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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Draft REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP Regulation') **(first reading)** - Adoption of the legislative act = Statements

Joint statement by the European Parliament and the Council on the financing of the European Defence Industry Programme (EDIP) and the Ukraine Support Instrument under the EDIP Regulation

The European Parliament and the Council acknowledge the imperative need to support the European Defence Technological and Industrial Base and the Ukrainian Defence Technological and Industrial Base to increase their competitiveness by accelerating the adjustment of industry to structural changes, including through the ramp up of production capacities and the increase of cooperation in the procurement of defence products, in particular in light of the challenges created by Russia's illegal, unprovoked and unjustified war of aggression against Ukraine.

Without prejudice to the prerogatives of the budgetary authority in the framework of future annual budgetary procedures, the European Parliament and the Council invite the Commission to explore as a matter of priority, while taking into account prior political commitments of the budgetary authority, including to cover the EURI interest cost, options to reinforce the budget for the European Defence Industry Programme and the Ukraine Support Instrument in line with point 18 of the IIA on budgetary discipline without reducing similar EU programmes and funds.

Joint statement by the European Parliament, the Council and the Commission on the financial contributions from third countries for their participation in the SAFE Instrument as additional financial resources to the European Defence Industry Programme (EDIP) and the Ukraine Support Instrument (USI) under EDIP Regulation

The European Parliament, the Council and the Commission acknowledge the imperative need to support the European Defence Technological and Industrial Base and the Ukrainian Defence Technological and Industrial Base to increase their competitiveness by accelerating the adjustment of industry to structural changes, including through the ramp up of production capacities and the increase of cooperation in the procurement of defence products, in particular in light of the challenges created by Russia's illegal, unprovoked and unjustified war of aggression against Ukraine.

In accordance with Article 17(4) of the SAFE Regulation, the financial contributions to be provided by third countries for their participation in the SAFE instrument shall be used for programmes supporting the Union defence industry, the Ukrainian defence industry and Ukraine in accordance with the rules of those programmes. The European Parliament, the Council and the Commission agree that such contributions should be used to reinforce EDIP, including USI.

Joint statement of the European Parliament, the Council and the Commission relating to additional financial resources for the EDIP Regulation

The European Parliament, the Council and the Commission share the view that the EDIP Regulation should be equipped with additional financial resources.

To this end, the EDIP Regulation specifically foresees the possibility of additional financial contributions from Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions or other third parties and expressly refers to the Fund Accelerating the defence Supply Chains Transformation (FAST) in this regard.

In view of this and taking into account the pivotal role of FAST in enhancing the defence manufacturing capacities of SMEs and small mid-caps which are in particular need of investments, such additional contributions should be allocated as a priority to FAST and complement the amounts allocated from the envelope of €1.200 million referred to in Article 5(1), with the aim that the overall indicative amount for that particular fund under the Programme will reach at least EUR 150 million, respecting the prerogatives of the budgetary authority.