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# Transatlantic defence cooperation in the Trump era

EVENT REPORT



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## Transatlantic defence: are we watching the same movie?

An element of strategic divergence means the US and Europe are currently “not quite watching the same movie on the two sides of the Atlantic”. But there is hope that transatlantic defence industrial cooperation can function better if trade-offs are accepted and we have a shared view of the value of working together as allies, says the author of Friends of Europe’s latest report on peace, security and defence.

*[A minefield of opportunity: transatlantic defence in the Trump era](#)*, written by Politico journalist and Friends of Europe Senior Fellow **Paul Taylor**, and launched in Brussels on 28 January, examines the political and strategic context – both historical and current – that helps shape the relationship between NATO allies in Europe and North America.

It takes a detailed look at the American and European defence sector markets, examining the challenges and obstacles that remain within their structures and regulations. It also explores how more efficient and open defence industrial cooperation could effectively plug NATO-identified capability gaps, strengthen joint efforts to tackle the changing nature of security threats, improve interoperability and deliver better value

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**Ben Hodges**, former commander of US army forces in Europe and currently Pershing Chair in Strategic Studies at the Center for European Policy Analysis in Washington DC

for money to the tax payer. A final ‘to do’ list suggests how to optimise cooperation to strengthen NATO while making the most of Europeans’ increased willingness to invest in their own defence.

**Ben Hodges**, former commander of US army forces in Europe and currently Pershing Chair in Strategic Studies at the Center for European Policy Analysis in Washington DC, said the report was correct to say the US had to find a way to encourage European defence investment and development.

“At the same time the US, of course, wants to compete in Europe in the defence industry. They don’t have to be exclusive of each other – we should compete and provide the best possible product. As a former soldier, what I care about the most is that our men and women have the best possible equipment and capabilities to be effective,” he said.

Managing Director for the Americas at the European External Action Service (EEAS), **Edita Hrdá**, said the new European Commission was putting a high priority on transatlantic relations and security and defence. This is keeping in line with its aim of becoming a ‘true geopolitical actor’.

“What we are choosing is multilateralism, a more geopolitical Commission, and we clearly say that NATO will be the cornerstone of EU defence policy. This is clear and we need to repeat it in the moments when someone has doubts,” she said.

Echoing his US colleagues on the panel, **Jim Townsend**, Adjunct Senior Fellow at the Center for a New American Security (CNAS) Transatlantic Security Program, said it was important that the report had set out the historical context to the EU-US relationship, so people understand that “we’re not dealing with something that’s a Trump thing”.

“There is a real sense that our destiny is still with each other

**Jamie Shea**, Senior Fellow at Friends of Europe and former deputy assistant secretary general for emerging security challenges at NATO

“These issues with transatlantic defence trade have been around for decades. You can’t understand where we are today, and the advances we have made, unless you understand the context,” he said.

Moderator and Friends of Europe Senior Fellow **Jamie Shea** said it was clear from the debate that despite recent disquiet, goodwill and intent to improve cooperation remained between the transatlantic partners. “There is a real sense that our destiny is still with each other. We don’t hear that as often as we need it,” he said.

#### Health check: how are we doing?

“How healthy is the current system? How can we have a more level playing field? We want to get bang for the buck, sure, but we also want to get value for the buck as well,” said Jamie Shea in opening the report launch.

Increasing defence budgets to meet NATO’s 2% goal and the burden-sharing target is “all very well”, said Shea, but if the money is not spent correctly the effort could be wasted.

“It will feed into a defence industrial system, on both sides of the Atlantic, which is not optimised to produce the right equipment at the right price, which is not optimised to facilitate procurement and which is not optimised to promote the best sharing of the best capabilities and the best technology across the Atlantic. NATO can’t just be a political construct. To function it also has to be able to deliver the defence capabilities that our armed forces need,” he said.

Moreover, focusing on the “sterile” 2% debate masks the important point that it’s about the wider, ongoing, issue of burden-sharing, said Jim Townsend.

“Burden-sharing is always going to be an issue...[that] we will never have a final answer for. But we have to be aware of it and we have to always be making progress towards it,” he said.





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1. **Ben Hodges**, Pershing Chair in Strategic Studies at the Center for European Policy Analysis (CEPA), Washington D.C.
2. **E.J. Herold**, Adjunct Senior Fellow in the Transatlantic Security Program
3. **Paul Taylor**, Senior Fellow at Friends of Europe and Contributing Editor to Politico
4. **Edita Hrdá**, Managing Director for the Americas at the European External Action Service (EEAS)



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Transatlantic Security Program

Referring to the report's black cover, author Paul Taylor said the current state of transatlantic cooperation was “not entirely a black box, but there are some dark sides to it and some sides that could do with some more light being shone on them”.

With the US security policy radar pointed towards China, Iran and North Korea, and the Europeans focusing more on Russia, jihadi terrorism, climate change and migration, “we are at a time when there is some strategic dissonance, possibly divergence”, said Taylor.

The fact that we are “not quite watching the same movie” reflects on how we cooperate, or not, he added.

With his recommendations focusing on how transatlantic defence industrial cooperation could improve, he said that while neither side could truly be described as a “fortress”

“It's in our interests to make this work better, not to go our separate ways

**Paul Taylor**, Senior Fellow at Friends of Europe and Contributing Editor to Politico

a gradual move to a more level playing field and the removal of legal and regulatory impediments were needed.

With trade-offs involving US protectionism versus cooperation and EU autonomy versus capability needs, “both sides have some difficult choices to make,” said Taylor.

“It's in our interests to make this work better, not to go our separate ways.”

### **New Commission, new era?**

With the new European Commission President, Ursula von der Leyen and its top diplomat Josep Borrell having committed to a more ‘geopolitical’ Commission that puts transatlantic relations and security and defence as one of its top priorities, the EEAS's Edita Hrdá said there was a clear desire to jointly tackle the challenges laid out in the report.

“We have always tried to engage with the US very constructively in the past and that's also why we are looking for clear steps, and we wish to show that we mean it seriously,” she said, highlighting the fact that the first military advisor to the EU delegation had recently begun working in Washington.

“This is somebody who really should try to bring us more together and clarify certain issues which we have been lacking in our bilateral relations between the EU and the United States.

“We really try to find our very European way approach to these challenges. The US

“ There is a real effort by the member states, and by the EU here in Brussels, to respond to these challenges

**Edita Hrdá**, Managing Director for the Americas at the European External Action Service (EEAS)

side was... telling us, you guys are not really doing what you promised. So this is why we have been looking at, together with the member states, mobility issues, at the hybrid issues, cyber security issues, etc.

“There is a real effort by the member states, and by the EU here in Brussels, to respond to these challenges,” she said.

### Open sesame: reforming the defence market

Current political frustrations aside, are there pragmatic incentives for transatlantic allies to make it easier to conduct operations together, rise to the new challenges of hybrid and cyber warfare, and collaborate on finding economies of scale?

Calling the huge US defence market “open to all, like the Ritz hotel,” Paul Taylor went on to say that while there was a level of openness to the markets on both sides, the current landscape still resembled not so much a two-way street, but more of a “five-lane highway with four lanes going in one direction”.

By mentioning President Trump, the subtitle of the report implies that “all of this trouble [of unfair trading practices] has started in the last couple years”, argued Ben Hodges, “when, in fact, the historical examples go much further back”.

Citing the 1976 International Traffic in Arms Regulations (ITAR) as one of the biggest obstacles to outside involvement in the US defence market – by controlling exports in the defence and military sphere with a “very wide net” – Taylor said one “reason to hope” for reform was that there had been issues with getting some of the large US technology companies to work with the Pentagon. Among the barriers, alongside employee resistance and ethical concerns, were commercial reasons such as not wishing to lose control of their technology due to ITAR.

Jim Townsend said he agreed with the author’s sentiment that changes to ITAR would come not from governments nor governmental pressure, but that the business community, the marketplace, the existence of new technology such as AI and the rise of China would combine to apply “a lot of pressure to try to get ITAR fit for purpose.... and the sooner we get there, the better”.

It was imperative that industry be required to develop solutions for improving interoperability, for allies to compete with, for example, Russian Federation forces, said Ben Hodges. He highlighted three pressing requirements: secure FM radio that can be used between different troops without interception; digital counter-fire capability, and a common operating picture (COP) “that truly is common where no matter what system you have”.

“And the answer cannot be, as Paul says in his study, that everybody’s got to have American equipment,” he added.

Townsend’s colleague at CNAS, **E. J. Herold**, said that in roundtable discussions

## “The bigger pie...offers more, and bigger, slices to all

**E. J. Herold**, Adjunct Senior Fellow at the Center for a New American Security (CNAS) Transatlantic Security Program

they conduct about issues that frustrate transatlantic defence trade, questions are frequently raised over the concept of ‘buying European’ or ‘buying American’.

“The industry guys are quite clear that that discussion is really not very helpful, because in today’s market environment the defence companies are so intertwined that it’s virtually impossible to isolate the European-only content or the American-only content, and to purchase pure capabilities from the marketplace.”

On the US encouraging European defence investment and development, Hodges said of the US administration: “We could be a little bit more sophisticated in how we approach this competition, including encouraging more defence spending, without pounding our most important allies all the time,” he said.

Taylor said he felt hopeful that friction over Europe’s moves towards more strategic autonomy – in the form of Permanent Structured Cooperation (PESCO) and the European Defence Fund (EDF) and the setting of similar conditions as those applied to European firms vying for space in the US defence sector – was “coming to an end”.

“I would argue that the US would be well advised to be supportive of and encouraging of the EDF and the EU defence initiatives in general.

“The bigger pie...offers more, and bigger, slices to all,” he said.

### ‘Cause for optimism’

Frustrations abound, but there’s an “awful lot of cause for optimism when looking at the transatlantic environment,” said E. J. Herold.

NATO had done much in the last 10 years to try to push multinational cooperation, and find solutions that help allies spend better together, he said, citing an example in the NATO Defence Investment Division that is focused on initiatives such as group buys of precision-guided munitions.



“There are a lot of clear mechanisms that are in place that we can make better use of before we reinvent the wheel

**E.J. Herold**, Adjunct Senior Fellow at the Center for a New American Security (CNAS) Transatlantic Security Program

There was also reason to believe that the idea of sovereignty could be reconfigured for the times.

“We often hear that the reason for defending national champion industries, is to protect national sovereignty. I think it’s important to recognise that sovereignty can be reconsidered in the 21st century. It simply requires an understanding that where you spend your money, what you spend your money on, is as much of an empowering function as is the ownership of the means of production,” he said.

There was plenty of positivity to extract from the discussion, concluded Jamie Shea.

“There are a lot of clear mechanisms that are in place that we can make better use of before we reinvent the wheel. I was encouraged [to hear] both on the European and the US side, a clear statement of intent, of goodwill, of purpose to work together to solve these issues, and to do better where we can.”

Defence is still seen as an issue of national sovereignty, he added: “But in the 21st century we need to learn to trust each other, to work with each other, and to pool that sovereignty – on both sides of the Atlantic, and not just within Europe – if we are really going to stay ahead of the game.”

# To-do list for transatlantic defence cooperation

Friend of Europe's report concluded with 10 recommendations envisaged for the post-2020 US election period. See the [report](#) for full details:

## 1

Have veteran practitioners suggest mutual compromises on technology transfer, intellectual property rights and security of supply and export controls

## 2

Press ahead with EDF and PESCO, aligned with NATO capability gaps

## 3

Rapidly conclude a US-EDA agreement on identifying priority capability gaps and fixes

## 4

Hold direct US-EU talks on mutual regulatory disarmament

## 5

Place high priority for EU-NATO cooperation on military mobility and cyber security

## 6

Create a joint DARPA-EDF challenge fund for collaboration on AI, quantum computing, cyber security, digital comms equipment and space vehicle protection

## 7

Offer an alternative European 5G solution to Chinese technology and/or ally in competing with China

## 8

Have both sides make maximum use of NATO-brokered multinational capability programmes and common funded enablers

## 9

Tie the UK into the EU's defence industrial and technological base after Brexit

## 10

Hold regular forums for high-level political consultation on security and defence between EU and UK, separate from NATO





1. **Kelly Leibovich**, European Jewish Association
2. **Wayne Raabe**, Director of Interagency Partnering, US European Command (USEUCOM), Germany
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