

# European Defence Fund 2021–2027

2018/0254(COD) - 12/12/2018 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament adopted by 337 votes to 178, with 109 abstentions, amendments to the proposal for a regulation of the European Parliament and of the Council establishing the European Defence Fund.

The issue was referred back to the committee for interinstitutional negotiations.

The main amendments adopted in plenary concern the following points:

## *Objective*

The proposed Regulation aims to create the **European Defence Fund** for the period 2021-2027, the objective of which would be to promote the competitiveness, efficiency and innovation capacity of the European defence industry. The Fund shall contribute to the freedom of action of the Union and its strategic autonomy, in particular in technological and industrial terms.

In its [resolution](#) of 14 March 2018 on the next multiannual financial framework, the European Parliament reiterated its support for the creation of a European Defence Union, with a specific research programme in the area of defence of the Union and an industrial development programme in which Member States invest.

The Fund shall have the following specific objectives:

- 1) **support highly efficient collaborative research projects** that could significantly boost the performance of European future capabilities, aiming at maximising innovation and introducing new defence products and technologies, including disruptive ones;
- 2) **support collaborative European development projects** of defence products and technologies consistent with defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy.

The Funds shall also: (i) achieve greater economies of scale; (ii) reducing the risk of duplication; (iii) reducing the over-dependence on imports from third countries thus increasing the acquisition of European equipment by Member States; (iv) increase the standardisation of defence systems and the interoperability between Member States' capabilities.

## *Budget*

Parliament proposed that the financial envelope for the implementation of the European Defence Fund for the period 2021-2027 should be set at EUR 11.5 billion at 2018 prices, according to the following indicative breakdown:

- EUR 3.6 billion to directly finance competitive and collaborative research projects, including grants;
- EUR 7.8 billion for prototype development and related certification and testing requirements.

In order to deal with unforeseen situations or new developments and needs, the Commission may, in the context of the annual budgetary procedure, depart from the amounts by a maximum of 10 %.

Members asked the Commission to ensure that administrative procedures are as simple as possible and incur a minimum of additional expenditure.

### ***Work programmes***

Members asked the Commission to ensure the coherence of work programmes throughout the life cycle management of defence products and technologies. The work programme shall ensure that a credible proportion of the overall budget benefits actions enabling the **cross-border participation of SMEs** and mid-caps.

### ***Complementarity***

The Fund shall take into account the action plan on military mobility as part of the next Connecting Europe Facility, European Peace Facility to support, and, *inter alia*, Common Foreign and Security Policy CFSP/CSDP Missions and efforts to counter Hybrid Threats, and help to coordinate capability planning, development, procurement and operations.