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Rising military
expenditures

Karen Helveg Petersen



Additional/complementary remarks

- The following slides were presented at the meeting as a complement to Nan Tian's contribution, to deepen the discussion on the military-industrial complex and the role of the EU plus Sub Sahara Africa



The Military-Industrial Complex, US and Denmark

- Lobbyists in the US paid just USD 10 million to ensure an increase in the military budget
- The 2023 US budget was raised from originally USD 813 billion proposed by the Biden administration to USD 858 billion or USD 45 billion - how much is this due to the lobbyists' influence?
- US is sending officers on fellowships in the weapons industry
- Denmark has altogether 500 defense industries of which 45 are core and 25 firms can be ranked as important according to DI
- Exports go to, 1) EU, 2) US – it is the core industries that export to the US
- There is strong cooperation in Denmark between the military and the industry, among others at the Defence Annual Conference where all players meet
- Are contracts cost-plus ? This discussion was raised by a US commentator who thought that the US practice of purchasing equipment at cost-plus prices hindered innovation – this is not the EU practice but, hopefully, producer costs are examined at procurement
- Most contracts come with future operational elements included, such as maintenance, repairs and spare parts provisions – this further obscures costs

Expenditures, domestic purchases

- Half of military expenditures are normally on personnel, a quarter on equipment, but is that share increasing?
- Sweden purchases 5 and a half times as much as Denmark per capita from domestic suppliers (DKK 3000 vs. DKK 550)
- As this represents 60% of total Swedish purchases and 14% of the Danish acquisitions of military equipment, it can be calculated that Sweden devotes DKK 5000 per capita annually on domestically produced military equipment, Denmark approx. DKK 3930 (source: DI, Fakta om Forsvarsindustrien)
- Leading Danish firms: Terma, subcontractor to Lockheed Martin's F-35 aircraft
- Other firms:
 - Multicut: 27 parts to F-35
 - Systematic: software
 - Weibel: Doppler radar solutions
- Danish firms have had orders amounting to DKK 3.3 billion to F-35
- Dansk Metal wrote an oped in Altinget in 2021 together with the Terma director, praising the selection of F-35's as the next generation of Danish combat aircrafts – there is no sign of discontent from trade unions with the arms industry



EU Defence Dimension

- The EU's CSDP (Common Security and Defence Policy) – rules of state aid are not in force as the defence production is not part of the single market
- Council decisions on security and defence made by unanimous vote
- PESCO (Permanent Structured Cooperation) from December 2017: planning, developing and investing in joint projects
- Funding: EU Defence Fund from 2016, budget € 8 billion 2021-2027, has a European Defence Industrial Development Programme (EDIDP)
- Military spending is included in the EU budget despite rule to the contrary
- The EU Commission proposed a defence-industrial strategy in March 2024
- Future funding discussed: EIB, common bonds – it will require new funding mechanisms and joint EU borrowing and guarantees
- With industry subsidies, there is a risk of couple-up of support, both to production and then afterwards through generous prices when states buy the equipment?

Climate, destruction

5.5 % of the world's CO2 stems from the military

The Ukraine war alone has caused 175 million tons CO2 since the beginning of the war – Denmark emitted 41 million tons in 2022

Destruction in Ukraine amounting to USD 32 billion over two years

Sub Sahara Africa (SSA) militarization – some indicators

- Military expenditures fell from USD 21.7 in 2013 to USD 19.9 billion in 2022 (SIPRI)
- But there was an increase of 26% from 2009 to 2022
- Over and above that outside military support and bases from first of all the US, Russia, France, the EU – no less than 9 countries have bases in Djibouti
- US Africom (Africa Command), offices in 38 countries
- US has 29 bases, 13 enduring and 16 temporary, plans to spend USD 1 billion on the Djibouti base
- Annual US spending on African military operations: USD 450-500 million
- Russia has a number of security cooperation deals, among others regarding port access on the Horn of Africa and Sudan and delivers/sells a fourth of SSA's military acquisitions
- France now has 3,500 troops, down from 8,000 up to around year 2000, having pulled out of Mali, Burkina Faso and Niger
- EU Peace Facility weapons to Africa, support to Africa Peace and Security Architecture (APSA) and EUCAP, a crisis management program
- Private military armies (Executive Outcomes, Wagner Group, now Africa Corps)