

European defence industrial development programme

2017/0125(COD) - 18/07/2018 - Final act

PURPOSE: to establish a programme aiming to support the competitiveness and innovative capacity of the Union's defence industry.

LEGISLATIVE ACT: Regulation (EU) 2018/1092 of the European Parliament and of the Council establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry.

CONTENT: the Regulation establishes a **European Defence Industrial Development Programme** in order to contribute to the Union's strategic autonomy. This Regulation, which is an integral part of the European Defence Fund, aims to establish a programme to support the competitiveness and innovation capacity of the Union's defence industry with a budget of **EUR 500 million for the period 2019-2020**.

Objectives: the programme shall act as a **catalyst for cooperation**, promoting potential collaborative programmes during the development phase of defence products and technologies, thus facilitating better exploitation of economies of scale in the defence industry and promoting the standardisation of defence systems while improving their interoperability.

The programme shall finance actions such as feasibility studies, testing, design, qualification and certification of products, system prototyping for a product, as well as the development of technologies that increase the effectiveness of defence products and technologies.

The actions financed must contribute to **excellence, innovation, competitiveness and autonomy of the European defence industry**.

Eligible entities: the programme shall co-finance projects implemented by consortia of at least three undertakings based in at least three different Member States. Projects specifically aimed at SMEs and mid-cap companies shall benefit from higher funding rates, as will actions carried out within the framework of permanent structured cooperation (PSC).

With regard to actions such as the **prototyping of a product** or the development of defence technologies, the consortium shall provide proof of their contribution to the competitiveness of the European defence industry by demonstrating that at least 2 Member States intend to procure the final product or to use the technology in a coordinated way, including through joint procurement where applicable.

To be eligible for funding, beneficiaries and subcontractors participating in the action shall be public or private undertakings established in the Union and **shall not be subject to control by a third country** or by a third country entity.

It shall be possible to derogate from this principle provided that strict conditions relating to the interests of the Union are met.

Financing: the European Parliament and the Council agreed that the financing of the European defence industrial development programmes shall be covered in the years 2019-2020 as follows: (i) EUR 200

million from the unallocated margin; (ii) EUR 116.1 million from CEF; (iii) EUR 3.9 million from Egnos; (iv) EUR 104.1 million from Galileo; (v) EUR 12 million from Copernicus; (vi) EUR 63.9 million from ITER.

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