

Procedure file

Basic information					
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation		2022/0219(COD)			Preparatory phase in Parliament
European defence industry reinforcement through common procurement act					
Subject 3.40.09 Defence and arms industry 6.10.02 Common security and defence policy (CSDP); WEU, NATO					
Key players					
European Parliament	Committee responsible		Rapporteur	Appointed	
	ITRE Industry, Research and Energy				
	Committee for opinion		Rapporteur for opinion	Appointed	
	AFET Foreign Affairs				
	IMCO Internal Market and Consumer Protection				
Council of the European Union European Economic and Social Committee	BUDG Budgets				
Key events					
19/07/2022	Legislative proposal published	COM(2022)0349		Summary	
Technical information					
Procedure reference	2022/0219(COD)				
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)				
Procedure subtype	Legislation				
Legislative instrument	Regulation				
Legal basis	Treaty on the Functioning of the EU TFEU 173-p3				
Mandatory consultation of other institutions	European Economic and Social Committee				
Stage reached in procedure	Preparatory phase in Parliament				
Documentation gateway					
Legislative proposal		COM(2022)0349	19/07/2022	EC	Summary

European defence industry reinforcement through common procurement act

PURPOSE: to establish the European defence industry reinforcement through common procurement act.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the invasion of Ukraine by Russia on 24 February 2022 and the ongoing armed conflict in Ukraine has led to the return of high-intensity warfare and territorial conflict in Europe, requiring a significant increase in the capacity of Member States to fill the most urgent and critical gaps, especially those exacerbated by the transfer of defence products to Ukraine.

The EU Heads of State or Government, meeting in Versailles on 11 March, committed to bolster European defence capabilities in light of the Russian military aggression against Ukraine. The Versailles declaration notably states that Member States should: (i) increase defence expenditures; (ii) step up cooperation through joint projects; (iii) close shortfalls and meet capability objectives; (iv) boost innovation including through civil/military synergies; (v) strengthen and develop the EU defence industry, including SMEs.

While cooperation presents several obvious advantages (increased interoperability, reduced unit and maintenance costs) EU Member States continue to procure defence systems in a mostly national manner. According to European Defence Agency Data for 2020, EU Member States invested only EUR 4.1 billion in collaborative defence equipment procurement (11% of their total spending), a 13% decrease compared to 2019. This is far below the 35% benchmark to which Member States committed. Fragmentation of the demand side of the defence market results into a series of problems and inefficiencies, including on the supply side, while increasing maintenance costs of a plethora of different systems.

Incentivising joint procurement is therefore a necessity. The current situation requires a policy intervention at EU level to improve the level of cooperation by incentivising financial cooperation between Member States in the defence procurement process.

CONTENT: the proposal aims at establishing a short-term instrument to enhance Member States' collaboration in the defence procurement phase. It will incentivise Member States to pursue collaborative actions and in particular, when they procure in order to fill these gaps, to do so jointly, increasing the level of interoperability and strengthening and reforming their defence industrial capabilities.

The Instrument will help to reinforce and develop the Union defence industrial base to allow it to address the industrial gaps relative to the most urgent and critical defence products needs especially those revealed or exacerbated by the response to the Russian aggression against Ukraine.

The proposed Instrument will complement existing EU programmes such as the European Defence Industrial Development Programme and the European Defence Fund as well as EU defence initiatives such as the Permanent Structured Cooperation (PESCO). It will also generate synergies with the implementation of the Strategic Compass for Security and Defence and other EU programmes. In order to benefit from the instrument, common procurement contracts will need to be placed with legal entities which are established in the Union or in associated countries and are not subject to control by non-associated third countries or by non-associated third-country entities.

The Instrument also takes up the European Defence Funds approach when it comes to forbidding support for goods or services, which are prohibited by applicable international law, or lethal autonomous weapons without the possibility for meaningful human control over selection and engagement decisions when carrying out strikes against humans.

The financial envelope for the implementation of the Instrument for the period from period from the entry into force to 31 December 2024 shall be EUR 500 million in current prices.