

Letter to EU ambassadors on June European Council on Defence

AmCham EU urges European leaders to consider mutually beneficial opportunities for transatlantic defence cooperation

Executive summary

AmCham EU welcomes the initiative of the European Council to devote its June 2015 summit to defence and security issues. As acknowledged by EU leaders, in light of evolving and increasingly complex security challenges including recent events in the EU's neighbouring regions and further afield, the time is ripe to reassess the state of the EU's defence industry and capabilities and adapt to the changing geopolitical landscape with a view to strengthening Europe's Common Security and Defence Policy (CSDP).

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled €2 trillion in 2014 and directly supports more than 4.3 million jobs in Europe.

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At the December 2013 European Council, when European heads of state and government discussed defence cooperation for the first time since 2008, they committed to launch a process to empower the EU's CSDP over the coming years. In the wake of the financial crisis, constrained national defence budgets, combined with a lack of consensus regarding a strategic vision for defence policy across EU Member States, have posed a challenge to implementing the priority actions set out in 2013. The June 2015 Council presents a welcome opportunity to report on concrete progress achieved and provide further guidance to consolidate a strong European security and defence sector. In the current global environment and strategic context, it is clear that collaborative military and industrial capabilities remain, more than ever, the key to a sound European defence policy.

The American Chamber of Commerce to the EU (AmCham EU) supports the recognised need for strong defence capabilities backed by a strong defence industry. We are committed to supporting policy-makers' efforts to ensure the efficiency and competitiveness of Europe's security and defence sector through the development of a cohesive, innovative and competitive European Defence Technological and Industrial Base (EDTIB). Acknowledging shared challenges and common international threats underscores the need for greater defence cooperation within Europe and across the Atlantic to deliver the capabilities needed. Complementary actions and aligned policies will equally serve to drive, sustain and innovate defence industries across Europe and its Allies, particularly small and medium-sized enterprises (SMEs). We urge European leaders to explore transatlantic solutions for achieving cross-border security of supply, in turn essential to ensuring the proper functioning of security and defence markets.

Developing a competitive and responsive defence sector in Europe requires both European and global markets to remain mutually open and accessible. Potential market or procurement practice reforms should be considered in light of shifting global forces and trends affecting all defence markets and companies supplying defence equipment. It is therefore critical that a strong EDTIB remains open to robust transatlantic collaboration: restrictions to U.S. and other Allies' foreign investment in Europe, including formal or informal barriers to defence market access and research and development (R&D), would be to the detriment of Europe's defence industry and capabilities. Transatlantic Defence Technological and Industrial Cooperation (TADIC) remains indispensable to alleviating fragmentation, sharing knowledge and ensuring a competitive and mutually reinforcing defence industrial base.

AmCham EU encourages EU Member States to continue fostering openness and competition in the supply of defence products and services, including the effective implementation of the Defence Procurement Directive, thereby creating a level playing field and maximum flexibility in competing for new security and defence procurements within a community of trusted friends and Allies. Exporting cost-effective off-the-shelf U.S. systems to European nations, for instance, could lead to a certain level of harmonization of supply and free up European resources for other investments or purchases. An off-the-shelf acquisition from one Ally could be compensated by including other Allies in the sustainment phase, whose value could even exceed the original purchase.

AmCham EU will remain dedicated to helping Europe's policy-makers enable their security and defence sectors to innovate and create necessary jobs and growth. We look forward to the opportunity for continued collaboration with the European Council, the European Commission, the European Parliament, the High Representative, the European Defence Agency and Member States, across their respective responsibilities, in order to advance an open and transparent European defence equipment market and a strong EDTIB that remains open to transatlantic partnerships.