

European Investment Bank (EIB) Lending



Copyright Wikimedia.org

Summary: The EU's EIB has nothing to do with the Common Security and Defence Policy (CSDP) but is being tapped in order to fund CSDP integration as a source of loans. An example cited (but on which information is lacking) is the Programme for the Competitiveness of enterprises and Small and Medium-sized Enterprises (COSME). On a macro level, in December 2019 the European Defence Agency EDA and European Investment Bank (EIB) signed the Cooperative Financial Mechanism (CFM) "aimed at creating funding support for budget-constrained member states participating in multinational defence programmes." This allows states that want to participate to borrow from the EIB to cover any shortfall in their defence budgets.

At stake: The EIB is being tapped to fund EU defence integration. Given the history of state vacillation over Defence procurement, these loans are particularly exposed.

What they say: "The CFM adds a very powerful instrument to our toolbox in the context of an enhanced momentum for defence cooperation fostered by the EU defence initiatives" - Jorge Domecq, EDA Chief Executive



Copyright Twitter.com/eib

Exposure: Massive. Under the Withdrawal Agreement (A150), the UK retains existing EIB liabilities (the exact amount is currently classified and the figure will not be made public until 2029!); UK share of capital will be returned only gradually over many years; and it will be devoid of interest, even for commitments triggered after Brexit. There is considerable scope for abuse - and a visible track record for it in EU financial matters.

Action: HMG should assert its position on EIB liabilities (and link this as a precondition to other outstanding funding matters).

Deep dive: http://www.therecell.co.uk/uploads/9/6/4/0/96409902/the_boris_deal.pdf