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### **COMMITTEE IV (DEFENCE) and X (PRODUCTION ACTIVITIES, TRADE AND TOURISM)**

#### **FINAL DOCUMENT, UNDER ARTICLE 127 OF THE RULES OF PROCEDURE, ON**

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards a more competitive and efficient defence and security sector (COM(2013) 542 final)

*Adopted on 12 December 2013*

## **FINAL DOCUMENT ADOPTED BY THE COMMITTEES**

Committees IV and X, having examined together the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Towards a more competitive and efficient defence and security sector (COM(2013) 542 final) pursuant to Article 127 of the Rules of Procedure;

appreciating the process followed in drafting the document after extensive consultation with the Member States and industry representatives, as well as the findings of the Task Force on the Defence Industry and Markets set up by the European Commission with the European Defence Agency (EDA) and the European External Action Service (EEAS);

taking into account that the December European Council will for the first time be entirely devoted to the field of European defence;

having obtained through the hearings conducted the data and assessment elements contained in the hearing with the European Commission Vice-President;

whereas:

the defence industry is of strategic importance to Europe's security and plays a vital role in European industry;

there has for some time been a broad debate on how to improve the European Union's ability to face the challenges of defence and security, in view of both the speed of international developments and the impact of the financial crisis on ever-decreasing defence budgets;

a common defence strategy requires a political union capable of managing it. The Italian Parliament can only consider the Communication in question within the context of the actions in place to achieve this objective. The integration of European defence systems, in parallel with closer political integration, could be Europe's ultimate weapon against the threat of chronic indecision and loss of credibility, notwithstanding the need to take into account the specific vocations of each Member State and specialisations at regional level;

it is becoming increasingly difficult for Member States to shoulder the burden of modernising the defence sector alone, given that equipment is increasingly expensive and technologically complex;

it is necessary to check with the competent European institutions whether it is possible to view public investments in defence and high technology as investments to promote the growth of the European economy;

national Parliaments can make a decisive contribution to building appropriate political consensus in this regard;

through its participation in major European programmes, Italy has developed substantial technological and industrial capabilities which must be safeguarded and enhanced with a view to integration;

express a largely positive opinion on the Communication, which urges all European governments to emphasise the special importance of the following needs:

- a) the Common Security and Defence Policy must be closely coordinated with other EU policies (research, innovation, EU industry, development, maritime, aviation, space and IT security, border surveillance) in a consistent and organic way;
- b) the defence industry's prospects for restructuring and growth should form part of a consistent framework to protect the strategic nature of the sector, also in terms of creating jobs and strengthening its ability to compete with major international competitors;
- c) in NATO-EU relations, it is necessary to agree common paradigms for effective interaction by moving beyond the current concept of complementarity, achieving a better balance between the two organisations and encouraging security and defence investment and capacity decisions based on a common understanding of threats and interests, in order to achieve a truly effective and mutually beneficial partnership;
- d) in addition to ensuring, by means of close monitoring, that Directives 2009/81/EC and 2009/43/EC are fully implemented, greater coordination between Member States is necessary to facilitate effective and efficient use of the licensing system, including through the establishment of common standards and certification at EU level, which would reduce costs and boost industrial development;
- e) measures to preserve the competitiveness of the defence industry must take into account the specificities of the operators in the sector, particularly components manufacturers and service providers (mechanical engineering) and general goods and service providers (transport and training), most of which are SMEs. In addition to the instruments listed in the Communication, measures should be implemented to assist with internationalisation of business, technology transfer, financing business opportunities, and removing the barriers which these companies encounter as contractors and subcontractors, such as difficulty accessing information and financing, uncertainty regarding payments and excessive red tape. The aim is to fully integrate them into the supply chain and fully incorporate them into the networks of excellence which bring together major contractors, research institutes, academic circles and sectors related to academic research;
- f) in view of the the benefits to civil industry, the added value of investments in projects in a range of dual-use sectors, particularly under the R&D Framework Programmes, should be supported with a significant level of funding, including through the creation of a special fund designed to rebalance the market where appropriate;
- g) the certification system for defence products also needs to be simplified in order to reduce both the time required and manufacturing, maintenance and staff training costs;
- h) it is necessary to define more precisely the measures relating to the points listed in the Commission's proposed Action Plan;
- i) it is necessary to ensure that new European programmes supporting joint capabilities in the field of protection of satellite infrastructure, communication and observation are launched alongside the national capabilities of a small number of European countries, including Italy, with new joint initiatives;

*On a more strictly national level, there is a clear need to:*

- a) push forward with the approach initiated by the document entitled 'More Europe', which was sent to European institutions with a view to the European Council in December, in order to formulate specific proposals for the efficient allocation and use of financial resources during this period of major budgetary constraints;

- b) participate as actively as possible in cooperation fora in the forms provided for each area of intervention and inform the Parliament of the positions expressed during the roadmap consultations that the European Commission envisages organising after 2013;
- c) ensure the constant involvement of the Parliament, especially of the committees responsible for defence, security, industry and research, which have played an active role in the lead-up to the European Council of 19-20 December as fora for discussion and informed debate; this is designed both to remedy the lack of communication on these issues and to define objectives and deadlines, also with a view to the Italian presidency of the EU;
- d) strive to create the best possible conditions to enable Italian industry, which has developed significant technological capabilities through participation in major European programmes geared towards new approaches in the sector, to compete at international level; to this end, it is necessary to focus the available resources to safeguard national excellence, which is measured on the global markets;
- e) ensure maximum certainty regarding the allocation of available financial resources in order to allow businesses to plan R&D investment programmes for new products with certainty;
- f) assess the possibility of providing access to tax credits to encourage industry to conduct research activities;
- g) closely monitor the progress of the proposals regarding renewable energy and the energy efficiency of the defence sector which the European Commission set out in the Communication in question, drawing upon contributions that may be provided by operators representing the national industry;
- h) actively participate in European multilateral cooperation to promote systems that can be designed and produced directly for joint management between Member States and support the need for coordination at the stage of sale to non-EU countries;
- i) adopt a policy that champions European integrated defence systems and evaluates procedures for the purchase of weapons systems whose impact on employment and technology benefits EU companies.