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*Dear Presidents,*

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

*The Commission is pleased that the Cortes Generales share the view about the importance of stimulating cooperation in the area of defence research and development of defence products and technologies in the European Union.*

*Building on the positive experience with the Preparatory Action on Defence Research, which is already delivering results, and taking into account the adoption of the Regulation establishing the European Defence Industrial Development Programme<sup>1</sup>, the Commission has put forward an ambitious proposal for the European Defence Fund over the next multiannual financial framework (2021-2027). With an overall proposed budget of EUR 13 billion, the Fund would represent a strong answer to the challenges that the European defence industry faces today and will effectively contribute to reducing existing inefficiencies resulting from falling defence research and development investments and significant levels of market fragmentation. It will provide adequate and reliable funding for collaborative defence research and development projects over the 2021-2027 period.*

*In order for the European Defence Fund to be an effective tool in support of cooperation and enhanced efficiency in the European defence industry, it is necessary that Member*

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<sup>1</sup> Regulation (EU) 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry, OJ L 200, 7.8.2018, p. 30–43

*States and industry across the European Union work together in order to put forward projects that can be supported by the Fund.*

*In this respect, the Commission welcomes the positive conclusion of the Cortes Generales as regards the respect of the subsidiarity principle.*

*The Commission would like to reassure the Cortes Generales that a careful examination of compliance with the subsidiarity principle was conducted before adopting the Commission proposal. This assessment is also reflected in the explanatory memorandum of the proposal.*

*More particularly, the European Defence Fund will bring EU added value by incentivising joint research and development of products and technologies in the area of defence to increase the efficiency of public expenditure and thus contribute to the Union's operational autonomy. This objective cannot be achieved in a satisfactory manner by Member States acting individually. It needs to be stressed that decisions on defence investments and defence development programmes remain the prerogative and the responsibility of Member States. The Union cannot and should not make up for low levels of defence investments of Member States, where they exist. However, it can complement, leverage and consolidate their collaborative efforts in developing defence capabilities to support the European defence industry and respond to security challenges. This would avoid duplication, allow for a more efficient use of taxpayers' money, improve the interoperability of defence equipment, minimise fragmentation and boost competitiveness and innovation in the European defence technological industrial base.*

*The initiative is limited to goals that Member States cannot achieve satisfactorily on their own and where the Union can be expected to do better. The proposed delivery mechanism implemented at European level will be aimed at limiting financial and administrative costs.*

*The Commission would like to draw the attention of the Cortes Generales to the fact that, following the adoption of the proposal on the 13<sup>th</sup> of June, the 'Friends of Presidency' Council Group has been established to discuss the proposal for a Regulation and to prepare a common position. The proposal is also currently being examined by the relevant Committees of the European Parliament.*

*The Commission looks forward to continuing the political dialogue with the Cortes Generales in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Elżbieta Bieńkowska  
Member of the Commission*