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BRITISH-GERMAN DEFENCE CO-OPERATION IN NATO

Finding Common Ground on European Security

Lisa Aronsson and Patrick Keller

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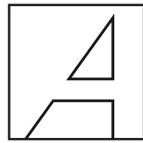
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I. Introduction

Few NATO summits in recent memory produced very much enthusiasm or buzz in the weeks leading up to them. Indeed, gone are the days when NATO summits were a key forum for debates about the re-fashioning of Europe or enlargement to the east. The May 2012 meeting of heads of state and government in Chicago, Illinois will be no exception. The summit was originally planned as a mere implementation summit, checking progress on the tasks agreed at the Lisbon Summit such as missile defence or the Defence and Deterrence Posture Review. As it approaches, however, it has become increasingly clear that serious questions remain unanswered about NATO's role and its relevance after winding down its operations. Underneath the predictable summit debates, strategic shifts are taking place in NATO and in the global security environment. The Alliance is struggling to re-define its relevance for a United States that is looking towards Asia and the Middle East, and for a Europe – embroiled in financial crisis – which has lost sight of the purpose of defence.

The Alliance will have to come to terms with four challenges in the strategic context: the re-balancing of American strategy; war weariness and low levels of political will; declining defence budgets in NATO; and the increasing importance of partnerships. Chicago's debates will address these trends, but the discussion is likely to be more politically divisive for Europe than for the United States. The US is reducing its budget but from such a high level that it will not need to share assets or co-operate to develop capabilities. It will manage its partnerships and alliances globally, and it will plan transition in Afghanistan on its own terms. It is the European allies who will need to re-commit to NATO financially, politically and militarily if their alliance is to remain central to and meaningful for European defence. Europeans need to find a way to manage their differences and build confidence around NATO's purpose. They must provide the political will and resources to make it work, and to keep the US engaged in their continent. Such a consensus will not be achieved through summit diplomacy or strategy papers on the level of twenty-six European allies – as useful as such instruments might be. Instead, strategic consultations and practical co-operation in Europe is required. Those states with influence, economic power and capabilities should work together and bring others on board to define NATO's role for Europe going forward.

In this context, one of the most shamefully underdeveloped bilateral security and defence relationships within NATO is that between Germany and the United Kingdom. Bilateral defence co-operation between them is almost non-existent, and this is despite longstanding military ties, training, close industrial relations, shared values and common interests in a secure

Europe at the heart of a rules-based international order. The British-German defence relationship has been defined, rather, by a lack of trust in the political atmosphere, legal and constitutional obstacles to co-operation, and differences in strategic culture and attitudes towards the use of force. They are frequently at odds over threat assessments and reactions to crises, as evidenced over Iraq in 2003 and Libya in 2011. Political leaders have chosen to focus bilateral discussions in other areas such as the economy, human rights or international development, rather than looking for common ground on defence. The gap in strategic cultures may never be overcome, but it should not keep London and Berlin from engaging in consultations on defence and co-operating where possible.

To foster strategic dialogue between the capitals, the Konrad-Adenauer-Stiftung (KAS) and the Royal United Services Institute (RUSI) convened a series of seminars entitled the 'British-German Security Dialogue' in 2011 and 2012. The seminars took place in Berlin and London, and brought together government officials, policy analysts, academics and industrialists to exchange views on the Chicago Summit agenda. They discussed their visions for NATO's role in Europe and identified areas to improve co-operation and mutual understanding. This paper presents the authors' reflections on those discussions, preliminary results and impulses derived from the dialogue.

II. Keeping the US Engaged in NATO

NATO is central to both British and German defence policy planning and is the primary forum for consultations on European defence issues largely because of the American commitment to NATO and because of the American presence in Europe over the past six decades. Both London and Berlin have special relationships of their own with the United States. Both have historically committed to the US as a security partner and the US in turn has provided leadership, commitment and resources to help them to achieve their strategic goals. For the Federal Republic of Germany, the US supported its integration into NATO and the European institutions, which enabled it to recover, grow and prosper peacefully after the Second World War. Those institutions also enabled Germany to re-unify after the Cold War and emerge as Europe's economic powerhouse. The UK, on the other hand, positioned itself as a transatlantic bridge in security and defence. The US recognised the strategic role it could fill mid-Atlantic and as a permanent member of the UN Security Council. The US also valued the military contributions London was able to make to American-led operations. The UK has emerged as Europe's most powerful military after the Cold War, and that reinforced its close strategic ties with the US.

America's commitment to Europe has served both British and German interests, but its presence in Europe is changing rapidly, challenging both to respond. Washington's geographic re-balancing towards Asia and the greater Middle East may not lead to a trend away from Europe or undermine Article V, but it will have consequences for NATO, and for Germany and the UK more specifically. The new strategy will challenge Allies in their decisions on resource allocation, geographic focus and political attention. It is in the best interests of the UK and Germany to keep the US engaged in a meaningful way, and to keep NATO relevant to American concerns not only in Europe but in the Middle East and further afield. Massive increases in the American defence budget since the late 1990s had subsidised NATO, but imminent downsizing after nearly two decades of American war-fighting will challenge Allies to re-think their roles and commitments within NATO, and the UK and Germany to re-think their defence relationships with the US. It is no longer feasible for Germany to shy away from responsibility for European defence and security, and London's military power will no longer suffice to secure influence in Washington if NATO capabilities decline. America expects Germany to deliver leadership on European security, and it expects London to hold onto its ambition to shape global affairs in partnership with the US.

A first strategic challenge concerns the level of leadership, funding and capabilities Washington is prepared to commit to NATO. The strategic shift is not only in recognition of challenges in Asia, but is a call for a genuine transatlantic partnership and more balanced burden-sharing arrangement.

This shift did not emerge with the Pentagon's Defense Strategic Guidance in 2012; it has been in the making for a long time. Burden-sharing debates go back to the Cold War, and the current capabilities gap was already apparent in the 1990–91 intervention in Iraq and it grew into a more significant problem over the course of the 1990s. NATO's engagement in the Western Balkans provided the Alliance with its first real military test after the Cold War, and the lessons learned in the US centred on Europe's inability to deal – politically or diplomatically – with emerging crises in its own backyard. The operations in Bosnia in 1995 and in Kosovo in 1999 further demonstrated for Washington that European militaries could not operate effectively in joint operations alongside the United States. The US judged that it would never again fight another 'war by committee' but, at the time, America's stakes in NATO's success were still greater than its interests in seeing a more capable Europe take responsibility for its own neighbourhood.

The George W Bush administration then tried to encourage Europeans to commit more troops and take more responsibility in Afghanistan, but this proved difficult because American credibility and leadership had been undermined in Europe following the Iraq War. President Obama also made several calls for a more balanced partnership not only through rhetoric about multilateralism, but also in repeated visits to Europe, as well as direct calls for Europe to contribute troops and resources to Afghanistan and to reduce or remove national caveats on troop activities in theatre. It should have come as no surprise to Europe, therefore, when outgoing Secretary of Defense Robert Gates argued in his June 2011 Brussels speech that the Alliance had become two-tiered, with some members specialising in 'soft' and 'talking tasks' while others conducted 'hard' security missions. Some did not want to share the risks or costs of their own security, he said, while others paid the price on behalf of the Alliance. The US's share of NATO defence spending rose from 50 to 75 per cent since the end of the Cold War and, while it was justifiable in the past, Gates warned that appetite in Washington was dwindling not only because of generational change, but because of the current economic climate. American leaders – and Congress in particular – are increasingly unwilling to spend on behalf of nations that are apparently unwilling to become 'serious and capable' partners in their own defence. Future leaders, he warned, may not consider the return on America's investment in NATO to be worth the cost.¹

German, British and other European leaders became increasingly concerned when Secretary of State Hillary Clinton mentioned America had reached a 'pivot point' in her *Foreign Policy* article, 'America's Pacific Century'.² American

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1. Robert Gates, speech on the future of the North Atlantic Treaty Organization, Brussels, Belgium, 11 June 2011, <<http://blogs.wsj.com/washwire/2011/06/10/transcript-of-defense-secretary-gatess-speech-on-natos-future>>.
 2. Hillary Clinton, 'America's Pacific Century', *Foreign Policy*, November 2011.

statecraft going forward, she argued, would have to increase its diplomatic, economic and strategic investment in Asia. European leaders interpreted the 'American pivot' in their own ways and in ways, perhaps, that were never intended in Washington. American policy statements have been debated in the European capitals and understood differently, particularly among the British and German defence and security communities. In London, the 'pivot' sparked a genuine debate about the UK's place in Europe and about the possibility of a 'post-American Alliance'. The British response centred on the recognition that the world is changing and that the relative strategic relevance of the UK and Europe are in decline. The UK has charted a policy to redouble its efforts towards defining a British strategy for Asia and making provisions for a European-led NATO in the distant future, while remaining focused in the short term on keeping the US deeply involved in Europe. After all, America's involvement in Europe has served British strategic interests for decades and will continue to do so. It has reinforced the 'special relationship', strengthened British political influence in Washington, and protected a peaceful and prosperous Europe.

In Germany, by contrast, the American 'pivot' to Asia and the greater Middle East has generated very little debate in government, among elites or the public. There will be a significant reduction in the number of US troops stationed in Germany and a transformation of the presence that remains, but German public concern is purely economic, related to the potential impact on the income and jobs generated by the American presence. Further implications for the German-American relationship, for NATO and Europe, or for Germany's global role have not featured in policy or media debate. The press picked up the announcement about a 'pivot to Asia' and it was understood in Germany – as in other parts of Europe – as being at Europe's expense. Unlike the French, though, Germans did not respond by investing in more meaningful bilateral defence relationships with other European partners; and unlike the British, Germany did not respond by engaging in a wider strategic debate about its willingness or ability to assume more responsibility for European defence, or about Berlin's interests in shaping global affairs in partnership with the US and the UK.³

A first priority for London and Berlin, given their interest in reinvigorating the transatlantic bargain that served them well for so long, should be to focus on working together and with others to engage a 'new' America in Europe.⁴ They should work together to transform their commitments to NATO and to find ways to derive more benefits from exercises with the US and engagements with EUCOM (United States European Command). To this end, the nature of

3. Wolfgang Ischinger, 'Germany in NATO' in Tomas Valasek (ed), 'All Alone? What US Retrenchment Means for Europe and NATO', CER Report, February 2012.

4. Karl-Heinz Kamp and Kurt Volker, 'Toward a New Transatlantic Bargain', Carnegie Policy Outlook, February 2012.

the American presence – and its implications for capabilities, troop presence and resources in Europe – matters. The number of US troops in Europe has fallen from around 213,000 to 41,000 since the end of the Cold War and, according to Secretary of Defense Leon Panetta, the American footprint will continue to ‘evolve’, with the number of army personnel in Europe expected to drop to 29,000 by 2015. Two combat brigades in Germany will be cut, but an airborne infantry brigade, a brigade built around the Stryker combat vehicle and an aviation brigade will remain with their support and logistics units. General Odierno, US Chief of Staff of the Army, has said that this smaller presence will remain a ‘formidable force’, and that other units based in the US will rotate through Europe on temporary deployments, thus exposing more American soldiers to their European partners.⁵ Interoperability will continue to be fostered through war games and exercises, and through the Joint Multinational Training Command, which operates in Grafenwoehr and Hohenfels, Germany.

As the US transforms its presence in Europe, how will Europe respond? European Allies would be wise to consider ways to protect interoperability gained in theatre and find ways to increase their relevance to the US. The NATO Integrated Military Command (IMC) has been the focus or the ‘spinal column’, as Kori Schake calls it, of transatlantic operational co-operation for a long time, but recent co-operation appears to be centred on CENTCOM more so than SHAPE.⁶ NATO may be declining in relative importance in Washington’s defence planning process even if the US commitment to Article V and the need to protect interoperability remains strong. Schake argues that EUCOM has the potential to become a new link between European and American armed forces and policies in operations, an anchor for co-operation, strengthening Article V capabilities and NATO’s transformation. This could be attractive for the US, ridding it of the ‘multinationality’ of SHAPE, which some Americans consider to be burdensome. As NATO’s command structure is streamlined and reformed, engagement and relations with EUCOM should be kept in mind. EUCOM covers an enormous area, including the Balkans, Georgia, Russia, Turkey, Iraq and Afghanistan, and it serves as a major provider for AFRICOM and CENTCOM, with nearly 80 per cent of US troops in Afghanistan originally stationed in Europe. More strategic engagement with EUCOM by European Allies could deliver outcomes of greater value for Washington, reinforce Europe’s importance and re-invigorate NATO.

Ultimately, European Allies must do more for their own security and for security in their own neighbourhood. They must also re-orient themselves towards a wider ‘West’ and define a broader strategic vision. The US expects NATO to facilitate military action in Europe and in its periphery when

5. Quoted in Thom Shanker, ‘As Army Prepares to Shrink, Its Chief Tries to Reassure His Soldiers’, *New York Times*, 16 April 2012.

6. Kori Schake, ‘EUCOM’s Future Force Structure’, Atlantic Council Paper, June 2012.

individual nations cannot act alone. In Libya, NATO provided the critical infrastructure, capabilities and command structure required for France and the UK to lead the operation. The US will continue to invest in this framework if European states continue to demonstrate leadership and political will. Leadership from the UK, Germany and France could incentivise others – such as Norway, Denmark, Poland, Canada and Italy – to provide more enablers for deployable and sustainable forces, and it could prompt Turkey into fully assuming its role as a strategic ally. NATO must protect its ability to deliver operational effect. It must maintain a structure that Allies can plug into when interests overlap, and that is flexible enough for partners – such as the UAE and Qatar in the Libya operation – to contribute when needed. This must all be done even as national budgets continue to fall.

III. Winding Down Operations... and Preparing for New Ones?

As NATO considers its role in a changing strategic context, it is also in the midst of winding down operations. Since 1995, NATO has been involved in twenty-seven operations, which, as Jamie Shea (NATO's deputy assistant secretary general for emerging security challenges) points out, have come to define NATO, especially in the eyes of the rest of the world. Operations have become the 'locomotive' for NATO's growth and transformation.⁷ ISAF, for example, has been a major driver for interoperability, and concept and capabilities development for nearly a decade. It drove NATO's Comprehensive Approach discussion and has had a significant impact on Alliance decision-making and engagement with partners as well. Afghanistan was not initially expected to be a key agenda item at the Chicago Summit, which, after all, was intended to be an implementation summit for the Lisbon agenda and a great photo opportunity in the home town of the campaigning American president. It now looks as if discussions about ISAF and post-2014 Afghanistan will dominate the summit, and this will have happened by default rather than by design. The original plan for winding down ISAF seemed promising, achievable and uncontroversial. With 2014 set as the date for the withdrawal of combat forces, Allies committed themselves to promoting stability through the Enduring Strategic Partnership Agreement, training Afghan security forces and providing financial support.

In Chicago, NATO was supposed to display determined relief that transition was progressing, and that NATO was adhering to the timetable ('in together, out together'). As it turns out, Allies are not as united as had been hoped and transition is proving difficult. Some, such as the incoming French president François Hollande, haggle for earlier withdrawal of combat troops; others question American calculations regarding how much Allies will need to invest in Afghan security forces after 2014. Some also take issue with the post-2014 plans for deployment of mentors, trainers and special forces in Afghanistan, pointing to a number of violent anti-Western incidents of late as proof that the international community's presence should be reduced even more sharply. The transition period is intended to ensure that Afghans secure their state sufficiently to prevent it from becoming a haven for terrorist training again. However, while the NATO Training Mission has made excellent progress in building up Afghan forces, fundamental questions remain about the troops' loyalties. Democracy has not taken root in Afghanistan, and the country is not on a path towards a sustainable economy despite significant investment. NATO will face enormous challenges in winding down its ISAF operation and the debate about 2014 illuminates a larger strategic picture. Many nations around the world, including some Allies, regard the withdrawal

7. Jamie Shea, 'Keeping NATO Relevant', Carnegie Europe Policy Outlook, April 2012.

from Afghanistan and declining defence budgets in Europe as the first steps in a wider withdrawal. Unable to claim victory in Afghanistan and with the Libya campaign designed for a clear and speedy exit, NATO appears to be more interested in ending operations than looking for new ones.

The reasons for these perceptions are as manifold as they are obvious. After more than a decade of major, US-led interventions in Afghanistan and Iraq, most Western countries are experiencing war-weariness, which is particularly pronounced since many feel that these interventions did not and will not achieve their goals – at least not the loftier ones of promoting democracy and generating prosperity. In addition, the global financial and economic crisis has fuelled the narrative of overstretch and scarce resources, exacerbating scepticism about major nation-building efforts abroad. Indeed, nation-building at home has become the new priority. These trends are palpable in most NATO countries (Poland being a possible exception). They have dominated the public discourse in the UK and Germany, even though public attitudes towards military force and power projection differ between the two countries.

Attitudes Towards Operations

The strategic cultures of Germany and the UK have been shaped by their respective historical experiences with warfare and power projection. For centuries, Great Britain was an imperial power with world-class naval capabilities that projected not only its power, but its order and values around the globe. Even after the Second World War, when the US took up the UK's former role as guarantor of the international system, the UK continued to play its part as major partner for the US and as a power with global reach and influence. It demonstrated a readiness to engage in military operations (with and without the US) in support of national interests and to promote liberal values. As a major beneficiary of globalisation, the UK continues to have an interest in protecting the status quo and the international, rules-based order that has served it well. It remains among the world's largest economies by GDP, and London will remain a major financial capital. The Blair government's 'ethical foreign policy' has also affected the UK's strategic culture, strengthening domestic conviction that the UK is a 'force for good' in the world,⁸ as evidenced in the Balkans, Sierra Leone, Northern Ireland and in multinational counter-piracy missions. British participants in the seminar series suggested that this sentiment was also a factor in British deliberations about Iraq and Afghanistan, and that it was central to the UK's decision to intervene in Libya.

Germany's experience with warfare and intervention is, of course, very different, and its political elites and its population are still deeply reluctant

8. Tony Blair, speech on the doctrine of the international community at the Economic Club, Chicago, Illinois, 24 April 1999.

to engage in military affairs. After the humiliation and opprobrium wrought by the two world wars, Germany was divided into the German Democratic Republic, which vanished behind the Iron Curtain, and the Federal Republic, which was subsequently integrated into the emerging European Community (EC) and NATO, although it remained a mere protectorate of the Western allied powers. The institutional structures of the EC and NATO were intended to reassure its neighbours that Germany would never again attempt to control Europe or exercise its military power. With reunification in 1990, Germany regained its full sovereignty but it has been slow in adapting to the role of 'stakeholder' in international security affairs. Despite pleas from its NATO Allies, including most recently even from Poland,⁹ the process of transformation from a consumer into a provider of European and international security has been slow. German officials in the seminar discussions suggested that this reluctance extends even to consultations about possible threats within NATO for fear that this will send a message to others that the North Atlantic Council may be in the early stages of planning an operation.

This reluctance around consultations and the use of force has not kept the German Bundeswehr from engaging in operations but it has affected the way Germans operate and interact with allies. To be sure, the Bundeswehr's first active contribution to international security came during the Kosovo War; since then, Germany has committed to ISAF as the third-largest troop contributor and as a lead nation in Regional Command North in Afghanistan, and to the EU's Operation *Atalanta* in the seas around Somalia. Germany's contributions could be interpreted as evidence that its security policy is undergoing a process of normalisation, which would imply the beginning of a cultural change among its state bureaucracy, elites and people. In reality, however, contributions in Kosovo came only reluctantly, and after much political and judicial handwringing. The same has been true in Afghanistan: Germany's contributions to these operations have been seen by some allies as too little and too late. Far from showing commitment to security and burgeoning defence leadership, Germany insisted on crippling national caveats and severely restricted mandates. Most importantly, German leaders never sought to explain the need for a more active stance on security policy to their people, and so failed to garner public support for decisions supported by the political elites.

As a consequence, there is still no consensus among the German people as to the purpose of their armed forces, and there is no genuine and widespread political debate about when, where or how to use them. Some participants suggested that the domestic landscape in Germany makes debate about these issues dangerous for political leaders, as decisions about security policy are

9. Radek Sikorski, 'Poland and the future of the European Union', speech given in Berlin, 28 November 2011, <http://www.msz.gov.pl/files/docs/komunikaty/20111128BERLIN/radoslaw_sikorski_poland_and_the_future_of_the_eu.pdf>.

hardly ever made according to consistent strategy or a hard-headed calculus of national interest. Due to the German public's fundamental uncertainty about their nation's role in the world and the necessity of military force in global affairs, even minor issues around security policy are always likely to trigger highly emotional and ideological reactions or even a nation-wide (and usually fruitless) soul-searching process. The general public's lack of understanding about international security and threats to German interests makes it politically risky for Berlin's political leaders to advocate a more committed German security policy in a European context. In turn, the politicians' reluctance to step up and explain why such commitments to international security are not only politically necessary but also morally justified hardens the general public's ignorance and misconceptions, forming a vicious spiral.

Indeed, fewer and fewer people in Europe have experience in the armed forces, and politicians are less and less able to explain to their constituencies why investment in defence matters. It is telling that when German President Horst Köhler tried to explain the need for intervention in emergencies to protect national interests, keep sea lanes open and protect jobs, he was forced to resign. This is the reason why German policy-makers prefer to think about security in terms of structure rather than outcomes. Debates about structure – about procedural arrangements within and between NATO and the EU – are less politically sensitive than those about the results of the use of military power. They are also more in line with the political tradition inherited from the Federal Republic of the Cold War years, which put a premium on structural integration as a substitute for military action.

Strategic Culture and NATO

Divergent strategic cultures across the Alliance, as exemplified by a comparison of the UK and Germany, will affect debates about NATO's future after the Chicago Summit. The UK, aware that its relative military power is diminishing, remains committed to a policy of 'no strategic shrinkage', and it continues to aspire to shape international affairs on a global level.¹⁰ Fostering 'whole-of-government' strategic thinking in London has been difficult, even with the National Security Council in place, but it is part of the government's efforts to maintain global influence and relative power. German policy-makers, on the other hand, are more inclined towards limiting strategic attention and security policy to European structures and processes. In truth, German leaders might be hard-pressed to explain the rationale for their membership in NATO altogether as the Cold War and re-unification recede into history. Some participants in Berlin suggested that Germany had no strategic vision for NATO going forward other than building up its forces for the sake of planning, training and exercises. Indeed, it appears that the German public feels uncomfortable with the idea of an active NATO.

10. HM Government, *A Strong Britain in an Age of Uncertainty: The National Security Strategy* (London, The Stationery Office, 2010).

They see NATO as having already secured a democratic and prosperous Europe, and believe there is no longer an existential threat. The threats that they do see – from international terrorism to climate change and the proliferation of weapons of mass destruction – do not necessarily require a military solution, they believe, but rather a mixture of diplomatic dialogue, economic co-operation and integrated efforts by national police forces.

These entrenched attitudes towards the utility of military power explain why Germany and the UK parted ways on NATO's most recent mission, Operation *Unified Protector* in Libya. The UK was motivated to launch the operation not only because of its prime minister's desire to lead and the UK's relationship with France, but also because of the threat to Benghazi, the moral cause and the UK's self-perception as a force for good in the world. From the German perspective, abstention on the UN Security Council Resolution authorising NATO action was considered a specific case in specific circumstances and many have since come to regret the decision. It served only to further erode trust between London and Berlin, and shed light on the lack of solidarity in the Alliance. Indeed, from a British official's perspective, it appeared Germany went on to actively block planning at NATO HQ and then refuse to transport British equipment to southern Italy. It withdrew both its staff from the Airborne Warning and Control System (AWACS) mission and its ships from the Mediterranean, even though NATO's Standing Maritime Group had been tasked with enforcing a UN-mandated arms embargo on Libya, which Germany had supported. Germany's perceived back-peddalling afterwards served only to reinforce the breakdown of trust with the UK, and it had a knock-on effect for the EU's Common Security and Defence Policy (CSDP) and German ambitions to take a permanent seat on the UN Security Council.

Many Allies shared the German concerns with the Libya operation, however: only fourteen participated in the enforcement measures in Libya, most of them with six or fewer fighter aircraft. This generated debate among the Allies about the importance of solidarity in support of NATO operations, and fears that NATO may be reduced to providing a useful institutional framework and command structures on an ad-hoc basis for small coalitions of the willing. This wider debate notwithstanding, the faultlines that appeared in NATO about the Libya mission underscored how difficult it will be for the Alliance to commit to another major operation in the short-to-medium term. Operation *Unified Protector* was legitimised by a UN mandate and the threat to Benghazi provided ample cause for intervention, both morally and with regard to stability in the European neighbourhood. Yet, political support within NATO was initially limited, and the mission was completed just as the European Allies' crisis of resources and materiel threatened to become embarrassing. It all points to one conclusion: politically and militarily, complex operations will be increasingly difficult for NATO.

A NATO Without Operations?

The implications of fatigue and the likelihood that NATO's operational tempo will be reduced after 2014 could be far-reaching. Jamie Shea recently published a report outlining possible strategies for NATO to stay relevant should this be the case,¹¹ but it is unlikely that NATO's political elites will seriously consider what a 'post-operational NATO' might look like. Having undergone two major transformations in NATO's strategic purpose and focus – first, containing and deterring the Soviet threat and integrating Germany into its Western institutions; then, stabilising the emerging free market democracies in Central and Eastern Europe – 'NATO 3.0'¹² was defined by NATO's provision of security through out-of-area military operations since 9/11. Part of NATO's contemporary strategic challenge is that no phase has completely replaced that which preceded it and, therefore, none of the tasks is complete. Russia is considered a potential strategic partner by some and an ongoing threat by others. Much of NATO's work in the Balkans remains 'unfinished business' while NATO's Eastern European members have unstable neighbours in Belarus, Ukraine and Georgia. At the same time, transnational threats, weak states and humanitarian crises will continue to require expeditionary forces. NATO must respond to all of these tasks simultaneously now, just as members are experiencing operational fatigue and as their differences over threat perceptions and priorities are particularly pronounced.

In the current phase, NATO 3.0, the Alliance's focus on operations has been a locomotive for NATO and the key driver for transformation. Operations have influenced NATO in almost all areas of its activities including the establishment of strategic guidelines (such as the Comprehensive Approach), partnership programmes, capabilities development, and even discussions about potential new members and engaging non-members in joint operations. If current trends continue, NATO may move into a 'post-operational phase', and it is not yet clear what a 'NATO 4.0' will or should look like. Emerging challenges, such as cyber threats, human trafficking and energy security, are not likely to fit that bill. It is simply too difficult to translate them into the language of military action and Article V and they do not as of yet pose a perceived existential threat to NATO's members. Even if they did, it is not clear that NATO has the mindset, capabilities or personnel to address them without expanding consultations and engagement beyond defence and foreign ministries to ministries of the interior and other parts of government. This would move the Alliance away from the politico-military identity that has served it and its members so well.

What is more likely, though, is that traditional challenges will remain central for NATO in the future. Despite the display of strategic patience over Syria

11. Shea, 'Keeping NATO Relevant'.

12. Anders Fogh Rasmussen, 'The New Strategic Concept: Active Engagement, Modern Defence', speech given at the German Marshall Fund of the United States, Brussels, 8 October 2010.

and the disagreement over Libya, another out-of-area intervention cannot be ruled out. The Allies face traditional threats emanating from Pakistan, Iran and North Korea, and have significant stakes in stability and peace in the Indian Ocean as well as in the European periphery and neighbourhood. After all, none of NATO's past military operations – be it Kosovo, Afghanistan or Libya – had been predicted. Instead, crises tend to hit the West with sudden inevitability, therefore requiring NATO and its members to sustain a certain level of preparation and readiness. The same holds true for emerging security challenges whose nature is not yet identifiable, such as in the areas of cyber-security and global supply chain and critical national infrastructure. An agile and well-maintained NATO that can respond at short notice will remain a trump against such wild cards. This, then, is the most pressing task for security experts and politicians in all NATO member states: to ensure NATO maintains a technological edge, preparedness, readiness and a culture of working together in the face of budget cuts and claims of strategic irrelevance.

It is encouraging that despite significant differences in strategic culture and public opinion, at least the defence communities in London and Berlin are beginning to think along similar lines. The UK remains committed to an expeditionary NATO, and Germany is in a slow process of normalisation, looking for ways to take more responsibility for security in Europe. The Defence Policy Guidance by German minister of defence, Thomas de Maizière, demonstrates progress in this area. De Maizière argues that two trends shape security: the globalisation of threats and the increasing stake of Western exporting nations, including Germany, in a stable and liberal international order. The former requires a multilateral, comprehensive approach and the latter requires a similar commitment, for it is neither self-evolved nor self-sustaining. It is both in Germany's interest and in accordance with liberal values to uphold this order – by force, if necessary – whether that manifests itself in counter-piracy operations off the coast of Somalia in an effort to keep international sea lanes open or action against a state which is trying to overturn the established system. In that sense, Germany and the UK subscribe to the idea of NATO as a regional alliance with a global horizon. It is this tension between political ambitions on the one hand and shrinking budgets and diminished political support for a globally committed NATO on the other that will characterise debates in both countries in the years to come. It will be challenging to navigate national militaries and NATO structures in difficult economic circumstances. NATO's strategy for charting that course is 'Smart Defence'.

IV. Smart Defence: Capabilities, Spending and Investment

The continued decline in defence budgets across the Alliance, unco-ordinated cuts and the potential for an overall decline in European capabilities presents another important strategic challenge for NATO. As NATO winds down its operations in Afghanistan and elsewhere and potentially reduces its operational tempo, it will need to improve the way Europeans spend on defence if NATO is to remain meaningful and relevant. To address this challenge Secretary General Anders Fogh Rasmussen launched the 'Smart Defence' strategy at the 2011 Munich Security Conference. The strategy is intended to ensure that NATO capabilities development remains commensurate with the Alliance's strategic ambition and the evolving security environment. It should also help the NATO nations to get more capability from their combined defence spending, and fill gaps that were exposed in the Libya operations, in European intelligence, surveillance and reconnaissance (ISR) systems and aerial refuelling in particular.

While some see Smart Defence as a new label for old Alliance approaches to capability development or for the EU's efforts to promote pooling and sharing, NATO officials like to think of Smart Defence as a mindset. The mindset envisages NATO as evolving into a kind of facilitator for member states, playing a 'clearing house' role among the nations. NATO will encourage nations to set priorities nationally and at the NATO level, specialise in what they do best (especially the smaller nations) and seek multinational solutions wherever possible. NATO will also attempt to tailor funding mechanisms for joint projects, enhance defence partnerships and bring industry into discussions at the earliest stages of setting requirements. The NATO secretary general is also encouraging bilateral relationships and co-operation among small groups of states within NATO, such as Franco-British co-operation, Baltic co-operation or the Weimar Triangle, as integral to the success of Smart Defence. If implemented, the strategy should address American concerns about inefficiencies in European defence spending and transatlantic burden-sharing.

Secretary General Rasmussen appointed two special envoys for Smart Defence who developed and socialised the concept around the twenty-eight national capitals over more than a year. In the process, they identified the 'flagship projects' that can demonstrate to Allies the ways in which NATO can achieve economies of scale in defence. The flagship initiatives included air policing, ISR and missile defence, and the expectation was that the Allies would then agree more than twenty 'Tier One' projects ahead of the Chicago Summit including maritime patrol aircraft, acquiring five Global Hawk long-range reconnaissance UAVs, and support arrangements

for deployed helicopters. Each project will be overseen by a 'lead nation' or a 'lead NATO body', which will have responsibility for the scope of the project while partner nations co-ordinate amongst themselves and de-conflict with EU staff where necessary. Other collaborative projects, such as schemes for co-operative education, training and logistics programmes will follow, and NATO will build on the construct to streamline and support reform within NATO headquarters. For Smart Defence to work, however, NATO must find a way to penetrate the national defence-planning processes, build confidence and guarantee the availability of assets developed jointly. Member states, on the other hand, will need to begin making decisions about sensitive capabilities not in isolation but in relation to one another and to Alliance structures.

British and German Contributions

The UK and Germany are both committed to the Smart Defence strategy, to the flagship programmes and to improving collaboration, but they have responded to the challenge in different ways. Germany's main contribution has been in the area of structures and institutions. Domestically, Germany has begun to tackle areas of duplication through Bundeswehr reform, while at a NATO level it proposed establishing a Multinational Joint Headquarters at Ulm, which would be available for both NATO and EU operations. This headquarters – a German-led Tier One engagement programme – would bring together partner nations including the Czech Republic, France, Italy, Latvia, the Netherlands and Poland under Berlin's leadership. British defence experts are sceptical, however, having argued in the RUSI-KAS seminar series that there is little need for additional headquarters. Many felt that the proposal reflected a German focus on structures rather than on improving military effect or output.

The UK is also supportive of the Smart Defence initiative, and is an integral participant in some of the flagship and Tier One programmes as well. British participants highlighted their co-operation with France as part of the British contribution to Smart Defence. The arrangement between the UK and France is based, of course, on an existing institutional framework and a history of defence consultations, but was formalised with the November 2010 defence co-operation treaty. The treaty promotes bilateral pooling through joint facilities, open markets and improved industrial collaboration. It also opens the door for joint cyber-security initiatives, A400M training, satellite communications and aerial refuelling. France and the UK are also working together in more sensitive areas such as nuclear capabilities; the design of a Combined Joint Expeditionary Force, which could be deployed for a range of contingencies; and possibly in aircraft carriers. German participants suggested that from Berlin's point of view, the problems with Franco-British co-operation are twofold: first, the British prefer to keep it strictly bilateral and without any formal links to the EU or the European Defence Agency (EDA); and second

that it operates outside the Permanent Structured Co-operation Facility of the Lisbon Treaty.

Substantial British-German defence co-operation will remain complex and difficult, in particular because neither side can imagine operating together or joint leadership of an operation. Nevertheless, London and Berlin are continuing to work towards better mutual understanding. They have set up the bilateral 'Structured Dialogue' project, which includes biannual meetings on defence and security issues between government officials within their ministries of defence. Some British participants suggested that the dialogue had been set up in response to German uneasiness about the Franco-British treaty, and that expectations for the Structured Dialogue were modest. There have been some successes, however – such as in enhanced training initiatives in South Wales and logistics co-operation within NATO, and with exchange officers on the Typhoon programme. There is also substantial interest on both sides for improved co-operation in A400M logistics and training, and in areas such as mine counter-measures and maritime patrol aircraft, where Germany can offer capabilities the UK might not otherwise be able to afford. If the Structured Dialogue can offer the UK and Germany opportunities to exchange ideas on NATO, improve mutual understanding and build trust between London and Berlin, it will have achieved something.

More concrete improvements in bilateral co-operation will remain difficult, however, so long as a lack of trust pervades the relationship and so long as neither side can imagine joint leadership of an overseas military operation. Furthermore, progress will remain elusive so long as both the UK and Germany remain mired in their own complex processes of national defence reform. Germany is in the midst of the Bundeswehr reform process, essentially for domestic purposes, while preparing both for improvements to the professionalisation of the forces and for 25 per cent cuts to the German defence budget over the next four years. The UK, meanwhile, is in the process of implementing the 2010 Strategic Defence and Security Review (SDSR), reconsidering some of the difficult decisions taken and preparing for a 7.5 per cent cut to its own defence budget by 2015. Despite being active supporters of Smart Defence, these national processes and the debates that underpin them are taking place with hardly any co-ordination between the two countries, or with NATO or EU structures.

Significant Challenges Remain

A first challenge to implementing Smart Defence relates to ongoing cuts in defence spending across Europe. The defence reform processes in the UK and Germany reflect a wider regional malaise as Europe tries to tackle its currency crisis, address crippling national debt, and restore growth and competitiveness. The economic pressures are likely to increase, and European political leaders will, understandably, continue to focus on economic stability

and growth as a first priority, at the expense of foreign and defence policy – even if it means accepting some vulnerabilities in defence. Governments might even put savings ahead of preserving national military strength. At present, European Allies are averaging only 1.5 per cent of GDP spending on defence¹³ and further cuts, Secretary General Rasmussen has argued, are likely to eat into ‘muscle and then bone’, because there is hardly any ‘fat’ left to trim.¹⁴ Defence spending is already approaching a level at which some argue Europe will struggle to deal with even moderate threats at home or in its near abroad.¹⁵

To be sure, there have been some successes with Smart Defence-compatible projects such as Allied Ground Surveillance (AGS – initiated almost twenty-three years ago) and air policing. Work on Smart Defence, however, has yet to reach a conceptual breakthrough, and previous European Union experience with pooling and sharing has not delivered significant results either in terms of savings or capabilities. Smart Defence collaborative projects have yet to deliver any real savings for member states and it will be some time before they begin to offset the impact of cuts in Europe or the intrusion on national sovereignty that they entail. The problem is not only that Europeans spend too little and inefficiently on defence, but that they do so because of deeply entrenched political differences that are reflected in different national structures, as shown in the cases of the UK and Germany. Nations are concerned about the creation of dependencies in sensitive areas. They also worry about the possibility of spending more than necessary due to the rising costs related to a lengthy and complex multinational programme. It took nineteen years for Allies to buy five aircraft for the AGS system, and this also explains why the UK dropped out of the Franco-Italian project for Horizon frigates, and why the French ultimately pursued the Dassault Rafale instead of the Eurofighter. National electoral and budget cycles, industrial sensitivities and the prospect of creating dependencies can be real obstacles to pooling and sharing.

It is also important to note that differences in strategic culture can be an obstacle to closer European defence collaboration. For example, the Franco-German Brigade has never been able to deploy because of political differences over how much risk is acceptable. Likewise, there are limits to how much can be achieved in British-German co-operation because of the differences in strategic cultures and orientation. It is not enough for nations

13. Maria Leonor Pires, ‘Europe and United States Defence Expenditure in 2010’, European Defence Agency Statistics Office, 12 January 2012, <http://www.eda.europa.eu/Libraries/Documents/EU-US_Defence_Data_2010.sflb.ashx>.

14. Anders Fogh Rasmussen, ‘The New Strategic Concept: Active Engagement, Modern Defence’.

15. François Heisbourg, ‘The Defence of Europe: Towards a New Transatlantic Division of Responsibilities’ in Valasek (ed), ‘All alone?’

to share assets, shop together or develop capabilities together. It might be that they must continue to operate together as well (or at least intensify training and exercises) for Smart Defence to work. The debate needs to be less about headquarters or battle groups, and more about the strategic aspects of increased European responsibility for its own defence. A division of labour between NATO and the EU is emerging as nations work through the EU on air-to-air refuelling and through NATO in other areas, but the structures must become more complementary.¹⁶ Pooling and sharing has to be matched by a harmonisation of standards and the consolidation of the defence industry. NATO must find a way to generate links between strategy and military effectiveness on one hand, and economic efficiencies on the other.

16. Arnould, quoted in Slobodan Lekic, 'EU Defense Ministers Endorse Pooling of Resources', *Associated Press*, 22 March 2012.

V. NATO as a Global Security Hub: New Partnerships

One of the most popular truisms of twenty-first-century international politics is that no country, no matter how powerful, can solve or even manage today's complex security problems alone. Given the current mood among NATO's member states, that could very well be expanded to 'no single alliance', as well. This paper has so far explored how the West seems both less willing to take on costly responsibility for global stability and less able to deliver on its political ambitions. This trajectory leads to the conclusion that NATO Allies should either lower their level of ambition in framing the international security environment, which few are willing to consider, or seek additional support and greater political reach externally.

As threats to global stability and thus the security and interests of NATO states continue to be transnational, and formidable, in nature, the latter seems the most appropriate solution to the problem of shrinking resources and mounting tasks. Existing NATO partnerships are undergoing a substantial transformation, not only in terms of their reach and footprint, but also their purpose. Partnership programmes today are less about NATO's values and spreading the gospel of democracy and human rights. Instead, the key to a modern partnership with NATO 3.0 is what partner nations can contribute in terms of concrete military capabilities for operations and 'softer' assets for regional and global stability.

In many ways, the catalyst for this transformation was the ISAF operation in Afghanistan, where more than fifty countries contributed in one way or another to common security goals. ISAF offered the first opportunity for like-minded states such as Australia, Japan and the Republic of Korea to contribute with funding, assets or troops to a NATO operation, and the first time since NATO's creation in 1949 that the US was able to bring together its European and Pacific allies in a major stability operation. It was through this operational experience that an important link was established between NATO and some of its key partners. NATO has since invested in strengthening interoperability and engaging more actively with those partners through ISAF contributor forums and in seeking a more enduring arrangement. The Libya operation reinforced the importance of partner nations, albeit for different reasons. It is now widely understood that the UN Security Council Resolution and the NATO umbrella were insufficient on their own to provide political cover for the intervention. It was ultimately the invitation from within Libya and the Qatari, Emirati and Arab League support that provided the legitimacy required for intervention, as well as key operational contributions and enablers on the ground in the case of Qatar.

In examining the relevance of partnerships to NATO and in reflecting on British and German attitudes toward them, it is useful to distinguish between three categories. The first could be called 'partners in action', referring to the bilateral relationships between NATO and like-minded states such as Sweden or Australia that join NATO operations on occasion. The second category encompasses the more formal partnership programmes such as the Partnership for Peace (PfP), the Mediterranean Dialogue (MD) or the Istanbul Cooperation Initiative (ICI). Here, the most fundamental process of re-orientation can be observed. The final category is NATO's relationship with other international institutions such as the UN and the EU and with other kinds of non-state actors. Of course, there is some overlap between the three categories. Sweden, for instance, as a 'partner in action' and a member of the PfP, UN and the EU is a relevant actor in all three categories. Still, the three lenses are helpful because they provide some analytical clarity and allow for a more systematic view of the thicket of NATO's partnerships.

Partners in Action

For NATO 3.0, mainly defined by its out-of-area operations, the first category of partnerships, 'partners in action', has assumed crucial importance. Without the support of a number of partners including its 'Partners across the Globe' – Australia, Japan and South Korea – NATO's operation in Afghanistan would have been vastly more difficult to sustain. Similarly, Swedish Gripen fighter jets played an indispensable role in NATO's Libya 2011 mission. Even if NATO 4.0 loses its operational tempo or no longer puts operations first, a network of partners that can exert diplomatic leverage and project stability in their neighbourhood would be an essential asset. Future NATO peacekeeping and peace-enforcement operations, and even NATO's diplomatic efforts to influence events in other parts of the world, are likely to profit immensely from partnerships. Therefore, while these strategic partners could be swiftly called upon whenever the use of military power should be required, they could also be engaged in high-level strategic consultations in Brussels or with individual allies to share assessments, prevent or manage regional conflict.

This would further change the dynamic between NATO and its partners in action, especially those in Central and Eastern Europe, which have tended to want something from NATO in return for their efforts, whether membership, protection or influence on NATO decision-making during their delicate transitions to democracy. From NATO's perspective, partnerships until now have been driven by the supply side, as the Alliance spread its liberal values into the former Warsaw Pact area. Looking into the future, however, partnerships are more likely to be driven by NATO's demand for additional contributions or out-of-area influence. NATO's partners in action will have an interest in influencing decision-making in Brussels, and maybe also in its protective qualities; but membership, for most of them, would be unfeasible and also unattractive given the difficult political questions of sovereignty

and orientation it would involve and its impact on the regional balance of power. In this context, it will be a major task for NATO to design strategic security relationships with like-minded states and with potentially important partners whose values and interests may not align with NATO's.

Formal Partnership Programmes

NATO's more formal partnership programmes, the second category, will not easily accommodate this re-invented relationship with partners, not least because they were designed either as a stepping-stone on the path to membership (PfP) or as regional arrangements (such as ICI and MD) defined by geography rather than purpose. NATO failed to implement the ICI and MD arrangements consistently in the region; moreover, they excluded some of the most important states in the region – such as Saudi Arabia, and some of the most volatile – including Iraq and Lebanon. As a result, the programmes remained a loose set of bilateral relationships that lacked strategic direction and a clear relationship to EU structures and policies. There were no mechanisms for strategic consultation with key powers in the region and NATO ended up behind the curve when the wave of revolutions swept through in 2011. Indeed, the ICI and the MD, long suspected to be paper tigers at best, proved to be ineffectual instruments in dealing with the revolutions in Northern Africa and the Middle East. The ICI countries – Bahrain, Qatar, Kuwait and the United Arab Emirates – remain uneasy partners, whereas the MD, which includes Israel and six Muslim states, most notably Egypt, remains paralysed by internal distrust and strife.

Opportunities for NATO partnerships in the Middle East and North Africa abound, however. Those regimes affected by the Arab Spring uprisings will need to develop a new social contract between the people and their government (or at least major reforms) and they will need new relationships between political leadership and the armed forces. Moreover, institutions such as the Gulf Cooperation Council (GCC) are exploring ways to build security arrangements into their institutional infrastructure in order to preserve stability in their region. NATO also has a solid track record of engaging with militaries and political leadership in nations in transition. It could help the new government in Egypt to define the military's role and status going forward; likewise, it could help Libya integrate its militias into the armed forces, and Tunisia with its continued reform. Instead of creating a 'strategic approach' to the region as a whole, which could prove complicated and tenable, NATO should work to create opportunities for consultation with some of these countries and bring in others on an ad-hoc basis. NATO is well placed to contribute to a positive evolution in the Middle East and North Africa, as many of its members can attest, but it must do so because of its partnership structures and not in spite of them.

In April 2011, NATO approved the 'Berlin partnership package' to streamline the process of strategic dialogue with partners and the bureaucratic organisation of established partnership programmes. What is still lacking, however, is a more thorough understanding of how the concept of co-operative security can be translated into partnership programmes. What is the aim of these programmes and what can actually be achieved? What does NATO expect from participant states and how would NATO reciprocate? At a minimum, NATO should establish these programmes as forums of regular political dialogue on security issues of regional and mutual concern. NATO could also build on common undertakings in such areas as border security and terrorism prevention, or wider strategic co-operation. NATO should be more proactive and imaginative in developing ideas for co-operation, in particular with a view to the MD countries currently undergoing political transformation. The Chicago Summit offers an opportunity for NATO to acknowledge the importance of the greater Middle East and Asia to global security, and to commit to strategic dialogue with key nations in those regions.

Partnering with Other International Institutions

The third category of partnership, between NATO and other international institutions or non-state actors, contains some of the most difficult and complex relationships. In part, this is due to the bureaucratic and sometimes ambiguous character of institutions that reflect the policies and attitudes of diverse sovereign states; but it is also due to NATO's nature as a military alliance and its focus on security for its members, which can be off-putting for non-members that may be important players in other institutions such as the UN. In the case of the EU, the institutional cultures are at odds, and Turkey's struggle with the EU about membership, and its struggles with Cyprus and Greece, spill over into NATO-EU relations.

Institutional co-operation between NATO and other European and multinational institutions has been difficult since NATO's founding. The challenges have become more urgent, though, as NATO faces shrinking budgets and diminished political will. NATO has also begun to take new security challenges seriously, such as cyber-security, critical infrastructure and global supply chain protection, and this has shed light on the need for NATO to work with other parts of government, with the private sector, with other institutions and to generate a network among these actors. In this area, NATO will be challenged to find ways to contribute as a junior partner or sometimes in a subordinate role. NATO is used to leadership in crisis situations and its centrality is fundamental to NATO's self-perception and understanding of international affairs.

This can be a source of tension between NATO and other international institutions. For example, from a NATO perspective, the UN cannot be at

the centre of the international security network because it does not and cannot guarantee the freedom and security of NATO states, given its focus on member security beyond Europe and because of the role of states such as Russia and China. Following a similar logic, however, most UN states see NATO as a mere instrument with which to enforce UN resolutions. Conversely, most NATO Allies would not accept a UN mandate as a precondition for NATO action. As the Kosovo War illustrated, they are willing to act without such approval although, as in Libya, they cherish the additional legitimacy such a mandate bestows on NATO action. Although it is only a matter of degree, this is one of the few aspects of the partnerships issue where Germany and the UK disagree. Germany's security policy is deeply embedded in multilateral structures, in the legal system of the EU and especially in the UN. Hence, Germany attaches a higher priority to the legitimacy and justification of NATO action through international law (for example, a UN Security Council mandate) than the UK. Even for Germany, however, there can be moral imperatives that sometimes take precedence over a Security Council vote, as Germany's participation in the Kosovo campaign demonstrated.

Both the UK and Germany are in favour of building more sophisticated systems for NATO's strategic partnerships. Both hope that partnerships can generate leverage and insight for the Alliance, even as its member states experience relative decline and low levels of political will. Insights gained through consultations with partners and potential partners could help protect the security interests of Allies, and promote values and global stability at a lower cost than through military operations. Germany endorses renewed investment in partnerships because of its constitutional and cultural preference for multilateral structures. The idea of NATO as 'an international security hub' that provides global stability through its interconnectedness with a diverse range of actors has gained a lot of currency although with some reservations – again, in Germany – because the concept might be understood in other parts of the world as Western arrogance or a desire to dominate.

So far, however, these aspirations are based on hope rather than on sound strategy. Germany, the UK and the other Allies still lack concrete ideas on to how to position NATO as an international security hub through a system of strategic partnerships. Currently, NATO's partnership programmes are based on a series of loose arrangements with individual countries. There is no strategy, aim for longevity or a more principled approach to building partnerships at all. This is particularly worrisome as the idea of evolving partnerships is not without risks for NATO. The line between a member state and a close partner state, for example, might be blurred in political practice. Rather than having the positive effect of elevating close partners to the fully protected status of an ally, it risks eroding solidarity, diluting the security guarantee, or undermining its cohesion as a strategic security community.

VI. Challenges and the Way Forward

The challenges NATO faces ahead of the Chicago Summit could not come at a worse time for Europe. The continent remains embroiled in financial crisis. Diminishing resources, Eurozone problems, institutional and banking challenges, and public debates about austerity will continue to put downward pressures on European defence spending. These challenges mean that defence and security are likely to remain low priorities in both the public interest and for national leaders. Indeed, 'defence' in Europe is increasingly understood in economic terms, and governments are primarily interested in protecting jobs and national industrial capacity. They are working towards addressing their economic problems as a first priority, which is understandable, but they may also be implicitly accepting vulnerabilities in defence. Few political leaders have been able to communicate the importance of defence to their constituencies. If these trends continue, it may be the case that few European countries can maintain the level of capabilities and political will necessary to contribute to complex NATO operations in Europe or in its near abroad.

The key European institutions, both NATO and the EU, need to find a way to demonstrate that they can be part of the solution for Europe's challenges. They cannot continue to be paralysed by frozen conflicts between Turkey, Cyprus and Greece, or by tensions between their institutional cultures and bureaucratic structures. Rather, closer EU-NATO relations could help implement Smart Defence and deliver more focused and efficient use of European resources. Neither institution, though, has the authority or legitimacy to compel states to act. The EU has some leverage in economic terms, but NATO's only leverage has been in instances where criteria have been set for states hoping to become members. To affect the national decision-making and defence planning processes, therefore, NATO needs to take a proactive stance and demonstrate its relevance for Europe going forward, and that means adjusting to changes in the strategic context, managing internal differences and demonstrating that it can help nations save money while maintaining capabilities and interoperability.

The UK and Germany have a role to play in Europe as NATO re-defines its role and invests in its future. It is in their interests that NATO prepares itself to deal with contingencies in Europe and its neighbourhood. Those could include social instability or even violence in the Global South, an inward focus, or perhaps the Balkanisation of parts of Europe. It is also in their best interests to keep the United States committed to European security, and the way to do that is to stop defence spending from falling too far, to find ways to spend together and to engage in wider strategic dialogues on risks and challenges that may affect NATO. Smart Defence will not be a panacea, and it cannot close the gap between NATO's ambitions and its capabilities, but London and Berlin can help. They can help build trust and understanding in their bilateral

defence relationship, and they can help NATO become a smarter organisation by investing in its ability to anticipate and prevent crises, to deter threats and prepare for the unexpected, to protect interoperability and to improve relations with a range of partners. London and Berlin are amongst Europe's most influential and capable powers; they must follow America's lead and widen their geographic focus while stepping up their responsibilities for European defence.