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**AMENDMENTS: 13**

**Zdzisław Krasnodębski**

Establishing the European Defence Fund

**Proposal for a regulation** COM(2018)0476 - C8-0268/2018 – 2018/0254(COD)

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**Amendments per language:**

*EN: 13*

**Amendment 1**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Recital 1**

*Text proposed by the Commission*

(1) In the European Defence Action Plan, adopted on 30 November 2016, the Commission committed to complement, leverage and consolidate collaborative efforts by Member States in developing defence technological and industrial capabilities to respond to security challenges, as well as to foster a competitive, innovative and efficient **European** defence industry. It proposed in particular to launch a European Defence Fund (the 'Fund') to support investments in joint research and the joint development of defence products and technologies, thus fostering synergies and cost-effectiveness, and to promote the Member States' joint purchase and maintenance of defence equipment. This Fund would complement national funding already used for this purpose and should act as an incentive for Member States to cooperate and invest more in defence. The Fund would support cooperation during the whole cycle of defence products and technologies.

*Amendment*

(1) In the European Defence Action Plan, adopted on 30 November 2016, the Commission committed to complement, leverage and consolidate collaborative efforts by Member States in developing defence technological and industrial capabilities to respond to security challenges, as well as to foster a competitive, innovative and efficient defence industry **in Europe by securing a competitive environment for research and innovation**. It proposed in particular to launch a European Defence Fund (the 'Fund') to support investments in joint research and the joint development of defence products and technologies, thus fostering synergies and cost-effectiveness, and to promote the Member States' joint purchase and maintenance of defence equipment. This Fund would complement national funding already used for this purpose and should act as an incentive for Member States to cooperate and invest more in defence. The Fund would support cooperation during the whole cycle of defence products and technologies.

Or. en

**Amendment 2**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Recital 3**

*Text proposed by the Commission*

(3) Following an integrated approach and in order to contribute to the enhancement of the competitiveness and innovation capacity of the Union's defence industry, a European Defence Fund should be established. The Fund should aim at enhancing the competitiveness, innovation, efficiency **and autonomy** of the Union's defence industry thereby contributing to the Union's strategic autonomy by supporting the cross border cooperation between Member States and between enterprises, research centres, national administrations, international organisations and universities, in the research phase and in the development phase of defence products and technologies. To achieve more innovative solutions and an open internal market, the Fund should support the cross-border participation of defence small and medium sized enterprises (SMEs) and middle capitalisation companies (mid-caps).

*Amendment*

(3) Following an integrated approach and in order to contribute to the enhancement of the competitiveness and innovation capacity of the Union's defence industry, a European Defence Fund should be established. The Fund should aim at enhancing the competitiveness, innovation **and efficiency** of the Union's defence industry **through the development of capabilities and strategic capacity in Europe**, thereby contributing to the Union's strategic autonomy, **which is further enhanced by strengthened relations with strategic partners**, by supporting the cross border cooperation between Member States and between enterprises, research centres, national administrations, international organisations and universities, **and, where appropriate, cooperation with third countries**, in the research phase and in the development phase of defence products and technologies. To achieve more innovative solutions and an open internal market, the Fund should support the cross-border participation of defence small and medium sized enterprises (SMEs) and middle capitalisation companies (mid-caps).

Or. en

**Amendment 3**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Recital 3 a (new)**

*Text proposed by the Commission*

*Amendment*

**(3 a) Whereas European security is dependent on strong and robust relations with strategic partners around the world; and whereas the Programme should enhance the competitiveness of the**

*European defence industrial market by further strengthening partnerships through research and development, thereby promoting European strategic capacity and capability.*

Or. en

**Amendment 4**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Recital 4**

*Text proposed by the Commission*

(4) The research phase is a crucial element as it conditions the capacity of the European industry and the *autonomy of the European* industry to develop products and the independence of Member States as defence end-users. The research phase linked to the development of defence capabilities may include significant risks, in particular related to the low level of maturity and the disruption of technologies. The development phase, which follows the research and technology phase, also entails significant risks and costs that hamper the further exploitation of the results of research and adversely impact the competitiveness and innovation of the Union's defence industry.

*Amendment*

(4) The research phase is a crucial element as it conditions the capacity of the European industry *to retain and develop its global competitiveness* and the industry to develop products and the independence of Member States as defence end-users. The research phase linked to the development of defence capabilities may include significant risks, in particular related to the low level of maturity and the disruption of technologies. The development phase, which follows the research and technology phase, also entails significant risks and costs that hamper the further exploitation of the results of research and adversely impact the competitiveness and innovation of the Union's defence industry.

Or. en

**Amendment 5**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Recital 13**

*Text proposed by the Commission*

(13) *In certain circumstances, if this is necessary for achieving the objectives* of the *action*, it should be possible to derogate

*Amendment*

(13) *For the purpose of promoting the competitiveness* of the *European defence industrial market*, it should be possible to

from the principle that recipients and their subcontractors should not be subject to control by non-associated third countries or non-associated third country entities. In that perspective, legal entities established in the Union that are controlled by a non-associated third country or a non-associated third country entity can be eligible if relevant ***and strict*** conditions relating to the security and defence interests of the Union and its Member States are fulfilled. The participation of such entities should not contravene the objectives of the Fund. ***Applicants should provide all relevant information about the infrastructure, facilities, assets and resources to be used in the action.***

derogate from the principle that recipients and their subcontractors should not be subject to control by non-associated third countries or non-associated third country entities. In that perspective, legal entities established in the Union that are controlled by a non-associated third country or a non-associated third country entity can be eligible if relevant conditions relating to the security and defence interests of the Union and its Member States are fulfilled. The participation of such entities should not contravene the objectives of the Fund.

Or. en

## **Amendment 6** **Gunnar Hökmark**

### **Proposal for a regulation** **Article 3 – paragraph 1**

#### *Text proposed by the Commission*

1. The general objective of the Fund is to foster the competitiveness, ***efficiency*** and innovation capacity of the European defence ***industry***, by supporting collaborative actions and cross-border cooperation between legal entities throughout the Union, including SMEs and mid-caps as well as fostering the better exploitation of the industrial potential of innovation, research and technological development, at each stage of the industrial life cycle, thus contributing to the Union strategic ***autonomy***. The Fund should also contribute to the freedom of action of the Union and its autonomy, in particular in technological and industrial terms.

#### *Amendment*

1. The general objective of the Fund is to foster the competitiveness and innovation capacity of the ***defence industry in Europe, and to foster an efficient development of capacities and capabilities on the European defence industrial market, thus contributing to increasing the Union's global relevance in the field of security and defence***, by supporting collaborative actions and cross-border cooperation between legal entities throughout the Union, including SMEs and mid-caps ***and, where appropriate, with strategic partners outside the Union***, as well as fostering the better exploitation of the industrial potential of innovation, research and technological development, at each stage of the industrial life cycle, thus contributing to the Union strategic ***capacity***

*and global competitiveness of the European market.* The Fund should also contribute to the freedom of action of the Union and its autonomy, in particular in technological and industrial terms.

Or. en

**Amendment 7**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Article 3 – paragraph 2 – point b**

*Text proposed by the Commission*

(b) support collaborative development projects of defence products and technologies consistent with defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy, ***thus contributing to*** greater efficiency of defence spending within the Union, achieving greater economies of scale, reducing the risk of unnecessary duplication and as such reducing the fragmentation of defence products and technologies throughout the Union. Ultimately, the Fund will lead to greater interoperability between Member States' capabilities.

*Amendment*

(b) support collaborative development projects of defence products and technologies consistent with defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy, ***thereby contribute to a more competitive European defence market capable of attracting investments and knowledge,*** greater efficiency of defence spending within the Union, achieving greater economies of scale ***and enhanced international cooperation with strategic partners,*** reducing the risk of unnecessary duplication and as such reducing the fragmentation of defence products and technologies throughout the Union. Ultimately, the Fund will lead to greater interoperability between Member States' capabilities.

Or. en

**Amendment 8**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Article 5 – paragraph 1**

*Text proposed by the Commission*

The Fund shall be open to the European Free Trade Association (EFTA) members which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA agreement.

*Amendment*

The Fund shall be open to the European Free Trade Association (EFTA) members which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA agreement ***or any equivalent arrangement.***

Or. en

**Amendment 9**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Article 7 – paragraph 4**

*Text proposed by the Commission*

**4. If appropriate, ethics checks shall be carried out by the Commission during the implementation of the action. For serious or complex ethics issues, the checks shall be carried out by the Commission with the support of experts on defence ethics.**

*Amendment*

***deleted***

Or. en

**Amendment 10**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Article 10 – paragraph 1**

*Text proposed by the Commission*

1. Applicants and their subcontractors shall be eligible for funding provided that ***they*** are established in the Union or in an associated country, have their executive management structures in the Union or in an associated country and are not controlled by a non-associated third country or by a non-associated third

*Amendment*

1. Applicants and their subcontractors shall be eligible for funding provided that ***the applicants*** are established in the Union or in an associated country, have their executive management structures in the Union or in an associated country and are not, ***for the purpose of an action funded under the Programme,*** controlled by a non-associated third country or by a non-



country entity.

associated third country entity.

Or. en

**Amendment 11**  
**Gunnar Hökmark**

**Proposal for a regulation**  
**Article 10 – paragraph 2 – introductory part**

*Text proposed by the Commission*

2. By derogation from paragraph 1, an applicant established in the Union or in an associated country and controlled by a non-associated third country or a non-associated third country entity *may* be eligible for funding if this is necessary for achieving the objectives of the action and provided that *its participation will not put at risk the security interests of the Union and its Member States. In order to ensure protection of the security* interests of the Union and its Member States, *the call for proposals shall require the applicant to provide information demonstrating notably* that:

*Amendment*

2. By derogation from paragraph 1, an applicant established in the Union or in an associated country and controlled by a non-associated third country or a non-associated third country entity *shall* be eligible for funding if this is necessary for achieving the objectives of the action and provided that *guarantees approved by the Member State in which it is established in accordance with its national procedures are made available to the Commission. Those guarantees may refer to the undertaking's executive management structure established in the Union. If deemed to be appropriate by the Member State in which the undertaking is established, those guarantees may also refer to specific governmental rights in the control over the undertaking.*

*The guarantees shall provide the assurances that the involvement in an action of such an undertaking would not contravene the security and defence interests of the Union and its Member States as established in the framework of the Common Foreign and Security Policy pursuant to Title V of the TEU, or the objectives set out in Article 3. The guarantees shall also comply with the provisions of Article 12. The guarantees shall in particular substantiate that, for the purpose of the action, measures are in place to ensure* that:

Or. en

## Justification

*Amendment to align the text with the corresponding article of the Regulation establishing the European Defence Industrial Development Programme, adopted by the European Parliament on July 3, 2018 and published in the Official Journal on August 7, 2018.*

### **Amendment 12** **Gunnar Hökmark**

#### **Proposal for a regulation** **Article 10 – paragraph 2 – point c**

##### *Text proposed by the Commission*

(c) the results of the action shall remain within the beneficiary and shall not be subject to **control or** restrictions by non-associated third countries or other non-associated third country entities during the action and for a specified period after its completion;

##### *Amendment*

(c) the results of the action shall remain within the beneficiary and shall not be subject to restrictions by non-associated third countries or other non-associated third country entities during the action and for a specified period after its completion;

Or. en

### **Amendment 13** **Gunnar Hökmark**

#### **Proposal for a regulation** **Article 10 – paragraph 4**

##### *Text proposed by the Commission*

4. By derogation from the paragraph 3 beneficiaries and subcontractors involved in the action may use their assets, infrastructure, facilities and resources located or held on the territory of a non-associated third country if ***this is necessary for achieving the objectives of an action*** and provided that this will not put at risk the security of the Union and its Member States. ***Under the same conditions***, when performing an eligible action, beneficiaries and their subcontractors may cooperate with an entity established in a non-

##### *Amendment*

4. By derogation from the paragraph 3 beneficiaries and subcontractors involved in the action may use their assets, infrastructure, facilities and resources located or held on the territory of a non-associated third country if ***no competitive alternatives are available in the Union*** and provided that this will not put at risk the security of the Union and its Member States. When performing an eligible action, beneficiaries and their subcontractors may cooperate with an entity established in a non-associated third country ***provided that***

associated third country. The costs related to the use of such infrastructure, facilities, assets or resources and to such cooperation shall not be eligible under the Fund.

*such cooperation is consistent with the objectives set out in Article 3.* The costs related to the use of such infrastructure, facilities, assets or resources and to such cooperation shall not be eligible under the Fund.

Or. en