



# INCIPE

INSTITUTO DE CUESTIONES INTERNACIONALES  
Y POLÍTICA EXTERIOR

## **SEMINARIO INTERNACIONAL:**

### **“Smart Defence”**

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Ladies and Gentlemen,

It is a great pleasure for me to be here in Madrid today and to have the opportunity to address this distinguished audience. Please allow me to thank the President of INCIPE, Jose Lladó for organising this event, which is both timely and topical.

As you are aware, in a matter of weeks, NATO leaders and military advisors will descend on Chicago for the NATO summit, which will provide an opportunity for Allied heads of state and government to take stock of what has been achieved to date and to take the necessary decisions to ensure that we emerge from this decade as a stronger and more flexible Alliance.

Looking at the international landscape today, we have many vital challenges facing us. In fact, today we may be facing one of the most challenging periods in NATO's history. Challenges such as terrorism - which the people of this beautiful city experienced first hand in 2004 - piracy, cyber security and a rising number of countries developing ballistic missile capabilities. They are juxtaposed on an environment of significant economic challenge and uncertainty. These challenges know no borders and require a collective response from friends, partners and Allies. All these conditions reinforce the notion that NATO is more important than ever.

When we adopted our new Strategic Concept in Lisbon a year and a half ago, nobody could predict that – just a few months later – NATO would be enforcing a naval arms embargo, a no-fly zone, and protecting civilians in Libya. By the year 2020, the world may not be any safer than it is now, but it is likely to remain highly unpredictable. And this means that we will still need an effective NATO – as a hedge against future threats, and as a means for shaping the security environment in support of our common values and shared interests.

By 2020, the strength of the Alliance will continue to come from the ability of its member nations to work together – to deal with crises that threaten Alliance security, wherever in the world they may arise; to put together complex joint operations, at short notice, with high impact and high precision; and to have the right mix of capabilities on hand to respond to different scenarios.

Our operational experience shows we must do better. In Libya last year, European nations and Canada took the lead and provided the majority of air and maritime assets. In this respect, one could say that this was the first European-led combat operation in NATO's history. But the ultimate success of the mission depended on capabilities that only the United States could offer – especially air-to-air refuelling, unmanned aerial systems, surveillance and intelligence assets.

To be able to deal with the unpredictable, and to continue guaranteeing the security of each of our member nations, we need to have those capabilities available more widely across the Alliance – and especially here in Europe. In the current economic climate, this is a major challenge. A compelling way forward is “Smart Defence”.

“Smart Defence” is a new approach to generating the defence capabilities we need for the year 2020 and beyond. Introduced by the Secretary General in Munich last year, Smart Defence is not a bureaucratic process. It is not a straight-jacket for nations. Far from it. Instead, Smart Defence is about ensuring greater security by working together in a more collaborative manner.

Smart Defence is about deciding how to manage what we have to cut, but also staying focused on what we need to keep, so that we can meet the Alliance's strategic goals now and in the future. It is about Allies working together to deliver capabilities multinationally that would be too expensive to deliver alone, ensuring that we get the maximum return on available defence budgets. And it is also about Allies coordinating their plans more closely than they do now so that they can specialise in what they do best, and focus resources in those critical areas.

“Smart Defence” will be high on our Chicago Summit agenda, and it is a project that will take years to fully implement. But we are already seeing the benefits today. We are bringing together national contributions to build an integrated NATO-wide missile defence system to protect our European forces, territory and populations from a growing threat. We are developing a NATO-owned and operated Alliance Ground Surveillance system, to provide our military commanders with a more complete picture of what is happening on the ground in future operations.

But acquiring the right capabilities is not enough. We must also make sure that these capabilities, and our forces, can work with each other effectively. This is especially important as we prepare to draw down our combat operation in Afghanistan by the end of 2014. After that, Allied and Partner forces will no longer be operating shoulder-to-shoulder on as large a scale as they have for the past decade. We must not lose the vital skills they have gained, but build on them to strengthen our interoperability, our effectiveness, our credibility.

We can strengthen our ability to work together and, when necessary, to fight together, through expanded education and training; more exercises -- especially with the NATO Response Force; and the better use of existing equipment and technology. That is the thrust of the Connected Forces Initiative which the Secretary General launched earlier

this year in complement to Smart Defence, and that should receive formal approval at Chicago as well.

All these efforts to enhance our capabilities would benefit if we managed to give more teeth to our NATO Defence Planning Process. And here I am talking not so much about the mechanics of the process. Rather, the challenge is how we can use it more effectively to achieve the political “buy-in” that ensures all Allies live up to the responsibilities they have accepted as members of NATO. This implies that each nation will spend its scarce resources on what NATO really needs, rather than on the capabilities with the greatest ‘sex appeal’. It means setting priorities collectively, avoiding duplication, and promoting a sensible division of responsibility so that the Alliance has the full array of forces needed in the future. At Chicago, the Allies will be asked to take a long-term view to the year 2020 and beyond. To get there, we will need more sustained, senior-level political engagement by capitals in capability development across our Alliance to the benefit of all.

It is also clear that, to get more value from the resources we invest in defence, we need greater openness in our defence markets. We all understand the sovereignty concerns involved. The fact remains that the removal of unnecessary export controls would go a long way toward boosting capabilities, lowering costs, and facilitating more multinational projects. Seeking closer relations with industry is of paramount importance and we must maintain our effort to facilitate deeper Transatlantic Defence Industry Cooperation, as the Alliance needs a strong, healthy and cutting edge industrial base to ensure that it remains powerful military and capable.

Finally, we must press on with the work to streamline NATO’s own structures. At Lisbon, we agreed on a new, more agile NATO command structure, and we are working tirelessly to complete the implementation of that structure without delay. In addition, reorganised NATO agencies, and a leaner staff structure at our headquarters in Brussels, will also enhance the effectiveness and efficiency of our Alliance, while enabling NATO to responsibly use National contributions in these tough economic conditions.

While doing all of this, we should warrant that our efforts complement those of the European Union. The EU Pooling & Sharing initiative is similar to our Smart Defence effort. Lately, NATO has had unprecedented staff level interaction with the EU/EDA

staff, at all levels, to ensure that these two initiatives are properly coordinated and to make the most out of both.

All of the elements which I have mentioned will be included in a package of defence measures to be approved by Allied Heads of State and Governments at the Chicago Summit in May. This defence package will not be a single event, or the end of the story. This effort is not just about NATO 2012 nor just one summit. It's about keeping our Alliance fit for the long term – for 2020 and beyond.

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Good leaders often say that one should never waste a 'good' crisis. The current fiscal crisis offers a good opportunity to change the way we do business in NATO. And I have already indicated a number of areas where I believe change is necessary, and achievable – if we're smart.

Our Chicago Summit can mark clear progress on the capability front – with key capabilities being provided more widely on both sides of the Atlantic. But it should also mark progress towards an Alliance that is rebalanced in another, even more fundamental way – an Alliance in which North America and Europe share leadership in contributing to global security in a globalised world.

Deploying effective capabilities is one vital aspect to backing up that shared leadership. So too is the preparedness to undertake joint missions and operations. But there is one more fundamental proof of shared leadership: Europe must resist the temptation to use today's fiscal crisis as a justification to turn inward. Rather, Europe must remain engaged alongside North America in encouraging other nations and organisations to follow the path of peace and security.

That of course applies to this continent, where we need to work together to complete Europe's unfinished business – especially consolidating stability in the Western Balkans, resolving frozen conflicts, encouraging Ukraine and other East European neighbours to choose the path of Euro-Atlantic integration, and bringing aspiring members into the NATO family as soon as they are ready.

But it also means reaching out to other interested countries, elsewhere on the globe, that want to partner with the transatlantic community to address common security challenges – countries in the Middle East, North Africa, and the Asia-Pacific region.

And it should, very clearly, include a true strategic partnership with Russia. I hope that we – and Russia – are finally smart enough to forge such a partnership, to include finding a “win-win” solution to the issue of cooperative missile defence.

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Ladies and Gentlemen,

NATO has an impressive record of success that stretches back well over six decades. Throughout this period, our Alliance has been very smart in adapting to changing circumstances – literally reinventing ourselves after the Cold War and emerging stronger than before in the face of the new challenges and opportunities we have faced over the last 20-plus years.

Our next Summit in Chicago will be a unique opportunity to demonstrate that we are equally smart in dealing with the current fiscal crisis. And that we are capable of changing the way we do business when it comes to defence capability development, so that our Alliance will be even stronger by the end of this decade than it is today.

The strategic objective is to deliver by the Chicago Summit a sufficiently ambitious and credible defence package to refocus how nations design, develop, operate, maintain and retire capabilities.

The ministerial meetings last week in Brussels were the latest opportunity for Defence Ministers and Foreign Ministers to prepare for Chicago. Defence ministers discussed capabilities that NATO will need in the coming years, and the best way to acquire them together so that we can make sure that NATO is fit for the future - not just for today, but to 2020 and beyond.

In conclusion, I would like to leave you with few questions and observations which I hope will serve to stimulate a good exchange of views during today’s panel discussions:

First – It is important to recognise that the Chicago Summit is not the destination for Smart Defence but, rather, the launching pad for the initiative. Until now, our focus has mainly been on preparing the decisions to be taken at the Summit. Now it is important to think about next steps. How will we implement the Summit deliverables, including the initiatives stemming from the Defence Package? How do we best ensure the successful implementation of Smart Defence? Do we have the appropriate mechanisms in place to take Smart Defence forward? Is there sufficient political will in Allied capitals to make Smart Defence work?

Second – The Smart Defence initiative emphasises the importance of multinational cooperation. In many cases, it could be the only way to develop capabilities in a more effective manner and to field capabilities which can not be afforded by individual nations alone. NATO already has an impressive track record of acting as a match-maker to identify like-minded nations to embark together on multinational approaches. This is, in fact, the core mission of the Conference of National Armaments Directors which my division supports. However, the reality is that currently only a limited number of opportunities are actually being explored and exploited. How can we make multinational cooperation the rule rather than the exception? How can we encourage nations to change their approach to capability development from a purely national one to an approach that favours multinational solutions? How can we successfully build on the momentum gained through multinational projects currently being undertaken by small groups of nations? And how do we avoid the situation in which key enabling capabilities – such as intelligence, surveillance and reconnaissance – become the province of one or just few Allies? How do we assure availability of capabilities when they are needed?

Third – When taking forward the Smart Defence initiative, it will be important to make use of all available tools and means. The NATO agencies are already heavily involved in capability development and delivery. The ongoing NATO agencies reform provides an opportunity not only to streamline the structures but also to ensure that the new agencies provide the services that Allies need. How can we ensure the best use of the agencies to implement Smart Defence? Likewise for relations with industry. How can we work better with industry to ensure that we have cutting edge capabilities at

affordable prices? And how can we ensure that we look beyond the acquisition phase and consider a true life-cycle approach?

Fourth and last – With the timeframe of 2020 and beyond, there is a growing understanding of the importance of the longer-term horizon, where nations still have some planning flexibility and where multinational cooperation can be shaped from the outset, before national investment decisions are taken independently. The NATO Science and Technology community harbours a sea of knowledge and experience on longer-term issues and concerns. How can we ensure that contributions from the Science and Technology community are fully exploited?

These are all questions which we will have to answer in the coming months when we take the Smart Defence initiative forward following the Chicago Summit. I believe that today's seminar is well timed to offer some thoughts on those and other relevant questions.

With this I thank for your attention and look forward to our discussion today.