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NOTE

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| From: | General Secretariat of the Council |
| To: | Delegations |
| Subject: | Council Guidelines for EDA's Work in 2023 |

COUNCIL GUIDELINES FOR EDA'S WORK IN 2023

1. The Council welcomes the contribution delivered by the EDA in 2022 in view of the coherent implementation of EU defence initiatives supporting the EU Level of Ambition in the area of security and defence, thereby enhancing the EU's strategic autonomy and its capacity to act as a security provider and strengthening its ability to cooperate with partners. The Council acknowledges that the activities of the Agency are implemented in line with the agreed three-year Planning Framework, which provides a comprehensive and detailed overview of the Agency's work.
2. With a view to further reinforcing coherent capability planning and development by Member States, the Council calls for the Agency to continue to support the implementation of the Strategic Compass, in particular the objectives agreed under the Invest chapter, including the annual defence ministerial meetings on EU defence initiatives addressing capability development.
3. The Council invites the Agency, under the direction of the Steering Boards, to continue providing support to participating Member States, as the major intergovernmental prioritisation instrument at EU level in support of capability development. It further recalls that the EU Capability Development Priorities, derived from the Capability Development Plan (CDP), which take into account the CSDP military capability shortfalls, long-term capability and technological trends, Member States' defence plans, and lessons learned from CSDP missions and operations, serve as a key reference for Member States' and EU capability development to achieve the EU Level of Ambition in the area of security and defence. This work is complemented with the Overarching Strategic Research Agenda (OSRA) and Key Strategic Activities (KSA).

4. It also welcomes the concrete steps taken by the Agency to support its Member States in making full use, in their national defence planning, of the findings and recommendations presented in the 2020 and 2022 Coordinated Annual Review on Defence (CARD). Both CARD reviews have provided a comprehensive overview of the European defence landscape and have clearly identified cooperation opportunities in capability development, research & technology (R&T), defence innovation, and operational dimension.
5. With a view to building more coherent, interoperable, deployable and sustainable full-spectrum capabilities, in line with the principle of single set of forces which Member States can use in different frameworks, the Council encourages the Agency to further contribute to the strengthening of coherent capability planning, development, prioritisation and defence cooperation. To this end, the Agency should:
- a) in close cooperation with the EUMC and EUMS, finalise the revision of the CDP by taking into account the political guidance provided in the Strategic Compass, reflecting as much as possible the lessons observed from Russia's war of aggression against Ukraine and taking into account high-intensity warfare, considering also new domains to ensure EU's operational effectiveness in the next ten years and beyond, in coherence of output and avoiding unnecessary duplication with NATO's processes;
 - b) support Member States to continue implementing the EU Capability Development Priorities deriving from the CDP, and guided by the Strategic Context Cases (SCC) including the operational dimension, in a collaborative manner and across all capability planning horizons (short-, medium- and long-term), including the technological and industrial dimensions;
 - c) continue to help participating Member States in the implementation of the recommendations provided in the 2020 and 2022 CARD Reports, notably in preparing jointly the next planning horizon (beyond the mid-twenties), based on the CARD Aggregated Analysis and the Joint Communication on the Defence Investment Gaps Analysis, including the Scoping Paper;

- d) Start the preparation for the next CARD cycle in 2023-2024 and support participating Member States' activities in taking forward the Focus Areas, expanded as proposed in 2022 CARD Report, as well as the collaborative opportunities for capability development and Research & Technology, including in the framework of the Permanent Structured Cooperation (PESCO) and the European Defence Fund (EDF), and thus also improve the EU's operational effectiveness;
- e) contribute further to the implementation of the PESCO as part of the PESCO secretariat and in line with Article 7 of the Council Decision (CFSP) 2017/2315 establishing PESCO, taking due account of the outcome of the 2020 PESCO Strategic Review. This entails, upon their request, continued support to PESCO participating Member States in maturing their project proposals as well as in delivering concrete results – in particular for those PESCO projects planned to reach full operational capability before the end of the second phase of PESCO in 2025. Moreover, EDA should also assist the participating Member States, upon their request, in streamlining and ensuring effective implementation of PESCO projects;
- f) provide its views and expertise to the Programme Committee of the EDF in line with the relevant regulation and keep a close dialogue with the European Commission, notably to foster the consistency of the EDF work programme and activities with the agreed EU Capability Development Priorities, the findings and recommendations of CARD and PESCO projects;
- g) support the Member States in the context of EDF during the implementation phase, following the successful approval of EDA as an eligible implementing partner for indirect management of EDF until March 2026; continue exploring possibilities of optimising the Agency's contribution to the uptake of the results of EDF-funded projects.

6. The Council calls on the Agency to further support, upon request, participating Member States in the development, implementation and optimisation of projects and activities in capability development, R&T and critical enablers (e.g. defence standardisation, test & evaluation), including those generated in the context of PESCO and the EDF.

7. The Council invites the Agency to support Member States in using the EU's capability development tools and existing incentives, in particular focusing on next generation capabilities, including at system and subsystem level, as well as emerging and disruptive technologies (EDTs) for defence applications, and building on the work related to the EDT Action Plan and on existing processes such as CDP, OSRA, KSA.
8. The Council welcomes the establishment of the Hub for European Defence Innovation (HEDI) within the European Defence Agency, linking together EDA with other EU structures, as well as national institutions and entities in charge of defence innovation across Europe. The Council calls for the further development of HEDI in a stepped approach, ensuring participating Member States' oversight all along, by regularly briefing all Steering Boards on the state and progress of HEDI, and invites EDA to work in full partnership with the Commission, exploiting synergies with its related work-streams, and coherence of output with NATO innovation initiatives, and better tapping into the innovation potential that exists in the EDTIB and beyond. In this regard, the Council invites the Agency to continue ensuring a structured dialogue and engagement with industry of Member States throughout the Union, including small and medium enterprises, middle capitalisation companies and research institutions, and academia, as appropriate.
9. The Council calls on the Agency to identify and further contribute to the defence aspects of wider EU policies, in line with EDA Steering Board taskings (this currently encompasses military mobility, cyber, hybrid, space, maritime, Single European Sky, artificial intelligence, as well as REACH¹, Energy & Environment, Circular Economy in Defence and climate change). It also encourages EDA, in coordination with Member States, to actively support the debate on the "Economic, Social and Governance" (ESG) criteria, to monitor the associated EU regulations susceptible to impact negatively on the defence sector access to finance services, and to report back in line with the SB 2022 decision.

¹ Registration, Evaluation, Authorisation and Restriction of Chemicals

10. Similarly, the Council invites EDA to be actively contributing to the upcoming update of the EU Maritime Security Strategy and its Action Plan, in the development of a new EU Space Strategy on security and defence, and policy framework on Climate and Defence.
11. The Council encourages the Agency to continue contributing to the implementation of the new Cyber Defence Policy.
12. The Council also encourages the Agency to follow-up on the implementation of the Action Plan on Military Mobility 2.0 and the Council conclusions of 25 June 2018, including through the two EDA ad-hoc programmes related to cross-border movement permission procedures and customs, which also involve efforts to digitalise military-related customs activities. In line with that, the Council invites the Agency to carry on the activities falling under the CARD focus area on 'Enhanced Military Mobility', particularly in relation to the need for improved resilience, strategic lift capabilities, and logistics.
13. Building on the work achieved in the context of the Defence Joint Procurement Task Force, in particular in assessing urgent and critical needs of Member States, the Council encourages the Agency to make full use of its legal framework, experience, and expertise, and to explore opportunities with interested Member States and support them, if so requested, in conducting joint procurement of urgently needed military equipment.
14. The Council encourages the Agency to continue exploring and, under the guidance of the Steering Board, developing the provision of services to Member States, as well as to other EU institutions, bodies and agencies, for military and civilian Common Security and Defence Policy (CSDP) missions and operations, building on ongoing activities in areas such as satellite communication, air medical evacuation or maritime situational awareness and cyber (e.g. Cyber Awareness/Hygiene seminars, etc.). The Council also encourages the Agency to consider closer cooperation with the European Union Satellite Centre (SATCEN), where appropriate.

15. The Council encourages the Agency to continue to actively contribute to the implementation of the Joint Declarations on EU-NATO cooperation. The Council calls on the Agency to deepen the dialogue with NATO, including, among others, on emerging and disruptive technologies. In line with the agreed guiding principles, fostering inclusiveness and reciprocity, while avoiding unnecessary duplication with existing initiatives in other institutional contexts, the Agency should in this regard pursue coherence of output, including with regard to the CDP and CARD and the respective NATO processes.
16. Notes with satisfaction the progress accomplished over the past year in delineating an Administrative Arrangement between the Agency and the US Department of Defense.
17. Calls on EDA to make use of the existing Administrative Arrangements with third parties, as appropriate, and encourages the Agency to continue exploring possible working relations with other partners based on reciprocity and mutual benefit, in full transparency with Member States and in accordance with the EDA Council Decision.
18. In accordance with the principles for cooperation with third parties agreed by the Steering Board in November 2021, the Council further encourages the Agency to ensure the appropriate and regular monitoring of third parties' participation in EDA activities, to be presented annually to the MS.
19. Upon further guidance of Member States and in full coherence with related efforts taken forward by other EU institutions and bodies, the Council invites the Agency to continue to step up its ability of handling and exchanging EU classified information. In doing so, the Agency will take into account Member States' needs and will continue developing the digital platform allowing them to access the data provided in the context of CARD, PESCO and other relevant EU defence initiatives, and report back to them on progress achieved throughout 2023.