

News from the Brussels' Bubble



EU agenda

Unless indicated otherwise, EU official meetings take place in Brussels

16-19/10: EU Military Committee meeting at Chief of Defence Staff level (Sevilla)

26-27/10: European Council (Heads of state and government)

13-14/11: EU Foreign Affairs Council and Defence ministers meetings

30/11: EDA annual conference 'Powering European Defence'

12/12: European conference 'skills in the defence industry', Stockholm

14-15/12: European Council (Heads of state and government)

01/01/24: Belgium Presidency of the EU starts

ENAAT & members' activities

- 'Who stops the decline of arms export transparency?' Stopwapenhandel blog

"In September 2023, the European Union published a [Statement on Transparency and Reporting](#) in the context of the Arms Trade Treaty (ATT). It includes the offer to assist nations to develop mechanisms for timely and transparent reporting on arms exports: "The EU stands ready to assist in such efforts by seeking synergies with activities under EU-financed outreach projects." Transparency on arms exports was a major issue for the wide range of organisations campaigning against arms trade in the late nineties". [Read the full blog here](#)

EU funding for the arms industry

- A European Defence Industry Strategy (EDIS) instead of Programme or Production Act

On 13 September the Commission's President [Ursula Von der Leyen delivered her annual State of the Union speech](#), the last one before the EU elections and a possible change of the EC head.

"We have started to build the European Defence Union at 27. And I believe we can finish it at 30+," the President says when reaching the end of her speech. Yet she remained rather vague on defence-specific policies, apart from a mention of ASAP "to help match Ukraine's immediate needs".

One of the reasons could be the 'normalisation' of the arms industry as any given sector, meaning that many measures about "making business easier", bottlenecks, access to raw material or skills shortages also apply now to the armament sector. Another reason might be about the coming elections and budget negotiations: with no common understanding on 'strategic autonomy' or on how further integration on defence matters should really look like, VDL needed to make sure not to upset anyone in view of her renomination. Moreover, the EU budget has been already largely eaten to the bones for recent new initiatives (not only relating to defence) and the question of where to find the extra money for the follow-up of ASAP and EDIRPA is far from being an easy one (see below).

This probably explains why no mention was made at all of the long-awaited European Defence Industrial Programme (on which "work continued over the summer, according to Commissioner Thierry Breton" reports B2pro ([E. Stroesser](#)) or the recently mentioned European Defence Production Act (see [NBB 2023-06](#)). Instead, [Von Der Leyen referred to a European Defence Industry Strategy](#) to boost the production of critical equipment, which should include measures that were originally planned for the EDIP and for the ASAP follow-up programme according to Breton, [further reports Euractiv](#).

Originally planned in 2024 according to VDL [Letter of intent to MEPs](#), the latest official planning indicates it will be presented to the EC college meeting on 8 November, just in time for the EU Defence ministers meeting of 4 November, reports B2pro ([E. Stroesser](#)).

The '[EU Parliament sets high expectations for this future EU Defence Strategy](#)', with MEP Hannah Neumann alleging that "we need to make sure that we secure raw materials, make strategic decisions on where to use them, procure together and also make joint export decisions (...) that we do it all together, from A to Z" and other political groups echoing similar requests, calling of course for more money for the arms industry.

- **EDIRPA formally adopted with overwhelming majority**

[MEPs adopted on 12 September the final agreement on EDIRPA](#), to fund the joint procurement of weaponry with EU taxpayers' money, with a total budget of €300 million until end 2025. It "gathered an overwhelming majority with 530 votes in favour, 66 votes against and 32 abstentions" [reports Euractiv](#).

The Greens also supported the text, with their co-chair P. Lamberts calling for more EU funding for the military provided that more tasks are given to the EU, like investigating defence companies. However this rather sounds like a wishful thinking, considering that the Greens' demand to give parliament back its basic oversight role on EU funding for the arms industry has still not been met since 2018, and yet the Group now massively votes in favour of EU military spending (see [NBB 2023-05](#)).

The Left votes were also split, with a significant minority voting in favour or abstaining, confirming a move in this political group traditionally opposed to militarisation (see [NBB2023-05](#)). The text was then [adopted without debate by the EU Member States](#) on 9 October and will enter into force on the day following its publication in the Official Journal of the EU in the coming days.

- **Defence Fund to focus on conventional warfare in Europe and less projects?**

"The European Commission is looking to review its priorities for allocating the military research and development fund to focus efforts and resources on a limited number of defence projects, according to people close to the matter" [reports Euractiv](#), while [Sciences Business considers](#) that "the latest grants awarded by the European Defence Fund back technologies to improve the security of Europe" rather than "expeditionary capabilities".

- **2024 budget and MFF revision: the budgetary war is on**

The Budgets committee of the European Parliament adopted its draft Position on the EU 2024 budget on 02 October, to be then adopted in plenary later this month, before negotiations start between the EP, the Commission and Member States within the limits of the long-term budget (MFF 2021-2027). [MEPs are backing the EC initial proposal against serious cuts suggested by the EU Council position](#).

They call in particular for a serious increase of the EU Defence Fund (+ €625 million) and the military mobility programme (+€45 million), whose 7 years-budget has already been exhausted. This would bring the 2024 EDF funding to €1,62 billion, more than the initial annual average.

The EP position is in fact anticipating new funding they expect to see coming from the mid-term review of the multi-annual financial framework (MFF, see below) and from the proposed new Strategic Technology European Platform (STEP, formerly called Sovereignty Fund) also under negotiation, [says the Budgets press release](#).

As regards the mid-term revision of the MFF 2021-2027, on 03 October "[MEPs in plenary endorsed an extra €10 billion for the years 2024-2027, on top of the €65.8 billion proposed by the Commission.](#)" It calls in particular for an extra €5 billion for the security and defence heading (see the [final report here](#)).

The ball is now in the Council's court, which has yet to adopt its position. This will be one of the topics at the European summit to be held on 26 and 27 of October, next to the war in Ukraine, EU relations with Turkey and the 'migratory crisis' (Italian request), reports B2pro ([E. Stroesser](#)).

- **EP draft report on CSDP calls for more funding**

"Spending [...] must be at the level necessary to meet our commitments to Ukraine and the Allies" said rapporteur Sven Mikser (SE/S&D) when presenting his draft annual report (2023) on the EU Common Security and Defence Policy to his AFET colleagues on 19 September, reports B2pro ([E. Stroesser](#)). The same applies to programmes like EDIRPA, ASAP and the future EDIP (or EDIS). "Once again, we need funding to match! This is crucial if these initiatives are to succeed" further claimed Mikser. The draft still needs to be 'nurtured' during discussions with the shadow Rapporteurs. It should be voted at Committee level on 27 or 28 November and in plenary in January 2024. [The procedure can be followed here](#).

- **'Replenishing EU defence stockpiles': SEDE hearing and study**

On 19 September the EP SEDE committee held a [hearing on "the urgent need to replenish defence stockpiles within the EU"](#). Invited speakers were Lucie BERAUD-SUDREAU, Director and Senior Researcher at the Stockholm International Peace Research Institute (speaking in a personal capacity), Admiral Hervé de BONNAVENTURE, Defence Advisor to the Chief Executive Officer of the MBDA Group and Bernard CLERMONT, Vice President in charge of National and European Institutional Affairs at John Cockerill Defence. The [recorded event is accessible here](#) (notes are available upon request).

In June 2023 the EP Research Service published a [briefing note on 'Reinforcing the European Defence Industry'](#) which, while not critical, summarises the arguments and policies in favour of the arms industry. Interesting to see that the Peace Facility is listed among those instruments. The introduction foresees that the total military spending of EU Member States "is set to reach €290 billion a year in 2025".

[A study by the French Institute IRIS on “The impact of the war in Ukraine on the European Defence Market”](#) concludes that European countries will be purchasing around €100 billion worth of military equipment between 2022 and mid-2023, reports B2pro ([O. Jehin](#)). Acquisitions outside the EU account for 78% of the commitments made by EU countries over 2022-2023, with the United States the biggest beneficiary (80% of non-EU acquisitions), followed by South Korea (13% of total acquisitions outside the EU) and then UK and Israel (3% each). For the remaining 22% of EU acquisitions, Germany is the leading supplier with 50% of purchases totalling €11.5 billion. Then comes Sweden with €4.7 billion, well ahead of France with 12% of purchases totalling €2.5 billion.

- **EIB top race an “opportunity” to start funding weaponry?**

The EIB should get a new President by end of the year, as Werner Hoyer’s mandate is coming to an end. This change might be an opportunity for those pushing for long for a change in the EIB rules to allow it to directly invest in weaponry. Indeed, Politico reports that [‘consensus builds for EU bank to finance shells and tanks’](#) between France and Germany, with the war in Ukraine making investments in defence more acceptable, if not a “moral and political necessity” in the words of diplomats [reported by Politico](#). Current President Hoyer has been resisting the move under the argument that it could lose certain investors such as pension funds, from whom the bank borrows money and who may have rules against investing in defence projects, [further details Politico](#). However this might not be the position of the next president, with candidate (and former Commissioner) Vestager being now [open to EU financing of nuclear and defence](#), in a move probably meant to gain the support of France for winning the race.

A possible Franco-German compromise could be moving the new red line to not investing in nuclear defence, which [Hoyer described as a “highly controversial political issue,” with “differences of opinion” within the EU](#). The decision needs a majority of the EIB’s board of directors, made up of senior finance ministry representatives from the 27 EU countries. “A mandate change would require support by at least 14 EU countries representing 50 percent of the bank’s subscribed capital. Here, Germany is key as it is one of the EIB’s biggest shareholders besides France and Italy, which all hold almost 19 percent of the bank” [explains Politico](#).

- **UK to take part in Horizon & Copernicus projects, a first step to defence research?**

The UK and the EU reached an agreement allowing the British research and university sectors to access “the EU’s massive €96 billion Horizon and Copernicus science research programs” [reports Politico](#). Next on the agenda could be a cooperation deal with Frontex, as well as “enhanced security and defence links”, which could start with the UK joining specific PESCO projects, as associated countries already did.

- **related links**

[EU countries still divided over proposed corporate accountability rules](#), Euractiv, 11/09/2023

[EIB presidency race: Vestager open to EU financing of nuclear and defence](#), Euractiv, 12/09/2023

[Antitrust: Commission fines defence company €1.2 million in cartel settlement](#), EC press release, 21/09/2023

[France, Germany to speed up future joint battle tank programme](#), Euractiv, 22/09/2023

[With the EIB race still open, Dombrovskis weighs his chances](#), Politico, 25/09/2023

[Majority of Retired \[US\] 4-Star Officers Got Jobs in Defense Industry, New Report Says](#), Military.com, 04/10/2023

Other aspects of EU militarisation

- **European Political Community and informal EU heads of state meetings**

The second meeting of the European Political Community, A French President Macron’s initiative, took place on 5 October in Granada (Spain), and gathered close to 50 European leaders. Besides renewing general support to Ukraine, “no significant progress [was] made to resolve conflicts on Europe’s doorstep – or any other regional issue”, [reports Politico](#); neither “steps to resolve the humanitarian crisis in Nagorno-Karabakh” nor “attempts to defuse tensions between Kosovo and Serbia.”. “The sense of fruitlessness of the informal summit culminated when the host country, Spain, cancelled a planned press conference at the last minute” concludes Politico.

An informal meeting of EU leaders took place the day after, still in Granada, in order to [“take stock of past work \[and\] launch discussions on the EU priorities for the years ahead to prepare the EU’s Strategic Agenda”](#). The Spanish presidency presented an [80 pages-strategic foresight report](#) to be the basis of the discussion on “EU’s open Strategic Autonomy and Global Leadership”, which focuses on the economic security and hardly mentions defence, only under NATO context.

France and Germany also presented a joint working paper with concrete proposals about EU governance with 30+ members ([shared by Politico](#)), and which includes, among others, the proposal to use the qualified majority vote for defence-related issues, or at least a super majority, but still leaving Member States free to participate or not in EU missions. Even with qualified majority, full co-decision with the European Parliament should apply to all policies “except for in foreign, security and defence policy”. Or how to make it even less democratic and transparent.

The final [Granada declaration](#), which was “intended to be the counterpart of the Versailles Declaration [of] March 2022” according to B2pro ([N. Gros-Verheyde](#)), remains however very general about defence, committing to “strengthen our defence readiness and invest in capabilities by developing our technological and industrial base”, and to “focus on military mobility, on resilience in space and on countering cyber and hybrid threats and foreign information manipulation throughout the Union.” In other words, more of the same but avoiding to take new commitments, which may reflect discrepancies about the how and about priorities. Important to note also that although migration was a hot topic, it is not part of the final declaration but gave rise only to a [short declaration by the President of the European Council](#), Charles Michel, as a result of lack of consensus, further reports Gros-Verheyde.

- **Military spending as “relevant factor” for deficit beyond EU limits?**

The EU is currently debating a number of EC proposals regarding economic governance and the EU budgetary rules. Among them, the idea to categorise increased military spending as one of the “relevant factors” in the framework of the recovery plans. “while defence spending would still be part of the deficit calculations, the Commission would categorise such outlays as ‘relevant factors’ that allow it not to start any disciplinary steps even if the 3% limit is exceeded,” [reports Reuters](#). “Above all, this provision ensures that Eastern Europe countries (Poland, the Baltic States, Hungary, Slovakia, Romania, etc.), which have significantly increased their defence budgets over the last two years (...) are not caught out by the European Commission in the budgetary surveillance procedures” analyses B2pro ([N. Gros-Verheyde](#)). The Spanish presidency is willing to reach a deal quite soon, starting with a first agreement among EU finances ministers meeting in Luxembourg on 16-17 October, according to Gros-Verheyde.

- **Mixed pattern of citizens’ opinion on arms deliveries to Ukraine**

Three out of four Europeans agree with the statements that “the EU should fund joint defence projects to develop strategic defence capabilities and technologies”, and that “Russia’s invasion of Ukraine shows the EU needs to increase military cooperation between Member States” according to a [recent Eurobarometer survey](#). But another way to see it is that ‘funding joint projects’ comes last of the 4 statements, after energy consumption reduction and clean technologies, and that no defence-related measure appears in the top 9 list of last year EU initiatives considered as important. 57% agree that the EU should continue providing military support to Ukraine, last of the 7 proposals listed to support Ukraine.

- **related links**

[EU defence agency signs first joint procurement ammunition deals for Ukraine](#), Euractiv, 06/09/2023

[EP position on ‘Critical raw materials: Securing the EU’s supply and sovereignty’](#), EP press release, 11/09/2023

[A blow to the Franco-German relationship with deeper roots](#), B2pro analysis, 21/09/2023 (free access)

[EDA Chief Executive visits Ireland for discussions on defence cooperation](#), EDA press release, 28/09/2023

[Seven EU Member States order 155mm ammunition through EDA joint procurement](#), EDA press release 02/10/2023

EU Peace Facility & related news

- **Peace Facility: EU auditors opinion, Armenia**

The European court of auditors (ECA) gave its [opinion on the European Peace Facility](#) following a formal request by the EP and Council. European auditors consider there should be additional safeguards to back loans to Ukraine, and that the ECA’s audit rights should be clarified and made explicit in the legislative proposal.

The French government asked the EU High representative Borrell to include Armenia in the list of EPF beneficiaries, while France is planning to deliver military equipment to Erevan, reports B2pro ([E. Stroesser](#)).

- **Arms to Ukraine: from support to opportunities**

"We are reaching almost 300,000 ammunitions [rounds] already sent to Ukraine [155 mm], plus about 2800 missiles. It's still not everything that we have to provide, but we are, I think, on a good track" [declared Borrell in press remarks](#) following the [EU Foreign ministers' meeting in Kyiv early October](#).

He also expressed hope that Member States will agree on his proposal to create a specific Ukraine fund within the EPF by end of the year (see [NBB 2023-06](#)). The Kyiv meeting was [labelled as "resorting to symbolism"](#) by some observers, considering the growing tensions amid EU countries about how to continue supporting Ukraine, from reluctances about actual EU membership to the Hungarian veto blocking extra EU funding, including another tranche of the Peace facility for arms deliveries. However Politico reports that ["a deal is within reach"](#) with Hungary, with the ["EU set to unlock frozen funds for Hungary as it seeks Ukraine support"](#) says Euractiv.

As regards arms deliveries, Europeans ["are strengthening the cooperation between the EU and Ukrainian defence industries" according to Borrell](#). This illustrates a shift from donations to contracts and cooperation with the industry. A [Defence Industries Forum attended by 165 defence companies from 26 countries](#) took place in Kyiv late September, with French, German, Swedish, British or Czech companies in particular [willing to start co-production in Ukraine](#). The French Defence Minister Lecornu [presented Ukraine's needs as "opportunities for French companies"](#).

- **EU mission to Gulf of Guinea expanded to Togo and Ivory Coast**

The EU received the official invitation letters from Togo and Ivory Coast, and the Council endorsed without debate on 25 September (Competitiveness format) the decision to extend the EU civil-military mission in the Gulf of Guinea (see [NBB 2023-06](#)) to those two countries, reports B2pro ([E. Stroesser](#)).

- **related links**

["European Peace Facility: Council adopts an assistance measure in support of Beninese Armed Forces"](#), EEAS press release, 25/09/2023

["Swiss tanks to be delivered to Germany \(not Ukraine\)"](#), European Correspondent

[NATO members and Ukraine to step up industry cooperation](#), Euractiv, 28/09/2023

Interesting links

[The proposal on security of EU information: transforming the "bubble" into a "fortress"?](#), Statewatch analysis, 07/09/2023

[Ukraine could get long-range missiles armed with US cluster bombs](#), Euractiv/Reuters, 12/09/2023

[The European Council establishes the composition of the European Parliament](#), EU Council press release, 22/09/2023

[Global call to stop facial recognition surveillance](#), Statewatch statement, 26/09/2023