Today, guaranteeing security means dealing with threats that transcend borders. No single country can address them alone. Europe’s citizens are looking to the European Union for protection, with 3 out of 4 in favour of a Common Security and Defence Policy among EU Member States (Eurobarometer, November 2018).

‘In defence matters, it is not about establishing the European Union as an alternative model to NATO. Both have to work together and cooperate. In the defence sector we must have enhanced cooperation which the Lisbon Treaty also provides for. On procurement, in particular, we need to work together more rather than against each other, to obtain what we both need.’

Jean-Claude Juncker, Then candidate for European Commission President, 15 July 2014

Following proposals from the European Commission, EU leaders agreed in December 2016 on a plan to deepen security and defence cooperation for the EU and its Member States to attain the necessary strategic autonomy to defend their collective interests, respond to external conflicts and crises, and project security in our neighbourhood. Since then:

- The EU launched a common European Defence Fund to finance joint research and development.
- 25 Member States have agreed to jointly develop defence capabilities through Permanent Structured Cooperation (PESCO) to pursue greater cooperation in defence and security.
- The EU has stepped up cooperation with NATO to an unprecedented level.
## The Cost of Current Fragmentation and Inefficiencies

<table>
<thead>
<tr>
<th>Defence Expenditure</th>
<th>EU</th>
<th>UNITED STATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total amount</td>
<td>€ 227 billion</td>
<td>€ 545 billion</td>
</tr>
<tr>
<td>% of GDP</td>
<td>1.34</td>
<td>3.3</td>
</tr>
<tr>
<td>Investment per Soldier</td>
<td>€ 27.639</td>
<td>€ 108.322</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Duplication of Systems in Use</th>
<th>EU</th>
<th>UNITED STATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main battle tanks</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Destroyers/frigates</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td>Fighter planes</td>
<td>20</td>
<td>6</td>
</tr>
</tbody>
</table>

*Number of types of weapon systems for selected weapon systems categories

Lack of cooperation between Member States in the field of security and defence is estimated to cost between €25 billion and €100 billion every year.

Currently, around 80% of defence procurement is run on a purely national basis, leading to a costly duplication of military capabilities.

Since 2010, less than €200 million has been spent each year on collaborative European research and technology in the field of defence.

### How Will the European Defence Fund Help?

The European Defence Fund will contribute to Europe’s strategic autonomy in protecting and defending its citizens. It will coordinate, supplement and amplify national investments in defence. The Fund will promote cooperation among Member States in producing state-of-the-art and interoperable defence technology and equipment. It will strongly encourage participation of small and medium-sized enterprises in collaborative projects and foster breakthrough innovation solutions.

- Act as a catalyst for an innovative and competitive industrial and scientific base which is able to meet Europe’s defence needs with cutting-edge, fully interoperable technology and equipment.
- By pooling resources, Member States can get better value for their investment and develop technologies and equipment that would not be attainable working independently.
- Offering support all along the research and development parts of the lifecycle will make sure that the results of research are not lost due to the lack of funding for developing prototypes and testing the technology.
Under the European Defence Fund, the EU is providing support all along the lifecycle, from research to prototype development up to certification. Up to 8% of the total budget will support disruptive, high-risk defence innovation.

Only collaborative projects involving at least 3 eligible entities from at least 3 Member States or associated countries.

Participation of third countries’ entities is subject to defined conditions to ensure the security and defence interests of the EU and its Member States.

The European Defence Fund will be fully operational in 2021. Meanwhile, EU funded defence cooperation is already materialising with precursor programmes.

For the first time in European history, under the current EU budget period, the EU is incentivising European defence cooperation with a budget envelope of €590 million.

Several research projects are already underway. The Commission recently issued the first calls for projects to develop defence equipment and technology covering all domains (air, land, sea, cyber and space).

**DEFENCE INDUSTRY EU BUDGET 2017–2020**

<table>
<thead>
<tr>
<th>Year</th>
<th>RESEARCH</th>
<th>DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>€ 25 million</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>€ 40 million</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>€ 25 million</td>
<td>€ 245 million</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>€ 255 million</td>
</tr>
<tr>
<td></td>
<td>€ 90 million</td>
<td>TOTAL € 500 million</td>
</tr>
</tbody>
</table>

**IS THE EUROPEAN DEFENCE FUND ALREADY A REALITY?**

...
Ocean2020: the EU is investing €35 million into this research project of 42 partners from 15 EU countries to support maritime surveillance missions at sea by integrating drones and unmanned submarines into fleet operations.

Eurodrone: the EU intends to support with €100 million the development of a Medium Altitude Long Endurance Remotely Piloted Aircraft System (MALE RPAS) with €100 million. The system is a crucial capability for Europe’s strategic autonomy, identified by the European Council in 2013 as a Union priority where the EU currently has a clear technological and strategic dependency.

SOME EXAMPLES OF EU-FUNDED PROJECTS

WHAT WILL DEFENCE COOPERATION LOOK LIKE FROM 2021?

The Commission proposed in June 2018 a fully-fledged European Defence Fund worth €13 billion under the next EU long-term budget to cover both the research and capability strands.

The EU institutions in February 2019 reached a partial political agreement on the European Defence Fund, subject to formal approval by the European Parliament and Council, which will foster an innovative and competitive defence industrial base and contribute to the EU’s strategic autonomy.

The budgetary aspects of the future European Defence Fund are subject to the overall agreement on the EU’s next long-term budget, proposed by the Commission in May 2018.

The European Defence Fund will complement other EU programmes proposed by the Commission, in particular the €6.5 billion earmarked for the Connecting Europe Facility to enhance the EU’s strategic transport infrastructures to make them fit for military mobility, and the proposal for a new €100 billion research and innovation programme Horizon Europe. Moreover, it will aim at ensuring consistency with projects proposed under the Permanent Structured Cooperation rendering those two initiatives complementary and mutually reinforcing.
**PERMANENT STRUCTURED COOPERATION: INCREASED AUTONOMY AND OUTPUT**

25 Member States have agreed to collaborate on defence capabilities

- The Permanent Structured Cooperation will help Member States to jointly develop defence capabilities and make them available for EU military operations, enhancing the EU’s capacity as an international security partner and maximising the effectiveness of defence spending.

- 34 collaborative projects has been agreed in areas like EU medical command, military mobility, maritime surveillance, cyber security.

- Permanent structured cooperation in defence aims to make European defence more efficient, by strengthening cooperation among Member States, connecting their forces through increased interoperability and enhancing industrial competitiveness.

**REINFORCING COOPERATION WITH GLOBAL PARTNERS: EU–NATO**

**EU–NATO cooperation**

The security of the EU and NATO are inter-connected. Together, they can also mobilise a broad range of tools and make the most efficient use of resources to address those challenges and enhance the security of their citizens. Cooperation has become the established norm as a direct follow-up to the new level of ambition outlined in the Joint Declarations of July 2016 and July 2018.

(NATO) Summit, Warsaw 08–09/07/2016

- Countering hybrid threats
- Operational cooperation including at sea
- Cyber security and defence
- Defence capabilities
- Defence industry and research
- Exercises
- Supporting partners’ capacity-building efforts

**74 concrete actions are underway**