

**AUGUST 2023**



**TACKLING CORRUPTION IN  
THE EUROPEAN DEFENCE  
SECTOR: CHALLENGES AND  
WAYS FORWARD**

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## Introduction

On 9 December 2022, Eva Kaili, Member of the European Parliament (MEP) and then one of the institution's fourteen Vice Presidents, was arrested in possession of €150,000 in cash (Malingre & Stroobants, 2023). Kaili was subsequently charged with corruption, expelled from the Socialists & Democrats group in the European Parliament and suspended in her role of Vice President (Stamouli, 2022). The charges brought against Kaili were partly the result of a broader investigation into Qatari, Moroccan and Mauritanian influence over European officials in which €1.5m was seized and four individuals were charged with corruption (Matriche *et al.*, 2022). This scandal raised awareness on the issue of corruption and rendered evident that its presence remains a reality. European officials have started to pay increasing attention to the issue since then and are proposing tougher measures to counter corruption. At a time when the European defence industry is booming, it is crucial to be wary of the risks of corruption that this entails.

## The Issue of Corruption in the EU Defence Sector

Jorge Domecq, former Chief Executive of the European Defence Agency (EDA), accepted an offer to become Strategic Advisor for Airbus Defence and Space in July 2021 (Corporate Europe Observatory [CEO], 2021). The issue in this case concerns the overlaps between the defence giant Airbus with the work of the EDA. On the one hand, the EDA is the official European agency that handles defence matters by coordinating and facilitating integration between Member States' defence capabilities. Its work is thus, by nature, highly sensitive, not only because it is at the core of EU defence development but also because it influences the way in which EU budget is spent regarding security and defence. Airbus, on the other hand, is one of the world's largest defence companies, with about 20% of its yearly revenue (Defense News, n.d.) coming from the production and development of defence systems like military aircrafts, unmanned aerial systems (UAS), and Future Combat Air System (FCAS).

As such, a former Chief Executive of the European body handling defence coordination and development moving to Airbus's defence division raises questions. First, the activities of Airbus in the defence sector have been decried by some for being controversial. The company sold weapons to countries involved in conflicts where International Human Rights Laws were breached, notably in Saudi Arabia (CEO, 2021). Airbus is also an active and powerful lobbyist advocating for an increasingly militarised border and migration management by the EU, which some denounce as threatening to the human rights of refugees and migrants (CEO, 2021). Airbus was also involved in corruption allegations in which it faced a multi-year investigation by French, American and British authorities, paying close to €4 billion to settle the case (Alderman, 2020).

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Accordingly, the sensitive nature of Mr Domecq's work at the EDA raises important questions with disclosure and conflict of interest considering its new employer. The potential risks, as stated, concern the overlaps between the EDA and Airbus's work (CEO, 2021). Inside knowledge of the EDA's activities could potentially be concerning given the lobbying power of Airbus. The sharing of sensitive or confidential information could also be problematic for the EU's defence developments. Given the risks and the conflict of interest, the situation should have been handled with close monitoring (CEO, 2021). Despite these concerns, Mr Domecq started working for Airbus approximately three weeks before the EDA officially authorised it (CEO, 2021). What is more, the EDA itself declared that its procedure to mitigate risks of conflict of interest could neither be enforced nor monitored (European Ombudsman, 2022a).

In 2021, the issue was picked up by EU authorities. The European Ombudsman, the main body investigating inadequacies and issues within EU institutions, found that the risks of conflict of interest were far too extensive and insufficiently mitigated (European Ombudsman [EO], 2022b). According to the Ombudsman, the EDA should have prohibited Domecq's move to Airbus in the first place (EO, 2022b). The body instructed the EDA that the agency's rules and procedures regarding conflict of interest needed thorough revision (EO, 2022b).

This example showcases inadequacies with regard to managing risks of conflict of interest within EU institutions. EU bodies like the EDA often lack credible means for monitoring and enforcing procedures to account for the risks of conflicting interests that could lead to problematic outcomes (CEO, 2021). As exemplified above, EU institutions are not always impervious to corruption. These risks ought to be better handled for the EU to credibly address corruption, especially in such a sensitive sector as security and defence.

### **Government Defence Integrity Index**

In 2020, the Government Defence Integrity Index (GDI) developed by Transparency International (TI) showed that EU countries were facing a moderate risk of corruption in the field of security and defence (Pearson, 2021). The GDI indicates that the defence sector often presents 'inadequate policies and procedures to mitigate high corruption risks that have life-or-death consequences' (Pearson, 2021). Accordingly, while the EU is more corruption-proof than for instance China and Russia in areas such as defence policy, alarming corruption risks are still reported in the field of military operations (Pearson, 2021).

EU Member States lack anti-corruption measures in their mission planning, which is concerning given the presence of the EU as an international peace builder in various conflict areas such as the Sahel (Pearson, 2021). Parliamentary scrutiny regarding arms exports, defence sector lobbying at the national level as well as national defence procurement also present high risks of corruption and insufficient mitigating policies (Czibik et al., 2021; Pearson, 2021).

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In spite of the EU's efforts to mitigate corruption exposure in the defence sector, it remains essential to confront the serious risks that persist and require attention. Anti-corruption safeguards must be further institutionalised, while norms of secrecy ought to be discarded when they prevent meaningful oversight (Pearson, 2021). At a stage where the EU's security and defence environment is developing rapidly, decision-makers ought to incorporate anti-corruption measures at the core of military operations to ensure the integrity of national and European forces (Pearson, 2021).

## EU Anti-Corruption Measures

In her State of the Union Address 2022, President von der Leyen expressed the European Commission's commitment to fighting corruption. She called to eradicate corruption inside the EU and assured that the Commission would present adequate measures to address the issue (von der Leyen, 2022). In May 2023, von der Leyen delivered on her promises with an anti-corruption proposal. In a Joint Communication, the Commission and the High Representative for Foreign Affairs and Security Policy (HR/VP) (2023) presented a set of measures to address the issue, reinforcing the Union's commitment to tackle corruption.

- The Joint Communication called for the development of an **EU anti-corruption framework** emphasising the need for an EU anti-corruption strategy. This strategy is to be developed in close coordination with the Parliament and Member States, creating an EU network against corruption bringing together all stakeholders to prevent corruption. The main efforts should be focused on addressing corruption as a crime and mainstreaming anti-corruption into EU policy design.
- The Commission and the HR/VP also committed to **supporting the fight against corruption nationally**. What corruption actually entails differs across countries and ought to be addressed accordingly. While standardised rules are necessary, they ought to be applicable individually to specific issues and challenges. EU support for national anti-corruption reforms is key to the successful tackling of corruption at all levels.
- The Joint Communication outlined the importance of **the fight against corruption within EU institutions**, ensuring that they are held to the highest standards and to a zero-tolerance policy. The credibility of the EU as an anti-corruption actor rests upon its own reputation. **Building a common culture to challenge corruption** and fostering values of integrity and commitment to the rule of law is essential for a deep permeation of anti-corruption efforts. The Communication proposes a whole-of-society approach, one that invites all stakeholders to contribute at their own scale to the promotion of an anti-corruption culture.
- Accordingly, the Communication suggests that **Anti-corruption ought to be built into the EU's external policies** to promote good governance globally and to fight corruption not in a silo but connected to the rest of the world. Common foreign and security policy (CFSP) sanctions can be used to target corruption. Anti-corruption should be set as a priority in the EU's enlargement and neighbourhood policies, and anti-corruption reforms should be promoted through the EU's external action and trade relations.

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Building on this Joint Communication, the Commission proposed a directive on combating corruption with the aim of modernising the EU anti-corruption legal framework (see European Commission [EC], 2023b). The proposal invites the European Parliament and the European Council to develop a directive updating the anti-corruption framework following three pillars (EC, 2023a):

- **Preventing corruption and building a culture of integrity:** the Commission proposes to focus on raising awareness on the issue of corruption through campaigns, research and education. It suggests holding the public sector accountable to the highest standards, with greater disclosure and less secrecy, especially in matters of conflicts of interests and private-public sector interactions. It also proposes to set up specialised anti-corruption bodies with adequate resources and training capabilities to best prevent and respond to corruption.
- **One legal act for all corruption offences and sanctions:** The goal is to harmonise the legal framework regarding the definition of criminal offences encompassed by corruption, broadening its definition. By the same token, the aim is to also increase the severity of criminal sanctions.
- **Ensuring effective investigations and prosecution of corruption:** This priority proposes to strengthen investigative tools to bolster anti-corruption efforts. It suggests that immunity and/ or privileges should be dismissable should an investigation into corruption offences take place. Lastly, it urges to minimise rules regarding the statute of limitation to ensure that investigations have sufficient time to proceed after an offence has taken place.

## Recommendations and Ways Forward

While the Commission is initiating much work to counter the issue of corruption, is it enough and does it apply to the security landscape? 2022 marks a trend of stagnation for anti-corruption efforts in Europe, with only six countries improving out of the 31 included in the Corruption Perception Index (CPI) (TI, 2023). Even the top performers (Denmark, Finland, Norway, Sweden and Iceland) have stopped improving (TI, 2023).

The issue, according to TI (2023), revolves around weak enforcement capacities and slow implementation processes. Countries lack the capabilities and resources to effectively conduct corruption cases and bring them to an end, as they tend to be protracted given the nature of the offence (TI, 2023). Anti-corruption measures often fall short and fail to encompass the full scale of what corruption entails in practice (TI, 2023). When novel anti-corruption measures are proposed, their implementation tends to be delayed by slow implementation processes and often fail to see the light of day (TI, 2023).

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In light of growing spending on defence across EU Member States, **greater transparency and adequate oversight** are essential to allow effective anti-corruption strategies (TI, 2023). This is especially relevant considering the new developments in security and defence at the EU level, such as the European Peace Facility and the European Defence Fund (TI, 2023). While national security should not be compromised, **accountability mechanisms and civilian oversight have to be strengthened** (TI, 2023).

Groups of experts also proposed **expanding the Public Expenditure & Financial Accountability Framework (PEFA)** (Pyman, Foot, & Fluri, 2008). They suggested extending its oversight to include defence expenditures as well as reforming the PEFA into a sectoral tool that can be designed specifically to the defence field. They also advocated for enhanced **civil society tools for oversight**, rendering defence expenditures more transparent to hold the defence sector accountable to strict standards while helping bolster trust between civil society and its institutions.

This call for increasing transparency, oversight and accountability also echoes recent discussions in the European Parliament to counter corruption. To protect itself and the democratic essence of the EU, the Parliament requested **effective monitoring and greater surveillance systems** with regards to malign interference (European Parliament [EP], 2023). It also called for **increased protection of whistleblowers, clarified rules over conflicts of interest, increased severity of sanctions regarding foreign interference and greater transparency over MEPs' activities** (EP, 2023). Independent experts also concur on the problem diagnostic and suggest similar avenues to strengthen anti-corruption efforts, focusing primarily on more transparent measures at the highest levels of governance, independent oversight in the military sector and greater protection of whistleblowers (Marcen Naval & MacLachlan, 2020).

## Conclusion

The Commission's efforts to counter corruption appear to align with requests put forth by primary stakeholders. The gravity of corruption and the necessity to address the issue is clearly set as a priority by the Commission. The commitment to address the issue is clear, with both the Joint Communication and the proposal for a Directive expressing tangible anti-corruption measures. The work of the Commission to revise the anti-corruption legal framework and bolster countering mechanisms in and out of the EU is promising. Yet, contrasting experts' recommendations, the Commission does not allocate significant attention to civilian oversight. While it does advocate for a 'whole-of-society' approach, it does not yet present clear steps on how greater transparency, accountability mechanisms and enhanced oversight tools for civil society can be implemented. Following experts' insights, it may be advisable for the Commission to steer efforts towards increasingly involving civil society in anti-corruption measures, while continuing down the promising road already established.

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