

Koninkrijk der Nederlanden

Royal Netherlands Embassy
4200 Linnean Avenue NW
Washington, DC 20008
USA
<http://www.the-netherlands.org>
T +1 202 244 5300
was-ppc@minbuza.nl
Date : 13 January 2012

Speech by H.E. Hans Hillen, Minister of Defense of the Kingdom of the Netherlands, for the Atlantic Council, January 12th, 2012

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MAINTAINING A "TRIPLE A" ALLIANCE IN AN AGE OF AUSTERITY

Ladies and gentlemen,

Fifty years ago, the Atlantic Council was established to promote transatlantic cooperation. Hence, the success of NATO as an Alliance is also the success of this esteemed Council. As the minister of Defence of a NATO ally with strong transatlantic credentials, I am honoured to address you today.

As you know, the cooperation between the United States and the Netherlands predates the Atlantic Council significantly. Our friendship, which is well over 200 years old, goes back to the birth of the American Republic. And even further: as you may know, we founded New York. From the outset, our security and our financial health have been part and parcel of this relationship. In 1781, John Adams – one of your Founding Fathers – was at that time the first American envoy to the Dutch Republic. Adams argued that there was much that the Americans shared with the Dutch: religion, trade interests, and of course being a Republic. He concluded that [quote] "given these peculiarities, an Alliance is so obvious and natural, that two distant nations have seldom received a more clear hint by Providence to unite themselves." [unquote] Adams was seeking that alliance with the Dutch to finance the struggle for independence. Amsterdam banks indeed agreed to a loan of five million guilders, roughly two million dollars. The Dutch Republic became the first nation to salute the flag of the United States and the second nation to establish an official relationship. Adams opened the first American Embassy in The Hague. A Treaty of Friendship and Commerce was signed.

By 1787, half of the American foreign debt was owned by the Dutch. By 1794, the total amount lent by Holland had risen to thirty million guilders, or eleven million dollars. This formed eighty percent of the foreign debt of the United States. ...Hello China! Much has changed since the times of John Adams. But over the centuries our bilateral relationship has only grown stronger, deeper and broader.

Today, the Netherlands is the third largest foreign investor in the United States (217 billion dollars) and ninth largest trading partner. These investments account for 625.000 American jobs. The Netherlands vice versa is the number one destination for US investment worldwide. Regarding security and defence, the Netherlands is a trusted partner of the United States and a founding member of NATO. We greatly value the essential contribution of the US to international stability. I welcome, in particular, the United States' continued commitment to European security as reaffirmed in the Strategic Guidance last week. This Guidance is a commonsensical response to a rapidly changing world. The challenge for Adams was how to secure loans for the young American Republic in a belligerent Europe.

Our challenge today is how to secure peace in Europe – and throughout the world at large – in an age of financial austerity in the West. As Minister of Defence, helping the Alliance to make the necessary adaptations is one of my highest priorities. Specifically, how do we ensure that NATO maintains its "triple A" rating as an Alliance? The stage is, as you know, being set for an important NATO summit in Chicago in May 2012, which follows on the successful Lisbon Summit in 2010. In Chicago, we will:

- decide on the Defence and Deterrence Posture Review;
- make further steps in NATO's reform and Smart Defence;
- make further progress in the area of missile defence;
- make progress on partnerships.

Of course, we will also discuss NATO's real life missions and, in particular, our strategy in Afghanistan. I came here today to share with you three of my ideas on how to maintain a "triple A" Alliance in an age of austerity. First, we need to adapt the Alliance to a volatile and rapidly changing world. This includes drawing the right lessons from recent operations and responding effectively to power shifts in the world. Second, we need to substantially deepen defence cooperation, particularly in Europe. This involves exploring radically new avenues for cooperation and a more practical approach to the issue of national sovereignty. This requires that we fully support the efforts of NATO Secretary General Rasmussen. And third, we should do our utmost to uphold the level of public support for the Alliance. Adapting the Alliance and deepening defence cooperation will certainly help. But it will also require political will and leadership to prove our citizens the continuing importance of the Alliance and the necessary defence expenditures in an era of dwindling resources. There is a risk that efforts to maintain our wealth today may come at the expense of our security tomorrow.

My first point. The unpredictable changes in the world first of all underscore the importance of NATO as an indispensable pillar of stability. In view of the volatility, we would be well-advised to keep this pillar in place. Such an approach does not imply that NATO's arsenals should be packed to the rafters with all conceivable weapon systems. We simply do not have the money for that. It does mean, however, that NATO will continue to have a mix of assets, conventional and nuclear, which enables it to deal with a variety of scenarios. It also means that NATO is capable of responding swiftly to every conceivable or even unforeseeable event. Libya showcased NATO's potential in supporting flexible coalitions that included both partner nations and nations from other regions as well. However, important issues need to be solved when some allies decide to engage while others choose to abstain. Is such abstention free or isn't it? Should those who engage make use of NATO's infrastructure to execute the mission? And what about the involvement and influence of non-NATO partners who are ready to contribute? Are costs being shared, and if so, how? Is consensus among the 28 always mandatory or can subgroups decide? Of course raising these questions is easier than answering them. It is clear, however, that NATO needs a set of rules governing scenarios where some allies decide to engage while others choose to abstain. We need a framework for NATO's role in support of flexible non-article five operations.

Another case in point is how we respond to power shifts in the world. I regard the Strategic Guidance that President Obama and Secretary Leon Panetta just released as a well-balanced response to these shifts. The United States' growing strategic attention towards Asia is a logical development. Moreover, stability in the Pacific is clearly also in the European interest – and over time European nations should seek to contribute

more to that stability as well. Europe, for its part, also needs to take more responsibility when security problems arise within its own periphery. Again, Libya provided an example. But in such cases, European nations will increasingly have to be prepared to take the lead. This, too, is part and parcel of responding sensibly to geopolitical changes.

My second point concerns the need to deepen our defence cooperation if we want to keep our security "triple A" in this age of austerity. Of course, we should not downplay the level of cooperation we have already achieved within the Alliance and in Europe. For example: the Netherlands Air Force receives most of its training in the US, enhancing interoperability and efficiency amongst Allies. I underline my gratitude for this long-standing and sometimes overlooked cooperation. Two days ago I visited Fort Hood (Texas), where Air Assault units from our Army and Airforce train in an area as big as the Netherlands and the north of Belgium together. And, as the US commander emphasised, US and Dutch personnel are really learning from each other.

An example of another recent cooperation initiative is the European Air Transport Command based in Holland, which ensures more efficient use of the air transport capacity of four European countries. In addition, the Northern Group of nations, which includes the Baltic and Nordic countries, Germany, Poland and the Netherlands, as well as the UK, has been meeting recently with the aim of seeking more collaboration. And over the past couple of years, the Netherlands has been making better use of NATO's agency NAMSA. International contracts through NAMSA for the Dutch deployment to Kandahar have significantly reduced our costs.

But NATO and Europe have not realised their full potential when it comes to defence cooperation. In 2010, the Netherlands was ranked by McKinsey as having the third most efficient armed forces (teeth-to-tail). And yet, during the last budget review, we were able to find substantial savings in the area of staff and support. Europe spends around 200 billion Euros on defence, which corresponds to around 250 billion dollars. But European cooperation on procurement is the exception, not the rule. Three quarters of the procurement budgets are still spent nationally. This is a cause for concern. Joint investment and procurement – when done right – is the starting point for cooperation throughout the equipment's life cycle. Standardization reduces costs and using common equipment in turn offers opportunities for cooperation on maintenance and training.

I will give you one example. Our F-16 fighter planes are coming to the end of their life cycle and their costly replacement is an issue of hot debate in Holland. As a first step I have asked Denmark and Norway to think about cooperation regarding the fighter plane that will replace our F-16. By doing so, we can build on the existing cooperation between F-16 nations that are also considering the Joint Strike Fighter F-35 as a successor. We can hopefully continue to achieve higher levels of cooperation in the fields of acquisition and maintenance. And perhaps even in the field of operations. This is one example of how far the Netherlands is prepared to go in cooperating with other countries in order to keep up NATO military capabilities. It might mean we share one of the icons of our Armed Forces with other countries: the fighter plane. The Netherlands will also take an active and leading role within NATO's Multinational Approaches. In Chicago, we need to deliver projects as well as a policy to guide us to the future. There is one big policy issue that surfaces when taking defence cooperation forward. That is the issue of national sovereignty.

In the area of defence, sovereignty is the last obstacle. I took the initiative to start an in-depth discussion with the Dutch parliament on the issue of sovereignty in relation to the need for cooperation. I am prepared to look at sovereignty in a much more pragmatic way. In order to achieve more security, cooperation and sovereignty are not opposites. When cooperation delivers more security, we should be willing to see how we can resolve issues of sovereignty through practical solutions. And we already have examples to build on.

In the European Air Transport Command (EATC), for example, nations can withdraw assets for a limited period of time, as needed for a specific national task. Another example is the integrated Netherlands-Belgian Navy. Our countries share staff facilities, training schools and maintenance of common equipment. But our

governments can still decide independently on deployments. In other words, the formal aspects of sovereignty, in particular the national political responsibility for the armed forces, can be secured even in the case of defence integration with other nations. The integrated German-Netherlands rapid response corps headquarters in Muenster also illustrates how concerns of sovereignty do not have to stand in the way of cooperation. Of course, we should realize that military cooperation and integration give rise to certain expectations. When you equip and train together, you should also be ready and willing to deploy together.

My third and last point is that we should do our utmost to uphold the level of public support for the Alliance. Ensuring public support is crucial in democratic societies like ours. Adapting the Alliance and deepening defence cooperation will certainly contribute to maintaining public support. We also have to set clear and achievable goals for our missions. Americans need to be persuaded that Europe will continue to be America's most intimate and capable security partner, despite budgetary cuts on defence. I welcome the message of the Strategic Guidance in this regard as well. Even with the cuts in defence budgets, as I said, Europe still spends some 200 billion euro on defence. By comparison, China spends less than half and Russia less than a quarter on defence. Europe still has impressive numbers of material and soldiers. These facts are often overlooked. Europeans, on the other hand, need to be persuaded that their security and membership of NATO does not come free of charge. Too many Europeans are taking their security for granted. They also need to understand that their wealth does not only depend on the stability of the euro, but also on international stability. It is my mission as minister of Defence to strengthen public support for the Dutch armed forces. By achieving concrete results, by improving efficiency and, last but not least, by providing a credible narrative explaining the ongoing need for a "triple A" Alliance and a strong Dutch contribution to it.

Ladies and gentlemen,

In conclusion.

Some things are obvious. It is obvious, for instance, that the European and American continents are drifting apart. This has been going on for quite some time, it is impossible to stop and will result in closer proximity of the US to the Far East than to Europe. The good news is that this is only a geological fact and that our tectonic plates only drift apart with a speed of two centimetres per year. That's about one and a half yards in my lifetime so far. Also, Americans and Europeans are able to travel the growing distance faster than ever. The point is: the distance between America and Europe may be a geological or a geographic fact, but it is not political one or an economic one!

This, of course, is good news for the Atlantic Council – and it confirms that John Adams was right about the "hint by Providence". In fact, Secretary Panetta has underscored this as well in the Strategic Defense Review. The economic challenges we face today require difficult choices and cutbacks in public spending. We need to restore the foundations of our economic well-being.

But we also have to avoid that measures to maintain our well-being today come at the expense of our security tomorrow. We need to prevent the economic crisis from becoming a security crisis. We therefore need to apply a similar sense of urgency to strengthening NATO and to maintain it as a "triple A" Alliance.

As the Dutch minister of Defence, I am prepared to lead by example.

Thank you.

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