

ASD KEY PRIORITY 3

ENCOURAGE THE IMPLEMENTATION OF APPROPRIATE & ROBUST DEFENCE INDUSTRY & MARKET POLICIES AT EU LEVEL

ISSUE

The defence industrial and market framework in the EU remains largely based on a “pre-90s” concept.

Fragmented markets are no longer capable of sustaining national defence industrial capabilities, particularly when faced with restrictive budgetary environments.

New policies need to be fostered that enable EU Member States to exploit the benefits provided by more joint and common approaches combined with a sharing of industrial capabilities.

BACKGROUND

2009 has been a significant year in terms of advancing the defence market reform initiatives undertaken by the European Defence Agency and the European Commission.

The “**Regime for Defence Procurement**” (Code of Conduct) administered by the Agency completed its third year of operation with ever increasing numbers of pan-European tenders and contract awards. Unbalanced implementation of the Code of Conduct however remains possible as long as additional agreements are not finalized that cover issues like *Security of Supply*, *Security of Information*. A pragmatic approach to the issue of *Offsets* across the market spectrum (both under Art. 296 and outside) will also have to be finalized.

Still missing are meaningful initiatives that are able to significantly increase the level of **defence cooperative programmes** across Europe.

Under 1st pillar responsibility both the **Defence & Security Procurement and the Intra-Community Transfers Directives** were successfully negotiated between the European Parliament and Council and published in the Official Journal of the European Union. Both have entered the transposition period that will see them implemented into national law over the next 24 months. Their coherent transposition is of vital interest to our industrial community and ASD will therefore carefully monitor the implementation.

Research & Technology continues to be a high focus area for ASD. Several initiatives underway through EDA will gradually improve industrial cooperation with EDA in this area.

Progress has been made in the effort to determine **Key Capabilities** that will in the future sustain European autonomy of operation and decision-making. The “Future Air Systems” and “Ammunitions” agendas have been developed as first concrete examples.

The EDA and the European Commission have given impetus to the development of coherent dual-use

research approaches through their “European Framework Cooperation”, the content of which however still needs to be developed.

Despite this conceptual progress, R&T continues to be underfunded across Europe and continues to be of high concern to our industry in the face of crisis-induced mounting budget pressures.

It has not been possible in 2009 to bring the IPR discussion with EDA and pMS to a fruitful conclusion.

Governments still do not seem to recognize the importance of Intellectual Property Rights as a key ingredient in the global competitiveness of the companies that are involved in the research effort.

Further work needs to be done in close coordination with the efforts to be undertaken by our Member Associations in national capitals.

The EU institutional framework will evolve under the **Lisbon Treaty** arrangements. Our industry must fully explore the potential that the new treaty instruments offer and generate proposals that ensure the sustainability of a globally competitive defence industrial activity in Europe.

OBJECTIVE

The objective for ASD is to bring together in a pan-European approach a widespread industrial base that for reasons of size, capabilities and national policies has a tendency to remain fragmented.

Only joint action on all technological, industrial and market parameters will produce a decisive impact on the formulation of effective industrial & market policies at the EU level.

As outlined above, 2010 will tend to be a challenging year for the future of the European Defence Industry more than ever focused on insuring its future in the face of mounting crisis-induced budget pressures

ASD ACTION (Overview)

- Promote the creation of a genuinely European Defence Equipment Market
- Enhance value creation in Defence R&T/R&D
- Encourage a step-change in European Defence Cooperation
- Foster the development of a European Technological and Industrial Base concept
- Develop and initiate SME support measures.

For more information please contact :
Gert Runde, ASD Director Security and Defence
(gert.runde@asd-europe.org)