

HOUSE OF LORDS

European Union Committee

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31st Report of Session 2010–12

**European Defence  
Capabilities:  
lessons from the  
past, signposts for  
the future**

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Ordered to be printed 24 April 2012 and published 4 May 2012

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Published by the Authority of the House of Lords

*London* : The Stationery Office Limited  
£price

HL Paper 292

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Evidence is published online at [www.parliament.uk/hleuc](http://www.parliament.uk/hleuc) and available for inspection at the Parliamentary Archives (020 7219 5314)

References in footnotes to the Report are as follows:

Q refers to a question in oral evidence;

Witness names without a question reference refer to written evidence.

## **SUMMARY**

Since the end of the Cold War and the disappearance of the Soviet threat to Western Europe, Europeans and the United States have had to re-consider the threats to their security, which have become unclear and unpredictable. More recently the shift in the economic and political balance away from the United States and Western Europe towards Asia, a revision in US defence thinking and the economic crisis have created a new situation to which the European Union (EU) and its Member States need to respond.

The strong message from this report is that the pressures on European defence are changing radically with reduced budgets and a United States that will look increasingly to the Asia Pacific region. Both are happening now. Europe can keep America's engagement by stepping up to the mark itself. European military expenditure is not the only issue; it is also the effectiveness of that spend. By better coordination of forces and most of all by ensuring that forces are capable of, and willing to, deploy Europe can achieve this now. It is also essential that the EU's Member States engage in a profound debate about the circumstances under which they would be prepared to use force.

With 21 members of both the EU and NATO, what is good for the EU is good for NATO and Europe as a whole. This is an area where the UK and France should lead efforts to strengthen European defence capabilities. If they do not, they will find themselves having to contribute a disproportionate share of forces to European defence and security operations.



# European Defence Capabilities: lessons from the past, signposts for the future

## CHAPTER 1: INTRODUCTION

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### Where we are

1. The European Union is best renowned in the area of foreign affairs and defence for the use of its “soft power”. This role was particularly effective following the fall of the Soviet empire and the integration of central and eastern European states into the European democratic and market-led economic mainstream. Moreover the EU, as the world’s largest single market, has strong economic leverage, and this is most regularly used in foreign affairs through the use of sanctions. Iran and Syria are current examples. In contrast the EU does not have a reputation or track record for projecting “hard power”.
2. The UK and France took their first steps in the St Malo agreement of 1998 to initiate a formal European Union defence policy—one that was, and remains, purely inter-governmental in nature. As this report outlines, this policy—the Common Security and Defence Policy (CSDP)—has developed over the years since, and has undertaken 24 missions (See Box 3 in Chapter 3). But the EU as a political bloc remains a minor player in terms of global defence.
3. The so-called Petersberg tasks that were identified in 1992<sup>1</sup> are still seen as the strongest guide to the EU’s specific roles in security and defence. They are primarily:
  - Humanitarian and rescue tasks
  - Conflict prevention and peacekeeping
  - Providing combat forces for crisis management, including peacemaking
  - Post-conflict stabilisation
4. On a broader level, the end of the Cold War meant that Europe’s security threats changed fundamentally. Although some European states, particularly in the former Soviet bloc, still see Russia as a major security concern, threats to Europe have become much more diverse and unpredictable. Many of the security issues currently at the top of Europe’s agenda—climate change, food security, terrorism, cyber warfare, energy security for instance, do not directly involve a hard military dimension.

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<sup>1</sup> The Petersberg tasks were formulated at the Hotel Petersberg outside Bonn in 1992, at a meeting of the now defunct Western European Union (WEU), where the members agreed to deploy their troops and resources under the authority of the WEU. The tasks were incorporated into the Treaty on European Union in 1997. See also footnote 6 and paragraph 18 below.

5. Despite this, military actions and interventions that involve European states have proliferated. Apart from the EU missions themselves, various European states have seen action in Afghanistan, Iraq, Cote d'Ivoire, Sierra Leone, and Libya, amongst others. But defence in Europe is not a tidy affair. Western Europe's traditional defence organisation is NATO which, having extended into eastern and central Europe, now has 28 member nations of which 21 are EU Member States. Of the 27 EU Member States, 21 are NATO members (see Figure 3). Denmark is a NATO and EU member but has opted out of the EU CSDP. There are also a number of bi-lateral and multi-lateral defence agreements and arrangements within Europe, the most recent and significant being the UK-France defence treaties of 2010.
6. European defence is complex in another dimension—that of resources. Europe still accounts for one third of global defence expenditure outside the United States. The International Institute for Strategic Studies (IISS) has recently reported that Asia is poised to overtake Europe in defence spending in 2012.<sup>2</sup> Europe has over one and a half million military personnel—more than the United States. But this only tells half the story. Coordination of national forces and resources in Europe is low, military research expenditure is far less than in America, as is equipment expenditure. Perhaps of greatest importance is that some three quarters of European military personnel are not deployable. In addition, there is a reluctance by states to deploy.
7. The Libya operation, under NATO command, showed quite starkly that European members on their own lacked military intelligence, surveillance capability, air-to-air refuelling, smart munitions, strategic and tactical transport, and sufficient medical support. The United States may have been “leading from behind”, but it was indispensable. The EU's Battlegroups, a concept agreed in 2004, have never been tested in anger—through lack of political will or capability rather than lack of opportunity. Within Europe there is also strong disparity—the UK and France together account for some 50% of European military capability.
8. The Lisbon Treaty, ratified in 2009, envisaged a stronger role for Europe in world affairs. It set up a European External Action Service (EEAS), and a High Representative that brought together Council and Commission, foreign affairs and defence. It also created a permanent President of the European Council who would also speak for Europe. The Lisbon Treaty introduced a clause for mutual defence among Member States. So, in defence terms, the expectations for the EU were raised. But by then the world had already changed.

### **A changing world**

9. Two key factors have changed the context of European and EU defence. First is the economic and financial crisis that has hit Europe and North America in particular. The second is the growing importance and influence of Asia and the changing focus of the United States towards the Pacific. Together, these two factors will have a bigger impact on European military defence than any other event since the ending of the Cold War.
10. Following the financial crisis of 2008 all European nations have public expenditure challenges with their exchequers under pressure to reduce public

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<sup>2</sup> Military Balance 2012

programmes. The recent fiscal compact treaty signed by 25 Member States will compound this for some time. Without a near and present external threat, EU Member States will not give defence budgets preference. The dominant defence powers in Europe—France and the UK—have undertaken major defence reviews and reduced their own defence budgets respectively by around 3.7% of planned expenditure for 2011–2013 and 7.5% over the next five years from 2011.

11. The recent speeches by members of the American administration and US budget cuts have strong messages for Europe. Firstly, that there is increasing frustration that Europe within NATO is unwilling to provide sufficiently for its own defence; secondly, that reduced defence expenditure by the United States will need to be refocused; and thirdly, that the Pacific theatre is of growing importance to the US in terms of its future defence strategies.
12. Although Libya should not be taken as a signpost to the future in all senses, the American model of “leading from behind” seems a likely, and reasonable, expectation in future near-European theatre engagements. The Libya operation also gives an advance marker that European military capability relies substantially on UK-French involvement. There is a danger that with the lesser engagement of the United States a disproportionate burden for European defence will rest on these two nations at a time when Europe’s near abroad remains unstable.
13. In the light of these developments, we look in this report at the origins, aims and institutions of the CSDP (Chapter 2), the current state of play, including the position of European leading players, the EU’s missions and operations, and its Battlegroups (Chapter 3). In this chapter, we also examine the EU-NATO relationship and the defence industry. In Chapter 4, we look at the changing economic and security situation, including the position of the US, budget cuts and the lessons learned from the Libya operation. Finally, in Chapter 5, we look at the way forward for improving capabilities.
14. This report was prepared by the Sub-Committee on Foreign Affairs, Defence and Development Policy, whose members are listed in Appendix 1. Those from whom we took evidence are listed in Appendix 2. We are grateful to them all. We were assisted by Mr Tomas Valasek as our Special Adviser and we are grateful to him for his contribution.
15. **We make this report to the House for debate.**

## CHAPTER 2: THE ORIGINS, AIMS AND INSTITUTIONS OF CSDP

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### Origins

16. The EU's CSDP (originally the European Security and Defence Policy – ESDP) came into being following American reluctance initially to become involved in the 1990s Balkan wars,<sup>3</sup> and the realisation by Europeans that there might be military contingencies in which they wished to be involved but in which NATO was not engaged.<sup>4</sup>
17. The first response came from the British and French with a summit agreement in 1998 at St Malo in France between the French President, Jacques Chirac, and the British Prime Minister, Tony Blair, who decided that the EU must have “the capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and a readiness to do so, in order to respond to international crises”. The idea was to build up capacity to undertake large-scale military operations, with 60,000 troops available at 60 day's notice, such as had been undertaken [by NATO] in Kosovo or Bosnia.<sup>5</sup> This had provided a stimulus for a June 1999 decision at a European Council in Cologne when the role of the Western European Union<sup>6</sup> was incorporated into the EU.<sup>7</sup>
18. At the December 1999 Helsinki Council, Member States signed a document—the Helsinki Headline Goal—which stated that, from 2003, EU Member States should be able to deploy 60,000 troops, within 60 days, and sustain the deployment for a year. This capability was intended to support the so-called Petersberg tasks, inherited from the WEU, which included humanitarian, rescue and peacekeeping tasks and tasks for combat forces in crisis management, including peacemaking.
19. In 2003 Member States agreed a European Security Strategy (ESS) which represented their collective thinking on the challenges and security threats facing them at the beginning of the 21st century (see paragraphs 29–30).

### Current threats and threat perceptions

20. During the Cold War, the military threat from the Soviet Union was clear. Since then, threats to Europe's security have become more difficult to define. Xenia Dormandy, Chatham House, pointed out that the threats now involved food and environmental security, energy, and water, which were issues more easily addressed within the EU rather than the NATO framework.<sup>8</sup> Professor Malcolm Chalmers, Royal United Services Institute and King's College, London, saw a risk to Europe's security and prosperity in the increased uncertainty about the future of European institutions, in

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<sup>3</sup> The Americans were later involved in the 1999 NATO bombing campaign targeted at strategic Serbian installations.

<sup>4</sup> Cooper Q 117

<sup>5</sup> Sir Peter Ricketts, National Security Adviser at the time of the evidence, Q 7

<sup>6</sup> The Western European Union was formed in 1954 and tasked with implementing the modified version of the 1948 Treaty of Brussels. The treaty contained economic, social and defence provisions, and included a strong commitment to mutual defence.

<sup>7</sup> Vimont Q 117, also Pickard Q 43

<sup>8</sup> Q 80

particular events in the eurozone.<sup>9</sup> For him, coping with an age of “vague and uncertain” threats and the absence of clear, large-scale security threats made it difficult to know how to organise capabilities. He said that Ministry of Defence (MOD) defence planners had “dozens of scenarios” for possible conflicts in which UK forces could be involved in the next 20 years.<sup>10</sup> Sir Peter Ricketts, National Security Adviser at the time he gave evidence, now British Ambassador to Paris, thought that the unpredictability of the security threat meant that the EU had to be adaptable.<sup>11</sup>

21. We were told that differing histories and geography had led to different perceptions of the threat among Member States, and how dangerous they believed the world to be. Professor Anand Menon, Birmingham University, said that a significant number of Member States saw no threat at all, which was a weakness.<sup>12</sup> Sir Peter Ricketts told us that the new EU Member States in eastern Europe perceived a greater threat than others from a resurgent Russia. Countries in Europe’s south would see instability in north Africa as a more pressing threat. The US’s concern about the rise of China and its military capacity would not necessarily be shared by all EU countries.<sup>13</sup> Major General Heinrich Brauss, NATO Deputy Assistant Secretary-General for Defence Policy and Planning, commented that Turkey and Greece maintained “legacy structures” for political reasons.<sup>14</sup>
22. Gerald Howarth, MP, Minister for International Security Strategy at the MOD, told us that the UK Government did not believe that Russia currently posed a threat to the UK, nor was it likely to for the foreseeable future, though he acknowledged that the world was uncertain.<sup>15</sup> Nick Pickard, Head of Security Policy, Foreign and Commonwealth Office (FCO), commented that other Member States did not necessarily agree about Russia and Robert Cooper, European External Action Service (EEAS) reminded us that Russia remained unpredictable.<sup>16</sup>
23. Ambassador Burns, formerly US Representative to NATO, thought that the major terrorist attacks in the US and Europe, combined with the possibility of terrorist groups potentially acquiring the capacity to use chemical, biological or nuclear capacity, should convince nations to build their defence capacities, and that the ability to appreciate future threats, should be the incentive driving defence budgets and planning.<sup>17</sup>

## Structures and Strategies

### *Crisis management structures*

24. In order to fulfil the crisis management tasks it had set itself under its CSDP, EU Ministers decided, at the December 2000 Nice European Council, to

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<sup>9</sup> Q 81, also Burrige Q 318

<sup>10</sup> Q 114

<sup>11</sup> Q 2

<sup>12</sup> Q 93

<sup>13</sup> Q 3

<sup>14</sup> Q 238

<sup>15</sup> Q 353

<sup>16</sup> QQ 70, 128

<sup>17</sup> Q 282

establish permanent political and military structures (see Box 1 below for details).

## BOX 1

### CSDP structures and instruments

#### The European Council

The European Council brings together the heads of state or government of every EU country, the Commission President and the European Council President, who chairs the meetings. The EU's High Representative for Foreign Affairs and Security Policy also takes part. It sets the EU's general political direction and priorities, and deals with complex or sensitive issues that cannot be resolved at a lower level of intergovernmental cooperation.

#### The Council of Ministers

The Council of Ministers comprises ministers of each Member State with responsibility for a given area. The composition and frequency of Council meetings vary depending on the issues dealt with. Foreign ministers, for example, meet roughly once a month in the Foreign Affairs Council which develops the Common Foreign and Security Policy, including deciding on missions and operations, on the basis of strategic guidelines set by the European Council.

The Political and Security Committee (PSC) (Established by Council Decision on 22 January 2001)

The PSC meets at ambassadorial level to prepare policy for the Council of the EU. Its main functions are to follow the international situation, and help to define policies within the Common Foreign and Security Policy (CFSP) including the CSDP. It initiates the EU response to crises and exercises political control and strategic direction.

#### Crisis Management Planning Department (CMPD)

The CMPD was created in 2009 from a merger of departments and transferred to the European External Action Service, set up under the Lisbon Treaty. It undertakes strategic planning—early advance planning on how the EU should address security crises—and produces a crisis management concept (CMC) which must be approved by the Council. If agreed, the CMPD produces a concept of operations (CONOPS) and an operational plan (OPLAN), which also need Council approval. The CMPD works with the EUMC and CPCC (see below) and with geographical desks and plays an important role in coordinating military and civilian capabilities. It also works on relations with partner countries which participate in EU missions, eg Turkey and the US, and concludes framework participation agreements with those countries.

The European Union Military Committee (EUMC) (Established by Council Decision on 22 January 2001)

The EUMC is the highest military body set up under the Council of Ministers. It is composed of the Chiefs of Defence of the Member States, who are regularly represented by their permanent military representatives. The EUMC provides the PSC with advice and recommendations on all military matters within the EU. It is currently headed by the French General Patrick de Rousiers.

In parallel with the EUMC, the PSC is advised by a Committee for Civilian Aspects of Crisis Management (CIVCOM). That Committee provides information, drafts recommendations, and provides an opinion to the PSC on civilian aspects of crisis management.

The European Union Military Staff (EUMS) (Established by Council Decision on 10 May 2005)

The EUMS is composed of military and civilian experts seconded to the EEAS by the Member States, and officials of the EEAS.

The Civilian Planning and Conduct Capability (CPCC), which is part of the EEAS, is the permanent structure responsible for the operational conduct of civilian CSDP operations. Under the political control and strategic direction of the Political and Security Committee and the overall authority of the High Representative, the CPCC ensures the effective planning and conduct of civilian CSDP crisis management operations, as well as the proper implementation of all mission-related tasks,

Operations Centre. An Operations Centre has existed inside the military staff since 2004, but was not used until it was activated for the first time in December 2011 for the EU's missions in the Horn of Africa, to "provide direct support to the Civilian Operations Commander for the operational planning and conduct of the Regional Maritime Capacity Building mission; provide support to the EU Training Mission commander and enhance strategic coordination between the mission and other CSDP actions in the Horn of Africa; strengthen civilian-military synergies; liaise with Operation Atalanta; and facilitate interaction between the mission/operations and the Brussels-based structures."<sup>18</sup>

National Operational headquarters. When an EU military mission is launched, the operational headquarters of one of five Member States has traditionally been used. They are Northwood, UK (used for Operation Atalanta); Paris, France (used for the Chad operation); Rome, Italy (used to prepare a possible humanitarian assistance operation for Libya); Potsdam, Germany; and Larissa, Greece. When these headquarters are used, they are augmented by EU experts. It is also possible to use the EU's Operations Centre or NATO's Supreme Headquarters Allied Command Europe (SHAPE).

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<sup>18</sup> Press release on 23 January, on Conclusions at 3142nd Council meeting, 1 December 2011.

*The European Defence Agency*

25. In July 2004 Member States set up a small European Defence Agency (EDA) “to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future”.<sup>19</sup> This was refined in Article 42.3 of the Treaty on European Union, as amended by the 2009 Lisbon Treaty, which states that the EDA, “in the field of defence capabilities development, research, acquisition and armaments shall identify operational requirements, shall promote measures to satisfy those requirements, shall contribute to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, shall participate in defining a European capabilities and armaments policy, and shall assist the Council in evaluating the improvement of military capabilities.” The EDA’s role is further expanded in Article 45 of the Treaty.
26. All EU Member States subscribe to the EDA, except Denmark. Norway (not a Member of the EU) also subscribes to the EDA. The Agency is small, with 120 staff, based in Brussels and is headed by the High Representative who chairs its Ministerial Steering Board. It has four main functions:
- Defence capabilities
  - Armaments co-operation
  - The European defence technological and industrial base and defence equipment market
  - Research and technology<sup>20</sup>
27. Madame Claude-France Arnould, EDA Chief Executive, explained that the Agency had also developed an intergovernmental regime on defence procurement. In November 2005, Member States had approved a Code of Conduct on defence procurement which was a voluntary, non-legally-binding mechanism encouraging competition in the European defence equipment market. Twenty-five Member States (all except Denmark and Romania) plus Norway subscribed to the Code.<sup>21</sup> The EDA had established an “electronic bulletin board” on which over 680 contract opportunities with a total value exceeding €25 billion had been posted. Over 440 contracts, totalling approximately €5.7 billion, and almost 150 cross-border contracts had been awarded, which represented progress. Two subsequent Directives on defence procurement and intra-community transfers were, she believed, a strong incentive to create, progressively, a single European defence market. The interpretation of the Directives and the possible use of Article 346 of the Treaty on the Functioning of the European Union<sup>22</sup> were being explained to Member States.<sup>23</sup>

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<sup>19</sup> Joint Action of the Council of Ministers on 12 July, 2004

<sup>20</sup> EU Council website: [www.consilium.europa.eu/eeas/security-defence](http://www.consilium.europa.eu/eeas/security-defence)

<sup>21</sup> Q 216. See also:

<http://www.eda.europa.eu/Otheractivities/Intergovernmentalregimedefenceprocurement/CoC>

<sup>22</sup> Article 346 of the Treaty on the Functioning of the European Union allows Member States to exempt certain defence articles from Community rules on the free market if the article in question is essential to the government’s security interests. In practice, this means that governments do not have to open all their defence orders to competition and can award the sensitive ones directly to a company of their choice. The

28. The UK Government in 2010 announced that they would continue British support for the EDA for two years, until autumn 2012, and would then make a decision on future support depending on improvements in the EDA's performance.

### *The European Security Strategy (ESS)*

29. In 2003 Member States agreed a European Security Strategy aimed at bringing together Member States who had been divided by the Iraq war. It “represents the collective thinking of Member States on the challenges and security threats facing them at the beginning of the 21st century.” It “sets three important EU security objectives: addressing the threats, building security in the EU's neighbourhood and working with other states and organisations to achieve ‘effective multilateralism.’” Our Committee gave its views on the ESS at the time of its review by Member States in 2008<sup>24</sup>.
30. Our witnesses made little reference to this Strategy: General Syrén, Chairman of the EU Military Committee (EUMC), considered the ESS to be an important starting point for EU missions and operations;<sup>25</sup> Sir Peter Ricketts believed that there was a case for updating it, which should include the importance of sustaining key military capabilities.<sup>26</sup>

### **EU institutions**

31. Professor Menon was critical of the institutions: “None of the EU institutions is very well adapted to defence policy” because the design of the EU as an institution was intended to tame the powers of its Member States, in particular Germany and other large Member States, not to project them. Problems arose if attempts were made to use the institutions to deploy power abroad.<sup>27</sup> Sir Peter Ricketts pointed out that institutions in themselves did not generate greater capabilities for nations<sup>28</sup> and Etienne de Durand, Institut Français des Relations Internationales, told us that the real problem was capabilities across Europe at the Member State level where matters were decided. The organisation by European countries of their institutional relations was of a secondary order.<sup>29</sup>
32. In Brussels we took evidence from the officials operating the systems. General Syrén told us that the EU's new “comprehensive approach” to crisis management introduced by the Lisbon Treaty in 2009 had brought together two different cultures, military and civilian, which had led to some difficulties. Strong leadership was needed for effective coordination, in which the Crisis Management Planning Department (CMPD, see Box 1 above) played an important part. However, he was optimistic that management structures were in place, that top-level management was aware of the need

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Commission's new Directive on defence procurement has been designed to make it more difficult for governments to invoke Article 346.

<sup>23</sup> Q 216

<sup>24</sup> 31st Report (2007–08) Adapting the EU's approach to today's security challenges – the Review of the 2003 European Security Strategy (HL Paper 190).

<sup>25</sup> Q 157

<sup>26</sup> Q 13

<sup>27</sup> QQ 94, 98

<sup>28</sup> Q 30

<sup>29</sup> Q 295

for some fine-tuning and he thought that the EU's structures were "going in the right direction".<sup>30</sup>

33. Pierre Vimont, Executive Secretary General of the European External Action Service, also said that some early difficulties had been experienced with the new post-Lisbon arrangements as officials were unfamiliar with working with other services, for example, the Development Directorate General (DG) in the Commission, but all the services were working well together in the crisis in Syria. The EEAS Delegations now had to adapt to the new situation and new ways of working.<sup>31</sup>
34. Walter Stevens, Director of the Crisis Management and Planning Department (CMPD) described the institutional difficulties in setting up military rather than civilian missions, which led to delays. For civilian missions, the Civilian Planning and Conduct Capability (CPCC, see Box 1) was closely involved in developing a Crisis Management Concept (CMC) from the outset and the process of approval by the Council could proceed as soon as the CMC had been developed. On the other hand, for a military mission, additional steps were required before the Council could decide to launch it. Military advisers had first to decide on strategic military objectives and directives after the CMC had been developed; time was also lost bringing in the experts from the Member State which would host the operational headquarters.<sup>32</sup> We discuss this in Chapter 5.
35. Former US Representative to NATO, Ambassador Nicholas Burns, was sceptical about the CSDP; the pan-European security establishment, which linked Europe to the US, was NATO. The CSDP should not diminish NATO, threaten its lead role, or subtract from Europe's ability to contribute militarily to NATO.<sup>33</sup> He believed that it would be unacceptable to the US if the EU asserted a combat capacity outside the Berlin Plus arrangements (see Box 5 below); the US would prefer Europe not to act unless NATO agreed and NATO chose not to act.<sup>34</sup> He also believed that the US should meet its responsibilities within NATO and play a leadership, rather than a supportive, role in any operation.<sup>35</sup>

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<sup>30</sup> Q 156

<sup>31</sup> QQ 178, 181–186

<sup>32</sup> Q 147

<sup>33</sup> Q 269

<sup>34</sup> Q 285

<sup>35</sup> Q 288

### CHAPTER 3: THE STATE OF PLAY

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36. We asked our witnesses how they thought the CSDP had developed since 1999 and found a mixed picture on defence budgets, capability development, the deployment of missions and operations, and the establishment of multilateral Battlegroups.

#### Capabilities, deployments and budgets

37. We heard concerns about the numbers of troops that were in fact able to be deployed, compared with the number theoretically available, and that there was overcapacity in equipment. General Syrén told us that Europe had some 1.7 million people in uniform of which only around 4%—66,000—were deployed. He thought that from 2014, when most of the troops in Afghanistan had been withdrawn, only half that number might be deployed, if the political will existed.<sup>36</sup> He also believed that overcapacity was a problem: the EU had, for example 27 headquarters with different logistical concepts, around 20 military colleges, and four types of combat aircraft (the Joint Strike Fighter, Eurofighter, Rafale and Gripen) under development by EU Members.<sup>37</sup>
38. Nick Witney, a defence expert and former head of the EDA, echoed these sentiments, citing slightly different figures, and painted a gloomy picture of EU Member State capabilities and defence expenditure. He said that the record of Member States in meeting their own agreed capability targets had been “consistently dismal”. Europe was responsible for around one third of global defence expenditure outside the US and had 1.6 million military personnel, far in excess of the US or Russia<sup>38</sup>. Member States did not lack resources, but remained “determined to spend their national defence budgets in accordance with national priorities rather than in the collective interest.” Resources were wasted on non-deployable forces, “almost three quarters of the whole in 2009”, obsolescent equipment and duplication. Paying for such high numbers of personnel came at the expense of research and technology spending. Europe therefore lacked the capabilities to participate in military action and had become reliant on the US to an “overwhelming” degree.<sup>39</sup>

### BOX 2

#### Deployability

EU national troops are said to be “not deployable” when they are unsuited for action in EU missions. This could be for several reasons:

- they may be conscripts (though this number is decreasing in EU countries). Unlike professionals who enlist for several years, conscripts usually receive only a few months training, which is not enough to enable them to take part in risky expeditionary operations far from home;

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<sup>36</sup> QQ 167, 175

<sup>37</sup> Q 167

<sup>38</sup> The United States have 1.4 million military personnel, Russia has 1 million.

<sup>39</sup> Witney

- volunteers may lack the (mostly English) language skills necessary for participation in operational missions, whether under EU or NATO command;
- equipment may not have been sufficiently upgraded to take part in operations away from EU territory, which is where all recent military missions have taken place. For example, EU countries have many attack and transport helicopters but too few were suitable to withstand Afghanistan's environmental and man-made risks such as sand and small arms fire;
- increased specialisation in discrete tasks, either by choice or by default, (when certain categories of weapons are eliminated to save money). This results in countries lacking entire categories of weapons. For example, only a few NATO countries have the supersonic aircraft, precision munitions and pilots trained in air-to-ground attacks, which were required for the war in Libya. Other countries could not deploy there as they lacked the equipment, either because they never had it, or they had abandoned it.

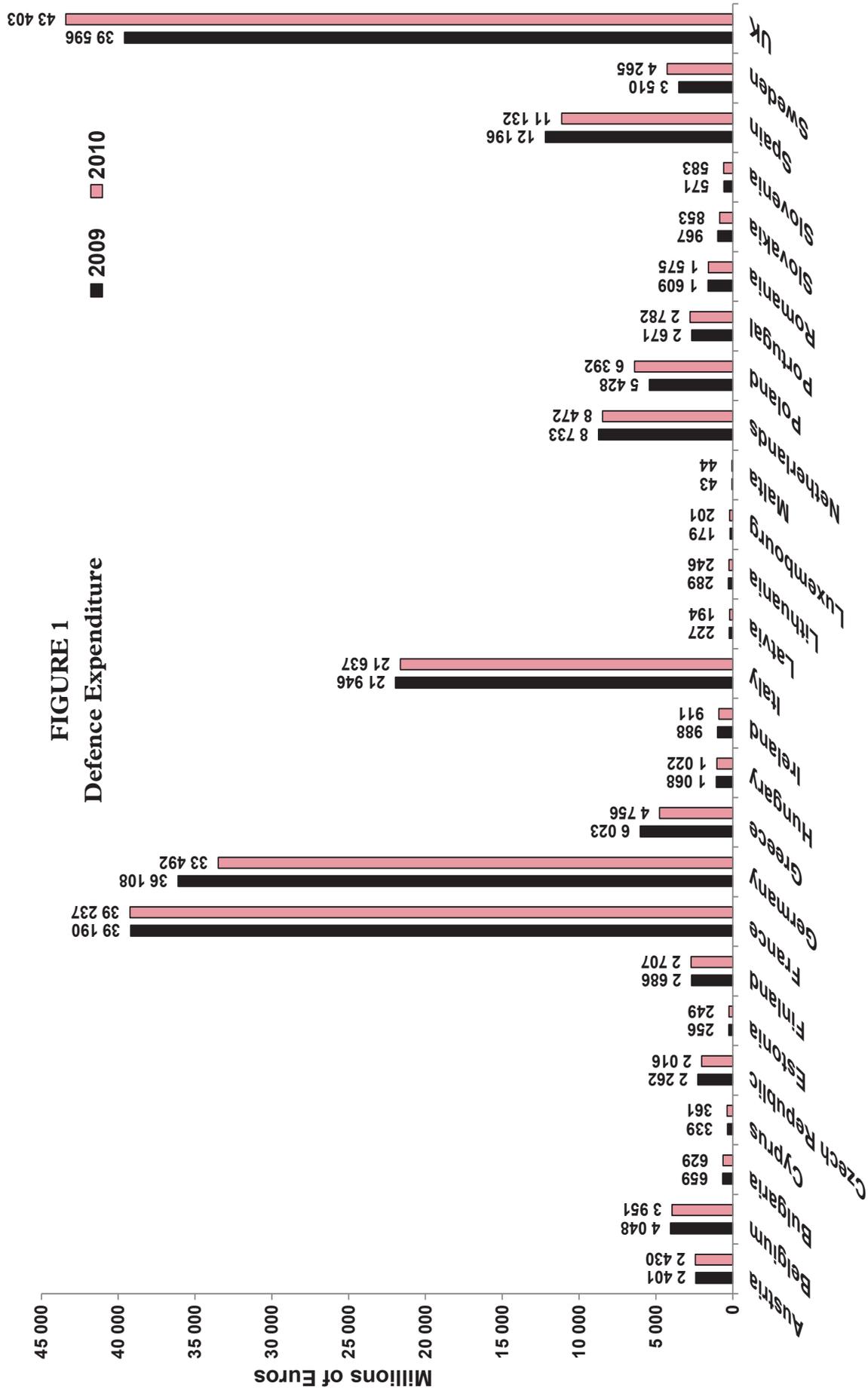
39. Dr Bastian Giegerich, Bundeswehr Institute for Social Sciences and International Institute for Strategic Studies (IISS), quoting statistics from the EDA and IISS, said that land forces available for sustainable deployments by EU Member States had decreased from 125,000 in 2008 to 106,000 in 2010. Active duty forces deployed on crisis management operations by EU Member States had fallen from 3.7% (68,000 troops) in 2006 to 2.9% (49,000) in 2011. He said that the number deployed on operations was decreasing faster than the total number of active service personnel, not because demand for military crisis operations was lessening, but for supply-side reasons: intervention fatigue; perception that the threat was indirect; and structural underfunding of the armed forces, magnified by the economic crisis, which placed long-term modernisation under strain.<sup>40</sup>
40. Nick Pickard, Head of Security Policy Department, FCO, commented that, in an effort to ensure that defence spending was a sufficiently high priority in some Member States, the UK had set an example with its own defence spending and with cooperative models, such as the UK-France treaties. It had tried to create political incentives for effective defence spending in capabilities which had been identified collectively as necessary; too much was still being spent on unnecessary capabilities such as large heavy armoured vehicles.<sup>41</sup> Professor Menon also thought that, even after the current cuts, European defence spending would be sufficient if used in the right way. The problems were how the money was spent, and how willing States were to deploy their troops; rationalisation was the issue, not increased defence spending. A wide variation existed among Member States: CSDP had led to some countries, such as Sweden and Poland, increasing their defence spending. In the domestic political debate, Sweden's Ministry of Defence had used the CSDP and the need to show the Swedes as good Europeans and to work with the Europeans as a "legitimising badge" to revolutionise Swedish defence policy. By contrast, the CSDP had had no effect on capability development in Spain and Italy.<sup>42</sup>

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<sup>40</sup> Giegerich

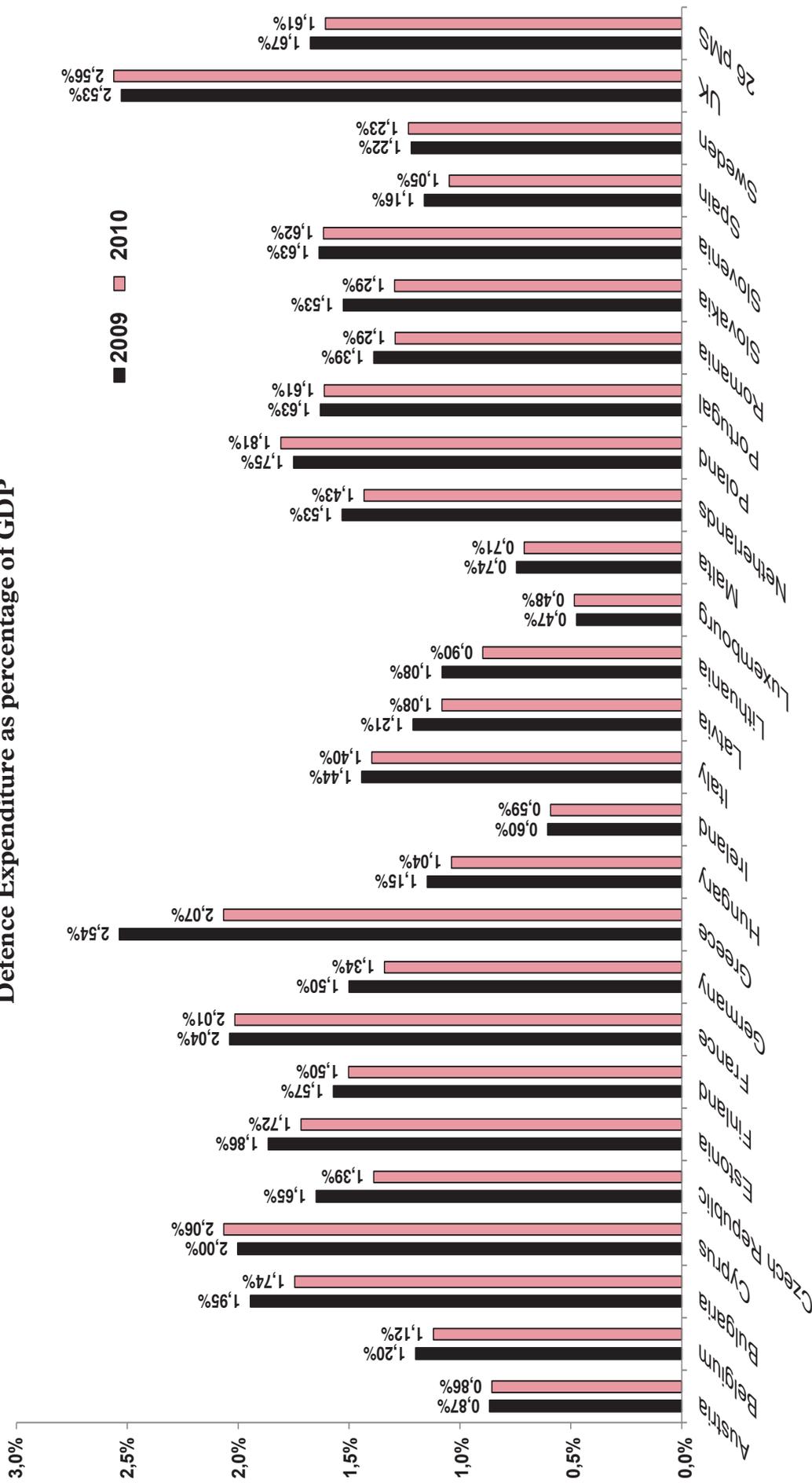
<sup>41</sup> Q 69

<sup>42</sup> QQ 98, 100



Source: European Defence Agency, Defence Data: EDA participating Member States in 2010, Brussels; 07/03/2012, Maria Leonor Pires, Statistics Officer.

**FIGURE 2**  
**Defence Expenditure as percentage of GDP**



Source: European Defence Agency, Defence Data: EDA participating Member States in 2010, Brussels; 07/03/2012, Maria Leonor Pires, Statistics Officer.

41. Sir Peter Ricketts thought that there was a risk that countries which were able and willing to step up would bear a disproportionate share of the defence burden. These tended to be the UK and France and some smaller countries which had recently been willing to perform front line tasks in Afghanistan, Iraq or Libya.<sup>43</sup> Professor Chalmers, did not think that the burden of operations outside Europe would increasingly fall on the UK and France, but that they would continue to be the core of and provide the bulk of European contributions to such operations. He had been struck by the fact that countries, such as Sweden, Slovakia, Slovenia and Portugal, had contributed to operations in Afghanistan where they had no historic connections.<sup>44</sup>
42. Our witnesses cited different reasons for the lack of commitment to defence capabilities. The Minister cited lack of political will.<sup>45</sup> Edgar Buckley attributed it to the priority given to social over defence spending, due to lack of perception of immediate threat; and different views amongst Member States about the importance of developing EU defence institutions, including the UK's view of the restricted role of the EDA and opposition to an EU Operational Headquarters (see Chapters 4 and 5). The Libya campaign had undermined confidence in EU institutions and European political solidarity, and leading EU military powers did not believe major crises could be tackled through EU mechanisms.<sup>46</sup> Nick Witney believed that defence reform was a problem. Defence establishments were risk-averse; defence expenditure was committed far ahead; and defence was a highly complex business. Job protection in marginal constituencies, especially when money was tight, also determined wasteful defence expenditure.<sup>47</sup>
43. **The key challenge for European capability is not just the level of defence expenditure, but its effectiveness. It is particularly important to increase the proportion of those in uniform who can be deployed.**

### The UK's position

44. Government witnesses stressed that NATO was the cornerstone of defence for the UK, and for Europe. The Minister said that the 2% of GDP as the minimum NATO requirement had been a key consideration as the Government approached the Strategic Defence and Security Review (SDSR). He thought that the CSDP could play a complementary role through its unique set of stabilisation tools and in promoting further capability development. He saw its purpose as being "to act where NATO cannot act." However, many Member States pursued policies with which the UK could not agree, particularly in institutional debates.<sup>48</sup> Sir Peter Ricketts reiterated that the UK had ensured in the spending round that there were adequate resources for defence and wider security. He believed that it was hard to foresee an increase in defence spending by EU Member States given the current economic problems.<sup>49</sup>

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<sup>43</sup> Q 12

<sup>44</sup> Q 100

<sup>45</sup> Q 350

<sup>46</sup> Buckley

<sup>47</sup> Witney

<sup>48</sup> QQ 345, 348, 351

<sup>49</sup> Q 22

45. We heard high praise from Ambassador Nicholas Burns for the UK's role, and a deal of criticism from others, reflecting their different perspectives. Ambassador Burns told us that the US relied on the strength of the UK and hoped that its defence cuts would allow the UK to retain its capacity for expeditionary warfare and peacekeeping.<sup>50</sup>
46. Edgar Buckley thought it had been obvious since the early 1990s that the US focus would turn from Europe, but the UK had opposed efforts to construct capable CSDP institutions.<sup>51</sup> Nick Witney was critical of the UK's failure to give leadership in Europe on defence, and its commitment to European defence efforts had diminished. UK defence ministers had "self-righteously stood alone" in blocking moves towards greater European cooperation, for example on increasing the EDA budget or setting up an EU operational headquarters. It had lost the goodwill created with the EU Member States from the former Soviet bloc which the UK had helped to prepare for NATO membership in the period after St Malo. A readiness to join in would have "reaped disproportionate benefits" in helping other Europeans to improve their defence capabilities, benefiting NATO as well as the EU.<sup>52</sup> Dr Bastian Giegerich noted that neither NATO nor CSDP had seemed to play much of a role in the run up to the UK's 2010 Strategic Defence and Security Review.<sup>53</sup>

### The UK-French treaties

47. The UK and France are the two major European military players. These two countries share a global approach, a fulfilled commitment to NATO's defence budget targets and a willingness to deploy forces. In November 2010 they signed a Defence Cooperation Treaty; a subordinate treaty relating to a joint nuclear facility; a letter of intent signed by Defence Ministers; and a package of joint defence initiatives. This co-operation was intended to improve collective defence capability through UK and French forces working more closely together, contributing to more capable and effective forces, and ultimately improving the collective capability of NATO and European defence.<sup>54</sup>
48. The Minister told us that the treaties were a good example of coordination, which should improve the capability and effectiveness of UK and French forces, benefiting both NATO and the EU, and which he hoped European partners would imitate.<sup>55</sup> Sir Peter Ricketts reminded us that one of the treaties, set to last for 50 years, dealt with sharing sensitive military nuclear capabilities.<sup>56</sup> Alison Stevenson, Head of NATO and Europe Policy Department, MOD, told us that the reason the UK had formed the partnership with France was because "it is a similarly capable nation with

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<sup>50</sup> Q 281

<sup>51</sup> Buckley

<sup>52</sup> Witney

<sup>53</sup> Giegerich

<sup>54</sup> MOD press release 2 November 2010,

[www.mod.uk/DefenceInternet/DefenceNews/DefencePolicyAndBusiness/UkfranceDefenceCooperationTreatyAnnounced.htm](http://www.mod.uk/DefenceInternet/DefenceNews/DefencePolicyAndBusiness/UkfranceDefenceCooperationTreatyAnnounced.htm)

<sup>55</sup> Q 345

<sup>56</sup> Q 33

high spending on defence ... prepared to deploy its forces.”<sup>57</sup> Edgar Buckley thought that UK-French cooperation was unlikely to lead to higher military capabilities, given the severe resource squeeze in both countries, but it would “assist in mitigating the worst effects of military decline which would otherwise take place”.<sup>58</sup>

49. There were differing views on whether the treaties would be seen as a model. Sir Peter Ricketts did view them as a model for other nations, but noted that cooperation should not be exclusive, leaving other EU nations feeling that they could not take part.<sup>59</sup> Dr Bastian Giegerich thought that the agreement was unlikely to serve as a model for wider multinational cooperation, though it might spark similar “minilateral” efforts among others.<sup>60</sup>
50. We also found a variety of opinions on the reaction to the treaties by other EU Member States. The Minister thought that they had taken continental partners by surprise, and “put a few noses out of joint, in particular the Italians and Germans.”<sup>61</sup> However, Dr Christian Moelling, of the German Institute for International and Security Affairs (SWP), told us that the UK-French agreement was not perceived by the Germans as a pressing issue and they did not feel they had to engage in it.<sup>62</sup> Sir Peter Ricketts also told us that he was not aware that the Germans had been offended by the treaties, at least at government level. The UK would welcome cooperation by the Germans, Italians, Spaniards or others.<sup>63</sup> Alison Stevenson, MOD, told us that the UK was also working with Germany through a “structured dialogue” on possible future collaboration.<sup>64</sup> Nick Pickard, FCO, added that the UK had made clear to the Germans that the purpose of any collaboration was to achieve practical, effective results, not to collaborate for purely political reasons.<sup>65</sup> The UK had made the same points to the Italians, with whom the UK had strong defence industrial links.<sup>66</sup> Etienne de Durand thought that the UK-French agreement was currently “the only important game in town.” If this cooperation succeeded, Germany would follow.<sup>67</sup> Sir Brian Burrige, Finmeccanica UK, thought that the treaties could look to others like a “closed shop,” which could be detrimental.<sup>68</sup>
51. Professor Menon attributed different motives to the two sides: Dr Fox, the British Defence Secretary at the time of the signature, had made clear the UK’s preference for the bilateral treaties over doing business through Brussels. On the other hand, policymakers in Paris would say that the treaties were a means of drawing the British into the CSDP.<sup>69</sup> Nick Witney thought that some Europeans concluded that the UK had wanted to hobble wider

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<sup>57</sup> Q 43

<sup>58</sup> Buckley, also Burrige Q 330

<sup>59</sup> Q 33, also Stevenson Q 35,

<sup>60</sup> Giegerich

<sup>61</sup> QQ 358, 360

<sup>62</sup> Q 301

<sup>63</sup> Q 33

<sup>64</sup> QQ 43, 45

<sup>65</sup> Q 46

<sup>66</sup> Q 53

<sup>67</sup> QQ 309, 312

<sup>68</sup> Q 330

<sup>69</sup> Q 109

European cooperation by taking France out of the equation. There had been little encouragement that Franco-British bilateral cooperation would be opened to third parties.<sup>70</sup> Edgar Buckley also thought that the UK-French treaty was regarded with suspicion by other leading Member States, such as Germany and Italy, which had recently signed a letter of intent, fearing that British-French cooperation could disadvantage their companies.<sup>71</sup> Dr Bastian Giegerich thought that full implementation of the UK-French treaties would represent “a significant step towards more effective defence cooperation”, but that there was widespread scepticism amongst other Member States about the ability of the UK and France to achieve this.<sup>72</sup>

52. Our American witnesses, Ambassador Burns, Dr Dana Allin, International Institute for Strategic Studies, and Xenia Dormandy, Chatham House, welcomed the treaties. For Ambassador Burns, the UK and France retained military forces that were among the strongest in the world, with the capacity to deploy, act and sustain their forces globally and who were critical to UN peacekeeping, fighting wars and deterrence.<sup>73</sup> This contrasted with the lack of strength in Italy, Spain and Germany from a military perspective.<sup>74</sup> From the NATO point of view, Major General Heinrich Brauss, Deputy Assistant Secretary-General for Defence Policy and Planning, considered the new contract between the UK and France as a role model for multilateral cooperation between small groups of nations with a view to developing and sustaining key capabilities, particularly with a view to the new, emerging challenges, such as cyber defence.<sup>75</sup> At a practical level, Madame Arnould, EDA Chief Executive, particularly approved of the example of the work taken up by the British and French from the EDA on maritime mine countermeasures.<sup>76</sup>
53. **We welcome the UK-French defence treaties and cooperation which provide lessons for how the sharing of sovereignty can be successfully managed. Other similar combinations of nations could emerge which could act as a core for the development of effective European defence.**
54. **The UK and France lead Europe in defence in terms of range of capability, budgets, equipment, ability to deploy, and scale. If other EU or NATO states do not contribute more to European defence the UK and France will bear an increasingly large and disproportionate burden within Europe. We believe the current division of responsibility is unsustainable and, if uncorrected, could lead to growing friction between Member States.**

### **The German position**

55. We asked about the German position on European defence, which witnesses uniformly found disappointing. Dr Moelling told us that Germany spent only 1.5% of GDP on defence.<sup>77</sup> Ambassador Burns was particularly critical,

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<sup>70</sup> Witney

<sup>71</sup> Buckley

<sup>72</sup> Giegerich

<sup>73</sup> QQ 81,82, 87, 271, 272

<sup>74</sup> QQ 273, 277 – 279

<sup>75</sup> Q 235

<sup>76</sup> Q 217

<sup>77</sup> Q 301

arguing that Germany should make a greater commitment to collective defence and modernisation of its own military forces. In Afghanistan, Germany had initially refused to deploy its troops to combat areas and use them for combat purposes, which had been a “bitter disappointment” for US commanders and civilians.<sup>78</sup> He thought Germany should be able to field an army, air force, and navy that could stand separately but, because of weak defence budgets and a lack of commitment from its political leaders to a modern defence establishment, it had become a drag on NATO.<sup>79</sup> Other American witnesses expressed similar frustrations over the German position, especially its role in Afghanistan and on its stance over Libya, although Germany had been helpful in “backfilling” during the Libyan campaign, keeping US bases functional.<sup>80</sup> Etienne de Durand also commented on the problem of German political will, which affected Germany’s ability to deploy its troops without caveats. The political culture was different and he did not think Germany would move quickly in the direction of collective defence.<sup>81</sup>

56. Dr Moelling explained the German perspective. In terms of territorial defence, Germany would always be with its allies, but it might not always be if the question was one of protecting strategic interests around the globe using military force. To convince German public opinion of the need for military action, it would always be necessary to make a good case. The German armed forces were fully-fledged militarily and had demonstrated their ability to fight in all operations in Afghanistan. However, the political perspective was different. An armed forces reform was underway whose outcome was difficult to determine, especially as elections were due in 2013. Overall, the budget level was likely to remain the same. He posed the question: if Germany spent 2% of its GDP, or €50 billion, on defence, would others feel threatened? Dr Moelling thought that it was not possible to tell if the German position over Libya was likely to be repeated in future and he recommended engaging with Germany in a constructive manner and explaining that their worldwide economic interests did not stand alone but would inevitably be accompanied by security interests.<sup>82</sup>
57. **Germany is Europe’s economic powerhouse. But in the military area, it does not fulfil its potential despite a large defence budget in absolute terms. It is a precondition that Germany becomes a more active participant in European defence matters, able to engage on similar terms to the UK and France, if the EU is to have an effective security and defence policy. NATO would benefit equally.**

### Missions and operations

58. The majority of the EU’s missions so far have been civilian ones, or a combination of civilian and military. Of the current 13 missions and operations, only 3 are military (see Box below). Nick Pickard described two types of EU military contribution: the case where a largely civilian operation required military logistic support or protection in order to operate effectively or sustain itself and where the EU’s civilian and military tools were brought

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<sup>78</sup> Q 275

<sup>79</sup> Q 281

<sup>80</sup> Allin and Dormandy QQ 81, 82, also Menon Q 100

<sup>81</sup> Q 304

<sup>82</sup> QQ 293, 299 – 304, 309

together. The other was a purely military operation where the US or NATO did not want to engage<sup>83</sup> (see paras 76 to 78 below.) General Syrén rated the EU's military missions as a success and believed that in the Democratic Republic of Congo (DRC), the EU had prevented genocide. In Somalia, as a result of the EU's current training mission, 1,800 trainers or soldiers were making a difference to the situation in Mogadishu. For an operation to be successful, he said it should be in place quickly, have a clear aim, end date and handover.<sup>84</sup> Pierre Vimont added that in an operation with a military dimension, those operating on the ground should be given operational flexibility.<sup>85</sup>

### BOX 3

#### EU Common Security and Defence Policy (CSDP) missions and operations<sup>86</sup>

**Current missions and operations** (3 military, 10 civilian):

##### Military

- EUFOR Althea, Bosnia-Herzegovina (since December 2004)
- EUNAVFOR Naval Force Atalanta, anti-piracy operation off the coast of Somalia (since December 2008)
- EUTM Training Mission Somalia, based in Uganda (since April 2010)

##### Civilian

- EUPM (Police Mission) Bosnia and Herzegovina (since 2003)
- EUSEC (Security Sector Reform Mission) Democratic Republic of Congo (DRC), (since June 2005)
- EUJUST LEX (Justice Sector Mission) Iraq (since July 2005)
- EUBAM (Border Assistance Mission) Ukraine/Moldova (since November 2005)
- EUBAM RAFAH (Border Assistance Mission) Occupied Palestinian territories (since November 2005)
- EUPOL COPPS (Police Mission) Occupied Palestinian territories (since January 2006)
- EUPOL (Police Mission) Afghanistan (since June 2007)
- EUPOL (Police Mission) DRC (since July 2007)
- EULEX (Rule of Law Mission) Kosovo (since February 2008)
- EUMM (Monitoring Mission) Georgia (since October 2008)

<sup>83</sup> Q 40

<sup>84</sup> QQ 157,158, 162, see also Cooper Q 118

<sup>85</sup> Q 189

<sup>86</sup> <http://www.consilium.europa.eu/eeas/security-defence/eu-operations?lang=en>

**Past EU Missions and Operations:**Military

- Operation Concordia, Former Yugoslav Republic of Macedonia (FYROM) (2003)
- Artemis, DRC (2003)
- EUFOR, DRC (2006)
- EUFOR Chad (2008–09)

Civilian

- EUPOL PROXIMA (Police Mission) FYROM (2004–05)
- EUJUST THEMIS (Rule of Law Mission) Georgia (2004–05)
- EU AMM (Aceh Monitoring Mission) Indonesia (2005–06)
- EU support for AMIS (African Union Mission to Sudan, Darfur) (2005–06)
- EUPOL (Police Mission) Kinshasa DRC (2005–07)
- EUPAT (Police Advisory Team) FYROM (2006)
- EUSSR (Security Sector Reform Mission) Guinea Bissau (2008–10)

59. Walter Stevens, Director, CMPD, told us that what determined whether a mission was military or civilian was the nature of the activity. A military mission would mostly involve ships or “boots on the ground.” Civilian missions were funded from the Common Foreign and Security Policy (CFSP) budget, while military missions were funded by the contributing Member States, or by the 2004 Athena mechanism which provided reimbursement of certain costs (see Box 4 below). The successful EUSEC mission in the DRC advising the Congolese authorities how to reform their army, was a civilian mission paid for from the CFSP budget, but carried out by military means: it was headed by a Portuguese general and all the members were military.<sup>87</sup> Robert Cooper, EEAS, commented that the use of military personnel was expensive and sometimes inappropriate, when a gendarmerie-style force, for example, would be preferable.<sup>88</sup> We were also told that the Germans were unhappy with missions funded from common costs as they paid disproportionately for CSDP missions which were calculated on the basis of GDP (see para 71 below).<sup>89</sup>
60. Lieutenant General Ton van Osch, Director-General of the EU Military Staff, told us of other budget complications which the EU’s comprehensive approach should be used to solve. The EU’s action in the Horn of Africa consisted of an anti-piracy military mission at sea, training for soldiers on land and participation in regional maritime capacity building. Navies could undertake part of the maritime training, but defence budgets could not be

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<sup>87</sup> QQ 133, 134

<sup>88</sup> Q 125

<sup>89</sup> Menon Q 100

used to buy the ships which were needed for use in training with a simulator, which would be funded from a development budget. Coordination such as this in the EU's comprehensive approach would determine the success of an EU military mission. In the same way, the EU's ability to combine agreements with regional countries to put suspected pirates on trial helped to make the naval anti-piracy operation (Atalanta) successful.<sup>90</sup>

61. A recurring theme from our witnesses was the inability of Member States to meet their own ambitions or plans. Walter Stevens told us that, as crisis management concepts were developed, discussions with Member States on what they could offer, and what was important to them, revealed that “there is a huge gap between a theoretical solution of a crisis ... and what is realistically possible.” The current budgetary problems for all states meant that it was increasingly difficult to find sufficient capacity for existing missions, let alone new ones.<sup>91</sup> Pierre Vimont said it was necessary to solve the contradiction between launching new missions which Member States seemed to want, and the reality of getting the resources for existing operations.<sup>92</sup> As an illustration, the Minister told us that, at the time of the September 2011 Defence Ministers' meeting, only 1,200 of the 2,200 troops had been delivered for Operation Althea (Bosnia), and Operation Atalanta (anti-piracy) was short of a ship. The EU mission in Uganda training soldiers for Somalia could not deliver a single medical officer across the EU to care for the trainers.<sup>93</sup> He thought that CSDP missions needed better integrated planning, with clear targets, defined benefits, outcomes and exit strategies.<sup>94</sup>
62. **The EU's track record of under-resourcing civilian missions must not be repeated in the military field. If the EU is to undertake military missions it must be on the basis that they will be resourced on a scale that is commensurate to the need. CSDP must be able to deliver when it is needed on a scale that is appropriate.**

#### BOX 4

##### ATHENA mechanism

The Athena mechanism, established in 2004, is a permanent mechanism to administer the financing of the ‘common costs’ of EU operations with military or defence implications. Common costs are defined as:

- Headquarters implementation and running costs
- Incremental costs for supporting the force as a whole (infrastructure to enable the deployment to take place; EU signs and flags etc; medical services; satellite imagery)
- Incremental costs of EU use of assets belonging to NATO or another third party.

The Council can also authorise some additional costs—such as transporting troops to and from theatre, or the cost of a multinational task force headquarters—to be met through the Athena mechanism. The Council

<sup>90</sup> Q 227

<sup>91</sup> Q 133

<sup>92</sup> Q 195, also Menon Q 104

<sup>93</sup> Q 349

<sup>94</sup> QQ 345, 348, 351

decides on common funding for military operations undertaken by the EU in support of a third state or organisation on a case-by-case basis.

Three active EU military operations are currently funded through the Athena mechanism: EUFOR ALTHEA in Bosnia and Herzegovina, EUNAVFOR ATALANTA to combat piracy off the coast of Somalia, and the EU Training Mission in Somalia.

With the exception of Denmark (which has opted out of the CSDP on military matters), Member States contribute to Athena in proportion to the size of their economy—contributions are calculated according to a Gross National Income scale and varies from year to year. The total common cost of the operations funded by Athena for 2011 was €34.7 million, of which the UK share was €4.9 million. The equivalent figure for France was approximately €5.8m, and for Germany, approximately €7.2m.

Those costs which do not come under the definition of common costs are borne by the Member States participating in the mission, under the principle that “costs lie where they fall”. It was calculated in 2006 that common costs accounted for less than 10% of the total cost of an EU military mission.

### Battlegroups

63. EU Battlegroups are a relatively new concept for pairs of battalion-sized forces (1,500 troops) with combined arms, on standby on a rotational basis and capable of being launched in an operation “within 5 days of approval by the Council in response to a crisis or to an urgent request by the UN, to undertake simultaneously two battlegroup-size operations sustainable for a maximal period of 120 days. Forces should be on the ground no later than 10 days after the decision to launch the operation”<sup>95</sup>. The first Battlegroups were formed at full operating capacity in 2007. They have never been deployed.
64. Nick Pickard (FCO) told us that the Battlegroup concept was based on a 2003 EU operation in the DRC (Artemis) which had been put into place rapidly.<sup>96</sup> Alison Stevenson (MOD) explained that the concept was also to improve the capability of Member States. Battlegroups could be formed of troops of one nation, but should ideally come from a number of states. Two Battlegroups would always be on standby. The UK supported them as it believed that they drove activity to make Member States contribute more to CSDP and to transform their capabilities. The UK also believed in pairing a militarily capable nation with a nation striving to improve its capabilities.<sup>97</sup> This gave the potential for several different nations to achieve interoperability.<sup>98</sup>
65. We asked what use Battlegroups served, given that they had not been deployed. Professor Menon gave a pessimistic view and believed they were sometimes “fictional”. He cited as examples German unwillingness to deploy following a UN request in 2008 for assistance in Darfur, Sudan, though he acknowledged that Germany’s participation in a new Battlegroup consisting

<sup>95</sup> EU Factsheet, [www.consilium.europa.eu/uedocs/cmsUpload/Battlegroups](http://www.consilium.europa.eu/uedocs/cmsUpload/Battlegroups)

<sup>96</sup> Q 58

<sup>97</sup> Q 54

<sup>98</sup> Q 55

of the “Weimar Triangle” countries, was a positive sign.<sup>99</sup> He also claimed that, despite British Government assertions to the contrary, their Battlegroup had in fact not been available, because it was composed of troops returning from Iraq and preparing to go to Afghanistan.<sup>100</sup> The Minister, however, denied this when we put it to him, and said that UK Battlegroups had been available to deploy in 2005, 2008 and 2010.<sup>101</sup> Etienne de Durand was also critical: while Battlegroups could be good for force generation and useful for some countries, they were too small to be useable, there was no political agreement to use them and they had been created to hide the failure of the Headline Goals, which had never been met.<sup>102</sup> Professor Menon also pointed out that the more Member States there were in a Battlegroup, the more legitimate it looked politically, but larger numbers meant greater potential difficulties in deciding on deployment.<sup>103</sup>

66. We sought information on the kind of situation in which witnesses could envisage deployment of a Battlegroup. Lieutenant General van Osch told us that the EU had made preparations for a military operation (EUFOR Libya) to support an eventual UN humanitarian operation in Libya, had this been requested by the UN. The potential task of clearing, repairing and running a harbour or airport for access for aid would have been ideal for a Battlegroup. He had seen three other occasions when Battlegroups could have been used. They had not been deployed, because of political problems, and he could not comment further as the questions had arisen “within a prudent planning phase.”<sup>104</sup> We were also told by General Syrén that the air element of the Nordic Battlegroup had been used as a surveillance force in the Libya operation.<sup>105</sup> Other places where they could have been used were to help to calm the situation during elections in Kinshasa in 2006 or in South Sudan in 2010.<sup>106</sup> Professor Chalmers thought deployment could be possible following a request from the UN to stabilise the situation in a future emergency. It might, however, involve a rearrangement of troops, and not necessarily the precise Battlegroups on standby.<sup>107</sup>
67. Walter Stevens told us that the CMPD was examining how Battlegroups, or elements of them, could be used. One possibility was as an “over-the-horizon” force, to support missions and operations, but this was not easy for Member States. Command and control of the troops were the preserve of the States which formed the Battlegroup, but to support an EU operation they would need to come under the commander of that operation.<sup>108</sup> Another problem identified by Nick Pickard was the narrow parameters for

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<sup>99</sup> The so-called Weimar Triangle (or Weimar Three) is a grouping of Germany, France and Poland who have agreed to cooperate on a number of subjects.

<sup>100</sup> QQ 100, 112

<sup>101</sup> Q 362

<sup>102</sup> Q 310

<sup>103</sup> QQ 111, 112

<sup>104</sup> Q 229

<sup>105</sup> Q 165. MOD officials have subsequently expanded on the General’s point, advising us that these were expeditionary air assets which were included in the Nordic EU Battlegroup package at the time.

<sup>106</sup> Q 165

<sup>107</sup> Q 112

<sup>108</sup> QQ 135, 136

Battlegroups which meant that the specific scenario did not occur very often.<sup>109</sup>

68. We asked our witnesses how well prepared the Battlegroups were for deployment, should the occasion arise. General Syrén told us that the Battlegroups varied, but they were in line with the basic concept, were “good enough” and, in his view, useable. The MOD explained that it was difficult to be specific about how much training was undertaken by individual Battlegroups, and different Battlegroups undertook different types of training. The EU did not lay down standards and Battlegroups were self-certifying, in contrast to NATO where standards were agreed and certification was an external process. Laying down standards might be a disincentive for some Member States to contribute.<sup>110</sup> However, Alison Stevenson believed that countries on the Battlegroup roster were properly trained and equipped for whatever they might be asked to do; Battlegroups on the roster for the second half of 2011, for example, (see Table 1 below) were capable of deployment, but political will would be needed.<sup>111</sup>
69. We enquired about the other purported purpose of Battlegroups and whether their formation had in fact led to improvements in capabilities. Sir Peter Ricketts believed that their formation had been a driver for increased capacity; peer pressure persuaded Member States to form Battlegroups, to join the rotation and be prepared to deploy them.<sup>112</sup> Lieutenant General van Osch also believed that Battlegroups increased the military capabilities of countries; the higher probability that they would be used and the fact that they would be inspected from outside created pressure on them to do well. Many colleagues with no previous experience of expeditionary missions had been pressurised into developing this capability by being forced through the Battlegroup model.<sup>113</sup> Professor Chalmers noted that the Battlegroup concept had its greatest purchase on smaller states which would not otherwise plan for deployments of this size, adding to their capabilities.<sup>114</sup> Walter Stevens commented that Battlegroups were sometimes uneven in quality, but they pulled up those Member States who were lagging behind. There was advantage also in the involvement in Battlegroups of non-EU partner countries, such as Ukraine.<sup>115</sup>
70. Several witnesses referred to the excellence of the Nordic Battlegroup, led by Sweden. General Syrén, who had been Swedish Chief of Defence at the time of its formation, told us that he had taken the opportunity to use the Battlegroup as a tool to transform the Swedish armed forces. This had led to a different personnel manning system, abolition of the conscription system, and changes to the hitherto slow procurement process. Instead of waiting for a threat, the Swedes were ready to “go out there and do something.”<sup>116</sup> Dr Moelling also thought that the Germans aimed to use their Battlegroup as

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<sup>109</sup> Q 263

<sup>110</sup> MOD written evidence

<sup>111</sup> QQ 56,57

<sup>112</sup> Q 9

<sup>113</sup> Q 229

<sup>114</sup> Q 112

<sup>115</sup> Q 141

<sup>116</sup> Q 163, also Menon Q 98, Chalmers Q 112, Arnould QQ 212, 213

a driver to develop their own capability and to modernise. They had also learnt to cooperate better in Europe.<sup>117</sup>

71. General Syrén criticised the funding system for Battlegroups, which meant that some Member States were reluctant both to organise them, which was expensive, and subsequently to use them. Work was in progress on this problem.<sup>118</sup> Walter Stevens pointed out that the high cost of transport was also a problem, and there were currently two or three gaps in the Battlegroup roster. The suggestion to use more of the CFSP budget to compensate part of the costs (allowances, part of the salaries and equipment) was difficult to envisage within the current regulations. Proposals to introduce common costs had created serious problems for Member States, in particular the UK and Germany whose costs would increase.<sup>119</sup> Professor Menon said that the allocation of common costs on a GDP scale meant that Germany could pay more for deployments than participating countries, when it did not deploy itself (see para 59 and Box 4 above on the ATHENA mechanism).<sup>120</sup> Edgar Buckley thought that it was time to review the issue of costs lying where they fell though common funding could cause problems for the UK.<sup>121</sup>
72. In a development since we heard the evidence from Walter Stevens, the Minister told us that the EU had reviewed the Athena mechanism for common funding, including costs for Battlegroup strategic lift. He said that a Council Decision, while protecting the UK's position on any permanent expansion of the mechanism, had agreed an extension of the mechanism until December 2013 on a contingency basis, to meet Battlegroup deployment costs from common funds. The purpose was to encourage nations to fill slots on the roster and to enable Battlegroups to go into action, but it would not fund the capability itself. The UK was not prepared to extend common funding further because it would find itself paying twice—for its independent requirement and other nations' requirements as well.<sup>122</sup>
73. **Battlegroups were intended as the hard edge of the EU's CSDP, particularly in the crisis management role. If they are to perform this function they must be operationally deployable, made up of national contingents that are capable of working well together, enjoy stability in terms of combinations of Member States, and be tested and audited for readiness, as is NATO practice.**
74. **When circumstances next arise which would justify the deployment of an EU Battlegroup, the decision should be taken to deploy. Failure to do so will seriously weaken the credibility of CSDP.**

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<sup>117</sup> Q 310

<sup>118</sup> Q 163

<sup>119</sup> QQ 139, 141

<sup>120</sup> Q 100

<sup>121</sup> Buckley

<sup>122</sup> QQ 350, 351, 364

TABLE 1

**EU Battlegroup roster from Initial Operating Capability (IOC) to Full Operating Capability (FOC)<sup>123</sup>**

| Semester   | Member States (& Third States)              | Battlegroup Lead Nation | Preferred OHQ / Force HQ |
|------------|---|-------------------------|--------------------------|
| IOC 2005-1 | France                                      | France                  |                          |
|            | UK  | UK                      |                          |
| 2005-2     | Italy                                       | Italy                   |                          |
|            |   |                         |                          |
| 2006-1     | Spain, Italy, Greece, Portugal              | Spain                   |                          |
|            | Germany, France                             | Germany                 |                          |
| 2006-2     | France, Germany, Belgium                    | France                  | France                   |
|            |   |                         |                          |
| FOC 2007-1 | France, Belgium                             | France                  | France                   |
|            | Germany, Netherlands, Finland               | Germany                 | Germany                  |
| 2007-2     | Italy, Hungary, Slovenia                    | Italy                   | Italy                    |
|            | Greece, Romania, Bulgaria, Cyprus           | Greece                  | Greece                   |
| 2008-1     | Sweden, Finland, Norway, Estonia            | Sweden                  | Sweden                   |
|            | Spain, France, Germany, Portugal            | Spain                   |                          |
| 2008-2     | Germany, France, Spain, Belgium, Luxembourg | Germany                 | France                   |
|            | UK  | UK                      | UK                       |
| 2009-1     | Italy, Spain, Greece, Portugal              | Italy                   |                          |
|            |   |                         |                          |
| 2009-2     | France, Belgium                             | France                  |                          |
|            | Czech Republic, Slovakia                    | Czech Republic          |                          |

<sup>123</sup> Table provided by the MOD.

|        |  |                            |             |         |
|--------|--|----------------------------|-------------|---------|
| 2010-1 | Poland, Latvia, Lithuania                                      | Germany, Slovakia,         | Poland      |         |
|        | UK, Netherlands  |                            | UK          |         |
| 2010-2 | Italy, Romania, Turkey   |                            | Italy       | Italy   |
|        | Spain, France, Portugal  |                            | Spain       | France  |
| 2011-1 | Netherlands, Finland, Lithuania                                | Germany, Austria,          | Netherlands | Germany |
|        | Sweden, Norway, Estonia, Ireland                               | Finland,                   | Sweden      | UK      |
| 2011-2 | Greece, Romania, Ukraine                                       | Bulgaria, Cyprus,          | Greece      | Greece  |
|        | Portugal, Spain, France, Italy                                 |                            | Portugal    | France  |
| 2012-1 | France, Luxembourg   | Belgium,                   | France      | France  |
|        | vacant   |                            |             |         |
| 2012-2 | Italy, Slovenia, Hungary                                       |                            | Italy       | Italy   |
|        | Germany, Czech Republic, Former Republic of Macedonia, Ireland | Austria, Croatia, Yugoslav | Germany     | Germany |
| 2013-1 | Poland, France   | Germany,                   | Poland      | France  |
|        | vacant   |                            |             |         |
| 2013-2 | UK, Sweden <sup>124</sup> , Lithuania                          | Latvia,                    | UK          | UK      |
|        | vacant   |                            |             |         |
| 2014-1 | Greece, Romania, Cyprus  | Bulgaria <sup>125</sup> ,  | Greece      |         |
|        | Sweden <sup>126</sup> , Finland <sup>127</sup>                 |                            | Sweden      |         |

<sup>124</sup> Participation pending political decision.

<sup>125</sup> Participation pending political decision.

<sup>126</sup> Participation pending political decision

<sup>127</sup> Participation pending political decision

|        |   |         |        |
|--------|---|---------|--------|
| 2014–2 | Belgium <sup>128</sup> ,<br>Netherlands <sup>129</sup> ,<br>Germany, Luxembourg,<br>Spain | Belgium |        |
|        | Spain <sup>130</sup> , Italy  | Spain   |        |
| 2015–1 | vacant  |         |        |
|        | vacant  |         |        |
| 2015–2 | France, Belgium <sup>131</sup>  | France  | France |
|        | vacant  |         |        |

### The EU-NATO relationship

75. We asked our witnesses about the relationship between the EU and NATO, given that they share substantially the same membership and the same problems over capabilities.<sup>132</sup> Professor Menon said that the two organisations suffered from the same problem: they could not force Member States to do things they did not want to.<sup>133</sup>

<sup>128</sup> Belgium confirmed based on current EU Battlegroup terms, conditions and contributions.

<sup>129</sup> Participation pending political decision

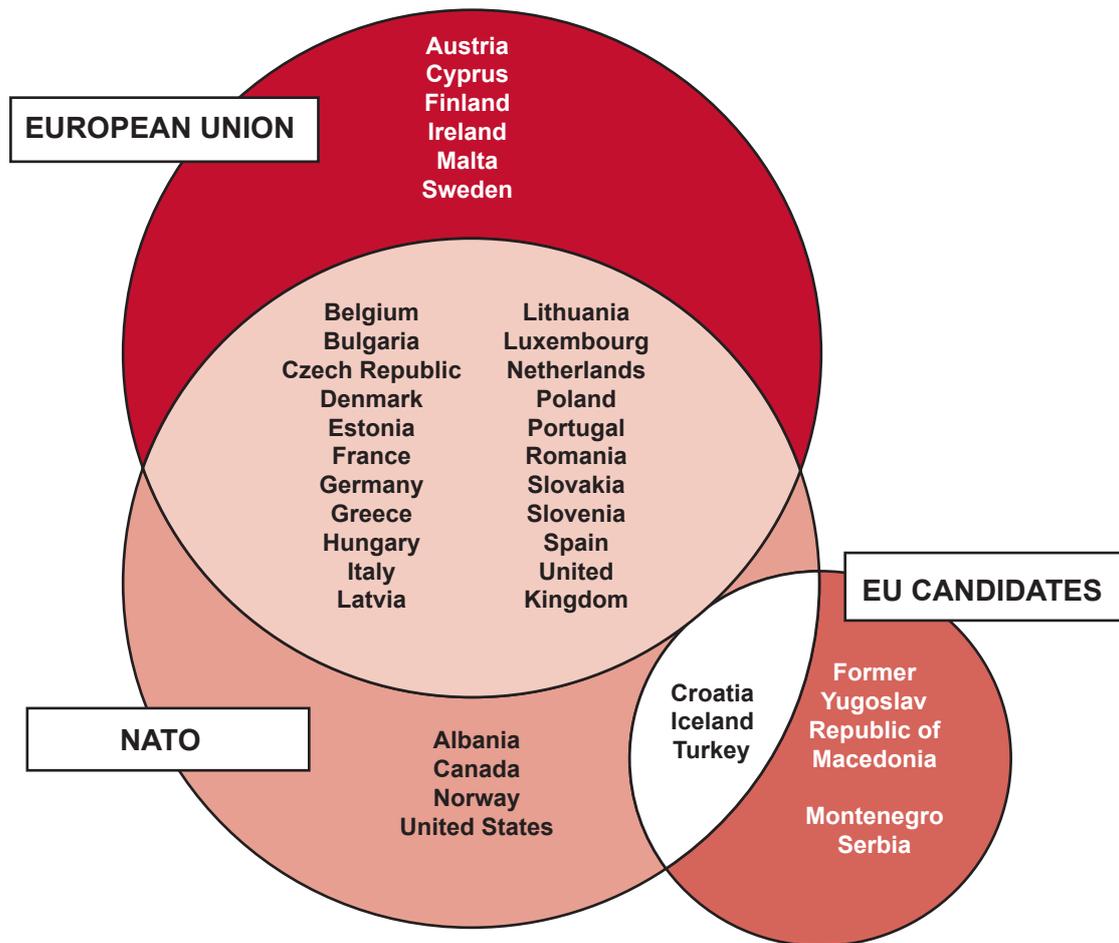
<sup>130</sup> Spain-Italy Amphibious Force SIAF EU Battlegroup.

<sup>131</sup> Participation pending political decision.

<sup>132</sup> The shared membership is Belgium, Bulgaria, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, United Kingdom. Members of the EU who are not members of NATO are Austria, Cyprus, Finland, Ireland, Malta, Sweden. Members of NATO who are not also members of the EU are Albania, Canada, Croatia, Iceland, Norway, Turkey and the United States.

<sup>133</sup> Q 106

**FIGURE 3**  
**The EU and NATO Membership**



76. We asked particularly if the two organisations had reached an agreement on a division of roles. Our witnesses were quite clear that NATO was the organisation of choice if a large-scale military operation was envisaged in which the US wished to be involved, such as the Libyan operation.<sup>134</sup> Etienne de Durand told us that most European nations were more comfortable using NATO for “hard defence” and combat missions than they were using CSDP.<sup>135</sup> If the US did not wish to lead or be involved, European nations could take the lead, using NATO facilities, as had happened in the Libya campaign (but see paras 80–81 below). For smaller operations, such as the anti-piracy operation, the EU might need to operate on its own.
77. Nick Pickard thought that Europe had shown progress over the last 10 years in its military response to those problems where the US did not want to play a leadership role. In Bosnia and the Balkans it had taken a year and a half for Europeans to agree to take military action. In the case of Libya it had taken weeks.<sup>136</sup> A number of witnesses saw a niche role for EU operations in geographical areas where NATO involvement was not welcome, or not appropriate, for political reasons. Sir Peter Ricketts believed that the appearance of NATO in Africa would probably be sensitive; an EU-flagged

<sup>134</sup> Howarth 346

<sup>135</sup> Q 295

<sup>136</sup> Q 69

deployment would be more acceptable.<sup>137</sup> Xenia Dormandy thought that NATO would not have been able to accomplish the action the EU had taken in Georgia; this type of political constraint was recognised in the US.<sup>138</sup> Alison Stevenson pointed out that EU operations could also include third parties which would not be possible in an organisation which included the Americans.<sup>139</sup>

78. Our witnesses also thought that the EU, with its comprehensive approach, including development assistance or security sector training, could tackle problems by providing for the overall requirements of the situation in a way that NATO could not. Sir Peter Ricketts told us that the CSDP's strength lay in operating smaller scale, complex interventions where a mix of political weight, economic know-how, development and sometimes a military capacity were needed—this was the “right niche” for the EU. He cited the examples of police training in the Balkans, border security advice in Georgia and training in Uganda of military officers for Somalia.<sup>140</sup>
79. We asked our witnesses about cooperation between the EU and NATO, and the operation of the 2003 Berlin Plus arrangement, which provides for the use of NATO assets and capabilities in support of an EU-led military operation (see Box 5 below). The Minister thought that improvement was needed in EU-NATO cooperation and coherence and, in particular, in ensuring that the EU's pooling and sharing and NATO smart defence initiatives were complementary (see Chapter 5); they should focus on the development of deployable and interoperable capabilities.<sup>141</sup> Alison Stevenson told us that the UK Government tried to be “institution blind” on these initiatives and approached them from the perspective of which capabilities the UK wished to develop and where was the best forum in which to develop them—individually, bilaterally or with NATO or the EU. The UK Government was trying to ensure that the planning processes of both organisations were more coherent and that duplication was avoided.<sup>142</sup>

## BOX 5

### The Berlin Plus Arrangements

#### The “Berlin Plus” agreement

The Berlin Plus agreement refers to a December 2002 package of agreements between the EU and NATO, which were based on an undertaking at NATO's 1999 Washington summit that the Alliance would make its collective assets and capabilities available to the EU. These arrangements allow EU access to NATO's planning capacity, NATO European command options and the use of NATO assets and capabilities:

<sup>137</sup> Q 10, See also Pickard QQ 39, 40

<sup>138</sup> Q 80

<sup>139</sup> Q 41, See also Dormandy Q 80

<sup>140</sup> Q 7

<sup>141</sup> Q345

<sup>142</sup> QQ 42, 44

The two organisations agreed on mutual consultation arrangements for efficient decision-making in the event of a crisis which would involve the EU's Political and Security Committee and NATO's North Atlantic Council, and the EU and NATO Military Committees as well as the High Representative and NATO Secretary General. They also concluded an agreement on the security of information.

Under the "Berlin Plus" agreement:

- 1) NATO guarantees EU access to NATO planning. At the exploratory stage, this may involve a NATO contribution to the work carried out by the EU Military Staff on the definition of options (known as "military strategic options"). Subsequently, should the operation take place with use of NATO assets and capabilities, NATO provides the operational planning required.
- 2) The EU may request that NATO makes available a NATO European command option for an EU-led military operation. In this case, the Deputy Supreme Allied Commander Europe (DSACEUR) is the primary candidate for the position of EU Operation Commander. He will remain at Supreme Headquarters Allied Command Europe (SHAPE) where he establishes the EU Operational Headquarters. The remaining command elements determined by the EU (such as the EU Force Commander and EU Force Headquarters deployed in theatre or the EU Component Commands) may either be provided by NATO or by EU Member States.
- 3) The EU may request the use of NATO assets and capabilities. To this end, NATO has established a list of assets and capabilities that NATO would, most likely, decide to make available to the EU.

80. Several witnesses told us about the difficulties caused by a dispute between Turkey and Cyprus (see Box 6 below). General Syrén told us that the dispute blocked the Berlin Plus arrangement which only operated formally for the mission in Bosnia, where it worked well, but he doubted whether it would be possible to duplicate the arrangement for any other operation.<sup>143</sup> Robert Cooper described the Turkey-Cyprus dispute as "stupid". In the field in Kosovo, ways had been found around the absence of a formal agreement, but in Afghanistan it had been life-threatening.<sup>144</sup> Alison Stevenson pointed out that the dispute made progress difficult in the 2003 NATO-EU Capability Group, which tried to ensure coherence between the two organisations. Nick Pickard described how deep the "political bugbear" of the Turkey-Cyprus issue was for all concerned. The governments of Turkey and Cyprus ranked the issue above some of the advances which could otherwise have been made, demonstrating the priority they attributed to it. However, meetings did take place at working group and policy director level. NATO Secretary General Rasmussen and the EU High Representative, Baroness Ashton, were working together much more effectively than in the past. Walter Stevens, Director, CMPD, told us that he regularly met high level NATO officials to discuss pooling and sharing and talks were going

<sup>143</sup> QQ 172, 173

<sup>144</sup> QQ 126, 127

well.<sup>145</sup> Nick Pickard also thought that, despite the problems between Turkey and Cyprus, attempts should be made to strengthen relations between the EU and NATO, not least because acting separately risked people's lives in theatres where the EU and NATO were operating together.<sup>146</sup> General Syrén also told us that, at a conference arranged by NATO in 2011, with keynote speakers from the EU Military Committee, the EDA and NATO, the messages had been very similar.<sup>147</sup>

## BOX 6

### Problems caused by the Turkey-Cyprus dispute

Although the Berlin Plus exists to give the EU access to assets owned by NATO, a political stand-off between Turkey and Cyprus currently prevents the two organisations working together as originally envisaged. The main blockage on the NATO side has been caused by Turkey which sought increased participation in CSDP by the non-EU European NATO Allies as a condition of its agreement, and as part of its campaign for EU membership. It also wanted assurance that, if Cyprus acceded to the EU as a divided island, the Greek Cypriots would not be able to use CSDP against their Turkish neighbours in the north. (Cyprus subsequently joined the EU in 2004). When the arrangement was set up in December 2002, the EU decided that the Berlin Plus arrangements would apply only to those EU Member States that were NATO Allies or members of NATO's Partnership for Peace (PfP) programme (at the time, Austria, Finland, Ireland and Sweden. Malta subsequently joined, in 2008). NATO's North Atlantic Council took a similar decision, but Turkey insisted on excluding Malta and Cyprus from the Berlin Plus arrangements and also from wider aspects of EU-NATO strategic cooperation.

The position now is that Cyprus blocks Turkey's engagement with the EU and Turkey blocks Cyprus's engagement with NATO. The EU accepts that Cyprus cannot participate in EU-led operations with access to NATO assets and capabilities under Berlin Plus. Some Member States contest its exclusion from EU-NATO aspects of capability development, which is also a Berlin Plus issue, as discrimination against a Member State. These Member States refuse to conduct wider EU-NATO business which excludes Cyprus, and the Turks refuse to do so with Cyprus. Papers released by the NATO staffs to the EU Military Staff cannot be circulated to all 27 Member States and certain partners find it unacceptable for them to be circulated excluding Cyprus. Formal joint meetings of the two organisations cannot take place except to discuss existing Berlin Plus operations (effectively Operation Althea in Bosnia and Herzegovina which was launched with the agreement of Cyprus in 2004 soon after Cyprus joined the EU.)<sup>148</sup>

81. Professor Menon thought the degree of influence wielded by Cyprus over the CSDP was "absurd." Little pressure was placed on Cyprus by other Member States, and this could be ratcheted up.<sup>149</sup> We asked our American witnesses

<sup>145</sup> Q 135

<sup>146</sup> QQ 42, 44, 368

<sup>147</sup> Q 169

<sup>148</sup> Information provided by MOD officials.

<sup>149</sup> Q 106

whether the US could influence the parties. Xenia Dormandy told us that the US now had little leverage over Turkey; other Turkey-related issues took precedence in US national interests and Turkish foreign policy was becoming more autonomous. Moreover, the EU “has not given us much to work with.”<sup>150</sup> Ambassador Burns thought both governments should be asked to be flexible.<sup>151</sup>

82. **NATO is still the only credible defence community capable of the territorial defence of Europe, and of engaging in those conflicts that are complex, medium or large scale, or require sophisticated operations. It is essential that the US continues to participate in the defence of Europe through NATO.**
83. **Europe has security issues which are, however, more appropriately handled operationally by the EU than by NATO. These will include humanitarian missions, mixed civilian and military operations, geographical areas such as parts of Africa where United States or NATO involvement may not be appropriate, and peacekeeping. In the medium term the EU should concentrate on these classes of operation, and ensure that they are delivered successfully.**
84. **In terms of military capability, what is good for the EU is good for NATO. There is no fundamental contradiction or competition. Military expenditure and capability are determined by individual sovereign states. 21 nations are members of both the EU and NATO. If those nations improve their military capability both organisations benefit, but most of all Europe as a whole, together with the United States, itself will benefit.**
85. **Arguments about how military capability in Europe is delivered, through NATO, EU, bi-laterally, or multi-laterally, should not distract from the important task of increasing the military capability of the whole. The important issue is that Europe pulls its weight in its security and defence interests.**
86. **UK Governments have been reluctant to commit to EU defence. They tend towards an approach that suggests that more EU means less NATO. In our view, more EU capability also means more NATO capability, but the tasks of each should be clearly defined. We believe that the current balance of tasks between NATO and the EU is a sensible one.**
87. **Since the reintegration of France into NATO’s military structures the UK and France have near identical interests in EU defence and security and, given their dominance in this area, should together take a lead.**
88. **We emphasise the need for a proper relationship between the EU and NATO. It is essential that the difficulties caused by the Turkey-Cyprus dispute for EU-NATO coordination should be resolved. We do not underestimate the difficulties of tackling intransigent attitudes on both sides of the dispute, but it not only sours the whole area of European security and defence, it also puts the lives of personnel in the field at risk. EU Member States and their NATO allies must put**

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<sup>150</sup> Q 84

<sup>151</sup> Q 286

**additional pressure on both countries to allow the problem to be resolved, and the Berlin Plus arrangement must be available for future operations.**

### The defence industry

89. We asked our witnesses about the importance of industry to the development of defence capabilities in Europe, and whether a European defence industry existed. Sir Brian Burrridge, Finmeccanica UK, told us that a European defence industry did exist, because there was a European defence market, and because Member States believed that it gave them operational sovereignty over their military capabilities. However, the nature of the business was global. Bill Giles, BAE Systems (Brussels), added that, because the US rules on technology transfer were strict, it was easier to find transnational synergies in Europe. We were told, however, that neither the EU nor NATO had a defence industrial policy as such. Bill Giles thought that the EU was trying, through the EDA and the Commission, to develop a sense of industrial purpose in order to secure the retention and development of technologies within Europe. This would reduce dependency on technologies from elsewhere to a reasonable or minimised level.<sup>152</sup>
90. Alvin Wilby, Thales UK, told us that the UK also had an industrial base, which was made up of the UK components of a number of large, global companies.<sup>153</sup> Rear Admiral Rees Ward, UK Aerospace, Defence, Security and Space Industries (ADS), said that all the major defence industry players were located in the UK, attracted by its operational sovereignty, Intellectual Property Rights (IPR) and jobs situations, and the unique openness of its markets. According to Sir Brian Burrridge, this body of knowledge gave the UK strategic value.<sup>154</sup>
91. Rear Admiral Ward pointed out that governments were the sole procurer of large-scale capabilities and that industry therefore depended on government investment.<sup>155</sup> Dr Moelling thought that, if defence budget cuts continued, the defence industry would leave Europe in five to 10 years time as European market shares would shrink and the industry, as a global player, would seek places where they could make more money. The industry would also cut research and technology. The danger was that, when the European economy recovered, the technology would no longer exist.<sup>156</sup> Sir Brian Burrridge thought, however, that, provided industry could export out of Europe, the decline in European defence budgets need not be the end for the industry there.<sup>157</sup>
92. Professor Menon commented that, from a national defence perspective, relying entirely on foreign sources of equipment posed certain operational risks, both in the short term in ensuring supplies during operations, and in the long term in being able to develop new technologies. The UK needed to remain near the front of the curve in developing new defence technologies. He believed however that it would be too expensive to be completely self-

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<sup>152</sup> Q 337

<sup>153</sup> QQ 314, 315

<sup>154</sup> Q 316

<sup>155</sup> Q 320

<sup>156</sup> Q 296

<sup>157</sup> Q 320

- reliant in defence technology and he recommended talking to major defence companies represented in the UK, though he warned against believing that defence companies could be steered in a particular direction. They would, rightly in his opinion, be ruled by the market.<sup>158</sup>
93. Pierre Vimont warned that, if Europe did not join together to form a strong military industry, its competitors would forge ahead. Despite the limited success of the A400M aircraft, it was important to continue with such projects.<sup>159</sup> We also heard evidence that money could be saved by collaboration. The Belgians and Dutch had approached industry together on logistic support and achieved better prices.<sup>160</sup> Edgar Buckley thought that defence industry companies could consolidate and reduce over-capacity in the industry. This would also need positive government engagement, which had been recognised in the UK-French treaty.<sup>161</sup>
94. Dr Moelling told us that, traditionally, nations had not cooperated in defence industrial matters for a number of reasons, including jobs and taxes. This inhibited effectiveness.<sup>162</sup> Etienne de Durand said that French-German-British cooperation at a bilateral or trilateral level had worked cost-effectively in the 1970s and products, such as Jaguar, had sold successfully. Currently cooperation was more difficult because of the increase in members, and the need for each country's national industry to share in a programme. Either Member States should return to collaboration between small groups of countries, or the EDA should rationalise collaboration at a European level. This would involve all Member States sacrificing parts of their national industrial base. The UK and France had most to lose, and the Germans would not be enthusiastic. He believed that, for industrial cooperation to work, it was no longer possible to adopt a top-down approach in which countries embarked on a specific programme for political reasons.<sup>163</sup> Sir Brian BurrIDGE believed, however, that "work share" was beginning to change as the market became smaller.<sup>164</sup>
95. We asked about the apparent contradiction following from the CSDP aim of building a defence industrial base: strengthening European companies could lead to cost increases, giving governments access to less, rather than more, defence capability. Sir Brian BurrIDGE countered that CSDP would provide a competitive marketplace and consequently better value for money for Member States, but only if a benchmark for defence spending was set for Member States; those resources must be used to modernise European armed forces, many of which were still conscript-based and static; and political will to deploy must exist. That had to be the driver for obtaining value for money from defence acquisition, without which operational focus would be lacking. The work of the EDA and some of the capability development programmes might focus industrial consortia on the type of military capability that nations needed.<sup>165</sup> Bill Giles cited the example of the Eurofighter Typhoon

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<sup>158</sup> QQ 111, 103

<sup>159</sup> Q 194

<sup>160</sup> Van Osch, Q 232

<sup>161</sup> Buckley

<sup>162</sup> Q 306

<sup>163</sup> Q 307, also Chalmers Q 53

<sup>164</sup> Q 334

<sup>165</sup> Q 318

transnational programme, which had worked well within Europe in terms of information exchanges and the generation of intellectual property. There was more potential for collaborative programmes such as these but there were difficulties. The challenge was to make the EU Member States perform collectively in a more effective way.<sup>166</sup>

96. Our witnesses commented on the optimum number for a successful outcome in collaborative projects. Sir Peter Ricketts pointed out that there were advantages in having many different partners sharing the risks and burdens of new equipment programmes, but this created more scope for delay and an increase in costs. A balance was needed.<sup>167</sup> Rear Admiral Rees Ward thought the optimum number depended on the size of the programme and the ability of participating nations to produce the R&D funding. Two participants tended to be easier but this was costly for them. Sir Brian Burridge thought a larger number potentially caused more difficulties as each partner came with its own priority, potentially causing more difficulties, but unit costs would be lower if more were ordered.<sup>168</sup>
97. We asked about interoperability and operational compatibility, which seemed to be key to EU—and NATO—Member States working together. Sir Brian Burridge said that, following past experience in collaborative ventures, the defence industry was now able to design basic projects in a way that participating nations could retain their own “development paths without having to leave the project.”<sup>169</sup> It was, however, important to ensure that, if nations ordered different versions of a product, they were compatible, especially in electronics and software. The Royal Air Force had, for example, obtained 98% availability from their Typhoon aircraft operating out of Italian airbases during the Libyan operations because the support system was compatible.<sup>170</sup>
98. We asked about the performance of the EDA (see also paras 25 to 27 above) in rationalising capacity in the EU. Madame Arnould told us that the function of the EDA in the industrial market was key. It was not a procurement agency and could not harmonise the requirements, but through its work on priorities and specification it could support a more consistent definition of requirements.<sup>171</sup> Bill Giles believed that the EDA had a difficult job. Without its own budget, it depended entirely on the will of Member States and their interest in collaborating. It had produced no substantial programme in its six years, which was not surprising, given that defence procurement was a “long game.” The UK had participated very little in some of the programmes but groups of Member States were running a number of projects in technologically important areas. Important work for military and civil security was underway between the EDA and the Commission on “flying unmanned aerial systems in desegregated airspace” and on collaborative work on chemical, biological and nuclear defence.
99. Sir Brian Burridge told us that the EDA was seen as the agent to take pooling and sharing forward, in particular on “high-end capability” such as smart

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<sup>166</sup> Q 319, also Wilby Q 321

<sup>167</sup> Q 15

<sup>168</sup> Q 332

<sup>169</sup> QQ 326 – 327

<sup>170</sup> QQ 321, 322

<sup>171</sup> Q 216

munitions, air-to-air refuelling and Intelligence, Surveillance and Reconnaissance (ISR). Other areas on which it had worked were pragmatic capabilities for use in Afghanistan, such as counter-IED<sup>172</sup> and the organisation of field hospitals. This was the right direction of travel for the EDA.<sup>173</sup> Bill Giles described the EU Procurement Directive (para 27) as a radical change and an opportunity for industry to compete and for governments to get value for money, though it was too early to tell what the effects would be.

100. The Minister told us that the Government had planned to withdraw from the EDA, believing that it was not in the interests of the taxpayer. However, in part because of the UK-French treaty, they had decided to see first whether the EDA could produce practical capability-enhancing projects. The helicopter initiative, training helicopter crews, and the maritime surveillance project, MARSUR, were encouraging.<sup>174</sup> He stressed that the UK Treasury would insist that, when capabilities were developed with others, they represented value for money and were interoperable.<sup>175</sup>
101. **It is fundamental that Europe maintains a defence industry on which it can rely. Furthermore, we see a strong and efficient European defence sector as a guarantor of competition in global markets, a foundation for research, and source of highly skilled jobs all of which will enhance European security and prosperity.**

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<sup>172</sup> Improvised explosive devices

<sup>173</sup> Q 323

<sup>174</sup> Q 354

<sup>175</sup> Q 359

## CHAPTER 4: THE CHANGING ECONOMIC AND SECURITY SITUATION

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### America's "wake up" call to Europe

102. Recent speeches by leading members of the US Administration, including the President, have sent clear signals that a significant development is underway in its defence thinking. On 5 January 2012, President Obama stated that the US would be strengthening its presence in the Asia Pacific region, and that budget reductions would not come at the expense of "that critical region", though the US would continue to invest in its "critical partnerships and alliances, including NATO". Secretary of State Clinton, at an APEC<sup>176</sup> meeting in Hawaii on 10 November 2011, stated that: "The 21st century will be America's Pacific century, a period of unprecedented outreach and partnership in this dynamic, complex, and consequential region."<sup>177</sup>
103. In an earlier speech on 10 June 2011, the outgoing Secretary of Defense, Robert Gates, issued a stark criticism of the European military performance, particularly in Libya. The US had had to make up deficiencies in many fields. Many NATO allies were not pulling their weight in collective defence, and their resources were not being allocated wisely or strategically.<sup>178</sup> This speech was quoted to us by witnesses, including the NATO Assistant Secretary-General for Defence Policy and Planning, Major General Brauss who told us that many Ambassadors in NATO considered this to be a "wake-up call." The US Ambassador had told his European colleagues that they could no longer rely on the US which might not always be available if needed. Europeans should in future deliver key strategic capabilities better than in the past.<sup>179</sup> The US provided 73% of NATO's expenditure on defence, and the gap with European expenditure was widening.<sup>180</sup>
104. We asked three American witnesses<sup>181</sup> to give their views on US policy and perceptions. All confirmed the public message from the US Administration, namely that a combination of budget cuts, necessitated by the economic crisis, and the shift of focus to Asia had caused the US to reassess its strategic priorities. Ambassador Nicholas Burns told us that the most important strategic challenge faced by the US would be coping with the rise of China, whilst maintaining American military pre-eminence in Asia through its alliance system in the region. The US was concerned about Chinese activities in the South China Sea, the rapid build-up of the Chinese military, and uncertainty about how China would see its own national interests in the future.<sup>182</sup>
105. Ambassador Burns did not, however, believe that the US would reduce its commitment to NATO under President Obama or a possible successor. He

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<sup>176</sup> Asia-Pacific Economic Cooperation

<sup>177</sup> <http://fpc.state.gov/176998.htm>

<sup>178</sup> [www.defense.gov/speeches/speech.aspx?speechid=1581](http://www.defense.gov/speeches/speech.aspx?speechid=1581)

<sup>179</sup> Q 238

<sup>180</sup> Q 239, also Burns Q 276

<sup>181</sup> Ambassador Nicholas Burns, Dr Dana Allin, Ms Xenia Dormandy

<sup>182</sup> QQ 267, 283, also Dormandy Q 72

recalled that Article 5 of the North Atlantic Treaty, embodying a mutual defence commitment, had been invoked quickly after the 11 September 2001 attacks on the US. The US was, however, concerned about the diminishing budgets of most of its European allies, especially Germany, Italy and Spain. Ambassador Burns was particularly critical of Germany's low level of spending on defence. Germany should make a greater commitment to collective defence and the modernisation of its own military, and be more willing to deploy in difficult areas. European military capabilities, particularly those of the UK and France, were important to NATO and the US for regional and global security.<sup>183</sup>

106. Xenia Dormandy, Chatham House, agreed that the US partnerships with Europe and within NATO continued to be part of America's vital national interest. However, Europe was relatively stable and had resources that it could manage itself.<sup>184</sup> European defence budgets were thought in the US to be insufficient, partly because of the sense that America would be there when needed. The US was trying to convey the message that "Europe has to step up". If it did not, the US might have to find alternative means to achieve its aims, perhaps with different partnerships and informal coalitions, though not new institutions.<sup>185</sup> Dr Dana Allin, International Institute for Strategic Studies, agreed that there would be a limited appetite in the US to commit money and potentially lives for things the Europeans could do, though he thought that the possibilities for new partnerships to replace those with European allies were limited. Secretary Gates' threat had been issued "more in sorrow than in anger," and he suspected that the US would only come to the assistance of Europe if it proved incapable of dealing with a threat.<sup>186</sup> Major General Brauss commented, however, that he had not seen any diminution of US interest in NATO and transatlantic security in NATO's daily business.<sup>187</sup>
107. A number of European witnesses confirmed that they did not think the US would lose its interest in NATO or Europe. The Minister thought that the President's speech had not been a threat to the US membership of NATO or its commitment to Article 5. The Gates message had been clear, that European nations needed to wake up and recognise that they needed to shoulder more of the defence burden for Europe.<sup>188</sup> Dr Christian Moelling and Etienne de Durand agreed that the US would remain engaged in Europe but would not get involved in crisis management just because it served a European interest.<sup>189</sup> Professor Chalmers did not perceive a general trend towards the Americans being less prepared to fight in significant-scale operations in the European neighbourhood. They had, however, been reluctant to become involved in post-conflict peacekeeping in EU candidate states in the Balkans, which they had rightly said was not American business.<sup>190</sup>

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<sup>183</sup> QQ 267, 272, 273, 275, 281

<sup>184</sup> Q 72

<sup>185</sup> QQ 73, 75, see also Allin Q 75 and de Durand Q 294

<sup>186</sup> QQ 74 – 76

<sup>187</sup> Q 240

<sup>188</sup> Q346

<sup>189</sup> Q 294

<sup>190</sup> Q 100

108. Dr Allin and Ms Dormandy thought that CSDP was well understood in the US, but there was scepticism about its “talk but very little action.”<sup>191</sup> US Administration attitudes towards European defence efforts had changed from resistance to the potential challenge to NATO to a pragmatic acceptance, but concerns remained about duplication, particularly in the area of scarce talents.<sup>192</sup> Etienne de Durand believed that the US did not care about theological institutional questions, but wanted Europeans, especially the UK, France and Germany, to deliver capabilities.<sup>193</sup> In Brussels, Robert Cooper told us that the US was subject to swings of attitude depending on its President and thought that there was no harm in having a European option which was not entirely dependent on the US, as well as a NATO option, for the unforeseeable time when the US changed its attitudes and policies.<sup>194</sup>
109. **It has been accepted for some time that Europe will have to take greater responsibility for its own security and defence, but with serious defence budget cuts in the United States and America’s focus on the Pacific, this time the challenge is inescapable.**
110. **Although the United States is giving greater focus to the Pacific, there is no equivalent integrated military alliance in the eastern hemisphere, or anywhere else globally. NATO is unique. To that degree the United States needs NATO. But Europe must not depend upon that.**

#### **Europe’s budget cuts and capabilities**

111. Since the economic crisis, defence budgets in Europe have come under severe pressure. Maciej Popowski, Deputy Secretary General, EEAS, told us that the EU had to become more efficient and “do more with less,” as this pressure was combined with demand for Europe to manage crises in its immediate neighbourhood. Member States were aware that they should assume responsibility to guarantee security around their borders and external demand had grown both from partners in the south and from the US, which increasingly expected Europe to be more capable of handling crises around its borders.<sup>195</sup> However, we were also told (as noted above, para 61), that cuts in European defence budgets are also directly affecting the EU’s missions and operations. The numbers of ships in Operation Atalanta have been reduced. In Kosovo, two or three police units have been pulled back and the Somalia training (EUTM) and Bosnian (Althea) missions lack capabilities due to the financial crisis.<sup>196</sup>
112. We heard from witnesses about the dangers of cuts in European defence budgets. Etienne de Durand warned that European defence was already in a precarious position and the economic crisis would exacerbate matters. In the past decade, European defence spending had remained flat on average; Europe was the only continent where defence budgets were not increasing. By contrast, figures from SIPRI<sup>197</sup> showed that Chinese military investments

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<sup>191</sup> Q 77, see also Arnould Q 216

<sup>192</sup> Allin Q 78,

<sup>193</sup> Q 294

<sup>194</sup> QQ 117, 130

<sup>195</sup> QQ 246, 247

<sup>196</sup> Stevens QQ 133, 135, 137

<sup>197</sup> Stockholm International Peace Research Institute

and expenditure had increased by 189% in the equivalent period, Russian expenditure by 82%, Indian expenditure by 54%, Asia by 60%, North America by 80%. Defence expenditure in Africa had also risen. If the armed forces of the UK and France got significantly smaller, it would be difficult for them to exert influence in an international coalition or to operate on their own except in a localised way.<sup>198</sup> General Syrén warned that in five to seven years' time, several Member States would not be able to manage their own air forces.<sup>199</sup>

113. Dr Moelling thought that because of the downturn, critical levels of capabilities were being reached. The smallest countries in Europe had cut about 25% to 30% from their budgets, the medium countries about 10% to 15% and the largest around 8%, and pressure would continue for 10–20 years. He told us that cuts were being made in an uncoordinated way for budgetary reasons. The Dutch decision to give up battle tanks had not been made on the basis of strategic rationale, and they would now have to depend on other countries' capabilities in this field.<sup>200</sup> Professor Menon thought it was sad that defence restructuring in the last two years had been “profoundly national”; Member States had not even informed each other in many cases about the kind of restructuring taking place. Within the EU it would make sense to talk about what Members were cutting to ensure it was complementary.<sup>201</sup> Dr Bastian Giegerich also told us that the lack of coordination between Member States over defence cuts could do “significant damage” to EU and NATO capabilities. Governments should ensure that they designed cuts so that whatever capability remained complemented that of EU and NATO partners.<sup>202</sup>
114. Etienne de Durand also warned that, once a capability had been lost completely, it was difficult, costly and time-consuming to reconstitute it from scratch.<sup>203</sup> This point was echoed by Xenia Dormandy, who stressed the need for the UK and France to retain a base level of capability. Capabilities should not be cut so far that in 10 years' time they could not be reinvigorated. The case was different for smaller countries, such as the Dutch and the Danes who could not retain a full spectrum of capabilities. However, the Danes were recognised as having much more “bang for the buck” than many other countries.<sup>204</sup> Etienne de Durand pointed out that there was a trade-off between quantity of structure and quality of technology. France had financed the modernisation of its forces by reducing force numbers.<sup>205</sup>
115. **EU Member States must not cut their defence budgets without discussion with partners or regard for the joint tasks which they may be called on to undertake. They should take care not to cut important capabilities which lead to essential knowledge being lost and where the capability cannot easily be reconstituted.**

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<sup>198</sup> Q 296

<sup>199</sup> Q 167

<sup>200</sup> QQ 296 – 298

<sup>201</sup> Q 110

<sup>202</sup> Giegerich

<sup>203</sup> De Durand

<sup>204</sup> Q 79

<sup>205</sup> Q 296

### Libya—lessons learned

116. The NATO operation over Libya was significant for the EU in a number of respects. Firstly, it involved a country affected by instability close to the EU's borders. Secondly, the US was not interested in leading the operation. Thirdly, the UK and France assumed a leadership role. Fourthly, a number of small states with limited resources, such as Denmark and Belgium, played a significant role while some larger states, such as Germany, took a back seat. Finally, it revealed the gaps in the capabilities of the Member States of the EU.
117. Madame Arnould told us that, although this had been a NATO operation, it had emphasised shortfalls in the EU's capabilities: Intelligence, Surveillance, Reconnaissance (ISR), air-to-air refuelling, smart munitions and strategic and tactical transport and medical support. These were all capabilities which the EDA could help Member States to develop by bringing standardisation, common certification, a common concept of employment, which all contributed to interoperability on the ground, and working on the way that Communication and Information Systems were used.<sup>206</sup> Major General Brauss and Xenia Dormandy also identified a shortage of planners available from EU Member States which had become apparent during the Libya campaign, and which had been a problem which needed American assistance.<sup>207</sup>
118. Sir Peter Ricketts said that all the European countries participating in the campaign except the UK had run short of munitions quite quickly and did not have the stocks of modern missiles and precision-guided weapons they needed. It was no good having fast jet fighters if there were no weapons to drop, which served as a lesson on the importance of sustainable capacity to run military operations.<sup>208</sup> Alison Stevenson commented that another lesson from Libya had been the importance of interoperability, which tended to be overlooked. However, the UK had the ability to be interoperable "firmly in our sights."<sup>209</sup> Pierre Vimont acknowledged that it would be impossible for the EU to repeat the Libya operation if it had to rely entirely on its own military resources. On the other hand, much of the NATO work in the field of maritime surveillance had been done with navy vessels from European Member States.<sup>210</sup>
119. General Syrén told us that a "lessons-learnt" process from the Libyan operation was underway in the EU.<sup>211</sup> One of the key issues was the EU's conduct and planning capacity. In Libya the EU military contribution had been "extremely limited." Much of the operation was in the air and the NATO command and control structure had been appropriate.<sup>212</sup> Nick Pickard thought that Libya demonstrated that Europe was capable, within certain limits, of undertaking serious military operations effectively and taking the lead. A number of smaller countries had shown that they were

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<sup>206</sup> QQ 204, 215, also Ricketts QQ 13, 29, Dormandy Q 79, Chalmers Q 98, Syrén Q 168, Brauss Q 235, Burns Q 274

<sup>207</sup> QQ 86, 241

<sup>208</sup> QQ 19, 28

<sup>209</sup> Q 47

<sup>210</sup> QQ 191, 192, also Brauss

<sup>211</sup> Q 168

<sup>212</sup> Q 171

serious defence players, including countries outside NATO. Sweden, Norway, Denmark, the Netherlands and Belgium had played significant roles.<sup>213</sup> Professor Chalmers thought that military action would have been possible without American participation, but its nature would have been different, with more problems avoiding collateral damage because of a lack of targeteers and reconnaissance, and of the appropriate munitions.<sup>214</sup>

120. We asked our witnesses if they saw the Libya operation as a model for the future conduct of operations. Most thought not, as it had been a largely air campaign with some naval involvement and no army role. UN backing would be unlikely to be repeated as some countries believed that they had been deceived over the nature of the operation.<sup>215</sup> Sir Peter Ricketts and Professor Menon said one should not generalise from the Libya campaign as it had involved an exceptional set of circumstances.<sup>216</sup> Ambassador Burns did not believe that the Libyan operation should be a template for the future and disliked the fact that the US had not taken the lead.<sup>217</sup> Dr Allin did not see it necessarily as an overall model, but it was a model for the way in which the US exercised leadership, which was not always at the front.<sup>218</sup>
121. **European nations should work with the US to fill the capability gaps identified through the Libya operation so that there are sufficient capabilities to be used within a NATO or EU context.**

### Cyber security

122. Of increasing concern is the threat of cyber attacks, dozens of which are reported to have targeted the computer systems of government agencies and companies, including defence contractors.<sup>219</sup> According to Rear Admiral Rees Ward, the threat ranges from “the happy hacker who is professionally intrigued about hacking into the Pentagon systems” to state actors.<sup>220</sup> As Lieutenant General van Osch pointed out, cyber defence is an area in which all countries need to be involved, for “if there is one weak spot, we all have a weak spot”.<sup>221</sup>
123. Some witnesses felt that the EU collectively had not yet done enough in this area. Alvin Wilby said that although all countries were thinking about their cyber strategies, there was not yet a coordinated effort; cyber security was “very much run on Member State lines at the moment”.<sup>222</sup> Furthermore, in his view, Member States’ individual strategies were “relatively immature”.<sup>223</sup> Rear Admiral Ward argued that Member States had differing levels of professionalism, depending on their level of threat awareness.<sup>224</sup> Maciej

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<sup>213</sup> QQ 62, 69, see also Chalmers Q 100

<sup>214</sup> Q 100

<sup>215</sup> Vimont Q 193

<sup>216</sup> QQ 26, 100

<sup>217</sup> Q 288

<sup>218</sup> Q 89

<sup>219</sup> Carola Hoyos, “New front opens up in the battle against cyber attacks”, *Financial Times*, 12 March 2012

<sup>220</sup> Ward, Q 340

<sup>221</sup> Van Osch, Q232

<sup>222</sup> Wilby, Q338

<sup>223</sup> Ibid.

<sup>224</sup> Ward, Q 341

Popowski, Deputy Secretary-General, EEAS, acknowledged that the EU could develop its role. He explained that the EEAS was considering how it could contribute to a wider EU process of setting standards in cyber space.<sup>225</sup>

124. The UK was generally perceived by witnesses to be at the forefront of cyber defence. Maciej Popowski thanked the UK for its lead, for example in organising a conference on cyber security.<sup>226</sup> Alvin Wilby described the UK as “leading the charge in many ways”, and Major General Brauss of NATO saw the new contract between the UK and France as a role model for developing the capabilities to tackle emerging challenges, such as cyber defence.<sup>227</sup> It was at the request of the MOD that cyber defence was included as one of the top ten capabilities to be addressed by the EDA’s Material Standardisation Group with respect to standardisation management in support of interoperability.<sup>228</sup> Witnesses from the defence industry complimented the UK government for drawing up a cyber strategy and working with partners in the defence industry, although they stressed that there was no room for complacency about the threat.<sup>229</sup>
125. **The nature of warfare and conflict is changing. Cyber attacks are already a feature of both industrial and security sectors. The EU and NATO must work together to minimise this fast growing threat.**

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<sup>225</sup> Popowski, Q 265

<sup>226</sup> Ibid.

<sup>227</sup> Wilby, Q 338; Brauss, Q235

<sup>228</sup> MOD, Further supplementary written evidence

<sup>229</sup> Wilby, Q 338; Burridge, Q 339; Ward Q 339.

## CHAPTER 5: THE WAY FORWARD

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### How to improve capabilities?

126. It is clear from the discussion in the previous Chapters that a number of capabilities are missing from the collective EU effort, which should be remedied if the EU wishes to undertake any substantial operation without US assistance. The agreement of all EU Member States will be needed on the way ahead, but it is less clear how the ability and willingness to deploy forces is to be achieved. Sir Peter Ricketts believed that one way to encourage nations to increase their contribution was peer pressure; this was possible in NATO, since NATO members were committed to spending 2% of their budgets on defence.<sup>230</sup> He told us that the UK had hoped that the enthusiasm that many countries displayed for EU defence and their wish to have “more Europe” in defence and more institutional capacity in Brussels could be translated into greater willingness to provide real capabilities on the ground and to use them. He believed that governments lacked the will to deploy their military, whether for budgetary or political reasons.<sup>231</sup>
127. Professor Chalmers thought that the desire to be “good Europeans” or “good partners” affected the decisions of some small European countries who, for example, had no history of involvement or vital national interest in areas such as Africa or Afghanistan, but nonetheless contributed people to a mission there.<sup>232</sup> Maciej Popowski thought that “encourage” was the key word as the EU, which was not a defence organisation, could not impose anything on anybody. Nor did it try to harmonise national defence planning as that was a sovereign decision of every Member State. If encouragement failed, the EU would have to think again about its level of ambition. It wanted to be able to run certain types of operation but could not do so without assets provided by Member States.<sup>233</sup>
128. A number of witnesses told us that the new, post-Lisbon institutional arrangements in Brussels were beginning to have a beneficial impact on the comprehensive approach to crisis management. Pierre Vimont gave us his views on how the EU Member States themselves could improve their cooperation. The EU institutions were working on some pragmatic, interesting objectives for such cooperation, which were not over-ambitious. These included medical field hospitals, training helicopter pilots and improving intelligence gathering which would progress in a step-by-step approach while Member States became used to working together. More could be made of this approach and eventually, more ambitious projects could and should be launched, such as the A400M project.<sup>234</sup>
129. Nick Witney saw the Weimar Three, perhaps increasingly joined by Italy and Spain, as “the last best hope for the sort of political impulse that CSDP so badly needs”. He proposed a European Defence Review, sponsored by the Weimar Three which would enable strategic decisions to be taken at the highest level of government—for example, developing the case for the

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<sup>230</sup> Q 18, see also Pickard Q 69

<sup>231</sup> Q 12, also Moelling Q 310

<sup>232</sup> Q 93

<sup>233</sup> Q 254

<sup>234</sup> Q 194

collective restructuring of all European air forces, to eliminate duplication and redundancies and to share responsibility for addressing deficiencies. “Without this sort of boldness, CSDP looks likely to collapse”.<sup>235</sup>

130. **EU Member States need to show, at the very least, a willingness and a capability to organise themselves militarily, and the political commitment to deploy forces if the occasion arises. Consequently, we recommend that EU Member States should set out a strategic plan outlining what they are willing to do collectively, and in what circumstances. Member States must also devise a formula to enforce those commitments once made, starting with pressure to staff existing missions properly.**
131. **EU Member States must rationalise and coordinate their defence expenditure budgets, particularly at a time of budget stringency, to ensure that they target overcapacity and duplication, as well as filling the shortfalls identified after the Libya operation: ISR (intelligence, surveillance, and reconnaissance), air-to-air refuelling, smart munitions and strategic and tactical transport and medical support. Member States should also increase the numbers of military planners who should be trained to operate in any of the EU’s five operational headquarters, as well as, in the case of NATO members, in NATO headquarters.**
132. **The Libya operation showed the value of the commitment of some smaller countries to operations, in particular those who contributed beyond what could have been expected. We acknowledge the vital role played by the United States and the NATO infrastructure, which were needed to ensure the success of the campaign, but the operation showed too what could be done with leadership from the UK and France.**

### **Operational headquarters**

133. The current arrangements for running an EU military operation headquarters (OHQ) were explained to us by Lieutenant General van Osch. Three options exist: to activate an existing Operations Centre in Brussels, which could only run small, “one-dimensional” missions of up to 1,800 people; to use Berlin Plus arrangements (see Box 5 in Chapter 3); to use one of the five national OHQs in the UK, France, Germany, Italy and Greece.<sup>236</sup>
134. Witnesses told us of the proposal by a number of Member States, led by the Weimar Three, to establish a permanent operational headquarters in Brussels to improve the running of the EU’s larger and more complicated military operations. Proponents believed this was necessary to solve the problem of delays in launching a military operation, and lack of continuity between operations when using national OHQs. Walter Stevens told us that time and expertise were lost when national experts, who had not previously been involved in a preparatory mission, had to be brought together to set up an operation. With a small EU OHQ in Brussels, the EU would have the military equivalent of the Civilian Planning and Conduct Capability which existed for civilian missions (see Box 1 in Chapter 2). For political reasons,

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<sup>235</sup> Witney

<sup>236</sup> Q 222

- partly linked to the UK's position, the Brussels Operations Centre had never been used.<sup>237</sup> This could be activated, particularly for certain smaller, low intensity missions.<sup>238</sup> Pierre Vimont added that there was no legal obstacle to activating the Centre as the Council had agreed to the principle in 2004. However, additional resources would be needed for its management and decisions were needed for each operation.<sup>239</sup> Lieutenant General van Osch told us that the weakness of using the option of the five national headquarters was the need to augment them with people unfamiliar with the systems when the need arose.<sup>240</sup>
135. The UK Government has been prominent in opposing the idea of an Operational Headquarters. The Minister told us that the UK was “wholly opposed to institution building”. In particular, an EU OHQ would potentially undermine NATO.<sup>241</sup> General Syrén also believed that there were sufficient good headquarters in Europe already and that the EU must be careful about inventing any new command and control structure. Different existing elements could also be used. There were more important shortfalls on which to spend money.<sup>242</sup>
136. In a more recent development, the EU Foreign Affairs Council (FAC) agreed a Conclusion in December 2011 to activate the existing EU Operations Centre (OpCen) for two years as part of an agreement to accelerate planning for a regional maritime capacity building (RMCB) mission to support local efforts to counter piracy off the Horn of Africa. FAC Conclusions in January 2012 endorsed the activation of the OpCen, subject to a Council Decision, to enhance co-ordination between the RMCB mission and the two existing CSDP missions in the area (EU Naval Force Atalanta and the EU Training Mission Somalia (EUTM)) and to provide military support and expertise to the Civilian Operations Commander leading the RMCB. It will not perform a “conduct” function and is therefore acceptable to the UK.<sup>243</sup> In another development, a commitment was made at the most recent UK-French summit in February 2012 to establish a Combined Joint Force Headquarters which is a bilateral arrangement only. The difference between this Combined Joint Force Headquarters and existing national headquarters is that it is to be deployable and would therefore not duplicate existing national headquarters.
137. **The issue of an EU operational headquarters has set the UK against France and the other members of the Weimar group. It has become a matter of principle rather than practice. This has caused unnecessary and distracting conflict within the CSDP. EU operations need proper planning capability and lessons learnt need to be retained in the corporate memory. It is obvious to us that the activation for the first time of the existing small EU Operations Centre to provide military support and expertise to the Somalia operations, together with the**

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<sup>237</sup> Since we took this evidence, the Operations Centre has been activated for the first time, see Box in Chapter 2 and paragraph 136.

<sup>238</sup> QQ 147 – 150, also Vimont Q 184

<sup>239</sup> Q 186

<sup>240</sup> Q 222

<sup>241</sup> Q 365

<sup>242</sup> Q 171

<sup>243</sup> Information provided by the FCO.

**use of the larger national operational headquarters for military operations, is a sensible approach. We note, too, that at the most recent UK-France summit in February there was a commitment to establish a Combined Joint Force Headquarters.**

### **Pooling and sharing and sovereignty**

138. One of the questions which we explored with witnesses was the possibility of increasing the EU's effectiveness by pooling and sharing capabilities. NATO has a similar "Smart Defence" initiative. Sir Peter Ricketts described this EU scheme as "designed to put together groups of countries that want to collaborate ... to buy or achieve a capability in one area or another" through a pooling arrangement. He thought that the UK should support it.<sup>244</sup> Nick Pickard pointed to other advantages: if groups of smaller countries exercised together, they would work more effectively together.<sup>245</sup> The MOD provided us with information on how far multinational forces could be broken down into different component parts.<sup>246</sup> The Minister thought that pooling and sharing was a means of dealing with the lack of capabilities, though he was wary of placing too heavy a reliance on it—and it was necessary first to have something to pool and share.<sup>247</sup>
139. Despite the advantages of pooling and sharing, witnesses pointed to the potential risks of interdependence and loss of sovereignty. The Minister said that pooling and sharing would only work if those who shared with others guaranteed access to the shared capability when they needed them. The UK-French treaties would put this to the test in a practical way.<sup>248</sup> Sir Peter Ricketts agreed that pooling and sharing carried risks of dependence; countries in such an arrangement would need solidarity with each other and a collective sense of decision-making.<sup>249</sup> Edgar Buckley also told us that, to make a real difference, pooling and sharing needed to be linked to cast-iron political guarantees or treaties guaranteeing the use of shared assets, as well as being adopted on a significant scale to include military forces, as well as equipment. Only countries with similar outlooks, stakes and capabilities, such as Britain and France, would be able to match this model; anything short of this was likely to be only marginally useful.<sup>250</sup>
140. The point was, however, made to us by other witnesses that a refusal by a country to share a capability in order to retain sovereignty could potentially lead to a complete loss of sovereignty if that country subsequently found that it was unable to afford that capability.<sup>251</sup> Sir Peter Ricketts commented that, given tightening budgets, many countries would face the choice of either acting together with others, or not acting at all. There were also ways around the problems of interdependence. If one country in the arrangement wanted to take military action and the other did not, it would be possible for the

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<sup>244</sup> Q 12

<sup>245</sup> Q 48

<sup>246</sup> MOD supplementary written evidence

<sup>247</sup> QQ 350, 351

<sup>248</sup> QQ 355, 357

<sup>249</sup> Q 17

<sup>250</sup> Buckley; also Chalmers QQ 93, 107, 109; Giegerich

<sup>251</sup> Vimont Q 194

latter to stand aside from a particular military operation.<sup>252</sup> General Syrén also pointed out that many Member States had given up sovereignty under the Schengen Treaty and for a common currency. If they did not share anything in the defence field, they would run out of capabilities on their own. It was impossible for Member States to continue as before and the issues surrounding sovereignty had to be solved at the highest political level.<sup>253</sup>

141. Professor Menon and Lieutenant General van Osch defined sovereignty as the ability to act, as well as the freedom for a country to decide for itself. Professor Menon thought that smaller states had been quicker than larger ones to realise it was sometimes worthwhile to give up a degree of sovereignty if it meant that combined autonomy was increased.<sup>254</sup> Lieutenant General van Osch thought the way to retain the maximum operational capability and sovereignty under pooling and sharing was to find efficiencies in the areas of training, education and procurement. Numbers were also important; restricting the number of countries able to decide about a country's operational capabilities was also preferable. The exceptions to this were space and cyber defence where all countries needed to be involved, or they would either be a "free rider" or the areas would be a weakness (see also paragraph 122).<sup>255</sup>
142. Another potential problem pointed out by Professor Menon was the difficulty in deciding who would give up what. The Nordic states had agreed not to have several defence academies, but had been unable to decide which one would be closed.<sup>256</sup> He also saw lack of appreciation of today's strategic threats and poor overall strategic planning as obstacles to pooling and sharing. Member States did not take seriously enough the prospect of having to undertake military operations without the US.<sup>257</sup> Major General Brauss commented that there was limit to what could be shared: it was difficult to imagine French corporals being trained at a German school for main battle tanks, not least because of the language problem. It required effort to achieve the goal of common training, except in some specialised areas such as air crews.<sup>258</sup>
143. Dr Bastian Giegerich also pointed out that governments feared becoming trapped in actions they would not deem to be in the national interest. The pooling and sharing tasks identified had not so far been front line and had therefore been politically acceptable. This was good for building trust, but sharing needed to be longer term and Member-State driven. The role of both the EU and NATO was to help reduce problems and promote the advantages. Pooling and sharing should not be "misrepresented as the ultimate answer to the defence budget crunch"—it would still involve hard political choices about capabilities.<sup>259</sup>

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<sup>252</sup> Q 17, see also Stevenson Q 46, Stevens Q 135,

<sup>253</sup> QQ 167, 175

<sup>254</sup> Q 109

<sup>255</sup> Q 232

<sup>256</sup> Q 109

<sup>257</sup> Buckley

<sup>258</sup> Q 238

<sup>259</sup> Giegerich

144. We were told that, for successful pooling and sharing, “clusters” of countries intending to cooperate should for preference have similar cultures, language, geography and history, as well as similar strategic cultures and attitudes to the use of force, compatible defence industrial policies and armed forces roughly similar in quality and quantity.<sup>260</sup> The UK-French defence treaties were seen as the prime example of this. Etienne de Durand advised that small numbers of countries were best, and an absence of political vetoes was important.<sup>261</sup> Professor Chalmers commented that the potential for pooling and sharing was greater for countries such as the Baltic states or the Czech Republic and Slovakia, as states which did not have long histories of independent operations or military sovereignty. For the UK and France, the scope was more limited, although the 2010 treaties recognised that their interests were more similar than was sometimes thought in domestic discussions.<sup>262</sup>
145. Lieutenant General van Osch cited a number of existing “coalitions of the willing” as good examples of pooling and sharing. Twelve NATO and EU countries had bought three C-17 transport aircraft for the Strategic Air Lift Interim Solution (SALIS), and subsequently decided amongst themselves how to use their flying hours. The European Air Traffic Command (EATC) had been created by Member States who decided to use it either on a national basis, under NATO, the UN or the EU. The Dutch and Belgians, who often shared the same political line, had found efficiencies in training and education, and together obtained better prices from industry for logistic support. Their operational capabilities were not integrated; the ships were either Dutch or Belgian and, by agreement with each other, they could be used under different commands (NATO or EU). If they worked together bilaterally, they used a small headquarters of some 25 people.<sup>263</sup> Professor Menon thought, however, that it would be virtually impossible to deploy a Belgian navy vessel unless the Dutch joined in.<sup>264</sup>
146. Our witnesses suggested other ideas for pooling and sharing. Edgar Buckley and Dr Bastian Giegerich thought that the UK-French agreement could be opened up to others on a selective basis. Multinational logistical support and maintenance for the A400M military transport aircraft could be a good test case. The US might be invited to engage in some European initiatives, such as offering training support. The US idea of “mission-focus groups” to lead on different aspects of NATO, and by implication European, military planning and operations could be helpful.<sup>265</sup> Etienne de Durand suggested that the UK and France could adopt the American practice of “crew swapping” for aircraft carriers, which involved two different crews, one from each country, manning an air or naval platform, so that eventually they could operate separately or singly.<sup>266</sup> Ambassador Burns mooted the idea of a British-French-American project to ensure interoperability between them and to create the possibility of deploying together.<sup>267</sup>

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<sup>260</sup> Syrén Q 170, Arnould QQ 207, 211, Burrige Q 330, Giegerich, de Durand Q 306,

<sup>261</sup> Q 306

<sup>262</sup> QQ 93, 107, 109

<sup>263</sup> Q 232

<sup>264</sup> QQ 109,

<sup>265</sup> Buckley, Giegerich

<sup>266</sup> Q 306

<sup>267</sup> QQ 277 – 279

147. **Coordination of capability between European states, whether NATO, EU, or both is poor. This should be a prime candidate for improvement.**
148. **Out of this coordination, greater opportunities for pooling and sharing should arise and be encouraged. However there are inevitable difficulties around issues of sovereignty and availability. This is eased when cultures and foreign policy outlooks are close. Experience of pooling and sharing should be shared among Member States of the EU and NATO.**

### **The EDA role**

149. Madame Arnould emphasised that decisions on sovereignty, which was a “blocking element,” had to be taken by ministers, but the EDA, as a facilitator, could help states to address the question of assurances that a shared capability could be used. The EDA had experience of functioning financial and legal frameworks which could be used to support States which wanted to operate together. It could also make proposals about areas in which they could pool and share without facing difficulties over sovereignty, and assist with savings in the less sensitive areas of support functions (training, logistics, energy and maintenance.) It could offer support with “landscape mapping” existing capabilities, and awareness of the possible overcapacities, shortfalls or the threat of a total lack of technologies in the future; and assisting Member States to build on existing lessons and knowledge. She believed that, if the larger Member States, particularly the UK and France, wanted Europeans to demonstrate greater commitment to taking their share of the burden, they had to use all the EU’s structures to help the smaller Member States, and those countries who did not find it easy to cooperate.<sup>268</sup>
150. General Syrén thought that there had been much unfair criticism of the EDA, a small organisation which could not do everything and was dependent on the willingness of Member States to pay.<sup>269</sup> The EDA had worked recently on 300 proposals for projects, which had been put forward, and reduced them to 15 areas for consideration by Defence Ministers.<sup>270</sup> Nick Witney, formerly first Chief Executive of the EDA, told us that the EDA continued to demonstrate what could be achieved through cooperation but its resources “are in no way equal to the enormity of what needs to be done”.<sup>271</sup>
151. The Minister told us that, having given the EDA two years from October 2010 to prove its value, he had been encouraged by the efforts of the Head of the Agency in her drive to improve performance and operate in a more business-orientated manner.<sup>272</sup> Sir Peter Ricketts added that the EDA could assist by co-ordinating the work in individual countries, but that greater prioritisation was needed for its projects.<sup>273</sup> Edgar Buckley thought that the EDA had had some moderate success in coordinating research and

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<sup>268</sup> QQ 207, 211, 220

<sup>269</sup> Q 169

<sup>270</sup> Q 167

<sup>271</sup> Witney

<sup>272</sup> Q 345

<sup>273</sup> Q 30

development efforts, but it had failed to achieve greater cooperation to support military capabilities and to address adequately European industrial and technological shortfalls. It had been slow to appreciate the importance of its role in this area.<sup>274</sup> Professor Menon was even more critical and thought the EDA had a role in facilitating cooperation, but it was “toothless” as its ability to act was limited: the Member States would ensure it did not take decisions at variance with their interests.<sup>275</sup>

152. **Europe already has an organisation to improve coordination and development of capability—the European Defence Agency. This organisation is seen as a minor player. The UK has placed the EDA on probation for two years before deciding on its continued support. Given that the EDA is already in existence, has had a number of minor successes, and is deemed to be well directed under its current management, it should be given the proper tools and commitment to do a proper job. The UK and France should take the lead.**
153. **Bi-lateral and multi-lateral defence agreements between European states should be encouraged by the EU where they make resource allocation more effective. The EDA should enable experience of different alliances that are formed to be shared.**

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<sup>274</sup> Buckley

<sup>275</sup> QQ 98, 94

## CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

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### Chapter 3: The state of play

#### *Capabilities, deployment and budgets*

154. The key challenge for European capability is not just the level of defence expenditure, but its effectiveness. It is particularly important to increase the proportion of those in uniform who can be deployed. (Paragraph 43)

#### *The UK-French treaties*

155. We welcome the UK-French defence treaties and cooperation which provide lessons for how the sharing of sovereignty can be successfully managed. Other similar combinations of nations could emerge which could act as a core for the development of effective European defence. (Paragraph 53)
156. The UK and France lead Europe in defence in terms of range of capability, budgets, equipment, ability to deploy, and scale. If other EU or NATO states do not contribute more to European defence the UK and France will bear an increasingly large and disproportionate burden within Europe. We believe the current division of responsibility is unsustainable and, if uncorrected, could lead to growing friction between Member States. (Paragraph 54)

#### *The German position*

157. Germany is Europe's economic powerhouse. But in the military area, it does not fulfil its potential despite a large defence budget in absolute terms. It is a precondition that Germany becomes a more active participant in European defence matters, able to engage on similar terms to the UK and France, if the EU is to have an effective security and defence policy. NATO would benefit equally. (Paragraph 57)

#### *Missions and operations*

158. The EU's track record of under-resourcing civilian missions must not be repeated in the military field. If the EU is to undertake military missions it must be on the basis that they will be resourced on a scale that is commensurate to the need. CSDP must be able to deliver when it is needed on a scale that is appropriate. (Paragraph 62)

#### *Battlegroups*

159. Battlegroups were intended as the hard edge of the EU's CSDP, particularly in the crisis management role. If they are to perform this function they must be operationally deployable, made up of national contingents that are capable of working well together, enjoy stability in terms of combinations of Member States, and be tested and audited for readiness, as is NATO practice. (Paragraph 73)
160. When circumstances next arise which would justify the deployment of an EU Battlegroup, the decision should be taken to deploy. Failure to do so will seriously weaken the credibility of CSDP. (Paragraph 74)

*The EU-NATO relationship*

161. NATO is still the only credible defence community capable of the territorial defence of Europe, and of engaging in those conflicts that are complex, medium or large scale, or require sophisticated operations. It is essential that the US continues to participate in the defence of Europe through NATO. (Paragraph 82)
162. Europe has security issues which are, however, more appropriately handled operationally by the EU than by NATO. These will include humanitarian missions, mixed civilian and military operations, geographical areas such as parts of Africa where United States or NATO involvement may not be appropriate, and peacekeeping. In the medium term the EU should concentrate on these classes of operation, and ensure that they are delivered successfully. (Paragraph 83)
163. In terms of military capability, what is good for the EU is good for NATO. There is no fundamental contradiction or competition. Military expenditure and capability are determined by individual sovereign states. 21 nations are members of both the EU and NATO. If those nations improve their military capability both organisations benefit, but most of all Europe as a whole, together with the United States, itself will benefit. (Paragraph 84)
164. Arguments about how military capability in Europe is delivered, through NATO, EU, bi-laterally, or multi-laterally, should not distract from the important task of increasing the military capability of the whole. The important issue is that Europe pulls its weight in its security and defence interests. (Paragraph 85)
165. UK Governments have been reluctant to commit to EU defence. They tend towards an approach that suggests that more EU means less NATO. In our view, more EU capability also means more NATO capability, but the tasks of each should be clearly defined. We believe that the current balance of tasks between NATO and the EU is a sensible one. (Paragraph 86)
166. Since the reintegration of France into NATO's military structures the UK and France have near identical interests in EU defence and security and, given their dominance in this area, should together take a lead. (Paragraph 87)
167. We emphasise the need for a proper relationship between the EU and NATO. It is essential that the difficulties caused by the Turkey-Cyprus dispute for EU-NATO coordination should be resolved. We do not underestimate the difficulties of tackling intransigent attitudes on both sides of the dispute, but it not only sours the whole area of European security and defence, it also puts the lives of personnel in the field at risk. EU Member States and their NATO allies must put additional pressure on both countries to allow the problem to be resolved, and the Berlin Plus arrangement must be available for future operations. (Paragraph 88)

*The defence industry*

168. It is fundamental that Europe maintains a defence industry on which it can rely. Furthermore, we see a strong and efficient European defence sector as a guarantor of competition in global markets, a foundation for research, and source of highly skilled jobs all of which will enhance European security and prosperity. (Paragraph 101)

## Chapter 4: The changing economic and security situation

### *America's "wake-up" call to Europe*

169. It has been accepted for some time that Europe will have to take greater responsibility for its own security and defence, but with serious defence budget cuts in the United States and America's focus on the Pacific, this time the challenge is inescapable. (Paragraph 109)
170. Although the United States is giving greater focus to the Pacific, there is no equivalent integrated military alliance in the Eastern hemisphere, or anywhere else globally. NATO is unique. To that degree the United States needs NATO. But Europe must not depend upon that. (Paragraph 110)

### *Europe's budget cuts and capabilities*

171. EU Member States must not cut their defence budgets without discussion with partners or regard for the joint tasks which they may be called on to undertake. They should take care not to cut important capabilities which lead to essential knowledge being lost and where the capability cannot easily be reconstituted. (Paragraph 115)

### *Libya—lessons learned*

172. European nations should work with the US to fill the capability gaps identified through the Libya operation so that there are sufficient capabilities to be used within a NATO or EU context. (Paragraph 121)

### *Cyber security*

173. The nature of warfare and conflict is changing. Cyber attacks are already a feature of both industrial and security sectors. The EU and NATO must work together to minimise this fast growing threat. (Paragraph 125)

## Chapter 5: The way forward

### *How to improve capabilities?*

174. EU Member States need to show, at the very least, a willingness and a capability to organise themselves militarily, and the political commitment to deploy forces if the occasion arises. Consequently, we recommend that EU Member States should set out a strategic plan outlining what they are willing to do collectively, and in what circumstances. Member States must also devise a formula to enforce those commitments once made, starting with pressure to staff existing missions properly. (Paragraph 130)
175. EU Member States must rationalise and coordinate their defence expenditure budgets, particularly at a time of budget stringency, to ensure that they target overcapacity and duplication, as well as filling the shortfalls, identified after the Libya operation: ISR (intelligence, surveillance, and reconnaissance), air-to-air refuelling, smart munitions and strategic and tactical transport and medical support. Member States should also increase the numbers of military planners who should be trained to operate in any of the EU's five operational headquarters, as well as, in the case of NATO members, in NATO headquarters. (Paragraph 131)

176. The Libyan operation showed the value of the commitment of some smaller countries to operations, in particular those who contributed beyond what could have been expected. We acknowledge the vital role played by the United States and the NATO infrastructure, which were needed to ensure the success of the campaign, but the operation showed too what could be done with leadership from the UK and France. (Paragraph 132)

#### *Operational headquarters*

177. The issue of an EU operational headquarters has set the UK against France and the other members of the Weimar group. It has become a matter of principle rather than practice. This has caused unnecessary and distracting conflict within the CSDP. EU operations need proper planning capability and lessons learnt need to be retained in the corporate memory. It is obvious to us that the activation for the first time of the existing small EU Operations Centre to provide military support and expertise to the Somalia operations, together with the use of the larger national operational headquarters for military operations, is a sensible approach. We note, too, that at the most recent UK-France summit in February there was a commitment to establish a Combined Joint Force Headquarters. (Paragraph 137)

#### *Pooling and sharing sovereignty*

178. Coordination of capability between European states, whether NATO, EU, or both is poor. This should be a prime candidate for improvement. (Paragraph 147)
179. Out of this coordination, greater opportunities for pooling and sharing should arise and be encouraged. However there are inevitable difficulties around issues of sovereignty and availability. This is eased when cultures and foreign policy outlooks are close. Experience of pooling and sharing should be shared among Member States of the EU and NATO. (Paragraph 148)

#### *The EDA role*

180. Europe already has an organisation to improve coordination and development of capability—the European Defence Agency. This organisation is seen as a minor player. The UK has placed the EDA on probation for two years before deciding on its continued support. Given that the EDA is already in existence, has had a number of minor successes, and is deemed to be well directed under its current management, it should be given the proper tools and commitment to do a proper job. The UK and France should take the lead. (Paragraph 152)
181. Bi-lateral and multi-lateral defence agreements between European states should be encouraged by the EU where they make resource allocation more effective. The EDA should enable experience of different alliances that are formed to be shared. (Paragraph 153)

## **APPENDIX 1: EU SUB-COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND DEVELOPMENT POLICY (SUB-COMMITTEE C)**

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The Members of the Sub-Committee which conducted this Inquiry were:

Baroness Bonham-Carter of Yarnbury  
 Lord Inge  
 Lord Jay of Ewelme  
 Lord Jones  
 Lord Jopling  
 Lord Lamont of Lerwick  
 Lord Radice  
 Lord Selkirk of Douglas  
 Lord Sewel  
 Lord Teverson (Chairman)  
 Lord Trimble  
 Lord Williams of Elvel

### **Declaration of Members' Interests**

Lord Inge  
*Advisor to Aegis*

Lord Jay of Ewelme  
*Vice Chairman, Business for New Europe*

Lord Jopling  
*Member of the UK Delegation to the NATO Parliamentary Assembly*

Lord Radice  
*Board Member, Policy Network*

Lord Selkirk of Douglas  
*An Hon Air Commodore to 603 (City of Edinburgh) Squadron*

Lord Trimble  
*Trustee, Henry Jackson Society*

The following Members of the European Union Select Committee attended the meeting at which the report was approved:

Lord Bowness  
 Lord Dykes  
 Lord Hannay  
 Baroness O'Cathain  
 Lord Plumb  
 Lord Richard  
 Earl of Sandwich  
 Lord Teverson  
 Lord Trimble

During consideration of the report, Lord Hannay declared an interest as:

*Member of the Advisory Board, Centre for European Reform.*

A full list of Members' interests can be found in the register of Lords' interests <http://www.publications.parliament.uk/pa/ld/ldreg.htm>

## APPENDIX 2: LIST OF WITNESSES

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Evidence is published online at [www.parliament.uk/hleuc](http://www.parliament.uk/hleuc) and available for inspection at the Parliamentary Archives (020 7219 5314)

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Witnesses marked \* gave oral and written evidence. Witnesses marked with \*\* gave oral evidence and did not submit any written evidence.

### Oral evidence in chronological order

- |    |              |  |
|----|--------------|--|
| ** | (QQ 1–34)    | Sir Peter Ricketts, National Security Adviser at the time  |
| *  | (QQ 35–70)   | Foreign and Commonwealth Office and Ministry of Defence  |
| ** | (QQ 71–90)   | Ms Xenia Dormandy, Chatham House and Dr Dana Allin, International Institute for Strategic Studies                                  |
| ** | (QQ 91–115)  | Professor Anand Menon, University of Birmingham and Professor Malcolm Chalmers, Royal United Services Institute                    |
| ** | (QQ 116–131) | European External Action Service, Mr Robert Cooper, Counsellor   |
| ** | (QQ 132–154) | European External Action Service, Mr Walter Stevens, Director, Crisis Management & Planning Department                             |
| ** | (QQ 155–175) | European Union Military Committee, General Syrén, Chairman   |
| ** | (QQ 176–196) | European External Action Service, Mr Pierre Vimont, Executive Secretary-General  |
| ** | (QQ 197–220) | European Defence Agency, Madame Claude-France Arnould, Chief Executive   |
| ** | (QQ 221–234) | European Union Military Staff, Lieutenant General Ton van Osch, Director-General   |
| ** | (QQ 235–243) | NATO Defence Policy and Planning, Major General Heinrich Brauss, Deputy Assistant Secretary-General                                |
| ** | (QQ 244–265) | European External Action Service, Mr Maciej Popowski, Deputy Secretary-General   |
| ** | (QQ 266–290) | Ambassador Nicholas Burns, former US Representative to NATO  |
| ** | (QQ 291–313) | Dr Christian Moelling, Stiftung Wissenschaft und Politik and Mr Etienne de Durand, Institut français des relations internationales |
| ** | (QQ 314–344) | BAE Systems, Finmeccanica UK, Thales UK and UK Aerospace, Defence, Security and Space Industries (ADS)                             |
| *  | (QQ 345–368) | Foreign and Commonwealth Office and Ministry of Defence  |

### Alphabetical list of all witnesses

- \*\* Dr Dana Allin, International Institute for Strategic Studies
- \*\* BAE Systems  
Mr Edgar Buckley, E. V. Buckley Consulting Ltd
- \*\* Ambassador Nicholas Burns, former US Representative to NATO
- \*\* Professor Malcolm Chalmers, Royal United Services Institute
- \*\* Ms Xenia Dormandy, Chatham House
- \*\* Mr Etienne de Durand, Institut français des relations internationales
- \*\* European Defence Agency, Madame Claude-France Arnould, Chief Executive
- \*\* European External Action Service, Mr Robert Cooper, Counsellor
- \*\* European External Action Service, Mr Maciej Popowski, Deputy Secretary-General
- \*\* European External Action Service, Mr Walter Stevens, Director, Crisis Management & Planning Department
- \*\* European External Action Service, Mr Pierre Vimont, Executive Secretary-General
- \*\* European Union Military Committee, General Syrén, Chairman
- \*\* European Union Military Staff, Lieutenant General Ton van Osch, Director-General
- \*\* Finmeccanica UK
- \* Foreign and Commonwealth Office  
Dr Bastian Giegerich, Bundeswehr Institute for Social Sciences & Consulting Senior Fellow for European Security, International Institute for Strategic Studies
- \*\* Professor Anand Menon, University of Birmingham
- \* Ministry of Defence
- \*\* Dr Christian Moelling, Stiftung Wissenschaft und Politik (SWP)
- \*\* NATO Defence Policy and Planning, Major General Heinrich Brauss, Deputy Assistant Secretary-General
- \*\* Sir Peter Ricketts, National Security Adviser at the time
- \*\* Thales UK
- \*\* UK Aerospace, Defence, Security and Space Industries (ADS)  
Nick Witney, European Council on Foreign Relations

### APPENDIX 3: GLOSSARY OF TERMS AND ABBREVIATIONS

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|        |   |
|--------|---|
| APEC   | Asia-Pacific Economic Cooperation                   |
| BG     | Battlegroup   |
| CDP    | Capability Development Plan                         |
| CFSP   | Common Foreign and Security Policy                  |
| CHG    | Civilian Headline Goal                              |
| CIVCOM | Committee for Civilian Aspects of Crisis Management |
| CMC    | Crisis Management Concept                           |
| CMPD   | Crisis Management Planning Department               |
| CONOPS | Concept of Operations                               |
| CPCC   | Civilian Planning and Conduct Capability            |
| CSDP   | Common Security and Defence Policy                  |
| DG     | Directorate General                                 |
| EATC   | European Air Transport Command                      |
| EATF   | European Air Transport Fleet                        |
| EDA    | European Defence Agency                             |
| EEAS   | European External Action Service                    |
| ESS    | European Security Strategy                          |
| EU     | European Union                                      |
| EUMC   | European Union Military Committee                   |
| EUMS   | European Union Military Staff                       |
| EUTM   | European Union Training Mission                     |
| FAC    | Foreign Affairs Council                             |
| FCO    | Foreign and Commonwealth Office                     |
| IED    | Improvised Explosive Device                         |
| IISS   | International Institute for Security Studies        |
| IPR    | Intellectual Property Rights                        |
| ISR    | Intelligence, Surveillance, Reconnaissance          |
| MCCE   | Movement Coordination Centre Europe                 |
| MOD    | Ministry of Defence                                 |
| NATO   | North Atlantic Treaty Organisation                  |
| NRF    | NATO Response Force                                 |
| OHQ    | Operational Headquarters                            |
| OpCen  | Operations Centre                                   |
| OPLAN  | Operation Plan                                      |
| PSC    | Political and Security Committee                    |

|       |   |
|-------|---|
| R&D   | Research and Development  |
| RMCB  | Regional Maritime Capacity Building.  |
| SAC   | Strategic Airlift Capability  |
| SALIS | Strategic Airlift Interim Solution  |
| SIPRI | Stockholm International Peace Research Institute  |
| SDSR  | Strategic Defence and Security Review   |
| SHAPE | Supreme Headquarters Allied Command Europe  |
| SWP   | Stiftung Wissenschaft und Politik (German Institute for International and Security Affairs) |
| WEU   | Western European Union  |