

## Brief note

### on proposals for implementing the European Defence Industrial Strategy

The Commission and the High Representative issued on 5 March 2024 a Joint Communication on a new European Defence Industrial Strategy. The European Council on 21 and 22 March 2024 invited the Council, the High Representative and the Commission to swiftly advance work on the Joint Communication.

This Communication is indisputable step forward, in the light of the Versailles Declaration of 10-11 March 2022 and the Strategic Compass, which was adopted unanimously by the members of the European Council on 21 March 2021.

It should be worth noting that several paths need to be mapped out for the future. Among those specified in the attached document<sup>1</sup>, the following three directions can be identified:

The **harmonisation of operational requirements, leading to a limited number of interoperable technical solutions**, is a key basis for designing future European defence systems and equipment. This is a mission of the European Defence Agency, unfortunately not successful since many years due to the lack of **political will of EU MS**. The EDIS could be used to find new ways to enjoin EU MS to inform EDA about their operational requirements and facilitate their harmonisation and to give a clear perspective to the European Defence Technological and Industrial Base (EDTIB).

In this line, EU MS should also make their best efforts to **align and harmonise their defence planning and defence budgets**.

Inciting **innovation** is essential to design, develop and produce cutting edge defence systems. This constant requirement, deeply embedded in the Joint Communication, deserves more resources. Compared with the USA of which RDT&E represents 16 % of the defence budget, the EU MS collectively spent around 4% of their defence budget to R&D&T<sup>2</sup>. The European Defence Fund, as underlined in the Communication, is an incentive to increase cross-border defence research and development.

We need to **spend more and better in Europe**. We need to mobilize much more than the budget of EUR 1.5 billion proposed in the Communication. In line with the European Council who invites the Council and the Commission to explore all options for mobilising funding, the launch of a large public loan, of EUR 100 billion, should be seriously considered in a way that is acceptable for all MS.

All these paths contribute to strengthen the consolidation and industrial integration of European prime contractors **into one or few competitive companies in order to sustain their technological and industrial capabilities at the best competitive world level, if not at the European level, and ensure security of supply of EU MS**. They contribute also to the long term sustainability of the European supply chain, using innovation clusters open also to civil technologies or solutions. On this specific point a separate proposal developed in cooperation with by our partner Federation of European Defence Technology Associations (EDTA) is enclosed as an annex.

The political will of the EU MS is essential to implement this strategy. Establish the **Council in Defence Ministers' formation** would be a facilitator to achieve this.

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<sup>1</sup> "Some comments on the main thrusts of the Joint Communication from the Commission and the High Representative on a new Defence Industrial Strategy of 5 March 2024"

<sup>2</sup> US FY 2022 DoD enacted and EDA 2022 defence data report.