Hearings of European Commissioners-designate



Andrius Kubilius Defence and Space

Confirmation hearing due to be held on Wednesday 6 November, at 18.30.

European Parliament committees responsible: Foreign Affairs (AFET) and Industry, Research and Energy (ITRE)

Andrius Kubilius has been a Member of the European Parliament since 2019, where he sits in the European People's Party (EPP) group. He has served among other things as a member of the AFET and ITRE committees and of the Subcommittee on Human Rights (DROI). He has also served as chair of the delegation to the Euronest Parliamentary Assembly and thus also as a member of the Conference of Delegation Chairs, as well as a member of the delegation to the EU-Ukraine Parliamentary Association Committee.

Prior to his time in the European Parliament, he served two terms as Lithuania's prime minister (from 1999 to 2000 and from 2008 to 2012).

From 2003 to 2015, Kubilius chaired the Homeland Union (Lithuanian Christian Democrats) party.

From 1992 to 2019, he served as a member of the Republic of Lithuania's national parliament, the Seimas. When not in government, he had various periods when he held the position of leader of the opposition or first deputy speaker, and also had a spell as chair of the Committee on European Affairs.

Andrius Kubilius was born in Vilnius, Lithuania, in 1956. He received a degree in physics from Vilnius State University and completed postgraduate studies there too.



Andrius Kubilius, Lithuania.

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This is one of a set of briefings designed to give an overview of issues of interest relating to the portfolios of the Commissioners-designate. All these briefings can be found at: https://epthinktank.eu/commissioner_hearings_2024.





Fundamentals of the portfolio

Although defence is primarily a competence of the individual EU Member States, they work together within the framework of the EU's common security and defence policy (CSDP), established in 1999. While the European Council sets the overall political direction, and security and defence priorities, the European Commission is responsible, among other things, for increasing the competitiveness of the European defence Industry, strengthening military mobility, addressing vulnerabilities to hybrid and cyber threats and creating a true single market for defence. The High Representative of the Union for Foreign Affairs and Security Policy and Vice President of the Commission (HR/VP) coordinates the CSDP. The HR/VP chairs the Foreign Affairs Council (FAC) of Member States' ministers, which takes CSDP decisions unanimously. The HR/VP also heads the EU's European External Action Service and European Defence Agency. Space policy is a shared competence between the EU and the Member States.

Kubilius's portfolio includes strengthening the European defence technological and industrial base (EDITB), creating a true single market for defence, boosting military mobility, proposing key defence projects, encouraging increased public and private investment, strengthening the EU-NATO partnership, as well as space policy. All this work should be consolidated under a true European defence union.

Priorities and challenges

In a Eurobarometer <u>survey</u> from spring 2024 77 % of respondents were in favour of a common defence and security policy among EU countries, while 71 % agreed that the EU needed to reinforce its capacity to produce military equipment. Additionally, 69 % supported a common foreign policy for EU Member States.

Responding to the 2024 <u>Eurobarometer survey</u> on the digital decade, 84 % of participants viewed building an efficient and secure set of digital infrastructure, including connectivity, as important.

In its 27 June 2024 conclusions, the European Council invited the Commission, Member States and Council to address critical capability gaps and advance work on the European defence industrial strategy (EDIS) and the European defence industry programme (EDIP), aiming for adoption by mid-2025. It also asked the HV/VP and the Commission to propose funding options to strengthen the EU's defence technological and industrial base. Again in 2024, the European Council adopted its Stressing that the EU needs to build its own capacities in defence and space, including by scaling up the European defence industry, creating a more integrated defence market, promoting joint procurement, and improving access to public and private finance.

As set out in the <u>mission letter</u> from the Commission President-elect, Kubilius's main priorities – in close cooperation with the HR/VP – will include presenting a white paper on the future of European defence within the first 100 days of taking office. This paper is <u>expected</u> to discuss ways to strengthen EU defence, the defence industry and cooperative procurement. It will help industry participants fully engage and leaders understand potential areas of agreement and coordination with NATO.

Further priorities for Kubilius will include improving civil and military readiness, boosting military mobility, the implementation of EDIP and EDIS and creating a true single market for defence. He will lead the work on proposing key defence projects of common interest, such as a European air shield and cyber-defence. Kubilius will be expected to work on incentivising public and private defence investment and on strengthening the EU-NATO partnership. He will also have to harness the EU space programme to foster innovation and develop its space assets such as Copernicus, Galileo and IRIS, in cooperation with ESA. He must lead the work on a proposal for an EU space law to ensure security, safety, and sustainability in space. Additionally he will be expected to present a space data economy strategy focused on enhancing the use of space data and services and spurring EU competitiveness. Challenges will include both financial and political buy-in when it comes to implementing these initiatives. Some analysts also expect pushback from Member States on certain initiatives for fear of the Commission over-reaching its competences.

European Parliament

Treaty basis and European Parliament competence

The Lisbon Treaty, which came into effect in 2009, provides the legal basis for CSDP in its <u>Title V</u>. Defence industry legislation is subject to the ordinary legislative procedure under <u>Article 173 TFEU</u>. Parliament scrutinises the CSDP and the budget dedicated to it. Additionally, it co-legislates with the Council on defence industry legislative files. The Treaties <u>allow</u> Parliament to participate fully in shaping the EU's CSDP. Parliament can address the HR/VP and Council, and it holds debates on implementation of CSDP and CFSP twice a year. Importantly, it also draws up annual progress reports on the implementation of the CSDP and the CFSP. Article 189 TFEU requires the EU to draw up a European space policy with the aim of promoting scientific progress and industrial competitiveness. To this end, the EU can support research and technological activities, coordinate the efforts needed for the exploration and exploitation of space, and promote joint initiatives. Article 4(3) TFEU specifies that space policy is a shared competence between the EU and its Member States.

The European Parliament has called for increased defence cooperation and integration. In a February 2024 <u>resolution</u>, Members of the European Parliament stressed that initiatives like EDIS and EDIP should complement existing defence tools, and sufficient funding must be ensured. They also urged greater parliamentary involvement in decisions related to the CSDP and the defence industry. Key priorities include scaling up support for Ukraine, strengthening partnerships, enhancing EU security and defence capabilities, working alongside NATO and promoting European strategic autonomy. As co-legislator on space matters, Parliament also oversees implementation of EU space policy. This oversight is particularly important for IRIS2, the EU secure connectivity constellation, as the concession <u>contract</u> has yet to be finalised. Furthermore, with the upcoming mid-term <u>evaluation</u> of the space programme, Parliament will start preparing for the development of the EU space programme post-2027.

Recent developments

At the Versailles Summit in March 2022, the EU Heads of State or Government <u>agreed</u> to 'develop further incentives to stimulate Member States' collaborative investments in ... joint projects ... [for] defence capabilities' and to 'take measures to strengthen and develop our defence industry, including SMEs'. Their stance was reiterated in the March 2022 <u>Strategic Compass</u>, which charts the path before the EU's security and defence for the next 10 years. In February 2022, EU countries agreed, for the first time ever, to finance the provision of lethal weapons to a country at war (Ukraine). Military support to Ukraine <u>totals</u> €6.1 billion under the European Peace Facility (EPF) (€43.5 billion, including Member States' bilateral commitments). The <u>EPF</u>, an off-budget fund operational since 2021, now stands at €17 billion. Some of the windfall profits that central securities depositories receive from frozen Russian sovereign assets are also to be used to support Ukraine.

A May 2022 joint communication on the defence investment gaps analysis and the way forward, presented by the Commission and HR/VP, identifies gaps in terms of capabilities, industry and investment. After years of under-investment, the combined EU-27 defence budget has substantially increased in recent times: a combined defence budget of €240 'billion was achieved in 2022; an estimated €290 `billion in 2023; and an estimated €350 `billion in 2024. The relatively low levels of investment are worsened by the fact that large amounts of the EU-27 defence investment budgets are spent abroad. In terms of industrial gaps, the EDTIB is highly fragmented on both the demand and supply side. One of the Commission and HR/VP's proposals to address the gaps identified in the defence investment gap analysis was the €310 million European defence industry reinforcement through common procurement act (EDIRPA) aimed at incentivising joint procurement of defence equipment. Other EU funding programmes for the defence industry include the €8 'billion European Defence Fund (EDF) (now at €9.5 'billion) and the 2023 €500 million Act in support of ammunition production (ASAP). On 5 March 2024, the Commission adopted the first-ever EDIS, which sets a long-term goal of achieving EU defence industrial readiness, and proposed a €1.5 `billion EDIP as a first step in delivering the European defence industrial strategy (€1.5 `billion from the EDF). The EU has launched and carried out over 40 operations and missions on three continents since 2003. There are 24 active <u>CSDP missions and operations</u>. The EU has also deepened its cooperation with partners such as NATO; for example, three EU-NATO declarations have been <u>signed</u> since 2016. The EU is also increasing its capacity to deal with new security threats, such as <u>hybrid threats</u>, and to enhance <u>military mobility</u>. In 2023, the EU introduced its first ever space <u>strategy</u> for security and defence.

Three main trends illustrate the developments in space policies. The first is the growth of the competitive space economy. This economy consists of two main sectors: the upstream sector, which involves research, development, manufacturing and launch activities of space assets; and the downstream sector, which focuses on the applications of these assets and technologies on Earth. The private sector is gaining ground in both sectors. Against this background, the availability of competitive EU launchers is crucial to ensuring the EU's autonomous access to space. The second trend is increasing congestion in the space domain. The number of operational satellites in orbit doubled between 2020 and 2023, reaching around 9 000. The ESA estimates that more than 12 400 tonnes of space objects are orbiting Earth, raising the risk of collisions that could hamper space services. The third trend is the fact that the space domain is increasingly contested. More than 80 countries have registered at least one satellite operational, highlighting the need for international cooperation to mitigate congestion risks and promote the exploration and use of space as a global commons. However, it is essential to ensure the resilience of EU space assets against various threats, including kinetic and cyber-risks. Recent events, such as Russia's illegal anti-satellite strike in 2021 and attack on the Viasat's KA-SAT network in 2022, underscore the importance of cybersecurity in protecting space infrastructure. Space is included as a critical sector in the recent Directive for a high common level of cybersecurity across the Union (NIS 2), covering the ground segment.

Mario Draghi's September 2024 report on EU competitiveness emphasises that the EU space industry is losing market share owing to fragmented investment at both EU and Member State levels. To address this, the report recommends harmonising spatial regulation at the EU level to ensure autonomous access to space and develop an EU infrastructure that supports innovation and dualuse key space applications. The report also provides concrete recommendations for EU defence, including implementing the proposed EDIS and EDIP initiatives; developing a medium-term EU defence industrial policy; aggregating demand for defence assets among EU Member States; incentivising the procurement of EU-made capabilities; making financing more accessible; boosting competitiveness and investing jointly in research and innovation.

FURTHER READING

Clapp S., Reinforcing the European Defence Industry, EPRS, European Parliament, June 2023.

Evroux C, Heflich A, and Saulnier J, <u>Towards EU leadership in the space sector through open strategic autonomy - Cost of non-Europe</u>, EPRS, European Parliament, January 2023.

European Parliament, Andrius Kubilius hearing documents and CV, 2024.

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