

Brussels, 22/05/2017

ENAAAT and ethical finance groups Open Letter to the EU Finance Ministers on the EFSI extension and the EIB lending criteria

*cc to the 28 Permanent Representatives and
to the Financial Counsellors Working Party*

Dear Madam, dear Sir,
Finance Ministers of the EU Member States,

On Tuesday 23 May, you will be meeting as EIB Governors and under the ECOFIN Council format. In this context, we would like to share our concerns regarding a possible paradigm shift within the extension of the European Fund for Strategic Investments (EFSI 2.0) and/or regarding the EIB lending criteria.

As you know, the EC Defence Action Plan and the Implementation Plan on Defence of the EU Global Strategy propose to start using EU public money for the arms industry. On top of a new research funding that could amount to several billion Euros from 2021, and of funds being already diverted from current budget lines such as Erasmus+ and COSME, it is also suggested to adapt the EIB lending criteria in order to allow new investments in the military sector, in particular through EFSI. We consider that in the interest of European citizens, both the EIB and EFSI should continue excluding activities related to “ammunition and weapons, military/police equipment or infrastructure”¹ and the EU budget should continue to support civilian activities only.

1. Investing in the arms industry will contribute neither to peace nor to jobs and growth

The arms industry is an industry unlike any other. While the causes of conflicts are multi-factorial, trade in arms do fuel many of them around the world. One of the most horrific examples is undoubtedly the war in Yemen where at the moment European-made weapons are being used to commit war crimes and human rights abuses, with a devastating famine as a consequence.² An industry with a track record in human rights violations and war crimes should not receive public money with the aim of increasing its global competitiveness.

Investing in arms is also economically a bad decision. Although scientific research is limited in this area, it tends to point out that military spending has adverse effects on growth or has no significant effect at all.³ Moreover, it is proven that similar levels of investments in other sectors, such as green energy⁴, creates more jobs and more economic growth⁵ without a similar negative impact.

2. Both the EIB and EFSI should use investments for environmentally and socially responsible projects

With more than EUR 83 billion of signed operations in 2016 the EIB Group is also one of the biggest international public financial institutions operating globally. In the recent years, following a decision by the European Council to increase its capital and the setting-up of the European Fund for Strategic Investments (EFSI), the EIB has played an important macroeconomic role in the EU and increased its visibility.

The EIB should use this economic role to foster a more sustainable society. Indeed, if the European Union is

¹ [Activities excluded from EIB lending \(22.04.2013\)](#)

² <https://www.hrw.org/news/2017/01/12/yemen-no-accountability-war-crimes>

³ J. Paul Dunne & Nan Tian, "Military Expenditure, Economic Growth and Heterogeneity," *Defence and Peace Economics, Taylor & Francis Journals*, vol. 26(1), pages 15-31, February 2015

⁴ <https://www.caat.org.uk/campaigns/arms-to-renewables/arms-to-renewables-background-briefing.pdf>

⁵ R. Pollin & H. Garret-Peltier, "The US Employment Effects of Military and Domestic Spending Priorities", 2011 update (Amherst, MA: Political Economic Research Institute, University of Massachusetts 2011)

to hold its commitments under the Paris Agreement, both EIB and EFSI need to re-direct their operations towards investments in energy efficiency and renewable-energy-based energy to set Europe on a low-carbon and sustainable path.

Moreover, these investments would improve long-term peace and economic well-being much more than spending these funds on the production of weapons, as they would address major root-causes of conflicts.

Thus we urge you,

- as **Governors of the EIB**, to **oppose any attempt to adapt the EIB lending criteria in a way that would allow such investments in the defence sector, and this for any fund implemented through the EIB, including EFSI;**
- as **EU Finance Ministers**, to **resist any new proposal to include investments for the defence industry within the EFSI mandate that would raise during the political trilogue to come on its extension⁶.**

Please get in touch if you have any questions or would like to discuss any of these issues.

Yours sincerely,



Doornzaam ethisch sinds 1926



⁶ Proposal for a Regulation of the European Parliament and the Council amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancement for that fund and the European Investment Advisory Hub

[VREDESACTIE]

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List of the 29 signatories:

Aktion Aufschrei: Stoppt den Waffenhandel, Germany
Agir Pour la Paix, Belgium
Both Ends, NL/international
CAAT UK - Campaign Against Arms Trade, UK
Centre d'Estudis per a la Pau J.M. Delàs, SPain
Committee of 100 in Finland
Counter Balance, EU
VDK Spaarbank, Belgium
Ecology Building Society, UK
EthikBank eG, Germany
Facing Finance, DE/international
FairFin, Belgium
Fiare Fundación, Spain
FETS – Finançament Ètic I Solidari, Spain
Fondazione Finanza Etica, Italy

GSOA - Gruppe für eine Schweiz ohne Armee, Switzerland
Human Rights Institute of Slovakia
IPB – International Peace Bureau
L'Observatoire des armements, France
Nesehnutí, Czech Republic
Norwegian Peace Association
Associació Oikocredit Catalunya, Spain
Peace Union of Finland
Rete Italiana per il Disarmo, Italy
SPAS - Swedish Peace and Arbitration Society
Stop Wapenhandel, the Netherlands
Urgewald, Germany
Vredesactie, Belgium
WRI – War Resisters' International