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5th July 2012

Dear Tim

**GOVERNMENT RESPONSE TO THE HOUSE OF LORDS EU SUB-COMMITTEE C (EXTERNAL AFFAIRS) REPORT INTO EUROPEAN DEFENCE CAPABILITIES**

Following the publication of The House of Lords European Union Sub-Committee C (External Affairs) Report on European Defence Capabilities, lessons from the past, signposts for the future, on 4 May 2012 (HL 292) the Government is pleased to be able to respond.

The Government welcomes the House of Lords European Union Committee's thorough inquiry into European Defence Capabilities. It is clear from the range of speakers giving evidence in front of the Committee that they have had a unique opportunity to make a truly thorough assessment of the issues at hand. These are issues that are increasingly important to all of us in Europe as we strive to enhance our capabilities against a shift in focus from the US and decreasing Defence Budgets.

The attached document details the Government's response to the conclusions and recommendations in the Report.

A handwritten signature in black ink, appearing to read 'Gerald Howarth'.

**GERALD HOWARTH MP**

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**Government Response to the House of Lords European Union  
Committee**

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*Government Response to the House of Lords European Union Committee's  
inquiry into 'European Defence Capabilities: lessons from the past, signposts  
for the future'*

**Government Response: House of Lords European Union Committee**

***European Defence Capabilities: lessons from the past, signposts for the  
future***

The Government welcomes the House of Lords European Union Committee's inquiry into 'European Defence Capabilities: lessons from the past, signposts for the future' published on 4 May 2012 (HL 292). The Government's response to the conclusions and recommendations in the Report is set out below.

**Chapter 3: The state of play**

***Capabilities, deployment and budgets***

**154. The key challenge for European capability is not just the level of defence expenditure, but its effectiveness. It is particularly important to increase the proportion of those in uniform who can be deployed. (Paragraph 43)**

The Government agrees that this is an absolute priority for European defence policy. Any increase in effectiveness lies in all European nations not only possessing the right capabilities, but also having the political will to deploy them. Both Smart Defence and the EU's Pooling and Sharing initiatives can play leading roles in encouraging coherent defence reform, but ultimately we need all European nations to demonstrate political will both to undertake the required changes and demonstrate the will to use those capabilities.

***The UK-French treaties***

**155. We welcome the UK-French defence treaties and cooperation which provide lessons for how the sharing of sovereignty can be successfully managed. Other similar combinations of nations could emerge which could act as a core for the development of effective European defence. (Paragraph 53)**

**156. The UK and France lead Europe in defence in terms of range of capabilities, budgets, equipment, ability to deploy, and scale. If other EU or NATO states do not contribute more to European defence the UK and France will bear an increasingly large and disproportionate burden within Europe. We believe the current division of responsibility is unsustainable and, if uncorrected, could lead to growing friction between Member States. (Paragraph 54)**

Implementation of the objectives set out in the UK-French defence treaties of 2010 is progressing well, and the new French Government has made clear in public its continued commitment to that process. The Treaty is not so much about managing the sharing of sovereignty but improving interoperability between Europe's two most capable military nations. Such a construct might form the core of a deployable capability which other nations could join as required, but it is not intended as the core of permanently assigned forces to an EU defence initiative.

The UK and France continue to bear a disproportionately large share of the burden of European defence and security. Prevailing economic circumstances make it unlikely that we will see any early increase in defence spending by Member States, and the only real prospect of improved burden sharing in the short to medium term lies in more effective collaboration between groups of Member States with common strategic interests and military cultures, such as the NORDEFECO grouping in Northern Europe or the Benelux countries. In this respect the UK and France aim to lead by example through their co-operation under the treaties. The European Defence Agency (EDA) also has a role to play in helping Member States identify and fill capability gaps.

### ***The German position***

**157. Germany is Europe's economic powerhouse. But in the military area, it does not fulfil its potential despite a large defence budget in absolute terms. It is a precondition that Germany becomes a more active participant in European defence matters, able to engage on similar terms to the UK and France, if the EU is to have an effective security and defence policy. NATO would benefit equally. (Paragraph 57)**

The UK and Germany have both embarked on ambitious and essential transformation of our respective Armed Forces and Defence structures, not only to meet our own national security requirements, but also to meet the responsibilities we have to our allies – and more widely, to international security. Our National Security Strategy and Germany's Defence Policy Guidelines come to the same conclusion: to tackle the threats we share in common, we need to act in common - through all the institutions which exist to provide us with a collective response.. Hence, both countries see making a success of the defence capabilities package agreed at Chicago, as a priority. NATO remains the cornerstone of European security and thus the principal vehicle for collective defence, although the EU and UN can play a role to compliment NATO.

Germany is already making a significant contribution to international operations. It is the third largest troop contributor to ISAF, behind the US and UK, and the lead nation for Regional Command (North). It also plays a significant part in the Balkans and in the EU's counter-piracy mission, Op ATALANTA. However, by re-focussing defence budgetary resources,

Germany probably has greater scope than any other European NATO partner to contribute to the enhancement of the EU's and NATO's deployable capacity. It is in all our interests to encourage Germany to realise that potential and we have been working closely with the Germans to improve our bilateral relations – with the establishment of the Structured Dialogue in 2010 and the recent visit to Germany by the Defence Secretary on 2-3 May. But it will also rely, in Germany in particular, on the ability to generate the political will and public support for the deployment of military resources more widely in the future in support of Alliance operations beyond our borders.

### ***Missions and Operations***

**158. The EU's track record of under-resourcing civilian missions must not be repeated in the military field. If the EU is to undertake military missions it must be on the basis that they will be resourced on a scale that is commensurate to the need. CSDP must be able to deliver when it is needed on a scale that is appropriate. (Paragraph 62)**

The committee makes a fair point. As the report recognises, there is already concern over resourcing of the EU military missions and gaps on the Battlegroup roster continue to persist. This shortfall of resourcing lies in both a lack of political will to commit to operations and a lack of deployable capability. However, whilst operation force flow remains an issue for Member States, Operation ATALANTA currently has commitments to the end of 2012 and alongside NATO's Operation Ocean Shield, is leading the international effort against piracy off the coast of Somalia.

To address the lack of capability, we continue to encourage Member States to work more closely together in cost-effective capability sharing initiatives.

### ***Battlegroups***

**159. Battlegroups were intended as the hard edge of the EU's CSDP, particularly in the crisis management role. If they are to perform this function they must be operationally deployable, made up of national contingents that are capable of working well together, enjoy stability in terms of combinations of Member States, and be tested and audited for readiness, as is NATO practice. (Paragraph 73)**

**160. When circumstances next arise which would justify the deployment of an EU Battlegroup, the decision should be taken to deploy. Failure to do so will seriously weaken the credibility of CSDP. (Paragraph 74)**

The Government fully supports the Battlegroup Concept: a rapid response force and a driver of capability development. However, we recognise the concerns reflected in the report over its utility and cost-effectiveness. The Battlegroup's capabilities can play a useful role in cooperation with other EU crisis management tools and we continue to work with other Member States to increase deployability of those capabilities. This could include supporting

current operations and increased integration with EU civilian rapid response capabilities. From a capability development perspective, whilst the UK has temporarily supported an expansion of common costing for strategic lift, for the long term Member States must start developing the capabilities themselves or through partnerships with other Member States.

### ***The EU-NATO relationship***

**161. NATO is still the only credible defence community capable of the territorial defence of Europe, and of engaging in those conflicts that are complex, medium or large scale, or require sophisticated operations. It is essential that the US continues to participate in the defence of Europe through NATO. (Paragraph 82)**

We agree with the committee. The UK has made clear that NATO is the cornerstone of our defence. Whilst we recognise that the US is shifting its strategic priorities to the Asia-Pacific they will continue to have a large defence presence and interest in Europe. Indeed, through NATO, the US will remain directly engaged with European defence, as evidenced for example by their large investment in a missile defence system for Europe.

However, it is vital European nations recognise the importance of meeting their defence requirements. As Libya graphically illustrated, Europe continues to suffer from key capability shortfalls which must be met. It is therefore vital that European nations continue to address these which, given the current pressures on defence budgets across the continent, can probably only be done in a collaborative manner, ensuring there is no duplication of effort or capability.

**162. Europe has security issues which are, however, more appropriately handled operationally by the EU than by NATO. These will include humanitarian missions, mixed civilian and military operations, geographical areas such as parts of Africa where United States or NATO involvement may not be appropriate, and peacekeeping. In the medium term the EU should concentrate on these classes of operation, and ensure that they are delivered successfully. (Paragraph 83)**

The Government absolutely accepts that the EU has a role in acting where NATO cannot, or chooses not to. In particular, through its unique set of comprehensive levers (military, judicial, developmental and financial) the EU can provide a specialised intervention in complex environments where a more balanced civ-mil approach is required. An excellent example of this is the EU's evolving Horn of Africa strategy encompassing three Operations; Operation ATALANTA, EU Training Mission Somalia and EUCAP NESTOR, and wider diplomatic input through a Special Representative. In particular, Operation ATALANTA has shown how the EU's comprehensive set of levers can be brought together to effect in dealing with piracy off the coast of Somalia. It has managed to combine military intervention (including the recent disruption of pirate logistics dumps ashore) with judicial process (through legal agreements with regional states to allow the prosecution of

suspected pirates) and, through the protection of humanitarian shipping, has helped ensure famine victims in the Horn of Africa are fed by the World Food Programme (WFP).

**163. In terms of military capability, what is good for the EU is good for NATO. There is no fundamental contradiction or competition. Military expenditure and capability are determined by individual sovereign states. 21 nations are members of both the EU and NATO. If those nations improve their military capability both organisations benefit, but most of all Europe as a whole, together with the United States, itself will benefit. (Paragraph 84)**

The development of military capability in Europe is of the utmost importance, especially at a time when budgets are constrained by the ongoing Eurozone crisis as well as by America's budget difficulties and its strategic shift. Capability development in Europe benefits both the EU and NATO provided that it is undertaken by (groups of) Member States and is not tied to one institution, for example through common funding. It is vital that efforts are coordinated, complementary and not duplicated. Therefore, the NATO and EU initiatives Smart Defence and Pooling and Sharing are key in establishing capability shortfalls and identifying ways ahead. The UK's move towards Future Force 2020 will directly contribute to the development of military capability in Europe.

**164. Arguments about how military capability in Europe is delivered, through NATO, EU, bi-laterally, or multi-laterally, should not distract from the important task of increasing the military capability of the whole. The important issue is that Europe pulls its weight in its security and defence interests. (Paragraph 85)**

As the Committee recognises, one of the biggest challenges facing Europe is in increasing the military capability of the whole. Whether delivered through NATO or the EU, bi-laterally or multi-laterally is not the key concern; all initiatives can be welcome. The important issue is to ensure that capability development is deconflicted and complementary. Given the current pressures on defence budgets across Europe, we must remove all duplication of effort. The EU's Pooling and Sharing and NATO's Smart Defence initiatives should play a major role in this process and deconfliction of the two is vital. The UK has been leading the battle to ensure that duplication between NATO and the EU is minimised.

The UK's Defence Cooperation Treaty with France should be seen as a model for encouraging countries to work more closely together. It makes sense nationally and, by improving the coherence and interoperability of our forces, will benefit Europe as a whole. As that cooperation develops we will continue to capture lessons learned from this experience to use in future bilateral and multilateral initiatives and encourage other European partners to follow this approach.

Europe is stepping up to the mark in meeting its security and defence interests in some areas. This is particularly true of the EU's CSDP operations and missions in the Horn of Africa where its comprehensive strategy has brought military, civilian, policing and judicial assets together to provide greater stability and rule of law in Somalia. However in other areas the EU has struggled to deliver its promised commitment.

**165. UK Governments have been reluctant to commit to EU defence. They tend towards an approach that suggests that more EU means less NATO. In our view, more EU capability also means more NATO capability, but the tasks of each should be clearly defined. We believe that the current balance of tasks between NATO and the EU is a sensible one. (Paragraph 86)**

NATO's Defence Planning process should provide the leading direction for capability development precisely because NATO remains the cornerstone of Europe's defence. However, providing they do not undermine NATO we are prepared to support initiatives that advance European capability development; including through the EDA and other initiatives between groups of European nations.

As the cornerstone of UK defence and security and the alliance we would expect to carry out high-intensity war-fighting. The EU's CSDP has an increasingly civilian-military focus, acting where NATO cannot or chooses not to, using its unique set of comprehensive tools (civilian, military, legal, developmental and financial). This differing focus should better support the complementarity of development programmes. What is clearly needed is coherency between the capability development programmes of both organisations, in particular through stronger EU-NATO communication.

**166. Since the reintegration of France into NATO's military structures the UK and France have near identical interests in EU defence and security and, given their dominance in this area, should together take a lead. (Paragraph 87)**

France's reintegration into the NATO military structure has provided a further opportunity for us to work more closely in taking a leading role in European defence, complementing our mutual interest in the Franco-British Treaties signed in 2010. We have already taken the first steps with our decision to establish a Combined Joint Expeditionary Force, development of which is progressing well, and which is capable of deploying for bilateral, NATO or EU operations.

**167. We emphasise the need for a proper relationship between the EU and NATO. It is essential that the difficulties caused by the Turkey-Cyprus dispute for EU-NATO coordination should be resolved. We do not underestimate the difficulties of tackling intransigent attitudes on both sides of the dispute, but it not only sours the whole area of European security and defence, it also puts the lives of personnel in the field at risk. EU Member States and their NATO allies must put**

**additional pressures on both countries to allow the problem to be resolved, and the Berlin Plus arrangement must be available for future operations. (Paragraph 88)**

The Government continues to encourage stronger EU-NATO cooperation, including through discussions with Turkey and Cyprus. Berlin Plus has proven its value to the Command of Operation ALTHEA and we agree that it remains a vital arrangement for potential future operations.

### ***The defence industry***

**168. It is fundamental that Europe maintains a defence industry on which it can rely. Furthermore, we see a strong and efficient European defence sector as a guarantor of competition in global markets, a foundation for research, and source of highly skilled jobs all of which will enhance European security and prosperity. (Paragraph 101)**

The Government's policy is wherever possible to fulfil our national defence and security requirements through open competition in the domestic and global markets. Within this overarching principle the UK fully supports the maintenance of a globally competitive European defence sector. The UK has one of the most open defence markets in the world and considers a key way to ensure a healthy European defence industry is by increasing competition across the European defence market.

A globally competitive UK defence industry is a major part of an efficient and effective European defence sector. Our White Paper "National Security Through Technology" announced a range of measures in support of this aim, including supporting UK companies' efforts to win new business overseas and our policy of promoting open defence markets across the globe so that UK industry can compete on its merits. At the same time, we are encouraging overseas-based suppliers to invest further in the UK defence and security sector, which will support the maintenance of highly-skilled jobs in the UK defence sector.

In setting our requirements, we will also actively look for ways to collaborate, preferably bilaterally, when it is in our interests to do so - recognising that sufficient economies of scale can be essential for industry to provide competitive solutions, while also offering the UK better value for money.

## **Chapter 4: The changing economic and security situation**

### ***America's "wake-up" call to Europe***

**169. It has been accepted for some time that Europe will have to take greater responsibility for its own security and defence, but with serious defence budget cuts in the United States and America's focus on the Pacific, this time the challenge is inescapable. (Paragraph 109)**

**170. Although the United States is giving greater focus to the Pacific, there is no equivalent integrated military alliance in the Eastern hemisphere, or anywhere else globally. NATO is unique. To that degree the United States needs NATO. But Europe must not depend upon that. (Paragraph 110)**

We agree with the report's conclusion that NATO is a unique institution. Whilst the US will remain engaged with Europe through its bilateral relationships and NATO, its refocus on Asia-Pacific will reduce the time and resources it devotes to Europe. As a result, and as we have been saying to EU Member States for some time, Europe faces a challenge. As illustrated by Operation UNIFIED PROTECTOR in Libya, there are capabilities which NATO can only provide through the US. It is therefore vital that European nations work together to fill these capability gaps both to provide key defence capability and to avoid any duplication between nations and institutions. Whilst there is no NATO equivalent in the Far East, the Five Powers Defence Arrangement (which celebrated its 40<sup>th</sup> anniversary last year), does provide an excellent regional forum and one upon which we should build.

#### ***Europe's budget cuts and capabilities***

**171. EU Member States must not cut their defence budgets without discussion with partners or regard for the joint tasks which they may be called on to undertake. They should take care not to cut important capabilities which lead to essential knowledge being lost and where the capability cannot easily be reconstituted. (Paragraph 121)**

In the current financial crisis we must recognise that we cannot spend more, but must spend better – finding improved ways of working together to get greater capacity from the resources that we have. Member States should be encouraged not to unilaterally cut capability but rather communicate their plans before any final decisions are made, but we must respect the fact that we are all sovereign nation states.

Pooling and Sharing and NATO's Smart Defence will help deal with those inevitable reductions collectively through prioritising on a common basis and working together. However, nations should not use this as an excuse simply to decrease defence spending and further rely on NATO without due consideration of the implications of this action. European countries which spend less than 2% on defence need to review their levels of defence spending and work together more effectively and efficiently.

#### ***Libya – lessons learned***

**172. European nations should work with the US to fill the capability gaps identified through the Libyan operation so that there are sufficient capabilities to be used within a NATO or EU context. (Paragraph 121)**

Whilst the Libya operation was a success, for the time being there will still be a heavy reliance on US command and control functions for future operations

and we have made it clear that it should be a priority for NATO to examine this. We are also concerned that some future operations will not be possible if the US is not willing or able to provide capabilities such as unmanned aerial vehicles, intelligence and refuelling aircraft. We have therefore made it clear that it should be a priority for NATO to examine this over-reliance on US capabilities and assets. This challenge may well be heightened by the US stated intention to shift its military, geographic and strategic focus to the Asia-Pacific region, as noted in this report, and by the need to address their own budget deficit.

### ***Cyber security***

**173. The nature of warfare and conflict is changing. Cyber attacks are already a feature of both industrial and security sectors. The EU and NATO must work together to minimise this fast growing threat. (Paragraph 125)**

The MOD is working closely with key NATO allies and EU partners within the Cyberspace domain. The UK's principal cyber partners are the US and Australia with whom a trilateral Cyber Memorandum of Understanding exists. However, a particularly close relationship has also recently been developed between the UK and France under a Letter of Intent. Furthermore, the MoD has increasing engagement with specific NATO and EU countries, such as Canada, Denmark, the Netherlands and Estonia, to an extent appropriate to each particular nation's cyber capabilities and the prevailing level of intelligence exchange. The UK is also fully committed to exercises (such as Cyber Coalition 2012) involving NATO and EU partners.

The EDA recently confirmed at meetings in June that Italy and Estonia were to lead work on Cyber Defence in which 19 EDA Member States would participate. Both nations have a Cyber Centre of Excellence, with Italy putting theirs forward to offer a complementary capability to NATO. This approach should bring inherent co-ordination.

## **Chapter 5: The way forward**

### ***How to improve capabilities?***

**174. EU Member States need to show, at the very least, a willingness and a capability to organise themselves militarily, and the political commitment to deploy forces if the occasion arises. Consequently, we recommend that EU Member States should set out a strategic plan outlining what they are willing to do collectively, and in what circumstances. Member States must also devise a formula to enforce those commitments once made, starting with pressure to staff existing missions properly. (Paragraph 130)**

The Government agrees that Member States need to show a willingness and a capability to organise themselves militarily and the political commitment to deploy forces if the need arises. As a result we are looking to increase the

usefulness of the EU Battlegroup Concept and work together with Member States to improve European defence capabilities. This has involved a prioritisation of the Pooling and Sharing work being looked at by the EDA.

The UK's focus is on operational effect on the ground and we will continue to encourage other Member States to focus on operational effect through developments in capability. The EU Member States have to address the political commitment to deploy troops, which is a sovereign issue, as is the maintenance of such a commitment.

**175. EU Member States must rationalise and coordinate their defence expenditure budgets, particularly at a time of budget stringency, to ensure that they target overcapacity and duplication, as well as filling the shortfalls, identified after the Libya operation: ISR (intelligence, surveillance, and reconnaissance), air-to-air refuelling, smart munitions and strategic and tactical transport and medical support. Member States should also increase the numbers of military planners who should be trained to operate in any of the EU's five operational headquarters, as well as, in the case of NATO members, in NATO headquarters. (Paragraph 131)**

As indicated in earlier paragraphs, the government agrees with the committee regarding capability duplication and shortfalls. Targeting shortfalls is an activity that is done in parallel and coordination with NATO to ensure capability development coherence between the common Member States. Fora such as the NATO-EU Capability Working Group facilitate this coordination. EU Pooling and Sharing also targets shortfalls and the UK is fully engaged in this work, for example, offering UK Voyager capability to EU Member States under the Political Declaration on air-to-air refuelling made at the EDA Ministerial Steering Board in March 2012.

The EU recognises that improvements need to be made to its planning processes and work is currently underway to ensure that they are adequate and appropriate to the EU's needs. There remains work to be done to ensure that staff are adequately trained to operate at any of the five national operational headquarters and SHAPE in NATO. Further training of Deployable Cadres will allow staff to move easily between Brussels and the EU headquarters as necessary.

**176. The Libyan operation showed the value of the commitment of some smaller countries to operations, in particular those who contributed beyond what could have been expected. We acknowledge the vital role played by the United States and the NATO infrastructure, which were needed to ensure the success of the campaign, but the operation showed too what could be done with leadership from the UK and France. (Paragraph 132)**

The Committee makes a powerful point. The contribution of smaller states was vital. At the height of Operation UNIFIED PROTECTOR there were 17 countries directly contributing military assets providing different kinds of

support including military, logistical, financial support and humanitarian relief. We would have welcomed, and we regularly encouraged, greater contributions by other NATO members towards the operation.

We welcome the Committee's recognition of the UK and France's leadership. As our defence cooperation deepens we look to continue to strengthen UK and French leadership in European defence matters.

### ***Operational headquarters***

**177. The issue of an EU operational headquarters has set the UK against France and the other members of the Weimar group. It has become a matter of principle rather than practice. This has caused unnecessary and distracting conflict within the CSDP. EU operations need proper planning capability and lessons learnt need to be retained in the corporate memory. It is obvious to us that activation for the first time of the existing small EU Operations Centre to provide military support and expertise to the Somalia operations, together with the use of the larger national operational headquarters for military operations, is a sensible approach. We note, too, that at the most recent UK-France summit in February there was a commitment to establish a Combined Joint Force Headquarters. (Paragraph 137)**

We continue to make clear to the Weimar group and other Member States that there is no requirement for an EU Operational Headquarters and that further discussion on the issue would once again detract from progress on improving deployable capabilities and effectiveness of operations. The ad hoc activation of the EU Operations Centre in support of the CSDP missions and operation in the Horn of Africa should help facilitate information exchange and improve coordination and strengthen civil-military synergies. We will continue to work with our European partners to ensure planning capabilities are enhanced within current institutional boundaries.

### ***Pooling and sharing sovereignty***

**178. Coordination of capability between European states, whether NATO, EU, or both is poor. This should be a prime candidate for improvement. (Paragraph 147)**

The trend of declining defence budgets across the EU and NATO has encouraged nations to support initiatives such as Pooling and Sharing and Smart Defence. Co-ordination between these two initiatives is being actively managed by NATO, the EDA and the EU-NATO Capability Working Group. Co-ordination at working level occurs based on capability areas and geography within bi-lateral and multi-lateral meetings.

The UK is also working to improve coordination of capability through both the Senior Level Group under the UK-France Treaty and reform of the NATO Defence Planning process.

**179. Out of this coordination, greater opportunities for pooling and sharing should arise and be encouraged. However there are inevitable difficulties around issues of sovereignty and availability. This is eased when cultures and foreign policy outlooks are close. Experience of pooling and sharing should be shared among Member States of the EU and NATO. (Paragraph 148)**

Decisions on what is to be pooled or shared are a matter of national sovereignty and very careful consideration needs to be given to assured access at the start of any decision to participate in pooling and sharing initiatives. We agree that objectives can be more aligned and focussed in smaller groupings based on geography, capability, industry or culture. Working in small groupings to develop capabilities also has benefits in avoiding the pitfalls of larger multilateral projects, which so often over-run in terms of time and cost, but under-deliver in performance.

Being able to work more closely with Allies and Partners, and getting the most out of our capabilities, is a critical element in our approach to sharing the burden of securing international stability and managing the many risks we face. The UK-France Defence Treaty is a good example of bilateral agreement based on a shared agenda.

#### ***EDA role***

**180. Europe already has an organisation to improve coordination and development of capability – the European Defence Agency. This organisation is seen as a minor player. The UK has placed the EDA on probation for two years before deciding on its continued support. Given that the EDA is already in existence, has had a number of minor successes, and is deemed to be well directed under its current management, it should be given the proper tools and commitment to do a proper job. The UK and France should take the lead. (Paragraph 152)**

As decided two years ago, the UK will review its membership of the EDA in autumn. Any decision will be based on an assessment of the benefits to the UK of membership and the progress of the EDA in improving its operational effectiveness since 2010. In our assessment we will take into account the view put forward in this report.

We are encouraged by the Chief Executive's efforts in prioritising the EDA's work plan and improving the professionalism of the Agency but we look for further improvements in its performance and operational effectiveness. The EDA potentially has a key role to play in facilitating the pooling and sharing initiative.

**181. Bi-lateral and multi-lateral defence agreements between European states should be encouraged by the EU where they make resource allocation more effective. The EDA should enable experience of different alliances that are formed to be shared. (Paragraph 153)**

We agree that the EDA should be a forum in which to share experience and practice of these bi-lateral and multi-lateral groupings as well as acting as a catalyst for nations co-operating together and addressing capability shortfalls.