



EUROPEAN COMMISSION

*Brussels, 23.1.2018
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Dear President,

The Commission would like to thank the Senato della Repubblica for its Opinion on the Commission proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Industrial Development Programme {COM(2017) 294 final}, on the Commission Communication 'Launching the European Defence Fund' {COM(2017) 295 final} and on the Reflection Paper on the Future of European Defence {COM(2017) 315 final}.

The Commission welcomes the support expressed in the Opinion of the Senato della Repubblica and is pleased that it shares the view about paramount importance of strengthening the European defence capacity in the context of emerging challenges and in the context of persisting low level of investments and major fragmentation of the sector.

Against this backdrop, the objective of the European Defence Industrial Development Programme is to leverage the competitiveness of the sector by incentivising and supporting collaboration between enterprises and Member States. It should mitigate the existing inefficiency resulting from a significant fragmentation of the market, which, together with falling spending on defence hamper the competitiveness of the European defence industry as well as render the Union more vulnerable to both internal and external threats.

The Commission believes that the initiatives outlined in the Communication at the European Union level would contribute to addressing significant obstacles preventing the European defence industry from being more competitive and enabling the European Union to face in a more efficient manner emerging challenges and threats.

For this programme, which is limited to two years, the Commission has proposed to support defence products development projects involving the collaboration of at least three undertakings established in at least two Member States. This approach is of course without prejudice to the position of the Commission for future programmes regarding research and development.

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Article 173 of the Treaty on the Functioning of the European Union aims to ensure that the conditions necessary for the competitiveness of the Union's industry exist. Considering also the strategic importance of the European defence industry for the security of the Union and its Member States and the need to ensure the security of sensitive information, the proposal establishing the European Defence Industrial Development Programme foresees that the provision of European Union funding should be limited to undertakings that are effectively controlled by European Union nationals or Member States. This question is discussed in the European Parliament and Council, and the Commission will analyse carefully any amendments to the proposal.

The Commission would like to reassure the Senato della Repubblica that the redeployment of funds from the European Global Navigation Satellite Systems, Copernicus and the ITER programmes will not negatively affect the current development of the programmes and their capacity to produce planned deliverables and to reach their objectives. The redeployments represent very limited shares of the total envelopes of the programmes – less than 2% for ITER, 1.8% for European Global Navigation Satellite Systems and 0.34% for Copernicus – and are mainly made available because of previous savings and important reserves being present.

The Commission welcomes the support expressed in the Opinion of the Senato della Repubblica on the choice of Article 173 on the Treaty of the Functioning of the European Union and the recognition of the strong value added of the use of community instruments to support the European defence industry. The Commission is also pleased that the Senato della Repubblica shares the understanding of the importance of providing support in view of improving the exploitation of the results of research in the field of defence.

The Commission hopes that these clarifications address the issues raised by the Senato della Repubblica and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Elżbieta Bieńkowska
Member of the Commission*