

# European Defence as a political priority and sustainable investment case

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AeroSpace and Defence Industries  
Association of Europe



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# 1) About ASD



# A broad European footprint

## National association members

-  Austrian Aeronautics Industries Group – AAI
-  Austrian Defence Industry Association – WKO
-  Agoria
-  Association of the Czech AeroSpace Industry – ALV
-  Defence and Security Industry Association of the Czech Republic – AOBP
-  DI – Danish Defence and Security Association
-  Finnish Defence, Aerospace and Security Industries – AFDA
-  French Aeronautics and Space Industries Association – GIFAS
-  French Defence Industry Council – CIDEF
-  German Aerospace Industries Association – BDLI
-  Federal Association of the German Security and Defence Industry – BDSV



-  Hellenic Aerospace Security and Defence Industries Group – HASDIG
-  Italian Industries Federation for Aerospace, Defence and Security – AIAD
-  Dutch Industries for Defence and Security – NIDV
-  Norwegian Defence and Security Industries Association – FSI
-  Association of Polish Aviation Industry – SPPL
-  AED Cluster Portugal
-  Spanish Association for Defence, Security, Aeronautics and Space – TEDAE
-  Swedish Security and Defence Industry Association – SOFF
-  Turkish Defence and Aerospace Industry Manufacturers Association – SaSaD
-  UK Aerospace, Defence, Security and Space Industries Group – ADS

## Direct company members



# ASD members turnover and jobs in 2020



## **Turnover: €230 billion**

- € 99 bn civil aeronautics
- € 119 bn defence
- € 12 bn space



## **Direct jobs: 884.000**

- 371.000 civil aeronautics
- 463.000 defence
- 50.000 space

## 2) A Global Outlook: shift of demographic and economic power

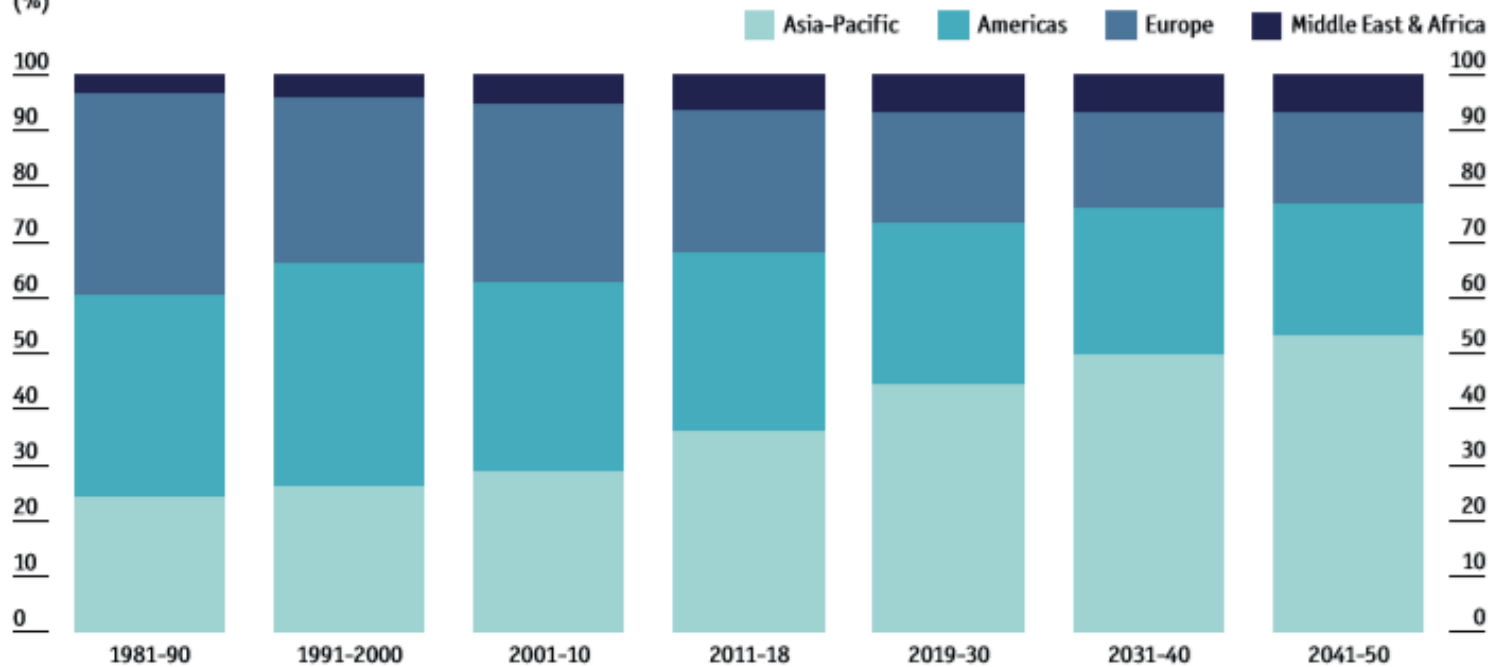


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# Our World in 2050

## Comparative GDP growth from a regional perspective

Regional share of global GDP  
(%)



Source: The Economist Intelligence Unit.

# 3) Challenges in Defence

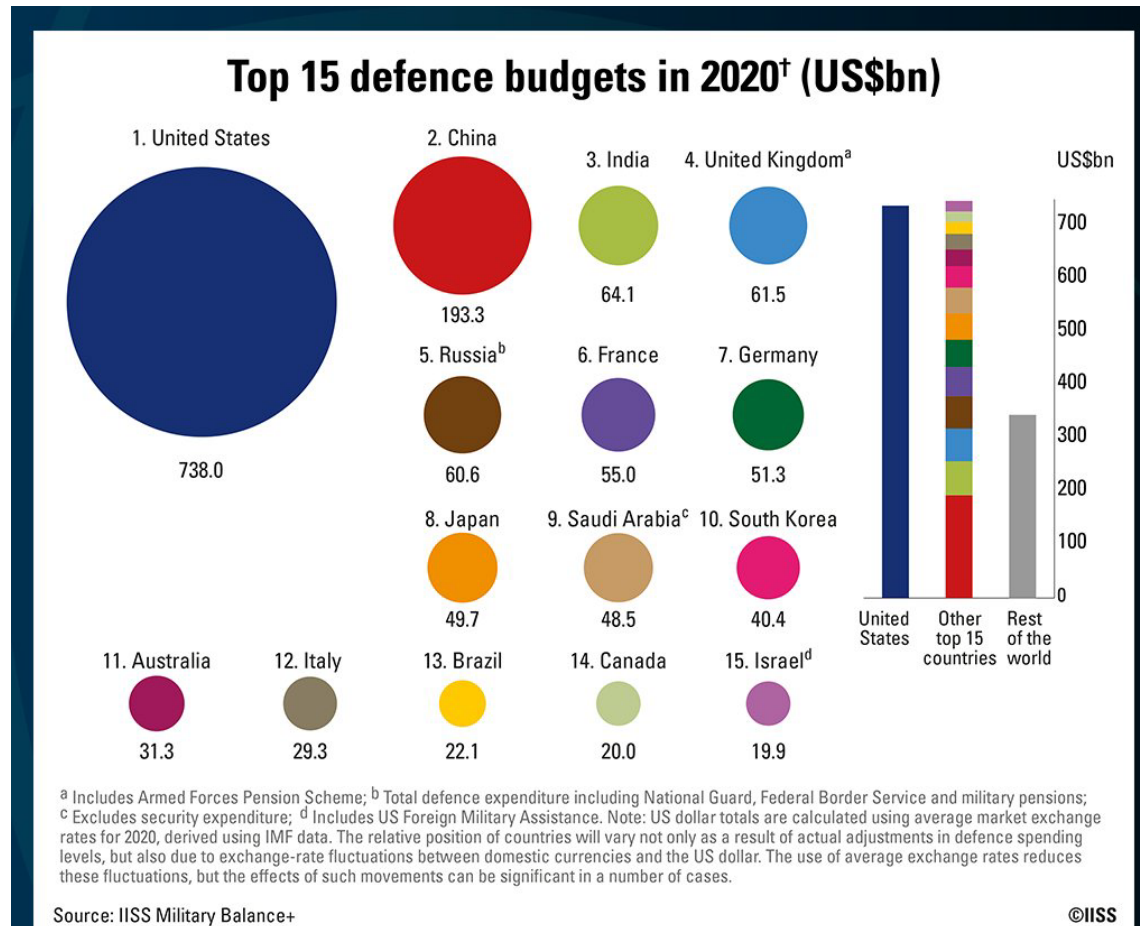


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# World military expenditure

## Defence budgets in 2020 (IISS)



Source of data: [https://twitter.com/IISS\\_org/status/1366096335670292488/photo/1](https://twitter.com/IISS_org/status/1366096335670292488/photo/1)

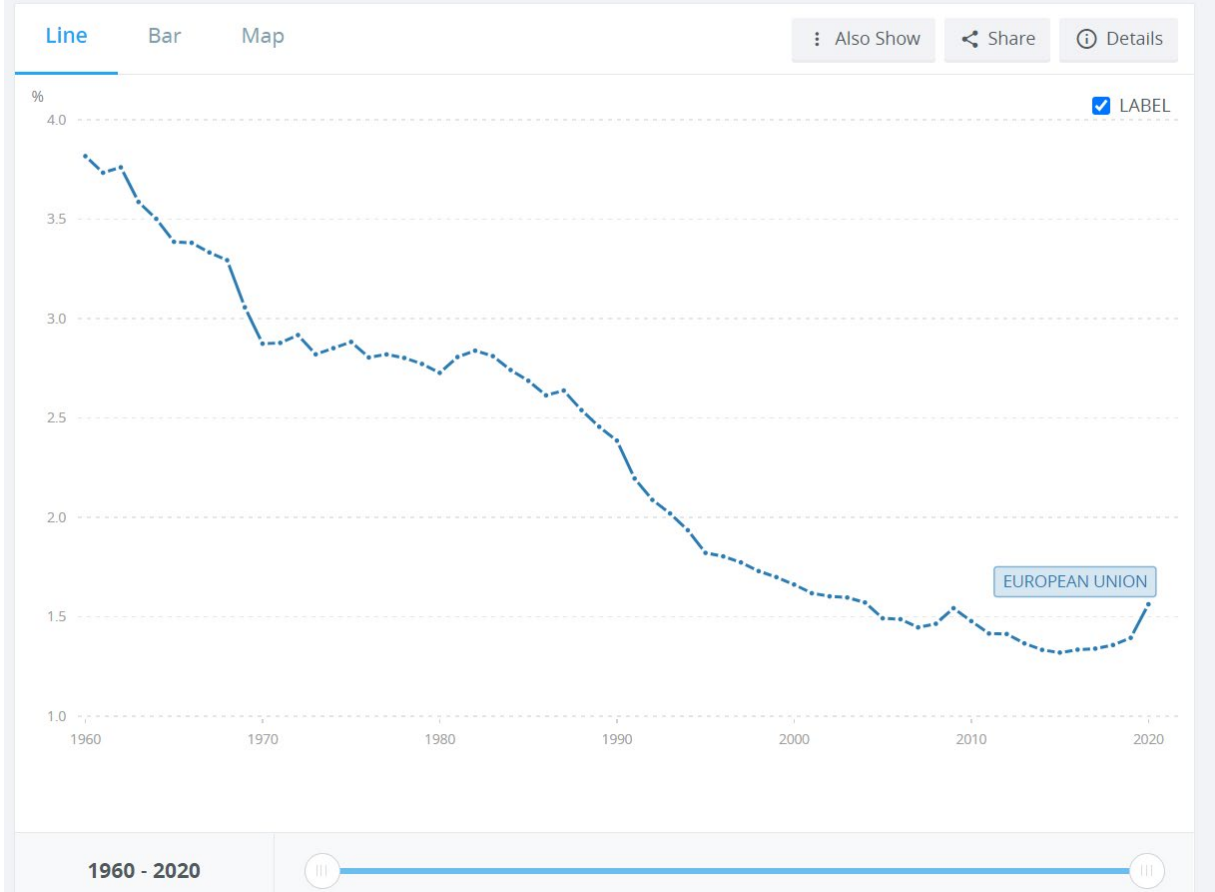
# World military expenditure

## EU in context

### Military expenditure (% of GDP) - European Union

Stockholm International Peace Research Institute ( SIPRI ), Yearbook: Armaments, Disarmament and International Security.

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Source of data: <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?end=2020&locations=EU&start=1960&view=chart>

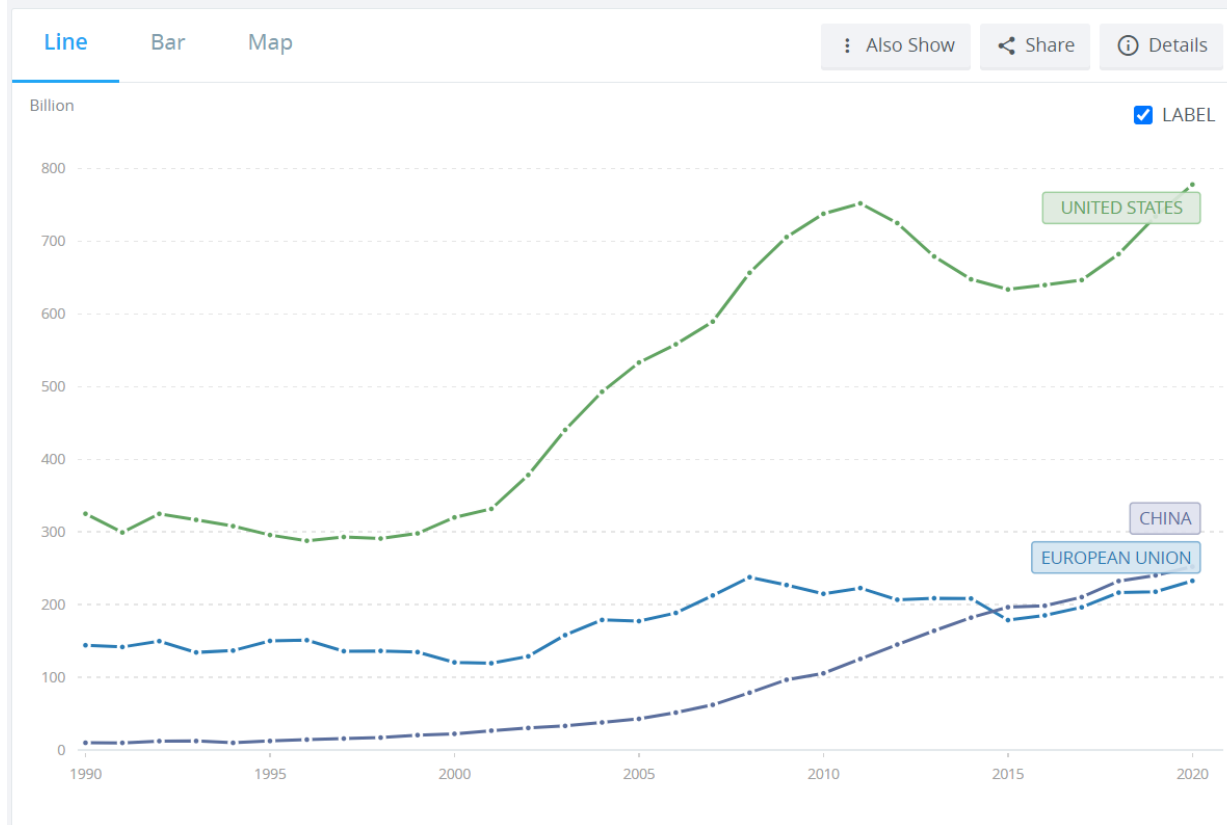
# World military expenditure

## EU in context

### Military expenditure (current USD) - European Union, United States, China

Stockholm International Peace Research Institute ( SIPRI ), Yearbook: Armaments, Disarmament and International Security.

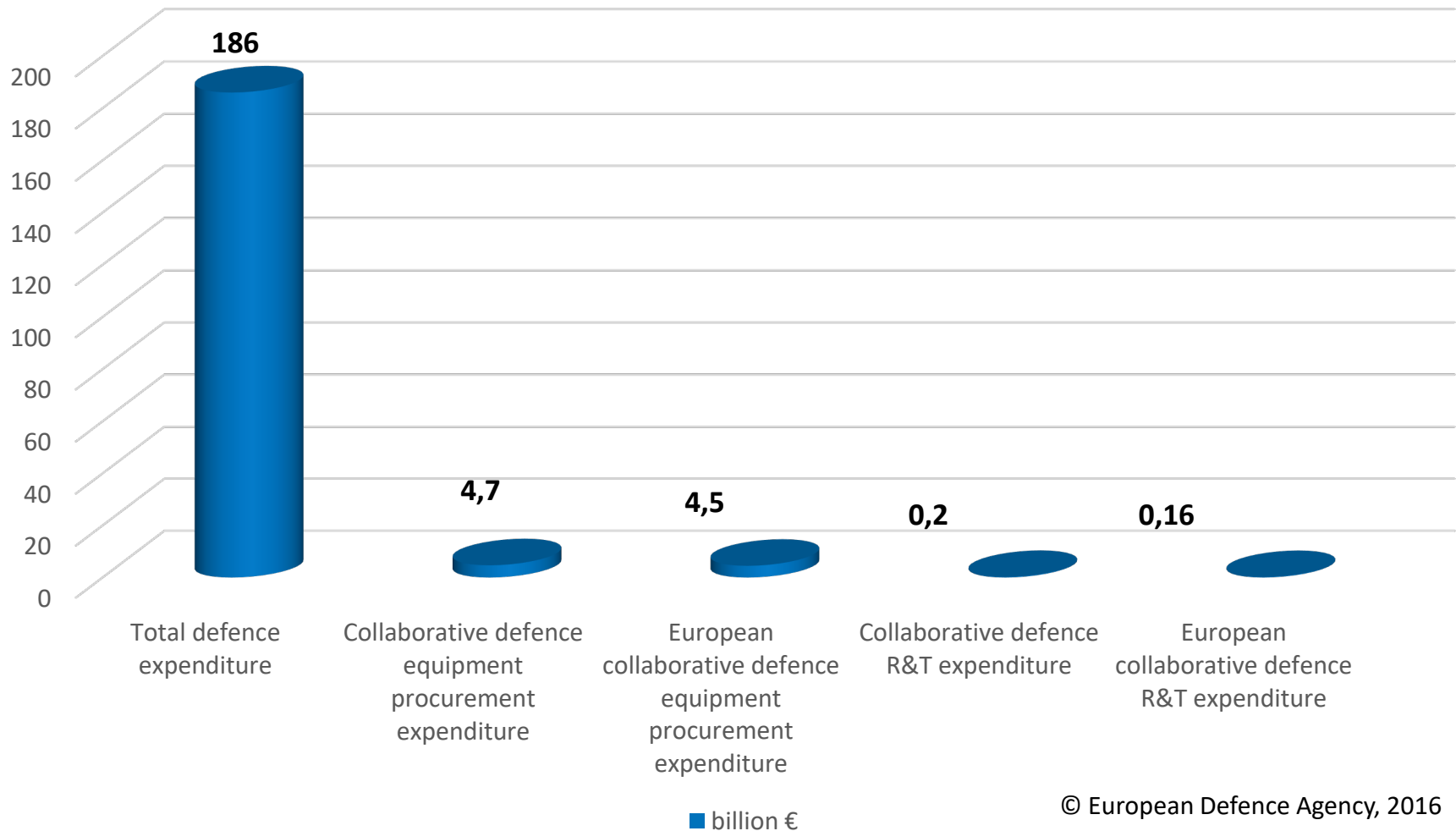
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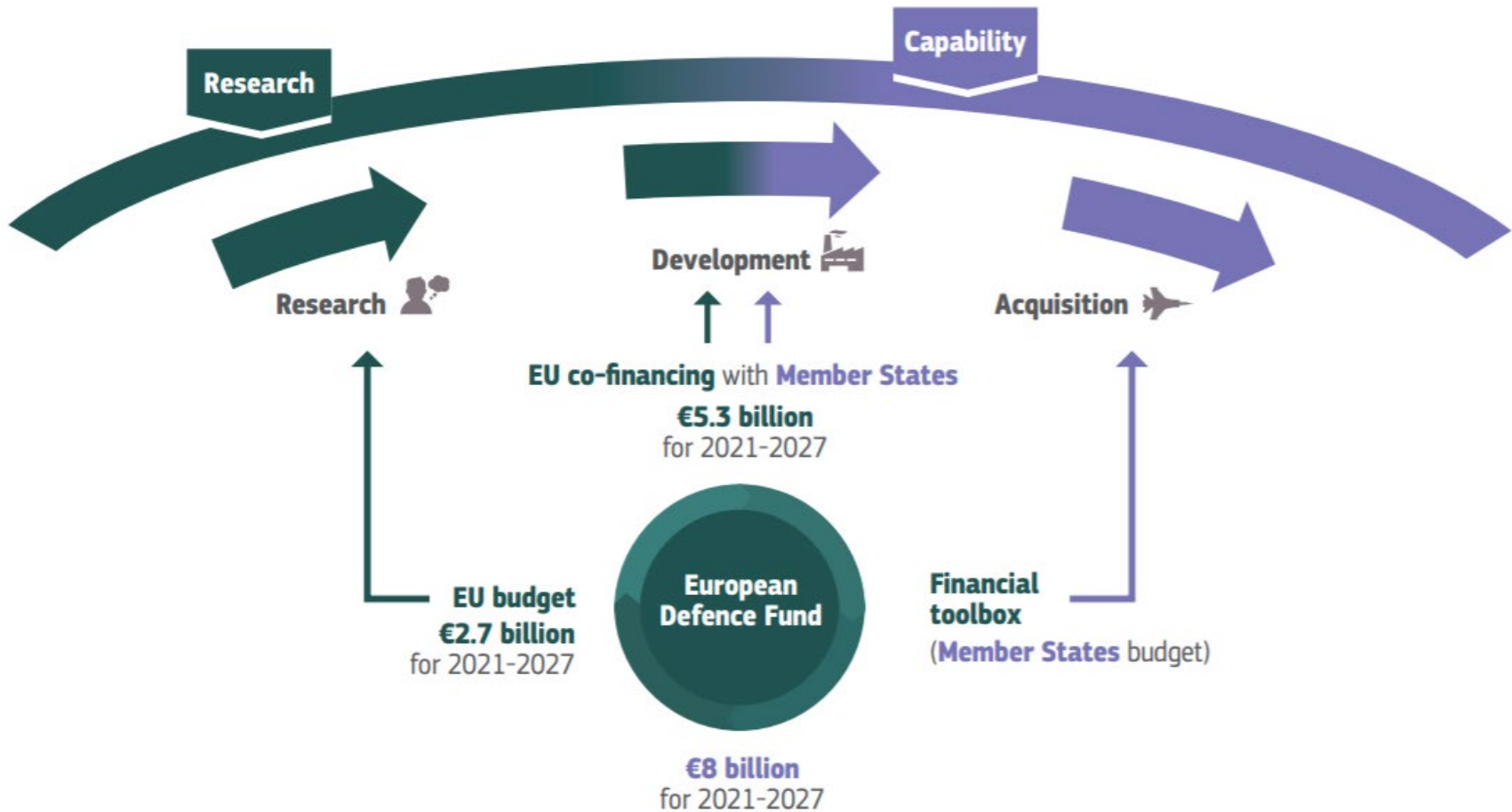
Source of data: <https://data.worldbank.org/indicator/MS.MIL.XPND.CD?end=2020&locations=EU-US-CN&start=1990&view=chart>

# Europe state-of-play

## What collaborative activities?



# European Defence Fund (EDF)



Source: [https://ec.europa.eu/defence-industry-space/document/download/69aa3194-4361-48a5-807b-1a2635b91fe8\\_en](https://ec.europa.eu/defence-industry-space/document/download/69aa3194-4361-48a5-807b-1a2635b91fe8_en)

# 4) Challenges by ESG



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# Increasingly difficult access to finance for the European defence sector

- **Banks & insurances:** Europe-wide reluctance to accept companies involved in defence activities as clients, denying them basic services such as bank accounts, loans or export insurances
- **Institutional investors:** significant portion of European equity and bond investors refusing to invest in companies involved in defence activities
- **Retails investors:** preference for investment opportunities excluding companies involved in defence activities

# 5) Policy shifts and a changing public perception



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# Growing awareness on access to finance for the defence industry at the top EU level

- Several initiatives **already before the war in Ukraine** (EDIDP, European Defence Fund, PESCO, Military Mobility)
- **Ukraine war** a further catalyst to make European defence a political priority; shift in public perception
- **15 February 2022, European Commission Communication** highlighting that “initiatives on sustainable finance, remain consistent with the European Union efforts to facilitate the European defence industry’s sufficient access to finance and investment.”

# Growing awareness on access to finance for the defence industry at the top EU level

- **11 March 2022, Versailles declaration by EU Heads of State and Government:** “measures should be taken by the end of 2022 to promote and facilitate access to private funding for the defence industry, also by making best use of the possibilities offered by the European Investment Bank.”
- **21 March 2022 EU Strategic Compass adopted by EU foreign ministers:** “important to ensure that horizontal EU policies, such as initiatives on sustainable finance, remain consistent with the European Union efforts to facilitate the European defence industry’s sufficient access to public and private finance and investment”

## 6) Defence industry as part of a sustainable ecosystem



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# European Defence Industry as a Sustainable Investment Case

- **A strategic investment:** Investing in the defence industry means investing in Europe's security. Without security there can be no sustainability.
- **A profitable investment:** Given the new security environment, defence spending worldwide will grow massively and steadily, resulting in growing turnover for defence companies.
- **A sustainable investment:** Most defence companies are also active in civil aviation and space, forming an ecosystem that supports sustainability in many ways.



# Thank you



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