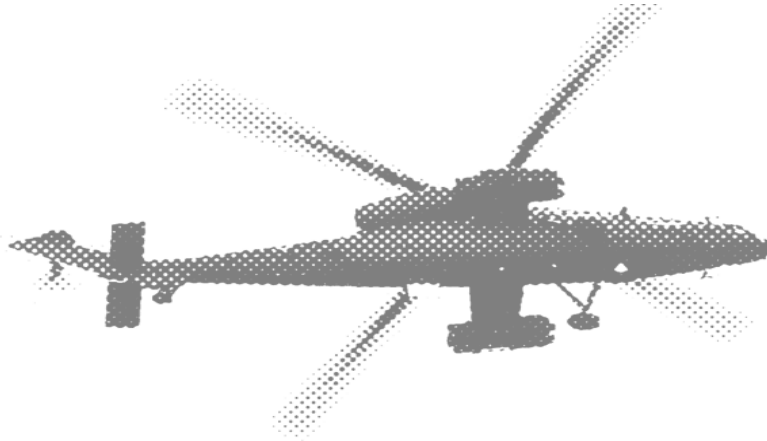


## Monthly Roundtable Report

Monday, 19 January 2004  
Bibliothèque Solvay, Brussels



**Moderated by Jamie Shea**, Deputy Assistant Secretary General for  
External Relations, Public Diplomacy Division, NATO

**Rapporteur: John Chapman**

**19 January 2004**

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**LINDA KARVINEN**

NEW DEFENCE AGENDA

Bibliothèque Solvay, Parc Léopold, 137 rue Belliard, B-1040, Brussels, Belgium

Tel: +32 (0)2 737 91 48 Fax: +32 (0)2 736 32 16 E-mail : [linda.karvinen@newdefenceagenda.org](mailto:linda.karvinen@newdefenceagenda.org)



## Participants January 19<sup>th</sup>

<b>Ian Abbott</b> Chief of Policy and Plans Division, European Union Military Staff	European Union Military Committee
<b>Graham Avery</b> Chief Adviser, Directorate General for External Relations	European Commission: Directorate General for Enlargement
<b>Pierre-Philippe Bacri</b> Principal Administrator	European Commission: Directorate General for Enterprise
<b>Luis Balsells-Traver</b> Executive Officer	Western European Armaments Group (WEAG)
<b>Sarah Beaver</b> Director Europe	NATO and European Policy Group 263 2nd Floor Metropole Building
<b>Sven Biscop</b> Senior Researcher	Royal Institute for International Relations (IRRI- KIIB)
<b>Claus Bloch</b> Staff Group National Representative	Delegation of Denmark to NATO
<b>Gianni Botondi</b> Deputy National Armaments Director & Deputy Secretary General of Defence	Ministry of Defence, Italy
<b>Jean Burnichon</b> Armament Deputy Counsellor	Delegation of France to NATO
<b>Geert Cami</b> Deputy Secretary General	Friends of Europe
<b>George C. Cass</b> Area Vice President, France & Benelux	Lockheed Martin Global, Inc
<b>Pavel Cerny</b> Defence Adviser	Mission of the Czech Republic to the EU
<b>John Chalmers</b> Senior Correspondent, EU & NATO	Reuters
<b>John Chapman</b> Freelance Journalist	
<b>Jacques Cipriano</b> European Affairs Delegate	Snecma Belgium
<b>Paul Collins</b> Head of Capability Development	European Union Military Committee
<b>Gilles Combarieu</b> Defence Counsellor	Assembly of the Western European Union



<b>Melo Correia</b> Deputy National Armaments Director	Polish Ministry of Defence
<b>Gilles Combarieu</b> Defence Counsellor	Assembly of the WEU
<b>Marzio Cuoco</b> Head of the European Multilateral Cooperation Office 3 <sup>rd</sup> Department Armaments Policy	Ministry of Defence, Italy
<b>Hélène-Diane Dage</b> Principal Administrator	European Commission: Directorate General for Enterprise
<b>Hilary Davies</b> General Manager	Western European Armaments Group (WEAG)
<b>Andrew Denison</b> Detached National Expert	European Commission: Directorate General for External Relations
<b>Bruno Depardon</b> Chief Capability Branch	Permanent Representation of France to the EU
<b>Estelle Emeriau</b> Detached National Expert	European Commission: Directorate General for Research
<b>Julien Feugier</b> European Affairs Manager	European Aeronautic Defence and Space Company (EADS)
<b>Nicholas Fiorenza</b> Brussels Bureau Chief	Defence News
<b>Laure Frier</b> Principal Administrator	Council of the European Union
<b>Panagiotis Gavathas</b> Defence Advisor	Permanent Representation of Greece to the EU
<b>Michail Giannakopoulos</b> Representative to the WEU	Ministry of Defence, Greece
<b>Bill Giles</b> Director General, Europe	BAE Systems
<b>Linda Goldthorp</b> Policy Advisor	North Atlantic Treaty Organisation (NATO) Office of the Secretary General
<b>Gala Gonealves</b> Cabinet Director	Eurocopter
<b>Norbert Gresch</b> Deputy Head of Division	European Parliament: Committee for Foreign Affairs, Common Security, Human Rights and Defence Policy
<b>Liselotte Hallen</b> Director	Kangaroo Group The Movement for Free Movement



<b>Scott A. Harris</b> President, Continental Europe	Lockheed Martin Global, Inc
<b>Rainer Hellmann</b> Journalist	Europäische Zeitung
<b>Arnaud Hibon</b> Vice-President, Director of EU Relations	Eurocopter
<b>Martin Hill</b> Vice President, Defence	Thales
<b>Georg Hongler</b> Secretary General	Comité Européen de Normalisation (CEN)
<b>Neil Hutchinson</b> Officer	North Atlantic Treaty Organisation (NATO)
<b>Bernhard Jarzynka</b> Principal Administrator	European Commission: EuropeAid Cooperation Office
<b>Pavle Jevremovic</b> Ambassador	Mission of Serbia and Montenegro to the EU
<b>Vassilis Kapetanyannis</b> Press Counsellor	Embassy of Greece to Belgium
<b>Linda Karvinen</b> Project Manager	The New Defence Agenda
<b>Balint Kunos</b> Staff Group National Representative	Delegation of Hungary to NATO
<b>Alba Lamberti</b> EU Liaison Manager	International Crisis Group (ICG) Brussels Office
<b>Michael Langer</b> Head of External Relations	Diehl VA Systems
<b>Patrick Langlois</b> Action Officer, Force Preparedness Branch	European Union Military Committee
<b>Pawel Lesiak</b> Counsellor	Delegation of Poland to NATO
<b>Tjien-Khoen Liem</b> Principal Scientific Officer	European Commission: Directorate General for Research
<b>Hilmar Linnenkamp</b> Directorate General of Armaments, International Affairs	Ministry of Defence, Germany
<b>Jesus Lugaro</b> Head of the European Organisation Unit	Ministry of Defence, Spain



<b>Marius-Paul Madan</b> Defence Attaché	Embassy of Romania to Belgium
<b>Nicolas Maffert</b> Deputy National Armament Director	Ministère de la Défense, France Groupement interarmées actions civilo-militaires (GIACM)
<b>Volker Malisius</b> Armament Counsellor	Delegation of Germany to NATO
<b>Gabriel Mernák</b> Defence Advisor	Mission of the Slovak Republic to NATO
<b>Giles Merritt</b> Director	Forum Europe
<b>Vincent Metten</b> Expert	European Commission: Directorate General for Research
<b>Uwe Nerlich</b> Director CES Research	IABG
<b>Robert Pawlowski</b> Deputy NADREP	Delegation of Poland to NATO
<b>Klaus Prömpers</b> Journalist	Zweites Deutsches Fernsehen (ZDF)
<b>Kyriakos Revelas</b> Official	European Commission: Directorate General for External Relations
<b>Pierre Sabatié-Garat</b> Senior Advisor to the Defence Strategy Coordination Group	European Aeronautic Defence and Space Company (EADS)
<b>Geoff Sawyer</b> Head of EU Affairs	Astrium
<b>Burkard Schmitt</b> Research Fellow	European Union Institute for Security Studies (ISS-EU)
<b>Zachary Selden</b> Director, Defense and Security Committee	North Atlantic Treaty Organisation (NATO) Parliamentary Assembly
<b>Derek Sharples</b> Vice President International Relations	Airbus Industrie
<b>Jamie Shea</b> Deputy Assistant Secretary General for External Relations, Public Diplomacy Division	North Atlantic Treaty Organisation (NATO)
<b>Simon Smith</b> Head of Unit, IT Resources	European Commission: Directorate General for Education & Culture
<b>Robert Soltyk</b> Journalist Brussels Correspondent	Gazeta Wyborcza



<b>Gabriel Sopanda</b> Second Secretary	Embassy of Romania to Belgium
<b>Walter Storz</b> First Counsellor	Delegation of Germany to NATO
<b>Nicolae Tarban</b> Deputy Head of Defence Section	Mission of Romania to NATO and the WEU
<b>Paul Thonon</b> President	CMI Defence
<b>Brooks Tigner</b> EU Correspondent	Defence News
<b>Gert Timmerman</b> Staff Group National Representative	Delegation of the Netherlands to NATO
<b>Michel Troubetzkoy</b> Senior Vice President, Director for Relations with European Institutions	European Aeronautic Defence and Space Company (EADS)
<b>Veli Pekka Valtonen</b> Armaments Counsellor	Delegation of Finland to NATO
<b>Jos Vanschoenwinkel</b> Military Adviser, Armaments Cooperation	Delegation of Belgium to NATO
<b>Paolo Venturoni</b> Director	Finmeccanica
<b>Karl von Wogau</b> Member	European Parliament: Committee for Foreign Affairs, Common Security, Human Rights and Defence Policy
<b>Hans-Bernhard Weisserth</b> Head of ESDP Task Force, Policy Planning & Early Warning Unit	Council of the European Union: Policy Planning and Early Warning Unit
<b>Zdenek M. Werner</b> Head of Delegation	Delegation of Prague to the EU
<b>Jean Wesener</b> Secretary General	European Defence Industries Group (EDIG)
<b>Ted Whiteside</b> Head of the Weapons of Mass Destruction Centre	North Atlantic Treaty Organisation (NATO)
<b>Laurent Zecchini</b> Diplomatic Correspondent	Le Monde
<b>Andrzej Zurek</b> Staff Group National Representative	Delegation of Poland to NATO



## Programme for the day:

### **Session 1**

#### ***Closing the transatlantic capabilities gap***

There are still many different visions of the new agency's scope and role. How muscular will it be, with what sort of budget and decision-making arrangements?

- Will its legal basis enable it to place major contracts?
- Will it be a pool of new R&D funding to be redistributed nationally, or a tool for identifying and filling capabilities needs?
- How could it help address European defence companies' difficulties vis-à-vis their American competitors?

Introductory speakers:

- **Hilmar Linnenkamp**, Directorate General for Armaments, International Affairs, German Ministry of Defence
- **Sarah Beaver**, Deputy-Director, International Security Policy, UK Ministry of Defence
- **Lieutenant-General Gianni Botondi**, Deputy National Armaments Director, Italian Ministry of Defence

### **Session 2**

#### ***Europe's military equipment needs in 2010***

What will Europe's military needs be in the next decade? If peacekeeping and humanitarian missions are to be the main focus of Europe's security efforts, either regionally or more globally, what are the implications for capabilities development? How should the European Union's Rapid Reaction Force be equipped, and what are the cost implications of these choices?

Introductory speakers:

- **Nicolas Maffert**, Deputy National Armaments Director, French Ministry of Defence
- **Ian Abbot**, Chief of Policy and Plans Division, European Union Military Staff



## Key points of the debates

The New Defence Agenda's first roundtable of 2004 saw a packed house and three hours of intense debate surrounding the future of the European Defence Agency. Perhaps those who came expecting to hear revolutionary talk were disappointed, as although speakers reinforced the Agency's importance, they emphasised that it is just one step along the way to a common European defence policy. Discussions concerning who would head the agency may have cast a shadow over the proceedings, but its creation was seen as a move in the right direction towards a converging CFSP.

The UK Ministry of Defence's **Sarah Beaver** was insistent that the challenge lay in defining "a consolidated demand" that could drive "a consolidated supply". Listing a number of reasons why the agency was required, Beaver argued that Europe's failure to collaborate successfully in defence matters was due to the countries of the enlarged EU "spending resources on the wrong things or inefficiently or both". Emphasising the financial aspects of the agency's plans, Beaver stressed that nothing would be achieved unless the 25 defence ministers buy-in to the shared vision as to how Europe's defence capabilities should be developed.

On behalf of the Italian Ministry of Defence, **Lt.-Gen. Gianni Botondi** declared that the agency would be a first concrete step towards the creation of a "single competent body responsible for armament cooperation in Europe" but that its success "depended on the will of nations" – a theme taken up by many speakers. Taking a similar tack, the German Ministry of Defence's **Hilmar Linnenkamp** stressed the inter-governmental *and* advisory nature of the agency, and while noting that the Secretary-General High Representative would be in a position to "advise and bully" the defence ministers into collective action, they themselves held the key to success.

After WEAG's **Hilary Davies** asked how decision-making could be improved without access to funding that was not dependent on national governments and EADS's **Pierre Sabatié-Garat** expressed his surprise at the agency's ultimate lack of ambition, Linnenkamp, supported by Beaver, was moved to state that "nations are not prepared to give up authority and responsibility". He did not see this as an unexpected development: as fundamental change – which could take years – would only come with the greater development of the CFSP itself.

In the second debate, the European Union Military Staff's **Ian Abbot** insisted that the strategy, as set out in General-Secretary High Representative Solana's paper, was there for all to see and that planned activities will give the EU a unique capability, combined with other multinational organisations, to use its resources for all phases from conflict prevention to post-conflict stabilisation.

Abbot added that the tasks planned for 2004 would test the motivation of new and old EU member states to support the agreed defence strategy. Like Beaver, Abbot stressed that "consolidation of defence needs" was a vital ingredient. The French Ministry of Defence's **Nicolas Maffert** reminded the audience that national requirements still dominate debates and that the key driver is affordability (what funding is available), rather than technology or even the requirements themselves.

As for how the ratio of troops to equipment could be improved in Europe, Maffert suggested a "simple" remedy (more simple to propose than to implement) – reduce the troop numbers by 50%, as this would provide the additional funding to upgrade equipment and the "enablers" (logistics, communications systems, engineers, etc.) highlighted by Abbot.





## Session 1: Closing the transatlantic capabilities gap

NATO's **Jamie Shea** welcomed the audience to the NDA's first session of 2004 and commented on the packed house that had gathered to discuss a hot topic – 'the agency.' In reference to the ongoing debate about who would head the organisation, Shea stated that the day's debate should focus on the "substance," i.e. what could the agency achieve politically and would Europe be able to rationalise its defence efforts and thereby link policy with acquisitions.

### **First speaker: Sarah Beaver, Deputy-Director, International Security Policy, UK Ministry of Defence**

Sarah Beaver prefaced her remarks by stating the UK had always preferred a broad-based agency that covered defence capabilities development, research, acquisitions and armaments. Referring to the decisions taken at GAERC<sup>1</sup> (November 17, 2003), Beaver noted that the agency's objectives were to:

- support member states in their efforts to improve European defence capabilities in the field of crisis management, and
- sustain the ESDP, now and in the future.

#### **Agency's main functions (as discussed at the NDA session – 13 October, 2003)**

- developing capabilities (HTF/ ECAP)
- promoting armaments cooperation
- promoting research aimed at fulfilling capabilities needs and strengthening European industrial potential
- developing policies on strengthening the European defence industrial and technological base

However, after referring to the agency's clearly-defined functions (see above), Beaver turned to more uncertain matters. She noted that there is no agreed title for the agency and clarification is required on its scope, powers and responsibilities.

Giving the UK's rationale for the agency, Beaver underlined several points:

- Europe is not performing as well as it should be in the defence sector
- Even the modest targets set in the Helsinki Headline Goal (HHG) have not been met
- Within NATO, European capabilities are seen as inadequate
- Only 200,000 men are available for operations, out of a total of 1 million
- There are interoperability problems with the US troops

Beaver argued that these problems were due to Europe's failure to spend enough on defence. Her conclusion was that the countries of the enlarged EU are spending "resources on the wrong things or inefficiently or both". However, despite this lack of coherence, Beaver insisted that a vast agency was not the solution (in agreement with the GAERC report); its core staff should be small and common funding of equipment purchases is not yet the order of the day.

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<sup>1</sup> General Affairs & External Relations Council



Beaver looked more to partnership with existing bodies, e.g. the EU Military Staff (EUMS), the EU Military Committee (EUMC), LOI<sup>2</sup>, WEAG and OCCAR<sup>3</sup>, etc. Overall, she said the agency should be seen as a “new point of coordination.” In order to be successful, Beaver argued that the UK wanted the agency to be “capability led” and follow a four-fold *modus operandi* that would allow it to:

- determine the capabilities that are required
- evaluate honestly how far short of these capabilities the member states are falling
- analyse the way in which gaps can be bridged
- lobby, bully and argue for solutions that will overcome deficiencies

In this way, governments will be able to support their industries by jointly agreeing what is required, so that “consolidated demand calls for consolidated supply”. Beaver did not, however, forget about the money. She stressed that nothing will be achieved unless the 25 defence ministers buy-in to the shared vision as to how Europe’s defence capabilities should develop and how European procurement and technology should be aligned in its support.

This means that defence ministers should be the steering board of the agency and the Secretary-General of the Council of the European Union/High Representative for CFSP should head it, so parochial concerns are overcome and eyes are kept “on the main prize.” In conclusion, Beaver called for the agency to promote hard analysis and practical proposals – developed in partnership with other actors - to demonstrably serve the objective of enhancing Europe’s defence capability.

## **Second speaker: Lt.-Gen. Gianni Botondi, Deputy National Armaments Director, Italian Ministry of Defence**

Lt.-Gen. Botondi shared Beaver’s view that the Secretary-General should be the head of the agency and underlined the important role of the Establishment Team “preparing conditions for a smooth operation of the agency.” Botondi also reminded the audience that the agency would be “slim and lean,” helping to set the agency’s direction.

Dealing practically with the NDA’s questions of the day, Botondi addressed a number of points concerning the agency:

- *Its scope:* it will “support member states in their efforts to improve European defence capabilities in the field of crisis management, and sustain the ESDP as it stands now and develops in the future;” i.e. it will not be a mere armaments provider;
- *Its size:* it will be a “coordinating body,” connecting the existing entities on the “operational” side (EUMC, EUMS through the PSC<sup>4</sup>), to the “armaments” one where OCCAR and WEAO<sup>5</sup>/RC are useful and proven tools.
- *Budgets and decisions:* it is possible that the agency would have its own budget split into administrative (proportionally split over member states) and non-administrative (to be agreed on a case-by-case basis) tasks; the decision-making process was described as “a sensitive issue”, so watch this space.
- *Legal status:* as the agency will coordinate existing European groups, it will have the legal ability to place contracts using the frameworks of WEAG, OCCAR, WEAO, etc.
- *R&D activities:* the agency and the European Commission will work in close coordination and the latter could decide to contribute to the agency by financing research projects/activities related to security issues on a case-by-case basis.

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<sup>2</sup> Letter of Intent signed by 6 countries aimed to harmonise some defence market regulations.

<sup>3</sup> The Organisation for Joint Armament Co-operation, known by the acronym of its French title, Organisation Conjointe de Cooperation en matière d’Armement.

<sup>4</sup> The Political and Security Committee

<sup>5</sup> Western European Armaments Organisation



Botondi reasoned that the agency would be a first concrete step towards the creation of a “single competent body responsible for armament cooperation in Europe”. He added that he was optimistic industry would see the benefit of an agency that coordinated activities in the defence arena.

Turning to the US, Botondi said the agency would assist European companies to cooperate and collaborate with the US, i.e. *fortress Europe is not the objective*. In conclusion, he foresaw the agency playing a vital role in the ESDP domain (in the whole life-cycle), as it will assist all actors in the fields of defence and industrial research policy. However, he warned, the agency’s success would depend heavily of the will of nations to create a genuine common foreign and defence policy.

### **Third speaker: Hilmar Linnenkamp, Directorate General for Armaments, International Affairs, German Ministry of Defence**

Hilmar Linnenkamp came straight to the point; the agency will be an intergovernmental agency and will not be “a super bureaucratic” structure that adds to the current European architecture. He looked immediately at the problem of closing the transatlantic gap – initially asking if this was one of capabilities, technologies, expenditure or even the intellectual infrastructure of NATO.

Linnenkamp chose to focus on yet another gap, the one of “structure,” as the US has always had one defence policy whereas Europe has had many. In addition, the US has always been an “expeditionary power” whereas only a few European countries had acted in this way. Given this background, Linnenkamp argued that the agency could succeed in bringing together the many European defence policies underneath the heading of “collective capability development.”

He then focussed on what the agency, from a German viewpoint, would and would not be. ***It will not:***

- *be a large bureaucratic structure that removes tasks from the nations; based on the OCCAR experience, getting 25 nations to agree would be a nightmare*
- *be a completely new organisation* as it will use existing structures and organisations
- *have a new budget;* as an inter-governmental body it will utilise national “wills and means.”

***However, it will:***

- *become an advisory body,* with the Secretary-General High Representative being in a position to “advise and bully” the defence ministers into collective action
  - it will be an important part of the EU’s development
  - it will draw from the expertise of the connected institutions
  - it will develop reasons to request additional funding from the finance ministers
- *bring together Europe’s military, armament and R&T requirements and industry’s needs in a “regulated process,”* i.e. a dialogue between the military (the requirements) and the industrial providers (the solutions). At this point, Linnenkamp echoed Beaver’s call for “consolidated demand” meeting “consolidated supply.”

He concluded by stressing the important role of the defence ministers, as previously the foreign ministers have seen themselves as the masters of defence policy. He called the GAERC’s establishment of the defence ministers’ right to play a prominent role as a “great success.” Linnenkamp noted that military and armaments committees would also be required, so that the supply and demand sides would have the same weight and power.



## First session – Q&A

MEP **Karl von Wogau** opened the debate with a raft of questions:

- Will standardisation be part of the agency's remit?
- What will be its connection with the HHG?
- How will the relationship with OCCAR be implemented?
- How will parliamentary control work in practice?

These points were immediately answered by **Sarah Beaver**; she argued that NATO standards will apply, so new standards will not be developed; the HHG is indeed a prime target but the agency may aim to go beyond that (with a new headline goal being required at some stage); the relationship with OCCAR needs to be established but some nations are concerned about an "OCCAR take-over" and, finally, control will be on an inter-governmental basis rather than by the European Parliament.

**Hilmar Linnenkamp** added that control had to be by the 25 national governments. This would be difficult but individual member states have a duty to avoid "money being wasted." Linnenkamp emphasised that the agency should act as a catalyst and advisory body for the member nations.

In response to a question from NATO's **Ted Whiteside** concerning the agency's future structure, Linnenkamp said that it may seek help from some of the relevant NATO bodies and that the aim is to utilise "existing agencies and procedures" rather than develop new bodies.

WEAG's General Manager **Hilary Davies** raised the issue of decision-making within the proposed intergovernmental structure. She asked how it could be improved (over the current WEAG / WEAO procedures) and wondered if it was possible without access to funding that was not dependent on national governments. Unfortunately, the speakers did not provide a positive response. Linnenkamp said that although improvements were essential, there will be "no fundamental change in the next few years". Beaver agreed with this analysis and added that the UK did not believe in common R&D funding, but supported the definition of "a common agreement on what is to be achieved". For Beaver, the overwhelming problem is that most countries are not spending enough on R&T (they should reach the level of the UK and France).

**Tjien-Khoen Liem**, of the European Commission's DG Research, reminded the audience of the Commission's preparatory action for security research, which he said has a modest budget (65 million euros, 2004-2006) but should lead to a total security research package in 2007.

On behalf of NATO, Wing Commander **Neil Hutchinson** wanted more details about the gap; what exactly is it and how will it evolve? At this point, EADS's **Pierre Sabatié-Garat** expressed his dismay at the lack of ambition of the proposed agency and asked if it could really solve the existing problems of industry and the research market. Pointedly, Sabatié-Garat asked what kind of responsibilities would the member states be willing to concede to the agency.

### Closing remarks from the panel

Linnenkamp wisely addressed the gap question first. He foresaw difficulties as individual member states "differ on the relevance and characteristics of the gap" but in his viewpoint, the agency would be "the place to come together to address the gap issue". Linnenkamp added, "some gaps" may still exist in 20 years' time.

Turning to Sabatié-Garat's remarks, Linnenkamp noted that while he understood the disappointment felt by some observers, it should be understood that "the agency will not solve problems that member states are not willing to address," as it is an inter-governmental organisation looking for consensus. While referring to the agency as an opportunity,



Linnenkamp insisted, “nations are not prepared to give up authority and responsibility,” concluding the agency could only make progress at the speed of CFSP development.

**Lt.-Gen. Gianni Botondi** agreed and added that an effective agency was needed in order to aid a collective approach. Beaver warned that the UK had concerns about the agency becoming “a talking shop” and this had led to a desire to set modest aims. She stressed the need for tools that would allow the appropriate analytical framework but underlined Linnenkamp’s point that there would be “no surrender of responsibility to the agency.”

Ending on a positive note, Beaver said the UK believes in the benefit of collective pressure and that the immediate focus should be on supporting the ESDP. She added that it will not be the means of closing the gap, but will help in that direction.

## Session 2: Europe's military equipment needs in 2010

### First speaker: Nicolas Maffert, Deputy National Armaments Director, French Ministry of Defence

Nicolas Maffert highlighted Europe's lack of ambition in defence matters compared with the US. He stated that Europe is falling behind and gave data (comparing 2000 with 2003) that showed the widening gap:

- a decline from 60% to 50% (Europe's defence budgets in comparison to the US)
- from 40% to 25% for acquisition budgets
- from 20% to 15% for R&T budgets

Maffert reasoned that the US in a situation of financial offensive which goes along with technological, industrial and commercial offensives. To improve the situation, member states should therefore learn to spend more efficiently as most of them were unlikely to increase their expenditure.

With an eye on public opinion, Maffert added that it was hard for Europe's citizens to understand why Europe's technologically advanced defence capability was only 20% of that of the US despite spending a figure equal to 50% of the US's total budget.

Welcoming the trend in Europe towards consolidation (OCCAR, LOI, etc.), Maffert noted that these actions were taken on a case-by-case basis and that a single point of reference was required. He claimed that the European Capability Action Plan (ECAP) is bearing fruits and that he was optimistic about the European Armaments Policy, despite the size of the gap. He concluded that conditions were favourable to go beyond ECAP via the creation of the future European Defence Agency despite some Anglo-French differences on priority for this intergovernmental agency.

### Second speaker: Ian Abbot, Chief of Policy and Plans Division, European Union Military Staff

Ian Abbot opened his remarks by making several background points:

- there has been a switch in thinking about "the threat" in that it now focuses less on capabilities and more on vulnerabilities (i.e. concerns about the infrastructure and doubts about the ability to conduct military activities in support of political and military goals)
- there is a realisation that industry needs restructuring
- there should be an emphasis on consolidating needs in order to define Europe's requirements for 2010

As for his own remarks, Abbot reviewed 2003 and took stock of the situation. He stated that the ESDP has become a reality with its machinery in Brussels now "up and running", i.e. the PSC, the EUMC, etc. EU and NATO have reached agreements despite well-publicised rifts, and crisis management exercises have been successfully concluded.

Abbot described the four successful European crisis management operations: the EUPM (police mission) in Bosnia Herzegovina, the EU military commissions in Concordia (FYROM<sup>6</sup>) and in Artemis (the Congo), and the EUPM Proxima mission in FYROM. He highlighted the fact

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<sup>6</sup> The Former Yugoslav Republic of Macedonia.



that the two military missions have accomplished their objectives and shown that the two different command and control arrangements can be equally effective.

Abbot also mentioned progress in the area of the military capability action plan ECAP, with its 15 groups investigating proposals to remedy existing shortfalls. A capability development mechanism has also been implemented but shortfalls and capabilities remain a major deficiency within a process that has been an overall success.

Looking ahead, Abbot stressed that 2004 would be a vital year for improving the ESDP, bearing in mind that the challenge for the 21<sup>st</sup> century was not defence but security. Objectives include:

- definition of a new headline goal which may lead to a widening of the Petersberg tasks (to include; disarmament, military advisor roles, post-conflict stabilisation and consequence management)
- a clear definition of the EU's rapid response ambitions, primarily for EU autonomous UN support; however, he added that 'rapid response' is a complex area that encompasses planning, decision-making and implementation (for both military and civilian operations)
- the establishment of the agency to promote harmonisation and cooperation (as discussed) where the Agency Establishment Team has the role of ensuring the agency brings added value and does not duplicate existing efforts

Overall, he argued that the implementation of this package – and other activities related to IT, infrastructure and budget - will give the EU a unique capability, combined with other multinational organisations, to use its resources for all phases from conflict prevention to post-conflict stabilisation.

Summing up, Abbot said these activities (to be undertaken in 2004) would show the extent to which old and new member states are willing to support and implement the European Security Strategy agreed in Brussels (December 2003). He stressed that this strategy embraces all ongoing and new processes in a simple formula that is "more active, more capable and more coherent," focusing on the practical steps needed for future success.

## Second session – Q&A

**Jamie Shea** reminded everyone that the two main challenges are *usability* (an insufficient percentage are ready and available for deployment) and *sustainability* (to retain forces in the field). A further factor is *equipment*; does Europe have to follow the US's lead, i.e. in the development of network centric warfare (NCW)? And how can success in these areas be achieved, and in what timeframe?

Wing Commander **Neil Hutchinson** opened the second debate by warning about requirements following technology; he called for practical actions to be taken, which were not dominated by the need to implement complex technologies.

**Hilmar Linnenkamp** informed the audience that the German government had announced to restructure its armed forces and argued it would have been preferable if European nations had come together to talk about such decisions: a) to promote the collaborative efforts of European forces, and b) to determine how European and US forces could fit together.

Thales' **Martin Hill** requested more information about possible extensions to the Helsinki Headline Goals while **Pierre Sabatié-Garat** reminded the speakers that Europe did have 100,000 men "in use" on the ground. Wing Commander Neil Hutchinson responded by saying there was a danger of tasks being added (for EU, national and NATO reasons) to the tasks already allocated to such troops and called for activities to be ring-fenced.





**Ian Abbot** responded to the questions about the EU's requirements (and the possible extension of the HHG) by referring to the EU's Security Strategy paper, which contains the "level of ambition and the security situation". He rejected the possibility that technology might act as a driver – "an old discussion" – and insisted that requirements now dictated events. He concluded, "the articulation of needs would be the answer to meeting the EU's ambitions."

Taking a more pragmatic view, **Nicolas Maffert** declared nations are the decision-makers (as defence is built on national budgets) despite an increased level of collaboration. As for the drivers, Maffert argued that the main motivation was neither technology nor requirements, but "affordability," i.e. the available funding. He also took up Wing Commander Hutchinson's point about conflicting demands for forces and reminded the group that this question has always found a solution and gave the example of the Falklands Crisis for which the UK had removed its (NATO) forces without discussion or difficulty.

NATO's **Zachary Selden** asked how equipment expenditure could be increased if personnel budgets continued to rise. NATO's **Diego Ruiz Palmer** asked if European defence was realistic without any convergence in defence planning and budgeting (comparing it to implementing the euro without economic convergence). On the same subject, he noted that NATO has not been successful in defining a single (European) view of requirements despite 35 years of attempts. Ruiz Palmer argued politics were the key and asked if the adoption of a European Security Strategy was strong enough political motivation to ensure successful collaboration.

### **Closing remarks from the panel**

Maffert compared the US (a budget of \$400 billion, 1 million men) with Europe (a budget of \$200 billion, over 1 million men; major differences between member states) and reasoned that it was a question of big battalions or more sophisticated forces. Maffert's answer (or joke?) was delightfully simple – cut the troop numbers by half in order to allow an adequate level of expenditure on equipment.

Abbot highlighted four points:

- capabilities are more important than organisation
- it is not what is on the ground, e.g. a battalion, but rather what can be done with it
- there is a need for logistics, communications systems, engineers, etc to be working together in the future
- the priority is examine these "enablers" rather than other parts of the equation

In response to Ruiz Palmer's questions, Abbot agreed that national and multinational lines had to work together. However, he insisted there were no problems on the ground with multinational forces and that maybe the issue existed "in the rarefied air of Brussels." Abbot felt there was an absence of political convergence regarding the perception of what is needed to achieve objectives.

### **Next meetings**

**Jamie Shea** thanked the NDA organisation committee and confirmed future roundtables:

- February 16 – Europe's drive to implement an anti-terrorist strategy
- March 15 – Towards an EU burden-sharing of defence costs?