

# ARMAMENT INDUSTRY EUROPEAN RESEARCH GROUP: PRESENTATION

## By the Ares Group's Board:

*Jean-Pierre Maulny, Deputy Director, IRIS, Paris*

*Carole Ferrand, General Directorate for Armament, Ministry of Defence, Paris*

*Hilmar Linnenkamp, Advisor, SWP, Berlin*

*Antonio Missiroli, Director, EUISS, Paris*

*Nick Witney, Senior Policy Fellow, ECFR, London*

March 2016

**Launching Paper**

What is the link between the engines fitted onto Europe's Ariane 6 space launcher, the fibre jackets used by mountaineers to scale the glaciers of the Italian Alps, Polish credit card chips, the internet, and drones that deliver books to people's homes? They all rely on technologies that originated in the defence industry. With 1.4 million jobs measured by the European Commission in 2013, a host of highly-skilled labour and €96 billion euros in annual turnover, Europe's defence industry is one of the prime reservoirs of European prosperity and innovation today. It is also one of the main conditions of the EU's technological edge, economic development, freedom to act in the long term and credibility on the global stage.

And yet, the European defence market is not really a market as such. States are the only customers of the armament industry and largely define its market landscape. They pass the regulations that apply to defence companies, protect them against possible foreign predators, and influence competitiveness. Unlike in civilian industries, states fund the research and development needed by the defence industry to develop assets. Indeed the reason the defence industry exists in the first place is the wish by European states to guarantee their own security, and have an ability to act abroad to manage crises where necessary. As early as 1957, the EU allowed European states to protect the "essential security interests" of their defence industries, insofar as they tied into their defence and security policies, and ultimately into their national sovereignties.

Today however things have changed. European states increasingly feel the need to cooperate, often in the context of the European Union. In the 1990s, European states decided to develop a common security, foreign and defence policy that would enable the EU to defend its own interests and promote its values on the global stage. Today, defence and security matters are therefore no longer strictly national: they mix national initiatives and European efforts that require striking a collective consensus. This shift has naturally affected the defence industry, particularly in key EU states. Secondly, budgets have been shrinking and military assets have become far more expensive. As a result, no European country can genuinely afford to meet all of its own security requirements any longer. Finally, the share of export markets in the turnover of defence companies is increasing, untightening the link between European countries and their defence industry. The case for doing more together is therefore clearer than ever. Not only does it provide added value to national policies by making action possible that would be impossible on a national basis, but it can also save member states from losing key defence industrial capabilities and competencies, which are the long term foundations for their security.

This shift in the landscape is a complex but lasting one, which goes against the engrained traditions of European sovereignty. The mix of public and private drivers, of national and collective interests, and the different levels of development of the 28 national industries in the EU require Europeans to build a shared picture of the industry. This can

be achieved only through more collective European thinking. Past attempts at better integrating the defence industry in Europe have produced too little. There is still fragmentation in some sectors like land and naval armaments. More worrying, there are today less cooperative European programmes than 15 years ago. There is thus a non-negligible risk of renationalisation of armament policy with the result of weakening its competitiveness. For this reason, we have decided to launch the Armament Industry European Research Group (Ares Group), a high-level network of think tankers working on these matters on a European scale.

The aim of the Ares Group is to provide a forum to the European armament community, bringing together top defence industrial policy specialists to encourage fresh strategic thinking in the field, and develop innovative policy proposals. The group will also help inform public opinion and decision-makers about the specific features and strategic importance of the armament industry. If the EU wishes one day to become a provider of peace and security in the world, and become a more credible and reliable partner in transatlantic security, it needs to harness Europe's grey matter.

More precisely, the objectives of the Ares Group will include increasing awareness of the different perceptions by European states of the arms industry, building a prospective view of the future of its economic, technological and industrial dimensions, specifically at the European level. The objective will not be to "think European" for the sake of it, but to tackle the key challenges facing the European defence industry: increase competitiveness and identify (and aim at) a level of strategic autonomy that offers sufficient freedom of action and adequate security of supply in critical military capabilities.

In this respect, the number of topics the Group is liable to address are plentiful: amongst others, the notion and possible scope of strategic autonomy, the different visions and the perception by EU states of the relevance of this concept, its usefulness and its perimeter, the type of projects to be included in the future Preparatory Action and its consequences on the defence industry, the future governance of the EU-funded Defence Research Programme (EDRP) and the possibility of seeing the future capabilities funded by a mix of national and EU funding.

EU communications, EDA documents, the recent Group of personalities report on the Preparatory Action for CSDP-related research, national documents on defence industrial policies, national strategic documents and finally the different recommendations and proposals of the defence industry afford the Ares Group with a number of issues to tackle in coming years.

The Group plans to publish three types of documents: short pieces (*Comments*), longer studies (*Policy papers*) and more detailed *Reports*. It will endeavour in most cases to produce papers in common by think tankers from different European countries in order

to encourage exchange of views. The Ares initiative is both academically and public-interest focused, scientific and policy-driven: its ultimate aim is to help stakeholders in the defence industry – European Union institutions, EU member states, and the defence industry itself.