



## **Fact-sheet n°2:**

# **Why the Preparatory Action on Defence Research is a waste of EU public money and a form of subsidy to the arms industry**

In our [fact-sheet 1](#) we explained that the political conditions are not met for the Preparatory action and future European Defence Research programme (ERDP) to deliver as expected by its supporters. To this, one must add the economic and budgetary issues at stake.

### **1. The PA first aim is to satisfy industry expectations and focuses on competitiveness and capacity to export**

- The PA proposal is introduced under the general policy objective of growth and jobs and aims firstly at improving the competitiveness and innovation in the European defence industry ([EC budget proposal, p.365](#));
- As part of the industry seemed at first reluctant to apply for EU research funding, the modalities proposed by the EC also aim at reassuring and providing the industry with very favourable grant conditions ([see fact-sheet 3](#));
- The primary objective of the arms producers, like any other company, is to get deals, as much deals as possible in order to generate profits; the assumption is that strengthening the industry competitiveness and exports capacity will necessarily contribute to EU defence capacities and autonomy. However:

### **2. How this supposed link between industry competitiveness, arms exports and European defence capacities works concretely and logically is never explained ([see also fact-sheet 1](#))**

- What is clear is that European technology and new weapons will be sooner or later sold to (almost) any country ready to afford them (the current UK case of arms sells to Saudi-Arabia speaks for itself);
- the EC still seems to believe that miraculously, private interests of big companies will on their own respond to the common interests of EU citizens; but selling arms is not the same as selling chairs;
- The EDA should be managing these funds but lacks credibility about its capacity to do so: according to the [EP study](#), EDA projects “have delivered few visible results (...) and shown poor leverage effect”. And this seems unlikely to change as MS are not ready to drop unanimity and give up national control on military issues.

### **3. The arms industry already benefits from a large amount of public money through different channels while not respecting the rules of public interest and transferring technology to third countries**

- as all companies, they use infrastructures paid for by taxes;
- their products are also paid for by taxes, as the lion share of what arms companies produce is bought by governments (EU MS but also third countries which are, for many of them, partly financed by the EU development aid thus freeing part of their national budget for defence expenditure);
- last but not least, much of their research and development is already subsidized by governments or done in cooperation with publicly funded universities and/or research institutes, including civil research which increasingly provides for technological innovation then to be used in military applications;
- On the other side, defence industry does not play the game of the common interest, when for example [they practice tax avoidance](#), or when they increasingly transfer technologies or even plant productions to third countries in order to get arms deals, not to say about 'offset' practices (financial compensations).

### **4. the European Parliament is asked to vote a blank cheque to the industry amounting to billions of Euros**

- The EP has currently a limited influence on the Common Security and Defence policy, and is asked to divert part of the EU budget to a new activity field without any debate on this shift towards a militarisation of the EU budget, nor any new leverage on 'what for' and 'how' the money will be spent;
- 25 million EUR in 2017 may appear “peanuts”, but it will set in train a process which will lead to much greater expenses: a 3.5 billion EU-funded research programme in 2021-2027, a more costly EDA to be provided with the adequate resources to manage such amounts, but also further costs to continue developing the first results up to armaments programmes in order to buy the end products to the very same industry.

**To conclude, in the absence of the necessary conditions to reach the stated goal of improving EU defence:**

- **billions of Euros will have been lost to the detriment of other crucial investments that could truly respond to major challenges and genuinely contribute to peace ([see fact-sheet 4](#));**
- **merely to the profit of the arms industry without counterparts ([see fact-sheet 3](#)), as the alleged positive economic impact is far from being proven ([see fact-sheet 4](#)).**