



EUROPEAN DEFENCE AGENCY

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PRESS RELEASE

BIRTH OF EUROPEAN DEFENCE EQUIPMENT MARKET WITH LAUNCH OF CODE OF CONDUCT (BRUSSELS, 30 JUNE 2006)

A new era for defence procurement in the European Union begins on 1 July with the introduction of a regime designed to increase transparency and competition in the European Defence Equipment Market, offer armed forces and taxpayers better value for money, broaden business opportunities for defence companies and strengthen the global competitiveness of the European industry.

“This is a remarkable achievement,” said Javier Solana, EU High Representative for the Common Foreign and Security Policy and Head of the European Defence Agency. “For the first time ever, European countries have committed to procure defence equipment from each other if the offer is the best available, instead of automatically contracting with a national supplier.”

The new market framework is a voluntary, inter-governmental regime managed by the European Defence Agency that will operate on the basis of the [Code of Conduct on Defence Procurement](#), which was approved by Defence Ministers last November. It covers defence equipment purchases which governments choose to exempt from EU public procurement rules under Article 296 of the EC Treaty and which therefore usually do not involve any cross-border competition.

Helping to underpin this regime is the [Code of Best Practice in the Supply Chain](#), approved by Ministers in May, which is intended to extend the benefits of greater competition to smaller companies who may not be able to bid for contracts directly but could act as sub-contractors. This set of principles has been developed in close consultation with industry.

FOR FURTHER DETAILS:
Malgorzata Alterman - Head of Media and Communications
Direct line: +32 (0)2 504 28 10 mobile : +32 (0) 478 96 30 97
e-mail: malgorzata.alterman@eda.europa.eu
www.eda.europa.eu

The Code of Conduct commits subscribing Member States to maximise fair and equal opportunities for all suppliers by setting from the outset transparent and objective criteria for selecting bidders and awarding contracts, and by publicising procurement opportunities through a new Electronic Bulletin Board, accessible via the EDA's website at <http://www.eda.europa.eu/ebbweb> The Code applies to contracts worth at least one million Euros (exclusive of VAT).

“There is a common realisation that none of us can any longer afford to go it alone in the business of defence,” Solana said. “If we want to sustain a globally competitive defence technological and industrial base in Europe, we simply have to pool efforts and resources.”

The Agency's reporting and monitoring system will help to ensure mutual transparency and mutual accountability among subscribing Member States, so that they can be confident that the regime is working as intended. Data will be collected for contracts awarded under the Code. For cases where Member States decide to invoke permitted exceptions, an explanation will have to be provided.

The Code will be applied by 22 of the 24 EDA Member States: Austria, Belgium, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Sweden, and United Kingdom.

Only Hungary and Spain exercised their option not to join initially, although both have indicated the possibility of doing so later. Denmark, which has a general opt-out on European Security and Defence Policy, is not part of the EDA.

“Member States have already demonstrated their trust in each other and their confidence in the Agency by agreeing to this new regime. The same commitment will of course be needed to make it a success now that it is operational,” said EDA Chief Executive Nick Witney. “The Agency will do everything it can to support the Member States in this bold but essential new initiative.”

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- Background information -

The European Defence Agency (EDA) was established by the Council on 12 July 2004. It is designed "to support the Council and the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future". More specifically, the Agency is ascribed four functions, relating to:

- a) defence capabilities development;
- b) armaments cooperation;
- c) the European defence technological and industrial base and defence equipment market;
- d) research and technology.

These functions all relate to improving Europe's defence performance, by promoting coherence in place of fragmentation.

The EDA is an Agency of the European Union. High Representative Solana is Head of the Agency, chairman of the Steering Board, which acts under the Council's authority and within the framework of guidelines issued by the Council.