

# THE TRUTH ABOUT THE SPANISH MILITARY EXPENDITURE 2011

Military expenditure  
and R&D in times of crisis



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Military investments 2011 = 2,006 million euros



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## REPORT

no. 7



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and R&D in times of crisis

**Pere Ortega and Xavier Bohigas**

Centre d'Estudis per la Pau JM Delàs  
Barcelona, December 2010



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# REPORT



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## SPANISH MILITARY SPENDING FOR FY 2011

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**According to the NATO  
the Spanish military  
spending should include  
some items which are  
actually distributed in other  
Ministries**

Every year the Delàs Centre goes through the military spending of the Spanish state following the criteria established by the NATO, a political and military organization of which Spain is a member. In order to unify the criteria among member states, it recommends which items should be entered as military expenditure. Applying these criteria, we realize that Spanish military expenditure does not only include the Ministry of Defence's budget but also some military items which are distributed in other ministries. Such as retired soldiers, militaries who have passed to the army reserve or who are retired within the Social Security's budget; the military insurance that is really charged to other Ministries; R&D aids and some investments in military projects that are taken from the Ministry of Industry; the "Guardia Civil"; a paramilitary force subjected to the military discipline but charged to the Interior Ministry; and the contributions to disarmament agreements or military organizations as the NATO, which depend on the Ministry of Foreign Affairs.

The crisis that is affecting Spain has caused an impressive fall of the State's income and an enormous deficit of national accounts, which brought the state to an important public debt. Given that public debt is aimed at covering the common costs of all national expenditure, it is logical that the proportional part of the interests needed by Defence to invest in arms and structures for the armed forces are applied to the fiscal year's total military expenditure. In this way, in order to make up for the deficit, that is going to reach 68%, debt's interests for fiscal year 2011 are expected to rise by 18% more, reaching 27.4 billion euros and the proportional part of the interests that correspond to Defence are expected to be 1.212 million euros.

The Ministry of Defence's initial budget for fiscal year 2011 is of 8,560.09 million euros. According to the Government, it represents a 7% decrease with respect to fiscal year 2010. But according to our analysis and keeping in mind the mentioned military items distributed among other ministries, the total

1. The criteria are: armed forces; cost of the civil or military personnel charged to the Ministry of Defence; cost of the functioning of military programmes, including spatial programmes; cost of paramilitary organizations; cost of R&D and investments in arms and military infrastructure; pensions and social insurance of the Ministry of Defence's civil or military personnel; military aid and participation in organizations or military missions abroad.

**Table 1. Spanish initial military expenditure 2010-2011**  
(in millions of current euros)

Items	2010	2011
Ministry of Defence	7,694.86	7,156.38
Autonomous Bodies of the Ministry of Defence	1,218.19	1,175.51
National Centre of Intelligence	241.37	228.20
<b>Total of the Ministry of Defence</b>	<b>9,154.42</b>	<b>8,560.09</b>
Retired soldiers	3,328.59	3,252.15
ISFAS (Other Ministries)	617.53	624.89
Guardia Civil (Interior Ministry)	2,973.17	2,790.96
R&D loans and military aids (Ministry of Industry)	979.21	794.84
International military organizations (Ministry of Foreign Affairs)	11.07	9.82
<b>Total of Defence according to the NATO's criteria</b>	<b>17,063.99</b>	<b>16,032.75</b>
Interests of the Public Debt	1,125.20	1,212.00
<b>TOTAL Military expenditure</b>	<b>18,189.19</b>	<b>17,244.75</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 2. Main indicators of Spain military expenditure 2010-2011**

Indicators	2010	2011
Daily military spending	49.75 million €	47.24 million €
Annual military spending per person	395 €	374 €
Military spending / GDP	1.73%	1.62%
Military spending / total budget	4.70%	4.75%
Military spending variation	-2.41%	-5.19%
Military investments	2,414.17 million €	1,982.39 million €
Military investments / Total investments	10.06%	9.60%
Military investments variation	-23.50%	-17.88%
Total military R&D	1,182.80 million €	974.62 million €
Military R&D / Total R&D	12.96%	11.47%
Military R&D Variation	-19.1%	-17.6%

Source: prepared by the authors on the basis of the Nation's General Budgets

military spending is quite higher and reaches 17,244.75 million euros (Table 1), representing a 944.4 million euros decrease, a 5.19% with respect to the former year.

### Indicators of the military expenditure for fiscal year 2011

Table 2 shows the main indicators of the military real cost for fiscal year 2011, comparing them with those of 2010. As a whole, all indicators show a decrease of the military expenditure in almost all fields. Yet, at a closer look, the cut in defence expenditure is not that significant.

The savings in military spending comes from almost all items. The personnel cost decreases by 5.4% with respect to 2010. In order to make it effective, it is proposed to decrease by 3,000 the current endowment of 86,000 soldiers previewed in 2010 (furthermore there are 48,000 commands). It is not very clear how this is going to be achieved, surely not by renewing the contracts expiring in 2011 and favouring the retirement to the reserve of some soldiers. It is also proposed to cut military investments by 17,2%.

### The items of investments and personnel are underfunded and are going to be complemented during the fiscal year 2011

Reducing the spending for goods and services is more difficult, as it would affect the maintenance of infrastructures and armed forces, and it is only decreased by 0.38% (Table 3 and evolution in Table 1 and Graph. I of the Annex).

The conclusion is that the items of investments and personnel are underfunded and are going to be complemented during the fiscal year 2011, as it was the case in former years (see Table 5). It is then necessary to analyze the settlement of the Ministry of Defence's budget at the end of the year.

## The settlement of the Defence's budget

Since the approval of the initial budget until the final settlement, different items receive supplementary resources to cover the real costs. For example, every year the spending of the military forces in missions abroad is budgeted with a very poor amount compared to the final real cost. According to minister Carme Chacón it amounted to 787.9 million euros for 2010 (see Table 2 of the Annex). The same happens, most of all, with the investments for new weaponry which are also underfunded and that receive further resources during the year.

Where do these resources come from? The Budgets include a chapter called Contingency Fund, some sort of hodgepodge funded with 2,668.49 million euros for 2011. The other source of supplementary funding are the "own funds," that come from the sale of terrains, barracks and facilities of the Ministry of Defence. In other words, the Government allows the privatization of the State's assets to be able to cover the costs of defence.

So, every year the budget's funding increases by 10% and 15%, depending on the year (see evolution in Table 3 of the Annex). In 2010, for example, in the context of the serious crisis affecting the country, the Government announced a 6.2% reduction of the Ministry of Defence's budget. At 30<sup>th</sup> of September 2010, the provisional funding already shows the military spending raising by 849 million euros, a 9.3% increase. The result is that the announced reduction of the military expenditure can be finally inexistent (Table 4 and evolution in Graph. 1).

The items that were benefited by economic supplements were the cost of services maintenance and those devoted to investments for arms purchase, while it will be necessary to wait until the end of the year to know whether the spending for personnel is going to stay within the initial estimate. Services maintenance could actually have an explanation, because the internal cost of the daily life causes incidental expenses. On the contra-

The chapters that were benefited by economic supplements were the cost of services maintenance and those devoted to investments for arms purchase

**Table 3. Distribution for items of the Ministry of Defence's expenditure**  
(in millions of current euros)

Items	2010	2011	Variation %
Personnel	5,335.47	5,046.59	-5.41
Goods and services	1,563.02	1,557.40	-0.38
Investments	1,463.26	1,211.68	-17.22
Total Defence	8,361.75	7,815.67	-6.53

Source: prepared by the authors on the basis of the Nation's General Budgets

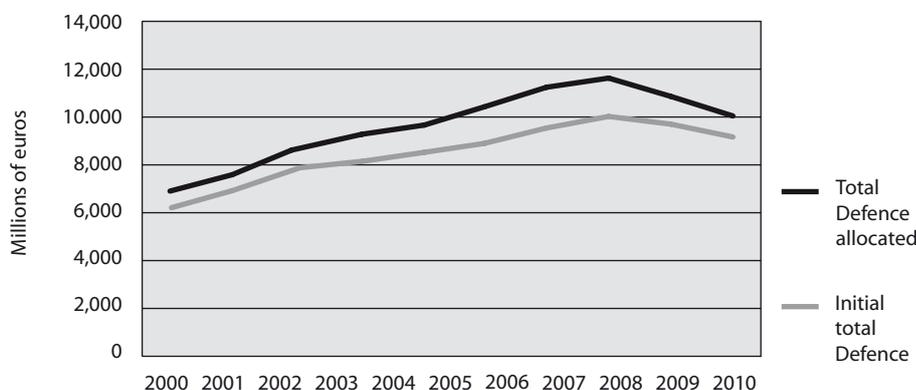
**Table 4. Allocated budget for the Spanish Ministry of Defence 2009 – 2010**  
(in millions of current euros)

	2009	2010*
Total Defence allocated	10,879.58	10,003.50
Initial total Defence	9,726.36	9,154.42
Changes of the total	1,153.22	849.08
Variation (%)	11.9	9.27

\* Provisional allocation at the 30<sup>th</sup> of September 2010

Source: prepared by the authors on the basis of the Nation's General Budgets

**Graphic 1. Budget of the Ministry of Defence**



Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 5. Initial / allocated budget per item of the Ministry of Defence 2009/2010** (in millions of current euros)

Budget	2009	2010*
Personnel (initial budget)	5,326.95	5,335.47
Personnel (allocated budget)	5,765.25	5,147.66
Personnel change	438.30	-187.81
Goods and Services (initial budget)	1,577.32	1,463.26
Goods and Services (allocated budget)	2,372.73	2,208.99
Goods and Services change	795.41	745.73
Investments (initial budget)	2,005.86	1,463.26
Investments (allocated budget)	2,126.67	2,101.28
Investments change	120.81	638.02

\* Provisional allocation at the 30th of September 2010

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 6. Military investments central State + autonomous regions** (in millions of current euros)

Year	Defence Investments	R&D and military aids Ministry of Industry	Total military investments	Central State and autonomous regions investments	% Military investments / Total
2010	1,463.26	979.22	2,442.48	24,005.00	10.17
2011	1,211.68	794.84	2,006.52	20,639.01	9.72

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 7. Loans of the Ministry of Industry to the (EMU)**

(in millions of current euros)

2007	40.00
2008	80.00
2009	7.60
2010	28.31
2011	24.13
<b>Total</b>	<b>180.04</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

**The Spanish military investments estimated for the coming years amount to over 15 billion euros; among them a 4.1 billion euros worth frigate stands out**

ry, the investment in arms is an item that should be estimated very accurately. Nevertheless, it is significantly increased by 745 million euros in 2010, which leads us to think that the initial allocation is deliberately made insufficient in order to hide the real investments in arms.

So, this could be a strategy aimed at reducing the increase of the initial military cost, which is not well seen by the public opinion that considers it inefficient, and at avoiding the debate about the increase of the defence cost in times of crisis, when the allocations to all ministries suffer cuts. There for the announced reduction of the military cost for 2011 is quite surely false, as is the reality that the chapters insufficiently funded are finally going to be complemented by additional resources (see evolution in Table 4 of the Annex).

## Military investments

Military investments are the most substantial part of the military expenditure because most of them are devoted to the purchase of weapons. For fiscal year 2011, they represent 2,006.52 million euros. This figure continues the reduction tendency of the last three years. It is a 17.8% reduction this year compared with 2010 investments and it represents 9.7% of all investments of the central state, as well as the transfers for investments to the autonomous regions (see Table 6 and evolution in Table 5 of the Annex). Military investments include the resources for the funding of big weaponry projects ahead, those for R&D about these very projects, the purchase of new weapons and the building of infrastructures and facilities.

This year, we spotted a new item in military investments coming from the Ministry of Industry that we did not take into account for former years. It is the one devoted to fund the purchase of material for the Emergency Military Unit (EMU). Since 2007, these items come from the Financial Assets one, such as loans conceded to the industries to provide this military

unit with equipment (Table 7), and 180 million euros have been mounting up during the last five years. This represents some kind of financial engineering operation or make up of public accounts, by which the Ministry of Industry anticipates resources to the industries, with the agreement that the Ministry of Defence is going to give this money back to the Industry one. This way Defence's budget does not increase excessively and, on the other hand, industries are financially aided in a covered way to develop new prototypes, as fire-fighter aircrafts and other equipments. This trick is also applied for R&D, for which loans also come from the Ministry of Industry (see the chapter about R&D of the report and Table 6 of the Annex).

About investments' decrease, it was decided to allocate a lower amount and to postpone the contracted projects, which means refinancing the projects to the military industries and then paying higher interests. In other words, they are finally more expensive. What is important anyway is that there are no cancellations and the big projects for which it is still necessary to invest some 15 billion euros, such as the Eurofighter combat aircraft, the A400M military transport planes, Tiger helicopters or Leopard tanks, are going on (see evolution and weapons projects ahead in Table 7 and 8 of the Annex).

Nonetheless there are new projects, such as the beginning of the manufacturing of the fifth frigate F-100, for an approximate cost of 4,100 million euros but that is initially funded with only 210,000 euros (Table 8). There are also new investments that are not included in next year's budget, and yet their contracting has been openly announced, such as four warships (BAC) for 33 million euros, or the Tanks 8x8 that are devoted to increase the safety of Spanish troops deployed in Afghanistan.<sup>2</sup> So to face these costs, ways to alleviate budgetary cuts of investments in weaponry are being studied, and some 1,250 million euros

**Table 8. Main Military investments 2010 – 2011** (in millions of current euros)

Weapons	2010	2011
Combat Aircraft EF-2000	176.19	0.19
Transport Aircraft A400M	1.00	1.12
Helicopters Tiger	36.27	87.50
Frigates F-100	0	0.21
Tanks Leopard	36.00	0.20
Tanks Pizarro	2.00	0
Towed mortar 155/52 mm	15.14	15.59
Missile Taurus	6.78	0.16
Missile Iris-T	11.06	47.60
Strategic projection ship LLX	0	0
Anti-tank missiles Spike	14.97	0.22
Armoured tank Centauro	11.47	0
Submarines S-80	0	0.24
Modernization of submarines S-70	0	0
Transport helicopters NH-90	14.49	0.26
Helicopters Lamps and modernization AV-8V (Navy)	0	0
Multipurpose helicopters	3.00	0.20
Military transport and disembark warship BAC, BAM, LCM	35.75	55.27
Modernization of military aircrafts F-18, C-15, CN-235	21.06	22.44
Communications, control systems and electronic warfare	168.78	123.14
Armoured vehicles and artillery equipment (Land Army)	30.80	33.26
Transport vehicles	17.12	23.61
Munitions and explosives	31.70	7.76
Missiles Mistral, ESSM, Standard and torpedoes MK-46 (Navy)	19.84	12.28
Light weaponry	0	2.17
Strategic coproduction (NATO)	19.09	9.93
Infrastructures and facilities	103.95	115.80
Non-specified investments	215.70	259.33
Investments for Autonomous Defence Bodies	239.21	189.29
<b>Total Ministry of Defence</b>	<b>1,231.37</b>	<b>1,007.77</b>
Aids investments EMU Ministry of Industry	28.31	24.13
Military R&D of the Ministry of Defence	231.89	203.91
Military R&D of the Ministry of Industry	950.91	770.71
<b>TOTAL Military Investments</b>	<b>2,442.48</b>	<b>2,006.52</b>

2. *Infodefensa*, 20/11/2010

Source: prepared by the authors on the basis of the Nation's General Budgets

**In times of crisis the Spanish Government has chosen to favour the military expenditure instead of the social one: Education, Health and Social Services suffer a budget cut of more than 8%, while Defence's budget is reduced by 5.19%**

**Ways are being studied to alleviate the cuts to the budget of the Ministry of Defence**

are probably being injected during the next three years, all of them coming from the Ministry of Industry.<sup>3</sup>

Therefore, considering what has been said about the final settlement of the military budget, it is flagrant that the initial budget is deliberately reduced (manipulated) and that new resources are going to be allocated in the course of the fiscal year, in order to fund the weaponry projects ahead.

### **Final Consideration**

In the context of a serious economic crisis and of international pressure for public spending reduction, the Government chooses to continue favouring the military expenditure instead of the social one, an expenditure that would help in reactivating a productive economy, by assisting less wealthy people's consumption. Welfare state's fundamental ministries are going to have their budget reduced, such as Education (8.1% reduction); Health (8.2% reduction); Social Services (8.1% reduction) with pensions' freezing; Official Aid to Development (19.9% reduction, that is 825 million euros). On the contrary, the Ministry of Defence

had those items with a social service character very well funded. The same is valid for other items that could help to overcome the crisis, such as investments for infrastructures, as long as they are socially and environmentally sustainable, because they create employment at the short-term but which are actually cut by 31%; or those that would result in increasing the productivity at the medium term, such as R&D and innovation, that is reduced by 5% (see chapter about military R&D).

The military expenditure for fiscal year 2011 is still one of the public spending priorities for the Government. This statement is not unfounded, as ways are being studied to get round the cuts to the budget of the Ministry of Defence. One of them, as we saw, is to inject further funding to the investments for weaponry from the Ministry of Industry; a second way is to transfer 16,000 soldiers in the reserve from the Ministry of Defence to the personnel item of the Ministry of Labour. If we add to this, the minimum reduction suffered by the Defence's budget, we can reach the conclusion that this ministry was the luckiest one within the settlement applied to the whole of the Nation's general budgets.

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3. *Infodefensa*, 26/10/2010

4. *Infodefensa*, 26/10/2010

# MILITARY R&D IN SPANISH GENERAL BUDGETS FOR 2011

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The general budgets presented by the Spanish Government for fiscal year 2011 amount to 362,459.62 million euros,<sup>1</sup> a 6.2% reduction compared with those that were approved for 2010. According to the Minister of Economy, they are austere budgets, aimed at deficit reduction.

In the summary of the costs classified according to specific policies, we read that “civil research development and innovation” is allocated 7,518.49 million €, which means a 5% reduction compared to 2010; we also read that “military research, development and innovation” receives a 975.87 million €, a 17% cut compared to 2010. This means that 11.5% of the amount devoted by the Spanish national budget to research, development and innovation is going to be military. These amounts are divided among different ministries’ programmes. We are going to analyze how these budgetary amounts are allocated.

## Research and studies of the armed forces

According to what we read in the budget explanation,<sup>2</sup> the aim of Defence R&D is to help provide the Spanish armed forces with weapons and equipment, as well as helping to protect and promoting the Spanish industrial and technological base of defence. To achieve this objective, the Ministry of Defence is going to focus on the development of weapons and equipments systems, guiding the industrial and technological base of defence and assisting the respective organizations.

The funding of military research, development and innovation comes from the 464A programme of the Ministry of Defence (203.9 million €) and from the 464B programme of the Ministry of Industry (770.7 million €). Further funding is added to a total amount of 975.87 million €. Our study only focuses on 464A and 464B programmes.

Most of the activities of military research are included in the 464A programme (Research and studies of the Armed Forces) which has a budgetary allocation of 203.9 million € for 2011. The centres that are responsible for their management are: the central defence organization (Ministry and Undersecretary of Defence and the State Department), the Canal of Hydrodynamic Experiences of El Pardo (CEHIPAR) and the National Institute of Aerospace Technique Esteban Terradas (INTA).

The Ministry and the Undersecretary centralize the payments of the personnel employed at the R&D centres that depend on the State Department. The State Department’s activities are going to focus on the continuation of a number of projects, such as the observation satellite, sensors and electronic warship, management and technologic cooperation, fighters equipment, equipment and material for R&D activities, information technology and platforms, propulsion and weapons. The investment is going to be divided into three items, research personnel, equipment for trials and tests, and subcontracting of collaborations with universities, other research centres and firms.

**Civil research, development and innovation is allocated 7,518.49 million euros for 2011**

**Table 1. Budget of the 464A Programme (Research and studies of the Armed Forces) of the Ministry of Defence**  
(in thousands of euros)

Personnel cost	21,662.64
Real investments	73,053.00
<b>CANAL OF HYDRODYNAMIC EXPERIENCES OF EL PARDO</b>	
Personnel cost	3,680.92
Common costs	908.57
Common transfers	66.00
Real investments	1,377.59
Financial assets	60.10
<b>Total of CEHIPAR</b>	<b>6,093.18</b>
<b>NATIONAL INSTITUTE OF AEROSPACE TECHNIQUE ESTEBAN TERRADAS</b>	
Personnel cost	49,111.66
Common cost	11,782.68
Financial costs	34.69
Common transfers	793.91
Real investments	41,103.92
Financial assets	270.64
<b>Total of INTA</b>	<b>103,097.50</b>
<b>TOTAL of 464A prog.</b>	<b>203,906.32</b>

Source: prepared by the authors on the basis of the Nation’s General Budgets

1. Nations’s General Budget 2011. *Yellow Book*, p. 91.  
2. Nations’s General Budget 2011. *White Book*, p. 19.

**The cost of the A400M project is currently a 40% higher than the initially budgeted price**

The details of the allocation of the Nation's General Budgets to the 464A programme (Research and studies of the Armed Forces) of the Ministry of Defence are showed in Table 1.

The CEHIPAR is a public organization for research, development and technical assistance that is attached to the Ministry of Defence. Its main mission is the study, trial and research of all hydrodynamic aspects of the military, merchant, fishing and sports naval construction. It also conducts tests for

the Army and civil shipyards and realizes a number of research projects.

The INTA is a public organization specialized in research and development of aerospace technology. The research for next year is going to focus on projects that had formerly started, such as the HADA project (the development of an aircraft that acts as a helicopter during the take off and landing, and as an airplane during the flight phase), the development of a new microsatellite, of the OPTOS pico-satellite, of the earth observation satellite that works through radar images (with a clearly strategic objective for the Ministry of Defence) and the MILANO project (development of an unmanned aerial vehicle for highly strategically interesting missions). Two strategic projects have started, for the defence and development of aerial weaponry.

The INTA realizes services of weaponry and equipment type-testing. It also works with the Spanish industry in a number of programmes, such as the EF-2000 war aircraft and the AIRBUS-A400M plane.

The budget for the 464A programme was reduced this year. All budgetary allocations corresponding to the 464A programme were also reduced, as we can see from the data showed by Table 2. The 464A programme was cut by 12% with respect to 2010.

Another source of funding of military R&D is represented by the aids to the 464B programme (Support to technological innovation in the defence field) of the Ministry of Industry, Tourism and Trade. The budget allocated for 2011 amounts to 770.7 million €. The aim of this programme is to support Spanish firms for the development of technological-industrial projects related to defence.<sup>3</sup>

The projects that are going to be developed within this programme are safeguarded by agreements signed by the Ministry of Industry and Spanish contractor firms. In Table 3 we summarized the main projects that

**Table 2. Comparison of the budget for the 464A Programme in 2010 and 2011** (in thousands of euros)

	2011	2010
Personnel costs	21,662.64	25,655.09
Real investments	73,053.00	79,405.43
CEHIPAR	6,093.18	6,474.54
INTA	103,097.50	120,354.83
<b>Total</b>	<b>203,906.32</b>	<b>231,889.89</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 3. Main projects funded by the 464B programme of the Ministry of Industry, Tourism and Trade**

Project	Main firms involved
Military transport aircraft A400M	Military Airbus (branch of Airbus SAS), EADS-CASA and ITP. The assembly plant is in Seville
Submarine S-80	Navantia (main contractor) It is going to be the first submarine to be totally designed, developed and manufactured by Spanish firms
Tank Pizarro (second phase)	General Dynamics, Navantia, INDRA and SAPA
Short range missiles (SPIKE)	General Dynamics Santa Bárbara Sistemas (main contractor)
Frigate F105	Navantia (main contractor)
Helicopters NH90	Eurocopter Spain

Source: prepared by the authors on the basis of the Nation's General Budgets

3. Nations's General Budget 2011. *Red Book*, Ministry of Industry, Tourism and Trade. 464B Programme.

are to be developed and which are funded by the 464B programme of the Ministry of Industry, Tourism and Trade and the involved firms. These projects were all active last year, there is no new one.

At the end of 2009 the A400M aircraft had its first official flight in Seville with a delay of twenty-two months.<sup>4</sup> The aircraft was manufactured by a pool of aeronautical firms. The project's financial situation has been passing through serious problems,<sup>5</sup> which lastly grew so serious that they jeopardized its very viability. The cost of the project is currently 40% higher than what had initially been budgeted.<sup>6</sup> The seven states participating in the A400M programme have finally agreed to change the original project in order to ensure its viability.<sup>7</sup> This change consists in an additional increase of the budget to 2 billion €, the renunciation to penalties for the current delay and the concession of loans amounting to 1.5 million € for future exports.<sup>8</sup> Spain is going to contribute with 350 million € of direct aids and 225 million € of returnable credits. This is a good example of the bad management related with the military industry: enormous delays and significant increases of the initially budgeted costs.

The objective of the S-80 submarine is the accomplishment of missions of projection of the naval power on land, the special naval warfare, the protection of disembarked troops, the surveillance and the dissuasion. The first submarine is going to enter in service in the Spanish Army in 2013, and the second one in 2014. The submarine has the capacity of launching land-attack missiles. The main contractor firm

is Navantia, but other Spanish industries are also part of the project. IN-DRA and FABA are the firms in charge of developing the combat system; ABENGOA is in charge of the propulsion system development and SAES of the sonar.<sup>9</sup>

The Spike is an anti-tank missile manufactured by the Israeli firm Rafael Advanced Defence Systems. In 2002, GDSBS (General Dynamics Santa Bárbara Sistemas) signed an agreement with RAFAEL firm about the Spike programme, according to which GDSBS would be the main contractor before the Spanish Ministry of Defence.<sup>10</sup> The initial programme plans the purchase of 2,600 missiles. The deliveries are scheduled for 2009 and 2013.

The NH90 is a multipurpose military helicopter manufactured by NHIndustries (a firm made main shareholder by Eurocopter, Agusta and Stork Fokker Aerospace).<sup>11</sup> The assembly plant is based in Albacete.

The whole financial allocation for the 464B programme is included in chapter 8 of the budgets. This means that they are concessions made as returnable loans. As we see in Table 4 the private sector is going to receive 70% of 464B programme's allocation and the public sector is going to receive 30%. It is quite clear that the concession of these aids favours the private sector.

It is necessary to clarify the nature of these loans conceded by the Ministry of Industry. They are loans returnable in twenty years with a zero per cent interest. This type of credit started to be conceded in 1996

**The astonishing delays and the significant increase of costs initially budgeted are good examples of the bad management related to the military industry**

**The Spike is an anti-tank missile manufactured by the Israeli firm Rafael. Spain planned the purchase of 2,600 of these missiles**

**The whole financial allocation for the 464B programme is included in chapter 8 of the budgets. This means they are concessions given as returnable loans**

4. *El País*. 12/12/2009

5. *El País*, 24/1/2010.

6. *Atenea, seguridad y defensa*.

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7. Ministry of Defence. Press release 5/11/2010.

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10. Ministry of Defence.

[www.mde.es/Galerias/politica/armamento-material/ficheros/DGM\\_Misil\\_Spike-T.pdf](http://www.mde.es/Galerias/politica/armamento-material/ficheros/DGM_Misil_Spike-T.pdf)

11. Ministry of Defence. [www.mde.es/Galerias/politica/armamento-material/ficheros/DGM\\_Helicoptero\\_Multiproposito\\_NH-90.pdf](http://www.mde.es/Galerias/politica/armamento-material/ficheros/DGM_Helicoptero_Multiproposito_NH-90.pdf)

**Until now, the returned part of the loans amounts to less than 1% of the total concession**

**The military industry can still receive more aids through other ways**

under the Popular Party (PP) Government.<sup>12</sup> Until now, the returned part of the loans amounts to less than 1% of the total concession. This means that in 2010 the accumulated debt of the not yet returned loans amounts to 14,205.7 million €. <sup>13</sup> The concession of these loans has clearly converted in a way to finance the industries of the defence field with non-refundable money.

When the PP government used this tactic to present some budgets that showed a lower military spending to the public opinion, the Spanish Socialist Party (PSOE) –that was then in the opposition– was categorical in its criticism of this action. Now, the PSOE government employs the same tactic to

hide direct aids given to the military industry.

Yet, the military industry can still receive more aids through other ways. Some firms will be able to receive aids from the 467C programme (Technological-Industrial Research and Development), as their activities can be of double use (civil and military). The 467I programme (Telecommunications Technological Research) can also contribute to fund firms related to the aerospace field with double-use aims.

In Graphic 1 we represent the evolution of the Spanish military R&D expenditure in the last years. We show the allocations for the 464A programme (Research and Studies of the Armed Forces) of the Ministry of Defence, for the 468B programme (Support to technological innovation in the defence field) of the Ministry of Industry, Tourism and Trade, and also the sum of both.

We can see that the 464A programme allocation does not vary significantly in the course of the years, presenting a small reduction since 2009. The allocation for the 464B programme (loans of the Ministry of Industry) had an enormous increase between 1997 and 1999, and then it stabilized, until 2006, when it registered another significant rise. It has been decreasing notably since 2009.

### Civil research

The resources allocated to civil research come mainly from the Ministry of Science and Innovation. In Table 5 we show the budget of this Ministry for fiscal year 2011. The data correspond to the total budgets per programme and we included the costs of chapter 9 (financial costs). If we do not consider the internal transfers, the total amount is 5,780.44 million €. In the last column we find the variations of each item compared with 2010 budget. The total budget of this ministry suffers a 2.7% cut.

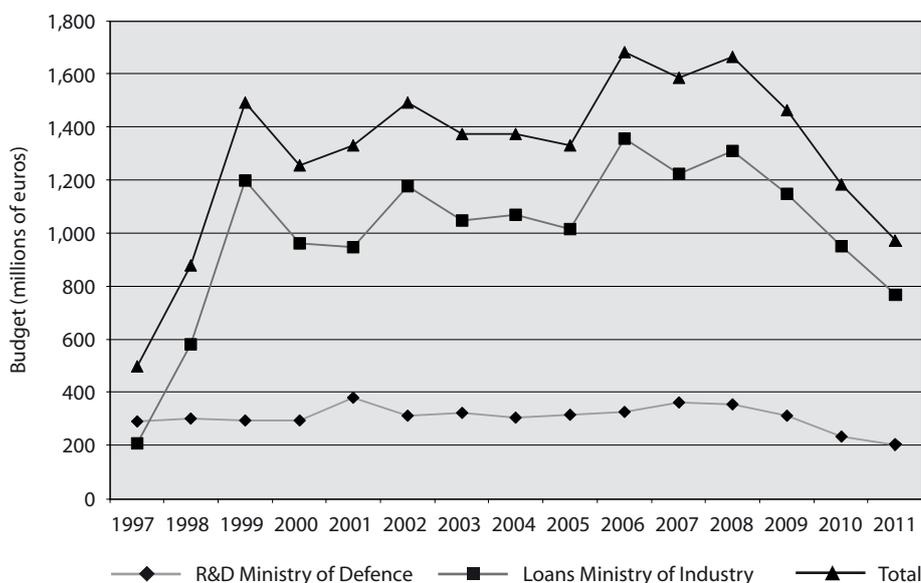
**Table 4. Budget allocated by the Ministry of Industry, Tourism and Trade to the public and private sector within the 464B Programme**

(in thousands of euros)

Allocation of loans to the public sector	231,995.69
Allocation of loans to the private sector	538,716.29
<b>Total</b>	<b>770,711.98</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

**Graphic 1. Evolution of the Spanish military R&D expenditure (1997 – 2011)**



Source: prepared by the authors

12. P. Ortega; "L'escàndol dels crèdits en R+D militar" (The scandal of military R&D loans). *Materials de Treball*, no. 34, July 2008, p. 3-4.

13. P. Ortega and X. Bohigas; *Spanish military expenditure and R&D 201. Report no. 5*, Centre d'Estudis per a la Pau JM Delàs. Decembre 2009.

The budget of all programmes decreases. In some cases the reduction is quite significant, as in cooperation for development, which suffers a 19% cut (we are more and more far away from the almost forgotten 0.7%). The 463B programme (Promotion and Coordination of scientific and technical research) is also affected by an important reduction. This is the programme that funds the majority of research programmes of the Spanish universities.

The 463A programme (Scientific research), through which the research made by the CSIS (Superior Council of Scientific Researches in its Spanish acronym) is funded, was cut by 5.5%. The Chairman of the CSIS stated that due to the cuts that affect the Department, it is going to be necessary to reduce personnel hiring by 20% and to renounce to the investment for new infrastructures. He also demanded higher investments for R&D in Spain.<sup>14</sup>

The 467C programme (Research and Industrial-Technological Development) has the higher budgetary allocation and the reduction it recorded this year was one of the smallest of the whole Ministry.

It is important to emphasize that 1,095.5 million € of the 463B programme (which represents 54% of its budget) and 2,122.7 million € of the 467C programme (84%) correspond to chapter 8. That is, they are allocations given as returnable loans. Therefore they are not direct costs for scientific activities or development actions. This implies that the amount actually assigned to the research is lower than what budgets indicate at a first glance. This way of presenting the budgets has been repeatedly criticized by the Spanish and international scientific community.

The reduction of this Ministry is less important than the one suffered by other ministries. We might interpret this as a positive data, yet we have to keep in mind that R&D investments in Spain decreased significantly last year and the former too. The investment

**Table 5. Budgets of the Ministry of Science and Innovation for 2011**

Programme		Budget (in thousands of euros)	Variation (%)
143A	Cooperation for development	3,826.55	-19.1 %
463A	Scientific research	681,895.30	-5.5 %
463B	Promotion and coordination of the scientific and technical research	2,015,788.61	-3.9 %
465A	Medical research	300,052.03	-9.7 %
467A	Astronomy and astrophysics	17,535.79	-20.5 %
467C	Technological-industrial R&D	2,506,994.62	-1.6 %
467D	Agricultural research and trial	81,259.44	-1.9 %
467E	Oceanographic and fishing research	60,515.00	-1.3 %
467F	Geological-mineral and environmental research	26,397.95	-15.2 %
467H	Energetic, environmental and technological research	86,173.95	-6.1 %
000X	Internal transfers	832,833.01	+4.1 %
<b>Total of the Ministry</b>		<b>6,613,272.25</b>	<b>-2.7 %</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

made by the Spanish state in research carries an enormous delay and is very far away from the average of the economically closest countries. The Spanish R&D spending (which includes the loans of chapter 8) makes up 1.27% of the GDP, according to 2007 data.<sup>15</sup> It is a much lower allocation than the one assigned to the same budgetary item by other states, such as Germany (2.54%), the US (2.68), France (2.08), Japan (3.44), Iceland (2.75), Finland (3.5), Sweden (3.60) or South Korea (3.47). It is clearly under the average of the OECD member states, which is 2.29% of the GDP. It is an enormous delay and the situation is getting more and more serious every year, as allocations to research do not increase, they actu-

**The Spanish R&D spending (which includes the loans of chapter 8) makes up 1.27% of the GDP, a much lower allocation than the one assigned to the same budgetary item by other states**

14. *La Vanguardia*, October 7, 2010, p.28.

15. *L'OCDE en chiffres 2009*. Éditions OCDE, 2009, p. 78-79.

**Spanish military R&D expenditure for 2011 makes up 11.47% of the total R&D expenditure**

ally decrease in absolute terms. This effect is not compensated by investments in the private sector, which actually decrease significantly. The private funds assigned to R&D in the majority of the European states are higher than the public funds. The Lisbon Agenda 2010 estimated that the optimum proportion between private investments with respect to public investment should be of 3/1. In the case of Spain, public investments exceed those of the private sector.<sup>16</sup>

2011 amounts to 7,518.48 million €, in which are included the allocations of chapter 8 as loans. If we apply the same logic to quantify the military R&D expenditure, we will have to sum the allocations for 464A programme (Research and studies of the Armed Forces) of the Ministry of Defence and those for the Ministry of Industry given as loans to the military industry. So, the military R&D expenditure amounts to 975.87 million €. We have to consider this quantity as a minimum value, because the firms of the military field are very probably going to receive other aids from the Ministry of Industry's programmes, the aim of which is to provide the industry in general with financial aids. If we do not consider these aids, that are very difficult to evaluate,<sup>17</sup> the Spanish military R&D expenditure for 2011 makes up 11,47% of the total R&D expenditure.

**Military R&D is more than threefold higher than medical research**

Research is an engine of development. A country that does not invest in research is technologically more dependent from abroad. Germany and the UK also presented budgets for 2011, calling them austere and aimed at reducing the spending, but the investments in research, society and education have not been reduced. The policy of the Spanish government in these three areas is very different, as we can see from the budgets for 2011.

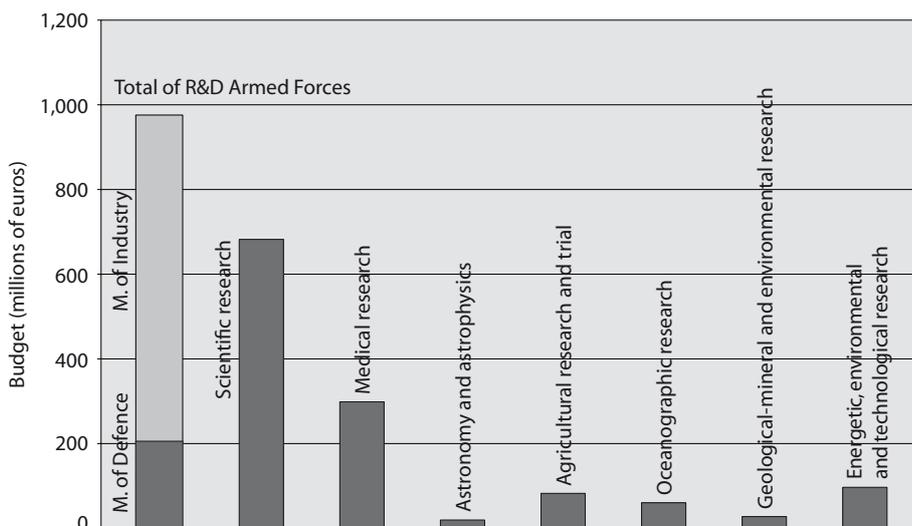
The military R&D expenditure is higher than all other budgetary allocations of all scientific disciplines related to the Ministry of Science and Innovation, with the exception of the 463B and 467C programmes. A very significant part of the allocations for these two programmes consists of aids assigned to the industrial development as loans.

**Comparison between civil and military R&D**

The expenditure for civil R&D included in the Nation's General Budgets for

**The part allocated by Spain to the military research is much more significant than the one assigned by other countries of our socioeconomic environment**

**Graphic 2. Comparison of the military R&D expenditure and some civil disciplines of the Ministry of Science and Innovation**



Source: prepared by the authors

16. Cayetano López; «Así no se supera el retraso histórico» (This is not the way to overcome the historical delay), *El País*, 17/10/2010.

17. The análisis of these aids exceeds the purposes of this report.

**The policy concerning research and development of the Spanish government still prioritizes the expenditure for military research**

It is worth to do a comparative analysis among the different allocations that the Nation's General Budgets include for 2011 according to the item they are assigned to. In Graphic 2 we show some of these allocations. We did not include the budget of the 463B programme (Promotion and Coordination of the technical and scientific research) and the 467C programme (Research and Industrial-Technological Development), because the aids for these programmes are assigned to different scientific and technological disciplines.

We see that the expenditure budgeted for military R&D is once and a half higher than the one allocated for the programme "Scientific research" that includes the funding of the CSIS, more than threefold higher than the allocation assigned to medical research, more than 50 times higher than the one for Astronomy and Astrophysics and 37 times higher than the one for mineral-geological and environmental research.

## **Conclusions**

The military R&D expenditure has decreased in absolute terms since 2008, when it was assigned more than 1.6 billion euros. It also decreased in relative terms, that is, the percentage assigned by the Spanish state to military research compared with the total investment it allocates for research and development. In 1999 military R&D made up 54% of

the total amount budgeted for R&D, a percentage that decreased to 11.47% in 2011. Still, the part that Spain assigns to military research is very significant if we compare it with other countries of our socioeconomic context.

Despite these reductions, the policy concerning research and development of the Spanish government still prioritizes the expenditure for military research compared with the one for health, basic science, education, environment, energetic efficiency and many others that would help the population to achieve a healthier and a fairer life, that would also be more respectful of the environment.

Besides, we cannot forget the loans given by the Ministry of Industry to the military industries that have not yet been returned. It would be appropriate for the government to begin the reclamation of these pending loans.

The Spanish government should notably reduce the budgetary items of military research and significantly increase those for civil research if it intends to come close the standards of the countries of its context.

The aim of the military research is to design new weaponry and improve the existing armament to make it more efficient. This means having more arms that kill better. If we want a more fair and peaceful society, military research must be drastically reduced.

**It would be appropriate for the government to begin the reclamation of these pending loans**

# ANNEX

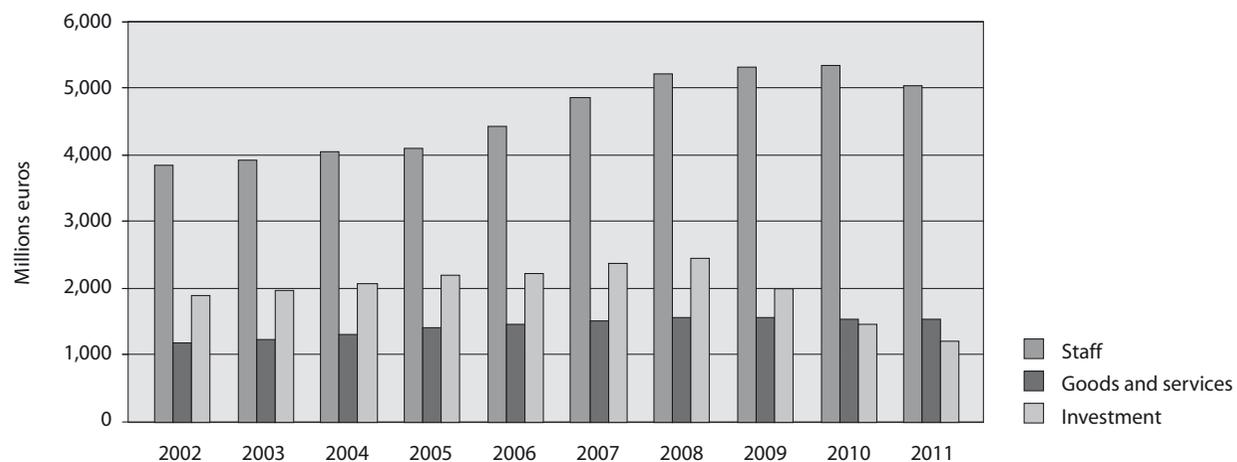
In this annex different tables and graphics are attached which complement this data report. For more information about this issues see: <http://www.centredelas.org>

**Table 1. Initial budget Ministry of Defence** (current million euros)

Concept	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Staff	3,841.60	3,926.16	4,048.37	4,111.09	4,428.42	4,861.31	5,206.30	5,326.95	5,335.47	5,046.59
Goods and services	1,200.85	1,257.04	1,330.60	1,430.48	1,475.71	1,536.55	1,577.45	1,577.32	1,563.02	1,557.40
Investment	1,913.43	1,985.80	2,088.93	2,199.70	2,229.83	2,379.41	2,454.37	2,005.86	1,463.26	1,211.68
<b>Total Defence</b>	<b>6,955.88</b>	<b>7,169.00</b>	<b>7,467.90</b>	<b>7,741.27</b>	<b>8,133.96</b>	<b>8,777.27</b>	<b>9,238.12</b>	<b>8,910.13</b>	<b>8,361.75</b>	<b>7,815.67</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

**Chart 1. Distribution of the Ministry of Defence initial budget**



Source: prepared by the authors

**Table 2. Settled expenditure of Spanish Army in foreign operations**  
(current million euros)

Year	Initial budgeted	Settled budgeted	Afghanistan mission
1990	0.00	6.01	
1991	0.00	18.70	
1992	0.00	45.80	
1993	0.00	17.70	
1994	0.00	58.20	
1995	0.00	103.10	
1996	0.00	179.94	
1997	0.00	122.28	
1998	0.00	146.38	
1999	0.00	249.23	
2000	60.10	302.34	
2001	60.10	309.34	
2002	60.10	391.55	90.75
2003	60.10	483.05	92.53
2004	60.10	441.62	137.81
2005	18.36	422.50	223.71
2006	18.36	563.00	272.35
2007	17.36	642.00	266.75
2008	17.36	668.74	312.00
2009	14.36	713.50	365.00
2010	14.36	787.90	464
2011	14.36		
TOTAL	415.02	6,330.40	1,760.90

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 3. Initial budgeted/settled budget of the Ministry of Defence 2002-2011** (current million euros)

Concepts	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011
Ministry of Defence	6,322.65	6,479.65	6,746.77	7,024.79	7,416.53	8,052.76	8,492.61	8,240.77	7,694.86	7,156.38
Autonomous agencies of the Ministry of Defence	1,067.16	1,137.32	1,184.64	1,242.02	1,232.15	1,282.19	1,334.63	1,230.53	1,218.19	1,175.51
National Intelligence Centre	–	138.00	161.95	189.74	208.57	241.57	264.71	255.06	241.37	228.20
<b>Total Ministry of Defence</b>	<b>7,389.81</b>	<b>7,754.97</b>	<b>8,093.36</b>	<b>8,456.55</b>	<b>8,857.25</b>	<b>9,576.52</b>	<b>10,091.95</b>	<b>9,726.36</b>	<b>9,154.42</b>	<b>8,560.09</b>
Passive military budget	2,438.17	2,617.28	2,685.14	2,855.16	2,993.18	3,102.21	3,184.35	3,298.14	3,328.59	3,252.15
ISFAS (other Ministries)	441.40	462.96	551.75	571.98	587.80	563.62	565.60	602.53	617.53	624.89
'Guardia Civil' (Civil Police/Home Office)	1,842.14	1,985.35	2,080.56	2,143.72	2,364.38	2,657.51	2,893.37	2,941.51	2,973.17	2,790.96
Military R&D (Ministry of Industry)	1,176.85	1,049.90	1,110.80	1,014.60	1,358.01	1,265.06	1,388.57	1,157.52	979.21	794.84
International military organizations (Foreign Affairs)	7.55	7.33	11.21	18.03	8.83	7.79	7.80	56.57	11.07	9.82
<b>Total Defence NATO criteria</b>	<b>13,295.92</b>	<b>13,877.79</b>	<b>14,532.82</b>	<b>15,060.04</b>	<b>16,169.45</b>	<b>17,172.71</b>	<b>18,131.64</b>	<b>17,782.63</b>	<b>17,063.99</b>	<b>16,032.75</b>
Public debt interests	1,080.55	1,201.48	1,204.80	1,117.77	919.91	844.61	858.68	834.57	1,125.20	1,212.00
<b>INITIAL TOTAL DEFENCE</b>	<b>14,376.47</b>	<b>15,079.27</b>	<b>15,737.62</b>	<b>16,177.81</b>	<b>17,089.36</b>	<b>18,017.32</b>	<b>18,990.32</b>	<b>18,617.20</b>	<b>18,189.19</b>	<b>17,244.75</b>
Variation Initial/Settled	643.90	715.38	1,123.55	1,170.14	1,522.79	1,659.96	1,597.12	1,153.22	849.08	–
<b>SETTLED TOTAL DEFENCE</b>	<b>15,457.02</b>	<b>16,280.75</b>	<b>16,942.42</b>	<b>17,295.58</b>	<b>18,009.27</b>	<b>18,861.93</b>	<b>19,849.00</b>	<b>19,451.77</b>	<b>19,314.39</b>	<b>–</b>
<b>% GDP</b>	<b>2.06%</b>	<b>2.02%</b>	<b>2.00%</b>	<b>1.91%</b>	<b>1.89%</b>	<b>1.87%</b>	<b>1.89%</b>	<b>1.88%</b>	<b>1.81%</b>	<b>1.62%</b>
<b>% Budget</b>	<b>6.87</b>	<b>6.91%</b>	<b>6.88%</b>	<b>6.67%</b>	<b>6.11%</b>	<b>5.53%</b>	<b>5.42%</b>	<b>5.11%</b>	<b>4.70%</b>	<b>4.76%</b>

\* Provisional settlement on September 30<sup>th</sup>, 2010

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 4. Settled budget** (Ministry of Defence 2002-2011, current million euros)

Concepts	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 <sup>1</sup>
Ministry of Defence	6,569.92	6,919.65	7,110.73	7,529.72	7,892.32	8,571.34	9,340.08	9,810.79	9,346.30	8,525.00
Autonomous agencies of the Ministry of Defence	1,100.27	1,114.06	1,220.73	1,557.14	1,554.37	1,600.13	1,654.83	1,613.57	1,280.31	1,237.13
National Intelligence Centre <sup>2</sup>	–	–	138.89	130.05	180.00	208.57	241.57	264.71	255.06	241.37
<b>Total Ministry of Defence</b>	<b>7,670.19</b>	<b>8,033.71</b>	<b>8,470.35</b>	<b>9,216.91</b>	<b>9,626.69</b>	<b>10,380.04</b>	<b>11,236.48</b>	<b>11,689.07</b>	<b>10,881.67</b>	<b>10,003.50</b>
Initial Total Defence	7,101.68	7,389.81	7,754.97	8,093.36	8,456.55	8,857.25	9,576.52	10,091.95	9,726.36	9,154.42
Difference	568.51	643.90	715.38	1,123.55	1,170.14	1,522.79	1,659.96	1,597.12	1,153.22	849.08
% Variation	8.4%	8.6%	9.4%	13.8%	13.8%	17.2%	17.3%	15.8%	11.9%	9.3%

1. Provisional settlement on September 30<sup>th</sup>, 2010

2. Initial budget has been consigned since CNI does not provide the settled budget arguing it is under the Official Secrets Law.

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 5. Military investments / State+Autonomous Communities** (current million euros)

Year	Defence investments	R&D and military aid Ministry of Industry	Total military investments	State and Autonomous Communities	% Investment Defence/total
2002	1,913.43	1,176.85	3,090.28	9,745.89	31.71%
2003	1,985.80	1,049.90	3,035.70	10,004.18	30.34%
2004	2,088.92	1,070.00	3,158.92	10,523.84	30.02%
2005	2,199.70	1,014.60	3,214.30	11,737.05	27.38%
2006	2,229.84	1,358.01	3,587.85	12,537.05	28.61%
2007	2,379.41	1,265.06	3,644.47	21,849.50	16.68%
2008	2,464.32	1,388.57	3,852.89	24,404.60	15.78%
2009	2,005.86	1,157.52	3,163.38	24,798.97	12.75%
2010	1,463.26	979.22	2,442.48	24,005.00	10.17%
2011	1,211.68	794.84	2,006.52	20,639.01	9.72%

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 6. Military R&D 1997-2011** (current million euros)

Year	R&D Ministry of Defence	Military R&D Ministry of Industry	Total military R&D	Total R+D	% military/total
1997	290.11	210.36	500.47	1,352.68	37.00%
1998	300.14	581.00	881.14	1,867.95	47.20%
1999	294.75	1,198.58	1,493.33	2,767.84	54.00%
2000	293.48	964.11	1,257.59	3,053.86	41.20%
2001	382.11	947.8	1,329.91	3,435.30	38.70%
2002	314.04	1,176.85	1,490.89	3,465.40	38.30%
2003	322.97	1,049.90	1,372.87	4,000.12	34.30%
2004	303.42	1,070.00	1,373.42	4,402.00	31.20%
2005	315.69	1,014.60	1,330.29	4,972.23	26.70%
2006	325.88	1,358.01	1,683.89	6,510.81	26.00%
2007	361.04	1,225.06	1,586.10	8,060.42	19.70%
2008	355.67	1,308.57	2,363.67	9,342.55	17.82 5
2009	312.41	1,149.92	1,462.33	9,654.29	15.15%
2010	231.89	950.91	1,182.80	9,128.80	12.96%
2011	203.91	770.71	974.62	8,493.11	11.47%
<b>Total</b>		<b>14,976.38</b>			

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 7. Main military investments** (current million euros)

Arms	2006	2007	2008	2009	2010	2011
EF-2000 fighters (Eurofighter)	472.22	36.02	265.41	266.23	176.19	0.19
A400M transport plane	1.00	1.00	1.00	1.00	1.00	1.12
Tiger combat helicopter	9.65	60.64	141.36	110.45	36.27	87.50
F-100 Frigates	27.10	5.56	19.26	17.23	0	0.21
Leopard armoured vehicles	132.49	101.48	84.56	154.76	36.00	0.20
Pizarro armoured vehicles	5.36	59.52	13.54	70.36	2.00	0
155/52 mm howitzer	3.06	3.12	10.98	13.57	15.14	15.59
Taurus missiles	2.20	25.44	11.88	6.00	6.78	0.16
Iris-T missiles	25.68	50.44	29.56	30.27	11.06	47.60
LLX strategic ship	3.25	0.00	23.29	2.74	0	0
Spike MR and ER missiles	0	64.10	5.26	6.60	14.97	0.22
Centauro armoured vehicles	39.37	25.04	5.54	3.89	11.47	0
S-80 submarines	51.38	0	0	0	0	0.24
S-70 submarines (modernization)	0	0	20.00	0	0	0
NH-90 helicopters	0.20	14.00	14.90	32.01	14.49	0.26
Lamps helicopter and AV-8B planes (modernization) (Navy)	27.49	0.50	11.79	9.69	0	0
Chinook helicopter (modernization)	0	0	0	0	3.00	0.20
BAC, BAM, LCM ships	0.10	50.35	62.67	59.34	35.75	55.27
F-18, C-15, CN-235 planes (modernization)	8.11	34.94	49.67	33.84	21.06	22.44
Communication and satellites, observation systems and electronic war	116.00	84.07	229.92	117.82	168.78	123.14
Armored vehicles and artillery (Army)	7.24	34.71	75.20	39.38	30.80	33.26
Transport vehicles	0	0	0	17.99	17.12	23.61
Ammunitions and explosives	21.22	13.94	25.29	10.24	31.70	7.76
Mistral, ESSM and Standard missiles and MK-46 torpedoes (Navy)	5.18	0	27.66	24.43	19.84	12.28

Arms	2006	2007	2008	2009	2010	2011
Patriot missiles	14.20	0	0	0	0	0
Lights weapons	0	0	3.60	1.40	0	2.17
Estrategical collaboration (NATO)	0	8.50	12.16	16.25	19.09	9.93
Infrastructures and facilities	120.10	110.46	195.38	132.04	103.95	115.80
Other unspecified investments	467.24	869.78	390.69	271.13	215.70	259.33
Investments of Defence autonomous agencies	344.12	364.76	378.08	244.79	239.21	189.29
<b>TOTAL investment</b>	<b>1,903.96</b>	<b>2,018.37</b>	<b>2,108.65</b>	<b>1,693.45</b>	<b>1,231.37</b>	<b>1,007.77</b>
Investment aids UME Ministry Industry	0	40.00	80.00	7.60	28.31	24.13
R&D military of the Ministry of Defence	325.88	361.04	355.67	312.41	231.89	203.91
R&D military of the Ministry of Industry	1,358.01	1,225.06	1,308.57	1,149.92	950.91	770.71
<b>Total military investment</b>	<b>3,587.85</b>	<b>3,644.47</b>	<b>3,852.89</b>	<b>3,163.38</b>	<b>2,442.48</b>	<b>2,006.52</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

**Table 8. Current main arms contracts 2010** (current million euros)

Concept	Supplier	Period	Initial cost	Current cost
87 EF-2000 fighters (Eurofighter)	EADS-CASA, Santa Bárbara, ITP, Indra, Gamesa, Tecnobite	1997/2024	6,363.10	11,320.40
24 Tiger combat helicopter	Eurocopter, Sener, Amper, ECESA, Indra	1997/2014	1,081.82	1,353.50
27 A400M transport plane	Eads-Casa, Flabel, ITP, Sener, Tecnobit, Alcor	2001/2020	3,449.81	5,017.52
1 F-100 Frigate	Navantia, Indra, Maxam	2011/2012	475.00	475.00
239 2E Leopard armoured vehicles	Santa Bárbara, Indra, Navantia, Electroop, Sapa Placencia, Amper, CAF	1996/2017	1,941.77	2,139.70
108 Leopard armoured vehicles (used units)	German Government	2005/2016	16.92	16.92
212 Pizarro armoured vehicles	Santa Bárbara, Steyr, Puch, Indra	2005/2024	707.47	781.00
4 S-80 submarines	Navantia, Tecnobit, Abengoa	2011/2014	1,502.53	1,755.90
4 BAM ships	Navantia, Indra, Sainsel	2006/2011	215.00	340.00
4 BAM ships (new)	Navantia, Indra, Sainsel	2011	33.00	33.00

Concept	Supplier	Period	Initial cost	Current cost
1 supplier ship BAC	Navantia	2003/2022	228.76	228.76
45 NH-90 helicopters	Eurocopter, Sener, ECESA General Electric, ITP, Indra	2006/2012	1,260.00	1,300.00
13 C-295 planes	EADS-CASA	2005/2011	174.82	205.00
84 Centauro vehicles	Iveco, Amper, Oto Melara	1999/2011	134.65	134.65
43 Missiles Kepd-350 Taurus (F-18 and Eurofigther)	Taurus Systems, EADS, Sener	2004/2011	59.21	59.21
232 Meteor missiles (F-18 and Eurofigther)	MBDA, Inmize, INTA	2013/2016	62.13	100.00
768 Iris-T missiles (F-18 and Eurofigther)	Sener, Expal, ICSA	2005/2011	247.32	247.32
120 Sparrow missiles (F-18 and F-100)	Indra	1997/2015	50.86	50.86
40 S-80 submarine torpedoes	German Government, Amper, Iveco	2005/2014	76.31	76.31
70 155/52 mm howitzer	Santa. Bárbara, Amper, Iveco	2006/2023	190.97	190.97
5 AV-8B planes	EADS-CASA, Indra, ITP, Iberia	1997/2018	148.06	148.06
Communication and satellites	Indra, INTA, Hispasat	1995-2011	81.87	81.87
UAV unmanned combat plane (Neuron)	EADS-CASA, Thales, Indra	2007/2012	35.50	35.50
4 Arthur radar systems	Ericsson	2006/2012	69.09	69.09
4 unmanned plane UAV Searcher MKII-J	Aircraft Industries Israel (IAI), Indra, Eads-Casa	2007/2011	14.37	23.14
2,600 Spike MR and ER missiles (260 batteries)	Rafael (Israel), Santa Bárbara, TecnoBit	2008/2022	260.00	371.00
Mistral-2 missiles (Tiger helicopters)	MBDA	2007/2011	27.73	27.73
Equipment for military emergency units	Trucks to Iveco, 4x4 to Santana	2007/2011	40.00	230.00
Fire extinguishing aircrafts	Bombardier	2007/2011	40.50	40.50
4 AV-8B Harrier planes (modernization)	EADS-CASA	2007/2011	11.50	11.50
P34G tactical radiotelephones	Amper	2009/2011	180.00	180.00
220 MRAP armoured vehicles model LMV (1 <sup>st</sup> phase)	Iveco Spain	2007/2011	143.00	143.00
Satellite observation systems (SAR)	Hisdesat	2012/2016	376.52	376.52
Pleiades space military observation system	Indra	2998/2011	13.70	13.70
IFF F-105 frigate defence system	Indra	2008/2012	40.00	40.00

Concept	Supplier	Period	Initial cost	Current cost
21 Piraña III armoured vehicles	Rheimentall, Santa Bárbara	2008/2015	68.30	68.30
Lanza 3D radar	Indra	2009/2012	25.00	25.00
Radars, communication and aircraft systems for the Air Force		2009/2011	61.70	61.70
MIDS Satellite information systems	EADS-CASA	2009/2022	17.00	17.00
Ammunitions and grenades	Santa Bárbara, Expal	2009/2011	31.20	31.20
F-2000 plane (modernization)	EADS-CASA	2010/2019	150.00	150.00
Engine maintenance Air Force	ITP	2010/2013	120.00	120.00
Alert systems NAEW	NATO	2010/2018	20.79	20.79
9 helicopters EC-135	Eurocopter	2010/2011	85.00	85.00
F-18 and CN-235 plane engines	General Electric	2010/2012	35.00	35.00
135 Vamtac vehicles	Urovesa	2011	24.10	24.10
<b>TOTAL</b>			<b>20,391.38</b>	<b>28,255.72</b>

Source: prepared by the authors on the basis of the Nation's General Budgets

# REPORTS

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