



CARNEGIE EUROPE

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

Transcript

THE CHICAGO SUMMIT AND NATO'S NEW CHALLENGES

MAY 8, 2012

9:00 – 10:30 A.M.

BRUSSELS, BELGIUM

WELCOME/MODERATOR:

Peter Spiegel

Bureau Chief

Financial Times

SPEAKERS:

Jamie Shea

Deputy Assistant Secretary General for
Emerging Security Challenges
NATO

Lisa Aronsson

Head of the Transatlantic Programme
Royal United Services Institute

Jan Techau

Director
Carnegie Europe

Transcript by Way With Words

WASHINGTON DC ■ MOSCOW ■ BEIJING ■ BEIRUT ■ BRUSSELS

JAN TECHAU: Good morning, everybody. Welcome to Carnegie Europe once more for an early morning event on NATO. As you all know, the summit is coming up; summitry is the big game in this town, of course, and it all circulates and revolves around summits.

This time Carnegie Europe was quick enough to put something major out there, I think, on the future of NATO and on the summit and what to expect, and the author of this is nobody less than Jamie Shea, who just called himself, in the pre-meeting that we had, the dinosaur-in-residence at the Alliance. It's great that the dinosaur is still putting out great papers, and thanks for that.

I just want to say really quickly that I'm very thankful to all of you for coming this morning. Peter Spiegel will moderate this panel; Jamie will introduce his paper, and then we will have, hopefully, a good free-for-all and we'll unleash all of you and then, hopefully, get good questions from you.

Thanks for showing up. We at Carnegie Europe try to talk about strategy in this town; one of the most overused terms in this town, we tried to rephrase it and turn it into something positive. Thank you for helping us to do that here this morning. Peter, it's yours.

PETER SPIEGEL: Thank you, Jan. Just by way of a brief introduction, I think everyone knows Jamie and, obviously, Jan briefly introduced Lisa Aronsson who's here from Royal United Services Institute, or RUSI. I'm sure again this crowd is quite familiar with RUSI, probably the pre-eminent think-tank in London. She's been with RUSI for four years; a fellow transatlantic American, from Vermont, so it's good that we have two American representations here on the panel.

Let me turn over, first, to Jamie. Again, no introductions needed. I first met Jamie when he was working for George Robertson, largely as a translator for Lord Robertson to us native English-speakers who didn't understand his native language. Jamie obviously goes back - the dinosaur has not yet become extinct - back to the 1980s, I've learned; now with the exalted title of Deputy Assistant Secretary General for, basically, Future Threats and thinking about future threats, which is what his paper is focused on.

Jamie, why don't I turn it over to you, let you start remarks, and then I'll have some comments and turn it over to the other panel to poke at you.

JAMIE SHEA: Peter, thank you very much. Jan, I'd also like to thank you personally, Carnegie, Lisa and the team for organising the event today. I'd like to thank all of you most sincerely for coming out at such an early hour on such an uncharitable topic, for breakfast-time, of NATO, but, more importantly, NATO after Chicago.

Jan, the idea for this came out a conference that we had the pleasure of co-organising last year on the emerging security challenges, after which you said why don't you apply it to paper. You were so persuasive that six months later I finally got around to doing it, so thank you for continuing to prod me on that.

I'd like also to thank Lisa Aronsson for coming all the way over from London for RUSI. I'm sure that she's not going to say only nice things about me or the paper, but I do feel that the best way to do this would be to have a debate and not just a presentation by me. Again, thanks to all of you.

Transcript Not Checked Against Delivery

Now, as you all are aware, in just two weeks' time NATO gathers in Chicago for its 25th summit, its third one in the United States. I think by now you're pretty familiar with the four main topics that are going to be on the agenda, but, also, in the way ahead, in Afghanistan post-2014, defining the size and the mandate of the continuing NATO presence to help to sustain and mentor the Afghan forces, finding the right financial framework and method for continuing to build the Afghan security forces and make sure that they can continue to take over responsibility of the security which will be given to them next year, in 2013, and defining a long-term partnership arrangement by means of a joint declaration in Chicago - we took a couple when we were in Afghanistan - for the longer-term so it's clear to the Afghans that NATO's not abandoning their country.

Secondly, the so-called Force 2020, a package of defence capability improvements, particularly drawing on the lessons of the Libya Campaign last year when NATO was quite open in identifying many shortcomings in some sort of lack of decision-guiding commissions, lack of intelligence and surveillance capabilities, lack of tanker refuelling... many of you here follow the defence debate, so you're very familiar with this, and then to try to see how we can start to tackle some of those issues through more pooling and sharing, more development of multinational capabilities within the Alliance.

Certain flagship programmes, like missile defence and air policing for the Baltic States or the new Allied ground surveillance programme, will be put forward in Chicago as a size of the symbols of how multinational sharing can enable Allied capabilities which they would not have alone.

A further issue is the Defence and Deterrence Posture Review, which will set out how NATO sees, given the threats that it faces, the right mix of different instruments of security - nuclear weapons, preventional forces and missile defence - fits in, and how non-military things, like Operative Security Alarms Control [inaudible] are now part of that mix to enhance security.

Finally, Chicago has, with all summits these days, partners will be showcased; they are not funding [inaudible] any more desirable relations, but essential relations in terms of they want NATO to share the burdens. NATO, in Chicago, will try with them to set out a vision of how we develop those relations, not just in operations but beyond operations as well.

Here we come to the thrust of the paper which I had the privilege of writing for Carnegie - everything that was in the past was once in the future, and, therefore, sooner or later NATO will come back from Chicago and life will have to continue. What I've tried to do in the paper is focus on submissions, not with the thought that I've given totally satisfactory, convincing or complete answers, but at least I tried to focus on some issues which, to my mind, will have to be addressed systematically.

Hopefully, in Chicago the Heads of State and Governments may find some time in a very charged agenda to at least begin to debate some of these issues and provide some guidance. If they do so, that would be very helpful. If they don't have the time, then this is something that we will have to take up within NATO headquarters.

Number one is the prospect of, for the first time since 1949, NATO could be in a situation where it's not planning for an operation, it's not conducting an operation, it has no adversary for that planning to be the focus of. This, of course, is, if it does happen, will be a major, major culture change, because all of, particularly the younger generation, have grown up with a NATO that's always been out there somewhere, deploying forces, running an operation. When one has stopped, Bosnia, another one has almost miraculously come along at the right time to take over. The operational tempo of NATO has been very high for the last 20 years.

In fact, a colleague of mine has done a survey of the operations and has worked out that we've done 27 so far since 1992. Some of them have been bigger operations within an operation – you think of Kosovo or you think of Bosnia – but a whole multiplicity. Of course, as you know, much of NATO's post-war, Cold War evolution has been driven by operations. Many of the partners are partners not because we've signed formal agreements with them – Australia - but because they joined us in operations.

The thrust of NATO reaching out to the UN, to the EU, to the so-called comprehensive approach of civil and military integration has come out about because of operations. The transformation of NATO, the command structure, the focus on deployable forces, again, is the result of operations. Therefore, what will happen if, after the withdrawal of AISA in 2014, NATO suddenly finds itself without any operation to conduct?

Some of you may say, well, Jamie, don't worry about it, because something always turns up. You know the character of Mr Micawber in David Copperfield, in Charles Dickens, who always says to Copperfield, something will turn up. It's true, if one looks at the past, at operations that were never predicted, perhaps in Yugoslavia, Afghanistan, post-9/11, Libya were not predicted at the time. We do live in a terminal world, so it's quite likely that my thesis will be terminated relatively very quickly, because there will suddenly be enough for operations.

What if there is not, or what if there is a large time lag between the end of AISA and whatever comes next? A lot of my paper is focused on what specific challenges NATO will have to address to stay able to conduct operations or mount an operation. The parallel would be if, for example, Manchester United have to maintain their current fitness and tactics and ability to play at the highest level if it's not on the fixture list for the following season.

How do we do it? I've zoomed in on certain things which were in the paper, but what is the definition of the core multinational capabilities with NATO as your king? In other words, in the nature of austerity, when much of defence capability is being stripped away, what is that multinational core: command structure, communications, NATO response force, cyber defence capabilities, Allied ground surveillance, intelligence capabilities... what is it that we have to keep?

Secondly, and I called this in the paper the 50/50 Alliance, if NATO is going to have a more derivative [or relative ?] but essential core, it's had to rely historically more than ever on national structures, national recruiters, national units. How do we ensure that they are trained to NATO standards, that they're available to be quickly inserted into NATO missions, that personnel in national command structures can be quickly identified and mobilised to serve in multinational NATO command structures?

Now, Libya was a case in point, where we required 700 target analysts; only 46 were available within the campaign, in the NATO command structure. It was therefore, as you can imagine, a very painful experience and a long experience: I had to go and find the other 650 in national command structures and fit them in, and the time it took was, of course, one of the reasons why the air campaign could not proceed more quickly.

The second issue is how do we preserve, after Afghanistan, the ability to work together? Afghanistan has been the best training for NATO forces; they are smaller than they used to be, but, arguably, they're in a much better level of operational capability, fighting ability, because of the painful transformation it brought through on the ground in Afghanistan.

Transcript Not Checked Against Delivery

How do we make sure that post-lessons learnt, that interoperability does not disintegrate as forces return home for garrison Article 5 territorial defence missions? Therefore, how do we ensure, again, in a nature of austerity when we don't have the money, as during the Cold War, to send 60,000 American troops back to Europe every year so that we forge a...?

How do we use new technology, simulation, intensive training, NATO command structure to make sure that we remain connected, particularly at a time when the US will no longer have, in a few years' time, any heavy armoured units any longer? It's cutting, as you know, two of its four brigade combat teams. On the other hand, Secretary of Defence Panetta has confirmed that the US will reserves in the US brigade combat teams to be sent back to participate in a NATO response for training.

How do we make sure that we use that and maybe use EUCOM, UN-US forces, Command Europe, not only as an operational command but, increasingly, as a training command to preserve the interoperability? Of course, the next thing, Smart Defence - you're familiar with that; Chicago are au fait with this, with about 25 projects to save money and, I see, are looking for synergies, groups of nations working together: same size, same outlook, same capabilities. All of this makes sense.

One of the big issues is: how will NATO post-Chicago not simply have a list of capabilities but change the mindset to be able to put the multinational approach as the first approach and not as the last approach when it develops capability? Don't forget, ladies and gentlemen, that at the moment, 95% of European forces are still nationally and constitutionally [inaudible] directed, and 75% still today of European defence contracts go to only the [unclear] nations. It means a lot of you have been speaking at Brussels, particularly, as you know, about this for several years; there's a great deal of work to do.

Finally, how does NATO, in its defence planning, zoom in on the type of things that will be required for the type of missions it's more likely to be doing, Special Forces, for example? US, UK, France, other countries have these, but how do we mainstream competence in Special Forces across the Alliance?

The maritime dimension, which is increasingly important, the lack of maritime patrol aircraft, the integration of ships with aircraft and intelligence, another example, or capabilities like Sinai [inaudible] - how do we bring them from the outside into the mainstream of NATO defence planning? For example, Smart Defence has a lot to say about traditional defence items: tanks, aircraft, communications, medical units, but we still have to fit the requirements of new challenges, like cyber-attacks, into that.

There's a lot to be done, first and foremost, in terms of keeping NATO at a level where, if Libya comes along, we can quickly package a multinational response in eight days, but not go back to a Holland [inaudible] Alliance where it will turn into eight weeks or even eight months to reconstitute that capability.

The second issue I've identified, very briefly, is addressing more systematically these new security challenges that Jan mentioned; the Lisbon and the New Strategic Concept Papers are a good start, but I've set out a number of things that NATO can do, in the paper, to be even more relevant in areas like SABA [inaudible] or energy security or chemical terrorism.

I've also said that, to some degree, NATO needs to change its business model to be able to optimise its role. If you deal with tanks, you produce them yourself, you own them yourself and you operate them within your territorial waters, or ships, or your territorial airspace or territory, these are clearly defined things. Cyberspace - 95% of the networks are unmarked, private sector. There are no territorial limits; there is, therefore, no ownership.

Transcript Not Checked Against Delivery

If you're going to be effective, you need to be much better networked into government agencies like intelligence services, police, Ministries of the Interior, the industry side, other international organisations. Therefore, it's not just a question of the right policies; you have to have this network to be able to operate.

The next thing I want to emphasise was that if we are now going to a NATO where the operational tempo will go down, is this the time to finally work on that more political vision of the Alliance? Many secretary-generals, particularly the predecessor of Anders Fogh Rasmussen, Jaap de Hoop Scheffer, you remember, always emphasised political consultation, preventing things, using NATO more as a political forum for the strategic dialogue, sharing intelligence better, doing net assessments better.

Of course, the difficulty is that it's always easy to act when something has gone bang or a massacre has occurred; the mandate is pretty much there, the situation is black and white. It's much more difficult to act earlier on, when the signs may still be ambiguous. People do believe, and I can understand this, that engaging NATO early might send the wrong signals about NATO's military designs. On the other hand, if we're going to save money, if we're going to be more preventive, if we're going to manage crises better, then this is something that could usefully be explored.

Partners– this is my next point and I've almost finished – that is something important, too. This is a fantastic success story; 22 non-NATO countries in AISA; eight non-NATO countries with us in Kosovo. Of course, a lot of the progress resulting in partners, giving them more access to positions of responsibility in operations, in the command structure, sharing intelligence, doing the planning together, a lot of this was built around operations.

If there are no operations any longer, how can we preserve these partnerships? How can we stop, for example, a country like Australia saying: we're going home, we'll see you at the next operation? How can we preserve interoperability? How can we bring the partners more into Smart Defence where they have a contribution to make?

Of course, how can we optimise the value of partners who are not necessarily with us in operations – Israel is a case in point – but who, of course, in many other areas have a lot to contribute, countries in North Africa as well? How do we stay networked with partners? By diversifying the number of activities and interests where we can engage with them.

Finally, I've mentioned that if we are not going to be doing so many peacekeeping operations ourselves in the years ahead, others will be doing them. The UN is now seriously back in business with peacekeeping: 25 operations, many in Africa; more internal peacekeeping, by the way; more robust UN operations, better resourced. African Union is coming into its own. Arab League is not yet, if you like, a peacekeeping operation, but it's starting to deploy monitors from Syria in a way that would have been unthinkable a few years ago.

Beyond training the Afghan Forces or forces in Kosovo, how does NATO take a decimal or systematic approach to helping others to acquire the right capabilities to assisting them given that there's going to be a lot of demand for them in their regions, even if NATO isn't taking the lead role? It's in our interests, of course, to help, so I argue in my paper for more a systematic approach.

Finally, at the end, I point out to three particular dilemmas that NATO, I believe, will have to get to grips with as it moves forward. The first thing is that we need better connectivity to the outside world, but we all know because whilst, of course, NATO-EU is a case in point – I see Zoltan is here and other colleagues

who had their [inaudible] - how, therefore, given the greater need for more connectivity, do we ensure that it happens?

Secondly, how do we achieve a better balance between economic austerity, which is a reality, defence budgets going down, but necessary defence lessons to ensure that NATO is able to function? The issue of national sovereignty: we have multinational approaches that look good on paper, but NATO is still hesitant when it comes to: will I have assured access, or will I be forced to participate in a mission I don't want to because the capability's not that part we own that are going to be used? How do we balance the lead from the multinational approach with country sensitivity about sovereignty?

Finally, how do we ensure operational effectiveness in what we do? Think of missile defence, where you need to act very quickly, with the need, of course, to continue to exert the necessary political control.

These are some issues, but I'm not suggesting no [inaudible], but NATO has faced quite major challenges before, not only the physical kind but the intellectual kind as well, and I'm sure that all of these issues are inherently solvable, but we may need to take a more long-term view and have more political dialogue on them once we return from Chicago. Thank you very much, indeed. That was, in a nutshell, my text.

PETER SPIEGEL: Thank you, Jamie. I wonder if I must emphasise that everyone gets involved; we have a short presentation by the panel. I've been asked to do some initial cloaking just to generate some sort of statement on this.

I do encourage everyone here today, just encourage thought provoking on the issues that Jamie has raised and, I think, very clearly, identified the challenges ahead, particularly in the environment where there are already operational activities underway.

I must say, first, that I come away somewhat more pessimistic than you do about the ability, particularly European, of NATO, to deal with those challenges, with the [unclear] of operations. I guess I'm somewhat sceptical in that regard, particularly the focus that Chicago has brought to term, which I think runs the danger of being an environment for: how do we cut budgets even further than they've been cut already?

We've heard Secretary Gates here in Brussels, in his valedictory speech, talking about how the US has begun viewing European allies as less useful and NATO less valuable because of that. I don't see any sign of that changing in the near term, particularly with the economic crisis here.

I think after Libya there was some sense of, particularly in France, which I know us Anglo-Americans like to joke about as frequently, but, clearly, it's a nation that takes great pride and is quite good at deploying its military and its capabilities, wake up to the fact that it cannot even conduct a proper air campaign without US help in a country as lacking advancement as Libya. You saw some initiative there; perhaps they were waking up to the capabilities gap, but I don't think that's gone anywhere, and I worry that it's not going to be picked up in the near future.

One last thought, which is a bit of my points which I have raised quite frequently to the people here in Europe, and, thankfully, to Jan and Carly [inaudible] for picking this up in their theme of Strategic Europe; the lack of strategic thinking on these challenges always bothers me. Again, having come from the US, where I covered the Pentagon for many years - [inaudible] you, the first thing that's always done is: what are the potential threats out there, which, of course, you already know? Then you shape your force to meet the threat.

NATO always seems to get it backwards: what are our capabilities, what are our initial [inaudible] capabilities, and can we find a threat to use it in? I worry a bit that, as we go into Smart Defence, as we try to shape our future, we start with our capabilities and come up with threats as opposed to working the other way around, things like South China Sea, things like Straits of Malacca, things that the US obsess about. I think properly important, strategic reasons seem to be not discussed at all. I worry about that, particularly when it goes to making sure that the public see NATO as relevant.

As a journalist, being negative is my job, so I think, hopefully, I've started on that road; again, tried to stimulate some questions for you guys. Lisa, why don't I turn to you first, get your reaction? I know you had some thoughts on [inaudible].

LISA ARONSSON: Thank you, Jamie, very much, and thanks, Jan, for the invitation. It's a pleasure to be here. I've written quite a lot of notes on the paper, but I'll try to give ten minutes of comments.

Jamie, I first want to just commend you on a really insightful paper. I think it's an extremely important exercise to be thinking about how NATO can stay relevant and capable if it should be the case that we go into a period where there are fewer operations and, as you put it in the paper, a smaller market for the kinds of things that NATO does best.

I think you did a great job about learning ways to address the capability staff, reducing reliance on the US, keeping a wide global ambition for NATO but also prioritising threats and then staying relevant by preparing for new challenges, harmonising positions and thinking through partnerships.

I wanted to comment on two of the sections of your paper that you didn't actually mention directly but implicitly; the section on reducing reliance on the United States, and then the section on where you warned NATO to beware of focusing only on Article 5. The first one is generally about the debate about the American pivot to Asia and what that means for NATO.

Not necessarily in Jamie's paper, but in looking at the think-tank debate about this, I think there's an excessive focus on the capabilities and figuring out how to get European allies to spend better. The Smart Defence has come out of this; it's come out of Secretary Gates' outgoing speech and out of Secretary Clinton's foreign policy article on the pivot to Asia. Capabilities are important and spending better is important.

NATO cannot be allowed to become a place where nations make declarations and issue political communiqués but can't back them up. I think that debate needs to be recast a little bit; it's not so much about reducing reliance on the United States, it's about figuring out how to add more value for the United States.

I think there are three areas where NATO can do this; one which has already been mentioned: it needs to be recast as a standing for a coherent strategic security community. This is one point that has already mentioned; in terms of getting NATO to think strategically, there needs to be more strategic discussions and within the NAC.

I understand the difficulties; some countries, such as Turkey, make it difficult to think more strategically about Iran; other countries, the Germans and others, make it difficult to be thinking strategically about North Korea, China or Iran because of understanding that that might lead to a military decision.

I don't think this is acceptable for the United States, and NATO won't remain relevant for the United States if it starts to look like a niche business. There need to be consultations on some of these issues. I don't think they need to harmonise positions; it's fine for there to be major disagreements on this, but there needs to be more strategic thinking.

Secondly, I think, in thinking about the American pivot, it's worth keeping in mind that it's not a pivot to Asia, it's not only a geographical pivot; it's a geographical pivot to Asia and the greater Middle East, but it's also a capabilities pivot away from the investment in coin and land and towards what some in London are talking about as: how do we fit into this new air or sea battle concept, which is not very well named? It's about integrated cross-domain capabilities to affect decision-making in crisis ahead of a crisis.

I think it's worth thinking strategically in Europe about what this means for multinational NATO and US-led operations. Does it mean that European allies are going to be no longer providing equal, but smaller contributions, but receiving some sort of pre-processed information, or what does that mean for NATO? That's another way of thinking about a pivot that gets away from just excessive thinking about this 2% and spending better.

Then, lastly, I worry a little bit that values are slipping out of the discussion on partnerships, on capabilities and on strategic consultations. There's been so much emphasis, I think NATO really cannot run away from values, and I don't think, Jamie, you addressed this directly, but I think it was implicit and I think you'd agree with me there.

If you look at all American official speeches, this is one of the things that come up first. In Assistant-Secretary of State, Phil Gordon's speech just the other day, this was the first comment he made. It doesn't have to be black and white; they never have been. During the Cold War we accepted colonels in Greece, coups in Turkey and Franco-Spain and we called them all part of the Free World, so I don't think that the values need to be black and white, and it never has been. It doesn't mean any democracy should be let in, but we should keep it central in the decision-making process.

In sum, adding value for the United States is not only about reducing the Alliance, and it's not only about the capabilities, although I think that's really important; the Libya campaign definitely made that clear. It's more about casting NATO as a coherent, strategic community; that means coherence in terms of geography, values, thinking on a global level and capabilities, but I don't think, necessarily, that all positions need to be... there needs to be harmonisation at 28.

The second area that I wanted to make some comments on was inspired by a section in Jamie's paper about: beware of focusing only on Article 5. This made me think of the NATO-come-home argument that so many Western and North American academics seem to be really worried about. Jamie says: beware of focusing on Article 5, because we don't want to go back to a pre-1989 role. We don't want to be focusing on military postures in Europe that will keep NATO and Russia divided; we'd rather be focusing on the stuff that unites us.

Also, he argues that it would make NATO less responsive to the global agenda that's reflected on almost all of the members' national security strategies. This section of the paper is about keeping NATO relevant for Europe. I just want to make two points on that; I think NATO-come-home may sound like a parochial point, but a lot of members cherish a territorial defence role that NATO plays. A lot of members do not see these challenges being over with, far from it. For countries in Central and Eastern Europe and even Germany, Norway and others, Article 5 is paramount, and it's often a justification for spending, a justification for keeping the forces.

I think it's often interpreted by Western and North Americans as leading to this pre-1989 posture, but, actually... or that means that NATO's going to come and hibernate without operations, or it's going to come home and antagonise Russia or find a new enemy. Repatriating some strategic attention can also be a good thing, because it also needs to redefine its relevance for Europe and not just for the United States.

Really quickly, the last couple of minutes on Russia; it's still a really big problem, nowhere near a resolution. With Putin just sworn in, pledged to launch a massive rearmament, top military officials now threatening pre-emptive strikes on the missile defence facilities in Europe, renouncing CFE, stationing missiles, is NATO really going to brush this aside?

I think there needs to be a more equitable consideration of this issue at 28, and it cannot be that the NATO position is dominated by those who say, NATO needs to grow out of this, Russia is not a threat, but only a threat because of its weakness.

The last point is about relevance for Europe; not only Article 5, but I think there's a disconnect between the debates on NATO and the debates about the Eurozone issues, and I don't think these should be separated. NATO will be relevant for Europe if it protects Article 5 and it demonstrates that it's part of the solution for Europe's crisis rather than part of the problems within its institutions.

That means responding to a changing Europe. There are huge shifts taking place in the financial and political structures. This weekend's elections demonstrate that these are going to be tectonic shifts; there could be violence in Greece or elsewhere; huge challenges in Ukraine and Belarus and the Balkans. How is it possible that the Balkans is still unfinished business?

I think there's also loss of confidence in European institutions, in its banking structure, erosion of soft power, stagnant growth and potential self-preoccupation. NATO needs to be a part of the solution for this; that means adjusting to these shifts, helping nations to save money, making sure that Smart Defence can demonstrate that it is saving money for these nations, acting to help national militaries, managing tensions, building confidence and trust among European powers, keeping the pathway for enlargement open. NATO has a strong record in these areas.

I think it's easy to criticise; and the NATO-come-home argument, there's too much focus on Article 5, but I think it's worth saying, beware of focusing too little on Europe or on Article 5, because NATO needs to remain relevant for both the United States and Europe.

Just to conclude, NATO needs to be recasting itself as a coherent, strategic security community, thinking differently about the US pivot to Asia. Repatriating some attention in Europe wouldn't necessarily be a bad thing.

PETER SPIEGEL: Thank you, Lisa, for a very good argument, particularly on the [inaudible]. I think in this kind of particular running into poles and just [inaudible] talk this issue, very front of their minds, particularly during the presidential campaign, when Putin was rather more militant than perhaps his predecessor was. A very good argument, so thank you very much.

Jan, do you want to wrap up before I turn it over to the microphone?

JAN TECHAU: Thanks, Peter. Thanks, everybody. I want to add a few points from my perspective that came to mind when I read Jamie's paper but also had been on my mind for a bit longer than that. I won't

go into capabilities and all the big stuff because that has been mentioned here, but, in terms of the relevance of NATO in the future, let me add maybe two or three points.

The first one is one that gets very little attention, but it's hugely useful to the Europeans, basically, on a daily basis and to the Americans as well, and that is the fact that NATO is such a huge transparency machine. What we have is annual planning cycles, defence planning, and nuclear planning; basically, everybody is naked in front of everybody else, in terms of their military capabilities and intentions. That's unprecedented in history.

It gets very little attention, and it happens on the ground, every day, and it creates an environment of trust and transparency that, really, I think is key in maintaining peace and stability in Europe, very much accounted for, very invisible, but a primary function of NATO. One of my key concerns would be to keep that intact at all costs, because it is such an instrumental part in keeping the peace on this continent. Even though it sounds like an archaic kind of argument, I think it's hugely important.

My question to Jamie would be as to whether he thinks that maybe, in the course of debating all of those overarching political questions, some of these invisible functions might get lost or might even get discarded because they have so little attention and so few lobbyists speaking for them.

The second thing is something that came out of the Libya question; I think the primary lesson to be learnt from Libya, apart from all the interoperability questions and capability questions, is that NATO was able to show that it is an immensely flexible organisation, flexibility in terms of providing a security figure that the EU doesn't have.

Libya was conducted, basically, by only a small handful of the members of NATO; now, while the others who were either abstaining or even openly against the mission let it happen. The anonymity requirement in the NATO Council wasn't played out in the hard way, but it was handled very flexibly; constructive abstentions and, basically, a general flexibility that NATO portrayed in handling this mission that, I think, gets very, very little attention as well.

I think the future for NATO is not the Libya mission, but it is in the flexibility that we've seen as part of the political framework for Libya. If that flexibility hadn't been there, it would not have been possible.

It seems to me that there are two prerequisites for this kind of flexibility that need to be in place; obviously, every mission is very different from any other mission, and there will not be a second Libya, because the circumstances are unique, but I think two prerequisites are there and need to be in place in order to keep that flexibility.

The first one is that you need to have a complete, 100% reliance in all member states on the procedures inside NATO, because if you want to have flexibility there must be trust, even among those nations that don't want to participate, that the organisation doesn't get hijacked by those who want to proceed. That means that the procedures inside and the veto nominally must be in place, and everything needs to be played by the book, very firmly.

That sounds tedious, but I think that's the only way you can have flexibility. If people feel that they can't trust the internal machinery, they will not grant NATO that kind of flexibility that it has shown in the Libya case.

Transcript Not Checked Against Delivery

The second thing is that there needs to be an understanding amongst all members of NATO that NATO is both a life insurance, an Article 5 territorial defence thing, at its core and a toolbox. We're back to the toolbox approach: a flexible tool that can be applied in this case and can also be applied in another case, and that we strike a balance in the narrative about NATO that both are there.

Then I'm not really worried, because there is a security and defence marketplace in Europe; there's a need for that commodity. There are only two organisations that deal with it seriously, and it's only of them that really has this kind of asset, and that's NATO. Therefore, I'm not really worried about the future of NATO in that sense, because the security marketplace in Europe will not disappear overnight. Quite to the contrary; I think it's probably going to be more important in the future.

One thing that came to mind that when I read your paper is that there was a huge defeat for NATO over the last couple of years, when countries like Germany, the Netherlands, but also Britain, started their national defence reviews and NATO didn't play a role in it whatsoever. Those were national reviews based on domestic politics and national considerations; NATO was not used – I wouldn't say entirely not used, but almost entirely not used – for consultations, for the Dutch to make their decisions, for the Germans to make their decisions.

Actually, there has been a significant ruckus even amongst member states when they found out what the others have in mind. They needed to feed it into NATO, because it's the transparency mission that I mentioned, but in the end, the decisions that the Germans took were disconnected from the rest of the people, and I think that was a huge defeat. That was quite the opposite of what we want to happen, the opposite of Smart Defence. I wonder whether the Smart Defence idea, as good as it is and as old as it is, can top – and it's the sovereignty question, I think, that you've mentioned – these instincts that nation states have.

The capabilities gap we're talking about is, of course, at its core, a lack of aspiration, and that lack of aspiration comes from a failure to acknowledge realities. Nation states still tend to ignore these realities because it's more convenient in their domestic political debates.

My fourth and last point: you talk in your paper about an increasing reliance, for any future mission of NATO, on international support and international legitimacy - UN mandate and these kinds of things. I have another feeling here; that's certainly true, but we all know that the UN system is also, to a large degree, dysfunctional and won't be able often to provide those legitimising documents.

I think NATO in itself has turned into a generator of that kind of legitimacy. It is a regional organisation, and, as we've seen in the Kosovo case, obviously the world community could very well live with the fact that NATO mandated itself for that kind of mission. To a certain extent, I think this also played out in the Libya case where it was a lot easier for the UN Security Council to actually give a mandate because it knew that NATO was running the show, that it was not a national kind of mission, it was not a unilateral kind of approach by any given member state, but that it would be communalised within NATO.

My question to you would be: can NATO, even though it doesn't have the universal kind of standing that the United Nations has, serve as a regional provider of legitimacy? Can it, in the end, self-legitimise? It's a very contentious question, it has a lot of very disputable ramifications once you ask these questions, but it seems to me that, indeed, there is an increasing importance of regional organisations in light of the dysfunctionalities of the UN system.

If we want to ensure NATO's proper functioning, maybe we need to play very smartly with this element of self-legitimation and self-mandating of NATO, even though it's a bit dangerous at the same time, but I think there's a need for it. The fact that we are a club of democracies, that we're a club of nations that are serious about multilateralism, that we consult, that we have the procedures that I mentioned in place within NATO makes it comfortable for others to trust on our ability to mandate ourselves and to trust this is not going to be some kind of abusive mission.

I think that there's something to be said about the self-mandated power of NATO. I think the crucial plan [inaudible] for the future as well. I will leave at these four quick points. Thanks again to all of you for providing insights here today.

PETER SPIEGEL: A very short list of things you might have addressed. Let me just highlight a couple of things that intrigued me, you can always pick and choose; you definitely addressed the issue of Article 5, too much political. I think this issue of self-generated legitimacy is a real live one right now, particularly since the Russians, at least, argue that NATO overstepped that in Libya.

Part of the excuse they've given for not allowing a UN mandate on Syria in [unclear] is that: well, we tried this once before and we said that we gave NATO this role in Libya, and, boy, they pushed the envelope even further when they went into an actual combat role, with not just policing [inaudible] and protecting civilians. Is that a potential role for NATO?

Lastly, for me, if you can just address, Libya-focused perhaps again; was Libya, can Libya be an instigator for building capabilities on a NATO basis, as perhaps we saw additionally in France, or has that time already passed and the economic crisis taken over, where capabilities have become much more nationalistic and people are really looking for cuts?

Some thoughts that perhaps you could address, but feel free to [inaudible].

JAMIE SHEA: First of all, thank you, to all three of you, for a wonderful critique. The problem, as I try to give answers, is that I often agree with your critiques.

If I could have my time going, right, okay, make that work; the paper didn't explain. Let me try to answer very briefly, because I know the audience probably want to come in with even more powerful ammunition on my head, some of them anyway.

First of all, Lisa, the Article 5 issue; you're absolutely right: I do say in the paper, upfront, that NATO's primary function is collective defence under Article 5, but it has to be seen by its members to be able to provide that, have the basis of confidence to be able to do other things – absolutely. It's not, of course, a cowardly, an either/or type of thing; NATO has to be able to do both.

On the other hand, I do believe, first of all, that we've already done quite a lot over the last couple of years to buttress the confidence of the new member states, the Baltic states, Eastern European countries in the validity of Article 5, and are continuously planning for the Baltic states, a permanent solution for the air policing, at least a longer-term solution for the air policing, which was reconfirmed recently, the NATO response force being given an Article 5 role.

The US has been, yes, withdrawing brigades, but in terms of missile defence, you could argue has been making other types of commitment which symbolise the transatlantic link, the commitment of the United States to send every day combat teams back. There's a whole litany of things you could point to, the

centrality of Article 5 right up front in the new strategic concept, before we talk about operations or anything else.

A lot's being done and you can... the problem is how much you have to do, how many times do I have to say I love you before I can expect you to at least take me seriously and believe me? I would argue that, if you look at the concrete [inaudible] other things – last year we had, for example, the first Article 5 exercise in NATO since 2002, to once again make sure that we are seeing these more traditional crisis management things.

Two points; the first point is: what is Article 5 likely to be today in terms of European security? It's likely to be a massive cyber-attack on a country, like Estonia in 2007. If Estonia happened again tomorrow, would NATO be in a better position to anticipate that attack, to provide concrete, silent defensive systems to Estonia? Do we have the redundant capabilities lined up in industry that we can immediately supply to Estonia to give it extra bandwidth? Do we have...?

We have in the NATO defence planning system contingency planning, a lot of ideas about sending over ships or extra planes to a country, but do we have anything about sending cyber capabilities or forensics or attribution or detection capabilities to member states attacked? Would countries have those capabilities ready to expend?

I'd just offer that as an example that, so, yes, Article 5, absolutely, but doing so [inaudible] the realistic Article 5 that we were talking about, urgent cutoffs, we can even talk about massive natural disasters. Last year was the worst ever year for natural disasters in the world, with earthquakes, tsunamis and Fukushimas, manmade, actually, which cost the world economy over \$580 billion in damage. Insurance companies are now interpreting, and this includes Europe, risk in an entirely different way. What we would do in those kinds of [inaudible]?

Article 5 is now much more connected with critical supply chains, critical infrastructure protection. I agree with you entirely, but if Article 5 is going to be the name of the game, we need to actually look at what it means at that time.

Finally, on that one, I agree with you, though; you're absolutely right: there is unfinished business with Russia. Why this is... as we come back to Europe in the wake of Afghanistan, as we move forward, we should not see it only as a military posturing but much more so, and I think you get the point here, politically posturing.

What is our neighbourhood programme vis-à-vis countries like Ukraine, Georgia, the Balkans, where, clearly – look at Kosovo in the last couple of days, where we've had to deploy the NATO operation and reserve forces; Germany and Austria had to deal with the possible violence during it due to the elections. You're right, I totally agree; we need to think more politically about how we engage with other countries.

Secondly, with Russia, you're right – there is a whole agenda, the CFE Treaty, tactical nuclear weapons, doing military planning against each other, while also saying that we are partners, of course, lack of transparency on exercises and so on. There's a big agenda here. But, of course, if we could get a Russia-NATO missile defence agreement, hopefully, it will unlock many of these other dossiers.

It's true that we do have a sort of paradox on the one hand: a degree of strategic partnership with Russia, particularly manifest in Afghanistan at the moment, or in looking at, for example, counterterrorism operation, while still this Cold War legacy is there. I would like to clearly recast it in not NATO-come-

home to simply the wider military protection, but much more so, if NATO's coming back to Europe, how do we reengage politically in thinking about the real Article 5 threats and how we provide and project stability among our orders?

The other thing, that Jan mentioned, this legitimacy thing – I think what you could say is that NATO acted in Kosovo without Security Council resolution, so the matter [inaudible] you decide, well, we'll let you know once, with pleasure, but the second time would be a perversion. By that, I mean that NATO, presumably, would not want to be in the situation where it could not act without a UN-Security Council resolution, and would always make every possible effort to have one. Fortunately, for us who know Kosovo, who know its 27 operations that I mentioned, Kosovo is still the only exception, and even that was brought into line with the UN in 1244, after the air campaign was over.

I don't think NATO presents itself, again, as a self-mandating organisation. Indeed, from a practical point of view, that given the Bundestag, how the NATO Parliament's authorising participation, if we went around without a UN mandate, it might even put a serious restraint on the willingness itself of AISA and partner countries, for example Austria has a constitutional requirement for a UN Security Council resolution, to participate. Somehow I don't think it would be the best practical politics.

That said, I would like to turn it around; I think it also behoves NATO to increase the chances of acting with UN legitimacy, precisely by showing that we're not only expecting the UN to give us something, but we are also willing to do something for the UN. The engagement, for example, with the African Union in Somalia, in Darfur, the good planning that we had together with the EU during Libya, with the UN, for a humanitarian contingency that never materialised, and all of that, the declaration that Jaap de Hoop Scheffer signed with the UN a few years ago – all... the more we can make ourselves persona grata in the UN book, rather than being seen as a Cold War relic, the better for us. I would put cost in that light.

Many other issues, but probably for the sake of bringing in the audience, I will shut up.

PETER SPIEGEL: Thank you very much. We have about a half-hour left, so please, as always, open it by who you're asking the question of correctly, but also please identify yourself and the organisation you work for.

PAUL FLAHERTY: I'm Paul Flaherty; I'm the former UK Functionary in Brussels – not working for anybody. Jamie, thanks very much for the paper, and thanks for the opportunity. One banal point; you've talked about Manchester United - maybe a better example closer to your home would be at least one North London club who's not going to be playing in Europe next year, and, lo and behold, the players are leaving.

Two points: I'm very struck by the fact that your reference to planning came after the reference to Smart Defence. The danger with that is that what we're actually going to do is buy unnecessary equipment cheaply without actually working out what it is that we want. There are lots of gut reactions going on at the moment; the air sea stuff is actually air-sea versus land; there's something of a reaction to Afghanistan; there's also something of a reaction, instant reaction, to Libya.

If you think Libya is a really good example of how to run a campaign, it's not where I would want to be. I think we really need to think this thing through, and I think we've got the cart before the horse at the moment. How are we going to get the horse where it needs to be, in front of the cart?

Secondly, you mentioned the posture review, but you didn't actually say anything about it. Missile defence is going to be an important part of that. Two things on missile defence strike me; one is that this is going to be the first time ever that we're going to have American forces stationed in Europe for the defence of the US. This is, potentially, game changing, in deterrence terms, but there's no thought going into it about what are the consequences of that.

Then, also, on the Russian reaction and pre-emptive strike; some of this is rhetoric, some of it is by language. The fact of the matter is that if you're going to do deterrence by denial, then the place that becomes the target, the thing that's stopping you doing, not just for the Russians but for anybody, the thing that's going to be stopping you doing what you want to do is precisely the missile defence system. What else do you do? You try and take it out. That's what we do with air defence.

There's lots of logic in here, but we're not working it out, we're not working it through, and I would have thought the posture review should have been opting to do this, but it doesn't look as though we're taking it.

PETER SPIEGEL: Jamie, why don't you address that first, and then we'll go for more questions [inaudible] and we'll begin to [inaudible]?

JAMIE SHEA: First of all, Paul is a dear colleague and was involved in defence planning for a long time, so I fully respect his expertise on this. He has a point, in the sense that what has happened with Smart Defence is that countries have come forward to propose projects. For example, the Czechs and the Slovaks have a long history together and have also compatible bases or programmes, will get together and say, ah, yes, we've identified clearly a synergy where we can merge this training facility or we can merge this spare parts programme, or we can put two military medical hospitals together and begin to share. All of this saves money.

Of course, it's very good if we save money, Defence Ministers get that money; you can spend it on something else, so it goes off to the Treasury or the Education Ministry. I'm not saying that's bad for society, but it does mean, of course, that then there is less of an incentive for the Defence Ministers to make the savings, because they don't recoup the money.

All that's very good, but, of course, I think Paul's point is right; what are all of these various rationalisation schemes, little groups at these grassroots level proposing things, doesn't fit into any sort of set of priorities, any master plan for procurement, being rather NATO-important. NATO registers what's going on, but at the end of the day, you end up with a fragmentary sort of arrangement which doesn't... may increase interoperability at the local level, but doesn't necessarily increase it Alliance-wise.

I think Paul's right; I think one of the key challenges here is, and I think this applies to the EU as well, with its programme of sharing, what kind of influence does Brussels have on all of this in terms of steering it? The term that you hear is Specialisation by Design; in other words, we've got role specialisation, but it has to be by design, so it has to fit into an overall scheme, rather than specialisation by default. This country is simply slashing capabilities because of the crisis. I think this is going to be one of the big challenges that we're going to face post-Chicago in how we organise that.

Of course, the other thing is for the Alliance to define the multinational capabilities, that it would try to, if not own, at least operate and run as an Alliance. Here, again, there's an interesting issue, because issues like the new alliance of surveillance and reconnaissance, a system, eight countries will do that; AGS [inaudible], 13 countries will do that; AWACS, a more traditional programme... You're going to have, if

you like, a consortium of committees of contributors within the Alliance coming together to finance programmes.

What will be the conditions within to make those capabilities available to the Alliance, in general, but receive financial compensation from the rest to have a sense of the programme as well? This comes back to what Jan was saying earlier; if you're going to have a more flexible Alliance in the future, and I agree with him, where you're going to have only groups, which, by the way, could include partners like Sweden in the Glubier [inaudible] air campaign, partners as well as some allies not participating, then you're going to have an arrangement where everybody agrees, in their own interest, to maintain a minimum core multinational structure, command structure basis, common capabilities, on the assumption not all of them will use them all of the time. Some will use them a lot.

What will be the financial arrangements for some using those facilities? What would be the minimum contribution that the others would have to make if it's a NATO decision? For example, Germany not participating in the air campaign but still agreeing, for example, to participate in AWACS missions or to leave its officers in a command structure or make those bases available. I think you're right, I think this is going to be some of the detailed work that we will need to do.

On the Defence and Deterrence Posture Review, I think you're right, Paul, to the extent that these are very complicated issues and, probably, we're going to need to think about within more depth beyond these current, very short documents [inaudible] which should be made public, it's clear.

I think, also, because we are going - if you look at the cyber world, which I mentioned, which is not in the Defence and Deterrence Posture Review - into a new concept of defence by denial, or deterrence by denial, denying somebody the benefit of the aggression, of course, if that's only defensive and there's no ability to retaliate, how much deterrence are you really going to get out of that? That's absolutely clear.

Then, again, with missile defence, how much is that a hard, physical defence capability which allows you to reduce nuclear weapons, for example, or preventative forces, or how much is it really a political instrument which calculates the plans of a potential aggressor in conducting an attack, but which ultimately doesn't substitute for a retaliatory capability if it breaks down?

I think, as we go forward post-Chicago, particularly in adding NATO command control and the elements of missile defence, you will have to think not only about having a system up and running to give a basic cavalry, but, increasingly, as we did with the nuclear issue over the decades, how, in terms of crisis, these things are actually going to play out.

PETER SPIEGEL: May I press your button on what [inaudible] words in your mouth, but I think, Paul, one of the things that are pointing at me is sea change that is starting, that missile defence adds to US security but decreases European security, if that's not putting too many words in your mouth. Is that a fair analysis of what missile defence [inaudible]?

JAMIE SHEA: It's not the intention to do that, because, as you know, the idea of missile defence is to have European-wide coverage. That won't start immediately with Chicago, because you'll just have an interim operational capability based on two American [unclear] ships, which will give you a sort of limited cover.

Of course, one of the issues is that, also, we go... and the protected potential targets that we protect in the first instance, because you can't protect everything, but, certainly, as long as those American capabilities are actually stationed in Europe, then Europe will benefit from that coverage, that's clear, particularly

given that the Iranians at the moment do not have a missile capable of reaching the United States. The Iranian capability, which is, essentially, what this missile defence is aimed to counter, in the first instance, is a capability which threatens Europe more than the United States.

I think the key thing, though, is the Americans also have agreed to uproot their missile defences in Asia as well. They have about 100 Interceptors at the moment in total, and Asia's cruisers can [inaudible] Europe to Asia. I think one of the things that the Europeans will need to look for in the long run is a long-term American commitment to leave adequate, in a way... these assets [inaudible] are very mobile, unlike big places in Germany. You can move them, but it's more complicated, but these [inaudible] things that are very mobile.

The US will in a world where they may be different - Middle East, Asia - different requirements for themselves, hence the minimum capability, will remain fulltime in Europe, so there is always a functioning NATO missile defence capability as long as it continues to be placed as it will be for the foreseeable future, overwhelmingly on US assets. Although the Europeans, Germany, etc, putting some Patriots into the mix will add some capabilities, but at the core, typically, for the higher altitude engagement, will be the US.

PIERRE RENE [inaudible]: I'm Pierre Rene [inaudible], I wouldn't define myself as a friend of Carnegie. Two questions on sovereignty, to you Jamie; Libya has shown that the posture of Turkey, of firing a bullet on a Muslim country, was a big constraint. Had you had three or four additional squadrons, the campaign would have been different.

Next week, in one week exactly, there's a new president in France who's announced that he will withdraw by the end of this year, although he's said that this was technically complicated and the assets will not be withdrawn by the end of the year, obviously. How do you cope with these new ingredients?

There is no technical reason for the French to withdraw quickly; it's just a pure decision of French politics, basically. It's a highly symbolic gesture, within the French context, but it's a constraint for you.

PETER SPIEGEL: Turkey and France as typical allies - that has never happened before.

JAMIE SHEA: The answer, of course, is that these are issues, but if you take a historical perspective, we've always, with every operation we've ever launched, had political issues with certain allies. When we first went to Afghanistan in 2003, United States did not participate in that mission; it was NATO without the US because the US was involved in Operation Enduring Freedom when the command in the south, the first move from Operation Enduring Freedom to AISA, where many of the American assets were taken away. Each one was another important factor.

You've lots of examples; Denmark, as a footnote country - remember, it seems a long time ago now - in the 1980s; or Greece... that NATO's never been, forgive me for using this analogy, the one-size-fits-all Warsaw Pact. Politics has been the name of the game as we've gone through.

Germany originally, in 1993, when we first had a naval embargo in the Balkans, were not participating, or not participating in the early AWACS missions, although then the constitution of core Baltic was complete; and revised that - Germany participated.

We've had to deal, I think, with these politics as we've gone along, but, ultimately, if they stop NATO acting - Greece didn't participate in the Kosovo air campaign, but we were still able to station forces in

Greece that then went up into the former Yugoslavian Republic of Macedonia. My sense is that you will find... work around it.

You mentioned the new President Hollande; all I can say is we decided Afghanistan on the basis of being together, out together. Next year, 2013, is, in any case, the year of transition, where large numbers of AISA forces will start to be – well, it's starting already – will begin to be withdrawn. I mentioned there's a further tranche [inaudible] of it by 75% of the Afghan population, 50% at the moment, will then be covered by the Afghan forces as we head to 2014.

It's not as if we're in a situation where only those who go, those who leave in toto now; everybody's in the process of now drawing down. My sense is that it's far better for everybody if we can continue to do this drawdown on the basis of a coordinated, in-together, out-together NATO approach which allows us, which is vital, if we're going to have a stable Afghanistan after 2014, to maximise the amount of time while AISA is left in the country, to leave the Afghan Security Forces in the best possible shape thereafter to take responsibility for it. I think it's in everybody's strategic interests that we have a structured, organised drawdown rather than an unstructured, disorganised one. We'll see what happens in Chicago.

The key thing is the debate on this is going to take place in Chicago, so let's have at least a debate in Chicago, first and foremost, and plot the strategy, and then we'll have a better sense of how that drawdown will go ahead.

PETER SPIEGEL: May I press you a bit on that, because the same conversation, in some respects, to having one [unclear] which is better for the campaign, that people assume we moderated the principle on those.

The problem is Chicago happens in between the presidential election and, in six weeks, a parliamentary election in France, where one assumes Hollande has to keep up quite a bit of the campaign rhetoric and can't quite shift yet to the governance role.

Are you concerned at all that if this debate does happen in Chicago, where Hollande is politically constrained and can't see ground on his promise to pull out by the end of the year, that that will complicate these efforts to interact together and [overtalking]?

JAMIE SHEA: All I can say, of course, given my position, is that NATO, again, is an alliance of sovereign countries and, ultimately, they take the decisions nationally whoever the party.

Article 5 is a greater [inaudible] commitment, but when it comes to morally [inaudible] defined operations, commitments are voluntary, nations are nations. We've had forces, like perhaps the Canadians, that have left albeit with a [inaudible] notice, in inverted commas, and there is a variety of different ways in which you could contribute to an operation, particularly as we ramp up the training and the security sector reform.

Whatever decision the incoming president takes on his ISAF contribution, in NATO we would very much hope that France will be there with us post-2014 and participating in funding of the Afghan National Security Forces and the training and the rest albeit that will involve far fewer forces, it will be far cheaper than the current cost of deployments.

The incoming president is seeing, I think, President Obama on the 17th, before the G8; going next week to Berlin to see Chancellor Merkel; having all kinds of contact in order to prepare for Chicago, and all I can

say is – I’m sorry, I know this sounds like a very diplomatic [inaudible] answer, but it’s really the only one I can give – we’ll see what results from those conversations.

France has always been a major participant in our operations. Even in the days when France was not integrated into the... before President Sarkozy put France back into NATO structure, France was commanding operations in Macedonia, Kosovo, participating in the Balkans with sizeable forces, and 3,000-plus troops in Afghanistan. It has a tradition of being a major contributor and I very much hope, in that respect, that that will continue to be the case.

PETER SPIEGEL: Next question.

ZOLTAN MARTINUSZ: Thank you. My name is Zoltan Martinusz; I’m from the EU Council Secretariat. Congratulations on the excellent paper. Actually, I have two questions; one is that I was a bit surprised by the two American members of the panel pushing for a more strategic, i.e. global, political dialogue within the framework of NATO.

My experience within NATO was not that the United States would be particularly happy with the idea of a discussion, say, on the South China Sea within the framework of NATO, particularly when it means that Europeans might disagree, and that may create a restraining effect on American positions. Has anything changed in NATO since I left three years ago, in that respect?

The second question is, and I found it very interesting that you said that NATO would like to engage more in political dialogue, strategic partnering, first, for the preventive business, the conflict prevention business. Isn’t there a risk that NATO may be the victim of its own success? It has been identified with war, fighting in the Cold War, with operations in the last 20 years.

You yourself mentioned, Jamie, that there may be a political message by itself when NATO engages with an issue, which may be unintended, but nevertheless the image of NATO is that once it starts tackling an issue, ultimately some military campaign will follow? How do you see this as a possible constraining factor of NATO’s ability to become more political?

PETER SPIEGEL: I’m going to give you grace to answer the question and let Lisa address the first one. My experience on the press for US strategic vision, probably a lot more to North Africa than perhaps East Asia, where the Obama administration, particularly, says: this is your backyard, you take care of it, and there’s been a lack of: what do we want North Africa to look like, and how do we apply our assets of national power to effect that change? That’s my [inaudible], but I want you to address that in terms of what you would like to see in terms of thought out of NATO.

LISA ARONSSON: I take your point and I think there are some limits and there have been a lot of fears in the US historically about this, but I do think something’s changed. I think Americans would like to see a genuine, real strategic partnership with Europe that is a partnership where European allies are security providers as much as the US.

I also think there’s a fear in Washington that what’s happening in Europe with austerity, with spending, pressures on the budgets, that even key allies like London, like the UK, are losing their ambition to affect strategic security outcomes on a global level and partnership with the United States. I think the call on Washington is to keep that level of ambition, but to keep the vision on a global level and to back it up with capability. I do think something’s changing there.

I was interested in Jan's point about can NATO self-legitimise, and I actually think that period is over and NATO is no longer alone a legitimising factor. That's what Libya showed; it was about the Arab League, it was about the UN, it was about regional support, and it was about the invitation, ultimately. I think NATO is losing ground on legitimacy, unless, like Jamie said, it can deliver something for the UN.

I think it was a mistake, the way that it handled the strategic communications around the mandate in Libya, leading Russia and China to believe that it was a free ticket to do whatever they wanted, even though we know it wasn't, but that's how it was perceived.

Then, quickly, Jamie, I have a question for you; specialisation by design, in terms of capabilities, I think is possible, but is role specialisation really possible? You mentioned Denmark used to be a footnote country, now it's not. Look at the differences in... governments change. Are role specialisation or mission focus groups possible at all?

Lastly, my question for you: an emerging security challenges division – it used to be a wide range of issues: climate change, energy, food security. Are we looking at a new division? Should it be renamed National Infrastructure and Cyber Critical Supply Chains? Are you focusing there, or is it going to keep its breadth?

PETER SPIEGEL: I'm going to have to freeze on that. Lisa has asked very good questions. May I start with Zoltan's and then [overtalking]?

JAMIE SHEA: Yes, the questions are always great, probably much better than the answers. First of all, Zoltan, as you all know, before coming to the EU, is a former distinguished Ambassador of Hungary to NATO, so you will obviously have a lot of experience, Zoltan, which is, again, that respect of how the members function in terms of political consultation.

I agree with you, although I don't see the NAC suddenly transforming into a [inaudible] control lateral commission. You've talked about a lot of the issues for them; I do believe, and I think that Lisa pointed to this as well, that the focus initially should be on areas where NATO has a clear track record, a clear responsibility – the neighbourhood, the Balkans, North Africa, the Middle East.

There's an attempt, if you know, to cobble together a declaration for Chicago on the situation in the Middle East and North Africa. I don't know yet if it's going to bring about any big engagement issues within the region, but we do have, as you know, [unclear] framing by lobbyists and core corporations; we do have an established network of partners. I think there there's a clear way for Libya, clearly, as you said, to get the Europeans more engaged in responsibility for that area.

The second area where I think you could expand political consultation would be where, clearly, there is a developing crisis. In other words, you're right, not necessarily a panorama of disputes in the South China Sea, but where, clearly, the science and the intelligence community are of possibly a crisis which will, although not initially engaging NATO could, in terms of the ramifications for shipping, for access to the Strait of Hormuz or supply lines or whatever, who controls the Alliance. We have to be able to do these things in a confidential way which doesn't immediately leak out to the media.

What I tried to make in the paper is we have a lot of instruments in NATO to do this with, overall the intelligence system. We've got even now two major intelligence structures, an intelligence steering board, which can order up intelligence from the nations. We've got much better intelligence distribution networks, like ISIS [inaudible] – sorry for the jargon, the Afghan Mission Network, which is now going to

be a permanent performance monitor. We've got policy planning units. We've got strategic assessment capabilities. In other words, we've got the force to do this kind of thing in the way we didn't have before, and so we can put on the table as of now policy papers, option papers to get the discussion going.

The third thing is that I think that a lot of the threats that we're trying to avoid are what could be a hive of threats. I said in the paper that NATO doesn't always do a good job of analysing these. The nexus between piracy, trafficking and hostage-taking and Al-Qaeda in the Maghreb, we're clear on; the nexus between piracy and organised crime and money laundering, climate change in Somalia, etc.

Before we go rushing into a military operation sometimes as the solution, I think we could do a better job of trying to analyse how we use a network to disrupt a network. In the paper, I give a couple of examples, so I counter ideas, where billions of dollars have been spent trying to do the impossible [inaudible], which is to stop the explosion and protect the vehicle, whereas for a far lesser sum of money, the US has had some success with Coastguard operations and interdictions, stopping nitro-glycerine and ammonium nitrate getting to the bad guys in the first place, or piracy, where the US Treasury, you could argue, has done just as good a job as the Department of Defence in clamping down on the money supply lines to money laundering.

We need to think a little bit more cost-effectively in the future; we don't have a pile of money. If the problem is \$120 million of ransom a year, is a \$12 billion naval operation in the Gulf of Aden – and it's helping, of course – but is it the best cost-effective solution? Are there maybe other ways we should be developing? That's why I'd like to see a little bit of political dialogue trying to do.

The specialisation by design – yes, I think the danger here is that it's a little bit like the wedding list. In Brussels, if friends of yours are getting married and they send you their wedding list, of course, the first thing – let's be honest – is to say, right, I'll get the toaster. There's the Maserati at the top; yes, there's a sliding scale: I'll get the toaster. I've made my contribution – I've specialised in the toaster.

There is a danger of specialisation by design that countries will simply do it each [inaudible] and say, that's my niche, I'm not going to... I've got my bit. Increasingly, only very, very few countries will be in the business of providing full-spectrum capabilities. For example, Hans Willenberg – you remember, Lisa, we had Hans Willenberg in a conference at Chicago that Lisa invited me to recently – he pointed out today, only eight Allies have a full-spectrum military capability; eight out of 20.

If you look at Europe, 17 Allies now have 45,000 forces or less; five Allies have fewer than 10,000 forces in their inventory. The danger, yes, for specialisation by design is that countries specialise but it will be easier. We've got to look at how this plays out across the Alliance as a whole, hence, of course, I take these comments [inaudible], again, very well that we need some kind of conscience sense of irony [inaudible] about this, rather than leaving it to the nations to define themselves in the Alliance freely. NATO is what I define myself being willing to do, and here are my red lines and limits and the like.

Finally, a question from Lisa, very good on the... yes, my own [inaudible] having had this new division up and running with either half, and being to the Allies and testing what they're going to allow us to do, is that after a year and a half there are two things that come out; the cyber issue, for reasons you can obviously guess. It's happening every day and there's a sense of catch-up. Also, there's very much a sense of critical infrastructure protection, critical supply lines, that an operation by counterterrorism, energy security, the traction [inaudible] is much less.

Inevitably, in NATO you can lobby as hard as you like, but at the end of the day you have to go away; you think you're going to get the political backing.

PETER SPIEGEL: I'm having a hard time thinking of eight with full-spectrum here today, but I'll bug you on that afterwards. Did I see one last question over here? Jan, did you say...?

JAN TECHAU: I think there was one earlier.

BENJAMIN DIETZ [inaudible]: I have one question. Hi, I'm Benjamin Dietz [inaudible] from the FT Deutschland. Jamie, we've been discussing very strategic things here; once the NATO member states leave Afghanistan at the end of 2014, then they also lose one of their, if you will, best opportunities to train together and try to cooperate in the field. I was wondering how you think this affects the ability of NATO to still be able to work together afterwards?

JAMIE SHEA: Thank you very much for... You're actually right; operational capabilities, like fitness, take a long time to acquire, but if you don't go running for a week, you can lose it very, very quickly. We have to look at very imaginative ways of keeping at the same operational level in Afghanistan, because, you're right, that's going to be difficult once you're not on the ground in real-life situations. Real-life situations concentrate the mind wonderfully. We're going to have to look at very imaginative ways of at least trying to preserve this.

Now, one thing that Secretary Leon Panetta absolutely is going to have to have, for example, is much better preparation of forces for people assigned to the NATO command structure. It's being reduced from 13,000 to 8,000, but we're going to make sure in the future that those who are allocated to the command structure know what they're doing, are the right person for the right job, really have the skills, and, therefore, they have that type of training.

We're going to have to, for example, with EUCOM, just another idea, try to see that as they draw down they keep in the same quarters representatives from the remaining US Special Forces, the Navy, the Army, to be at a higher officer level, to be able precisely to have enough high up in the United States to mobilise American resources beyond training efforts in Europe. We've got the offer of Secretary Panetta to send back every year a brigade combat team for intensive training. We're going to have to think how we use all their training to maximum effect.

As your Minister, Thomas de Maizière, said at the last major Defence Ministers' meeting, he doubts whether NATO will have the money or the inclination to send 60,000 troops back for periodic exercises. I think that we can go back to pre-position of the equipment in Europe, like we had in the Cold War, so the troops have to be cut back. We're going to have a portion [inaudible] of the internet, much better simulation, training types of things.

We had in the Alliance, for example, very underutilised so-called centres of excellence – they're dotted around the place. The one in Tallinn in Estonia, which does get a lot of the attention, that is human intelligence of Romania, counter-IMVs in Spain, dealing with biological, chemical weapons in the Czech Republic.

We've got quite a lot of infrastructure, but we need to now, in a cost-effective environment, define how we use it better. Now our command transformation, to my mind, is in a good situation to take on this training, force preparation role in NATO command.

One other thing, though, by the way, Secretary Leon Panetta pointed this out, is that Europeans also are going to have to go to the United States more often, because the Americans can be expected to do only so much when it comes to sending their forces back to Europe for training exercises. Europeans will have to go more there.

On the other hand, this is going to be an interesting time, because in peacetime, in the old days, NATO forces were very much organised nationally, historically quite nationally. Although we were an Alliance, it was a classical, probably a coalition, in a way; we were an Alliance at the top echelons, sure enough, but each nation was – and I remember this in the Cold War – very organised nationally, national tactics. If you'd gone to an American base in Germany in 1970 and spoken about NATO, the troops wouldn't have much knowledge about NATO and interaction.

To some degree, they are now going to still have to create the Alliance afresh at the working operational level by much more integrated type of training. For example, if the Americans will at least keep, in your country, Hohenfels and Grafenwöhr, these two major training facilities, open for greater use by Allies, that, I think, would be a help.

You're right; I'm not arguing it's going to be easy. Afghanistan, of course, is training by necessity, it's all about survival, but we're going to have to be imaginative about how we do it. We're also going to have a much better standard of assessing the quality of the training rather than just ticking the box of forces [inaudible] been run.

PETER SPIEGEL: Jan, I'm going to turn to you for some closing comments and to wrap things up.

JAN TECHAU: I like Brussels's audiences so much, because exactly 90 minutes after you start an event people start to get nervous and you can hear people are packing up their stuff. I don't have much to add to this, because I want you to finally get to your desks or join us for a continued debate with the rest of the breakfast that's over there.

Most of the points that we talked about today require much deeper strategic thinking, which is the most difficult to do in open democratic societies, because we're in electoral cycles, we're in new cycles. Strategic thinking requires long-term thinking, intraspace thinking, a proper matching of goals and means, and so on and so forth, and separate dialogues on this, so my feeling is that this kind of thing is always in short supply.

On the other hand, I'm not usually a friend of the Sheer Necessity argument, because just because something is really necessary doesn't mean that people are doing it. My feeling is that, in the security field, because it is an existential question in the end, sheer necessity will prevail, and this kind of strategic thinking will be done albeit under pains, and that will be a painful process. It's very good to have you, Jamie, as one of the moderators of a very painful process; you can add pain to the pain that we already have by providing us with papers.

JAMIE SHEA: I'll see that [inaudible].

JAN TECHAU: Thank you very much. Thanks, Lisa, for shooting holes into it, and thanks, Peter, for wrapping it all up. Thanks to you for your patience this morning. I hope that we will continue this debate on the future of NATO. There will be a life after Chicago, also, at Carnegie Europe. Thank you very much.