



Comments on the European Defence Action Plan

Ref. European Commission Communication dated 30 November 2016

On 30 November 2016 the European Commission publicised a European Defence Action Plan for the implementation of the Global Strategy for the European Union's Foreign and Security policy.

General comments

The Federation of European Defence Technology Associations (EDTA) welcomes this Action Plan as it sets strong intentions to intensify European cooperation on MoD and industry level. Taking greater responsibility to be able to deter, respond, and protect our Union against external threats is of utmost importance. Of similar importance is the need for a stronger industrial base that cooperates better and is more effectively connected to Europe-wide customers.

Much however has to be done by the Commission and the Member States to ensure these words to come into effect. Many individual interests of nations and industries will have to be addressed and their policies changed based on common interests.

Positive incentives

To stimulate defence cooperation though positive incentives could be more effective compared to rules and strict enforcement. We mentioned this in our comment to the EU Global Strategy and welcome this policy as mentioned on page 5. Tax advantages for collaborative projects, like VAT exemption and development costs deduction could be examples. Also the option to use the financial tool mentioned on page 10 to smooth national budget cycles could be a positive incentive for cooperation.

European Defence Fund (research window)

A government fund for defence research of the magnitude indicated is of course an excellent plan to strengthen European capabilities and the European Defence Technological and Industrial Base (EDTIB). Also the intention to address civilian needs as mentioned on page 8 is important: many results of defence related research could have quite immediate utilisation in other areas of the economy. *Dual use should be stimulated rather than hampered by interests of the IPR owners.* Defence technology is not necessarily as monopsonistic as believed. This is relevant when special IPR rules would be defined that limit sound market principles and competition.

Of similar importance is the composition of a Programme Committee by member states and industries. *The interests and capabilities of industries not participating in the Programme Committee should not be impeded.*

European Defence Fund (capability window)

The EDTA very much welcomes the intention to make financial tools available to overcome the lack of synchronisation of national budget cycles mentioned on page 10.

The opportunity to use EIB related instruments is also very welcome. Earlier this year we have strongly pleaded to make EIB loans, EIF investments and EFSI guarantees available for the defence industry. These opportunities, regular in all other economic sectors, could stimulate defence related industries to develop military and spin-off technology in parallel and utilise synergies on both sides. The intention to include dual-use priorities in development and procurement of capabilities as mentioned on page 9 would further stimulate spin-off into the wider economy.



SMEs

The observation on page 11 that innovation and disruptive technological shifts are performed outside major industries in eco systems of start-ups and SMEs is true in many sectors of the economy, but much less in the defence industry. Government funds for R&D travel easier to major organisations well-staffed and experienced to tender for grants. Also the stability of larger companies is often valued higher than disruptive ideas of a start-up. *If the Commission intends to stimulate participation of SMEs in the EDTIB these issues should be addressed.*

Brexit

Not mentioned in the Action Plan are the effects of the approaching Brexit. Where the UK is involved in current R&D and capability cooperation, technological knowledge and IPR may be vested in the UK government and their laboratories like DSTL. This will complicate continuation of these activities under the authority of the European Defence Fund.

About EDTA

The Federation of European Defence Technology Associations (EDTA) was established in 1992 as “EDA” on the initiative of the Defence Ministers of the European NATO nations assembled in the Independent European Planning Group (IEPG). The Federation aims to enhance cooperation and professional relationships among its members. It does so by information exchange, promotion of conferences and promotion of public interest in defence industry and technology.

The federation has 11 member associations of engineers in 10 European nations with a total of over 6000 individual and 400 corporate members. For more information visit www.fedta.eu.