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Committee on Industry, Research and Energy

2013/2125(INI)

9.10.2013

OPINION

of the Committee on Industry, Research and Energy

for the Committee on Foreign Affairs

on the European Defence Technological and Industrial Base
(2013/2125(INI))

Rapporteur (*): Jean-Pierre Audy

(*) Associated committee – Rule 50 of the Rules of Procedure

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SUGGESTIONS

The Committee on Industry, Research and Energy calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

The European Parliament,

- having regard to Title V of the Treaty on European Union (TEU), in particular Articles 21, 42, 45 and 46 thereof, and Articles 173, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190 and 352 of the Treaty on the Functioning of the European Union (TFEU) and its Protocol No 10 (new),
- having regard to Directive 2009/81/EC on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security,
- having regard to its resolutions of 10 April 2002 on European defence industries and 14 December 2011 on the impact of the financial crisis on the defence sector,
- having regard to the Communication from the Commission of 24 July 2013 entitled ‘Towards a more competitive and efficient defence and security sector’ (COM(2013)0542), the relevant Council positions, in particular its declaration on strengthening security and defence capabilities, various European Council conclusions, in particular those of 13 and 14 December 2012 on the Common Security and Defence Policy,
- having regard to the Lancaster House Treaties, and in particular the Defence and Security Co-operation Treaty between the French Republic and the United Kingdom of Great Britain and Northern Ireland, signed on 2 November 2010;
- having regard to the proposal by President Herman Van Rompuy to hold a specific European Council meeting on security and defence issues on 19 and 20 December 2013,
- having regard to Rules 48 and 50 of its Rules of Procedure,

Introduction

1. Believes that, in the context of a changing world and an unprecedented economic and financial crisis, Europeans, united by shared values and a shared destiny, need to be able to defend the EU area and should recognise their strategic responsibility; considers that Member States should therefore, in particular, reinforce European industrial cooperation with a view to ensuring strategic autonomy as far as possible, by developing and producing efficient military and security capabilities using the most advanced technologies;
2. Notes that the economic and financial crisis and the cuts in the defence budgets of most Member States risk causing considerable reductions, setbacks or delays in the research and technological innovation programmes of almost all Member States, which will probably continue to affect the European defence industry and the Union’s scientific

progress in this area; stresses that this situation risks entailing job losses in the medium and long term and loss of industrial capacity and know-how;

3. Calls for increased cooperation and identification of defence technology needs so that new and changing threats to EU security can be addressed; considers it important for Member States to step up cooperation to meet industrial challenges and notes that budgetary constraints and increasing global competition mean that the EU needs internal partnerships and other groupings as well as task-sharing;
4. Takes the view that in order to have a permanent, competitive European defence industrial and technological base, the following prerequisites are needed: autonomy in making assessments and decisions; freedom of action; security of supply; and access to technology and expertise in its use;
5. Notes that in spite of the crisis and the budget cuts, European citizens are still calling for European defence and industrial coordination and cooperation, which they perceive as a factor promoting security, efficiency and savings;
6. Welcomes the proposal by the President of the European Council, Herman Van Rompuy, to invite Heads of State or Government to lay down guidelines, overarching political priorities and timelines for the EU in the field of security and defence and in particular as regards the technological and industrial bases;
7. Recognises the importance of the European defence industries for innovation and growth, giving rise, directly and indirectly, to approximately 400 000 jobs in the Union; highlights that while the European defence economy is facing several challenges, there is a need for a new approach avoiding duplication and leading to larger economies of scale and increased industrial competition;

Industrial policy

8. Believes that it is time to promote a voluntary approach in acting on the fragmentation of the European industrial defence market, furthering its consolidation (and initiating harmonisation) as regards supply and demand, rules and standards, and that it is also time to invest in an integrated sustainable industrial policy based on research, innovation, increasing efficiency of resources, a strategy for raw materials, the strengthening of SMEs and the development of regional networks; fully supports Commission efforts to underpin the internal defence and security market through suitable assistance for small and medium-sized enterprises playing a major role in innovation, in developing specialised capabilities and in state-of-the-art technologies and job creation under the 'Europe 2020' strategy;
9. Takes the view that the use of European civil-military standards in the defence sector would significantly enhance cooperation and interoperability between European armies and improve the competitiveness of Europe's industry in emerging technologies;
10. Takes the view that the very specific nature of defence markets should be recognised in view of the export control and anti-proliferation obligations and the strict confidentiality requirements which apply, and the fact that the number of companies supplying the market is limited and demand comes almost exclusively from governments;

11. Believes that the establishment and development of a competitive European defence industrial base should be one of the EU's strategic priorities as it would not only boost economic growth and create highly skilled jobs, but also be a key element for Europe's capacity to ensure the security of its citizens and to protect its values and interests;
12. Believes that the defence industry is very specific in nature, given lengthy product development and the need to keep systems operational for several decades, the substantial and growing cost of programmes and finally the fact that product commercialisation is highly dependent on Member State governments;
13. Supports the potential and encourages the dual use of the products of the security and defence industries, particularly in the space, maritime, aviation and telecommunications fields; stresses that the defence industry is an important driver for advanced technologies to be used at a later stage for commercial purposes;
14. Calls on the European Council to recognise that the European Defence Technological and Industrial Base (EDTIB) is essential to maintain strategic autonomy in Europe through the production of reliable, effective, high-quality equipment;
15. Urges the European Council to give all possible support to the EDTIB, and to that end first and foremost to define its scope more clearly, particularly as regards those involved, by conferring a specific status on them, that of Economic Defence Operators in Europe (EDOEs);
16. Calls for EDOEs to be granted that status on the grounds of the real added value, both technological and socio-economic, they bring to Europe; considers, therefore, that only these economic defence operators in Europe should benefit from European programmes;
17. Believes that the concept of 'Economic Defence Operator in Europe' should be acknowledged and that reasonable criteria relating to jobs, scientific and technological expertise, decision-making and production within the EU should be met with a view to their protection;
18. Takes the view that Europeans should restart major key programmes, relying more heavily on the under-used and under-funded European Defence Agency; considers it essential to learn the lessons from recent joint operations which have demonstrated strengths but also revealed shortcomings, e.g. in strategic and tactical airlift, air observation (particularly drones) and space observation;
19. Calls on the Member States to develop their defence industrial and technological bases and centres of excellence around key technologies, and provide them with effective corporate governance mechanisms within the European Union, thus enhancing the interdependence between these facilities;
20. Considers, in the light of past experience, that the sharing of development and production activities in the context of joint arms programmes should be organised strictly in accordance with the principle of industrial efficiency and economic performance, so as to prevent duplication and spiralling costs;
21. Calls on the Member States and the Commission to minimise unnecessary regulatory

obstacles, to improve dialogue between defence undertakings and to promote the rationalisation of these undertakings so that they can acquire the equipment best suited to their needs in terms of performance and cost;

22. Takes the view that the issues surrounding the European defence industry cannot be confined to the formation of a European defence equipment market, and that there should therefore be the option of public policy mechanisms to secure the development of key defence technologies;

Security of industrial supply

23. Stresses that in this area security of supply is crucial in the event of a crisis; emphasises the need to step up consultation between Member States in order to implement a long-term European security of supply policy, particularly for strategic materials, through an analysis of risks and needs and a technological and industrial capacity;

Research and innovation

24. Emphasises the importance of research and innovation in the security and defence sector and of the Horizon 2020 research programme; in particular, the seventh societal challenge dedicated to ‘Secure societies: protecting freedom and security of Europe and its citizens’; emphasises the importance of fostering multinational cooperation among Member States and their respective agencies in this field; believes, given the high degree of confidentiality inherent to innovative research for the defence industry, that it is vital to finance such research in a manner related to needs; feels, in this context, that establishing a European Defence and Security Institute under the JRC should be considered;
25. Recalls that in November 2007 European Ministers of Defence agreed collective benchmarks to increase defence R&T spending to 2 % of all defence expenditure and to bring European collaborative defence R&T spending to a level of 20 %;
26. Supports the Defence Task Force, which includes the European Commission, European External Action Service (EEAS) and European Defence Agency (EDA), in its efforts to ensure that the results of Horizon 2020 research can feed into innovation-related research in the defence field and to optimise synergies between civil and military applications; calls, further, for consideration to be given to ways of using public-private funding through the creation of joint undertakings, in accordance with Article 187 TFEU;
27. Recalls that Article 179 TFEU requires the Union to promote all the research activities deemed necessary by virtue of the Treaties;
28. Stresses the need to explore cooperation and pooling opportunities in the research and innovation fields at the highest technological level (especially in light of increasing investments by emerging economies in this area) and to protect effectively in a common intellectual property policy research results in the defence field, which must be properly safeguarded; believes that consideration should be given to a possible role for the EDA in this area; considers that the EDA should be able to facilitate, at an early stage, future technological and industrial cooperation between EU partners;
29. Highlights the importance of synergies between civilian and military research in areas

with high added value; stresses that, while taking into account that certain projects have mainly civilian uses and others are sovereign matters, the possibility of more effective dual use might be explored with a view to pooling costs, since these are sectors which create growth and jobs; further stresses that such synergies could also take the form of consolidating supply from private European sources to market outlets;

30. Considers that a European industrial defence policy should have the aim of optimising Member States' capabilities by coordinating the development, deployment and maintenance of a range of capabilities, installations, equipment and services with a view to performing the full range of tasks, including the most demanding missions; strengthening Europe's defence industry; promoting research and technology cooperation, and developing equipment cooperation programmes;
31. Calls on the Member States to establish an appropriate platform for bringing defence research to the civilian sphere, with a focus on cutting-edge technological applications;
32. Calls on the Member States also to focus research in the area of defence technology on managing natural disasters (over the last 40 years, the number of natural disasters in Europe has quadrupled);

Space

33. Is convinced that the space sector contributes to the strategic autonomy of the EU and the possibility for Member States to have independent access plays a vital role in the area of defence and security; stresses the importance of maintaining the excellence of this technologically innovative and efficient industry in order to ensure the technological independence of the European Union;
34. Welcomes the creation and development of a European satellite system (Galileo, Copernicus and EGNOS); stresses that the development of a system of that kind will be a major boost not only to the space industry but also to Europe's autonomy and provides an opportunity to develop a critical component of the industrial and technological base of European defence;
35. Stresses the need to protect Europe's space infrastructures by developing its space surveillance and tracking (SST) capacity;

ICT and data security

36. Calls on Member States and the Commission to ensure that IT components and computer programmes are designed and made in the EU in accordance with specifications which meet EU requirements for resistance to cyber attacks;
37. Points out that the digital era brings about increasing challenges for the safety and security of infrastructure and technology, therefore highlighting the need for greater cooperation and exchange of know-how among Member States, on the one hand, and between the European Union and its key partners, on the other;
38. Stresses the importance of developing European ICT and cyber-security standards and integrating them with international standards;

39. Calls on the Commission and Member States to cooperate with one another to ensure that cyber-security is a key element which should therefore be particularly promoted through research and innovation in the security and defence sector and should be part of the short-, medium- and long-term strategy;
40. Calls on the Commission and the Member States to take cyber-security issues into account as a matter of course in existing or future European civilian and military programmes (Galileo, Copernicus, Single Sky/Sesar, etc.);

Cooperation to promote interoperability

41. Believes that it is vital to ensure that optimum use can be made of Member States' defence capabilities in joint operations;
42. Notes the importance of interoperability and emphasises that standardisation will have a positive impact on the competitiveness of the European defence industry, on the effectiveness of equipment and on maintenance and operational cost levels;
43. Welcomes the Commission's proposals on standardisation, and calls on the European Council to note them and put forward concrete proposals in this area;

Technology

44. Believes that the EU defence industry should maintain a high level of innovation in both military and civilian terms, in order to respond to all the threats and challenges the Member States and the EU will have to face in the years to come by making use of the most promising technological advances, whether developed specifically for defence or for civilian purposes;
45. Calls on the Member States to use Europe's technological and industrial defence base to strengthen the EU's self-sufficiency in these key infrastructure areas;

Conclusion

46. Calls on the European Council, without taking on a legislative role, to give the EU the impetus it needs and to lay down guidelines and overarching political priorities for strengthening the European Defence Technological and Industrial Base (EDTIB), which is an essential instrument for giving the people and citizens of Europe, who are united by a shared destiny, a guarantee of peace, safety and security, so that they can stand up for Europe's values and its position in the world.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	7.10.2013
Result of final vote	+: 38 -: 9 0: 0
Members present for the final vote	Amelia Andersdotter, Josefa Andrés Barea, Jean-Pierre Audy, Ivo Belet, Fabrizio Bertot, Jan Březina, Maria Da Graça Carvalho, Giles Chichester, Pilar del Castillo Vera, Vicky Ford, Adam Gierek, Norbert Glante, Fiona Hall, Kent Johansson, Romana Jordan, Krišjānis Kariņš, Lena Kolarska-Bobińska, Philippe Lamberts, Bogdan Kazimierz Marcinkiewicz, Marisa Matias, Angelika Niebler, Vittorio Prodi, Miloslav Ransdorf, Herbert Reul, Teresa Riera Madurell, Michèle Rivasi, Jens Rohde, Paul Rübig, Amalia Sartori, Francisco Sosa Wagner, Evžen Tošenovský, Catherine Trautmann, Ioannis A. Tsoukalas, Claude Turmes, Adina-Ioana Vălean
Substitute(s) present for the final vote	Maria Badia i Cutchet, Antonio Cancian, António Fernando Correia de Campos, Françoise Grossetête, Satu Hassi, Roger Helmer, Jolanta Emilia Hibner, Marian-Jean Marinescu, Alajos Mészáros, Mario Pirillo, Laurence J.A.J. Stassen
Substitute(s) under Rule 187(2) present for the final vote	Ramon Tremosa i Balcells