



Britain's integration into the EU

Mark Joyce

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After nearly a decade in power, Tony Blair is preparing to step down as Prime Minister of the UK.

Barring any major political shocks – an important caveat in age of constant terrorist threats – Blair will be succeeded in the summer by the Chancellor of the Exchequer, Gordon Brown. The new Prime Minister will then have around two years in office before facing a general election in 2009 or, at the latest, 2010.

A Brown succession could be bad news for those who favour a 'special' US-UK relationship in the security field. But it could create new opportunities for bringing the UK into the mainstream of European Security and Defence Policy (ESDP).

Soft Power

On 12 January, Tony Blair gave his first major speech of 2007 in the heavily symbolic location of a Royal Navy amphibious assault ship. Surrounded by tanks, armoured cars and military personnel, he outlined his priorities for the future of British security policy.

The arguments were familiar and, to adherents of the so-called 'special relationship' between Britain and the United States, reassuring: The British government should resist public demands for cuts in military spending; the international threat environment requires that the UK remains able to fight wars as well as keep the peace; in planning its future military capabilities Britain must continue to assume that it will fight major conflicts in partnership with the United States.

While Blair's speech stole the headlines, Gordon Brown was making a quieter but

more significant intervention. In an article in the Guardian newspaper he called on developed nations to make education the overarching priority of international security policy.

Ensuring that all the world's children have access to education within 10 years, he argued, makes not just moral and economic sense but strategic sense too. Echoing the 'Alliance of Civilizations' rhetoric of Spanish Prime Minister José Zapatero, Brown stressed that failure to act would leave a gap into which madrassas "created by religious extremists" would move, with free education providing a front for fundamentalist indoctrination.

Brown, who has made his reputation as an assured manager of fiscal and monetary policy, has until now been reticent on the subject of foreign and military affairs, leaving observers few clues from which to infer his likely priorities.

Brown's political record indicates that he is an instinctive atlanticist. He is critical of EU bureaucracy and suspicious of what he sees as French and German efforts to bend the Union to their own interests. He was instrumental in postponing a British referendum on entry into the single European currency, an issue which has been quietly postponed and is unlikely to resurface in the near future.

Brown has, meanwhile, established close contacts with key figures within the Democrat establishment in Washington, notably Al Gore, Hillary Clinton, Nancy Pelosi and Howard Dean. His relations with the Republican establishment are not as cordial, but Brown is above all a

pragmatist and is unlikely to pick a fight with the Bush administration in return for cheap boosts in domestic popularity.

He will have noted the Zapatero government's disastrous management of transatlantic relations and, while unlikely to follow the will of the American President as slavishly as Blair has done, equally will be aware that there is little to be gained on the international stage through open confrontation with the US.

Those expecting a radical departure in post-Blair British defence and security policy are, initially, likely to be disappointed. Brown's rhetoric in front of American audiences will be broadly similar to that of Blair: the US-UK relationship is fundamental and the UK can be relied upon to stand shoulder-to-shoulder with the US in the fights against international terrorism and extremism. It is by placing more emphasis on education, the environment and other 'soft' security issues that Brown will seek to establish a subtly new direction while maintaining close transatlantic relations.

But the realities of military spending could in time force a more radical change of direction. As the US defence budget moves inexorably upwards, Britain's ability to integrate into the American warfighting machine is becoming ever more difficult and expensive to maintain. This trend was highlighted in October 2006 when the Ministry of Defence released a new 'Defence Technology Strategy' (DTS), presenting to government, industry and academia its pri-

orities for technology Research and Development (R&D) in the coming years.

DTS

Although the DTS is presented in the impeccably diplomatic language one would expect of a report by a government department, it nonetheless contains evidence of a gradual shift of emphasis away from the United States towards Europe in the defence R&D field. This is potentially a highly significant development within a department that has traditionally been one of the staunchest proponents within the UK government of maintaining the 'special relationship' with the US.

The technology priorities outlined in the DTS are varied, including, for example: man-portable biological detection units; advanced radar and information collection and analysis systems; modeling and simulation; propulsion technologies; and new materials and structures for use in personnel protection. A common theme running through these technologies is that they are at an early research or experimental stage. As such, major investment comes with considerable risk that the technologies will fail to develop into workable and procurable defence applications.

This type of investment tends to be unattractive to industry unless it is accompanied by significant financial and political backing from government. Against this background the DTS argues that the government should be willing to assume a greater share of financial risk, shifting the focus of investment away from the development of relatively mature appli-

cations towards targeted research into cutting-edge, high-risk but potentially ground-breaking technologies.

The report argues, moreover, that isolated initiatives by individual national governments will be unlikely to yield significant results across the full range of priority technology areas. As such, enhanced cooperation between governments will be a crucial factor in helping to coordinate investments, avoid unnecessary duplication and keep the levels of risk at manageable levels for all concerned.

In its discussion of international collaboration, the DTS re-states the well-established UK government position that the US is Britain's most important partner. However, in an interesting caveat the report also emphasizes the need "to maintain an efficient collaborative process that allows appropriate, equitable technology sharing". This carefully worded statement underlines two major problems that have been eating away at the UK-US relationship for some time.

First, with the annual US defence budget having reached \$450 billion for fiscal year 2007, there is a massive and widening disparity in defence spending levels between the US and the UK. The US Department of Defense (DoD)'s annual R&D budget of \$70 billion is slightly higher than the entire annual budget allocated to defence in the UK. Moreover, a large proportion of US R&D spending is focused on the development of ballistic missile defence and on high-end war-fighting platforms such as the F/A-22 and F-35 Joint Strike Fighter (JSF).

Although the UK undoubtedly gains from some of this activity - for example through close involvement in the JSF project, for which the UK is the second-largest customer and the largest foreign investor - there is an increasingly strong argument that the benefits of access to American R&D are outweighed by a loss of focus on UK priorities.

Second, as a result of unrelenting congressional opposition the US continues to refuse to grant the UK a waiver under its International Traffic in Arms Regulations (ITAR). As a result, the British military and defence companies are unable to access, develop or apply many of the most sensitive and useful American technologies.

Without an ITAR waiver the benefits of British participation in, for example, the F-35 project become more difficult to substantiate. There is consequently a case that the benefits of cooperation with the US no longer justify the dilution of the UK's own defence R&D priorities. In its emphasis on "appropriate, equitable technology sharing" the DTS is hinting that the benefits of close cooperation with the US - or with other international partners - are no longer to be taken for granted.

Towards Europe

This conditional approach to cooperation with the US is mirrored in the language in which the DTS discusses collaboration with European partners. While emphasizing the importance of cooperation and risk sharing between European governments - especially at the early research, experimentation and

development phases - the DTS stresses that this cooperation should take place principally on a bilateral or small group basis and should not be conducted at the pan-European level.

This reluctance to view defence R&D as a pan-European activity is entirely justified if viewed against the background of European defence budgetary trends. Some 93 per cent of all European defence R&D spending is provided by just six countries: the UK, France, Spain, Italy, Sweden and Germany.

The UK and France alone account for 70 per cent of European defence R&D spending between them. Two-thirds of the UK's existing defence technology collaboration within Europe takes place on a bilateral basis, the majority of it with France. The UK therefore fears that multilateral European cooperation will lead to a dilution of its own R&D priorities, bringing less progress at greater expense and sharing the fruits of British defence investment for little or no benefit in return.

The standard UK foreign policy position favours NATO over the EU as the main forum for collaboration in the defence and security field. This position is problematic in the context of science, technology and R&D for two reasons.

First, NATO is institutionally and constitutionally ill-suited to the bilateral and small group collaboration favoured by the UK. Although NATO has a well-established defence technology arm, in the shape of the Research and Technology Organisation (RTO), it operates according to the fundamental alliance

principle of equality between all member states. This means that member states are given an equal say in technology discussions, with no special weighting for the UK or other major spenders on R&D. This is not only politically unpalatable for those governments that do spend money on defence technology but is also an unrealistic basis on which to encourage defence industrial participation in NATO projects. The data, technologies and applications that emerge from R&D represent commercially valuable information. Defence companies are unwilling to provide and develop this information unless they are given assurances on intellectual property, assurances that NATO historically has been unable to provide.

Second, with France absent from the NATO military structure, and with Sweden not a full NATO member, the RTO does not include two of the six most important European nations in terms of defence R&D spending. NATO therefore has no viable mechanisms in place to facilitate defence technology sharing on terms that are attractive to those nations that control nearly all of Europe's defence R&D budget, as well as the defence companies that operate out of them.

European Defence Agency

The European Defence Agency (EDA) - an agency of the European Union - was established in 2004 with the objective of enhancing and supporting cooperation between member states in the defence technology field. The EDA enjoys an important advantage over the NATO RTO.

Although the EDA's mission statement includes the development of European military capabilities within the framework of the 'Headline Goals' of the ESDP, it is also concerned with sustaining and strengthening the European defence industrial base. As a result, the organisation recognises that it is unrealistic to expect the UK, France and others to share commercially valuable information with countries that have contributed little or nothing to its development.

EDA projects are in theory open to all member states of the EU. However, a memorandum of understanding (MOU) recognises that only those nations that contribute financially to a specific project should be allowed to define its priorities. By recognising the intellectual property implications of cooperative R&D, moreover, the MOU places restrictions on access to the outputs of EDA projects. As such, the EDA is able to encourage industrial participation to a much greater extent than the NATO RTO.

After a specified period of time, in which member states are invited to take part in a given project, the project can proceed according to the priorities set out by the participating nations. In practice the EDA's projects typically take place on a bilateral or small group basis, with recent initiatives including Franco-British cooperative research into lightweight portable radar and guided weapons technologies.

Policy implications

The advantage of the EDA over the RTO as a framework for defence technology cooperation has potentially major impli-

cations at the level of defence and security policy. UK policy is predicated on the assumption of close cooperation with the US, especially in high-intensity war-fighting operations. If the UK continues to find this privileged relationship disadvantageous in defence technology terms, it may be forced to shift the focus of its collaborative programmes increasingly towards Europe. The recent intensification of collaboration between the UK and France within the framework of the EDA indicates that this trend is already advancing.

If the UK continues to shift its collaborative defence R&D focus away from the US, the strategic assumption of interoperability with US forces will become increasingly difficult to maintain. If this trend coincides with a shift towards 'soft' over 'hard' security policy under a Gordon Brown government, the UK is likely to be increasingly inclined to give ESDP a higher priority in its defence and security policy planning.

These trends still have some way to go before reaching fruition, and some European nations will have to do more if they wish to encourage closer British participation in ESDP. The recent conduct of the Spanish government provides an excellent example of the dilemma the UK faces.

Mark Joyce is Americas Editor with Jane's Country Risk and an associate fellow of GEES and the Royal United Services Institute (RUSI) in London.

The decision of the Zapatero government in 2005 to pursue with EADS-Casa a sale of naval patrol boats and transport aircraft to Venezuela had an immediate, negative impact on the UK. The episode occurred at precisely the same time that British diplomats were attempting to convince the US Congress to grant the UK an ITAR waiver. The effort failed in large part because Congress remained unconvinced that sensitive technologies transferred to the UK would be secure from falling into the hands of hostile foreign regimes. With British defence companies involved in some of the same industrial consortia as EADS-Casa it was extremely difficult for British diplomats to refute this argument against the background of the Venezuela affair.

The incident has wounded the British defence community and alienated many of those who would otherwise have supported closer British integration into ESDP. One of the major challenges for Europe in the coming months will be to repair these wounds. The challenge is an important one because, without British participation, ESDP will lack one of the two most capable military powers in Europe.