



TRANSATLANTIC SECURITY NOTES & COMMENT

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Shortsighted Squabbling: The JSF Debate

During the past month the UK Ministry of Defense has had an uncharacteristically blunt disagreement with the U.S. defense establishment over its continued participation in the Joint Strike Fighter (JSF) program. At issue are the funding of a second (Rolls-Royce – General Electric) engine supplier arrangement and U.S. unwillingness to share the source codes for the fighter's integrated avionics and mission software suite. This very public dispute highlights the depth of frustration inside Europe over the U.S. approach to defense cooperation and has led many to assume that the JSF consortium is on the verge of collapse. But the stakes for the United States and its partner nations are simply too high to allow this to happen.

Some of the recent clamor for more technology sharing can be attributed to the fact that by late 2006, all JSF partners will have to finalize both funding commitments for the next round of program development and their initial production orders. Countries understand that once they sign their memorandums of understanding, they lose some of their leverage so they are positioning now to cut the best possible deals with Lockheed Martin, the JSF program prime contractor, before commitments are finalized.

In the background, however, larger issues are at play. There was a fundamental mismatch between U.S. and its partners' motivations for

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Welcome to the first edition of Transatlantic Security: Notes and Comments.

Welcome to the first edition of Transatlantic Security: Notes and Comments. With such a large number of common international security challenges (including terrorism, the proliferation of WMD, failed states and humanitarian catastrophes) and a limited number of capabilities and institutions with which to address them, the need for dialogue, analysis, and exchange on transatlantic security is growing. Building on its in-house expertise and ongoing projects, CSIS is launching this monthly newsletter in an effort to provide policymakers, journalists, business leaders and scholars with insights and analysis on a wide range of transatlantic security and defense issues.

Each publication of the newsletter will include at least two analytical articles, a small section on recent developments and one or two editorial pieces all authored by CSIS scholars. This month's newsletter focuses on research and technology spending in Europe, the current transatlantic debate over the Joint Strike Fighter Program, the planned EU mission in Congo and French President Jacques Chirac's recent speech on his country's nuclear posture.

We hope that you will find these pieces of interest and we welcome your feedback.

Julianne Smith

Editor and Senior Fellow, International Security Program

EU Soldiers Prepare to Deploy to African Continent

After much heated debate, the European Union recently clarified its plan to respond to a UN request for aid in ensuring fair elections in June in the Democratic Republic of Congo. The EU will send approximately 1,500 troops to augment the overstretched 17,000-troop UN mission, with Germany serving as the lead nation. While the EU should be applauded for responding positively to the UN request, the controversy surrounding the mission illustrates the continuing challenges Europe faces in conducting missions outside its borders.

When the UN first issued its request, EU member states responded with a long list of reasons the mission would be either too complicated or outright impossible. Politicians across Europe rightly asked if stationing 500 troops in a city of 9 million was wise and whether such a small force could be anything more than a symbolic gesture. There were also questions about the dangers associated with the mission and whether European troops would be adequately equipped and trained to respond should the crisis escalate. In addition, there were claims—particularly from the Germans, the British and the French—that their militaries were too overstretched with existing operations in Afghanistan, Iraq and the Balkans to contribute to new missions. Finally, German political leaders got entangled in a fierce constitutional debate about whether or not the German government could commit troops before parliamentary approval.

Supporters of the mission have asked skeptics to look back at the "Artemis" operation, when a small number of troops from the French Foreign Legion managed to do more in 24 hours than UN peacekeepers from Uruguay had achieved in weeks. Military leaders have also assured European publics that the soldiers in Congo will have a clearly articulated and narrowly focused mission: securing the Kinshasa airport and

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providing security for international observers. And while the Germans were initially hesitant to commit anything more than logistical support, German military leaders now claim that they do indeed possess enough troops to play a leadership role (although the German Bundestag still has to approve the mission next month). All three of these arguments have done much to counter European hesitation to commit to the mission.

What does this series of events tell us about the EU and its nascent European Security and Defense Policy? First and foremost, it highlights the resistance that European political elites face from their publics when it comes to committing troops to overseas missions (even small and short-term ones). Second, it demonstrates that severe shortfalls still exist in the area of expeditionary capabilities. If a mission of 1,500 troops stands to overstretch the militaries of the EU member states (which combined have more troops than the United States), then European nations have not yet succeeded in meeting their deployability targets. On a somewhat more optimistic note, however, the debates over the mission in Congo also show the EU's determination and willingness (albeit reluctantly) to take on missions independently of NATO and the United States.

To be sure, the Congo deployment will not be the conclusive test of ESDP. It could, however, assuming it actually takes place, provide much-needed stability in the Congo, contribute to a successful election and provide valuable operational training for EU forces that specialize in reconstruction and stability missions. - JS and JW

Spending Better By Spending Together: Collaborative European Defense R&T

On March 6-7, European Defense Ministers met in Innsbruck to discuss Javier Solana's strategy of "Spend more, spend better, and spend together" on defense. Convening as the European Defense Agency's Steering Board, they took another few steps down the difficult road towards bridging the gap between European defense strategies and European defense capabilities.

They know that spending more on defense will probably not be a popular alternative at home, especially at a time when healthcare and pension programs are biting off an increasingly larger piece of the budget pie. They also know that larger defense budgets do not necessarily bring about improvements in defense capabilities. In the U.S., for example, an investment of over \$3 billion – an amount higher than the annual defense procurement budgets of most European countries – on systems that counter improvised explosive devices has until now failed to solve the problem in Iraq.

Spending better at the national level may also prove easier said than done. While some European governments have initiated military downsizing and modernization programs by doing away with weapons systems such as submarines, heavy artillery and main battle tanks; streamlining their militaries' command structures; reducing the numbers of defense personnel; and closing or consolidating military bases, most have shied away from such efforts. Even in the few cases where this was done, the outcomes were rarely more than an additional battalion for expeditionary operations here or a few tactical unmanned aerial vehicles there. The new capabilities required are simply too complex and too expensive for any one country to afford.

Spending together is the only way for Europe to develop and acquire the defense capabilities it needs. Moreover, spending together *is* spending better *and*, indirectly, spending more due to economies of scale and a reduction in duplicative efforts.

Solana's new slogan for European defense investments should therefore be: "Spend better by spending together".

Any approach to collaborative European defense efforts must be based on a more explicit discussion and accounting of national interests, perspectives, strengths, and constraints.

Strategies must be laid out that coordinate the efforts of individual European countries, the European Union and NATO to create an enhanced set of collective defense capabilities. These strategies must include: developing more compatible visions of Europe's future defense needs and the military doctrines and capabilities required to meet them; pooling of national resources; specialization by some countries in niche capability areas that make high-value contributions, and a new mechanism for collaborative research, development and procurement of priority military capabilities within clusters of countries.

One area where this set of strategies is particularly applicable is that of defense R&T. Currently, it is plagued by fragmented demand, intra-European regulations such as *juste retour* and the exemption of defense products from Common Market trade rules, and disagreements regarding future defense requirements. As a result, only five percent of Europe's defense R&T efforts are undertaken collaboratively. Adopting a combination of coordinated visions, pooled resources and clustering can leverage Europe's considerable innovation potential.

Coordinated visions: All of the key multinational entities in European defense-related R&T are currently formulating or updating their long-term strategies. The European Security Research Advisory Board (ESRAB), established in March 2005 and consisting of security policymakers, academics and industrialists from around Europe, is working on a long-term security research strategy for the EU. This strategy will be based on experience gained in the ongoing efforts of the European Commission's (EC) Preparatory Action in the field of Security Research (PASR), and will be implemented as part of the

Security and Space Thematic Priority of the 2007-2013 Framework Program. In parallel, the EDA's R&T Directorate is preparing a detailed proposal for a European defense R&T strategy that will identify key emerging technologies that meet Europe's military needs. Lastly, NATO's R&T Organization (RTO) is implementing and updating its R&T strategy, approved in December 1999. While coordination mechanisms between the EDA and EC strategies are being put in place, no substantial ones exist between the RTO and the EDA or the EC, and this must be remedied. No less important will be coordination mechanisms with national defense R&T strategies.

Pooled resources: The EC's PASR is a first example of a European funding pool for security-related R&T. With €65 million for three years (2004-2006), it is by no means a large collaborative investment. Its main purpose, however, is to pave the way for a series of collaborative security and space R&T initiatives to be funded under the 2007-2013 Framework Program. For this period, a budget of approximately €3.5 billion is envisioned. At the same time, EDA Chief Executive Nick Witney has presented his plan for creating a funding pool for collaborative defense R&T to the EDA Steering Board, thereby laying the groundwork for the decisions needed on the matter at the upcoming European Council meeting in June. In the meantime, the EDA has gotten its feet wet in the collaborative R&T world by funding two studies related to long-range UAVs: one for communications links, another for "sense-and-avoid" systems. Meanwhile, the NATO RTO, which does not undertake or fund its own R&T programs, produces reports, provides advice to nations, and coordinates a network of experts that can directly influence national decisions. It can and should be an important actor in pushing forward the idea of pooled resources for multinational R&T efforts.

Clustering: Collaborative R&T activities take place in clusters – geographic or virtual concentrations of interconnected firms and institutions working towards a common goal. They may take the form of research consortia or joint ventures, public-private partnerships, or networks of excellence. Their objective may be generic research, the development of a specific product or process, or setting technical standards. To be effective, they must include participants that draw together all the necessary core competencies. In the case of European defense R&T, these participants must provide not just technical expertise from industry, academia and government, but also operational military experience, long-term commitments by national governments and experience in collaborative past military and R&T efforts. Yet to date, the ability to form country clusters is the weakest link in Europe's collaborative defense R&T efforts. Efforts undertaken via such entities as the Independent European Program Group (IEPG), the Western European Armaments Group (WEAG) and the Letter of Intent (LoI) process, have not had the impact that was hoped for. The EC possesses the most experience in funding and coordinating R&T clusters, but lacks the expertise – and the mandate – to deal with purely military capabilities. A new institutional context must be found within which country clusters for collaborative defense R&T can be generated and coordinated.

More collaborative defense R&T is not, in and of itself, a guarantee of better European defense capabilities, but it will be a huge step in the right direction. A positive response to such efforts from EU defense ministers at their next meeting – and, more importantly, an allocation of resources by national governments – is crucial if member states are to fulfill the vision of the European Security Strategy: "A secure Europe in a better world." - GBA

France's Strategic Ambiguity?

Most of the recent dialogue between Europeans and Americans has undoubtedly been focused on the ongoing nuclear negotiations with Iran. While Iran insists that its nuclear program is intended exclusively for energy purposes, countries on both sides of the Atlantic have significant reasons to believe otherwise. The situation is profoundly disturbing, as many are concerned that it could spark a wave of nuclear proliferation across the Middle East. While these possible developments might not pose a *direct* threat to continental Europe, the possibility of miscalculation and of Iran selling its nuclear technology could certainly create an unstable regional security environment on Europe's doorstep.

How are the transatlantic partners preparing their security postures to face this seemingly intractable problem? An important clue can be found in a January 19, 2006 speech by French President Jacques Chirac. Delivered at a major nuclear infrastructure site, Chirac articulated an enduring role and vision for the French *force de frappe*. While continuing a trajectory of force reductions ongoing since the end of the Cold War, French strategic forces could be used in contingencies involving state sponsorship of terrorism, threats to other European partners and allies and threats to strategic supplies. These roles are in addition to deterring threats to French sovereign interests and territory.

There has been some speculation that the speech was intended to bolster domestic and fiscal support for a nuclear deterrent force that comprises 10% of French military expenditure. But more questions were raised by the statement than answered. It is unclear what is meant by safeguarding strategic supplies in conjunction with nuclear forces. Furthermore, given the context and timing of the speech, many are left wondering whether the French government was sending a signal to the Iranian regime that it will not tolerate state sponsorship of nuclear terrorism. The larger question is whether indicating the enduring relevance of French strategic forces makes its negotiating position with Iran more tenuous. Whether this signal is ultimately beneficial or harmful to the negotiations – and the international nonproliferation regime more broadly – remains to be seen. - KM

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entering the JSF program. U.S. goals for the program grew out of the tight U.S. defense spending conditions of the 1990s and the operational experiences of Desert Storm and Bosnia. The United States also wanted to develop an affordable, front-line, multi-role fighter that could leverage DoD's growing investment in network-centric warfare while maintaining a modest degree of interoperability and shared logistics costs with allies. Splitting the up-front development costs, establishing a built-in backlog of 600-700 international orders on top of U.S. requirements and forcing partner country companies to compete for workshares instead of receiving fixed allocations seemed an ideal way to meet JSF objectives.

The partner countries, however, signed up to JSF for essentially industrial base reasons. It is easy to see how European governments justified this commitment and expense in terms of jobs and technology transfer when one reviews partner government announcements of JSF participation in the 2001 – 2002 period. Though partnership did not guarantee a fixed amount of industrial participation, it bought each participant "a seat at the table" to bid and influence decisions.

The JSF program has continued to be attractive to international partners for two very important industrial base reasons: size and timing. In terms of size, JSF dwarfs any other domestic or multinational defense program the partners are involved in. The Eurofighter is the next largest program at \$60 billion, resulting in about 620 aircraft. JSF is a \$260 billion effort spread over an estimated 4,000 – 4,500 aircraft and this does not include potential maintenance and upgrade contracts down the road. Even a small slice of such a large pie is economically significant. In terms of timing, JSF is ramping up production as the Eurofighter production is ramping down towards 2013-2015. Without JSF development work, The Netherlands, Canada, Australia and Denmark are effectively out of the advanced military fighter systems market. After the Eurofighter, the UK, Italy and Norway are out of the new fighter business and relegated to servicing older planes. There are no other manned tactical aircraft programs in development. Unmanned Aerial Vehicle research accounts for only a fraction of the funding and jobs that manned aircraft programs provide. This means that JSF participation is the primary reason each country's defense aviation industry remains in cutting-edge aeronautics development and, most importantly, in existence.

The industrial aspirations of the international partners are understandable. But so is U.S. reluctance to share its most advanced fighter technologies when one remembers that affordability – not technology sharing – has always been its primary JSF objective. In the interests of finding a middle ground, a measured increase in U.S. technology sharing on JSF would ease the international partners' operational sovereignty concerns while building up their capabilities to assist the U.S. in future coalition operations. Conversely, the international partners need to recognize the limits of what technologies the U.S. can and will share given its technical lead and disproportionate share of investment in this project and to modify their demands accordingly. Failing this, Europe and the United States risk losing a project that stands to benefit armed services and industries on both sides of the Atlantic. - DS

Recent Developments

- **The EU will not remove its arms embargo on China until more progress is made on human rights, rule of law, and democracy issues in the country** according to European Commission President Jose Manuel Barroso who spoke on the matter during his visit to Japan on April 21, 2006.
- According to German Defense Minister, Franz Josef Jung, **Germany will double its peacekeeping troops in the next nine months.** It currently has 7,500 troops deployed on missions in the Balkans, Afghanistan, and the Horn of Africa.
- On February 23, 2006, **U.S. and UK forces collaborated in an effort to test the safety and reliability of the U.S. nuclear stockpile**, alluding to possible British intentions to replace (or redesign) their Trident missile systems.
- NATO Deputy Secretary General Minuto Rizzo traveled to Leipzig, Germany, on March 23, for a ceremony to **mark the entry into force of a multinational contract on a Strategic Airlift Interim Solution.** This contract seeks to provide a short-term solution to lift capability inequities within NATO.
- **Avian flu fears have forced the Tower of London ravens into a protected enclosure.** According to legend, should the ravens die, the White Tower will crumble and the Kingdom of England will fall.

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