

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Launching the European Defence Fund (COM (2017) 295 final)

Proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Industrial Development Programme aimed at supporting the competitiveness and innovative capacity of the EU defence industry (COM (2017) 294 final)

APPROVED FINAL DOCUMENT

The Committee on Defence and the Committee on Economic Activities, Trade and Tourism of Italy's Chamber of Deputies, convening in joint session,

Having examined, pursuant to Rule 127 of the Chamber's Rules of Procedure, the Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the launching of the European Defence Fund (COM (2017) 295 final), and the proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Industrial Development Programme aimed at supporting the competitiveness and innovative capacity of the EU defence industry (COM (2017) 294 final);

Noting that the said documents are among the first concrete initiatives undertaken by the European Commission in order to implement the European Defence Action Plan, on which the Defence Committee of the Chamber of Deputies prepared a final document on 19th July 2017 and expressed a favourable opinion with some remarks;

Considering that the European Council, at its meeting of 19-20 October, called for prompt agreement on the proposal for a Regulation on the European Defence Industrial Development Programme so that the funding of the first projects may begin in 2019, and encouraged Member States to develop flexible and sound financing mechanisms within the framework of the European Defence Fund for the joint acquisition and/or joint maintenance of defence assets;

Considering that the proposal for a Regulation on the European Defence Industrial Development Programme is mainly aimed at strengthening the industry's competitiveness and expanding its innovation capacities by making more productive use of the results of defence research, by promoting collaboration between undertakings in the development of defence products and technologies and by optimising Member States' efforts to work together on making sure that the European defence technological and industrial base can fully meet the EU's current and future security needs;

Noting that the USA's repositioning of its strategic priorities and the imminent withdrawal of the UK from the EU signal a political turning point, and that the proposed Regulation, in seeking to enhance the European Union's defence and security capabilities, also seeks to sharpen the competitiveness of the European defence sector by revamping its manufacturing branch, which has been particularly hard hit by the economic crisis and is exposed to increasing competition from other military hardware-producing countries, including emerging powers;

Given that the European Defence Action Plan can act as a catalyst and stimulus for a new set of initiatives thanks to its mechanisms for encouraging R&D and supply-side cooperation between Member States and European industries, and considering that the series of major European programmes launched in the last century is now coming to an end without any analogous programmes to take their place;

Considering that, as indicated in the European Defence Action Plan of 30 November 2016, the European Commission has proposed considering national contributions to the Capability Window of the European Defence Fund as 'one-off measures' that, by virtue of being set within the framework of the Stability and Growth Pact, will not be counted towards the structural deficit,

Expresses a

FAVOURABLE OPINION

with the following remarks:

- a) The opportunity afforded by the institution of the European Defence Fund should be grasped so that our country, by developing a coherent and organic strategy that makes the most of the competencies and potential of Italian universities, research institutes and industries, may forge an effective partnership with the defence sector that, as the White Paper on International Security and Defence recommends, will transform the current system from one based on simple supply contracts to one based on partnerships, thereby expanding the scale and reach of the industry;
- b) Steps need to be taken to make sure that our national industries and research bodies can effectively compete on an equal footing with those of other countries for funding from the European Defence Fund, and that this important opportunity to participate in the construction of a common defence system is not allowed to slip by. To this end, no time should be lost in establishing bonds of close cooperation and integration with our major European partners, notably France and Germany;
- c) The government must take a proactive approach to the negotiations, and identify the technologies, capabilities and programmes of excellence of the country (with particular regard to: space observation, communications and navigation; aerial and naval surveillance; cyberdefence; anti-missile defence; and remote piloting systems) that are pivotal to the future of European military capabilities. It must appropriate additional resources so that Italy may meet its NATO and European commitments, participate in the cofinancing of future development programmes, and decide, with reference to actual needs, whether to acquire these capabilities;
- d) The programmes earmarked for funding will have to be selected with reference to the competences and areas of specialisation of the SMEs, research institutes and universities that will be involved both as part of the transnational initiatives with similar entities and as partners with larger businesses;

- e) With particular reference to the proposal for a Regulation on the European Defence Industrial Development Programme 2019-2020, and with a view to defining the post-2020 future of the Programme, the following requirements must be fulfilled:
- The definition of eligible actions, as given in Article 6.2 of the proposal (COM (2017) 294), must underscore the transnational nature of the objective by, in particular, ensuring that the actions are promoted by undertakings established in at least three different Member States rather than two, as currently envisaged, so as not to create oligarchic conditions that might benefit some EU Member States to the detriment of others, and so as to supersede the system of bilateral cooperation agreements, which tend to be exclusive, and pursue multilateral agreements instead, which are more inclusive by nature;
 - The definition of which entities are eligible to participate in the actions financed by the programme referred to in Article 7.1 must be such that the beneficiaries are undertakings whose technological, industrial and managerial capacities are effectively based in European territory, and that the activities carried out in the framework of the European development programmes take place mainly in Europe, and exploit European know-how and intellectual property;
 - European industrial groups need to be allowed to use the technological capabilities they control in non-EU countries, provided that the results are used only within the Union or under the control of their government;
 - To foster intra-EU subcontracting work, large companies should be urged to select the most efficient and competitive European subcontractors, irrespective of their nationality;
 - A limited, but adequate, part of the development programme needs to be reserved for small-scale projects aimed exclusively at SMEs, research centres and universities;
 - Adequate and continuous financial coverage is needed both for the actions envisaged in the 2019-2020 Programme and, going forward, for the future 2020 Programme, without drawing down any of the resources already set aside for major scientific projects;
 - The total development costs of the Programme rather than just its “eligible costs” must be fully fundable since military products carry a high technological and technical risk owing to the specific nature of the demands of customers and the restrictions on the marketing of those products;
 - It must be made clear that the systems, capabilities and technologies shall remain the property of those who create them, and not of the EU;
- f) An unequivocal explication must be given of the position of the European Commission in respect of the European Defence Action Plan of 30 November 2016, according to which national contributions to the Capability Window of the European Defence Fund are to be considered “one-off measures” that, by virtue of being set within the framework of the Stability and Growth Pact, are not counted towards the structural deficit.