



# EUROPEAN DEFENCE AGENCY

Brussels, 20 November 2006

## DEFENCE FACTS

### EUROPEAN DEFENCE EXPENDITURE IN 2005

The EDA has for the first time gathered comprehensive data on European defence expenditure\*, showing that in 2005, the 24 EDA participating Member States spent € 193 billion on defence.

This figure represents both spending by Ministries of Defence and defence-related expenditure from other sources (other Ministries, special budgetary lines). The total of € 193 bn constitutes 1,81% of their combined € 10,6 trillion economies.

European Defence Expenditure Data - General	
<b>Total Defence Expenditure</b>	€193 Billion
<b>Defence Expenditure as a % of GDP</b>	1,81%
<b>Defence Expenditure as a % of Government Expenditure</b>	3,81%
<b>Defence Expenditure Per Capita</b>	€ 425

\*All EU Member States except Denmark participate in the EDA. EDA is aware of some inconsistency in some of the constituent data but believes that the figures published here do represent a broadly accurate statistical picture.

## European Defence Expenditure Data - Reform

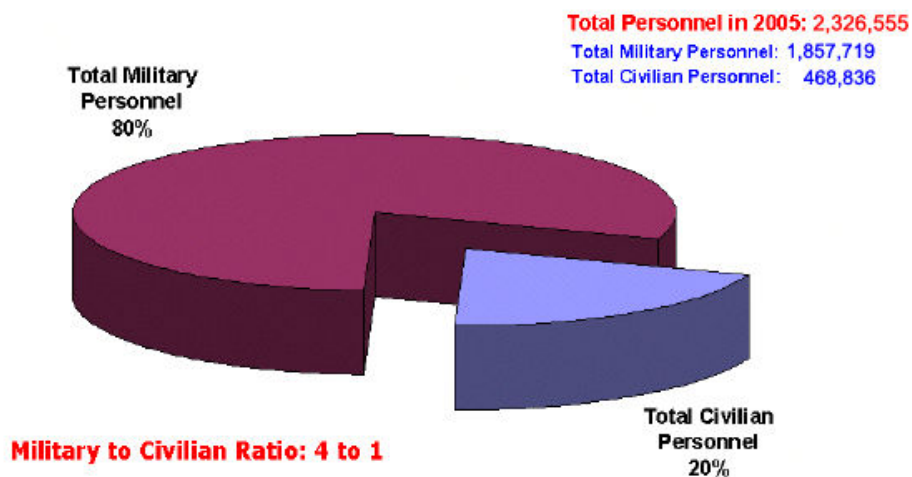
<b>Military Personnel</b>	1,857,719
<b>Civil Personnel</b>	468,836
<b>Defence Spending per Soldier</b>	€ 103,891
<b>Investment (Equipment Procurement and R&amp;D) per Soldier</b>	€ 19,034

### Input - Output

Throughout 2005, the 24 EDA countries had on average 73,500 troops deployed in crisis management operations. Set against the total military strength of over 1,8 m soldiers, this implies that 4% of the troops were deployed.

## REFORM

### Breakdown of Personnel in 2005



## European Defence Expenditure Data - Reform

<b>Outsourcing</b>	€11,4 Billion	
<b>Operations &amp; Maintenance</b>	€40,2 Billion	20,8% of Total Defence Expenditure
<b>Capital Investment</b>	€40,8 Billion	21% of Total Defence Expenditure
Infrastructure and Construction	€5,4 Billion	
Equipment Procurement	€26,4 Billion	
Research & Development ( <i>Includes: Research &amp; Technology</i> €2,2 Billion)	€9,0 Billion	
<b>Investment (Equipment Procurement and R&amp;D)</b>	€35,4 Billion	18,4% of Total Defence Expenditure

**Outsourcing:** Defence Expenditure on services contracted at the MOD/Armed Forces level with service suppliers from outside the Ministry of Defence and/or Armed Forces. Note that the total amount "Outsourced" is probably higher as not all Member States are able to provide data.

**R&D:** Any R&D programmes up to the point where expenditure for production of equipment starts to be incurred.

**R&T:** Subset of R&D – expenditure for basic research, applied research and technology demonstration for defence purposes.

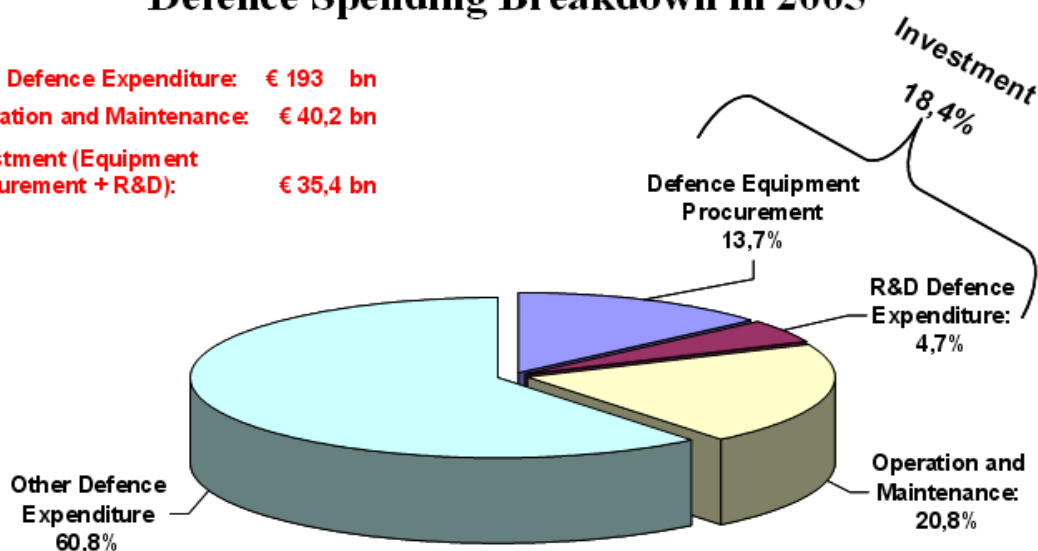
### REFORM

## Defence Spending Breakdown in 2005

**Total Defence Expenditure: € 193 bn**

**Operation and Maintenance: € 40,2 bn**

**Investment (Equipment Procurement + R&D): € 35,4 bn**



FOR FURTHER DETAILS:

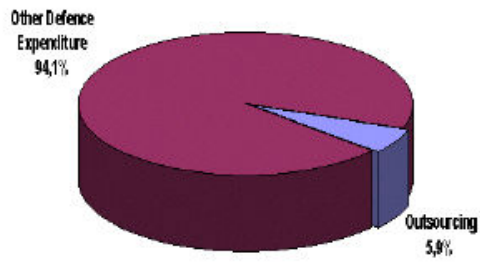
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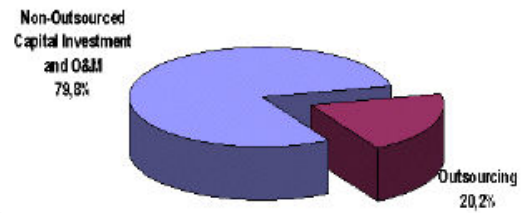
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## REFORM

Outsourcing as a Share of Total Defence Expenditure in 2005



Outsourcing as a share of Capital Investment and O&M in 2005

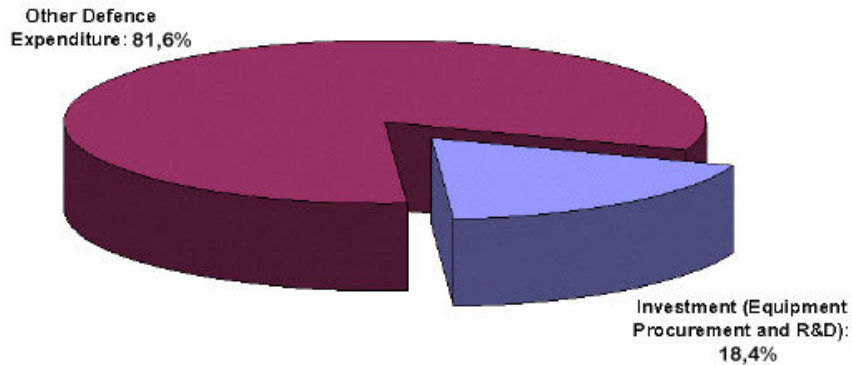


## REFORM

### Investment in Equipment Procurement and R&D as a Percentage of Defence Expenditure in 2005

**Investment (Equipment Procurement and R&D): € 35,4**

**Other Defence Expenditure: € 157,5**

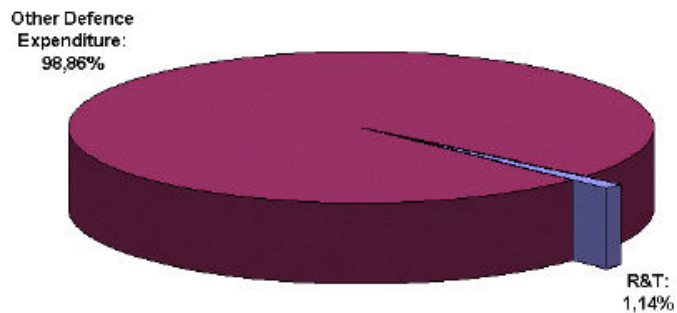


## REFORM

### R&T Spend as a Percentage in 2005

**R&T € 2,2**

**Other Defence Expenditure: € 190,7**



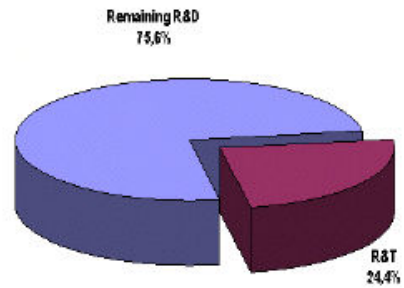
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## REFORM

R&D Spending as a Percentage of Total Defence Spending in 2005

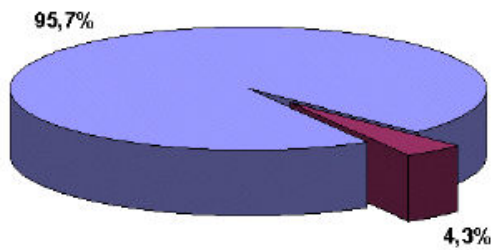


R&T as a Percentage of R&D in 2005



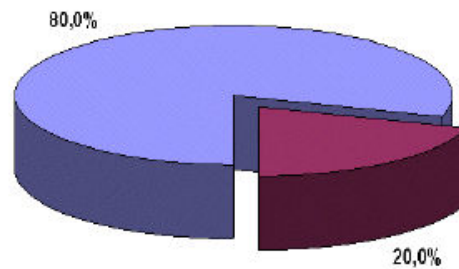
## REFORM

Defence R&T Spend - Top Six Spenders



■ Top Six Defence R&T Spenders  
■ Remaining 18 Defence R&T Spenders

Defence R&T Spend - Top Three Spenders



■ Top Three Defence R&T Spenders  
■ Remaining 21 Defence R&T Spenders



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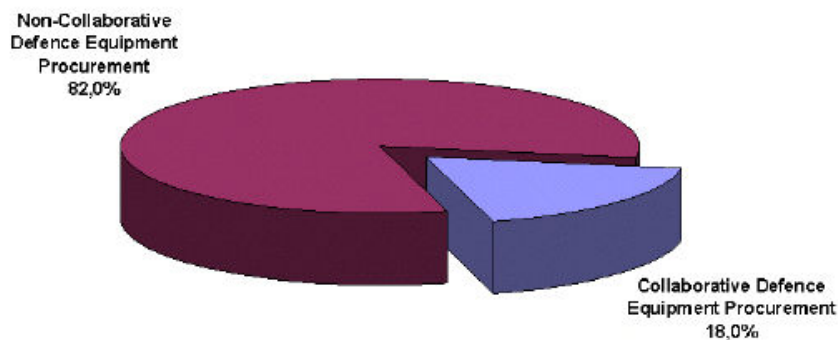
## Collaboration - Defence Equipment Procurement

<b>Collaborative Defence Equipment Procurement</b>	€ 4746 Million
<b>European Collaborative Defence Equipment Procurement</b>	€ 4222 Million
<b>Collaborative Defence Equipment Procurement of Total Procurement</b>	18%
<b>European Collaboration out of Collaborative Procurement</b>	90%
<b>Collaboration:</b> Agreement by at least two Ministries of Defence for project or programme contracts. <b>European Collaboration:</b> Subset of Collaboration; agreement by at least two EU Member States Ministries of Defence for project or programme contracts. Possible non-EU partners share in such contracts is lower than 50%.	

## COLLABORATION – DEFENCE EQUIPMENT PROCUREMENT

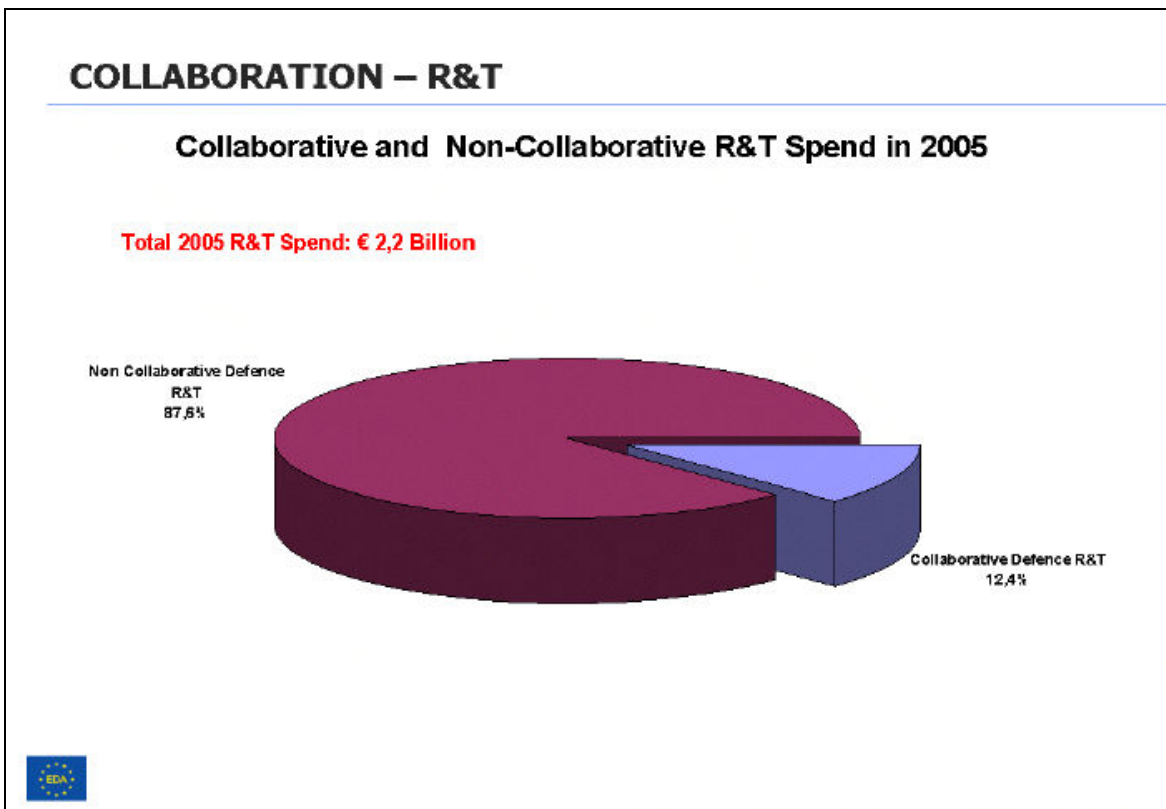
### Collaborative and Non-Collaborative Defence Equipment Procurement in 2005

**Total Defence Equipment Procurement: € 26,4 Billion**



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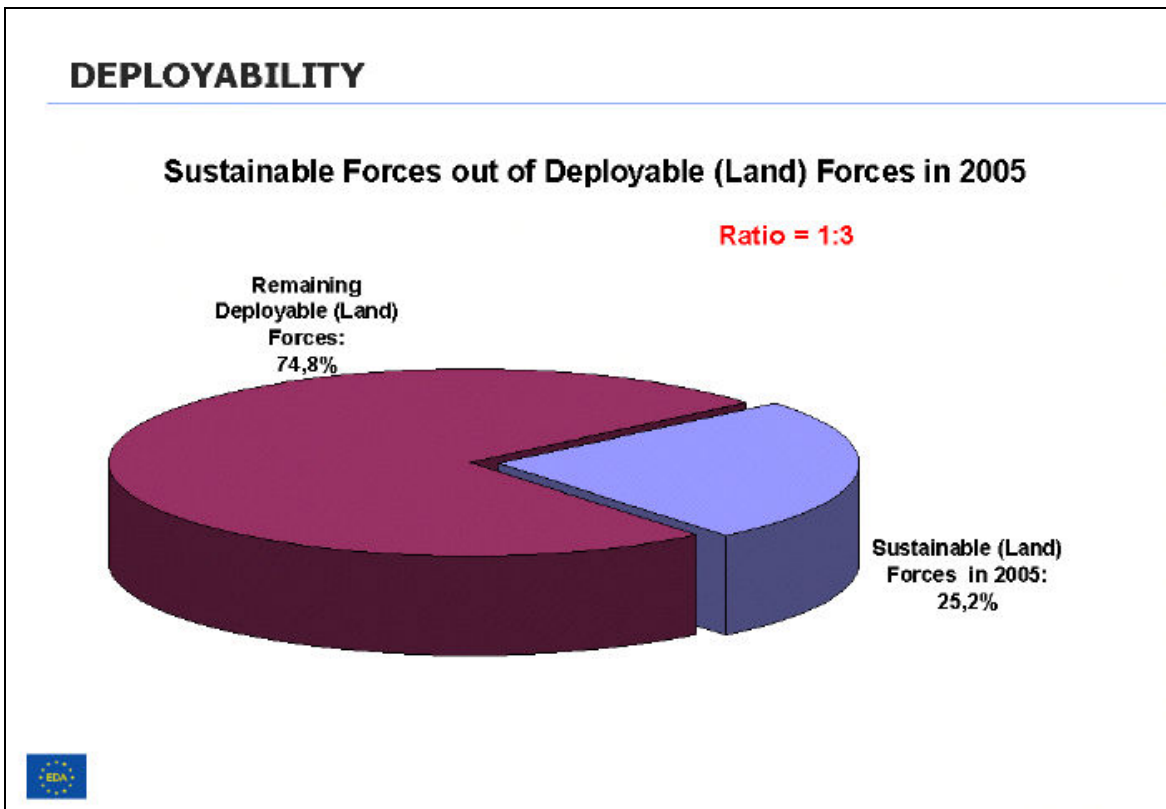
Collaboration - R&T	
<b>Collaborative R&amp;T</b>	€ 273 Million
<b>European Collaborative R&amp;T</b>	€ 206 Million
<b>Collaborative R&amp;T out of Total R&amp;T</b>	12,4%
<b>European Collaborative R&amp;T out of Collaborative R&amp;T</b>	75,4%



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Deployability	
<b>Average number of troops deployed</b>	73,578
<b>Total Number of Deployable (Land) Forces</b>	329,711
<b>Sustainable (Land) Forces</b>	83,177
<b>Average Number of troops deployed out of pMS Military Personnel</b>	4%
<p><b>Average number of troops deployed</b> = Average number of troops deployed throughout the year by all 24 EDA Participating Member States (All forces)</p> <p><b>Deployable (Land) Forces</b> = (Land) Forces troops prepared for deployed operations (the NATO 40% target).</p> <p><b>Sustainable (Land) Forces</b> = (Land) Forces troops undertaking or planned for sustained operations (the NATO 8% target).</p>	



# EUROPEAN DEFENCE AGENCY

## - Background information -

The European Defence Agency (EDA) was established by the Council on 12 July 2004. It is designed "to support the Council and the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future". More specifically, the Agency is ascribed four functions, relating to:

- a) defence capabilities development;
- b) armaments cooperation;
- c) the European defence technological and industrial base and defence equipment market;
- d) research and technology.

These functions all relate to improving Europe's defence performance, by promoting coherence in place of fragmentation.

The EDA is an Agency of the European Union. High Representative Solana is Head of the Agency, chairman of the Steering Board, which acts under the Council's authority and within the framework of guidelines issued by the Council.