

# **MILITARY COOPERATION IN EUROPE**

## **POSSIBILITIES AND LIMITATIONS**

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# Table of contents

<b>Foreword</b>		
<b>I</b>	<b>European defence cooperation: an orientation</b>	<b>7</b>
<b>I.1</b>	<b>European defence cooperation: definition and points of departure</b>	<b>7</b>
<b>I.1.1</b>	<b><i>European defence cooperation and ESDP</i></b>	<b>7</b>
<b>I.1.2</b>	<b><i>The meaning of 'bottom up'</i></b>	<b>8</b>
<b>I.1.3</b>	<b><i>The scope of European defence cooperation and its relationship to savings</i></b>	<b>9</b>
<b>I.1.4</b>	<b><i>Forms of cooperation</i></b>	<b>9</b>
<b>I.2</b>	<b>The Netherlands armed forces: situation, ambitions, minimum requirements for cooperation</b>	<b>10</b>
<b>I.3</b>	<b>Sovereignty and autonomy as central element</b>	<b>12</b>
<b>II</b>	<b>A closer look at European defence cooperation</b>	<b>15</b>
<b>II.1</b>	<b>Different forms of cooperation and examples</b>	<b>15</b>
<b>II.2</b>	<b>Advantages of and conditions for cooperation</b>	<b>19</b>
<b>III</b>	<b>The multilateral framework: capabilities initiatives</b>	<b>21</b>
<b>III.1</b>	<b>EU: from Headline Goal to European Capabilities Action Plan</b>	<b>21</b>
<b>III.2</b>	<b>NATO: DCI, PCC and the NATO Response Force</b>	<b>22</b>
<b>III.3</b>	<b>The influence of ECAP and PCC on capability build-up, cost-efficiency and equitable division of burdens</b>	<b>24</b>
<b>III.3.1</b>	<b><i>Consensus on the deficiencies</i></b>	<b>24</b>
<b>III.3.2</b>	<b><i>Trend in budgets</i></b>	<b>24</b>
<b>III.3.3</b>	<b><i>Are the proper priorities set nationally in spending available funds?</i></b>	<b>25</b>
<b>III.3.4</b>	<b><i>Is money spent in the most cost-efficient way?</i></b>	<b>26</b>
<b>III.4</b>	<b>Dutch steps in regard to capabilities initiatives</b>	<b>27</b>
<b>IV</b>	<b>Conclusions</b>	<b>29</b>
<b>Annexe I</b>	Request for advice	
<b>Annexe II</b>	Defence budgets as part of GNP	
<b>Annexe III</b>	List of abbreviations	

## **Foreword**

On 12 December 2002, the government submitted a request for advice to the Advisory Council on International Affairs (AIV). A working group with members drawn from the AIV's Commission on Peace and Security (CVV) subsequently commenced activities to prepare the advice. The working group, which Lieutenant General G.J. Folmer (ret'd) and Professor Dr. B.A.G.M. Tromp chaired jointly, held eight meetings.

Members of the working group included Mr. A.L. ter Beek (CVV chairman), Prof. Dr. G. van Benthem (CVV vice-chairman), Dr. Ph.P. Everts, Mr. A.P.R. Jacobovits de Szeged, Dr. B. Knapen, Rear Admiral R.M. Lutje Schipholt (ret'd), General A.K. van der Vlis (ret'd) and Mr. E.P. Wellenstein.

The working group's activities were supported by ministerial liaisons Dr. H.W. van Santen and Mr. H.G. Scheltema (Ministry of Foreign Affairs) and Mr. B.W. Bargerbos, Colonel G.J. Broeks and Mr. A. Venema (Ministry of Defence). The working group secretariat was headed by Ms. P.J. Genee and supported by the interns, R.J. Bartels and C.J.J. van der Sanden.

During the process of preparing the advice, members of the working group attended a conference on European Security and Defence Policy organised by Wilton Park Conferences (UK) and spoke with a number of specialists at NATO and the European Union and in London, Paris and Berlin. The AIV would like to express its thanks to the embassies of the Netherlands in London, Paris and Berlin and the Permanent Representations to NATO and the European Union for their valuable assistance in arranging those visits and discussions.

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This advice was finalised on 4 April 2003 under exceptional international circumstances. The war in Iraq and the lead-up to it have resulted in serious divisions in the United Nations, NATO and the European Union. It is, as yet, too early to draw any conclusions concerning the consequences of the war for European Security and Defence Policy. This may not be the most opportune moment to publish an advice concerning the future of defence cooperation among European countries. Nevertheless, the decision was taken to publish the advice. In the first place, because the AIV is thereby responding to an explicit question from the government as expressed in the request for advice of 12 December 2002. The AIV hopes that a new government<sup>1</sup> will benefit from the advice. In the second place, because the past months have seen many examples that support the analysis and findings of the advice. The AIV, however, has declined from discussing recent events directly in the advice. The AIV believes that one should not create the impression that the persuasive power of the advice is dependent on the degree to which it directly relates to the events of recent months.

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<sup>1</sup> Following the general elections early in 2003 (trans.)



# I European defence cooperation: an orientation

In its letter of 12 December 2002, the Government asked the Advisory Council on International Affairs (AIV) to advise on

*additional scope for closer cooperation among the countries of Europe in the procurement, maintenance and deployment of military capabilities (...). In spite of the many obstacles that must be overcome, the request for advice continues, (...) far-reaching cooperation among the countries of Europe – certainly the smaller ones – is the only way to ultimately achieve and sustain a sound defence capability. At every level—operational, financial and in respect of materiel—there is simply no alternative.<sup>2</sup>*

This first chapter describes and defines the concept of European defence cooperation. How does European defence cooperation fit in with European Security and Defence Policy (ESDP) and what is its relationship to NATO? What does the ‘bottom up’ approach, which the request for advice refers to, entail? Can European defence cooperation lead to financial savings, as is suggested in the request? What types of cooperation can be identified? In addition, this chapter also discusses the current state of affairs in the Dutch armed forces, the planned cutbacks and Dutch ambitions in regard to armed forces deployment.

## I.1 European defence cooperation: definition and points of departure

### I.1.1 European defence cooperation and ESDP

There is *no exclusive link* between European defence cooperation and ESDP. In the request for advice, European defence cooperation is positioned emphatically within the framework of ESDP. (*'In recent years, the Netherlands has made various proposals in the framework of the European Security and Defence Policy with a view to strengthening European military capabilities and promoting military cooperation.'*)<sup>3</sup> The supplement to the request for advice, however, shows that interest in cooperative relationships is not restricted to the ESDP framework. Cooperative relationships that arise from a NATO context and bilateral or other cooperative arrangements independent of an overarching multinational framework -in short, any form of cooperation between or among European countries in military matters, both operational and in respect of materiel- fall under the definition in the request for advice. This advice follows that broad approach. The emphasis placed on the ESDP in the request for advice can best be understood as the result of having incorporated a separate ESDP facility in the Dutch defence budget which remained intact in the last round of cuts in public expenditure. In addition to the provisions made in June 2000 for ‘projects to reinforce European defence cooperation’, an

2 See the Request for Advice text, in Annex 1.

3 We see the same emphasis in various policy documents, such as Parliamentary Document 27400 X no. 48 (budget setting). In that document, under the heading ‘increased European orientation’, the observation is made that *ESDP has recently become a spearhead of defence policy. Strengthening European military capabilities in accordance with the Headline Goal and the Defence Capability Initiative is the key element. The foundation for this European orientation is the idea that closer European cooperation offers new possibilities to remove the greatest hindrance in achieving an effective European crisis response capability, namely, the fragmentation of European defence activities.*

additional EUR 45.3 million was reserved for the same purpose in June 2001. And lastly, the Strategic Accord for the Christian Democratic Alliance-led coalition (2002) incorporated a policy reinforcement facility for improving European Military Capabilities (a total of EUR 130 million through 2006 and EUR 50 million annually thereafter). Cooperation and increasing capabilities were named together in the same breath: cooperation does not stand in isolation, but rather serves to increase military capabilities and improve interoperability.

In that regard, it is important that initiatives in the EU and in NATO have been started to improve military resources: the *European Capabilities Action Plan (ECAP)* and the *Prague Capabilities Commitment (PCC)*. Both of those initiatives aim at reducing European military deficiencies. They have resulted in a catalogue -composed of largely corresponding elements- of European military deficiencies, which the Member States have committed themselves to eliminate. Although neither initiative offers immediate solutions to the deficiencies identified, they can be useful if the lists of deficiencies are used by the Member States as frameworks for their national priority setting. The exercise also offers a framework within which, with greater emphasis than was the case in the past, multinational solutions and cooperation among the Member States can be sought. Work is underway on eliminating a number of deficiencies, *inter alia* by means of commitments made at the NATO summit in November 2002.

ECAP and PCC will be discussed at more length in chapter III.

#### *I.1.2 The meaning of 'bottom up'*

The term 'bottom-up approach' was introduced in 2000 during the set-up of the ECAP panels, an exercise with the objective of proposing multinational solutions for deficiencies in the area of European military capabilities.<sup>4</sup> 'Bottom-up' in this context means that the Member States are fully autonomous in implementing ECAP and that there would be no central (supranational European) direction in planning. The emphasis laid at that time on the retention of national competence contributed to the acceptance of the ECAP proposal. The government's preference for a 'bottom-up approach', as expressed in the request for advice, is therefore an incentive for AIV to search for 'bottom-up' possibilities for cooperation within an intergovernmental framework.

In the development of that type of military cooperation among the Member States, it appears that involvement at the highest political level is indispensable. Practice teaches that without 'top-down' directives, nothing happens. The 'top' referred to here is the highest political level of two or more cooperating states.

To a great extent, the AIV is able to support the emphasis on pragmatically looking for possibilities for intergovernmental cooperation expressed in the request for advice. Given the lack of a supra-national framework that would be needed to arrive at a cost-efficient European defence structure, an intergovernmental approach is -at the moment, in any case- a useful 'second best' approach. The strength of the bottom-up approach, characterised by voluntary participation, is also its weakness with the potential lack of commitment always threatening to undermine the cooperative arrangements.

4 In the "Statement on improving European military capabilities" (20 November 2001), the 'bottom-up approach' is defined as follows: Member States' commitments would be on a voluntary basis, with due regard for national decisions.

#### *I.1.3 The scope of European defence cooperation and its relationship to savings*

European defence cooperation is broader than task specialisation; there is no direct connection to potential savings. From the request for advice, it is apparent that interest in cooperative relationships among the European countries in the area of defence is based on a number of motives, including striving for increases in capabilities and improving interoperability. An additional motivation is the recent downward pressure on the defence budget: *The task-setting in the Strategic Accord underscores the necessity of vigorously continuing the policy of strengthening European military capabilities.* That statement in the request for advice implies that cooperation with other European countries is expected to lead to savings. In that regard, the government also refers to the interdepartmental policy study into ‘task specialisation’ that started recently.<sup>5</sup>

The AIV finds it important to state clearly that no direct savings in the defence budget are to be expected due to cooperation and task specialisation in a European context. The AIV concludes that setting up cooperative relationships will initially require investments, in accordance with the adage ‘nothing ventured, nothing gained.’ Only later, and then not in all cases, by any means, savings could be achieved, as a result of economies of scale, for example. In addition, there may be some immaterial costs (such as loss of autonomy) and some immaterial benefits (such as an increase of influence and international prestige). Such costs and benefits should be included in the calculations. The development of a military cooperative relationship can also lead to deepening the political relationship between two countries. European defence cooperation is much broader than task specialisation. The latter is only one of many possibilities for defence cooperation and, furthermore, is difficult to conceive of outside the framework of a broader cooperative relationship. All of these aspects will be dealt with in more detail in chapter II of this advice.

#### *I.1.4 Forms of cooperation*

The following principal forms of defence cooperation among countries are, in theory at least, conceivable, with many hybrid forms possible. The order is based on the descending degree of loss of national autonomy (greatest degree of loss @ 1, least @ 7).

1. Collective procurement, management and decision-making in respect of military assets by a group of countries (following, for example, an AWACS-based model).
2. Multilateral task specialisation and division; this assumes a multilaterally agreed framework such as NATO or the EU. In such a cooperative scenario, task distribution is multilaterally agreed whereby each country carries out one or more tasks on behalf of the group. As will become apparent further in this advice, there is at present no framework in place for instituting such an exchange of tasks.
3. Task distribution based on, for example, a bilateral cooperative agreement.
4. Multilateral operational cooperation based on a multilaterally agreed concept, such as the recent NATO Response Force, which is part of the initiative for increasing military resources that was agreed at the NATO Prague summit.
5. Operational cooperation, for example, based on an agreement between (among) two (or more) participating countries, outside a multilateral framework.
6. ‘Pooling’: creating a multinational pool of equivalent military resources, such as transport aircraft or helicopters.

5 The brief for the interdepartmental policy study is: *which tasks are suitable for task specialisation and how and under what conditions can task specialisation by the Dutch armed forces contribute to increasing European military capabilities, proceeding from a position of budget neutrality?*

7. Cooperation in respect of materiel: joint development, production, procurement, and/or maintenance of military materiel by a group of (two or more) countries.

Examples of the above-mentioned forms of cooperation in which the Netherlands participates include the Dutch-British Amphibious Force (a cooperative arrangement including British and Dutch marines and fleet units), 1(GE/NL)Corps (which has command of the ISAF peacekeeping force in Afghanistan for a period of six months commencing mid-February 2003<sup>6</sup>) and the ‘Admiral Benelux’ agreement with Belgium.<sup>7</sup> All of these arrangements can be grouped under category 5 in the list above. The Netherlands is also active in the area of cooperation in respect of materiel (category 7), for example through participation in a French feasibility study into the development of an *Unmanned Aerial Vehicle (UAV)*, and through its financial contribution to the German share in the development of the transport aircraft A400M in exchange for user rights. These and other cooperative arrangements will be discussed further in chapter II.

In this regard, it is appropriate to mention that a study into possibilities for the Netherlands to intensify its military cooperation with other European countries should actually be preceded by what is called ‘national task specialisation.’ This is a politico-military strategic choice concerning the extent and organisation of the armed forces. At the moment, budget cutbacks are primarily responsible for ad hoc discussions concerning Defence organisation choices. That does not, however, lead to a coherent policy vision within the available budgetary limitations.

## **I.2      The Netherlands armed forces: situation, ambitions, minimum requirements for cooperation**

The Dutch armed forces will be confronted with significant budget cuts in the next few years. Defence organisation budget expenditures will be reduced over the next four years by an amount climbing to EUR 250 million in 2006 and subsequent years.<sup>8</sup> In the next four years, more than EUR 800 million must be saved. Implementing these cutbacks has consequences for personnel, the organisation and integration of staffs, as well as for operational capacity. In the latter area, for example, the decision has been taken to reduce reserve units and a greater emphasis has been placed on active units.<sup>9</sup> The full implementation of the policy into concrete measures will be reflected in

- 6 In 1999, the decision was taken to offer the German-Netherlands Army Corps to NATO as a High Readiness Headquarters (Land) and to the EU Headline Goal.
- 7 The Admiral Benelux Agreement focuses on the fusion of headquarters, joint operations, and coordination and fusion of training.
- 8 Parliamentary document 28600 X, 8 November 2002 (implementing the Government Coalition Agreement)
- 9 Additional measures include the following measures designed to save money:  
The navy will dispose of two frigates earlier than planned, beginning in 2004. The inactive reserve fourth marine battalion is to be scrapped; the planned build-up of the full-strength active third marine battalion is to be postponed by three years. All army reserve units are being dismantled and the materiel for those units disposed of. More intensive international cooperation should lead to a more efficient use of firing ranges for tank and anti-tank exercises and for air target firing. The decision for the Netherlands to

*cont. on p. 11 ▶*

an Integrated Defence Plan (IDP) under the responsibility of the Chief of the Netherlands Defence Staff. This (internal) plan will be made public during the budget debate in September 2003.

These cutbacks seem to be at odds with the determination -also shared by the Dutch government- that European countries should invest more in a number of critical capabilities to increase the striking power of the European defence establishment and to reduce the inferiority in comparison with the United States. In that regard it is interesting to compare the downwards trend in the Dutch Defence budget with developments among a number of partners. In addition to static budgets in a number of NATO and EU countries, defence budgets in the United Kingdom, France and Norway are increasing. Canada, which the Netherlands can be compared with in a number of areas, recently announced an annual increase in its defence budget amounting to CAD\$800 million for the coming three years. In Denmark, the size of the budget has been fixed for a number of years, which also gives a degree of certainty. In the Netherlands and also in Germany, a trend towards reducing defence budgets can be seen.

The Strategic Accord of the Balkenende government (July 2002) did not discuss the proposed reductions in defence spending from a military-strategic perspective. The agreement does state that there is a reduction of the quantitative ambition to participate in non-Article 5 Crisis Response Operations, from four to three<sup>10</sup>, although the nature of that participation was not further specified and no qualitative indication was given for deployability at particular points of the spectrum of force. At the time of writing this advice, there is no new government coalition agreement available. There are, however, no indications that a new cabinet would want to undo the proposed cutbacks. Furthermore, it is not beyond the realms of possibility that further-reaching cutbacks will be imposed upon the armed forces.

This advice assumes, given the lack of indications to the contrary, that the above means that the Netherlands will be expected to be capable of maintaining the capability to take part in three (rather than the former four) simultaneous peace or non-Article 5 crisis response operations at battalion level (such as the current contribution to SFOR) or the equivalent (e.g. two frigates or a squadron of fighter aircraft), and to possess sufficient sustainability to carry out those operations for a period of three years, if necessary.<sup>11</sup> The ambition to participate in peace enforcement operations at brigade or equivalent level for at least one year, as well as carrying out existing Alliance-related and national tasks completely, also appear to have been kept.

*cont. from p. 10 ►* participate in the development of the Joint Strike Fighter leaves little budgetary manoeuvring room for the air force. The decision has therefore been taken to reduce the number of operational F-16s from 108 to 90, beginning in 2004. The procurement of Pac-III missiles for the Patriot systems is being postponed by two years. The Bölkow helicopter squadron is being disbanded (that has already happened). See also the letter to the House of Representatives of 14 February 2003 in regard to motions related to the Defence organisation budget 2003.

10 Source: Government Coalition Agreement, Foreign Policy and Defence (3 July 2002). The Coalition Agreement did not further qualify the concept of peace operations, in contrast to the Defence White Paper 2000, which had qualified the number of four peace operations at battalion level.

11 Framework Memorandum for the 2000 Defence White Paper.

The AIV further assumes that the Dutch contribution in the future will be comparable to that of the past ten years in carrying out international obligations and operations. Participation at such an ambition level can be expressed both financially and in terms of risk. The Dutch armed forces must therefore be able, as they were over the past decade, to participate in operations such as Enduring Freedom, SFOR, KFOR, Task Force Fox, UNMEE and ISAF, in which the Dutch units will, of course, operate as a component of a larger formation. That requires sufficient, modern, flexible and rapidly deployable units that can be deployed across the whole spectrum of force anywhere in the world.

Additionally, the armed forces have national ‘Kingdom tasks.’ They include the civilian and military tasks of the Marechaussee,<sup>12</sup> the role of the navy in protecting the territory of and the waters around the Netherlands Antilles and Aruba, and the role of the army in supporting civilian authorities in maintaining law and order, disaster response and humanitarian help. Protection of national air space (air policing) by the air force is also among the national tasks. These are core tasks for the Dutch armed forces. In as much as these tasks can be seen as a minimum level for cooperative options, it is important -in respect of the search for additional options for cooperation- to realise what these core tasks are. The minimum level should also be kept in mind during the search for those options.

The same reasoning also applies, of course, for the other European countries. These core tasks or minimum conditions for cooperation became apparent sooner for the larger countries than for a country such as the Netherlands, because, for example, France and the United Kingdom also have the ambition of being able to operate independently outside their own borders. The question of core tasks, however, is an area that is shifting -consider, for example, the blurring of the line between national and international security as a result of the increased threat of cross-border terrorism- a subject that the cabinet members concerned also placed on the agenda of the AIV for 2003.

### I.3 Sovereignty and autonomy as central element

The remainder of this advice investigates the conditions for successful cooperation and the areas where possibilities exist to achieve it. The question of the role that the capabilities initiatives in NATO and EU play in cooperation is examined. Obstacles and risks involved with cooperation are also discussed. As the request for advice states: *many obstacles must be overcome (...).* In that context, the issue of sovereignty is touched on: *Long-term cooperation within NATO and far-reaching cooperation during non-Article 6 Crisis Response Operations notwithstanding, defence continues to find itself emphatically within the domain of national sovereignty.*

The AIV is of the opinion that the issue raised in the request for advice of national sovereign decision-making competencies in the area of defence plays a crucial role in military cooperative relationships. That is felt most sharply in the farthest-reaching form of cooperation (task specialisation), but the issue is not completely absent by any of the other forms of cooperation. Ultimately, the issues relate to the deployment of military

12 Civilian tasks: guarding members of the Royal Family and the official residence of the Prime Minister, the Netherlands Bank and civil aviation, Aid to the Civil Power, border security under the mobile monitoring of aliens programme. Military tasks: military police tasks for the other armed forces Services, special security assignments, control of and tracking dangerous substances.

resources that have been brought together in a cooperative relationship (and, in the case of task specialisation, even distributed among the units gathered).

The sovereignty issue arises during all the forms of cooperation discussed above, although somewhat less in cases of ‘pooling’ or the joint development of materiel. It is necessary to discuss the problem in more detail, specifically for the forms of cooperation described earlier as numbers 4 and 5 (NATO Response Force (NRF) and bilateral operational cooperation), because the Netherlands is part of a number of such bilateral operational cooperative relationships, and is seriously considering participating in the NRF.

It is important in that respect to recognise that the deployment of military resources now is of a totally different nature than the deployment used in Cold War calculations. At that time, every Ally had its own, largely geographically determined task. Command and control was organised in advance and one’s own responsibility was clearly defined: one was autonomous within one’s own area of responsibility. The situation now is totally different. The future will consist of ‘coalitions of the able and the willing’, command and control will have to be arranged on an ad hoc basis, the area of operations will not be known in advance, decisions will have to be taken regarding objectives and nature of the deployment on a case-by-case basis.

Regardless of whether an operation is a NATO or an EU intervention, participation of the Member States cannot be compelled but, rather, depends on the decisions of the Member States. In most Member States, these decisions depend on parliamentary approval; national ‘frames of reference for decision-making’ have often been developed for that purpose. One can see here, magnified, the same problem that the AIV noted in its advice in respect of military-industrial cooperation (advice no. 20): various regulations of individual Member States concerning export of military goods, secrecy, etc., can frustrate military-industrial cooperation. Attempts to circumvent that obstacle, such as in the *Letter of Intent* procedure, have so far had little success. It will only be possible to solve the problem if, in advance, sovereign authority is transferred to NATO, the EU or another body.

The same reasoning applies even more so in the area of operational defence cooperation. If two or more NATO or EU Member States contribute part of their armed forces to an operational cooperative arrangement and one of them rejects deployment when push comes to shove because the national parliament judges that the deployment does not satisfy the national litmus test, it frustrates not only its own efforts but also the efforts of the partners, doubly so if task specialisation is part of the cooperation. Such a response would, furthermore, poison the relations between the Allies concerned and damage any other cooperative relationships that they were involved in. In a real-world case, continued consensus between Germany and the Netherlands in regard to the nature and length of the deployment of the German-Netherlands army corps for command and control of ISAF in Kabul is absolutely essential, even if complications arise during the deployment. It is not easy, but it is possible to search for a solution to this issue. Ignoring it would be irresponsible, certainly if the government, as appears from the request for advice, is looking for ways to promote military cooperation systematically.

On the assumption that governments -and parliaments- do not want to surrender any of their sovereign control over sending military personnel on missions abroad, even if they are part of a bilateral operational relationship or have been placed at the disposal of a

multilateral relationship such as the NATO Response Force, the risk of conflicts about the deployment of those resources can only be limited if agreement is reached in advance concerning the fact that entering into such a cooperative relationship implies that deployment, too, should be decided collectively, with the retention of sovereign authority.

For bilateral relationships, that could be expressed in a binational reference framework related to the deployment of the units involved. According to the AIV, it should also relate to procedural matters that objectify the evaluation of the necessity of the deployment. In addition to, or instead of, the existing national reference framework, a mandatory preliminary advice could be rendered by a mixed parliamentary body and/or a mixed senior military advisory body. The body would remain activated for the duration of the deployment in case unforeseen developments occur that require decisions to be taken.

Without measures that give the partners confidence that the efforts of the cooperative arrangement will not be frustrated by conflicts, it seems that entering into far-reaching operational cooperative arrangements in a security policy based on ‘coalitions of the willing’ would be a risky proposition. All considerations and recommendations in this advice that relate to the set-up of military cooperative arrangements are therefore formulated based on the assumption that adequate measures for dealing with the issue of sovereignty have been taken.

## **II A closer look at European defence cooperation**

In this chapter, the different forms of cooperation outlined in chapter I will be illustrated using a number of existing examples. The problems and opportunities inherent to each of them will be described. Based on those illustrations and analyses, it will be possible to identify the areas in which more possibilities for cooperation exist in the short term. It will become apparent that, under the current circumstances, most chances for far-reaching cooperation lie in the area of pooling.

### **II.1 Different forms of cooperation and examples**

1. Collective procurement of military assets by a group of countries, which subsequently jointly manage and jointly decide on use and deployment. The EU does not possess such collective assets. NATO does, in the form of the command and control structure and the related C4I systems which are paid for from the common military budget. The most prominent piece of equipment in this regard is the AWACS patrol aircraft.<sup>13</sup> At first glance, collective procurement seems to be the obvious route for NATO or the EU to acquire assets that would be too expensive for any single Member State. Satellite observation has been singled out as a concrete example for future collective procurement. Collective procurement is politically sensitive, however, and is not taken very seriously by the larger Member States in particular. The fact that the UK and France have elected to keep their AWACS aircraft outside the collective relationship shows, if it were necessary, how reluctant the large Member States are in this regard. So too in the development of the Alliance Ground Surveillance (AGS) capability within NATO, the UK prefers to keep its national contribution outside the system. It can be a problem for some countries if they no longer have national control of their national contribution or units. Other problems relate to the development of equitable burden-sharing among the participating (and non-participating!) countries, and the organisation of a strong management. The fact that all decisions must be taken collectively can also be perceived as an obstacle. The combination of all of the above means that collective procurement may not be the most obvious form of cooperation, but that it is, at least, worth looking into. That only makes sense if a significant number of countries participates in such a study. If that possibility arose, the Netherlands could support it.
2. Task distribution with a multilaterally agreed framework, either in NATO or in the EU. Such cooperation is also known as task specialisation. There is no task specialisation within the EU. There was a certain degree of task specialisation -especially during the Cold War- within NATO, with the US concentrating on more expeditionary tasks and assets, such as tanker capacity, strategic transport and aircraft carriers,

<sup>13</sup> AWACS: Airborne Warning and Control System. The NATO Airborne Early Warning Force (NAEWF) is a fully operational multinational unit consisting of 18 joint E-3A aircraft operating from Geilenkirchen, Germany, and seven British E-3D aircraft stationed in Waddington, UK. The costs of NAEWF are borne by the 13 countries that make up the unit: Belgium, Canada, Denmark, Germany, Greece, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey and the US. The UK's E-3D component is part of NAEWF, but not part of the financial and management structure. The UK retains full national control over its AWACS aircraft. In addition, France has four E-3F aircraft that are not part of NAEWF.

and the European countries concentrating on the more continental tasks, such as defence of airspace, communication lines and the transatlantic sea route.<sup>14</sup> A precondition for such a task distribution is that there be consensus as to the nature of the threat, objectives and tasks and that the Member States can be counted on to carry them out, even if they are politically sensitive in concrete cases. That was the case during the Cold War: each NATO Member State had its ‘own’ sector to a certain degree. It goes without saying that such an exchange of tasks is effective and cost efficient, it leads to economies of scale, equitable burden-sharing, access to resources that are not available nationally and contributes to political coherence. For those reasons, it seems desirable to attempt to create a degree of task specialisation in the current situation as well. The most important condition for such a new task specialisation has not yet been met, however, namely, consensus over the threat, objectives and tasks. There is therefore no multilateral framework for an exchange of tasks - not in NATO and not in the EU.

3. Task specialisation (distribution) based on an agreement between (among) two (or more) states, whereby, with a view to cost-efficiency, an exchange of tasks is agreed to. There are no good examples extant of this type of cooperation. There is, therefore, a very great degree of confidence required in the partner; countries must be able to trust one another completely in times of crisis. If that is not the case, then the task can better be brought under the ‘national minimum level,’ where it will not be considered for exchange. A cautious step on the way to such an exchange was an agreement between the Netherlands and Belgium to take it in turns to provide air defence on weekends. That division of tasks (known as the ‘flip flop arrangement’) was cancelled after 11 September 2001. As justification, the Minister of Justice stated that a national chain of command was desired if action was required if an aircraft were in Dutch airspace illegally. That is not possible if there are Belgian traffic controllers in the chain of command. The Netherlands apparently wishes to carry out this task on a national basis, when it comes down to it. It shows that exchange of tasks should only be considered in areas that do not fall under the national minimum. It can then lead to economies of scale and a more equitable sharing of the burdens, but investment would be required (after all, the remaining task has to be carried out for the partner). As a result of the operational cooperation in the context of the German-Netherlands army corps, a rudimentary form of task specialisation has slowly been developing, with the Netherlands concentrating on engineers tasks and Germany on heavy artillery.
4. Operational cooperation based on a multilaterally agreed framework, such as, most recently, in the context of the *NATO Response Force*. Such broad cooperation can lead to greater efficiency and interoperability (through joint training, for example). The primary risk is that countries will make decisions independently concerning the units made available in every actual case. In theory, the countries could withdraw the units up until the last moment, participation is not compulsory: although it is important for people to realise that ‘voluntarily’ is not the same thing as ‘without obligation’. The only way to resolve this dilemma is to ensure a degree of redundancy: as long as participation is not compulsory, each required capability must be available from more than one Member State. That type of structure is at odds with the objective of cost effectiveness. That is why strong preference is given to participating countries being reserved about exercising national authority over units

14 This division of labour is also at the heart of the current trans-Atlantic divide.

brought in temporarily. Decision-making in respect of deployment of those troops will take place based on a Alliance decision. The effectiveness of the NRF stands or falls on the reliability of the commitments. The multinational NRF can only succeed if the participating units meet their training obligations and the partners can count on the deployment of the unit when that decision has been taken by all the partners together. Countries that want to retain control over the units until the last moment do not do the concept any favours and might be better off not participating at all.<sup>15</sup> The decision-making process in regard to the units to be made available to the NATO Response Force should be accompanied by careful prior consideration of all the above-mentioned implications in consultation with Parliament.

5. Operational cooperation based, for example, on a bilateral agreement. A number of examples, in which the Netherlands participates, can be cited, such as the Admiral Benelux agreement with Belgium (navy), the Deployable Air Task Force agreement with Belgium (air force; the DATF is about to be expanded to include other countries), the British-Dutch Amphibious Force (navy) and the cooperation with Germany in 1(GE/NL)Corps (army). Experience in these cooperative arrangements has shown that they can lead to improving resources, expertise and skills, to increasing interoperability and contribute to good relations between participating countries. A study into cost advantages carried out by the National Audit Office (NAO) in 1999 showed, however, that the cost advantage of cooperative arrangements is difficult to measure.<sup>16</sup> In the start-up phase at any rate, setting up a cooperative arrangement requires investments. The NAO reported favourably on standardisation of procedures and materiel and alignment or fusion of education programmes and joint training. Such cooperation leads irrevocably to mutual dependence in decision-making, training and actual deployment. The credibility of the cooperation stands or falls with the degree to which the interdependence is taken into account. A recent example of this problem in practice was the Dutch decision in February 2003 not to participate in a British-Dutch exercise as part of the UK/NL Amphibious Force in the Mediterranean Sea; another problem is that the United Kingdom was not always able meet the training requirements in the context of this cooperation due to conflicting national obligations.

Another example of operational cooperation that the Netherlands participates in, this time involving three countries, is the *Extended Air Defence Task Force* (EADTF), a Patriot missile unit comprised of elements from the Netherlands, Germany and the US. The EADTF headquarters in Burbach, Germany (and staffed by Dutch, German

15 During a debate on this material in the House of Representatives, a motion tabled by the Labour Party (and supported by Green Left, the Socialist Party and Democrats '66) supporting that point of view was defeated. The motion read as follows:

*The House of Representatives, having heard the deliberations: whereas during the upcoming NATO Summit in Prague, decisions will be taken regarding the new rapid reaction force to be set up; and whereas any deployment of Dutch military personnel, in this framework, too, is wholly subordinate to Parliamentary examination according to the existing rules; requests that the Government ensure that this reaction force will only act on the basis of international law, with the prohibition of violence a basic principle, except in case of self-defence, genocide or a UN mandate. (House of Representatives Proceedings 2002-2003, 22nd meeting, 19 November 2002).*

16 Parliamentary Document 26950, no.1, 1999-2000 Session (the report of the National Audit Office was closed on 8 December 1999).

and American personnel) is not part of the NATO structure. EADTF was intentionally kept separate from the NATO structure due to the sensitivity of information on the Patriot system. Studies are now underway to investigate how extended air defence can be linked to NATO so as to eliminate the NATO deficiency in the area of theatre ballistic missile defence. When Patriots were sent to Turkey recently, cooperation on the part of Germany in the context of that operation seemed problematic for political reasons.

A recent example of ad hoc operational cooperation is the cooperation of the Netherlands with Norway and Denmark in Kyrgyzstan, where the F-16s from all three countries were pooled to carry out flights over Afghanistan.

6. Pooling: creating a multinational pool of equivalent military assets. The guiding principle is increasing efficiency and possibly reducing costs by bundling capabilities. An example in which the Netherlands is involved is the European Air Group Coordination Cell (EACC) which, since 2001, coordinates the military transport flights of the EACC countries (UK, France, Italy, Spain, Belgium and the Netherlands), which has led to a more efficient use of transport capacity and over time can lead to cost-savings. The Netherlands has assumed the investments costs associated with the EACC. It is the intention to offer the EACC to the EU in the context of the Helsinki Headline Goal. The advantages of the coordination cell may be found in the area of joint training, maintenance and stationing, for example, transport aircraft or helicopters, and bundling testing facilities. In the future, it is possible that the pool could lead to operational cooperation (joint deployment). There are relatively few disadvantages of pooling from a political perspective. The pooled aircraft, after all, remain fully under national control. That type of cooperation therefore has the greatest chance of success over the short term.

Analogous to the EACC, the Sealift Coordination Cell (SCC) was set up in 2002. The SCC, which currently consists of Norway, the UK and the Netherlands, is operating under a pilot programme for one year. It is collocated with the EACC in Eindhoven, Netherlands.

7. Cooperation in respect of materiel: joint development of materiel, possibly followed by joint production, procurement and joint maintenance by a group of two or more countries. The limits to cooperation in respect of materiel were discussed at length in advice no. 20. Not much has changed in that area. Several successful examples can be mentioned, however. One success relates to the development of the maritime patrol aircraft *Breguet Atlantique* by France, Germany, the Netherlands, Belgium, the United Kingdom and, later, Italy, in the 1960s. Germany bought 20, France 40, Italy 18, the Netherlands 9 (though it traded them in later for the Orion). Another example is the NH-90 helicopter for maritime and transport application, a cooperative arrangement consisting of France, Germany, Italy and the Netherlands.<sup>17</sup> A very recent example is Dutch participation in the development of the American Joint Strike Fighter fighter aircraft.

<sup>17</sup> This project started in 1991. The Netherlands will purchase 20 of NH-90s in the maritime version. Delivery is scheduled for the end of 2003. France will acquire 27, Germany 34 and Italy 64. The NH-90 will also be produced in a transport version. That version will be produced in far greater numbers, but will not be purchased by the Netherlands.

The advantages of cooperation in respect of materiel are to be found in the areas of industry and economics, especially as regards sharing the development costs. Participation in the NH-90 helicopter project was offset by industrial orders for DAF, the National Aerospace Laboratory and Fokker. Joint development of military assets also promotes interoperability, as long as all participants continue to use the same specifications. It can also lead to economies of scale. The advantages would be even greater if, after development and procurement, participants adopted a pooling model (joint maintenance, training, posting) and possibly to joint operational deployment. A bilateral project in which the Netherlands participates is the French development of an unmanned reconnaissance aircraft. The Netherlands decided in May 2002 to join this French unmanned air vehicle (UAV) project already in progress. The project is currently in the feasibility study phase. All the steps of the Dutch Defence Materiel Selection Process must be followed and each new phase requires a new Memorandum of Understanding (MoU) between the two countries. Ideally, the UAV project would result in an operational binational UAV unit, although nothing definite has been arranged in that regard between France and the Netherlands. Another recent example concerns the Dutch agreement with Germany for the former to invest EUR 45 million in the development of the A400M transport aircraft in exchange for the Netherlands being granted user rights in the air transport capacity under development.

## **II.2 Advantages of and conditions of cooperation**

The first four types of cooperation discussed in section 1.1.4 offer many advantages (economies of scale, savings, increasing interoperability and standardisation) but also have complicated political obstacles associated with them. The first three are therefore virtually impossible or very difficult to achieve and then only if heavy conditions are satisfied: a joint strategy and the willingness to surrender sovereignty and autonomy. The problem of sovereignty is also present in the fourth and fifth form of cooperation, but somewhat less in the sixth and seventh forms. An overview of the advantages and conditions follows.

### Advantages

- Increasing interoperability. Operational cooperation leads to alignment of doctrine, methods of operation and requirements setting. New communications equipment acquired for the Marine Corps, for example, must be interoperable with the equipment of the British marines. It is important for interoperability to follow NATO standards, so that it remains possible to integrate with larger formations. The desire and the possibility to come to innovative solutions is often greater if the necessity arises from real-world situations. An example is the development of an adapter that made it possible for British, German and Italian Tornado aircraft to use French equipment in operations which France took part in.
- Cooperation can lead to economies of scale and, therefore, financial savings. An example is the European Air Group (Eindhoven) which limits the number of empty flights to a minimum through coordination by participating countries, which leads to a more efficient use of available resources.
- Cooperation gives smaller countries the opportunity to contribute in areas where they would not be able to participate if there were no cooperation. That leads to a reduction of the burdens for the 'large' countries within the cooperative arrangement and to the possibility for smaller countries to maintain or build-up capabilities, knowledge and expertise that otherwise would be unattainable for the 'small' country. An example is the Dutch agreement with Belgium in the Admiral Benelux agree-

ment, where the Netherlands has the leading role. Examples where the Netherlands is more a follower than a leader include the cooperation with Germany in 1(GE/NL) Corps and with the UK in the British-Dutch Amphibious Force.

- Multilateral cooperation can lead to access to resources that a country does not itself possess because it does not consider it to be a national priority. For the United Kingdom, for example, that could include ground-based air defence, a capacity which the Netherlands, for example, does possess.
- Experience with cooperation leads to a reduction of the inclination to do things either nationally or not at all. This is obvious first among the smaller countries. The example of Luxembourg will serve: Luxembourg decided to buy one A400M and to allow it to operate as part of a Belgian formation. Another example is the Dutch contribution described earlier to the development an air transport fleet to be developed by Germany in exchange for being granted user rights on the air transport capacity.
- Increasing transparency. Speaks for itself: through cooperation, countries gain more insight into one another's activities.
- Military cooperation is an important part of a political relationship between countries. It oils the machinery of mutual relations.
- Politics: Operating in a coalition context sends out a greater political signal than operating alone or with a small group of countries does.

#### Conditions

- Before cooperation is considered, a careful review must take place to determine whether the cooperation conflicts with the national minimum.
- Every cooperative arrangement means a certain degree of loss of national sovereignty, in terms of both policy and budgetary freedom.
- Cooperation and participation in multinational solutions only works if there is sufficient trust that the parties can rely on one another if necessary. Unilaterally and failing, on short-notice, to meet obligations or not meeting expectations in regard to certain tasks, activities or operations, frustrates the partners and conflicts with the objective of an equitable burden-sharing.
- A relatively large investment is usually needed, such as in the area of training in multinational formations, for example, to arrive at a successful cooperative arrangement.
- Economies of scale and savings, in cases where cooperation should logically lead to them, are only possible if there are strong management and very clear standards which are adhered to. That may not be frustrated in mid-stream by national considerations.

The elements from the summary, above, can serve as the first step to developing a list of guiding principles for investing in cooperative arrangements. That will be discussed at greater length in chapter IV.

### **III The multilateral framework: capabilities initiatives**

In this chapter, we review the degree to which NATO and the EU offer a framework for further-reaching cooperation. We also look at the recent capabilities initiatives within the EU (ECAP) and NATO (PCC) and at the plans for a NATO Response Force. The background of these initiatives provides the relevant context for international military cooperation: the issue of military deficiencies in Europe, moves to develop more externally oriented armed forces, an equitable burden-sharing between Europe and the US and among the European countries, and promoting interoperability and standardisation among countries. What use have these initiatives been so far and where are their limits? To what degree do these initiatives actually generate extra resources? To what degree do they catalyse (multilateral) European defence cooperation? The AIV presents several suggestions for points where improvement is possible in an EU and a NATO context. In addition, we look at how these capabilities initiatives are making themselves felt in national defence policy, especially in the Netherlands.

#### **III.1 EU: from Headline Goal to European Capabilities Action Plan**

Organisationaly, the ESDP has gone through a tempestuous development in recent years. The development of the objectives of the Helsinki Headline Goal is the most obvious example of that. The impotence of Europe, which became apparent during the wars in the Balkans -without the United States, Europe was not able to control problems in its own backyard- was an important motivation behind the British-French initiative of St. Malo (1998).<sup>18</sup> The 15 Member States of the EU supported the goal for Europe, formulated at the initiative of France and the United Kingdom, that it should possess a credible military force, appropriate decision-making procedures and the will to use those forces in case of an international crisis which fall under the Petersberg Tasks.<sup>19</sup> European Security and Defence Policy was operationalised in the Headline Goal and further worked out in the European Capabilities Action Plan, where bringing military capabilities up to a satisfactory level is the central focus.<sup>20</sup> The emphasis on important European capabilities makes the initiative ultimately acceptable and even interesting for the United States. It would place the ESDP in support of NATO rather than in competition with it.<sup>21</sup>

18 The St. Malo Declaration stated: ‘...the Union 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’. (Para 2).

19 Humanitarian and rescue operations, peacekeeping operations and armed forces operations in the area of crisis response, including peacemaking (art. J.7.2). The Petersberg tasks are, however, subject to multiple interpretations, with the upper limits being particular subjects of disagreement.

20 The Headline Goals formulated the objective of having the EU equipped within an intervention force of 60,000 military personnel by no later than 2003. That Rapid Reaction Force would be available within 60 days and able to sustain itself for a year. The force would possess its own air and maritime support. The intention of having a rapidly deployable armed force in place by 2003 was confirmed on 4 October 2002 during an informal meeting of European ministers of defence.

21 The American ‘condition’ under which the ESDP was acceptable was formulated as the ‘three Ds’: no decoupling, no duplication, no discrimination of non-EU NATO members.

To put an end to the deficiencies that impede the realisation of the Headline Goal, the European Capabilities Action Plan (ECAP) was formulated in December 2001 (European Council at Laken, Belgium). ECAP, an initiative whose birth the Netherlands attended, consists of 18 multinational panels (expert groups) which have the responsibility of reviewing on-going projects and initiatives and to test their efficiency and effectiveness against the Helsinki Headline Goal. Each panel has its own 'deficiency' to deal with.

The eighteen deficiencies which ECAP is working on relate to the following military assets or tasks:

- medium and high altitude unmanned aircraft for surveillance and target acquisition;
- attack and transport helicopters;
- detection of and defence against nuclear, biological and chemical attacks;
- personnel specialised in search-and-rescue tasks in the area of operations;
- defence against short-range missiles
- mobile communications units
- strategic signal intelligence (such as gathered by satellites, aircraft, unmanned aircraft and cameras);
- mobile expeditionary headquarters;
- transport aircraft;
- sea transport for personnel and materiel (roll-on/roll-off ships);
- precision munitions;
- refuelling aircraft;
- advanced mobile medical units;
- aircraft carriers;
- suppression of enemy air defences;
- special operations units;
- area of operations reconnaissance assets;

Each panel has a different composition and management form. The Netherlands is in charge of the panel dealing with defence against short-range missiles, and, jointly with France, Germany and Sweden, leads the panels concerned with unmanned aircraft and 'surveillance and target acquisition.' Furthermore, the Netherlands is an active participant in all but four of the other panels: mobile communications, strategic air mobility, aircraft carriers and special operations units. The Netherlands has observer status in the panel on strategic intelligence.

The panels can propose solutions to the deficiencies that have been identified. That can include better coordination, pooling of capacity, cooperation in the area of operational tasks, and training and logistics measures. The panels published their first reports in March 2003. A new conference will take place in May 2003. It will then be possible to evaluate the state of affairs. The deficiencies will not have been removed, however. Nor can compulsory national obligations arise from ECAP. The panels will probably be continued in the form of project groups; it is up to the Member States, however, to determine their contribution independently. In that way, the 'bottom-up' approach remains in force.

### **III.2 NATO: DCI, PCC and the NATO Response Force**

Against the same historical background outlined above, and based on the objective initially desired primarily by the US and set down in the amended Strategic Concept of 1999 of transforming the Alliance into a military organisation that could deal with the threats of the 21st century, NATO began a similar exercise in 1999 to identify military

deficiencies in the Alliance and to make proposals for dealing with them: the Defence Capabilities Initiative (DCI). The idea that the European Allies should prepare to defend against an attack on their own territory (Article 5, NATO Treaty) made room after the Cold War for the idea that NATO would increasingly need to be able to operate outside its own territory in situations to which Article 5 does not apply. That requires capabilities which the armed forces of most of the Member States—the United Kingdom and France excepted—possessed in limited quantities or not at all due to the fact that they were still in broad strokes focused on the threats of the Cold War. Territorial defence of NATO territory has, furthermore, acquired new dimensions: defence against missiles launched by unknown opponents, for example, or against asymmetrical threats with terror.

During the Prague Summit (November 2002), decisions were taken that should lead to the gradual reform of the Alliance through the creation of a NATO Response Force (NRF), entering into the Prague Capabilities Commitment (PCC) and streamlining the command structure. The first two are important here.

The PCC builds further on the Defence Capabilities Initiative (DCI), set up in 1999. DCI did result in a useful inventory of deficiencies, but it was too informal and too extensive (58 attention points) to deliver concrete results. The PCC, which is centrally managed to a greater degree, is limited to four areas:

1. Defence against chemical, biological, radiological and nuclear attacks;
2. Secure communications, command and control and ‘information superiority’;
3. Improving interoperability and combat power of deployed units;
4. Rapid deployment capability and sustainability of armed forces.

The plans for an NRF constitute a completely new form of cooperation within the Alliance. During the NATO summit in November 2002, the intentions in regard to the NRF were set down in a declaration.<sup>22</sup> According to estimates by the United States and the United Kingdom, the NRF could consist of an air force component capable of carrying out 200 sorties per day, a naval component as large as the existing NATO Standing Naval Force, and a brigade-sized land component with a total of approximately 21,000 personnel.<sup>23</sup> The units assigned by the Allies to the NRF should be capable of carrying out operations across the whole range of the force spectrum within 7 to 30 days (varying per component) at any location. The units to be assigned to the NRF for a period of six months to carry out NRF tasks, should be jointly trained and certified by SACEUR prior to their assignment. The NRF concept is being discussed further within NATO. Decisions regarding deployment are to be taken unanimously and on a case-by-case basis.

22 In that regard, the NATO declaration states: ‘we have decided to create a NATO Response Force (NRF), consisting of a technologically advanced, flexible, deployable, interoperable, and sustainable force including land, sea, and air elements ready to move quickly to wherever needed, as decided by the Council. The NRF will also be a catalyst for focussing and promoting improvements in the Alliance’s military capabilities. We gave directions for the development of a comprehensive concept for such a force, which will have its initial operational capability as soon as possible, but not later than October 2004 and its full operational capability not later than October 2006, and for a report to Defence Ministers in Spring 2003. The NRF and the related work of the EU Headline Goal should be mutually reinforcing while respecting the autonomy of both organisations’.

23 Fact sheet NATO Prague Summit (US Mission to NATO).

### **III.3 The influence of ECAP and PCC on capabilities build-up, cost-efficiency and equitable burden-sharing**

Since ECAP, DCI/PCC and the plans for the NRF, to what degree can one speak of progress in the area of general objectives, specifically the build-up of military capabilities that should be interoperable, as far as possible, with the Allies, and an equitable division of burdens? Progress would mean that there is consensus in regard to the deficiencies, that the defence budgets are brought to or kept at an adequate level to alleviate the deficiencies, that those available funds were spent on the right things and in the most cost-efficient way possible, with sufficient attention being paid to interoperability.

#### *III.3.1 Consensus on the deficiencies*

Over the past several years, ECAP and PCC have resulted in international agreement in regard to the nature and extent of military deficiencies in Europe. That seems an obvious observation, but it is an important pre-condition for the rest of the process to progress well. Thanks to that consensus, pressure has been put on countries to operate well and to implement reforms in their armed forces.

The lists of NATO and EU military deficiencies, not coincidentally, are largely in agreement and relate to the transformation of the armed forces into rapidly deployable units with the emphasis on out of area operations. Although there was some doubt initially as to the interaction between the two initiatives, that has now been replaced by the conviction that they actually reinforce each other. The ECAP deficiencies fit hand in glove in the four main objectives of the PCC. As of 2003, the deficiencies have not yet disappeared, but road maps have been prepared with solutions for the short and the long term. What is now missing are the associated financial and political commitments.

#### *III.3.2 Trend in budgets*

As a whole, Europe spends significantly less on defence than the US does. Since the fall of the Berlin Wall, the European countries have reduced their defence budgets by more than sixteen per cent, to an average level below the NATO guideline of two per cent of GNP. The total of the combined budgets of the European NATO countries now amounts to less than 50 per cent of the budget of the United States. There are also great differences within Europe. Expressed as a percentage of GNP, the UK spends 2.74% on defence, Germany 1.38%, the Netherlands 1.72% and Luxembourg spends 0.95%.

The downward trend in defence budgets over the past few years seems to be curving upwards slightly in places or at least not continuing downwards. The United Kingdom and France have seen their defence budgets climb significantly again. Norway and Canada have also broken the downward trend. Following the reductions of September 2002 and the current political discussions about possible additional reductions, the Netherlands –and Germany, as well– are the odd men out in that regard, sinking further under the average (the Netherlands currently at 1.72% in comparison with a European NATO member average of 1.97%). That has not gone unnoticed internationally and regrets have been expressed (see annex I).

Of course, the size of the defence budget as a percentage of GNP is not the sole factor that influences the effectiveness of the armed forces in ECAP and PCC terms. Greece, for example, spends 3.07% of GNP on defence, but has not earmarked

strengthening European defence as a priority.<sup>24</sup>

A variety of ideas were presented in the Brussels Convention on the Future of Europe, such as agreeing on a minimum percentage of GNP to serve as a guideline of how much EU Member States are expected to spend, and a guideline for percentage of the defence budget that should be spent on investment. It remains to be seen whether such ideas receive broad support.

### *III.3.3 Are the proper priorities set nationally in spending available funds?*

The European Allies spend a substantial amount on defence annually (collectively slightly more than \$150 billion) but the output generated by that expenditure is not optimal. That is partly due to the fragmentation of Europe: each national budget has its own overhead, while the American budget has only one. In addition, the share for investment and R&D in the average European budget is substantially lower than is the case in the US. The return on those investments is also lower, because the investments must be spread across a number of sovereign states and their respective defence and research agencies (see further, Advice no. 20).

As has already been mentioned, ECAP and DCI provide direction to national defence planners by identifying the most important deficiencies. The degree to which that occurs is, however, ultimately a choice of the individual Member States. They can always elect to spend money on a capability or task that does not fit in with the priority setting in an EU or NATO context. The political pressure is higher at NATO to align with the collective priorities than it is in the EU. That is because the PCC projects were already set down during the NATO summit in Prague in November 2002. ECAP, on the other hand, is worked out by project groups without prior political agreement as to the desired result. Both capabilities initiatives illustrate, however, that the existing consultation structures have thus far not resulted in a coordinated approach either in regard to a strengthening of military capabilities or in regard to disposing of supernumerary or old military assets. That is not the case within the European Union due to the limited tasking and capabilities of the military staff (EUMS). Traditional NATO planning has thus far paid little attention to multinational cooperation.

The next logical step is for ECAP to require more commitment so that it becomes a more credible mechanism to generate peer pressure. The British-French proposal (made during the British-French summit of February 2003 in Le Touquet) to create an Agency to guide this process, is a step in that direction. The *European Defence Capabilities Development and Acquisition Agency* was to become an intergovernmental ESDP agency with a multitude of tasks: identification of qualitative and quantitative objectives for European defence capabilities; evaluation of existing European capabilities; harmonisation of operational requirements; search for multinational solutions for replenishing deficiencies; management of materiel cooperative projects on the basis of the Organisation for Joint Armament Cooperation (OCCAR<sup>25</sup>); strengthening an interna-

24 A Greek Defence White Paper (2001) makes the following remarks on the subject: ‘Greece, because of its particularities of the threats it faces and of its geopolitical position, is obliged to maintain – at least up to the creation of a common European Foreign and Defense Policy – the current status of National Security and autonomy’. Cited in Homan, C., B. Kreemers and F. Osinga, *De militaire staat van de Europese Unie*, (The Military State of the European Union) (The Hague: Clingendael Institute), 2001, p. 63.

25 Organisation Conjointe de Coopération en matière d’Armement.

tionally competitive industrial and technological base. That organisation should serve as the motor for the follow-up to ECAP. It should consist of a small permanent staff (50 people) and report to the High Representative of the European Union for Common Foreign and Security Policy. All Member States would be part of the agency, but not be required to participate in all activities. OCCAR, Letter of Intent (LoI) and the Western European Armaments Group (WEAG)<sup>26</sup> should be incorporated in the agency. Over the short term, ECAP would be transformed into project groups that make recommendations concerning procurement and harmonisation; an evaluation mechanism would also be instituted to subject the capabilities and commitments of the Member States to a quantitative and qualitative evaluation. End responsibility would remain by the ministers of defence of the Member States.<sup>27</sup>

ECAP cannot fall back on a collectively agreed strategy, however. The Petersberg tasks are the only basis for further action, but they are being explained differently. The situation in NATO is different. As a supplement to the amended Strategic Concept, the NATO Response Force seems to be the expression of a changed role for NATO. ECAP could benefit from the development of a common strategy and doctrine, which is now almost totally absent. The question of whether the common strategy and doctrine that actually exist -namely, the Petersberg tasks- adequately respond to the threats of the age and the role that the EU wants to play in them.

Whatever the case, setting priorities and objectives supranationally over time is recommended, which should make more attention for lower-priority items possible. The proposals for an Agency do not yet go that far, but could contribute to setting supranational priorities and objectives over time. The WEAG, for which the Netherlands holds the chairmanship for the next two years, could play a complementary role here.

The AIV concluded earlier that common funding receives scant support from the large EU countries as one of the ways of financing shortfalls in capabilities. The question then remains of whether other (perhaps smaller) countries would be willing to participate in common funding approaches.

#### *III.3.4 Is money spent in the most cost-efficient way?*

The current situation in Europe is far from ideal in regard to available funds being spent not only on the proper items but also in the most cost-efficient way. As long as defence remains an archetypal national policy area that cannot be separated from strictly national decision-making, and as long as the Member States of the EU continue to emphasise different aspects of defence policy, the development of European-level planning, procurement, maintenance and deployment of military capabilities seems

26 European non-EU NATO members also participate in WEAG.

27 For clarity, we note here that the term Agency is used with a wide range of very different meanings in the CSDB. In the Treaty of Maastricht (declaration 30 in respect of the ties with the Western European Union), mention is made of “closer cooperation in the area of weapons, with the objective of establishing a European Armaments Office”. As was described in Advice no. 20, that objective have not yet been achieved. The term Agency is used in this proposal for a less ambitious concept: no joint planning and decision-making in respect of armaments, but a coordination structure anchored in the Treaty and based on the ECAP with, possibly, also room for OCCAR and LoI and a reform of the current Article 296 of the EU, which exempts the defence industry from the normal rules of the internal market. The British proposal, therefore, remains entirely in accord with the intergovernmental approach.

remote. Fifteen -later twenty-five- Member States, each with its own armed forces and associated overhead, means enormous duplication, duplication that would be unnecessary if there were far-reaching European integration in areas of defence. Ideally, a strongly harmonised decision-making process is required, from materiel planning up to and including the deployment of personnel and materiel. That is a long way from where we are now, and maybe we will never get to that point. In Advice no. 20, we described at length the obstacles that exist in the area of materiel cooperation alone. Not much has changed in that regard since then. The ESDP has so far not been able to bring any positive influence to bear in that area. Attempts have been made by OCCAR and Lol to coordinate the procurement of comparable materiel and to come to some degree of harmonisation, but far from all the EU Member States are not part of those relationships. Advice no. 20 points out that harmonisation of operational requirements is one of the most important ways to arrive at effective European cooperation in the area of defence materiel. Common research, production and procurement would get started easier than is the case now, resulting in greater efficiency of the European military apparatus.

Setting common requirements assumes, however, a common European strategic concept and a European military staff that has been assigned a coordinating role in the realisation of it. And that common strategic concept is nowhere to be found. In an ESDP context, illustrative profiles are used, which, however, also do not provide an answer to the question of what the upper limit of the spectrum of force within which European military capabilities should be able to be deployed should be. The profiles also lack the military precision which a ‘force goal’ would have.

It is conceivable, however, and desirable, for the follow-up to ECAP to lead to increasingly far-reaching common planning, possibly in the context of an Agency as meant in the British-French plans.

### **III.4 Dutch steps in regard to capabilities initiatives**

As years have passed, the Netherlands has made an inventory of activities and capabilities that fit within the objectives of the capabilities initiatives described above.<sup>28</sup> That was done either through the use of previously existing plans, sometimes leading to a re-prioritisation of the plans, or through a policy intensification, usually financed by the ‘structural provisions for the financing of projects for strengthening European security’, mentioned in chapter I, which was created in 2000 as a result of the Van den Doel-Zijlstra-Van ‘t Riet motion.<sup>29</sup>

Examples of previously existing plans that have been placed under a PCC/ECAP objective:

- A project that has existed for several years consists of the Dutch activities in the area of Theatre Missile Defence (Patriots). The capabilities initiatives provide a justification for that project inasmuch as, viewed solely from a national perspective, this

<sup>28</sup> Sources: Parliamentary document 27400 X, 25 June 2001, *On structural provisions for financing projects for strengthening ESDP*; Parliamentary document 28600 X, *On achieving the goals of the Strategic Accord*; Parliamentary documents 28676 nos. 1 en 2, *On the intentions of the Dutch government in regard to the NATO summit in Prague*.

<sup>29</sup> Parliamentary document 27 400-X, no. 14.

is a capability that cannot be viewed as a priority for the Netherlands. (For the same reason, the United Kingdom has not developed activities in this area.) Embedded in an Allied framework, however, the project does make sense. This could be called an example of unilateral Dutch task specialisation. The question of what returns the Netherlands receives from the investment, however, remains unanswered.

- Implementation of an all-Service operational logistics tracking-and-tracing system to improve insight into the goods flows from and to operational areas. That fits with the objective of improving the possibilities for rapid deployment. The project is partly financed through European sources.
- Increasing the Royal Netherlands Marechaussee with 100 additional personnel in consideration of the EU's police responsibilities.
- Reinforcing the headquarters of 1 German-Dutch army corps by, for example, improving command and control systems and implementing the TITAAN transmission system (the latter of which is financed with European funds). That project fits in with the objectives of improving communications, information technology and command and control assets.
- Financing the installation of command facilities on the second amphibious transport ship.
- Collective procurement of precision-guided munitions by all countries possessing F-16 fighter aircraft. The Netherlands is acting as Lead Nation for this project under PCC.
- Agreement with the United Kingdom in relation to a mobile field hospital.

Examples of policy intensification are:

- Recent cooperation in the European Air Transport Coordination Cell in Eindhoven, leading to greater efficiency by coordinating the air transport of participating countries. The Netherlands has assumed the one-off investment costs of this project, charged against the ESDP budget.
- Support helicopters. Plans in this regard were endangered as a result of the Strategic Accord, but were rescued with help from the ESDP provisions.
- Dutch participation in the development by France of an unmanned aircraft.
- The agreement with Germany in regard to air transport capability can also be grouped in this category. In that agreement, the Netherlands decided to invest EUR 45 million in the development of the German air transport fleet of A400Ms in exchange for the right to make use of it.
- In the area of surveillance satellites, Dutch participation in the military HELIOS II programme may be another example in the future.

The summary above also illustrates that national implementation of ECAP/PCC obligations does not always make it clear that every measure proposed benefits an ECAP/PCC objective directly. That does not only apply to Dutch national implementation. That is partly due to the non-obligatory nature of the objectives. A multilateral test of national plans would be worth considering.

## **IV Conclusions**

### **IV.1 Cooperation is broader than task specialisation. It has advantages, but it also has a price.**

The different forms of military cooperation all have their own mix of advantages and disadvantages and conditions for success. The greater the degree of integration, the greater the advantages. AND the higher the price in terms of national decision-making. That effect is clearest in the procurement of common resources and when sharing tasks. It will therefore come as no surprise that there are few, if any, examples of those types of cooperation.

An international framework within which compulsory exchanges of tasks can be implemented is only possible if states are willing to surrender some or all of their sovereign authority in the area of defence. Bilateral exchange is possible in theory, but only if it is not in conflict with the national minimum. One could investigate whether closer maritime cooperation and, over time, task specialisation would be possible with Belgium, with the latter assuming responsibility for anti-mine activities and the Netherlands assuming the frigate escort tasks.

### **IV.2 Most possibilities over the short term are at the lowest level of cooperation: pooling and development and procurement of materiel**

States retain the greatest proportion of their sovereignty in cases of the least intrusive forms of cooperation, namely, pooling and cooperation in respect of materiel. That is, therefore, also where most possibilities can be found for intensifying cooperation over the short term. That may not seem like much, but it is worth the effort, partly because pooling and cooperation in respect of materiel can lead to greater degrees of cooperation in the future. One example is the pooling of maritime patrol aircraft (candidate partners for the Netherlands: Norway and Germany). Another possibility is collective training of Apache helicopter crews with the United Kingdom. In both of these examples, initial lower-level forms of cooperation can lead to cooperation at higher levels over time.

### **IV.3 Operational cooperation requires close coordination and willingness to actually deploy forces**

In setting up operational cooperation, the assumption is often made that complete sovereign decision-making remains intact. Cooperative arrangements are set up on that basis. The Netherlands, at the insistence of the House of Representatives, regularly insists on this principle. Holding on to that principle, however, can seriously undermine the effectiveness of the cooperation over time. That applies to multilateral relationships, such as the NATO Response Force. That problem can be avoided by building in a degree of redundancy, although that conflicts with the objective of cost-efficiency. The possibility of building in redundancy is virtually non-existent in a bilateral operational context (such as the Dutch-British Amphibious Force and the Dutch-German cooperative relationship in 1 German-Dutch army corps). The partners must be able to rely on each other, in regard to meeting training obligations and preparedness for actual deployment. The partners must be aware that participation in operational cooperative relationships has compulsory consequences in regard to authority over the parts of the

armed forces assigned and for the associated budget items. These issues should be explicitly considered politically when entering into such cooperative arrangements and, where possible, laid down in writing.

#### **IV.4 The success of operational cooperation requires that some national decision-making authority be surrendered**

The advantages of bilateral operational cooperation may not be inconsiderable but are difficult to express in figures. The advantages include increasing interoperability, build-up and maintenance of expertise, contributing to more equitable burden-sharing, strengthening the political relationship between the countries involved, etc. Investments are required initially. Any economies of scale will only become available in the long term, for example, because a particular task specialisation is assumed within the cooperative arrangement. Such arrangements therefore require staying power. That is why it is wise to coordinate national decision-making as well as possible between participants.

In regard to participation in the multilateral NRF, the AIV is of the opinion that such participation can only succeed if the participating units meet their training obligations and the Member States involved can count on the deployment of all units, as decided by the collective of the Member States. Member States who insist on retaining their rights of control over the units that they have made available until the last moment are not doing justice to the concept of the NRF and should probably not participate. For the Netherlands -which also appears to hold on to the idea of retaining full decision-making authority even in the event of participation in the NRF- this determination is at odds with procedures used for the national framework for final decision-making in regard to deployment at a late stage of the process.

#### **IV.5 The EU and NATO frameworks for cooperation and build-up of capabilities is in a start-up phase and offers no direct framework for exchanging tasks.**

An international framework within which participants can arrive at a compulsory exchange of tasks is only possible if states are prepared to surrender some or all of their sovereign authority in the area of defence. The ESDP does not yet seek such a framework, nor does NATO. The initiatives for strengthening military capabilities, which both organisations have commenced, have made important contributions to creating a consensus on the existing deficiencies. The awareness seems to be getting through to people that the time for large-scale reductions in defence has passed. A climate for further-reaching international cooperation is also coming into being. The initiatives identified have not led to the achievement of the objectives (capabilities build-up, increasing interoperability, more equitable burden-sharing). While it is true that a first step has been taken, many more are still needed. In that regard, it is important that:

1. The possibility for collective financing of materiel be looked at more closely, allowing for national contributions as well;
2. Attention is also given to the output of the defence budgets, to complete input. The British-French proposal for an Agency as a result of the ECAP process contributes to this step. The WEAG -under Dutch chairmanship for the coming years- can play a complementary role (the answer to the question of the degree to which a country's defence budget supports the EU and NATO objectives could be to the benefit of the Netherlands);

3. Political engagement is increased. NATO scores somewhat better on this point at the moment than the EU does;
4. Over time, a common strategic concept be developed for the EU. It is not an absolute condition for further progress, but it would be useful in decision-making in regard to the deployment of military personnel.

#### **IV.6 Cooperation at a lower level should fit in with the developing EU/NATO construction**

The Netherlands is firmly convinced that the future entails further-reaching military cooperation among the European countries. The AIV shares that opinion. Since 1995, the development and strengthening of relationships in which the Netherlands participates in that regard have taken wing to a certain extent. These cooperative relationships have arisen ad hoc. No overarching strategy lay at their creation. Recently, a framework has begun to develop within the EU and NATO within which such a strategy could develop. Unmistakably, a ‘hook’ has therefore developed on which to hang international cooperative relationships.

#### **IV.7 Cooperative relationships at lower levels should meet the requirements of “Policy Guidelines for International Military Cooperation”, still to be developed**

We have described above how the situation in Europe in regard to military cooperative relationships is far from ideal. We must therefore be satisfied with ‘second best’ solutions: cooperation in smaller groups.

In seeking cooperative relationships that will contribute to eliminating the deficiencies on the ECAP and PCC lists, the Netherlands must bear in mind that the most obvious partners for each Service are different. The Royal Netherlands Army, for example, is more Germany-oriented, and the Royal Netherlands Navy more UK-focused. The consequences for the Netherlands could be that the Netherlands is restricted in its political freedom of movement and in the possibility of choosing other collaborators.

The EU/NATO must, however, still provide the broader framework. Even then, however, a key point will continue to be the retention of sovereign decision-making authority.

Guiding principles Dutch investments in cooperative relationships, which could be included in a set of *Policy Guidelines for International Military Cooperation*, include:

- Cooperation should not bring the Netherlands into conflict with unambiguously defined national core tasks of the military capabilities;
- Cooperation should, over time, leading to an increase of military capabilities which can be traced back to the capabilities initiatives of the EU and NATO as directly as possible;
- Cooperation should benefit both NATO and the EU;
- Cooperation should lead to an increase in interoperability, within both EU and NATO;
- The consequences of cooperation for national decision-making authority should be considered in any decision-making concerning entering into military cooperative relationships and the results of that consideration should be clear both domestically and internationally:
- Cooperation should be sustainable over a longer period of time. That means that the participating partners enter into engagements for longer periods of time, with

clearly defined interim evaluation points. This would persuade the partners of each other's/one another's reliability.

- When entering into cooperative relationships, the Netherlands should consider its relative place within the EU and NATO.

Cooperation is not a goal unto itself. Cost-efficiency is sometimes a result, but not always. If cooperation and coordination lead to freeing up funds that can then be invested effectively elsewhere, it can lead to 'more defence for the same money'. But the principle that cooperation has consequences for sovereignty and autonomy always applies. That repeatedly requires a careful weighing of issues.

#### **IV.8 The AIV recommends setting up a multilateral ESDP and NATO-PCC audit.**

The way the Member States implement the priorities as formulated by ECAP and PCC remains for the time being a matter of national decision-making authority. The degree to which these exercises are used as guidelines in defence planning is at the discretion of individual Member States. The Netherlands and other Member States indicate that they involve ECAP and PCC in their defence planning. It would be good to be able to evaluate that at a supranational level. That only makes sense if all the Member States were to subject their plans to an additional multilateral audit. The Dutch government, for example, could take the initiative to propose to develop such an audit, on the basis of the PCC and the Headline Goal at the EU and NATO levels, for all Member States involved in relation to their defence efforts. That could fit in well with the British-French plans for an Agency, as described above.

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Finally, the AIV wonders whether the internal departmental exercise 'joint plan' (recently rechristened the Integrated Defence Plan) in support of the pending budget provides sufficient basis to give an adequate answer to the question of what may be expected from the Dutch armed forces in the near future and how these should be quantitatively and qualitatively structured.

That relates to two issues. The first is what has been referred to in this advice as the 'national minimum level' or 'core tasks'. That means military capabilities which the Netherlands believes should not be traded with any other state under any conditions. This is an area that is in a state of flux, as demonstrated by the consequences of the increased threat from international terrorism. It is important that these core tasks be defined clearly on the basis of a current threat perception.

The second issue is the ambition level for the armed forces that the Netherlands wants to keep intact as a minimum and for which it must be prepared to reserve the required financial resources.

In the opinion of the AIV, these two questions demand the formulation of strategic perspectives concerning the Dutch objectives in relation to the tasks and functions of the armed forces both domestically and abroad, accompanied by their financial consequences. Such a framework would not only serve as a basis for making choices and setting priorities. It would provide continuity in regard to objectives, ambition level and the budget policy; a continuity that is crucial in order to be a reliable and attractive

partner in entering into military cooperative arrangements. It is needed if the government -as appears from the request for advice- is seriously considering to go further along the trail of military cooperation already blazed.

It appears from the above that, for the foreseeable future, reality compels us to look for far-reaching cooperation primarily in those forms of cooperation entailing the smallest loss of decision-making authority. Nevertheless, the search for broader forms of cooperation over the longer term should not be abandoned. The creation of a multilateral cooperative framework within which collaborating partners are willing to surrender some of their sovereign decision-making authority -regardless of how difficult to achieve that now seems to be- can help to break the current impasse over the long term.

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Subject

Developing European defence capabilities further

### **Introduction**

In the context of the European Security and Defence Policy (ESDP), the Netherlands has developed a number of initiatives in recent years aimed at strengthening European military capabilities and promoting military cooperation. Various bilateral and multilateral projects and, of course, the European Capabilities Action Plan (ECAP), were the result. The capabilities initiatives of NATO (DCI/PCC) and the EU (Headline Goal) were the catalysts for the current developments in Europe. The Dutch vision on this question has been expressed in a speech by the Minister of Defence on 15 January 2001 at the NATO symposium on Defence Planning in Oberammergau (Germany). Recent letters from the ministers of Foreign Affairs and of Defence in light of the NATO summit in Prague also deserve mention in this context. The tasks set in the Strategic Accord underline the need to continue vigorously the policy concentrating on strengthening European military capabilities.<sup>30</sup>

Against that background, the government requests advice from the AIV in regard to complementary possibilities to intensify the cooperation among the European countries in planning, acquisition, maintenance and deployment of military capabilities. As set out further

30 On 8 November 2002, the Minister of Defence and State Secretary for Defence sent a letter to parliament concerning the consequences of the Strategic Accord.

below, the government favours a pragmatic ‘bottom-up’ approach and would appreciate it if the council would give that item specific attention in its advice.<sup>31</sup>

### **DCI and Headline Goal**

Strengthening military capabilities has been a fixture on the European political agenda since the Kosovo crisis. In 1999, NATO launched its Defence Capabilities Initiative (DCI) and, in the context of the ESDP, the European Union set itself the goal of achieving the Headline Goal. Although attention in recent years has concentrated on the Headline Goal, the accent has shifted over the past few months to strengthening capabilities for the benefit of NATO. This is primarily in relation to the Prague Capabilities Commitment, which is a consequence of the DCI and the forming of the NATO Response Force. These various efforts are just two sides of the same coin, however: strengthening European military capabilities benefits both NATO and the EU.

The capabilities initiatives of NATO and the EU have not yet resulted in substantial strengthening of European military capabilities. That is partly due to the limited financial resources available to European countries, the fragmented European defence efforts and the length of time required to acquire military capabilities. Nevertheless, one can say that the DCI and the Headline Goal have already had far-reaching consequences for European armed forces:

- Both initiatives have underscored the necessity to modernise European armed forces radically. There is a lack of adequate operational capability and associated capabilities, especially in the area of command and control, strategic transport and intelligence gathering and analysis. It is also necessary to improve greatly interoperability among the armed forces. Countries, especially the smaller countries, only operate in international coalitions any more. Modern crisis response operations are inconceivable without multi-national and modular deployment of military units;
- The DCI and the Headline Goal have led to the insight that the need for some capabilities has declined. That has led to discussions, in NATO and other fora, of whether countries should not reconsider their defence priorities.;
- With the DCI/PCC and the Headline Goal, NATO and EU countries have a rudimentary common set of priorities for the first time and for the first time to be able to deal with the requirements in a coordinated fashion. ECAP, for example, which tries to deal with military deficiencies through country panels of representatives of interested countries in consultation, is being used to pursue the Headline Goal. A report on the progress in ECAP will be published in the fourth quarter of 2003.

### **Dutch ESDP policy**

The DCI and the Headline Goal have also had an effect on defence policy in the Netherlands. Strengthening European military capabilities is one of the spearheads of Dutch defence policy. Dealing with European military deficiencies, especially in the area of intelligence gathering, strategic transport and command and control, is at the heart of Dutch ESDP policy. NATO’s PCC covers four capabilities areas: 1) defence against chemical, biological, radiological and nuclear attacks; 2) ensuring secure communications, command

31 The interdepartmental policy study on European defence capabilities, which has already started, primarily concentrates on the financial returns of task specialisation in the sense of possible cost reductions. As far as the Defence organisation is concerned, the better question is how the financial returns from task specialisation could be used for further intensifying European cooperation.

and control and ‘information superiority’; 3) improving the interoperability and the combat power of deployed units and 4) ensure rapid deployment and sustainability of armed forces.

The government is aware of the many obstacles that must be overcome to achieve far-reaching European military cooperation. Long-term cooperation within NATO and far-reaching cooperation in carrying out non-Article 5 Crisis Response Operations notwithstanding, the Defence organisation still finds itself emphatically within the domain of national sovereignty. Furthermore, institutional issues, such as the relationship between the ESDP and NATO, developments of a European materiel policy and the different pillars in the EU, distract one from the development of a coordinated European defence effort. Nevertheless, far-reaching cooperation, seems to be only way for European countries, and the smaller countries in particular, to be able to maintain adequate defence capabilities over time. Operationally, financially and in respect of materiel, no other choice is possible. The developments in NATO and the EU reflect that. The attention in this advice, however, should not, in the first instance, focus on these institutional issues.

The basic principle of Dutch ESDP policy is that, in addition to making extra resources available, defence cooperation among European countries should be strengthened, given the current fragmented defence efforts. The Netherlands strongly favours, therefore, a coordinated European approach, including, among other steps, the ECAP initiative. The Netherlands also favours strongly for intensification of cooperation, both bilaterally and multilaterally (such as in the European Air group and the European Maritime Initiative). That has led in the past several years to a series of projects, partly financed from ESDP provisions, that have been conducted with one or more European Allies. Recent examples include the development of common UAV capability with France, the air transportation agreement with Germany and strengthening the headquarters of the German-Dutch army corps.

Such a pragmatic approach is how the Netherlands wants to contribute actively to strengthening European military capabilities and increasing the effectiveness and the efficiency of European defence efforts. That can be done in a number of ways, including common acquisition, creating modules, pooling of military assets and role and task specialisation. That could result in maintaining, expanding and disposing of tasks. Opinions differ as to the applicability and desirability of those and other forms of cooperation. Perhaps the Council can cast some light on that issue, as well.

### **What is next?**

The tasks set in the Strategic Accord have again underscored the need for cross-border military cooperation. Maintaining and acquiring capabilities will increasingly depend on the possibilities of embedding them internationally. Against that background, the government asks the council to advise on additional possibilities for further intensifying cooperation among European countries in respect of acquisition, sustaining and deploying military capabilities and the related prior planning. In that regard, one could also look into the different possibilities for financing that have been used so far (such as common budgets, leasing, etc.), the advantages and disadvantages of them and possible alternatives.

Yours sincerely,

THE MINISTER OF DEFENCE

THE MINISTER OF FOREIGN AFFAIRS

**Defence budgets as part of GNP**

<b>Country</b>	<i>GNP over 2001 (in billions (USD)) (A)</i>	<i>Defence budget 2002 (in billions (USD)) (B)</i>	<i>Comparison (in %) (B/A)</i>
European NATO	7,807	153.1	1.97
NATO	18,707	511.4	2.73
European Union	7,855	145.9	1.86
The Netherlands	348	6.6	1.72

  

<b>Country</b>	<i>GNP over 2001 (in billions (USD)) (A)</i>	<i>Defence budget 2002 (in billions (USD)) (B)</i>	<i>Comparison (in %) (B/A)</i>
<b>NATO and EU countries</b>			
Belgium	227	2.7	1.19
Denmark	161	2.4	1.49
France	1,300	29.5	2.27
Germany	1,800	24.9	1.38
Greece	114	3.5	3.07
Italy	1,100	19.4	1.76
Luxembourg	19	0.18	0.95
Netherlands	348	6.6	1.72
Portugal	111	1.3	1.17
Spain	588	8.4	1.43
United Kingdom	1,400	38.4	2.74
<b>Non-EU NATO countries</b>			
Canada	700	7.6	1.09
Czech Republic	55	1.622	2.95
Hungary	52	1.084	2.08
Iceland	8	0.0251	0.31
Norway	164	3.8	2.32
Poland	176	3.5	1.99
Turkey	148	5.8	3.92
United States	10,200	350.7	3.44
<b>Non-NATO EU countries</b>			
Austria	189	1.7	0.9
Finland	124	1.7	1.37
Ireland	129	0.724	0.56
Sweden	209	4.5	2.15

## Sources:

*The Military Balance 2002-2003, (London: International Institute for Strategic Studies), 2003,  
NATO Handbook 2002.*

## List of abbreviations

<b>AGS</b>	Alliance Ground Surveillance
<b>AIV</b>	Advisory Council on International Affairs (Adviesraad Internationale Vraagstukken)
<b>AWACS</b>	Airborne Warning and Control Systems
<b>CFSP</b>	Common Foreign and Security Policy
<b>DCI</b>	Defense Capabilities Initiative
<b>EACC</b>	European Airgroup Coordination Cell
<b>EAD</b>	Extended Air Defense
<b>EADTF</b>	Extended Air Defense Task Force
<b>ECAP</b>	European Capabilities Action Plan
<b>ESDB</b>	European Security and Defence Policy
<b>EU</b>	European Union
<b>GNP</b>	Gross National Product
<b>IBO</b>	Interdepartmental Policy Study (Dutch abbreviation)
<b>ISAF</b>	International Security Assistance Force (UN, in Afghanistan)
<b>JSF</b>	Joint Strike Fighter
<b>KFOR</b>	Kosovo Force (NATO, in Kosovo)
<b>LoI</b>	Letter of Intent
<b>MoU</b>	Memorandum of Understanding
<b>NAEWF</b>	NATO Airborne Early Warning Force
<b>NATO</b>	North Atlantic Treaty Organisation
<b>NLR</b>	National Aerospace Laboratory (Dutch abbreviation)
<b>NRF</b>	NATO Response Force

<b>OCCAR</b>	The Organisation for Joint Armament Cooperation (Organisation Conjointe de Coopération en matière d'Armement)
<b>PCC</b>	Prague Capabilities Commitment
<b>SACEUR</b>	Supreme Allied Commander Europe (Head, Allied Command Europe – ACE)
<b>SCC</b>	Sealift Coordination Cell
<b>SFOR</b>	Stabilisation Force (NAVO, in Bosnia-Herzegovina)
<b>TBMD</b>	Theater Ballistic Missile Defense
<b>UAV</b>	Unmanned Aerial Vehicle
<b>UN</b>	United Nations
<b>UNMEE</b>	United Nations Mission in Ethiopia and Eritrea (UN, in Ethiopië en Eritrea)
<b>WEAG</b>	Western European Armaments Group

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\*\* Also available in French and Russian.

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