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BRIEF

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Introduction

In February 2011, NATO's Secretary General introduced the *Smart Defence* initiative. The idea behind Smart Defence is "*ensuring greater security, for less money, by working together with more flexibility*". As part of this approach, the SecGen advocated for nations to "*pool and share capabilities, to set the right priorities, and to better coordinate our efforts*".¹

This brief will discuss the key concepts of Smart Defence with regard to the initiative's likelihood of facilitating efforts by NATO nations to build adequate and coherent military capabilities. Further, the brief will suggest ways to reinforce the Smart Defence initiative and to ensure better coordination of reductions in national military capabilities.

Why Smart Defence?

The Smart Defence initiative was launched by the NATO SecGen in 2011, and there are good reasons to believe that the initiative could turn out to be successful:

First of all, the current financial crisis has led to significant and uncoordinated cuts in defence budgets amongst almost all of the European NATO nations, and the US is planning to cut defence spending by approximately \$1 trillion over the next decade. The defence cuts could ultimately limit NATO's ability to undertake Article 5 missions as well as other core missions agreed to in the 2010 Strategic Concept.

Secondly, NATO's operation in Libya in 2011 made it clear that there are several gaps in the capabilities of the European NATO nations. Essentially, the operation could not have been undertaken without the involvement of the US in providing certain capabilities, e.g. Intelligence, Surveillance and Reconnaissance and Air-to-Air Refuelling.

Thirdly, the current rebalancing of focus from Europe to Asia by the US indicates that the European NATO nations may have to take on greater responsibility if NATO, in the future, is to play an active role in providing security for its members.

And lastly, there is a growing disparity between US defence spending and European defence spending, which in the long run could jeopardize the transatlantic link. This was very clearly expressed by former US Secretary of Defence Robert M. Gates in his famous speech in June, 2011.²

What is Smart Defence?

The key concepts of the Smart Defence initiative are increasing cooperation, setting right priorities, and specialization. Each of these will be discussed in this brief with regard to how they are likely to contribute to the aim of the initiative:

Smart Defence is meant to be a new guiding principle for capability development. The aim here is to encourage multinational solutions to both

*maintaining and acquiring defence capabilities – in other words, nations working together to deliver capabilities that they cannot afford alone.*³

To this end, NATO's responsibility is to make sure that cooperation, prioritization, and specialization are done in a cooperative way between the nations.

The nations' responsibilities are to identify relevant projects and partners for cooperation and appoint a lead nation for each project, and to engage in bilateral or multilateral cooperation with each other.

Cooperation

The concept entails cooperation in support of multinational projects to develop capabilities and better interoperability. Acting together, the nations can have access to capabilities they could not afford individually and, at the same time, achieve economies of scale. Cooperation may take different forms, such as a small group of nations led by a framework nation, or strategic sharing by those that are close in terms of geography, culture or common equipment.⁴

Prioritization

Aligning national capability priorities with those of NATO has been a challenge for some years. Smart Defence is seen as the opportunity for a transparent, cooperative and cost-effective approach to meet essential capability requirements.⁵

Specialization

NATO describes specialization like this:

*With budgets under pressure, nations make unilateral decisions to abandon certain capabilities. When that happens the other nations fall under an increased obligation to maintain those capabilities. Such specialization “by default” is the inevitable result of uncoordinated budget cuts. NATO should encourage specialization “by design” so that members concentrate on their national strengths and agree to coordinate planned defence budget cuts with the Allies, while maintaining national sovereignty for their final decision.*⁶

Specialization can also take place as so-called “pooling” and “sharing”. Pooling entails a multinational structure, multinational leadership and common funding, whereas sharing implies national structures and national leadership and funding.

Will Smart Defence be an enabler for maintaining and developing coherent military capabilities?

Cooperation

There are currently 24 Smart Defence multinational cooperation projects⁷ – all funded by the participating nations on a case by case basis. The 24 projects are mostly of a relatively small scale, e.g. interoperability improvements, logistic partnerships, and individual training and education programmes. These projects and cooperation on a limited scale in general would most likely happen by themselves, as they did in the past, and not just because of the Smart Defence initiative - e.g. the five Nordic countries that have traditionally cooperated on defence issues in the so called NORDEFECO to explore common synergies and facilitate efficient common solutions⁸. This and similar cooperation initiatives are taking place because of national interest - the nations involved can see a benefit in doing it.

Even if Smart Defence turns out to be an enabler for more intensive cooperation among like-minded nations, it likely will not significantly impact the nations' military capabilities since most of the cooperation is on a relatively small scale. In the long term, however, cooperation between nations will help build trust and solidarity among the nations, which is essential to making Smart Defence succeed.

Prioritization

For years, nations have developed their national military capabilities with little regard to the capabilities NATO has required them to develop. Smart Defence is not likely going to change that - nations are sovereign and make decisions based upon their national interests.

Also, the current NATO Defence Planning Process (NDPP) does not exactly support Smart Defence. The NDPP is a framework for NATO's capability development - its aim is to ensure that, nation by nation, NATO's accumulated capabilities meet NATO's minimum military requirements. The backdrop for the NDPP is the political level of ambition, which currently calls for NATO to be able to undertake two major joint operations and six smaller operations simultaneously. By maintaining this very high level of ambition, NATO is undermining the credibility of the NDPP to an extent that NATO's targets for each of the nations' military capabilities are more or less disregarded by the nations. The requirements will, to a large extent, be perceived as more and more unrealistic as the gap between the targets and the real world capabilities widens because of reductions in defence spending. At the same time, there is a lack of transparency when NATO translates the political level of ambition into national targets, which further undermines the credibility of the targets.

Specialization - role and task sharing

In terms of financial gain, specialization is, by far, the most promising concept. Specialization in its extreme form is called "role sharing" and "task sharing". This

means that a nation gives up one or more capabilities and relies upon other nations to provide those functions. Specialization “by design” would likely create a more rational defence structure in NATO for less money.

The reason why role and task sharing will hardly gain much traction is that many core military capabilities, once they are given up, are very hard to build again if the strategic security situation changes for the worse. Thus, role and task sharing leads to gaps in the nations’ capabilities that could only be filled by others, and this increased dependency on other nations is too high a political price to pay for many nations. Essentially, it is a matter of trust: trusting that nation A would make capability X available to nation B in case of a crisis situation if nation B has chosen to give up that capability. This kind of trust is very difficult to achieve even amongst Allies in NATO, and the more critical a capability is perceived to be, the less likely it is to be given up.

In reality, however, many of the smaller NATO nations have already given up core war fighting capabilities since the end of the Cold War, e.g. Denmark’s abandonment of its submarine capability and its ground based air defence capabilities, to mention a few. Many of the smaller NATO nations have, in fact, for years relied on their NATO partners to provide those capabilities they could not afford to acquire by themselves. Thus, looking at it from the perspective of small nations, NATO is Smart Defence. In general, nations are maintaining and developing those military capabilities that are perceived to best support national interests and not necessarily those that support a more collective purpose. And they all decide independently when and how to use their capabilities.

Specialization - pooling and sharing

Many military capabilities are so expensive that most NATO nations are not able to develop them on their own. Many nations should therefore be interested in pooling and sharing capabilities such as Strategic Air Lift and Air-to-Air Refuelling, which are examples of capabilities that are important to NATO but that not all nations can afford to have. It makes good sense to pool and share, and the political cost to the nations involved is low because those nations would not be able to afford the capabilities on their own in the first place. All involved nations would benefit from such projects. So why is this not happening to a larger extent?

First of all, these kinds of assets are typically not perceived as critical to a nation’s ability to defend itself, and thereby they become secondary for most of the smaller NATO nations with limited defence budgets.

Secondly, the paradigm for many years has been that the US has provided force multipliers, state-of-the-art technology and strategic military capabilities for NATO operations. As a result, most NATO Allies have refrained from investing in similar capabilities or even thought about pooling and sharing similar military capabilities. Prior to NATO’s operation in Libya in 2011, it was hard to imagine NATO involvement

in a crisis response operation without the participation of the US. The same goes for any kind of Article 5 scenario one can think of. So why should the European NATO nations, in an age of austerity, even think of investing in strategic military capabilities that are not perceived as important to the survival of the nation? Currently, there does not seem to be an incentive to do so.

What can be done to overcome the obstacles?

To put it very simply, the nations do whatever serves their interests best. Therefore, the challenge for NATO is how to change the setting and make the nations invest more effectively in their own security - in terms of military capabilities that are coherent and serve the purpose of the Alliance, while at the same time serving the purpose of the individual nations.

One of the main challenges is how NATO can articulate common, realistic priorities consistent with the mission and level of ambition of the alliance while aligning the priorities of each nation with the priorities of the alliance.

To this end, it does not make sense to maintain a very high level of ambition and require the nations to spend more and develop new capabilities when, instead, the challenge currently is the other way around: to maintain as many critical capabilities as possible while nations are desperately trying to save money.

Thus, NATO must, first of all, develop a more realistic, lower level of ambition. The challenge is to reach consensus on a new level of ambition since there are different interests among nations. Basically, there are two main groupings within NATO: a group of nations wanting to give priority to collective defence and a group of nations wanting to prioritize NATO's ability to operate "out of area". At the same time, there is an increasing need for the European NATO nations to be able to "walk alone" if the US is engaged elsewhere, e.g. in Asia. In any case, the US would, for the foreseeable future, be able to undertake missions on a global scale on its own, so the challenge is really for the European nations to reach a consensus on the extent to which they want to be able to undertake crisis response operations without the US - how many operations they would be able to undertake simultaneously, on what scale and how far from Europe. In any case, it is essential for the level of ambition to be in harmony with the nations' interests if they are to accept it as a baseline for capability development.

Based on a more realistic level of ambition, a transparent analysis should be undertaken to derive a more credible catalogue of minimum capability requirements - that process would ensure that NATO would be able to meet the political level of ambition. Realistic, transparent and consensus-based capability requirements would serve as an incentive to the nations to align their national priorities with NATO's priorities.

Further, NATO should play a more active role in trying to integrate aspects of Smart Defence with the NDPP, e.g. by looking at how, in a structured way, to develop “islands of cooperation” between NATO nations with common interests. For example, it should look at the following issues:

- Level of ambition - Or rather, strategic culture. For example, some nations believe that NATO should focus mainly on defence and security in Europe while others see NATO as a potential global player.
- Geography – Often, nations within the same geographical area share threat perception and have a tradition for cooperation in other areas than defence. Size, language, culture, shared values, etc. also matter.

NATO should not apportion requirements and set targets for specific nations but instead should do that for groups of nations willing to cooperate closely on capability development. Nations with a high level of trust in each other should be identified, and key enabling capabilities not perceived as critical for the nations’ security interests should be identified, e.g. air transport, air-to-air refuelling, helicopter support, etc., with the aim of getting the nations to engage in role and task sharing or to pool and share capabilities.

Once specialization with less critical capabilities has been established, it could serve as a basis for building further trust and for specialization in areas the nations currently see as critical to their respective national interests. What is important is that the targets, both those set for an individual nation as well as those set for a group of nations, are premised on a consensus-based political level of ambition and are perceived as essential by the nations and thus work as a true incentive to pursue the targets.

In conclusion, Smart Defence has the potential for becoming a success. But in order to make a real difference, NATO must agree to a more realistic level of ambition and adopt a more transparent NDPP process. First and foremost, NATO must take on a much more active role in identifying areas of common interest among nations and in aligning these with the NDPP to the maximum extent possible.

Notes

- 1 Anders Fogh Rasmussen, "*Building Security in the Age of Austerity*", Keynote speech at the 2011 Munich Security Conference, February 2011.
- 2 Roberts M. Gates, *The Security and Defense Agenda (Future of NATO)*", Speech, Brussels, Belgium, June 10, 2011, retrieved from <http://www.defense.gov/speeches/speech.aspx?speechid=1581>, accessed 27.04.2013.
- 3 Alexander Vershbow, "*Closing the gap: Keeping NATO strong in an era of austerity*", Speech at the 48th Annual Security Conference of the Norwegian Atlantic Committee, Oslo, Norway, February 2013.
- 4 NATO website, http://www.nato.int/cps/en/natolive/topics_84268.htm, "Smart Defence/The Constituents of Smart Defence", accessed 27.04.2013.
- 5 Ibid.
- 6 Ibid.
- 7 NATO website, http://www.nato.int/nato_static/assets/pdf/pdf_2012_10/20121008_media-backgrounder_Multinational-Projects_en.pdf, media background, "*Multinational projects*", accessed 27.04.2013.
- 8 NORDEFECO website, <http://www.nordefco.org/The-basics-about-NORDEFECO>, "About NORDEFECO", accessed 27.04.2013.