

# Industry & Market Achievements & Way Ahead

In order to fulfil its ambition and to respond to current security and defence challenges and future threats, the European Union has to be adequately equipped. This would not be possible without a capability driven, competent and competitive **European Defence Technological and Industrial Base (EDTIB)**, which ensures security of supply, is able to meet Member States' needs including in times of operational urgency, and supports national sovereignty and EU autonomy.

Such an EDTIB, in particular in the current economic climate, needs to be underpinned by an **increasingly competitive European Defence Equipment Market (EDEM)** that can provide its customers with robust, flexible and interoperable equipment in the most cost-effective and efficient way.

The **Treaty of Lisbon** stipulates that the EDA should, amongst others, promote the adoption of effective, compatible procurement methods and contribute to identifying and implementing any useful measure for strengthening the technological and industrial base of the defence sector and for improving the effectiveness of military expenditure.

To bring this about, the Agency has already launched a number of successful initiatives in these areas.

## EDEM

The Defence Ministers Steering Board's decision in November 2005 to create a genuine European Defence Equipment Market marked the transition from historically closed and fragmented national markets to a more open, transparent and competitive marketplace where best value for money is the key procurement priority.

The establishment of an Intergovernmental Regime to encourage competition in the European Defence Equipment Market was the first time that EU governments agreed to open up to cross border competition the share of the defence market traditionally excluded from Internal Market rules on the basis of Article 346 TFEU.

The Regime, for over five years now, brings substantial results through implementation of such instruments as the **Code of Conduct on Defence Procurement, Code of Conduct on Offsets, Code of Best Practice in the Supply Chain, Security of Information and Security of Supply**.

Together with the EU Commission's regulatory initiatives in the Internal Market area (Defence Procurement Directive and Intra-Community Transfers Directive) it will continue to ensure further harmonisation and a greater openness of defence markets between Member States.



## EDTIB

In 2007 the EDA Defence Ministers' Steering Board agreed on a Strategy for the European Defence Technological and Industrial Base. The Strategy recognises that a fully adequate DTIB is no longer sustainable on a strictly national basis – and that we must therefore press on with developing a truly European DTIB, where Europe's defence industry is firmly focused on being **capability driven, competent and globally competitive**.

Such an EDTIB also needs to be more integrated, less duplicative and more interdependent. To take this direction forward, the Agency launched important work to ensure that critical European defence industrial capabilities are preserved or developed to meet current and future military requirements in terms of manufacturing key defence equipment and retaining appropriate European independence. Initially focused on Future Air Systems and Ammunition, this work encompasses now all aspects of EDTIB, including Naval and Land Systems.

## Way Ahead

In times of financial austerity, both EDEM and EDTIB related work must be part of a comprehensive approach to tackle the challenges we are facing.

EDA has initiated a process to **review the EDTIB Strategy** in order to ensure its continuous effectiveness. The new Strategy will be presented later this year.

The Defence Ministers have also tasked the Agency to work towards **improved cost-effectiveness and efficiency of EDEM**, both on the demand and supply side, including: intensifying work towards security of supply on a European level; encouraging more competition; developing more effective procurement methods, guidelines and best practices for collaborative procurement; increasing global competitiveness of the European defence industry and reciprocal market access; and continuing a constructive dialogue with defence industry. The Agency has already developed a number of concrete proposals to take this forward.

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