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A PRELIMINARY NOTE ON SETTING "CONVERGENCE CRITERIA" FOR EU SECURITY AND DEFENCE POLICY

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1. A new environment for a common European defence policy

In the light of the present, unexpected acceleration of the debate on a Common Defence Policy, some factors of news have to be stressed:

a) the first important element of news is that current proposals tend to place European Defence inside the legal borders of the European Union. Compared with the past range of different options it is a great advancement. For example, the Reflection Group in 1996 offered four different possibilities for the relationship between WEU and EU.

- a full autonomy of WEU, just with a reinforced partnership with the EU;
- a closer link between the EU and the WEU to allow the Union to direct the WEU for Petersberg tasks;
- incorporation of Petersberg tasks into the CFSP (as it was in fact realised);
- a gradual integration of the WEU into the EU.

Today the political tendency, as reaffirmed in the Cologne European Council, is toward a quick integration of some WEU's functions into the EU framework, namely the second pillar (CFSP). Point 5 of the heads of governments June Declaration states that "...the General Affairs Council (has the task) to prepare the conditions and the measures necessary to achieve these objectives, including the definition of the modalities for the inclusions of those functions of the WEU which will be necessary for the EU to fulfil its new responsibilities in the area of Petersberg tasks.....In that event, the WEU as an organisation would have completed its purpose".

b) the second element, as a consequence of the previous, is that relations with Nato will increasingly become a competence of the EU at the expense of WEU, which was considered till recently the proper pillar for representing Europe inside Nato.

If this happens, the concept of European Security and Defence Identity (ESDI) will gain a new political dimension and represent a powerful factor for a deep reconsideration of transatlantic relations.

c) an emerging third element of news is that member states (among them, UK) do not exclude the possibility of a new revision of the TEU in order to include some of the new proposals on European Defence (e.g., the repositioning of enhanced cooperation in the second pillar or a protocol on art. 5 WEU to be annexed to the Treaty). A first deadline might be the second semester of year 2000, under the French Presidency of the Union;

d) another important point is the great emphasis that is currently attributed to the issue of defence capabilities. Among several declarations and proposals, the focus on this issue has been recently confirmed at the Nato Summit with the “defence capabilities initiative” in the conventional armament field. A pragmatical approach of this kind has the double advantage both to keep UK linked to a common engagement in the defence field and to convince American Allies of a more serious European move towards a renewed “burden sharing”. At the same time it may help to follow up institutional arrangements in a more relaxed way, avoiding the usual ideological confrontation between pro and anti Europeans;

e) finally a new political climate is surrounding the defence debate, mainly due to the following reasons:

- a common shared concern of direct European responsibility in the Balkans, which has been reinforced by the unexpected great cohesion shown during the two months of heavy bombing over Kosovo and Serbia;

- an American mood of “benign neglect” to the European decision of moving ahead with some practical measures of military co-operation, complementary to the already existing Nato engagements.

2. European Defence: a fragmented and ineffective frame of national policies

But when we come down to reality, the EU as such hardly appears to be up to the challenges it has just decided to meet with Art.17 cons. TEU (the so-called "Petersberg tasks"). Collectively, NATO's European members (including Turkey) count 2.5 million military personnel, and the EU members 1.9, compared to 1.4 million Americans in uniform. Even if most of the European soldiers are individually inexpensive conscripts, the over-manned force structures entailed by this surfeit of largely draft personnel are quite costly, with the corresponding infrastructure, training, and cadres crowding out much needed spending on the sort of equipment needed to cope with the requirements of the post-Cold War era. According to a much quoted analysis made by the Brookings Institution, the European members of NATO's aggregate budget expenditure on defence amounts to 60 per cent of the US total (63 in 1997), whereas their capacity to project military force abroad is around 10-plus per cent of Washington's. The problem, in other words, does not lie with spending *per se*, also because the EU does not have the United States' ambitions for global military power projection. The composition and the distribution of national expenditures on defence, however, *is* a problem.

The net result is that, with its 2.5/1.9 million military, "Europe" is hard-pressed to field the few tens of thousands of soldiers required in theatres such as the Gulf War and the Balkans, and is heavily reliant on the US (although some countries, namely the UK and France, do better than others). Furthermore, with more than 60 per cent of the population of the Alliance, NATO's European allies provide 40 per cent of the total defence spending, less than a third of the total equipment spending, and around a quarter of the Research and Development (R & D) spending.

Finally, NATO's 'Allied Force' Operation in former Yugoslavia has dramatically displayed the unbalance in strategic assets between the US and the European allies (and *among* the Europeans themselves): almost three quarters of the aircraft, more than four fifths of the ordinance delivered and most of the intelligence have been provided by the US. Such unbalance heavily influenced the planning and conduct of military operations and has clear political implications.

3. The main objectives of a common defence policy

When speaking about objectives, one has to stick on the provisions of art. 17 of the TEU, which clarifies the limits of possible European joint actions in the military field. Beyond traditional peace keeping, Petersberg Tasks foresee even "peace enforcing", which implies the deployment of military forces with combat capabilities. Clearly this doesn't mean large scale military interventions, but nevertheless it requires the recourse to military means and forces for their use in conflict operations. In order to assure the implementation of this general aim, there might be two possible strategies:

- a first one might be addressed to the rationalisation of the existing European military posture, through the elimination of unnecessary duplications and a certain degree of harmonisation of national programs in the sectors of force structure, investments, procurements, and so on.
- a second option might be represented by a consistent common effort to go beyond a necessary first stage of rationalisation and start a common European program of military development, ranging from intelligence to strategic lift, from rapid deployment forces to higher investments in R&D.

More in general, the accomplishment of the objective of an autonomous European capability in the military field requires a careful assessment of common needs and tasks, a kind of European Defence Review. Consequently a process of rationalisation and convergence might start with the aim of building up a common program of military development.

4. Capabilities and criteria

Generally speaking, the need to downsize and restructure is widely acknowledged across the EU. Yet within it there is an extraordinary diversity of situations in terms of a) conscripts vs. professional soldiers, b) availability of rapidly deployable forces, c) manpower vs. population, d) defence budget share of the overall spending, e) public expenditure per military person. Usually, the UK lies at the one end of the spectrum, Italy and - alternatively - Greece (conscripts and manpower) or Belgium (expenditure) at the other.

There is plenty of scope, therefore, for more coordination in restructuring as well as investing. And if it is somewhat unrealistic to consider adopting treaty-based, legally binding "convergence criteria" along the pattern of EMU, it would not be out of place to aim at a collective effort towards some convergence of goals and means - in order to reap political

benefits combined with efficiency gains - and to earmark some common policy targets to be met in the medium term. Experience has also shown, in fact, that in most EU countries painful reforms are more readily accepted if they can be shown to be part of an agreed EU-wide endeavour: European Commissioner Emma Bonino suggested a few months ago (FT, Feb.3, 1999) to try and replicate the EMU logic - objective convergence criteria plus a timetable - not only for defence but also for CFSP in general. Yet her proposal was weak in that it entailed no compelling rationale for what she called DMU, Diplomatic and Military Union. The key to the policy dilemma, however, lies precisely there: how to make such convergence not only desirable but also profitable and, therefore, feasible.

In order to address this question, it might be useful to divide, as Stefano Silvestri did in an unpublished paper, the "macrodefence" convergence criteria into two main categories: economic criteria from one side and military criteria from the other.

5. Economic defence convergence criteria

Among the many possible convergence criteria in the economic field, the most important are the following:

- roughly comparable levels of defence expenditure in proportion to the GDP: a *minimal* quantitative threshold could be set e.g. at 2 per cent of GDP - as recently suggested also by French Defence Minister Alain Richard - but with some qualifications. In fact, this is already the *average* level for NATO's European allies, according to the NATO-SIPRI definition: below the 2 per cent threshold, however, still lie such countries as Germany, Italy, Spain, and the Benelux countries. So do also four out of five EU non-aligned countries (the sole exception being Sweden) as well as Hungary - among the three new Central European members of the Alliance - and, of the possible candidates for NATO/EU accession, Slovenia (IISS Military Balance 1998/99). Yet if one does not include 1) staff pensions, 2) special police/paramilitary forces (such as the French *gendarmerie*, the Italian Carabinieri, or the Spanish Guardia Civil), and 3) nuclear expenditure (for France and Britain) - as it would be only fair for a *common* policy target - the overall result would be a net increase in spending for almost all EU countries. By contrast, if one does include them all, the 2 per cent common threshold would change very little. Furthermore, such medium-term commitment would have to be accompanied by an immediate pledge *not* to reduce defence spending (per person) any further.

Even defence spending, however, is worth being addressed at the level of the first pillar in that it impinges upon national fiscal policies. In fact, it would be impossible to make such common policy targets compulsory, or to envisage EMU-type rewards and penalties. Furthermore, here market forces do not play the same role as in EMU. At the same time, setting and monitoring them as purely indicative targets (as is the case now with employment policies) would make the exercise almost pointless and, above all, ineffective - given also the particular nature of security and defence as "public goods" and the still overriding advantages of "free riding".

- defence budget and EMU stability pact: a possible way to put additional incentives on qualifying and raising public expenditure on security and defence - given the constraints of the Stability Pact, the lack of visible net gains comparable to EMU compliance, and the prevailing mood among EU citizens - would be its temporary/partial exclusion from the accounting rules of the Stability Pact itself. Such exclusion could prove vital for countries whose budget deficit is already dangerously close to the 3 per cent of GDP threshold: Italy and Belgium, for instance, are at the same time the biggest overall spenders and the smallest defence spenders (in percentage of GDP) among the Fifteen. If openly linked, for instance, to a widely shared political goal such exemption, or suspension, could find higher acceptance in European public opinion and also significantly lower the risk of "free-riding" (especially on the part of the smaller and non-aligned countries, who are indeed big aid donors as well as active players in "Petersberg missions").

Such temporary exemption/suspension may be of a general and/or a specific nature. The former would make policy convergence much easier, but may also meet political obstacles in that it would set a far-reaching precedent for the Stability Pact: in other words, it could be seen as a political wedge into fiscal discipline and as a tool to break EMU rules. It could be more acceptable and defensible if limited, for instance, to R & D expenditure and/or to industrial procurement. Finally, it should be temporary and verifiable: its time frame should coincide with the overall 'convergence' process.

- common defence procurement: the goal here could be the establishment of a more effective common market by building upon the OCCAR Treaty (Organisation Conjointe de Cooperation en matiere d'Armements, loosely set up in 1996) recently signed by France, Germany, Italy and the UK - with the Netherlands and Belgium, plus perhaps Spain and Sweden, as interested partners - and by aiming at a more flexible approach to the protectionist barriers still enshrined in Art.223 of the EC Treaty (now Art.296 cons. TEC). Such market opening would in turn allow to try and extract parallel/comparable concessions from the United States.

- finally, of course, more and better European cooperation/integration in the industrial field, as urged also by the St.Malo Declaration. Yet these last two points seem particularly hard to conceptualise in terms of common quantitative or functional criteria. In the latter case especially, the main driving factor is the market itself: mergers and acquisitions, in fact, have already become a common feature all across the continent. Yet the market may work both ways and, in fact, what happened at the end of 1998 with the BA-GEC Marconi merger inflicted a serious blow to the growing hopes for the creation of a European (British-German-French) military aerospace industry.

6. Military convergence criteria

In this field, too, one might indicate several criteria (e.g. strategic lift, intelligence, satellite communications), but at least two criteria appear essential for starting a convergence process.

- gradual or at least partial professionalization of military personnel, with the aim of achieving common rapid reaction capability and interoperability. The overarching objective would be the availability of highly specialised personnel for Art.17 missions, no matter how many conscripts each EU country may wish to keep for territorial defence or for other reasons: Greece and Finland, who still feel they have potential direct military threats to face up to, or Germany may be affected by such concerns. This would be, in other words, a good case for applying 'subsidiarity' to meeting common requirements. The decision recently taken by the European Council in Cologne to gradually transform the Eurocorps into a rapid deployment force is a first step in this direction, and additional incentives should be put on its enlargement to new participants.

- functional integration of national forces: that is, "no duplication" inside Europe in the first place, or rather further development and better coordination of the already existing bi- and multilateral forces, with special emphasis on (sub-regional) role specialisation. In both latter cases, some combination with the level of expenditure on defence should be considered, whereby countries could contribute to the common endeavour with both money and manpower, but in different blends according to national traditions, means and priorities (land/sea/air ratio, strategic capabilities, equipment, human resources). Here, once again, some 'subsidiarity' would be at work, allowing also to offset and fine-tune quantitative *and* functional goals.

7. Institutional convergence

In principle, such common policy targets would only apply to non-Art.5 crisis management tasks. This would lower the hurdles for 'convergence' in many ways, e.g. by making it possible for NATO and non-NATO members to subscribe equally both to the common policy and its execution. At the same time, it is also true that the dividing line - as the Kosovo crisis, too, has shown - may be blurred: peacekeepers have to be trained and equipped for the full range of military operations, and Art.17 TEU missions can easily escalate to armed conflict, thus requiring substantial political solidarity and adequate capabilities (intelligence, strategic lift, command and control). Developing them in the framework of a common European crisis management policy would inevitably dovetail with a common *defense* policy dimension: the prospect of "EU-led crisis response operations", as envisaged by both NATO's Washington summit's final Communique' and the European Council's Cologne Declaration on security and defence policy, represents a major step in this direction - and a huge challenge for CFSP.

Consequently, some form of institutional/organisational 'convergence' has also to be addressed. In the medium term, in fact, it would make much more sense to achieve congruence of membership among the different bodies and fora involved in the common endeavour - and this not only for political, but also for functional (interoperability) and economic (procurement) reasons. Here, again, the decisions taken at the Cologne summit represent a further step forward: yet the "inclusion" of relevant WEU assets into the EU does not entirely solve the problems of fragmentation and differentiation that still affect Europe's

defence dimension. If a perfect overlap of EU and European NATO memberships seems hard to achieve in the medium term, however, institutional solutions should be envisaged to allow a common *core* of relevant countries to take up the responsibility to promote and enforce such 'convergence' without being blocked by the others.

Clearly, with the progresses made at Cologne, the old "phase plan" set in Rome in 1996 on a gradual integration between the WEU and the EU is already over. Institutional convergence can start immediately with the suggested creation inside the CFSP framework of a Foreign and Defence General Council, a permanent Political and Security Committee, a Military Committee and, finally, a Military Staff. To this new organs, and in order to allow a real institutional convergence, we should consider the role of the CFSP High Representative, who should keep consistency between foreign and defence actions. The High Representative should also take the lead of the new Security Committee as he does with the General Secretariat of the Council.

The Commission, too, should be given the opportunity to enter the game. It would, for example, be wise - and entirely in line with the Treaties - to envisage a clearer role for the European Commission in the implementation of the economic defence convergence criteria, like in the field of industrial cooperation or the R & D dimension.

For sure, such centripetal drive in security and defence policy should be decided through the European Council, which will have to play a decisive role: it could easily be a "common strategy" in its own right (why not ?) and, like EMU, devise a 5-to-7-year deadline for implementation. It could be also linked to more *ad hoc* sub-regional policies, starting with the Pact for Stability in the Balkans. Its implementation should be supervised by a specially created Council of Defence Ministers, following up on the precedents set by the informal ones held during the Austrian and the German EU presidencies. Inside such Council, peer pressure and emulation may soon become additional constraining factors towards convergence.

Finally, the more technical matters - and criteria, such as the actual modalities to set up European Headquarters - should be addressed by a new pol-mil body emanated by the same Council. Over time, such institutional set-up for defence policy would also provide the "socialisation" effect that is badly needed to enforce and strengthen such 'convergence' effort.