

**Speech on European Defence Research
Conference on Space Solutions for Resilience in the
Mediterranean**

Malta 28 June 2017

Thanks for inviting me to speak in this conference on space and resilience and to have an opportunity to develop a few ideas on what the initiatives the European Commission takes on defence interacts with space solutions to the benefit of the European citizen security.

We face enormous security challenges in Europe. Those challenges are more and more complex. They directly threaten our borders. The line between internal security and external defence is increasingly blurred.

Regional instability to the East, fighting in Syria and Iraq, and the terrorism that sadly comes with it, make security threats an everyday reality for EU citizens. And they expect us to respond.

No Member State is strong enough to meet those challenges on its own. So Europe must become a security provider.

In his 2016 State of the Union Speech, President Juncker put his finger on this. He said that we need to deliver a Europe that protects, empowers and defends. Europe's soft power is not enough in the long run without at least some integrated defence capacities.

This is exactly what EU citizens ask us and as you noted this is why security and defence is so high in the EU political agenda and that we have ambitions of a European Defence Fund to contribute to those challenges.

I will first present you the recent initiatives the European Commission took in defence, in its capability and research aspects. I will then present you my views on what effects it may have in the space activities and the areas of interaction between defence and space.

1. The European Defence Fund, research and capability

In November 2016, the Vice-President, High Representative, Federica Mogherini, presented a Global Strategy for Foreign Policy and Security for the European Union. It sets a high level of ambition. This was accompanied by an Implementation Plan, which sets out proposals to implement the EU Global Strategy (EUGS) in the area of security and defence.

To complement, the European Commission adopted at the same date an **European Defence Action Plan**.

The Action Plan sets out how EU policies and instruments can support Europe's defence industry and collaboration between Member States.

The Action plan has 3 core pillars:

- Funding collaborative defence research and the joint development and procurement of defence capabilities through a **European Defence Fund**.
- Fostering investments in defence supply chains; and
- **An Internal market and an industry fit for purpose** to deliver capability priorities for the future.

The European Council of 15 December 2016 welcomed "*the Commission's proposals on the European Defence Action Plan*" (EDAP). It also invited the Commission "*to make proposals in the first semester of 2017 for the establishment of a European Defence Fund including a window on the joint development of capabilities agreed by Member States*".

Partly in response to this request, the Defence Package was adopted on 7th June 2017 and consists of a:

- Reflection Paper on the future of European Defence - presenting different scenarios for defence cooperation;
- Communication "Towards a European Defence Fund"; and a
- Draft regulation establishing a European Defence industrial Development Programme (EDIDP) supported by a Staff Working Document.

Our objective is to find a way to support capability development from research through to placing products on the market.

This Fund has two distinct "windows".

First one is a "research window". It aims to fund collaborative defence research projects at the EU level. We start with the Preparatory Action in 2017 with a EUR 90 million program on 2017-2019 to test the European added value on defence research. We will then propose a dedicated EU programme in the post-2020 EU multiannual financial framework with an estimated amount of EUR 500 million per year. It will be the first time that defence research is funded from the EU budget.

Second is so called "capability window" which aims to support Member States' joint investment in commonly agreed defence capabilities in priority areas. Indeed, supporting defence research will be wasted investment unless it leads to concrete military capabilities in priority areas, developed through collaborative programmes. We want to encourage Member States to purchase certain assets together to reduce their costs.

This is why the Capability strand is taking shape with the adoption by the Commission of a proposal for a Regulation for a **European Defence Industrial Development Programme**. The Programme is designed to test the added value of EU funding contributing to joint capability development. If a success, we expect this to lead to a more ambitious programme under the next MFF.

The objective is to incentivise cooperation between companies and Member States, particularly for the development of prototypes. We are proposing a limited contribution to the financing of prototyping (up to 20%) but the EU contribution could cover up to 100% for other actions in the development phase (e.g. for studies, testing, qualifications and to boost cooperation) and the European Commission proposes to dedicate EUR 500 million on 2019-2020 to this development programme.

To make it short, the ambition we have in the European Commission is very high. The key message is that the Commission wants an ambitious and substantial programme. To back this up the Commission took the very unusual step of proposing a budget of €500 million. It is very rare for the Commission to make any public statement on budgets for the next MFF ahead of finalising its overall proposal. For defence research we made an exception and this reflects our strong political commitment.

This would make the EU the third largest defence research budget in Europe.

2. Defence research, security and space

In 2016, the European Commission adopted two main policy documents, the European Defence Action Plan I already referred to but as well the space strategy I referred to but the other key policy document is space strategy for Europe adopted in October 2016.

There is a need to increase the coherence and synergies between defence issues and other relevant Union policies and sectors, thereby fully exploiting the EU's added value.

As mentioned in the European Space Strategy, investing in space capabilities will enable Europe's access to space and safe use, ensuring its freedom of action and autonomy. The Commission is also committed to contribute to ensuring the protection and resilience of critical European civil and military space infrastructure, enhancing the existing EU space surveillance and tracking (SST) support framework

Let me give you some areas where the European Commission thinks there is room for action in this area

- As underlined by the Space Strategy, space services can also strengthen the EU's and Member States' capacity to tackle growing security challenges.

The Commission will seek to maximise synergies and complementarity with relevant activities of the EU Satellite Centre in the area of space security and defence.

- Under the currently evolving threat environment, the mismatch between governmental satellite communications (SATCOM) user needs, and timely and appropriate solutions, increasingly creates risks to key mission security operations and infrastructures of the Union and its Member States. The Commission, in cooperation with the High Representative, EDA and the European Space Agency, is preparing an initiative to ensure reliable, secured and cost-effective satellite communications services for EU and national authorities managing security critical missions and infrastructures by the end of 2017.
- To improve the EU's ability to respond to evolving security challenges related to border controls and maritime surveillance, the Commission works on expanding Copernicus capabilities taking into account new technological developments in the sector, the need to ensure adequate level of security of the infrastructure and services, the availability of different data sources and the long-term capacity of the private sector to deliver appropriate solutions.

The Commission shall explore how Copernicus could cover further security needs, including defence. It shall strengthen security requirements and will reinforce synergies with non-space observation capabilities in 2018.

3. Conclusion

The ambition of the European Commission to involve the EU in defence research and in the support of the development of collaborative capabilities is a major change. Member States will remain at the heart of the system and the EU does not aim at replacing them and would not be able to anyway. This is a matter where complementarity between the national and the EU level is obvious and essential.

By investing, the defence area both in the research and capability dimensions, the EU is creating a new frontier. This will have tremendous effects on the mid, long term.

The contribution that space can bring to defence and security is very promising.

This is why the European Commission is working on different initiatives already mentioned. To deliver on those initiatives requires two prerequisites:

- the involvement of all stakeholders, in particular Member States and industry in the same direction
- the ability to create some innovative schemes to ensure the best value for money.

Thank you.