Ladies and gentlemen,

It is a great pleasure to open this year’s European Defence Agency Conference. This conference falls at a crucial time because Europe is at an important crossroads. All over Europe economic crises continue to dominate the news, and indeed the political agenda across the EU. Deficits persist, and governments are engaged to fight to implement painful austerity measures.

I don't have to remind anyone here that defence is bearing a big share of these measures. But unlike many other areas of public spending, for many Member States these cuts come on top of two decades of steady, post-Cold War reductions.

Moreover, the cost of major defence systems continues to rise exponentially. And there is no reduction in the need for Europe to be able to act. If anything, I would argue, it’s increasing. We face new challenges, cyber and maritime security to name but two. And increasingly we need to deal with regional conflicts - I think of Libya and Mali. It is crucial that we are able to act on these challenges.

But we still face critical capability gaps. The bottom line, frankly, is that Europe needs to take action to address those gaps. Unless it does so, and urgently, there is a risk of further diminishing our strategic defence, industrial and technical abilities.

I would say there are three cases for security and defence. The first is political, and it concerns fulfilling Europe’s ambitions on the world stage. The second is operational: ensuring that Europe has the right military capabilities to be able to act. And the third is economic: here it’s about jobs, innovation and growth.
These three strands will come together in the European Council at the end of this year, at which EU Heads of States and Governments will discuss defence. President Van Rompuy, I am sure, will herald some of his thinking this afternoon. But this meeting will take place against the backdrop of the biggest economic and financial crisis that Europe has faced in the last 20 to 30 years.

What I want to focus on now, is how I think Member States can resolve these challenges. The EU needs to remain a credible security and defence player on the world stage. It needs to be able to act, and to do so decisively, to carry out its missions successfully.

And it needs to use the whole spectrum of tools at its disposal: short- and long-term, security, political and development. And, of course, defence. In other words, what I have described as the Comprehensive Approach. It is this ability to act in a comprehensive manner, including through military action, is one of the unique strengths of the EU. And it is an approach that produces results.

The long-standing engagement of the European Union in Somalia and the Horn of Africa, as set out in our strategic framework, contributed to the recent breakthrough in the political process and brought greater security to the region. Through our missions, we have contributed to dramatically reducing piracy, which has dropped by 95% over the past two years. We have trained over 3000 Somali soldiers, who now constitute the core of the Somali army. And through our development cooperation and political support, we contribute to lasting security, democracy and prosperity. It is no accident that the president of Somalia made his first trip to Brussels.

Similarly, our support to Mali and the Sahel should also be seen in the context of that comprehensive European engagement. The crisis in Mali provides us with a challenging test, for the threat posed by terrorist groups is not only a threat to the existence of one country, but to the security of the whole region and indeed the broader international community. The situation on the ground is changing rapidly. Thanks to the intervention of France, which responded to President Traoré’s appeal for help, we have seen rapid advances in the liberation of the north of Mali.

We have also seen progress regarding the adoption of a Roadmap by Malian authorities to restore democracy and constitutional rule and faster deployment of the African-led International Support Mission to Mali (AFISMA). We have also contributed through security-related measures, like the EU training mission to help the Malian Army to be restructured under civilian authority. We shall give considerable financial and logistical support to AFISMA. We have made available 50 million euros through the African Peace Facility and established a clearing house to channel national contributions in support of their efforts.

But challenges and threats persist.

It is very clear that Europe needs to be able to act rapidly, including through military means. To be able to act, we need capabilities. And the development of capabilities is at a critical juncture in Europe.

It would be unrealistic of me to expect overall European defence budgets to suddenly increase. We have to do better with our existing resources and capabilities. And we have to invest smartly. I would argue that the only way to do this is through cooperation, including through Pooling & Sharing. Cooperation provides an opportunity for European nations to acquire together what is out of reach individually.
The choice is simple: either cooperate to acquire capabilities; or risk losing those capabilities altogether. But defence cannot and must not be viewed in isolation, not least because the distinction between military and civil technology has become increasingly blurred. So many technological innovations have both civil and military applications, in sectors such as space, cyber, maritime surveillance, and unmanned aerial systems, to name just a few.

Indeed, 70% of defence Research & Technology efforts have civil applications – the internet being probably the best-known example. The EDA, the External Action Service and the Commission are working together closely on these issues. In doing so they are extending the EU’s Comprehensive Approach into the area of military capabilities. But those capabilities of tomorrow require investment in Research & Technology today. R&T will not only determine whether our forces have the cutting-edge technologies required to carry out future operations successfully, but also European industry’s future competitiveness.

We - and this message is for government and industry alike - cannot allow investment in R&T to decline further. We must maximize its effectiveness by doing more together, including exploiting the synergies with the European Commission.

Part of the problem is that, in Europe, we are faced with the twin challenge of fragmentation of demand and of supply. A competitive European Defence Technological and Industrial Base is vital to ensure that Europe is able to respond to security and defence challenges, now and in the future. Its reinforcement is an economic and a strategic necessity. But a strong European industry, in particular in the current economic climate, must be underpinned by a competitive defence market that can provide its customers with robust, flexible and interoperable equipment in the most cost-effective and efficient way. So making this real difference will require the close involvement of industry to deliver efficiencies, competitiveness and innovation.

The current economic crisis also has implications for Europe’s defence industrial base. But as I said earlier, it is also an opportunity: for governments to cooperate, and industry to consolidate. A key concern is that the economic case for defence does not lead to renationalisation. We have to avoid that national economic interests stand in the way of multinational cooperation. That is why reform of the supply side is of crucial importance to enable European defence cooperation to take place on a more structural basis. And when I say structural, I do not mean one-size-fits-all.

There are many examples of successful regional cooperation: Nordic and Benelux, to name but two. NATO has Smart Defence. And the EDA is driving Pooling & Sharing. All of these have their place. They are not mutually exclusive. But there is a need for coherence and consistency. Through EDA’s Code of Conduct on Pooling & Sharing, it can act as a framework for information exchange between regional clusters. It can also help to identify gaps and duplications. Indeed, the EDA is already doing vital work to plug some of the critical gaps, such as in Air-to-Air Refuelling. At the end of the day, I fully accept that decisions on how and where to cooperate are sovereign matters for Member States. One thing is certain: wherever it is carried out, successful cooperation requires political will, political leadership, political courage, and political vision.

The transition from a national to a collaborative approach is fundamentally about a change of mindset. This process has started, I believe, with the EDA showing the way. The strategic, military and economic cases for defence are, for me, quite clear. What we need to make sure we have got is political will from the very top. Delivering effective and affordable capabilities takes time. The world of tomorrow is not waiting for us to get our act together today.
I recognise that there are risks and challenges. And there is a sense of urgency. But where there is risk, there is opportunity. If we embrace change, there is an opportunity for Europeans to do more together, to improve the models we have used so far to deploy missions, to deliver future capabilities, and to reduce long lasting fragmentations.

I am personally committed to providing the necessary support so that, together, we can deliver the security and defence ambitions of the EU now, and in the future.

I wish you and this conference a really successful day. Thank you so much for being part of what we are doing and can I specially take the opportunity to thank Claude France Arnould for her tireless leadership of the EDA and all her colleagues for the incredible contribution they make to something that is so important for you, for me and most importantly for the people of the European Union.

For the audio video coverage please see: http://tvnewsroom.consilium.europa.eu/event/european-defence-agency/eu-hr-ashton-at-the-eda-annual-conference-part-1

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