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All Together Now? The Governance of Military Capability Reform in the ESDP

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Abstract

This paper examines the process of military capability reform undertaken in the European Union (EU) since the establishment of the European Security and Defence Policy in 1999. It is argued that although the improvement of military capabilities has been the principal rationale underpinning the development of a security and defence policy within the EU, the continued preference on the part of member states for non-binding, “new” or “soft” governance mechanisms in this policy field is a key factor accounting for the lack of progress achieved in capability reform thus far.

Introduction

When the European Security and Defence Policy (ESDP) was launched in 1999 a key justification for its existence was the need to reform and improve military capabilities among EU member states. The Helsinki European Council provided concrete expression of this, with member states agreeing to pursue the creation by 2003 of a “rapid reaction force” consisting of 50-60,000 troops, deployable within 60 days and sustainable for up to one year. Echoing practice within NATO, this Headline Goal was to be achieved through purely intergovernmental means, with member state contributions to be made voluntarily at annual Capabilities Commitment Conferences in Brussels and monitoring to take place through the Council.

Set against the backdrop of European integration history and previous failed attempts at extending European governance to the field of security and defence, this was clearly an ambitious goal. Set against the backdrop of the persistent failure of even NATO to precipitate any meaningful reform of its member states’ armed forces, it was also somewhat optimistic. The subsequent failure to achieve the Helsinki Headline Goal and the proliferation of alternative initiatives in its wake appeared to highlight a significant gap between what member states were prepared to agree to, and what they were prepared (or able) to actually do.

This paper seeks to explain why this should be so. It examines the hypothesis that fears of a loss of sovereignty on the part of member states and the “new” or “soft” governance mechanisms that have been introduced as a result are a key factor in accounting for why attempts at inciting national defence reforms through a process of EU-level cooperation have thus far proved largely unsuccessful. In so doing, it highlights the inherent contradiction between the high level of ambition in this policy field and its low level of institutionalisation. That the ESDP is a field of high politics seems to explain this paradox, yet at the same time also contribute to it. Certainly sovereignty considerations mean that this is not a policy field where we can expect member states to pursue supranational forms of governance in the short to medium term. Indeed, with the monopoly of violence being central to the Weberian state’s existence, we can clearly expect member states to jealously guard their competences here. However, the ability of the kind of soft governance mechanisms that have so far been selected to bring about any degree of convergence is further weakened by the very fact that this is an area of high politics, with the costs involved, both financially and in terms of sovereignty, potentially so high. It is one thing to say that member states will not supranationalise cooperation in this area, but quite another to assert that cooperation need invariably remain as loose and resolutely intergovernmental as it has thus far proved to be. Since intergovernmental cooperation can take many forms, a key question is why it has thus far taken the form that it has.

In the following analysis, it will be shown that member states have proceeded with great caution, eschewing any kind of institutional masterplan or even reinforced intergovernmental methods in favour of a process of slow and steady adaptation based on experiential learning. In this sense, the short history of the ESDP echoes the much longer history of European Political Cooperation (EPC) and the Common Foreign and Security Policy (CFSP), with member states deliberately introducing a weakly institutionalised and highly intergovernmental system of cooperation which can then be steadily reformed over time in light of “learning-by-doing” (Smith 2003, Reynolds 2005).

It will be shown, however, that this process of marginal institutional adaptation and strengthening has thus far proved largely ineffectual. More robust institutional features and governance mechanisms, such as clear leadership, and (positive and negative) incentives, such

as restricted participation, have been slow in forthcoming but will ultimately be required if member states seek to genuinely achieve progress in this field without subjecting it to more formal and supranational forms of integration. In this sense, proposals contained in the draft Constitutional Treaty can be understood as a recognition of the weakness of existing methods and, if implemented, would represent a significant step forward. When considered alongside the creation of the European Defence Agency (EDA) they permit a degree of optimism with regards to the future prospects for progress in this field.

I begin by briefly situating the ESDP process within the context of wider changes in European governance. I then go on to illustrate the centrality of capabilities to the ESDP process and to examine the various efforts undertaken in the pursuit of military capability reform, culminating in the establishment of the European Defence Agency (EDA) in 2004.

I. From Governance to Capabilities

How best to understand and theorise the European Union and its labyrinthine decision-making procedures has long been a challenge for students of European politics. For much of the Union's history the focus rested on the process on integration itself, with something of a dichotomy prevailing between state-centric approaches advocated by scholars of the realist / (liberal) intergovernmental strand, which placed primary emphasis on the role and power of national governments and interests in the European policy process (e.g. Hoffmann 1966, Moravcsik 1994), and those of neo-functionalists scholars who by contrast focused on the transformative impact of supranational institutions and the belief that integration would slowly beget more integration through a process of "spillover" (e.g. Haas 1958). This dichotomy was reflected in the two modes of decision-making traditionally employed at the EU-level; that of the classical "Community Method" on the one hand, through which – simply put – the Commission proposes, the Council disposes and the Parliament amends (Peterson and Bomberg 2000), and the intergovernmental or "transgovernmental" method of the second pillar on the other, whereby Community institutions are marginalised to the benefit of member states acting unanimously in both the Council and European Council.

This dichotomy in both theory and practice, although never quite as straightforward as it might have seemed, has in recent years come to be challenged by the so-called "governance turn" in European studies through which attention has steadily shifted towards analysing EU policy-making processes and the problem-solving capacity of the EU's "multi-level" political system (Caporaso and Wittenbrinck 2006, Kohler-Koch and Rittberger 2006). This new focus has been stimulated by the European integration project's recent increase in scope, both functionally (e.g. European and Monetary Union) and geographically (e.g. the 1995 and 2005 enlargements), and by the concomitant proliferation of modes of so-called "new governance" within the EU's system of policymaking.

The new governance methods in question are somewhat hybrid in nature, and largely aim to "occupy an intermediate place between intergovernmental cooperation and the adoption of common rules" (Kaiser and Prange 2002). Eschewing the hierarchical, formal and legalistic approach of the Community Method and, unlike the intergovernmental method, according a coordinating and monitoring role to the European Commission, such new modes of governance follow instead "a procedural logic in which there is joint target-setting and peer assessment of national performances under broad and unsanctioned European guidance" (Eberlein and Kerwer 2004, 3). Such "soft governance" has enabled the expansion of EU-level governance to policy areas previously considered as "out of reach," offering member states a way of achieving cooperation and coordination through EU-level institutions, yet without

subjecting themselves to the constraints of more legalised, binding forms of governance based on legislation, such as the Community Method (Héritier 2003). Such new modes of governance have also come to be understood as a sort of governance “ante-chamber” for policy areas which member states may wish to communitarise at a later date. This, for example, has been the case with cooperation in Justice and Home Affairs, which has since been largely transferred to the First Pillar (Grabbe 2002).

A much-documented example of new governance in the EU is the so-called “Open Method of Coordination” (OMC) which has thus far been applied – with varying degrees of success – to achieving cooperation in policy areas as diverse as employment regulation and education (Hodson and Maher 2001, Bruno, Jacquot and Mandin 2006, Radulova 2006 forthcoming). The OMC attempts to foster cooperation through the use of “soft” and open governance methods such as steering, goal-setting, timetabling, benchmarking, peer review and the diffusion of best practice. While the Commission sits at the centre of this process, in contrast to the Community Method participation is voluntary and non-compliance is not formally sanctioned.

It is in the context of such trends in EU governance that the process of military capability improvement in the ESDP will be analysed. Indeed, it is one objective of the present study to analyse the various processes thus far employed in pursuit of military capability reform within the context both of the continued prevalence of intergovernmental decision-making in European foreign and security policy as well as the increased popularity of “new” governance methods within the EU more generally. It will be shown that thus far the governance of capability reform, while remaining resolutely intergovernmental, can be said to have adopted some of the ideas and principles which underpin these new modes of governance. This might be viewed as an example of policy learning or even “governance diffusion,” with member states apparently applying ideas and lessons garnered from other (quite different) policy fields in pursuit of progress in this field of high politics. Common to all modes of EU governance, however, is the challenge of effectiveness (Scharpf 1999). Given that similar forms of governance have achieved little success in inciting reform in other, less sensitive policy fields, their suitability as models for the high politics of security and defence cooperation might therefore be questioned.

Capabilities First

The need to incite a process of military capability reform across the European Union has been a central justification for the development of the European Security and Defence Policy. As early as the Franco-British Summit at St Malo in 1998 which launched the idea of an ESDP, explicit reference was made to the need for the EU to have “the capacity for autonomous action, backed up by credible military forces” as well as “strengthened armed forces that can react rapidly to...new risks, and which are supported by a strong and competitive European defence industry and technology” (St Malo Declaration 1998).

Moreover, while varying explanations for the ESDP’s creation have been proposed (e.g. see Whitman 1999, Jopp 1999, Howorth 2000), it is that of the need to improve military capabilities across Europe that has been the most consistently prominent in the discourse of the politicians who initiated it. In Britain, for example, Prime Minister Tony Blair stated clearly that “European defence is not about new institutional fixes, it is about new capabilities, both military and diplomatic” (quoted in Andréani 2000, 81) while his then Defence Secretary, Geoff Hoon, explained that the ESDP is “all about enhancing military capability. It is not about political niceties” (quoted in Howorth 2000b, 29). Before a parliamentary select committee, Hoon went even further. When asked whether it would be worth abandoning the ESDP project should it not result in the extra progress on capabilities that Britain sought, he

answered a simple “yes” (House of Lords 2002). On the French side too, the emphasis on capabilities has been clearly apparent with then Defence Minister, Alain Richard, even proposing that defence spending “convergence criteria” of 2% of GDP comprise part of the process (*Agence Europe* 17.06.99). Therefore the improvement of military capabilities has not just been central to ESDP – it has arguably been its very *raison d'être*.

The rhetorical emphasis placed on military capabilities has been illustrative of the growing dissatisfaction among member states with the purely “soft power” foreign policy instruments that the EU, as a *de fault* civilian power (Duchene 1972, Stavridis 2001), has traditionally had at its disposal. As one participant has suggested, the system of European Political Cooperation (EPC) was “an amiable way of doing not very much.”¹ This was never more true than during the Balkan wars of the 1990s when the EU’s ineffectual “soft” diplomacy frequently led it to be little more than a bystander (McBreen 2000). It is therefore particularly interesting that in the post-Cold War age of the 1990s where the role and importance of military power in international relations had frequently been downplayed, the EU was explicitly deciding to go in the reverse direction. Indeed, this development might be seen as a kind of “Americanisation” of EU foreign and security policy and appears to offer a clear demonstration of the limits of soft power. Indeed, as Niall Ferguson (2004, 24) suggests, soft power might only be effective when it is “the velvet glove concealing an iron hand.”

US frustration at Europe’s inability to assume responsibility for its own security in the post-Cold War period was another factor pushing towards this greater focus on military capabilities. The comment of then Senate Foreign Relations Committee Chair, Jesse Helms, that the “EU could not fight its way out of a wet paper bag” was typical of the time (Helms 1998), and frequent amendments calling for reductions in the US’s military commitment to Europe, such as those tabled by the Republican Congressman Barney Frank, had come close to receiving majority backing during the mid-1990s (Howorth 2000a, 385). Such developments appeared to lead to the conclusion that only through increasing its military capacities could the EU ever hope to assume a greater role on the international stage on the one hand, and, perhaps paradoxically, maintain the Atlantic Alliance on the other. Jolyon Howorth quotes one British official as saying that had it not been perceived that NATO was potentially at risk, the UK “would not have touched St Malo with a bargepole” (Howorth 2004). And although admittedly coming from a rather different, more Europeanist perspective, there was an acknowledgement of a similar point from the French side, with Foreign Minister Hubert Védrine stating that, “le risque pour l’OTAN, le lien transatlantique et la relation euro-américaine ne vient pas du tout de ce que l’Europe est en train de construire. Le risque serait qu’elle ne le fasse pas.” (Védrine 2001)²

Thus it was that Atlanticist countries, such as Britain, and more Europeanist ones, such as France, came to reach the shared conviction that the pursuit of a European security and defence policy outside of NATO was not only desirable but in fact fundamentally necessary. And given the factors which led to this realisation, the reform of military capabilities would clearly be inherent to this process. While the EU later came to tackle the issue of civilian and police capabilities – and has indeed already successfully deployed these in countries such as Georgia (Eujust Themis) and the Democratic Republic of Congo (EUSEC DR Congo) – they can be understood as corollaries and consequences of the “snowball” begun at Helsinki. It is this centrality of military capabilities to the ESDP process that makes the limited progress achieved so far in this field all the more puzzling.

¹ Comments of an official from DG-E, Council of the European Union, Brussels, September 2006.

² Approximate translation: “the risk for NATO, the transatlantic link and Euro-American relations doesn’t stem at all from what Europe is in the process of constructing. The risk would be were Europe not to do so.”

II. The Helsinki Headline Goals

It is something of a truism to point out that the ESDP can best be understood as a Franco-British “baby.” From its very inception, it has been the unprecedented cooperation and between these two countries which has been the principal driving force and dynamic within this policy field. This was demonstrated not least at St Malo in 1998, but equally also at those subsequent bilateral summits which have also provided an important impetus to the ESDP, such as in Le Touquet and London in 2003. It is also well-illustrated by the Headline Goals established at Helsinki in 1999, with Britain’s stamp in particular evidence. Not only were the Headline Goals a clear and early manifestation of the fact that capabilities development would be central to the ESDP, but also of the fact that the process of military reform that Britain was then undertaking would form the basis of the vision for a Europe-wide transformation.

The issue of *national* defence reform was one that had been taken up comparatively early by the British and was demonstrated by reforms undertaken in the wake of the country’s Strategic Defence Review (SDR) completed in July 1998 (McInnes 1998). The SDR’s emphasis on rapid deployability and improved mobility found a clear echo in the Helsinki targets, and indeed this should come as no surprise: the idea of a Headline Goal is reported to have been that of Richard Hatfield, a senior British Ministry of Defence official, and was informed both by the reform process that the UK’s armed forces were then undergoing, and by the various weaknesses that were identified during military action undertaken in both Bosnia and Kosovo (Rutten 2001).³ So it was that the results bore a *qualitative* resemblance to Britain’s post-SDR emphasis on rapid deployability and power projection, and a *quantitative* resemblance to the SFOR mission in Bosnia and the requirements of Balkan-style peacekeeping.

Thrashed out first between Hatfield and then French Political Director, Gérard Errera,⁴ the idea of a Headline Goal was subsequently discussed with other member states at a Finnish Presidency meeting on defence in Helsinki in October 1999. The specific targets outlined in the Headline Goal appear to have been subject to intense discussion, however. A preliminary Presidency draft published on November 5th, for example, made no reference to specific targets, stating simply that the “Union should be able rapidly to deploy and sustain a militarily self-sufficient force capable of the full range of Petersberg Tasks,” while even as late as November 24th a revised draft was suggesting that the proposed force would be sustainable for up to two years and should be ready by the end of 2002, rather than 2003 as was subsequently decided (Finnish Presidency 1999). The actual agreement reached at Helsinki appears therefore to have been a relatively last minute one. This may be one reason why the 2003 target was not in fact met: i.e., because the process of setting targets appeared to have been more informed by political than military considerations. It may also be that the deadline was perceived to be more an aspiration and incentive to reform than a realistic timetable.

However, while we can question the viability of the goals and deadlines that were agreed at Helsinki, we can also assume that they were based on a broad consensus of the desirability of – and need for – a general process of capability reform. Therefore it is arguably more appropriate to question the method that was adopted in pursuit of the goals, rather than to focus too heavily on the actual goals themselves. But although member states have admittedly tweaked the governance methods adopted in the pursuit of capability reform, they have not called them into question outright and have largely remained wedded to the notion of strict intergovernmentalism in this sector. Instead, their principal response has been to change the

³ This point was reiterated by an official from the UK Representation to the EU, Brussels, January 2005.

⁴ The good relations that Errera enjoyed with his British counterparts may well have been a factor that led to his later being appointed as French Ambassador to London in 2002.

goalposts, with new plans, new targets, and new institutions all adopted in the name of inciting defence reform.

Putting the Rules in Context

The rules and mechanisms introduced at Helsinki to govern the process of capability reform within the ESDP continued the preference for intergovernmental cooperation in the field of European foreign and security policy which stems back to at least the establishment of European Political Cooperation (EPC) in 1970 (see Nuttall 1992). However, the ESDP was seen to take intergovernmentalism to another level, with Helen Wallace (2000) for one labelling the new kind of governance it typified as “intensive transgovernmentalism.” Others feared that the increased preference for such intergovernmental methods would spill-back into the Community and potentially contaminate existing, supranational modes of governance.

The creation of the ESDP entailed a number of institutional changes and / or innovations. Most concretely, perhaps, member states established new politico-military structures in the Council, including a Political and Security Committee (PSC) to replace the Political Committee, and a Military Committee and Military Staff based largely on the NATO model (Reynolds 2006). And while Defence Ministers had not previously taken any role in the European integration project, by virtue of the EU’s evident lack of competence in the field of defence, their expertise was to be harnessed through special, informal meetings of Defence Ministers on the one hand and a provision which allowed them to be present in General Affairs and External Relations Council meetings where defence issues were discussed, on the other. This was kept informal, however, in that on the advice of the Council’s legal service, no Treaty amendments would be required beyond what had been included in the Treaty of Nice in 2000. Hence their participation rested more on convention than on law.

Commitments towards the Helsinki Headline Goal built on these arrangements and were to be made voluntarily by member states, represented by their Defence Ministers, at annual “Capabilities Commitment Conferences.” The first such conference was held in Brussels in November 2000 and resulted in the commitment of approximately 100,000 personnel, 400 combat aircraft and 100 ships (Möttöla 2005, 188). The list of contributions – never officially made public – became known as the Helsinki Force Catalogue. Despite quantitatively meeting the target set in Helsinki, there were significant *qualitative* shortfalls in key capabilities such as transport, air-to-air refuelling, electronic warfare as well as sea and airlift (Hagman 2002, 22). Hence although in principle the member states were able to provide the required number of troops, it was far from clear whether these troops could actually be equipped, deployed, supplied, sustained and rotated as required. The capabilities deficit between what was required and what had actually been committed was evaluated in June 2001 by the “Helsinki Progress Catalogue” and paved the way for the subsequent “Capability Improvement Conference” that November (Hagman 2002, 23). Here, as Hagman (2002, 24) points out, although member states “made additional contributions, there was essentially no progress in the areas demanding major procurement.”

There are, of course, potentially an infinite number of hypotheses seeking to explain why member states did not match their rhetorical commitment to improved military capabilities with concrete action. Such hypotheses are not widely forthcoming in the literature, however. One commentator, Hans-Christian Hagman (2002, 24), suggests that a key reason we have yet to witness any substantial improvement in capabilities is the long time spans involved in military procurement decisions. The Eurofighter project, for example, is a case in point with European air forces only now taking delivery of their Typhoon aircraft even though the project was begun as early as the mid-1980s. If true, it would again indicate that the Helsinki Headline Goals were primarily political in nature. However, according to this logic we would have

expected to have already seen governments beginning to take the kind of bold decisions on military procurement and defence reform that the ESDP's creation implied or even demanded. With a couple of notable exceptions (France and Britain stand out), this appears to have largely not yet been the case. So why not? Given that member states have consistently acknowledged the need for improved military capabilities and have repeatedly committed themselves to political processes intended to achieve this, why have they apparently proved so reticent in moving forward?

This article's intention is not to focus on either the quantitative or qualitative aspects of capability improvement. This has been done elsewhere (Heisbourg 2000, Lutz 2001, Hagman 2002). Rather it is to underline and examine the importance of the process itself and to seek elements within it which may help us to understand why ambitions have yet to be translated into outcomes. James Sperling, for example, points to a number of process and structural "gaps" that affect the EU in its pursuit of improved capabilities, such as those of investment, procurement and technology (2004, 461-2). However, of particular interest are two gaps which are clearly related to questions of governance, even if he does not explicitly say as much: those of leadership and sovereignty. Indeed, it is in this respect that frequent comparisons between the US and the EU fall short. With no central government, no central procurement policy, no single army, navy or air force, and none of the other attributes of a nation-state the EU will always be at a (comparative) disadvantage when it comes to achieving effective governance in this field.

However, the governance model ostensibly established in order to ensure that member state intentions are translated into concrete outcomes exacerbates such problems and appears to have been more informed by sovereignty fears than questions of efficiency. The process established, known generically as the "Capability Development Mechanism" (or CDM), relied on purely voluntary contributions, the evaluation of these contributions according to the EU's stated ambitions (in the form of the Petersberg Tasks), the identification of shortfalls, and then reliance on the willingness of member states to fill these shortfalls. There was no independent leadership, such as with the Commission in the OMC, and therefore no central point of reference for member states. No coercive mechanism was introduced, hence member states were not under any formal obligation to either offer contributions in the first place or to help fill those shortfalls identified, and it appears that member states were not even allotted specific targets or even a particular focus: it was simply hoped (or presumed) that member states would adapt their procurement policies and commitments according to the weaknesses identified. Indeed, even the idea that benchmarking and peer pressure might go some way to filling the gaps was rather undermined by the fact that national contributions in most cases remained anonymous. Naming and shaming before European publics was therefore rendered largely impossible.

Models and Mimicry?

As loosely structured as it appeared to be, the process established to incite capabilities improvement was clearly not conceived in a vacuum and it should come as no surprise that there were a number of similarities to previously existing governance mechanisms within the EU, particularly to certain trends that were becoming apparent towards the end of the 1990s. In the first instance, the similarities to the process by which member states pursued European Monetary Union (EMU) are striking. The preference for a fixed timetable and quantitative targets, for example, can be seen to resemble the Maastricht convergence criteria which formed the basis of the single currency project and it was perhaps believed that such an approach would focus minds in the same way as EMU. Moreover, the establishment of annual "Capabilities Commitment Conferences," with capability development to be pursued through the use of benchmarking and peer review, very much evokes the process employed in pursuit

of the EU's Lisbon Agenda on economic competitiveness, that of the aforementioned Open Method of Coordination. And certainly one reason for establishing such a mechanism in the first place was that member states appeared keen to avoid the full involvement of Community institutions in what was considered to be a sensitive field of decision-making. And in the context of the then increasing preference for such modes of governance, it is perhaps understandable that member states should have opted for such a path (it is presumably no coincidence that both the Lisbon Agenda and the CDM were established within a few months of each other in 2000).

However, it is important to note that the capabilities improvement process demonstrates significant differences when compared to existing governance methods and these are important for our analysis. Firstly, in contrast to the EMU process begun at Maastricht, no concrete convergence criteria were established in the ESDP and participation was not made conditional on the fulfilment of particular targets. While EMU restricted membership to those member states who met a series of macroeconomic targets, such as a budget deficit not in excess of 3% of GDP, from the very beginning the ESDP was based on the notion of universal participation, i.e. membership of the ESDP was to equate with that of the Union itself with all member states sat around the table.⁵ No criteria for participation were introduced, and non-member states were not given participatory rights (unlike in the WEU, for example). While it could be argued that this was due to the sensitive nature of defence cooperation and the sovereignty implications thereof, clearly nothing less could also be said of EMU, with the power to set interest rates and issue currency evidently striking at the very core of a nation's sovereignty. A similar point holds true for the Schengen Agreements, with the policing and control of national borders clearly a highly emotive and sovereignty-laden issue but again one where participation began outside the Treaties and which was restricted based on the fulfilment of certain criteria and where non-EU member states such as Iceland and Norway also participate (Monar 2000).

The result was that a potential mechanism of inciting defence reform – the lure of membership, and therefore too of influence – was passed over. And if we assume the notion of rational actors, it is clear that actors respond to incentives. Thus one possible incentive in compelling recalcitrant member states to adjust their defence spending habits – that of participation – was rejected, despite the fact that such a method had been used successfully in other fields of EU governance in analogous circumstances. More than this, however, the fact that participation is universal may be understood to encourage what economists refer to as “free-riding”. Since rational actors will, by definition, seek to free-ride whenever and wherever institutional conditions permit, the fact that every member state, regardless of the quantity or quality of their defence spending or their commitment to the goals of capability reform, can exercise a veto over the ESDP means that again there is little institutional incentive to spend more or to spend differently, particularly given the strength of domestic constituencies in the field of defence. Since the provision of European security can be understood as a public good, from which by definition no actor can be excluded from the benefits thereof, the potential for free-riding to occur could be said to be particularly high. This ought perhaps to have been a particular concern to France and Britain, given that as key members of the dominant actor coalition, alone in the EU as nuclear powers and in their capacity to deploy their troops abroad on any significant scale, it is they who play a principal role – if not *the* principal role (alongside the United States) – in ensuring the provision of European security. As it stands, should they choose to take military action through the ESDP, they remain vulnerable to the threat of veto from other member states, including those which themselves do not even possess significant military capabilities, such as Luxembourg or Malta. It may therefore come as a surprise that a system was created that granted all member states a veto over an ESDP

⁵ The only exception to this was Denmark which exercised an opt-out from the ESDP but which reserves the right to “opt-in” should it later decide differently.

deployment, but which did not formally or legally compel member states to contribute to it nor to undertake reforms of their armed forces, even though this was, as we saw, the stated intention of the ESDP.

This is all the more interesting, given the failure of a highly similar intergovernmental process within NATO, that of the Defence Capabilities Initiative (DCI), to achieve a similar goal. In this sense, it would appear to be an unusual model to replicate and appears to indicate that questions of sovereignty in this field trump all others. It may also suggest, however, that member states view the potential of NATO and EU institutional structures to incite reform as being different, regardless of whether the actual governance mechanisms adopted resemble each other. In this sense, the comments of a senior British Ministry of Defence official might be illustrative. When asked before Parliament whether the EU could succeed where NATO had failed, Simon Webb stated that, “I think it is fair to say the EU has developed a lot through its institutions and institutions, particularly when you get a good political dynamic in them, can actually have an effect on the development of the Union” (Hansard 2003). Be that as it may, one NATO official interviewed at the time considered this to be a rather naïve assumption when applied to defence reform and stated that he could not in fact see any reason why the EU would be able to succeed where NATO had failed.⁶ Indeed, one might even argue that NATO was and is in fact *better* placed to incite reform since it has certain significant governance elements that the ESDP lacked, such as clear leadership (through the Secretary-General as well as through the United States as the organisation’s hegemon).

While the governance mechanisms employed in the ESDP exhibit a key and significant difference to EMU, so too do they when compared to the Open Method of Coordination (OMC). In the first instance, this is because they do not accord any particular role to the European Commission. Although in the OMC the Commission lacks the formal powers of initiation and implementation that it enjoys under the first pillar, it does still sit at the centre of the process and its expertise is harnessed in the drafting of progress reports, monitoring, and in the evaluation and dissemination of best practice. It is the Commission, therefore, that essentially provides leadership and that serves as an independent monitor and “steerer.” It cannot compel member states to reform nor sanction non-compliance, but it can “name and shame” and attempt to exert pressure through “soft” means. While it must be noted that even the Commission’s involvement has not prevented the OMC from thus far posting only very mixed results in the areas where it has been employed (Radulova, 2006), clearly the introduction of a process without such a neutral arbiter at its centre was always liable to be even less effective. Indeed, the CDM introduced at Maastricht effectively made no distinction between the “steerer” and those to be steered: it was left to the member states themselves, acting through the Council, to monitor their own progress and compel compliance. It even appears that no specific targets or goals were allocated to specific member states; rather it was up to the member states themselves to decide to which areas they would attempt to contribute. The limitations of a governance process lacking leadership, country-specific goals, participation criteria, as well as any sanction mechanisms appears to be obvious. It is not only realist theorists who would agree that “soft” governance measures are likely to be insufficient to achieve progress in the field of “hard” military capabilities.

III. Old Failures, New Efforts

ECAP

Predictions even at the time of the Helsinki Summit were pessimistic about the prospects of achieving the Headline Goals by 2003, hence there was little surprise when such expectations

⁶ Interview with politico-military official, NATO headquarters, Brussels, April 2001.

came to be borne out. More interesting, however, was the EU's reaction. At the Laeken European Council in December 2001, member states optimistically declared the ESDP to be "operational," and yet paradoxically also highlighted 38 key capability shortfalls, of which 21 were deemed to be "significant" (Schmitt 2005). Member states were therefore essentially admitting that the CDM introduced since Helsinki had been ineffective. The result was the introduction of a new mechanism, the European Capabilities Action Plan (ECAP), in an attempt to address the problem.

The way that the ECAP was intended to function illustrated a degree of both continuity and change, particularly as a consequence of learning-by-doing, when compared to its predecessor. Certainly the lack of leadership within the previous Helsinki process appears to have been identified as a problem, with the ECAP introducing 19 capabilities panels of national experts to cover the areas where shortfalls were identified, with each to include at least one so-called "lead nation" (Schmitt 2005). Equally, the shift towards panels composed of groups of member states represented recognition of the need for closer and narrower member state cooperation in finding and providing solutions to the shortfalls in question.

That said, a large degree of continuity was also in evidence. Participation in the ECAP remained non-restricted and national contributions and commitments were still wholly voluntary with no sanction mechanisms introduced to help make up the capability deficits. Moreover no coordination or leadership role was accorded to the European Commission or any other independent institutional actor; hence it was member states themselves that remained in unchallenged control of the process.

While the ECAP has not been without its successes, after the first round of reporting in 2003 member states still acknowledged that their military capabilities remained "limited and constrained by recognised shortfalls" (quoted in Schmitt 2005). The subsequent response to this has also been limited, however, and again largely restricted to a tinkering with targets rather than a fundamental adjustment of the method. Schmitt points out how in launching the second phase of the ECAP in 2003 and its 15 project groups, again headed by lead nations, member states made clear their intention to introduce timelines, roadmaps and closer monitoring of ECAP progress through the Council and thus to fall back on known – and thus far ineffective – procedures (Schmitt 2005). Proposals to introduce sanction mechanisms, restrict participation or to introduce a coordinating role for the European Commission appear not to have been discussed.

However, while the ECAP is an ongoing project and the Capabilities Commitment Conferences continue to be held each autumn in Brussels, at about the same time as its relaunch in 2003 other developments began to alter the terms of the debate. On the one hand, discussions within the European Convention and the exercise of collective navel-gazing that it induced resulted in a degree of fresh thinking and new proposals in the field of European security and defence. On the other hand, France and Britain continued to take up the initiative with a series of bilateral summits during the course of 2003 which were to lead to the proposal of a new "Headline Goal 2010" and the establishment of a European Defence Agency.

The European Convention: Pushing Defence Forward?

While the issue of European defence was addressed by the Laeken European Council of December 2001 through the declaration of ESDP operationality as well as the initiation of the ECAP process, it was also picked up in the "Laeken Declaration on the Future of the European Union" and the decision to convene a Convention to "consider the key issues arising for the Union's future development and try to identify the various possible responses" (Laeken

Declaration 2001). Among the areas identified for possible deliberation by the Laeken Declaration was EU foreign and defence policy, and in light of the Convention's inaugural plenary meetings in the spring of 2002 it was decided to establish a Defence Working Group which met for the first time on September 13th 2002 under the chairmanship of then European Commissioner, Michel Barnier. The mandate for the group's work, drawn up by the Convention's Praesidium, included the question of "what can be done to ensure that the Member States have the military capabilities needed to guarantee the credibility of the Union's defence policy? Should we seek inspiration from monetary union, and establish admission criteria and a pact to be complied with?" and equally whether "provision [should] be made for extending enhanced cooperation to defence matters" and if "the creation of a European Arms Agency [should] be envisaged?" (European Convention 2002a). Again, this shows the clear willingness to seek inspiration from other policy fields.

While the Working Group's final report (European Convention 2002b), published on December 10th 2002, included a series of innovative suggestions, such as achieving enhanced cooperation through what it called a "defence Euro-zone," a clear consensus on most points was not achieved and the proposals were often qualified with declarations of less than universal member state support. It was therefore all the more surprising that the sections on security and defence of the Convention's draft were subject to only very limited discussion in the Intergovernmental Conference that followed (Zilmer-Johns 2005, 58).

The final draft of the Constitutional Treaty, signed by member states on October 29th 2004, represented a significant advance on existing treaty provisions in the field of security and defence. Quite apart from the much-discussed proposals regarding an EU Foreign Minister and a Union-wide solidarity clause, the Treaty addressed the questions of participation in and institutional leadership of the ESDP, as the Convention's mandate had proposed. The final text stated in Article I-41 that "Member States shall undertake progressively to improve their military capabilities," thereby making it a constitutional obligation to do so, and to this end supported the creation of a European Defence Agency, which would "identify operational requirements [...] participate in defining a European capabilities and armaments policy, and [...] assist the Council in evaluating the improvement of military capabilities."

The text also established that "Member States whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union framework," thereby both finally harnessing the incentive of membership as a tool in inciting capabilities reform, as well as introducing a degree of variable geometry in the ESDP for the first time.⁷ Both can be understood as an acknowledgement that "harder" governance methods needed to be introduced in order to address the weakness of existing instruments and illustrated that member state representatives acknowledged the solution to their collective problems, but that member state governments remained reluctant to implement them.

The Headline Goal 2010 and the Battle Groups Initiative

Although the Helsinki European Council Conclusions had stressed the need, alongside the principal Headline Goal, to be able "to provide smaller rapid response elements available and deployable at very high readiness," the idea appears not to have been picked up again until 2003. In the wake of the series of shortfalls identified in meeting the original Headline Goals, the Franco-British Summit held in Le Touquet on February 4th 2003 stated that the two countries were agreed that "developing the EU's ability to act, in the face of new threats and the requirements of crisis management, means we must intensify efforts to improve the military capabilities of EU member states." To this end, it proposed that the Union "set new

⁷ If one excludes Denmark's non-participation in the ESDP

capability objectives...to improve its rapid reaction capability.” The subsequent Franco-British Summit in London on November 24th 2003 went one step further, suggesting that “[t]he aim should be coherent and credible battle-group sized forces, each around 1500 troops, offered by a single nation or through a multinational or framework nation force package, with appropriate transport and sustainability” (see Missiroli 2003, 281).

Although begun as a Franco-British initiative, the idea quickly gained the support of Germany and the three countries published a “Food for Thought” paper based on the London Summit proposals which formed the basis of the Headline Goal 2010 concept approved by the Council on 17 May 2004. A new Headline Goal focusing on the establishment of rapidly deployable, multinational Battle Groups won the support of all member states, although given the continued intergovernmental, non-binding nature of the process proposed and the concomitantly low costs of non-compliance, this is perhaps unsurprising. Indeed, we might say that such agreements have been easier to make simply because they are easier to break (c.f. Caporaso and Wittenbrinck 2006, 476).

The Battle Groups initiative illustrates a number of significant points for our analysis. Firstly it can be understood as an acknowledgement of the failure of both the 1999 Headline Goals and the ECAP process in bringing about a sufficient reform of European military capabilities. By the EU’s own admission, therefore, the governance mechanisms introduced had been ineffective in achieving their objective. Again, however, the reaction of member states can be understood more as an attempt to adjust the goalposts of capability improvement rather than the methods, with the longer timeframe introduced suggesting that previous targets had been too ambitious. The proposals could also again be seen to represent a degree of learning on the part of member states, in this case from two perspectives. In the first instance, as the EU indicated itself, the Battle Groups idea was born from the experience of reacting to the UN’s request to deploy in Bunia, DRC in the summer of 2003. Indeed, the London Summit Declaration states that the EU should ensure that it is able to “respond through ESDP to future similar requests from the United Nations, whether in Africa or elsewhere”. This indicates the extent to which internal developments in ESDP have been shaped by external ones. Secondly, and equally, the initiative closely echoes that of the “NATO Response Force” undertaken within the Atlantic Alliance and which reached its initial operational capacity in October 2004. Given NATO’s success, it may well be that Member States believed that unleashing a similar process within the EU would achieve a similar result. It may also, moreover, illustrate a degree of institutional “competition” – a sort of “anything NATO can do, we can do better” – and therefore imposed an issue of credibility on the ESDP.

It should be noted, however, that the Battle Group concept does to a very small degree represent a shift in governance method away from that introduced at Helsinki towards that proposed by the Constitutional Treaty. In the first instance, in establishing multinational Battle Groups, member states appear to acknowledge the need to pool national resources in order to get the most from both existing and future defence capabilities. It is something of a platitude to point to the inefficiency of maintaining 25 national armed forces across the European Union, and while the initiative clearly does not wholly challenge this, it does point in the right direction. The emphasis on smaller Battle Groups rather than a much larger “rapid reaction force,” while indicative of the wider shift in post 9-11 strategic thinking, also has another logic. It seems to be considered that in making commitments through such small groupings the impact of peer pressure will be greater and that the imperatives of rapid deployment and sustainability will better incite defence reform and help to make up the shortfalls identified in the ECAP. Reinforcing this, the proposals also allow member states themselves to determine whether a particular grouping qualifies as an EU Battle Group and therefore introduces the idea of applying objective criteria to participation for the very first time. The incentive to not

be left behind appears as a factor intended to precipitate reform. That this mechanism should only be discovered – or at least utilised – so belatedly is, as has been shown, perhaps surprising. However, it may well prove to open the door for further moves towards closer cooperation in this policy field.

Despite these innovations, the impact of the Battle Groups initiative is still unclear. Indeed, in some ways it very much represents “business as usual.” To begin with, the Headline Goal 2010 continues the tendency to opt for non-binding targets and timetabling, and while cooperation will be based on particular criteria it is member states themselves that will police them rather than an independent actor such as the Commission. Equally, the wholly non-binding nature of the process means that the actual availability of the Battle Groups and the ease of their deployment can be questioned. Member states cannot be formally compelled to deploy as part of a Battle Group, since any member state can exercise a veto over a deployment decision, and given that in most cases domestic approval will have to be secured for such a deployment, there is no guarantee that the capabilities offered will actually be usable. This could potentially paralyse the deployment of an entire Battle Group and by implication EU crisis management policy more generally. The only way, it seems, to overcome this problem would be to create a standing European Battle Group which would be deployable at the request of the Council without the need to seek approval through national channels. The legal complexity of such a development combined with continued sovereignty fears means that such a development would be highly unlikely in the short to medium-term, however.

The deadline set for these new proposals was 2010, with the first national Battle Groups scheduled to begin their rotation in 2007 and the first multinational Battle Groups in 2008. This is therefore at once both a more realistic target than that set for the Helsinki Headline Goal – even if some insiders suggest that achieving this target will still be a “struggle” (Witney 2005) – as well as a clear indication of the long-term nature of defence-planning. It is also an indication of what might be termed a “governance conservatism,” illustrating the continued preference for timetabling and specific targets, even in the absence of success of previous deadlines. It seems that short of supranationalising the process, no other way was sought (or could be found) to ensure progress, hence member states simply reused the same instrument as before. This seems to reaffirm a point made by John Peterson in a different context that in times of crisis or uncertainty, “almost instinctively, the EU becomes highly conservative and tends to fall back on some type of past policy even if it is clearly no longer appropriate” (1998, 13). This might well be due to the complexity of agreeing to innovative or untested methods in a system of governance where all 25 member states can potentially wield a veto: in the terminology of George Tsebelis (2002), the high number of “veto-players” does not play in favour of creative governance solutions but rather encourages member states to fall back on methods with which they are all familiar.

The European Defence Agency

While the Le Touquet Summit had initiated the Battle Group concept it also unleashed moves towards the establishment of a European Defence Agency (EDA), the summit conclusions proposing that the pursuit of new capabilities objectives should be supported by an “intergovernmental defence capabilities development and acquisition agency.”

As with the Battle Groups concept, the idea was well-received and was subsequently approved at the Thessaloniki European Council in June 2003, the Agency being officially established by a Joint Action on 12 July 2004 (2004/551/CFSP), with Javier Solana, in his capacity as the High Representative for the CFSP, appointed as the Agency’s Head and Nick Witney, a senior British defence official, appointed as its Chief Executive. As Witney (2006) himself clearly explains, the EDA’s role is “to support the efforts of the European Union and its Member

States to develop defence capabilities for crisis management operations under the ESDP” and, more specifically, “to identify European military capability needs, promote cooperative defence research and technology, and armaments cooperation in Europe, and strengthen the European defence technological and industrial base.”

The idea of a European Defence Agency is not entirely new and is said to date back at least to the tabling of a similar proposal by Egon Klepsch MEP in a report to the European Parliament in 1978 (Keohane 2004). However, as with EU-level security cooperation itself, it was a British veto that long stood in the way of progress. It is not without irony, therefore, that the UK has come to be one of the most vociferous proponents and supporters of the EDA. The fact that Britain came to agree to the EDA’s creation despite its previous opposition therefore appears as further evidence – indeed recognition – of the fact that progress on capabilities in the wake of the Helsinki Headline Goals simply wasn’t being made. Indeed, it arguably shows how failure can be a dynamic of future institutional progress and again how learning can help to overcome previous obstacles, the implication being that member states will agree to certain institutional progression once they have learnt or seen the implications of not doing so.⁸ The creation of the EDA and the responsibilities accorded to it also appear to suggest that it was designed to fulfil a role something akin to that assigned to the Commission under the Open Method of Coordination, and thereby address the previous leadership vacuum. The fundamental difference, of course, as the Le Touquet Summit made clear, is that the EDA is to be wholly intergovernmental and therefore under the direct control of member states. This is reinforced by the fact that the Agency’s steering board is composed of member state representatives. It should be noted, however, that the Commission is represented (although it does not have voting rights) and that meetings are chaired by the Head of the Agency (i.e. Solana) rather than by the rotating Council Presidency. Decisions of the steering board are taken by unanimity, although how decisions will be taken within the Agency itself remains unclear: the Joint Action simply states that it should have “decision-making procedures allowing it to fulfil its tasks efficiently, while respecting the national security and defence policies of participating Member States” (Council Joint Action 2004/551/CFSP).

In light of these factors, the key question is what impact can the EDA concretely have on the issue of capabilities reform? Can a new institution, and an intergovernmental one at that, really make a difference? At first sight, it might well be argued that there is not much cause for optimism. Again, participation in the EDA is universal, meaning that member states have continued to overlook the use of the incentive of institutional participation as a carrot in the pursuit of improved capabilities. Secondly, as might have been predicted, it appears that decision-making will remain very much intergovernmental, with all key decisions being taken by unanimity. Therefore from the point of view of some of the more robust governance mechanisms already examined, the EDA’s “war chest” looks rather empty: the question of free-riding is again not addressed and no sanctions for non-compliance are introduced. As one Agency official commented, such potential weaknesses means that the EDA may well be “powerless if member states ignore, sabotage or hinder” its work.⁹ Moreover, the EDA is clearly entering something of a crowded institutional landscape. With NATO’s Prague Capabilities Commitments initiative, the OCCAR and the ECAP already all addressing the question of capabilities, albeit without much success, some have questioned where and how the EDA will find the space to carve out its own role and the question of the EDA’s added value is one that is likely to continue to be raised.

Further doubts can be raised regarding the EDA’s effectiveness in the light of the limited resources allocated to it by the Council. With a staff of only 90 and an operating budget of just

⁸ A similar point holds true regarding the European arrest warrant and its agreement in the wake of 9/11(REF).

⁹ Comments made by an EDA official, Bruges, March 2006.

€22 million in 2006, it would appear that member states are keen to keep the Agency on a tight leash. By way of comparison, the European Food Safety Authority, although a Community rather than CFSP agency, aims to employ 250 staff by the end of 2006 and had an operating budget of €37 million in 2005.¹⁰ Whether the EDA can escape this “resource trap” is therefore likely to depend on member states’ satisfaction with its work. Should it attempt to overstep its mandate or to interfere too much in what remains a sensitive – and indeed highly protected – policy field, it might well burn its fingers.

Furthermore, although the EDA continues the trend for the increased participation of Defence Ministers at the EU-level, they are arguably only part of the solution when it comes to improving capabilities. Although certainly a key element will be spending defence budgets “better,” in the sense of more cooperative and multi-national projects and increased specialisation, the question of whether more money will be available for the kind of high-tech capabilities that the EU is chasing will in most cases ultimately be decided by national finance, rather than defence, ministries.

Optimistic analysts view the EDA’s creation more positively, however. Certainly, at the very least, the Rubicon of bringing defence into the European framework has been crossed and an EU-level agency now exists with an explicit mandate to tackle the issue of capabilities reform. And there is clearly an institutionalist logic to the agency acquiring more responsibilities over time should it prove to be a success in the short to medium-term. The creation of a central institution to deal with all aspects of the military capabilities needed for ESDP missions as well as the European defence and technology market more generally, should at the very least provide a focal point for efforts at promoting increased transnational collaboration in defence research and armaments, as well as efforts at further opening European defence markets to competition.

The EDA may also go some way to addressing the current leadership void in the existing capability development process. Indeed, while the Agency lacks “hard” governance mechanisms to coerce or sanction recalcitrant member states, in fulfilling a role similar to that of the Commission in the Open Method of Coordination it may well be able to cajole member states towards the goals that they themselves have agreed upon. As one EDA official has commented, the Agency may well have the power of “intellectual subversion” through producing reports and being able to name and shame those member states that do not keep up with their commitments,¹¹ while Nick Witney (2004) is keen for the Agency to act as “a conscience and a catalyst” in member states’ pursuit of improved capabilities. Furthermore, while comparable to the European Commission neither in powers, resources or composition, the majority of its staff could be said to be “supranational” in the sense that they are international civil servants and have largely been appointed by the Agency itself: only about 30% of positions are filled by staff seconded from member states and no national quotas are applied (EDA 2006).

Despite this, the evident reluctance of member states to make the necessary financial and political sacrifices in order to make capabilities improvement a reality, the EDA will likely require pressure to be exerted on governments by other groups with an interest in its success. As to who these groups might be, Sandholtz and Stone-Sweet (1998) argue it is transnational economic actors that are key catalysts behind the process of European integration since it is they who stand to gain most from the replacement of differing national rules with a common set of EU-level ones. Whether Europe’s defence industry is willing and able to fulfil this role

¹⁰ The last year for which data is available. See www.efsa.eu.int The figure of 250 was provided by the EFSA Press Office.

¹¹ Comments made by an EDA official, Bruges, March 2006.

remains unclear, however. It may be that European defence companies actually have contradictory interests in this regard, since although both clearer and fairer EU-level rules on procurement and greater investment in high-tech capabilities would be in their interest, any efforts to reduce the overlap or overall force size of Europe's militaries might not be. This may be one reason why integration was not achieved in this policy field earlier. Therefore while key figures in Europe's defence industry have openly welcomed the EDA's creation, just how far their enthusiasm will extend remains to be seen.

IV. CONCLUSIONS

We have seen how the preference for intergovernmental governance mechanisms has thus far been prioritised over the search for effectiveness in the pursuit of improved military capabilities through the ESDP. Although other factors may also account for the lack of progress achieved so far, it is clear that stronger mechanisms could be expected to have produced more concrete results.

So why have member states proved so reticent or perhaps even unable to move towards "harder" governance mechanisms in this policy field? Certainly, as has been highlighted, sovereignty concerns remain predominant. They should not, however, be considered the only factor, particularly given the apparent willingness of member states to integrate in other fields of high politics. So how else can we explain this phenomenon? Two inter-related factors might be considered here. First is the question of simple realities. Given the inherent sensitivities related to the creation of the ESDP in the first place, as Britain's 50 year veto over the concept itself testifies, the restriction of participation and introduction of coercive governance mechanisms may well have been considered to be a step too far, particularly at the outset. The fear of a multi-speed and differential Europe is a very real one to some member states and discussion thereof at the time of the ESDP's conception might simply have created unease and stalled the momentum which St Malo had created. Indeed, as aforementioned, the non-binding nature of the agreements appears to have made their approval easier since member states have not been overly concerned by the sovereignty implications thereof. This would help to explain why even neutral/non-aligned member states have not proven reluctant to sign up to the ESDP, with only Denmark choosing to opt-out. Alas it also helps to explain why member states have met barely any of the targets that they have set themselves in this field.

Secondly there is the issue of learning which, as has been shown, appears to have been prevalent since the ESDP's very inception. Following this line of thinking, it may well be that member states actually do accept the logic of the application of more supranationalised (or at least less intergovernmental) forms of cooperation in this policy field in the long-term, but that in the short to medium-term they are cautiously finding their feet and deliberately avoiding the kind of institutional "master plans" that were arguably the undoing of previous efforts, such as the European Defence Community and the Fouchet Plans (Wessels 2004, Fursdon 1980, Bodenheimer 1963). Certainly foreign and defence ministries are unlikely to "negotiate themselves into oblivion" (Cameron 2003), but the path of the CFSP offers a clear and relevant example of how cooperation can begin as weak, loosely institutionalised and wholly intergovernmental and yet steadily strengthen over time as member states identify and attempt to redress the balance between their policy ambitions on the one hand and the restrictively intergovernmental institutional capabilities that they have established on the other. Thus from this perspective current institutional structures can be understood as temporary and are likely to be strengthened over time once member states have "learnt" which reforms would be most beneficial.

It is not a ground breaking observation to state that governance mechanisms will reflect the priorities of those who establish them. It has been shown that governance mechanisms matter and that they can impact upon the results achieved in a particular policy field. Where there are no in-built incentives, or indeed disincentives, the results are likely to be mixed. Where member states consider it to be expedient to do so, the rules are likely to be strengthened. And in this case, we can clearly focus on France and Britain as the dominant actor coalition. However, both countries can be said to be caught between wanting to use the EU-level to increase the legitimacy of their foreign policy actions – and therefore requiring an effective EU with effective military capabilities – and yet being reluctant to restrict their broader freedom of manoeuvre in international affairs. Such restrictions are less of a worry to smaller states whose fewer range of options mean that they generally stand to gain through their participation at the EU level through a “politics of scale” (Ginsberg 2001), but it is an in-built problem when the dominant actor coalition is faced with mixed incentives. We might therefore perhaps understand such behaviour as a nested game: while it makes sense to introduce stronger mechanisms from an efficiency point of view it does not from the point of view of a larger country’s margin for manoeuvre in international politics more generally.

So what causes for optimism are there that the ESDP will be strengthened and that progress will be made in the field of military capabilities? Certainly decisions in this field are taken with a longer-term perspective and may only be felt several years into the future. However, in contrast to the policy areas where the OMC is currently applied, the benefits of stronger cooperation in the field of security and defence may well be more tangible. While the sovereignty implications are clearly higher, so too are the potential benefits: including, though not restricted to, the cost benefits to be gained from pooling capabilities, and the added value and increased strength and usability of the ESDP as a policy tool.

This can be understood as something of a chicken and an egg scenario, however. We are likely to see the introduction of stronger governance mechanisms when member states see concrete benefits accruing from their cooperation. Without stronger governance mechanisms, however, we remain unlikely to see such significant improvements. We might posit, therefore, that we are likely to continue to see only incremental steps forward, such as with the introduction of marginally less intergovernmental procedures through the Headline Goal 2010, as well as with the creation of the EDA.

So how to move forward? If stronger governance mechanisms really are one of the keys to achieving progress in the ESDP, what can be done? Certainly the creation of the EDA is a step in the right direction and may well be key to producing the kind of incentives that member states will require if they are to push further forward. If the EDA is able to show member states the concrete benefits of pooling resources, developing capabilities together, and of the cost-savings thereof, it may be well-placed to offer the kinds of incentives that member states appear to have thus far overlooked or been reluctant to acknowledge. Under such conditions, protectionist, national positions may prove harder to maintain.

Furthermore, a glance at other forms of cooperation in fields of high politics suggests that any leap forward towards stronger and perhaps even more supranationalised forms of cooperation may well require the introduction of a kind of “passerelle” or “exit clause” offering member states a way out, if need be. This turned out to be the case with EMU, since while the participation criteria were policed by the supranational European Commission, the sanctions for non-compliance were to be decided upon by the member states themselves, acting by unanimity through the Council. It was in this way that France and Germany were able to avoid sanction for breaching the Stability and Growth Pact’s budget deficit rules in 2004. The Schengen Agreements allow participating states to reimpose border controls when it is

considered expedient to do so, such as to avoid the free-movement of football hooligans across Europe during the 2006 soccer World Cup. A similar clause already exists under Article 23 TEU in which a member state can, “for important and stated reasons of national policy,” oppose the use of Qualified Majority Voting to adopt joint actions and common positions in pursuit of a Common Strategy. The future use of such clauses would arguably serve to both put minds at ease, as well as reassure nervous public opinion. The point is that to take two steps forward in this policy field, it may well be necessary for member states to be able, at a later date and even if only theoretically, to take one step back.

The pattern for incremental steps forward is therefore likely to be continued. Foreign and security policy is not a likely candidate for communitarisation in the short to medium term, and as a result member states are likely to keep hitting against the wall that such a strong attachment to intergovernmentalism creates. However, frustration with the lack of success achieved thus far appears to have been indicated by the raft of subsequent measures proposed. Most pressing from the perspective of efficient and effective governance will be the implementation of the draft Constitution’s defence provisions. Not only do they represent a significant advance in governance terms over the existing procedures, but they would also represent a precedent for the stronger, more robust procedures that will need to be adopted in the future. Although some of these proposals may well be salvaged from the shipwreck of the European Constitution, the current constitutional crisis within the EU and the self-imposed reflection period should be cause for concern for all those keen to see the EU match its ambitious foreign and security policy rhetoric with the modern and efficient military capabilities of which it is so urgently in need.

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