

European Defence Industry Reinforcement through common Procurement Act (EDIRPA)

2022/0219(COD) - 28/04/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Foreign Affairs and the Committee on Industry, Research and Energy adopted the joint report by Michael GAHLER (EPP, DE) and Zdzisaw KRASNODBSKI (ECR, PL) on the proposal for a regulation of the European Parliament and of the Council on establishing the European defence industry Reinforcement through common Procurement Act.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter

The report clarified that the draft Regulation establishes a **short-term instrument** for European Defence Industry Reinforcement through common Procurement Act.

Objectives

The Instrument has the following objectives:

- to foster the **competitiveness and efficiency of the EDTIB**, including SMEs and mid-capitalisation companies (mid-caps), for a more resilient and secure Union, in particular by speeding up, in a collaborative manner, the adjustment of industry, in a cost-efficient way, to structural and technological changes, including enhancing its manufacturing capacities through technological innovation and the opening of the supply chains with cross-border engagement throughout the Union, thereby enhancing the EDTIB's capacity to provide the most critical and urgent defence products needed by Member States;
- to foster **cooperation in defence procurement** process between Member States in order to contribute to solidarity, interoperability, and the prevention of crowding-out effects, as well as the reduction of fragmentation and the increase of the effectiveness of public spending and to foster a closer convergence of national standards and requirements in the field of the procurement of defence products, whilst preserving the competitiveness and diversity of products available to Member States and in the supply chain.

The objectives should be pursued with an emphasis on strengthening, developing and expanding EDTIB throughout the Union in accordance with the legal basis of the Instrument to allow it to address in particular the **most urgent and critical defence products needs**, especially those revealed or exacerbated by the response to the Russian aggression against Ukraine. This can be achieved through the **replenishment of stockpiles** which are depleted as a result of defence products transfers to Ukraine, including with the equipment available on the market, as well as through the **replacement of obsolete equipment**, in particular military equipment solutions designed and/or produced in the Soviet Union or later military equipment solutions based on them, and the reinforcement of overall defence capabilities.

Budget

The financial envelope for the implementation of the Instrument for the period from the entry into force of this Regulation to 31 December 2024 should be **EUR 1 billion** in current prices. The Union financial contribution to each action should not exceed 15 % of the overall amount and should be **capped at 20 %**

of the estimated value of the common procurement contract per consortium of Member States and associated countries.

Participation of third countries

Apart from EU Member States, the instrument should be open to the participation of countries that are both Members of the European Free Trade Association and the European Economic Area - i.e. Iceland, Liechtenstein and Norway. Members stated that Member States that engage in a joint defence product procurement may also agree to procure additional products with Ukraine and Moldova.

Monitoring and reporting

By 31 December 2024, the Commission, in cooperation with the European Defence Agency, should draw up an evaluation report for the Instrument. The report should evaluate the contribution of the Instrument to the:

- creation of new **cross-border cooperation** between Member States and associated countries;
- participation of **SMEs and mid-caps** in the action, as contractors or subcontractors in the supply chain;
- strengthening of the EDTIB throughout the Union and ensuring a level-playing field for suppliers from the Member States;
- replenishment of **stockpiles** that have been depleted due to transfers of defence products to Ukraine;
- replacement of **obsolete military equipment** solutions designed and/or produced in the Soviet Union or later military equipment solutions based on them with Union solutions.

The report should identify the involvement of each Member State and evaluate the potential **bottlenecks** in the functioning of the Instrument.

In addition, the report should identify areas of **critical dependencies and shortfalls** regarding raw materials, components and production capacities of third-country origin, including an assessment of the possibilities for the development of alternatives within the Union.