Critical technologies for security and defence: state-of-play and future challenges

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The Committee on Industry, Research and Energy adopted an own-initiative report by Riho TERRAS (EPP, EE) on critical technologies for security and defence: state of play and future challenges.

Russia's war of aggression against Ukraine has shown that Europe must urgently invest in its defence and security technologies.

Better coordination of efforts

The report welcomed the Commission's roadmap for critical technologies for security and defence. It emphasised the need for **greater involvement of the EU in coordinating and facilitating the development of security- and defence-related technology**, which should be, to the largest extent possible, compatible with the goals of the European Green Deal, without reducing operational effectiveness.

Members stressed that the worsening security situation in Europe, especially in countries with external borders, following Russia's war of aggression against Ukraine, requires the EU and its Member States to **intensify and better coordinate their efforts** to invest in and supply critical security and defence technologies to the widest extent possible and to establish a genuine European defence equipment market.

Critical Technology Observatory

The report welcomed the Commission's establishment of an observatory of critical technologies. It called on the Commission to fully integrate the findings of the observatory into its classified report to the Member States on critical technologies and risks associated with strategic dependencies affecting security, space and defence.

Members stressed the need for the Commission, in cooperation with the EDA, to further coordinate, promote and facilitate cooperation and resource pooling among the Member States to address the existing and future gaps in technology, reduce the duplication of projects and increase the effectiveness and efficiency of spending. The Commission should keep Parliament duly informed of the main outputs of this observatory.

Reducing dependencies

The report noted that there is a risk of dependency for the supply of critical materials and of overstretched supply chains that may affect the EU's ability to stay competitive in the field of critical technologies for security and defence. Members called on the Commission to promote circularity and to assess how to increase research on **new materials** for critical technologies in the critical raw materials act, so as to minimise the EU's dependency on non-EU countries.

The report stresses the need for close coordination with associated and like-minded partners such as the US and NATO.

Disruptive technologies

Members are concerned about the lack of investment in new, disruptive technologies in the defence and security industries despite the existence of the European Defence Fund Regulation. They called on the Commission to clarify strategic guidelines and regulations to foster investment in the defence industry and to establish the necessary cooperative tools and measures to encourage the defence and security industries to invest more in technological innovation in critical technologies for security and defence, in addition to producing existing weapon systems.

They stressed the important role of SMEs and start-ups in innovation and development and called for them to be included in specific programmes and instruments as part of the future implementation of the roadmap on critical technologies for security and defence.

Closer cooperation

The report stressed the need for closer cooperation between Member States on capability development to boost innovation in critical security and defence technologies. It called on the relevant EU bodies to give priority to **joint EU-funded and co-financed projects** in the field of innovation in critical security and defence technologies and to act as catalysts and accelerators to encourage Member States to effectively coordinate their capability development programmes. It also called on the Commission and Member States to consider the creation of a **European mechanism for pooling national resources** for defence and security R&D, with the active involvement of Parliament, where appropriate, in its implementation.

Members stressed that EU-financed and co-financed innovation and development in critical and disruptive defence technologies should lead to a higher degree of interoperability and common procurement of defence equipment by the Member States once the technologies developed have reached an appropriate technological readiness level.

Insufficient funding

Members are concerned about the insufficient level of financing for defence and security from the EU funds and deplores the record low collaboration rate of the Member States on defence procurement. They regretted the fact that the EDF's budget was cut by approximately 40 % relative to the Commission's proposal for the 2021-2027 multiannual financial framework (MFF), and the fact that the military mobility programme's budget was reduced by 75 %.

The report pointed out that the current MFF will not be able to provide sufficient financial resources to **boost EU defence collaboration to an appropriate level**. It called on Member States to consider pooling at EU level a considerable part of their rising national defence budgets in order to jointly replenish depleted ammunition stocks and to jointly procure weapons systems, including the most complex and expensive ones such as fighter jets, warships and tanks.

Lastly, Members stressed the need to strengthen investment in **'green' defence** by dedicating a higher share of EU-funded R&D to carbon-neutral fuels and propulsion systems for military vehicles, in particular for future major weapons systems developed within the relevant EU frameworks.