



Asociace  
pro mezinárodní  
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Association  
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Affairs

# Conference Report

Prague Transatlantic Talks 2011

Transatlantic Defence in the Age of Austerity: A Unique Opportunity to Reshuffle?

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Prague, 3 May 2011

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## Introduction

The International Roundtable Conference *Prague Transatlantic Talks 2011* took place in the Černín Palace of the Ministry of Foreign Affairs of the Czech Republic on 3 May 2011. It was organized jointly by the Association for International Affairs and Jagello 2000 – NATO Information Center in Prague with the kind support of the Ministry of Foreign Affairs of the Czech Republic, the Embassy of Romania, the Embassy of the Federal Republic of Germany and the Embassy of the United Kingdom.

The conference focused on three specific issues. Firstly, the panellists shared their views on how to make expenditures in the defence field more effective, on the results of the reforms and transformation of defence policies and military establishments in the Euro-Atlantic area. The conference aimed at explaining what a desired state of defence is and what the actual impediments are. The next goal was to answer the question concerning multinational pooling of resources as a way forward when it comes to the rationalization of investment and possible influence on national defence industries by multinational procurement. Finally, the participants focused on NATO cooperation with non-member partners, on the role played by the countries out of the Euro-Atlantic area and possible ways of stimulating partnerships, so that they become an effective instrument in the security field.

The conference programme was divided into three sessions according to the logic of issues outlined above, supplemented with opening and concluding remarks which summed up the findings of the panel presentations and discussions. The speakers included experts from Brussels, the Czech Republic, Germany, Israel, Romania, Slovakia, the United Kingdom and the United States.

## Conference conclusions

### *Defence readiness and its impediments*

Since the financial crisis of 2008 and subsequent economic recession, it has seemed that the world has entered a new era. The hope is that the current economic difficulties might lead to something positive, such as making security efforts more effective and getting rid of inefficiencies.

Security and the ability to defend itself is one of the fundamental needs of the society, and defence remains one of the core tasks of the state. People expect the state, the government and the political leadership to take care of this basic need. The



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West has enjoyed sixty years of freedom and security. Historically, this may be a very short period of European history but, nevertheless, people in Europe seem to have convinced themselves that since the end of Cold War, we have entered into an era of eternal peace. As one of the conference speakers pointed out, this way of thinking gradually causes a mental loss of abilities to ensure our defence. This is dangerous, since the question concerning the future of security is not *whether* it will be challenged but *when*.

Another speaker emphasized the current lack of political leadership which seems to have been replaced by “political marketing”. This leads to rising demands on social benefits and at the same time limits the scope for maintaining - not to mention increasing - defence funding. To avoid the populism of political marketing and to re-establish true leadership, it may be necessary to open new ways for the common sense of survival instincts and search for a more comprehensive approach at a national level. Especially in times of economic and financial austerity, political leadership should make clear commitments to defence and concentrate diplomatic and political energy on the task of extending the synergy between NATO and EU, to make a better use of their contemporary set of skills, and to financially support a balanced burden-sharing across NATO. Besides the political leadership, the representatives of the armed forces have their own responsibilities: providing military expertise to political leadership, running ineffective strategic defence review of the armed forces, becoming more innovative in identifying national commitments to multinational capabilities, and increasing the budgetary accountability of the defence sector.

The allocation of limited budgetary resources is crucial. However, despite all efforts efficient ways of spending money on defence are still largely lacking. When confronted with the demand that NATO members should spend more on defence, the question thus arises whether the countries can be trusted to spend that money wisely and responsibly. The money obviously needs to be spent in a more efficient way to make defence stronger. One of the possibilities is investing more in modern equipment and modernization in general. In Europe the level of investment in development, research and modernization is still substantially lower than in United States, while the continent continues to maintain a high level of personnel expenditures. One of the reasons is that Europe has more people in uniform than USA which results in higher expenditures on retirement benefits, medical expenses etc. The transition of European armies into fully professional forces did not help much in this regard, as the armed forces need to pay the professional soldiers well in order to remain competitive in the job market. If defence ministries start cutting the personnel cost, they run into serious trouble when pursuing their recruitment policies. Hence, the necessary reforms of defence funding cannot focus solely on spending more money on R&D, but also on how to spend more smartly on personnel.



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## *Pooling and sharing: a way forward?*

With regard to pooling and sharing, this seems to be readily at hand at the operational level (i.e. military missions), but there are problems with “developing joint capacity for acquiring capabilities”. One stumbling block to deeper cooperation has been the inability to agree on a common set of military requirements; another reason is the persisting idea of winners and losers, since there is no elementary agreement on fairness or equality of the share of work and intellectual property. The third large issue for the Euro-Atlantic area is that of a shared strategic culture: when not all countries share the same international ambitions, it’s highly unlikely they will be willing to cooperate on ambitious projects. Another big barrier to cooperation is the legal framework and the lack of transparency: one has to be sure sharing intellectual property with a partner does not result in the loss thereof, that high technologies are protected, and that the economic return on the investment is fair.

Also the possibility of specializing for particular types of missions (especially between the EU and NATO) faces numerous problems. First of all, there is no formal mechanism for establishing such a division. Another issue is the free-rider problem, since the incentive to cooperate is inversely proportionate to the incentive to carry your neighbour’s burden. Despite these issues, there is a potential for specialization in Europe, as there are clearly countries which only want to keep their niche capabilities, which do not want to - and are not able to - maintain full-fledged forces, and are not willing to engage or prepare for engaging in large-scale conventional warfare anymore.

The panel debates have pointed out the existing disjunction between the question “what is the equipment for?”, and the different processes and institutions that have been set up for capability development. Besides, Europe is still missing not only an agreement on defence and defence industrial policies, but also an agreement on a harmonized foreign policy: agreeing on deploying a military operation to a specific country seems easy, agreeing on general foreign policy priorities for the EU as a whole turns out to be much more difficult. Achieving such a compromise is extremely complicated due to the nature of coalition politics in Europe, the presence of minority governments or unstable coalitions, and the omnipresent “menace” of upcoming elections. All this makes it almost impossible to achieve the desired stability in strategic thinking and culture.

## *Taking partners seriously*

Concerning NATO’s cooperation with non-member states, there is scepticism regarding the willingness of overseas partners, such as Australia, South Korea, or Japan, to participate in missions which are not related to their own national interests. Panellists also pointed out that before considering the effectiveness of such external



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cooperation, NATO should first deal with its internal divisions due to which it sometimes acts rather as a coalition of willing than an alliance.

On the other hand, some voices in the debate emphasized the existence of common interests between the Western world and other crucial world regions, such as the Middle East. Preserving stability among the countries of the region, assuring a more careful process of transition in the key countries, and preserving energy security were mentioned as key tasks by one of the panellists. NATO has so far developed two programmes of cooperation which aim at improving the management of partnerships and ensuring a political framework for the partners' involvement in NATO operations: the Mediterranean Dialogue (MD) and the Istanbul Cooperation Initiative (ICI). From the MD and ICI members' perspective, the most important goal is to equalize the status of MD and ICI with the Partnership for Peace programme (PfP). Another objective for the MD and ICI members is to obtain individual partnership action plans and participate in the planning and review processes.

Even if partners *can* make considerable contribution to NATO in various ways, they will not solve the Alliance's financial problems. Generally, the note that was struck by the conference participants was rather pessimistic. On the other hand, there was a common agreement that NATO should continue to play its role, and that there is no question abstaining from its missions and goals. The main task is thus to find necessary resources for continuing what has been done in the Balkans, in Afghanistan, and elsewhere since the beginning of 1990s. The cuts make the goal more complicated, but there still seems to be hope that NATO - and the EU, maybe - can manage the task.

## Recommendations

The economic recession forced the majority of NATO Member States to introduce massive budget cuts in defence expenditures and further reduced the significance of defence as a national policy priority. That, however, does not mean that making transatlantic defence and common security stronger is impossible. Current economic reality, namely the budgetary cuts, could, on the contrary, lead to more effective defence and might even have a positive impact on the transformation of defence capabilities. The conference debates hinted at a few possible solutions, or steps to be taken in the direction of improving the condition of the common defence:

- The economic crisis ought to provide a push in the direction of improving the ways of spending defence resources. More should be spent on Research and Development (R&D), modern equipment and IT capabilities.



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- To strengthen European and transatlantic defence, it is first of all necessary to streamline defence policies at the national level, to find a more comprehensive approach there and to better understand the nature of the future threats.
- The best way to foster more efficient cooperation is to focus on shared standards, interoperability and training. Savings can be achieved by using, at least to some extent, common logistics, common facilities and common training.
- A more competitive defence market will also help, as it will increase the incentives and ability to cooperate, and ultimately provide governments with an option for sharing the capabilities. Hence, it is crucial to formulate and implement a conceptual, well thought-out approach to defence industry, and the industrial and technological assets Europe needs. Within an “industrial headline goal”, private and public partners would get an opportunity to come together and seek agreement on what is the desirable European defence landscape in the mid-term future; otherwise the industrial capabilities and technological knowledge will be wasted.
- Expenses on personnel should be spent smartly. Clear distinction must be made between those areas which are fruitless from the defence point of view and those which are productive (e.g. education and training).
- When talking about partnerships (in the Middle East and elsewhere), NATO needs to think about contingencies which it will likely face, and if it wants to seriously engage its partners in future operations. It is time for NATO to define its core geopolitical interests and start working seriously with the partners.
- Above all, strong political leadership, which people trust, is needed. It cannot be replaced with “political marketing”.



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