

# European Parliamentary Oversight of Procurement Issues

by *Geoffrey Van Orden MEP*

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Until fairly recently, no supranational EU institution, let alone the European Parliament, was involved in defence activities. These were matters of national competence with inter-governmental co-operation through NATO and the Western European Union (WEU). Many of us might prefer that this should remain the case. However, we recognise that the EU has now become involved in previously sacrosanct areas and this demands our constant political attention, indeed vigilance.

Concerning armaments policy, I wonder if it is helpful to associate the restructuring and stance of our defence industries so strongly with the process of EU political integration. For those who have the ambition to create EU military forces, deployable in furtherance of EU foreign policy objectives – and you may know that I am not one of them – then an armaments policy is regarded as a necessary foundation. It is also a tool for deepening EU economic and industrial co-ordination, with the possibility of a further massive extension of Community competence.

After all, defence procurement involves not just financial considerations but issues relating to the research and development (R&D) base, strategic industrial capabilities, exports, competition policy, the internal market, employment issues,

national security and the whole field of international relations.

Often forgotten in all this is the need to provide our Armed Forces with the very best, state-of-the-art equipment that is interoperable with our close Allies. This should perhaps be the weightiest consideration – but all too often it is the one that is lost beneath the others.

## Implications of the ESDP

Before I turn to Parliamentary oversight of procurement, let me discuss the wider issue of European Security and Defence Policy (ESDP).

***“The units pre-designated for the EU’s ‘rapid reaction force’ are precisely the same as those designated for NATO tasks.”***

We should be absolutely clear that the EU does not produce any additional combat forces, manpower or equipment. The units pre-designated for the EU’s ‘rapid reaction force’ are precisely the same as those designated for NATO tasks or, for that matter, for national tasks. Any division of tasks between the EU and NATO is not based on military requirements, but is a purely political decision.

Over many years I have listened to explanations of the need for ESDP. The one that might have some merit, if it were true, is that only through some autonomous European defence policy can European countries be encouraged to contribute more to the defence of the democracies. Greater burden-sharing between the Americans and other, mostly

European, Allies has, of course, been a concern since the 1950s. The reality is that in recent years, overall European defence spending in real terms has been falling:

*‘at a rate of nearly five per cent each year... R&D spending is falling by two per cent a year... equipment procurement by European NATO members is at its lowest level in decades, having fallen 6.9 per cent since 1996 with a rise of 4.7 per cent in US spending over the same period.’<sup>1</sup>*

The driving motive of ESDP is the removal of American influence from Europe and there is a determination among some to establish the EU as a political power that is separate from the United States – not just as a partner, as some suggest, but almost as a rival.

This creates a particular and recurrent difficulty for the British Government which bears the responsibility for giving the go-ahead to an autonomous EU defence policy at St Malo in 1998, and which now has to fight a constant rearguard action to try to maintain the pretence that ESDP will be a boon to NATO and that NATO interests are being protected.

It also impacts on armaments policy.

There are serious deficiencies in the equipment and organisation of the armed forces in many European countries. The argument that there is duplication of effort among individual European countries and that economies of scale, as well as improved interoperability, would inevitably follow from a more harmonised EU defence procurement system is therefore seductive. But where is the reassurance that this would be the outcome from a EU role in defence procurement and that this would outweigh the negative aspects of such a system?

Much of the activity under EU auspices is a duplication of work already taking place in NATO under the Defence Capabilities Initiative and now the Prague Capabilities Commitment. Given that just six countries in Europe account for more than 90 per cent of Europe's defence industrial capabilities and 98 per cent of all R&D expenditure,<sup>2</sup> it is a peculiar logic to suggest that the representatives of 15 countries, let alone of 25, should be involved in decision-making and monitoring of this activity.

I also question the proposition that the military inadequacy of European armed forces (as revealed by the Kosovo conflict) was a key incentive to creating a more coherent ESDP with its autonomous aspect. After all, one of the major problems of Kosovo was the inability of European forces even to communicate with, let alone interoperate with, US forces. How would a decidedly separate EU policy overcome this problem?

The question we must really ask is: are certain European governments really serious about improving capabilities or are they pursuing some other agenda? It is not clear that there is some separate set of 'European operational requirements' or indeed, some agreed 'European interest', which is different to that of the US.

Of course, there is no lack of innovative capability in Europe and clearly it would not be acceptable for our industries to become mere sub-contractors to US giants.

The US Arms Export Control Act and its munitions list create significant problems for European defence companies in gaining and fulfilling American contracts as licences are awarded to countries (and not companies) and are often required for personnel as well as products. The differing status of individual European countries under the US Declarations of Principles creates similar problems.

I am encouraged by signs that the US government is taking steps to remove some of the legal and administrative obstacles that hinder defence-industrial co-operation with allies and open the

possibility of access to the US defence market.

Our defence industries and defence R&D must be supported. But I would argue for link-ups and collaborative projects with the most reliable, advanced partners wherever they are – in Europe, in North America, or elsewhere.

#### Parliamentary Oversight

Article 17 of the Treaty on European Union provides that 'the progressive framing of a common defence policy will be supported, as Member States consider appropriate, by co-operation between them in the field of armaments'. The possibility of creating a European Armaments Agency was foreseen in the declaration on WEU that was annexed to the Treaties of Maastricht and Amsterdam.

### *"The driving motive of ESDP is the removal of American influence from Europe."*

There are three elements involved in parliamentary oversight of European policies in the defence field.

Firstly, ESDP and therefore armaments policy is still largely an inter-governmental matter. National parliaments must carry a large share of the responsibility for the scrutiny of this activity, but their commitment of time and energy to the remote happenings in Brussels is often limited.

Secondly, some MPs attend the Assembly of the WEU, the 'Inter-parliamentary European Security and Defence Assembly', which has representatives from 28 national parliaments. It focuses on ESDP and on the mutual assistance obligations of the Brussels Treaty. It also scrutinizes inter-governmental co-operation in the field of armaments and defence R&D, which is funded and carried out by the Western European Armaments Group (WEAG) (19 nations) and the Western European Armaments Organisation (WEAO) (17 nations). We should recognise that the WEU

Assembly has no power to exercise control over Ministers, but it is a useful discussion forum involving a critical mass of national parliamentarians who tend to be better informed than many of their colleagues about European developments.

Thirdly, there is the growing role of the European Parliament. It is becoming increasingly powerful as a legislative body, in its shared role with the Council as budgetary authority and in its political supervision of the activities of the Commission and, to some extent, the Council.

Parliament's influence is obviously strongest in areas of Community competence, but in relation to the Common Foreign and Security Policy (CFSP) and ESDP, community competence and expenditure is currently limited.

It is the European Parliament's Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy that has primary responsibility for matters relating to monitoring CFSP, including common defence and disarmament policy (Article 11 of the EU Treaty); relations with the WEU (Article 17 of the EU Treaty); and monitoring the implementation of certain current expenditure. The Committee on Budgets also clearly has a role in this.

Most MEPs – excepting most British Conservatives and about one hundred others – are European integrationists who want, or are sleep-walking into, some sort of European State. This majority is reflected in the Foreign Affairs Committee. I wonder therefore whether it would merely use any robust oversight powers to scrutinize EU activity or whether it would simply seek to use these new powers to extend EU competence.

In May 2001, MEPs and Members of the WEU Assembly met in The Hague to discuss a way ahead on improving oversight of ESDP. The suggested range of options included:

- Full competence for the European Parliament.
- Creation of a mixed Assembly, to include both national

parliamentarians and a sufficient number of MEPs to allow the various political groups to be represented.

- Continuation of the present arrangements, with the ESDP left predominantly to the WEU Assembly.
- No multi-national oversight at all.

Since these proposals were put forward, there have been a number of initiatives relating to ESDP and the debate on parliamentary oversight shifted to the Convention on the Future of Europe, in which a limited number of both national MPs and MEPs were engaged in drafting a 'European Constitution', the very concept of which I reject.

The Defence Working Group of the Convention included in its recommendations the creation of an Agency on an inter-governmental basis, which would deal with armaments and strategic research and could also contribute to ensuring that capabilities are improved. This proposal was supported by the Franco-British declaration at Le Touquet on 4 February 2003, and by the 'Gang of Four' (France, Germany, Belgium and Luxembourg) on 29 April 2003.

I have no doubt this will be agreed by governments and it is certainly included in the Draft Constitution. It will have a Steering Board of Defence Ministers and will be chaired by the EU Council's High Representative for CFSP. The Agency will, of course, build on the work of existing initiatives, such as the Capabilities Development Mechanism (CDM, begun in February 2003) and the European Capabilities Action Plan (ECAP). On armaments, it remains to be seen how the Agency's relationship will develop with existing bodies such as the Western European Armaments Group and Organisation, the Joint Organisation for Armament Co-operation (OCCAR) and the Letter of Intent countries.

In the Draft Constitution there is an afterthought that the European Parliament

would be 'regularly consulted on the main aspects and basic choices of the common security and defence policy'.<sup>3</sup>

Irrespective of its initial powers, some European parliamentarians will no doubt call for further competencies to be added to the Agency. The Morillon Report, adopted by the European Parliament in April 2003, calls for the proposed Agency to have its own budget and calls for the practical arrangements for the Agency's operation to be drawn up in consultation with the European Parliament, or even by co-decision. It points to the risk of ESDP being financed through shadow budgets that are closed to democratic scrutiny and therefore wants the financing of the planned Agency to come within the European Union's budgetary procedure, so as to ensure the requisite parliamentary scrutiny.<sup>4</sup>

The Brok Report on CFSP calls for the joint costs of ESDP operations to be financed through the Community budget. This is the thin end of a very dangerous wedge. Concerning parliamentary scrutiny, Brok proposes that regular meetings be held between the competent committee of the European Parliament and representatives of the respective committees of national parliaments in order to develop a common perspective on ESDP as well as joint European arms procurement projects.<sup>5</sup>

Clearly, while some in the Council may wish to keep ESDP and armaments policy on an inter-governmental basis, there are others, particularly in the Commission and the Parliament, who seek the communitarisation of defence. The proposal in the Constitution for a EU Foreign Minister, appointed by the Council but with a seat on the Commission, is a move in this direction.

The ayatollahs of European integration are adept at pacing their policies and not rushing their fences. It is the classic Monnet policy of 'small steps'. But each step takes us in a certain direction and there is never a pace backwards.

### Conclusion

In conclusion I note that the Member

States of the EU already lag ten or twenty years behind the US in technological development. And if R&D budgets continue to shrink then the gap will widen.

In this context, the best interests of Europe's serious military powers lie in increasing capabilities through co-operation with the US, enabling more effective operational coalitions, with at least interoperability where common systems are not in use.

Politicians, officials and industry on both sides of the Atlantic should strive towards a common procurement and R&D base with near equal access to each other's markets.

Active parliamentary oversight of a EU defence procurement process remains a distant prospect. Exactly what role the EU will assume in defence procurement is still under discussion, though it appears probable that a EU responsibility in this area will, at least initially, be primarily inter-governmental in nature. So it should remain. Defence goes to the heart of national sovereignty.

I would like to think that those involved in the European parliamentary process would use their limited formal powers of oversight, but considerable powers of persuasion, not merely to repeat the mantras of European integration, but to work to bring about a real and effective transatlantic defence market. ■

### NOTES

1. International Institute for Strategic Studies, *Strategic Survey 2000-2001* (Oxford: Oxford University Press, 2001) 105.
2. Quoted in Burkard Schmitt, 'The European Union and Armaments – Getting a bigger bang for the Euro,' *Chaillot Paper* No. 63 (Paris: European Union Institute for Security Studies, August 2003), 10.
3. Draft Treaty establishing a Constitution for Europe (Article I-40.8).
4. 'European Parliament resolution on the new European security and defence architecture – priorities and deficiencies' (2002/2165(INI) adopted 10 April 2003).
5. 'European Parliament resolution on the progress achieved in the implementation of the Common Foreign and Security Policy' (2002/2010(INI) adopted 26 September 2002).