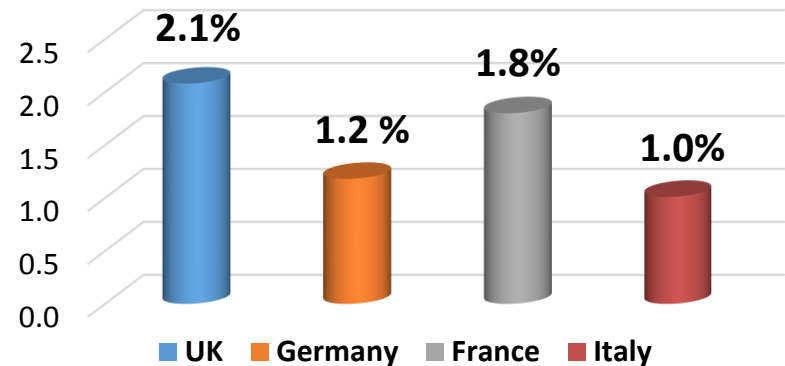
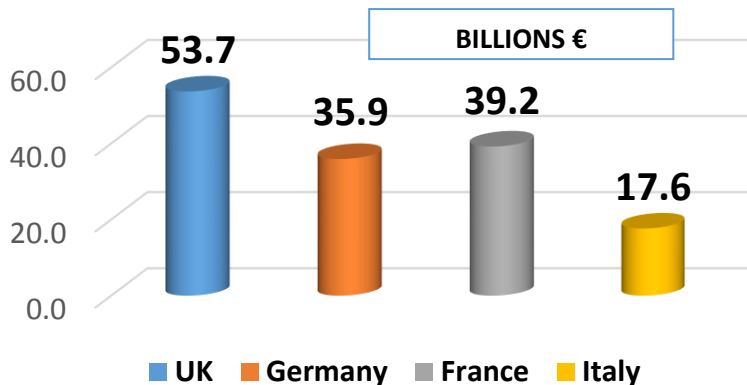


DEFENCE BUDGETS AND INDUSTRY

July 2017

By Paola Sartori and Giovanni Finarelli Baldassarre

EUROPEAN SPENDING FOR DEFENCE 2015



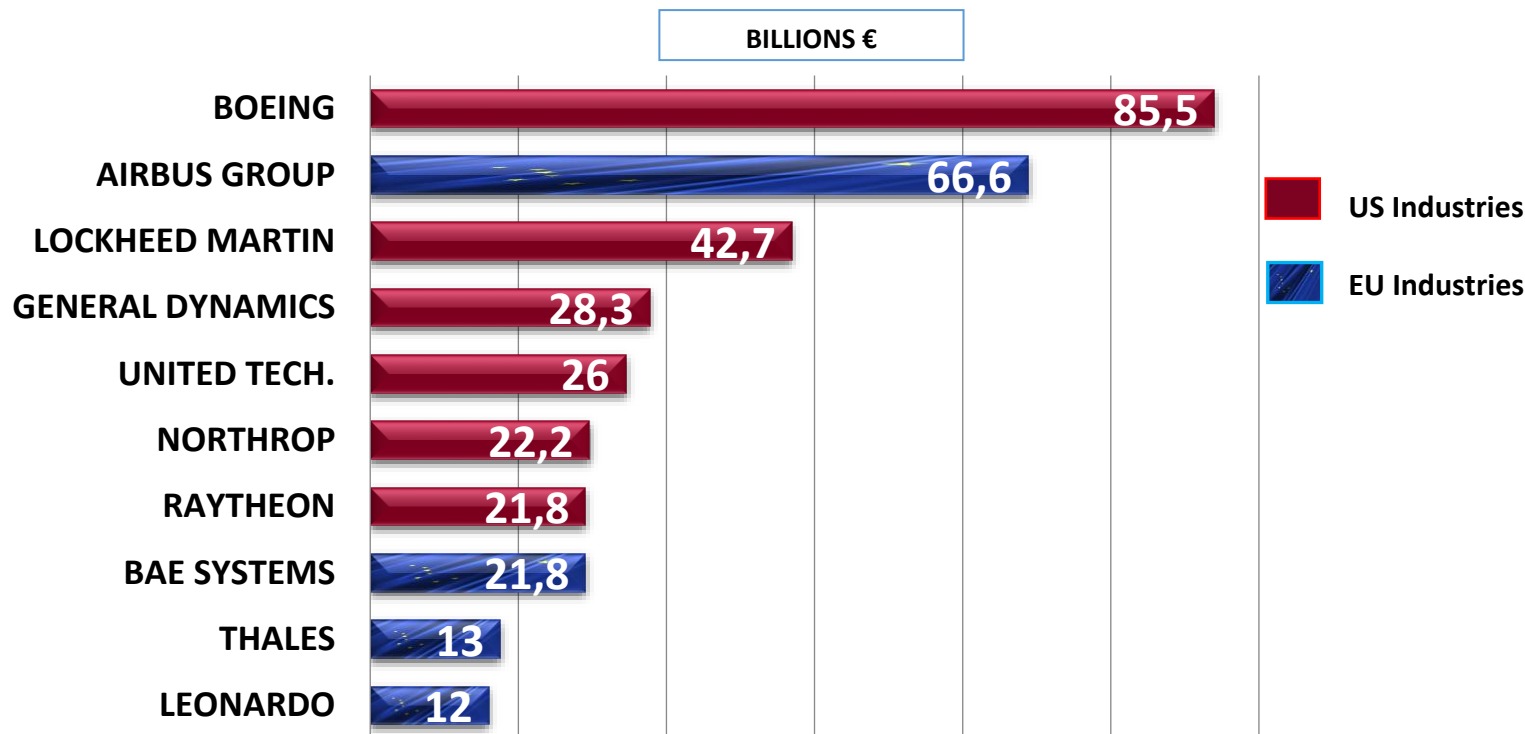
EUROPEAN SPENDING FOR DEFENCE AS % OF GDP

Source: Data by Defence Expenditure of NATO Countries (2009-2016), reworked by IAI



MAIN COMPANIES AEROSPACE, SECURITY AND DEFENCE REVENUES 2016*

*Aerospace, Security and Defence domain have been considered



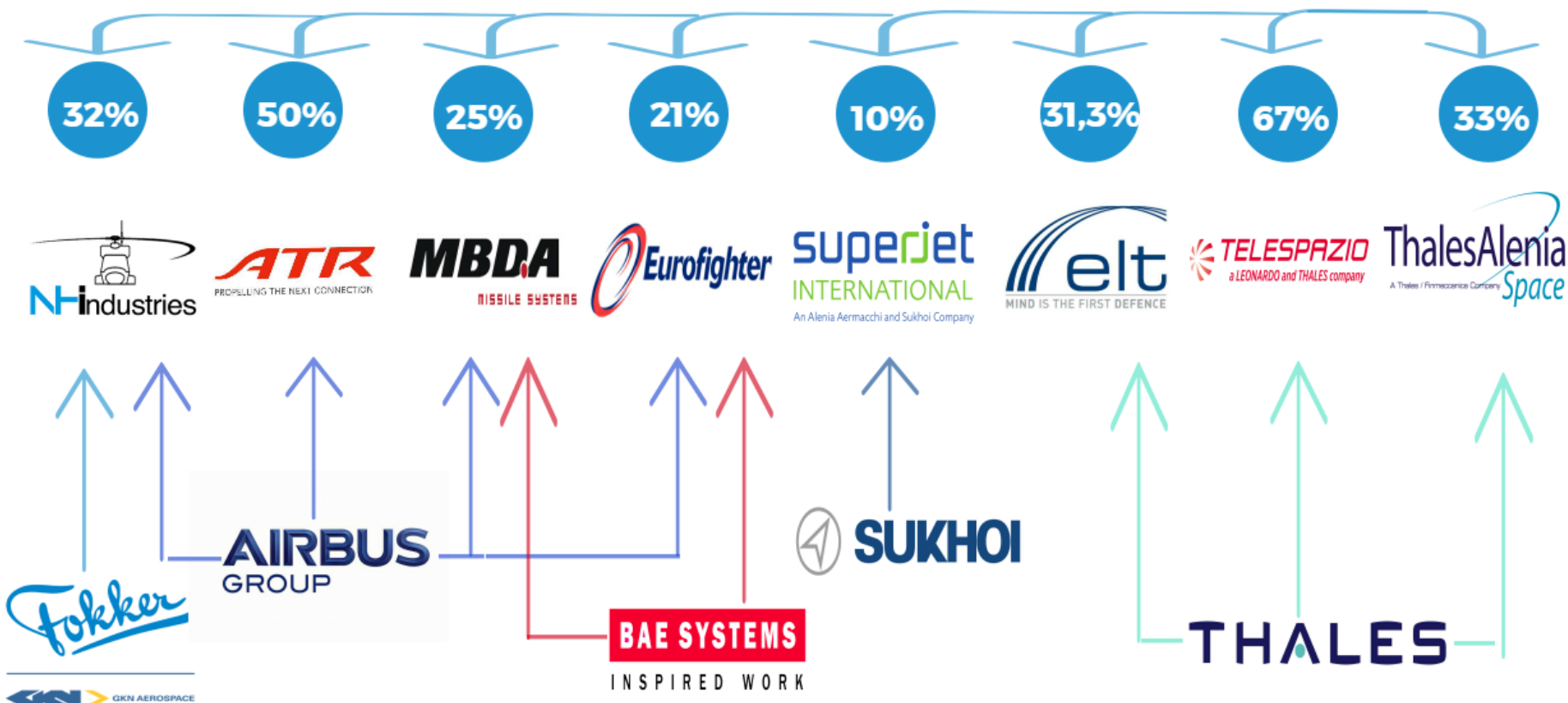
Official EUR UDS and EUR GBP exchange rate from 1/1/2016 to 31/12/2016 (average) from the European Central Bank (ECB) website.

Source: elaboration based on data and companies annual report.

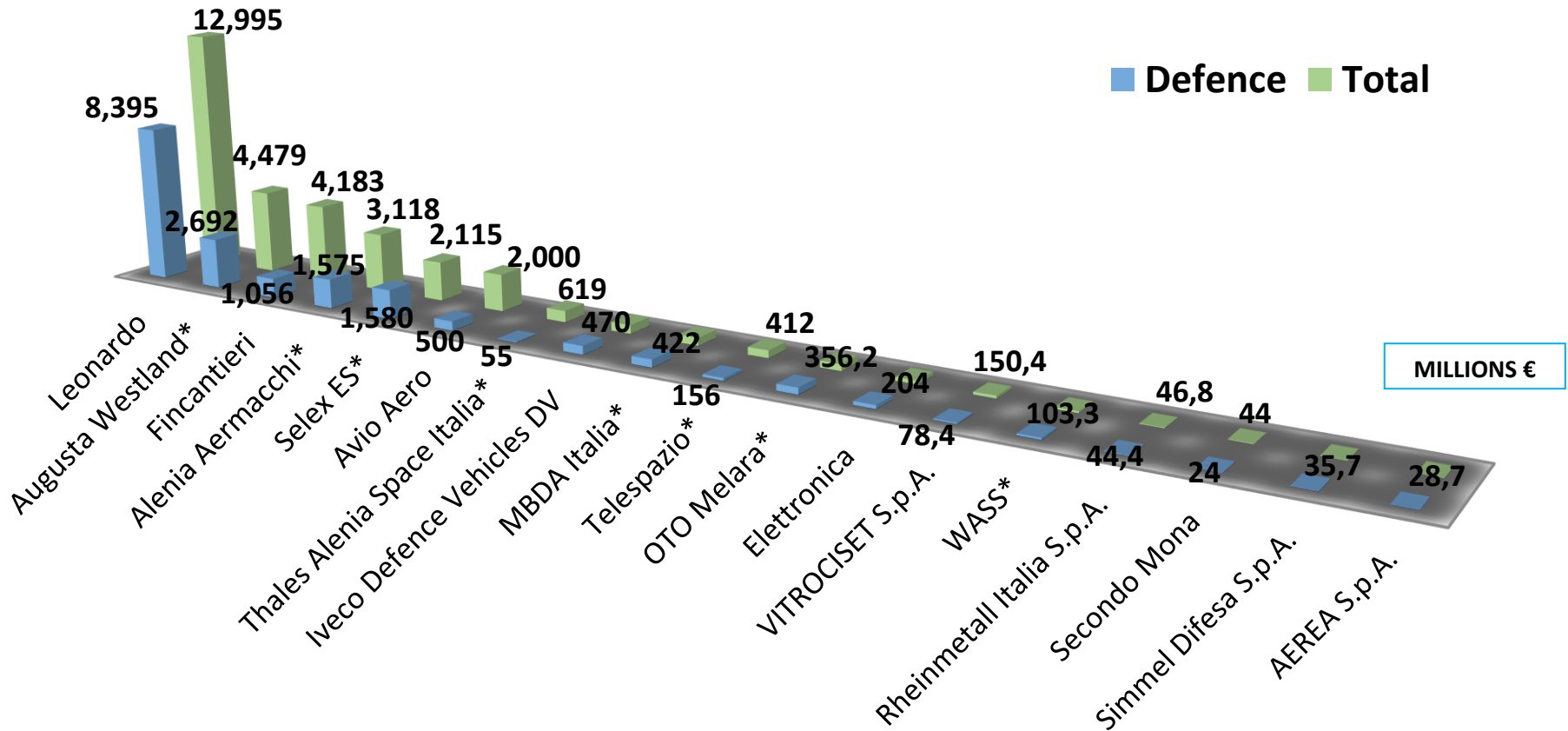
LEONARDO'S INTERNATIONAL CONNECTIONS - 2016



partecipate for



ITALIAN AEROSPACE AND DEFENCE COMPANIES REVENUES 2015

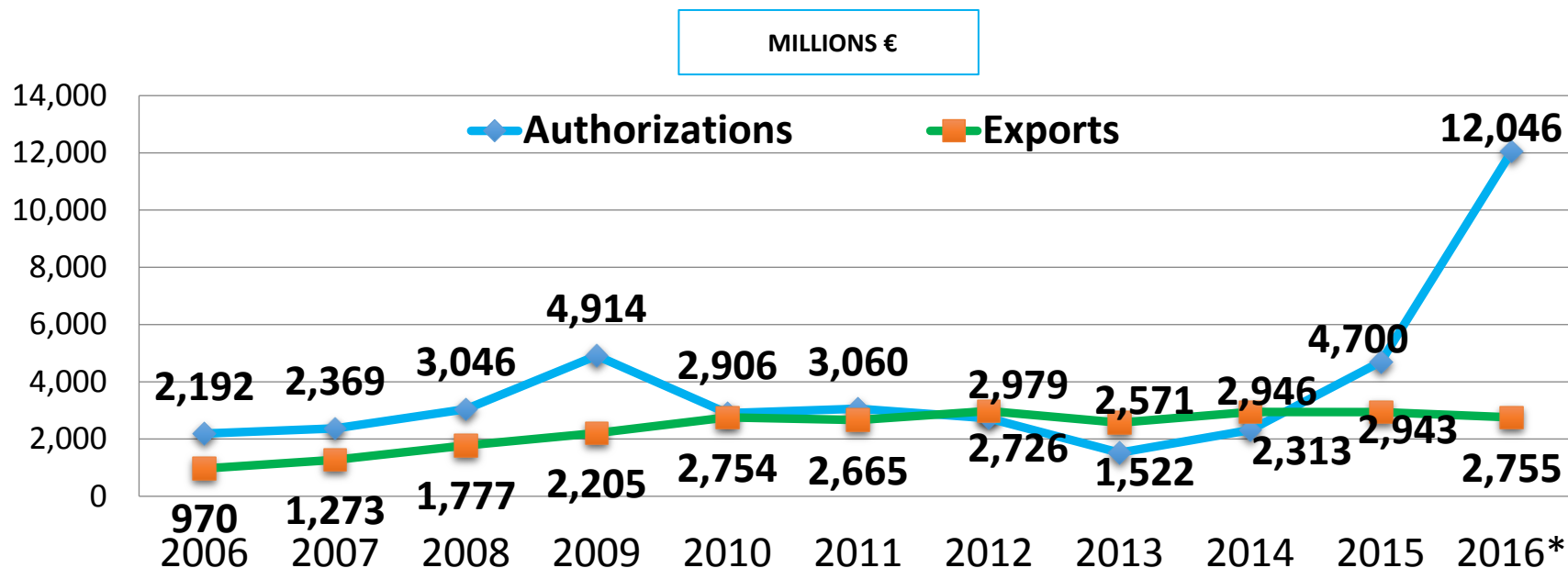


Note: The company has been organized in 7 operational Divisions since 1 January 2016: Helicopters, Aircrafts, Aerostructures, Airborne and Space Systems, Land & Naval Defence Electronics, Security and Information System, Defence System.

Source: IAI investigation - Data on Italian Aerospace and Defence Industry 2015.



ITALIAN DEFENCE EXPORT 2006 - 2016



*The data provided by the 2016 relation does not distinguish how much of the transfers in intergovernmental programs effectively finances third countries, and how much finances intergovernmental programs. Moreover, Global project licenses are excluded by the data.

Source: IAI elaboration on the authorized operations for the exports control, import and transit of armament material, referred to 2016

MINISTRY OF DEFENCE SPENDING



External Functions and Pensions

External Functions refer to the requirements related to the activities performed by the Ministry, that are not specifically linked to its institutional functions.

Pensions including provisional pensions for the auxiliary staff, that concern the remuneration for the auxiliary military personnel as well as to other requirements not related to their salary when in duty.

Homeland Security

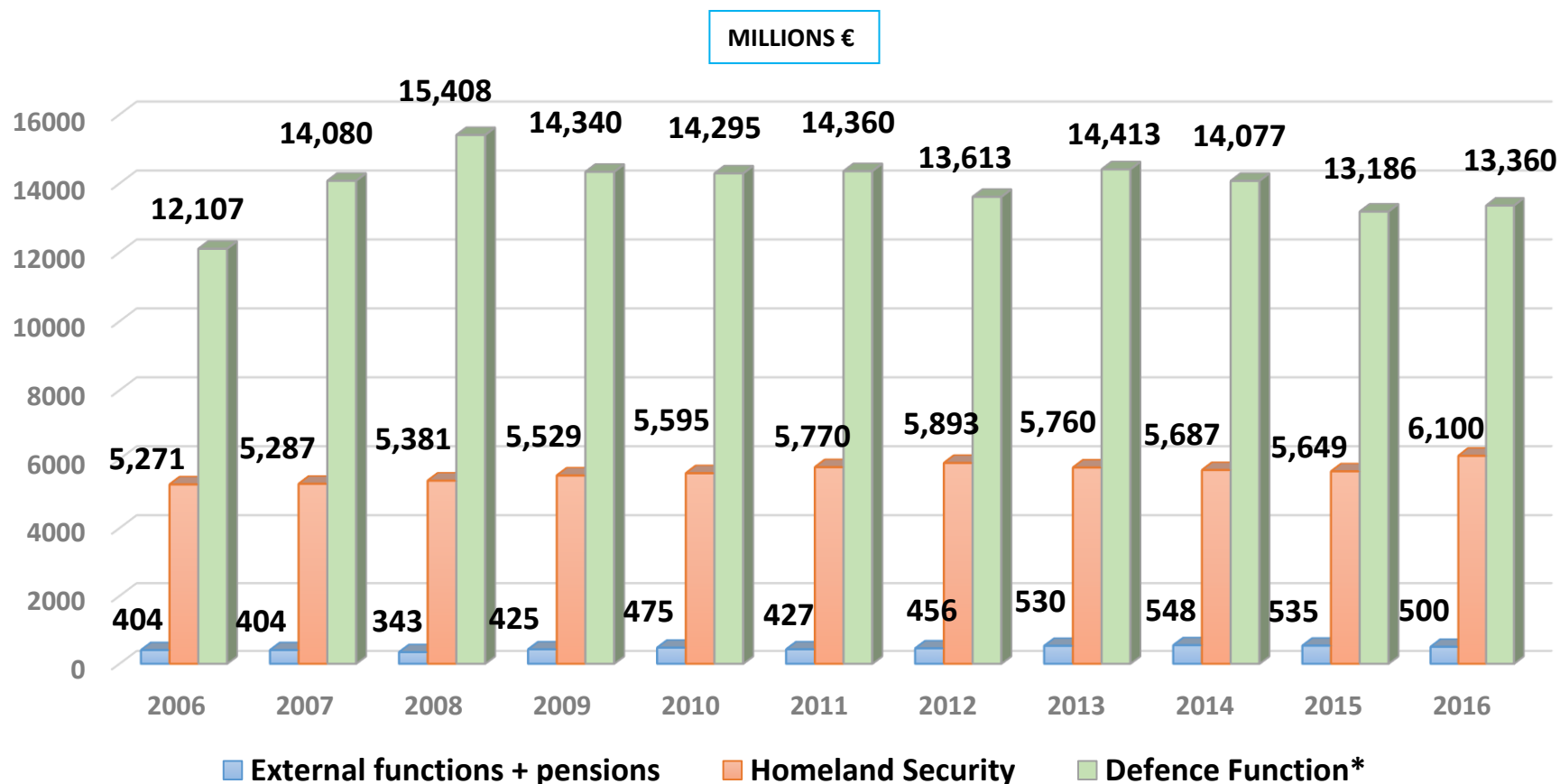
Includes all expenditures for the Carabinieri, as well as the ones related to the State Forestry Corps – according to bill N-177 of 2016 –, in order to perform their institutional tasks within the military domain.

Defence Function

Includes all necessary expenditure to perform the specific set of tasks assigned to Army, Navy, Air Force and joint component, as well as technical and administrative personnel of the Ministry of Defence.

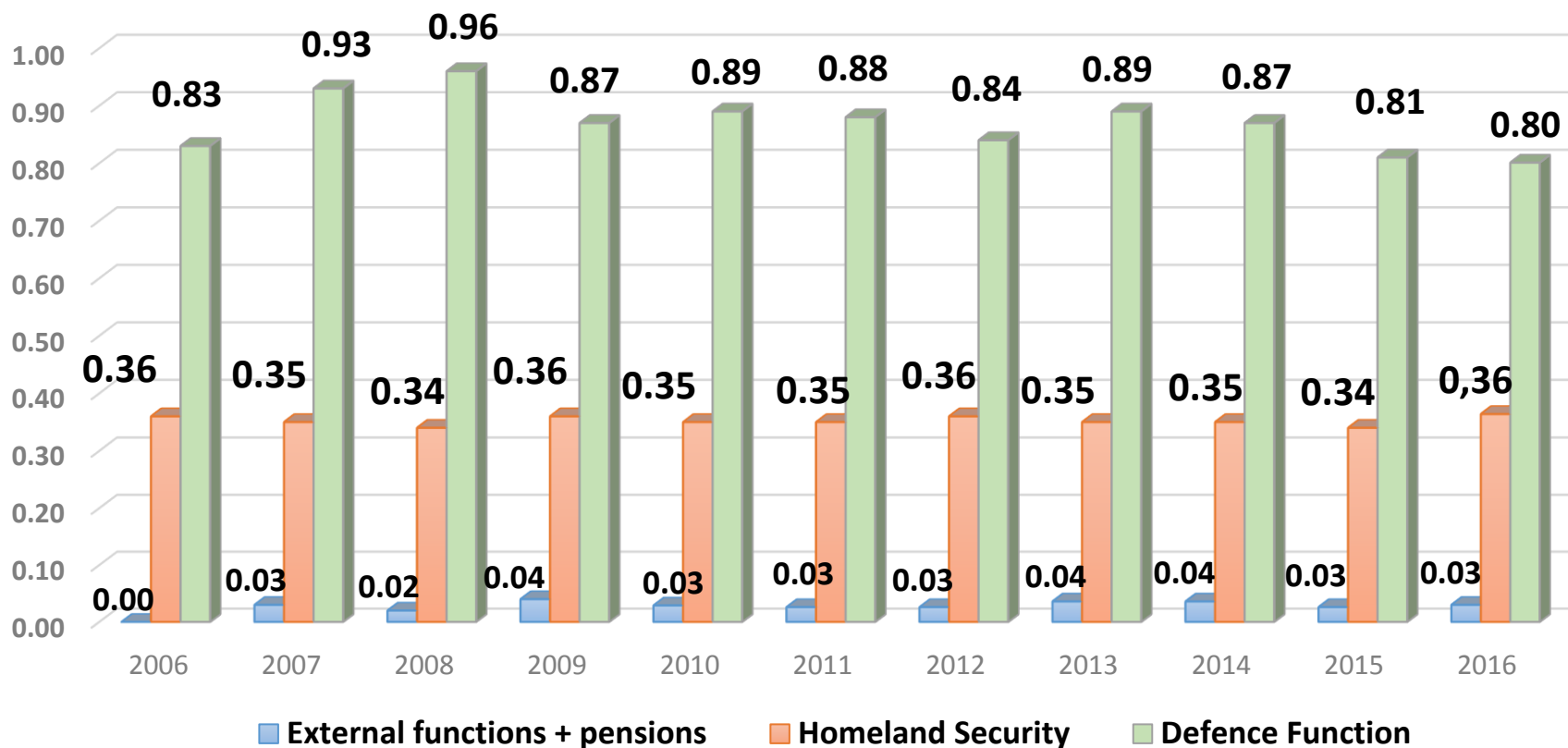


MINISTRY OF DEFENCE SPENDING 2006 - 2016



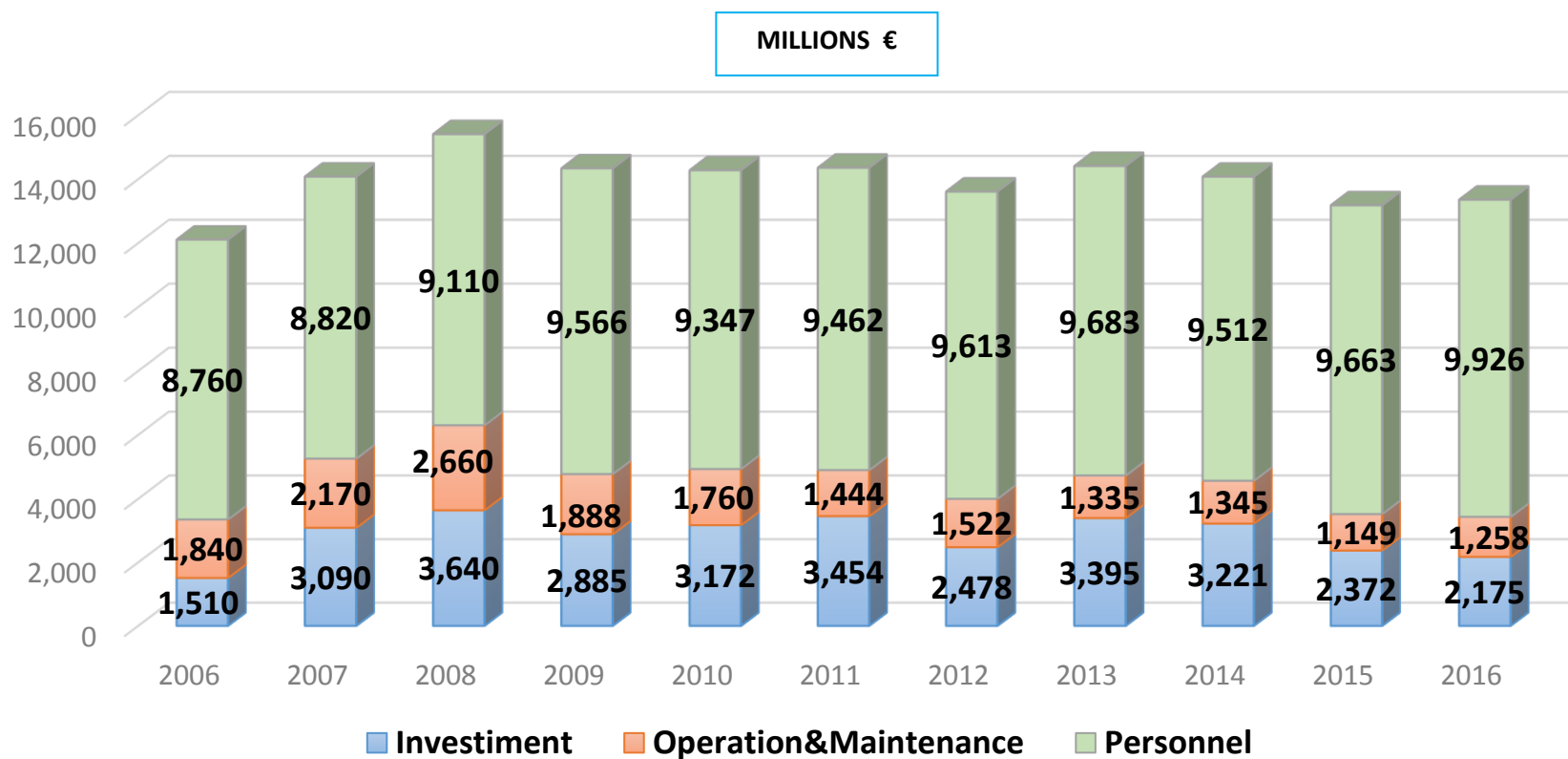
Source: Documento Programmatico Pluriennale per la Difesa 2016 - 2018 and estimates based on interviews.

MINISTRY OF DEFENCE SPENDING 2006 - 2016 AS % OF GDP



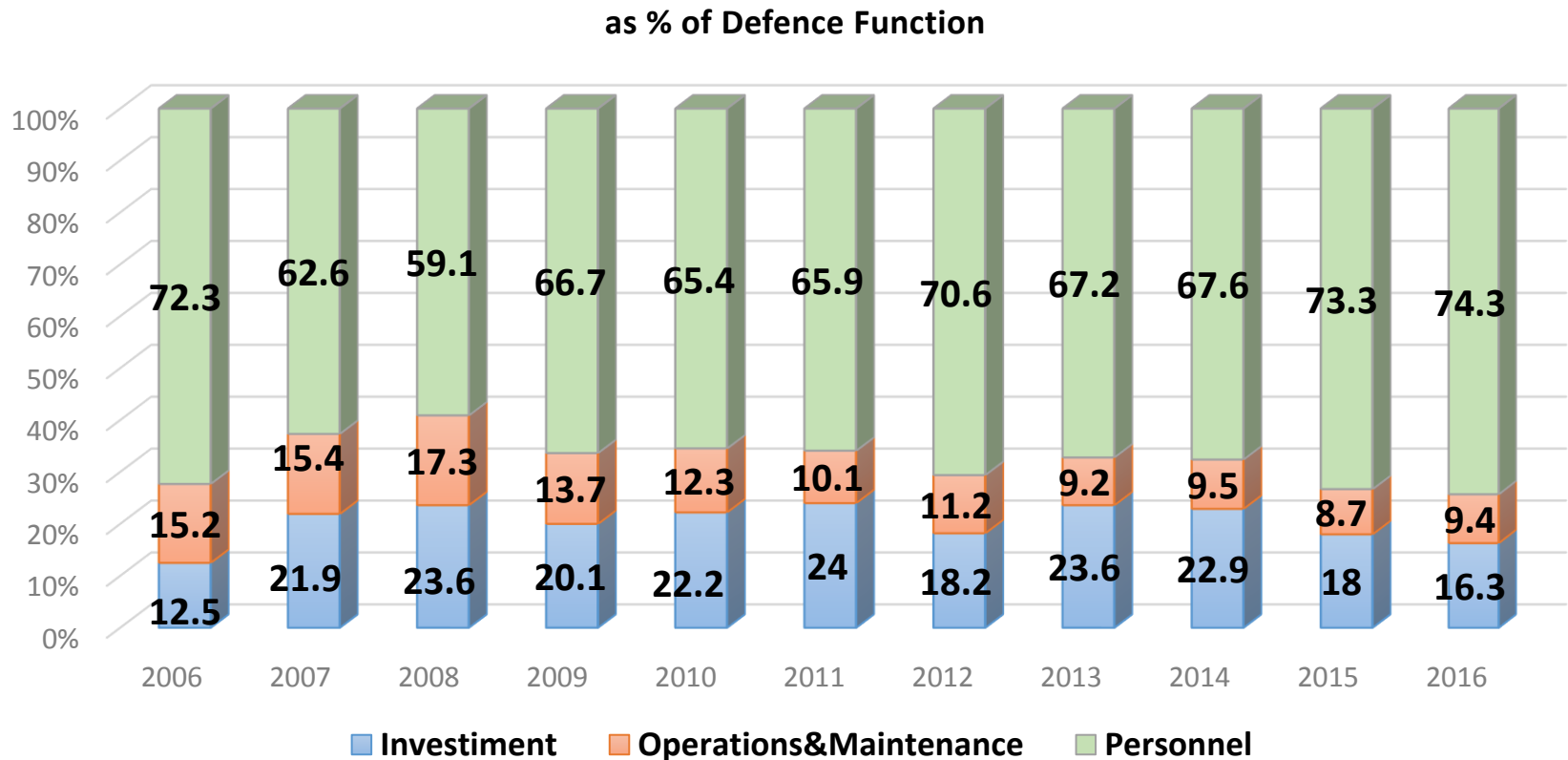
Source: Documento Programmatico Pluriennale per la Difesa 2016 - 2018 and estimates based on interviews.

DEFENCE FUNCTION SPENDING 2006-2016



Source: Documento Programmatico Pluriennale per la Difesa 2016 - 2018 and estimates based on interviews.

DEFENCE FUNCTION SPENDING 2006 - 2016



Source Documento Programmatico Pluriennale per la Difesa 2016 - 2018 and estimates based on interviews.

TOTAL DEFENCE EXPENDITURE 2016

MILLIONS €

	Defence Function	Homeland Security Function(1)	International Missions(2)	Ministry of Economic Development (3)	Total
Personnel	9,926	450	405	--	10,781
Operation&Maintenance	1,258	50	607	--	1,9215
Investments and R&S	2,175	--	--	2,540	4,715
Total	13,359	500	1,012	2,540	17,411

- 1) Estimate based on the share of Carabinieri personnel available for Defence missions, Military Police.
 2) Estimate based on historic series: personnel costs 40%, other costs 60%.
 3) IAI estimates based on interviews.

TOTAL DEFENCE EXPENDITURE 2017

MILLIONS €

	Defence Function	Homeland Security Function(1)	International Missions(2)	Ministry of Economic Development (3)	Total
Personnel	9,799	509	399	--	10,707
Operation&Maintenance	1,272	32	598	--	1,902
Investments and R&S	2,141	--	--	2,704	4,845
Total	13,212	541	997	2,704	17,454

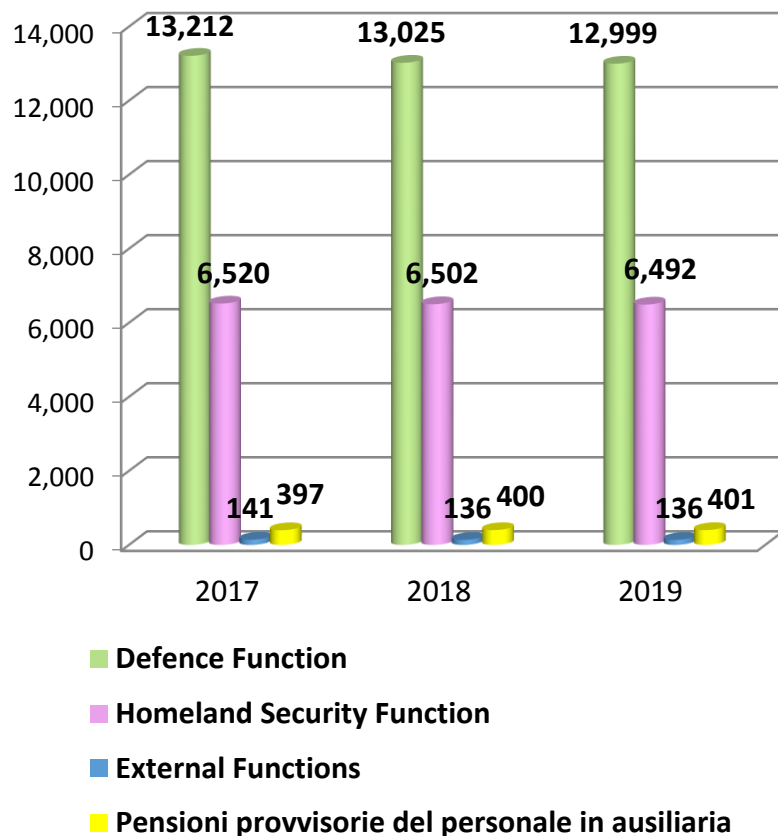
1) Estimate based on the share of Carabinieri personnel available for Defence missions, Military Police.

2) Estimate based on historic series: personnel costs 40%, other costs 60%.

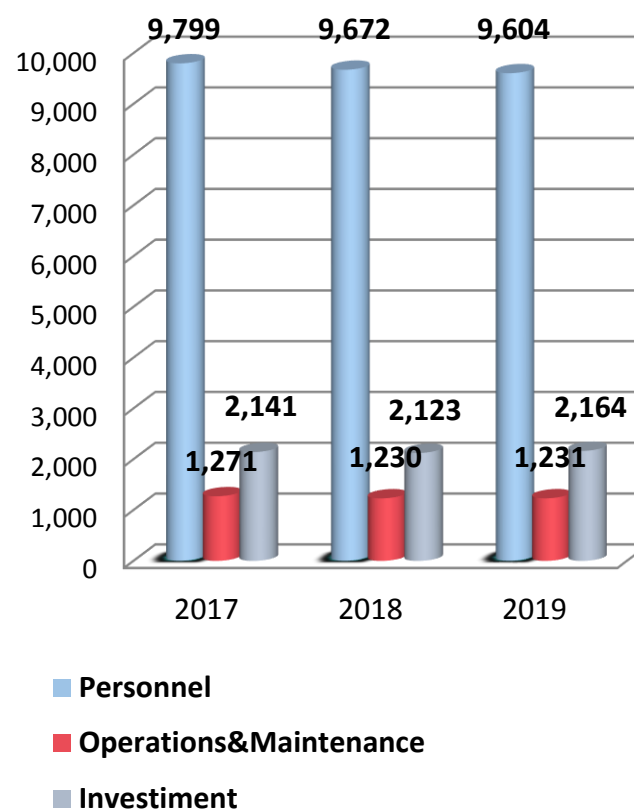
3) IAI estimates based on interviews.

PROVISIONAL ALLOCATIONS 2017 - 2019

DEFENSE 2017 - 2019



DEFENSE FUNCTION 2017 - 2019



Source: Documento Programmatico Pluriennale per la Difesa 2016-2018

ITALIAN INTERNATIONAL MISSIONS 2016

COST AND PERSONNEL

Total Expenditure
(millions of €)

International Missions 1,012*

Expenditure for main operations theatres
(millions of €)

Afghanistan 199,7

Lebanon 156,5

Balkans 86,1

Indian Ocean and Horn of Africa 54,3

Mediterranean and Middle East 428,7

Others 3,3

Shared Costs 83,3

Total deployed personnel
6,092*

Balkans

Althea in Bosnia, Joint Enterprise, EULEX and UNMIK in Kosovo, Police e GDF in Albania and Balkans

619

Afghanistan

Resolute Support Mission and EUPOL in Afghanistan, mission support in UAE/Bahrain/Tampa/Qatar

1,052

Mediterranean and Middle East

Sea Guardian, EUNAVFOR-MED, NATO surveillance, NATO Active Fence. EUBAM in Rafah, TIPH 2 in Hebron, EUPOL COPPS in Palestine, UNFICYP in Cyprus, Coalition against Daesh.

2,836

Lebanon

UNIFIL and Maritime Task Force

1,140

Indian Ocean and Horn of Africa

EUTM Somalia, EUCAP Nestor, military base in Djibouti, EUNAVFOR ATALANTA

413

Others

Uganda, Sahel/Mali, Niger

32

Source: IAI elaboration based on Documento Programmatico Pluriennale per la Difesa 2016-2018 and Servizio Studi della Camera dei Deputati.

*Budget and personnel related to Red Cross missions are not included.