Main news items:

✔ EDF news: main priorities include environmental transition, possible budget increase?
✔ ‘Defend-EU’ plan: EU funding for joint acquisitions, institutional rivalries
✔ Peace Facility News

In short:

✔ EP reports on defence: from Ukraine to AI and ‘green weapons’, supporting the war narrative
✔ Subjective list of interesting links

2022 EU Calendar: main meetings to come

01 July  Czech Presidency of the EU starts
07 July  Informal meeting of Defence Policy Directors, Prague
19 July  Conference ‘Importance of Modern Technologies for European Defence and Security’, Prague
28–29 July Informal meeting of EPF Committee, Prague
29–30 August Informal meeting of EU Defence ministers, Prague

EDF news: main priorities include environmental transition, possible budget increase?

On 25 May the EC released an EDF Indicative multi-annual perspective covering the full period 2021-2027. For once a quite clear and accessible document, detailing the 16 categories of projects and indicative budget-share planned throughout the programme.

Main categories receiving more than 10% of the total budget

‘Information superiority’, meaning “technologies and capabilities allowing command entities at all levels to base their decisions on suitable, timely and accurate information and to transmit information swiftly and securely to the relevant actors”. To note that projects like the Eurodrone (MALE RPAS) prototype and a tactical RPAS prototype have been classified under this category too.

‘Space’ will focus on consolidating secure, robust and reliable services in an evolving threat environment, and access to more performant services and improved interoperability.

The main air, land and maritime capabilities are also part of the top list, with ‘Air combat’ (>10%) and ‘Air and missile defence’ (>5%) focusing on the components and technologies for the next generation of fighter systems and collaborative air combat, as well as the protection against aerial threats, from UAS to ballistic missiles; ‘Ground combat’ focusing on major land combat systems, unmanned ground systems and indirect fire; and ‘Naval combat’ & ‘Underwater warfare’ (>10% jointly) on cutting-edge interoperable maritime systems and platforms as well as future effectors, their countermeasures and support functions to counter underwater threats.

‘Disruptive technologies’ should get 4 to 8% of the total budget as a specific category, although one could expect that some form of disruptive tech could fall under other calls.
Interesting to note a specific category on ‘Energy resilience and environmental transition’ which should get over 5% of the budget. The aim is to “create and develop energy efficient solutions and green technologies in the defence sector”, in particular prototypes or demonstrators of “future green, efficient, resilient, safe and multi-sources energy solutions” for “efficient and green” ground, naval and air engines, for “safe reuse of water for military and peace-keeping missions” or for “recycling soldier equipment”. To note that ‘green defence’ was also an important topic of the European Defence Innovation Day held by the European Defence Agency on 31 May. The other categories are ‘Defence medical support, CBRN, biotech and human factors’, ‘Advanced passive and active sensors’, ‘Cyber’, ‘Digital transformation’, ‘Materials and components’, ‘Force protection and mobility’, ‘Simulation and training’, and should receive less than 5% of the total budget.

➢ Calendar and future budget increase?

As regards implementation, the calls for proposals for 2022 were presented on May 25, with a total budget of €924 million addressing 16 categories of action (subdivided into 33 topics). It seems that the focus is on space, cyber and distributive technologies to the detriment of the naval domain compared with previous calls. Deadline to submit projects is November 24. As for the projects selected under the 2021 calls, the list should be presented before the end of the French Presidency, that is June 30.

The EC latest plan called “Defend-EU” presented on May 18 (see next article) includes the proposal to “strengthen” the EDF budget during the mid-term review of the EU long-term budget, to take place in 2024, suggesting a budget increase. However this would require the agreement of both the EP (quite realistic) and the Member States. The latter may be more reluctant to re-open the Pandora box of the budget negotiations which were already difficult and concluded with a compromise largely reducing the EDF initial budget (€13bn). Member States completely ignored this proposal in their Summit conclusions (see next article), which tend to confirm reluctance.

Links to relevant documents
‘European Defence Fund Indicative multiannual perspective 2021-2027’, 25 May 2022
EDA Innovation Day press release (31 May), ‘Hub for EU Defence Innovation’ (HEDI) factsheet
EDF 2022 CfPs fact-sheet
‘Defend-EU’ plan: EU funding for joint acquisitions, institutional rivalries

On May 18, the EC presented a new ‘joint Communication on the Defence Investment Gaps Analysis and Way Forward’, in short the ‘Defend-EU plan’. This Communication follows the Member States’ request for an analysis of the defence investment gaps and proposals to strengthen the European defence industrial and technological base (EDTIB), made in the Versailles Declaration (see previous Newsletter NBB 2022-1 of 04.04.22) and presents 3 main areas of work: optimising joint procurement, financing acquisitions, increasing European defence budgets. The EC proposals were then discussed by the EU leaders during the European Summit that took place in Brussels on May 30 & 31. The main outcomes also raise institutional rivalries:

➢ An (EU?) structure for joint acquisitions

The first main EC proposal is to create a Defence Joint Procurement Task Force (Commission and EDA) to support Member States to coordinate their very short-term procurement needs, particularly with a view to the replenishment of stockpiles required following the massive deliveries to Ukraine, and amid fear hat this will mainly profit American companies. The EC proposes that, in the medium to long-run, this Task Force be made permanent as an ‘EU Joint Defence Strategic Programming and Procurement’ involving Member States, the Commission and the EDA, in order to ensure joint programming but also act as a “central purchasing body for EU joint procurement”.

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During the EU Summit, Member States made clear that they are in the driving seat on defence matters (see below): they invite the Council (and not Commission) to explore measures to “coordinate very short-term procurement needs”, and proposals for an “EU defence strategic programming, procurement and coordination capability”. According to B2pro, concrete options are being discussed: first, create a new dedicated agency under EC control, with all the risks it entails (lack of experience, competence issue); second, entrust the European Defence Agency (EDA) for such mission, but it does not have enough staff for it; a third option is to rely on the Organisation for Joint Armament Cooperation (OCCAR), much more experienced and an option favoured by several states (including France) as it allows them to keep control since it is an intergovernmental body. However this is not mentioned in any paper so far.

➢ EU funding and VAT waiver for joint acquisitions

The second major proposal is to start co-funding joint procurement with the EU common budget; a ‘logical step’ after funding military R&D and subsidizing the arms industry through civilian programmes. The EC plans to dedicate €500 million to it in 2022-2024, and will propose a fast-track adoption procedure to the EP and Member States. This pilot instrument should be made permanent through a ‘European Defence Investment programme’ (EDIP), which would support consortia of Member States (EDCCs – European Defence Capability Consortia) for the joint procurement of capabilities developed in a collaborative way. They would also benefit from VAT exemption and possible access to other EU funding schemes. The EC will propose an EDIP Regulation in the autumn. Unsurprisingly Member States are “look[ing] forward to the presentation” of such proposals.

Member States are of course happy with the idea of getting more of the EU common pot and a VAT exemption. However national experts consider the EC proposals as too vague so far, with important ‘technical’ questions not being answered, for example: does joint purchasing mean buying European? Should there be a Buy European act? Where does the money come from? Who negotiates the prices? Consortia take a long time to set up, how can the process be speeded up? Does the task force have the right to buy off the shelf, even if the equipment is not European? Etc.

➢ Increasing European military spending incl. through access to finance

In its analysis the EC claims that there is a structural underinvestment in Europe compared with China and Russia, which have increased their defence budget at a much higher rate over the last 10 years; but it omits to remind that the departure point was extremely different, in particular for Russia, and that the EU collectively was still spending over 3 times more than Russia in 2020... It also overlooks its own finding that so far EDF precursors programmes did not seem to influence MS practices as collaborative investments continue dropping (“a new low point of only 11% of investments spent collaboratively in 2020” says the EC fact-sheet).

On the contrary, the Commission calls for more support to the arms industry and the EDTIB at large through different measures, like facilitating access to critical raw materials and key components, enhancing specific defence skills, supporting critical technologies and industrial capacities through strategic projects, amending the framework for dual-use research and innovation to improve synergies between civil and defence instruments, sustaining the R&D effort through the Defence Innovation Scheme and a blending facility under InvestEU (the post-COVID recovery fund), and supporting innovation and targeting SMEs & MidCaps with the EIF (the European Investment Fund). And of course it “invites” once again the EIB and its shareholders (that is, member States) to “assess whether it should extend its support to defence-related industrial projects”.

All measures that would further blur the divide between what is civilian and what is military, and put the defence sector at the core of European economy. This echoes Macron's declaration that France is entering into an economy of war. However such move may rather be a self-fulfilling prophecy paving the way for a war the EU claims to avoid.

➢ Competences and institutional rivalries

The Conclusions of the European Summit of 30-31 May are short but explicit on defence: they can be summarised as asking the Commission to put the money, the regulatory framework and the staff when needed, while Member States remain in the driving seat and keep European defence purely intergovernmental without any form of parliamentary control. In that sense the “market approach”
according to which subsidising the arms industry would constrain Member States is already failing. As usual in the EU bubble, wording details matter: the conclusions only refer once to the Commission when saying "in the light of the analysis [...] prepared by the Commission"; they don't 'welcome' nor even 'take note' of the EC work. As for the follow-up, Member States 'invite the Council to examine the following issues, in line with the respective competences conferred by The treaties'. A clear call for the Commission to stay in its place... In listing the issues on which they expect follow-up, Member States carefully avoid to task a more specific EU body.

Yet they agree with most of the EC proposals, with the exception of increasing the EDF budget and expanding the EIB mandate: they do call for an enhanced role for the EIB, but still "in line with its recent Strategic European Security Initiative". They also call for an "accelerated implementation of military mobility infrastructure projects", and for "measures to map the current and necessary additional manufacturing capabilities", something that would probably require the EC staff to be involved.

Another point of discussion arising from the increasing EU-level work on defence is about having a more expert and permanent body for early discussions at Council level. Indeed there is no specific working group to support the Council, nor a dedicated Council format that could address all aspects altogether, from industrial to military and political considerations. The French Presidency has been pushing for a permanent working group on the defence industry, but according to B2pro other options where also on the table, yet none of them is getting sufficient consensus among Member States. It appears that the first step would be a provisional ad-hoc working group under the supervision of the EU ambassadors' body (COREPER). The idea of having a Defence Council or 'jumbo' Council meetings joining Industry and Defence ministers (like the one joining Foreign Affairs and Defence ministers) has been discarded so far, as the most 'pro-NATO' Member States are reluctant to further 'europeanize' the issue.

Links to relevant documents:
Joint Communication on the Defence Investment Gaps Analysis and Way Forward (JOIN(2022)24 final), Press Release, Fact-sheet, Q&A
Special EU Summit conclusions, 30-31 May 2022
'Comment la France compte s'engager dans une économie de guerre’, BFMTV-AFP, Pascal Samama, 14,06,2022

Peace Facility News

- **Arms deliveries to Ukraine up to €2 billion**

  On 23 May, EU foreign ministers agreed to add a further €500 million to fund arms deliveries to Ukraine through the European Peace Facility (EPF), as previous instalments are running out. This raises the total amount to €2 billion since February. Up to 98% of this last instalment could go to reimbursing the delivery of lethal weapons by Member States, while the previous ceiling was 90%.

  This necessarily raises the question of a possible increase of the total EPF budget, initially agreed at €5 billion for 2021-2027. Taking into account other measures agreed (see previous Newsletters and below), in particular for non-lethal military equipments in Africa and Eastern Europe, more than half of the budget will have been spent in a year and a half. Although such increase is not officially in the pipeline, it will most probably happen sooner or later and only requires an agreement among Member States as this is not community budget.

  The Strategic Compass adopted in March also calls for an increased use of the Peace Facility, not only to provide equipments in the framework of EU training missions, but also to make the delivery of lethal weapons and equipment "in times of crisis" a possible line of action based on the Ukrainian precedent. Whatever the legitimacy of delivering weapons to Ukraine, many peace groups fear that this precedent will lower the threshold for the EU to deliver lethal weapons, an issue which was still considered controversial as a principle matter only some months ago.

- **EU redeploying ‘military support’ to Niger and West African countries**

  Following the extension, in February, of the coordinated maritime presences in the Gulf of Guinea until 2024, the EU is considering a redeployment of military support, so far concentrated on Mali, to other countries, in particular Niger and West African countries.
A first aspect is to use the EPF to support the fight against trafficking and piracy in the Gulf of Guinea, in particular by supporting the Nigerian marine (source: B2pro). The EU is considering four components to this support: ISR (reconnaissance, surveillance and intelligence) systems through a company providing capability and training to one of the coastal countries; patrol ship support with maintenance, repair, and spare parts; Technical assistance and liaison officers and advisors The measure should be implemented by an agency of an EU Member State (like Expertise France) and run for four years.

A strategy paper under discussion also envisages a new CSDP military architecture in the Sahel with three options, according to B2pro: first, "continue the role of EUTM Mali" by "focusing" it on its core mandate; Second, deploy "permanently" in two other countries: a CSDP military mission would be established "as a priority" in Niger and another one in Burkina Faso if conditions allow for it; Thirdly, create a new EU military mission for the Sahel in order "to provide a common regional legal framework, to command and coordinate all CSDP military activities in the region through several components, each dedicated to a specific country". It would be based in the region.

#### Assistance measures for the DRC and Rwanda?

A team of diplomats headed to Kinshasa in May, in order to discuss the idea of a training mission to the Congolese armed forces (FARDC) in view of preparing a strategy document. Work also continued in May within the Africa working group of the EU Council about a possible support to the Rwandese armed forces. But current tensions between the DRC and Rwanda could make it more complicated. (source: B2pro)

#### EPF support to the Balkan Medical Task force (BMTF)

On June 9, the EU approved a support worth €6 million to the Balkan Medical Task force (BMTF), involving six countries: Albania, Bosnia-Herzegovina, North-Macedonia, Montenegro, Serbia, and Slovenia for ensuring the deliveries. It should deliver non-lethal equipment such as vehicles (ambulances, command, all terrain), field hospitals, laboratory equipment and supplies or computer and communication equipment. A Slovenian organisation, ITF (Enhancing Human Security), will be in charge of purchasing and delivering the equipment. (source: B2pro)

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**Links to relevant documents:**

EU support to Ukraine: Council agrees on further increase of support under the European Peace Facility, EU Council PR, 24/05/2022

European Peace Facility: Council adopts assistance measure in support of the Balkan Medical Task Force, EU Council PR, 10/06/2022
Short News

➢ EP reports on defence: from Ukraine to AI and ‘green weapons’, supporting the war narrative

In the last couple of months the EP has adopted several texts on the EU defence policy and related matters. The Resolution on 'Artificial Intelligence in the Digital Age', drafted by the special EP Committee on artificial intelligence (AIDA) was adopted in plenary early May, with a wide majority (495 votes in favour, 34 against et 102 abstentions). It calls for particular vigilance on two main issues: the risks related to lethal autonomous weapons systems and to large-scale surveillance.

A 'Recommendation to the Council and Josep Borrell following the Russian Invasion of Ukraine', by the German conservative Mc allister and French Liberal Nathalie Loiseau (also chair of the SEDE Committee), was adopted in the Foreign Affairs committee with a wide majority overcoming the usual political divide on this issue, in particular as all Greens present voted the text, despite its blind support to the current EU militarisation. The Greens had already largely supported (at committee level) the EP annual report on the EU defence and security policy in February, a week before the Russian invasion.

To note that a minority position was presented by MEPs Manu Pineda and Marc Botenga on behalf of The Left.

Another EP Resolution, on the social and economic consequences of the Russian war in Ukraine, proposes the creation of a Strategic Autonomy Fund for Europe (SAFE), similar to the post-Covid recovery fund. It should support investments needed to reach autonomy in key domains like cybersecurity and other defence-related sectors.

The Resolution on the 'Impact of Russian illegal war of aggression against Ukraine on the EU transport and tourism sectors', drafted by the French Green Karima Deli and adopted on May 5 in plenary praises military mobility: it "regrets" the drastic cuts for the military mobility programme during the budget negotiations; it calls for "much more ambition" and for the EC to find "solutions to significantly increase the military mobility budget line" including through the "the mobilisation of unused funds under the Recovery and Resilience Facility"; it calls for the strengthening and funding of major dual-use infrastructures and "connections with the Western Balkans, Moldova, Georgia and Ukraine".

Lastly, on June 7 the EP plenary adopted its Resolution on the EEAS' Climate Change and Defence Roadmap, also led by a Green MEP, Thomas Waitz (AUS), with a small majority of 356 votes, mainly supported by Socialists, Liberals, the Greens and part of The Left, while conservatives largely abstained. The text went through lengthy negotiations, and the outcome is a rather long and rich document with solid knowledge and concrete proposals. At least it didn’t fall into the trap of oversimplification compared with the previous text mentioned, despite having concluded too in the context of the war in Ukraine. There is an important section on the need for a comprehensive and consistent approach on climate change and its consequences, including as root-causes of conflicts. But the risk of military "greenwashing" is not completely avoided either. At least it asks that the increase in military spending should not lead to an increase of emissions by the military activities (ranging from operations to new capabilities and infrastructures). However one can wonder if pouring billions to the arms industry for ‘green weapons’ really makes sense if this is to end up, at best, with a zero-sum game. This won’t contribute to reducing emissions and the impact on climate change, but only to not making the situation even worst! Not sure this will be enough as an ambition compared with the urgency we face.

➢ Subjective list of interesting links

A clear and present danger: Missing safeguards on migration and asylum in the EU’s AI Act, Statewatch report, 12.05.2022

EU signs gas deal with Egypt, Israel to end ‘dependency’ on Russia, Euractiv, 16 June 2022

Council approves conclusions on an EU strategic approach in support of disarmament, demobilisation and reintegration of former combatants, EU Council, 16/05/2022

Germany embraces macron's proposal for a European political community, Euractiv, 10/05/2022
Social Taxonomy risks death by Commission neglect, Euractiv, 17/05/2022

Denmark to join EU defence policy after historic vote, Euractiv, 02/06/2022

Arms sent to Ukraine will end up in criminal hands, says Interpol chief, The Guardian, 02/06/2022

Arms Industry media campaign:

What it takes for Europe to become a credible security actor, onEuractiv, 30/05/2022

Defending European borders, on Euractiv, 28/05/2022

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