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NOTE

from: General Secretariat of the Council
to: Delegations
Subject: Summary of the meeting of the **Committee on Security and Defence (SEDE)** of the European Parliament, held in Brussels on 27 May 2013

The meeting was chaired by Mr. Danjean (EPP, FR).

2. Chair's announcements

Public hearing "European defence industry strategy"

The Chair referred to the discussion to take place at the European Council meeting in December on the future challenges of the EU's defence policy. He mentioned the initiative report by the rapporteur Mr. Gahler, EPP, DE to be adopted in advance of that discussion. He said that work on this file would be done jointly with the IMCO committee.

Mr Eric TRAPPIER, Chief Executive Officer, Dassault Aviation, ASD Defence Commission

Chairman presented the position of the Dassault industry.

Mr Trappier a estimé que l'expérience malienne illustre bien le fait que les Etats étaient ceux qui restaient en charge de la préparation de l'intervention puis de l'intervention elle-même. Il a rappelé que les budgets de défense étaient en baisse depuis des années et que l'enjeu était de savoir si l'Europe souhaitait conserver son indépendance, son autonomie d'action et sa souveraineté à l'avenir. Il a estimé qu'il était urgent pour l'Europe de réagir, faute de quoi son désengagement financier en matière de défense aurait à terme pour conséquence un déclin économique inéluctable.

Il a souligné l'importance pour la compétitivité de l'UE de préserver celle de l'industrie de défense européenne et a invité à ne pas sous-estimer la contrainte que constitue l'euro comme monnaie face au dollar, ainsi que le coût supérieur de la main d'oeuvre et le niveau de taxation plus élevé par rapport aux USA.

Il a estimé que la prospérité économique passait par la maîtrise des hautes technologies, qui étaient actuellement le garant de la prospérité économique et de la pérennité du leadership américain. Se référant à titre d'exemple au programme F35, il a mis en garde l'UE contre toute politique de préférence commerciale en faveur des USA, qui tuerait l'industrie de l'UE.

Il a estimé qu'il était important de protéger la propriété intellectuelle et appelé de ses voeux un "Buy European Act" afin de promouvoir le développement du potentiel industriel européen. Enfin, il a appelé les Etats majors à identifier des projets opérationnels communs.

Il a exposé les revendications du secteur industriel

- pas de nouvelles directives européennes,
- une politique de sécurité des approvisionnements sur le modèle de la politique des USA en la matière.
- une consolidation de la demande et une harmonisation des moyens de défense européens
- identification des compétences
- investissements en recherche et technologies
- intégration des sujets duaux dans la politique recherche et de développement en matière de défense.

Il a mis en garde contre l'inclusion de la défense dans l'Accord de libre-échange avec les USA et a estimé qu'il fallait d'abord renforcer la défense européenne et lui donner les moyens de se défendre avant de l'exposer à la concurrence des USA, qui pourrait la faire disparaître ou la transformer en industrie de sous-traitance de l'industrie américaine.

En conclusion, il a invité à s'inspirer du modèle proposé par le traité de Lancaster House pour promouvoir le lancement de programmes bilatéraux et à agir avec pragmatisme.

Mr Daniele ROMITI, Chief Executive Officer, AgustaWestland, a indiqué que la crise de 2008 avait mis l'industrie en difficulté, ce qui comportait un risque de déclin inexorable et d'une fin de l'autonomie de la base industrielle de défense européenne. Il s'est félicité de voir l'Europe réagir en consacrant un Conseil européen à la question et a estimé que les initiatives de pooling and sharing allaient dans le bon sens.

Parmi les pistes permettant au secteur de faire face à la crise, il a suggéré le développement de plateformes communes ou de "familles" technologiques incluant l'harmonisation des systèmes et des formations. Il s'est référé à titre d'exemple aux technologies duales comme permettant des synergies économiques et offrant des débouchés supplémentaires.

Comme l'orateur précédent, il s'est référé à la nécessité de protéger la propriété intellectuelle de manière adéquate.

Il a conclu en estimant que l'UE ne pourrait rester compétitive sans avoir de programmes de financement, sans procéder à des dépenses intelligentes ("smart expenditure") et sans développer des industries de niche.

Mr PIE, Secretary General of the Swedish Security and Defence Industry Association identified cost-efficiency, resilience, collaboration and high levels of R&D investments as key to remaining competitive in times of crisis.

Commenting on the challenges facing EU industry, he expressed concern at the impact of the economic crisis on the sector. He urged the EU to reform its procurement law as a pre-requisite to remain competitive and advocated opening up to market competition as much as possible.

He mentioned four key points as the way forward:

1. competences and actors
2. monitoring system on implementation of the defence package;
3. harmonisation of requirements and consolidation of demand, robust R&D, prioritization and avoiding fragmentation;
4. market-driven clusters, self-financing, absence of political design.

He commented that the European industry had been used to US and EU market dominance and had now to face new competition and prepare for a new market situation whereby new industries would develop rapidly in emerging economies.

The rapporteur Mr Gahler referred to a number of issues for discussion to be included in his upcoming report. He commented on the specific features of an industry which had as sole clients sovereign states, which made its current economic situation even more difficult. He referred to the need to report on the state of play of implementation of the defence package and to check whether the objective of consolidation of demand had been reached. He referred to the need to identify the means for the industry to remain competitive through economies of scale, the development of dual use technologies and the removal of possible duplications and protectionism. He further expressed some concerns with regard to the trade relations with the US, the upcoming negotiations on an FTA agreement and the need to reach a good deal on the issue of drones.

Ms Koppa on behalf of S&D expressed support for the development of a competitive EU defence industry while addressing the need to ensure that the social impact of any reform remains under control. She stressed the importance of the sector's SMEs, which are the EU's economic backbone.

Mr. Van Orden, ECR, UK noted that the defence sector was about a mix of economic, social and political issues and that the sector was dominated by a small number of Member States with the US being an indispensable trade partner, and with most of the EU's defence R&D being carried out by only five or six Member States.

Mr. Lisek, EPP, PL referred to the EU-US cooperation on drones, recalled that the US defence industry was employing some 30,000 people in Europe and commented that the issue was therefore politically sensitive.

Mr MÖLLING from the German Institute for International and Security Affairs (SWP), Berlin referred to a study under way on the current situation of the industry in several Member States and stressed that the issue was about the European Defence Technology and industrial Basis (EDTIBs), and about how to ensure the EU's future security of supplies.

He explained that national security of supply was a myth since 2007, that EDTIB was currently shrinking and that the EU had lost a decade by continuing nationalisation of the DTIBs at a times of increased globalization.

He said that EDTIB had been set up because DTIBs were not sustainable any longer and were too costly. He further considered that EDTIB should not be the sum of DTIBs, but rather the EU's added value and the means to reduce EU's dependency and for the EU to become more competitive. He said that six or seven Member States, i.e. 20% of EU Member States owned 80% of EDTIB. He expressed some concern at the fact that EU non-producing countries were not giving any trade preference to EU-made defence products, thus weakening the EU's trade competitiveness.

He recommended to Member States to be more proactive in ensuring the EU's security of supplies, to review and monitor the EDTIB strategy, to organize a Defence Council meeting on an annual basis. He concluded that sequence and cycle were key.

He considered that workforce was not the real issue. He stated that the defence industry was needed because of its strategic importance, not because of jobs. He stated that the EU would remain dependent until it develops its own defence programmes.

The Chair concluded by stating that the issues related to this sector were highly political and the industry highly dependent on political decisions, something which in his view was not duly taken into account by the Commissioners in charge. He referred to the upcoming annual report on the common defence policy to be made by Ms. Koppa and to the invitations to be addressed to the Defence Ministers of the Member States to attend the SEDE committee for an exchange of views in the coming months.

3. EU's military structures: state of play and future prospects

The rapporteur Ms. Giannakou, EPP, EL, thanked the shadow rapporteurs for their cooperation and presented the five compromise proposals drafted on the basis of the 104 amendments received. She also said that there were seven oral amendments suggesting some updates and specifications in addition to the compromise proposals. She said that the report would be discussed and voted upon at the plenary session in September in the presence of the High Representative for foreign affairs. She indicated that an addition on the Berlin Plus agreement had been proposed following agreement with the AFET chair Mr. Brok and the issuance of the progress report on Turkey.

Ms. Koppa on behalf of the rapporteur Mr. Pascu, S&D, RO expressed support for the main thrust and core ideas included in the report. She stated that the amendments were very diverse in relevance and substance and indicated that the S&D group would support those adding value to the report, and in particular for the proposed compromises.

4. Any other business

5. Next meeting(s)

- 3 June 2013, 15.30 – 18.30 (Brussels)
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