



**Organization for Security and Co-operation in Europe
Secretariat**

PC.DEL/490/08/Rev.1
3 July 2008

ENGLISH only

Conference Services

**2008 ANNUAL SECURITY REVIEW CONFERENCE,
1-2 July 2008**

**Working session II:
The present state of arms control arrangements,
CSBMs and the Security Dialogue in the OSCE area**

Please find attached the

- draft statement and
- the information on military expenditures of countries in the CFE system (*OUP 2007*),
from SIPRI yearbook 2007

as presented by Ambassador Alyson Bailes, Iceland University.

OSCE ANNUAL SECURITY REVIEW CONFERENCE 2008
Draft Statement by Alyson JK Bailes, University of Iceland, in session 2, 2 July 2008¹

Mr Chairman, dear delegates, colleagues and friends,

A great Russian writer once wrote that ‘Happy families are all alike; every unhappy family is unhappy in its own way’.

The first point I want to note as we open this session is that the broader Europe still counts as a *relatively* happy family – *by global standards*. The serious strategic differences that exist among states are currently being handled without use of force: and even the remaining cases of *intra*-state conflict are characterized by continuing attempts at political solutions. The overall trend among states of the OSCE area is: (a) to continue reducing or at least, stabilizing their force numbers and equipment holdings which are already far below CFE ceilings²; and (b) to continue pursuing processes of change in military doctrine that put the emphasis on *exporting* military capacity beyond Europe to address the security problems of other locations, and/or diverting armed forces to various purposes of *internal* civil security.

The spots of unhappiness within this family, unfortunately, are equally clear. The CFE regime has been frozen in its intended development and has at least temporarily lost a major participant; relations among the states involved are further overshadowed by disputes linked with the strategic implications – including arms control aspects – of the development of ballistic missile defence programmes and other basing plans in Europe. Both problems are tangled with a number of surviving bilateral or sub-regional disputes and, at a deeper level, with different perceptions of the ongoing process of institutional enlargement. In the bigger arms control picture, many of us are preoccupied with the risk of a vacuum in strategic nuclear arms control from next year unless US-Russian consultations on a replacement can succeed in the rather short time left; and alarmed by the suggestions or warnings that are sometimes made about the continued viability of restraints on intermediate and shorter range nuclear forces. In the political picture, differences over developments in Kosovo have become another source of unhappiness though thankfully not involving any direct military action nor damage to the steady progress of the Florence Agreement.

It is striking, and a tribute to the sincere efforts of all concerned, that the FSC has continued to make progress on several dossiers such as the elimination of anti-personnel mines, measures against small arms trafficking, assistance for stockpile reduction and enhanced understanding, implementation and information exchange on the politico-military Code of Conduct. This underlines that there are fields where all participating states face similar risks and have shared interests: and the same appears to be true of other lines of work eg on anti-proliferation and denying terrorist access to WMD, plus the recent decision taken on assistance for Afghanistan. Perhaps there are even further issues of functional security on which OSCE could play a similar role, pulling the widest possible range of European neighbours into cooperation as an input to the broader global solutions we need. Yet there is also a worrying pattern here: when problems are global or occur some distance away from Europe it is easy to reach consensus on the OSCE area’s contribution; when problems are special to Europe and

¹ Alyson Bailes wishes to thank Dr Zdzislaw Lachowski of the Stockholm International Peace Research Institute for invaluable assistance in preparing this statement. The views expressed in it are, however, entirely personal and are offered on her own responsibility.

² Aggregate holdings by the CFE Parties of battle tanks, ACVs, artillery, aircraft, combat helicopters and manpower are now down to around 60%, 70%, 70%, 50%, 50% and 50% respectively of the aggregate totals permitted by the (original) CFE Treaty in the Treaty area.

politically divisive among Europe's states it seems much harder for the OSCE mechanisms to get a grip on them. Putting it more bluntly, OSCE is succeeding in some things it was not designed for but stumbling on some issues that belong in the very middle of its politico-military tradition.

Such blockages, and the specific current challenges to arms control, are clearly *not the causes but the symptoms* of the real underlying unhappiness in various parts of the OSCE community. Moreover, in our case we have complications not dreamed of by Tolstoy because we do not all agree either on *which* developments are happy or unhappy, nor on where the blame for the unhappiness should be put. That is perhaps not so surprising because subjective as well as objective factors are highly influential in international security, as OSCE's own politico-military *acquis* has always recognized. It is not the mere numbers and placing of forces that are critical for stability and cooperation in our continent: otherwise it would be hard to see why such serious concerns persist at a time when the overall historic trend of withdrawing external powers' stationed forces from Europe is continuing, many armed force establishments within the area are at an all-time low, and cooperation and interdependence among all states continues to grow strongly in non-military dimensions.

I wish to identify here just two underlying causes that I think are producing the symptoms of misunderstanding and mistrust within our region. The first is the enlargement of two Europe-based multilateral organizations, the European Union and NATO. It has been a voluntary transaction among groups of democratic states, and the two organizations insist that they have no wish to use their strengths against their neighbours but rather to help them in spreading security and prosperity. As a former British official who has seen both bodies from the inside, I am personally inclined to believe them. But just as Einstein showed that the lines of gravity are pulled out of shape by the mass of a giant star, so the new NATO and EU borders create new strategic realities for those who live near them. Together with the growth in trade and free movement across frontiers they have created a new kind of dynamic interface between parts of our continent that lie under different strategic, political and regulatory regimes – and which may cherish some different underlying values. This seems bound to make people who look across the border (in either direction) more concerned about their control over their own sovereign space and vital interests, and more concerned about the significance of strategic choices and acts made in the other part of the border zone. And as soon as enlargement starts being interpreted as a strategic act rather than an expression of individual countries' choice and self-transformation, the risk grows that further enlargements will be seen as a threat by some, and will be sought and decided upon by others, for reasons that are further and further removed from the actual merits of particular candidates.

However, I think that for the deepest cause of misunderstanding we must look to the second dominant trend of recent years, namely the fact that NATO and the EU have over the same period *globalized* their security agendas, and several Western nations have shifted their focus particularly fast towards military actions on a huge scale outside the OSCE area. This has meant a continued thinning out of high-quality combat forces within Europe but it has also had other effects that are more ambiguous for anyone watching the NATO part of Europe from outside. US military expenditure has grown again to near its Cold-War peak and the demands of new missions have contributed to an overall faster growth of European spending since 2001, though it is fair to note that some of the individual highest growth rates are in the Eastern part of our region.³ The rapid intervention capabilities of Western nations' forces are

³ Please see the statistical annex attached

being enhanced, and in broader terms the philosophy of *action* to block potential threats has been elevated above the principles of risk limitation and self-restraint that seemed the key to survival in Cold War times. It has been all too easy under this mind-set for arms control to start to look to some people like an unnecessary obstacle to or interference with national security or at least, to be demoted from the prestige it had in our younger days as a matter of the highest politics and the highest intellectual effort. It is also all too tempting for states to make arms control a tool and a pawn of wider diplomatic purposes without pausing to think how their interests could actually be affected in a Europe that lost all restraint and all guarantee of transparency.

Perhaps most crucial of all, however, is the point that western powers thinking globally may adopt plans for using European territory for ends *not linked to the security of Europe itself*, such as transit bases for troops going to other regions or defensive installations against perceived non-European threats. At the same time, the Russian Federation and its close partners have been following an opposite trend of withdrawing from non-European bases and alliances to focus more on new security challenges in their own region – while also, of course, consolidating their own eastern front by new partnerships such as the Shanghai Cooperation Organization. A power which defines its own security overwhelmingly in territorial terms, based on a heartland within the OSCE area, seems bound to be concerned about military developments close to its heartland even when these may be motivated by a non-European strategic logic. Conversely, every increase that Russia makes in its own military strength and capacities takes place in or adjacent to the OSCE space and is bound to arouse speculation among neighbours in the same space, even when Russia's rationale does not necessarily involve hostile plans against them. All this creates a new kind of *asymmetry of strategic perspective* which can lead to troublesome misperceptions and possible false moves by all concerned: while concurrent disputes and incidents in non-military fields can aggravate the sense of separation, opposition of interests and mistrust.

If at least some of this picture is true, the lesson it carries for those who would like to live in a happier and more united OSCE region might be summed up in the slogan: Back to Europe! New threats in the world are important: but if the diverging strategies of powers and institutions for dealing with them start cracking the foundations of European stability itself, we shall not only risk destroying the happy example of peace and reconciliation with which Europe since 1990 has given so much hope and help to other regions, but also weakening the very ground we stand on for engaging in those wider activities. It is a fundamental of strategy to always guard one's rear.

What would actually make the OSCE region happier in politico-military terms? Mr. Chairman, as an academic observer I cannot see any point in trying to change or even challenge the phenomena of enlargement, the increasing dedication of military assets to handling new threats and the differential globalization of strategies. The transformations they have brought will not be reversed and if we did imagine, for instance, the larger NATO being broken up in disarray or the EU and NATO failing in all their global policies - or indeed, the SCO collapsing – especially in an environment with no CFE-type restraints, it seems obvious that the OSCE area would become a *less* safe and stable place, not more safe and stable, for states of all kinds. Instead, it is a truism to say that we must continue efforts to rescue or preserve those parts of the OSCE arms control and confidence-and-stability-building legacy that are most crucial for transparency and stability and for the promotion of non-zero-sum cooperation in our continent: and in doing so must draw on further reserves of pragmatism and ingenuity to make sure we are tackling the real causes amid the true realities of today.

What if we find that we cannot find solutions without redesigning or even replacing some key parts of the OSCE *acquis*? I have pointed to some possible objective grounds for this, to which we could add the technological, doctrinal and structural changes affecting military forces and perhaps the new trends in internal uses of military assets and civil-military cooperation. But my challenge to the adapters and inventors is this: you will not make the OSCE area a happier place by change alone, if that change just papers over the real issues, abandons essential mutual restraints and respect for shared values, or freezes a particular security situation in Europe as the Helsinki Final Act and the Charter of Paris so carefully avoided doing; or worst of all, if the change is designed to further slant the strategic reality for the benefit of one set of states over others. Nor indeed would we see lasting benefits to stability and cooperation if couples or small groups of participants made hasty deals as it were over the heads of the rest. The great OSCE idea is about states both individually and collectively *taking responsibility* for security and for other people's security interests as well as their own. Unhappiness arises from moving away from that principle, and the way to happiness lies in somehow opening a road for us to move back together towards it.

MILITARY EXPENDITURES OF COUNTRIES IN THE CFE SYSTEM¹

All figures in million US dollars at constant prices and market exchange rates²

From SIPRI Yearbook 2007 (OUP 2007), Chapter 8 Table 8.A.3, pp 310-316

* = NATO members [] = estimates³ **Bold** = 2006 figures higher than in 2005

<u>Country</u>	<u>Milex 2000</u>	<u>Milex 2005</u>	<u>Milex 2006</u>
Armenia	90.4	133	156
Azerbaijan	[141]	314	571
Belarus	205	368	[574]
Belgium*	4783	4210	4331
Bulgaria*	559	641	665
Canada*	11 412	12 986	13 507
Czech Republic*	2082	2210	2264
Denmark*	3553	3467	3770
France*	50 395	52 917	53 091
Georgia	[27.2]	230	223
Germany*	41 147	38 060	36 984
Greece*	8701	[9236]	[9642]
Hungary*	1507	1596	1353
Italy*	34 102	33 531	29 891
Moldova	20.2	24.6	22.4
Netherlands*	9116	9568	9751
Norway*	4358	4887	4891
Poland*	4874	5886	6330
Portugal*	3479	[4183]	[3980]
Romania*	1614	1948	2100
Russian Federation	[19 100]	[31 100]	[34 700]
Slovakia*	676	824	873
Spain*	11 073	11 826	12 328
Turkey*	15 322	10 301	11 291
Ukraine	1711	[1999]	[2023]
UK*	47 778	60 076	59 213
USA* ⁴	342 172	504 638	528 692

¹ There is no formal basis for considering only these countries' expenditure but it is done here for simplicity's sake and to save space. In fact, the expenditures of OSCE participating countries outside the CFE system are either relatively small, or poorly documented, or both

² If local expenditure is translated using the alternative method of Purchasing Power Parities, Russia's expenditure for 2006 comes out at 82.8 (rather than 34.7) billion US dollars, the USA's expenditure remains 528.7 billion, and the UK's and France's spending drops to 51.4 and 46.6 billion dollars respectively.

³ For a full explanation of uncertainties and other special features relating to national totals please see the source, SIPRI Yearbook 2007

⁴ Figures for the US financial year, which runs from October-September