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WORKING DOCUMENT

From:	Presidency
To:	Ad hoc working party on defence industry
Subject:	Proposal for a European Defence Industry Programme (EDIP): Input Paper on European Defence Projects of Common Interest (EDPCIs)

Delegations will find attached a Presidency input paper on EDPCIs and governance.

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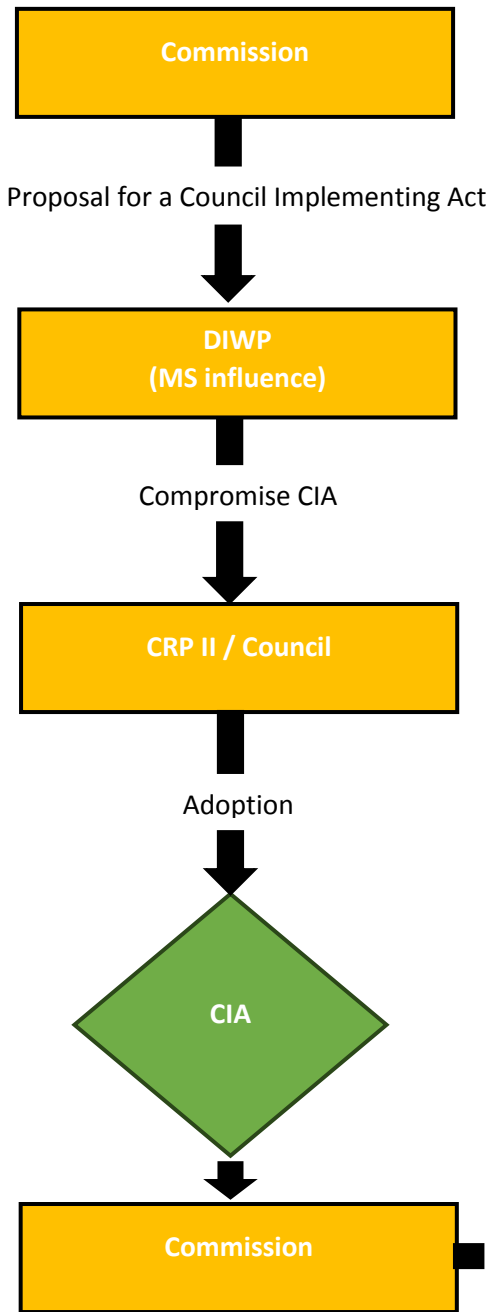
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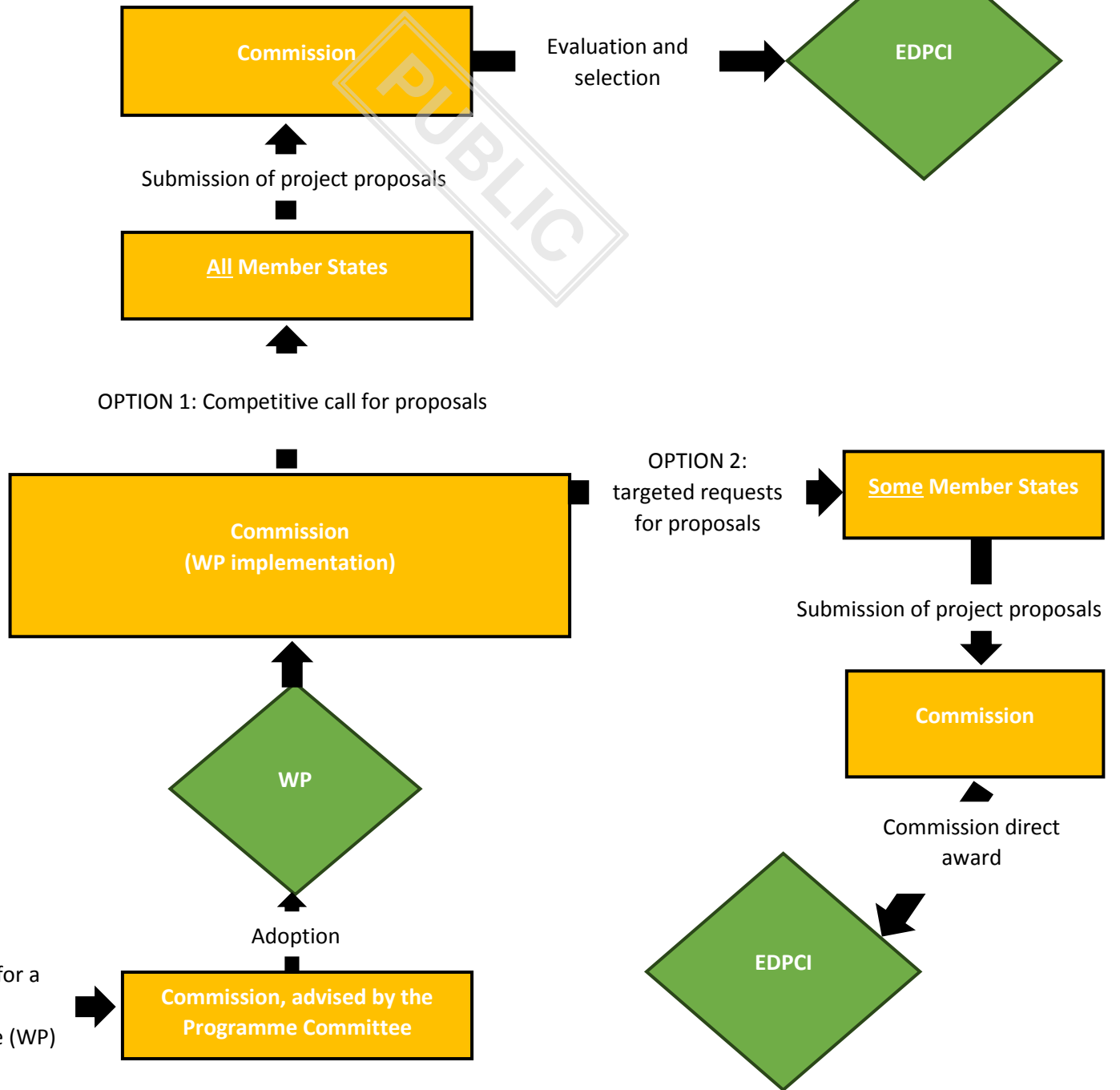
INPUT PAPER

EUROPEAN DEFENCE PROJECTS OF COMMON INTEREST (EDPCI)

1. The Commission proposal for a European Defence Industry Programme (EDIP) contains a provision on “European Defence Projects of Common Interest” (EDPCI). The last time the AHWPDI examined that article, on 27 June, several delegations asked for further clarifications as to the governance mechanism applicable to the identification of EDPCIs.
2. The latest version of the provision, contained in the third Presidency proposal on chapters II and III of EDIP (WK 7226/24 REV2), foresees conferring implementing powers to identify EDPCIs on the Council (Council implementing act). Any such Council implementing act would be proposed by the Commission and subsequently adopted by qualified majority. Of note: The Third Presidency proposal does not contain any reference to a Defence Industrial Readiness Board (‘EDIS Board’) any longer.
3. Given that no Member State has raised any objections to this proposed mechanism for the identification of EDPCIs (i.e. Council implementing act), the Hungarian Presidency proposes to maintain the essence of this revised provision, as contained in the third Presidency proposal. Considering that the proposal for an ‘EDIS Board’ essentially stems from the Joint Communication on EDIS, the Presidency proposes, as communicated earlier, to pursue discussions on such a Board separately from legislative deliberations on EDIP.
4. In the upcoming fourth Presidency proposal on chapters II and III of EDIP, the Presidency will clarify that the ceiling of 25% of the EDIP budget for EDPCI actions applies to all possible EDPCIs taken together.
5. One open question is **whether and how the Commission’s may “participate” in EDPCIs**. We intend to listen to the Commission clarification and seek guidance from Member States, based on which the Presidency will make a proposal on this in the fourth Presidency compromise.
6. Another open issue on which the Presidency would like to seek Member States’ guidance is **how the grants for EDPCI actions should be awarded**. The first option would be that a competitive call for proposals from Member States would be launched. The Commission would then award the funding to the winning consortium of Member States. The second, alternative option would be that the Commission, if possible under the Financial Regulation, could be authorised to award the funding directly (i.e. by direct award, without competitive calls for proposals), following the adoption of the work programme. The flow chart in annex sets out the two options in more detail.
7. The Presidency proposes to use the AHWPDI meeting on 10 September to discuss EDPCIs and in particular the issues mentioned above in greater detail.



Proposal for a Work Programme (WP)



OPTION 1: Competitive call for proposals

OPTION 2: targeted requests for proposals

