



European Defence Action Plan: Towards a European Defence Fund

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In his [2016 State of the Union speech](#), President Jean-Claude Juncker highlighted the importance of a strong Europe that can defend and protect its citizens at home and abroad - an ambition which cannot be achieved without innovating and pooling resources in the European defence industry. The European Defence Action Plan adopted by the Commission today delivers on that vision.

European Commission President Jean-Claude **Juncker** said: *"To guarantee our collective security, we must invest in the common development of technologies and equipment of strategic importance – from land, air, sea and space capabilities to cyber security. It requires more cooperation between Member States and greater pooling of national resources. If Europe does not take care of its own security, nobody else will do it for us. A strong, competitive and innovative defence industrial base is what will give us strategic autonomy."*

Under the European Defence Action Plan, the Commission proposes to:

1 - Set up a European Defence Fund to support investment in joint research and the joint development of defence equipment and technologies: the proposed Fund would include two "windows" which are complementary but different in their legal structure and budget sourcing.

- A **"research window"** to fund collaborative research in innovative defence technologies such as electronics, metamaterials, encrypted software or robotics. The Commission has already proposed EUR 25 million for defence research as part of the [2017 EU budget](#), and expects that this budget allocation could grow to a total of EUR 90 million until 2020. Under the post-2020 EU multiannual financial framework, the Commission intends to propose a dedicated defence research programme with an estimated amount of EUR 500 million per year.
- A **"capability window"** which would act as a financial tool allowing participating Member States to purchase certain assets together to reduce their costs. The capabilities would be agreed by the Member States, who would own the technology and equipment. For example, Member States may jointly invest in drone technology or bulk buy helicopters to reduce costs. As an order of magnitude, this window should be able to mobilise about EUR 5 billion per year. The Commission will launch a scoping study to refine this estimate.

2 - Foster investments in SMEs, start-ups, mid-caps and other suppliers to the defence industry: The European Structural and Investment Funds and European Investment Bank (EIB) group already provide financial support for the development of a number of dual-use activities. The Commission will support EIB efforts to improve access to funding by the defence supply chains. It will promote EU co-financing of productive investment projects and the modernisation of the defence supply chains. Under the ['Blueprint for Sectoral Co-operation on Skills'](#) the Commission will support cooperation in the defence sector to ensure people have the right skills and technological ability to generate innovation.

3 - Strengthen the Single Market for defence: The Commission will strengthen the conditions for an open and competitive defence market in Europe to help companies operate across borders and help Member States get best value for money in their defence procurement. To do so, the Commission will push ahead with the effective application of the two [Directives on defence and security procurement and on EU transfers](#), facilitate the cross-border participation in defence procurement, support the development of industry standards, and promote the contribution of sectoral policies, such as [EU space programmes](#), to common security and defence priorities.

Next steps: The Commission will now present and discuss these proposals, in particular the creation of a European Defence Fund, with all stakeholders. The European Council on 15-16 December will be a

key milestone.

Background

In his [political guidelines](#) in June 2014, President Juncker stated *"I believe that we need to work on a stronger Europe when it comes to security and defence matters. Yes, Europe is chiefly a 'soft power'. But even the strongest soft powers cannot make do in the long run without at least some integrated defence capacities."*

In his [State of the Union speech from 14 September 2016](#), President Juncker announced that *"Europe can no longer afford to piggy-back on the military might of others or let France alone defend its honour in Mali. (...) "For European defence to be strong, the European defence industry needs to innovate. That is why we will propose before the end of the year a European Defence Fund, to turbo boost research and innovation."*

Over the last decade EU Member States have decreased defence spending by nearly 12% in real terms, but this has not been compensated by more European cooperation. The lack of cooperation between Member States in the field of defence and security is estimated to cost annually between EUR 25 billion and EUR 100 billion (see Annex).

At the [Bratislava Summit](#) in September 2016, the leaders of 27 Member States concluded: *"We need the EU not only to guarantee peace and democracy but also the security of our people."* In a challenging geopolitical environment, they agreed on the need to strengthen EU cooperation on external security and defence. Concretely, the December 2016 European Council should *"decide on a concrete implementation plan on security and defence and on how to make better use of the options in the Treaties, especially as regards capabilities."*

The European Defence Action Plan is closely linked with and complementary to the [Global Strategy's Implementation Plan on Security and Defence](#), which sets out a new level of ambition for the Union and identifies actions to fulfil it, as well as with the implementation of the [EU-NATO Joint Declaration](#) signed by the President of the European Council, the President of the Commission and the Secretary-General of NATO. The actions proposed in this European Defence Action Plan will lead to a stronger European Union in defence, which ultimately means a stronger NATO.

The Action Plan is also linked to the April 2016 [Joint Framework to counter hybrid threats](#) and foster the resilience of the EU, its Member States and partner countries while increasing cooperation with NATO on countering these threats, which in turn builds on the [European Agenda on Security](#) adopted by the Commission in April 2015.

For more information

- [FAQs](#)
- [Factsheet](#)
- [European Defence Action Plan](#)
- [President Juncker Political Guidelines](#)
- [Global Strategy's Implementation Plan on Security and Defence](#)
- [Bratislava declaration and roadmap](#)
- [Evaluation Report on the Procurement Directive](#)
- [Guidance Note on Government to Government Sales and the application of the Procurement Directive](#)
- [The Evaluation Report on the Transfer Directive](#)
- [Recommendation on the harmonisation of the General Transfer Licence for armed forces under Directive 2009/43/EC \(Transfers Licence\)](#)
- [Recommendation on the harmonisation of the General Transfer Licence for recipients certified under Directive 2009/43/EC \(Transfers Licence\)](#)
- [Report of the Advisory Expert Group on Cross-border Access for SMEs to Defence and Security Contracts](#)

ANNEX

The business case for more efficient spending on defence:

Collectively, Europe is the world's second largest military spender, behind the US. However, defence budgets in Europe have been shrinking in recent years, while other global actors (China, Russia and

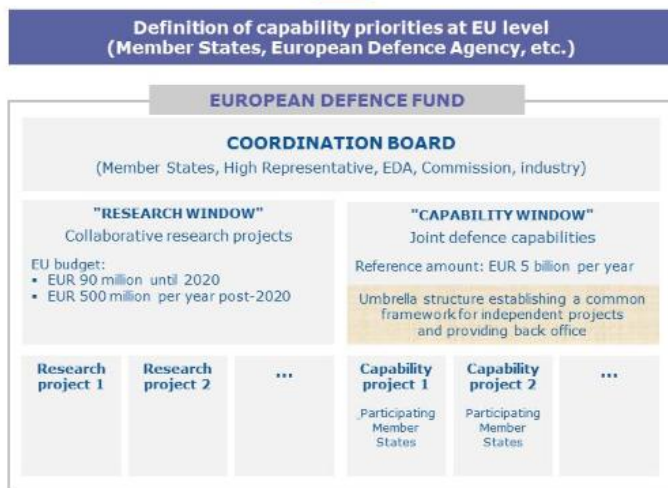
Saudi Arabia) have been upgrading their defence sectors on an unprecedented scale. In 2015, the US invested more than twice as much as the total spending of EU Member States on defence. China has increased its defence budget by 150% over the past decade. By contrast, over the last decade EU Member States have decreased defence spending by nearly 12% in real terms.

This decrease in national spending in defence has not been compensated by more European cooperation. Europe suffers from inefficiency in spending due to duplications, a lack of interoperability, technological gaps and insufficient economies of scale for industry and production. Around 80% of defence procurement is run on a purely national basis, leading to a costly duplication of military capabilities. The lack of cooperation between Member States in the field of defence and security is estimated to cost annually between EUR 25 billion and EUR 100 billion.

Without a sustained investment in defence, the European industry risks lacking the technological ability to build the next generation of critical defence capabilities. Ultimately, this will affect the strategic autonomy of the Union and its ability to act as a security provider.

More Europe in defence will have a positive spill-over effect on the European economy. The European defence industry generates a total turnover of EUR 100 billion per year and 1.4 million highly skilled people directly or indirectly employed in Europe. Each euro invested in defence generates a return of 1,6 – in particular in skilled employment – research and technology and exports.

The European Defence Fund – how it would work:



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Attachments

[20161130 Factsheet EDAP.pdf](#)