Nearly five years ago, at the European College in Bruges, a debate was organized on the relationship between NATO and the EU and the challenges put before the EU by the increasingly significant security challenges. Speaking of the Common Security and Defense Policy, the debate participants cited an extensive number of programs in the defense industry field, and duplication of capacities, which reduces interoperability as the main challenges to the policy’s implementation. The need for integrating the EU defense industry was seen as an imperative, given the fact that, at that moment, there existed 82 different programs for equipment procurement and manufacturing. Budget appropriations, within the exclusive jurisdiction of Member States, were not immense already at that time, and in the meantime, with the advent of the global financial crisis, they became even less. Possible solutions were found in a unique procurement system, avoidance of capacity duplication and specialization in the field of research and development, strengthening the domestic market in the defense industry, increasing its competitiveness, and, ultimately, a multinational approach to strengthening defense capabilities.

This entire debate was even more interesting because it ran parallel with the procedure of adoption of the Reform Treaty of Lisbon, which introduced the greatest number of innovations into the Common Foreign and Security Policy and Common Security and Defense Policy. In Chapter V, related to the Common Foreign and Security Policy, Lisbon created the normative foundations which will enable the European Union to develop its own identity in the world, build its own system, and respond to global and regional challenges, strengthening its role in the global political scene. Furthermore, this Chapter was amended with two new chapters, out of which the second is especially significant regulating, in the increased number of members, the field of Common Security and Defense Policy (Miščević, 2011: 13-25).

The amendments increased the importance of the EU defense policy, intensified debates on it, opened many issues and defined new challenges stemming, primarily, from the limitations of the Common Foreign and Security Policy, the incoherent approach of Member States to the notion of defense and the underutilized capacity for action. The development and success of the, now 28,
Member States, when it comes to this new policy will be measured in the times ahead through efficient responses to these open issues and challenges. The first opportunity is already at the December Summit of Heads of States and Governments which placed the question of increasing efficacy and competitiveness of the European defense and security sector, in order to enable better implementation of the Common Security and Defense Policy objectives, as an important topic.

The topic was actualized by a Communication of the European Commission, published on April 24, under the title „Towards a More Competitive and Efficient Defense and Security Sector”, which contains an Action Plan with measures for its development (European Commission, 2013). It will be the subject of debate among Heads of States and Governments, in line with the December 2012 Council Conclusions. The Communication is a result of efforts of a Working Group which the European Commission formed already in 2011 in order to consider the possibilities for strengthening the security and defense sector, through the mobilization on all resources available in the framework of existing EU policies. During the drafting process, the Working Group consulted all relevant stakeholders within existing EU institutions and agencies, such as the European External Action Service (EEAS) and the European Defense Agency (EDA).

There are two reasons for considering the possibility of increasing efficiency of the security and defense sector. The first one is political, as an influential Europe needs a strong and active Common Foreign and Security Policy and Common Security and Defense Policy, supported by a strong and efficient security and defense sector.

“The world needs a Europe that is capable of deploying military missions to help stabilize the situation in crisis areas. (...) We need to reinforce our Common Foreign and Security Policy and a common approach to defense matters because together we have the power, and the scale to shape the world into a fairer, rules based and human rights’ abiding place” are the words of European Commission President Barroso from September 2012, in a speech on the state of the Union.

And indeed, if the EU wants to be a credible security factor in the world, it is necessary that it creates a comprehensive approach using various policies, instruments and resources, but one which is, to a large extent, backed by an integrated defense industry, capable of supporting and developing military capacities and autonomous EU action.

The second reason is economic, and its imperative at a time of economic crisis is even stronger. Steady reduction in defense budgets and fragmentation of the market in this field threatens to undermine the possibility for Europe to maintain and develop its military capacities and industry competitiveness in the field of defense. Another reason for concern is the fact that each Member State decides on budget reductions in line with its own priorities, not taking into consideration the common strategic objectives of the Union. Between 2001 and 2010 the EU defense budget fell from 251 billion Euros to 194 billion. The reduction has an effect on both the industry, but also on the reduction of investment in research and development. Investment in research and development were reduced by 14% between 2005 and 2010 and now amount to 9 billion Euros, while the USA spends nearly seven times as much.

To make the situation even more serious, the defense industry plays an unusually important role in the European economy and represents the most important industrial sector with a 9 billion Euros turnover in 2012. It is also a generator of innovation and center of high technology. The positive effects of its development spill over into other fields, such as the field of electronics or civil aviation, which all contributes to creating new jobs for highly educated personnel. The European defense industry today employs 400,000 people and has an indirect impact on another 960,000 jobs.

In other words, maintaining a good and stable industrial base, that is, what the EU calls a Defense Technology Industrial Base (DTIB), represents a necessary precondition without which the EU cannot ensure the security of its
citizens and protect its values and interests, implement objectives within the framework of the Common Foreign and Security Policy and Common Security and Defense Policy, as well as enable economic prosperity.

The factors which, at this moment, determine and potentially undermine the efficiency and competitiveness of the industrial base, are the aforementioned budget reduction and market fragmentation resulting in capacity, organization and task duplication. The fact that the entire 80% of the existing budget is spent on equipment procurement at the national level, speaks of the need for action at the level of the twenty-eight. For, if the economic crisis made it impossible to spend more, it is advisable to spend less. The European Union, with its 1,6 million soldiers and 194 billion Euros which Member States have together, has the potential of achieving a strategic role in the international scene in line with its principles and values. The condition, of course, is to overcome the budget obstacles through active cooperation, coordination, between resource management, specialization, common research projects, common procurement, greater synergy of the civil and military sector, better standardization, increased interoperability, and greater degree of market integration.

The recently presented Commission Communication maps these problems and provides concrete suggestions for overcoming these in order to create a stable base for implementing the Common Security and Defense Policy. it should not be forgotten that when it comes to Common Security and Defense Policy, jurisdiction lays in the hands of Member States, and that the Commission, using its limited powers, offered a document which presents a hybrid of regulatory and project proposals and solutions. In order to enhance cooperation in the field of security and defense, and enable survival of an efficient industrial base, the Commission suggests taking the following actions within its jurisdiction:

Further deepen the internal market for defense and security – through the control of Member States when it comes to application of the two Directives related to procurement and transfers in the field of defense (Directive 2009/43/EC and 2009/81/EC) and reacting to any market distortions; monitoring the coherent implementation of Article 346 of the Lisbon Treaty, which provides for the possibility of Member States to classify confidential information related to arms trade for reasons of national security; publishing the Green Paper on the security industry’s challenges and establishing a register of transfers within the EU.

Strengthening competitiveness of the defense industry – establishing standardization for double-use products, precisely defining of the basic raw materials for this type of industry, supporting small and medium enterprises and their clusters and using the European Social Fund for strengthening human resources.

Exploiting civilian military synergies especially in the field of research and development

Developing capability in the field of Common Security and Defense Policy – using double-use products.

Increasing civilian military cooperation in the field of satellite program and project development

Developing a European Strategy for energy consumption in the defense sector in order to reduce traditional emergent consumption and promote the use of alternative energy sources.

Strengthening the international dimension of this sector through its integration into the EU market policy.

The proposed measures would certainly save time and money for Member States. European companies which are part of the defense industry, or are indirectly related to it, would have easier access to non-EU markets, and with better standardization, easier access to European funds would also be enabled. Naturally, there is also the benefit for taxpayers whose money would be used more efficiently, while through the use of a new energy strategy in the defense field, pollution would be reduced and ecological standards improved.
According to statements of European officials, the December debate is looked forward to with great interest. High Representative for Common and Security Policy Catherine Ashton stated: “The European Union wants to play the role of an important security factor in its immediate environment and globally, in order to protect its own interests and contribute to international peace and security. In order to achieve this we need capabilities. In order to possess the capabilities needed we need a healthy industrial base. This is also important when we speak of employment, growth and innovation. The European Council in December 2012 is an important moment at which we will discuss the future of security and defense in Europe, and the Commission gave a significant contribution to the common effort of Member States, the External Action Service and the European Defense Agency”.

It is difficult to expect that the December Summit will see Member States unreservedly deciding to adopt the Commission proposals and agree on the need for existence of a clear and precise European strategy in the defense industry field. Finally, it should be mentioned that this is not the first time that the European Commission deals with the notion of European defense. She has been doing so since 1996 and this is its sixth Communication which reiterates already existing initiatives but also launches some new questions such as the problem of using raw materials and the emphasized need for civilian military cooperation when it comes to double-use resources and products (Fiott, 2013). One thing is, however, clear. That in the world of an economic crisis, reduced budgets and increased competition in the world market makes it harder for Member States to bear the burden alone. Closer cooperation with the European Commission will be a real need for many. And the possibility of agreement on at least some of the issues that the Commission launched will take them a step forward in the process of deepening cooperation and defining defense policy.

When it comes to Serbia, since September 1, 2013, and the entry into force of the SAA, it became an associate member of the EU. Under the Agreement provisions, it is obliged to coordinate its civil and military actions at the international level with the EU to a greater extent. However, Serbia has already, as a Candidate State, participated in activities which form part of the European Security and Defense Policy. Since April 2012 she actively participates in EU crisis management missions and operations. Currently, members of the Serbia Armed Forces are engaged in the naval forces operation “EUNAVFOR – ATALANTA” at all levels, from command to ship protection, and are also present in EUTM- Somalia, while the procedure for participation in EUTM-Mali is underway.

Furthermore, this year Serbia completed all preparatory actions and is ready to, as the first and only country in the region, sign an Administrative Arrangement with the European Defense Agency. When it comes to a pragmatic and multi-national approach to the increase of defense capabilities, since its foundation in 2004, it had a significant role as the hub for European cooperation in the defense field; as well as an intergovernmental body, helping the Council and Member States to advance EU defense capabilities, as one of its key tasks for the times that lay ahead. Cooperation with the Defense Agency and participation in its projects will advance interoperability with EU Member States, enable strengthening the domestic defense industry and technological modernization of the armed forces, and better prepare Serbia for the obligations stemming from full membership. Serbia’s proactive approach in this field of cooperation will not only be positively assessed by its European partners, but will also bring concrete results and profit in advancing its industrial and defense potential, including it into contemporary European defense policy trends.

Resources: