

Europe's Eastward Expansion: The Challenge for Israel

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Introduction

On April 16, 2003, fifteen member states of the European Union (EU) signed a treaty in Athens expanding the EU by another ten states, eight of which belonged to the former Eastern bloc – Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Latvia, Lithuania, and Estonia. Together with Cyprus and Malta, these states will complete the process of their membership to the EU on May 1, 2004. The decision to expand the EU follows NATO's decision at a conference held in Prague in November 2002 to invite seven countries from the former Eastern bloc – Estonia, Bulgaria, Lithuania, Latvia, Slovenia, Slovakia, and Romania – to join the organization, with the intention of implementing this expansion in 2004. These states will join the three Eastern bloc countries, Poland, Hungary, and the Czech Republic, that became NATO members in 1999. Once these expansions are completed, the EU will comprise twenty-five member states and NATO twenty-six. Nineteen European countries will be members of both organizations.

The potential economic benefit of joining the EU to the East European countries, with their combined

population of 74 million, is obvious. The higher the standard of living of



these countries, the greater the purchasing power of their residents. The expanded European Union may well contribute to European security, both because of the combined military strength of the member countries, and because of the international war on terrorism for which these forces can be deployed within Europe and without.¹ At the same time, obstacles are liable to be encountered because of the protracted process of absorbing the new member states. These include the heavy economic burden that the original fifteen EU countries will be forced to shoulder, as well as political

complications that are liable to delay the creation of an efficient, coordinated organization. These difficulties notwithstanding, the decision to expand the EU signals the considerable benefit expected from it. A European Union with twenty-five member states will, apart from its economic strength, represent a global political force.

The expansion of NATO contributes to territorial contiguity and the completion of a line of defense for all the NATO countries in Europe, and is compatible with the desire for increasing the organization's political strength. The new members will likely have to continue to invest in raising the technological level of their weapon systems, reorganizing their defense establishments, and preparing for harmonious integration with NATO armies. On the other hand, the effort to become part of the EU will force them to give priority to combating inflation and increasing their growth rate. Such an order of priorities will make it difficult for the new East European member countries to direct resources to upgrading their military technological capabilities, as required by NATO, and the lack of resources will reduce the capability of

Table 1. Basic data regarding the new East European member states

Country	Membership in the EU	Membership in NATO	Population (millions)	G NP per capita 2002 (\$ thousands)	% growth in 2002	% inflation in 2002	Defense budget 2003 (\$ millions)	Defense as a % of the GNP	R&D budget 2002 (\$ millions)	Purchasing 2002 (\$ millions)
Poland	2004	1999	38.6	9,500	1.3	1.9	3,900	1.9	88	713
Hungary	2004	1999	10.2	13,300	3.2	5.3	1,400	1.7	12	255
Czech Republic	2004	1999	10.3	15,300	1.5	0.6	1,900	2.0	26	224
Romania	No	2004	23.0	7,400	4.5	22.5	1,400	2.4	3.8	233
Slovenia	2004	2004	2.0	18,000	3.0	7.4	387	1.2	0.2	69
Slovakia	2004	2004	5.4	12,200	4.0	3.3	624	2.0		45
Bulgaria	No	2004	8.0	6,600	4.8	6.0	527	2.5	2.4	43
Latvia	2004	2004	2.4	8,300	4.5	2.0	198	1.3		
Lithuania	2004	2004	3.5	8,400	6.7	0.8	359	2.0		
Estonia	2004	2004	1.4	10,900	4.4	3.7	158	1.6		
Britain	1973	1949	58.6	25,300	2.2	2.5	41,300	2.3	3,986	8,597
Germany	1950	1955	82.0	26,600	0.6	1.9	27,400	1.1	1,286	3,389
France	1950	1949	60.4	25,700	2.0	1.7	34,900	1.9	3,145	5,450

* Britain, Germany, and France added for purpose of comparison.

Source: IISS, *The Military Balance 2002-2003*, 2003-2004; CIA, *The World Fact Book 2003*.

these countries to support their defense industries.

The challenge that Israel confronts is an expanded European Union with new procedures and complex processes that will obligate the new members to focus on themselves and turn their backs on the external world. Such a situation will compel Israel to adopt different courses of action from those employed in the past, in order to develop and preserve defense and industrial links with these countries.

This article proposes to examine if and how Israel can aid the countries joining NATO and the EU in their attempts to reach a higher technological-industrial status. Such aid, if successful, can in turn help Israel acquire the status of a desirable partner of the expanded European Union. To present the Israeli approach

to Eastern European countries joining the EU and NATO, the article will first profile briefly the new member states, and then review the defense industries in these countries. Finally, it will suggest possible courses of action for Israel, while focusing on the defense and technological-industrial aspects.

The New Member States and their Defense Industries

Ten countries are surveyed below, eight of whom have joined both NATO and the EU,² while two states, Romania and Bulgaria, must still meet certain conditions in order to join the EU.³ Each has its own characteristics, but they are united in their need of economic improvement and technological advancement, as well as

adjustment to the military-technological system of West European countries. Thus, the East European states hope that achievements in these fields will enhance their ability to integrate better both in the EU and NATO.

Table 1 charts the demographic, economic, and military-defense base from which the defense industry and other advanced industries can grow. The countries listed can be divided into three groups. The four countries in the upper level – Poland, Hungary, the Czech Republic, and Romania – lead the new member states in size, military and economic strength, and their advance in the defense-industrial field. Although Romania was not considered worthy of joining the EU, it has a broad defense-industrial infrastructure and can boast

of considerable achievements in defense exports, in addition to significant ties and cooperation with Israel.

The second group – Slovenia, Slovakia, and Bulgaria – is characterized by the lack of a broad defense-industrial infrastructure. In addition, the size of their armies, their defense budgets, and their capability of reaching the standards of NATO and the EU position them lower than the first group. Bulgaria, mainly because of its economic condition, has not yet been recognized as eligible to enter the European Union.

The Baltic states of Estonia, Lithuania, and Latvia, which form the third group, were an integral part of the USSR for many years. Their common past places them at a poor starting point relative to all the other countries regarding defense and industry. The size of the population in these countries and the consequent size of their armies and overall defense budgets will force them to be dependent on the larger countries in the European Union.

The defense industries in the Eastern European countries range from the advanced and ambitious industries of Poland and the Czech Republic to the other extreme of the Baltic states, which have no significant defense industries.

Poland's extensive experience in the manufacture of weapon systems, compared to the other East European countries, is well known. During the Warsaw Pact era Poland's defense industry took third place, after the USSR and Czechoslovakia. In order to

upgrade both the army and its industrial capability and to reach the technological level of leading European industrial countries, Poland will have to alter radically its thinking regarding national priorities in favor of its civilian technological and industrial infrastructure. Poland expects to benefit from special encouragement budgets from the EU (structural and cohesion funds) and to participate in bi-national or multi-

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national projects together with EU member states.⁴

Already in 1999 the Czech Republic, which from industrial and economic aspects is one of the most developed countries joining, defined its defense industry as a strategic asset. Consequently, the factors influencing decisions in the defense industry are not only economic but also political, strategic, and security-related. The Czech government thus recognizes the state's obligation to participate in the funding of research and development of advanced defense technology. All these activities have received encouragement and

incentives since the Czech Republic joined NATO in March 1999, which is indeed correct policy as a way to achieve technological parity with the veteran members of NATO.

For Romania, 2003 represented an intensive effort to privatize the defense industries,⁵ a process that also widens the avenue to international partnerships with Romanian industry. In addition to long-existing partnerships with the West, such as with Marconi and Thales of Europe and Lockheed Martin of the US, the Romanians are in contact with Israel Aircraft Industries, Boeing, Bombardier Canada, and BAE Systems. In the absence of the capability to fund a national development program before 2004-2005, these partnerships are regarded as of paramount importance in order to sustain Romanian defense industries while it pursues defense exports.

Israel's partnership with the industries of these three countries, which are developed industrial countries with a longstanding tradition and skilled manpower, will be regarded as a partnership between equals. Hungary is not included in this group because of its policy of avoiding international cooperation with defense industries.

There is also great potential for Israel in the second group of states. The Slovenian Republic, with a population of two million, is considered to be relatively advanced economically, but the Slovenian defense industry, which once formed part of the Yugoslav defense industry,

has been lagging behind significantly since Slovenia's independence. Possible future cooperation with Israeli industry will therefore start from a less advantageous point. Similarly, during the Warsaw Pact era the major part of Czech defense production occurred in Slovakia. The industry consisted mainly of large platforms, such as main battle tanks, armored fighting vehicles, and anti-tank missiles. Of the 73,000 workers in the Czech defense industry, 40,000 were Slovaks.⁶ This is an important human infrastructure that can play a major part in advancing Slovakian industry. Here also, the starting point of industrial-defense cooperation with Israel differs from those of the first group.

Bulgaria's economic situation, which has forced postponement of the state's EU membership to an undetermined date, a limited defense budget, and technological backwardness, will deter Israel from making efforts at cooperation. On the other hand, these disadvantages may well induce Bulgaria to desire Israeli aid and later acknowledge its appreciation when it becomes a full member of the European Union and NATO.

The limited level and extent of the defense industries in the Baltic countries does not justify Israeli efforts toward cooperation.

The Significance for Israel

Defense industry cooperation is a proven formula for creating links between Israel and the new member states, with Israel's advanced

technological capabilities and its considerable experience important assets. Even during the previous EU configuration, with fifteen members who possessed advanced technology and industry, Israel's technological capability formed a solid basis for dialogue and cooperation. The willingness for cooperation among industries and the drive to mark joint defense exports as a preferred option have thus already proven themselves.

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Israel and its defense industries have accumulated much experience with East European countries, including direct Israeli exports to some of the countries as well as cooperation between industries. The Israeli defense industry in general, and Israel Aircraft Industries, ELBIT-ELOP, Rafael, and Israeli Military Industries in particular, have considerable experience in upgrading Soviet air and land weapon systems to the level of Western technology. This has led to the joint export of improved systems to third party countries, and the field is rich with potential for joint industrial activities in the future.

The entry of the East European states to the EU has created a new situation whereby EU foreign policy directly affects the policy of each individual state regarding a variety of issues, including that of cooperation with Israel. The obligation by the new member states of reciprocal economic relations with the other members of the Union is liable to have a negative effect on the relations with Israel.

One important tool with which Israel has considerable experience is the EU's Framework Programme for Research and Technological Development, where Israeli and EU industries and research institutions converge. Priority thus should be given in Israel to policies and actions that will advance this cooperation through the Ministries of Defense, Industry and Trade, Finance, and Foreign Affairs, which will work in coordination with the embassies and consulates in Europe.

The fields in which cooperation and assistance can be established are:

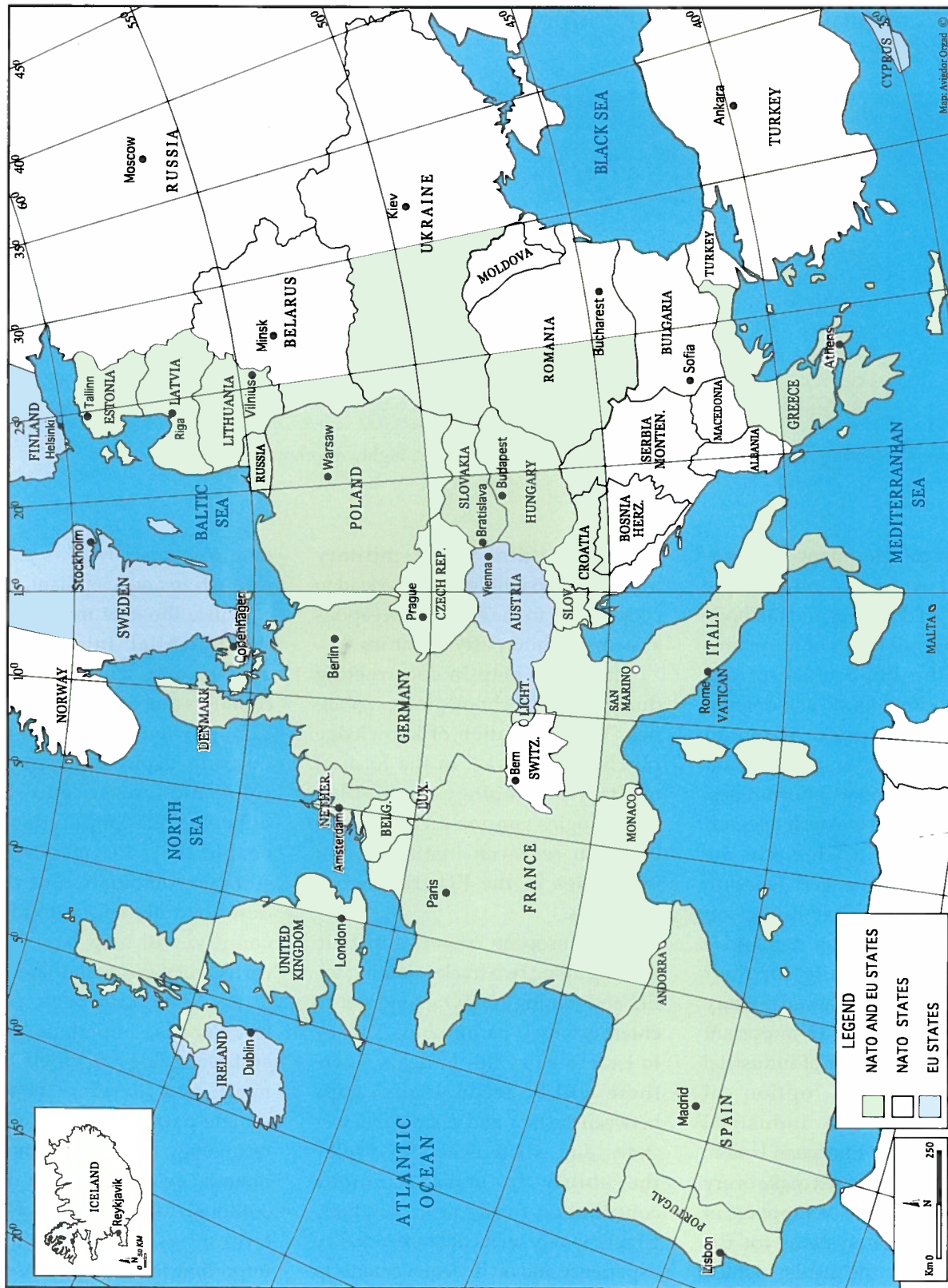
- Development, improvement, and production of advanced weapon systems.

- Development and production of civilian products based on advanced technology, whether as part of official EU research and development frameworks or in separate bilateral arrangements.

- Joint research by research institutes and academic bodies, emphasizing applied research that contributes to technological capabilities within a reasonable time frame.

- Cooperation in technological

NATO and European Union Member States*



* including the states that will join NATO and the EU in 2004.

Table 2. Economic feasibility of cooperation between Israel and the new member states by fields

State	Defense industries and defense exports	Dual-purpose and civilian technologies	Research institutes and industries as part of the framework agreement	Research in life sciences, bio-technology, and medicine	Defense against terrorism
Poland	Highly recommended	Desirable	Desirable	Possible	Recommended
Hungary	Doubtful	Doubtful	Desirable	Possible	Desirable
Czech Republic	Highly recommended	Recommended	Recommended	Desirable	Recommended
Romania	Highly recommended	Possible	Doubtful	Possible	Desirable
Slovenia	Possible	Possible	Recommended	Possible	Possible
Slovakia	Desirable	Possible	Recommended	Possible	Possible
Bulgaria	Doubtful	Possible	Doubtful	Doubtful	Possible
Baltic States	Doubtful	Possible	Recommended	Possible	Recommended

Levels of economic feasibility: doubtful, possible, desirable, recommended, highly recommended

research, in development and production of weapons, and in the formulation of doctrines and methods for combating all forms of terrorism.

Hence the importance of the economic, technological, and defense industry data of the East European states joining NATO and the EU and the emergent potential opportunities. It is widely believed that technological modernization must include the acquisition of advanced weapon systems, and the East European countries consider this demand a window of opportunity for their defense industries. Advanced military technologies represent an important element in the creation of industrial capability and the option of participating in the industrial organization of the European Union. Consequently, Israel must make every effort to join the circle of suppliers of advanced weapon systems for the refurbishment of the armies. Israeli

aid in building such military industrial capabilities can also lead to cooperation in the export of weapons systems to third party countries.

Israel can help in constructing dual-purpose technological capabilities. The application of knowledge purchased in Israel in the form of military technology to civilian technologies can yield cooperation between research institutes and industries in the EU framework programs.

East European countries that are moving along two tracks – joining the EU and joining NATO – tend not to enter “external” partnerships. The key to Israel’s entry lies in fields where there will be technological gaps between the new and veteran member states, and where Israel can display the ability to make a unique contribution to the new members. Israel can rely on its defense industry experience and on its achievements to

date in cooperation as part of EU research and development, in order to convince the new member states of the potential inherent in such cooperation. The East European countries that have not yet joined the EU, particularly Romania and Bulgaria, aspire to accelerate their economic power and level of technological sophistication that will enable their EU membership. A suitable combination of the fields described above, tailored to each country, will help Israel establish correct relations with these states.

All East European countries recognize the importance of science and technology for their advancement, and therefore Israel must initiate partnerships in science and technology, in the life sciences, in the material sciences, and in medicine. Although these fields are of the long-term infrastructure type, they are important in and of themselves and

this course of action can also support the variety of links between Israel and other states.

Similarly, the war against terrorism, particularly in the fields of defense systems, may form a basis for cooperation with Israel, which has considerable experience in the development of border control systems using computer technology. This is also a field that most European Union states have not yet entered that can provide a relative advantage for East European states if they take significant steps in this direction.

Conclusion

Greater Europe, comprising twenty-five countries as members of the European Union, is a fact. Although involvement in such an expanded organization is not a simple task, it is important for Israel to establish contacts that will facilitate Israeli-European connections and understandings at a higher level than in the past. It is important to evaluate fields in which technological and defense industry links can be established with new EU member states that will lead to business ties and agreements with Israel and its industries. The best method would be to strive to achieve bilateral links with the new member states.

Over the course of 2004 the processes involved in the construction of a unified Europe will be put decisively to the test. Within this context Israel's capability of participating as an external country by means of its defense industry will be challenged, specifically, the efforts

to aid the new member states to achieve their aims while establishing a foothold in the new European organization.

Israel is liable to encounter obstacles on its way to establishing economic-industrial cooperation with the new member countries. The obligation of these new members to the expanded EU and NATO leads to policies that give preference to cooperation with members of these

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organizations. The policy of both these organizations to new members may well be two-edged, with both promotions and prohibitions, which will make it difficult to develop and expand links with Israel. Both organizations will provide many joint forums and natural opportunities to create inter-nation ties and to develop formal and informal relations. Neither should one ignore the foreign and defense policy of the EU, which is liable to relegate Israel to an inferior position regarding industrial cooperation despite the technological and economic advantages it can offer, because of the ongoing conflict

between Israel and the Palestinians.

The processes involved in joining the EU and NATO often intersect, although it is also clear that each of the new member states has its own agenda. Poland, Hungary, the Czech Republic, and Romania are attempting to conduct an independent policy with the intention of achieving a respectable status, similar to that of the leading industrial countries in the EU, and as soon as possible.

There are five fields that can promote cooperation between Israel and Eastern European countries. Cooperation between the *defense industries* will be mainly applicable in the case of countries having a large industry and a suitable infrastructure. The direction will be the upgrading of old weapon systems and attempts to achieve joint defense exports to third party countries. Cooperation in *dual-purpose technologies* is a mechanism associated with industrial-technical capabilities, but is also applicable to countries that have not yet advanced, in order to assist them to advance technologically in a way that does not involve sensitive defense issues. Added to this are *research and industrial cooperation in EU framework agreements for technology, and long-term research cooperation*. The activities in these fields will be applicable to all the new member countries. The fifth mechanism, *cooperation in defense against terrorism*, will rely on Israel's experience and capability of finding focused solutions for the new member states.

Organizational policies designed to encourage the rapid integration of

new members, as well as joint economic, political, and military frameworks, is liable to place obstacles in the way of Israel's advance in each of the paths described. There exist, however, knowledge gaps and needs of the new member states, which allow the cooperation with Israel in each of the five areas.

The dynamic situation in which a broad European entity is created through the EU and NATO is a unique window of opportunity. Using its technological advantage, Israel must make a special effort to consolidate a position for itself in Greater Europe.

Notes

1. The European Union Rapid Reaction Force, which was decided upon in the EU Helsinki conference as a result of the Kosovo war, and was mainly intended for intervention in conflicts on European soil and to preserve the peace. This force will comprise 60,000 soldiers. The force was declared operational in May 2003 although it

was not fully completed.

2. Joining NATO requires meeting the following conditions:
 - Settling international or ethnic-internal disputes by peaceful means, obligation to the rule of law, observation of human rights, and control over the army by a democratic regime.
 - Capability of contributing to the collective defense of NATO and the organization's new tasks. In this context full participation in the Partnership for Peace (PFP) is required, which was decided upon in the NATO summit in Brussels in 1994.
 - Allocating the resources required for defense in order to meet the organization's commitments.
 - Formulating regulations ensuring safeguarding of secret information.
 - Verifying that the arrangements and legal agreements obligated by cooperation as part of NATO do not conflict with the laws of the country.
3. The conditions for joining the European Union, apart from having a "European identity," are called the Copenhagen criteria, and were formulated at the EU summit in Copenhagen in 1993:
 - Stability of the regime ensuring

democracy, the rule of law, observance of human rights, and protection of minorities. This is an initial condition without which negotiations regarding joining are not begun.

- The existence of a market economy and the capability of coping with competitive pressure and with market forces as part of the European Union.
 - The willingness to accept the commitments that membership of the organization dictates, including adoption of the objective of political, economic, and monetary unity.
4. Michal Kleiber (Minister of Science), "Polish Research System – Evaluation Towards Better Efficiency," <http://www.kbn.gov.pl/en/research.html>, October 2002.
 5. In an interview with the Bucharest *Ziua* on March 10, 2003, Director-General of the Ministry of Industry and Resources General Decebl Iliana mentioned twelve government companies that were already in the process of privatization, including avionics companies, shipyards, and mechanical processing factories.
 6. From the beginning of the 1950s until 1989 the Slovaks produced 20,607 Soviet main battle tanks, 21,446 AFVs, and 1,737 artillery systems.

Strategic ASSESSMENT

Strategic Assessment is a quarterly published by the Jaffee Center for Strategic Studies at Tel Aviv University, Ramat Aviv, Tel Aviv 69978 Israel Tel: +972-3-640-9926 Fax: +972-3-642-2404

Strategic Assessment is published in English and Hebrew.
The full text of *Strategic Assessment* is available on the
Center's website: <http://www.tau.ac.il/jcss/>