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ASSEMBLY OF WESTERN EUROPEAN UNION

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(Second Part)

Political conditions for European armaments co-operation

REPORT

submitted on behalf of the General Affairs Committee
by Mr. van Waterschoot, Rapporteur

ASSEMBLY OF WESTERN EUROPEAN UNION

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1. Adopted in Committee by 15 votes to 0 with 2 abstentions.

2. *Members of the Committee*: Mrs. von Bothmer (Chairman); MM. Sarti (Alternate: *Treu*), *Portheine* (Vice-Chairmen); Mr. Ariosto, *Sir Frederic Bennett*, MM. Berrier, *Brugnon*, Deschamps, *Druon*, Faulds (Alternate: *McGuire*), *Gessner*, Gonella, Hanin, Lord

McNair (Alternate: *Page*), MM. *Mangelschots*, *Mende*, *Minnocci*, Mommersteeg, *Müller*, Péridier, Perin (Alternate: *van Waterschoot*), Lord Reay (Alternate: *Atkinson*), MM. Reddemann, Segre, Thoss, *Urwin*, Voogd (Alternate: *Schlingemann*).

N.B. *The names of those taking part in the vote are printed in italics.*

Draft Recommendation
on political conditions for European armaments co-operation

The Assembly,

Noting with interest the work of the symposium on a European armaments policy held in Brussels from 15th to 17th October 1979 ;

Noting that in the opinion of most of the experts consulted only a pragmatic approach is likely to advance European armaments co-operation in the future ;

Convinced, however, that Europe will have to assume increasing responsibility for its own security, particularly insofar as this involves conventional weapons ;

Considering that the production of armaments brings into play a broad spectrum of unequal interests in the various member countries ;

Thanking the Council for having authorised the Head of the International Secretariat of the Standing Armaments Committee to present to the Assembly his conclusions on the juridical obstacles to co-operation reached as a result of the enquiry conducted by the Standing Armaments Committee in accordance with a wish often expressed by the Assembly ;

Recalling its Recommendation 335 ;

Rejecting the assertions in paragraph 4 of the reply of the Council to Recommendation 331 and in the corresponding paragraphs of the replies to Recommendations 325 and 330 ;

Recalling that the WEU Assembly is, as explicitly admitted by the Council, the only European assembly with defence responsibilities,

RECOMMENDS THAT THE COUNCIL

1. Use every means at its disposal to promote co-operation between its members in the production of armaments ;
2. Examine, *inter alia* on the basis of the work of the Standing Armaments Committee, by what means it would be possible to establish in Western Europe, account being taken of the specific responsibilities of each institution :
 - (a) an organisation responsible for gathering and circulating all necessary information on European supply and demand in the field of armaments ;
 - (b) a body responsible for analysing choices of armaments programmes and their overall financial, technical, economic and social repercussions ;
 - (c) appropriate customs legislation for transfers of armaments between Western European states ;
 - (d) appropriate legislation for transnational bodies producing armaments ;
 - (e) legislation designed to promote exchanges of technology between European industries ;
 - (f) legislation and effective action against the illicit production of and traffic in armaments ;
3. Encourage all member states to co-operate by communicating all the information needed to facilitate this work ;
4. Re-examine and explain the positions expressed in paragraph 4 of its replies to Recommendations 325 and 331 and inform the Assembly of developments in the work of the IEPG as it undertook to do in its reply to Recommendation 298.

Explanatory Memorandum

(submitted by Mr. van Waterschoot, Rapporteur)

1. At its session in June 1979, the Assembly adopted Recommendation 335 proposing to the Council a framework for promoting closer co-operation in armaments production. The symposium held in Brussels from 15th to 17th October 1979, and in particular the work of its Working Group II for which the General Affairs Committee had special responsibility, did not incite your Rapporteur to change course in the present report. He is including at appendix the general report submitted by Mr. Schmidt on behalf of Working Group II so that all who are interested may take cognisance of the results of this work.

2. This in no way means that the symposium was not highly instructive, as may be seen from the recommendation accompanying this report. But the lessons learned bring grist and clarification to the direction already followed by the Assembly rather than any fundamental change.

3. As he is appending the general report, your Rapporteur does not consider that he, for his part, needs to review the symposium. He will merely make a few remarks which concern more specifically the recommendation.

4. He first wishes to congratulate and thank the WEU Council for having acceded to a wish frequently expressed by the Assembly, particularly when adopting the report which he already submitted to it on behalf of the General Affairs Committee last June, by authorising Mr. Plantey, Head of the International Secretariat of the Standing Armaments Committee, to describe to the symposium the lessons and experience he had gained in directing the inquiry into the European armaments industries which the SAC¹ had been asked to make, with particular regard to the section on the juridical aspects which has now been completed and transmitted to the governments. Your Rapporteur trusts that it will not now be allowed to gather dust in governmental archives. Our task will be to urge governments to draw the full benefits from it in the years to come.

5. The document which he submitted to us for discussion shows clearly that the European armaments market is far from being just a national market extended to European dimensions and that any differences there may be between the legal position of firms in each country and the obstacles still standing in the way of European co-operation in this field conceal something far deeper: political differences stemming from

national traditions and each country's history and freedom in foreign policy and the organisation of its defence. The matters he covers are not legal alone, it is for politicians to seek solutions which can but be political. In this connection, Mr. Plantey gives many useful indications and suggestions, pointing to a series of directions in which immediate progress seems possible and desirable. For instance, there is no reason why the instruments of co-production responsible for manufacturing a given type of weapon should remain subject only to the national laws of the country in which they have their head office. Nor is there any reason why the problem of customs duties on imports of military equipment by our countries should not be settled reasonably and permanently.

6. When considering the present report on 5th November 1979, certain members of the Committee stressed that they did not consider customs obstacles to be a major hindrance to the development of transfers of armaments within Western Europe and that certain countries' administrative and trade practices were also an impediment. The Committee therefore wished the Council to react against a protectionist spirit and protectionist practices in this field of armaments not covered by the Rome Treaty.

7. Similarly, questions raised by technology transfer might, at least within the European Communities, be solved quickly and satisfactorily. Very cautiously, Mr. Plantey concludes that Europe is moving towards a reduction in the unilateral nature of decisions in armaments matters. It is this trend that we must identify and direct.

8. Further, your Rapporteur wishes to underline the importance of the suggestions made by Professor Greenwood on the economic aspects of the problem. He has not hesitated to include them in his recommendation because he felt them to be particularly pertinent and well-suited to what the Assembly might in fact ask of the Council. He wishes to thank their author.

9. In drafting the recommendation which it adopted, the Committee retained the terms which Professor Greenwood had deliberately left rather vague in the paper which he submitted to the symposium: an "organisation" responsible for circulating information, a "body" responsible for analysis. In view of prevailing uncertainty about the attributions of existing intra-European bodies (IEPG, SAC or even the EEC), the results actually achieved by each one and what they are to become, the Committee wished to spell out,

1. Standing Armaments Committee (WEU).

like Professor Greenwood, the functions which it thought ought to be fulfilled without embarking on an institutional debate. Professor Greenwood's paper is, moreover, detailed enough in defining these functions for your Rapporteur merely to refer, in this connection, to the official record of the Brussels symposium and to recall the usefulness for European co-operation of adequate information about armaments requirements as defined by national defence staffs, planned procurement schedules and the capabilities and forecasts of firms producing armaments. This exchange of information is distinct from the function of analysing armaments programmes with a view to informing parties to contracts or markets in this field.

10. This does not mean that the other papers submitted to Working Group II were not most valuable and important, although the subjects and the direction followed by their authors may have been less suitable for recommendations to the WEU Council. They will be published in the official record of the symposium which should be read in conjunction with this report. On behalf of the Committee, your Rapporteur wishes to take this opportunity of conveying his most sincere thanks to all those who contributed.

11. Several of the Council's replies to recommendations adopted by the Assembly at the June 1979 session also relate to European armaments co-operation. They therefore call for a few comments by your Rapporteur.

12. Two points in particular attracted his attention. First, in its reply to Recommendation 330, the Council sets out clearly the way in which it intends to inform the Assembly of the work undertaken by the Standing Armaments Committee as follows :

"At their meeting at ministerial level on 16th May 1979, the Council decided not to circulate the study chapter by chapter. As soon as the complete text is in their possession, the Council will consider the content and appropriate form of the information to be given to the Assembly."

13. This reply might have seemed rather unsatisfactory if, on the other hand, the Council had not authorised Mr. Plantey to address Working Group II of the Brussels symposium on the juridical obstacles to European armaments co-operation. This gesture of goodwill allows the Assembly to defer to a decision, the reasons for which it has difficulty in grasping in view of the Council's laconic replies.

14. Conversely, your Rapporteur must express surprise at paragraph 4 of the reply to Recommendation 331 (referred to in the reply to Recommendation 330) in which it is stated :

"As stated in their reply to Recommendation 325, it would be difficult for the Council as such to inform the Assembly about the activities of the IEPG, since its membership is different from that of WEU, with which it has no organisational links. However, it is open to members of the Assembly to question their governments on this subject, through their national parliaments."

15. Admittedly, paragraph 4 of the reply to Recommendation 325 expressed a similar position, although less curtly, but since it did not reach the Assembly until just before the June session, your Rapporteur was not able to mention it in his previous report.

16. Without denying possible problems for the Council in reporting to the Assembly on the work of the IEPG, it seems difficult to accept the Council's reply as worded. What is meant by the statement that WEU has no "organisational links" with the IEPG? The WEU Council agrees to inform the Assembly, insofar as possible, of the way in which questions within its purview are handled in the framework of other organisations with which WEU has no "organisational" links. It has done so on several occasions, as indicated in its reply to Recommendation 298 which specifies that :

"In their annual reports, the Council provide the Assembly with the appropriate information on their work, together with any information which can be included on matters relating to the application of the modified Brussels Treaty by its signatories in bodies other than WEU."

17. What is the reason for its refusal in this specific case? Is it not thus calling in question its oft-repeated assertion that the Assembly is "the only European assembly with defence responsibilities"? Or is co-ordination of the work of the various European bodies dealing with armaments so in-existent that it has no information about the work of the IEPG? This is difficult to believe when it is recalled that it was agreed that the SAC should base its work on the standards laid down by the IEPG.

18. The Council's attitude is all the more inexplicable since it recommends members of the Assembly to question their governments through their national parliaments. If the governments are informed of the work of the IEPG, how is it that the Council is not? Neither the effective lack of information nor the absence of organisational links is a credible reason for the Council's refusal.

19. Is there not another reason, less easy to admit: that one or other of its members is challenging the right of any European organisation to deal with armaments questions? This refusal may be justifiable in the case of the

Communities and of the European Parliament in view of the provisions of the Rome Treaty and the supranational nature of these institutions. It is not so in the case of WEU in view of the provisions of the modified Brussels Treaty and the intergovernmental nature of the organisation.

20. If it were to be thought that this situation might lead to the European Parliament taking over supervision of the work of the IEPG, there is every reason to believe that they would be making a serious mistake. There is nothing to show — and certainly not the replies of the Council — that what is refused an assembly with responsibility for such matters would be granted to another parliamentary assembly without responsibility in this field. Nor is it evident that those wishing to avoid the provisions of a treaty that they have signed would accept controls to which nothing commits them. In view of the difficult situation through which Europe is now passing, there is every reason to fear that what WEU might lose today would be lost by Europe for a long time to come if the transfer of the exercise of the responsibilities of one institution to another was not done in a formal manner.

21. Should the Council maintain its position in this matter, it would be a considerable setback in progress towards European armaments co-operation and would also place in doubt the agreement painfully reached between the Council and the Assembly on their mutual relations.

22. Finally, the Council's reply to Recommendation 335 on the report of the General Affairs Committee on political conditions for European armaments co-operation, although not giving a sufficiently detailed answer to the various points in the recommendation, nevertheless demonstrates that, on the whole, the Council seems to concur with the views expressed by the Assembly.

23. However, in several respects, it did not really reply to the recommendation. For instance, the Council states that :

“... the SAC was not in a position to submit its final report when the Ministerial Council met in Rome on 16th May 1979...”

but does not say why the SAC was not in a position to submit its report. It is not enough for the Council to consider that :

“... the first part of the economic study should be completed both swiftly and to the best effect, with the co-operation of the administrations concerned” ;

the Council, or at least its members, should ensure that this co-operation is effectively forthcoming without reservation or limitations.

24. Second, it must be noted that the Council gives no undertaking about what is to be done with the SAC's work, and this makes it incumbent on the Assembly to follow attentively the way the Council follows up this study in practice.

25. Finally, the way in which the Council replies to the sixth paragraph of the recommendation concerning trade in arms constitutes an interesting position :

“The Council have noted the Assembly's concern regarding the dangers of the trade in arms in areas where peace is threatened. This is an important problem which involves different political factors in each country ; it would be unrealistic to deal with it in the European framework only, since in fact this excludes the principal armaments exporting and importing countries.

On the other hand, bearing in mind its responsibilities in this respect, every European country could draw relevant conclusions from the results of joint action that might be taken between countries of the same geographical area with a view to voluntary limitation of their own imports ; such consultations, which would also bring in the main supplier countries, would indeed make it possible to envisage concerted limitation on the sales of conventional weapons.”

But the Council must not be content to express a wish ; it must take the necessary steps to ensure that the wish becomes reality. Of course, such a problem cannot be dealt with “in the European framework only”. Nevertheless, this is the framework in which steps might be taken to implement the policy advocated by the Council.

26. During the discussions in Committee on 5th November 1979, the wish was also expressed that the Council deal with the question of traffic in arms — as distinct from trade in armaments — concerning which the Committee believes that the measures taken in each member country to ban or abolish such traffic should be co-ordinated so that Europe plays absolutely no part in operations dangerous for civil and international peace in certain parts of the world, particularly Africa, and for the security of people throughout the world, including Western Europe. Your Rapporteur can but endorse this wish, recalling that when the problems of international terrorism and the protection of diplomats were examined, the Council demonstrated that it considered matters relating to public order to be within its purview.

APPENDIX

**General report submitted by Mr. Schmidt,
General Rapporteur of Working Group II****Introduction****European policy towards the armaments industry —
an ambiguous and often ill-defined notion**

The thoughts of Working Group II were dominated by two considerations which were perhaps not sufficiently elaborated but which seem to have played a major rôle in the reasoning of those who spoke.

The first, a real paradox, is that France, now Europe's leading armaments producer, sends 80 % of its exports of military equipment to non-European countries, whereas the EEC absorbs more than half the total of all its sales abroad. This explains France's major reservations towards anything that might limit its freedom of action, at least as long as Europe does not guarantee it the large-scale outlet it needs. Recent experience has shown that there is little immediate hope of this. Conversely, a European armaments policy in which it played less than a full part would have little significance.

The second is that the notion of an armaments market can hardly be applied to Europe. In fact, there is no armaments market in the economic sense of the word, for conventional criteria of supply and demand ultimately play only a secondary rôle and the field in which traditional economic competition comes into effect is in reality very limited. There are certainly large-scale transactions but they are not to be seen in simple operational terms. Even within each country, they introduce many factors whose interaction largely escapes analysis. *A fortiori*, there is no European armaments market since possible buyers negotiate with various entities with which they have different kinds of relationship (diplomatic, strategic, etc.).

This is one of the main difficulties of the subject which the Working Group had to tackle and the very remarkable report submitted by Mr. Plantey on the juridical obstacles to armaments co-operation shed particularly strong light on this aspect of the problem by suggesting, as Professor Greenwood also did, a number of specific measures destined not to unsettle this state of affairs but to make it slightly less complex.

Finally, before going to the heart of the debate, it should be indicated that the opposition, stressed only too often, between exports of armaments and co-operation introduces a debate whose terms are clear only if the subject of arms sales is tackled in an ideological context. In fact, there are many intermediary formulae between co-oper-

ation proper and pure and simple procurement, particularly in the case of the European market. Moreover, in the case of regions outside Europe, exports are one of the aims of co-operation. Thus to establish a balance sheet of the relative advantages of each possible form of co-operation, the benefits which one or other co-operating party may derive from exports should be included. A number of examples, such as all recent helicopters (Puma, Gazelle) or Alpha-Jet seem to show that co-operation has actually been a factor which encouraged exports and not the reverse. This aspect should be analysed in greater detail to discover why and to what extent.

Finally, what is meant by co-operation? To avoid confusion, I propose a broad, all-embracing definition of co-operation to include any form of collaboration between firms of different nationalities in the field of military equipment. This approach will make it easier subsequently to distinguish between several types of collaboration, and in particular :

- (i) collaboration only at the level of exploitation ;
- (ii) collaboration covering more or less advanced production (co-production) ;
- (iii) collaboration going back to the pre-design stage.

Within each of these main categories, specific formulae are possible, i.e. different legal solutions according to the legal needs in each case with an equitable sharing of participation.

The report will therefore first : *identify the true obstacles to the development of a European armaments policy* ; and, second : *suggest and promote realistic solutions which should be the most effective way of overcoming the obstacles.*

CHAPTER I

Difficulties and obstacles : true and false problems

If it is accepted that the elaboration of European co-operation between armaments industries is a goal which, in one form or another, might be common to all our countries, the true difficulties in the way of any progress in the organisation of this industry at European level should be identified. Remarks made by those who know the most about the problem indicate that the true difficulties do not necessarily correspond to the objections usually put forward in this field.

The most evident obstacles are legal. They have been studied in depth by the WEU Standing Armaments Committee and the indications which, in one form or another, it has given about the results of this study show that these obstacles are far from insuperable. The political will of states might overcome them if, in many cases, they were not dealing with superstructures concealing other, more deep-rooted obstacles, some of which cannot be put aside so easily: in this field too, law is the visible expression of facts which are sometimes difficult to grasp but whose weight is evident.

Intrinsically more important are the difficulties stemming from the objectively different interests of each of the possible partners in the economic field in the widest sense of the term. In fact, each country has its interests and most authors of papers submitted to Working Group II stressed their legitimacy and the importance for the future of Europe of respecting regional concerns and the economic, social and technological reservations of each state called upon to join a European association which committed its national armaments industry.

In view of this European vocation, three types of contrasting interests may be discerned. First, countries with only a small armaments industry, whose situation and concerns were described accurately in Mr. de Geus' paper. They draw their main supplies from abroad and the aim of the national armaments industry is mainly direct economic profitability. Thus, specialisation by their national industries may offer them interesting prospects, which is obviously not the major concern of the larger industrial powers.

Second, there is the case of the Federal Republic of Germany, Europe's leading industrial power, but whose armaments industry is not yet at the level of industries handling civil production. This leaves Germany greater economic freedom in armaments procurement problems since the armaments industry is not central to the economy. Furthermore, the Federal Republic does not yet have the necessary latitude to become an exporting nation. More generally, the limits imposed on Germany's freedom in its defence policy, particularly because of its place in the western system, induce it to seek greater integration in the military field and, to a certain extent, to subordinate its armaments production to this necessity.

The third type is represented by France, whose aim is to have an independent defence system and whose armaments industry has a very considerable degree of independence. France therefore makes its armaments industry play a very large economic rôle since 42 % of its armaments production is exported and this industry provides an economic lead and technological drive for all French industries (at times, this sector

accounted for about 30 % of all sums earmarked for research and development throughout French industry), which is not exactly the case on the other side of the Rhine. It cannot therefore accept co-operation which would limit its commercial or technological freedom, not to speak of the particularly heavy burden of economic and social constraints which it has to take into account.

This diversity of types of industrial situation obviously makes it difficult to find a common denominator meeting the individual interests of the principal partners, particularly since it is not always easy to draw a clear distinction between armaments industries and certain industries of a civil nature. In certain cases, such as the aeronautical or electronic industries, which play a major rôle in France, for instance, but also among the industries of the smaller powers, this intermingling is particularly evident.

Finally, the political aspects, or strategic implications, of co-operation are extremely difficult to tackle from a unifying standpoint if this interpenetration is accepted. Can one reasonably link the problem of the armaments industries with a European industrial policy by normalising the armaments industry?

This is one of the obvious things at stake in the debate, which is not at all academic, whatever may be said, about the responsibilities of the European Communities and the parliamentary assembly which is to supervise them. Not only are there a number of juridical obstacles in the way of this normalisation, but far more deep-rooted political differences in the highest sense of the word preclude thoughts of being able to go very far in this field as regards the part of the future which can be included in any calculation of estimates.

The last and not the least of the obstacles, quite rightly mentioned in Professor Greenwood's report, arises from the absence of an appropriate framework of assessment allowing an overall opinion to be obtained not only of future operations but even of current or completed operations. The Director of the Aberdeen Centre for Defence Studies makes a number of suggestions which should be examined closely with a view to providing Europe with the instruments of information and analysis which seem essential if there is to be any progress in armaments co-operation. *Inter alia*, it is felt that traditional economic analyses of the "cost-effectiveness" type prove to be quite inadequate insofar as up to now they are incapable on the one hand of taking account of indirect macro-economic factors (employment, industrial structure) and on the other hand of including in the calculation non-economic variables which are more difficult to quantify (independence, power). Finally, short-term advantages perhaps obtained by co-oper-

ation do not necessarily imply an advantageous long-term position. However, it is evident that the objective and full assessment of co-operation already carried out would be, at the very least, an essential prior condition to any serious thinking about future co-operation and its practice since it must take account of the overall interests, not all strictly economic, of each of the partners in order to work out the most suitable formulae for obtaining worthwhile economic results. That is why the methodological research necessary for establishing a framework for assessing objectively the advantages of various co-operative operations, far from being gratuitous speculation, on the contrary constitutes valuable assistance in decision-taking in these matters, and much effort should still be made in this area.

These difficulties seem infinitely more serious than those sometimes put forward when a political rather than an economic solution is being sought to the problem. Thus, the impossibility of finding the framework for common developments does not lie in legal impediments or in so-called ideological incompatibility. Mr. Gazzo's report does justice to these false difficulties by underlining the essential rôle which might be played by European parliamentary supervision if it concentrated on these specific points and thus perhaps helped, at its level, to remove some of the abovementioned obstacles.

CHAPTER II

Ways to progress : concrete measures and flexible solutions

There is no doubt that Working Group II conducted a realistic analysis of the situation and the possibilities available. It is therefore not surprising that most speakers considered that at the present juncture co-operation could only be à la carte. At the same time, they sought wide flexibility allowing changes of partner or other adjustments in the event of an operation proving less interesting than expected for one or other partner. Everyone knows that this has frequently happened in the past.

From a legal standpoint, it was possible to make a few specific proposals concerning *inter alia* the institutional framework in which co-production operations might be carried out. Furthermore, Mr. Plantey suggested a range of interesting, more general juridical possibilities (bilateral harmonisation, diplomatic conventions, etc.). But it is from an economic standpoint that this approach seems the most promising and that an analysis of the present situation provides the greatest number of factors favourable to increased co-operation between European countries. This realistic and flexible approach in no way conflicts — quite the contrary — with more all-embracing views of Europe's development, nor

does it prejudge the future of Europe in the armaments field.

But if we wish to be more precise, we must know what is on the à la carte menu, to continue Professor Greenwood's well-chosen metaphor. Three questions then arise: Co-operate with whom? How far? In which sector? But before working out an answer to each of these questions, it should be recalled that any co-operative operation brings into play three separate entities: state governments, defence staffs and firms producing military equipment. In each case, therefore, there is a complex system of arbitration which it would be insufficient — and consequently incorrect — to reduce to the level of states alone.

This having been said, let us take the first question, i.e. who is to co-operate. The first case is co-operation with the United States. Mr. Mayer's paper underlined the general difficulties encountered in all co-operation between Europe and the United States and other speakers such as Mr. Doorenbos and Mr. Damm stressed a few specific aspects relating to trade practices in particular and the establishment of precise co-operative operations.

Generally speaking, the difficulty stems from the *asymmetry*, to use Mr. Mayer's well-found word, between Europe and the United States and between firms on the two continents at the industrial, technological and commercial levels. In general, this asymmetry often means comparatively higher costs for production in Europe. Account should be taken of the remarks by Mr. Deschamps to the effect that co-operation, as seen by certain circles which wished to make a unified Europe the single partner of the United States, in reality fostered American domination over Western Europe. In fact it is the United States that makes the most continuous effort to have a single European partner, but weak because of that, whereas the division of Europe allows it, paradoxically and in many ways, to negotiate better and above all to ensure the survival of its technological capability which would disappear in generalised co-production. Thus, the choice of SNECMA for co-production of aircraft engines is justified by the existence of an independent European industry with Rolls-Royce. Fully open competition in Europe, or generalised co-production with the United States, would probably reduce European firms to a secondary rôle. Any sustained co-operation might then permanently compromise the future of the European armaments industry.

It was underlined that the United States sought merely to purchase patents and that it imposed its language, and those who, like Mr. Wall, advocate the development of the two-way street wish to see it organised on the basis of a prior compromise which, in exchange

for what the United States imposes on Europe, would, for instance, have the United States adopt the metric system. But the main thing is to agree on what is counted as procurement on the United States side. It is perhaps too much to wish to include only purchases of weapons systems. But it is certainly wrong to count all the expenditure involved in the American military presence in Europe.

However this may be, Western Europe's research capability must be preserved and close consideration given to the practice of compensation which some wish to be global over a time-span fixed in advance, five years, for instance, and which others wish in every case to be set at a technological level equal to that of the products purchased in the United States.

Intra-European co-operation for its part will probably assume different forms depending on whether it is between large industrial powers or with smaller countries.

When it is a matter of large industrial powers, i.e. mainly the United Kingdom, the Federal Republic and France, the difficulty is to achieve an equitable solution in view of the fact that the industrial development of these three countries has been different or even sometimes divergent, which has led to negative effects, particularly where Franco-British co-operation is concerned. The best approach would apparently be to start co-operation at the preliminary research stage on the basis of a definition of requirements agreed by the buyers and subsequently in a second stage define a method of co-operation ensuring a satisfactory sharing of responsibilities which is, above all, worked out in advance. Here, the formation of a specific firm for the production of each family of armaments is a solution which has proved its worth, not only in the case of Airbus but also for various families of weapons.

In the event of co-operation between the largest and the smallest countries, it is quite evident that it must take a different form, account being taken of the needs and capabilities of each country. The notion of fair return is obviously not of the same importance in this case. But for the smaller countries, what counts first of all is that co-operation should be more attractive financially than the procurement of American equipment, which raises the problem of prices, and the delicate question of compensation. Second, there must be very close regard for the independence of firms and the technological independence of these countries.

Turning now to the actual content of co-operation, most speakers underlined that, to have any chance of success, co-operation had to begin before a country could establish any sort of priority in order, as far as possible, to associate the planned operation with *national honour* (the words are Mr. Wall's). In other words, in most cases, co-operation should start at the design or even pre-design stage (preparatory study stage). It must then cover all production operations and, finally, as Mr. de Geus underlined, if it is to be really effective, it must also extend to the maintenance and upkeep of the equipment produced.

It emerges from these remarks that it is the sectors in which the armaments industry is the most closely linked with civil production, such as the aircraft and computer sectors, where the industry itself is already very largely internationalised, that co-operation is the easiest. In the case of traditional equipment for the army, where firms, often nationalised, are the privileged suppliers of certain national armies, co-operation often proves more difficult and has to be viewed more in terms of technical normalisation than in truly economic terms.

In this general context, naval shipbuilding is an intermediary stage. Obviously the first steps should be taken in areas where co-operation is easiest, particularly as these sectors are probably the ones whose economic and technical future is the most promising. We should therefore not be too disturbed if, for instance, the French army continues for a long time to come to prefer French vehicles and the British army British vehicles.

Conclusions

The search for an operational time scale

The overall thinking of this Working Group was not concerned with the immediate future, which is already fully determined, nor was it concerned with the very long term where anything is possible and where everything may be changed by scientific and technical upheavals which are yet impossible to foresee. It is very difficult today to see what Europe or European co-operation, in any field whatsoever, will be at the end of this century, which is not very far away. But a medium-term horizon, i.e. ten to fifteen years hence, should allow steps to be taken now to set Europe's course for a far longer period. It is in this context that what some may consider to be the rather disillusioned realism of the preoccupations and solutions advocated by this group should be placed.

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