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WORKING PAPER

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CONTRIBUTION

From:	Portuguese Delegation
To:	Friends of the Presidency Group on the European Defence Fund (EDF)
Subject:	PT comments on the 3rd Presidency Compromise Proposal

Delegations will find attached the Portuguese comments on the 3rd Presidency Compromise Proposal.

PROPOSAL FOR A REGULATION ESTABLISHING THE EUROPEAN DEFENCE FUND

3RD PRESIDENCY COMPROMISE PROPOSAL

PT COMMENTS

These comments aim to contribute to the discussion in the EDF FoP on the 3rd Presidency Compromise Proposal on the Commission proposal for a Regulation of the European Parliament and of the Council establishing the European Defence Fund.

1. Article 13 – Award criteria

Without reopening the discussion on the content of this Article, it would be useful to more coherently align its content with the structure of Article 3, where the general and specific objectives of the Fund are defined. Therefore, we would like to suggest a simple technical adjustment of the order of the subparagraphs, which would be reordered as follows:

“ Each proposal shall be assessed on the basis of the following criteria:

- (a) contribution to the competitiveness of the European defence industry **by showing that the proposed action is a demonstrably positive balance of cost efficiency and effectiveness, in particular by thus** creating new market opportunities **across the Union and globally** and accelerating the growth of companies throughout the Union;
- (b) contribution to the creation of new cross-border cooperation between legal entities **established in Member States or associated countries**, in particular for SMEs **with a substantial participation in the action, as recipients, subcontractors or as other undertakings in the supply chain and** which are established in Member States ~~and/or~~ associated countries other than those where the entities in the consortium which are not SMEs are established;
- (c) contribution to the innovation and technological development of the European defence industry, in particular by showing that the proposed action includes ground-breaking or novel concepts and approaches, new promising future technological improvements or the application of technologies or concepts previously not applied in defence sector, **while avoiding unnecessary duplication**;
- (d) contribution to the **autonomy of the European defence technological and industrial base, including by reducing the dependency on non-EU sources and strengthening security of supply, and to the** security and defence interests of the Union in line with the priorities referred to in Article 3 ~~paragraph 2 and, where appropriate, regional and international cooperative agreements~~;
- (e) contribution to excellence or potential of disruption in the defence domain in particular by showing that the expected results of the proposed action present significant advantages over ~~existing~~ **defence products or technologies that are already in use or being developed**;
- (f) quality and efficiency of the implementation of the action.”

2. Article 32 – Evaluation of the Fund

With a view to better align the focus of the final evaluation of the Fund with the general and specific objectives of the Fund established in Article 3, it would be useful also to include a reference to CDP in this article, as follows:

- “3. At the end of the implementation period but no later than four years after the 31 December ~~2034~~**2027**, a final evaluation of the Fund implementation shall be carried out by the Commission. The final evaluation report shall include the results of the implementation and to the extent possible given timing the impact of the Fund. The report—, building on relevant consultations of Member States and associated countries and key stakeholders—, shall notably assess the progress made towards the achievement of **the objectives set out in Article 3. It shall also help identify where the Union is dependent on third countries for the development of defence products and technologies.** It shall also analyse cross-border participation, including of SMEs and mid-caps, in projects implemented under the Fund as well as the integration of SMEs and ~~M~~mid-caps in the global value chain **and the contribution of the Fund to address the shortfalls identified in the Capability Development Plan.** The evaluation shall also contain information on the countries of origin of the recipients and, where possible, the distribution of the generated intellectual property rights.”

3. Annex – Indicators to report on progress of the Fund towards the achievement of its specific objectives

Having in mind the objective of promoting the EDITB throughout the Union, it would be useful that this indicator allows a regional overview

Indicator 5 Job creation/support:
Measured by: Number of supported defence R&D employees per Member State.