

**SPEECH BY DR LIAM FOX MP TO THE HERITAGE FOUNDATION— *NATO: FINDING A WAY AHEAD***

**7 April 2008**

**Introduction**

As we sit comfortably here in Washington today, young men and women in NATO forces across Afghanistan are fighting. Perhaps being injured or even dying. They are committed to a struggle that ensures the security we enjoy back home and the improvement of the average Afghan's life. Their success or failure in this far away place may also be part of a struggle for the future of the NATO alliance itself.

I want to deal with two topics today- the practical difficulties afflicting NATO and how we might deal with them, but first the implications for NATO, and by extension the United States, of current developments within the European Union.

It is entirely understandable that the US would like to see European countries shoulder more of their defence burden. But there has been a mistaken assumption in some quarters that EU developments are necessarily benign from an American perspective. Indeed, we may be seeing signs of life in both the forces that could prove most damaging to the Anglo-American Special Relationship. They are American isolationism and European integrationism.

**The Harsh Reality of European Defence Capabilities and EU Defence Integration**

Ten years ago Tony Blair and Jacques Chirac signed an agreement on defence at St.Malo on board HMS Birmingham. It got them the short term headlines they wanted but it opened a Pandora's Box of issues regarding the future of EU defence integration and paved the way for further integration in the defence arena.

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The advancement of defence integration in the Lisbon Treaty is a result of the green light given to integrationists by Tony Blair and Jacques Chirac at St. Malo.

If one considers the amount of EU defence integration since St. Malo compared to prior to that point when the very mention of EU defence was a taboo, one can clearly see that there is justification for concern.

Many Eurocrats like to boast that, because Europe as integrated so deeply in most other sectors, defence has now become one of the top areas of EU integration.

**EU member states have slowly been constructing institutions to build an EU defence identity by duplicating NATO institutions – planning cells, an EU military staff and a European Defence Agency concerned with issues such as procurement. A European Security and Defence Identity became a European Security & Defence Policy – an arcane change in the nomenclature, you might think, but in the detail lay the mark of the EU integrationists turning away from NATO.**

**Those who say that duplication of military effort doesn't matter because of the current level of military overstretch are missing the point. To implement a flawed system because it doesn't immediately provide us with problems is building up trouble for the future. It is essential to deal with the contradictions now rather than hoping they will not come back to bite us later.**

Some like to advance the argument that more and deeper EU integration in the area of defence will automatically lead to increased capability.

This argument is simply false and misleading.

**None of the elements of integration have either expanded European military capabilities, led to increased military spending or given the EU more 'teeth' when it comes to executing policy decisions.**

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Thirteen EU member states maintain militaries that are smaller than the Metropolitan Police.

Fifteen NATO members spend less than the suggested 2 per cent of GDP on defence. Britain's own defence spending is only 2.3 per cent of GDP—the lowest since the 1930's. Even with the large American and Turkish contribution NATO members collectively spend only 2.1 per cent of GDP on defence.

Using the year 1998, the year the St. Malo agreement was concluded, as a baseline, look what has happened to troop numbers across Europe.

Germany's Armed Forces have shrunk from 333,000 in 1998 to 247,000 in 2007.

France's Armed Forces have been reduced from 449,000 in 1998 to 354,000 in 2007.

And the same is true for the Italian Armed Forces. Its size has been reduced from 402,000 in 1998 to 298,000 in 2007.<sup>1</sup>

**Far from increasing military capability, European militaries decreased in size and military budgets have shrunk at a time when the global security situation has seen an increase demand for more UN and NATO peacekeeping or combat operations in many of the world's trouble spots.**

Now many people in Europe are calling for even more defence integration in the Lisbon Treaty.

Many believe that the Lisbon Treaty is reshaping our European defence and security policy by stealth away from NATO and towards the EU.

The controversy around the Lisbon Treaty should be viewed as a warning to the Americans, Canadians, and Atlanticists across Europe.

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<sup>1</sup> Information taken from NATO Financial and Economic Data Relating to NATO Defence, 1998 and 2007.

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There is little doubt that with all the election excitement in America, the credit crisis, immigration, and of course Iraq and Afghanistan, there is little interest or appetite in what is viewed by many Americans to be dull, confusing, and internal European matters.

As a result, the Lisbon Treaty doesn't even show up on the radar.

For those of you who are not that familiar the Lisbon Treaty—and to make a long story short—it is virtually the same document as the previous EU Constitutional Treaty that was rejected in referenda by voters in France and the Netherlands and subsequently killed.

European integrationist decided to resurrect the failed Constitutional Treaty by waiting a couple of years and then calling it the Lisbon Treaty. Many analysts have noted that around 90 per cent of the Constitutional Treaty can be found in the Lisbon Treaty.

The Chancellor of Germany, Angela Merkel, said about the Lisbon Treaty: “The substance of the Constitution is preserved. That is a fact.”<sup>2</sup>

Even though all three major political parties in the United Kingdom promised a referendum on the Constitutional Treaty during the last general election, the Labour Government has now backed away and refused the referendum as promised.

I appreciate that many on this side of Atlantic—both in the United States and Canada, are thinking to themselves: *“so what? This sounds like a UK problem.”*

In many ways you are right. **But there are aspects of the Lisbon Treaty that will have profound implications on transatlantic security as we know it today.**

**This treaty proposes giving the EU a defence capability that will duplicate many of the functions of NATO. Worse, it will potentially compete with, rather than complement, NATO.**

**Why does that matter?**

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<sup>2</sup> “Angela Merkel, German Chancellor”, *The Daily Telegraph*, 29 June 2007

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**It matters because we believe that NATO, which has been the cornerstone of our defence for 60 years, should continue to have primacy.**

**I believe that the transatlantic bonds with the United States and Canada should not be weakened. It is the Americans and Canadians who are fighting alongside British troops on the front line in Afghanistan while—with a few honourable exceptions, most notably the Dutch—it is not the majority of our EU partners.**

So let me set out in more detail the aspects of the Lisbon Treaty I believe will undermine the NATO alliance and should be questioned by American and Canadian decision makers on this side of the Atlantic.

Under the Lisbon Treaty, there is duplication of NATO's Article V, with the solidarity clause. In other words, the UK will have to give a security guarantee to every other EU country. That will be the political justification for creating EU defence structures that were never meant to be a role for the EU. Under the Treaty there is no change to the duplication of NATO structures that already exist with the EU military staff, EU battlegroups, the ATHENA mechanism and certain aspects of the European Defence Agency.

There is no mention of NATO's right of first refusal for all military missions pertaining to European security.

There is no mention of NATO's primacy.

There is no change to the discriminatory attitude that the EU takes against non-European Union NATO member states, such as Norway and Turkey. That is especially true regarding the financing of EU military operations and Turkey's "administrative agreement" with the EDA, which has been continually blocked by Cyprus, who is not a member of NATO.

On more of a UK domestic level, but still worth mentioning here, there is also cause for concern regarding the democratic legitimacy of the EU under the Lisbon Treaty.

The newly created High Representative, better known as the EU's proto- foreign minister, will also serve as a vice-president in the EU

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Commission, the Head of the European Defence Agency, and have a right of initiative for proposing military operations.

This will bring supranationalism into EU defence planning for the first time. Foreign and defence policy in the EU will no longer be strictly intergovernmental.

Perhaps the least discussed part of the Lisbon Treaty which could have the most damaging affect on NATO is the so-called Permanent Structured Cooperation provision.

Permanent Structured Cooperation will allow EU members to 'opt-out' of any further defence integration and will create an 'inner-core' of EU members interested in furthering military integration. Furthermore, decisions on membership into Permanent Structured Cooperation are decided by Qualified Majority Voting. Consequently, Britain will not have a national veto.

Permanent Structured Cooperation is defence integration by stealth and will be anathema to improving NATO's military capabilities. Permanent Structured Cooperation will discourage small EU members, of which 19 are also members of NATO, from increasing their military capabilities by further shifting the burden onto the larger EU members such as United Kingdom, France and Germany.

Worryingly, while French integration into NATO's Integrated Command Structure is to be welcomed, there are those whose ambitions have a different destination.

Pierre Lellouche, French UMP MP and long-time commentator of defence issues has made it clear that France will push the limits of Permanent Structured Cooperation to the maximum and create a six-nation hard core of EU members who want to further EU defence integration and a common procurement market for defence, and ultimately to establish an EU pillar in NATO. That is absolutely unacceptable.

A more Atlanticist France under President Sarkozy would be a positive step forward and more French troops in Afghanistan will be warmly welcomed. But if the price is the establishment of structures within the NATO structure we must ask ourselves questions about the potential cost.

**A separate European pillar within NATO developed and based on Permanent Structured Cooperation is extraordinarily dangerous to the future integrity of NATO as we now understand it.**

**Challenges for NATO.**

As it stands, NATO is encountering many problems, especially in Afghanistan. It is time that European countries get their priorities right and focus on improving their military capabilities for the right reasons—they are obliged to under NATO, not for the EU.

Since the close of the Cold War there has been a lot of talk and debate as to what NATO's new role is. NATO's involvement in the Balkans gave it new life in the late 1990's but its current role in Afghanistan since the U.S. led invasion there has been an awakening for many in the alliance.

Now we have a situation where NATO is challenged with a different type of warfare in a theatre of operations that is more than 3,200 miles (5,200 km) from its headquarters in Brussels.

As my colleague and leader of the Conservative Party, David Cameron, said in a speech on NATO at Chatham House last week the mission NATO is currently conducting in Afghanistan would have been out of the realm of possibility 50 years ago. In fact, ten years ago no one would have guessed this would have happened.

Consequently, NATO's mission in Afghanistan has created further debate on NATO's role in European security and lately, of NATO's survival as a defence alliance. But why haven't these debates turned into actions?

To address some of the recent shortcomings of NATO we must get back to the basics.

**The first question is “what is NATO for?”**

**During the Cold War NATO's two primary roles—political and military— were easily defined and separable.**

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**During the Cold War the military role of NATO was to provide continental defence against the Warsaw Pact and the spread of Communism.**

**There was a clear military objective: on order, defeat the Soviet Union on the battlefields of central Europe.**

**At the same time, NATO's political role provided Western democratic countries a platform on which they could stand and confront the USSR and communism in Europe.**

**Here the objective was also clear: prevent the spread of communism into Western Europe.**

**The luxury of the bi-polar world during the Cold War allowed us to make clear and distinct differences between these two roles. However, times have changed; the post Cold War world is a world where our economic and security interests are so interlinked into a larger global interdependent network that we have an unavoidable shared set of interests with a multitude of actors in all parts of the globe.**

**Consequently, we now have the unavoidable importation of strategic risk. It is under these terms that NATO's *raison d'être* is just as relevant now as it was during the Cold War.**

Leaders in NATO must demonstrate a degree of political clarity in resolving political issues that underline military operations in the face of determined threats.

However, this will not be enough. The agreement of political aims by the various members in NATO must be equally matched with military capability to follow through.

Leaders in NATO must work together to identify future threats that are in all our security interest. Strong arguments can be made that Article V needs to be expanded to cover new 21<sup>st</sup> century threats such as energy security or cyber terrorism.

These threats are not going away, in fact they are proliferating and something will have to be done.

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**For NATO to work properly as a security alliance in the post Cold War world NATO members must have:**

- the willingness to take equal risks with regards to supplying troops and equipment within the alliance in support of NATO led military operations and;**
- the willingness to financially fund and sustain these operations until the mission is completed.**

Currently there are a certain members who are doing a disproportionate amount of the fighting, funding, and consequently, the dying.

This is simply not sustainable in the longer term.

**NATO members need to understand that membership brings implicit and explicit responsibilities to ensure that their militaries have the capability to fight and win on the modern-day battlefield.**

One of the areas that I believe needs to be addressed is the “fighting/funding gap” we currently have in NATO. At the moment, those who do the fighting also do the funding.

**Put simply, the current mechanism of “costs lie where they fall” is not working and the alliance needs to look at ways to create a common fund for all NATO led military operations.**

**Last week, the leader of the Conservative Party, David Cameron, set out why we should set up a real operational fund for expeditionary missions with every member Nation being required to contribute.**

**It would allow some reimbursement for those carrying a disproportionate cost and offer potential funding to those who might deploy forces but face short term financial difficulties. Why should the few carry the many? Common security implies common commitment. It is quite wrong for everyone in the street to get the same insurance policy when only a few pay the premiums.**

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Many member states are willing to fight but cannot fund the cost of deploying and supporting combat troops in long distance theatres of operation like Afghanistan.

On a recent trip to Ankara I found strong support for the creation of a common fund in order to pay for NATO military operations.

During a meeting with the Turkish Defence Minister I was told of how Turkey offered to provide helicopters for ISAF if someone else would pay the \$2.5 million to transport them into theatre, but no one was willing to pay. Finally, months later, Luxembourg paid. Furthermore, the Turkish Defence Minister said that there was “no doubt” Turkey could help out much more in Afghanistan if given help on funding-and this, one of our most valued NATO allies.

This problem will not go away and the more NATO takes robust military operations in out of area theatres like Afghanistan the question of funding will create cleavages in the alliance.

The formula by which the common funding will occur should be based on a fair and frank assessment on the ability for each member states to pay and the ability of each member state to fight.

This should have been addressed at Bucharest but it wasn't.

### **Conclusion**

What policy-makers on both sides of the Atlantic have to understand is that the NATO alliance is based on a give-take relationship.

Europeans and North Americans may have competing security needs and visions of NATO's role in the 21<sup>st</sup> century but this shouldn't be the beginning of the end for the alliance.

**As a result of recent Russian nationalism, many in Europe view NATO's main role as still providing continental security. To them, what NATO's mission should be has changed little since the Cold War.**

**Conversely, on this side of the Atlantic, especially in the United States, NATO is now viewed as an alliance for**

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**expeditionary warfare. Just one of several multilateral tools the U.S. has at its disposal in the fight against terrorism.**

**Paradoxically, far from being diverging interests, both views can be, and have to be, reconciled. Otherwise, America's view of NATO will make it irrelevant to many in Europe and Europe's view of NATO will leave the Americans looking elsewhere for security alliances.**

The members of NATO still have the same shared values as we had in the Cold War but there are now diverging views in the assessment of what constitutes an external threat to NATO and in what way should the alliance respond to these threats.

NATO's future depends on the support of its members. It must be very clear on both sides of the Atlantic that NATO must maintain its primacy in European defence and must have the right of first refusal over the ESDP for all military operations involving European countries.

I believe that any EU military capability must supplement and not supplant NATO. The ESDP must be one of many delivery tools of NATO policy and objectives. If the requirement for the mission at hand calls for a civilian capability then the ESDP will deliver for NATO, not the other way round.

With the current struggle in Afghanistan, the tinderbox which is the Balkans, the threat of global terrorism, problems with energy security, and a resurgent Russia the stakes are too high.

**Americans must realise that NATO must maintain its primacy in European security, and that any advancement of EU military capabilities must be done wholly integrated, not as a pillar, into the current framework of NATO—in support of NATO's aims and objectives.**

In order to successfully face the threats of the 21<sup>st</sup> century, this is the only way forward.