**CLUB OF THREE: DEFENCE: CHATEAU DES MESNULS, PARIS**
**28/29 SEPTEMBER 2001**

**Summary Note**
**From the Field of the Cloth of Gold to the Thirty Years' War**

Denis Ranque welcomed guests to the meeting and recalled that an early Club of Three meeting, between Francis I of France, Henry VIII of England and then Emperor Charles V, had taken place not too far from the Chateau des Mesnuls (the meeting known in English as the Field of the Cloth of Gold) Lord Weidenfeld explained the role of the Club of Three in recent years and remarked that the timing of the meeting could not have been more timely in light of the tragic events of 11 September.

**Session one**

After New York
- Who are the adversaries now?
- The Bush administration: a changing world view?
- How close can transatlantic co-operation be?

The question was raised whether the West was at war. Would fragmentation now prevail over the globalisation that had been in train before 11 September? The agenda for this meeting was now rather different from what had originally been envisaged. There was a new solidarity based on the strong wave of emotion and shared sense of gravity in the face of new dangers. But would this mark real change in the long-term?

There would now be a search to re-establish stability. Of course there would be collective action, but it would be characterised by variable geometry. The US needed to engage with its allies and in turn with the world in all of its complexity. For their part, the Europeans must play along with this, while reinforcing their own co-operation and their shared identity. It would be dangerous if differing priorities based on different feelings or interests were to emerge. The complementarity of US and European aims was the key.

There had been strong tensions before 11 September, of course, as the new US administration sought to sweep away those aspects of the old diplomacy and the old treaty framework which it did not like - such as the ABM and the original Kyoto protocol. 11 September did not change these tendencies, but now that foreign policy was the prime focus for the administration, there was more likely to be a trend towards hyper-engagement, or hyper-intervention, than in isolationism.

In the struggle against global terrorism, certain things would change: the previous aversion to sanctions policies had for instance already been reversed. Coalition-building was crucial but complicated: the coalition would be one of the "relevant, acquiescent and the bribable".

It would be better to describe the struggle against terrorism as a campaign than as a war. There were financial, diplomatic, and juridical elements as well as military. Too much talk of war also raised inconvenient questions relating to the rules of war and, say, POW. status. There could be difficulties if the political coalition were too broad, and the military coalition too narrow. The underlying problem was with weak states and organisations, not strong ones, which might suggest a rather "pro-consular" role for the US, and maybe for Europe as well. So ESDP would end up looking different from what had been envisaged, and NATO would have to change as well. There was a danger of the US approach seeming to be that other countries were "either with us or against us". A lot of effort would be required on both sides to manage potential flashpoints, for instance extraditing suspected terrorists to the US with its tradition of capital punishment.

Perhaps this was a defining moment in how the US saw itself and its role within the international structures of the future. Insecurity had now been globalised to the extent that even the US felt vulnerable in physical and economic terms. The Bush administration was implicitly acknowledging that its approach up until September was not workable, and it needed help from its partners. The international coalition needed to be nourished and underpinned by a real US engagement in the world, which was to some extent happening with its new willingness to pay its UN dues, introduce fast-track trade legislation, seek new relationships with Russia and Chinas, and mount a new peace effort in the Middle East.

But there was along way to go, and the Europeans must not be afraid to stand up for their own ideas within the coalition. Perhaps there was only a fragile chance of the US and Europe working so closely together amid all the difficulties that were to come. But if it worked there could be a new framework for managing international relations in the 21st century, which would go far beyond terrorism.

It was argued that the most crucial questions might relate to the future economic framework, since markets could not themselves cope with the sorts of risks which were now looming. So the sense of steady and sensible economic co-operation which the US conveyed was going to be as crucial as its military leadership. It was also necessary to explore the immediate causes of the crisis. On the one hand, the US would have to acknowledge that the openness or even laxity of its society was no longer compatible with the security threat posed by terrorism. And US policies must not be forgotten in considering the context in which terrorism had evolved: the approach to Iran,

Iraq, and the Arab-Israeli conflict needed to change. Responding to terrorist attacks "in kind" would not of itself bring solutions closer.

If the US was realising for the first time since 1812 what it was like to be vulnerable, and the US was thereby becoming more European, the Europeans for their part were rediscovering what it really meant to be part of the West. Shared vulnerability generated shared solidarity. Public opinion at large understood this solidarity better than the elites. New frameworks now had to emerge. Just as 1989 brought to a close an era that began in 1945, perhaps 2001 ended a longer chapter that had begun in 1919. The logic of today might point to Osama bin Laden being tried in The Hague.

How else might we be changed by 11 September? Globalisation would come under pressure, with initiatives to restore capital controls and restrict economic migration. The US itself had shown its unilateralist reflexes as well as its multilateralism in the early stages of the crisis: financial sanctions had been proposed without any reference to the G8. The approach of "don't call us, we'll call you" was dangerous.

For the terrorists, a benchmark had been established with the first set of atrocities, and the next outrage would seek to be striking in a different way. Europe was likely to be the next target, and it was right that we must be willing to make our own proposals for what should happen next. It was widely agreed that it would be wrong for the coalition to be based on being "for or against the US". But there would inevitably be unilateral as well as multilateral strands of policy.

One danger as the recession kicked in was that we could not forecast how much transatlantic solidarity would be undermined by differing reactions to economic difficulty. 11 September would probably come to be seen as a turning point rather in the way that trenches in Europe, or Vietnam in the US, had changed basic perceptions for a long time. The impact of the apparent clash of civilisations could not be forecast.

On the positive side, it was argued that there was no evidence that terrorist groups had any real operational capacity for conducting chemical or biological warfare. Anthrax was the only possibility, but even there the chances of an attack were rated as slim. For its part, the West was still a long way from having the right framework for handling non-proliferation. There was a need to concentrate on what practical scope there was for joint action, rather than getting too hung up on differences of analysis.

In some ways this was a question not of civilisation but of fighting barbarism. One very difficult lesson might be that the reaction to the barbarism should not be as spectacular as what had provoked the reaction. We were now in the age of "asymmetric warfare" where it would be a mistake to use "symmetric"

tools. The enemy could not be defined in the manner of earlier enemies, and to use political, cultural, religious or confessional categories might just miss the point.

Among the questions that had been raised afresh by 11 September were the nature of Europe, the definition of NATO, and the extent to which national politicians must now see themselves as European players. We also needed to ask about our own values: the double standards that had been tolerated in certain international fora now looked ridiculous alongside the politics of terrorism, which were so clearly driven by hatred and prejudice. The notion of international community in a post-modern, part-globalised world, now needed to be re-examined.

In conclusion, it was suggested that although Americans and Europeans might be more united than before in their feelings, they were not necessarily thinking more like one another. In certain ways, Americans under pressure would be more, not less American, and the difficulties of the Europeans in making their voices heard might be all the more frustrating. The US could become more isolationist and more extroverted at the same time. The Europeans might not get much change out of arguing about the ABM, but the Americans might recognise better their need to address the roots of Middle East instability.

The present crisis was not completely without precedents. The struggles against the slave trade and the Barbary Coast pirates had each lasted generations. So had the Cold War. Sustaining the coalition was vital: the terrorists had already been surprised by the measured but firm reaction against them. It was suggested that NATO might actually become less relevant - the organisation had perhaps reached its apogee as Article V was invoked for the first time. The EU, with its focus on police action, money laundering, and broader intelligence co-ordination, would matter more. So would the UN. It was all the more important that the Europeans should get their act together. One of the good things to come out of the tragedy might be that Europe's voice might be stronger.

**Dinner**

French Defence Minister Alain Richard gave those present an off-the-record briefing on French perspectives on the present crisis, and on wider questions of European defence and security

**Session Two**

ESDP (European Security and Defence Policy): Political Analysis

- With Nato, but not of it?
- Manpower, command and control: do we have the capacity?
- Just the Petersberg tasks - or ultimately more?

It was argued that politics was in many ways less well organised than business or terrorism to achieve its objectives. 11 September would change much but it was not necessarily a watershed. Globalisation might now develop differently, but it would continue in fits and starts. The new situation offered new opportunities as well as risks.

Before the crisis, it had been claimed by Javier Solana, European High Representative, that ESDP had been moving "at the speed of light" since it was launched two years ago. The EU security and defence committee (COPS) was meeting the North Atlantic Council (NAC) regularly. There were now 100 staff, to rise to just under 140. The headline goal, scenarios and requirements were all shaping up well. But there was no military planning committee - planning was to be done either at NATO, or nationally. The advantage of ESDP was that it applied to crisis management across the board, and had the advantage over NATO that it had access to a number of civilian capabilities. But its military capabilities would clearly have to be improved.

However, it was argued that whatever the quality of the work done so far, the ESDP was still not developing proposals which were adequate for the evolving new world order. The real road map to the future could not be based on sovereign states. Much of the ESDP's focus would be in the grey area of failing states like Cambodia, Somalia and Yugoslavia. The division between external and internal security of states was less relevant now, as was the division between civil and military tools - thus the importance of Brussels and the need for firm European political leadership.

But a strong declaratory policy would be of little use without the resources. However brilliant the structures in Brussels, they would be no use without relevant man-power. Amid the forest of duplications between NATO and the ESDP, there was still little clarity or transparency. There was an absence of proper control and command capabilities, which meant it would be difficult to mount real operations. The carefully crafted concepts of the 1990s to make sense of the Petersberg tasks had to be developed much further. There had to be an end to "national egotism". Sometimes, this worked best when the US was at the table. Even without the French, 64% of the NATO structure had now been Europeanised. There was no point in seeking a revolution before

the next IGC in 2003. But national commitments must be held to, and the ESDP kept as outward-looking as possible.

This stress on the wider picture was all the more important after 11 September. Terrorism was an important addition to the agenda "at the high end". Both the Europeans and the Americans would need to stay engaged in the Balkans while operations in Africa might, like other UN operations, be better suited for the Europeans. Yet Europe still could not raise a brigade for action on its own continent - there was a lack of rapidly deployable troops, not to mention the military transport to underpin their operations. There was neither clear, visible leadership, nor public support for the ESDP. The Turks were managing to slow down the development of ESDP, and they would have even more opportunity with the approach of Cypriot membership of the EU. As ever, European funding of defence R&D was inadequate.

There was further support for this pessimistic assessment. It was no use talking about Somalia, Africa and the Near East without real force protection in the shape of communications and logistic support assets. There were huge gaps to be filled at both tactical and strategic level - however many generals there were. The "test case" of Macedonia had showed an instinctive preference for NATO rather than the exclusively European framework. There was still an underlying question of whether the EU wanted to "do" crisis management and security. The ESDP could play a vital role between questions of internal and external security, but it was not clear whether it would. It was argued that the Macedonian question would probably answer itself, as the US would expect the EU to do more, not less, in the Balkans. Defence budgets must be increased, especially in Germany and Italy, and European defence ministries must be more willing to think in European terms. There had to be political leadership for this to happen.

Expressed differently, the security environment had been very benign for the past ten years, even taking the Balkans into account. 11 September had brought a jolt against this complacency. Budgets would always be tight, but there was greater scope for sharing and pooling at European level, and for privatising and contracting-out nationally. The next big push would come after 2003 and the IGC.

In conclusion, it was agreed that it was often the reaction to awkward surprises that was the motor of progress. It might well turn out this way with the ESDP. But there was a need for a comprehensive approach, even if the red thread was crisis management. ESDP seemed to be a good instrument to the British Prime Minister for generating pressure. Probably every major strategic decision for the last two generations had been taken later than was ideal. But the evidence was at least that we were now catching up.

**Session Three**

ESDP (European Security and Defence Policy): Economic/Commercial aspects

- Industrial consolidation the way forward: transatlantic or European? Or both?
- Procurement, budgetary co-operation, and R&D
- Will governments be willing to pay the price?

It was argued that on present trends, Europe would have the armed forces and structure in place by the year 2003 which it would have needed to be effective at the time of the siege of Sarajevo in 1992. It was not possible to predict whether there would be more Balkan wars, but there would clearly need to be a capacity for force projection which went beyond the Petersberg tasks. There would probably need to be some sort of European Article V. The context now included homeland defence against "hyper-terrorism", and defence spending would need to be geared towards chemical and biological warfare as well. National missile defence might seem illogical in the new context, but it was clearly something the US wanted. If the stress had been on improving the efficiency of defence spending before 11 September, the story now would be both efficiency and new money.

In this context, it was stressed that multilateralism must be the way forward. The Europeans should be the best multilateralists, in order to encourage others, and it was a shame that the Three had not been able to speak with one voice to President Bush. The motor for defence industry consolidation was ultimately the cost of technology. If clients wanted the whole product and not the pieces, it followed that the product would have to be homogenised. As long as the US invested twice as much as Europe, and five times as much in research, it was irrelevant to talk about national sovereignty. Every system could not possibly be produced in every country. OCCAR or something like it was necessary as a procurement agency for Europe. But the real priority was real transatlantic products, of which none yet existed. It would be a mistake for there to be one single European company with a foot in the US competing with other European companies, and quite removed from Europe's political framework.

At the same time, it was argued, the political nature of national procurement processes could not be denied. It was undeniable that the European market was fragmented. The procurement of the A400M had been a dispiriting saga, since even 16 years on from the original talk of such an aircraft, we were still not sure if it would happen. Higher spending on R&D was absolutely indispensable, but it was worth noting that of the admittedly inadequate European R&D budget, 75% of the costs were paid by France and the UK. Competition to achieve the best results was itself extremely expensive, as

illustrated by the Joint Strike Fighter. Was Europe willing to pay for competition, indeed was Europe really willing to pay for its own contribution to international peace and security?

These were questions of deep political sensitivity. Ultimately, it was argued that national priorities must take second place. But in practice, national governments picked up as much of 50% of the investment costs, so it was logical that governments would have the crucial voice in decision-making. The answer was to harmonise national procurement practices, and to evolve simpler commercial structures. The transatlantic difficulties would of course remain, and the need for transatlantic projects was clear, but a strong base in Europe was the first step.

At the same time, it had to be acknowledged that national governments did not have exactly the same priorities as each other. In Germany, the defence industry did not have the strategic importance that it had in the UK and France. The motor industry was Germany's strategic industry. The Germans had learnt to be very intelligent buyers in the 1960s and '70s. Their focus now was land and naval systems rather than aerospace.

If the 1990s had been the decade of trans-national joint venture between companies, it was argued, the need now was for real corporate realignments which would deliver more bang for the buck within defence budgets. Agreed trans-national requirements could indeed play a key role in this. But governments must also look at the scope for innovative approaches to finance, public-private partnerships, and other ways of opening up research and development budgets. The economic environment was not favourable, and the US government was still making it difficult for technology to be exported outside a small group of friendly countries. In reality, Airbus was a key strategic asset for Europe: but it was notable that Boeing was courting the US government on the basis of its capacity for military as well as civil aircraft production. As of now, Brussels was way out of its depth and there was no sense of any common European attitude to these questions.

Yet maybe this was harsh, it was argued. The European defence industry had gone further than many had expected, simplifying joint ventures where possible. Time was of the essence. Telecoms had shown how fast an industry could consolidate. The ten-year timescale of the defence industry was loo long, and the pace of meetings, especially on procurement, was too slow. There were still too many "white elephant" programmes. It was the threat of competition that had unleashed whatever consolidation had occurred.

The risk was highlighted that after 11 September, there would be more nationalism, not less, even if the case of industrial integration was all the stronger. The US psyche in particular was fragile. The Americans must prepare themselves for something that might take longer than the wars they

were used to, perhaps even something like the Thirty Years' War. The determination to see through the campaign against rogue states was critical.

At the same time, there were dramatic demographic changes going on that required new approaches to defence. In the typical population pool for army recruitment in certain European countries, the young, white, able-bodied males traditionally targeted now amounted to as little as 40% of the total.

Returning to industry, the argument was mounted that while the defence industrial sector itself was not different from other industries, the defence market remained different because of the small number of clients. What had really changed in Britain was the openness of projects to foreign competition: over the past ten years: the proportion of programmes going to British companies had declined from just under three quarters, to just over a half now, and this could be expected to decline to around a quarter in the years ahead.

It was clear in retrospect that France's decision to exit Eurofighter in 1985 had been a disaster. The bottom line was that Europe was failing to compete effectively with the US. Increasingly, companies had to satisfy their international shareholders and Europe was "a lousy place to invest".

In conclusion, it was agreed that Europe was running out of time. While much of the ESDP music might sound pretty, it was at risk of being out of tune with reality.

7 October 2001