



EDA Bulletin

European Defence Agency

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Commercialising logistics

Report on the EDA Conference held in Brussels on 27 February 2008



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The European Defence Agency brings together the broadest possible range of experts and interested parties to address specific challenges for improving Europe's military capabilities. Our 2008 EDA Conference on "Commercialising Logistics" was an excellent example of how such a gathering provides a fertile breeding ground for creative ideas, as I hope this special

edition of *EDA Bulletin*, devoted entirely to the proceedings of the conference, will show.

The topic of this year's Conference was much narrower than those of the two previous years (Defence Research & Technology in 2006 and the future of the European Defence Technological and Industrial Base in 2007). Why did EDA chose the theme

of "Commercialising Logistics"? Quite simply, because logistics support to ESDP operations will continue to be extremely demanding and experience has shown that there are serious shortcomings.

Until now, logistics has not been given a high profile by the Agency. That is changing. The conference marked the start of



a series of activities to investigate solutions for improving the EU's crisis response capabilities in the logistics area. Commercialising logistics appears to be one of the most promising solutions for achieving such an objective.

Commercialising logistics is a wide ranging area. For example, the lack of availability of helicopters for operations in Africa or in the Middle East is a major problem. The Conference provided a good opportunity to assess how private companies might help to address this problem.

To help us tackle the subject, we were privileged to welcome

a distinguished set of keynote speakers. Javier Solana, High Representative for the EU Common Foreign and Security Policy and the Head of the Agency, drew on his experience to paint a clear picture of the importance of logistics in enabling Europe to match its foreign policy ambitions with effective action in crisis management operations. General Henri Bentégeat, Chairman of the EU Military Committee, offered a crucial perspective from the military commanders who have to execute these operations. And Åke Svensson, President of the AeroSpace and Defence Industries Association of Europe, spelled out the willingness of industry to play a role in this area. He also pointed out the limits of what the commercial sector can do.

Two panels composed of experts from a range of backgrounds, each with relevant practical experience of the issues, were involved. I was particularly pleased to see the Conference reach beyond EU institutions to include speakers from NATO and the UN World Food Programme, as well as industry representatives with first-hand knowledge of offering commercial logistics support to the armed forces.

In welcoming participants to the Conference, I urged them to remember that the gathering could only be a starting point for EDA activities if it yielded practical suggestions and concrete outcomes. They did not disappoint us. After the stimulating keynote speeches and two lively panel discussions – as well as some valuable networking during the lunch and coffee breaks – we were able to draw some specific conclusions about the areas the Agency will need to focus on if we are to make a real contribution to improving the situation. You will find them at the end of this Bulletin.

Neither the Conference nor this Bulletin should be regarded as the final word on the subject. On the contrary, we want to maintain and stimulate the debate which began in Brussels on 27 February. This publication is designed to further that process. We would be delighted to hear more suggestions from any of the participants or, indeed, from anyone else. We bring all interested parties together not just because it is the recipe for a good EDA Conference. It is the only way to find the most creative and cost-effective solutions to the challenges we face.

Alexander Weis
EDA Chief Executive

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“ ..logistics for EU operations will continue to be extremely demanding...”



Executive Summary

Logistics needs strategic planning and concrete actions



Speaking at the EDA's Annual Conference on the subject of *Commercialising Logistics*, the Agency's Chief Executive **Alexander Weis** agreed that the EU needed a strategy for logistics and added that concrete steps needed to be taken to make this a reality. These steps should include the creation of EU standards for services to be outsourced (leading to shared logistics), a mechanism for pre-planning and coordination of the actors, and a clearly-defined business model for the types of contracts to be drawn up with third party suppliers.

Commenting on the complex demands of crisis management operations, **Javier Solana**, the EU's High Representative for the Common Foreign and Security Policy and Head of the EDA, called for "more standardisation and interoperability of armed forces" to improve logistic efficiency. But Solana concluded that in the short-term third party logistic support could save money, and would compensate for the lack of assets being made available from Member States. Solana also drew attention to the urgent shortfall in the availability of helicopters. Third party logistics could perhaps help to improve the situation.

The Chairman of the EU Military Committee, **General Henri Bentégeat**, placed logistics "at the heart of the entire operation". However, he questioned if outsourcing was always the right solution for classical military operations. Bentégeat, admitted, though, that outsourcing of some logistics would have to be considered as Member States did not commit enough logistics support to operations. Also, he requested that the issue of common funding operations be examined again.

President of the AeroSpace and Defence Industries Association of Europe, **Åke Svensson**, noted that, in many countries, armed forces were increasingly relying on third party support. With the decrease in government spending, he concluded that it was not a question if industry should be part of the logistics support, but how industry could best be the EU's partner.

France's Commander of the Headquarters of Rapid Reaction Corps, **Lt Gen Christian Damay**, listed lessons learnt from the EUFOR RD Congo mission, especially the lack of a lead nation for logistics. National logistics solutions, including third parties,

were later expressed by KBR Defence Services' Business Director **Herbert Abela** and by Chief Competence Centre of Modernization of the Bundeswehr's **BGen Günter Schwarz**, while NAMS General Manager **MajGen Karl-Heinz Münzner** explained the benefits of his organisation's model. In the second panel, FINMECCANICA's Head of Logistic Processes Office, **Claudio Buccini**, called for a prime contractor for EU missions and EADS Air Services' CEO **Julien Porcher** recommended a series of pilot projects where the supply and demand sides could meet.

At a conference attracting more than 200 representatives of governments, armed forces, EU institutions and industry, it was the UN World Food Programme's (WFP's) Director of Transport and Procurement **Amer Daoudi** who gave the essential message to the audience. After providing attendees with an overview of the challenges and achievements of the WFP's logistics division, Daoudi encouraged everyone to "talk, collaborate and build on each other's capabilities" in order not to damage the local economies and hence the prospect for operational success. ■

Gallery



The Conference Debate

Keynote speakers



Opening the Annual Conference, the EDA's Chief Executive **Alexander Weis** looked forward to a stimulating debate on a demanding topic – logistics. In this field, he saw both opportunities and challenges. Noting that serious shortcomings existed, Weis introduced the first keynote speaker, **Javier Solana**, the EU's High Representative for the Common Foreign and Security Policy and Head of the EDA.

Going straight to the point, Solana asked why there were continuing shortcomings in the logistic support to modern military operations. He knew the answer, "current and future crisis management operations set more complex demands." Focusing on the most demanding issues, Solana said these were due to operations being of:

- variable sizes and duration, often taking place far from Europe, against unknown adversaries, on inaccessible terrain;

- a multinational nature, with different countries providing contributions – but often with equipment that was not interoperable.

Bemoaning the number of separate logistics chains running back to individual Member States, Solana said the result was "duplication and a waste of money". He called for a fundamental change, stemming primarily from "more standardisation and improved interoperability of the armed forces." If that was achieved, there would be tremendous potential for organising logistics on a multinational basis, thereby saving costs and releasing personnel.

This took Solana to the theme of the conference "Third Party Logistic Support", which he said could help to achieve such aims, and would compensate for the lack of support assets from Member States. In closing, he asked for a



Javier Solana
Head of the EDA



“

...in multinational coalitions...there are as many logistical chains as there are national flags...

”



Åke Svensson
President of the
AeroSpace and
Defence Industries
Association of Europe

“

...the question is not if industry shall be part of logistics support, but how...

”



General Henri Bentégeat
Chairman of the
EU Military
Committee

“

...Member States never commit enough logistics assets to our operations...

”

close dialogue between consumers and suppliers in order to ensure that services were delivered in a timely and effective manner in an environment where the military had to deploy and react rapidly to emerging crises.

Solana was followed by **General Henri Bentégeat**, Chairman of the EU Military Committee, who placed logistics “at the heart of the entire operation”. Describing the EUFOR/CHAD mission, Bentégeat said that the complex logistics had constituted “an operation within an operation”. Touching on the cost of such operations, he stated that the current system (“costs lie where they fall”) was a real handicap for the EU and a solution was urgently needed. However, Bentégeat wanted to talk about *improving logistics*, and he saw two ways of doing that: a) via an integrated approach (having a multinational logistics unit working to standards under the control of a force commander – as could be foreseen in the Lisbon Treaty) or b) by outsourcing to third parties.

Focusing on the latter, Bentégeat questioned if outsourcing was always the right solution; it might not be more efficient than classical military capabilities and there would be an opportunity cost if military resources stood idle as a result. Furthermore, there would be a cost of ensuring the security

of third party contractors. He did not have the answers, but he admitted that outsourcing of some logistics would have to be considered as Member States never committed enough logistics support to operations.

The final keynote speaker, **Åke Svensson**, President of the AeroSpace and Defence Industries Association of Europe, noted that in many countries, armed forces were increasingly relying on third party support. Perhaps, said Svensson, because a combination of reduced government spending and increasingly complex technology was leading to non-core activities being outsourced.

Looking at the challenges, Svensson argued that the tasks of the armed forces and industry had to be clearly separated, that there had to be a well-defined business model and that standardisation was the key for success of all aspects. He was confident that outsourcing of logistics could be more efficient and save money, as shown by recent studies, and in the longer term, he saw the benefit of industry getting closer to the customer in the field. Svensson concluded that it was not a question if industry should be part of the logistics support, but how industry could best be a partner to the EU in this effort. ■

Panel I – Setting the scene



Argus Media's David Buchan moderated the first panel and asked the speakers to consider the savings that the EDA study had identified through outsourcing, as well as the differing needs and requirements of business and operations commanders in the field.

First to the podium was Commander of the Headquarters of Rapid Reaction Corps – France, **Lt Gen Christian Damay**, who examined the lessons learnt from the EUFOR RD Congo military operation in support of the UN mission (MONUC). He stated that this operation was a good example of a short "in-out" mission. Looking at the problems faced by EUFOR RD Congo, Lt Gen Damay listed:

- a late start to the operation due to slow decision-making
- the lack of a lead nation for logistics

- limited resources on the ground, for both the local population and the forces
- poor interoperability between nations
- a third party that could not meet the desired standards
- a contract that was not specific enough to allow the third party to be controlled

Lt Gen Damay also called for more time to be scheduled at the beginning of the operation to allow for the sophisticated tendering process that, if followed, would improve the quality of suppliers.

The next speaker, the UN World Food Programme's (WFP's) Director of Transport and Procurement **Amer Daoudi**, described the UN agency as the "best in the world on tough terrain". After providing an overview of the WFP's logistics programme, staffed by

Lt Gen Christian Damay
France's Commander
of the Headquarters
of Rapid Reaction
Corps



“

...a sophisticated tendering process would improve the quality of suppliers...

”

Amer Daoudi
WFP's Director
of Transport
and Procurement



“

...99% of our functions are conducted with the commercial world...

”

3,000 professionals, he said the agency had extensive knowledge of all countries and how goods and supplies could be delivered to them. These were countries where crises existed or were likely to happen, as the WFP specialised in dropping cargo into the "deep field". Started in the 1970s, the WFP's logistics team now runs a fully integrated supply chain through some of the most difficult terrain in the world. Daoudi added that in some places the WFP was stationed where there were no military or third party suppliers on the ground.

...



**MajGen
Karl-Heinz Münzner**
NAMSAs General
Manager

“

...NAMSAs has 50 years of experience...EU Member States should not re-invent the wheel...

”



Herbert Abela
KBR Defence Services'
Business Director

“

...KBR staff now participate from the earliest stage of operational planning...

”

Daoudi added that his team provided logistics for the complete World Food Programme plus many other agencies across the globe, delivering food and so-called non-food items. He explained that 99% of his group's functions were conducted with the commercial world; they chartered trucks and planes from the private sector and only used their own trucks if no commercial capacity existed. He also pointed out to the conference that the WFP always aimed to leave behind a healthy transport sector once an operation was completed. Giving an example of the WFP's flexibility, he stated that his team could charter transport within two hours and move to the theatre of operations. Admitting that the WFP logistics team was, in a way, competing with the private sector, Daoudi said it provided services to the humanitarian sector and it could do the same – if required – for the commercial and military sectors. He also claimed that the WFP's logistics were “the cheapest in the world”. Daoudi had a word of warning though, saying that third parties often went into crisis zones and pushed up transport and other prices risking damaging local economy and infrastructure, and ultimately jeopardised mission success. Wrapping up his remarks, he encouraged everyone to “talk, collaborate and build on each other's capabilities.”

Next up was NAMSAs General Manager **MajGen Karl-Heinz Münzner** who described his

department's role in providing logistics for NATO's armed forces. MajGen Münzner looked back at NAMSAs 50 years of experience in that role and explained that it now focused on three areas:

- In-service multi-national support logistics
- Support to NATO initiatives, such as Partnership for Peace (PfP)
- Support for NATO's Crisis Response Operations, e.g., ISAF and the NRF

With an annual expenditure of \$1.2 billion and exponential growth, MajGen Münzner said NAMSAs had an expeditionary mindset and it was “poised to act globally”. Overall operations follow the ‘Integrated Logistics Support Model’ (ILOS) which allows NAMSAs's clients to benefit from economies of scale. He acknowledged that ILOS solutions would appear expensive but MajGen Münzner argued that this was because of the existing accounting arrangements. In addition, he stressed the ILOS's added-value. His final message was a plea to Member States not to re-invent the wheel, as those nations meeting under the NATO umbrella were the same as those sitting in the EDA conference room.

KBR Defence Services' Business Director **Herbert Abela** was the final speaker in the first panel. He provided an example of the UK's experience in third party logistics support. Abela listed the drivers for the UK's usage of third parties, saying they included: shortage of military manpower, the military “overstretch”, budget pressures, a lack of host nation support, a difficulty in sustaining troops in the field and the ever-changing nature of warfare.

The result of the discussions between the UK military and the business community had been the CONLOG¹ contract, awarded by the UK Ministry of Defence

WFP is the United Nations frontline agency

in the fight against global hunger. Operations aim to:

- Save lives in refugee crises and other emergencies
- Improve nutrition and quality of life of world's most vulner-

able people at critical times in their lives

- Enable development by (a) helping people build assets that benefit them directly; (b) promoting the self-reliance of poor people and communities

(MoD) to KBR. Under this contract the security vetted contractor KBR staff now participate from the earliest stage of operational planning. Abela explained that the military's main concerns had

been: a) whether the chosen contractor would deliver results over the long-term, and b) whether there should be one or two main contractors. Finally the MoD had elected to have one prime

contractor in order to guarantee speed of reaction, so that supplier and client could get to know each other better and so that (on the supply side) the contract would be financially worthwhile. ■

Q&A – panel I

During the first Q&A, several issues were raised:

Help from logistics professionals?

David Buchan asked if the vast logistics experience of organisations such as NAMSA and the World Food Programme (WFP) could help EU missions.

MajGen Karl-Heinz Münzner wanted to cooperate but above all he wanted a change in mindset. Explaining that NATO was in the middle of a transformation process, he said NAMSA was aiming to increase commonality across the nations. However, that did not fly with public-private partnerships and the notion of "national money for national firms". Münzner argued that if NAMSA wanted to provide better support for the military, then methods "at home (in the nations) would have to change". He saw this as a battle of principles.

Daoudi said his organisation was willing to work with all types of organisation including the military. But it was important that bureaucracy did not hinder the process. He said that WFP logistics would help and

that it would be willing to offer its prices (for logistics) to ensure that prices were not distorted.

Local problems & distorted prices

The IISS's **Alex Nicoll** wanted to know more about how prices were driven up during such missions. Daoudi said he had seen prices being distorted in Chad and Sudan, where once military forces had arrived, transport prices had increased immediately². Münzner said the problem of price hikes in such circumstances was well known, but there was no authority acting as a referee between the different groups. There had to be better understanding and more cooperation. **Herbert Abela** saw a different problem with jobs being offered to local people in a crisis zone, with those jobs disappearing once the crisis had ended. He also felt there was usually an element of competition.

Daoudi did not think there was any need for the competition if a UN resolution existed or if the overall objectives were well understood. He argued that the problems were simply being caused by different bodies not working together. Daoudi added

that with the current fuel prices, the weak dollar and high food prices, then things were going to get much worse and there could be "a massive crisis", especially in crowded urban areas³.

A strategic logistics plan for Europe

A representative of Member State's MoD focused on logistics, saying that the problem was one of national sovereignty as NATO's nations had not procured their hardware based on the required capabilities. He wanted European thinking; maybe it would be right to have a prime contractor but how would that work in European terms? He also asked if the Lisbon Treaty would improve matters. He could only see one answer – the development of a Logistics Strategy for the EU.

Münzner did not quite see it in the same way. He estimated NAMSA's costs to be in the region of \$120 million per annum, and he asked if the EU wanted to pay an equal amount⁴ in order to create a parallel organisation which would then have to gain the necessary expertise, that NAMSA already had, in order to support its "seven or eight" battlegroups⁵. ■

1. The CONLOG contract (Contract for Logistics Support) awarded by the UK Ministry of Defence is an enabling arrangement of 7 years duration consisting of a core planning capability, and the enabling procedures and processes for Permanent Joint Forces Headquarters (PJHQ) to secure a wide range of support services as and when required for military operations and exercises. (http://www.halliburton.com/news/archive/2004/kbrnws_020304.jsp)

2. In South Sudan, the WFP was paying 57\$ per ton for transport. Then, military forces (UN) arrived and, without any coordination, immediately paid 110\$ per ton.

3. Daoudi argued that people who had been living on \$1 a day were now effectively living on 20 cents a day.

4. EDA's functional budget amounts to € 20 million (2008).

5. There are currently 15 battlegroups, mostly multi-national groups who rotate actively so that two are ready for deployment at any one time. (http://en.wikipedia.org/wiki/European_Union_battle_groups)

Panel 2 – Options and limits of commercialising



Claudio Buccini
FINMECCANICA's
Head of Logistic
Processes Office

“

...we need an integrated logistics solution, where everyone is communicating, sharing and working together...

”

The IISS's Alex Nicoll opened the second panel and reminded the speakers that collaboration between nations had been problematic and there were no reasons why it would get any better. The first speaker was FINMECCANICA's Head of Logistic Processes Office, **Claudio Buccini** who focused on the need for information to be exchanged between national and multinational operations – he saw a gap and argued that this could be filled by the defence industry.

Buccini called for an integrated logistics solution, where everyone was communicating, sharing and working together. As for responsibilities, he saw the following breakdown:

- Planning and control: this must be the responsibility of the military
- Management: would be better performed by civilian bodies, and the requirement would be to minimise cost
- Operations: a joint responsibility using all available logistics resources.

Buccini also came armed with solutions in the key area of logistics, where he wanted a greater emphasis on IT solutions. He also recommended the development of: *standards*, of *civilian in-theatre legislation*, a *glossary of terms* so that definitions were the same across Europe and a *common IT platform (infrastructure)* to allow data exchange. Buccini saw a role for the EDA

in many of these areas. In addition he wanted a *prime contractor* with defined sub-contractors, whose margins were respected, and industry to be involved from the beginning, when operational requirements were defined.

EADS Air Services' CEO **Julien Porcher** said his group were involved in delivering services to military forces and that the missions were very demanding, even in the homeland. In such operations, organisation and continuous follow-up were essential. Looking at the EU, Porcher emphasised the varying experiences of outsourcing in the different Member States. He also saw the need for a real partnership and a dialogue before operations commenced. Porcher argued that it was vital to implement solutions that allowed industry – over a period of time - to make a profit and offer value for money.

His key words were innovation and pragmatism ("you must select a solution that fits requirements"), but he added a word of caution. He was not sure if the US and the UK were the right role models, and Porcher argued

that it would be best to examine "commercialised logistics" via a series of pilot projects.

Nicoll welcomed the idea of pilot projects and reasoned that everyone was indeed on a "voyage of discovery" and gave the floor to the Chief Competence Centre of Modernization of the Bundeswehr's **BGen Günter Schwarz**, who presented a national view of logistics that focused on the military retaining control. He explained that his group were responsible for the modernisation (of process, structure and organisation), with the aim of stabilising the defence budget. BGen Schwarz saw a place for extensive and flexible cooperation (not commercialisation) with trade and industry⁶ at home, but only a limited role for third parties abroad in the operational areas ("special tasks"). He insisted that the military had to be totally autonomous on operational missions, with no dependability on third parties.

Where cooperation with trade and industry did exist, BGen Schwarz emphasised the need for a long-term stable partnership between the armed forces

Julien Porcher
EADS Air Services
CEO



“
...solutions must allow industry to make a profit and offer value for money...”

”

BGen Günter Schwarz
Chief Competence
Centre of
Modernization of
the Bundeswehr



“
...there is a place for extensive cooperation with industry at home, but only a limited role for third parties in operational areas...”

”



6. 10% of the annual budget is allocated to public-private partnerships; new projects are foreseen for warehousing and transportation.



José Mariguesa
Finance Director
of the EU Council
General Secretariat

“

...the EU has a mechanism to finance common costs for an operation's preparatory phase through to winding-up...

”

and industry/NATO/EU agencies, based on deep trust and common experiences. Placing an additional focus on IT, he stated that in the future, national logistics systems built in coordination with public-private partnerships would be connected to IT operational systems in the field. However, he argued that connecting these systems and ensuring a regular flow of data had to remain a national responsibility.

The Finance Director of the EU Council General Secretariat, **José Mariguesa**, gave a run-down of ESDP's common funding of (military) operations via the ATHENA mechanism, set up in 2004. He explained that Athena could finance common costs for an operation's preparatory phase through to the winding-up phase. The process is governed by a 'special committee', with representatives of the Member States, who can commit their respective governments on their

decisions by adopting budgets or responding to operational commanders' requests regarding other costs.

Athena's role is to enable the operational commander to manage his operation. Mariguesa said that the notion of "costs lying where they fall" meant that the majority of costs would stay with the contributing nations. However, he added that "common costs", contributed by all Member States and managed by Athena, would cover support costs related to both Operational HQs and Force HQs (e.g. building new airstrips, providing appropriate logistics in support of forces etc.). Mariguesa explained that other costs could be regarded as "common" (e.g. transport & lodging for forces, information gathering, certain medical costs, certain preparatory costs, etc.) if that was agreed by the special committee on a case-by-case basis. ■



Q&A – panel 2

National or multinational structures and the EDA's role

Alex Nicoll had a problem as he could not see how the creation of strong national structures, as outlined by BGen Günter Schwarz, could mesh with a future multinational logistics mechanism that the EDA might create. BGen Schwarz agreed that this was a major difficulty as various coalition members would have different systems. However, he stressed that Germany was focusing – at home - on its core functions, with the appropriate use of the private sector. This would increase the capacity of their armed forces in operations, but, he accepted that it would reduce their flexibility to participate in cooperative European logistics ventures.

The question was asked for clarity as to the role of the EDA. Julien Porcher saw a role for the EDA in acting as a clearing house for the knowledge that was available across Member States. He argued that the EU Member States had varying levels of knowledge and experience and that the EDA could improve the situation by sharing best practices. He also saw the need for the EDA to oversee smaller (pilot) logistics projects where the supply and demand sides could get to know each other and gain experience.

A representative of Member State's MoD wanted less focus on national initiatives, outsourcing or public-private initiatives, and more on how EU Member

States could work together (e.g. pooling and sharing, role specialisation, etc.). He argued that many of the Member States were not "rich nations" and that they needed to think about how multinational operations could be supported and he saw that as a vital role for the EDA. BGen Schwarz was against role specialisation, as this would leave gaps that no nation would want to fill. For role specialisation to work, he insisted the EU had to both guarantee that all areas of expertise would be covered and provide the necessary finance.

The EDA study

Responding to Nicoll's request for details of the EDA study into logistics, Porcher said the study had compared the costs of current operations with those that could be operated by private industry or where costs were shared by Member States. The study had shown that major savings were possible, some of which were due to inefficiencies in the current new types of operations:

- Contracts not prepared upfront
- A lack of experience as the approach was new for some Member States
- The identification of telecoms vacuums

The study had shown that third parties could play a role. Porcher agreed with BGen Schwarz, however, that the main opportunities for industry were not in operations, but were primarily in the back-office.

EU and national missions – a fundamental difference

A representative of Member State's MoD pointed out a significant difference between EU Crisis Management Operations (CMOs) and national ones, as there were no standing forces available for the EU. It was not, therefore, a matter of signing a contract and kick-starting the operation. Capabilities, such as helicopters for example, did exist but they were not being made available for multinational forces. Nicoll felt that there was a fundamental discrepancy between the lack of standing forces (between battle group operations) and the need for industry to get involved on a long-term basis in order to make it a profitable business.

Helicopters – a thorny issue

Opening the conference, Solana had referred to a "shortage of helicopters, in particular transport versions" and called for an investigation into "all types of solutions, including outsourcing", adding that he was looking for quick results.

This led a representative of the Helicopter manufacture industry, to ask why no solutions, in respect to transport helicopters, had been found for recent ESDP operations. Abela said it had been feasible to provide helicopters for UK operations, but the final decision had been with the military. He thought that both cost and politics had played a part in the choice not to deploy helicopters for EU missions.





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Schwarz argued that that were enough helicopters (hundreds) in the Member States, but that NATO, for example, generally had to use outsourcing to meet any shortfalls.

This led to the question, if outsourcing was indeed the name of NATO's game, whether his company could be involved into any "deep study" into the subject. Given that, he also reasoned that the EU's position was that it did not need helicopters and that the WFP – as an alternative client had an extremely long authorisation process which might deter potential suppliers. Daoudi responded that all WFP authorised suppliers were reviewed on a monthly basis for security and safety regulations. Companies could be short-listed after a review process and the list was reviewed on a monthly basis.

Returning to the issue on the table – why Member States did not supply helicopters for NATO or EU missions, a representative of a European company

identified the problem as being the principle of "costs lying where they fall", which made the cost of supplying helicopters prohibitive. He argued that there was an "overwhelming capacity of helicopters" in Europe but using them was too expensive. Referring to the "blocking system" of common funding in NATO, he wanted rules to evolve so that pre-financing of equipment such as helicopters could be foreseen as was being done for the communications infrastructure.

As for solutions for the EU, Bucini said his company covered the whole range of resources needed, including helicopters, and it wanted suppliers to be involved in the process from the very beginning when mission were being defined. A representative of Member State's MoD argued there was a political decision to be made as the EU had decided it wanted to be able to act in places such as Chad or the Congo, so it had to guarantee availability of assets. He also saw political problems and

reasoned that the EDA could be the one to define a fall-back position once high-risk areas, e.g. helicopters, had been identified. He argued strongly that such a process had to be backed by the political willingness to say that the defined fall-back position would be implemented. Porcher agreed that there was a shortage of transport aircraft and there could be a place for having a pool – perhaps organised by the EDA – and it could be done via a public-private-partnership or a similar structure.

On the subject of helicopters, Daoudi explained that the WFP had operated 20 Mi-8s and 4 Mi-26s in Pakistan, and developed a coordination centre with NATO, US and Pakistani air assets from scratch in a period of a few weeks (it should have been days according to Daoudi). With Mi-8s also operating in Darfur, he added that the WFP could charter any transport assets in a flexible way to meet any customer requirements. ■

Conference conclusions



Alexander Weis brought the conference to a close, saying he had heard excellent presentations, especially from the WFP. He had heard many mentions of the EDA, especially in the second panel which were pleasing. However, he had the impression that this had mainly been due to the fact that no national solutions existed. In the future,

Weis looked forward to receiving constructive solutions from the Member States as well as details of their problems.

Weis had received many messages at the Conference, including a remark that industry wanted an intelligent customer who knew what he wanted. It was not simply a case of moving

responsibility for logistics from the military to a third party. Practical steps were required, perhaps via a number of pilot projects. Of course, the availability of transport helicopters for operations remains a critical issue.

He reminded the audience that the EDA did not run operations. However, EDA has the responsibility for enabling participating Member States to be capable of conducting such missions. Weis listed actions that could result from the conference:

The development of a strategy for EU logistics ... but this must certainly be in parallel with practical steps and concrete actions such as:

- the development of EU standards for services to be outsourced so industry could understand the requirements and move towards shared logistics;
- an investigation into the establishment of a mechanism for pre-planning and early coordination for all the actors to ensure effective support to ESDP missions;
- the definition of a business model that would include the various types of contracts that could exist with third parties and EU logistics stand-by arrangement;
- a review into the possibility of the establishment of an EU logistics base in the theatre of operations;
- a study into the use of databases and the development of an IT infrastructure that would allow commonality of systems and processes across participating Member States. ■

The Conference in the News



3 March 2008

BRUSSELS -- European militaries have made relatively little use of private logistics contractors during operations, a marked contrast to U.S. forces that rarely deploy without outsourced help. But that may be changing.

On Feb. 27, European Defence Agency officials held a conference on outsourcing military logistics. An EDA communique declared that private firms could play a larger role in logistical support for EU crisis management operations by filling critical gaps, providing better value for money and freeing military personnel for frontline duty.

“Multinational operations never have the whole supply chain of logistics because member states never commit the whole chain, so there will always be a need to outsource,” Gen. Henri Bentégeat, who heads the EU’s Military Committee, said on Feb. 27 at the conference.

Bentégeat broadly came out in support of the extension of outsourcing services and logistics.

Still, he said, there are limits set by costs, security and legal considerations. For example, in most cases it was less expensive for member states to own all the assets, so the private sector would need to provide less expensive solutions. On risks, he stressed the importance of making areas where civilians were working safe.

In many ways, the European Defence Agency’s conference marks the beginning of a change in thinking on the issue for the EU as a whole. EDA Chief Executive Alexander Weis described the event, which brought together more than 200 representatives of governments, armed forces, EU institutions and industry, as a brainstorming session.

In concluding remarks to the conference, Weis said that “it was not the EDA’s duty to organize logistics support for ESDP missions,” but that it would be “interesting to investigate if a mechanism for pre-planning and early coordination among all the actors could be established” for European Security and Defence Policy missions. (...)



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Brussels, 28/02/2008 (Agence Europe) - The European Defence Agency (EDA) held its third annual conference in Brussels on Wednesday 27 February. The conference this year was devoted to the outsourcing of logistics in crisis management operations. Budgetary constraints and areas of weakness in terms of equipment and capabilities have led armies to develop forms of public-private partnerships or, from time to time, to make use of private companies for various services, from transport and supplies to maintenance of equipment, construction of infrastructure and other logistical services. The aim of the conference was to consider the different national practices, the extent to which outsourcing was used, the use that could be made of private contractors in ESDP operations and improvements that could be brought at European level.

Opening the conference, EU High Representative for the CFSP Javier Solana said that, between 1994 and 2002, the Pentagon had signed over 3000 contracts, worth more than \$300 billion, with private companies. He said that outsourcing not only provided better value for money, it freed military personnel for front-line duty. (...)

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