

Basic information

2017/0125(COD)

COD - Ordinary legislative procedure (ex-codecision procedure)
Regulation

European defence industrial development programme

Repealed by [2018/0254\(COD\)](#)

Subject

3.30.07 Cybersecurity, cyberspace policy
3.40.09 Defence and arms industry
6.10.02 Common security and defence policy (CSDP); WEU, NATO





Procedure completed

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	GROSSETÊTE Françoise (PPE)	06/07/2017
	Shadow rapporteur POCHE Miroslav (S&D) KRASNODEBSKI Zdzislaw (ECR) RIQUET Dominique (ALDE) SYLIKIOTIS Neoklis (GUE/NGL) BÜTIKOFER Reinhard (Verts/ALE) CASTALDO Fabio Massimo (EFDD) LETARD-LECHEVALIER Christelle (ENF)	
Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs (Associated committee)	PAȘCU Ioan Mircea (S&D)	25/09/2017
BUDG Budgets (Associated committee)	GONZÁLEZ PONS Esteban (PPE)	14/07/2017
IMCO Internal Market and Consumer Protection	VAN BOSSUYT Anneleen (ECR)	12/07/2017

Council of the European Union	Council configuration	Meetings	Date
	General Affairs	3588	2017-12-12
European Commission	Commission DG		Commissioner
	Internal Market, Industry, Entrepreneurship and SMEs		BIEŃKOWSKA Elżbieta
European Economic and Social Committee			

Key events			
Date	Event	Reference	Summary
07/06/2017	Legislative proposal published	COM(2017)0294 	Summary
15/06/2017	Committee referral announced in Parliament, 1st reading		
05/10/2017	Referral to associated committees announced in Parliament		
21/02/2018	Vote in committee, 1st reading		
21/02/2018	Committee decision to open interinstitutional negotiations with report adopted in committee		
26/02/2018	Committee report tabled for plenary, 1st reading	A8-0037/2018	Summary
28/02/2018	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
13/03/2018	Results of vote in Parliament		
13/03/2018	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72 - vote)		
19/06/2018	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	GEDA/A/(2018)004778	
02/07/2018	Debate in Parliament		
03/07/2018	Decision by Parliament, 1st reading	T8-0275/2018	Summary
03/07/2018	Results of vote in Parliament		
18/07/2018	Act adopted by Council after Parliament's 1st reading		
18/07/2018	Final act signed		
18/07/2018	End of procedure in Parliament		
07/08/2018	Final act published in Official Journal		

Technical information	
Procedure reference	2017/0125(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)

Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealed by 2018/0254(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 173-p3
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/8/10167

Documentation gateway



European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE608.022	31/10/2017	
Amendments tabled in committee		PE608.023	05/12/2017	
Amendments tabled in committee		PE615.351	05/12/2017	
Committee opinion	IMCO	PE612.223	24/01/2018	
Committee opinion	AFET	PE612.300	25/01/2018	
Committee opinion	BUDG	PE612.357	25/01/2018	
Committee report tabled for plenary, 1st reading/single reading		A8-0037/2018	26/02/2018	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0275/2018	03/07/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2018)004778	07/06/2018	
Draft final act	00028/2018/LEX	06/07/2018	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2017)0294 	07/06/2017	Summary
Document attached to the procedure	SWD(2017)0228 	07/06/2017	
Commission response to text adopted in plenary	SP(2018)547	12/09/2018	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary

Contribution	PT_PARLIAMENT	COM(2017)0294	28/07/2017	
Contribution	IT_SENATE	COM(2017)0294	11/10/2017	
Contribution	CZ_SENATE	COM(2017)0294	23/10/2017	
Contribution	RO_CHAMBER	COM(2017)0294	14/11/2017	
Contribution	IT_CHAMBER	COM(2017)0294	15/11/2017	
Contribution	FR_ASSEMBLY	COM(2017)0294	10/04/2018	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES3593/2017	07/12/2017	
CofR	Committee of the Regions: opinion	CDR4309/2017	23/03/2018	

Additional information

Source	Document	Date
EP Research Service	Briefing	
European Commission	EUR-Lex	

Final act

[Regulation 2018/1092](#)
[OJ L 200 07.08.2018, p. 0030](#)

[Summary](#)

European defence industrial development programme

2017/0125(COD) - 03/07/2018 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a legislative resolution on the proposal for a regulation of the European Parliament and of the Council establishing the European defence industrial development programme aiming at supporting the competitiveness and innovative capacity of the EU defence industry.

The European Parliament's position, adopted at first reading under the ordinary legislative procedure, amended the Commission proposal as follows:

Objectives: the Regulation shall establish a **European defence industrial development programme** for Union action covering the period from 1 January 2019 to 31 December 2020. Its objectives shall be to:

- foster the competitiveness, efficiency and innovation capacity of the defence industry throughout the Union, which contributes to the Union's strategic autonomy, by supporting actions in their development phase;
- support and leverage cooperation, including across borders, between undertakings, including SMEs and mid-caps, throughout the Union, and collaboration between Member States, in the development of defence products or technologies, while strengthening and improving the agility of defence supply and value chains, and fostering the standardisation of defence systems and their interoperability;
- **foster better exploitation of the results of defence research** and contribute to development after the research phase, thereby supporting the competitiveness of the European defence industry on the internal market and the global marketplace.

Eligible actions: actions to improve existing defence products or technologies shall only be eligible where the **pre-existing information** needed to carry out the actions in question is not subject to a restriction limiting the ability to carry out the actions.

An eligible action shall relate to one or more of the following: (i) **studies**, such as feasibility studies, and other accompanying measures; (ii) the design of a defence product, tangible or intangible component or technology as well as the technical specifications on which such design has been developed, including partial tests for risk reduction in an industrial or representative environment; (iii) the **system prototyping** of a defence product, tangible or intangible component or technology; (iv) the **qualification** of a defence product, tangible or intangible component or technology; (v) the certification of a defence product, tangible or intangible component or technology; (vi) the **development of technologies** or assets increasing efficiency across the life cycle of defence products and technologies.

Eligible entities: all actions under the programme shall be carried out by undertakings cooperating within a consortium of at least **3 eligible entities** which are established in at least **3 different Member States**.

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.

In certain circumstances, it shall be possible to **derogate from the principle** that beneficiaries and subcontractors involved in an action are not subject to control by a third country or by a third country entity. In that context, undertakings established in the Union that are controlled by a third country or by a third country entity shall be able to be eligible for funding provided that relevant, strict conditions relating to the security and defence interests of the Union and its Member States are fulfilled.

Cooperation between beneficiaries and subcontractors involved in the action and undertakings which are established in a third country or which are controlled by a third country or by a third country entity shall also be subject to relevant conditions relating to the security and defence interests of the Union and its Member States. In that context, there shall be **no unauthorised access** by a third country or a third country entity to classified information relating to the execution of the action.

Award criteria: these shall include:

- **contribution to excellence** in particular by showing that the proposed action presents significant advantages over existing defence products or technologies;
- **contribution to innovation**, in particular by showing that the proposed action includes ground-breaking or novel concepts and approaches, new promising future technological improvements or the application of technologies or concepts previously not applied in the defence sector;
- **contribution to the competitiveness and growth of defence** undertakings throughout the Union, in particular by creating new market opportunities;
- **contribution to the industrial autonomy of the European defence industry** and to the security and defence interests of the Union by enhancing defence products or technologies in line with defence capability priorities agreed by Member States within the framework of the Common Foreign and Security Policy, particularly in the context of the Capability Development Plan;
- **the proportion of the overall budget of the action to be allocated to the participation of SMEs** established in the Union bringing industrial or technological added value: an action may benefit from an increased financing rate where at least 10 % of the total eligible cost of the action is allocated to SMEs established in the Union.

According to the amended text, the work programme shall enable open and transparent cross-border access and participation of SMEs. **At least 10% of the overall budget** shall benefit such actions, allowing SMEs to be included in the value chains of the actions. A category of projects should be specifically dedicated to SMEs.

Budget and financing: the financial envelope for the period from 1 January 2019 to 31 December 2020 shall be **EUR 500 million** in current prices. The annual appropriations shall be authorised by the European Parliament and the Council within the limits of the multiannual financial framework.

The Union's financial assistance may be provided in particular through grants and, in exceptional cases, through public procurement.

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.

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.

ENTRY INTO FORCE: 10.8.2018.

European defence industrial development programme

2017/0125(COD) - 26/02/2018 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Industry, Research and Energy adopted the report by Françoise GROSSETÊTE (EPP, FR) on the proposal for a regulation of the European Parliament and of the Council establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovative capacity of the EU defence industry.

The Committee on Foreign Affairs and the Committee on Budgets, exercising their prerogatives as associated committees in accordance with [Article 54 of the Rules of Procedure](#), also gave their opinions on the report.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the Commission proposal as follows.

Objectives: Members stated that the programme shall aim to promote **European strategic autonomy** by supporting actions carried out in the Union during their development phase. The programme shall also:

- support and leverage **cooperation** between Member States, including cross-border cooperation, between undertakings, including SMEs and mid-sized enterprises employing up to 3 000 people, in the development of technologies or products that are in line with defence capability priorities commonly agreed by Member States within the Union, particularly in the context of the Capability Development Plan of the Common Security and Defence Policy
- support the **competitiveness** of the Union defence industry in the domestic and global markets, including through consolidation where appropriate;
- promote the **standardisation** and interoperability of military systems to achieve economies of scale.

Budget: the amount for the implementation of the Programme for the period 2019-2020 is set at EUR 500 million in current prices, to be drawn exclusively from the unallocated margins under the 2014-2020 multiannual financial framework (MFF) ceilings and/or through the mobilisation of the relevant MFF special instruments.

Ineligible actions: the programme may not support actions related to: (i) products related to weapons of mass destruction, related warhead technologies or banned weapons and ammunition; (ii) weapons that do not comply with international humanitarian law; (iii) anti-personal landmines; (iv) incendiary weapons and (v) fully autonomous weapons capable of striking with the minimum of human control.

Eligible entities: beneficiaries and their subcontractors shall be **public or private undertakings established in the Union that are not effectively controlled by a third country** or an entity of a third country, whether directly or indirectly.

Other entities established in the EU and not effectively controlled by Member States or their nationals may be eligible if, for the purpose of an action funded under the Programme, the necessary **mechanisms are in place to ensure that the effective control over the undertaking by a third country** or a third country entity is removed and their access to sensitive information relating to the action is prevented.

All actions under the Programme involve entities from **at least three Member States**. The use of a system of general transfer licenses for the purposes of the Programme would significantly reduce the administrative overhead arising from transfers among the participants. The Member States shall therefore publish **general transfer licenses** relating to this Programme.

Award criteria for funding: these shall include:

- **industrial performance** and capacity to show significant advantages over existing products or technologies;
- contribution to the competitiveness and growth of defence undertakings throughout the Union;
- contribution to the creation of new **cross-border cooperation** between undertakings;
- the proportion of the overall budget of the action to be allocated to the **participation of SMEs** established in the European Union, either as members of the consortium, subcontractors or as other undertakings in the supply chain.

Important role for SMEs: Members considered it important to foster cross-border cooperation, especially for SMEs that lack incentives to cooperate. They therefore proposed to make an additional effort towards SMEs by reserving for them a dedicated category of projects and ensuring that **at least 15% of the overall budget** shall be allocated to actions promoting the cross-border integration of SMEs and mid-caps into value chains.

Lastly, Members called for the European Parliament to have observer status in the committee of Member States.

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.