

European defence industrial development programme

2017/0125(COD) - 07/06/2017 - Legislative proposal

PURPOSE: to establish a European defence industrial development programme.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the defence industry is a **major element of the economy** of the European Union. For Europe to take over more responsibility for its defence, the Commission considers it crucial to improve competitiveness and enhance innovation across the Union defence industry.

The proposal for a European defence industrial development programme aims at **enhancing the competitiveness and innovation of the Union** defence industry including cyber defence.

In November 2016, the Commission adopted the [European Defence Action Plan](#), which sets out measures to achieve greater European defence cooperation and support the competitiveness of the European defence industry. It proposed in particular to launch a **European Defence Fund** to support investment in joint research and the joint development of defence equipment and technologies.

The initiative was welcomed by the European Council and the Commission was invited to present proposals in the first half of 2017.

CONTENT: the Commission proposes to establish a **European Defence Industrial Development Programme** for Union action covering the period from 1st January 2019 to 31 December 2020. The amount for the implementation of the Programme for the period 2019-2020 is set at **EUR 500 million** in current prices. The Commission will be responsible for the execution and the management structure of the programme.

The Programme shall have the following objectives:

- to foster the **competitiveness and innovation capacity** of the Union defence industry by supporting actions in their development phase;
- to support and leverage the **cooperation between undertakings** in the development of technologies or products in line with defence capability priorities;
- to foster better exploitation of the results of defence research and contribute to **closing the gaps between research and development**.

The programme will help create a collaborative approach between defence industrial players of the Member States and is expected to reduce wasteful duplications, dispersions and create economies of scale.

Union's financial assistance: this shall take the form of grants and financial instruments or via public procurement. The programme shall support the design, definition of common technical specifications, prototyping, testing, qualification and certification of defence products, tangible or intangible components and technologies. Support can also be provided for studies, feasibility assessments and other support activities.

Eligible entities: the action shall be undertaken in a cooperation of at least **three undertakings** which are established in at least two different Member States.

Beneficiaries shall be undertakings established in the Union, in which Member States and/or nationals of Member States own **more than 50%** of the undertaking and effectively control it, whether directly or indirectly through one or more intermediate undertakings.

The financial assistance of the Union provided under the Programme may not exceed **20% of the total cost of the action** where it relates to prototyping. In all the other cases, the assistance may cover up to the total cost of the action.

Award criteria: actions proposed for funding under the Programme shall be evaluated on the basis of the following cumulative criteria:

- excellence;
- contribution to the innovation and technological development of defence industries;
- contribution to the security and defence interests of the Union by enhancing defence technologies which contribute to implement defence capability priorities commonly agreed by Member States within the Union;
- viability of actions, the contribution to the competitiveness of the European defence industry through the demonstration by the beneficiaries that Member States have committed to jointly produce and procure the final product or technology in a coordinated way.

The Commission shall regularly monitor the implementation of the programme.