

News from the Brussels' Bubble



NBB #2023-09, 21 December 2023

EU agenda

Unless indicated otherwise, EU official meetings take place in Brussels

- 01/01/24:** Belgian Presidency of the EU starts
- 30-31/01:** Informal meeting of Defence ministers
 - 01/02:** Special European Summit
- 21-22/03:** European Council
- 17-18/04:** informal European Council
- 28/05:** EU Foreign affairs Council (Defence)

ENAAT & members' activities

- **"From war lobby to war economy, How the arms industry shapes European policies"**

Our new report "From war lobby to war economy, How the arms industry shapes European policies" was published on 7 December and is [available here](#), [with summaries also in Dutch, French and German](#). Spanish to come soon

You can [watch the recording of the launch event here](#), with the two authors Chloé Meulewaeter ([Centre Delàs](#)) and Mark Akkerman ([Stop Wapenhandel](#)) presenting the main findings of the report, and Bram Vranken from [Corporate Europe Observatory](#) detailing the arms industry influence on the Green Deal and the specificity of its lobby.

Read also our Opinion article in Euractiv: ['How the arms industry shapes European policies way beyond the military'](#)



EU funding for the arms industry

- **Fast-track consultations on future European Defence Industry Strategy and Programme**

In her State of the union speech in September, the EC president von der Leyen presented the idea of a European Defence Industry Strategy (EDIS) for 2024, to include the long-awaited European Defence Industry Programme (EDIP) proposed in March 2022 (see [NBB 2022-2, 24/06/22](#)) and postponed several times. DG DEFIS (the EC defence industry department) is now conducting accelerated consultations with the arms industry, Member States and some think tanks, reports B2pro ([O. Jehin](#)) and its Commissioner Breton committed to present a proposal in February 2024. Five papers were submitted to stakeholders for consultations, and they have to answer by 29 December.

As regards diagnosis, among the usual arguments such as lack of funding, market fragmentation or supply chains issues, a 'cultural problem' is also mentioned, e.g. the fact that "defence is less valued in European society compared with the United States and other international players" further reports Jehin, resulting in "recruitment difficulties, which weigh on both research and development and production, and limited access to public and private funding, particularly for SMEs and mid-caps."

The five papers also go through a long list of possible solutions on which they ask the stakeholders' opinion. Von der Leyen had already exposed, in [her speech to the EDA Annual conference](#) on 30 November, the 4 main dimensions of the future EDIS, as summarised by B2pro ([O. Jehin](#)): First, strategic planning, with "more joint programming and the identification of flagship capabilities" or "projects of common interest on which [the EU] must concentrate", i.e. strategic enablers like satellites or strategic transport, as well as "complex platforms beyond the reach of individual Member States, such as air defence."

Second, a regulatory framework “to develop and simplify cooperation”, and “give industry and Member States predictability and consistency across the continent”. Third, “maximise the potential of dual use, as already the case in military mobility and satellites”; the Commission will present a White Paper on dual-use research. And fourth of course the funding part, with the European Defence Investment Programme (EDIP) “to be properly funded.”

The consultation papers put a number of options along those different dimensions. Worth mentioning in particular the idea of a [“one-stop shop at the EU level for EU-based and foreign sales”](#), a move towards [“copying the U.S. Foreign Military Sales \(FMS\) scheme”](#) which allows to buy directly from the US government and deliver equipment from national stocks without having to go through companies (hence avoiding also the licensing procedure). Even though such idea is still far from seeing the light of the day given how reluctant Member States are to transfer any form of competence on military matters to the EU (expect for diverting funds...), yet it is very indicative of the EC approach of the issue: facilitate business at any cost, and reducing a so-called Union of Defence to a single market of Defence. This approach was also reflected in Charles Michel’s (EU Council President) [speech during the EDA Annual conference](#). Another [“large part of the ideas focus on financial incentives”](#) further reports Euractiv, like “creating an EPF [European Peace Facility] equivalent for member states” or “states’ VAT-exempted European Defence Capability Consortia (EDCC) to jointly procure, own, maintain, and decommission purchases”. The EC also asks if “member states [would] be ready to consider pooling national contributions in a wider EU scheme”. On the production side, suggestions relate to “ever-warm factories” that would run non-stop to avoid supply crises, “extending the ammunition ramp-up fund model to other products” or “increased standardisation especially of ammunition”.

The fourth memo focuses on [“ideas to map bottlenecks, make intra-EU transfers of defence equipment easier, and force industries to prioritise urgent state orders over commercial ones.”](#) According to B2pro ([O. Jehin](#)) the EC is “considering a revision of the 2009/43/EC directive on transfers, which has still not improved the intra-Community circulation of defence goods”, or at least “to introduce simplified transfers within the framework of EDCC consortia.” The fifth one focuses on [“mainstreaming defence industrial readiness culture throughout all policy areas”](#), that is how to make the defence industry more attractive to workers and investors. In particular, the EC asks about “the feasibility and usefulness of a voluntary code of conduct to increase the transparency of the sector’s performance with regard to ESG (environmental, social and governance) criteria” further details B2pro ([O. Jehin](#)). As it was to be expected, the memos also calls for “a positive signal to the market from the EIB”, in the hands of Member States.

Jehin further reports that given the current constraints (EU elections and limited funds), two main options are on the table from a funding point of view: either expand “the ASAP and EDIRPA instruments by a further two years with funding that could reach €400 million each”, or “launch the EDIP programme as a pilot project with a budget of around €700 million over two and a half years.”

The memos also suggest taking into account the possible future accession of Ukraine, which could be “a ‘game-changer’ for the EDTIB”, suggesting that having the Ukrainian defence industry “access to various programmes would contribute to its gradual integration into the single market, while supporting the development of industrial cooperation with the various players in the defence sector within the EU.”

• EU long-term budget revision: defence and migration to be least impacted by savings

Member states could not agree their position on the mid-term revision of the EU multi-annual financial framework (MFF 2021-2027) at the European Council meeting last week (14-15 December), largely due to Hungary’s opposition. The EC initial proposal included a €66 billion increase of the EU budget in order to compensate the already large use of margins and to fund new plans such as EDIP. [The Parliament’s position adopted in October](#) is largely backing the EC proposal and even adding an extra €10 billion. But member states strongly disagree among themselves, and even more with the EC and EP positions.

As negotiations between states were progressing, cuts were made, considered as “necessary to preserve the essence: support for Ukraine, migration policy and European defence” reports B2pro ([Gros-Verheyde](#)). After the last round of discussions at EU leaders’ level last week, the EU presidency [released the latest “negotiating box”](#) in a quite unusual move.

According to B2pro ([Gros-Verheyde](#)) the latest state of play maintains the €50 billion special envelope for Ukraine (largely made up of ‘guaranteed loans’), and a substantial increase for migration (+€9.6 billion) to be partly funded through the cohesion policy. The Defence Fund benefits and extra €1.5 billion which may largely fund the new EDIP (see above). However military mobility completely disappears as the initial 7-years budget has been already exhausted. The money to compensate those funds is mainly diverted from the NDICI (or Global Europe instrument, which funds EU external actions like external cooperation, human rights, etc.), the civilian research (Horizon Europe), cohesion funds and health. The plan for a “Strategic Technologies for Europe” (STEP) platform is abandoned except the €1.5 billion going to the Defence Fund.

[EU leaders are expected to meet again for an 'emergency summit' on 1st of February](#) to try agreeing on the EU's budget and on the financial aid to Ukraine (see below).

- **EU Defence Agency annual conference: cannons before butter?**

The European Defence Agency (EDA) [held its annual conference in Brussels on 30 November under the topic "Powering up European Defence"](#). Largely "business as usual" with arms industry representatives, military staff and EU policy makers & high officials friendly gathering, and the latter willing to satisfy the industry demands at any cost. Yet those conferences usually mark steps one way or another, and this edition is no exception to the rule.

The first highlight was the fact that the three EU chairs wanted to be present and have their keynote speech: Charles Michel, chair of the EU Council, called for ["A European Defence for our Geopolitical Union"](#), as he considers that "the time has come to create a real Union of defence, coupled with a true defence single market." Then the EU Commission president, Ursula von der Leyen, talked about ["Powering up European Defence"](#), with a strong focus on her vision, guidelines for the future, including key elements for the future European defence industrial strategy (EDIS, see above); maybe as part of her campaign to remain on post after the EU elections?

The second highlight was about the military greenwashing, or rather the absence of it in the official programme: while not long ago the arms industry was claiming to be a key actor for sustainability, capable to produce green weapons and contribute to reducing its carbon footprint, the narrative has already shifted during the conference: when arms dealers addressed the issue in their interventions, it was to demand they should just escape the ESG criteria and not be monitored while having full access to sustainable programmes and finance.

The last and most serious highlight was [the speech of Josep Borrell, Vice-President of the EU and chair of the EDA](#), which had at least the merit of clarity: he started claiming that "In 1950, the first idea about European integration was through defence" and blaming the French for the failure of the Pleven plan, completely overlooking the first European Coal and Steel Community proposed by Robert Schuman on 9 may 1950 in order to avoid another arms race. But even more striking were his concluding sentences, referring to a 'cultural' issue about making understand "our society" the need to invest in defence: "everybody prefers butter to cannons but sometimes, if you do not have cannons, you do not have butter." He went on underlying the importance "to bring to the mindset of the European people that defence expenditure is [...] an existential requirement for Europeans" and that the task of politicians is to "explain where tax money goes, in order to make a choice between social needs - which are certainly very important - but also to make clear that defence is a boost for the economy [...] and the basis of our security", and that "we have to make the sacrifice and the efforts necessary." No need to draw up a list to know who are the "we" who will have to make the sacrifice...

- **EU 25th Annual report on 2022 arms exports is published**

The EU Council adopted its 25th Annual report on implementation of the EU Common position on control of arms exports. The [main report is available in pdf here](#), complemented with the following addenda:

[Addendum 1 - Worldwide exports](#)

[Addendum 2 - exports per region](#)

[Addendum 3 - exports per destination](#)

Data for the previous years are also available in the [COARM public database](#) or the [ENAAT data browser](#)

- **related links**

[First report on the implementation of the Action Plan on Military Mobility 2.0 from November 2022 to October 2023](#), European Commission, 13/11/2023

[Brussels wants to beat the Pentagon at its own game on arms sales](#), Politico, 24/11/2023

[Powering up European defence](#), HR/VP Josep Borrell blog, 03/12/2023

Other aspects of EU militarisation

- **European Summit Conclusions call for integrated market for defence**

EU leaders met for the European Council, or Summit, on 14-15 December. If a large part of the discussion focused on EU enlargement, EU budget (including support for Ukraine) and the situation in the Middle-East, [the formal Conclusions](#) include a 2-pages section on defence which content was mostly agreed beforehand. This is the case for some time now, illustrating a consensus on the main features: more military spending, more support for the arms industry and more weapons. These new conclusions are no exception to the rule, calling once more the EU to do more for “defence readiness”, to “swiftly present” the EDIS and EDIP proposals and to spend more and more collaboratively. To note a more explicit call “to achieve an effective and integrated market for defence [...] to reinforce cross-border supply chains, ensure critical technologies and improve the competitiveness of the European defence industry”, and with a particular focus on “facilitat[ing] and coordinat[ing] joint procurement and to increase the European defence industry’s interoperability and production capacity”. As usual, EU leaders also call “for an enhanced role of the European Investment Bank Group in support of European security and defence, building on the bank’s Strategic European Security Initiative.”

- **EP reports on Space Strategy, EU CSDP, EU CFSP and preventive diplomacy**

On 23 November the European parliament adopted in plenary session its report examining the recent [EU Space strategy for Security and Defence](#), drafted by French MEP Arnaud Danjean. The “[Parliament wants the EU to reinforce its space-based defence capabilities](#)” says the EP press release: “Against the backdrop of rising threats to EU space, civilian and military capabilities, MEPs call on the European Union to bolster the resilience of European space infrastructure.”

The EP also adopted its annual non-binding reports on the EU Common Security and Defence policy (CSDP), and on the EU Common Foreign and Security Policy (CFSP). [On CSDP](#), “MEPs argue that in this era of significant geopolitical uncertainty, European and transatlantic consensus and close EU cooperation with like-minded partners elsewhere, is more necessary than ever to address multiple crises, act proactively, and react decisively to threats to the international rules-based order.” [On CFSP](#), “MEPs stress that the EU needs to come of age as a geopolitical actor, with its external action guided by the values and principles that inspired its own creation, development and enlargement” and “should develop robust strategic alliances”.

As for the [new report on the role of preventive diplomacy in tackling frozen conflicts around the world](#), MEPs say that “the EU still does not have the necessary confidence or tools to develop its full mediation potential in areas of strategic importance”, and that “it will have to invest more in conflict prevention [...] if the EU wants to maintain its global diplomatic strength globally”.

- **related links**

[Building weapons together \(or not\) - How to strengthen the European defence industry](#), EU Institute for Security Studies, 16/12/2023

[EU looks to convince countries to invest in crisis management force, top military chief says](#), Euractiv, 24/11/2023

[The geopolitics of climate change](#), HR/VP Josep Borrell Blog, 06/12/2023

[Critical raw materials: MEPs adopt plans to secure the EU's supply and sovereignty](#), EP Press release, 08/12/2023

[Berlin says EU should prepare for war by end of decade](#), Euractiv, 18/12/23

EU Peace Facility & related news

- **Further postponement on decision about military aid to Ukraine**

“EU leaders have postponed the agreement to top-up the European Peace Facility (EPF) used to reimburse member states for their donations to Ukraine, as some countries wish to change the modalities of the fund” [reports Euractiv](#). Hungary’s PM Viktor Orbán has been blocking both the €50 billion EU top-up package to help Ukraine and a €500 million tranche of military aid under the EPF, [as reported by Politico](#). But reluctance on Borrell’s proposal to further increase the Peace Facility with €20bn for Ukraine (see [NBB2023-05, 21/07/23](#)) goes beyond Hungary, as the issue is also connected with the wider discussion on the EU long-term budget (see above) and the civilian aid package of €50 billion for Ukraine. Moreover, the two largest contributors to the EPF (over 40% of the pot) are pushing for changes in the facility’s governance, details Euractiv: France would like to see a “buy European” clause be part of the deal, probably hoping that French companies will largely benefit from it, while Germany wants that calculations of the national contributions do not rely only on GDP but also on the bilateral aid to Ukraine, which would significantly reduce its contribution.

EU leaders should meet for an emergency summit on 1 February to reach an agreement on the EU budget revision and the financial aid to Ukraine, [announced Charles Michel](#).

- **EUMAM Ukraine budget increase for delivery of military equipment**

On 28 November, the [EU council took the decision](#) to increase funding for the two assistance measures under EUMAM Ukraine, the EU training mission for the Ukrainian armed forces. The two assistance measures are respectively increased to €200 million for the provision of lethal equipment and to €55 million for the non-lethal one, for a duration of 60 months, details B2pro ([E. Stroesser](#)).

- **Assistance measures for Gulf of Guinea and Somalia, prospects for Lebanon**

On the same day, [member states also adopted an EPF assistance measure](#) “worth €21 million to support the Yaoundé Architecture and strengthen the capacities of military actors and navies of selected coastal states – Ghana and Cameroon – involved in maritime security operations in the Gulf of Guinea.” It is the first measure with an exclusively maritime objective according to B2pro ([Gros-Verheyde](#)).

The [third decision was an assistance measure to support the Somali National Army](#) in conjunction with the EU Training Mission in Somalia, worth €1 million for the delivery of lethal military equipment. It is the second of its kind including lethal equipment for an African country, details B2pro ([Gros-Verheyde](#)): The “modest amount will allow the delivery of close to two million rounds of 7.62 mm calibre ammunition for the Kalashnikov-type weapons used by the SNA”.

The EU High Representative Josep Borrell and his Lebanese counterpart, Abdallah Bou Habib, met in Brussels on 24 November and discussed “the EU’s “prospects for support” to the Lebanese Armed Forces (LAF) in particular within the framework of the European Peace Facility [...] as part of a wider discussion on the need to avoid a spill-over of the conflict in the Middle East”, reports B2pro ([E. Stroesser](#)).

- **related links**

[Niger ends security and defence partnerships with the EU](#), Euractiv, 05/12/2023

[Gulf of Guinea: Council launches an EU Security and Defence Initiative](#), EU Council press release, 11/12/2023

[Common Security and Defence Policy: Council approves conclusions on civilian CSDP](#), EU Council press release, 11/12/2023

[Sanctions aren't working: How the West enables Russia's war on Ukraine](#), Politico, 11/12/2023