



EUROPEAN DEFENCE AGENCY

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PRESS RELEASE

SOLANA, VERHEUGEN, SVENSSON AT EDA CONFERENCE - RADICAL CHANGE AND TRUE EUROPEAN MARKET NEEDED TO SECURE FUTURE OF EUROPEAN DEFENCE INDUSTRY (BRUSSELS, 1 FEBRUARY 2007)

Senior government and industry representatives warned that the survival of an autonomous European defence industry was at risk without radical change - to create a genuine market on a continental scale, focused on mastering key technologies and delivering what Europe's armed forces will need in the future.

At a conference in Brussels organised by the European Defence Agency on strengthening the European Defence Technological and Industrial Base (EDTIB), more than 300 participants from government, industry and academia heard both a bleak assessment of current trends and specific proposals to encourage investment and overcome fragmentation.

“None of us can any longer afford to sustain a healthy and comprehensive DTIB on a national basis,” said Javier Solana, Head of the EDA, in his keynote speech. “The future health, maybe even survival, of Europe's defence industry requires a European approach, and a European strategy.”

He said action was required soon to bring to fruition the vision of a future European DTIB, endorsed by EU Member States last autumn, which would be integrated and inter-dependent. “We must develop greater mutual reliance on diverse centres of excellence, and less dependence on non-European sources for key defence technologies.”

Solana urged a shift in defence spending towards research and development and equipment procurement, as well as alignment of national requirements into consolidated orders to create

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economies of scale. He also called for measures to take advantage of the human capital of newer EU Member States, and a focus on producing equipment needed for the very different security challenges of the future.

The conference also heard that the European Commission is planning a number of initiatives to improve competitiveness, starting with a project to map the EDTIB and provide decision makers with accurate data on the economic situation of defence industries at EU level.

Commission Vice-President Günter Verheugen also outlined a proposal for a Defence Procurement Directive, which could complement the EDA's own voluntary Code of Conduct on Defence Procurement. Both initiatives aim at opening up markets by introducing more transparency and competition. The Commission also advocated a Regulation on intra-EU transfers of defence equipment. He said the visible and invisible costs of current obstacles amounted to over €3 billion a year.

“Building a European DTIB has many facets. Much of the practical, daily work is undertaken by the EDA. Commission initiatives can also act as a catalyst in the process. But a lot will depend on the political will of the Member States,” Verheugen said. “The question is: for how long can the DTIB survive if Europe continues to postpone reforms which are generally accepted as unavoidable?”

Åke Svensson, President-designate of the Aerospace and Defence Industries Association of Europe (ASD), agreed that the creation of an efficiently functioning European Defence Equipment Market was the essential foundation for shaping the EDTIB.

Market forces would be complemented by increased investment in key technologies and competencies. But more effort was required because Europe still lacked a coherent Defence Strategic Research Agenda comparable to the common Strategic Research Agenda in civil aeronautics.

“We see the need for a “Group of Wise Men” to propose the agenda and conceptualize the framework in which Europe will be able to define and provide funding for important Key Technologies and Competencies,” Svensson said.

EDA Chief Executive Nick Witney said the Agency would build on the strong consensus at the conference to further refine the “vision” of the future EDTIB, and to work with the EU Member

States, the European Commission and the defence industry on the specific actions required to make it a reality.

“No one thinks this will be easy. But the consensus on the need for action, and on the direction in which we must move, is increasingly strong. As Javier Solana reminded us: this is not merely a matter of economics, but of the infrastructure of Europe’s essential security.”

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- Background information -

The European Defence Agency (EDA) was established by the Council on 12 July 2004. It is designed "to support the Council and the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future". More specifically, the Agency is ascribed four functions, relating to:

- a) defence capabilities development;
- b) armaments cooperation;
- c) the European defence technological and industrial base and defence equipment market;
- d) research and technology.

These functions all relate to improving Europe's defence performance, by promoting coherence in place of fragmentation.

The EDA is an Agency of the European Union. High Representative Solana is Head of the Agency, chairman of the Steering Board, which acts under the Council's authority and within the framework of guidelines issued by the Council.