

News from the Brussels' Bubble



NBB #2023-08, 17 November 2023

EU agenda

Unless indicated otherwise, EU official meetings take place in Brussels

29-30/11: Berlin Security Conference, Berlin

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: Belgian Presidency of the EU starts

ENAAT & members' activities

- 'Open Security database updated with EDF 2021 projects

The public platform [Open Security Data Europe](#) has been updated to include recent funding information from the European Defence Fund projects for 2021, as well as from Horizon Europe. The platform was created by independent journalists as "a tool for journalists, researchers, civil society organizations and others to better understand the growing investments of the European Union in security", and has been expanded to European funding for military R&D in 2022 with ENAAT support and involvement. It allows you to easily access how much EU funding goes to security and military projects by country, programme, topic or company.

[More information here.](#)

- 'From war lobby to war economy' report: launch event on Thu 7/12 at 5pm CET

Join us on Thursday 07 December (5pm CET) for our online event launching our new report: **'From war lobby to war economy - How the arms industry shapes European policies'**.

Introductory remarks by the two authors of the report, Mark Akkerman and Chloé Meulewaeter, and by Bram Vranken, researcher and Campaign Coordinator at Corporate Europe Observatory, followed by a discussion with the audience.

[More information and registration here](#)



EU funding for the arms industry

- EU Defence Fund: Ombudsman's inquiry on independent experts, 2021 projects fit ill with EU founding principles and values

The European Ombudsman O'Reilly ["has opened an inquiry into how the European Commission ensures external experts who help it evaluate European Defence Fund \(EDF\) project proposals do not have conflicts of interest."](#) This follow-up a [previous letter to the EC with general questions from December 2022](#), raising concerns about potential conflicts of interest as the list of experts is not made public contrary to the normal practice, thus not allowing for public scrutiny. EC answers were not satisfactory enough, as ["there is no clear evidence that those experts are indeed independent, since the Commission relies on self-declarations"](#). The Ombudsman has now opened an inquiry with a list of over a dozen questions about the documents to be provided by expert candidates, how the EC staff checks CVs and self-declarations on potential conflicts of interest, procedures in case of recusal, and how many cases of conflicts of interest have been identified so far, lists B2Pro (O. Jehin) The EC has to answer by end of January 2024.

The Centre Delàs d'Estudis per la Pau, a member of ENAAT, published a [Working Paper analysing the 2021 EDF funded projects](#). It concludes that projects fit ill with EU's founding principles and values, with a particular concern for projects proposing the use of new deep-learning techniques in Artificial Intelligence.

- **EC will present European Defence Industry Strategy early 2024, to include EDIP**

After much prevarication, contradictory information and postponements, [the EC will finally present a European defence industry strategy in the first quarter of 2024](#), to “further impulse to developing Member States’ defence capabilities, underpinned by a modern and resilient European defence technological and industrial base”. The European defence industry programme (EDIP), first announced for November 2022, should be the main pillar of this strategy according to B2pro ([O. Jehin](#)), and was presented as a kind of ‘[European Defence Production Act](#)’ by Commissioner Breton. The Strategy would have three “clear” objectives, further reports [Euractiv](#): (1) “consolidate the short-term achievements” of the EU’s Act in Support of Ammunition Production (ASAP) and the European defence industry reinforcement programme for joint procurement ([EDIRPA](#)) “into structural support to the defence industry (joint acquisition and production capacity)”; (2) “build a bridge to avoid a defence industry ‘shut down’ in 2025”; (3) “establish a regulatory framework to ensure the security of supply of defence”.

As for the budget that could be allocated to EDIP, scenarios and rumours vary from “only” 1€ billion to...0 according to B2pro ([E. Stroesser](#) / [N. Gros-Verheyde](#)). Indeed, discussions on the revision of the MFF are shaping up to be difficult, and no scenario can be ruled out at this stage.

On 27 October the Commission launched “[a comprehensive stakeholder engagement process to inform the new European Defence Industrial Strategy](#)” which should be three-month long and include Member States, the European Parliament, the defence industry, financial actors and “all other relevant stakeholders”.

- **Next EU parliament: security & defence upgraded and women’s rights downgraded?**

The forthcoming elections to the European Parliament are giving rise to a debate on the number, competences and composition of committees. A 50-page working document was submitted to all the political groups, envisaging the most radical scenarios. the option of a full Defence Committee to replace the current Subcommittee on Security and Defence is coming up again, with serious chances of being successful this time, reports B2pro ([E. Stroesser](#)). On top of EU missions & operations or threats & strategy, such a committee could cover the arms industry (EDF & co) currently under responsibility of the Industry committee as well as military mobility currently under the Transports committee, and even possibly terrorism (currently LIBE). On the other side, the paper suggests as possible options suppressing the DROI sub-committee to make human rights a transversal issue limited to an ad-hoc working group ([E. Stroesser](#)), and downgrading the Women’s rights committee to a sub-committee ([Politico](#)). Discussions at Conference of Presidents level should take place in December, a draft report should be presented in early 2024 and a final decision should be taken in April by an absolute majority of the plenary.

- **EU Defence & Security Summit: more money, more exports, strategic autonomy**

The [3rd European Defence and Security Summit](#) took place on 10 October, gathering arms industry CEOs, EU officials & Member States leaders. Among Politico’s key takeaways (Politico pro Defense newsletter of 11/10/23), Commissioner Breton talked about “develop[ing] a European aircraft carrier and missile defense shield” and “push[ing] for some long-term defense thinking in the EU’s next budget” while the CEO of Nexter, Nicolas Chamussy, “warned that current events ‘must not overshadow’ the need to prepare for the war of the future, with next-generation tanks and artillery.” As for Antoine Bouvier, Director of Strategy and Public Affairs at Airbus and formerly of MBDA, a successful EDIP should respect a number of criteria, including “not to affect exports, so that the industry can benefit from a level playing field”, reports B2pro ([O. Jehin](#)). B2pro also quotes the Belgian defence Minister Ludivine Dedonder, declaring that the Belgian Presidency of the EU Council, to start in January 2024, will propose as a priority a “European strategy for autonomy” aimed at a “strong European strategic autonomy” and at strengthening the European pillar within NATO.

- **2024 EU budget: Defence less impacted by austerity**

Defence and foreign policy are slightly spared from austerity, comments B2pro ([E. Stroesser](#)) after the [agreement reached by the EP and Council negotiators on the details of the annual 2024 budget](#) on 11 November. The deal still needs to be formally adopted at plenary and member states level later in the month. Compared to the Council’s position demanding a lower 2024 budget of €187 billion, the Parliament “managed to avoid cuts and secure additional funding” [reports Euractiv](#).

But this is still far from the [EP ambitious initial position](#) which was anticipating significant increases thanks to the forthcoming mid-term review of the 2021-2027 budget. It wanted in particular to “increase appropriations for the EDF by EUR 625 million in 2024” and “to increase appropriations for ‘military mobility’ by EUR 45 million”.

The final deal foresees €2.32 billion for the security & defence heading (it was 2.12 in 2023) details B2pro ([E. Stroesser](#)): €1.6 billion goes to defence, including €638 million for EDF projects. This is significantly lower than the initial annual average as part of the EDF budget is used to fund the new ammunition programme ASAP, which will get €343 million this year. €251 million are for military mobility and €260 million for the joint procurement instrument (EDIRPA). €733 million is earmarked for security expenditure, including the Internal Security Fund (€322 million).

- **ASAP calls already launched, Nammo CEO wants 10-to-15-year contracts**

On 18 October, [the European Commission adopted the work programme of the Regulation on Supporting Ammunition production \(ASAP\)](#) and launched 5 calls for proposals for explosives, powder, shells, missiles and testing & reconditioning certification. This is another breakthrough as it is the first time that the EU budget is used to directly fund the production of weapons, with a total budget of €468million. "Negotiations on the work programme took EU member states less than two months, which was "very fast", two EU diplomats acknowledged", [reports Euractiv](#). Focus is put on the reduction of lead production time and elimination of bottlenecks for explosives (€190 million), and powder-related projects (€144 million). €90 million will go to shells production, 40 million to missiles and 4.35 million to testing and reconditioning.

The remaining 30 million will feed the Ramp-up Fund "used to provide smaller companies with leverage and guarantee to ease access to private funds". The deadline for submitting proposals is mid-December, the selection process should conclude in February and contracts be signed in April, with a possible retroactive effect to pay for production investments already made dating back to March, [details Politico](#).

Yet this does not seem to be enough for arms dealers, and the CEO of Norwegian ammunition company Nammo, Morten Brandtaeg, "urged European governments to sign longer term 10-to-15-year contracts to ensure businesses can properly plan their investments. "We have to make good profits so we can continue to spend money on the next versions of artillery rounds," he said" to [Breaking Defense](#).

- **EDA board: EU Defence ministers call for access to finance for arms industry**

On 14 November, EU Defence ministers gathered as EDA steering board, and issued a [statement calling for "strengthening the Defence Sector's access to finance"](#). After reminding the Russian invasion and the need to support Ukraine and strengthen EU member states military capabilities, MoDs claim that "efforts to increase the sustainability of Europe's economy and industry cannot come at the expense of the resilience and competitiveness "of the armament sector nor "of the operational effectiveness of the Member States' Armed Forces." The statement goes on saying that "the EDTIB contributes significantly to European societies in terms of jobs, economic growth, and technological innovation" and that "investments in defence also support EU's effort of becoming climate neutral by 2050".

Yet in a somehow contradictory move, it then asks that "the defence industry cannot be treated like any other economic sector subject to standard market conditions" and that "the unique character of the defence industry needs to be duly taken into account when assessing the EDTIB's ESG-performance." This echoes the arms industry demands "for more leniency in them respecting strict Environmental, Social, and Governance (ESG) criteria" as [reported by Euractiv](#), justified by the "unique societal role" of the arms industry according to EU ministers.

MoDs also "emphasise that safety and security are preconditions for a stable and sustainable future" and that arms and military equipment" are exported in full respect of the Member States' international commitments, and with the aim of preserving peace, security, and stability". They unsurprisingly "call for ensuring that EU level policies facilitate access to both public and private finance for the defence sector and that its way of operating, and missions are duly taken into account when sustainable finance policies, regulations, reporting requirements, and standards are developed and applied to the EDTIB", and that "public and private finance institutions [should] avoid discriminating against investments in the EDTIB". Once more, they "call on the EIB to enhance its support for EU defence and security objectives overall" and conclude by "instruct[ing] the European Defence Agency to continue actively monitoring the impact of ESG on the EDTIB, propose appropriate measures, and report back to the Steering Board."

- **EIB top race: French support conditional on backing investment in nuclear and defence**

France could support the Spanish candidate, Finance Minister Nadia Calviño, "[in return for support on looser debt rules](#)", something Germany is very reluctant about. France also "made clear that its support for EIB candidates was also conditional on their backing investments in nuclear energy and defense", while [German Chancellor Scholz recently expressed its support to the Spanish candidate Calviño](#) too.

- **related links**

[Europe's Time to Act](#), Opinion article, Guillaume Faury -ASD President and CEO of Airbus, Micael Johansson- Vice Chair of the Board of ASD and President and CEO of Saab, Jan Pie - ASD Secretary General, 05/10/2023

[French firms to triple 155mm ammo production, boost weapons output](#), DefenseNews, 16/10/2023

[Dutch minister calls for EU Defence Commissioner](#), Euractiv, 10/11/2023

[Council and Parliament strike provisional deal to reinforce the supply of critical raw materials](#), Council press release, 13/11/2023

[Critical raw materials: deal on securing the EU's supply and sovereignty](#), EU Parliament press release, 13/11/2023

[Blood on the Green Deal, How the EU is boosting the mining and defence industries in the name of climate action](#), a report from l'Observatoire des multinationales and Corporate Europe Observatory, 07/11/2023

Other aspects of EU militarisation

- **MILEX23: EU carries out first military live exercise in Cádiz**

On 16 October an EU military exercise took place in Spain, involving [“31 military units and 2,800 military personnel from nine EU countries”](#), named LIVEX and [“the first ever EU live military exercise”](#) according to HR/VP Borrell. LIVEX is part of MILEX 23, the 2023 edition of the EU Crisis Management Military Exercise. The scenario involved simulating an intervention in a partner country, randomly located in the southern Mediterranean, which requests EU assistance to deal with a situation that is deteriorating due to, randomly, a violent extremist organisation. LIVEX is meant to be a test for the future Rapid Deployment Capability announced in the Strategic Compass. The one-week exercise was being played out on land, sea and air, mobilising ships, helicopters and even two Spanish Eurofighter aircraft, with a strategic command located in Brussels, details B2pro ([free access blog dated 17/10/2023](#)). The next exercise should take place in Germany during the second half of 2024.

- **Expected tough discussions on MFF revision risk diverting funds to the military?**

[Conclusions of the European council](#) that took place on 26 & 27 of October unsurprisingly focus on Ukraine and the Middle-East, and dedicate only one sentence to the revision of the EU long-term budget, asking EU ministers “to take work forward, with a view to reaching an overall agreement by the end of the year”. But it also refers to an “in-depth exchange of views on the proposed revision” put forward by the EC in June, and which outcomes were largely echoed in the press:

[“EU countries tell Brussels to tighten its own belt”](#) says for example Politico, as the Commission asks for an extra 66 billion from Member States to contribute a special fund for Ukraine (a civil fund up to €50bn different from the 20bn proposal for military support, see below), cover raising costs of the EU joint debt, and for extra funding for migration & industrial support in particular. If most leaders agree on the need to continue financing Ukraine, there was a large consensus beyond the usual ‘frugal countries’ to say they “cannot afford” adding more money to the EU pot, with “Dutch prime minister Mark Rutte suggest[ing] these funds “can be found in the current budget” by using “unused reserves” or shifting around funds from lower priority issues” [reports euobserver](#). Yet “several states want investment in “military mobility to strengthen the dual-use of transport infrastructure capacity” and “to support frontline member states affected by the war in Ukraine” report Politico pro (Morning Defense of 27/10/2023), quoting a Spanish presidency discussion document. With [Sweden also suggesting to cut all EU programmes by 4% “on average”](#) and political and industry pressure to increase EU support for the arms industry remaining strong, the risk that civil funds could be redeployed for military purposes is high.

- **EU Defence ministers met as FAC defence and EDA board**

On 14 November EU Defence ministers met at EU council level (called “FAC Defence”), starting with an informal breakfast with NATO Secretary General Jens Stoltenberg, and then gathered as steering board of the European Defence Agency (see above). [A large part of the discussions](#) was dedicated to Ukraine (see below), to EU missions and operations, in particular Sahel, and to progress on the EU Rapid Deployment Capacity (RDC) with the EU High Representative Borrell “encourag[ing] member states to contribute with more forces and capabilities and keep up with the agreed timeline” for a full operational capacity in 2025 (see [NBB 2022-01](#)). Meaning that they don’t so far... EU MoDs also approved [conclusions on the EU Space Strategy for Security and Defence](#), [assessed progress in PESCO](#), and [adopted the 2023 EU Capability Development Priorities](#). Lastly, they approved the 2024 EDA work programme and annual budget, raising it to €48.36 million (+11,03%), the second significant increase in a row says B2pro ([O. Jehin](#)). Security and defence will be again on the European Council agenda on 14-15 December, with the ambition to “take stock of progress in the implementation of its previous conclusions on security and defence and give additional guidance”, according to a draft agenda seen by B2pro ([E. Stroesser](#)). Other major issues on the agenda will be Ukraine, Middle-east, enlargement and revision of the EU long term budget further details B2pro.

- **EU extends support to Arms Trade Treaty**

On 23 October, EU Foreign Affairs ministers took the formal [decision to extend EU support for the secretariat of the Arms Trade Treaty \(ATT\)](#), with a budget amounting to €1.3 billion over 24 months, in order “to ensure the “effective implementation and universalisation” of the Treaty” and “strengthen the multilateral system underpinning a responsible arms trade”, reports B2pro ([E. Stroesser](#)).

- **related links**

[Foreign Affairs Council, 23 October 2023, Main results](#), Council press release, 23/10/2023

[Beyond 2040 - EDA analysis warns on future warfare trends and technology imperatives for European defence](#), EDA press release, 23/10/2023

[Two wars threaten to overload Europe’s leaders](#), Politico, 26/10/2023

[Defence spending could get special status in new EU deficit rules](#), Euractiv, 08/11/2023

[Spanish tech center to test Eurodrone’s propulsion system](#), DefenseNews, 09/11/2023

EU Peace Facility & related news

- **EPF/Ukraine: 8th Tranche still blocked, special €20bn envelop still not agreed**

EU leaders failed to agree on the EPF 8th tranche to find military aid for Ukraine at their October summit, with Hungary still blocking because of insufficient guarantees that the Hungarian private bank OTP would be permanently removed from the Ukrainian blacklist, and not just suspended, reports B2pro ([E. Stroesser](#)). But another reason is that President Orban wants the release of €13 billion of frozen European funding for breaches of the rule of law. [Something the EP is fiercely opposed to](#), but that it cannot oppose should the EC decide to unblock. Orban's veto is mounting tension among member states as it is "blocking all reimbursements of expenditure already incurred, [which] is becoming a budgetary problem for some countries, particularly those most committed to supporting Ukraine militarily (...). To clear the balance, several tranches of aid would have to be approved between now and the end of the year, according to our estimates" says B2pro ([E. Stroesser](#)).

And discussions for a special €20bn 'Ukraine Fund' under the EPF are not doing better, a topic that was [not even mentioned in the Council conclusions](#). They ["are unlikely to be finished before EU leaders sit down to review the bloc's entire budget in December"](#), which also promise to be complicated (see above). According to B2pro ([N. Gros-Verheyde](#)), a recent alternative under consideration would be to use the same process currently used for the EPF, with [annual 'ad-hoc' financing instead of a 4-years budget agreed in advance](#). A special 'assistance fund' would be created for Ukraine within the EPF (needing only a modification of the EPF decision) which would cover all assistance measures as well as the common costs of EUMAM Ukraine. Yet many technical questions remain, not least the question of prioritising, or not, the European arms industry.

- **New assistance measures under EUMAM Ukraine to come soon**

EU member states should very soon agree two assistance measures for Ukraine under EUMAM, totalling €255 million (€200 million for lethal equipment and €55 million for non-lethal) reports B2pro ([N. Gros-Verheyde](#)). This is a quite significant increase compared with previous measures, and if they are theoretically scheduled to last longer (5 years), in practice they "could well be used up in twelve months, like the previous one" concludes B2pro. The nature of the training may also change, as Ukraine has asked for more specialised training to face shortcomings rather than the collective training of companies, also reports B2pro ([E. Stroesser](#)).

- **EU unlikely to reach objective of 1 million rounds of ammunition to Ukraine**

High Representative Borrell [finally had to concede what is an open secret](#): the EU will not meet its target of supplying 1 million shells to Ukraine by March 2024. Figures are clear as reported by B2pro ([O. Jehin](#)): "around 300,000 munitions [have been] supplied from national stocks and 180,000 ordered and only partly deliverable by the end of March, either through the European Defence Agency or national framework contracts." [EU leaders blame the industry for the failure](#), with Borrell in particular denouncing that "about 40% of the production is being exported to third countries"; the [arms industry of course rejects the blame](#), claiming that the initial objective was not realistic as they also need to replenish national stocks, that they need "more long-term contracts", and that cancelling export contracts "would severely damage the credibility of European defense industry as a supplier" and would need "strong and long-term political support".

- **other EPF measures: lethal equipment for Somalia?**

Josep Borrell presented at the end of October a proposal of assistance measure for Somalia that would include supplying lethal equipment to the Somali National Army (SNA). This is the second of its kind, after the one to Niger in July, which was suspended following the coup d'état, reports B2pro ([E. Stroesser](#)). EU Ambassadors were due to discuss the matter on November 8 at PSC level (Political and Security Committee).

- **related links**

[Ukraine says Israel-Hamas war shows West must ramp-up arms production](#), Politico, 23/10/2023

[Ukraine aims to become Europe's arsenal](#), Politico, 24/10/2023

[MBDA restarts anti-tank mine production as Ukraine war depletes stocks](#), DefenseNews, 15/11/2023

Interesting links

[Russia: Statement by the High Representative on behalf of the European Union on the revocation of the ratification to the Nuclear-Test-Ban Treaty](#), Council press release, 02/11/2023

[The Brief – The mother of all EU battles \(EU MFF revision\)](#), Euractiv, 02/11/2023

[Trade Unions across six countries disrupt arms trade with Israel](#), Workers in Palestine, 11/11/2023

[EU-UK relations: Council gives the go-ahead to UK participation in the Horizon Europe and Copernicus programmes](#), Council press release, 15/11/2023