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DEFENCE ASPECTS OF THE NATO AND EU ENLARGEMENTS



Moderated by Hartmut Bühl, Vice President and Director for EU Defence Policy and
NATO, EADS

&

Karl von Wogau, Chairman, Subcommittee on
Defence and Security, European Parliament

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EU AND NATO ENLARGEMENTS: NO PAIN, NO GAIN!

The questions of the day related to the new EU member states to the east: were NATO standards driving the transformation of their armed forces and how could their defence industrial base be revitalised? While there was general agreement that the need to be interoperable with NATO was acting as a catalyst, there was relatively little conformity when it came to the subject of the newcomers' industrial base. Opinions differed: some speakers thought that the defence industries in Central and Eastern Europe were ill-equipped and facing hardship unless they worked in tight partnership with the major players, while others described a talented and enthusiastic workforce that needed more assistance from the European institutions and the (older) member states.

However, there was a broader question waiting in the wings. Both NATO and the EU had been expanding rapidly in recent years, and neither grouping was likely to be standing still for much longer. That raised the question, posed on the day by CDI's Brussels Office Director Tomas Valasek – where did the responsibilities of NATO end and the EU begin?

On that point, European parliamentarian Girts Valdis Kristovskis, Latvia's Former Defence Minister, demanded a clear vision of the European defence and security picture. With that in place, he argued, the newcomers could find their place. Deflecting the pressure slightly, the Council of the European Union's Claude-France Arnould reminded EADS' Hartmut Bühl that it was the job of member states to decide how troops would be used within the NATO's Reaction Force and EU's Battle Groups. Latvia's new PSC Ambassador, Imants Viesturs Liegis, could not totally agree with that and suggested that the European institutions should be offering advice to those member states that had just arrived in town.

Arnould had opened the debate by declaring that the newcomers had improved the capabilities of the EU and NATO, especially in niche areas. As for the ESDP, she saw it as unlikely to be the source of problems. Among the opening speakers, it was left to Kristovskis to request more assistance so that the newcomers' troops could be brought up to scratch. Later, Thales' Martin Hill asked if the newcomers were receiving sufficient help from the other member states. He was supported by Lithuania's Military Representative to NATO and the EU, Edvardas Mazeikis, who acknowledged that help was (only) forthcoming from the Scandinavian countries. He added, plaintively, that even old equipment was useful as it could be used for training purposes. Hartmut Bühl did not want to correct him but said this is not the total truth. There

was a NATO PFP support programme which was very helpful to reorganise structures and to help finding new and adapted material.

In the afternoon, the focus switched to industry. Thales Senior Vice President for Marketing, Edgar Buckley could see few positive signs in the eastern defence sector, as there was over-capacity and the newcomers were ill-equipped. Unless...they joined forces with companies in the traditional member states. Northrop Grumman's James Moseman agreed, but raised a concern about the impact on US companies if a European defence market was created. Buckley sought to allay his worries and announced that the UK was circulating a paper that was suggesting how just such a market could be created – by taking a step-by-step approach.

Underpinning the session were various comments on the fate of the defence industries of the old Warsaw Pact countries. Concerns were raised about the old SMEs (many were thought to have been closed down), the people (unemployment rates were now high) and their future prospects. In response to a suggestion that the defence industry be left to market forces, Buckley replied that it was "different". He wanted collaboration between all member states, and that took him back to the paper on the creation of a European defence market being circulated by the UK.

If that led to a consolidated demand, that would please second session moderator, Chairman of the European Parliament's Subcommittee on Defence and Security, Karl von Wogau. As he closed the meeting, von Wogau looked forward to the Green Paper ... it needed to be a good one!



SESSION I – ARE NATO STANDARDS DRIVING REFORM OF THE ARMED FORCES IN CENTRAL AND EASTERN EUROPE?

EADS Vice President Hartmut Bühl, was in the chair for an opening session that focused on reform of the armed forces in Central and Eastern Europe. Bühl commented that the newcomers¹ had proven their worth in recent months, notably in the assistance given by Poland and Lithuania in the recent Ukrainian crisis². He added that they were in strategic geopolitical positions and were assuring the security of the borders with non-NATO countries. Bühl also highlighted the Czech Republic's provision of a full NBC³ force within the NATO Response Force (NRF) and the high level of R&T across the Central and Eastern Europe countries. However, Bühl had detected a certain loss of confidence within the industries of Eastern Europe for their western counterparts. On to the debate.

Claude-France Arnould, Director for Defence Aspects, Council of the European Union



“we have noticed a real discipline in the PSC since the enlargement of the EU. New Member States have highly contributed to that.”

Claude-France Arnould

¹ In this report, the term “newcomers” refers to those countries in Central and Eastern Europe that have recently joined NATO. Many of them are also new member states of the EU.

² During the crisis, Poland's President Kwasniewski and Lithuania's President Adamkus represented the EU.

³ NBC = Nuclear-, Biological- and Chemical warfare.

Claude-France Arnould opened by differentiating between the two enlargements; while NATO's was concerned with security and defence, that of the EU was “political, economical and far-reaching”. She added that the EU enlargement (and there were more to come) had seriously impacted its policies and its institutions. Moving to the ESDP, Arnould insisted that defence was just one more component of an enlarged EU. She argued that the ESDP was not a new idea, but was rather a “missing part of the original European construction within the EU”. Arnould saw the ESDP, with its added-value, as being complementary to NATO.

On the subject of the new member states, Arnould said they were bringing capabilities to the EU and they would also play an important role in the EU's “battle group” concept.⁴ She welcomed that fact that many battle groups were now multinational. Arnould also stressed the important role being played by the Central and East European countries on the EU's borders, where most of the security problems existed.

Girts Valdis Kristovskis, Vice-Chairman of the Subcommittee on Defence and Security, European Parliament and former Defence Minister of Latvia



Having previously been Latvia's Defence Minister, Girts Valdis Kristovskis now had a totally different understanding of the way in which the institutions worked. Looking at the question on the table, he confirmed that NATO was a main driver in the reform of Latvia's armed forces – of that, there was no doubt.

Moving to transformation, he noted that Latvia had “started from scratch”. Kristovskis said he was proud that Latvia's forces were now in Iraq and in

⁴ In November, 2004, the EU defence ministers decided in favour of the formation of so-called “battle groups” (mobile combat units, ready to act in distant regions of conflict).

Afghanistan. Listing the “magic words” - the abilities (availability, usability, deployability, compatibility, interoperability, mobility and sustainability), Kristovskis said these concepts were important for all the new member states – there was a need to modernise and, above all, to be interoperable with NATO forces.

As for the future, Kristovskis stressed the need for the new member states to integrate their “niche” capabilities within NATO’s strategic plans. He observed that countries like Latvia would only play a supporting role, but they had to be part of the strategic NATO process.

Kristovskis concluded by calling for additional assistance – as compatible equipment was urgently required - for the new member states (of NATO and the EU), so that they could play a role in the NRF and in EU’s battle groups.

“we need the EU and NATO to develop a clear vision of defence and security requirements, within which the new member states can find their place”

Girts Valdis Kristovskis

Tomas Valasek, Director of Brussels Office, Center of Defence Information (CDI)

Tomas Valasek focused on the “amazing pace of change” in the defence and security arena. Rapidity and agility were needed in today’s world, not only on the battlefield, but also in the boardrooms across Brussels and in the European capitals. Valasek had some difficult questions in mind:

- Where do the respective EU and NATO responsibilities begin and end?
- What’s the role of the US in Europe?
- Should the US and the EU have a strategic forum different from NATO?

He may have had the answers, but today Valasek was focusing on the Central and East European countries. They had joined (NATO and / or the EU) at a “difficult and fascinating” time, when European and American security policies were competing. The results were not quite as they had foreseen. Although he argued that they had already had an impact, in the choice of José Barroso as European Commission President instead of Guy Verhofstadt, Valasek observed that the newcomers were “ill-prepared” and had not been effective in their efforts to help shape the European defence

and security agenda.⁵ He had reasons why this was the case:

1. As new members of the institutions, it took time to become accustomed to “Brussels”
2. The “defence debate” was dominated by the big three – France, Germany and the UK
3. There was a feeling in the new member states that the ESDP debate was producing “more heat than light” and that any controversial subjects were being put on hold
4. The newcomers were struggling to adapt to the breadth and depth of the Brussels security agenda, and this was coupled with the lack of sufficient expertise at ministries in their home countries.
5. The new member states were still seeing the EU as “them” and had not yet defined their own vision for EU role in security and defence.

“there is a feeling in the new member states that the ESDP debate is producing more heat than light”

Tomas Valasek



Claude-France Arnould responded to Valasek’s comments with an observation. She had noticed a stronger discipline around the tables of the European institutions, following the EU enlargement. Now that there were 25 member states, all countries were much more focused in their interventions. Making a second point, Arnould called for the new member states to become fully integrated in a unified EU (and in support of its policies, including battle groups), and not to act as a “bloc” of newcomers, with common and perhaps opposing voices. They had to accept

⁵ Valasek noted that most of his conclusions were drawn from discussions he had held with diplomats in Hungary, the Czech Republic, Poland and Slovakia.

their responsibilities within the EU – and she acknowledged that this would take time – and move towards a unified union.

FIRST SESSION – THE Q&A DEBATE

The need for a complete vision

The IRRI-KIIB's Sven Biscop wanted to know why member states were still thinking in national terms, when there was a need to develop multinational capabilities (and forces). When Hartmut Bühl asked if that meant more “common-funded programmes” along the lines already taken by NATO, Biscop responded that both NATO and the EU should use the European Defence Agency (EDA) to manage a budget that funded such activities.

This brought Girts Valdis Kristovskis back to the microphone. He knew what was missing! It was a “clear vision” of defence and security requirements, developed by both NATO and the EU. Then, and only then, could the smaller member states find their place within a common strategy. Kristovskis described some of the problems that everyone was facing (e.g. the need to reduce the number of troops, the necessity to use new and compatible technology and systems, etc.) and said that these issues had to be solved by the institutions: NATO or the EU military staff or the EDA. There were political decisions to be made.

Arnould did not see the picture as being quite that bleak. She said that the EU already had the elements of a strategy. Admitting that huge budgets did not exist, Arnould saw the EDA (with a budget) and the Council of the EU (including its military staff) as being key players. On the practical side of matters, Arnould wanted to stress the role of the member states. She agreed that the EU and NATO had to be involved in discussing how to use the NRF and the EU's battle groups, but they were essentially “national elements”. It was the responsibility of the member states to decide how their forces would be deployed.

“there is a need to co-ordinate the planning of battle groups and NATO's Response Force”

Imants Viesturs Liegis

The Latvian Ambassador to the PSC Imants Viesturs Liegis felt the need to intervene. He had previously been involved in discussions, in Latvia, as to how troops could be utilised in either the NRF or in the EU's battle groups. Viesturs Liegis saw a need for co-ordinated planning and argued that it was the job of the European institutions to advise the smaller member states.

Changing tack, Viesturs Liegis said he had been pleasantly surprised by the PSC debates. He took note of Arnould's comments about a “relative silence”, but he had been able to intervene on both Georgia (the possible role of ESDP in border monitoring) and Moldova (the appointment of an EU special representative) in recent times. In agreement with Valasek, the Ambassador said there was still a tendency for the newcomers to say, “the EU wants this”, even though they were part of the Union. However, he noted that this was changing.

As an aside, Ambassador Viesturs Liegis described a different concept of security in the Baltic States. He observed that the citizens (at least in Latvia) were more likely to look east towards Russia, if they were asked to name the greatest threat to their security. The Ambassador described it as a “lingering concern”.

Tomas Valasek wanted to make a clarification; he had not seen an “us and them” mentality existing between new and old member states. He argued, however, that there were divisions in the PCS, and that accession of the new member states had altered the balance of power in the EU. Valasek agreed with Ambassador Liegis that new members are becoming more active with time, which is the result of increasing confidence on their part as well as a greater mastery of the Brussels security agenda.

Show us the money

NDA Director Giles Merritt intervened to remind everyone that the new member states were poorer than the EU-15. He wanted to know if their defence expenditures were rising or falling. Merritt was also keen to know if the awareness of instability (as mentioned previously) in the new member states was a reason for increased expenditure on their military structures.

Czech Ambassador to NATO Karel Kovanda answered that one. Two percent of GDP was the “norm” for defence expenditure, but member states (current or future) spent above or below that figure⁶. The Ambassador explained that the Czech Republic’s defence spending had been dropping in the late nineties, but had been strategically increased in order to reach the 2% level. But, he added, money had to be used to buy equipment and services that built a real defence.

were offering help (and that was really appreciated) – even second-hand equipment was useful, commented Mazeikis, as it could be used for training purposes.

The moderator drew a line under the debate at that stage and invited the roundtable members to reconvene after lunch.



NATO – EU; any problems?

Hartmut Bühl moved the debate to the role of the EDA vis-à-vis NATO and asked if there was a clash of interests. Arnould saw no such thing. She explained that the EDA was dealing with the EU’s capabilities: its role in research, its industrial base and its technological base, etc. The head of the EDA⁷ worked closely with NATO, and collaborated with the alliance when and wherever it was appropriate.

Help!

Thales’ Martin Hill took a different tack – what are the larger member states doing to help the newcomers? He knew that Norway had given assistance to the Baltic nations, but he was of the opinion that more should be done.

Lithuania’s Edvardas Mazeikis was perfectly placed to comment as he was currently wearing two hats – for both NATO and the EU. Agreeing with the Czech Ambassador that “effective defence” was needed in exchange for any money that was spent, Mazeikis also backed Hill’s demands. He wanted more help to be given to the newcomers. Currently only Norway, Denmark and Sweden

⁶ The Ambassador noted that Hungary was spending +/-1.4%, the Czech Republic +/- 2% and Romania > 2% of GDP.

⁷ Nick Witney

SESSION 2: REVIVING THE NEWCOMERS' DEFENCE INDUSTRIAL BASE

The European Parliament's Karl von Wogau, opening the second session, saw "consolidation of demand" as being a real challenge for the EU. He also wanted to know how the newcomers could be integrated within the EDA and the Preparatory Action for Security Research (PASR), and how SMEs within the Central and Eastern European countries could be assisted. With a nod towards the single market, von Wogau stressed the importance of standards in the creation of a European defence equipment sector.

Edgar Buckley, Senior Vice President for Marketing, Thales

Edgar Buckley went straight to the point and looked at how the defence industries of the Central and East European countries could be revived. He had several observations to make:

1. The need to be realistic: Buckley noted over-capacity in the defence sector and the necessity to meet NATO standards. New member states had to have cheaper products or they had to be applicable to niche areas. He also warned that foreign competition would arrive on the home turf. Buckley had two conclusions:
 - The new member states were relatively poorly-equipped and could only compete if they worked in partnership with the member states of the EU-15.
 - The major defence players, such as Thales, formed partnerships on the basis of contracts – and not on an "on-spec" basis
2. "Defence budgets are small": Buckley observed that the total defence budgets of the new member states were equal to that of the Netherlands, and that they spent a lower percentage of GDP on defence than other member states. They were under pressure to downsize and to become interoperable with NATO. His conclusion:
 - This would only be possible in the desired timeframe if foreign purchases were made.

Buckley was therefore not surprised that the industries in the new member states had shrunk;

for example, recent studies had shown that the Czech Republic (together with Slovakia), was only spending 10% of its expenditure in Warsaw Pact days. It was now mainly offset work⁸, which was a "mixed blessing" if it was not used for modernisation purposes.



On the positive side, Buckley saw signs of light:

- Budgets were increasing due to the need for NATO interoperability
- NATO membership had led to full participation in projects and joint operations
- Membership of NATO had allowed new member states to specialise rather than to try and do everything (in defence terms)
- American and (West) European companies needed local expertise in these countries to address local markets
- New trends (such as PFI in the UK) were spreading out to other areas of Europe
- There were new requirements to protect the EU's new borders

Buckley concluded that: a) Europe needed the defence companies in the new member states to prosper, to improve their capabilities and to develop their technical expertise, but not in a way that was in conflict with the need for European industrial consolidation, and b) a combination of approaches was required: industrial strategic partnerships with major (West) European and US contractors, participation in co-operative programmes and the creation of niche capabilities.

⁸ Offset is, in essence, a form of industrial compensation to the local industry of the country concerned, to counterbalance the placing of the contract with an overseas firm. The key feature is a commitment from the contractor involved to the country purchasing the goods to undertake to purchase goods from that market in return. (<http://www.the-dma.org.uk/>)

“the new member states are poorly-equipped and can only compete if they work in partnership (with major defence players)”

Edgar Buckley

Buckley did not see the European Commission intervening in the future and he did not see the creation of a European defence equipment market as being the answer to solving the newcomers’ problems.

James Moseman, Director Europe and NATO, Northrop Grumman



James Moseman was in general agreement with the previous speaker. In the morning session, he had heard the call for “collective action” in both the military and industrial sectors. He thought that Girts Valdis Kristovskis had been too modest in his ambitions for the new member states. Moseman argued that their active participation in the European defence arena would lead them towards the possible leadership of EU’s battle groups.

He observed that all nations wanted efficiency and a range of choices. Moseman aired a concern of US companies that the EDA might restructure the European defence equipment market so that some avenues would be closed to new member states.

From his own experiences in the Central and Eastern European countries, Moseman knew that the expertise was there.⁹ So his question was - would all possible technologies be made available to new member states (on the basis of transatlantic partnerships) or would duplicate structures be created (within Europe). Moseman stressed that the decision for new member states to participate in the NATO Alliance Ground Surveillance (AGS) was taken by themselves and they have fully supported the system politically and as well as industry cooperation. Leading companies that

⁹ Moseman said that 84 companies had met the necessary standards for participating in the Alliance ground surveillance programme.

make up the TIPS consortium are emphasising their cooperation with SMEs.

Second session – Q&A debate

Whither the green paper?

In his role as moderator, Karl von Wogau wanted industry’s opinion on the EU’s recently issued green book. Did industry want legislative action on behalf of the EU?

On the green paper, Moseman wanted rationalisation of R&T in Europe; this would be in everyone’s interests. But he wanted an open system that allowed everyone to take advantage of all technologies.

Keeping the newcomers’ industries alive

Hartmut Bühl returned to the fray and suggested there was a need for the numerous SMEs in the new member states to consolidate in the name of efficiency. James Moseman agreed that it was a real challenge to keep those companies alive until contracts could be finalised.

VEGA’s John Lewis looked at things from an environmental perspective and suggested that the defence industry took a leaf from the GMES’s¹⁰ book. Perhaps the newcomers could each develop specific answers to different threats (that they were particularly interested in). Karl von Wogau was somewhat hesitant to accept that premise; he wanted a common European system that met all possible threats.

In response to a question on the fate of the defence-related state-owned companies that had existed in the Central and East European countries, Edgar Buckley declared that the majority had been “closed down”. The reason was the need to be interoperable with NATO; there was “no way that the old Warsaw Pact companies could meet the requirements on their own”. Il Sole 24 Ore’s Maria Laura Franciosi brought an additional concern to the discussion – what about the people? How could their skills be kept in the picture? Tomas Valasek could not bring good news – many were unemployed¹¹ and most of the companies no longer existed (for political or financial reasons).

¹⁰ GMES is a joint initiative of the European Commission and the European Space Agency, designed to establish a European capacity for the provision and use of operational information for Global Monitoring of Environment and Security.

¹¹ Valasek observed that parts of Slovakia had 30% unemployment rates.

A lack of co-operation - not restricted to the new member states!

Valasek asked if the defence industry (in the new member states) could take an approach similar to the one taken in the automotive sector, i.e. use tax breaks to attract foreign customers? Buckley did not buy that. He argued that defence was different! It was not a high-production business, outsourcing was the name of the game and the output was systems and technology.

“poor co-operation is not restricted to the new member states”

Dusan Svarc

The Czech Republic Ministry of Defence’s Dusan Svarc described his country’s approach of developing an industry that consisted of many flexible and co-operative SMEs. On security, he argued that the prime motivator for spending money was to make a country more secure. And the Czech Republic was quite happy with its low expenditure. He had heard several speakers criticise the new member states, in terms of being poorly equipped and not co-operating enough, and enough was enough! Svarc argued that investment in the new member states could lead to expertise being developed (as it was in other sectors) and he added that poor co-operation was not limited to the new member states. For example, what about OCCAR, LOI, etc. – the co-operation there was not perfect.

Svarc concluded that the green paper was helpful and, in agreement with Buckley, the situation was difficult – it was a challenge for all.

Towards more consolidation

Buckley agreed that the new member states had low labour costs and talented people, but he repeated his view that those countries could not expect to work successfully on their own, especially “if they do not have the money”. There were “investment” and “experience” gaps. He accepted that the EU could have made swifter progress in creating a defence equipment market and, as an aside, reassured Moseman that US companies had nothing to worry about. This was because the EU wanted improved co-operation, more consolidation and some protection for the technical industrial base – through the creation of a European defence equipment market. Buckley thought this was “reasonable” in comparison to the situation in the US defence arena.

Karl von Wogau had not yet heard an answer to his initial question – how could European demand be consolidated? As for conclusions, he wanted more precise answers (as to whether procurement of development should be the main thrust). What path should be taken?

Buckley was on hand to provide the answer. He explained that a UK paper was circulating with a recommendation to create a European defence equipment market - based on a step-by-step approach. Buckley opined that this method could be implemented quickly up to the level of the LOI. As an observation, he added that the UK was a strong proponent of this approach, as it – Tomas Valasek wanted to make a clarification; he had not seen an “us and them” mentality existing between new and old member states. He argued, however, that there were divisions in the PCS, and that accession of the new member states had altered the balance of power in the EU. Valasek agreed with Ambassador Liegies that new members are becoming more active with time, which is the result of increasing confidence on their part as well as a greater mastery of the Brussels security agenda.

Moderator von Wogau welcomed the news (it was an approach that had been tried successfully in other sectors, but never by the UK). Moseman asked if there was a contradiction between describing an open market and the demands of nations that jobs in the defence sector be proportional to their individual national markets. Buckley responded that was not a problem in the UK, except perhaps in the shipbuilding sector. Even there, Buckley saw this restriction disappearing if there was a genuine European defence equipment market.

Moseman was eager to say that his customers were taxpayers! He said the defence market was the last one where expenditure came from the taxpayers’ pockets – that was the reason for the existence of the offset process. Svarc agreed that there was a move towards the creation of “giant firms” and he accepted that trend. But he wanted a place for the new member states’ SMEs! Svarc saw some positive aspects of the “offset” process, as it allowed governments in the new member to reward their taxpayers. He added that “security of supply” was important, as reliance of external suppliers was not an option.

The new member states – a special case?

Giles Merritt asked if the European defence market needed the new member states as part of the

overall restructuring process. Should the newcomers be helped to satisfy public opinion or would restructuring be another instrument for economic development? Merritt also wanted clarification on the big picture: should the new member states be forced into an overall grand design for the EU (as recommended in the green paper), or should their needs be handled separately?

The moderator, speaking as a politician, argued that the quality of equipment was paramount. He noted that there was plenty of expertise within the new member states, and that they were perhaps some of the first candidates to be considered for any membership of a proposed European defence equipment market.

Buckley argued that the EU did need the new member states' defence markets to survive (local companies were important, R&T was an important part of a country's growth potential) but that did not imply that they be treated as a separate issue.

Technology – the key factor

The European Commission's Spyros Konidaris argued that the situation today was similar to that in existence 30 years ago in the telecommunications market; i.e. liberalisation mixed with the dramatic need to introduce new technologies (in this case to transform the armed forces). He therefore argued that the proposed "1 billion euros" per annum would be a useful factor in the creation of dual usage R&D throughout Europe. Konidaris placed much more importance on the impact of new technologies than on the need to consolidate "traditional" industries.

Buckley agreed that technology was vital, certainly where the need for mobility and excellent communications capability (e.g. sensors, network centric warfare equipment), was replacing the requirement to have large numbers of troops on stand-by.

In response to a question from Merritt on whether the EU had learnt from the mistakes made in Kosovo, Cisco Systems' Tom Cooper said there were three requirements: standards, standards and standards! He argued that global standards were needed - it did not matter where equipment was bought as long as it met international standards.

“(in the area of network centric warfare) the three requirements are standards, standards and standards”

Tom Cooper

Cooper argued for a swift resolution on the issue of standards – it should not take 5-10 years to get answers from STAGS. Many groups were looking at standards, and Cooper called for co-operation. He saw the real problem as being intellectual property rights in a transatlantic context.

Buckley agreed but pointed out that transfer of information was a problem, within the Network Centric Operations Industry Consortium (NCOIC)¹², due to the US's ITAR regulations. He did accept, however, that separate organisations were not the order of the day.

Final words

At that point, von Wogau wound up the second session. He had a few observations and answers to some of the questions raised:

- Threats and technologies were both developing
 - Overall, the new member states should not be treated differently than other member states - they had to learn “the rules”
 - The UK proposal for the creation of a European defence equipment market (step-by-step) was welcome as long as it did not lead to further splits between old and new member states
 - On the green book, decisions had to be taken, and more discussions were needed
- ...

Next NDA meetings

March 14 – What policies will create effective peacekeeping?

April 18 – Will the EU get tough on opening-up national defence procurements?

¹² The NCOIC is an international collaborative forum created in September 2004 to advance a new vision of networking technology. Vision – “Industry working together with our customers to provide a Network Centric environment where all classes of information systems interoperate by integrating existing and emerging open standards into a common evolving global framework that employs a common set of principles and processes.” (see <http://www.ncoic.org>)



Programme:

SESSION 1 – ARE NATO STANDARDS DRIVING REFORM OF THE ARMED FORCES IN CENTRAL AND EASTERN EUROPE?

NATO's new member countries have inherited Soviet-era armed forces and equipment, and are now transforming large conscript armies into small professional ones. NATO may well remain the main driver of transformation and interoperability, but how will its new members who have recently joined the EU contribute to ESDP and such developments as the Battle Groups? Are some of the new Member-States completing their defence reform more rapidly than older member states? What should be the priorities in their reform process?

Moderator: Hartmut Bühl, Vice President and Director for EU Defence Policy and NATO, EADS

Panellists:

- Claude-France Arnould, Director for Defence Aspects, Council of the European Union
- Girts Valdis Kristovskis, Vice-Chairman of the Subcommittee on Defence and Security, European Parliament and former Defence Minister of Latvia
- Tomas Valasek, Director of Brussels Office, Center of Defence Information (CDI)

SESSION 2 – REVIVING THE NEWCOMERS' DEFENCE INDUSTRIAL BASE

Under communism, the one-sided division of labour between Soviet Union and its Warsaw Pact allies gave a de facto R&D monopoly to Moscow. To what extent is there a limited technological base only in some of the Central and Eastern European countries and has this left them at a certain disadvantage in the international armaments marketplace? How can the western partners use the limited technology skills in those countries in one hand and how can industries in the new Member States without advanced capabilities find opportunities of co-operation with larger Western European and US companies? Can regional co-operation, cross-border projects and niche specialisation revive these industries, and will EU developments such as European Security Research Programme, European Defence Agency, Code of Conduct on Arms Exports and the EU's planned new Procurement Directive open new opportunities and benefits?

Moderator: Karl von Wogau, Chairman, Subcommittee on Defence and Security, European Parliament

Panellists:

- Edgar Buckley, Senior Vice President, Marketing, Thales
- James Moseman, Director Europe and NATO, Northrop Grumman

List of Participants 14 February 2005

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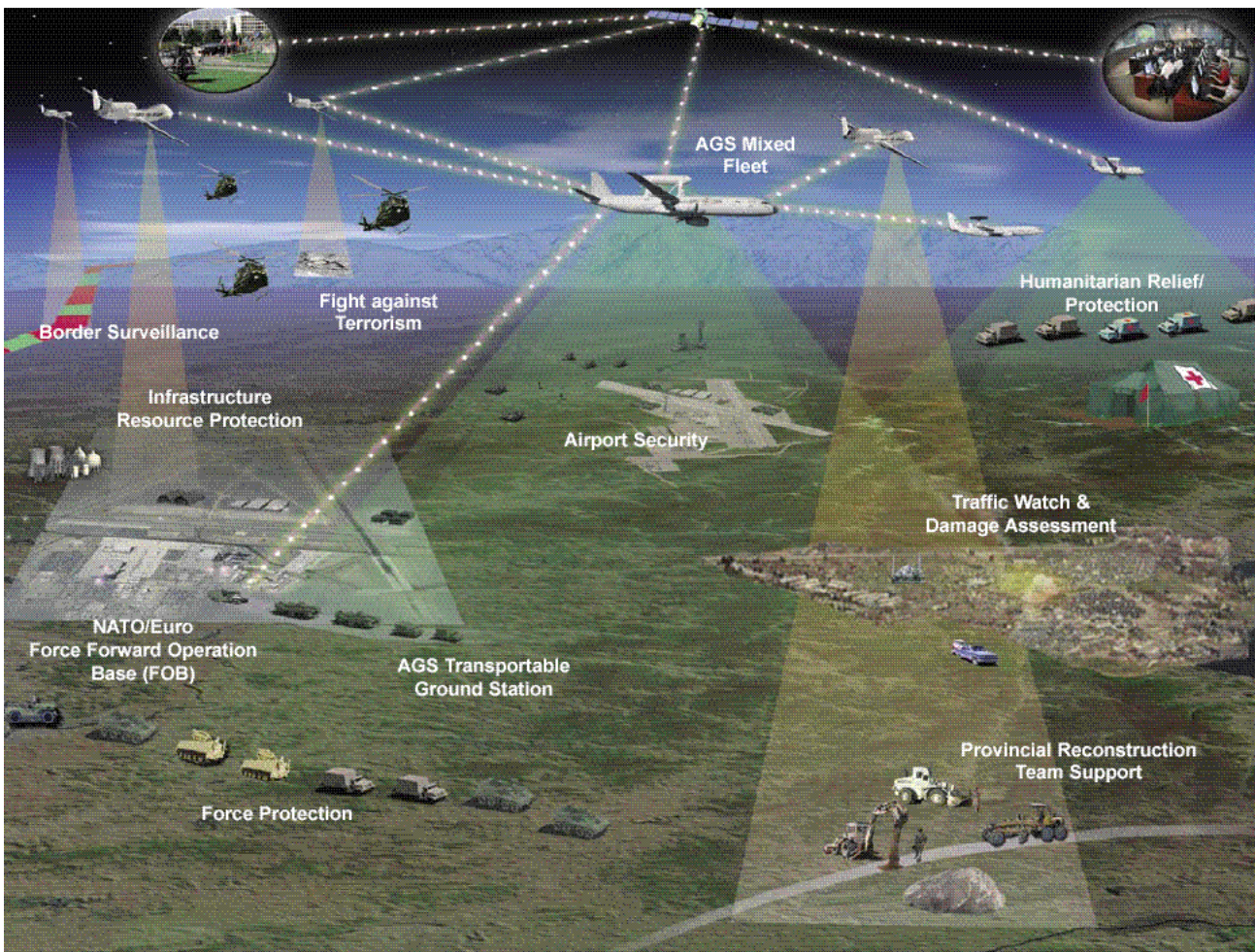
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EYES IN THE SKY FOR JOINT SECURITY

Having a complete, timely and accurate ground surveillance picture is crucial for restoring and keeping the peace.

To face the threats of the 21st Century, NATO forces need a system that provides them with a complete picture of the situation on the ground with wide area, all-weather, 24-hour surveillance.

A transatlantic consortium of defence industry players is providing NATO with an Allied Ground Surveillance capability that will support the large variety of new missions: peace-enforcing, peace-keeping

and humanitarian relief; homeland security including border surveillance, infrastructure protection and the fight against terrorism; support for disaster relief and search and rescue missions; nation building activities, such as support for provincial reconstruction teams and force protection.

The TIPS mixed fleet of manned and unmanned assets will be a key building block for NATO's Response Force Operations and will ensure interoperability with the EU Battlegroups as well as national assets. With TIPS' transatlantic so-

lution for NATO, Europe is getting more than just ground surveillance. It is getting eyes in the sky for our joint security.

TIPS. A transformational capability, built on proven systems from a truly transatlantic team.



THE TRANSATLANTIC SOLUTION FOR NATO AGS

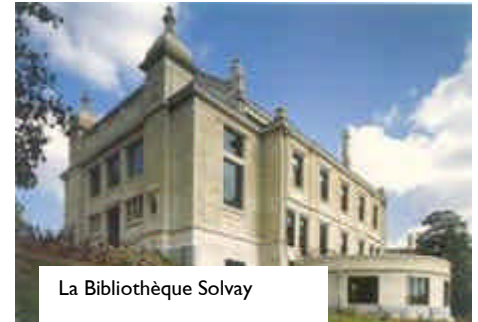
ABOUT THE NEW DEFENCE AGENDA

The New Defence Agenda (NDA) has become established as the only regular Brussels-based forum where political figures and journalists gather to discuss the future of European and transatlantic defence and security policies.

The aim of the NDA is not to replicate more academic research-based projects but to give greater prominence to the complex questions of how EU and NATO policies can complement one another, and how transatlantic challenges such as terrorism and WMD can be met.

Bringing clarity and new ideas to the rapidly-changing defence and security policy scene has been the NDA's aim from its beginning. NDA's activities range from monthly roundtables and international conferences to reports and discussion papers, all of which attract high-level speakers and authors and institutional, governmental and industry support.

One of our prime objectives is to raise the profile of defence and security issues among the Brussels-based international press. To encourage more in-depth coverage of these topics, the NDA holds regular, informal dinners for journalists with high profile decision makers.



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Recent speakers and participants include

Benoît d'Aboville, Ambassador, Permanent Delegation of France to NATO; Gijs de Vries, Counter-terrorism Coordinator, Council of the EU; Richard Falkenrath, Research Fellow, Brookings Institution and former Deputy Homeland Security Advisor to the US President; Franco Frattini, Commissioner for Justice, Freedom and Security, European Commission; Bill Giles, Director General, Europe, BAe Systems; Vecdi Gönül, National Defence Minister, Turkey; Scott A. Harris, President, Lockheed Martin International; Patrick Hennessey, Director, DG Enterprise, European Commission; Hilmar Linnenkamp, Deputy Chief Executive, European Defence Agency; Alessandro Minuto Rizzo, Deputy Secretary General, NATO; Sergei Ordzhonikidze, Director General of the United Nations Office in Geneva; Zonghuai Qiao, Vice Foreign Minister, Ministry of Foreign Affairs, China; George Robertson, Former Secretary General, North Atlantic Treaty Organisation; Gary Titley, MEP, Committee on Industry, External Trade, Research and Energy, European Parliament; Michel Troubetzkoy, Senior Vice President, Director for Relations with European Institutions, EADS; Günter Verheugen, Commissioner for Enterprise and Industry, European Commission; Antonio Vitorino, former Commissioner for Justice and Home Affairs, European Commission; Karl von Wogau, Chairman, Subcommittee on Defence and Security, European Parliament,



"[NATO] An Alliance in which Europe and North America are consulting every day on the key security issues before them. Acting together, in the field, to defend our shared security... Because in a dangerous world, business as usual is not an option"

NATO Secretary General Jaap de Hoop Scheffer, NDA Conference 17 May 2004

"Homeland Security = a concerted, comprehensive and nationwide effort to prevent future terrorist attacks, to protect the most vulnerable targets against future terrorist attacks and to be ready to respond against possible attacks and minimize loss of life and damage if such attacks occur" Richard Falkenrath, former Deputy Assistant to the President and Deputy Homeland Security Advisor, 17 November 2003 NDA Conference



"The agency should generate ideas and speak the truth to defence ministers."
Nick Witney, Chief Executive, European Defence Agency 28 April 2004 NDA Press Dinner



"There is an opportunity for Europe to take advantage of the US's investment by issuing collaborative programmes – paid for to a certain extent by the US taxpayer. The European Defence Agency could foster transatlantic cooperation rather than follow more traditional approaches"

Scott Harris, President Continental Europe, Lockheed Martin, 28 April 2004 NDA Press Dinner



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