



Ministry
of Defence

MINISTRY OF DEFENCE
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GUTO BEBB MP

PARLIAMENTARY UNDER-SECRETARY OF STATE AND
MINISTER FOR DEFENCE PROCUREMENT

MSU/4/2/2/5/ap

4 June 2018

Dear Bill,

With reference to our recent correspondence on this topic, including most recently the letter from Lord Boswell, dated 3rd May 2018, I write to provide a further update on the EDIDP Regulation as agreed.

I acknowledge the questions that were asked of me on this topic when the European Scrutiny Committee sat on 9th May 2018. I intend to address these in my next correspondence.

I would like to inform you and the European Scrutiny Committee that the legal text of the EDIDP Regulation was provisionally agreed between Presidency, Commission and Council in the fourth trilogue on 22nd May.

The details were reviewed by Member States intending to be agreed by COREPER on 29th May. However, agreement was not reached as the Regulation had been revised, beyond the Presidency's agreed COREPER mandate from 14th May, in a few areas, which were unacceptable to a number of member states. These revisions included amending the EDIDP funding line; extending the eligibility criteria for subcontractors down the supply chain; and a new requirement for the Commission to be notified of any transfer of ownership of, or granting of a licence in respect of, any of the results generated by the Programme. If such action is deemed to contravene the objectives of the EDIDP Regulation then all funding must be reimbursed.

To mitigate the above, France, supported by the UK, proposed to remove the "granting of a licence" text from Article 12.4 and the UK also requested that Article 7.8 should be amended so that only subcontractors having access to "highly" classified information would have to pass the funding eligibility tests. The Presidency agreed to check these two proposals with the Parliament without opening the rest of the text. COREPER would then reconvene on the 7th June. The revised funding proposal is currently being staffed for HMT approval.

Sir William Cash MP
Chair of the European Scrutiny Committee
House of Commons
London
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If these proposals are agreed by the EU Parliament we expect the text to be agreed by a sufficient number of Member States, under the Qualified Majority Vote, to go through at the final COREPER on 7th June, but under a waiver stipulating that it must still clear the UK Parliament's scrutiny process. We hope you will clear the EDIDP Regulation from the scrutiny process prior to the General Affairs Council on 26th June where it is intended to be agreed by leaders and welcomed by the June European Council.

My officials will continue to actively represent the UK position as the EDIDP Regulation continues its progress through the EU legislative process. I will be writing to you again very soon to request the EDIDP Regulation is cleared from scrutiny.

I am copying this letter to the Lord Boswell of Aynho, Chair of the EU Select Committee; the Clerks of both European Scrutiny Committees; to Les Saunders, Department for Exiting the European Union; and to James Ward, Ministry of Defence Parliamentary Branch.

Yours sincerely,
Guto

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