



## A European Defence Fund: €5.5 billion per year to boost Europe's defence capabilities

Brussels, 7 June 2017

Today the Commission is launching a European Defence Fund to help Member States spend taxpayer money more efficiently, reduce [duplications in spending](#), and get better value for money. Announced by President Juncker in [September 2016](#), and backed by the [European Council in December 2016](#), the Fund will coordinate, supplement and amplify national investments in defence research, in the development of prototypes and in the acquisition of defence equipment and technology.

Vice-President for Jobs, Growth, Investment and Competitiveness Jyrki **Katainen** said: *"People across Europe are worried about their and their children's security. Complementing our cooperation with NATO, we need to do more and better ourselves. Today we are showing that we walk the talk. The Fund will act as a catalyst for a strong European defence industry which develops cutting-edge, fully interoperable technologies and equipment. Member States will remain in the driving seat, get better value for their money – and ultimately see their influence increased."*

Commissioner Elżbieta **Bieńkowska**, responsible for Internal Market, Industry, Entrepreneurship and SMEs, added: *"Europe must become a security provider. The Fund will support collaborative research in defence and the joint development of defence capabilities. It will therefore be a game-changer for the EU's strategic autonomy and the competitiveness of Europe's defence industry— including the many SMEs and mid-cap companies forming the European defence supply chain."*

The European Defence Fund has two strands:

- **Research:** The research aspect of the Fund is already delivering. Starting in 2017, the EU will for the first time offer grants for collaborative research in innovative defence technologies and products, fully and directly funded from the EU budget. Projects eligible for EU funding will focus on priority areas previously agreed by Member States, and could typically include electronics, metamaterials, encrypted software or robotics. This will be financed with: **€90 million** until the end of 2019, with **€25 million** allocated for 2017. A call for proposals is being launched today for projects in the areas of unmanned systems in a naval environment and soldiers systems. The signature of the first grant agreements is expected by the end of this year. **€500 million** per year after 2020. In 2018, the Commission will propose a dedicated EU defence research programme with an estimated annual budget of €500 million making the EU one of the biggest defence research investors in Europe.
- **Development and acquisition:** The Fund will create incentives for Member States to cooperate on joint development and the acquisition of defence equipment and technology through co-financing from the EU budget and practical support from the Commission. Member States may for example jointly invest in developing drone technology or satellite communication, or bulk buy helicopters to reduce costs. Only collaborative projects will be eligible, and a proportion of the overall budget will be earmarked for projects involving cross-border participation of SMEs. The EU will offer co-financing with: **€500 million** in total for 2019 and 2020, under a dedicated defence and industrial development programme proposed today. **€1 billion** per year after 2020. A more substantial programme will be prepared for post-2020, with an estimated annual budget of €1 billion. The programme will leverage national financing with an expected multiplying effect of 5. It could therefore generate a total investment in defence capability development of **€5 billion** per year after 2020.

An ambitious European Defence Fund will contribute to a European Union that protects and defends its citizens, complementing other ongoing work strands, namely 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.

With the support of the European Parliament and Member States, the European Defence Fund can quickly become the engine powering the development of the European Security and Defence Union that

citizens expect.

Looking ahead, and following the Commission's [White Paper on the Future of Europe](#), today the Commission is also publishing a [reflection paper](#) to launch a public debate on how the EU at 27 might develop by 2025 in the area of defence.

## Background

In his [political guidelines](#) in June 2014, European Commission President Juncker made strengthening European citizens' security a priority. President Juncker announced the creation of a European Defence Fund in his [2016 State of the Union address](#).

There is a [strong economic case](#) for greater cooperation on defence spending amongst EU countries. The lack of cooperation between Member States in the field of defence and security is estimated to cost annually between €25 billion and €100 billion<sup>1</sup>. 80% of procurement and more than 90% of Research and Technology are run on a national basis<sup>2</sup>. Up to 30% of annual defence expenditures could be saved through pooling of procurement<sup>3</sup>.

The fragmented approach when it comes to defence also leads to unnecessary duplication and affects the deployability of defence forces. There are 178 different weapon systems in the EU, compared to 30 in the US. There are 17 different types of main battle tanks in the EU and only one in the US<sup>4</sup>. For certain helicopter programmes, there are more helicopter types in Europe than governments able to buy them.

On 30 November 2016, the Commission presented the [European Defence Action Plan](#), which outlined how a European Defence Fund and other actions can support Member States' more efficient spending in joint defence capabilities, strengthen European citizens' security and foster a competitive and innovative industrial base. The initiative was welcomed by EU leaders during the European Council meetings in December 2016 and March 2017 and the Commission was given a mandate to present the proposals it is presenting today.

## Further information

[Factsheet on the case for greater EU cooperation on security and defence](#)

[Factsheet on the European Defence Fund](#)

[The European Defence Fund – Frequently Asked Questions](#)

[Questions and Answers – The Future of European defence](#)

[Communication "Launching the European Defence Fund"](#)

[Proposal for Regulation](#)

[Call for proposals](#)

*This document was amended on 9 June to clarify information sources*

1 EPRS, European Parliament, 2013

2 European Defence Agency, 2014

3 Munich Security Report, 2017

4 Munich Security Report, 2017

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