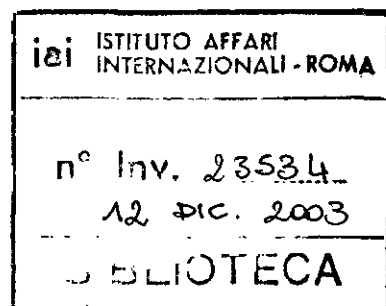
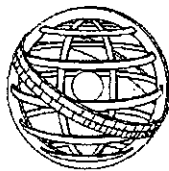


**TRANSATLANTIC SECURITY COOPERATION:
FACING THE NEW CHALLENGES**

Istituto affari internazionali (IAI)
Centro militare di studi strategici (CeMiSS)
EU Institute for Security Studies (EU-ISS)
Roma, 17/XI/2003

- a. Programme
- c. List of participants
- 1. "EU and US strategic concepts: facing international realities"/ Alyson J.K. Bailes (10, 3 p.)
- 2. "EU and US strategic concepts: facing international realities"/ Robert E. Hunter (8 p.)
- 3. "The reform of ESDP and EU-NATO cooperation"/ Rob de Wijk (7 p.)
- 4. "Transatlantic armaments collaboration: getting to yes"/ Richard A. Bitzinger (7 p.)
- 5. "Tackling European capabilities shortfalls: European preference or Transatlantic solutions?"/ Andrew D. James (18 p.)
- 6. "ESDP and Transatlantic relations"/ Barry Posen (20 p.)





Istituto Affari Internazionali



**TRANSATLANTIC SECURITY COOPERATION:
FACING THE NEW CHALLENGES**

A Joint Conference of
Istituto Affari Internazionali (IAI)
European Union Institute for Security Studies (EU-ISS) and
Centro Militare Studi Strategici (CeMiSS)

In cooperation with:
The German Marshall Fund of the United States (GMF)
Compagnia di San Paolo
Friedrich Ebert Stiftung, Rome office
US Embassy in Rome

CASD, Palazzo Salviati
Piazza della Rovere 83
Rome, Italy

Rome, 17 November 2003

PROGRAM

Sunday, 16 November 2003

20:00 *Welcome dinner*

Monday, 17 November 2003

9:00 **Registration**

9:15 **Welcome Address** Carlo Finizio, Director, CEMISS, Rome

Introduction to the Seminar Ettore Greco, Deputy Director, IAI, Rome

9:30 **First session**

EU and US Strategic Concepts: Facing International Realities

Chair: Carlo Finizio, CEMISS, Rome

Paper givers: Alyson J.K. Bailes, SIPRI, Stockholm
Robert Hunter, RAND, Washington

Discussants: Marta Dassù, Aspen Institute, Rome
Ekkehard Brose, German Ministry of Foreign Affairs, Berlin

11:00 *Coffee Break*

11:15 **Second Session**

The Reform of ESDP and EU-NATO Cooperation

Chair: • Vincenzo Camporini, Italian Ministry of Defence, Rome

Paper givers: Rob de Wijk, Royal Netherlands Military Academy, Breda
(ND) Stephen Larrabee, RAND, Washington

Discussants: Mathias Jopp, IEP, Berlin
Andrew Pierre, Georgetown University, Washington

13:00 *Lunch Buffet*

14 00 Third Session

Armaments and Defence Industry Transatlantic Cooperation

Chair: Gianni Botondi, Italian Ministry of Defence, Rome

Paper givers: Richard A. Bitzinger, Atlantic Council of The United States, Honolulu
Andrew James, PREST, University of Manchester, Manchester


Discussants: Jan Joel Andersson, UI, Stockholm
Joachim Rohde, SWP, Berlin
Burkard Schmitt, EU-ISS, Paris

16: 00 Coffee Break

16:15 Fourth Session

Future Trends in the Transatlantic Partnership

Chair: Cesare Merlini, Council for The United States and Italy, Rome

Paper givers:  Nicole Gnesotto, EU-ISS, Paris
Barry Posen, Massachusetts Institute of Technology, Boston

Discussants: Dana Allin, IISS, London
Claudio Bisogniero, Italian Ministry of Foreign Affairs, Rome
Robert Evans, American University, Rome
John Harper, Johns Hopkins University, Bologna

18:00 Summary and wrap-up

Nicole Gnesotto, Director, EU-ISS, Paris
Gustav Lindström, EU-ISS, Paris

18:15 Conclusions

Chair: Carlo Finizio, Director, CEMISS, Rome

Stefano Silvestri, President, IAI, Rome

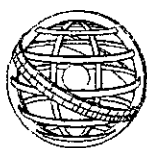
19:15 End of Conference

20 30 Dinner

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BIBLIOTECA



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TRANSATLANTIC SECURITY COOPERATION: FACING THE NEW CHALLENGES

17 November 2003

CASD, Palazzo Salviati, P.za della Rovere 83, Rome, Italy

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Conference on

**TRANSATLANTIC SECURITY COOPERATION
FACING THE NEW CHALLENGES**

CASD, Rome, 17 November 2003

PAPER BY
Alyson J.K. Bailes

***EU and US Strategic Concepts:
Facing International Realities***

*A joint conference of
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EU and US Strategic Concepts: Facing New International Realities

(Paper for EU/US seminar at Rome, 17 November 2003)

by Alyson J.K. Bailes, Stockholm International Peace Research Institute

To say that US/European relations have been subject to turbulence in the last two years sounds like a cliché or an understatement or both. Yet 'turbulence' is quite a helpful metaphor for the student of this particular episode in history. It describes something which happens at the surface and can create both fear and nausea in those exposed to its violence. It tells us nothing about how the currents may be flowing—or what monsters and what riches may be lurking—at a greater depth.

The crisis of 2001-3 in trans-Atlantic relations has been beyond question one of the worst, perhaps the worst, in post-World War Two history. It has had massive political, and also financial and economic, fall-out both within the traditional 'West' and more widely. Yet, carefully examined, the number of concrete security issues it has embraced could easily be counted on the fingers of two hands. So could the number of personalities who have dictated the flow of events, from both sides of the Atlantic.

For an analysis of how US and European concepts of, and reactions to, strategic reality are actually developing—and why and how far they may diverge—a little more distance and greater depth are desirable. The following discussion will aim in particular to trace the real pattern of trans-Atlantic convergence or divergence through the use of several different kinds of indicators. It will then deal more summarily with the implications of this analysis for real-life politics (noting that theories about the US/European relationship have a political function and instrumentality of their own!) and with the possible way ahead.

Indicators of Strategic Perception and Policy

The most tangible evidence of countries' or organizations' strategies lies in their actions and in fact, the great majority of recent debates about US/European differences have found their inspiration in things done or left undone by the parties concerned. But actions taken by democracies can diverge from the stated strategy for dozens of reasons, and their actual effects can contradict strategic aims for hundreds more. The relationship between goals and behaviour is in itself very interesting to consider and will be raised again below. At this point, it seems logical to start from the beginning of the chain of causation and to consider three other possible indicators of strategic aims and perceptions: objective strategic interests, public opinion, and published strategic doctrines.

Strategic Interests

The US and Europe have lost the shared threat of nuclear annihilation or ideological subversion by the Soviet Union and its allies. The US front line is no longer in Europe, but could be seen either as finishing at its own frontiers, or as reaching out to every region of possible threat and opportunity in the world. Europe for its part now seems to need only a faint and residual US (nuclear) guarantee for its own territory,

and is starting to signal that it can soon dispense with US military assistance even in the Balkans.¹ Russia meanwhile has shifted from being the chief threat and balancing power to become a sort of combination of sidekick and spoiler for the US and a wild but beckoning hinterland for Europe.

Such a strategic reversal was bound to leave its mark on trans-Atlantic relations and especially on the institution, NATO, which embodied the earlier existential link. Logically enough, NATO has also been the scene of some of the clearest and most consistent efforts to develop a new kind of strategic *partnership* and shared defence *activity* for the US and Europe, and it has come close to realizing something that could be called a new shared strategic *interest* in the form of the stabilization-through-integration of the Eastern half of Europe. Enlargement policy (and the remarkable trick of reconciling Russia to it) seems, however, to have lost much of its value as a strategic cement between the two sides of the Atlantic precisely through its success. Those who seek for really powerful shared interests to hold the (wider) West together in the 21st century are now obliged to look, rather, at processes operating at global level—which by definition might affect and draw together others besides the traditional cold war allies:

- the trans-nationalization of human threats (terrorism, crime and illicit WMD);
- the openness of globalized societies to non-human threats like SARS, AIDS and climatic disasters;
- the increasing positive interdependence of free-market economies, societies, informational and cultural systems.

It can quickly be shown, however, that there is no simple chain of consequence from an objectively shared threat (or positive interest), through compatible popular and elite perceptions, to the creation of shared or parallel policies. Parallelism of interests reflects the fact that nations/regions find themselves in similar niches and can thus lead to competition—notably in the field of the economy—as well as solidarity. Any given threat can be played up or played down as a result of involuntary conditioning through past experience or knowledge ('shock' effects vs. familiarity creating contempt), but also for deliberate motives of policy and/or through manipulated information. Greater objective threat (and consciousness of it) may lead to the adoption of more prudent and passive strategies as well as to more combative ones. It is not credible to depict Europe as a carefree oasis of security when it depends on the outside world for some 40% of its trade and 50% of its energy;² can be reached at its

¹ Following the transfer of the precautionary military deployment in Macedonia from NATO to the EU earlier in the year, EU Defence Ministers formally proposed in October 2003 that the EU should take over the SFOR operation in Bosnia-Herzegovina (albeit still with NATO's practical support).

² At present, the EU is becoming more self-sufficient in trade but its energy dependence on outsiders is increasing. According to the OECD/IEA 'Energy Balances' for 1996-7, the US, Germany and Italy relied on outside suppliers for 22.1%, 59.8% and 82.1% of their (total) energy requirements respectively at that time. The US remains much less dependent overall on outside trade, but its current account trade *deficit* is set to rise from less than 4% of GDP in 2001 to 5.25% in 2004, while Europe will retain a trade surplus equivalent to about 1% of GDP and Japan's surplus will rise from 2% to 4% of GDP (OECD Economic Outlook No. 72, 2002). It has

periphery (unlike the US) by missiles belonging to several non-acknowledged nuclear states; has lived for hundreds if not thousands of years with violent terrorism; and has several million Islamic believers living often with full citizens' rights in its midst. The majority of Europeans seem to feel, however, that they should neither let these things change their lives nor go out and forcibly change other people's lives in an effort to stop them.

Evidence of Popular Strategic Perceptions/Priorities

Most comments on US and European public opinion during the recent crisis have highlighted their similarities. Popular views and preferences ran parallel particularly before the start of military action in Iraq, and during the period of second thoughts from summer 2003 onwards, with a (perhaps untypical) intervening phase when US and UK opinion hardened in support of its leaders at war and its 'boys in the field'. Nevertheless, the most detailed and sophisticated polls³ provide a basis for tracing some interesting, and probably more permanent, elements of divergence as well as convergence.

Security perceptions on both sides are clearly 'post-modern', in the sense that 'Soviet'-style risks of direct attack no longer figure, and threats in non-military and even natural (non-intentional) dimensions appear high on the scale of popular concerns together with more obvious forms of violence. There are however nuances (see Table 1):

- the US-defined 'new threats' of terrorism and weapons of mass destruction come somewhat lower in the league of European fears, despite the facts already mentioned of European exposure;
- crime (internal as well as international) comes higher for Europe;
- concerns of a social and economic nature loom very high in Europe and are expressed in somewhat 'collectivist' terms (eg a concern about poverty which is not limited to the poor).

A preliminary hypothesis would be that US strategic perceptions tend to *externalise* threats and European ones to *internalise* them. This could be linked both with geographical realities and with historical ones ('guilt' as a factor in European thinking), or perhaps also with the relative sharpness of conceptual dividing lines between internal and external security as such. The obvious danger with internal-focussed security perceptions is that they will play down the extent to which the outside world is both threatening and different. The danger with externalising ones is that they will over-idealize the nation's own conditions and values and can easily seem to outsiders to be based on double standards.

been argued that this means the US is, in fact, highly dependent on its external debtors and investors to allow it to continue overspending (notably on defence) on such a scale.

³ The Transatlantic Trends and Eurobarometer polls on which this discussion and the tables are mainly based can be found at <http://www.transatlantictrends.org> and http://www.eu.int/comm/public_opinion/standard_en.htm respectively.

There are also interesting distinctions in public views on methods and contexts for action (see Table 2). Both sides of the Atlantic would appear to wish for a non-unilateralist US, an active EU (perhaps even a European super-power), cooperative modes of action using non-military as well as military strengths, and respect for the United Nations. The events of 2001-2003, however, seem to have pushed down the level of European trust in and approval for the US Administration's policies (most sharply of all in Germany) more than it has affected US *popular* warmth towards Europe.⁴ One intriguing and somewhat counter-intuitive implication would be that future US leaders may have stronger popular backing for building bridges back to Europe than Europeans will have trust in the bearing power of those bridges. Lessons about the need to press on with building the EU's own strength and unity appear to have sunk in at popular as well as elite level, and will have staying power not least because any resulting changes made in the EU system will be enshrined in non-reversible legal form.⁵

Particularly interesting in the context of active security strategies are the findings of the Transatlantic Trends Survey that US opinion is more ready to bypass the UN when vital national interests are at stake; finds it easier to justify loss of life resulting from active interventions abroad; and is more ready to believe in the possibility of a 'just war' (with the UK significantly closest to US views on this among the Europeans). The same explanations mentioned above are relevant here too, but perhaps the most important *consequence* is that US leaders can much more easily marshal (at least) a short-term public consensus for forceful action against others than European governments can, even when all questions about *efficiency* of governance and action are set aside.⁶ One may suspect that a converse distinction could be shown between US attitudes and the ease with which EU publics support the use of non-coercive instruments like economic and humanitarian aid, traditional peacekeeping, and even the most potentially costly solution which is drawing the former offenders into Europe's own integrated family.

⁴ In Germany, 68% of respondents thought strong US leadership in the world desirable in 2002, and only 45% in 2003. The number of German respondents who accepted the US as the world's sole superpower fell from 22% to 8% and the number wishing the EU to become a superpower rose from 48% to 70% over the same year (Transatlantic Trends 2003).

⁵ Eurobarometer polls indicate also that the enlarged membership of the EU is not likely to prove a brake in the way that some critics (and US supporters!) of the 'new Europeans' have suggested. General support for CFSP and for an independent European power is well above 50% in Central Europe, and growing. The threat priorities seen by Western and Central Europeans are also similar, except for a lower salience of environmental concerns among the latter.

⁶ In the essay 'Power, War and Public Opinion' by Ronald Asmus, Philip Everts and Pierangelo Isernio attached to Transatlantic Trends 2003, the authors identify 22% of Americans as 'hawks' and 65% as 'pragmatists' (implying a larger ready-made majority for tough action likely to benefit national interests). In Europe as a whole, there are only 7% 'hawks' and 43% 'pragmatists', meaning that some of the 42% of (relatively high-principled) 'doves' need to be recruited to give a really solid majority for action. The UK profile with 14% 'hawks' and 63% 'pragmatists' is, tellingly, closest to the US.

Official Strategic Concepts of the US and EU

The document on a European security strategy prepared by Javier Solana and approved (as a 'living' text) by the Thessaloniki European Council in June 2003⁷ came almost a year later than the US's new National Security Strategy⁸ and was undoubtedly influenced by it—as by awareness of the general trends in American thinking. This accounts for the extent to which the two documents (more than previous counterparts) appear to speak a common language: but it also implies that the elements of difference, from the European side, are conscious and deliberate.

The 'post-modern' character of both documents is very clear. Political, economic, social and politico-military concerns intermingle, and a new ambition for *comprehensiveness* appears in both documents: the US paper saying much more about non-military matters than ever before, the EU paper striving for a multi-dimensional vision not just of the environment but of relevant EU competences and roles.

Detailed comparison of the documents' contents is made difficult (and everything said below is consequently debatable) because of their different lengths, structures and ambitions. The US paper is twice as long, providing a fairly detailed and concrete programme statement on behalf of a single sovereign entity. Solana's paper reads more like an inspirational sketch and a platform for continuing debate. It wisely avoids descending into detail, not just because of the number of nations it was designed to please and the multiplicity of European instruments needed to give effect to it (including many resources still under national control), but also because it was published in the midst of a major constitutional upheaval likely to alter the operating conditions for the EU's security and defence policies as for all others. Each paper was designed for a distinct demonstration effect: the US document reassuring its citizens about their leaders' understanding of new threats and determination to counter them, the European document aiming both to draw EU members back together after months of painful division and to show the world that they meant business.⁹

At general level, the main similarities in the papers' approach are¹⁰:

- the striking of an optimistic note at the outset, registering notably the progress made with the end of the Cold War
- the blending of different categories and levels (military and non-military, state and non-state, internal and external) in the new analysis of threat

⁷ 'A Secure Europe in a Better World', see <http://ue.eu.int/newsroom> for 20.6.03.

⁸ 'The National Security Strategy of the United States of America', published with a foreword by President Bush, 17 September 2002 (URL <http://www.whitehouse.gov/nsc/nss.pdf>).

⁹ The EU document was in fact positively reported on pages 1 and 6 of the *International Herald Tribune* on 17 June 2003.

¹⁰ The next part of this analysis has profited from a reading of the discussion paper, 'The EU's Strategic Objectives: Effective Multilateralism and Extended Security', produced by Martin Ortega of the EU Institute for Security Studies in connection with a Seminar at EU-ISS on 6-7 October 2003.

- the recognition of the ubiquity of challenge, eg Solana: 'With the new threats the first line of defence will often be abroad'
- the couching of objectives in (a) values-related and (b) dynamic terms. The US paper talks first about 'human dignity', the EU paper is strong on 'good governance'. Both envisage using their sponsors' resources for active transformation, eg Solana: 'Our task is to promote a ring of well governed countries to the East of the European Union, and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations'.
- the advocacy of a proactive and anticipatory approach, eg Solana: 'we should be ready to act before a crisis occurs. Conflict prevention and threat prevention cannot start too early'. Here, however, the first important semantic and operational distinction emerges: the US document talks plainly of 'preemptive actions' using military force (in the context of WMD threats, Chapter V of the Strategy) and defines the conditions for them, while Solana holds back from implying that *military* pre-emption could be justified on the EU's own authority. (He does talk of 'pre-emptive engagement' in the context of trade and aid policy, but there plainly without any coercive meaning.)

This difference on pre-emption was without doubt the most widely noted when the EU strategy document was published, not least because it resonated so directly with US/European differences over Iraq. Other interesting contrasts could also, however, be mentioned:

- Solana pays tribute to the US in his third opening paragraph. Bush's 3-page introduction does not mention Europe at all, and NATO only in its penultimate paragraph
- the US paper spends very little time on threat analysis (despite some striking phrases, eg in Bush's foreword: 'The gravest danger our Nation faces lies at the crossroads of radicalism and technology'). Its operative chapters dive straight into saying what the US will do, with further elaboration of the targets added as necessary. The EU paper spends 6 of its 16 pages just on analysing challenges and does not get to 'countering the threats' until page 10.
- regarding multilateralism, Solana says in his 6th paragraph 'No single country is able to tackle today's complex problems entirely on its own'; and Bush in his 10th paragraph, 'No nation can build a safer, better world alone'. However, by the time Bush reaches this point he has already clearly laid out a vision based on US dominance and *exceptionalism*: 'We seek ... to create a balance of power', 'We will defend the peace', 'We will extend the peace', other countries 'must' do this and 'must' do that. The Solana paper defines the EU's first strategic aim after Enlargement as 'build[ing] an international order based on effective multilateralism', and persistently expresses a preference for cooperative methods over coercion. The US document waits until chapter VIII to discuss 'Develop[ing] Agendas for Cooperative Action with the Other Main Centers of Global Power', and here talks in terms of 'coalition leadership' with institutions reduced to an instrumental role. (It is fair to say that the Chapters of the US strategy dealing with economic and functional issues include more multilateralist prescriptions.)
- the US document from the outset talks persistently of 'enemies'. Solana avoids this word. In two passages with striking normative overtones, he attributes violent religious fundamentalism to causes which are 'also part of

our own society'; and he expresses the desire that 'rogue' states—whom he carefully avoids calling 'rogues'!—'should rejoin the international community' (though there will be a price to pay if they don't)

- when it comes to instruments for execution of the strategy, the US paper places primary emphasis on military strength and Solana on a judicious combination of resources. At this point also, the US tendency to relativize/instrumentalize international cooperation shows through (see details in Table 3).

What Does This Mean And Where Does it Leave Us?

As noted above, the EU's draft security strategy was shaped by and designed for the specific conjuncture of its publication: as a unifying instrument for Europe itself, and a confidence-building effort towards the US. What does it tell us about the prospects for, and obstacles to, a more productive trans-Atlantic security relationship in future?

American analysts have routinely complained that Europe 'does not have a strategy'. Now that it does, one might hope that the two sides of the Atlantic will not only be speaking a comparable language but drawing closer in their perceptions of substance: on the seriousness of certain challenges, the responsibility of Western actors for both protective and proactive responses, and the relevance of the kinds of strength which both partners wield. A Europe which is more 'street-wise' in its security thinking should—if nothing else—understand better the realities of the US's own power and the helpful and unhelpful ways of trying to deal with it. Spring 2003 should have made clear to all that Europe cannot be united as the US's enemy: any more than it can as an over-faithful bag-carrier. At practical level, an EU which better coordinates the different strands of activity corresponding to the breadth of Solana's multi-functional vision could also offer a better 'one-stop shop' for US interlocutors to deal with—while the draft constitution's proposals on political leadership would create something more like a single shop-owner.¹¹

The Solana document can be read as a prescription for a European super-power, but certainly not as a recipe for an anti-US and unilateralist one. On the contrary it underlines—much more than the US's own document—Europe's faith in and need for collaboration with all capable in and like-minded powers. At the same time it clearly reflects the reality of the philosophical and doctrinal differences between the Atlantic partners which have been the subject of so much debate and worry in recent months. Particularly striking are the correspondences and links of logic between the three levels earlier addressed: European objective interests, popular opinion, and the Solana document itself. The multilateralist, cooperative, law-based and predominantly non-military approach advocated by the latter reflects Europe's relative vulnerability, openness and trade/energy dependence, particularly at a time of enlargement which will expand the EU's territory far beyond any demonstrated capability to protect it. Solana's admission that there is also an 'enemy within' and his preferred

¹¹ The EU Constitution drafted by the European Convention in 2002-3, to be considered by the Inter-Governmental Conference which began in October 2003, proposes inter alia a longer-term President of the European Council and a single 'Foreign Minister' figure drawing together the relevant capacities of the ESDP machinery, Council Secretariat, and Commission.

transformational solution for rogue states correspond to the blurring of external and internal, security and social challenges in the European mentality and also to the European style of neutralising enemies by absorbing them—all very alien to the US's clearly defined frontiers and Manichaeon visions. Last but not least, the care taken by Solana to keep the *ultima ratio* of armed force squarely within the bounds of traditional legal and moral justifications (with plentiful reference to the UN) clearly echoes a deep-seated preference—and a difference from average US views—in EU opinion generally and within the populations of (at least) the great majority of European States.

Does the consolidation of EU policy and practice around the kernel provided by Solana represent, then, more of a danger than an opportunity for US-European concord? During the Iraq crisis, US leaders sometimes indeed acted as if they saw any EU unity as a threat and were determined to divide and rule. As seen from the current perspective, the result—after only a few months—was to force the Europeans back into each others' arms and to spur the EU into a series of significant, probably irreversible, doctrinal and structural changes tending to greater coherence and (potentially) independence in the security realm. There are, of course, still many uncertainties, arising from the EU's own internal dynamics, about how the Solana paper will be interpreted and followed up¹² and also about how far the draft Constitution may have to be modified. Broadly speaking, a common front of the 3-5 biggest EU members offers the best prospect of preserving the stronger strategic elements in both documents. It would be manifestly self-destructive (and also very dangerous for NATO) for the US to try again to destroy that front during the critical period in 2003-2004 when troubles on the ground in Iraq coincide with the distractions of the IGC. This author's view is that almost any conceivable US posture will end by strengthening the EU's strategic unity together with the idiosyncratic elements in European strategic culture. In that case both sides should be turning their energies not to mutual sabotage but to seeking a *modus vivendi*.

The other obvious point is that the US's strategy and its vision of US/European complementarity are not fixed quantities. In the year since the National Security Strategy was published, the US's attack on Iraq has fully stretched (many would say over-stretched) the doctrine of legitimate pre-emption, but the parallel handling of the North Korean and Iranian WMD challenges has been at the other extreme of the strategy's tactical range.¹³ It has become clear that even the sole super-power is unable or unwilling to carry out more than one major military adventure at a time (vide the extent to which Iraq distracted attention from Afghanistan, and the great US reluctance to answer a very small call for help in Liberia). The ambitions in the Strategy have come up against limits inherent in the US's own system—financial, constitutional, public-opinion constraints—and in the actual strategic environment outside. It is generally acknowledged, and increasingly so in the US itself, that the

¹² EU members agreed to follow up the Solana document initially through three seminars held at Rome, Paris and Stockholm respectively in September-October 2003. A revised version of the paper is due to be adopted more formally at the final European Council of the Italian Presidency.

¹³ In these cases the US has taken a cautious, multilateralist approach. Vis-à-vis the PDRK it has refused to speak of a 'crisis' and fairly clearly abjured the use of force. On Iran the US has also worked in parallel with the EU.

problems attending the occupation of Iraq by the US and its partners since Saddam Hussein fell have demonstrated both the limitations of military force alone for achieving transformational solutions and the US's deficiency in the other skills and resources required. If the US could simply withdraw and let others clean up the mess, neo-realist style, it would be faithful to its narrowly defined interests but unfaithful to the goals of the Strategy. To stay and succeed, it finds itself increasingly obliged to accept institutional and legal trammels and to pay rather than force others to help—also contrary to the Strategy's spirit. It is not a particularly radical prophecy to suggest that something will have to give, in the theory or the practice or both, possibly around the time that the next US President's security philosophy (whether Bush or not) is defined.

Recalling the title of this piece, which suggests that the US and EU strategies are (among other things) a response to and reflection of new international realities, it is tempting to end by musing on who has actually captured the 'reality' best. The contest seems heavily skewed in Washington's favour because the US is such a mighty 'reality' itself. Whatever the US chooses to do, right or wrong, constitutes a strategic 'reality' with which others must reckon, and the corresponding theoretical constructs and rationalizations quickly come to dominate the global analytical agenda. But the more the shifting strategic agenda takes on the quality of a 'war of ideas', the greater the risk that it will shift into a subjective, political dimension more related to Sorel's 'useful myths' than to any objective appreciation of the environment.¹⁴ Friendly entities like the EU then face difficult primary choices over whether to adopt and act on the US vision, or stick to what they think is the underlying reality; and secondary ones over whether to disagree openly or to appear to agree for placatory and possibly cynical ends.¹⁵

A careful reading of the Solana strategy suggests to this author that the EU has only to a limited extent adopted the US strategic vision, and has used the concomitant language in order to signal subtle differences as well as togetherness. Which side, if either, is actually right is a debate that should start where this paper stops. It could begin by asking: which is actually the more important aspect of strategic reality? That the US has virtually unlimited power to intervene in the world, or that its power to achieve the wished-for results (alone and outside the law) is all too severely limited? That the US has the biggest military power among large advanced economies, or that it has the biggest budget deficit? That the US is a potential hegemon, or that its assertion of power for selfish and dubious causes tends to produce corrective, 'balancing' and 'ganging up' reactions even among its closest allies? That the US does not accord a normative and first-order value to multilateralism, or that a steadily increasing majority of other states (in ASEAN, the African Union, Latin America etc. as well as the EU) do so? That there are still several 'rogue' states who defy the UN

¹⁴ A now familiar consequence of this will-driven rather than fact-driven approach is the temptation to use secret intelligence, selected and doctored, as a servant rather than a guide. In the US there have also been more subtle but worrying developments militating against the survival of diverse and independent think-tanks: see James McGann, 'Responding to 9/11: Are Think Tanks Thinking Outside the Box?', Foreign Policy Research Institute of Philadelphia, text at www.fpri.org.

¹⁵ An example of cynical agreement would be the way Russia has 'talked the talk' with the US to get an increasingly free hand in Chechnya.

and international law, or that there are not far off two hundred states who support these things in word and deed? That terrorists can kill three thousand people at a blow, or that they can only kill three thousand? Good strategy should not be Panglossian. But the neo-Hobbesian alternative has not survived its reality test of the last 18 months particularly convincingly either.

[Table 1]
STRATEGIC PRIORITIES: CONCEPT PAPERS COMPARED WITH OPINION POLLS

**Order of Issues addressed in
US National Security Strategy 2002**

‘ human dignity’
 terrorism
 regional conflicts
 Weapons of Mass Destruction
 free trade
 democratic development

**Order of Issues addressed in
Solana Strategy Paper June 2003**

conflict
 poverty
 bad governance
 climate change
 energy dependence
 terrorism
 Weapons of Mass Destruction
 failed states/organized crime

**The Five Threats Rated ‘Extremely
 Important’ by the greatest number of
US and EU respondents***

	Rated ‘extremely important’ by:	
	US	EU
International terrorism	96%	96%
North Korean WMD	60%	49%
Iranian WMD	57%	46%
Islamic Fundamentalism	44%	47%
Arab-Israeli Conflict	39%	46%

**Issues Seen as Priorities for the
 EU by over 80% of respondents
in old and new EU states****

maintaining peace and security
 fighting unemployment
 fighting terrorism
 fighting poverty
 fighting organized crime

* Source: *Transatlantic Trends 2003 Final Report*

** Source: *Eurobarometer poll May 2003, quoted in FT 17/9/03*

[Table 2]
PUBLIC OPINION ON US/EUROPE RELATIONS
Source: Transatlantic Trends 2003 Final Report

<u>Question</u>	<u>US Response</u>	<u>EU Response</u>
Do Europeans and Americans have different social and cultural values?	93% YES	79% YES
Do you approve of the way President Bush is handling international policy?	60% YES	POLAND 58% YES REST OF EUROPE 15-41%
Was the war in Iraq worth the loss of life?	55% YES	51-84% NO
Is strong US leadership desirable?		45% YES
Is it good for the US to take an active role abroad?	77% YES	
Is strong EU leadership desirable?	80% YES	
Should the EU become a superpower?	37% YES	71% YES
Should a European superpower cooperate with the US?		85% YES
Is the EU influential in non-military ways?	88% YES	88% YES
Is US unilateralism an important threat?	70% YES	78% YES
Should the UN be strengthened?	70% YES	74% YES
Is it OK to bypass the UN when vital interests are involved?	57% YES	53% NO
Can war be 'just'?	55% "strongly agree"	12% (FR/GM)-39% (UK) "strongly agree"

[Table 3]

Comparison of the 'Ways and Means' Sections of the US and EU Strategy Documents*

<u>US</u>	<u>EU</u>
'It is time to reaffirm the essential role of American military strength'.	'... none of the new threats is purely military; nor can any be tackled by purely military means'. 'The challenge now is to bring together the different instruments and capabilities'. More resources needed for defence but also civilian capabilities.
Improve intelligence	Use diplomatic potential
Importance of diplomacy	Strengthen intelligence
Help with humanitarian tasks and nation-building	Use military forces also for arms control and security sector reform tasks
[Strategic partners listed in Chapter VIII of the Strategy: NATO, Asian states, Russia, India, China]	Work with the US, Russia, Japan, China, Canada and India
Protect US personnel against the International Criminal Court	
'In exercising our leadership, we will respect the values, judgement, and interests of our friends and partners. Still, we will be prepared to act apart when our interests and unique responsibilities require'.	'We stand ready to develop active partnership with any country which shares our goals and values and is prepared to act in their support'.

* I.e. chapter IX of the US National Security Strategy: 'Transform America's National Security Institutions to Meet the Challenges and Opportunities of the Twenty-First Century'; pp. 10-13 of Solana's strategy document, 'Countering the Threats' and 'Policy Implications for Europe'.

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Conference on

**TRANSATLANTIC SECURITY COOPERATION
FACING THE NEW CHALLENGES**

CASD, Rome, 17 November 2003

PAPER BY
Robert E. Hunter

**EU and US Strategic Concepts:
Facing International Realities**

A joint conference of
Istituto Affari Internazionali (IAI)
European Institute for Security Studies (EU-ISS)
Centro Militare Studi Strategici (CeMiSS)

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US Embassy in Rome

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EU and US Strategic Concepts: Facing International Realities

Robert E. Hunter
Senior Advisor, RAND
IAI, November 17, 2003

Part I

The Formal Documents

Both the United States and the European Union have produced in 2002-2003 formal documents presenting their respective "strategic concepts:" that of the United States, the *National Security Strategy of the United States of America*, was issued in final form in September 2002;¹ that of the European Union, a preliminary report² entitled *A Secure Europe in a Better World*, was welcomed by the EU Council at its Thessaloniki summit in June 2003,³ as the basis for a final report on European Security Strategy to be discussed and adopted by the EU Council this December.

The two reports had different origins, and that fact is of significance. The US "national security strategy" is a document required by Congress, but which is rarely read widely and can rarely be relied upon as a reliable guide to US policy. It usually serves more to "tick a block" in meeting a congressional requirement rather than in pulling together the threads of policy and charting a way forward that others, friend and foe, can confidently relate to. This time, the *National Security Strategy* was widely read around the world, not so much because it was an accurate and comprehensive expression of US views after the critical events and changes in policy brought about by the terrorist attacks of September 11, 2001, and the subsequent war in Afghanistan, but rather because it seemed to break new ground in some precise areas. And the document thus attracted significant attention even though, by all accounts, it was not a painstakingly and widely-discussed and debated document within the Bush Administration, bureaucratically "blessed," that could thus be seen to be a presentation of well-agreed and understood policies.

The EU's "draft" strategy document, by contrast, was the product of a clear, conscious process of trying to define, in as coherent a way as possible, the basic strategic

¹ See *National Security Strategy of the United States of America*, <http://www.whitehouse.gov/nsc/nss.pdf>.

² See *A Secure Europe in a Better World: Draft European Security Strategy Presented by the EU High Representative for the Common Foreign and Security Policy, Javier Solana, to the European Council, 20 June 2003 in Thessaloniki, Greece*, <http://www.statewatch.org/news/2003/jun/SECURE%20EUROPE.pdf>.

³ See *Presidency Conclusions. Thessaloniki, 19 and 20 June 2003*, paragraph 54, http://www.mfa.gr/english/foreign_policy/eu/Presidency_conclusions_en.pdf.

and security concepts to underpin the emerging twin EU institutions in this field: the Common Foreign and Security Policy (CFSP) and the European Security and Defense Policy (ESDP). It was a “first time out of the box” for the developing EU institutions, in particular the role of the High Representative for CFSP; and also it could be seen as a harbinger of debates, directions, and institutional arrangements under the new European Constitution being developed at the same time. Of course, the timing and some of the content of the resulting draft document had to take account of what was also happening in the United States and in transatlantic relations: in part – how much can be discussed – the document can be said to be a “European” response to American questioning about the purposes and capabilities of the European Union (and individual countries) to step up to the mark in terms of emerging threats and challenges, especially as seen from Washington. Thus *A Security and Better World* cannot be said to be just a “European” product, divorced from such broader concerns.

This is not the place to go through a full review of the two strategy documents: much of that has already been done in the public prints and, anyway, they are not comparable exercises in governmental (or trans-governmental) thinking, nor do either of them fully encompass the core elements of the “EU and US Strategic Concepts,” which are as much about what Europeans and Americans are learning to do, each on its own or together, as the particular threats, challenges, and opportunities of this new historical period unfold.

The US Preemption Doctrine

The most remarked-upon element of the US document was its recitation of the idea, earlier outlined by President George Bush in his commencement address at the U.S. Military Academy (West Point) in June 2002, when he noted that “...our security will require all Americans to be forward-looking and resolute, to be ready for preemptive action when necessary to defend our liberty and to defend our lives [emphasis added].”⁴ While not the dominant element of his address, this phrase gained the most notoriety, as worldwide attention was beginning to focus on the possibility of a war against Iraq, and in the wake of the President’s “axis of evil” speech the previous January, which had cited Iraq.⁵

Because of the importance of the debate engendered by the references to preemptive war in the U.S. *National Security Strategy*, it is worth quoting extensively from this discussion:

⁴ See *Remarks by the President at 2002 Graduation Exercise of the United States Military Academy West Point, New York, June 1, 2002*, <http://www.whitehouse.gov/news/releases/2002/06/print/20020601-3.html>.

⁵ See *The President's State of the Union Address*, The United States Capitol, Washington, D.C., January 29, 2002, <http://www.whitehouse.gov/news/releases/2002/01/20020129-11.html>: “States like these [North Korea, Iran, and Iraq] and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world.”

While the United States will constantly strive to enlist the support of the international community, we will not hesitate to act alone, if necessary, to exercise our right of self-defense by acting preemptively against such terrorists, to prevent them from doing harm against our people and our country; (page 6)

The United States has long maintained the option of preemptive actions to counter a sufficient threat to our national security. The greater the threat, the greater is the risk of inaction— and the more compelling the case for taking anticipatory action to defend ourselves, even if uncertainty remains as to the time and place of the enemy's attack. To forestall or prevent such hostile acts by our adversaries, the United States will, if necessary, act preemptively.

The United States will not use force in all cases to preempt emerging threats, nor should nations use preemption as a pretext for aggression. Yet in an age where the enemies of civilization openly and actively seek the world's most destructive technologies, the United States cannot remain idle while dangers gather. (Page 15)

We will always proceed deliberately, weighing the consequences of our actions. To support preemptive options, we will:

- build better, more integrated intelligence capabilities to provide timely, accurate information on threats, wherever they may emerge;
- coordinate closely with allies to form a common assessment of the most dangerous threats; and
- continue to transform our military forces to ensure our ability to conduct rapid and precise operations to achieve decisive results. The purpose of our actions will always be to eliminate a specific threat to the United States or our allies and friends. The reasons for our actions will be clear, the force measured, and the cause just. (page 16)

In view of the controversy that has surrounded the so-called U.S. doctrine of preemption (or of "preventive war," as in the main it should more properly be called), it is interesting to note the expressed limitations in at least this document's formulation. It includes references to international action – a striking inclusion in view of the administration's reputation for "going it alone;" it cites, at least in the first reference, the "right of self-defense," itself a principle enshrined in Article 51 of the UN Charter; it notes that preemptive action would only come "if necessary;" it underscores that "The United States will not use force in all cases to preempt emerging threats;" – i.e., implying the possibility of *non-military* means of preemption; it emphasizes that the US will "coordinate closely with allies" at least "to form a common assessment of the most dangerous threats;" and "The purpose of our actions will always be to eliminate a specific threat to the United States or our allies and friends." Thus, while the juridical basis of US declared policy may be called into question, as well as its wisdom and efficacy – including in view of the stated caution that "nations" should not "use preemption as a

pretext for aggression” – this particularly formulation cannot be said to be wild-eyed. Indeed, given that no nation, faced with an imminent threat of attack, would foreswear preemption if it were capable of taking that step, it cannot without at least some reflection be ruled out-of-bounds.

Concern with this presentation of the preemption doctrine, as in the West Point speech, came as much from the fact of its being articulated, especially in circumstances (post-Axis of Evil) in which what the United States might do about specific threats it had cited was very much unclear.⁶ Thus the doctrine was judged – perhaps correctly – not just by its content as by the context in which the US chose to proclaim it and the potential magnitude of the consequences – e.g., a build up to war against one major state (Iraq) and possibly against two others (Iran and North Korea). And such preemptive action would not be minor departures from the proclaimed US tradition of seeking multilateral approaches, as was true of Guatemala (1964) Grenada (1984) and Panama (1990), all of which could be judged by the outside world as being little account, either in themselves or as potentially worrisome precedents.

It is also notable that, while the traditional “national security” presentation in the US document caught most attention, it occupied a relatively small portion of the whole, the rest of which was filled with a number of propositions that were not only recognizable as being in the mainstream of US foreign policy going back many years but also that would gain approval by most if not all of America’s allies. The titles of some of the other chapters give the flavor:

- Champion Aspirations for Human Dignity
- Work with others to Defuse Regional Conflicts
- Ignite a New Era of Global Economic Growth through Free Markets and Free Trade
- Expand the Circle of Development by Opening Societies and Building the Infrastructure of Democracy
- Develop Agendas for Cooperative Action with the Other Main Centers of Global Power
- Transform America’s National Security Institutions to Meet the Challenges and Opportunities of the Twenty-First Century.

It is also notable that, in its discussion of threats to the United States and others, it focused on two themes: the global war on terrorism and the spread of weapons of mass destruction. Many observers, in and out of the United States, could cavil with the emphasis on a “war” against terrorism, or with the US analysis of its nature, reach, and effects; and something similar could be said concerning attitudes on at least the imminence of spreading mass destruction weapons, as well as the conflating of threats from nuclear, biological, and chemical weapons. But it is not possible to say that the United States has been wrong-headed to focus on these two factors, especially against the background of September 11, 2001, or the potential consequences of the spread of at least

⁶ This calls to mind the comment by the Duke of Wellington in the Peninsular Campaign on receiving a new levee of troops from England: “I don’t know what effect these men will have upon the enemy, but, by God, they terrify me.” The same might be said of proclaiming the preemption doctrine, in terms of the effect on friends and allies.

nuclear weapons or of less potent weapons in the hands of “non-deterrable” groups – e.g., as perpetrated the attacks in New York and Washington.

The EU Emphasis

Against this background, it is striking that the EU document, *A Secure Europe in a Better World* – or the “Solana Paper,” so-dubbed because of the role in its drafting played by Javier Solana, EU High Representative for CFSP – continues some of the same themes as the US presentation, at least in terms of threats and challenges. The first two, strikingly, are the same, at least in outline: terrorism and weapons of mass destruction, though the EU also emphasizes a third, understandable considering peculiar European circumstances: “Failed States and Organized Crime.” This catalogue is notable for its parallelism with the US view, especially since, as late as the NATO Strategic Concept adopted at the Washington Summit in April 1999 – pre-“9/11” not just for the US but also for Europe – the allies devoted fairly little space to the problem of spread of “NBC weapons” (nuclear, biological, and chemical),⁷ and dealt with the issue of terrorism in a scant few words: “Alliance security interests can be affected by other risks of a wider nature, *including acts of terrorism*, sabotage and organised crime, and by the disruption of the flow of vital resources [emphasis added].”⁸

Of course, there are significant contrasts as between the US and EU documents, including in relative emphasis regarding the potential causes of particular threats, such as poverty, lack of development, bad governance, etc., although these also find their place in the US *National Security Strategy*. And the EU puts particular emphasis, in regard to Middle East-related threats and challenges, on the need to resolve the Arab-Israeli conflict. Notably, it also gives special prominence to the “need to build an international

⁷ See *The Alliance's Strategic Concept* Approved by the Heads of State and Government participating in the meeting of the North Atlantic Council in Washington D.C. on 23rd and 24th April 1999, NATO Press Release NAC-S(99)65, 24 April 1999, <http://www.nato.int/docu/pr/1999/p99-065e.htm>, Paragraph 22: “The proliferation of NBC weapons and their means of delivery remains a matter of serious concern. In spite of welcome progress in strengthening international non-proliferation regimes, major challenges with respect to proliferation remain. The Alliance recognises that proliferation can occur despite efforts to prevent it and can pose a direct military threat to the Allies' populations, territory, and forces. Some states, including on NATO's periphery and in other regions, sell or acquire or try to acquire NBC weapons and delivery means. Commodities and technology that could be used to build these weapons of mass destruction and their delivery means are becoming more common, while detection and prevention of illicit trade in these materials and know-how continues to be difficult. Non-state actors have shown the potential to create and use some of these weapons.”

⁸ *Ibid.*, Paragraph 24. The Strategic Concept goes on to talk of *Guidelines for the Alliance's Force Posture*, and in Paragraph 53 includes the following requirements: “h. that the Alliance's defence posture must have the capability to address appropriately and effectively the risks associated with the proliferation of NBC weapons and their means of delivery, which also pose a potential threat to the Allies' populations, territory, and forces. A balanced mix of forces, response capabilities and strengthened defences is needed; “i. that the Alliance's forces and infrastructure must be protected against terrorist attacks.” See also Paragraph 56 on NBC weapons.

order based on effective multilateralism,” as a central component of strategy,⁹ and emphasizes the role of the United Nations – possibly in part a reminder to the United States of a difference of view on this issue.

At the same time, *A Secure Europe in a Better World* takes pains to outline the specific steps taken by the EU in the areas of terrorism, proliferation, and “failed states,” and underscores the nature of some threats in terms that would find a receptive audience in official Washington – while also underscoring that “...none of the new threats is purely military; nor can any be tackled by purely military means. Each requires a mixture of instruments” (Page 12). And the document also abandons the idea that European security is essentially Euro-centric – as NATO has resolved its old debates about whether it would act “out of area,” in the 1990s meaning in the Balkans; in this decade meaning as far away as Afghanistan. Thus:

The threats of the new era are often distant. In an era of globalisation, distant threats may be as much a concern as those that are near at hand. Nuclear activities in North Korea, nuclear risks in South Asia, and proliferation in the Middle East are all of concern to Europe. Terrorists are now able to operate world-wide: their activities in central or south-east Asia may be a threat to European countries or their citizens. Meanwhile, global communication means that the humanitarian tragedies in failed states anywhere in the world can cause acute concern in European opinion.” (Page 11).

This is a truly remarkable statement.

But the document goes further in terms of what the United States would like to see adopted by the European countries – allies and others, including non-NATO members of the EU. Thus,

We need to develop a strategic culture that fosters early, rapid, and when necessary, robust intervention. We should think particularly of operations involving both military and civilian capabilities. This is an area where we could add particular value. A European Union which is more active will be one which carries greater political weight in all situations, even where military or civilian intervention is not contemplated. (Page 13).

There is, perhaps, a double meaning here, in the EU’s carrying “greater political weight in all situations.” That can mean “in Washington” as well as in regions or potential crisis or conflict situations – indeed, “influencing Washington,” when its culture is so heavily weighted toward taking seriously countries that can pull their weight militarily – whether needed or not – has to be a key European objective.

⁹ “This paper proposes three strategic objectives for the European Union. First, we can make a particular contribution to stability and good governance in our immediate neighbourhood. Second, more widely, we need to build an international order based on effective multilateralism. Finally, we must tackle the threats, new and old.” Page 6.

Further, in addition to stressing the need for “more coherence” to CFSP and ESDP, as well as the role of “diplomatic efforts, development, trade and environmental policies,” (Page 13), *A Secure Europe in a Better World* zeroes in the need to be “more capable,” including in particular:

- More resources for defence....
- There is much duplication of defence assets across the European Union. Systematic use of pooled and shared assets would reduce overheads and, in the medium-term, increase capabilities.
- Greater capacity to bring civilian resources to bear in crisis and post crisis situations....
- Stronger diplomatic capability....Here also pooling would increase capability. We need to develop a system that combines the resources of Member States with those available in EU institutions.
- Improved sharing of intelligence among Member States and partners....
- As we increase capabilities in the different areas, we should think in terms of a wider spectrum of missions. In addition to the Petersberg tasks this might include joint disarmament operations, support for third countries in combating terrorism and security sector reform. The last of these would be part of broader institution building. (Pages 14-15).

These statements are at least not inconsistent with the Prague Capabilities Committee that emerged from the October 2002 NATO Summit (a paring down of the 1999 Defense Capabilities Initiative, an overly ambitious and thus unrealistic undertaking), as follows (in summary form):

“4.....We have therefore decided to:....

“c. Approve the Prague Capabilities Commitment (PCC) as part of the continuing Alliance effort to improve and develop new military capabilities for modern warfare in a high threat environment. Individual Allies have made firm and specific political commitments to improve their capabilities in the areas of chemical, biological, radiological, and nuclear defence; intelligence, surveillance, and target acquisition; air-to-ground surveillance; command, control and communications; combat effectiveness, including precision guided munitions and suppression of enemy air defences; strategic air and sea lift; air-to-air refuelling; and deployable combat support and combat service support units.

financial resources will be required, subject as appropriate to parliamentary approval. We are committed to pursuing vigorously capability improvements.”¹⁰

Thus the two documents that have been most discussed, the US National Security Strategy of September 2002 and the EU’s *A Secure Europe in a Better World* of June 2003 reflect at least fledgling thinking about the future of the two “twin pillars” of a continuing Atlantic relationship. Each contains elements not much discussed; and in comparison, they are not all that different from one another, in sum, than could have been expected only a few short months ago. But there is a long way from declaration to action – indeed, in two senses: not just what governments sign up to do that they then do not do; but also what a government may say it is prepared to do but where it then has second thoughts. The latter is a test to be made in particular of US foreign policy, after Iraq and its aftermath, in particular in regard to policies and actions farther afield. These matters need to be explored at length, in looking at the realities that have been intruding upon strategists and political leaders. .

Part II

International Realities: The Record of 2003, The Prospect Beyond

(To be presented at the conference; to be written up afterward in the final paper.)

¹⁰ *Prague Summit Declaration* Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Prague on 21 November 2002, NATO Press Release (2002)127, 21 November 2002, <http://www.nato.int/docu/pr/2002/p02-127e.htm>.

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Conference on

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FACING THE NEW CHALLENGES**

CASD, Rome, 17 November 2003

PAPER BY
Rob De Wijk

***The Reform of ESDP
and EU-NATO Cooperation***

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US Embassy in Rome

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The reform of ESDP and EU-NATO cooperation

Outline, not for distribution

Rob de Wijk

12 November 12, 2003

My thesis:

- With the Berlin Plus arrangements all institutional arrangements are in place to carry out EU led operations. The main obstacle to do so is political. Nevertheless, due to American unilateralism and the Iraq crisis a slow consensus is emerging among the major players in Europe that a credible ESDP is needed.
- The survival of NATO largely depends, among other things on the development of a credible CFSP. Indeed, only though the ESDP Europe could get more bang for a Euro. For that reason, the U.S. should support, not prevent the further development of the ESDP.

Background

The development of the ESDP is progressing rapidly, considering the three decades it cost to establish a single European market.

The geopolitical changes of the 1990s have led to the realization that Europe's economic and political integration process needs to be complemented by a security and defense policy:

- Europe no longer is America's number one priority
- When Yugoslavia collapsed during the early 1990s the Europeans failed to develop an common and coherent policy.
- Europe was unable to deal with the atrocities taking place in Bosnia.

This has led to the realization that the WEU must take the lead to reorganize European armed forces for force projection and crisis management. Consequently, in 1992 the WEU defined Petersberg tasks.

Of great significance was the initiative by Blair and Chirac to revitalize the defense component within the CFSP during their meeting in St. Malo (1998). Followed the Maastricht Treaty (1992) which saw the birth of the ESDP and the Amsterdam Treaty (1997) which established the ESDP.

St. Malo accelerated the process:

- Cologne Council in June 1999: the heads of government and state agreed that the EU must have the ability and the capacity to take decisions for autonomous action on the full range of Petersberg Tasks, irrespective of actions taken by NATO. This decision created an institutional framework with a PSC, MS etc.
- Helsinki Council of Helsinki (December 1999): Headline goal led to a force catalogue for a EU Rapid Reaction Force of 100,000 + troops, 400 combat aircraft and 100 ships. Though an ECAP deficiencies will be corrected.
- Nice Summit (2000): decision to incorporate the functions of the WEU, with the exception of the collective defense clause into the EU Treaty.
- Copenhagen Council Meeting (December 2002): agreement on the Berlin Plus arrangements: Commitment NATO to provide the WEU, now the EU assured access to NATO planning and command structures and assured access to collectively owned NATO assets. As a first step the EU took over the NATO mission on Macedonia.

Conclusion: by 2003 all institutional arrangements are in place to carry out EU led operations. The main problem, however, is the required capabilities for autonomous action and force projection:

- Europe's force posture reflects a preoccupation with stabilization and reconstruction. First, while there is no shortage of peace keepers, Europe lacks deployable forces for expeditionary warfare. The member states of the European Union (EU) have approximately 1.7 million men and women under arms. However, EU member states are capable of deploying approximately 10 per cent of these forces for combat

missions abroad. This is due to the fact that most European allies not only rely largely on conscripts, but still invest mainly in territorial defense.

- European lacks assets for expeditionary warfare. Europe lacks highly mobile specialized forces, trained and equipped for missions in complex terrain such as cities and mountains. It also lacks sea and air lift capabilities to transport its forces to distant places and to support these forces logistically during their deployment. Europe's most pressing problem is the lack of an operational framework for war fighting operations. During the Cold War the United States provided the backbone of the defense against the Warsaw Pact. Subsequently, there are few deployable headquarters, command and control facilities and means for intelligence gathering, such as satellites.

Within the EU, however, there are important differences. Undoubtedly, the most capable member state is the United Kingdom, which deployed almost half of its entire armed forces to Iraq. Regarding defense restructuring, only the British, the French and the Dutch seem well on track. Despite budget cuts and down-sizing, they have managed to restructure their armed forces for expeditionary warfare. Germany faces the biggest challenges. It is still struggling with its legacy of the past. Conscription will not be abolished, because of the negative consequences for Germany's social system.

Correcting deficiencies a political, budgetary and conceptual problem. The latter refers to force transformation, i.e. the need to Europeans have not fully grasped the issue of force transformation. Transformation requires new thinking, new doctrines, new methods of training and huge investments in software. In the U.S. force transformation is driven by concepts such as Network Centric Warfare (NCW) and Effects Based Operations. During Operations Enduring Freedom and Iraqi Freedom the Americans applied forms of this new method of warfare with great success. As a result, quick victories were won with few friendly losses and low levels of collateral damage. A similar transformation could turn Europe's armed forces into a more usable political instrument, one that matches Europe's political culture better.

In an attempt to introduce the new thinking in Europe, at NATO's Prague summit the creation of the U.S. proposed NATO Response Force (NRF). It is a European test bed for new concepts, meant to spearhead force transformation. If Europe wants to contribute to future combat operations with or without the U.S. it has no other choice but to take this development

into account and make network centric and effects based concepts the focus of force transformation.

The key question is how the NRF relates to the EU Rapid Reaction Force. Unfortunately, the development of a NATO response force potentially holds devastating consequences for the further development of European capabilities, and consequently NATO and transatlantic relations. Secretary Rumsfeld's original proposal discussed at the informal NATO meeting of defense ministers in Warsaw in September 2002, mentioned a force for the most challenging missions consisting of an air component capable of carrying out 200 combat air sorties a day, a brigade sized land force component, and a maritime component up to the size of NATO's standing naval forces. The force could consist of up to 21,000 total personnel. It would be capable of fighting together on 7-30 days notice anywhere around the world. The Response Force should draw its forces from the pool of European high readiness forces. Although troop rotation was mentioned in Rumsfeld's white paper, it later turned out that the plan envisioned three response forces. The three forces would rotate and would have different levels of readiness. Only the stand-by forces would be deployable. Consequently, a total of 63,000 troops would be required; exactly the number of forces required to fulfill the Helsinki Headline Goal.

Both forces draw from the same, limited pool of deployable forces. However, some American officials insist on NATO's 'right of first refusal', so that the Alliance could effectively block the use of units both assigned to the response force and to the EU's reaction forces. They also favor 'transfer of authority' of the stand-by force to a NATO joint-force commander. This would deprive the Europeans from using their most capable forces for independent action. Finally, some officials favor a division of labor where the NRF is intended for high-intense combat and expeditionary strike missions, and the European force will focus on peace keeping tasks. As both forces draw from the same pool of forces, this option, which deprives Europe of the capability to carry out operations in the upper spectrum, is a non-starter.

As European capabilities are limited, the NATO Response Force could thus effectively undermine the EU Rapid Reaction Force and hence attempts to develop credible European foreign, security and defense policies. Notably France, a contributor to the NRF, follows this development with great anxiety. Indeed, the biggest risk is that 'pro-America' countries choose in favor of the NATO option, while the 'pro-Europe' countries choose in favor of the

European option. As this will once more paralyze the development of European capabilities, both the Prague Capabilities Commitment and the European Capabilities Action Program will prove to be stillborn initiatives. If the response force is mismanaged the whole process towards more capable European defenses will once again be stalled.

Force transformation requires additional European investments, mainly in software and C4ISTAR. The necessary money can only be found if the EU members no longer organize their defenses on a national bases but strive for a European defense. As NATO is not part of Europe's integration process, only through the EU a supranational approach is possible. Thus, only through enhanced defense cooperation within the EU can NATO be strengthened.

So, only European defense integration could overcome Europe's inefficient defense spending. First, by removing defense bureaucracies in EU member states more money will be available for capabilities. But removing defense bureaucracies is only possible if Europe develops a common defense based on supranational decision making. This can only be done though the EU. Second, a European defense based on supranational decision making opens the perspective of role specialization and commonly owned capabilities. Member states could specialize on niche capabilities or a focused toolbox of specialized capabilities. Moreover, member states will be more willing to pool scarce resources and create more collective capabilities.

This is the paradox: if the U.S. wants to save NATO it should vigorously support the further development of the ESDP. Only though the ESDP more credible European capabilities could be created. Regarding European defense cooperation, the U.S. has an important role to play. After the second World War the U.S. demanded European economic cooperation as a prerequisite for receiving Marshall Aid. This has led to the process of European economic integration which has ultimately led to the creation of a European Union. Now, the war on terrorism requires the U.S. to urge the EU to develop credible European defenses as a way to improve NATO's overall capabilities. The U.S. must realize that without the EU's involvement the force transformation process is financially unattainable it is politically impossible to get key players like France and Germany on board.

U.S. administrations have always been ambivalent towards the development of European capabilities. But only strong European military capabilities and the willingness to use them

could support America's foreign policy objectives. If America wants transformed European armed forces and a 'bigger bang for a Euro', it should vigorously support the European integration process and pledge for the creation of a European defense.

Even hard line unilateralists in the Bush administration must admit that this will undermine the prospects of Europe emerging as a strategic partner, one that can work together with the Americans in the war on terrorism, win the peace in Afghanistan and Iraq and solve America's problem of imperial overstretch. They also must admit that this denies Europe the instrument to transform its armed forces into a useable instrument of its foreign and security policy and to create more operability with US forces.

Prospects

Another paradox is that the Iraq crisis has accelerated the development ESDP. It is true that the war in Iraq has triggered the deepest transatlantic crisis in many years. The Bush Administration's unilateralism based on selective engagement in world politics, its narrow interpretation of national interest, skepticism of international institutions, and its desire to prevent a peer competitor from emerging explains the widening rift between America and Europe.

But new divisions in Europe emerged as well. Spain, Italy and most East Europeans supported the United States and the United Kingdom, while a German-French alliance opposed the policies of President Bush and Prime Minister Blair. France's resistance to U.S. policy towards Iraq was strong because it is derived from France's opposition to a unipolar world which would marginalize French and European influence in world affairs. France used to be alone in its desire to use international institutions and ad-hoc coalitions as a counterpoise to America. Others, including Germany, have now joined in. Chancellor Gerhard Schröder called for a more integrated Europe to offset U.S. hegemonic power. Very important is the Elysée Treaty of 22 January 2003, which has led to a strategic partnership between France and Germany. Both countries harmonize policies and its effects are clearly visible.

As a direct consequence new initiatives were taken for close European defense cooperation. On 29 April 2003 heads of state and government of France, Germany, Belgium and Luxembourg gathered for a summit in Brussels in an attempt to form a defense core group. It was argued that American unilateralism demonstrated that the European Union has no other

choice but to develop a credible foreign, security and defense policy. They argued that the Union must be able to speak with one voice and fully play its role in the international scene. This would require a credible security and defense policy. Nevertheless, they argued that although the transatlantic relationship remains a strategic priority a genuine partnership between the EU and NATO is a prerequisite for a more equal partnership between Europe and America. Consequently, a European Security and Defense Union was proposed.

During the months following Operation Iraqi Freedom, European leaders began to realize that these divisions would not only marginalize Europe, but could also jeopardize Europe's integration process with severe economic implications. This resulted in a new effort of reconciliation between the leaders of France, Germany in the United Kingdom during a summit in Berlin on 20 September 2003, and a few days later between the leaders of Germany and the U.S. in New York. It now seems that the UK is in favor of a kind of European HQ, i.e. an European operational cell within SHAPE. This is a major step forward and the logical consequence of revitalized French – German cooperation. By marginalizing France and Germany, Washington has missed this development. Many officials in Washington are not aware of the slow consensus that is emerging about the need of a credible ESDP as part of deeper integration. Moreover, they do not understand that saving NATO requires a credible ESDP. In conclusion: their crusade against 'Tervuren' and other initiatives to enhance European defenses is not only short sighted but will have to opposite effect: it will undermine rather than save NATO.

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**TRANSATLANTIC SECURITY COOPERATION
FACING THE NEW CHALLENGES**

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PAPER BY
Richard A. Bitzinger

***Transatlantic Armaments
Collaboration: Getting to Yes***

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Transatlantic Armaments Collaboration: Getting to Yes

Richard A. Bitzinger

NOTE: The analyses and opinions expressed in this paper are strictly those of the author and should not be construed as representing those of the US Department of Defense or of any other US government organization.

Transatlantic armaments collaboration has always been one of the more curious subsets of the post-World War II partnership between the United States and Europe. Certainly few other subsets have ever been so frustrating in its implementation. On the surface, the idea that close allies would want to cooperate in the design, manufacture and deployment of common weapons systems seems a no-brainer. Few alliances have been as militarily tight as NATO, and one would think that it would naturally wish to promote interoperability and enhanced capabilities from a military standpoint. From a political standpoint, too, greater cooperation in armaments production should help cement NATO solidarity.

Moreover, few other industrial activities are more inefficient than arms manufacturing, and few sectors are more removed from typical free-market forces than is the defense industry. It would seem logical, therefore, that the Western alliance would want to exploit every means at its disposal in order to pool its precious talents and limited resources and thereby derive the best bang for its buck.

Yet despite powerful military, political, and economic factors driving transatlantic armaments collaboration, NATO in point of fact has experienced few worse continuous setbacks than in this area of endeavor. The Atlantic alliance's experience with cooperative arms development and manufacturing has been a string of constant disappointments going back to the G-91 fighter program. Today, transatlantic armaments collaboration seems even more remote and difficult than ever, and – a few hopeful successes notwithstanding, such as the F-35 Joint Strike Fighter (JSF) – there is probably less cooperation or even *intent* to cooperate occurring within the NATO partnership today and to the purposeful benefit of the Atlantic alliance than ever throughout the past quarter-century.

The concern here is not that NATO will live or die by whether or not it can craft successful new cooperative arms programs. However, one should be worried that the

failure to engage in arms collaboration – and worse, the rancor that usually accompanies failed efforts at cooperation – will further corrode an already strained transatlantic alliance. Many people on both sides of the Atlantic are already concerned over US and European commitments to maintaining a viable, relevant alliance of democratic states – one that has the ability to find a noble and workable role for all of its members. The failure to build transatlantic bridges in the area of armaments design and production will only exacerbate this schism.

“Round Up the Usual Suspects”: Common Arguments Why Transatlantic Arms Collaboration Fails

There are accepted arguments for why transatlantic arms collaboration has had such an abysmal success rate. One of the most commonly cited is the so-called *capabilities gap*. The capabilities gap asserts that the US defense technology and industrial base (DTIB) is so far advanced that the European allies have little in the way of advanced technologies to contribute to any joint programs or projects. Certainly the US military research and development (R&D) base – in terms of personnel and facilities – is larger than all the European allies put together, and the US DTIB has been the source of most major *applied* R&D breakthroughs over the past fifty years. And certainly the United States has many more types of advanced weapons systems – stealthy weapons platforms, ISR systems, C4 networks, fifth-generation fighter jets, stand-off precision-attack munitions, etc. – either already deployed or at advanced states of development. To many Europeans, therefore, the US DTIB may justifiably appear to be an unstoppable juggernaut.¹

But the European DTIB is not nearly so deficient as some might make it out to be. At the level of *basic* R&D, Europe is respectably competitive with the United States. This includes low observability², computerized information networking³, nuclear research, and microelectronics. In addition, Europe is currently pursuing advanced work – with an eye toward eventual production and deployment – in several areas critical to the development of modern military capability, including precision-strike (e.g., the APACHE and Taurus standoff weapons systems), beyond-visual-range air-interdiction (e.g., the Meteor missile), long-range transport (e.g., the A400M cargo aircraft), air-to-air refueling tankers, and missile defense (e.g., the Eurosam Aster program).⁴ Finally, Europe is probably further along than the United States in several key niche areas of military R&D and manufacturing, such as stealth naval ships (e.g., the Swedish *Visby*), air-independent propulsion for diesel-electric submarines (e.g., the French MESMA system, and Germany’s fuel cell-driven Type-212), artillery (e.g., the German PzH-2000), and

¹ David C Gompert, et.al., *Mind the Gap: Promoting a Transatlantic Revolution in Military Affairs* (Washington, DC: National Defense University, 1999).

² Germany and the UK both pursued stealth fighter technology demonstrator projects in the 1980s.

³ The French Minitel program, for example, predated common usage of the Internet by at least a decade.

⁴ Nicholas Fiorenza, “Europeans Advance on Precision Strike Goals,” *Defense News* (internet version), September 30, 2003; “NATO Members Commit to Buy Air Tankers,” *New York Times on the Web*, October 8, 2003.

advanced manufacturing (e.g., shipbuilding⁵). At the very least, Europe possesses many basic capabilities and strengths to work as a substantive partner in joint projects or programs.

Ironically, when Europe does attempt to build up its military capabilities, utilizing such project as the Galileo satellite navigation system, the A400M transport, or the Meteor air-to-air missile (and usually through collaborative efforts), it is often criticized by the United States for wasting money on “redundant” programs.

This above discussion generally leads to the second claim as to why Europe has so far been unable to play a significant role in any transatlantic collaborative arms programs: the *spending gap* – in other words, Europe simply cannot bring enough money to the table in order to be a serious partner in any joint project.⁶ Certainly one cannot argue with the basic facts: the United States has generally outspent Europe by better than 3:1 in defense procurement, and better than 4:1 in the area of military R&D.⁷ And this spending gap has, if anything, widened in recent years.

Yet the issue of a spending gap may be irrelevant. The United States has for the past fifty years outspent Europe on defense by a wide margin, and it is doubtful whether Europe could ever raise its military expenditures to the point of equaling that of the United States. More to the point, however, the fact that the United States is spending more on defense R&D does not automatically mean that it is getting value for its money. US military R&D tends to be diffused and deliberately redundant: it spreads a lot of “seed money” around. This leads to a lot of practical technological breakthroughs (e.g., Tacit Blue, an early prototype stealth aircraft), but it also means a lot of money basically being wasted on projects that never bear fruit, such as the DC-X vertical-landing space-launch vehicle, the Tacit Rainbow cruise missile, the Boeing X-32 JSF prototype, the Strategic Defense Initiative, etc.). Finally, the fact of tight European funding should actually be an argument in favor of *more* cooperation in military R&D – in other words, pooling resources and programs so as to achieve greater cost-effectiveness in results. In fact, it could argued that this is exactly what the Europeans are trying to do with programs such as the Meteor missile and the A400M transport aircraft.

Finally, the *Fortress USA/Fortress Europe* argument asserts that the United States and individual European countries are all equally to blame for erecting high protectionist walls around their arms acquisition processes and defense industries, basically blocking transatlantic cooperation that could rationalize R&D and production. Of course, when it comes to spending the taxpayers’ money on military equipment, most governments prefer to keep it at home, thereby promoting local industries and

⁵ Jason Sherman, “Shipyard Chief: U.S. Firms Trail Foreign Yards,” *Defense News* (internet version), September 30, 2003.

⁶ Alex Ashbourne, *Technology: The Transatlantic Divide* (London: Ashbourne Beaver Associates, 2002); “EADS’s Enders View US/EU Technology Gap, Urges Military Use of Galileo,” *VDI Nachrichten* (internet version), August 1, 2003 (translated and reprinted in *FBIS*, EUP20030731000179, August 1, 2003).

⁷ *SIPRI Military Expenditure Database*, “Expenditure on Military Equipment and Military R&D in Western Europe and the USA, 1991-2002,” accessed October 21, 2003.

maintaining local jobs. Most countries, too, remain concerned about protecting their most advanced defense technologies and at the same time not becoming overly dependent upon foreign technologies. Finally, most still harbor considerable reservations regarding foreign direct investment in their defense industries, as evidenced in the effort by a Dutch company to buy the US firm of SVG, or the hue and cry raised in Germany over the purchase of shipbuilder HDW by the US investment firm, One Equity Partners. The most blatant recent reminder that fortress mentalities still persist is the latest “Buy America” legislation, which could have a devastating effect on transatlantic collaborative arms efforts.⁸

It must be noted, however, that these barriers have come down considerably in recent years. Projects like the Joint Strike Fighter demonstrate that the United States and its allies can safely share technologies and interdependencies. Most European countries have more or less opened their defense industries to foreign ownership, are increasingly engaged in joint R&D and production as the predominant mode of armaments planning, and are even placing their procurement and requirements processes under supra-national management (i.e., OCCAR).⁹

The Real Problem (A Personal View)

The capabilities gap, the spending gap, and the fortresses mentalities are serious obstacles to expanded transatlantic armaments collaboration, but they are not insurmountable. The greatest barrier to cooperation would appear to be the lack of long-term commitment on the part of key players – *mainly in the United States* – to engage in transatlantic armaments collaboration in a meaningful and determined way.

The US defense industry – a few exceptions notwithstanding¹⁰ – appears to have lost much of its earlier enthusiasm for globalizing its operations. Part of the reason for this waning interest can be attributed to structural or bureaucratic impediments: it is often difficult for US firms to penetrate a highly protected European arms industry and to reconcile differing national/corporate cultures, such as the European reluctance to engage in workforce downsizing and other radical consolidation efforts. More important, however, it has simply been much easier – and increasingly more profitable – for these firms to content themselves with dominating the world’s largest and most captive defense market: the United States.¹¹ US defense firms easily capture more than 90 percent of all defense contracting in its home market, which in turn easily comprises more than 50

⁸ Joris Janssen Lok, “Dutch Minister Slams Buy America Act,” *Jane’s Defense Weekly* (internet version), October 17, 2003; “Don’t Buy ‘Buy-America,’” *Defense News*, September 29, 2003, p. 26; Marianne Brun-Rovet and Tobias Buck, “Europe Warns Over ‘Buy America’ Bill,” *Financial Times*, October 2, 2003, p. 1.

⁹ Paul Betts, “Europe Urged to Push Ahead with Defense Research Agency,” *Financial Times* (internet version), November 5, 2003.

¹⁰ For example, General Dynamics’ acquisition of Santa Barbara of Spain and Steyr Spezialfahrzeug of Austria, United Defense’s takeover of Sweden’s Bofors Defense, and Raytheon’s creation of a joint venture with Thales of France in radar systems.

¹¹ David Mulholland, “High Budgets Dent Defense Industry,” *Jane’s Defense Weekly* (internet version), October 29, 2003.

percent of all global arms procurement. Not surprisingly, therefore, the major US defense companies garner only a small percentage of their revenues – around 10 to 15 percent – from non-US markets.¹² Ironically, the US defense industry nevertheless dominates the global trade in off-the-shelf arms sales, capturing roughly 50 percent of a market worth nearly \$40 billion annually.¹³

All told, therefore, the US arms industry is simply under much less pressure than its European counterparts to aggressively look beyond its borders for business, or to engage in innovative collaborative efforts to capture foreign marketshare. European arms producers are much more dependent upon foreign markets. BAE Systems, for example, types does 70 to 75 percent of its business outside the United Kingdom, as does Thales of France. Eurocopter, a subsidiary of EADS, exports more than two-thirds of its output.¹⁴ Consequently, Europe's defense industries are much more attuned to the demands and vicissitudes of the international arms market and actively pursue internationalization and globalization as core corporate strategies.

US corporate indifference to international arms collaboration is matched by a general lack of responsiveness and commitment on the part of the US government. This is not a criticism of just the current Bush administration; no US administration has ever strongly and consistently pushed transatlantic arms collaboration as a key NATO action-plan. The Bush I administration launched no new initiatives in this regard, while Clinton administration efforts tended to revolve around a handful of showcase projects, such as MEADS, only to lose interest if they ran into major technological or political problems. In fact, one has to back to the mid-1980s and the so-called Nunn Amendment programs to find any "golden age" in NATO armaments cooperation; a result of this initiative the United States and its European allies launched more than 25 collaborative arms projects. Even then, most of these programs failed within a few years, as seed funding ran out and the US Defense Department chose to pursue US-only programs.¹⁵ Only the JSF – which grew out of the joint US-UK Advanced Short Take-Off and Vertical Landing (ASTOVL) program and which was transformed by the Clinton administration into a truly multinational development program – appears to be have succeeded.

The Bush II administration, however, has more or less ignored the issue of pan-NATO arms cooperation. Given its preoccupation with fighting terrorism and with missile defense, transatlantic arms cooperation is not at the top of its national security agenda – it is not even a critical aspect of its defense industrial policy. Increased US defense spending has undermined any sense of budget-driven urgency to engage in cost-

¹² In 2002, international military sales accounted for 15 percent of Lockheed Martin's total revenues; nine percent of Boeing's; ten percent of General Dynamics'; and eight percent of Northrop Grumman's (2003 revenues). In addition, Raytheon received 21 percent of its income in 2002 from foreign sales, although this likely included commercial deals as well. (Information gathered from various company websites.)

¹³ Mark A. Lorell, et.al., *Going Global? U.S. Government Policy and the Defense Aerospace Industry* (Santa Monica, CA: RAND, 2002), pp. 25-26; Richard F. Grimmett, *Conventional Arms Transfers to Developing Nations, 1995-2002* (Washington, DC: Congressional Research Service, 2003), p. 78.

¹⁴ Various company websites.

¹⁵ Richard A. Bitzinger, *The Globalization of Arms Production: Defense Markets in Transition* (Washington, DC: Defense Budget Project, 1993), pp. 21-21, 25-27.

sharing cooperative programs, with the sole exceptions of the JSF and missile defense.¹⁶ At the same time, the US Department of Defense does not appear to be interested in most foreign technologies – witness its general indifference to European industrial participation in missile defense.¹⁷ Rather, it appears content to cherry-pick foreign innovations on an *ad hoc* basis or to pursue foreign participation as much for its political cover as for any technological or financial benefits. Finally, the administration has apparently made its peace with the latest “Buy America” provisions.¹⁸

Admittedly, Europe has its problems with committing to transatlantic arms cooperation. It has often been lukewarm to collaborative projects that place it in a decidedly junior role, even though it may lack the funding or the technology to participate at a higher level. And it has not been above bowing to parochial interests, such as in the recent selection of a European engine over its less expensive Canadian competitor to power the A400M transport aircraft.

On the other hand, individual European countries are increasingly driven politically, militarily, and above all *economically* to cooperate transnationally. Europe’s defense firms need to do so more or less to survive, while governments and militaries need to do so to achieve any significant synergies or cost-efficiencies. Increasingly, Europe has no choice but to think and act globally.

Conclusions

Transatlantic armaments collaboration is at its lowest point in decades, and the United States must bear the lion’s share of the blame for this sad state of affairs. It is the alliance hegemon, and as such, it usually gets what it wants, if it wants it bad enough. If the United States is seriously committed to expanding transatlantic arms cooperation, creating an active transatlantic defense market, and building a transatlantic defense industry, it has the power to make it happen. And as the hegemon, it has to be prepared to pay the premium – in terms of economic underwriting and technology transfer – in order to make it work. But what the United States may lose in the short-term, it will gain over the long-term, both in terms of “soft power” (e.g., rehabilitation of the transatlantic relationship and increased European fidelity to Washington) and “hard power” (e.g., a militarily stronger NATO).¹⁹

¹⁶ David Mulholland, “Drive for a Transatlantic Market Stall in the US,” *Jane’s Defense Weekly* (internet version), October 29, 2003.

¹⁷ Tom Kington, “Hurdles Slow U.S.-Europe Missile Defense,” *Defense News* (internet version), October 7, 2003; Tom Kington and Gopal Ratnam, “Europe Wary of U.S. Missile Defense Promises,” *Defense News* (internet version), October 13, 2003.

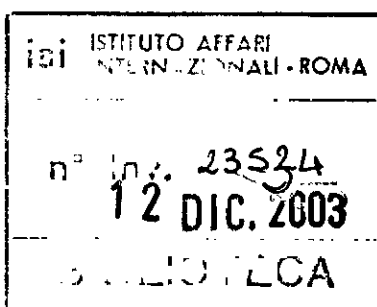
¹⁸ Vago Muradian and William Matthews, “White House Shifting on Buy-American?” *Defense News* (internet version), September 30, 2003; Peter Spiegel, “‘Buy America’ Provision Retained in Defense Bill,” *Financial Times* (internet version), September 29, 2003.

¹⁹ Stanley Sloan and Heiko Borchert, “Europe, U.S. Must Rebalance Soft, Hard Power,” *Defense News* (internet version), September 8, 2003.

The one current success – the Joint Strike Fighter – could show the way for future collaborative efforts, at least at the level of project-specific teaming. The JSF project proves that cooperative arms programs can succeed at both the economic and technological levels, as long there is long-term commitment and resolve on the part of the most senior executives in the US military and civilian leadership. This means crafting a truly cooperative program that values and actively seeks out foreign capital and expertise. The concern is that the JSF may be the exception that proves the rule. Without follow-on projects, the JSF model could be a one-shot deal. So far, the US leadership has not applied the JSF model to other international programs (particularly missile defense).

Another approach is to give the US defense industry greater freedom to globalize on its own. This means overturning restrictive “Buy American” provisions and permitting US defense firms to go overseas in order to find innovative solutions to US procurement needs. One possible model is the current Deepwater program, which entails a US firm acting as the prime contractor and lead systems integrator for multiple Coast Guard acquisition programs, and in turn subcontracting some of this work out to foreign firms (in this case, EADS-CASA and Eurocopter). Another approach could be found in the Littoral Combat Ship (LCS) program, which marries innovative European ship design and technologies with US requirements, but through corporate rather than government partnering.

In sum, transatlantic arms collaboration does have a future, but only if the United States is seriously committed to the process. Otherwise, it will continue to disappoint and frustrate, to the detriment of NATO solidarity and effectiveness.



Conference on

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PAPER BY
Andrew James

***Tackling European Capabilities Shortfalls:
European Preference or
Transatlantic Solutions***

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TACKLING EUROPEAN CAPABILITIES SHORTFALLS: EUROPEAN PREFERENCE OR TRANSATLANTIC SOLUTIONS?

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In NATO and in the European Union, the shortfall between European capabilities and European political and military aspirations is a source of on-going concern. In November 2002, the NATO Prague Summit adopted a Capabilities Commitment to ensure that NATO will in the future have military capabilities required for the full range of its missions. The new NATO Reaction Force is to act as a catalyst for change and an essential element of NATO's transformation agenda focusing on and promoting improvements in NATO capabilities and the creation of the new NATO post of Supreme Allied Commander for Transformation will give further impetus to the process. In parallel, the European Union's Helsinki Headline Goal and the European Capability Action Plan (ECAP) process has sought to secure the necessary capabilities to fulfil the Petersberg tasks.

This paper begins from the proposition that there is little value in talking about transatlantic armaments cooperation in the abstract but instead it has to be set in the context of how best to address Europe's capability requirements for the future. Accordingly, the paper argues that Europe will only meet its capabilities shortfalls through a combination of strong European efforts complemented by transatlantic armaments cooperation. Europe needs to build "Towers of Excellence" in those capability areas that are critical to the implementation of the European Security and Defence Policy (ESDP) and allow the retention of an independent capability while ensuring coherence with U.S. developments. At the same time, European governments will need to selectively acquire U.S. technologies because European defense R&D and procurement budgets will make it impossible to keep pace with U.S. technological developments across the full range of capabilities. A strengthened European technological and industrial base is the best way to ensure that such relationships are balanced and in European interests. The pressures for closer armaments cooperation (both within Europe and across the Atlantic) are considerable. Europe's relatively limited spending on defense procurement makes it imperative that its governments seek more cost effective procurement processes. Defense procurement remains overwhelmingly a national activity and the current arrangements are expensive and inefficient, duplicating effort and raising costs. Fragmented national markets deny Europe the economies of scale necessary to reduce costs, fund R&D and ensure the effective application of technology. At the same time, these pressures are getting greater not least because of the cost and complexity of those systems that are the key to military transformation.

On the supply side, the European defense industry has already undergone a dramatic consolidation although further mergers, acquisitions and joint ventures will be

necessary if industry is to meet the emerging capability agenda. Equally, that capability agenda requires governments to address demand-side deficiencies. Recent political developments suggest that, at last, European governments appear serious about developing closer cooperation between themselves in the field of armaments. The Anglo-French Le Touquet Declaration, the draft Constitutional Treaty produced by the Convention on the Future of Europe and the conclusions of the Thessaloniki European Council all suggest the emergence of a new political dynamic to the process that seemed inconceivable only a few years ago. Such a reform of the demand side is important and long over due because it will help Europe procure more cost-effective, technologically-advanced and timely defense equipment.

Ultimately, however, the pace of technological developments in the United States combined with constraints on European defense R&D and procurement budgets mean that Europe will only meet its capabilities needs through a combination of European developments complemented by transatlantic armaments cooperation. If transatlantic cooperation is to be successful in this new environment, the U.S. needs to recognize the technological capabilities of European partners as well as the political imperative for balanced cooperative arrangements. Europe certainly needs to face up to its responsibilities but a critical question here is how serious the United States is about NATO and the transatlantic capabilities gap. For NATO transformation to be effective, the United States must be willing to trust its European partners by sharing advanced technology, such as stealth and command-and-control systems. Moreover, the U.S. government will likely need to relax export controls if it wishes allies to have comparable capabilities. These are big challenges for policy makers and politicians on both sides of the Atlantic.

TRANSFORMATION AND THE U.S. DEFENSE INDUSTRY

There is value in beginning with some reflections on developments in the United States and their implications for Europe. The imbalance in European and U.S. military capabilities has been an issue for NATO throughout its history, but the last decade has seen rising concerns that this gap could grow to such an extent that U.S. and European armed forces will find it increasingly difficult to operate effectively together as the 21st century progresses.¹ “The Bush administration has made military transformation a central defense and national security objective and has embarked on a radical reorganization and transformation of its military resources and capabilities at a speed and of a scope that current European defense budgets are in no position to match any time soon”.² Joint Vision 2020, like Joint Vision 2010 before it, paints a picture of a U.S. military that leverages information superiority to dominate the full spectrum of military operations, from low intensity conflict to major theatre wars. The Quadrennial Defense Review (QDR) focused on dominant military capabilities that would be reinforced by a “transformation” in doctrine and technology and able to operate on a global basis. As Dombrowski and Ross observe: “Information superiority

¹ For two competing view on the transatlantic capabilities gap see: David C. Gompert, Richard L. Kugler and Martin C. Libicki, *Mind the Gap: Promoting a Transatlantic Revolution in Military Affairs*, National Defense University Press, Washington DC (1999) and Robert P. Grant, “The RMA – Europe can keep in step”, Occasional Papers 15, June 2000, Western European Union Institute for Security Studies (Paris).

² *The Future of the Transatlantic Defense Community*, p.3.

is to be the underpinning of 'dominant maneuver', 'precision engagement', 'focused logistics', and 'full-dimensional protection'. U.S. forces are expected to prevail over any and all military challengers by moving more quickly, hitting harder and more precisely, and when necessary, sustaining operations longer than potential adversaries".³

Such concepts are being supported by a slow but perceptible redirection of R&D and procurement spending. Within the huge hike in U.S. defense R&D spending is a new Transformational Technology Initiative focusing attention on hypersonics and space access, advanced reconnaissance and knowledge architecture and power and energy technologies. Patterns of procurement spending are also altering and the cancellation of the U.S. Army's \$1.1 billion Crusader artillery program because it did not fit the administration's vision of a lighter, agile military is used as evidence that transformation will have a direct impact on the future shape of U.S. defense equipment requirements.⁴

Within the U.S. Department of Defense there are those who argue that these developments require a transformation of the defense industrial base.⁵ To effectively support "effects-based operations" they argue requires that, rather than thinking in terms of platforms, the defense industrial base should be viewed as being composed of operational effects-based sectors and decision processes within the acquisition system should be organised to optimise operational effects rather than programmes, platforms or weapons systems. At the same time, investment and sourcing of transformational technologies may require the DOD to look beyond its traditional suppliers to commercial companies and start-ups in sectors as diverse as robotics, information technology and pharmaceuticals.

Indeed, since "The Last Supper", the U.S. defense industry has been shifting the focus of its activities from platforms towards defense electronics and systems integration activities and the Bush Administration's focus on transformation has given added impetus to that process.⁶ 2002 and 2003 saw a series of acquisitions of emerging defense information technology companies by large defense contractors with General Dynamics' acquisition of Veridian the latest in a long line of such deals.⁷ Indeed, General Dynamics is a striking example of how companies have reshaped their activities towards the growing defense information technology sector. Northrop Grumman and Lockheed Martin have done much the same and Boeing has recast itself from an aircraft, missiles and satellite maker to a large-scale systems integrator, capable of orchestrating the design and development of any weapon system. Thus, a

³ Peter J. Dombrowski and Andrew L. Ross, "Transforming the Navy: Punching a Feather Bed?", *Naval War College Review*, Vol. LVI, No.3, Summer 2003, pp.108-109.

⁴ Gopal Ratnam, "Industry considers transformation needs", *Defense News Top 100*, <http://www.defensenews.com/story.php?F=1335311&C=top100>

⁵ *Transforming the Defense Industrial Base: A Roadmap*, Office of the Deputy Under Secretary of Defense (Industrial Policy), Department of Defense, Washington DC February 2003 <http://www.acq.osd.mil/ip>

⁶ For a discussion of how U.S. defense industry consolidation since "The Last Supper" has caused a gradual shift from platforms towards electronics, see Andrew D. James, "Defence industry consolidation and post-merger management: Lessons from the United States", *International Journal of Aerospace Management*, Vol.1 No.3, 2001: pp.252-267.

⁷ "Challenges for the defence industry: implications of the Iraq War", *Strategic Comments*, Vol.9, Issue 7, 2003, International Institute for Strategic Studies (London).

team led by Boeing and Science Applications International Corp., (SAIC) San Diego, won a \$5 billion contract from the U.S. Army to design its Future Combat Systems and followed that up by winning a \$2 billion contract to design the Army's Joint Tactical Radio System.

DEVELOPMENTS IN EUROPE

While the Pentagon has pushed ahead with its transformation efforts, European governments have been more cautious preferring an evolutionary, rather than revolutionary, path. In large part, this reflects the reality of European defense procurement budgets. The demands on European defense budgets stem firstly from the continuing need of most European countries to pursue transformation of their militaries from a Cold War posture focused on territorial defense to one that provides a substantial ability to conduct force projection operations, and secondly from the large costs of RMA capabilities.⁸ There are major European concerns about the enormous potential cost of pursuing the US vision of NCW. Investments in strategic air lift, C4ISR and the like represent considerable items of expenditure. Equally, the introduction of new technologies in one area may have knock-on effects in other areas. Thus, legacy platforms may need to be upgraded to ensure interoperability. This is expenditure that Europe can ill afford. The United States spends over 3% of its GDP on defense and this figure is rising. By contrast, NATO Europe spends only about 2% and this figure is more or less static. Furthermore, only Norway, Turkey and the United Kingdom are spending the same proportion of their defense budgets on research, development and procurement as does the United States.⁹ At the same time, a few large programs take a large share of existing modernization spending. Thus, the Eurofighter program is expected to consume over half the modernization budgets of Germany, Italy and Spain in coming years. Shifting substantial spending to meet transformational needs in the areas of advanced surveillance and precision targeting systems is likely to require difficult decisions related to force structures, the mix of platforms and enabling capabilities and the like.¹⁰ The UK government for one has made it clear that there is no realistic way that it can – or would wish to – follow the US vision of wholesale transformation of its forces. Instead, the UK is pursuing an incremental and selective development of transformational capabilities where it believes they are most likely to improve the effectiveness of British armed forces in a context of coalition warfare. The situation in France is similar.

This is not to say, however, that European governments have not recognised the importance of the U.S. doctrinal shift towards transformation and the need for investment in transformational mobility and network-centric assets. Within NATO Europe, the United Kingdom is furthest ahead in the shift towards expeditionary warfare, as an outcome of the 1998 Strategic Defence Review (SDR). The New Chapter of the Strategic Defence Review (SDR NC) published in July 2002 reinforced the growing importance of Network Enabled Capability (NEC) to the way the United

⁸ Grant, "The RMA – Europe can keep in step".

⁹ "Defence Expenditures of NATO Countries (1980 - 2002)", NATO Press Release M-DPC-2 (2002) 139 20 Dec. 2002 <http://www.nato.int/docu/pr/2002/p02-139e.htm>

¹⁰ Assembly of Western European Union, *The Gap in Defence Research and Technology between Europe and the United States*, Report submitted on behalf of the Technological and Aerospace Committee, Forty-Sixth Session, 6 December 2000 (Paris).

Kingdom will choose to conduct future military operations.¹¹ The SDR NC commits to an acceleration of the process and to an increase in investment in NEC and this intent has been supported by the increase in defense spending announced as part of the Government's Spending Review 2002. The defense budget will rise by £3.5 billion between 2002/3 and 2005/6, representing 1.2% average annual real growth over the three year period. Within this was some £1 billion of new capital and £1/2 billion of new resources for the equipment and capabilities needed to respond to the additional challenges described in the SDR NC. The U.K. is investing in strategic air lift (leasing C-17s and ordering the A400M), strategic sea lift (entering into a Public Private Partnership arrangement to acquire roll-on, roll-off ferries); enhanced strike capabilities (the acquisition of two aircraft carriers from a BAE Systems and Thales consortium, the MBDA Storm Shadow air launched cruise missile and U.S. sea launched cruise missiles); and enhanced C4ISR capabilities (Bowman, Falcon, Cormorant, the Skynet 5 satellite communication system and the Watchkeeper UAV). At the same time, withdrawal from the European collaborative Multi Role Armoured Vehicle (MRAV) program has been taken as evidence of a desire to move towards lighter, more mobile, land systems.

In similar vein, France has announced its intention to embark on a modernization plan with a shift in strategy toward creating the capability to project military force anywhere in the world. France is proposing a significant increase in defense spending as part of an effort to increase interoperability and match U.S. efforts in the areas of research and equipment modernization. The French government submitted a new bill for military funding between 2003 and 2008 that boosts defense spending in 2003 to \$13.3 billion, a \$1.1 billion increase from the current level, and to \$14.7 billion by 2008. The new programming law emphasises three main areas of focus: intelligence (development of a new Syracuse satellite communications network; two new Helios II reconnaissance satellites, and projects to acquire Medium-Altitude Long- Endurance (MALE) and Multi-sensor Multi-mission (MCMM) UAVs); strike (additional Rafale combat aircraft, a new additional aircraft carrier and the A400M strategic airlifter); and, defense and protection of forces against nuclear, biological and chemical weapons.

Sweden provides a further interesting example of European-style transformation and an illustration of what is possible within even a relatively procurement budget. In 1999, Sweden announced the launch of "Det nya forsvaret" ("The New Defense"), a radically restructured defense and security posture strongly influenced by the RMA. The New Defense will result in every Swedish weapons platform being plugged into an Internet-based command and control (C2) system by 2010 and a full operational capability is planned by 2020.¹² Although most of the activity to date has been conceptual, Sweden has begun the development of demonstrators and field experimentation with the Ledsyst projects that are designed to address novel C3I systems from the vantage point of technology, methods, personnel and organisation. Sweden is developing a new command and control system – the Ledsyst – and the

¹¹ *The Strategic Defence Review: A New Chapter*, Ministry of Defence, Cm 5566 Vol.1, July 2002, The Stationery Office (London).

¹² Nick Cook, "Network-centric warfare - The new face of C4I", *Interavia*, February 2001, Vol. 56 (650), pp.37-40.

ambition of Swedish defense policy is to take decisive steps towards a network based defense.¹³

The situation in other major European countries is less positive. In Germany, there has been a great deal of conceptual thinking about the implications of transformation for the Bundeswehr.¹⁴ In October 2003, German Defense Minister Peter Struck announced what is a radical reorientation of the Bundeswehr. The consequences for procurement have yet to be spelled out but it is likely that we will see a reorientation of German procurement spending towards transformational capabilities. Several pilot projects have already been launched aimed at developing and testing a wide range of potential solutions in areas such as IT security and interoperability.¹⁵ In addition, despite considerable uncertainty, Germany is investing in strategic airlift capabilities through the A400M programme and missile defense through the MEADS programme. However, Germany's defense budget crisis has limited the scope for German adoption of transformational technologies and has held back the process of force modernisation. Germany was the last major country to begin restructuring its armed forces and it continues to have one of the lowest defense budgets in Europe at 1.5% of GDP (compared to an average of 2.0% for NATO Europe). There is a similar story in Italy. The government's concern to reduce the technology gap between it and its allies is reflected in the latest White Book on defense that makes air defense and aerospace surveillance key priorities. Airborne early warning aircraft, surface-to-air missile batteries, mobile and fixed surveillance radars and C4I are to receive immediate funding. Again, however, budget problems are likely to slow progress.

THE CHALLENGES FOR THE EUROPEAN DEFENSE INDUSTRY

There is little doubt that the European defense industry faces considerable challenges in trying to keep pace with developments in the United States. The principal challenge for the European defense industry has been that its principal customers – namely European governments – have been slow to adopt the new transformational technologies and allocate the budgets for procurement and R&D necessary for modernization. A report by the Assembly of Western European Union in 2000 observed that the gap in military research spending between the United States and Europe meant not only that a technological gap existed but that it would probably widen still further.¹⁶ General Klaus Naumann, the former Chairman of NATO's Military Committee, has argued that even if there are niches in which the Europeans have the lead, they are at least five years behind the United States in the crucial area of C4I (command, control, communications, computers and intelligence).¹⁷

The scale of these challenges has prompted some U.S. commentators to question whether autonomous European development and acquisition efforts are necessarily

¹³ Martin Axelson and E. Anders Eriksson (2002) *Towards an Industry for Network Based Defence? Creating Information Age Defence Systems*, FIND Programme, FOI Swedish Defence Research Agency (Stockholm).

¹⁴ See, for instance: "The future of Bundeswehr transformation", presentation by Colonel Ralph Thiele, Commander Bundeswehr Center for Analyses and Studies (ZASBw) to a conference at SAIS, John Hopkins University, 15th May 2003.

¹⁵ Axelson and Eriksson, *Towards an Industry for Network Based Defence?*

¹⁶ *The Gap in Defence Research and Technology between Europe and the United States.*

¹⁷ Ibid.

the most effective means of utilizing scarce European defense spending. In the eyes of some (mainly U.S.) commentators, the European defense industry has rather little to offer in closing the capabilities gap. European governments are not seen as seriously addressing the transatlantic capabilities gap nor is the European defense industrial base seen as capable of delivering needed capabilities. In this view, the U.S. drive towards transformation along with its increasing defense spending, has given U.S. industry an already unassailable technological lead. Not only that, but the United States is said to have stronger commercial information industries than Europe and successful acquisition reform is allowing the Department of Defense to gain access to those commercial technologies through a growing use of standard off-the-shelf products.¹⁸ Such commentators argue that European programs that lead to a duplication of development efforts are costly and wasteful in the context of European spending constraints. The A400M and Galileo programs have been singled out for particular U.S. criticism. The naysayers concede that, selectively, the Europeans may have some excellent defense and information technologies; but overall they are lagging and will fall even further behind as U.S. industry responds to the demands of the Department of Defense's transformational agenda.¹⁹ The United States can offer operational capabilities, whilst European projects are in many cases still on the drawing board. European collaborative efforts to catch-up with the United States – the naysayers continue – are likely to be more costly and quite possibly technologically inferior to buying off-the-shelf from the United States.

Undoubtedly, there are situations where European governments will seek to acquire U.S. technologies off-the-shelf. Such arrangements have a long history dating back to the F-16 program and earlier. In the 1980s, the United Kingdom and France both decided to acquire the Boeing E3 AWACS (Airborne Warning and Control System) in recognition of the fact that it was neither technologically feasible nor cost effective to seek to develop a similar capability.²⁰ In 1995, and for similar reasons, France ordered the E2-C Hawkeye airborne early warning/command and control aircraft for the French Navy. More recently, The UK government has made clear its view that the technologies that underpin the RMA “will inevitably be led by the US”.²¹ Thus, the UK needs to be selective about the technologies it develops nationally or on a European basis, and should be prepared to use US technologies in other areas in order to continue to make a leading contribution to multinational operations. Accordingly, the U.K. government has selected Raytheon-developed technology to meet its ASTOR airborne ground surveillance requirement; looked to the Canadian subsidiary of General Dynamics for its Bowman communications program; and, is currently evaluating the acquisition of the Cooperative Engagement Capability as the basis for its naval network-centric warfare capability.

However, the acquisition of U.S. technology remains an unattractive option for many European governments. There is a strong feeling in Europe that it is crucially important to the development of the ESDP that Europe establish a strong and competitive defense industrial and technological base. In this view, autonomous

¹⁸ Gompert et al, *Mind the Gap*.

¹⁹ Paul Mann, “Technology gap called NATO’s salient issue”, *Aviation Week & Space Technology*, 17 June 1995; David C. Gompert et al, note 2.

²⁰ The U.K. had attempted to do so with its Nimrod AEW program but that was eventually cancelled due to technological difficulties and massive cost overruns.

²¹ Strategic Defence Review, “Supporting Essay Three, The Impact of Technology”, Para.32.

crisis-management operations are feasible only if Europeans succeed in narrowing the technological gap that exists between European countries and the United States and Europe must do so either through its own efforts or as an equal partner in transatlantic cooperative programmes.²² European governments are wary of the operational constraints that can emerge from U.S. technology controls and America's closest allies are concerned about the need to retain an independent capability while ensuring coherence with U.S. developments. The challenge for the UK is how to achieve interoperability without being obliged to buy U.S. equipment with all the technology transfer and operational challenges that it entails.²³ A stronger European defense industrial and technological base will allow Europe to engage in transatlantic armaments programs as a more equal partner to the U.S. At the same time, the politics of defense procurement means that politicians will continue to demand local content in exchange for their agreement to spend large sums on defense equipment and – in the current climate of weak electoral support for defense spending in Europe – initiatives that oblige European governments to buy U.S. technology are unlikely to gain much support. Equally, the development of strong capabilities in transformational technologies is seen by European industry as vital to sustain the European defense industrial base and retain Europe's established defense export markets. European companies are also keen to gain a substantial share in the significant growth market for C4ISR, UAVs and so forth.

STRENGTHENING THE EUROPEAN DEFENSE INDUSTRY

European industry has already gone some way to establishing European solutions to European capability shortfalls. In the area of precision strike, MBDA has developed the Storm Shadow/Scalp EG cruise missile. In C4ISR, France is deploying the Helios series of optical observation satellites and Germany is developing SAR-LUPE. Galileo represents a major extension of European capabilities. A European industry team offered the Stand Off Surveillance and Target Acquisition Radar (SOSTAR) as an alternative to the Northrop Grumman J-STARS for the NATO Air Ground Surveillance (AGS) requirement.²⁴ Similarly, Europe has programs that span the entire spectrum of UAVs and the French companies Sagem and Dassault Aviation are collaborating to develop an unmanned combat air vehicle (UCAV).²⁵ With regard to strategic mobility assets, in air-to-air refuelling, the Air Tanker consortium led by EADS is offering the A330 for the United Kingdom's Future Strategic Tanker aircraft program and the A310 Multi Role Tanker Transport aircraft has been ordered by Germany. The Airbus Military Company A400M represents a European industrial response to NATO Europe's strategic airlift needs.

Like their U.S. counterparts, the leading European defense contractors are responding to the new transformational agenda albeit in a way that reflects the realities of European defense budgets and the demands of their customers. BAE Systems is

²² *The Gap in Defence Research and Technology between Europe and the United States.*

²³ Andrew D. James, *Delivering Network Enabled Capability: Industrial, Procurement & Policy Challenges for the UK*, FIND User Report, FOI, Stockholm (forthcoming).

²⁴ SOSTAR is being developed by Thales, the Dornier unit of eads, Alenia Difesa's FIAR and the Dutch government-owned Technisch Natuurwetenschappelyk (Luke Hill, "NATO considers merging ags", *Jane's Defence Weekly*, 13 June 2001, p.3).

²⁵ John Brosky, "French flying fast to win share in UCAV market", *Defense News*, April 29-May 5 2002, p.8.

investing considerable effort in the development of a C4ISTAR sector strategy to address key programs in the United States, the United Kingdom and the rest of the world by building on capabilities in BAE North America (not least in the areas of Electronic Warfare and Information Dominance) and focusing across the organisation to exploit technological capabilities and market opportunities.²⁶ As part of this strategy, BAE Systems and Italy's Finmeccanica are to form a new defense electronics partnership to be called Eurosystems that will oversee joint ventures in the areas of systems integration and C4ISR business, communications systems and avionics. BAE Systems is not alone. Thales is re-orientating its communications business group to focus on network-centric warfare and to capitalise on its strong position in the defense electronics business and its place as the largest European supplier of defense communication systems.²⁷ The European Aeronautic Defence & Space Company (EADS) is seeking to focus on growth areas of the global defense market such as UAVs, C4ISR and avionics. EADS has sought to use acquisitions to overcome the constraints of small defense electronics business and limited global presence outside its home markets of France, Germany and Spain. In July 2001, EADS acquired Cogent Defence & Security Networks from Nortel Networks establishing EADS Telecom as a significant competitor in defense communications. In May 2003, EADS completed the acquisition of the BAE System share in the Astrium space joint venture and with it took full control of Paradigm Secure Communications making EADS the prime contractor for the UK's Skynet 5 programme.

Ultimately, however, the European defense industry is hamstrung by the nature of the European defense market. Defense procurement remains overwhelmingly a national activity and the current arrangements are expensive and inefficient, duplicating effort and raising costs. Fragmented national markets deny Europe the economies of scale necessary to reduce costs, fund R&D and ensure the effective application of technology. National procurement requirements differ making it difficult for companies to plan for the long-term through industry restructuring, alliance building and R&D investment. Industry figures in Europe have repeatedly warned that Europe's defense technological position relative to the United States is at risk of erosion without significant increases in European defense spending for research, development and for the procurement of advanced weapons systems.²⁸

ENHANCING EUROPEAN ARMAMENTS COOPERATION

This speaks to the pressing need for demand-side consolidation if we are to strengthen European defense industrial and technological capabilities. A key challenge is to develop effective models for European armaments cooperation: identifying common requirements; promoting R&T cooperation; and, improving programme management. Transformation will amplify the need for international co-operation at defense industry level, in order to make best use of scarce skilled resources and finite

²⁶ BAE Systems presentation by John Weston, Chief Executive at the CSFB/Aviation Week Aerospace Finance Conference, New York, 15 May 2001 downloaded 24 April 2003 from http://www.production.investis.com/baesystems/bae_irpresentations/csfwebcast/2.pdf

²⁷ Gopal Ratnam and Amy Svitak, "How Europe can close the gap", *Defense News*, August 5-11 2002, pp.1-4.

²⁸ "Hertrich: Europe's defense technology future at risk absent more funding", *Defense Daily International*, 15 February 2002.

communications capacity, and to meet the need to network with coalition partners.²⁹ Many European countries are currently studying and undertaking network related/network centric warfare developments and there is considerable opportunity to share research, leverage experimentation and build coalition capability.³⁰ The UK government has made it clear that it is willing to consider international collaboration in the development of such capabilities. In the case of FIST (the UK's future soldier technology program), the Defence Procurement Agency notes that many NATO and Partnership for Peace nations are pursuing similar programs and the FIST Assessment Phase is looking carefully at collaborative opportunities. The French government has also expressed its desire to increase its cooperative R&D effort and has argued that across a range of transformational technology areas from space to C4ISR there are strong arguments for European solutions.³¹

Historically, collaborative equipment programs among European nations have proved highly problematic. Where European governments have decided to pursue collaborative programs, those programs have all too often been based on strict juste retour work share agreements to satisfy national governments' needs to deliver local jobs in exchange for spending taxpayers' money on defense. At the same time, these collaborative programs have frequently been dogged by problems because they have often been established after national equipment requirements have become relatively firm – leaving the collaborative program to try to deliver a common solution to often-conflicting national requirements. The consequence has been a high failure rate amongst such programs and cost over-runs for those that have survived. The A400M debacle is an exemplar of much that shackles Europe in delivering conventional capabilities. The Airbus Military Company (AMC) A-400M is a critical part of the European Union's plans to set up an autonomous Rapid Reaction Force because the aircraft is intended to provide Europe with an indigenous medium- to heavy-lift military transport aircraft. Eight countries – Belgium, France, Germany, Luxembourg, Portugal, Spain, Turkey and the United Kingdom – plan to procure the A400M. The eight nations plan to order a total of 196 aircraft and the program will be managed by the European program management organization OCCAR (Organization for Joint Armaments Cooperation). However, even though there is a consensus among European governments to improve their collective airlift capability, getting the joint program under way has been difficult. One of the main challenges has been to get all the participants to maintain their procurement commitments. Italy recently announced withdrawal from the program, and Germany, the aircraft's largest buyer, has been hesitating to confirm its order due to internal political and funding problems.³²

ETAP (European Technology Acquisition Program) is another example of the challenges of inter-governmental cooperation. ETAP was established in 2001 to

²⁹ *Defence Industrial Policy*, Paper No.5, Ministry of Defence Policy Papers, October 2002, Ministry of Defence (London).

³⁰ *Network Enabled Capability: The UK's programme to enhance military capability by better exploitation of information*, downloaded 24 April 2003 from <http://www.mod.uk/issues/nec/>

³¹ *Rapport fait au nom de la Commission de la Défense Nationale et des Forces Armées sur le projet de loi (no.187) relative à la programmation militaire pour les années 2003 à 2008*, M. Guy Teissier, le 25 novembre 2002, Assemblée Nationale (Paris).

³² Katia Vlachos-Dengler, *From National Champions to European Heavyweights: The Development of European Defense Industrial Capabilities across Market Segments*, RAND National Defense Research Institute (Santa Monica), 2002.

mature European combat aircraft and UCAV capabilities and comprises France, Germany, Italy, Spain, Sweden and the U.K. together with the leading European defense companies. ETAP is designed to lay the foundations for European combat air systems of the future. Future combat air systems may include manned aircraft (which may well be developments of existing aircraft such as Eurofighter, Gripen and Rafale); air and ground launched uninhabited air vehicles (UAVs) and uninhabited combat air vehicles (UCAVs); conventionally-armed long-range cruise missiles (CALCM); and command, control, communication, computing, and intelligence (C4I) systems to link all these together.³³ However, progress has been slow not least because of political disputes over the focus of the program and a UK-French dispute over stealth technology.

Nonetheless, European governments are seeking to make progress and to observers of European armaments cooperation recent political developments have been nothing short of remarkable. The idea of a European armaments agency, having languished for more than a decade, has reemerged on to the political agenda and European governments appear serious about developing closer cooperation in the field of armaments. The Anglo-French Le Touquet Declaration, the draft Constitutional Treaty produced by the Convention on the Future of Europe and the conclusions of the Thessaloniki European Council all suggest the emergence of a new political dynamic to the process that seemed inconceivable only a few years ago. In the Autumn of 2003, the detail of the Agency was the subject of considerable discussion but the draft Constitutional Treaty included a proposal to establish an intergovernmental European Armaments, Research and Military Capabilities Agency that would identify operational requirements, put forward measures to satisfy those requirements, contribute to identifying and implementing measures needed to strengthen the European defense industrial and technological base, participate in defining a European capabilities and armaments policy, and assist the Council in evaluating the improvement of military capabilities.³⁴ In October 2003, European defense ministers agreed to further and substantially harmonise their armed forces by the end of the decade. Meeting informally in Rome, ministers agreed to significantly increase their interoperability by 2010, pooling resources, doctrines and equipment to ensure they are able to "work seamlessly together and with key strategic partners".³⁵ The agreement sets a new deadline for military cooperation just months before the end of the 2003 deadline for the Helsinki goals.

The political attention being given to armaments cooperation is encouraging but reflection on the history of European armaments cooperation reminds us that we have been down this road before only for it to end with little in the way of concrete developments. The character of European armaments cooperation has been determined by the desire of national governments to protect national sovereignty and control over armaments issues combined with the unbridgeable gap between the interests of large and small European countries. Those European countries with large

³³ "European governments and industry to cooperate on future capabilities and technologies for combat air systems", Press notice on behalf of the defense ministries of France, Germany, Italy, Spain, Sweden and the United Kingdom, 19th November 2001, Paris.

³⁴ Draft Constitution, Volume I, CONV 724/03, Secretariat of the European Convention, Brussels, 26 May 2003.

³⁵ Statement by Javier Solana, Rome 3-4 October 2003 <http://ue.eu.int/newsroom/newmain.asp?LANG=1>

defense industrial bases have favoured intergovernmental coalitions of the willing such as OCCAR and the Framework Agreement as a means of achieving some progress on armaments cooperation issues. Turning the grand political statements of support for a European armaments agency into real progress may prove to be far from straightforward and the road ahead may be a rocky one. Indeed, the history of European armaments cooperation has been one of often torturous negotiations over the minutiae of implementation that have had the effect of eroding the dynamic created by high-level political initiatives. Important issues still have to be addressed: the integration of existing armaments cooperation organisations; the membership of the Agency and the possibility of enhanced cooperation; the responsibilities of the Agency and the willingness of national governments to provide it with the necessary executive powers; concerns about European preference; and, the role of the European Commission.

At the same time, European policy makers must make sure that this latest round of institution-building does not lead them to lose sight of the bigger picture. The Agency should not be seen as end in itself and success will be measured not by the establishment of the institution (we have had plenty of those in the last three decades) but by the difference that it makes to European capabilities in support of the ESDP. In this regard, the Agency can be regarded as a necessary but not a sufficient condition for progress towards meeting Europe's aspirations. The political will to address the capabilities issue expressed in the ECAP process and now in thinking about the Agency is encouraging. Ultimately, however, it will only deliver results if it is supported by the will to increase European defense procurement spending to a level that ensures that European military forces can meet the political aspirations of the ESDP.

A further pressing need is for requirements harmonization. The need for European governments to make their intent and requirements more definitive is critical for many reasons but two in particular will be noted here. First, through requirements harmonization, European governments would indicate to industry where investment is needed over the longer term. That it turn would encourage further consolidation, alliance building and increased R&D investment as companies gained confidence with regard to where business opportunities will emerge. As one commentator has put it: "Industry sorely needs clearer EU-wide policies: only the aerospace industry has achieved noticeable consolidation; land and naval systems manufacturers await a better sense of what capabilities will be sought in the future".³⁶ Another critical reason for requirements harmonization is that it would make cooperative European C4I programs more feasible. C4I presents particularly difficult challenges for European armaments cooperation. C4I is intimately linked to doctrine and goes to the heart of how European armed forces fight. It is also critical to interoperability. At present, NATO provides the only institutional mechanism for promoting cooperative C4I programs. Requirements harmonization within Europe is critical to ensure closer interoperability between European armed forces.

PROMOTING TRANSATLANTIC COOPERATION

³⁶ Charles L. Barry, "Coordinating with NATO", in Hans Binnendijk (ed.) *Transforming America's Military*, National Defense University Press, 2002 (Washington DC).

However, the pace of technological developments in the United States combined with constraints on European defense R&D and procurement budgets mean that Europe will only meet its capabilities needs through a combination of European developments complemented by transatlantic armaments cooperation. The CSIS Commission on Transatlantic Security and Industrial Cooperation in the Twenty-First Century argues convincingly that: "Both NATO and the European Union should make an effort to coordinate on defining priority defense requirements and equipment needs that could be met by consortia or partnerships among industrial suppliers and technology companies across the Atlantic".³⁷ Cooperation on missile defense and unmanned aerial vehicles are two significant areas where coordination could avoid redundant spending and there are benefits for both sides: "U.S. military capabilities could take advantage of technologies that are being developed in Europe, while the Europeans could achieve more effective technological pooling with U.S. defense capabilities, reinforcing progress towards coalition interoperability".³⁸ The outcome could well be NATO-owned and operated assets such as NATO AWACS or capabilities that could be adopted by individual member states. Such arrangements offer the prospect of reducing problems of interoperability and enhancing NATO military capabilities.

Currently, the degree of cooperative engagement in armaments development and production is extremely low. Significantly, there is virtually no meaningful cooperative engagement in key U.S. transformation programs – from UAVs to military space to information dominance – or in the other areas that are relevant to closing the capability gap or enhancing interoperability. JSF, and potentially missile defense, are by and large not related to coalition force improvements in interoperability or capability, but undertaken for reasons of affordability (JSF) and geopolitics (missile defense).³⁹ Of course, the record of transatlantic armaments cooperation has been patchy. There have been some success stories. The long term and evolving multinational Sea Sparrow and ESSM procurement program could be cited as an example of how joint cooperative programs could be put together to allow for both commonality and economic participation.⁴⁰ The JTIDS/MIDS, Link 16 program has promoted tactical information exchange and enhanced interoperability between NATO combat aircraft. However, the story of NATO AGS is a sobering reminder of the challenge of turning warm words into concrete action. The AGS project has been beset by political and industrial difficulties. U.S. proposals based around its Multi-Platform Radar Technology Insertion Program (MP-RTIP) initially proved problematic because key areas of classified technology were offered on a "black-box" basis. At the political level, 2001 saw France, Germany, Italy, Spain and the Netherlands attempting to secure their own technology base by supporting a research program dubbed Stand-Off Surveillance and Target Acquisition Radar (Sostar) to develop an active-phased array SAR/MTI radar. Northrop Grumman is the U.S. prime on MP-RTIP, while EADS is a major partner in Sostar. However, both companies are also exploring a number of areas of transatlantic collaboration, which has given rise to the Transatlantic Industrial Proposal Solution (TIPS) to meet the NATO AGS, while also aiming to placate

³⁷ *The Future of the Transatlantic Defense Community*, p.ix.

³⁸ *The Future of the Transatlantic Defense Community*, p.11.

³⁹ *Ibid.*

⁴⁰ *Trans-Atlantic Defence Industrial Cooperation*, A report by the NATO Industrial Advisory Group to the Conference of National Armaments Directors, Spring 2002, Brussels.

political concerns in both Europe and the U.S.⁴¹ Joint Strike Fighter – for many a model for the future of transatlantic armaments cooperation – has struggled to overcome the challenges of U.S. arms export and technology transfer regulations.

Transformation-orientated cooperative armaments programs (or European participation in ongoing U.S. programs) may provide a means of closing the capabilities gap. Equally, deep and balanced transatlantic links between defense research agencies in the United States and Europe could help so long as they go beyond the current exchange of information to incorporate joint projects.⁴² To facilitate such common programs requires common agreement on operational requirements, and new and more efficient ways of managing projects collaboratively. NATO members also need to coordinate acquisition purchases to achieve economies of scale. Such cooperation needs to recognize the technological capabilities of European partners as well as the political imperative for balanced cooperative arrangements and can only be built on a willingness to draw on component technologies from participating nations in a fair manner. This means paying more attention to operational requirements, willingness to invest, capabilities, and efficiency than national origin and offset arrangements.⁴³

CREATING A TRANSATLANTIC DEFENSE INDUSTRY

European defense companies are also pursuing industrial relationships with U.S. companies as a means of accessing U.S. technology and filling their own capability gaps. Thus, another way in which the U.S. and European governments could promote transatlantic cooperation is through support for transatlantic defense industrial linkages and joint ventures.⁴⁴ Of course, these industrial linkages will only emerge if they make commercial sense to defense contractors. Thus, programs like NATO AGS have a potentially critical role in providing a focus for transatlantic teaming not least because new technologies and opportunities for change can be created by nurturing multiple partnerships among prime contractors.⁴⁵ Equally, governments on both sides of the Atlantic need to sustain and enhance the climate for transatlantic teaming, joint ventures and M&A through periodic affirmation that such forms of transatlantic industrial cooperation are desired.

There has been some progress. One notable transatlantic defense industrial development is the strategic alliance between EADS and Northrop Grumman. The two companies signed a MoU in 2001 under which they agreed to explore opportunities in ground surveillance and a number of other areas of defense electronics, such as aerial targets and decoys, airborne electronic attack and fire control radar. The first product of this relationship was an agreement to offer a 'European version' of a weather and navigation radar, developed by Northrop Grumman, for the Airbus A400M military

⁴¹ Douglas Barrie and Michael A. Taverna, "Prague Summit Could Provide Springboard for NATO AGS", *Aviation Week & Space Technology*, July 8 2002, Vol. 157 (2), p. 31.

⁴² *The Gap in Defence Research and Technology between Europe and the United States*

⁴³ *The Future of the Transatlantic Defense Community*, p.x.

⁴⁴ Robert Hunter, George Joulwan and C. Richard Nelson, *New Capabilities: Transforming NATO Forces*, The Atlantic Council of the United States, Washington D.C. (September 2002).

⁴⁵ Robbin Laird, "Industry transformation: company efforts can help reshape military", *Defense News*, May 6-12 2002, p.13.

transport aircraft.⁴⁶ A further development has been the agreement between Northrop Grumman and EADS to develop a Eurohawk variant of Northrop Grumman's Global Hawk UAV for marketing in Europe. The most substantial part of the two companies' common activities is their collaboration on the TIPS solution to NATO's AGS requirement.

Equally significant is the joint venture between Thales and Raytheon. Thales Raytheon Systems Company has combined the capabilities of the two companies in the area of air defense command and control centers, air defense radars and battlefield air surveillance in North America.

More significant still, from the point of view of transatlantic defense industrial relationships, have been the acquisitions undertaken by BAE Systems in the United States. BAE Systems North America Inc. is now one of the leading suppliers to the U.S. Department of Defense as a consequence of its acquisition of Lockheed Martin's Aerospace Systems and Electronic Systems businesses and its earlier acquisition of Sanders (as part of GEC Marconi). These acquisitions have given BAE Systems a leading position in the growing U.S. market and they also present the opportunity for BAE Systems to gain access to U.S. R&D programs and technology. A key element of BAE Systems' C4ISTAR sector strategy is to build on its North American capabilities in EW and information dominance and leverage them into U.K. and rest of the world programs. Nevertheless, BAE Systems must contend with the constraints imposed by U.S. export and technology transfer regulations as it tries to create a true multinational business organisation and these are undoubtedly constraining its ability to utilize U.S. technology in European programs.

A RENEWED U.S. COMMITMENT TO TRANSATLANTIC ARMAMENTS COOPERATION

Creating the conditions for transatlantic armaments cooperation places responsibilities on both Europe and the United States. Europe needs to take the capabilities gap seriously and ensure that it reallocates scarce defense budgets to address NATO capabilities requirements. The U.S. government needs to play its part in the modernization of NATO Europe's capabilities, not least by offering technology and joint programs to support European transformation and enabling this process through changes to technology transfer regulations. There are signs of some progress. In Autumn 2002, the State Department began a review of the current policy guiding conventional arms transfers in a move that may lead to the relaxation of export regulations and that may facilitate armaments and industrial cooperation.⁴⁷ Equally, reports that the U.S. government is prepared to export the Predator UAV to Italy suggest that the Bush administration may be willing to adapt policy in a bid to close the capability gap.⁴⁸ However, the climate is hardly helped by Congressional support for strengthened "Buy American" provisions.

⁴⁶ John D. Morrocco, 'EADS, Northrop Grumman broaden cooperative links', *Aviation Week & Space Technology*, 12 June 2000, pp. 35-6.

⁴⁷ Jason Sherman, "Reviewing U.S. export rules", *Defense News*, July 22-28 2002, p.8.

⁴⁸ Amy Svitak, "New U.S. policy paves way for Predator sale to Italy", *Defense News*, April 15-21 2002, pp.1-4.

The reform of U.S. export and technology transfer controls is critical. A critical challenge for the European defense industry has been how to enter into effective collaborative ventures to acquire U.S. technology. In large part this is a function of the difficulties posed by U.S. export controls and technology transfer regulations. Time and again, these security regulations have made transatlantic collaboration difficult and – in some cases – they have driven European companies to deliberately design-out components and sub-systems from European programs. The history of the Medium Extended Air Defense System (MEADS) program highlights the sensitivity of technology transfer issues in transatlantic industrial relationships as well as the often limited political commitment to these kinds of government-to-government collaborative programs on the part of the U.S. Congress. The United States insisted on having the right to conduct on-site security inspections of German and Italian facilities, and at the same time proposed the use of ‘black boxes’ to protect U.S. technology. Such proposals were rejected by the German government, which saw MEADS as a test case for U.S. willingness to share technology with its allies. A stalemate ensued which was only broken after eight months of sometimes tense negotiations.⁴⁹

The U.S.-U.K. “Declaration of Principles”, signed in February 2000, provides a bilateral model for the management of transatlantic relationships covering the harmonisation of military requirements; export procedures, information and technology-related security as well as joint research programs. The U.S. Defense Trade Security Initiative (DTSI), announced in May 2000, represents a potentially significant change in U.S. rules on export controls, promising to streamline the license approval process and to provide licensing exemptions for unclassified items for qualified firms – provided that there is an agreement between the United States and the country in question. Spain and Sweden are now pursuing a Declaration of Principles but the U.K. experience has been that tangible progress can be slow – it took two years before the United Kingdom introduced the first legislation. Such initiatives under the Clinton administration provided hope for closer transatlantic cooperation. Under the Bush administration, the Declaration of Principles/DTSI process has increasingly become a source of frustration and disillusionment for advocates of closer transatlantic ties. Unsurprisingly, since September 11th, the Administration has been totally preoccupied with “The War on Terrorism”. The U.S. defense industry – buoyed by a rising defense procurement budget – is losing interest in transatlantic defense markets. Congressional support for strengthened “Buy American” provisions does not auger well for any future initiatives to promote transatlantic cooperation.

This is a huge problem because for NATO transformation to be effective, the United States must be willing to trust its European partners by sharing advanced technology, such as stealth and command-and-control systems. Moreover, the U.S. government will likely need to relax export controls if it wishes allies to have comparable capabilities.⁵⁰ The United States needs to offer technology and joint programs to support European transformation and promote common, joint programs to strengthen

⁴⁹ Andrew D. James, “The prospects for the future”, in Burkard Schmitt (ed.) *Between Cooperation and Competition: the Transatlantic Relationship*, Chaillot Paper 44, 2001, Paris.

⁵⁰ Robert Hunter et al, *New Capabilities*.

the NATO defense technological and industrial bases.⁵¹ The United States also has to learn to trust its allies. Cooperative Engagement Capability is a good illustration of the difficulties. The U.S. has agreed to release CEC to the United Kingdom but given the clear advantages of the system, particularly in the interoperability arena, extending CEC across the whole of NATO would seem to be a highly desirable step with Norway and Spain having acquired Aegis-based naval air defense systems, they would be the obvious next recipients of CEC. What remains to be seen is how long they will have to wait for it. CEC gives the US a quantum leap in its ability to achieve 'full spectrum dominance' in any theatre of war and the Pentagon is reluctant to see it proliferate elsewhere. It is this aspect of CEC that makes it a curiously paradoxical programme. On the one hand, it clearly represents the strongest emergent technology around for removing barriers to full trans-Atlantic interoperability. Yet, on the other, it is too sensitive, too great a leap forward, to be given an unequivocal export release.⁵² Against this background, it is little wonder that Thales has called on the French government to fund a naval net-centric system demonstrator as the basis for a European alternative to CEC. Such a development would lead to yet further duplication and stretch already over-committed European defense budgets – but it would be completely understandable nonetheless.

CONCLUSION

There is a growing recognition, within NATO and in the European Union, that the shortfall in European capabilities is in danger of making European political and military aspirations untenable. There is also a widespread recognition of the need to broaden and deepen armaments cooperation, both within Europe and across the Atlantic, if European governments are to meet these capabilities shortfalls. The European defense industry has already undergone a dramatic consolidation but recent political developments suggest that, at last, European governments appear serious about developing closer cooperation between themselves in the field of armaments. The Anglo-French Le Touquet Declaration, the draft Constitutional Treaty produced by the Convention on the Future of Europe and the conclusions of the Thessaloniki European Council all suggest the emergence of a new political dynamic to the process that seemed inconceivable only a few years ago. Such a reform of the demand side is important and long over due because it will help Europe procure more cost-effective, technologically-advanced and timely defense equipment. However, the pace of technological developments in the United States combined with constraints on European defense R&D and procurement budgets mean that Europe will only meet its capabilities needs through a combination of European developments complemented by transatlantic armaments cooperation. Transatlantic cooperation needs to recognize the technological capabilities of European partners as well as the political imperative for balanced cooperative arrangements. Creating the conditions for such collaboration places responsibilities on both Europe and the United States. Europe needs to take the capabilities gap seriously and ensure that it reallocates scarce defense budgets to address NATO capabilities requirements. The U.S. government needs to play its part in the modernization of NATO Europe's capabilities, not least by

⁵¹ Jeffrey P. Bialos, "Thoughts before yet another NATO Summit – Will Prague 'Visions' of coalition warfighting capabilities translate into armaments realities?", mimeo, The Johns Hopkins SAIS Center for Transatlantic Relations, Washington DC (September 2002).

⁵² Cook, "Network-centric warfare".

offering technology and joint programs to support European transformation and enabling this process through changes to technology transfer regulations. Without such policy initiatives, Europe's capability shortfalls are going to make its political and military aspirations increasingly meaningless. Within NATO, the capabilities gap is likely to lead to an ever greater divergence of doctrines between NATO Europe and the United States, making coalition warfare increasingly difficult if not impossible for all but a few European militaries. Within the European Union, the consequence could well be the emergence of a capabilities gap between those European countries who have invested in transformational and network centric capabilities (in particular the United Kingdom and France) and the rest.

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FACING THE NEW CHALLENGES**

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***PAPER BY
Barry Posen***

ESDP and Transatlantic Relations

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ESDP and Transatlantic Relations Barry R. Posen

I. Introduction

Disputes within the Transatlantic Alliance over the necessity and timing of the 2003 U.S.-led War with Iraq, and over the modalities of the reconstruction of that country, have produced doubts about the future of transatlantic relations. Though there are many ways to consider this future, this essay will do so theoretically. I ask one question, what does “Realism,” our oldest and (arguably) most reliable theory of international politics, suggest about the future of transatlantic relations? What are the larger forces that will shape this issue? I pose these questions in light of one of the more peculiar developments of the last decade—The European Security and Defense Policy. Why does the EU, absent the Soviet Union, and largely sheltered under the umbrella of the mighty United States, choose to spend time and resources on such a project? I argue that ESDP is the “canary in the coal mine.” In this case, however, from the point of view of transatlantic relations, trouble is to be expected when the canary sings. In contrast to the coal mine, were the ESDP canary to grow quiet, or expire, we could infer that all is well—at least in Transatlantic Relations.

II. Structural Realism and Unipolarity

A. Tenets of Realism

In its modern guise, “structural realism” is an analytic not a prescriptive theory. It tells us a little bit about how international politics, especially great power politics, works. Structural realism depicts the world as an anarchy—a domain without a sovereign. In that domain, states must look to themselves to survive. Because no sovereign can prevent states from doing what they are able in international politics, war is possible. The key to survival in war is military power—generated either internally or through alliances, and usually both. States care very much about their relative power position because power is the key to survival. They try to grow their power when they believe they can do so without too much risk. They try especially hard to preserve the power that they have. Because war is a competition, power is relative. One’s power position can deteriorate do to another power’s domestic or foreign success. When another power increases its capacities through either internal or external efforts, others have incentives to look to their own position. Structural realism does not predict that all powers will behave this way all the time. But those who do will likely survive, and those who do not will likely suffer, and perhaps disappear from history.¹

¹ On realism see Kenneth N. Waltz, *Theory of International Politics*, (Reading, MA.: Addison-Wesley, 1979), pp. 102-128; John J. Mearsheimer, *The Tragedy of Great Power Politics*, (New York: W.W. Norton, 2001) pp. 29-54.

States that get the message may choose from an array of possible strategies—all of them problematical. States of the first rank are generally expected to balance against the greatest powers, figuring that failure to look to their own capacities will invite future predation.² They will build up their capabilities and form balancing alliances.

Sometimes, however, great powers may choose to buckpass—i.e. to look to their own national capacities to the extent that they can—but hope, bet, or scheme to get other great powers to shoulder the majority of the risks and costs of containing the greatest power.³

If one state expands its power, others may try to bandwagon with it—in the hopes of getting a good deal. Realists on the whole expect small, weak states to bandwagon because they have little choice.⁴ Some second rank, but still consequential, powers may also bandwagon with the greatest states in a gamble to improve their own positions.⁵ On the whole, realist theorists and their critics continue to debate which of these strategies is

² This is Kenneth Waltz's central prediction. Speaking of the anarchical condition of international politics he observes, "A self-help system is one in which those who do not help themselves, or who do so less effectively than others, will fail to prosper, will lay themselves open to dangers, will suffer. Fear of such unwanted consequences stimulates state to behave in ways that tend toward the creation of balances of power." Waltz, *Theory*, p. 118.

³ On buckpassing, see Mearsheimer, pp. 157-162.

⁴ For a review of the literature on bandwagoning, and skepticism about whether even weak states do it unless they absolutely have no other alternatives see, Eric J. Labs, "Do Weak States Bandwagon," *Security Studies*, Vol. 1, NO. 3 (Spring 1992), pp. 383-416.

⁵ Randall L. Schweller, "Bandwagoning for Profit: Bringing the Revisionist State Back In," *International Security*, Vol. 19, NO. 1 (Summer 1994), pp. 72-107.

more common, and which nations prefer which strategies. All the behaviors are observed—but unless we are to attribute the ultimate failure of all aspiring hegemon on the Eurasian landmass in modern times to chance or the intervention of Providence, we must conclude that balancing ultimately happens, and is backed with enough force to bring down the greatest powers.

B. The distribution of capabilities-

Because structural realists believe that power is the key means and end of states in international politics, they view the distribution of capabilities in the system as an important causal variable. Historically, two patterns have existed—multipolarity and bipolarity. Multipolarity, a system of three or more great powers, has been the most common pattern. Multipolarity is viewed as quite war prone because of its complexity. States cannot be too sure who among them is the greatest danger. They are sorely tempted to buckpass to each other if they think they can get away with it. This may produce windows of opportunity for expansionists, allowing them to defeat their opponents piecemeal. The relative power of opposing coalitions depends greatly on decisions taken by the members. These are difficult to assess in advance and can change quickly. Under-reaction and miscalculation are the diseases of multipolarity.

Bipolarity characterized the Cold War. Realists view it as the more stable of the two patterns of power distribution. When only two great states face each other everything is clear. Each knows that the other is the key security problem. They watch each other carefully. Their attention is focused. Most of the important power assets are

contained within each of the superpowers. Calculation of relative capabilities is easy. International moves to improve capabilities will usually be countered because they are hard to miss. Tension and overreaction are probably the principal problems of bipolarity. Our understanding of bipolarity is obviously complicated by the presumed stabilizing effect of secure second strike nuclear capabilities on the competition.

Realists are now forced to consider the implications of another distribution of power—"unipolarity" as it has been dubbed. The U.S. today is far and away the greatest power in the world. It does not much matter how power is measured. In every measure but population, U.S. capabilities exceeds that of almost any other dyad of existing consequential nation states—Russia, China, Japan, Germany, France, UK, Italy.⁶ Indeed it is difficult to find a plausible threesome that could equal much less exceed U.S. capabilities.

How might unipolarity work?⁷ First the greatest power can be expected to exploit its opportunity to organize international politics to best suit its interests. In particular, the U.S. should try to consolidate and indeed improve its unusual relative power advantage.

⁶ On the power position of the United States, see William C. Wohlforth, "The Stability of a Unipolar World," *International Security*, vol. 24, No. 1 (Summer 1999), pp. 5-41. On the military aspects of U.S. superiority see Barry R. Posen, "Command of the Commons, The Military Foundation of U.S. Hegemony," *International Security*, Vol. 28, No. 1 (Summer 2003), pp. 5-46.

⁷ Kenneth Waltz does not expect it to work well or to last long. See Kenneth N. Waltz, "Evaluating Theories," *American Political Science Review*, Vol. 91, NO. 4 (December 1997), pp. 913-917. "In light of structural theory, unipolarity appears as the least stable of international configurations."

U.S. power creates its own foreign policy energy. Second, the U.S. will not see itself as particularly constrained by the risks that another great power or even a coalition of great powers might directly oppose any particular action that it chooses. There isn't another equivalent great power to do so, and it would take an unusually large and cohesive coalition of the other consequential powers to make much trouble for the U.S. Third, the U.S. can be expected to behave in ways that seem capricious to its allies and friends. It will take up issues abroad with little thought to the views of its allies because their capabilities will not seem critical to U.S. success. Moreover, they essentially have no place else to go; there is no great power out there to exploit their unhappiness, or U.S. absence.

How will the other consequential powers behave? Will they bandwagon, balance, or buckpass? This is the key question of Transatlantic relations. Given U.S. power we should expect most small states to bandwagon. The larger states face a more interesting choice. They may also bandwagon, in the hope that something good will fall their way from the greatest power's table. Large though powers such as Britain, China, France, Germany, Italy, Japan and Russia are relative to most other states in the world, they are individually significantly weaker than the U.S.—so bandwagoning will seem reasonable to some of them.

Some consequential powers will nevertheless find bandwagoning uncomfortable. Though the U.S. may be a benign hegemon today in the eyes of some, there is no reason

to assume that this will always be so.⁸ Some U.S. initiatives may rankle; efforts by the U.S. to improve its power position necessarily erode the power position of others, and could indeed reduce their security. Other U.S. initiatives may simply create a more dangerous world in the eyes of other states. Even powers that do not fear U.S. capabilities may fear the autonomy that such capabilities allow. The U.S. may, for its own reasons, be absent from some regions. During its absence, those who have grown dependent upon it for security in the past could suddenly find themselves with regional problems that the U.S. finds uninteresting. Consequential states will at minimum act to buffer themselves against the caprices of the U.S.⁹ They will try to carve out an ability to act autonomously should it become necessary. Such ability would permit a divorce at a later date. It could support a strategy of buckpassing-- waiting for another truly great power to emerge and bell the U.S. cat, or ultimately a policy of directly balancing the power of the U.S.

⁸ Waltz, "Evaluating," p. 915. "Unlikely though it is, a dominant power may behave with moderation, restrain, and forbearance. Even if it does, however, weaker states will worry about its future behavior."

⁹ "The powerful state will at times act in ways that appear arbitrary and high handed to others, who will smart under the unfair treatment they believe they are receiving." Waltz, "Evaluating," p. 916.

III. The Evidence

A. NATO and Bandwagoning

On the whole, there is considerable evidence of bandwagoning among European states. Many realists expected NATO to weaken after the Cold War ended. Instead NATO has turned into a principal instrument of U.S. hegemony on the Eurasian land mass. Though NATO's military preparations have diminished greatly, as measured by defense spending, its membership has increased. Its doctrine has become more expansive, largely to accommodate the interests of the United States. The NATO command structure has changed in order to make the alliance more expeditionary. For their own reasons, or after not-so-gentle NATO encouragement, states are abandoning conscription and building professional militaries that can be dispatched and sustained abroad with fewer domestic political complications. Since at least 1999, NATO's force goals have been increasingly directed toward expeditionary warfare. European states have plans to acquire more aerial tankers, airlift aircraft, and amphibious shipping. Fighter aircraft have been reconfigured to operate more effectively with U.S. counterparts, and to deliver precision guided munitions. An entire NATO command is now dedicated to ensuring that European forces are interoperable with fast-changing U.S. forces.

Critics are quick to point out that Europe's military reformation has been slow, and that European defense spending is on the whole too low. This is to be expected. Most European states, in their NATO guise, are not arming to defend themselves against

agreed threats, or to pursue vital interests—they are arming to make the U.S. happy. Bandwagoning is not a particularly heroic stance, and on the whole it is not surprising that most states don't throw themselves into it. The exception has been the U.K., which trades on a traditional close relationship with the U.S. to play above its weight in international politics—or so its leaders think. Tony Blair speaks glowingly of the virtues of Unipolarity.¹⁰

B. ESDP and Balancing?

The emergence of the European Union Security and Defense Policy suggests that however comfortable bandwagoning with the U.S. has been for most European States, they also want other options. It is no surprise that U.S. officials from both the Clinton and Bush administrations have viewed ESDP with suspicion, and have greeted any steps toward true military autonomy with opposition.¹¹ Indeed, the Pentagon states explicitly

¹⁰ In an April 28, 2003 interview with the *Financial Times*, Prime Minister Blair laid out his preference for a bandwagoning strategy, "Some want a so-called multipolar world where you have different centres of power, and I believe will quickly develop into rival centres of power; and other believe, and this is my notion, that we need one polar power which encompasses a strategic partnership between Europe and America." As reported by Agence France Presse, "Blair Warns against a Europe opposed to the United States," April 28, 2003. <http://news.yahoo.com>.

¹¹ Efforts by France, Germany, Belgium, and Luxembourg starting in the Spring of 2003 to set up what seems to be a small nucleus of a standing operational headquarters that might plan and run EU military operations, have been met with total opposition by the U.S. U.S. Ambassador Nick Burns has called it the "most serious threat to the future of NATO." A special NATO meeting was called to ease the

that the purpose of NATO cooperation with the EU, through a set of procedures known as “Berlin Plus,” is “to prevent the creation of an EU counterpart to Supreme Headquarters Allied Powers Europe (SHAPE) and a separate ‘EU’ army...”¹² One would expect nothing less from a unipolar hegemon.

Though the EU has been interested in Foreign and Security Policy since its inception, most substantive progress has happened since late 1998. It is widely acknowledged that it was the accord achieved by Britain and France at their St. Malo Defense Ministers meetings that launched ESDP on the track of producing some real capabilities—the Military Committee, the Military Staff, the adoption of the Petersberg Tasks, the commitment to the Helsinki Force Goals—i.e. to develop the ability to deploy a force of 60,000 for a range of peacekeeping and peacemaking tasks within six months of a decision to do so, and an ability to sustain the mission for a year. The appropriate forces have been identified. Qualitative lacunae have also been identified and some steps have been taken to rectify them.

Out of deference to NATO, the EU denied itself the ability to command this force independently, and agreed to depend mainly on NATO-SHAPE for the necessary resources to both plan and command any serious stabilization operation. NATO was unable to work out suitable methods for cooperation until political issues associated with

concerns of the U.S., but it apparently failed to accomplish much. See Stephen Castle, “NATO calms US fears of European defence HQ,” *The Independent*, October 21, 2003, <http://news.independent.co.uk>

¹² U.S. Dept. of Defense, *Responsibility Sharing Report*, June 2002, Chapter II, p. 5.

Turkey and Greece were ameliorated. Since early 2003 the EU and NATO have made considerable progress in developing the modalities of EU-NATO cooperation.

Nevertheless, France, Germany, Belgium, and Luxembourg remain dissatisfied with this dependence and intend to find a second way to run an EU operation. This may turn out to be another command structure, but more probably will involve improvements of the national operational headquarters that have been developed in Britain, France, Germany, and Italy since the mid- 1990's, headquarters that have been pledged to the EU in the event of a collective decision to launch a peace enforcement operation.¹³ The option to use these headquarters to plan and command an EU-led stabilization operation, without access to NATO-SHAP assets, was prefigured in the British-French St. Malo communiqué in December 1998.

The causes and timing of ESDP's birth suggest that it is indeed a response to U.S. hegemony. Its limits suggest is not quite a balancing project, but it is certainly an effort by Europeans, including many who bandwagon in their NATO guise, to develop an alternative security supplier.

The discussion that follows is based largely on several dozen interviews conducted in Fall 2002-Spring 2003 among European officials currently or previously

¹³ Stephen Castle, "Italy Brokers Deal to End EU Defence Rift," *The Independent*, October 3, 2003, (Financial Times Information, Global News Wire-Europe Intelligence Wire, 2003), reports an Italian proposal for a rotating team of EU planners to be associated with the existing national operational headquarters in the UK, France, Germany, Italy and Greece.

involved in NATO or ESDP, and exchanges of views with scholars and analysts. I have encountered five different, but not mutually exclusive, explanations for the evolution of ESDP in the last decade:

1. E.U.-ism. ESDP is simply a logical extension of the Common Foreign and Security Policy, which itself arose merely from a recognition that an economic bloc and loose political entity the size of the European Union would inevitably be a global political player. Thus it would need a foreign policy, and a foreign policy is nothing without some kind of defense policy. This view is most often heard in EU official circles, and also among small state members. While this view is widely held, if it were the driving force, it would have predicted more progress earlier. Most ESDP progress came after 1998—i.e. well after the Maastricht and Amsterdam treaties. Nonetheless, this view makes it politically difficult to undo what has been done. ESDP is sticky.

2. Britain needs an EU role that plays to its strengths. Though Britain's political class and people on the whole remain skeptical of the EU, the country has long since made the choice that it is safer to be in the EU than out. That said, Britain is still not ready to adopt the Euro and accept the constraints that would accompany that move. The other three greatest powers in Europe are in the Euro, so those Britains who wished to play a significant role in the EU were casting about for another mechanism. Prime Minister Blair was foremost among them, and military capability is a British specialty. As one of the two biggest defense spenders in the Union, and acknowledged even by the French as its most accomplished military power, ESDP provided an issue where Britain could lead—pursuing both prestige and power in the EU. Moreover, the British

understand that once the EU launches a project, that project will proceed. British officials note that sitting out an EU project now just guarantees that Britain will come in later anyway, and in a disadvantageous position.

3. “Capabilities, capabilities?” In this view ESDP was and is little more than a sales tool for NATO’s force goals. Britain and France, each for their own reasons, were looking for arguments that would produce more serious attention to defense issues in Europe than emerged in the early 1990’s. They were and are the two big defense spenders in Europe (together they provide roughly 45% of the defense spending of the 15); they are the most serious about having genuinely use-able capabilities, including capabilities with some strategic reach. NATO pleas lacked the political “sizzle” to elicit serious defense reform efforts from most European states. Indeed, NATO could not prevent, slow, or stabilize the significant reductions in defense spending that occurred during the 1990’s. The EU, however much it is derided by European publics, has more appeal. The fact that the EU’s own force goals are so similar to those of NATO, in spite of the clear differences in their chosen missions, supports this point. But what were the respective British and French reasons for wanting more capabilities out of the rest of Europe?

3.a.) Britain was interested in more European military capability to improve British influence, prestige, and autonomy. They believe that the U.S. will take Europeans more seriously if they deliver some useable capabilities to NATO. Furthermore, if Britain is seen as the agent of these improvements, its standing with the U.S. would rise. Finally, British planners discovered during their first major post-Cold War defense

review that they simply could not afford all the capabilities that they wanted Britain to have—for its own security reasons. Britain's European allies looked like a possible source for these capabilities.

3.b) Jacques Chirac asserts that it is a multipolar world and French diplomats are quick to echo this point.¹⁴ It is more an expression of intent than of fact, but it suggests the French are strongly interested in building up Europe's power position. France has had the longest standing interest in an independent European defense capacity. When queried about French interests, other European officials and academics are quick to intimate that France has ambitions. Some assert that the French simply want to drive NATO out of Europe. Others suggest a more plausible and subtle strategy, consistent with the public statements of French leaders that Europe will only get a voice in world affairs if it can stand on its own. Though this sounds like the British position, it is somewhat different. French planners know that Europeans cannot pursue a more autonomous policy, which France favors, if Europe cannot take care of itself. A practical defense organization and enhanced capabilities are thus necessary. French leaders may also believe that Europe needs the strategic option to "exit" its relationship with the U.S.,

¹⁴ "In every meeting with our European partners I observe a new state of mind, summarized in one wish: that Europe may be able to enlarge its voice in the administration of world affairs and above all in our continent's affairs. That it may assume its responsibilities, that it may act in favor of a balanced, multipolar, and law-respecting world." Jacques Chirac, "A Responsible Europe in a Renewed Atlantic Alliance," Speech to the Assembly of Atlantic Societies, October 19, 1999, Strasbourg France, www.dgap.org/english/tip/tip2/chirac191099_p.html

if Europe's views are to be taken seriously by the U.S. Ironically, the words of a former British official, Sir Rodric Braithwaite, capture French reasoning perfectly: "A junior partner who is taken for granted is a junior partner with no influence. In dealing with the Americans we need to follow the basic principle of negotiation: you must always make it clear that you will, if necessary, walk away from the table."¹⁵

5. "Balkan Failures—Never Again." ESDP aims to give Europe the capability to deal with the Petersberg Tasks, i.e. tasks of crisis management, peacekeeping, and peace making. These were the tasks that the U.S. did not want NATO to take up at the outset of the Balkan wars, and which Europe could not then address. The EU did try to wield its economic clout early in the Balkan crisis but it proved inadequate to the tasks. Experts and participants differ on whether the Bosnia War or the Kosovo Crisis, or the second following so hard on the first, provided the primary impetus. It is striking that no significant progress on European capacities was made until the British and French agreed at St. Malo in 1998 that such capabilities were essential, which suggests that Bosnia alone was not embarrassing enough. Many suggest that Prime Minister Blair in particular was deeply frustrated by the fact that Europe was still dependent on NATO and the U.S. to do anything militarily about the emerging Kosovo crisis in 1998. At least two lessons were drawn from the Balkan experience: for some crises only military force will do; the U.S. would not always be interested in problems on Europe's periphery.

¹⁵ Sir Rodric Braithwaite, "End of the Affair," *Prospect*, May 2003, www.prospect-magazine.co.uk/ArticleView.asp?P_Article=11914.

The conduct of the Kosovo War also helped spur the EU's efforts. Though NATO's first war is publicly lauded as a great success, there were problems. NATO's command structure did not really run the war; the U.S. is said to have relied much more on the EUCOM command structure. European officers were excluded from tactical planning that involved stealth aircraft. US military commanders complained of micro-management of air attack targeting by the civilians of the North Atlantic Council—a charge that most European officials hotly deny. Europeans complain that the U.S. did not generously share important intelligence information with them. Finally, General Wesley Clark came close to producing a diplomatic disaster when he proposed to race the Russians to the Pristina airport—a project rejected by the British commander on the ground. Though these concerns are not the first ones raised when the lessons of the Balkans are cited, they are often raised.

C. Summary

A review of the timing and the reasons for this development suggests that they can largely be traced back to the problem of Unipolarity. France does provide a permanent pressure for a more autonomous Europe—i.e. promotes pure balancing behavior, though this antedates the end of the Cold War. For others, the strategic rationale centers on the creation of options. The UK joined this effort out of dissatisfaction with dependency on the US, the implications of which were manifest in the Balkan Wars. Other European states joined largely for the same reason, though “EU-ism” also provided a motive. Had Britain not joined with France to take a leadership

role, most agree that little would have been accomplished. Britain joined for other reasons as well. British defense planners could not afford all the capabilities that they wanted in order to maintain their own decision-making and military operational autonomy. Europe was a plausible place to develop these capabilities. NATO would have been the preferred organization for Britain, but it had lost its sizzle with publics and parliaments. Tony Blair also wished to preserve and expand Britain's role in Europe. After September 11, 2001, Blair seems to have lost interest in ESDP. This is where "EU-ism" plays a role. The EU cannot walk back a project of this magnitude and visibility. U.S. policy on Iraq, another product of the unipolar moment, has succeeded in weakening Germany's once nearly instinctive allegiance to NATO, and produced a much stronger inclination toward an EU security project.¹⁶ Germany cannot entirely replace the UK as an ESDP leader, but its growing support for the project is another factor making it difficult for the EU to reverse course on defense.

¹⁶ I infer this from a number of interviews. The inference is supported by both anecdotes and public opinion polling. For example, an unnamed German editor reports that his editorials arguing that the EU should not be built against the Americans produce a torrent of e-mails to the contrary. See William Pfaff, "US Message: Who Needs Allies?" *The Boston Globe*, April 27, 2003, p. E11. A recent poll reports that "Germany, the long-time American ally, now expresses an unambiguous preference for Europe over the United States." In 2002, 55% of Germans polled said that the EU was more important than the U.S. to Germany's vital interests. By 2003, 81% of Germans polled said the EU was more important. See The German Marshall Fund of the United States, *Transatlantic Trends 2003, Key Findings*, pp. 3,9.

IV. The Consequences of ESDP for Transatlantic Relations

ESDP has provided Europe with a limited capability. Some Europeans want to use it. Insofar as the US is busy, it seems likely that the EU will soon take responsibility for securing the peace in Bosnia, and shortly thereafter, take responsibility for Kosovo. If ESDP mission are successful, the project may attract more public and elite support. If so, the resources devoted to Europe's security project may also increase and Europe's autonomous military capabilities will grow.

If this comes to pass, ESDP is likely to complicate U.S.-E.U. relations in three ways.

First, because of its peculiar relations with NATO, ESDP gives Europeans a way to encourage the US to be more interested in Europe's special security concerns than would otherwise be the case. Europeans have strong interests in peace and order on Europe's periphery, including the suppression of civil conflict. NATO has taken on these missions, but it has also taken on missions farther afield, in order to satisfy the U.S. It is clear that the U.S. has a strong interest in preserving NATO's primacy on the continent. If Europeans were to propose to NATO a mission that they thought was important, but that the U.S. thought unimportant in its own terms, the U.S. now has a second reason to approve the mission—to keep it out of the EU's hands, and to avoid the prestige loss associated with a success. The EU will have a certain agenda setting power in NATO. The U.S. is not going to like this.

Second, the maturation of the ESDP will produce Europeans who are increasingly convinced that if they had to do so, they could provide for their own security. This is not a prediction of an EU ready to compete with the US. It is a prediction of an EU ready to look after itself. This will not happen soon, but given the planned pace of European capabilities improvements, a more militarily autonomous Europe will appear viable in a bit less than a decade.¹⁷ As consciousness of this fact grows, Europeans can be expected to speak to the U.S. inside and outside of NATO with greater expectation that their views will be taken seriously. The U.S. will have decisions to make about how it wants to

¹⁷ I base this estimate on the pace of certain key enabling military assets such as airlift, and reconnaissance, communications, and navigation satellites. For example significant deliveries of the A400 airlift aircraft are now planned for the period 2009-2012. See Sergio Coniglio, "A400M, An-70, C-130J, C-17: How Do They Stand?" *Military Technology*, Vol. XXVII, Issue 7, 2003, p. 58. Skynet 5, a sophisticated European designed and built military satellite communications system that will mainly serve the UK is expected to be fully operational by 2008. See Craig Hoyle, "UK Concludes Skynet 5 deal," *Jane's Defence Weekly*, (vol. 40, no. 17) October 29, 2003, p. 3.; The first test models of the Galileo navigation satellite must be in orbit by early 2006. See Dee Ann Divis, "Military role for Galileo emerges," *GPS World*, Vol. 13, No. 5 (May 2002), p. 10. www.globalsecurity.org; Several European satellite reconnaissance programs should yield useable assets over the next few years, including the French Helios 2 optical and infrared imaging satellite (2004), the German SAR Lupe radar imaging satellite (2005), the French ESSAIM Communications Intelligence satellites (2003-2004). See *The New Challenges Facing European Intelligence—reply to the annual report of the Council*, Document A/1775, Assembly of the WEU, June 4, 2002, paragraphs 81-84,104.

conduct its foreign policy and in particular about how much it cares about Western Europe relative to its other international projects.

Third, insofar as US officials already recognize that ESDP is and will be a complicating factor for them, they have decisions to make about the U.S. attitude toward the project. On the whole, U.S. officials have supported the project—but only with the understanding that it will provide Europe with no truly autonomous capabilities. When it appears otherwise, they oppose, and oppose clumsily. The more the US opposes the project, the more suspicious many Europeans become about the ultimate rewards of bandwagoning with the U.S. in the context of NATO. U.S. overt opposition may produce the very capacities that the U.S. opposes. Given U.S. power, and consciousness of its power, it is not obvious that the U.S. will find a subtle way to deal with the EU defense efforts. This will add more friction to the transatlantic relationship.

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