**ASD Meeting**

***Introductory messages***

* I am really glad to have the opportunity to discuss with you about defence industry.
* My intention is to have open and regular discussions with industry representatives from different sectors, and defence is a strategic one.
* The deteriorating security situation calls for a competitive European defence industry, more investment in defence research and a robust internal market.
* These objectives are supported by Member States, as shown by the European Council Conclusions of December 2013. **However, transferring that political will into action is proving challenging**.
* The European Council of June will discuss defence, so this meeting with you today is also very timely as we are preparing our contribution to this discussion.
* We cannot afford to take a step back to depending on purely national markets.
* I see from your various position papers that we broadly share the same view. Europe needs:
  + a competitive defence industry;
  + Genuine security of supply throughout the EU;
  + Support for all companies, but especially SMEs, to access business opportunities across borders; and
  + Investment in research.
* Industry voices are often **very influential in national capitals** and I hope that we can establish a close partnership to deliver our shared vision.
* It is on the foundations of a strong industry that the wider objectives for European autonomy, a robust Common Security & Defence Policy and the EU military capability projects depend.
* For the European Council we aim at addressing three main points:
* First: **Research in defence**
* **There is no defence industrial policy without investment in research** and development. But, over the last years this investment has seen dramatic reductions in Europe with little signs that this is changing.
* This trend might soon seriously limit our capacities to respond to new and complex security challenges arising around our frontiers.
* That is why we are working on establishing a Preparatory Action on CSDP-related research at European level. This is an ambitious political objective.
* It will extend, for the first time, EU support for research into areas where we can take account of military capability priorities.
* I convened a high level Group of Personalities who met yesterday to advice on core objectives for the Action and perhaps more importantly, on ideas for next steps.
* We consider this only as a first step. Our objective is to secure significant funds devoted to CSDP-related research under the next EU budget.
* Second, **the internal market**
* We need an internal market that provides fair and open business opportunities for companies, big and small. Wherever they are located in the EU.
* But we need also to recognise the industrial dimension of the sector and the challenging security situation we are facing.
* The evaluation process for the two Defence Directives (Procurement and transfers) has started.
* Our objective is to balance the principles of the internal market with respect for the special nature and national competence of defence.
* We are working with the Member States to deliver a more harmonised approach to implementation but also understand where the potential issues lie.
* Third, **Security of Supply**
* In December 2013, the European Council called on us to develop a roadmap for a comprehensive EU-wide regime.
* This is a challenging area. In our report we will set out the elements that will provide the basis for the roadmap and will take account of the EDA's work in this area.
* The good functioning of the transfer directive is key for an effective security of supply.
* We need also to think in terms of European value chains.
* We are looking at how to foster business opportunities and market access to defence procurement.
  + Our promised Expert Group will be established shortly. I expect that the first meeting will be in May.
  + The Group will bring together small and big companies with representatives from Member States.
  + It will make proposals on ways to improve cross-border trade for SMEs and to open up supply chains to SMEs across Europe.
* **To conclude:** The next European Council in June is an important rendez-vous.
* However, I am here to listen to you, to listen to your needs, to your objectives, to your expectations.
* To progress towards a European defence industrial policy, we will need your active support; individually and, collectively, through ASD.
* Thank you