

---

## **NEWS FROM THE BRUSSELS' BUBBLE**

### **#2019-4, 15 November 2019**

---

#### **News items:**

- ✓ EU Commission 2019-2024: controversial French Commissioner to lead new DG Defence Industry & Space

#### **Links to interesting news/articles**

- ✓ main outcomes of EU Defence Ministers meeting of 12 November
- ✓ possible postponement of next MFF would also postpone Defence Fund 2021-2027
- ✓ Adoption of EU Annual Report on arms exports on 19/11/19

#### **2019 EU Calendar - provisional dates**

**28 November** European Defence Agency General Assembly, Brussels

**10 December** European Defence Industry Summit, Brussels

**12-13 December** EU Summit (usually with Defence-related conclusions), Brussels

**01-01-2020** Croatian Presidency

**4-5 March** Informal meeting of EU Defence Ministers, Croatia

**26-27 March** EU Summit, Brussels

**11-12 May** EU Foreign Affairs & Defence Council (with Defence Ministers), Brussels

**18-19 June** EU Summit (usually with Defence-related conclusions), Brussels

[Access the previous Newsletters here](#)

---

### **EU Commission 2019-2024: controversial French Commissioner will lead new DG for Defence Industry and Space**

---

#### **➤ A new Directorate-General for Defence Industry and Space under Internal market port-folio**

The next European Commission will be led by Ursula von der Leyen, former German Minister of Defence, who will take over Jean-Claude Juncker. On 10 September she presented the structure of the new Commission and the distribution of portfolios. Of particular interest to us is the creation of a new Directorate-General dedicated to the Defence Industry and Space. In the current Commission, issues related to the military sector, like the Transfer Directive or the Procurement Directive, were dealt with by a Unit under DG GROW, the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs. About

a year ago, a second Unit was created to answer the increased workload related to military research and development.

In the new Commission, support to the military industry will become more prominent thanks to this specific DG; and the fact that it is associated with the Space policy is also a sign of the militarisation of the EU: after R&D, and after the transport policy (with the coming military mobility programme worth €6.5 billions), the €16 billion for space will also have to contribute to subsidising the military sector. It is the

first and only DG dedicated to a specific industrial sector: other DGs are about a policy area like ‘mobility

and transport’, ‘health and food safety’ or ‘energy’, dealing among others with industrial aspects.

➤ **Controversial French Commissioner to lead an over-sized portfolio, including Defence Industry & Space**

To add-on, this DG Defence Industry & Space is to be included in a very large portfolio putting together what used to be managed by 2 Commissioners in the current Commission: the Digital economy and society including cyber-security and elements of education and audiovisual, the internal market including industry across sectors and SMEs, the Defence industry and the Space policy. This super-portfolio was to be attributed to Sylvie Goulard, the French commissioner candidate designated by French president Emmanuel Macron. A member of Macron’s En Marche party, she was briefly French Minister for Armies until she had to resign due to allegations of misuse of EU funds when she was an Euro-parliamentarian. She faced rough hearings during which she was challenged on 2 main issues: first ethical issues regarding the allegation of using a fake EP assistant for national work, as well as her consultancy role with a US think tank, worth 13’000 a month while she was an MEP. Second, many MEPs also expressed concerns about the oversized portfolio and how one person could follow seriously so many key areas. Part of her answer was that she would delegate part of the work to her team, which raises a democratic issue about delegating political processes to senior officials or advisers.

The European parliament eventually rejected her candidacy, prompting Emmanuel Macron to find a new candidate as French Commissioner. Not only did he claim for keeping this oversized portfolio for the

French Commissioner, but the new Commissioner-designate also raises serious ethical concerns: at the time of his nomination, Thierry Breton was head of Atos, a high-tech company which was indirectly implicated in illegal espionage activities by states such as Egypt.

Atos is active in cybersecurity, but also on the defence market, producing command and control systems for combat management and border surveillance, defence electronics and AI applications, which are part of the Defence Fund priorities. Atos already receives significant EU subsidies and is particularly interested in the European supercomputer project, with an envelope of nearly 3 billion euros being prepared for the next budget period.

Despite the important overlap between this portfolio and Breton’s previous industrial activities, a majority of the European Parliament didn’t consider the possible conflicts of interest as a sufficient reason to reject Mr Breton’s designation after his hearing on 14 November. Mr Breton only committed not to intervene in decisions directly affecting Atos and not to meet alone with Atos representatives.

However many decisions that will indirectly affect Atos will be driven by Mr Breton, such as the work programmes of European Defence Fund defining the precise priorities to be funded, and to many of which Atos could be an eligible stakeholder.

➤ **Results of Commissioners’ hearings and next steps for the future Commission**

The new European Commission has to be approved by the new European Parliament, who organises hearings of all Commissioner-candidates. Those hearings were conducted between 30 September and 10 October. In total 3 Commissioner-candidates were rejected: the Romanian, Hungarian and French candidates.

The first 2 were rejected prior to the hearings by the Legal Committee of the EP over potential conflicts of interest and discrepancies in property statements.. Sylvie Goulard was eventually rejected after 2 hearings and extra written questions, partly due to political disputes and revenge of the European Popular Party

(EPP) against Emmanuel Marcon, who was the fiercest opponent to the nomination of Manfred Weber, leader of the EPP group of the European parliament, as the next President of the European Commission.

As a result, the new Commission could not take office on November 1<sup>st</sup> as planned: the 3 new Commissioner-candidates went through new hearings on Thursday 14 November, and one of them still has to go through written questions. Even the date of December 1<sup>st</sup> is not secured any more, as the European Parliament still needs to vote on the Commission as a whole in a plenary session, currently planned for 27 November.

Links to relevant documents

[The von der Leyen Commission, EC press release \(10/09/2019\)](#)

[Macron proposes replacement commissioner candidate, Euractiv \(24.10.2019\)](#)

[Mission letter to Thierry Breton](#)

[Thierry Breton, the corporate commissioner?, Corporate Europe Observatory \(10.11.2019\)](#)

[Commissioners assemble: class of 2019-2024, Euractiv \(15.11.2019\)](#)

**Links to interesting news/articles**

➤ **EU Defence Ministers meeting (12/11/19): Defence Fund, PESCO projects and strategic paper**

On Tuesday 12 November, EU Defence Ministers met in Brussels. According to press reports, a large part of the meeting was dedicated to the future of the Permanent Structured Cooperation (PESCO) and its coherence with other initiatives like the European Defence Fund. Commissioners Katainen (Employment and Vice-President) and Bieńkowska (Industry) participated in the discussion, during which many ministers underlined the “*progress made*”. What is meant by ‘coherence’ is the intention to concentrate EU funding (EDIDP and Defence Fund) on “*projects presenting a strategic added value for the security of Europe*”, in particular projects under PESCO or listed in the EU Capacity Development Plan (CDP).

During this meeting Ministers also [adopted a new list of 13 PESCO projects](#), which now amount to a total of 47 projects. Interesting to note that France is now the leading country, participating in 2/3 of the projects (30 out of 47) and leading 10 of them while Germany is now only fourth (participating in 16 projects and leading 6). Spain and Italy are 2<sup>nd</sup> and 3<sup>rd</sup> in number of projects participation. From Central and Eastern Europe, the more involved countries are Romania, Hungary, Poland and the Czech republic.

The controversial issue of third countries’ involvement in PESCO projects (and thus possibly the Defence Fund) could not be resolved yet despite compromise proposals, with France, Cyprus and Greece pushing for a limited participation under strict conditions while Sweden, the Netherlands or the Baltic countries want more flexibility. Denmark confirmed its *opt-out* on military matters as formally this should not prevent its industry to have access to the Defence Fund even if not part of PESCO.

Federica Mogherini considered that the budget of PESCO projects should be made public, although the final decision would be made by Member States, except for the EU contribution which should be made public. However, the European Commission seems reluctant to publish information about the Defence Industrial Programme (EDIDP) that started this year: [it refused to communicate non-confidential statistical information on the projects proposals even to ‘friendly’ journalists from B2pro](#). This is not a good sign in terms of future transparency of the European Defence Fund, and the capacity of critical media and civil society to play its watchdog role.

Lastly, several countries called during the meeting for a more strategic document that should complement the EU Global Strategy: such document should define the long term objectives and orientations of the Common Security and Defence Policy, in other words be more operational and practical. Such task, if to happen, would be conducted by the next High Representative Josep Borrell.

Other issues raised were the Coordinated Annual Review on Defence (CARD), a number of EU missions and operations, EU-NATO relationships and the European Defence Agency (the meeting started with the EDA Steering Board and the vote of its 2020 budget, after the UK blocked any increase)

source: [Bruxelles2Pro](#)

Outcomes of the meeting: <https://www.consilium.europa.eu/en/meetings/fac/2019/11/12/>

list of participants: <https://www.consilium.europa.eu/media/41328/20191112-fac-presslist.pdf>

➤ **Next EU Multi-Annual Financial Framework (MFF 2021-2027) to be postponed?**

The discussions on the next EU budgetary cycle are blocked at the level of Member States. The European Parliament adopted its position about a year ago (accepting the Defence Fund proposal with a €13 billion budget) and negotiations will start only when Member States have agreed their position. The main points of disagreements are inter-related:

- the level of the budget
- the breakdown between 'old' (agriculture, cohesion Funds in particular) and 'new' policies like Defence and Security
- EU own resources
- Rule of law conditionality (that is the possibility to suspend access to EU funds for lack of respect of the Rule of law by a Member State)

In other words EU countries want the cake and eat it too: new policies, no increase of the total budget and no reduction of what they receive from the EU. The Finnish presidency should present new compromise proposals to national leaders at the European Summit of December. The delay could mean that the new MFF will not be ready on time and that in 2021 the EU budget could be a mere continuation of the 2020 budget, meaning that the fully-fledged European Defence Fund would also be delayed.

➤ **Adoption of EU Annual Report on arms exports on 19/11/19**

As announced previously, the revision of the EU Common position on arms exports was adopted by EU ministers on 16 September, and is limited merely to cosmetic arrangements (see [press release here](#)).

On Tuesday 19 November ambassadors to the EU will adopt the 21<sup>st</sup> EU Annual Report on arms exports during the Political and Security Committee meeting.

---