

DIRECTORATE-GENERAL FOR EXTERNAL POLICIES
POLICY DEPARTMENT



The implementation of the Common Security and Defence Policy

SEDE



DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION

DIRECTORATE B

POLICY DEPARTMENT

WORKSHOP

**The implementation of the
Common Security and Defence Policy**

THURSDAY 10 JULY 2013

11.00 - 13.00

JÓZSEF ANTALL (JAN) 6Q2

This workshop was requested by the European Parliament's Subcommittee on Security and Defence.

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1. PROGRAMME



ЕВРОПЕЙСКИ ПАРЛАМЕНТ PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET
EUROPÄISCHES PARLAMENT EUROOPA PARLAMENT ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT
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PARLAMENT EUROPEJSKI PARLAMENTO EUROPEU PARLAMENTUL EUROPEAN
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Sub - Committee on Security and Defence

Policy Department

WORKSHOP

The implementation of the Common Security and Defence Policy

10 July 2013, 11.00-13.00

Brussels, Room: József Antall (JAN) 6Q2

Draft Programme

11.00 - 11.05	<i>Introductory remarks</i>
11.05 - 11.25	<i>Common Security and Defence Policy</i> Jo COELMONT , Brigadier General (Ret.), EGMONT, Brussels Jan TECHAU , CARNEGIE, Brussels
11.25 - 11.35	<i>Military capabilities</i> Antonio MISSIROLI , Institute for Security Studies, Paris
11.35 - 11.45	<i>Arms industry</i> Alessandro MARRONE , Istituto Affari Internazionali, Rome
11.45 - 12.55	<i>Discussion, Q&A</i>
12.55 - 13.00	<i>Concluding remarks</i>

2. SUMMARY REPORT

2.1 Introductory remarks

Arnaud DANJEAN, MEP, Chair of Sub-Committee on Security and Defence (France, EPP), welcomed guests and Members of the European Parliament to the workshop devoted to a discussion on the implementation of the Common Security and Defence Policy in the context of the Annual Report from the Council to the European Parliament on the Implementation of Common Foreign and Security Policy, prepared by Maria Eleni KOPPA, MEP (Greece, S&D) this year particularly important with reference to the European Council on CSDP in December 2013. Arnaud DANJEAN presented the experts: Jo COELMONT, Brigadier General Ret. from EGMONT, Brussels; Jan TECHAU from CARNEGIE Brussels; Antonio MISSIROLI from European Union Institute for Security Studies, Paris; and Alessandro MARRONE from Istituto Affari Internazionali, Rome.

2.2 Experts' presentations

2.2.1 Common Security and Defence Policy

Jo COELMONT shared his six comments on CSDP operations, built up on a question on how to increase the effectiveness of the EU missions - how to deploy at right time rapidly preventively with right capabilities?

Firstly, he noted that military interventions are exclusive prerogatives of countries - EU Member States, their governments and parliaments. In light of this, there is no reason to be disappointed with the operations undertaken under EU auspices. Speaking from the personal experience, Jo COELMONT pointed out that objectives of each EU mission were achieved. Nevertheless, the outcome of strategic reasoning is different: the interventions are not inspired by a global European security strategy, but rather by a well-intended moral feeling 'to do something good'. The first lesson to draw is to ensure that the operations are part of the overall European global security strategy, as established in 2003.

Secondly, the EU must act in prevention. Operations in Libya and Mali have proven that setting an urgent mission *ad hoc* fails. A permanent structure is needed: a permanent headquarter, standby forces. In this context it is important to create forces that fit for purpose and which combine advantages of EU battle groups with NATO rapid reaction forces. It is affordable. 'We in the EU shall have a basket of standby forces, both air, maritime and land forces.' Additionally, more fairness and more burden-sharing are needed from the Member States which wish to contribute.

Thirdly, holistic approach is a must; it shall encompass not only traditional thinking on strategy and defence, but also development. Durable development can be achieved only if the economic aspect is taken into consideration. All these competences should be duly represented in the EU headquarter conducting the CSDP operations. That is the reason why the solutions used by NATO cannot be copied by the EU.

Fourthly, the existing arrangement between CSDP and NATO needs to be replaced. The '3 D-s' principle: non-Discrimination, non-Duplication and non-Decoupling should be substituted with a new '3 C-s' concept: Cooperation, Co-ownership and Capabilities.

Fifthly, it is high time for a shift of paradigms in defence planning, as characteristics of new security threats and countries' and regions' priorities are changing. Strategic enablers are now of the essence. No country is able to address them acting alone, the need for cooperation is more important than ever. Current attitude of the United States towards the CSDP is the most supportive since its creation - there must be a use of this opportunity. The EU Member States possess considerable tactical capabilities,

which have been demonstrated by having been able to deploy so many operations for a relatively long time. Libya and Mali made clear (again) strategic capabilities to be the limiting factor, not the tactical ones. To solve this problem, a more collective approach in defence planning is needed.

Finally, Jo COELMONT expected that the December 2013 European Council on CSDP would prove that defence matters, as it is an investment in our security. The top-down guidance is a necessity.

Jan TECHAU observed that the CSDP is in much better condition than its reputation suggests, and that it has created much added value for the EU. Nonetheless, it is simultaneously hugely underperforming when judged against the overall strategic needs of the EU. The EU Member States still rely on the US when it comes to providing the global stability services on which the EU relies for its security and prosperity. According to Jan TECHAU, such a way is not sustainable and must be changed, not only because the American ally is reducing its presence, political power and influence in wider Europe. This in turn raises a question on how much involvement into global issues the EU wants and needs. The expert listed six expectations from the December CSDP summit:

1. The EU needs a strategic perspective as a geopolitical player around the world, not just in its neighbourhood if it wants to stay relevant and to create a sense of understanding and awareness of European security.
2. Joint political will among Europeans can only be forged through a shared threat assessment. There should be a focus on building potent and powerful assessment mechanisms and tools that can provide a truly unified and shared view on the strategic environment the EU is facing.
3. More and more regular meetings of defence ministers are needed: in order to put and keep defence on the agenda, the CSDP should feature at least once a year as a fixed agenda item at the European Council meetings.
4. The April 2013 ECFR policy brief 'Europe's Strategic Cacophony' by Olivier de France and Nick Witney illustrates the dismal state of affairs in EU strategic thinking. TECHAU supported the paper's suggestion to create a European defence semester, similar to the fiscal one, in order to create a culture of shared defence planning and cooperation.
5. Future CSDP operation will, in all likelihood be run by varying ad-hoc 'coalitions of the willing', with some member states participating and others staying out. This will require two things: (1) very flexible rules that make possible the usage of EU assets by only a limited number of member states, and (2) a compensatory scheme so that those who contribute to shared assets without using them don't feel like they are wasting their money.
6. Even under the best circumstances, pooling and sharing will not free up enough assets to compensate for the huge cuts in defence spending. As a consequence, member states will have to get used to the idea that, at some point, they will be forced to spend more on defence again. This sounds unrealistic now, but is unavoidable in the future.

2.2.2 Military capabilities

Antonio MISSIROLI presented the EU ISS report on 'Enabling the future. European military capabilities 2013 - 2025: challenges and avenues'.¹ The EU possesses capable and effective armed forces alongside an advanced industrial and scientific base. Yet, in general it suffers from: limited awareness of emerging challenges, basic disinterest in strategic matters, segmented political and institutional landscape regarding defence and military matters. There are already significant successes of the EU in the field, such as: retirement of Cold War-era equipment, adoption of new military doctrines and structures, shift towards professional, smaller, mobile forces, as well as the consolidation of cooperation within the EU:

¹ http://www.iss.europa.eu/uploads/media/Report_16.pdf

CFSP and CSDP, EDA and EEAS. There are however still a couple of shortfalls: flat-lining or decreasing defence budgets, modest deployability levels, fragmentation of the EU defence equipment market, EU policy spread across distinct and often separate 'boxes', as well as general reluctance to make the maintenance of effective armed forces a political priority. In short, one can observe a creeping 'demilitarisation' coupled with partial deindustrialisation.

As the 2013-2025 trends the EU ISS team listed the following ones: combination of dynamic instability and systemic interdependence, rise of new regional powers and players (particularly in Asia), the US 'pivot', greater globalisation and developments relating to new weaponry. The EU needs to reassess its 'strategic interests'. These could include, along with a peaceful, stable and prosperous neighbourhood: firstly, safeguarding the European 'homeland' from attacks, as perpetrated by state or non-state actors. Secondly, securing maritime communication lines and strategic communications infrastructure from blockade or hostile actions. Thirdly, protecting supplies of energy and raw materials in overseas territories and remote lands from exploitation or annexation by foreign players. Fourthly, maintaining regional balances of power(s) which favour European values and requirements through international law and an inclusive multilateral system. Nonetheless, there are still many open questions, such as: what sort of armed forces are Europeans likely to have (and need) by 2025? How might Europeans better organise themselves to take part in the new global competition for wealth, influence and power? The only solution to counter potential risks and tackle existing constraints – according to the EU ISS director – is to do more together.

Antonio MISSIROLI proposed the following *avenues*: 1. implementing consolidation to generate military efficiency; this suggests a coordinated reduction of redundant and obsolete capabilities to generate immediate and future savings. The Member States may consider undertaking, in cooperation with the EEAS and EDA, a targeted EU Military Review (more than a Green and less than a White Paper). 2. favouring optimisation to boost military effectiveness; with respect to equipment, the EU Member States could devise a framework whereby armed forces cooperate across service lines for the development of future capabilities. Another solution would be to introduce a fresh procurement concept – 'total life-cycle EU-wide management' – for new military capabilities. 3. promoting innovation to enhance military technology; innovation is not only a source of efficiency and effectiveness, but also of technological advancement (R&T funding, savings into investments). Tailored solutions to promote innovation may include borrowing ideas from funding schemes originally adopted by NATO or proposed by the European Commission in other policy areas. 4. framing and reinforcing regionalisation to bolster operational width and depth; targeted (bilateral or mini-lateral) integration could lead to pay-offs in the maintenance and acquisition of a wider spectrum – and to some extent greater depth – of military forces. This will especially be the case if these 'islands' of cooperation established by some EU countries with their neighbours or partners can be coordinated at EU level, so as to form an 'archipelago'. The 'Europeanisation' of certain new capabilities could also be considered a higher form of regionalisation. 5. moving towards integration to further increase depth and elevate sustainability; bringing together the armed forces of Member States under an EU-wide force structure (though not a 'Euro-military') would enable Europeans to boost their logistical capacity and undertake the most demanding operations that any future security environment may necessitate. This may require establishing a new 'family' of targeted Headline Goals for 2025 and synchronising national armament programmes and procurement cycles.

Policy challenges call for a common, systematic, comprehensive and regular (re)assessment of ends, ways and means – cutting across traditional boundaries. Lessons, examples and cases of best practice can be drawn - and duly adapted - from other policy areas (mostly civilian) as well as from mini-lateral and NATO cooperation. All these (cumulative rather than alternative) *avenues* require political decisions

at high level to match the political rhetoric. The European Council in December should thus represent a point of departure rather than an arrival.

2.2.3 Arms industry

Alessandro MARRONE addressed four issues related to the current developments of arms industry: a) a necessary clarification on what is a Defence Technological Industrial Base (DTIB), b) the on-going globalisation of national DTIB, c) the feasibility of a European integration of national DTIB and d) the challenges to such European integration process.

1. A clarification: DTIB rather than arms industry

Today, defence industry provides a much broader range of high-tech products and services than just weapon systems, ranging from telecommunication to space assets, from logistics to cyber capabilities. This sector is composed of a small number of large companies and a large number of Small and Medium Enterprises (SMEs). The four top European companies represent roughly 60 % of the overall turnover of the 40 top ones. This situation is well described by the term DTIB. It refers to the fact that there is a high-tech industrial base in European countries supplying armed forces but also security agencies - police forces, border guards, etc. - as well as civilian customers through dual use technologies for both civilian and military purposes. Another important concept is European DTIB, or EDTIB (the term used in 2007 by a Strategy adopted by participating Member States to the European Defence Agency).

2. On-going globalisation of national DTIB

It should be borne in mind that DTIB was established at national level, and it remained as such for decades. In reality it is increasingly global, because of three main reasons: a) increasing dependence from non-EU markets, b) globalisation of the supply chain, and c) growing importance of dual use technologies. Following the economic crisis and the austerity measures, defence spending is decreasing in many European countries, while it is increasing worldwide. Therefore national DTIBs have to penetrate non-EU markets to survive, such as for example India or Brazil, but also Turkey, Saudi Arabia, Qatar, Singapore, Indonesia, etc. Seeking export opportunities is necessary to keep the DTIB able to continue to supply the European Armed Forces. The competition is becoming harder because the recent cuts to US defence budget are being compensated by the American administration with greater export support to national defence industry. As a result, US companies will compete even more with Europeans. The second factor pushing for a globalisation of national DTIB is the internationalisation and dispersion of the industrial supply chain. The European suppliers are being replaced by non-EU ones as sub-contractors. In consequence, the industrial security of supply may be at risk: a European supplier can run out of supplies. The third factor leading to a globalisation of DTIB is the aforementioned growing importance of dual use technologies. As a result, a complete national sovereignty coupled with a complete industrial security of supply on a national basis, has become nearly impossible.

3. The feasibility of European integration of national DTIB

In this context, a European integration of national DTIBs is desirable. Firstly, because it would greatly benefit the interoperability of European armed forces and therefore the effectiveness and efficiency of CSDP missions. Secondly, because security of supply can be better ensured by companies based in EU Member States, as they already experience a level of interdependency un-matched in the world. Thirdly, a European integration would increase effectiveness and competitiveness of European defence industries in the non-EU market, and thus economic growth in the Union thanks to export. Fourthly, the realisation of EDTIB would enhance the whole European integration process. Finally, it can rely on a legal and institutional framework which guarantees a kind of level playing field for all stakeholders. The European integration of national DTIB is feasible because of five main reasons. First, the sum of 27 EU

Member States defence spending is still significant, even compared with the US, despite of recent cuts: there is a fragmented demand which can be consolidated by achieving economies of scale and by getting better value for taxpayers' money. Second, the EDTIB includes very competitive and technological advanced companies, both system integrators and SMEs. According to European Association of Security and Defence industries, in 2012 the turnover of this sector was around EUR93 billion, with roughly 774 000 employees. A third reason is that there is already a quite robust net of industrial and/or intergovernmental cooperation within the EU on defence procurement. For example, we can recall multinational programmes such as Eurofighter aircraft developed by Germany, Italy, Spain and the UK. Forth, the EU has approved two important directives in 2009 on intra-EU defence transfers (2009/43) and national defence procurement (2009/81), the so-called 'defence package', which once completely implemented provides a sound legal framework to integrate the 27 national markets into a truly European one. Finally, there are already large European companies with significant presence in different national markets within the EU: EADS is the best example of transnational defence companies, but also BAE System, Thales and Finmeccanica can be named.

4. The challenges to a European integration of national DTIB

Most of EU Member States, particularly those with a significant national DTIB, continue to pursue defence industrial policy in a predominantly national perspective. It is both a matter of security of supply and a matter of keeping in the country qualified jobs and high-tech skills and assets. This is a receipt for a continuation of the current state of fragmentation in the demand side, and consequently for the continuation of inefficiencies, unnecessary duplications, and scarce Europeanisation of the DTIB.

In conclusion Alessandro MARRONE found promising that the three clusters of CSDP, military capabilities and arms industry (EDTIB) are put together in the agenda of the December Council, and are considered all together in the on-going debate in Brussels and within the EU capitals.

2.3 Discussion and Q&A

Arnaud DANJEAN recalled his participation in the Defence Ministers meeting in Dublin, where only 8 out of 27 ministers turned up; a few days later there was a ministerial meeting of NATO on a rather minor issue and there all of the ministers were present. So there is still a lot to be done when it comes to European defence policy, particularly on the part of ministers. It is a question of ambition and of priorities.

Maria Eleni KOPPA, MEP, Rapporteur (Greece, S&D) thanked the experts for their contributions and added her remark that the annual report is an opportunity to talk in about defence issues in more general term. First of all, there is an importance to send a clear message to the Council on relevance of the defence. She noted that there is a strong need to communicate that CSDP is important – a communication campaign is therefore a necessity. Secondly, it is equally relevant to plan the debate on revision of defence policy over 18 month-2 years, it cannot be an *ad hoc* discussion. Thirdly, the EU must acquire a global and simultaneously a comprehensive approach. The European Parliament is working on putting some substance into this term. Fourthly, the most difficult problem for me is the political will among Member States. The message that the EP gets is that for the majority of Member States, the general wish is to keep the December Council at the politically lowest possible level, e.g. on technical but not strategic *niveau*, as there is a lot of pessimism. The Parliament on the contrary would like to see it as a very ambitious Council, and in these terms the institution agrees with the European Commission on many aspects. The EU needs to tackle big challenges, first being to explain parliamentary vision on European defence. Furthermore, the Lisbon Treaty offers a number of instruments, so the EP must work with and on what it has already got, e.g. via structured permanent cooperation, which must be clearly defined. Those who want to go faster than others they shall be allowed to do so, it is not possible to go

together as a 28-member block. Finally, the Parliament does not have the power to increase the amount of money spent on defence. In the current times, 'we need to discover how to do more with less resources', e.g. via pooling and sharing; the concept of pooling is comprehended by all the stakeholders, but as far as the sharing is concerned, there is not enough confidence and trust for this principle to be implemented. Another challenge is 'smart defence' - how to restructure demand and jobs? This issue can have a tremendous impact on public opinion. Majority of MEPs agrees that the EU shall do more on European security. Maria Eleni KOPPA believed that by the December Council the EP will be able to send a clear message.

Geoffrey VAN ORDEN, MEP (United Kingdom, ECR) stated that there are two separate issues at stake: 1) capabilities and purpose of our own forces and future success of industrial military enterprises in our own countries, and 2) European political integration. 'If we in the EP were honest, we would admit that it is all about the latter, European defence is all about the European political integration.' On industrial side, we have many fruitful projects, and they are most successful when carried by Member States bilaterally. What is not required is the involvement of the EU. With regard to this, Geoffrey VAN ORDEN recommended the October 2012 paper 'White Elephants? The Political Economy of Multi-National Defence Projects', written by Keith Hartley for the New Direction - The Foundation for European Reform.² Moreover, Europeans have already the international body for interventions: NATO, anything beyond is not needed.

Ana GOMES, MEP (Portugal, S&D) wondered how to deal with the global challenges without integrated European defence? She was convinced that there is no other way but to develop the European capabilities. This requires political integration. In opinion of the MEP, the Member States are not doing enough, they are not delivering, they are re-nationalising the arms industry, they are failing their citizens. What will be the cost of non-Europe? Drawbacks of the current situation have been already proved by the lack of success in Libya. Ana GOMES looked forward working together with Maria Eleni KOPPA on the Report.

Monika PANAYOTOVA, MEP (Bulgaria, EPP) added that definitely more consistent strategic approach, cooperation and trust between the Member States are needed. One of the Lisbon Treaty instruments: permanent structure cooperation, provides a tool to facilitate the integration and it can set precondition for setting up the clubs of some Member States. In light of this, she raised three questions: 1. what is a potential for a speeded, flexible cooperation? How a two-speed Europe can be avoided? 2. In comparison to the art. 5 of NATO, does the art. 42.7 TEU (so called 'mutual assistance clause' - obligation for the EU Member States to provide assistance in case of aggression³) constitute the EU as a defence community? 3. In the context of the shifting balances and threats: has the EU sufficient ambition to implement the solutions proposed in the 'European Global Strategy' (EGS), a think tank-driven process designed to stimulate debate on the future direction of the European Union's external relations?⁴

Sophocles SOPHOCLEOUS, MEP Vice-Chair of SEDE, (Cyprus, S&D), who replaced Chair Arnaud DANJEAN, confirmed that the message coming through from industry is quite optimistic, as there has been some success. 'My feeling is however that there has been though a gap: a lack of political will in terms of relations within the industrial sector', as it has been proved by examples of Libya, Syria, Mali or

² <http://newdirectionfoundation.org/content/white-elephants-political-economy-multi-national-defence-projects>.

³ 'If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter. This shall not prejudice the specific character of the security and defence policy of certain Member States.' Treaty on European Union, C83/13.

⁴ <http://www.euglobalstrategy.eu/>.

Afghanistan, where the comprehensive cooperation was missing. The problem is that the EU Member States have limited funds available on military operations. Second is the current *à la carte* attitude that some states demonstrate. Finally, it must be nevertheless admitted that the Member States are much more effective when they intervene; the EU on the contrary might be effective, but not necessarily.

Jo COELMONT endorsed Maria Eleni KOPPA in terms of Europe lacking communication of its successes. EU citizens are not aware of defence in Europe. That is the reason why the 'real' EU global security strategy must be developed. It is not a military, but a political task. 'It is a question of our own safety, of defending our interest and values, and being a part of the global system, giving it an added value'. To Ana GOMES and Monika PANAYATOVA the expert replied that there is not yet a shared view on the European security in the EU countries, 'we are using national lenses too much'. When it comes to the art. 42 TEU and the art. 5 NATO – there exists naturally a difference in legal and political definitions, but in the opinion and experience of Jo COELMONT, there is no practical difference with the art. 5.

Jan TECHAU stated that as long as he is sceptical about top-down communication, in the case of defence he strongly supported Maria Eleni KOPPA in her endeavour. 'The more we communicate, the better we raise the awareness.' Also NATO is currently during a communication exercise called 'defence matters'. Jan TECHAU's primary objective on the debate was to keep Europe and the world in peace – at the end of the day it is not important who does it: NATO or the EU. Not using the EU as a secondary provider of peace in the continent is foolish. It is all about creating the awareness for strategic needs. To Monika PANAYOTOVA he answered that because the EU does not strive to be a security community, it will take time to transform EGS points into practice. And because the political will is crucial, the art. 5 - the security guarantee - is a kind of 'a mysterious creature'. The art. 42 will only be a piece of paper as long as there is no real feeling of solidarity between the EU Member States. The physical presence of forces is not that crucial anymore. The European defence nowadays is all about wider security interests, such as globalised functioning economy – that is the global security interest. 'If we do not protect them, no article will help us' - he finished.

Antonio MISSIROLI explained that the effort they (the experts) were trying to make was to encourage the EP and other EU institutions as a functional argument, not as a political or ideological one, to cooperate more in terms of defence. 'Cutting the military spending in isolation is leading the EU Member States to losses against other competitors, particularly in Asia.' It is potentially more efficient on EU-level than bilaterally, trilaterally or nationally, for two main reasons: a) because of the ability the EU has to mobilise resources, and b) because of its the collective regulatory power, which comes from fiscal policies, general public expenditure at the national level, procurement rules etc. This is something of unprecedented nature on the global scale and as such cannot be missed. If Europeans manage to get together, also NATO will benefit on this. These forces are to be at disposal of the international community. As for policy coordination, it shall go beyond the military sector - a broader set of ministries and players shall be involved. 'If we were to find a new branding animal to describe this new set up, as it used to be a few years ago in a Council framework called Mamut (Ministers of: foreign affairs, defence and development aid), we could take an example of giraffe: it is well-grounded on African soil, capable of looking afar and is also potentially very fast.'

Alessandro MARRONE underlined that the DTIB is not only about the security of supplies, but also about the strength of a wider economy (dual use technologies, innovations, qualified jobs, etc.). A permanent structured cooperation is a possibility to explore, as on one hand it allows some Member States who wants it to go faster than the hesitating or uninterested ones to do so. So it introduces flexibility. At the same time, it is sufficiently transparent, open, inclusive and transparent to allow other Member States to join, in order to prevent the division and two-speed Europe. It must be also remembered that no single European country has capacities to organise an abroad full military intervention of the scale of 2011 air

campaign in Libya. Therefore, the debate on EGS can be translated into concrete action only thanks to increasing the political awareness which will in effect produce the political will. The bottom-up approach (pooling and sharing etc.) reached its limits, it is the highest time to look beyond and get a political mandate by the EU Heads of State and Government.

Sophocles SOPHOCLEOUS thanked all the experts for their contributions and closed the workshop.

3. PRESENTATIONS

3.1 Arms industry: From national to European?

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

①


Alessandro Marrone
Researcher in the Security & Defence Area at IAI


BRUSSELS – 10 07 2013

Structure of the Presentation

②

- 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

3

- 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

4

- 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

5

- **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

6

- **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

7

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

2 Ongoing globalization of DTIB

8

- **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

9

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

10

- **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

11

- 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

12

- 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

13

- **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**

3.2 Enabling the future: European military capabilities 2013 - 2025: Challenges and avenues



Overview

- State of play
- Successes
- Shortfalls
- Trends
- Strategic interests
- Avenues
- Conclusions



State of play

- The EU possesses capable and effective armed forces alongside an advanced industrial and scientific base.
- Yet, in general suffers from:
 - limited awareness of emerging challenges
 - basic disinterest in strategic matters
 - segmented political and institutional landscape regarding defence and military matters.

Successes

- Retirement of Cold War-era equipment;
- Adoption of new military doctrines and structures;
- Shift towards professional, smaller, mobile forces
- The consolidation of cooperation within the EU:
 - 1) Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP)
 - 2) European Defence Agency (EDA)
 - 3) European External Action Service (EEAS)

Shortfalls

- Flatlining or decreasing defence budgets (exacerbated by the financial crisis)
- Modest deployability levels
- Fragmentation of the EU defence equipment market
- EU policy spread across distinct and often separate 'boxes'
- General reluctance to make the maintenance of effective armed forces a political priority
- These could cause:
 - additional reductions in EU military capacity
 - a potential exodus of the defence industry
 - a loss of technological leadership
 - In short: creeping 'demilitarisation' coupled with partial deindustrialisation

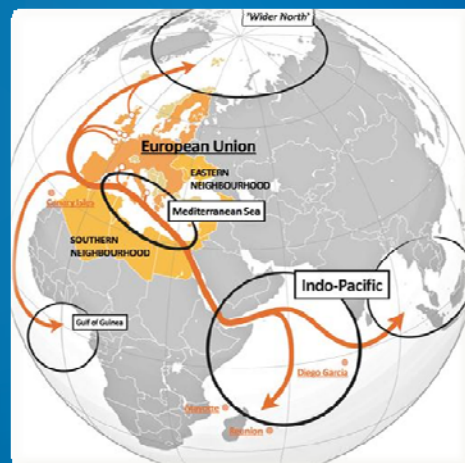
Trends 2013-2025

- Combination of dynamic instability and systemic interdependence
- Rise of new regional powers and players (particularly in Asia)
- The US 'pivot'
- Greater globalisation
- Developments relating to new weaponry

Strategic interests

The EU may also need to reassess its 'strategic interests' (as mentioned, but not defined in art.26 of the Lisbon Treaty). These could now well include, along with a peaceful, stable and prosperous neighbourhood:

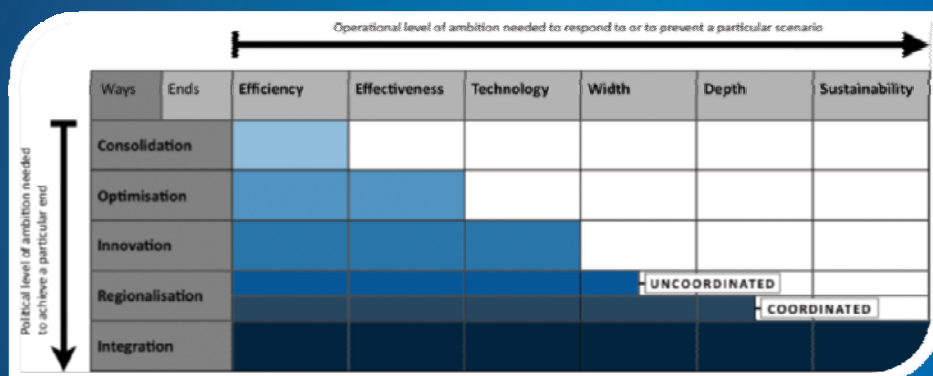
- 1)Safeguarding the European 'homeland' from attacks, as perpetrated by (surrounding or distant) state or non-state actors
- 2)Securing maritime communication lines and strategic communications infrastructure from block-ade or hostile actions
- 3)Protecting supplies of energy and raw materials in overseas territories and remote lands from exploitation or annexation by foreign players
- 4)Maintaining regional balances of power(s) which favour European values and requirements through international law and an inclusive multilateral system



ISS European Union Institute for Security Studies Open questions

- What sort of armed forces are Europeans likely to have (and need) by 2025?
- How might Europeans better organise themselves to take part in the new global competition for wealth, influence and power?
- The only solution to counter potential risks and tackle existing constraints is to do more *together*.

ISS European Union Institute for Security Studies Avenues



Avenue 1

- Implementing **consolidation** to generate military *efficiency*
- This suggests a coordinated reduction of redundant and obsolete capabilities to generate immediate and future savings
- Member states may consider asking the EEAS and its specialised bodies to undertake, in cooperation with the EDA, a targeted EU *Military Review* (more than a Green and less than a White Paper)

Avenue 2

- Favouring **optimisation** to boost military *effectiveness*
- With respect to equipment, member states could devise a framework whereby armed forces cooperate across service lines for the development of future capabilities
- A second solution would be to introduce a fresh procurement concept – ‘total life-cycle EU-wide management’ – for new military capabilities

Avenue 3

- Promoting **innovation** to enhance military *technology*
- Innovation is not only a source of efficiency and effectiveness, but also of technological advancement (R&T funding, savings into investments)
- Tailored solutions to promote innovation may include borrowing ideas from funding schemes originally adopted by NATO (e.g. for the AWACS) or proposed by the European Commission in other policy areas (e.g. the so-called 'project bonds')

Avenue 4

- Framing and reinforcing **regionalisation** to bolster operational *width* and *depth*
- Targeted (bilateral or mini-lateral) integration could lead to pay-offs in the maintenance and acquisition of a wider spectrum – and to some extent greater depth – of military forces
- This will especially be the case if these 'islands' of cooperation established by some EU countries with their neighbours or partners can be coordinated at EU level, so as to form an 'archipelago'
- The 'Europeanisation' of certain *new* capabilities could also be considered a higher form of regionalisation

Avenue 5

- Moving towards **integration** to further increase *depth* and elevate *sustainability*
- Bringing together the armed forces of member states under an EU-wide force structure (though not a ‘Euro-military’) would enable Europeans to boost their logistical capacity and undertake the most demanding operations that any future security environment may necessitate
- This may require establishing a new ‘family’ of targeted *Headline Goals for 2025* and synchronising national armament programmes and procurement cycles

Conclusions

- Europeans are losing sovereignty by *not* consolidating, *not* optimising, *not* innovating, *not* regionalising and *not* integrating their military capabilities
- Policy challenges call for a common, systematic, comprehensive and regular (re)assessment of ends, ways and means – cutting across traditional boundaries
- Lessons, examples and cases of best practice can be drawn - and duly adapted - from other policy areas (mostly civilian) as well as from mini-lateral and NATO cooperation
- All these (cumulative rather than alternative) avenues require political decisions at high level to match the political rhetoric
- The European Council in December should thus represent a point of departure rather than arrival

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