

News from the Brussels' Bubble



NBB #2023-04, 09 June 2023

EU agenda

11-12/05: Informal meeting (Gymnich) of EU Foreign Affairs ministers (Stockholm)

22-23/05: Foreign Affairs Council (Defence format on 23/05)

20/06: EC college meeting: Review/revision of the functioning of the Multiannual Financial Framework

28/06: EC college meeting: Joint Communication on climate change, environmental degradation, and security & defence

29-30/06: European Council

01/07: Spanish Presidency of the EU starts

Unless indicated otherwise, EU official meetings take place in Brussels

EU funding for the arms industry

• EDF failing to avoid duplication

Two French consortia had launched legal cases to contest the selection of projects submitted by a competing consortia under the 2021 EDF call for proposals, in particular the HYDEF project (see [NBB 2022-5](#)). Strangely, one of the losing applicants was awarded a direct grant, with no call for proposals, in the 2023 EDF work programme for... a project very similar to HYDEF! Proof, if proof were needed, that the Fund's objective of putting an end to duplication and avoiding waste of public money is mainly rhetorical... The MEP Alviina Alametsä (Greens, Finland) [asked a written question to the Commission](#) on this issue, stating that “at least 15 Member States have criticised the Commission’s proposal to fund the same programme twice (‘dual sourcing’)”. Commissioner Thierry Breton [replied over three months later](#), justifying this decision by needs relating to the war in Ukraine and claiming that procedures have been respected. Another plausible explanation would be pressure from the French government...

The EC has launched a [new call for experts to assist with the evaluation of proposals submitted for funding under the European Defence Fund](#).

• EU funding for ammunition (ASAP): negotiations may stall on sovereignty issues

On 9 May, a large majority of the European Parliament (518 votes in favour) accepted the urgent procedure for the examination of the ASAP draft regulation, to fund the ramping-up of ammunition production (see [NBB 2023-03](#)). The EP rapporteur for the trilogue with the Commission and Member States is Zdislaw Krasnodebski (ECR, PL), from the EP Industry Committee, who has been the rapporteur on most arms-related proposals of the EC. Each political groups could nominate a member of the EP negotiating team: Jerzy Buzek (PL) for the EPP, Carlos Zorrinho (PT) for the S&D, Dominique Riquet (FR) for Renew, Ville Niinistö (FI) for the Greens/EFA, Marc Botenga (BE) for The Left, and Paolo Borchia (IT) for ID. They are all also members of the ITRE Committee.

On 1st June, the EP directly voted in plenary session its ‘position’ to start the trilogue: during this vote, all proposals of amendments were rejected as no compromise could be found, meaning that the EP representatives will arrive to the negotiating table with hardly empty hands and limited legitimacy to negotiate. The main topics debated at EP level were about the funding sources and the scope of EC competences.

The stated intention was for rapid adoption, but it seems that this time the Member States could get in the way. “Ten or so Member States, including France and Germany, are trying to eliminate some of the most innovative elements of the proposal” according to B2pro ([E. Stroesser](#)). “These include the biggest arms producers (France, Germany, Italy, Sweden, Spain and the Netherlands), as well as countries that are not major players in the sector (such as Poland, Finland, Austria, Greece and Cyprus)” further details B2pro ([Olivier Jehin](#)). Discussions among Member States started within the ad-hoc working group ‘defence industry’ under the leadership of the Swedish presidency, and are stalled on three issues in particular:

1) the ‘priority rated orders’ (Art.14), through which the EC could “require an undertaking to accept, or to prioritise an order of supply-critical defence products”. These states see it as an attack on their national prerogatives and do not wish to make any concessions to the Commission in this area.

2) the proposal that the Commission should conduct a “mapping and continuous monitoring of relevant defence products, their components and critical inputs, in order to identify supply-critical defence products” (ASAP draft regulation, p.43). It is also perceived as an excessive intrusion on the part of the Commission. In other words, yes to money, no to accountability or control. Still according to O. Jehin, the industry is divided on those points, but [many of them are extremely reluctant to provide their data to the EC and be more transparent about their operations and finances](#).

3) Another issue of concern is the facilitation of intra-EU transfers of “ammunition, fuze setting devices, missiles and specially designed components therefor” (Art.20), that should be exempted from prior authorisation. We fully share the concern that this will weaken the possibility for national countries to control where their components may be re-exported, and it looks like another attempt of the Commission to lower down arms exports control to the lowest common denominator. Yet, that a country like France opposes the provision is quite astonishing given its poor arms exports control regime, and is rather motivated by making sure the EC will not overlap on national prerogatives as a principle matter.

Those examples show once more, if need be, that most European countries and companies see the EU as a cash cow to produce more weapons and boost their arms exports, but have no interest whatsoever in moving towards an alleged ‘Union of Defence’, contrary to what many supporters of those initiatives intend to believe. Not to mention any sincere concern about the fate of the Ukrainian people.

Facing a deadlock risk, the Swedish Presidency informally consulted the two other institutions, a kind of trilogue before its time, and both the Commission and the Parliament argued in favour of retaining the contentious articles, which means that negotiations will be longer and more complicated than expected, explains B2pro ([Olivier Jehin](#)). Lastly, a study from the Council legal service raised doubts about the legal basis, reports further B2pro ([E. Stroesser](#)).

- **Negotiations started on EDIRPA but EDIP follow-up proposal cancelled**

As for the draft EDIRPA Regulation (proposed to fund administrative costs of joint procurement of military goods, see [NBB 2022-3](#)), its proposed budget has been reduced from half-a-billion to €260 million to finance the ASAP proposal. The trilogue between the EP, the Member States and the Commission started end of May, and negotiators plan to come to an agreement by end of June, allegedly in parallel with ASAP.

To note that the idea of a following programme, EDIP (European Defence Industry Programme) to continue supporting joint procurement after EDIRPA ends, seems to have been abandoned so far. The draft text that was supposed to be presented at the EC college meeting of 21 of June simply disappeared from the agenda. One reason being that the envelope of the Defence & Security heading already ran out of budget, as all margins have been already used. It is replaced in the agenda by a ‘Joint Communication on climate change, environmental degradation, and security and defence’ (see below).

- **interesting links**

[Defence industry renews call for R&D spending boost](#), ScienceBusiness, 11/05/2023

[Defence industry nervous about sharing trade secrets with EU](#), Euractiv, 30/05/2023

Other aspects of EU militarisation

- **Military prioritised over external policy in 2024 budget, calls for more military spending**

[On 7 May the European Commission presented the budget proposal for 2024](#), which will then have to go under negotiations with the EP and the Member States. The slight global increase does not compensate inflation, meaning that [it is lower than the 2023 budget in real terms, and some budget lines are quite significantly reduced](#). This is not the case of the defence and security envelop which is globally maintained at the 2023 level, although it is differently shared with the new proposals, analyses B2pro ([E. Stroesser](#)). Of the €1.6 billion earmarked for defence in 2024:

- 638 million would go to the Defence Fund (less than previous years as it has been redeployed for ASAP)
- 241 million for military mobility (compared with 295.2 million in 2023)
- 260 million for EDIRPA (€157 million were budgeted in 2023 and have been redeployed to the ASAP)
- 343 million for ASAP

Budgets allocated to space and research as well as to security, borders and migration remain fairly stable, while the ‘Global Europe’ budget for external actions (like the human rights or development programmes) is reduced by 8%. The Commission is expected to present on 20 June its proposal for the mid-term review of the Multi-annual Financial Framework, after rumours that it might be postponed to the autumn or even after the EU elections in June 2024.

Increasing the global envelop would be the only way to maintain or increase some of the military-related budget lines, but negotiations are going to be difficult, with Member States willing to have the cake and eat it too, MEPs pushing for more military expenditures within the EU budget, and the EU High representative claiming that Member States "should spend an additional €70 billion to strengthen their defence capabilities over the next three years". This is what he repeated to industry representatives at the [European Defence & Security Summit](#) on Thursday 11 May, also stating that "Defence starts with industry", reports B2pro ([E. Stroesser](#)).

- **Climate & Defence: preparing ground for military green-washing with EU budget**

The European Commission's Joint Research Centre and the European Defence Agency published on 7 of June a [new study on the links between climate, energy and defence](#). The News page makes it very clear: it is about "facilitat[ing] the climate proofing and greening of all aspects of defence". It presents the 'defence sector' as "critical for maintaining the safety and stability of our society", but directly and indirectly "at risk from climate change". "Defence must increase its resilience to climate change" but "the defence sector lacks the capacities and capabilities to adapt autonomously to climate change". Guess what the conclusion is? The recommendations include "guidance for investing in sustainable energy measures [and] outlines how the EU can complement national efforts". In other words, it justifies using the EU budget for the green-washing of weapons.

This study will certainly be a major source of inspiration and justification for the 'Joint Communication on climate change, environmental degradation, and security & defence' that the Commission is expected to present on 28 of June. The date was not chosen by chance, but is ahead of the European Council on 29 and 30 June, to serve as a basis for discussion among the 27 leaders, according to B2pro ([E. Stroesser](#)).

- **11 new PESCO projects amid persistent doubts on progress, Switzerland considers joining**

During the Foreign Affairs Council of 23 May dedicated to defence, the [EU MoDs adopted 11 new projects under the Permanent Structured Cooperation \(PESCO\)](#). Covering training, munitions, counter artillery, air launched missiles and medium-size helicopters, "the new projects will boost Europe's ability to wage a high-intensity war" according to the head of EU foreign policy Josep Borrell. They include a project for an anti-torpedo submarine missile and unmanned vehicles, but "these capability projects have one main objective: to get the 10% bonus under the European Defence Fund" according to B2pro ([N. Gros-Verheyde](#)).

"[Yet more than half of the ongoing 60 projects are at a standstill with nothing to show.](#)" Euractiv also reports that **Switzerland** "is considering potentially joining one cyber defence project and military mobility".

- **Denmark joining EU defence does not mean savings**

During the Foreign Affairs Council, [MoDs also gave the final green light to Denmark joining PESCO](#). But joining EU defence initiatives definitely does not mean savings: the political agreement presented by the Danish MoD on 30 May plans to reach the 2% benchmark in 10 years time, [meaning that military expenditure will triple by 2033](#): from 6,7 billion DKK (€926 million) to 19,2 billion DKK (€2,6 billion). This includes support to Ukraine and the contribution to the EU Peace Facility reports B2pro ([E. Stroesser](#)).

- **interesting links**

Other results of the Foreign Affairs Council dedicated to defence

[Main results of Foreign Affairs Council \(Defence\)](#), EU Council press release, 23/05/2023

[Foreign Affairs Council \(Defence\): Remarks by High Representative Josep Borrell at the press conference \(in SP\)](#), EEAS website, 23/05/2023

[Common Security and Defence Policy \(CSDP\): EU strengthens its civilian missions to better respond to crises around the world](#), EU Council Press release, 23/05/2023

[Cyber Defence: Council conclusions stress the importance of further strengthening the EU resilience to face cyber threats](#), EU council press release, 23/05/2023

[EU countries give lukewarm reception to cyber defence strategy](#), Euractiv, 25/05/2023

EU Peace Facility & related news

- **Another €3.5 billion increase of the Peace Facility to be agreed end of June**

EU Member States started to discuss a further increase of the Peace Facility on 22 May, after a [request by Josep Borrell](#) and in line with the general agreement reached in December for two possible increases (see [NBB 2022-6](#)). The two first tracks of the plan presented by Mr Borrell on 20 March (see [NBB 2023-02](#)) already commit most of the first 2 billion increase agreed in March. However, for the additional 3.5 billion (in 2018 prices), the way in which this envelope will be broken down between the various priorities is likely to give rise to discussion, as more and more countries are pointing out that the EPF has a global vocation and should not be used entirely for Ukraine, explains B2pro ([N. Gros-Verheyde](#)).

After a first discussion at diplomatic level, the background work is being carried out by the military within the Peace Facility Committee. It will then go through advisers and diplomatic level again before a possible approval by the Foreign Affairs Council on 26 June, or at the European Council on 29-30 June if need be, further reports B2pro ([N. Gros-Verheyde](#)). According to Gros-Verheyde, the current proposal is to share this amount as follows: 900 million for military missions and operations till 2027 ; 1.6 billion for assistance measures (that is providing training and military equipment) outside Ukraine, with a particular focus on Africa (290 million for 2024 and 600 millions for 2025-2027) ; 1 billion for military support to Ukraine. The latter may sound a quite small amount compared with current levels of support, but the EU is counting on unexpected reserves, as the two tranches for ammunition to Ukraine (deliveries from existing stockpiles and joint procurement for new deliveries) may not be entirely used by Member States.

If agreed, this would raise the total EPF budget to 10.5 billion in 2018 prices (already more than the initial proposal of 10 billion, then reduced to 5), and 12 billion in real prices.

- **Peace Facility and Ukraine**

A new symbolic step has been taken with the decision of the Allies to provide Kiev with a modern fighter aircraft ahead of a planned counter-offensive; a number of European countries are going to train pilots and provide NATO-standard aircraft (in practice, training already started discreetly), under a concerted decision taken at the highest level with American backing, reports B2pro ([E. Stroesser](#)). Stroesser also reports that Europe (EU and Member States) has already provided between €15 and €16 billion of military aid to Ukraine, including €6.1 billion under the Peace Facility scheme. Borrell's proposal for an 8th support package of €500 million under the EPF has been discussed during the Foreign Affairs Council on 23 May, but is conditional on the agreement for the second EPF top-up of €3.5 billion, [concluded the 27 Ministers of Defence](#). Another reason might be [Hungary's blockage due to Kiev blacklisting a Hungarian bank for its activities in Russia](#).

- **€5 million for rockets for Niger's heliborne force & other assistance measures**

On 8 June, the [EU Council adopted two assistance measures for Niger, worth €5 million](#), "to support the Nigerien Armed Forces with military equipment designed to deliver lethal force in full respect of relevant international law." The decision was delayed (first expected on 23 May) due to Austria claiming it had to consult its parliament for the non-lethal part of the measure (it had applied 'constructive abstention' for the lethal part), reports B2pro ([E. Stroesser](#)). This is the first time that lethal weapons are delivered to an African country under the EPF.

€4.7 million will be used to provide air-to-ground rockets for its Soviet-made helicopters used in anti-terrorist operations, details B2pro ([N. Gros-Verheyde](#)), while €297'000 will go to "additional activities that complement the provision of military equipment to the Nigerien Armed Forces by ensuring its adequate use, maintenance, storage and monitoring", [ensures the EU Council](#).

This includes two main elements, according to [Gros-Verheyde](#):

first the monitoring and control of the equipment supply by the National Human Rights Commission (CNDH) which should receive logistical equipment and a vehicle, and its members will be trained in ammunition and risk management. Second, the upgrade of the relevant artillery depot and the training of the air base personnel (pilots, mechanics, logistics) in risk management of the equipment, from storage and handling to maintenance in operational condition.

The two measures have been split into two different decisions (one lethal, the other non-lethal) because of slightly different rules, but also – and foremost?, in order to allow neutral states, such as Austria, not to vote on the first measure (constructive abstention without funding), while they could approve and fund the second measure without major objection. Both measures have a planned duration of 30 months and are being carried out by the French DCI group (B2pro, [N. Gros-Verheyde](#)).

- interesting links

[Vienna divided over demining aid for Ukraine](#), Euractiv, 19/05/2023

[Moldova: EU launches civilian mission to strengthen the resilience of the security sector in the areas of crisis management and countering hybrid threats](#), EU Council press release, 22/05/2023

[Portugal offers Ukrainian F-16 fighter pilots training, no jets](#), Euractiv, 23/05/2022

[Sweden refuses to send Gripen fighter jets to Ukraine](#), Euractiv, 24/05/2023

[Germany reconsiders role in 'international fighter jet coalition'](#), Euractiv, 24/05/2023

[Ukraine could begin training on F-16 jets in Europe this summer](#), AirForcesTimes, 24/05/2023

[Ukraine shouldn't use US weaponry inside Russia, US general says](#), Euractiv, 26/05/2023

[Western allies' debate intensifies over form of Ukraine 'security guarantees', heavily weaponized 'Israel-model' a possible alternative](#), Euractiv, 01/06/2023

other interesting links

- [Nine EU members states renew push to change foreign policy decision-making](#), Euractiv, 04/05/2023
- [Despite risks, EU continues to fund research with Chinese military-linked universities](#), ScienceBusiness, 16/05/2023
- [European leaders meet in Iceland to count cost of Russia's war](#), Euractiv, 17/05/2023
- [Chemical Weapons: Statement by the Spokesperson on the outcome of the Chemical Weapons Convention Review Conference](#), EEAS, 21/05/2023
- [France eyes setting up defence industry reserve corps](#), Euractiv, 23/05/2023
- [European Parliament calls ethics body plan 'toothless missed opportunity'](#), Euractiv, 08/06/2023
- ["What can the EU do as security tensions rise in Asia?"](#), EU HR/VP J. Borrell Blog, 09/06/2023