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Delegations will find attached the Council conclusions on Military Capability Development as adopted by the Council on 19 November 2012.

COUNCIL CONCLUSIONS ON MILITARY CAPABILITY DEVELOPMENT
(FAC, 19 November 2012)

1. The Council reiterates its call to retain and further develop military capabilities for sustaining and enhancing CSDP. They underpin the EU's ability to act as a security provider, in the context of a wider comprehensive approach. The Council underlines the necessity to maximise the effectiveness of Europe's defence expenditure in times of financial austerity. To this end, the Council remains committed to enhance European cooperation including through the pooling and sharing of military capabilities. It also recalls the need for a strong and less fragmented European defence industry to sustain and enhance Europe's military capabilities and the EU's capacity for autonomous action. It stresses the wider impact of the defence sector in terms of contributing to innovation, technology, and growth, and the need for synergies with wider EU policies in these fields.
2. In this context, the Council looks forward to the European Council discussion in 2013 to provide strategic guidance on defence issues.

Review of shortfalls

3. The Council emphasises the need to focus military capability development on filling gaps and meeting new requirements of CSDP. It invites the EUMC to review in 2013 the military capability shortfalls and priorities, as input to the Capability Development Plan of the European Defence Agency (EDA) that aims at informing national decisions on defence investments for capability development.
4. The Council calls for more strategic and coherent reporting to the political level on military capability development, including on evolving needs and areas of progress or lack thereof, in order to facilitate the provision of ministerial guidance.

Pooling & Sharing

5. The Council supports the twin-track approach of developing collaborative projects while making European defence cooperation more systematic and sustainable in the long run.
6. In that regard, the Council welcomes the adoption by the EDA Steering Board of the voluntary "Code of Conduct on Pooling and Sharing" comprising concrete actions to mainstream cooperation in national decision-making processes, and encourages its effective implementation. Furthermore, the Council welcomes progress on other measures aimed at improving the conditions for cooperation, by pooling demand, addressing solutions for redundant or surplus equipment, and developing a European approach to the qualification and certification of military capabilities notably in airworthiness and ammunition.
7. The Council welcomes progress on the Pooling and Sharing projects supported by EDA, as well as the collaborative opportunities in the area of Education and Training identified by the EUMC. The Council recalls the need for an active participation of Member States to ensure the success of cooperation in Europe. The Council is encouraged by the significant steps taken during the course of 2012, notably in the areas of Air-to-Air Refuelling (signature of a Letter of Intent on the "Implementation a European Strategic Multi-Role Tanker Transport Initiative), Helicopter Training (signature of a Technical Arrangement about the Helicopter exercise programme), Counter Improvised Explosive Devices training, Medical Field Hospitals, Maritime Surveillance, Satellite Communications (Procurement Cell), and Diplomatic Clearance (signature of a Programme Arrangement concerning Diplomatic Clearances for participants' military transport aircraft in their respective national airspace or territory). In other areas – Pilot Training, European Naval Training, Smart Munitions and European Multimodal Transport hubs – the Council notes positive developments while calling on Member States to increase their commitment and support. Furthermore, the Council notes with interest the new Pooling and Sharing opportunities identified, including in the areas of Cyber Defence, Route Clearance Counter-Improvised Devices and NH90 helicopters.

8. Recognising the important contribution of bilateral/regional/multilateral cooperative initiatives to improving and sustaining European military capabilities, the Council calls for measures to contribute to improved coherence between these initiatives, with the support of EDA and the EUMC, in order to avoid major gaps or duplications.
9. The Council welcomes the continuation of productive staff-to-staff cooperation between the EU and NATO – notably on coordinating Smart Defence and Pooling and Sharing projects – in order to avoid unnecessary duplication and ensure coherence and mutual reinforcement.

Defence Industry and Market

10. The Council welcomes the preparatory work of the Commission Task Force on Defence Industry and Market and looks forward to it making an important contribution to the wider European effort to improve effectiveness and efficiency and enhance cooperation. It encourages the European Commission and the EDA to work closely with Member States towards a more competitive and transparent defence market in Europe and a stronger European defence industry, and to stimulate cooperation and synergies in dual use research and technology (including in areas such as Unmanned Aerial Systems, Cyber, Maritime Security, Space and Energy and Environment). The Council encourages more support to Small and Medium Enterprises, including in achieving cross-border market access, as well as to research institutes.
11. The Council calls for an intensification of efforts also to underwrite the technological base for future capabilities, to enhance Europe's security of supply and to maximise Research and Technology investments in Europe.

EU Battlegroups

12. The Council recalls that the EU Battlegroups provide the EU with a specific rapid reaction tool, enabling it to respond rapidly to emerging crises with military means. The Battlegroups contribute to increasing interoperability and political cohesion among Member States, and remain a vehicle for the transformation of the Member States' armed forces.

13. The Council reaffirms its commitment to the level of ambition of having at any time two EU Battlegroups on standby. It notes with satisfaction the new Battlegroup offers from Member States from 2016 onwards and calls for increased efforts to ensure that the envisaged gaps in the roster during the upcoming years will be avoided in the future.
14. In this context, the Council agrees that the EU Battlegroup Roster should be filled more systematically by planning contributions on the basis of regularly recurring, voluntary commitments. It calls for the development of the necessary modalities which would allow Member States willing and able to take the lead in forming a Battlegroup to identify their recurring commitments, allowing other Member States to join them on regional or partnership basis. This more systematic approach to filling the roster should take into account the provision of specialised capabilities in order to strengthen the process of generating Battlegroups, and with the aim to provide more scope for tailoring them to a specific operation, including through cooperation with or addition of civilian experts/capabilities, as appropriate.
15. The Council stresses the need to improve the usability of EU Battlegroups, in line with the Battlegroup Concept, for operations throughout the mission spectrum, including in support to an ongoing operation/mission or as a bridging operation, when so decided by the Council, without undermining normal force generation.
16. The Council underlines the need to continue efforts on improving the Battlegroups' cost effectiveness through pooling and sharing solutions, especially in logistics, and addressing the financial constraining factors related to EU Battlegroups.
17. The Council looks forward to a strategic discussion on the provision, usability, cost effectiveness and financial aspects of the EU Battlegroups during the next meeting of Defence Ministers in the Foreign Affairs Council.