

EXPLANATORY MEMORANDUM ON EUROPEAN UNION DOCUMENT

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: EUROPEAN DEFENCE ACTION PLAN

Submitted by the Ministry of Defence, 21 February 2017

SUBJECT MATTER

1. The European Commission published the European Defence Action Plan (EDAP) on 30 November 2016. The main objectives of the EDAP is to bring coherence to the core elements of existing Commission defence related activities on the internal market, procurement industrial policy and research and combine them with new initiatives, including in particular a proposal for a European Defence Fund.

SCRUTINY HISTORY

2. MOD submitted an Explanatory Memorandum 12773/13, COM(2013) 542 (*Commission Communication: Towards a More Competitive and Efficient Defence and Security Sector*), on the Commission's July 2013 Communication, to both Commons and Lords EU committees on 22 August 2013. The Lords EUC sub-committee C cleared the document from scrutiny on 10 October 2013 following correspondence with Ministers. After considering the opinion of the Defence Select Committee and requesting more information from MOD, the House of Commons European Scrutiny Committee recommended the Communication for debate (Reports 13, 22 & 27, 13/14). The debate took place on 12 March 2014.

3. MOD subsequently submitted a further Explanatory Memorandum 11358/14, COM(2014) 387 (Implementation Roadmap for Communication COM (2013) 542; *Towards a More Competitive and Efficient Defence and Security Sector*) to both Commons and Lords EU Committees on 15 July 2014. The House of Lords EU sub-committee cleared the document from scrutiny on 9 September 2014. The House of Commons European Scrutiny Committee, having sought the opinion of the Defence Committee, recommended the Roadmap for debate in the European Committee B (reports 9 & 18, 14/15). The debate took place on 10 November 2015.

MINISTERIAL RESPONSIBILITY

4. The Secretary of State for Defence has overall responsibility for policy on Defence research, capability and procurement. The Secretary of State for Foreign and Commonwealth Affairs, the Secretary of State for International Trade, the Secretary of State for Business, Energy and Industrial Strategy and the Chancellor of the Exchequer also have an interest.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

5. Defence is a reserved matter under the UK's devolution settlements and no Devolved Administration interests arise. The Devolved Administrations have not, therefore, been consulted in the preparation of this Explanatory Memorandum.

LEGAL AND PROCEDURAL ISSUES

6. There are no legal or procedural issues arising from this document.

APPLICATION TO THE EUROPEAN ECONOMIC AREA

7. None.

SUBSIDIARITY

8. Defence is a national competence, however, some action at European level is appropriate as while the defence industry is increasingly international, there is significant duplication and fragmentation across national borders which impedes the internal market and adds significant costs to defence procurement. At the same time the resources involved in developing defence capabilities are often too high for countries to pursue individually. Strengthening the competitiveness of the European Defence Technological and Industrial Base (EDTIB) would also help ensure the retention of key expertise and industries in Europe.

POLICY IMPLICATIONS

9. The main objectives of the EDAP is to bring together core elements of existing Commission defence policies on the internal market, industrial policy and research and combine them with new initiatives. The flagship and new EDAP initiative is the proposal to launch a so called European Defence Fund consisting of a 'Research Window' and a 'Capability Window'. The 'Research Window' absorbs both the previously announced Preparatory Action on defence research and a follow on European Defence Research Programme, expected to commence in 2021. The Capability Window is very new and only the outline was given within the EDAP with further development anticipated during 2017. Other measures in the EDAP include support for SMEs, increasing the defence industry's access to EU finance, greater encouragement for cross border defence clusters and a proposal to draft new Commission guidance on how cooperative programmes will be treated under the Defence Procurement Directive. New regulation in defence procurement is specifically discounted.

10. The Government considers the content of the EDAP predominantly positive for Member State capabilities, the EDTIB and UK defence industry. The Research Window in particular offers the potential to support member states defence capabilities and stimulate cross-border innovation. More generally, the EDAP emphasises that defence remains a matter of national sovereignty; that the ownership of capabilities will remain with the Member States; and that the EDAP is not a replacement for national defence investment. The EDAP also highlights the importance of coherence and consistency with NATO. That said, we do have some concerns over the added value and remit of the Capability Window element of the Defence Fund in particular. It is unclear where the 5Bn Euros per annum quoted will come from; while the relationship of the Capability Window with similar capability activity in the European Defence Agency and NATO has yet to be defined. A

number of other Member States also remain sceptical of the added value of the Capability Window.

11. In any event, the UK's primary objectives on the Defence Fund will be to ensure that it does not become a replacement for member state defence funding, that there will be no Commission ownership of defence capabilities, that any capabilities developed should be made available to all institutions such as NATO, the EU and UN, and that the Fund does not disadvantage the UK Defence industry once we have left the EU.

12. The Commission will be holding further meetings with Member States to discuss EDAP content and implementation during 2017. The Government intends to work with Member States and the Commission to ensure that UK interests are fully taken into account when taking forward any of these actions until the UK exits the EU.

IMPACT ASSESSMENT

13. None.

FINANCIAL IMPLICATIONS

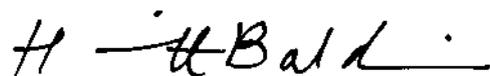
14. There are no new or additional financial commitments resulting from the EDAP. The EU budget up to 2020 is fixed and any elements of the EDAP requiring funding post-2020 will be a matter for the EU member states at that time.

CONSULTATION

15. None.

TIMETABLE

16. The EDAP was published on 30 November 2016. The Commission has confirmed an initial implementation meeting for government officials on 17 February. This is expected to meet periodically and will take forward the implementation of the EDAP over the coming years.



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