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## **TRUMP AND BREXIT GIVE MOMENTUM TO EU DEFENSE PUSH**

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Reuters (7 June 2017)

The European Union's executive is ready to increase support for the bloc's first ever defense research program, offering more funds to develop new military hardware in its earliest stages after years of government cuts, a top EU official said.

Following a 90-million-euro pilot investment from the EU's common budget in 2017-2019, the European Commission is proposing 500 million euros (\$563 million) for the 2019-2020 period that could rise to 1.5 billion euros a year from 2021, Industry Commissioner Elzbieta Bienkowska told Reuters.

"European citizens see security as the number one thing that Europe should provide to them, so it's time to propose this," Bienkowska said in an interview.

With Britain, one of EU's leading military powers, leaving the bloc, ideas for common EU defense are gathering pace in the wake of Islamic attacks in Western Europe. Europeans are also worried about U.S. commitment to NATO under President Donald Trump.

Under the proposal unveiled on Wednesday, at least three firms and two member states would have to submit a joint project to be eligible for financing from the EU budget.

If agreed by governments and the European Parliament, the EU budget would put up 20 percent of the costs of developing prototypes, Bienkowska said.

"The prototype phase is the riskiest one and it is very important to have incentives from the European budget to prepare common projects," she added.

A European drone is often cited as an example of how EU funding can help get projects underway. Bienkowska said she also hoped to see cyber projects from smaller firms and innovative startups.

She said she wants negotiations and legislative work between the Commission, member states and the European Parliament to finalize by the end of 2018.

### **BREXIT FACTOR**

The EU's political capital Brussels hopes it can turn the tables on Brexit - an unprecedented setback in 60 years of European integration - by moving ahead with closer defense and security cooperation, which London had long blocked.

The EU, where most governments are also NATO allies, have also come under increased pressure

from Trump, who last month scolded the Europeans for failing to spend enough on their own defense.

Though Bienkowska said work on promoting more security and defense cooperation in the EU has started two years ago, she admitted Europe's unease about Trump gives it additional momentum: "All developments in the United States will make our cooperation (in Europe) stronger."

"We will work more closely in the European Union, what we want to achieve is to have a stronger European defense and a stronger NATO."

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The EU estimates it loses up to a 100 billion euros a year on duplication, leaving it with far fewer capabilities than the United States. Years of defense cuts have worsened the issue as national governments jealously protect their own firms.

Europe has 37 types of armored personal carriers and 12 types of tanker aircraft compared to nine and four respectively in the United States, according to EU analysis.

"Up until now, member states were doing things completely separately, without any cooperation. I want to appeal to the member states to think about common projects, because the money will be there," Bienkowska said.

For the future, Bienkowska is mulling a common European defense bond for joint purchases from 2021, though she said no decisions had yet been taken.

Italy is a proponent of issuing joint EU debt, as well as exempting various types of spending from budget deficit limits. Germany, on the other hand, which is the bloc's largest economy and key power, is opposed to both these approaches. (\$1 = 0.8887 euros)

(Editing by Pritha Sarkar)

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