

# Defence-related products: simplifying terms and conditions of transfers within the Community

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This report concerns the evaluation of Directive 2009/43/EC of the European Parliament and of the Council simplifying the conditions for intra-EU transfers of defence-related products. It assesses the extent to which the objectives of the Directive have been achieved, in particular with regard to the functioning of the internal market.

**Assessment of the Directive:** the report concludes that, overall, the Directive provides an **appropriate basis** for resolving problems relating to the transfer of defence-related products in Europe. Its tools still correspond to the needs and risks originally identified.

In the period 2012-2014, for example, between **500 and 600 global transfer licenses** were issued each year in 21 Member States. The vast majority of transfers are still made through **individual transfer licenses**, while only a small proportion have been made with global transfer licenses and general transfer licenses. The use of prior authorisation exemptions varies significantly. In addition, the use of **certification** was lower and slower than expected.

Since the Directive has only recently been implemented, its influence on the development of an industrial and technological defence base in Europe and a European defence equipment market is not yet apparent.

Although the Directive is on track to achieve the objectives set out initially, it is nevertheless possible to improve its coherence. Therefore, instead of amending the Directive, the Commission plans to focus its efforts on **improving its implementation**, developing guidance and recommendations and promoting its use.

**Way forward:** in line with the [European defence action plan](#), the way forward in the report is to:

- strengthen adherence to the existing legislative framework on transfers of defence-related products;
- improve the availability of general transfer licenses throughout the European Union;
- find a solution to the limited application of the certification system.

On the basis of the findings of the evaluation, the contributions of the Member States and the sector throughout Europe, the Commission intends to:

- **improve the implementation of the Directive in the Member States** by establishing a dialogue with the national authorities in order to resolve the remaining problems in this respect. In particular, it is necessary to reduce the perception that the certification system would be of little benefit;
- **allow Member States to extend the scope of their general transfer licenses** to other products and components, provided that they do not add transfer conditions which would be contrary to the conditions set out in the **recommendations adopted by the Commission** with a view to promoting the harmonised use of general transfer licenses for armed forces and certified recipients;
- work with Member States to **harmonise the other general transfer licenses** specified in the Directive, namely general transfer licenses for demonstration, evaluation or exhibition purposes and general transfer licenses issued for maintenance and repair. This collaboration could lead to further recommendations to Member States;

- have an exchange of views with Member States to identify areas where **certification** could be more harmonised in the European Union and to examine possibilities to encourage certification in the sector;
- launch work to better determine the products governed by the directive and subject to the licensing requirements;
- publish, in early 2017, a **practical guide** specifically aimed at SMEs providing explanations of the instruments of the Directive as well as advice on how best to use these instruments;
- examine the possibilities for **simplification** and acceleration of annual updates to the Annex to the Directive;
- **improve access to information** on national systems through the establishment of a one-stop shop for information exchange between Member States and within the defence sector.

Lastly, the Commission will examine issues that may require a **revision of the Directive in the longer term**, such as: (i) making the exemptions binding and expanding the scope of the Member States; (ii) revising the certification system; (iii) introducing direct notification requirements to the Commission to ensure an effective monitoring system; (iv) creating new general transfer licenses; and v) translating the Commission's recommendations on general transfer licenses into binding provisions.