CHAPTER SIX
ESDP and military reforms

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Fifteen European Union countries spend roughly €160 billion collectively on defence, which is not an insignificant amount of money. And this figure will rise to roughly €175 billion after ten more states join the Union in May 2004. In fact, the EU is the world's second biggest defence spender after the US. However, EU member states spend their defence money very poorly. The EU spends about half what the US spends on defence but the Europeans do not get near half of US military capability. For example, while the US has over 200 long-range transport planes that can carry the heaviest loads, the EU has four – the UK is currently leasing four C-17 planes from the US.

The Iraq conflict in 2003 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. For example, most European armies lack the new communications technologies that allow the Americans to engage in 'network-centric warfare', which allows a commander to watch the deployment of friendly and hostile forces in a battle space, in real time, on a single screen and then order precision strikes.

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 Europe will be able to conduct autonomous military operations. But without new equipment, European soldiers might not even make it to the battlefield. To illustrate, European troops

needed US planes to take them to Macedonia in 2001 because most European armies do not have adequate transport capabilities.

European governments have been slowly reforming their armies since the end of the Cold War, by shifting from a focus on territorial defence to an emphasis on international deployments. But if they wish to continue to fight with the Americans, or conduct a wide range of autonomous missions, Europeans need to reform their militaries further. Military reform is not easy and encompasses a number of areas, such as types of troops, equipment acquisition and development, and doctrine. Europe has only slowly woken from the slumber of Cold War military thinking, and some countries are more awake than others.

However, there are some grounds for cautious optimism. Military reform is now widely recognised at the EU level as absolutely necessary if the EU is to fulfil its security aims. The draft EU constitution (under negotiation at the time of writing) contains measures that will encourage further military reforms in Europe (of which more later). But even if the constitutional treaty is finalised during 2004, when it comes to defence policy, the real challenge for EU governments – particularly in the area of improving their military capabilities – will be to put the agreements they have made on paper into effective practice.

THE NEED FOR MILITARY CAPABILITIES

Europe will not convince anyone in Washington – or elsewhere – that they are serious about the ESDP unless they make good the important capabilities that they currently lack. There is no reason for Europe to invest in many of the high-tech capabilities on which the US spends money. For example, it is not clear that Europe needs dozens of military satellites or miniature robotics for intelligence gathering.

The US, for its part, runs a global military and makes contingency plans to influence (coercively) the behaviour of a great many states. It has a theory of war that depends on wielding blows from the air – including if need be, blows against

societal and industrial infrastructure. Therefore, the US needs a huge range and variety of military assets, which Europe would only need if it shared US objectives. Though most Europeans pay lip service to US objectives and global operations at NATO, it is clear that there is little if any domestic appetite for most of these missions. For example, most of the European countries that supported the US position on Iraq contributed little if anything to the actual fighting because of domestic concerns, though many of these same countries have sent peacekeepers since the formal war ended.

However, if the Europeans are going to operate alongside US forces at all, they do need things like secure communications, the ability to fight at night and satellite-guided bombs. And if they are going to run autonomous EU missions, they will need some very basic types of equipment. For example, the British Ministry of Defence has drawn some lessons from the British capture of Basra in the Iraq war – an operation that would be at the upper end of the range that the EU is likely to undertake. The British only just had enough mortar-locating radars, transport helicopters and roll on-roll off ferries. Most other EU countries would have had even less of such essential equipment.

British and French forces have more of the capabilities that matter than other European countries. For example, Britain and France have air-launched Storm Shadow cruise missiles that they have been jointly developing. However, all EU countries, including Britain and France, need to do more on capabilities.

COMMITMENTS APLENTY

NATO members agreed on a programme, a list of 58 priorities, in 1999, called the Defence Capabilities Initiative (DCI), to focus European procurement efforts on particular needs. By 2002, the DCI had proved to be a failure, as less than half of the programmes were funded. At the NATO summit in Prague in November 2002, NATO governments agreed on a new procurement programme – the Prague Capabilities Commitment (PCC). The PCC, a list of eight requirements, focuses on

critical areas such as secure communications, precision-guided weapons, air and sea transport, and air-to-air refuelling.[1] Fewer and more precise than the earlier DCI, the Prague commitments have a greater chance of being implemented.

Particular governments have agreed to take responsibility for the implementation of each of the eight goals, such as Germany for transport planes. (After years of delay, the German government gave the seven-country A400M transport plane project the go-ahead in May 2003.) Encouragingly, groups of NATO governments signed up to some hard numbers, such as the procurement of ten to fifteen refuelling aircraft and a forty-percent increase in the stock of satellite-guided bombs. Furthermore, the NATO countries finally agreed to develop a fleet of airborne ground surveillance aircraft, on the model of the AWACS early-warning fleet that NATO already has. These aircraft, like all the other new capabilities, would be available for either NATO or EU missions.

At the Helsinki summit in December 1999, EU leaders agreed that the Union should develop a more robust security and defence policy. It was decided that the EU should be able to carry out autonomous military missions, ranging from humanitarian relief to separating the warring factions in a civil war. However, Europe's meagre contribution to the NATO campaign in Kosovo that same year highlighted the continent's lack of military muscle. EU governments therefore also signed up to a number of military capability goals, referred to in official documents as the 'headline goal'. The aim was to set up a so-called 'rapid reaction force' of 60,000 troops, plus additional air and naval forces, by the end of 2003. That deadline has since passed. How did the EU fare?

EU members – old and new – committed 100,000 troops, 400 combat planes and 100 ships to the force. Although these figures look impressive, all these troops and assets already existed and are also available for NATO or UN missions. What is more important – and more difficult to show – is what new equipment governments

1. NATO Prague Summit Declaration, November 21st 2002.

have purchased to satisfy EU requirements. Governments are trying to fill the remaining gaps, but with static defence budgets this process will take some time. The former Chair of NATO's Military Committee, General Klaus Naumann, has observed that the EU will not have a real military intervention capability until at least 2010.[2]

To improve its performance, since the beginning of 2002 the EU has its own procurement programme – the European Capabilities Action Plan (ECAP) – which, like the NATO Prague programme, aims to focus European efforts on acquiring particular crucial assets. More significantly, the EU's equipment goals compliment NATO's in most areas except for network-centric warfare capabilities. Officials involved in the ECAP process claim that 120 out of 144 specified gaps have been filled. Yet some of the remaining gaps are among the most important, such as air-to-air refuelling and transport planes.

But the ECAP did introduce two important ideas that were later adopted by NATO members at the 2002 Prague summit. The first idea is the concept of a 'framework nation' to take the lead in 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 only years down the line. The first deliveries of the A-400M transport plane will not arrive until at least 2009, and in the meantime Germany is leasing transport planes from other countries, like Ukraine. The German Ministry of Defence used Ukrainian planes to take its troops to Afghanistan in 2002.[3]

2. Cited in Douglas Hamilton, 'European Rapid Reaction Force Unlikely by 2003', *Reuters*, March 29th 2000.

3. Sometimes lease assets are not available. In December 2002 Ukrainian transport planes were not available for military missions because they had already been booked to deliver Christmas presents.

Deploying forces

In 2003, the EU sent peacekeepers to Macedonia with NATO's help as well as to the Congo. The EU is likely to run further military missions in the future. US priorities are North Korea, Iran and Iraq. America will not often want to become involved in conflicts in the band of instability that runs around the EU's eastern and southern flanks and stretches down to sub-Saharan Africa. For example, the EU has considered deploying peacekeepers to replace Russian troops in the Transdnistria region of Moldova.

In addition, the EU could play a useful role in giving the UN the rapid reaction capability that it currently lacks. The UN can usually raise enough peacekeepers. What it cannot do so easily is find troops for an intervention force to fly into a crisis zone as soon as bloodshed starts. For example, the UN was unable to intervene quickly enough in East Timor in 1999. The Bush administration is unlikely to provide the UN with US forces. But the EU could be willing to help the UN: countries such as Britain and France have elite forces which can move into a warzone at short notice.

However, even though the EU has more soldiers than the US,[4] most EU states have too many immobile conscript troops and too few elite forces. If the Europeans are going to succeed as peacekeepers and peacemakers, they need to make a big investment in professionalisation (some countries like Britain, France, Ireland, Spain and the Netherlands already have professional forces) in respect of both training and equipment. The new EU member states have only a very limited capacity to engage in high-intensity warfare.

4. The fifteen EU member-states have roughly 1.6 million troops between them, while the US has 1.4 million. The EU number will rise to 1.9 million when ten new states join the Union in 2004. And NATO Europe – which includes countries not yet ready to join the EU, like Bulgaria, Norway, Romania and Turkey – has over 2.3 million soldiers. These estimates are based on figures taken from 'The Military Balance 2003-2004', International Institute for Strategic Studies.

Future EU missions need to deploy rapidly, and when they get there they are more likely to face a problem from guerillas than from conventional tanks and aircraft. The Europeans therefore need more professional troops that can move at short notice, plus special forces which are skilled at using intelligence. That is why, when Jacques Chirac and Tony Blair met at Le Touquet in February 2003, they agreed that the EU should be able to deploy air, sea and land forces within five to ten days. That would be a great improvement on the EU's current plan for a so-called reaction force that should be able to move at sixty days' notice.

In February 2004, the French and British governments proposed that the EU should have seven to nine 'battle groups', each of 1,500 troops, which could be deployed within two weeks. The battle groups should have extensive air and naval support, including transport and logistical support. This proposal also forms one of the criteria for joining the EU defence avant-garde group that is included in the draft constitutional treaty (of which more later).

EU member-states would have until 2007 to meet this commitment, and there are basically three ways that they could do this. First, a government could put together a national battle group. In reality, only France and Britain could do this easily, although Germany, Spain and Italy should be able to develop their own battle groups. For other countries – and perhaps even Germany, Spain and Italy – another option is for a lead or 'framework' nation to form the core of a battle group, other countries joining in to supply some troops or equipment to fill in the gaps of the lead (and main contributor) country.

The third option would be for countries to form fully multinational units, similar to the Strasbourg-based Eurocorps, which brings together soldiers from five countries (Belgium, France, Germany, Luxembourg and Spain). For smaller countries in particular – especially if they would prefer not to just 'plug into' a lead nation – this is a politically appealing way of pooling troops with other countries of similar size and military resources to ensure that they can contribute, and most importantly keep a seat at the EU defence decision-making table. For example,

Estonia, Latvia and Lithuania might find that forming a Baltic battle group is the only way that they could contribute to EU battle groups.

EU leaders should support this initiative and beef up the numbers of elite and special operations forces that are available for EU missions. This effort should reinforce NATO's own plan for a rapid reaction force: the same troops would be available to the EU and NATO. At the November 2002 Prague summit, President Bush called on the Europeans to increase their military might by creating a NATO response force of 20,000 elite troops with supporting air and sea components. The idea behind this force is to make NATO's military organisation more useful for dealing with today's security environment.[5]

There are some signs of progress: some countries are 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. Germany currently has more troops deployed on peacekeeping missions (about 10,000) than any other EU country apart from the UK. By 2010, Germany will have a 35,000-strong 'intervention' force for combat operations and a 70,000-strong 'stabilizing' force for peacekeeping. To pay for this, the Germans are sensibly getting rid of large stocks of weapons that were designed for conflicts that are now unlikely to materialise. There is little point in any European country maintaining large numbers of aircraft that can only deliver 'dumb' bombs.

5. Hans Binnendijk and Richard Kugler, 'Transforming European Forces', *Survival*, vol. 44, no. 3, 2002.

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 being 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 thirty days.

POOLING ASSETS

Static defence budgets and inadequate spending on equipment are only part of the problem. Europeans also waste many of their existing military resources and need to think imaginatively about using their assets more efficiently.[6] One improvement would be for countries to pool more of their military capabilities.[7] In areas such as air transport, the maintenance of fighter aircraft, medical facilities and the delivery of supplies, there is much money to be saved through the creation of pooled operations. NATO's existing AWACS and future airborne ground-surveillance fleets are examples to be followed. Such pooling will require small groups of countries to move ahead and show that it can be done.

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. There is also some discussion in Paris and London about jointly

6. See Antonio Missiroli, 'Ploughshares into Swords? Euros for European Defence', *European Foreign Affairs Review*, vol. 8, 2003.
7. See Kori Schake, *Constructive Duplication: Reducing EU Reliance on US Military Assets*, London: Centre for European Reform, 2002; and Jocelyn Mawdsley and Gerrard Quille, *Equipping the Rapid Reaction Force*, Bonn International Centre for Conversion, 2003.

developing their future aircraft carriers, which are due to come into service around 2015.[8] One member of the European Parliament (MEP) and former head of UN forces in Bosnia, Phillipe Morillon, proposes going much further than the Franco-British aircraft carrier agreement. Morillon suggests that the EU should set itself 'the medium-term objective of providing support, with a European or even a Euro-Mediterranean fleet, for the US Sixth Fleet in the Mediterranean, until possibly taking over from it if the Americans so requested."[9]

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 that 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, starting with the 136 Hercules C-130 transport aircraft owned by ten EU countries. The fleet would be available to EU members, to the EU collectively or to NATO. However, in order to achieve significant cost savings, the fleet would have to operate from one main base, with squadrons dispersed to serve national needs. A single planning, servicing and logistics organisation would support the force. Germany, France, Belgium and Luxembourg pledged to work on a common air-transport command at a defence mini-summit in April 2003. The decision by the French and German governments in July 2003 to set up a joint 'top gun' school for their attack helicopter pilots and mechanics is also a small step in the right direction.

Similarly, five of the smaller EU countries own 430 F-16 fighter aircraft between them. Germany, Italy and the UK operate 570 Tornadoes, and since 2003 these

8. *International Herald Tribune*, 'France acts to cooperate on new carrier', February 16th, 2004.
9. European Parliament, 'Draft Report on the new European Security and Defence Architecture', February 5th 2003: http://www.europarl.eu.int/meetdocs/committees/afet/20030324/471701en.pdf

three countries plus Spain have started to deploy Eurofighters. In all these cases, pooling the support operations could yield considerable savings.[10]

EU leaders also need to pay more attention to the military potential of space-based technologies. The current focus of European space efforts, Galileo, a satellite navigation system due to be launched in 2008, was originally conceived as a civil project but could perform some military tasks. For example, many of America's 'smart' bombs and cruise missiles in the Iraq war were steered towards their targets by satellite navigation signals. Similarly, European soldiers on peace-support missions in the Balkans or elsewhere could use Galileo to define their positions or steer their munitions.

Europe also needs its own intelligence-gathering assets. This is because access to as much good information from as many sources as possible is the most important element for any military operation that Europe can expect to launch in the coming years. The French already have two small spy satellites, and more powerful satellites are due to be launched in 2004. Germany is building a series of radar observation satellites that can look through clouds. Helpfully, the output from these satellites will be made available to their European partners. Five European countries (Belgium, France, Germany, Italy, Spain) are currently working out a list of common requirements for their future observation systems, but this process should go further towards the building of an integrated, common observation system. The benefits to Europe would be enormous, and the costs are not prohibitive. According to French military chiefs, a European observation system would cost slightly more than €2 billion over ten years.[11]

As well as sharing assets in the sky, Europe should also pool more intelligence assessment on the ground. The EU's draft constitution says that the EU should

10. Tim Garden and Charles Grant, 'Europe could pack a bigger punch by sharing', *Financial Times*, December 17th 2002.
11. Brigadier General Daniel Gavoty, 'L'espace militaire: un projet fédérateur pour l'Union européenne', *Défense Nationale*, October 2001.

'regularly assess the threats facing the Union in order to enable the Union to take effective action'. The thinking behind this clause is correct. Member states are already making tentative moves towards sharing more internal security intelligence assessments at the EU level through Europol.[12] The Situation Centre in the EU Council Secretariat assesses some military intelligence from member states, but EU governments should increase the number of political assessments they share with their EU partners.

HOW TO SPEND IT

Perhaps more notably, so far the EU, like NATO, has not yet managed to convince member states to increase significantly the amount of money spent on defence. In fact, despite the global campaign against terrorism and the 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 rises in defence spending. However, Britain managed to increase its defence spending slightly in 2003, while France has increased its procurement expenditure.[13] Germany's defence budget, on the other hand, will be slashed by almost €30 billion from 2004-2009. This means Germany is on track to spending a measly 1 percent of its GDP on defence. By contrast, Britain and France spend roughly 2.5 percent of their GDPs on defence, while Italy is close to 2 percent, the Netherlands about 1.6 percent, and Spain spends an under-whelming 1.2 percent of its GDP on defence.

Four countries provide roughly 75 percent of EU defence spending – the UK and France (45 percent) and Germany and Italy. Add the Dutch and Spanish defence budgets to the four bigger countries, and these six account for 86 percent of EU spending. Even if the other nineteen EU countries re-programme their defence

12. For more on this, see Adam Townsend, *Guarding Europe*, Centre for European Reform, May 2003.
13. *The Military Balance 2002-2003*, International Institute for Strategic Studies, London.

spending and focus on 'niche' activities, how the six largest (and richest) countries spend their defence budgets has an enormous impact on overall EU figures.

Although increasing defence spending has become something of a mantra in the European debate, the political realities are such that defence expenditure is unlikely to increase significantly in the foreseeable future. However, even if they are unable to increase their defence budgets, European governments must at least spend their existing financial resources better by spending more on research, development, and procurement. The US spent $40 billion on research and development in 2001, whereas France, Germany and the UK – the main European purchasers and producers of arms – spent a total of approximately $7 billion. Moreover, while the US spent $60 billion on procuring new equipment in 2001, France, Germany and the UK combined spent just $16 billion.[14]

One improvement would be if the share of spending on procurement and R&D could be raised to the same level as in the UK and France (which serve as the benchmark). Currently the divergence between EU members is massive: the UK and France spend roughly 35 percent of their total defence budgets on procurement and R&D, compared to Belgium, which only spends 10 percent. Collectively EU member-states spend €40 billion on procurement and R&D out of a total defence expenditure of €160 billion. Apart from Britain and France, only Portugal, Finland and Sweden spend one-third or more of their defence budgets on R&D and procurement.

EUROPE'S NEW DEFENCE AGENCY

European leaders also need to improve how they cooperate in purchasing and developing weapons systems. It is clear that European governments need to extract more value out of each euro they spend on research, development and

14. *Strategic Survey 2001/2002*, International Institute for Strategic Studies, London.

procurement (RD&P). EU governments therefore need to think more about collective RD&P. Many political obstacles have held back armaments cooperation in Europe, and institutions such as NATO have so far failed to overcome them. NATO lacks the authority and mechanisms to force governments to meet their commitments. The EU should therefore also become directly involved in armaments cooperation as part of its broader defence policy.[15] Given its relative success in forcing governments to do what they signed up to in other policy areas, only the EU is likely to make member state governments stick to their commitments.

In February 2003, Tony Blair and Jacques Chirac agreed to the creation of a new 'defence capabilities development and acquisition agency', tasked with encouraging member states to boost their military capabilities. The new agency would work on harmonising military requirements, coordinating defence R&D and encouraging the convergence of national procurement procedures. EU leaders backed the Franco-British capabilities agency at the Thessalonika summit in June 2003, and the agency should become operational during 2004.

The agency falls under the general responsibility of Javier Solana, the EU's High Representative for foreign and security policy, and Nick Witney, a Briton, will head it. At the beginning the agency will not have a procurement budget, so it will not buy equipment, nor manage multinational programmes. Instead its first task will be to coordinate the existing network of bodies involved in European armaments cooperation.

The first such body is OCCAR, a four-country organisation that brings together Britain, France, Germany and Italy. OCCAR's key task is to bring about more efficient management of multinational armaments programmes. OCCAR's first major programme is the seven-country A400M transport plane, which is being built by Airbus. The second body that the EU agency will cooperate with is the Western European Armaments Organisation (WEAO), which has nineteen

15. Daniel Keohane, *The EU and Armaments Cooperation*, Centre for European Reform, 2002.

member states and promotes cross-border R&D projects. However, WEAO has not had much success so far, mainly due to a lack of funding – it receives less than one per cent of the €10 billion spent each year on defence R&D in the EU.

A third issue the agency will address is the integration of the EU's defence market. Governments have allowed some cross-border consolidation in the defence sector, which has led to the creation of cross-border companies, like the Franco-German-Spanish firm EADS. However, the European defence market, unlike its comercial cousin, remains fragmented into many national pieces. By some estimates a single defence market for defence goods would save European governments between ten and twenty percent of their acquisition money each year.[16] EU governments spend around €30 billion on defence procurement collectively each year, so a single market could save them up to €5 billion per annum. The six main European arms-producing countries signed the so-called 'Letter of Intent' in 1998 to harmonise some of their armaments regulations, but this has not yet had much impact. The European Commission would like to take on this task and is preparing proposals to open up Europe's defence market. However, given the sensitive nature of the defence market, governments are reluctant to give regulatory power to the Commission. Thus, a single defence market in Europe remains some way off.

But perhaps the most important role the new agency could play is a political one. During 2004 EU governments will agree on a new headline goal, a list of capability commitments that governments will agree to meet by 2010. This will probably require member states to acquire assets like unmanned aerial vehicles to increase their military prowess. The agency will evaluate and report annually on member states' progress towards meeting these commitments. If these reports were made public, the agency could then 'name and shame' those member states that are holding up progress and put them under political pressure to improve their performance.

16. Keith Hartley, 'Defence Acquisition Reform in Europe, from Teeth to Tail: Defence reform for the new century'. Special Supplement to *Jane's Defence Weekly*, June 2001.

In short, if the EU agency does manage to improve European cooperation in armaments, the beneficiaries would include a more competitive defence industry; armed forces that would get badly needed military equipment at a better price; and taxpayers who would get better value for money.

AN AVANT-GARDE FOR EU DEFENCE

At the time of writing, after the collapse of the Brussels summit in December 2003, EU governments are still negotiating a constitutional treaty. One of the most contentious issues was defence policy, but thanks to a compromise between France, Germany and the UK at the Naples foreign ministers' meeting in November 2003, that issue will no longer make or break the constitutional negotiations.

Until the Naples agreement, however, it looked as if defence would be the most difficult issue to resolve at the inter-governmental negotiations. At their own summit on April 29th 2003, Germany, France, Belgium and Luxembourg agreed to cooperate more closely on defence matters in seven ways. Six of these were not particularly controversial, but the seventh, for the establishment of an EU operational planning staff in the Brussels suburb of Tervuren, was.

There are many technical arguments for and against an EU operational planning cell. For example, if the EU is to conduct autonomous operations, it will need its own operational planners. The argument against it is that the EU can rely on NATO planners at SHAPE for a so-called Berlin-plus operation, like that in Macedonia, when it decides to work with NATO; or else the EU can use a national headquarters, duly modified to reflect the nationalities of those taking part in the mission, as it did for the mission to Bunia in Congo, controlled by a French headquarters.

These technical arguments, however, were not the issue. The headquarters proposal, strongly backed by Gerhard Schröder and Jacques Chirac, was of huge political importance. The four governments involved were the same four who opposed the Iraq war. Those European countries that supported the US over Iraq

(Britain, Spain, Italy, and most of the candidate member states) were suspicious of its real motives. Many in the Bush administration in Washington saw in any European military headquarters a direct competitor with NATO and concluded that the idea was nothing more than an anti-US proposal.

However, during the summer of 2003 emotions started to subside. Tony Blair was worried that the French and Germans might go ahead without the British, thereby denying the UK influence over European defence policy – the one policy area where Britain can lead in Europe. At the same time, however, Jacques Chirac and Gerhard Schroeder came to the conclusion that a European defence policy without the British would not be credible. Meeting in Berlin in September, Schroeder, Chirac and Blair sketched out the framework for a compromise on European defence, and in late November the details were finally agreed.

The deal involves three elements. First, the EU will deploy a small group of operational planners to SHAPE, NATO's planning headquarters near Mons. This group will work to ensure a smooth relationship between the EU and NATO on 'Berlin-plus'-type missions, when the EU borrows NATO assets. There will also be a new unit of about thirty operational planners for the EU's military staff, which currently consists mainly of 'strategic planners', whose job is to advise EU foreign ministers on the operational plans that may come out of SHAPE or a national military headquarters. The new unit will help with the planning of EU military missions. It has been agreed that, whenever the EU conducts an autonomous EU mission, a national headquarters will normally be in charge. However, if there is unanimous consent, the EU may ask its operational planners to play a role in conducting such a mission. However, they would need beefing up with additional resources before they could run a mission on their own.

Secondly, EU governments should agree that the constitutional treaty includes articles on 'structured cooperation', so that an avant-garde group can be established for European defence. Given that EU countries have very different military capabilities, closer cooperation among a smaller group of states makes sense in principle as it could do much to improve the EU's overall military effectiveness.

Aside from the much-documented transatlantic gap, there is also a large capabilities gulf between EU member states, a gulf that will widen with the accession of ten new members in 2004.

To narrow this gulf, in November 2002 the French and the German governments proposed that an avant-garde group of states with higher level capabilities, a willingness to carry out the most demanding tasks and a desire to cooperate should 'develop new forms of cooperation, particularly by harmonizing the planning of military needs, pooling capabilities and resources, and sharing out tasks'.[17] 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 presumption that participating countries would have certain pre-identified interoperable forces and integrated command-and-control capabilities.[18] The wording of the final treaty was amended to make it clear that this avant-garde group is to take the lead in developing military capabilities, rather than establishing a politicised 'European Defence Union' in competition with NATO.

As currently worded, the draft constitution allows a group to establish structured cooperation without the consent of all EU members. The new wording also makes it clear that all member states which meet the prescribed criteria will be allowed to join the avant-garde group. The Italian government, which held the EU presidency at the time of the Naples meeting, drafted a protocol that would define the criteria for deciding who can join the structured cooperation. These criteria are based on military capabilities, and member states have until 2007 to meet them.

Thirdly, the treaty articles on mutual military assistance were amended. The article was watered down, with references to members aiding each other 'in accordance

17. 'Joint Franco-German proposals for the European Convention in the field of the European security and defence policy', Prague, November 21st 2002: http://www.diplomatie.gouv.fr/actual/declarations/bulletins/20021127.gb.html
18. European Convention, 'Final Report of Working Group VIII: Defence', December 16th 2002: http://register.consilium.eu.int/pdf/en/02/cv00/00461en2.pdf

with Article 51 of the UN Charter' and to NATO remaining 'the foundation of members' collective defence and the forum for its implementation'. Thus the EU will not be making any claims to be a collective defence organisation of a sort that might rival NATO.

CONCLUSION

Although the EU, like NATO, has not yet managed to convince European governments to rapidly improve their military capabilities, the process of military reform in Europe will continue. The real question is, at what pace? That will be partly determined by whether or not member states meet their battle-group commitments by 2007, as well as on how effective the new EU defence agency is at convincing member states to buy new equipment sooner rather than later.

But perhaps the biggest factor that will drive military reform in Europe for the foreseeable future will be more EU missions. Undertaking military operations and learning lessons from them is the best way to know what types of equipment are useful, what is required for future *deployments*, and what types of skills troops need to perform their missions adequately.

The EU will take in ten new members in May 2004 and will have a new frontier. New borders mean new responsibilities, particularly with fragile states such as Moldova, and unstable regions like the Caucasus and Africa on Europe's doorstep. Across the Atlantic, US priorities are still focused on North Korea, Iran and Iraq, and Washington, therefore, does not want to become involved in conflicts around the EU's eastern and southern flanks.

Nor should Europeans wait for the US to put out their fires: this, after all, was the principal rationale behind the Anglo-French initiative at Saint-Malo in 1998 to develop a robust EU defence policy. In addition, these conflicts may not always require peacekeeping deployments, but more dangerous interventions as well. For example, the British capture of Basra in the Iraq war would be at the upper end of

the range that the EU is likely to undertake. In such situations, the UK will be fighting alongside French, German, Italian and Spanish soldiers, not Americans. That is also good for the US. If the Europeans are able to look after their own backyard, that would mean one less region for the US to worry about. Moreover, a more effective EU defence policy that results in much-improved European military prowess might even convince the Pentagon to use NATO for military interventions and not just peacekeeping.

NATO and the EU should not compete with each other. In the years to come they will sink or swim together. Many conceivable EU military missions will need to draw upon NATO assets, such as military planning expertise. If the Europeans were to succeed in boosting their military capabilities, American respect for NATO would grow, and the EU itself would benefit since it would rely on the same military assets. If they fail both NATO and the EU will suffer.