

"SMART DEFENCE SMART TADIC"

Conference to address

Trans-Atlantic Defence Technological and Industrial Cooperation (TADIC)

Conference of National Armaments Directors (CNAD)

14 October 2011

North Atlantic Treaty Organisation

Boulevard Leopold III – B-1110 Brussels - Belgium

Conference Report



The NATO Secretary General refers to "Smart Defence" as the way to "ensuring greater security, for less money, by working together more flexibly". One element of promoting this is by ensuring efficient and effective technological and industrial cooperation amongst nations, particularly in the trans-Atlantic domain.

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Smart Defence – Smart TADIC

Dear Readers,

The Conference “Smart Defence – Smart TADIC”, held on 14 October 2011 at NATO Headquarters in Brussels, Belgium, addressed the topic of Trans-Atlantic Defence Technological and Industrial Cooperation. The following report is to provide a comprehensive summary of the event.

The aim of the Conference was to identify specific and practical ways to strengthen cooperation within the evolving framework of defence trade, and to set out what is necessary, on both sides of the Atlantic, to enable successful collaboration in defence capability development and delivery.

I would like to use this opportunity to cordially thank moderators, panellists, speakers and participants of the conference for their contribution and the willingness to help advancing our efforts to foster transatlantic co-operation.

Yours sincerely,



Patrick AUROY

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Disclaimer Statement

This report reflects the many views expressed at the conference. The report and its outcome do not represent the official NATO and National Government positions on the various TADIC related issues.

I. Executive Summary

The "Smart Defence - Smart TADIC" Conference to address Trans-Atlantic Defence Technological and Industrial Cooperation, hosted by the Conference of National Armaments Directors (CNAD), was held on 14 October 2011 at NATO Headquarters, Brussels, Belgium. The conference brought together senior decision makers and subject matter experts from governments and industry on both sides of the Atlantic to discuss practical measures to spur increased trans-Atlantic defence technological and industrial cooperation (TADIC) in an age of austerity. The conference was attended by 175 delegates, representing senior leadership from nations, NATO, the European Union (EU), industry, and academia. The event was co-sponsored by EADS, Finmeccanica, Thales-Raytheon Systems, and United Technologies Corporation.

The NATO Assistant Secretary General for Defence Investment, Mr. Patrick Auroy, chaired the conference and delivered a scene-setting key note speech. He highlighted that Smart Defence initiative launched in spring 2011 by NATO Secretary General, is probably the solution to building security in today's financial environment. By focusing on availability and not ownership of capabilities, NATO allies have the options of pooling and sharing, prioritizing requirements and collaborating to ensure that the appropriate capabilities are developed, available and ready to meet tomorrow's security challenges.

Mr. Frank Kendall, the U.S. Acting National Armaments Director, gave his perspective on the U.S. defence budgetary situation and the continuing need for TADIC, at a pre-conference dinner hosted by Mr. Auroy, attended by national armaments directors and conference panellists. In particular, Mr. Kendall underscored the need for international cooperation in smaller programmes and in research and technology (R&T).

The conference debates were organised in two panel sessions:

Panel 1: The imperative for increased Alliance trans-Atlantic defence technological and industrial cooperation in an era of "Smart Defence"

The common view of the panellists was that this is a crucial moment for defence budgets and for the trans-Atlantic defence industry. The current global fiscal crisis impacted both sides of the Atlantic and has determined significant defence budget cuts. However, the panellists noted that the present financial crisis can be perceived as an opportunity for TADIC and could stimulate international cooperation more broadly. There are a large number of transatlantic defence initiatives currently underway, from broader efforts such as the U.S. export control reform initiative and the European Union directives on defence procurement, to more localised agreements such as the U.S.-UK Defence Trade Cooperation Treaty and the Franco-British treaties. Panellists noted that the broader frameworks and the focused agreements have to be harmonised and mutually supportive.

The cooperation will be increasingly relevant in the coming years but it will have to be sustained by a concerted effort by governments and industry. Governments have regulatory responsibility for international relations, therefore they have to use every opportunity to foster and create incentives for cooperation. In that sense, the export control reform helps maintaining the doors open for communication on both sides of the Atlantic. Industry is adapting to the financial and legal environment through a number of measures from restructuring, to looking for opportunities across businesses and across national boundaries, and to increasing international footprint through acquisitions and mergers.

The TADIC conference is at the second edition; a quantification of the progress achieved will require a definition of progress indicators.

Panel 2: Delivering Alliance capability: lessons learned and future prospects for Trans-Atlantic programmes

Panellists noted that, from a NATO military/operational perspective the cooperation worked well for decades. From a business perspective, however, there is an urgent need for export control and technology release reform, both in the U.S. and EU; that would create a trans-Atlantic defence and technological playing field and eliminate trade barriers. Small and Medium Sized Enterprises (SMEs) do not have the resources to fully comply with export control regulations and procedures. While governments act nationally, today's trend is that defence companies function increasingly global, particularly at subsystem level, therefore a globalized supply chain requires new policies and processes. Governments should recognise this change and adapt the processes to match this new environment. Regulatory change is adapting too slow, always behind the technology. The transatlantic cooperation can be successfully pursued only if supported by a concerted political effort in both Europe and North America, complemented by an educational effort within and between legislatures.

There is a need to sustain a transatlantic defence technological and industrial base (DTIB). In absolute terms, Europe should invest more in R&T, thus opening opportunities for enhancing the transatlantic cooperative R&T.

NATO and the European Union share common values, but while playing significantly different security roles, both organisations are major contributors to the transatlantic cooperation. Neither NATO nor EU should aspire to own technology, but to ensure guaranteed access to capabilities supplied by the industry. The way defence companies do business with NATO should also be re-examined. NATO and governments have the opportunity to drive the consolidation of demand and the harmonisation of requirements. It has been estimated that even though the time of major platforms might well be over, there are significant opportunities for fruitful transatlantic cooperation in the coming years.

The conference concluded with a lunch discussion that summarized the themes of the panel discussions. The conference conclusions and recommendations are listed in Section IX of this report.

II. Background on TADIC and Smart Defence

In its 2010 Strategic Concept, NATO reaffirmed its determination to achieve reform and transformation objectives. It recognised that its unique historical success is built on a foundation of having at its disposal core capabilities that few Allies could afford individually. In looking to the future, Allies asserted that they will "develop and operate capabilities jointly, for reasons of cost-effectiveness and as a manifestation of solidarity." This assertion emphasizes NATO's core principle that the best security is shared security.

Simultaneously, the costs of defence and security continue to rise. Alongside falling levels of defence investment, there is a real risk that nations, and therefore NATO, will be unable to afford sufficient modern military capabilities. Allies and partners' defence budgets are also being increasingly consumed by the costs of operational commitments, leaving even less money for capability development. Taken together, these developments are a major challenge for Allies, partners and the supporting defence industry.

Making better use of resources with more coordination and coherence and by seeking and encouraging opportunities for Allies to work together is the primary aim of the Smart Defence concept. Smart Defence incorporates a mind-set and intents to get better value for the money spent on defence and security.

The CNAD endorsed the launch of a NATO Industrial Advisory Group (NIAG) High Level Advice Study on Trans-Atlantic Defence Technological and Industrial Cooperation (TADIC) at its October 2010 meeting. At this meeting, National Armaments Directors (NADs) agreed that TADIC should remain on the NATO agenda and that a TADIC conference be organised in 2011. This conference would be a follow-on to the CNAD-RUSI Conference in 2009 addressing "Challenges and Opportunities in Trans-Atlantic Defence Industrial Cooperation." NADs envisioned that the 2011 TADIC Conference would:

- ▶ Consider the implications of the new NATO Strategic Concept and the opportunities provided by NATO transformation initiatives for advancing cooperation;
- ▶ Review the developments in Europe and the United States to reform export control processes and discuss implications and opportunities resulting, particularly with regard to multinational programmes supporting NATO capabilities and interoperability;
- ▶ Review the cooperation issues and considerations from the industrial point of view, in particular in supporting NATO programmes and capabilities such as Alliance Ground Surveillance (AGS), territorial missile defence, and cyber-security.

Today financial constraints are requiring nations to rethink how they provide for their defence and security, including the military equipment capabilities needed. One avenue is to review and reform the national regulations and regulatory processes that determine the defence and security industrial bases of nations individually and collectively. The United States has taken up the challenge with its export control reforms and the EU is in the process of structuring its efforts in the area of Security and Defence. Both these efforts require visible and pro-active trans-Atlantic support; the development of 'win-win' cases that are not inhibited, or negatively influenced, by regulatory frameworks (e.g. reduce bureaucracy and slim down over-structures) on either side of the Atlantic will, for sure, be the start of a positive "avalanche" that will drag many other "win-win."

Moreover, showing the interrelationships between TADIC and Smart Defence, the Conference clearly demonstrated that, achieving "Smart TADIC" is a key enabler for NATO's "Smart Defence".

TADIC conference is critical, not only to address export issues or to drive the adoption of a common set of standards, but to harmonise and synchronise the Nations' industrial interests with their contribution to NATO and the expected return in terms of industrial, technological capabilities, employment, contribution to GDP, global market position. It follows that a Trans-Atlantic Defence Technological and Industry Base should be part of an overarching NATO strategy to engage with industry.

As the allies prepare for their May 2012 summit in Chicago, they must decide how to pursue the goals set in the Strategic Concept given the difficult financial realities on both sides of the Atlantic. The fiscal challenges, however, make the transatlantic cooperation an even greater priority for the Alliance. Gathering together a significant number of U.S., Canadian, and European senior officials and defence and policy experts and officials is the perfect venue for a robust discussion about the importance of transatlantic defence technological and industrial cooperation in an age of austerity.

III. CNAD Dinner and U.S. Acting NAD Frank Kendall's Comments

The Conference Chairman, NATO Assistant Secretary General for Defence Investment Mr. Patrick Auroy, hosted a working dinner on the evening of 13 October in advance of the TADIC Conference. Attendees included the conference panellists and moderators, national armaments directors, and core members of the NIAG Study Group. Mr. Auroy introduced Mr. Frank Kendall, the U.S. Acting National Armaments Director, who was the featured speaker. Some of the main themes of Mr. Kendall's remarks follow:

- ▶ The United States will continue to meet its defence requirements even in an era of fiscal austerity:
 - The defence budget will decline by about ten percent in the coming years. Unlike during the post-Cold War drawdown, the national security threats are not changing. The current plans for an approximately \$450 billion cut over the next ten years is doable; DoD will take a balanced approach to reductions, looking at compensation, force structure, and investments. Bigger cuts such as those that could result from the ongoing Congressional Super Committee deliberations could add significant pressure on the Department,.
- ▶ Kendall's priorities as Acting Undersecretary for Acquisition, Technology, and Logistics:
 - We are still at war and we must ensure that our forces in the field have everything that they need to ensure success.
 - **Rapid acquisition** is here to stay. DoD will continue to use and adapt processes that have enabled the rapid development and fielding of systems to support U.S. forces in Afghanistan and elsewhere.
 - We must **achieve affordable programmes and become more efficient**. We cannot continue the practice of starting programmes that prove to be unaffordable. Becoming more efficient is the essence of the *Better Buying Power* initiative, which we will continue to refine and build upon. We will continue to work to **control and reduce our costs**, while acquiring products and services that **provide the highest possible value to our Warfighters**.
 - We must **maintain a strong industrial base**. Without the industrial base, we could not equip and support our Warfighters. A healthy industrial base means a profitable industrial base, but it also means a lean and efficient base that provides good value for the taxpayers' defence investments and that increases in productivity over time. We will **ensure that critical skills in the industrial base are identified and preserved** with a particular focus on **developing and nurturing small businesses**.
 - We need to ensure that the **workforce** is agile and able to support the Department's priorities over the longer term.
 - We must **protect the future**. We are in this for the long haul, and as budgets decline, we must **be vigilant to avoid a hollow force**. This means **making sound investments in the next generation of technologies** to maintain our military superiority. Most of all it means **maintaining the very best military in the world**.

Furthermore, talking about the need for International cooperation, and the specific TADIC theme, he also highlighted that:

- The costs of defence and security continue to rise, while levels of defence investment continue to decline. Allies and partners' defence budgets are being increasingly consumed by the costs of operational commitments. We will all struggle to afford sufficient modern military capabilities.

- Defence industries in the U.S. and Europe are becoming more and more integrated – major European defence contractors have established a strong presence in the U.S. Increasingly we buy from suppliers outside the U.S. for components for our defence systems and that trend will continue.
- These fundamental **facts argue for more international cooperation in acquisition, technology, and logistics.**

As far Acquisition and Technology, he said:

- We all know that there will be very few new starts of major programmes in the near term. Thus, **cooperation must be emphasized in smaller programmes.**
- International cooperation works well in the technology base. Cost sharing is equitable. **We must all continue investments in the technology base to meet future threats.**
- There are some barriers to progress in international cooperation that the United States is addressing. The Presidential Initiative on export control reform is making significant progress and needs to continue. In DoD, we are looking at our own processes for technology security and foreign disclosure to improve how we share technology with our allies and partners.
- While the current outlook on future defence spending is not what we are accustomed to, together we can deliver significant capabilities to the Warfighters.
- To the extent we can gain budget savings by pursuing international cooperation, we must and we will.

IV. Conference Programme

The Conference took place on the 14th October in the "LUNS" theatre at NATO Headquarters in Brussels. It was hosted by National Armaments Directors of NATO and brought together senior decision makers and subject matter experts from governments and industry on both sides of the Atlantic. The conference was attended by 175 delegates, representing senior leadership from nations, NATO, the European Union (EU), industry, and academia.

Opening Remarks and Keynote Address by Conference Chairman Mr. Patrick Auroy, NATO Assistant Secretary General for Defence Investment.

Panel 1

The imperative for increased Alliance trans-Atlantic defence technological and industrial cooperation in an era of "Smart Defence"

This panel addressed the requirements for Trans-Atlantic defence technological and industrial cooperation emanating from the new NATO Strategic Concept and related initiatives and the opportunities that defence trade developments on both sides of the Atlantic, both in terms of defence procurement and export control reforms, offer government and industry in achieving TADIC.

Panellists: Mme. Claude-France Arnould
Chief Executive – European Defence Agency

Ms. Valerie Evans
Head of International Relations Group at Defence Equipment and Support – UK MOD

Mr. Jack Harrington
CEO – ThalesRaytheon Systems

Mr. Andrew J. Shapiro
Assistant Secretary of State for Political-Military Affairs
U.S. Department of State

Mr. Alberto de Benedictis
CEO – Finmeccanica UK

Moderator: *Mr. Robert Bell*
U.S. Secretary of Defence Representative, Europe;
Defence Advisor to the U.S. Ambassador, U.S. Mission to NATO; and
former NATO Assistant Secretary General for Defence Investment

Panel 2

Delivering Alliance Capability: lessons learned and future prospects for Trans-Atlantic programmes

This panel addressed lessons learned in working TADIC issues and how these be taken account of in current and future multinational programmes, as well as in ongoing technology cooperation to meet emerging security challenges

Panellists: *Gen.(retd) William J. Begert*
Vice-President for Business Development and Aftermarket Services
Pratt and Whitney (Military Engines), United Technologies Corporation.

Mr. Thomas F. Darcy
Vice President, Defence Electronic & Systems – EADS

Mr. James A. Hursch
Director, Defence Technology Security Administration
U.S. Department of Defence

Maj.Gen. Carlo Magrassi
Deputy Commander Air Force Command – Italian MoD
Former Deputy Chief Executive Strategy – EDA

Mr. Peter M. Wagner
Adviser to the Task Force for Greece & Former Head of Unit for Defence, Aeronautic and Maritime Industries, Directorate General for Enterprise and Industry, European Commission

Moderator: *Mr. Jean Fournet*
International Consultant
former NATO Assistant Secretary General for Public Diplomacy

Conference Conclusions

- Moderators summarizing main findings of Panel 1 & 2 over working lunch
- Discussion with conference participants
- Summary by Chairman

Closing Remarks by Conference Chairman

V. Keynote Address

"Smart Defence - Smart TADIC"

Conference Chairman Mr. Patrick Auroy, NATO Assistant Secretary General for Defence Investment

[Remarks as prepared for delivery]

Ladies and Gentlemen,

I am delighted to open today's conference on Trans-Atlantic Defence Industrial Cooperation – TADIC.

The National Armaments Directors and the NATO Industrial Advisory Group, the NIAG, have addressed TADIC on a variety of occasions over the past years. Without a doubt, TADIC is a key tool to facilitate the delivery of critically required capabilities to our services-men and women. All too often, discussion is more focused on which capabilities to deliver, and less on how to facilitate their delivery. This is a challenge shared by the armaments community in NATO and by industry.

CHALLENGES

We are conducting our business in the middle of a major economic crisis. Budgets are decreasing. Prices are increasing. New players are emerging. Security risks and threats are multiplying. And technology is now advancing more rapidly than ever.

NATO's military capabilities need to keep pace.

The cost of new equipment continues to rise faster than inflation. And often, also faster than the gross domestic product. With the falling levels of defence investment, there is a real risk that nations, and NATO, will be unable to afford the modern military capabilities we need.

Until recently, this was considered to be a uniquely European issue. But the economic crisis is now also impacting on the United States' defence budget. All NATO nations need to make savings in their national expenditure. And in many countries, expenditure on defence seems to be taking a disproportionate hit.

Over the past 2 years, European NATO members have cut defence spending by 45 billion dollars. That's more than the annual German Defence budget. And those cuts will get bigger. We have a NATO target of 2% of Gross Domestic Product to be spent on defence. Yet very few Allies meet this. Some are barely spending 1%.

These dwindling defence budgets are also being increasingly consumed by the costs of our operational commitments. Fighting for freedom does not come for free. NATO nations are involved in many operations. And the costs are considerable. Consequently, there is even less money left for research and development, and for procurement of new equipment.

Taken together, these developments are a major challenge for all NATO Allies. And they are a challenge to our defence industries as well. Sales opportunities are reducing. Defence companies will be competing with each other over a smaller market share. And they will also be facing increasing competition from defence companies in emerging economies – such as China, Brazil or South Africa.

SOLUTION – SMART DEFENCE

So, if this is the challenge, what is the solution?

We call it Smart Defence. It's about building security by getting better value for money. By making better use of our resources. By encouraging nations to work more together. By seeking greater opportunities for pooling and sharing. And by encouraging more multinational solutions.

Smart Defence does not impose a one-size-fits-all solution, it is not a straight jacket. On the contrary, it allows for tremendous flexibility. It can cover any, or every, phase of capability development. From Research and Development, to production, procurement, maintenance and even training.

It can cover small projects, or big ones. Complicated projects, or simple ones. It can cover bilateral projects, such as the Franco-British cooperation announced earlier this year.

But the result will be the same. Nations will be able to provide capabilities together that they can't afford to provide alone. They will benefit from greater efficiency. From economies of scale. And from interoperability.

And NATO will benefit too. Because what is important for NATO is to have the right capabilities. **The key is not ownership. The key is availability.**

Although Smart Defence means nations doing more for less, it does not mean defence industry getting less. In fact, quite the opposite. The simple truth is that without Smart Defence, there would most probably be nothing.

Of course, multinational approaches are not a panacea. Industry often cites recurring problems. Some projects are highly complicated – both technically and financially. Lengthy contract negotiations lead to uncertainty. A plethora of national variants complicate production. And nations pulling out at the last minute can unbalance a whole programme. I am aware of these issues. And I am determined that our new approach will overcome them.

Smart Defence will help the Alliance to have the right capabilities. It will help to reduce the burden of capability development on individual nations. It will help us to keep up with the fast pace of technological change. And it will offer defence industries some attractive business opportunities.

DEFENCE INDUSTRY – TADIC

The defence industries should see this as an opportunity. It is certainly an opportunity for the European defence industry to consolidate and to rationalise. The current high degree of fragmentation, national industries, and intra-European competition is no longer sustainable.

Such a step has been made easier under recent European legislation. It removes national barriers. In many cases, national procurement from overly protected national industries did manage to preserve some local jobs. But it also led to equipment that was not fully appropriate. And that is certainly not good value for money.

By opening up markets within Europe for defence and security equipment, the European Union has created a new, level playing field. And alongside fair competition and economic reality, this should prompt the cooperation and consolidation that we need in the European defence industry. It should increase business

opportunities across the single market. It should create opportunities to join forces. To seek synergies. And to improve the competitive edge of European defence producers in the global markets. At the same time, it should lead to lower costs and greater economies of scale. And to lower prices and better margins. That's good for industry. It's good for NATO. And it's good for the taxpayer.

But a level European playing field is not enough. We also need to see a level transatlantic playing field. Next year's NATO Summit in Chicago will centre on transatlantic security cooperation. Because open, fair and strong competition is the best way to make companies efficient. And it is the best way to ensure that NATO nations get the best value for money.

What is true on this side of the Atlantic, applies equally well in North-America. I applaud the Obama administration for review of the U.S. export control system. The resulting initiatives have clear potential to facilitate collaboration with industries on both sides of the Atlantic. For the benefit of the U.S. defence capabilities, for the benefit of industry, and for the benefit of NATO.

At our dinner yesterday evening, we had the pleasure and honour to listen to the Hon. Frank Kendall, Acting U.S. NAD, who offered his views on TADIC, the progress made and challenges ahead. To me, his observations set the right scene for our discussions here today:

- **we must continue to meet the defence requirements** ; to do so, we must strive for affordability and efficiency ; and we must maintain a strong industrial base, and preserve the critical skills ;
- **we must protect the future** ; this includes sound investments in the next generation of technologies ; it requires the protection of essential industrial capabilities ;
- **and finally, we must collaborate internationally**; not just in operations, but through the entire supply chain, beginning with technology development, through acquisition, and including logistics .

Against this backdrop, what then is the added value of this conference?

WHY THIS CONFERENCE?

Since our last conference two years ago, significant progress has been made on both sides of the Atlantic. We have seen initiatives in Europe and in the U.S. that bear great potential to actually ease some of the challenges that have previously delayed multinational projects, and in some cases even rendered them impossible. Therefore, we have every reason to reassess our situation today. The economic circumstances, more than ever before, force us to collaborate in capability development and delivery, between nations, and with industry, across the Atlantic.

The required capabilities (i.e., the what) are being discussed extensively. They make the headlines for Ministerials and even Summits (e.g., Lisbon Capabilities Package). At the same time, NATO seems to pay a little less attention to the tools and frameworks that could help us in our collaborative efforts (i.e. the how). TADIC clearly is about the regulatory frameworks that set the ground rules within the nations for international collaboration in defence and security, with industry – **TADIC is all about the how**. So this conference today is the necessary supplement to the ongoing discussions on multinational approaches that we are all so very aware of.

CONCLUSIONS

Ladies and Gentlemen,

If NATO and the Nations are serious about Smart Defence, and draw the right conclusions from the economic pressures, then we must prioritise the capabilities we need, to focus our attention, and money, on those with the highest impact. **That's the what.** We must then work together in flexible multinational formats to deliver these capabilities. **That's part of the how.** The other part of the how actually is TADIC: How can we support nations and industries to collaborate more flexibly, and faster? And what must be done on both sides of the Atlantic to further ease the collaboration across?

With these open questions, let me take a moment to express my sincere gratitude thanks to the Moderators and to the Panellists who will trigger our discussions today. Thank you for your readiness and willingness to offer your insights and ideas today.

By the same token, I want to thank you, the audience, for coming here today to be a very active part in this discussion: **Let us pool our knowledge, experience, and ideas, to address a common challenge, to look for creative solutions, in multinational collaboration – in the very spirit of Smart Defence.**

VI. Panel 1 Findings

Panel 1:

The imperative for increased Alliance trans-Atlantic defence technological and industrial cooperation in an era of "Smart Defence"

Moderator: Mr. Robert Bell

Rapporteur: Dr. Jerry McGinn

Main Findings

- There was consensus that this is a watershed moment for defence budgets and for the transatlantic defence industry. The current fiscal environment on both sides of the Atlantic has focused attention on significant defence budget cuts. At the same time, however, the panellists noted that the present stringent financial situation actually creates an opportunity for TADIC and mandate for improved international cooperation.
- All panellists noted the importance of maintaining the capabilities of the defence industrial base despite the challenges of the current fiscal environment.
 - Defence is "globalizing"; a number of countries outside of NATO are investing in their defence industrial base
 - How do we mobilize our R&T to make the right investments for the future?
- There are a large number of TADIC initiatives currently underway. They include broader efforts such as the Obama Administration's export control reform initiative, the European Union directives on defence procurement, and NATO's Smart Defence, but they also include more specialized agreements such as the U.S.-UK Defence Trade Cooperation Treaty and the Franco-British treaties. Panellists have not seen any conflict between the broader frameworks and the more focused agreements, but noted the need of ensuring that they are harmonised and work together:
 - Smart defence, export control reform, and other TADIC efforts are mutually reinforcing
 - Specialized agreements such as bilateral treaties are practical measures to meet specific bilateral requirements
 - These efforts must be complementary to broader reform efforts and not represent the creation of "an exclusive club"
 - Best practices and lessons learned from bilateral efforts should inform the broader reform efforts and the larger defence community
- Governments and industry need to learn from past and ongoing transatlantic cooperation efforts
 - Do everything we can to streamline processes to improve cooperation
 - Maintain security while improving cooperation
 - Maintain two-way street across Atlantic; export control reform will lead to open door on both sides of Atlantic

- ▶ Industry is adapting to the financial environment through a number of measures
 - Restructuring, rationalizing, cutting
 - Looking for opportunities across businesses and across national boundaries is now a necessity, not an option
 - Increasing international footprint through acquisitions
 - Looking closer at successful joint ventures; key success factors include:
 - Strong commitment by parent companies
 - Unifying mission
 - Cultural fit

- ▶ TADIC will be increasingly important in the coming years, but it will take a concerted effort by governments and industry to achieve success in transatlantic initiatives
 - Governments need to take every opportunity to foster and create incentives for transatlantic defence industrial cooperation.
 - Governments need to continue to harmonise various cooperative efforts
 - There is a need to create indicators to measure the progress of transatlantic cooperation efforts over time
 - Recommendation for future NIAG work
 - The structural frameworks of the global defence industrial base need to be part of the TADIC discussion
 - It is hard for businesses to navigate the numerous transatlantic initiatives underway
 - The regulatory structures for global defence companies do not match need for international cooperation
 - E.g., multi-national companies often have more problems cooperating internally across borders than if they were not part of the same company

- ▶ We are a long way from achieving the results of fuller defence industrial cooperation, being only at the beginning of the process

VII. Panel 2 Findings

Panel 2:

Delivering Alliance capability: lesson learned and future prospects for Trans-Atlantic programmes.

Moderator: Mr. Jean Fournet

Rapporteur: Dr. Peter Collins

Main Findings

- From a NATO military/operational perspective on the field, the cooperation has worked well for many decades. Examples include areas such as interoperability, trading parts, communication and intelligence.
- From a business perspective, there is, however, an urgent need for reform of U.S. and EU export control and technology release procedures in order to create a transatlantic defence and technological level playing field and avoid trade barriers.
- Offsets are economically inefficient and trade distorting, and, therefore, should be abolished. The minimum Europe could do, is harmonise its existing offset policies.
- The JSF (F-35) programme is a good example of a TADIC programme where "best value" takes precedence over "offsets"
- Small and Medium Sized Enterprises (SMEs) do not have the resources to fully comply with export control regulations and procedures.
- SMEs could be better involved into transatlantic cooperation through prime contractors
- Today's trend is that governments still act within national boundaries whereas defence companies are becoming global actors, particularly at subsystem level. A globalized supply chain needs new policies and processes. Governments must recognise change and adapt processes to meet this new reality.
- Europe has been actively pursuing the U.S. market, including through acquisition. European access to the U.S. DoD procurements needs to be improved. European companies need to be able to take part in U.S. programmes, UAS and cyber are examples, or they may seek other markets.
- The trans-Atlantic Defence Industries need to develop together new technology. But regulations stand in the way. Regulatory change is too slow to match the pace of technology. Law interpretation is not consistent and implies risk.
- The U.S./EU R&T gap is 7 to 1. More R&T investment is needed in Europe with opportunities for trans-Atlantic cooperative R&T.
- There is a need to sustain a defence technological and industrial base (DTIB) on both sides of the Atlantic, including for security (cf. analogies from civil world; e.g., ATC and NEC). There is a need to cross-fertilise. But what does DTIB entail: national, regional, or trans-Atlantic?

- ▶ The regulatory system is improving, but changing the mindset is hard; used to be 'just say no'. Balance between protecting our side and enabling collaboration. Need risk management rather than total risk aversion. Export control reform initiatives should be designed to enhance trans-Atlantic security and strengthen the Alliance's ability to counter threats.
- ▶ There needs to be a concerted effort in both Europe and North America to seek political support for the benefits that TADIC provides to our mutual national security, economies and respective industrial bases. An educational effort to inform the legislatures of both sides of the Atlantic about the economic and national security benefits of TADIC is needed. This would greatly enhance both the compliance of export control reform initiatives as well the security objectives of Smart Defence for our Alliance.
- ▶ There is a need to work together on critical technology protection, linking EU and U.S. efforts. Industry should comment and provide feedback on new lists when available.
- ▶ The U.S. Government should consider developing an approved/trusted community for the European companies which will be certified according to the new European Directive 2009/43/EC of 6 May 2009, simplifying terms and conditions of transfers of defence-related products within the Community.
- ▶ NATO and EU share values/vision but have different defence roles. The EU is more focused on comprehensive approach. There is a large overlap of members and member states drive. EC takes market approach, believing it helps the defence industry. But the defence industry also needs consolidation of the demand side in Europe. Some years are needed to judge effectiveness of the new European "Defence Package" directives, but Governments should also drive demand consolidation and harmonisation of requirements. Why is the harmonisation of military requirements so difficult? Civil world has to harmonise requirements all the time. Can EC/EDA help?
- ▶ The way defence companies do business with NATO should also be re-examined. Today it's easier to deal with a NATO Member State separately than within a multinational framework. The NATO environment is even more difficult for SMEs to get access to.
- ▶ Shouldn't a separate defence line/theme be added to the next EC Framework Programme for R&TD (Horizon 2020) to help redress imbalance? Apparently the time is not appropriate politically, but cooperation might be fostered within the EDA.
- ▶ NATO/EU should not aspire to own technology but leave it to industry to supply appropriate solutions.
- ▶ The time for major trans-Atlantic platforms might well be over.

VIII. Wrap up by the two Panel Moderators and Chairman

This discussion took place over a working lunch for conference participants in the NATO Headquarters on 14 October.

Remarks for the closing session by Mr. Patrick Auroy, Chairman

Ladies and gentlemen,

Once again a warm welcome to everybody. And thank you very much for all the contributions you have already made during this morning's Panel sessions.

You have successfully completed a first round of discussions, and over this working lunch arrangement, I'm very much looking forward to a second round.

But first, let me take the opportunity to express my sincere appreciation to our sponsoring partners for the TADIC Conference – EADS, Thales-Raytheon-Systems, Finmeccanica, and United Technologies. It is their dedicated and continued support that made this event possible at the level of quality we all agree it deserves.

And I'd like to thank the NATO Industrial Advisory Group, the NIAG, for their continued work on this subject over the last years, leading up to this very conference. I am convinced that this subject will continue to be of utmost importance for the NIAG, and I am glad that they will, through a dedicated study group, deliver the report on the outcome of this conference.

In the course of this morning's discussion, you have addressed two broad sets of questions.

- ▶ Panel 1 looked into *"The imperative for increased Alliance trans-Atlantic defence technological and industrial cooperation in an era of Smart Defence"*,
- ▶ Panel 2 focused on *"Lessons learned in delivering Alliance capabilities and future prospects for Trans-Atlantic programmes"*.

The purpose of this work lunch is to integrate those two separate discussions and to look for conclusions and recommendations drawn from there.

In order to facilitate this discussion now, I have asked the moderators of both Panels to each deliver a short summary of the main points of discussion. **You will find those summaries in printed copies at your table already.**

I will now invite the moderators to briefly walk us through these summaries, and offer additional observations that will help us in drawing the right conclusions from this morning's Panel sessions.

Following the summary on Panel 2, I will then invite a plenary discussion on the way forward. The aim is to distil a reasonably small set of recommendations that are meaningful and achievable for Smart TADIC in the Smart Defence context.

Intervention by Mr. Robert Bell, Moderator for Panel 1

I will not limit my points to just the discussion during Panel 1, but will attempt to identify key themes throughout the course of the morning discussion:

- Clear consensus that this is a critical moment for defence budget and defence industry. Despite the significant impact that cuts will have on national defence budgets, threats remain. Since the level of ambition of the Alliance is steady, this creates an imperative for transatlantic defence and industrial cooperation.
- All of these transatlantic efforts deserve our support. All deserve for governments to be encouraged to fully implement them. All those efforts complement each other and should not be seen as in competition with each other. The U.S.-UK Defence Trade Treaty should be seen as an example of what can be done in transatlantic cooperation.
- The structural frameworks of the global defence industrial base need to be part of the transatlantic discussion
 - Hard for businesses to navigate the numerous transatlantic initiatives underway
 - The regulatory structures for global defence companies do not match need for international cooperation
 - e.g. Multi-national companies often have more problems cooperating internally across borders than if they were not part of the same company
- There are three actors in the transatlantic cooperation: Governments, Industry and Congress and Parliaments. We need enhanced dialogue between governments and industry and, even if this last element was missing from our discussion today, we need to think new about how to engage Congress and Parliaments in these efforts
- We need to focus on concrete solutions. The days of the huge platforms undertakings may be well over. The real building block of smart defence should be more to take advantage of the small blocks. Not the big huge top-down solutions but more bottom-up solutions on how we can better work together.

Intervention by Mr. Jean Fournet, Moderator for Panel 2

- Things have changed in the last 20 years, but it has been a slow process. It was good to see that we had the EU officially taking part in the conference, for instance.
- The role of industry has also changed. In the past, governments were deciding and industry was following. Now, industry is involved right from the beginning when a solution is identified.
- The harmonisation of requirements is a key topic for future transatlantic efforts.
- Continued dialogue remains critical.

Questions and Comments by Conference Participants

- Important that NATO reach agreement on Alliance Ground Surveillance (AGS). Any opportunity to show that AGS Programme is successful should be seized. Successful fielding of AGS gives great credibility to NATO and to international defence cooperation.

- The U.S. Congress is one of the major actors, critically impacting the transatlantic cooperation. Any opportunity to inform and educate Congress on TADIC and capabilities such as AGS should be taken.
- Each side of the Atlantic has its limitations and restrictions. Both sides are taking positive action, such as the U.S. export control reform initiatives and EU directives on security and defence procurement and on intra-community transfer of defence goods. However, these need to be harmonised to stimulate enhanced cooperation. Is there any special undertaking going on?
 - Not enough according to the respondent. The EU companies' certification process, for example, could have very useful synergies with parts of the U.S. export control reform effort.

Conclusion by Mr. Patrick Auroy, Chairman

Ladies and Gentlemen,

This has been a fruitful and encouraging exchange on Trans-Atlantic Defence Technology and Industrial Cooperation.

A lot has been achieved already, but more still needs to be done. Through this discussion, we have identified a number of initial recommendations for a way forward.

These initial recommendations, together with the summaries of the Panel discussions, will form the core for the conference proceedings the NIAG study group will deliver. And I am very much looking forward to receive that report before the end of this year.

I intend to use that report and circulate it widely to all relevant fora. And of course, that report will be the basis for the follow-up in the armaments community.

Ladies and gentlemen,

Let me take the opportunity to thank all of you for your contributions to make this event a success: the moderators, the panellists, all participants, the NIAG and its study group, and, of course, the support staff, the note takers and rapporteurs.

IX. Conference Conclusions and Recommendations

The conclusions are derived from the general discussions and build upon the major findings from the two panels. Specifically are addressed: (1) the **importance of the transatlantic cooperation** to the Alliance, (2) the **positive developments** that have taken place since our initial TADIC Conference in 2009, (3) the **negative aspects** still requiring attention and how to deal with them, and (4) **recommendations for action**.

(1) Validation of TADIC's Importance

The importance of the transatlantic cooperation to the Alliance was confirmed by both panels. Some of the major findings follow:

- The panellists agreed that this is a critical moment for defence budgets and for the transatlantic defence industry. Despite the significant defence budget cuts that are and will continue in national defence budgets, the threat facing nations and NATO remains. The panellists noted that the present financial situation validates the importance of the cooperation, creates an opportunity for its expansion and, more broadly, underscores an imperative for international and transatlantic industrial cooperation.
- All panellists noted the importance of maintaining the capabilities of the defence industrial base despite the challenges of the current fiscal environment. Defence is "globalizing" with even countries outside of NATO investing in their defence industrial base.
- The current budgetary environment should be seen by governments and industry as an opportunity for improved cooperation.
 - It is an opportunity for nations to create a cooperative competitive defence market with appropriate policies and processes for a harmonised supply chain.
 - It is an opportunity for the European defence industry to consolidate and rationalise into a strong European DTIB. The current high degree of fragmentation, national industries, and intra-European competition is no longer sustainable.
 - It is an opportunity to foster robust transatlantic technological and industrial cooperation.
- There are three key actors or participants who have key roles in the transatlantic cooperation process: Governments, Industry and the Legislatures (Congress/Parliaments) of our respective nations. It was clear that only the first two participated in the TADIC discussions. Legislators need to be engaged and involved in future TADIC efforts where appropriate.
- The inclusion of representatives from the EU was a positive development for this TADIC conference and is consistent with the importance of NATO-EU collaboration as was agreed to at the Lisbon Summit.
 - Cooperation between NATO and the EU/EDA should include the goal of harmonization of requirements and greater civil/military cross-fertilization.
 - EU and NATO should not aspire to own technology, rather should leave it to industry to supply appropriate solutions.
- The overall role of industry has been changing. In the past, governments were deciding and industry was following. Today, industry is encouraged to be involved early in the process to assist in development of requirements and identification of potential capabilities.

- Governments must seriously seek opportunities to foster and create incentives for transatlantic cooperation.
 - It is important that NATO achieves agreement on the fielding of Air Ground Surveillance (AGS), as one of the very few examples of commonly owned and operated capabilities. Successful fielding of AGS gives great credibility to NATO and to international defence cooperation.
 - It would be beneficial to hold regular TADIC conferences, perhaps biennially, for European and North American officials, to include legislators, to address the progress being made and to identify any major impediments.

(2) Recent Positive Developments since the 2009 TADIC Conference

- There are a large number of transatlantic initiatives currently underway. They include broader efforts, such as, the Obama Administration's export control reform initiative, the European Union directives on security and defence procurement and on intra-community transfer of defence goods, and NATO's Smart Defence. They also include more specialized agreements, such as, the U.S.-UK Defence Trade Cooperation Treaty and the Franco-British treaties.
 - US DoD efforts to review and streamline its technology security and foreign disclosure policies are commendable and consistent with Administration efforts to streamline the antiquated export controls.
 - The US recognizes that gains in budget saving can be achieved by pursuing international cooperation and will pursue same.
- Panellists saw no contradiction between the broader frameworks and the more focused bilateral agreements, but noted the imperative of ensuring that they are harmonized and not in competition with one another.
 - Smart defence, export control reform, and other transatlantic efforts are mutually reinforcing
 - Specialized agreements such as bilateral treaties are practical measures to meet specific bilateral requirements
 - These efforts must be complementary to broader reform efforts and not "an exclusive club"
 - Best practices and lessons learned from bilateral efforts should inform the broader reform efforts and the larger defence community
- Industry is adapting to the stringent financial environment in defence through a number of measures, such as: restructuring, rationalizing and reducing; looking across businesses and national borders for opportunities; increasing international footprint through acquisition; and looking closer at joint ventures. Key success factors for joint ventures include strong commitment by parent companies, unifying mission, and cultural fit.
- From a NATO military and operational field perspective, things seem to have worked generally well for many decades, with examples including areas such as interoperability, communications and intelligence.
- The Joint Strike Fighter F-35 programme is a good example of transatlantic programme where "best value" takes precedence over "offsets."
- Also the SESAR/NEXTGEN programmes with their links to the NATO Air Space Control are possible test grounds for TADIC.

- ▶ The Belgian delegation suggested the idea of export control compliance programs/software be considered, as an area where standardization might bring added value to compliance requirements and to ensure no loopholes in the system and to create trust and confidence among participating nations.
- ▶ By opening up market within Europe for defence and security equipment, the EU has created a new, level playing field. Together with fair competition and economic reality, this should prompt the cooperation and consolidation that is needed in the European defence industry. It should increase business opportunities across the single European market and ultimately, improve the competitive edge of European defence companies in the global markets.
- ▶ The NATO ACT-led Task Force on Building Capability through Multinational and Innovative Approaches has completed a challenging, outstanding effort to identify a number of recommendations and proposals for nations and the Alliance to consider for implementation. Most of these have a transatlantic implication or potential contribution for the Alliance.
- ▶ In the United States, in the month following our TADIC Conference, the President's Export Council recently (November 16, 2011) wrote to the President, outlining a number of recommendations for furthering the Export Control Reform Initiative. Many of those recommendations are in line with a number of the findings from this TADIC Conference. The Council emphasized the importance of having "the proper continuity of political support," including continued collaboration between the Obama administration and key congressional oversight committees.

(3) Extant Negative Aspects Requiring Attention

- ▶ Governments still act nationally whereas defence companies act globally, particularly at subsystem level. A globalized supply chain needs new policies and processes. Governments must recognise change and adapt processes to meet this new reality.
- ▶ Europe is actively pursuing the US market, including through acquisition. However, European access to the US DoD procurements needs to be improved. European companies need to be able to take part in US programmes; UAS and cyber are examples, or they will be obliged to seek other markets.
- ▶ There is a need to sustain a defence technological and industrial base (DTIB) on both sides of the Atlantic. The trans-Atlantic Defence Industry needs to develop new technology together. It was recognized that technology transfer is related to national will, with foreign and technology security policy key factors in technology transfer decisions, particularly in the US. In that regard, Mr. Frank Kendall provided encouraging remarks at the CNAD Dinner regarding the ongoing efforts by the DoD to review its processes for technology security and foreign disclosure to improve how the US can share technology with its allies and partners.
 - Regulatory change is too slow to match the pace of technology.
 - The interpretation of law is not consistent and implies risk.
 - More R&T investment is needed in Europe with opportunities for trans-Atlantic cooperative R&T. The US/EU R&T gap is 7 to 1.
 - There is a need to cross-fertilise. But what the DTIB should entail is not entirely clear - national, regional, or trans-Atlantic.

- ▶ The regulatory system is improving, but organisations cultural changes are hard. It should be a balance between protectionism and enabling collaboration, as well as risk management rather than total risk control.
 - Attitudes in the U.S. Congress are often an impediment to changing mindsets – one bad example of technology diversion can do lasting damage to reform efforts.
 - Export control reform initiatives should be designed to enhance transatlantic security and strengthen the Alliance’s ability to counter threats.
 - There is a need to work together on critical technology protection, linking EU and U.S. efforts. Industry should comment and provide feedback on new lists when available.
 - There is a need for regulatory clarity
- ▶ NATO and EU share values/vision but have different defence roles. The defence industry needs a consolidation of the demand side in Europe. Time is required to evaluate the effectiveness of the new European “Defence Package” directives; meanwhile Governments should drive demand consolidation and harmonisation of requirements.

(4) Recommendations / Action Plan

We have compiled the various actions needed or recommendations that were identified or discussed during the TADIC Conference – by each of the key speakers, panellists and general discussion. These have been organized into an Action Plan that will facilitate monitoring of the various recommendations for follow-up action or resolution by the staff of the ASG-DI.

TADIC 2011 Conference - Action Plan

No. Cat.	Source	Specific Recommendation	Action By	Remarks
1 Pol	Strategic Concept, TADIC Background	Allies to develop and operate capabilities jointly, for reasons of cost effectiveness and as a manifestation of solidarity.	NATO and EU	This assertion at the Lisbon Summit underscores NATO's core principle that the best security is shared security.
2 Pol	Mr. Kendall	The Administration's Initiative on export control reforms is making significant progress and needs to continue. Additionally, the DoD is reforming its foreign disclosure and technology security policies. These developments should be followed and their impact on TADIC evaluated.	CNAD	ASG-DI and CNAD need to keep this subject high on the agenda for status and progress reports.
3 Prg Pro	Mr. Kendall	The stringent defense budget reductions and globalized nature of North American and European defense industries argue for more international cooperation in acquisition, technology and logistics. Cooperation must be emphasized in smaller programs. We all must continue investments in the technology base to meet future threats. We should try to reduce, as far as possible, bureaucracy, to reduce time spread and costs.	CNAD	The ACT-led Task Force on Building Capability through Multinational and Innovative Approaches has identified a number of Tier 1 proposals where nations could work together in smaller programs to achieve near term capability that is sorely needed. NATO Agencies should be tasked to support and assume a coordination role for the transatlantic exchanges in case of NATO programmes . (This ties in with Action No. 7.)
4 Pol	ASG Auroy	While recent European legislation has removed national barriers and opens up markets within Europe, a level transatlantic playing field is needed. The May 2012 NATO Summit in Chicago will centre on transatlantic security cooperation, at which NATO can have a vision for transatlantic cooperation.	CNAD	The ACT-led Task Force on Building Capability through Multinational and Innovative Approaches has set the stage for nations to respond. Industry needs to stimulate their governments as appropriate.
5 Pro	Panel 1	Governments and Industry need to learn from past and ongoing transatlantic efforts. We must: do everything we can to streamline processes to improve cooperation; maintain security while improving cooperation; maintain two-way street across the Atlantic (export control reforms on both sides).	NIAG	Future NIAG Study: Compare the progress made since TADIC 2009 to present, highlight for CNAD.
6 Pol	Panel 1	Governments need to take every opportunity to foster and create incentives for transatlantic cooperation.	CNAD	Emphasis needed to make this happen.
7 Pol	Panel 1	Governments need to continue to harmonize various transatlantic cooperative efforts.	CNAD	NATO needs to be the facilitator to make this happen.
8 Pro	Panel 1	There is a need to create indicators to measure the progress of transatlantic efforts over time. (This ties in with Action No. 5.)	NIAG	Future NIAG Study effort.

No. Cat.	Source	Specific Recommendation	Action By	Remarks
9 Pol	Panel 1	The structural frameworks of the global defence industrial base need to be part of the TADIC discussion. It is difficult for industries to navigate the numerous TADIC initiatives underway. Also, the regulatory structures for global defence companies do not match the need for international cooperation.	NIAG	Future NIAG Study effort.
10 Pol	Panel 2	Offsets are economically inefficient and trade distorting, and therefore, need to be abolished.	EU and NATO	EU is taking action via its defence procurement directives.
11 Pol	Panel 2	A globalized supply chain needs new policies and processes	CNAD	Referred to often during the Conference; it will require encouragement to Nations to define policies.
12 Prg Pol	Panel 2 Mr. Kendall	There is a need to sustain a defence technological and industrial base on both sides of the Atlantic. Monitor the progress of the ongoing US DoD review of its foreign disclosure and technology security processes with the aim of improving technology transfer to Allies.	CNAD NIAG	Mentioned often during Conference discussions. This has a major impact on US defense technology transfer.
13 Pol	Both Panels	Legislatures (Congress and Parliaments) need to be engaged and included in the TADIC dialogue.	NATO and EU. CNAD NIAG	Include legislators in future TADIC Conference. Promote dialog with legislators in both North America and Europe, emphasizing the economic and security benefits from transatlantic security cooperation.
14 Pol	Panel 2	The U.S. Government should consider developing an approved/trusted community for the European companies which will be certified according to the new European Directive 2009/43/EC of 6 May 2009, simplifying the terms and conditions of transfers of defence-related products within the Community.	CNAD	Relates to NATO-EU cooperation and appropriate European approach to US Government.
15 Prg	Panel 1	We need to focus on concrete solutions. The days of huge platform undertakings may well be over. We should concentrate on smaller programs for international cooperation. (This ties in with a comment in Action No. 3.)	CNAD	The ACT-led Multinational Approaches Task Force has identified a number of opportunities for nations to implement.
16 Pol Pol Pol	General Discussion, both Panels	There needs to be a concerted effort in both Europe and North America to seek political support for the benefits that TADIC provides to our mutual national security, economies and respective industrial bases. An educational effort to inform the legislatures of both sides of the Atlantic would greatly enhance both compliance of export control reform initiatives as well the security objectives of Smart Defence for our Alliance. Any opportunity to educate the U.S. Congress and European Parliaments on TADIC and capabilities important to NATO, such as, AGS should be taken.	CNAD w/NIAG Support	North American and European industry associations can help. But government intervention is required to educate and to inform the Congress, the EU and National Parliaments.

No. Cat.	Source	Specific Recommendation	Action By	Remarks
17 Pro	Panel 2	Small and Medium Enterprises (SMEs) have considerable niche capability, but don't have the resources needed to fully comply with export control regulations and procedures. They need to better communicate their capabilities to the primes and vice versa.	NIAG	Could conduct a survey of selected SMEs in both sides of the Atlantic as part of a future NIAG study. Would be especially relevant as increased emphasis continues in the security vice pure defense areas.
18 Pro	Both Panels, Speakers	NATO needs to streamline its business processes to be successful in future cooperative programs. Only large companies have the resources to participate in large programs which will exclude the SMEs. But the trend should be to smaller cooperative programs and in new areas like cyber security, cloud computing, and technology base development. The notion of export control compliance programs/software as raised by Belgian should be considered.	CNAD, NIAG, Belgium	Inclusion of SMEs is an important consideration in both TADIC and NATO Smart Defence.
19 Pro	Panel 2	There needs to be continued emphasis on the harmonization of military requirements – between NATO and the nations. This is done routinely in the civil world. Perhaps EC/EDA can assist NATO in this harmonization process.	CNAD	An oft-stated action throughout the TADIC discussion.
20 Pro	Panel 2	The way defence companies do business with NATO needs to be reexamined. Today, it is easier for industry to deal with its member nations separately than within a multinational framework. The NATO environment is even more difficult for SMEs to access.	NIAG	Could be the study topic in a future NIAG TADIC study.
21 Prg	General Discussion	Another TADIC Conference should be held in 2013 to allow North American and European officials and industrialists to address the state of progress in TADIC efforts. Include legislators in this next Forum.	CNAD NIAG	Would hold governments on both sides of the Atlantic accountable for progress in TADIC related initiatives. Progress since the first TADIC should be quantified.

Legend: **Pol** - Policy; **Prg** - Programmes, practical cooperation; **Pro** - Procedures

X. Previous Documentation

1. CNAD TADIC Conference Brochure
2. CNAD TADIC Conference Background Paper

