

European industrial defence cooperation – developing a strategic perspective

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Defence cooperation is the top priority stated by the European Council in December 2013. Heads of State and Government will address again defence in June 2015 : it is the moment to define a strategic roadmap for European industrial defence cooperation, with the mobilization of all relevant EU instruments.

One year ago, in December 2013, European Heads of States and Governments stated : “European needs a more integrated, sustainable, innovative and competitive defence technological and industrial base (EDTIB) to develop and sustain defence capabilities. This can also enhance its strategic autonomy and its ability to act with partners.” They also agreed on a set of measures to support defence cooperation and defence industry.

Since 2013, the strategic environment has reinforced the need for defence cooperation: Europeans address an increasingly volatile and challenging security environment in their neighborhood, while facing long term consequences of budget cuts on a national basis.

European Defence industry is essential to ensure freedom of action and security of supply. It underpins the development of critical capabilities. While supporting the development of Member States’ capabilities for national, multinational, EU and NATO engagements, EDA is attaching a particular importance to the EDTIB, through concrete actions :

- 1) clear prospects through commitment at the highest level. Industry needs to be informed about the capability priorities of the next decade in order to focus skills and investment. That is, in part, why the December 2013 European Council welcomed four key programmes: Remotely Piloted Air System, Air to Air Refuelling, Governmental satellite communication, Cyber-defence. The roadmaps for these programmes are being implemented, with, for instance : the identification of procurement model and the industrial solution for the multinational fleet of multirole aircraft in Air to air refueling, the harmonisation of military requirements for the next generation of governmental satellite communications, and the progress in the conditions allowing for a successful MALE RPAS program in Europe. Substantial progress have been made towards the delivery of capabilities in 2020-2025.
- 2) cooperative R&D investments through financial incentives, such as fiscal innovative measures and a mechanism for pooled procurement, which would stimulate greater cooperative investment into defence; prioritization at European level in order to focus first and foremost on critical technologies, such as cyber-

security, nano-technologies or technologies related to air-traffic insertion; and work with the Commission to establish a new European instrument in support of defence R&T in 2017, the Preparatory Action related to CSDP.

- 3) promotion of more efficient programme management, with: harmonization of military requirements, credible programme management, coordination of the through-life cycle (including certification and training). Indeed, there is a need to avoid proliferation of variants and to have more cooperation in the through-life cycle: For instance, more than 1/3 of the total costs allocated to ammunition in Europe goes to qualification and certification. And it places additional financial burden on countries, not to mention the problems of interoperability on the battlefield. In that regard, EDA has prepared a Policy Framework for defence cooperation, adopted by Ministers of defence on 18 November, which should provide cooperative solutions at all stages of capability development, from priority setting to in-service support.
- 4) security of supply arrangements at European level. Industry is increasingly interdependent across Europe, for certain technologies or components. However, industry faces different national export policies which may impact industrial cooperation. In that regard, Ministers adopted in 2013 in EDA a Framework Agreement to ensure mutual support and assistance. EDA is also addressing security of supply in critical domains, for instance Gallium Nitride to support future radar communications and electronic warfare applications.
- 5) Close cooperation with the European Commission and its Agencies in domains with a strong dual dimension such as critical technologies, support to SME, certification and standardization. A concrete example of cooperation in the field of certification is the A400M. While the civilian part has been certified by the European Air Safety Agency, EDA has produced a harmonized set of regulations to be implemented by Member States, to support cross border maintenance. This is the starting point of large scale synergies in European military airworthiness.

European defence industry should also be taken into account in the reindustrialization plan for Europe. Indeed, it offers a driver for growth and innovation with an impact on the wider European economy. Defence investment has a multiplier effect of 1.6 on the wider economy, with 750 000 direct and indirect jobs across Europe and a strong spill-over effect of defence into civil. The European Primes are essential to stimulate supply chain, invest in critical skills and sustain Member States requirements. SME are also a source of innovation and competitiveness : hence the EDA SME Action Plan agreed in 2013.

Defence is a priority for the new European top team. With the support of the new Head of the Agency, who is also Vice-President of the Commission, Ms Federica Mogherini, the European Council will address defence in June 2015. It will be the opportunity to mobilise in a systematic way all EU instruments in support of programmes and enablers for defence cooperation, and to provide a strategic roadmap for European industrial defence cooperation.