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**European Defence Policy:
The Debate on the Institutional Aspects**

June/July 1999

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Introduction

With the agreements at the Cologne summit on 3-4 June 1999, European leaders have undertaken a decisive step forward in the development of a common security and defence policy which may become the next important integration project after the establishment of monetary union. Although the Heads of State and Government have postponed a formal decision on the issues involved up to the end of the year 2000, within less than nine months, from Pörtschach in late October 1998 to Cologne in early June 1999, a consensus has emerged on giving the Union a stronger role in international affairs through a strengthened CFSP backed up by credible military forces and appropriate decision-making structures (within the EU). European leaders also expressed their will to include defence policy institutions of WEU into the EU's CFSP pillar, whereby alternative options have been dropped such as developing the autonomy of WEU, the exclusive focus on ESDI within NATO, or the establishment of a fourth pillar within the EU.

The expression of this collective will on the issue of European defence marks a complete change in the debate on European defence. Only two years ago, within the framework of the IGC on the Amsterdam Treaty, a proposal of six Member States on the merger of WEU with the EU in three stages had failed to meet the support of all Member States. But how did this change come about? What are the interests and driving forces behind it? What are the next steps which need to be taken to achieve a workable European crisis management capability?

This paper will analyse the process leading to Cologne, including the aspects of converging and diverging national interests involved in the shaping of the institutional set-up of a European defence policy. It will then examine the results of Cologne and the difficult questions which still need to be tackled within a time of roughly one and a half years. Particular attention will be paid to the implications of injecting defence into the structures of the EU in terms of coherence between the first and the second pillar and the future role of EU institutions, notably the European Commission. Finally, the paper discusses two issues which have either not yet been put on the official agenda or rather vaguely addressed at Cologne, armaments cooperation and procurement as well as the problem of defence convergence.

I. The Road to Cologne

I.1 From Pörschach to Saint-Malo: The Interests of Britain and France

The breakthrough in the debate on European defence would have been unthinkable without the significant change of the British position, accompanied by a benign attitude of the US government. Officially, the debate started in an EU framework at the informal European Council meeting in Pörschach (24 – 25 October 1998), where Tony Blair gave an insight into the new British thinking on European defence. Aspects of this thinking had already become publicly known some weeks before.¹ In Pörschach, the British Prime Minister referred to the experience made in Bosnia and Kosovo and defined the situation of European foreign and security policy as “unacceptable” and marked by “weakness and confusion”.² He spoke about the need of the Europeans to have efficient and effective decision-making structures and appropriate military capabilities, including flexible and deployable forces for a credible underpinning of the CFSP. As far as institutional aspects are concerned he included the “variant” of the “possible integration” of WEU into the European Union. Since precisely that option had been strongly opposed by British governments over many years, British commentators spoke about the falling of the “Chinese wall” the UK had put up to resist any moves towards a stronger European role in defence policy.

The reasons behind the fundamental change of the British attitude are obviously fourfold³:

- ? The Blair government wants to see Britain playing a leading role in European affairs. This would mean setting an end to reactive or even blocking policies. In search for an area in which Britain could provide leadership, defence seemed to be one where the country has strength and, notably, a force projection capability by far greater than the respective capability of other EU Member States like Germany or Italy.
- ? The non-participation in monetary union, one of the most important new integration projects, implies a self-exclusion of Britain from decisions of the Euro-11 group, which has caused headaches in London. In search for a compensation of this deficit, defence seemed to be an area for a new integration project in which Britain could play a major role.
- ? Since the British Presidency, frustration has grown in Downing Street over the weakness of the CFSP in the unfolding Kosovo crisis. This has led to the conclusion that a European foreign policy needs a better and credible military underpinning.
- ? Finally, Downing Street – the Prime Minister – was deeply concerned about the awkward and complex decision-making for European military crisis management in the

¹ See Financial Times, 2 October 1998, p. 1, and The Times, 21 October 1998 (interview with Prime Minister Blair).

² See Agence Europe, no. 7330, 26/27 October 1998, pp. 4-5.

³ See Richard G. Whitmann, *Amsterdam's Unfinished Business? The Blair Government's Initiative and the Future of the Western European Union*, WEU Institute for Security Studies, Occasional Papers 7, January 1999; Charles Grant, *Can Britain Lead in Europe?*, Centre for European Reform (CER), London 1998, pp. 44-50.

EU-WEU-NATO triangle.⁴ Hence, the need was felt to streamline decision-making and rationalize EU-WEU structures.

Although the British ideas as presented by the Prime Minister in Pörschach, were still somewhat vague, they were well received by most Heads of States and Government. The view was generally supported at Pörschach that European crisis management would need better structures and military capabilities.

This view was also shared by the EU defence ministers at their informal meeting in Vienna on 3 – 4 November 1998. This first EU defence ministers meeting – outside of the EU framework – had been convened by the Austrian Presidency to discuss European defence policy issues. On the occasion of that meeting the British defence minister Robertson outlined four institutional options not to be seen as being mutually exclusive: creating a more distinct European dimension in NATO; reinforcing and reinvigorating WEU; merging some elements of WEU into the EU and associating other elements with NATO; integrating WEU into the European Union.⁵

Two weeks later, on 16-17 November 1998, the WEU Ministerial Council was held in Rome under Italian chairmanship. Although the Italian Presidency was very much in favour of integrating WEU into the EU, the Rome Declaration of WEU (as the organisation mostly affected by the the new thinking on European defence) was rather cautious on the issue. Ministers “noted with interest the lines of thought put forward by some Heads of State and Government and the new impetus given to the debate in Pörschach with a view to a fresh consideration of the issues of Common European Security and Defence”.⁶ However, Ministers agreed on initiating “a process of informal reflection on Europe’s security and defence” in which subsequently the Heads of the Security Policy Sections in the Foreign and Defence Ministries became involved.

The debate on European defence received an additional momentum by the Franco-British declaration issued at the bilateral summit in Saint-Malo on 3 – 4 December 1998. In their “Joint Declaration on European Defence” (on 4 December) both governments agreed that the Union “needs to be in a position to play its full role on the international stage” (point 1), that it needed “credible military forces (...) in order to respond to international crises” (point 2), that the Europeans would operate “within the institutional framework of the European Union (European Council, General Affairs Council, and meetings of Defence Ministers)” (point 2, para 3), and that a common defence policy should be developed in the “framework of the CFSP” whereby the “Council must be able to take decisions on an intergovernmental basis” (point 1). Moreover, they expressed their conviction that “the Union must be given appropriate structures and a capacity for analysis of situations, sources of intelligence and a capability for relevant strategic planning, without unnecessary duplication” (point 3) in relation to NATO. The Union should take “decisions

⁴ WEU had developed a flow chart on the decision-making process for crisis management which involves alone on the WEU-EU side 25 steps! See: Modus operandi for Article 17.3 of the Treaty on European Union, WEU unclassified, C(99)682 rev., annex 1.

⁵ See Agence Europe, no. 7336, 5 November 1998, p. 3.

⁶ Rome Declaration, Ministerial Council of WEU, Rome, 16-17 November 1998, point 2.

and approve military action where the Alliance as a whole is not engaged” and would also need “to have recourse to suitable means (European capabilities pre-designated within NATO’s European pillar or national or multinational European means outside the NATO framework)” (point 3).

In the sense of a compromise, the Saint-Malo declaration tried to bridge between the different approaches of France and Britain towards the issue of European defence. It was important for the French that the declaration included a statement that the “Union must have the capacity for autonomous action”, that not only Article 5 of the Washington Treaty but also Article V of the modified Brussels Treaty should be maintained, and that the EU would be able to use national or multi-national European means outside the NATO framework. The British, on the other side, were keen on stressing the link between the EU and NATO. Hence, the Joint Declaration also stated that the development of an EU defence policy would contribute “to the vitality of a modernised Atlantic Alliance which is the foundation of the collective defence of its members” (point 2, para 2), that the EU would only act “where the Alliance as a whole is not engaged” (point 3) and that the EU would need to draw on pre-designated NATO capabilities.

It was an open question whether both governments envisaged a merger of WEU with the EU when referring to the “existing assets of the WEU” with a view to building up appropriate structures and capacities in the EU. But both governments underlined firmly the intergovernmental nature of a common defence policy in the CFSP framework and made clear, on various occasions between Saint-Malo and Cologne, that Community institutions, the European Parliament and the European Commission, would have little or no role in the defence field.⁷

After Saint-Malo, the British had been blamed by the Americans for having gone too far in the Joint Declaration with the French, which, in turn, led to increased efforts on part of the British to convince the Americans that the time was ripe for an EU defence policy closely linked to NATO. The French, who were initially somewhat irritated about the unexpected change of the British position on European defence, remained sceptical and cautious about the nature of the British thinking and also the speed of the unfolding debate on European defence. In a number of statements, Defence Minister Richard made clear that France had no interest in a quick absorption of WEU by the EU, that WEU still played a useful role as a bridge between the EU and NATO.⁸ He also underlined that he did not prefer to speak of “integration” when debating the future of the WEU – EU relationship - which meant neither a full integration into the EU, and thus scrapping the WEU, nor applying typical mechanisms of integration policy in the defence field. In the course of the debate up to Cologne it also became clear that, from a French point of view, the following elements would be essential in the event of a true common defence policy being

⁷ See e.g. Tony Blair’s speech “NATO, Europe, our Future Security”, given at the Royal United Services Institute’s NATO’s 50th anniversary conference, 8 March 1999.

⁸ See Defence Minister Richard in his speech given to the Permanent Committee of the WEU Assembly, 16 March 1999, Agence Europe, no. 7426, 17 March 1999, p. 7; the same in his speech “The Security Agenda for Europe and North America”, given at the Royal United Services Institute’s NATO’s 50th anniversary conference, 8 March 1999; see also the declaration of Richard made at the WEU Ministerial Council in Bremen on 10 May 1999, <http://www.weu.int/fra/mini/99bremen/fr0510a.htm>.

established in the EU: a strong military committee; a capacity of the EU for autonomous action without recourse to NATO assets (due to France's non-integration in NATO); the development of European capabilities in the field of strategic transport and intelligence and of modern and flexible forces; the preservation of an Article V commitment among WEU members.

I.2 From Vienna to Reinhartshausen: The Interests of the German Presidency

One week after Saint-Malo the European Heads of State and Government met in Vienna on 11 – 12 December 1998. The European Council, with a particular emphasis on the Franco-British declaration of Saint-Malo, welcomed the “new impetus given to the debate on a common European policy on security and defence”. European leaders confirmed that the “CFSP must be backed by credible operational capabilities” so that the EU can play “its full role on the international stage”. They invited the incoming German Presidency to further the debate and announced their will to “examine this issue in Cologne on 3 and 4 June 1999”.⁹

Expectations vis-à-vis Germany were high since the country was in the unique position to hold the Presidencies of the EU and WEU at the same time. However, the Presidency was somewhat uncertain in its assessment of the British intentions on European defence and started to deal with the issue in a careful way. Also, the new government had many other priorities on its Presidency agenda such as the conclusion of the Agenda 2000 package and the agreement on a European Employment Pact.¹⁰ First Presidency reactions were cautious and vague, mostly repeating the wording of the Amsterdam Treaty on security and defence or of the Austrian Presidency conclusions of Vienna. However, Foreign Minister Fischer, being more outspoken integration friendly than his predecessor, saw the need to develop political union as a consequence of the existence of monetary union and the Euro.¹¹ Hence, and very much in line with the traditional German thinking on European integration (to be completed in all relevant policy fields), he stressed the need to strengthen the CFSP and the EU's crisis management capability.¹² As broad and general the political guidelines were, the administration, notably the Foreign Ministry, started to work on the issue on the basis of the assumption of continuity in Germany's European policy and took as a basis the two years old six nations proposal for a merger of WEU with the EU in three phases, strongly supported by the previous Kohl government.

A first exchange of views was held with partners in the Monastery of Amorbach in January 1999. In February, the German Presidency circulated a paper on “Internal reflection of WEU on European Security and Defence”, which raised a number of questions on “how

⁹ Presidency Conclusions, European Council in Vienna, 11-12 December 1998, paragraphs 76 and 78.

¹⁰ See Günter Verheugen, *Deutschland und die EU-Ratspräsidentschaft: Erwartungen und Realitäten*, in *Integration*, 1/1999, pp. 1-8.

¹¹ See Joschka Fischer's speech in front of the European Parliament on 12 January 1999 (*Auswärtiges Amt, Mitteilungen für die Presse*, No. 1001/99).

¹² See Joschka Fischer's speech at the 35th Munich conference on Security Policy, 6 February 1998, reprinted in *Stichworte zur Sicherheitspolitik*, no. 2, February 1999, *Presse- und Informationsamt der Bundesregierung*, pp. 33-37.

Europe can possess appropriate structures and capabilities (which obviously need to include military capabilities) to conduct crisis management in the sense of the Petersberg tasks". These questions – which excluded the one on defence commitments under Article 5 of the Washington and Article V of the Brussels Treaty – concerned: the requirements for European decision-making when NATO assets and capabilities were used or not; the issue of how to avoid duplication with NATO structures; the merger of WEU with EU in phases or "at one go"; the organisational link with NATO; the know-how to be introduced into the EU for the political control and strategic direction of European-led crisis management operations; institutional aspects such as the role of Defence Ministers meetings within the General Affairs Council or separately; a permanent body comparable to the WEU Ambassadors; a Military Committee; the problem of involvement of non EU-allies and associate partners, and the taking into account of US concerns as expressed by Secretary of State Madeleine Albright (see below).

This list of questions covered very well the issues at stake and set the agenda for the debate among the Fifteen and within WEU. Also, the paper provided a good insight into German thinking concerning the relevance of European-led crisis management, revealing a philosophy not too far away from that of the British. The paper included five options for crisis management operations: The first three options referred clearly to NATO operations (NATO only, NATO plus, NATO-coalitions of the willing); the fourth option referred to European-led operation by using NATO assets and capabilities; only the fifth and last option mentioned autonomous European operations without drawing on NATO assets.

Three weeks later, at the informal Foreign Ministers meeting in Reinhartshausen (13 – 14 March 1999), the German Presidency tabled a paper which became the blueprint for the Cologne Presidency report. The paper stated: "The aim is to strengthen the CFSP and complement it by the development of a common European policy on security and defence. This requires a capacity for action backed up by credible military capabilities and appropriate decision-making bodies".¹³ The paper continued that the EU Council would be able "to take decisions on the whole range of activities in the external relations of the Union (Trade, CFSP, Defence)".

Defence was meant in relation to non-Article V missions as covered by the Petersberg tasks in the Amsterdam Treaty. Whereas the Alliance would remain "the foundation of the collective defence of its members", Article V of the Brussels Treaty should be preserved and its institutional basis reviewed. But the paper underlined that "whatever" happened to Article V of the MBT, the collective security guarantee would "continue to apply only to those who are NATO allies". This passage, open to interpretations, was cautiously formulated on the background of the Saint-Malo compromise and French interests, and also with a view to the concerns of the neutral and non-aligned Member States.

¹³ See also for the following the publication of the essential elements of the Reinhartshausen paper, in *Agence Europe*, no. 7425, 15/16 March 1999, pp. 6 and 7, and the press report on the Reinhartshausen meeting in *Frankfurter Allgemeine Zeitung*, No. 62, 15 March 1999, p. 2.

The paper confirmed that “all EU Member States” would be able “to participate fully in European operations drawing on NATO assets and capabilities”, that “satisfactory” arrangements would be needed associating European non-EU NATO allies with the defence policy and the Petersberg operations of the EU, and that also the involvement of WEU associated partners would be further considered. For the conduct of EU-led operations either “NATO assets and capabilities” or other means outside NATO should be used.

For ensuring appropriate decision-making as well as political control and strategic direction of EU-led operations the paper suggested “a capacity for analysis of situations, sources of intelligence and a capability for relevant strategic planning” and: “regular meetings (or ad hoc) of the General Affairs Council, including Defence Ministers; a permanent body consisting of representatives with political-military expertise; an EU military committee consisting of military representatives; a military staff including the situation centre; other resources such as satellite centre, Institute for Security Studies”.

As far as relations with NATO are concerned, the Reinhartshausen paper pointed to the need to ensure transparency and consultation and to avoid “unnecessary duplication with regard to existing capabilities within NATO”. In case of the EU drawing on NATO assets, capabilities and command structures, the need was seen to conclude the NATO-WEU arrangements on the basis of the Berlin 1996 decisions (CJTF) and to envisage “further arrangements to secure automatic access to planning capabilities in NATO and a presumption of access to NATO assets and capabilities for European-led operations”. The wish was also underlined to see the transfer to the EU of the arrangements between WEU and NATO without renegotiating these. Furthermore, the paper raised questions with respect to the future of WEU “taking into account Article 17 of the EU Treaty which provides for the possibility of integrating WEU into the EU” and with a view to enhancing cooperation of European defence industries as far as the requirements, the development and the procurement of new weapon systems are concerned.

Although officials of some Member States felt that they have had only little time to study the proposals in detail, the Reinhartshausen paper was generally well received by most delegations. Robin Cook supported the Presidency’s draft paper and pointed out that the British government did not see a need for treaty changes in the context of setting up the new institutional defence policy arrangements within the EU. He also used the occasion to underline the importance of a permanent body in Brussels made up of Deputy Political Leaders (Directors) in order to keep control of the Member States over foreign and security policy.¹⁴ By contrast, the Italian Foreign Minister Dini underlined that a European security and defence policy should not only be modelled along intergovernmental lines but take into account the experience of the integration process. The Dutch and some neutral and non-aligned countries, notably Ireland, were not enthusiastic about the idea of establishing a Military Committee in the EU. Moreover, all neutral and non-aligned Member States had difficulties with the awkward wording in the Presidency paper about

¹⁴ See also for the following the report on the discussion among Foreign Ministers at Reinhartshausen, in Agence Europe, no. 7425, 15/16 March 1999, p. 5.

Article V of the modified Brussels Treaty. The French Defence Minister Richard, when speaking a few days later in front of the Permanent Committee of the WEU Assembly, expressed reserves towards a rapid merger of WEU and the EU – not only to calm down concerns of the WEU Assembly about its own future.¹⁵ He preferred speaking about integrating “the abilities and functions of WEU into the EU when the time comes” rather than merging WEU with the EU. He also argued strongly in favour of preserving the WEU *acquis*, whatever the fate of the organisation itself might be.

The Reinhartshausen paper was drawn up by the Presidency in search of a consensus among EU members and therefore formulated somewhat vague on particular issues. What the Germans themselves were thinking on the institutional aspects of European defence had been outlined by Defence Minister Scharping (broadly in line with the Foreign Ministry and the Chancellery) almost four weeks before the Reinhartshausen meeting in a newspaper article.¹⁶ He referred to the Kosovo crisis and highlighted the need for a true European security and defence policy to be achieved through strengthening Europe’s role in the Atlantic Alliance and through developing an own European capability within the EU. The EU should become the European pillar of NATO implying the abandoning of WEU and the inclusion of its structures into the EU. The EU should be provided with the necessary decision-making capabilities and be given the political responsibility for European-led crisis management, should NATO not be involved. Preferably, NATO assets and capabilities would be used by the Union for the conduct of an operation. Hence, a duplication of NATO command and force structures should be avoided. He suggested that a basic decision on integrating WEU into the EU should be taken at the Cologne summit, whereby the necessary details could be worked out until the end of the year 2000. Scharping also underlined the need to include Defence Ministers into EU decision-making, if necessary in the form of separate meetings (a point on which the Foreign Ministry was more cautious). At the end of his article he alluded to the sort of difficulties which may arise from the inclusion of the WEU treaty into the EU and from the variability of memberships and non-memberships of the EU, NATO, and WEU.

In order to understand the German ambition of getting rid of WEU and making the EU the prime centre of European crisis management (should NATO as such not be involved) the following aspects have to be taken into account.¹⁷ First, WEU was never highly esteemed in Germany, neither by the political elite nor the wider public. Up to the eighties, WEU had been perceived as a post-World War II organisation designed to satisfy French demands for controlling Germany’s rearmament and military policy. Second, even after Maastricht, WEU could not gain a higher profile in Germany. Apart from WEU’s diplomatic function as a forum for dialogue on security issues with Central and East European EU applicants, the Maastricht construction was not seen as being effective in the defence policy field: either

¹⁵ See Agence Europe, no. 7426, 17 March 1999, p. 7.

¹⁶ See Rudolf Scharping, *Europas Stimme in der Allianz*, *Die Zeit*, Nr. 8, 18 February 1999, pp. 8 and 9. The main points of this article have been confirmed by the introductory statement of Foreign Minister Fischer at the WEU Ministerial Council in Bremen on 10 May 1999, reprinted in German in: *Stichworte zur Sicherheitspolitik*, No. 5, May 1999, pp. 53-54.

¹⁷ See for the following Mathias Jopp, *Germany and the Western European Union*, in Carl Lankowski/Simon Serfaty (eds.), *Europeanizing Security? NATO and an Integrating Europe*, AICGS Research Report, No. 9 (American Institute for Contemporary German Studies), Washington DC 1999, pp. 35-52.

because of the EU not using WEU on the basis of Article J.4 of the Maastricht Treaty or because of the unproductive double veto system between the two organisations. Hence, the need was (and is) seen to streamline decision-making and avoid redundancy in the EU-WEU-NATO triangle. Third, in WEU as a military organisation not playing any role in territorial defence, Germany felt itself being rather weak in comparison to the UK and France which both possess a crisis projection capacity and have a long standing interventionist experience. In the EU, however, things are different. The number of members is larger, Germany's position is stronger (at least in political and economic terms) and the EU has a much greater clout than WEU. Fourth, from a German point of view, the EU is much better suited than WEU would ever be to work as the European pillar of the Alliance and to reshape the transatlantic relationship in the direction of a more balanced partnership. The basic idea is that, through the EU, when developing its defence policy and assuming the role of the European pillar, the Alliance with the Americans could be renewed and a stronger European position in crisis management be obtained.

After Reinhardtshausen, the German Presidency, still very much preoccupied with managing the conclusions of the Agenda 2000, started to consult some of its EU partners on various bi- and trilateral levels (Ministers, Political Directors). Most important was the high-level trilateral meeting between Germany, France and Britain on 18 March in Bonn, in which the Foreign and Defence Ministers of the three countries participated. The meeting basically served the function of securing the main ideas of the Reinhardtshausen paper and to discuss the priorities for the Alliance's 50th Anniversary Summit in Washington which was seen as being highly important for the future of a European defence policy.

I.3 The Alliance Summit in Washington and the Interests of the Americans

The Alliance summit in Washington on 24 April 1999 was a supportive event for the debate on European defence, also with a view to the somewhat sceptical EU Member States Portugal and Denmark. The summit communiqué dedicated one and a half pages to ESDI. NATO allies, including the US and Turkey, confirmed their support for the development of the European Security and Defence Identity (ESDI). Most importantly, the allies acknowledged "the resolve of the EU to have the capacity for autonomous action so that it can take decisions and approve military action where the Alliance as a whole is not engaged" (Press Communiqué, NAC-S(99)64).

However, the communiqué also states that the allies "attached the utmost importance to ensuring the fullest possible involvement of non-EU European allies in EU-led crisis response operations building on existing consultation arrangements within the WEU" (point 9.d.). This was a tribute to Turkey which enjoys rather full participation in WEU's work due to its status of an associate member, and which threatened to object the section on ESDI in the communiqué would its present status and access to European defence policy not be maintained. But the final wording in the communiqué was also much in the interest of the US which has been pressing the Europeans for some years now to accept Turkey as an accession candidate to the EU.

Very important for the future of the relationship between NATO and the EU was the NATO commitment “to define and adopt the necessary arrangements for ready access by the European Union to the collective assets and capabilities of the Alliance”, to assure access of the EU “to NATO planning capabilities” and to clarify the “presumption of availability to the EU of pre-identified NATO capabilities and common assets for use in EU-led operations” (point 10.a.-b.).

All European allies were rather satisfied with the results of the Washington summit and found their interests reflected in the communiqué. NATO acknowledged the future role of the EU in European crisis management and promised access to its military planning capacities as well as recourse to its assets. The French could identify elements in the communiqué which acknowledged the need and the right of the EU for autonomous action, and the Turks got a bargaining chip for future negotiations with the EU on their association with the EU’s defence policy.

But why had the Americans given up their resistance against European defence organised inside of the EU (to the detriment of WEU)? This requires some explanation since the Americans had long argued against a true EU defence policy. One traditional point was possible backdoor commitments vis-à-vis present or future EU members not being members of NATO. But this argument had lost in weight because of NATO’s enlargement process and the Alliance’s policy of tighter cooperation with many non-NATO countries in Europe. The other traditional and more important concern was the emergence of an EU caucus within NATO with stiff and inflexible positions of the Europeans, once the EU would have made up its mind on a particular security or defence issue. This concern has not faded substantially. And behind all that there was (and still is to some extent) the fear about loosing parts of direct control over European security policy should the EU be involved. So what has changed?

First, the Americans had to realise that, with the change of the British policy, they have lost an important ally in the “battle” on European defence – a fact to which Madeleine Albright responded in December 1998 by signalling a green light to European ambitions, provided that three D’s would be met (no de-coupling from NATO, no discrimination against non-NATO European allies, no-duplication of NATO-structures).¹⁸ In turn, the British had obviously been successful in convincing the Americans that there is now a window of opportunity to establish a close link between an EU defence policy and NATO, a certain window of opportunity which might get closed soon, leading to more difficult and less fortunate solutions.

Second, the Americans have, in principle, an interest in a stronger security partner Europe able to shoulder responsibility with the US for global security.¹⁹ Also, it has increasingly

¹⁸ See Madeleine Albright, *The Right Balance will secure NATO’s Future*, Financial Times, 7 October 1998, p. 22; see also Alexander Vershbow, US Ambassador to NATO, ESDI, Berlin, Saint-Malo and Beyond, Remarks to the Western European Union Institute for Security Studies, Paris, 28 January 1999, <http://www.nato.int/usa/ambassador/s990128a.htm>.

¹⁹ See Michael Brenner, *The United States and the Western European Union*, in Carl Lankowski/Simon Serfaty (eds.), *Europeanizing Security? NATO and an Integrating Europe*, AICGS Research Report, No. 9

become difficult for the US-Administration to send ground forces on combat missions to crisis regions, notably to crises in the EU's backyard (one example of this might be seen in the strategy of fighting the war against Serbia from 15,000 foot altitude). Hence, it is not against American interests should the Europeans acquire the ability to act alone under certain circumstances (notably on the ground) through using NATO command structures and assets. Finally, one explanation might be simply some sort of a weakness of the Clinton Administration not being able to resist European ambitions, but feeling that it would have to give something to the Europeans for saving the vitality of the Alliance – after having paid over years, more or less, lip service to ESDI on a high ranking political level and exercising more down in the Administration and at NATO in Brussels a foot dragging policy in implementing ESDI, notably on the operational level in the relations between NATO and WEU.

I.4 The Weeks before Cologne: The Concerns of France and the Neutral and Non-aligned Countries

Taking the results of the Washington summit into account, the German Presidency drew up a new version of its Reinhartshausen paper, which was discussed three and a half weeks after Washington at the General Affairs Council of the EU on 17 May 1999. The paper was designed to become the report of the Presidency for approval at the Cologne summit.²⁰ The draft report welcomed the results of the Washington summit, stressed the need for transparency, cooperation and synergy with NATO and used some of the wording of the Washington summit communiqué.

In its content the draft report was close to the Reinhartshausen paper, but more precise on the institutional issues. It now mentioned the possibility of a Defence Ministers Council in the EU; defined the new suggested permanent body to be established in Brussels as a committee for political and strategic questions made of Permanent Representatives which could meet with political and military experts; spoke of an International Military Staff with a Situation Centre and a Military Committee made up of military representatives responsible for the formulation of recommendations to the Permanent Committee. The paper also stated that the obligations under Article 5 of the Washington Treaty and Article V of the modified Brussels Treaty should be maintained, even in the case of the integration of WEU into the EU, but that the question of the institutional basis of Article V of the MBT should become the subject of a unanimous decision of all parties concerned.

In its conclusions the draft report gave way to any ambition of taking a decision at Cologne on the issue of a WEU-EU merger. Instead, the paper proposed that the official decision on the transfer of the existing WEU institutions into the framework of the Union and, if necessary, on their adaptation should be taken by the European Council (on the basis of Article 17) at the end of the year 2000 under French Presidency. To that end, the

(American Institute for Contemporary German Studies), Washington DC 1999, pp. 1-18, in particular the section in this article on "What can ESDI do for the United States?"

²⁰ See *Projet: Rapport de la Présidence sur le renforcement d'une politique européenne commune en matière de sécurité et de défense*.

General Affairs Council should prepare the decisions for the European Council on the “integration of WEU into the EU”.

The following two to three weeks up to the Cologne summit were marked by intensified consultations. The neutral and non-aligned Member States, who already had very clearly explained their positions on the occasion of the WEU Ministerial Council in Bremen (10 and 11 May 1999), were still concerned about the wording in the Presidency’s draft report with respect to Article V of the MBT. Moreover, they were also strictly opposed to the idea of a merger of WEU and the EU. Some of them also had underlined that they wanted to see the EU only acting militarily in crisis management on the basis of a UN mandate.

Austria played a kind of a double game with different messages sent to the audience in Vienna and its European partners. At the Bremen WEU Council the Austrian Defence Ministers Fasslabend and the Secretary of State for Foreign Affairs Ferrero-Waldner appeared to be very open to the idea of developing an EU defence policy and supported institutional proposals such as an EU Military Committee and an EU Military Staff.²¹ But they opposed any inclusion of a mutual defence commitment into the EU Treaty or a merger of WEU and the EU, since at home the defence of neutrality had become one of the most important foreign policy issues in the course of the Kosovo crisis (the Austrian Government had refused granting NATO over-flight rights for its air war against Serbia).

Irish Government representatives had even earlier, directly after Reinhartshausen, made clear that Ireland had gone rather far with the acceptance of Article 17 of the Amsterdam Treaty, and that any further moves would be difficult in view of the countries’ neutrality. They accentuated the need for implementing first the new provisions of the Amsterdam Treaty before going further.²²

The Finnish Government, though very interested in the development of a European crisis management policy, was quite unhappy about the wording in the Presidency’s draft report on a merger of WEU and the EU. Just before the Cologne summit, Prime Minister Lipponen made clear that things should not be complicated by discussing the possibility of an Article V commitment in an EU framework and by speaking of a merger of WEU and the EU.²³ But he was very open to any strengthening of the EU’s institutional set-up and spoke in favour of military capacities needed for EU-led crisis management. He even suggested setting up an EU force for peacekeeping which could operate on the basis of a UN or OSCE mandate. Finnish officials were more cautious and pointed to the fact that the public was not ripe for a move towards defence community – although, and that is remarkable, the Government programme of the newly formed Coalition after the Spring elections spoke only of credible defence instead of “independent” credible defence, thus indicating a further move away from former neutrality, if not non-alignment. The reference

²¹ See the declaration by Mrs. B. Ferrero-Waldner, Secretary of State for Foreign Affairs, and Mr. W. Fasslabend, Federal Minister for Defence, WEU-Ministerial Council, Bremen, 10 May 1999, <http://www.weu.int/eng/mini/99bremen/au0510a.htm>.

²² This is reported in Agence Europe, No. 7425, 15/16 March 1999, p. 5.

²³ See also in the following the report on Prime Minister Paavo Lipponen speaking to journalists in London, in Agence Europe, Nr. 7476, 2 June 1999, p. 7.

to the Finnish public is certainly a point which deserves attention. On the other hand, it should also be mentioned that political experience shows the Finnish public largely following the decisions of its leaders. Hence, the problems lie, at present, more within the new coalition government, where no clear consensus exists on how far Finland should go on the issue of a European defence policy.

Sweden was the most difficult country and very critical on the draft report of the German Presidency. Prime Minister Persson had come under public pressure since Reinhardtshausen. Critics argued that Persson was selling out Swedish interests by accepting the EU being transformed into an Alliance. Hence, Defence Minister Björn von Sydow underlined at the WEU Ministerial Council in Bremen that Sweden would not accept "the mutual defence commitments of Article V of the Modified Brussels Treaty be included in the EU".²⁴ He also wished to see only certain functions of WEU being transferred to the EU "but not necessarily WEU's institutions as such". However, the government is in favour of a European crisis management force for humanitarian tasks and peacekeeping operating on the basis of a UN or OSCE mandate under the auspices of the EU. It is hoped that, by accentuating the soft security function of such a force, the opposition against the development of an EU defence policy can be calmed down on parts of the left and the greens, who fear a "militarization" of the EU and insist on a UN Security Council mandate for the legitimation of any European crisis management action.²⁵ There is also the traditional problem in Sweden of a huge gap existing between public opinion on European issues and government policies (or intentions). The government is therefore facing the difficult tasks to find the right path in European policies and to sell an EU defence policy to the wider public in a way which would not cause further drops in the EU acceptance of the Swedes nor complicate the outcome of future referenda.

But it was not only the neutral and non-aligned countries which had difficulties with the German draft report. Paris, when looking at the relative harmony of interests after the Washington summit of the US, Britain, and Germany, maintained its scepticism about disbanding WEU. WEU always was for Paris an important tool of flexible multilateralism, which could be used in accordance to a given situation either as an alternative or as a complement to the activities of other institutions like the EU, NATO, OSCE, or the UN.²⁶ Most of all, WEU was an instrument either to tie Germany closer to Paris or to challenge NATO and US predominance in European security. In addition, there is the specific situation of cohabitation in France. The Jospin government is very critical of Chirac's rather NATO friendly course and also wants to know what it will get in return for

²⁴ Björn von Sydow (Swedish Defence Minister), Europe's Security and Defence in the Light of the Entry into Force of the Amsterdam Treaty and of the Washington Summit, WEU-Ministerial Meeting, Bremen, 10 May 1999, <http://www.weu.int/eng/mini/99bremen/se0510a.htm>.

²⁵ See Sicherheitspolitische Sorgen der Skandinavier. "Militarisierung" der EU als Schreckgespenst, Neue Zürcher Zeitung (internationale Ausgabe), 4 June 1999; see also "Schwedens Regierung gerät unter den Druck der Linksparteien. Gegen eine "Militarisierung" der EU durch Verteidigungszusammenarbeit, Frankfurter Allgemeine Zeitung, No. 123, 31 May 1999, p. 10.

²⁶ For a good analysis of French flexibility in security and defence policies see Peter Schmidt, French Security Ambitions, Außenpolitik (English edition), Vol. 44, No. 4, 1993, pp. 335-343, and the same, The Special Franco-German Security Relationship in the 1990s, Chaillot Papers, Paris, 8 June 1993.

giving up WEU. Thus, the Jospin government wants to see secured a real perspective of an autonomous EU capacity in crisis management, before agreeing to scrapping WEU.

These were some of the reasons why Paris was not happy with the German proposal to take a final decision on integrating WEU into the Union already at the end of 2000. Also, Paris is anxious that the *acquis* of WEU will not be watered down in a general climate in which the British try to take the lead and the neutral and non-aligned countries tend to block a more fully fledged EU defence. Hence, Paris felt that “l’UEO doit continuer d’exister” for a while²⁷ to have enough time for paving the way for a Union which could really play a considerable role in world politics, underpinned by credible military capacities and a strong solidarity among its members.

On the other hand, France is really interested in an EU defence policy and does not want to miss the window of opportunity in a constellation where the British have changed their attitude and the US, albeit hesitating, is accepting moves towards a more assertive Europe. So, finally, Paris accepted the timetable as proposed by the German Presidency. This means that it will very much depend on France itself how the final outcome of the debate will look like when the country holds the EU Presidency in the second half of the year 2000. A not unimportant role also played the conclusions of the Franco-German summit in Toulouse (28- 29 May 1999) where both Governments agreed that now, after monetary union, the next important integration project will focus on the foreign, security and defence policy of the Union. In particular, they underlined their will to strengthen cooperation in the field of armaments and to give the Eurocorps a true capacity for acting as a European crisis management force.²⁸

Final problems could only be solved just three days before the Cologne summit, during the meeting of Political Directors and EU Foreign Ministers on 30 and 31 May. The Germans (including Minister Fischer himself) invested some energy for easing concerns of the neutral and non-aligned countries, notably the Swedes. One point was to find a formula which would avoid the term integration or merger with respect to the EU-WEU relationship, but which would be flexible enough in order not to block a development to a point at which WEU would cease to exist. This seemed to be acceptable and, in essence, also met the interests of most of the neutral and non-aligned countries who see an advantage in a military crisis management capability organised by the EU. In the EU, these countries are full members enjoying the same rights as all other Member States, whereas in WEU, they are only some sort of second class members due to their observer status.

1.5 The Compromise of Cologne

The Presidency Conclusions of the Cologne European Council on 3 and 4 June 1999 say only very little in paragraph 55 on a “Common European security and defence policy”. The

²⁷ Déclaration par M. Alain Richard, Ministre de la Défense, Brême, 10 mai 1999, p. 4, <http://www.weu.int/fra/mini/99brême/fr0510a.htm>.

²⁸ See press reports on the Toulouse summit in the Frankfurter Allgemeine Zeitung, No. 123, 31 May 1999, pp. 1 and 2, and Süddeutsche Zeitung, 31 May 1999, p. 7.

text states: “The European Council continued its discussion on a common European policy on security and defence and issued the annexed declaration on the further development of a common European security and defence policy. It welcomes the work of the German Presidency and endorses the Presidency report set out in Annex III as a basis for further work. The European Council invites the incoming Presidency to continue work with a view to a further report to the European Council at its meeting in Helsinki”.

The Declaration of the European Council on “Strengthening the Common European Policy on Security and Defence” in Annex III of the Presidency Conclusions had initially not been planned by the Germans, but went back to a French initiative. In order to satisfy French demands and ease the concerns of the neutral and non-aligned countries the European Council declared: “We are now determined to launch a new step in the construction of the European Union. To this end we task the General Affairs Council to prepare the conditions and the measures necessary to achieve these objectives, including the definition of the modalities for the inclusion of those functions of the WEU which will be necessary for the EU to fulfil its new responsibilities in the area of the Petersberg tasks. In this regard our aim is to take the necessary decisions by the end of the year 2000. In that event, the WEU as an organisation would have completed its purpose. The different status of Member States with regard to collective defence guarantees will not be affected. The Alliance remains the foundation of the collective defence of its Member States” (European Council Declaration, point 4).

In contrast to the report of the German Presidency (also included in Annex III), the declaration says rather little on EU-NATO relations. Instead, it stresses in paragraph 1 and 2 that “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 without prejudice to actions by NATO. The EU will thereby increase its ability to contribute to international peace and security in accordance with the principles of the UN Charter.” The European Council, therefore, committed itself to “further develop more effective European military capabilities from the basis of existing national, bi-national and multinational capabilities ...”. The Heads of State and Government also saw a need to reinforce European capabilities in the field of “intelligence, strategic transport, command and control” which required efforts to “adapt, exercise and bring together national and multinational European forces” and to “strengthen the industrial and technological defence base”.

The declaration was a document of compromise between the neutral and non-aligned concerns, French ambitions and German interests in keeping options open for an eventual close down of WEU. The declaration enabled the neutral and non-aligned governments (and also the Danish Government) to argue vis-à-vis their publics that nothing had yet been decided at Cologne, notably nothing on a merger of the WEU and the EU or on adding any Alliance-like dimension to the European integration process. The French had something in their hands to which they could refer in the continuing debate on European defence in order to push for a more autonomous and not too NATO-biased EU defence policy. Finally, the British and the Germans could point to the fact that the Presidency

report, as adopted and approved at Cologne, and which contained some details about the future relationship between the EU and NATO, “reflected”, as mentioned in the Declaration, “the consensus among the Member States”.

I.6 The Consensus of Cologne

The Presidency Report on “Strengthening of the Common European Policy on Security and Defence” itself remains rather calm on the issue of a merger of the EU and WEU and refers in its introduction only to the possibility under Article 17 of the Treaty on European Union “of integrating the WEU into the EU, should the European Council so decide”. On the issue of Article V of the MBT, the report states that it “will in any event be preserved for the Member States” party to the Treaty, whereby “the policy of the Union shall not prejudice the specific character of the security and defence policy of certain Member States”, which reflects the situation of Denmark and the neutral and non-aligned countries (last paragraph under point “2. Guiding principles” of the Presidency Report).

As far as the institutional aspects are concerned, the report underlines the will of the Member States to include defence policy structures into the EU’s CFSP pillar and thereby dropping alternative options as discussed before the Vienna Summit. Decisions on crisis management should be taken by consensus according to Article 23 TEU with opt-out-rights for Member States who do not wish to participate (Petersberg formula). In order to have the appropriate mechanisms for decisions on crisis management and to secure the political control and strategic direction of EU-led operations the report suggests “a capacity for analysis of situations, sources of intelligence, and a capability for relevant strategic planning”, and in particular:

- “regular (or ad hoc) meetings of the General Affairs Council, as appropriate including Defence Ministers;
- a permanent body in Brussels (Political and Security Committee) consisting of representatives with pol/mil expertise;
- an EU Military Committee consisting of Military Representatives making recommendations to the Political and Security Committee;
- an EU Military Staff including a Situation Centre;
- other resources such as a Satellite Centre, Institute for Security Studies” (point “3. Decision-Making” of the Presidency Report).

Since all this sounds very much like copying WEU structures or including into the EU institutions which exist at present in a WEU framework, the report highlights not only the right of “all” EU members to participate on an “equal footing” in EU operations but also that “satisfactory arrangements” will be worked out for non-EU European NATO allies and, to some extent, also for associated partners of WEU (point “5. Modalities of participation and cooperation”).

As for the “Implementation” of EU-led operations the report identifies two options:

- “EU-led operations using NATO assets and capabilities or
- EU-led operations without recourse to NATO assets and capabilities” (point 4).

In the latter case the EU would use “national or multinational European means pre-identified by Member States”, including national command structures “providing multinational representation” or command structures which exist “within multinational forces” (such as the Eurocorps). As far as the very important relationship with NATO is concerned the Presidency report stresses the need to implement the Berlin 1996 arrangements and the decisions of the Washington NATO summit, and to work on further arrangements with NATO for assuring “EU access to NATO planning capabilities” and the “availability to the EU of pre-identified NATO capabilities and common assets for use in EU-led operations”.

In order to respond to the three D’s of Madeleine Albright, the report also underlines already in its introduction that “a stronger European role will help to contribute to the vitality of the Alliance for the 21st century”, and that the process of building up a European defence policy “will lead to more complementarity, cooperation and synergy” with NATO.

II. After Cologne

II.1 Open Institutional Questions and Some Answers

On the whole, the agreements of the Cologne summit mark a milestone in the development of the European defence policy – a process which would have been unthinkable a few years ago. However, there remains a number of open and difficult questions on which Member States only start making up their minds, whereby within national administrations different views exist between the foreign and defence ministries, but also within foreign ministries between the Europe departments and the political departments as well as between those who are dealing with NATO and those engaged in CFSP and WEU affairs. Some of the major issues concern the following:

The Fate of WEU

Whether WEU as a sort of a rump organisation will continue to exist – for some time at least – with its Treaty remaining in force or, whether WEU will be fully eliminated with some elements of its Treaty included in one way or the other into the EU Treaty is not clear. The consensus between Britain, France, Germany and the other Member States, including the neutral and non-aligned countries, seems to be to transfer not all, but most of the useful bodies of WEU to the EU and adapt these to the needs of the Union. Certainly, some sort of an agreement between the EU and WEU on this “cannibalism” will be required. Such an agreement must be watertight since a duplication between the EU and WEU is the least needed. Should the blood transfer work, a new decision will have to be taken on what to do with the rest of WEU and its Treaty.

The Question of Treaty Changes

Nobody knows exactly whether all the new institutional elements as proposed in the German Presidency report can be set up without changes of the CFSP part of the Treaty. Most of the Member States wish to avoid treaty changes since these would imply referenda to be held on the defence issue in a number of Member States with a very unclear outcome. Moreover, some Member States, when re-negotiating the CFSP

package, may wish to exercise a roll back strategy as far as flexible decision-making in the CFSP and the role of the Commission or the European Parliament in the second pillar are concerned. It is therefore important to conduct a careful strategy of including new bodies and structures into the CFSP without putting into question the existing mechanism under article 17 of the Treaty. Once this will be done and consolidated, it may then be possible, at a later stage, to deal with the more difficult issues such as a defence protocol on a collective defence commitment for EU/NATO members, and the amendment of those parts of article 17 TEU which have become obsolete.

The Question of Solidarity

The focus of the present debate is on crisis management and not on a mutual assistance guarantee/commitment among EU Member States. The German Presidency tried to avoid an intense discussion on article V of the MBT and stressed that all is about crisis management and not collective defence. But, the French may be right in insisting on maintaining a European collective defence commitment. And it is true that article V of the MBT has its own merits, if only because of its strong formulation. Also, planning Europe is about looking into the future, up to 2030 or 2040, and it is difficult to predict how NATO will develop until then. It therefore makes sense to secure a reserve option and to attach a collective defence commitment to the EU Treaty in the form of a protocol signed by NATO/EU members, whereby the exercise of collective defence would be delegated to NATO (as is the case in the WEU Treaty). However, article V of the MBT would imply a rather strong commitment of solidarity among EU members, and it is not necessary to complicate or even torpedo things now because of an artificial debate about collective defence.

What is much more at stake is solidarity in crisis management among EU members. Austria, which has refused to give NATO fighter aircraft over-flight rights, is a case in point. It must be secured that a running EU operation will not be hampered by any Member State. Hence, countries who wish to remain neutral, notably if an EU-NATO link will be used, may not be fully able to participate in decision-making. This is a delicate issue and one which needs further clarification. Perhaps, as a first step, a "declaration on solidarity in crisis management" might be envisaged.

The Issue of Timing

Timing may become a problem. The process may lose in momentum as time goes by. A new administration in Washington may reconsider the US position and take a less relaxed stance on EU defence. But even before that, the preparatory work on setting up appropriate institutions for an EU defence policy could become unintentionally mixed up with the issues to be dealt with in the next IGC on the left-overs of Amsterdam, complicating decisions to be made by the European Council in December 2000. It will therefore be an important and not easy task for the Presidencies of Finland and Portugal – both smaller Member States with either a tradition of non-alignment or atlanticism – to undertake decisive efforts for making significant progress on the institutional side of European defence so that most issues resulting from the Cologne agreements will be settled before the new IGC enters its crucial phase.

The Problem of Variability

The variability of memberships and non-memberships of the EU, WEU and NATO, causes problems (not least because of the Turkish issue). The April 99 Washington communiqué attaches the “utmost” importance to avoiding discrimination against European NATO allies not being EU members and who enjoy a rather favourable status in WEU. The Presidency report expresses with respect to WEU Associate Members the will of the EU “to ensue their fullest possible involvement in EU-lead operations, building on existing consultation arrangements within WEU”. What that would mean in practice is, however, rather unclear.

In WEU, the Associate Members sit regularly at the Council table. They have no voting rights, but they are present and contribute to the discussions. To apply the same method within the EU is not possible since the EU needs to maintain its cohesion and “decision-making autonomy”, as stated in the German Presidency report. But can the countries concerned only become involved after a decision of the EU Council? Certainly not, since that would inherit the risk of notably Turkey being able to block decisions in NATO should the EU wish to draw on NATO assets. Hence, there is a need for some sort of a “grandfathering” (John Roper) consultation arrangement for “EU security associates” outside of the ordinary EU procedures but closely connected to these. How this will precisely look like without jeopardising the cohesion of the Union on the one side, and the smooth cooperation between the EU and NATO on the other, comes close to squaring the circle.

Moreover, what to do with countries enjoying at present in WEU the status of associate partners (Slovakia, Slovenia, the three Baltic states, Bulgaria and Romania)? WEU played here a very useful role in the sense of projecting stability to the East. Also, Romania and Bulgaria were very supportive in coping with the Kosovo crisis. These countries cannot simply be neglected in the process of developing a European security and defence policy. Hence, they need some consultation arrangements too, perhaps in the form of a structured security and defence dialogue.

The EU-NATO Relationship

The very important relationship between the EU and NATO – apart from good intentions on both sides – is also not clear. Will all arrangements which WEU has with NATO be transferred to the EU without re-negotiations? Some of these arrangements like the framework agreement on the release, supervision, transfer and return of NATO assets are not yet a hundred percent completed, and further agreements will be necessary. Also, the EU is traditionally more assertive than WEU, and some officials within EU institutions and also in national administrations think of a relationship between the EU and NATO being more balanced than the one between WEU and NATO. Hence, working on the operational link between the EU and NATO might not become a smoothly running process with possibilities of a foot-dragging policy in the negotiations on both sides.

There is also the problem that the EU needs access to NATO planning and intelligence which will require a strengthening of security standards in the Council secretariat and other bodies of the CFSP. But, in the EU there are neutral and non-aligned countries

which would then have to agree on NATO security standards being applied in the second EU pillar. Moreover, would it be possible to maintain a clear cut separation between defence and foreign policy or would, in fact, all CFSP bodies and staff including some Commission experts involved in security and defence policy matters have to adhere to NATO standards? What would the wider application of secrecy rules imply for “transparency” and “openness” with respect to CFSP issues?

What Kind of a Permanent Body?

The proposed new Pol/Sec Committee raises questions of the level of representation (ambassadors, senior officials, deputy political directors) and of its location in the present CFSP set-up. Should the new permanent body be a sub-committee of the Political Committee (in order to operate on the basis of the existing treaty) and be located in the Council Secretariat or at the existing Permanent Representations? The British and the Italians have suggested to establish some kind of a political sub-committee by appointing senior diplomats at Member States’ Permanent Representations, who should meet regularly together with the CFSP High Representative. The proposal is, in principle, in conformity with the present structures, but seemingly aiming at embedding Solana in a Member States framework. However, whether a decision on that can be reached at the end of the year, as suggested, when the High Representative takes up his post and the PPEWU will be established, is an open question.

Some Member States prefer a political sub-committee located at the Council but separated from the rest of the Council Secretariat. Others think even of Permanent Representatives with political-security expertise, which would have an own decision-making power comparable to the one of the Permanent Council of NATO. This would make sense for quick reaction in crisis situations and for the supervision of EU-operations. But how would this interrelate with COREPER and the Political Committee? Would this imply establishing a separate CFSP-COREPER, which would involve a treaty change? Thus, the institutional debate is also much about the question to what extent the intergovernmental structures of the Union will be strengthened (through a Pol/Sec Committee, a Military Committee, a Military Staff). It is not a secret, that some Member States would precisely see such a development as an instrument to establish a fire break against the risk of a creeping communitarian contamination of the second pillar.

The Issues of Coherence and Legitimacy

There are important questions with respect to coherence and legitimacy of the European Union. How to ensure the fullest possible involvement of the European Parliament and the Commission, according to their rights under the Treaty, in the common defence policy? In order to strengthen democratic underpinning and legitimacy of the CFSP the EP could hold once or twice a year a debate on CFS(D)P priorities and could try to coordinate this, at the same time, with similar debates in national parliaments. The Commission will have to beef up its competence and capacities in external affairs for the sake of coherence and in order to be able to exercise its rights under the Treaties and make its voice heard in security policy-making. Required would be a structure in the Commission similar to that in the future Council Secretariat: a Commissioner for external affairs, a bigger planning staff,

a stronger security department and the build-up of political-security expertise in the Commission's delegations abroad. A close relationship between the external affairs Commissioner and the Secretary General of the Council/CFSP High Representative, Solana, would also be essential. There are good reasons for taking these issues into account when reorganising the internal structure of the Commission in order to enable it from the outset to play its role in one of the most important new integration projects after monetary union.

II.2 How to Organise Armaments Cooperation and Procurement?

In the Cologne Declaration the members of the European Council stated: "We also recognise the need to undertake sustained efforts to strengthen the industrial and technological defence base which we want to be competitive and dynamic. We are determined to foster the restructuring of the European defence industries among those states involved. With industry we will therefore work towards closer and more efficient defence industry collaboration. We will seek further progress in the harmonisation of military requirements and the planning and procurements of arms as Member States consider appropriate".

It goes without saying that the development of a common defence policy would have to go hand in hand with standardisation and harmonisation of requirements, if not with a common procurement policy, at least in areas of crucial importance for crisis management such as satellites and strategic lift capacities. But how this could be achieved on the industrial side and on the institutional side is rather unclear. Member states still continue to exercise protection of their defence establishments under Article 223 (Art. 296 cons. TEC) and they do not want to see a supranational competence or a Community policy under the first pillar, which is the reason for the rather weak position of Community bodies like the Commission and also leads to maintaining the hurdles on the road to European armaments market.

Looking at the industrial side, the European market is fragmented into 15 national markets with some bigger and a number of medium and small sized suppliers, but only one consumer in each Member State. This leads in effect to the production of a too small number of units per military system with rising costs and duplication of efforts on many levels, notably in the field of research and development. The result is not only a growing gap in technological competitiveness with the US but also a loss of the ability to sustain a viable defence industrial and technological base.²⁹

Although governments have become increasingly aware of these problems and have begun with rethinking their armament policies, and also the defence industries themselves have started to improve their competitiveness through acquisitions, mergers and joint ventures, the situation is not satisfactory for matching the needs of a common defence policy.

²⁹ For an earlier analysis on the problem see William Walker and Philip Gummett, Nationalism, Internationalism and the European Defence Market, Chaillot Papers 9, September 1993 (etwas Neueres?).

This finds its equivalent on the institutional side, where the situation is even worse in view of the mismatch of the various institutions involved. Too many actors with different memberships exist, dealing in part with similar topics, but having different competences and legal status. Within the Union, the Commission and two EU Working Groups (PolArm and CoArm) are dealing with armament questions in relation to CFSP aspects and Community competences. Within the WEU framework, there are the WEAG and the WEAO. Whereas the WEAO has a legal personality and a close link to WEU (as a subsidiary body), WEAG is a looser grouping and mainly a forum for discussing in three panels armaments issues such as the harmonisation of requirements (e.g. artillery, helicopters) and the coordination and promotion of research and technology cooperation. At present there is a discussion in WEAG whether a European Armaments Agency could be established, but it is largely unclear what its final structures might be.³⁰

Since Member States have agreed in Cologne that some of the functions of WEU should be integrated into the Union the question is what will happen to groupings such as the WEAG and the WEAO? Will they continue to exist within some sort of a rump-WEU? Will they become integrated into the CFSP pillar or associated with it, at least in the case of WEAO which has a closer link to WEU? Will they continue to exist as a sort of Schengen groupings in the defence field outside of the EU? Furthermore, should a European Armaments Agency be established in the coming years, what would be its link with the defence related bodies within the Union? Would there be some representation in the Agency from the Commission's side and from the side of the Council Secretariat, including the CFSP High Representative?

Things become even more complex when taking into account that, because of the slow progress on a pan-European level in bodies such as the WEAG, the big arms producers France, Britain, Germany and Italy have already created their own forum, OCCAR (Organisation Commune de Coopération Pour l'Armement) which has its headquarters in Bonn and is already reflecting a quantum leap forward in European armaments cooperation.³¹ OCCAR is running multinational contracts and funding arrangements and has multinational teams headed by a national Armaments Director. OCCAR is dealing with the management of missiles (HOT, MILAN, ROLAND), the Tiger helicopters, satellite systems and an updated version of the multi-role armoured vehicle. Moreover, the four OCCAR members plus Spain and Sweden have agreed to closer cooperate and have concluded letters of intent (LOI) covering six areas: security of information, security of supply, harmonisation of military requirements, harmonisation of research and technology, export rules and intellectual property rights.

On the whole, there is not only much overlap in activities between the various bodies dealing with armament matters but also much difference in speed between the various processes inside and outside of the EU and WEU and, certainly, a lack of central

³⁰ See Annual Report of the WEU Council to the WEU Assembly, 1 July – 31 December 1998, pp. 20 and 21 "XIII Activities of the Western European Armaments Group (WEAG)".

³¹ See Bob van der Made, European Armaments Cooperation: On the Road towards a European Armaments Agency, in: CFSP Forum, No. 4/1998, (Institut für Europäische Politik) Bonn 1998, pp. 2-4.

coordination. The question is therefore, what to do? Since there is no evidence that Member States might be prepared to drop Article 223 (296 cons. TEC) in the foreseeable future, the best might be to pursue a dual track approach for improving the situation:

The first track would be building upon the most promising endeavour so far, OCCAR, and to develop this core group of arms supplier countries successively into a European Armaments Agency. Its major purpose would be coordination, harmonisation and standardisation. And of course, it would need to have the authority to sign contracts or to guarantee certain contract volumes through legally binding commitments of its Member States. Without such an institution on the procurement side it would be very difficult to develop a European crisis management capability.

The second track would be creating a more (intra-)open European armaments market by limiting the negative “fallout” of Article 223 on the basis of a two pillar concept which would exploit the existing legal instruments under the CFSP and within the Community. The CFSP provides for common positions and joint actions which can be used for a European armaments policy, and which have been used for the control of military technology transfers and arms exports. As for the Community side, the road to a European armaments market leads over the competences resulting from the Single Market, competition policy and common trade policy. The Commission is already pursuing such a two pillar strategy and has proposed a common position on a European armaments policy under the CFSP and an “Action Plan for the defence related industries”.³² Although the Council has not taken up the initiative for a common position, the Commission is right to carefully move along the lines of its Action Plan, supported in part through intense consultation with industries concerned. The Action Plan includes the simplification of intra-Community transfers, European companies statute, public procurement of defence equipment, research and technological development (multiple use material, information and communication technologies), standardisation, customs duties for imports of dual use equipment, competition policy (merger control regulations), export controls (dual use), structural funds, taxation. The Commission strategy is aiming towards restructuring and consolidating defence industries through creating a more open market which would allow for exploiting economies of scale and pooling of resources.

This meets some of the interests of the defence industries and also reflects the real processes under way with mergers and acquisitions across national barriers. Although industries would be even more interested in the Action Plan if the principle of Community preference would be established for protection against the powerful American companies³³, the Commission should strengthen its ties with defence industries as a sort of a bottom up strategy which may generate some pressure to overcome the foot dragging policy of the Council. There is a good reason for assuming a growing role of the Commission in the armaments field due to the dual use character of an increasing number of components in modern equipment and military high-tech. The Commission would be

³² The Commission’s “Action Plan for the Defence-Related Industries” has been published by Agence Europe, Europe Documents, No. 2063, 11 December 1997.

³³ See Bob van der Made, *op. cit.*

well advised if it watched carefully the developments of the institutional setting in relations to armaments policy and insisted in having a seat in the relevant bodies within or outside of the Union, whereby it would have the asset of being able to offer funds, at least within the framework of Community research and technology programmes.

II.3 The Need for Defence Convergence

Divergence between national defence policies of EU Member States is a true problem – due to different traditions, historical and geo-strategic factors, differences in the level of defence spending as well as the composition of defence budgets. But the even greater problem is linked to oversized armed forces oriented, to a large extent, towards much outdated missions. “Ten years after the end of the Cold War”, writes François Heisbourg in the recent CER Bulletin³⁴, “many European countries still have force structures geared to territorial defence, with massive manpower requirements. The EU countries’ field armed forces of 1.9 million, versus 1.4 million for the US. Many of the soldiers are cheap conscripts, but the bloated force structures associated with mass armies drain the bulk of limited, and sometimes still shrinking, defence budgets.”

As a consequence of this, Europeans have only a small capacity for force projection, as evidenced by the limited number of sorties provided by the Europeans in the air war against Serbia. Analyses of the Brookings Institution and the WEU Institute for Security Studies have pointed out that European NATO members, although spending about 63 per cent (1997) of what the US does on defence, have only a capability of about 10 per cent of that of Washington for projecting or deploying forces at a longer distance.³⁵ The reason for European deficiencies in crisis management capability have to do with wrong orientations in defence spending and an only slow and yet uncoordinated process of adapting to the new security environment. Heisbourg writes in his above mentioned article: “An extreme illustration of this is provided by the combined example of Germany, Greece and Italy. These three countries have standing forces of 800,000 (close to 60 per cent of the US total), but they only spend \$ 8 billion per year (12 per cent of the US total) on procurement. The ten Member States of the Western European Union spend half of what the US does on procurement and only a third of American R&D expenditure. Some countries have undertaken in-depth reorganisation of their armed forces to adapt to the post-Cold War climate. Britain is in the forefront, while France is half way through a process of reducing its standing forces from 500,000 (mostly conscripts) in 1995 to 350,000 professional by 2002. Germany has just launched its own review.”

It goes without saying, that on that background the question on how to converge defence policies in order to achieve a true European crisis management capability is highly relevant.

³⁴ François Heisbourg, The EU needs defence convergence criteria, Centre for European Reform, CER Bulletin, issue 6, June/July 1999.

³⁵ The results of the studies of the Brookings Institution and the WEU Institute for Security Studies are quoted in the WEU Assembly Report on “WEU after the Washington and Cologne Summits – Reply to the Annual Report of the Council, Report submitted by Mr. Baumel, Assembly of Western European Union, Forty fifth Session, Document 1652, 10 June 1999, p. 14, paragraph 47.

The Proposals

In the debate on defence convergence (as launched by Commissioner Emma Bonino, John Roper and François Heisbourg), lessons have been tried to be drawn from the model of EMU for the future defence policy of the Union by building upon institutional mechanisms, a timetable and convergence criteria. The basic idea is to have a commitment made by the Member States to a longer-term process with clear objectives to be met in stages, thereby avoiding an unrealistic approach towards the development of a defence policy/crisis management capability. Also, when agreeing on a convergence concept, governments of some Member States would be provided with additional European legitimation for making painful decisions difficult to be taken only within a national context (just as it was the case with EMU).

As for the institutional side, Commissioner Emma Bonino suggested³⁶ the European Council mandating the CFSP High Commissioner and the President of the European Commission (similar to the Delors Committee for drawing up the EMU plan) “to oversee” a committee which “would include the fifteen military Chiefs of Staff and senior diplomats from Member States and independent experts” for drawing up a “multistage plan, stretching over years to achieve Diplomatic and Military Union or DMU”. The first phase would focus on strengthening diplomatic and military cooperation. In the second phase “something similar to the European Monetary Institute (the precursor to the European Central Bank) would be set up, both in the military and the diplomatic realms.” In the final and third phase “DMU would be achieved and both a European army and a European diplomatic corps would see the light.” The implementation of this phased concept would be supervised by a Council of Defence Ministers (similar to the role of the Ecofin Council in the case of EMU). The whole process could last several years up to the year 2015, with a decision on entering the final phase made by the European Council.

This idea has been complemented by a proposal of Tim Garden and John Roper for the step-by-step development of a common defence policy as far as force elements, financing, military planning and command arrangements are concerned. Three phases are suggested up to the year 2015 (2000 – 2005; 2005 – 2010; 2010 – 2015), leading in the end to a European System of Force Elements (ESFE), a common EU defence budget for the ESFE, common force planning (with NATO) and a NATO/EU command structure (double-hatted European NATO commanders “as well as other necessary elements of European command structure”).³⁷

As for defence convergence criteria François Heisbourg and others have made a number of proposals which include³⁸:

? 2 per cent of the GDP for defence, or, at least, a commitment not to further reduce defence spending;

³⁶ See Emma Bonino, A Single European Army, in The Financial Times, 3 February 1999.

³⁷ Tim Garden and John Roper, Next Steps to a Common Defence Policy, Discussion Paper, 20 February 1999.

³⁸ See apart from the quoted article of Heisbourg the very stimulating Paper of Antonio Missiroli, The Case for Setting “Convergence Criteria” for a Common European Security and Defence Policy, Discussion Paper, WEU-ISS, Paris, July 1999.

- ? 30 – 40 per cent of the defence budget for procurement and research & development;
- ? a certain percentage of national defence procurement (e.g. again 30 – 40 per cent) for common procurement or projects like the creation of the theatre command capability, airborne or space-based reconnaissance capability, large air transport systems etc.;
- ? a full professionalisation of armed forces or the fixing of a minimum ratio for professionals vs. conscripts (e.g. 70 – 80 per cent professionals overall, and 100 per cent of professionals for reaction forces).

Assessment

These ideas are very challenging. But they give a useful guidance for a realistic approach to the development of a common defence policy in stages, and they very much follow the established logic of integration. Defence convergence, up to now, has been mostly discussed within smaller groups of experts, whereas governments, in a collective framework, have paid little attention to it. However, the idea finds support on the British and the French side. Defence Minister Richard has even suggest that a formula should be found to commit Member States to make available certain numbers of troops deployable for two months and of combat aircraft with day and night strike capability.³⁹ In Germany, the idea of defence convergence has found little resonance – apart from Defence Minister Scharping in search for support against further cuts in defence spending. The German case leads directly into the heart of some of the problems involved when using too rigidly the EMU convergence model for developing a common defence policy:

First, there is the question of whether it would make sense to set up a quantitative criterion like 2 per cent of the GDP. At present, Germany, Italy, Spain, the Benelux countries, Austria and others spend much less of their GDP for defence (see IISS military balance 1998/99). The general climate in most Member States is not in favour of increasing defence spending, but rather in favour of freezing or even reducing it. Germany spends about 1.2 – 1.4 per cent of its GDP for defence, and further cuts are likely within the next two years. Even a commitment for a freeze of the defence budget would be difficult for Germany in a situation, where the government exercises a rigorous course of reducing the public deficit. Hence, when designing defence budget criteria, it is important not to focus on spending more, but on spending better. And, for getting countries like Germany on board of the defence convergence train, it might even be advantageous if such a concept opened up possibilities for savings. One way for achieving this might be an agreement on role and task sharing. Another way would be agreeing on common procurement projects or research and development activities supported by some financial means of the EU's budget (which may require at some stage a reshuffling in the EU budget from, perhaps, the agricultural side to the defence side).

Secondly, focusing on a certain share for procurement or research and development within given defence budgets would make much sense. This would probably have a greater chance of being agreed upon by Member States since it is uncontested that a restructuring of defence budgets with an emphasis on investment is terribly necessary.

³⁹ See the interview with Alain Richard in *Le Monde*, 14 July 1999, printed under the headline "Instaurer des critères de convergence peut inciter efficacement des États européens à une défense commune".

But again, some problems may result from the huge divergencies between, for example, the UK which spends 40 per cent of its defence budget for this purpose and Belgium which spends only 12 per cent (Heisbourg). Another factor which plays a role has to do with the composition of national defence budgets resulting from the structures of the armed forces (including the ratio between conscripts and professionals), the different dimensions of each of the three military services and the costs which need to be covered for keeping working their respective systems before decisions on new procurement priorities can be made.

These are not arguments against convergence criteria. Rather they highlight the need for agreeing on a process of reducing the divergences through harmonising national defence reviews and agreeing on priority areas for the development of a European crisis management capability. Also, the nature of defence convergence criteria needs careful consideration. Any quantitative criteria need to be drawn up in a way that they do not outmuster a large number of Member States from the beginning. And, defence convergence criteria need to be designed in a way so that they do not put into jeopardy the achievements of the European (EMU) Stability Pact.

Another problem with defence convergence criteria is linked to the question of sanctions/awards. In the case of the EMU criteria the threat of being excluded from the EURO zone and collective monetary decision-making when not meeting the pre-defined targets, served as a central catalyst for the willing Member States to push through painful adjustments and reforms. Would Member States, who do not fulfil defence convergence criteria, be excluded from decisions with defence implications? Certainly not. Although some kind of flexibility might be useful to avoid Member States wishing to move forward towards defence convergence being blocked by others, all Member States would be involved in basic decisions according to the Treaty and the Cologne agreements. Furthermore, would Member States not hitting the targets be excluded from committing troops to a joint operation and thereby risking the life of their soldiers? Certainly not, since every brigade or support service would be welcome. Hence, there is a need to launch a process in the defence field which builds upon positive incentives such as a much more credible underpinning of the CFSP for the sake of all Member States, mechanisms for burden sharing and of force specialisation, which may foster solidarity and may open up new possibilities for Member States in coping with the difficulties at hand.

Another point has to do with the institutional side. Different from EMU, a common institutional set-up with decision-making competencies will be put in place at a rather early stage (assuming that Member States are serious about their agreements made at Cologne). This will allow for moving forward earlier in particular areas of a common policy, and it would certainly not be necessary to establish some sort of an equivalent to the European Monetary Institute, once a Military Committee and an International Military Staff start working within the EU. Also, there are important players outside the EU, NATO and the US, which need to be consulted and with which agreements on special EU-NATO arrangements will have to be concluded. Finally, Bonino's text on developing a common defence policy along the lines of the EMU model had been published unfortunately under

the headline "A Single European Army". Defining this as the final objective would not only meet strong resistance on part of many Member States, but it would also be misleading. It is much more appropriate aiming at a phased concept leading in its final stage to the establishment of a European System of Force Elements, ESFE (as proposed by Roper). ESFE would not replace national armies and general staffs, but would mark a high degree of integration between national reaction forces. And, in order to make it even more clear that the objective is a European crisis management capability not decoupled from NATO, but complementing it, the term "European System of Reaction Force Elements" (ESRFE) could be introduced.

The next Steps and Beyond

Evidently, a concept for convergence in defence policy is needed, including agreed objectives and a timetable for meeting these. To what extent quantitative criteria can be defined and set up needs careful consideration. As soon as the new Prodi Commission is in place and, some months afterwards, the CFSP High Representative Solana takes up his post, a special committee/experts group needs to be established for drawing up a convergence plan. The convergence plan might be ready for approval of the European Council at the end of the year 2000 (or soon afterwards). Since an agreement on criteria to be written into the Treaty might be difficult to achieve, the General Affairs Council, including Defence Ministers, may subsequently agree on a joint action, probably in the form of a code of conduct for defence convergence. The phases of the development of a common defence policy may look like the following:

First phase

A Military Committee, an International Military Staff, a Pol/Sec Committee, a Joint Foreign and Defence Ministers Council, a Satellite Centre, a Situation Centre and an Armaments Agency will be established. WEU's audit of assets and national defence reviews will be evaluated and priority areas for a European crisis management capability be defined. Operational arrangements of WEU with NATO will be transferred to the EU and complemented by further arrangements. Command structures will be discussed and the role of DSACEUR developed. Work on a European strategic concept for crisis management in complementation to NATO will begin. Member states will work towards convergence in pre-defined areas. First EU-NATO exercises will be held. The first common procurement will be planned and decided. Elements of a more open European defence market will be developed and the role of the Commission be strengthened.

Second phase

A political solidarity clause in crisis management will be included into the Treaty. A protocol on an Art. V-commitment of EU-NATO members will be attached to the Treaty. Regular meetings of EU defence ministers will be established. A mechanism for reviewing Member States' progress towards convergence in a transparent and verifiable way, supervised by the Council of Defence Ministers, will be put in place (with annual or biannual convergence reports). Common force elements will be initiated and elements of a command structure in agreement with NATO be developed. The first common procurement projects will be implemented. A strategic concept or "White Book" will be

concluded. European exercises and joint EU-NATO exercises will be held. The first common procurement projects will be implemented. The role of the European Commission in the European armaments market and in research and development will be enhanced. An EU budget for research and development will be established.

Third phase

After a decision of the European Council a European System of Force Elements (ESFE) with a NATO/EU command structure will be put in place. A common EU budget for defence policy will be established.

Conclusions

The development of a European security and defence policy will be a difficult and longer-term project. It will require continuous work on maintaining a consensus by taking into account the various interests involved, notably those of France and the neutral and non-aligned Member States. However, all Member States want to set up appropriate decision-making bodies on defence policy in the EU and to develop a European capability for crisis management. The question is how and when? As for the defence policy institutions in the EU, it is crucial that the formal decision on these will be made by the end of 2000 and that the decisions will be implemented soon afterwards (within a time span of two years or so). Otherwise, the process could easily lose momentum.

As far as the development of military capabilities is concerned, a much greater time frame has to be envisaged. Doing it right will require considerable efforts of coordination and planning in relation to force structures, defence spending, arms procurement, research & development activities, including effective common decision-making to avoid duplication. And, in order to have some overarching guidance, a European strategic concept combining civil and military aspects of crisis management (since it is precisely the EU which will be able to do both) might be developed – not in contradiction to NATO's strategic concept, but in complementation to it. Furthermore, it is necessary to initiate a process for converging defence policies with a time table and objectives to be met in stages. This process may last ten years or more, and may lead in the end to a European system of force elements for crisis management.

The institutional aspects of a European defence policy are equally important since they affect the nature of the future Union. There is a true risk of a strengthened intergovernmentalism through injecting defence policy into the EU. The point is that the Union's success results from its sui generis character built on a balance between intergovernmental and supranational structures. That needs to be maintained, including the openness towards further reforms of the CFSP. It also means that the Commission and the European Parliament would have to be involved to the fullest extent possible for reasons of democratic legitimacy and coherence between the first and the second pillar. The Commission itself needs to be best prepared for playing its role in the most important integration project after monetary union. This requires a Commissioner for External Affairs with a strengthened DG, a bigger planning staff and a built-up of pol/sec expertise within the Commission and (for reasons of information) in its delegations abroad. The Member States, on the other side, need to make up their minds on what kind of a future Union they really wish to have. They need to be careful in designing new institutional settings and procedures for the CFSP, since all what will be decided now, must be working for a Union of twenty or twenty five Member States tomorrow. Hence, the enlargement capability must be taken into consideration also in the framework of the CFSP when developing a common defence policy. The new institutional structures need to be well thought through. Otherwise one may end up in a Union with essentially different "communities" under its roof with a lack of coherence, permanent rows among institutions and Member States about procedures and competencies to the detriment of efficiency and effectiveness – two very essential motives for the current move towards including the functions of WEU into the Union.