

**The Three Ages of Armaments Collaboration:
Determinants of Organizational Success and Failure**

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I. Introduction

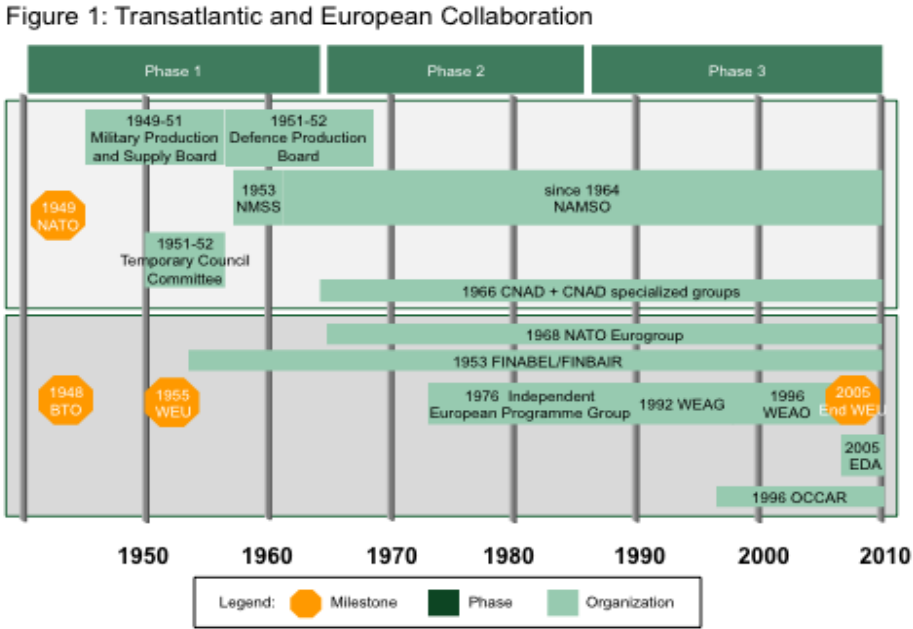
The foundation of the European Defence Agency (EDA) in July 2004 convinced many observers that European states were finally willing to coordinate hitherto independent defense-industrial policies and subject defense procurement to the same integrative processes as the rest of their economies. What most observers failed to note was that the creation of the EDA followed a half century's efforts to integrate and coordinate Western European military industrial activities. Since 1949, a host of armaments organizations emerged with acronyms such as MSPB, FINABEL, NAMSA, Eurogroup, IEPG, WEAG, WEAO and OCCAR. Given this heritage of multinational armaments institutions, we argue that the EDA should be viewed both as the latest evolution in a continuous process of military-industrial integration begun in the aftermath of the Second World War and as a qualitatively new step in this process, generated by new geopolitical circumstances and the lessons drawn from past failures.

Unfortunately, the systematic examination of Europe's multinational armaments organizations is hindered by an existing theoretical and empirical void concerning the subject. Theoretically, the fact that multinational armaments organizations are shaped by both security and economic factors has deterred scholars of either security studies, political economy or economics from investigating the subject. Empirically, similar problems emerge as only a handful of articles and monographs provide insights on individual armaments institutions, while none systematically examines the evolution of these institutions over time. The overall purpose of our project is to fill these lacunae.

Overall, we argue that the historic record of transatlantic and European armaments institutions can be divided into three phases. During the first phase (1949-62), which coincided with the apogee of the Cold War in Europe, security concerns drove the creation of a series of functional organizations with limited mandates. Given the United States' role in promoting European rearmament through both direct arms transfers (the Mutual Assistance Program [MAP]) and financing renewed European production (the Off-shore Procurement Program) American leaders dictated the format and character of multinational armaments institutions. During the second phase (1967-89), perceptions of a more permissive security environment (culminating in *détente*) combined with increasing commercial competition between European and American arms producers led European states to create European organizations with broad mandates, but few resources. Finally, during the third phase (1990-present), strategic differences between the United States and its European allies, combined with the acute competition for export markets, prompted European states to create stronger armaments organizations with an increasingly European character.

II. Phase 1 (1949-66): The Security Imperative

The rationales for European armaments organizations emerged with the onset of the Cold War and have become increasingly acute throughout subsequent decades. Compared to either of the superpowers, individual European states lacked the economies of scale needed to efficiently produce major weapons systems. In general, the number of man-hours needed to produce a major weapons system declines by about 75 to 80 percent for each doubling of output.¹ Moreover, as the sunk costs of research and development are amortized over the total number of systems produced, large production runs are substantially more efficient than small ones.² As a consequence, only through collaboration could European states achieve production runs large enough to cost-effectively produce modern weaponry.³ Figure 1 illustrates the development of armaments organizations between 1949 and 2010.



Besides economic efficiency, Western European states also needed to coordinate their defense-industrial activities in order to effectively fight as a multi-national alliance. Historically, individual European states adopted distinctive standards for munitions and communications equipment. During the Cold War, such heterogeneity of calibers and frequencies would have handicapped NATO's ability to counter a Warsaw Pact invasion as allied units would not have been able to communicate with or re-supply one another.⁴

Despite the logical reasons for creating multinational armaments institutions, it is doubtful that concrete progress would have been achieved without the United States' engagement in the process. Despite similar functional imperatives, previous alliances (such as the Anglo-French Entente prior to or

¹Hartley, K. and Martin, S., *The Political Economy of International Collaboration: Defence Science and Technology: Adjusting to Change* (Chur, Switzerland: Harwood, 1993), pp. 178-79.
²Hébert, J-P. *Production d'armement: Mutation du système français* (Paris: Documentation Française, 1995), pp. 76-78.
³For the aircraft sector, the British government's Plowden Report stated this fact categorically in 1965. TNA T 225/2685 *Committee to Redecide the Aircraft Industry*, 1 February 1966.
⁴Ismay, H., *NATO: The First Five Years, 1949-1954* (Utrecht: Bosch-Utrecht, 1954), pp. 79-80.

during either World War, or the Anglo-American alliance of 1941-45) had not generated equivalent multinational efforts to standardize or collaborate on armaments. As NATO's first Secretary General, Hastings Ismay, accurately summarized the challenge, armaments production constituted "an entirely new field of co-operation between sovereign countries."⁵

Within this context, the advent of the Cold War provided the impetus for the creation of the first transatlantic and European multinational armaments institutions. In rapid succession, the Prague Coup (1948), Berlin Blockade (1948-49) and Korean War (1950-53) prompted the United States, Canada and Western European states to create the North Atlantic Treaty Organization (1949), engage in a massive defense build-up (1950) and consent to West German rearmament. As a result, the aggregate defense procurement expenditures of NATO states climbed from \$3 billion in 1949, to \$25 billion in 1953.⁶

Because of the moribund state of European economies and armaments industries, the United States shouldered much of the burden of equipping European armed forces and financing the domestic production of armaments in European states. Inaugurated in October 1949, the United States' Mutual Defense Assistance Program (MDAP) provided for both the direct transfer of American weaponry to European armed forces and, via the offshore procurement program (MDAP-OSP), American financing for European arms production.⁷ By 1954, the United States had provided or committed itself to providing approximately \$15 billion in American arms and \$1.7 billion in funds for European produced weaponry.⁸ The United States' unprecedented decision to simultaneously supply arms and fund European arms production was motivated by the expectation of imminent war and the assumption that North American sources of supply would be insufficient to equip the large conventional forces (estimated at 96 divisions in 1952) needed to defend Western Europe.⁹

Given the United States' overwhelming contribution to European rearmament, American leaders possessed a unique ability to define the characteristics of multinational armaments institutions and persuade their European allies to participate in them. Because of fears of impending war, American policymakers favored small organizations with modest, yet concrete mandates. As Ismay observed, NATO's effort "is not an attempt to revolutionise overnight the whole existing structure of defence production in Europe," because "This would disrupt vital supplies of equipment and could give rise to severe economic and social problems."¹⁰

The Military Production and Supply Board (MPSB), established in 1949 under the NATO defense committee, was both the forerunner and exemplar of the American-led functional approach to multinational armaments collaboration in the early Cold War. The MPSB was set up to "insure that, insofar as feasible, the military production and procurement program supports defense plans effectively. The Board should also work in close co-ordination with the military bodies on the promotion

⁵ Ibid, p. 130.

⁶ Ibid, p. 125.

⁷ Pach, C.J. Jr., *Arming the Free World: The Origins of the United States Military Assistance Program, 1945-1950* (Chapel Hill: The University of North Carolina Press, 1991), pp. 198-226.

⁸ For the breakdown on pre-1954 figures, see Ismay, pp. 136-37. Between 1946 and 1966, total US aid to its European allies totaled \$ 46 billion. On the distinction between fiscal aid and equipment transfer c.f Selva, S., *The Economic Implications of Early Military Assistance to Western Europe under the Truman Administration*. (Business History Conference 2005), <http://www.h-net.org/~business/bhcweb/publications/BEHonline/2005/selva.pdf> (Retrieved 08/2009); c.f. also Kaplan, L.S., *A Community of Interests: NATO and the Military Assistance Program 1948-1951*. (Washington DC: Office of the Secretary of Defence, Historical Office, 1980); Pach, C.J. Jr., *Arming the Free World*, pp.198-226.

⁹ TNA CAB 21/3585 Report by the Chiefs of Staff: Defence Policy and Global Strategy, June 17, 1952; and Ismay, pp. 137-38.

¹⁰ Ismay, p. 129.

of standardization of parts and end products of military equipment, and provide them with technical advice on the production and development of new or improved weapons".¹¹ The body consisted of a small London-based secretariat, a Committee of national delegates, and an array of ad hoc working groups. The MPSB was superseded by the Defense Production Board (DPB) in 1950, which featured permanent delegates and larger staff.¹² A further development occurred in 1951 with the creation of the Temporary Council Committee (TCC) in 1951, whose mandate involved examining how consolidated military requirements for armaments could be best met with the production capabilities present in NATO nations.¹³

In 1957 The United States prompted its allies to create a NATO logistics agency that would allow cost-effective support of the weapons systems transferred under the Mutual Assistance Program. The NATO Maintenance and Supply Service System (NMSS) today NATO Maintenance and Supply Organization (NAMSO) was created in 1958 "to maximize in times of peace, crisis and war the effectiveness of logistics support to armed forces of NATO states and to minimize costs".¹⁴ The Board of Directors consisting of national delegates of the participating countries acted as the supervising body of the executive agency named the NATO Maintenance and Supply Service Agency (today the NATO Maintenance and Supply Agency seated in Capellen [Luxembourg]). The agency's function was to manage the supply of spare parts; provide maintenance services and technical assistance of weapons programs assigned to the organization. To carry out these management functions the agency was provided with a headquarters of some 45 members of international staff.¹⁵ Services are provided upon member states' request. These programs assigned to the agency via the conclusion of so-called Weapon Partnership Agreements are managed and financed as independent units.

Further concrete progress was achieved within NATO with the creation of the Conference of National Armaments Directors (CNAD) in 1966. Featuring bi-annual meetings of the national armaments directors of member states and supported by four advisory groups (land, air and naval armaments, and research and development), the CNAD provided a forum for NATO states to identify common needs and launch collaborative "NATO Projects" on an *à la carte* basis. Within this context, CNAD provided the institutional framework within which NATO states pursued collaborative projects such as the Atlantic anti-submarine aircraft and supplied itself with collective goods such as AWACS.¹⁶

Imitating NATO's focus on functional tasks, France convinced continental European states (Italy, the Netherlands, Belgium and Luxembourg) to join it in two organizations, FINBAIR and FINABEL, dedicated to pursuing the standardization of equipment. Established in 1953 as groups of experts concerned purely with military and technical issues, these organizations searched for solutions outside any theoretical reference and ... outside the later debate on a European or transatlantic course".¹⁷

¹¹ North Atlantic Council, *Final Communiqué: The Council establishes a Defence Financial and Economic Committee and a Military Production and Supply Board*. (18 November 1949). NATO Official Texts: http://www.nato.int/cps/en/SID-2788FECDD-8FACF71E/natolive/official_texts_17114.htm (Retrieved 03/2010).

¹² Masson, A., *Le Cadre Institutionnel de la coopération en matière d'armement en Europe*. In: J-P. Hébert & J. Hamiot, *Histoire de la coopération dans l'armement*. (Paris : CNRS, 2004), pp.181-201.

¹³ Masson, p.187; *First meeting of the Temporary Council Committee (TCC) in Paris*. (09 October 1951), http://www.nato.int/cps/en/SID-E2210EE5-973C5CA7/natolive/news_17220.htm?mode=news (retrieved 03/2010).

¹⁴ Board of Directors, Charter of the NATO Maintenance and Supply Service System (NMSS), 21 May, 1958, [C-M (58)78].

¹⁵ Including all programs and the Southern Operational Centre in Taranto (Italy) NAMSA staff totaled 1045 in 2009.

¹⁶ Masson, 188-89.

¹⁷ Burigana, D. et Delonge, P., *Standardisation et production coordonnée des armements en Europe, Quelles(s) Europe(s)? Nouvelles approches en histoire de l'intégration européenne* (Brussels: Piet Lang, 2006), p. 343..

When compared to subsequent multinational armaments institutions, the organizations established in the early Cold War were generally successful in fulfilling their mandates and survived for a considerable period of time. Amongst the concrete achievements of these organizations can be enumerated NAMSA's efficient provision of centralized logistics support for a variety of missiles, aircraft and radars in widespread European service and NATO and European (MPSB/DPB and FINABEL/FINBAIR) agreements on standard calibers of ammunition for NATO weaponry and transmission frequencies for communications equipment.¹⁸ Judged retrospectively, the successes achieved during this period can be attributed to the fact that sufficient human resources were provided to accomplish limited objectives. Moreover, the United States' provision of material and financial assistance placed it in the unique position of being able to compel its Western European allies to subscribe to institutional arrangements that otherwise might have been subjects of contention.

III. Phase 2 (1967-83): Between Common Defense and Commercial Competition

The second generation of international armaments organizations is characterized by a relative decrease of threat on the one hand and a rise of competition on the other. After the Korean War (1950-1953) and a series of crises leading to the brink of nuclear war in 1962, the mid 1960s witnessed a substantial relaxation of tensions.¹⁹ By this time, Europe's defense industries had recovered to the extent European states were no longer obliged to import or produce American goods under license, but depended on foreign sales to sustain the viability of their arms industries. As a consequence, European statesmen increasingly explored protectionist options and compete with American defense contractors for foreign markets. As Taylor puts it: "... (T)he United States changed from the 'patron saint' in the 1950s to the 'most active competitor' in the... 1960s".²⁰

This change in transatlantic armament relations generated a shift towards a Europeanization of armament collaboration. More particularly, repeated European defeats in head-to-head competition with American defense contractors²¹ rammed home the lesson that European states needed to collaborate on joint products in order to compete successfully against transatlantic commercial rivals.²² In this context, two European organizations were established: the NATO Eurogroup consisting of all European NATO nations except France; and the Independent European Program Group (IEPG) whose label of formal "independence" allowed French membership. Both organizations were to promote exclusively intra-European collaboration and to strengthen the European defense industrial base. For this purpose, "collaboration was valued more for its putative capacity to protect European

¹⁸ Visine, F. *La Namsa ou la logistique "à la carte, 1958-1975"* (NAMSA Internal History, March 1975 [unpublished]); and Ismay, pp. 79-80, 129-30.

¹⁹ For an insightful examination of the period immediately following the Berlin and Cuban Missile Crises, see TNA PREM 11 4791 Burke Trend to Prime Minister, International Affairs, March 26, 1964.

²⁰ C.f. Taylor, P., Weapons standardization in NATO: collaborative security or economic competition? *International Organization*, Vol. 36, No. 1 (Winter 1982), p.98.

²¹ The United Kingdom lost in its competition to export fighter-bombers to Australia in the early 1960s. The French lost two competitions to sell lightweight fighters to consortiums of Western European states (the Mirage III in the early 1960s and the Mirage F1 in 1973). Gardner, R., *From Bouncing Bombs to Concorde: The Authorized Biography of Aviation Pioneer Sir George Edwards* (Thrupp, United Kingdom: Sutton, 2006), pp.166-69; Upton, J., *Lockheed F-104 Starfighter* (North Branch, Minnesota: Specialty Press, 2003), pp. 77-78; and Jackson, P., Dassault Mirage F1: Gallic Guardian, *World Air Power Journal*, Vol. 17, (Summer 1994), pp. 46-95.

²² TNA PREM 15/1290 Extract from Meeting PM/Pompidou, 22 May 1973.

economies and jobs than it was to produce weapons that were either better or cheaper than those that could be bought from the US".²³

Both Eurogroup and IEPG focused on cooperation on a case-by-case basis and lacked substantial structures. Eurogroup was established as a bi-annual informal meeting of European defense ministers, supported by a range of working groups, whose putative aim was to enhance the cost effectiveness of the Europe's contribution to NATO's defense of Europe.²⁴ Recognizing the costs of individual weapons procurement and production Eurogroup should first and foremost generate collaboration in arms production and procurement. Second, it served as a symbol for European commitment to its own defense.²⁵ Officially created within the NATO framework, but composed of European states only Eurogroup was torn between security and economic interests. That is why the body remained without any permanent institutions and refrained from introducing managerial rules or permanent structures for cooperation, which "restricted Eurogroup to a 'procedural' rather than a 'structural' approach to collaboration".²⁶ Another restricting factor certainly was the French refusal to join. "It was clear that without French participation, European defence-industrial policy becomes rather a vacuous objective".²⁷

France's absence from Eurogroup motivated the creation of the Independent European Program Group (IEPG) in 1976. Established outside the NATO framework, the IEPG had expansive objectives, including the cost efficient use of funds for research and development and procurement, the fostering of standardization and interoperability of member states' equipment, and strengthening the Europe's defense industrial base in order to encourage a better "two way street" in arms trade with the United States.²⁸ However, from the onset, the IEPG's ability to achieve these lofty objectives was been constrained by its paucity of institutional resources.²⁹ In fact, the organization's permanent secretariat possessed only five individuals operating out of Lisbon.³⁰

Regrettably, both Eurogroup and the IEPG proved disappointing. Although both organizations possessed paltry resources, Eurogroup labored under the added disadvantage that France refused to participate in it. As a consequence, efforts to reinvigorate European armaments collaboration naturally focused on the IEPG. Thus, at the UK Minister of Defense Michael Heseltine's initiative, the IEPG began meeting regularly at the ministerial level in 1984 and granted the European Defense Industrial Group (EDIG) official status as the IEPG's formal advisory body.³¹ To further strengthen the IEPG, European defense ministers mandated the former Dutch Defense Minister and EC Commissioner Henk Vredeling to spearhead a commission mandated to elaborate "The European Defence Industry Study." Completed in 1987, this study served as the basis for the so-called "Action Plan on a Stepwise Development of a European Armaments Market" adopted by IEPG Defense Ministers in November

²³ Kirby, S., The Independent European Programme Group: The Failure of Low-Profile High Politics. *Journal of Common Market Studies* Vol. 18, (December 1979), pp.175-196.

²⁴ Eurocom (interoperability of tactical communications systems), Eurolog (cooperation in logistics), Eurolongterm (concepts for collaboration in defense equipment), Euromed (cooperation on military medical matters), Euronad (defense equipment cooperation).

²⁵ This was not least a reaction to pressure from the US Congress on European states to increase –qualitatively and quantitatively- their defense efforts.

²⁶ Kirby, 1979, p.182.

²⁷ Matthews, 1992, p. 36.

²⁸ Ibid, p. 38

²⁹ Excerpts from comments by Lucian Radi, Italian Under Secretary of State for Foreign Affairs. In: Kirby, p. 188.

³⁰ Interview with Hilmar Linnenkamp, former Deputy Chief Executive of EDA. (17 March 2010).

³¹ Bauer, H., Institutional frameworks for integration of arms production in Western Europe," *Restructuring of Arms Production in Western Europe* (Oxford: Oxford University Press, 1992), pp. 40-41.

1988.³² The Action Plan provided for far-reaching measures such as the gradual opening of national markets to intra-European competition, revising (i.e. loosening) the concept of *juste retour* in cross-border projects, and the launching of the EUCLID program of joint research and technology.³³

Despite the far reaching objectives underlying the creation of Eurogroup and the IEPG, and the IEPG's renovation under the action plan, European multinational armaments institutions can boast of few concrete accomplishments during the period 1967-89. Overall, three reasons can be adduced for these failures. First, the organizations established in the second phase had too few institutional resources to achieve real progress towards the vast objectives set for them. Eurogroup, in fact, had no permanent resources, while the IEPG possessed a miniscule staff of five. Second, dissent amongst European states handicapped efforts at collaboration. Until 1984, France's refusal to participate in NATO-related structures combined with the United Kingdom's preference for transatlantic forums paralyzed both Eurogroup and the IEPG. Third and finally, although they faced increasing difficulty in international competitions with American arms producers, the defense-industrial environment facing European states was insufficiently threatening to oblige them to make hard compromises. The defense budgets of Europe's largest states remained sufficient for them to sustain (albeit inefficiently) autarkic defense-industrial bases and American reluctance to sell sophisticated weapons systems continued to provide European states with captive export markets.³⁴

IV. Phase 3 (1990-present): The Commercial Imperative

While security considerations constrained the forces of transatlantic commercial competition during the Cold War, the Warsaw Pact's demise permitted dormant or halfhearted defense-industrial rivalries to come to the fore within the Atlantic Alliance. Notably, three factors contributed to the intensity of the burgeoning competition between the American and European defense contractors for export markets. The tendency of Western European states to reduce their defense budgets after the end of the Cold War obliged them to seek arms exports to compensate for their declining domestic markets and thereby preserve employment.³⁵ Regrettably, Western European efforts to increase arms exports failed miserably. Driven to be more commercially aggressive by their own declining defense expenditures, the United States openly contested and frequently beat European competitors in markets where the United States had hitherto refused to sell sophisticated weapons for political reasons.³⁶ To make matters worse, technological developments augmented the real costs of

³² Cf. Selected Documents from the Independent European Programme Group. Action Plan on a Stepwise Development of the European Armaments Market. In: M. Brzoska & P. Lock (eds.), *Restructuring of Arms Production in Western Europe*. (SIPRI). Oxford: Oxford University Press, 1992.

³³ Ibid

³⁴ The French Mirage F-1 was exported almost exclusively to states (Jordan, Iraq, Kuwait, Libya, Ecuador and Greece) that the United States refused to export to. Likewise, the Tornado's only export success, to Saudi Arabia, was achieved after the U.S. Congress blocked the export of the F-15E. See Jackson, P., *Gallie Guardian: Dassault Mirage F1*, pp. 88-95; and Le Roy, F. *Mirages Over the Andes: Peru, France, the United States and Military Jet Procurement in the 1960s. The Pacific Historical Review*, Vol. 71, No. 2 (May 2002), pp. 269-300.

³⁵ Brzoska, M. Too Small to Vanish, too Large to Flourish: Dilemmas and Practices of Defence Industry Restructuring in West European Countries. *The Politics and Economics of Defence Industries* (London: Frank Cass, 1998), pp. 71-94.

³⁶ C.f. Grant, R.P. (1997). Transatlantic Armament Relation under Strain. *Survival* Vol. 39:1, pp. 111-137; Kapstein, E. America's Arms-Trade Monopoly: Lagging Sales Will Starve Lesser Suppliers. *Foreign Affairs* Vol 73:3, May/June 1974, pp13-19; Mawdsley, J.L., *The Changing Face of European Armament Co-operation. Continuity and Change in British, French and German Armament Policy 1990-2000*. (University of Newcastle upon Tyne. Department of Politics, 2000), pp.13-14.

developing and producing major military platforms - combat aircraft, warships and tanks - at rates far faster than the modest economic growth experienced by industrialized states.³⁷

Taken as an ensemble, these factors confronted European defense industries with their greatest challenge since rearmament in the 1950s. As they were structured in the early 1990s, Europe's national defense industries were too small and fragmented to efficiently produce modern weapons systems, insufficiently competitive to win export orders against stiff American competition, and lagging behind in a growing number of technological areas (i.e. UAVs and precision guided weapons). This challenging environment provided the impetus for a new phase in the evolution of multinational armaments organizations in Europe. The defining characteristics of this phase have been the European (as opposed to transatlantic) character of institutional developments and a persistent tendency to reinforce organizations in a piecemeal fashion by attaching them to larger European institutions and gradually increasing the size of their staffs.

With the foundation of the Western European Armaments Group (WEAG) in 1992 the IEPG tasks were transferred from a formerly independent body to the WEU. Structurally the WEAG resembled the 1980s IEPG. Defense ministers met once a year and national armament directors twice. The WEAG was subdivided into three panels (joint equipment programs, research & technology, structural cooperation). In 1996 the Western European Armament Organisation (WEAO) superseded the WEAG. A General Manager headed the organization while a Board of Directors consisting of National Armaments Directors functioned as the supervising body. Already, at that time, it was planned to further transfer the WEAO to the EU and to develop it into a European Armament Agency, however, only a research cell that also included the tasks of EUCLID could be realized.³⁸

Simultaneously to the establishment of the WEAG, European states created the Organisation Conjointe de Coopération en matière d'Armement (OCCAR). Since the 1960s, European states had collaborated on a range of multinational weapons, including the Tornado combat aircraft, Transall, (C-160) transport aircraft and Roland surface-to-air missile. Organized in an ad hoc fashion by partner states, these projects had generally proved excessively costly and technologically disappointing. OCCAR's objective was to improve the efficiency of collaborative European weapons programs through the creation of an international staff specialized in the arcane contracting and project management skills essential to such endeavors.³⁹ As OCCAR's mandate states, the objective was "(t)o enable a strengthening of the competitiveness of the European defence technological and the industrial base... to enhance (through cooperation) the creation, between Member states of genuine industrial and technological complementarities in relevant fields, thereby guaranteeing the support of their armed forces ... both in the short and medium term".⁴⁰ To achieve this objective, OCCAR was

³⁷ Increases in costs are most noticeable when comparing succeeding generations of equipment. For example, the American M-1 tank cost three times as much as the earlier M-60, the British Harrier jet cost four times what the previous Hunter had cost, and the French Mirage F1 was triple the cost of the earlier Mystère. Between the 1952 and 1980, the average real annual increase in the price of French fighter aircraft was 8.9%, while the average annual increase in American fighter aircraft between 1950 and 1976 was 7.8%. Meanwhile, the annual real increase in the price of American tanks between 1960 and 1980 was 5.6%. Krause, K., *Arms and the state: patterns of military production and trade* (Cambridge: Cambridge University Press, 1992), 81-83; and Hébert, J-P., *Production d'armement: Mutation du système français* (Paris: La documentation française, 1995), 147-65.

³⁸ Grigoleit et al., European Defense Agency (EDA) im europäischen Kontext. Fraunhofer Institut für Naturwissenschaftlich-Technische Trendanalysen. INT-Bericht Nr. 185/1, Juni 2005, p.7.

³⁹ Mawdsley, J.L., pp.78-94.

⁴⁰ Convention on the Establishment of the Organisation for Joint Armament Cooperation. (n.d), http://www.occar-ea.org/media/raw/OCCAR_Convention.pdf (Retrieved 04/2010).

supposed to implement the Vredeling Report's recommendation to eliminate *juste retour* and “replace it by the pursuit of an overall multi-programme/multi-year balance”.⁴¹ To achieve these objectives, member states endowed OCCAR with a permanent staff of approximately 48 personnel.⁴²

Finally, after more than a decade of negotiations, the European Council established the European Defence Agency (EDA) in July 2004, explicitly giving the European Union a role in defense research and development, procurement and armament policies..⁴³ The creation of the EDA reflected both the unsatisfactory performance of the WEAG/WEAO and the long period needed to negotiate the organization's mandate (the creation of a European Armaments Agency had been debated since 1992). Remaining a strictly inter-governmental organization, the EDA is managed by the High Representative of the Union for Foreign Affairs and Security Policy (formerly High Representative of CFSP), who reports directly to the European Council. The EDA's mandate includes a defense and a defense industrial component. It shall:

- contribute to the development of defense capabilities in the area of conflict management
- enhance European armaments cooperation
- contribute to the strengthening of the defense industrial base and generate a competitive European market
- foster European Research and Development.

To fulfill these tasks, the European Council has provided the EDA with an international staff of over 110 personnel.⁴⁴ The administration is divided into a Planning and Policy Unit, a Media and Communication Unit and five directorates (Capability Development, Research and Technology, Armaments, Defence Industry and Market, Corporate Services).⁴⁵ Compared to prior multinational armaments organizations, the EDA's staff is large and the organization is at least formally relatively powerful. However, compared to its extensive mandate, the EDA's resources appear paltry. For example, whereas the EDA has a total staff of 110 tasked with re-shaping Europe's defense-industrial base, the management of French procurement projects alone demands the efforts of between 1,500 and 2,100 high-level engineers and managers.⁴⁶

Cognizant of its limited resources, the EDA has contented itself with acting as facilitator, rather than attempted to enact a broader interpretation of its mandate. Former Deputy Chief Director Dr. Hilmar Linnenkamp describes EDA as follows: “The EDA acts as a forum. The aim is to make sense of collaboration... [For this limited mission] It does not have to grow much”.⁴⁷ Amongst the EDA's novel initiatives include its launching of transnational R&D projects for a total value of €70 Million. Although involving only a miniscule proportion of Europe's overall R&D expenditure (0.7%), this development is symbolically important as it represents the first time a European armaments organization has been

⁴¹ *ibid*

⁴² Interview with Paul Haccuria, Head of OCCAR Public Relations (05 April 2010); Grigoleit et al. p.10.

⁴³ European Council, Council Joint Action 2004/551/CFSP of 12 July 2004.

⁴⁴ 80 at the time of establishment.

⁴⁵ Grigoleit et al., p. 17.

⁴⁶ Rasmussen, A., *Les corps d'ingénieurs militaires et les débuts de la Délégation ministérielle pour l'armement (1961-1968)* In: M. Vaisse, ed. *Armement et Ve République: fin des années 1950 – fin des années 1960* (Paris: CNRS, 2002), pp. 14-15.

⁴⁷ Interview with Hilmar Linnenkamp, former Deputy Chief Executive of EDA. (17 March 2010).

able to apportion funds on the basis of competitive bidding (renouncing *juste retour*).⁴⁸ Moreover, the agency has issued a series of Codes of Conduct and is attempted to act as a portal for European defense firms for cross-border biddings. Despite its broad mandate and the entrepreneurial attitude of its secretariat, the EDA remains what one scholar has characterized as “an intergovernmental agency with severely limited powers heavily dependent on the willingness of the member states to support particular initiatives”⁴⁹

At present it is too early to judge whether the multinational armaments organizations created since the end of the Cold War will succeed in ways that their predecessors of the 1960s and 1970s could not. In order to insure against the failures of the past, European states created stronger organizations after the end of the Cold War. One way of strengthening armaments organizations was to tie them to broader European institutions. Thus, the period since the end of the Cold War has witnessed the primary responsibility for ameliorating European defense-industrial collaboration transferred successively from an ad hoc institution (the IEPG), to a long-standing European security institution (the WEU), to the Continent's preeminent multinational organization (the EU). Besides changing the organizational locus of European defense-industrial collaboration, European states have also sought to create stronger armaments organizations by endowing them with greater institutional resources. Thus, the most recent organizations, the EDA and OCCAR, possess substantial staffs (110 and 48 respectively) compared to predecessors such as the IEPG (5 personnel).

Despite these changes, it remains an open question whether Europe's armaments organizations will succeed in their broader objectives of creating a single European armaments market and fostering efficient European weapons collaboration. Mandates remain vast compared to institutional resources and inter-state differences subsist as to the ultimate contours of the EDA. Empirically, the A400M's development problems raise serious doubts about OCCAR's efficiency. Created for the express purpose of improving the management of collaborative weapons programs, OCCAR has invested more resources in the A400M than any project to date. Notwithstanding these efforts, *juste retour* was integral to the A400M's conception and the aircraft has been beset by many of the organizational and management problems characterizing previous collaborative projects.⁵⁰

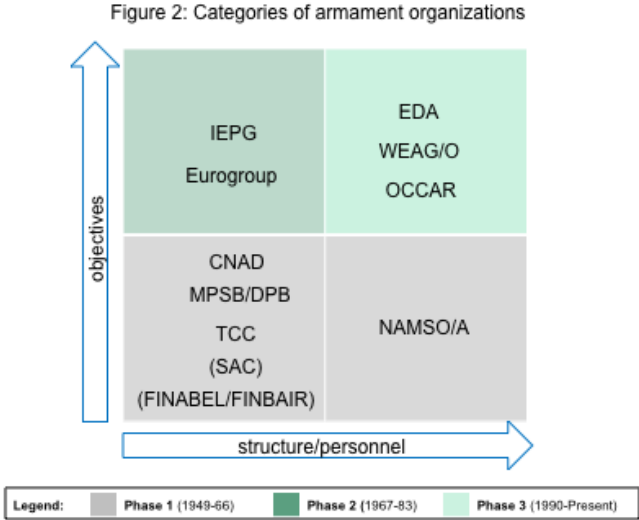
⁴⁸ European Defence Agency, *Defence Facts*, Brussels, 19 November 2007; and Interview with Hilmar Linnenkamp, former Deputy Chief Executive of EDA. (17 March 2010).

⁴⁹ Batora, J., European Defence Agency: A Flashpoint of Institutional Logics. *West European Politics* Vol. 32:6, (November 2009), pp.1075-1089, here p. 1075.

⁵⁰ Bombeau, B. L'horizon s'éclaircit enfin pour l'A400M," *Air&Cosmos* No. 2209, 12 March 2010, pp. 10-12.

V. Conclusions

The best way to conceptualize the evolution of European and transatlantic armament organizations is to plot organizations on a graph comparing the scope of their mandates, measured in terms of their declared objectives, with the extent of their institutional resources, measured in terms of permanent employees. Figure 2, below, classifies organizations in this manner.



As it illustrates, the first phase of organizational development (1949-66) was dominated by transatlantic organizations with limited mandates and rather appropriate institutional resources. Because these organizations pursued limited, yet concrete goals, and possessed adequate resources, they achieved tangible results. NAMSA has successfully provided logistics support for a succession of weapons systems used by multiple European states, while standards setting (by the MPSB/DPB) has been one of the major success stories of armaments collaboration during the Cold War. Due to their success, most of the organizations created during this period have survived, in one form another, until present. The character of and impetus for the creation of these early organizations came from the United States, whose monetary and material contributions to European rearmament permitted them to impose institutions of their design.

Contrary to the first phase, the organizations of the second and third phases (1967-present) of armaments collaboration were European in terms of membership and market integration efforts. Generally, these organizations possessed broad mandates to enhance European armament collaboration and strengthen Europe's defense-industrial competitiveness vis-à-vis the United States. However, organizations founded in phase 2 (1967-89), such as Eurogroup and the IEPG, lacked the institutional resources needed to achieve even modest objectives.

As a consequence of their failure, the organizations established in phase 2 were superseded by stronger ones in phase 3 (1990-present). Driven by their increasing difficulty in achieving economies and scale and acute commercial competition with American defense contractors, European states created organizations to achieve the same broad objectives as during phase 2, but endowed these third generation organizations with greater resources. Thus, OCCAR and the EDA possess substantially larger staffs than Eurogroup or the IEPG. Concomitant to this physical strengthening of

multinational armaments organizations has been a persistent effort to associate them with Europe's broader integration. Thus, the institutional framework for European armaments collaboration has gradually shifted from transatlantic or ad hoc organizations (Eurogroup and IEPG), to European security organizations (WEU) to the European Union itself.

Despite the novelty of recent developments, it is still far from certain that Europe's current armaments organizations (EDA and OCCAR) will succeed at integrating, rationalizing and improving the efficiency of European states' hitherto separate defense industrial bases. Although European defense cooperation is now the responsibility of an agency of the European Union, there is little prospect of the defense sector being reshaped by the same forces as have integrated other economic domains so long as defense industries are exempted from EU's jurisdiction (which has been the case since the Treaty of Rome).⁵¹ Likewise, possessing greater resources than their predecessors of the 1960s and 1970s, EDA and OCCAR remain small organizations. This is especially the case when they are compared to either the national procurement agencies or defense contractors that they are supposed to manage. As of this writing, the vicissitudes afflicting the A400M's development seem to confirm this cautionary view. However, if past trends provide any insight into the future, then the inadequacy of present organizational arrangements will inevitably prompt future efforts at organizational reform. Thus, multinational armaments organizations, a "new field of co-operation between sovereign countries" in 1949, are likely to continue, to evolve and develop in the future.

⁵¹ cf. Council of the European Union, Consolidated Versions of the Treaty of European Union and the Treaties on the Functioning of the European Union, Art 346 (1b).