Defence-related industries: implementation of Union's strategy

1997/2295(COS) - 04/12/1997 - Non-legislative basic document

OBJECTIVE: this communication from the European Commission proposes the implementation of a European Union strategy on defence-related industries. CONTENT: the Commission considers that the need for a European Union strategy to support the major changes in the European defence-related industries increases in urgency with every passing day. The European defence industry has undergone a restructuring process over recent years resulting, inter alia, in job cuts (-13% between 1993 and 1995) and reductions in productive capacity (in 1996 it took eight companies to achieve sales of 60 billion dollars, while the three largest American companies achieved turnover of 90 billion). The industry can no longer be properly restructured on a national basis. A European approach must now be taken if suitable solutions are to be found. A large market for defence products needs to be put in place by making combined use of the range of legislative and non-legislative Community instruments and the Union's common foreign and security policy. The Commission recommends a global approach in order to implement this strategy: 1) a draft common position on a new European armaments policy: the Commission calls on the Council to adopt its CFSP common position so that a debate can be launched on the main aspects of such a policy and Member States can be encouraged to undertake to implement it. Intracommunity transfers, public procurement and the customs system are the fields specifically referred to in the proposal; 2) an action plan for the defence-related industries which seeks to establish the conditions needed to: - boost the competitiveness of the European defence-related industry; - preserve the defence technological and industrial base; - promote the integration of the defence technological and industrial base in the economy as a whole in order to avoid duplication in the civil and military sectors; - establish a European security and defence profile. The Commission proposes a schedule for short- and medium-term actions in the following fields: - simplification of intracommunity transfers: the Commission will propose a simplified licensing scheme; - creation of a European Company Statute in order to facilitate the restructuring of the sector; - public procurement: a new set of purchasing principles, rules and mechanisms is needed for the defence sector; - technological research and development: complementarity needs to be established between national and European research programmes; - standardization: a programme of work to identify a uniform system of standards for defence equipment programmes; - customs duties: proposals to harmonize provisions governing customs duties; adoption of the 1998 proposal on the temporary suspension of import duty; - innovation, transfers of technology and SMEs: support for initiatives such as Interprise and Ibex; - competition policy: account needs to be taken of the specificities of the defence industry when assessing the competitive situation; - exports (dual purpose equipment and technologies and conventional armaments): new White Paper; proposal for a code of conduct; - structural funds: proposal for a general reform of cohesion policy in accordance with Agenda 2000; - direct and indirect taxation: continuing debate in the Council and a proposal for a directive on interest and royalties; - principles of market access: question to be addressed within the framework of the Transatlantic trade dialogue or the new Transatlantic agenda; - performance rating; - enlargement (assessment of industrial impact).