

*New hope: A prototype Eurofighter takes off. It is hoped that Eurofighter will herald an era of closer European defence cooperation.*



## More Bang for our Bucks

**Daniel Keohane argues that it's time for Europe to beef up its military capabilities.**

**A**re Europeans serious about defence, or do they intend to remain dependent on the US? EU countries spend roughly 40% of what the US spends on defence, but only deliver between five and ten per cent in real military capabilities. To illustrate: some European troops needed US planes to take them to Macedonia in 2001, because most European armies don't have adequate transport capabilities.

The conflict in Iraq has exposed Europe's lack of military muscle even more than was the case in Kosovo and Afghanistan. The

transatlantic equipment gap is widening, and Europeans are finding it increasingly difficult to fight with the Americans. Moreover, if the US is occupied with other crises elsewhere around the globe, Europeans cannot always expect the Americans to save the day. This is part of the rationale behind the EU's defence policy – namely that the Europeans will be able to conduct autonomous military operations. But without new equipment, European soldiers might not even be able to get to the battlefield on time. As one American newspaper headline described it: “the Americans take the plane, while the Europeans take the train.”

But there are grounds for cautious optimism. 2003 is an important year for the EU's security and defence policy (ESDP). Regardless of their divisions over Iraq, the Europeans have forged common – and fairly effective – policies in the Balkans, which have helped stabilise that region. EU policemen are already deployed in Bosnia, and the EU sent

soldiers to Macedonia on March 31st – the EU's first military mission. Plans are afoot for the EU to take over NATO's military role in Bosnia during 2004 as well. Thus, the EU's much-derided defence policy has finally moved from the drawing board into action.

And while the Iraq crisis has brought out the worst in Europe, dividing ‘old’ and ‘new’, it has also re-invigorated the debate about EU defence. This at a time when the European Convention – an assembly of European leaders currently drafting a new EU constitutional treaty in Brussels – was already producing numerous new ideas on how to develop ESDP. The declaration on defence signed by Tony Blair and Jacques Chirac at their Le Touquet summit in February 2003 built on the work of the European Convention's working group on defence.<sup>1</sup> The Le Touquet declaration was far-reaching – but, because the Iraqi crisis stole the headlines, largely ignored by the

press. The strong emphasis on capabilities in both the Convention defence report and the Le Touquet declaration is crucial. One reason why ESDP lacks credibility is that it has appeared to be more about institutions than capabilities.

### Paper Tigers?

EU governments signed up to a number of military capability goals at the Helsinki summit of 1999. However, those efforts produced only meagre results. To improve its performance, since the beginning of 2002, the EU has its own procurement programme

terrorism, and increasing awareness of the dangers associated with the proliferation of weapons of mass destruction, the present political climate and other pressures on public purses do not augur well for defence spending hikes. However, Britain and Italy have managed to increase their defence spending slightly this year, while France has increased its procurement expenditure.<sup>2</sup> Germany's defence budget has fallen this year although the German Chancellor, Gerhard Schroeder, recently indicated that if Germany were serious about ESDP the German defence budget would have to rise.<sup>3</sup>

430 F-16 fighter aircraft between them. Germany, Italy and the UK operate 570 Tornados. This year those three countries plus Spain will start to deploy Eurofighters. In all these cases, pooling the support operations could yield considerable savings.

There are signs of progress elsewhere: Some countries are pursuing painful military reforms, such as scrapping conscription. France and Spain have already moved from conscription armies to an all-professional military, while Italy is proceeding apace with similar measures. These reforms may free up more money for new equipment. Germany has not yet managed to drop conscription completely, but a series of reforms to the Bundeswehr are increasing the number of 'crisis reaction forces' that are available for operations outside Germany (currently about 50,000).

Smaller countries are also restructuring their armed forces – Sweden is reducing from 29 to eight the number of brigades focused on territorial defence, while increasing the forces available for international deployment. Other small countries are encouraged to develop "niche capabilities" in areas where they already have a comparative advantage. For example, the Czech Republic would continue to invest in its renowned anti-nuclear-biological-chemical units ahead of other types of military assets. Moreover, EU governments have already met all their civilian capability headline goals. The EU can provide 5,000 policemen for international missions – 1,400 of whom can be deployed within 30 days.

## Some European troops needed US planes to take them to Macedonia in 2001, because most European armies don't have adequate transport capabilities.

– the European Capabilities Action Plan (ECAP) – which aims to focus European efforts on acquiring particular crucial assets, such as secure communications, precision-guided weapons, air and sea transport, and air-to-air refuelling.

It is not yet clear what concrete capability improvements the ECAP has brought about, but two important ideas were introduced through the ECAP process. The first idea is the concept of a "framework nation" to take the lead on procuring a particular common asset – the Netherlands, for example, is leading a collective effort to acquire precision-guided munitions, and Spain is doing the same for air-to-air refuelling planes.

The second ECAP innovation is that governments must come up with interim arrangements to fill their capability gaps, if their products are scheduled to arrive years down the line. The A-400M transport plane will not arrive until at least 2007, and in the meantime, Germany is leasing transport planes from Ukraine – the German Ministry of Defence used Ukrainian planes to take its troops to Afghanistan in 2002.

Perhaps more notably, so far the EU has not yet managed to convince member states to significantly increase the amount of money spent on defence. And defence expenditure will have to increase if Europeans are to acquire all the equipment needed. Despite the global campaign against

### Pooling forces

Static budgets are only part of the problem. Europeans also waste much existing financial and military resources, and need to think imaginatively about using their assets more efficiently. One improvement would be for countries to share more assets, and there are signs of some progress in this area.<sup>4</sup> At the Franco-British summit in February 2003, the two governments agreed to improve interoperability among their aircraft carriers, and in particular harmonise activity cycles and training, so that one carrier is permanently available to support EU missions.

Aircraft offer the best opportunities for saving money through pooling because of their high purchase and maintenance costs and the fact that many nations buy the same type. For example, the Benelux Air Task Force combines fighter aircraft from three countries that can be deployed as a single squadron. Such cost-cutting measures also help ensure different armies can work together – a crucial requirement for a successful military coalition.

Given that Europe badly needs more airlift, the EU should create a pool of transport aircraft. It could start with the 136 Hercules C-130 transport aircraft owned by 10 EU countries. In order to achieve significant cost savings, the fleet would have to operate from one main base, and a single planning, servicing and logistics organisation would support the force. Five smaller EU countries own

### Europe's call to armaments

EU governments also need to think more about collective research, development and procurement (RD&P). Funding levels for European RD&P are insufficient for existing needs and unlikely to increase significantly in the foreseeable future. Yet the cost of new military technologies is soaring. It is clear that European governments need to extract more value out of each euro they spend on RD&P.

Many political obstacles have held back armaments co-operation in Europe. Institutions such as NATO and the WEU have so far failed to overcome them. The EU, therefore, should become directly involved in armaments co-operation, as part of its broader defence policy.<sup>5</sup> Only the EU can make member-state governments stick to their commitments. At Le Touquet, Tony Blair and Jacques Chirac signed up to the creation of a new "defence capabilities devel-



*Bush and Blair's close relationship is the exception rather than the rule in current transatlantic relations.*

**Aircraft offer the best opportunities for saving money through pooling because of their high purchase and maintenance costs and the fact that many nations buy the same type.**

opment and acquisition agency”, tasked with encouraging the member-states to boost their military capabilities. The new agency would work on harmonising military require-

ments, co-ordinating defence R&D, and encouraging the convergence of national procurement procedures.

While European governments have been

slow to pool their military resources, industry has been moving ahead. A recent process of mergers and acquisitions has led to new cross-border defence companies emerging. These firms include EADS, a Franco-German-Spanish aerospace company, and MBDA, a four-country missile manufacturer combining British, French, German and Italian interests.

The enterprise Commissioner, Erkki Liikanen, recently urged politicians to integrate their defence markets.<sup>6</sup> The industrial security clause – Article 296 – in the EU Treaties prevents the European Commission from having a significant role in the European defence market. A single



*A US fighter launching an AMRAAM missile. Europe is light years behind the US in defence capabilities at present.*

market for defence goods is unlikely due to the highly sensitive nature of some defence technologies, which governments do not want on an open market.

But other defence goods are not so secretive – many new defence systems use civilian commercial products – and could be

some of the best equipment for better prices across Europe, and not have to purchase certain goods solely on a national basis. With limited defence budgets, European governments can no longer contemplate using scarce defence euros to sustain uneconomic sectors of their national defence industries.

interest of European industry or taxpayers. It would harm prospects for the increasingly close relations between European and US armaments firms. Those relations are essential, so that European companies can increase their access to the huge US market and to secure their future in the face of flat European defence budgets. Nor would a 'Fortress Europe' be good for those European countries that are not major arms producers: they want a healthy level of competition for defence goods, including competition from outside the EU, to help keep down prices.

### **Funding levels for European RD&P are insufficient for existing needs and unlikely to increase significantly in the foreseeable future.**

put on a more open market. Removing some market barriers would help sustain a competitive industrial and technological base across Europe, allowing companies to be more efficient. And a more integrated defence market would save taxpayers money by making it easier for governments to buy

Non-Europeans sometimes worry that any moves towards improving European armaments co-operation will create a "Fortress Europe" – and that non-European defence suppliers would then be excluded from competing for contracts. Such a development would not be in the general

### **An avant-garde for capabilities**

Aside from the much-documented transatlantic gap in military capabilities, there is also a capabilities gulf between EU member-states – a gulf that will widen with the accession of 10 new members in 2004. To overcome this gap, the French and the German governments have proposed that an avant-garde group of states with higher-level capabilities and a willingness to carry

out the most demanding tasks – and a desire to co-operate – should harmonise military planning, pool capabilities, and share tasks.<sup>7</sup>

The final report of the European Convention working group on defence built on the Franco-German proposal, by calling for a “defence Euro-zone”, based on the pre-

paredness, military effectiveness, deployability, interoperability and sustainability of forces). An avant-garde for capabilities would be a major step forward towards improving overall European military effectiveness.

Europe’s armies need much new equipment if they are to carry out the full range of

## While European governments have been slow to pool their resources, industry has been moving ahead.

sumption that participating countries would have certain pre-identified interoperable forces and integrated command-and-control capabilities.<sup>8</sup>

The French and the British governments further refined the “defence Euro-zone” proposal at their 2003 Le Touquet summit, calling on the EU to “set new objectives, both quantitative (including relevant measures of defence expenditure) and qualitative (pre-

missions expected of them, and taxpayers’ money could be better spent. In other words, Europeans need much more ‘bang for their buck’ if they are to play a more effective role in global security.

*Daniel Keohane is the research fellow for security & defence policy at the Centre for European Reform, an independent think-tank in London. He is the author of “Realigning neutrality?: Irish defence policy & the EU”, published by the EU Institute for Security Studies.*

1 Franco-British summit declaration on strengthening European cooperation in security and defence, Le Touquet, February 4th 2003. Available from <http://www.diplomatie.gouv.fr/actu/bulletin.gb.asp?liste=20030205.gb.html#Chapitre1>

2 International Institute for Strategic Studies, “The Military Balance 2002-2003”.

3 Interview with Gerhard Schroeder, Die Zeit, “Die Krise, Die Europa eint”, March 27, 2003.

4 For more on the benefits of pooling capabilities see Kori Schake, “Constructive duplication: Reducing EU reliance on US military assets”, Centre for European Reform, January 2002.

5 Daniel Keohane, “The EU and armaments co-operation”, Centre for European Reform, December 2002.

6 European Commission, “Towards an EU defence equipment policy”, March 11th, 2003. Available from [http://www.europa.eu.int/comm/enterprise/defence/defence\\_docs/com\\_2003\\_113\\_en.pdf](http://www.europa.eu.int/comm/enterprise/defence/defence_docs/com_2003_113_en.pdf)

7 Joint Franco-German proposals for the European Convention in the field of the European security and defence policy, Prague, November 21 2002. Available from <http://www.diplomatie.gouv.fr/actual/declarations/bulletins/20021127.gb.html>

8 European Convention, “Final Report of Working Group VIII – Defence”, December 16 2002. Available from <http://register.consilium.eu.int/pdf/en/02/cv00/00461en2.pdf>



An American C-17 Globemaster touches down. Adequate air transport should be a priority in any new European Defence structure.