



Clingendael

Netherlands Institute of International Relations

Bold Steps in Multinational Cooperation

Taking European Defence Forward

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This report is based on input of a seminar which took place from 23-24 January 2013 in The Hague. The meeting was jointly organised by the Netherlands Institute of International Relations 'Clingendael' and the Netherlands Ministry of Defence and involved civilian and military officials from seven partner countries of The Netherlands plus representatives from the European Defence Agency, NATO and think tanks.

Disclaimer:

The organisation of the seminar was on commission by the Ministry of Defence. However, Clingendael is responsible for the contents of the report.

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Introduction

It is not deniable any more: there is a defence crisis in Europe. Declining defence budgets have resulted in reduced capabilities and – if continued uncoordinated – could even lead to complete loss of military capacities. At the same time, it is safe to say that Europe will have to take up more responsibility for security in its own backyard and that this tendency will continue. This double challenge brings out the necessity to pool resources multinationally to be able to maintain capabilities, address shortfalls and achieve much needed modernisation. Steps have to be taken to bring multinational defence cooperation forward. However, as the record of the last decades has shown, modest steps are not enough: it requires *bold* steps to maintain a credible European defence.

The challenge of doing more with less has put defence cooperation high on the agenda. Deeper defence cooperation, integration and even specialisation are becoming accepted terms. It is increasingly recognised that *de jure* sovereignty without the capability to act is void of meaning. To be sovereign means to be able to deliver security and not just to be autonomous. In recent years, there is a focus on cooperation in so called 'clusters', signifying various kinds of defence cooperation in small groups of countries. The Nordic Defence Cooperation and the British-French cooperation under the Lancaster House Treaty are prominent examples. Countries such as the Netherlands find themselves in more than one cluster: together with Belgium and Luxembourg in the Benelux-cooperation, with Germany and also with the United Kingdom, while at the same time different cooperation formats are found with other partners on various areas, such as procurement, air transport (EATC) and training. Issues of streamlining and political-strategic preferences are in order when a further deepening of this mosaic of cooperation constellations is sought. Working in clusters is undeniably less difficult than trying to work together among the 27 Member States of the EU or the 28 NATO countries, but overall coordination remains a necessity. Fragmentation between clusters is just as much unwanted fragmentation as between countries. The mistake of producing three different fighter aircraft in Europe could be repeated again as current plans concerning the development of MALE-UAVs show. Reforming and consolidating the defence industrial base is a prerequisite. The President of the European Council, Herman van Rompuy, has put European defence on the agenda for the meeting in December 2013. This in itself is a recognition of the urgency of the defence crisis and possibly

opens a window of opportunity. This report addresses two interrelated issues. Firstly, what is the scope for deepening cooperation in clusters and where are the limits? Secondly, how can we coordinate these efforts to close capability gaps and overlaps within Europe and together address the needs for European and Allied security? Is Europe really ready to take the bold steps or will we continue on our incremental path, risking a Europe without defence?

The wider context

It is important to understand the wider geostrategic context and the strategic urgency of a capable European defence. The nodes of power are shifting and the emerging new international system can be described as an *interpolar* world: a mixture of multipolarity which is at the same time characterised by interdependence. In two decades Asia will bypass not only Europe but also the United States in terms of economic power. The OECD predicts that by 2030 the combined economies of China and India will account for 40% of the world economy against 34% for the American, European and Japanese economies together. Military power is also shifting. The United States will remain the dominant military power for the foreseeable future, but Asian defence spending has already surpassed European defence spending (Military Balance 2012). President Obama's Strategic Guidance of January 2012 makes clear that its strategic focus is 'rebalanced' from Europe to Asia. Europe will not be left alone to safeguard its own security, but the United States will and cannot take a lead role anymore. The European-led interventions in Libya and Mali are illustrative of this new tendency.

The European Union is not used to thinking in geopolitical terms nor is it well prepared to function in a multipolar world in which multilateral cooperation loses significance. The 2003 European Security Strategy is concerned with asymmetric threats but does not define the interests Europe has to defend. For instance, if the US interest in the Persian Gulf changes due to US autonomy in energy, this will have an enormous impact on European security. China and India will step into that gap and increase their presence, as they are doing right now. They will then have a role in Europe's neighbourhood which will affect our interests there. Does Europe want to leave this impending strategic vacuum for others to fill? The same is true for the Arctic. Russia is seeking to assert itself again. It also deals with the increasing Chinese influence in Central Asia and a Chinese-Russian tactical alliance there is not inconceivable. The UK and France have a small presence in the Pacific, but the European Union as a whole has a role limited to cooperation with, for example, ASEAN. Europe's own neighbourhood is turbulent to say the least. So what will be the division of labour?

At the end of this year the European Council will discuss security and defence, but the issue still does not seem to be a priority. As the agenda stands now, the discussion is focussed on capabilities, the defence industry and research & technology, but there is no clear vision of what the future potential should be used for. Which role does Europe want to take in the world? The strategic case for Europe to take action in its broad neighbourhood is overwhelming. But also issues such as guaranteeing free trade and energy and resources security need to be discussed.

The strategic urgency is there, but will European countries be able to counter the downward spiral of continuing austerity and losing capabilities by strengthening defence cooperation?

It should not be forgotten that European countries already have a decades long record of military cooperation. During the Cold War countries were responsible for defending their sectors by themselves and did not need to work closely together. This changed with the type of conflict in which the armed forces got engaged after the Cold War. Multinational operations such as in Afghanistan are the rule. But although cooperation in operations is a reality, this cooperation is not so much present in the preparation for operations, in particular in defence planning, research and procurement.

Closing the gap

Can we close this gap between geopolitical urgency and practice of lacking multinational defence cooperation? A problem is that we do not have a clear picture of where we stand in terms of existing capabilities, redundancies and cooperation projects. Also, it seems we have not drawn enough lessons learned from past experiences of international defence projects. Both NATO and the EU have taken a number of initiatives and ambitious goal setting exercises over the past years, but so far the real deliverables are limited. The financial crisis gave new impetus to capability development with doing more for less. The practical outcomes of the Defence Cooperation Initiative, Smart Defence, the Helsinki Headline Goals, the Ghent initiative, ambitious in goal setting as they might be, are disappointing.

A problem is that national capability development is still the benchmark. For multinational defence cooperation to succeed the support of the EU and NATO member states is vital. The European Defence Agency should be attributed the role it was meant to take: to monitor and energise capability development. EDA could well take on larger projects, such as the development of an 'Integrated Battlegroup Plus' or a common fleet of Unmanned Aerial Vehicles. Such projects would signify bold steps. On the other hand, there is also a lot to be gained in the area of enablers of cooperation: testing of equipment, airspace control, common standards, etc. The defence industry is also back on the agenda. Some progress has been made in procurement by the European Commission, but there is no real intra-EU competition. The conservation of national industries is still ring-fenced by countries with a defence industrial base, thereby hampering efforts to pool and share. However, market forces themselves are correcting this situation in the long term. Industries in Europe want to compete on global markets instead of national markets. The ties of the defence industry to the national governments are loosening.

Closing the gap between the geostrategic necessities and Europe's defence capabilities can not only depend on high level political impetus on the one hand and the pragmatic 'can do' solutions that are found in multinational operations on the ground on the other hand. There is another gap to close: the one between multinational cooperation in small clusters and the organisations in which Europe collectively seeks to address its security needs.

Clusters of defence cooperation

1. The cluster approach

European governments have responded to the combined challenge of maintaining and modernising capabilities with declining defence budgets by establishing or reinforcing clusters of defence cooperation. These clusters can reduce costs while simultaneously raising the collective output of European defence. Clusters are structural forms of cooperation and can cover capability development in a wider sense, among them cooperation on procurement of military equipment (based on harmonised requirements), common maintenance, training and education, more widespread sharing of infrastructure and the creation of joint operational units.

2. National sovereignty

An often heard argument opposing deeper defence cooperation is the issue of national sovereignty. Sovereignty can be interpreted in different ways. The traditional explanation of national sovereignty in defence matters is the national prerogative on decision-making for participation in operations. This is unlikely to change. However, sovereignty can also be interpreted in terms of having required capabilities available for operations. Today, many countries depend already (partly) on capabilities provided by others. No single European country is able to conduct complex operations on its own. Even larger countries such as France and the United Kingdom have stepped up their cooperation in order to maintain and modernise capabilities together. So, when sovereignty is defined as the ability to act, this ability depends to a great extent on collective efforts and intensified cooperation between the members of the EU and NATO.

While sovereignty should guarantee the ability of a single nation to act immediately, shared sovereignty is more needed to sustain operations and to increase military power. The sovereignty issue should not be an excuse to avoid 'pooling and sharing'. The pooling and sharing mechanism of European Air Transport Command (EATC) is a successful model in which sovereignty of joining nations is covered satisfactory. EATC has led to a more efficient use of transport capacity and to cost-savings. The Helios earth observation satellite cooperation between a number of European countries is another example.

A sensitive issue are caveats, which are placed on activities of troops in the area of operations. The ability to impose constraints provides governments with sovereign control over the forces that they have deployed. Although it may actually facilitate participation in international crisis management operations, it can also create hindrances with which operational commanders have to cope. The best means to overcome this will be to develop, to the greatest extent possible, a common vision of challenges and solutions. National caveats based on considerations of sovereignty should never be a reason for not contributing at all to international military operations.

3. Conditions for successful defence cooperation

Several clusters of defence cooperation exist today; others might be developed in the future. It is important to recall factors for successful international defence cooperation in order to avoid failure, waste of time and money.

While the list of success factors is much longer, the following general conditions for successful cooperation can be stated:

- like mindedness among partners; sharing the same or comparable 'defence cultures';
- an incremental or step-by-step approach; focussing first on realistic goals and aims;
- develop mechanisms to respect the national sovereignty of joining partners;
- defence cooperation in clusters should be reflected in the national staff structures;
- bold steps in international defence cooperation ask for bold leadership at all levels (military and political);
- a mind shift is needed at all levels;
- focus on opportunities instead of difficulties;
- focus on what can be realised and makes sense in military terms;
- focus on joint, combined and interagency initiatives;
- make use of potential for cooperation all the three models: modular, integration and specialisation (see below)
- sustained political commitment is needed for all types of cooperation;
- avoid frustration among partners by enhancing transparency and management of expectations;
- identify main costs drivers among partners and develop combined initiatives to reduce costs.

4. Deeper cooperation or integration

Keeping in mind the issue of sovereignty, the following models of cooperation can be distinguished:

Modular: partners supplement and reinforce each other, but the modules are autonomous and also deployable without cooperation of the partner (operational cooperation models such as the Belgian-Netherlands Navies (Benesam) and the British-French Combined Joint Expeditionary Force (CJEF)).

Integration: the deployment of a capacity is only possible when both partners participate (mutual dependency model, such as the 1st German-Netherlands High Readiness Force HQ).

Specialisation: partners divide the roles and tasks, specialise and are mutually dependent on the capacity of the other (e.g. the “by default” model of the protection of the airspace of the Baltic States and Iceland).

As the modular model should be the start of deeper cooperation, integration must be the long term ambition of international military cooperation. Goals for integration should be to strengthen, guard and enhance effectiveness of military capabilities, while on the other hand it leads to more efficient organisation of capabilities and in the end it will reduce costs (combined procurement etc.). Nations should be committed to create ‘open (inviting) and transparent’ clusters of cooperation to prevent the countries to develop into a blanket of small, closed clusters of cooperation which do not exploit fully the potential for enhancing international defence cooperation. This applies in particular to areas like air transport, air-to-air refueling, medical and logistics.

5. Possibilities of defence cooperation in existing clusters

5.1 BENELUX defence cooperation

Belgium, the Netherlands and Luxembourg have increased their cooperation, based on a Ministerial Declaration signed in April 2012. Potential areas of clustering currently under discussion are for example: a Joint and Combined Helicopter Command; a single BENELUX para training centre (Schaffen, Belgium); more single education and training facilities and schools; army tactical and live firing exercises; special

forces; medical support; Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) and basic and advanced officer education.

In the long term there may be potential for more far-reaching cooperation, such as collocation of transport aircraft and of fighter aircraft (opening potential for closing air bases in both Belgium and Netherlands); a BENELUX mortar unit (BE light mortars, NL heavy mortars); a BENELUX land transport unit. This would require closer cooperation in various areas, such as planning, procurement and maintenance. National planning and procurement requirements and procedures should be harmonised and a BENELUX identity on different strategic topics should be developed. BENELUX cooperation should lead to strengthening, reinforcing and even downsizing of capabilities in the three nations.

Another option is the inclusion of other countries in various areas of cooperation, as is already the case in the project of establishing a combined para-training school, since Germany has expressed interest to join in for some part of the training.

5.2 German-Netherlands defence cooperation

Traditionally, there is a close cooperation between the German and Netherlands land forces. The 1st GE-NL High Readiness Forces HQ is an outstanding example of bilateral cooperation. Long term cooperation could include other areas as well. A recent Clingendael-Stiftung für Wissenschaft und Politik (SWP) seminar came up with some long term options:

- *Expeditionary forces*: the Dutch 11 Air (Maneuver) Brigade and the (future) German Division Schnelle Kräfte could be reorganised in a combined German-Netherlands Air Mobile-Air Maneuver Force. This bilateral Force could provide an important capacity for European interventions in addition to the CJEF.
- *Comprehensive approach*: the 1st GE-NL High Readiness Forces HQ already has specific knowledge and experience in planning and commanding operations under the comprehensive approach. This acquis could be used for building more structural cooperation, for example by establishing combined education and training facilities.
- *Maritime security*: both countries operate a variety of surface ships and submarines. One could propose a study of possible cost savings that could be achieved by setting up a joint command for Dutch and German submarines, including joint maintenance and joint training, along the

lines of Benesam. Naval cooperation could encompass an industrial dimension as both countries have shipbuilding capacities.

In addition *German-Netherlands air defence cooperation* could be expanded. Both countries have niche capacities with the Patriot missiles (currently deployed to Turkey). In the operational domain, efforts are being concentrated on forming a German-Netherlands staff. This staff should be capable of acting as the core of a tailor-made air and missile defence task group trained during exercises and prepared for actual deployments.

5.3 Belgium, Denmark, the Netherlands and Norway defence cooperation

Defence cooperation between Belgium, Denmark, the Netherlands and Norway could include collective purchase, maintenance and training with regard to the successor of the F-16. Another feasible option is common airspace defence cooperation: the protection of the airspace of these four countries (QRA, renegades, etc).

Nations with declining defence budgets (Belgium, Denmark, Netherlands) will need to save money by adapting their planning and procurement requirement and procedures. Air Force cooperation should take the same format as the current maritime cooperation in Benesam, especially since the Dutch and Belgian transport (C-130) and combat aircraft (F-16) assets are the same.

5.4 Expanding the British-French Joint Expeditionary Force

Based on the Lancaster House Treaty of November 2010, France and the United Kingdom are creating a Combined Joint Expeditionary Force (CJEF) and its deployable Joint Forces Headquarters (JFHQ). The aim is to realise full operational capability by 2016. The CJEF will be suitable as an 'initial entry force' (high in the spectrum), with modular land, sea and air capacities. Other European countries might be invited to provide additional capacities. For example, the BENELUX countries could seek cooperation with London and Paris to explore the potential for Belgian and Dutch air mobile forces and Dutch marines and special forces to join the CJEF.

However, for the time being the CJEF is not open for other nations. By the time the CJEF will be fully operational in 2016, it will be clear what capacities other nations can or will contribute. The willingness to cooperate at this FR-UK initiative could depend on the political mandate (for what operations will the CJEF be used for?).

Improving European capabilities

1. Opportunities and risks of the cluster approach

The cluster approach is widely regarded as the most practical way forward to increase multinational defence cooperation set against the background that the attempts of the EU and NATO over the years have not yielded substantial results. Nevertheless, it also raises questions. Firstly, there is the issue of managing redundancies in capabilities which requires an approach beyond clusters. Secondly, European shortfalls have to be addressed coherently. Thirdly, opportunities for improving capabilities at a larger scale or for guaranteeing interoperability and standardisation beyond clusters might be neglected. Fourthly, clusters can also run contrary to efforts to reform Europe's defence industrial base by limiting industrial cooperation to a small number of countries.

Clusters should be placed in the broader context of the security needs of the European Union and NATO. They have to contribute effectively to improving overall capabilities, in particular by addressing European shortfalls. In a sense 'clustering of clusters' is needed to ensure consistency and coherence of capability development at the European level.

2. Responsibilities

The EU and NATO are clearly responsible for planning and force generation in order to prepare for military operations. But in terms of capability development both organisations are very dependent on defence planning and programming in national capitals. The same applies to activities of clusters. Moreover, clusters seem to become the multinational *work horses* of deepening cooperation in capability development. Also, their agenda's start to embrace capability development in all its aspects: aligning defence policies and plans, launching projects, combining acquisition and through-life management of the same equipment and even technological and industrial cooperation.

EU and NATO should be connected to defence planning and programming in clusters. In a way they should master the horses so they all fit within their stables when needed for operations. The December 2012 European Council has called for "a more systematic and longer term European defence

cooperation”, while the Alliance also seems to be looking for a more clearly defined role with regard to the clusters.

3. Roles

Defence planning itself will remain a national prerogative, even through clusters. The connectivity to the EU (through the European Defence Agency-EDA) and NATO should be based on different elements than in the past: coordination, monitoring and checking are to be the central themes of their involvement in defence planning and programming.

- *Coordination* of member states and their clusters’ efforts to improve capabilities. When overlap is identified, this should be brought to the attention of nations concerned. These countries could explore together additional scope for multinational cooperation. Example: France and the UK are developing closer cooperation between their air mobile/air assault forces in the context of the ‘Combined Joint Expeditionary Force’. Germany and the Netherlands are doing the same for their armies. Clearly, cross-fertilisation would add value and further help to improve interoperable European capabilities for rapid interventions.
- *Monitoring* of the realisation of plans and programmes of the member states and their clusters in order to maintain an overview of progress made. Changes in plans and programmes in capitals could affect other member states/clusters and certainly has an impact on overall capability improvement.
- *Checking* if member states/clusters are giving priority to addressing European and Allied capability shortfalls. If not, ‘early warning signals’ could be given, not by public announcement but rather by bringing this directly to the attention of the nations and clusters concerned. Again, there is a wider aspect, namely that continued investment in legacy capabilities unnecessary increases the pressure on other member states to invest in mostly needed capacities.

The European Council (December 2012) has underlined the need to “facilitating synergies between bilateral, sub-regional, European and multilateral initiatives, including the EU’s ‘pooling & sharing’ and NATO’s ‘smart defence.’”

4. Tools

Recent developments in the EU and NATO offer opportunities for better shaping the roles of both organisations in capability development. The European Defence Agency's Code of Conduct on Pooling & Sharing, agreed in November 2012, is an important step in the EU. It might serve the purpose of 'coordination, monitoring and checking'. At the Alliance the NATO Defence Planning Process (NDPP) is being reformed in order to make it better suitable for capability development in the wider sense (not just 'force planning').

Although Member States have more obligations (in terms of responses) under the NDPP compared to EU-EDA mechanisms, in essence both systems are based on voluntarism. In a way this explains the rate of failure of both the EU and NATO in capability improvement. Member States cannot be forced to adapt their defence plans and, thus, might still invest in legacy capabilities. It seems unlikely that nations will accept 'binding prescriptions' of the EU and NATO with regard to their national defence planning. But there might be room for an approach somewhere in the middle, which would entail elements like increased political pressure, a system of overall capability management and a light mechanism of 'holding member states responsible' for implementation.

For example EDA's Yearbook, to be produced under the Code of Conduct for the first time at the end of 2013, could provide overviews of 'who is doing what', how this impacts on remaining redundancies and shortfalls, and which capability priorities would be left. In addition the EU and NATO should also prioritise the Pooling & Sharing and Smart Defence projects, which is currently lacking.

5. Political steering

It is essential that Ministers of Defence are no longer confronted with technicalities and procedures of defence planning and programming in their EU and NATO meetings. Their political attention, steering and involvement requires a more straightforward approach. Positive elements should take a central place. Too often politicians are confronted with negative messages, while their political interest is to bring good news. Good examples of international defence cooperation should be exploited and serve as examples or starting points for deepening such cooperation.

For a more systematic but politically visible involvement of Ministers in European capability development the following approach could be followed:

- *Firstly*, EU-EDA and NATO should provide Ministers with a clear overview of ‘who is doing what’: which member states and which clusters are addressing which shortfalls in what timeframe? The same overview should also indicate remaining redundancies.
- *Secondly*, Ministers should get a very clear picture of the remaining gaps. This should not be expressed in units or numbers – in the size of telephone books – but rather in more general capability terms. For example: the EU or NATO are still lacking sufficient capability in Air-to-Air Refueling.
- *Thirdly*, Ministers should then focus their deliberations on how to solve the remaining shortfalls: ‘who has already taken the lead with whom on what’ and ‘who will take the lead with whom on remaining shortfalls?’ The plans and programmes of clusters should reflect the intent to close the capability gaps Europe is facing.
- *Fourthly*, EU-EDA and NATO should report regularly on the progress made. Such reports should be short and crisp, indicating progress made in each capability area. These reports should be provided on an annual basis. They should not go through a drafting process of member states, but be presented by the staffs of both organisations.

On the EU side the foreseen EDA Yearbook could be used for this purpose, to be issued on an annual basis. On the NATO side a new format would need to be developed which would equally have to be easy readable, short and concise, using clear explanations and graphics. The results of the NDPP rather than the NDPP content should be presented.

The European Council (EC) in December 2013 provides the opportunity to improve political steering of European capability improvement. It is important to use the occasion to realise a jump forward in European capability development. The idea of launching a ‘Group of Wise Men’ – operating autonomously and not at the expert level – should be considered. Such an independent Wise Men Group could provide further advise how to proceed best and provide more detailed recommendations on how to structurally improve capabilities. The European Council itself should be involved regularly in defence and not on a one-time basis.

Political steering is not just a matter at the EU and NATO levels. It is equally important for the clusters, as shown in the example of the Franco-British defence cooperation which is subject of meetings between the Heads of State and Government of both countries. It is also important to involve national parliaments – in particular the Defence Committees – in international defence cooperation. Currently, national Members of Parliament hardly ever meet their counterparts of partner countries. Such meetings might help to generate political support for improving European capabilities.

6. Industrial cooperation

Without reform and restructuring of the European Defence and Technological Base (EDTIB) capability improvement will be more difficult and in particular standardisation and interoperability will be hampered. Thus, efforts to increase European capability improvement should be mirrored by further consolidation of defence industries in Europe. Again, the European Council of December 2013 provides the chance to push this agenda forward. The Communication of the European Commission – expected in April-May 2013 – will give a first indication of the direction this process of industrial reform and opening up the defence market might take. It should launch a debate with the Member States leading to a common European view with regard to investments, defence industries and technologies that can be considered of strategic importance for Europe.

Moving in one step from the current situation to a fully open European Defence Equipment Market and an EDTIB which resembles other sectors of industry with full competitiveness clearly is a bridge too far. An interim way forward could be to create a Eurogroup of EU member states with most sizeable defence industries within their national territories. Such a group should define the parameters of a level playing field between them and create an open market limited in geographical size. The Eurogroup should be open to smaller member states which have Small- and Medium-sized Enterprises (SMEs) within their borders in order to prevent exclusion of second and third tier companies from the level playing field.

7. Financial aspects

Both the EU and NATO have financial benchmarks for defence spending. The best-known is the 2% defence spending target of the Alliance (minimum percentage of GNP). Both EDA and NATO have a 20%

benchmark for defence investment (minimum part of defence budgets). The EDA also has benchmarks for collective R&T spending (2% of overall defence expenditure) and for collaborative investment in R&T and equipment procurement. It should be noted that all these benchmarks are of a voluntary nature. There are no “penalties” involved when member states do not live up to them. In that sense they are different from the macro-economic targets set for the Eurozone countries. These voluntary financial benchmarks and targets seem to have little or no result. Their use should be discouraged, but they can continue to be used as a tool of measurement.

Common funding could be a way to increase international capability development, but the pressure on national defence budgets makes it very unlikely that Member States will increase their contributions in the foreseeable future. In NATO the aim is to reform the existing common funding, for example by relocating common budget posts for expenditure on more urgent needs than the legacies of the past. On the EU side there is equally little willingness to increase funding in general. The way forward remains the project approach by ‘coalitions of the willing’ (variable geometry). However, big projects are unlikely to emerge in the coming years due to the lack of money. The best possibilities – also in industrial cooperation terms – seems to exist in the category of ‘enablers’ such as air-to-air refuelling. Defence Research & Technology is another area where joint investment should increase for longer-term interests. The Defence R&T Joint Investment Programmes of EDA have proven their value, but the available instrument has not been used to its full potential.

Conclusions and Recommendations

1. A substantial increase in defence budgets is most unlikely in the near future. There is only one alternative: eliminate military surpluses within Europe wherever possible and focus on European shortfalls and priority capabilities by deepening multinational defence cooperation across the board.
2. The sovereignty issue should not be an excuse for abstaining from participation in 'pooling and sharing'.
3. Existing mechanisms like the European Air Transport Command (EATC) and the military earth observation Helios satellite cooperation show that successful models can be developed in which sovereignty of participating nations is covered satisfactory.
4. All three models of deeper defence cooperation (modular, integration, specialisation) should be pursued. The modular model should be the start, but integration must be the long term ambition of the international defence cooperation while specialisation should not be excluded.
5. Nations should be aware to create 'open (inviting) and transparent' clusters of cooperation to prevent countries to develop into a blanket of small, closed clusters of cooperation which do not fully exploit the potential of international defence cooperation. This applies in particular to enablers such as air transport, air-to-air refueling, medical and logistics.
6. Cluster cooperation can take many forms from the military operational level to projects and programmes in the EU-EDA and NATO contexts to ad hoc formations (such as EATC or Helios).
7. Coordinated capability planning (and concept development) is a prerequisite for further enhancing the effectiveness and efficiency of international defence cooperation. A study is recommended to landscape all existing clusters, to analyse the mechanisms in place and to deduct which mechanisms are more or less effective in handling the sovereignty aspects. Based on that work a catalogue of best practices should be issued. The European Defence Agency should play a central role in this work.

8. For the foreseeable future clusters are the best vehicle for deepening international defence cooperation in a structural way. However, clustering of clusters is needed to ensure that all clusters together improve coherently and consistently the capabilities Europe needs most.
9. Defence planning and programming has to move from the national to the international level. Again, clusters provide the best environment for this. But EU and NATO should be connected to defence planning and programming of the clusters for more systematic and longer-term capability development.
10. EU and NATO should focus their defence or capability development involvement on coordination, monitoring and checking of the Member States' efforts. This will help to bring consistency and coherence in European capability development rather than collective defence planning which Member States are unlikely to accept.
11. But voluntarism is too weak. A middle road should be explored, entailing elements like increased political pressure, a system of overall capability management and a light mechanism of 'holding member states responsible' for implementation. The EDA Code of Conduct on Pooling & Sharing could serve a tool on the EU side. NATO's Defence Planning Processes should be tailored to serve the same goal.
12. In order to increase political steering Ministers of Defence should be provided with very clear and readable overviews of redundancies and shortfalls, of 'who is doing what' and 'who will address remaining priorities'.
13. A common European view is required on the priorities for future defence investments, defence companies and technologies which Europe strategically needs. This should be the overall aim of the European Council's involvement in defence. The December 2013 European Council should be the first step. Regular involvement of this highest political level in the EU is badly needed.
14. The end state should be an open European Defence Equipment Market and a true European Defence and Technological Base. However, these are unlikely to emerge in the foreseeable future. Forming a smaller Eurogroup of Member States with defence-industrial interests,

Conclusions and Recommendations

including regarding Small- and Medium-sized Enterprises, could be an interim step.

15. Defence committees of national parliaments should meet each other, starting with cluster countries. They have to provide more support to international defence cooperation.
16. Joint financing of projects and programmes rather than general common funding is the way forward to support European capability development. For longer-term aims joint funding of Research and Technology should be increased through the proven EDA tool of Defence R&T Joint Investment Programmes.

Summaries of key note speeches

Europe and international security

Daniel Keohane, Head of Strategic Affairs, FRIDE, Brussels

The centre of gravity in the international system is shifting towards the BRICS and Asia. The world is becoming multipolar. But there are still global problems such as climate change and free trade, for which interaction is needed and for which interdependency remains. It is difficult to describe the emerging international system. Some suggest that the world is non-polar in which the state has a reduced role, while others have coined the term 'interpolar world' to signify the complex mix of interdependence and multipolarity.

The United States is likely to remain the sole military superpower for some time to come. However, Asian defence spending has surpassed Europe's last year, according to the Military Balance 2012. Chinese defence spending is on an upward trend and may surpass NATO Europe defence expenditure by 2020. On the SIPRI defence spending list EU countries are dropping down, while Arab states and BRICS are rising on the list. Military spending is of course not telling the whole story. There are also a lot of non-state threats and challenges, which cannot be countered by military power only. On the other hand, geopolitics still matter. The 2003 European Security Strategy focusses on asymmetric threats and ignores geopolitics. Maritime disputes in East Asia are increasing, for example between China and Japan. So how is the posture of China and the US, for example, evolving? The European debate of the American Asia pivot is focussed on US withdrawal from Europe instead of European security contributions to Asian security. The US, however, is not so much abandoning Europe as it is rebalancing its priorities.

If the American presence in the Persian Gulf changes due to US autonomy in energy, this will have an enormous impact on European security. China and India will step into that vacuum and increase their presence, as they are doing already. They will then have a strong presence in the European neighbourhood and impact on European interests. The same is true for the Arctic. Russia has to deal with the growth of Chinese influence in Central Asia. France and the United Kingdom have a small presence in the Pacific,

but the EU as a whole has a role limited to cooperation with ASEAN for example. Of course the European neighbourhood is turbulent to say the least. So what will be the division of labour? Europe had to take the lead on Libya and Mali, which is a change from earlier interventions.

The EU's defence policy is hampered by the differences between the big three: Germany is reluctant to use force, the UK to use the EU and France (which is happy to use both force and the EU) is stuck in between these positions. In December 2013, the European Council will discuss security and defence, but it is still not a political priority in national capitals. Moreover, the agenda as it was announced is focussed on capabilities and industry, lacking a discussion of what European defence should be for. A European security strategy should focus on ensuring free trade, energy security, a stable neighbourhood and working with China, Russia and the US. Whether it is with or without the US and rising powers, we increasingly need to take care of our own broad neighbourhood.

Military cooperation in practice

Mart de Kruif, Commander of the Royal Netherlands Army

There are seven elements of military cooperation:

1. Cooperation is a fact and reality on the ground

During the Cold War, someone with a different uniform was probably the enemy. Today, in Afghanistan, one will come across ten or twenty nationalities on a compound. Across the whole 'process chain' of operations and support, all countries operate together taking responsibility of parts of the process. Almost all training at the Netherlands Royal Military Academy is in English and top commanders are posted abroad to gain experience.

2. Cooperation is a must

As needs and costs are rising and budgets are shrinking, it is increasingly difficult to maintain capabilities autonomously. Pooling and sharing is not the full answer: the military need to move away from conservatism and take a next step towards full integration of capabilities and missions. In The Netherlands army tanks have been abandoned, but the forces still train together with German tank units. Furthermore the Dutch army is looking at integration of the Airmobile Brigade with the German *Schnelle Kräfte Division* and is investigating the creation of a BE-NL Brigade. This brigade might be commanded by a UK or French commander in the future.

3. Military cooperation is a strength

There is a paradigm shift at the strategic level. In the past civilian elements were added to military operations. Now military effects are added to to the civilian level. One has a lot of partners to coordinate with but also a huge pool of expertise to tap. The challenge for the leadership is to tap the huge potential of multinational military forces, including civilian elements.

4. Leadership needs to be aware of culture

Knowledge of language and culture in the operational area is important, but also the military and operational culture of partners. To operate effectively one needs to know the differences between the ways of working of various troop contributors.

5. International cooperation requires mission command

Troops need to be told what to do and why, but not how. Commanders on the ground have to be creative and assertive.

6. International cooperation is not possible without daring

Each country has its own restrictions and caveats. Sometimes rules are used as an excuse to do nothing. But one can also try to act in the spirit of the rules and try to do the maximum within them.

7. Every coalition is dependent of the quality of its members

This is not just about capabilities, but also about personnel with a mind-set for cooperation and an openness to do so. The other necessary element is the unconditional willingness to share risks. Coalition members need to be able to depend on each other; fight and die with each other.

The way how we deal with the challenges of military cooperation will be one of the most defining elements of our future security.

Strengthening European capacities

Hilmar Linnenkamp, Adviser, Stiftung Wissenschaft und Politik, Berlin

Capability development

Today, the state of play with regard to defence capability development in Europe is still unclear. NATO and the EU have been taking a lot of initiatives and goal setting exercises over the past years, but the results are disappointing. The financial crisis gave new impetus to capability development to do more with less. Despite former German Defence Minister Zu Guttenberg's proclamation of 'The hour of Europe' with the Ghent initiative, the practical outcomes of Pooling & Sharing initiatives are very limited. The European Defence Agency (EDA) advocates the 'mainstreaming' of international cooperation on capability development, with shows that the national level still takes prerogative. In theory EDA's role is to monitor and energise capability development, but in practice the Agency is neglected and side-lined. Only small projects are successful. Member States have to increase their support and launch large projects, such as a European air defence force, integrated EU Battlegroups Plus and a common European UAV fleet. Major steps forward are needed.

Armaments

In armaments the situation is not much better. There are almost no new common projects. The age of the Eurofighter and NH90 is over. Mistakes of the past are repeated with producing different European UAVs. Large multinational long-term projects are not feasible in light of the budgetary problems. Cooperation fatigue is an issue and national industrial interests still prevail. In that light we need to focus on projects to effectively use our capabilities, and on enablers of cooperation: testing of equipment, airspace control (Single European Sky), common standards, etc. Another suggestion is to make more effective use of existing systems by organising better utilisation, share excess capacities and buy or lease proven capacities.

The defence industry

The defence industry has not been on the agenda for a long time. Some progress has been made, such as in the procurement directives by the European Commission, but there is no real intra-EU competition. The conservation of national industries is still high on the agenda for countries with a defence industrial base. A long-term industrial strategy is needed. Industry itself is reorienting on global markets instead of national markets which are becoming too small. The links between the defence industry and the national governments are weakening.

Conclusion

The conclusion is that a truly comprehensive European view on these matters is still missing. National reactions to the defence crisis do not deliver the best result for Europe. A very sober and radical look is needed of what Member States actually have in terms of capabilities and projects. The EU has large numbers of equipment (e.g. 2000 fighter aircraft and 35000 armoured vehicles), but this is dispersed among countries and of differing quality. Complementarities and cooperation potential has to be identified. EDA can do this, but is not empowered by the Member States to do its job. A high level political initiative would be required for tasking an independent committee to perform an independent European defence review.

Bold Steps in Multinational Cooperation

The title of this report reflects an aspiration: 'Bold Steps in Multinational Cooperation: Taking European Defence Forward'. It is argued in the report that there is a defence crisis on going in Europe, caused by the multiple challenges of budget austerity on the one hand and on the other, increased instability just across our borders and a United States that is looking to Europe to be the first to deal with it. Closer cooperation among the Member States of the EU and NATO on defence is therefore crucial. The report is based on a seminar that was held from 23-24 January 2013 in The Hague to explore new opportunities for defence cooperation and to look into innovative solutions. Participants at the seminar came from seven partner countries of The Netherlands plus representatives from the European Defence Agency, NATO and think tanks. The report formulates a whole range of recommendations to make sure that the relevant military capabilities become and remain available to meet our collective security needs.

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