



EUROPEAN PARLIAMENT

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Committee on Industry, Research and Energy

2011/2177(INI)

10.11.2011

OPINION

of the Committee on Industry, Research and Energy

for the Committee on Foreign Affairs

on the impact of the financial crisis on the defence sector in the EU Member States
(2011/2177(INI))

Rapporteur: Evžen Tošenovský

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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:

1. Points out that – as a consequence of the economic and financial crisis – the ongoing fiscal consolidation across the EU and the reductions in defence budgets in the majority of Member States may lead to substantial programme cuts, shrinkages or delays for almost all Member States, which is likely to continue to affect the European defence industry as well as the EU's scientific progress in this sector, and notes that it may result in job losses in the medium and long term;
2. Underlines that the European defence industry is characterised by varying national policies and programmes, which in addition to the economic and financial crisis could further aggravate the adverse effects on the industry; calls for further development of EU defence policy, leading to solid research, technological and industrial cooperation among Member States, to reinforce the competitiveness and resilience of the defence industry;
3. Calls on the Commission and Member States to cooperate with one another to ensure cyber-security, as an integral facet of the defence sector;
4. Points out the importance of research and innovation in the security and defence sector; stresses in particular that it is important for the security research programme under the 7th Framework Programme to continue to be pursued as an independent component in the next Framework Programme; notes the necessity for innovation and technology transfer between the civil and the defence industry, by analogy with what is being done successfully in the areas of communication and space, due to the shift in recent years from traditional military operations towards peace operations, counter-terrorism, humanitarian assistance and support to civil authorities, as well as the increased need for civil protection applications in cases of natural or manmade disasters; calls, therefore, for the adaptation and diversification of the EU defence sector;
5. Notes that European Ministers of Defence agreed in November 2007 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%;
6. Notes, however, that currently a little over 1% of Europe's total defence expenditure is invested in R&T and only around 10% of that R&T expenditure is spent through European collaboration, so the need to enhance the effectiveness of European efforts in this domain is particularly urgent;
7. Notes that the absence of a common defence industrial policy has led to considerable fragmentation of the defence market in terms of demand and supply, regulations and standards; recognises that a common defence industrial policy makes sense economically to reinforce the role of the European Union on the global scale and maintain Europe's technological capacity while still taking into account the specificities of each Member State; believes therefore that European defence industrial policy should promote

multidimensional cooperation for the benefit of the EU, outlining the main industrial objectives, mapping the comparative advantages and strategic industrial sectors and emphasising the role of the European Defence Agency (EDA), one of main actors in defining European industrial policy, and the North Atlantic Treaty Organisation (NATO) bodies in supporting cooperation among Member States; further recognises the need for the Defence Industrial Headline Goal 2030 to help coordinate the defence policies of the Member States; notes that cross-border and transatlantic industrial cooperation can facilitate access to new technologies, promote advanced product development and provide an incentive to seek effective measures to reduce costs and shorten the production cycle; notes that due to the financial crisis no EU defence industry can be viable on a national basis and that pursuing consolidation of the EU defence industry will lead to decreasing defence budgets;

8. Highlights the importance of improving the long-term competitiveness of the European defence industry with a view to ensuring greater access to third-country markets, and emerging markets in particular;
9. Suggests, also, the setting-up of a European monitoring and economic intelligence unit tasked with providing the necessary tools to confront international competition and maintain Europe's international competitiveness;
10. Welcomes the directives on procurement and transfers, which aim to increase competition and transparency and facilitate technology transfer; encourages, on the basis of pooling and sharing of initiatives, greater consolidation of demand through joint R&T projects or through bundling of demand for shared capabilities, taking into account the concerns of the defence industry, including SMEs, and recognising that it is not always economically efficient or feasible for the defence industries of each Member State to act entirely on their own; asks the Commission to support the defence industrial and technological base by establishing a procedure for Community preference due to the specificities of certain defence equipment for which it is important to maintain strategic autonomy and operational sovereignty; notes that on the supply side, less competitive companies that cannot implement an export-led growth strategy should pursue portfolio diversification from defence goods towards civil security or dual use of goods, although some degree of supply consolidation is unavoidable;
11. Calls on the EU and the Member States to explore the potential of defence agreements with other external partners;
12. Recalls that, as specified in the FP7 legal basis, research activities supported by the FP7 should respect fundamental ethical principles, including those reflected in the Charter of Fundamental Rights of the European Union; calls on the Commission to improve the way in which it enforces ethical principles in the evaluation of eligibility criteria for participation in the FP7 research programmes in the area of 'security'; also calls on the Commission to make an ethical and societal impact assessment a standard element of each project to be financed under the FP7 and future research programmes.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	10.11.2011
Result of final vote	+: 44 -: 7 0: 1
Members present for the final vote	Ivo Belet, Bendt Bendtsen, Maria Da Graça Carvalho, Giles Chichester, Pilar del Castillo Vera, Christian Ehler, Ioan Enciu, Adam Gierek, Norbert Glante, Robert Goebbels, Fiona Hall, Jacky Hélin, Edit Herczog, Kent Johansson, Romana Jordan Cizelj, Lena Kolarska-Bobińska, Béla Kovács, Philippe Lamberts, Bogdan Kazimierz Marcinkiewicz, Marisa Matias, Judith A. Merkies, Angelika Niebler, Jaroslav Paška, Aldo Patriciello, Anni Podimata, Miloslav Ransdorf, Herbert Reul, Michèle Rivasi, Jens Rohde, Paul Rübig, Amalia Sartori, Francisco Sosa Wagner, Konrad Szymański, Michael Theurer, Ioannis A. Tsoukalas, Claude Turmes, Niki Tzavela, Marita Ulvskog, Vladimir Urutchev, Adina-Ioana Vălean
Substitute(s) present for the final vote	Antonio Cancian, Jolanta Emilia Hibner, Gunnar Hökmark, Yannick Jadot, Ivailo Kalfin, Bernd Lange, Werner Langen, Markus Pieper, Mario Pirillo, Hannes Swoboda, Silvia-Adriana Țicău
Substitute(s) under Rule 187(2) present for the final vote	Eider Gardiazábal Rubial