

Roundtable discussion on the European Defence Fund 9 March 2022

ENAAT written contribution

On March 15, ENAAT and TNI will launch a report on the implementation of the EDF precursor programmes, PADR and EDIDP, with a particular focus on the period 2017-2019 for which the Commission has finally granted detailed public information, in particular the detailed breakdown of funding per beneficiary. Below some of the main findings of this report for your attention:

- ✓ The figures thus far show that 68.4% of the budget goes to France, Germany, Italy and Spain. These are the nations where the large arms companies are headquartered and the EU member states with the largest volume of arms exports
- ✓ Companies from these four countries coordinate 42 of the 62 projects (67.7%)
- ✓ France is the main winner, receiving more than a quarter of the funding allocated so far (26.44%)
- ✓ On the other hand almost half of the EU countries get each less than 1% of the funding
- ✓ The fifteen largest beneficiaries get over 59% of the funding
- ✓ Italian arms giant, Leonardo, which is the largest arms company in the EU, is the largest single recipient with €28.7 million. Other companies in the top 5 (including their subsidiaries across the EU), are Spanish company, Indra (€22.78 million), and French companies, Safran (€22.33 million), Thales (€18.64million) and the European Airbus (€10.17million).
- ✓ The 8 beneficiaries who participated in the Group of Personalities have thus far received over €86 million or 30.7% of the allocated budget, while the total number of beneficiaries is 428
- ✓ the combined military sales of the eight largest beneficiaries of the EU budgets analysed came to over US\$42 billion in 2020, confirming that the Europe's Defence Fund primarily serves to subsidise Europe's largest and most profitable arms companies.
- ✓ the eight largest beneficiaries are involved in highly controversial arms exports to countries experiencing armed conflict or where authoritarian regimes are in place and human rights violations are commonplace.
- ✓ through funding these beneficiaries, the EU is indirectly funding nuclear armament considering that many of those in receipt of EU money also produce nuclear weapons.
- ✓ five of the eight largest beneficiaries had substantial corruption allegations levelled against them in recent years. Those five are Leonardo, Safran, Thales, Airbus, and Saab
- ✓ 25 out of the 34 surveyed projects aim to develop disruptive tools which in the future could be used either in defence or in combat. Twelve include the development or use of unmanned systems. The use of Artificial Intelligence (AI) as a disruptive tool is part of at least six projects.
- ✓ While the research and development of entirely autonomous lethal weapons is not yet permitted under EU budget lines, other automated weapons, autonomous systems and controversial technologies are and there are fears that this may become a slippery slope where weapons such as 'killer robots' may eventually be approved for funding.
- ✓ These developments have taken place without any meaningful debate about the very serious legal and ethical implications of deploying 'smart' weaponry.
- ✓ The kinds of technologies being funded may lead to violations of EU and international law once they become operational. Evidence shows that even when there is a human in the loop, those programming or operating technical equipment are far more likely to be predisposed to or influenced by automation bias and computer generated knowledge rather than seeking out other forms of verification.

- ✓ Specific concerns are raised regarding novel guns based on laser and electromagnetic systems, AI systems, electronic devices and cyber response, unmanned systems, combat drones and target location, tracking and designation systems. In particular, it is not clear how 'smart' weaponry might accurately distinguish between civilians or armed combatants in situations of war.
- ✓ The legal and ethical risk assessment procedure mainly relies on self-assessments by applicants (mainly private corporations) hoping to benefit from EU funding. These assessments are effectively a box-ticking exercise. Responsibilities bestowed upon state parties under International Humanitarian Law are being shifted to private third-party funding applicants leading to a de facto deregulation of potentially one of the deadliest pools of money coming from Brussels.
- ✓ The EDF and its precursor programmes explicitly aim to strengthening the 'global competitiveness' of the European defence technological industrial base. They will inevitably boost European arms exports and feed the global arms race, leading to more wars, destruction, loss of life, and forced displacement. However, there is an absolute disconnect between the technologies created and their impact, beyond the profits they will generate.

The report also includes three national case-studies, one of them being **the Netherlands**. It raises several points of specific concern regarding participation of Dutch companies and the government in EDF projects:

- Lack of transparency: for reasons of "commercial confidentiality" the government has refused to give details about which projects, consortia and companies it co-finances under PADR and EDIDP, as well as the value of co-financing.¹ A strange position, as the EU contributions to projects, including the division between consortia partners, are published online. This lack of transparency on the Dutch side hampers parliamentary and public control;
- No ethical checks: as described, on EU level there is no system of serious ethical checks regarding projects under EDF, relying almost completely on self-assessment by companies. There are no indications that the Dutch governments performs its own ethical checks regarding projects it wants to co-finance. Given the insufficient checks on EU level this leaves the door wide open for funding controversial research and development of new arms and technologies;
- The EDF as pretext for lowering arms export standards: The assertion that Dutch companies are excluded from consortia applying for EDF projects because of Dutch arms export policies being more strict than most other EU countries has been driving a worrying push for waiving arms export restrictions by, in most cases, relying solely on export decisions made by the EU member state from which newly developed arms or technologies with Dutch parts/involvement will be exported. This would severely hollow out Dutch arms export policies and result in the risk of arms parts being exported in contradiction of Common Position criteria;
- Risk of corporate capture: Government and industry are working closely together to better position Dutch companies for receiving EDF funding, organising information and network meetings and cooperating in the Interdepartmental Coordination Group for European Defence Cooperation. There are serious concerns about such close cooperation, which is part of a more general pattern of increasingly involving the military and security industry in policy and decision making, without taking into account its own profit-driven agenda.

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1 Tweede Kamer (18 August 2020) 'Beantwoording vragen van het lid Bosman (VVD) aan de Minister van Defensie over financiering onder het European Defence Fund', <https://zoek.officielebekendmakingen.nl/ah-tk-20192020-3790.html>