

ASD'S CONTRIBUTION TO THE CONSULTATION ON THE FUTURE

“EU 2020 STRATEGY”

Introduction

With its €137 bn turnover, 676,000 directly employed in highly skilled jobs¹ and a strong SME base in the supply chain, €11.3 bn invested in R&D² and an increasing effort to preserve and develop the pool of skills in the EU, the Aerospace and Defence industry represented by ASD is an important contributor to Europe's competitiveness and its ambition to return to growth in a knowledge-based economy.

At a time of crucial civilisation choices, Aerospace/Defence is also an important provider of means to tackle the most pressing global problems (monitoring of climate change, mitigation of natural disasters, search-and-rescue operations, surveillance of migration flows, global mobility; space telecommunications, fight against terrorism, protection of critical infrastructures, peace-making operations...).

Yet this industry, as many others, faces an increasingly challenging global situation brought about by the financial and economic crisis, harsher competition from a growing number of players on the world markets, and a weak dollar. For these reasons *it is essential for the wellbeing of Europeans that this industry remains competitive and prosperous*. It deserves a dedicated place in the larger EU plans.

In this context ASD welcomes the Communication on EU Strategy 2020 whose comprehensive approach and language reflect the new possibilities offered by the Lisbon Treaty. We wish however to complement the proposed way forward with suggestions for further action in the areas that need greater attention if the strategy as it affects this sector is to succeed.

Europe's tools – Space infrastructures

In a few years' time, space has become critical for the independence that Europe should aim at for what concern access to the data that are key for its autonomy of decision, its security and its development.

Regarding Security and Defence in particular, space systems are strategic assets, facilitating the development of an autonomous European decision process for the benefit of all Member States and contributing to the efficiency of the ESDP operations.

¹ 2008 figures

² 2008 Civil aeronautics R&D expenditure only, 82% of which was provided by industry



Regarding economic growth, satellite applications already contribute to the competitiveness of Europe (today mainly through space telecommunications and, increasingly, through navigation and Earth observation) but downstream services definitely need to be further developed to make the benefits of space enabled applications available to a greater scope of potential users.

Regarding environmental challenges, space systems have become indispensable tools to provide data to the climate models which allow scientists to simulate and understand the climate change. Furthermore, effective monitoring of environmental threats – and better anticipation of their impacts – is a key factor for a better assessment of the risks for citizens (disasters management...), for the natural resources (ecosystems, water cycle...) as well as for economic sectors at stake (agriculture, fisheries, forestry, tourism, insurance...).

The applications and services derived from Galileo and GMES programmes will have a tremendous impact on the wellbeing and security of citizens, not only in Europe but throughout the world, hence reinforcing the influence of Europe.

Finally, it should also be noted that space, being a sector where R&D is very intensive, contributes therefore critically to Europe competitiveness.

In addition to programmes with direct “down to Earth” benefits like Galileo and GMES, EU should now consider being an active partner in space exploration, contributing to the international endeavour with key building blocks, following an approach based on interdependency.

To reap all benefits of space activity, Europe must ensure that it maintains alive the industrial capabilities to undertake space programmes with the appropriate level of autonomy. This also requires that Europe maintains appropriate access to space capabilities, with all required infrastructures.

The involvement of the EU in space is especially important for what concerns programmes whose objectives are the development of public services. In this context, ***space systems are to be considered as public critical infrastructures and EU first role is to exploit and maintain these infrastructures.***

Budgetary and legal instruments at EU level are therefore urgently required for the procurement, operations and maintenance of space assets.

Europe’s wing – Aeronautics

The present success of European Aerospace is the result of political choices and out-of-the-box thinking that started more than a decade ago. Much of that roadmap has been completed. The Union now has a significant body of legislation regulating our sector, and the second ACARE (Advisory Council for Aeronautics Research) Strategic Research Agenda has materialised in the successfully launched Clean Sky JTI and SESAR.

As we embark upon the next planning cycle, ASD is of the view that future European competitiveness will demand decisive action on several levels:

Considering the existing programmes,

- ***SESAR should be given the visibility and means*** to succeed in maintaining Europe's technological advance in the domain of air traffic management and be deployed as soon as possible. Any delays in the deployment phase that might be caused by a lack of available funding would enable the US NextGen system to take the lead on foreign markets.
- ***A regulatory environment should be provided for Unmanned Aerial Vehicles***, which have very substantial growth potential in numerous civil applications, to permit their operation in civil airspace – a necessary precursor to their exploitation.

As regards the existing policies, ***coherence*** should be observed

- ***between the existing policies*** (e.g. between competition and industry, which should not coexist at the expense of competitiveness, either in the context of the Single market or globally, in particular as regards State aids; and between competition and environment, where the international dimension of aviation-related initiatives should be tackled before they are implemented within the EU)
- ***between political decisions and regulatory environment***, ensuring that the choices made on the provenance, mode of allocation and destination of EU funds are underpinned by a new Financial Regulation enabling the individual EU programmes, in particular the Framework Programme for Research, to operate swiftly and efficiently, in line with the criteria imposed on the industry by the economic realities of the day. A complete overhaul of the 7th Framework Programme rules should be carried out as soon as possible.

It is crucial ***that a coherent political vision*** is established for the long-term. ASD suggest that:

- ***a new High Level Reflection Group*** be launched with the aim of achieving a fresh political consensus between public authorities, research institutions and industry ***on the strategic priorities for Aeronautics*** for the next decade and beyond.
- In this context, European competitiveness would best be served by the creation of ***new major federating research programmes***.

Europe's muscle – Security and Defence with the support of Space systems

It is important to note that public investment in technology in the areas of Security and Defence is driven by public requirements and hence public procurement for the public good. Investment therefore serves the double purpose of both stimulating a knowledge-based and competitive industry and acquiring the means to address Europe's political security objectives with indigenous technology. Notwithstanding the constraints on public expenditure, ***the EU 2020 Strategy should explicitly acknowledge the role of public procurement in achieving its goals***.

Security has broad strategic implications, going beyond defence (security of supply, maritime surveillance and border control). It implies energy (supplies, control of production, infrastructure and distribution), transport (maritime transport, port and airport security), civil protection (space earth monitoring, situational awareness, crisis management). A more effective

response to European security needs in these areas implies that *more investment should be allocated by the EU*.

The Stockholm Programme sets out a wide-ranging agenda for action in the field of Security in an area with significant economic growth potential. The Programme, together with numerous existing EU and intergovernmental initiatives, requires the introduction of complex new technologies and a significant involvement of industry. It is of great importance that these subjects are addressed with coherence and a common vision across the many departments concerned in the Commission, together with the Member States.

A peculiar feature of the evolving Security dimension is *the blurring distinction* between homeland and international security, as well as between civil and military applications. Hi-tech products and services have almost always dual applications with spin-offs in other sectors. The opportunities for R&T investment and procurement synergies between EDA, ESA, the Commission and NATO, will also have to be understood and optimised

For all these reasons, and in the light of the Lisbon Treaty provisions, ASD would welcome a determined focus on:

- *Coherence in responsibility and governance* (inside the European Commission, between the European Commission and the Council, between the EU and the Member States)
- The importance of entering a new investment cycle with the establishment of *large scale technology demonstrator programmes* involving Security, Defence and Space, which alone can provide the conditions for Europe's competitiveness and a system-based response to public security needs
- Optimisation of the use of *space systems as strategic assets*, in view of facilitating the development of an autonomous European decision-making process and contributing to the efficiency of ESDP operations
- *Coordination of the EU/EDA/ESA research areas* and exploration of synergies between civil/military and dual-use R&T, with the growing identification of CSDP operations with Security leading to new joint activities between Security and Defence, related to a new perspective for the EU external dimension
- Ensuring satisfactory terms of trade for the European Security industry by addressing the issue of *Third Party Liability in relation to internal security products*.

Making it happen

A *coherent political vision* of the EU in 2020 is a pre-condition for Europe's continued and global success. The golden opportunity brought about not only by the new Treaty, but also by the new teams in the Commission and the European Parliament should be seized to achieve a consensus on the way ahead.

Furthermore, in order that the vision can be embedded in practice, the EU should harness its efforts, *in strong partnership with the Member States and industry and in full application of the agreed subsidiarity principles*, towards meeting the following basic conditions:

- Preserving and developing *high technology skills and competencies* in all sectors by developing centres of excellence across the EU

- Adopting an *education policy encouraging innovation and entrepreneurial spirit* from the earliest age
- Deciding *what technologies* Europe wants to control, locating and benchmarking them and invest to bring them to the cutting edge
- Ensuring that *the complete innovation chain*, from SME R&T projects (currently known as Level 1 and Level 2 projects) to big system demonstrator programmes carried out in public-private partnerships (JTIs, JUs) is covered by appropriate instruments
- Reinforcing the *major employment pools* such as the aerospace and defence supply chain
- Building *robust European Defence and Security technological industrial bases*
- Providing the necessary *framework conditions and new incentives for the competitiveness of SMEs*, operating either in civil or defence areas
- Strengthening *the legal framework for IPRs* which constitute an indispensable condition for the European technological industrial base.
- Adopting, enforcing and disseminating *common European industry standards*.
- Maintaining appropriate *access to space capabilities*, with all the required infrastructure;
- Rapidly uniting all the conditions for *GMES to become a sustainable programme*, endowing Europe with an autonomous and operational Earth observation capacity and further its competitiveness through the creation of a significant downstream services market.

In outlining the above, ASD wishes to stress once again that without investing in people, technologies and programmes Europe will lose its competitiveness and, in the long run, its independence. In tough times of budgetary restrictions, the vision and the basic conditions should find an ally in our collective willingness to *spend better and more together*.

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