

European defence: making it work

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with contributions

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Preface

For decades, the question of European defence had the dual and somewhat strange quality of being both a necessary condition for and an obstacle to political deepening of the European Union. It was a condition because only the possession of a minimum of military means would ensure the credibility and effectiveness of any international action by the Union, something that, in French rhetoric, was often epitomised as a demand for a *Europe puissance*. It was an obstacle since political divergences between member states on the Union's very legitimacy in defence matters were structural, permanent and irreconcilable, notwithstanding the skilful diplomatic discourse to which the Maastricht and Amsterdam Treaties today still bear witness.

That obstacle has been overcome. Since the Franco-British summit in St-Malo in December 1998, the United Kingdom, once the country most hostile to the inclusion of military competence in the European Union, has become one of the most ardent defenders of the Common European Security and Defence Policy. This first revolution, which was set in motion by Tony Blair, has made it possible to remove, one by one, the political barriers that prevented the Union from assuming any responsibility for post-Cold War crisis management. The generation of real momentum involving all Fifteen member states is now, as far as European defence is concerned, one of the most tangible and essential achievements of the last eighteen months. The fact that all countries of the Union – whether 'large' or 'small', from the north or the south, members of NATO or not belonging to any military alliance, with a tradition of foreign intervention or not – now subscribe to the political and operational objectives set out at Cologne and Helsinki, no doubt represents a major political breakthrough in the deepening of European integration.

The second revolution is no less remarkable, since it concerns the demand for concrete, quantifiable achievements in the field of operational capabilities. Consensus among the Fifteen on the requirement to create a rapid reaction force at the disposal of the Union, and their commitment to attain the objectives set out in the 'Headline Goal' by 2003, have unquestionably moved the question of European defence out of the realm of rhetoric and into that of practical achievement. However, the priority

given to military means does not render the question of institutional capacities obsolete or redundant, in that the Union must also have an autonomous capacity for real-time decision-making and effective politico-military crisis management. There are thus two works in progress whose broad features the Fifteen will have to complete between now and the European Council in Nice and whose final form will have to be settled by 2003.

No one doubts that the military dimension will *de facto* change the nature of the European Union and its ability to exercise influence outside the Union. A page has been turned, and the Europeans cannot now return to what for forty years was a position of very comfortable irresponsibility. But this qualitative leap in the exercise of power will also call for many, possibly painful, adjustments of inherited cultures, mechanisms and habits. Will countries as different as France and Finland, Germany and Portugal or Italy and Sweden also manage to develop a common strategic culture, a more or less similar appreciation of the world and its challenges, or a common doctrine on intervention and the use of force? As Europe's defence dimension is gradually constructed, will it become evident that a 'European national interest' shared by all is essential? Will the institutions that are available be able to adapt to the objectives of coherence and effectiveness that must in future govern the European Union's external actions? And above all, will member countries be able to gain the support of European citizens to the extent that they will accept, support and finance all the military and industrial restructuring that will be necessary in order to implement the measures announced at Cologne and Helsinki?

These are a few of the questions that lie behind the decision to write this paper. To answer them in as 'European' a way as possible, and thus to make its contribution to the development of a common strategic culture, the Institute brought together, under the leadership of François Heisbourg, who was at the time a senior visiting fellow at the Institute, a group of leading European personalities. These included directors or senior researchers at several European partner institutes: Karl Kaiser, Director of the DGAP, Berlin; Charles Grant, Director of the CER, London; Stefano Silvestri, Vice-President of the IAI, Rome; Alvaro Vasconcelos, Director of the IEEI, Lisbon; Rob de Wijk, Professor at the Royal Military Academy, Breda; Tomas Ries, Senior Researcher at the National Defence College, Helsinki; and Andrzej Karkoszka, Professor at the George C. Marshall Center, Garmisch. Two

research fellows at the Institute, Antonio Missiroli but in particular Maartje Rutten, also contributed largely to this project. On the basis of the dialogue, differing points of view and the group's common conviction that European defence is of vital importance to the future of the Union, François Heisbourg, with his customary skill, created this work. It has benefited greatly from the expertise and support of all members of the group, but the credit and responsibility for it are his alone.

Nicole Gnesotto

Foreword

Before examining the options contained in this paper, a few words of explanation on the various contributions it contains. I assume overall responsibility for the paper: its structure, the reasoning, the options put forward and any sins of omission or commission are attributable to me alone. However, a large part of the expertise contained in this paper, as well as many innovative supporting concepts, are due to the various contributors listed on pages 117-120. Although their individual contributions have been merged into a single text, they represent a considerable added value attributable to the authors mentioned at the beginning of each chapter. Readers may wish to consult the original contributions in their entirety on the Institute's website: www.weu.int/institute/.

François Heisbourg

Chapter One

WHERE WE ARE TODAY

I.1 The problem

In the French publishing world, it is sometimes argued that there are two ‘killer’ words which should not on any account be used in the title of any work that has even modest commercial ambitions: ‘Europe’ (or its variation ‘European’) on the one hand, ‘defence’ on the other. The first conjures up images of death through technocratic boredom, while the second, at least since the end of the Cold War, has had an abstract quality far removed not only from the day-to-day concerns of most citizens (and readers) but also from the concrete horrors of actual war. Using these two words in combination in a title does therefore appear to imply a high level of risk-taking.

Yet there are two good reasons for making such a risky choice. First of all, European defence has, during the last years, and at a furious pace since the end of 1998, become a real topic for decision-making in political, military and institutional terms, rather than a purely virtual enterprise that had been confined to the realms of rhetoric following the still-born European Defence Community Treaty of the early 1950s. The second, less admirable reason, is that the title words, European defence, raise as many if not more questions as they did before they became the object of practical debate. As long as they played an essentially instrumental and rhetorical role, it did not really matter what was meant by ‘European’ and ‘defence’. The different possible meanings of both of these terms are now laden with serious, practical consequences.

What is ‘European’? Does this adjective include initiatives involving all members of the European Union; or are we also talking about other, non-EU, decisions such as those in the defence-industrial area (the Western European Armaments Group or OCCAR¹); and what about ‘enhanced cooperation’ possibly taking the lead in European Defence Policy as some of the EU-members force the pace beyond what others can or wish to accept at a given stage? Conversely, how are the non-EU European countries to be

¹ Organisme Conjoint de Coopération en matière d’Armements.

considered in these processes? And what of the division of labour between that which is specifically ‘European’ – i.e. not including the North American members of NATO – and that which properly belongs to transatlantic defence commitments and cooperation?

Then, what is meant by ‘defence’? Strictly speaking, the fifteen members of the European Union have agreed on some of the ways and means to implement the so-called ‘Petersberg tasks’ (the three types of missions in which the military forces of WEU member countries could be engaged: humanitarian intervention and evacuation operations; peacekeeping; the use of combat forces in crisis management, including peacemaking.²

These tasks include military action, be it forceful (as in peace establishment) or peaceful (as in peacekeeping). But these tasks do not actually cover national defence in the traditional sense of ensuring, using military means, the territorial integrity and the political independence of a state in the face of a military threat, nor do they cover collective defence, whereby several states commit themselves to providing each other with military assistance to cope with an outside threat directed against any one of them.

In other words, the decisions of the last few years, and notably those taken in St-Malo (by Britain and France, on 4 December 1998) or at the European Councils of Cologne (3-4 June 1999) and Helsinki (10-11 December 1999), raise a set of practical questions (how much will it all cost?), while others are of an upstream but no less serious nature (what are the current and future limits of European ambitions in the military realm?). In a sense, the impressive set of decisions taken by the Europeans since the end of 1998 reminds the analyst of that old chestnut: ‘now that you have given me the answer, please remind me of what the question was?’, or rather, in this instance, questions.

Hence the structure of this paper, beginning, in this chapter, with a discussion of where we are, and how and why we arrived at this point, followed by an examination of current elements of strategic convergence and divergence within the EU (Chapter II). The current and potential

² WEU Council of Ministers, 19 June 1992. Incorporated in article 17-2 of Amsterdam (consolidated) Treaty of European Union committing all members states of the European Union (see below).

interaction between the European and the American strategic dimension (Chapter III) and the EU/NATO interface (Chapter IV) are then analysed, with Chapter V focusing on a particularly sensitive aspect of inter-allied relations – intelligence sharing. Downstream of the decisions taken since the St-Malo summit come a number of practical issues, with the fleshing out of the so-called ‘headline goals’ and ‘output criteria’ – on the one hand (Chapter VI), and an analysis of the means necessary to achieve such goals, in the form of ‘input criteria’, including the defence industrial dimension (Chapter VII).

The unifying thread of this *Chaillot Paper* is provided by the military nature of the means required for the fulfilment of the decisions taken by EU members in the framework of the Cologne and Helsinki Councils for the execution of Petersberg tasks. This is not to belittle the contribution of non-military means to crisis management – indeed, very much to the contrary – since the European Union’s successes in the security area have more often than not resulted from the use of ‘soft’ power in both crisis prevention and crisis management. The Baltic area and the Danubian Basin have been considerably more stable since the end of the Cold War than could have been legitimately expected, not as a result of the use or the possibility of the use of military force, but through a combination of other factors.

Simply, as stated in the Amsterdam Treaty, the Petersberg tasks are about the use of the military forces of the fifteen signatory countries. The combination of these means with other tools will inevitably be touched upon in this paper, but these non-military instruments are not its focus. That they could be used more efficiently and more decisively is abundantly clear, as Europe’s post-Kosovo war record in the Balkans shows. But the corresponding reforms – in funding procedures, in institutional coordination, in the organisation of European police capabilities, etc. – are a topic for another paper.

This study will attempt to explore the limits of what, in terms of security, the Europeans might reasonably expect will result from the (real or prospective) use of military capabilities. Those limits are both broader than those corresponding to the unreformed force structures inherited from the Cold War era, and narrower than those which a certain form of wishful thinking would have us believe could be attained. More often than not, as the Kosovo war and its aftermath have yet again demonstrated, military

tools are both necessary and insufficient to achieve long-lasting security and stability. Similarly, the interface between the military arena and Common Foreign and Security Policy, as laid down in the Amsterdam TEU, will be an area of discussion in this paper (notably in Chapter II) – from the point of view of defence.

I.2 Progress accomplished

Before entering into the substance of ‘European defence after Helsinki’, a reminder is in order as to what has been achieved in the EU framework in the military and armaments spheres.

First, we have the treaty language :

- Art. J.4 of the Maastricht Treaty on European Union (TEU): ‘[CFSP] shall include all questions related to the security of the Union, including the eventual framing of a common defence policy, which might, in time, lead to a common defence.’;
- Para. C-5 of the ‘Declaration on Western European Union’ (attached to the Maastricht Treaty), which mentions *inter alia* ‘enhanced cooperation in the field of armaments with the aim of creating a European armaments agency’;
- Art. 17.1 of the Amsterdam Treaty on European Union, which is an update of the Maastricht language: ‘The [CFSP] shall include all questions relating to the security of the Union, including the progressive framing of a common defence policy, in accordance with the second subparagraph [Petersberg], which might lead to a common defence, should the European Council so decide.’;
- Art. 17-2 of the Amsterdam Treaty on European Union relating to the Petersberg tasks: ‘Questions referred to in this Article shall include humanitarian and rescue tasks, peacekeeping tasks and tasks of combat forces in crisis management, including peacemaking.’
- Art. 17-1, para. 2 of the Amsterdam Treaty on European Union (WEU): ‘The Union shall accordingly foster closer institutional relations with the WEU with a view to the possibility of the integration of the WEU into the Union, should the European Council so decide.’;
- Art. 17-1 para. 4 of the Amsterdam Treaty on European Union (armaments): ‘The progressive framing of a common defence policy will

be supported, as Member States consider appropriate, by cooperation between them in the field of armaments.’

Stated as such, the treaty language appears to be exceedingly modest: it refers to no practical goals, no milestones nor calendar, in institutional, military or political terms. And indeed, at the time of their conclusion, both the Maastricht and the Amsterdam Treaties were widely considered as being of peripheral importance in the realm of defence.

However, in the light of subsequent initiatives, the potential of the Treaty language becomes apparent, sometimes spectacularly so. Indeed, the adoption of the Petersberg tasks, the aim of the integration of WEU (a binding military alliance) into the EU, and the objective of European armaments cooperation gave the Amsterdam TEU an enabling nature which its framers may not always have intended.

In the late summer and the autumn of 1998, a set of initiatives was taken which eventually led to the EU becoming directly involved in defence affairs:

- in July 1998, the British Strategic Defence Review paved the way for what became known, in the autumn, as the ‘Blair Initiative’, by stressing the vital role of the European Union’s Common Foreign and Security Policy. Indeed Britain’s decision to take European defence seriously was absolutely crucial to all that followed;
- on 26 August 1998, the suggestion was made by President Jacques Chirac that ‘. . . we shall have to see whether, when the time comes, one must create a European Council of Defence Ministers to affirm our solidarity in this field’;³
- in October 1998, at the EU Summit in Pörschach (Austria), Prime Minister Blair signalled that the Britain would no longer object to military cooperation within the European Union provided it was militarily sound, intergovernmental in nature and not harmful to Atlantic solidarity;
- in November 1998, an informal meeting of defence ministers was convened in Vienna at the initiative of the Austrian EU Presidency. One could argue that this was not strictly speaking the first meeting of this sort: in May 1995, France had taken the initiative of convening an *ad hoc*

³ Speech made at the annual reception for French ambassadors, Paris, 26 August 1998.

gathering of EU defence ministers to discuss the implications of the latest developments in Bosnia, where the Republika Srpska's forces had taken UN peacekeepers hostage. However, the informal meeting in Austria was the first not to be presented as a 'one-off', but rather as a possible first step in the 'Blair Initiative';

- on 4 December 1998, the Franco-British summit in St-Malo broke new ground by emphasizing, *inter alia*:
 - the paramount need to improve force projection capabilities: ('... the capacity for autonomous action, backed up by credible forces') ;
 - the EU's role in defence ('... The Union must have the capacity for autonomous action') ;
 - the link between the improvement of defence capabilities and the EU's role in the world ('in order that Europe can make its voice heard in the world') ;
 - the relevance of NATO ('... contributing to the vitality of a modernised Atlantic Alliance which is the foundation of the collective defence of its members').

The German EU Presidency then transformed what had been a set of national and bilateral initiatives into a formal European Union process, capped by the Cologne Council of June 1999. The heads of state and government decided, *inter alia*, on:

- regular as well as *ad hoc* meetings of the General Affairs Council (GAC), including defence ministers (this became effective in the autumn of 1999);
- a permanent EU Political and Security Committee (PSC);
- an EU Military Committee making recommendations to the PSC, along with an EU Military Staff, including a Situation Centre;
- the transfer of WEU assets to the EU, according to modalities which would be set before the end of 2000 (i.e. during the French Presidency of the EU);
- the designation of Mr Javier Solana as High Representative for Common Foreign and Security Policy, in line with the corresponding decisions of the Amsterdam TEU.

Even before the Cologne Council took place, the new EU role in defence was being factored into the transatlantic framework. At NATO's

Washington summit (24 April 1999), the Alliance heads of state and government applauded ‘the determination of both EU members and other European Allies to make the necessary steps to strengthen their defence capabilities’. This general language was fleshed out by a set of specific decisions related to the EU-NATO interface, which is discussed in Chapter III.

The Helsinki European Council of 11-12 December 1999 took the process further by:

- deciding to establish on an interim basis, with effect from 1 March 2000, the various institutions agreed upon in Cologne (PSC, Military Committee, Military Staff);
- setting a ‘headline goal’ whereby the EU member states would, by 2003, generate forces capable of carrying out the full range of Petersberg tasks, *including the most demanding*,⁴ in operations up to corps level (up to 15 brigades or 50-60 000 persons). ‘These forces should be self-sustaining with the necessary command and control and intelligence capabilities, logistics, and other combat support sources and additionally, as appropriate naval and air elements. The readiness requirement is sixty days, with the force being sustainable for at least one year.’ In other words, the Helsinki meeting marked the turning point from declarations of political intent to the beginnings of implementation in terms of capabilities and their institutional underpinning.

In parallel, it should also be noted that the defence industrial arena has also witnessed significant progress, albeit outside of the pre-existing multilateral institutions. The OCCAR Treaty, signed in September 1998 by Britain, France, Germany and Italy, was undergoing ratification in the parliaments of those countries at the turn of 1999-2000. Major cross-border mergers were taking place in the defence industry (see Chapter VII).

The speed of this process has been breathtaking by the standards of multilateral decision-making: no more than twelve months elapsed between the moment when the general proposition was put forward by Britain and France that the EU should be directly involved in the improvement of

⁴ Emphasis added.

defence capabilities as well as in crisis management, and the setting of concrete force goals and the launching of new, albeit interim, institutions.

Just as remarkable has been the fact that this extension of the EU's sphere of competence in a major new area involved all Fifteen members.

The combination of speed and EU-wide inclusiveness is indeed without precedent since the Common Market came into being in the late 1950s. Initiatives which have embraced all members have tended to involve long and often contentious periods of gestation: witness the lengthy discussions preceding the decision to establish the Single Market. And other moves, whether speedy or slow, have more often than not included only a plurality of EU members, Economic and Monetary Union, or Schengen being cases in point.

The inclusive nature of the new European Defence Policy is naturally a welcome development. It also sets a standard against which future developments will be measured. Thus departures towards enhanced cooperation or a Schengen-type club could become politically onerous, since they would be seen as a step backwards from inclusiveness; conversely attempting to stick to the 'all-members included' standard could limit the scope for new measures. The success of 1999 therefore represents both a motivating factor and a constraint for further progress.

I.3 Reasons for success

It is interesting to reflect on the reasons for the rapid and inclusive results achieved, since they may help to assess the prospects for the European Defence Policy (EDP).⁵

The first and initially decisive reason is linked to Britain's new policy towards the EU in the field of defence. Although the Blair initiative of the summer of 1998 was deliberately launched at the time in an open-ended, indeed vague, fashion, it was extremely precise at heart: capabilities are of

⁵ The abbreviation EDP is used throughout the text as shorthand for the 'official' but more cumbersome Common European Policy on Security and Defence (CEPSD) used in the documents of the December 1999 European Council in Helsinki.

the essence, and they must provide Europe with the ability to act in autonomous fashion; only a deep-rooted, broad-based and weighty institution such as the EU can deliver those goods. This is what St-Malo was about. Without this sea change, nothing much would have happened. The discussions within NATO on the Europeanisation of part of the NATO chain of command would have continued in a half-hearted manner, as a consequence of the failure to reach an agreement between France and its 'integrated' partners in 1996-97.

In other words, a pro-active Britain is absolutely essential to the continuation of the European defence process.

The point may be reached where the new defence institutions take on a life of their own, making the process less beholden to British policy at any given moment. Given its intergovernmental nature, however, this is not going to happen quickly, and certainly not if EDP were resisted by the United Kingdom. In another scenario, the process could be driven by a different combination of states – such as the traditional Franco-German couple, or a hypothetical Franco-German-Italian Triangle or even some other geometrical figure – with the consequence that the United Kingdom's attitude would become less decisive. But there is no prospect of this happening in the short term: Berlin's own difficulties in carrying through defence reform make it highly unlikely that Britain will cease to be at the pivot of EDP.

In other words, Britain's initially decisive role is a lasting one, probably till at least the end of the new decade, if not beyond. The corollary is that British disengagement from EDP would stall the process, and leave it at best with its *acquis*, but dead in the water.

Given the first order importance of the United Kingdom's attitudes, it is in turn useful to enumerate those factors which may shape them:

- the overall positioning of the UK body politic *vis-à-vis* the European integration process will naturally be essential. The range of possibilities remains wide in this regard, from the hypothetical triumph of Euro-scepticism to Britain's no less hypothetical embrace of the full menu of European unification, including the Euro and Schengen. The latter prospect could theoretically limit the current inducement London may

have to press EDP as one of the few areas through which the United Kingdom can be 'at the heart of Europe'; in practice, it is at least as likely that Britain would have an added incentive to pursue EDP since it would maximise its strategic position as a, possibly *the* prime mover in Europe by virtue of its key role in the security arena and London's second-to-none role as a global financial centre. Conversely, a revival of Euro-scepticism would likely lead to inertia in EDP;

- future British policy *vis-à-vis* EDP could also be influenced by a conflict of interest between EDP and the special relationship between London and Washington, for instance in the realm of intelligence broadly defined. Such a contradiction could be the result of the extension of EDP's ambitions and of US reactions to European projects. This delicate issue and potential feedback effects between the United States and the European Union in the field of defence are discussed in Chapters III and V;
- last, but not least, the United Kingdom, like other European countries, will tend to respond to US initiatives which have a bearing on European security but which are taken on the basis of decisions extraneous to European defence and security concerns. One such area involves US decisions in the field on National Missile Defense. Another involves actual or virtual US arbitrage in the allocation of scarce military resources in the event of competing, simultaneous crises in Europe (such as a Kosovo-type war) and outside Europe (such as a major contingency in the Gulf or the Taiwan Strait). Assets which were scarcely sufficient in the Kosovo war such as Offensive Electronic Warfare (OEW), Suppression of Enemy Air Defences (SEAD) or In-Flight Refuelling (IFRF), and their knock-on effect from the standpoint of UK and EU security and defence, would be at the centre of such US choices. Indeed, the likelihood that such decisions will eventually occur is one of the reasons why EDP is necessary. We were simply fortunate that the last major Taiwan crisis (1996) and the Kosovo war (1999) did not occur simultaneously.

The other reason why we have been able to proceed quickly and in a convoy of Fifteen is directly related to the Kosovo war. Defence experts and military practitioners may have known all along that the air campaign would demonstrate Europe's weakness, both in comparison to the overwhelming US contribution and in terms of the rather limited military value produced by the rather large amounts of money EU members spend (some 22 % of the world's military expenditure, but this was not reflected in their performance

in Kosovo). But, the reality check was a new experience for the public at large, as it may well have been to those politicians who had not been focusing on defence affairs in the post-Cold War era. This 'Kosovo effect' was prominent at the Cologne European Council, which took place in the closing days of the air war. It had not worn off by the time the Helsinki Council took place. However, such effects eventually do become weaker. And in this case we may even have something of a counter-effect if it appears that our military success in Kosovo is not followed by a successful peace, or, worse, if it is perceived as having helped trigger further conflict requiring outside intervention, for instance in Montenegro or Macedonia. In any case, the 'Kosovo effect' is one reason for success which should be treated as a wasting asset.

The third reason for success is that EDP is dealt with on an intergovernmental basis: in the absence of any treaty-based instrument requiring the transfer of sovereignty to a supranational body national prerogatives are not seen as being challenged.

This does not mean that pooling or transfer of sovereignty cannot or will not occur, for example as a result of the setting up of integrated commands notably for air transport (the so-called 'Eurolift' proposal discussed in Chapter VI). However, such discussions are still to come, and furthermore they will be alleviated by the fact that the transfer or delegation of sovereignty is something which at least the integrated NATO countries are accustomed to in the transatlantic framework.

Admittedly, those EU members that are not members of the Atlantic Alliance – which will be dubbed here the 'non-allied' countries as a substitute for the hard-to-define term 'neutrality' and the confusing 'non-alignment' – are not accustomed to such transfers of sovereignty. But, as yet, the process is comfortably intergovernmental. Choices could become harder and movement embracing all Fifteen more difficult a few years down the road.

Finally, success has been facilitated because the Petersberg tasks can mean different things to different people. As long as the EU's non-allied states have not been explicitly asked to sign on to articles 5/V of the NATO/WEU Treaties, and insofar as Petersberg has been couched in general terms, progress has been comparatively easy. One of the most likely consequences

of the implementation of the Helsinki headline goals is the need to reduce the 'fudge factor' in the Petersberg tasks. This need not make joint progress of all EU members impossible, so long as all countries are not pledged to participate in each and every contingency to which a Petersberg task potentially corresponds: indeed, no EU member would welcome such a degree of world policing activism. However, specific ambitions and strategic contingencies will need to be discussed in advance, a process which may be awkward for some of the EU-members.

The prospects after Helsinki are thus mixed. The 'Kosovo factor', which led to success, will become less and less operative. The 'UK factor', in the absence of political upheaval in Britain, will remain fully operative, provided negative feedback loops between the United States and the EU are kept under control. The intergovernmental nature of the process and the broad compass of the Petersberg tasks will become trickier to handle as we start to address, as we inevitably must, the questions raised by the answers given in Cologne and Helsinki. A convoy comprising all members may well become slower as it becomes more difficult to organise. A smaller convoy, or set of convoys, may well be speedier, but such a prospect raises additional problems of its own.

Chapter Two

STRATEGIC AMBITIONS AND THE POLITICAL CONTEXT: ISSUES AND ANSWERS

*This chapter draws largely on contributions by Tomas Ries
and Alvaro Vasconcelos*

Over the centuries, Europe has been the cockpit of contending strategies, not the seat of a unified strategic vision, in so far as no single part of Europe has been able to impose its views on the other parts. For the first time since Charlemagne, it has now become possible to at least raise the prospect of a European-wide strategy – and in contradistinction to that imperial, 1,200-year-old precedent, such a vision may flow not from hegemonic ambitions, but from a *sui generis* convergence or melding of interests and ambitions of EU members. However, this unprecedented prospect is still in its gestative phase: we may proclaim the existence of a Common Foreign and Security Policy and set up some of the corresponding institutions, and we may assume with some reason that there are no basic oppositions of vital interest between the constituent parts of the EU. But all of this does not amount, for the time being, to a common strategy or policy, and without something resembling at least a common strategic vision, the long-term prospects for EDP will remain limited. This chapter will assess those factors which currently divide or unite EU members in strategic terms, before setting out their present strategic goals. Measures which could facilitate the convergence of these goals will be examined, particular attention being paid in the final part to the interface between foreign policy and defence policy.

II.1 Uniting factors, dividing lines

At a first basic level of analysis, we have what can be termed ‘basic characteristics’.

Certain physical attributes divide the EU states, the most obvious being size. France, Germany, Italy and the United Kingdom are all big, in terms of population (all having more than 50 million inhabitants) and territory, but most importantly in terms of economic weight. This has tended to give them

a global world view, global interests and global assets. However, the smaller members, including those which have no 'imperial tradition', are being forced to take a no less global perspective as a result of the forces of globalisation.

Historical legacy also plays a role. Due to their past as global 'movers and shakers', certain states are conceptually used to thinking on a grand scale, both politically and geographically. Indeed, those European states which have had no imperial past whatsoever during the last five centuries are the exception rather than the norm (Finland, Greece, Ireland, Luxembourg).

Differences due to military and political status are notable. France and the United Kingdom stand out, both possessing nuclear weapons and being permanent members of the UN Security Council. Their role as nuclear powers makes them unique within the EU and of particular significance in any discussion of deeper, long-term, European defence issues. Secondly, France, Germany, Italy and the United Kingdom all have economies that make them members of the exclusive G8, which is probably the most powerful non-military forum in the post-Cold War world.

Militarily, there is a dividing line, between NATO members and former neutrals, the 'non-allied' states as they are referred to here. However, the line is becoming increasingly blurred. In terms of military interoperability, the former neutrals can come very close to NATO through the various partnership arrangements. Where the former neutrals or non-allied countries are concerned, it is important not to lump them all together. Each has a distinct profile.

Finally, there is a difference in military capabilities. Several EU members – notably France, Italy, Spain and the United Kingdom – have a diversified military expeditionary capability. That is to say, they possess some of the command and control assets and the transportation and logistic support assets needed to project a sizeable military force to Europe's periphery or beyond. Rudimentary though some of these capabilities may be in comparison to those of the United States, they are quite distinct from the limited general purpose forces or piecemeal specialist units that are all some EU members can provide.

To these factors should be added domestic variables, though their impact on CFSP and EDP is indirect. Notable is the roughly even level of wealth among existing members. Unemployment could have an impact, if it were to lead politicians to feel that money should be spent on domestic affairs and not on supporting EDP. Immigration and public perceptions of potential population movements could play a role in the other direction. In several European countries, this was one of the arguments used to explain Operation *Allied Force*, the point being that the alternative would have been to accept permanently tens of thousands of Kosovar refugees in countries such as Germany or Austria. In another, longer-term perspective, demographic and immigration issues will have a heavy and growing impact. On the one hand, the 'greying' of the EU's population will increase incentives to facilitate the immigration of foreign, working-age and often highly qualified professionals, along American lines. The United Nations⁶ has estimated that more than 150 million immigrants would be required in the EU by 2025 to sustain current ratios between the working population and the dependent population. This is obviously a purely arithmetical calculation, but it does give a feel for the scale of the issue. It is also interesting to note that the EU countries have highly comparable demographic profiles. All are ageing rapidly, but none has a natural demographic growth rate capable of sustaining current population levels.⁷ On the other hand, there is growing pressure from the developing countries, where the children of the Third World baby-boom of the 1970-1980s are now competing on all too limited national job markets. Domestic European factors and North-South relations will thus interact ever more intensely.

At another level of analysis, the strategic environment has a major impact on EU members' attitudes towards foreign and defence policy in at least two ways: firstly, as a generator of urgency as to the need for common European military capabilities; secondly, by affecting perceptions as to what type of security and defence arrangements are needed. These can be divided into two categories. The first fits into the Petersberg framework, and includes classic crisis management tasks which all EU members now share. The second consists of traditional existential threats of military invasion or the

⁶ UN Population Department 1999.

⁷ European fertility rates: minimum Spain (1.14); maximum Ireland (1.94) (the replacement rate is 2.1).

deliberate use of military force against EU members, contingencies to which EU members are exposed in very different degrees.

The EU members are located along different socio-economic fault lines, with varying effects from the standpoint of the Petersberg tasks:

- *Russia*, as well as other European members of the CIS, is currently stable, but remains a potential area of implosion, with no natural barriers between it and its Western neighbours. In the EU, however, only Finland shares a direct land frontier with Russia. Sweden and Denmark benefit from the existence of the independent Baltic states and the Baltic 'moat'. The rest of the EU is geographically relatively remote: no EU member currently shares a border with Ukraine or Belarus;
- *North Africa* is the source of a migratory flow northwards, with the Mediterranean as a barrier of sorts. Spain, Italy and to a lesser degree France, are relatively exposed;
- *the Balkans* present an area of on-going crisis, with the possibility of renewed war and the reality of widespread crime and violence in almost the whole area of former Yugoslavia that lies between Croatia and Greece. Greece, Italy and Austria are naturally the most directly concerned.

In the short run, concerns with the north-eastern and southern directions could have a divisive effect, as Mediterranean EU-members focus on North Africa and nordic EU states concentrate on Russia. However, from a deeper political and functional perspective they should have a uniting effect for the development of CSFP and EDP. This is because the consequences of implosion along these fault lines affect all EU members decisively, as experiences in the Balkans have shown. The political imperative affects us all, since no member country can allow the EU to remain helpless. No EU member can afford to allow Europe's fringes to explode, and the humanitarian consequences would affect us all through the spread of refugees across the breadth of Europe, regardless of distance. Thus, a crisis on the border of one member would become a crisis for all. Secondly, the types of forces needed to provide a Petersberg response in or around any of these fracture zones are essentially similar.

The conclusion here is that we should raise the issue of fracture zones, focusing, in political and strategic terms, on the common consequences

which they would have for all EU members, and only deal with their distinct geographic peculiarities at a second stage, in operational discussions. In other words we should concentrate on the common challenges which the fault lines present for all EU members.

The second category of strategic concerns relates to classic threats of military invasion or the use of military force against EU members. This is something which divides the EU members quite distinctly. Short of the hypothetical threat of use of weapons of mass destruction by so-called 'rogue' states, most EU members no longer face the danger of an outright attempt at military invasion, or the possibility of other uses of organised military force against them. The only potential exceptions to this today are Finland and Greece.

Finland and Greece have strong reasons to continue to invest in a traditional territorial defence system, which would presumably remain based on mass conscription – with the limits this priority may place on their military participation in a common European force projection capability – and/or on reliance on the guarantees provided by a defensive alliance. In the case of Greece, participation in NATO continues to provide a strong insurance against head-on confrontation with Turkey, but that has not in the past prevented clashes outside Greek and Turkish territory, as in Cyprus in 1974. In the medium to long term, it is to be expected that the prospect of Turkish EU membership will contribute to the easing of tension between Greece and Turkey, hopefully to the point of obviating Greece's perceived need for its current expensive, territorially-focused defence posture. Greece has the highest level of defence spending in the EU (3.3 per cent of GDP), indeed above that of the United States (3.2 per cent).

For the other members of the EU this constraint does not exist directly, and most of them are free to refocus their military stance away from national defence and towards expeditionary force projection, primarily for peace enforcement and support tasks. So there is a real dividing line here, but as long as it concerns only two countries, each of which is furthermore in a case-specific situation, it should not have a major impact on EU military integration as a whole.

If we look ahead ten to fifteen years, a larger number of EU members may find themselves in a strategic situation in which territorial defence rather

than Petersberg tasks could represent the main military challenge. The Baltic states and possibly Poland come to mind here. Much would depend on the evolution of Russia, Belarus and Ukraine.

On a deeper political level, Finland's current situation is also that of the EU as a whole, since if Finland – or in a few years' time perhaps Estonia or Poland as EU members – were indeed to become subject to Russian military pressure or outright aggression, then the EU would have to respond or risk suffering a major blow to its credibility. From this perspective the EU as a whole may eventually have to address the question of how to manage a potential classical military challenge along its north-eastern borders.

Again, this could be turned to the advantage of EDP, providing impetus for further progress, with a move, over time, from Petersberg tasks to mutual defence commitments of the Article 5/V variety. The problem, however, is political. Under today's conditions, it is neither easy (in the domestic political context) nor desirable (in the context of our relationship with an ever more touchy Russia) to deal with this issue head-on.

Similarly, and independently of American pressure in the area of missile defence, the EU members may have cause to reflect on defence against the threat of long-range weapons of mass destruction (WMD). Admittedly, this would become necessary only if three conditions were fulfilled: (1) that such a threat exists; as yet, Russia, China, the United States and Israel are the only countries with operational ballistic missiles equipped with WMD technically able to reach all or part of the EU; (2) that such threats would not be amenable to a traditional mix of nuclear deterrence, conventional military capability and politico-economic measures; it is far from obvious that Iran, frequently referred to by the Americans as a 'rogue' state with a nuclear and missile arsenal, would not be amenable to such a policy mix; (3) that missile defence technologies are credible in cases other than the defence of a small area against a limited attack.

Limited and hypothetical as these exceptions may be, they will eventually force the EU to consider EDP as not only a function of the Petersberg tasks. Given the state of Russia and of Russia-EU relations today, or the situation in the Middle-East (Iran, Iraq, etc.), moving beyond the Petersberg tasks is not urgent. Furthermore, some of these Petersberg tasks are more, rather than less demanding than territorial defence. Therefore, for a period of

several years, the *acquis* of Cologne and Helsinki will be more than enough to keep the EU busy on the defence ‘front’.

Finally, beyond these various dividing lines and challenges, it is useful to emphasise the reality of what unites the EU, what it is that distinguishes it from the rest of the world – including in some respects the otherwise necessary transatlantic strategic framework:

- common Western European liberal civilisational roots and common social and political values;
- post-industrial economies and societies with deep functional integration and exceedingly high material standards of living;
- a high level of domestic political legitimacy and democratic stability.

Vis-à-vis the United States, we have partly different cultural and social values, as well as partly differing views on the conduct of security policy (a rather more relaxed and less aggressive approach to global relationships) though probably not its ultimate aims. We also attach greater value to multilateralism, notably in the UN framework. The differences between Europe and the United States in cultural and social values are apparent not only in terms of attitudes towards the welfare state (*vis-à-vis* which differences of subjective views are possibly greater than narrowing objective discrepancies), but increasingly with regard to the use of violence by individuals (e.g. the right of Americans to bear arms) or by the state (with a prison population of two million-plus and its widespread recourse to legal executions, the US comes second only to China, and bears little resemblance to the EU).

II.2 The enduring Atlantic imperative

While this new European and global security environment clearly makes it necessary for the European Union to develop a Common Foreign and Security Policy, including all necessary institutional and military capabilities to translate policy into effective action, we should also not forget those areas where the traditional transatlantic link remains essential.

This is so for four principal reasons. The first is related to the internal politics and cohesion of the European Union itself. While all EU members agree that the CFSP needs to be made a reality, a majority of members also

continue to retain a strong belief in the importance of a continued strong defence relationship between Europe and the United States. These members will oppose any CFSP and EDP that could be seen as endangering the foundations of the transatlantic link.

The second major reason for the continued importance of the transatlantic relationship is strictly strategic, based on European long term interests and realities. This is linked to the fact that Europe continues to depend on the United States in two vital strategic areas:

- deterrence and/or defence against direct nuclear or large-scale military threats to Europe. This may not be a major concern in the short term but uncertainty over the evolution of the former Soviet Union clouds longer-term prospects. The clear signals given by Russia's leadership, as during President Yeltsin's visit to Beijing in 1999, should remind us of the fact that the Russian Federation still retains the world's second largest operational nuclear arsenal;
- the conduct of large-scale high-intensity warfare in far-flung but strategically and economically important areas (the Gulf, East Asia). In this, the EU continues to depend on the United States, and in none of these regions does it look as if the EU could develop an independent capability within the foreseeable future.

Thirdly, the entire history of crises in the Balkans since 1992 has shown that the need for conducting high-intensity warfare, even against a very limited opponent, can at times be essential for effective crisis management. Here, the American contribution has been essential, and will remain so for a number of years, during EDP's transitional phase.

The last reason involves the special relationship with the United States which the transatlantic link has provided Western Europe. While the NATO relationship has involved noticeable friction, it has also given Europe considerable influence over the United States. In the new global security environment the United States remains the only world superpower, and it would be not only a waste but possibly even dangerous for Europe to lose this special link unnecessarily.

The key point with all these arguments is that developing the CFSP and EDP is not a zero-sum game, and must not be allowed to turn into one gratuitously. It is both possible and necessary to add the European

dimension to the transatlantic partnership without breaking it apart. These are not just empty words. For if a split between Europe and the United States were to emerge, then Europe would find itself dangerously vulnerable in the years to come, particularly as EDP is still in its formative stages (see Chapter III).

II.3 Strategic ambitions

In the above enumeration of dividing lines in Europe some of the *de facto* differences in strategic goals have already been brought out. States with a still recent imperial legacy and great power world view can be distinguished from those which are loath to project power beyond their borders: in effect, there is a Europe of extravert versus introvert countries. And then there is the no less traditional divide between those which are committed to permanent military assistance and those that eschew any binding collective defence obligation.

In effect, if such strategic visions were displayed in the form of a spectrum, we would have at one end three countries with alliance commitments and a strong extravert tendency: certainly Britain and France, but increasingly also Italy, which has been present in practically every major collective peacekeeping or peace establishment operation in the last eight or ten years, from the Balkans to East Timor. At the other end of the spectrum are the four non-allied countries, which have not habitually participated in peace enforcement operations. All the others, some eight out of fifteen, lie between these two extremes.

This 'photograph' is not particularly novel, and is of limited helpfulness. It is rather more interesting to consider than the dynamics at work, analysis of which leads to two conclusions:

- first, the differences between the two ends of the spectrum are narrowing;
- secondly, the centre of gravity of the spectrum is moving to greater, not lesser, acceptance of participation in operations involving the use of military force.

Both propositions are apparent in the Balkans today. The non-allied states are represented in varying degrees in KFOR, which is not exactly a traditional peacekeeping force, given its robust rules of engagement:⁸

- Austria has a 480-strong contingent (attached to the German brigade);
- Finland provides a motorised infantry battalion;
- Ireland provides a transport company attached to KFOR HQ;
- Sweden has 847 personnel, including mechanised infantry and fire support.

During the Gulf War (1991), only Britain and France (with the full range of conventional forces), and to a lesser extent Italy (with combat aircraft) were involved in air-land combat operations in pursuance of UNSC Resolution 678. By the time of the Kosovo air war (1999), around half of NATO's European members were participating in combat operations (including Belgium, France, Germany, the Netherlands, Portugal, Spain, Turkey and the United Kingdom), and this despite the absence of a clear and specific mandate from the United Nations Security Council.

This narrowing towards a more interventionist spectrum is also apparent in institutional terms. In the negotiations leading to the Treaty of Amsterdam, all of the Fifteen agreed to the adoption within the legally binding TEU of the Petersberg tasks, which had initially been confined to the WEU 'Ten', for whom the commitment was purely political. On paper, the Petersberg tasks include virtually any military operation not undertaken as a result of a collective defence commitment: in retrospect, massive and forceful UN-mandated military intervention to restore peace in the framework of the *status quo ante* – such as the Korean War (1950-53) or the Gulf War (1991) – can be deemed to be covered by the Petersberg tasks. Furthermore, even the humanitarian component of the Petersberg tasks can be significantly more demanding than appears at first sight: a serious humanitarian intervention in Bosnia in 1992 would have called for a large-scale expeditionary operation. And indeed, a UN-mandated humanitarian operation such as *Provide Comfort* in Kurdistan in 1991, was not small, with upwards of 30,000 soldiers from a broad array of countries, nor were its rules of engagement particularly timid.

⁸ Data from the KFOR website, March 2000.

However, it is far from clear that all EU-members would consider all of these examples as constituting Petersberg tasks calling for joint EU military action.

It is indeed in the interpretation and the implementation of the Petersberg tasks that the absence of a common strategic European vision becomes apparent. Nor is this absence simply due to open differences between the most 'extravert' and 'introvert' states. Indeed, what is most striking is not the scope of explicit disagreement but rather the lack of open consideration of the extent of European interests and ambitions.

The issues involved include:

1. defining the outer limits of what is meant by the Petersberg tasks. There have been more than enough real-life wars over the last fifty years to make it possible to carry out a practical rather than a theoretical discussion on this issue. For instance, is there, or is there not agreement that, as has been suggested above, the Gulf War or, earlier, the Korean War – wars in which European countries were present – fall into the Petersberg range of tasks? And what about the Kosovo war, which was undertaken without an explicit UNSC mandate? Answering in the affirmative does not – or at least should not – imply that the corresponding task has to be automatically assumed by EU members. Similarly, not all humanitarian contingencies or all PKOs backed by the UN necessarily call for EU participation, even though they could be considered Petersberg tasks.

However, it is important, in order to limit future misunderstandings (for instance in the event of a serious war in the Gulf), that we are clear as to what is, at least potentially, the scope of our self-proclaimed tasks. Or, if we cannot agree, it is best to know what the areas and extent of divergence are, since such disagreements do not exclude the existence of a core area of agreement. If no such core area of agreement existed, at least implicitly, it is hardly likely that EDP could have taken off in any shape or form.

2. setting the priorities as to the type of force projection operation to which we wish to be able to contribute. This is one of those areas in which we have provided the beginnings of an answer (the 'headline goal'

force decided upon in Helsinki) without having openly posed the question as to what the European capability should be primarily tailored to do. Should it have the ability to conduct, on its own, military operations close to home, with borrowed NATO assets and limited national US participation – in effect, to be able to conduct, for instance, the Kosovo campaign of March-June 1999 or at the very least an IFOR-type commitment (60,000 soldiers) as a primarily European operation? Or should the European force also give the EU the ability to operate further from home as a significant, but minority, partner within US led-coalitions, as in the Gulf War?

Such a question is practical, as well as highly political. The first, ‘Balkan-war’ type of force would require a highly developed C3I infrastructure enabling the EU to play a leadership role: although it would benefit from the use of NATO assets (e.g. AWACS or the ARRC command infrastructure), it would not necessarily be able to call on high-profile national US assets earmarked for, but not belonging to, NATO. Such an autonomous force would naturally also be usable as a European contribution in a US-led coalition in a Gulf war type of contingency. But a European corps designed to participate in a timely fashion in a US-led coalition outside Europe proper would have to be able to draw on a large fleet of long-range air transport (LRAT) and in-flight refuelling aircraft. Such assets are not so abundant in the US inventory as to be automatically available to the Europeans in contingencies with short build-up times. In the Gulf, we were lucky to have had four months-plus in which to build up the ground forces.

Preparing the headline force will require some sort of arbitration between conflicting priorities. The question then becomes whether the choices made will be handled in a politically transparent and accountable manner, or whether the process will be technocratic and opaque.

Current EU language (e.g. Petersberg) does not provide even the roughest guideline as to our vision of the world in which we need to be able to operate militarily. How broad should the area be that we designate ‘Europe and its neighbourhood’, in which the EU should be able to take the leading role; where and how far away do we wish to be able to participate in a militarily significant fashion in US-led, UN-mandated out-of-area operations? One of the foundations of a sound strategy is not to be

overly specific in the details so as to retain flexibility, and this is not what will be suggested here. However, another principle of sound strategy is that you have to have some concept of what you want and how you wish to go about getting it.

3. last but not least – and here we move from the realm of possible, to that of actual divergences – there are a number of countries which for reasons of national legislation or political choice cannot participate in most, if not all, actual or possible, Petersberg-type operations. This used to be the case for Germany, which moved in gradual, politically fine-tuned stages to a situation in which it now is in a constitutional and political situation akin to that of the more extravert states. Berlin may be more reluctant than London or Paris, but there is no basic impediment to Germany playing a major role in UN-mandated or approved operations in which other EU partners have accepted to participate. For a country like Finland,⁹ the law still prohibits participation in peace enforcement – although a way was found to allow Finland to participate in IFOR/SFOR, and again in KFOR. However, such limited *de facto* opt-outs are manageable both in principle and practice in the framework of EDP as conceived from St-Malo onwards. What is more serious are measures such as Austria's decision to close its airspace to NATO aircraft during the Kosovo war despite the fact that for many, including UN Secretary-General Kofi Annan, there was a need for humanitarian intervention in Kosovo. It should be noted that at the time, Austria had already signed on to the Petersberg tasks in the Treaty of Amsterdam. Such a move not only demonstrates the above-mentioned need for a discussion on what is or is not a Petersberg task but also whether the non-allied or other states are entitled to impede their EU partners from acting.

II.4 Facilitating doctrinal convergence

As noted above, the ties that bind the EU members in strategic terms are at least as strong as those which divide them. However, there is a continued, and presumably long-lasting tug-of-war between centripetal and centrifugal

⁹ See Hanna Ojanen, 'Participation and influence: Finland, Sweden and the post-Amsterdam development of the CFSP', *Occasional Paper* 11 (Paris: Institute for Security Studies of WEU, January 2000).

forces, and a great deal of care has to be exercised to ensure the ascendancy of the former over the latter.

The approach to EDP in 1998-99 was exemplary in this regard. As in previous stages of European unification, Jean Monnet's recipe of establishing *solidarités de fait* in order to ensure lasting progress, as opposed to attempting to resolve all basic issues of principle before starting to move, appears to be working.

If some of the above-mentioned strategic issues had been addressed openly, it is unlikely that anything much could have happened, at least in an inclusive 15-member framework. Setting the headline goals and creating the new institutions creates those *solidarités de fait* which make further results possible. By the same token, they make it not only possible but also necessary to address the strategic issues. This could be done at two levels, each of which can be considered in isolation but also in close coordination.

The first is that of strategic force planning ; indeed, this level began operating even before Helsinki. Setting the headline goal required a fair amount of formal and informal intercourse between the military staffs and the politico-military advisers of the EU governments, particularly of those most active in moving EDP forward. Assumptions have necessarily been made, notably on the range at which the headline force should be able to operate. Fleshing out and implementing the headline goal is going to force serious consideration of some of the strategic issues mentioned above, with Kosovo and East Timor as two possible templates for the extremes in stress (Kosovo) on one hand, and in distance (East Timor) on the other.

Then there is the political level, at which the purpose of EDP is defined in a manner which established its legitimacy. In effect, the ultimate ambition here would be to draft an EU-wide defence white paper, a European strategic defence review as it were. In the current state of affairs, such an exercise would most likely be counterproductive if tackled head-on: at best, a limited number of countries would be able to agree on the content of such a document, providing substantive strategic guidance on all three categories of Petersberg tasks. However, we would at this stage single out the areas of congruence or divergence between the various national white papers currently on offer, such as the Dutch 1999 White Paper, the British 1998 Strategic Defence Review, the German 1995 *Weiß Buch* or the French 1994

Livre Blanc, etc. One of the likely results of such an exercise would be to highlight the strong convergence which exists among most of these national documents in terms of the priority given to force projection and the need to be able to participate substantively to military operations contributing to peace inside and outside the European area. Therefore, a four-stage process is suggested here:

- a study undertaken at the EU members' request by the Institute for Security Studies on existing doctrinal 'White Paper'-style documents. This could be achieved in a period of a few months;
- a set of meetings between the politico-military experts from the defence and foreign ministries of the Fifteen, with a view to providing an update of the latest doctrinal work within each of their capitals;
- if proven successful, a Defence Review would be undertaken with a view to elaborating a European White Paper. But rather than attempting to arrive at a necessarily general consensus which could prove exceedingly vague, such a document could also lay out areas of divergence, which would be reserved for further discussion. The process itself, which could involve hearings of political leaders and representatives of civil society, would be as important as the formal outcome;
- ultimately, if the result were deemed to be satisfactory, the European Council could formally endorse what would thus have become the *stratégie commune* of the Union in the field of defence.

II.5 The interface between foreign policy and defence policy

As was pointed out earlier, EDP does not and should not operate without due regard to the broader foreign policy and security framework.

Recent experience has clearly shown that the Union, although it is a leading world actor, does not, without a military instrument, really have the capability to make its presence felt in the resolution of major crises. It is quite evident that the European Union's success will depend on its ability to combine military and non-military elements for the management and resolution of crises. Security and defence policy does not form the EU's fourth pillar, which was one of the ideas put forward at the time of the 1996 Intergovernmental Conference (IGC), but a part of the Common Foreign

and Security Policy to be developed in this framework with a view to guaranteeing its effectiveness.

The provisions on this in the Treaty of Amsterdam, and the decisions taken at the Cologne summit, reaffirmed and completed in Helsinki, make European defence subject to the CFSP's guidelines and decision-making process. WEU itself already depended on decisions taken in the CFSP area.

As far as structural and decision-making aspects are concerned, defence policy is included in the CFSP structure through the creation of a single committee made up of permanent representatives for CFSP and EDP, the Political and Security Committee (PSC). The choice of a PSC with competence in foreign, security and defence policy is reckoned to enhance the consistency between foreign and defence policy, following the same logic that the High Representative for the CFSP should also be the Secretary-General of WEU.

The new instruments

Of the provisions of the Treaty of Amsterdam and decisions by the Cologne and Helsinki European Councils regarding the interface between the two components of the CFSP – foreign policy, and security and defence policy – the following are the most important:

- *common strategies*, in areas in which member states have important common interests, whose respective aims and duration, as well as the means to be made available by the Union and its Member States, will have to be specified. The defence policy will depend on these strategies, and they will be able to refer explicitly to defence elements. It would, for example, be logical for the common strategy on the Mediterranean (currently being developed) to refer to the dialogue in the field of security and defence. It is necessary for common strategies to include as precisely as possible the various dimensions of the Union's external policy in order to guarantee the coherence and consistency that it requires;
- *joint actions* which, developed in the framework of common strategies, will be decided by qualified majority. It is probable that military action by the Union will naturally form part of the search for a solution to a crisis for which a joint position and action have already been decided. That is

what would have happened in Bosnia, which was the subject of several joint positions and actions, if the Union had decided to resort to WEU as the Maastricht Treaty allowed. Decisions in the field of defence will, however, continue to be taken unanimously, which could block the military dimension in the resolution of a crisis by the implicit right to veto. Moreover, even in the case of a decision taken by qualified majority, a member state may oppose it 'for important and stated reasons of national policy'. The question will then have to be re-examined by the European Council, which will decide by unanimity. The objective possibility of a veto by other means, particularly in the event of opposition to a military course of action, is thus maintained;

- constructive abstention or *opting out* of the CFSP can extend to defence policy, as unanimous decisions may still be taken if no more than a third of members have abstained. This provision allows members who do not wish to participate in a given action not to hinder the forming of 'coalitions of the willing', depending on the crisis. Unanimity is always the rule, however, with its corollary – the veto. On the other hand, the Treaty does not allow for enhanced cooperation in the field of CFSP;
- military operations will not rely on the participation of all members of the European Union, but will probably benefit from that of non-member countries. This reality is reflected in the institutionalisation of an *ad hoc* committee of contributors responsible for the day-to-day running of operations. The decision-making process during the different phases of the management of a given crisis is still cumbersome because of the numerous comings and goings between the *ad hoc* committee and the Council, in which all member states participate, including those not taking part in the action and therefore its daily management, which can have a decisive influence on its management at the political level.
- a CFSP/EDP structure including the High Representative for the CFSP and, under him, a policy unit, at the Council Secretariat; a permanent Political and Security Committee (PSC), a Military Committee, Military Staff and a Situation Centre. This structure will be strengthened if the chairmanship of the PSC is assumed by the Secretary-General of the Council and High Representative for the CFSP. Foreign policy will in fact be managed by a dual structure, the Commission and the High Representative, the decision-making level and consistency being guaranteed by the Council of Ministers. If we take this line of reasoning further, we can affirm that there exists a third structure that is essential to

European defence policy – NATO – which member states share with the United States.

Proposals for the IGC

Be that as it may, the IGC is going to incorporate the institutional mechanisms decided at Cologne and Helsinki in the Treaty on European Union. At the same time, it will have to carry through a package of reforms that will make it possible to guarantee the effectiveness, coherence and legitimacy of the Union's foreign, security and defence policy.

Continuity, effectiveness, coherence. The PSC should be presided over by the High Representative for the CFSP and not the Presidency, so as to give him a degree of effectiveness and the necessary continuity, independent of changes of Presidency. This would also increase coherence with WEU (at least in the interim phase), and with the Union's policy within NATO, the High Representative being the Secretary-General of WEU and responsible for relations with the NATO Secretariat. It should be recalled that the Presidency will be assumed *inter alia* by countries that are not members of either WEU or NATO.

Coherence between the foreign and defence policy (CFSP/EDP) on the one hand and the Commission's external policies must be guaranteed, through a linking of the action of the High Representative and that of the Commission, by the respective presidencies. This involves, at a preparatory stage, the role of the new Troika. With the same aim in view, the Presidency of the Council of Ministers should participate in the work of the PSC. The creation, at the Council Secretariat, of a mechanism for coordinating non-military crisis-response instruments, must not infringe the prerogatives of the Commission, which should take charge of those non-military aspects of crisis management coming within its sphere of competence.

Simplification of structures. The functions of the Political Committee should be taken over in their entirety by the PSC following the institutional reforms that will make it permanent and no longer provisional.

Collective defence: provisions of the WEU treaty. Article V of the modified Brussels Treaty, the collective defence clause, must be included in a

declaration annexed to the Treaty on European Union without it being imposed on the other five members of the EU. However, this declaration would remain open, with non-signatory Member States being allowed to subscribe to it at any time. Article V would thus retain its full legal value for the ten full members of WEU. The legal status of such a declaration would be comparable to that of the Declaration on WEU annexed to the Maastricht Treaty. Abandoning this explicit guarantee of solidarity among the signatories, as a consequence of the merger of WEU into the Union, would be a backward step.

Creation of a Council of Defence Ministers. A Council of Defence Ministers responsible for military cooperation within the Union and for defence industries should be created. It should seek convergence in the field of defence and carry out a review of the armed forces of member states, and their conformity with the Union's objectives.

Introduction of flexible enhanced cooperation in CFSP/EDP matters. The enhanced cooperation that was instituted in the Treaty of Amsterdam must be developed in a single institutional framework and be open to member states wishing to participate. This would extend enhanced cooperation to the field of foreign and defence policy, something that is not envisaged in the TEU.

Enhanced cooperation among certain Member States outside the Treaty already occurs *de facto* in the field of defence (EUROFOR, EUROMARFOR, Eurocorps, etc.) and today forms a significant element of the European defence structure. Including such cooperation in a common strategic planning framework should definitely be the job of the PSC and the Military Committee.

Another area where it is worth promoting enhanced cooperation is armaments (see Chapter VII).

Review of the double veto right in CFSP, that is, the possibility that a member state, having adopted a common strategy decided by unanimity, can veto a joint action, whether or not it has a defence aspect, carried out in the framework of that strategy.

Strengthening of the legitimacy of the security and defence policy. The European Parliament's role in security matters should be clarified, strengthened and deepened in cooperation with national parliaments. A security and defence council of national parliaments should be created and should be regularly informed of developments in defence policy by the High Representative.

Chapter Three

EUROPEAN-AMERICAN INTERACTION

This chapter draws largely on contributions by Nicole Gnesotto and Karl Kaiser

III.1 The United States and European defence: the political and strategic backdrop

The strategic positioning of EDP *vis-à-vis* transatlantic commitments is far from obvious: as in other areas related to Europe's strategic ambitions, there is a broad spectrum of actual, and even more so of potential, types of interaction between European defence and the transatlantic defence community.

At one end of the spectrum lies European defence outside of the transatlantic framework: at its most extreme, a purely European defence compact operating independently of or in the absence of a US defence commitment in Western Europe. This 'Europe alone' vision, which implies decoupling, is not in the realm of politically avowed, or avowable, projects on either shore of the Atlantic, with the possible exception of a few 'Buchanan-isolationists' in the United States and a possibly even smaller handful of anti-Americans in Europe.

Certainly no allied government in Europe or North America subscribes to such a vision, be it openly or as a hidden agenda. Nor are any of the non-allied states keen to build a European defence policy that posits US disengagement.

At the other end of the spectrum, we have an ultra-Atlanticist perspective, in which the Europeans are invited to contribute more to the Alliance, but without having any particular say in the shaping of its strategy or the conduct of its operations. In this vision, the Alliance has only one real player, the United States, which extends its protection, in exchange for which the Europeans are expected to 'put up and shut up', buying American arms and marching to America's strategic drum. At its worst, this leads to the vision of an Alliance where the United States provides the technology

and runs wars from a safe distance, while the Europeans provide the cannon fodder, fighting America's wars at 'grass-roots' level.

This is not, any more than the previous vision, an avowable approach at the government level. However, because this perspective rests on a reality – that of the United States as the prime mover in NATO – whereas the 'Europe alone' scenario is based on a hypothesis – this 'NATO-as-US-and-the-Europeans-as-followers' paradigm is not infrequently present in US political discourse, at least in the legislature.¹⁰ Nor are reputable think-tanks entirely immune to this type of tendency. This appears in some of the variations of the RAND Corporation's vision of a 'global NATO' in which the United States continues to provide protection to Europe in exchange for European support of US-led operations around the globe.

And as is so often the case, the extremes tend to abut: the implicit and sometimes not so implicit message in the 'NATO-as-US' vision is that if the Europeans do not play it that way, then the United States should disengage, thus leading to the 'Europe alone' scenario.

All other attitudes, including those of all EU and NATO governments, fall somewhere in between, at some distance from either extreme. On the European side, there are varying motivations in terms of EDP's relationship to the United States: EDP as an insurance policy in case the United States were to disengage; EDP as a way of making up for a lower degree of US involvement in European contingencies, given the competition for US defence resources, in the event of crises in East Asia or the Gulf; EDP as part of a European push to acquire greater responsibility in transatlantic decision-making, in effect turning to the EU's advantage the adage 'no capabilities, no responsibilities'; EDP as part of a broader EU attempt to balance the preponderance of US hyperpower; or EDP as a tool for improving the division of labour within NATO, with the Europeans thus avoiding the 'US high-tech' versus 'European cannon fodder' paradigm. These, and similar European motivations are more or less openly stated. They also happen to be compatible with the language adopted by the EU regarding relations with NATO in the key documents:

¹⁰ The statements by Senators McCain, Lieberman and Warner at the February 1998 meeting of the *Wehrkunde* were symptomatic of this trend, linking America's commitment in Europe to Europe's support for US policies in Iraq.

- Amsterdam Treaty, Art. 17-1: 'The policy of the Union . . . shall respect the obligations of certain Member States, which see their common defence realised in [NATO] and be compatible with the common security and defence policy established within that framework.');
- Franco-British Summit in St-Malo: '. . . while acting in conformity with our respective obligations in NATO we are contributing to the vitality of a modernised Atlantic Alliance . . .' and 'In order for the [EU] to take decisions and approve military action where the Alliance as a whole is not engaged the [EU] (...) will also need to have recourse to suitable military means (European capabilities pre-designated within NATO's European pillar . . .)';
- Cologne Council: 'In implementing this process launched by the EU, we shall ensure the development of effective mutual consultation cooperation and transparency between the [EU] and NATO', Declaration of the European Council, para. 3;
- the Helsinki Council, while restating the St-Malo and Cologne language, further specified: 'The European Council underlines its determination to develop an autonomous capacity to take decisions and, where NATO as a whole is not engaged, to launch and conduct EU-led military operations . . . This process will avoid unnecessary duplication and does not imply the creation of a European army.' (Presidency Conclusions, para. 27); and 'Determination to carry out Petersberg tasks will require Member States to improve national and multinational military capabilities, which will at the same time, as appropriate, strengthen the capabilities of NATO and enhance the effectiveness of the Partnership for Peace . . .' (Annex 1 to Annex IV, on strengthening the common European policy on security and defence).

In other words, the broad generalities contained in these documents leave more than a little room for interpretation. This does not mean that they are not helpful in their current state: on the contrary, they make it abundantly clear that there is a European consensus to reject any prospect implying transatlantic decoupling, and that is essential. But these statements do not offer clear guidelines as to what will be actual European policies in terms of relations with the United States and NATO, in the political sphere (a European caucus? and with – or without – whom?), at the politico-military level (what kind of strategic planning machinery will the EU set up, and how will it overlap/complement/contradict NATO structures?) and in military terms (how much 'duplication'?).

It is therefore not surprising that American attitudes have been mixed *vis-à-vis* EDP.

Since Cologne, two US concerns have dominated the debate on European defence: the fear of political decoupling, due to the Union's egalitarian ambitions with respect to NATO; and the converse but similar fear of a strategic decoupling, due to the technological obsolescence and inadequacy of European defence expenditure. In both cases – those who reproach the Europeans for going too far politically and those who reproach them for spending too little on defence – US reactions reflect the traditional dilemma of the burden-sharing debate within the Alliance.

- If, on the one hand, the Europeans agreed to as much of the financial, military and strategic costs as the United States, the very foundation of US leadership and NATO would disappear, since Europe would then become a military power equal to the United States and therefore autonomous. US officials are perfectly well aware of this contradiction, as is shown by the traditionally very defensive tone of the Pentagon *vis-à-vis* the Congress: it is the Administration that defends the Europeans in the face of the financial recriminations of US senators.
- Conversely, if an equal partnership could be destabilising, neither is the continuation or indeed the accentuation of the Euro-American imbalance without risk to the Alliance. The more the financial and technological gap between the United States and Europe widens, the greater is the risk of strategic decoupling between Washington and its allies, challenging the actual usefulness of an alliance with the Europeans. So at least runs one of the arguments frequently advanced in support of the Revolution in Military Affairs (RMA) and the Defence Capabilities Initiative, but also by a certain number of senators who are unconvinced of the financial usefulness of the Europeans.

The question of European defence is thus potentially destabilising at both its extremes, depending on whether America's allies become equals or parasites. If the Europeans re-establish a balance with the United States it will indeed be the end of a certain form of the Alliance, but if the Europeans persist in the state of imbalance, the result could be identical (the theme is 'strategic irrelevance'). The essential question is therefore how far one can go in the direction of partnership or imbalance, in other words what the

price of maintaining the Alliance today is, and there is clearly no answer to that question.

This state of affairs helps explain US attitudes, which have been noteworthy in 1998 and most of 1999 for their aloofness *vis-à-vis* the emerging EDP. Indeed, until December 1999, the negatives and the potential downsides were repeatedly underscored in the form of the '3Ds' (duplication, discrimination, decoupling), most vocally by the State Department.

This language was belatedly cast in a more positive light following the initiative of NATO's new Secretary-General, Lord Robertson, in November 1999, with the '3Ds' being displaced by the '3Is' (Improvement, Inclusiveness, Indivisibility).¹¹

However, America's reservations inevitably remain. The strengthening of European defence thus places the United States in a situation that is politically new, delicate and in many ways contradictory:

- it is actually in the fundamental interests of the United States that the Europeans should be able to take over crisis management credibly and effectively in cases where it does not want to be involved militarily. That was even the essential reason for its agreement, as from 1994, on the creation of an ESDI within NATO. Today the United States is indeed the most powerful country in the world but also the country that systematically carries the burden of intervention, always and everywhere, for want of allies that are sufficiently well organised to act in its stead. The ESDI within NATO was thus intended to permit the United States to regain some room for political manoeuvre concerning European crises by allowing the President of the United States, like the head of any other country, the option of not intervening militarily while keeping a degree of political control over the operation.
- the new momentum in European defence issues evidently serves this US interest in having greater freedom of action in the face of crises that are not in the first place strategic in nature. However, the CFSP resolves one problem by creating another: the prospect of the Union's autonomy as a strategic and political actor would prevent the United States from benefiting from both the option of abstention and from institutional

¹¹ Speech at the NATO Parliamentary Assembly in Amsterdam, 15 November 1999.

political control over the management of a crisis. Not being a member of the Union, the United States therefore fears that the military benefit of US non-intervention could be cancelled out by the political disadvantage of US exclusion from the running of the Continent.

In other words, through a perverse logic the United States could, if it wishes to remain a participant in European policy-making, find itself obliged to participate militarily in all future crisis management: this return to square one, with the systematic intervention of the United States in European crises, with or without a European defence, would not be the least paradoxical effect of the dynamics created at Cologne and Helsinki. Moreover it is perhaps on this end result that French and British aims could diverge.

Beyond the fairly traditional diplomatic arguments in American attitudes towards Europe, the United States feels intuitively that European developments in the field of defence are leading to a substantial change in the very nature of the Atlantic Alliance. This intuition will not necessarily have been false if the Fifteen carry through the logic established at Cologne and Helsinki.

Of all the issues raised by the Union's defence policy, therefore, it is the question of relations between NATO and the Union that will be decisive for the credibility of both organisations.

In theory the solution can easily be stated by the duality 'cooperation essential, subordination unacceptable'. The Union cannot see its status reduced to that of NATO subcontractor any more than the Alliance can be treated as a secondary organisation in questions of European security. If the United States is serious in its wish to share the burden of crisis management, it will have to acknowledge the European Union's political autonomy. If the Europeans wish to act in partnership with America and influence both the United States's strategies and its political development, it is from within the Alliance that they will have the greatest chance of doing so.

Actually putting this dual principle into effect will obviously be more difficult. Two types of relationship should be envisaged: one during peacetime and the other for the effective management of a crisis by the European Union. Now, the problem does not so much concern relations

between the Fifteen and the six non-EU European NATO members as it does relations between the Union and the two North American countries, especially the United States. For crisis management, and independently of the institution of the committee of contributing states that is still essential, would it not be possible to envisage the setting up, on an *ad hoc* basis, especially in times of crisis, of a joint structure for political dialogue, a sort of Euro-Atlantic Council that includes the 19 NATO and 15 EU countries?

III.2 Actions and reactions: avoiding negative feedback loops between the European Union and the United States

At an optimistic estimate, and for the reasons given earlier, arriving at a satisfactory *modus vivendi* between the United States and Europe on defence questions could be a difficult and delicate undertaking. In practice, these difficulties could be aggravated by retroactive effects concerning initiatives or events not resulting from the new European defence policy. To get an idea of those risks it is useful to assess the current state of US reactions to the EDP.

When, at their Cologne summit, the EU countries took their decision to advance the notion of a European Security and Defence Identity, the American reaction was guarded or critical. Henry Kissinger summed up the view of many Americans when he qualified the crucial sentence ‘The [European] Union must have the capacity for autonomous action backed up by credible military forces, the means to decide to use them and a readiness to do so without prejudice to actions by NATO’ as ‘puzzling, even jarring’ at the very moment of a first successful joint military operation in the history of the Alliance, and suggested that ‘carried to its logical conclusion, this implies a revolution in the structure of the West: an all-European chain of command capable of bypassing NATO’.¹²

The American concerns about EDP began to intensify in quality and quantity, not surprisingly, the British and French (with the approval of Germany) issued a strong statement after St-Malo endorsing the concept of European defence. The fact that Britain, for decades a sceptic on European approaches to defence and a loyal spokesman for American concerns, had

¹² ‘The End of NATO as We Know it?’, *The Washington Post*, 15 August 1999.

significantly shifted its position, caused a change of perception in Washington, which now at last took the enterprise seriously. Endorsement of a European option could no longer be considered as a merely rhetorical bow to the European Allies but would now have to be seen in a different context. From then onward a multitude of statements from Administration spokespersons, the Congress and US experts expressed concern about implicit dangers of ESDI.¹³

American concern and criticism reiterated and revived arguments that had been around in the debate for quite a long time. The famous '3Ds' referred to earlier relate to legitimate concerns that are also shared by many Europeans, who want to maintain a strong relationship with the United States. But by constantly reiterating such ideas, the impact on Europe went beyond the expression of relevant arguments to be kept in mind as one proceeded with the enterprise. Indeed, some of these statements strike many Europeans as excessive. In particular, the contentions repeatedly made by Secretary of Defence Cohen that the Europeans as a whole are not spending enough on defence does not easily pass muster, since the EU spends 22 per cent of the world's military expenditure, approximately 60 per cent of what the United States devotes to defence, without having global commitments of the sort the United States has, notably in East Asia. It would probably make more sense for the United States to take a more sophisticated line, stressing the need for the Europeans to get better value for their defence money. This is indeed the approach made by Walter Slocombe (Under Secretary of Defence for Policy), but his voice is not as loud as that of his political masters: 'This is not fundamentally a problem of gross resources . . . The task is really more efficient, more focused, better-planned and coordinated use of resources'.¹⁴

Inevitably, these arguments could also be interpreted as a fundamental questioning of the very enterprise of EDP as such. What does 'unnecessary duplication' mean? A European capacity to act and the required institutional arrangements will inevitably create some duplication. In fact, an EDP cannot materialise without it, and the EU has set up certain structures that duplicate NATO, such as Political and Military Committees or the

¹³ See Stanley R. Sloan, 'The United States and European defence', *Chaillot Paper* 39 (Paris: Institute for Security Studies of WEU, April 2000).

¹⁴ Walt Slocombe, Under Secretary of Defence for Policy, 'ESDI: an American perspective', speech at Aspen Italia, Rome, 13 January 2000.

Eurocorps command (see Chapters IV and VI for a detailed discussion of these issues).

The concept of 'non-discrimination' also raises similar questions, since a European Security and Defence *Identity* inevitably must distinguish between insiders and outsiders, between those who assume obligations and privileges and between those who do not. Creating a long list of all European countries that are not part of the EU and asking for their interests to be taken into account as if they were members of the EU could, if taken to its logical conclusion, dissolve the identity of a European approach. Finally, 'decoupling' is an inevitably ambiguous concept. Of course, Europeans want the United States to remain committed to European security and maintain a military presence on the Continent. In this sense no EU country (including non-allied countries) wants a 'decoupling', but it is after all the United States that defines 'decoupling' and could, if it wishes, turn the whole process into a self-fulfilling prophesy.

One of the major motives of the EU's Cologne decisions was realisation of the crushing inferiority of the Europeans' military capabilities in comparison with those of the United States. To redress that balance, and to use the European approach for a drastic improvement of military capabilities, had been one of the major themes of the EU since the deliberations that led to the Cologne decisions. As this debate evolved, the United States in turn began to focus on this aspect. The striking differences between European and American capabilities, technology and defence spending became a subject of transatlantic debate. The major budget cuts which Germany committed in the context of its drastic deficit reduction programme gave additional fuel to a debate in which Americans focused on the insufficiencies of European defence spending and military technology. Increasingly, the argument was used that what mattered were not European approaches and institutions but military capabilities.

A reciprocal inconsistency became obvious in this debate. A European approach that focused exclusively on institutions and procedures and left out a substantial improvement of military capabilities would not create a European Security and Defence Identity worthy of the name. Conversely, an American critique that adequate military capabilities were a prerequisite for taking a European Defence Policy seriously would negate an essential

dimension of the European approach, which aims, after all, at a redefinition of the transatlantic structure of decision-making and action.

To be sure, within Western Europe the debate on the shortcomings of European defence spending and military capabilities is gaining ground. New technologies have to be acquired (including a 'duplication' of intelligence gathering by satellites), the redundancy in military structures within Western Europe has to be abolished and military structures have to be modernised. For some countries, in particular Germany, these questions require difficult, indeed painful, adjustments, but it would be a mistake to focus exclusively on budgets, technologies and restructuring as the sole yardstick of progress. Not only will these processes take years to produce sizeable results, but, more important, progress in these areas alone will not produce what Europeans want either, notably the reorganisation of institutions, procedures and decision-making structures within the Atlantic Alliance. To the Europeans the realisation of a genuinely European institutional structure with common decision-making is as important as an improvement of capabilities and structures. A stronger Europe is a prerequisite for a stronger Alliance, indeed a condition of its long-term survival.

For these reasons there is a danger that the almost exclusive US focus on capabilities not only has a negative feedback on the political dimension of the restructuring of Atlantic defence but indeed on the debate on reform, budgets and restructuring of armed forces in some countries. Support for reform on the capability side would be strengthened if Washington proceeded on both fronts: by accepting and taking seriously the institutional side of a European pillar and by supporting efforts for improvements in military capability.

In addition to these American reactions and concerns in the face of EDP, feedback also has to be taken into account.

The first example of feedback relates to America's planned National Missile Defense. The virtues, or lack of virtues, of this project will not be discussed here.¹⁵ But it is clear that this could become a major bone of contention

¹⁵ For a discussion of NMD and its broader political and strategic issues, see Ivo H. Daalder et al., 'Deploying NMD: Not Whether but How' *Survival*, IISS, London,

between the United States and Europe, particularly if an NMD deployment were to be imply a violation, or an abandonment, of the 1972 ABM Treaty, i.e. without an agreement with Moscow or, at the very least, a bona fide attempt by Washington to negotiate limited modifications of that treaty. Beyond NMD *per se*, the unilateral jettisoning of one of the cornerstones of nuclear arms control would generate virulent reactions in Europe. Such reactions would in turn lead to American counter-reactions, given the strong bipartisan support for ballistic missile defence. Indeed, the Europeans need to exercise particular caution in their handling of US public and political opinion: little would provoke greater America animosity *vis-à-vis* the European allies than the perception that the Europeans want to prevent the United States from defending its people against the threat of so-called 'rogue' states. Another facet of the NMD debate would be the modernisation of American ballistic missile early warning (BMEWS) installations in Greenland (Thule) and in Britain (Fylingdales). Here again, if NMD were a result of a unilateral American action, there would presumably be strong popular and governmental reactions in Europe against allowing the Americans to use European-based installations as part of NMD outside the ABM Treaty framework. A latter-day version of Greenham Common could emerge, with the aggravating circumstance that a number of European governments could find themselves on the side of the opponents of the upgrade of Thule and/or Fylingdales. Depending on the specific circumstances, this divisive effect could involve both transatlantic coupling and the cohesion of EDP. The governments of Denmark and the United Kingdom could find themselves in particularly difficult circumstances, caught between transatlantic solidarity, European policies and national sentiment. In summary, from the standpoint of US-European relations, including the EDP dimension, the Europeans have every reason to support genuine attempts at US-Russian agreement on the NMD issue.

Another potential form of feedback relates to EDP's interaction with the enlargement, or rather, the current non-enlargement of NATO. Whereas in 1998-99, NATO enlargement to the Czech Republic, Hungary and Poland moved much more rapidly than EU enlargement, the opposite situation could now occur. In particular, if the Baltic states were to enter the EU, requesting their accession to Article V of the modified Brussels Treaty, a

Spring 2000, vol. 42, no. 1, and François Heisbourg, 'International Perspectives on NMD: Brussels' Burden', *The Washington Quarterly*, Summer 2000, vol. XXIII, no. 3.

complex problem of congruence between defence commitments could result. An Article V commitment by the W/EU states to Estonia (for instance) could pose a problem to the United States, insofar as the United States could be drawn into a conflict with Russia (for instance) because it had upheld its commitment to defend its European NATO partners – of which Estonia was not one.

Unlike the NMD issue, however, which could cause damage in the very short term, this is a problem with which the Union – and the United States – still has a few years to come to terms.

Chapter Four

THE EU-NATO CONNECTION

This chapter draws largely on contributions by Stefano Silvestri and Andrzej Karkoszka

IV.1 Necessary improvements and unnecessary duplication

In examining the duplication issue, two preliminary points deserve to be made. First, duplication is not a specifically transatlantic issue. While there may be actual or potential cases of duplication between the Europeans and the Americans, or between NATO and the new EU defence endeavours, there is at least as much duplication between the EU members themselves. Aspects of this are discussed in Chapter VI. Duplication is a European as well as a transatlantic problem, and for this reason alone the Europeans would be well advised to take up this theme and make it their own, rather than having it presented as being solely or even principally a problem which EDP is allegedly creating for the United States and NATO.

Second, not all duplication is bad. A degree of redundancy in complex systems operating in stressful environments is usually viewed as a good thing, and defence forces are not only exceedingly complex, they also have to operate in the most demanding of circumstances. Furthermore, there are plenty of areas where more, not less duplication, is called for: any improvement by the Europeans in air mobility, in-flight refuelling or offensive electronic warfare capabilities, to cite but a few areas which were essential in the Kosovo war, will be a plus for all concerned, including for the United States. The point can also be made *ad absurdum*: since the United States has plenty of C3I assets, firepower and manpower, why should the Europeans duplicate any of these in the form of national or collective defence forces? The argument is indeed absurd, but it has the virtue of drawing attention to the need to be careful before pointing the 'duplication!' finger at European initiatives in C3I or force planning (*inter alia*).

With regard to force operational capabilities, the WEU audit after the Kosovo War has identified serious shortcomings regarding availability,

deployability, strategic mobility, sustainability, interoperability and operational effectiveness. It has also identified the need for joint Operational and Force Headquarters, with particular reference to C3 (command, control and communications), as well as their capabilities and deployability.

Some of these operational capabilities are already present in NATO – all of them, in fact, if we consider the available American assets. The case has been made that ‘unnecessary duplication’ could needlessly disperse the limited resources available. At the same time it could feed transatlantic rivalries (technological, industrial or operational), which may negatively affect the cohesion of NATO as well as its interoperability, thus diminishing the overall crisis management capabilities of the Alliance.

These arguments, however, should be considered in perspective, taking account of certain facts that greatly diminish their importance:

- a relatively high degree of duplication with American forces is inevitable, has existed since the beginning of NATO and will continue in the foreseeable future, as long as the United States and the Europeans maintain separate national military capabilities;
- NATO forces, as they stand today, have a relatively low level of interoperability, which seems set to decrease further between American and European forces.

The growing technological complexity of modern arsenals and the doctrinal and operational changes made by American forces to take full advantage of these technologies are widening the capabilities gap between the United States and its Allies. The entire Kosovo air campaign was a clear illustration of this.

This situation is widely recognised and has prompted NATO to launch a programme to improve the conventional forces of the European Allies. This programme indicates the need for a number of acquisitions, technological updates and operational changes, covering most of the same ground as the WEU audit. However, NATO is concentrating on the operational shortcomings of the Alliance as a whole, thus taking for granted the use of some important American capabilities (intelligence, command and control, etc.) and suggesting the best way to increase the usefulness of the European contributions. In other words, it is an American-centred analysis. The WEU

audit, on the contrary, also identifies those shortcomings that the Europeans should overcome to conduct autonomous operations (see Chapter VI).

This line of reasoning leads us to confront a complex political problem. If the EU were to decide to act autonomously in a major contingency, it would need a full range of capabilities, thus justifying almost any duplication as 'necessary'. At the same time it is difficult to envisage a true major contingency which would be of no interest to NATO or the United States. The compromise reached at the Washington summit of the Atlantic Alliance clearly constrains the European Security and Defence Identity inside NATO, giving it the right to act, but not to decide, autonomously. What is suggested is that ESDI decisions will be discussed by the Atlantic Council, which will decide if the matter should be pursued by the Alliance as a whole or left to the autonomous initiative of the EU, which could then envisage to take military action with the help of NATO. In this case, a presumption of availability of NATO assets for European operations is also clearly established.

However, no degree of previous commitment could guarantee the EU against a veto by a NATO non-EU member. More importantly, there is no guarantee whatsoever that the right quantitative and qualitative amounts of American national assets, which are not permanently available to NATO, will be made available to the EU on request – particularly if the United States is facing a major crisis in another part of the world.

The risk is that the discussion on necessary or unnecessary duplication will rapidly become a discussion on the degree of dependence from the United States that is best for Europe, on the American *droit de regard* over European affairs and on the sincerity and strength of the American commitment towards its European allies. Thus, questions of a basically technical nature would become political, at the risk of negatively affecting transatlantic relations.

The best way to confront this issue, therefore, is to establish some technical criteria, directly related to the strategic choices that have already been made by NATO and by the EU, aimed at defining objectively (or at least in a consensual mood) the '*necessity ratio*' of the possible investments. These new *duplicability criteria* should be in line with the *convergence criteria*.

Moreover, all criteria should abide by some self-evident rules such as the following:

General duplicability rules

- to avoid investing where a clear overcapacity (e.g. not increase the size of European armies nor the total number of their MBT) clearly exists;
- to give a lower priority to investments which are not related to projectability, sustainability, interoperability and all the other qualitative and quantitative needs deemed necessary to increase the performance of collective crisis management;
- to avoid the establishment of new competing international equipment programmes and/or management structures where these have already been established in Europe or where capacities are fully pooled already (e.g., there is no need to establish a parallel European structure to NATO's ACCS, NACMO and NAPMO, while the WEU's Satellite Centre could also work for NATO).

Given these general rules, the possible criteria extend from the most obvious one, which is motivated by widely shared operational needs, to the more contentious, which could be based on the political choice made by the EU to develop a common military capability to perform Petersberg tasks. A number of investments will satisfy all the proposed criteria: they fall clearly in the 'necessary' category. Others will satisfy only some of them, thus becoming more contentious. But the real dissent may arise over those investments which may be justified by one or two criteria, particularly the more politically motivated ones.

Therefore, our *duplicability criteria* can be divided according to their specific rationales. The *first set* of duplicability criteria includes those especially conceived to increase the military performance of the Alliance as a whole. The criteria grouped in the *second set* pertain to the development of a European capability to act autonomously. As a general rule, however, no criteria should contradict the others. On the contrary, they should be identified in such a way as to be mutually reinforcing. This is particularly easy in the case of the first set: all improvements of European capabilities, while benefiting the Alliance, will also contribute to the strengthening of the EU security and defence policy. However, the same line of reasoning should also apply to the criteria of the second set.

The case can be made that the development of a stronger European ability to act autonomously would greatly benefit the Alliance as a whole, on several grounds:

- it would increase the political and military flexibility of NATO by making available a larger range of crisis management options;
- it would increase the credibility of deterrence and the likelihood of conceiving a more successful strategy of conflict prevention, regionally based;
- it would make more forces available to confront a growing number of commitments and crises: in particular, it would reduce the risk of competition for access to US military assets by the Europeans when the United States is facing a major crisis elsewhere;
- it would allow for a greater redundancy of relatively scarce capabilities, thus increasing sustainability and diminishing the likelihood of unpleasant surprises;
- it would allow a more balanced burden-sharing among the Allies and some meaningful division of labour.

Politically speaking, moreover, combining together the two sets of criteria makes good sense because it will increase the consensus (both domestic and international) needed to find the necessary financial resources and implement programmes collectively, without major divisions. It is highly unlikely that, in Europe, important new budgetary funds will be made available for the military. The current absence of major and evident threats to the European territory, the tight financial constraints imposed on public expenditure by the EMU Stability Pact, the relatively high levels of taxation and the many problems stemming from the crisis of the welfare state are powerful arguments against major shifts of resources toward defence. The only alternative available is in fact a rationalisation of expenditures, making them more effective and allowing for a greater share of investments over salaries and running costs (see Chapter VII). However, such policies can only be sustained in political terms by the decision to build a common European defence system.

Given these constraints, an initial attempt to identify ‘duplicability criteria’ can be made along the following lines:

First set of duplicability criteria

- Investments needed to increase *the interoperability of NATO forces*, bringing the European forces up to date with certain American technologies, and operational requirements (e.g. comprehensive ability to communicate directly, IFF and the standardisation of procedures).
- Investments needed to *fill operational requirements insufficiently provided for by the Alliance as a whole* (e.g., strategic and medium-range airlift, logistical projectability, EW and ECM, precision-guided munitions and specialised ordnance).
- Investments required to meet the Helsinki headline goal, giving the force to be projected a minimum range of about 1,500 miles.

Second set of duplicability criteria

- Investments *increasing the cost-effectiveness of European defence expenditure* through common procurement and other measures reducing intra-European duplication (e.g., collective planning, identification of common requirements, preference given to the procurement of common systems, common training, common management of programmes and assets).
- Investments needed to *complete the operational effectiveness and capability of the European projection corps* already established by the Helsinki European Council decision (e.g., projectable HQs, at corps level with the necessary C3I).
- Investments needed to *allow the EU to make well informed decisions* on crisis management operations, over the entire spectrum of so-called Petersberg tasks (e.g., strategic planning capabilities, satellite-based intelligence).

IV.2 Ins and outs: the inclusion issue

The inclusion issue is certainly one of the more trickier problems linked to, albeit not created by, the new EDP. Before looking at practical approaches to dealing with it, notably in terms of the role to be played by those countries and particularly of NATO members who will become but are not yet members of the EU, several points are in order.

First, the discrimination/inclusion issue is not in itself a novelty at the foreign and security policy level. The Western European Union has been dealing with security and defence issues at the ministerial level since 1984, and the European Union embarked upon CFSP in the Maastricht Treaty. In both cases, the relationship between 'ins' and 'outs' had to be dealt with. EDP, along with the setting up of the CFSP's new institutions, simply makes the problem that more serious and potentially more contentious. However, it would be wrong to suggest that there can be a complete elimination of any form of discrimination: there will necessarily be a difference between those European members of NATO who are part of the constitutional process of European Union, and those who do not wish to be part of it. Discrimination can be alleviated, not eliminated.

Second, and this flows from the previous sentences, there is not one single discrimination or inclusion issue from NATO's standpoint, there are several. In effect, we have four categories of countries involved:

- those members of NATO who will become members of the EU soon after the permanent EDP institutions and headline force begin to operate: Poland, Hungary and the Czech Republic. These countries became Associate Members of WEU shortly after joining NATO and benefit from the current consultation machinery within WEU, and between WEU and NATO;
- Turkey, which is very much one of a kind, is an absolutely essential member of NATO by virtue of its strategic location, military power and sheer size.¹⁶ At the Helsinki meeting of the European Council, Turkey was determined to be eligible for candidacy to the EU. Thus Turkey is now a country which is embarking on the presumably long but clearly stated road to EU candidacy and membership;
- those NATO members who have expressed no wish to join the EU or which have rejected membership: Iceland and Norway in effect. These countries are Associate Members of WEU, as is Turkey;
- the group of seven countries which are candidates for both NATO and EU membership, and may become members of either or both at different

¹⁶ On this point, see Münevver Cebeci, 'A delicate process of participation – the question of participation of WEU Associate Members in decision-making for EU-led Petersberg operations, with special reference to Turkey', *Occasional Paper* 10 (Paris: Institute for Security Studies of WEU, November 1999).

times and in differing order: Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia. Negotiations for membership of the EU are in progress for all of them; consideration of further NATO enlargement for its part is frozen till at least 2002. These countries are all Associate Partners of WEU.

Lastly, inclusion is not simply an issue for NATO *vis-à-vis* the EU. The problem also exists the other way around. As the EDP military and politico-military institutions start working in close cooperation with NATO, the current four non-Allied countries of the EU may find it more and more difficult to reconcile their wish to remain outside NATO with the prospect that much of EDP planning will be influenced by transatlantic discussion in which they have no part.

Then we have the various categories of countries which aspire to be part of the EU:

- Malta and Cyprus may join the EU in a few years' time, without being currently candidates for membership of NATO. Nor are they associated with WEU. In other words, the ranks of the non-allied countries may grow from four to six;
- the seven countries which are candidates to both the EU and NATO; some of these, such as Estonia and Slovenia, may become full members of the Union while still remaining outside NATO, which they aspire to join. Some of these countries may wish to sign on to WEU Article V commitments (see Chapter II) as well as actively participating in all aspects of EDP;
- the three 'new' members of NATO.

In considering the inclusion issue, there is a natural, albeit not insuperable, conflict of interests between the existing EU members and the other countries. The current 'ins' have a vested interest in not complicating further what is already a complex process: EDP, undertaken as an all-Fifteen exercise, would be hampered if the 'outs' were given a major say in either decision-shaping or decision-making. Naturally, the resulting tendency towards exclusion can be alleviated by a set of incentives (e.g. facilitating in EDP terms the smooth entry into the EU of the three 'new' NATO members) and even more of disincentives (the potential threat by NATO 'outs' to block the NATO / EU interface).

Conversely, the 'outs' have a natural interest in gaining entry into EDP, for reasons which can be both progressive (for those who are EU candidates, involvement in EDP can be a way of increasing their traction in the negotiation process) and defensive (avoiding being excluded from European defence planning entailing access to all-NATO assets). It is important to recognise that these tendencies are both legitimate and contradictory, and that they create a situation that implies a true compromise (meeting more or less half-way).

However, there is a major difference in the manner in which each of the categories – 'ins' and 'outs' – can express their interests. In the case of the 'ins', the situation is simple, if not necessarily easy: there is only one, clearly defined group, that of the EU, and in the end the inclusion issue is going to be addressed by that group as a single entity, although this or that EU country may express greater openness or reluctance *vis-à-vis* the establishment of consultative arrangements with the 'outs'. These differences will eventually be melded into a common EU position: differences of attitudes towards the inclusion issue are not allowed, by any of the Fifteen countries, to become show-stoppers, since what counts foremost is indeed the all-Fifteen process itself. The state of the discussion in spring 2000 bears out this analysis.

Potentially, the situation has been rather more complex from the viewpoint of the 'outs'. First of all, there is a clear difference between those 'outs' that are already NATO members and those that are not, or not yet. The difference is already demonstrated in the WEU framework, the former group being Associate Members and the latter Associate Partners. The entry into EDP of this second group is necessarily of a different nature. This reality has not been seriously disputed from either a NATO or an EU standpoint. The non-EU NATO countries could align themselves on either one of two choices:

- either, a given country or group of countries could seek to establish with EDP a relationship reflecting its particular characteristics. Most clearly, Hungary, Poland and the Czech Republic could have formally claimed a special relationship with EDP as countries which are not only in NATO but close to EU membership. Indeed, their entry into the EU could occur within two or three years of the establishment of the 'headline force'. They could have considered this to be a *prima facie* basis for seeking

influence in decision-shaping and even decision-making of the corresponding force and strategy planning process. Turkey, although not nearly as close to EU membership, could put forward both its now recognised *vocation européenne* and its major contribution to NATO's strategy. Naturally, such divisions between non-EU NATO members would leave Iceland and Norway in a less comfortable position. In any case, this option was not the one which came about;

- or, the six European non-EU NATO countries could involve the group solidarity as it existed *vis-à-vis* the Western European Union, and seek to maintain or extend the corresponding consultative arrangements. This 'six-pack' approach is the one which has emerged, in practice. This option is probably also the least uncomfortable for the European Union, since it avoids posing the question of a formalised special relationship with the three 'new' NATO members. This does not mean that there should not be an *ad hoc* dialogue between these three countries and the CFSP-EDP institutions.

In practice, from the standpoint of the 'Six', the current consultative arrangements within the WEU could be transferred and institutionalised in the CSFP, without conferring rights in decision-making. The consultations could at first have an informal character: more than formalities, the promptness and continuity of such meetings would be of the essence. Some members of this group, notably Norway and Iceland (not currently candidates for EU membership), might abstain from participation in these events.

A clear signal from the EU of openness and acceptance of even informal partnership with the 'Six' may facilitate their future positive attitude when the issues of cooperation with the EU are deliberated within the ranks of NATO members; NATO decisions are taken by consensus and their voice counts equally, at least in a formal way, as that of the other states. It may be of particular value for Turkey, which is still hurting from its past relations with the EU and has a more distant prospect of EU membership than the other three NATO states from Central Europe.

Finally, the current candidates for EU membership should be treated as a potential pool of future direct participants in EU military operations. With the exception of the three 'new' NATO members who are already fully engaged in the NATO defence planning process, and barring Malta and

Cyprus, they are included in NATO's Planning and Review Process (PARP) under PfP. The seven WEU Associate Partners (Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia) are furthermore involved in the Membership Action Plan (the upgraded version of PfP and, to some degree, in forces answerable to WEU (FAWEU); all of this also entails some elements of joint defence planning. The latter procedure, however, covers only a small part of those countries' forces. These seven states will be invited, according to the Helsinki formulation, to contribute to the improvement of European military capabilities and to EU military management on a par with NATO members. Indeed, it would be in the EU's long-term interests to establish a broader effort within the EU relationship with these states, similar to NATO's PfP.

In any case, given the creation of new political and military institutions under the EU Council, it would be desirable from the standpoint of the Central and East European (CEE) states to obtain a high-level point of contact in the EU structures. This specially designated and empowered person with an adequate staff would keep in permanent contact with the large group of CEE states.

One of the uncharted possibilities of future cooperation with the CEE states is the interaction between their parliaments and the European Parliament. It should be remembered that such relations were perhaps the strongest channel of communication between the political élite of these countries and the WEU Parliamentary Assembly. Such cooperation would have a tangible impact on the attitude of CEE parliaments and, indirectly, on public opinion in the countries concerned, which does not always wholeheartedly support the process of integration with the Union.

Chapter Five

INTIMATE RELATIONS: THE ISSUE OF INTELLIGENCE SHARING

This chapter draws largely on a contribution by Charles Grant

V.1 The US-British special relationship

One of the areas in which the US-European relationship may face some of the most difficult choices in future is strategic intelligence, which has an impact on security and defence policy just as it does on foreign policy.

The US-British relationship in this field is crucial, both because it lies at the heart of the ‘special relationship’ between Washington and London and because, as we have seen, sustained and energetic British involvement will remain essential to the effectiveness of EDP, however it is defined. In other words, it is necessary to examine the possible conflicts of interest which could result from the simultaneous pursuit of the ‘special relationship’ and the progress of EDP.

Indeed, one of the most stable and constant features of the geopolitical landscape is the special relationship between London and Washington on intelligence matters.

The special relationship is at its most special in intelligence. There is close cooperation on human intelligence (HUMINT) between the Central Intelligence Agency (CIA) and Britain’s Secret Intelligence Service (the SIS, also known as MI6); on defence intelligence between America’s Defence Intelligence Agency and the British Defence Intelligence Staff; on ‘overhead’ intelligence – that deriving from satellite photos, reconnaissance aircraft or unmanned aerial vehicles – between America’s National Reconnaissance Office and Britain’s equivalent, the Joint Aerial Reconnaissance Intelligence Centre (JARIC); and on signals intelligence (SIGINT) between America’s National Security Agency (NSA) and Britain’s General Communications Headquarters (GCHQ).

Each of the British intelligence services has a liaison office, staffed by senior officers, in the United States. These offices obtain material from the US services and supply British intelligence to them. There are also British officers seconded to US agencies at an operational level, and vice versa. No other European country has such intimate relations with the US agencies.

British-American cooperation on human intelligence usually involves exchanges of intelligence assessments, rather than joint operations. The diverse styles of the SIS and the CIA – the former stressing the use of agents, the latter devoting more resources to sophisticated technology for the acquisition of information – mean that it is not easy for them to work together on operations.

Signals intelligence is the most special part of the special relationship – and has been so ever since 1941, when American and British code-breakers started to work together at Bletchley Park in southern England. Britain's GCHQ, based at Cheltenham, and America's NSA, exchange dozens of staff with each other. Each organisation takes responsibility for certain parts of the world. The British have listening posts in places like Cyprus, where the United States has none, and the Americans regard the British contribution as extremely useful. But in SIGINT, as in other forms of intelligence, the British intelligence services have no doubt that they get more out of these sharing arrangements than they contribute. So they are strongly wedded to the special relationship.

Australia, Britain, Canada, New Zealand and the United States, which are bound together by various intelligence-sharing agreements that date back to 1948, reveal more to each other than to other allies. This intelligence sharing among the five Anglo-Saxon countries is institutionalised at the very heart of the British system of government. The Joint Intelligence Committee (JIC) is the body in the Cabinet Office which sets goals for the UK agencies; sifts and evaluates their output; and presents summaries to the Prime Minister. Most other countries do not have an equivalent of the JIC, with the result that their intelligence agencies tend to be less well coordinated. There are two categories of JIC meeting: those at which the Anglo-Saxon allies are represented; and those at which only Britons are in the room. Britain's European allies do not attend any sort of JIC meeting.

Thus the common ground between the British and American intelligence services is extensive. It is inconceivable that a British government would ever wish to abandon the special relationship. So the key questions are whether, and how that special relationship can be made to fit with Europe's emerging CFSP.

Intelligence sharing in Europe

There is a large amount of intelligence sharing among European governments, both bilaterally and within NATO and the Western European Union. Governments are generally reluctant to circulate their highest-grade material within multinational organisations, because too many people are liable to see it.

It is important to distinguish between the raw data of intelligence – reports from agents, transcripts of wire-taps or satellite photos – and the assessments based on that data. Governments are naturally more relaxed about sharing analysis than the source material. For example, if Britain passed on a report from an agent in Iraq it could endanger his or her life; passing on an assessment of the report need not.

Even assessments, however, are often regarded as highly sensitive. If a government studies several assessments from another government carefully, it may be able to guess the other's sources, and will certainly gain some insight into its intelligence capabilities. Thus a country with sophisticated intelligence capabilities is unlikely to want to share high-grade assessments with another country unless it thinks it will get a good 'trade' in return. On the other hand, one government's intelligence is more likely to influence another government if it is passed on in a relatively raw state: a photo of a missile silo is more potent than a report saying 'there are missile silos'.

It is also worth distinguishing between 'strategic' intelligence, which is relevant to high politics and 'tactical' intelligence that is relevant to a military operation. Governments tend to be more willing to share 'tactical' intelligence, particularly with allies engaged in a common military enterprise. For example in June 1999, just after Slobodan Milosevic agreed to withdraw from Kosovo, the Russian Army despatched 200 of its peacekeeping troops from Bosnia towards Pristina airport. The Americans

discovered this movement as soon as it started, through SIGINT, and they informed their NATO allies immediately, who thus possibly knew about the troop movement before the Russian foreign ministry.

The sharing of tactical intelligence within NATO works quite well. The American, British, French and German intelligence services are among those that feed in reports. The British reports, from the JIC, are sometimes 'sanitised', so that references to sources or sensitive pieces of information are removed. A number of governments withhold some high-grade material from the NATO loop: three of its nineteen members were until recently communist countries, and some of their officials may still retain Russian affiliations.

WEU, which will soon be folded into the part of the EU that deals with CFSP, has a small unit that gathers and analyses intelligence from its member governments. WEU also has its own Satellite Centre at Torrejón in Spain, which processes information from commercial satellites and the two *Helios* 1 spy satellites (which are owned by France, Italy and Spain).¹⁷

Of more consequence is indeed the joint running and sharing of the *Helios* satellites by France, Italy and Spain. This operates in a technically integrated manner: each country is able to order national data for its own purposes from *Helios*, with access presumably reflecting each country's share in the venture.

The EU's growing involvement in the fight against terrorism, drug trafficking and organised crime has led to a growth in intelligence sharing among domestic agencies. Britain's Security Service (also known as MI5), France's DST, Germany's BfV and the other domestic agencies exchange information in the so-called Club of Berne.

Most EU countries have bilateral arrangements for sharing intelligence with each other. The continental countries also have bilateral relationships with the Americans, which are often productive, although not as intense as the UK-US relationship. For example in the mid-1980s President Mitterrand of

¹⁷ WEU's intelligence capabilities are discussed in Alessandro Politi, 'Towards a European Intelligence Policy', *Chaillot Paper* 34 (Paris: Institute for Security Studies of WEU, December 1998).

France gave President Reagan information gleaned from a highly-placed KGB source, known as 'Farewell'; Paris and Washington exploited the information jointly with the effect of substantially tightening technology transfers to the Soviet bloc. Thanks to 'Farewell', several dozen Soviet agents were expelled from France and other countries.

France can be difficult for other governments to deal with, because the half-dozen French agencies do not necessarily tell each other what they are doing. France lacks the equivalent of a JIC. It does have a *Comité Interministériel du Renseignement*, which sets priorities for the various services, but there is no central system for consolidation and analysis of all-source intelligence. It would be hard to establish a French JIC, because both the Prime Minister and the President would wish to be in charge.

However, the British and French intelligence agencies sometimes work very closely together. This is a tradition which, according to some, stretches back to World War II, when the British Special Operations Executive supported the French Resistance. In the 1980s, the French services helped the British to intercept boats that were running Libyan guns to the IRA – even though the initial tip-offs had come from the Americans.

France also proved helpful during the Falklands conflict in 1982, when President Mitterrand directed the French intelligence services to support Britain. They helped to track the movements of an Argentine ship that sailed close to France and Spain, and was suspected of trying to obtain French-made *Exocet* missiles. They helped to monitor a threat from Argentine special forces, who were thought to be planning operations in continental Europe, possibly in Gibraltar. And when France was due to deliver *Exocets* to a country close to Argentina which was prepared to pass on the missiles to the Argentines, Mitterrand blocked the transfer.

According to SIS sources, it is not necessarily true that Britain shares a higher quality of HUMINT with the Americans than with the French; it is the quantity, rather than the quality of the UK-US HUMINT trade that is unique. 'Personal ties between the SIS and the *Direction générale de la Sécurité extérieure* (DGSE) are sometimes closer than between the SIS and the CIA', says one source. 'Ties between the SIS and the DST (France's domestic intelligence service) are particularly warm, and together they sometimes conduct joint operations on sensitive subjects'.

Cooperation between GCHQ and the corresponding French intelligence organisation, which is part of the DGSE, is less intense, not least because of GCHQ's close ties to the NSA. However, French SIGINT proved useful to Britain during the Falklands war.

Germany's allies sometimes worry that its intelligence services, particularly the *Bundes Nachrichten Dienst* (BND, the external service) are penetrated by Russian agents. However, SIS sources say that, after the Americans, their biggest 'trade' – in terms of the quantity of HUMINT – is with the Germans.

Germany, like France, has a problem with coordination. The BND, which also includes SIGINT, is being moved, in part, to Berlin. Its domestic service, the *Bundesamt für Verfassungsschutz*, is based in Cologne, while each of the 16 *Länder* has its own domestic intelligence organisation.

When the Franco-German relationship is working well at the highest levels, the two countries' intelligence services are likely to work closely together, and sometimes to engage in joint operations. But there are no institutional structures that promote a permanent special relationship between the French and German intelligence services.

The services of the smaller countries sometimes provide useful information to the those of the larger countries – in the hope of making trades. The SIS has, at various times, worked closely with, among others, the Austrian, Danish, Finnish and Swedish services. The Finns, for example, had particularly good contacts with the KGB, the fruits of which were sometimes passed to the SIS.

Echelon

One potential obstacle to intelligence sharing among Europeans is the poor relationship between the French and American services. Ever since the early 1980s, the Americans have complained about France's alleged emphasis on industrial espionage in the United States. Both the French and the Americans have targeted each other in what some have described as an 'intelligence war' – and both sides have engaged in tit-for-tat expulsions.

The Americans were annoyed in 1995 when Charles Pasqua, a Gaullist interior minister, made a public issue of expelling a group of CIA officers, including 'illegal' agents.

The French argue that they had no choice: those officers had been caught bribing a senior member of the Prime Minister's office to supply information on the French position on the GATT trade talks, and did not respond to quiet hints that they should leave.

The French are particularly exercised about *Echelon*, a SIGINT network among the five Anglo-Saxon countries. Established in the 1980s, *Echelon* can record – through a network of listening stations on the ground and in space – any normal phone call, fax or e-mail. The use of certain key words in a communication triggers an analysis. One of the rules of *Echelon* is that the five countries are not supposed to listen to each other – at least not by using the *Echelon* system. Thus there are US officials who see reports of intercepts from all European countries bar the United Kingdom.

A report commissioned by the European Parliament and published in 1998¹⁸ claims to describe the *Echelon* network in detail.

The publication of a revised version of that report led *Le Monde* to lead with a story about Echelon in February this year.¹⁹ The headline ran:

'How the United States spies on you

The European Parliament is concerned about America's industrial and economic espionage. A report describes the Echelon network, a worldwide listening system. It can intercept two billion private conversations a day. Britain plays a central role in it'

In these SIGINT games, the French are not absent, even if their more limited resources, and in particular the lack of sigint satellites, mean that France's networks are not so comprehensive or omnipresent. France has 15 listening stations, in places such as French Guyana, Nouvelle Calédonie, la Réunion and Djibouti. 'We assume the French are listening to us when we

¹⁸ 'An appraisal of the technologies of political control', European Parliament, Civil Liberties Committee, September 1998.

¹⁹ *Le Monde*, 23 February 2000.

use open phones', says a highly-placed American defence official. 'If their listening systems are not so high-tech as ours, they'll certainly be trying to develop ones that are.' A CIA man adds: 'What is in the open air is fair game. But they [the French] shouldn't worry. The increasing use of both encryption and fibre-optic cables [which cannot easily be tapped] will solve their problem'.

These Franco-American spats on intelligence are undoubtedly one reason why the broader relationship between those two countries is currently so troubled. And so long as this problem persists, the Americans will not want the British to share the fruits of US-UK intelligence cooperation with the French.

Satellite battles

The French have always stressed that the EU must be capable of running 'autonomous' missions, even when NATO does not offer support, and that autonomous missions require an EU intelligence capability. The British accept the logic of the French position, although not always with enthusiasm. So the St-Malo declaration said that when NATO as a whole was not engaged, 'the Union must be given appropriate structures and a capacity for analysis of situations, sources of intelligence and a capability for relevant strategic planning, without unnecessary duplication.'

There is nevertheless a divergence of thinking between the British and the French on how to interpret those words. The French believe that Europe should develop its own network of military intelligence satellites. The British, enjoying privileged access to data from US satellites, think that European satellites are an unnecessary expense.

The French believe that Europe will not be capable of having an independent foreign policy as long as it is dependent on the United States for satellite intelligence. They argue that Europe cannot always rely on the Americans to provide data from their own spy satellites – because the American satellites may be busy dealing with crises in another part of the world; because some of them may be faulty; or because the United States may pass on low-grade or misleading intelligence.

The French like to cite an incident in September 1996. President Clinton launched bombing attacks against Iraq, in retaliation for Saddam Hussein allegedly moving a division of the Republican Guard into Iraq's Kurdish area. France claimed that imagery from its *Helios* 1A satellite showed the troop movements to be insubstantial. It therefore refused to support the American strikes.

Some British officials accept that, in an ideal world, it would be nice for Europe to have its own satellites. But they argue that, given the pressure on defence budgets everywhere, there are many other more urgent priorities – such as transport planes, battlefield communication equipment and friend-or-foe identification (IFF) systems. The British are also dismissive of the performance of France's two *Helios* 1 satellites, arguing that their resolution is no better than what is available from commercial satellites.

The French retort that *Helios* 2, to be launched in 2003, will be a much more powerful satellite. And they claim that the problem with the highest-quality commercial imagery is that the United States retains 'shutter control', that is, that it has the right to stop the commercial firms passing on the imagery. Thus most French defence analysts regard the roughly €2 billion spent on *Helios* 1, and the further 2 billion spent on *Helios* 2, as a good investment.

Many other European governments are sympathetic to the French position – but not so sympathetic that they will invest in *Helios* 2. In the mid-1990s France persuaded Germany to support the *Helios* programme. France said that in return it would invest in *Horus*, a cloud-piercing radar satellite that Germany wanted to build. President Clinton tried to scupper these plans by sending John Deutch, then head of the CIA, to Germany. Deutch sought to persuade Chancellor Kohl to buy an off-the-shelf Lockheed spy satellite rather than invest in *Helios*. However, the Americans wished to retain shutter control. Whether as a result of American pressure or for strictly budgetary reason, the Franco-German project did not come to fruition.

This year German policy appears to be shifting once again. The German defence ministry has complained about the quality of satellite imagery that the United States provided during the Kosovo conflict and in its aftermath. The complaint is that, on three occasions, the US provided inadequate or misleading material that was relevant to the security of German forces on the ground. For their part, the Americans argued after the Kosovo conflict

that it was hard to share tactical intelligence with NATO partners who were not equipped with secure, digital, broadband communications systems. Be that as it may, at the time of writing (April 2000) there is talk in Berlin of the government investing in a German radar satellite called SAR/LUPE, that would use relatively cheap off-the-shelf technologies.

Many Britons point to the Falklands war as an example of how, in time of need, the Americans can be counted on to help Britain. It is certainly true that Britain would have found it much harder to reconquer the Falklands without American help. Yet it is often forgotten that in that conflict America was not always helpful – and that in many ways (as mentioned above) France was more helpful.

Having only minimal intelligence resources in the South Atlantic, Britain had no prior warning of Argentina's preparations to invade the Falklands in the spring of 1982. Nor did the United States give Britain any warning – presumably because American intelligence priorities, like those of Britain, were elsewhere in the world. After the Argentine invasion, America did not, according to a former British defence intelligence officer, pass on high-quality satellite photos. 'The Americans said there were "technical" problems', recalls the officer. 'This was during Al Haig's shuttle diplomacy'. General Haig tried to negotiate a compromise package that would have allowed the Argentines to withdraw in a face-saving way. 'The US gave us the good photos only after Argentina rejected Haig's compromise. If Argentina had accepted that compromise, and Britain had rejected it, I doubt the Americans would have wanted to help us. They will always do what is good for the US'.

The heart of the problem

The special relationship runs in the blood of senior British officials, and they have no intention of doing anything that would jeopardise it. But many of them are also good Europeans, committed to implementing Tony Blair's scheme for a European defence capability. They see no incompatibility between these two fundamental principles of British foreign policy. 'If the European Security and Defence Policy (ESDP) succeeded, I doubt that the US would want to damage the special relationship [by cutting back on intelligence links]', says a Foreign Office man renowned for both his

staunch Atlanticism and his pro-European views. 'Our European partners should see it as an asset that we have access to US intelligence'.

Notwithstanding the insouciance of British officials, the special relationship does create potential problems for the CFSP. Intelligence is an influence on the formation of foreign policy. So the fact that EU governments receive different intelligence assessments must, other things being equal, make it harder for them to achieve common foreign policies.

However, EDP is still in the formative stages. The EU is many years away from having an effective and coherent CFSP. So it has many years to think about how that can be reconciled with the Anglo-Saxons' special relationship.

For another thing, intelligence is only one of many factors that determine foreign policy. The crucial question is, how important a factor is it? Senior officials in both London and Washington say that one reason for the divergence of foreign policies among the European governments is that they receive different intelligence reports; but equally senior officials in London and Washington say that intelligence is seldom a significant factor in the making of foreign policy.

In general, intelligence matters more for policy towards countries which have closed societies. One can usually find out what is going in an open society through monitoring the media. And over the past 20 years, the number of repressive countries has greatly diminished. Intelligence may be crucial to understanding events in North Korea – but intelligence on such countries is also likely to be inaccurate.

Those who believe that intelligence is important point to the example of Iran. Britain and America have generally taken a tougher line on Iran than have France, Germany or Italy. According to a senior British official, at various times in the 1990s US and UK intelligence suspected Iran of links to international terrorism, of nuclear proliferation and of plans to disrupt the Middle East Peace Process. Apparently this intelligence was, on occasion, too sensitive to be passed to other European governments; and that, alongside competing commercial interests, may explain at least some of the differences of policy.

However, divergent policies in the Middle East do not simply flow from differing sources of intelligence. France has taken a different line from the Anglo-Saxons, because of genuinely different political analysis and its commercial interests – its desire to stand up to American dominance in some parts of the world.

Arguably, intelligence is seldom a crucial factor in the making of foreign policy, though it is often vital for military operations. Domestic party politics, economic interests, personal relations with other foreign leaders, shifts of public opinion and reports in the media often count for more. To a large degree it was the television pictures of Albanian refugees – seen by people in every NATO country – that made it fairly easy for NATO governments to garner public support for their campaign of bombing Serbia.

V.2 Building a European intelligence capability

And yet, the special relationship still poses problems for the EU's foreign and defence policies. For one thing, intelligence reports sometimes do impact policy, for example towards the so-called 'rogue' states. For another, they have a major bearing on the success of EU military operations. Furthermore, intelligence links, or the lack of them, have a psychological impact on relations among governments – nurturing or damaging the trust that politicians from different countries feel for each other. This year's furore over *Echelon* created bad feelings about the British, and not only in France. Without mutual trust among Europe's major powers, the CFSP will not get very far.

So Britain, its European partners and the United States should recognise that there is a gradually emerging problem, rather than ignore it. In the interests of an effective European CFSP and a healthy transatlantic relationship, they need to search for ways of building up the EU's intelligence-sharing capability – but ways that also respect Britain's special relationship with the United States.

The security arrangements in the EU's CFSP machinery should be improved. Evidently, the governments of NATO and the EU should seek to share as much intelligence with each other as is compatible with their national security. Because the EU has a reputation for being a 'leaky'

organisation, and because some of its members are non-Allied, NATO is reluctant to pass intelligence to the EU. So the EU must ensure that the CFSP unit which is part of the Council of Ministers' secretariat is extremely secure. There will need to be rigorous vetting procedures, stringent codes of conduct on access to documents and buildings, and harsh penalties for breaches of security. It was an encouraging sign that, in March 2000, Javier Solana appointed a British brigadier with an intelligence background to head his military staff; the appointment implies that the EU's military staff will take the need for security very seriously.

When the EU embarks on a military mission that is supported by NATO (as would normally be the case), NATO's Deputy Supreme Allied Commander Europe, who is always a European and would normally be responsible for running such a mission, should pass relevant NATO intelligence assessments to the High Representative's military staff. These assessments should be made available to representatives of the non-allied EU members and to any non-NATO, non-EU country that contributes to the mission.

The EU's High Representative needs a powerful intelligence assessment unit within the Council of Ministers. Javier Solana already has a Policy Unit, consisting of some two dozen diplomats, who are specifically charged (in the 6th declaration attached to the Treaty of Amsterdam) with channelling confidential material from their own countries to the High Representative. The embryonic Military Staff will play a similar role for military intelligence. NATO has an Intelligence Board, which brings together the heads of each member's military intelligence for regular meetings. Solana's team should host similar meetings for the heads of military intelligence from the EU countries, to encourage the sharing of military intelligence among them. Solana should also establish a unit that focuses on analysing open-source intelligence (OSINT) – for example, information that is available on websites – which is often more useful than secret sources.

In the long run the High Representative will probably need a more extensive capacity for analysing the intelligence that comes from the member states (and whatever comes from the Torrejón Satellite Centre). There may be a case for establishing some kind of EU-level JIC, made up of senior intelligence figures from each member state. One advantage of holding meetings of senior figures in Brussels is that it might encourage their governments to provide a higher grade of intelligence to Solana's team. And

there might also be intangible benefits from the senior figures working with each other on a regular basis; COREPER, the committee of EU ambassadors, works effectively because its members know each other well, and it may be a good model.

This Euro-JIC would seek to coordinate tasking of the various national agencies, so that they did not pursue divergent lines and priorities; but it would not have the power to order them to change their objectives. The committee would filter and analyse the various national assessments in order to produce common assessments for foreign ministers and the High Representative.

One of the difficulties in creating a Euro-JIC is that not every country has a single figure, such as the British official who chairs the Cabinet Office JIC, to represent it. Hopefully, the process of establishing this EU committee would encourage the French, Germans and others to rationalise their own intelligence structures.

However, given the reluctance of agencies to share the most sensitive information with multinational bodies – even within relatively small committees – individual agencies may wish to develop their own ‘bilateral’ relationship with the High Representative and his chief aides.

The EU should make greater use of commercial satellite imagery. The WEU’s Satellite Centre at Torrejón should focus on analysing commercial imagery, as well as on photos from specialised military satellites. Torrejón should become a centre of excellence for the interpretation of satellite photos; the skill and expertise required for such analysis is as important as the quality of the photos themselves.

For reasons of US national security, commercial satellites will not always be available at all times over all areas. The EU can seek an American commitment to eliminate shutter control, but it is unlikely that an absolute commitment would be forthcoming. On a day-to-day basis, however, the new generation of 1-metre resolution commercial satellites can provide coverage of areas of European strategic concern.

The conflict of spending priorities between dedicated observation satellites and other military requirements may well be eased by the decreasing cost of

relatively high-resolution satellites, including radar satellites, which should make it possible for Europe to acquire an independent capability at an affordable cost.

The Americans should be associated with the EU's intelligence unit. The best way of getting the Americans to share information is to make them feel included and involved. They need to be reassured that the whole CFSP is not a plot to undermine NATO and/or American global influence. There will inevitably be times when EU and American foreign policies diverge; but it is better for such divergences to occur when both sides have a good understanding of each other's position. In return for US representation in some of the meetings of the CFSP machinery, the EU should insist on having equivalent representation in the National Security Council.

The NATO countries should agree on a code of conduct for economic espionage. The Americans and the Europeans should agree on a set of non-binding rules on what is and what is not allowed in the field of economic espionage. The reality is that countries will continue to spy on each other. But if they agreed to follow a set of mutually-agreed rules that applied to the whole of NATO, these activities would be much less damaging.

Most developed countries have recently signed up to an OECD convention on corruption that is intended, among other things, to limit the use of bribery to win commercial contracts. It is probable that many NATO countries will spy on each other to ensure that their competitors do not break the rules. This may be the best way of ensuring that the convention is respected. Thus such 'defensive industrial spying' should probably be authorised by the code of conduct, within specified limits.

Chapter Six

OUTPUT CRITERIA

This chapter draws heavily on contributions by Rob de Wijk and Maartje Rutten

The military focus of the St-Malo process is on the improvement of European defence capabilities. There was therefore a *prima facie* case for setting a headline force goal early on. It will be argued in the following chapter that such an approach imposes constraints, not least the probability that the force goals will not be readily met without upstream commitments as to the means (the input criteria) needed to attain them. None the less, an approach focused on output has much to commend it at this stage in the process:

- agreeing on a headline goal is politically less demanding than agreeing either on specific strategic goals or on input criteria, which would necessarily include a form of budget discipline and commitments. Simultaneously, the headline force provides the thin edge of the wedge which leads to a discussion both of strategic aims and of the budgetary ways and means of achieving the goal. Indeed, at the meeting of EU defence ministers in Sintra on 28 February 2000, the so-called ‘toolbox’ document outlining the key steps towards the headline goal listed as its first step an ‘outline of the overall strategic concept’;²⁰
- the output criteria also bring the military into the EU-led EDP at an early stage, whereas hitherto the military were not involved in the European Union integration process, except via the WEU periphery and related European defence ventures.

It is the state of these ventures which deserves to be examined before discussing the implementation of the Helsinki headline goal.

²⁰ See *Atlantic News*, 3 March 2000.

VI.1 European multinational forces: the state of play

Best known of these is, of course, the Eurocorps, created in May 1992, whose components are currently drawn from five member states – France, Germany, Belgium (June 1993), Spain (July 1994) and Luxembourg (August 1995) – and which has a strength of 60,000. Both NATO (SACEUR Agreements, January 1993) and WEU (forces answerable to WEU – FAWEU – since the WEU Rome Council meeting in May 1993) can make use of the Eurocorps.²¹ Important exercises to practice interoperability (*Pegasus*) and operational procedures and force projection (CRISEX) have been judged successful. However, the Eurocorps's first mission consisted merely of 150 staff officers being sent to reinforce the SFOR HQ in Sarajevo (thus not the Eurocorps as such) in late June 1998.

It was proposed at the NATO meeting of defence ministers, on 2 December 1999, that the Eurocorps HQ should take over from LANDCENT in KFOR in June 2000, i.e. become answerable operationally to SACEUR and politically to the NAC. The outgoing KFOR HQ was about four times the Eurocorps HQ's size. SACEUR has decided that the Eurocorps is fit to do the job, functioning as the core of the new KFOR HQ. Thus, Eurocorps took command of KFOR on 18 April 2000.

At the WEU ministerial meeting in Lisbon in May 1995, France, Italy and Spain signed the founding documents for the creation of an Army Joint Rapid Reaction Force (EUROFOR) and a European Maritime Force (EUROMARFOR). At this meeting, Portugal officially requested to join both forces and was included through a protocol.²² Use of both forces within the WEU framework has priority but they can also be used in the framework of NATO (logically under AFSOUTH) or integrated within the ARRC or the Eurocorps.

²¹ Pre-assigned units are: the Franco-German Brigade, 1st French Armoured Division (which was, however, transferred back to France from Baden-Baden for financial reasons, but France tries to maintain the same level of participation by committing volunteer forces, although the division level is unlikely to be adhered to), 10th German Armoured Division, 1st Belgian Mechanised Division and a Luxembourg reconnaissance company (integrated into the Belgian division).

²² Portugal contributes an airborne brigade to EUROFOR but currently only maintains observer status in EUROMARFOR.

EUROFOR is a large, multinational force of four brigades with units available on-call, with different modules selected on an *ad hoc* basis. Its HQ became operational in November 1996 and at that time Greece officially applied to join. Eurofor itself became operational in June 1998, during Exercise *Eolo 98*. EUROMARFOR is a pre-structured, non-permanent force, the composition and structure of which depend on its mission. It has no permanent structures or HQ but comes under the rotating command of one of the participating states (ALFLOT (Spain), CECMED (France), CINCNV (Italy) or COMNAV (Portugal)). It became operational during Exercise *Iles d'Or-97*, held in Toulon in May-June 1997.²³

A further important force, which was operational in KFOR through its HQ, but not as such, is the ACE (Allied Command Europe) Rapid Reaction Corps (ARRC), the creation of which was agreed at the NATO Rome summit in November 1991. The ARRC forms the land component of the ACE rapid reaction forces within the NATO 1991 Strategic Concept.²⁴ As the framework nation, the United Kingdom always provides the Commander of the ARRC. In June 1998, the ARRC HQ held an exercise called *Able Condor*, during which interoperability of the HQ's and the assigned formations' global communications capabilities were tested. Kosovo, however, demonstrated that Europe still has major shortcomings in these fields.²⁵

²³ Eleven countries participated in the exercise, which centred around three aircraft carriers, the French *Clémenceau*, the USS *Kennedy* and the Italian *Garibaldi*. The main goals of the exercise were to test the interoperability of a combined, joint HQ and to test the framework-nation concept.

²⁴ Assigned forces are divided into the following categories: *National Division*: the German 7th Armoured Division, 1st US Armoured Division and the Spanish Rapid Reaction Force. *Framework Divisions*: 1st UK Armoured Division which can contain a Danish Brigade; 3rd UK Mechanised Division, which can contain the Italian Arietta Armoured Brigade; the Italian Mechanised Division, which can contain a Portuguese Airborne Brigade. Greece and Turkey have assigned a division, with the potential to accept troops from another nation. *Multinational Divisions*: Multinational Division (Central) (MND(C)), an airmobile division, comprising the Belgian Para Commando Brigade, the German 315th Luftlande Brigade, the Netherlands Airmobile Brigade and the 24th UK Airmobile Brigade. Multinational Division (South) (MND(S)), which is not yet formed, will contain brigades from Greece, Italy and Turkey.

²⁵ ARRC experience in Bosnia (IFOR and SFOR) already revealed shortcomings which were still not satisfactorily solved in Kosovo, such as C2, tactical control, interoperability and deployability of forces. A very positive lesson was the success of

In March 1993, the Netherlands and Germany decided to create a bi-national corps, which was inaugurated in August 1995. It contains a bi-national, integrated staff and comprises 1st NL '7 December' Division and 1st GE Armoured Division, totalling some 40,000 men. The corps is part of NATO's Main Defence Forces and its HQ was made available to WEU in November 1997. It is unique in that the commander is in command of foreign soldiers in times of peace in accordance with the lead-nation principle. The Corps contributed some troops to SFOR.

Two bi-national forces have already been in existence for a long time: the Dutch-British Amphibious Force (UKNLAF, 1973) and the German-Danish LANDJUT Corps (1962). The UKNLAF²⁶ is available for Petersberg tasks and was declared a FAWEU at the Rome Summit in May 1993. LANDJUT consists of the Danish Armoured Infantry Jutland Division, possibly reinforced by the Danish Reaction Brigade, and 6th GE Armoured Infantry Division. In September 1998, however, Germany, Denmark and Poland signed a document on the creation of a joint army corps within NATO for collective defence and peace support operations. This resulted in the Multinational North-East Corps, operational since Polish accession to NATO (16 March 1999), headquartered in Szczecin, Poland, into which LANDJUT has been integrated.

Several smaller forces created over the past five years comprise the Admiral BENELUX, a Dutch-Belgian naval cooperation agreement (February 1996) for cooperation in operations (common operations and command), materiel and logistics (standardisation of equipment) and training. In September 1996, the three BENELUX countries created a Deployable Air Task Force (DATF), to provide air power in crisis-management operations (Dutch and Belgian air assets, protected in the field by elements of the Luxembourg *Force Publique*). In November 1994, the Franco-British Euro-Air Group was created, a joint air command, basically a planning and coordination cell with no aircraft permanently allocated to it but which could designate, on a case-by-case basis, the best adapted combat and transport squadrons. On 1 January 1998, Italy joined the Group, which was then renamed simply the

the framework nation model (there were three multinational divisions in IFOR and SFOR, in which a French division was integrated at a later stage).

²⁶ The UK contribution is the 3rd Commando Brigade Royal Marines and the Dutch contribute operational units of the Marine Corps, which are fully integrated into the UKNLAF.

Euro-Air Group.²⁷ In October 1997, Italy and Spain signed an agreement to set up the Spanish-Italian Amphibious Force (SIAF), merging existing forces.

Furthermore, a whole collection of multinational forces have been dedicated to peacekeeping, such as the Nordic Common Logistics Battalion, the Baltic Battalion, the Polish-Ukrainian Battalion, the Lithuanian-Polish Battalion and the South-East Europe Multinational Brigade. Lastly, there are a number of multinational formations in the making: an Italo-Slovenian-Hungarian Land Force, a European Multinational Maritime Force, a Black Sea Naval Cooperation Task Force, a Romanian-Polish Battalion, a Romanian-Ukrainian Battalion, a Romanian-Moldavian Battalion, a Romanian-Bulgarian Battalion, a US-German Air Defence Unit, a Lithuanian-Polish Battalion and a Belgo-Portuguese Air Projection Force.²⁸

Within WEU, force coordination and enhancement of cooperation among forces has, since May 1993, been dealt with primarily by the Planning Cell, and covers both national and multinational FAWEU. For effective management of multinational forces, vertical links have been established between WEU and the multinational forces, and horizontal links among the multinational forces are encouraged through the use of Standing Operating Procedures (SOPs).

At the WEU ministerial meeting in Erfurt on 18 November 1997, a decision was taken on the creation of a WEU Military Committee, consisting of the Chiefs of Defence Staff (CHODS).²⁹ The WEU Military Committee gives advice on how to implement the Petersberg tasks, deal with crisis situations, manage FAWEU and handle CJTF (Combined Joint Task Forces, see below). The Military Committee is assisted by a Military Staff, in addition

²⁷ On 16 June 1998, Belgium, the Netherlands and Spain announced plans to join the Group. Germany intends to maintain its 'correspondent status'.

²⁸ A joint Finnish-Swedish Force and a Netherlands-Belgian Mine Countermeasures Force have been announced. In addition, NATO contains multinational forces such as the ACE Mobile Force Land (AMF(L)), the Standing Naval Force Mediterranean (STANAVFORMED), the Standing Naval Force Atlantic (STANAVFORLANT) and the Standing Mine Countermeasures Force in the Mediterranean (MCMFORMED).

²⁹ Of the full members, Observers and Associate Members. The CHODS of Associate Partner states can be invited to the meetings. Invitations will be issued on a case-by-case base.

to the Planning Cell – which is now also responsible to the chairman of the Military Committee.

Last but not least, WEU in its current incarnation, can make use of detachable NATO forces, headquarters structures, logistics, collective C2 systems and specialised assets such as communications systems, through the Combined Joint Task Forces (CJTF) concept, endorsed at the NATO summit in Brussels (10-11 January 1994).³⁰ The concept was completed at the NATO Berlin summit in June 1996. At the informal NATO meeting in Bergen on 25-26 September 1996, it was decided to ‘double-hat’ Deputy SACEUR (who is always a European – currently General Sir Rupert Smith) as commander of Europe-only operations, who would oversee cooperation between WEU and NATO and make plans for possible European/WEU operations that include CJTFs.

Since the Berlin summit, important progress has been achieved by the Policy Coordination Group in implementation of the concept, based on the May 1996 ‘Politico-Military Framework for the CJTF concept’. This concerns, *inter alia*, elaboration of European command arrangements with NATO, arrangements for identifying NATO assets and capabilities which might be made available to WEU, arrangements for the release, monitoring and return or recall of Alliance assets and capabilities, modalities for cooperation with WEU and planning and conduct of exercises for WEU-led operations. Other elements of concept implementation have been the establishment of the bi-MNC Combined Joint Planning Staff (CJPS), co-located with SHAPE in Mons, Belgium, and the Capabilities Coordination Cell (CCC) at NATO HQ (IMS).

At the NAC ministerial meeting in Sintra, Portugal, on 29 May 1997, three pilot CJTF HQs were designated: STRIKFLTLANT (Striking Fleet

³⁰ CJTF concerns short-term, quick reaction, multinational (combined) and multi-service (joint) contingency elements within NATO that could be detached for certain missions and placed under the political control and strategic direction of WEU on the basis of an *ad hoc* NAC decision, should NATO choose not to participate in an operation. Elements can be drawn from Regional Command North (Brunssum, the Netherlands) and RC South (Naples, Italy). A modular approach has been adopted for CJTF HQs based on ‘nuclei’ or core staffs and ‘modules’ (Modular Approach: Nucleus + Augmentation Modules + Support Modules). CJTF will operate under NATO SOPs and STANAGs (Standardisation Agreements).

Atlantic), AFCENT and AFSOUTH. The NATO Madrid summit of 8 July 1997 adopted a new NATO internal force structure, finalised at the NATO Washington summit on 24 April 1999.³¹ While forces were substantially decreased (ground forces by 35 per cent, naval forces by 30 per cent and air forces by 40 per cent), their mobility, flexibility and deployability were simultaneously improved.³² The first joint NATO-WEU CJTF exercise (CIMEX/CRISEX) took place from 21 February to 1 March 2000.

Although the efforts needed, but also the difficulties in coordination and cooperation among European forces, should not be underestimated, it is also clear that most European multinational forces still represent little more than political symbolism and paper forces. Thus far, of all these forces only the ARRC has had noteworthy operational experience, and Eurocorps is just beginning to do so. Furthermore, those forces which rely on on-call units would be practically as well as politically slow to activate. From the military point of view, multinationality below corps level is less advantageous, since forces are weaker below that level and resources are spread out; furthermore, it also increases political difficulties, since weak cohesion appears to put the lives of national soldiers at greater risk. It is doubtful, below corps-level multinational force, whether troops of different nationalities will understand each other sufficiently well that different national groups can give each other the same support and protection as they are able to give their compatriots.

³¹ The Madrid meeting also adopted the following arrangements:

- Provision for the WEU's requirements in NATO's planning for future forces and capabilities;
- Arrangements for identifying NATO assets on which WEU might draw with NAC agreement;
- Elements of the NATO command structure, which might be used to lead and support an operation under the political control of WEU;
- Consultation and information-sharing arrangements.

³² For a more elaborate overview of European multinational forces, WEU and NATO force arrangements and CJTF see Maartje Rutten (rapporteur), 'Future Cooperation among European Defence Industries in the light of European Multinational Forces', CEPS Working Party Report no. 24, Brussels, June 1999.

VI.2 Measuring, reviewing and comparing capabilities

During the Helsinki European Council on 11-12 December 1999, a headline goal was set. By the year 2003, EU member states will be able to develop rapidly and then sustain forces ‘capable of the full range of Petersberg tasks, *including the most demanding*, in operations up to corps level; (up to 15 brigades or 50,000-60,000 persons)’ (emphasis added). These forces should be self-sustaining with the necessary command and control and intelligence capabilities, logistics, and other combat support service and additionality, as appropriate, naval and air elements. The readiness requirement is 60 days. Within this, some units should be kept at a very high state of readiness, capable of deployment within weeks or even days. The member states agreed that they would sustain this deployment for at least one year, requiring an additional pool of deployable units and supporting units at lower readiness to provide replacement for the initially deployed forces.

Regarding the Helsinki decision, however, there are many unanswered questions. Firstly, in so far as the number of 50,000-60,000 includes support and logistic units, it is doubtful whether the headline force would be adequate for all Petersberg tasks. A rule of the thumb suggests the following composition of armed forces:

- one-third logistics (in the pre-deployment phase logistics could be as high as 50 per cent);
- one-third combat support forces;
- one-third manoeuvre or combat forces.

Since the Council decision indicates that the number mentioned includes both logistic units and combat support units, only 20,000 combat forces may be available. Such a fighting force could not be deployed for the *most demanding* Petersberg tasks. With such a force the EU could take over from NATO the KFOR operations in the Federal Republic of Yugoslavia. Conversely, an intervention in a non-permissive environment in Kosovo could not be carried out with such a force. And it is questionable whether it would be sufficient in a semi-permissive environment. For relatively large-scale sustained combat operations, the EU might need 50,000 to 60,000 combat forces. This would thus require a headline goal of 150,000-180,000.

Secondly, there are the issues raised by the requirement for sustainability. Member states should be able to sustain their contribution for one year; they are likely to replace their units after a six-months' deployment.

If the 60,000 headline goal were to include all the relevant support troops, there would be a requirement for a pool of at least 180,000 soldiers, shared roughly equally between:

- forces on operations;
- forces withdrawn from operations and in training;
- forces in training and ready to move.

to which must be added provisions for unavailability, illness, promotion etc.³³ These figures do not take account of the requirements generated by severe losses linked to sustained combat in a non-permissive environment. Most member states are not in a position to provide replacements for units that have suffered heavy losses. Given the nature of contemporary conflicts, it should also be mentioned that a one-year sustainability period may be too low. In its 1993 *White Paper* the Dutch MOD took a three-year period as a starting point, requiring two reserve units for each unit deployed. Given the nature of contemporary crisis response operations, the 1999 *White Paper* no longer mentioned this limitation. The Dutch contribution will now, for an indefinite period, require at least three reserve units for each unit deployed. In conclusion, the real world might require more than three times the number of active forces mentioned in the Helsinki documents. Otherwise, a European-led force can only be deployed for a very limited period, requiring replacement by other (NATO) multinational formations.

The third question concerns the availability of forces. In 2000, only five of the fifteen EU member states have all-volunteer, professional armed forces,³⁴ but the number will have risen to eight countries by the time the headline force is to be set up (2003). The other states have mixed forces, with the emphasis on conscription. For political reasons, in most countries

³³ See, on this point, the presentation by General Sir Rupert Smith at the Brussels Conference of Defence Convergence, Palais d'Egmont, 28 March 2000.

³⁴ Belgium, Luxembourg, the Netherlands, Ireland and the United Kingdom rely on volunteers. France, Spain, Portugal are in the process of abolishing conscription (to be terminated in 2002/2003). Italy has decided to abolish conscription.

conscripts can only be deployed for collective self-defence. Other tasks, including the Petersberg tasks, require volunteers.

Regarding air forces and navies, headline goals should be developed as well. One way of developing a headline goal for air forces would be to define the number of combat aircraft required to carry out a tactical air campaign for a ground force of 50,000, supplemented by strategic attacks on targets which could have an indirect effect on the military situation in the theatre. This would require extensive and time consuming scenario analysis.

A practical way is to start from the same principle as the headline goal for ground forces. This would require a decision on the number of *air wings* required to carry out the most demanding Petersberg tasks, i.e. each air wing is structured around a number of *combat aircraft*, but it includes support aircraft such as air defence fighters, tankers, and surveillance aircraft as well. An equivalent to the headline goal for ground forces suggests that some 300 combat aircraft should be considered a minimum. The next step is to define the right balance between combat, combat support and logistic aircraft, and the number of air wings that can be built around 300 combat aircraft. This would give eight or nine air wings. A rule of thumb suggests that the balance between combat aircraft and support aircraft is 60 to 40. Including support aircraft the number would therefore be as high as 480.

This level of analysis needs to be accompanied by a corresponding examination of the munitions and other impedimenta required by these air wings in order to fulfil their tasks. One of the more unpleasant 'revelations' of the Kosovo war was that Europe did not lack strike aircraft: on the contrary, it simply lacked the ordnance enabling them to perform in the framework of the chosen strategy; the dearth of European support aircraft (e.g. OEW/SEAD, C2 and IFR) was no less appalling.

Given the nature of naval forces, a slightly different approach is called for when fixing a headline goal. Maritime forces are inherently well-suited to expeditionary operations. Their reach, ability to sustain themselves without having to rely on host-nation support, mobility and flexibility are important characteristics. For naval forces, the multinational task group, or a *European Multinational Maritime Force* (EMMF) could be the principal

organisational structure.³⁵ The exact composition of a task group will depend on its mission.

The most demanding Petersberg tasks would include power projection and sea control. Power projection consists of a triad that comprises strike, land attack and amphibious operations, which in broad terms require three 'modules': an aircraft carrier module, a land attack module and a strategic lift module, all with their own support and escort forces. This calls for an EMMF that is made up of one or more aircraft carriers with strike and support aircraft, surface ships and submarines equipped with tactical land attack missiles such as cruise missiles, a brigade-sized amphibious and transport component and escort ships, command and support ships and other specialised forces such as mine countermeasures platforms. The exact composition of an EMMF will depend on its mission, but as a general rule the most demanding scenario would require a force with 1-2 aircraft carriers, 4-8 amphibious ships with organic helicopters, 4-6 submarines, 20 surface combatants, 1 command platform, 2-4 support ships and 8-10 maritime patrol aircraft. A typical mine countermeasures force would consist of 6-10 platforms with a command and support platform.

Sea control includes the protection of sea lines of communication, blockades and embargo operations. This mission requires submarines and surface combatants, in conjunction with an air surveillance capability and support ships. Depending on the size of the area of operations and the density of shipping, an EMMF for sea control should comprise 6-10 frigates, destroyers or corvettes with a boarding capability, 1-2 submarines, 4-6 maritime patrol aircraft for surveillance and 1-2 support ships to sustain sea control operations.

In order to be able to sustain these operations for a prolonged period and at the same time maintain the required state of readiness of the EMMF, at least two task groups should be available in theatre to enable the necessary rotation to provide for training and maintenance, while a factor of three is again necessary for long-term sustainability.

³⁵ Dutch Defence Minister Frank De Grave presented the idea of a European Multinational Maritime Force (EMMF), with French support, in December 1999. It complemented the initiative by his German counterpart, Rudolf Scharping, with UK support, for a European Air Transport Command.

The quality of European forces is as important as the quantity. For that reason it is necessary to identify European deficiencies. As it cannot be predicted where and in what circumstances a European force will be deployed, the crisis-response task requires a power projection capability or an expeditionary force. Flexibility through modularity, interoperability, sustainability, strategic and tactical mobility and firepower are key characteristics of such a force. But very few European countries possess armed forces with power-projection capabilities. Only the British, the French and the Dutch seem well on track. Despite budget cuts and downsizing, they have managed to restructure their armed forces. Germany in particular faces major challenges, with one of the largest armed forces in Europe (333,000).

As a result, there is a considerable gap between European and US capabilities in terms of implementing strategies calling for force projection, as in the case of the Petersberg tasks. EU member states collectively spend only some 60 per cent of what Washington allocates to its armed forces. Due to poor coordination and basically Cold War force structures, Europeans get a disproportionately low return on their budgets in key areas such as procurement and research and development. In some areas the European allies have collectively only 10 to 15 per cent of the assets of the Americans (an EU/USA comparison is made in the annexes), and sometimes less (e.g. strategic reconnaissance).

In an attempt to correct deficiencies, the Washington summit launched the Defence Capabilities Initiative (DCI) to improve the quality of NATO's armed forces and ensure the effectiveness of future multinational operations 'across the full spectrum of Alliance missions in the present and foreseeable security environment with a special focus on improving interoperability'.

With regard to the DCI, the following areas of improvement were identified:

- deployability and mobility;
- sustainability and logistics;
- effective engagement;
- survivability of forces and infrastructure;
- command, control and information systems.

Most of the areas were also mentioned in the WEU 'Audit of Assets and Capabilities for European Crisis Management Operations'. The WEU audit concluded that Europeans in principle have the available forces and resources needed to prepare and implement military operations over the whole range of Petersberg tasks. Nevertheless, the audit identified a number of gaps and deficiencies, so that considerable efforts are needed to strengthen the European capabilities. The preliminary results were forwarded to ministers during their meeting in Luxembourg on 23 November 1999. According to the WEU audit, a number of areas need improvement. With regard to collective capabilities there areas are:

- strategic intelligence;
- strategic planning;

and with regard to forces and operational capabilities:

- availability, deployability, strategic mobility, sustainability, survivability, interoperability and operational effectiveness;
- multinational, joint Operation and Force HQ, with particular reference to C3 capabilities and the deployability of the Force HQ.

Both the DCI and the WEU audit provide a useful starting point for European action. Regarding the DCI, 58 areas for short and long-term improvements have been identified. Again, there is considerable overlap with the recommendations of the WEU audit. If recommendations are fulfilled, EU member states will have made substantial progress towards the development of expeditionary forces. Conscription, however, will remain the biggest obstacle.

As already pointed out, it is necessary to make a distinction between the development of collective capacities and improvement of national capabilities.

Regarding collective capabilities, the following areas need improvement or could be developed. Some of them could become the object of *joint actions* involving all or some of the Fifteen.

Strategic intelligence and information pooling. The Europeans in general, and the present WEU Satellite Centre in particular, should have better

access to commercial and dedicated high-resolution satellite imagery (see Chapter IV). However, it is highly unlikely that the Europeans will be able, in financial and political terms, to emulate the US effort in these areas. Therefore, in parallel, the Fifteen should put more emphasis on unmanned aerial vehicles (UAV) and human intelligence (HUMINT). Due to the characteristics of contemporary conflict, tactical intelligence and HUMINT are of equal strategic importance to satellite imagery.

Deployability and mobility. During the NATO summit, it was decided to begin implementing a Multinational Joint Logistics Centre concept by the end of 1999. In addition, EU nations could pool their logistical assets, such as strategic lift capability. As it is unlikely that the Europeans will procure major additional lift capabilities soon, the EU could prepare the establishment of a European transport command (Eurolift). This could generate both greater operational efficiency and considerable life-cycle cost savings through the pooling of logistical, maintenance and training assets. Such a scheme could draw inspiration from existing 'drawing rights' arrangements between the German *Luftwaffe* and the French *Armée de l'Air* (*Force Aérienne de Projection*). Naturally, savings would be all the greater if common procurement choices were made by the seven European countries which are reviewing bids for the replacement of their ageing *Hercules* C-130E and *Transall* C-160 transport aircraft. This command could also review and improve arrangements for military use of commercial strategic lift assets.

Sustainability and logistics. Logistics include enhanced interoperability through increased standardisation of material and procedures, and the implementation of common standards, with special emphasis on medical interoperability. European nations should attach high priority to logistic support capability requirements, including shore-based facilities, to sustain their forces effectively.

Command, control and communications (C3). The NATO summit decided to develop a C3 system architecture by 2002 to form a basis for an integrated Alliance core capability allowing interoperability with national systems. The EU countries should harmonise their efforts in this field, so that it is assured that this C3 system is compatible with, or can also be used for, EU operations or Force HQs.

Combat search and rescue. During Operation *Allied Force*, most of the CSAR capability was provided by the Americans. In Europe, only the French have some CSAR capability. The EU could establish a European CSAR capability.

Air-to-air refuelling. Operation *Allied Force* demonstrated that Europe has very limited air-to-air refuelling capability. Most of the capability was provided by the United States. Sustainability requires enhanced European capabilities. One option is to develop a European tanker fleet, preferably under a single organisation. As a first step, Europeans should pool their existing assets.

In the realm of collective decisions, deliberate role specialisation could also be included. However, NATO experience suggests that this is not the most promising of approaches. This is understandable, since there are few things which are as politically taxing as the public abandonment of a capability to the apparent benefit of another state: the current discussion in Denmark on the possible termination of that country's submarine force is indicative of the difficulties involved.

In practice, of course, states do abandon capabilities, but politically, this is most readily done in a stealthy, 'natural' manner, what might be called *de facto* role specialisation. Thus, in the year 2000, two countries of the EU Fifteen have no combat aircraft; of the thirteen countries with combat aircraft, only a few cover a broad spectrum of capabilities (air defence; interdiction; close air support), and even they have no strategic bombing capability (Britain and France dropped theirs some years ago). Of the thirteen EU countries with a coastline, three (Belgium, Ireland and Portugal) do not have a submarine force, etc.

With regard to European deficiencies, a definition of *capability goals* is required. The highest priority is to set capability goals on strategic transport, intelligence gathering and C3. Indeed, these goals have to be fully congruent with the overall capabilities included in the headline goal.

Regarding national capabilities, a *de facto* role specialisation has emerged in NATO between the Europeans and the Americans. Consequently, a European capability for autonomous action requires enhanced capabilities in the field of:

- *suppression of enemy air defences* (SEAD) and support jamming;
- all-weather *precision guided munitions* (PGMs) and *non-lethal weapons* to reduce collateral damage and risks to own troops;
- *stand-off weaponry*, such as cruise missiles;
- *composition of forces*: European forces lack sufficient engineer units and deployable medical units;
- *readiness and availability*: European NATO countries have more than 2.7 million men and women under arms (1.8 million in the case of the EU countries), but are unable to sustain an operation involving a force of more than 40,000 over a period of years.

These deficiencies should be dealt with through the national planning processes.

Finally, there should be *deployable European multinational force HQs*. A European HQ will command *ad hoc* Combined Joint Task Forces composed of forces answerable to the European Union (FAEU). Sustainability could be achieved by identifying back-up HQs, which should be double-hatted. As a matter of priority the EU should identify multinational HQs which could lead EU operations. For reasons of sustainability, at least three HQs should be identified. The Eurocorps, the ACE Rapid Reaction Corps (ARRC) and the German-Dutch Army Corps are the most obvious candidates. Enhancing the deployability of (elements of) these HQs has highest priority. This requires both investments in materiel (e.g. deployable C3) and personnel. For example, the Eurocorps on its own was not capable of commanding the successor to KFOR. Its HQ is able to deploy some 350 officers for the Kosovo HQ, which has now 1,200 personnel. Furthermore, the Eurocorps has to borrow command and control assets from the present KFOR HQ.

A model which could be followed by the Europeans is that of national American deployable theatre HQs such as the command ship *USS Mount Whitney* for CJTF operations. This asset is earmarked for assignment to NATO (SACLANT) but remains firmly in American hands. A European deployable theatre HQ should be similarly earmarked, while remaining available for European contingencies.

VI.3 The planning process

One of the most complicated topics concerns the nature of the future EU planning process. On the one hand, the present WEU defence planning mechanism (the FAWEU database) is insufficient to give substance to EU headline goals. On the other hand, the integrated NATO nations do not want to set up a EU defence planning process parallel to the NATO Defence Planning Process (NDPP) or the Planning and Review Process (PARP) for partner countries, as this would lead to unnecessary duplication with European structures and inefficient defence spending in Europe. Nations that are not involved in either the NDPP or the PARP should establish a clear link between their national defence planning process and a future EU defence planning process.

In order to avoid duplication with NATO and national planning cycles, the EU should limit itself to *strategic planning* and *generic requirements*. The European Military Staff (EMS) should, under the direction of the European Military Committee (EMC), perform the strategic planning function. This includes generic planning for Petersberg tasks. Based on illustrative scenarios, the EMS should develop headline goals and capability goals into more detailed EU 'force goals', i.e. goals regarding the composition and requirements of the forces answerable to the EU.

At present, FAWEU are defined in terms of specified units. As readiness, availability and training levels units differ substantially, national commitments cannot be compared. Rather than defining them in terms of specified units, the EU should be defining them both in qualitative and quantitative terms, taking key factors such as readiness, availability, sustainability and training into account. In this way, units from different countries could be compared. In practice, this means that a given member country should commit itself to making available for Petersberg tasks a *specific number of units with specific readiness levels, a specific period of sustainability, and specific levels of training*. In general, it would be practical to commit battalion-sized units for peacekeeping and humanitarian tasks, and brigade-sized units for sustained combat operations (a brigade is the smallest self-sustaining unit for manoeuvre warfare).

These EU force goals should be brought into the NDPP, the PARP and national planning processes. Through the NDPP and the PARP the nations'

defence efforts are being harmonised. In preparing their force goals, the NATO Military Authorities (NMA) follow the Ministerial Guidance which is approved by the ministers of defence every two years. This sets out the priorities and areas of concern regarding NATO and assigned forces. The Ministerial Guidance contains a special section with political WEU guidance. Force goals are also based on the so-called Defence Requirements Review (DRR), carried out by the NMA.

These priorities and areas of concern are taken into account in the first instance by the Major NATO Authorities (MNA) in drawing up their force goals, and secondly by the nations in their own planning. These force goals usually cover a period of six years, and are updated every two years.

This NATO force planning process works efficiently at the level for which it has been devised, i.e. force planning as opposed to strategic planning. NATO's track record in the latter realm has not been particularly impressive. Ten years after the end of the Cold War, most European forces were not geared to the 'wars of choice' of the 1990s.³⁶ Where European forces have adapted to the new conditions – foremost in the United Kingdom, as well as in France and the Netherlands – this has been the result of national rather than collective (i.e. NATO) measures. The DCI may mark an improvement of NATO's record; but it was launched close to a decade after the end of the Iron Curtain.

In summary:

- the resolution of European shortcomings (for these are European, not NATO, shortcomings) requires European political and institutional tools to have a legitimising capability;
- a possible division of labour appears to be an EDP focus on strategic planning (with corresponding input into force planning) and a continuing NATO (SACEUR/SACLANT) emphasis on force planning, with a deliberate interaction between the two processes. This would require some adaptation of NATO.

³⁶ To borrow Lawrence Freedman's characterisation of US and European wars of intervention in the Gulf and the Balkans during the 1990s, as opposed to the wars of obligation waged, or prepared for reasons of national survival, during the first seven decades of the 20th century.

Adaptation of NATO's defence planning and review system to incorporate more comprehensively the availability of forces for EU-led operations could involve the following measures:

- EU defence ministers meeting at regular intervals should issue specific political guidance for the European capability for autonomous action. Guidance should include further elaboration of Petersberg tasks and a clear definition of headline and capability goals. This guidance should be included in NATO Ministerial Guidance and PARP political guidance;
- the EU headline goals should take NATO standards into account, and should use NATO terminology regarding readiness levels, sustainability, training levels and interoperability;
- NATO, with its extensive planning staff, should also be involved in the review process. The DRR and the PARP Survey should include sections on EU-led operations. The EMS and the EMC should compare the result of the DRR and the PARP with illustrative 'Petersberg scenarios' and include the results of this investigation in the country chapters;
- the EMS should take part in NATO's multinational examinations;
- the EMS should carry out bi-national examinations with those countries that do not take part in the NDPP and the PARP.

For those nations that do not participate in the NDPP or the PARP, assured access is required to national planning capabilities. In these cases, the EMS should communicate both European ministerial guidance and European force goals to the defence planning staffs.

Chapter Seven

INPUT INDICATORS

There are several reasons which make it necessary to introduce ‘input indicators’, sometimes called ‘*ex ante* criteria’ or, more robustly, ‘convergence criteria’, into EDP.

First, the EU has been rather successful in this kind of approach. This does not mean that it would necessarily apply to defence, as it has in trade policy or monetary union, but it is not unreasonable to play to an institution’s known strengths.

The EU’s comparative advantage is in the upstream form of consensus on long-term policies implying measurable step-by-step progress towards a goal for which the means (and not simply the objective) are defined. It should be added that consensus making in the EU can be a tedious and extended process; but it also tends to be a tough process in which punches are not pulled. This factor is all-important in the conduct of successful peer reviews. This stands in contrast to the reputedly softer style of NATO defence ministers’ meetings. The EU’s known comparative advantage is *not* in quick-reaction crisis management (this may change with CFSP, but the case remains to be proven). Even if WEU has some experience in the latter field, its track record is not overwhelming.

Second, input criteria, in so far as they are clearly measured, lend themselves to political mobilisation and action. This also applies to output ‘headline goals’, but the all-important ‘details’ which determine whether the headline force is real or is a sham are not easy to display in terms which can prompt political pressure (see Chapter VI). Conversely, input criteria can be presented in politically vivid terms.

Third, there is no intrinsic contradiction in pursuing both input and output goals. There may be, as is the case at present, political reasons for avoiding overload, but this is a purely contextual, albeit powerful, factor.

Last, and most importantly, there is simply the reality that the current state of input makes it impossible to reach the headline target in a meaningful manner. As was stated in the previous chapter, a rapidly deployable,

sustainable corps-sized force in the field implies the equivalent of a three-corps base; in other words, a ground force headline goal of 60,000 may well imply an overall force of up to 200,000 deployable soldiers, not to mention the corresponding air and naval components. As a reminder, the EU countries currently field ground forces of 1.1 million (out of a total standing force of 1.8 million), of which only a small fraction are currently deployable and sustainable in the field. Creating a pool of up to 200,000 deployable soldiers will be a long and costly task implying major budget reordering.

The headline goal corresponding to the most demanding Petersberg tasks cannot be met if :

- EU Europe's acquisition and materiel expenditure, at some \$36 bn, remains at around 40 per cent of the US level (\$82 bn, equipment plus RDT&E): air transport, C3I and specialist assets such as IFRF and OEW/SEAD are not cheap. They are indispensable for serious force projection;
- Europe's operation and maintenance (O&M) spending remains at around 40 per cent of the US level. The readiness and sustainability of the headline force cannot be adequately ensured under such a condition;
- Europe's capital investment (including R&D) per military person is a third of the US level. This is a rough but not unrealistic measure of the firepower production per soldier.³⁷ The same remark applies to O&M per soldier, where the ratio is just as low.

Of course, these figures apply to the EU as a whole, with some European countries (particularly the United Kingdom) coming close to US levels and ratios. By the same token, some EU countries, including some of the larger ones, fall far below the EU average.

VII.1 Comparing efforts

The first step in devising input indicators is to harmonise the data, most importantly budget criteria. There is no basic reason why this cannot be done: all of the EU countries are mature democracies. Each possesses the full range of executive, legislative and audit institutions which are in a

³⁷ See the statistical annexe.

position to give a reasonably accurate view of how much is being spent by whom, for what purpose and when.

Notwithstanding the constraints of military secrecy, the principles and practice of democratic accountability mean that in each of these countries there is as a level of knowledge on military expenditure sufficient for the purpose of elaborating meaningful budget data.

The statistical obstacles here are not intrinsically greater than in other areas of economic endeavour. The real problem is comparability, including at the most aggregated level. In the EU itself, there are as many national definitions of defence spending as there are nations. Nor are these differences trivial. A country like France excludes military pensions from its national defence spending presentation. The defence budget for 2000, less pensions, is set at FF188 bn (€29 bn); with pensions it exceeds FF242 bn.

Similarly, France counts expenditure for the Gendarmerie in its defence budget. In sociological and institutional terms, this makes sense, since the gendarmerie is a military body. But most of its missions, along with the bulk of its spending, are devoted to non-defence tasks. The sums involved are not trivial: FF23 bn, representing one fifth of personnel costs and 3 per cent of capital investment. Similar specificities exist from one country to another.

There is without doubt a degree of harmonisation in the NATO framework. However, this suffers from two weaknesses. The first is that the NATO system of budget comparison does not involve five countries of the EU Fifteen: none of the non-Allied countries or France is included. The second is that the level of harmonisation is primitive, to put it mildly:

- NATO budget comparisons are made exceedingly difficult by the fact that they are presented in current national currencies. There is no yardstick available, either in space or in time (inflation which varies from country to country is not taken into account; nor are exchange rates, which are of real significance for those countries which acquire the bulk of their weaponry from abroad);
- budget structures are only minimally disaggregated. NATO thus distinguishes only four categories of defence spending:³⁸ (1) 'personnel';

³⁸ See annual budget tables in *NATO Review*.

(2) ‘infrastructure’; (3) ‘equipment’ (which includes, but does not single out, RDT&E) and (4) ‘other’ (which can be considered as a broad proxy for O&M).

One can only hope that NATO goes into more detailed and relevant comparisons on a classified basis.

More detailed and more readily comparable data is made publicly available by the International Institute for Strategic Studies. However, the IISS is not an officially recognised purveyor of data in the intergovernmental dialogue, and therefore has limited impact in a peer review.

Therefore, it is suggested here that the new EDP institutions should undertake, as a matter of priority, a harmonisation of EU defence budget presentations in order to ensure a high degree of transparency and comparability over time, and from country to country, with a relatively high degree of disaggregation. To use French terminology, budget ‘chapters’ (*chapitres*) would be the relevant level of detail, avoiding the confusion of exceedingly numerous line-items (*lignes budgétaires*), but avoiding the exceedingly broad sweep of main budget headings (*titres*) akin to NATO’s budget categories. For instance, rather than lumping together ‘equipment’ in a single heading as NATO does, budget comparison would go down to the corresponding sub-headings. In the French case, this would mean:

- *études en amont* (upstream R&D);
- *recherche et développement* (R&D);
- *fabrications* (acquisition);
- *munitions* (ammunition broadly defined, i.e. expendable firepower).

Initially, this task could be entrusted by the interim COPS to an intergovernmental group of financial experts from the defence ministries, in order to elaborate suggestions for a common nomenclature and for standards of comparison (e.g. reduction to a currency of reference). The final decision should be left to defence ministers, since the exercise is at heart intensely political. Indeed, this or that country may wish to invoke national security reasons to avoid the embarrassment of exposure of budgetary shortcomings in publication of the corresponding data. Such temptations should be firmly resisted. If the temptation proved irresistible, there could be some virtue in giving that country its way - i.e. not publishing its data – but without

preventing others from disclosing theirs. All of the major EU countries do after all already produce highly detailed, publicly available, national defence data, and they should have no need to invoke secrecy. Budget figures, particularly at the level of aggregation suggested here, do not disclose operationally or technically sensitive data.

In effect, it would be better to have full and comparable data on 13 or 14 countries of the EU, with one or the other remaining outside the presentational scheme, rather than to end up with the sort of public data generated by NATO. Subsequently, the data could be updated by an impartial body, as has been the case for the Maastricht criteria.

VII.2 Convergence criteria

The Europeans' collective military effectiveness is hampered in two ways. On the one hand there is a duplication of effort among states: this can and must be reduced, even if by definition it cannot be eliminated completely, unless a single European army is created, which is not a current prospect. On the other hand, a good many European countries have overabundant forces, having resort to conscription. While the armies concerned (those of Germany, Greece and Italy in particular) are based on conscripts who individually cost little, the resultant oversized force structures absorb the major part of their budgets. Very little is left over for the investment necessary to equip modern forces that can be projected. The three countries mentioned together have forces of 760,000 (which is over 55 per cent of those of the United States), whereas they devote only \$8.3 bn per year to equipment – equivalent to 10 per cent of the American effort (these are IISS 1999 figures, and include research and development). In other words, they collectively spend \$10,900 on equipment (including R&D) per soldier, against \$60,000 in the United States – just over a sixth as much. Together, the EU countries spend only around half of what the United States devotes to equipment purchases and a quarter of what it spends on military research and development.

The EU spends on average a third as much as the United States per military person (see table at Annexe 7).

Of course some countries, including France and Spain, have undertaken to modernise their forces for purely national reasons. However, a collective effort on convergence could usefully take over from such individual efforts, for two reasons: a political reason, firstly, since experience shows that it is easier to embark on painful reforms when these are set in a wider European context than the national framework (this argument could be especially valid in the case of Germany and Italy, who are faced with the requirement to consider ending conscription); and also for a practical reason, since a collection of individual reforms carries a considerable risk that it will not result in a coherent whole. The way to reduce useless duplication is via a collective approach.

The European Union has much experience in defining and handling convergence instruments, whether these are mandatory (the Maastricht criteria come to mind) or more indicative in nature (like the recent decisions on employment issues). In the field of defence, which is characterised by the absence of a single goal comparable to the euro, convergence could take forms situated halfway between the absolutely (legally) binding and the purely indicative, the latter being incompatible with the search for a collective capacity for military effectiveness. As a political commitment, convergence could find expression in the adoption by the European Council of criteria, or areas, of convergence on the one hand and the launching of joint actions (*actions communes*) on the other.

Thus the states concerned could decide to reach convergence, in an agreed time, of the order of five to ten years, on objective criteria that promote the reduction of oversized force structures and the equipment modernisation of forces to make them more capable of being projected. For example:

- increasing military investment (procurement, including R&D) to a level that permits greater importance to be attached to firepower and force projection within the defence effort, using the British level as a benchmark. The British standard is used here, rather than that of Sweden, the latter being at a peak of the cycle of acquisition of high-cost equipments (for example the *Gripen* fighter aircraft). The present degree of divergence among EU countries is given below:

| | Procurement as a percentage of defence budgets of the 15 EU countries in 1999 (IISS data; includes R&D) |
|-------------------|---|
| Maximum (Sweden) | 52% (United Kingdom 39.6%) |
| Average | 26.4% (United States 32.7%) |
| Minimum (Ireland) | 3.2% |
| Divergence ratio | 1:15 |

Another way of expressing this criterion would be as a percentage of GDP: this was a suggestion made by the French Minister of Defence, Alain Richard, at a meeting in Sintra on 28 February 2000, quoting a figure of 0.7 per cent of GDP for equipment expenditure. The impact of either approach is potentially massive.

If the UK benchmark (39.6 per cent) were set as the European standard, overall capital spending would jump from \$35.6 bn to \$52.1 bn.

If the EU 15 spent 0.7 per cent of their GDP (\$8,500 bn) on equipment (including R&D), as suggested by French Defence Minister Alain Richard, the aggregate would be close to \$60 bn, versus \$36.5 bn today (and compared with a US total of \$82.4 bn).

An alternative that is more difficult to calculate but strategically and politically more significant would be to construct a convergence indicator that synthesised that part of military expenditure contributing most directly to force projection capability, i.e. procurement (including R&D) plus operation and maintenance (O&M).

This expenditure amounts to 37 per cent in the case of the median defence budget of NATO members of the Union (against 72 per cent for the United States). The values at each end of the range are those of the United Kingdom (67 per cent) on the one hand, followed by the Netherlands (45 per cent) and France (43 per cent); and on the other hand Luxembourg (15 per cent) and Portugal (21 per cent).

The exercise is, however, extremely delicate, since national definitions of each of these categories vary widely. Nevertheless, what emerges clearly is

the enormous gap between Europe and the United States, in terms of equipment expenditure per soldier and activity per soldier.

- force sizes could be reduced, either as a percentage of the total population or in relation to the defence budget of each state so as to make them compatible with a policy that puts greater emphasis on force projection. As in the monetary realm, exceptions could be made to take account of the geostrategic situation of states such as Finland or Greece, which still have military reasons for emphasising territorial defence and keeping conscription. The present divergence ratio between members of the Union is practically one to nine if one takes total population as the reference:

| | Standing forces as a percentage of the population of the 15 EU countries (1999) |
|----------------------|---|
| Maximum (Greece) | 1.56% |
| Average | 0.48% |
| Minimum (Luxembourg) | 0.18% |
| Divergence ratio | 1:8.7 |

- lastly, each country could undertake not to reduce its current level of defence expenditure as a percentage of GDP. Without turning this into an attempt to achieve convergence in defence efforts, the downwards adjustment of expenditure towards the lowest level has to be brought to a stop:

| | 1999 defence budgets of the 15 EU countries as a percentage of GDP (IISS figures) |
|---------------------------|---|
| Maximum (Greece) | 4.9% |
| Median (Belgium, Germany) | 1.7% |
| Minimum (Austria) | 0.8% |
| Divergence ratio | 1:6.1 |

Expressed as \$ per capita, defence expenditure is as follows: Maximum (United Kingdom), \$589; Average, \$333; Minimum (Spain), \$153. The divergence ratio in this case falls to 3.9 to 1.

The definition and the fulfilment of input criteria has institutional implications. In particular, it is of the utmost importance that EU defence

ministers meet on a regular basis to conduct the relevant peer and updating work, and that the results of this work be formally presented to the European Council.

In addition, a common EU-wide defence fund could be set up, under the responsibility of the Council of Defence Ministers. Such a fund could, in terms of its initial scale and its rules of contribution (e.g. linked to GDP), follow lines similar to NATO's infrastructure funding. Although such a fund would represent a similarly small percentage of defence spending, it would not only create *de facto* solidarity but also provide the wherewithal to support some of the joint initiatives (e.g. Eurolift) discussed in the previous chapter. The exact size of the EU defence fund would be a function of the scope of such joint command structures and other *actions communes*.

VII.3 Procurement policy

The 'lean-and-mean' force projection capabilities decided upon by the Europeans imply an emphasis on both O&M and procurement. The latter implies the permanent availability of mission-effective materiel, which can only be delivered by a competitive, competent defence industry. To the extent that EDP implies an autonomous military capability, the Europeans cannot afford to be solely, or even principally, dependent on the US defence industry, whose primary loyalty (in terms of product definition and overall service) is naturally to its main customer, the US government. At the same time, it would be unreasonable, given current budget constraints, to exclude US defence equipment from the European marketplace. The Europeans simply cannot afford to pay a significant and systematic premium for a product simply because it is non-American (even if such a premium may be called for in a small number of hypersensitive areas, which the Europeans – like the Americans – do not wish to expose to foreign eyes); nor should they deprive themselves of the pressure which American competition puts on the prices and performance of products offered by European industry. Therefore, what can be aimed at is a policy implying that, at an equal level of price and performance, the Europeans will buy European rather than American.

In other words, the Europeans have to pursue two goals simultaneously:

- extraction of the best value for money in terms of military equipment overall. For this purpose, a thorough overhaul of the procurement process – the demand side of the equation – is in order; as is a comprehensive reordering of the defence industry itself on the supply side;
- the capability to compete and cooperate with the American defence industry in both the US and European marketplaces. Here, the reform of the supply side is paramount.

In both cases, the Europeans need to achieve levels of price and performance which rival those of the Americans.

These two objectives are not identical, and the tools to be used will often be different. The difficulty of reaching these goals is naturally compounded by the grossly unequal starting points. In Europe, there is a Balkanised set of pint-sized national marketplaces suffering from exceedingly low R&D (around a quarter of the US level) and equipment (40 per cent of the US level) budgets, serviced by defence industries which until only a few months ago were closely identified with a single national operating base. The United States represents 35 per cent of the world's military expenditure, and close to half of the world's military procurement spending, it has a single marketplace, with a continental-scale defence industry which proceeded with a deep restructuring process during the 1990s.

On the demand side, moves towards establishing a European marketplace, as opposed to compartmentalised national markets, have remained tentative.

There is the statement of intent of the Treaty of Amsterdam: 'The progressive framing of a common defence policy will be supported, as Member States consider appropriate, by cooperation between them in the field of armaments' (Art. J.7-1, para. 4, now TEU Art. 17.1). But at the level of the EU Fifteen nothing has been achieved beyond this rhetoric. In practice, the nation-states simply will not accept an out-of-the-blue supranational approach of the sort that has been occasionally contemplated in parts of the European Commission (notably under Martin Bangemann in the mid-1990s). And any head-on attempt to establish a European Armaments Agency as an all-Fifteen enterprise on an intergovernmental basis is equally vain, given the deep differences of interest between those countries which have a defence industry and those which do not (or those which have a nascent defence industry that they feel requires protection).

The latter problem has not ceased to bedevil the various ‘broad-church intergovernmental’ institutions which have tried to surmount it. The Independent European Programme Group, comprising NATO’s European members (including France) from 1976 to 1992, and its successor, the Western European Armaments Group, from 1992 onwards, have not been useless. But a quarter of a century is long enough a period to establish a track record and to demonstrate potential (or the lack thereof). WEAG, and its offshoot, the WEAO (1993) have attempted to harmonise approaches to specific issues (e.g. the EUCLID programme, which coordinates upstream R&D, establishing some transparency and comparability in national bidding processes³⁹). Since 1996, WEAG, as a subsidiary organ of WEU, has had the ability to conclude R&D contracts, but stopping well short of actual equipment programmes. WEAG, for its part, has, since November 1998, been an expert group entrusted with devising the Master Plan for a European Armaments Agency; and in the fullness of time this may yet produce tangible results. But progress here will be essentially dependent on the advances of processes involving fewer players.

Tighter institutions or processes hold more promise of progress, in so far as they focus the energies of like-minded states with converging interests. In this regard, two initiatives seem promising.

First is OCCAR (*Organisme Conjoint de Coopération en matière d’Armements*), created by a four-way treaty (Britain, France, Germany and Italy) signed in September 1998, the ratification process of which was reaching completion in the opening months of 2000.

These four countries represent some three-quarters of the EU’s defence expenditure, and 80 per cent of its procurement (RDT&E included) spending. The OCCAR treaty contains two major innovations: the first is that *juste retour* is no longer required at the level of specific armaments programmes, but only at an overall level, where it is to be measured in net financial terms rather than in work-sharing terms. This should help to make it possible to give priority to economic efficiency versus a ‘social-security’, entitlement-based approach to arms procurement. Indeed, this is also the

³⁹ See Sandra Mezzadri, *Occasional Paper* 12, ‘L’ouverture des marchés de défense : enjeux et modalités’ (Paris: Institute for Security Studies of WEU, February 2000).

reason why it is difficult for some countries to sign up to the OCCAR scheme. At the onset, the initiators of OCCAR had tried to incorporate it within WEU, rather than going through the process of signing and ratifying a wholly new treaty. This attempt failed largely because of the divergence of interests between countries aiming for an economically-driven procurement process (favouring those with a large, competitive defence industrial base) and those keen on work-sharing based on geographical representation. OCCAR is also empowered to run programmes, including the exercise of contractual responsibilities. Although the word is not used, OCCAR thus has supranational powers, but these powers flow from the member states' initiative: they are not imposed from the outside as was part of the Commission's wont in the framework of Herr Bangemann's initiative. OCCAR's primary objective is to run cooperative programmes but nothing prevents the member states from handing over to it the responsibility of running the tendering process for national programmes. In other words OCCAR has very substantial potential.

The cooperative programmes include the *Tiger* combat helicopter, the *Cobra* counter-battery radar, the FSAF (Future Surface-to-Air Missile), the *Roland* air defence Improvement, and the *Brevel* drone; they could include the Future Large Aircraft, the PAAMS shipborne missile system and the Future IFF (aircraft identification) system.

The other process is that of the Letter of Intent signed in July 1998 by the defence ministers of European countries (the OCCAR four, as well as Spain and one non-allied state, Sweden). Between them, these countries concentrate the bulk – more than 90 per cent – of the EU's defence industrial capability. The so-called LoI process explores several themes with a view to harmonising procedures and policies: defence acquisition planning, security and clearance processes, export procedures etc. One could summarise its objective as being the establishment of a politically and bureaucratically permissive environment for defence industrial restructuring on both the demand and supply sides. In particular, without agreement on some of the topics dealt with by the LoI, it will be difficult for the ongoing defence mergers to succeed. Business mergers have a fairly high failure rate in the civilian world, and cross-border mergers are more difficult than others. In the realm of defence, there are additional reasons for failure, with impediments flowing, for instance, from differing security clearance and classification rules and procedures. At the same time, successful cross-

border mergers (see below) are of the essence in making Europe competitive *vis-à-vis* the defence industry. The LoI ministers signed a treaty at the Farnborough air show in July 2000.

OCCAR and LoI together do not constitute a European Armaments Agency, which was the WEU members' objective in the declaration appended to the Maastricht Treaty. But this could evolve in a Schengen-like process: first, as *ad hoc* agreements (the current state of affairs); then as EU-endorsed *coopérations renforcées* (enhanced cooperation, something which would be facilitated by an easing of the Amsterdam Treaty's provisions); finally pulling 'it' (OCCAR, LoI and WEAG's work) all together as a European Armaments Agency. The key point would be the move towards enhanced cooperation: acceptance of this by the 'smaller' countries (i.e. those with a limited defence industry) would signal that the time was indeed ripe for the establishment of such an Agency. Given the impossibility of including OCCAR in the WEU framework, and in view of the relatively small number of OCCAR's (4) and the LoI's (6) members, it is not at all clear that the moment is near, particularly under the Treaty of Amsterdam's rules.

However, defence procurement is one area in which maximum efficiency truly is of the essence; and *de facto* but successful *coopérations renforcées* such as OCCAR and LoI are preferable to compromises in which acceptance of *juste retour* at the programme level would be the price to pay for EU unity. The EU's defence ambitions will not be achieved if its members spend substantially less than the United States in terms of defence capital spending while at the same time allocating its scarce funding in a grossly inefficient manner.

In addition, there is no political downside to progressing down the road leading to *coopérations renforcées*, since there is no Fifteen-based approach in this area: both OCCAR and LoI start from a fairly narrow base in terms of member states. Therefore, the only way forward is towards greater, not lesser inclusiveness. In the meanwhile, the US defence industry will continue to benefit from its unfettered access to some of the smaller European countries, to the detriment of the competitiveness of the European defence industry.

Finally, on the demand side, decisive progress can only be made if the share of European defence spending devoted to acquisition (including R&D) increases sharply (see above).

On the supply side, European defence industrial restructuring only began in a big way in 1999, but then it happened with a bang, with several major developments:

- in France, the Government relinquished control of key elements of the industry (Thomson-CSF, Aerospatiale) making it possible in particular to bring to fruition, with an Initial Public Offer (IPO) in June 1999, the merger of Aerospatiale and Matra which had been decided upon less than a year earlier (July 1998);
- British Aerospace and GEC Marconi Defence Electronics announced their intention to merge in February 1999. The resulting combination, BAE Systems, was approved by the European and American regulatory authorities in late 1999; BAE Systems also has major shareholdings in the Swedish aerospace industry (Saab) and in the Italian defence electronics industry. Its missile activities are pooled with the French (Matra BAe Dynamics) and its satellite activities are part of Astrium (which brings together Matra Marconi Space, Dasa Space and Alenia Spazio);
- Aerospatiale-Matra of France and DaimlerChrysler Aerospace of Germany announced their intention to merge in October 1999, with CASA of Spain joining shortly thereafter. The combination, European Aeronautic Defence and Space Company (EADS), launched its IPO on the Frankfurt and Paris exchanges in July 2000;
- the Italian government is moving forward with the privatisation of Finmeccanica. In this context, Finmeccanica has decided to team up with EADS. In particular, the *Eurofighter* will have as its majority stockholder a 50-50 combination of EADS and Finmeccanica. The Italian partner is also given the option of becoming a shareholder of the future Airbus Company (which will replace the long-standing *Groupement d'Intérêt Economique*). Thus EADS, together with Finmeccanica, will have a commanding role in the European civilian (*Airbus*) and military (*Eurofighter*) aircraft industry, with BAE Systems as a minority partner.

Thus, the defence industrial landscape has changed radically within the space of less than eighteen months, moving in parallel with the St-Malo process. Although the two sets of initiatives were distinct, it is unlikely that

a complex and difficult cross-border merger such as that leading to EADS could have been initiated if there had not been a high degree of industrial confidence in the long-term prospects of EDP.

We will now have in Europe giants – EADS and BAE Systems (more than €22 bn, and \$14.1 bn respectively for 1999) – which can be compared with their three great US rivals (Boeing, \$50 bn; Lockheed-Martin, \$25.5 bn; Raytheon, \$20 bn). BAE Systems generated \$2.6 bn in 1999 from its US-based affiliates. A third firm (Thomson-CSF, FF45 bn, or \$7 bn, of which FF25 bn in defence) is the European (essentially Franco-British) equivalent of Northrop Grumman in the United States (\$9 bn).

Several remarks are in order here:

- the US defence mergers have proven to be exceedingly difficult, with Raytheon and Lockheed-Martin still suffering from the difficulties of their respective mergers in 1998. The value of Raytheon shares dropped from \$73 in May 1999 to \$19 in March 2000; during the same period, Lockheed's fell from \$45 to \$17. Things could be just as difficult in Europe, and therefore a deliberate effort needs to be made to avoid a repeat, for instance, of the Lockheed mess;
- EADS is driven largely by the civilian aerospace business (notably by *Airbus* which represents around half of EADS's activity). This is a tremendous boon on the 'up' side of civilian airliner business cycle, as is the case today. When the difficult times come, as they inevitably do in this highly cyclical activity, the effects on defence could be severe – unless acquisition budgets are on the increase in the EU's defence budget by then;
- last but not least, the EU's fifteen member states will soon be facing two first-tier defence contractors in an unequal contest. This, more than any other consideration, may prompt member states to press for a European Armaments Agency, unifying government demand in the face of a handful of defence industrial giants.

The other European objective must be to establish the conditions for equal partner cooperation and competition with the Americans, not only in Europe (in many countries of which US industry has a major *entrée*), but also in the United States, where the Europeans have comparatively little access.

Part of the discrepancy is due to higher levels of US defending spending and to the competitive edge of much of US defence industry. But much, possibly most, of the disparity is due to the massive Chinese wall which the Americans have built around their marketplace through a combination of restrictive laws, regulations and bureaucratic obstacles. If anything, the situation has worsened since the end of the Cold War.

Now that the European defence and aerospace industry is establishing companies which have a weight, competence and a competitiveness (see Airbus versus Boeing) similar to that of their US counterparts, the time has come where it may make sense to initiate Structural Impediments Talks (SIT) between the United States and the EU.

Defence trade and cooperation, as an area which lies outside NATO rules, could be dealt with in a negotiation which would bring together the US government (presumably the Defense, State and Commerce Departments) and the EU (governments, the CFSP/EDP institutions – notably ‘Monsieur PESC’ – and the Commission’s Trade and Competition representatives). The present period would be all the better chosen since the largest European defence firms are actually doing quite well (not least because of the civilian aerospace ‘pull’), and since the technology gap between Europe and the United States, great as it may be in some areas, is much less acute today at the industrial level than it is in the military forces.

The Americans on their side may find it convenient, for reasons of their own, to enter into such discussions:

- the Pentagon needs and wants more (including European) competition in the United States, not less, now that the US landscape is dominated by a handful of giants;
- the US defence industry knows that it could be facing quite severe competition for access into its traditional European markets from powerful players such as EADS and BAE Systems;
- the US military would benefit from the greater efficiency which would result at the NATO level from greater US-European defence industrial cooperation on acquisition of the tools of the Revolution in Military Affairs.

Conclusion

The way ahead

As the preceding chapters demonstrate, the tasks which confront the European Union in the field of defence are numerous and often burdensome. They call for substantial efforts in all areas relevant to EDP:

- fostering strategic and doctrinal convergence in a manner which is congruent with the development of the EU's Common Foreign and Security Policy;
- moving EDP forward while maintaining, rather than weakening, the transatlantic relationship;
- generating force capabilities relevant to the challenges of the post-Cold War era, not least the Helsinki 'headline goal';
- mobilising the necessary financial and technological inputs through both a restructuring of defence spending patterns and a reordering of the defence procurement process from both the demand and supply sides.

Each of these broad areas has been examined here with a view to giving substance to the process launched in the EU framework from the autumn of 1998 onward. In all of these cases, it is worth noting that there exists at least one common factor in institutional terms, and that is the need for a stand-alone Council of Defence Ministers, above and beyond the decision, where appropriate, to involve defence ministers in certain meetings of the General Affairs Council. Doctrinal issues, force planning, input indicators and defence industrial issues all call for the involvement of cabinet-rank ministers with the appropriate competence and powers in defence affairs.

However, to achieve success will require not only the fulfilment of the appropriate objectives in each of these fields, with the corresponding political and institutional input. In addition, it will be necessary to address two related categories of issues which straddle these different areas.

The first concerns the degree of political ambiguity which should (or should not) accompany Europe's defence policy, whereas the second concerns the limits beyond which it may no longer be desirable to move on an 'all-EU members' basis.

The limits of ambiguity

As has been noted, the progress of EDP has been remarkably swift since the launching of what has been dubbed 'the Blair initiative' during the second half of 1998. After all, at the time there was no consensus as to the EU's potential involvement in defence affairs, nor was there general agreement on the need to give pride of place to force projection capabilities. Differing defence commitments and policies make it all the more remarkable that EDP has been able to proceed not only speedily but also as an all-Fifteen enterprise, in contrast to other Euro-initiatives in areas lying close to the heart of state sovereignty: neither the euro nor Schengen has enjoyed as broad a consensus. The essentially intergovernmental nature of EDP is one of the reasons for this state of affairs.

However, studied ambiguity has also been essential to the progress of EDP. Thus, the strategic purposes of the 'headline force' and the budgetary means necessary to give substance to EDP have been more or less shrouded in a European 'constructive ambiguity'.

This is not an unusual feature of the European integration process, in which progress has often depended on defining practical objectives – such as the headline goal – first, deferring to a later stage the consideration of issues of principle and implementation. However, the virtues of ambiguity are now reaching their limit: the force planners charged with fulfilling the headline goal will need some guidance as to what the force is supposed to do; and the corresponding financial and human inputs will have to be defined.

Indeed, unless the headline goal were to become a sham – a prospective risk for which there is, as yet, no substantial evidence – implementation of the Helsinki decisions between now and 2003 will call for a higher degree of strategic, military and budgetary specificity than is currently the case (see, *inter alia*, Chapters II, VI and VII). There is another, rather different, reason for moving towards greater clarity, and that is the petering out of the 'Kosovo factor' – the sense of urgency born from the inescapable and rather sad spectacle of Europe's inability to be more than a minority contributor in the implementation of the Atlantic Alliance's air campaign during the period March-June 1999.

As the memory of that episode begins to recede, it is unlikely that public and political opinion will be willing to go through the very real trauma of defence reform without a relatively clear understanding of what it is for and what it entails. In this regard, it is useful to bear in mind the experience of France, which is just beyond mid-point of its radical 1996-2002 defence reform. In France, the shift from territorial defence to force projection has been readily accepted because its reasons have been made clear from the outset, as have its costs.

This is not as easily done in a heterogeneous, Fifteen-country framework; but some clarification will be in order if EDP is to become both strategically and military substantive, while proving to be politically viable in the long run.

This is, as it were, an EDP version of the yearning for an in-depth debate about the European Union's *finalité politique*, of which Joschka Fischer provided a significant example in his speech on 12 May 2000 at Humboldt University. As the Union extends its reach in geographical terms, and as it embraces a broader sphere of competence, sustained progress probably implies a period of resetting of the Union's bearings. EDP, following Justice and Home Affairs and Monetary Union, is one such example of broadening of the EU's ambit, one in which all Fifteen are fully engaged; and the development of EDP meshes in with the prospective enlargement of the European Union.

In such circumstances, public opinion tends to have a natural urge to know in what general direction it is being invited to proceed, and at what cost.

Naturally, debates on *finalités politiques*, or the strategic visions (in the case of EDP) will not necessarily be conclusive: the history of the European unification process has witnessed any number of discussions with open-ended conclusions and/or more or less awkward compromises (e.g. the debate in the early 1960s around the Fouchet Plan). However, in the past the outcome of such debates helped limit uncertainty sufficiently to make further progress possible. The same remark can be made concerning discussions involving the tools necessary for the attainment of objectives: criteria cannot be simultaneously comprehensive and simple. A compromise between the two needs to be found, whether the indicators are mandatory (as in EMU) or more loosely binding (as suggested here for EDP).

Some of the clear-cut suggestions made in this paper may be more readily applicable than others. Policy-makers have the onerous task of striking an appropriate balance between the requirements of political cohesion of an EU-wide policy and the need to establish objectives and disciplines which will give meaning and substance to ESDP. The former thrives on ambiguity while the latter calls for clarity.

This is not to say that the policy mix adopted in 1998-99 has not been appropriate. On the contrary, it not only made it possible, within less than eighteen months, to move from the initial stirrings to the actual establishment of action-oriented institutions of EDP working towards specific force objectives. Even more impressively, it has begun to justify the hopes of those who considered that the EU would have a unique legitimising potential for painful defence reform. We have seen this process at work in Italy, with the decision to move to an all-volunteer force, and possibly even more impressively, with the opening up of the defence debate in Germany. The Weizsäcker commission on military reform has made suggestions which are very much in line with the requirements of both the spirit and the letter of EDP. It remains to be seen to what extent and in what timeframe they will be followed by the German government. But the fact is that they were not made during the first nine years of the post-Cold War era, and the relevant decisions could not be considered in the absence of EDP. Indeed, the extent of the reform process will be an appropriate touchstone for our American allies to pass judgement on EDP.

Greater strategic clarity and clear indications as to the costs of reform will contribute in the long run to the strengthening of the Union's capability to legitimise the European defence process.

All together?

The other category of issues relates to the future format of EDP. Currently, this is conducted as an all-Fifteen enterprise; this has proven to be a great political strength which should not be forgone without due cause. However, a remark and a question are already in order, even before consideration is given to the possible degree of inclusiveness of further steps in EDP.

The remark is that much of EDP is, in practice, less than all-inclusive. This is clearly the case on the procurement side of affairs, with important ventures such as OCCAR or the LoI process bringing together small coalitions of the able and willing; as has been noted, the countries involved (four and six respectively) represent the bulk of the EU's defence industrial potential and a massive share of capital spending. But the same remark also applies to existing European multinational forces: Eurocorps, EUROFOR and EUROMARFOR, not to mention NATO's Allied Command Europe Rapid Reaction Corps, involve only a fraction of the EU's members. The question then arises whether an effort should be made to transform some of these ventures into EU-recognised *coopérations renforcées*. The response provided here will be tentatively positive only for the procurement-related organisations. OCCAR is already framed in treaty form and, as in the case of the Schengen agreements, that accord could be incorporated into a future treaty of European Union. The same could apply to the new treaty flowing from the LoI agreement. However, such an attempt would probably have a fairly low chance of success, unless the ongoing Intergovernmental Conference agrees to relax the Treaty of Amsterdam's rules on the establishment of *coopérations renforcées*. Barring such a modification, political capital is better expended on making the most of OCCAR and LoI (see Chapter VII), rather than a divisive move towards Amsterdam-rules *coopérations renforcées*.

As for the European multinational forces, these are best left outside of moves towards *coopération renforcée*, for two reasons. The first is identical to that which has been invoked against pushing OCCAR and LoI towards an Amsterdam-rules *coopération renforcée*: the game would probably be too politically onerous to be worth the candle. The other reason has to do with the nature of the EDP process itself. In Helsinki, the European Council set itself a headline goal for 2003. However, this goal was not presented as the end-all of EDP. Important as that force goal is, it does not mean *ipso facto* that EDP does not apply to the other parts of European force structures. CFSP can and should be able to rely on the broad defence capabilities of the EU; in particular, the Petersberg tasks are and will not be undertaken solely and constantly by the headline force: their fulfilment will also draw, on a case-by-case basis, on wider defence assets. KFOR provides a good example of this, with the command role played by Eurocorps. Indeed, at their bilateral summit held in Toulouse in the spring of 1999, France and Germany decided to enhance the force projection capabilities of Eurocorps.

In other words, over the next five to ten years, and particularly once the headline goal is nearing completion (2003), there will exist an incentive to pull together, in EDP, the broad range of military assets which can underpin CFSP. Suggestions such as an air transport command, 'Eurolift' (see Chapter VI), would be part of such an effort. Hence, it would probably be a mistake to want to freeze Eurocorps or EUROFOR and EUROMARFOR in their current configurations as *coopérations renforcées*, since they may well evolve in conjunction with EDP as a whole.

However, this leaves open the question as to whether *coopérations renforcées* should be sought, by choice or by obligation, further down the road. Here, several areas appear to be of sufficient sensitivity to make it necessary to at least envisage not moving in all-Fifteen mode:

- The EU strategic vision discussed in Chapter II could prove to be sufficiently divisive to make unanimity impossible, despite the precautions suggested. In particular, there could be a real split if a number of EU members wished to include in a legally binding manner an Article 5/V commitment in the new TEU in order to mark their *communauté de destin*. Although there is no impetus for such a move today, two factors occurring together would change the landscape:
 - the entry into the EU of countries which have a particular sense of strategic vulnerability (e.g. the Baltic states);
 - a substantial deterioration of the strategic relationship between the EU and Russia.

Barring the latter occurrence, the proposal made here is simply to annex the modified Brussels Treaty to the TEU as a declaration which does not commit EU members (Austria, Denmark, Finland, Ireland and Sweden) which have not signed the modified Brussels Treaty.

- Some countries could find it difficult to participate to *actions communes* in the field of defence implying a presumption of joint action by all countries thus involved. A European Theatre headquarters could be of such a nature, as could also be the case for 'Eurolift'. *Coopération renforcée* status would be desirable insofar as some EU members could not sign on to such ventures.

- Input indicators would be another area of possible, or even probable, opt-outs. Political commitments to achieve the necessary budget discipline would be intrinsically onerous, and the chances are that not all could accept such a scheme. As for demographic criteria implying massive force reduction objectives, some countries could have strong strategic reasons for refusing such a goal. Here again, *coopérations renforcées* would be in order.
- Finally, the establishment of a European Armaments Agency in the footsteps of OCCAR, LoI and WEAG/WEAO could be difficult to accept for some of the smaller countries. *Coopération renforcée* would be a natural answer, albeit one which could be quite contentious given the impact which such a decision would have on the procurement policy of some of the smaller members.

However, what should be noted is that, with the possible (but currently purely hypothetical) exception of an attempt to incorporate Article 5/V commitments into the TEU, none of these potential *coopérations renforcées* would undermine the current content and objectives of EDP. They would all be add-ons, supplements as it were, helping to give greater substance to EDP without subverting the spirit or the letter of what has been agreed upon in the Cologne and Helsinki European Councils. Therefore EDP could only benefit from a recommendation by the IGC to ease the rules for the establishment of *coopérations renforcées* in the future treaty of European Union.

In closing, it is worth remarking that the issues and problems raised in this paper have in common the characteristic that they are a consequence of our collective success in launching EDP in the European Union framework.

None the less, as these pages will hopefully have made clear, there is no room for complacency. We have ‘talked the talk’, we have even begun to ‘walk the walk’, but we are only at the beginning of a long road. Our American partners will no doubt remind us of each and every unmet expectation and unfulfilled promise, as they will point out in exquisite detail every instance of what they will view as Alliance-damaging conduct. As Europeans, we need to pay attention to such comments, however irritating they may be. As one German observer has put it: ‘Should Europe fail to deliver on its Cologne promise, this . . . would . . . weaken the Alliance in two critical respects. It would weaken the European role within NATO and

it would weaken the American support for NATO. In fact, in the US, both supporters of [NATO] Washington Summit language and remaining opposition against stronger European defence roles would enter an uneasy alliance against Europe'.⁴⁰

However, we, as Europeans, should be our own sternest judges, if only because we would ultimately have to pay the full price for our shortcomings: our capacity to make Europe's voice heard in world affairs, our long-term security interests, and indeed our own self-image, are all at stake here.

⁴⁰ Uwe Nerlich, 'NATO in the Sixth Decade: Unfinished Business and New Challenges', Stiftung Wissenschaft und Politik, March 2000.

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Abbreviations

| | |
|------------|---|
| ABM | Anti-Ballistic Missile (Treaty) |
| ACCS | Air Command and Control System |
| ACE | Allied Command Europe |
| AFCENT | Allied Forces Central Europe |
| AFSOUTH | Allied Forces Southern Europe |
| AMF(L) | ACE Mobile Force (Land) |
| ARRC | ACE Rapid Reaction Corps |
| AWACS | Airborne Early Warning and Control System |
| BND | Bundes Nachrichten Dienst |
| C2 | Command and Control |
| C3 | Command, Control and Communications |
| C3I | Command, Control, Communications and Intelligence |
| CCC | Capabilities Coordination Cell |
| CEE | Central and East(ern) Europe(an) |
| CEPS | Centre for European Policy Studies, Brussels |
| CEPSD | Common European Policy on Security and Defence |
| CFSP | Common Foreign and Security Policy |
| CHODS | Chief(s) of Defence Staff |
| CIA | Central Intelligence Agency |
| CIS | Commonwealth of Independent States |
| CJPS | Combined Joint Planning Staff |
| CJTF | Combined Joint Task Force |
| COREPER | EU council of permanent representatives |
| CSAR | Combat Search And Rescue |
| DATF | Deployable Air Task Force |
| DCI | Defence Capabilities Initiative |
| DGSE | Direction Générale de la Sécurité Extérieure |
| DRR | Defence Requirements Review |
| ECM | Electronic Countermeasure |
| EDP | European Defence Policy |
| EMC | European Military Committee |
| EMMF | European Multinational Maritime Force |
| EMS | European Military Staff |
| EMU | Economic and Monetary Union |
| ESDI | European Security and Defence Identity |
| EU | European Union |
| EUROFOR | European (Rapid Deployment) Force |
| EUROMARFOR | European Maritime Force |
| EW | Electronic Warfare |
| FAEU | Forces Answerable to the European Union |
| FAWEU | Forces Answerable to the Western European Union |
| FSAF | Future Surface-to-Air Missile |
| G8 | Group of Eight leading industrialised nations |
| GAC | General Affairs Council |

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| GATT | General Agreement on Tariffs and Trade |
| GCHQ | Government Communications Headquarters |
| GDP | Gross Domestic Product |
| HUMINT | Human Intelligence |
| IFF | Identification Friend or Foe |
| IFOR | Implementation Force |
| IFRF | In-Flight Refuelling |
| IGC | Intergovernmental Conference |
| IMS | International Military Staff |
| IPO | Initial Public Offer |
| JARIC | Joint Aerial Reconnaissance Intelligence Centre |
| JIC | Joint Intelligence Committee |
| KFOR | Kosovo Peace Implementation Force |
| LANDCENT | Allied Land Forces Central Europe |
| LANDJUT | Allied Land Forces Schleswig-Holstein and Jutland |
| LoI | Letter of Intent |
| LRAT | Long-Range Air Transport |
| MBT | Main Battle Tank |
| MCMFORMED | Mine Countermeasures Force Mediterranean |
| MNA | Major NATO Authority |
| MND | Multinational Division |
| NACMO | NATO Air Command and Control System Management Organisation |
| NAPMO | NATO Airborne Early Warning and Control Programme Management Organisation |
| NATO | North Atlantic Treaty Organisation |
| NDPP | NATO Defence Planning Process |
| NMA | NATO Military Authority, National Military Authority |
| NMD | National Missile Defense |
| NSA | National Security Agency |
| O&M | Operation and Maintenance |
| OCCAR | Joint Armaments Cooperation Structure |
| OSINT | Open-Source Intelligence |
| OEW | Offensive Electronic Warfare |
| PAAMS | Principle Anti-Air Missile System |
| PARP | Planning And Review Process |
| PfP | Partnership for Peace |
| PGM | Precision-Guided Munition |
| PKO | Peacekeeping Operation(s) |
| PSC | Political and Security Committee |
| R&D | Research and Development |
| RDT&E | Research, Development, Testing and Evaluation |
| RMA | Revolution in Military Affairs |
| SACEUR | Supreme Allied Commander Europe |
| SACLANT | Supreme Allied Commander Atlantic |
| SEAD | Suppression of Enemy Air Defences |
| SFOR | Stabilisation Force |

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|---------------|------------------------------------|
| SIAF | Spanish-Italian Amphibious Force |
| SIGINT | Signals Intelligence |
| SIS | Secret Intelligence Service |
| SOP | Standing Operating Procedure |
| STANAG | Standardisation Agreement |
| STANAVFORMED | Standing Naval Force Mediterranean |
| STANAVFORLANT | Standing Naval Force Atlantic |
| STRIKFLTANT | Striking Fleet Atlantic |
| TEU | Treaty on European Union |
| UAV | Unmanned Aerial Vehicle |
| UKNLAF | UK/Netherlands Amphibious Force |
| UN | United Nations |
| UNSC | UN Security Council |
| WEAG | Western European Armaments Group |
| WEU | Western European Union |
| WMD | Weapons of Mass Destruction |

List of annexes^{*}

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