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Ministro da Defesa Nacional

**Intervenção do Ministro da Defesa Nacional, João Gomes
Cravinho, na AED Days 2021**

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Good morning,

It is a pleasure to be with you at this 8th edition of the Aeronautical, Space and Defence Cluster Days. Thank you, Eng. José Neves, for the kind invitation.

Since the last time that I participated in this event, in 2019, the COVID19 pandemic has tested the ability of our Armed Forces to adapt and to respond to complex emergencies. For some, this could be a paralyzing experience, but instead of paralyzing us this challenge has made us more resilient in our National Defence capacities. Now, looking at your three-day event, it is very satisfying to see that the pandemic did not paralyze you either, and that the sectors here represented remain active and vibrant.

An excellent example of this, despite the global economic slowdown, is the recent contract between a member of this cluster, OGMA, and Pratt & Whitney, a contract that is worth 600 million euros annually, for the maintenance of Geared Turbofan (GTF) engines in Portugal.

Another good example is the increasing weight of the Defence cluster in Portuguese exports, growing from 1,6% in 2010 to 2,8% in 2019, with a significant contribution from the aeronautical sector. Our expectation is that this positive trend will continue. A strong defence industry is crucial for the ability of our Armed Forces to carry out their missions. But it is also critical for the recovery and growth of the Portuguese – and the European – economies.

Apart from the resilience of the sector, AED is an innovative and highly internationalized cluster, exporting 87% of its production. It is well integrated into international supply chains and has demonstrated its capacity to retain highly qualified workers. These are competitive advantages in a European defence market in which competition is still dominated by big groups, and in which SMEs have a challenge in asserting themselves.

A fundamental part of the response to this challenge is scaling up, and the most promising way to do this for our companies is by increasing their international participation, particularly in European collaborative projects, such as those of the European Defence Agency, the European Space Agency, the Permanent Structured Cooperation (PESCO), as well as taking advantage of

the significant funding opportunities that are available under the new European Defence Fund that amounts to 7,9 billion euros.

I am very much aware of the critical role that the Portuguese Government has to play in this regard, and it is our job at the Ministry of Defence to guarantee that the State is effective in facilitating the internationalization of our Defence Technological and Industrial Base.

This has been a priority for the Government and that is why we have given IdD Portugal Defence a catalyzing function for this innovative and exporting potential.

As you know, in 2019 we approved the Defence Procurement Law by a significant parliamentary majority. This Law represents an investment of 4.75 billion euros in military capabilities over the next 12 years. This investment aims of course at renovating and modernizing our Armed Forces, after years of budget cuts but, simultaneously, it will boost investment in the national economy by acting as a lever for the development of the Defence Industry. Projects such as the KC-390 and the Ocean Patrol Vessels represent great opportunities for this cluster.

Ladies and gentlemen,

the need to strengthen the European Defence Economy was a top priority during the Portuguese Presidency of the Council of the EU in the first semester of this year. We view this as instrumental to achieving a fundamental strategic objective that has been made

more evident by the withdrawal from Afghanistan: we need to increase our level of ambition in European Defence, and the Strategic Compass on which we are working should reflect this reality.

But this ambition must be realistically sustained by a significant growth in EU military capabilities. To do this, we need to strengthen interoperability, reduce market fragmentation, and induce collaboration between national defence industries in a more levelled European playing field.

This is why we worked hard with the European Commission during our 6-month Presidency to approve the European Defence Fund Regulation and its work programme for 2021, which in turn

allowed for the first round of 23 calls to open some days ago. I consider this to have been a major achievement of our Presidency.

I am sure that many companies, universities and research centers in this cluster are already making preparations but let me take this opportunity to encourage all of you to actively participate, integrating consortia or even leading them. Calls related to High-altitude platform systems, Space, Air Combat, Air and missile defence, Disruptive technologies, just to mention a few key areas, represent more than 350 million euros in the Fund.

One of the fundamental trends we face has to do with the enormous technological transformations, that represent opportunities, but also risks to our security. In its scale, this transformation is similar to that of the strategic revolution that

resulted from the development of nuclear weapons. Increased competition between great powers is leading to rapid developments in new weapons systems that exploit the limits of science, and in this revolution, the aeronautics, space, and defence sectors are essential for a Europe that cannot accept being reduced to the role of a passive spectator.

We have been working closely with the European Commission, the European Defence Agency and with NATO on Emerging Disruptive Technologies, and the EU's Strategic Compass will hopefully provide the industry with some additional guidance in terms of future priorities for capability development.

One field where clearer political guidance is needed at a European level, in my opinion, is Space. Space is becoming more congested,

more contested and more competitive. Among our allies, after the US, France is the first EU country to set up a Space command within its Air Force. Secure access to this global common for the European Union and its Member States must be promoted and defended. That is why we are supporting the development of a specific European space policy for security and defence, promoting close synergies between civilian and defence space industries.

In Space, as in other fields, of course Portugal is not a great power and does not have at its disposal all the human and technological resources it would like. But all these changes require us to adapt and to innovate, at the political level, in the Armed Forces, and in the defence ecosystem. No country can afford to stay behind in this vital domain.

However, the need to balance limited means with vital objectives is the essence of Strategy. This is precisely what we are doing in the government. Last year we approved the national Defence Strategy for Space, which will be presented in a public event on 26-27 October, to which you are invited. As part of the European Space Surveillance and Tracking (SST) Consortium we collaborate closely with the Autonomous Regions of the Azores and Madeira through a dedicated program that reached its first milestone in May, when the Space Operations Center became operational in Terceira Island in the Azores. I am very pleased that this is the first governmental operational program in Portugal in the space area with dual civil-military characteristics to be managed by National Defence.

Another great opportunity for our industry will be, I hope, the “Magellan Orbital”, founded by a consortium with IdD Portugal Defence and some members of this Cluster.

A final important lesson from Strategy is that scarcity imposes specialization. So, let me end by stressing the importance of qualifying and specializing our people working in these sectors. Two important new examples of this are the “Arsenal do Alfeite Academy”, launched in April, financed by the Recovery and Resilience Plan; and the “Aeronautical Academy by OGMA”, to be launched in October. Both aim to qualify professionals in their respective industrial fields, naval and aeronautic, promoting innovation and strengthening a much-needed connection between industry and academia.

Investing in people and “going European” are the best ways to go if Portugal is to maintain an active and cutting-edge role in this new technological era. For that, you can continue to count on our support.

I wish you all the best for your work. Thank you.