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To:	Delegations
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP') - Opinion of the European Economic and Social Committee

Delegations will find attached a copy of the above-mentioned opinion.

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European Economic and Social Committee

OPINION

European Economic and Social Committee

European defence industry programme

Regulation of the European Parliament and of the Council
establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP')
(2024/0061(COD))
(COM(2024) 150 final)

CCMI/203

Rapporteur: **Tomasz Andrzej WRÓBLEWSKI**
Co-rapporteur: **Franck UHLIG**

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Advisors	PONCYLJUSZ Paweł (for the GRI rapporteur) NEGRI Arnaud (for the Cat.2 co-rapporteur)
Legislative procedure	EU Law Tracker
Referral	Council of the European Union, 19/4/2024
Legal basis	Article 114 and 304 of the Treaty on the Functioning of the European Union
European Commission documents	COM(2024) 150 final
Relevant Sustainable Development Goals (SDGs)	SDG 9 – Industry, innovation and infrastructure SDG 16 – Peace, justice and strong institutions
Section responsible	Consultative Commission on Industrial Change (CCMI)
Adopted in section	15/5/2024
Adopted at plenary session	30/5/2024
Plenary session No	588
Outcome of vote (for/against/abstentions)	196/1/2

1. RECOMMENDATIONS

The European Economic and Social Committee (EESC)

1.1 **recommends** that the European Commission communicate extensively with European citizens to broadly convey the challenges of joint defence financing in the current geopolitical context, and with a view to building common security, while continuing to base European integration on a project of peace and solidarity;

1.2 **asks** for an increase to the current limited funding (EUR 1.5 billion) in the medium term;

1.3 **stresses** that the European Defence Industry Programme (EDIP) must, in addition to the necessary response to Ukraine's urgent needs, lead to a structural evolution of the European approach to defence and the associated European Defence Industrial and Technological Base (EDTIB);

1.4 **recommends** that the European Parliament, the Member States, the public and private financial sectors and the European Commission outline a long-term plan for increased arms spending and procurement, which will facilitate private sector long-term investment and support production plans for military equipment by the EDTIB, and provide support to the Defence Industrial and Technological Base (DTIB) for Ukraine;

1.5 **recommends** that the European Commission clarify the origin and use of funds earmarked for the EDIP to avoid suspicion of arbitrage over funding for other programmes whose needs are also great and urgent (public services, social sector, Green Deal, etc.);

1.6 **recommends** that EDTIB companies strengthen cooperation, especially with small and medium-sized enterprises (SMEs) and across borders;

1.7 **highlights** the importance of industrial cooperation with Ukraine within the framework of the EDIP;

1.8 **suggests** further promoting synergies between defence and civilian industries, including SMEs and start-ups;

1.9 **wonders** about the potential of the Structures for European Armament Programmes (SEAP) to contribute significantly to the strengthening of EDTIB;

1.10 **recommends** integrating the percentage of cooperative and intra-European purchasing targets expressed in the European Defence Industrial Strategy (EDIS) communication, in the EDIP regulatory document.

2. EXPLANATORY NOTES

Arguments in support of Recommendation 1.1

2.1 It is necessary to consistently and forcefully present arguments explaining the historical conditions of the European Union and the threat to democracy and our values posed by the desire for expansion by totalitarian regimes, in particular Russian regime, through regular public awareness raising.

2.2 European citizens must be convinced of the need to provide immediate support to Ukraine, on the one hand, and the responsibility of the Union and the Member States to consolidate the European project, on the other, thus guaranteeing the long-term security of European citizens.

2.3 The EESC supports the EDIP Regulation. Peace must be defended and the safety of Europe cannot be assured without a European defence industry. Nevertheless, the EESC wishes to reiterate that, despite the current, turbulent times, the construction of Europe must continue to be based on a project of peace and solidarity in Europe and beyond.

2.4 The security of European citizens comes at a cost that Europe has ignored for too long: in this perspective, it would be impossible to justify not having its own resources, even though a large number of EU Member States benefit from mutual support in the framework of NATO.

2.5 It is necessary to launch a structural framework and a defence financing instrument based on the NextGenerationEU approach.

Arguments in support of Recommendation 1.2

2.6 This too small amount of funding means that the success of the EDIP will depend on the goodwill of the EU Member States to cooperate and invest together in future defence procurement. The EESC welcomes the Commission's willingness, as expressed in the EDIS Communication, to promote the use of the EDTIB with monitoring indicators. In the context of joint procurement, this could bring many benefits, including in terms of jobs, strategic autonomy and economic development in the territories. The EESC is concerned that these good intentions will not necessarily be put into practice for a number of reasons related to the sometimes divergent interests of the EU Member States.

2.7 The EESC stresses the need to ensure that EDTIB players, especially SMEs in all Member States, have sufficient access to both public and private funding. The EDIP's proposal to create a Fund to Accelerate defence Supply chains Transformation (FAST) appears to be a good approach, even if it is unlikely to be sufficient in light of the significant financing needs to come. While the European taxonomy is a legitimate and necessary classification, the EDTIB may not be negatively affected by this classification in the context of geopolitical turmoil and threats.

Arguments in support of Recommendation 1.3

2.8 The future multi-year financial framework must take into account all financial aspects of the long-term defence strategy.

2.9 The urgency of the short-term must not make us forget the need to continue European integration in the long-term: the framework for cooperation between states and between industrial players must become both less fragmented and better financed, with a view to anticipation, standardisation, time saving and cost reduction, at the service of European citizens and their security.

Arguments in support of Recommendation 1.4

2.10 The extremely limited resources currently allocated by the European Commission must necessarily and usefully be supplemented by funding from the Member States, the public and private financial sectors and, if possible, the European investment bank and the European investment fund.

2.11 Only long-term commitments to continued arms procurement, independent of the political conjuncture and election cycle, will convince industry and financial institutions to invest significantly in the arms industry.

2.12 Through the EDIP initiative, the increase in defence spending also underscores the collective commitment of European nations to take greater responsibility for their security and defence, reducing dependence on outside actors for protection. By investing in their military capabilities, European countries seek to increase their strategic autonomy and ability to act decisively in defence of their interests and values.

2.13 The EDIP will enable a better understanding of each other's needs and objections to collective armament projects, thereby facilitating consensus building and strategic decision-making within the EU Common Security and Defence Policy (CSDP).

Arguments in support of Recommendation 1.5

2.14 In order to ensure the best possible reception by European citizens, the EESC insists that this significant budgetary effort should not come at the expense of necessary investments in public services, the social sector and green and digital transformation.

2.15 Public procurement must be socially responsible and meet Environmental, Social and Governance (ESG) criteria.

Arguments in support of Recommendation 1.6

2.16 The persistent distinction between national defence planning and multinational programming poses a serious challenge to the integration and effectiveness of EU-wide defence strategies. The continued existence of separate national defence planning processes and supranational

programming frameworks creates barriers that impede the development of a coherent and unified approach to European defence.

2.17 Through targeted funding streams and incentives for cooperation, the EDIP should play a key role in promoting enhanced cooperation among the EU Member States, thereby transcending traditional national barriers to defence procurement and planning. This approach to defence cooperation is essential for strengthening the EU's strategic autonomy and collective defence capabilities in parallel with cooperation with extra-EU partners in the framework of NATO and all close democratic allies of the EU, in Europe and beyond. It will increase interoperability, competitiveness and efficiency in defence procurement, planning and operations, ultimately enhancing Europe's resilience.

2.18 A harmonised approach to defence procurement makes it easier to exploit economies of scale, negotiate favourable terms with suppliers and ensure optimal allocation of resources across different defence projects and programmes.

Arguments in support of recommendation 1.7

2.19 Industrial cooperation with Ukraine must guarantee better future interoperability through alignment of standards and more broadly within the EU, between Member States.

2.20 Ukrainian industry represents a pool of skills, know-how and cooperation that the EDTIB can benefit from through mutually enriching cooperation. However, it will be a matter of avoiding bad relocation practices to the detriment of European employment to avoid the risk of fiscal dumping.

Argument in support of Recommendation 1.8

2.21 The EDIP regulation can maximise the societal benefits of defence investments, spur economic growth and stimulate innovation ecosystems across Europe. A dual-use approach enhances the cost-effectiveness of defence and contributes to Europe's broader strategic goals, such as sustainability, digitisation and resilience.

Arguments in support of Recommendation 1.9

2.22 The SEAP framework proposal is new, but its scope and implementation remain unclear. The technical, legal, economic and fiscal issues are numerous and deserve clarification before creating an instrument whose underutilisation would render its creation obsolete. On the other hand, if the device is successfully implemented, it is important to bear its potential implications in mind.

2.23 Such a system does not, at first glance, appear to be directly in line with the interests of European industrial players, whose capital is largely private and sometimes extra-Community.

Arguments in support of Recommendation 1.10

2.24 The aim is to strengthen the imperative nature of the reorientation of EU Member States' military defence systems towards the EDTIB, preferably through cooperation.

2.25 The EESC welcomes the objectives set by the EU institutions in the field of defence. This means increasing the EU's strategic autonomy in defence matters, ensuring its ability to act decisively to protect European interests, and striving to become a world leader in defence research and development, pushing the boundaries of defence technology and shaping the future of European security.

2.26 The EESC believes it is crucial in the current situation to close the technology gaps and ensure that Europe remains at the forefront of defence innovation. Through targeted funding streams and joint projects, these European initiatives enable Member States to pool resources, share expertise and leverage complementary strengths to develop innovative defence products and technologies.

2.27 The European Defence Initiatives play a significant role in the development of the EDTIB by facilitating collaboration between the Member States, defence contractors and research institutions to develop cutting-edge solutions that enhance Europe's defence capabilities and strategic autonomy.

Brussels, 30 May 2024.

The President of the European Economic and Social Committee
Oliver RÖPKE