



EURODEFENSE POSITION PAPER ON THE EUROPEAN DEFENSE AGENCY

This paper sets out the EuroDefense Associations' recommendations for the development of actions by the European Defence Agency.

After a brief analysis of the context, this paper will propose several short term actions, and also a long term vision of the evolution of the Agency.

CONTEXT

THE INTRA-EUROPEAN CONTEXT

The latest developments in European Defense were marked by the demonstration of a true political will from the Member States. This will was illustrated by the rapid creation of the EDA and by the strong support of common actions, which clearly appears in the 170% coverage of the Helsinki Headline Goal 2003, the 145% answer to the setting up of the Battle Groups, and the nearly unanimous participation (except Denmark) in the EDA.

Initiatives were taken to defragment the defence market, not only on the offer side but also on the demand side, with the aim to reach a "critical mass" for R&T and acceptable dimensions for production series, all within a strict budgetary context. Here we should mention the creation of OCCAr, the signature of the Letter of Intent and the WEAG actions in the R&T sector.

The differences in the approach of the DTIB by each EU Member State reveals variations in their historical legacy. On one hand we have States that worry about protecting their sovereignty by retaining autonomous access to critical technologies and therefore fund the main part of the EU R&T investment. On the other hand we have States that seek to keep their defence acquisitions at the minimum level in terms of cost but with maximum national gain for employment.

THE TRANSATLANTIC CONTEXT

The European Defence is marked by a strong link to NATO, which is the preferred instrument for the collective defence of EU Member States. This link is also a reference for co-operation with the United States for large scale and high intensity external operations.

Capitalistic/business links are created between the US and EU industrial bases, generally under US control, sometimes under EU control, limited in the last case by US legislation. The differing legislative context unbalances transatlantic co-operation in favour of the US.

EMERGENCE OF EUROPEAN POWER

The EU's Intergovernmental pillar has expressed the wish to develop autonomous command and situation assessment tools.

The visibility of ESDP will particularly gain strength co-operation organised between willing States.

The EU's role is now recognised by the US as proved by the replacement of NATO forces by EU forces during the Althea operation in Bosnia and with the leading role Europe played during the crisis in Ukraine.

GUIDE LINES FOR THE SHORT TERM.

We suggest three main axes for each of the missions of the four Directorates of the Agency, considering Industry and Market as specific missions.

FOR THE CAPABILITY MISSION

Look for a consensus on Europe's ambitions in terms of power in defence matters and the implications this will have on industrial policy with a particular focus on autonomy in terms of technology.

Organise the capability process in accordance with a top down, structured approach, based on the needs resulting from the Helsinki 2010 objective, **and sustained by a bottom-up approach** focusing on the technology offer.

Help Member States to harmonise their financial efforts with the capability objectives resulting from the commitments that they have made by having the adequate management tools available to them.

FOR THE PROGRAM MISSION

Pushing towards demand defragmentation by synchronising national equipment programs and commitments, and developing standards (NATO seems to favour this latter approach in field of Network Enabled Capabilities)

Adopt an approach that can match a wide spectrum of conceptions among the Member States, proposing incremental evolutions based on a technologic kit usable in new equipment or upgrade programs.

Make sure of the optimisation of technological choices involved in program execution by adopting practices such as acquisition plans and monitoring of development by experts mandated by public authority.

FOR THE R&T MISSION

Aim at reinforcing the EU's strategic autonomy by taking care that R&T programs launched by the EDA and those of Member States cover all key technologies necessary to a real autonomy. For this purpose the Agency should be given appropriate tools in order to ensure a real harmonisation.

Clarify the way in which R&T/D is carried on by focusing R&T expenses on upstream studies. These studies should aim at the technologic maturation in order to realise programmes in shorter time so as to permit a fast adaptation of the tools in order to face the possible evolution of the threats. The notion of technologic demonstrator should not be considered as a substitute to program development.

Favour the contribution of dual and/or breakthrough technologies. On one hand one should be attractive vis-à-vis those who bring in technology by guaranteeing adequate funding and the protection of their intellectual property rights. On the other hand one should rely on experts from public authorities in order to keep the technological control on R&T programmes. This attention paid to dual technologies should also appear in the coordination with the EC actions in the security domain.

For the EDA's fourth mission :

DTIB

Adapt "juste retour" to budgetary efficiency by limiting it to industries that are long lasting and recognised centres of excellence. This approach could be made easier by a globalisation of "juste retour" to the whole of European budgets.

Look for the critical mass effect. This could be, in the supply chain, to favour the emergence of poles of excellence focused on new - if not breakthrough - technologies that may bring in an operational advantage. This could be too, for system industries and equipment manufacturers, to bet as much as possible on synergies with civil systems that could permit developments and series more regular than armaments programs.

Favour the emergence of a transatlantic level playing field by making the rules of the game symmetrical between both Atlantic sides (intellectual property, sensitive technology protection...) and by aiming at balancing their influence in NATO by a co-ordinated approach of Participating Member States regarding normalisation and program steering.

EDEM

Take into account specific needs of the defense market in contracting rules, not only in the area covered by the Green Paper but also in a field extended to upstream phases such as R&T and to contracts placed by EU for itself or for Member States.

Define common procedures in order to insure a common approach for rules application (offers publication, eligibility of candidates, notion of security of supply, protection of confidential data, control of expenses in case of no-competition ...) and incitative measures ("right to procure from non-EU sources" to be bought in order to fund the R&T budget of EDA, targeted export support,...).

Capitalise on the "acquis" of existing processes (Loi, OCCAR...) **by adapting their modalities** in order to remedy at weak points (for example by locking the financial engagement of participant States, by improving protection of intellectual property right,...)

LONG TERM VISION

We call for :

An Agency with significant operational budget for future program plans, with an objective of about 1 to 2 Mds€ per annum for R&T, representing in average 1% of the total Member States defence acquisition budget, and a collective acquisition program of 20 Mds€ per annum for jointly usable military equipments.

A light and reactive Agency with a strategic vocation, benefiting of a large autonomy of management and taking advantage of administrative and technical structures as OCCAR, national experts...

An Agency playing the role of a National Armament Director at the EU level, for all fields which do not form part of the core of the Member States' national sovereignty.