

# European Defence Fund: Council adopts its position

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The EU wants to **strengthen the global competitiveness and innovation capacity** of the Union's **defence technological and industrial base**. On 19 November 2018, the Council adopted its position (partial general approach) on the **European Defence Fund** proposed by the European Commission in the context of the Multiannual Financial Framework (MFF) for 2021-2027.

On 13 June 2018, the European Commission presented its proposal for a regulation of the European Defence Fund as part of the upcoming MFF with a proposed envelope of €13 billion. The European Defence Fund aims to **foster innovation** and **allow economies of scale in defence research** and in the **industrial development phase** by supporting collaborative projects.

In its partial general approach, the Council broadly agrees with the Commission proposal. In particular, it confirms the overall objectives and structure of the Fund, including the intention to **invest in disruptive technologies**. It mostly seeks to clarify a number of aspects in regards to the **eligibility of entities**, and **ownership of the results**. It also seeks to clarify the award procedures and criteria and the provisions concerning the share of the indirect costs that will be covered by the Fund, the latter being an important element **to make the Fund more attractive for industry players**. The Council further stresses that **special attention will be paid to Small and Medium Enterprises (SMEs) and mid-caps** in the Union.

The approach adopted today is labelled as "partial" as the financial and other horizontal aspects of the fund will depend on the overall agreement on the next multiannual financial framework.

## Background

Earlier this year, the Council and the European Parliament established the European Defence Industrial Development Programme (EDIDP), under the current MFF and with a total budget of €500 million. The EDIDP also has the objective to foster collaborative defence capability development and reinforce the competitiveness and innovation capacity of the Union's defence industry.

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