

BEPIDS - SUMMARY

Current geopolitical tensions have further stressed the necessity of strategic autonomy, especially concerning defence and security. A strong European Defence Technological and Industrial Base (EDTIB) is a primary condition for this autonomy. Also at the national level, Belgium requires a strong Defence Technological and Industrial Base (DTIB) to maintain core military industrial capacities and 'Security of supply' of key defence-goods to secure our national security, as well as to contribute with our scientific, technological and industrial capacity to the EDTIB to enhance the EU's and NATO's collective security and strategic autonomy. Hence, it is important for Belgium to develop a strategy to support research, innovation and development in the BE-DTIB. The Belgian Defence Industry and Research Strategy (DIRS), initiated in 2022, sets out to do so. As noted in the STAR-plan of Belgian Defence, several informational gaps remain to properly implement the Belgian DIRS. The BEPIDS project focuses on providing inputs for some key open points of the DIRS. The research primarily addresses a knowledge gap of what exactly the wider BE-DTIB encompasses. Hence, the main aim of the research is to provide an analysis of the Belgian DTIB in order to fill this knowledge gap at the Belgian level to enable more targeted support for the national scientific, technological and industrial potential to achieve the objectives of the BE-DIRS. Central to the research are the following questions:

1. "What is the Belgian DTIB and what legal entities are considered part of it?"
2. "How can the Belgian DTIB be supported within European regulations on Competition Policy and State Aid?"

Hence, the project consists of a 'mapping'/database and a 'support' portion.

For the mapping portion, the key objectives are to define the term 'BE-DTIB' through a comparative case study analysis (1); source data and content in a database containing the legal entities forming the BE-DTIB to subsequently analyze the BE-DTIB to enable identifying niches and characteristics (2); and analyze the Belgian Defence Ecosystem within the international scene through analyzing the BE-DTIBs positioning in the EDF and its precursors (3).

The support portion focusses on how to provide support that is legally compliant with EU law. Key objectives here are to understand to what extent art 346 TFEU can be employed as a derogation to the State aid ban; how compatible state aid can be employed to support the BE-DTIB; and to develop a short policy toolkit that can be used to understand and navigate the derogations and exclusion grounds existing for State Aid and Public Procurement.

Key output

Mapping Analysis

- Defining the BE-DTIB through Multiple Case Study Analysis. [Working paper [Link](#)]
- Operationalizing the BE-DTIB definition: mapping and analysis of the BE-DTIB. [Working paper [Link](#)]

- Belgium in the EU defence ecosystem: EDF and precursor analysis. [Working paper [Link](#)]

Database

- List of legal entities part of the BE-DTIB [Internal only – not published]
- BE-DTIB dataset [Internal only – not published]
- Draft dashboard and Powerbi database. [Internal only – not published]

Support

- Article 346(1) TFEU and Strategic Autonomy: A possible Loophole to Grant State Aid in the Context of Geopolitical Struggles? [Research paper [Link](#)]
- A State aid framework [Report [Link](#)]
- Policy toolkit [[Link](#)]
- R&D in the Defence Sector: How to Close the commercialization Gap? [Research paper [Link](#)]
- Can the “buy European” requirement counter the challenges of the European Defence Technological and Industrial Base? A critical perspective on EDIS and EDIP. [[Link](#)]
- EDIS: What does it mean for Belgium? [Opinion piece [Link](#)]
- The European Defence Industrial Strategy and Its Implementing Regulation Viewed Through Procurement Law Spectacles. [Research paper [Link](#); [Link](#)]
- Access to finance for the BE-DTIB: time for action. [Opinion piece [Link](#)]

Other

- Interview in Trends 23/01/2025, Groeikansen en werkpunten voor de Belgische defensie industrie. [[Link](#)]
- Input for a VARIO report: Opportuniteiten en noden voor een brede Vlaamse Defensie-Industrie en Defensie Innovatie Deel 1 & Deel 2. [[Link 1](#)] [[Link 2](#)]
- Presentations (external only) [[Link](#)]
- *For other output, see the GeoEconomics Group Website [[Link](#)]*

Key conclusions/ recommendations

- For an effective use of the DTIB and underlying Industrial base, Wallonia’s focus on defence should be further leveraged, while Flanders and Brussels should primarily focus on promoting spill-overs of dual-use technologies and motivate legal entities to more proactively position themselves as being relevant for the BE-EU-NATO DTIB.
- Incorporate/promote focus within current clustering (e.g. the ‘Speerpuntclusters’ in Flanders, if doing so is permissible by the currently signed ‘clusterpacts’). Aside from the defence-focused clustering, also existing non-defence focused clustering mechanisms on a regional level could be leveraged to contribute to the DTIB by including defence more actively in these mechanisms to promote spill-overs.

- Consider aligning the DIRS to leverage Belgian strengths within the EU defence ecosystem and to align with key Belgian defence aspects such as the underlying industrial and technological base of the main self-identified defence industry in Belgium and its export position.
- Ensure that domestic defence-specific funding programs complement EU funding.
- Consider branching out delta financing alignment (cfr. [DIANA & NATO innovation fund intergovernmental funding agreement](#)) to other defence programmes such as EDF, but also to BE-DIRS and (potential) Belgian participation in FCAS.
- Establish an Interfederal Coordination platform (cfr. [Voorstel interfederaale samenwerking Defensie](#)), preferably using the BE-DIRS governance mechanism, to align and coordinate cooperation between the different federated entities with distinct competencies.
- Employ article 346(1) TFEU where required to secure well-defined Essential Security Interests and consult the EU Commission to ensure alignment.
- Where possible, it is preferred to employ state aid derogations from the State aid ban in Article 107(1) TFEU (See: State Aid report) and exemptions included in the EU Defence and Security Directive for procurement (See: toolbox). Especially for regional competences, the State Aid framework can be employed where required and deemed necessary to contribute to strategic autonomy and to EU/NATO defence industrial and innovative capabilities/capacity.
- Given Belgium's low portion of R&D budget allocation to defence, consider shifting a portion of the R&D budget to defence to align with peers and to reach the commitments made by Belgium concerning spending on Defence Research & Technology (R&T).
- Communicate clearly on the need of Higher Education Institutions, especially those of the Flemish community, to be an active player.
- Use best practices in data management and reporting by including legal entity numbers from the Crossroad Bank of Enterprises (CBE) when setting up databases or in reporting.
- Further research how to engage the financial markets to avoid the "valley of death".
- Further research and address ESG-interpretation concerns (cfr. [EDIS on the misinterpretation of ESG for defence-related activities](#)).
- More attentively track the impact of support for defence-related research and development and its economic, scientific and social return.

Key words

Defence Technological and Industrial Base, Defence Industry, Industrial Policy, mapping analysis, database.