

Summary of Discussions

SWP Working Group

"Transatlantic Military Cooperability"

3rd Colloquium, Washington DC, January 30, 2004

at the Center on Transatlantic Relations, Johns Hopkins School of Advanced International Studies

This third meeting of the Working Group continued to explore the variety of subjects centered on developing cooperation and interoperability between the EU and US. The key issues continue to be European military spending, increasing it and making it more efficient, and US technology transfer restrictions, making them less restrictive and more sensible.

Market Impediments to Industrial Cooperation and Defense Trade

In the past two years, the Bush Administration has tacitly declined to support any significant foreign acquisitions of US defense firms. At the same time, there has been a decline of US exports into the EU and EU participation as a subcontractor on US defense projects. Both of these trends reflect the significant obstacles, both legislative and administrative, to transatlantic cooperation. Although the US does have legitimate concerns about the re-sale of sensitive technology, this concern is often exaggerated in practice and many pieces of technology – for which similar or identical counterparts are already sold by non-US companies – are not permitted to be sold by US manufacturers. These sorts of restrictions, non-sensical on their face, often cause European companies take their business elsewhere at the expense of US suppliers. In the most extreme cases, foreign buyers will go out of their way not to buy US produced equipment. If the administration is serious about reducing these negative trends and improving transatlantic cooperation, it must follow through in its efforts to make technology transfer easier, i.e. through NSPD-19, and this requires it, and especially the Department of Defense, to make clear to Congress the need for and benefits of trading with the EU.

Until now, Germany did not have any restrictions on foreign investment in its defense industry – it relied solely on strict export controls to regulate the industry. Now, however, Germany will soon implement legislation to regulate investment in domestic defense firms by foreign companies. Although not as restrictive as similar US rules, the new legislation will require prior notification and government approval for any acquisitions of more than 25% of a German firm that produces weapon systems. Although the practical effects of this new legislation are hard to predict, it is expected to (1) improve Germany's position in the negotiations to restructure the European armaments industry and (2) control acquisitions by US investors. This is part of an overall German policy towards its military capabilities which are intended to maintain: (1) an *independent assessment capability* in order to assess value, growth and performance of weapons systems; (2) *security of supply*; and (3) *political legitimacy* -- in order for Germany to play a role and be taken seriously in Europe and the US.

European Defense Cooperation: Current State and Prospects of ESDP and European Armaments Integration

National interests govern the European Defense market, but when budgets are low as they are now, governments look for opportunities to cooperate. This "forced" cooperation is one of the factors driving the creation of an EU Defense Agency, which is intended to harmonize the rules in Europe for the defense industry and put the EU in a better position for negotiation with third parties, especially the US.

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The EU Defense Agency, independent from the EU Commission, will focus on: (1) Capability Development; (2) Research and Technology; (3) Technology Acquisition and (4) Development of the Armaments Market. The biggest challenge will be to bring together the various European defense policies, existing fora for armaments cooperation and national interests into one organization. One key feature of the Defense Agency is that it will serve as the secretariat for the EU foreign minister in order to provide advice to the EU foreign and defense ministers on issues of defense cooperation.

Military Cooperation Issues for the Next US Administration

The consensus is that if Bush is re-elected, there will be little significant change in transatlantic relations given the difficulty of, and lack of interest in, reversing the current negative attitude towards Europe. However, if the Democrats are elected, they will likely be more interested in re-engaging with Europe because their mind set, in contrast to that of the Bush administration, favors cooperation with the allies in Europe. Regardless of which administration is in office, the focus will still be on national security, terrorism/Iraq and military transformation. There will continue to be some drift away from Europe due to the disappearance of the common threat of the Soviet Union. The US has and will continue to shift its attention to the Middle East, Central Europe and other regions of greater strategic interest.

Relations with Europe will not materially change unless and until the US leadership (1) makes improved relations a priority; (2) changes the prevailing philosophy which views military capabilities as something for which the US should always have an insurmountable industrial lead; and (3) increases the attention given to the benefits, technological and political, of international cooperation. If we want to see a sustainable change in the nature of transatlantic military cooperation, an approach must be institutionalized so that such cooperation becomes a matter of course rather than subject to ad-hoc, program-by-program negotiations. There Europeans can also do more to improve relations by improving their own military capabilities to the point where the US "must" pay attention and take it into consideration when forming its security policy.

Deployment of the NATO Rapid Reaction Force: What Does This Mean for Equipment Interoperability?

The NATO Reaction Force will be a testing ground for the US notions of transformation warfare in terms of operating, planning and fighting together. It is hoped that this force will set the stage for increased interoperability between US and European forces. As different countries rotate through the NRF, it will spread these transformational ideas throughout the European militaries and perhaps provide the incentive for them to make the necessary enhancements to their own forces in order to keep up with the US.

In spite of the grand ideas behind the NRF, there is some suspicion that it will only be a showpiece and never actually deployed due to the lack of political will and bureaucratic problems. If this is the

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case, then its utility for truly improving the cooperation and interoperability between the US and EU is rather limited. Moreover, if the US is only playing a supporting role, how much of an influence can it really have? In addition, if the US is to supply C4-ISR to the NRF, how are the issues of transferring intelligence/reconnaissance information to be handled?