

EXPLANATORY MEMORANDUM ON A EUROPEAN UNION DOCUMENT

Report by the Head of the European Defence Agency to the Council

Submitted by the Ministry of Defence & the Foreign and Commonwealth Office on 27 November 2018.

SUBJECT MATTER

1. The report by the Head of the European Defence Agency (EDA) to the Foreign Affairs Council (Defence) (FAC (D)) describes the progress on the Agency's main output areas for 2018. The report provides an overview of EDA activities including: prioritisation and planning of defence cooperation, support for technological and capability development, engagement with industry, managing the relationship with wider EU policies, interaction with third parties and administrative issues.

SCRUTINY HISTORY

2. The Head of Agency's report for 2017 was cleared by the House of Lords European Union Committee on 12 December 2017. The House of Commons European Scrutiny Committee cleared the document on 10 January 2018.

MINISTERIAL RESPONSIBILITY

3. The Secretary of State for Defence has overall responsibility for policy on Defence capability and procurement. The Chancellor of the Exchequer, the Secretary of State for Foreign and Commonwealth Affairs, and the Secretary of State for International Trade also have an interest.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

4. Defence is a reserved matter under the UK's devolution settlements and no Devolved Administration interests arise. The Devolved Administrations have not been consulted in the preparation of this Explanatory Memorandum.

LEGAL AND PROCEDURAL ISSUES

5. There are no legal or procedural issues arising from this Council document.

APPLICATION TO THE EUROPEAN ECONOMIC AREA

6. None.

SUBSIDIARITY

7. Work carried out by the EDA is in support of Member States' efforts to improve their Defence capabilities. It adds value through coordination at the EU level of inter-governmental initiatives.

POLICY IMPLICATIONS

8. On 23 June 2016, the people of the United Kingdom voted to leave the EU. The Government respected the result and triggered Article 50 of the Treaty on European Union on 29 March 2017 to begin the process of exit. Until exit negotiations are concluded, the UK remains a full member of the EU and all the rights and obligations of EU membership remain in force. During this period, the Government will also continue to negotiate, implement and apply EU legislation.
9. The UK Government is content that the report broadly captures the key EDA activities for 2018 and that those activities are consistent with the scope of the EDA's competence and remit.
10. The report does not have implications for UK policy as it is a review of previous EDA work. The report provides information on EDA activity within Capability Development, including the four key programmes (Air to Air Refuelling, Remotely Piloted Aircraft Systems, Governmental Satellite Communications and Cyber Defence), as well as other capability projects such as Geospatial Information Management, Anti-Tank, Optimising Main Battle Tank capabilities in Europe, Counter-IEDs, Maritime Surveillance and Military Mobility.
11. It also covers the identification and prioritisation of cooperation opportunities; this includes the new set of EU Capability Development Priorities, derived from the revised Capability Development Plan (CDP), Coordinated Annual Review on Defence (CARD), Collaborative Database, Overarching Strategic Research Agenda, and Key Strategic Activities. The report covers the EDA's association with Permanent Structured Cooperation (PESCO) as part of the PESCO Secretariat, where it assisted in consolidating and implementing key PESCO milestones and launching the second tranche of PESCO projects. It also covers the support the EDA provides to specific PESCO projects, at the request of member states. EDA support to the European Defence Fund (EDF) is also covered, including the setting-up of work programmes and development of technical specifications, and supporting the preparation of the European Defence Industrial Development Programme (EDIDP) to ensure its coherence with CDP.
12. The UK recognises the benefits of these strands of work and is contributing to the CDP and CARD. The UK also welcomes the intent to ensure the coherence of output between the CDP and the NATO Defence Planning Process. Within the 'Enablers and Incentives' section, the UK was involved in the development of the European Military Airworthiness Requirements through participation in the EDA Military Airworthiness Authorities Forum. Within 'Education and Training, Rotary-Wing', the UK has provided the Chief Instructor of the Helicopter Tactics Course at Linton-on-Ouse since 2015. This is considered to be a flagship programme for the EDA, delivering significant operational capability and interoperability with the UK at the forefront of its delivery. Similarly, we are involved in the 'Research & Technology' area where UK industry has benefited from the Preparatory Action on Defence Research (PADR).
13. VAT exemption and the Cooperative Financial Mechanism (CFM) are also included in the report. The European Investment Bank (EIB) is now involved in the (CFM), which is structured around two pillars, one involving the EIB as sole lender and another foreseeing State-to-State support on a voluntary basis. Our aim is to encourage a globally competitive European Defence Industry that delivers interoperable capabilities our Armed Forces need at the best value for money. We will continue to work bilaterally with the EDA and with our

Letter of Intent partners to shape the Defence Industry agenda, influence action, and maximise the opportunities to the UK Defence Industry. After we leave the EU, our future cooperation will be subject to negotiations on an Administrative Arrangement with the EDA.

14. The EDA's involvement in wider EU policies and acting as a central operator to EU funded defence-related activities is also covered in the report. Single European Sky is an area within wider EU policies where we have shaped and benefited from the EDA, with participating Member States obtaining an additional €5,1M in EU co-funding. Maritime is also of interest to the UK, where we engage with Maritime Surveillance to steer the future direction of European capabilities.
15. The report also covers interaction with key stakeholders and third parties and sets out the working relationship with Norway, Switzerland, Ukraine and Serbia, countries who all have Administrative Arrangements with the EDA. The implementation of the Administrative Arrangement with the European Space Agency (ESA) and the Organisation for Joint Armament Co-operation (OCCAR) also progressed well in 2018. The work with the ESA mainly focussed on implementation of established projects and more areas of cooperation with OCCAR have been investigated. The EDA continues to cooperate with NATO and is involved in six of the seven areas of cooperation agreed between the EU and NATO. The EDA is also working with other third parties, such as the European Air Transport Command, the European Centre of Excellence for Countering Hybrid Threats, the US and Canada on specific defence projects at the request of Member States.

CONSULTATION

16. None.

REGULATORY IMPACT ASSESSMENT

17. Not applicable.

FINANCIAL IMPLICATIONS

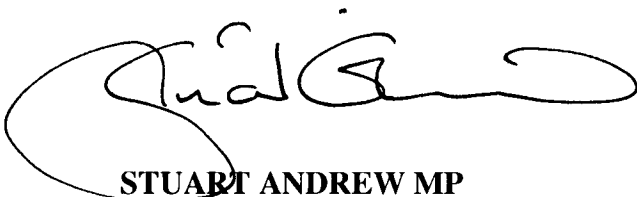
18. None.

TIMETABLE

19. The report was noted at the FAC(D) on 20 November 2018.

OTHER OBSERVATIONS

20. None.



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