

2020 CARD REPORT

EXECUTIVE SUMMARY

The **objective of the CARD** is to review the participating Member States (pMS) defence activities in order to provide, over time, a **comprehensive picture of the European defence landscape**, which includes capability development, R&T efforts, the defence industry support dimension, and operational aspects and to promote opportunities for multinational cooperation in defence capability development to achieve better **consistency between Member States' defence planning**.

PMS have undertaken significant efforts since 2015/2016 to react to the deteriorating security environment, including increasing their defence spending and focusing on high end capabilities. The **European defence landscape continues to be fragmented and lacks coherence** in several aspects notably as regards **defence capabilities** and their development. The EU CSDP Military LoA is currently not achievable and the commitment to CSDP missions and operations is very low with a substantial disparity between pMS in terms of engagement frameworks and overall operational effort.

EU Defence Initiatives have led to greater interaction among pMS as regards cooperation, including dedicated projects in the PESCO framework. They are, however, too recent to deliver a significant and positive effect on guiding the trends on defence, on de-fragmentation and on increased operational commitment. National defence interest and related approaches continue to prevail. Allocations made to already launched national programmes leave **limited margins for manoeuvre for collaborative defence spending** until the mid-twenties.

The **CARD Report** recommends pMS to use the CARD findings, including in a PESCO context:

- (1) to overcome the fragmentation of the European defence landscape through coordinated and continuous efforts among pMS over a long period of time in three major areas which are interlinked: **defence spending, defence planning and defence cooperation**, including by implementing the agreed **EU Capability Development Priorities** and the dedicated recommendations proposed for each of these areas;
- (2) to further make use of the **EU defence initiatives** and benefit from increased cooperation;
- (3) to inform the development of the **Strategic Compass** through which the Council will provide policy orientations and specific goals and objectives, including in the field of capabilities, to guide the implementation of the EU level of ambition of November 2016. It will build also on a 360 degrees threat analysis of the full range of threats and challenges and could further contribute to develop the **common European security and defence culture** and address differing threat perceptions;
- (4) to address the major shortfalls (by implementing the **High Impact Capability Goals**) and properly deliver the pool of capabilities declared to the EU to fulfil the **EU CSDP Military Level of Ambition**;
- (5) to gradually increase the **availability of forces for operational engagement**;
- (6) to focus **capability development efforts** on **next generation capabilities**, including at system and subsystem level, in an open and inclusive manner for all pMS, and prepare the future together within the six focus areas: **Main Battle Tank, Soldier Systems, European Patrol Class Surface Ship, Counter-UAS – Anti-Access/Area-Denial, Defence in Space, Enhanced Military Mobility**;
- (7) to pursue the following priority areas for **operational collaborative opportunities**: **Power Projection, Non-Kinetic Engagement Capabilities and Force Protection**.

2020 CARD REPORT

INTRODUCTION

1. The 2020 CARD Report provides **key political messages** derived from the 2020 CARD Aggregated Analysis, **actionable recommendations** and **options to generate collaborative projects**, in particular in the PESCO framework and in coherence with the EDF.

THE EUROPEAN DEFENCE LANDSCAPE – OVERVIEW AND RECOMMENDATIONS

2. The **prime reference** for participating Member States' (pMS) future defence plans continues to be **national defence interest**, based on different perceptions of the security environment, historical background, specific regional security environment and threats as well as risks to national security. This determines national defence spending, the size and shape of national capability profiles and defence related activities, including the approach towards defence cooperation and the openness towards the European defence initiatives. As regards resulting defence capabilities, the **European defence landscape continues to be fragmented and lacks coherence** in several aspects. Existing capabilities are characterised by a very high diversity of types in major equipment and different levels of modernisation and of interoperability, including logistic systems and supply chains. The de-fragmentation of the European defence landscape requires **coordinated and continuous efforts among pMS over a long period of time in three major areas which are interlinked: defence spending, defence planning and defence cooperation**. As regards the **operational dimension**, pMS' engagements and the continued force generation problems show a very **low commitment** to current CSDP missions and operations (deployed manpower and operational activities' expenditure). In addition, the High Impact Capability Goals (HICG) are not sufficiently addressed by pMS and thus the EU CSDP Military Level of Ambition (LoA) is currently not achievable. This requires a **changed approach in terms of actual contributions to CSDP missions and operations and potential availability of forces for operational engagement**, in accordance with PESCO commitments.

Defence Spending

3. In 2015-2016, pMS started to increase their defence spending, i.e. before the European Defence initiatives were launched. Consequently, overarching European orientations and perspectives could not significantly guide or inform this spending. Besides the overall deterioration of the security environment, the key driver for defence spending, including defence investment, is to recover individually from the significant underinvestment of the last decade. Therefore, their objectives are to consolidate national defence capability profiles, with a prevailing focus on high-end capabilities. Allocations made to already launched national programmes leave **limited margins for manoeuvre for collaborative defence spending until the mid-twenties**. The outlook for Defence Research and Technology (R&T) spending levels continues to be insufficient, putting the **EU strategic autonomy at risk**.

4. Recommendations

- **Sustain the trend of increasing national defence expenditure** to assume a credible role in defence for the EU, in line with the relevant PESCO commitment. This would allow the 21 pMS which are NATO members to also provide a more substantial contribution to the Alliance.
- **Systematically compensate possible cuts in national defence budgets** due to COVID-19 impacts through focused collaborative projects on capability development and R&T, making full use of the EU defence initiatives, including the EDIDP/EDF to prevent disruptive effects, as those witnessed resulting from the 2008 financial crisis.
- **Increase the share of R&T related expenditure** within defence budgets as a part of collective benchmark implementation, to deliver on cutting-edge defence capabilities at national and EU level including in a collaborative manner, supporting European technological development and resilience.

Defence Planning

5. The European capability landscape is the sum of the capability profiles of pMS. The **EU defence initiatives are too recent to already produce a significant and positive effect on de-fragmentation**. The mainstream of pMS' activities in capability development is reflected by the 2018 EU Capability Development Priorities, but **there is no evidence that they already constitute a "key reference" for pMS when elaborating national plans**.
6. A large number of pMS are also **NATO members** and the NATO capability targets seem to serve as their major multilateral orientation, which also serves to meet most of the military capability needs from a European perspective. Achieving these targets could also provide capabilities for CSDP missions and operations, as well as the phased achievement of the EU CSDP Military LoA. However, even if all gaps reflected in NATO capability targets were closed by the pMS, doing so without collaboration at European level would not allow to overcome the **high degree of fragmentation and resulting inefficiencies**.
7. **De-fragmentation will be advanced by a common view of defence planners** on the European capability landscape, including the related needs, and a **common understanding** notably on (i) the importance and application of the European defence initiatives and the related prioritisation and implementation tools at national and European level, (ii) the strategic relevance of multinational capability development projects from national and European perspectives, (iii) the importance of R&T for capability development and European technological development and resilience (iv) the importance of supporting Europe's strategic autonomy, including security of supply, and key strategic activities related to capability development and (v) striking the balance between EU principles of coherence, NATO requirements and national perceptions of the security environment, including aligning the defence apparatus with each other as asked for by PESCO.
8. Recommendations
 - **Acknowledge the coherence of the European capability landscape** as a key overarching EU principle to guide defence capability development in terms of commonality and compatible levels of modernisation and innovation.

- Further to the encouragement expressed by the Council on the embedding of the EU defence initiatives, **systematically consider and make best use** of EU defence initiatives in national planning processes. This could be facilitated **by increasing the engagement of the community of pMS defence planners** with a view to take forward the identified collaborative opportunities. This would entail dedicated defence planning seminars, including by making best use of existing formats.
- **Use CARD** findings to inform the objectives and concrete deliverables for the next **PESCO phase 2021-2025**.
- **Use CARD** findings to enhance EU-NATO information exchange in the framework of the EU-NATO Joint Declarations.
- **Prepare jointly the planning horizon (beyond mid-twenties) for increased and more substantial cooperation** in capability development in a structured and more targeted manner. This entails a more systematic use of EU defence initiatives and tools in consolidating national capability profiles towards overall coherence at EU level.
- **Use the CARD findings** to inform the development of the **Strategic Compass** through which the Council will provide policy orientations and specific goals and objectives, including in the field of capabilities, to guide the implementation of the EU level of ambition of November 2016. It will build also on a 360 degrees threat analysis of the full range of threats and challenges and could further contribute to develop the **common European security and defence culture** and address differing threat perceptions.

Defence cooperation

9. The EU defence initiatives share the principle of cooperation as a common denominator and have **generated more interactions among pMS**. As **national approaches continue to prevail**, the impact of these increasing collaborative activities on national capability profiles and on the EU defence landscape as a whole can only be assessed in future CARD cycles. Little activity has been observed in taking forward the collaborative areas identified in the CARD Trial Run. Only a few pMS consider multinational cooperation in capability development as a key characteristic of their national capability profile and/or have the national ambition to actively contribute to shaping the European capability landscape. This is also evidenced by the fact that pMS miss out on meeting the European collective benchmarks on “collaborative equipment procurement” and on “collaborative defence R&T”, which were agreed by pMS more than 10 years ago and adopted as individual PESCO commitments. The **willingness to engage** in multinational projects is higher (i) when they support national capability plans, (ii) the capability being sought is delivered faster and/or (iii) more cost-effectively compared to national solutions and (iv) national industry also benefits from the approach. The EU defence initiatives should add value in all these aspects.

10. Recommendations

- **Continue to consolidate** national capability profiles in the ongoing planning horizon and to this end increasingly use collaborative opportunities identified while stepwise achieving the agreed benchmarks on collaborative defence spending. This entails benefiting from the EU

defence initiatives which continue to provide opportunities for pMS, including to bring their defence apparatus into line with each other, as called for by PESCO.

- **Engage in and commit to proposed collaborative opportunities** (capability development, R&T, industry) for the planning horizon beyond mid-twenties towards both more robust national capability profiles and more coherence at EU level along the areas identified notably through CARD.

Fulfilment of the EU CSDP Military Level of Ambition and operational dimension.

11. CARD outlines a comprehensive picture of the EU Defence Landscape in relation to the EU CSDP Military Level of Ambition (LoA). **Even if nearly 50% of pMS priorities are currently addressing the High Impact Capability Goals (HICG), the EU does not have all the required military capabilities available in order to fulfil the EU CSDP Military LoA.** Together pMS, that are also NATO members, contribute **77% of NATO declared capabilities** to the EU Headline Goal Process. From this pool of capabilities 60% are declared as deployable and therefore considered suitable for the fulfilment of the EU CSDP Military LoA. Considering the timeframe envisaged by the Council (by 2032), the potential for jeopardizing the achievement of the EU CSDP Military LoA remains high. **The fulfilment of the EU CSDP Military LoA's requires that pMS declare significantly more forces and capabilities to the EU for planning purposes.**
12. Differing perceptions of the security situation and the disparate strategic orientations among the EU pMS remain a key issue. They determine not only pMS' defence profiles but also shape their operational efforts. CSDP engagements represent only 7% of pMS' total manpower committed in all operational frameworks (approximately 3000 against a total of 44,700 troops) and account for the lowest percentage among multilateral efforts. This low commitment to CSDP missions and operations is confirmed by continued force generation problems. **CSDP operations and missions need increased contributions from pMS to achieve their objectives, in accordance with PESCO commitments.**
13. Recommendations
 - **Continue addressing the major shortfalls** identified by the Council in 2018 (High Impact Capability Goals) to **fulfil the EU CSDP Military Level of Ambition** and focus as well on: readiness of forces, logistic infrastructure and support for deployment, transport helicopters, Air and Maritime C2, Intelligence, Surveillance and Reconnaissance capabilities, Special Operations Forces and Medical Support (including support to civilian authorities facing pandemics).
 - **Continue to gradually increase the availability of forces for operational engagement**, including in the PESCO framework.
 - Bearing in mind the “single set of forces” principle, for those pMS which are also NATO members, **consider declaring the same pool of capabilities** potentially available in both frameworks for planning purposes in order to reflect the reality of the EU capability landscape.
 - In the context of the Strategic Compass, **consider contributing** to the development of a **common European security and defence culture**, informed by the EU's shared values and

objectives, which respects the specific character of the security and defence policies of the Member States and brings them closer together.

COLLABORATIVE OPPORTUNITIES – RECOMMENDED FOCUS AREAS

14. CARD recommends **55 collaborative opportunities in capability development**, including the most promising, most needed or most pressing ones, also in terms of operational value. **56 options to cooperate in R&T** have been identified as well. They would yield significant benefits in addressing pMS declared national priorities, preparing the future together and enhancing at the same time the coherence of the European capability landscape in terms of modernization, innovation, and commonality.
15. Building on these collaborative opportunities, **six focus areas** are recommended with the potential to form clusters spearheading a system of projects and activities. These focus areas can bear a significant impact on both pMS' capability profiles and the coherence of overall European capability landscape. In all six focus areas the timing of related pMS' considerations are favourable for cooperation and allow for a **broad participation of pMS at system and subsystem levels**, including by linking their current programmes. It is critical to **preserve the required industrial know-how and European technological development and resilience**. The collaborative development of capabilities in these focus areas requires cross-border industrial cooperation for prime contractors, mid-caps and SMEs with positive effects on the competitiveness of the **European Defence Technology and Industrial Base (EDTIB)**.
16. An enhanced **collaborative approach** is needed in order to connect capabilities together and improve readiness, preparedness and interoperability of forces to be used in CSDP operations and missions, notably in those areas of the identified major capability shortfalls which appear to be less likely addressed without common involvement. This would enable the EU to effectively conduct part of the most likely as well as most demanding operations.
17. Recommendations
 - **Make full use of all identified collaborative opportunities**, in particular in support of the proposed focus areas, to inform national planners for generating projects, including for the next wave of proposals in the **PESCO context** as well as the upcoming **EDF Annual Work Programmes**, while respecting their distinct character and different legal bases.
 - In order to boost the Union's operational CSDP performance in the short and medium term, pursue the following priority areas for **operational collaborative opportunities**: Power Projection, Non-Kinetic Engagement Capabilities and Force Protection.
 - **Focus capability development efforts on next generation capabilities**, including at system and subsystem level, in an open and inclusive manner for all pMS, and jointly prepare the future investments within the six focus areas, as part of the EU Capability Development Priorities agreed in 2018:

- (1) Upgrade, modernise or procure a **Main Battle Tank (MBT)** capability as a credible backbone in conventional high intensity operations as well as crisis management operations. Gradually replace existing fleets over the next decade and beyond.
- (2) Modernise **Soldier Systems** as the core of individual force protection and operational effectiveness across all types of operations within the next decade, based on a commonly shared architecture for all related subsystems using cutting edge technology.
- (3) Replace coastal and offshore patrol vessels within the next decade and beyond to meet the growing operational requirements to ensure maritime security adjacent to European territory. A **European Patrol Class Surface Ship (EPC2S)** represents an EU-wide approach for modular naval platforms adaptable to various sea basins and pMS' requirements/programmes.
- (4) Develop the capability to counter low-speed/low-visibility unmanned aerial systems (**Counter-UAS**) to improve force protection as well as contribute to establish a European standard for **Anti-Access/Area-Denial (A2/AD)**. The latter is linked to Air and Missile Defence which could be integrated in a larger civilian air management context.
- (5) Develop a European approach to **Defence in Space** in order to improve access to space services and the protection of space-based assets. This would entail systematically addressing defence requirements in developing space-based capabilities and streamlining pMS and EU institutions' fragmented efforts.
- (6) Taking pMS' current prioritised efforts in military mobility a step further through **Enhanced Military Mobility**. To improve the means of transportation (air and sea lift) and the logistic facilities as well as the resilience of related IT systems and processes under hybrid warfare conditions (harbour protection, cyber defence) by the mid-twenties.

The related activities in R&T span across **Artificial Intelligence (AI), Cyber Defence, new sensor technologies, emerging materials and energy efficient propulsion systems as well as unmanned systems and robotics.**

- **Ensure continuity of effort** in these focus areas with the EU providing long-term support to the related activities, including financial, and where appropriate, playing a coordinating role to significantly shape the European capability landscape.