

## European Defence Fund 2021–2027

The European Commission presented a proposal for a regulation establishing a European Defence Fund in June 2018. The Fund aims to foster the competitiveness and innovativeness of European defence and to contribute to the EU's strategic autonomy. The Parliament and Council reached a partial agreement in early 2019 and then a provisional political agreement on the outstanding issues in December 2020. The Council adopted its first-reading position in March 2021, and the Parliament is expected to vote its second-reading position during the April plenary session.

### Background

The lack of cooperation between Member States has been weakening the ability of the EU defence industry to sustain the industrial and technological capabilities necessary to preserve the European Union's strategic autonomy and meet its current and future security needs. Around 80 % of defence procurement and 90 % of research and technology are run on a national basis, which leads to costly duplication of military capabilities. To address such shortcomings, the European Commission has taken a number of initiatives supporting greater defence cooperation. It adopted a [communication](#) launching the European Defence Fund in June 2017, proposing a two-step approach. An initial test period under the 2014-2020 Multiannual Financial Framework (MFF), during which two precursor programmes, the [Preparatory Action on Defence Research](#) and the [European Defence Industrial Development Programme](#), would provide co-funding for collaborative defence research and development projects respectively. Then a dedicated European Defence Fund was to be created under the 2021-2027 MFF.

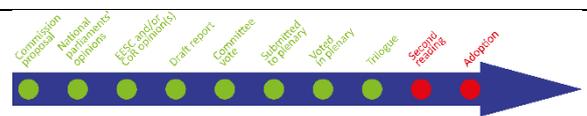
### European Commission proposal

On 13 June 2018, the European Commission presented its [proposal](#) on the European Defence Fund, which aimed at complementing Member States' investment by co-financing the costs for prototype development, the ensuing certification and testing requirements; and directly financing competitive and collaborative research projects. The proposed budget was €11.5 billion in constant 2018 prices for the 2021-2027 period. The main features of the Fund included: financing priority projects agreed by Member States within the framework of the Common Security and Defence Policy and other regional and international organisations; financing collaborative projects involving at least three Member States; promoting cross-border activities of small and medium-sized enterprises (SMEs); co-funding common prototypes; targeting innovation, with 5 % of the funds dedicated to disruptive technology and innovative equipment; and promoting projects in the framework of permanent structured cooperation (PESCO).

### European Parliament position

On 21 November 2018, Parliament's Committee on Industry, Research and Energy (ITRE) adopted its [report](#) on the proposal. Parliament and Council reached a partial agreement, and Parliament [adopted](#) this at first reading in April 2019. Trilogue negotiations were concluded in December 2020, with the agreed total of €7 billion in constant 2018 prices being made available for defence projects. The Council adopted its first-reading [position](#) in March 2021. The vote on the regulation in Parliament is scheduled during the April plenary session and, if adopted, will pave the way for the first ever multiannual financial programme supporting EU defence research and development.

Recommendation for second reading: [2018/0254\(COD\)](#);  
Committee responsible: ITRE; Rapporteur: Zdzisław Krasnodębski (ECR, Poland).



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