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NATO Defense College  
Collège de Défense de l'OTAN

**NDC FORUM PAPER**

## Smart Defense: A Critical Appraisal

Jakob Henius  
Jacopo Leone McDonald

Rome, March 2012

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NATO Defense College Cataloguing in Publication-Data:

*“Smart Defense: A Critical Appraisal”*

(NATO Defense College “NDC Forum Papers Series”)

Forum Paper by Jakob Henius and Jacopo Leone MacDonald

Copy-editing: Maria Di Martino

**ISBN: 978-88-96898-07-9**

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Website: <http://www.ndc.nato.int>

Printed and bound by Deltamedia Group  
Via Portuense 1555, 00148 Rome, Italy  
Tel. + 39 06 78 85 16 88 [www.deltamediagroup.it](http://www.deltamediagroup.it)

# Smart Defence: A Critical Appraisal

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## The Basics of Smart Defence

“Gentlemen, we have run out of money.

It is time to start thinking”

*Ernest Rutherford*

Jacopo Leone MacDonald<sup>1</sup>

The concept of “Smart Defence” has in the last few months gained a critical position within the political and technical debates surrounding NATO and its future prospects as a security provider. Secretary General Rasmussen has adopted the concept as one of the core objectives of his mandate, often describing it as a vital priority for the Alliance. According to the keynote speech he delivered at the Munich Security Conference in February 2011, Smart Defence can be defined as a specific approach capable of “ensuring greater security, for less money, by working together with more flexibility”,<sup>2</sup> ultimately cooperating with others “with the aim to pool and share resources so that [NATO members] can together afford to acquire the necessary capabilities.”<sup>3</sup>

Expressed in these terms, Smart Defence is obviously nothing new. Concerns about shortfalls in NATO military capabilities have been expressed regularly over time by numerous political and military actors, often suggesting the development of “pooling and sharing” to eliminate the persistent gap within the Alliance between requirements and capabilities. “Pooling” military forces and assets from various countries to create strengthened operational capabilities, and “sharing” significant amounts of military goods and services have already been

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<sup>2</sup> NATO Secretary General Anders Fogh Rasmussen, “Smart Defence can help nations to build greater security with fewer resources but more coordination and coherence”, Munich, 4 February 2011, [http://www.nato.int/cps/en/natolive/opinions\\_70400.htm](http://www.nato.int/cps/en/natolive/opinions_70400.htm)

<sup>3</sup> NATO Newsroom, “NATO Secretary General talks Smart Defence in Slovakia”, 19 May 2011, [http://www.nato.int/cps/en/natolive/news\\_74489.htm](http://www.nato.int/cps/en/natolive/news_74489.htm)

promoted in the past. In this perspective, Smart Defence thus appears as little more than a new attempt to implement an old idea. After all, NATO's rationale stems largely from inherent belief in the attractions and payoffs of pooling and sharing initiatives, and in the current age of severe financial austerity there can be no doubt that a concept like Smart Defence gains renewed political attractiveness and value.

Nevertheless, Smart Defence remains a rather vague concept. Without an official definition, it has so far been presented by NATO officials as a silver bullet against capability shortfalls, often in a rather acritical manner and without a detailed analysis of its viability and potential limits. Given the limited tangible results achieved by past attempts to promote pooling and sharing, and their consequent failure in reducing the persistent gap between requirements and capabilities within the Alliance, why should Smart Defence be considered as a credible political initiative? What, if anything, makes Smart Defence worth pursuing now despite an extensive list of previous disappointments in comparable pooling and sharing projects? And how will it be possible to overcome the technical and political limitations that made recent attempts at pooling and sharing largely ineffective? These are the key questions the present paper addresses.

The analysis is divided into two sections. The first section places Smart Defence in perspective, presenting the concept in its political dimension by focusing not only on references to it in official documents and speeches but also on the institutional approach to it within NATO. Considerations that seem to make Smart Defence appealing in the current international scenario are also examined, focusing in particular on three interrelated factors. To conclude this first section, a brief description of several concrete projects gives an idea of the many different forms Smart Defence can take in actual practice. The second part of the analysis focuses on the critical issues Smart Defence is likely to be faced with throughout its implementation. Drawing a distinction between technical and political difficulties, this section indicates that

NATO must make full allowance for several crucial elements which emerged during past attempts at pooling and sharing if Smart Defence is to have any real prospect of success.

## 1. Defining Smart Defence

### *1.1 An old idea...*

Smart Defence remains largely a NATO concept. Recently it has become a constant topic of political and technical debate – almost a buzzword – within the Alliance. NATO Secretary General Anders Fogh Rasmussen publicly started to use the term “Smart Defence” at the beginning of 2011, giving several speeches in which he endorsed the development of multinational cooperation, economic planning and regional approaches to build improved Alliance capabilities. Speaking in a variety of venues, he regularly stated the need for NATO not only to make its military forces more affordable and capable but also to pursue reforms with the aim of becoming more effective, efficient and flexible. In an article in the July/August 2011 edition of *Foreign Affairs*, Secretary General Rasmussen wrote that:

*Smart Defence is about building security for less money by working together and being more flexible. That requires identifying those areas in which NATO allies need to keep investing. [...] Smart Defence also means encouraging multinational cooperation. Nations should work in small clusters to combine their resources and build capabilities that can benefit the alliance as a whole. Here NATO can act as a matchmaker, bringing nations together to identify what they can do jointly at a lower cost, more efficiently, and with less risk.<sup>4</sup>*

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<sup>4</sup> Anders Fogh Rasmussen, “NATO After Libya”, *Foreign Affairs*, vol. 90, no. 4, July/August 2011, pp. 2-6.

Such is the conceptual basis for the institutional perspective on Smart Defence. In particular, Smart Defence is defined by three interrelated features:

- (i) the main idea of pooling and sharing military goods and best practices;
- (ii) the need to identify a common set of security priorities through which overall coherence should be maintained;
- (iii) the requirement of establishing strategic synergies between NATO and other institutions, primarily the European Union.

It is easy to see that a threefold definition of this sort entrusts NATO with a wide spectrum of tasks, each of which is faced with several political obstacles. Nevertheless, the Alliance is strongly committed to the implementation of Smart Defence through institutional mechanisms. This is visible not only in the promotion of the concept by Secretary General Rasmussen on almost every public occasion, but also in the decision to appoint two (one civilian, one military) NATO Special Envoys to help allies implement Smart Defence policies – Deputy Secretary General Claudio Bisogniero and the Commander Allied Command Transformation, General Stéphane Abrial. Their task in the next few months will be to raise general awareness of Smart Defence and to generate political pressure, working hand-in-hand with member state capitals, as well as with industry, on a list of possible projects which will favour multilateral cooperation. This political coordination should be brought into sharp focus during the next NATO Summit in Chicago, in May 2012, when agreement on a package of specific multinational Smart Defence projects will be one of the main political objectives of the event.

Based on these official statements and documents, Smart Defence can be generally defined as a renewed attempt by NATO to encourage and support pooling and sharing, facilitated by a better-defined strategic



framework and more effective inter-institutional coordination. In this respect, Smart Defence has to be analysed to a great extent as a European issue. Indeed, in the effort to create improved military forces and capabilities, the main focus of Smart Defence is on NATO's European member nations and their shrinking defence budgets, or what has been called the "Great European Defence Depression".<sup>5</sup> Given a spending gap which is likely to widen in the near future, with European countries now shouldering as little as 21% of the entire NATO budget, Smart Defence is ultimately meant to avert the risk of a divided and weaker Europe, increasingly adrift from the United States. Despite observable differences, a majority of European states have decided on major consolidation of national budgets, with substantial effects on defence spending. According to European Commission estimates, such austerity may last for up to two decades, until 2030. In practical terms, therefore, Smart Defence represents for NATO an effort to hold together its transatlantic rationale, today seriously threatened by European defence budget cuts which could push the US to look elsewhere for reliable defence partners. Robert Gates, former US Secretary of Defense, clearly validated this possibility in his outgoing speech, referring to how "future US political leaders may not consider the return on America's investment in NATO worth the cost".<sup>6</sup>

## ***1.2 ...based on new premises?***

Overall, then, Smart Defence stands out as nothing original: an attractive label for an old idea, which places emphasis on the value of pooling and sharing defence assets through deeper multinational cooperation as well as through better budget allocation. However, given the limited success of previous pooling and sharing initiatives by NATO and other subjects, the decision to revitalise such a concept could appear devoid

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<sup>5</sup> Julian Lindley-French, "*The lamps are going out all over Europe?*", August 2011, <http://lindleyfrench.blogspot.com/2011/08/lamps-are-going-out-all-over-europe.html>

<sup>6</sup> Robert Gates, "*Reflections on the status and future of the transatlantic alliance*", 10 June 2011, [http://www.securitydefenceagenda.org/Portals/14/Documents/Publications/2011/GATES\\_Report\\_final.pdf](http://www.securitydefenceagenda.org/Portals/14/Documents/Publications/2011/GATES_Report_final.pdf)

of political sense. From the early 1990s NATO launched various projects to ensure the effectiveness of future operations, proposing the idea of pooling and sharing as well as highlighting the need for better allocation of economic resources among allies.

These efforts made only limited progress, leaving the persistent gap between requirements and capabilities as a major technical and political challenge for the Alliance. Why is Smart Defence worth pursuing, then? Despite the poor results of previous initiatives, if we analyse current global affairs and international politics it is possible to identify a series of factors which appear to give Smart Defence renewed attractiveness. These historical contingencies ultimately offer fresh premises on which to ground Smart Defence initiatives, bringing much needed political momentum to the cause. Briefly, the growing enthusiasm for Smart Defence stems primarily from three interrelated considerations:

- **The Libyan Operation.** Launched in March 2011 and officially ended at midnight on October 31, the Libyan campaign has been a valuable reminder of how a broad spectrum of military capabilities is usually required to address any modern conflict.<sup>7</sup> Although it would be premature to draw exhaustive conclusions, recent operations in Libya highlighted several of NATO's limitations and frailties in relation to allies' equipments and military capabilities. In particular, both the controversial US decision to "lead from behind" and the European claims of having taken the military and political initiative need to be assessed in the light of the capabilities employed during the operations. As Secretary General Rasmussen stated, "the whole operation has made visible that there are some gaps [in military capabilities] to be filled".<sup>8</sup> Out of 28 NATO members, 14 committed

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<sup>7</sup> Royal United Services Institute (RUSI), "*Accidental Heroes. Britain, France and the Libya Operation*", September 2011, <http://www.rusi.org/downloads/assets/RUSIInterimLibyaReport.pdf>

<sup>8</sup> NATO Secretary General Anders Fogh Rasmussen, *Monthly Press Briefing*, 5 September 2011, [http://www.nato.int/cps/en/natolive/opinions\\_77640.htm](http://www.nato.int/cps/en/natolive/opinions_77640.htm)

military assets, but just eight were prepared to fly ground-attack sorties. Moreover, European allies were hardly independent of US military support throughout the Libyan campaign. Indeed, the mission would simply not have been possible without capabilities which only the US were able to offer: drones, airborne intelligence gathering, refuelling aircraft, and transport capacity. Alongside these so-called key enablers, the US “also provided most of the cruise missiles that degraded Colonel Quaddafi’s air defences”.<sup>9</sup> All these elements are currently being debated and discussed by NATO officials, hoping to transform them into a source of quiet encouragement for Smart Defence;

- **Rebalancing the transatlantic relationship.** The idea of Smart Defence is also supported by our changing international security architecture, in which the relationship between Europe and the US is somehow shifting in its balance. Indeed, as the global centre of gravity has left the Atlantic and moved to the Pacific and Indian Oceans, the focal point of US attention has shifted further east, meaning that Europe must take increasing responsibility for potential security issues emerging in its own neighbourhood. As US Secretary of State Hilary Clinton wrote in a recent Foreign Policy piece entitled “America’s Pacific Century”, the United States need to engage in a “strategic turn” to the Asia-Pacific region.<sup>10</sup> The same sentiment is visible among the US public, who deem Asia more important to their country’s national interest than Europe.<sup>11</sup> In this sense, the Libyan campaign was probably the first time within NATO that the US had carried out its threat to leave the Europeans to take the lead for maintaining the security of their own region. “This new US approach – controversially termed as ‘leading from behind’ by

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<sup>9</sup> *The Economist*, “NATO after Libya, a troubling victory”, 3 September 2011, <http://www.economist.com/node/21528248>

<sup>10</sup> Hilary Clinton, “America’s Pacific Century”, *Foreign Policy*, November 2011, [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century)

<sup>11</sup> German Marshall Fund, “*Transatlantic Trends 2011 – Key findings*”, [http://www.gmfus.org/publications\\_/TT/TT2011\\_final\\_web.pdf](http://www.gmfus.org/publications_/TT/TT2011_final_web.pdf)

one administration official – has left many Europeans nervous: how far will the US go in devaluating military responsibility”<sup>12</sup> More important, given the scarcity and gaps in military capabilities among European countries, how will NATO be able to maintain its global projection and effectiveness? The need to avoid the risk of Europe losing its capacity to act in situations where the US might decide to play only a limited role is part of the rationale for the legitimacy of Smart Defence;

- **The global financial crisis.** What ultimately confers conceptual value on Smart Defence and revitalised promotion of pooling and sharing is, above all, the current financial crisis together with its budgetary implications. Over the past two years, defence spending by NATO’s European member nations has shrunk by some 45 billion dollars – the equivalent of Germany’s entire annual defence budget. Consequently, the US share of NATO’s total defence spending is today close to 75%, highlighting a severe gap between the two sides of the Atlantic. In the midst of a global financial crisis no one expects such a declining trend to reverse. On the contrary, defence spending cuts are likely to persist in the short to mid term, not only in European capitals but also in Washington.<sup>13</sup> It is in this grim financial context that Smart Defence finds its strength: the idea is that cooperation and coordination to develop and share defence capabilities are seen as an inevitable requirement with a view to ensuring the security of NATO allies in the near future and preventing the current financial crisis from becoming a security crisis too.

Overall, each of these three considerations appears to offer fresh

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<sup>12</sup> Thomas Valasek, “What Libya says about the future of the transatlantic Alliance”, *Centre for European Reform*, July 2011, [http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/essay\\_libya\\_july11-146.pdf](http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/essay_libya_july11-146.pdf)

<sup>13</sup> *The Washington Post*, “Pentagon braces for much deeper military spending cuts as part of debt deal”, July 2011, [http://www.washingtonpost.com/world/national-security/pentagon-braces-for-much-deeper-military-spending-cuts-as-part-of-debt-deal/2011/07/20/gIQAdBKfQI\\_story.html](http://www.washingtonpost.com/world/national-security/pentagon-braces-for-much-deeper-military-spending-cuts-as-part-of-debt-deal/2011/07/20/gIQAdBKfQI_story.html)

arguments in favour of Smart Defence and the idea of pooling and sharing. Whether they will be substantial enough to overcome the political resistance that weakened previous initiatives is, however, still uncertain. In many respects the Libyan war and the factual support it seems to offer Smart Defence offer a number of parallels with the case of ethnic conflicts in the Balkans during the 1990s. A new item on the NATO agenda soon after the Kosovo war was the ensuing debate, similar to the current discussion of Smart Defence, about capability shortfalls and the need to improve interoperability and multinational cooperation by pooling and sharing. A number of political initiatives were launched to address the need for financial rationalisation which, although not as acute in the 1990s as now, nevertheless appeared to create substantial incentives for pooling and sharing. In the end, these initiatives actually brought limited tangible results. As the last section of this paper will suggest, to ensure that Smart Defence gives more substantial benefits a number of technical and political considerations must be addressed. Only in this way can full advantage be taken of the experience gained after the war in Kosovo.

### ***1.3 One concept, several applications***

But how is Smart Defence going to look in practice? In concrete terms, what could be a successful Smart Defence initiative? And what role is NATO going to play to promote Smart Defence effectively? Few tangible details have been given so far by NATO officials, the main intention at this early stage being to give the overall idea of Smart Defence as much visibility as possible by presenting several ongoing projects to the public as positive examples of the concept. As the following brief overview of the projects will show, they are often very different in their institutional frameworks, ranging from bilateral agreements to schemes based on NATO-owned assets. Nevertheless, in line with Secretary General Rasmussen's description of NATO's role as "about making it easier for nations to develop and

acquire capabilities – alone, together as Allies, or even involving non-NATO countries, in NATO or in the EU”,<sup>14</sup> Smart Defence remains a broad concept which could ultimately be pursued through a variety of institutional approaches. The examples presented below are those regularly mentioned in official NATO documents and speeches describing how Smart Defence can be achieved:

- **C-17 Strategic Airlift Capabilities.** Ten NATO nations (Bulgaria, Estonia, Hungary, Lithuania, the Netherlands, Norway, Poland, Romania, Slovenia and the United States) and two Partnership for Peace (PfP) nations (Finland and Sweden) signed in September 2008 a Memorandum of Understanding confirming their participation in a Strategic Airlift Capability (SAC) initiative to acquire, manage, support and operate three Boeing C-17 strategic transport aircraft. A fleet of three Boeing-manufactured C-17 Globemaster III aircraft is thus jointly managed and operated. Based in Hungary, the C-17 Strategic Airlift Capability can be allocated to NATO, UN or EU missions, or used for other international needs. Missions have been conducted in support of ISAF and KFOR operations, for humanitarian relief activities in Haiti and Pakistan, and for peacekeeping in Africa;
- **Airborne Warning and Control System (AWACs).** The NATO Airborne Early Warning and Control Force is one of the few military assets that is actually owned and operated by NATO. It is the Alliance’s largest collaborative project and is an example of what NATO member countries, in this case 17 nations, can achieve by pooling resources and working together in a truly multinational environment;
- **Multinational Logistics Coordination Center (MLCC).** Officially

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<sup>14</sup> NATO Secretary General Anders Fogh Rasmussen, “*Smart Defence can help nations to build greater security with fewer resources but more coordination and coherence*”, Munich, 4 February 2011, [http://www.nato.int/cps/en/natolive/opinions\\_70400.htm](http://www.nato.int/cps/en/natolive/opinions_70400.htm)

opened in February 2010 in Prague to enhance multinational logistic cooperation, the Multinational Logistics Coordination Center provides real-time visibility of logistic events to other countries, reduces the cost of coordinating events between countries through virtual environment capabilities, and provides a central repository of logistic event data readily available to all countries. Greece, Hungary, Slovakia, the United States and the Czech Republic participate in the venture;

- **Allied Ground Surveillance (AGS).** The Allied Ground Surveillance project on drone technology is often presented as another example of Smart Defence. A NATO-owned and -operated capability, AGS will enable the Alliance to perform persistent surveillance over wide areas from high-altitude, long-endurance, unmanned air platforms operating at a considerable distance and using advanced radar sensor. Although its development has been indicated as a priority for the past two decades, reaffirmed in the 2010 NATO Strategic Concept as one of the Alliance's most pressing capability needs, AGS is still currently at an impasse due to disagreements over funding. In particular, thirteen NATO countries – including the US, Germany and Italy – are ready to pay for the project only if all other allies are ready to meet the operating costs once it is running. France, which is developing its own drone technology, is opposed to it;
- **The Franco-British Defence Agreement.** On 2 November 2010 in London, the French and British governments signed two cooperation treaties in security and defence for a 50-year period, advancing bilateral strategic rapprochement and serving, albeit with some doubts about the long-term sustainability of the agreements,<sup>15</sup> as a source of inspiration for other joint defence initiatives in Europe. Having similar global ambitions and strategic cultures, France and the United Kingdom have many reasons to cooperate more closely,

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<sup>15</sup> Benoît Gomis, "Franco-British Defence and Security Treaties: Entente While it Lasts?", *Chatham House*, March 2011, <http://www.chathamhouse.org/publications/papers/view/109607>

indirectly benefitting both NATO and the EU. Defined by Secretary General Rasmussen as a “real turning point”, this agreement symbolises an additional option through which to implement Smart Defence, encouraging single countries to work on a bilateral basis on more pragmatic and concrete developments.

As noted above, these examples of Smart Defence projects differ substantially. This plurality of institutional paths for the promotion of Smart Defence is both an opportunity and a challenge for NATO. According to Secretary General Rasmussen, the Alliance’s role is ultimately to set the strategic direction, to identify possible areas of cooperation, to act as a clearing house, and to share best practices. The appointment of two Special Envoys for Smart Defence, Ambassador Bisogniero and General Abrial, goes clearly in this direction, allowing NATO to put political pressure on member states and advocate potential Smart Defence opportunities more effectively.

A new NATO Procurement Agency will be created, to work alongside the Support Agency and the Communication and Information Systems Services Agency in the effort to rationalise the existing 14 NATO agencies in a threefold structure.<sup>16</sup> In conjunction with Allied Command Transformation (ACT), the Procurement Agency will have the task of identifying ideas for enhanced multinational cooperation in multiple areas, including pooling and sharing of forces and capabilities, common acquisition efforts, and multinational logistics. The goal is ultimately to identify a number of areas that could potentially be subject to multinational cooperation, and on which a group of countries could agree at the NATO Summit in Chicago next May.

In conclusion, a more general observation seems valuable. How severe can the military capability situation really be within NATO, when the Alliance’s current budget represents more than 80% of world military

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<sup>16</sup> BBC, “Viewpoint: How to make NATO leaner, meaner, and cheaper”, 22 November 2010, <http://www.bbc.co.uk/news/world-europe-11812560>



spending? Does NATO have real capability shortfalls in relative terms, when compared with other global security actors? The strategic paradox is that NATO Europe's existing budgets and military resources seem amply sufficient for the purpose of acquiring improved capabilities and lessening any shortfalls, on condition that they can be applied more effectively and efficiently than now, with a sharper focus and clear priorities. This is not to deny that Smart Defence has a valuable aim. A core problem is that NATO's European budgets and forces are scattered among twenty-six sovereign countries, and they cannot easily be combined for either strategic planning or actual operations. The strategic challenge facing NATO and its European members is therefore to gain greater military and operational mileage from these sizable resources by making better use of them. A better-prepared, more usable NATO and European military posture is well within the range of resource feasibility if greater multilateral collaboration can be achieved. In these terms, Smart Defence could really bring added value to NATO.

## **2. Operational and political challenges to Smart Defence**

On the basis of the above considerations, Smart Defence has so far been pushed forward by NATO through rather optimistic rhetoric, emerging from Secretary General Rasmussen's speeches and official documents as a silver bullet – an easy solution to defence budget cuts and to the Alliance's capability shortfalls. Indeed, the political convenience of Smart Defence appeals strongly to both NATO officials and national leaders, who can use it to offer an attractive solution to their respective audiences in relation to often controversial security and defence issues. However, the point has now been reached at which concrete Smart Defence measures need to be defined and announced during the coming NATO Chicago Summit next May. A more realistic approach therefore seems to have recently entered NATO's Smart Defence promotion. To avoid a situation whereby individual states could feel

“deresponsibilised” by Smart Defence and see it as a justification for defence budget cuts, the rhetoric of the silver bullet has been replaced by a more cautious attitude. This reframing of Smart Defence appears particularly helpful when operational and political constraints to its implementation are taken into serious consideration. Indeed, as this second section of the analysis sets out to show, several factors can ultimately affect the successful outcome of Smart Defence initiatives.

### ***2.1. Implementing Smart Defence***

First of all, how should NATO decide to pursue Smart Defence in strategic and operational terms? According to which strategy should potential Smart Defence projects be identified and developed? By modelling ambitions and approaches on different timeframes, three possible strategic approaches are presented here, highlighting their respective pros and cons:

- **Short-term approach.** According to this option, Smart Defence will amount to a small handful of measures, principally in the coming two or three years. Affordable and feasible, this approach will minimise political resistance, focusing on specific and limited targets. On the other hand, however, major improvements to NATO military capabilities are unlikely to be achieved. A succession of small steps would not necessarily produce comprehensive advancement in the long term;
- **Mid-term approach.** In this case, a broader and larger set of Smart Defence measures will be promoted, presenting them in a strategic unitary design to be developed in the coming five to eight years. Such an approach will enable NATO to tackle the shortfalls in critical capabilities more effectively while not creating too much political stress among allies. Nevertheless, the risk is that it will produce military capabilities which are mid-way between stasis and reform, without a comprehensive and integrated plan;

- **Long-term approach.** Unlike the first two options, this one interprets Smart Defence in a comprehensive way, calling for the approval of an ambitious agenda and a long-term plan capable of substantially transforming NATO's military forces. Envisaging major improvements in NATO critical capabilities, it requires the pursuit of multinational cooperation and a deep political commitment. The risk in this approach is that it will prove too much for NATO's capacity to create political agreement among its members, overloading the political circuits in ways that will cause Smart Defence initiatives to fail.

Naturally, all three of these options have their attractions and their shortcomings, and a case can be made for any of them. A drawback is that none of them might suffice if adopted as a sole-source approach. NATO needs to bring them together in a blended and balanced way so that they can be used effectively to help guide Smart Defence projects. Fortunately, they are not mutually exclusive. For example, by adopting a phased approach, NATO can start by pursuing an initial practical programme in the short term while forging agreement on conceptual plans for the mid and long term. In this way, NATO could start gradually, add efforts as momentum is gained, and end strongly with a true impact on critical capabilities and efficiency. ACT and other NATO agencies can deal with the technical side of the matter by identifying Smart Defence projects for each of these three approaches. In this respect, a study by the ACT Task Force on Building Capability through Multinational Approaches, the final version of which was issued in September 2011, was discussed in October 2011 by NATO Defence Ministers.<sup>17</sup> Starting from a larger list of over 150 original proposals, 10 projects were selected largely because they made military sense.

Overall, it will be important that the full range of project options for

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<sup>17</sup> Allied Command Transformation, "*S.ACT attends meeting of NATO Defence Ministers*", 7 October 2011, <http://www.act.nato.int/news-stories/sact-attends-meeting-of-nato-defence-ministers>

Smart Defense continues to be developed. To facilitate such a process, a division of labour taking into account the relative strengths and historic military capacities of different NATO allies could be a positive strategy. Different countries could then be grouped into Mission Focus Groups (MFGs), in other words into “clusters” focusing on specific purposes and collective capabilities. Such MFGs would be a source of added value since they could provide a means for strengthening single Smart Defense projects while working within a clear overall framework. In addition, NATO attaches considerable importance to “filling gaps” in capabilities – clearly a major concern at the Chicago summit. In this respect the MFGs can play an added role, each taking responsibility for addressing such shortcomings according to its areas of interest and expertise.

## ***2.2 Political shackles***

If technical aspects of the implementation of Smart Defence can be handled through NATO’s agencies, the strictly political challenges have nevertheless still to be addressed. As previous attempts to incentivise pooling and sharing policies clearly showed, the real issue remains ultimately political; this means that the decisions needed to achieve successful implementation of Smart Defence are also political. On the basis of the arguments analysed in the first section of this study (the Libyan war, shifting US interests, the global financial crisis), NATO is now repeating – much like the EU – that there is no other political option for its members than to cooperate through Smart Defence, presented as the best way to preserve meaningful fighting capacity. Unfortunately, as previous efforts have clearly shown, national governments do have another simple option – simply not to cooperate, maintaining their respective individual spheres of sovereignty, even if severely weakened. Paradoxically, many governments would rather have autonomous and useless militaries than integrated and capable ones.

But what are the reasons for the national governments' reluctance to cooperate and their desire to preserve their sovereignty? What makes achievement of sound cooperation on security and defence matters politically so difficult? In this perspective, examining past attempts at pooling and sharing makes it possible to identify the political issues which are likely to create the greatest obstacles to Smart Defence, as a first step towards the necessary awareness to make its future implementation politically more realistic. Against this background, a list of potential political obstacles is presented below. It is hoped that this will facilitate discussion of their causes and of potential solutions, in order to inform a renewed approach to pooling and sharing and shape a pragmatic Smart Defence policy. Four main obstacles are identified:

- **Trust deficit.** A paramount political constraint for Smart Defence is the considerable trust and shared sense of identity which are necessary when security issues are on the table. Governments' desire to maintain complete autonomy when it comes to military and security issues is a constant feature throughout history. Indeed, since the pressure to participate in a military campaign in which pooling partners are involved will substantially curtail political autonomy, Smart Defence initiatives will raise *fears of entrapment*. On the other hand, countries will also experience *fears of abandonment* related to their pooling partners' possible refusal to take part in a given military mission. When the capabilities that partners decide to pool and share are responsible for national security and homeland defence, such fears are predictable. In order to be successful, Smart Defence must therefore invest in trust-building and tailor its projects so as to take into account the shared sense of identity countries might have. Obviously this is no easy task. The Libyan war clearly illustrated the unstable nature of military trust, with some NATO allies not only voting against the intervention but also withdrawing their military capabilities and personnel from common operations and commonly owned NATO assets like AWACs – one of those projects

mentioned above and often presented as a successful example of Smart Defence. Given its international status, Germany's decision not to participate in the Libya operation should induce NATO to assess the issue of trust closely, tackling the questions concerned in a political perspective. This is particularly relevant since, as already highlighted, Smart Defence has to be analysed primarily from a European point of view;

- **Level of Ambition (LoA).** Closely connected to the issue of trust are the political difficulties which arise from dealing with a plurality of national defence policies, especially among European countries. More than the geography or size of the countries involved (which are, admittedly, important variables), what really determines defence and security policies is the national Level of Ambition (LoA). This is a major factor when military capabilities are being shared and a delicate balance is required to achieve a successful Smart Defence policy. Three LoAs can be identified among NATO allies: (i) the ambition to maintain *full-spectrum forces* and be a global, independent military actor; (ii) the ambition to enhance sustainable deployability of armed forces in distant theatres for a limited period of time and within multilateral stability operations; and (iii) the ambition to develop *niche capabilities* and work towards role specialisation. In general, the financial crisis is a serious threat to all three levels of ambition, in particular for those countries which seek to maintain *full-spectrum forces*. So far, only the UK has officially lowered its LoA, but others are heading in the same direction. Interestingly enough, NATO itself has decided to maintain its 6+2 LoA calling for sufficient deployable forces to handle 2 major joint operations and 6 small ones, even if this is far from being achieved in practice and is criticised by some as unduly ambitious. Nevertheless, Smart Defence should take these dissimilar LoAs into account, since this helps identify similar defence and security priorities. The best example of this is the Franco-British Defence Agreement, already mentioned above, with the two countries sharing

similar levels of political ambition at the international level in terms of defence. Other clusters of countries can be identified: the Nordic-Baltic cluster, the Balkan cluster, or the *Visegrad Four* (Poland, Czech Republic, Slovakia, and Hungary), to name just a few. Of course, affinity in LoA will be more relevant when the pooled and shared capabilities are supposed to be deployed in the field, and less relevant when countries decide to pool training facilities or other kinds of administrative support. However, this does not make the analysis of LoA less important if the goal of Smart Defence is to achieve sustainable results;

- **NATO/EU partnership.** In the effort to establish synergies with other institutions, NATO should place primary importance on its institutional dialogue with the European Union. Since 21 out of 28 NATO allies are also EU members, and declining defence budgets are concentrated primarily in Europe, Smart Defence can hardly ignore the political role played by the EU in promotion of pooling and sharing initiatives. Indeed, the EU is strongly promoting its own “pooling and sharing” policy and has recently welcomed its member states’ commitments to specific concrete projects facilitated by the work of the European Defence Agency (EDA). There is thus a considerable risk of duplication of effort between the two organisations. General Stéphane Abrial, Supreme Allied Commander Transformation, and EDA Chief Executive Claude-France Arnould discussed the issues concerned in December 2011 within the European Parliament Security and Defence Subcommittee.<sup>18</sup> They illustrated the initiatives of “pooling and sharing” for the EU and Smart Defence for NATO, exchanging views on how ACT and the EDA are managing important work together with the aim of ensuring that their respective inputs are complementary and avoid

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<sup>18</sup> Allied Command Transformation, “NATO/EU collaboration on development of military capabilities”, 12 December 2011, <http://www.act.nato.int/news-stories/nato-eu-collaboration-on-development-of-military-capabilities>

any wasteful overlap;

- **Role specialisation.** Another challenging element for Smart Defence could be role specialisation.<sup>19</sup> As the second part of the publication will highlight in detail, role specialisation remains substantially different in its dynamics from other initiatives of this kind like burden sharing, pooling of assets, standardisation, or closer cooperation. While these forms of military cooperation admittedly require a certain degree of change to national military structure, role specialisation goes further. It means that NATO member states decide to specialise permanently in one or more military capabilities and that they will thus be the main, or in some cases the only, providers of such capabilities – a situation with implications for all members of the Alliance. Although Smart Defence programmes need not imply such a radical departure, with the political resistance this would engender, a certain degree of role specialisation seems intrinsic to them (for example, as explained above, through clusters of countries or MFGs). The primary question is thus what degree of specialisation Smart Defence is likely to promote: a “flexible” approach or a more “rigid” one? Naturally, a specialised Alliance capabilities structure would require a high degree of cohesion to guarantee that a full spectrum of capabilities is always available regardless of the participation of willing nations in any future combined task force. Creating such cohesion therefore appears to be a major political challenge which NATO needs to address, and must ultimately be a crucial element in achieving an effective Smart Defence policy.

Of course, these are only a few examples of operational and political difficulties Smart Defence projects will be likely to face during their implementation. However, they clearly show how the concept of Smart Defence is, if carefully analysed, filled with political implications. The

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<sup>19</sup> The idea of specialisation was introduced as early as the 1990s, but has ever since lived a relatively quiet life in the Alliance.



recent dismissal of the optimistic “silver bullet” rhetoric which had accompanied the official promotion of Smart Defence in the previous few months suggests that NATO has realised the complexity of the matter, and a short-term approach has to be expected at the next NATO Chicago Summit. Nevertheless, serious awareness of these issues needs to be developed by NATO officials, together with the necessary commitment to address them within the promotion of Smart Defence. Only in this case will Smart Defence initiatives be able to achieve any substantial progress towards addressing shortfalls in NATO capabilities and in allies’ shrinking defence budgets.

### **3. Conclusions**

Although at first sight Smart Defence might appear a highly technical issue, it is essentially a political matter with fundamental sovereignty implications for all NATO members. There is no shortage of valid reasons for which Smart Defence can ultimately be expected not to deliver its promises. As early as the Chicago Summit in May, NATO will find it hard to persuade member states to implement serious initiatives if these are not substantially watered down. This is partly because governments will probably be focusing on the euro crisis, and partly because many of them do not feel ready to give up their sovereignty on security and defence issues.

Not everything looks so grim. The substantial budgetary constraints imposed by the current financial crisis seem to offer, more than on previous occasions, a convincing window of opportunity for Smart Defence. NATO should therefore promote Smart Defence with a practical and prudent approach, taking into consideration the numerous political issues which undermined similar initiatives in the recent past and avoiding use of the concept as a mere “bumper sticker” slogan with which to obtain short-term political support. As the present analysis has highlighted, several political questions need

to be successfully answered in order to give Smart Defence projects sustainable credibility. Briefly, NATO should promote awareness of the benefits of Smart Defence by distributing examples of best practices to its members; it should remove technical obstacles by working closely with other international partners, in particular the EU; and it should remain realistic about the political resistance Smart Defence will be likely to encounter. Considering NATO's budget constraints, Smart Defence ultimately has a positive value. This perspective is best summed up in the memorable phrase coined by the *Economist* magazine: "pool it or lose it". In gloomy financial times like those ahead of us, not to support Smart Defence and the political vision intrinsic to it would appear singularly unwise.

## Specialization – the Gordian Knot of NATO’s Smart Defence?

Colonel Jakob Henius<sup>1</sup>

*“I know that in an age of austerity, we cannot spend more.  
But neither should we spend less.*

*So the answer is to spend better ... This means we must prioritize, we must  
specialize, and we must seek multinational solutions.  
Taken together, this is what I call Smart Defence.”<sup>2</sup>*

*Anders Fogh-Rasmussen, NATO Secretary General*

In the previous article in this publication, Smart Defence is analyzed. Since Smart Defence is in fact really smart if it can be practically implemented (and at the same time recalling Weiler’s Law<sup>3</sup>), it is the aim of this paper to dig deeper into the actual doability of one specific component of the Smart Defence initiative. This component is Specialization, and the intention is to analyze if it seems possible to transform the overall political intentions regarding Specialization into real-life force structures.

As will be seen from the conclusion, the paper shows that this might prove hard to achieve. This does not mean that Smart Defence is neither

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<sup>1</sup> Colonel Jakob Henius (Danish Army) is Chief of Academic Programmes at the NATO Defense College. The views expressed in this paper are his own and do not necessarily reflect the opinions of the NATO Defense College or the North Atlantic Treaty Organization.

<sup>2</sup> NATO Secretary General Anders Fogh Rasmussen, 30 September 2011. Additional quotes on this subject from the NATO SecGen are: *“As far as Smart Defence is concerned... in the future it will simply not be possible from an economic point of view for all allies to have all military assets at their disposal. The only way forward is to cooperate and specialize.”* (NATO SecGen, 05 October 2011); and *“The reassurance of solidarity should encourage some nations to focus on certain capabilities – either alone or working together with a few other Allies.”* (NATO SecGen at the Munich Security Conference, February 2011).

<sup>3</sup> Weiler’s Law: “Nothing is impossible – for those who don’t have to do it themselves”.

smart nor realistic. It just means that the more specific composition of Smart Defence might have to be adjusted.

## 1. Background

NATO faces huge challenges. If the Cold War was the Alliance's "first war" and its "second war" came with the crisis response conflicts starting in the mid 1990s, NATO has since 2001 been facing its "third war" – triggered by the activation of Article 5 after the terrorist attack against the US in 2001.<sup>4</sup> The main challenge is that NATO must not only fight the "third war", for instance by combating Taliban guerrillas in Afghanistan; it is simultaneously still dealing with the aftermaths of its "second wars", as in Kosovo. And NATO must even maintain its ability to fight the "first war" – a classic, conventional one – partly because a number of the Allies are not confident with their great Eastern neighbour, partly because the future is generally unpredictable. The Alliance is thus supposed to simultaneously plan for, and possibly conduct, three very different kinds of warfare. In other words: NATO must master the balance between the most likely and the most demanding operations. This is obviously a complex situation – particularly when capabilities are transformed only very slowly and when budgets are declining.

The resulting problem for the Alliance is that force goals are not met and budgets recommended by NATO are not fulfilled. This causes lack of contributions to on-going missions and also lack of coherence of high-profile initiatives – like for instance the NATO Response Force (NRF). Thus the vitality and the credibility – and thereby eventually the *raison d'être* – of NATO are challenged.<sup>5</sup>

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<sup>4</sup> Whether one should define the recent air campaign over Libya as NATO's "fourth war", or as belonging to the "second war" category, must be assessed by others.

<sup>5</sup> Regarding Europe's specific decline of military resources and budgets, see for instance "Europe without Defence" by Chr. Mölling, German Institute for International and Security Affairs, November 2011.

The awareness of these strategic challenges has over time led to many different ideas and initiatives from both the Alliance and its individual members as to how one can streamline capabilities and save resources. Among the proposals are:

- *increased international cooperation – including more common-funded NATO assets;*
- *burden sharing*<sup>6</sup>;
- *specialization;*
- *turning from conscription to professionalism;*
- *adjusting the conscription system*<sup>7</sup>;
- *“unfreezing” of national assets and facilities (implying that, for instance, buildings and airfields could be partly sold or outsourced to private owners responsible for operating and maintaining them for a given period of years, while the state retains a predetermined share of the ownership)*<sup>8</sup>;
- *pooling – and investing in more – strategic deployment assets (transport aircraft, roll-on roll-off ships etc.);*
- *investing in more deployable (lighter) weapon systems and platforms instead of the traditional, heavier ones.*

Common to these different approaches is that they have been implemented only to a quite limited extent. The recent NATO campaign over Libya lit up the challenges even further, for instance with regard to significant shortfalls in mutual logistic support, when certain member states – not even participating in the actual campaign – refused to lend

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<sup>6</sup> Burden sharing has been on NATO’s agenda for a long time, particularly since the mission in Afghanistan was launched. As part of the Smart Defence initiative, improved methods of measuring burden sharing are planned, not just regarding pure economy, but also – and especially – regarding the commitment of personnel on the ground (NATO Deputy SecGen, at the NATO Defense College on 14th October 2011).

<sup>7</sup> For instance, the Danish model with 4 months of mandatory conscription followed by 8 months of voluntary training in preparation for a 6-month international mission. This system has been successful since 2005, enabling a small country to sustain a considerable force in international operations.

<sup>8</sup> Former Chairman of the Military Committee, General (rtd) Klaus Naumann, 21 March 2005, in the article “What European Defence Capability Requires”.

highly needed ammunition to those participating.

The NATO Secretary General's launch of the Smart Defence initiative could be seen as an attempt to pick up those of the "frozen" ideas that seem still to have some sort of viability and present them to the member states in a new and more tempting wrapping.

## **2. Specialization – the most challenging component of Smart Defence**

The one among the political goals for the Chicago Summit in May 2012 (the others being on Afghanistan, NATO's missile defence and NATO's future partnerships) that most directly addresses the challenges of declining military budgets and overstretched capabilities is Smart Defence. And the one component of Smart Defence that must be considered the most challenging – at least from a military view point – is the revitalized proposal of *specialization*.<sup>9</sup> As written in the previous article in this publication, there are other Smart Defence components – for instance, *better burden sharing*, *closer cooperation* and *pooling of assets*. Even though negotiating these might prove pretty challenging, they can be interpreted quite freely, flexibly and partially. And even small achievements might be considered successes.

But whether we talk about burden sharing or closer cooperation, or use other terms like pooling of assets or standardization, the point is that none of these items necessitates real changes to the national military structures of the Allies. What is meant is simply trying to make better use of those national assets that are already there.

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<sup>9</sup> The idea of specialization was introduced as early as the 1990s, but has ever since lived a relatively quiet life in the Alliance.

It is quite different when we talk of *specialization*. When *specializing*, almost any initiative will create considerable consequences for those who engage in it. While economically attractive, specialization is at the same time the most complicated of the Smart Defence initiatives, seen both from a practical and from a political perspective. Some would call it idealistically brilliant, others practically unrealistic.

This paper focuses on the politico-strategic level. But since it is quite meaningless to discuss politics and strategy without taking into account their implications for the operational and tactical levels, these levels are included when relevant. The main effort of the paper is to identify the challenges to be overcome if specialization is to be implemented to something more than a purely symbolic level. Against this background, any views and findings presented are solely the author's own.

### **3. Definitions**

In order to “shape the battlefield”, it will be useful first to define specialization; second, to identify the areas in which it will affect the member states; and third, to distinguish it from other related terms.

First, since there is no formal NATO definition of specialization, an applicable one would be the following: *specialization* means that NATO member states specialize permanently – in peace and war – in specific military capabilities, meaning that they will be the main, or in some cases the sole, providers of these in any future scenario. Consequently they will phase out other capabilities – some partly, others completely – in order to afford specialization in the ones they have chosen and to avoid wasting resources on those provided by other countries. In a specialized NATO structure, the Alliance will as a whole possess the same capabilities as up to now but a number of these, instead of being divided between more or less all allies, will be concentrated among

only a few nations.<sup>10</sup>

Second, any degree of specialization, limited or widespread, will directly affect a number of parameters vital to the member states involved and will trigger considerations regarding the challenges to be overcome. These parameters are:

- strategic flexibility
- political freedom to act
- specific criteria to invoke for a specialized capabilities structure
- the defence industry
- other international organizations
- training and education of personnel.

Third, in order to differentiate between terms frequently used, some of which also occur in this paper, it is useful to explain the difference between “interoperability”, “interchange ability”, “burden sharing” and the “lead nation principle”.

*Interoperability* is the ability of systems, units or forces to provide services to and accept services from other systems, units or forces, and to use the services so exchanged to enable them to operate effectively together.<sup>11</sup>

*Interchangeability* means the technical “interoperability” of material systems (for instance, with regard to common ammunition, fuel, spare parts etc.).

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<sup>10</sup> This is the author’s own definition of *Specialization*. It must not be mistaken for NATO’s logistic definition of *Role Specialization*, which states: “One nation assumes the responsibility for procuring a particular class of supply or service for all or a part of the multinational force. Compensation and/or reimbursement will then be subject to agreements between the parties involved” (MC 319/1). It can be seen that this definition relates to specific missions and assets.

<sup>11</sup> Allied Administrative Publication (AAP)-6 (listed in NATO’s Logistics Handbook, unclassified).



As indicated earlier, *burden sharing* means that for any given NATO operation, the allies may decide to share the burden proportionally – measured in a way that is agreed by all.

The *lead nation principle* means that one nation assumes the responsibility for procuring and providing a broad spectrum of (logistic) support for all or a part of the multinational force and/or headquarters. Compensation and/or reimbursement will then be subject to agreements between the parties involved.<sup>12</sup>

#### **4. The challenges of specialization – an analysis**

In its most pure and idealistic form, specialization could be seen as a NATO toolbox where each different tool (for instance, infantry, logistics, air support, artillery, submarines etc. – and all of their sub-specialities) is provided and managed by only one or a few nations. In this scenario, each tool could be tactically and technically very efficient, since the challenges of interoperability, interchangeability, standardization etc. facing today's many national providers of the same capabilities would be significantly reduced.

In a less pure and more flexible form, specialization is sometimes referred to – by NATO Headquarters – as a model where each member state should maintain the *necessary* capabilities for the full spectrum of warfare, while *at the same time* specializing in *some* others in order to become a primary provider of (and specialist in) these within NATO.

So what are the fundamental challenges that need to be overcome if specialization is to become more than just a showy article? A focus on the parameters defined above – strategic flexibility, political freedom, structural criteria, the defence industry, international organisations, training and education of personnel – makes it possible to analyze

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<sup>12</sup> Military Committee (MC) guidance 319/1 (listed in NATO's Logistics Handbook, unclassified).

these challenges.

#### ***4.1. Strategic flexibility***

If ancient and recent history teaches the Military anything, it is above all that it will be wrong to “plan for the last war” and that catastrophes – like wars for instance – normally occur as a surprise and catch many of the involved parties unprepared. Experience also shows us that military capacities, once abandoned, will be impossible – or at best extremely difficult and time-consuming – to re-establish.<sup>13</sup>

These facts have led nations and alliances to believe that maintaining flexibility is a key factor when it comes to crisis response capabilities. Since the future is unpredictable, specializing in a limited number of disciplines leaves a country with less flexibility for the tackling of unforeseen events. Specializing in certain areas inevitably means that other areas must be left unattended in terms of such activities as training, acquisitions and conceptual work.

Even though we might not like to face it, it could be considered a fact that so far no alliance has lasted eternally. And if the international security environment were to change dramatically, which history tells us it regularly will, then the specialized state would be left with an amputated and probably useless defence structure. This might of course be an attractive prospect for certain people, but hardly for responsible state administrations. In addition, and this is already the case, NATO members do not always conduct their military operations within the framework of NATO.

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<sup>13</sup> The exception that confirms the rule would be Germany between the two World Wars. It is true that Germany in the 1930s managed to re-establish capabilities (submarines, aircraft etc.) that were forbidden through the Versailles Treaty, but this was made possible only by maintaining theoretical training in these disciplines as well as secretly practising them in other countries during the 1920s and 30s. With today’s highly sophisticated technology such an approach seems impossible, since it demands full-time access to – and use of – modern material systems if handling expertise is to be properly maintained.

Consequently, the Alliance must address how its members can become convinced that, while phasing out certain capabilities for ever, they can rest assured of their ability to respond flexibly to future threats, within or outside the framework of NATO.

#### ***4.2. Political freedom to act – and not to act***

This leads directly to consideration of how member states can politically choose to join NATO operations or – perhaps more interesting – choose to stay out of them if committed to a specialized capabilities structure that the rest of NATO is depending on.

As for the specific Article 5 commitment, the challenge to overcome regarding specialization seems manageable, since a sufficient degree of solidarity must be expected throughout the Alliance in the event of an attack on one of its members. But when it comes to non-Article 5 scenarios – by far NATO’s most likely commitment for the time being – and the numerous combinations of participating countries involved, there will truly be a jigsaw puzzle to complete.

To start with a simple example, one could ask what would have happened recently if Germany and Turkey had held the monopoly of fighter bomber aircraft among the European members of a specialized NATO. The answer is that in this case NATO would hardly have been able to conduct its air campaign over Libya. Or, at best, it would have been a campaign conducted by the US only. As an extension of this example, there is the question of how easy it would have been for allies specializing within areas other than fighter aircraft to speak in favour of an air campaign – knowing that they would not have been involved in the risky part of the mission themselves.

Another illustration of the same concept can be seen if one considers

NATO's high-profile Czech- led CBRN battalion<sup>14</sup>. In a hypothetical specialized NATO structure, what if the Czech Republic for national political reasons of its own wished to stay out of a NATO operation in a theatre involving a high CBRN threat? What position would the Alliance be in concerning its ability to counter such a threat?

Thus, if NATO pursues specialization, in addition to the challenges of keeping physical capacities available one should take into account the need to ensure a just and fair politico-strategic decision process. If an ally no longer possesses certain capabilities and thereby is physically prevented from participating – at least in the theatre of operations – in a certain mission, should it have still the same “voice” in the Alliance as those allies who actually do hold the assets required for the mission? According to the political consensus principle of NATO, no doubt, but how would this affect a specialized NATO in the long term? And how would it affect another of the Smart Defence elements, burden sharing? Having countries stay completely out of the action because they hold none of the assets in demand is not exactly a supporting concept for the idea of better burden sharing – at least not if deploying human beings and putting their lives at risk is to be considered the most valuable of burdens to be shared.

Today, when most member states have some – or at least a little – of everything, one can be more or less certain that any combination of allies entering into action with NATO will collectively be able to provide the necessary tools. The added value is that, by deploying a broadly combined multinational task force to a mission, NATO is able to send a strong political message as long as many of its allies are physically engaged and their flags are visible in the theatre of operations. This in fact is also one of the basic principles for the UN when conducting peace support operations. In a specialized NATO, an increasingly heavy political and practical responsibility will rest with

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<sup>14</sup> CBRN: Chemical-Biological-Radiological-Nuclear defence.

those members who hold the “monopoly” of certain capabilities.

It must remain essential to NATO that future structures leave scope for group of allies wishing to take an active part in an operation to have the required capabilities at hand when needed. On the contrary, members must be assured that any ally who for any reason wishes to stay out of a NATO operation – while approving the overall NATO action concerned – can do so, even if it is a specialized holder of the capabilities required.

### ***4.3. Criteria for a flexible specialized force structure***

The challenges already identified will therefore most likely call for a flexible rather than a pure concept of specialization. But how flexible? And how to define its specific criteria? As already mentioned, a specialized Alliance capabilities structure will demand a high degree of cohesion to ensure that the full spectrum of capabilities are always at hand regardless of the composition of willing nations in any future combined task force. What are the best criteria for creating such cohesion? Geographical, political, practical, tactical, technological or historical commonalities between member states? This paper does not aim for an in-depth analysis of the many potential approaches, which would require much more space, but a few thoughts will be offered.

#### *Regional approach?*

One of several possible approaches could be a regional one, defining groupings of nations that complement each other by their respective specialities. In such a perspective geographical criteria could be invoked with regard to neighbouring nations – for instance a “Scandinavian”, a “Balkan”, or a “Latin” group of member states amongst whom there would be a range of specialities that would as a whole provide a full spectrum of capabilities within, and coming from, the geographical region concerned. In the event of any future Article 5 call, whether

or not it is likely, the region under attack would already have a full-spectrum force at hand. Such an approach might satisfy those countries which put more political effort into Article 5 than others.

*National approach?*

A different – and more radical – approach might be a national geo-strategic one, where member states specialize in those assets that are the most relevant for their immediate national security. In a scenario of this kind, it would be possible to envisage allies laying down entire services.

In this context, and just as a short and hypothetical case study, a country like Denmark could decide to develop further its “blue” services (Navy and Air Force) due to this country’s specific geo-strategic commitments in the Arctic and its surrounding maritime environment. And – as the price to be paid – Denmark would have to decide to lay down its mobile field army, keeping just a territorial home guard.

Naturally such a decision would imply that Denmark would no longer be able to offer “green” contributions to international operations – or, at best, such land force contributions would be limited to stationary duties in safe sectors away from the front line. But on the other hand Denmark would be able to offer more and even better qualified “blue” contributions (Navy and Air Force) for the Alliance – for international operations, air policing in other countries, etc.

Consequently other nations would have to be willing to offer supplementary – and mobile – land forces for the defence of Denmark in the unlikely event of an attack on Danish territory. However, this would be nothing new for the Alliance if one looks back on the detailed defence planning and rehearsal during the Cold War. But, more important (and more challenging), such an approach would of course imply a fully integrated solution with the participation of the

majority of allies, to ensure that NATO would always have a balanced full spectrum of joint forces available and that an overall realistic and deterrent Article 5 defence of the Alliance would remain intact.

*General considerations on the criteria*

It seems unlikely that any country would voluntarily enter into such a radical specialization approach on its own – although some allies may find themselves forced to do so for purely economic reasons, in which case we are no longer talking about Specialization by Choice but about Specialization by Default. And it must also be considered doubtful how many allies would in fact agree on completely laying down substantial force structures like, for instance, entire services or branches. The inertia of political, bureaucratic and military systems is probably too deeply rooted.

In any case, and regardless of what sort of specialization approach (-es) might be chosen uni- or multilaterally, it seems likely that certain member states would demand exceptions from an integrated specialization structure. Some would probably see themselves as too big or too special – or maybe too small – to take an active part in specialized pillars of NATO. In any case it seems realistic to expect that some allies, particularly the bigger ones, would not be willing to entrust their freedom to act militarily into the hands of others. Such states therefore would insist on maintaining a national full-spectrum capability. Who would they be? The US (undoubtedly), the UK, France, Turkey – and others? And even though they might be resourceful, how could these countries – if maintaining their full spectrum of capabilities – *also* become Alliance specialists within specific areas?

Would this in fact lead to a NATO split (some would say even further) into category “A”, “B” and “C” nations – “A”s being the ones with more or less full spectrum capabilities, “B”s the specialized ones, and “C”s the ones which are so small that they are not able to provide any

speciality in demand?

Another essential matter will be to define, or link, member states and capabilities – in other words, who is supposed to keep what, and phase out what? When deploying national forces into international military operations, democratic governments need some degree of visible political outcome – or “bang for the buck” – to convince their taxpayers and voters that the money spent on military assets is also used in a reasonable way. To do so most troop-contributing nations need to have a visible footprint in the missions they join. Not necessarily a risky or hard-power footprint, but nevertheless one that is to some extent visible to the media and – if possible – involving direct contact with the population and/or conflicting parties in the theatres of operations.

Some footprints are more visible than others. With regard to NATO’s mission in Afghanistan (ISAF), personnel on the ground like combat and reconstruction units are among those that most participating nations have insisted on delivering for the logical reason that the efforts of such units symbolize a very direct continuation of the countries’ political intentions. And likewise, in a mission like NATO’s air campaign over Libya, it has become clear that providing hard power capabilities (fighter bombers dropping bombs) gave an overall effect of high esteem for those countries which actively did so – and, by the same token, a “bad standing” effect for those countries which chose to stay away from the front line even though they actually had the assets to participate.<sup>15</sup>

This means that NATO must expect – and handle – the tendency for many member states (probably more than needed) to insist on being among those specializing in highly visible (“sexy”) capabilities like

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<sup>15</sup> “Germany has marginalized itself over Libya. By abstaining from the UN Security Council vote on intervention in Libya, Germany is abandoning its natural allies.” Example from the Guardian, 18 March 2011.



infantry, reconstruction units, fighter aircraft, frigates and others. Conversely, NATO must expect it to become harder to find sufficient members volunteering for the less glorious tasks like, for instance, logistics, camp guarding and communications. Such capabilities are equally important – but not equally visible.

Facing this dilemma, there would be at least two opposite answers. One would be that all member states should still possess most capabilities *while at the same time* specializing in certain others. The other answer would be that, if countries cannot simultaneously both specialize and cover the full spectrum, then the big member states should keep the entire range of capabilities, allowing the smaller countries to specialize and act as de facto “back-stage” supporters of the bigger ones. Both, however, would be fragile answers.

Regarding the first answer (letting countries do both), there would be a serious risk that any real change – trying to move away from the existing structure and into specialization – would vanish. Defence budgets are going to decline even further, and no nation will possibly be able to afford such an approach. Any investment in highly visible assets for purely interior political reasons would mean stealing resources from investments in required specialized capabilities. In addition, there is a natural critical mass of any capability below which it no longer makes sense to maintain it. A large number of countries are close to this limit for many of their capabilities – even the “sexy” ones – and starting to specialize within certain areas would inevitably send others below the critical point.

Regarding the second answer (letting smaller countries specialize and bigger ones maintain existing full-spectrum structures), it seems unlikely that such an approach would be appreciated by the smaller nations. And by the way, it would be a challenge in itself to define who the “smaller nations” would actually be in this context. It is even

less likely that the answer would deliver a satisfactory solution to the smaller nations' long-term needs for flexibility and political freedom to act, or to their political need for capacity *also* to deliver highly visible assets in international missions. The smaller member states too have voting taxpayers.

In constructing – in a planned and organised way – a specialized capabilities structure, there seems to be no golden mean course that will allow nations to both specialize and at the same time maintain a broader spectrum of common capabilities. This is one of the main reasons why specialization is indeed a “point of no return” compared to NATO's other transformation initiatives. And one could add that it is also an “all or none at all” concept.

#### ***4.4. The defence industry***

Even if the many challenges mentioned so far did not exist, others would – for instance, that of the allies' national defence industries. This is an element which many states consider so overwhelmingly important for their economy and employment that any talk of laying down, or substantially reducing, such industries might amount to immediately blocking any specialization-based approach.

It is baroque that the allies still produce in parallel numerous tactically identical defence systems that are more or less fully interoperable, but most often completely non-interchangeable. To give just a few examples, states within the Alliance produce a handful of different main battle tanks (with comparable overall performance), numerous different armoured vehicles (most of them with more or less the same operational capabilities), many different ships (of the same classes), different military aircraft (all comparable, and all superior to our

potential opponents' aircraft).<sup>16</sup> Since everybody can fully observe this military and industrial duplication, the reason for its continuation can only be that politicians find the national economy and employment more important than streamlining NATO's capabilities structure. Getting past this deep-rooted preference among its members will be one of the major obstacles for the Alliance.

Specialization would be oriented in a direction diametrically opposite to the existing duplication of defence industry products. If only a few countries were supposed to possess the same capabilities, then the variety of weapon systems would shrink and consequently some industries would inevitably be left behind – or have to try and re-orient their production towards other areas, military or civilian. Whether this would be technically and economically doable is difficult to predict. And which should those industries be? Which countries would be supposed to volunteer for laying down or changing their national defence industries, and which should enjoy the privilege of keeping theirs? Should it be France, Germany or Spain who would give up the production of armoured personnel carriers? Should it be Norway or the UK who would give up the production of frigates? Interesting aspects would open up if solutions were found. But first they would have to be found.

The Alliance would most likely have to convince its members – and particularly those who have substantial defence industries – that their export, economy and employment would not suffer from a specialized structure reform and that, if this were unavoidable, proper compensation would be arranged.

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<sup>16</sup> Main battle tanks are produced by the US, Germany, France and the UK; armoured vehicles are produced by (at least) the US, UK, Germany, France, Spain and Italy, plus outsourcing in other member states; frigates are produced by practically all NATO's maritime states; fighter and transport aircraft, as well as helicopters, are produced by (at least) the US and France, as well as jointly between other European states like Germany, the UK and Italy.

#### ***4.5. Other international organizations***

In today's security environment even the members of NATO do not know their exact partners for the next campaign. And, as already mentioned, NATO members do not conduct their military actions only within the framework of NATO. The bigger allies of course have their own national challenges to look into, like for instance the UK in the Falklands, Turkey engaging the PKK, or France providing military assistance to African states. Even the smaller member states participate in operations outside the framework of NATO, led for instance by the EU, UN or other organizations. In short, most of the allies do feel they have additional security commitments beyond those exclusively handled by NATO. And there is no reason to expect that in the future we will see only multinational crisis response forces wearing the NATO badge. As with the Iraqi campaign in 2003, NATO-led action may also be blocked in the future.

It goes beyond saying that no member state can afford to duplicate its military capabilities. There is only one and the same set of assets. Those assets can then – fully or partly – be offered for any chosen operation within any chosen organizational framework by those who wish. Any restructuring of national military capabilities to fit into a specialized NATO will therefore directly affect any member state's ability to contribute to non-NATO operations.

Although NATO is militarily by far the biggest and most important security structure for the member states (except perhaps for the US), most allies must ensure that they can also combine their capabilities with partners in non-NATO operations, at least if they still wish to see organizations like the UN and the EU as potential alternatives to NATO when it comes to providing international security.

Until now, with most allies having more or less a little of everything,

the political and military flexibility to operate outside the NATO framework has existed. And regardless of the composition of any non-NATO coalition, its members would still be able to bring together sufficient ingredients for almost any sort of “cooking”. Would that also be the case if there were a specialized NATO structure? In this perspective, the Alliance must ensure that specializing within NATO does not seriously handicap the allies’ freedom to join missions led by other international organizations also handling international security.

#### ***4.6. Training and education***

Keeping modern defence forces well trained and their officers capable of commanding allied formations in complex 3-dimensional scenarios is already demanding. In addition, the traditional borderlines between the different levels of warfare (political, strategic, operational and tactical) are tending more and more to vanish – the “strategic corporal” syndrome. This calls for a corps of allied officers with highly developed skills in mastering and understanding combined joint warfare, including stability operations, as well as the political sensitivity behind them.

Since no one can command anything without understanding the functioning of the different subordinate components that s/he actually commands (including at higher levels, of course), we will increasingly need to ensure that our officers, even at lower levels, learn and experience this. In particular, when providing staff officers for NATO headquarters (whether in peace or war), member states must ensure that the officers they send there to analyze, implement, execute and communicate military plans and orders have a deep insight into the full spectrum of the capabilities and doctrines available for any given force and any given scenario.

So far most member states have been able to provide national training and education for their own officers up to, and including, at least the

operational level. For some bigger nations, even higher levels are included. So far this has been made possible only because most of the member states have nationally possessed a variety of capabilities enabling them to operate and train across the full spectrum. For most of them this is of course on a small scale, but they have nevertheless been able to train nationally and exercise physically with all three services (army, navy and air force) and, within each of those, to operate with the most common sub-components. Only by having access to those formations or headquarters you wish to be able to operate with will it make any sense to actually try and train for joint operations. Otherwise any training will become solely theoretical – and consequently irrelevant.

Thus, most of the member states have so far been able to provide nationally trained officers who – when sent to work with allied colleagues in an international environment – can be expected not only to master their own service but also to understand what joint warfare is about. In a specialized NATO most member states would soon find it impossible to offer their officers a similar level of experience and training on a national basis. Allies focusing on specialization would simply lack too many of the capabilities that enable national training, education and experience at the operational level. Perhaps they would not even be able to train and exercise in a meaningful way at the tactical level within each of their services.

To ensure that the officers in a specialized NATO structure can still function satisfactorily in the Alliance's different international headquarters, a point that must be addressed is how the officers can in the future receive training and gain physical experience of planning and executing operations within a full-spectrum operational environment. This will call for an intensified international training environment throughout the Alliance, where NATO officers can educate, train and participate in exercises in – or with – those countries which maintain

capabilities or formations that their own countries no longer have. Computer-assisted training and exercises might be helpful in this respect, but not enough; training on the spot and field exercises will be needed as well. This will be costly but, if it is not done, then for the future it will only be a few big member states – those from “category A” – that will be able to provide NATO’s different headquarters with officers having the proper knowledge and experience to work with joint planning and execution of military operations.

### **5. Conclusion: specialization by choice ... or by default?**

NATO needs to continuously transform in order to muster sufficient deployable, professional, flexible, usable and sustainable expeditionary forces for its international commitments. In times of economic crisis and shrinking defence budgets, meeting the force requirements – qualitatively and quantitatively – for NATO’s ongoing and future operations will become even more challenging than to date. The way ahead is through further transformation – including Smart Defence. Not in theory, but in practice. Any political decision must generate practical execution on the ground in order to have effect.

Specializing within the Alliance sounds economically attractive. However, while specialization actually could have – but never did – become a solution for NATO during the fixed and predictable Article 5 scenarios of the Cold War, it seems much more challenging to fit it in with today’s unpredictable security environment, shifting coalitions and non-Article 5 commitments.

This paper shows that allies who enter on the path of specialization will risk the following consequences:

- significant reduction of their long-term strategic flexibility;

- even greater transfer of their political freedom to act into the hands of other states;
- inability to continue providing highly visible (“sexy”) capabilities to NATO’s international missions;
- suffering of their defence industries;
- loss of their ability to join non-NATO operations, led for instance by the UN or the EU;
- loss of their ability to prepare officers with proper qualifications to function in an operational environment in NATO’s various headquarters – thus leaving it to only the big member states to man the posts concerned in a qualified way.

NATO’s members might probably be convinced that they can count on full solidarity across the Alliance in the event of an Article 5 call. They might even be convinced that certain of their capabilities are relevant only in Article 5 scenarios. But for allies to move from that recognition to actually laying down such capabilities is not a realistic expectation – for the reasons analyzed above.

Some countries may of course – from bitter economic necessity – have to lay down certain capabilities unilaterally. But this is something completely different from a well coordinated and organized specialization approach within the Alliance, and might not fit in with NATO’s overall needs at all. It would simply be specialization by default – and not by choice.

So once they start analyzing the consequences in greater detail, would the member states – and particularly those who will have to lay down capabilities in order to specialize in others – be politically ready to swallow the economic bait of specialization at the cost of its disadvantages? One might presume they would not.



