

## Letter from Guto Bebb, Minister for Defence Procurement, Ministry of Defence

When I gave evidence at the Science and Technology Committee on 26 June I was asked questions about UK participation in the EDIDP and the EDF. I am writing to provide clarity to you and the Committee on our involvement in the EDIDP, the current status of the future EDF Regulation and our intentions for the future.

The EDIDP is a regulation to incentivise collaboration between EU Member states in defence capability development. It covers the period from 1 January 2019 to 31 December 2020 and EDIDP funding is made up of the money available as part of the current Multiannual Financial Framework (MFF) budget. Until March 2019, the UK remains a full member of the European Union. During the implementation period, the UK will no longer be a Member State of the European Union, but market access will continue on current terms and the UK will continue to participate in EU programmes such as the EDIDP.

The Work Programme (WP) for the EDIDP will consist of broad categories which will be agreed by the Member States in the EDIDP Programme Committee. It will be based on defence capability priorities identified through consultation with Member States, the Capability Development Plan and, where appropriate, will include international priorities including those in the NATO context. The UK will be part of the Programme Committee at the key point when it is established in September 2018, and will be able to influence the direction of the WP, including by proposing some UK-led collaborative projects. The WP is expected to be adopted by December 2018 and will cover the two-year period until December 2020.

Member States will agree between interested parties the specific projects that they wish to pursue collaboratively. This will then be proposed to the Commission for potential funding. Our participation in EDIDP therefore relies both on our motivation to get actively involved and on the willingness of other nations to work with us. As EDIDP funding is only a proportion of the costs of a project, the WP needs to fit the capability needs of the Member States which will also be making a significant investment. The Commission recognises it has limited experience in defence and looks to the experts in Member States to ensure the EDIDP WP is suitable.

The draft Withdrawal Agreement text makes clear that the UK can continue to participate in EU programmes during the implementation period. However, Article 122.7b of the draft Withdrawal Agreement sets out that there may be a derogation from this agreement in exceptional cases. The UK does not believe that its application would be justified in this

case and has received no notification from the European Commission that it intends to apply a derogation to any EDIDP or PADR projects. We do not therefore expect to be excluded from the EDIDP.

The EDF is a separate proposed regulation which is to be the follow-up to EDIDP and its complementary collaborative defence research regulation, the Preparatory Action on Defence Research (PADR). While these two funding 'windows' are currently separate, they will be brought together in one regulation with the EDF. The EDF will be funded in the next MFF and will start in January 2021 when the UK will no longer be a member of the EU.

The UK has a strong history of participation in European collaborative defence programmes and we support this new mechanism for managing collaboration. We would like to continue to collaborate with European partners and, as such, the UK would not wish to be excluded from the EDF. Our participation would also bring clear benefits to our collaborating partners, so it is mutually beneficial.

As the EDF Regulation still must go through the European legislative process, the terms for third party participation are still subject to negotiation but we have been clear that we believe the EDF should be open to third parties and that there is a special case for the UK in European defence. Most of the negotiations on the legal text of the Regulation are taking place whilst we are still EU members. My officials will therefore be able to participate in these discussions and will be able to argue our case for future involvement.

The terms of our future relationship will be subject to negotiation and we are open to considering all options for participation in the EDF. The Government will be guided by what delivers the best possible economic advantage to the UK and UK industry. We acknowledge that we would not receive funding from the EDF as a third party and therefore we would pay our share of any collaborative programmes, as is currently the case.

I trust this letter helps to allay your concerns and reassures you that we are working very hard to look after the interests of the UK and UK industry.

*July 2018*