



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Camera Deputaţilor for its Opinion on the proposal for a Regulation establishing the European Defence Industrial Development Programme {COM(2017) 294 final} and on the Commission Communication 'Launching the European Defence Fund' {COM(2017) 295 final}.

The Commission welcomes the support of the Camera Deputaţilor and is pleased that it shares the view about the importance of strengthening the European defence capacity in the context of emerging challenges and of stimulating cooperation in the development of defence products and technologies in line with capability priorities jointly agreed by the Member States.

The objective of the European Defence Industrial Development Programme is to leverage the competitiveness and innovativeness of the sector by incentivising and supporting collaboration between enterprises and Member States. It would 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 its initiatives would contribute to addressing the most salient obstacles hampering the competitiveness of the European defence industry, thus enabling the Union to face emerging challenges and threats in a more efficient manner.

The Commission shares the view that the European Defence Industrial Development Programme should be inclusive, should provide equal opportunities for all companies in the European Union irrespective of their size and location, and should incentivise actions enabling the cross-border participation of small and medium-sized enterprises. This is particularly important in view of ensuring the widest possible participation of companies from Member States that do not host large defence system integrators. Moreover, the proposal foresees that the work programme of the European Defence Industrial Development Programme will ensure that a credible proportion of its budget benefits actions enable cross-border participation of small and medium-sized enterprises.

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Moreover the legislative proposal provides that the eligible entities would be limited to undertakings that are effectively controlled by Member States and/or their nationals, and that the infrastructure, facilities, assets and resources used by the participants of the funded actions should be located on the territory of the Union. This matter is currently being discussed by the two co-legislators, and the Commission will analyse carefully their suggestions to amend the proposal.

The Commission would also like to clarify that the support granted via the Defence Industrial Development Programme will be in line with the capability priorities jointly agreed by Member States, notably in the framework of the Capability Development Plan. The use of the Union budget for programmes undertaken under the umbrella of the European Defence Fund is subject to Union rules.

The implementation of the European Defence Industrial Development Programme will include the application of comitology procedure for the adoption of the work programme and for the adoption of the acts awarding the funding of the selected actions, which provides for an important role for the Member States. The proposal also states that the European Defence Agency will be invited as an observer to the meetings of the programme's Committee. It is worth noting that the work programme will set out in detail the categories of projects to be funded under the Programme.

The Commission would also like to reassure the Camera Deputaților that the objective of the European Defence Industrial Development Programme is neither to discourage nor to replace the national investments in the development of defence products and technologies, but to complement them and foster synergies through enhanced cooperation.

The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process. The General Affairs Council on the 12 December 2017 approved its 'General Approach' on the proposal. The Committee on Industry, Research and Energy of the European Parliament has adopted its report on 21 February. The decision to enter into negotiations has been approved by the European Parliament on 13 March. Interinstitutional negotiations are currently ongoing.

The Commission hopes that this reply clarifies the issues raised by the Camera Deputaților and it looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Elżbieta Bieńkowska
Member of the Commission*