

European Parliament workshop / Arms industry: from national to European?

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Alessandro Marrone
Researcher in the Security & Defence
Area at IAI



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Structure of the Presentation

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- A clarification: DTIB rather than arms industry
- The ongoing globalization of national DTIB
- The feasibility of a European integration of national DTIB
- The challenges to such European integration process

1. DTIB rather than arms industry

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- High-tech products and services
- DTIB pyramid: a small number of systems integrators and large numbers of SMEs
- Dual use technologies
- EDA definition of EDTIB

2. Ongoing globalization of national DTIB

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2.1 Increasing dependence from non-EU markets

2.2 Globalization of the supply chain

2.3 Growing importance of dual use technologies

2.1 Increasing dependence from non-EU markets

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- Decreasing European defence spending
- Growing defence spending outside the EU
- Challenging but necessary exports
- More competitive US industry

2.2 Globalization of the supply chain

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- Competitiveness of non-EU suppliers
- Local partners imposed by non-EU customers
- Issue of industrial security of supply

2.3 Growing importance of dual use technologies

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- Connection between defence, security and civilian market
- Technological innovation accelerate in the civilian market
- Growing importance of services industry

2 Ongoing globalization of DTIB

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- These three trends are likely to continue:
 - Increasing dependence from non-EU markets
 - Globalization of the supply chain
 - Growing importance of dual use technologies
- Both complete national sovereignty and national industrial security of supply have become nearly impossible

3 Feasibility of European integration of DTIB

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3.1 Why European integration of national DTIB is desirable

3.2 Why European integration of national DTIB is feasible

3.1 European integration of DTIB: desirable

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- Benefits to interoperability of European Armed Forces and CSDP missions' effectiveness and efficiency
- Ensures better industrial security of supply
- Increases competitiveness of EDTIB in non-EU markets
- Enhances the whole EU integration process
- Relies on a level playing field for stakeholders

3.2 European integration of DTIB: feasible

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- Sum of 27 EU MS defense spending still significant
- Competitive and high-tech European companies:
 - 40/100 top companies worldwide
 - 93 billions of euros turnover
 - 774.000 employees.
- Existing net of industrial/intergovernmental cooperation: Eurofighter, A400M, NH90, FREMM
- EU directives: 2009/81 on defence procurement, 2009/43 on intra-community transfers
- “European” companies: EADS, BAE Systems, Finmeccanica, Thales

4 Challenges to European integration of DTIB

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- EU MS continue defence industrial policy on a national basis
- National reluctance to fully implement EU directives
- No new major European procurement programme
- UCAV example: fight European, buy American
- Research and Technology activities at national level

Conclusions

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- Linkage: CSDP – military capabilities – DTIB
- Take into account national industrial policy where strong DTIBs exist
- Ongoing globalization of national DTIB
- European integration of DTIB desirable and feasible, but challenging