

## **BACKGROUND**

### **Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency)**

On 17 November 2003, the EU Council<sup>1</sup> decided to create a Team<sup>2</sup> to prepare for the establishment of an Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency). The Team was required to propose to the Council a comprehensive plan for the establishment of the Agency and elements for a draft Joint Action establishing the Agency. Following review of the Team's recommendations at the 17 May Council, the objective is to complete the Joint Action for adoption ahead of the June European Council. The process of staffing and setting up the Agency can then begin.

#### **The Agency's purpose and role**

The Agency's is designed "to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future". More specifically, the Agency is ascribed four functions, relating to: (a) defence capabilities development; (b) armaments co-operation; (c) the European defence technological and industrial base and defence equipment market; (d) research and technology.

These functions all relate to improving Europe's defence performance, by promoting coherence in place of fragmentation.

A more systematic and comprehensive approach to identifying ESDP's capability needs will contribute to better-defined future requirements on which collaborations - in armaments or R&T or the operational domain - can be built. More collaborations will in turn provide opportunities for industrial restructuring and progress towards the continental-scale demand and market which industry needs.

On this basis, the Agency's tasks will be:

- to work for a more comprehensive and systematic approach to defining and meeting the capability needs of ESDP ( supporting, for example, the "Headline Goal 2010" initiative);
- to promote equipment collaborations, both to contribute to defence capabilities and as catalysts for further restructuring of the European defence industry.
- to promote European defence-relevant R&T, as vital both to a healthy defence technological and industrial base and to defining and satisfying future capability requirements. This will involve pursuing collaborative use of national defence R&T funds, in the context of a European policy which identifies priorities.

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<sup>1</sup> see 14500/03 (Presse 321) 17 November 2003.

<sup>2</sup> The 'Agency Establishment Team (AET)'

The Agency's "comparative advantage" should be its ability to comprehend all these agendas, and relate them so as to realise their synergies. Its special position should allow it to develop uniquely cogent analyses and proposals across the range of its activities.

### **The Agency's way of working**

#### **Stakeholders**

The Agency must face outwards. Its main stakeholders will be the Member States participating in the Agency, the Council bodies and the Commission, as well as OCCAR, LoI, WEAG/WEAO. NATO and non-EU States will be important interlocutors also.

#### **Steering Board**

The Agency's Steering Board – meeting regularly at the level of Defence Ministers chaired by the SG/HR – will embody the close relationship of Member States and their Agency. The Steering Board can be expected to meet at Ministerial level at least twice yearly. It is also envisaged that the Steering Board will meet regularly at Representatives level, addressing agendas focussed variously on the competences of National Armaments Directors; of national research directors; and of national capability planners.

#### **Staff**

The build-up of the Agency will be paced by recruitment of staff. An adequate cadre (about 25 personnel) could be in place by the end of 2004, building up in 2005 to the proposed initial steady total of around 80 personnel. This would comprise a top team, a Corporate Services branch and four directorates (Capabilities, R&T, Armaments and Defence Industry/Market).

#### **Budget**

The Joint Action establishing the Agency will provide for a general budget, to be contributed by Member States participating in the Agency on a GNI-key, covering the obvious categories of operating costs (personnel, infrastructure, etc.) It is also envisaged that the Agency should have funds for research such as operational analysis and feasibility studies, and should receive "ad hoc" budgets from Member States for specific projects and programmes.

The Joint Action will specify the budget for 2004, which will be mainly for staff-related costs (for 2004 a budget of around € 2.5 million has to be foreseen). The 2005 budget will come to the Steering Board for decision in the autumn. Present estimates foresee a general budget of around € 25 million (including around € 10 million in non-recurring setting up costs).

### **Proposed priorities for early activities**

The Agency's activity in 2004 will be essentially preparatory:

- the Agency will achieve "operational" status, establish external relations and
- Catch up with fast moving agendas ( including Headline Goal, ECAP, and Commission-led initiatives on Research, Market and Defence Industry).

These activities are a prerequisite for making substantial work possible in 2005.

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