European Defence Agency: A Flashpoint of Institutional Logics

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The European Defence Agency (EDA) works in a policy area traditionally characterised by high diversity among actors regarding basic notions of what level of integration and which principles of interaction in the defence sector are appropriate for the EU, which countries should participate in defence cooperation, and what coordination mechanisms and instruments should be used. In all these dimensions, the EDA has been a flashpoint of institutional logics representing different visions of how various aspects of defence integration in the EU should be organised. There are tensions between the logic of supranational regulation and the logic of intergovernmental networking; between the logic of defence sovereignty and the logic of pooled defence resources; between the Europeanist and the Euro-Atlanticist logic; and finally between the logics of liberalisation and Europeanisation of the defence market. Studying the ways in which the collisions of institutional logics are being accommodated by the EDA can contribute to greater understanding of the emerging political order of European defence.

While the European Union has been increasingly active in crisis management operations around the globe, the political order of defence cooperation in the EU remains ambiguous. The key issue here is not whether defence integration in the EU is appropriate, but *what kind of defence integration* in the EU is appropriate. The European Defence Agency (EDA), which has been one of the key elements in efforts to bring about more coherence and integration in defence cooperation among EU member states, has been working in a policy environment featuring competing visions of appropriate institutional arrangements – or institutional logics – regarding the political order of EU defence. This article maps out the colliding logics and discusses how they have been playing out in the EDA. It is argued that studying the evolving role of the EDA and the ways in which the collisions of institutional logics are being accommodated is helpful in identifying key characteristics of the emerging political order of EU defence.

At the time of writing, the EU member states combined had about 50,000 troops deployed in its operations outside of the EU territory. The combined

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defence spending of the EU-27 is about €200 billion per annum (Keohane 2008). Yet it is far from clear that the EU and its member states would have sufficient military equipment and technologies to allow them to operate effectively, with appropriate capabilities and in sufficient numbers.[1] Moreover, defence spending in the member states is often characterised by national priorities not coordinated with other member states in the field of research and development of new military technologies or in terms of establishment of nationally specific infrastructures for military communication. In light of these challenges, the purpose of establishing the EDA by a Joint Action (2004/551/CFSP)[2] of the Council of Ministers on 12 July 2004 was 'to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future'.

There are also important economic reasons for the establishment of the EDA. Following the end of the Cold War, employment levels in the EU defence sector had been halved and given the fragmentation into numerous national research and development programmes, European military technologies often cannot compete with North American and other products (Trybus 2006: 675–6; Witney 2008).

Finally, the creation of a European Security and Defence Identity requires at least some kind of common European defence capability as well as a European defence industry and technology development (Mörth 2000: 178). The EDA should be a facilitating factor in such an identity project.

This bundle of strategic, economic and identity-oriented tasks of the EDA has been paralleled by ambiguities related to the underlying goals and role of the Agency. There are competing visions regarding the level of integration that should be striven for and the principles of cooperation that should apply in the defence sphere in the EU. Also, there are competing ideas of which countries should participate in which defence industrial initiatives, and indeed what coordination mechanisms should be applied to foster integration and improve the overall standard of equipment and technology available to the military forces of EU member states. As will be argued below, in all these dimensions, the EDA has been a flashpoint of institutional logics representing different visions of how various aspects of defence integration in the EU should be organised.

The paper first addresses the ambiguities of the social structure of the EDA and discusses three dimensions along which the EDA experiences collisions between institutional logics. In the conclusion, the implications of the collisions for the formation of the political order of European defence are discussed.

Ambiguities of the EDA's 'Social Structure'

Agencies, just as other kinds of organisations, are affected by their respective *social structure*. Following Stinchcombe (1965: 142), social

structure denotes 'groups, institutions, laws, population characteristics, and sets of social relations that form the environment of the organization'. The social structure of an organisation (agency) can be seen as consisting of those groups, institutions and sets of social relations that pertain to its area of activity. Well-established organisations (agencies) functioning for some time are likely to have institutionalised patterns effecting their social structure in particular ways (Stinchcombe 1965). New organisations (agencies), however, are more likely to be subject to the 'liability of newness', where new roles, rules and procedures of a new organisation entering a well-established population of organisations have to be much more beneficial than the established ones before the flow of benefits outweighs the relative weakness of the new organisation. New organisations (agencies) also lack stable relationships with important external constituencies, lack bases of influence and endorsement, and indeed lack legitimacy (Baum 1996: 79). More profoundly, though, new organisations (agencies) are subject to varying and sometimes contradictory sets of expectations and notions of appropriateness relating to their role and functions. In other words, new organisations (agencies) are exposed to varying and sometimes contradictory institutional logics[3] emanating from their social structure.

The social structure of the EDA – the policy field of EU defence cooperation – has been characterised by diverging views and logics regarding basic notions of what level of integration in the defence sector is appropriate for the EU, what coordination mechanisms should apply, and which countries should participate in what initiatives (Keohane 2004; Keohane and Valasek 2008; Witney 2008). Hence, the key task with which the EDA has been charged since its founding in 2004 – bringing about more integration and coherence in European defence cooperation – is timely. Yet, in light of the current diversity in the policy environment of European defence, the key question seems to be: *what kind of integration* should the EDA be bringing about? In general, integration of diverse elements into a coherent political order evolves around at least three dimensions: a) the level of integration of a community including the principles for interactions within it; b) the notion of who are legitimate participants in a particular sphere of political life or political community; and c) notions of what coordination mechanisms and instruments are to be applied (Olsen 2007: 19–27). Integration and institutionalisation of a political order hence also entails a stabilisation of institutional logics informing actions of participants of the order. So far, though, the political order of EU defence has been weakly institutionalised and the social structure of the EDA has been featuring competing institutional logics pertaining to each of the three dimensions of the emergent political order of EU defence. To 'unpack' and operationalise the three dimensions, one can focus on an agency's organisational procedures and practices in relation to factors in each of them. First, the *level of integration and principles of interaction* can be operationalised by exploring the anchorage of an agency within the EU

pillar structure; authority relations of the agency with the EU institutions and/or member states. Second, the notion of who are *legitimate participants* can be explored by focusing on which actors are members of a given agency, as well as which actors the agency works for and with. Third, the *coordination mechanisms and instruments* can be explored by a focus on actual organisational arrangements and rules regulating interactions within the policy field in which the agency operates. A review of academic literature focusing on contributions analysing EU-level agencies and contributions on the emerging political order of EU defence reveals that there are competing institutional logics in each of the three dimensions identified here (see Figure 1).

First, in terms of the level of integration and principles of interaction, the EDA has had to deal with competing logics relating to a) its role as an EU-level agency and b) its field of expertise – defence integration. Regarding the former factor, much of the development of EU-level agencies in recent decades has been characterised by their function as supranational regulators (Gerardin *et al.* 2005; Hofmann and Turk 2006; Everson and Joerges 2006; Egeberg 2006), where the agencies have been practically dominating decision-making by expertise (Gehring and Krapohl 2007).[4] At the same time, though, most of the EC agencies are endowed with limited mandates and powers, their impact is primarily related to their ability to produce authoritative information, which enables member states to operate based on a common informational basis which in turn fosters harmonisation in policies and standards. This leaves these agencies merely with the more limited role as engines of intergovernmental networking (Majone 1996,

FIGURE 1
THE POLITICAL ORDER OF EUROPEAN DEFENCE AND THE EDA
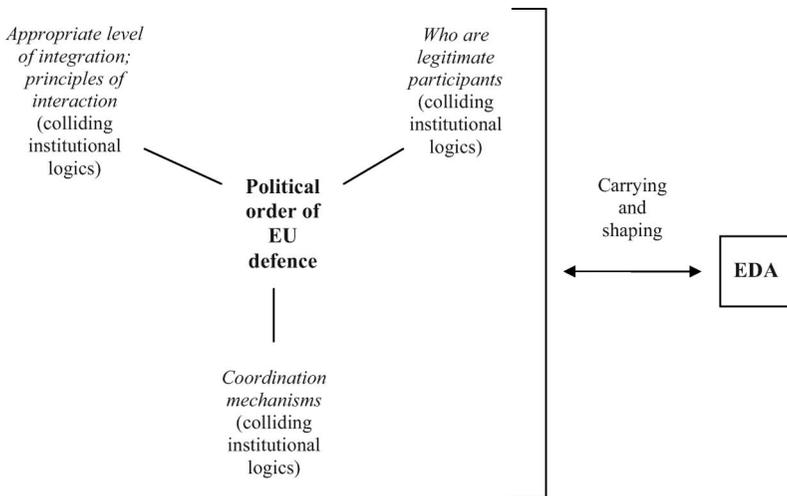
1997; Dehousse 1997; Egeberg *et al.* 2008). The role of EU-level agencies is hence informed by two different logics – the *logic of supranational regulation* and the *logic of intergovernmental networking*. In terms of empirical expectations, the former logic would imply primacy of expert negotiations and low level of autonomy from the Commission, while the latter would imply primacy of intergovernmental negotiations and high level of autonomy from the Commission. The composition of agency steering boards and procedures for appointing heads of agency might serve as empirical indicators (Kreher 1997). Furthermore, the level of integration and the principles of interaction are also contested between the traditionally pervasive *logic of defence sovereignty* which has been a key characteristic of the development of modern states in Europe (Tilly 1985; Van Creveld 1999; Bobbit 2002), and the *logic of pooled defence resources* related to functional needs of the EU as a defence actor (Wæver 1998; Cooper 2003; Smith 2004; Witney 2008; Keohane and Valasek 2008). Obviously, each of the latter two logics would imply a different role for the EDA as, on the one hand, an information provider among sovereign defence establishments, and, on the other hand, as the agency regulating the pooling of defence resources among the member states. Empirical expectations related to the former logic would as a rule involve lack of integration of defence industries of member states, high diversity of standards of military equipment and separate programmes of military R&D. Empirical expectations related to the latter logic would imply joint efforts in R&D programmes, common defence consortia and low diversity in standards of military equipment.

Second, in terms of the notions of who are legitimate participants in the political order of European defence, the EDA has been struggling to reconcile the collision between what one might call the *Europeanist logic* (Verhofstadt 2006), envisioning a EU defence based on EU member states only, and what may be termed the *Euro-Atlanticist logic* arguing for the continued usefulness of a Euro-Atlantic security community involving North American NATO allies (Deutsch 1957; Adler 1992; Gompert and Nerlich 2002; Cooper 2003; Garton Ash 2004). Empirical expectations related to the former logic imply that the key participants in the EU defence cooperation would be only EU member states, while the latter logic would foresee that NATO allies from the outside of the EU would participate in joint defence acquisition programs and similar initiatives.

Third, in terms of coordination mechanisms and instruments to be applied in integrating the EU defence order, the EDA has to negotiate the tension between two ways of ordering the EU defence market. On the one hand, there has been a tendency of opening up national defence markets of member states to producers from other member states and hence creating an intra-EU defence market (European Commission 2007: 764; Cook 2009). The empirical expectations related to the underlying *logic of Europeanisation of the defence market* here relate to the standardisation of rules for EU-based producers, joint projects involving EU-based companies only.

On the other hand, in a quest for acquiring the best available technologies, the defence establishments of member states have been looking around the global marketplace for the best offers and best available military technologies, which often leads to purchases of US-produced military equipment (Jones and Larrabee 2005; Cardinali 2007). The empirical expectations related to the underlying *logic of liberalisation of the defence market* include aspects such as the creation of multinational companies including EU-based and non-EU producers, introduction of rules and regulations creating an EU defence market open to global competition. The role of the EDA here is to foster free trade of defence-related material for the benefits of the consumers in the EU member states.

Obviously, each of the eight logics fosters the emergence of different practices and operative rationales for the EDA providing different avenues for the formation of the political order of EU defence. Table 1 summarises the points.

The next section discusses factors that have been of importance in how the EDA has been dealing with the tensions of institutional logics emanating from its social structure.

Collisions of Institutional Logics in the EDA

The policy field of defence has been exempted from the EU's single market. Military equipment acquisitions, research and development and defence industrial strategies have hence remained a more or less exclusive domain of member states. This has led to a situation in which the EU has had a fragmented set of national armaments policies and strategies, and multiple sets of rules and practices in the defence sectors of member states. Actors within the defence field in the EU have consequently had to deal with severe ambiguities in their daily decision-making. As a former General Director of Air Armament Acquisition in the Italian Ministry of Defence explained:

> I had to make decisions on the selection of systems for our armed services and I was very often confronted with the dilemma: Should I go domestic? Should I go European? Or should I open up and search the global market for what is available to best fulfill the operational needs? I believe that such a dilemma is part of the daily thinking of every acquisition director in every country. ... I found out that very often that the final solution was influenced by a mix of short-term and long-term requirements and considerations. The short-term considerations were mostly linked to the timely availability of the equipment necessary to fulfill a certain capability gap. The long-term considerations were linked to the investments in technology and in industrial assets, and to the development of new products in order to support the competitiveness of domestic industry in the world market. (Cardinali 2007: 38–9)

As this quote demonstrates, competing logics have been informing the policy field of defence cooperation in the EU. In what follows, this section discusses these collisions.

Intergovernmental Networking versus Supranational Regulation

The salience of the logic of intergovernmental networking has been apparent in at least three aspects of the EDA. First, and most obviously, the EDA is a second pillar agency, where the premium is placed on political negotiations between member state governments rather than expert-based regulatory decisions. Given the persisting differences in national armaments strategies, the legal basis of the founding of the EDA was the decision of the participating member states (26 minus Denmark) to establish *a voluntary, non-binding intergovernmental regime* aimed at encouraging application of competition in the field of defence procurement (European Commission 2005). The purpose of the Agency is hence not to replace but to complement the established defence procurement agencies and mechanisms of member states (Trybus 2006: 683). As outlined in the *Code of Conduct on Defence Procurement* adopted on 21 November 2005 and implemented in 2006, member states participate in the EDA and its activities based on a voluntary and non-binding approach, where there are no sanctions if a member state decides not to participate in a particular policy. Given this operating rationale, the key role of the EDA is to provide a basis for effective networking between the defence ministers and national armaments agencies. Regular meetings and information provided by the EDA can contribute to the strengthening of ties between the participating defence establishments.

The second aspect is the composition of the steering board. The pattern in the steering boards of the EC agencies is usually a combination of representatives of member states, the Commission, scientific experts, professional organisations and representatives of clients (see for instance Kreher 1997: 233–4). The EDA differs from this pattern as its steering board consists only of defence ministers of member states and a representative of the Commission (without voting rights). This composition makes the steering board meetings a strongly inter-governmental affair. Moreover, the EDA Steering Board meetings are the only kind of meeting in which the Council of Ministers consists *only* of the defence ministers. The primary channel for member states' influence of the Agency are hence the respective defence ministries (see Table 1).

The third aspect is the question of who appoints the director of the agency – a parameter which according to Kreher (1997: 234) indicates the degree of autonomy of the agency in relation to the Commission and the member states respectively. Most directors of agencies reviewed by Kreher (1997: 234) were in one way or another appointed by the Commission, possibly based on a shortlist of candidates prepared by the respective steering board. The Commission has also been trying to hold on

TABLE 1
INSTITUTIONAL LOGICS IN THE EDA

Institutional logics in the EDA	Theoretical foundation	Empirical expectations
Logic of supranational regulation	Agencies' role is characterised by their de facto dominance of decision making by expertise (Gerardin *et al.* 2005; Hofman and Turk 2006; Egeberg 2006; Gehring and Krapohl 2007; Trondal and Jeppesen 2008 – Model I)	– primacy of expert negotiations (cross-section of experts from various organisations) – steering board comprised of experts including ministerial officials, industrial sector representatives, NGO representatives – appointments of the director/CEO by the Commission
Logic of intergovernmental networking	Agencies role is defined by limited mandate and power, producing and providing of information, developing a common informational basis for MS (Majone 1996, 1997; Dehousse 1997), fostering harmonisation of standards though networks (Eberlein and Grande 2005; Trondal and Jeppesen 2008 – Model III)	– primacy of intergovernmental negotiations (national agencies, ministries as members) – steering board comprised of governmental ministers – appointments of director/CEO by the member states in Council
Logic of defence sovereignty	Defence industry and armaments production as an exclusive prerogative of the nation state, security achieved through military self-sufficiency and self-reliance (Tilly 1985; Van Creveld 1999; Bobbit 2002)	– no integration of defence industries between member states – high diversity of standards of military equipment – separate defence R&D programmes as a rule – separate programmes of acquisitions of defence related material as a rule
Logic of pooled defence resources	Defence industry and armaments production as a common endeavour among states, security achieved through sharing of military resources and mutual reliance (Waever 1998; Cooper 2003; Smith 2004; Witney 2008; Keohane and Valasek 2008)	– defence industries as parts of international/ transnational defence industrial projects/consortia – low diversity in standards of military equipment – joint defence programmes as a rule – joint programs of acquisitions of defence related material as a rule

(*continued*)

TABLE 1
(Continued)

Institutional logics in the EDA	Theoretical foundation	Empirical expectations
The Europeanist logic	EU security policy is to be developed within the framework of the ESDP (Verhofstadt 2006)	– key participants in the EU security order are to be EU member states – joint defence equipment acquisition programmes and defence R&D programmes are developed among EU member states only
The Euroatlanticist logic	EU security policy is to be developed within NATO (Deutsch 1957; Adler 1992; Gompert and Nehrlich 2002; Cooper 2003; Garton Ash 2004)	– NATO allies from outside the EU are to be among the key participants in the EU security order – joint defence equipment acquisition programs and defence R&D programmes are developed among NATO allies
Logic of the liberalisation of the defence market	EU defence market framed primarily as a business affair; increased competition in the EU's defence market will improve quality of products and push down prices (Jones and Larrabee 2005; Cardinali 2007)	– cross-national mergers and multinational corporations featuring producers both from EU member states and non-EU countries – regulations and coordinating mechanisms set up to support the creation of an open market with defence goods for the EU – doing away with *juste-retour* strategies and offsets
Logic of Europeanisation of the defence market	EU defence market framed primarily as a European business affair; prioritising EU defence producers and limiting access to non-EU defence producers (European Commission 2007: 764; Cook 2009)	– cross-national mergers and multinational corporations featuring companies from EU member states only – regulations and coordinating mechanisms set up to support the creation of an open market with defence goods for the EU, featuring EU producers only – doing away with *juste-retour* strategies and offsets for intra-EU transactions only

to this privilege in its proposal of 'The operating framework for the European Regulatory Agencies' (European Commission 2002), where it asks for an enhanced representation in the steering boards of agencies and for a right to have a decisive role in appointing their directors (Almer and Rotkirch 2004: 58–9). Again, the EDA case is different in that its head is the High Representative for CFSP Solana and the EDA steering board consisting of member state defence ministers appoints the Chief Executive and two deputy Chief Executives. Hence, the EDA has a high degree of autonomy from the Commission and a low degree of autonomy in relation to member states.

The EDA is hence an intergovernmental agency with severely limited powers heavily dependent on the willingness of the member to support particular initiatives. Short of the ability to act on a par with the regulatory agencies in the EU, the EDA has to rely upon a number of alternative procedures supporting intergovernmental networking in the defence sector. Collecting information on the member states' investments in military equipment, research and development, as well as on the deployment of troops and acquisitions of military equipment, the EDA is in the process of developing an unprecedented centralised monitoring and evaluation system of the European defence capabilities (Bauer 2005: 4). The idea with this, as stated by the former EDA Chief Executive, Nick Witney (2005), is 'to hold up a mirror so that member states can see their performance. In the foundation document of the EDA we are invited to "scrutinise, assess and evaluate", so we are indeed being asked to do a bit of scorecard-work'. In 2006, a methodology was developed to integrate Headline Goal 2010, the EDA's long term vision and the participating member states' plans for defence procurement and experiences gained from international humanitarian operations. The methodology was to be approved at the June 2007 meeting of the Capabilities Steering Board. This provides a set of practical procedures enabling closer monitoring and implementation of the Headline Goal 2010 in the work of the Agency taking into consideration the specifics of the participating member states' defence priorities and specifics.[5]

To support defence equipment standardisation among participating member states, the EDA has introduced a *European Defence Standardisation Information System*. The system is to assist member states in their efforts to standardise equipment and/or encourage them to cooperate in this field.[6] In this way, the EDA is increasingly taking on the role of an information provider, which is necessary for effective harmonisation and trust building among the member states in any given policy area (Majone 1997). This role as information provider is of key importance in what Dehousse (1997: 254) refers to as *regulation by networks*, when the availability of comparable data and convergence in experts' ideas about a particular policy area enable member states to arrive at common definitions of problems and of the actions needed to tackle them. In this way, EU-level agencification can take on the form of 'transnational regulatory networks' (Eberlein and Grande 2005) or 'multilevel

epistemic networks' (cf. Model III by Trondal and Jeppesen 2008). In its first four years of operation, the EDA has already become the central storage of information on member states' defence spending and on their deployment of military capabilities. Based on that information, a new set of criteria can be developed in support of the emergence of what Witney (2008) calls *pioneer groups* in European defence. Three criteria are suggested – member states' readiness to pay for defence; readiness to deploy troops to missions abroad; readiness to invest in defence-related research and development (Witney 2008: 16–22). Based on these criteria, member states contributing most could form the European defence core, sub-groups of member states focusing on defence R&D or shared capabilities could also be identified, and finally, a group of member states not ready or willing to contribute in any substantial manner would belong to an outer tier. Moreover, the EDA is to promote standardisation of procedures in armaments acquisition though establishing channels of sharing best practices and benchmarking among participating member states (European Defence Agency 2009a: 13). This would enable mutual learning and socialisation (cf. Checkel 2005) among defence administrations of participating member states. Creation and maintenance of common strategic frameworks (e.g. the 2008 European Armaments Co-operation Strategy) and procedural guides (e.g. 'Guide to Armaments Cooperation Best Practice', 'Best Practice Standardization Management' and 'A Guide to Cooperation in Sub-Systems and Components', all proposed in the above-mentioned strategy) would all contribute to such socialisation processes. In this way, the EDA-led cooperation in the defence field may be moving the participating member states away from the intergovernmental principles towards what Smith (2004: 90–113) discusses as *transgovernmentalism*.[7] The tension between the logic of intergovernmental networking and the logic of supranational regulation could hence be accommodated and transcended through the emerging forms of *transgovernmental regulation* promoted by the EDA. Of course, such EDA-fostered 'integration by stealth' (cf. Pollak and Puntscher-Riekmann 2008) in the second pillar would raise issues of democratic legitimacy of these processes.

The question of what level of integration in the sphere of EU defence is to be achieved and what principles should inform interactions is reflected also at a deeper level of the relations between defence policy and state sovereignty. Here, the traditionally strongly institutionalised logic of defence sovereignty is challenged by the logic of pooled defence resources emerging in response to the functionally driven needs of the EU as an increasingly active global player. The next section discusses the tensions between these logics.

The Logic of Defence Sovereignty versus the Logic of Pooled Defence Resources

The ability to defend one's own territory has been a core principle in the modern order of sovereign states (Van Creveld 1999; Bobbitt 2002). The

logic of defence sovereignty meant that nation states traditionally have been trying to develop military forces with a full range of capacities to conduct various kinds of operations independently. This logic is still strongly present in the EU member states.[8] Following this logic, defence sectors of member states were traditionally excepted from the European integration process. While most other sectors of the economies of member states have been enjoying the benefits of the single market, the defence industries have been kept separate. This led to a situation where each member state defence industry operates based on different policies and approaches regulating production and exports of defence material. The logic of defence sovereignty is also formalised in article 296 EC, which specifies that defence industries are to remain under the exclusive jurisdiction of national authorities of the member states. The continued pervasiveness of this logic is illustrated by the fact that as much as 87 per cent of expenditures on defence-related research and technology was being spent nationally by EU member states at the time of writing (European Defence Agency 2009b: 2).

Despite the pervasiveness of the logic of defence sovereignty in the EU member states, it is not clear that such an approach would lead to effective defence. Defence purchases are a case in point: the EU-27 governments currently spend about €30 billion per annum on 89 equipment programmes (the US figure is €83 billion on just 27 equipment projects) (Keohane and Valasek 2008: 29). Obviously, this leads to fragmentation and redundant spending. As Witney (2008: 33) argues, not even the largest member states can any longer afford to have all military capabilities: 'Trying and failing to have everything results in wasteful duplication and isolated national units which are too small to have independent operational value yet incapable of working together.' He hence argues in favour of pooled military resources among the EU member states. Partly a response to such a need, the EDA's primary goals – to establish an intra-EU market for defence goods and to provide a basis for an integrated European defence industry – is a move that counters the principles anchored in article 296 and introduces principles related to what may be termed the logic of pooled defence resources. The key elements that might provide the formal legal conditions for such a shift have been two framework arrangements on the Security of Supply and on the Security of Information.

These arrangements represent a direct challenge to the logic of defence sovereignty and self-reliance. The point is that once there is a shift towards the logic of pooled defence resources and member states rely for their defence on material and equipment from other member states, the security of supply has to be guaranteed in particular in times of war or other crisis situations. With this in mind, member states participating in the EDA agreed to the so-called *Framework Arrangement for Security of Supply Between Subscribing Member States (SMS) in Circumstances of Operational Urgency* in September 2006. In principle the 'SoS' is a legal tool obliging member states to handle each other's contractually specified defence needs

with the highest priority especially in times of crisis. In such urgent situations, the EDA member states are obliged to consult each other immediately as to whether all deliveries of defence material and goods have been provided. What is more, this agreement also obliges EDA member states to 1) 'consider urgently and sympathetically any request for provision of defence goods, mainly on a reimbursement basis, from their own stocks', and 2) 'engage with suppliers within their own territory to help ensure that appropriate priority is given to the needs of the requesting country, with the latter meeting any additional cost that falls to the assisting country or company that supplied the requested goods or services' (European Defence Agency 2006: 12).

The arrangement on the security of supply is complemented by the agreement on *Security of Information Between Subscribing Member States* adopted in September 2006. It ensures mutual protection of classified information and precludes discrimination due to nationality of a defence contractor (European Defence Agency 2006: 13). This in turn is needed to enable defence producers and buyers from EU member states to engage in effective business in other member states.

As the above discussed scepticism with regard to awarding defence contracts to foreign producers shows, the logic of sovereignty remains a strong incentive in organising defence sectors of EU member states. But concerning the arrangements for security of supply and information introduced by the EDA, one could argue that the establishment of the EDA and the legal provisions regulating cooperation among member states participating in it provide in effect the basis for the creation of an *avant-garde group of member states striving for increased integration in the field of defence*. In this sense, the role of the EDA is similar to the European Central Bank in relation to the member states participating in the Eurozone. This is the essence of the above-mentioned argument promoted by Witney (2008) in favour of the creation of 'pioneer groups' in European defence. The question is what long-term effect the creation of such a hard-core of European defence integration will have on the participation of EDA member states in NATO.

This issue relates to the key aspect of the emerging political order of EU defence, namely the question of who should be included as legitimate participants. This is addressed in the next section.

The Europeanist versus the Euro-Atlanticist Logic

The creation of the EDA came at a time of ambiguities in the development of EU–US relations. This has numerous aspects analysed in a plethora of contributions by academics and practitioners. For the purpose of the current analysis, one dimension is of relevance, namely the complementarity and/or competition between the EU and NATO as key frameworks of security in Europe, or what may be termed Europeanist and Euro-Atlanticist logics of security policy in Europe – see for instance Garton

Ash (2005: 46–83) for a discussion of these logics. There have been numerous efforts to integrate the EU and NATO as part of a single European security architecture – see Valasek (2007) for an overview of the recent issues in this area. There has been broad cooperation between the EU and NATO as part of the 'Berlin Plus' framework – a set of proposals formulated at a NATO meeting in Berlin in 1996 and adopted at the 1999 NATO Summit in Washington. This agreement had four main aspects: 1) assured EU access to NATO planning capabilities; 2) the presumption of availability to the EU of pre-identified NATO capabilities and common assets; 3) identification of a range of European command options; and 4) the further adaptation of NATO's defence planning system to incorporate more comprehensively the availability of forces for EU-led operations (Washington Summit Communiqué, para. 10). Although this agreement was in place, cooperation between the EU and NATO remained limited until an agreement on the security of information between the EU and NATO was reached in March 2003, which allowed for exchange of classified information (Cornish 2006: 10). This allowed the EU to take over responsibility in operations such as Operation Concordia in Macedonia (31 March–15 December 2003), Operation Artemis in DR Congo (August–October 2003) and Operation Althea in Bosnia-Herzegovina (since December 2004). Even though these operations build on complementarity, cooperation is not always warranted, as for instance in the case of Operation Artemis led by France, where NATO was not asked to participate in any substantial way, although NATO procedures and routines were applied (Cornish 2006: 10)

Operational complementarity is also mirrored in the development of parallel policy structures regulating defence procurement and capability development. At the Prague Summit in November 2002, NATO launched its *Prague Capabilities Commitment*, where the goal was to improve capabilities of member states in more than 400 specific areas. This covers eight fields essential to current military operations: 1) chemical, biological, radiological and nuclear defence; 2) intelligence, surveillance and target acquisition; 3) air-to-ground surveillance; 4) deployable and secure command, control and communications; 5) combat effectiveness, including precision guided munitions and suppression of enemy air defences; 6) strategic air- and sealift; 7) air-to-air refuelling; 8) deployable combat support and combat service support units.[9]

If we look at the list of EDA priority areas, it becomes clear that there is a high degree of overlap with NATO's Prague Capabilities Commitment. Cooperation between NATO and EU in the field of capabilities development has been formalised through the establishment in March 2003 of an EU-NATO Capability Group and NATO's Secretary General has been invited to the meetings of the EDA Steering Board. Moreover, the development of EDA's Long Term Vision for Europe's military requirements was closely coordinated with NATO's Allied Command Transformation, International Staff and International Military Staff and is compatible with NATO's Future Vision

(Cornish 2006: 19–20). Besides these political-administrative steps, practical cooperation projects have been conducted. This included for instance cooperation between the EDA and NATO's Consultation, Command and Control Agency in the development of interoperable communications equipment for the EU forces (Cornish 2006: 19–20).

Nevertheless, the tensions between the Europeanist and Euro-Atlanticist logic had been reflected in the area of defence planning and standardisation in member states and have been a complicating factor in the EDA effort at integrating the EU defence sector. The tensions come back to the key issue in the formation of the EDA's role – the question of what kind of defence integration is to be achieved? Who is to be included and who is to be left out? What is the role of NATO in the integration of the EU's defence sector? What standards for military equipment and technologies will apply? Such fundamental ambiguities have a bearing on the member states' willingness to support deeper integration of defence industries. The current situation is of continued differences between member states' national armaments strategies. As Keohane (2004) points out, differences are visible in relation to defence equipment acquisitions from outside the EU, and here in particular from the US. The dilemma member states face is a political one, where the intra-European peer pressure to 'buy European' often challenges the logic of buying the best quality which in the current global defence market often emanates from the US (Keohane 2004). This leads to differences between member states, which can be seen for instance in the political debates surrounding national plans for strategic acquisitions of fighters, where Denmark and the Netherlands (along with non-EU members Norway and Turkey) have signalled their interest in buying the Joint Strike Fighter produced by the US company Lockheed Martin instead of the available European alternatives including the Eurofighter (German–Italian–Spanish–British cooperation), Rafale (French) and Gripen (Swedish–British cooperation). Some other member states soon plan to upgrade their air force fighters (e.g. the Czech Republic, Slovakia, Hungary), continue to be hesitant and chose to temporarily lease and/or upgrade old Soviet fighters. Clearly, this prolongs differences in military equipment among EU member states and does not support enhanced interoperability in the field.

The question of who is to be included in the integration of the EU's defence market is also related to the issue of what logic should inform the development of the defence market in the EU. What coordination mechanisms should be at the core of the integrated defence market? Should this be a liberalised open market or should this be a more regulated sphere limiting access of non-European producers? The next section discusses these alternative logics.

Liberalisation versus Europeanisation of the Defence Market in the EU

One of the main goals of setting up the EDA has been liberalisation of the defence market in the EU. This need was motivated by the fact that the

defence sector industries in the EU member states had dropped significantly over the last two decades both in terms of funds invested by the national governments and in terms of workforce (Trybus 2006: 676).[10] Moreover, given the limitations of the EC Treaty in terms of armaments production,[11] national defence-related products from the member states are often less advanced than comparable products from other producers such as the US, which can benefit from economies of scale and from synergic effects. Besides limits on technological advancements, purchases from national defence industries tend to be overly expensive. One of the estimates argues that introducing competition in an integrated EU defence market could push the prices down as much as 20 per cent, which would save the EU governments about €6 billion per year (Keohane and Valasek 2008: 36). There is hence an imminent competition-driven need in the still by and large national defence industries in the EU member states for the facilitation of cross-border cooperation, mergers and common projects, from which the civilian industries in the EU have been benefiting for decades (Trybus 2006: 676). As the EDA Steering Board pointed out in a May 2007 strategic report,

> a point has now be reached when we need fundamental change in how we manage the 'business aspects' of defence in Europe. ... The essence of this change is to recognise that a fully adequate Defence Technological and Industrial Base (DTIB) is no longer sustainable on a strictly national basis – and that we must therefore press on with developing a truly European DTIB, as something more than a sum of its national parts. We cannot continue routinely to determine our equipment requirements on separate national bases, develop them through separate national R&D efforts, and realise them through separate national procurements. This approach is no longer economically sustainable – and in a world of multinational operations it is operationally unacceptable, too. (European Defence Agency 2007a: 1)

An important instrument in introducing an EU-wide perspective on the defence market was the setting up of the *Electronic Bulletin Board* on the EDA website launched in July 2006. Based on the 'Code of Conduct on Defence Procurement', this electronic system is available free of charge for national defence procurement authorities to advertise any calls for equipment acquisitions and tenders for military supplies worth above €1 million featuring specifics of the equipment needed and contact information. Any producer based in the EU can then get in touch with the respective national contact point in a member state government and tender. As the EDA pointed out in a May 2007 report, the Electronic Bulletin Board can be credited for generating a number of cross-border contracts in the first 10 months of its operation (European Defence Agency 2007a: 4). Yet this number is rather low. Since the start of operations of the EDA and until 1 September 2007, there were 227 governmental calls for defence material

acquisitions worth €10 billion, but only in two cases were the tenders won by foreign producers (see European Defence Agency 2007b).

A further issue hampering the development of the defence market is the use of offsets and *juste-retour* strategies. When closing contracts on deliveries of defence goods, many of the member states have been using the practice of *offsets*, which essentially means that defence imports need to be 'offset' by compensatory acquisitions and/or investments by the exporting country. What has also been quite common is the use of *juste-retour* strategies. This is related to broader job market and employment policies, since defence industries in general require highly skilled workers and are in turn also better paid. Member states are hence likely to invest only in those multinational programmes which guarantee some level of workshare (Flournoy and Smith 2005).

While such practices remain common, their presence means that defence purchases among the member states are not judged entirely upon market criteria and this distorts free competition. According to a May 2007 strategic report, the EDA will strive to change this and create 'market conditions ... in which the practice is no longer needed' (European Defence Agency 2007a: 5). A key legal development that might support this effort by the EDA is the adoption by the European Parliament of a *Directive on Defence Products* on 14 January 2009. The Directive opened up for the introduction of an EU-wide single market for defence equipment and services (European Parliament 2009). If the logic behind this effort is an economic one oriented towards market liberalisation, the question arises whether the EDA will be consequential enough in liberalising the defence equipment market and allowing equal access to non-European producers of defence goods from countries like Brazil, Canada, India, Israel and indeed the United States. And, of course, to what extent would EU producers then also gain access to the markets of third countries, in particular the highly dynamic US market.[12] At the time of writing it seems that the very creation of an intra-EU defence equipment market championed by the EDA is a limit on the free market with defence goods.

Conclusion: The EDA as a Litmus Test of the Emerging Political Order of EU Defence?

A June 2007 Report by the Assembly of the WEU argues that since its establishment the EDA has 'succeeded in becoming the indispensable reference point for European cooperation in the field of defence capabilities, equipment and technologies and the defence industry and market' (Assembly of the WEU 2007: pt I.1). More generally, the Agency is seen as having succeeded in bringing about 'the rationalisation of the European cooperation scenario in the area of defence capabilities, equipment and technologies, as well as the defence industry and market' (Assembly of the WEU 2007: pt I.7). Yet a more in-depth look reveals that in an effort to

reach its overarching goal of increasing the quality and interoperability of military equipment and technologies available to the EU member state forces, the EDA has had to deal with collisions of institutional logics in at least three dimensions.

The first dimension relates to the institutional embeddedness of the EDA in the system of EU agencies and, at a more abstract level, to the issue of what level of integration is to be achieved and what principles should regulate interactions in the sphere of EU defence policy. Here, there is a tension between the logic of 'supranational regulation' and the logic of 'intergovernmental networking', where the EDA represents the latter rather than the former. This is related to the anchorage of the EDA within the Council of the EU with all the implications regarding inter-governmental bargaining that characterise the second pillar of the EU. The fact that the steering board of the EDA does not feature sectoral experts as do the steering boards of other agencies, but consists of defence ministers of member states, further reinforces this point. Furthermore, the EDA works in a policy area of defence, where the logic of national sovereignty has been particularly strongly institutionalised. This remains so despite functional inter-operability needs and high costs of maintaining individual national defence apparatuses of member states. In an effort to work towards improved coordination and integration in the area of defence, the EDA has been trying to introduce procedural and legal instruments guided by the logic of pooled defence resources. The latter include the framework arrangements on the security of supply and the security of information, which should allow member states to take the 'difficult leap of faith' (cf. Witney 2008: 34) and rely upon each other in the sensitive area of defence supplies and shared capabilities. Also, there are a number of procedures and rules featured in the Code of Conduct on Defence Procurement, which allow for more standardised and transparent interactions among the defence industrial sectors of member states. Again, the question remains to what extent the logic of pooled defence resources championed by the EDA will in fact supplant the logic of defence sovereignty. The fact that the latter has prompted Denmark to remain a non-member of the EDA, and the UK to be severely sceptical of the EDA-led coordination in defence, is evidence that the two logics will likely co-exist in today's EU. Hence, the level of integration and the principles to be applied in the defence cooperation in the EU remain contested.

Second, the EDA also has to deal with the tensions related to the unsettled question of whether and how NATO could and should be the key defence framework for the EU, which relates to the more abstract issue of who should be legitimate participants in the political order of EU defence. Two logics compete here – the Europeanist logic fostering the vision of an 'independent' European defence, and the Euro-Atlantic logic seeing NATO as the key defence framework for the EU. With its primary goal being the improvement of the capabilities and technological equipment of EU forces,

the EDA could in principle embrace either of these logics. Yet as long as the strategic questions of EU–NATO relations and more generally EU–US relations remain open, the EDA will have to deal with member state governments with different attachments to each of these logics (and, indeed, also with shifting party-political affiliations of changing governments and thereby different attachment to the Europeanist and Euro-Atlanticist logic). This factor combined with the intergovernmental nature of the EDA's decision-making will continue to hamper the Agency's efforts to bring about common standards for defence equipment of the military forces available to the EU-27 governments. In turn, the issue of who are legitimate participants in the political order of EU defence remains unresolved.

Third, the EDA has had to grapple with the issue of what coordination mechanisms in the defence market would be most effective in providing the EU member state military establishments with the best technologies and equipment. Here, the Agency has had to balance between the logic of liberalisation of the EU defence market and the logic of Europeanisation. While the former logic would provide for the emergence of synergic effects in an EU-wide defence industrial sector, economies of scale and competition-driven reduction in equipment prices, the latter logic limits competition by limiting market access of non-European producers. The challenge here is that in a number of areas the most advanced military technologies are in fact developed and produced *outside* the EU – mostly in the US. Hence, in the short to medium term, the logic of Europeanisation of the defence market negatively affects the EDA's ability to attain its overarching goal of profoundly improving the military technological capacities of EU forces.

As discussed above, institutional logics are constitutive of political orders. In the context of the current analysis, each of the eight logics affects the formation of political order of European defence in different ways. There are competing notions of what levels of integration would be appropriate and what principles should regulate interactions, who should be legitimate participants, and indeed, what coordination mechanisms should apply. Hence, EU defence could be organised along supra-national regulatory frameworks or around intergovernmental networking; it could be fragmented and organised around individual member states or integrated featuring groups of member states pooling resources; it could also be Europeanist or Euro-Atlanticist; and not least liberalised and open to global flows of military technology or 'Europeanised' and based on EU producers only.

These logics have different implications for the role that the EDA should play in the process of creating an EU defence market and improving the quality and interoperability of equipment available. Irrespective of which combination of logics eventually prevails, the EDA plays the role of a broker of rules and monitor of their implementation. In this sense, the EDA plays a key role as a standard-setter potentially fostering isomorphic adaptation processes (cf. DiMaggio and Powell 1991) in the member state defence establishments. Even if the EDA does not possess any instruments

to bring about coercive isomorphism in the defence sectors of the member states, it is in the position to foster normative isomorphism by setting common standards for defence production and equipment acquisitions. Moreover, by gathering all kinds of information on the defence sectors of the member states and spreading that information, the EDA also plays the role of an information broker and can thereby contribute to mimetic isomorphism as member states more readily compare their own capacities with those of other member states.

The EDA's role in the formation of the political order of European defence will depend on what kind of equilibria the collisions between the various institutional logics will lead to. The EDA is hence an interesting study object. First, as a carrier and shaper of the political order of EU defence, the Agency may serve as a litmus test of the emerging nature of that order. Second, the rules and norms set up by the EDA in its effort to bring about greater coordination and cohesion in the field of defence provide a framework for transgovernmental regulation and socialisation among participating member states and thereby possibly a transcendence of the intergovernmental nature of second pillar agencification. Third, at a more general level, it can be used to study processes of co-existence of competing logics in public organisations. Obviously, further empirical studies of these aspects of the EDA and of the emerging political order of EU defence are called for.

Acknowledgements

Notes

1. In 2004, the EU had only four heavy transport planes, all of which the UK was leasing from the US, which by far did not correspond to the existing operational needs of the EU and its member states in various crisis areas around the globe (Keohane 2004: 2). It was estimated that the Union is capable of deploying only about 100,000 out of the 2 million armed forces personnel available to the EU-27 governments (Keohane and Valasek 2008: 3).
2. Council Joint Action 2004/551/CFSP of 12 July 2004 on the establishment of the European Defence Agency, O.J. 2004, L 245/17.
3. Institutional logic can be defined as 'the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality' (Thornton and Ocasio 1999: 804). They provide legitimacy to power arrangements within a particular segment of political life (March and Olsen 1989; Powell and DiMaggio 1991; Friedland and Alford 1991), organise attention, indicate what

problems are to be prioritised, and what solutions are appropriate (Simon 1957; March and Simon 1958; March and Olsen 1976; Ocasio 1997). In this sense, institutional logics are carriers of particular visions of political order. In any political order there are various institutional logics providing different notions of who are legitimate participants, what level of integration should be aspired to, and what coordination mechanisms should be applied (Eisenstadt 1964; Olsen 2009). Understanding tensions and conflicts between institutional logics is of key importance in assessing the conditions under which they shape the actions of organisations bearing them (Friedland and Alford 1991). Predominance of a particular institutional logic has effects on internal distribution of power and status of actors within organisations (Thornton and Ocasio 1999). Besides affecting internal structures and power arrangements, a shift in institutional logics can lead to shifts in objects of reference steering organisational adaptation and new kinds of organisational fields can be created (Fligstein 1990; see also DiMaggio and Powell 1991; Scott *et al.* 2000). These insights are helpful in efforts to conceptualise the role of new EU agencies such as the EDA.

4. The European Medicines Agency (EMEA) is a prime example of such dominance of decision-making by expertise (Gehring and Krapohl 2007). Some even see the EMEA as a blueprint for an emerging mode of agencification envisioned in the Commission White Paper on European Governance (see European Commission 2001).

5. *Head of the European Defence Agency's Report to the Council*, 14 May 2007.

6. Head of the EDA Report to the Council, 14 May 2005.

7. The rise of transgovernmentalism in the second pillar is also driven through adaptation to shared EU-wide policy timetables and time sequencing (see for instance Ekengren 2002; Goetz and Meyer Sahling 2009).

8. In 2008, EU member states had 16 separate armoured vehicle programmes running virtually without any form of cooperation and coordination (Keohane and Valasek 2008: 38).

9. See http://www.nato.int/issues/prague_capabilities_commitment/index.html.

10. As Trybus (2006: 675–676) reports, there was a 12% reduction in the EU member states' defence spending from US$181 billion in 1985 to US$140 billion in 1999. This was also followed by a decrease of the workforce employed in European defence industries from 1.6 million in 1984 to approximately 800,000 in 2000.

11. Article 296(1)(b) EC allows a member state 'to take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production or trade in arms, munitions and war material' (cf. Trybus 2006: 673).

12. Some highly innovative Europeans niche technologies are likely to penetrate the US market, including the Swedish UHF mobile communications systems and the British Anti-improvised Explosive Devices technology (Flournoy and Smith 2005: 76). But, in general, military produce from the EU firms constitutes a limited portion (only about 5%) of the overall equipment purchases by the US military. This is related to the 'Buy American Act' protecting the US defence industrial sector (Jones and Larrabee 2005) which creates a rather asymmetric situation in light of the fact that about 50% of military equipment purchases by EU member states come from US companies (Keohane and Valasek 2008: 38).

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