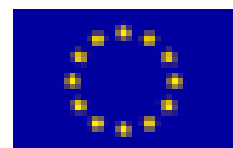


From the Convention to the IGC:
Mapping Cross-National Views
towards an EU-30



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“THE FUTURE OF ESDP – DEFENCE CAPABILITIES FOR EUROPE”

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1. The Political Context

EU member states have agreed that they want to provide a serious military capability to support their common foreign and security policy. European members of NATO have agreed to address a range of shortcomings which have a 70% overlap¹ with the EU needs. Europe needs to be able to work with the USA in the security field; and Europe also needs to be able to look after its own interests when they do not align with those of the US. The institutions are developing within the EU to manage these aspirations, and the EU Convention may start to address some of the difficulties of the institutional barriers to coherent security policy. The good work in Justice and Home Affairs that followed 11 September has shown that sovereignty issues can be overcome when there is a pressing need.

However the splits that have been generated across Europe by the differing approaches to the Iraq crisis may have set back much of the recent work on European defence. Co-operation between France and the UK has been the engine of change for European approaches to defence, but relationships between these two countries are currently at an all time low. In particular a difference of view of relationships with the US is likely to cloud thinking on common European security issues.

While work may slow down, the need for a coherent approach to European defence remains. This paper addresses the route to more effective defence capabilities.

¹ Assessment of overlap made in "Achieving the Helsinki Goals", a Centre for Defence Studies, King's College London, discussion paper dated November 2001 para 4.3.

2. The case for European integrated capabilities

All proposals for more capable European forces will require serious investment. While European nations are to a greater or lesser extent restructuring their forces, there is little sign that new money will be made available for new capabilities. Defence budgets at best are held level in real terms, and this is insufficient to fund either major new capabilities, or maintain force levels over a period of time. Yet plans for specialist contributions, such as the NATO Response Force² proposal of 2002, will need early funding if they are to be achieved. In addition, there is a range of modern enabling capabilities which are needed throughout Europe and will remain unaffordable by individual nations.

There are three complementary pressures on European nations to start taking forward pooling of some force elements. First, pooling offers the opportunity for lower overhead costs, and the resources released might then be used to fund new enabling capabilities including the proposed strike force. Second, pooling would make the new enabling capabilities more affordable on a shared basis. Thirdly, pooled forces would drive moves towards greater interoperability and common doctrine and equipment.

There is one other consideration which could increase the attractiveness of pooled capabilities to European governments. The experience of the Afghanistan campaign has increased doubts about the relevance of NATO to future high intensity campaigns. The only NATO contribution was its one joint owned joint operated (pooled) force: AWACs. All other contributions to the US operation in Afghanistan were arranged on a bilateral national basis. If Europe is to be seen as relevant as a region for future operations, it would benefit not only from fielding European capabilities which were able to operate alongside US forces, but also by fielding them as joint owned joint operated capabilities. This would mean that Europe would be in the loop over any decision to use such force elements.

2 The NATO Response Force (NRF) is to be a European high readiness force of two brigades which would be fully interoperable with US forces. It was agreed at the Prague summit in 2002, and details are still being worked through.

3. Implementation

The smaller EU nations are moving down the path of integration already as they lose capabilities. The joint naval arrangement between the Dutch and the Belgians is a good illustration of what is possible. Of course shared capabilities are not new. There are many things which we have today which could be pooled. Air transport is a good example, and Germany has set up an organisation which could manage such an arrangement. To produce capability and cost benefits, it needs to be done with what is in place now, not on the back of some uncompetitive long term European procurement plan. Much of the equipment which could be pooled is American, because that is where common capabilities exist. Tactical transport using C130s³ exists in 10 EU countries. The F16 in all its guises is found across Europe⁴.

One of the great missed opportunities, both from the military and commercial aspect, has been the failure of states to pool the Eurofighter force. With a pooled force the support costs would have been much less, and the aircraft configuration control could be maintained unlike the Tornado. It would also allow smaller European nations to buy a handful of Eurofighters to add to a much larger force. The cost benefits between such a Eurofighter buy, JSF or upgrades to F16 or F18s might work out very differently then. Failing to pool the Eurofighter means it will cost far more to operate and do far less than it could have done with a little more imagination. It will also sell to fewer European countries.

Even if the politics of such pooling of major combat capabilities are too difficult, there are opportunities for less contentious sharing of costly capabilities. In particular contracted out services or Public Private Partnership projects⁵ could be done on a European wide basis instead of nationally. Removing the EU competition exemption for defence contracts might help this process on its way. In any case, pork Barrel politics lead to many of the poor value for money equipment decisions throughout Europe.

3 Some ten EU nations operate some 136 C130 Hercules tactical transport aircraft. (Belgium 11, Denmark 3, France 14, Greece 15, Italy 14, Netherlands 2, Portugal 6, Spain 12, UK 51, Sweden 8).

4 Belgium (110), Denmark (68), Greece (75), Netherlands (157) and Portugal (20) operate 430 F16s between them. Norway has a further 57.

5 "Achieving the Helsinki Headline Goals", op. cit. Annex C lists areas where contractorised support could be done on an EU basis.

4. EU Defence Budget

These examples suggest some practical areas where the development of European Force Elements and common support and logistic services could provide building blocks for the strengthening of European defence contributions. They would make more effective use of European national defence budgets through the removal of the cost overhang of separate support systems. Valuable as such individual initiatives would be, they would not by themselves represent a coherent new security contribution by Europe. They would however illustrate how significant improvements in effectiveness could be achieved through merging particular national capabilities and sharing common services.

For this approach to become coherent, it would be necessary to develop a planning and budgetary system at the European level. Eventually there would be a requirement for a European Defence Budget. If such an accounting system were managed by the EU, members would provide either defence capability or money as their contribution. This would have a number of beneficial effects: not only would the free ride be stopped, but nations would probably prefer to improve their military capabilities rather than to contribute money to the employment and industries of other nations.

Peer pressure, as well as legally binding commitments to a given level of defence expenditure, might come to seem markedly more compelling to the participants than the distinctly low key incentives that have characterised co-operation in the past. A virtuous circle of improved military capability and effective European defence could be established. There would be many problems in assessing the true worth of each contribution, but the process would also make the planning and audit at the European level more effective. There would need to be a full audit system to value and assess contributions.

5. EU Procurement

There is often confusion between the provision of European military capabilities and the procurement of European military equipment. Politicians are always enthused by the thought of procurement, particularly if it might bring jobs to their region. In practice, this focus on European procurement has been a drag on reform of European defence. The special pleading for defence industries ensures that poor value for money is the norm. There is no lack of players in

the defence market: Europe is over-provided with shipyards, defence manufacturers and national defence companies.

The EU should remove the exemption for competition for the defence sector. No attempt should be made to promote a preferred European defence industrial base. The companies will re-organise to meet this challenge and might dispose of costly unnecessary infrastructure. In time as pooled equipments lead naturally to harmonised future requirements, we can expect a new European industrial focus to emerge of its own accord.

In the defence research area, there would be far more benefit to acting as a single European entity rather than dividing the resources between member nations. This could ensure a research infrastructure which was not duplicated and could focus on EU defence needs.

6. Convergence Criteria

It is often suggested that European defence could be advanced by agreement on convergence criteria for defence spending or hardware contributions. This may be true one day when there is much greater agreement on common foreign policy, and much less worry about sovereignty issues. However for the present, the development of such criteria would absorb much diplomatic effort for no benefit in capability. The bottom up approach suggested in this paper, coupled with an agreed audit system would allow rapid development of such criteria once the political will was there in the future.

7. The Future for European Defence

The military security dimension is important for Europe in its future relations with the US. To be cast in the role of sweeper up after America is not an enticing prospect. Without addressing the shortfalls in military capability, EU member states will find themselves less and less able to operate individually or collectively to support their common interests. Nor will they have a strong voice in where and how future operations are conducted.

The national politics of much greater defence capability integration are difficult. But there are opportunities which would produce more capability for lower cost with no effect on sovereignty.

Those benefits must be used to grow the missing European enabling capabilities, and that will need the EU to control funds and audit capability.

The particular difficulties that have been thrown up by Iraq have certainly weakened the EU and NATO. For NATO this may be a fatal blow. The EU will continue, given its essential role in a much broader set of relationships. However, the opportunity exists to advance in the defence policy area, based on the experience of recent months. Rebuilding EU defence relationships is now vital. An agenda to generate new capabilities through greater integration could be one way. Member states might start this process by allocating a proportion (say 5%) of their defence budgets to a common fund to start producing useful capabilities on a supranational basis.