

European defence industrial development programme (EDIDP)

In an environment of increasing security threats and diminishing reliability of some of its key traditional allies the European Union decided it was time to increase its own military capabilities. A European Defence Fund (EDF) was created, of which a new European defence industrial development programme (EDIDP) would be part. During its July 2018 plenary the European Parliament is expected to vote at first reading on the proposal to create the EDIDP. The programme is destined to provide financial support during the development phase of new products and technologies, i.e. the phase that follows research and precedes the acquisition of defence systems.

Background

Defence is one of the ten fields which were identified as [priorities](#) by Commission President Juncker in 2014, and also one which enjoys broad [support](#) from citizens. Since then a [European defence action plan](#) has been adopted, a [European defence industrial policy](#) launched, a [European Defence Fund](#) created, and now one of that fund's parts, the EDIDP, is being readied for adoption. This runs parallel to other efforts, such as the establishment in 2017 of [permanent structured cooperation](#) (PESCO), which aims at making European defence spending more efficient and reaching a more autonomous European defence union.

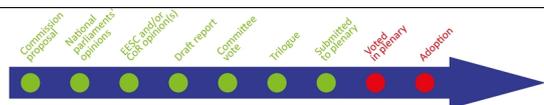
European Commission proposal

In June 2017 the Commission adopted its [proposal](#) for a regulation establishing the EDIDP. It proposes to spend €500 million over a two-year period on developing defence equipment and technologies. The three aims are: to foster the competitiveness and innovation capacity of the EU defence industry, to encourage cooperation between undertakings, including SMEs, and to better exploit the results of defence research. Support is planned for defining common technical specifications, design, prototyping, testing, qualification, and certification. Other supporting measures are eligible, as is the upgrade of existing defence products and technologies. The Commission proposed that, in order to be eligible for funding, a minimum three undertakings in at least two Member States cooperate on a project. In addition to grants, the use of financial instruments or public procurement may also be used.

European Parliament position

In February 2018, the Parliament's Committee on Industry, Research and Energy (ITRE) adopted its [report](#). It supports the Commission's approach, but would complement this through the modification of eligibility criteria, such as having a minimum three undertakings in at least three Member States participating in a project. Parliament also strongly insisted on insuring support for SMEs and mid-caps (bigger than SMEs, but employing a maximum of 3 000), and excluding weapons of mass destruction. Finance should be drawn mainly from unallocated margins of the Multiannual Financial Framework. After trilogue negotiations between Parliament and Council, a [provisional agreement](#) was reached in May 2018. The envelope of €500 million would be retained, but only €200 million would come from the budgetary margin, while most of the funds would be re-deployments from existing budget lines. Financial instruments are excluded. Parliament's position of having at least three undertakings in at least three Member States participating in a project would be retained. The text now needs to be formally approved during the July plenary session.

First-reading report: [2017/0125\(COD\)](#); Committee responsible: ITRE; Rapporteur: Françoise Grossetête (EPP, France). For further information see our 'EU Legislation in progress' [briefing](#).



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