

Stop Wapenhandel

European money for the arms industry 2021-2027

The EU is investing heavily in building joint military capabilities and in further military cooperation within the EU. This will be reflected in the coming budget period, which runs from 2021 to 2027. This paper gives an overview of the most important funds and instruments from which the military and security industry can expect money in the coming years.

European Defence Fund

The European Defence Fund will be by far the most important instrument. This fund focuses on strengthening the European arms industry as a basis for developing European military capabilities, and explicitly also on strengthening the international competitive position of this industry. This means that the aim is to increase the export of European arms to the rest of the world.

The Defence Fund has two legs: financing military research, for which some pilot projects have already started, and financing the development of new weapons. For the latter, Member States are expected, in different combinations, to jointly undertake these projects and provide additional national funding.

The European Parliament has already approved the European Commission's proposal for the European Defence Fund¹. According to this proposal, € 13 billion will be available for the fund. The implementation is carried out by the European Defence Agency (EDA).

Other sources of financing

In addition to the European Defence Fund, the military and security industry can also count on money from various other instruments in the coming budget period². A significant part comes from the continuation of or succession to long-standing funds, which have been used increasingly for (para-)military and/or security expenditures in recent years.

Research: Apart from funding for military research, funding for security research will also be included in 'Horizon Europe', the comprehensive framework program for EU research grants for 2021-2027. This mainly concerns applications for use by, for example, police forces and border guards. According to the European Commission proposal, € 2.8 billion will be made available for the 'Inclusive and secure societies' budget line³. Security research is included in EU research funding since 2007, partly as a result of industry lobbying, and worked as a stepping stone towards the financing of military research.

1 See: http://enaat.org/wp-content/uploads/2018/03/ENAAT-NBB-2019-1_08.03.2019.pdf

2 Description of the various instrument, when no other source given, is based on: European Commission, Annex to 'A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027', COM(2018) 321 final, May 2 2018

3 <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1540387631519&uri=CELEX%3A52018PC0435>

Internal security: The 'Internal Security Fund' is intended, among other things, to combat 'terrorism and radicalization, organized crime and cyber crime'. Member States use it, among other things, to purchase (para)military and security equipment for, for example, police and security forces. The proposed budget is more than € 2.2 billion.

Border surveillance: The surveillance of European borders (and beyond) is increasingly being reinforced and militarized. With grants from the new Integrated Border Management Fund, successor to the current Internal Security Fund - Borders, member states can, for example, purchase helicopters and ships for border surveillance or biometric identification systems. The proposed budget amounts to more than € 8.2 billion. Candidate countries can also call on the Instrument for Pre-Accession to get border control to the level required by the EU and thus to join the 'open border' Schengen zone of the EU. Financially, this is part of the € 14.5 billion that will be made available for the total of this instrument.

*Foreign policy*⁴: Various instruments which focus on financing activities outside Europe also provide possibilities for military and security spending. This mainly concerns the financing of European military missions and the building and strengthening of military and security capabilities of armed forces and security forces in third countries. A start has been made on this in recent years, for example through the expansion of the 'Instrument contributing to Stability and Peace'. According to the plans of the European Commission, this fund and many other foreign policy instruments are placed under an umbrella 'Instrument for Neighborhood, Development and International Cooperation' with a total budget of € 89.5 billion. The 'European Peace Facility', with an intended budget of € 10.5 billion (2021-2027), will contribute to the financing of European military operations and military build-up in developing countries. This fund is placed outside the official EU budget because according to Treaty EU money cannot be used for operational military expenditures.

Institutions: Several EU institutions can do expenses from their own budget which are favorable to the arms industry. For example, the European Commission's proposal for Border Agency Frontex foresees a substantial budget increase up to € 11.3 billion for the period 2021-2027, of which € 2.2 billion is reserved for acquisition of equipment.

Since 2018 the military industry can also turn to the European Investment Bank (EIB) for the development of 'dual-use' technology, which can be used for both military and civilian purposes. An annual amount of € 2 billion is available for this purpose⁵. The EIB works closely with the European Defense Agency (EDA).

Finally, the European Space Agency can start with the continuation of the 'European Space program' with € 16 billion budget. 'Security' is one of the objectives of the program, for example through satellite observation. Many arms companies are also active in the space market.

4 See for a full explanation of these funds: Mark Akkerman, Wapens ondermijnen het ontwikkelingsbeleid (Arms undermine development policy) published by Stop Wapenhandel, February 2019

5 <https://sciencebusiness.net/news/european-investment-bank-boost-loans-security-and-defence-research-eu15b>