

1 Europe's rejected constitution may have thrown a spanner into many of  
2 Europe's loftier policy aspirations - freezing the creation of an EU  
3 foreign minister, for instance - but there's one institutional offspring  
4 that carries on unscathed: the European Defence Agency (EDA).

5 Created just a year ago and operational since January, the agency is  
6 largely unknown beyond Europe's clubby defence, industrial and security  
7 policy circles. But it is growing fast, with a rapidly expanding  
8 workforce and agenda, and new headquarters in central Brussels.

9 The EDA could become a real force for change in Europe's fractured and  
10 highly protected national defence industries. As an intra-governmental  
11 creation of the EU's Council of Ministers, it reports directly to  
12 national capitals, for instance. This means that its legitimacy doesn't  
13 hang on the Constitution, as EDA chief executive Nick Witney explains:  
14 "The agency is not formally dependent on ratification of the  
15 Constitution, since we were created by the Council as a separate legal  
16 entity," he says. "So there's no direct impact on the work we're doing."

17 That means the EDA is free to concentrate on its own agenda: namely to  
18 coax, badger and shove Europe's splintered defence industries into a  
19 coherent whole.

20 A first step is to persuade national defence ministries to pool their  
21 limited budgets to create economies of scale and collective demand.  
22 Collective demand, so goes the argument, should lead to a collectivised -  
23 or in other words, rationalised - defence supply industry.

24 The agency's remit spans everything from managing joint research projects  
25 funded by various defence ministries to creating cross-border competition  
26 for defence procurement within the EU. If the latter succeeds, that alone  
27 will make history, because national defence procurement has been entirely  
28 exempted from the EU's cross-border tendering rules that apply to all  
29 other industrial sectors.

30 Confidentiality of information flowing to and from the EDA will be  
31 imperative, not only for reasons of security but to protect industrial  
32 and commercial secrets, because the EDA will be dealing directly with  
33 Europe's defence industry players.

34 One of Witney's key roles will be to act as a broker between the defence  
35 sector's "buyers and sellers" - the defence ministries and companies - as  
36 his agency faces the prickly task of streamlining a €160 billion chunk of  
37 Europe's economy intimately linked to the notion of national sovereignty.

38 But no notion is eternal. Referring to discussion within the EDA's  
39 steering board, Witney says "there's simply no argument about the need to  
40 further consolidate the EU's fractured defence industry. I've visited all  
41 the national defence ministries and each is struggling to work out how  
42 its limited budget can best be used. It all points to more consolidation  
43 and rationalisation."