Basic information

2015/2037(INI) INI - Own-initiative procedure	Procedure completed
Impact of developments in European defence markets on the security and defence capabilities in Europe **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
AFET Foreign Affairs	GOMES Ana (S&D)	22/09/2014
	Shadow rapporteur KYRTSOS Georgios (PPE) VAN ORDEN Geoffrey (ECR) MAURA BARANDIARÁN Fernando (ALDE) LÖSING Sabine (GUE/NGL) BÜTIKOFER Reinhard (Verts/ALE)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection (Associated committee)	GÁLL-PELCZ Ildikó (PPE)	21/01/2015

European Commission

Commission DG	Commissioner
European External Action Service	MOGHERINI Federica

Key events

Date	Event	Reference	Summary

12/02/2015	Committee referral announced in Parliament		
12/02/2015	Referral to associated committees announced in Parliament		
04/05/2015	Vote in committee		
12/05/2015	Committee report tabled for plenary	A8-0159/2015	Summary
19/05/2015	Debate in Parliament		
21/05/2015	Decision by Parliament	T8-0215/2015	Summary
21/05/2015	Results of vote in Parliament		
21/05/2015	End of procedure in Parliament		

Technical information	
Procedure reference	2015/2037(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	AFET/8/02746

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE551.756	05/03/2015	
Amendments tabled in committee		PE551.866	01/04/2015	
Committee opinion	IMCO	PE549.296	24/04/2015	
Committee report tabled for plenary, single reading		A8-0159/2015	12/05/2015	Summary
Text adopted by Parliament, single reading		T8-0215/2015	21/05/2015	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2015)470	24/09/2015	

Impact of developments in European defence markets on the security and defence capabilities in Europe

2015/2037(INI) - 21/05/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 386 votes to 175 with 84 abstentions, a resolution on the impact of developments in European defence markets on the security and defence capabilities in Europe.

Concerned by the widespread and largely uncoordinated cuts to the defence budget in most Member States, Members emphasised that the **cutting of defence budgets was weakening the defence potential of Member States and the EU**, and left a question mark over the levels of preparedness to ensure national and European security.

These uncoordinated cuts, coupled with structural problems and unfair and untransparent practices, **put the Union at risk** by relinquishing strategic assets and capabilities and by forfeiting the opportunities that the coordination of defence policies and the pooling and sharing of defence assets could bring as regards the fulfilment of the EU's prosperity and peace.

The resolution stated that the current security threats were common to the EU as a whole and should be addressed in a **united and coordinated fashion** , pooling and sharing civilian and military resources. It was essential to make progress on the **establishment of a European defence equipment market** and on the development of a competitive European Defence Technological and Industrial Base (EDTIB), capable of generating synergies through increased cross-border coordination and providing the necessary capabilities for the Common Security and Defence Policy.

Warning of the **risks of external dependencies** in the European defence sector, Parliament considered that special attention should be paid to the impact of certain projects on the autonomy and independence of the EU, such as cooperation with Russia in sensitive areas like satellite launching, with Soyuz rockets, and strategic airlift. The European Council was asked to: (i) take concrete measures towards **overcoming the fragmentation of the European defence market**; (ii) provide **specific guidelines** for defence policies and the European defence market, in order to increase its transparency and competitiveness.

Need for further cooperation: stressing that a combined annual defence spending of 190 billion EUR was an enormous amount of tax payer's money, Members were of the view that the current budgetary constraints in EU Member States should represent an opportunity for more and better cooperation **in the field of defence equipment acquisitions**, to ensure better value for taxpayers' money and ensure adequate military capabilities across the EU and a sustainable security of supply system.

The resolution recalled the need for **greater convergence between national defence planning processes** and welcomed, in this context, the adoption by the Council of the Policy Framework for Systematic and Long-Term Defence Cooperation. However, Members regretted, however, its non-binding nature and the fact that it had not introduced a clear and structured process.

They demanded that cooperation and pooling and sharing initiatives be given priority and that **incentives** be created to this end. The Commission was asked to put forward a proposal clarifying how non-market distorting tax incentives could serve these objectives.

VAT exemption should be generalised to all European Defence Agency's collaborative activities.

Furthermore, the Commission and Member States should assist companies, particularly SMEs, in adequately seizing European funding opportunities for defencerelated projects, especially under Horizon 2020, COSME programme and the European Structural and Investment Funds.

Need for a common approach on reducing external dependencies: European defence companies were increasingly compensating for their reduced turnover in Europe through **extra-EU exports**. Members expressed concern at the **potential drawbacks of this approach**, such as the transfer of sensitive technologies and intellectual property rights to their future competitors and moving production outside the EU, thus compromising Europe's security of supply. They considered that exposing the EU to the risk of the EDTIB being dependent on customers in third powers with different strategic interests constituted a serious strategic mistake. They urged Member States to comply with the principles of the EU **Common Position on Arms Exports** , which defined a common understanding for the control of exports of military technology and equipment serving the coordination of national export control systems.

Using internal market rules to their full potential: Parliament stressed that a single defence market would ensure **full transparency and prevent duplication of effort**, which gave rise to market distortions. Furthermore, advances in dual-use research were of key importance in guaranteeing our independence and ensuring security of supply, in particular of critical items. Consequently, internal market rules should be used to their full potential through **strengthened cross-border cooperation** to counteract the ongoing fragmentation of the European defence and security sector, which led to duplication of defence equipment programmes and a lack of transparency regarding the relations between national defence administrations and the defence industry.

Member States were asked to remove national rules that did not comply with Directives 2009/43/EC and 2009/81/EC and that were hindering the internal market for defence procurement, and to correctly implement and enforce Directive 2009/81/EC, concerning procurement in the fields of defence and sensitive security, and Directive 2009/43/EC, concerning the transfer of defence-related products.

The Commission was asked in its implementation reports to Parliament and the Council on Directives 2009/81/EC and 2009/43/EC in 2016 to evaluate thoroughly whether, and to what extent, their provisions had been enforced correctly, and whether their objectives had been achieved, and to come up with **legislative proposals** accordingly, if the findings of the report point in this direction.

Impact of developments in European defence markets on the security and defence capabilities in Europe

2015/2037(INI) - 12/05/2015 - Committee report tabled for plenary, single reading

The Committee on Foreign Affairs adopted the own-initiative report by Ana GOMES (S&D, PT) on the impact of developments in European defence markets on the security and defence capabilities in Europe.

The Committee on the Internal Market and Consumer Protection, exercising its prerogatives as an associated committee under Article 54 of the Parliament's internal Rules of Procedure0, was also consulted for an opinion on the report.

Concerned by the widespread and largely uncoordinated cuts to the defence budget in most Member States, Members emphasised that the **cutting of defence budgets was weakening the defence potential of Member States and the EU**, and left a question mark over the levels of preparedness to ensure national and European security. The report stated that the current security threats were common to the EU as a whole and should be addressed in a **united and coordinated fashion**, pooling and sharing civilian and military resources. It was essential to make progress on the **establishment of a European defence equipment market** and on the development of a competitive European Defence Technological and Industrial Base (EDTIB), capable of generating synergies through increased cross-border coordination and providing the necessary capabilities for the Common Security and Defence Policy.

Need for further cooperation: Members were of the view that the current budgetary constraints in EU Member States should represent an opportunity for more and better cooperation **in the field of defence equipment acquisitions**, to ensure better value for taxpayers' money and ensure adequate military capabilities across the EU and a sustainable security of supply system.

The report recalled the need for **greater convergence between national defence planning processes** and welcomed, in this context, the adoption by the Council of the Policy Framework for Systematic and Long-Term Defence Cooperation. However, Members regretted, however, its non-binding nature and the fact that it had not introduced a clear and structured process.

They demanded that cooperation and pooling and sharing initiatives be given priority and that incentives be created to this end. The Commission was asked to put forward a proposal clarifying how non-market distorting tax incentives could serve these objectives.

Need for a common approach on reducing external dependencies: European defence companies were increasingly compensating for their reduced turnover in Europe through **extra-EU exports**. Members expressed concern at the **potential drawbacks of this approach**, such as the transfer of sensitive technologies and intellectual property rights to their future competitors and moving production outside the EU, thus compromising Europe's security of supply. They considered that exposing the EU to the risk of the EDTIB being dependent on customers in third powers with different strategic interests constituted a serious strategic mistake. They urged Member States to comply with the principles of the EU **Common Position on Arms Exports** , which defined a common understanding for the control of exports of military technology and equipment serving the coordination of national export control systems.

Using internal market rules to their full potential: the report stressed that a single defence market would ensure **full transparency and prevent duplication of effort**, which gave rise to market distortions. Furthermore, advances in dual-use research were of key importance in guaranteeing our independence and ensuring security of supply, in particular of critical items. Consequently, internal market rules should be used to their full potential through **strengthened cross-border cooperation** to counteract the ongoing fragmentation of the European defence and security sector, which led to duplication of defence equipment programmes and a lack of transparency regarding the relations between national defence administrations and the defence industry.

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The Commission was asked to take specific steps to ensure that the Directives were properly applied and to check and monitor national transposition procedures to make sure that they did not result in market distortions.