

European Defence Industry Programme and framework of measures to ensure the timely availability and supply of defence products ('EDIP')

2024/0061(COD) - 05/03/2024 - Legislative proposal

PURPOSE: to establish the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products (EDIP).

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: faced with the return of conventional, high-intensity warfare on European soil, the European Union and its Member States need to step up their preparedness. A crucial element in this respect is the capacity of the European Defence Technological and Industrial Base (EDTIB) to deliver to Member States' armed forces the defence systems and equipment they require, when needed and in the volumes needed.

Russia's illegal war of aggression against Ukraine prompted the EU to implement, in record time, two emergency instruments to respectively stimulate joint procurement (EDIRPA) and ramp up the production of ammunition (ASAP), building also on the EU's three-track ammunition initiative and the successful experience of the Defence Joint Procurement Task Force.

EDIRPA and ASAP were designed as emergency response and short-term programmes, both expiring in 2025 (30 June 2025 for ASAP and 31 December 2025 for EDIRPA).

It is now time for the EU to move from these ad-hoc, emergency responses to establishing the structural conditions of the EU's defence industrial readiness on a lasting basis.

CONTENT: the Commission proposes this new regulation on the European defence Industry Programme (EDIP). It establishes a budget and lays down a set of measures aimed at supporting defence industry readiness of the Union and its Member States through the strengthening of the competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB) to ensure the timely availability and supply of defence products and at contributing to the recovery, reconstruction and modernisation of the Ukraine Defence Technological and Industrial Base (Ukrainian DTIB).

The EDIP has three main objectives:

1. *Strengthen the competitiveness and responsiveness of the EDTIB:* EDIP proposes a ready-to-use legal framework and the Structures for European Armament Programme (SEAP), for cooperating and jointly managing defence equipment throughout its life cycle.

The proposal seeks to create, within EDIP, of a Fund to Accelerate Defence Supply Chain Transformation (FAST) to speed-up investments needed to increase the defence manufacturing capacities of EU-based SMEs and small mid-caps.

2. Enhance the ability of the EDTIB to ensure the timely availability and supply of defence products:

EDIP's aims is to support Member States' efforts in pursuing the highest possible level of security of supply when it comes to defence equipment, by creating an EU wide security of supply regime. The latter would also enhance Member State's trust in cross-border supply chains, creating at the same time a key competitive advantage for the EDTIB. A comprehensive crisis management framework would enable the coordination of responses to possible future supply crises on specific defence equipment or along their supply chains.

3. Contribute to the recovery, reconstruction and modernisation of the Ukraine Defence Technological

and Industrial Base (Ukrainian DTIB): Ukraine's current needs in military equipment far exceed its industrial production capacities while the EU and its Member States provide military assistance from their own - largely depleted – stocks and with a defence industry tailored for peace time. In this context, both industry's interests are to engage in a more in-depth cooperation. As part of the EU's future security commitments to Ukraine, the EU should foster greater cooperation with the Ukrainian DTIB to boost its capacity to deliver for the immediate needs, as well as to work towards alignment of standards and improved interoperability. A stronger cooperation with the Ukrainian DTIB will contribute to strengthen Ukraine's ability to defend itself, and will benefit the EDTIB's capacity to support both Member States' and Ukraine's needs.

Through the achievement of these three interlinked objectives, the EU will be able to truly scale up its defence industrial readiness.

Budgetary implications

A strengthened budgetary support is crucial to implement a new ambition for defence industrial readiness at EU level. The proposal includes a budget of EUR 1.5 billion up until 31/12/2027, which should be complemented by additional amounts for the development of the Ukrainian DTIB and its closer integration with the EDTIB and the Union defence equipment market.