

News from the Brussels' Bubble



EU agenda

Unless indicated otherwise, EU official meetings take place in Brussels

- 18/03:** EU Foreign Affairs Council
- 21-22/03:** European Council
- 21-22/03:** [2024 European Citizens' Summit](#) (civil society event)
- 17-18/04:** informal European Council
- 22/04:** EU Foreign affairs Council (Luxembourg)
- 22-23/05:** ESA Space Summit
- 27-28/05:** EU Foreign affairs Council + Defence Ministers
- 6-9/06:** EU elections
- 17/06:** Informal meeting of EU leaders
- 24/06:** EU Foreign affairs Council (Luxembourg)
- 27-28/06:** European Council
- 01/07:** Hungary takes over EU presidency

ENAAT & members' activities

- **"The dirty arms money boom"**

Guest blog by Francesco Vignarca, [Italian Peace and Disarmament Network](#), 09 January 2024

"The two major armed conflicts that in recent months have put war back at the center of Western public opinion's attention (while too many other wars continue to be ignored) have, among other things, made its economic and profit-making dimension evident."

[Read the blog article here](#)

EU funding for the arms industry

- **Public consultation on EU Defence Fund review is open till 21st February**

Late January the European Commission launched [a 4 weeks-long public consultation on the mid-term review of the EU Defence Fund](#), a usual practice for all EU funding programmes. It will be the only opportunity for the European Parliament to monitor and try influencing how the Defence Fund is being implemented. However the review is happening in parallel of the EU elections and it is quite likely that the new Parliament will not really engage in the process unless pushed to do so by civil society.

(Potential) beneficiaries of the Fund are the main targets of this consultation, but the Commission also "invites researchers, academic organisations, learned societies and associations with expertise in defence policies to submit their scientific research analysis and data" by 21st February. Findings based on the EDF pilot programmes (PADR & EDIDP) can also be taken into account considering the limited available data for the 2021-2027 Defence Fund.

- **2024 EDF calls to focus on next gen-helicopters & cargo planes, hypersonic threats and unmanned/autonomous systems**

According to a leaked internal paper [seen by Euractiv](#), “The Commission plans to invest €335 million in 16 research projects and €630 in 17 development projects for the year 2024, for a total of €935 million”. The calls for proposals should be published in March or April and the deadline for submitting proposals will be end of the year as in previous calls. The document “shows a wish to invest more in conventional warfare equipment, with a combination of key disruptive technologies”. The largest share of the budget (about €100 million) would go to the development of the next-generation helicopter, while the second largest share (€78 million) would go to the development of a Hypersonic glide vehicle (HGV) demonstrator to detect, track and counter hypersonic weapons (“last year’s call invested €70 million into hypersonic missile defence” reminds Euractiv). Among the other major priorities are the “future mid-size tactical cargo aircraft” and “a large array of projects focusing on autonomy and unmanned systems.”

The French Foundation for Scientific Research (FRS) published a [study offering an overview of beneficiaries after the 2021 and 2022 EDF calls for projects](#), taking into account the latest available data from December 2023 (list of projects and beneficiaries for the 2022 calls without the detailed breakdown of funding per beneficiary). Their 2021 findings arrive to the same conclusions as our previous publications, namely that the Fund profits the same happy few, e.g. the major arms companies and the main military power as regards countries. The data about number of projects involvement, number of beneficiaries, coordinators, etc. for the 2022 projects indicate a pretty similar trend.

- **Political deal on extra €1.5 billion for EDF, what is left from Sovereignty Fund project**

On 6 & 7 February, the negotiators of the European Parliament and of the Council (lead by the Belgian presidency) reached a provisional agreement [on the revision of the EU long-term budget 2021-2027](#) (see below) and on the [Strategic Technologies for Europe Platform \(STEP\)](#). The deal includes an extra €1.5bn for the European Defence Fund, which will likely be used to fund the future European Defence Industrial Programme (EDIP), to be presented end of the month (see below). This [strategic platform STEP](#), aiming to “mobilise investments in the fields of digital and deep tech, cleantech and biotech, with the overall aim of strengthening the EU’s sovereignty and long-term competitiveness in critical technologies”, was already the downsized version of the [European Sovereignty Fund announced with great fanfare in December 2022](#) (see [NBB 2023-01](#)). But in practice STEP will be mainly using existing funds and programmes. The only extra funding Member States agreed to is this 1.5bn envelope for the arms industry.

- **Failed ammunition target, Norway to access ASAP & EDIRPA**

According to Commissioner Breton, the EU “will have the capacity to churn out at least 1.3 million rounds of ammunition by the end of this year” [reports Euractiv](#). Yet “the EU will only provide 524,000 of the promised 1 million rounds of ammunition to Ukraine by March” [says Politico](#) as acknowledged by the EU High representative Josep Borrell after the informal Defence ministers meeting, thus “falling short of the promised one million artillery round it had pledged” [concludes Euractiv](#). On 7 February the Commission proposed two decisions to be adopted by the Council allowing Norway to benefit from the funding instruments for boosting the production of munitions and missiles (ASAP) and for joint procurement of munitions and missiles (EDIRPA) reports B2pro ([E. Stroesser](#)).

- **EDIS, EDIP, €100 billion fund for defence industry cooperation... What is really going on?**

At a Renew (Liberal group) conference on 9 January, EU Commissioner Thierry Breton (in charge of industry and defence) called for “a €100 billion fund to boost EU defence industry production and collaboration between countries, companies and other stakeholders” [reported Euractiv](#). He also confirmed that he and his team will be presenting end February/early March their proposal for a ‘European Defence Industry strategy’ (EDIS) including a ‘European Defence Industry Programme’ (EDIP) worth a least 1.5 billion, although they’d like to push for €3bn. Rather than an actual EU Fund, his pledge is for considering defence as a top priority on an equal footing with the green transition and thus deserving a massive investment through a 100 billion increase in the Union’s financial resources and borrowing capacity in the next legislature. Apparently funding the research and development phase, and then the production phase is not yet enough for the arms industry, as Breton justified that “The EU should invest upfront into the bloc’s defence industry production capacity as a means to de-risk their investments [...] without perhaps having orders beforehand” when [detailing his idea with journalists](#). According to B2pro ([O. Jehin](#)), this amount of 100 billion is partly based on estimates by the arms industry lobby group ASD suggesting that 77 billion were needed for the next seven years.

Unsurprisingly, the proposal was taken up enthusiastically by Nathalie Loiseau, also a Liberal and chair of the EP Security and Defence Committee, during a debate on the military aid to Ukraine held on 16 January, when she defended the idea of a "major loan for European defence and military aid to Ukraine" and comparing it with the fight against COVID, further reports B2pro ([E. Stroesser](#)).

This amount also appears in the EU elections Manifesto of the EPP group (centre-right) calling for "an EU defence budget of at least 0.5% EU GDP, in addition to the national budgets [...] which would come up to around €100 billion", [reports Euractiv](#).

- **EIB has new boss, launches €175 million risk investment programmes in defence**

The [Spaniard Nadia Calviño took over as the new EIB president on January 1st](#), replacing German Werner Hoyer who had been chairing the Bank since 2012 and resisting pressure for the EIB to invest directly in arms production. Back in 2018, the then EIB Vice-president Alexander Stubb (just elected as Finnish President) had signed a [memorandum of understanding with the European Defence Agency](#) and then a [Cooperative Financial Mechanism](#) for EIB's support in dual-use projects but limited to the civilian applications. And we've been regularly documenting the reiterated calls from EU and national leaders for more EIB's support to the armament sector (see in particular our recent report [From War Lobby to War Economy](#)).

A further step towards that direction has been taken with the recent launch, on 12 January, of the Defence Equity Facility, worth €175 million and aiming "to boost defence innovation around the bloc's small and medium-sized industries" [reports Euractiv](#). 100 million are taken from the Defence Fund and 75 million come from the European Investment Fund (EIF, part of the EIB Group), and the "initiative is expected to attract additional private investments in the funds it supports, thereby mobilising, in total, circa. €500 million in support of European companies" according to the [official press release](#).

The Facility is presented as "a new financial tool to invest in SMEs and mid-caps in defence innovation and support European competitiveness" and activities to be funded could include "research and development, manufacturing, maintenance of both already existing defence products, and "critical future and emerging defence technologies with a dual-use potential" [details Euractiv](#). The move was welcomed by the main arms lobby group ASD "as a way of improving the industry's access to finance for SMEs and mid-caps" [reports ScienceBusiness](#).

However, this development continues to raise criticism within the EIB, [reports Euractiv](#). One of his Vice-Chairs, Kris Peters, warned that the Bank "is still reluctant to go beyond dual-use technology", and that "eurobonds to finance military industry (...) may not attract investors". Those divisions were tangible at the EIB's Annual Forum early February, during which the [EU Council President Charles Michel essentially called for increasing military spending and investment](#) while another EIB's vice-chair, Ambroise Fayolle (responsible for climate) alerted that "moving beyond dual-use to finance military-only initiatives is very risky. The feedback we get from our investors is: 'Be careful. Financing defence projects is not in your mission statement'", [according to Euractiv](#).

- **related links**

[2024: A make-or-break year for European defence?](#), Euractiv, 14/01/2024

[EC white paper](#) and [consultation process](#) on dual-use research, 24/01/2024

[The Brief - The name is Bond, European defence bond](#), Euractiv, 08/02/2024

[German support for EU corporate due diligence law in doubt](#), Euractiv, 26/01/2024

[Anti-corruption: MEPs to push for stricter EU-wide measures and penalties](#), EP press release, 31/01/2024

[Corruption in Europe increasingly worrisome, Transparency International warns](#), European Correspondent

[Saab, Kongsberg post record orders as Europe boosts defense spending](#), DefenseNews, 09/02/2024

Other aspects of EU militarisation

- **Military mobility: 38 new projects worth €807 million**

The EC will fund 38 new project under the 2023 military mobility programme, worth €807 million. “Examples of projects include the construction and upgrade of railways, the upgrade of road sections of the network and the enhancement of dual-use infrastructure in maritime ports, airports, and inland waterways” [details the European Climate, Infrastructure and Environment Executive Agency](#) in charge of the programme implementation under the civilian [Connecting Europe Facility \(CEF\)](#). This is the last call for proposals for this programme as the entire 7 years-budget has been exhausted with the three first calls, and the provisional deal on the revision of the EU long term budget does not foresee new funds for this. In total 95 military mobility projects worth €1.74 billion are being funded in 21 EU Member States.

- **Deal on 2021-2027 EU budget revision: war & borders before climate & external aid**

During the extraordinary European Council (or Summit) held on 1st February, [EU leaders reached an agreement](#) on the (civilian) aid package for Ukraine worth €50 billion and on the traditional mid-term revision of the EU long term budget (MFF 2021-2027). And a week later [the deal was sealed also with the EP negotiators](#). On 1 February, [EUobserver headlined](#): “EU cuts climate and Foreign aid to finance war, borders”, and the EP’s negotiators have not fundamentally changed the balance. In fact the final deal is pretty similar to what was already discussed among EU leaders mid-December, in particular on defence (see [NBB 2023-09](#)).

On top of the Sovereignty Fund/STEP being reduced to an extra €1.5 bn for defence in terms of fresh money (see above), €9.6 billion will be added for “borders procedures” and migration control measures. Those amounts will be diverted in particular from the EU external aid envelope (NDICI, 4.5 billion), [from the civilian research programme Horizon Europe \(€2.1 bn\)](#) and the EU4Health programme in response to COVID-19 (€1bn out of €5.6bn). These amounts may appear small compared with the total budget of most of these programmes, but they are revealing in symbolic terms.

- **Horizon Europe’s successor to fund dual-use research projects with military application?**

As regards the next EU long-term budget to run from 2027 to 2034, The European Commission is proposing to dedicate more funds to the Framework Programme FP10, successor of the current civilian research programme Horizon Europe, but also to “remove the exclusive focus on civil applications in “selected parts” of the future programme, [reports ScienceBusiness](#). In practice this would make it more difficult to track how much is being diverted from civilian to military priorities. The proposal raises concerns amid the research community, in particular about preserving ‘academic freedom’ and on ethical concerns. “The League of European Research Universities (LERU) (...) is calling for safeguards, such as a framework for the ethical assessment of the risk of military misuse, and for researchers to “retain the option to prevent military applications of their research as much as possible.”

- **related links**

[European nations team up to buy Patriot missiles in \\$5.5 billion deal](#), DefenseNews, 03/01/2024

[Italy’s foreign minister calls for formation of EU army](#), Euractiv, 08/01/2024

[EU member countries push back on Italy’s call for European army](#), DefenseNews, 05/02/2024

[German Eurofighter U-turn heralds new push for European defence collaboration](#), Euractiv, 11/01/2024

[MEPs expect the EU to play a bigger role in global conflict prevention](#), EP press release, 12/01/2024

[Norway’s view on long war in Ukraine drives easing of arms export rule](#), DefenseNews, 17/01/2024

[Putin could attack NATO in ‘5 to 8 years,’ German defense minister warns](#), Politico, 19/01/2024

[Main results of EU Foreign Affairs Council](#), Council Press release, 22/01/2024

[Greening the armies - Is a sustainable approach to national defence possible?](#) Analysis and Research Team, Council of the EU, January 2024

[EU’s diplomatic service faces staffing, feedback challenges, auditors say](#), Euractiv, 31/01/2024

[EU supply chain law faces scrap amid German coalition row](#), EUobserver, 09/02/2024

EU Peace Facility & related news

- **EPF on the verge of bankruptcy, weapons supply audit and tracking**

According to B2pro ([N. Gros-Verheyde](#)), the European facility is close to being bankrupted unless new funding is dedicated to it. B2pro arrives to this conclusion once taking account all commitment (for Ukraine and other countries) and payment arrears in particular for arms deliveries to Ukraine. Only €1.2 billion is being left to cover all unforeseen crises by 2027 according to their calculations.

[According to Politico](#), “The External Action Service is conducting an audit of weapons supplied by EU countries to Ukraine since the launch of Russia’s full-scale invasion in February 2022, [the FT reports](#), with the aim to present the findings ahead of the February EUCO summit. The audit comes after German Chancellor Olaf Scholz last week called for countries’ military deliveries to Kyiv to be scrutinized.” The [EU accepted to extend by 6 months](#) the OSCE project supporting Ukraine to fight illicit weapons trafficking but without extra funding, reports B2pro ([E. Stroesser](#)).

- **New Ukraine weapons fund still in the making, +20.000 soldiers to be trained**

The proposal for a specific ‘weapons fund’ for Ukraine under the EPF (see [NBB 2023-08](#)) becomes more concrete and would include in particular new reimbursement rules as well as compensatory financing via other EPF measures for countries refusing to finance arms deliveries to Ukraine, and could also support joint procurement to the benefit of Ukraine [according to Euractiv](#). As for the financial envelop, Borrell’s ambition to agree on a specific €20 billion budget over four years has been watered down to a one-shot increase of €5bn for the European Peace Facility in general and no direct earmarking for Ukraine, in order to “*facilitate discussions and a compromise*” reports B2pro ([N. Gros-Verheyde](#)). Agreement on this proposal, including on its financial envelop, is postponed to the next European Council on 20-21 March, and one of the major obstacles could be the German request to take into account direct national contributions to Ukraine when calculating each Member State’s contribution to the EPF, further reports B2pro ([N. Gros-Verheyde](#)), and possibly also the question of European preference for joint purchases, defended by France.

At the last informal meeting of EU Defence ministers, “EU leaders stressed an “urgent need” to accelerate the delivery of ammunition and missiles to Ukraine” [reports Euractiv](#), in a quite hypocritical tone considering that at least 10 of them opposed the provisions under ASAP that could have obliged arms companies to prioritize deliveries to Ukraine over non-EU exports. They also agreed to train a further 20.000 Ukrainian soldiers by summer 2024 [announced Borrell in his press remarks](#).

- **ASPIDES, The new “defensive” EU mission in the red Sea, is agreed**

The decision to establish a new EU operation, EUNAVFOR ASPIDES, was adopted by written procedure on Thursday (8 February). It will be politically endorsed by the EU foreign ministers at their meeting on 19 February at the same time as the launch decision, reports B2pro ([N. Gros-Verheyde](#)). The decision was agreed in two months, probably a record for the EU.

[The mission’s broad lines were presented by Josep Borrell after the informal meeting of EU Defence ministers on 31 January](#) during which a first political agreement was reached. The operation is meant “to act in purely defensive mode to protect merchant vessels, and two non-executive tasks of “*accompanying*” to deter with [its] presence and to strengthen maritime situational awareness” in the Red Sea. The mission will be led by Greece, France and Italy with its headquarters based in Larissa (Greece). Details are available in the [published Council decision](#).

- **related links**

[Scholz berates EU allies over ‘insufficient’ military support for Ukraine](#), Euractiv, 09/01/2024

[US, France to lead artillery coalition for Ukraine](#), DefenseNews, 18/01/2024

[France to lead ‘artillery coalition’ for Ukraine](#), Euractiv, 18/01/2024

[Ukraine uncovers \\$40 million defence embezzlement scheme](#), Euractiv, 28/01/2024

[Informal Foreign Affairs Council \(Defence\): Press remarks by High Representative Josep Borrell](#), 31/01/2024

[EU months late on one million ammunition target for Ukraine](#), Euractiv, 31/01/2024

[Czech FM urges EU to buy foreign ammunition for Ukraine](#), Euractiv, 05/02/2024