



EUROPEAN COMMISSION

*Brussels, 15.1.2019  
C(2019)164 final*

*Dear President,*

*The Commission would like to thank the Camera Deputaților for its Opinion on the proposal for a Regulation of the European Parliament and the Council establishing the European Defence Fund {COM(2018) 476 final}.*

*The Commission welcomes the support expressed in the Opinion and is pleased that the Camera Deputaților shares the view that it is important to strengthen the European defence capacity in the context of emerging challenges and to stimulate cooperation in the development of defence products and technologies in the European Union.*

*The objective of the European Defence Fund is to improve the competitiveness of the sector by incentivizing and supporting collaboration between enterprises and Member States. It should help mitigating 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 and render the Union more vulnerable to both internal and external threats. The systems, products and technologies remain the property of those who develop them and the capabilities produced will be owned and used by Member States. They will not be the property of the Union.*

*The Commission welcomes the importance given to supporting cooperation within the European Union and shares the concern of the Camera Deputaților regarding the reduced estimated share of European collaboration in the early stage of defence research. The Commission proposal for a European Defence Fund aims at incentivising such cooperation, including in the very early stages.*

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*As regards the governance of the European Defence Fund and the need for Member States to respect free competition, in view of the specificities of the defence sector, the Commission would like to stress that its proposal is drafted following the verification of conformity with Union rules, which aim to ensure the correct implementation of the Union programmes. In this respect, the calls under the European Defence Fund will be open to all entities fulfilling the eligibility criteria and the best projects will be selected on the basis of thorough assessment with the help of independent experts.*

*As concerns the recommendation to accelerate the efforts regarding the dual-use of the European Union space programmes, and to increase educational activities and the involvement of small and medium-sized enterprises and start-ups in the space programmes, the Commission would like to stress that those aspects are largely included in the Commission proposal for the European Union Space Programme Regulation. Defence is included as one of the political priorities to which Union's space-related data, information and services should contribute. This is relevant for the existing components Copernicus and Galileo, and in particular for the new components Space Situational Awareness and Governmental Satellite Communications. The Commission shares the view that capacity building and participation of small and medium-sized enterprises are important elements of the Space Regulation, and provisions to this effect are included in the Commission proposal. The Commission is looking forward to an active role of the Romanian Presidency in the first semester of 2019 to finalise the text, enabling the adoption of the Space Regulation as soon as possible.*

*With regard to the Camera Deputaţilor's support to the objective of encouraging cross-border collaboration in the European Defence Fund, the Commission also shares the view that the programme should provide a specific emphasis on actions enabling the cross-border participation of efficient, innovative and competitive small and medium-sized enterprises. To this effect the Commission proposal for a European Defence Fund provides for a specific bonus linked to the participation of small and medium-sized enterprises in the consortia and for the "contribution to the creation of new cross-border cooperation between legal entities, in particular for small and medium-sized enterprises" to be a separate award criterion for the evaluation of the applications, under the European Defence Fund.*

*The Commission shares the Camera Deputaţilor's emphasis on flexibility and openness in the European Union's defence research. The European Defence Fund should provide equal opportunities for all companies in the European Union, irrespective of their size and location, including also universities and research organisations, which can provide an important contribution to innovation in the sector. We would like to draw the attention of the Camera Deputaţilor to the fact that, although the basic act of the multiannual research and innovation framework programme post-2020, Horizon Europe, contains the necessary provisions setting out the links between the specific programmes established by it on defence research and on implementing Horizon Europe<sup>1</sup> (which has*

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<sup>1</sup> Pursuant to the Treaty on the Functioning of the European Union all research activities shall be covered by a multiannual framework research programme.

*a focus on civil research and innovation activities), the detailed provisions for Union funding to defence research projects and its budget allocation are fixed in the draft Regulation on the European Defence Fund, which also defines the rules of participation for defence research. Research and innovation activities carried out under the European Defence Fund have an exclusive focus on defence applications.*

*As regards the recommendation to support actions aimed at technological impetus and disruptive innovation, the Commission would like to point out that the Fund also aims at contributing to a better exploitation of the results of defence research, covering the gap between research and development taking into account the specificities of the defence sector, and promoting all forms of innovation, including disruptive innovation where possible failure should be accepted.*

*Finally, the Commission shares the Camera Deputaţilor's view as regards the use of lump sums and flat rates for grants in certain cases and would like to point out that such instruments may be used under the Commission proposal for a European Defence Fund.*

*Discussions between the co-legislators, the European Parliament and the Council, concerning the proposal are now underway and the Commission remains hopeful that an agreement will be reached in the near future.*

*The Commission looks forward to continuing the political dialogue with the Camera Deputaţilor in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Elżbieta Bieńkowska  
Member of the Commission*