

Explaining European Armaments Cooperation: Interests, Institutional Design and Armaments Organizations

Marc R. DeVORE^{*}

Culminating in the creation in 2004 of the European Defence Agency (EDA), the post-Cold War development of European armaments organizations has impressed social scientists and policymakers alike as a momentous development. However, their theoretical diversity, prior analyses of armaments organizations err in their focus on recent organizations of a European character. The narrow focus on institutions tied to the EU has led scholars to neglect the long-term and incremental dynamics driving the development of armaments organizations on both a transatlantic and European basis. In fact, European states' participation in international armaments organizations is neither a recent phenomenon nor one that has historically been distinctly rooted in broader processes of European integration. By examining the development of European and transatlantic armaments organizations prior to the EDA, this article sheds new light on how this domain of international organization emerged and is likely to develop. Abstracting from the prior evolution of armaments organizations, this field is likely to continue to evolve along polycentric lines, with intergovernmentalism, rather than 'Europeanization' and 'Brusselization' remaining the motive forces for future change.

1 INTRODUCTION

Culminating in the creation in 2004 of the EDA, the post-Cold War development of European armaments organizations has impressed social scientists and policymakers alike as a momentous development. If carried through to a successful conclusion, the creation of a common European defence market could transform the European Union (EU) into a defence-industrial superpower second only to the US. Conversely, however, failure to integrate Europe's disparate arms industries and markets will gradually detract in the long-term from EU Member States' military power and autonomy. Because defence-industrial integration is critical to the EU's future as a foreign and security policy actor, scholars have increasingly sought to understand the dynamics shaping the creation and evolution of European armaments organizations.

^{*} PhD, Jean Monnet Fellow, The Robert Schuman Centre for Advanced Studies, European University Institute, Florence, Italy.

To some observers, these organizations are a symptom of Europe's foreign policy efforts to 'softly balance' the US's overwhelming political and military power.¹ To others, they are an inevitable result of economic integration generating 'spill-over effects' into the previously sacrosanct preserves of national sovereignty.² Finally, a third set of analysts view European armaments organizations as the consequence of new governance dynamics, whereby institutions and pressure groups in Brussels spread their influence into new domains by re-framing policy issues and contributing to the diffusion of pan-European norms.³

Rooted in different theoretical traditions, these schools advance distinct explanations for European armaments organizations. Partisans of soft-balancing believe that security concerns explain the creation of arms organizations. Contrarily, neo-functionalists seek the phenomenon's origins in increased economic interdependence. Finally, supporters of a governance approach look to new sets of actors, such as the European Commission and transnational advocacy networks, to account for a perceived 'Brusselization' of defence-industrial policy.

Regardless of the different analytic frameworks they employ, these analyses all assume that the dynamics underscoring the recent formation of armaments organizations will contribute to their rapid development in the near future. Implicitly, most analyses seem to predict the emergence of a cohesive defence-industrial base and common defence market regulated by the EU. Faced with such a scholarly consensus about the future of European armaments organizations, it might be asked whether anything can be added to the subject? This article answers in the affirmative by arguing that a narrow focus on institutions tied to the EU has led scholars to misapprehend the long-term and incremental dynamics that have driven the development of armaments organizations on both a transatlantic and European basis for the past six decades.

Despite their theoretical diversity, prior analyses of armaments organizations all err in their focus on recent organizations of a European character. In fact, certain scholars make the 'recent development of European cooperation on armaments' an implicit precondition for their analysis of what they believe to be an 'emerging organizational field'.⁴ This emphasis has led, not unnaturally, to developments in this sector being explained in terms of broader trends in European integration. However, European States' participation in international

¹ S. Jones, *The Rise of European Security Cooperation* 136–180 (Cambridge U. Press 2007).

² T. Guay, *At Arm's Length: The European Union and Europe's Defence Industry* (St. Martins 1998); and T. Taylor, *Defence Industries in International Relations*, 16 *Rev. of Intl. Stud.* 1, 59–73 (1990).

³ J. Batora, *European Defence Agency: A Flashpoint of Institutional Logics*, 32 *W. Eur. Pol.* 6, 1075–98 (2009); U. Mörth, *Organizing European Cooperation. The Case of Armaments* (Rowman & Littlefield Publishers 2003), *passim*; and U. Mörth & M. Britz, *European Integration as Organizing: The Case of Armaments*, 42 *J. Com. Mkt. Stud.* 5, 957–73 (2004).

⁴ Mörth & Britz, *supra* n. 3, at 962.

armaments organizations is neither a recent phenomenon nor one that has historically been rooted in broader processes of European integration.

In fact, European States have worked to create and improve international armaments organizations on a continuous basis since 1949. Moreover, the institutional context of these organizations has shown a remarkable diversity over time. Table 1, below, illustrates the key armaments organizations that will be examined.⁵

Table 1 International Armaments Organizations (1949-present)

| | | | | | |
|--------------------------------------|------------|-------------|-----------|-----------|-----------|
| 1949-51 MPSB | | | | | |
| 1951-52 DPB | | | | | |
| 1951-1952 TCC | | | | | |
| 1951-59 MSA | | 1959-95 MAS | | 1995 NSO | |
| 1953 FINABEL | | | | | |
| 1954-58 DPC | 1958-66 AC | 1966 CNAD | | | |
| 1955-90 Standing Armaments Committee | | | | | |
| 1958-64 NMSSS | 1964 NAMSA | | | | |
| 1968-94 NATO Eurogroup | | | | | |
| 1972-92 IEPG | | | | | |
| 1992-05 WEAG | | | | | |
| 1996-05 WEAO | | | | | |
| 1996 OCCAR | | | | | |
| 1998 LOI | | | | | |
| 2005 EDA | | | | | |
| 1950-1959 | 1960-1969 | 1970-1979 | 1980-1989 | 1990-1999 | 2000-2009 |

Prior to 2004, none of the organizations enjoyed an institutional connection to the EU (or European Economic Community (EEC)). Instead, armaments organizations were either constituted on an ad hoc basis between European States or embedded in the broader institutional contexts of the North Atlantic Treaty Organization (NATO) or the Western European Union (WEU).

⁵ The acronyms in the table refer to the following organizations: Military Production and Supply Board (MPSB); Defense Production Board (DPB); Temporary Council Committee (TCC), Military Standardisation Agency (MSA); Military Agency for Standardisation (MAS); NATO Standardisation Organisation (NSO); Defence Production Committee (DPC); Armaments Committee (AC); Conference of National Armaments Directors (CNAD); NATO Maintenance and Supply Service System (NMSSS); NATO Maintenance and Supply Agency (NAMSA); Independent European Programme Group (IEPG); Western European Armaments Group (WEAG); Western European Armaments Organization (WEAO); Organisation Conjointe de Coopération de Martièrès d'Armement (OCCAR); Letter of Intent (LoI); and European Defence Agency (EDA).

By examining the development of European and transatlantic armaments organizations prior to the EDA, this article sheds new light on how this domain of international organization emerged and is likely to develop. Using new data on hitherto under-studied organizations, it answers the following questions.⁶ What motivated States to form armaments organizations? How were these organizations organized and why did States choose to endow them with radically different mandates, membership rules and administrative resources? What impact did supranational (i.e., the European Commission or Parliament) or non-State (corporate) actors have in this process? To what degree did prior institutional developments shape the incentive structure facing the architects of future organizations?

Ultimately, a better understanding of European armaments cooperation is crucial for discerning the EU's future international posture. Great powers have long sought self-sufficiency in the production of armaments. Often, the drive to defence-industrial self-sufficiency was associated with interrelated diplomatic, military and economic considerations. Because arms exporters can manipulate deliveries to coerce importers into supporting their foreign policies, defence-industrial autonomy is often considered a prerequisite for a State to conduct an independent foreign policy. As a corollary, dependence on exports was associated with a degree of subordination to producing States.⁷

Judged by aggregate statistical data alone, defence-industrial strength should constitute one of the EU's comparative advantages vis-à-vis other international actors. Indeed, the EU members' combined defence procurement budget of US Dollars (USD) 43 billion is second only to that of the US (USD 140 billion) and significantly exceeds those of other great powers, such as China (USD 26 billion), Russia (USD 16 billion) and Japan (USD 9 billion).⁸ Moreover, European arms industries have historically been amongst the world's most competitive and EU Member States comprise seven of the world's ten principal arms exporters.⁹ Nevertheless, Europe's future as an arms producing region is far from assured.

Rather than comprising a single market and cohesive defence-industrial base, European defence procurement spending is still largely fragmented amongst twenty-seven distinct Member States, most of which lack the domestic scale- and scope-economies needed to efficiently produce high technology weapons

⁶ To shed new light on the development of early armaments organizations, this article draws extensively on documents from the National Archives (TNA) of the UK.

⁷ K.S. Chen, *L'Economie armée* (Payot, 1940).

⁸ L.R. Jones et al., *Financing National Defense: Policy & Process*, 405–10 (Info. Age Press 2012).

⁹ These seven European exporters collectively account for 30% of global-arms transfers. Stockholm Intl. Peace Research Inst., *International Arms Transfers*, <http://www.sipri.org/yearbook/2012/06> (accessed Oct. 2012).

systems.¹⁰ To make matters worse, technological developments have propelled increases in the cost of major weapons systems at a rate of 6%–10% per annum since the Second World War, which has outpaced European States' sustained economic growth rates of 2% per year.¹¹ Over time, this gap between escalating weapons costs and economic growth has undermined EU Member States' ability to autonomously produce their own armaments.¹² As a consequence, Europe's future military autonomy arguably depends on EU Member States' ability to forge a common defence market and defence-industrial base out of their disparate national industries and markets.

To better understand the likely evolution of European cooperation in this domain, it is necessary to examine the long-term dynamics – stretching back to the early Cold War – that have shaped the creation and evolution of European armaments organizations. Because the cases examined have been neglected in accounts of the recent growth of armaments collaboration within the EU, this analysis employs a methodology that is empirically driven and inductive, rather than theoretically driven and deductive. Such an approach is particularly appropriate for examining this field because armaments organizations lie at the intersection of international relations' traditional distinction between low and high politics, meaning that most existing theoretical models are likely to apply imperfectly to this domain.¹³ Nevertheless, providing answers to these questions will contribute to the development of analytic frameworks capable of accounting for the long-term development of international armaments organizations.

To preview its conclusions, this study demonstrates that a changing mixture of security and economic factors drove the development of armaments organizations. While the creation of the first organizations was motivated by security concerns, economic considerations have dominated the process since the 1960s. This finding, that transatlantic security collaboration has coexisted for fifty years with defence-industrial competition between the US and Europe, renders it difficult to explain the EDA in terms of 'soft balancing'. While the factors motivating the creation of armaments organizations have changed, shifting interests and adaptive learning led States to create radically different organizations at distinct periods of

¹⁰ J. Mawdsley, *European Union Armaments Policy: Options for Small States?* 17 *European Sec. 2*, 367–85 (2008).

¹¹ J-P. Hébert, *Production d'armement: Mutation du système français*, 147–65 (Documentation française, 1995); and D. Kirkpatrick, *Trends in the Costs of Weapon Systems and the Consequences*, 15 *Defence & Peace Econ. 3*, 259–73 (2004).

¹² R. Bitzinger, *Towards a Brave New Arms Industry?* (Oxford U. Press 2003).

¹³ R. Keohane & J. Nye, *Power and Interdependence: World Politics in Transition* (Little, Brown & Co. 1977).

time. Early organizations were transatlantic in membership, possessed narrow mandates and approached their tasks in an ostensibly technical manner. In the 1960s, the nature of new organizations changed along with the reasons for their creation. Henceforth, new European organizations emerged that were little more than forums for consultation. Most recently, European States created a new breed of armaments organizations that combine the broad mandates and inter-governmental nature of previous organizations with larger central staffs.

Despite the changes in the dynamics driving new organizations, armaments organizations that fulfilled their mandates expanded over time, rather than being dissolved or Europeanized. Thus, logistics and weapons standardization are likely to remain institutionalized within a NATO context, while underdeveloped fields, such as research collaboration or multinational project guidelines will probably evolve within a European framework. The result is likely to be a polycentric armaments architecture, rather than a simple 'Europeanization' and 'Brusselization' of the domain.

2 THE TRANSATLANTIC DAWN OF ARMAMENTS ORGANIZATIONS

Although alliances are an ancient phenomenon, the origins of international armaments organizations are to be sought in the Cold War. Given the absence of prior attempts to create international armaments organizations, what explains their sudden emergence? What was the nature of these early institutions and their achievements? The following pages examine these issues, concluding that the combination of an overwhelming Soviet military threat and a powerful American ally drove Western European and North American States to develop armaments organizations that were functional in nature and specialized in providing specific near-term security benefits.

In the late 1940s, Western Europe was ill-prepared to confront the challenge posed by the Soviet Union. Although the US possessed greater resources, its leaders viewed a rearmed Western Europe as essential to Western security. This combination of European security needs and the US's willingness to invest in transatlantic institutions gave rise to the first international armaments organizations shortly after the North Atlantic Treaty was signed in 1949. As NATO's first Secretary General, Hastings Ismay, put it, the alliance's effort to internationally integrate and standardize the production of armaments constituted 'an entirely new field of co-operation between sovereign countries.'¹⁴

¹⁴ H. Ismay, *NATO: The First Five Years, 1949-1954*, at 130 (Bosch-Utrecht 1954).

Early progress in this field was facilitated by the US's provision of money and technological information to Western Europe's moribund defence industries. As early as October 1949, the US's Mutual Defense Assistance Act (MDAA) transferred technological information and set aside USD 155 million to support European defence industries.¹⁵ This unilateral aid gave American policymakers a disproportionate ability to shape transatlantic armaments institutions. However, the gravity of the problem they faced prompted the US and its allies to favour 'functional' organizations designed to quickly achieve concrete results. Within this context, the defining characteristics of early armaments organizations were: (1) their narrow mandates, which suited them to addressing a specific problem or set of problems; (2) their effort to treat armaments questions in a technical (i.e., non-political) fashion; and (3) the fact that they were organized separately from one another, despite their being embedded in a common transatlantic framework.¹⁶

The forerunner of these institutions, the Military Production and Supply Board (MPSB), was established in 1949. The MPSB was set up:

[To] insure that, insofar as feasible, the military production and procurement program supports defence plans effectively. The Board shall also work in close co-ordination with the military bodies on the promotion of standardization of parts and end products of military equipment, and provide them with technical advice on the production and development of new or improved weapons.¹⁷

The MPSB consisted of a small London-based secretariat, a Committee of national delegates, and an array of ad hoc working groups. In 1950, the MPSB was renamed the Defense Production Board (DPB) and reinforced by a larger staff and an influential director drawn from industry.¹⁸

Although the MPSB (and DPB) effectively served as a forum for States to exchange information on their rearmament programs, the organization was unable to keep pace with developments following the onset of the Korean War. Driven by

¹⁵ L. Kaplan, *The Long Entanglement: NATO's First Fifty Years*, 48–54 (Praeger 1999); and R. Pasley & J. TeSelle, *Patent Rights and Technical Information in the Military Assistance Program*, 29 *L. & Contemp. Probs.* 2, 566–590 (1964).

¹⁶ J. Sewell, *Functionalism and World Politics: A Study Based on United Nations Programs Financing Economic Development* (Princeton U. Press 1966).

¹⁷ North Atlantic Council, *Final Communiqué: The Council establishes a Defence Financial and Economic Committee and a Military Production and Supply Board* (Nov. 18, 1949).

¹⁸ A. Masson, *Le Cadre institutionnel de la coopération en matière d'armement en Europe*, in *Histoire de la coopération européenne dans l'armement*, 186–187 (J. Hébert & J. Hamiot eds., C.N.R.S Histoire, 2004); R. Connery & P. David, *The Mutual Defense Assistance Program*, 45 *Am. Political Sci. Rev.* 2, 335–338 (1951); and Ismay, *supra* n. 14, at 339.

the war, NATO procurement expenditures climbed from USD 3 billion to USD 25 billion between 1949 and 1953.¹⁹ Because the US was engaging in its own build-up, it was unable to satisfy Western European demands for modern weaponry.²⁰ This meant that European factories would have to satisfy local military requirements.

However, European industries were technologically heterogeneous and produced equipment to a bewildering variety of national standards. To make matters worse, uncoordinated expenditures on rearmament generated inflationary pressures, which threatened Europe's economic recovery.²¹ By September 1951, European policymakers recognized 'the fundamental problem of the contrast between the economic realities... and the military requirements'.²²

To render Europe's rearmament more efficient, NATO leaders decided in September 1951 to create a temporary committee under NATO's political executive, the North Atlantic Council.²³ The Temporary Council Committee (TCC), whose existence was not destined to exceed one year, had the mission of developing 'recommendations on economy measures to reduce costs of creating and maintaining recommended military requirements for an adequate defence of the North Atlantic area'.²⁴

To achieve meaningful results in a short time, NATO forsook consensual decision-making and instead entrusted the TCC to a troika of senior policymakers.²⁵ The so-called three wise-men of the TCC – Averell Harriman (former administrator of the Marshall Plan), Jean Monnet (architect of the European Coal and Steel Community) and Edwin Plowden (former chief of the UK's Ministry of Aircraft Production) – attacked their task boldly and developed a methodology for assessing the rearmament efforts of individual states.²⁶ Ratified at the 1952 Lisbon Conference and enshrined in NATO's ongoing process of annual reviews, the techniques pioneered by the TCC still provide the basis for systemic comparisons of States' defence-industrial achievements.²⁷

In addition to fostering systematic defence-industrial analyses, the TCC indirectly contributed to the standardization of NATO armaments. Monnet viewed the creation of common equipment standards as indispensable to the

¹⁹ Ismay, *supra* n. 14, 125.

²⁰ Connery & Davis, *supra* n. 18.

²¹ L. Gordon, *Aspects of Coalition Diplomacy-The NATO Experience*, 10 Intl. Org. 4, 533–534 (1956).

²² TNA FO 371/94122 Ottawa Telegram no. 9 to Foreign Office (Sept. 17, 1951).

²³ H. Hammerich, *Jeder für sich und Amerika gegen alle? Die Lastenteilung der NATO am Beispiel des Temporary Council Committee, 1949-1954* (Oldenbourg, 2003).

²⁴ TNA FO 371/94210 Organisation for European Economic Cooperation, Paris (United Kingdom Delegation) to Foreign Office (Oct. 8, 1951).

²⁵ TNA FO 371/94210 Ottawa Telegram no. 36 to Foreign Office (Sept. 20, 1951).

²⁶ TNA FO 371/94122 Ottawa Telegram no. 9 to Foreign Office (Sept. 17, 1951).

²⁷ Gordon, *supra* n. 21, 538–539.

Alliance's effectiveness.²⁸ In response to Monnet's suggestions, NATO created a new functional organization, the Military Standardization Agency (MSA) in early 1952. Comprised of boards specialized in terrestrial, naval and aeronautical matters, and a host of issue-specific working groups, the MSA achieved notable results in a relatively short period of time.²⁹ By 1956, over 400 standardization agreements (STANAGs) had been ratified.³⁰ Some of these agreements, such as the adoption of common calibers of ammunition and the standardization of fuel compositions, contributed substantially to interoperability within the alliance and played a disproportionate role in integrating hitherto segregated defence markets.

While the MSA focused on small equipment components, other bodies concentrated on convincing European States to jointly produce future weapons systems. NATO efforts to standardize major weapons systems began tentatively under the DPB, but gathered force under an organization initially known as the Production and Logistics Division (subsumed into the Defense Production Committee [DPC] in 1954, which was renamed the Armaments Committee in 1958). This organization elaborated economically liberal proposals for the joint production of major weapons systems.³¹ In theory, once NATO States agreed on common military requirements (termed NATO Basic Military Requirements or NBMRs), Member States' corporations would be invited to submit bids. Then, an international committee would objectively evaluate industry's propositions and select the most cost-effective product for production.

Elegant in principle, joint procurement proved contentious in practice. Because defence industries were influential actors in domestic economies, it was politically difficult for States to purchase foreign equipment that proved superior to domestic alternatives.³² Many countries opted out once their domestic industries had been eliminated. For example, although France and the United Kingdom submitted aircraft to the lightweight fighter competition, they withdrew once the Italian design (the FIAT G.91), was selected.³³ Likewise, the British and French refrained from participating in many of the joint missile projects after American designs won.³⁴

²⁸ TNA FO 371/94210, E. Roll, United Kingdom Delegation to O.E.E.C. (Oct. 1, 1951).

²⁹ J. Huston, *One for All: NATO Strategy and Logistics through the Formative Period (1949-1969)*, at 220–222 (Delaware U. Press 1984).

³⁰ TNA FO 371/124872 M.R.: Starkey, WU Department (Dec. 14, 1956).

³¹ Huston, *supra* n. 29, at 192–193.

³² A. Moravcsik, *Double-Edged Diplomacy: International Bargaining and Domestic Politics*, 128–167 (P. Evans et al. eds., U. Cal. Press 1993).

³³ Huston, *supra* n. 29, at 194–195.

³⁴ *Ibid.*, 200–03.

However, initially at least, two factors paved the way for several successes of collaborative procurement. On the one hand, the security environment of the early 1950s was so threatening that NATO States were willing to sacrifice domestic economic interests in the name of combat effectiveness. On the other hand, American economic assistance, provided via the Mutual Weapons Development Program (established in 1953) enhanced the incentives to collaborate by financing approximately 36% of the total costs of successful projects.³⁵ Within this context, several projects reached production, including an Italian lightweight fighter (the FIAT G.91), a French anti-submarine aircraft (the Breguet Atlantic), and American designed jet interceptors (the F-104) and missiles (the HAWK, Bullpup and Sidewinder).³⁶

As NATO States acquired increasingly common weaponry, it became attractive for them to maintain equipment via a collective logistics organization.³⁷ Within this context, NATO States founded the NATO Maintenance and Supply Service System (NMSS) in 1958 with the mission 'to maximize in times of peace, crisis and war the effectiveness of logistics support to armed forces of NATO States and to minimize costs'.³⁸

Although the NMSS would eventually be financed by Member States through commissions paid on contracts, the organization faced significant start-up costs, which the US assumed by providing USD 37.8 million in loans and an entrepot with 82,000 m² of stockpiling space.³⁹ To minimize the new organization's political contentiousness, the NMSS functioned via a system of Weapon System Partnerships whereby States individually specified the level of support they wished to purchase. The cost advantages of an international logistics organization soon led European States to select the NMSS to support a wide range of weapons systems.⁴⁰

In addition to NATO organizations, European States created three separate entities. The first two of these, FINBEL (later FINABEL) and FINBAIR, were the product of a French initiative suggesting that the military leaders of Western European States consult regularly on technical specifications for future weapons systems. Created in 1953 with only a small secretariat, the expectation was that these organizations' expert and non-political nature would foster consensus.⁴¹

³⁵ G. McIntyre, *The Mutual Weapons Development Program*, 40 *Mil. Rev.* 8, 49–50 (1960).

³⁶ Huston, *supra* n. 29, at 194–205.

³⁷ TNA FO 371/94122 Ottawa (United Kingdom Delegation) Telegram no. 9 to Foreign Office (Sept. 17, 1951).

³⁸ Board of Directors, *Charter of the NATO Maintenance and Supply Service System (NMSS)* (C-M (58)78) (May 21, 1958).

³⁹ E. Visine, *La NAMSA ou La Logistique 'A la Carte' 1958-1975*, 19–21 (NAMSA, 1975).

⁴⁰ Huston, *supra* n. 29, at 244–260.

⁴¹ D. Burigana & P. Delonge, *Quelles(s) Europe(s)? Nouvelles approches en histoire de l'intégration européenne*, 241–244 (K. Rücker & L. Warloutzet eds., Piet Lang 2006).

During their first years of existence, FINBEL and FINBAIR members felt the organizations had achieved ‘a considerable measure of success’.⁴²

In 1954, shortly after the creation of FINBEL and FINBAIR, NATO’s European members created the Standing Armaments Committee (SAC) within the WEU.⁴³ From its inception, the SAC was viewed as a ‘clearing house for the exchange of information and requirements leading to bilateral agreements’.⁴⁴ Despite its deliberately vague charter and small secretariat, the SAC reduced information costs by centralizing data on weapons available for purchase. Over time, the advantages of promoting domestically produced weaponry in the SAC prompted more States to share information in an increasingly forthright manner.⁴⁵

Taken as an ensemble, the 1950s were a period marked by the rapid creation of a multiplicity of armaments organizations. Created within a transatlantic framework and dedicated to improving military efficiency within narrowly delimited functional domains, these organizations were an institutional response to the Soviet threat. While the Soviet threat provided the impetus for armaments collaboration, American financial and technical assistance facilitated the rapid creation of organizations. In effect, by providing patents, technical information and USD 1.7 billion in funds to European defence industries, American policymakers acquired the leverage to steer inter-State debates about how organizations should be constituted.⁴⁶

Armament organizations were continually strengthened and performed effectively as long as the threat remained acute and the US was willing to pay disproportionate costs. During the 1950s, the accomplishments of armaments organizations could be measured in hundreds of standardization agreements ratified and over a half dozen high-profile joint projects.⁴⁷ These achievements and the activities of organizations such as FINBEL, FINBAIR and the SAC fostered an unquantifiable, yet crucial process of market integration. Equipment built around common standards and similar requirements made it easier for States to buy weapons from one another, thereby rendering national markets more contestable.

Given the conditions of their creation, the development of transatlantic armaments organizations ground to a halt as the Soviet threat declined and the

⁴² TNA FO 371/113404 Note from the French Delegation on the Manufacture of Armaments (Sept. 29, 1954).

⁴³ Council of the Western European Union, *Decision of the WEU Council establishing a Standing Armaments Committee* (May 7, 1955).

⁴⁴ TNA FO 371/124857 M.R. Starke, Standing Armament Committee (June 22, 1956).

⁴⁵ TNA FO 371/124857 Ministry of Defense, W.E.U. Standing Armaments Committee (Oct. 12, 1956).

⁴⁶ L. Kaplan, *A Community of Interests: NATO and the Military Assistance Program 1948-1951* (Office of the Secretary of Defense (OSD) Historical Office 1980); C. Pach, *Arming the Free World. The Origins on the United States Military Assistance Program, 1945-1950* (North Carolina U. Press 1991); and Ismay, *supra* n. 14, at 136–137.

⁴⁷ R. Raymond & G. Nicholson, *NATO and the SHAPE Technical Center*, 21 Intl. Org. 3, 577 (1967).

US's willingness to pay disproportionate costs waned. While perceptions of the Soviet menace were at their apogee during the early 1950s, Joseph Stalin's death and the Korean armistice led to a first lessening of tensions. Later, in the late 1950s, the availability of tactical nuclear weapons finally offered a plausible means to halt a Soviet offensive. Within this context, the Berlin and Cuban crises of 1958 to 1962 confirmed the existence of a nuclear stalemate, whereby deterrence prevented adventurism.⁴⁸

After this point, the US only contributed money to projects based on unique physical principles and European States became increasingly unwilling to sacrifice domestic business interests. The institutional problems experienced by armaments organizations led diplomats to conclude that the NMSSS and SAC were in 'a state of crisis' and that standardization work within the MSA had slowed. Meanwhile, the only joint procurement program during this period – NATO's Vertical and Short Take-Off and Landing (V/STOL) fighter – collapsed shortly after the British prototype won the design competition.⁴⁹ Recognizing the changing circumstances, NATO abolished the practice of issuing NBMRs in 1966 and its Armaments Committee ceased promoting joint projects.

In short, the creation of functional armaments organizations was prompted in the 1950s by an imminent security threat and facilitated by the disproportionate resources committed by a hegemony (i.e., the US). However, when the dynamics that fostered arms organizations waned, their institutional development faltered. Although some of the most successful NATO armaments organizations, such as the MSA and NMSSS, survived, many others lapsed into obscurity. Even non-NATO organizations, such as FINABEL, suffered as political leaders became increasingly unwilling to make defence-industrial decisions on military criteria alone.⁵⁰ As neither threat perceptions nor American predominance subsequently reached the levels attained in the 1950s, any future development in international arms organizations would have to be guided by different principles.

3 FROM ATLANTIC FUNCTIONALISM TO EUROPEAN FORUMS

Ironically, in the 1960s transatlantic commercial competition superseded the East-West military confrontation as the primary factor motivating the creation of international armaments organizations. Faced with seemingly unbeatable

⁴⁸ For an insightful examination of this period, see TNA PREM 11/4791 Burke Trend to Prime Minister, *International Affairs* (Mar. 26, 1964).

⁴⁹ R. Hooper, *Sydney Camm and the Hurricane 175–200* (J. Fozard ed., Smithsonian 1991).

⁵⁰ D. Burigana & P. Delonge, *Pourquoi la standardisation des armements a-t-elle échoué dans les années 1950? Elements de réponse et pistes de réflexion autour d'un cas: Le Comité FINABEL*, 51 *Entreprise et Histoire*, 103–157 (2008).

commercial competition from the US, European States had a common interest in coordinating defence-industrial policymaking on a wide range of issues. As a consequence, the organizations they established were endowed with extensive mandates and became progressively more European, rather than transatlantic, in character. However, differences amongst European States led to these armaments organizations being starved of administrative resources and reduced to little more than forums for consultation.

Thanks to American technical transfers and high defence spending, European States' defence industries had recovered a high degree of competence by the late 1960s. Weapons such as the French Mirage III fighter, German Leopard 1 tank and British Bloodhound missile were technically equivalent to the best American products. However, with Stalin dead, Korea at peace and tactical nuclear weapons plentiful, NATO members felt less threatened. As a consequence, in many States defence spending as a proportion of GDP dropped by 50% from the heights of the 1950s to the new equilibriums of the 1960s.⁵¹

Defence contractors on both sides of the Atlantic sought to compensate for the decline in domestic demand by exporting armaments. For the US, this transformation occurred progressively between 1958 and 1963. Whereas the American government had previously prohibited its defence industries from pursuing direct sales in Europe, it lifted restrictions on competing for NATO contracts in 1958. Once John Kennedy's administration succeeded that of Dwight Eisenhower, the American government went further and began actively promoting arms sales.⁵²

American commercial competition posed a grave challenge for European defence contractors. Benefitting from greater research expenditures and larger production runs, American companies fielded new products more rapidly and at cheaper prices.⁵³ Contemporary analyses estimated that, all other things being equal, new American weapons entered service a year earlier than European equivalents and undersold them by at least 20%.⁵⁴ To make matters worse, protectionist policies, such as the 'Buy American Act', thwarted European efforts to sell weapons to the US even when their products were competitive.

Large European States started to realize that they needed to collaborate on a European basis in order to compete commercially with the US. In 1965, the British government's commission on the aviation industry concluded that the

⁵¹ N. Hooper, *The Future of the Defence Firm: New Challenges New Directions* 60–61 (A. Latham & N. Hooper eds., Kluwer Academic Publishers 1995).

⁵² E. Vandevanter, *Coordinated Weapons Production in NATO: A Study of Alliance Processes* 62–72 (Research ANd Development Corporation 1964).

⁵³ By the late-1970s, the United States had spent between two and four times as much annually as all of Western Europe combined on weapons procurement.

⁵⁴ E. Cohen, *The Perils of Common Sense*, 31 *For. Policy*, 77–78 (1978); and Vandevanter, *supra* n. 52, at 64.

only alternative to buying American military aircraft was to multilaterally develop them on a European basis.⁵⁵ French and German policymakers came to similar conclusions in 1963 and explored institutionalized bilateral armaments collaboration within the context of the Elysée Treaty.⁵⁶

The first attempts to increase structural collaboration on a Western European basis occurred in 1968 with the creation of NATO's Eurogroup. Although the impetus for Eurogroup ostensibly came from American calls for increased European participation in NATO's defence burden, the organization quickly became a forum for European States to collaborate on improving the competitiveness of their defence contractors.⁵⁷ Eurogroup's first official publication emphasized this goal, stating, 'European Ministers have always seen the procurement of defence equipment—with its successive stages of research, development, production, acquisition and subsequent support—as a very important field for collaboration to cut costs and improve efficiency.'⁵⁸

However, Eurogroup's members were deeply divided on how to meet the American commercial challenge. Whereas large States favoured creating European industrial consortia to build major weapons systems, small States were more interested in concluding off-set agreements with whichever corporations, American or European, offered the best conditions. Meanwhile, States also differed on the degree of anti-American protectionism they considered prudent.⁵⁹ Taken as an ensemble, discordant national interests produced a dynamic that one British diplomat characterized as 'competitive, rather than collaborative'.⁶⁰ To make matters worse, France's refusal to participate in an organization embedded in NATO further undermined Eurogroup.⁶¹

Cognizant of their divisions, Eurogroup's members refused to endow the organization with the sort of international staff that might have steered the organization in one direction or another.⁶² The absence of dedicated institutional resources meant that Eurogroup's progress was limited to what could be achieved at its members' regular meetings and those of a variety of specialized sub-groups. As a forum, Eurogroup enabled members to compare their schedules for replacing weaponry and identify opportunities for collaboration. Within this context,

⁵⁵ TNAT 225/2685 Committee to Redecide the Aircraft Industry (Feb. 1, 1966).

⁵⁶ G-H. Soutou, *L'Alliance incertaine: Les rapports politico-stratégiques franco-allemands 1954-1996*, 246–247 (Fayard, 1996).

⁵⁷ P. Schlotter, *Armaments Cooperation in Western Europe*, 10 Sec. Dialogue 1, 47–56 (1979).

⁵⁸ *The Eurogroup* (The NATO Information Service, 1972).

⁵⁹ S. Kirby, *The Independent European Programme Group: The Failure of Low-Profile High-Politics*, 184 J. Com. Mkt. Stud. 180–84 (1979).

⁶⁰ TNA FCO 41/1347, *The Future of Eurogroup* (1973).

⁶¹ Schlotter, *supra* n. 57, at 52.

⁶² Kirby, *supra* n. 59, at 182.

Eurogroup's greatest achievement lay in the code of 'best practices' it drafted to govern ad hoc collaborative weapons projects.⁶³

By 1976, Eurogroup's shortcomings prompted its members to establish a new organization, the Independent European Programme Group (IEPG), entirely independent from NATO. The IEPG was endowed with an extensive mandate to encourage research and development collaboration, equipment standardization, and the creation of a cohesive European defence-industrial base.⁶⁴ To achieve these objectives, it was organized into panels on equipment planning, project coordination and defence economics, but possessed only a miniscule secretariat of five individuals operating out of Lisbon.⁶⁵

From the IEPG's inception, European Statesmen articulated its mission as protecting European defence industries from a commercial threat that implicitly came from the US. For example, in 1978 defence procurement directors announced that 'cooperation under IEPG auspices might preserve European [industrial] capabilities that would otherwise be lost'.⁶⁶ When American policymakers pushed for NATO States to collectively purchase the most cost-effective weapons available on the market, Europeans responded through the IEPG with their demand for politically-negotiated large scale reciprocal purchases of major weapons.⁶⁷

Despite a broad consensus that European cooperation was necessary to respond to American commercial competition, systemic differences amongst European States prevented the organization from accomplishing much.⁶⁸ In 1984, European Statesmen introduced two procedural initiatives to reinvigorate the IEPG. First, the IEPG began convening regular meetings of European defence ministers. Second, to foster a more cooperative relationship with corporate actors, the IEPG granted an umbrella group representing defence industries, the European Defence Industrial Group (EDIG), official advisory status.⁶⁹

Recognizing the need to achieve greater progress towards a more coherent European defence market, IEPG defence ministers also mandated the former Dutch Defence Minister and European Commissioner Henk Vredeling to spearhead a commission to elaborate 'The European Defence Industry Study.' Completed in 1987, this study served as the basis for the so-called 'Action Plan on

⁶³ *Ibid.*, 177.

⁶⁴ R. Matthews, *European Armaments Collaboration. Policy, Problems and Prospects* 63 (Routledge 1992).

⁶⁵ Interview with Hilmar Linnenkamp, former Deputy Chief Executive of EDA (Mar. 17, 2010).

⁶⁶ TNA FCO 47/1746, Sixth Meeting of the Independent European Programme Group in National Armaments Directors Session, Report To Undersecretaries of State (Oct. 12, 1978).

⁶⁷ R. Dean, *The Future of Collaborative Weapons Acquisition*, 21 *Survival* 4, 155–163 (1979).

⁶⁸ Schlotter, *supra* nn. 57, 54.

⁶⁹ H. Bauer, *Restructuring of Arms Production in Western Europe* 40–41 (M. Brozoska & P. Lock eds., Oxford U. Press 1992).

a Stepwise Development of a European Armaments Market' adopted by the IEPG in November 1988.⁷⁰ The Action Plan argued for far-reaching measures such as the gradual opening of national markets to intra-European competition and revising the concept of *juste retour*, meaning to loosen the principle of proportionally distributing production shares among States in cross-border projects.

Considering the economic impact of defence industries, which employed 1.2 million Europeans at the end of the Cold War, it was only natural for the continent's premier economic organization, the EEC, to attempt to provide direction for this sector. In theory, Article 223(b) of the 1957 Rome Treaty constituted a serious obstacle to the EEC's supranational authorities (the Commission and Parliament) intervening in the arms trade. However, dual-use technologies were increasingly blurring distinctions between civilian and military products.⁷¹

In 1975, the Commission seized on the increasingly porous boundary between civilian and defence aerospace activities to argue that it needed to regulate defence aerospace projects in order to provide direction for Europe's civil aerospace industries.⁷² Meanwhile, Parliament attempted, on two occasions, to expand the EEC's competence on defence-industrial matters. The Klepsch Report of 1978 pushed for the creation of a European arms procurement agency and the Fergusson Report of 1983 called for an EEC-regulated pan-European arms market.⁷³ European governments rejected these tentative supranational incursions into a domain that States still consider their exclusive purview.

In sum, the period stretching from the 1960s until the end of the Cold War can be characterized as one when the locus for the creation of new organizations shifted from the Atlantic to Europe, and the motivation for their establishment changed from security politics to economics. Despite the fact that this Europeanization of armaments organizations coincided with the development of the EEC, States rebuffed the efforts of supranational actors to extend their influence over the production of arms. In terms of institutional design, the broad mandates and miniscule secretariats of the organizations that emerged during this period rendered them little more than forums for consultation.

⁷⁰ *Ibid.*

⁷¹ D. Eisenhut, *Europäische Rüstungskooperation. Zwischen Binnenmarkt und zwischenstaatlicher Zusammenarbeit* (Nomos, 2010).

⁷² Kirby, *supra* n. 59, at 185.

⁷³ Guay, *supra* n. 2, at 45.

4 REINFORCING INTERGOVERNMENTALISM AFTER THE COLD WAR

As the Cold War drew to a close, a complex polycentric architecture of international armaments organizations had emerged in Europe. Certain functions, which had been successfully institutionalized in the 1950s, remained embedded in NATO organizations. However, transatlantic commercial competition led to more recent organizations being fostered on a Western European basis. In terms of institutional design, the post-Cold War era marked a shift from organizations that were little more than forums for consultation, to organizations with stronger central authorities. With States still unwilling to cede authority to the European Commission or Parliament, this development can more properly be described as a move towards *reinforced intergovernmentalism*, than a step in the evolution of supranational armaments organizations.

With the disappearance of an existential threat, Europe and the US dramatically reduced their defence spending. In Europe, this rendered it increasingly difficult for individual States to domestically achieve the economies of scale necessary to produce most weapons. Meanwhile, faced with a recession, the US began promoting weapons in markets where they hitherto refused to sell for political reasons.⁷⁴ This increased competition for third-country markets threatened the very viability of European defence industries. As a former French defence procurement chief opined, ‘The Americans... have waged economic warfare in recent years. Several years ago there was competition, but not economic war... the Americans have decided that any means are acceptable for eliminating European... industry.’⁷⁵ To make matters worse, the US’s principal defence contractors embarked on a wave of mergers, which produced conglomerates far larger than Europe’s embattled national champions.⁷⁶

Although European armaments collaboration had made substantial progress since 1949, European industry appeared unprepared for exacerbated competition with American mega-contractors.⁷⁷ One reason for Europe’s malaise was that the advantages theoretically attainable through multinational weapons programs had rarely been realized in practice. Diverse national budgeting, contracting and requirements setting processes generated administrative friction on the international level. Production processes determined on the basis of *juste retour*, resulted in unqualified companies producing critical components. Finally, the

⁷⁴ R. Grant, *Transatlantic Armament Relations Under Strain*, 39 *Survival* 1, 112–13 (1997).

⁷⁵ Y. Sillard, *Point de Vue: L’Avenir de l’Industrie d’Armement*, 19 *Relations Internationales et Stratégiques* (1995).

⁷⁶ A. Markusen, *The Rise of World Weapons*, 114 *For. Policy*, 40–51 (1999).

⁷⁷ J. Caverley, *United States Hegemony and the New Economics of Defense*, 16 *Sec. Stud.* 4, 606–07 (2007); and Taylor, *supra* n. 2, at 61–62.

absence of equity relationships between corporations meant that they remained commercial adversaries at the same time as they collaborated on specific products.⁷⁸

Resolving these problems became an urgent priority in the 1990s. Because only large European States were generally involved in concurrent collaborative projects and wanted to retain comprehensive defence-industrial bases, they negotiated amongst each other to create an organization that would reform *juste retour* and streamline collaborative processes. The first steps occurred at Franco-German meetings in 1994 and, in 1996, Germany, France, the United Kingdom and Italy united to create the *Organisme Conjointe de Coopération en Matière d'Armement* (OCCAR).⁷⁹

In many respects, OCCAR's design reflected both new competitive pressures and lessons learned within the framework of past organizations. Since the 1960s it had been recognized that the voting principles of unanimity and 'one-state-one-vote' impeded armaments collaboration in situations where States made vastly unequal contributions to individual programs.⁸⁰ OCCAR addressed this problem, first, by initially restricting membership to four large States and, second, by exploring flexible decision-making processes.⁸¹

OCCAR's design also reflected its architects' views about the environment and resources needed to achieve large States' objectives. To better control the organization, OCCAR members deliberately separated it institutionally and physically (by locating it in Bonn) from the EU and NATO.⁸² However, it was also felt that OCCAR needed more administrative resources than either Eurogroup or the IEPG. For this reason, OCCAR was endowed with a large permanent secretariat of 48 personnel, which would hopefully enable the organization to systematically identify 'best practices' and provide managerial and contractual advice on individual projects.⁸³

At the same time as large States established a new organization, existing NATO organizations discovered a new vitality. Although commercial competition between Europe and the US ruled-out the creation of new major transatlantic organizations, functions long embedded in NATO continued to be implemented by transatlantic, rather than European, bodies. When the end of the Cold War

⁷⁸ J. Tucker, *Partners and Rivals: A Model of International Collaboration in Advanced Technology*, 45 *Intl. Org.* 1, 83–120 (1991); and N. Gnesotto, *La France et la coopération européenne*, in *Armes*, 81–83 (J-C. Victor ed., Autrement, 1985).

⁷⁹ J. Mawdsley, *Arms, Agencies, and Accountability: The Case of OCCAR*, 12 *Eur. Sec.* 3, 95–111 (2004); and Mawdsley, *supra* n. 10, at 367–85.

⁸⁰ Vandevanter, *supra* n. 52, at 28–30.

⁸¹ Mawdsley, *Arms, Agencies...*, *supra* n. 79, at 100.

⁸² *Ibid.*, 101.

⁸³ Interview with Hilmar Linnenkamp (Mar. 17, 2010); and Interview with Paul Haccuria, Head of OCCAR Public Relations (Apr. 5, 2010).

created new security challenges, and NATO was faced with the challenge of enlargement, the role of these NATO armaments organizations expanded. This was notably the case in the domains of weapons standardization and logistics.

As already mentioned, in the 1950s NATO's MSA developed an effective structure and procedural repertoire for generating transatlantic equipment standards and promoting interoperability. Renamed the Military Agency for Standardization (MAS), the organization continued functioning despite the growth of transatlantic defence-industrial competition.⁸⁴ At base, NATO's success at institutionalizing the creation of standards raised the opportunity costs of doing so on a European basis, while simultaneously providing a convenient framework for addressing the new interoperability challenges.

Therefore, when the Cold War ended, MAS was still the only international armaments organization to have achieved concrete results in this field. Now, the post-Cold War challenges of crisis management and multinational peacekeeping increased the degree of interoperability that had to be achieved and the number of States it applied to. NATO responded to this need by increasing the scope of its standardization efforts. In 1995, NATO members approved the creation of a NATO Standardization Organization (NSO), which federated the standardization efforts of MAS with those of several other bodies under the direction of an international staff.⁸⁵

Even as standardization efforts deepened, the new geopolitical environment led to a geographical diffusion of NATO standards. To begin with, Eastern European States seeking NATO membership needed to become interoperable with the Alliance's existing members, which meant purchasing or modifying equipment to NATO standards.⁸⁶ Meanwhile, the creation of the Partnership for Peace and multinational interventions in the Persian Gulf and Balkans generated pressures for non-NATO States, such as Sweden, to adopt NATO standards.⁸⁷ As NATO interoperability standards became the most common of the international arms markets, customers became increasingly reluctant to buy anything else.

At the same time as the NSO's influence spread, the scope of activities of the NATO Maintenance and Supply Organization (NAMSO) and its executive body, the NATO Maintenance and Supply Agency (NAMSA) broadened. Since its founding in 1958 (as the NMSSS), NAMSA had acquired invaluable experience

⁸⁴ K. Hartley, *Towards a European Weapons Procurement Process* (Institute of Security Studies of WEU 1997), 23.

⁸⁵ G. Ferrari, *NATO's New Standardization Organization Tackles an Erstwhile Elusive Goal*, 43 *NATO Rev.*, 33–35 (1995).

⁸⁶ M. Mertl, *Army of the Czech Republic in Achieving Interoperability with NATO*, 113–15 (NPGS MA Thesis 1998).

⁸⁷ Interview with General Christophe Keckeis, former Chief of Staff of the Swiss Armed Forces (Nov. 9, 2010).

providing cost-effective contracting for spare parts and logistics support to Member States. By the 1970s, NAMSA's efficiency was widely enough recognized that a rival body established within Eurogoup, Euro-Log, never evolved beyond the status of a discussion group.

When the Cold War ended, European States were confronted with the need to sustain military operations abroad. Because NAMSA was already a mature agency, it was only logical for it to supply European expeditionary forces. The alternative of establishing a new European organization for the same purpose would have entailed lengthy bargaining and high sunk costs. As a consequence, NAMSA's role gradually expanded from the peacetime maintenance and support of weapons to delivering food, fuel and other consumables to European troops fighting in Afghanistan. Today NAMSA is larger than ever in terms of cash flow and personnel.⁸⁸

While NATO organizations expanded on their traditional core competences and OCCAR primarily served large States' interest in improving multinational weapons projects, European policymakers increasingly felt the need for a stronger pan-European organization to foster market integration and research collaboration. In a final attempt to strengthen the IEPG along these lines, European policymakers entrusted the organization with managing a new program, the European Cooperative Long-term Initiative in Defense (EUCLID). Established in 1989 to 'increase Europe's developmental capacity in critical technology areas', EUCLID was to have served as a platform for European States to pool funds and concentrate research and development resources on priority domains.⁸⁹

However, it quickly became apparent that the IEPG's geographic remoteness (Lisbon) and meagre administrative resources rendered incapable of achieving its objectives. In 1992, European States attempted to remedy this situation by transferring the IEPG's tasks to a new organization, the Western European Armaments Group (WEAG), embedded in the WEU. After being reinvigorated in the early 1980s and successfully managing naval interventions in the Persian Gulf, the WEU benefitted from an undeniable prestige in the early 1990s. Therefore, although based on the same principles as the IEPG, it was expected that affiliation with the WEU would render the WEAG more effective.⁹⁰ The WEAG's location in Brussels also brought it closer to Europe's decision-making centres.

⁸⁸ G. Maynard, *Untangling the Web*, 46 *Defence Mgt. J.* 40–41 (2009).

⁸⁹ E. Cobble, *The Place of the Defense Industry in National Systems of Innovation* 142 (J. Reppy ed., Peace Studies Program, Cornell University, Occasional Paper 25, 2000).

⁹⁰ M. DeVore, *A Convenient Framework: The Western European Union (WEU) in the Persian Gulf, 1987-88 and 1990-91*, at 18 *Eur. Sec. 2*, 227–43 (2009).

Favourable geography and the greater administrative resources provided by a permanent ‘research cell’ of seven persons enabled WEAG to manage EUCLID more efficiently than the IEPG. Nevertheless, conflicting State preferences and the unwillingness of corporations to share intellectual property reduced EUCLID to the marginal status of an ‘under-funded and under-utilized’ program that never encompassed more than 3% of European expenditures on defence research and development.⁹¹

While States hoped the WEU would infuse European armaments collaboration with a new dynamism, they also conceived of WEAG as a stepping stone to a pan-European regulatory agency. In a declaration annexed to the EU’s Maastricht Treaty (1992), WEU members committed themselves to eventually create a European armaments agency. However, by 1995 these pan-European efforts had foundered because Member States were unable to reach a compromise on either how *juste retour* could be reformed or whether Europe should apply protectionist measures against non-European defence imports.⁹²

The failure to agree on a charter thwarted efforts to create a powerful, centralized organization. As already explained, large States responded to this setback by pursuing their struggle to reform *juste retour* within the more exclusive context of OCCAR. Meanwhile, in 1996, European leaders formed the Paris-based Western European Armaments Organization (WEAO) as a more political complement to the technically-oriented WEAG. A General Manager headed the organization, while a board composed of National Armaments Directors comprised its supervising body.⁹³

Facing intense American competition, European defence corporations reacted harshly to the failure to create a European armaments agency. In fact, according to a 1992 survey two-thirds of European defence companies desired the creation of just such an organization.⁹⁴ The largest corporations lobbied explicitly for pan-European protectionism against American products. Whether championed in the form of a ‘Buy European Act’, a *préférence européenne* or ‘rules to make the EU no more or less open than the US’s’, defence industries clearly believed that only transferring the authority to regulate arms sales to the European level would shield them from American competition.⁹⁵

⁹¹ Cobble, *supra* n. 89, at 127–46.

⁹² J-P. Maulny, *L’industrie d’armement, acteur et bénéficiaire de l’Europe de la défense?*, 48 *La revue internationale et stratégique* 4, 39–46 (2002/03).

⁹³ S. Grigoleit et al., *European Defence Agency (EDA) im europäischen Kontext*, 7 (Frauenhofer Institut für Naturwissenschaftlich-Technische Trendanalysen, 2005).

⁹⁴ Ernst & Young, *Prospects for the European Land Arms Industry* (1992).

⁹⁵ T. Guay, *Interest Groups and European Union Policymaking: The Influence of Defense Industry Interests*, Paper Presented at the European Studies Association Conference (1997).

Although States originally sponsored the EDIG's creation in order to provide the IEPG with a European-level industrial partner, the EDIG now began to lobby the European Parliament to actively regulate defence industries. The EDIG pressed for the elimination of the Rome Treaty's provision excluding defence goods from the Common Market and urged the creation of a supranational armaments agency.⁹⁶ In 1997, the European Commission joined in calling for supranational regulation of defence industries.⁹⁷

Despite the increasing activism of actors based in Brussels, States insisted on pursuing a European armaments agency on a strictly inter-governmental basis. Finally, after more than a decade of negotiations, the European Council established the EDA in July 2004, explicitly giving the EU a role in defence research and development, procurement and armament policies.⁹⁸

The creation of the EDA reflected both the unsatisfactory performance of the WEAG/WEAO and the long period needed to negotiate the organization's mandate. Remaining a strictly inter-governmental organization, the EDA is managed by the High Representative for Foreign Affairs and Security Policy (formerly High Representative of CFSP), who reports directly to the European Council.⁹⁹ In its charter, the organization has been tasked with enhancing armaments collaboration, strengthening Europe's defence-industrial base, generating a competitive internal market, and fostering joint research and development.

To fulfil these tasks, the Council provided the EDA with an international staff of over 80 (today 110) personnel.¹⁰⁰ The EDA's staff, however, represents a clear case of reinforced intergovernmentalism. Although the EDA's architects recognized the need for qualified personnel, they feared the consequences of entrusting the organization to European civil servants. As a consequence, they chose to man the EDA with individuals temporarily detached from national ministries of defence.

Still facing latent divergences amongst its members and not providing over any means for overcoming them, the EDA has so far failed to liberalize European States' procurement markets or restrict access to the European market as a whole. Long-standing provisions exempting defence goods from the Common Market continue to guarantee that decisions within the sector are a national, rather than European prerogative. These fundamental realities have obliged the EDA to act as a

⁹⁶ *Ibid.*, 12–23; and Mörth & Britz, *supra* n. 3, at 964.

⁹⁷ European Commission, *Implementing European Union Strategy on Defence-Related Industries*, COM(97) 583 (1997).

⁹⁸ European Council, *Council Joint Action 2004/551/CFSP* (July 12, 2004).

⁹⁹ Bátorá, *supra* n. 3, at 1081–1085.

¹⁰⁰ Interview with Hilmar Linnenkamp (Mar. 17, 2010).

facilitator. Amongst the EDA's novel initiatives include its launching of transnational research projects for a total value of EUR 70 Million. Although involving only a miniscule proportion of Europe's overall research and development expenditure (0.7%), this development is symbolically important as it represents the first time an armaments organization has apportioned funds on the basis of competitive bidding (renouncing *juste retour*).¹⁰¹ Moreover, the agency has developed a series of Codes of Conduct and is attempting to act as a portal for European defence firms to engage in cross-border biddings. Despite the entrepreneurial attitude of its secretariat, the EDA remains what one scholar has characterized as 'an inter-governmental agency with severely limited powers heavily dependent on the willingness of the Member States to support particular initiatives'.¹⁰²

At present, it is too early to judge whether the multinational armaments organizations created after the Cold War will succeed in ways that their predecessors could not. One way States have sought to strengthen armaments organizations is tying them to broader European institutions. Thus, this period witnessed the primary responsibility for ameliorating European defence-industrial collaboration transferred successively from an ad hoc institution (the IEPG), to a long-standing European security institution (the WEU), to the Continent's premier multinational organization (the EU).

Besides changing the organizational locus for armaments collaboration, European States also strengthened armaments organizations by endowing them with greater administrative resources. The most recent organizations, the EDA and OCCAR, possess staffs (110 and 48 respectively) far larger than European predecessors, such as the IEPG (5 personnel). Nevertheless, this development is better described as a form of *reinforced intergovernmentalism*, rather than supranationalism, because the new international staffs are supplied by national governments on a rotational basis, rather than being recruited by the international organizations themselves.

5 CONCLUSION

An analysis of international armaments organizations over the long-term yields findings at odds with many analyses of recent developments of a purely European nature. By examining armaments organizations since 1949, one fact that becomes clear is the exceptional difficulty of collaborating in this domain. Because the production of armaments is fundamental to a State's military power as well as

¹⁰¹ EDA, *Defence Facts* (Brussels, Nov. 19, 2007); and Interview with Hilmar Linnenkamp (Mar. 17, 2010).

¹⁰² Bátorá, *supra* n. 3, at 1075.

integral to its economy, armaments organizations must embody characteristics of both military alliances, which aim to maximize security against common threats, and trade organizations, which seek to generate absolute economic gains for all participants. Organizing international cooperation in a field that is at once part of both the high and low politics of international relations is therefore more difficult than doing so in either individual domain. As a consequence, armaments are the economic sector where regulation at the national level remains preponderant.

Although neither international regulation nor an integrated market yet exist, sixty years of institutionalized collaboration have nonetheless born fruit. Frequently ignored in the broader narrative of the broadening and deepening of international organizations, armaments organizations have promoted agreement on common standards, facilitated cooperation on research, and provided platforms for States to share information on military requirements and the weapons they have to offer. The net result of these efforts can best be gauged by the greater contestability of national armaments markets, the increased frequency of multinational weapons projects and the economies provided by research and logistics collaboration.

The economic theory of contestable markets, which asserts that environments characterized by imperfect competition can be rendered efficient if there is a credible threat of an outside company entering the market, became applicable to European markets *thanks to* the efforts of international armaments organizations. Traditionally, incompatible national standards and the difficulty of obtaining cost and performance information rendered it difficult to procure systems abroad. By increasing the interoperability of equipment produced in Member States and providing forums for States to promote their wares, international armaments organizations have lowered these barriers to contestability. Many European States have taken advantage of this increased contestability to purchase commoditized or un-prestigious goods, such as ammunition and handguns, from foreign suppliers.

Like market contestability, the frequency of multinational armaments projects has increased as international armaments organizations evolved. Since the early days of Eurogroup, systematic inter-governmental consultations about future weapons requirements have permitted policymakers to identify opportunities for multinational projects. Once it became clear that such projects rarely achieved their technical and financial objectives, European armaments organizations served as the forum for centralizing information about improving the process by which projects were designed and managed. OCCAR's sizeable staff, legal contracting and mandate to reform *juste retour* represent the latest and most dramatic move in this direction.

However imperfect, today's reality is that European forces are equipped with weapons designed to NATO interoperability standards, which are frequently

manufactured by European consortia, managed by OCCAR and logistically supported by NAMSA.

Rather than being driven by immutable and uniform interests, today's polycentric architecture of European and transatlantic armaments collaboration is the product of historic path-dependencies and changing geopolitical, economic and organizational dynamics. Table 2, below, summarizes both the motivations behind and characters of international armament organizations have changed over time.

Table 2 Characteristics of Armaments Organizations

| | <i>Motivations for Founding Organizations</i> | <i>Membership</i> | <i>Organizational Design</i> | <i>Institutional Architecture of the Field</i> |
|------------------------------|---|-------------------|---------------------------------|--|
| <i>Phase 1: 1949-62</i> | Soviet Military Threat | Transatlantic | Functional | Transatlantic |
| <i>Phase 2: 1963-89</i> | Transatlantic Commercial Competition | West European | Forums | Polycentric |
| <i>Phase 3: 1990-present</i> | Transatlantic Commercial Competition | European | Reinforced Intergovernmentalism | Polycentric |

The first armaments organizations were transatlantic in membership and were to balance the imminent security threat posed by the Soviet Union. Although the Soviet threat did not disappear in the 1960s and NATO members continued to prepare their collective defence, a perceived reduction in the common threat exacerbated competition for defence export markets between the US and Europe. Within this context, defence-industrial rivalry with the US became and remains the primary motivation for the creation of European armaments organizations.

If European organizations were implicitly directed against the US during the Cold War, a time when the US and Western Europe were engaged in a common effort to balance the Soviet Union, then why should it be assumed that the post-Cold War evolution of these organizations is part of a strategy of balancing American hard power? Therefore, the fact that transatlantic security cooperation has long coexisted with commercial competition between European and American defence contractors bodes ill for attempts to explain the EDA in terms of 'soft balancing'.

While the motivations behind international armaments organizations have changed, so too has their institutional design. Early transatlantic organizations were designed along functional lines. Possessing limited mandates and being institutionally separate from one another, it was hoped these organizations would generate concrete benefits and avoid political complications. Once European States had to organize themselves to compete commercially with the US, they took a different approach by creating organizations with expansive mandates and limited administrative resources, which would serve as forums for negotiating agreements that took the economic and political ramifications of defence-industrial cooperation into account.

Having learned difficult lessons from forty years of institutionalized collaboration, European States applied new principles in creating the most recent wave of armaments organizations. Recognizing the inability of mere forums to achieve substantial results, recent armaments organizations added sizeable staffs to the vast mandates of their predecessors. In certain domains, such as improving collaborative weapons projects, large States acknowledged that their interests diverged from their smaller brethren. As a consequence, they innovated in creating OCCAR, whose membership is more restrictive and voting rules potentially more flexible than its predecessors.

Despite the changing design of armaments organizations, their creation and development has remained a strictly inter-governmental affair. This remains the case despite the fact that supranational and non-State actors in Brussels have long attempted to extend their influence over the field. As both neo-functionalists and partisans of 'Brusselization' predict, the Commission, Parliament and the defence industry's lobbying group (EDIG) argued that economic interdependence and dual-use technologies warranted supranational European regulation. However, since 1975, States have successfully opposed these encroachments on their authority.

While supranational and non-State actors failed to influence the development of armament organizations, path dependence has proven instrumental in shaping the field. Functions such as standardization and logistics, which were successfully institutionalized at an early date, have remained anchored in a transatlantic framework. This limited the development of subsequent European organizations to other functions, such as research cooperation and the promotion of collaborative armaments projects.

Abstracting from past dynamics, it becomes possible to ascertain the contours of future developments in this sector. Constrained by path-dependencies and the divergent interests of large and small States, armaments organizations will continue to evolve within a polycentric architecture. Because functions historically institutionalized within NATO (logistics and standardization) will probably remain

within this purview and large European States need other organizations (such as OCCAR) to resolve their particular coordination problems, the EDA's future development is likely to focus on other, residual domains. Although the resources allocated to international armaments organizations will undoubtedly grow, States can resist the encroachments of supranational bodies. The ultimate result is likely to be the continual reinforcement and refinement of organizations that will remain inter-governmental in nature.