

European Defence Industry Reinforcement through common Procurement Act (EDIRPA)

2022/0219(COD) - 12/09/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 530 votes to 66, with 32 abstentions, a legislative resolution 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.

Parliament's position adopted at first reading following the ordinary legislative procedure amended the Commission proposal as follows:

Subject matter

Members stated that this Regulation establishes a short-term instrument for the reinforcement of the European defence industry through common procurement for the period stemming from the date of entry into force of this Regulation to **31 December 2025**.

Objectives

The Instrument has the following objectives:

- to **foster the competitiveness and efficiency of the European Defence Technological and Industrial Base (EDTIB)**, including SMEs and mid-caps, for a more resilient and secure Union, in particular by speeding up, in a collaborative manner, the adjustment of industry to structural changes, including through the creation and ramp-up of its manufacturing capacities and the opening of the supply chains for cross-border cooperation throughout the Union, thereby allowing the EDTIB to provide the defence products needed by Member States;
- to **foster cooperation in defence procurement processes between participating Member States** in order to contribute to solidarity, prevent crowding-out effects, increase the effectiveness of public spending and reduce excessive fragmentation, ultimately leading to an increase in the standardisation of defence systems and greater interoperability between Member States' capabilities, while 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 and developing the EDTIB throughout the Union to allow it to **address, in particular, the most urgent and critical defence product needs**, especially those revealed or exacerbated by the response to the Russian war of aggression against Ukraine, such as the shipment of defence products to Ukraine, taking into account the objectives of the Strategic Compass for Security and Defence and considering the work of the Defence Joint Procurement Task Force. This may be achieved through the replenishment of stockpiles which are depleted as a result of defence-product transfers to Ukraine, including with equipment available on the market, as well as through the replacement of obsolete equipment and the reinforcement of capabilities.

Budget

The financial envelope for the implementation of the Instrument should be **EUR 300 million** in current prices from the period from the date of entry into force of this Regulation to 31 December 2025.

Associated countries

The Instrument should be open to the participation of those members of the European Free Trade Association which are members of the European Economic Area.

Use of financing not linked to costs

Grants should take the form of financing not linked to costs, pursuant to the Financial Regulation.

The level of the Union contribution attributed to each action may be defined on the basis of factors such as: the complexity of the common procurement, for which a proportion of the estimated value of the common procurement contract and the experience gained in similar actions may serve as an initial proxy; the characteristics of the cooperation which are likely to give rise to greater interoperability outcomes and long-term investment signals to industry; or the number of participating Member States and associated countries or the inclusion of additional Member States or associated countries in existing cooperations.

The Union financial contribution to each action should **not exceed 15 %** of the financial envelope for the implementation of the Instrument and should be capped at 15 % of the estimated value of the common procurement contract per consortium of Member States and associated countries.

This amount should be **capped at 20 %** of the financial envelope and at 20 % of the estimated value of the common procurement contract where at least one of the following conditions is met: (i) Ukraine or Moldova are one of the recipients of additional quantities of defence products in the procurement action; (ii) at least 15 % of the estimated value of the common procurement contract is allocated to SMEs or midcaps as contractors or subcontractors.

Award criteria

The Commission should evaluate proposals on the basis of the following criteria for the awarding of the grants:

- the number of Member States or associated countries participating in each common procurement;
- the estimated value of the common procurement;
- a demonstration of the action's contribution to the strengthening of the competitiveness and to the adaptation, modernisation and development of the EDTIB;
- a demonstration of the action's contribution to the replenishment of stockpiles, including those depleted as a result of the response to Russia's war of aggression against Ukraine, to the replacement of obsolete equipment, and to the reinforcement of capabilities;
- the action's contribution to overcoming obstacles to common procurement;
- the extent of the action's contribution to the competitiveness and adaptation of the EDTIB to structural changes, including technological changes;
- the participation of SMEs and mid-caps;
- the creation of new cross-border cooperation between contractors and subcontractors in the supply chains throughout the Union.

Member States should determine among themselves the arrangements applicable to the **protection of classified information** for the purposes of the common procurements.

Evaluation report

The Commission should draw up an evaluation report on the instrument and submit it to the European Parliament and the Council by 31 December 2026 at the latest. This report should evaluate the impact and effectiveness of the actions undertaken under the Instrument, while also thinking critically ahead about ways to secure all the components needed in the Union defence supply chain.

Furthermore, the evaluation report should **identify shortfalls and critical dependencies** on non-associated third countries in respect of raw materials, components and production capacities, building on work undertaken in the context of the Observatory of Critical Technologies. The evaluation report should inform the Commission's work on technology roadmaps, including mitigation measures to address those shortfalls and critical dependencies.