



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/SM

13 June 2018

*Dear Bill,*

**10589/17 – Proposal for a Regulation establishing the European Defence Industrial Development Programme (EDIDP)**

With reference to our recent correspondence on this topic, including most recently my letter dated 5<sup>th</sup> June, I write to provide a further update on the European Defence Industrial Development Programme (EDIDP) Regulation. I will also address the outstanding questions raised when the Committee discussed the EDIDP on 8<sup>th</sup> May and those raised Ex Committee on 6<sup>th</sup> June.

I would like to inform you and the European Scrutiny Committee that the legal text of the EDIDP Regulation was agreed at COREPER on 7<sup>th</sup> June. In my last letter I explained that the Presidency had proposed changes to articles in three areas which were unacceptable to a number of member states. These included amending the EDIDP funding line; extending the eligibility criteria for subcontractors down the supply chain; and a new requirement that the Commission is 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 was deemed to contravene the objectives of the EDIDP Regulation then all funding must be reimbursed.

As explained in my last letter, 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.

The Parliament agreed to accept the changes to Article 12.4 but not the amendment to Article 7.8. The revised funding proposal was approved by HMT. COREPER reconvened on 7<sup>th</sup> June and the final text was agreed under QMV but under a waiver stipulating that it must still clear the UK Parliament’s scrutiny process.

Sir William Cash MP  
Chair of the European Scrutiny Committee  
House of Commons  
London  
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We have been informed by UK Rep that the Regulation will now not be discussed at the General Affairs Council on 26<sup>th</sup> June but will instead be agreed at the first Ministerial Council following the EU Parliament's vote which will take place in Plenary between the 2<sup>nd</sup> to 5<sup>th</sup> July. This now allows sufficient time for the UK Parliament to consider the Regulation and to complete the scrutiny process. The European Council will address progress made on the European Defence Fund as part of its broader discussion on Security and Defence on 28<sup>th</sup> – 29<sup>th</sup> June.

On 8<sup>th</sup> May you asked me for answers to four questions and posed a fifth on 6<sup>th</sup> June. I set out the answer to these below.

You asked whether the UK will be considered a Member State for the purposes of the Programme during the Implementation Period. You also asked whether Article 122 of the draft Withdrawal Agreement could be used by the EU to exclude the UK from the EDIDP and/or the related Preparatory Action on Defence Research (PADR), and if so, whether the European Commission has indicated the EU might make use of this option.

The Withdrawal Agreement text makes clear that the UK can continue to participate in EU programmes during the implementation period. However, Article 122.7b of the draft Withdrawal Agreement sets out that there may be a derogation from this agreement in exceptional cases. The UK does not believe that its application would be justified in this case and has received no notification from the European Commission that it intends to apply a derogation to any EDIDP or PADR projects.

You asked what proportion of funding available under the Preparatory Action on Defence Research has been awarded to UK firms. It is not possible to quantify the proportion of funding which has been awarded to UK firms under the PADR. The PADR is an ongoing programme, continuing until 2019 and, therefore, the information available at this stage remains incomplete. However, a number of UK companies are part of consortia that have been awarded contracts under the 2017 PADR.

You also asked what progress the Government has made in securing the level of representation it is seeking on the EDIDP Programming Committee, both during and after the post-Brexit transition. At this time we cannot yet say what meetings we will or will not be able to participate in, as this point is still under negotiation with the European Commission.

Finally, you asked whether the Government will seek a formal agreement with the EU giving the UK defence industry 'associated' status with the post-2020 European Defence Fund, comparable to such status available to third countries under the civilian Framework Programme for Research.


Negotiations are only just starting on future UK-EU Framework. We do not have a definitive answer yet as to what the final end-state agreement will look like, as it is subject to further discussions with the European Commission. While we would like to explore models for participation in the European Defence Fund drawing on what has

worked well elsewhere (for example, Horizon 2020) we are also encouraging the EU and our bilateral partners to think seriously about how we can best capture the potential of our new partnership.

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 House of Lords European Union 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 BEBB MP**