



Presidents' Council

EURODEFENSE

Berlin,

To : Mr Jean-Claude Juncker, President of the European Commission

EURODEFENSE, a network of fourteen national not-for-profit Associations, working together, to promote and contribute to the setting up of credible and effective European Defence, has maintained relations with national and European authorities for many years, taking up a clear positive stance concerning the development of the Common Defence and Security Policy (CSDP).

While you have just taken over your new responsibilities, we would like to congratulate you, in this crucial period, on your nominations as President and we would like to draw your attention to our view of the challenges for the EU in this field and the key role which should be played by the Commission .

Events in the Ukraine and the Middle East are of great concern and make it essential that Europe works together effectively in its response to crises. They lend urgency to the agenda set out. Taking into account serious worries in professional and military circles, and beyond, European policies need to have drive and focus and it needs to have a clear understanding of how military capability fits into the instruments at its disposal, so that decisions can be taken in a timely way. This letter concentrates on industrial aspects which fall within the competence of the Commission.

Repeated cuts in national defence spending as well as the increasing lack of appropriate individual or joint defence capabilities in European countries mean that further postponement of effective decision-making endangers our collective security. EURODEFENSE considers the coming five years of critical importance to establish and implement a well-founded and credible CSDP for the sake of European security and influence. More than ever the geopolitical situation requires a clear definition of European defence.

Last December (2013), the European Council defined objectives to foster quality and cost-effectiveness while rectifying fragmentation of European defence markets that undermines the sustainability and competitiveness of Europe's defence and security industry. Therefore the Commission and EDA are mandated to take necessary and coordinated steps which EURODEFENSE strongly endorses.

In a Communication last July, the Commission presented a roadmap based on the initiatives that have been taken and/or intensified. Close cooperation between the Commission, the Member States, the EEAS and the EDA is required to carry out a substantial list of actions. EURODEFENSE underlines that the importance of the role of the Commission, together with EDA, can hardly be overrated. In each of the relevant areas – Internal market, R&D, industrial policy – the Commission should now put forward ideas and prepare necessary legislation as well as to initiate projects and bring public and private partners together. Priorities and deadlines should be set on the way to the European Council of June 2015. Proposals concerning the funding of military R&D should take into account the decreased funding by Member States as well as the necessity for an EU budget for this purpose.

EURODEFENSE believes that this approach is the only viable method to make sufficient and effective progress. It is also the only method to stimulate required synergies between Ministries of Defence as well as between governments and industries. It is politically most important to promote a coherent approach at EU level among all parties concerned. All Member States prepared to take part in cooperation between the willing should be encouraged to do so.

The stakes are high. Intensified cooperation and integrated projects are key to European defence and European armed forces as well as to building up of a credible and trustworthy CSDP. European citizens and society are directly concerned when it comes to their security and defence, and well-being. Public opinion will only be convinced if concrete European perspectives and results are presented. The Annex to this letter gives more details of our findings.

EURODEFENSE believes that now is a critical time for common initiatives in European defence. It trusts that the proposals of your Commission will unequivocally promote that objective. It believes that progress in this area will contribute not only to better value for money in the field of defence, but also to enhance the urgently confidence in the ESDP .

To that end EURODEFENSE is prepared to sustain initiatives of the new Commission through its whole network, and would welcome the opportunity to discuss this further with you or your officials

Yours faithfully,

Vice-Admiral Lutz Feldt (retd)
President, EuroDéfense-Deutschland
President in Office, EURODEFENSE

Encl : 1 Annex

ANNEX

to the letter EURODEFENSE / Presidents Council
(dated)

In line with previous views, **EURODEFENSE underlines the need for incentives and encouragement to further cooperation and integration in the European defence sector**, with practical relevance for industry and military commanders, as an important part of the wider picture of reinforcing a common European identity in the world. The European Union must take responsibility for its own strategic interests as the number and ambitions of global actors are rising. American and European interests are no longer always identical as they were in the past, and America increasingly expects Europe to shoulder more of the burdens of its security interests. **Foreign policy, defence policy, and independent access to military equipment are closely interconnected. In brief, without capabilities no CSDP, and without defence industry no capabilities.**

EURODEFENSE urges the competent authorities to acknowledge that action at the European level is needed to complement national R&D budgets.. In other words, **national sovereignty in Europe will only be guaranteed if its nations work intensively together. The current geopolitical situation does not allow any other viable conclusion. Therefore both national and European authorities must take their responsibilities seriously and promptly.**

EURODEFENSE deplores the reality that Europe is still at the beginning of a long road. Developing a common analysis and a common strategy is a long-term process. Despite many endeavours during the last decade at European level and bilaterally, defence policy and, consequently, defence production and defence procurement, has remained a purely national affair. The Council Conclusions of December 2013, including the Commission's roadmap of last July, are an ultimate opportunity to get closer defence cooperation and effective integration of defence industry on track. The challenges are manifest :

- **Increasingly, very serious military conflicts and instability in Europe's neighbourhood require common positions and shared actions** like in the Middle East and North Africa as well as on the eastern border of Europe.
- European defence is unacceptably under-equipped due to lasting financial constraints, aggravated by a weak economic recovery, and lack of political consciousness and will by most nations to implement or adhere to previous commitments.
- By contrast, competing countries and powers, who are also competitors in the global market, are expanding their budgets and/or are focusing very much on high technological and sophisticated military capabilities.

Political stability, the protection of European citizens, the security of the soldiers and their equipment, the protection of major economic interests (energy, raw materials, security of supply), and the guaranteeing of European values at large, are paramount. **As no single Member State can be expected to successfully safeguard these crucial factors, EURODEFENSE urges governments to make deliberate choices in the coming years to create a credible environment for the development of a common EU position, and of future-proof European military equipment.**

The required highest technological standards are very costly, exceeding the financial scope of any single European nation. In this field the Commission must express itself with a clear voice, and seek legally binding and enforced commitments. This could include the creation of a budget dedicated to enhancing European Defence R&D, and mechanisms to conduct this R&D, involving industry. In a previous letter EURODEFENSE has made proposals to this end.

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EURODEFENSE asserts that more cooperation concerning common short- and long-term analyses on threats and challenges to Europe in the world as it is developing are essential. The EEAS has to deliver an important input in this process. Although the Commission and Member States have undertaken studies, their conclusions are still insufficiently linked to possible or desirable common foreign political goals. Sharing information and common analyses will help to define priorities

A strategic European framework will be **indispensable to R&D and industrial policy as well as to closer cooperation in the defence industry.** The EU should become a credible and reliable partner to industry and should pave the way for more successful cross-border projects, either bi- or multilaterally. Currently R&D is funded and conducted nationally. This leads to – too many varieties of equipment - which reduce the benefits of scale production and ability to amortise R&D, increase through-life costs, and hinder the ability to compete in global export markets, European industry will undoubtedly explore other opportunities to survive outside the defence sector in/or outside Europe, damaging the defence industrial base. This would jeopardise the realisation of foreign political objectives of European nations and of the EU individually and collectively..

In view of the European Council on Defence in June 2015, **EURODEFENSE welcomes very much the comprehensive intermediate Commission Communication on a roadmap with a wide range of initiatives to improve the functioning of the Internal market, and of a competitive defence industry as well as an increase in (co-operative) research.** The list of actions reflects the complexity of the issues, like security of supply; the sensitive relations between large producing countries and smaller Member States, notably in the field of standardisation and certification; an effective role for SMEs across Europe; as well as the need to overcome the obstacles of persistent national administrative barriers, for instance in implementing the Defence Procurement directive and the directive on Defence Transfers. The decision to better fund dual use – civil and military – research is essential. EURODEFENSE points to the fact that the Commission has a strong say in this field. It will remain difficult to apply the rules of the Internal market in the defence sector and to dovetail national and EU competences. **The only possibility to overcome these impediments is the political will to develop a ‘common European defence language’ in order to pool expertise and country-specific capabilities.**

The success of the EU initiatives up to June 2015 will largely depend on the willingness of the Member States to apply the principles they have subscribed to last December. The history of European integration proves that decisive progress is made only with a common road forward which is in the interests of all. EURODEFENSE believes that we have entered now this phase in the area of the CSDP. **It is up to the European Institutions to devise the necessary steps. The new Commission should express itself in clear terms on these strategic issues and act accordingly.**