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Background Note Workshop 3

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Workshop 3: European Defence Action Plan and EU-NATO relations

European defence capabilities have evolved over the past decades. The main challenges include a near 11% reduction in defence expenditure over the decade from 2005 to 2015. The European Defence Action Plan supports the development of key capabilities for the security of the European Union and its citizens. The European Defence Action Plan has three main pillars that address different but complementary needs: launching a European Defence Fund; fostering investments in defence supply chains and reinforcing the single market for defence. The European Council conclusions of 26 June 2016 called for further enhancement of EU-NATO collaboration. Furthermore, on 8 July 2016 the President of the European Council Donald Tusk, the President of the European Commission Jean-Claude Juncker and the Secretary General of the North Atlantic Treaty Organisation (NATO) Jens Stoltenberg signed a Joint Declaration on the strategic relationship between the EU and NATO in Warsaw. It gives new impetus and substance in the areas of countering hybrid threats, operational cooperation including at sea, irregular migration and defence. A common set of proposals for NATO and the European Union were endorsed by the European Council. The deepening of defence cooperation and delivering the required capabilities together was also included in the EU Global Strategy.

President Juncker called for the launch a European Defence Fund in his State of the Union Speech in 2016. This Fund would consist of two specific 'windows'; a research window to fund collaborative research projects at the EU level and a capability window to support the joint development of defence capabilities. The 'windows' will be complemented by a coordination mechanism in the form of a coordination board.

Defence research is key to safeguarding the defence sector's long term competitiveness and ultimately Europe's strategic autonomy. The European Commission intends to launch a preparatory action on defence research in 2017, as called for by the European Council, with a budget of €90 million for the period 2017-2019. If Member States agree with this action plan, the preparatory action will pave the way for the 'research window' to take the form of a European Defence Research Programme within the next multiannual financial framework post 2020.

The lack of coordination and joint capability planning at the EU level reduces efficiencies in public spending and Member States' investments, while resulting in unnecessary duplications. Lack of synchronisation of individual budget contributions and the increasing costs of complex defence capabilities may be prohibitive for Member States and the pooling of resources would lead to savings and the maximise the value of defence investments.