



WHAT IS THE EUROPEAN DEFENCE FUND?

**RESEARCH &
TECHNOLOGY PHASE**
100% EU-funded projects

DEVELOPMENT PHASE
Co-funding for prototypes,
up to 100% EU-funded
for other activities

2017-2020
Total
€590 million

€90 million
EU budget
Preparatory Action on
Defence Research (PADR)

€500 million
EU budget
European Defence Industrial
Development Programme
(EDIDP)

+ €2 billion
expected national
contributions

2021-2027
Total
€13 billion

€4.1 billion
EU budget

€8.9 billion
EU budget

+ up to €35.6bn
expected national
contributions

WHAT IS IT?

The Fund supports the research and development (R&D) of new or “enhanced” weapons and military technology (everything prior to the production phase), allegedly contributing to growth, jobs and EU strategic autonomy.

FOR WHOM?

Funding will go to applied research centres from the security sector and weapons manufacturers, but also to civilian companies working on technologies relevant for the military like artificial intelligence.

The Fund will be open to companies based and controlled in the EU or other European countries (Norway, Iceland and probably the UK), but also from non-European countries (like the US or Israel who already regularly partner with EU companies) under certain conditions still under negotiation.

FOR WHAT?

The Fund will focus on “cutting-edge” technologies like autonomous and unmanned systems (e.g. armed drones), and intelligence-surveillance, cybersecurity and maritime security. Part of the funding will be earmarked for “disruptive” technologies “which can “radically change the concept and conduct of defence affairs” – in other words, war.

TIMELINE

Oct 2014 first breakthrough for EU funding to the military sector is adopted (€1.5m Pilot Project)

Mar 2015 EU Industry Commissioner Bieńkowska sets up Group of Personalities “to advise on how the EU can support research” in military

Feb 2016 Group of Personalities' final report calls for a Preparatory Action and a €3.5-billion EU Defence Research Programme

Oct 2016 Preparatory Action for Defence Research (PADR) is adopted, dedicating €90 million to basic research in military technology over 2017-2019

Nov 2016 European Commission presents Defence Action Plan, proposing a European Defence Fund “to support the joint research and development of defence capabilities” in the next EU budgetary cycle (2021-2027)

Jun 2017 European Defence Industrial Development Programme (EDIDP) proposed to fund the development of military technology in 2019-2020

Mar 2018 EDIDP is adopted, diverting €500 million from the EU budget to the military industry

Feb 2018 first PADR projects launched with focus on unmanned and autonomous systems

Jun 2018 Commission presents a legislative proposal for European Defence Fund in the next EU budgetary cycle (2021-2027), with a €13-billion budget

Feb 2019 EU Member States and Parliament reach provisional political agreement on European Defence Fund for 2021-2027 (excluding budget)

Apr 2019 EP plenary to vote on provisional agreement

Autumn 2019 new EP to negotiate next EU budgetary cycle (MFF) including Defence Fund budget

THE EUROPEAN DEFENCE FUND IS NOT GOOD FOR PEACE

THE NEW EU BUDGET

Source: EEAS

FOR AID

1.2x

1.3x

2.6x

22x
FOR DEFENCE

FOR INTERNATIONAL
DEVELOPMENT

FOR BORDER
CONTROL
AND ASYLUM

FOR PEACE



IT MILITARISES THE EU AND DIVERTS FUNDING FROM PEACEFUL PRIORITIES

- It crosses the red line that from the EU's foundation prohibited it from contributing to military-related activities.
- It diverts finite financial and human resources to the detriment of civilian priorities and peaceful solutions to conflicts. It is a shift towards technological and military 'answers' to political and societal challenges – profiting the industry, not citizens.
- In parallel the military sector is mainstreamed as a priority in a wide range of EU civilian policies that will also subsidize the arms industry.



IT COULD CONTRIBUTE TO THE DEVELOPMENT OF CONTROVERSIAL WEAPONS

- From 2021, research and development (R&D) for lethal autonomous weapons without the possibility of meaningful human control (e.g. killer-robots) will be excluded from the Fund; but this is not a limitation in the current 2017-2020 funding.
- Other types of unmanned weapons or defensive autonomous systems and other controversial technologies (e.g. incendiary weapons or depleted uranium) can still be funded.
- The proposed ethical review falls short of being transparent and credible: it will mainly rely on the industry self-assessing its own project proposals, the list of independent experts for further ethical checks will not be public, and a running project cannot be stopped even on ethical grounds.

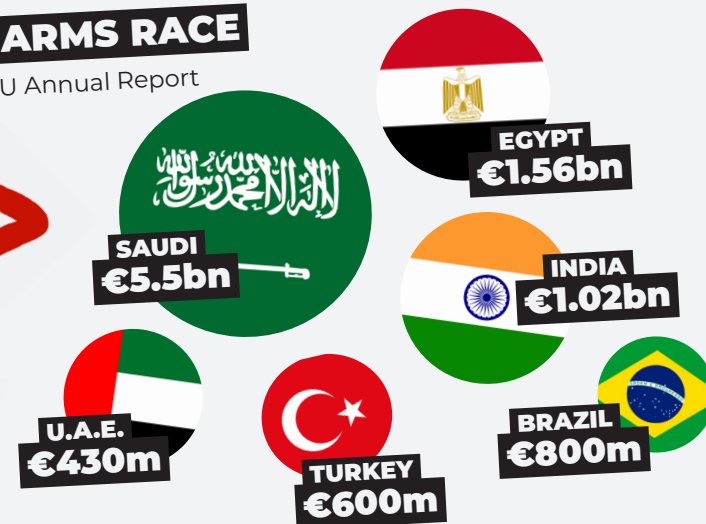


IT WILL EXACERBATE THE GLOBAL ARMS RACE WHICH IN TURN FEEDS CONFLICTS

- European military industry makes a large share of its sales outside Europe: subsidizing arms industry R&D to boost its (global) competitiveness will inevitably increase EU arms exports to areas where there is tension or conflict; weapons proliferation encourages the use of force rather than peaceful solutions.
- The arms industry will have full ownership of the results produced with EU taxpayers' money, including the right to transfer them outside the EU.
- The EU will have no say on the export of EU-funded military goods as Member States, with divergent practices, will keep full control of the licensing of EU-funded arms exports.

SUPPLYING THE GLOBAL ARMS RACE

Examples of EU arms sales in 2017. Source: EU Annual Report



IT WILL NOT LEAD TO SAVINGS, NOR PREVENT MILITARY OVER-PRODUCTION AND DUPLICATION

- Military industry in the EU suffers from over-production and duplication because of fragmented national markets and industries.
- Resolving this situation does not require spending more, but rather prioritising specific companies and weapon systems over others; national governments are not willing to take the political decisions to make this happen.
- The Fund will only add to growing national military expenditure and provide industrial subsidies preserving short term interests.



IT WILL NOT STRENGTHEN THE EU, BUT RATHER CREATES A DANGEROUS PRECEDENT

- It is often argued that the Defence Fund will pave the way for an "EU of Defence." However, the economic bottom-up approach did not work for building a social or fiscal Europe, why should it work for a sensitive field as "defence", where national divergent geostrategic and industrial interests still prevail?
- Several Member States and foreign companies are still lobbying for wide access to the Fund for non-European companies, despite claims the Fund would strengthen European strategic autonomy.
- Under derogatory rules the European Parliament will have no say on what will be done with taxpayers' money for the duration of the programme (7 years), while Member States will be in the driving seat with a de facto veto power: this sets a dangerous precedent against EU integration and democratic scrutiny rules.

THE EUROPEAN DEFENCE FUND IS NOT GOOD FOR EUROPE

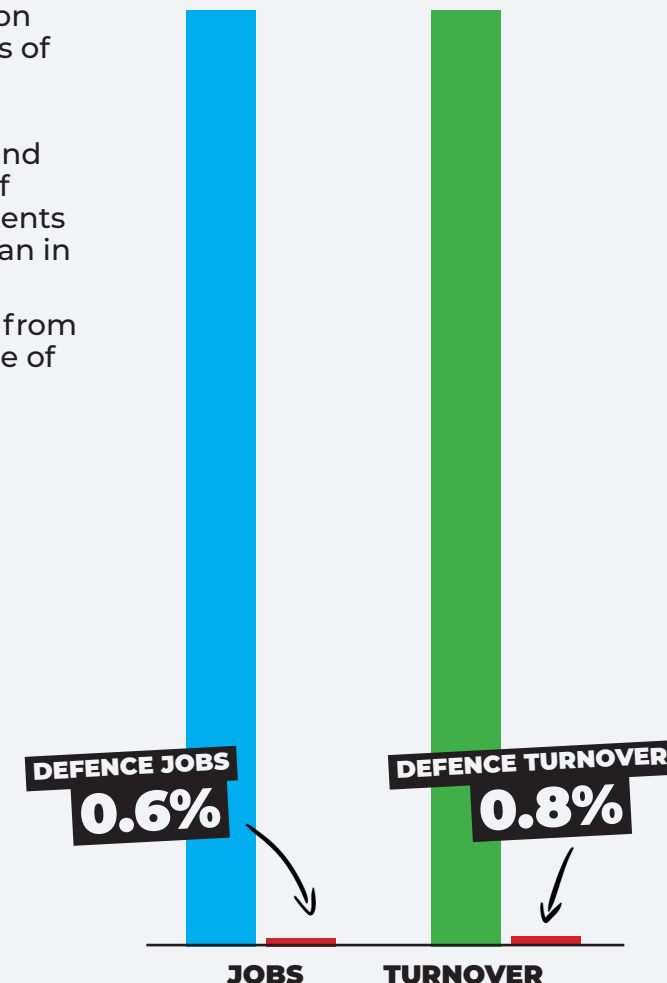


IT IS A DYSFUNCTIONAL ECONOMIC SECTOR WHICH OFFERS LIMITED EMPLOYMENT OR GROWTH

- Military industry relies heavily on public spending, including for Research & Development (R&D), and on protected national markets, offsets and other forms of arms exports subsidies.
- Military industry accounts for a tiny share of EU economy, to the exception of few large countries, and economists point to a neutral or negative impact of military spending on growth. In particular, investments in this industry creates fewer jobs at higher cost than in other needed sectors such as renewables.
- Military R&D will divert funds and skilled resources from civilian needs because there is an EU-wide shortage of highly-skilled engineers, scientists and IT workers.

A TINY SHARE OF EUROPE'S ECONOMY

% of the EU's non-financial business economy in 2016. Source: ASD / Eurostat



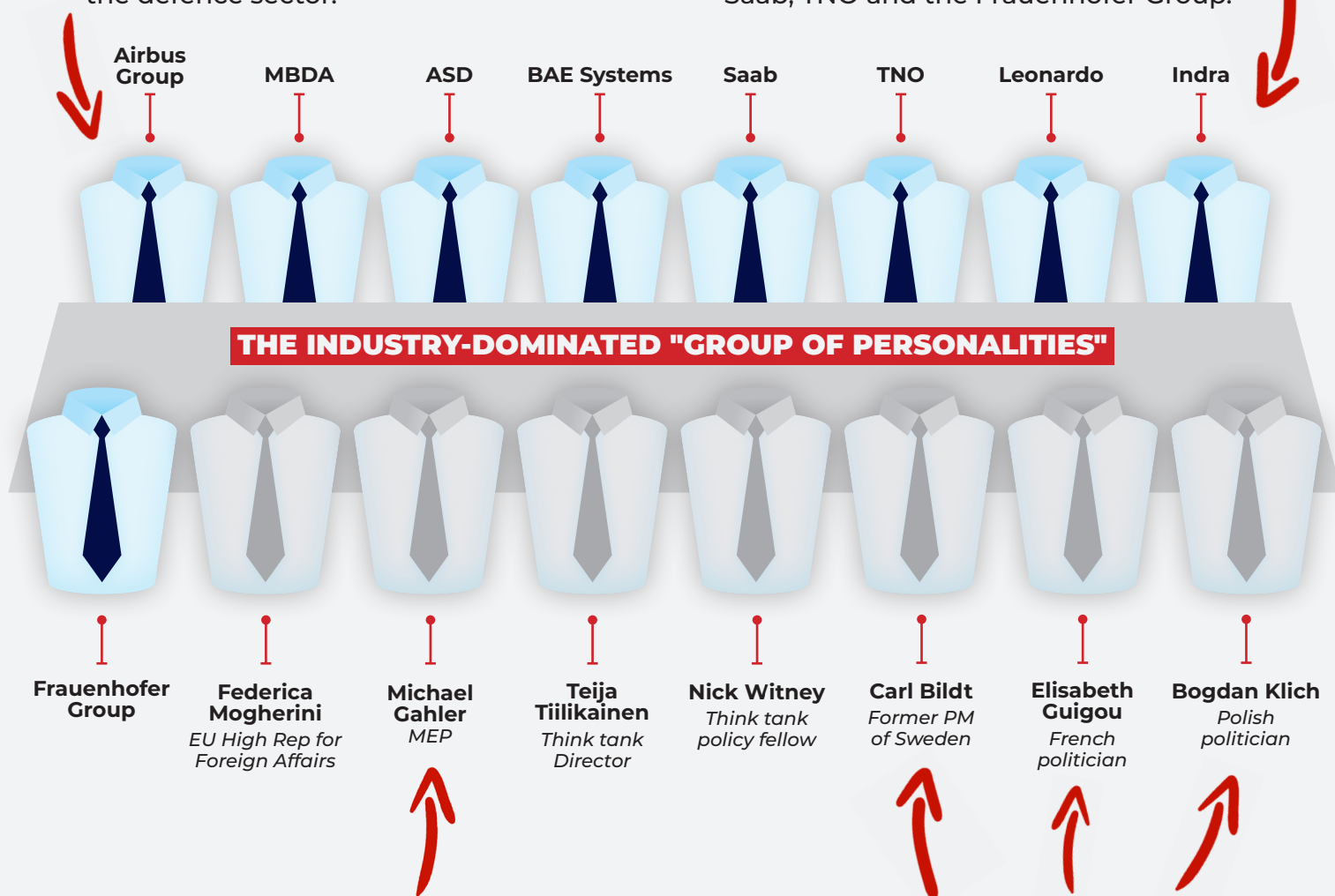
ARMS INDUSTRY LOBBYING: "A SPIDER'S WEB OF TRUST AND INFLUENCE"

46

THE NUMBER OF
MEETINGS BETWEEN
THE COMMISSION
AND INDUSTRY
(2014-2017) TO
DISCUSS PADR

EU ARMS DEALERS HAVE A PRIVILEGED RELATIONSHIP WITH THE EUROPEAN COMMISSION

- In 2015, EU Commissioner Elzbieta Bienkowska set up a group of Personalities (GoP) on Defence Research to give advice on a Defence Research programme.
- A majority of the GoP members were from profit-making companies active in the defence sector.
- In October 2016 a €90-million PADR was adopted, largely integrating the GoP recommendations.
- Five GoP members are now receiving EU funding and are involved in at least two of the five current projects under the Preparatory action: Indra, Leonardo, Saab, TNO and the Fraunhofer Group.



MILITARY INDUSTRY HAS BUILT A PRIVILEGED RELATIONSHIP WITH KEY EU PARLIAMENTARIANS (MEPs)

The Kangaroo Group is a parliamentary intergroup arranging meeting between MEPs and the industry. Most of the MEPs influential on the military research issue are part of this Kangaroo Group and/or coming from large countries to benefit most of this Fund: France, Germany, UK, Spain, Italy or Poland.

MEMBER STATES AND NATIONAL CORPORATE LOBBIES HAVE DEVELOPED A SYMBIOTIC RELATIONSHIP WHICH HAS INFLUENCE AT THE EU LEVEL

The 2016 Netherlands' Rotating Presidency helped ASD (*Aeronautics, Space, Defence and Security Industries*) deliver a lobby win against initial resistance to industry full ownership of intellectual property rights (IPR) generated by 100% EU-funded research.