

The Rhetoric-Resources Gap in EU Crisis Management



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Abstract

The development of EU crisis management capabilities has proceeded rapidly and one of the questions in the wake of these developments is how to finance these new aspects of the EU's activities. Currently the EU faces a rhetoric-resources gap whereby the political pronouncements and aspirations exceed the resources available for crisis management operations, most notably those involving the use of military force. This brief overview of the resource and financial issues facing EU crisis management attempts, in the first place, to examine the arrangements that exist. Since the arrangements for the civilian and military aspects of crisis management pose slightly different sets of issues, they are dealt with separately. The final section will then examine possible approaches to providing adequate resources for crisis management and the conclusions will highlight some problem areas and possible ways forward. It is argued that a failure to address the rhetoric-resources gap will undermine EU crisis management efforts, as well as the effectiveness of the Union as an actor on the international stage.

Introduction

It has been nearly a decade since the 'capability-expectations gap' was noted in the EU's Common Foreign and Security Policy (CFSP).¹ The development of the EU Common European Security and Defence Policy (CESDP) from 1998 onwards has seen the emergence of a parallel rhetoric-resources gap in crisis management. The latter has gained fresh saliency following the EU's announcement of its intention to take-over the UN's police operation in Bosnia Herzegovina, with the formation of an EU Police Mission (EUPM) in January 2003. The EU's willingness to assume the current duties of NATO's *Amber Fox* mission in FYROM, when its mandate expires, has also moved this issue to centre stage.

The rhetoric-resources gap has two dimensions to it. The first relate to civilian crisis management, which includes conflict prevention. These activities generally fall to the Commission and consist of a wide range of programmes spread over a number of directorates-general. The military aspects of crisis management, which have elicited more public attention and comment, were developed as part of the Petersberg Tasks, first outlined by the Western European Union in 1992 and adopted by the EU in the Amsterdam modifications to the Treaty on European Union.² These aspects form part of the CESDP which, in turn, is part of the CFSP. The civilian and military components of crisis management are supposed to allow the EU to respond at an appropriate level to a variety of crisis scenarios. Since the budgetary and resource issues differ slightly between the aspects of crisis management, they will be addressed separately.

Civilian Crisis Management

Currently EU crisis management, which incorporates a

wide range of conflict prevention, civilian and military crisis management tools, may be financed by three possible sources:³

- a) Operations falling under the EU budget line;⁴
- b) Operations not having military or defence implications, falling under the CFSP allocation line;
- c) CESDP operations having military or defence implications, which fall outside the EU budget.

The first two cover a wide range of activities and there is frequent confusion to outside observers about what type of activity falls under a general Community heading or the more specific CFSP heading.⁵ Those items falling under the first category tend to be short-term or event specific, while those falling under the CFSP line often address longer-term issues. There are though significant areas of grey stemming, in part, from the treaties. For instance, responsibility for human rights and democracy is attributed both to CFSP (Article 11 of the Treaty on European Union or TEU) as well as to the first pillar in the context of development cooperation (Article 177 of the EC Treaty).⁶ Those operations that are deemed to fall under the second category come are generally charged to the EU budget and, thus, EU budgetary law applies. There is however provision (under Article 28 of the TEU) for the Council to unanimously decide that expenditure shall not be charged to the EU budget, in which case it is charged to the Member States.

The final category, relating to CESDP, will be discussed in a separate section below. The modest size of the CFSP budget, compared to that of external relations generally, makes the question of which pot resources are drawn from a delicate one.

The first issue often noted with reference to civilian crisis management operations is that of the organisational

and efficiency-related problems. These are however well covered elsewhere and will not therefore be reviewed.⁷ Suffice it to say that the Commission has acknowledged many of the shortcomings and taken remedial steps. For instance, the Commission has suggested recourse to a new 'flexibility instrument' for civil crisis interventions, including CFSP action, as well as to the current emergency reserve within the budget.⁸ It was however acknowledged that financing mechanisms within the budget 'need to be reviewed and improved' (both for CFSP financing procedures and Community instruments).⁹ A balance also has to be struck between efficiency, reliability and speed of response. The lack of rapid mechanisms for the implementation of CFSP operations and the ponderous decision-making process remains a challenge.¹⁰

The problem though is not only one of how to administer funds and resources. It is evident that, under the current financial perspective (2000-2006), available resources 'do not match the very ambitious targets developed in 1999 and would certainly not be sufficient to cover crisis actions such as the substitution of local police forces in non-member countries'.¹¹ One possible response to this may be, as suggested by the Commission, to extend an emergency reserve to CFSP crisis interventions, which would fall outside the budget's heading for external action (Heading 4).¹² A further useful, but recent, tool is the Rapid Reaction Mechanism (RRM) which operates through a separate budget line in the regular budget. The RRM provides for both speed and flexibility to mobilise any Community instrument (other than humanitarian instruments already covered by emergency procedures) for crisis contingencies.¹³

Other suggested solutions include the establishment by the Member States of a common civilian/military fund to be financed annually and managed by the Council Secretariat, with the idea of eventually including it in the EU budget at a later date.¹⁴ It should though be borne in mind that, in order to contain the growth of the resources taken up by the Community, Community expenditure is limited to a combined total of 1.27% of GNP of the EU Member States until 2006. The Commission nevertheless estimates that the current financial perspective offers scope for 'gradually building up over the entire period a margin that leaves some room for unforeseeable events in the area of external relations, reinforcement of programmes where necessary, and possible deflator fluctuations'.¹⁵

While the idea of a fund that could address both civilian and military costs has some attraction, especially given the resistance amongst the Member States towards any enhanced oversight by the European Parliament, it would raise a number of problems. The creation of a parallel funding structure (to that of the Community) is

unlikely to enhance efficiency and would scarcely encourage transparency, as urged by the Court of Auditors. A parallel funding structure might also invite the circumvention of the Union's budgetary procedures and actually decrease the effectiveness of the existing mechanisms discussed above. To the Commission a parallel budget risks, 'duplication; reduced management efficiency; lack of budgetary transparency; and incoherence in overall financial management in the EU'.¹⁶

The Commission's preference is to enhance the flexibility of the Community procedures and to create a new instrument for civil crisis interventions, which includes CFSP action, by extending the use of the emergency reserve to CFSP crisis interventions. The emergency reserve would have to be established by means of an Inter Institutional Agreement and it would fall outside the regular budget for such activities (Heading 4) and thus maintain the overall financial perspective. The flexibility instrument would have the advantage of greater transparency compared to the *ad hoc* funding mechanism above. However, the precise procedures pertaining to such an instrument have yet to be agreed upon. Any agreement will have to address the inherent tension between transparency and accountability on

the one hand, and the need for rapid decision-making on the other. It is however predictable that any enhancement of Community oversight in the external relations area, which would presumably involve a greater role for the European Parliament, would be firmly resisted by a number of member states. This may have the effect of pushing *ad hoc*, and possibly inadequate, funding solutions to the fore.

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Operations having military or defence implications

Under the TEU, the EU budget is the primary means of financing CFSP. There was however provision for the Council to unanimously agree that operational expenditure could be charged to the Member States on a GNP-scale. The ambiguity about what should be considered administrative or operational expenditure led to a number of disagreements, including one that delayed the implementation of the EU Joint Action in Mostar. The situation is further complicated by Denmark's opt out on all defence and security related provisions on the treaty.

Under an Inter-Institutional Agreement (between the European Parliament, the Council and the Commission) it was agreed that the CFSP budget could be used to finance activities such as the special envoys, democratic transition, conflict prevention and disarmament.¹⁷ Of more significance was the Amsterdam Treaty's stipulation in Article 28 that 'administrative expenditure' shall be charged to the budget of the Community, while 'operations having military or

defence implications' shall be charged to the Member States in accordance with a GNP-scale, unless the Council unanimously decided otherwise.

It was against this background that CESDP developed in the late 1990s. Two issues became apparent with regard to financing. First, the issue of how military operations should be financed amongst the Member States came to the fore, as did the issue of what constitutes a 'military or defence implication'. It was though clear that the final phrase clearly excludes *police* aspects of an operation, even if they include military assistance. The second, more general issue, concerned who should finance the improvements required to make CESDP operational by 2003.¹⁸

On the first issue the Belgian Presidency, who was charged by the previous Presidency to work out the financing arrangements for crisis management operations, suggested three funding options along with the Council Secretariat.¹⁹ In spite of their efforts, the Belgian Presidency was unable to secure agreement between the options. The root cause of disagreement was over what constitutes a common cost. Towards the end of the Spanish Presidency, the Council agreed on a general framework for financing operations having military or defence implications. Under these arrangements, common costs are considered to be:²⁰

- Costs that cannot be allotted to individual States taking part in a crisis management mission. This covers a number of incremental costs for headquarters for EU-led operations (such as transport costs, administration, locally hired personnel, communications, transportation/travel within the operations area of HQs and barracks and lodging/infrastructure) and for providing support to the forces as a whole (such as infrastructure and additional equipment).

It is up to the Council to determine on a case-by-case basis whether transportation of the forces, barracks and lodging for the forces should be funded in common. All other costs are therefore considered to be individual costs and will be financed on a 'costs lie where they fall' basis (as in NATO). It should also be noted that the common financing of incremental costs 'does not entail financing of military assets and capabilities offered by participant States on a voluntary basis and compiled in the Helsinki Force Catalogue'.²¹ Nor will expenditures that would be encountered regardless of any operation (such as staff costs, equipment of accommodation) be covered. Common expenditure on goods and services

only addresses requirements 'over and above those which could reasonably be expected to be covered from national resources'.²²

The Council's suggested interim funding is primarily aimed at the incremental costs that may be entailed for the provision of fixed or mobile headquarters for EU-led operations and any incremental costs to meet the general support of the forces involved (such as infrastructure, additional equipment or medical support). The Council decision of 17 June 2002 is undoubtedly welcome progress, but it is subject to review and further work. A number of issues demand further attention and these will be examined below.

Horse-trading

The question of what constitutes an operation having 'military or defence implications' remains. The growth of EU crisis management to include a myriad of different roles, carries with it the potential for further horse trading between the general EU budget for external relations, the CFSP heading and those of the Member States. Indeed, there may be strong incentives to play on the grey areas of crisis management for financial reasons. This temptation may become even stronger since the CFSP allocation for 2001 was €36 million and was substantially overcommitted. For the current financial year, the figure is €30 million.²³ The CFSP allocation continues to be deluged by fresh

demands on its resources, such as those for a possible EU successor to the UNIPTF.²⁴ In the EU budget the annual appropriations commitment for external policies accounts for around 8.4% of the total budget was increased from €1.9 billion in 1990 to €8.6 billion for 2001, at constant 2000 prices. Since the vast majority of external action funding goes to the Western Balkans and the Mediterranean, which arguably has significant benefits for stability, there is little likelihood of any substantial reallocation within the budget.

The inevitable tendency will therefore be to continue to try and pass on costs between the general external relations budget and CFSP, as well as between these budgets and the Member States. The assumption of costs may also meet with demands for *quid pro quos*. For instance, the 'costs lie where they fall' formula could lead to the situation whereby, since it is normally the same countries that contribute, demands are made for 'special status' similar to that of the permanent members of the UN Security Council.²⁵

The temptation to juggle between budgets has obvious political aspects. If the assumption is made that

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more EU funding for CFSP were allocated or made available, the Member States would have to accept greater Community oversight. The predominantly intergovernmental character of the second pillar suggests that this is unlikely to change significantly. The administrative expenses of CFSP are relatively light, given the relatively small number of personnel involved, but the operational expenses for sustained Petersberg tasks that will have to be assumed predominantly by the Member States, are likely to be significant.

National capabilities and resources

The actual ability to conduct a crisis management operation involving military force is, for the most part, the responsibility of the EU Member States. The general contributions of the EU Member States to such operations were outlined at the Capabilities Commitment Conference in November 2001. The conference generated offers of over 100,000 troops and a wide range of capabilities.²⁶ The Capabilities Improvement Conference, held a year later, revised the national contributions and acknowledged that several shortcomings had been rectified in whole or in part. Nevertheless, it was also noted that 'additional efforts must be made with regard to protecting forces deployed, commitment capability and logistics. The degree of availability of ground elements, operational mobility and the flexibility of the force deployed must also be improved'.²⁷ Possible strategic deficiencies also emerged in aspects of command, control, communication and intelligence (C³I) as well as ISTAR (satellite imaging) and wide-bodied aircraft. In spite of improvements, where the EU Member States claimed to have fulfilled 144 capability requirements identified, 20 were considered unresolved and serious.²⁸ Accordingly, the Capabilities Improvement Conference adopted a European Capability Action Plan (ECAP) to improve European crisis-management capabilities. The plan is voluntary and is based on a 'bottom-up' approach and is supposed to be implemented through:

- An increase in the resources made available to the EU;
- Make existing capacities more effective and to seek creative responses beyond the traditional framework of military procurement programmes;
- Multinational solutions which might include co-production, financing and acquisition of capabilities, particularly for large-scale projects as well as specific capabilities.

ECAP too may suffer from its own rhetoric-resources gap since defence budgets for the European NATO countries have continued to decline in real terms or remained static since 1997.²⁹ The United Kingdom is the one country that is resisting the downward trend with projected increases in defence expenditure projected

for 2003-4, joined recently by France with ambitious plans for a six-year plan to boost military spending. The efforts to boost French defence expenditure are designed to make France a 'credible partner for the British' and to provide the 'means for autonomy of decision and of action'.³⁰ Those countries that at least tried to stabilise defence expenditure did so in the face of the weak euro and its decline against the dollar. With the prospect of a stronger Euro and modest economic growth of between 1.5% and 2.0% of GNP over the next year or so (in accordance with OECD projections) an increase in military investment (that is, procurement, research and development, testing and evaluation) cannot be entirely dismissed. Contrary to elite nervousness (or just plain reticence), an increase in military expenditure should not be a hard sell politically either since threats to peace and security have been the main public preoccupation throughout the EU in recent years (ahead of even unemployment).³¹

It is though worth noting that past optimistic assessments of the European NATO members' performances, which projected an increase in defence expenditure in the framework of the Defence Capabilities Initiative (DCI) on the part of most of these countries, proved to be unfounded.³² Even if we assume the maintenance of defence expenditure levels in real terms, it may 'not provide sufficient funding to achieve the augmentation and upgrading of European capabilities in the critical areas of force projection, PGMs, and C⁴I'.³³

An increase in military expenditure should not be a hard sell politically.

The question of matching rhetoric with resources is greatly complicated by the absence of any public EU estimates of the costs of CESDP and, more generally, those of the EU's overall crisis management capacity. There are though some useful non-official estimates of potential costs for the EU Member States.³⁴ These estimates show divergences of opinion between those who believe that real levels of military spending can and will increase (such as RAND) and those who see the extensive reallocation of existing defence expenditure as the primary means of addressing shortcomings. The general European preference seems to rest upon the reallocation of resources within existing patterns of military expenditure. This though is open to the obvious objection, noted in a RAND study, that significant reallocation is unlikely due to 'organizational inertia, powerful service interests, and the familiar "iron triangle" ... between the defence industry, the military services, and national legislatures'.³⁵

Enlargement

Relatively little attention has been given to the financial impact of EU enlargement on CFSP and, more particularly, CESDP. In political terms it is clear, based on past and current contributions to multinational peacekeeping operations, that the accession countries are net security providers and not consumers. In military

terms the presence of three NATO members amongst the EU candidates and widespread military restructuring and reform, will make the new members valuable partners.

Economically however, all are struggling with the pressures involved in preparing for EU membership and it is unlikely that this will lead to any appreciable increase in defence expenditure. In terms of helping the EU address its known weaknesses in the CESDP area, there is little prospect of any significant change. Indeed, given the scepticism towards CESDP on the part of a good number of candidates, the political and economic preference may well be to enhance the effectiveness of NATO in response to President Bush's call for an 'out of area' NATO rapid reaction force.³⁶ It remains though to be seen whether an appeal for an increase in defence funding for NATO contingencies would be any more effective than appeals to enhance CFSP/CESDP.

Awaiting Berlin Plus

A further source of ambiguity is what assumptions should be made about the ability of the EU to gain access to particular NATO assets for 'Europe-only' operations (the so-called Berlin Plus arrangements), which may obviate the need for the EU Member States to acquire an independent capability. Unfortunately, there is little sign of a resolution to the Greek objections to the Ankara document which would have made a Turkish veto of EU access to NATO assets (since approval has to be unanimous amongst all 19 NATO members) less likely. Although this is a significant impediment, it is exaggerated in the sense that the real issue is whether the U.S. will permit access to assets that are in fact national and not those of NATO *per se*. In a number of instances, notably strategic intelligence, the assets that are likely to be required for Europe-only operations are exclusively American. Quite aside from the willingness of the U.S. to 'loan' potentially sensitive assets to its European allies, there is no guarantee that they will be available for the duration of the operation, nor are there any cost sharing arrangements for such an eventuality. Because of these vagaries, the emphasis that was placed on avoiding unnecessary duplication of NATO assets during the Clinton administrations is now changing to a debate about *necessary* duplication.

Third Parties

The EU is in the process of developing crisis management cooperation programmes with a number of significant third parties which, so far, extend to Canada, Russia and the Ukraine. The cost implications of this are ambiguous although it is assumed that, as with the EU Member States, the majority of the expenses would have to be

assumed by the countries themselves. In a crisis scenario the contribution of significant military forces within the framework of an EU-led operation, would entitle the contributors to participate in the Committee of Contributors which plays a key role in the day-to-day management of operations. In each case the non-EU contributors will enjoy 'the same rights and obligations in terms of day-to-day management of the operation' as the EU participants.³⁷ It remains to be seen what the financial implications of these arrangements may be.

Post-crisis procedures

A further area of ambiguity is the post-operation settlement of costs and the funding of any subsequent peacekeeping operations – an issue very much to the fore with concerns that it will again be the European allies who will primarily be expected to pick up the pieces following any military strike against Iraq. In those circumstances where the EU is engaged in Petersberg tasks, the possibility of developing common EU assets to be put at the disposal of coalitions of the willing might usefully be explored. This would however give rise to the question of repatriation of common equipment. Some of the expenditure, such as administration, translation or transport, would clearly not be applicable but capital expenditure on communications or essential additional equipment might. In this event, should the equipment be pooled into a EU-infrastructure pool (along NATO lines) or put under the care of a Member State or group thereof? A resolution of this issue may also determine whether it is more economical in the longer-term to develop EU infrastructure

assets, possibly under the control of the EU Military Committee, rather than relying upon shorter-term leasing arrangements.

Conclusions

The above examination of funding for EU crisis management addresses three themes. The first examined civilian crisis management. The problem identified was partially one of resources and in this regard the use of parallel *ad hoc* funding mechanisms based on national contributions has some attraction, although an extension to the emergency reserve system is preferred. The main challenge for the EU will be to increase flexibility and the ability to respond in a timely manner to crises, whilst also meeting the demands of accountability and transparency. Any interinstitutional agreement on the procedures will have to consider the idea of fewer actors being involved in decision making in emergency crisis scenarios, even if this means less immediate transparency.

The second issue is the gap between rhetoric and resources for those aspects of crisis management having

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military implications. It is obviously too late to meet the 2003 Headline Goal target. It has already been established that a number of projects that are critical to CESDP, such as the A400 M heavy transport aircraft, will not be completed until the end of this decade.³⁸ The question of how to respond to the gap is also exacerbated by a number of vagaries, such as the future of EU and NATO relations, as well as transatlantic relations. It has been argued that there is an urgent need to address the resources issue assuming that there will be *necessary* duplication of NATO assets to afford the EU the necessary autonomy. The inescapable conclusion is that existing expenditure patterns means that the EU Rapid Reaction Force has no chance of being *fully* operational by 2003.³⁹

The third set of issues involves the political and economic implications for EU crisis management of relations with third parties, organisations such as NATO and enlargement. All will continue to pose vexatious problems but the most immediate is that of EU-NATO relations. The failure to reach agreement on the 'Berlin Plus' arrangements between the two organisations has not only soured relations between the two organisations

but also risks paralysing CESDP. Even if the objections to the Ankara document were lifted, the real problem of when and how to borrow primarily American assets would come to the fore. The debate over how much duplication of (so called) NATO assets is necessary is long overdue and will have potentially sizeable budgetary implications for the European allies.

Increased efficiency and flexibility can primarily address the civilian aspects of EU crisis management. However, whatever progress that is made in this area risks being undermined by the stultification of the military aspects of EU crisis management. It is plain that fulfilling capability shortfalls for military crisis management gives most EU governments little alternative other than 'to increase defence expenditure in real terms if real capabilities are to match the objectives set out at Helsinki'.⁴⁰ This is certainly not a new or particularly original point, but it remains a point that is of fundamental importance to the EU. So far, the gap between rhetoric and resources has not faced the EU with overt catastrophe but one is entirely predictable, given the EU's crisis management rhetoric and the resources available. Mind the gap.

NOTES

- ¹ Christopher Hill, 'The capability-expectations gap, or conceptualizing Europe's international role', *Journal of Common Market Studies*, Vol. 31(3), September 1993, pp.305-28.
- ² The tasks, which may be found in Article 17(2) of the Treaty on European Union include: humanitarian and rescue tasks, peacekeeping tasks and tasks of combat forces in crisis management, including peacemaking.
- ³ For a wider discussion of this see, *Communication from the Commission to the Council and the European Parliament: Financing of Civilian Crisis Management Operations*, COM (2001) 647 Final, 28 November 2001, pp.4-6.
- ⁴ Article 268 of the Treaty establishing the Treaty establishing the European Community refers to revenue and expenditure of the *Community*, which is legally correct, but it is more commonly referred to as the budget of the EU.
- ⁵ Operations falling under a Community instrument include: demining, civilian emergence assistance, Civil Protection assistance intervention, human rights, institution building, election monitoring, consolidation of democracy and the rule of law, food aid, securing the livelihoods and safety of refugees, rehabilitation, reconstruction, infrastructure development as well as economic aid falling under Community instruments. CFSP operations not having military or defence implications may include: non-proliferation, disarmament, security monitoring, security support for peace processes and stabilisation efforts, projects to combat terrorism, political facilitation and tasks undertaken by Special Representatives of the EU as well as related fact-finding missions.
- ⁶ Examples include anti-personnel landmine actions, election monitoring actions, the election process in Nigeria and the police element (MAPE) in Albania.
- ⁷ See for instance the Court of Auditor's *Special Report No 13/2001 on the management of the Common Foreign and Security Policy*, 2001/C 338/01.

- ⁸ *Communication from the Commission to the Council and the European Parliament: Financing of Civilian Crisis Management Operations*, COM (2001) 647 Final, 28 November 2001, p.2.
- ⁹ *Ibid.* Loc cit.
- ¹⁰ There are though proposals to shorten the decision-making process, see C(2000) 3614, *OJ L 308*, 8 December 2000.
- ¹¹ *Ibid.* p.7.
- ¹² For example, as provided for in Article 23 (c) of the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure, *OJ C 172*, 18.6.1999.
- ¹³ Regulation (EC) 381/2001, *OJ L 57*, 27 February 2001.
- ¹⁴ For instance, Antonio Missiroli, *op.cit.*
- ¹⁵ *Communication from the Commission to the Council and the European Parliament, Financial Programming 2002-2006*, 27 June, Brussels, SEC(2001) 1013, p.12.
- ¹⁶ *Communication from the Commission to the Council and the European Parliament, Financing of Civilian Crisis Management Operations*, COM(2001) 647, Brussels, 28 November 2001, p.8.
- ¹⁷ *Interinstitutional Agreement between the European Parliament, the Council and the European Commission of 16 July 1997 on provisions regarding financing of the common foreign and security policy*, *OJ C 286*, 22.9.1997, now replaced by *Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure*, *OJ C 172*, 18.6.1999.
- ¹⁸ This was the original target date of the 'Headline Goals' unveiled at the Helsinki conclusions of the Finnish Presidency in December 1999. They are now widely seen as unrealistic in terms of the EU's ability to address the full range of Petersberg Tasks.

- ¹⁹ As outlined by Judy Dempsey, 'Wrangling over finances delays EU defence policy', *Financial Times*, 1 November 2001.
- ²⁰ 2437th Council meeting, General Affairs, 9717/02, p.15.
- ²¹ *Financing of Operations Having Military or Defence Implications*, Council of the European Union, Brussels, 10073/1/02, COSDP 181, 14 June 2002, p.3.
- ²² *Financing of Operations Having Military or Defence Implications*, from the Presidency to the Council, Annex, 'List of Common Costs and Definitions', COSDP 181, 14 June 2002, p.6.
- ²³ *General Budget of the European Union for the Financial Year 2002*, European Commission, Brussels, January 2002. The decline in the CFSP budget can be somewhat misleading since a number of budgetary items, such as the cost of the EU Special Envoys and staff, have been transferred to the Community budget.
- ²⁴ *General Budget of the European Union for the Financial Year 2001*, European Commission, Brussels, January 2001.
- ²⁵ This point is made in Antonio Missiroli, 'Paying for EU Crisis Management', *Newsletter*, Institute for Security Studies, No. 2 May 2002, p.4.
- ²⁶ A summary of the contributions pledged at the conference may be found in Colin Robinson, 'The European Union's "Headline Goal" – Current Status', CDI Military Reform Project, 23 May 2002, at <http://www.cdi.org/mrp/eu-pr.cfm>
- ²⁷ General Affairs Council with the participation of the Ministers of Defence of the European Union, *Statement on Improving European Military Capabilities: European Capability Action Plan*, Brussels, 19 November 2001, p.2.
- ²⁸ Annalisa Monaco and Catriona Gourlay, *European Security Review*, No. 9, December 2001, p.1.
- ²⁹ For details see Simon Duke, *The EU and Crisis Management: Development and Prospects*, (Maastricht: European Institute of Public Administration, 2002), pp.165-175; and *The Military Balance 2000-2001* (London: The International Institute for Strategic Studies, 2002), p.38-42.
- ³⁰ Victor Mallet, 'France set to boost military spending', *Financial Times*, 11 September 2002.
- ³¹ See in particular a *Eurobarometer* survey conducted between 14 November and 1 December 2000, commissioned by the Belgian Minister of Defence, André Flahaut, as part of the preparations for the Belgian Presidency. The results appeared in *Eurobarometer*, 54.1, Autumn 2000.
- ³² Jim Geramone, 'More work needed on Defence Capabilities Initiative', *Armed Forces Information Service*, 5 December 2000.
- ³³ Michael J. Brenner, *Europe's New Security Vocation*, McNair Paper No.66 (Washington DC: Institute for National Strategic Studies, The National Defense University, 2002), p.36. PGM's refers to precision guided munitions while C4I refers to command, control, communications, computers and intelligence.
- ³⁴ See Summary of Proceedings: Assessing the EU's Progress on the Path to a European Security and Defence Policy, *Eipascope*, No. 2001/2, p.25 and; Charles Wolf Jr. & Benjamin Zycher, *European Military Prospects, Economic Constraints, and the Rapid Reaction Force* (Santa Monica, California: RAND, 2001), for contrasting perspectives on the resources issue.
- ³⁵ Charles Wolf Jr. & Benjamin Zycher, p.23.
- ³⁶ Judy Dempsey, 'US and EU at odds over Nato force', *Financial Times*, 18 September 2002.
- ³⁷ The Arrangements for Consultation and Consultation between the EU and the three countries are annexed to *Presidency Report on European Security and Defence Policy*, Council of the European Union, COSDP 188, Brussels, 22 June 2002.
- ³⁸ For instance, see 'Military Airbus will not fly before 2008', Assembly of the WEU, 7 March 2002, at <http://www.assembly-weu.org/en/presse/cp/2002/8.html>.
- ³⁹ The Laeken Declaration, in which a partial operational capability was announced, played an important role in deflating expectations for full operational capability by 2003 whilst also muting sceptics and critics.
- ⁴⁰ House of Lords, Select Committee on the European Union, *The European Policy on Security and Defence*, Vol. 1: Report, HL 71(1), Session 2001-2, 11th Report, 29 January 2002, p.2. □