

SMART DEFENCE AND DEFENCE INVESTMENT

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Let me introduce the company I'm representing: Finmeccanica is an euro 17 billion company, with almost 70,000 employees and which operates since at least 30 year in Rumenia, where we have a corporate office. And our products are operating in the country, from energy plants to the C-27J tactical airlifter.

There could not be a better time for discussing Smart Defence and Smart Investment, since governments and industries are both compelled to adjust to a financial scenario which is far from being benign for defence and security investments.

Indeed we should be forced, by necessity, to make every single euro count. And by doing that we have a real opportunity to change for the better the way defence planning and procurement is done, pushing also the industry to adapt.

Unfortunately so far this is not happening, we have to admit. NATO has recommended to coordinate the inevitable defence spending cuts across the Alliance and also suggested to take this opportunity to carry out what would be a real smart asset allocation, the "country specialization". Country specialization calls for each country to concentrate resources to build some specific capabilities, not trying to build a 360° capable complex of forces, which is, by the way, probably beyond the grasp of any NATO country, excluding the USA. Also, this could be the right moment to try to fulfill the NATO commitment to address the well known capability gaps and to try to gradually build the essential capabilities which the Alliance still lacks, totally or partially.

So far we have seen no progress in this direction, each country is proceeding alone, without even consulting with the partners. Once defence cuts have been outlined at national level, each country carries the exercise to identify which capabilities are to be defended and which are to be reduced or canceled. In many