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DG for Defence Industry and Space in the new European Commission

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The structure of the new European Commission presented by its designated President Ursula von der Leyen includes, for the first time, a Directorate-General for Defence Industry and Space. The directorate-general will be placed under the control of the French Commissioner for Internal Market (Sylvie Goulard, if confirmed) who will be responsible for three areas: the digital economy and society, the European industry and single market, and the defence industry and space. Goulard will thus be in charge of three directorates-general: the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), the Directorate-General for Communications Networks, Content and Technology (DG CNECT), and the above-mentioned Directorate-General for Defence Industry and Space (DG for Defence Industry and Space).

In the area of defence industry and space, the new DG will: (1) implement the European Defence Fund - a new instrument which will offer financial support for the cooperative research and industrial projects; (2) ensure an open and competitive European defence equipment market and enforcing EU procurement rules on defence; (3) implement the Action Plan on Military Mobility (in collaboration with the DG Mobility and Transport); (4) foster an innovative space industry in the EU; (5) implement the future Space Programme, covering the European Global Navigation Satellite System (Galileo), the European Geostationary Navigation Overlay Service (EGNOS) and the European Earth Observation Programme (Copernicus).

The DG for Defence Industry and Space will include the units which have so far functioned within the DG GROW and have been responsible for space-related issues and the defence procurement market (e.g. the implementation of the Directive 2009/81/EC on public defence procurement). It may be expected that once the 2021-2027 multiannual financial framework is adopted, and the volume of funding to be allocated to the European Defence Fund is agreed, additional units to manage the fund will be established.

Commentary

- The establishment of a directorate-general for defence had been discussed in Brussels for over a year. The decision to set up the DG for Defence Industry and Space is a political signal which indicates that the defence policy is becoming an increasingly important field of activity of both the European Commission and the entire EU. Since

2019 the EU has been intensively developing instruments aimed at increasing co-operation between the EU member states in the area of the defence industry, military capabilities, EU civilian crisis management, military mobility, and EU activity in its neighbourhood (see Appendix). Thus, the decision to establish the new DG was intended to meet the expectations of a section of the political scene in Brussels and the EU member states which would like the EU to have increased competence in this field.

- The tasks and the position of the new DG in the structure of the European Commission represent however a certain compromise. Part of the EU member states are sceptical of the Commission enhancing its competences in defence policy, either due to a reluctance to see this area becoming increasingly the competence of the Commission (e.g. France) or due to generating future alternatives to NATO (e.g. Poland, the Netherlands). The new DG is the smallest one that could be established in this area; its competences are limited to the defence industry and space programmes which have been part of the competences of the European Commission to date and have been managed by DG GROW. The new directorate will deal with issues linked to military mobility only to a slight extent - it appears that the management of the funding for military mobility as part of the Connecting Europe Facility (CEF) in 2021-2027 will remain the competence of the (Romanian) Commissioner for Transport and the DG Mobility and Transport. Furthermore, there will not be a separate Commissioner for Defence.
- France is the largest winner in the new European Commission. It has been given one of the strongest portfolios with three DGs, including the DG for Defence Industry and Space. Paris has been seeking to maximise its influence over the EU security and defence policy and wishes for the EU to develop political, industrial and military strategic autonomy in order to gain the status of a strong independent player in international politics, alongside the US and China. In an optimal scenario this would be in co-operation with the US; but it could also be in opposition to Washington. France has been strongly lobbying for a closer integration of the defence industry within the EU with the aim to strengthen, above all, European champions (mainly French and German ones). France is also sceptical of giving more competence in security and defence to the European Commission since Paris prefers to retain intergovernmental co-operation in this area. Even if Sylvie Goulard is not positively assessed in the European Parliament due to ongoing investigation by the European Anti-Fraud Office (OLAF) related to irregularities in using funds for her office as an MEP in her previous term, Paris will put forward another candidate for this position. Furthermore, Nathalie Loiseau (the former vice-minister for European affairs from Emmanuel Macron's party - La République en Marche), has been appointed as the chair of the European Parliament's Subcommittee on Security and Defence. Even though the European Parliament has played a secondary role in the EU security and defence policy to date, it co-determines the debate on it, participates in the legislative process, and in this term it has ambitions to increase its leverage over EU policies, including in the above-mentioned area.
- The establishment of the new DG for Defence Industry and Space fits into the plans of the new President of the European Commission. When presenting her political guidelines for the next European Commission in the summer ('A Union that strives for more') von der Leyen announced that 'we need further bold steps towards a genuine European

Defence Union'. Thus, it cannot be ruled out that not only will the already established instruments be implemented, but also that new initiatives will be introduced. Von der Leyen wants to continue the flagship project of the Juncker Commission who called for the establishment of a European Security and Defence Union (albeit not as a separate entity but as a form of an enhanced cooperation). However, the new President of the European Commission seems to have a different perspective than the French one. Overall, Germany wants to be better prepared for the perceived gradual but inevitable withdrawal of the US from Europe. However, unlike Paris, Berlin does not want to deliberately strive for this. According to von der Leyen's political manifesto, NATO remains the basis of Europe's collective defence and her leading slogan, which she had already championed as Germany's defence minister is to 'stay transatlantic and become more European'. All EU industrial, military and civilian initiatives in security and defence which have been implemented to date, have been rather limited in scope and their objective has not been to create a European army. Nevertheless, it is important to further work on their implementation so that they are not only of benefit to a certain group of the EU member states.

- Given this allocation of competences in the area of security and defence in the new European Commission, it cannot be ruled out that there will be differences between the High Representative of the Union for Foreign Affairs and Security Policy and the Commissioner for Internal Market, e.g. regarding the priorities of funding arms projects. Josep Borrell has been nominated to the post of the EU High Representative and the Vice-President of the European Commission; he will thus become also the chair of the European External Action Service and the European Defence Agency. Borrell will be responsible for the coordination of EU actions undertaken in the area of security and defence and for the oversight of the recently established military and civilian instruments. His relations with the French Commissioner responsible for the DG for Defence Industry and Space remain an open question.

Appendix

The instruments in the EU security and defence policy established after 2016	
Industrial	Preparatory Action on Defence Research (PADR, until 2021)
	European defence industrial development programme (EDIDP, until 2021)
	European Defence Fund (EDF, 2021–2027)

Military	Permanent Structured Cooperation (PESCO)
	Military Planning and Conduct Capability (MPCC)
	Coordinated Annual Review on Defence (CARD)
	Capability Development Plan (CDP)
Civilian	Civilian CSDP Compact (CCC)
Financial	Connecting Europe Facility, additional funding for improving military mobility (CEF, 2021–2027)
	European Peace Facility (EPF, 2021–2027)