THE BROOKINGS INSTITUTION

TOWARD STRONGER EUROPEAN DEFENSE CAPABILITIES: A DISCUSSION WITH EUROPEAN DEFENCE AGENCY CHIEF CLAUDE-FRANCE ARNOULD

Washington, D.C.
Thursday, September 15, 2011

PARTICIPANTS:

Introduction and Moderator:

JUSTIN VAISSE
Senior Fellow and Director of Research Center on the United States and Europe
The Brookings Institution

Featured Speaker:

CLAUDE-FRANCE ARNOULD
Chief Executive
European Defence Agency

Discussant:

PETER FLORY
Distinguished Senior Visiting Fellow
National Defense University

* * * * *

P R O C E E D I N G S

MR. VAISSE: Okay, we're going to get started. Hi, everybody. My name is Justin Vaisse. I'm the director of research for the Center on the U.S. and Europe. And it's really my pleasure to welcome you after a long summer for a new session on Europe here at Brookings.

I'm very happy so many people could join us for a conversation with Claude-France Arnould, the European Defence Agency chief here. It's an event we're holding here in the context of the series that I'm sure many of you are familiar with, the Brookings-Heinrich Böll Foundation series on the future of the EU. And while it's true that in the past we've not focused that much on defense, we have today an event on defense and we'll have a couple of others in the coming month as it's starting to be a particularly heated and debated subject for Europe.

I want to save as much time as possible for the discussion, so I'll be very brief in my introduction. I'm sure pretty much everybody here knows the context. The context is that of a successful operation in Libya, at least for the phase of fighting, which I think demonstrated a high level of military engagement that Europeans were capable of alongside their American allies. And not only France and the UK, but also other countries like Italy or smaller countries like Denmark and Belgium.

But at the same time, we all know that defense budgets which have been, at best, stagnating -- and actually in real terms, declining slightly over the past decade -- are heading for a sort of pretty severe cut. And are all going down, including in the UK and to some extent in France.

In 2009, only 4 European members of NATO -- and I'm using this because it's sort of NATO benchmark -- met the minimum required spending of at least 2 percent of GDP. So, yes, of course Europeans still spend a lot of money on defense,

about 200 billion euros a year, which you know before the euro disappears is still a lot of American dollars, 280. So, you know, the conclusion is obvious to all. And of course I'm saying a lot of this because it's the starting point. We need -- and this is the new catchphrase -- we need more smart spending. That is, how to do better with less money by cooperating, mutualizing, et cetera.

But we also know that it's a very difficult task. It's a very difficult task because, first of all, national countries don't like spontaneous to cooperate on something which is on the core of sovereignty. The military don't like it, generally, and they naturally all have very idiosyncratic demands, I would say, or specificities which make this cooperation sometimes difficult. And of course, there are industrial interest and governmental interests in protecting industries and jobs, which make this smart defense very, very difficult. So it's kind of mission impossible.

But it's the mission that Claude-France Arnould has taken up with the EDA, which, as you know, was created in 2004 precisely to solve that problem to improve EU's defense capabilities through the enhancement of cooperation, procurement cooperation, standardization, et cetera, and the creation of an EU-wide defense equipment market. So you know, what has the EDA done so far? What are the challenges that lie ahead? What are the plans to tackle them? These are all the questions that we'll ask to Claude-France Arnould.

I would like to say a few words Claude-France Arnould. And Peter Flory will be discussing her after she has given her introductory remarks. Their biographies are equally rich, so I really need to be selective so that we move to the main discussion.

But I'll just say that after graduating from Ecole normale supérieure and Ecole Nationale d'Administration, Claude-France Arnould started a career at the Quai d'Orsay and her focus quickly became Europe, serving among other positions as deputy

director of European community affairs at the Quai, and as -- in the 1990s as first consulate at the French Embassy in Germany from 1994 to 1998. Then she took up defense issues by serving at the SGDN, the French National Defence Secretariat, under the direction of the prime minister. And so that was sort of the first part of her career, European affairs and then defense.

And then in the 2000s, she moved to Brussels, where she successfully served as director for defense issues at the General Secretariat for the Council for eight years, from 2001 to 2009. She was in charge of operations, military capabilities, partnerships, et cetera. And she also led the Crisis Management and Planning Directorate at the council between 2009 and 2010. And she was appointed to her current job as chief executive of the European Defence Agency just eight months ago in January.

Peter Flory is a member of the Atlantic Council Strategic Advisors Group. And he's currently affiliated with NDU. He also has a very rich career as a lawyer, also working on the Hill as a special counsel to the Senate Select Committee on Intelligence in the 1990s. And his service culminated in the -- well, culminated we don't know, but so far, at least, not yet with his service at the Pentagon from 2001 to 2007 first as principle deputy assistant secretary of defense for international security from 2001 to 2005.

And then in 2005, he was appointed assistant secretary of defense for international security policy, working among other things on cooperation with the nations of Europe, Eurasia, and NATO, which led him to his next appointment, which is the one that we particularly interested in today, which is the role that he played at NATO when he was appointed NATO assistant secretary general for defense investment from 2007 to last year, 2010. And in this capacity he was responsible for the promotion of NATO armaments cooperation, policies, and programs. So that explains why we'll have his view. It's not an EU versus NATO thing. On the contrary, I think Peter will -- well,

Claude-France first and then Peter will tell us about whatever cooperation exists between the two. But it's -- because Peter is so uniquely qualified to talk about these defense cooperation projects.

Without further ado, I'll leave the floor first to Claude-France Arnould, thanking her for visiting us and explaining us everything about the EDA. And then I'll ask Peter to respond and we'll have an exchange with the room.

So, Claude-France, the floor is yours.

MS. ARNOULD: Thank you very much for this very kind introduction. And my thanks to Brookings Institution for this opportunity to speak here on EDA and on the challenges we -- ah, yes. I always have a problem with my microphones. Then to speak here with you on EDA and the challenges or contribution it can bring to the challenges we face as regard defense capabilities in this very difficult financial framework.

The EDA is rather a small agency, particularly compared to the U.S. or the NATO standards. Less than 120 people, an annual budget of 30 euros, 42 -- 30 million euros, $42 million, I understand. And we face, of course, a huge agenda and tremendous challenges.

I think we should not -- I'll come back to that perhaps in the discussion, this question of budget numbers is not -- is important because of course in the way we function. It's not, I would say, the main issue because you can have a small budget but nevertheless generate and catalyze much more activities and catalyze also additional money. That's what is of interest, in fact, for me. Additional money that would correspond to the member states' interest vis-à-vis a project or vis-à-vis a line of function.

The task's interest to EDA when it was created, as you said, in 2004 are very important, have been reinforced by the treaty of Lisbon. And they are to support the

improvement of European capabilities by harmonizing European military requirement, promoting European defense research and technology cooperation, enhancing European armament cooperation, and strengthening the European defense, technological, and industrial bases.

That is exactly the tasks that are required to face the particularly difficult situation you described. Then it's about doing that for Europe. Why is it of common interest for Europe and for the United States? And why is it relevant to come here and to tell you what about EDA and what about EDA should do for Europeans?

I think it's very clear that we have here together United States and European Union common interest in fostering better capabilities, including in this framework of financial difficulties that we are in today. And we spent the day, the morning, and the beginning of the afternoon in the Pentagon. And I knew that it was a common interest before. It was very clearly expressed by Secretary Gates, in Secretary Gates' speech. I was even surprised by the level of interest, and I see one of our colleagues from the Pentagon. I saw two seconds ago one of our colleagues of the Pentagon who attended the meeting coming in the room.

The level of, again, interest, expectation from the United States on the contribution we could bring to what the Europeans have to do to improve their capabilities and to take their -- to have a more balanced transatlantic burden-sharing is really key. And again, I have always been convinced and we have always said when we had discussions with our American friends that it was a common objective, it was a common interest. I have really today the feeling that it's very acute. And then there is really an expectation that anything that could support the Europeans, again, adapting their capabilities while they face this very difficult financial situation is really key. And a key interest for the United States.

And I was also impressed by the fact that on the American side there is the feeling that in the way, we face the same situation. I think each of us has a tendency to consider that we face a particularly difficult situation on both parts of the Atlantic. But, in fact, it's largely the same situation, even if there is still, of course, a tremendous gap between what the American capabilities and the European capabilities. This gap has increased but nevertheless, again, the financial situation makes the challenge we have a common challenge.

The Gates speech, I think, was considered by most Europeans, as the word has been used many times, a wake-up call. And I would add a really welcome wake-up call. Because there was always this kind of -- of course, there was a requirement expressing NATO of 2 percent of the budget on defense, convergence of the defense issue. Here for the first time -- and it was not -- I didn't take it as a criticism. It was just facts. The United States will not do the job for the Europeans without them. And the Europeans have to be able to act independently without, again, relying systematically on the United States.

And then it's the end of a kind of comfort on behalf of the European states that the only thing we have to do is to be good allies, to try to be interoperable. But it was not considered as something really serious and vital that in some circumstances Europeans would have to be able to act again independently without relying systematically on the American's capabilities. And Libya -- I'll come back to that -- have really illustrated the scale and the sensitiveness of those shortfalls that we have and on this dependence we have on the American engagement commitment.

The EDA has, because of its function, access a catalyst to stimulate and enhance European defense cooperation through working more closely together, maximizing efficiencies, increasing interdependence, and improving interoperability.

Again, from the very beginning it was a task. Now there is a feeling from our member states that there is no choice. It's either losing a capability, losing a technology, or doing it together.

It's very much what is behind the Franco-British Treaty. It's not only a political will to do things together between London and Paris, it's also -- and I would say mainly -- the assessment, including the pragmatic assessment. And for those capabilities, again, the choice is losing it progressively or less-progressively or doing it together. And I think that now it's a feeling that is widespread in Europe. If we don't cooperate, it's some capabilities and some key capabilities that would disappear.

Now EDA, the credibility we have is that on all these issues -- coordinator, smart defense, coordinating the European Union, pooling and sharing -- we have already proved that we can bring concrete achievement, concrete results. Why? Because firstly, the EDA is capability-driven, but can act from the level of research and technology through the programs themselves, through the full life of a program, the question which are more and more important in terms of cost and also in terms of operationality, of training, and maintenance, and address also the question of industry and market issues. And on all those elements that would create the capabilities, again, from research and technology to market issues, are seen in a comprehensive way in the European Defence Agency. And we could prove that on the main -- we already put into reality pooling and sharing approach.

I would mention a few domains, and we can discuss some of them afterwards if you are interested. Maritime surveillance is putting member states together and it's putting together member states in their military -- as regard their military capabilities, but also their civilian capabilities. We organized a system not only software, but the way we can operate the software to put into a network the different kind of

(inaudible) of the member states for navies to be able to share absolutely their information and to react to incidents together.

Two other very, I think, illustrative examples, one is about helicopters. For any kind of operation, be it EU operation, be it NATO operation in Afghanistan, there is always a shortfall with regard to helicopters. It's not only a shortfall regarding the equipment themselves; it's a shortfall regarding the crew. You can't have helicopters if you don't have trained crews to go to warm climate, high altitude. You cannot deploy those helicopters in Afghanistan. Through the coordination of appropriate training, the EDA has trained over 150 helicopter crews, half of whom have been deployed to Afghanistan.

Another illustration is you know that IED, improvised explosive devices, are the main cause of our casualties in Afghanistan. We have put in place a forensic laboratory, counter-IED forensic laboratory. Again, from the research stage to the deployment by a lead nation. In that case, France in Afghanistan to, again, analyze, assess the explosive, and to share the information on those issues.

Another characteristic of EDA that makes it relevant vis-à-vis the challenges we face is on some issues we can work with our 26 member states. It's particularly relevant when we deal with regulatory issues, standardization, certification. Another case is we can do it absolutely a la carte. That is, if you are three member states wanting to do something together because they have the same requirement, because they have the same calendar, because they are ready to put the resources to do it, we can do it a la carte. And I think it's very important to show that we have this possibility to both -- at the same time to build on the fact that we have 26 member states, but we can also accommodate the will to act or the resource to act of a few member states.

The EU ministers have decided in Gent during the -- at the end of last year that they are -- really now will put all their efforts in pooling and sharing activities. And they have given an additional mandate to EDA to contribute to this pooling and sharing enterprise and to propose to them specific projects, the way they could conduct it, and the benefit from that from high-level support from our member states to a lower -- not only to build on what we did in the past, and because we had already a long list of well-staffed, well-prepared, well-assessed domains which would be natural candidates for pooling and sharing, but also, to go to them with people who can open the door because we are former (inaudible) or national armament director, and ask them when, on which domain, under which condition they would be ready to do something now on pooling and sharing. Because we have the feeling that it's really now that we must -- there must be some achievement in the field of pooling and sharing.

Of course, it's a long-term enterprise. It will take time. But already now, we have to show that we take steps to answer to the requirements we have and to the -- particularly to the shortfalls that were, again, highlighted in Libya. You know that in Libya on many domains from air-to-air refueling, ammunitions, intelligence, surveillance, reconnaissance system, the Europeans had to rely very strongly on the United States. This precise domain we intend to focus on to make sure that we can propose, again, some practical achievable steps in the near future.

We would also like to help our defense ministries when they have savings, when they can save some money, to reinvest this money in the field of defense. It's also something coming from our discussion with our colleagues in the Pentagon. The key for the ministries of defense to find the appropriate incentive to pool and share, to save money is -- and to be more cost-efficient is to make sure that money they would save would not go in the general budget, but could be reinvested to prepare the future in

the defense sector.

One key factor of this enterprise on pooling and sharing and better capabilities is the way we will work with NATO. In the European Union, we call it pooling and sharing. In NATO, the secretary general of NATO has called it smart defense. It's about exactly the same thing, it's the same objective, it's the same interest.

Our member states and allies are largely, well, the same except, of course, for a few big ones of which are on one side. But the constituency is largely the same, and they expect from us and they expect from NATO that we would help them not having duplication, not having useless choice to do between NATO and the European Union.

And I must say that it's something that while they -- we have some political institutional difficulties which are well-known, but regarding EDA were it to function with NATO, in fact, it is efficient. We work with Allied Command Transformation, ACT. We work also with (inaudible) successor. We didn't have the opportunity to work together, but we just travel together, mainly. Because I was dealing with operations in the past. But we work very much with Peter Flory's successor to make sure that both at the level of ACT, (inaudible), but also at the level of the international secretariat, we proposed to our member states this de-confliction that they wish so much and proposing to them what should be more naturally done in the EU, what should be more naturally done in NATO. Doesn't seem obvious, it is not obvious. But we came through staff-to-staff contacts, including at the level of experts, to really practical and proposal to the member states on how we should follow that.

I think I should stop here and leave time for -- well, for Peter first and for discussion. Again, we are at a very specific moment. I think that it is a risk. When people ask me, do you think -- here people -- do you think that there will be an

improvement in the defense budget of the member states? No, I don't think that there will be an improvement as regard to figures, the global figures.

The improvement we can have is in the way we spend this money, again, to have some efficiency. And also, taking into account the fact that in the European Union we should find some synergy between what we do in the field of defense and what is done more largely through the EU policies. There is an EU policy on research and technologies; there is an EU policy on space, on cyber protection, on maritime issues. And in this moment of, again, financial difficulties, it's key to have this famous comprehensive approach also in the field of capabilities. And make sure that we find synergies between the civilian aspects of the capabilities and the military aspect.

Thank you very much.

MR. VAISSE: Thanks, Claude-France. Peter, the floor is yours.

MR. FLORY: Thank you. Justin, thank you for inviting me to be here and share the dais with you and Claude-France.

Welcome, Claude-France, to Washington. This is a treat. Claude-France and I, as she indicated, worked at our respective institutions at the same time. Actually it was at a time where the -- some of the relationships, some of the issues were somewhat contagious between our organizations. But we didn't work on the same ones. So, I was not your problem and you were not my problem. So we got to sit next to each other on planes going to ministerials and things like that. And we mostly talked about literature and the food and things like that.

MS. ARNOULD: (inaudible)

MR. FLORY: Exactly, exactly.

But I think more -- even more important and sort of relevant, I feel like I have walked if not in your shoes, then at least on the same road that you're walking on

now at a slightly earlier time. And that's with the critical task of trying to help nations develop defense capabilities with which to meet their strategic ambitions. I mean, that's what it's ultimately about. Because all of our nations, all of our organizations are very good at getting together and saying this is what we're going to do. But it's not always as easy to actually come together with the means with which to do the important and valuable things that -- the task that we set ourselves.

And this is particularly so today, where we have a sort of a perfect storm, I would say, of operational requirements. I think we thought we were already busy in Afghanistan, and then Libya came along. We found ourselves even busier. Equipment is getting more expensive and more complex. There's a need to reset our militaries for future challenges. Most things that go into Afghanistan are -- many of them are not going to come back and most of the ones that come back are not going to work very well without being fixed up.

And, of course, this is all against the background of dramatically declining resources driving us all to find ways to maximize the benefits we get out of our defense dollars and euros and, I don't know, maybe ultimately Swiss francs.

Claude-France has listed some of the key initiatives at the EDA in the area of pooling and sharing. As she says, these are issues that are -- you know, are 21 same nations as well as the United States, Canada, and others are all very focused on, also in NATO. The secretary general, from his side of NATO, has adopted the rubric of smart defense. I took some offense at that because I wondered, well, what did you think I was doing before you got here, you know, dumb defense? But anyway, I think it's a good phrase and it's a catchy phrase.

I think what's important is that it's seized upon at the level of the secretary general of NATO. I was at the Munich conference when he gave his speech

there, where he unveiled the phrase, and I loved it. I was thrilled, because this was the speech that I would have given had I been invited to speak at the Munich conference. And I leaned to one of my former colleagues from NATO who was in the political affairs division and I said, what did you think of the secretary general's speech? And he kind of looked down his nose and he said, well, I thought it was kind of techie and, you know, not very strategic. But I think the point is that the techie, the capabilities issue, had actually become strategic at that point. And I think the secretary general appreciated that and it's why he raised it to that level.

Now, what we are trying to do about it? When I say "we" I'm adopting the royal "we" as if I were still at NATO, and including the EDA and the -- all of our combined nations together. In particular is the focus on multinational solutions because there are ways to achieve economies of scale, greater interoperability, reduce costs, and a number of other benefits.

Now, the problem with this is the logic at a time like this for multinational approaches is extremely, extremely strong. But it is not the only logic out there. There are other counter-logics. At a time when defense resources are scarce, not surprisingly many nations want to channel what they have towards their national industries to keep them going.

There are concerns over sovereignty and autonomy, as Justin mentioned before, on the industrial level, on the operational level, bureaucratically. Multinational programs tend to be orphans. They're usually about the third or fourth or fifth favorite program of many of the key figures in the national capital, so they are typically the first thing to be sacrificed when money gets tight.

And, of course, they're hard to do. Even with relatively simple equipment, it's still hard to agree on the goals and the tradeoffs, and particularly as

resources get tight. There's also a tendency to overcomplicate things. One of the examples of the NATO NH90 program is we ended up with many more versions of it than made sense in order to meet the original goals of the program.

Now, the good news here is, of course, one of the elements of a perfect storm is a really strong wind. And you can sail fast and you can sail far when you have a strong wind. And we have a strong political wind now. Now, of course, the trick is to do this without sinking first. But I think the focus now at the highest levels of the EDA and the EU, the defense ministers meeting at Gent, as was described, the NATO secretary general, are all good things.

I think we also have the benefit, frankly, of lessons learned from things we did in the past; some things that worked well, some things that worked less well. We had the opportunity to learn lessons, identify best practices, and with any luck do it better this time around.

A couple of words quickly on NATO-EU relations. As I mentioned, they were -- when I was at NATO I put an enormous -- not an enormous -- I put a great deal of effort into improving our relations with the EDA. I would have to say my efforts were virtually unblemished by success. I don't know if this is because I was sort of a naïve American entering into complex, ancient European quarrels, which is sort of the stereotype, I think, and we made some progress. I mean, I remember being invited to brief the armaments directors in -- what was it? -- the EDA and capability directors formation, I think was the phrase. And this was something that hadn't happened before to anybody in my position and typically for an American, which all my predecessors had been until Patrick Orwar.

And we were able to, for example, on the, at the time, extremely politically charged question of maritime surveillance, situational awareness -- even the

words you used for it were very politically sensitive -- but in a sort of a low-key way were able to make progress to sort of laying groundwork for working together in that important area and one that's inherently overarching and goes across the NATO competences and EU competences. Because obviously it involves many traditional, purely military defensive aspects as well as extremely complex homeland security, judiciary, environmental, and other issues.

But I think the good news is, I think the objective conditions for this cooperation have improved in many ways. One of them, of course, is just the sense of urgency and crisis, the need to develop capabilities, the need to not waste money on these capabilities. I think the leaders of the organizations have realized that they do not want to have to tell their taxpayers that they are in any way wasting or duplicating effort between the two organizations.

I think also very important -- and I think all of us who work -- who spend time in international organizations will realize at the end of the day we're just rowers in the galley and the person who really determines how fast you go is the person in the back who holds the whip. Actually, 28 persons in the case of NATO and 26 to the EU, the nations who are the ones who actually determine how fast the boat is going to go.

And so I give a great deal of credit to -- on the U.S. side going back to President Bush, who at the Bucharest summit sent clear signals about a greater U.S. openness to European defense and a greater U.S. appreciation of the idea that it was critical for Europe to bring capabilities to the table for us to be able to work together. I also give credit to President Sarkozy, who, as is well-known, moved French policy in a way that made many things that had been difficult to do in Brussels a lot easier to do.

This also extended to the leadership at the organizations. I know that Baroness Ashton and Secretary General Rasmussen are able to sit down together or are

able to work on things, I think, in a way that is more action-oriented, more focused, and energized than it was before. Not that they've managed to resolve everything, but I think you have a willingness to push for and to entertain real proposals and particularly to manage the political disputes that Claude-France mentioned. When I was there, I had the impression that -- and diplomats are very good at coming up with complicated solutions and formats and things like that to resolve a problem. And you know, I'm going to exaggerate slightly, but in my view the idea that our staffs could meet at midnight in a graveyard to avoid political complications was not a good solution. And the system tended to produce workarounds and sort of clever ways to go in the back door and go down the chimney. Again, as a simple American I was frustrated by our inability to agree on a way to go in the front door.

And the way to do that is to achieve a resolution of the political disputes, which I think is something that for the first time is really on the table. Offers are on the table with respect to Turkey and with respect to Cypress. And I think -- again, I'm not going to say this is going to be resolved in the short-term, but these are -- this is real progress.

I would also have to say that it probably hasn't hurt that the new sort of French connection that has been established in some of the main capability jobs. I mean, I heard on the radio today Christine Lagarde. Of course, she controls all the money now. But I think having Patrick Orwar in my old job, having John Stefan Aubriel at ACT, and having Claude-France Arnould --

MR. VAISSE: And control Brookings --

MR. FLORY: And control Brookings, also. No, but I think that may not have hurt. I mean, again, despite my best efforts I never deluded myself that, you know, that an American was necessarily the best-placed person to try to resolve some of these

things. You know, I just saw it as my job to try.

But I know that the current cooperation, I think, gets high marks from people participating. And it is still limited. You know, I would say that the ceiling is still lower than it should be. But the fact is I think there's a greater sense of transparency, a greater sense of confidence that the organizations are being able to avoid duplication, are being able to be complementary and not run down the same paths.

But at the end of the day, the key question remains money, resources. And both organizations face the same problem. Both organizations are trying to do something about it. They're trying to do something about it in the sensible way.

But going back to the image of the rowers, the galley slaves, and the person who holds the whip, ultimately you can't do anything unless the nations decide to do it, and that requires tough decisions over resources, sovereignty, and other things. I know Claude-France is facing this every day. It's something I've faced and I know Patrick Orwar is facing. Because at the end of the day, the organizations, the staffs can serve up all kinds of brilliant ideas. But at the end of the day, it's nations who have to decide to put resources against this and not against that, what the priorities are. So -- and that's going to remain a challenge.

If I may switch -- if you would, Justin, to -- I had a couple of questions I wanted to at least lay out there for Claude-France before we go further. Is that okay, or?

MR. VAISSE: You'll just mention them briefly?

MR. FLORY: Yeah. Let me do that.

One of them, Claude-France is -- and you stated the case very well on defense spending. But an interesting statistic that CSIS picked up and reported on is that actually defense spending per soldier in Europe has generally gone up since 2001. I think there was a downtick last year.

Now, part of this is maybe not necessarily good news. It's a function of the fact that there are fewer soldiers to spread it around. On the other hand, I think most people agree that European defense establishments were spending too much money on personnel anyway, larger conscript forces.

And so my question for you is, you know, do you have a sense of what that means? Is that a trend that is going to be sustained and that you think is going to be beneficial, perhaps in leading to smaller but more capable, more expeditionary forces?

And the next one is a somewhat more political question, and you may say as much or as little as you would like. President de Gaulle famously said, how do you run a country with, I think it's 246 kinds of cheese? More recently and more relevant to this, President Sarkozy said that Europe could no longer afford the luxury with its combined defense budget still below that of the U.S., of having 5 ground-to-air missile programs, 3 combat aircraft programs, 6 attack submarine programs, and about 20 tank programs.

And I'm not going to ask you to pass judgment on, you know, who the winners and losers should be, but obviously, this overcapacity is one of the challenges. And I'm just interested in what thoughts you may have on sort of the way ahead, the evolution there.

Thank you.

MR. VAISSE: Thanks, Peter. There's a lot on your plate, Claude-France, but we benefited from the enlightenment that Peter provided.

So we're going to move the questions. Before then, I have -- I'm going to say one question of my own. And I'm sure we'll get to many technical questions on the way cooperation works, the different programs where we can say, the UN, NATO, et cetera. But I would have a more sort of philosophical question, if you will, and it relates to

the way defense cooperation is set or the way it can sort of be integrated in logic of European cooperation.

It seems to me that the logic of European cooperation or the logic of the European construction points towards inclusiveness, compromise, having as many countries as possible around the table, having, you know, all countries participate and, you know, take part in the definition of common programs, EU programs, et cetera. But at the opposite, the logic it seems to me of military cooperation is that the greater the number, the greater the difficulties, and that it's much harder to agree on a concrete project of building something like a plane or a tank or a major platform when we have more countries.

So the question is, isn't there sort of an inherent contradiction between, on the one hand, the logic of the European construction and, on the other hand, the logic of military cooperation?

Which leads me to sort of a second question, which is haven't we -- so even before 2004 -- and we can think of other programs like Arianas Bas and, you know, the European Space Agency, et cetera. It seems to me that sometimes there is -- or there have been, maybe it's something of the past -- a tendency to have programs, defense programs, in order to build Europe rather than Europe -- in order to build good defense programs.

In other words, the sort of money approach to defense creating concrete cooperations so that the real aim would be to build more Europe, or more EU in this case, rather than really aiming at effectiveness. So, isn't it the case that sometimes -- and the question is whether it's something of the past or not. Money has been more important in the close of it, and more important of inspiration for defense programs leading to, of course, shortcomings.

I have a host of other sort of larger questions, but I think we've spoken enough. And if you don't mind keeping these questions in mind, I guess we should open to the floor. So there's a mic circulating. And please keep in mind to introduce yourself first, and make sure there's a question mark at the end of your sentence.

MS. DUNALL: Thank you, Clara Dunall. I just started as a fellow here at Brookings at CUSE. I had a question for Claude-France Arnould on the impact of closer Franco-British defense cooperation for the future of the European Aerospace sector.

I mean, it's looking increasingly likely that BAE and Dassault might be the kind of the key developers in the program for the next generation of UAVs for Britain and France. And EADS has already been expressing its concerns that it might be squeezed out of the market. So I was wondering do you expect that indeed as a result of closer Franco-British ties Europe will only have one pole, you know, one set of producers developing the next generation of UAVs and (inaudible)? Is this the best way to proceed?

And do we actually even have the funds sufficient to even have one program on this matter? Or is Europe as a whole facing the prospect of being squeezed out of this sector of aerospace completely? Thank you.

MR. DETKKER: Yes, Dieter Detkker, Georgetown University. First of all, Mr. Arnould, thank you for being here. It gives Bob Kagan's symbolism of Mars and Venus a new meaning and that's great. Good to have that here.

And I wanted to come back to the issue of the logic of cooperation and integration in Europe and what we can do. And, first of all, thanks to friends in Britain. You saved Europe's reputation in many ways of being able to come up with the will to act. Now to the capabilities.

And that's my concern because what doesn't exist first on the national

level, is not available on the European level or on NATO's level. And Europeans are the bigger, most important part of NATO. Let's face that, too.

If you take your own ambition of adding capability to Europe's capability to act in maritime activities. The issues that we have seen off the coast of Somalia and cyber issues, and you could add the, you know, eternal transportation problem of Europe, you know, get the better groups to the better ground is a real issue and there's a lot to be desired. As you look around what's available on the national level in Europe, shouldn't you be concerned as head of the Defence Agency to be capable to act in the interest of Europe and the issues that you yourself mentioned? And how do you have the necessary responsibility in your agency and in your office to create the sense of pooling that's necessary in order to achieve, you know, real capability to act on the European level? Thank you.

MR. FLORY: The good thing about having several questions is that you can pick --

MS. ARNOULD: Forget?

MR. FLORY: -- forget some and pick and choose. The ones that are embarrassing you can leave aside.

MS. ARNOULD: No, but I have a tendency to be very serious and when I have questions, I try to answer all the questions, and I will try, nevertheless.

I just want to remark about Venus and Mars. I would certainly not pretend to be a Venus and I don't know what better you would pretend to be a Mars, but --

MR. FLORY: Actually, Apollo is smarter and better looking, but I'll take Mars.

MS. ARNOULD: That is prejudice, pure prejudice.

To begin perhaps with the more -- I don't know -- with the more philosophical -- Justin's question. Of course, the more you work on (inaudible) as I did in the past, or operations, the less philosophical you are. But nevertheless, I'll try to give a personal answer to your question. I think it was the problem from the very beginning -- after the failure of the European defense community -- if we want to again to put back the defense issues -- well, the foreign policy and the defense issue -- in the European construction, in the European framework, how to do it.

And then there was a big debate. In fact, a Franco-French debate between Monsieur Delors, president of the commission, and Paris about should we do it according to the Modell (speaking in French), community framework, traditional community way of doing things, or should we do something specific? I don't know if it is (inaudible), but more linked to sovereignty.

And, well, I think we had different episodes: first is a French one, a Paris one, then Delors brings the Netherlands presidency. The plans were changed and it was a community system and then, again, it came back to the specific system of the pillars. But I think the reality, if you want to deal with foreign policy, if you want to deal with defense, you have to accept that it will be done in a different way, taking more into account the sovereignty, taking more into account the reality of the fact that some member states have a very long tradition of throwing policy at the member states; have less a tradition in the field of defense. The culture is not exactly the same and, again, it is really at the heart of the sovereignty. And my personal feeling is that the decision to address foreign policy and difference, but to do it according to specific rules and institutional functioning was the only way to do it. That would be my first. And I think that in a way to incorporate defense and security in the European construction we had to do it with specific -- according to a specific institutional pattern.

Now, I think, nevertheless, that there is something of the money approach in the way we approach security and defense is to do concrete things, is to build confidence, is to have the impetus through the reality of *petit pas*, small steps, and to do things concretely. And I think it's very much the case for capabilities. It's not saying that we will have a common European defense planning. In a way, it was the case in NATO. But I don't say that it didn't produce common capabilities, but -- because I -- they are not (inaudible), but, in a way, yes, there was defense plannings. There was a process. In the European Defence Agency we have a (inaudible) capability development plan, but we don't think that it should be the equivalent of (inaudible), but what any member state have to plan exactly what will be the money, what will be the capabilities.

And then I think that we must not go through a kind of bureaucratic way that would be regulatory in the field of defense, but see, again, very pragmatically are we going to do that together. And that will create the momentum to pull and share and to have the capability, again, through very concrete achievement that would answer to the requirements we have. And the examples you gave about Arianas Bas or even in the more civilian field, aerobus, even aerobus civilian and aerobus military with aerobus (inaudible) 400-M. I think created the relevance of the European level. And I would wish that today we would be able to go on with this approach that led to create the space capabilities we had with Arianas Bas, with European Space Agency.

And -- but perhaps I misunderstand you. I think that, in fact, they were effective programs and we didn't choose European construction against effectiveness. There was a European space policy, but with those who were playing.

Then I come to the second point about -- your second philosophical question that the community system is the greater the -- to have a greater number and not to have a few small groups of member states.

MR. VAISSE: Especially for the -- I mean, the example you just gave of the A-400-M, we saw that there was many countries who were able to have their say in the program and that could create a problem because there were so many of them. And that being against the logic of inclusiveness and having, you know, all the countries together running against the interest of the program.

MS. ARNOULD: I am absolutely convinced that on the programs we have to take the appropriate number even if it is a small number. We have absolutely to do it a la carte and I think it is one of the assets of EDA to be able to do things a la carte. And if it's three member states, it should be three member states doing things together.

I'm absolutely convinced on that because -- and if later on another member state is ready to join -- and we will have that on many programs. You take, for instance, mind -- maritime mine countermeasures. It was a program prepared in EDA. And then the French and the Brits took it as one of the elements of the Franco-British Treaty. But if -- and we were told very clearly both in London and in Paris, if there are some member states ready to join -- even if it's not exactly at the date, they can join later -- they would be welcome. And you can begin with a small group, even if it's two, like the Franco-British Treaty, and then increase in number, but you should not from the very beginning in the field of defense programs think that things should be done at 26, except, again, it makes more sense to do it at 26 when you a have standardization issue or regulatory issues.

The only (inaudible) I would put to what you said in the community system, it's true that it's the 27, but with a very strong, greater and greater trend to do it on the basis of maturity, qualifying maturity. Then with 27 member states you can only function in a more or less effective way if the contra-party, if what goes with the fact that we are 27 is the fact that on most of the issues you would decide, you vote, and you take

the qualifying majority. We are not ready to do that in the field of defense. Then the only solution is to do with those who are willing and those who are ready.

MR. FLORY: Do you mind if I jump in briefly on the numbers question. I'm completely agreeing with Claude-France. When I got to NATO and sort of looked at the portfolio of programs I had, it seemed pretty clear to me that the area of programs at 28, for the most part -- or 26 at the time -- was over. And, I mean, several sort of factors made this clear. One of them was some programs that we started out with at 26. We're actually making their way down as we lost members as a function of different approaches, different decisions on costs and tradeoffs and things like that. AGS, alliance ground surveillance, being an example, a program that's been around a long time. I regret not having delivered it earlier because it would have been extremely useful to have in Libya. But, in fact, it was a sort of painful but logical and natural attrition and you now have a smaller core of the program of countries that really want to be in it. And the question right now is working out the common funding for it.

But in addition to programs inadvertently sort of started big and got small, there were other programs that sort of started small and got big based on their own internal logic. One of them was the MAGIC Program, which is a brilliant acronym. I can never remember exactly what it stands for, but it's basically about creating a box in which different nations can put their ISR data and which makes it shareable with everyone. And that started out with nine nations, nine nations that had the technology, nine nations that had the interest almost as a science project. It ended up being adopted as a common-funded project to support forces in Afghanistan. And another one was the Strategic Airlift Program, which, again, grew from the inside out. Ten NATO nations, we also borrowed a couple of yours -- Sweden and Finland -- but the result of that was, I think, a very pragmatic approach that, among other things, not only helped NATO, but also added

considerably to the capabilities of the EU. Because the --

MS. ARNOULD: (inaudible)

MR. FLORY: The Strategic Airlift, SAP, (inaudible). Because its aircraft are available for NATO missions, national missions, EU missions, and others, but it was a -- I think it was a triumph of sort of practicality over labels and formalities. And I think that's a key lesson. This relates to the question about the political balance between achieving political goals and capabilities.

The secretary general, the (inaudible) asked me once, Peter, what have you done recently on NATO-EU relations? And as I told you before, I didn't usually have a lot of good news to report. But what I was able to say at this point was, Sec-Gen, very shortly this strategic airlift capability will be flying a mission for Sweden. And so, you know, there was no label, there was no flag, there was no political statement. But in the real world of capabilities any EU member that was not a NATO member was being able to take advantage of this capability to take their stuff to Afghanistan to support the common mission.

MR. VAISSE: You still have eight questions on your list. (Laughter)

MS. ARNOULD: (inaudible) when you said that the diplomats are very good at inventing horrible -- being, well, the diplomat around the table I have to defend myself. We didn't -- we never went to graveyards at midnight with NATO, but we had nice, efficient, meetings at noon in (inaudible) Hotel, together with SHAPE. We could not do with the international secretariat, with your colleagues. They were more careful. But with SHAPE, we did it. And through this (inaudible) meetings -- (inaudible) is a hotel in Brussels. Because it's true that for NATO it was impossible to go into youth facilities, it was impossible to invite us in SHAPE, then we had to find a hotel to meet and share what we had to share regarding our operations, including what we are doing in -- we were on

the same theater in Afghanistan because there is a small police mission in Afghanistan. We were on the same theater in the Balkans because Kosovo and Bosnia, and same theater for fight against piracy. Then we had to find those facilities. But it was not bad, bad. We are romantic. It's not graveyard at noon. We have too many (inaudible) novels.

MR. FLORY: I have an image, though, Claude-France, of Mars and Venus, you know, checking into a hotel together as Mr. and Mrs. Smith, here.

MS. ARNOULD: Now, going down to your very difficult question of defense spending per soldier. It's a difficult question. I think it should -- it deserves a more in depth analysis on our part and you know that the statistics on which we are working are (inaudible), statistics that are not the statistics of this year but of two years before. Then we have to check if this trend is continuing and what are the root causes for this trend.

But I think perhaps you are right and perhaps it is more an optimistic interpretation. It's clear that there is more and more movement towards professionalization of the armies and the better equipment of the soldiers, and I think it's probably a positive sign but it has to be confirmed and further assessed.

About the fact that we have (inaudible) capabilities, a number of tanks, a number of different programs, we have three fighters in Europe. We have the Gripen, we have the Eurofighter, we have that Rafale, it's a mess, which should not be -- and we have the F-16 because many of our member states have bought a F-16, and I'll come back to your question afterwards, it would be very important not to do the same thing for the future on such a capability as U.S.

But can EDA contribute to that? To be honest, it will not be EDA, which will prevent Dassault, EADS and Saab to pursue different programs if their government want to support it. You know everything that is behind that kind of decision, programs

and it's not any institution. I think even NATO cannot do that to prevent that kind of -- what we can do positively is firstly to try and put the member state as early as possible around the table to have clearly defined requirements, calendars, that would really make the case, the business case, for a single capability. And it allows me to go directly to your question of UAS, because in a way, the question of the future, will we have one drone (inaudible) system project presently considered? And then because of that, as EADS said, well, if they go that way there will be a second program, UAS, and it would not facilitate, I think, European performance for the future.

Again, it's like what I was mentioning about the aircraft, it will not be EDA, it will not be me, who will change the French government, the British government position vis-à-vis this question between (inaudible) Dassault, British Aerospace?

What we can do and what we are trying to contribute to is also to -- is firstly to see under which conditions the future UAS will operate. They have to be inserted in the civilian space. Then we work in EDA at the research and technology level on the different capabilities, technologies, to help base equipment, fulfill the requirements to operate in the civilian airspace. It's everything about air worthiness and we are working about the -- on the air worthiness issues, and, again, the criteria that must be fulfilled is also -- it's not only criteria, standardization or certification, it's also capabilities and we have promoted or demonstrated, which is called (speaking French) that is used by industry now to avoid collision between UAS system.

And we are, again, working together with the commission. We have, together with the commission, created a panel on UAS to try and promote UAS that will be really dual use and can be fun. They are by nature dual use, but that can be used both for fires, for accidents like Fukushima's accident, for maritime surveillance and so on. Then we are trying to make the business case for capabilities that would serve the

civilian, the military purpose, and that will be inserted in the civilian space.

And then afterwards, on the basis of that, the government will take the decision, for the present requirement, and also for the future. Because I think that the main element beyond the present requirement on drones is what will be implemented for the future systems. And I very much hope that we will have a European -- the development of a European technology and capability that would serve both the civilian and the military requirements.

Then I think there is only one question left about how can we -- if I understood -- how can we promote -- can we have -- can we be a real incentive in the European Defense Agency regarding pulling and sharing. I think, again, it is a decision taken at the level of the ministers. What we will do is based on the mandate they gave to us, propose to them, in a very realistic way -- and after having checked informally, not through questionnaires or processes, but from, if I may say so, man-to-man discussion between people working for EDA and the different actors in the capitals and in those capitals who are ready to do something. What are you ready to do? When -- then not to try to be overambitious or compulsory, see what would be mature under which condition and that would launch the movement for pulling and sharing. And I think what has really well functioned, and I understand from the NATO side, from (inaudible) or (inaudible) that it is the same feeling in NATO. It functions well also when the member state takes the lead. It's not bureaucracy speaking to capitals, it's member states agreeing that -- some member states agreeing that they should do something and one of them takes the lead.

I take a few examples. On medical issues, well, medical issues are key. If you don't have the proper hospital, what our military colleagues call (inaudible) -- if you don't have a proper hospital, member states will not send their soldiers. It's -- when you begin any operation, it's a key enabler, the medical -- Italy has decided to take the lead in

the EU framework. If you take the training of pilots, transport pilots, France just proposed to take the lead as regards this training.

We will have different member states taking the lead to make sure that -- with our support, of course, because we can support them, as Peter said, with the best practices, with the experience from other corporations that function, but they take the lead and they give the impulse to the corporation and have these (inaudible) to make sure that it's something concrete.

MR. VAISSE: Thanks. We're going to take a second round of question and we'll start here.

MR. TOLBERT: Julian Tolbert, U.S. Air Force. Wonder if you could comment on observations out of Libyan operations, particularly perhaps with any observations of interoperability of equipment that were being utilized and then also perhaps on the efficacy of the resupply effort, replenishment of stockpiles effort associated, for example, with air-delivered munitions.

MS. ARNOULD: You said replenishment of ammunitions.

MR. TOLBERT: Yes.

MR. VAISSE: Thanks. Yes.

SPEAKER: Just to carry on with the question. I'm (inaudible), a French officer in the Pentagon. I've got a question regarding the -- one of your comments about the relationship between the U.S. and Europe in general. I agree with you that the U.S. is now welcoming a stronger EU-U.S. relationship and defense capabilities as well, although it has not always been the case and I would just like to have your take on the fact that, why is it so, and why now? How do you feel this shift between the fact that the U.S. initially didn't want this (inaudible), the emergence of the EU defense capabilities and now there is a clear change that we can all feel in that manner.

MR. VAISSE: And I'm sure Peter will have an idea on that.

MR. GRINDSTAFF: Hugh Grindstaff. Turkey. Turkey is a member of NATO, but Turkey is not a member of EU, but Turkey initially was against the NATO action in Libya. How do you see, if Turkey's membership in the EU and further integration maybe of Turkey in the EU?

MR. VAISSE: Great. Maybe we could take a couple of others and we'll do a wrap up of everything. Sir?

SPEAKER: Thank you. I'm (inaudible) from AAI and I have a question. You have touched many times on issues of sovereignty and I would like if you could comment, especially let's look a few years ahead if integration works in regard to weapons export and maybe in regard to France's recent exports.

MS. ARNOULD: France?

SPEAKER: France.

MS. ARNOULD: French recent exports.

MR. VAISSE: Recent exports. Sir, sorry, could you rephrase the question so that it's more explicit?

SPEAKER: So, let's say in a few years ahead and we have deeper integration and capabilities in the EU, and in regard to sovereignty, what will it mean with the weapon export? Do you think all the member states will accept as it is today or do you think we'll have to integrate even further? Thank you.

MR. VAISSE: Thanks. And Seb?

SPEAKER: Sebastian (inaudible) Foundation, Washington, D.C., office. First, just let me thank Justin for hosting that event. We really enjoy the cooperation with you.

My question relates to EU-NATO cooperation. Somehow the elephant in

the room, both of you had talked about it, but can you, Ms. Arnould, again clarify, is there really a threat that you are going to duplicate things? That's my question.

MR. VAISSE: Okay, no more question. Okay, so the floor comes back here and why don't we ask Peter, perhaps, to start answering and we'll leave the last word to Claude-France.

MR. FLORY: Okay. Claude-France can insert "not" in everything I say.

No, on the -- actually, I'm going to be interested to hear what you say on the Libya lessons learned, because I've got sort of a general sense, but you've been closer to that than I have. And I think -- I actually think that what's happened in Libya is an opportunity for a lot of positive things, both at the sort of capability level and at the political level, but I will await your answer on that.

In terms of why the U.S. took a more benign view of European defense, I mean, I can -- I can't speak for President Bush's personal thinking on this, but from my perspective, in my last U.S. job before coming over to my NATO job, and this continued while I was in my NATO job, my view was that the U.S. needed Europe to have more capabilities, that despite the controversies over Iraq and other things, it was still clear that the logical and best partner for the U.S. in many, many challenges was going to be Europe, that Europe was having difficulty or challenges maintaining defense spending and maintaining its capabilities, and that if the European ambition was going to be something that was going to make it politically easier, in terms of selling to parliaments and populations, the defense spending and the development of capabilities that would make Europe a strong partner. That was okay with me as long as it didn't become something that complicated the ability of NATO to function or, you know, the traditional concerns that people had had about that. But, you know, but I think that was basically what most people in the U.S. Government were thinking about this.

I mean, there were a number of sort of old theologies there that I think were sort of overtaken by events and needs.

On the question of the EU, as I would always say when I was in NATO, it wasn't my job as an American to say whether Turkey should be a member of the EU. So I'll leave that question to Claude-France, but I think on the NATO-EU relationship, it is the elephant in the room. My view in this is that what is -- and I tried to touch on this before -- is that there are underlying political issues that are difficult but not irresolvable. In the short-term, before resolving the underlying political issues, I think there are political agreements that could be made. There could be deals that could be made. I mean, Turkey, I think, has a very strong claim with respect to the administrative arrangement with the EDA. I think this would be very desirable, very important, it's certainly something that's very important for Turkey, and I think under the complex transition out of the -- was it the EWU -- I'm trying to remember the old -- the EWAG, the Western European -- the WEAG, Western European Armaments Groups.

For example, I think Turkey has a strong claim to the same treatment that Norway, which was comparably situated, received. This is something that's blocked primarily for political reasons. There are other issues, and again, I'm not saying that this is solely a question of giving things to Turkey that Turkey wants. Again, it's a two-sided political issue underlying it.

What I think is important is that resolving this both in the longer-term, but also in the shorter-term practical issues that will allow the organizations to cooperate together is really important. And, again, I didn't mean to -- I actually was a State Department employee for four and a half whole years of my life, so I'm at least a part-time -- not necessarily successful, but at least a part-time diplomat. But my concern was more that people were trying to find, you know, workarounds rather than going to the

heart of the matter even though the heart of the matter included some pretty hard questions.

Another area that is complicated is in operations. I mean, NATO has a complex set of arrangements that have certainly evolved during the Afghanistan experience so that countries like Sweden or Finland, or for that matter, Australia, that are working with NATO in Afghanistan have a certain amount of insight, transparency, access, on planning and decision making and things like that, that Turkey, which is a major contributor to EU operations does not currently have. And I think, you know, I think -- I'm not going to say what the solution ought to be, but I can understand why Turkey is seeking a resolution for that and I think it's important for all the members of both organizations to put their shoulder to the wheel politically to try to find a solution there.

MR. VAISSE: Thanks very much, Peter. So, the last word, your last five minutes, Claude-France, for all these questions.

MS. ARNOULD: Five minutes for easy questions, including (inaudible) to Turkey.

The Libya lessons learned; I would be very cautious because, of course, EDA, neither EU was in the chain of command for Libya, and I don't know precisely about the operational issues in Libya. What we would like to do is whence we have some clarity on that and we would -- it's one of the studies we would like to do in cooperation with the appropriate people is based on assessed lessons from Libya to see, again, what are the conclusions we can have. But it would be not legitimate from my side to comment on, really, operational issues from Libya, because EDA, again, was not in the chain of command.

Of course our member states were, and what we know is what we heard already from our member states participating to the Libya operation, then it's clear that

we have to look very carefully to the question of air-to-air refueling and what are the consequences and if it is one of the shortfalls that we want to address. What are also the necessary closes if we decide to pool and share some -- to pool some capabilities as regard air-to-air refueling, to make sure -- because it's one of the lessons of Libya? Then if you pool something, base resource remains available even if one member states or one ally decides not to be part of the engagement. And we have closes for that. We have already developed that in the field in the air -- in the field of European Air Transport command and we could benefit from the experience of the European Air Transport Command to find the appropriate closes if we pool to make sure that the resource would be available.

You mentioned replenishment ammunition. It's clearly assessed something on which we should work, and, again, the domains I mentioned initially include replenishment of ammunition, air-to-air refueling and ISA.

SPEAKER: (inaudible)

MS. ARNOULD: Sorry?

SPEAKER: (inaudible)

MS. ARNOULD: Yes. As Peter says, we have currently now the meeting with our member states on the second issue, ammunition replenishment.

On the EU-U.S. relationship, Peter mentioned words that are better for him to say than for me, but I think he's absolutely -- we had the feeling that it was partly theology, and you mentioned the old theology that has been overtaken by events. I think it's really very much -- when I began on these defense issues 10 years ago, it was everything was go through NATO and there is no direct relationship between the United States and the European Union, and it developed very naturally when the United States wanted to work with the Europeans on the fight against terrorism. They wanted not only

to reach the Europeans in NATO, they wanted to reach the Europeans with all their policies that would be relevant with heavy fight against terrorism, including home affairs, including the kind of assistance we can provide on our EU budget to third states to fight terrorism. Then they had a direct agreement with the European Union. And there are now operations, when I left CMD -- Crisis Management Domain -- we had with the United States some very concrete cooperation in the -- you mentioned Somalia. What we do for the training of Somali soldiers, we do it together with the United States and Uganda, and it's a very strong joint venture between the United States and the European Union.

Then on the basis of practical things, theology has transformed itself into real cooperation, both, again, in the framework of NATO, which is natural, but also bilaterally, while when I began on those defense issues it was absolutely taboo here in Washington to have direct relationship.

And in the field of capabilities, I think it's like the examples I mentioned, it's clear that there is an interest to work both in the framework of NATO, but also directly between the United States and the European Union. And I think like Peter said, that there is a strong -- really the American, on the American part, both President Bush and the present administration certainly made very clear steps in that direction.

I suppose being French it's more difficult for me to say, but I have really the feeling that the fact that President Sarkozy, French President Sarkozy, decided to enter again into the integrated NATO structure, in a way it made people -- everybody more relaxed. And it was clear that there was a kind of suspicion that CSDP was a way to undermine NATO, a kind of French plot, and now it's clear that is not the case and it's just complementary as announced. It's both in the framework of NATO and in the framework of the European Union where we can have more results because of the nature of the organization in the European Union.

Sovereignty, to finish on Turkey, but before sovereignty on the exports -- of sovereignty and the question of armament export, I think that some issues are really more at the heart of sovereignty or at the heart of a certain level of confidentiality we have to be honest about it. Then I think that we have already some elements of harmonization, of a code of conduct in the field, of exports. We have, also in EDA, some (inaudible) trends as regard exports. The day when you will have a single authority decided on defense exports you will have a single army and government going with that. It's really at the heart of confidential government decisions, these questions -- some of these questions of arms exports.

Turkey. It's not for EDA to decide whether Turkey will be a member of the European Union, and I speak as a person and very informally, and it's very difficult to escape the question of Turkey. We had a very nice dinner yesterday and we spent half of the dinner on Turkey.

Firstly as regard EDA, everything that Peter has said is fine and I agree with him on the fact that Turkey has a strong case on being -- participating to our having an administrative arrangement with EDA, yes, though WEAG is not really something to be compared to the European Union. With WEAG, in a way, WEU it did not matter. Now it matters.

MR. FLORY: (inaudible) transition that established the rules that we're supposed to take.

MS. ARNOULD: Yeah, you are absolutely right legally and it's true that it's a strong point in the Turkish mind. We had that with WEAG. We now want to have that with the European Union. But, again, it's not the same thing to include in WEU, which was a kind of empty shell -- members who are not member states and to have an EU, with all the policies in the EU, members who are not members of the European

Union.

The second thing is you are absolutely right on the fact that they have strong -- a strong case to be associated, to have an administrative arrangement. Their Rasmussen package is fine. There are four points in the Rasmussen package, the administrative arrangement -- the package that Rasmussen proposed to solve the EU-NATO relationship. There is the administrative arrangement between EDA and Turkey. There is the association of non-EU member states to operation. I don't want to take much time. It's, in a way, a lie when the non-EU member states say -- European non-EU member states say that they are not associated. We have the committee of contributors; we spent hours with Graham dealing with our contributors to operation. They are fully associated. Then I don't know what they want more, but we -- they are fully associated, most of the time they don't even take the floor when they are asked what they want. Then it's more a formal issue than a real issue.

And the counterpart of that is that they accept, on their behalf, the Turkish behalf, that we have 27 member states in the European Union and that what we need is an organization-to-organization cooperation and relationship. It is a NATO Secretary General proposal and I think it's fine, but Turkey has said no. Well, if Turkey says yes to the Rasmussen package, it's solved. But for the time being, again, though they have just one thing to give, well, this one thing for them is of course very important and they are not ready to give that as long as the Cypress problem is not solved.

And for the enlargement, I see that we are at the end of our -- just one word. You cannot just consider that the EU -- you cannot, Americans, just consider that taking Turkey in the EU is just about a strategic question. When you take an additional member state in the EU, with the size of Turkey, that has a very strong -- that has very strong implication as regard our functioning. Turkey would be in a few decades or years

the main EU member states if they were a member. Then they would have a bigger number of votes in the parliament at Germany. They would be, again -- in a way they would have a leading role in Europe functioning. First element, institutional. Second element, then do we want to -- are we ready to take now a member state that would be bigger than our biggest member states, meaning Germany? How would our institution function with 20, 30-something member states including one which would be bigger as Germany? Are we sure that we would be able to deal on everything we have discussed today, that our institution would resist to such an imbalance in a number of member states? You want a European Union functioning, we need to have the condition for this European Union to function.

And second element is any time we had an enlargement, it was an enlargement to do with the European Union with the policies we have today, that is to have the same level of development, the same level of legislation and -- which means that we had to pay, somebody had to pay, to put this, to first -- (speaking French)?

SPEAKER: Balance.

MS. ARNOULD: Balance between all the member states, for them to be progressively at the same level. Who would pay to put Turkey as a whole -- Turkey is not only Istanbul -- Turkey as a whole, at the same level as Sweden? Somebody has to pay, and I'm sorry to be very cynical, but it's something we always forget. It seems to be just the political question. It's a question about the functioning in the future, of a new European Union, and the fact that it could be financed to go on with the policies we have today. All we want to change totally is the nature of the European Union. And for the time being, most of the member states still want a European Union that would function and that would be able to have EU policies.

MR. VAISSE: Dear Claude-France, thanks very much for your candor,

for enlightening us not only on the EDA, but also on sensitive political questions. And please join me in thanking both Peter and Claude-France for this. (Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2012