

## Provisional agreement reached on setting-up the European Defence Fund

The EU will soon have better financial and legislative instruments to promote the **competitiveness, efficiency and innovation capacity** of its **defence, technological and industrial base**.

This will contribute to both the **ability** of the EU to **act** as well as its ability to work with partners.

The German presidency of the Council today reached a **provisional political agreement** with European Parliament's representatives on a regulation establishing the **European Defence Fund (EDF)** in the context of the Multiannual Financial Framework (MFF) for 2021-2027.

I am pleased to announce that we agreed on a solid, forward-looking instrument that will step up the research and development of joint capabilities in the area of security and defence. The new European Defence Fund will enhance the EU's ability to protect its citizens and make the EU a stronger global actor.

*Annegret Kramp-Karrenbauer, German Federal Minister of Defence and President of the Council*

The new EDF will support **collaborative actions** and **cross-border cooperation** throughout the EU, at each stage of the industrial cycle relating to defence products and technologies. The programme design will ensure participation of defence industries of all sizes, **including SMEs and mid-caps**, across the EU, thus strengthening and improving defence supply and value chains.

For the first time, ethical considerations will be taken into account as actions implemented under the fund will be subject to an **ethics assessment** by the Commission.

Subject to final confirmation in the context of negotiations on the MFF package and related programmes, the fund will be endowed with a financial envelope of **EUR 7 953 000 000** in current prices. Within that envelope, **EUR 2 651 000 000** will be allocated to **research** and **EUR 5 302 000 000** will be devoted to development actions. The EDF will, in particular, target breakthrough innovation with 5% of the funds allocated to disruptive technologies and innovative equipment.

In order to maintain **coherence with the MFF** and related programmes, it was decided that **the EDF** would be run during the same period as the MFF, i.e. from **1 January 2021 to 31 December 2027**.

The new rules will also set out a clear framework for the **participation of third states and entities**.

As a rule, the EDF will provide financial incentives to entities established in the Union or in an associated country (EEA members), which are not controlled by a non-associated third state or non-associated state third state entity.

### Next Steps

The provisional agreement now needs to be confirmed by member states' ambassadors sitting in the Permanent Representatives Committee (Coreper). The European Parliament and Council will then adopt the proposed regulation in an early second reading procedure.

### Background

The EDF follows the European Defence Industrial Development Programme (EDIDP) and Preparatory Action on Defence Research (PADR) which was initially established in 2017 to serve as a preparatory measures for the EDF.

On 13 June 2018, the European Commission presented its proposal for a regulation of the European Defence Fund as part of the

upcoming MFF.

The Council adopted its position in November 2018 and, since then, five negotiating sessions (trilogues) have taken place.

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