Challenges facing the European defence-related industries: a contribution for action at European level

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OBJECTIVE: the purpose of the Commission Communication is to outline the challenges facing the European defence-related industries and to put forward suggestions which will enable the sector to maintain its short-term competitiveness. SUBSTANCE: the need for the defence-related industries to scale down their activities substantially since the end of the Cold War has had a significant direct impact on employment in the sector (which has fallen by 37%, from 1.6 million in 1984 to 1 million in 1992, hitting certain regions in particular) and on the innovative capacity of European industry as a whole. The economic difficulties, which have worsened during this period, do not just stem from the cuts in military expenditure but are also linked to fiercer international competition and, above all, the fragmentation of the European market. Europe therefore needs to find an appropriate response as a matter of urgency. The establishment of a European defence identity is a long-term process. What matters in the short term is to maintain a competitive defence-related industry in Europe, to which end the Commission is proposing, as far as possible, to subject the sector to Community law on public procurement, intra-Community trade and the monitoring of competition with particular regard to aid. Research and standardization, both civil and military, should be better coordinated and import duties should be harmonized. Distortions of competition resulting from differences in export and export control policies should also be eliminated. Lastly, the CONVER Community initiative will continue until 1999 with a budget for the 1994-1997 period of ECU 500 million.