



# **9th International Exhibition of Defence & Security Technologies, IDET 2007**

**Brno, Czech Republic, 3 May 2007**

## **The European Defence Market Intervention by Nick Witney, Chief Executive, EDA**

1. It is a great pleasure to have the opportunity to be back in the Czech Republic, and to visit this important international exhibition of Defence and Security Technologies.
2. I shall spare you my standard lecture on the European Defence Agency – our formal roles and responsibilities. I would just invite you to think of us as the “back office” of the European Security and Defence Policy – the guys tasked to work with the Member States so that Europe has stronger defence capabilities to call on, and a stronger European defence technological and industrial base.
3. To achieve this, our consistent message is that Europeans must pool their efforts and resources. We cannot continue to conduct the business of defence in separate national boxes. The money is just no longer there, even in the biggest national defence budgets.
4. Picking up that phrase of the business of defence, as in all businesses there is a demand side and a supply side. On the demand side, pooling of efforts and resources means more joint procurements, and more cooperative programmes. This will provide not just economies of scale, but also interoperability benefits in a world in which all our military operations are

now multinational. But this sort of harmonisation of military requirements depends on our military planners sharing the same conception of what future operations will be like, and what capabilities will be required – in short, wanting the same things. To assist this process we have already reached agreement with all the Agency's Member States on an important conceptual document – the Long Term Vision for European Defence Capability and Capacity needs. We are now taking that forward, again working with all the Member States, on a more detailed Capability Development Plan.

5. This work on the demand side is vital, because of the obvious truth that there is ultimately no future for a defence industry in Europe which does not produce the equipments and systems that our future armed forces will want to buy. But governments are heavily involved on the supply side too – as main customer, as regulator, as investor, sometimes as owner. And here too we need to follow through the imperative of pooling and sharing, and recall that the days of effective production inside a national box are over. European industry will not remain globally competitive if we continue to operate as 20-something separate national technological and industrial bases. We need – and the Member States have accepted – to integrate our efforts into a truly European DTIB – a DTIB which is less duplicative, more specialised, and more interdependent.
6. This is what in another context is being called an inconvenient truth – but it is true nonetheless. The concerns of Member States are understandable. But I am here today to tell you that the EDA has been very strong on this point – we have clearly said, and constantly repeat, that the vision of an integrated European DTIB and a true European Defence Equipment Market will not be realised if it turns out simply to be a bonanza for the big Western European prime contractors. Everyone must have the opportunity to find their own

place in such a European DTIB. Excellent second- and third-tier companies must have full and fair opportunities in the new European-sized market. Non traditional suppliers, and especially SMEs, must be actively promoted. Old Europe, if I can use that phrase, must not ignore the tremendous human capital to be found in “New Europe” – in the recently-enlarged European Union. We would like to see more sub-contracts and more investment, coming from the big Western European prime contractors into Member States such as the Czech Republic.

7. This concern with opportunity for all is more than just words – we have taken several important steps. As you may be aware, 22 of our Member States began last year to advertise their defence contracting opportunities to suppliers across the European Union on a special section of the EDA website – the so-called Electronic Bulletin Board. If you have not done so - please check it out at [www.eda.europa.eu/ebbweb](http://www.eda.europa.eu/ebbweb) You will find advertised there some 160 contracting opportunities, with a value conservatively estimated at € 7 billion, provided by Ministries of Defence across Europe and open to all European suppliers in the 22 Member States.
8. Perhaps even more relevant to smaller industries, you will also find a newly opened second section, in which industry-to-industry offers are advertised. There are about 80 of those posted at the moment, from 14 different major European defence companies. This represents a wonderful opportunity to win sub-contracts, and to establish profitable new relationships up the supply chain.
9. A second practical point - come back and visit the website in the third week of May. All being well, we shall by then have launched the first call for proposals under our new Research and Technology Joint Investment

Programme. 19 Member States have between them contributed €55 million to jointly fund research in technology relevant for protecting deployed forces. Again, we have taken specific steps to ensure that this is not a bonanza just for the big, traditional suppliers. Indeed, we have insisted that bids against these proposals should always be made by a consortium consisting of at least two different entities from two different Member States. This should provide a great opportunity for excellent but not well-recognised small companies, or research institutes, to team up with larger defence companies elsewhere in Europe in order to respond to this request for proposals.

10. So please do visit our website, and check out the opportunities in the two sections of the Electronic Bulletin Board and, as from second half of May, from the Research and Technology Joint Investment Fund.
11. The successful integration of all Member States into a flourishing European DTIB is an imperative. This is a mission which we, at the EDA, deeply believe in. We know that we have only started – so if you see ways for us to do better, to help further with the difficult transitions ahead, please do not hesitate to contact us and give us the benefit of your advice.

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