A global outlook - 2050

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ASD Secretary General

The European development in a global context
Different levels of context

- +/- 5 years Political Security/Defence related
- +/- 10 years Defence Industrial Perspective
- +/- 30 years Global Perspective
Global population 9.8 Billion in 2050

- + 83 million people/year
- China (1.4 Bn) and India (1.3 Bn) remain top two
- India bigger than China in 2024
- Nigeria (7th) third largest country before 2050.
- 50% of global growth in: India, Nigeria, Congo, Pakistan, Ethiopia, Tanzania, USA, Uganda and Indonesia
- 26 African countries projected to more than double
- Africa as a whole from 1.1 Bn to 2.4 Bn
- Fertility rate Africa 4.7 (Europe 1.6)

Source: The 2017 Revision of World Population Prospects; Population Division of the UN Dept of Economic and Social Affairs.
Global population 9.8 Billion in 2050

- Fertility rate < 2.1 in 83 countries (46% of the world’s population), incl China, US, Brazil, Russia, Japan, Germany and UK
- Age > 60; more than double by 2050 and to more than triple by 2100, (0.9/2.1/3.1 Bn)
- Europe, today 25% at > 60. Projected at 35% by 2050
- Ageing population challenge; health care, pension and social protection systems
- Concentrated growth in TLD Countries - challenge the UN 2030 Sustainable Development Goals
GDP projections for 2030 and 2050 (Purchasing Power Parity rank)

Source: IMF WEO database (October 2014) for 2014 estimates, PwC projections for 2030 and 2050

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Europe’s relative size on the global scene

- **2014**
  - 17% of total GDP at PPP

- **2030**
  - 14% of total GDP at PPP

- **2050**
  - 12% of total GDP at PPP

A 30% decrease in relative size!
The fourth industrial revolution: will fundamentally alter the way we live, work, and relate to one another.
GMIS - Discussion

- < 50% employed in US manufacturing today vs 30 years ago
- Agricultural will lose > 600 million jobs until 2050

- Virtual reality
- Digitalization and big data
- 3D-printing

Strategic positioning of countries in future global value chain – is ongoing!
Trends in Defense
World Military Expenditure

Who are the largest defence spenders around the globe? (2012 vs 2016 levels)
(current € billions)

- **US**: +1%
- **EU-28**: +4%
- **China**: +61%
- **Russia**: +4%
- **Saudi Arabia**: +23%
- **UK**: -7%
- **India**: +51%
- **Japan**: -9%
- **France**: +12%
- **Germany**: +8%

Data source: IISS Military Balance 2013/2017
Top ten defence budgets 2015

Source: International Institute for Strategic Studies (IISS), *The Military Balance 2016*
European Collaboration

- Total defence expenditure: 186 billion €
- Collaborative defence equipment procurement expenditure: 4.7 billion €
- European collaborative defence equipment procurement expenditure: 4.5 billion €
- Collaborative defence R&T expenditure: 0.2 billion €
- European collaborative defence R&T expenditure: 0.16 billion €

Source: EDA Data 2014
The European Defence Fund

EU co-financing with Member States
- €500 Mo until 2020
- €1 bn per year post 2020

EU budget
- €90 Mo until 2020
- €500 Mo per year post 2020

European Defence Fund

Financial toolbox (Member States budget)

Multiplying effect on Member States investments with the objective to reach €5 bn more per year in collaborative equipment
Challenges on the way to success

- Operationalise “strategic autonomy”
  - Which capabilities to do what?
  - Which technologies to develop in Europe?

- Define division of labour
  - What to do in which cooperative framework?
  - Which role for which body (EC, EDA, OCCAR, NATO)?

- Manage post-Brexit
  - How to strengthen European defence in the EU and keep UK involved?
Michel Barnier at the Berlin Security Conference, Nov 29th

• United Kingdom to leave the EU

• Strategic repositioning by US, Series of attacks on European soil

• Reaffirmed common project, even in the core areas of national sovereignty – security and defence.

• Angela Merkel last spring: ‘Wir, Europäer, müssen unser Schicksal in unsere eigene Hand nehmen.’

• Heads of State or Government decided to respond to the demands from the 75% of our compatriots who want Europe to play a bigger role in security issues.
Michel Barnier at the Berlin Security Conference, Nov 29th

- June 2016, renewed Global Strategy
- July 2016 EU and NATO strategic partnership
- November 2016 proposed European Defence Fund
- June 2017 strengthened EU capacity to plan and conduct external operations
- June 2017 the EC discussions on Europe's defence even the establishment of a common defence.
Michel Barnier at the Berlin Security Conference, Nov 29th

“"For the first time since the failure of the European Defence Community in 1954, we are witnessing an unprecedented effort to establish a Defence and Security Union. This is the roadmap we need to follow between now and 2025!”"
ASD: Aerospace and Defence Industries Association of Europe
16 major European companies, 26 National associations from 19 European countries with over 3000 companies, 847,700 employees, turnover of €222 billion (2015).