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Sonaca and EU Public Affairs

An underestimated lever?

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1 Introducion, Sonaca and Public Affairs in the European environment

In 2020, the aeronautical sector, Sonaca's core business, had to go through the worst crisis in its history due to the impact of the Covid-19 pandemic and the difficulties of the 737MAX, with revenues down by 8% to 697 billion euros and a heavy 61% drop in operating profit, from 65 to 25 billion euros (PWC, 2021). These heavy losses affected all the players in the sector. First of all, the major equipment manufacturers, such as Airbus, whose deliveries fell by 34%, breaking with 17 consecutive years of record production, or Boeing, with a 57% drop in deliveries. But also suppliers, of all ranks, where we can mention the four largest Tier 1 suppliers to commercial aircraft manufacturers, Raytheon Technologies, GE Aviation, Rolls-Royce and Safran, which recorded a cumulative operating profit loss of $1.4 billion for a drop of $16.3 billion (PWC, 2021). This collapse in global demand led to a large number of aircraft order cancellations and, at the worst point in the crisis, new orders were almost reduced to zero, with considerable repercussions for the entire European aerospace value chain. For companies operating in this sector, the coming years will quickly reveal their resilience and ability to adapt to the most difficult scenarios. And looking ahead, the post-pandemic economic recovery is not the only challenge for airlines with, as we shall see, the decarbonization of aviation as another mutation for the sector and major challenge for an entire industry.

To describe what is happening in the global business world today, the acronym VUCA - Volatility, Uncertainty, Complexity, Ambiguity - has become the buzzword. As Bill George cites (George, 2017), business is not running as usual, leaders must deal with growing uncertainty, complexity, and ambiguity in their decision-making environments. Rigorous strategic planification is clearly harder but providing the organization with direction and a framework for decision-making is still necessary. But, while managing in this unstable and unpredictable world can be a complex undertaking, the ability to cope with and navigate in this environment can also be turned into a key differentiator for businesses.

Mastering this crystal ball is not an easy task, especially in the European context in which Sonaca operates. The European industry is world leader in the production of civil aircraft, it provides 405,000 jobs, generates €130 billion revenues and plays a leading role in exports, amounting to €109 billion in 2019 (Commission of the European Communities, 2022). And more broadly than the industrial sector, the aerospace market is a global market. Through its policy decisions, regulations and investments, the European Union (EU) is in a position to

strongly influence the future of the entire European aerospace industry, where each of its legislative decisions can have an impact, positive or negative, on aerospace activities both within and outside its borders. And business interests are well aware of this. Only at the European level, the joint register of the Commission and the Parliament currently has about 12,500 organizations declared as interest representatives to European Union. The non-governmental organization Transparency International estimates that there are about 26,500 lobbyists in Brussels on a regular basis, and about 37,300 people involved in lobbying activities in the Belgian capital (Freund, 2016). Whatever the source, the EU is home to the second largest regiment of lobbyists in the world, after the American federal capital, Washington, DC.

It is in this context that Sonaca, led by a largely reorganized Board of Directors, has set up a 5-year strategic plan whose main objective is to make the company a top 3 European player in aerostructures. Reaching this goal is certainly an ambitious challenge and will require a good vision and thorough understanting of its business environment. At the dawn of the challenges brought by this strategic plan, in this VUCA age where intelligence, understanding and adaptability are vital to bring clarity in this fog of war, and while businesses are investing massively in Brussels, we can legitimately ask ourselves what is the place taken by Public Affairs within Sonaca. Based on interviews conducted earlier as part of this MBA, our hypothesis is that Public Affairs is a practice that is largely underestimated by Sonaca today, even though it can be a real strategic differentiating asset for the company's future.

The choice of the subject of the thesis was quite natural for us, motivated among other things by a certain continuity with our previous studies, political science, and the current MBA course, clearly more business oriented. Indeed, on closer look, what other subject than lobbying straddles the line between these two disciplines: Business Studies, with the study of the company as an organization and the multiple connections it has with the political sphere, and Political Science, this time with the importance that public authorities can play in the life of companies.

The approach taken for this thesis is to progressively dig into the issue of Public Affairs. We will start from a very global approach of Public Affairs, before looking at its application in the European Union first, then on the aeronautical scene and finally in the more precise context of Sonaca. The first chapter will provide a basic understanding of Public Affairs and its relationship to business. It will cover the few fundamental concepts and definitions necessary for a good understanding of Publics-Affairs. The differences between Public Affairs and

lobbying will be highlighted, as well as a contemporary overview of the topic. After these general basics, the third section will allow us to delve deeper into the European context. We will see how the evolution of the EU has influenced the representation of interests in Brussels, before drawing up, in the fourth chapter, an overview of the main current European actors, whether institutional or not. In the fifth chapter, we will examine the relationship between firms and the European institutions, in particular the European Commission and the European Parliament, with some additional theoretical elements. This chapter will also provide an opportunity to further examine the political perspective and in particular the role of the political cycle in stakeholders' agendas. Once these theoretical foundations have been laid, the sixth chapter will focus on deepening our understanding of the aeronautical activity in its European context, from a public affairs perspective. We will try to draw a portrait of the European scene in the aeronautical sector, with its main stakeholders, whether they are institutional actors or professional associations. We will also take a quick look at the companies active in the aeronautics sector to determine to what extent these businesses are actively involved with the Union's institutions. Continuing this funnel approach, we will examine the case of Sonaca more thoroughly in the seventh chapter. Based on the overview established in the previous chapter, as well as on some interviews conducted internally, we will look at Sonaca's current involvement in the world of Public Affairs and we will try to determine whether Public Affairs could be an opportunity for Sonaca, and why.

Before I get into the nitty-gritty of this thesis, we would like to thank Ms. Edit Herzog who has always been supportive and encouraging and particularly generous in her time reading drafts of the document. Thanks also to Sonaca for giving us the opportunity to pursue this MBA, as well as to all my colleagues for their time and interest during the interviews.

Finally, our last words will go to my family whom we would also like to thank for their understanding and support, as this MBA and this thesis have taken a lot of time away from their hearts.

2 Public Affairs & Business relations, introduction to the basic concepts

A company has many levers to improve its results. If you ask an uninformed audience, they are likely to talk about the quality of the sales force or marketing campaigns. If you ask a more informed audience, they are likely to talk about concepts such as business value, the five forces, strategy, and competitive advantage. But chances are they won't talk about Public Affairs (PA). Yet, Public Affairs is not a new phenomenon, far from it. The existence of powerful interests and the art of influencing political decisions, by individuals or interest groups, is probably as old as the world. Today, as we will see, and whether we are talking about lobbying or Public Affairs, these are components of any political system and a daily reality in modern democracies.

2.1 Towards a single definition of lobbying

Let's take the notion of lobbying as a starting point. One must be careful not to imagine the "lobbyist" as a caricature of the bribe giver, confined to a crude image of the influence peddler. The concept, it is true, is not helped by still unclear definitions. Lobbying is generally defined as seeking to influence political decisions on behalf of an individual, organization, or group or, more precisely, as "[…] any action designed to influence the actions of the institutions of government. That means it covers all parts of central and local government and other public bodies […]. Its scope includes legislation, regulatory and policy decisions, and negotiations on public sector contacts or grants. "(Miller, 2000). From the perspective of the European Union, in its "Green Paper - European transparency initiative" lobbying can be seen as "[…] activities carried out with the objective of influencing the policy formulation and decision-making processes of the European institutions" and *lobbyists* as "[…] persons carrying out such activities, working in a variety of organizations such as Public Affairs consultancies, law firms, NGOs, think-tanks, corporate lobby units ("in-house representatives") or trade associations" (European Commission, 2006). Whatever the definition chosen, they all agree on one important point: lobbying is not only the work of businesses, but of any organized group... and even of other "political actors" such as NGOs, diplomats, or local governments.

Yet, although this last definition will largely satisfy the understanding of the subject for this thesis, it is difficult to find a consensus on the definition of *lobbying* and, in fact, evidence shows that there is no single legal definition for lobbying among the members of the OECD. This lack of consensus is no accident and reflects practices deeply rooted in the history and democratic customs of each country.

2.2 Government affairs, Public affairs or Lobbying ?

Looking at the corporate environment, no staff member would want to be called a lobbyist on his business card. Not (only) because the term is perceived negatively, as we will see later, but often because their work goes far beyond simple lobbying. The above definitions of lobbying, while satisfactory on their face, are too narrow.

In fact, Public Affairs goes further than lobbying. With the professionalization of Public Affairs, the roles have largely evolved in recent decades to include more than lobbying. Where lobbying is essentially about exerting influence on political decision makers, Public Affairs include management of all areas and issues that can affect a company's [external] business environment (Baneth, 2014): regulatory compliance, political awareness, corporate communication (including social medias), representation of the company in different political realms, national governments, international/trade associations, Corporate social responsibility (CSR) activities, etc. Previously managed by the CEO, then dispersed in different departments (legal, public relations, etc.), today many companies have a dedicated department in charge of relations with the authorities, whatever the level, as well as other stakeholders.

For the purposes of this thesis, we will use the definition proposed by the Public Affairs Council, one of the leading associations for Public Affairs professionals: "Public affairs is the effort an organization makes to monitor and manage its business environment. It combines government relations, communications, issues management and corporate citizenship strategies to influence public policy, build a strong reputation and find common ground with stakeholders" (Public Affairs Council, https://pac.org/about).

As we can see, talking about Public Affairs as a monolithic block, and even more so reducing it to lobbying, is extremely reductive. Public affairs go far beyond this dimension.

2.3 The many dimensions of Public Affairs

As can be seen, the Public Affairs Council's definition highlights multiple facets of Public Affairs. Beyond the strict notion of lobbying, Public Affairs fulfill different roles within a business.

The first, and probably most fundamental, of these roles is to follow and monitor the various legislative processes underway to better understand and anticipate any relevant political developments. This political awareness is probably one of the least known, yet most valuable aspects for a company. Indeed, one of the foundations of PAs is to ensure that companies

understand and address the impact of politics and policies on their organization to achieve their strategic objectives. Given the complex, rapidly changing, and multi-layered legislative environment in which companies operate, a clear understanding of the policy (and legislative) framework enables the company to guide its strategy and operational efforts, giving it a competitive advantage and a leg up on its competitors.

And this political awareness is also beneficial in the long run. As Coen (2022) notes, PAs constitute the company's historical political memory, its political consciousness, built up over the years. And to build this political consciousness, in contrast to the reactive approach to ad hoc issues of a few decades ago, the establishment of lasting and institutionalized relationships based on mutual trust with the stakeholders of all horizons is essential.

This leads to another central role of Public Affairs, representing the company in institutions and other forums, such as trade associations or international organizations, and maintaining internal and external credibility. As we will see later, ensuring a good reputation is essential, first to obtain and maintain access to different institutions (see chapter 3), but also to build ad-hoc coalitions, whether with other businesses or with other societal actors.

In the framework of their missions, Public Affairs offices act also as the gatekeeper of information, both inside-out and outside-in. Their role is to coordinate the message issued by the organization (and its subparts, such as units or departments) and translating it, so that it is understandable to decision makers. The objective is to achieve a single, consistent message and to translate technical vocable into language that is understandable, and valuable to decision makers. But this translation effort is also worthful in the other direction, with the filtering and the translation of the political message into a technical and/or understandable language useful for the business, by relaying here regulations and political key elements to companies.

Finally, there is the best-known objective, that of exerting influence on political institutions and obtaining a favorable regulatory environment, whether by pushing for regulations that positively affect business or, conversely, by blocking or slowing down regulations that could negatively affect business.

However, to look at Public Affairs only from a business perspective would be extremely reductive. The effects of Public Affairs must be understood as a whole, not only from a business perspective, but also from a political and societal perspective. Indeed, conversely, lobbying is an essential part of politics and democracy. As we will see in more detail in Chapter 5, lobbyists

and businesses serve a valuable function in democratic governance. They are valuable partners for policymakers, who rely on them to provide useful information and expertise that enhances their policymaking activities and supports their implementation (Coen, 2022; OECD, 2012). In other words, from their position of intermediary, they provide clarifications at the same time partisan and objective (without that being necessarily contradictory) on files whose complexity, the specificity claim that the opinion of the professionals is requested. Finally, lobbying is also a means for decision-makers to take the pulse of a part of public opinion, companies, political, economic, cultural, or environmental organizations.

2.4 Mistrust

Regardless of the theoretical basis, and although it is a recognized form of democratic exercise, the image of lobbying reflected in the press as well as in the collective conscience is very often caricatured and/or negatively connoted and associated with the apology of corruption, lies and dissimulation. In 2012, the Organization for Economic Cooperation and Development (OECD) concluded in a report that « A sharp and damaging ethical schism has emerged in many countries between the lobbying profession and the public. » (OECD, 2012).

Indeed, while lobbying is an important part of the policy-making process, with a usefulness and legitimacy clearly established *per se*, there is still a certain mistrust towards it, especially from the public. For example, a survey conducted by EU-Citizens (EU-Citizens, 2013), in collaboration with the European Union's Europe for Citizens program, showed that respondents are concerned about ethics and lobbying in Brussels policymaking, and want better regulation of lobbyists. However, this mistrust of lobbying is not totally unjustified. There is always a risk that some public policies are influenced only by specific interest groups, which results in suboptimal outcomes and undermines citizens' trust in democratic processes. As the OECD notes (2009), « Increased public expectations of transparency, accountability and integrity in public life have given new impetus to revisit existing governance arrangements ». Aware of the challenges posed by the need for transparency and the democratic challenge, it can be seen that the subject has moved up the political agenda in recent decades, with a number of legislative proposals in many countries to improve the transparency of lobbying and meet growing public expectations.
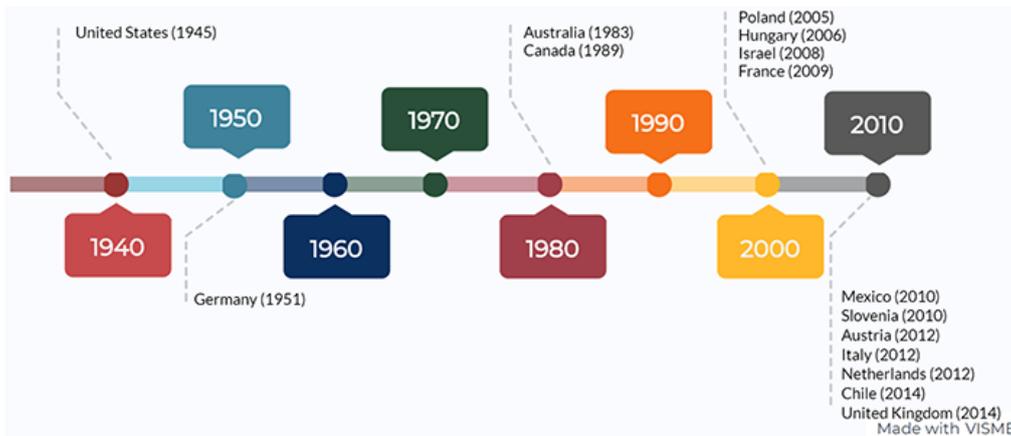
Figure 1 – Timeline of national lobbying regulations (source OECD)

2.5 Evolution of the Public Affairs in recent years

The practice of Public Affairs is a constantly evolving field. As the history of PAs is not the object of this thesis, we will not attempt to establish an exhaustive list of changes that have taken place in recent decades. However, it seems appropriate to briefly review three major developments that have shaped the discipline: the professionalization of the sector, the growing impact of digital technology and the Covid-19 crisis.

2.5.1 The professionalization of the profession

Above all, and as we shall see below at the European level in Chapter 3, Public Affairs has become largely professionalized over the last twenty years. Until the 1990s, Public Affairs were conducted mostly in a personal manner. Relations with governments were essentially reactive, conducted on an ad hoc basis depending on the issue, and took place with executives on both sides, with CEOs speaking directly to ministers. Recent decades have seen the development of dedicated Public Affairs departments within companies, as well as the creation of dedicated positions within those departments. Business government relations evolved from being reactive and focused on compliance to a form of political awareness. As Coen (2022) illustrates, the image of industrialists hosting parties in their gardens with ministers and their guests has been replaced by that of experts providing policy reports to bureaucrats. Without completely supplanting the role of the CEO, it is now these offices that are responsible for controlling decision making and representing the company in various trade associations, political realms, national or supranational governments and international organizations.

2.5.2 The digital revolution

The digital revolution is everywhere, affecting all layers of society, both in the private and professional world. Digital advocacy and virtual engagement are now essential parts of the Public Affairs toolkit and offer organizations a growing range of options for engaging with policymakers

The influence of social media, for example, has spread from consumer marketing to business politics and even policymaking. Nowadays, stakeholders are easier to identify, track and engage than ever. As one study conducted by MLSGROUP indicates (Leonardo & Stan, 2022), there are tremendous opportunities for Public Affairs, political, legal, and economic professionals to use social media strategies to make their voices heard in the public policy arena. And while the use of digital and social media to influence public policy is still in its infancy, its use and importance will grow significantly. Social media is a modern way to keep a minute-to-minute pulse. On the one hand, for Public Affairs professionals, it is an important tool for networking and connecting with stakeholders. But it is also a tool that allows them to increase visibility on the issues they are dealing with and to attract the interest of policy makers, journalists, and members of civil society. This also allows them to monitor and better understand the evolution of public attitudes and opinions (Baneth, 2014). On the other hand, social media are also increasingly used in the opposite direction. As it is an open, very public process, decision-makers have the opportunity to listen, evaluate and observe not only their own connections, but also those of their colleagues, competitors and many other people they consider important. Yet, social media need to better demonstrate their full added value to Public Affairs professionals, in its study MLSGROUP reported that one-third of PA professionals are not yet completely convinced of the effectiveness and impact of social and digital media for their campaigns (Leonardo & Stan, 2022).

There is another field that is developing rapidly, political intelligence. In the world of Public Affairs, where personal contacts and subjective impressions, were the norms, it was difficult to imagine, until very recently, how information analysis could be applied to European affairs or politics. Today, data is everywhere, in mass and of significant value to those who know how to use it. Experts can now target their activities, such as looking at data from the European Parliament and the Council to decide which politician and MEP they want to engage with, based on their voting patterns (Baneth, 2015). Technologies such as data mining and analytics (powered by AI?) make it possible to better understand where supporters stand, anticipate

intentions and reactions, but also analyze whole swaths of data that today are at best skimmed over, at worst ignored. Well operated, this allows for modulating the pitch held based on the target profile or narrowing down the activities to decide which politician or MEP they want to engage with, based on their voting habits (Baneth, 2015).

2.5.3   The Covid-19 crisis

Another event that had a profound impact on Public Affairs was the Covid19 crisis. Whereas stakeholders used to meet with policy makers in corridors, conferences, receptions, ..., where PA has for long been a soft art, relying almost exclusively on face-to-face interactions, the various containment measures have made physical meetings almost impossible. As a result, most organizations have experienced a (brutal) shift to online communication, with the widespread use of video calls and/or webinars. While one may question the impact of this virtualization on the quality of these virtual interactions, the fact remains that this digitization offers the possibility to reach a wider audience: with digital, more people can watch an event live online (or offline) and the audience can be more international and diverse (no travel time restrictions), which can have a positive influence on the quality of the discussion. Beyond the debate, with this wider dissemination, easier access to public debate is now possible (online campaigning, etc.), making Public Affairs more public and transparent than they are today. With this *"glasnost"* in Public Affairs, maybe we will see a renewed interest in social issues such as minorities, economic inequality, or sustainability.

Finally, Covid 19 will have an accelerating effect on the digitization of Public Affairs. Many digital technologies that are rudimentary in many businesses could break through with greater ease in Public Affairs.

2.6   Disinformation and fake news

Before closing this section on the evolution of Public Affairs, it seems interesting to say a few words about the disinformation and fake news.

The issue of misinformation and fake news is not new. Yet, with the development of online platforms and other internet services, people can connect, debate, and gather information ever more easily, allowing for the dissemination of information that can potentially mislead, intentionally or not, readers. There is no lack of concrete examples, such as the recent case of Covid-19 where an OECD analysis showed that misinformation is becoming an increasingly important part of public discourse, undermining trust, amplifying fears, and sometimes leading

to harmful behavior (OECD, 2020). Beyond the OECD, the issue is also being debated within the EU. A Eurobarometer conducted in 2018 showed that a large majority of European citizens believe that the existence of fake news is a problem in their country and for democracy in general. At the level of the institutions this point is also taken into consideration, after a first EP resolution in June 2017 (European Parliament, 2017), the Commission has confirmed that this is a priority and has included the initiative against fake news online in its 2018 Work Program (European Commission, 2017).

While the effects of misinformation are a concern for the civil society, they are also a concern for Public Affairs professionals and their counterparts in the institutions (MEPs, etc.). Indeed, institutions and business play a continuous game of regular contact, making reliability and trust a key factor to maintain the interactions. Institutional actors, like MEPs and commissioners, face hundreds of emails, phones calls, flyers, or invitations on events, on daily basis, and, because of resource constraints, they cannot process all the information flow supplied. To resolve this bottleneck effect, key stakeholders work closer with an inner circle that they trust on the quality of their contribution and their representativity versus other interest groups in their field (Coen, 2022). Thus, in this sector more than any other, credibility relies on professionalism as well as the relevance and quality of the information communicated, the opposite of fake news. Otherwise, the company risks losing its credibility and seeing itself *de facto* eliminated as an insider.

To conclude this chapter, and as we have seen, although it is an essential component, Public Affairs is not just about lobbying. More fundamentally, for business, it is about mastering the business environment and in particular the impact of policy on business; and conversely, for the institutions, Public Affairs and business play a valuable function in democratic governance. Yet the function still suffers from a real lack of public trust, with the risk that some public policies are only influenced by specific interest groups. But the function is alive, constantly evolving, not only in terms of regulation, but also in its very principles. As we will see in the next chapter (Chapter 3), this evolution also applies at the European level, with relationships that has evolved widely throughout the construction of Europe, down to the regulation of lobbying activities.

3 The relationship between business and the EU, an unrecognized balance

The European Union, since its creation, has always been a fertile ground for business relationships. Since the first stones of the European Union, until today, many things have changed. The EU has grown and so has the relationship between business and the EU. From the first years marked by a reduced number of actors (states, business, commission) we have entered an era marked by the professionalization of publics affairs in Brussels and the development of a new fora.

3.1 The roots of the EU, where it all starts

The roots of the European Union go back to the 1950s and the establishment of three communities in the aftermath of World War II: the European Coal and Steel Community (ECSC) in 1952, the European Atomic Energy Community (Euratom) in 1957 and, finally, the European Economic Community (EEC) in 1958 guided by the objective of coordinating economic efforts and, over time, creating a common market. At that time, discussions were mainly conducted between direct state representatives, on a limited number of portfolios, and with few transnational actors. With exchanges more akin to a diplomatic ballet in international organizations, it is hardly surprising that in the 1960s and 1970s, the number of interest groups was severely limited. Policy dialogues remained between national governments and were segmented into three sets of communities (Coen, *et.al.*, 2021).

The formation of the European Economic Community (EEC) in 1967, resulting from the merger of the three previous entities, did not really revolutionize the approach to lobbying. With the Commission of the European Communities as the main executive body, the limited influence of trade unions and employers on the Commission's agenda, the limited number of policy areas covered by the Commission and some resistance to change, business did not change its traditional means of representation, as they "[…] could safely rely on unfavorable European policy being blocked by well-briefed national ministers." (Coen, 1993, p.93). Businesses remained then focus on their national representations, they continued to operate essentially in ways that had been tried and tested in the past, namely internal commission channels as well as their "[…] domestic government's veto at the Council." (Coen, et.al., 2021, p.24). With the lack of a European-wide space for discussion, businesses find it hard to access the European environment and question the EU's ability to create a single market favorable for the business. Aware of this status-quo, and seeking for legitimacy in the integration process, the Commission

took steps in the late 1970s and early 1980s to encourage the establishment of business representations in Brussels[1]. Seen by the commission as a counterweight to the nation states, this step marks a first opening of the commission to the representations of business and as a means to influence the member states favorably towards deeper market integration.

3.2 The Single European Act

The signing of the Single European Act (SEA) in 1987 was to change things considerably. The clear objective of the common market in 1992 strengthened the prerogatives of the Commission, in areas such as monetary, economic, and industrial policy, regional and environmental policy or R&D. But, above all, this enlargement of competences was accompanied by the suppression of the unanimous vote in the Council, replaced by the qualified majority voting (QMV). By domino effect, and the loss of the firewall of a veto on a proposal too unfavorable to the council, business moved towards a more pro-active approach directly to the policy formation stage within the Commission. As a direct consequence, there has been a significant increase in direct lobbying of the Commission and an unprecedented increase in interest representation in Brussels.

3.3 The Treaty of Maastricht

A second important step was the signing of the Maastricht Treaty in 1992, formally establishing the EU as an economic and political union, around three fundamental pillars: the European Community, the Common Foreign and Security Policy and the Police and Judicial cooperation. In practice, this treaty ratified the single market based on the principles of free movement of goods, services, and capital. To ensure their proper implementation, the treaty also granted new institutional powers and substantially modified the decision-making procedures, giving a more central role to the Commission, in particular as agenda setter in economic policy. Considered as a new supranational state, dealing with matters of importance for business, the EU and its market incentivized further business mobilization.

After the rise of interest representation in the 1980s and early 1990s, the Commission was "[…] increasingly experiencing access overload and sought to regulate entry to those it felt could and

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[1] The creation of the European Round Table (ERT) in 1983 to exchange views on European economic integration and the single market is the main example.

would be its natural partners." (Coen, 1997, p.96), which she did by encouraging the development of industrial forums and groups.

3.4   The Treaty of Amsterdam

Since the mid-1990s, the Union has been undergoing a period of intensive reform, linked to its enlargement, the extension of its competences and the improvement of the efficiency and legitimacy of its institutions. Despite the lukewarm response of some of its member states, the prospect of wider integration pushed it to continue reforming its treaties (Costa & Brack, 2007). A new important step, including for business lobbying, was taken with the signing of the Treaty of Amsterdam in 1996, amending the EU Treaty, the Treaties establishing the European Communities and certain related acts. While the Maastricht Treaty created the EU and the single market, the Amsterdam Treaty added a socio-political dimension by laying the foundations for the principles of freedom, democracy, and respect for human rights and by making these fundamental principles a prerequisite for the accession of new Member States to the Union (Katz & Wessels, 1999). Not surprisingly, the new treaty had important effects on corporate lobbying. Firstly, and quite naturally, the enlargement of the EU's regulatory scope had a stimulating effect on business. Secondly, driven by the desire to give the EU more democratic representation, the European Parliament was given additional powers, including the power of co-decision on a significant number of issues. As Cohen points out (Coen, 2021), "In response to this increasing role, business began to raise substantially their political activity by directly lobbying members of the EP (MEPs) and parliamentary committees". Third, and in parallel with the signing of the Treaty of Amsterdam, previously agreed provisions came into force, such as the entry of the euro as a physical currency, strengthening the EU's fiscal and monetary roles, and directly impacting business.

3.5   The White Paper on Good governance

Already a point of attention for several years and intensified with the scandal of the Santer Commission in 1999, the question of transparency and the possible effect of political clientelism led the Commission to examine the decision-making processes and the place of business lobbying at the dawn of the 2000s. Given the growing influence of the business community, there was a greater risk that decisions could be made with a negative impact on the EU, not to mention the impact on legitimacy.

When he took office in 1999, Commission President Romano Prodi examined the need for fundamental reform of the EU's decision-making process and the way the European institutions operate. Quickly established as one of its four priorities, the Prodi Commission published the White Paper on Governance in 2001, and focused its efforts on five principles: openness, participation, accountability, effectiveness, and coherence (European Commission, 2001). In particular, it aimed to promote a "[…] reinforced culture of consultation and dialogue", stressing the role of interest groups, of a code of good conduct and highlighted civil society's involvement as key.

The publication of this white paper has had important consequences. First, it was now recognized that consultations are an important part of the policy making process, capable of improving the regulatory outcomes. The input of technical experts is now seen as a necessary asset to legitimize the EU's inputs, throughputs, and outputs (Coen, 2021). Together with financial support to civil societies associations, with private actors receiving almost 14% of EU funding of civil society organizations (Mahoney & Beckstrand, 2011), this resulted in a dramatic increase in business representation in Brussels, where the lobbying environment changed in one decade "[…] from a business club to a diverse ecosystem that included think thanks, representatives of regions, consultancies, law firms, and non-governmental organizations." (Coen, 2021).

3.6   The Treaty of Lisbon

The publication of the White Paper coincided with the rise of tensions on the European scene. The EU had moved beyond the stage of a regulatory state and was experiencing difficulties, consequence of its gradual construction based on a succession of treaties negotiated by the states. The Treaty of Nice, which came into force in February 2003, attempted to provide solutions through reforms to the Common Foreign and Security Policy (CFSP) and enlargement procedures but, mainly because of its partial responses, a consensus quickly emerged to start a new batch of reforms to improve the efficiency of the institutions and deepening its democratic functioning.

In December 2001, a "Convention on the future of Europe" was introduced and presented, in 2003, a complete draft of a new European constitution. Signed in Rome in 2004, this treaty consolidated, enriched, and clarified the founding treaties, while incorporating the Charter of Fundamental Rights. However, in the face of growing Euroscepticism, and probably too

ambitious, the treaty was rejected after the rejection of the French and Dutch referenda, opening a long period of uncertainty about the future of the Union.

After the non-ratification of the Treaty of Rome in 2004, it was the signing of the Treaty of Lisbon in 2007 that put an end to the institutional deadlock by bringing about a compromise between the various member states. In opposition to the project for a constitution, the Lisbon Treaty amended the existing treaties and did not replace them. The new treaty introduced several key institutional reforms, including the granting of a legal personality to the EU, several changes in the decision-making process, including the affirmation of the principle of co-decision between the European Parliament and the Council of Ministers as the ordinary legislative procedure, and the strengthening of the Parliament by extending its co-decision powers to virtually all policy areas. This extension, the introduction of informal decision-making processes (such as pre-legislative trilogues, see chapter 5), and the dispersion of policy-making authority across the institutions altered the way to lobby in Brussels.

3.7 The Europe of tomorrow: The Conference on the future of Europe

Launched officially the 19th of June 2021, and the result of a common will of the Parliament, the Commission and the Council, the Conference on the Future of Europe is a strong initiative of the Union to give European citizens more say in what the Union does and how it works for them (Commission of the European Communities, 2020). Focusing on the direct participation of European citizens, the conference offered them a platform to discuss and contribute to the debate on the future of Europe and the major issues of our time: climate change and the environment, health, the economy, social justice, values and rights, digital transformation, European democracy, the EU in the world, migration, etc.

In its final report, the European citizens detail no less than 49 proposals around 8 crosscutting topics: solidarity, social justice and equality (1), environment and climate change (2), the need for a more democratic union (3), the need for more harmonization and to grow together closer (4), the grow in autonomy and the need to secure the competitiveness (5), the need to work on the EU values (6), the essence of the European citizens (7) and the importance of education and empowerment of the population (8).

Although it is too early to draw any real conclusions on the effects of this conference for the future of Europe, the EU now has an informed position from its citizens on the issues that matter to them. It is interesting to note that the report also makes some proposals regarding governance

or public affairs, such as allowing the right of initiative in the Parliament, the need to include more political parties, civil society organizations and trade unions in the decision-making process and to deepen the links with ordinary citizens, as well as, more generally, the revision of the decision-making process and voting rules in the EU institutions in order to improve transparency.

The next expected step is the implementation of a concrete action plan, within the framework of the Union's competences, with a first feedback event with citizens planned for autumn 2022 (European Committee of the Regions, 2022).

3.8 The European Union and the challenge of transparency

One of the main differences between the European political system and other systems around the world is that the doors of Brussels and the member states are rarely closed. As we have seen throughout this chapter, the issue of transparency, a real democratic challenge, has become a central focus within the Union. In particular, The Treaty on European Union provides a framework for and seeks to foster transparent and ethical relations between the European institutions and European political leaders, on the one hand, and civil society and representative associations, on the other. This is particularly noticeable in its articles 5 and 11, where "The institutions shall, by appropriate means, give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action; in addition, the institutions shall maintain an open, transparent and regular dialogue with representative associations and civil society."

To demonstrate their commitment to openness and transparency and improve trust in the EU institutions & decision-making processes, the European institutions have over the years developed a set of rules to regulate the activities of interest groups and to make the interests represented more transparent. At the heart of this transparency policy is the Transparency Register, created in 2011, first revised in 2015 and made mandatory and extended to the Council in 2021. The register is now a must for interest representatives of all kinds and has over 12,500 registered individuals, a large majority of whom are categorized as being related to business or trade associations. The register contains information on what interests are pursued, by whom and with what budgets, and the registrants are bound by a common code of conduct. In this way, the registry allows for public scrutiny, giving citizens and other interest groups the opportunity to monitor the activities of lobbyists.
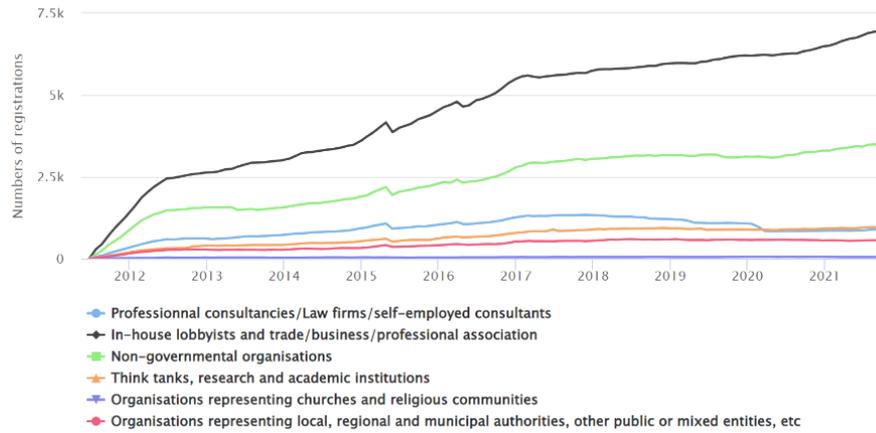
Figure 2 – Evolution of the Transparency Register (2011-2021)

In this chapter, we have seen how the EU has gradually expanded and deepened its competences. Initially a governmental entity, where only states were involved, it has gradually evolved into a more complex structure, opening the door to multiple actors interacting with it. On the other side of the mirror, it is the whole non-institutional flora (businesses, federations, NGOs, etc.) that is gradually adapted to the structural and institutional changes of the Union. However, as we will see in the next chapter (Chapter 4), the EU is not an entity that is easy to grasp at first glance. Its structure is particularly complex, and involves a large number of actors, both institutional and non-institutional.

4 The institutional and non-institutional actors of the Union

The EU is an important economic union and an important playground for businesses. With more than 500 million consumers, it is one of the largest markets in the world and a worldwide player that exports its products on every continent, worth almost 5,000 billion euros, making the union one of the world's main markets. But above all, the European Union is a political union with broad powers, able to influence business interests through its legislative choices, within and outside its borders. As such, "the EU is undoubtedly a core global economic player that naturally attracts business attention" (Coen, *et.al.*, 2021). To understand Public Affairs in the EU, it is fundamental to understand the decision-making environment and the key stakeholders whether we talk about European institutions, with their own prerogatives or the non-institutional stakeholders and their influence on the EU playground.

4.1 The institutional bodies of the Union

Europe is built on an institutional triangle and this dimension intrinsically influences every dossier, every position and every new initiative taken at European level. The three main structures responsible for legislating and managing the European Union are the European Commission, the European Parliament, and the Council of the European Union. In addition to these three bodies, we

Figure 3 - The Institutional Triangle

can also mention the European Council, often considered as a 3 + *1* institution of the EU.

4.1.1 The European Council

The European Council has a unique role in the EU. Organized upon periodic meetings between heads of state and government of the EU Member States, the European Council was not originally part of the treaties. Although the first meeting of this type took place on a French initiative in the early 1960s, and the Single European Act signed in 1986 formalized the practice and increased the weight of the European Council, it was not until the Treaty of Lisbon that it became an institution in the legal sense.

Today, the European Council is a full institution of the EU (art. 13), with its headquarters in Brussels, its own president, its own staff and its own budget and its main stakeholders are the heads of state and government of the 27 Member States and the President of the Commission, working on an intergovernmental way (Pavy, 2022).

The European Council can be considered as the "collective head of state" of the Union, its role is to provide a general 'political impetus' for its development and defines its 'general political directions and priorities' (article 15(1) of the TEU) by evoking the main questions and problems that arise within the Union, such as the reform of the treaties, enlargement, or the initiation of new political initiatives. The Council also plays an arbitration role, to unblock sensitive issues, as well as a central role in Common Foreign and Security Policy foreign policy. According to the treaty, the European Council shall "[…] identify the Union's strategic interests, determine the objectives of and define general guidelines for the common foreign and security policy […]" (article 26 of the TEU). Its president represents the union in foreign policy and is therefore the "face of the union's foreign policy".

The European Council consists of its permanent president, the heads of state or government of the 27 Member States, the president of the Commission and the High Representative for Foreign Affairs and Security Policy.

With the broad objectives and general guidelines defined by the Council, it is then up to the Commission, the Council, and the European Parliament to put them into practice.

4.1.2   The European Commission

At the origins of the EU, each community (ECSC, EEC & Euratom) had its own Commission, which were the central decision-making bodies. Since then, the EU has seen the rise and the institutionalization of the European Council, as well as the rise in power of the European Council and the European Parliament. In the meanwhile, the Commission remains and has retained key roles.

The Commission remains the most original element of the EU, the *sui generis* institution, around which the whole system is built (Costa & Brack, 2017). The European Commission has, first and foremost, a monopoly on the initiative in EU law-making (Article 17(2) TEU), It draws up proposed acts to be adopted by the two decision-making institutions, the Parliament, and the Council. This role is crucial, as it allows it to set the European agenda and to draw up legislative texts, and the other institutions deliberate based on its proposals, which the Commission can withdraw or adapt. To help the Commission in this task, it has a cohort of experts and a large network of contacts: economic and social actors, national administrations, pressure groups, etc. It should be noted, however, that the Commission's power of initiative is shared with the member states for the most regalian topics (foreign and security policy) or the European Central

Bank (ECB) for economic topics. But also, and above all, with the institutionalization of the Council, which sets the guidelines, its autonomy in terms of initiative is now very relative (5 to 15% of proposals). In addition to this power of initiative, the Commission is also an implementing body, responsible for taking implementing decisions and the guardian of the treaties: It is required under the Treaties to ensure that the Treaties themselves, and any decisions taken to implement them, are properly enforced. Finally, the Commission is responsible for relations with non-member states, except for areas relating to foreign and security policy, where the High Representative negotiates the agreements (Mussa, 2022).

The Commission is steered by a group of 27 Commissioners, known as 'the college'. Together they take decisions on the Commission's political and strategic direction. In addition to these 27 members (and their direct collaborators), who represent its political body, the Commission also has an administrative body of more than 32,000 collaborators, organized in 52 policy departments called Directorates-General or DGs. Each DG is responsible for a particular policy area and is managed by a Director General who is accountable to a commissioner. To help them in their work of preparing legislation, these DGs maintain close links with national administrations, as well as with interest groups from various horizons.

4.1.3   The European Parliament

The European Parliament, together with the Council of the European Union (known as the Council and informally as the Council of Ministers), forms the legislative branch of the European Union. Together, these two form a bicameral parliament in which the parliament would be the lower house representing the citizens by direct election, and the council the upper house, representing the member states through their ministers.

Originally a strictly consultative institution, the European Parliament has seen its composition, powers and role evolve considerably over the last 50 years. Elected since 1979 by direct universal suffrage, the assembly now has 705 members, elected for 5 years, and based on a distribution negotiated between states. Like any assembly, the functioning of the European Parliament does not rely solely on MEPs, but on larger entities, such as political groups. Indeed, MEPs each carry political and ideological convictions and belong to one of the eight parliamentary groups, of which the largest, dominant, and best known are the European People's Party (EEP) and the Socialists & Democrats (S&D). Still in terms of organization, and as an integral part of its functioning, the European Parliament relies on internal committees, bringing together between 25 and 88 Members, to carry out the preparatory work for the

Parliament's plenary sessions. The committees draft, amend and adopt legislative proposals and own-initiative reports. They examine Commission and Council proposals and, where appropriate, draw up reports for submission to the plenary assembly.

The EP also makes extensive use of the mechanism of intergroups, unofficial groups of MEPs that focus on a particular issue that does not necessarily fall within the normal work of the European Parliament but may be of interest to society at large. Intergroups are not official bodies of the Parliament and cannot express the views of the Parliament, but they are of some use in organizing informal discussions and promoting exchanges between MEPs and civil society.

As the representative of all European citizens, the Parliament represents the democratic foundation of the European Union. Key element of the EU democratic legitimacy, the Parliament must be fully involved in the EU legislative process and exercise political control over the other EU institutions on behalf of the public, , including through various contacts with business representatives.

This is reflected in the EP's competencies, which are based on six main powers. Firstly, the Parliament is above all the co-legislator of the Union. For a long time anecdotal, the legislative powers of the European Parliament have gradually developed, from the Treaty of Nice to the Treaty of Lisbon. Today, the Parliament co-legislates in all areas covered by the co-decision procedure, which became the "ordinary legislative procedure" with the Treaty of Lisbon (Article 294 of the TFEU), and which applies to most of the Union's areas of competence, including trade, freedom and justice, the common agricultural policy (CAP), etc. In other areas, Parliament remains involved through other mechanisms, the main ones being consultation and consent. The Parliament also retains the right of legislative initiative, albeit in a reduced form, as it is limited to asking the Commission to present a proposal. This right was maintained in the Treaty of Lisbon (Article 225 TFEU) and is specified in an interinstitutional agreement between Parliament and the Commission. Second, in addition to its legislative powers, Parliament also has significant budgetary powers. With powers equal to those of the Council, the Parliament has the power to amend, adopt or reject the draft budget prepared by the Commission (Article 314 of the TFEU). Far from being anecdotal, this power allows the Parliament to influence Community policies by directly influencing their financing. Third, the Parliament also has powers of control over the executive, first through its powers of appointment over the members of the Commission, first its president, and then the members of the Commission by a

second vote, after individual hearings of the candidates. Fourth, the Parliament also has important powers of control. These include the possibility of submitting a motion of censure against the Commission, the possibility of raising parliamentary questions (which can be addressed to the Commission, the Council, or the President of the European Council), and the power to initiate committees of inquiry or budgetary controls, to name but a few. Fifth, the Parliament plays a more marginal, consultative role, particularly in matters relating to the Common Foreign and Security Policy" or "justice and home affairs". Finally, sixthly, the Parliament still plays the role of a forum for pronouncing on issues internal to the Union, such as international problems, the future of the Union or matters that are still outside its competence.

Although the EP's competences distinguish it from traditional parliaments in that it is not recognized as a sovereign institution, the only one capable of passing laws (it is possible to adopt a norm without the concurrence of the EP, for example, in the case of certain matters), the fact remains that the Parliament has strong competences and a key position within the Union (Costa & Brack, 2017). This central position, as we shall see, leads to an important dynamic with the pressure groups (businesses, NGOs, private actors, etc.), which is why a transparency register was set up.

4.1.4 The Council of the European Union

The Council of the European Union, often called the Council of Ministers, or more precisely the 'Councils of Ministers' (as they vary by topic), is the product of the will of the States most concerned about preserving their sovereignty, first in the face of the high authority of the ECSC, then in the face of the Commission. Since the Treaty of Lisbon, the Council shares most of legislative powers, with a key role in the adoption of European legislation, and executive powers, with some functions like a government, with the EP.

The Council is composed of a representative of each member state at ministerial level, who "may commit the government of the member state in question" (Article 16(2) TEU). Under the Council, the structure can be broken down as follows: The Presidency, the general secretariat, and the Coreper, in charge to assist the work of the Council. First, the Council is chaired by the minister of the Member State holding the rotating six-month presidency and constitutes the Union's second center of impetus (Costa & Brack, 2017). As it convenes, sets the agenda, leads the Council's meetings and organizes the agenda of the committees and working groups, the Presidency plays a key role in the effectiveness of the Council. The General Secretariat is a little-known body, but it has an essential role, that of managing administrative tasks, but also,

and above all, of ensuring the smooth running of the Council's activities. Permanent, unlike the presidency, it is also often used as an advisor for the latter, especially when it is not very mobilized or has insufficient means (Costa & Brack, 2017). Finally, a committee consisting of the permanent representatives of the Member States prepares the Council's work and carries out the tasks which the Council assigns to it (Article 240 of the TFEU). This committee, known as COREPER, is chaired by a representative of the Member State chairing the General Affairs Council (Pavy, 2022) and, for some policies, specialized committees assist COREPER in its various preparatory works. Finally, in addition to COREPER and the specialized committees, there are many councils working parties - expert groups, working groups or committees - which ensure the preparation of the work or are attached to special subjects.

In terms of its roles, with the Lisbon Treaty the Council lost its supremacy over the EP, with which it now co-adopts the main legislative provisions of the Union, on a proposal from the Commission (Article 294 of the TFEU). However, the Council legislates by itself on specific topics, known as "special legislative procedures". The Council also has a strong influence in economic matters. Meeting in the Economic and Financial Affairs Council (ECOFIN), the ministers adopt the broad economic policy guidelines (BEPG) for the Member States. The Council alone is competent to conclude international agreements on behalf of the Union, even though these agreements are most often negotiated by the Commission, mandated by the Council. Finally, the Council defines the Union's common foreign and security policy based on guidelines provided by the European Council.

In conclusion, it is worth noting that while the Council has the final say on most policies, it operates in a much more obscure manner than the Commission or the European Parliament. Secrecy is largely the norm here and the Council offers no public sessions, no minutes of meetings, and is not subject to the Transparency Register.

4.2   Consultative bodies of the Union

4.2.1   The European Economic and Social Committee

The European Economic and social Committee (EESC) is a consultative body of the European Union, not bound by any instructions and established at the very beginning of the Union, by the Treaty of Rome in 1957. The EESC is currently composed of 329 members, elected for 5 years, organized in three main groups representing the different socio-professional categories at the

Union level (Employers, employees, and representatives of various horizons such as consumers, representatives of the agricultural sector, etc.).

As the voice of European civil society and advocate of the general interest of the Union, the EESC's mission is to advise the main European institutions, notably through consultations, at the request of the Parliament, the Commission, or the Council, in areas specified by the Treaties, or by its own initiative. However, as an advisory body with no binding opinion, the EESC has only marginal influence.

4.2.2   The Committee of the Regions

The Committee of the Regions (CoR) plays a similar role to the EESC, but at a regional level. The Committee of the Regions is composed of 329 members from the Member States and represents local and regional authorities to the Council and the Commission. Like the EESC, the Committee of the Regions must be consulted on specific matters and can also issue opinions on its own initiative.

4.3   European agencies

The EU has a regulatory structure that includes over 40 agencies in addition to the core institutions. Independent bodies of the European Union and established as juridical persons through secondary EU legislation they are tasked with a specific narrow field of work. They were created to perform technical, scientific, regulatory, and operational tasks. To name a few, here are the main agencies active in the fields of aeronautics, defense and space.

4.3.1   The European Defence Agency (EDA)

The European Defence Agency (EDA) is an EU agency under the authority of the EU Council, to which it reports and from which it receives directives. The EDA's main mission is to support the development of defence capabilities among EU members, to stimulate defence R&I, to strengthen the European defence industry and to act as a military interface for EU policies.

4.3.2   The European Union Aviation Safety Agency (EASA)

The European Union Aviation Safety Agency (EASA) is an agency of the European Union dealing with aviation safety. The EASA's main missions are to provide technical expertise to the EU in its new legislation, to implement and monitor the application of safety rules and to carry out the certification of aircrafts and their main equipments.

4.3.3 The European Space Agency (ESA)

The European Space Agency is a special case because it is not an ordinary European institutional agency, but an intergovernmental agency. Its role is to coordinate space projects carried out jointly by its various members. Its competences cover the whole spectrum of civil space: sciences, study of the earth by satellites, development of launchers, etc. Not directly dependent on the EU institutions, its budget comes from the direct participation of its Member States and operates on the basis of a "geographical return", which means that it invests in each Member State, in the form of contracts awarded to its industry to carry out space activities, an amount roughly equivalent to the contribution of that country.

4.4 Non-institutional bodies in the Union

To conclude this overview of the European landscape, let's end with a few non-institutional, but nevertheless important actors in the field of European Public Affairs. These include independent expert groups that are able to interact with official institutions, such as academics, independent consultants, think tanks, etc., but also other actors whose core nature is to seek to influence policy development and implementation.

4.4.1 European trade associations

Estimated at more than 1,200 in 2008, professional associations are important players in the European landscape, representing companies, national associations or even trade unions, often with significant resources and permanent representation in Brussels. These organizations are key players, often solicited by the Commission or the Parliament, which appreciate their ability to limit interference between the various players on the same issue, as well as their ability to create synergies and contribute to the emergence of common positions. In practice, it is not uncommon for institutions to prefer dialogue with a single federating actor rather than with dozens of actors from national federations or companies (Costa & Brack, 2017). However, the situation is more complex than it seems. The landscape of European federations is highly fragmented, scattered between large associations on the one hand, and a plethora of small (micro) associations on the other. The former are often nothing more than an aggregate of national associations and often suffer from a (too) strong diversity of members, making it difficult to reach a strong consensus. As for the small associations, they often suffer from an important lack of means, confining them to a "reactive" role, not very effective in terms of lobbying. Finally, the significant fragmentation of the landscape is to the detriment of the

visibility of these different associations (Guégen, 2007). The situation is such that the only effective function of many of these federations is to inform their members about the ongoing work of the European Union. The latter are then free to represent their interests via the federations or to opt for a more individual approach, either through professional lobbying or through national representation (Costa & Brack, 2017).

4.4.2 European representation of business

About 250 companies, both European and foreign, have their own representation structure in Brussels, either through external experts, specialized in European affairs, or through company executives directly. The formers are familiar with the machinery of the European institutions but have the disadvantage of being less familiar with the company's culture. The latter, often organized through a Public Affairs department, understand the company much better (its expertise, its position in the value chain, etc.), but are often much less familiar with the European arcanes.

4.4.3 Professional lobbyists

There are several thousand professional private lobbyists in Brussels. They can work for specialized, audit or law firms and practice two types of activities. Either they can operate punctually on behalf of a client on a specific file in order to influence the development of a norm or a decision. Or they can also ensure a monitoring function, informing their clients on the current state of the union.

4.4.4 Regions and local authorities

Regions and local authorities are also very active on the European scene, whether on an individual basis, sometimes with the allocation of significant resources, on a collective basis, with an operation that brings them closer to a federation, or on a more general basis with more generalist associations defending the interests of the communities. It should be noted that these associations are often well received and maintain privileged relationships because of the implicit legitimacy of their territorial anchorage (Costa & Brack, 2017).

In this chapter we have seen that the European Union is, without question, an atypical entity where the traditional pattern of separation of powers is more blurred than usual. Roughly speaking, the Union can be described as a tripartite structure, with the Commission as the main executive body, assuming the role of government and central administration, and with the

Parliament and the Council in charge of the legislative apparatus. The European Council, on the other hand, can be seen as a "plus one" body, playing the role of collective head of state. However, as we have seen, the functioning of the Union is far from being based on this institutional triangle alone. It is also necessary to take into account the agencies, consultation and control bodies (not developed here), as well as a plethora of non-institutional actors. A central question about business representation in the EU revolves around the relationships between different stakeholders. In the next chapter (Chapter 5), we will look in more detail at these structural exchanges, the influence of different institutions in these exchanges, the influence of the policy cycle and how this affects business strategies.

5 The exchange theory as methodological framework for EU-Business relationships

As we have seen in chapter three, as a supranational body under construction, the connections with the business community and the EU have been constantly growing. The EU has always had links with the business world and the strengthening of the EU's role in the economy has not ceased to attract business to Brussels. We will see that this relationship is a perilous balancing act, between business as a driving force, adapting to the institutional context to better influence policy outcomes and better achieve its objectives, and the EU, which maintains close ties with business to build its legitimacy and achieve its prosperity objectives. A question that comes up quite naturally is why the main stakeholders, businesses, and EU institutions, interact together? How can business interests influence the policy making process at the European level? What are the logics behind this *ad hoc* lobbying behavior?

5.1 The EU principle of openness

As we will see throughout this chapter, and as Gueguen (2013) points out, information is the main source of influence in Brussels, and the abundance of information that can be obtained in the EU is impressive. Yet, this has not always been the case. As already mentioned in Chapter Three, driven by a growing demand for openness and transparency in modern societies, the EU has moved from a diplomatic approach, where secrecy is the rule, to an institutional system requiring a democratic basis. Nowadays, the principles of transparency and good governance have constitutional implications for the institutions of the Union, and the Charter of Fundamental Rights of the European Union makes them a fundamental right (Labayle et al., 2013). It is this principle of openness that allows everyone to express themselves and be heard. It is also the principle that allows access to information, in full transparency. Whether you are a simple citizen or a confirmed lobbyist, it is easy to identify the key players on a given subject (members of a DG, MEPs, members of expert groups or committees, etc.) and to contact them. While some more specific searches can be more complex, there is a plethora of documents online and getting information is never impossible.

5.2 Access as first step to the EU institutions

Having access to information is one thing. Lobbying is another. Before being able to exercise any lobbying activity, it is necessary to have first gained access to the EU institutions. While access does not necessarily mean influence, as an actor may have access without being able to

translate this access into any influence, gaining access to the European institutions is, however, a *sine qua non* condition for being able to exercise influence. As Truman points out "Power of any kind cannot be reached by a political interest group, or its leaders, without access to one or more key points of decision in the government. Access, therefore, becomes the facilitating intermediate objective of political interest groups. The development and improvement of such access is a common denominator of the tactics of all of them." (Truman, 1951, as cited in Bouwen, 2002). The central question then becomes how to obtain this access key.

5.3 The information resource – exchange theory as methodological framework

To understand the logic of access, it is important not to make the common mistake of viewing business lobbying as a one-way activity. Lobbying activities of business interests in the European institutions must be considered as an exchange relationship between interdependent groups. While economic actors strive to reach out to institutions, institutions themselves are eager to interact with the private sector to fulfill their institutional role (Bouwen, 2002).

To shed light on this relationship between policy makers and business, a framework widely used in economics, political science and organizational theory is the resource-exchange theory. Developed in the 1960s for the study of inter-organizational relations, this model was gradually extended to relations between public and private actors before being applied more specifically to relations between businesses and European institutions. According to this theory, interactions can be conceptualized as inter-organizational exchanges between different actors. Not being self-sufficient, these actors have to look in their environment for the key resources they lack and therefore potentially have to interact with each other. Organized this way, organizations become interdependent, they are driven to maintain their relationship with organizations with which they interact. This creates a win-win relationship that lasts as long as the exchange is reciprocal and both parties benefit from it. As Bauwen (2002) points out, in the context of the EU, stakeholders become interdependent because they need resources from each other, "The crucial resource required by private actors is access to the European institutions. In return, the EU institutions demand resources that are crucial for their own functioning.".

5.3.1 Information as the main currency in the EU

This crucial resource needed by European institutions is information, for several reasons. First, institutions operate in a resource constrained environment. Despite their cohort of civil servants, and pressed for time, they do not have the resources to process all the relevant information on

all the subjects covered by European legislation. As a result, institutions are forced to rely on external resources to assist them in their different missions. A second reason is to ensure the legitimacy of its institutions. Indeed, as a supranational body endowed with a mandate, the EU seeks to preserve, and even extend, its authority. One of the means at its disposal is to take advantage of the asymmetry of information between themselves and their principals, in other words to ensure that it has a better set of information than the latter (Coen, 2022). Moreover, information such as that from interest groups provides legitimacy to the European institutions because they give information about encompassing and representative interest, as different interest parties have participated in the articulation of these interests (Bouwen, 2002).

On the supply side, companies have, for the most part, a wide variety of experts on the policy issues that most affect their interests and have a considerable amount of specialized and politically relevant technical information on these topics. Although their resources are not unlimited either, forcing them to choose the most efficient lobbying avenues, businesses provide to EU decision-makers the necessary expertise to deal with their problems and thereby increase legitimacy. In exchange, they receive subsidies, policy influence and insider status and take advantage of the space obtained to mobilize and assert their interests, with the goal of having their voices heard at the EU level and steering the EU policy-making process. (Coen, 2022; Chalmers, 2012).

5.3.2 Nature of information provided

The form of the institutions deeply modulates the relations between the different stakeholders. Each has its own ways of exerting influence, each with its own set of rules, his own type formal authority and each institution owns different timing in their interventions in the policy process. All these elements, put together, determine the type of information they demand (Coen, 2022; Bouwen, 2002). On one side of the spectrum, an institution may hold mainly epistemic authority, based on expert knowledge, impartiality or third perspective and moral integrity. Its views and positions are adopted because they appear to be both knowledgeable and non-partisan at the same time, with the global reputation of the institution as key (Zürn, 2018). For those institutions, where efficiency is evaluated on the effectiveness, reliability and quality of their outputs, the predominant information is based more on technical issues (Coen, 2022). On the other side of the spectrum, an institution may hold a political authority where rules and norms are viewed as bonding for a certain collective, to promote the common good and to prevent chaos (Zürn, 2018). In such a form of authority effectiveness is evaluated on the ability to have

broad and include deliberations that lead to publicity informed decisions (Coen, 2022). If we take a closer look at the European institutions, as the main agenda setter, and owner of the monopoly of legislative initiative, the Commission is the closest on the epistemic side of authority. During the first stages of the policy-making process or to ensure the proper implementation of EU policies, and mainly through its directorate generals (DGs), the Commission requires a substantial amount of expert knowledge. With regards to the European Parliament, the picture is a somewhat different. In view of the Parliament's legislative role, as the Commission already drafted detailed and often technical proposals, its demand for expert knowledge is rather limited. As the only directly elected EU institution, the Parliament main task is to evaluate the proposals from a European perspective (Bouwen, 2002) and to represent its constituents through discussion within committees and plenary sessions. As a consequence, the information demanded is predominantly political or politically framed (Coen, 2022), typically about the social impact of a policy proposal. It is important to stress, however, that this does not mean that the Commission is not in demand for political information and that the Parliament never needs more technical information. On the one hand, the Commission occasionally needs more political information, for example when domestic interests must be considered in the case of amendments. And similarly, the Parliament needs a minimum of technical knowledge to assess the legislative proposals made by the European Commission. Finally, there is also a risk that a proposal in the EP, without the technical context, and driven by political considerations, will be stripped of certain fundamental aspects or, on the contrary, amended with counterproductive ideas, stressing the importance for MEPs to take into account technical information, for example from informed interest groups.

5.3.3 Quality of information

If the various European stakeholders need information to be able to exercise their mandate, the information provided must be reliable and trustworthy. As we have seen, information exchange is a central and dynamic component of the relationship between institutions and stakeholders. Stakeholders interact with each other continuously, in a very dynamic way, often over the long term, making reliability and trust a key factor in maintaining relationships. Members of the Commission and MEPs in particular are confronted with an incalculable number of solicitations (e-mails, telephone calls, invitations, etc.). Flooded, they struggle daily to maintain control and ensure the quality of the contributions that feed their policy. To resolve this issue, policymakers opt to work closer with an inner circle of contributors that they trust, bases on the quality of

their expertise over time. For interest groups, since the market has numerous business interests and a limited number of buyers, it is even more important (and competitive) to provide quality and relevant information, over the long term, in order to gain 'insider' status, giving them an advantage over competitive interests (Coen, 2021; Maloney et al, 1994).

In this highly competitive environment, interest groups themselves are organizing themselves to ensure a certain level of quality in their services. For example, and to promote their credibility, AP professionals are banding together in larger organizations to ensure ethics, transparency, and high professional standards. These organizations, such as the European Public Affairs Consultancies Associations (EPACA) or the Society of European Affairs Professionals (SEAP), are recognized by the European institutions and are intended to be a guarantee of quality and reliability.

5.3.4 Tactics used to convey information to decision-makers

Results from an empirical analysis led by Chalmers in 2012 provides interesting insights into the tactics used to provide information to the European institutions. It appears that, regardless of the content of the message, the tactics used to convey the message often matter more than the message itself. The lobbyists consulted in this survey argue that there is no *one size fits all* template to use to provide information to the EU institutions. On the contrary, often, several techniques are used to convey the same message (writing position papers, emails, …), as this underlines the seriousness and importance of the message, as well as the commitment of the interest group. Another lesson from this survey is that, while outside tactics might be important determinants of access, they are used very less frequently compared to inside tactics, not only because they are less costly, but because they are more expedient (Chalmers, 2012). Finally, one key element underline by the respondents is the importance on providing timely information to the EU, because information that is too late loses all its value. The idea is to be in the policy making process as early as possible and to be able to alert institutions "to potential windows of opportunity before they open" (Chalmer, 2012, p.52).

5.3.5 Other exchange goods

While information is a fundamental element in the EU mechanisms, it is not sufficient. To fulfil their role, the Commission, the EP, and the Council still need more than merely information. For example, they also need citizen support, not only because the European institutions require electoral support - the European Commission strategically uses citizen support to signal

electoral support to the Members of the European Parliament and national governments -, but also because citizen support improves the legitimacy of European policy initiatives. A second type exchange good underlined by Klüver is the economic power, the ability of an actor to control business investment and job creation. Indeed, European institutions demand economic power from interest groups in the sense that they are more responsive to concerns raised by interest groups that control an important economic sector than to interest groups that do not have an impact on business investment or employment (Klüver, 2013).

5.4 The policy making process as key determinant

For businesses, a good understanding of the EU legislative process is challenging but key to adopt the most effective strategy. Indeed, throughout the EU legislative cycle, the process is often multi-tiered, juxtaposing formal and informal procedure, with a dynamic than can vary significantly depending on the issue at hand (Coen; 2022). With these multiple configurations, interest representatives adopt different strategies, depending on the stage of the policy cycle and the resources at their disposal.

5.4.1 The agenda setting

Agenda-setting is about having an issue considered by policymakers. As the first prerequisite for decision-making, this step is key for most of the stakeholders. From a theoretical point of view (Princen, 2011), several elements play a central role in the agenda-setting phase. To mention a few, the actor must succeed in drawing attention to the issues he or she considers important. It involves directing the issues towards the right 'venue', to mobilize supports, for example by selecting the venue the most receptive to the topic (venue shopping). In addition to mobilizing supporters, the actor needs to frame the issue the best way possible to arouse interest in it.

As the only institution with legislative initiative, the Commission has remarkable powers insofar as it drafts the formal proposals that the other two main EU institutions will consider and convert into legislative products (Coen, 2022). For this preparatory phase, the Commission uses a wide set of consultation options, particularly since the latest developments of the EU and the shift to 'participatory' policy making. The term consultation refers to the process by which the Commission seeks the input of interested and effected groups to improve transparency, efficiency, and effectiveness of regulation (OECD; nd). While these consultations are essential for the Commission in terms of efficiency and democratic legitimacy (Quittkat and Kotzian,

2011), they are also important instruments for businesses, associations, and other interest groups to convince the Directorates-General (DGs) concerned to place the issues higher (or lower) on their agenda (Coen, 2022; Quittkat and Kotzian, 2011).

The Commission has at its disposal a wide range of consultation mechanisms, from closed consultation bodies, accessible only to a limited circle of stakeholders, to more open ones, accessible to a wider range of actors. In closed consultations, a limited number of interest groups form part of an inner circle of policy stakeholders. They take place through a *policy flora*, composed of 'expert groups', 'stakeholders' meetings' and 'invited consultations' that the relevant DG hosts, where interest representatives participate not only to express their position, but also to advocate their interest (Coen 2022; Quittkat and Kotzian, 2011). Yet, while these early phases of agenda setting and policy formulation are often considered crucial in terms of lobbying strategies (Quittkat and Kotzian, 2011; De Cock, 2010; Bouwen, 2002), there is a phenomenon of "interest overload," with too many interest groups chasing too few representation opportunities. This overload is not without consequences, in that it has led to a division between an elite part of this flora, the *insiders*, who are more frequently consulted or more actively engaged in policy discussions or implementation, and the *outsiders*, more on the bangs of the system (Maloney et al., 1994; Broscheid and Coen, 2007; Coen, 2022).

At the other end of the spectrum, we find consultation mechanisms oriented towards a wider public. These open consultations are less privileged and addressed to a wider audience, set up in a spirit of openness and representativeness of the wider public for a Commission seeking more legitimacy. A first example is that of online consultations introduced to attract a significantly different, broader audience than closed consultations. While they are very standardized and offer a good opportunity to make a case, they are far from offering true preferential access. A second example is conferences. These are mainly informative, even promotional, and oriented towards policy dissemination. While attending a conference is not really a way to do "active" lobbying, it is still a good way to network or get political support on a given issue (Coen, 2022; Quittkat and Kotzian, 2011).

Finally, the Commission does not work alone, it acts alongside the EP and the Council, whose role should not be underestimated even in these early stages. The Commission knows that for an issue to stay on the agenda and survive the political process, it needs the support of a wider set of political actors, key at later stages, such as MEPs and member states. Not only can the Parliament and the Council push issues to the Commission, but the Commission also seeks to

preserve its legitimacy by ensuring that its agenda is up to date, in line with the expectations of other actors: public opinion, mobilization of interest groups or expectations of other European institutions (Coen, 2012).

In conclusion, as a prerequisite for the policy making procedure, the agenda setting phase is crucial for the stakeholders. On the side of the companies and interest groups, it is important to establish their position, to formulate the case in the best possible way and to present it to the multiple EU institutions willing to listen and deal with it. For interest representatives, the more exclusive a consultation instrument, the higher it is valued as a means of interest representation or lobbying because of the limited number of participants and closer contact to policymakers (Quittkat and Kotzian, 2011).

5.4.2   Policy formulation.

Drafting legislation is a highly complex and challenging process, particularly in the context of a notoriously understaffed institution. Once a topic has made it onto the Commission, the responsible DG will begin the policy-making process. Once in the Commission, policy formulation takes a rather close format, where the relevant DG invites input from experts in the field, member state governments, and representation from other relevant stakeholders (Coen, 2022). Business groups are here particularly incentivized to influence the drafting of the proposals where lobbying, and much preferably coalitions, are decisive for preference attainment during the policy formation stage (Klüver, 2013).

5.4.3   The legislative shuttle

Once the Commission adopts its legislative proposal, it is forwarded to the Council and the European Parliament.

In the case of the EP, the responsible parliamentary committee will take in charge the proposal. Inside the committee, and to do the job effectively, one MEP will take on the role of rapporteur, shadowed by a rapporteur from another political group, and issue a report on the Commission proposal. To present a thorough and well-prepared analysis, the rapporteur will conduct internal formal and informal consultations with various research units, interest groups and other MEPs (Klüver, 2013; Coen, 2022). Once the rapporteur's proposal has been adopted at Committee level, it moves to the plenary session of the EP where it will finally be voted on by the assembly of parliamentarians.

As we can see, as for the Commission, to assess the often very detailed and highly technical proposal, the rapporteur and the other MEPs both need information to evaluate the impact of the proposed legislative framework. In this context, the MEPs, and particularly rapporteurs, naturally draw substantial lobbying attention.

The Council examines the Commission's initial proposal in parallel to the EP. For the Council, the need for information is also important for assessing the policies presented by the European Commission. However, unlike the EP, national governments can rely on national ministries as an important source of technical expertise, shifting the center of gravity to ministries in national capitals. The main consequence is that, although lobbying can be observed around the Europa building, the scale is much smaller than around the Commission or the EP, and, furthermore, it is considerably less transparent. Yet this governmental channel, while privileged, is not the only place to access Council lobbying. There is also direct European access, through the Permanent Representatives Committee and the various preparatory working groups. Although the members of these bodies are generally already well informed, they also rely on the expertise provided at their level by different interest groups.

5.4.4 Policy implementation

Once the legislative proposal becomes EU law, the policy must be implemented into national state. Since national authorities are primarily involved at this stage, business interests usually redirect their efforts at national level. Finally, in order to implement EU law, states call sometimes for special clarifications, giving rise to so-called secondary legislation. For this specific subject, the Commission is in charge, notably through special committees bringing together members of the states, MEPs and members of the Commission. With the Lisbon Treaty, the role of these committees has largely evolved towards the implementation of policies and amendments to legislation. In practice, for lobbyists, this is an additional means of exerting influence through these clarifications in relation to secondary laws (Coen, 2021).

5.4.5 Trilogues

In order to make the EU legislative process smoother, especially in the face of the ever-increasing legislative workload, a conciliation mechanism has been set up between the main European institutions. This mechanism, known as Trilogues, takes the form of consultations between the members of the DG responsible, the Parliament's rapporteur and representatives of COREPER, on proposals submitted by the Commission to the Parliament, before they are sent

to the plenary session. The objective is to de-mine the proposal as much as possible and to agree on the main lines to be contained in the legislative act, to minimize the debates that will follow between the EP and the Council and, in fine, to accelerate the adoption. In terms of interest representation, these Trilogues offer an additional and informal opportunity where the three institutions can be potential targets of influence.

To conclude this chapter, we have stressed that the main currency of lobbying in the European Union is information. We have seen the importance of the resource and exchange framework for understanding the relationship between institutions and firms. According to this theory, the main resource demanded is information expertise: to remain relevant, institutions require information from legitimate sources to fulfill their role, and in exchange, institutions provide interest groups with subsidies, political influence, and insider status. Finally, policymaking in the EU is a continuous process, composed of different stages with their own objectives, logics and potential entry points for interest representation. Business representatives, on the other hand, in search of maximum efficiency given their limited resources, adapt to institutional demands and the policy cycle, choosing where and when to use their resources.

Before diving into Sonaca's case, there is still a piece of the puzzle missing. To understand Sonaca's current attitude on Political Affairs and (possible) future opportunities, it seems important to better understand the European players active in the segments covered by Sonaca, from a business representation perspective. This is what we will examine in the following chapter (Chapter six).

6   The EU and the Aeronautic, Space & Defence industry

Today, the European landscape is composed of the EU institutions on the one hand, and multiple interest representatives on the other, involved in an exchange relationship based on key resources. Before discussing further about Public Affairs within Sonaca, it is interesting to look at the aeronautics, space and defence sector, the heart of Sonaca's activity. Because to understand and assess Sonaca's Public Affairs activities, it is important to first understand how this sector is structured at the European level and what are the main actors at stake.

6.1   EU institutions

6.1.1   The Commission

The Commission has a wide range of competences in the field of aeronautics, space and defence. The spectrum of these competences is particularly wide, covering areas as varied as the military-industrial complex, the regulation of the aviation sector or competition between airlines. These competencies are distributed among multiple DGs and multiple groups of experts, providing support and expertise to the parent DG. We will distinguish on the one hand the institutions specifically competent in the field of the aeronautical industry, and on the other hand those having an impact due to their wider competences.
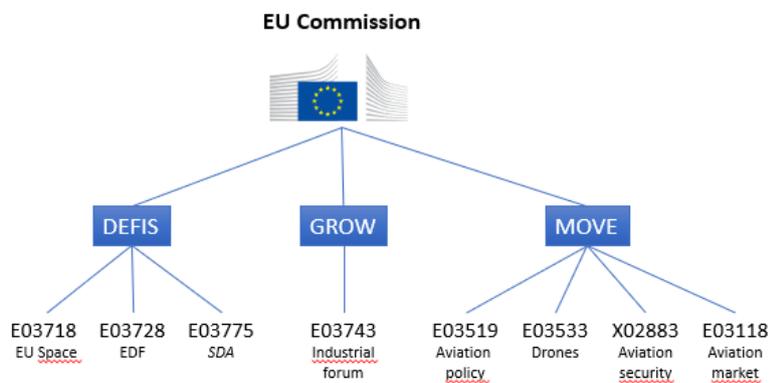
Figure 4 – Sector specific DGs of the EU Commission DGs

Focusing on the institutions specific to the sector, we can identify three main DGs (see figure 4). Firstly, the Directorate-General for Defence Industry and Space (DEFIS) leads the European Commission's activities in the Defence Industry and Space sector, but – although not explicitly included in the name of the DF – the civil European aeronautics industry. This directorate is responsible of upholding the competitiveness and innovation of the European industry active in those sectors. To assist this DG in these activities, the "Commission expert group on Policies & Programmes relevant to EU Space, Defence and Aeronautics Industry (SDA) (E03775)" has

recently been set up (2021). Bringing together about 60 industrials and experts in the sector (including Airbus, Dassault, SABCA, ...) this expert group has the mission to provide a forum for discussion and high-level aggregated contributions on programs, policies, and measures relevant to the space, defence and aeronautics industry. Among the other groups of this DG, we can also mention Commission Expert Group on EU Space Programme (E03718). This group is limited to Member States and focuses on the EU Space Programme 2021-2027 and its main underlying projects. Finally, let's mention the Commission expert group on the European Defence Fund (EDF) (E03728) dealing with the implementation issues of the European Defence Fund 2021-2027.

Secondly, another DG worth following is DG Mobility and Transport (MOVE) responsible for EU policy on mobility and transport. While this DG is not directly related to the industrial domain, its proposals nevertheless have a considerable impact on the entire aviation sector in terms of competitiveness or growth and, ultimately, the underlying industrial sector. Here too, several groups of experts have been set up to support the work of the Directorate. A first group that can be mentioned is the "Consultative Forum on EU External Aviation Policy (E03519)". Composed mainly of airlines, trade and business associations and direct members of the states, this expert group aims to provide the Commission with expertise and views on external aviation matters to support the implementation of the EU's external aviation policy. In the field of aviation safety, the "Stakeholders' Advisory Group on Aviation Security (X02883)", composed of trade associations and representatives of member countries, acts as an advisory group for the Commission. Finally, the Expert Group on the Internal Aviation Market (E03118) is composed mainly of Member States and trade associations. More focused on the aviation market, this group aims to bring together experts on issues related to the functioning and development of the internal market for air transport services and related markets.

Finally, DG Internal Market, Industry, Entrepreneurship and SMEs (GROW), although not focused on the aviation industry, implements the Commission's enterprise and industry and single market policies by fostering entrepreneurship and growth, strengthening the industrial base in Europe, promoting industrial innovation to generate new sources of growth, supporting the internationalization of European companies. As in other DGs, expert groups contribute to DG GROW. We can mention the Commission's expert group "Industrial Forum (E03743)", composed of different trade associations and representatives of member countries, and intended to assist the DG in the implementation of the industrial strategy, to contribute to the

Commission's analysis of industrial ecosystems and to provide a wide spectrum of recommendations.

Alongside these three DGs related to Sonaca's business sector, it is possible to identify others which, although they do not have a specific link with the aeronautical industry, are of definite interest for Sonaca. Among these, some are

EU Commission

Figure 5 – Horizontal issues DGs

intrinsically linked to the nature of Sonaca's activities, while others are more related to commercial activities, just like any other business. Without going into detail about each of these Directorates General, we can mention DG CLIMA, in charge of the fight against climate change, DG ENV responsible for environmental protection, DG RTD which defines and implements European research and innovation (R&I) policy, DG CONNECT which develops and implements policies to make Europe fit for the digital age, DG TRADE responsible for the EU's external trade policy and DG ECFIN responsible for EU policies promoting economic growth, higher employment and financial stability (see figure 5).

6.1.2 The European Parliament

Beyond the Commission, various platforms for exchange on the aerospace and defence industry also exist within the European Parliament. First of all, as we have seen, the EP is largely organized in the form of committees, specialized in very specific fields. Among the many committees of the European Parliament, we can mention the Committee on

EU Parliament

Figure 6 – The EU Parliament in the field of aeronautics, space and defence

Transport and Tourism (TRAN), the Committee on Industry, Research and Energy (ITRE) and the Committee on Security and Defence (SEDE) as being related to the field of aviation, space and defence (see figure 6).

In addition to these committees, and to the official functioning of the Parliament, there are other informal forums for discussion, the intergroups. Although they are not the official voice of the PA, these discussion forums nevertheless crystallize numerous discussions on many subjects. One such group is the Sky & Space, an informal network of Members of the European Parliament from all parties and nationalities who recognize the critical importance of aerospace technologies and their impact on Europe's citizens and economy. The intergroup serves as a

forum where expertise can be shared, and legislative work can be advanced on specific topics. Another example worth to mention is the Competitive European Industry Intergroup: Long-term and Sustainable Investment, which focuses on the European industrial base of the future.

Finally, the last organ dependent on the European Parliament that is interesting to mention is the European Parliamentary Research Service (EPRS). The EPRS is the in-house research department and think tank of the European Parliament whose mission is to provide Members of the European Parliament and parliamentary committees with independent, objective, and reliable analyses covering the various topics related to the European Union. Little known to the public, yet freely available, the EPRS offers a wealth of information and research on all EU policies, issues, and legislation (including EU legislation in progress).

6.2   Consultative bodies of the Union & European agencies

6.2.1   The European Economic and Social Committee

Although it is an advisory body with no binding opinion, the European Economic and Social Committee often submits reports and opinions related to the aeronautical, space or military sectors, notably through the Consultative Commission on Industrial Change (CCIC). By way of illustration, as recently as 2018, the EESC submitted a report entitled "Challenges and industrial change in the EU Aerospace Sector", calling, among other things, for the development of an EU industrial policy for the aerospace sector to enable the EU aerospace industry to compete on a level playing field in the context of strong competition from established players (European Economic and Social Committee, 2018). In another, more recent example, in July 2022, the EESC published an opinion entitled "Roadmap on Security and Defense Technologies".

6.3   Non-institutional stakeholders

6.3.1   European trade associations

Not surprisingly, there are many professional associations related to the aerospace and defence industry. Without attempting to make an exhaustive list, here are some of the most important ones.

One of the largest associations is the *Aerospace and Defence Industries Association of Europe* (ASD), which includes 20 of Europe's largest players, as well as 21 of the industry's major national associations. ASD's overall mission is to strengthen the competitive development of

the aerospace, defence and security industry in Europe, in partnership with the European institutions and member associations. To this end, the association represents the European industry to promote its interests and ensure that issues affecting the sector are given high priority in European public policy. The association also provides early warning on policy issues, assesses the impact of policy, initiates, and shapes policy, and develops common positions. ASD acts as a catalyst for the development of common European manufacturing industry positions on civil aviation policies and initiatives.

In his analysis of European trade associations, Daniel Gueguen underlines ASD as one of the few large European trade associations (Gueguen, 2007), making ASD is a key player in its sector, representing the interests of major companies in the aerospace, defence and security industries. Its organization is mixed, combining national associations and member companies, with the idea that companies give more dynamism to European associations and thus counterbalance the administrative burden associated with national federations (Gueguen, 2007). ASD is governed by the General Assembly, composed of all ASD members in charge of the general policy, and the Board, composed of 19 CEOs plus 10 representatives of national associations, in charge of the general management of the organization (see structure in Appendix C).

ASD is particularly involved in the European institutions, with nearly 12 people working at the European level and holding positions in multiple expert groups related to the aerospace and defence industry (E03743 "Industrial Forum", E03775 Policies & Programmes relevant to EU Space, Defence and Aeronautics Industry (SDA), E03125 Competent Authorities for Biocidal Products, E03533 Drones, E03391 High level steering group of the European Innovation Partnership on Raw Materials). In addition, the institution has links with regulatory authorities such as the European Aviation Safety Agency (EASA) and the U.S. Federal Aviation Administration (FAA). Finally, ASD also has a foothold in the European Parliament, serving as the Secretariat of the European Parliament's Sky and Space Intergroup.
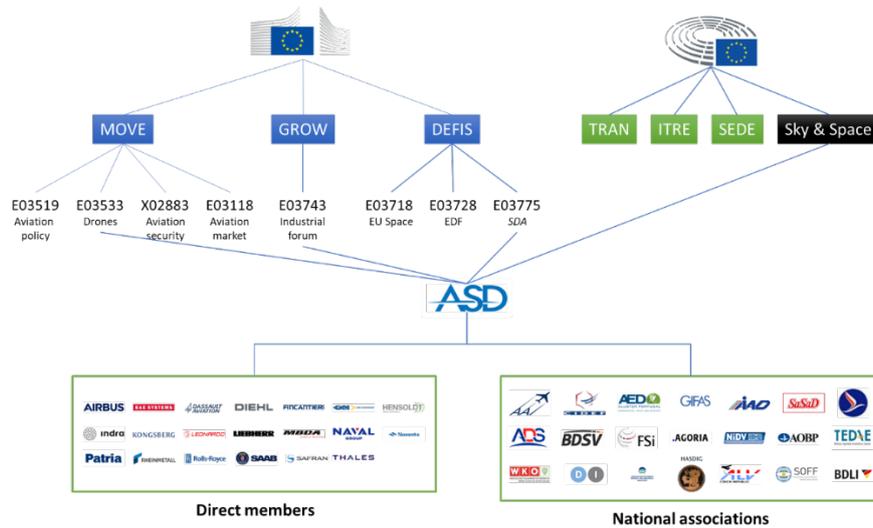
Figure 7 – ASD participation in the EU structures & membership

Another important trade association, the General Aviation Manufacturers Association (GAMA), represents more than 120 of the world's leading manufacturers of general aviation aircraft, rotorcraft, engines, avionics, components and related services and technologies. Its mission is to promote and advance the general welfare, safety, interests, and activities of the global commercial and general aviation industry. Although primarily North American, GAMA represents the world's largest players, including those in Europe. It has offices in Brussels and is active within the EU. Other international organization active in Brussels can also be mentioned, such as the European Business Aviation Association (EBAA), representing the business aviation segment, Airlines for Europe (A4E), representing the major European airlines, Airports Council International (ACI), representing the airports or the Civil Air Navigation Services Organization (CANSO), representing the air traffic management (ATM).

6.3.2 Belgian trade associations & groups

Even if they are not European in scope, it is interesting to go through the major trade associations of the Belgian landscape active in aerospace, defence and space. In Belgium, there are many trade associations, most of them regionalized.

At the Belgian level, the main player is Agoria, Belgium's largest federation of enterprises, which includes about 2,000 technology companies in the manufacturing, digital and telecommunications sectors. Agoria has recently created a business group dedicated to aerospace and has recently established a strategic partnership with
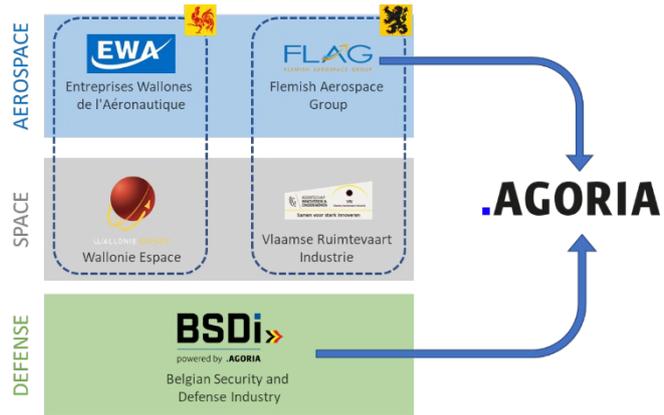
Figure 8 – Belgium national professional federations in defence, space and aerospace

the Flemish aerospace grouping (FLAG) of the sector. Another large organization is the BDSI, which is dependent on Agoria and represents Belgian industrial players in the security and defence sector. We can also mention the Walloon Skywin structure whose main functions are the application of the Walloon Marshall Plan to the sector, as well as clustering, networking, and the implementation of a common Walloon strategy.

In addition to these federal players, there are also many regional players. In the field of aeronautics, we can mention for Wallonia the EWA (Entreprises Wallones de l'Aéronautique) and for Flanders the FLAG (Flemish Aerospace Group), which has established a close partnership with Agoria. In the space field, we can mention Wallonie Espace, an association of 31 industries and universities involved in space research and development in Wallonia and its Flemish counterpart, the Vlaamse Ruimtevaart Industrie (VRI).

Finally, at the federal level this time, we still have to mention the export agencies that accompany and support the development of company exports and assist foreign investors. There are three of them in Belgium: AWEX (Agence wallonne à l'Exportation et aux Investissements Etrangers) in Wallonia, FIT (Flanders Investment and Trade) in Flanders and hub.brussels in Brussels.

While the Belgian motto is "l'union fait la force", it is clear that the landscape of Belgian aerospace and military industry associations is very fragmented, reflecting Belgian community issues. According to Jean-Pierre Chisogne of AWEX (Chisogne Jean-Pierre – AWEX, 2022), we are witnessing a dilution of efforts in the sector, with a multiplication of players, which is neither beneficial for Belgian manufacturers, who do not necessarily find their way, nor for the international visibility of Belgian stakeholders.

A good example of this inefficiency was mentioned during an interview with the R&I Manager (Van Hille – R&I Manager, 2022). A few years ago, Agoria informed Sonaca that it could participate in a call for a €100m fund, of which €5m was available for Belgium... the day before the bids were due. Needless to say that in such a short time, it is impossible to submit a complete dossier.

6.3.3 Other organizations, public or mixed entities

Another important association on the European scene is the Advisory Council for Aviation Research and Innovation in Europe (ACARE). ACARE was launched at the Paris Air Show in June 2001, following the launch of 'Vision 2020' for European aviation in 2001 by the European Commission, with the help of a group of personalities. Nowadays, ACARE has over 100 business members and works actively with the European Commission, EASA, Eurocontrol, Member State representatives and European aviation associations of all types. ACARE addresses strategic, policy, regulatory, technical, and institutional issues, acting as a network and open discussion forum for aviation stakeholders, in particular for strategic research in aeronautics and air transport (ACARE, 2017). The association has a special place on the European scene as the close collaboration of ACARE stakeholders, including the EU Commission, has led to successive versions of the Strategic Research Agenda (in 2002, 2004 and 2008) which have served as guidelines for European research. In 2011, ACARE worked closely with the Commission to formulate the "Flightpath 2050 Europe's Vision for Aviation" report, which crystallizes the European vision for research, technology, and innovation in the European aviation sector until 2050. The collaboration between the Commission and ACARE continued recently with the publication of an updated and expanded version of this report in June 2022, Fly the Green Deal, Europe's Vision for Sustainable Aviation, Report of the Advisory Council for Aviation Research and Innovation in Europe (ACARE).

6.3.4 European representation of business

Besides trade associations, a simple consultation of the EU transparency register shows that many companies are directly active within the European Union.

OEMs

Not surprisingly, most of the major original equipment manufacturer (OEM) players, whether European or not, can be found in the EU Transparency register. If we consider the market share held by aircraft manufacturers (Aerostructures 2021, 2021), four of the eight largest OEMs, representing 88% of the shares, have an entry in the European transparency register: alongside Boeing

OEM	Market Share	EU Register
Boeing	32%	YES
Airbus Group	30%	YES
Lockheed Martin	12%	NO
Embraer	4%	NO
Gulfstream	4%	NO
Textron Aviation	3%	NO
Leonardo	1%	YES
Dassault	2%	YES
Other	12%	N/A

Figure 9 – OEM & EU Transparency register

and Airbus, we find the other major European majors, Leonardo and Dassault. Looking more broadly, of the 36 OEMs listed, eight are present in the European Transparency Register, most of them being European aircraft manufacturers: Airbus Group, ATR, BAE Systems, Bell Textron, Boeing, Dassault, Leonardo and Saab (see table in Appendix C). It can also be seen that among the large global players (over a billion dollars in turnover), American companies are under-represented. For example, major companies such as Lockheed, Embraer, Gulfstream, or Textron are not listed.

Tier 1 and Tier 2 Suppliers

Looking at the aerostructures segment, if we focus on Tier 1 and Tier 2 suppliers, we find that only 4 of the top 19 global suppliers are listed in the European transparency register: BAE Systems, Safran, Leonardo and Aerrnova, all based in Europe. More specifically, if we consider the wing market segment, only four of the 19 main players are identified in the EU transparency register, including the two major ones, Boeing, and Airbus. Globally, if we take a step back and look at all the Tier 1 and Tier 2 aerostructures suppliers, we can see that there is little direct representation of suppliers, particularly for North American suppliers (2 entries out of 62 suppliers) and Asian suppliers (no entries out of 34 suppliers). Only European suppliers are slightly represented (7 entries out of 53 suppliers), which can probably be explained by their greater proximity to the European market and institutions. Finally, it is worth to notice that the leading super tier 1 supplier, Spirit, is also not being directly represented.

Company	Revenue ($m)	EU Register
Spirit AeroSystems	3309	NO
GKN Aerospace	2100	NO
STELIA	1670	NO
Collins Aerospace	1650	NO
Premium AEROTEC	1400	NO
BAE Systems	1380	YES
Mitsubishi Heavy Industries (MHI)	1192	NO
Safran Nacelles	1190	YES
Northrop Grumman	1170	NO
AVIC inc. COMAC	850	NO
Leonardo Aeronautics	819	YES
Triumph	690	NO
Sonaca	600	NO
Bombardier Aerostructures	581	NO
Aernnova	521	YES
Korea Aerospace Industries	509	NO
Kawasaki	490	NO
Subaru	476	NO
Aciturri	392	NO
Others	4,241	N/A

Figure 10 – Tier 1 & Tier 2 suppliers by sales

Company	Revenue ($m)	EU Register
Boeing	2,213	YES
Airbus Group	2,114	YES
GKN Aerospace	1,638	NO
Spirit	799	NO
Mitsubishi Heavy Industries (MHI)	797	NO
Lockheed Martin	715	NO
Sonaca	420	NO
Kawasaki	384	NO
Subaru	381	NO
Bombardier	360	NO
AVIC and COMAC	326	NO
Korea Aerospace Industries	314	NO
Aernnova	287	YES
Textron	286	YES
Triumph	276	NO
Others	5,022	NO

Figure 11 – Wings market sales

6.3.5 Professional lobbyists

In addition to trade associations, there are also agencies on the market whose core business consists of managing Public Affairs and/or communications on behalf of another company. These companies can be generalists, working through missions for a client company or, on the contrary, specialized in one or several sectors. Among the companies having a specialization in aeronautics, space and defence business, we can mention Logos, Avisa Partners, or Business Bridge Europe.

To conclude this chapter, at the institutional level, multiple EU institutions are active in the aerospace and defense sector. For representative companies, without having insider status, the transparency offered by the Union allows them to consult the work of these different institutions and find valuable information. The sector of professional associations for its part has one of the largest supranational structures in the EU, the Aerospace and Defence Industries Association of Europe, and is a central player in its segment. On the other hand, if we look at the national federations, we can observe an important fragmentation of the different protagonists, notably due to the advanced communitarization of these bodies, which inevitably weakens their influence. The historical and theoretical foundations having been laid (chapters two to five) and the European landscape of the sector having been roughly depicted (chapter six), we now take a closer look at the position that Sonaca holds with regard to Public Affairs (chapter seven).

7 Sonaca and the Public Affairs

7.1 Sonaca's presentation

Sonaca is a Belgian aeronautical company that started as a flight school company in Gosselies, Belgium in the 1920's, under the name of *Société Générale d'Entreprises Aéronautiques* (SEGA). After World War II, the company expanded as a manufacturer of aircraft components, under the name Fairey Aviation, before being renamed Sonaca in 1978 when the contract of the century was signed and the General Dynamics F-16 went into production (Farnsworth, 1975). From the 2000s, Sonaca began its expansion as Sonaca Group, with the opening of subsidiaries in Brazil (2003 and 2007), Canada (2003), China (2011), Romania (2014) and USA (2018).

With revenues over \$900M and 4,630 employees, Sonaca Group is one of the world's 10 major players in aerostructures. Sonaca's expertise, size and technical capabilities makes it a leading Tier-1 player in aerospace industry, supplying all majors aircraft Original Equipment Manufacturers (OEM)[2] as well as all super-tier 1 suppliers.

In its commercial presentation, Sonaca presents itself as offering the best combination of price with the latest automation technologies, its manufacturing facilities in low-cost countries and its engineering offices around the world. Sonaca defines itself as best-in-class for quality and delivery performance and as being close to its customers through its global presence and customer support from the design stages to in-service support (Sonaca, 2020).

Sonaca is almost totally owned by the Walloon region, through the SRIW (90%) and the SFPI (10%) (SRIW, nd; SFPI, 2021).

7.1.1 The aerospace market

The aerospace market is a more and more cost-driven market (Delhez, 2017) with a strong pressure on costs powered by customers in a position of strong dominance. Boeing and Airbus are the two main players in the global civil aviation market concentrated in a duopoly, further strengthened with merger operations in recent years[3]. Other competitors on the market include Brazil's Embraer and Canada's Bombardier Aerospace, but their activity remains anecdotal given the performance of Airbus and Boeing.

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[2] Like Airbus, Embraer, Dassault, Bombardier, Boeing, Gulfstream, Pilatus, Hondajet, Mitsubishi, Sikorsky, Lockheed Martin, etc.

[3] Airbus investment in Bombardier's CSeries program and the ultimately cancelled acquisition of Embraer by Boeing

This situation of domination is very uncomfortable for suppliers. On the one hand the pressure of customers on margins is very strong, with the big players regularly demanding price reductions and threatening to reallocate contacts to competitors. On the other hand, for suppliers, costs are rising steadily, both for raw materials and labor.

As a result, Sonaca is forced to look for ways to maintain its margins, whether by increasing productivity or relocating certain unprofitable activities to low-cost areas, ideally in regions where Boeing and Airbus customers are located (Dirven, 2019).

7.1.2 Sonaca's developent

In this context, Sonaca has had an international development strategy for the last 20 years, with a turnover multiplied by 10 in less than 25 years. The main objectives were to optimize the industrial plan of the group, so that it remains competitive, while allowing the Belgian implantation to maintain an important place. This was also in reaction to customers who wanted Sonaca to be supportive of their own development strategy, to reduce the risks associated with a single-source supplier and to ensure that Sonaca was in a position to remain competitive (Gosset, 2019).

Sonaca's latest acquisition in 2018, a US company called LMI, is in line with this approach, but with an additional element. Deleveraged, Sonaca's Board of Directors felt that the company would find itself marginalized in a sector where there is a real trend towards consolidation, with the risk of being absorbed. It was then decided to take the initiative and grow substantially, thereby also ensuring that control was maintained in Belgium (Delhez, 2017). With this acquisition, the group, which almost doubled in size, gained a larger customer base, competitive production tools and expanded engineering (Sonaca, 2018).

Since then, Sonaca has been striving to reinforce the synergies with its subsidiaries, and with LMI in particular. The objective is to continue to expand its offer, to maintain high operational performances across all sites and to unleash the full value of synergies (Sonaca, 2019).

7.1.3 Sonaca's main activities

Sonaca Group is active in five major business lines: Aerostructures, Services, Space, Defence, and Innovations.

- *Sonaca Aerostructure activities* are evenly balanced between design-and-build and build-to-print contracts:

- o Design and Build: Sonaca has a large expertise in the development, certification, testing, manufacturing, and assembly of wing movables parts, complex fuselages part.

- o Build to print: Sonaca provides a combination of highly competitive machining, forming, composites and assembly manufacturing technologies.

- *Sonaca Services*: With more than 400 Engineers in six different locations (Belgium, Brazil, Sri Lanka & USA) Sonaca Group offers a broad range of services in the field of engineering & industrial solutions (project management, Tooling & Manufacture Engineering, Advanced Structures & Systems, etc.)

- *Space*: Sonaca Group is actively involved in space applications for several decades with the design, development, manufacturing, assembly, testing and qualification of space flight structures, thermal systems and Mechanical Ground Support Equipments (MGSE).

- *Defence*: Sonaca Group is a major player in the defence sector, thanks to his participations of various military programs (A400M, KC-390). With the acquisition of LMI in 2017, Sonaca objectives are to aggressively target Tier 1 and 2 manufacturers of the F-35, T-X trainer, and the UAV market.

- *Innovation*: Sonaca Group is also active in the field of innovation to develop new business lines through in-house Research & Technology programs or via strategic partnership.

7.1.4 Sonaca's major products

Sonaca Group is particularly active in aerostructures, all the necessary components required to construct an airplane, such as flight control surfaces, fuselage, wings, nose, nacelle and arch, empennage, and others. In this segment, Sonaca is world leader in the field of mobile leading edges, the foremost edge of the wing and is therefore the part which first meets the oncoming air. Its

Figure 12 – A319 slats during and after landing

products can be found on all Airbus aircraft, but also at many customers (Boeing, Dassault, …). Sonaca group's portfolio also includes flaps, ailerons, spoilers, fuselage parts, pylons, landing gear doors, etc.

7.1.5 The strategic plan, Sonaca's ambitions for the next 5 years

The ambition of the Sonaca group for 2025 is to grow and become a world leader in aerostructure. Following on from the acquisition of LMI in 2014, the company wants to continue to develop in its core business and thus become top 3 in Europe and top 5 in the world while remaining anchored in Belgium. To achieve this, the company aims to position itself as a leading supplier of aerostructures, but also to diversify and continue to grow through mergers and acquisitions. To achieve its strategic objectives, Sonaca has built a five-year strategic plan, validated by the Board of Directors in 2021.

This strategic plan consists of three main axes: diversification, protection of the core business, and consolidation of the group's assets. The first axis, diversification, supports the group's core business to reinforce the strategic plan. To achieve this diversification, Sonaca has retained several tracks among which space and military for which the company already has excellent contacts, or complete systems to be offered to customers. The second is to protect and improve the company's performance in its core business, aerostructures, notably by securing existing contracts and continuing to improve its production processes. Finally, the third and last axis is consolidation. After having developed the group in the United States with the purchase of LMI, Sonaca's objective is to continue to grow through mergers/acquisitions, to either strengthen its core activities or to develop new areas of diversification. Through this growth, Sonaca also wants to keep a sufficient size to remain a first rank supplier of design & build services to major aircraft manufacturers.

Finally, to support the three strategic axes, Sonaca relies on three major enablers: the Digital Transformation, R&I and people & sustainability. First, digitalization (or Industry 4.0), a means of improving the company's competitiveness by acting on all its processes to make them more robust, but it is also a requirement of our customers. Secondly, R&I, which has a long tradition, where the Group aims to remain competitive, particularly in the development of the aircraft of the future, by actively participating in the development of a more environmentally friendly, lighter, more aerodynamic, and therefore "greener" aircraft. Finally, the people & sustainability component, with an emphasis on the group's talents and the company's commitment to sustainability.

7.1.6 Sonaca & Corporate Social Responsibility

As we can see, Sonaca is aware of the impact of its activities on the environment and is committed to the CSR approach through various projects aimed at reducing its impact. Although the concept has been around for more than 70 years and has been defined since 1953 (Fitzgerald & David-Cooper, 2018), Corporate Social Responsibility (CSR) is a subject of much current interest in the world today. Until recently, the dominant business model focused on the results of the balance sheet and the income statement, without really taking into account the societal dimension of the business. Today, consumers, in the broadest sense, are increasingly aware of environmental, social, economic, and ethical issues and are taking these factors into account in their purchasing decisions.

Sustainable development will gradually become a central element of Sonaca's strategy and will focus on four fundamental commitments in relation to the 17 goals adopted by the United Nations. In its CSR objectives, Sonaca aims first to reduce its industrial environmental footprint, through a more responsible production. Secondly, Sonaca is also committed to clean aerospace, notably through participation in projects to introduce a low-carbon aircraft by 2035 and to achieve carbon neutrality by 2050 for the aerospace sector. Finally, initiatives will also be launched in terms of business integrity, notably in business ethics and the development and respect of the human factor.

Figure 13 – Sonaca CSR commitment

7.2 Sonaca the EU and the Public Affairs, global overview

To draw a picture of Sonaca and Public Affairs, we conducted several internal interviews with the company's key managers, including the CEO, the CSO, the heads of marketing, R&I, defence and space affairs (see Appendix A). We also examined the various public data available within the EU, such as the Transparency Register or the Register of the Commission Expert Groups, as well as the information available on the websites of trade associations.

7.2.1 The unrecognized role of Public Affairs

The first element that stands out clearly is the absence of a department or even a dedicated role explicitly dedicated to Public Affairs. At present, Public Affairs is not institutionalized within the company, the essential functions being scattered among the main managers, and the CEO. To draw a simple picture, the manager in charge of defence oversees most of the contacts with Belgian defence stakeholders, the manager in charge of space affairs has contacts with his counterparts. These different profiles come from inside Sonaca, with a long professional experience in the company and a good knowledge of the products and the sector. On the other hand, they have no experience in public relations or Public Affairs, nor political knowledge of the EU, and, as we shall see, no real time to devote to these tasks either.

7.2.2 Relations with the European institutions

Regarding Public Affairs at the European level, no regular contact is maintained with EU officials, except for brief exchanges between the head of the space segment and DEFIS (Romero Pedro - Sonaca, 2022), nor is there any monitoring of EU regulations. In terms of perception, and as we shall see, the EU is seen at best as a complex machine with multiple potential opportunities (CEO, CSO, head of space, head of marketing), and at worst as a troublemaker, mainly due to its regulatory constraints and variable application of its regulations, especially in the military segment (head of defence).

Yet, despite this complexity, respondents recognize the importance and growing influence of the EU, particularly in terms of the scope and impact of its regulations. It is recognized that the entire aviation sector is affected by EU regulations, and these are perceived to be more regulatory and constraining than national regulations. Nevertheless, the EU's contribution is well recognized, with respondents noting that the EU has had a considerable impact in the aerospace sector in the past. Projects such as Airbus, Ariane, and many space projects were clearly born of a European impulse, with decisions being made in Brussels.

Overall, and almost instinctively, the respondents recognize that the EU probably offers significant potential that has not been exploited to date. Without even talking about lobbying in the strict sense of the word, respondents recognize that Sonaca is probably missing out on important information and therefore probably missing out on multiple opportunities that could potentially generate value. To quote one interviewee, Sonaca's attention is too much focused on Belgian stakeholders. If Sonaca wants to have the means to achieve its ambitions, such as

becoming a major European player, it needs to expand its perspective and pay more attention to the EU framework (Carrier - CSO, 2022). That said, this lack of understanding and interest is not total. Sonaca has been able to benefit, and still benefits, from several successes at the European level, such as the participation in various R&I programs launched by the Commission or the recent obtaining of a work package closely linked to the European Defence Fund (EDF) program.

Among the factors that may explain the lack of attention paid to the European level, it is mainly the lack of knowledge and understanding of the European mechanisms that is cited. As mentioned above, the EU is perceived as a "complex machinery" for which Sonaca has neither the sufficient understanding nor the contacts to really seize the opportunities. This opacity about the European institutions, combined with the lack of time and resources of the main people in charge, busy with their main daily tasks, does not really allow an adequate consideration of European issues for Sonaca.

Sonaca's relationship (in the broad sense) with the EU is probably not very different from that of other companies of comparable size in the aerostructures sector. Indeed, as we saw in the previous chapter, except for the major players, few European companies in the aeronautics industry have direct representation in the EU. However, there are exceptions, as Sabca, a competitor in Belgium, which has chosen to invest in the field of Public Affairs, with the establishment of an institutional relations director registered in the European transparency register and is notably active in the DEFIS E03775 - SDA expert group (see chapter 6). Another exception reported by the head of R&I is the case of ALSTOM with two people dedicated to this role.

7.2.3   Relations with the belgian institutions

At the level of belgian institutions, things are a slightly different. The contacts maintained are much more frequent and closer, both with the federal and Walloon administrations (ministers and cabinets). Most of these Belgian institutional contacts are assured by the CEO, who attributes the good quality of these relations to the efforts of the previous CEO in this area, to the fact that Sonaca enjoys a good image in Belgium and to the company's public shareholding.

These direct contacts with the administration are particularly important for the military and space activities of Sonaca. For these more regalian domains, Sonaca's managers emphasize more in-depth contacts with various authorities and stakeholders (military, etc.), to identify

current or future opportunities, but also to try to influence more favorably the choices of decision-makers.

7.2.4 Relations with trade associations

About trade associations, the situation is more complex. If one looks at the major active associations operating on a supranational scale, such as ASD, Sonaca is virtually absent. Although some contacts may exist and some follow-up may have taken place in the past, due to lack of time these contacts are nowadays reduced or even non-existent. At the national level, the relations with the main Belgian professional associations are more pronounced. Sonaca follows and participates, even from a distance, in the events organized by the main Belgian associations, including Agoria, BELSPO, EWA and Skywin. However, the main interviewees agree that these associations provide little added value. In their opinion, and according to their experience, their very fragmented character and their very communitarian atmosphere make it difficult to be effective.

Sonaca's head of military affairs cites the Netherlands as a counterexample. Although the country is relatively comparable to Belgium, the Netherlands has created a much more influential association on the international scene, the Netherlands Industries for Defence and Security (NIDV). This association brings together government, defence and industrial partners and oversees the positioning of the Dutch defence and security sector, both nationally and internationally. Given the weaknesses of the Belgian model and taking the NIDV as an example, Sonaca has undertaken a rapprochement between Walloon industrialists in the aeronautics, space and defence sectors. The medium / long term objective would be to define a common vision between Walloon industrialists, to create a strong network and to make the interests of Walloon industrialists prevail on the national and international scene.

7.2.5 The CEO exception

The only interviewee who explicitly acknowledges a role in Public Affairs is the CEO of Sonaca. He acknowledges, among other things, his role in influencing political decision-makers, particularly in Belgium, to identify new opportunities in line with Sonaca's strategy and to remove a maximum of constraints. He mentions the numerous contacts with the Belgian federal and regional governments as well as his latest successes, notably in the application of the Covid unemployment policy for Sonaca or in the recognition of Sonaca as one of the major companies in Belgium in the military segment. At the supranational level, the CEO recognizes

the opportunities that the EU can offer and that it is his role, as CEO, to understand (European) regulations and to know how to intelligently navigate the complexities of the EU, in the interest of Sonaca.

This approach to Public Affairs can be described as a "top down" approach, consisting of approaching decision makers from the top of the hierarchy. This approach is the most traditional way of doing Public Affairs and indispensable to reinforce the legitimacy and visibility of the company and helps to facilitate the communication between decision-makers (Gueguen, 2008; Coen, 2022). As we will see later, this political approach is still relevant but could be reinforced by a complementary, more technical approach to the dossiers.

7.2.6   The perception of a Public Affairs position in Sonaca

The opportunity to develop Public Affairs is seen in different ways by the interviewees. The prevailing opinion is that the creation of a dedicated Public Affairs position would be beneficial for Sonaca. According to the interviewees, Sonaca is not active enough in the field of Public Affairs, so that it probably lacks crucial information, preventing the company from taking advantage of the opportunities at hand (Bertin - Responsible for strategy & proposals, 2022). For the head of the space segment, we could take as an example the head of defence who spends a lot of energy and has an impressive network, especially in the space and defence sectors (Pedro Romero - General Manager space business unit, 2022). Finally, according to the CSO, Sonaca should have a broader vision, with a European scope, and we should have a role that allows us to take a greater interest, particularly at the regulatory level (Carrier – CSO, 2022; Van Hille – R&I manager, 2022). This feeling is echoed by the interviews conducted at AWEX, for whom a dedicated Public Affairs role is seen as a 'must have' for an industrial company like Sonaca and that, although these are time-consuming activities for which it is difficult to quantify the concrete impact, opportunities exist at the European level and that something can be done (Chisogne - AWEX, 2022).

In contrast to this relatively positive approach, the CEO's position is more nuanced. According to him, Sonaca does not yet have a sufficient critical mass to invest in Public Affairs functions. For him, PA activities are currently well under his control and the regulatory monitoring is currently dispersed in the different departments, and it can stay that way, at least at this stage. On the other hand, he believes that Sonaca's development in the defence segment will quickly require the development of a dedicated role and that having a Public Affairs advisor, to get the

word out about the company and to carry Sonaca's message, is something that will quickly become indispensable (Delatte – CEO, 2022).

Finally, the strongest position is that of the head of the military segment. Although he does not take a direct position on Public Affairs, he believes that both regulatory monitoring and direct European lobbying has little or no meaning, at least in the military and space segments. In his experience, Europe is a monstrous brake where Belgium is being taken for a ride in projects that are normally announced as being accessible to all, but which are not so much in reality. It is much more interesting in his opinion to act at the national level and to strengthen cooperation and strategic discussions between politics, defence and local industry (Duesberg – SVP military affairs, 2022).

If there is no doubt that Sonaca has not invested much in the field of Public Affairs in recent years, it is still worth noting that a majority of those interviewed perceive a certain interest in the practice. And this is most likely a first essential factor towards a deeper engagement in these activities.

7.2.7 Final landscape of Sonaca's connexions with the key stakeholders

To conclude, and based on the above-mentioned elements, as well as on the interviews conducted with the main managers of Sonaca, we can draw up the following scheme of contacts between Sonaca and the main European stakeholders.

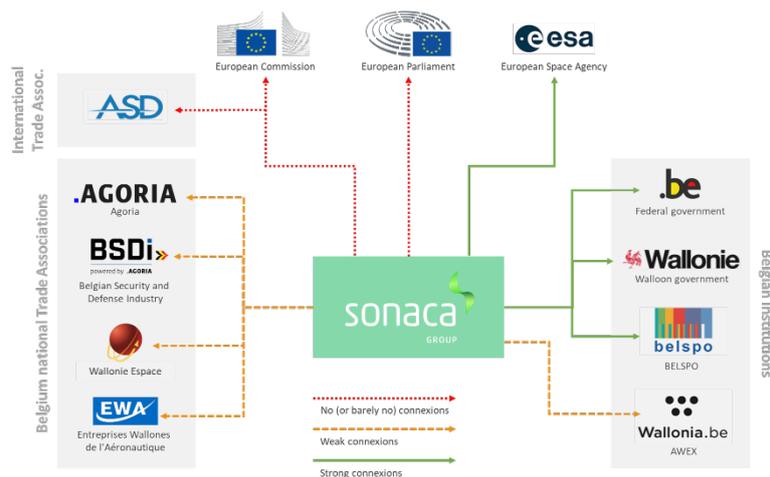*Figure 14 – Sonaca's connexions with the key stakeholders*

7.3 Towards an engagement in Public Affairs as an enabler for its strategy

As we have seen previously, Sonaca is concerned about its future and has developed an ambitious strategic plan aimed at making it a key player not only in its core business, aerostructure, but also on a larger scale, through the diversification of its activities. In support

of this strategy, however, the various interviews conducted showed little sensitivity to the practice of Public Affairs. While positions may vary according to the people interviewed, most agree that Public Affairs may be an opportunity that has been under-exploited until now, or not exploited at all.

7.3.1 Reasons to engage in Public Affairs

Our position is consistent with the interviews we conducted. Public affairs should be viewed by Sonaca as a true strategic asset, an activity as essential as those traditionally considered the keys to effective corporate organization. Too widely underestimated, Public Affairs is not just improvised corridor maneuvers, today, good marketing is no longer enough; follow-up and communication with stakeholders (decision-makers, professional associations, etc.) are just as important as dialogue with customers. Based on the readings (Coen, 2022; Bouwen, 2012; Gueguen, 2008; Broscheid, 2007; Thomson & John, 2007) and interviews, several key points are worth noting.

First, and although the exact figures are subject to debate and vary significantly from one country to another, between 40 and 70% of national laws are transposed from European laws (Gueguen, 2008; Vaughne, 2010). This shows the importance of Brussels which, with the enlargement and deepening of its competences, has become a major actor since the creation of the single market. For a company like Sonaca, with strong economic ambitions and international reach, the EU legal and policy framework is fundamental for the development of (international) operations and the conduct of business. And this is particularly true, as the interviews showed, in the military and space segments, where Sonaca wishes to expand its activities as part of the diversification carried out by the strategic plan.

Thus, in the global context of the EU, legislative and regulatory monitoring is particularly important. Far from collecting information for the sake of collecting information, this information can prove to be valuable for Sonaca. Correctly analyzed, this information can contribute to identify possible risks, such as a political threat or effects of new regulation, allowing to react in an adequate and proactive way. Put another way, not being proactively engaged with the authorities carries the risk of missing critical information that, if properly exploited, could prevent harm, be beneficial or lead to new opportunities. Without this information, it will be more difficult to act and develop appropriate new products or services and, without this information, it will be more difficult to compete effectively for potential new contracts and business opportunities.

Perhaps surprisingly, another strong argument for developing public affairs capabilities is the climate change challenge. Sustainability has become a key driver for policies, economies, and societies at large, and this is especially true in the aerospace sector. As we will see in the next chapter, the aerospace industry has not been passive and has established a clear roadmap toward decarbonized aviation. And for its part, the EU is not far behind. It is fully committed to a broad climate change agenda and, for the aviation sector, has created real positive incentives to motivate industry to take the necessary initiatives. Although Sonaca has not participated directly in these discussions, this profound sector mutation is a real opportunity to create sustainable competitive advantage and business growth and potentially move away from the cost-based competition. And this is where public affairs can unleash its full potential. Well embedded in Sonaca's Corporate Social Responsibility (CSR) efforts, it is through an excellent knowledge and understanding of the legislative and political environment, as well as through trust and strong relationships with key stakeholders that Sonaca will be able to create competitive advantages by anticipating key and emerging issues better than anyone else (Laroche, 2021).

However, to achieve this, a strengthening of Sonaca's network will be an important asset. A good network is a cornerstone of doing business and this is precisely one of the main duties of Public Affairs. It is by carefully maintaining contacts that a company builds a reputation and lasting relationships of trust with stakeholders, be they partners, policy makers, trade association members or informers in the institutions. And it is through its reputation, as well as the trust it inspires, that a company can gain inside information, support on a dossier, successfully influence the policy-making process in favor of the company's agenda and create competitive advantages by anticipating key and emerging issues better than everybody else (Laroche, 2021). If, at this stage, some contacts are established, they remain limited in number and quality. And it is precisely at this level that Public Affairs can be of great help.

Another element pleading for the development of Public Affairs activities within Sonaca is the weakness of the national structures in Belgium. Indeed, as we have seen in section 6.3, the Belgian association landscape is very fragmented and cruelly lacks a strong and well-organized leadership capable of bringing the interests of its members to the EU and relaying these interests to the big international associations (like ASD). In view of these deficiencies and the lack of efficiency of the national associations, a development of the PAs within Sonaca makes sense in order to undertake individual actions not only at national but also at European level.

Finally, two other elements deserve to be mentioned. First, the activities of the PAs are dispersed among the various managers at Sonaca, and they have little time to carry out these activities, which are in addition to their regular activities within the company. The institutionalization and professionalization of the PAs at Sonaca, especially for monitoring, analysis, and representation tasks, would make it possible to relieve these managers of essential ancillary tasks, as well as to centralize and coordinate efforts towards a common strategy for better added value. Secondly, Sonaca is geographically close to the European institutions. Compared to most of its competitors, Sonaca's headquarters is a stone's throw from the European institutions. As one of the interviewees, Paul Bertin (Sonaca, 2022), points out, "we are close to Brussels, physically, and Belgium is a founding member of the European project, so it would be a pity not to take advantage of it".

7.3.2   Shape of a Public Affairs unit at Sonaca

For a company wishing to develop Public Affairs at the European level, two main solutions can be considered. The first is to outsource this task to a third party, external specialists, usually political consultants, or experts from a company specialized in European affairs. The second possibility is to organize its own political activities by appointing company executives who understands the company's culture and products, who have already some connections in place, but with probably little or no experience in PA's nor in EU activities.

Given Sonaca's situation and ambitions, we favor the second approach and the establishment of a more distinct political capability able to facilitate direct action and relationship-building with policy makers. The objectives would be to professionalize the function and to complement the current mode of operation, made of relations with decision-makers on a mainly reactive (ad hoc) basis, that takes place at the highest levels of both sides with the CEO talking to ministers, with a more bottom-up approach of Public Affairs. Compared to the current role held by Sonaca's CEO, this Public Affairs unit would be responsible for the behind-the-scenes work with technical experts, the monitoring of decision-making and the representation of the company in different policy areas, including intermediate level institutions, both national and European (DG level), as well as liaising with the main professional associations. Under this mode of operation, the higher levels (ministers, commissioners, etc.) would remain under the responsibility of the CEO.

While on average a Public Affairs office has between 2 and 10 dedicated peoples (Coen, 2022, Gueguen, 2008), given the rather strict budgetary constraints in terms of organizational resources, we recommend for Sonaca a more pragmatic and measured approach with the establishment of a small unit composed of a director (manager) and a junior deputy (assistant), for a total of 1 FTE. Through this minimal composition, the

Figure 15 – Structure of Sonaca Public Affairs unit

objective is to capitalize on the current knowledge and network of a senior executive and to assist him with a more junior profile who would be progressively trained in Public Affairs and EU politics/public policy through several months of coaching or specialized training seminars. With respect to the skills required to perform these functions, Coen (2022) highlights the importance of human capital for firms' success in the policy arena. Based on surveys and interviews, his findings show the importance of possessing both technical business/industry skills, EU policy knowledge, and being able to translate expert arguments for different audiences. Most often, Coen observe that Public Affairs managers have a profile with a higher education in social sciences, followed by an executive qualification (e.g. MBA) and a good knowledge of the company and the sector, usually acquired through work experience. Finally, the findings recommend establishing a short, almost direct reporting line to the CEO/board of directors, emphasizing the importance of conveying strategic information and facilitating rapid decision-making (Coen, 2022; Gueguen, 2019).

7.3.3   Spectrum of activities to be considered

Having examined the role of a Public Affairs department (see chapter 2), as well as the reasons why Sonaca should develop such capabilities, and without having the pretention to sketch advanced lobbying strategies for Sonaca, here are some possible avenues to explore to lay the groundwork for PAs activities.

Strategy and objectives

Among the priority tasks to be carried out as soon as a team dedicated to PAs is set up, the clarification of objectives, through a discussion with the CEO, is fundamental.

Monitoring

As we have seen, information remains the main source of power. In this context, legislative and regulatory monitoring are of particular importance. To carry out this monitoring activity, several sources of information can be followed. Here is a non-exhaustive list of interesting open sources of information (links are available in the appendices).

At the Commission level, we can mention the Commission's homepage, the press release corner, the distinctive sites, and Twitter accounts of the different DGs (in particular the priority DGs, such as DEFIS, ...) as well as the follow-up of the agendas and minutes of the meetings of the expert groups of these DGs. At the Parliament level, we can also mention the EP homepage, the press corner, the distinctive sites of the different committees as well as the European Parliamentary Research Service (EPRS). At the Council level, we can mention the usual homepages as well as the press corner. Outside the European institutions, several sites are also worth following.

Another particularly interesting source to follow is the Commission's Work Programme. Each year, the European Commission adopts a work program that outlines its key initiatives for the year and shows how the Commission plans to achieve its priorities. Organized around the main themes of the Presidency, these initiatives are designed to help stakeholders and other institutions plan and coordinate their work with the Commission.

Finally, one can mention the Euractiv site, an important source of information about EU politics & policies as well as the politoco.eu site. Finally, the websites of the different federations and sectoral organizations, both national and supranational, as well as their events and releases are always interesting to monitor closely.

Assessment of the information

If obtaining information is one thing, synthesizing it and extracting its substance is another. A good practice is to use standardized reports, containing one or two pages with the few basics: priority, context, impact on Sonaca, description, next steps, Key Actors as well as links and other relevant documents. These reports should then be communicated to the deputy of the unit, as well as to the CEO or other major stakeholders, depending on the relevance of the document.

Representation

In terms of representation, several aspects should be noted. First of all, in the interest of the necessary network developments in Public Affairs, as well as to follow the developments of the aerospace and military sectors at a lower cost, it seems important to us to revitalize and spend more with the different federations and other associations (meetings, etc.), both national and supranational. At the institutional level, two groups seem to have a lot of potential for Sonaca segments: the young Commission expert group on Policies & Programmes relevant to EU Space, Defence and Aeronautics Industry (SDA) of DG DEFIS, as well as the Alliance for zero-emission aviation (AZEA) which has just been formed.

The former deals exclusively with programs, policies, and measures concerning the space, defence, and aeronautics industry and was open to businesses. Having an insider position in this expert group, and not just following their reports, would allow for early data acquisition and would be key to a more developed AP policy. However, as the applications for the latter are closed, it remains to be seen to what extent members can still join this committee.

The second, for which applications are still open, is Alliance for zero-emission aviation (AZEA) (see section 8.2.). This Alliance, which was launched at the initiative of the Commission, aims to bring together the major stakeholders in low-carbon aviation, whether they come from industry, academia, or government. Here again, investing is a low-cost approach to acquire an insider's position in this sector, which is crucial for tomorrow's aviation.

Finally, in terms of visibility, credibility and ethics, a registration in the Transparency Register seems, in the long run, necessary, especially since the new regulation of 2021, where interest representatives will have to register in order to be able to carry out certain lobbying activities (see section 3.8).

In this chapter we have seen a brief description of Sonaca's activities, and we have underlined that the company was at a crossroads. After the Covid and 737Max crisis, and with a new board of directors, it has undertaken a 5-year strategic plan aiming at the European top 3 in its segment. However, while public affairs could support its development, interviews showed that opinions are still divided on these practices. While top-down lobbying is executed by the CEO, with some success, it remains small-scale and a relatively isolated activity. Monitoring is not (or not very) practiced, information processing is not developed, and networking is very fragmented. Under these conditions, it seems difficult to seize all the market opportunities and to position oneself competitively against competitors. Our recommendation is the creation of a small unit whose role is to ensure the basic functions of public affairs. Its role, through

monitoring, would be to develop knowledge and understanding of Sonaca's legislative and policy environment, as well as to strengthen networks in order to not only have the necessary and sufficient information in advance, but also to gradually build trusting relationships with key stakeholders to build its legitimacy and gain an insider status. We will see in the next chapter (Chapter 8), that sustainability, which is currently driving the whole sector, as well as the EU, is most likely an opportunity full of potential for Sonaca PAs.

8 The green transition as an opportunity for Sonaca

Climate change is already profoundly affecting our society and setting the agenda for the EU. The Commission concedes that the pandemic has highlighted the need for Europe to lead the green transition and make its societies and economies more resilient. But far from being a fatality, this transition brings also new opportunities, it is an "[...] unprecedented opportunity to emerge from the fragility of the crisis by creating a new vitality [...]" (European Commission, 2022).

The European aeronautics industry is not left behind and has put itself in battle to meet the climate challenge. Over the past 20 years, several studies have been conducted by various key players in European aviation to develop a vision for the future of aviation in the EU. The Advisory Council for Aviation Research and Innovation (ACARE) has been particularly active with the release of landmark studies such as "European Aeronautics: A Vision for 2020" (2000), "Flightpath 2050 - Europe's Vision for Aviation" (2010), "Strategic research & innovation agenda" (2012, 2017) or "Fly the green deal" (2022), their latest release. Frequently conducted in coordination with the Commission, underlining the bridges between non-institutional stakeholders and the EU, these documents address the new challenges such as globalization, the post-2008 crisis financial system, climate change or resource scarcity and now serve as a worldwide reference for the aviation strategy. In the wake of these documents and based on the Paris Agreement and the European Green Deal, a new framework document has emerged, the "Destination 2050 roadmap".

8.1 The Destination 2050 roadmap as new framework

Studies suggest that aviation accounts for approximately 2-3% of CO_2 emissions worldwide, and 4% in Europe. In 2019, in the continuity of the studies carried out previously, five major European associations, A4E, ACI, ASD, ERA & CANSO (see section 6.3), have agreed to plan a roadmap to achieve the EU's climate ambitions and reach net zero CO_2 emissions by 2050, the Destination 2050 initiative. Conducted by the Netherlands Aerospace Center (NLR) and SEO Amsterdam, this study concludes that the objective is achievable and identified several measures divided into 4 major pillars: Aircraft and engine technology, Air traffic management, sustainable aviation fuels and smart economic measures.

While Destination 2050 is a strong commitment from the private players in the European aeronautics ecosystem, they recognize that they cannot act alone. To achieve these ambitious

goals, these non-institutional stakeholders agree that the support of European and national decision-makers will be needed to create the right policy frameworks and, in some cases, provide financial support to develop and apply new technologies. They call on policymakers to play their part and help industries meet climate goals (NLR & SEO, 2020). Today, this document is recognized as a framework document by private actors and by the EU, guiding the whole sector.

8.2   The European Green Deal

At the same time, following the European elections in May 2019, and based on the four key priority areas established by the European Council, the Commission identified six policy priorities for its 2019-2024 mandate. Among these six flagship ambitions, the Commission launches the European Green Deal by recognizing that climate change and environmental degradation are an existential threat to Europe and the world. Through this program, the Commission's ambition is to reduce net greenhouse gas emissions by at least 55% by 2030 (compared to 1990 levels), making the European Union the first climate neutral continent by 2050. Not surprisingly, the European Green Deal is not without consequences for Sonaca, either by its industrial nature or by its activities tied to the aeronautical sector.

8.2.1   The Fit for 55 package

To achieve its objectives, the Commission has introduced a series of proposals to review and update EU legislation in July 2021, the "Fit for 55" package. With this initiative, the EU intends to provide a coherent and balanced framework for achieving the EU's climate goals, while ensuring a fair and socially equitable transition, and strengthening the innovation and competitiveness of European industry. Among the proposed measures, several directly affect the aviation sector and its industry. A first measure proposed by the Commission is the revision of the European Union Emissions Trading Scheme (ETS) with, among other focuses, a reduction of emissions caused by the aviation sector. As such, airlines are stimulated - or forced - to innovate to produce more sustainable flights, notably through investments in their fleet renewal. Another measure affecting the aviation sector, which is also included in the Destination 2050 roadmap, is a proposal to ensure a level playing field for sustainable aviation, also known as the ReFuelEU Aviation initiative (COM(2021)561, 2021).

As ASD points out, this Fit for 55 initiative is an important step towards achieving the EU's climate target [...] and is also in line with the aviation sector's goal of achieving net zero CO_2

emissions from all flights to and from Europe by 2050. But more broadly, apart from mobility, it is the entire industrial sector that is potentially impacted by the "Fit for 55" package. While the measures are too numerous to be detailed here, they include emission reduction targets for Member States, a proposed revision of the Renewable Energy Directive and proposals to revise the current Energy Efficiency Directive, all of which potential impacts on industries like Sonaca.

8.2.2 The European industrial strategy

Independently of the Fit for 55 package, different initiatives related to Sonaca's activities deserve to be highlighted. Part of both the strategic objectives of the European Green Deal and Europe fit for the digital age, the European industrial strategy is one of the Commission's initiatives, with the ambition to make EU industry more competitive on a global scale and to strengthen Europe's strategic autonomy. Of the initiatives supported by the European industrial strategy, two are particularly noteworthy for Sonaca.

The first is the identification in March 2020 of 14 industrial ecosystems, including one dedicated to aerospace and defence, with the objective to foster the interaction of actors and to help policy makers and investors identify the most relevant actors within each ecosystem (see https://clustercollaboration.eu/in-focus/industrial-ecosystems).

The second initiative worth mentioning is the creation of industrial alliances focused on different projects, designed to accelerate their development, and encourage investment. Among these alliances, two are of particular interest to Sonaca: an alliance on space launchers, still in the preparatory phase, and an alliance on zero emission aviation (AZEA), launched on June 24, 2022. The latter reflects the growing efforts of the Commission and the aviation industry in Europe to develop innovative technologies to support the greening of aviation. Now open for applications, AZEA is perfectly in line with the Destination 2050 roadmap. The alliance's stated objectives are to bring together stakeholders from all horizons in an effort to accelerate the development of electric and hydrogen powered aircraft, to identify and prioritize the challenges inherent by this disruptive technology and to propose practical solutions to overcome them. The goal is also to foster collaboration and partnerships within the Alliance, identify investment and funding sources, and determine policy, regulatory and standardization needs.

8.3 The Commission Work Programme

In the previous chapter, the Commission Work Programme was mentioned as a source of particular interest for monitoring in the framework of public affairs activities. For illustration purposes and limiting our scope to the topics related to the European Green Deal, we have examined the Work Programmes of the last two years, to briefly determine whether there were any relevant elements to be considered for Sonaca. And considering its industrial nature, several elements quickly emerge.

For example, in its Work Programme 2022 (European Commission, 2021), and following its action plan for zero pollution, the Commission proposed measures to strengthen its efforts in the control of pollutants, seeking to align itself with the recommendations of the World Health Organization. We can mention the legislative proposals "Revision of lists of pollutants affecting surface and groundwaters" and "Revision of the European legislation on ambient air quality". The Commission will also continue its work on a targeted revision of the REACH Regulation to better protect human health and nature.

Looking back one year, in its Work Programme 2021 (European Commission, 2020), the Commission announced a Zero pollution action plan, a non-legislative initiative towards zero pollution for air, water and soil, as well as about twelve legislative proposals in its Fit for 55 package, including a revision of the ETS mechanism, measures about renewable energies and energy efficiency, etc.

Finally, and still for illustration purposes, if we broaden the scope to include other policy areas, other elements deserve to be highlighted. We can mention, for example, the initiative "Updating the new industrial strategy for Europe", which aims to strengthen the European industrial sector and make it more resilient, the "Action plan on synergies between civil, defence and space industries", which aims to strengthen synergies between the civil, defence and space sectors or the "Roadmap on security and defence technologies" (European Commission, 2020; European Commission 2021).

8.4 Research and innovation for the European Green Deal

As the Commission states, becoming the first climate-neutral continent by 2050 is a unique opportunity to modernize the EU's economy and society and reorient them towards a fair and sustainable future. To reach climate neutrality and ensure an inclusive ecological and economic

transition, the research and innovation strategy will play a central role, especially for the aeronautics sector.

8.4.1 Horizon Europe research program

In 2018 the Commission proposed an ambitious €100 billion research and innovation programme - Horizon Europe - to succeed Horizon 2020 for the next EU long-term budget, the multiannual financial framework (MFF). The EU institutions reached a political agreement on Horizon Europe on December 11, 2020 and set the budget for Horizon Europe at 95.5 billion Euros for a global duration of 7 years (2027).

Horizon Europe focuses on a green and climate-neutral Europe, adapted to the digital age, where the economy serves the citizens (European Commission & Directorate general for R&I, 2021). The program is divided into three main pillars, corresponding to its main priorities. The first pillar, "The Excellent Science pillar", aims to increase the EU's global scientific competitiveness. The second pillar, "The Global Challenges and European Industrial Competitiveness Pillar", supports research related to societal challenges and strengthens technological and industrial capacities through clusters, including a cluster dedicated to Digital, Industry & Space. Finally, the third pillar, "The Innovative Europe Pillar", aims to make Europe a leader in market-creating innovation through the European Innovation Council. Finally, Horizon Europe will be implemented also through the European Defence Fund and complemented by the Euratom Research and Training Programme (European Commission, 2022).

Figure 16 – Horizon Europe structure

For the period 2021-2024, projects submitted to Horizon Europe must address one of the four key strategic orientations for EU R&I: Promoting Open Strategic Autonomy by Leading Development (1), Restoring Europe's Ecosystems and Biodiversity and Managing Natural

Resources Sustainably (2), Making Europe the Leading Circular, Climate Neutral and Sustainable Digital Economy (3) or climate neutral and sustainable (3) or Creating a more resilient, inclusive and democratic European society (4) , each of which is broken down for each of the second pillar clusters (see the Key Strategic Orientation in European Commission & Directorate general for R&I, 2021).

Although these criteria may seem particularly restrictive, Sonaca has nevertheless submitted applications to the Horizon Europe program, for the aeronautics segment, just as it had previously done in the Horizon 2020 program. The interview with the head of R&I (Van Hille – R&I manager, 2022) tells us that these projects are well funded and give visibility to Sonaca's activities & capabilities. In addition, when partnerships are formed with some of Sonaca's clients, this allows Sonaca to have a view of their roadmap, which is rather rare. On the other hand, proposing a viable case is very energy intensive (1 to 2 FTE/Month) and with a very important competition, with only 20% to 30% success rate. For the space segment, no dossier has been submitted. According to the head of the space business unit (Pedro Romero - General Manager space business unit, 2022), only small (250k€) and very large (30-60 m€) projects are available. While the former are clearly addressed to SMEs, the latter are de facto addressed to large groups (as ArianeGroup) the only credible players given the size of the projects. Although Sonaca tried to work with them on one of these projects, they kept the core team that already had projects in progress. For these space projects governed by an EU R&I program, Pedro Romero thinks it would be fairer to create projects of intermediate size, much more suitable for Sonaca. These intermediate projects would then be too big for small players and too small for large groups. Again, this is an opportunity for PAs.

8.4.2 Clean Aviation joint Undertaking

The Clean Aviation Joint Undertaking is a public-private partnership between the European Union (represented by the European Commission) and the European aviation sector (represented by the members) (Clean Aviation, 2022). Sonaca tried to join the Clean Aviation Joint Undertaking but did not succeed for confidential reasons. It is however in the plans to bring it on board at a later stage (Van Hille – R&I manager, 2022).

8.4.3 SESAR 3 Joint Undertaking

Of more limited interest for Sonaca, the SESAR 3 Joint Undertaking is an institutionalized European partnership between private and public sector partners, created to accelerate, through

research and innovation, the realization of the European Digital Sky (SESAR Joint Undertaking, 2022).

Although very superficial, this brief exercise has the merit of highlighting several points. First, the number of actions underway, in a wide variety of areas, underscores the importance of policy decisions in the operating environment of any industry. Second, the fight against global warming is an extremely important issue, including for the aviation industry. The main stakeholders, both industrial and institutional, have been committed to this issue for years and have put in place important framework documents (Destination 2050). The milestones for the future are well and truly in place, and this turn towards the climate offers a great opportunity for those who know how to seize it. Third, as mentioned earlier, the information is available, with only a few clicks. While this requires a minimum of time and understanding of European mechanisms, everything is in place to be aware of what is happening today and what will happen tomorrow. In doing so, the challenge, as long as this will exists, is to better understand one's rights and to better master one's professional environment, to create competitive advantage by anticipating the key drivers of one's activity, better than one's competitors.

And this is precisely where the potential of Public Affairs lies.

9 Conclusion

If we take a step back, the starting point of this journey comes from the various interviews conducted during this MBA. The dominant feeling, result of a total personal perception (we insist on this), was that of a certain powerlessness. Powerlessness in the face of pressure from our clients, the economic situation, the decisions of our Belgian politicians and the decisions taken in Brussels. Regardless of this feeling, it is no secret that the airline industry has been through a lot of turbulences with the Covid crisis and is facing the unprecedented challenge of reducing its environmental footprint. Faced with these challenges, and with a renewed Board of Directors, Sonaca has built an ambitious strategic plan, aiming at becoming a top 3 European player. And while major efforts will certainly be undertaken on its industrial core processes, at the heart of Sonaca's business, one may wonder about the potential of less-core processes, and in particular of Public Affairs. Under this perspective, our starting hypothesis was that Public Affairs practices are today underestimated by Sonaca, whereas they can become a real strategic differentiating asset for the company's development.

Yet, Public Affairs have evolved considerably in recent years and goes far beyond the mere notion of lobbying (chapter two). Today, far from the stereotypes, PAs give companies more control over their business environment, and, in the age of VUCA, having a beacon to lift the veil can be a real asset. The fact is that businesses and decision-makers are profoundly linked and this is particularly true for European market, where Sonaca operates (chapter three). The relationship between business and the EU has evolved considerably over time, as the EU's competences have deepened and its growing role in the economic and political environment has gradually encouraged business to be present and active in Brussels. On their side, companies have also constantly adapted to these evolutions by adjusting their different lobbying logics. Moreover, the European Union is not an easy object to grasp. In the case of the EU, as the interviews at Sonaca showed, dealing with politics and policymaking may seem difficult, even frightening. The European Union is an atypical entity, without comparison in the world (chapter four). It is a multi-stakeholder, multi-layered entity, cutting across different policy areas, with policymaking processes running through different institutions, each with its own powers, logics, and objectives. Nevertheless, the links between business and politics are very close. Both institutions and businesses operate under resource constraints, institutions demand expertise to support the policy making process, wich businesses supply in exchange for insider status, information and policy influence (chapter five). Furthermore, policy-making is a

continuous process, businesses have resource constraints and cannot mobilize everywhere, everytime. Troughout the policy-cycle the demand for information varies substantially, determining the lobbying logic and strategic preferences for businesses.

After this overview of the historical and theoretical fundamentals, a more specific examination of the aeronautical, space and defence landscape reveals multiple actors on the European scene (chapter six). From an institutional perspective, the focal point within the Commission is DG DEFIS, responsible for aeronautics, space and defence and the three committees, TRAN, ITRE & SEDE for the European Parliament. Regarding trade associations, we can identify influential actors at the supranational level (ASD, ACARE), while at the Belgian national level, the landscape is particularly fragmented between multiple entities, preventing the development of a real influential actor. Finally, a look at the EU transparency register shows that the direct participation of european aeronautical industries seems limited. While the major European and global players, essentially Tier 1, are represented (Airbus, Boeing, Dassault, Safran, Leonardo, etc.), the smaller players are less present. However, some exceptions can be underlined, such as SABCA, a Belgian company comparable to Sonaca. A closer look at Sonaca, especially in light to the multiple interviews conducted, leaves little doubt about his involvement in Public Affairs (Chapter Seven). Public affairs are clearly not institutionalized, poorly recognized and more than likely underutilized. The CEO maintains the necessary contacts with the decision makers, at least at the Belgian level, but this "political" approach is essentially top-down, and mainly conducted on a reactive / ad-hoc basis. Other Public Affairs activities do take place, to varying degrees, but in a scattered and uncoordinated way among few senior managers. Yet, a professionalization of PA activities within Sonaca would make sense and would be a real strategic differentiating asset. Given the resource constraints, we recommend the development of a small public affairs team, consisting of a dedicated role, accompanied by a senior staff member. The further development of core public affairs functions such as regulatory monitoring and representation is aimed at enabling Sonaca to mature and develop an excellent knowledge and understanding of its legislative and policy environment - its primary business environment - and to gradually build trust and strong relationships with the key stakeholders to be in position of anticipating key and emerging issues better than anyone else. Furthermore, we believe that sustainability has become a key driver for policies, economies and societies at large, and more particularly for the aviation industry (chapter eight). This profound evolution of the sector presents a huge potential for Public Affairs as not only the existing technologies, but also the current regulations, will be deeply affected. While the main players, both industrial and

institutional, have been committed to this issue for years, today the EU is putting in place real positive incentives to motivate industrial sectors to engage in the necessary initiatives. For Sonaca this is a real opportunity to create a sustainable competitive advantage and business growth, especially by developing and leveraging the potential offered by public affairs to unleash the full potential offered by this green revolution and move a step ahead in the competitive environment.

Finally, it should be noted that many of the concepts discussed in this thesis would deserve further development. First of all, from a theoretical point of view, various research studies allow to go further in the sectoral dimension of lobbying in Brussels, as an industrial actor does not have the same tactics as an NGO. Other studies also allow to go much further into the micro-strategies that it is possible to adopt: what approach to adopt with the Commission, with MEPs, or the Council, etc. Finally, while we have focused our approach on the theory of exchange, which is dominant in the literature, another approach, such as game theory, would be a good complement. Finally, and from Sonaca's point of view, the international dimension of lobbying has not been developed. As it was pointed out in the interviews, it would also be important to look at American lobbying, given that an important part of Sonaca's activity has taken place in the United States since the takeover of LMI. It would also be interesting to see how the different subsidiaries could feed back political information.

Finally, while our position is unambiguous about the lack of consideration for public affairs at Sonaca and the opportunities that would be created by the development of such capabilities, we hope that, short of creating a team in charge of these activities in the short term, this thesis will stimulate discussion. In fine, it will be a strategic management move, that will determine engagement in the political arena.

Biography

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List of Abbreviations

- A4E — Airlines for Europe
- ACARE — Advisory Council for Aviation Research and Innovation in Europe
- ACI — Airports Council International
- ASD — Aerospace and Defence Industries Association of Europe
- ATM — Air Traffic Management
- AWEX — Walloon Export and Foreign Investment Agency
- AZEA — Alliance on Zero Emission Aviation
- BIE — Brussels Invest & Export
- BSDI — Belgian Security and Defence Industry
- CANSO — Civil Air Navigation Services Organisation
- CCIC — Consultative Commission on Industrial Change
- CEO — Chief Executive Officer
- CFSP — Common Foreign and Security Policy
- CPA — Corporate Political Activity
- CSO — Chief Sales Officer
- CSR — Corporate Social Responsibility
- COREPER — Committee of Permanent Representatives
- DG — Directorate General
- EA — European Agency
- EASA — European Union Aviation Safety Agency
- EDA — European Defence Agency
- EDF — European Defence Fund
- ECJ — European Court of Justice
- ECSC — European Coal and Steel Community
- EEC — European Economic Community
- EESC — European Economic and Social Committee
- EP — European Parliament
- EPACA — European Public Affairs Consultancies Associations
- ESA — European Space Agency
- ETS — European Union Emissions Trading Scheme
- EU — European Union

- EURATOM   European Atomic Energy Community
- EWA   Entreprises Wallones de l'Aéronautique
- FIT   Flanders Investment and Trade
- FLAG   Flemish Aerospace Group
- GDP   Gross Domestic Product
- JTR   Joint Transparency Register
- MBA   Master of Business Administration
- MEP   Member of the European Parliament
- MFF   Multiannual Financial Framework
- MGSE   Mechanical Ground Support Equipments
- NGO   Non-Governmental Association
- NIDV   Nederlandse Industrie voor Defensie & Veiligheid
- NLR   Nederlands Lucht- en Ruimtevaartcentrum / Netherlands Aerospace Centre
- OECD   Organisation for Economic Co-operation and Development
- OEM   Original Equipment Manufacturer
- PA   Public Affairs
- PR   Public Relations
- QMV   Qualified Majority Voting
- SEA   Single European Act
- SEAP   Society of European Affairs Professionals (SEAP)
- SRIW   Société Régionale d'Investissement de Wallonie
- SFPI   Société Fédérale de Participations et d'Investissement
- TEU   Treaty of European Union
- TR   Transparency Register
- UNICE   Union des Industries de la Communauté Européenne
- US   United States
- VRI   Vlaamse Ruimtevaart Industrie
- VUCA   Volatility, Uncertainty, Complexity, Ambiguity
- WHO   World Health Association
- WP   EU Work Programme

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Appendices

A. Interviews

Interview of Thierry Duesberg - SVP Military & Defence

Interview conducted on 18/05/2022

What is your role/position within Sonaca?

My main role is to follow and develop the defence activity for the Sonaca group. From there, I keep strong links with the sales and programs department (Carrier and Zeoli directors). I also play an interface role with the authorities, in particular the Belgian defence authorities.

In previous MBA discussions (Competitive Advantage, etc.), the prevailing sentiment was one of Sonaca's inescapability with the "higher" authorities. Sonaca, ultimately, has little say in government decisions that are made above it. How do you feel about this?

As far as defence is concerned, "unfortunately" for us, it is a highly regal affair. And given the market and our current skills, we are not considered a "natural" defence player today. We don't have a core piece of equipment to sell, or extremely specialized/niche expertise in defence (for example, we don't have radar to sell, or very specific defence skills). Given this position, we need to have a strong interface with political and defence authorities to identify opportunities (current or future) compatible with our field of expertise. I therefore play the role of interface with the Belgian authorities (federal + regional - for example for specific aids like R&I) & defence.

The idea would be to orient the local cooperation between the defence and the Belgian industry, to do lobbying, discussions, to maximize the return in case of purchase of equipment by the Belgian authorities with such or such aircraft manufacturer. The objective is also to ensure, through discussions, ... that we will develop new skills for Sonaca, for example in partnership with other Belgian companies.

To address the BELGIAN defence market, we have to go through the spill over for foreign defence markets (develop something that would interest other markets / companies than Belgian) ... and develop something that could interest the civilian domain.

As far as contacts with the Belgian authorities are concerned, we have to discuss with the Belgian government (Prime Minister's office, foreign affairs, either through the cabinet or

sometimes directly with the minister...). In practice, we ask to be received and they receive us, most of the time... (the size of the company helps and the potential socio-economic return we can have for Belgium)...

The defence community is quite special. It is a very special, very political domain, because of its regalian nature. Especially since the European market is very small compared to American spending, for example. There, it is a real industry, sustained (cf. military spending + development of American defence companies). In Europe, we are far from it, the market is very fragmented, where each one preaches for his chapel (cf. France promoting the Rafale, Great-Britain /Germany with the Eurofighter, etc). There is a lot of protectionism.

At the European level, the commission forbids all state aid, unless it is linked to an essential protection of the country's security (= ESI "ESSENTIAL SECURITY INTEREST"). The commission also prohibits all economic compensations (offsets), idem, except ESI.

There are not many options left to get contracts... Either we can try to use the offset mechanism (but limited), or we can prove that we are using ESI. This can concern specific equipment or even very specific skills, such as advanced machining methods for example).

Still at the European level, there is a double standard. On the one hand, some countries ignore the rules established by the Union... for example, France finds ways to ask for compensation... On the other hand, Belgium often follows the rules very strictly, either for Belgian political reasons or for fear of the Brussels-based commission. We follow to the letter what the commission says (where other countries have more leeway).

If, in spite of everything, we have interesting skills or products, and we want to enter another market:

- Either the other countries will choose their national companies.
- or the other countries will ask for important compensations in their country

On the European side, we have no power... at least if we compare ourselves to the big aircraft manufacturers/defence actors (Airbus, Dassalt, MDBA, Safran, etc.). Moreover, our country remains a small state with little weight compared to the big ones. Finally, to make matters worse, Belgium is very fragmented because of the complexity of the community. By way of comparison, Holland, which could be comparable, has a much greater weight than Belgium.

So we try make some efforts at the national level... even if some governmental decisions, concerning the regalian domains, really escape us. What is sometimes done is to obtain other benefits from a governmental purchasing decision. For example (imaginary), France has a surplus of electricity on its side... We can make a deal like we buy the Rafale but you guarantee us a supply of electricity. This would be a benefit that is not directly related to the original agreement, which is more of a "co" development. This is a fictitious illustration of a benefit not directly related to the initial transaction. But we propose a vision of "co" development.

What relationships does Sonaca currently have at the national or supranational level?

At the European level: no relations / contacts...

At the national level:
- Ministers / cabinets
- Research fund (ex. PIT)
- Defence

More specifically, how is the EU perceived by Sonaca? An influential actor? Not influential / neutral?

There is the "European Defence Fund (EDF)", which is active in the field of research and development. Unfortunately, these projects, although "advertised as neutral", have already been settled / decided in advance by the big European players. Therefore, when we want to submit an offer, everything is already decided in advance.

There is also a grouping of "small countries" (Belgium, Portugal, Latvia, Estonia, etc.). These few small countries are trying to defend their industries against the big countries and the big European players, but without real success.

The EU, in terms of regulatory intelligence, is of little interest. I don't really see what concrete results we can expect from Sonaca. For example, if there is a change in aviation regulations, we don't really have a place to play a role in these decisions, especially in front of the big players. One could almost speak of unilateral decisions by the EU. In short, I don't see the interest we could find in a direct European lobby, given our weak weight, it would be useless.

I rather think that we should act on a national level, for example by strengthening the cooperation / strategic discussion between politics, defence and local industry. This is not yet really structured in Belgium, and if the actors see some interest in it, there is still a lot of opposition, especially from the Belgian defence). We could take the Dutch case of the "NIDV" as an example to follow. It is an association of companies, with representatives from the

government and the defence sector... It is a good example of what can be done to speak with one voice and achieve objectives such as

- Ensuring cost-effective procurement
- Ensuring the development of new skills
- Defining a vision and sticking to it

Going back to Holland, this is how they became a leader in radar technology. They set this goal for themselves, for all stakeholders, and they achieved it.

Coming back to Europe, it is rather a monstrous brake... at least in our field of aviation. Not to mention the fact that we are being taken for a ride. For example, in the case of economic compensations, Belgium is often fooled, especially in comparison with other countries like France. In the concrete case of civil aircraft... If we want to make an offer and produce in our European factories (Belgium, Romania), other "non-European" countries will make a much more competitive offer because they will not have to follow the rules dictated by the EU, like offsets, etc. I see the EU as a real brake on subsidies and state aids, which we MUST respect (and Belgium is very strict about this).

In the same vein, what is Sonaca's relationship with professional associations, independent expert committees, etc.? What is the level of participation? What interests? What has led Sonaca to maintain these relationships? Is it helpful?

We can mention associations such as

- AGORIA
- BSDI
- EWA (Wallonia) -> No use... nothing... in any case, nothing concrete comes out of it.
- AWEX

But for me these associations are completely useless. One is a member of these associations "because it is necessary", but in the end, everyone does "for himself". It is almost impossible to find a common position in these associations, it is almost hellish... And to make matters worse, very often those who are in these decision-making bodies, do not work for the community (for the common association), but for their own business..... Not to mention the fact that there is

little community warfare, especially since the air/defence activity is mainly located in Wallonia.....

And yet, in other countries, despite the difficulties mentioned, it works. They often manage to make the common interest prevail and to reach a common position that manages to influence the government. One example is the French defence association, which has an influence on the French government.

Finally, and without coming back to this, our competence in defence is at a VERY LOW LEVEL in terms of value (our core business, aerostructure, anyone can do it). Our specialization has very little value at the European level and at the defence level (NATO, etc.). In the civil sector, we do have very strong expertise in slats and de-icing, but this remains a single customer, and is limited to this product. It's a niche positioning... people come to us for this expertise... but that also locks us in.

Has Sonaca considered seeking more active participation (not to say lobbying) at the national or European level? Has consideration been given to creating a dedicated "Public Affairs" position? Yes/No, why?

Already answered earlier

What is the perceived interest in this type of activity (PA)? What results do you think you can expect? What is the perceived interest in PA?

Already answered earlier

Interview of Paul Bertin - Responsible for strategy & proposals

Interview conducted on 18/05/2022

What is your role/position within Sonaca?

- Responsible for strategy and proposals
- Define the strategy, in collaboration with the executive committee, in line with the objectives/Business Plan 2025 and the strategic plan.
- Realization of all commercial offers / review of commercial offers
- For production, drive the business analysis team in production

In previous MBA discussions (Competitive Advantage, etc.), the prevailing sentiment was one of Sonaca's inescapability with the "higher" authorities. Sonaca, ultimately, has little say in government decisions that are made above it. How do you feel about this?

Finally, the "weight" we have in relation to the big players is not really a constraint. Let's just say that we don't really take advantage of the opportunities we might find. In other words, we're not going to capture what we could (even though we're going to seek funding for R&D, etc.).

At the moment, we don't really do lobbying or even Public Affairs in the broad sense. In the European political world, there are a lot of meetings, a lot of discussions, whether it's at NATO, or at the EU, etc. However, to date, we do not benefit directly from all these discussions (we do not get a contract from them). We are probably "missing out" on useful information and, more concretely, probably on "opportunities". If we were present, we could probably win contracts. Even if it doesn't directly impact our SLATS business, we are probably missing out on business opportunities.

I don't totally agree with Thierry Duesberg on the idea that Europe prevents us from doing things. Perhaps that is precisely where we need to intervene and make sure that the situation is favorable to us.

For the moment, we don't really have time to take care of Public Affairs. If we take the case of Pedro, who is responsible for the space, he is already alone to manage everything.

Ex. Airbus wants to make a reusable launcher a bit like SpaceX does... but the French won't be able to do it alone. The question then arises as to who will contribute to this launcher. Discussions have / will take place between industrialists and states to know who will invest in the project. And if, from the beginning, we take the side of saying that everything will be done without us, then inevitably, we will have nothing... I think we have to go against this feeling a bit, everything is lobbying and politics. However, and in the specific case of the space sector, many things are done at the EU level... Including in the field of defence, where a lot of things are done.

If we take the case of our competitor, Sabca, they are not inherently more capable than us, especially in industrial terms. But they probably do more lobbying to get a better position.

What relationships does Sonaca currently have at the national or supranational level?

At the national level:

- Pedro, heavily immersed in space relations (BELSPO - federal science policy ... = grouping of Belgian companies working in space). The link between funding in ESA, the country distribution key, & in Belgium to whom we distribute)

  >> Belgium invests in ESA, we have returns which are guaranteed

- Nicolas Van Hille at the R&D level

At Supranational level (EU, ...)

- Nothing is clearly defined...

- ... except at the R&D level (See Nicolas Van Hille)...

- ... and sometimes there can also be European financing

  >> We probably miss a lot of opportunities

At NATO level

- Thierry Duesberg

More globally, at the level of Sonaca, there is a latent ambition to have a better coordination between the actors of Sonaca (better use of the human factor of Sonaca). This is also present in the strategic plan, in point 3. We must have a better capture of funds, whether they are regional or European, we must take what there is to take. If we take the case of the Pilatus PC12, despite the offer of Sonaca (to produce in Romania), it is Sabca which had the contract to produce (assembly) in Morocco, in particular via subsidies from AWEX. This is an example that there is a lot to do (like Sabca), with mechanisms to be put in place, although we are not necessarily aware of it. In short, need to have an insider position.

More specifically, how is the EU perceived by Sonaca? An influential actor? Not influential / neutral?

We must not forget that if there had not been Europe, there would not have been Airbus or Ariane... The EU remains an important player. Especially since Sonaca is close to Brussels. This "easy" / "cheap" access is finally a competitive advantage for Sonaca... Especially since Belgium is close to Europe (the European project) so it would be a shame not to try to take advantage of it.

And yes, we can be considered small... but so what... This can even play in our favor in some cases, a big one sometimes prefers to associate with a small one than with a big one that could compete with it.

Still at the European level, many subjects like the green aircraft, etc. are clearly in the air, and subject to a political impulse. Sonaca cannot compete on costs alone... the latest contracts won are with funds / aid. We have ideas, we have skills, but we need funds, so thank you to the regions, or thank you to Europe, for funding our activities (remember, Covid crisis: the region invested 60m for Sonaca, in addition to the PIT).

Before, we had people like Milcan or P. Taquet, who were much more active in terms of networking than our current employees. Why did this disappear? No real reason. It was for many of them a question of will/initiative/personal interest. This idea of Public Affairs was never really part of Sonaca's roles / vision, it is not in our genes... even if it is slowly reappearing.

In the same vein, what is Sonaca's relationship with professional associations, independent expert committees, etc.? What is the level of participation? What interests? What has led Sonaca to maintain these relationships? Is it helpful?

- Agoria
- Skywin
- Awex
- Belspo

These bodies are perhaps underused. Pierre Taquet, for example, was only doing that at the space level. Today, Pedro has to do everything by himself (production follow-up, project follow-up, network, lobbying, etc.). Now, to dedicate oneself only to space, is perhaps useless. But embracing broader, different domains, it can make sense. Note also that the CEO has his own political network. The same goes for the board, which is political by nature.

Has Sonaca considered seeking more active participation (not to say lobbying) at the national or European level? Has consideration been given to creating a dedicated "Public Affairs" position? Yes/No, why?

Cfr. Strategic Plan, last block of the second pillar.

What is the perceived interest in this type of activity (PA)? What results do you think you can expect? What is the perceived interest in PA?

It is written (between the lines) in the strategic plan. There are no concrete numbers at the moment, but there is a clear objective to collect what exists and to quantify / classify what is exploitable. Then, it is a matter of making

recommendations, through an action plan, to make sure we exploit the opportunities. With the strategic plan, we are really at the very beginning... but it's still a start.

For business development: this is in the axis of diversification of business development (See D. Zeoli, under whom Pedro works)... Ex. Pedro goes to Belspo, ...

And for "my" position on Public Affairs? We do not do enough, we put it in the strategic plan, with the idea of protecting our business (including to protect our niche of lattes).

One fact is also worth noting... Belgium finances Airbus, so why are we squeezed like lemons by Airbus > At some point, politicians have to intervene. Finally, without politics, without Sonaca, the production line of Aribus would be stopped. But here, it is up to the CEO to play his role.

Interview of Thibault Carrier - Chief Sales Officer (CSO)

Interview conducted on 31/05/2022

What is your role/position within Sonaca?

I have multiple roles:

- Manage existing contracts and protect their profitability, while ensuring customer satis faction.
- Increase the portfolio of contracts on our core business
- Facilitate value creation in terms of service & products
- Ensure strong partnerships with
- Suppliers
- Some customers

In previous MBA discussions (Competitive Advantage, etc.), the prevailing sentiment was one of Sonaca's inescapability with the "higher" authorities. Sonaca, ultimately, has little say in government decisions that are made above it. How do you feel about this?

This is a difficult subject... What is certain is that we have never made a real effort at the European level. We have a lot more relationships at the national level, as well as at the regional level, but we have rarely gone further. We know that there are funds, expert groups, lobbies, etc. at the European level, but we have too few contacts/vision at the European level to have a good understanding of it (the opportunities we can get from it, etc.).

This is clearly a real opportunity to investigate to have a better understanding and to better grasp what it can bring. In the past, we have had some contacts, like with Marcel Devreese. He had a certain network and a good level of connections, but it wasn't clearly written. Perhaps the question was not sufficiently established, well understood, sufficiently advanced?

On the other hand, I don't agree with this fatalistic view as posed in the question. Why be fatalistic if we haven't really dug into the subject and if our understanding is, finally, very limited. And why this has not been pushed further by Bernard Delvaux (note: former CEO), no idea, I have not exchanged with him on this issue.

What relationships does Sonaca currently have at the national or supranational level?

At regional level
- Contacts with members of the regional government
- They are aware of our business issues and can be of some help

At federal level
- We have contacts with members of the government, especially the federal government
- They are also sensitized to the problems of the company. The case of Covid being the most recent example.

With direct shareholders
- See with Yves Delatte, especially through his networking

More specifically, how is the EU perceived by Sonaca? An influential actor? Not influential / neutral?

The field of possibilities is clearly not explored... For example, there is a lot of talk today about European defence, etc., without really seeing very clearly our possible opportunities in this market. For example, there is a lot of talk today about European defence, etc., without really

seeing very clearly our possible opportunities in this market. Basically, the EU remains a (very) complex machine, where you really have to make an effort to understand it, but it clearly remains a field of opportunities more than anything else. Especially since the EU has a strong impact on our business, the whole industry is impacted by EU regulations and, moreover, the EU tends to be more regulatory/restrictive than the national authorities (the national authorities that apply EU legislation). We need to have a greater appetite and understanding of the standards that directly govern our business.

In the same vein, what is Sonaca's relationship with professional associations, independent expert committees, etc.? What is the level of participation? What interests? What has led Sonaca to maintain these relationships? Is it helpful?

We should see Yves on this. We are in contact with a consulting firm in political affairs for the relations with the ministers, etc. We are also in contact with trades associatoins, but there too, it would be good to talk to Yves.

Has Sonaca considered seeking more active participation (not to say lobbying) at the national or European level? Has consideration been given to creating a dedicated "Public Affairs" position? Yes/No, why?

We should at least be in contact with PR specialists on the European subject, it is a job in its own right. But, to date, we do not have a PR dedicated to European affairs.

Especially since beyond the legislative process, there are many contacts/networks to be well established and well mapped. Finding the right reference person is not an easy task.

And yes, one could say that the subject is part of Sonaca's strategic plan. In a way, certainly, but I don't really think that the "regulatory watch" or lobbying aspect is at the heart of the strategic plan.

What is the perceived interest in this type of activity (PA)? What results do you think you can expect? What is the perceived interest in PA?

At the level of public relations, we already have some things.... First of all at the level of external communication (social networks, image of Sonaca, etc.) through Frederique. We also have the help of a consulting firm, this time oriented towards political communication. This firm does consulting directly with Yves. On the other hand, in terms of PA, lobbying, regulatory, European or other advice, to date, we have nothing at all.

In short, if you know the intricacies of Europe well, I am convinced that you can find interesting opportunities... But this requires

But this requires a clear vision of Europe, how it works, etc. We should also have a role related to European regulations. I think at this stage there is too much of a Belgian/national focus. If we want to have a broader, European ambition, we MUST be more interested.

Interview of Nicolas Van Hille – R&I Manager

Interview conducted on

What is your role/position within Sonaca?

Responsible for R&I:

- Defines the R&I strategy, with validation from the executive committee
- R&D in our company about 45 FTE

= Define the portfolio of projects on which we work

- Implement these R&I projects:
    - Teams
    - The financing
    - Etc.
- Follow-up of the projects: objectives reached, etc.
- Definition of the working method - in particular in relation to the audits in progress or to come

Other roles:

- Search for grants and subsidies, at all levels (Belgian or wider), including international
- Management of intellectual property
- Management of the product development business (design & build) - function still in definition.
- ... upstream of Thibaut to get the contracts and support of Paul to create the offers, check that they are coherent.

In previous MBA discussions (Competitive Advantage, etc.), the prevailing sentiment was one of Sonaca's inescapability with the "higher" authorities. Sonaca, ultimately, has little say in government decisions that are made above it. How do you feel about this?

Quite agree with that.

We have already thought about how to improve things... but there are several things to say:

- There is no strong aero and space lobby in Wallonia. There are groups, even many groups, ... and with people in place who are not necessarily the right people...
- It is argued that it would be good to have a Walloon group, with the CEOs of companies for example. This would have much more weight than the people currently in place, who usually doesn't have much decision-making weight. And in any case, it will be difficult to have a group that will mix very different representatives (the CEOs will be specialized EITHER in defence, EITHER in space, EITHER in aero)
  Ex. GIFAS > Eric Trapier was president, ...

- Difficulty with the situation in Belgium. The Flemish have a better organization than Wallonia. For example, Agoria is a Flemish stronghold.
- If we take the EU, we can mention the European recovery plan. It was a recovery plan of 100m€, of which 5m€ were planned for Belgium. But Sonaca has not seen a single cent of this fund. Agoria had contacted us to submit projects... the day before the submission deadline! We can say that Agoria, does not help us at all...

With a strong Walloon lobby, Agoria would be obliged to come and talk to us (to the Walloon lobby)...

What relationships does Sonaca currently have at the national or supranational level?

On the federal / national level:

- Agoria
- Belspo (= distributor of scientific projects, including space)

On the European level :

- We can mention ASD. We are member of some working groups, even if the last time it was before Covid. We find there a lot of information. But in front of the other big members and actors, we don't really have weight in this structure. That said, following what is happening in a group like ASD allows us to anticipate a little more.

- Otherwise, for the european institutions, we can mention the european research framework: CleanAviation (ex. Clean Sky) or the EDF, the european defence fund. We participate to some events of these bodies, we follow the information that comes out, but we don't participate more than that.

Otherwise, we're trying to set up a framework for a Walloon lobby group. This would allow:

- To have information in advance, among other things via the network
- To influence more efficiently

We are currently discussing this subject with Safran AeroBoosters and internally with Thierry Duesberg and our CEO.

Beware that lobbying or Public Affairs is a job in its own right. We can't do it properly, even on our scale. We don't have the human resources to do it. For example, for the participation and the follow-up to ASD, we don't have the resources (time) to get more involved (going to events, etc.)

Attention that influencing, at the Walloon level, IS important. It is important to use the platforms available, to make the CEOs talk to the decision-makers... For example, if we had a strong group, for example of the different Walloon CEOs, to carry a subject, it would be more effective. We can take the example of reduced withholding tax for R&I researchers. This has a major impact on a number of companies, and we could carry weight if all the CEOs spoke to our leaders about it...

More specifically, how is the EU perceived by Sonaca? An influential actor? Not influential / neutral?

The EU is an actor that has more and more impact on Sonaca. 10 years ago, we didn't care about it, but now we feel more and more the supranational regulations that influence us. And this has an impact on the local level...

Ex. The Walloon subsidies today are more difficult to get than before, the authorities are more and more careful, especially with the European regulations. Before, Wallonia had a budget, and they distributed it to the companies, as they wanted. But now, Wallonia advises the companies more, and they have to comply with the European regulations, even if the fund is 100% Belgian. In addition, there are more and more EU controls.

Another example is the FEDER funds (aid for research centers and universities). There are European directives that define how research should be done, especially for competition issues...

The EU is still perceived as a big troublemaker. If in Wallonia Sonaca is quite big and has influence, at the EU level, we represent only a few things.

Europe, through different DGs (aeronautics, R&D, Eco), has launched research funds in areas affecting the aeronautics industry and its research. It clearly states on its website that "Investments in research, development and innovation (RDI) are essential for the competitiveness of the EU aeronautics industry. There are many initiatives at the EU level, is Sonaca aware of them? Has it tried to participate in these different projects or programs at the European level, especially in the field of Green?

We have listed the actions in progress at the European level, many mechanisms and it is a challenge to find one's way through...

- SRIA roadmap

- Knows ACARE

- We tried to participate in Clean Aviation ... but we are not in it, mainly because of our complicated relationship with Airbus at the moment. To participate in Clean Aviation, we would have had to invest a significant amount of money, but we probably wouldn't have had the impact on our flagship product, the leading edges (because of the pressure from Airbus). But we'll probably get into it later. So, if we can say that the lack of manpower does not help, in this particular case of CleanSky, it was not the blocking/critical point.

In the same vein, what is Sonaca's relationship with professional associations, independent expert committees, etc.? What is the level of participation? What interests? What has led Sonaca to maintain these relationships? Is it helpful?

We had a move from Agoria to join the Agoria Aerospace part... But a problem with Agoria is that if the working group decides something, as a member of Agoria (ex. Agoria Aerospace), the head of Agoria can still decide to "decide otherwise"... This further pushes to go through a Walloon representation to defend our particular interests.

Has Sonaca considered seeking more active participation (not to say lobbying) at the national or European level? Has consideration been given to creating a dedicated "Public Affairs" position? Yes/No, why?

The idea of setting up a function within our company has never really been on the table officially... but it would be an interesting role to maintain. The closest person to this role is Thierry Duesberg, but he is very Defence focused and at the end of his career. Especially since when you look at other companies, there is this role, as for example Alstom has two people on this role or Safran with Jean-François Kortakis .

Any conclusion, any additional thoughts, in a few words?

At the Walloon level, there is also Skywin:

- In terms of its financing, it is half paid by the industries and half paid by the federal government.
- Skywin has two main roles:
    - Setting up Marshall Plan projects
    - Clustering, establishing the Walloon strategy, making the links with other structures of the kind, etc... networking and converging in strategies

It would also be very important to do some lobbying in the US. As far as space and defence are concerned, this only happens in the US... You have to have people who let their ears hang out there...

To take the example of the Netherlands, given by Thierry Duesberg, they are very coherent in their strategy :

- Known for their efforts in thermoplastic and gluing
- At the head of Fokker and all the ecosystem that follows behind
- The Netherlands were part of the development of the F-35 much earlier than Belgium, with consequently much more spin-offs than us.

Interview of Jean-Pierre Chisogne – Expert in aerospace & drones at AWEX

Interview conducted on 12/07/2022

Current role / function?

- I've spent 25 years as a business developer, including 20 years at Amos

- Joined Awex a few years ago, in the innovation direction, in particular dealing with very techno / innovative / scientific startups, in the engineering field
- My background also allows me to better understand the business of companies, serving the sector
- In Awex, I'm an Expert in aerospace, drones, & defence (aero)

Can you describe Awex in a few words? Its function, its role with companies like Sonaca?

In a general way:
- Export assistance for Walloon companies
- Promotion of these companies
- Capture foreign investors

In particular, for a company like Sonaca:
- The export aid remains the most important component, under three main headings:
  - Financial incentives: Walloon companies have financial incentives at their disposal within the Awex... These incentives are also presented by the regional center (of Charleroi for Sonaca). For the moment, contact has been made with Linsay Dyas but the file is on hold;
  - Collective platforms: We can mention in particular the exhibitions, etc.. Like Le Bourget, or Farnborough. AWEX provides financial support to companies in this context, as the costs are relatively high;
  - Missions abroad: Whether they are sectorial, multisectorial, technological or other. Awex then targets a geographic location (such as Seattle for the aero sector.), and Awex travels there with the companies, to establish contacts, etc. This can be done:
    - Either via a collective mission involving then several industrialists of a sector;
    - Or via a one-one mission (e.g. Sonaca wants to meet X, Awex can help establish contacts, etc.)
  - AWEX can also help with foreign investments:
    E.g. A key supplier we would like to bring in for Sonaca, etc.
  - Awex has the contacts to find the relevant investors

Concretely, to date with Sonaca: Initial contacts have been made with Thibaut Carrier (CSO).

But I know a lot of people, with my previous experiences... For example:

- ... Bernard Delvaux (who was also administrator at Amos) (nota: former CEO)
- ... Michel Milecan

Does AWEX play a role, even distant, in the PAs? Legislative watch, representation of interests, ... ?

- Awex is in contact with all operators (at federal and/or walloon levels), whether they are economic, political, industrial, etc... The agency can therefore be used as a support to establish a network or to make contacts (matchmaker). AWEX sometimes even develops funds to work on particular projects (e.g. this was done recently in the context of a collaboration between an industry and a university in the US).
- Awex has a European cell... > Monitoring, lobbying, and redispatching to companies.
- (note not present in the EU Transparency Register)
- At the political level, Awex has a place on the review committee for foreign export licenses, at WALLON (not Belgian) level. E.g. military exports, etc.
- Awex is the Belgian (Walloon) foreign trade organization par excellence
  - Present in discussion and work groups on all related subjects, from near or far. Ex. Internationalization of AS3
  - In connection with the poles of competitiveness, we help them for their internationalization

Can you tell me something about PAs in Belgium? What is your perception of it ?

- For the industrial sector, I think that the big players are much more concerned than the small / very small players. It is very difficult for a small SME or a start-up to find the necessary resources to do AP.
- Community "quarrels":
  - At the Walloon level, there are Poles of competitiveness, which do not exist in Flanders (Flanders does not recognize them)
  - Federal / regional > Problems with the general distribution key "desired" by the Flemish (60/40), which is not in line with the reality on the ground for the aerospace sector > Wallonia much more expert in aerospace than Flanders
- No space agency in Belgium (federal matter), the research credits which fall, it is Belgium which distributes these aids, through the ESA... One must demonstrate that the

Belgian techno involved will be useful to ESA... > Complexity, especially for the small ones

Regional / Belgian federal complexity... the subject is complex. There are now multiple organizations, agencies, at regional/federal level.

- At the regional level:
  - Space:
    - Wallonia > ESPACE
    - Flanders > VRI
  - Aero
    - EWA Walloon aerospace companies ... don't Sonaca pay a COTISAITON !
    - FLAG Flemish aerospace companies (Absorbed by Agoria > Agoria FLAG)
- At federal level:
  - Agoria remains a major player at federal level...but very "Flemish"
  - BSDI, active player in defence . Manages the federal issues (and therefore the interest of the Walloons on the matter). Even if the BSDI remains strongly "piloted" by AGORIA. At the Walloon level, there is no real structure, even if there is a working group "defence" within Skywin
  -

We can also mention the Walloon Competitiveness Cluster (SKYWIN), whose initial goal was to be the organization that would apply for Marshal Plan projects + internationalization missions. Maybe Skywin has emptied the EWA of its substance, the central interlocutor having become the pole of competitiveness...

At the federal level, Agoria has absorbed the FLAG... but not the EWA. Giving a Flemish overrepresentation in this sector within Agoria. For the Walloon companies, we wondered about the relevance for EWA to join Agoria, while Agoria is... "Maybe the Walloon interests are not sufficiently represented.

How do you see the APs for an industrial company like Sonaca?

There is certainly something to play at the regional level. For the small ones, it is complicated to play... at the local level, with the Belgian agencies, ... (question of resources, ...). But in the same way I think that for the big ones, it is complicated to play at the higher scale, at the European / global level. It's all about the playing field.

Especially since Sonaca, at the European level, is still a small player. But for all that, possibilities exist, we must try to get something out of them.

PAs remain time-consuming matters, and it is quantitatively difficult to measure their impact. It is still complicated to convince people to spend money on it

Now, this is naturally done at the level of a company's customers/contacts... so why not at the European level. It is just very difficult to measure the action.

We can understand the "it's useless"... but personally, I don't totally agree with it.

Other ?

I am personally quite worried about the Aero sector, especially after the Covid.

For example, the AWEX grant does not change, but the actions abroad (trade shows and others), are more and more expensive. AWEX will therefore have to reduce its budget (€€ spent) in all areas, including the aerospace sector. However, the aeronautical industrial players have closed in on themselves during the crisis of the covid, they have participated a little less in the AWEX actions in this period of crisis, making the sector take a back seat. The backlash is that it will probably be even more difficult to defend their cause in obtaining credits.

Here is an Illustration:

- There was a big concern in early 2022, as decision AWEX / SKYWIN / ... to not participate in the Farnborough show and favor the Berlin show more.
- (Btw - Agoria came to get the person responsible for the internationalization of SKywin, and with his address book)... a little bit cavalier approach)
- Agoria decided to take over / represent the sector at Farnborough... Now, where AWEX used to take care of a large part of the costs of the shows, now that AWEX is not involved, the companies represented have to pay for it alone. When AGORIA took the initiative to maintain the Belgian presence at this fair, because of the will of the Flemish industrialists to attend, it did not warn the companies of the financial consequences.

- In general, companies should be favored and supported as much as possible. The interest of the companies is what counts.

With the very fragmented Belgian landscape, we have a dilution of effort... the industrialists have a complicated landscape in which they do not necessarily find themselves, with too many players, etc. This does not help the visibility at the international level

Interview of Pedro Romero – General Manager space business unit

Interview conducted on 02/08/2022

Role / function currently held?

- General Manager space business unit
- Reresponsible for the space activity in Sonaca
- Interface with institutions: Belspo, etc. interface with ESA or DEFIS

From previous MBA discussions (Competitive Advantage, etc.), the prevailing feeling was one of Sonaca's inevitability with the "higher" authorities. Sonaca, in the end, has little leverage in government decisions that are made above it. In your opinion, what is the situation?

- Sonaca has a particularity, in the sense that it is the biggest aeronautical player in Belgium, but at the European space level we remain a small player.
- And for space in particular, and we'll talk about this later, we depend a lot on BELSPO, which is very conservative in its approach. Whatever our will or the projects we bring, we always receive the same 2-3% of BELSPO funding

What relationships does Sonaca currently have at the national or supranational level?

- At the supranational level:
  - I have quite a few connections with "DEFIS." The contacts are good, positive and open.
  - I also have a link with ESA
- At the national level
  - I have links with Belspo (cfr. The following)
  - Minister's offices, adminis

- At the Belgian association level:
  - At the federal level:
    - Belgospace
  - At the regional level:
    - We are in connection with Wallonieespace. The main problem, comes from the fact that the president is judge and party! In practice, when Wallonieespace is in contact with other organizations (the Flemish counterpart, Belspo, ...), the president is both president of the association and of his own industrial company > He is a bit judge and party!

From a general point of view, these associations (at least in Belgium), "only" offer meetings between managers of different industries. This allows them to exchange ideas, to see how to present documents to the federal government/... But not much more, and in any case, they have a negligible weight at European level.

More specifically, what about the space domain? How are BELSPO-ESA relations structured?

- Space in particular is a subject intimately linked with Public Affairs because about 90% of space projects are financed by public authorities (regional, federal or European). The subjects are thus intimately linked, with a strong importance of public authorities and their decisions
- In summary, it is important to get along with the decision makers:
  - On our side we have to keep up to date with the needs, the topics that are going to happen, etc.
  - The decision makers need to be aware of what the industries (us) can bring to them. They need to understand what we can do, where the topics fit in our technology roadmap, etc.

- At the organism level, there are different layers and different mechanisms, depending on where you are
- The European Space Agency (ESA)
  - Is the best known European organization in the space field, created in 1975 and Belgium is one of the founding countries.
  - The ESA is known as a "closed club". It is not subject to the general rule of free competition of the EU

- The particularity of the ESA is that it is sometimes confused with other steps brought by the EU, like the commission... but, as an independent body, it does not have the same members
- Ex. The ESA has among its members Great Britain or Canada! There are most of the 27 countries of the EU but not all of them…
- It is an intergovernmental agency where each country invests a given amount. In general, for 100€ invested by a country, there is a guaranteed return of about 90€ that goes to the country's industry... It's a kind of return per country, like an Offset
- This principle of return is made to incite the adhering countries to contribute more (they know they will have a strong return). The remaining qs % that do not return to the different countries are used to cover the general costs of ESA
- Within ESA, some countries have a stronger weight (like France, Germany, Great Britain, ...). Belgium is a small of the big... or a big of the small.
- At the level of Belgian investments, about 250m€ are injected in the ESA
- Of this 250m€, a significant amount will be redistributed in Belgian industries, depending on ongoing projects, alliances, etc.

o The European Commission... which itself supports two types of initiatives:
- The financing of large European projects in the space field. Ex. Gallileo or Copernicus (earth observation satellites). Very linked "climate change"
  - The budget then comes mainly from the Commission and it is helped by ESA to pilot the project, the realization of the specifications
  - What about the geographical return? The Commission gives the overall budget...
    - X% of the budget comes from the Commission
    - X% of the budget comes from a financial contribution to the ESA, and therefore indirectly from the member countries (cfr. ESA). By domino effect, via this ESA contribution, the geographical distribution mechanism is set in motion. And if the large countries are practically certain to have a significant return, for the smaller countries, it is more uncertain.
  - (+) there is competition between industrialists in terms of their offer (nothing is totally guaranteed)

- Projects are most often awarded to large groups... who then redistribute the packages that make up these projects to their subsidiaries in smaller countries
- For medium-sized companies, it is more complicated to catch these contracts, it goes either to the big groups, or to the very small ones.
- Some rules exist to avoid this phenomenon (quotas for medium and small companies)... except that if the state has a stake in the company, as is the case with Sonaca, it is more considered a medium or small company)
- We also frequently see arrangements between large groups
- Do not guarantee returns, but when there is a complement by direct member countries, part of the returns are made on geographical criteria.
  - R&D funding, such as with the Horizon Europe project (and its space component), etc.
    - For these financings, normally the mechanics are simpler... But there are many subtleties.
    - In these projects, the less mature the technology is (close to fundamental R&D), the stronger the financing is... (because there is less incentive for a private company to invest, as it sees little return and more risk)
    - Is it enough to respond to calls for tenders?
      - It is not so simple, especially because of the administrative burden required to respond to EU tenders
      - Small projects, those with low amounts (<400.000€), are clearly oriented for SMEs. Answering an EU tender requires a lot of energy and the low amounts at stake for these small projects will not encourage a big company to put its energy in answering a tender, especially since there is not much chance to be successful
      - There are no projects of intermediate amounts
      - Large projects (60m€), like the recoverable launcher. These are too ambitious projects for a medium-sized company like Sonaca, in any case alone. These projects are clearly more for large groups like ArianeGroupe. De facto these projects are therefore interesting for a much smaller number of players (of which Sonaca is not one). Typically, once acquired by a large group, the

project is then cut up and dispersed among its industrial teams and main partners.

- Finally, this mode of operation benefits a lot to Franco-German companies...
- Internationally, we should insist more on intermediate size projects... much more suitable for Sonaca. These will be too big for the small players and too small for the large groups that will not be interested.
- This mode of operation does not guarantee returns, but the competition is fairer... as long as the size of the contracts is cut so that there can be real competition...

o At the Belgian Federal level : BELSPO

▪ Belspo is the federal entity that decides how the € invested in ESA are distributed by program. Everything is decided every 3 years (with the next deadline at the end of 2022), with the distribution of budgets according to Belgium's industrial interests (e.g. launchers, are we interested? The instruments in a satellite, are we interested?).

▪ It is BELSPO that decides which ESA activities/programs to position itself towards. The whole point, for Sonaca, is to be aware of the new ESA flagship projects to plead its case to BELSPO.

▪ BELSPO is not particularly pro-Flemish... (less than AGORIA), but the political orders push BELSPO to apply a key of redistribution of the projects in returns of the ESA to the extent 60% for flanders and 40% for Wallonia... which is not the reflection of the Belgian reality. A lot of lobbying from the Flemish industrial associations in this sense as well as from politicians

▪ In the acquisition of programs, we must also be careful with the interference of other European industrialists and many other factors. ESA will look at / shortlist some proposals from large industrial groups like Airbus, etc.. Sonaca then contacts the industrial group to obtain the Work Package that interests it

▪ Example 1: Mission "Ariel" for a kind of telescope. Sonaca talks with Airbus, the proposal is made to Airbus and Sonaca is clearly in the race, competent and competitive... But, in the end, Sonaca did not get the contract, because Switzerland also had a proposal, but by one company. If this Swiss company was not selected, ESA would not have reached its quota of returns for Switzerland, which is not good
>> We did not get this contract although everything was green.

▪ Example 2: Space station around the moon... Sonaca shows interest to Belspo for a WP of 4m€. Belspo is ok... But finally, BELSPO chose to spend the 30m€ for a Flemish

company on another work package on another subject. With this other investment in Flanders, there was not enough budget for the 4m€ for the project carried by Sonaca

>> So, in the end, the mechanism is complicated. And the choices are driven by multiple criteria:

- Geographical criteria + the community component, with a typically Belgian North/South distribution key, based on the usual 60-40 key... Whereas the reality of the space industry is more like 20-80... In my opinion, this creates jobs artificially in Flanders in the space sector while disadvantaging Wallonia

  >> Walloon companies even open offices in Flanders...

- Technical criteria and skills become almost secondary. To be the best technically, does not mean that one will have the contract

- At the Belgian regional level

  o The region has sometimes discretionary funds for space but it is not systematic / structural. Most often the funds go through Belspo / ESA

  o And on the other hand, the regional funds go most often to "Aerospace Lab", the Walloon unicorn.

With your space hat on, what is your perception of the EU? An influential actor? Not influential / neutral? What impact does it have on our business?

- In my opinion, the EU is a very important player... key!

- This is particularly true in the space sector where the majority of funds come from the EU. And the current situation also plays a role, as shown by the Ukrainian case and the will of the EU to reaffirm its sovereignty in this field

- In short, I think it is in the interest of Sonaca to follow...

In the same idea, what relations does Sonaca have with trade associations, independent expert committees, etc.? What level of participation? What interests? What brought Sonaca into these relationships? Is it useful?

- I had the opportunity to participate in the expert groups of the European Defence Agency... which dealt with space topics. (It is a satellite agency of the commission)

- I also know that Hugues Langer used to participate in the ASD, but now Nicolas Van Hille has taken over.

Has Sonaca considered seeking a more active participation (not to say lobbying), at national or European level? Has any thought been given to creating a dedicated "Public Affairs" role? Yes/No, why?

- There is a serious lack of means for these tasks... (for example in comparison with Sabca). I would say that we don't really have the means for our policy. The board of directors has stated its intention to double the turnover... but without practically any investments, it will be, I think, complicated.

- The acquisition of LMI may have been a turning point for the non-airline sectors...and in a negative sense.

- We have big goals, but we are not really aware of the chasm that separates us from achieving them. We are very far from it. In my opinion, if we invest ourselves, we have to invest ourselves 100% and not rely on luck or that the business develops itself.

What is the perceived interest in this type of activity (PA)? What results do you think can be expected? What is the perceived interest in APs?

- The creation of the position would be beneficial for Sonaca. One example is Thierry (Duesberg) who spends a lot of energy and has an impressive network, especially in the military and R&D

- If Thierry was director of institutional relations, it would be great.

- or have someone to help Thierry!

- For the space, it would be very good too

- Synthesis or press release, interesting, but it would need a little more than that...

Interview of Yves Delatte – CEO of Sonaca

Interview conducted on 04/08/2022

Role / function currently held?

CEO of Sonaca Group

From previous MBA discussions (Competitive Advantage, etc.), the dominant feeling was a certain fatality of Sonaca with the "higher" authorities. Sonaca, in the end, has little leverage in national or even supranational decisions that are made above it. What is your opinion?

- Overall I am opposed to this statement. My job is, in part, to influence political stakeholders, so that we end up with opportunities in line with our strategy... or lift constraints that are in front of us.

- I'm not surprised that executives feel powerless in front of the administration or the politicians because they don't have the levers to influence them

- I have a contrary example: the COVID unemployment, I think I had some influence on the extension of the COVID unemployment and the form of residual unemployment that we have today. In this file, I had several contacts with several ministers (confidential), as well as with the heads of cabinet.

- Another example: The Minister of Defence launched a development and research project on the subject of defence technologies. However, we were not at all identified as a defence-oriented company and de facto excluded from the discussions. I then made a lot of contacts to reposition us on the subject, so that we are now seen as one of the top 5 Belgian industrialists in the military, and with access to the minister, the support of the defence staff and his cabinet as well as the military

- And I would even say the opposite: we have a public shareholding and a strong public image of the company, we have more weight on the national and regional authorities in any case (not the EU), than most companies...

  ... but I understand that people don't realize this because it's one of the aspects of my job

What relationships does Sonaca currently have at the national or supranational level?

... with the institutions?

Mainly

- o Minister (the first, his chief of staff, influential ministers, their cabinets, ...)
- o Party presidents, 1x a year

>> They are totally accessible, I have their phone number

I benefit from the continuity with what was already done before, from the time of our former CEO, I benefited from Bernard's aura which was very established on the Belgian scene. When

I took over, I was also very careful to fill in the suit immediately, by participating in conferences, colloquia, meetings with the ministers, by establishing a press strategy, ...

Et the EU level, I can contact the board (Michel), who is "activable". Breton should be accessible… No need to activate yet.

... other ? Consulting firm, Public Relations, ... ?

We use a communication firm. These are the press officers around Di Rupo. They are experts in comm around the political world. They have an address book, they know the ministers, the heads of cab and the teams around, as well as the journalists

With your CEO hat on, what is your perception of the EU? An influential actor? Not influential / neutral? What impact does it have on our business?

My perception is currently mixed...

- Yes, I think that there are biases, especially in the military files. The rules are respected with variable geometry depending on the states and Belgium is much more respectful of the rules than many countries. Let's say that other countries are either more creative and find more important returns or cross the red line. In short, the rules are respected in a differentiated way from country to country
- More broadly, my role is to understand these regulations and how to navigate intelligently, while respecting the regulations.
- But the EU is also full of opportunities, as shown by the contract we just won based on the European Defence Fund
- We must not forget that the funds of the Walloon region also come from Europe and we must not forget the power of the ESA, the financing of research, the single market, it is mainly positive
- There is a complexity in the regulation, to be well understood and well navigated

In the same idea, what relations does Sonaca have with trade associations, independent expert committees, etc.? What level of participation? What interests? What brought Sonaca into these relationships? Is it useful?

- I think they are under-used... especially in areas where we want to grow.

- Concretely, I have revitalized our presence in the Belgian advocacy associations (via Thierry) and we are in discussion with other Walloon actors to create a Walloon association...

- I think that getting involved makes sense, especially if you can have more or less control over it

- >> You have to get involved but choose your battles and choose your federations where you can be in charge, at least on the agenda. Until now, we have been working in scattered order...

- I think that at the Belgian level, the actors compete more than they collaborate... if we align ourselves, we will have better results.

In your opinion, should Sonaca move towards strengthening its Public Affairs? What results do you think can be expected from this?

- I think that when we develop on defence, it will become mandatory.

- People don't see and measure the efforts we already make, but until now, I'm the one who puts on the APs hat
  - With Thierry (Duesberg) for the defence...
  - With Nicolas (Van Hille) for the R&I...

  >>> This may explain why it is not a priority.

- I have a clear AP agenda, and I know 3-4 months in advance who my contacts are and what meetings/recontests I will hold, with whom, and with what objective.

- So I think the idea that teams have about steps is truncated...

- As far as community watch is concerned, it is currently dispatched in the different directorates... and I think it should stay that way.

- Given our means, I think that currently we do not have the critical size to afford an AP office. However, having an AP advisor to get the word out about Sonaca and to carry our message everywhere is going to be essential.

- People's image is truncated compared to the average company...

- We are a little bit in the middle of the road, we manage a little bit on an ad hoc basis and we don't have the critical size to afford it yet...

B. Institutional bodies of the EU

Directorate General

AGRI	Agriculture and Rural Development
BUDG	Budget
CLIMA	Climate Action
COMM	Communication
CONNECT	Communications Networks, Content and Technology
COMP	Competition
DEFIS	Defence Industry and Space
ECFIN	Economic and Financial Affairs
EAC	Education, Youth, Sport and Culture
EMPL	Employment, Social Affairs and Inclusion
ENER	Energy
ENV	Environment
ECHO	European Civil Protection and Humanitarian Aid Operations
NEAR	European Neighbourhood and Enlargement Negotiations
EUROSTAT	Eurostat - European statistics
FISMA	Financial Stability, Financial Services and Capital Markets Union
SANTE	Health and Food Safety
HERA	Health Emergency Preparedness and Response Authority
HR	Human Resources and Security
DIGIT	Informatics
GROW	Internal Market, Industry, Entrepreneurship and SMEs
INTPA	International Partnerships

SCIC	Interpretation
JRC	Joint Research Centre
JUST	Justice and Consumers
MARE	Maritime Affairs and Fisheries
HOME	Migration and Home Affairs
MOVE	Mobility and Transport
REGIO	Regional and Urban Policy
RTD	Research and Innovation
REFORM	Structural Reform Support
TAXUD	Taxation and Customs Union
TRADE	Trade
DGT	Translation

Service Department

PMO	Administration and Payment of Individual Entitlements
DPO	Data Protection Officer
OLAF	European Anti-Fraud Office
	European Commission Library
EPSO	European Personnel Selection Office
EUSA	European School of Administration
FPI	Foreign Policy Instruments
	Historical Archives Service
OIB	Infrastructure and Logistics in Brussels
OIL	Infrastructure and Logistics in Luxembourg
IDEA	Inspire, Debate, Engage and Accelerate Action

IAS	Internal Audit Service
SJ	Legal Service
OP	Publications Office
RECOVER	Recovery and Resilience Task Force
SG	Secretariat-General

Executive agencies

CINEA	European Climate, Infrastructure and Environment Executive Agency
EACEA	European Education and Culture Executive Agency
HADEA	European Health and Digital Executive Agency
EISMEA	European Innovation Council and Small and Medium-sized Enterprises Executive Agency
ERCEA	European Research Council Executive Agency
REA	European Research Executive Agency

Commission type of documents

Green Paper

Green papers are documents published by the European Commission to stimulate discussion on given topics at EU level. They invite the relevant parties (bodies or individuals) to participate in a consultation process and debate on the basis of the proposals they put forward. Green papers may give rise to legislative developments that are then outlined in white papers (Eur-Lex Glossary; 2022);

White papers

European Commission White Papers are documents containing proposals for European Union (EU) action in a specific area. In some cases, they follow on from a Green Paper published to launch a consultation process at EU level. The purpose of a White Paper is to launch a debate with the public, stakeholders, the European Parliament and the Council in order to arrive at a political consensus (Eur-Lex Glossary; 2022);

Committees

General Affairs	COREPER II
Foreign Affairs	
Economic and Financial Affairs	
Justice and Home Affairs	
Employment, social policy, health and consumers	COREPER I
Competitiveness	
Transport, telecommunications and energy	
Agriculture and fisheries	
Environment	
Education, youth, culture and sport	

C. Non insitutional stakeholders

The Aerospace and Defence Industries Association of Europe (ASD) trade association

ASD – Organisation

General Assembly
- 20 major European companies
- 21 National Associations

Strategy Policies

Board
- ASD President Alessandro Profumo (CEO of Leonardo)
- 19 CEOs of Companies
- 10 Heads of National Members

General Mgt Secretariat

Elects
Approves budget
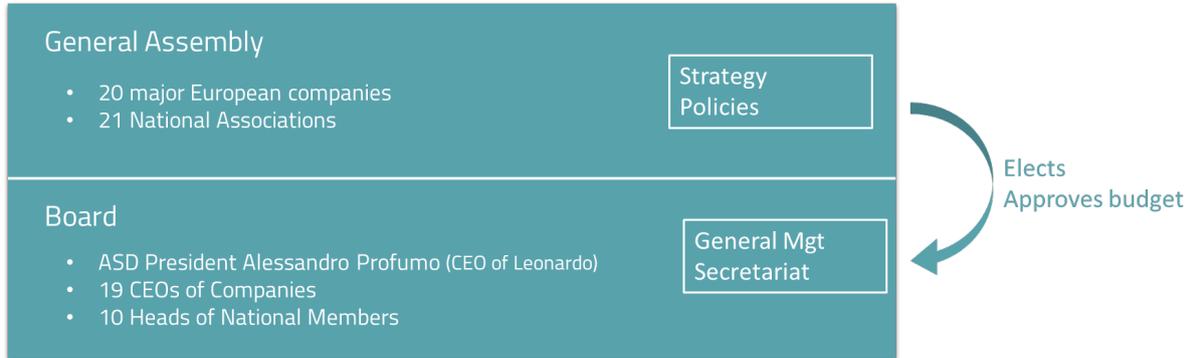
ASD – Direct company members

AIRBUS BAE SYSTEMS DASSAULT AVIATION DIEHL FINCANTIERI GKN AEROSPACE HENSOLDT

indra KONGSBERG LEONARDO LIEBHERR MBDA MISSILE SYSTEMS NAVAL GROUP Navantia

Patria RHEINMETALL Rolls-Royce SAAB SAFRAN THALES

ASD – National associations

Austrian Aeronautics Industries Group	Federation of German Security & Defence Industrie e.V	Austrian Defence Industry Association
Conseil des industries de défense françaises	Advancing UK Aerospace, Defence & Security Industries	Danish Defence and Security Association
AED Cluster Portugal	Norwegian Defence and Security Industries Association	Association of Finnish Defence and Aerospace Industries
French Aerospace Industries Association	Agoria	Hellenic Aerospace Industry
Italian Industries Federation for Aerospace, Defence and Security	Netherlands Defence Manufacturers Association	Association of Aviation Manufacturers of the Czech Republic
Turkish Defence Industry Manufacturers Association	Defence and Security Industry Association of the Czech Republic	Swedish Security and Defence Industry
Association of Polish Aviation Industry	Spanish Association for Defence, Security and Space Technology Companies	German Aerospace Industries Association

Advisory Council for Aviation Research and Innovation in Europe (ACARE)

ACARE institutional members

European Commission directorates-general for Climate Action; Defence Industry and Space; Energy; Employment, Social Affairs and Inclusion; Internal Market, Industry, Entrepreneurship and SMEs; Mobility and Transport; Research and Innovation.

ACARE non-institutional members

European representation of business, presence in the European Transparency Register

OEMs, Tier 1 & Tier 2 suppliers EU Suppliers

Company	Country	EU Transparency Register
Aciturri Aeronáutica	Spain	No
Aernnova	Spain	Yes
Aeromet International Ltd	UK	No
SC Aerostar SA	Romania	No
Aircraft Philipp Group	Germany	No
Airtificial	Spain	No
Alestis Aerospace	Spain	No
Alp Aviation	Turkey	No
ASCO Industries	Belgium	No
ATR Group	Italy	Yes
Avioane Craiova	Romania	No
Belairbus	Belgium	No
Brookhouse Aerospace	UK	No
Constellium	France	No
Corse Composites Aeronautiques	France	No
Design Manufacturing SpA (Dema)	Italy	No
Dynamic Aerospace Fabrications Ltd	UK	No
FACC	Austria	No
Figeac Aero	France	No
Gardner Group	UK	No
GKN Aerospace	UK	No
Hellenic Aerospace Industry	Grece	No
Hyde Group	UK	No
KONGSBERG	Norway	No
Latecoere	France	No
LAUAK Group	France	No
LISI Aerospace	France	No
Marshall Aerospace and Defence	UK	No
Mecachrome	France	No
Meggitt	UK	No

MT Aerospace	Germany	No
Norsk Titanium	Norway	No
Novae Aerospace	France	No
OGMA	Portugal	No
Oma Foligno	Italy	No
Patria Aerostructures	Finland	Yes
PFW Aerospace AG	Germany	No
Potez	France	No
Premium AEROTEC	Germany	No
Romaero	Romania	No
RUAG Aerospace and Space	Switzerland	No
SABCA	Belgium	Yes
Safran	France	Yes
Salver S.p.A.	Italy	No
Senior Aerospace	UK	No
Sicamb	Italy	No
Sonaca	Belgium	No
Saint Gobain	France	Yes
Sofitec	Spain	No
Sogeclair	France	No
STELIA Aerospace	France	No
Terma A/S	Denmark	Yes
UMI Aero Group	Spain	No

North American suppliers Tier 1 & Tier 2

Company	Country	EU Transparency Register
Accurus Aerospace	USA	No
ACT Aerospace	USA	No
Aeromatrix Composites	USA	No
Aero Structures Long Island	USA	No
AIT Aerospace Components and Services Division	USA	No
Albany Engineered Composites	USA	No
Applied Composites	USA	No
Arconic Corporation	USA	No
Arnprior Aerospace	Canada	No
Astronics PECO	USA	No
Atlas Group	USA	No
Aurora Flight Sciences	USA	No
Avcorp	USA	No
Aviation Partners Inc	USA	No
Avior Integrated Products	USA	No
Barnes Aerospace	USA	No
Bombardier Aerostructures and Engineering Services	Canada	No
Cadence Aerospace	USA	No
Capps Manufacturing	USA	No
Collins Aerospace Systems	USA	No

CPI Aero	USA	No
Crestview Aerospace	USA	No
Cyclone Manufacturing Inc	USA	No
Delastek	USA	No
Ducommun	USA	No
H.M. Dunn AeroSystems	USA	No
General Dynamics	USA	No
Harlow Aerostructures	USA	No
Hartwell Corporation	USA	No
Hexcel	USA	No
Hill AeroSystems Inc	USA	No
Howmet Aerospace	USA	No
Impresa Aerospace	USA	No
Janicki Industries	USA	No
Kaman	USA	No
LAI International	USA	No
Magellan Aerospace	Canada	No
Marvin Engineering Corporation	USA	No
McStarlite	USA	No
Metalcraft Technologies (MTI)	USA	No
Middle River Aerostructure Systems	USA	No
NORDAM	USA	No
Orizon Aerostructures	USA	No
Park Aerospace	USA	No
PCC Aerostructures	USA	No
PCX Aerostructures	USA	No
PPG Aerospace	USA	YES
Primus Aerospace	USA	No
PRYER Aerospace	USA	No
Qarbon Aerospace	USA	No
Radius Aerospace	USA	No
Sekisui Aerospace	USA	No
Spirit AeroSystems	USA	No
STADCO	USA	No
Standex Engineering Technologies Group	USA	No
TECT Aerospace	USA	No
Teledyne Technologies	UK	No
TIGHITCO	USA	No
Triumph	USA	YES
Unitech Aerospace	USA	No
Van Horn Aviation	USA	No
Vertex Aerospace	USA	No

Asian suppliers Tier 1 & Tier 2

Company	Country	EU Transparency Register
Aequs	India	No

Aerospace Composites Malaysia	Malaysia	No
ASTK	Korea	No
AVIC Composite	China	No
Boeing Tianjin Composites	China	No
CASIC Aerospace Haiying (Zhenjiang) Special Materials	China	No
Composites Technology Research Malaysia (CTRM)	Malaysia	No
DACC Aerospace	Korea	No
Daeshin Aerospace	Korea	No
Dynamatic-Oldland Aerospace	India	No
Ferra Engineering	Australia	No
Future Aerospace Industry	China	No
Guanglian Aviation Industry	China	No
Hampson Industries Private Ltd	India	No
Harbin Hafei Airbus Composite Manufacturing Centre (HMC)	China	No
Hize Aero	Korea	No
Japan Aircraft Development Corporation	Japan	No
JAMCO	Japan	No
Kencoa	Korea	No
Korean Air – Aerospace Business Division (KAL-ASD)	Korea	No
KP Aero Industries Co., Ltd.	Korea	No
Mahindra Aerospace	India	No
Marand Precision Engineering	Australia	No
Mirae Aerosystems	Korea	No
Nikkiso	Japan	No
Quickstep	Australia	No
Sacheon Aerospace Manufacturing Ind. Co., Ltd. (SAMCO)	Korea	No
Sam Heung Precision	Korea	No
Samwoo Metal Industries	Korea	No
SME Aerospace	Malaysia	No
Soosung Airframe	Korea	No
S&K Aerospace	Korea	No
Taneja Aerospace and Aviation Ltd. (TAAL)	India	No
Tata Advanced Systems (TASL)	India	No

D. Sources of information

Here are some links that can be used for day-to-day legislative monitoring of the EU

The European Commission

- Home page of the Commission

  https://ec.europa.eu/info/index_en

- Press Corner of the Commission

  https://ec.europa.eu/commission/presscorner/home/en

- Commission DG DEFIS

  https://defence-industry-space.ec.europa.eu/news-0_en

- Twitter DG DEFIS

  https://twitter.com/defis_eu

- Commission DG GROW

  https://ec.europa.eu/info/departments/internal-market-industry-entrepreneurship-and-smes_fr

- Twitter DG GROW

  https://twitter.com/EU_Growth

- Commission DG MOVE

  https://transport.ec.europa.eu/index_en

- Twitter DG MOVE

  https://twitter.com/Transport_EU

- Commission, Expert Groups

  https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups?lang=en

The European Parliament

- European Parliament

  https://www.europarl.europa.eu/news/en

- Press Corner of the European Parliament

  Press room | News | European Parliament (europa.eu)

- The agenda of the European Parliament

  Agendas | Plenary | European Parliament (europa.eu)

- Commitees of the European Parliament : Agenda, documents, minutes, etc

Home | Committees | European Parliament (europa.eu)

The European Council

- Home page of the council

  Home - Consilium (europa.eu)

- Press Release of the council

  Press releases and statements - Consilium (europa.eu)

Other EU institutions and agencies

- The European Economic and Social Committee – home page

  European Economic and Social Committee | (europa.eu)

- The European Economic and Social Committee – newsfeed

  News | European Economic and Social Committee (europa.eu)

- The European Economic and Social Committee – home page

  Press releases | European Economic and Social Committee (europa.eu)

- The European Economic and Social Committee – Twitter

  https://twitter.com/EU_EESC

- The Publication Office of the European Union

  Home - Publications Office of the EU (europa.eu)

- The European Defence Agency (EDA)

  https://eda.europa.eu/

- The European Union Aviation Safety Agency (EASA)

  https://www.easa.europa.eu/

Other agencies

- The European Space Agency (ESA)

  https://www.esa.int/

Trade Associations

- AeroSpace and Defence Industries Association of Europe (ASD)

  https://asd-europe.org/

- Twitter of ASD Europe

https://twitter.com/asdeurope

- Entreprises Wallones de l'Aeronautique (EWA)

  https://www.ewa.be/

- Flemish Aerospace Group (FLAG)

  http://flag.be/

- Wallonie Espace

  https://www.wallonie-espace.be/

- Vlaamse Ruimtevaart Industrie

  https://vri.vlaanderen/en/home-2/

- Belgian Security and Defence Industry (BSDI)

  https://www.bsdi.be/

- AGORIA

  https://www.agoria.be/

- AGORIA – Aerospace cluster

  https://www.agoria.be/fr/offre/business-clusters/aerospace/introduction

- Agence Wallone à l'exportation et aux investissements étrangers (AWEX)

  https://www.awex.be/

- Hub.brussels

  https://hub.brussels/en/

- Flanders Investment and Trade

  https://welcome.flandersinvestmentandtrade.com/en

- Skywin

  https://www.skywin.be/en#no-back

Other organizations of interest

- POLITICO

  https://www.politico.eu/

- EURACTIV

  EURACTIV.com

- Corporate Europe Observatory

  Home | Corporate Europe Observatory