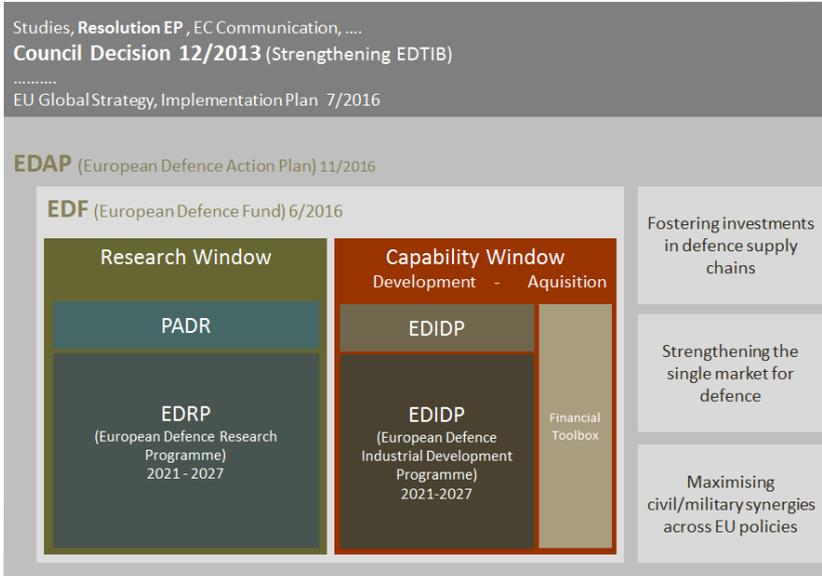


**EU Defence Research – European Defence Fund (EDF) – High Level EU Conference
Background and context**

Background to the EDF



In the context of the implementation of the EU Global Strategy (EUGS), the European Commission (EC) proposed a "European Defence Action Plan (EDAP)" with a European Defence Fund (EDF) tailored to common European priorities to support technical development in the EU – from research to development to procurement – in 2016. In preparation for this, the "Preparatory Action on Defence Research (PADR)" was initiated within the "Research Window" in 2017 with a total of € 90 million, and a "European

Source: Starlinger / AUT MoD Science, Research and Development Division

Defence Industrial Development Programme (EDIDP)" was created with a funding amount of € 500 million to be used within the "Capability Window" in 2019 and 2020 (see figure).

The European Commission's (EC) proposal of 2 May 2018 concerning the multiannual financial framework (MFF) of the EU starting in 2021 contains a whole chapter on "security and defence":

V. SECURITY & DEFENCE

12 Security

- Internal Security Fund
- Nuclear Decommissioning (Lithuania)
- Nuclear Safety and Decommissioning (including for Bulgaria and Slovakia)

13 Defence

- European Defence Fund
- Connecting Europe Facility – Military Mobility

19.6 bn
2021-27

14 Crisis Response

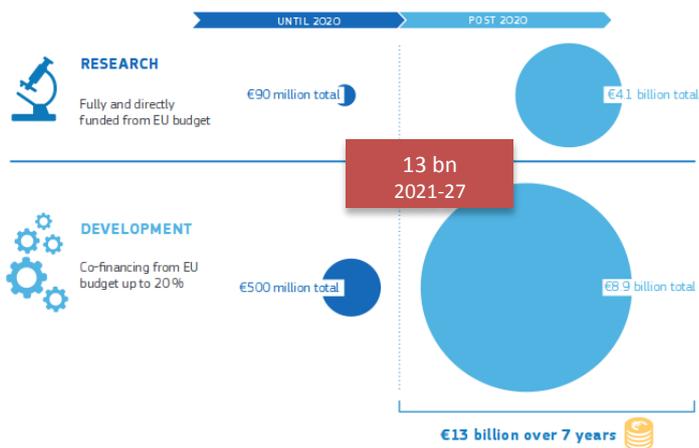
- Union Civil Protection Mechanism (rescEU)

Source: European Commission

Under item "13. Defence", the EDF is explicitly mentioned and endowed with € 13 billion for 7 years (2021-2027) following the EC's proposal of 13 June 2018.

The second part "military mobility" is planned with € 6.5 billion and is supposed to mainly contribute to the improvement of infrastructural measures.

Therefore for the first time in the history of the EU, the defence sector will be supported with significant financial resources from the common EU budget as well as through the provision of several financing instruments by the EC.



Source: European Commission

The new proposal of the EC does not include separate "windows" and therefore, no separation of programmes but separate budgetary approaches. The integrated approach will bring new opportunities as well as new challenges for all involved stakeholders.

Relevance of the EDF for the EU and Austria

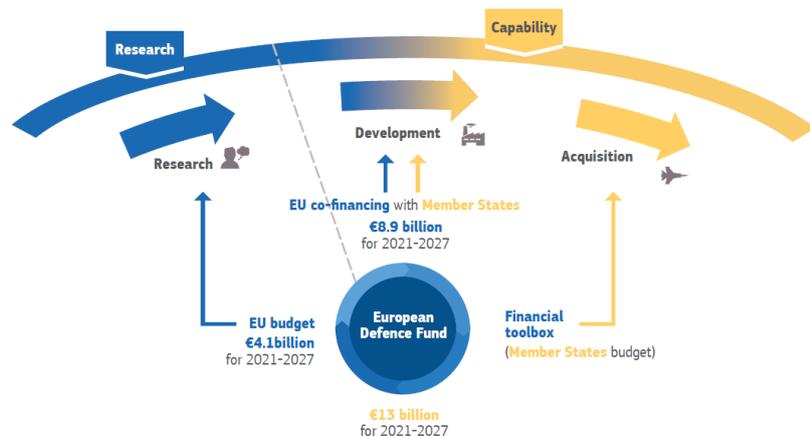
The EDF is a comparatively large and important EU initiative to strengthen the European Defence Technological and Industrial Base (EDTIB) and also to contribute to the faster development of capacities under the CSDP. In particular, it is supposed to contribute to the improvement of the EU's autonomous ability to act by preserving important (key) technologies in Europe, and thus to the long-term competitiveness of the EU.

The EU's future research framework programme "Horizon Europe" provides for a total amount of around € 100 billion. Since the EDF is legally a part of "Horizon Europe", a total amount of about € 113 billion will be available for civil and military research and development, more than 10% of which are for the first time specifically available for military research and development.

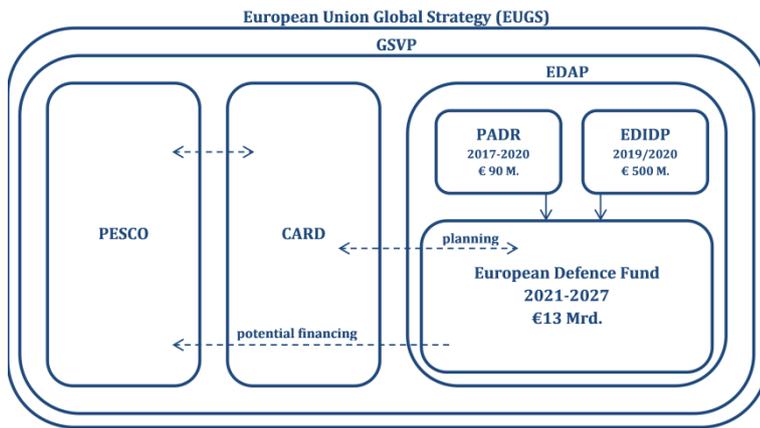
Connection of the EDF to other EU initiatives/actions such as PESCO, CARD and EDA instruments such as CDP and OSRA

In connection with the EUGS and its implementation plan, other EU actions such as PESCO (Permanent Structured Cooperation) and CARD (Coordinated Annual Review on Defence) were established or reactivated in addition to the EDAP and the EDF. While the CARD mechanism is an ongoing evaluation tool for monitoring progress and the achievement of objectives, the PESCO initiative is concerned with concrete joint activities of the member states to expand and develop common EU capabilities.

For the EDF, the amount of € 4.1 billion is proposed to be used to provide 100/ funding for projects in the research phase and € 8.9 billion are proposed to be used during the development phase as subsidies in varying amounts depending on the stage of development (20-80%). With the needed co-financing by the member states or the industry this should lead to an investment of up to € 50 billion.



Source: European Commission



Source: Steindl / AUT MoD Science, Research and Development Division

The EDF can be used as a financing platform to implement PESCO projects, in particular during the development and procurement phases. For the development phase, higher funding rates are provided for projects related to a PESCO project. The EU's financial instruments can be used to support procurement projects in particular.

One of the purposes of the EDF is to support technological development in the EU in line with common European priorities, from research to development to procurement. These priorities are to be defined by the EDA's Capability Development Plan (CDP). The specific priorities for research and development are to be identified through the EDA's Overarching Strategic Research Agenda (OSRA) and adapted to the priorities defined in the CDP. Both tools are intended to be used as integral instruments for the thematic orientation of the EDF.

Connection of the Austrian Strategy with the EU defence research High-level EU Conference on 2 October 2018



At the beginning of 2017, the Austrian MoD Science, Research and Development Division already planned the conference as a platform and offer of the Austrian Presidency of the Council of the EU to support a possible

negotiation on the "European Defence Fund (EDF)" during the Presidency. In this way, and in connection with the EC proposal on the MFF, the conference objective was to deal with the broad perspective of the EDF. Strengthening the European Defence Technological and Industrial Base is above all intended to contribute to the expansion/development of specific capabilities needed under the CSDP and composes therefore, in addition to its economic and technological significance, of a special security and defence dimension.

Significance of the Conference for the Austrian Presidency of the Council of the European Union

Since the defence sector will be supported with significant financial resources from the common EU budget for the first time in the history of the EU, the stakeholders, such as the EU Parliament, the EC, several international organisations as well as the member states have expressed great interest. In addition, the conference is the only event after the EC proposal on the MFF where, in addition to the institutional work in Brussels, a platform is being offered for a broad discussion of the topic inviting all stakeholders from policy-makers (EU, EP, MS, ...) to business and industry leaders to the higher education sector as well as the armed forces. The aim is not only to promote an in-depth discussion at the highest possible level, but also to contribute to raising awareness of the EDF in the EU as a whole, in the member states as well as at a national level. In addition, the conference offers the opportunity to coordinate member states' perspectives and therefore, supports negotiations on the EDF conducted by the Austrian MoD within the FoP working group in Brussels.