


Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	1996/2017(COS)	Procedure completed
Challenges facing the European defence-related industries: a contribution for action at European level		
Subject 3.40.09 Defence and arms industry		

Key players			
European Parliament	Committee responsible		Rapporteur
	AFET Foreign Affairs, Security and Defense Policy		Appointed 24/04/1996
			PSE TITLEY Gary
	Committee for opinion		Rapporteur for opinion
	ECON Economic and Monetary Affairs, Industrial Policy		Appointed 06/05/1996
			PPE AREITIO TOLEDO Javier
	ENER Research, Technological Development and Energy		25/06/1996
			PPE ARGYROS Stelios
	RELA External Economic Relations		21/02/1996
			PPE KITTELMANN Peter
Council of the European Union	INST Institutional Affairs		25/09/1996
			PPE MÉNDEZ DE VIGO Íñigo
	Council configuration		Meeting
	Industry		1913 Date 28/03/1996

Key events			
24/01/1996	Non-legislative basic document published	COM(1996)0010	Summary
28/02/1996	Committee referral announced in Parliament		
28/03/1996	Debate in Council	1913	
26/02/1997	Vote in committee		Summary
26/02/1997	Committee report tabled for plenary	A4-0076/1997	
14/05/1997	Debate in Parliament		
15/05/1997	Decision by Parliament	T4-0240/1997	Summary

15/05/1997	End of procedure in Parliament		
02/06/1997	Final act published in Official Journal		

Technical information

Procedure reference	1996/2017(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	AFET/4/07522

Documentation gateway

Non-legislative basic document		COM(1996)0010	24/01/1996	EC	Summary
Committee report tabled for plenary, single reading		A4-0076/1997 OJ C 132 28.04.1997, p. 0005	26/02/1997	EP	
Economic and Social Committee: opinion, report		CES0326/1997 OJ C 158 26.05.1997, p. 0032	19/03/1997	ESC	Summary
Text adopted by Parliament, single reading		T4-0240/1997 OJ C 167 02.06.1997, p. 0115-0137	15/05/1997	EP	Summary

Challenges facing the European defence-related industries: a contribution for action at European level

OBJECTIVE: the purpose of the Commission Communication is to outline the challenges facing the European defence-related industries and to put forward suggestions which will enable the sector to maintain its short-term competitiveness. **SUBSTANCE:** the need for the defence-related industries to scale down their activities substantially since the end of the Cold War has had a significant direct impact on employment in the sector (which has fallen by 37%, from 1.6 million in 1984 to 1 million in 1992, hitting certain regions in particular) and on the innovative capacity of European industry as a whole. The economic difficulties, which have worsened during this period, do not just stem from the cuts in military expenditure but are also linked to fiercer international competition and, above all, the fragmentation of the European market. Europe therefore needs to find an appropriate response as a matter of urgency. The establishment of a European defence identity is a long-term process. What matters in the short term is to maintain a competitive defence-related industry in Europe, to which end the Commission is proposing, as far as possible, to subject the sector to Community law on public procurement, intra-Community trade and the monitoring of competition with particular regard to aid. Research and standardization, both civil and military, should be better coordinated and import duties should be harmonized. Distortions of competition resulting from differences in export and export control policies should also be eliminated. Lastly, the CONVER Community initiative will continue until 1999 with a budget for the 1994-1997 period of ECU 500 million. ?

Challenges facing the European defence-related industries: a contribution for action at European level

The Committee, in adopting the report by Gary TITLEY (PES, UK) on the challenges facing the European defence-related industry (32 votes for, 11 against, 4 abstentions), hopes to bolster a European defence identity by calling on the Member States to devise a common armaments policy within the framework of the CFSP. The report, which deals with the industrial aspects of defence policy, points out that since the end of the Cold War military expenditure in Europe has fallen sharply. This 'peace dividend' has led to a decline in orders for military equipment and hence an economic and employment crisis in the industry. The result has been intensified rivalry between Europe's arms manufacturers in a saturated world market where competition is fierce, especially with the USA. Europe's arms industries must be able to respond to this new situation, both at international level and within the single market. Mr TITLEY points out that existing forms of cooperation, whether bilateral or multilateral, within the WEU or NATO, have proved ineffective. He therefore proposes that the General Staffs of the WEU member states should decide on the equipment required to attain the objectives of the CFSP. In this connection, he endorses the idea of setting up a Western European Armaments Organization and extending the Franco-German initiative to include other countries. All this would ultimately require a review of Article 223 (under which the Member States can invoke security interests as a reason for not cooperating), in order to integrate the production of, trade in and monitoring of armaments. In the meantime, Member States are asked to refrain from using this article to prevent restructuring of the industry: indeed, greater intra-Community trade would enable European companies to cut costs. In this hi-tech industry, research at Union level should also be encouraged, so as to avoid duplication of effort. The report asks the Commission to draw up a White Paper which would not only pinpoint the instruments the Union needs if there is to be greater transparency in the arms trade but also prompt

the Council to introduce a joint action on arms exports, entailing a legally enforceable code of conduct based on a restrictive interpretation of the criteria adopted by the Luxembourg European Council of 28-29 June 1991 and the Lisbon European Council of 26-27 June 1992. Lastly, the report calls on the IGC to ensure that a decisive boost is given to the development of a common armaments policy and that arms export policies are monitored and harmonized. ?

Challenges facing the European defence-related industries: a contribution for action at European level

The EU Member States are moving towards the framing of a new architecture for European security. This architecture must take account of existing international organizations such as the WEU, NATO and the OSCE, and of the needs of EU Member States which have a tradition of military neutrality or non-alignment. The Commission involvement should focus on safeguarding employment levels and technological expertise in the EU defence industry. In order to maintain jobs and technology levels in the EU defence industry at a time when military demand is falling, reversion and diversification must be speeded up. The focus should be on technological reskilling, exploiting the opportunities offered by dual-use technologies. The (albeit incomplete) application of single market principles to the defence sector, in tandem with the creation of new instruments such as the European Armaments Agency, must aim to improve the efficiency and productivity and hence the international competitiveness of the EU military industry. Community competence for foreign trade should gradually be extended to the armaments trade, inter alia with a view to preventing distortions being generated by differing national rules on arms exports. Future Community rules should be based on the principles already decided by the European Council in 1991 and 1992, and on broad criteria regarding transparency. In particular, the Committee calls for a European and international ban on the production, sale and use of anti-personnel land mines. ?

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In adopting the report by Mr Gary TITLEY (PSE, UK), Parliament wishes to consolidate the 'European defence identity' by calling on the Member States to define, in connection with the CFSP, a common armaments policy which could be developed. Parliament points out that the cooperation in the field of armaments which has been undertaken to date, either in a bilateral or in a multi-national framework, or within the WEU or NATO, has proved ineffective and it therefore proposes that the General Staffs of the WEU Member States should endeavour to decide what common equipment is needed to enable the objectives of the CFSP to be attained. With this in mind it supports the idea of setting up a Western European Armaments Organization (WEAO) and extending the Franco-German initiative to other countries. These are all initiatives which will eventually require Article 223 of the EC Treaty to be revised in order to achieve integrated production, trading and monitoring of armaments. Parliament therefore urges the Member States to take advantage of the Intergovernmental Conference as an opportunity for considering the possibility of adapting Article 223 in order to encourage the creation of a European armaments industry. However, matters must be taken further than that and the Parliament calls on the Commission to draw up a White Paper on the arms trade. For its part the Council is called upon to initiate a joint action on arms transfers which should lead to the drafting of a legally binding code of conduct. Parliament considers that the future armaments control policy should include a ban on exports to third countries which are suspected of being in the process of launching an armed attack or whose governments cannot claim even a modicum of democratic legitimacy. Similarly, countries which have not signed the UN armaments register or the regional and international armaments agreements should be boycotted. Lastly, as regards research, Parliament takes the view that there should be better coordination between the various programmes and emphasises the need to support pilot projects and demonstration projects at Community level in advanced technology sectors. It recommends that initiatives concerning disarmament should be included in the Fifth Framework Programme and stresses the issues of mines, biological and chemical weapons and the use of uranium and plutonium in weapons systems. ?