



TOWARDS A EUROPEAN DEFENCE UNION

Permanent Structured Cooperation and the European Defence Fund



“ 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. The Treaty of Lisbon provides for the possibility that those Member States who wish to pool their defence capabilities in the form of a permanent structured cooperation. More cooperation in defence procurement is the call of the day, and if only for fiscal reasons ”

European Commission, President Jean-Claude Juncker, Political Guidelines, 15 July 2014

#EUDefence: CONCRETE STEPS UNDER THE JUNCKER COMMISSION

- April 2014**  **Jean-Claude Juncker makes stronger Europe in security and defence one of his election campaign priorities**
- July**  **Stronger Europe in security and defence becomes part of President-elect Juncker's 10 priorities**
- June 2016**  EU Global Strategy with security and defence at its core
- July**  President Juncker, President Tusk and Secretary General Stoltenberg sign EU-NATO Joint Declaration on cooperation in Warsaw
- Sep**  **- State of the Union Address by President Juncker announces European Defence Fund**
- Bratislava Summit: Leaders agree to give new impetus to security and defence
- Nov**  **- Member States agree implementation plan for EU Global Strategy in the area of security and defence**
- Commission proposes European Defence Action Plan to increase research and capabilities
- Dec**  **European Council endorses Commission Defence Action Plan and proposals for EU-NATO cooperation**
- March 2017**  **Commission White Paper on the Future of Europe**
- March**  Rome Declaration: Leaders agree on European Union defence and security cooperation
- June**  **- Commission proposes European Defence Fund**
- Reflection Paper on the future of European Defence by 2025
- President Juncker at Defence and Security Conference in Prague: calls for PESCO – Time to wake up the Sleeping Beauty of the Lisbon Treaty
- Sep**  **State of the Union Address by President Juncker advocates European Defence Union by 2025**
- Nov**  23 Member States notify intention to launch Permanent Structured Cooperation (PESCO)



A EUROPEAN UNION THAT DEFENDS AND PROTECTS ITS CITIZENS

A European Defence Fund:

- EU-financed programme to promote cooperation and cost savings among Member States to jointly research, develop and acquire state-of-the-art defence technology and equipment.
- Starting in 2017, the EU will for the first time offer grants for collaborative research projects in the areas of drones, strategic technology foresight and soldier protection and equipment.
- A dedicated defence and industrial development programme will incentivise cooperation on prototype development by offering co-financing from the EU budget.
- Commission to offer practical support where Member States decide to jointly acquire capability.



BENEFITS OF THE EUROPEAN DEFENCE FUND



Help Member States spend taxpayer money more efficiently and get better value for their investment



EU will become one of the biggest defence research investors in Europe, and foster the development of cutting-edge, fully interoperable technologies and equipment



Act as a catalyst for a competitive and innovative European defence industry, including SMEs and mid-cap companies

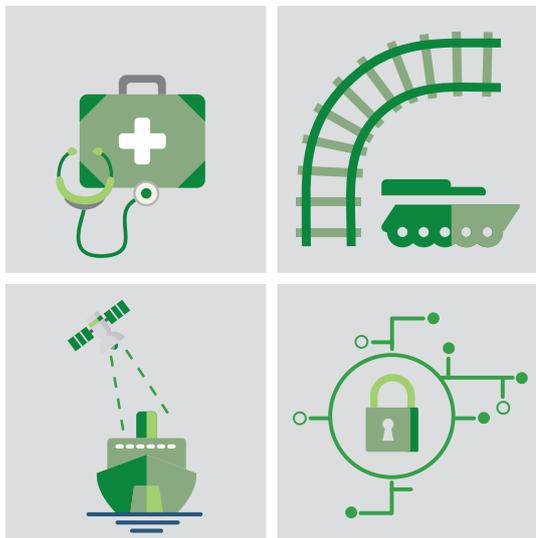


Member States will remain in the driving seat while Europe as a whole sees its strategic autonomy increased

Permanent Structured Cooperation (PESCO):

- An instrument in the EU Treaty enables willing Member States to pursue greater cooperation in defence and security. It is now used for the first time ever, with 25 Member States on board. More can join at any time.
- They have agreed on a first set of **17 collaborative projects** in areas like EU medical command, military mobility, maritime surveillance, cyber security.
- PESCO complements wider ongoing defence and security cooperation efforts.

25 Member States
in PESCO



EU-NATO cooperation:

- A stronger NATO and a stronger EU are mutually reinforcing. Together they can better provide security in Europe and beyond.
- Cooperation covers ten areas: countering hybrid threats, operational cooperation including at sea and on migration, cyber security and defence, defence capabilities, defence industry and research, exercises, and supporting Eastern and Southern partners' capacity building efforts, counter-terrorism, women, peace and security and military mobility.



(NATO) Summit, Warsaw 08-09/07/2016



THE EUROPEAN DEFENCE FUND: HOW IT IS FINANCED AND HOW IT IS LINKED TO PESCO

	UNTIL 2020	POST - 2020
 RESEARCH Fully and directly funded from EU budget	€90 million total	€500 million* / year
 DEVELOPMENT Member States budget at least 80%	€2 billion total	€4 billion* / year
Co-financing from EU budget up to 20%	€500 million total	€1 billion* / year
		€5.5 billion* / year

* Budget expectations per year

PESCO projects may be eligible for co-financing through the Fund and receive an even higher rate of EU co-financing (30% instead of 20%), provided they meet the eligibility criteria of the Fund, such as the need to involve at least 3 participants from 2 Member States. Projects outside PESCO will also be supported.

THE BUSINESS CASE FOR COOPERATION



Lack of cooperation between Member States in the field of defence and security has been estimated to **cost annually between €25 billion and €100 billion**. This is because of inefficiencies, lack of competition and lack of 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**.



In 2015, **the US invested more than twice** as much as the total spending of EU Member States on defence.



The European defence industry generates a total turnover of **€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.



Since 2010, less **than €200 million** has been spent each year on collaborative European research & technology in the field of defence. From 2021, we will more than triple this figure to over **€600 million**.



Less than **3% of European troops are deployed** due to lack of interoperability and shortages in equipment. This compares to **200,000 deployed US troops overseas**.