staffs involved in the initiation of programmes.
- in developing best practice defence materiel standardisation management.
- EDA to produce, maintain and promote a living 'Guide to Armaments Co-operation Best Practice,' developed in consultation with the pMS to tackle the breadth and diversity of co-operative programmes. This would include but not be limited to the above and:
 - Outline reasons to co-operate and the advantages of doing so;
 - Models for the efficient conduct of joint off-the-shelf purchases;
 - Procedures for applying through-life management and life cycle costing to aid decision making;
 - Best practice standardisation management;
 - European quality guidelines;
 - General Arrangement, that also draws upon a set of standard contractual conditions, which could be used as the basis for co-operative armaments programmes;

EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

- To support and promote risks management methods in relationship with European standardization bodies.
- A guide to co-operation in sub-systems and components;
- Improving security of supply and security of information;
- To promote functional and value analysis within the framework of the programme preparation phases;
- Innovative approaches to financing programmes;
- Analysis of lessons learned from ongoing co-operative programmes and share acquisition process best practice amongst pMS;
- Actions to optimise costs and time-schedules for co-operative armaments Programmes.

6. Conclusions

It has been argued that, within the EU, only the EDA could facilitate the development of the common vision necessary to increase the efficiency of collaborative procurement. Some have even argued that the complete management of the collaborative procurement process (including logistic support) should be delegated to the EDA, and that the EDA intergovernmental defence procurement regime should be extended to apply to collaborative procurement. It is certain in any case that the EDA has a key role to play in improving the efficiency of collaborative defence procurement in the EU.

The European Armaments Cooperation Strategy is a good step in the right direction. Its contents are strikingly coherent with the areas where collaborative procurement in Europe should be improved. If adequately implemented, the strategy would help streamline the pre-contract award phase of collaborative programmes, during which much of the delays and cost increases are created, and move away from *juste retour* and towards more cost-effectiveness whilst helping to provide the European armed forces with the equipment they need.

The strategy also shows that a European preference will likely be given for procurement in some strategic sectors still to be defined. It is probable that the definition of such sectors will lead to fierce battles among participating Member States.

Unfortunately, some of the actions identified in the strategy are phrased more as declarations of intent than as actual actions. It is unclear who has to perform some of them, how and by when. Even though their intent is worthwhile, they sometimes lack the concreteness required to get things moving. It seems that the participating Member States, whilst recognising the need for such actions, are sometimes reluctant to commit themselves to actually taking the necessary steps to bring them to completion.

References:

- [1] A More Secure Europe in A Better World, European Security Strategy
- [2] Helsinki European Council, 9-10 December 1999, Presidency Conclusions.
- [3] Laeken European Council, 14-15 December 2001, Presidency Conclusions.
- [4] Bruxelles European Council, 17-18 December 2004.
- [5] Conclusions of the Brussels European Council of 11 and 12 December 2008 on the European Security and Defence Policy.

EUROPEAN ARMAMENTS CO-OPERATION STRATEGY

- [6] Cameron, Fraser; Gerrard Quille, ESDP: The state of play, European Policy Centre, Brussels, September 2004
- [7] Duke, Simon, Politica Extern ă de Securitate Comun ă. Provoc ările extinderii Uniunii Europene, Ed. Economic ă, Bucure ți, 2004
- [8] N ăstase, Adrian, *Europa, quo vadis*, Editura R.A.M.O., Bucure ți, 2003
- [9] Lindstrom, Gustav, EU-US burdensharing: who does what?, Chaillot Paper no. 82, September 2005
- [10] Balaban, C.Gh. ă, Securitatea ăi dreptul interna ional. Provoc ări la început de secol XXI, Editura C.H. Beck, 2006
- [11] ESDP-Operations, at www.consilium.europa.eu/showPage.asp?id=268&lang=en;
- [12] European Security and Defence Policy: Developments since 2003, at <http://www.parliament.uk/commons/lib/research/rp2006/rp06-032.pdf>
- [13] European Security and Defence Policy Newsletter, Nr.6-12.
- [14] European Security Review, 2009-2011.
- [15] Europolitics, 2009-2011.
- [16] EDA Bulletin, No.1-19.
- [17] http://ec.europa.eu/comm/external_relations/cfsp;
- [18] <http://europa.eu/scadplus/leg/en/lvb/a19000.htm>;
- [19] <http://www.weu.int/index.html>;
- [20] http://europa.eu.int/council/off/conclu/dec99/dec99_en.htm;
- [21] <http://www.eda.europa.eu/>;
- [22] www.iss.europa.eu
- [23] www.euobserver.com