



# **Potentially powerful The European Defence Agency at five years**

**Campagne tegen Wapenhandel &  
Transnational Institute (TNI)**

*Frank Slijper , May 2009*

*“The need to bolster Europe’s military capabilities to match our aspirations is more urgent than ever. And so, too, is the need for us to respond better to the challenges facing our defence industries. This Agency can make a huge difference.”<sup>1</sup>*

**Javier Solana**, High Representative and Head of European Defence Agency

## **COLOFON**

Potentially powerful

The European Defence Agency at five years

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<sup>1</sup> EDA homepage ([www.eda.europa.eu](http://www.eda.europa.eu); accessed 15 April 2009)

## Context

After earlier unsuccessful initiatives, the creation of the European Defence Agency in the summer of 2004 was received with considerable scepticism. However, the significantly different context of post-Cold War Europe had succeeded in changing perspectives on European defence. The fall of the Berlin Wall and emerging conflicts across its borders, especially in the Balkans have been significant impetuses for increased European military cooperation. The evolution of a European Security and Defence Policy (ESDP) can be seen within the Maastricht (1992) and Amsterdam (1997) treaties; the Helsinki Headline Goal (1999) and the European Capabilities Action Plan (ECAP, 2001); as well as in the failed Constitutional Treaty (2005) and the still stalled Lisbon Treaty. Despite rejections of the latter two in referenda held in France and the Netherlands in 2005, and in Ireland in 2008, the political importance within the EU context of an integrated external and internal security policy continues to grow, though probably not as fast as would otherwise have been the case.<sup>2</sup>

In December 2003 Javier Solana – High Representative for the EU’s Common Foreign and Security Policy (CFSP) – launched "A Secure Europe in a Better World", Europe’s blueprint for a security strategy that was followed up by an implementation report in December 2008.<sup>3</sup> Also the ex-NATO chief released a report on climate change and international security. With Solana appointed the head of the EDA, the agency was guaranteed support.

Growing ESDP ambitions are also reflected in the growing number of operations outside Union territory. As of mid-March 2009 the EU had been involved in 27 ESDP missions, of which 13 were completed.<sup>4</sup>

The creation of Battle Groups has been a related development, building on the Artemis intervention in Ituri, Congo in mid-2003.<sup>5</sup> According to the EU Council, a Battle Group is “the minimum militarily effective, credible, rapidly deployable, coherent force package capable of stand-alone operations, or for the initial phase of larger operations”.<sup>6</sup> Fifteen battle groups have now been established, most made up of multi-national contributions. The troops and equipment are drawn from EU member states under a lead nation.

While more offensive, militarily riskier and thus more controversial out-of-area operations may yet seem unrealistic, they have influential supporters. French president Sarkozy argues that “Europe cannot be a dwarf in terms of defence and a giant in

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<sup>2</sup> According to former EDA chief Nick Whitney “The Irish 'no' damaged the defense identity, specifically”. (Pierre Tran, “EU Ministers Pledge Capabilities”, *Defense News* online, 2 October 2008)

<sup>3</sup> “Report on the Implementation of the European Security Strategy – Providing Security in a Changing World”, Council of the European Union, 5 December 2008

<sup>4</sup> See [http://www.isis-europe.org/pdf/2009\\_artrel\\_255\\_esr43-isis-esdpchart-mar09.pdf](http://www.isis-europe.org/pdf/2009_artrel_255_esr43-isis-esdpchart-mar09.pdf)

<sup>5</sup> See: Dr. Jean\_Yves Haine, “Battle Groups: out of necessity, still a virtue?”, *European Security Review* no. 39, July 2008

<sup>6</sup> EU Council Secretariat, “Factsheet EU Battlegroups”, EU BG 02, November 2006

economic matters”.<sup>7</sup> Earlier in 2003 then Greek defence minister Yannis Papantoniou said: “We [Europe] must strengthen our presence, especially in the defence field, in order for the United States to view us seriously”. Curiously, according to him, the main obstacle was “that after the Cold War there is no strong threat. We have to overcome this problem”.<sup>8</sup>

A majority of the European Parliament also tends to be in favour of a stronger military posture by the EU. Most recently the EP approved a report by probably its staunchest supporter, MEP Karl von Wogau, chairman of the Subcommittee on Security and Defence, urging the establishment of an EU operational headquarters, more pooling of military spending and increased research spending.<sup>9</sup> Brussels-oriented think tanks like the EU Institute for Security Studies and the European Policy Centre are also supportive of the idea of a clear military capability for Europe.

Against the backdrop of this seemingly dramatic shift in perception of the need for the EU to be a military power, and despite many obvious political barriers and differences, the idea of a defence agency was now ripe for materialisation.

The Assembly of the Western European Union<sup>10</sup> has called the EDA part of “the Union’s long march to power” and “the missing link in the process of acquiring a European capability. Except in the matter of collective defence, the Union is now a defence alliance for the protection of its ‘regional’ interests and also an ‘offensive’ organisation for the defence of its interests in the world.”<sup>11</sup>

### **Origin and tasks**

The foundations of the EDA were laid by the EU Convention on the Future of Europe, led by former French president Giscard d’Estaing, that drafted the Constitution text between 2002-2003. In its final report the Convention’s working group on defence specifically recommended a European Armaments and Strategic Research Agency.<sup>12</sup> For its work the group had invited 13 external experts for advice, which included three industry representatives<sup>13</sup> and no civil society representative. The idea was subsequently adopted at the Council meeting in Thessaloniki in the summer of 2003 and, despite

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<sup>7</sup> “Europe must not remain a military ‘dwarf’: Sarkozy”, AFP, 12 December 2008

<sup>8</sup> Interview by Pericles Zorzovilis, Defense News, 30 June 2003

<sup>9</sup> Julian Hale, “EU Parliament Seeks Operational HQ for ESDP Missions”, Defense News, 23 February 2009; “MEPs promote a strong and effective foreign, security and defence policy”, EP press release, 19 February 2009

<sup>10</sup> This assembly of parliamentarians was founded in 1954 when the 1948 Brussels Treaty on European security and defence cooperation was modified to establish the “Western European Union”. Following the transfer of WEU’s operational activities to the EU, the Assembly’s main focus is to scrutinise the EU’s security and defence policies. See: <http://www.assembly-weu.org>

<sup>11</sup> “The European Defence Agency two years on”, submitted on behalf of the Technological and Aerospace Committee by Yves Pozzo di Borgo, Rapporteur (France, non-affiliated), Assembly Of Western European Union, Fifty-Third Session, Document A/1965, 6 June 2007, p.5

<sup>12</sup> See e.g. Brooks Tigner, “Report Calls for European Arms Agency”, Defense News, 6 January 2003

<sup>13</sup> From BAE Systems, EADS and EDIG, the defence industry lobby group that later merged into ASD

political bickering, its establishment was eventually agreed on 17 November 2003,<sup>14</sup> though Denmark opted out. The agency was consolidated in both a Joint Action (see below) and the Constitution, according to which:

“Member States shall undertake progressively to improve their military capabilities. An Agency in the field of defence capabilities development, research, acquisition and armaments (European Defence Agency) shall be established to identify operational requirements, to promote measures to satisfy those requirements, to contribute to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, to participate in defining a European capabilities and armaments policy, and to assist the Council in evaluating the improvement of military capabilities.”<sup>15</sup>

As the Constitution made clear, the EDA should become a central part of the further development of the ESDP.<sup>16</sup> Together with the stated need to undertake progressively to improve their military capabilities, EDA’s foundation has led to much dissent and suspicion about ESDP intentions. This wasn’t the case, however, with Gerald Howarth, the UK Conservative Party’s shadow defence procurement minister, who stated that the agency would be “pointless unless other EU governments are prepared to increase their defence spending at least to the levels of the UK and France”.<sup>17</sup>

Under a Joint Action the Council agreed the establishment of a European Defence Agency in July 2004, “to support the Member States and the Council in their effort to improve European defence capabilities in the field of crisis management and to sustain the European Security and Defence Policy as it stands now and develops in the future”.<sup>18</sup>

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<sup>14</sup> Brooks Tigner, “Europeans bicker over arms agency set-up”, Defense News online, 17 November 2003; Michael Thurston, “EU agency aims to boost bloc’s military muscle”, AFP, 17 November 2003

<sup>15</sup> article I-41, provision 3 (version 16 December 2004, see: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2004:310:0011:0040:EN:PDF> - accessed 16 April 2009)

<sup>16</sup> The later Lisbon Treaty includes similar text

<sup>17</sup> “Pan-European Agency Ready for Business”, Defense News, 28 June 2004

<sup>18</sup> Article 2, Council Joint Action 2004/551/CFSP of 12 July 2004 on the establishment of the European Defence Agency

The Joint Action sets for the agency, among others, four principal tasks:

- developing defence capabilities in the field of crisis management;
- promoting defence research and technology (R&T);
- promoting armaments cooperation;
- creating a competitive European defence equipment market and strengthening the European defence industrial and technological base (DTIB).<sup>19</sup>

As outlined by the EDA: "All these functions relate to improving Europe's defence performance, by promoting coherence. A more integrated approach to capability development will contribute to better-defined future requirements on which collaborations - in armaments or R&T or the operational domain - can be built. More collaboration will, in turn, provide opportunities for industrial restructuring and progress towards the continental-scale demand and market, which industry needs. [...] The Agency's "comparative advantage" should be its ability to comprehend all these agendas, and relate them so as to realise their synergies. Its special position should allow it to develop uniquely cogent analyses and proposals across the range of its activities."<sup>20</sup> According to its first chief executive Nick Witney, the agency "will stand or fall ultimately with the success in attracting, maintaining and fostering the interest and support of the participating states."<sup>21</sup>

### Structure

The EDA is an agency of the European Union. The EU High Representative, Javier Solana, is head of the agency and chairman of the Steering Board, its decision-making body composed of Defence Ministers of the 26 participating Member States (all EU Member States, except Denmark) and the European Commission. In addition, the Steering Board meets regularly at sub-ministerial levels, such as National Armaments Directors, Capability Directors or R&T Directors. The Steering Board acts under the Council's Authority and within the framework of guidelines issued by the Council. In mid-2005 the EDA had grown to about 80 staff with an office in Brussels; through 2009 its staff will rise to 109.<sup>22</sup> After an initial annual budget of 20-22 million Euros between 2005 and 2007, it jumped significantly to 32 million for 2008. Then French defence minister Alliot-Marie was said to be supportive of a 200 million Euros budget, but received little support from other member states.<sup>23</sup> France had also pushed to give the agency a three-year budget, but Britain vetoed the proposal. A Reuters report quotes

<sup>19</sup> These tasks were also part of the Constitution under article III-311 (version 16 December 2004, see: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2004:310:0055:0185:EN:PDF> - accessed 16 April 2009)

<sup>20</sup> EDA website, "Background" (<http://www.eda.europa.eu/genericitem.aspx?area=Background&id=122>, accessed 15 April 2009)

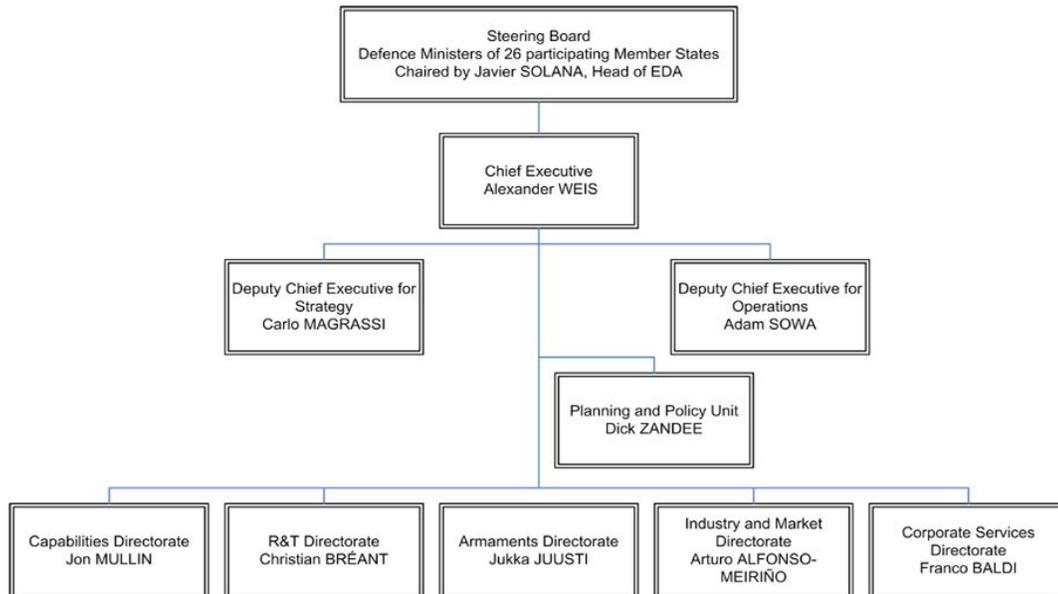
<sup>21</sup> Robert Wall, "Catalyst for Cooperation", Aviation Week & Space Technology, 27 June 2005

<sup>22</sup> Julian Hale, "EU Members Adopt Joint Development, Other Initiatives", Defense News, 17 November 2008

<sup>23</sup> Martin Agüera, "Execs Blast EU Defense Agency's Slow Start", Defense News, 7 November 2005

a senior British official as saying that “We don’t back a budget without seeing what we are paying for”.<sup>24</sup> Nevertheless, the EDA plans to propose a three-year budget again later in 2009.<sup>25</sup>

## European Defence Agency



Source: EDA website (accessed 15 April 2009)

### Planning and achievements

Evaluating the first five years of EDA’s work is difficult in simple terms of success or failure. Looking at its annual working programmes one can not deny a lack of ambition from within the agency. And indeed a reasonable number of policy initiatives have been developed over the past few years. However, the more difficult terrain of getting concrete and substantial projects off the ground - for example in the area of armaments cooperation - has so far shown limited progress.

Much of its first years the EDA has spent on organisation building and mapping out strategies with leading politicians, bureaucrats and industry, from a perspective of incremental progress in a few targeted areas. While of course there is logic behind such an approach, given that that the agency had to start from scratch and especially with all sensitivities around developing common defence policies, it has also been noted that its approach might result in “paralysis by analysis”.<sup>26</sup>

<sup>24</sup> Quoted in “Renata Goldirove, “EU defence ministers give boost to military spending”, EUObserver.com, 20 November 2007

<sup>25</sup> “Council Guidelines for the Agency's Work in 2009”, 15442/08, 10 November 2008

<sup>26</sup> see e.g. EDA Bulletin, February 2007, p.14

While it is beyond the scope of this paper to fully evaluate all of the agency's work, a few areas of work will be shortly dealt with here.

To show the agency's potential EDA chief Witney stressed the need for "substantive work" and "some good early progress to demonstrate momentum of the enterprise", conscious of "many examples of previous organisations that were launched with high hopes and where people have often quite quickly become rather disillusioned and taken the view that no results are forthcoming and then they lose interest."<sup>27</sup>

### **Codes of Conduct**

One of the agency's first claims of success was the voluntary Code of Conduct to open up the European defence procurement market, allowing for more cross-border competition, to come into effect from July 2006; a development running in tandem with the European Commission's then Green Paper initiative preparing for Community legislation on the same issue (more on this below under 'External relations').<sup>28</sup> The code should keep governments accountable for any use of article 296 of the EU Treaty, exempting defence procurement from competition rules for reasons of national security – including the protection and sustainment of a national arms industry.

While seen by some as a psychological breakthrough and a development unthinkable only a few years ago, implementation and therefore real success has proven more difficult. The accompanying Electronic Bulletin Board (EBB) on the EDA website for governments to publish tenders and for contractors to open up to subcontractors, can only be labelled a partial success from the perspective of increased transparency of the different national procurement processes. Whilst a reasonable number of tenders have been notified through the EBB; seven EDA members have not yet published tenders so far. Up until February 2009 399 contract opportunities have been published, of which 182 have been awarded "under open competition rules at a total estimated value of 2.7 billion Euros".<sup>29</sup>

In terms of changed behaviour in opening up competition to foreign suppliers, any difference has been marginal at best. The vast majority of especially larger orders are still being awarded nationally. Between July 2006 and February 2009 only 42 EBB-published tenders had been awarded to non-national suppliers.<sup>30</sup> There is much reason to doubt whether that number is any higher than would have been the case without the

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<sup>27</sup> Robert Wall, "Catalyst for Cooperation", Aviation Week & Space Technology, 27 June 2005

<sup>28</sup> Brooks Tigner, "EU Opens Markets – To EU Members", Defense News, 25 April 2005; EDA Steering Board Decision No.2005/03 (European Defence Equipment Market); "Brief – EDA push for intergovernmental approach gets green light", Euractiv.com, 3 March 2005

<sup>29</sup> Julian Hale, "Interview - Arturo Alfonso-Meirino, Industry and Market Director, European Defence Agency", Defense News, 16 February 2009

<sup>30</sup> Julian Hale, "Interview - Arturo Alfonso-Meirino, Industry and Market Director, European Defence Agency", Defense News, 16 February 2009

Code of Conduct. Significantly, the EDA blames industry itself for this limited number of cross-border contracts.<sup>31</sup>

For the same reasons it is doubtful whether the other recently introduced non-legally binding Code of Conduct on Offsets will yield much results. Offset policies are enforced by countries that want to build up or sustain their existing, often more limited, defence related industry. These policies exist in many forms but always oblige suppliers to ensure that a certain amount of their contract value is compensated through counter contracts to the local – preferably defence – industry.

The offsets code that will enter into force by 1 July 2009 aims both to increase transparency in the use of offset policies and to gradually reduce the use of them “whilst ensuring the right balance between developing the EDTIB [European Defence Technological and Industrial Base - FS] and the need to achieve a level playing field in the European and global defence market”.<sup>32</sup>

It should be assumed though that offset policies will remain in place for as long as much of the arms industry is concentrated in a few countries and most smaller producing countries will continue to consider their own limited defence industry a strategic asset and therefore consider offsets an important instrument to keep it alive.

### **Cooperation**

More realistic, but still problematic, is the EDA’s potential to be a matchmaker in the area of European defence research and technology programmes as well as a coordination agency for common procurement programmes (see also below about OCCAR in the External relations section). Currently it is trying to get off the ground projects around air-to-air refuelling, air transport and helicopters. Progress and success will have to be proved in the next few years.

EDA has already learned from earlier obstacles how difficult this may be. Aiming for a united European land vehicle sector, the EDA had ambitiously set out to try and rationalise the high number of current and future requirements, suggesting both a lot of overlap and too many different producers making the same systems. “Is it satisfactory for EU members to run 23 different national programmes for acquiring new armoured fighting vehicles?”, Javier Solana rhetorically asked in an op-ed in the Financial Times.<sup>33</sup> Four years later little has been heard about the plans to consolidate the vehicle sector and its procurement programmes, as practice proved too difficult for quick results.<sup>34</sup> “The train has left the station, but there are still a number of political and budgetary problems to solve”, according to an unnamed EDA source with much sense of

<sup>31</sup> Gerrard Cowan, “Industry is to blame for lack of cross-border bids, says EDA”, Jane’s Defence Weekly, 29 October 2008

<sup>32</sup> “The Code of Conduct on Offsets”, EDA, 24 October 2008

<sup>33</sup> Javier Solana, “Europe should pool its defence resources”, Financial Times, 23 May 2005

<sup>34</sup> See also Nicholas Fiorenza, “From many, one”, Defense Technology International, July/August 2006

understatement.<sup>35</sup> Less ambitiously now, the EDA tries to foster vehicle-protection technology projects.<sup>36</sup> It is part of a handful of research initiatives have been funded through national contributions of participating countries over the past five years. Most significant are a series of projects under the umbrella of Force Protection for which 55 million Euros has been made available by 19 participating countries.<sup>37</sup>

## Space

One of the more recent efforts of the EDA has been in the area of military use of space, as it is now identified as one of the key issues in the process of increasing European military capabilities. This was stressed in the December 2008 'Implementation report on the European Security Strategy:' "For military missions, we must continue to strengthen our efforts on capabilities, as well as mutual collaboration and burden-sharing agreements. Experience has shown the need to do more, particularly over key capabilities such as strategic airlift, helicopters, space assets, and maritime surveillance [...]. These efforts must be supported by a competitive and robust defence industry across Europe, with greater investment in research and development. Since 2004, the European Defence Agency has successfully led this process, and should continue to do so."<sup>38</sup>

On the use of space, the 2006 EDA 'Long-term vision' already noted: "Future forces need to be able to graduate and vary the application of force as necessary, and in accordance with legal and political constraints. Therefore, future capabilities may also effectively incorporate such nonkinetic capabilities as computer network attack, electromagnetic or directed-energy, **offensive counterspace** [bold by author], military deception and psychological operations."<sup>39</sup> Also, "the preparation and conduct of future EU led operations will require continued consideration of space related aspects, such as communication, and the detection and identification of potential threats in advance of an appropriate response."<sup>40</sup>

After "months of sensitive and sometimes difficult negotiations"<sup>41</sup> the EDA has recently reached agreement with the governments of Belgium, Germany, Greece, France, Italy and Spain to make their MUSIS (Multinational Space-based Imaging System) initiative an EDA project, setting up a procurement unit and liaising with the European Space Agency (ESA) and the Commission.<sup>42</sup> EDA-ESA relations have increased substantially

<sup>35</sup> Brooks Tigner, "EDA Officials Foresee Joint Progress on Armored Vehicles", 9 October 2006

<sup>36</sup> Brooks Tigner, "EDA, Industry To Study Active Protection for AFVs", Defense News, 5 March 2007

<sup>37</sup> "EDA To Launch Research Effort", Defense News, 14 May 2007

<sup>38</sup> Council of the European Union, "Report on the Implementation of the European Security Strategy – Providing Security in a Changing World", Brussels, 5 December 2008

<sup>39</sup> European Defence Agency, "An Initial Long-Term Vision for European Defence Capability and Capacity Needs", Brussels, 3 October 2006, p.18

<sup>40</sup> Ibid. p.26

<sup>41</sup> Brooks Tigner, "EDA set to oversee MUSIS collaboration", Jane's International Defence Review, April 2009

<sup>42</sup> Julian Hale, "EDA To Set Up Satellite Communications Procurement Cell", Defense News online, 9 March 2009; Julian Hale, "6 EU Nations To Develop Satellite System by 2015", Defense News online, 6 March 2009

with, for example, monthly meetings between EDA chief Alexander Weis and ESA director Jean-Jacques Dordain to see how the two agencies can cooperate.<sup>43</sup>

### External relations

The agency's main stakeholders include the Council and the Commission as well as third parties such as OCCAR<sup>44</sup>, LoI/FA<sup>45</sup> and NATO.<sup>46</sup> The Agency has a special relationship with Norway, through an "Administrative Arrangement". Of course industry plays a key role as well (more on that below). While relations with NATO have not been smooth in terms of fear of competition and overlap; with other players more solid bonds have been built.

One of its first concrete results was the EDA's take-over in April 2005 of the WEAG<sup>47</sup> and WEAO (Western European Armaments Group and Organisation respectively) activities,<sup>48</sup> WEU (Western European Union) heritage that had never been able to really prove its right to existence. Then head of the WEAG secretariat forewarned in 2003: "It's imperative that we learn from 25 years of failure in armaments co-operation. [...] The long IEPG and WEAG experiences have shown that it is not enough to have political will at the highest level to create co-operation. The specific rules under which international bodies are set up are crucial. The devil is on the detail. Will we be 'third time lucky'? Any new armaments agency will only be successful if it receives executive powers it needs and if the real tasks are relinquished by national governments."<sup>49</sup>

The EDA has long seen OCCAR as a complementary sister organisation which it might take over in due time. OCCAR has not been able to show much potential in its 12 years of existence. Originally a French-British-Italian-German initiative for closer cross-border arms cooperation<sup>50</sup>, OCCAR's currently seven commonly managed programmes show at least mixed results. In particular the A400M transport aircraft and the Boxer armoured vehicle have a history of delays, cutbacks and increased costs. Recently the EDA announced an "administrative arrangement" with OCCAR, which might be a first step to merging their activities.<sup>51</sup>

<sup>43</sup> Robert Wall and Michael Taverna, "Lifting Europe", Aviation Week & Space Technology, 17 November 2008. Also see: Robert Wall, "Forming new links", Aviation Week & Space Technology, 19 February 2007

<sup>44</sup> Organisation Conjointe de Coopération en matière d'Armement; see <http://www.occar-ea.org>

<sup>45</sup> The 6 July 1998 Letter of Intent concerning "Measures to Facilitate the Restructuring of European Defence Industry" of 1998 resulted in the signature of a Framework Agreement on 27 July 2000 by France, Germany, Italy, Spain, Sweden and the UK.

<sup>46</sup> See article 25, Council Joint Action 2004/551/CFSP of 12 July 2004 on the establishment of the European Defence Agency

<sup>47</sup> Successor to the Independent European Programme Group

<sup>48</sup> European Defence Agency Steering Board Agrees Transfer of WEAG/WEAO Activities to EDA Brussels, Press Release, 22 April 2005

<sup>49</sup> Francis Gevers, "Europe's future armaments agency: is it doomed to repeat the past?", Opinion, Jane's Defence Weekly, 10 September 2003

<sup>50</sup> Later joined by Belgium (2003) and Spain (2005)

<sup>51</sup> Julian Hale, "EDA Hopes To Set Tie-up With OCCAR by November", Defense News online, 3 April 2009

Probably most significant in the area of cooperation with stakeholders however, have been the most recent European Commission's steps of complementing and reinforcing the EDA's efforts towards a borderless, more competitive market for the defence industry. The Commission's so-called defence package, consisting of two related directives, was finalised in late 2008.<sup>52</sup> One directive should ensure more competitive procurement by member states, the other outlines a new regime under which intra-community transfers of military goods will be greatly simplified in terms of export controls. Civil society organisations have rightly argued that the latter directive undoes much progress that has been made over the past years in the area of transparency on arms exports. More importantly they have also warned that such a directive might lead to a process of weapons leaving EU territory through countries that maintain less restrictive interpretations of the commonly agreed criteria on arms exports, as licence applications are decided upon by national governments.<sup>53</sup>

Effectively the defence package will make the earlier six-country LoI Framework Agreement, an EU-wide policy. While the six had so far shown little success in achieving more streamlined production and export cooperation, Brussels seems confident that a Union-wide arrangement will prove different. Significantly, industry has also voiced a number of concerns, e.g. a potential lack of private and public research funding at a time when competitiveness and cross-border procurement will be pushed more. "Will companies invest in R&D if they cannot be confident of winning the resultant production?", said François Gayet, then secretary-general of ASD (the AeroSpace and Defence Industries Association), the arms industry's European lobby umbrella.<sup>54</sup>

From the start the Commission has stressed the need for close cooperation with the EDA. "The EDA should become a political catalyst to help defence ministers do things they haven't been able to accomplish individually", the head of the security policy unit of the Commission's directorate for external relations said in 2004 to a closed gathering of EU and industry officials.<sup>55</sup> The EDA and the Commission foster a number of common goals, especially around a European defence market and in the area of security

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<sup>52</sup> Proposed in December 2007 ("Commission proposes new competitive measures for defence industries and markets", Commission press release IP/07/1860, Brussels, 5 December 2007; see <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1860> (accessed 16 April 2009), the Directive was approved by the EP in December 2008 ("Barriers removed from EU market for defence equipment", Commission press release IP/08/1981, Brussels, 16 December 2008; see <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1981&type=HTML&aged=0&language=EN&guiLanguage=en>; accessed 16 April 2009). It should be noted that the intra-community transfers directive was launched with a lot of propaganda, exaggerating the amount of money 'lost' through 'unnecessary' red tape for such transfers: around 3 billion euro annually, as the Commission claims. This was a ridiculous and untenable amount based on a badly constructed case that, according to the Dutch government, did not reflect the costs attributed to the Netherlands.

<sup>53</sup> See e.g. "Comments on The Consultation Paper on the Intra-Community Circulation of Products for the Defence of Member States", by ENAAT (European Network Against Arms Trade), March 2006; "The Intra-Community Circulation of Products for the Defence of Member States - Saferworld submission to the European Commission Consultation Paper", June 2006

<sup>54</sup> Julian Hale, "EU Procurement Directive May Put Companies Off R&D Investment: Group", Defense News, 26 January 2009

and defence research, with Javier Solana and Commission vice-president and enterprise and industry commissioner Günter Verheugen providing the necessary political weight to get their plans off the ground.

### **Industry**

Of course industry is a key EDA stakeholder too, closely involved with the EDA's proceedings. From day one industry has paired scepticism with hope that this time the prospect of a stronger European industry would indeed materialise.<sup>56</sup>

The day after the EDA received approval from the EU foreign ministers, the CEOs of the three largest European arms companies - BAE Systems, EADS and Thales - published a full-page advertisement in two leading European papers, including an open letter urging the EU to boost its military spending.<sup>57</sup> In the advert the three claimed that:

"Industry in Europe is under enormous competitive pressure from the United States. With US defence R&T investment running at around eight times that of Europe's fragmented total and with substantial growth in the Pentagon's vast procurement budget in a heavily protected national market, American industries are reaching new heights. While it is not the wish of Europe's elected governments or of industry to develop a Fortress Europe, it is equally not their wish to see indigenous defence technology overtaken or dependence on foreign technologies become a necessity, especially where technology transfer terms are very restrictive. Again [...] the Agency has a vital role to play."

They went on to assert that to prevent the EDA becoming another "fig leaf to cover the nakedness of any real efforts to improve European defence", EU member states should demonstrate real commitment "by addressing their [national] defence budgets". It did not take long before industry started complaining openly about the EDA "not moving quickly enough to help lower trade barriers and coordinate research efforts", as Thomas Enders argued - then EADS CEO as well as president of the Brussels based ASD lobby group.<sup>58</sup>

Over the past five years industry has been actively involved in EDA's conferences, workshops and other meetings, often as part of an EDA-Commission-industry tandem delivering keynote speeches, often through its mouthpiece ASD.

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<sup>55</sup> Brooks Tigner, "Agency May Drive Real Change in EU Defense Efforts", Defense News, 13 September 2004

<sup>56</sup> E.g. see Heather Timmons, "Europe Warms to Idea of Unified Military Agency", New York Times, 22 July 2004

<sup>57</sup> "The new European defence agency - Getting above the clouds", Dennis Ranque (Thales), Philippe Camus (EADS), Rainer Hertrich (EADS) and Mike Turner (BAE Systems), 15 June 2004. *Le Figaro* and the *Frankfurter Allgemeine Zeitung* had one-page advertisements with the complete letter, while the *Financial Times* and *The Independent* featured extracts.

<sup>58</sup> Martin Agüera, "Execs Blast EU Defense Agency's Slow Start", Defense News, 7 November 2005

So far however the EDA has not been able to create the “Airbus effect” of European cross-border industrial cooperation that some had hoped to see happening through the agency, being a catalyst for greater industry cooperation.<sup>59</sup> But industry also knows that the EDA cannot give what it wants: most defence contracts will continue to be rewarded by national governments for the foreseeable future. As then ASD president-designate and Saab CEO Åke Svensson observed: “We see no commonly defined European interest in defence R&T, and national research programmes are mostly closed off to cross-border participation because they are considered investment in national competitiveness only”.<sup>60</sup> Despite an EDA joint strategy endorsed by its participating defence ministers, adopted in 2007, Svensson’s observation is likely to remain relevant for a long time.

### Hidden agendas

Similar sounds on the defence budget have come from the Agency itself, not least through its head Javier Solana, who has continuously propagated the mantra that we should spend more and more efficiently on defence. Despite obvious sensitivities regarding US defence policies under George W. Bush, the determined euro-militarist saw no problem in mirroring Brussels to Washington in terms of military spending – by far the world’s highest in absolute terms<sup>61</sup>; by far NATO’s highest in terms of GDP.<sup>62</sup> One of numerous examples is this quote from a Solana speech in Berlin in January 2007:

“We need to spend more and to spend better. Only a handful of Member States’ defence spending is over two per cent of gross domestic product (GDP). Furthermore, the United States defence budget is more than twice the aggregate of European defence spending – and over 30 per cent of it goes on research and equipment. In Europe, we invest less than 20 per cent of our spending in that way. Consider research and development, and the mismatch is even worse. Defence research and development spending by European governments is now only about one-sixth of what the Pentagon spends. No surprise, then, that North America holds five times as many aerospace and defence patents as Europe!”<sup>63</sup>

It illustrates the militarist line of thinking, which like NATO for years has targeted national defence spending at a minimum two percent of GDP. Not only is this unrealistic in the current European economic context, there is no case either to support this politically. If the rationale behind European military cooperation is more efficient use of scarce means - for example less duplication in procurement through increased use

<sup>59</sup> Besides, with mounting problems around the A400M - the Airbus military transport aircraft – and Airbus in general, the presumed positive connotation has largely vanished

<sup>60</sup> Brooks Tigner, “EDA To Push for Borderless EU Defense Tech Base”, Defense News, 12 February 2007

<sup>61</sup> SIPRI, “The 15 major spender countries in 2007”;

[http://www.sipri.org/contents/milap/milex/mex\\_major\\_spenders.pdf](http://www.sipri.org/contents/milap/milex/mex_major_spenders.pdf) (accessed 16 April 2009)

<sup>62</sup> “Nato-Russia Compendium Of Financial And Economic Data Relating To Defence”, 20 December 2007; <http://www.nato.int/docu/pr/2007/p07-141.pdf> (accessed 16 April 2009)

<sup>63</sup> Address by Javier Solana at the European Security and Defence Policy Conference, Berlin, 29 January 2007

of pooling of capabilities – less, rather than more spending would be the logical – and only feasible - outcome. While the EDA appears to understand this reality and therefore always emphasizes the efficiency angle when promoting its case, closer scrutiny reveals the agency's real face, aiming for European military cooperation based on more money and more power.

### **Conclusions**

Created in 2004 to bolster the European Union's growing military ambitions, the European Defence Agency (EDA) has since developed a number of initiatives, from common research and development projects to opening up the relatively closed military market. While some might be called groundbreaking in a European context, they are still mainly symbolic and need to prove real substance in the future.

The EDA has certainly developed as a key player, sometimes even a catalyst, in the broader area of parallel developments within the European Security and Defence Policy (ESDP) domain. However it may take at least another five years to properly judge its real added value and its potential as a cornerstone in the process of an increasingly militarising role for the European Union. Structurally diverging national interests, especially in areas of procurement and defence industry policies, however will continue to impede its planned progress. Probably most potential for the EDA will lay in fostering and coordinating defence research and production cooperation programmes; and trying to build bridges between the Commission, national governments and industry.

While industry reactions have been mixed so far, it can certainly not complain about its easy access to and close involvement in the planning of the work of the EDA. Crucially important and most worrying however is that much of the work of the EDA – as well as most ESDP developments – are happening mostly outside the view of the wider general public. The EDA has so far remained largely remained invisible and unknown to most people.

The lack of voters' support for a stronger military role for the Union may however undermine its right to exist in the long term. Popular rejection of the Constitutional Treaty and the Lisbon Treaty through referenda are said to have negatively influenced its pace of work. In a wider sense and therefore more importantly it has also shown the ambiguity and widely diverging, often negative views of European citizens on the current state and proposed future of Europe, including its rapidly developing security and defence policies. Therefore, continuing on the road to further military integration within the EU – including with its special role for the EDA - risks further undermining the legitimacy of and trust in the wider European project.