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S P E E C H

by EU High Representative Catherine Ashton at the Annual Conference of the European Defence Agency

"It is a great pleasure to be here with you again at the EDA's Annual Conference. I would like to start by paying particular tribute to Claude-France Arnould for her excellent work since she took up her duties in January 2011.

This year's EDA conference takes place against the backdrop of the most tense situation in our neighbourhood since the end of the Cold War.

It is exactly a month today since self-declared, armed "defenders of the Russian speaking population of Crimea" stormed the Parliament building in Simferopol.

You have all followed events since. The EU has been clear in its reaction: There is no place for the use of force and coercion to change borders in Europe in the 21st century. The EU will not recognize the annexation of Crimea by Russia.

We call upon Russia to take steps to de-escalate the crisis. We will continue to engage and use all diplomatic and political means to stabilise the situation and prepare the ground for a genuine political solution.

Together with our Member States, the EU works hard to help ensure a viable and sustainable economic future for Ukraine. Some of you would have seen that a group of EU Commissioners and their teams were out in Kiev yesterday and were reporting back to the Commission this morning in order to stabilize the country and its institutions in these crucial days.

Our response has been measured, but determined. We have also been clear that any further escalation would lead to concrete and serious economic sanctions.

This was part of our discussion with President Obama yesterday at the Summit with the US with whom we continue to work closely and coordinate.

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Beyond their immediate repercussions, the events of these last weeks remind us that peace and stability in Europe could be more fragile than we all would hope.

Unilateral action can call into question four decades of confidence building and developing shared principles in Europe.

We need to take time and reflect on what this means for the EU: what we can do to prevent such situations, how we can best respond to them and how we need to organise and equip ourselves in a rapidly changing strategic and geopolitical environment.

Ultimately, this is about the role of the EU on the world stage and about its readiness and ability to act as a security provider.

In my report to President Van Rompuy ahead of the European Council of December last year, I made the case that "defence matters" – a notion subsequently proclaimed by the EU Heads of State and Government themselves at the Summit.

Defence matters for a number of reasons, but recent events remind us that it matters first and foremost because it provides security to our citizens.

The Heads of State and Government recognised the importance of "security and defence" by committing to continued top-level engagement and by giving an ambitious set of taskings to the European Defence Agency, to the External Action Service, to the European Commission, and, importantly, to Member States as well.

The two watchwords for these taskings were cooperative and comprehensive.

One of our most valuable instruments and one of the greatest strengths of the EU is the comprehensive approach. It is about the effective combination of diplomatic, military, political, financial and other instruments. But most of all it is about the broadest possible vision of what security is about.

In this respect, comprehensiveness means investing in early warning, being prepared and conflict prevention just as much as in crisis response, stabilisation and peace-building, development and policy dialogue. It also means to systematically and closely work with partners on the full range of issues that may pose security risks.

Over time, we need to "internalise" the comprehensive approach philosophy for the entire range of our external relations. But we should also not be too modest in pointing out really good examples where it works very well already.

It works in the Horn of Africa. Operation ATALANTA has dramatically reduced piracy and made international shipping lanes in the Horn of Africa much, much safer.

In Somalia, the EUTM mission is strengthening the transitional government and institutions and has trained almost 4000 soldiers of the Somali government forces. The mission has now started its operation in Mogadishu.

We are helping to build up regional maritime capacity. This year the EU year is chairing the international Contact Group on Piracy off the coast of Somalia.

We are deeply engaged diplomatically and politically, and as Somalia's biggest donor, we are a key partner for development assistance.

The "New Deal" that the EU, Somalia and partners set out in September last year forms the basis of our engagement with the country, to accompany Somalia's transition.

So, as we seek to empower Somalia politically, we must do so by empowering its institutions and its people, across the country. A whole range of different ways of engaging from combating piracy at sea to the development of a secure society on land.

Let's think about the SAHEL where we are successfully preventing the destabilisation of a vast region where central governments are struggling to effectively control their national territories.

We have provided humanitarian assistance to Mali up to €550 million in 2013 and 2014. We have pledged €1.28 billion in development aid to Mali that has already started to be committed.

Our two crisis management missions in Niger (EUCAP SAHEL Niger) and Mali (European Union Training Mission – EUTM Mali) have delivered encouraging results, but it will take time and determination to build a capacity to tackle these existing challenges.

A complementary civilian mission is under preparation. It will help support the internal security forces in Mali in their fight against terrorism and illegal trafficking, while contributing to the reform of the security sector at large.

Maritime Security is also featuring high on our agenda. The endorsement of the European Maritime Security Strategy is planned for June 2014.

But it is also clear that European defence can only be successful if underpinned by the necessary military capabilities;. And it is no secret that we still lack critical capabilities.

Four of these capabilities– Air-to-Air Refuelling, Drones, Satellite Communications, Cyber Defence – were highlighted by the European Council.

We need to become less dependent, and stand on our own two feet.

The question is how to deliver these capabilities - none of which comes cheap. The question needs to be answered on how to square the circle of the spiralling cost of complex military systems with reducing defence budgets. The answer is through cooperation.

I was pleased that the European Council endorsed defence cooperation. This is not a luxury, or some sort of diplomatic weasel-word.

It's a necessity. In today's – and probably tomorrow's – Europe of continually squeezed defence budgets, cooperation is the only way to acquire and sustain capabilities that are out of reach individually.

Even the few Member States with a broad spectrum of capabilities are cooperating in unprecedented ways. The maxim "Pool it or lose it" has never been truer.

But cooperation is often not instinctive. It is not exactly a walk in the park!

That is why the European Council invited the European External Action Service through me, and the EDA, to develop a Policy Framework to foster more systematic and long term defence cooperation.

In the past, cooperation on major defence systems has been limited to the development and acquisition phases.

We now need to extend that into the in-service phase, not least because two-thirds of the whole-life costs fall while the equipment is in service.

That means that we need to inject discipline into the entire life-cycle of a capability and avoid the proliferation of expensive national variants.

But cooperation does not begin and end with Member States. The European Commission also has a vital role to play.

Heads of State and Government endorsed four major projects in December. Three of these – Satellite Communications, Drones, and Cyber – are dual-use. This is no coincidence.

The bottom-line is that we need to exploit synergies with what is done on the civil side to avoid unnecessary duplication and increase cost-effectiveness. The distinction between military and civilian technology is becoming increasingly blurred.

Civil security and military requirements are underpinned in many domains by dual-use technologies.

So many key technologies – for example those used in cyber security/defence, satellite communications, drones – have civil and military applications. So harnessing those synergies is vital.

We cannot afford to pay for the same technologies twice. We need to exploit all means available to ensure that investment in innovation and technology is done intelligently, drawing on a combination of intergovernmental and community instruments.

So what we need to do is to apply the EU's comprehensive approach also to capability development.

Europe's defence industry has a pivotal role to play and is, now more than ever, a crucial element in the defence equation.

Indeed, Heads of State and Government in December underlined the importance of strengthening the European Defence Industrial and Technological Base.

This is crucial. It will not only ensure that Europe will be able to develop the capabilities it requires to protect its strategic interests and its citizens. It is also a driver for economic growth, jobs and innovation.

It is a sector that generates an annual turnover of almost 100 billion Euros, and almost half a million jobs.

Europe is a knowledge- and innovation-based economy, and the Defence Industrial base, underpinned by a civil-military synergy logic, is one of its prime pillars.

We must therefore reverse the trend of fragmentation and move towards consolidation and increased competitiveness of the Defence Equipment Market.

Small & Medium Enterprises, so many of which are the source of cutting-edge technological innovation, require our support. That is why I'm delighted that the Commission and EDA are working together to do precisely that.

But we also need to consolidate demand.

In the last two decades we in Europe could afford the luxury of designing, developing, and manufacturing three different combat aircrafts, fourteen different types of frigate, and eleven different types of fighting vehicles. These days are over!

Last year, I emphasized the need for sustained political will from the very top. I believe the December European Council gave us that. Now we need to deliver.

We have the institutional instruments, we have the expertise, we have coordinated efforts between the European institutions and the Member States. And we have the tools at our disposal to move further in the direction of cooperation and consolidation.

Cooperative and comprehensive – that is the way forward. We need to get better and smarter on both accounts, in our thinking and in our deeds.

I believe that together we can make European Defence Cooperation a success and thereby ensure that the EU is truly a global security provider in the 21st century.

Thank you"