EUROPEAN DEFENCE AGENCY

European Defence Industry Summit
Keynote Speech
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(Check against delivery)

- Ladies and Gentlemen,
- We are at the end of a remarkable year in European defence. Following last year's launch of the EU Global Strategy, this year has focused on delivering on the promise to make the EU a more credible actor in security and defence as well as make the EU assume its fair share of the transatlantic defence burden.
- The implementation of the EU Global Strategy has been progressing on the basis of hitherto unseen political impetus and speed in the defence domain. The different flagship initiatives - CARD, PESCO, EDF – are all expected to have long-lasting impact on national defence investments as well as on European defence cooperation at both governmental and industrial level.
- If we are to live up to the Level of Ambition set in the EU Global Strategy, full spectrum defence capabilities are necessary to respond to external crises, build our

partners' capacities, and to guarantee Europe's safety and the protection of its citizens.

- To build and develop those capabilities we need collaborative programmes and projects led by Member States. And to successfully implement those programmes, we need a competitive and innovative European Defence Technological and Industrial Base.

- Let me reiterate one of the statements in the EU Global Strategy that encapsulates both dimensions - intergovernmental cooperation and support to industry:
    - "Union funds to support defence research and technologies and multinational cooperation, and full use of the European Defence Agency's potential are essential prerequisites for European security and defence efforts underpinned by a strong European defence industry."

- The EU will indeed systematically encourage defence cooperation and strive to create a solid European defence industry, which is critical for Europe's autonomy of decision and action.

- Does this mean that Europe turns the back to cooperation with partners? Does it mean that European industry stops looking outwards to the global market and engaging with industrial partners? Right the contrary.

- Let me give you an example which perfectly illustrates the need for partnership, dialogue and exchange also and notably across the Atlantic and which was already referred to in the EU Global Strategy: Cyber - “On cyber, global governance hinges on a progressive alliance between states, international organisations, industry, civil society and technical experts.”

- But this also means that transatlantic burden- and responsibility- sharing is not limited to the doctrinal and operational domains only but should include the technological and industrial dimension two.

- The technological dimension is indeed of particular importance in times where defence industry is facing the challenge to integrate fast-evolving, if not disruptive, technologies coming from the civilian sector, so as to develop state-of-the-art capabilities. The US third Offset Strategy clearly addresses this issue.

- But let me turn back to a number of initiatives I mentioned earlier and that are now being put in place to support the implementation of the EU Global Strategy. They will all have a major impact on European defence collaboration and the European defence industry.

- This autumn a trial run of the so called Coordinated Annual Review on Defence – or CARD - was launched with the objective to provide Defence Ministers next autumn with a full picture of the European capability landscape and inject impetus to the implementation of the Capability Development Plan.

- The Capability Development Plan - or CDP – is currently being updated and will become a more output-driven tool leading to clear activity roadmaps and guiding also EU funding going into defence. It will also take into account of the industrial dimension.

- And just a few weeks ago, a common notification on the Permanent Structured Cooperation - or PESCO - was signed by the Defence Ministers of 23 EU Member States.

- PESCO can become a new milestone in European defence integration if the binding commitments are translated into action. A significant number of project proposals provided by Member States for PESCO have already been assessed by the Agency and the EU Military Staff. It will, however, be up to Member States to make a prioritization among them. As you may know, possibly identified projects could also benefit from an EU budget contribution under the European Defence Industrial Development Programme.

- We must last but not least also recall that the European Defence Fund. Its research window through the Preparatory Action for Defence Research is already a reality and well under way. The first PA projects are envisaged to be awarded by the end of this year/beginning of the next year and discussions on the Work Programme for 2018 well advanced. We can also think about the European Defence Industrial Development Programme on which I am sure the Commission is well placed to provide more insight on later today.

- What will be of crucial importance after all, is that all the key initiatives I just referred to – CARD, PESCO, the European Defence Fund will be coherent and mutually beneficial among each other. This can only be achieved on the basis of a cross-cutting capability-driven approach.
- Allow me now to turn more specifically to the role of the defence industry.
- The European defence industry is a strategic partner. The EU Global Strategy underlines that Member States need technological and industrial means to acquire and sustain capabilities to underpin their freedom of action. Consequently, it calls for a structured dialogue with defence industry to ensure a solid European Defence Technological and Industrial Base (EDTIB).
- Furthermore, the defence industry is at the heart of the Commission's European Defence Action Plan, which underlines the need to ensure "that the European

defence industrial base is able to meet Europe's current and future security needs."

- In this context, the European Defence Agency is committed to enhance its engagement with European industry at all levels in support of capability development and innovation. The European Defence Technological and Industrial Base is strong and we work closely with National Defence Industry Associations (NDIAs) as well as with the ASD and other industrial stakeholders to keep it that way, but it is also necessary to reach out to innovative companies beyond the traditional scope of defence industry.

- In May this year, Ministers of Defence gave a clear guidance to EDA how to strengthen its engagement with industry. What is important is to ensure that industry engagement is coherent and integrated in broader EDA's activities in order to make it efficient and add value.

- Engagement with industry can be more efficient, successful and of greater value if it responds to and meets commonly agreed objectives. Building on this approach, key priorities have been identified for EDA engagement with industry, notably with regard to the capability development process including exercises, R&T prioritisation and innovation, SES/SESAR, Key Strategic Activities and overall support to industry.

- The first priority area for enhanced interaction is capability development. Currently, the Agency is working on the revision of the Capability Development Plan which is a guidance document for capability development at the European level. In this context, industry can contribute to the identification of current technological and industrial challenges and expected developments. Industry can also be consulted on how to strengthen the generation of collaborative activities in the identified CDP priority areas.

- A test case of improved dialogue between Industry and capability planers is now being undertaken by EDA on the long-term (20 years ahead) aspects of military warfare focused on Remotely Piloted Air Systems (RPAS). The next area to be addressed is maritime surveillance. Other priority domains will follow on a regular basis once the new set of priorities in the CDP is agreed next Spring

- The second priority area for enhanced interaction is Research, Technology and Innovation, where the aim is to maximise the development of new projects with the participation of industry in EDA activities. The main platform is provided by our Capability Technology Groups (so called CapTechs). The EDA SB in R&T Directors configuration last summer confirmed that CapTechs are the place for defence research prioritisation, and industry should have an extended role in this process.

- An important aspect of this extended role is to attract civil and dual-use oriented innovative companies closer to the defence sector and our CapTechs by showcasing the potential value and the opportunity for them that this sector offers. Civilian and dual-use oriented companies hold significant innovation potential and we need to exploit it.

- The third priority area of our enhanced industry engagement is asking for industry input to the work on Key Strategic Activities or KSA's. Although the identification of KSA's, based on the Capability Development Plan and the Overarching Strategic Research Agenda, is a top down process, inputs from industry will be actively sought in order to refine the findings and benefit from industrial knowledge of the state of skills and manufacturing capabilities in Europe. This exercise is essential to be able to ensure at European level the key skills and competences that provide the EU with the desired level of strategic autonomy

- The fourth priority area is related to the SES/SESAR. EDA will enhance its role as military interface specifically towards industry and to the other key stakeholders in the SES/SESAR domain, by establishing an Industry Exchange Platform on MALE type RPAS Air

Traffic Integration in the 2025-2030 timeframe. This Platform held its first meeting last week.

- Participants discussed R&T gaps and regulatory challenges remaining to be addressed in view of enabling the integration of large and MALE-type military RPAS into non-segregated airspace in the 2025-2030 timeframe. Detect and Avoid was confirmed as a key working area, notably in view of ensuring European non-dependence and contributing to industry competitiveness in a global market.

- EDA's interaction with industry will be without prejudice to the Member States' role as the ultimate decision makers both in capability and R&T domains. The interaction will ensure fair and equal treatment of different industrial stakeholders as well as competition at all levels and through the entire capability development and R&T process.

- Apart from enhanced engagement with industry, EDA will continue to provide support to industry to build cross-border partnerships, and improve its information sharing activity through targeted pragmatic tools, networks and events. EDA is also committed to facilitate SME access to markets, supply chains and funding opportunities in order to exploit their potential as well as to mainstream SMEs in capability and R&T activities.

- To conclude, I would like to say that the latest developments in the European defence landscape have opened up new opportunities for Industry. The renewed focus on the promotion of cooperative capability development programmes, the generally increasing defence budgets, and the Commission's determination to provide financial support to defence related-activities all have created favourable conditions for strengthening the European Defence Technological and Industrial Base.

- Collaboration and coordination among the community and intergovernmental tools are indispensable to provide effective support and incentives to defence cooperation. The EDA's renewed engagement with industry plays also a crucial role in this regard and is geared towards that aim.

- As the EU Global Strategy describes it, "A sustainable, innovative and competitive European defence industry is essential for Europe's strategic autonomy and for a credible Common Security and Defence Policy (CSDP)". EDA is fully committed to this objective and will maintain a close dialogue with industry in order to ensure that this objective is reached.

- Thank you!