



NATO Parliamentary Assembly

SUB-COMMITTEE ON NATO PARTNERSHIPS

NATO-EU SECURITY CO-OPERATION

DRAFT REPORT

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International Secretariat

7 October 2005

* Until this document has been approved by the Political Committee, it represents only the views of the Rapporteur.

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I. INTRODUCTION

1. Over the past few years, this Sub-Committee has closely monitored the development of NATO's strategic partnership with the European Union. Since its start in 1991, when the Maastricht Treaty introduced the concept of a common foreign and security policy (CFSP) for the new European Union, the EU has gradually taken on a more prominent role in European security matters.

2. The Alliance, too, underwent profound adjustments in the same period, thereby greatly expanding its contribution to Euro-Atlantic security. As NATO's transformation process continues, it puts greater emphasis on its relations with international organisations, particularly with the European Union. While the development of its partnership with the EU has not been without complications, the closer co-operation with the EU has allowed NATO to shift its attention beyond its traditional area.

3. However, despite the present climate of improvement and strengthening of transatlantic relations stressed by the visit of President Bush to Europe in February this year, the NATO-EU dialogue has stalled. This is primarily due to pending political and institutional issues. With regard to the former, there are different views on how to promote building European capabilities and structures that could allow for European independent action, if necessary, and on how this could affect NATO-EU co-operation. Institutionally, after Cyprus' EU accession there has been no agreement to have meetings between NATO and the EU at 25 outside the "Berlin Plus" arrangements that, as known, limits NATO-EU "strategic co-operation" to EU countries that are also members of NATO's Partnership for Peace. Your rapporteur welcomes the decision by the EU to begin accession negotiations with Turkey (and Croatia). He hopes that this will help remove existing constraints to NATO-EU collaboration and will further deepen and develop the existing security co-operation. It is remarkable that the negotiation document adopted by the EU mentions explicitly Cyprus' application to PfP and in this perspective the agreement on the declaration made by the British Presidency could be seen as an impulse to co-operation in the full respect of the autonomy of each organization or state.

4. The agenda of joint NATO-EU meetings is currently limited to the implementation of the "Berlin Plus" arrangements, i.e. the EU-led operation Althea in Bosnia and Herzegovina, and capabilities in the NATO-EU Capability Group. Crucial security areas, for example on terrorism and the proliferation of weapons of mass destruction (WMD), cannot be formally addressed in the NATO-EU security dialogue. On the NATO side, some progress has been made during their April 20-21 informal meeting in Vilnius, NATO Foreign Ministers agreed in principle to broaden the Alliance's political dialogue with the EU by tackling a wider range of strategic issues. In addition, the Ministers also agreed to strengthen NATO - EU co-operation, including through joint informal meetings of NATO and EU Foreign Ministers.

5. This report briefly reviews the NATO-EU partnership and will make some general observations on its current state. As such it will look at some key areas of co-operation and put forward specific proposals to reinvigorate the NATO-EU security partnership.

II. THE DEVELOPMENT OF NATO-EU RELATIONS

6. When the European Security and Defence Policy (ESDP) saw the light of the day in the mid-1990s it was agreed that Europeans should be able to act without US involvement in a future Balkans-style scenario, in a manner that was "separable but not separate" from NATO. However, resolving the dilemma of institutional overlap has become the predominant issue of EU-NATO relations. Madeleine Albright expressed early concern in identifying the "3 Ds" where ESDP and

NATO threatened to overlap. Decoupling (of NATO and EU actions), duplication (of capabilities) and discrimination (of non-EU NATO members), had to be avoided, she said in a column in the Financial Times.

7. The “right of first refusal” remains a controversial issue. In the December 2002 NATO-EU declaration on ESDP, NATO and the EU welcomed the EU undertaking crisis management operations, including military operations “where NATO as a whole is not engaged.” The US takes the view that the 2002 declaration and the crisis consultation arrangements between NATO and the EU give NATO the first right to consider a military operation. The EU could undertake operations only after “NATO as a whole” has decided not to be engaged. The EU, on the other hand, has not recognised that right for NATO. Today there are three agreed means by which Europeans may undertake military action: within NATO; through Berlin-plus; or an autonomous operation (with a lead nation or European headquarters).

8. Despite the potential divisions, NATO and EU threat assessments remain similar. Both the European Security Strategy (ESS), and NATO’s Strategic Concept, further strengthened by the 2002 Prague Summit, recognised terrorism, the proliferation of WMD, and failed states as principle security challenges. Additionally, both explained the need for non-military policy dimensions in relieving insecurity, though, inevitably for a collective security organisation, NATO remains more focused on military means.

9. Agreeing a comprehensive complementarity between the EU and NATO will be important in maintaining co-operation. As the ESDP develops further, that need is more pressing. EU operations in the former Yugoslav Republic of Macedonia¹, the Congo and most recently in Bosnia, where EU replaced NATO troops, demonstrate an emerging role for the EU.

III. NATO-EU CO-OPERATION

10. The “Berlin Plus” arrangements, in operation since March 2003, form the basis for practical work in crisis management between the two organisations. “Berlin Plus” allows the EU assured access to NATO operational planning, presumption of availability to the EU of NATO capabilities and common assets, NATO European command options for EU-led operations (including the European role of Deputy SACEUR), and adaptation of the NATO defence planning system to incorporate the availability of forces for EU operations.

11. Furthermore, NATO and the EU have established regular exchanges at different levels. NATO and EU foreign ministers theoretically meet once per semester. In practice, however, this has proven difficult since the last wave of EU enlargement because of the Cyprus-Turkey issue. NATO and EU Ambassadors (the North Atlantic Council [NAC] and the EU’s Political and Security Committee - PSC) meet a minimum of three times per semester. Moreover, the NATO and EU Military Committees meet twice every semester, while regular information exchanges have also been agreed at a committee level as well as at a staff level. Unfortunately, this pattern is now undermined by the issue of the participation of the EU at 25.

12. “Berlin-Plus” and the “Framework for an enhanced NATO-EU dialogue and a concerted approach on security and stability in the Western Balkans”, agreed in July 2003, are the only formal agreements between the two organisations. “Berlin-Plus” provides the framework for NATO-EU co-operation, including crisis management and consultations. In the “Framework” NATO and the EU agreed to exchange relevant information and keep each other regularly informed at all levels, including possible military options. In addition to co-operation in the area of conflict prevention and crisis management, the Framework document lists the following areas

¹ Turkey recognises the Republic of Macedonia with its constitutional name

where the two organisations plan to co-ordinate their assistance to the countries of the region: defence and security sector reform, strengthening the rule of law, combating terrorism, border security and management, and arms control and removal of small arms. The Framework also provides for consultation mechanisms between the two institutions, for example between the NAC and the PSC, between the Military Committee and the EU Military Committee and between the Policy Co-ordination Group and the Politico-Military Working Group.

IV. SOUTH-EASTERN EUROPE

13. The EU's first operation according to "Berlin Plus" was the takeover of the small NATO mission in the FYR of Macedonia on 31 March 2003. The smooth transition from NATO's Operation *Allied Harmony* in the FYR of Macedonia to Operation *Concordia*, which had recourse to NATO assets and capabilities, has demonstrated the effectiveness of the "Berlin Plus" arrangements for the collaboration of the two organisations. *Concordia* was not an EU-only mission; it also included 14 non-EU states.

14. In some ways, the FYR of Macedonia served as a test case for Bosnia and Herzegovina and possibly for the future transformation of the peacekeeping mission in Kosovo. As the security continued to improve, the EU operation, *Proxima*, initially composed of 200 police officers, was reduced to 140 in December 2004. As a result of the increasingly stable security situation in Bosnia and Herzegovina, NATO concluded the SFOR mission and handed the mission over to the EU (EUFOR mission Operation *Althea*) in December 2004. With 6,800 troops, *Althea* constitutes the largest EU military mission to date. A revision of the operation took place in May this year, a further review will take place by the end of this year and it is likely that *Althea*, which is described as a 'great success', will be scaled down perhaps to 5,000 troops. NATO retains a small presence in the country, namely a 150-strong headquarters in Sarajevo, to assist with defence reforms, counter-terrorism efforts, and the apprehension of wanted war crime suspects. Recent agreement by the Serbian, Croatian, and Muslim communities to create a single army under one chain of command and financed from a unified budget is a major achievement. This NATO-sponsored defence reform will not only create a sense of security within the country but also has a stabilising impact on its neighbouring countries. Your Rapporteur very much regrets that the Bosnian-Serb parliament voted against EU-sponsored police reform in mid-September this year. As a consequence, the European Commission put negotiations with Bosnia and Herzegovina on a Stabilization and Association Agreement (SAA) on hold.

15. Approximately 80 per cent of the EU force has been derived from SFOR, and EU commanders aim to provide the same level of security in the country as SFOR. The main difference is in the chain of command of the new peacekeeping mission and, perhaps, in the duality of the EUFOR and NATO missions which share some operational tasks, but where EUFOR has the primary stabilisation role. A continued NATO and US presence was considered crucial by Bosnian officials, as ESDP had a relatively untested record and because of Europe's failure to handle the 1990s Balkan crises on its own. The first nine months of activities of EUFOR have proved the effectiveness and credibility of the mission.

16. The EU already had experience in fielding police training and advisory missions in Bosnia and Herzegovina and in the FYR of Macedonia, both undertaken in the ESDP framework. In Bosnia, approximately 450 international police personnel are serving in the EU Police Mission (EUPM).

17. Success in handing over the stabilisation mission in Bosnia and Herzegovina from NATO to the EU has been important not just for the country's future, but also for the precedent it may set for future potential handovers from NATO to the EU, for example in Kosovo and perhaps in

Afghanistan. Moreover, *Althea* is an important test for the EU's ability to integrate its military, political and economic instruments. As such, it may shape the future development of ESDP.

18. The future status of Kosovo remains a pivotal and contested issue. The Albanian majority largely favours full independence, while the Serb minority in the province and the Serbian government in Belgrade oppose this. The development of local autonomies, in the perspective of decentralization, seems to be an important step in order to re-build reciprocal confidence and to induce the Serb refugees to come back. The Standards Review policy of 2003 remains the international community's agreed policy approach, despite the setback of the March 2004 violence in which 19 Serbs were killed and more than 900 people injured. To quell the violence, NATO had to deploy 3,000 additional peacekeepers to back up KFOR (Kosovo Force).

19. Following the Alliance's 78-day air campaign, the NATO-led KFOR was deployed in June 1999 to monitor, verify and where necessary, enforce compliance with the agreements that ended the conflict. Moreover, KFOR's task is to provide for a secure environment and to assist the UN Mission in Kosovo (UNMIK). As security gradually improved, KFOR was able to be reduced from originally 46,000 troops to currently 17,000.

20. The UN-administered province continues to experience political tension and uncertainty. While the government has made progress in building its own institutions and police, improvements have fallen short in making Kosovo's Serb minority feel safe outside the small enclaves in which they live. On the eve of possible status talks on the future of the province, Kosovo also faces a potential leadership problem: President Ibrahim Rugova, the most considerable political and moral figure in Kosovo, has been diagnosed with lung cancer and in early March Prime Minister Ramush Haradinaj had to resign following his indictment for alleged atrocities during the 1998-1999 war but he is still influent in the new cabinet. Most future potential leaders in Kosovo have their power basis rooted not in institutions, but in their home regions, their clans or their old UCK network. Within Albanian Kosovar public opinion there is increasing discontent towards international presence in the province, particularly because of some bribery cases that media have revealed.

21. There are talks of the change of the form of international presence administering the Serbian province (where the EU would possibly take the lead). The greatest obstacle for the further stage of the development of NATO's role in the region will, however, depend on the ability of the peacekeeping mission to secure a sustainable living environment for the non-Albanian minorities (i.e. the Serbs) which is, again, to an extent, related to the unresolved territorial status of the province as well as standards and institutional mechanisms for the protection of non-Albanian minorities. The UN Secretary General's Special Envoy, Norwegian Ambassador to NATO Kai Eide, has delivered his review of Kosovo to Kofi Annan. The report, made public on 7 October, recommends that talks on Kosovo's final status begin soon "even though the international community's standards have not been completely met". Endorsing the study's recommendations, UN Secretary General Kofi Annan said that "while standards implementation in Kosovo has been uneven, the time has come to move to the next phase of the political process." Your Rapporteur agrees with the general conclusion of Ambassador Eide, under the condition that the final decision on status of the province depends on achievement of the benchmarks identified by the international community. The Eide paper will certainly open the debate on the future of Kosovo among the international community.

22. The handover of operations in the Balkans is generally viewed as successful. Initial problems on the ground have meanwhile been overcome, the handing over of operations in the FYR of Macedonia was at first hampered by the sharing of information and in the co-ordination phase. In Bosnia and Herzegovina, political differences over the mandate (in particular the issue of policing) delayed practical implementation of the handover from NATO to the EU. Much more serious problems arose due to so-called "national caveats", or restrictions, which have severely hampered

NATO's military ability in a number of operations. For example, only a third of KFOR troops were eligible to use force against rioting crowds during the March 2004 crisis in Kosovo.

23. Naturally, NATO's reduced presence coincides with the changing security situation but also because NATO and NATO member countries' troops are stretched to the limit in other areas of operation like Afghanistan, Iraq and elsewhere. The EU's higher visibility of the security of the Balkans also reflects an eagerness of the EU Security and Defence Policy to assert its role. The application as new members of the European Union is the best opportunity for all countries of the region to implement their democratic development, as well as the open door policy adopted by NATO. Full co-operation with the International Criminal tribunal (ICTY) is, however, still relevant for the former Yugoslavia.

V. THE SOUTHERN CAUCASUS

24. Due to unresolved territorial issues which have drained economic resources and political energies from the impoverished societies the South Caucasus stands out as a region with major strategic, economic and political challenges. The 'frozen conflicts' over Nagorno-Karabakh, South Ossetia and Abkhazia all involve core issues of national sovereignty, which provide a breeding ground for political instability and terrorism. International efforts, mainly sponsored by the UN and the OSCE, to end the conflicts, have not brought concrete results. However, the contentious issue of the remaining Russian military bases in Georgia has been settled with the agreement between Russian Foreign Minister Sergei Lavrov and Georgian Foreign Minister Salome Zurbishvili to close the Russian bases in 2008: The withdrawal of Russian forces began on July 30.

25. NATO has gradually expanded its activities in the South Caucasus and following the 2004 Istanbul Summit has put special focus on developing ties with the countries of the region. Azerbaijan, Georgia, and Armenia participate in PfP and the Euro-Atlantic Partnership Council (EAPC). In fact, the creation of an Ad Hoc Working Group on the Caucasus within the EAPC was considered one of the significant achievements in terms of promoting regional co-operation. The three countries also submitted Individual Partnership Action plans (IPAPs), joined the Planning and Review Process (PARP) and ratified PfP SOFA's (Status of Forces Agreement) and contributed to KFOR.

26. The EU, too, is assisting the Southern Caucasus countries, particularly in helping the three governments to develop their economies and promote regional co-operation. In July 2004, it established the first Rule of Law Mission in the ESDP framework, EUJUST THEMIS, for an initial 12 month period to assist the Georgian government in its efforts to strengthen the rule-of-law. So far, the EU Commission has provided €1 billion in assistance, primarily through TACIS (Technical Assistance to the Commonwealth of Independent States), TRACECA (Transport-Corridor Europe-Caucasus-Asia) and INOGATE (Interstate Oil and Gas Transport to Europe). EU Partnership and Co-operation Agreement (PCA) with Armenia, Azerbaijan and Georgia, have been in force since July 1999.

27. Both NATO and the EU agree on the vital strategic importance of the Southern Caucasus and have increased their assistance as well as their presence there. Both are also helping to address security issues. However, there is still no institutional co-operation between the Alliance and the EU in the Caucasus region. Apart from Partnership for Peace (PfP), both organisations have only lately begun to increase their activities in this region. PfP has been very successful in helping countries carry out necessary defence reforms. Moreover, the programme comprises a wide range of activities from purely military co-operation to crisis management, peacekeeping, civil emergency planning, among others. Particularly in South-Eastern Europe, PfP participation has been a very effective tool in transforming and stabilising the region. Your Rapporteur proposes

that NATO and the EU should reach an agreement on a concerted approach for the Southern Caucasus.

VI. OUT OF AREA

28. Geographically, both NATO and the EU have become increasingly active outside Europe. Since the end of the Cold War, but particularly after 9 11, NATO has projected security beyond its traditional area of responsibility. The Alliance's most important missions are in Afghanistan and in Iraq.

29. In Afghanistan, NATO is running the International Security Assistance Force (ISAF) mission, which is tasked to assist the Afghan government in maintaining security. Initially restricted to providing security in and around Kabul, the Alliance is now in the process of expanding the mission to cover other parts of the country. Moreover, elements of the NATO Reaction Force (NRF) were successfully deployed to Afghanistan in October 2002 to help provide security during the Presidential elections. In addition, to provide security for the September 18 parliamentary and provincial elections, the Alliance has deployed an additional three battalions, a quick reaction force, and an "over-the-horizon" force. In Iraq, NATO provides intelligence, logistics expertise, movement co-ordination, force generation and secure communications support to Poland, which commands the Multinational Division (MND) Central South as part of the international stabilisation force. Moreover, NATO has set up a Training Mission in Iraq and will establish a training centre for senior security and defence officials.

30. At the February 2005 Summit, all 26 NATO member countries agreed to contribute to NATO's assistance to Iraq. Responding to a request by the African Union (AU) for logistical support to its operation in the Sudanese province of Darfur, NATO, as well as the EU, is providing airlift assistance. NATO is also training AU troops in running a multinational military headquarters and managing intelligence. An effective co-operation has been established among the three Organisations. The EU, for its part, is continuing to support the AU in terms of military and civilian personnel, logistics and airlift.

31. Building closer ties between NATO and the Middle East has become a "strategic imperative". NATO has elevated the Mediterranean Dialogue into a genuine partnership involving the seven Mediterranean participating countries: Algeria, Egypt, Israel, Jordan, Mauritania, Morocco and Tunisia. Designed to strengthen security and stability in the Mediterranean, the Dialogue's existing political dimension has been enhanced. Among its main pillars are achieving inter-operability, assisting in defence reform, and contributing to the fight against terrorism. The Istanbul Co-operation Initiative (ICI) aims to enhance stability and security in the Middle East through the promotion of practical co-operation between NATO and interested countries in the region, starting with the Gulf Co-operation Council)

32. The EU, too, has sought to play a security role out of area. Between June and September 2003, responding to a request by the United Nations, the EU led an international 1,400-strong peacekeeping force in the Democratic Republic of Congo to protect aid workers and stop rebel fighting and atrocities. In 2005, the EU has deployed a small police mission to the Congo to assist in setting up a Congolese police unit and in June 2005 it deployed a small Security Sector Reform mission to the same country to support the building up and the proper functioning of the new Congolese army.

33. Moreover, it has launched an integrated rule-of-law mission for Iraq (EUJUST LEX). The mission falls under the scope of the ESDP and will consist of integrated training in the fields of management and criminal investigation for senior officials and executive staff from the judiciary, the police and the prison services.

34. At the request of the parties, a civilian monitoring mission, including personnel with military background, has been launched in Aceh, together with ASEAN countries and the participation of Norway and Switzerland, to support the implementation of the Agreement concluded on 15 August 2005 between the Government of Indonesia and the Aceh Liberation Movement (GAM).

35. The Arab-Israeli conflict is seen as pivotal for tackling other problems in the Middle East, hence its resolution is a strategic priority, both for Europe and for all transatlantic partners. In this framework, and in co-operation with the US within the "Quartet", the EU has launched an initiative to support the Palestinian Police, the European Union Co-ordinating Office for Palestinian Police support (EUCOPPS). The Mediterranean area continues to undergo serious problems of economic stagnation, social unrest and unresolved conflicts. The EU's interests require a continued engagement with Mediterranean partners in the framework of the Barcelona Process which this year will have to make an assessment of its first decade of operation.

36. The EU's European Neighbourhood Policy (ENP) will address the strategic objective of the EU set in the ESS of "building security in our neighbourhood" after the 2004 enlargement. The ENP is designed to prevent the emergence of new dividing lines between the enlarged EU and its neighbours. The ENP is a complement to the Barcelona Process/Euro-Mediterranean Partnership (EMP), whose objective is to strengthen political, security, economic and socio-cultural partnerships between EU and the 12 individual Mediterranean countries. It aims at offering them the chance to participate in various EU activities, through greater co-operation on political, security and economic issues as well as in culture and education. Action Plans were drafted in 2004 in order to strengthen "the stability, security and well-being for all concerned". It lists crucial instruments in the process of bringing each neighbour closer to the Union. The purpose of the Action Plans, based on individual country reports, will be to define a joint agenda for relations with the EU for the following three to five years, with the objective of deepening political co-operation and economic integration. Action Plans have already been negotiated with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine. The Commission has adopted country reports on and follows closely the developments in Egypt, Lebanon, Syria and the countries of South Caucasus.

VII. WMD PROLIFERATION AND TACKLING INTERNATIONAL TERRORIST GROUPS

37. Both NATO and the EU have identified the proliferation of WMD and terrorist groups as today's key security threats. Both institutions have decided to co-operate to combat both internationally active terrorist groups and the proliferation of WMD. They have pledged to work toward concerted planning of capabilities development. In this context, they have exchanged information on the protection of civilian populations against chemical, biological, radiological and nuclear attacks.

38. Further co-operation between the EU and NATO in the area of WMD proliferation could be in the fields of intelligence sharing, consequence management, NBC defence capabilities as well as non-proliferation policies.

39. A multinational co-operation that brings together France, Spain, Italy, Portugal, Malta, Algeria, Morocco, Tunisia, Libya and Mauritania has signed a declaration of interest and adopted an Action Plan for 2005 on maritime surveillance, civil protection and air safety to enhance security and fight terrorism in the Mediterranean. This initiative aims at complementing existing multilateral dialogue between these Maghreb countries, the EU in the context of the Barcelona Process and NATO's Mediterranean Dialogue.

40. Except in circumstances like those in Afghanistan and Iraq, military means are primarily complementary in combating terrorist groups. Hence NATO as well as ESDP play more of a back-up role than that of a crucial part. However, the EU has a number of instruments outside ESDP that are important in this area, such as the European arrest warrant, agreement on data sharing via Europol's anti-terrorist cell, and Eurojust, designed to co-ordinate investigations and prosecutions between national prosecuting authorities. At the March 2005 Madrid anti-terrorism conference, EU President José Manuel Barroso said that the EU Commission is preparing additional terrorism initiatives, such as a centralised alert network, an alert network for the forces of order, a proposal for the information exchange between the forces of order and a network for the surveillance of critical infrastructures.

VIII. CAPABILITIES

41. The question of capabilities has been central to the NATO-EU relationship. At the Prague Summit of November 2002, NATO approved the Prague Capabilities Commitment (PCC), a more focused document than the 1999 Defence Capabilities Initiative (DCI). PCC focuses on eight capability goals, targeting the Allies' principal deficiencies, particularly in the areas of strategic air and sealift, air refuelling, precision-guided munitions, secure communications, ground surveillance systems and special forces. The Prague Summit also agreed on the establishment of a NATO Response Force (NRF) consisting of primarily European high-readiness troops. The NRF reached initial operational capability in October last year and is expected to reach Full Operational Capability (FOC) in 2006 allowing it to take on the full range of missions where and when the Alliance decides to use it. The NATO force, which will have approximately 25,000 personnel at FOC, combines elite land, air and sea units into a single force whose lead elements can deploy anywhere in the world five days after being given notice to move.

42. The EU's Helsinki summit of December 1999 established the "Helsinki Headline Goal", which called for establishing by 2003 the potential availability of up to 60,000 troops, deployable within 60 days and sustainable for up to 12 months, capable of fulfilling the entire spectrum of Petersberg tasks (humanitarian and peacekeeping operations). In 2003 the Member States declared that the Goal had been met but recognised significant capability shortfalls. A new "Headline Goal 2010" was established in May 2004 to address these and to take into account the changes in the strategic situation, concentrating on deployability, sustainability and inter-operability.

43. To overcome existing capability gaps, the European Capability Action Plan (ECAP) has been initiated to devise strategies for remedying capability shortfalls. NATO experts provided military and technical advice starting from the preparations to the implementation of the ECAP. As both NATO and the EU strive to improve their capabilities, it is important that efforts made by both organisations are neither duplicative nor incompatible. NATO and EU capabilities planning and mutual reinforcement between the PCC and the ECAP are being addressed in the NATO-EU Capability Group, established in May 2003.

44. The EU has announced the creation of a new concept in February 2004, which would lead to the launch of rapid reaction units, composed of national and multinational "battle groups". In November 2004, EU Member States offered contributions to a total of 13 battle groups of 1,500 troops deployable in 5-10 days, to provide the EU by 2007 with a capability to run two concurrent battle-group-sized missions. A EU Defence Agency (EDA) that would focus on the development of defence capabilities, research, acquisition and armaments has been established. In effect, the "Headline Goal 2010" aims to identify and provide the military capabilities required to meet the security goals set out by the ESS.

45. Some pundits have expressed concern that NATO and the EU might “compete” for the use of forces if there were simultaneous crises. In fact, the issue of which organisation should have the right of first choice has not been addressed. Another issue that needs to be addressed is rules of engagement and national caveats for joint NATO-EU operations. As SACEUR General Jones told members during the NATO PA’s 2004 Venice Plenary, troops that are earmarked for NATO and the EU missions are sometimes trained to different standards, with member nations tending to place more restrictions on their forces for EU missions than for NATO-led operations.

46. In the context of ESDP, the EU also has decided to create civilian capabilities for crisis management. These include the creation of a 5,000-strong civilian police force (of which 1,000 can be deployed within 30 days), 200 rule-of-law experts, including international prosecutors, lawyers and judges (including a rapid response group capable of deployment within a month), civilian administrators, and civil protection consisting of 2 - 3 rapidly deployable assessment teams in case of natural and man-made disasters with a further 2,000 strong civilian protection intervention contingent.

47. The creation of the European Gendarmerie Force (EGF) as agreed by France, Italy, Portugal, Spain, and The Netherlands late September 2004 is a case in point. The EGF, initially 900 police officers strong and designed to be ready for deployment on 30 days notice, can significantly improve the EU’s peacekeeping capabilities. The EGF, which is not an EU force per se, has its headquarters in Italy and could be used as a follow-up force to the battle groups and other EU forces, thereby making an important contribution to managing post-conflict situations. The five contribution member states have already announced that the EGF could be available to other international organisations, including NATO.

48. The April 2003 summit between Belgium, France, Germany and Luxembourg broached the idea of establishing a distinct European headquarters. At the height of transatlantic tensions over Iraq, it was seen as a statement of intent to establish greater EU autonomy. In December 2003 the European Council welcomed proposals for the establishment of a civil/military cell for strategic-level planning particularly of joint civil/military operations. It will have the capacity to generate an ad hoc Operations Centre for running ESDP missions where neither NATO’s SHAPE nor an appropriate national HQ is available and where such a non-standing HQ can handle the level of risk involved. The agreement also provided for a permanent EU cell in SHAPE and a NATO liaison team at the EU Military Staff. The EU civil/military cell has become operational in June 2005 and will have a staff of 40.

49. As both NATO and the EU are hampered by capability shortfalls in a several key areas, to meet the PCC and the ECAP’s identified goals, a significant increase in defence investments appears unlikely in the short run, Europeans should “spend smarter” and try to cut duplication wherever possible. The European Defence Agency (EDA) can make an important contribution to that end.

50. It is designed to enhance European armaments co-operation by, among other things, harmonising military requirements, co-ordinating defence research and development and encouraging the convergence of national procurement procedures. However, because of established national structures and processes, as well as due to vested interests that will have to be overcome, progress is likely to be only gradual. The EDA will be successful if governments and parliaments muster the political will to build more efficient and effective forces. While the NATO-EU Capabilities Group has been successful in information sharing, a formal harmonisation of NATO’s Prague Capabilities’ Commitment and the ECAP could advance co-operation further.

IX. CONCLUSIONS

51. Despite their institutional and other differences, NATO and the EU share very similar, if not identical, goals. Both are working together to prevent and resolve crises and armed conflicts in Europe and beyond. Both share common strategic interests and co-operate in a spirit of complementarity and partnership.

52. Except for the generally smooth running operations in Bosnia and Herzegovina, the NATO-EU security partnership is currently experiencing serious difficulties. However, your Rapporteur welcomes the progress on the NATO-EU security dialogue that was achieved among NATO Foreign Ministers during the informal meeting in Vilnius. EU and NATO must deepen consultations on security challenges on all levels to achieve a maximum of policy co-ordination, particularly on key areas like Kosovo, Afghanistan, Iraq and the Southern Caucasus. In the view of your Rapporteur, increasing policy co-ordination requires close and regular consultation between the NAC-PSC as well as staff-to-staff contacts between NATO and the European Council and the Commission. Your Rapporteur calls on all NATO and EU members to show maximum flexibility to allow for the realisation of the full potential for NATO-EU co-operation.

53. Regular joint NATO-EU exercises would be an additional means to improve and deepen the security co-operation between the two organisations. The exercises could be either joint exercises or NATO exercises that include EU military staff. Areas of particular interest include post-conflict operations and perhaps disaster relief, among others. The importance of the latter was underlined by the support and assistance provided by NATO and the EU in the aftermath of Hurricane Katrina which struck the southern United States this September.

54. The issues that both need to discuss also include the enlargements of NATO and the EU. Though the enlargement processes are quite different, there is significant overlap in the criteria applicant countries need to meet as well as in current membership: 19 members of the Alliance are also members of the EU. Addressing the future enlargements of NATO and the EU is particularly important as the failure of the ratification of the EU constitution may lead to a more "inward-looking" EU. The Union and its member states are likely to be preoccupied with finding responses to the budget and enlargement issues as well as the "future of Europe", namely which Europe member states want to build. Both organisations need to develop co-operation further. For example, both should work together to secure and stabilise the regions in Europe's neighbourhood. Therefore, NATO and the EU could agree on framework agreements on, for example, the Southern Caucasus, the Mediterranean, Afghanistan and, perhaps, Iraq. Framework agreements could avoid unnecessary duplication and promote complementarity between NATO and the EU. On Kosovo, NATO and the EU must insist that negotiations on the status of the province can only begin after the standards before status process has been fulfilled. Concerning Afghanistan, both organisations need to address the "post-Bonn" process. Moreover, the EU could consider funding and implementing programmes to tackle drug production and to help advance civilian society. As NATO is increasingly engaged in areas outside Europe, the EU could take on more responsibilities from NATO, particularly in Afghanistan and Iraq. Improved co-operation between NATO and the EU is also feasible in the defence against WMD attacks. NATO could include the EU in the information exchange on WMD proliferation as organised by its WMD Centre.

55. The Alliance remains the platform for collective defence as well as for projecting credible military power in Europe and beyond. At the same time, the EU makes an increasingly important contribution to our common security. In addition, the EU could focus on homeland defence as well as on post-conflict stabilisation and reconstruction. NATO should engage the EU in co-ordinating assistance more effectively in the areas of defence reform, rule-of-law and other capabilities that will enhance security and stability in the areas bordering Europe. While NATO projects security

and stability beyond its borders, the EU is also transforming societies in its neighbourhood. The prospect of EU membership is a powerful incentive for accepting EU norms.

56. The nature and complexity of today's security challenges call for a deeper co-operation between NATO and the EU. What the respective missions of both organisations will be in the future and which of the two will take the lead in which operations will very much depend on the instruments required to deal with upcoming crises. Both NATO and the EU must increase their capabilities. As the European pillar of NATO and the EU's ESDP increasingly draw from the same pool of forces, it is essential that these capabilities, including the NATO Response Force and EU's Battlegroups, are interoperable, and mutually reinforcing.

57. In today's world NATO and the EU need to co-operate closely and productively, without political hindrance, on a wide range of security issues, and to be mutually complementary and compatible. In conclusion, your Rapporteur recommends developing co-operation between NATO and European Union to achieve the following priority objectives :

- Strengthening the activity of the Capability Group;
 - Pursuing a greater inter-operability, namely with respect to the mobilisation of the rapid reaction force;
 - Promoting the European Defence Agency, with a view to rationalising expenditure, with an obvious positive impact on national budgets;
 - An institutional agreement to combat terrorism and weapons of mass destruction;
 - A feasibility study to perform missions similar to those carried out in the Western Balkans and in other neighbouring areas, if necessary.
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