
NEWS FROM THE BRUSSELS' BUBBLE

#2021-2, 01 July 2021

Main news items:

- ✓ EU Defence Fund and other EU funding sources for security & defence
- ✓ Main points of the Security and Defence Council conclusions (5-6 May)

In short:

- ✓ NATO summit: elements about EU-NATO relations
- ✓ “Environmental, Social, and Governance (ESG) standards threatens the security & Defence Industry” according to national defence associations
- ✓ other interesting news: dual-use goods, revolving doors, Eurobarometer

2021 EU Calendar: main meetings to come

- 01 July 2021** Slovene Presidency of the EU
- 01-02 September** Informal meeting of EU Defence Ministers (Kranj, Slovenia)
- 02-03 September** Informal meeting of EU Foreign Affairs Ministers – Gymnich (Kranj, Slovenia)
- 21-22 October** European Council
- 16 November** Foreign Affairs Council - Defence
- 16-17 December** European Council

[Access the previous Newsletters here](#)

News from the EU Defence Fund and other EU funding for the military

➤ April 29: the EP puts a definitive end to the EU peace project

On 29 April, a vast majority of the European Parliament (75.6% of votes cast) signed the death warrant of the EU peace project by agreeing the EU Defence Fund.

Socialists opposing the Defence Fund could literally be counted on one hand, and about fifteen abstained together with one Liberal. They were mainly from countries with pacifist tradition, Germany and Austria, and few small ones (Malta, NL, Ireland).

Including among the progressive opponents, national context plays its role: the 3 Czech Pirates MEPs voted in favour of the Defence Fund contrary to the rest of the Greens group opposing it, and all the Greek MEPs from The Left (GUE/NGL) abstained while all the others rejected the EDF.

Votes didn't really differ on the Greens amendments proposed to correct some of the worst loopholes regarding ethical control, exclusion of weapons of mass destruction, control of future exports and parliamentary oversight ('delegated acts' in EU jargon): they were all rejected by large majority votes around 70%, even though more socialists, some liberals and even few right-wing MEPs voted in favour of (some of) them. An easy way for good conscience, as it was anticipated that those proposals would be rejected. Voting the EDF is deliberately voting for its worst consequences too, no matter what.

A table of the detailed votes will be soon available upon request, in case you are interested to know and challenge how your MEPs voted the different amendments.

➤ **Other programmes for security and defence adopted or on their way**

A number of other legal texts were voted in the past months following the December 2020 deal on the EU long term budget (MFF 2021-2027) and endorse EU militarisation:

The European Peace Facility was formally voted by the EU Council on 22 March and rapidly published in the Official Journal. This text does not need a vote by the European Parliament as it is 'off-budget' (not part of the EU budget but funded by direct national contributions), partly to allow for direct delivery of military equipments to 'partner countries', including lethal ones. It will amount to €5 billion.

The Facility will be complemented by the "Global Europe" Instrument (NDICI in EU jargon), the big EU external aid envelope, which will include funding for 'capacity-building for security and development' (CBSD): a programme to train and equip security countries in 3d countries (excluding lethal equipment). No amount is predefined as it will be part of a larger programme.

The Military Mobility Programme: The Connecting Europe Facility Instrument including this programme will be voted by the EP in July or September, but after the compromise agreement reached between Council and EP in March, and its adoption at EP committee level in April, this is just a formality. Amount: €1.7 billion

The Internal Security Fund, which focuses on the fight against terrorism and radicalisation, serious and organised crime, cybercrime, protection of victims. A political agreement between EP and Council was

concluded in December 2020. The formal decision-making process is still on-going (not yet formally approved by Member States nor by the EP), but the amount should not change any-more: €1.9 billion

Horizon Europe: the large EU research programme includes increasing funds for civil security since 2003. The new regulation for 2021-2027 was adopted by the EP in April 2021 and officially published in May. There are several clusters that will be of great interest to the security industry and which will boost 'techno-solutionism' approaches to societal challenges, with a strong focus on digital, AI, robotics, cyber etc. The main 'relevant' clusters will be:

Cluster 'Civil security for society': €1,3 billion

Cluster 'Digital, Industry and Space': €13.4 billion

Pillar III 'Innovative Europe': €11.9 billion

A last important programme of relevance for security and defence, and that will largely profit the security industry is of course the Space programme. Even though it is meant to be a civil programme, there is stated will to look for close synergies with defence, under the argument that space will very soon play a key role in the military domain. The final deal was adopted by the EP on April 28 and is now officially published with retroactive implementation from January 1st. Amount: €14,88 billion.

Lastly, budgets for borders and migration control will be seriously increased in the next 7 years: mainly the Asylum and Migration Fund (AMF) with €9.88 billion, and the Border Management and Visas Instrument (BMVI) with €6.24 billion.

➤ **Launch of the Defence Fund and other news from EU funding for military purposes**

The Preparatory Action for Defence Research (PADR) was the first pilot programme and is now over in terms of selecting new projects. Previously selected projects are still running.

As for the Development programme (EDIDP), 26 projects have been selected under the 2020 call for proposals, for a total amount of €158 million (not considering the direct awards). All but 2 EU countries (Luxembourg and Malta) are participating in one or several projects, with the big four largely represented in terms of beneficiaries (20 FR, 19 SP, 15 IT, 13 GE). Details in the [official EC fact-sheet](#).

15 of these projects are PESCO projects, and 10 participating entities are controlled by non-EU countries. Details of the projects awarded is accessible on this [EC webpage](#).

Most of the budget is devoted (in this order) to submarine warfare, space, air combat and maritime surveillance. These four areas get more than half of the allocated budget (€85.6 million).

Investment in drones is also an important EDIDP focus. Adding other selected projects with the Eurodrone (see below), this priority amounts to more than € 135 million. (source: [B2pro article](#))

The contracts for the two direct award projects, the Eurodrone MALE and ESSOR, have been at last signed. The process has been painful in particular for the Eurodrone. Some documents were missing and some of the requested commitments were not well correlated. Apparently the industry did not really understand that 'direct subsidy' did not mean 'without requirements'. The European Commission wanted to make sure that all the requested commitments (especially deadlines and subcontracts) would be fulfilled. (source: [B2pro article](#)).

Launch of the 2021-2027 EU Defence Fund

On June 30 the EC officially launched the EU Defence Fund, with the first calls for proposals being publicised. The budget for this call will be €1,2 billion, significantly higher than the 950 million planned in the 2021 budget. The extra €290 million are taken from the 2022 budget, a way for the EC to circumvent the annual planning and respond to industry criticism that the available budget is not significant.

Combat systems take a large share of the funding. The largest budget goes to 'Air Combat' with €190 million, followed by 'Ground Combat' (€160 million), and air & missile defence (€100 million).

In total, the Fund *“will allocate around 700 million to the preparation of large-scale and complex defence platforms and systems such as next generation fighter systems or ground vehicles fleet, digital and modular ships, and ballistic missile defence”* says the EC.

Another major priority is critical technologies, with €100 million dedicated to *“enhance the performance and resilience of defence equipment”* (AI, cloud, semiconductors and radio-frequency components). Over €120 million will be allocated to disruptive

➤ **The German Left challenges Defence Fund in Court**

On June 16, The parliamentary group of the DIE LINKE party filed a case against the EU Defence Fund at the German Federal Constitutional Court. They argue that the EDF breaches EU treaties (in part. Art.41(2) of the Treaty on European Union) and is *“a fundamental*

➤ **EP study on EDF implementation ignores ethical issues and international law**

The EP Committee for security and defence (SEDE) commissioned a study on the implementation of the EDIDP and the PADR. The study was presented to the EP SEDE Committee on May 31.

technologies and specific open calls for SMEs. Details of the calls is available in the [official EC fact-sheet](#).

No direct award is planned, probably due to the discontent of a number of countries. It may also reflect the difficulty to find projects that do not give rise to discussion and are sufficiently 'mature' and agreed between arms companies. (source: [B2pro article](#))

European Peace Facility

The committee in charge of managing this new EU financial instrument met for the first time on 21 April 2021. Activity start is expected in July 2021 (see below), but the first release of funds should not happen before the last quarter of 2021.

Military Mobility programme and PESCO project

What is the difference between the Military Mobility programme under the Connecting Europe facility, and the PESCO project 'Military Mobility'?

The first one is funded by the EU community budget, run by the EC and should fund projects corresponding to identified civil priorities and suitable for both civilian and military use (new networks or upgrading existing infrastructure). Annual allocations should be roughly €227 million in 2021 and €232 million in 2022. But in any case the final purpose is to facilitate military movement between European countries.

The PESCO project 'Military Mobility' is mainly funded with national contributions, and run by the lead country (and EDA support) and can be directly military. neither the EC nor the EP have a say on it, although it is claimed that the 2 projects should be complementary. In practice the EC programme could contribute to funding the PESCO project for activities that respect the EC criteria. The PESCO project is also open to non-EU countries (see below).

violation of the so-called EU peace project that will only benefit the arms industry.” We can only agree with them of course.

Read more on [The Left website](#)

Authors of the study are

[Frederic Mauro](#), a French lawyer who is the main expert behind many allegedly independent studies aiming at defending EU funding for military R&D and

who we have regularly mentioned in these columns. He was counsellor at the French Senate Foreign Affairs and Defence Committee and a reserve soldier, and was publicly offering his expertise to the arms industry to facilitate their access to EU funding not so long ago. The second author is [Edouard Simon](#), from the French IRIS, expert on arms acquisitions and arms sector. Prior to IRIS he was working for the Airbus legal department.

The third author is [Ana Isabel Xavier](#), a Portuguese professor in International Relations, who had previously worked for the General Directorate for national defence policy and owns military-related medals.

The study is based on 70 interviews from users (militaries) the arms industry and research centres. Unsurprisingly, no critical voices were considered. The study does underline problems and shortcomings,

that could be summarised in “there should be more of the same”: more money, more cooperation, more projects, more weapons...

When asked about ethical aspects, the two experts present (Simon and Mauro) hardly responded and advised to trust the EC acting under control of the EP.. The Italian MEP Patricia Toia, S&D and vice-chair of ITRE, noticed ‘incidentally’ that the study does not address at all ethical issues. Knowing that the PADR includes an obligation to conduct ethical reviews, that the results of the latter are available upon request as Vredesactie did, and that the EDIDP has to comply with International Law even if ethical checks were not foreseen, one can only conclude that this alleged ‘independent’ experts deliberately decided not to address ethics and international law despite the regular debates and concerns raised by MEPs, not to say about the peace movement.

Links to relevant documents:

[EU Defence Fund Regulation in all EU languages, and official EC Fact-sheet](#)

[EC Press release on EDIDP and EDF launch](#)

[Council Decision establishing a European Peace Facility](#)

[Horizon Europe Regulation, in all EU languages](#)

[SEDE-commissioned study ‘review of the PADR and EDIDP: lessons for the implementation of the EDF’](#)

EU MoDs Conclusions: military operations, EPF, rapid response military force proposal

➤ **Detailed conclusions on security and defence after EU Defence ministers meeting (5-6 May)**

(summary based on [B2pro article](#))

EU Defence ministers met physically on 5 & 6 May, and came to lengthy conclusions (20 pages and 30 paragraphs), formally adopted by their Foreign Affairs colleagues on May 10.

The conclusions embrace all subjects from strategy to operations, including solidarity clauses, PESCO, European Peace Facility, European HQ, the industrial base, hybrid, maritime and cyber threats...

Below a very subjective choice of some issues:

European Peace facility (item 12)

Ministers invite Member States and the High Representative to present initial proposals for assistance measures based on the "priorities" defined at Council level. They also moderate two main principles of the Facility:

- Although the Facility has a global geographic scope, it is also important to "ensuring continuity and

consistence" with existing actions. (e.g. the current support provided to African countries.)

- Second and more concerning, while “thorough risk assessments and strong safeguard” should be put in place for each assistance measure, they consider this should not happen at the cost of effectiveness. The “ability to swiftly respond to conflicts and crises” must be maintained.

Lastly The Facility "will not finance capabilities which are funded under the Union budget". In other words, the CBSD programme (Capacity Building of military actors in Support of Development and security) under the external action funding ('NDICI - Global Europe') will remains "essential".

EU military missions (item 8)

Defence Ministers also want to rethink how to conduct joint actions in a more flexible format than CSDP missions and operations. They call in particular for "further reflections" on the possible use of Article 44

TEU which allows that some Member States carry out a mission on behalf of the EU, and to explore “the possibilities for a timely and efficient decision-making process”.

The issue is not just a theoretical discussion, as it could allow to give an EU branding to national operations such as the Takuba task force, thus facilitating the contributions of some countries like Benelux members who favour multilateral operations.

They have also asked the military to develop a crisis management concept in view of deploying a military training mission to Mozambique.

Military mobility & PESCO (items 16 & 25)

Ministers push for a rapid and ‘ambitious’ implementation of the military mobility programme, as well as for “further reflection” on “new deliverables (in areas such as digitalisation, increasing cyberresilience of transport infrastructure and systems, the use of artificial intelligence) to improve military mobility within and beyond the EU”.

Three third countries have been formally invited to the PESCO project: the letter of invitation to the US, Canada and Norway was formally signed.

As usual ministers call Member States to respect their engagements under PESCO projects and ensure they meet the defined objectives. A fourth row of project proposals will be presented in November 2021.

The EIB should do more (item 18)

Member States didn’t abandon the idea to have the European Investment Bank invest directly in Weaponry. They “encourage” it “to examine further

➤ **Strategic Compass and rapid reaction force proposal were the key points of the Foreign Affairs Council meeting (10.05)**

The discussion on the Strategic Compass was a key point of discussion during the MoDs May 6 meeting, but also for the Foreign Affairs ministers as reflected in the general FAC conclusions on Defence issues.

“Prepare for the next crisis and react quickly” are the lessons drawn by Josep Borrell after the MoDs debate on the Strategic Compass. This sounds kind of short as a result one year after the process was launched...

No less than 22 ‘non-papers’ were put on the table for this issue, signed by one or more countries. A sign of interest for some observers, but also a sign of many diverging views.

steps with a view to supporting investments in defence research and development activities.”

Defending the global commons (item 21)

An important reference is made to the “global commons”, i.e. “space, cyberspace and the high seas”. These are now systematically referred to in all European documents. These goods are “increasingly subject to unilateral appropriation attempts, gatekeeping and conflictual behaviours”. The Council commit “to providing for secure European access to those global commons”, and calls for urgent “further reflections and significant steps (...) to promote the EU’s interests and values, as well as a rules-based global order”.

Defending freedom of navigation (point 23)

The Europeans call for a further strengthening of the EU’s role as a “global provider of maritime security” to “promote the Law of the Sea (UNCLOS), defend EU interests, freedom of navigation”.

The Space programme and security (item 24)

Space is of “growing importance [for] the autonomy of the Union and its Member States”. The ministers underlined the security dimension of the forthcoming Space programme and the contribution of the EUSatCen to CFSP and CSDP, which should be involved in the Strategic Compass discussions. They call for “further strategic reflections on the EU space and security and defence dimensions, also taking into account the civilian nature of the EU’s Space Programme”.

The paper that attracted more attention, including in media, was the French-led one, signed by 14 Member States (Austria, Belgium, Cyprus, Czech Republic, Germany, Greece, France, Ireland, Italy, Luxembourg, Netherlands, Portugal, Slovenia, Spain): it proposes, inter alia, to replace or integrate the current EU battle-groups with a rapid intervention force of 5,000 men with land, air and sea components. “An initial entry force that could be deployed as “first responder” in crisis situations. A very French concept strongly supported by the High Representative, but the idea is far from reaching a consensus.

Most of the Eastern and Northern European countries

have not signed it and are reluctant for reasons such as overlapping/duplication with existing tools, as well its financing.

According to analysts, the purpose of the French proposal might be more political at this stage: make the debate on the Strategic compass more 'sexy' for a wider audience, and push the more reticent countries to take 'at least' stronger commitments regarding

European strategic autonomy, or in missions or PESCO projects. (source: [B2pro article](#))

A first draft Compass should be presented for discussion at Council level in November 2021, and its adoption is planned in March 2022 under the French presidency of the EU, just ahead the French presidential election. Of course this is a pure coincidence?!

Links to relevant documents:

[Council Conclusions on Security and Defence, 10 May 2021](#)

[Outcomes of Foreign Affairs Council, Defence issues, 06 May 2021](#)

['Urgency' needed on EU military mission in Mozambique', says Borrell, Euractiv, 07 May 2021](#)

['EU seeks rapid response military force, two decades after first try', Euractiv, 6 May 2021](#)

Short News

➤ **NATO Brussels summit: a competing Fund for military R&D, arrangement with the EDA**

The NATO Brussels summit took place on 14 June. Two elements are interesting from the EU-NATO relationship point of view (see the [Brussels Summit Communiqué](#)):

The decision to create a "NATO Innovation Fund " allowing Allies to support start-up companies working on emerging and disruptive dual-use technologies in key areas for their security. Despite denials, this looks quite similar to the European Defence Fund (EDF). The latter had seriously upset NATO allies like the US and Turkey because of perceived barriers to their participation. The Allies also decided to launch a civil-military Defence Innovation Accelerator for the North Atlantic (DIANA), a technology centre to "promote technological cooperation among Allies and work with start-ups, industry and academia".

In the press conference NATO Secretary General Jens Stoltenberg denied any desire to compete with the European Union, claiming that the issue is different. "New and disruptive technologies, such as autonomous systems, artificial intelligence and big data, are really changing the way our armies will operate in the future". And the Allies "must maintain" their technological advantage. China, for example, is "investing heavily in these technologies. It intends to become the world's leading power in artificial intelligence over the next decade".

The objective is to avoid companies turning to sources of financing outside the Alliance (notably China), according to a person close to the dossier. The next NATO summit is set for spring 2022, in Spain. (source: [B2pro article](#)).

During the mini EU-US Summit that took place the day after between Joe Biden and EU leaders (Charles Michel and Ursula von der Leyen), Europeans and Americans started a dedicated dialogue on defence to strengthen cooperation. Among other issues (see the [Press Conference Statement](#)), the US request to work on an administrative arrangement for the US with the European Defence Agency (EDA) was accepted. Discussions, including "on the terms and conditions for closer and mutually beneficial cooperation", will start "as soon as possible". (source: [B2pro article](#))

➤ **Environmental, Social and Governance (ESG) standards threatens the arms industry**

The main defence industry associations in Europe (Agoria BSDI Belgium, ADFA Finland, CIDEF France, BDSV Germany, NIDV Netherlands and FSI Norway) warn in a letter (available upon request, source: [B2pro](#)) that the integration of Environmental, Social and Governance (ESG) standards for financial services could lead to the exclusion of arms companies from financing or from being listed on the stock exchange. They complain that "Under pressure from associations, NGOs and a few political currents, financial institutions implement internal

guidelines limiting cooperation with defence companies”. They claim that “while our industry fully supports Environmental protection, an improper application of the Social and Governance criteria severely affects Europe’s defence industry”, which is not reassuring about their considerations for human rights, International law or democratic control... They also underline that “In addition, NGOs and some market participants increasingly call for the establishment of a list of by definition ESG-incompatible industries or business activities as part of the EU’s Sustainable Finance Taxonomy.” Feels good to see that the peace movement work does have an impact. Unsurprisingly they end the letter by calling the EU to “recognise Europe’s defence technological and industrial base (EDTIB) as a legitimate sustainable actor”, claiming that ‘the European security and defence industry is indispensable for a sustainable society’.

➤ Subjective list of interesting links

Dual-use goods Regulation adopted

The new EU rules for the export of dual-use goods have been formally adopted by the Foreign Affairs council on May 10, and the new [Regulation published in the Official Journal](#).

Revolving doors at EC: Ombudsman opens a wide-ranging enquiry on 100 personal files

The European Ombudsman opened on 18 May a “wide-ranging enquiry into how the Commission handles so-called ‘revolving doors’ cases among its staff”. The inquiry will cover 100 personal files, for a total of 14 Directorates-General in addition to all the Commissioners’ cabinets, the Commission’s legal service, the Secretariat-General, internal think tank and the Regulatory Scrutiny Board. To this must be added the ongoing investigation on the [case of the former head of the European Defence Agency, Jorge Domecq](#).

See [Press Release of 18 May 2021](#)

Eurobarometer: EU citizens ask for reforms and prioritize public health, poverty, climate and human rights

The protection of human rights in the EU and worldwide is the fourth priority among the issues that European citizens would like the European Parliament to address, just after public health (n°1), the fight against poverty (n°2) and climate (n°3), far ahead of external relations. This is one of the findings of the EP Spring 2021 Eurobarometer. The survey is based on 26,669 interviews, conducted between 16 March and 12 April.

[EP Press Release, 03 June 2021](#)

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