

European defence technological and industrial base

2013/2125(INI) - 24/07/2013 - Non-legislative basic document

PURPOSE: to set out an Action Plan for the Commission's contribution to strengthening the Common Security and Defence Policy (CSDP).

BACKGROUND: **the security challenges the EU** is facing are numerous, complex, interrelated and difficult to foresee. The strategic and geopolitical environment is rapidly and constantly evolving. The world's balance of power is shifting as new centres of gravity are emerging and the US is rebalancing its strategic focus towards Asia.

The crisis in public spending induces cuts in defence budgets. From 2001 to 2010 EU defence spending declined from €251 billion to €194 billion. These budget cuts are also having **a serious impact on the industries that develop equipment for our armed forces.** They affect in particular the investment in defence R&D that is crucial for developing capabilities of the future.

The problem of shrinking defence budgets is aggravated by the persisting fragmentation of European markets which leads to **unnecessary duplication of capabilities**, organisations and expenditures. This situation necessitates a reorientation of priorities.

Defence industry in Europe directly employs about 400 000 people and generates up to another 960 000 indirect jobs. It is, therefore, a sector that is essential to retain if Europe is to remain a world-leading centre for manufacturing and innovation. The **European Defence Technological and Industrial Base (EDTIB)** constitutes a key element for Europe's capacity to ensure the security of its citizens and to protect its values and interests.

Europe must be able to assume its responsibilities for its own security and for international peace and stability in general. This necessitates a certain degree of **strategic autonomy**: to be a credible and reliable partner, Europe must be able to decide and to act without depending on the capabilities of third parties. Security of supply, access to critical technologies and operational sovereignty are therefore crucial.

Defence is still at the heart of national sovereignty and decisions on military capabilities remain with Member States. However, the **EU does have a significant contribution to make.** With Member States having amongst themselves around 1.6 million soldiers and annual defence budgets of €194 billion the EU has the capacity to be a strategic actor on the international stage, in line with its values.

The European Council, in its Conclusions of 14 December 2012, called upon the High Representative, notably through the European External Action Service and the European Defence Agency, as well as the Commission, to develop further proposals and actions to strengthen CSDP and improve the availability of the required civilian and military capabilities.

CONTENT: this Communication builds on the work of the Commission's Defence Task Force established in 2011 with the objective to strengthen the defence sector by mobilising all relevant EU policies. The European External Action Service (EEAS) and European Defence Agency (EDA) have been fully associated to the work of the Task Force and in the preparation of this Communication.

This Communication presents a package of measures aiming to encourage the **cooperation between Member States.** It aims to exploit possible synergies and cross-fertilisation which come from the blurring of the dividing line between defence and security and between civil and military.

To reach these objectives, the Commission sets out an **Action Plan** to strengthen the CSDP in the following areas:

Strengthen the internal market for defence and security: the Commission has put forward the two Directives on defence and sensitive security procurement ([2009/81/EC](#)) and transfers ([2009/43/EC](#)), which constitute today the cornerstone of the European defence market. The Commission shall also tackle persisting unfair and discriminatory practices and market distortions as well as develop instruments which enable Member States to improve the security of supply between them.

Strengthen the competitiveness of the EDTIB: to this end, the Commission will develop a defence industrial policy based on the following strands:

- support for competitiveness – including developing '**hybrid standards**' to benefit security and defence markets and examining the ways to develop a European certification system for military airworthiness, building on the civil experience of EASA gained by certifying the Airbus A-400M (in its civil configuration);
- **screen raw materials** that are critical for the defence sector within the context of the EU's overall raw materials strategy and prepare, if necessary, targeted policy actions;
- **support for SMEs** – including development of a European Strategic Cluster Partnership to provide links with other clusters and support defence-related SMEs in global competition;
- **promote skills** identified as essential to the future of the industry including through the "Sector Skills Alliances" and "Knowledge Alliances" programmes currently being trialled. In this context, Member States can use the support that can be provided by the European Social Fund (ESF) and in certain cases of mass redundancies also by the European Globalisation Adjustment Fund.

Exploiting dual-use potential of research and reinforcing innovation and reducing the energy footprint: this concerns exploiting civilian military synergies to the maximum extent possible in order to ensure the most efficient use of European taxpayers' resources, in particular by:

- concentrating its efforts on possible cross-fertilisation between civil and military research and the dual-use potential of space;
- assessing the possibility of EU-owned dual-use capabilities, which may in certain security areas complement national capabilities and become effective and cost-efficient force multipliers;
- considering launching a preparatory action for CSDP-related research focusing on those areas where EU defence capabilities are most needed;
- helping armed forces reduce their energy consumption and thereby contribute to the Union's 20/20/20 targets.

The Commission invites the European Council to discuss this Action Plan in December 2013. On the basis of the discussions with Heads of State and Government, the Commission will develop for the areas defined in this Communication a **detailed roadmap** with concrete actions and timelines.