

Defence procurement's "Big Bang" is only months away

The Ministry of Defence ("the MOD") recently published a second consultation on the implementation of the EU's Directive on the coordination of procedures for the award of certain works contracts, supply contracts and services by contracting entities in the field of defence ("the Defence Directive"). All the signs now indicate that the UK will be ready to implement the Defence Directive, in full, before the deadline of **20 August 2011**. The MOD's consultation seeks input on a small number of "open" issues relating to sub-contracting requirements, notification of potential claims, the MOD's impact assessment, etc. Interested parties have until **7 March 2011** to file their comments.

The Commission estimates that the EU's defence expenditure amounts to nearly €170 billion per annum, equivalent to 1.7% of the EU's combined GDP. That total includes some €82 billion for defence procurement in general and €30 billion for the purchase of new equipment. Up until now the overwhelming majority of the contracts have been fed to national suppliers via local rules. This fracturing into what is, in effect, 25 "mini" markets has impeded the development of an efficient and successful European defence sector. The Defence Directive is designed to help sweep away the barriers to cross-border competition thereby, it is hoped, promoting a significant and healthy rationalisation of the industry in Europe. However, whilst this should provide a significant stimulus to many companies on the back of the resultant liberalisation, defence contractors should not assume that the new EU-wide system is going to be a walk in the park. The last few months has seen a significant increase in procurement litigation before the UK and EU courts - any kind of challenge was almost unheard of no more than three years ago - with new "case law" being written on a regular basis. What started out as a relative simple set of procedures is progressively becoming more complex and contentious. So whilst the defence industry may be leaving the proverbial jungle it is still going to need a hand to make it through the new procurement woods.

For More Information:

This *GTM Alert* was prepared by [Stephen Tupper](#) in [Greenberg Traurig Maher's London office](#). Questions about this information can be directed to:

- Lisa Navarro – +44 (0) 203 349 8757 | navarro@gtmlaw.com
- Sarah Phillips – +44 (0) 203 349 8710 | phillipss@gtmlaw.com
- Stephen Tupper – +44 (0) 203 349 8729 | tuppers@gtmlaw.com
- Or your [Greenberg Traurig Maher](#) attorney

Greenberg Traurig Maher LLP

7th Floor
200 Gray's Inn Road
London
WC1X 8HF
United Kingdom
T +44 (0) 203 349 8700
F +44 (0) 207 900 3632
www.gtmlaw.com



ALBANY | AMSTERDAM | ATLANTA | AUSTIN | BOSTON | CHICAGO | DALLAS | DELAWARE | DENVER | FORT LAUDERDALE | HOUSTON
LAS VEGAS | LONDON | LOS ANGELES | MIAMI | NEW JERSEY | NEW YORK | ORANGE COUNTY | ORLANDO | PALM BEACH COUNTY
PHILADELPHIA | PHOENIX | SACRAMENTO | SAN FRANCISCO | SHANGHAI | SILICON VALLEY | TALLAHASSEE | TAMPA | TYSONS CORNER
WASHINGTON, D.C. | WHITE PLAINS | *Strategic Alliances with Independent Law Firms:*** MILAN | ROME | ZURICH

*Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Offices outside of London operate as Greenberg Traurig, LLP and Greenberg Traurig, P.A. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. ©2010 Greenberg Traurig, LLP. All rights reserved. **Greenberg Traurig is not responsible for any legal or other services rendered by attorneys employed by the Strategic Alliance firms.*