



*Committee on Foreign Affairs
The Chair*

20.8.2023

Mr Cristian-Silviu Buşoi
Chair
Committee on Industry, Research and Energy
BRUSSELS

Subject: Opinion on Establishing the Strategic Technologies for Europe Platform ('STEP') and amending Directive 2003/87/EC, Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241 (COM(2023)0335 – 2023/0199(COD) –C9-0209/2023))

Dear Chair,

Under the procedure referred to above, the Committee on Foreign Affairs has been asked to submit an opinion to your Committee. During the meeting of 18 July 2023, the Coordinators of the Committee on Foreign Affairs decided to send the opinion to the Subcommittee on Security and Defence. The Subcommittee on Security and Defence decided via a written procedure on 14 July 2023 to send the opinion in the form of a letter.

The Committee on Foreign Affairs adopted the opinion by Nathalie Loiseau, SEDE Chair as rapporteur at its meeting of 20 September 2023¹ and called on the Committees responsible to incorporate the following suggestions into its report.

Yours sincerely,

David McAllister

¹ The following were present for the vote: The following were present for the final vote: Alviina Alametsä, Anna Bonfrisco, Reinhard Bütikofer, Alexander Alexandrov Yordanov, Traian Băsescu, Vladimír Bilčík, Włodzimierz Cimoszewicz, Katalin Cseh, Angel Dzhambazki, Gheorghe Falcă, Michael Gahler, Sunčana Glavak, Giorgos Georgiou, Raphaël Glucksmann, Klemen Grošelj, Bernard Guetta, Dietmar Köster, Andrey Kovatchev, Andrius Kubilius, Georgios Kyrtos, David Lega, Miriam Lexmann, Nathalie Loiseau, Leopoldo López Gil, Antonio López-Istúriz White, David McAllister, Vangelis Meimarakis, Dace Melbārde, Thierry Mariani, Marisa Matias, Sven Mikser, Alessandra Moretti, Javier Nart, Matjaž Nemec, Jan-Christoph Oetjen, Carina Ohlsson, Juozas Olekas, Demetris Papadakis, Kostas Papadakis, Nikos Papandreou, Tonino Picula, Manu Pineda, Hermann Tertsch, Thijs Reuten, Isabel Santos, Mounir Satouri, Jordi Solé, Andreas Schieder, Nacho Sánchez Amor, Viola von Cramon-Taubadel, Hilde Vautmans, Anders Vistisen, Thomas Waitz, Isabel Wiseler-Lima, Javier Zarzalejos, Juan Ignacio Zoido Álvarez, Željana Zovko, Mick Wallace

SUGGESTIONS

Rapid geopolitical changes and a constantly evolving threat landscape create heightened risks for the Union's security. Before February 2022, Europe was already facing the most complex combination of both military and non-military threats since the end of the Cold War. With Russia's war of aggression against Ukraine security and defence is now clearly one of the most challenging and urgent priorities for the Union and our citizens.

While the EU has already put forward several initiatives to support Member States and industry to identify priorities, Russia's war against Ukraine has shown a clear need for a more structured approach to developing defence capabilities and meet the investment demands of Europe's industries. This need is especially evident for the European defence industry, which has also benefitted from recent initiatives in support of Member States identifying defence capability priorities (EDIRPA) and industries capacity to step-up ammunition production (ASAP). While these initiatives are welcome, they are admittedly of small magnitude in terms of budget.

The time has come to take these efforts to the next level to increase Europe's open strategic autonomy, including by mobilising the necessary funding for the development of future capabilities that are needed for the longer-term security of Europe. In light of the security challenges brought by Russia's war of aggression against Ukraine, we should adapt our defence industry to the realities of the return of high-intensity conflict on our continent. There is a need to look at longer-term solutions for European industry, to make sure it is strengthened in order to adapt to future risks, and prevent European companies from relocating overseas in search of needed structured investments.

This backdrop demonstrates the urgency to strengthen EU sovereignty now. It is regrettable that there has been no proposal to date for a dedicated EU Sovereignty Fund to address critical dependencies, after repeated calls by the Parliament. AFET/SEDE believe the STEP regulation is a welcome initiative, but believes there is a clear and growing need for more and structured funding to reinforce European defence.

The European Defence Fund (EDF), though regrettably still underfinanced, is widely considered a success and has demonstrated the added value of EU-level action in European defence. Considering the allocation of EDF funds has also been used to fund new initiatives like ASAP and IRIS², a top-up of EUR 1.5 billion to the fund is therefore a minimum welcome proposal, but it is still far from the EUR 13 billion originally requested by the Parliament. A war in Europe should be a wake-up call that we need a structured and sustainable response now.

For that reason, AFET/SEDE focusses the main amendments on reinstating the European Parliament's original budget as well as on some additional amendments to take into account the specificity of the defence sector, in particular when it comes to security of information. AFET/SEDE therefore propose to amend the top-up of the EDF, and call for an additional EUR 2.5 billion instead of the EUR 1.5 billion as suggested in the STEP proposal.

1. The above mentioned elements should be properly reflected in Article 3 by amending 1(d) as follows:

“(d) An amount of EUR **2 500 000 000** in current prices of the financial envelope referred to in Article 4(1) of Regulation (EU) 2021/697.”

2. In addition, Article 18 should be amended as follows

(a) Paragraph 1 is replaced by the following:

“1. In accordance with Article 12(1) of Regulation 2021/695, the financial envelope for the implementation of the Fund for the period from 1 January 2021 to 31 December 2027 shall be EUR **10 453 000 000** in current prices.”

(b) Paragraph 2, points (a) and (b) are replaced by the following:

“(a) EUR **3 484 000 000** in current prices for research actions;

(b) EUR **6 969 000 000** in current prices for development actions.”

3. Article 6 should include the following new paragraph:

“(new paragraph) 5. For projects related to security and defence, displaying of information should only be done on a case-by-case basis, if deemed necessary by the project or the Commission, taking into consideration the confidentiality of security of information in defence matters.”

4. In recital 4, the proposal should clarify the sensitivity and dangers of investing in biotech through defence funds, considering that technology bears a considerable bio-weapon proliferation risk.

*“(4) ... Biotechnology should be considered ... such as for waste disposal, and biomanufacturing. **Special attention should be paid to investments in biotech through defence funds, considering the sensitivity and dangers of biotech in bio-weapon proliferation and the need to uphold international law. The Commission may issue guidance...**”*

5. At the end of recital 8, the proposal should clarify that the application of the Sovereignty Seal should take into account the peculiarities of security and defence when developing technologies, such as security of information.

*“(8) ... notably by facilitating cumulative or combined funding from several Union instruments. **The application of the Sovereignty Seal should take into account the specificity of security and defence when developing technologies, such as security of information.**”*

6. In recital 10, the proposal should include the following new sentence:

*“(10) ... Moreover, the Sovereignty Portal should help increase the visibility for STEP investments towards investors, **taking into account security of information when***

related to security and defence, by listing projects the projects that have been awarded a Sovereignty Seal.”