



DEFENDING EUROPE

The European Defence Fund



“It is the most basic and universal of rights to feel safe and secure in your own home. Our Union should provide that for Europeans.”

President Jean-Claude Juncker, June 2017

WHY DO WE NEED A EUROPEAN DEFENCE FUND?

Security and defence threats do not respect national borders. They are best tackled by working together. An ambitious European Defence Fund will promote cooperation and cost savings among Member States to produce state-of-the-art defence technology and equipment. The Fund will contribute to a European Union that defends and protects its citizens.

WHAT WILL THE FUND ACHIEVE?

The Fund will coordinate, supplement and amplify national investments in defence. By pooling resources, individual Member States can achieve greater output and develop defence technology and equipment that may not be feasible on their own. Increased collaboration reduces duplication costs, promotes standardisation of equipment and ensures better interoperability between European armed forces. The Fund will also foster innovation and allow economies of scale thus reinforcing the competitiveness of the EU defence industry.



The Fund will help Member States spend taxpayer money more efficiently and get better value for their investment



The EU will become one of the biggest defence research investors in Europe, and foster the development of cutting-edge, fully interoperable technologies and equipment



It will act as a catalyst for a competitive and innovative European defence industry, including the many SMEs and mid-cap companies in the defence supply chain

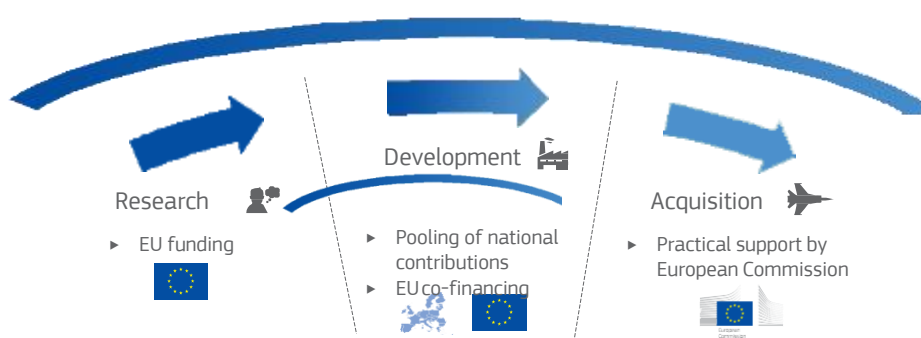


Member States will remain in the driving seat and Europe as a whole will see its strategic autonomy increased

HOW WILL THE FUND WORK?

Starting in 2017, the EU will for the first time offer grants for collaborative **research** in innovative defence technologies and products, fully and directly funded from the EU budget. The Fund will create incentives for Member States to cooperate on the joint **development** of prototypes through co-financing from the EU budget to leverage national financing. The projects funded in the research and in the development phase do not necessarily need to coincide.



Where Member States decide to **jointly acquire capability**, for instance by jointly bulk buying helicopters to reduce costs, the Commission can offer practical support, helping them deploy the most suitable and cost-saving financial arrangements and providing on-demand tools such as templates for terms and framework agreements and advice on ownership structures.



HOW WILL IT BE FINANCED?

The research and development strands of the Fund are being rolled out progressively, reflecting the nature of the EU budgetary planning cycles.

Together with Member States' contributions to finance joint development projects, the Fund could generate a total investment in defence research and capability development of €5.5 billion per year after 2020.

	UNTIL 2020	POST - 2020
 RESEARCH Fully and directly funded from EU budget	€90 million total	€500 million* / year
 DEVELOPMENT Member States budget at least 80%	€2 billion total	€4 billion* / year
Co-financing from EU budget up to 20%	€500 million total	€1 billion* / year
		€5.5 billion* / year

* Budget expectations per year

- o Only **collaborative projects** are eligible. At least **3 participants** from several Member States.
- o Proportion of budget earmarked for projects with **cross-border participation of SMEs**.
- o EU will only co-fund development of prototypes where **Member States commit to buying final product**.
- o Projects conceived by Member States in the framework of **Permanent Structured Cooperation (PESCO)** will benefit from a higher EU co-financing rate (10% bonus).