



ASD-Europe Board Meeting
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**“Prioritisation at European level and
industry engagement”**

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Speaking notes
Check against delivery

- Ladies and Gentlemen, Dear Colleagues,
- Yesterday, we had a very interesting discussion at the seminar about the need for more and better cooperation in Europe; both on the supply and the demand side.
- In my presentation, I touched upon the question of prioritisation. Today, I would like to elaborate on this issue, because without commonly agreed priorities and without systematically building on these priorities, our efforts will remain fragmented. I will also speak to you about how industry can benefit from better prioritisation at the European level.

- Let me start with the central tool for capability prioritisation in the EU, the Capability Development Plan (CDP). This instrument was introduced in 2008 and is revised when necessary as it is a living document. The last review was completed in 2014 but a new military level of ambition has since been agreed by the EU Member States in the Global Strategy from 2016 and made it necessary to update the CDP. This work is coordinated by EDA with inputs from the EU Military Committee and will be concluded in June.

- Before I describe how the CDP priorities are developed, let me explain how this version is different:
 - Most importantly, this time the CDP will identify capability development priorities across the full European capability landscape, not only cooperation opportunities in the EDA framework;

 - Coherence with the NATO defence planning process and National plans and programmes are taken into account. This will make the CDP more output oriented;

 - and this time, if Member States agree, the CDP will be shared with industry upfront, not 2 and half years after its approval as was the case for the 2014 priorities.

- How then are the CDP priorities developed? First, it is important to underline that the CDP is not a simple list of key capabilities. The CDP is a comprehensive planning tool which also contains a detailed analysis of short, medium and long term capability needs, and the list of agreed EU capability development priorities is based on these assessments.
- The CDP is developed through a four-step approach, or as we call them, strands. The first step, or Strand A, of the process, is analysing current capability shortfalls which are identified by our colleagues in the EU Military Staff and approved by the EUMC. The second step, or Strand B, introduces capability trends, looking at 2035 and beyond. This phase is particularly important since it takes into account the possible nature of future warfare in light of technological and innovation trends, threats and challenges. The third strand, strand C deals with potential cooperative activities, and finally, strand D takes into account lessons learned from military operations.
- As the end-result of this process, the CDP reflects Member States' willingness to jointly close the most important capability gaps in Europe. Consequently, the CDP and the resulting EU capability development priorities are well suited to inform new project-proposals under the different European initiatives which strive for more cooperation in defence.

- The new CDP will, of course, reflect the level of ambition agreed by Member States in 2016. Equally important is that, compared to the previous version, it will also take into account the implications of Hybrid Warfare, recent developments in R&T and in industry. I will come back to this later.
- But the CDP is not the only prioritisation tool at our disposal. The so called Overarching Strategic Research Agenda (OSRA) ensures the link between capability priorities and defence research activities. That is why EDA introduced the OSRA concept in 2017 with the aim to identify priority Technology Building Blocks (TBBs) that deserve particular effort and funding. A comprehensive methodology has now been developed to link capability priorities and relevant technologies.
- However, OSRA will not only include harmonised field-specific Strategic Research Agendas and a description of Technology Building Blocks, but will also map technologies and expected operational impact, while providing roadmaps for their development in view of future capability needs.
- The OSRA prioritisation methodology was approved by Member States in March. This instrument will provide a tool enabling decision-makers to prioritize against specific criteria. It will thereby provide a structured,

systematic and transparent prioritisation mechanism for collaborative European defence research, be it for ad-hoc research activities among Member States or for the Research Window of the European Defence Fund. Once the new CDP priority actions are agreed in June, the refined OSRA Version 2 is expected to be released by October this year.

- Summing up, what the CDP is for capability development, the OSRA is for research. Coherence between them is ensured through a direct connection of OSRA to CDP priority actions.
- This brings me to the third prioritisation scheme currently under development in EDA, the Key Strategic Activities (KSA). This work is closely linked to the notion of European strategic autonomy and the European Defence Technological and Industrial Base. In other words its aim is to provide perspectives for the European Defence Industry.
- It is impossible to achieve, as the EU Global Strategy defines it, an appropriate level of strategic autonomy without proper industrial skills, technologies and manufacturing capacities. That is what KSA aims at: to identify those industrial activities where further investments are needed in order to ensure a certain industrial non-dependance at European level.

- EDA will apply the KSA methodology to the revised CDP priorities starting in June 2018, and to the OSRA Technology Building Blocks, starting in October 2018. This will result in an information tool for Member States, as well as for industry, on the skills, manufacturing capabilities and technologies that are underpinning European strategic autonomy.
- The CDP, OSRA and KSA are designed to promote a coherent development of future capability needs at European level along agreed priorities. The baseline and the central tool is the CDP which ensures that all activities from research to development are relying on the same set of priorities. Your Association, the ASD, has also argued in various position papers for a robust prioritisation and defence planning process at the EU level, and I fully concur with this requirement.
- The definition of common needs are particularly important when Member States are increasing their cooperation through concrete project proposals, be it under PESCO or the European Defence Fund. One of the Agency's key tasks is therefore to assist, in its upstream role, Member States' prioritisation.
- However, common prioritisation is only the first step. The implementation of these priorities and the way forward to achieve more coherence of the European capability landscape requires a common

understanding of how to translate priorities into collaborative projects.

- This will be achieved by the development of Strategic Context Cases for each agreed priority: one priority – one Strategic Context Case. The main purpose is twofold:
 - First, a common understanding where in principle the Member States deliver against the EU priorities on a national basis and where they intend to apply multinational approaches as a general rule.
 - Second, to agree in which of these areas the institutional framework of the Agency should be used to initiate and carry forward the necessary activities. For this latter case, roadmaps will be developed which guide the common work and generate the related projects in the capability domains and the area of R&T.
- A Strategic Context Case is a short, easy to read living document. It contains the general approach and the related activities to improve the European defence capability landscape in a dedicated priority area. With the common understanding reflected in the Strategic Context Casem, it will become a reference point for output in capability development, including for the

Coordinated Annual Review on Defence. And it may also inform the generation of PESCO project proposals

- While the Agency will initiate the necessary steps to develop the Strategic Context Cases, I consider the dialogue with industry and your contribution to this process as indispensable.
- Ladies and Gentlemen,
- Last year, Member States endorsed the Agency's approach towards industry with its focus on structured dialogue and enhanced engagement. Interaction with you, ASD and its members, is a key activity in this regard, since your association plays a crucial role in promoting industrial view-points and assessing industrial developments.
- There is a mutual interest in a two-way communication between the supply and the demand sides. The Agency's intention is to promote this communication. The recent CDP revision builds on this notion as well, and industrial aspects have also been taken into account in assessing the European capability landscape. Two workshops have been organised between the Agency and defence industry with this aim. The event last September focused on Remotely Piloted Air Systems, while the second workshop was organised

in February this year to explore the mid to long-term aspects of Maritime Surveillance.

- Of course, EU capability development priorities will remain Member States' prerogative. However, dialogue with industry is important in the prioritisation process and we will continue organising industry workshops in all CDP priority areas to inform the Strategic Context Cases. With this we will go one step beyond the already established practice of involving industry in our CapTechs.
- The European defence industrial base is often described as fragmented, and where more consolidation is needed. There is some truth to this, but what is equally or even more needed, is consolidation on the demand side. Common standards and requirements, based on agreed priorities are essential in this regard.
- There are encouraging signs that we are moving in the right direction. The new set of CDP priorities will be instrumental in informing Member States' decisions both in their national plans and launching collaborative projects. The future European capability landscape will be a result of today's choices, and we have to get the prioritisations right!
- Thank you for your attention!