



**THE EUROPEAN DEFENCE AGENCY.  
A REAL BREAKTHROUGH OR STANDARD AGENCY ?**

**Martin Shabu**

analytik Vyzkumného centra Asociace pro mezinárodní otázky

[martin.shabu@amo.cz](mailto:martin.shabu@amo.cz)

[www.diplomacie.info](http://www.diplomacie.info)

28/08/2006

# THE EUROPEAN DEFENCE AGENCY. A REAL BREAKTHROUGH OR STANDARD AGENCY ?

MARTIN SHLABU

## 1 EUROPEAN DEFENCE AGENCY - EVOLUTION

The first mention about the European armaments agency was in the founding treaty of the European Defence Community. While it was originally a French proposal, the ratification process was stopped by the French National Assembly in 1954 which declined even to vote on the Treaty, moving to other businesses on the agenda.<sup>1</sup> European political circles were not sure if this new orientation of integration was correct.<sup>2</sup> Half-a-century later, the idea of a pan-European supranational body acting in the defence sector field became a part of the reality. Re-opening of the debate on this issue was partly linked to two strategic documents which were drafted at the EU level and one bilateral declaration.

Despite the fact that the European Constitution has not been accepted by all member states yet, one of its recommendations, mentioned in the Javier Solana's European Security Strategy, changed armaments cooperation.<sup>3</sup> It paved the way for the establishment of the European armaments agency stating:

*“Setting up a European Armaments and Strategic Research Agency to strengthen the industrial and technological base of the defence sector, allow member states to pursue different cooperation programmes among themselves and ensure fulfilment of capabilities commitments (...) by promoting policy of harmonised procurement by the member states and to support research into defence technology. The Agency would incorporate, with a European label, closer forms of cooperation which already exist in the armaments field between certain Member States (OCCAR, <sup>4</sup>Lol).”<sup>5</sup>*

The text was drafted by Michel Barnier at the fall of 2002. Barnier served as a European Commissioner for regional policy in the Prodi Commission and chaired Working Group on Defence in the European Convention which was a broad political forum for discussion on future of the European integration. The Working Group on Defence shed some light on armaments matters as well.

Subsequently, on February 3, 2003, a Franco-British summit took place at Le Touquet. After St Malo (ESDP evolution), it was a second bilateral initiative of Blair and Chirac aimed at boosting a debate on European defence. This time it was not a Franco-German engine that brought into the debate a new trend. Both “Channel politicians” jointly proposed the creation of a defence agency which ought to take care of European military capabilities defined in the European Headline Goal.

There was a question of what stood behind the London's and Paris's decision to step further in the armaments field when there had been a number of unsuccessful ad hoc projects trying to pursuit the same objectives (NATO or WEAG<sup>6</sup> examples). Britain left aside an old fear

---

<sup>1</sup> European Defence Community Treaty. Signed at Paris 27 May 1952, accessible via [http://aei.pitt.edu/5201/01/001669\\_1.pdf](http://aei.pitt.edu/5201/01/001669_1.pdf), 20 April 2006

<sup>2</sup> Duke, Simon; *The Elusive Quest for European Security*. From EDC to CFSP, Palgrave, 2002, pp. 34-35

<sup>3</sup> A Secure Europe in Better World. European Security Strategy, Brussels 12 December 2003, accessed via <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf> on 20 April 2006

<sup>4</sup> Organisation Conjointe de Coopération en matière d'Armement (Organization for Joint Armament Cooperation)

<sup>5</sup> Final report of working group 8 on Defence: CONV461/02 dated 16 December 2002, pp.2 and 22

<sup>6</sup> Western European Armaments Group

about a “Fortress Europe” excluding American suppliers from the European market. Blair understood that the EU was a much wider political framework affecting many other policy areas such as industry, competition or regional development. On the other hand, Chirac favoured independent European activities in defence sector balancing the strength of the US military industry. Both partners were also convinced that the armaments agency could play a major role in a political review and an assessment of the European military capabilities development process and in some ongoing defence projects (Eurofighter).

How to make from the bilateral summit the EU institution? France and the United Kingdom represented two out of six largest arms-producing countries which accounted for more than 90 percent of defence equipment production in the EU. Some of the producers actually hoped that the agency could preserve their ineffective national defence industrial bases tanks to “buy European” logic. The remaining EU member states were condemned for to be in a position of mere consumers. These states had to be persuaded that the proposed agency did not serve to meet interests of big powers. In such a case, it would never push competition among companies at both sides of Atlantic and would never reduce prices of the equipment.<sup>7</sup>

As said before, the Agency happened to be part of the wider consideration on future of Europe. In June 2003, the European Council of Thessalonica consecrated the Council bodies to carry out works on the concept of the Agency’s establishment.<sup>8</sup> A bilateral initiative was transferred to the catch-all declaration. European heads of states and governments committed themselves to set up an Agency, under the Council’s authority in the course of 2004. An ad hoc preparation group reorganised into the Agency Establishment Team delivered its work on the mission statement, legal, financial and administrative provisions. The Council’s experts concluded that in place of fragmentation in defence matters, caused by partial inputs of various institutions, the EDA’s comparative advantage should be its ability to comprehend all related agendas, so as to realise its synergies.<sup>9</sup> These findings served DG RELEX and COREPER as a basis for drafting the legal act.<sup>10</sup>

The second document giving the Union strategic assessment of the security environment - The European Security Strategy referred to the Agency saying that “*progressive framing of a common defence policy will be supported by, as Member States consider appropriate, cooperation between them in the field of armaments*”.<sup>11</sup>

The decision to create the European Defence Agency was adopted in the General Affairs and External Relations Council. The Joint Action of 12 July 2004 was a landmark decision. Some authors believed that the new agency could have the potential to apply a major impact on EU defence policy via cooperation in purchasing and development of military equipment for common European military forces.<sup>12</sup> The Agency staff was progressively being built up from initial number of 22 (2004) to the total of 80 personnel in 2005. The Agency was composed of fixed-term officials hired directly by the EDA and seconded national experts which ought to grant it an intergovernmental perspective.

## 1.1 EUROPEAN DEFENCE AGENCY – POWERS AND ORGANS

In order to avoid mistakes known from previous cooperation formats, the EDA needed a strong political guidance and senior officials in the top management posts assisted by national

---

<sup>7</sup> Keohane, Daniel; Europe’s New Defence Agency, Centre for European Reform, London 2004, pp. 1

<sup>8</sup> Presidency Conclusions – Thessalonica, 19 and 20 June 2003, accessible via:

[http://ue.eu.int/uedocs/cms\\_data/docs/pressdata/en/ec/76279.pdf](http://ue.eu.int/uedocs/cms_data/docs/pressdata/en/ec/76279.pdf), pp. 20, 20 April 2006

<sup>9</sup> EU Security and Defence: core documents 2004, Vol. V, Chaillot Papers 75, ISS EU, Paris 2005, pp. 52

<sup>10</sup> RELEX – Directorate General for External Relations part of the European Commission; COREPER – Comité des représentants permanents is a standing Council’s body composed of heads of missions to the EU.

<sup>11</sup> Article 17, A Secure Europe in a Better World, European Security Strategy, Brussels 12 December 2003

<sup>12</sup> Keohane, Daniel; Europe’s New Defence Agency, Centre for European Reform, London 2004, pp.2

governments. Germany and Italy argued for an agency with minimum powers and wished to see formal and regular meetings of defence ministers in the Council of the EU. Defence ministers could ensure a strict policy control as a part of the EDA review. *“It won’t achieve anything that defence ministers don’t want to see achieved”* voiced out Nick Witney a new Chief Executive of the EDA.<sup>13</sup>

On contrary, Paris preferred a fully-fledged armaments agency defining common armaments strategies. Standing in-between, Britain advocated latter approach being afraid that the National Armaments Directors would not secure a sufficient level of political control. Second reason was to emphasise industrial and market views in defence sector which outweigh the French approach. The French government, having long-term and strong strategic interests in the defence industry, always supported a higher degree of state involvement in national armaments companies.<sup>14</sup> These symbolic and theoretical differences had concrete repercussions in terms of the suitable candidates for the Chief Executive post in the new Agency.

At the end a compromise was reached, Javier Solana was entrusted to head the Agency and British official Nick Witney, former Director-General for International Security Policy at the UK Ministry of Defence, was appointed the Chief Executive for three years by the Steering Board.

Solana’s task was to ensure that the guidelines issued by the Council and decisions made by the Steering Board (SB) such as a work programme or the budget framework were implemented by the Chief Executive who should report to the Council twice a year. In harmony with the directives of the SB, the Chief Executive was responsible for negotiations with third countries and organisations.

Because of the fact that the EDA did not have its own procurement and research budgets to buy or manage multinational armaments programmes it had to establish good working relations with other bodies within the EU framework (Council, Commission), Capabilities Development Mechanism (CDM) operated by the NATO and other organisations.<sup>15</sup> Defence ministers approved the EDA’s budget for less than €2 million in 2004 and €25 million for 2005.<sup>16</sup>

The OCCAR was seen as a first option to manage cooperative programmes arising in the Agency. Future incorporation of the OCCAR under the EDA umbrella was considered too. An early objective was the assimilation of the LoI’s harmonisation of defence equipment and research activities. As the WEAG/WEAO<sup>17</sup> was about to terminate its existence, member states agreed to transfer I and III Panel responsibilities under the Agency remit. Non-EU states and partners should not come across any obstacles participating in individual projects.

As Denmark had an opt-out from the Treaties on defence related matters, it did not participate in the EDA. Its main decision-making body was therefore composed of 24 national defence ministers and the Head of the Agency. The SB meets twice a year. Meetings are convened and chaired by Solana and attended by the Chief Executive and the Chairman of the EU Military Committee and the National Armaments Director of the EU Presidency. In praxis, the Commission is usually represented by the Commissioner for Enterprise and Industry Günter Verheugen. According to the debated agenda, the SB more often meets at the level of NADs, National Defence Research Directors, National Defence Planners or Policy Directors. It may decide to invite the NATO Secretary General or the third party representative if it is in the pursuit of a common interest. But only representatives of member states take part in decision-making which is carried out by the qualified majority.

---

<sup>13</sup> Europe’s Defence Agency on the starting blocks in: European Voice, 22-28 July 2004, pp. 3

<sup>14</sup> For more on French military-industry complex see: Maulny, Jean-Pierre (ed.); Industrial and Strategic Cooperation Models for Armaments Companies in Europe, IRIS, 2004, pp. 82-94

<sup>15</sup> N. Witney predicted that it could be ten years before the Agency was carrying out major procurement projects on behalf of some or all EU states. Europe’s Defence Agency on the starting blocks in: European Voice, 22-28 July 2004, pp. 3

<sup>16</sup> [http://www.eda.europa.eu/procurement/Consolidated%20Version\\_EDA%20Financial%20Provisions\\_%20Annexed%2016-12-05.pdf](http://www.eda.europa.eu/procurement/Consolidated%20Version_EDA%20Financial%20Provisions_%20Annexed%2016-12-05.pdf), accessed 20 April 2006

<sup>17</sup> Western European Armaments Group/Western European Armament Organisation

Daily business of the EDA is run by the Management Board which includes the Chief Executive, his deputy and five directors (Capabilities, Research and Technology, Armaments Industry and Market and Corporate Services). It is hard to believe that it has happened by accident that out of eight key positions in the EDA Management Board, six posts were occupied by officials coming from arms-producing countries. It is likely that the next Chief Executive would have to come from either a small member state or from those newly joined Eastern European countries.

## **1.2 EUROPEAN DEFENCE AGENCY – MISSION AND PROJECTS**

The agency was ascribed four major functions and roles including: defence capabilities development; armaments cooperation; the European defence, technological and industrial base and defence equipment market and research and technology. It was designed to define capability needs of ESDP/Headline Goal 2010 and to force member states to coordinate planning of defence purchasing.

In comparison with the single Joint Strike Fighter project developed by the USA, inside the EU, there have been ongoing three jet programmes: Eurofighter (collaboration of Germany, Italy, Spain and the UK), French Rafale and Swedish-British Gripen. But individual European states cannot afford to purchase or develop all imaginable weaponry they could need. The resources are limited. The EDA should encourage EU countries to match their procurement needs and come up with common solutions.

Besides defence market and research issues there is a key role to be played by the EDA in armaments sector. How best to contribute to the increasingly urgent improvement of both the quantity and quality of individual national armies in the EU? In order to address these questions it has to tackle older cooperative programmes, identify its shortcomings and benefits and propose new collaborative projects. Ideally, collaboration starts with a common understanding of capability needs followed by priorities projection into the joint equipment or system development phase.

There are other examples of the shared capability need such as a long-distance transport plane (the EU has at disposal only four aircrafts of this type in comparison with 200 of these in the USA).<sup>18</sup> The EU summit in Hampton Court decided to look deeper into the road map of the Armoured Fighting Vehicle, Unmanned Aerial Vehicle programme and lately Command, Control and Communications (C3) development.<sup>19</sup> Primarily, attention of the Agency should focus on the four strategic priorities which can assist the EU member states to face adequately threats and challenges of the 21 century.

Unlike the ECAP, the EDA favoured to top-down approach, driving coordination and exercising immanent pressure on member state to enhance their military capability improvements. The EDA should help to eliminate waste and unnecessary duplication of defence budgets and replace it by pooling of efforts and market consolidation. The Head of the Agency will have to convince its members to complete defence market re-construction. This is a very sensitive issue for governments as it requires discharging employees. Given the fact that European politicians are worried about the current high level of job losses they will certainly pay a special attention to changes in defence industry sector with any labour implications.

## **1.3 EUROPEAN DEFENCE AGENCY – FUTURE IMPLICATIONS**

---

<sup>18</sup> Keohane, Daniel; *Europe's New Defence Agency*, Centre for European Reform, London 2004, pp. 2

<sup>19</sup> Informal meeting of Head of States and Governments in Hampton Court on 27 October 2005  
<http://www.eu2005.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1107293391098&a=KArticle&aid=1119527321606>

Even though the EDA has a short track record, the Agency achieved in certain areas a success while in other spheres it still waits for an impetus. Some experts predicted that the EDA could become fully operational and effective only in long-term perspective, which is in 5-10 years.<sup>20</sup> In current transition years many improvements have to be achieved if not to repeat old mistakes in the armaments cooperation sector.

It is hardly possible to imagine that Javier Solana could dedicate his time only to the armaments portfolio being the High Representative for Common Foreign and Security Policy and Secretary General at the same time. Some advised the appointment of a new deputy Secretary General of the Council responsible for armaments. It has to be a respected political figure that would look after the sector's development thoroughly.<sup>21</sup> It is also worth noting that the political priority has been already given to the subject by the fact Verheugen, as a vice-president of the Commission, is a standing member of the EDA's Steering Board.

Recently, the Steering Board approved a voluntary Code of Conduct on Defence Procurement on 21 November 2005. It came into effect on 1 July 2006 in those member states which decided to subscribe to it. Member states committed themselves to inject more transparency and competition into the procurement practices which have greatly influenced armaments market fragmentation. The Code covers all contracts exceeding €1million. The majority of tender contracts were exempted from the single European market applying Article 296 of the Treaty on the European Union.

The new intergovernmental regime forces participating states to announce all relevant defence procurement opportunities through a single online portal setting objective criteria for selecting bidders (Electronic Bulletin Board) and operated by the EDA. Only Hungary and Spain (Denmark is not involved in any of EDA's activities) exercised their option not to join the Code. However, both have indicated the possibility of doing so later.

The regime will embody certain classes of exception for procurement of research and technology; collaborative procurements; and procurements of nuclear weapons and nuclear propulsion systems, chemical, bacteriological and radiological goods and services, and cryptographic equipment. When exceptions are invoked or when other irregular events occur, participating member states will wish to have an explanation - and the opportunity, if need be, to debate the circumstances in the Agency Steering Board. These procedures combined with the support of small and medium enterprises via the Code of Best Practice in the Supply Chain reinforce mutual confidence and thus usefulness of the Code itself.<sup>22</sup>

The EDA was tasked with defence market consolidation and to bridge European military capabilities gap. The EU has its soldiers (via national contributions) but it lacks military equipment designed to combat new threats and challenges. *“Yes, the Agency has important functions related to, for example, the defence industry. But our leading light, the star we steer by, is the aim of building Europe's military capacity – or, if you will, of trying to ensure that Europe gets a better output from what it spends on defence.”*<sup>23</sup>

In contrast to previous collaborative projects WEAG/WEAO, OCCAR or WEU, the new Agency seems to be better designed to deal with national administrations which have been

---

<sup>20</sup> Flournoy, Michele A. and Smith, Julianne; *European Defence Integration: Bridging the Gap between Strategy and Capabilities*, Centre for Strategic and International Studies, Washington 2005, 56-57

<sup>21</sup> Keohane, Daniel; *Europe's New Defence Agency*, Centre for European Reform, London 2004, pp. 6

<sup>22</sup> The Code of Best Practice in the Supply Chain, Brussels 27 April 2006; accessed via

<http://www.eda.europa.eu/reference/eda/EDA%20Code%20of%20Best%20Practice%20in%20the%20Supply%20Chain%20-%20European%20Defence%20Equipment%20Market.pdf>, 27 April 2006

<sup>23</sup> Witney, Nick; *The European Defence Agency – Strategic Directions and Impact on Transatlantic Relations*; Press Club; Washington 24 October 2005; accessed via <http://www.eda.europa.eu/news/2005-10-24-0.htm>; 20 April 2006

traditionally reluctant about any defence topic transfers to Brussels. Intergovernmental nature of the EDA offers to defence ministers a formal forum for discussions on armaments. For the first time in history ministers of defence have been meeting on a regular and formal basis in the EDA Steering Board. It provides greater political leadership in armaments efforts especially in the European Capability Action Plan review and assessment. Some authors speak about the inevitable need to establish “Mr ESDP” function run by a senior political person.<sup>24</sup>

---

<sup>24</sup> Keohane, Daniel; *The EU and Armaments Cooperation*, Centre for European Reform, London 2002, pp. 34