



PRESS RELEASE

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Public thematic report

SUPPORT FOR ARMS EXPORTS

The desire for strategic independence and the narrowness of the domestic defence market, combined with the need to build solid military cooperation, have led France to develop an ambitious military equipment export policy. This strategy is part of an international context marked by higher volumes of armed conflict, increased arms spending and a global market dominated by five countries (United States, Russia, France, Germany and China) which accounted for 78.5% of the volume of international military trade between 2017 and 2021. In this competitive market, France has moved from fifth to third place in the world by doubling its market share (11% in 2021), resulting in an upturn in arms exports in 2021 (€11.7bn) - the third best French performance in this sector. It is mainly based on the successes of large companies in the aviation and naval sectors. In the report published today, the Court of Accounts describes the strong commitment of the public authorities to supporting the export of military hardware and the mechanisms put in place to this end, which it considers to be generally effective. It nevertheless questions the integration of this support strategy into the overall action of the Ministry of the Armed Forces, and whether the political uncertainties and financial risks associated with this policy are properly taken into account. Finally, it underlines the international constraints and the increasing ethical and transparency requirements to which the arms trade is subject.

A generally satisfactory organisation of support for military equipment exports

The public authorities are strongly involved in support for arms export (Soutex) through a coherent and efficient set of structures. These mechanisms have helped France to become the third largest exporter of military equipment and to achieve a trade surplus in this sector of more than €7 billion in 2021. This support could be made more available to SMEs by developing training programmes managed jointly by France's Defence Procurement Agency (DGA), the General Directorate of Treasury (DG Treasury) and the dedicated structures in place.

Export controls of military equipment can be made more effective

The arms trade is subject to a derogation system of prior authorisation, involving rigorous checks, governed by demanding international and European rules. The three interministerial committees in place for export controls of military hardware and similar items, dual-use goods and civilian arms and explosives operate satisfactorily. With regard to the introduction of contract licences, initiated by the DGA, the Court stresses that it should help to simplify this system, as should the advisable transfer to the Secretariat-General for National Defence and Security (SGDSN) of the notification of licences - currently carried out by Customs.

Armament and security industries: a compromised export capacity

Global industrial interdependence leads to a partial dependence of the arms industry on supplier countries. However, the incorporation of foreign components into manufactured equipment or interstate cooperation in their design and production makes exports subject to the regulations of these countries, which can lead to the blocking of certain French exports. It would seem advisable to become as free as possible from the most burdensome of these constraints, particularly those issuing from the United States, by developing so-called "ITAR-free" (International Traffic in Arms Regulations) industrial solutions, right from the design stage of equipment.

The costs of the support policy need to be better accounted for

Support for exports has become a full-fledged mission of the Ministry of the Armed Forces with a very strong involvement of the DGA, the Armed Forces General Staff (EMA) and the forces. A significant amount of activity is deployed to support the prospecting and promotion of exports. Coordinated actions for major contracts are implemented with other ministerial departments, as well as strengthened cooperation between the DGA and the EMA within the ministry, to meet the demands of client countries or manufacturers. Nevertheless, these actions increasingly put pressure on the resources of the armed forces, which are sometimes forced to temporarily deprive themselves of capacity to meet the demands of client countries, because manufacturers are unable to rapidly increase their production or do not have sufficient stocks. The Court therefore recommends that a cost/benefits assessment be conducted for these various support operations.

Exports of military equipment: an important financial support from the State to be consolidated

While some of the support procedures implemented by the Ministry of the Economy are not used or used very little, guarantees for contracts in progress are, on the contrary, very much used, with an outstanding amount of more than €17 billion, representing nearly 29 % of the credit insurance portfolio managed by Bpifrance Export Insurance on behalf of the State. In addition, the financing of arms exports by banks may be made more difficult by the possible exclusion of these sectors from the European green taxonomy, or by the rise of social and environmental responsibility requirements and the application of extraterritorial measures, particularly in the United States.

It is important to anticipate these trends.

Finally, the government's strategy to support large companies in the armaments sector could be of greater benefit to smaller companies and the security equipment sector. It must be continued to ensure the development of these sectors which are essential to national independence.

[Read the report](#)

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