

# News from the Brussels' Bubble



## EU agenda

- 15-17/07:** EU defence policy directors' informal meeting, back-to-back with a high-level workshop on Permanent Structured Cooperation (PESCO). Budapest
- 22/07:** Foreign Affairs Council
- 28-29/08:** Informal meeting of EU Foreign Affairs ministers ('Gymnich', Budapest)
- 29-30/08:** Informal meeting of EU Defence ministers (Budapest)
- 5-6/09:** Informal Meeting of the EU Non-Proliferation and Disarmament Directors (Balatonfüred)
- 2-4/10:** EPF committee informal meeting
- 03/10:** "The defence industry: challenges for the new European Parliament", IRIS conference
- 14/10:** Foreign Affairs Council
- 17-18/10:** European Council
- 17/10:** [Brave new world: Building Europe's capacities for defence and security R&D](#), Science Business conference
- 08/11:** Informal meeting of heads of state or government, Budapest
- 18/11:** Foreign Affairs Council
- 18/11:** Foreign Affairs Council - Defence format
- 16/12:** Foreign Affairs Council
- 19-20/12** European Council

*Unless indicated otherwise, EU official meetings take place in Brussels*

## EU elections results

- **new EP: New EP: three far-right groups, no up-graded Committee on security & Defence**

The final results and composition of the new EP by political groups is [available here](#) and updated regularly as long as non-affiliated MEPs join groups.

The political landscape has clearly shifted to the right, with now three far-right groups. The [newly-created "Patriots for Europe"](#), including in particular the French RN, Orban's PiS, the Austrian FPÖ and the Italian North League, is now the third biggest group with 84 seats, after the EPP (188) and the Socialists (136). The European Conservatives and Reformists come 4th with 78 seats, just one seat ahead of the Liberal group Renew. But this may still change as 21 MEPs have still not decided to join a group or remain non-attached. The Greens fall at rank seven with 53 seats, while The Left grew to 46 seats after the 8 MEPs from the Italian M5S joined the group provisionally (to be confirmed in 6 months), reports B2pro ([E. Stroesser](#)). The last formal group in terms of number is the [newly created "Europe of Sovereign Nations"](#), grouping among others German AfD and French Reconquête as a result of the split of former I&D group. 12 MEPs decided to remain non-attached so far.

According to [Politico](#), the Foreign Affairs committee should be chaired by German EPP David McAllister, while the French Liberal Nathalie Loiseau lost the Security and Defence sub-committee chair, to the benefit of her German colleague Marie-Agnes Strack-Zimmermann. The Industry Committee, the one leading decision-processes on EU funding for the arms industry, could go to German EPP Christian Ehler, against the Polish EPP Delegation's wish. Meaning that the three main (sub)-committees involved in defence-related matters would be chaired by German MEPs. The final decision will be taken this week during the first plenary session of the EP in Strasbourg.

Lastly, although it seemed to be a foregone conclusion for a while, there will probably not be a fully-fledged Security and Defence Committee, which will remain a sub-committee under AFET, according to B2pro ([E. Stroesser](#)), which points out that the political negotiations on committees and their composition will nevertheless continue until 18 July.

- **Top Jobs & next EU Commission**

[EU leaders gave the green-light to the top job package](#), with Ursula Von der Leyen as President of the European Commission, Antonio Costa as President of the European Council replacing Charles Michel, and Kaja Kallas as EU High representative and head of the EDA taking over Josep Borrell. The hearing and vote by the new EP plenary assembly, to confirm Von der Leyen's second term, [should take place on 18 July](#) and although the results might be tight, [she is expected to win the needed majority](#).

France's President Emmanuel Macron plans to nominate again Thierry Breton as Commissioner, angling for an expanded portfolio around economic security and defence, reports [Euractiv](#).

The tentative timeline for setting the Commission should be as follows, according to an e-mail seen by [Euractiv](#):

- 18 July: Vote in the EU Parliament
- July-August: President receives candidates for Commissioners
- 2 September: Presentation of organigramme and mission letters
- European Parliament JURI verifies conflict of interest
- 20 September: The European Parliament sends questionnaires
- 29 September: Questionnaires sent back
- 30 September- 4 October: Hearings
- 21 October: European Parliament vote
- 1 November: Swear in

## **EU funding for the arms industry**

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- **Tough negotiations on EDIP: mock vote to bypass French obstacle?**

[According to Euractiv](#), the Belgian presidency issued a last compromise text on key parts of the draft Regulation for a European Defence Industry Programme (EDIP), and a 'mock vote' should take place on 27 June in order to sideline the French opposition to using EU funds for non-EU components. Indeed the current EDIP proposal include significant derogations similar to the ones introduced in the funding programme to support joint procurement (EDIRPA) under the argument of urgency. *"Among the key difficult points are the creation of an Industrial Board within the EU Commission to match needs, offers, and demands, the creation of an ad hoc legal entity to develop equipment (SEAP), and the visibility and monitoring of supply chains, for instance."* reports Euractiv.

It is more and more likely that the adoption of EDIP will take long, first to reach a provisional deal among Member States and then to negotiate with the EP. Although we have seen in the past that the EP is not necessarily the biggest obstacle. This probably explains that the EC just released a [Staff Working Document to accompany the EDIP proposal](#), and which [B2pro describes](#) as a pro-EDIP paper to explain *"why and how the EU must act now to strengthen the European defence technological and industrial base and support the Ukrainian defence industry"*.

- **EC implementation report on ASAP already released**

The EC released early July an [implementation report of the Ammunition Support Act](#), possibly a first in terms of speed! The report is 'incidentally' noting that the Instrument could have done much better with more money, as many projects that reached the 'excellence seal' could not be funded. If they had, this would have allowed *"40% additional powder production, 100% shells or shell casings and a substantial production capacity for various missiles. But ASAP was €240 million short of what was needed to finance them"* summarises B2pro ([E. Stroesser](#)).

The report concludes that *"The ASAP Regulation is a very good demonstration of the Commission's ability to act urgently and in full compliance of the legal framework."* Is that a coincidence just when France and Thierry Breton are willing to keep and even enlarge the Commissioner's mandate?

- **Joint acquisitions of Caesar canons and Mistral air defence system under EDIRPA**

B2pro ([E. Stroesser](#)) reports about two agreements for joint acquisitions eligible for EU funding under the EDIRPA programme:

Croatia, Estonia and France have signed a framework cooperation arrangement for the joint procurement of Caesar guns. *"Other countries have shown a strong interest and, with the support of the initial partners, are expected to join this cooperation in the near future"* states the [press release](#) from the French Ministry of Defence.

Four countries (Belgium, Cyprus, Estonia, Hungary and France) signed another framework cooperation arrangement for the joint procurement of the Mistral 3 ground-based air defence system, according to a [press release](#) issued on Wednesday 19 June.

- **2025 draft Budget benefits defence and migration control**

The draft 205 Budget includes a significant increase for defence, pending the EDIP adoption, reports B2pro ([E. Stroesser](#)). Priority is clearly given to defence following the mid-term review of the EU long-term budget (see [NBB 2024-01](#)), with €1.8 billion earmarked for "defence challenges".

Most of this will go to the European Defence Fund, which will receive €1.4 billion. The increase mainly concerns support for developing capabilities (from €668 million in 2024 to €1.026 billion in 2025) and research (from €333.7 million to €392.5 million).

Military mobility is allocated 244.5 million, slightly less than in 2024 (251.4 million). The initial 7-years budget was already exhausted by 2024.

The budget for the common procurement instrument EDIRPA will fall sharply as it comes to an end, from 260 million to 40 million for 2025. ASAP disappears as all its budget has been used. ASAP & EDIRPA are due to be replaced by the new European Defence Industry Programme (EDIP), which has already been included in the 2025 draft budget, with an allocation of 1.9 million euros for 2025, far less than the 3.5 million planned as the regulation has yet to be adopted.

The deadline for adoption of the 2025 budget is November 18, the last day of the conciliation period between EP and Member States.

- **EIB: first steps to fund defence already not enough...**

The European Investment Fund (EIF), a subsidiary of the European Investment Bank (EIB), is to cooperate with the NATO Innovation Fund (NIF) as part of the EIB's recent action plan for security and defence.

The two institutions signed a cooperation agreement (MoU) in Brussels on Tuesday 2 July, with a view to facilitating access to finance for European companies, particularly in the deep tech sector, reports B2pro ([E. Stroesser](#)). *“More concretely, the two organisations will exchange knowledge in the investment criteria with the aim to increase funding for small and medium companies (SMEs) and mid-caps”* further [details Euractiv](#).

Yet this already does not seem enough, as the EU leaders, after *“welcom[ing] the Security and Defence Action Plan adopted by the European Investment Bank Group and call[ing] for its swift implementation (...) calls on the European Investment Bank to assess and further adapt, as appropriate, its policy for lending to the defence industry, while safeguarding its financing capacity”* in their June [Council Conclusions](#).

- **related links**

[EU defense commissioner: The prestigious-sounding job you really don't want](#), Politico, 04.06.2024

[EU defence spending should not cut into cohesion funds, Commissioner warns](#), Euractiv, 04/06/2024

[EU must not neglect development aid over defence, Commissioner Urpilainen warns](#), Euractiv, 12/06/2024

[‘Citing missile mismatch, Lockheed snarls at HIMARS challenge in Europe’](#), Defense News, 18.06.2024

[‘European ammo firms tell EU to ‘hurry up’ with 155mm shell aid top-up’](#), DefenseNews, 20/06/2024

[EU defence funding plan faces uncertainty ahead of summit](#), Euractiv, 25/06/2024

[EU's von der Leyen assesses bloc's defence needs to €500 billion](#), Euractiv, 27/06/2024

[Defence funding could be the EU's next big battle to fight](#), Euractiv, 30/06/2024

[EU and NATO sponsored programmes partner to increase defence funding opportunities](#), Euractiv, 02/07/2024

[EU takes aim at the dual-use divide](#), ScienceBusiness, 11/07/2024

## Other aspects of EU militarisation

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- **“Make Europe Great Again”, Defence 2nd priority of the Hungarian presidency**

TAmong the seven priorities of the [Hungarian presidency of the EU](#), “the reinforcement of European Defence Policy” comes 2nd after “A new European Competitiveness Deal”, the 3rd priority being enlargement while “stemming illegal migration” comes 4th.

The [detailed programme](#) about defence (under ‘Foreign affairs Council’, from p.17) is about “continuing implementation of the Strategic Compass” from “setting up the EU Rapid Deployment Capacity (EU RDC) and the relevant command and control systems” to “strengthening of the European Defence Technological and Industrial Base”, which includes a “reflection on the future of the European Defence Fund (EDF)” and paying “attention to (...) the expansion of financing options and production capacities, better security of supply, as well as the swift commercialization of research, development and innovation results”. And of course “advanc[ing] the legislative tasks related to the European Defence Industry Programme (EDIP).” Another priority will be to organise the next European Political Community (EPC) summit “as an important forum for political dialogue [and] exchange of views on the European security architecture.”

The programme manages to not mention Russia directly, but only the “Russian aggression”, on two occasions. While support for Ukraine is mentioned, in general terms and without reference to military support, Hungary also wishes to review the geographical balance of the European Peace Facility.

Hungary strongly condemns the Hamas attack of 7 October and stresses Israel's right to self-defence, briefly mentioning the need for humanitarian aid for civilians to “*alleviate suffering*”. An entire paragraph is dedicated to “*fighting anti-Semitism and fostering Jewish life*”.

The issue of arms supplies or exports, whether to specific conflict zones or more broadly, is not addressed.

- **Council adopts strategic agenda: EU's role to focus on arms industry & internal market**

EU leaders adopted the EU Strategic Agenda for 2024-2029 during their June Summit, available as an annex of the [Council Conclusions](#) (from p.14). The Defence section was largely revised according to B2pro ([O. Jehin](#)).

In May the EU Defence ministers had tasked the Commission to present a report on “options for mobilising more funding” for the European defence industry (see [NBB 2024-03](#)) by the end of June, to feed discussions with ‘innovative’ solutions among EU leaders during the European Summit. However, in the weeks leading up to the European Summit, the expected Commission’s report was already watered down to a letter from President von der Leyen, and ultimately reduced to a simple oral presentation, falling far short of the stated ambitions.

This could be indicative first of strong dissension within the Commission itself: it is probably no coincidence that two Commissioners have had published two articles in Euractiv one after the other, before the June European summit, alerting that [EU defence spending should not cut into cohesion funds](#) and calling [the EU not to neglect development aid over defence](#).

But above all there are diverging views among Member States: [the Council Conclusions](#) do not bring any new elements and invite again “*the Commission and the High Representative to present developed options, to be discussed by the Council, for public and private funding to strengthen the defence technological and industrial base and address critical capability gaps*”, but with no reference any more to ‘innovative’ solutions nor to Eurobonds. Germany and The Netherlands in particular fiercely opposed the idea of a joint European debt for defence, arguing that “*If all Member States complied with the 2%, this would bring in an extra €60-70 billion a year, more than the €50 billion [deemed necessary by the President of the Commission](#)*”, further details B2pro ([O. Jehin](#)).

The Strategic Agenda first centres the role of the EU, and in particular the one of the Commission, on support for the internal defence market and for the industrial base, and ‘European projects of Common interest’, as envisaged by proposed EDIS and EDIP, have been replaced by a reference to “*flagship projects and Member States’ defence initiatives*”. Cooperation with NATO is again the subject of a more elaborate paragraph, with the German Chancellor arguing that “*Defence is a matter for the Member States and NATO*”, still according to O. Jehin.

A mandate still ambiguous however, continues O. Jehin, as the text adds a capability objective that can be interpreted as opening up the field of intervention from the research stage to that of acquisition, which will require additional funding in all cases. This could involve “*additional national contributions or an agreement on new own resources at EU level*”, according to Ursula von der Leyen, who also mentions the possibility of using the guarantee offered by the Community budget to borrow money, further reports B2pro.

- **Stability Pact and defence: the good debt?**

The idea of turning military expenditure as a “good debt” has been raised again by the Italian Defence minister Crosetto, who argues that this would be “crucial measure” and that “We need to innovate and not stick to rules written twenty years ago”, reports B2pro ([E. Stroesser](#)).

EU Commissioner Thierry Breton made the same claim when addressing the French parliamentary committee on defence, reports B2pro ([R. Mielcarek](#)): “Some countries are good at defence, but have debts. And there are countries that don't have debts, but have a lot of catching up to do on defence. So debt linked to defence investment should not be counted in the same way as the rest”.

Something that the EU Commission is de facto already putting into practice, as it has [recently put pressure on seven countries’ public spending but spared Estonia](#) because of “*overall mitigating relevant factors*”, in particular its considerable defence spending.

- **UK to re-engage with EU on defence?**

“*Without giving up on Brexit, Keir Starmer's new British government intends to re-engage with Europe. Including in terms of defence and security. This was the priority announced by Foreign Secretary David Lammy*” early July, reports B2pro ([N. Gros-Verheyde](#)). The new British minister already met with his counterparts in Germany, Poland and Sweden, and also had a conversation with the EU High Representative Borrell on 7 July, “[on European security challenges, working together in support of Ukraine, and towards an immediate ceasefire in Gaza](#)”.

- **related links**

[EU-NATO: 9th progress report stresses the importance of ever closer cooperation at a key juncture for Euro-Atlantic security](#), Council Press Release, 13/06/2024

[Polish defence minister hints at joining Franco-German fighter jet, tank projects](#), Euractiv, 24/06/2024

[Poland, Baltics call for ‘defence line’ along Europe’s Eastern border](#), Euractiv, 03/07/2024

[Defence: Speech by High Representative/Vice-President Josep Borrell at the EU Defence night, in the margins of the NATO Summit](#), EEAS, 10/07/2024

## EU Peace Facility & related news

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- **EU-Ukraine: joint security commitment but no agreement on dedicated Assistance Fund**

EU member States and Ukraine agreed [Joint Security Commitments](#), published on 27 June, with two dimensions: a security package and a civil one, reports B2pro ([N. Gros-Verheyde](#)).

The security and defence package main commitment is to ensure the delivery of modern equipment, "in a predictable, effective, sustainable and long-term manner" in all areas "according to Ukrainian needs", to continue training Ukrainian military personnel according to combat requirements and to support defence reform, as well as support against hybrid and cyber threats, de-mining or arms trafficking. It also include the "support for the development of Ukraine's defence industrial base", a key point for Kiev which is included in the draft EDIS and EDIP, as well as the possible redirection of part of the profits from Russian fixed assets.

The civil package relates to the future accession process but also includes the support for diplomatic solutions to the conflict or to the prosecution of war criminals, the protection of Ukrainian refugees, as well as support for the reconstruction and economic stability of Ukraine, there again by possible using Russian assets' profits.

On 24 June, [The Foreign affairs ministers endorsed the decision of the Peace Facility Committee](#) of 21 June to use part of the profits generated by the frozen Russian assets to feed the Peace Facility, and in particular to dedicate 1.4 billion to deliver weapons to Ukraine.

However this will not happen through a usual EPF assistance measure, which normally consists of reimbursing Member States and is still being blocked by Hungary (see below), explains B2pro ([N. Gros-Verheyde](#)).

Instead, it will involve direct, "very short-term" purchases of "lethal" equipment and air defence equipment, financed at 100%, in order to meet the most "immediate" needs of the Ukrainian armed forces: ammunition and shells, missiles, anti-aircraft defence, etc., with purchases made to the European and Ukrainian defence industry, further details B2pro ([N. Gros-Verheyde](#)).

The measure will be implemented directly by volunteering Member States: the Czech Republic, Denmark, Estonia, France and Germany. "This will, incidentally, make it possible to finance the dispatch of Patriot missiles or batteries initiated by Denmark and Germany, or part of the Czech munitions initiative" as well as "preserve the particular defence interests of each of the Member States and allow in particular neutral countries, as well as Hungary, to practise constructive abstention", since the money does not come from the contributions of the Member States.

In parallel, the proposal for a specific Ukrainian Assistance Fund under the EPF is still blocked by Hungary. Hungary's softening of its stance on certain issues, such as the appointment of Mark Rutte as NATO SG or the opening of accession negotiations with Ukraine and Moldova, did not go that far, explains B2pro ([E. Stroesser](#)). Ironically, it will now be up to the Hungarian presidency to continue -or not- the discussion. They might well use it as bargain for a wider reform of the EPF they want to undertake (see above).

- **Haiti: arms embargo enlarged to SALW and ammunition**

On 24 June, the EU Council modified its arms embargo on Haiti, enlarging it to small arms and light weapons and their ammunition, and to the entire territory of Haiti, reports B2 pro ([E. Stroesser](#)). See the [CFSP decision](#) and [Council Regulation](#).

- **related links**

[Council Conclusions on the White Paper on Dual-use Export Controls](#), EU Council, 30/05/2024

[European Peace Facility: Council adopts assistance measure to support the Republic of Moldova's air defence capabilities](#), EU Council press release, 13/06/2024

[European Peace Facility: Council adopts the first ever assistance measure in support of Kenya Defence Forces](#), EU Council press release, 24/06/2024

[Children and armed conflicts: Council updates EU guidelines and approves conclusions](#), EU Council press release, 24/06/2024