



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,
SEC(2007)1606

AVIS DU COMITE DES EVALUATIONS D'IMPACT

**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE
EUROPEAN PARLIAMENT AND THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE**

**A STRATEGY FOR A STRONGER AND MORE COMPETITIVE EUROPEAN
DEFENCE INDUSTRY**

**{COM(2007)764 final
SEC(2007)1596
SEC(2007)1597}**



Brussels, 03 July 2007
D(2007) 6111

Opinion

Title **Impact Assessment on a Communication from the Commission on a European Industrial Policy for a European Defence and Security Industry**

(Draft of 12 June 2007)

Lead DG **DG ENTR**

1) Impact Assessment Board Opinion

(A) Context

In the past the Commission has highlighted several times the challenges the European defence industry is facing (communications in 1997 and 2003). The IA report accompanies a further policy communication which sets out the wider context for the European defence and security industry, presents issues of relevance for the competitiveness of the defence industry and indicates directions for possible actions in the near future. In parallel to this policy communication, two concrete legislative proposals (Directive on defence and security procurement and a Regulation on intra-Community transfers of defence goods) with separate IAs have been prepared.

(B) Positive aspects

The IA report gives a useful and concise overview about the relevant political and legal context and the available spectrum of actions to enhance the development of the European defence sector. The level and scope of analysis provided is overall proportionate to the political and strategic nature of the document, accompanying the IA report.

(C) Main recommendations for improvements

The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted to the author DG.

General recommendations: While maintaining a proportionate approach, the problem definition should be better structured and the link to the defined objectives should be improved. More attention should be given to recent changes in the regulatory and industry environment and the sectoral scope of the IA report should

be clarified.

(1) The set of problems identified should be better presented by grouping the challenges the European defence and security industries are facing along thematic lines. By doing so the report should more clearly say what the key problems are, how they relate to each other and what the competences to act are. The suggestion made by DG ENTR in the course of the Board meeting to group identified problems into framework conditions, market and other issues respectively (possibly combined with a problem prioritisation) appears to be an appropriate starting point. Such an approach should also allow establishing a better and more coherent link to the envisaged objectives and should give a better idea about the types of actions envisaged in the future.

(2) More attention should be given to industry evolution and regulatory changes, particularly those which have taken place since the adoption of the last communication in 2003. This should allow a more complete understanding of the evolving problem context and the policy interplay between the EU's first and second pillar instruments while highlighting in parallel the specific features of the defence sector and related policy agendas.

(3) The scope of the IA report should be clarified. While the title of the IA report relates to both the defence and the security industry, the content seems to relate to the defence industry only. The IA report should therefore align title and content either by clarifying that the presented analysis is overall relevant for both industry sectors or by aligning the title to the presented content. The IA report should also clarify how the different industrial policy concepts (European Industrial Policy for a European Defence and Security Policy, armament policy and defence industrial policy) relate to each other and should refer to these concepts in a consistent and coherent way throughout the text.

(4) It is recommended to elaborate on the impacts of the various options on employment in the involved industries across the various Member States and also on the potential savings on defence and security budgets of EU governments, taking into account the long lead times of contracts in these sectors.

(D) Procedure and presentation

It appears that for the present type of proposal, the IA conforms to all necessary procedural elements.

2) IAB scrutiny process

Reference number	2006/ENTR/008, CLWP 2007 Strategic initiative
Author DG	DG ENTR- H - 1
External expertise used	No
Date of Board Meeting	27 June 2007
Date of adoption of Opinion	03 July 2007