# EU INTELLIGENCE-SHARING:

# THE BRITISH QUID PRO QUO?

By

Elena B. Stavrevska

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Supervisor: Professor Michael Merlingen

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## ABSTRACT

European cooperation in security and defence has been significantly strengthened over the past ten years. Parallel to it, the EU cooperation in intelligence remains relatively undeveloped, and is likely to be a major obstacle for further development of the ESDP. Examining the possible explanations of this backwardness, NATO proves not to be a structure through which European intelligence-sharing could be organised, but neither does the EU without the support of the UK. This thesis explores the factors that determine the British preferences not to support EU intelligence-sharing. The main argument is that it is not rational for the UK to engage in such cooperation, as the costs outweigh the benefits, both analysed through the prism of scope of intelligence investments and usable capabilities. With the UK having high intelligence budget and access to sophisticated capabilities, notably through its partnership with the US, an analysis of possible EU intelligence cooperation shows that the costs are greater than the gains.

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*To my father…*

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## ABBREVIATIONS

| | |
|---|---|
| ADP | Automatic Data Processing |
| BfV | Bundesamt fur Verfassungsschutz (German Federal Office for the Protection of the Constitution) |
| BICES | Battlefield Information Collection and Exploitation Systems (of NATO) |
| BND | Bundesnachrichtendienst (German Federal Intelligence Service) |
| BRUSA | Britain – United States of America Agreement |
| C4ISTAR | Command, Control, Communications, Computers, Intelligence, Surveillance, Targeting and Reconnaissance |
| CESDP | Common European Security and Defence Policy |
| CFSP | Common Foreign and Security Policy |
| COMINT | Communications Intelligence |
| COREPER | Committee of Permanent Representatives (to the EU) |
| DSACEUR | Deputy Supreme Allied Commander, Europe (of NATO) |
| EC | European Community |
| ECAP | European Capability Action Plan |
| EDA | European Defence Agency |
| ENP | European Neighbourhood Policy |
| EPC | European Political Cooperation |
| ERRF | European Rapid Reaction Force |
| ESDI | European Security and Defence Identity (within NATO) |
| ESDP | European Security and Defence Policy |
| ESS | European Security Strategy |
| EU | European Union |
| EUPOL | EU Police Mission |
| FCO | Foreign and Commonwealth Office |
| GC & CS | Government Code and Cipher School (of the UK) |
| GCHQ | Government Communication Headquarters (of the UK) |
| GNSS | Global Navigation Satellite System |
| HRUFASP | High Representative of the Union for Foreign Affairs and Security Policy |
| HUMINT | Human Intelligence |
| IFOR | Implementation Force (NATO led deployment in Bosnia) |
| IMINT | Imagery Intelligence |
| IMS | International Military Staff (of NATO) |
| JARIC | Joint Air Reconnaissance Intelligence Centre (of the UK) |
| JHA | Justice and Home Affairs |
| LOCE | Linked Operational Intelligence Centre Europe (of NATO) |
| MAD | Militaerischer Abschirmdienst (German Military Counter-Intelligence Service |
| MASINT | Measurement and Signature Intelligence |
| NATO | North Atlantic Treaty Organisation |
| NBA | NATO BICES Agency |
| NCA | North Atlantic Council |
| OSINT | Open-source Intelligence |
| PSC | Political and Security Committee |

| | |
|---|---|
| QMV | Qualified Majority Voting (in the Council of the EU) |
| SEA | Single European Act |
| SFOR | Stabilisation Force (NATO led replacement for IFOR) |
| SHAPE | Supreme Headquarters Allied Powers, Europe (of NATO) |
| SIGINT | Signal intelligence |
| SIS | Secret Intelligence Service (of the UK; so-called MI6) |
| SITCEN | Situation Centre (of the EU) |
| TECHINT | Technical Intelligence |
| TEU | Treaty on European Union |
| TOA | Treaty of Amsterdam |
| UKUSA | UK-USA Agreement |
| USEUCOM | US European Command |
| WEU | Western European Union |

# INTRODUCTION

The European Union was often criticised for being "an economic giant, but a political dwarf and military worm."[1] This was supposed to change with the introduction of the Common Foreign and Security Policy (CFSP) as part of the Maastricht Treaty in 1991, as a second pillar of the European Union. However, it did not take long for the Europeans to realise that CFSP existed mostly on paper. When in 1991 a civil war broke out in Yugoslavia, that is, in the immediate neighbourhood of the Union, the Europeans were not even ready to intervene without the support of the United States.[2] As a response to the fiasco in Yugoslavia, a decision was made at the Anglo-French Summit in St. Malo in December 1998, when then British Prime Minister, Tony Blair, proposed to develop EU military capabilities, i.e. common European Security and Defence Policy (ESDP). As Blair and then French President, Jacques Chirac, agreed: "the [European] Union must have the capacity for *autonomous action*, backed up by credible military forces."[3] The ESDP was officially launched at the European Council meeting in Cologne in June 1999, which placed the Petersberg Tasks, including humanitarian and rescue tasks, peacekeeping, peacemaking and crisis management tasks, at the core of ESDP. In Helsinki in December 1999, the EU members agreed to provide military capabilities for implementation of the Petersberg Tasks.



[1] Belgian Foreign Minister Mark Eyskens quoted in Criag R. Whitney, "War in the Gulf: Europe; Gulf Fighting Shatters Europeans' Fragile Unity," *New York Times*, 25 January 1991
[2] Fraser Cameron, "Europe, Yugoslavia And The Blame Game," *Foreign Service Journal* (Feb.2000), accessed: 25 May 2008, <http://www.afsa.org/fsj/feb00/cameron.cfm>
[3] *Joint Declaration on European Defence*, Saint-Malo Franco-British Summit, 4 December 1998 (emphasis added)

Ever since, the ESDP has received a lot of attention, both the substance of it as well as its missions, from Macedonia, to Bosnia and Herzegovina, Congo, and Georgia etc. The ESDP is indeed developing 'at the speed of light', as Javier Solana said at a European Council meeting in June 2000, compared to other EU policies.[4] If one carefully analyses the reforms proposed with what is now known as the Lisbon Treaty, but according to many bears a close resemblance to the Constitutional Treaty, it is evident that the cooperation in security and defence is being significantly strengthened. With the establishment of the European Defence Agency (EDA) and with the incorporation of the so-called 'solidarity clause' in the Treaty, along with the provision allowing for 'permanent structured cooperation', the dynamics of closer cooperation in the defence field are becoming more apparent. However, the cooperation in the area of intelligence is at a very rudimentary stage. This discrepancy in developments is interesting from a theoretical perspective, but at the same time it is very important to be examined from a practical perspective because should the ESDP continue to develop at the current pace, the lack of intelligence cooperation will be a significant obstacle to successful functioning, as already noted in the European Capabilities Action Plan (ECAP).[5]

Therefore, the topic of this thesis is precisely the EU cooperation in the area of intelligence (with special emphasis on strategic and military intelligence), and more particularly, the British perspective. With the UK being one of the two countries with the highest defence budget in the EU and one of the 'military

[4] Ulrich Rippert, "European Union proceeds with plans for independent military entity," *World Socialist Web Site*, 26 June 2000, accessed: 25 May 2008, <http://www.wsws.org/articles/2000/jun2000/eu-j26.shtml>

giants', it is clear that no noteworthy security or defence cooperation can take place without its support. Considering the fact that the British were the initiators of ESDP, their reluctance to support the initiatives, mainly led by France,[6] for EU intelligence cooperation is an intriguing matter. Therefore, the research question of this dissertation is why the UK does not support the development of closer EU cooperation in the area of intelligence.

When talking about intelligence, one must bear in mind that there are different understandings of what intelligence is. There is certainly no lack of definitions. Generally speaking, for the purposes of this thesis, I accept intelligence to be defined as information that is gathered, organised and analysed to assist a certain receiver's decision-making.[7] In this sense, intelligence does not replace, but rather supports decision-making. Intelligence, as defined above, is divided into political and military. The military intelligence can further be divided into strategic and operational (or tactical), both supporting different levels of decision-making. "Strategic intelligence provides insight into the question of what the threats and crimes are that must be addressed and operational intelligence provides tactical guidance on how best to tackle and prioritise



[5] *Statement on Improving European Military Capabilities*, General Affairs Council, 19-20 November 2001, pp.3-5

[6] France has in many occasions invited the Europeans to join efforts in developing intelligence capabilities. For instance: "The successful launch of Helios 2A is not only a major event for the space community but also an important moment for Defence Europe. Our efforts must be conducted in cooperation with our partners. France, Spain and Belgium are inviting their partners to join them… in order together to build the programmes Europe needs." – "Defence and space: Europe on the move," Michele Alliot-Marie, Minister of Defence, *Le Figaro*, 27 December 2004 (translated version of the article available at <http://www.ambafrance-uk.org/Article-by-Mme-Michele-Alliot,4291.html>)

[7] Bjorn Muller-Wille, "The Effect of International Terrorism on EU Intelligence Co-operation," *Journal of Common Market Studies,* Vol. 46. No. 1 (2008), p.52; Jennifer Sims, "What is Intelligence? Information for decision makers," in: Godson, May and Schmitt, *U.S. Intelligence at the Crossroads*, Virginia: Potomac Books, Inc. (1995), p.4

them." [8] Following such differentiation, in this dissertation I am primarily concerned with political and strategic military intelligence, which governments are usually most reluctant to share.

The number of stages in the process of intelligence production, also known as the intelligence cycle, is different depending on the source. Nonetheless, speaking in broader terms, the intelligence cycle is a five-step process consisting of planning and direction, collection, processing, analysis and production, and dissemination.[9] The step which is believed to be the most sensitive when it comes to sharing intelligence is collection, i.e. sharing raw data and sources. This is understandable considering the possible implications of disclosing the source through direct intelligence-sharing, which can be prevented in cases when only analysed intelligence is being shared. Moreover, the intelligence collection process relies on three types of sources: technical intelligence (TECHINT), human intelligence (HUMINT) and open-source intelligence (OSINT), referring to the information available in the open literature, such as newspapers, public speeches etc. [10] Furthermore, TECHINT incorporates sensor-based collection capabilities, namely signal intelligence (SIGINT), communications intelligence (COMINT), imagery intelligence (IMINT) and measurement and signature intelligence (MASINT).[11] Naturally, TECHINT is the most expensive type. The level of its sophistication is one of the key



[8] Communication from the Commission to the Council and the European Parliament, *Towards enhancing access to information by law enforcement agencies (EU information policy)*, Brussels, 16 June 2004, accessed: 28 May 2008, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52004DC0429:EN:NOT>

[9] *The Intelligence Cycle*, Central Intelligence Agency, 25 October 2007, accessed: 5 April 2008, <https://www.cia.gov/kids-page/6-12th-grade/who-we-are-what-we-do/the-intelligence-cycle.html>

[10] Lock K. Johnson, *Strategic Intelligence: Understanding the Hidden Side of Government, volume 1*, London: Praeger Security International (2007), p. 4

determinants of country's intelligence capabilities, as not many governments have access to a highly sophisticated TECHINT.

Parallel to the distinction made above, even at different levels of decision-making, there are various types of intelligence, depending on the matters that decision-makers must resolve. This dissertation addresses exclusively the intelligence needed for decisions made in the area of CFSP. This work does not cover the Justice and Home Affairs (JHA) area, which has already been dealt with by an extensive body of literature.[12] Therefore, in the world of intelligence, this thesis is positioned on the axis of political and only the strategic aspect of military intelligence, mainly covering foreign and security issues throughout the entire intelligence cycle, emphasising the step of data collection.

In general, there is hardly any literature on intelligence in the European Union. The authors that write about EU intelligence emphasise different obstacles and reasons for the lack of cooperation in this field. In general, the literature falls into two schools of thought: constructivism and rational choice theory. On the surface, they both seem to identify the existence of trust as a main criterion for intelligence-sharing to take place. While not neglecting trust as a factor for a close intelligence cooperation to be sustained, what this thesis deals with is the obstacles for cooperation to happen at first place. In that respect, the



[11] Muller-Wille, "The Effect of International Terrorism," p.65
[12] See Thierry Balzacq, "The Policy Tools of Securitization: Information Exchange, EU Foreign and Interior Policies," *Journal of Common Market Studies*, Vol. 46, No. 1 (2008), pp. 75-100; James I. Walsh, "Intelligence-Sharing in the European Union: Institutions Are Not Enough," *Journal of Common Market Studies*, Vol. 44, No. 3 (2006), pp. 625-643; David Brown, "Defending the Fortress? Assessing the European Union's Response to Trafficking." *European*

constructivists, seeing trust as the main precondition for cooperation, emphasise the importance of the same perceptions of threats and the development of a common strategic culture. Similarly, rationalists also see trust as an enabling factor. However, according to them, trust is built on the existence of similar interests. Yet, the detailed analysis of recent developments in chapters one and two shows that trust between member states does exist in respect to defence and security cooperation. When it comes to rationalists, what is also intriguing is that the existing literature does not really go further to explain what determines countries' preferences to sharing intelligence.

This is the theoretical gap that I fill in with this thesis, through extending the current rational choice explanation and elaborating on the underlying goals and constraints that determine Britain's preference formation regarding EU intelligence-sharing. Namely, addressing the research question of why the UK does not support the development of EU intelligence cooperation, by analysing the British defence, and in particular intelligence, budget compared to the other European countries, and the capabilities available, including those accessible through agreements with non-EU members, my hypothesis is that the British preference not to support EU intelligence cooperation is based on rationality, since the costs for the UK of such cooperation will outweigh the benefits. My argument is that the UK does not have incentives to support greater intelligence-sharing within the EU for two reasons. First, from a financial perspective, should the development of EU intelligence capabilities occur, the UK will have to be one of the major contributors to the budget, along with

*Security*, Vol. 13, No. 1-2 (2004), pp. 95-116; Muller-Wille, "The Effect of International Terrorism," pp. 49-73

France and Germany, which are already facing budgetary problems. At present, the UK defence and intelligence budget is higher than those of France and Germany, which means should cooperation occur the UK will gain relatively speaking less than the other two countries starting from a lower level. Second, regarding capabilities, the UK has an intelligence community that is more developed compared to those of most member states. Moreover, its close partnership with the U.S., the country with the most technologically advanced intelligence capabilities, generates more benefits for the UK than any EU capability possibly could in foreseeable future. A simple cost-benefit analysis of these two perspectives explains the British reluctance to grant support to EU intelligence cooperation.

During my research, I used analysis of key documents, budgets, publicly available information regarding intelligence, speeches by political leaders, as well as in-depth interviews with EU and member states' officials, conducted during my research trip to Brussels and London. The dependent variable in my research is the relative backwardness of the EU intelligence-sharing in comparison to the developments in ESDP. In an attempt to explain why it has not occurred, I elaborate on why effective cooperation is not organised through NATO, in a Berlin Plus agreement manner that allows for the Europeans to use NATO capabilities, nor it is organised within the EU. I then go on to explaining why such cooperation cannot be organised within the framework of NATO. Finally, in looking at why it is not organised at EU level, I analyse the UK position in respect to the possibility of such intelligence-sharing. I have chosen the UK as my country of analysis precisely due to its unique position: on the

one hand it is one of the most developed European country in terms of intelligence, so no significant EU cooperation in this field is possible without its involvement, and on the other hand, it has close ties with the most advanced nation when it comes to Intelligence, the US

My thesis consists of seven chapters. In the first chapter, I review the existing literature that explains the lack of intelligence cooperation within the EU and I identify the theoretical gap that this thesis is filling. The second chapter analyses the development of ESDP and EU intelligence capabilities,[13] and it shows evidence that the intelligence-sharing is indeed relatively underdeveloped compared to other areas of the ESDP. This sets the ground for the theoretical framework developed in the third chapter. In the fourth chapter, looking at the possible frameworks within which cooperation could occur, I dismiss the possibility of using NATO capabilities due to two reasons: US reluctance to share intelligence on a large scale, and the differences in membership of the two structures. Additionally, I examine the other possibility, that being the EU, and I offer two empirically supported arguments to why it is not possible, i.e. what determines the stand of the country without which any cooperation of the kind would lose significance, that being the United Kingdom. Therefore, the fifth chapter concentrates on the costs at EU level that the UK would face regarding investments in intelligence, and the sixth offers an analysis of the UK capabilities, including the ones it has access to through its relationship with the United States. The final chapter offers a comparison of the



[13] In this analysis, the term 'EU intelligence capabilities' is used in reference to technological capabilities that more than two EU counties are actively involved in

cost/benefit analyses of the cooperation with the European allies and the one with the US.

# Chapter 1: EXPLANATIONS BY THE EXISTING LITERATURE

The body of literature dealing with intelligence, and intelligence cooperation in particular is rather scarce, which comes as no surprise considering the fact that this is a field by default surrounded by secrecy. The challenge of studying the way a certain structure functions from the outside, when there is hardly any publicly available information, explains the lack of literature on this particular topic. With this being the case regarding intelligence cooperation in general terms, the literature dealing with cooperation at the EU level is even more limited.

The existing literature on the whole belongs to two camps - constructivist and rationalist camp. On the one hand, the constructivist school of thought suggests that in order for enhanced intelligence-sharing relationship to occur "confidence and trust are essential ingredients,"[14] and "mutual trust is the most important factor."[15] Be it at a political or operational level, the notion of trust in, and respect for, the other parties is always foremost. This is constructed through close working contacts and long-lasting partnerships. There are two concepts contributing to the development of mutual trust. Namely, noting that there are not many areas of government dealings that are as closely connected to the



[14] Stephane Lefebvre, "The Difficulties and Dilemmas of International Intelligence Cooperation," *International Journal of Intelligence and Counterintelligence*, Vol. 16, No. 4 (2003), p. 528
[15] Chris Clough, "Quid Pro Quo: The Challenges of International Strategic Intelligence Cooperation," *International Journal of Intelligence and Counterintelligence*, Vol. 17, No. 4 (2004), p.603

strategic culture of a nation, as is the case with the intelligence area,[16] the strategic culture of the nation, or of the particular agency, is also seen as playing a role.[17] In addition, following the constructivist logic, similarity in strategic cultures affects the perception of threats and thus national interests, accepting the concept of 'national interests' offered by Clough, which incorporate "the multinational nature of both potential threats and counters to those threats."[18] Differences in perceptions of threats, which lead to divergence in foreign policy objectives, present significant obstacles for mutual trust being built, and thus, occurrence of intelligence-sharing arrangements and closer cooperation. In fact, "[c]lose relationships are predicated on the assumption that each nation's strategic interests will remain wedded to the other, and that threats will continue to have the same priority in both nations."[19]

Nonetheless, the current state of affairs at European level cannot be fully captured through constructivist conceptual lenses. Firstly, accepting the logic of how trust is reflected, one can argue that a close cooperation in the field of security and defence cannot exist without the existence of mutual trust. Applying that to the EU, the constructivists fail to explain the relative backwardness of the intelligence cooperation compared to the level of cooperation in ESDP, which is envisioned to be ever closer with adoption of the Lisbon Treaty. The Treaty incorporates clear signs of intentions to move



[16] Clough, "Quid Pro Quo," p.601
[17] Lefebvre, "The Difficulties and Dilemmas," p. 528
[18] Clough, "Quid Pro Quo," p.607; Paul Taillon, *Hijacking and Hostages: Government Reponses to Terrorism,* Westport, CT: Praeger (2002), pp. 174-175
[19] Clough, "Quid Pro Quo," p.605

towards "progressive framing of a common Union defence policy,"[20] which in and of itself is a reflection of the trust that exists among the EU member states, and at the same time indicates incentives for trust to be maintained with the strategic interests are visibly projected. Moreover, the establishment of a European Defence Agency (EDA) with a mission "to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the ESDP as it stands now and develops in the future,"[21] is another marker of the existing trust in the Union. Secondly, there is a growing literature on the development of common European strategic culture arguing that the EU decisions on politics and policies have their ground in the growing convergence of the strategic cultures of EU member states.[22] The European Security Strategy (ESS), published in 2003, and the language used in it[23] are illustrations of the convergence happening, and the fact that a new ESS is being prepared reconfirms this claim. Additionally, the common external policies of the Union, be it European Neighbourhood Policy (ENP) or CFSP, indicate "a gradual harmonisation, if not (yet) of approach to problem-solving, at least of understanding of the nature of the problem,"[24] as an indicator of the development of a common strategic culture. This is also shown through the acceptance of several key norms, such as: "(1) regular

[20] *Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community*, Conference of the Representatives of the Governments of the member states, 3 December 2007, Title V, ch. 2, sec. 2, art. 42 (2), accessed: 14 May 2008, <http://www.consilium.europa.eu/uedocs/cmsUpload/cg00014.en07.pdf>
[21] *Background*, European Defence Agency, 3 May 2007, accessed: 3 June 2008, <http://www.eda.europa.eu/genericitem.aspx?area=Background&id=122>
[22] Paul Cornish and Geoffrey Edwards, "Beyond the EU/NATO Dichotomy: The Beginnings of a European Strategic Culture," *International Affairs,* Vol. 77, No. 3 (2001), pp. 587-603; Jolyon Howorth, "The CESDP and the Forging of a European Security Culture," *Politique Europeene,* Vol. 8 (2002), pp. 88-108
[23] *A Secure Europe in a Better World: European Security Strategy*, European Council, 12 December 2003
[24] Jolyon Howorth, *Security and Defence Policy in the European Union*, New York: Palgrave (2007), p.196

*communication and consultation* on foreign policy issues through a dense intergovernmental network; (2) *confidentiality*, in the sense that member states cannot use information shared between them to embarrass or blame other states; and (3) *decision-making by consensus,* although there are some provisions for taking minor policy decisions through QMV."[25] The development of a common strategic culture is, in addition, reflected in the so-called 'Brusselisation', or socialisation process of the national representatives to the EU, who no longer resort to the lowest common denominator position in decision-making, but are keener to compromise and adapt in an attempt to reach a decision.[26] Finally, if one compares the European Security Strategy and the UK National Security Strategy, the overlapping of what the two strategies identify as threats is striking. Namely, in the view of both the Europeans and the British, the key threats are terrorism, weapons of mass destruction, organised crime, failed states and conflicts.[27] Therefore, the notion that intelligence cooperation happens when the actors have similar perceptions of threats does not hold.

On the other hand, the rationalist school of thought identifies "[m]istrust in the form of divergent policy interests between the partners to an intelligence-sharing arrangement" as a key obstacle to intelligence cooperation.[28] The key principles that determine the level of cooperation are trust, short-term and long-



[25] Michael E. Smith, "Toward a theory of EU foreign policy-making: multi-level governance, domestic politics, and national adaptation to Europe's common and security policy," *Journal of European Public Policy*, Vol. 11. No. 4 (2004), p.745 (emphasis in the original)
[26] Ibid.; Simon Duke & Sophie Vanhoonacker, "Administrative Governance in the CFSP: Development and Practice," *European Foreign Affairs Review*, Vol.11, No.2 (2006), p.163
[27] See: *A Secure Europe in a Better World: European Security Strategy*; *The National Security Strategy of the United Kingdom: Security in an Interdependent World*, Prime Minister's Office, March 2008
[28] Walsh, "Intelligence-Sharing in the European Union," p.626

term common interests.[29] In other words, "trust exists when the interests of a first actor are 'encapsulated' in or congruent with the interests of a second actor."[30] At the same time, trust is believed to be a decision under risk, which is caused by the state of uncertainty in an anarchical system.[31] Additionally, this contributes to actors being distrustful. Therefore, states fear that other participants in the intelligence-sharing arrangement will defect and violate the cooperation.[32] Alessandro Politi further develops the concept of uncertainty in terms of intelligence and offers three possible fears, and obstacles to trust, of countries that share intelligence as results from uncertainty. One is the fear for the security of the sensitive information, the methods used, as well as the sources. The second is the fear of a state-party to the agreement sharing information with a state that is not a party to that agreement, yet has another bilateral agreement with the sending country. The final obstacle is "the *esprit de corps* that leads each intelligence organization to have absolute faith and confidence only in its own work."[33] Should parties' interests diverge, these fears will be limited.

While offering an explanation that on the surface seems to hold, the rationalists dealing with intelligence cooperation fail to go further and explain what the underlying goals and constraints are that determine a country's interests. Without grasping the context in which country's preferences are shaped and what it is that drives them, any analysis is not only incomplete, but also possibly



[29] Graham Messervy-Whiting, *Intelligence Cooperation in the European Union*, Copenhagen: Danish Institute for International Studies (2004), p.83
[30] Walsh, "Intelligence-Sharing in the European Union," p. 628
[31] Niklas Luhmann, *Trust and Power*, Chichester: John Wiley (1979)
[32] James I. Walsh, "Defection and Hierarchy in International Intelligence Sharing," *International Public Policy*, Vol. 27. No. 2 (2007), p.155

misleading. This is the theoretical gap that my thesis aims to fill, achieved through extending current rational choice explanation.



[33] Allessandro Politi, "Why is European Intelligence Policy Necessary?" *Chaillot Paper 34* (1998), p.11

# Chapter 2: DEVELOPMENT OF ESDP AND EU INTELLIGENCE CAPABILITIES

## *ESDP from St. Malo to Lisbon*

The initiative for giving the EU military teeth raised many eyebrows. Even though there is no consensus in the scholarly community on what the real intentions of its initiators were,[34] ten years after St.Malo one cannot but admit that it is a policy that has been developing fast and the framework has been gaining content. Initiated in St. Malo in 1998, officially accepted by the European Council in Cologne in June 1999, already six months later in Helsinki the Europeans set the Headline Goal 2003 for development of European Rapid Reaction Force (ERRF) and agreed on the arrangements for planning and conduct of EU-led military operations. The Headline Goal called for EU member states to be able to deploy 60,000 troops, within 60 days and sustainable for a year in support of the Petersberg Tasks, which include humanitarian and rescue tasks, peacekeeping, peacemaking and crisis management. In the meanwhile, the Berlin Plus agreements regulating the cooperation between first WEU, then ESDP, and NATO were signed in the period between 1994-2003, which granted access to NATO capabilities and assets for European-led



[34] Some argue that ESDP was established as a form of balancing against the U.S. (be it soft or hard balancing), while others support the idea that it was envisaged as a tool to strengthen the European side of NATO. For more extensive debate see Stephen G. Brooks and William C. Wohlforth, "Hard Times for Soft Balancing," *International Security*, Vol. 30, No.1 (2005), pp. 72-108, Jolyon Howorth, "Discourse, Ideas, and Epistemic Communities in European Security and Defence Policy," *West European Politics*, Vol. 27, No. 2 (2004), pp.211-234, Barry Posen, "European Union Security and Defence Policy: Response to Unipolarity?," *Security Studies*, Vol. 15, No. 2 (2006), pp. 149-186, Adrian Treacher, "From Civilian Power to Military Actor: the EU's Resistible Transformation," *European Foreign Affairs Review*, Vol. 9 (2004), pp. 49-66

operations where the Alliance as a whole was not engaged. It is important to note that these agreements also granted the EU access to NATO intelligence material.[35] Moreover, with the Helsinki Headline Goal 2003 not being met, the member states in June 2004 in Brussels agreed on setting new Headline Goal 2010 according to which by 2010 the EU will be able "to respond with rapid and decisive action applying a fully coherent approach to the whole spectrum of crisis management operations covered by the Treaty of the European Union."[36] The publishing of the ESS in 2003 and the establishment of EDA in 2004 are also considered to be leaps forward. With the necessary institutions being put in place, the EU has been able to carry out missions, nine of which are completed and eleven are ongoing, in different areas of the world, from the Western Balkans and the South Caucuses, to Africa, Asia and the Middle East.[37]

The Constitutional Treaty that was signed in Rome on 29 October 2004, but was faced with a negative outcome of the French and the Dutch referenda in 2005, contained provisions that would significantly strengthen the ESDP. Namely, "[t]he Constitutional Treaty include[d] a terrorism-related solidarity clause, further widening of the already ample Petersberg tasks, a European Defence Agency and even a mutual defence clause"[38]



[35] Natalia Touzovskaia, "EU-NATO Relations: How Close to 'Strategic Partnership'?" *European Security*, Vol. 15, No. 3, p.241
[36] *Headline Goal 2010*, European Council, 17-18 June 2004
[37] *European Security and Defence Policy*, The Council of the European Union, accessed: 2 June 2008, <http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=268&lang=en&mode=g>
[38] Hanna Ojanen, "The EU and NATO: Two Competing Models for a Common Defence Policy," *Journal of Common Market Studies,* Vol. 44, No. 1 (2006), p.57

The Reform Treaty, also known as the Lisbon Treaty, or as the full title is – the 'Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community', was agreed upon in October 2007, and signed in Lisbon on 13 December 2007. The ratification process in all member states is ongoing and should be completed before 1 January 2009.

The Lisbon Treaty introduced key reforms in the area of CFSP, and the Common European Security and Defence Policy (hereafter in this chapter referred to as CESDP) in particular. Since the CFSP was established with the Treaty on European Union (TEU), the changes can be located in the part of the Lisbon Treaty that amends the TEU. As amended with the Reform Treaty, the TEU will be divided into six 'titles', with the provisions that target the security and defence located in Titles V, a separate section (Section 2) is dedicated to the common security and defence policy.[39] The Treaty states clearly that "[t]he common security and defence policy shall include the progressive framing of a common defence policy," which "will lead to a common defence, when the European Council, acting unanimously, so decides."[40] The key reforms include creation of a post of High Representative of the Union for Foreign Affairs and Security Policy (HRUFASP), extension of the Petersberg tasks, establishment of European Defence Agency, possibility for member state to engage in 'permanent structured cooperation', as well as introduction of mutual defence and solidarity clause.



[39] Treaty of Lisbon
[40] Ibid, Title V, ch. 2, sec. 2, art. 42 (2)

First, the position of HRUFASP will merge two currently existing positions: High Representative of Common Foreign and Security Policy and Commissioner for External Affairs. The HRUFASP will be 'double-hatted', i.e. will have a role in two EU institutions. On the one hand, he/she will preside over the Foreign Affairs Council, and on the other hand, the HRUFASP will be a Vice-President of the Commission. The latter is particularly important as it gives the HRUFASP access to the economic and immense human resources of the Commission. The HRUFASP is expected to put CFSP into effect in cooperation with the member states. In addition, he/she will represent the EU in international organisations such as the United Nations Security Council in cases when member states have agreed on a common foreign policy position.[41]

Second, the Treaty extends the scope of CESDP by expanding the already existing Petersberg tasks, which now include "joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peacekeeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation."[42]

Third, with the Lisbon Treaty the establishment of EDA is being formalised and its objectives clearly defined. Namely, EDA will have as its task to help the member states identify military capability objectives and assess their observance of the capability commitments given, enhance the procurement

[41] Treaty of Lisbon, Title V
[42] Ibid, ch. 2, sec. 2, art. 43 (1)

methods, support and coordinate defence technology research, and help in strengthening the industrial and technological base of the defence sector.[43]

Fourth, the Reform Treaty allows for the member state to go even further in their cooperation in the field of security and defence. It offers the possibility for those members whose military capabilities "fulfil the criteria and have made [more binding] commitments on military capabilities" to participate in the permanent structured cooperation.[44] Member states that decide to get involved in such cooperation have to notify the Council of the European Union, as well as the HRUFASP.

Finally, for the first time ever in an EU Treaty, a mutual defence and solidarity clause is being introduced, according to which "[i]f a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power."[45] While it is clearly stated that this does not undermine NATO commitments, the mere inclusion of such clause in the Treaty gives different dynamics to the CESDP.

All the aforementioned indicates a positive line of developments in the field of security and defence, expressing the notable progress made in strengthening the security and defence cooperation.



[43] Treaty of Lisbon, Title V, ch. 2, sec. 2, art. 45 (1)
[44] Ibid.
[45] Ibid, art. 42 (7)

## *European Spies from WEU to Helios*

An assessment of the EU intelligence capabilities nowadays ought to start with what it has 'inherited' from the Western European Union (WEU). Precisely one of the revolutionary aspects of WEU is the structured cooperation in the field of intelligence. Notably, in 1991 the WEU Satellite Centre was founded in Torrejón de Ardoz, in the vicinity of Madrid, Spain.[46] With the Centre becoming operational in 1997, the WEU Council decided to create two complementary organs: the Satellite Centre and Intelligence Section, located in Brussels.[47] Few years later the WEU Satellite Centre got transformed into EU defence unit and became EU Satellite Centre, as it will be explained later. Through these structures, WEU intelligence cooperation had focused primarily on imagery intelligence (IMINT), yet there was "a notable lack of emphasis on signals intelligence (SIGINT), human intelligence (HUMINT), and tactical intelligence cooperation."[48] The mission of the Intelligence Section was to synthesise the classified intelligence received from WEU member states, the analysis of which was presented to the WEU Council. However, with a staff of only six, and getting useful intelligence on regular basis from only five WEU member states, along with the Satellite Centre which neither owned nor operated any satellites, but purchases commercial imagery,[49] the seemingly structured intelligence cooperation was of little use to the WEU member states, but helped setting the ground for a development of further cooperation in the future.



[46] *The Centre*, EU Satellite Centre, accessed: 1 June, 2008, <http://www.eusc.europa.eu/index.php?option=com_content&task=view&id=2&Itemid=10>
[47] Frederic Oberson, "Intelligence cooperation in Europe: the WEU Intelligence Section and Situation Centre," *Chailot Paper 34* (1998), p. 19
[48] Ibid., pp.21-22

The WEU Satellite Centre was incorporated as an agency of the Council of the European Union on 1 January 2002, becoming EU Satellite Centre, commonly referred to as SitCen. The mission of SitCen is to support the EU decision-making in the field of CFSP "by providing, as appropriate, products resulting from the analysis of satellite imagery and collateral data, including aerial imagery, and related services."[50] With personnel of around 200,[51] out of which 20 or so are analysts,[52] SitCen does not have the institutional capacity to analyse large amount of information. In addition, not all member states are included in SitCen, the official explanation to which is that the number of posts it offers is quite limited.[53] On the technical side, the utility of SitCen is also limited, as it is useful primarily for background information on areas, such as infrastructure.[54] Moreover, as SitCen does not have its own satellites, it can provide no guarantees that the necessary intelligence will be obtained from suppliers. Finally, SitCen is limited to analysing information, with member states having full control on operational decisions and providing the Centre with intelligence on voluntary basis.[55] While the cooperation seems to have improved after the Madrid and the London bombings, in 2004 and 2005



[49] Ole R. Villadsen, "Prospects for a European Common Intelligence Policy," *CIA Studies in Intelligence*, Vol. 9 (2000), p.84
[50] *The Centre*, EU Satellite Centre
[51] Author's interview with a senior official from the Austrian Representation to the EU, Brussels, 11 April 2008
[52] Muller-Wille, "The Effect of International Terrorism," p.59
[53] Muller-Wille, "The Effect of International Terrorism," p.61
[54] *A European Intelligence Policy,* Assembly of the Western European Union, WEU Defence Committee, 13 May 1996, accessed: 20 May 2008, <http://www.fas.org/spp/guide/europe/military/weu/weu1517e1.htm>
[55] Ahto Lobjakas, "EU: 'First Step' Taken Toward Setting Up Joint Intelligence Capability," *Radio Free Europe*, 8 June 2004

respectively,[56] the major obstacles for enhanced cooperation remain: lack of own capabilities and lack of national willingness to provide intelligence material.

Another key initiative at European level is the French-led Helios programme. Helios 1, encompassing two satellites, is a commonly funded programme by France, Italy and Spain, each holding 69, 14 and 17 percent of the shares respectively.[57] Helios 1A was launched in July 1995, with expectancy to last four to five years, and Helios 1B was launched in December 1999.[58] Through the Memorandum of Agreement with WEU signed in 1992 allowing access to Helios images, yet no possibility for the WEU to program the satellite, Helios 1 made significant contribution not only to the intelligence cooperation between the three funding countries, but between European partners more widely. Limitations included optical imaging, which implied limited use under cloud cover, as well as lack of radar and infrared capabilities.[59]

These limitations were eliminated in the Helios 2 programme. Helios 2A was launched in December 2004, and Helios 2B is to be launched in the first quarter of 2009. Belgium and Spain are the other two participating countries in the programme, with 2.5 percent cost share each. This means that they can use Helios 2 images for their own purposes equivalent to their share. Between 1995 and 1997 there was a prospect for Germany to join the programme, which would have been a significant step towards developing intelligence capabilities and strengthening the cooperation at European level. However, due to budget

[56] Author's interview with a senior official from the Austrian Representation to the EU, Brussels, 11 April 2008
[57] Villadsen, "Prospects for a European Common Intelligence Policy"
[58] Ibid.

constraints, Germany had decided not to join, and that put an end to the Helios 2 gaining wider significance.[60]

Finally, the EU-led Galileo navigation system is also worth mentioning, as the only European global navigation satellite system, the military operators of which "can give no guarantee to maintain uninterrupted service."[61] Galileo is of great value for the EU member states since it decreases their dependency on the EU and Russia when it comes to global navigation satellite systems. Nevertheless, with the military end of it not yet being fully developed, and with the international involvement of non-EU countries, such as China, Israel, Ukraine,[62] Galileo does not yet offer fully-fledged capabilities for effective EU intelligence cooperation.



[59] Villadsen, "Prospects for a European Common Intelligence Policy"
[60] Ibid.
[61] *Why Galileo?*, European GNSS Supervisory Authority, accessed: 29 May 2008, <http://www.gsa.europa.eu/go/galileo/why-galileo>
[62] *China Joins EU's Satellite Network*, BBC, 19 September 2003, accessed: 29 May 2008, <http://news.bbc.co.uk/1/hi/business/3121682.stm>; *EU and Ukraine seal Galileo and aviation agreement*, European Commission, 3 June 2005, accessed: 29 May 2008, <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/05/666&format=HTML&aged=0&language=EN&guiLanguage=en>

# Chapter 3: THEORETICAL FRAMEWORK

Having identified a gap in the theoretical explanations offered for what determines countries' preferences regarding cooperation in the intelligence sector, i.e. having identified the misfit between those theories and the case of the British reluctance towards EU intelligence cooperation; I suggest that this inclination can best be explained by rational choice theory. Namely, I argue that it is the rationality of the actors that determines their preferences and what some authors label as 'interests'. In other words, I accept the core assumptions of rational choice theory and argue that actors' preferences in areas that so critically touch upon their security, such as intelligence, are formed through cost/benefit analysis. It is important to specify the moment of time that I am focusing on. To be precise, I am not dealing with the factors that determine the sustainability of an intelligence-sharing arrangement once it is in place, but with the factors determining its occurrence. And in this case, my argument is that the main determinant is the rationality of the states.

In this context rationality, or rational behaviour, is best described in utilitarian terms, i.e. as choosing the most effective and cost-efficient means to gain a predetermined set of ends.[63] Utility, on the other hand, is "a measure of an actor's preferences over the outcomes, which reflects his or her willingness to take risks to achieve desired outcomes and avoid undesired outcomes."[64] The theoretical framework that I suggest is a minimalist, using instrumental

[63] James D. Morrow, *Game Theory for Political Scientists*, Princeton: Princeton University Press (1994), p.16
[64] Ibid.

rationality to explain states' behaviour, with the emphasis on capabilities, rather than intentions, with an assumption that the latter can change more easily. Considering the importance of the examined area, this concept offers the most viable explanation as "[w]ith so much riding on maintaining what is considered to be a proper level of defence (the very existence of a state may be at stake) it is seen to be unwise to trust in the good intentions of other states."[65]

There are two main assumptions that I deal with here. First, actors are self-interested, rational utility-maximisers. They seek to maximise gain and minimise loss. It assumes that individual actors behave as if they engage in a cost/benefit analysis of every choice that is available to them before they make a decision for the option that is most likely to maximise their self-interest.[66] Actors focus their attention on their utility net of cost, while most of the time disregarding the consequences that their behaviour might cause for the others. This draws on John Stuart Mill's utility theory assumptions, defining rational actors as ones that "desire to possess wealth," and are "capable of judging the comparative efficacy of means for obtaining that end."[67] Second, actors have a clear hierarchy of preferences, so that in any situation there is only one optimal option available.[68] In such cases, "an act is right if and only if the consequences of its being performed by the agent and all other agents similarly situated are at least as good as the consequences of any other available acts being



[65] Clive Archer, "What security? What order?," in Smith and Timmins, *Uncertain Europe: Building a new European security order?*, London: Routledge (2001), p.9
[66] Colin Hay, *Political Analysis*, Palgrave, New York, 2002, p.8
[67] John Stuart Mill (edited by Roger Crisp), *Utilitarianism*, New York: Oxford University Press (1998), p.54
[68] Hay, *Political Analysis*, p.8

performed."[69] In addition, one actor will unilaterally transfer resources to another actor only if he expects that the benefits of such action will outweigh the costs that will occur if he undertakes the action himself.

In sum, states are rational, self-interested actors with the main purpose to ensure their own security. With that being said, cooperation occurs when the potential benefits are apparent and the scope of the costs of cooperation, such as risks, is realistically grasped and well estimated.[70] In the field of security and defence, as core national interests, actors' preferences to cooperate are based on the cost/benefit analysis that such cooperation implies. They will only decide to cooperate in instances when their gain is maximised and loss minimised, or when gains outweigh the costs. Putting flesh on the bones, in analysing the costs and benefits the context of this thesis I focus on two primary factors: the scope of investments in intelligence and the available capabilities. In more practical terms, the rational choice theory helps us explain why state A, with high intelligence budget and access to highly sophisticated capabilities, decides not to cooperate with states B and C, whose intelligence budgets are lower and have access to less sophisticated capabilities, since such cooperation implies relatively high costs, including possible opportunity costs, which outweigh the potential gains.



[69] Donald H. Regan, *Utilitarianism and Co-operation*, Oxford: Clarendon Press (1980), p.94
[70] Jeffrely T. Richelson, "The Calculus of Intelligence Cooperation," *International Journal of Intelligence and Counterintelligence*, Vol. 4, No. 3 (1990), pp. 307-323

# Chapter 4: EUROPEAN INTELLIGENCE COOPERATION THROUGH NATO

In trying to explain the relative backwardness of the EU intelligence cooperation, one also has to analyse the possible explanations. Therefore, I henceforth elaborate on one of them, i.e. intelligence cooperation organised through NATO, and in addition I provide arguments on why such cooperation is not and moreover, cannot be effective.

Ever since its establishment on 4 April 1949 in Washington, the North Atlantic Treaty Organisation (NATO) has been the primary guarantor of the security of post-World War II Europe. There are twelve founding countries of NATO, those being: Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, Norway, Portugal, the Netherlands, the UK, and the US. NATO has had several rounds of enlargement, among the others also opening its doors to the former Communist bloc countries of Eastern Europe. During the Cold War, Greece, Turkey, and Spain joined NATO; later, former Warsaw Pact countries joined: the Czech Republic, Hungary and Poland in 1999, Bulgaria, Estonia, Lithuania, Latvia, Romania, Slovakia, and Slovenia in 2004, and Croatia and Albania have also been invited to start accession talks.

## *NATO Intelligence Capabilities*

Regarding intelligence capabilities, even though NATO is "primarily a military alliance, with long-established procedures for intelligence cooperation at the tactical and operational levels,"[71] throughout its history, "[strategic] intelligence, unlike other aspects of defence, has not been organised in truly integrated structures within the Alliance."[72]

In institutional terms, the Intelligence Division of NATO is part of the International Military Staff (IMS). The Division itself has no own intelligence gathering capacities and relies on intelligence provided by NATO nations and NATO commands. Therefore, the main function of this body is to coordinate and disseminate the intelligence that it receives.[73]

Another body that deals with intelligence is the NATO Battlefield Information Collection and Exploitation Systems (BICES) Agency (NBA). NBA "coordinates the operation and improvement of a classified multinational intranet between the national military intelligence organisations of the 26 BICES NATO nations and NATO," with an objective "to share and exchange information/intelligence among the participating Nations and with NATO in peace, crisis and war



[71] Clough, "Quid Pro Quo," p.606
[72] Klaus Becher, "European intelligence policy: political and military requirements," *Chaillot Paper 34* (1998), p.41
[73] "Chapter 11: Military Organisations and Structures," *NATO Handbook*, NATO Headquarters, 29 October 2002, ch. 11, accessed: 28 May 2008, <http://www.nato.int/docu/handbook/2001/hb1103.htm>

through the use of interoperable Automatic Data Processing (ADP) based national and NATO intelligence support systems."[74]

In addition, NATO controls the Linked Operational Intelligence Centre Europe (LOCE) network, which is a US European command (USEUCOM) system, i.e. the American gateway to BICES. [75] With it Correlation Centre located in the UK, LOCE is considered to be the backbone of the NATO theatre intelligence-sharing system, even though it is regarded not to be a user-friendly system with rather difficult operating instructions.

Moreover, the Supreme Headquarters Allied Powers Europe (SHAPE) also has a joint-staff branch (J-2) that is responsible for intelligence.

Finally, part of the NATO intelligence institutional setup is also the NATO Special Committee, known as AC/46, which is one of the oldest intelligence-sharing mechanisms among allies, was established on 3 December 1952.[76] It gathers the heads of security intelligence services of NATO member states, and it provides the North Atlantic Council (NAC) with advice on espionage, terrorist, and other non-military related threats that might affect the alliance and its member states.



However, looking at actual intelligence assets, NATO does not have many truly collective capabilities. In fact, most of its assets consist of national ones that

[74] *NATO BICES Agency*, NATO Transformation Network, January 2007, accessed: 28 May 2008, <http://transnet.act.nato.int/WISE/TNCC/Agency/BICES>
[75] Cees Wiebes, *Intelligence and the War in Bosnia 1992-1995*, London: Transaction Publishers (2003), p.38

have been assigned to NATO. “What collective assets exist consists either of commonly funded headquarters and communications, or commonly funded forces.”[77]

## *NATO-ESDP: Intelligence Aspect of the Love/Hate Relationship*

The discussion whether NATO and ESDP contradict or complement each other is one that has been present in the academic and the political circles since the very initiative for creation of ESDP was introduced. That debate goes beyond the scope of this thesis and I will not address it as such, but will only focus on the agreements for cooperation between the two that target the area of intelligence-sharing.

The framework within which the relations between WEU, and later ESDP on the one hand, and NATO on the other, has been developing is given with the so-called Berlin Plus agreements.

The first Berlin Plus agreement, signed between 1994 and 1996, also known as Berlin-Brussels Agreement, in fact regulated the cooperation between WEU and NATO. The basic purpose of this agreement was to avoid duplication of capabilities and practically meant that “in those situations where the Europeans decided to use their combat forces, but the United States chose not to send its



[76] Lefebvre, “The Difficulties and Dilemmas,” p. 531
[77] Robert J. Art, “Why Western Europe Needs the United States and NATO,” *Political Science Quarterly*, Vol. 111, No. 1 (1996), p.31

combat forces, the military assets of NATO, including its command structure, would be made available."[78]

The first agreement between the EU and NATO was reached in 1999, and the discussion on the framework for cooperation continued until 2003, when the crisis that occurred in Macedonia pressed the allies to set clear terms of cooperation. This meant adoption of a series of Berlin Plus arrangements, which were accepted in March 2003 and outlined the principles for cooperation in crisis management. They granted the EU access to NATO capabilities and resources for EU operations. These arrangements also allow the Alliance to support operations undertaken by the EU, in which NATO as a whole is not affiliated. The Berlin Plus arrangements include: (1) a NATO-EU Security Agreement, which covers the exchange of classified information under reciprocal security protection rules; (2) EU access to NATO's planning capabilities for actual use in the military planning of EU-led crisis management operations; (3) availability of NATO capabilities and common assets, such as communication units and headquarters for the EU-led crisis management operations; (4) procedures for release, monitoring, return and recall of NATO assets and capabilities; (5) terms of reference for NATO's DSACEUR, who in principle will be the operation commander of an EU-led operation under the Berlin Plus arrangements (and who is always a European), and European command options for NATO; (6) NATO-EU consultation arrangements in the context of an EU-led crisis management operation making use of NATO assets and capabilities; (7) incorporation within NATO's long-established defence

[78] Art, "Why Western Europe," p.31

planning system, of the military needs and capabilities that may be required for EU-led military operations, thereby ensuring the availability of well-equipped forces trained for either NATO-led or EU-led operations."[79]

The arrangement for exchanging classified information and the granted access of the Europeans to NATO intelligence material was considered to be one of the major achievements of these agreements[80].

## *Why not Berlin Plus?*

With this looking nice on paper, how does it happen for NATO not to be the best intelligence-sharing medium for the Europeans? The critical first obstacle is in the capabilities that NATO itself possesses. Relying heavily on the assets of the member states, NATO offers limited opportunities for close intelligence cooperation. Additionally, there are two more crucial obstacles for EU intelligence-sharing to be organised through NATO.

The first one is the fact that the United States is the dominant member of the Alliance and possesses the most developed intelligence capabilities, which will make the Europeans dependent on US intelligence and its willingness to share it. For instance, "US C4ISTAR[81] systems are becoming increasingly advanced in comparison to many other member states."[82] This technological advantage



[79] *Berlin Plus Agreement*, SHARE, 21 January 2006, accessed: 28 May 2008, <http://www.nato.int/shape/news/2003/shape_eu/se030822a.htm>
[80] Touzovskaia, "EU-NATO Relations," p.241
[81] C4ISTAR is the acronym for: Command, Control, Communications, Computers, Intelligence, Surveillance, Targeting, and Reconnaissance
[82] Clough, "Quid Pro Quo," p.604

allows for the US to pick and choose whom they would like to share intelligence with. The Americans are known to be very secretive and to be reluctant to share intelligence with many countries. "America's allies have long complained that it is particularly mean with its intelligence."[83] There are numerous instances when this has been the case. The war in Bosnia was only but one, when according to some UNPROFOR staff the Deputy G-2 Officer, the American Commander Ric Morgan, shared important intelligence only with his fellow Americans, or other privileged partners, like the Canadians and the British. Naturally, this caused resentment among the non-privileged NATO members.[84] In general, the situation in Bosnia in that respect did not change much with the NATO-led deployment IFOR, and then later SFOR, when the American intelligence was rarely available to the other allies.[85] The next lesson was the NATO intervention in Kosovo, where the Alliance was the one conducting the military operations, and "[e]ven though the US retained the overwhelming capacity in terms of intelligence gathering and decision making, there was a minimal cooperation taking place, when it came to the targeting planning against Yugoslavia, the assessment of the Serbian military capacities and movements, the assessment of war crimes and humanitarian crisis."[86]



The second issue, which is equally important, is the differences in membership. Namely, since the membership of the two structures does not overlap, the NATO countries outside the EU (Norway, Iceland, and Turkey) are not

[83] Charles Grant, *Intimate Relations: Can Britain Play a Leading Role in European Defence and Keep its Special Links to US Intelligence?*, London (2001), pp.4-5
[84] Wiebes, *Intelligence and the War in Bosnia*, p.37
[85] Author's interview with a senior British official, Bruges, 9 April 2008
[86] Author's email interview with Arnaud Danjean, Paris, 3 June 2008. Arnaun Danjean, born in 71 in France, former intelligence official within French external intelligence service (DGSE -

particularly supportive of the European attempts to organise their security and outside the Alliance. In fact, Turkey has gone so far as to raise "the possibility that if it remains excluded from EU security policymaking; it might work within NATO to block the EU from using NATO assets."[87] Also, one must not forget that divided island of Cyprus, one side of which is a part of the EU, but not NATO, and the other side being supported by Turkey, a member of NATO, but not the EU. It is difficult to imagine that the governments of the two sides of the island, and the countries supporting them, will be enthusiastic about organised intelligence-sharing within a structure that the other side belongs to. Concerns over this issue have already been raised, which resulted in Cyprus and Malta, the EU non-NATO members, being excluded from the meetings between NAC and EU Political and Security Committee (PSC).[88]

These two obstacles are not something one can ignore and are determining factors in making NATO a structure within which no strong EU intelligence-sharing cooperation can occur.



Direction Generale de la Securité extérieure), specialised on the Balkan conflicts, from 1994 to 2002. Adviser to the French foreign ministers from 2005 to 2007

[87] Villadsen, "Prospects for a European Common Intelligence Policy," p.89

[88] Touzovskaia, "EU-NATO Relations," p.241

# Chapter 5: INTELLIGENCE CAPABILITIES OF THE 'BIG THREE'

In addition to the current situation in EU intelligence cooperation in TECHINT already being addressed in an earlier chapter, it is also important to note that only eight out of the twenty-seven member states of the Union have foreign intelligence services, and they "vary greatly in their capabilities and coverage of international developments.[89] While it is true that the "EU member states have neither the financial nor the organisational means to match US high-tech efficiency and effectiveness,"[90] it is crucial to understand what means they actually do possess. The 'Big Three' in the EU in regards to defence and intelligence are Germany, France and the UK, and no analysis would be complete without examining the capabilities of these countries.

## *Germany*

The Federal Republic of Germany came out of the Cold War with severely damaged intelligence services, as a large number of intelligence agents were double agents for both West and East Germany.

The country has three separate intelligence services that are defined in accordance with their tasks, and there is no central intelligence structure that

[89] Walsh, "Intelligence-Sharing in the European Union," p. 635; NB: Walsh's article, published in 2006, mentions that only seven member states have foreign intelligence services, but with the accession of Romania in 2007, this number has increased to eight

covers all aspects of foreign and security policy, including defence. The three German services are: (1) The Federal Intelligence Service (Bundesnachrichtendienst – BND), which is in charge of all areas of foreign intelligence; (2) the Military Counter-Intelligence Service (Militaerischer Abschirmdienst – MAD), in charge of security in the German army; and (3) The Federal Office for the Protection of the Constitution (Bundesamt fur Verfassungsschutz – BfV), in charge of domestic national security in all areas, but the army.[91]

The BND, as the only German foreign intelligence service, is organised in eight departments.[92] The data on the number of employees and on its annual budget differs between different sources, but the approximate number of employees is between 6 000 and 7 000, and the annual budget is around 430 million euros.[93]

In terms of sophisticated TECHINT, SAR-Lupe is the first German military satellite and its highest achievement in that respect. As a combination of five identical satellites, it can produce high quality images from literally any part of the world. [94] Four of the satellites have already been launched, with the remaining one to be launched by the end of the year. SAR-Lupe is expected to



[90] Heinz Gartner, "European Security after September 11," *European Politics*, Vol. 40, No. 2 (2003), p. 65
[91] Harald Nielsen, "The German Analysis and Assessment System," in Charteds, Farson and Hastedt (eds.), *Intelligence Analysis and Assessment*, London: Frank Cass (1996), p.54
[92] *Unsere Leitung, unsere Abteilungen*, Bundesnachrichtendienst, 2005, accessed: 28 May 2008, <http://www.bnd.bund.de/nn_355470/DE/Wir__Ueber__Uns/Struktur/Struktur__node.html__nnn=true>
[93] Nielsen, "The German Analysis," p.54
[94] *SAR-Lupe*, OHB-System AG, accessed: 3 June 2008, <http://www.ohb-system.de/gb/Security/sarlupe.html>

enhance the German-French cooperation by providing images for the French, who in return will share Helios images.

Furthermore, until September 2002, a giant US satellite-based listening station was located in Germany. However, the Bad Aibling station, which was operating since 1968 in a small town near Munich, was closed as some claim as a reaction to the European Parliament report on the UK-USA Echelon System, which is also believed to be a benchmark in the diverging intelligence views of Germany and the US.[95] Also, it is important to note that Germany is reportedly included as a 'third party' to the UKUSA Agreement (analysed in the following chapter), which means its involvement is somewhat looser and more limited.[96]

## *France*

France is known as a country with a long history in intelligence and a driving force behind the initiatives for closer EU cooperation in the filed. It is a nation with a reputation for careful analysis of potential targets.[97]

It possesses a well developed network of intelligence services, with the main tasks being divided between the Directorate General for External Security (Direction Générale de la Sécurité Extérieure (DGSE)) and the Directorate for

[95] Duncan Campbell, *When Spies Fall Out*, The Guardian, 3 July 2001
[96] Martin Rudner, "Britain Betwixt and Between: UK SIGINT Alliance Strategy's Transatlantic and European Connections," Intelligence and National Security, Vol. 19, No. 4 (2004), p.574
[97] Clough, "Quid Pro Quo," p.604

Defence Protection and Security (Direction de la Protection et de la Sécurité de la Défense (DPSD)).[98]

It is also worth noting that until recently France was the only European country having control over a military satellite imagery system. As explained in Chapter 2, France is the initiator and the main contributor to the Helios programme, and at the same time the country benefiting the most from it. Yet, it is also a country that is not a party to any key bilateral intelligence-sharing agreements.

With the French taking over the EU Rotating Presidency in July 2008, "a key impetus to forge an integrated European milspace program at last," is expected to happen.[99] This for sure is going be a great challenging knowing that the French budget, which will have to cover a significant portion of any major project, is decreasing.[100]

## *United Kingdom*

The UK is among the countries with the longest tradition in the intelligence business. It is also one of the countries with the best trained HUMINT, and access to the most sophisticated SIGINT. Its intelligence agents during the



[98] *Environment and Prospect of the Defence Policy* (Environnement et Prospective de la Politique Defense), Commission of National Defence and the Armed Forces, National Assembly, 11 October 2007, accessed: 4 June 2008, <http://www.assemblee-nationale.fr/13/budget/plf2008/a0280-tii.asp#P785_61381>

[99] Rear Admiral Phillipe Arnauld in Robert Wall and Michael A. Taverna, "France Steps up European Milspace Push," Aviation Week & Space Technology, 24 September 2007, accessed: 4 June 2008, <http://www.aviationweek.com/aw/generic/story_channel.jsp?channel=defense&id=news/aw092407p2.xml>

[100] Ibid.

World War II were involved in breaking many codes that were of great value to the allies in facing a common enemy.

The predominant British SIGINT agency in the Government Communications Headquarters (GCHQ), which replaced the Government Code and Cipher School (GC & CS) in 1946.[101] The Secret Intelligence Service (SIS or MI6) is the main agency for HUMINT and the Joint Air Reconnaissance Intelligence Centre (JARIC) for IMINT.[102]

Although not in a possession of a satellite on its own, the TECHINT that the UK has control over is still impressive. According to GCHQ, "[i]t's hard for an outsider to imagine the immense size and sheer power of GCHQ's supercomputing architecture, [which also includes] one of the largest long-term bulk near line storage systems in the world."[103]

What puts the UK way ahead of the other EU member states when it comes to intelligence, aside of all the aforementioned, is its close intelligence-sharing partnership with the US. This partnership will be analysed in detail in the following chapter.



[101] Rudner, "Britain Betwixt and Between," p.572
[102] Michael Herman, "The Customer is King: Intelligence Requirement in Britain," in Loch K. Johnson, *Strategic Intelligence: The Intelligence Cycle, volume 2*, London: Praeger Security International (2007), p.167
[103] T*echnology*, GCHQ, accessed: 20 May 2008, <http://www.gchq.gov.uk/about/technology.html>

## *Comparing the Bills*

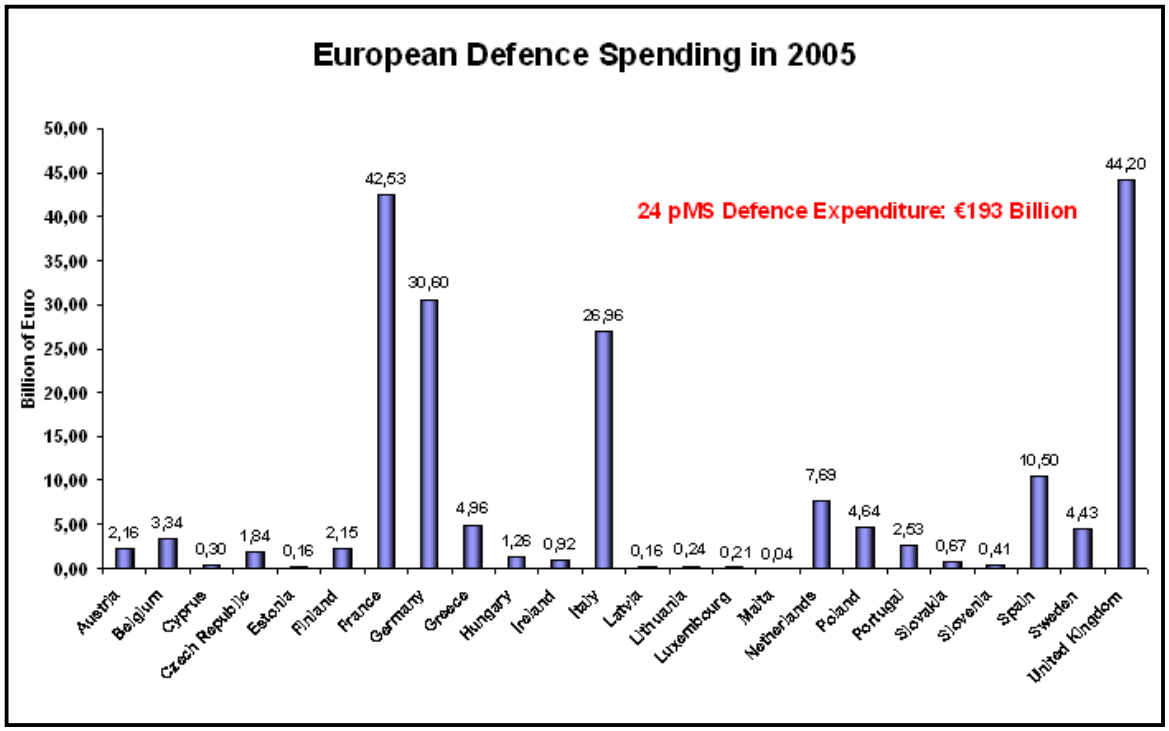
Looking at the EU budget overall, Germany has traditionally been the largest contributor in terms of revenues, followed by France, Italy and the UK.[104] The UK is in a privileged position due to the rebate that is being paid to it since Margaret Thatcher, the British Prime Minister at the time, asked for 'her money' back in 1984, as a 'refund' to the British for the money they pay to the Common Agricultural Policy compared to the small benefits.

Out of that budget, the EU budget in the area of CFSP for 2007 was 0.2 billion euros,[105] while the foreseen budget for 2008 has been increased and is 0.3 billion euros.[106]

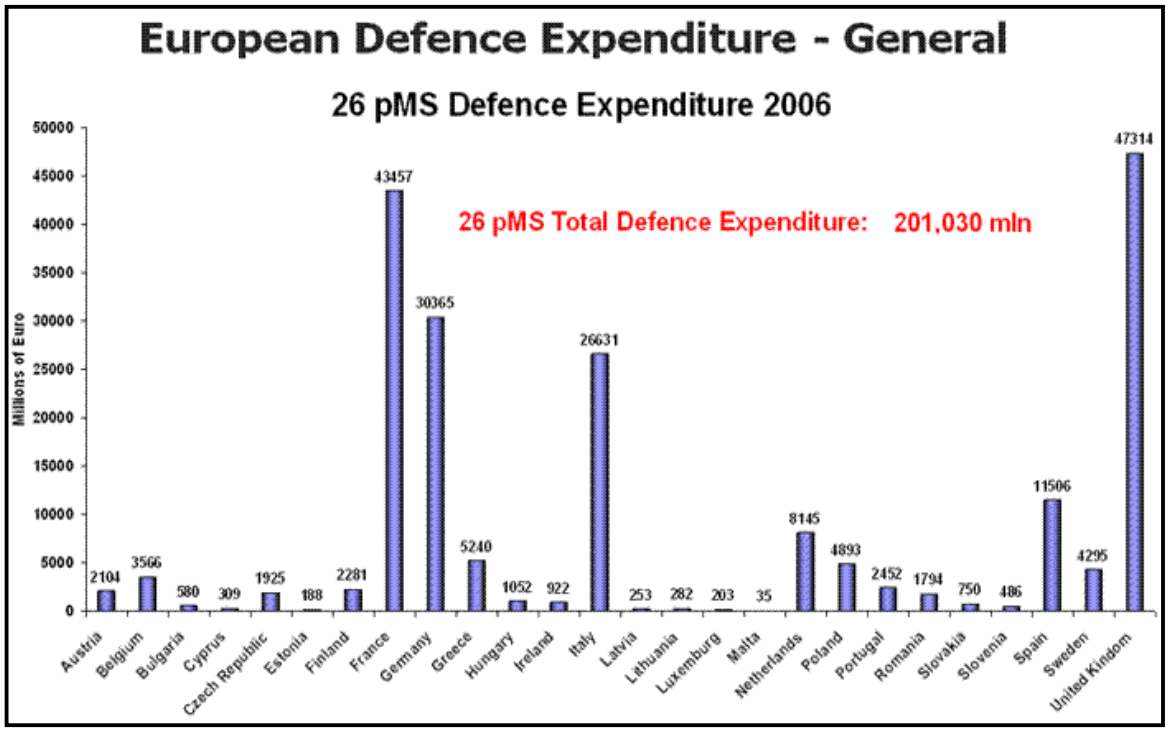
However, what is important for this analysis is what the countries possess at national level. The UK is the country with highest defence budget, closely followed by France. The German defence budget is significantly higher than the defence budgets of the other EU member states, yet at the same time significantly lower than those of France and the UK. The two graphs below show the differences in spending among the EU member states.



[104] *EU Budget 2006: Financial Report,* European Commission, 2006, accessed: 1 June 2008 <http://ec.europa.eu/budget/library/publications/fin_reports/fin_report_06_en.pdf>
[105] *EU Budget 2007*, European Commission, 2007, accessed: 1 June 2008, <http://ec.europa.eu/budget/library/publications/budget_in_fig/dep_eu_budg_2007_en.pdf>
[106] *EU Budget 2008*, European Commission, 2008, accessed: 1 June 2008, <http://ec.europa.eu/budget/library/publications/budget_in_fig/dep_eu_budg_2008_en.pdf>




*Source: European Defence Agency, European Defence Spending in 2005, Brussels (2007)*




*Source: European Defence Agency, European Defence Spending in 2006, Brussels (2007)*

Narrowing down the area of analysis even further, the scope of investment in intelligence reflects the same situation as in the wider defence field. In the UK, "[f]unding on counter-terrorism and intelligence increased from 1 billion British

pounds in 2001 to 2.5 billion British pounds this year [2008], rising to 3.5 billion British pounds by 2010/11."[107]

According to the latest budget report of the French National Assembly, France ranks unfavorably in terms of investment in intelligence capabilities compared to the UK and Germany. The report addresses the intelligence budget for 2008 and the number of employees in the intelligence services. France has a total of 9 500 employees and budget of 743.5 million euros, compared to the UK with 13 400 employees and 3.3 billion euros budget, or Germany with 16 500 employees (the budget figure for Germany is not given).[108] The report also notes that this is a potential problem when it comes to intelligence-sharing, as the cooperation is determined by the ability of each party to provide useful information to the partner.[109]



[107] *The National Security Strategy of the United Kingdom*
[108] *Environment and Prospect of the Defence Policy*
[109] Ibid.

# Chapter 6: UK-USA INTELLIGENCE-SHARING

The special relationship between the UK and the US, what some call to be the "grandfather"[110] of all the UK's international relationships, exists in many areas, from economy, to politics, to defence. The relationship has had its ups and downs, but the ties created throughout the years of cooperation have always survived. This is a strong relationship, built on more than any present alliance or political goal. It has survived, even grown stronger, despite the death of the two largest enemies that have united the two countries in the last century; Nazism and the Soviet Union. One aspect of relationship that is interesting for this research is the close intelligence-sharing cooperation between the two countries.

## *The Fundamentals of the Partnership* [111]

The relationship seems to have its roots in the Second World War, when the UK and the US were bound together as allies, working in close cooperation both politically and militarily. The existing intelligence sharing structure built on a history of military and intelligence cooperation. This started during the World War I and developed considerably during the World War II. A SIGINT alliance between the USA and the UK seems to have been formed during the 1940s. In 1941 the UK broke the Enigma code and shared the information with the US, and this carried on into the sharing of ULTRA intelligence (British intelligence

[110] Sir Stephen Lander, "International intelligence cooperation: an inside perspective," *Cambridge Review of International Affairs*, Vol. 17, No. 3 (2004), pp. 481-493

resulting from decrypting German Enigma communication). [112] Close cooperation between British, American, and Canadian code breakers was so close that "according to a statement by one individual involved at the time, they worked like a single organization." [113] On 17 May 1943 an agreement on SIGNIT was created between the UK and the US, known as the BRUSA (Britain-United States of America) agreement.[114] According to the European Commission Report on Echelon, this agreement "primarily concerns the division of work … the exchange of all information obtained by means of the discovery, identification and interception of signals and the cracking of codes and encryption processes"[115]. This agreement did not only include the US and the UK, evidence shows that there were other signatories. One such example is a memo "for the coordinator of joint operations" on the subject of a "proposed U.S.-Canadian agreement" which refers to the BRUSA, e.g. "[i]f the BRUSA definition is used."[116]

The later UKUSA agreement is probably based upon this BRUSA agreement. This was developed between 1945 and 1947 or 1948. Some writers credit Sir Francis Harry Hinsley, a British intelligence historian, as being a contributor to



[111] For this and the following section of the dissertation I use my research done for the final paper in a course in ESDP, Central European University, Fall 2007
[112] Jerome Mellon, *The UKUSA Agreement of 1948,* Canadian Intelligence Resource Centre (2001)
[113] *Report on the existence of a global system for the interception of private and commercial communications (ECHELON interception system)*, European Parliament Temporary Committee, 12 July 2001, section 5.4.1
[114] Jeffrey T. Richelson and Desmond Ball, "*The Ties That Bind: Intelligence Cooperation between the UKUSA Countries – the United Kingdom, the United States of America, Canada, Australia and New Zealand*," Boston: Unwin Hyman (1990), p.138
[115] James Bamford, "*The Puzzle Palace: A Report on America's Most Secret Agency,"* Baskerville: Penguin Books (1983)
[116] Walter Agee, Acting Deputy Director of Intelligence, *Memorandum for the Coordinator of Joint Operations: Proposed U.S.-Canadian Agreement*, National Archives (1948)

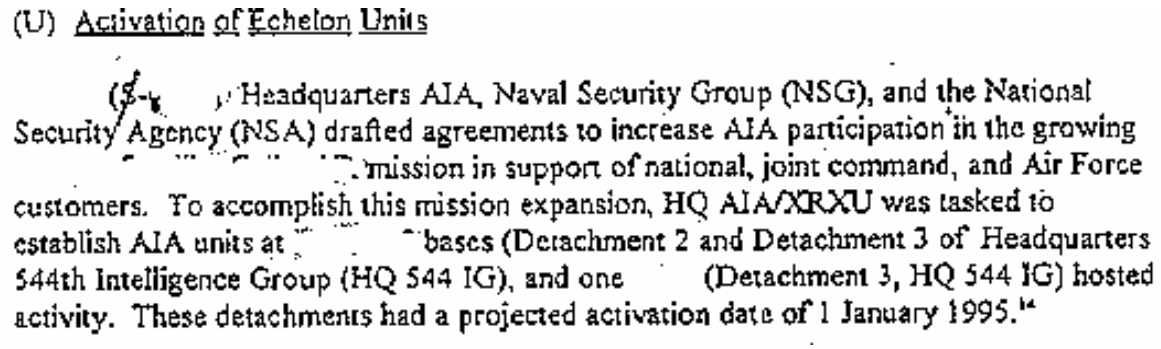
the negotiation of the agreement;[117] other possible players remain anonymous. When it was finally signed by the US and the UK is unclear as various sources offer different dates for the agreement, ranging between 1946 and 1948. There seem to be different levels of involvement in the Treaty, with the UK and the US as the main signatories, probably also including Australia, Canada and New Zealand. Other possible participant countries (third parties) are Norway, Denmark, Germany, Italy, Greece, Turkey, Austria, Japan, South Korea and Thailand. [118] Ever since the signing it has been central to "Anglo-Saxon transatlantic intelligence cooperation."[119] Clear evidence for its existence can be found in the British 1999-2000 Intelligence and Security Committee Annual Report; "The quality of intelligence gathered clearly reflects the value of the close co-operation under the UKUSA agreement. A recent illustration of this occurred when the US National Security Agency's (NSA) equipment accidentally failed and for some three days US customers, as well as the UK Government Communications Headquarters' (GCHQ) normal customers, were served directly from GCHQ." [120] Two of the UKUSA governments have acknowledged its existence - Australia and Canada.[121] The UKUSA agreement is also referred to in declassified memos.

One of the results of the UKUSA agreement is a global COMINT network known as Echelon and it "is believed to intercept all forms of global



[117] Lander, "International intelligence cooperation," pp. 481-493
[118] Mellon, *The UKUSA Agreement*
[119] Lander, "International intelligence cooperation," pp. 481
[120] *Intelligence and Security Committee Annual Report 1999-2000*, TSO Official Documents Archive, November 2000, accessed: 1 December 2007, < http://www.archive.official-documents.co.uk/document/cm48/4897/4897-02.htm#gen78>
[121] Duncan Campbell, "Echelon and its role in COMINT," Temporary Committee on the Echelon Interception System, 22-23 January 2001, accessed: 1 December 2007, <http://www.heise.de/tp/r4/artikel/7/7747/1.html>

communication."[122] This network is referred to in various official sources, for example, in April 2000 in a statement by the Director of Central Intelligence, George J. Tenet, before the House Permanent Select Committee on Intelligence: "allegations about SIGINT activities and the so-called Echelon program of the National Security Agency"[123] are referred to. Evidence can also be found in other official sources such as declassified National Security Agency documents from the US Air Force Intelligence Agency that refer to "activation of Echelon units". The relevant part of one such document ('History of the Air Intelligence Agency 1 January – 31 December 1994') is shown below:



(U) Activation of Echelon Units

(S-[illegible]) Headquarters AIA, Naval Security Group (NSG), and the National Security Agency (NSA) drafted agreements to increase AIA participation in the growing [illegible] mission in support of national, joint command, and Air Force customers. To accomplish this mission expansion, HQ AIA/XRXU was tasked to establish AIA units at [illegible] bases (Detachment 2 and Detachment 3 of Headquarters 544th Intelligence Group (HQ 544 IG), and one [illegible] (Detachment 3, HQ 544 IG) hosted activity. These detachments had a projected activation date of 1 January 1995.[14]

Source: The National Security Archive, George Washington University, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB23/12-02.gif>

The functioning of Echelon is also not clear. For COMINT, signals must be collected and then processed. There are various ways that it is believed the American National Security Agency (NSA) collects signals: access to a satellite listening station at Menwith Hill, a US military installation in the UK, satellites to collect radio transmissions, ground interception of communications satellites

[122] Lawrence D. Sloane, "ECHELON and the Legal Restraints on Signals Intelligence: A Need for Reevaluation," *Duke Law Journal*, Vol. 50, No. 5 (2001), p.1470

[123] *Statement Before the House Permanent Select Committee on Intelligence*, George J. Tenet, 12 April 2000, accessed: 1 December 2007, <http://www.cia.gov/cia/public_affairs/speeches/2000/dci_speech_041200.html>

signals, undersea fibre-optic cable tapping and interception of Internet traffic.[124] The capability of the US to do this is clear from a government report on the Carnivore system, which states "The Federal Bureau of Investigation (FBI) has developed a tool, Carnivore, to facilitate interception of electronic communications. Carnivore is a software-based Internet Protocol (IP) packet sniffer that can select and record a defined subset of the traffic on the network to which it is attached."[125] The vast amount of data that must be collected by this network would need a huge process of analysis. It is certain that GCHQ is a vital part of this process.

According to the conclusions of the EU report that "a global system for intercepting communications exists, operating … under the UKUSA Agreement, is no longer in doubt. It may be assumed … that the system or parts of it were, at least for some time, code-named Echelon."[126]

## *How Does the Relationship Function Nowadays?*

Effects of this special intelligence relationship can also be seen in the most recent years. Certainly intelligence sharing was an important part of building up the justification for going to war with Iraq in 2003.

The Butler Report mentions intelligence sharing passing, "detailed intelligence on Libya and its procurement activities, collected by the UK and USA from all

[124] Sloane, "ECHELON and the Legal Restraints," p.1474
[125] *Independent technical Review of the Carnivore System Draft Report,* United States Department of Justice, November 2000, accessed: 1 December 2007, <http://www.usdoj.gov/jmd/publications/carnivore_draft_1.pdf>

sources over a significant period of time."[127] Current US cooperation with the UK can also be seen in the meetings of the Joint Intelligence Committee, the definitive UK committee for assessment of intelligence. [128] Namely, US, Canadian and Australian representatives are present at the first part of JIC meetings (meetings are in two parts), but European allies generally do not appear. There is also a regular exchange of personnel between the NSA and GCHQ, both having a senior liaison officer and staff at the headquarters of the other agency. This is confirmed in a report of the House of Commons: "[it is] policy not to comment on details of the staffing of the security and intelligence services (but presence of US NSA personnel at GCHQ confirmed and rank of most senior given)."[129] The Retired Admiral James Loy, former 'number two official at the US department of homeland security', is quoted to have said that he "had regular meetings with his counterparts at the Home Office" and "cannot remember any incident in my work where we were hesitant to share anything… It's a bit of a special case with the Brits."[130]



[126] *Report on the existence…*, section 13
[127] *Review of Intelligence on Weapons of Mass Destruction*, Butler Committee, 14 July 2004, accessed: 1 December 2007, < http://www.archive2.official-documents.co.uk/document/deps/hc/hc898/898.pdf>
[128] *UK Intelligence Services Act 1994*, Great Britain, Section 10, accessed: 1 December 2007, <http://www.opsi.gov.uk/acts/acts1994/Ukpga_19940013_en_2.htm#mdiv10>.
[129] *Select Committee on Public Administration, 3rd Report, Appendix 3*, House of Commons, 11 December 2002, accessed: 1 December 2007, <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmpubadm/355/35510.htm>
[130]Roger Blitz, Demetri Sevasstopulo and Peter Spiegel, "After the London Bombs: Differing approaches to surveillance and pursuit of radical Islamist groups are showing signs of convergence as transatlantic co-operation is stepped up," *Financial Times*, 17 August 2005

# Chapter 7: COMPARISON OF COSTS AND BENEFITS FOR THE UK

## *Cooperation with the EU – Cost/Benefit Analysis*

Intelligence is a costly business. The greater the scope of investments in one's capabilities, the better the final result is. Even without one being an expert in the field, it follows logically that intelligence cooperation involves large costs, starting from providing a secure network for information exchange, trained personnel, joint capabilities. The kind of cooperation that this dissertation deals with would, of course, include large investments in joint TECHINT, which is the most expensive type of intelligence.

In order for such a cooperation to be noteworthy at EU level, the involvement of France and the UK (as well as Germany, but to a somewhat lesser extent) as 'defence giants' is crucial from two aspects: they have the capabilities needed, along with human resources, and at the end of the day, they are the only ones that can 'pay the bill'.



That being said, the costs of UK involvement in EU intelligence cooperation will significantly affect it in two domains. First, having one of the most advanced intelligence communities, in terms of training and technology, possible cooperation is expected to rely majorly on British assets. Second, as the biggest defence, and more importantly, intelligence spender, it is logical to expect for the British contribution to the financing of such cooperation to be the

highest, together with France. Moreover, with the Americans being reluctant to share information with a Britain that shares information with France, [131]further EU cooperation will put at risk their access to American capabilities.

On the benefit side, there are two main benefits for the UK in supporting such initiative. First, it will improve British, but more so European, position when dealing with the US, as it will no longer be that of a dependent partner. As Robert J. Art notes, the original intention of Blair for launching ESDP was enhancement of EU military capabilities "so that it could better influence the United States. If Europe brought more assets to the NATO table, they reasoned, it would have more say in the outcomes of the deliberations."[132] Developing EU intelligence capabilities will for sure enhance the military might of the Europeans. Second, supporting such initiative will improve UK's standing in the EU. The British image was damaged "[a]s domestic politics prevented Britain from joining the common currency"[133], in addition to the country not being part of the Schengenland, which now incorporates 21 of the current 27 EU member states. Even though the leadership role in developing ESDP improved the standing slightly, the Britons are currently back to being regarded as big Euro-sceptics after the negotiations that led to the Lisbon Treaty, in which they ensured opt-outs in several areas requiring for their 'red lines' not to be crossed. The leadership can be regained and an initiative in the defence and intelligence field would be a perfect opportunity for that.



[131] Author's interview with British FCO official, London, 15 April 2008
[132] Robert J. Art, "Correspondence: Striking the Balance," *International Security*, Vol. 30, No. 3 (2005-6), p.181

## *Cooperation with the US – Cost/Benefit Analysis*

There are certain costs that the UK faces in its relationship with the US. Notably, as it most areas of the special relationship, the UK is the junior, dependent partner and while the UK may be able to exercise some modest amount of influence over the US, it does not have anything approaching equal status. This has not always been the case; as Duncan Campbell points out "it did not take much more than a decade [the 1950s] for mutual interdependence to turn around to become British dependence on the US."[134] Today it is the US that "controls the clearances and determines indoctrination requirements."[135] In addition, it has also been said that the relationship with the US has been damaging in that it has impeded UK integration in the EU, such as the British determination to stay outside the European Defence Community and the European Economic Community in 1954 and 1957 respectively.

However, there are also certainly great benefits to be had for the UK from its partnership with the US. This cooperation gives the British a huge amount, depth, and breadth of intelligence that they would otherwise be unable to access. GCHQ does not have the financial resources "that the US has pumped into the technology required to eavesdrop on rapidly expanding global communications."[136] The defence budgets of the two countries can hardly even



[133] Barry Posen "European Union Security and Defence Policy: Response to Unipolarity?," *Security Studies*, Vol. 15, No. 2 (2006), p.169
[134] Campbell, *The Unsinkable Aircraft Carrier*, London: Michael Joseph (1984), p.119
[135] Richelson and Ball, *The Ties That Bind*, p.7
[136] Stephen Fidler and Mark Huband, "US and UK spying alliance under the spotlight," *Financial Times*, 5 July 2004

be compared, with the Americans spending over 400 billion dollars on defence, and over 40 billion dollars on intelligence.

In addition, Britain also gains a close ally and a relationship that can be relied on. The UK is an important partner to the US. On a simple level, Washington appreciates a reliable ally; despite appearances the US would rather not be politically alone. UK support is important on an international level, and the US values "British influence over the course and direction of European security and foreign policy integration."[137] Former British Foreign Secretary Robin Cook is quoted in The Washington Quarterly as saying that "[l]oss of influence in Europe would damage our economic relations with the US and our strategic relations"[138]. The UK also offers practical intelligence services. The NSA alone could not handle the sheer volume of data produced by Echelon and GCHQ is a partner to the NSA in processing this information. Evidence of this is clear from the British Intelligence and Security Committee Annual Report from 1999-2000 that states that "US National Security Agency's (NSA) equipment accidentally failed and for some three days US customers, as well as GCHQ's normal UK customers, were served directly from GCHQ."[139] GCHQ can also provide expertise in the Near and Middle East, Africa, and Asia, which the NSA does not have. An example is GCHQ's Arabic linguists, which the NSA finds harder to recruit. The UK can also offer recent and prolonged experience in dealing with terrorist threats (in Northern Ireland). Moreover, geographically, the UK offers the US many advantages. The position of Britain gives it "a

[137] John Dumbrell, "The US–UK 'Special Relationship' in a world twice transformed," *Cambridge Review of International Affairs*, Vol. 17, No.3 (2004), pp.437-450
[138] Gideon Rachman, "Is the Anglo-American Relationship Still Special?," *The Washington Quarterly* (2001), p.11

significant capability for long-range SIGINT collection against certain targets in Russia and former Soviet states such as the Ukraine."[140] The US has many bases within the UK, such as the American airbase at RAF Lakenheath and Mildenhall in Suffolk and RAF Molesworth in Cambridgeshire.[141] According to the BBC, "Lakenheath is a base for US F-15 aircraft, the headquarters of the third US air force is based in Mildenhall and Molesworth is a military intelligence centre." [142] Britain also has the advantage of 14 Dependent Territories worldwide that provide opportunities to collect SIGINT and other intelligence in geographical areas as diverse as Gibraltar, British Antarctic Territories, Montserrat, Bermuda and areas of Cyprus.

Bureaucracy and general inertia can also be given some credit for the continuation of the intelligence relationship. Over the years the special relationship has been "woven into the fabric of British foreign policy and into the tangled tapestry that is NATO"[143] and would prove difficult to untie.

If one compares the two cost/benefit analyses, it is obvious that a shift in the UK policy towards EU intelligence cooperation will affect its resources (human and financial) and its capabilities more than remaining on the course and keeping the privileged position it has with the US at present.



[139] *Intelligence and Security Committee Annual Report*
[140] Jeffrey T. Richelson, *The US Intelligence Community*, Oxford: Westview Press (1999), p.293
[141] These are officially RAF bases but are run by the US Air Force
[142] *US National Guard arrive at airbase,* BBC News, 13 March 2003, accessed: 1 December 2007, <http://news.bbc.co.uk/1/hi/england/2845405.stm>
[143] David Reynolds, "A 'Special Relationship'? America, Britain and the International Order Since the Second World War," *International Affairs*, Vol. 62, No. 1 (1985-6), p.20

# CONCLUSION

With the fast development of the EU in the field of security and defence it is puzzling that the political and strategic (military) intelligence cooperation remains at rather low level. Therefore, the dependent variable that I have examined in this dissertation is the relative backwardness of the EU intelligence cooperation compares to other areas of the ESDP. This is an important issue to be considered as, if not already, it soon will become an obstacle for the development of ESDP. This is also intriguing from a theoretical point of view. Current literature points the finger at the existence of trust as the predetermining factor for cooperation to happen. The constructivists see trust as socially constructed; the rationalists as a result of similar interest. However, a closer look at the developments in the field of security and defence reveals that the EU member states have already 'constructed' such trust. The rationalist explanation comes close to explaining the lack of cooperation, yet fails to define what determines states' preference formation. This is the gap that this thesis is filling.

Looking at the determinants for the British reluctance to support stronger EU intelligence cooperation, my hypothesis is that such behaviour is a reflection of the UK rationality. In other words, it bases its choice on the cost/benefit analysis, with particular emphasis on the scope on investments in intelligence and available capabilities.

I have dismissed NATO as a possible structure through which the Europeans could organise their intelligence due to the problems that the differences in membership cause and the dominance of the US, which would also allow it to restrict the circulation of information.

The other possible explanation is cooperation organized through the EU. However, such cooperation cannot be fully effective without the British involvement. Through an analysis of the resources and capabilities that each of the 'Big Three' (Germany, France and the UK) countries, it is evident that the special relationship the British have with the US, allowing them access to the most sophisticated intelligence capabilities in the world, contributes greatly to the UK dominance over its European allies. Examining the UK-US intelligence cooperation closely, I propose a cost/benefit analysis, through which I prove my hypothesis. Namely, contrasting the cost/benefit analyses of the cooperation with the Europeans and the one with the Americans, I show that financially and capability wise, the British are being rational by not supporting greater EU intelligence cooperation.

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