Friedrich Merz: "Whatever it takes"

Date: 09APR2025 | RH-CONFIDENTIAL
by: Dr. Marc Lemmermann

TAKING RESPONSIBILITY IN A CHANGING WORLD
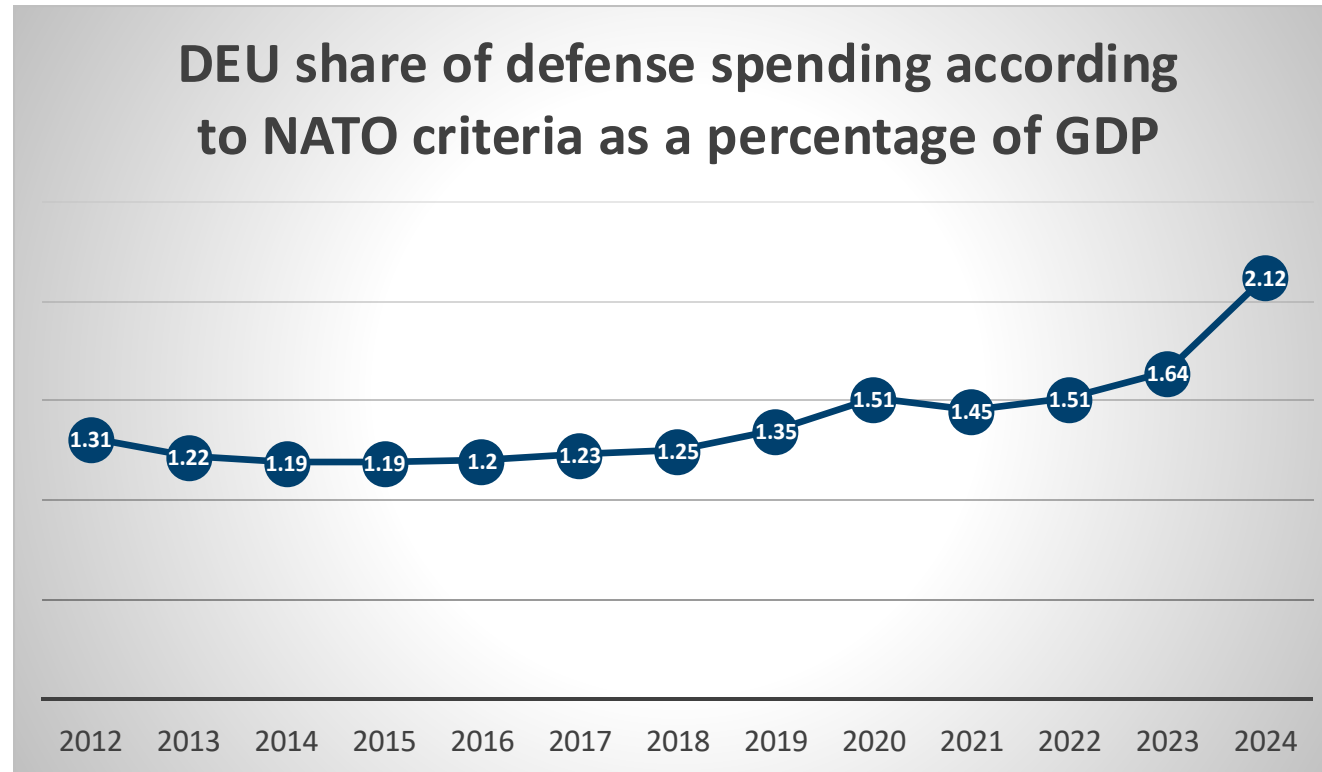
RHEINMETALL

Agenda

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NATO 2.0% GDP

DEU share of defense spending according to NATO criteria as a percentage of GDP

Year	Value
2012	1.31
2013	1.22
2014	1.19
2015	1.19
2016	1.2
2017	1.23
2018	1.25
2019	1.35
2020	1.51
2021	1.45
2022	1.51
2023	1.64
2024	2.12

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Share of defence spending in Germany's GDP

Defence Spending

Cuba crisis

Reunification Germany
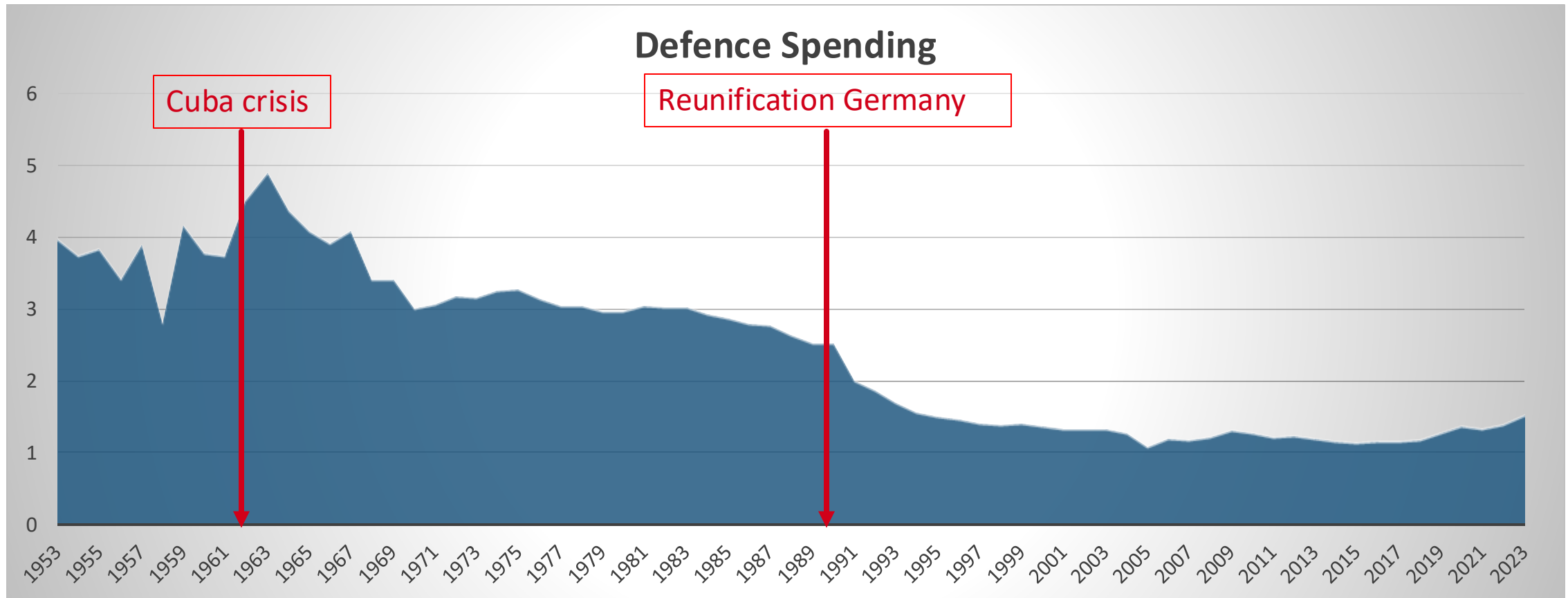
Amendments Constitution – Federal Election

Party	Votes	
	2025	2021
CDU	22,6 %	19,0 %
AfD	20,8 %	10,4 %
SPD	16,4 %	25,7 %
GRÜNE	11,6 %	14,7 %
Die Linke	8,8 %	4,9 %
CSU	6,0 %	5,2 %
SSW	0,2 %	0,1 %
Sonstige	13,7 %	8,6 %

Amendments Constitution – 2/3 Majority

Party	Seats	
	2025	2021
CDU	164	152
AfD	152	82
SPD	120	206
GRÜNE	85	118
DIE LINKE	64	39
CSU	44	45
SSW	1	1
FDP	0	92
total	630	735

- 23 FEB 2025 - Federal Election DEU Parliament

- New Parliament no 2/3 majority possible to amend constitution (min 420 needed / max 413 possible)

- 18 MAR 2025 – Vote on Amendments: 512 YE / 206 NE / 15 no votes (min 489 needed) by old parliament

- 21 MAR 2025 – Vote on Amendments by Bundesrat (Senat)

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Special Fund

- Set up special fund to bypass debt brake and provide loans of up to 500 Bill €

- 400 Bill € to be used to pay for repair of infrastructure – i.e. bridges, energy networks, roads and schools

- 100 Bill € to be earmarked for climate protection and the climate-friendly restructuring of the economy

- The money will only be released if an appropriate investment rate applies in the normal core budget

Infrastructure
&
climate
protection

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Defence Budget: 1% of GDP + „Whatever it takes"

- Germany can theoretically invest an unlimited amount of money in defense, civil protection, intelligence services and cybersecurity

- Debt brake will only apply to part of this expenditure, and anything over and above that could be financed as desired through borrowing

- Defence budget will get reflected in Federal Budget with 1% of GDP – everything needed will be exempted from the debt brake
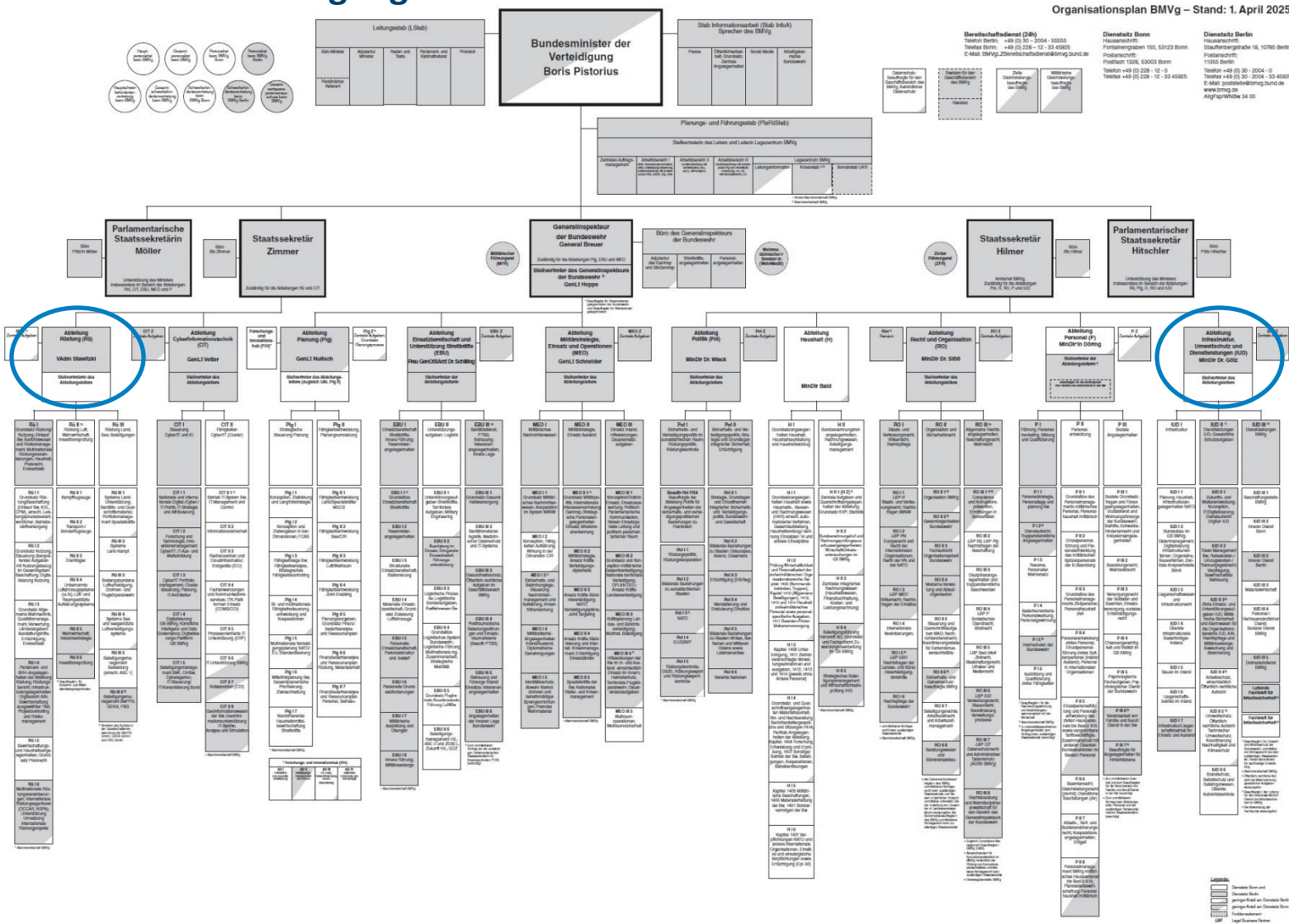
Defence Spendings

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Agenda

DEU Procurement Agencies

BMVg – Bundesministerium für Verteidigung

MoD

- Approx 1,600 employees in Berlin
- Approx 1,400 employees in Bonn

Organisationsplan BMVg – Stand: 1. April 2025

BAAINBw - Bundesamt für Ausrüstung, Informationstechnik und Nutzung der Bundeswehr

Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support

- Established 1st Oct 2012 as part of the reorganization of the Bundeswehr

- Merger of different civilian and military organizations under one umbrella

- Subordinate to the Armaments Department at the MoD

- Subordinate to the Cyber/Information Technology Department at the MoD regarding IT and technical cooperation

BAAINBw - **Bundesamt für Ausrüstung, Informationstechnik und Nutzung der Bundeswehr**

BAAINBw in numbers

- Approx 7,400 employees at main office in Koblenz

- Approx 5,200 employees at other offices

- Approx 116 office locations

- More than 1,600 current projects

- Approx 11,700 procurement contracts

- Approx 55 Contract templates to be confirmed by the Defense Committee and Budget
  Committee of the German Bundestag due to their value reached or exceeded €25 million

- Approx €29 Billion order / contract values

BAAINBw - Bundesamt für Ausrüstung, Informationstechnik und Nutzung der Bundeswehr

Main task:

- Provision of efficient and safe defense equipment
- Provision of information technology

Focus on:

- Development
- Testing
- Procurement
- In-service support management of materiel

Broad range of products including:

- Highly complex weapon and IT-systems
- Tanks
- Aircraft
- Vessels
- as well as clothing for service personnel

BAAINBw - Bundesamt für Ausrüstung, Informationstechnik und Nutzung der Bundeswehr

Responsibilities of Project Divisions:

- Management of complex projects
- System technology and integration
- Research & technology
- Technical and economic aspects of in-service support management
- Procurement of any equipment required by them

Additional tasks:

- Technical analysis of foreign defense materiel,
- Damage inspections,
- Equipment aid for a number of non-NATO countries
- Training of civil servants technicians for the Bundeswehr as a whole.

BAAINBw - Bundesamt für Ausrüstung, Informationstechnik und Nutzung der Bundeswehr

The versatility and complexity of defense technology in various technical areas is divided among following departments:

- Combat (Kampf: K)

- Air (Luft: L)

- Sea (See: S)

- Land Support (Land-Unterstützung: U)

- Information Technology (Informationstechnik: I)

- IT Support (IT-Unterstützung: G)

- Complex Services, Procurement (Komplexe Dienstleistungen, Einkauf: E)

- Center for Technical Quality Management (Zentrum für technisches Qualitätsmanagement: ZtQ)

- Technical, Logistical and Economic Cross-Cutting Tasks (Technische, logistische und wirtschaftliche Querschnittsaufgaben: T)

- Central Affairs (Zentrale Angelegenheiten: ZA)

BAAINBw - Bundesamt für Ausrüstung, Informationstechnik und Nutzung der Bundeswehr
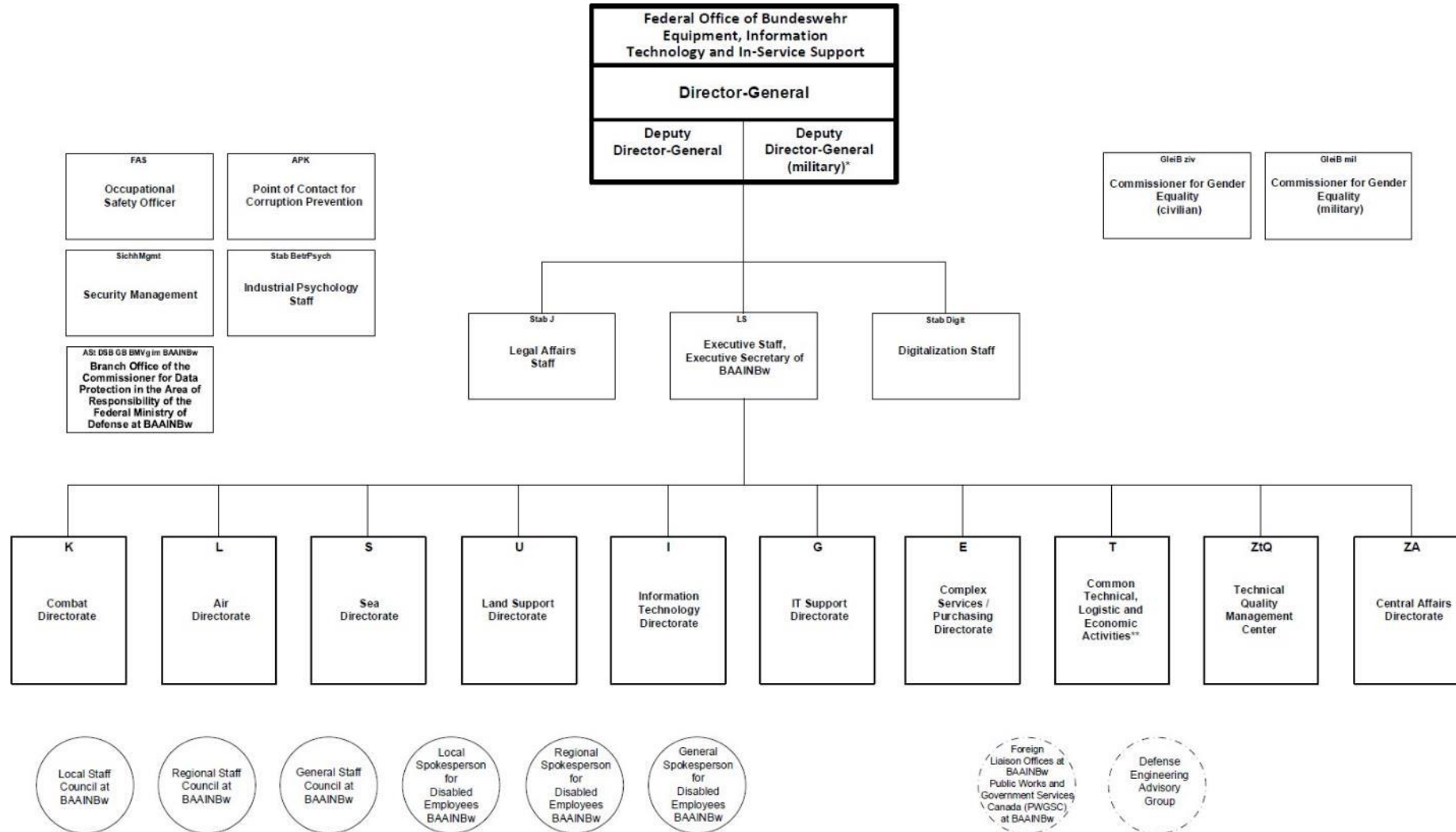
WTD - wehrtechnische Dienststellen

Defence Technical Agencies

Responsible for providing technical advice and support to project management at BAAINBw, for:
- conducting experimental and analytical investigations
- Studies
- Research
- Technology tasks.

The Naval Arsenal (MArs) is a further agency that ensures the operational readiness of the German fleet.

The German Liaison Office for Armaments (DtVStRü USA/CAN) in Reston, VA represents the defense technology and armaments industry interests vis-à-vis American and Canadian official agencies and industry

WTD - 91

Competence Center for testing of weapons and ammo

- Technology center for weapons and ammunition of the Bundeswehr(WTD 91)
- Area of around 200 square kilometers,
- Largest instrumented firing range in Western Europe
- Sole expertise in the fields of ballistics, acoustics, optronics and meteorology in the defense sector.
- Responsible for project management for the entire technical equipment of the geo-information service of the Bundeswehr (GeoInfoDBw).
- Conducts experimental and analytical investigations
- Provides integrated verification within the framework of Customer Product Management (CPM).
- Works on research and technology projects
- Provides technical support for armaments projects.
- If weapons and ammunition used, the agency is responsible for their technical care.
- Examines, tests and evaluates weapons and weapon systems, ammunition of all types, as well as rockets, guided

BAIUDBw - Bundesamt für Infrastruktur, Umweltschutz und Dienstleistungen der Bundeswehr

Federal Office of Bundeswehr Infrastructure, Environmental Protection and Services

BAIUDBw is responsible for

- Construction projects in DEU, abroad and in operational areas

- Compliance with environmental protection requirements

- General service matters

- Approx 3,000 employees in and outside DEU

- Main office in Bonn

BAIUDBw - Bundesamt für Infrastruktur, Umweltschutz und Dienstleistungen der Bundeswehr

BAIUDBw main tasks

- Providing and coordinating all support services for deployments abroad

- Organizing work of its own and subordinate departments, which comprise approximately 29,000 military posts, and exercises technical supervision over them

- Interface between personnel, budget, equipment and legal departments

- Represents the interests of the Bundeswehr vis-à-vis other nations, federal states, associations and the economy.

- DEU mil admin offices in Belgium, France, Great Britain, Italy, Lithuania, the Netherlands, Poland and USA/Canada, including their branch offices.

BAIUDBw - Bundesamt für Infrastruktur, Umweltschutz und Dienstleistungen der Bundeswehr

Organigramm des Bundesamtes für Infrastruktur, Umweltschutz und Dienstleistungen der Bundeswehr
Obj.-ID.: 30093480

ZA 2 – Stand: 1. März 2025
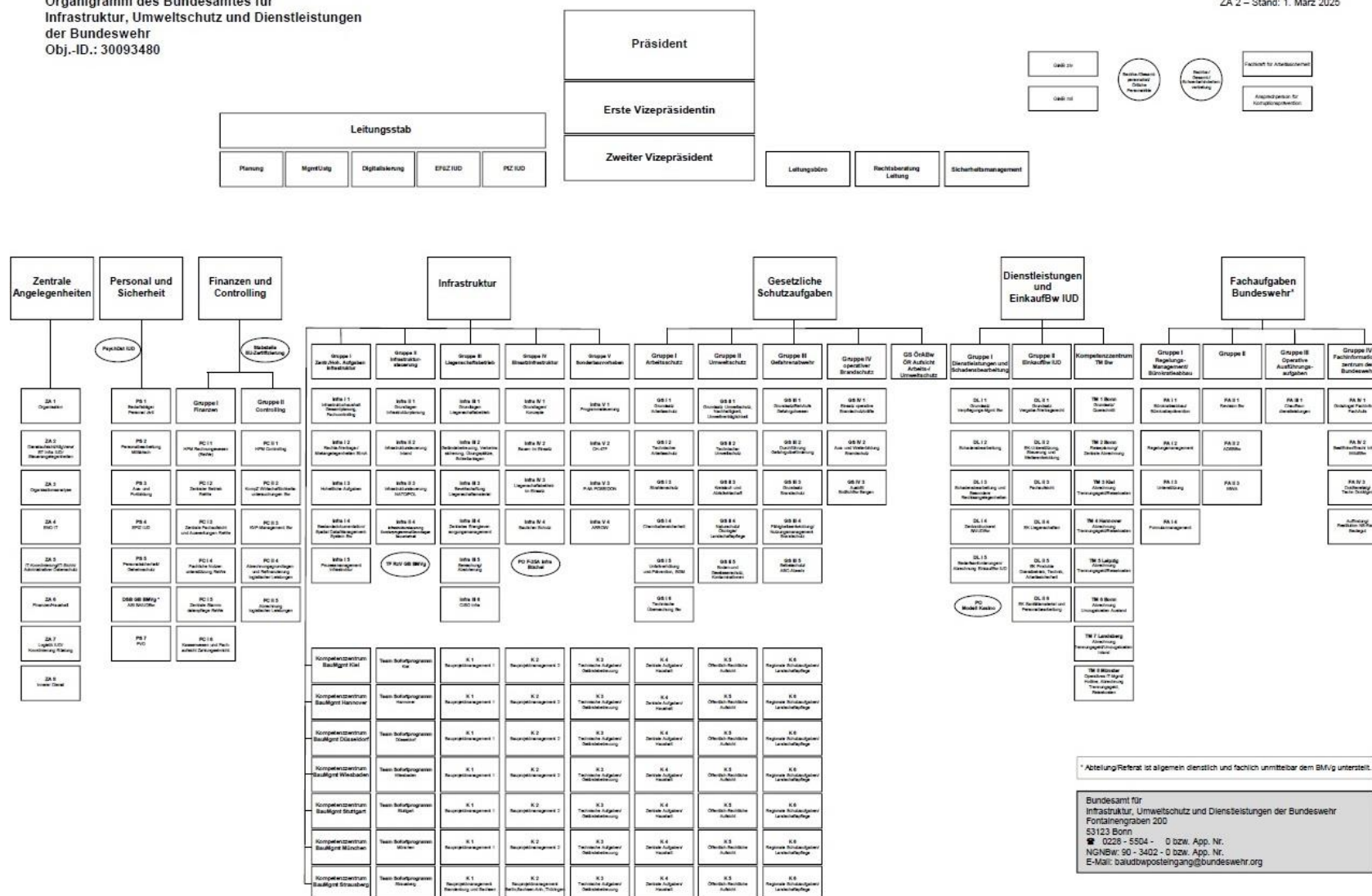
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Procurement Process

Procurement processes are always initiated by capability gaps or requirements identified by the armed forces, which are then covered following a positive decision-making process.

The Bundeswehr's equipment and utilization management differentiates between three variants of demand fulfillment:

- Provision of material solutions and services according to customer product management (CPM)

- Coverage of operational requirements of the Bundeswehr through the Bundeswehr purchasing agency (Bundeswehr purchasing) (EinkaufBw)

- Procurement and use of complex services (KDL)

Customer Product Management - CPM

The first variant of equipment and usage management is the procurement process

according to CPM*

- CPM regulates procedure for proper, timelyand economical

  determination and fulfillment of requirements in the Bundeswehr with

  products and specific services

- Aim is to provide the necessary equipment in a timely manner and ready

  for use within the specified financial framework and to keep it

  operational

- Development and procurement times, as well as the associated

  coordination processes, are shortened by these requirements, and the

  administrative burden is minimized

*https://www.bundeswehr.de/resource/blob/1718386/d21a4f590da15adad3aecd560f3cc5cc/cpm-en-data.pdf

Procurement of Operational Requirements

The second variant of equipment and usage management is the procurement of operational requirements (EinkaufBw),

including:.

- Procurement of commercial goods and services and also Bundeswehr-specific articles.

- Follow-on procurement of spare parts for weapon systems and equipment in the utilization phase

- Requirements that are covered by international procurement channels and interdepartmental

  procurement

Procurement of Complex Services

The third variant of the equipment and utilization process are the complex services, i.e. services that cannot or should not be provided entirely by the Bundeswehr itself, as is currently the case with the:

- Heeresinstandsetzungslogistik (HIL GmbH)

- Bundeswehr Bekleidungsmanagement (BwBM GmbH)

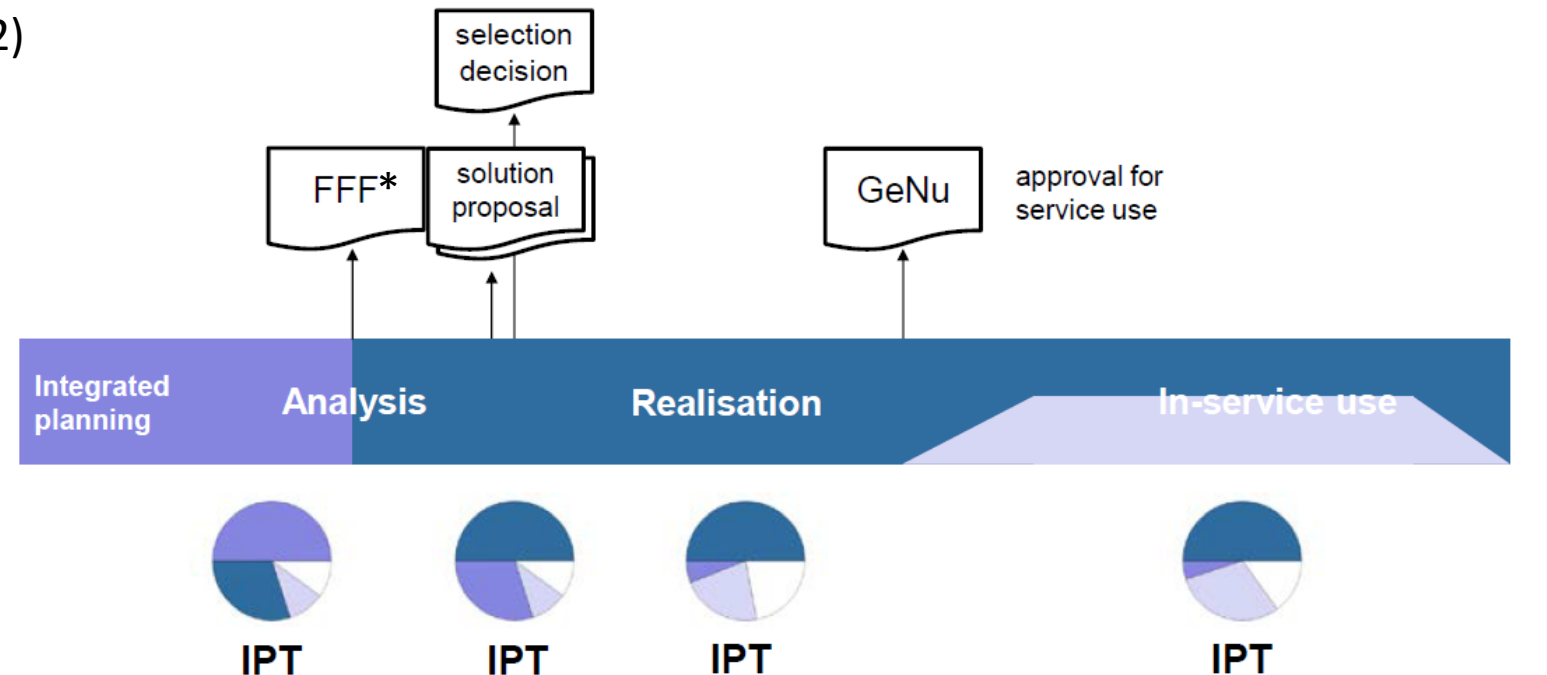- Bundeswehr Fuhrpark Service (BwFuhrparkService GmbH)

or the Procurement of commercial goods and services and also Bundeswehr-specific articles.

Basic procedure

The basic CPM procedure is divided into three phases:

- Analysis phase (part 1 and part 2)

- Realisation phase

- Phase of in-service use

*FFF: capability gap and functional requirement document

Contract Example BAAINBw

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Persistent Surveillance System - PSS

- Identification 7km day/night

- 24/7 operations

- Contractor maintained

- Training mil to operate

- Location: Tillia, NIG

- Mission: Training Mission

- Self-sustainable

Picture: Bundeswehr

Contract Example BAAINBw

Urgent Operational Requirement: Surveillance of unmanned infrastructure and equipment

- Procurement of equipment sets for the technical surveillance of remote facilities and objects as well as remote sites at Bundeswehr operational locations

- Remote operation for technical monitoring up to a distance of 7000m from an operations center

- 24/7 operation independently of infrastructure requirements at the object to be monitored on site

Contract Example BAAINBw

Timelines Surveillance of unmanned infrastructure and equipment

- Request for participation: 13 SEP 2021

- RFP: 14 DEC 2022

- Indication Sub-Contractors: 31 MAR 2023

- Q&A until: 31 MAY 2023

- Submission of proposal: 7 JUN 2023

- Cancelation of Program: 05 FEB 2024

- due to end of Mission: 31 MAY 2024

Contract Example BAIUDBw

German Contractor Augmentation Program (G-CAP)

Timeline in Days	Units	Volume
180	up to 500 PAX	up to €50 Mio
270	up to 1,000PAX	up to €100 Mio
360	Up to 2,000 PAX	up to €200 Mio

3 Framework contracts

Contract Example BAIUDBw

Convoy Support Center (CSC)

▪ Not limited to Bundeswehr, available to allied armed forces (NATO, UN, EU and Partnership for Peace countries).

▪ Provision and operation of the following partial services, among others: accommodation, sanitary facilities and catering facilities, as well as operation of sales facilities and refueling facilities, energy supply, waste disposal, security for rest and assembly areas

▪ Volume €260 Mio

▪ 3 + 1 + 1 year

DEU portal of all tenders of the DEU Administration:

https://www.evergabe-online.de/search.html?1

➢ Search for "BAIUDBw" or "BAAINBw" to find relevant tenders of DEU Armed Forces

EU-portal (above €143,000 or €443,000 (defense sector)):

https://ted.europa.eu/TED/search/search.do

➢ Search by organizations or terms
➢ Change languages for the tenders (but not for the uploaded documents)

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