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**Report to the Congress  
On the Enlargement of NATO:  
Rationale, Benefits, Costs and Implications**

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**Report to the Congress on the Enlargement of the  
North Atlantic Treaty Organization**

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## Executive Summary

The North Atlantic Treaty Organization (NATO) has declared its intent again to admit new members. At a summit in Madrid this coming July, NATO's 16 heads of state and government plan to invite specific states from among the new democracies of Central and Eastern Europe to start accession talks to join the Alliance. President Clinton and NATO have stressed their support for admitting the first new members by 1999 as part of a broad strategy to foster a peaceful, undivided and democratic Europe. This report, submitted to Congress pursuant to Section 1048 of the Fiscal Year 1997 Defense Authorization Act, describes the rationale, benefits, costs and other considerations related to NATO's enlargement.

This report also reflects the administration's commitment to work closely and in a bipartisan manner with Congress as it pursues this policy. Adding new members to NATO requires ratification by the United States Senate and requires both chambers of Congress to approve the resources needed to implement this initiative. If the security guarantees that will be extended to the new members are to be meaningful, they must represent an expression of informed national will. It is therefore essential that NATO enlargement proceed with the active participation and support of the American people and their representatives of both parties in Congress.

The major conclusions of this report include:

- **NATO enlargement contributes to the broader goal of a peaceful, undivided and democratic Europe.** NATO enlargement is one part of a much broader, post-Cold War strategy to help create a peaceful, undivided and democratic Europe. That strategy has included many other elements: support for German unification; assistance to foster reforms in Russia, Ukraine and other new independent states; negotiation and adaptation of the Conventional Forces in Europe Treaty; and the evolution and strengthening of European security and economic institutions, including the European Union, the Organization for Security and Cooperation in Europe, the Council of Europe and the Western European Union. NATO enlargement is also part of a much broader series of steps to adapt NATO to the post-Cold War security environment, including adaptation of NATO strategy, strategic concept, command arrangements and force posture, and its willingness to carry out new missions beyond NATO's territory, as it has in Bosnia. As part of this broad series of steps, NATO enlargement aims to help the United States and Europe erase outdated Cold War lines and strengthen shared security into the next century.
- **Enlargement will yield benefits for the United States, NATO and Europe.** Adding Central and East European states to the Alliance will: foster democratic reforms and stability throughout Europe; give NATO a stronger collective defense capability; improve relations among the region's states; improve burden-sharing within NATO; improve general security that will benefit Russian security and the security of other former Soviet states by improving general European stability; create a better environment for trade, investment and economic growth in Central and Eastern Europe; and help all of Europe become a stronger partner for the United States in political, economic and security affairs. As President Clinton has said,

in this way, "NATO can do for Europe's East what it did for Europe's West: prevent a return to local rivalries, strengthen democracy against future threats and create the conditions for prosperity to flourish."

- **NATO enlargement carries costs.** Security is not free. The United States and its allies will, by enlargement, extend solemn security guarantees to additional nations, and NATO members must provide the capability to back them up. Enlargement will not, however, require a change in NATO's military doctrine, which has already shifted from positional defense against an identified enemy to a capacity for flexible deployment to areas of need. Because the United States already has the world's pre-eminent deployment capability, and substantial forces forward deployed in Europe, there will be no need for additional U.S. forces. Current European NATO members are already investing in improved capabilities to operate beyond their border, and Central European states, including likely new members, are likewise investing in modernizing and restructuring their forces. These efforts have already begun and would continue whether or not NATO adds members.
- **Costs to the United States will be modest.** The Department of Defense has estimated both the direct enlargement costs (e.g., for interoperability between the forces of current and new members and for extending NATO's integrated command, communications and air defense surveillance systems) and the costs of force improvements already being pursued by existing and new members which will also contribute to carrying out NATO's missions in an enlarged alliance. The direct enlargement costs are estimated to average \$700-900 million annually, for a total of around \$9-12 billion between 1997 and 2009, the date by which new NATO members are anticipated to have reached a "mature capability" as discussed later in this report. The U.S. share of these costs, chiefly for our share of the NATO budgets for direct enlargement costs, would largely be incurred in the ten years following formal accession in 1999, and would average about \$150-200 million annually during that period. The estimated costs for new members associated with restructuring their forces are estimated to be about \$800 million-\$1 billion annually, while those for improvements of our NATO Allies' regional reinforcement capabilities are estimated at \$600-800 million annually -- respectively \$10-13 billion and \$8-10 billion over 1997-2009. These costs, in accordance with long-standing NATO financial principles, would be borne by those nations. The United States would share in these costs only to the extent the U.S., with Congressional approval, may chose to continue or expand the current modest assistance being provided to the military modernization of the new democracies of Central and Eastern Europe.
- **There are greater costs and risks to *not* enlarging NATO on the current schedule.** The security of Europe has been a vital interest of the United States throughout this century, and it remains so, including for the new democracies to the east. If we fail to seize this historical opportunity to help integrate, consolidate and stabilize Central and Eastern Europe, we would risk a much higher price later. The most efficient and cost-effective way to guarantee stability in Europe is to do so collectively with our European partners, old and new, through NATO. Alliances save money. Collective defense is both cheaper and stronger than national defense. A decision to defer enlargement, much less to withhold it altogether, would send the

message to Central and Eastern Europe that their future does not lie with NATO and the West. It would falsely validate the old divisions of the Cold War. The resulting sense of isolation and vulnerability would be destabilizing in the region and would encourage nationalist and disruptive forces throughout Europe. NATO would remain stuck in the past, in danger of irrelevance, while the U.S. would be seen as inconstant and unreliable in its leadership and withdrawing from its responsibilities in Europe and the world.

- **The United States and NATO are committed to constructive relations with Russia.** The United States and its NATO Allies are committed to building a strategic partnership with a democratic Russia; indeed, that effort and NATO enlargement are both part of the same enterprise of building a peaceful, undivided and democratic Europe. While many Russian leaders have expressed opposition to NATO enlargement, this initiative can serve Russia's own long-term security interests by fostering stability to its west. The United States and NATO already have worked with Russia on specific tasks, including the peace process and military operation in Bosnia. Parallel to NATO enlargement, the United States and NATO have proposed a series of initiatives, including a NATO-Russia Charter and a permanent consultative mechanism, in order to ensure that Russia plays an active part in efforts to build a new Europe even as NATO enlargement proceeds.

In summary, the addition of new members to NATO will strengthen the Alliance, contribute to a stronger and more peaceful Europe and benefit American security interests. It is one of the President's highest priorities for American foreign policy.

## Rationale and Process for NATO Enlargement

### The strategic goal of a peaceful, undivided, democratic Europe

The enlargement of NATO is part of a broad, long-term U.S. and Allied strategy that supports the evolution of a peaceful, undivided and democratic Europe. That strategy benefits U.S. security and builds on the long-standing and bipartisan premise -- affirmed by American sacrifices in two world wars and the Cold War -- that the security of Europe is a vital American interest. The transatlantic region is also a vital community of values -- a circle of shared beliefs in democratic institutions, free-market economies and human freedom -- and it is in America's interests to recognize and encourage the widening of that circle. The end of the Cold War offers the opportunity to erase dividing lines that were imposed on Europe by force and to replace them with vibrant political, security and economic relationships entered into on the basis of free choice. The goal of this strategy is the emergence of a new Europe -- including Russia, other former Soviet states and Europe's other new democracies -- that is a stronger and more prosperous partner for the United States in diplomacy, trade and an array of security efforts within Europe and beyond.

The United States and its NATO allies have pursued a number of initiatives since the end of the Cold War in an effort to advance this strategy. These include:

- Support for the unification of Germany.
- Over \$11 billion in U.S. bilateral assistance to support democratic and market reforms in Russia, Ukraine and other states from Central and Eastern Europe and the former Soviet Union.
- Negotiation and implementation of the 1990 Conventional Armed Forces in Europe Treaty (CFE), which has led to the elimination of over 50,000 pieces of military equipment. Negotiations to update the CFE Treaty represent a further step.
- Negotiation and ratification of the START II strategic arms control treaty, which when implemented, will achieve two-thirds reductions in American and Russian nuclear arsenals.
- The elimination of INF missiles and a 90 percent overall reduction in NATO's nuclear weapons in Europe, including the unilateral renunciation of short range nuclear missiles and nuclear artillery shells and the mutual detargeting of U.S. and Russian strategic nuclear missiles.
- Programs to help dismantle nuclear stockpiles and secure nuclear materials in Russia and the newly-independent states.
- Support for European efforts to develop a European Security and Defense Identity and a stronger European military capability within NATO.

- Efforts to strengthen the capacities and the roles of the Organization for Security and Cooperation in Europe (OSCE), the Council of Europe, the Organization for Economic Cooperation and Development (OECD), the Western European Union and other European regional organizations
- Active U.S. diplomacy and the deployment of American troops as part of a NATO-led force to help stop the war and secure the peace in the former Yugoslavia.
- Cooperation with the European Union in the negotiation of multilateral trade liberalization accords, such as the Uruguay Round of the General Agreement on Tariffs and Trade.

### **The broader adaptation of NATO**

NATO plays an essential role in this broader strategy, for many of the same reasons that it played an essential role in maintaining peace and stability in Europe over the past half century. NATO's success during the Cold War went far beyond its accomplishments as an effective military mechanism for collective defense and deterrence. It also proved invaluable as a political institution that harnessed national military interests to a process of cooperation and integration and as a transatlantic link that ensured the continuing involvement of the United States and Canada in European security matters. New states now wish to join the Alliance for the same reasons that current members opted to continue NATO: these functions remain relevant. NATO does not need an enemy to endure, because it serves an enduring set of purposes.

By admitting new members NATO will make itself better able to address Europe's new security challenges. Enlargement will foster democratic reforms and stability, strengthen NATO's capacity for collective defense, promote regional harmony, spread NATO's burdens more broadly, help avoid a destabilizing zone of insecurity and instability in Europe and create a better Central and East European climate for market growth and prosperity. These benefits are described more fully in the next section of this report.

At the same time, the NATO that is about to enlarge is different than the NATO of the Cold War. New members will enter a new NATO that is already adapting to the challenges of the post-Cold War era in a variety of ways.

The process of adaptation began in 1990, soon after the fall of the Berlin Wall. In July 1990, thanks in part to the active leadership of President Bush and his administration, NATO's London Summit Declaration set out new goals for the Alliance, called for changes in its strategy and military structure and declared that the alliance no longer considered Russia an adversary. Those efforts were reaffirmed by the Alliance's declaration in Copenhagen in June 1991, which stated that NATO's objective was "to help create a Europe whole and free." At NATO's Rome Summit in November 1991, the Alliance adopted a New Strategic Concept, which reaffirmed the continuing importance of collective defense while also orienting NATO toward new security challenges, such as out-of-area missions, crisis management and peacekeeping operations. At the

same Summit, NATO created the North Atlantic Cooperation Council (NACC) to provide an institutional framework for political and security cooperation between NATO and the former communist states.

Since then, NATO has taken further steps to advance adaptation. At its January 1994 Summit in Brussels, the Alliance made three important decisions. First, it launched the Partnership for Peace to enable intensive political and military-to-military cooperation with Europe's new democracies as well as other states such as its former neutrals. PFP has proved to be an important and effective program for these states and for the Alliance. Twenty-seven nations have joined PFP, a Partnership Coordination Cell has been established at Mons, Belgium (the location of the Supreme Headquarters for Allied Powers in Europe), 27 major PFP exercises have been held through 1996 plus numerous exercises with Partners "in the spirit of" PFP. The program is proving its worth in Bosnia, where thirteen PFP partner states are making substantial contributions to the NATO-led peacekeeping operations in the Balkans.

The second initiative launched in Brussels in 1994 was the concept of Combined Joint Task Forces (CJTF). This concept will enable NATO forces and military assets to be employed in a more flexible manner to deal with regional conflicts, crisis management and peacekeeping operations. It also will permit NATO assets to be made available to support military operations by the European members of the Alliance under the auspices of the Western European Union. The intent of creating a stronger European role within NATO was further affirmed in the Alliance's Berlin Ministerial Communiqué of June 1996, and the implementation of the steps outlined in that Communiqué is an immediate and continuing project of the Alliance.

### **NATO Enlargement**

The third element of NATO adaptation embraced in Brussels in 1994 was the opening to admit new members to the Alliance. NATO's leaders stated that the Washington Treaty remained open to membership for other European states in a position to further the principles of the Treaty and to contribute to the security of the North Atlantic area and that they expected and welcomed the new membership of democratic states to NATO's east. The Alliance further advanced that goal by commissioning a study, published in September 1995, which set out the Alliance's rationale and process for enlarging its membership. Among other conclusions, that study and subsequent NATO efforts have reaffirmed that:

- NATO remains a defensive alliance whose fundamental purpose is to preserve peace in the Euro-Atlantic area and to provide security for its members.
- The purpose of enlargement is to integrate more countries into the existing community of values and institutions, thereby enhancing stability and security for all countries in the Euro-Atlantic region.
- New NATO allies would be full members of the Alliance, with rights and responsibilities equal to those of existing allies.

- Decisions on which nations to admit to NATO would be made exclusively by Alliance members, by consensus and on a case-by-case basis, with no non-NATO states holding a veto.
- In order to join the Alliance, new members would have to demonstrate support for NATO's principles and policies, adherence to market democracy and civilian control of the military, minimum standards of military interoperability and a willingness to meet the full responsibilities of Alliance membership.
- The process of considering and admitting new members would be steady and transparent in order to build confidence in the broader European region and beyond.
- No PFP state would be automatically precluded from consideration for membership, and the Alliance intends to keep its door open to new members in the future.
- The peacetime stationing of forces on the territory of the new states is neither a condition of membership nor is it foreclosed as an option. All Allies must be prepared in principle to deploy their forces outside their territory in the treaty area as part of their contribution to collective defense.
- While new members will enjoy NATO's full security guarantees, NATO countries have no intention, no plan and no reason to deploy nuclear weapons on the territory of new members.

Based on these principles, in December 1995, the Alliance decided to begin a series of year-long intensive dialogues with individual countries, focusing on those that had expressed an interest in joining NATO. Eleven countries ultimately expressed such an interest and entered into such dialogues: Albania, the Czech Republic, Estonia, the Former Yugoslav Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. In December 1996, NATO ministers agreed to convene a summit for NATO heads of state on July 8-9, 1997, in Madrid, at which specific states from among this group of eleven will be invited to begin accession talks. The goal of these accession talks will be the admission of one or more new members by 1999.

Under Article X of the Washington Treaty of 1949, the addition of new members may proceed only with the unanimous consent of existing Alliance members, subject to each state's constitutional processes. In the United States, the addition of new members to the Treaty would be submitted to the Senate for its advice and consent, which requires a two-thirds vote. In addition, any funding required to support NATO enlargement would require the approval of both chambers of Congress as part of the normal annual budget process. New members have been added to the Treaty on three previous occasions: Greece and Turkey in 1952; the Federal Republic of Germany in 1955; and Spain in 1982.

## **Benefits and Costs of NATO Enlargement**

The benefits of NATO enlargement are both immediate and long-term, and they accrue not only to existing and prospective NATO allies but to states who at least initially will remain outside of the Alliance. Europe is a more secure and stable region because of NATO's commitment to welcome in new members. From the Baltic to the Black Sea, Central and East European states -- most of them already strongly pro-American and pro-Atlanticist -- are reconstructing their foreign and defense policies to bring them into line with Alliance values and norms. While there are many reasons for pursuing democratic reform, market development, security cooperation and other favorable goals, a close analysis of recent events in the region reveals that the process of NATO enlargement is exerting a positive influence in moving decisions by states in this region in this direction. As states are admitted to the Alliance, the United States and Europe will reap even more substantial benefits.

- **Democratic reforms and stability.** As a later section notes, several prospective members have adopted laws to provide greater civilian control over the military, eschewed nationalist policies, expanded freedom for civil society and enacted other measures essential to the success of democracy in the region. While there are exceptions to this trend, the dominant pattern is toward the consolidation of democratic, market and security reforms. Support for NATO and its enlargement has become a unifying point among divergent political parties in many of these states and has helped to marginalize extreme factions, while strengthening centrist parties and coalitions. As was the case over past decades with existing NATO allies, inclusion in the Alliance will place new members within a community of security and strong political norms that will provide both the structure and incentive to consolidate their democratic advances.
- **Stronger collective defense and ability to address new security challenges.** Collective defense remains imperative for European and transatlantic security and central to American engagement in Europe. The dissolution of the Soviet Union and the Warsaw Pact eliminated the primary threat that NATO addressed during the Cold War, but the war in the former Yugoslavia, the Gulf War, recent acts of terrorism and clear dangers from the proliferation of weapons of mass destruction demonstrate that threats remain that affect the region's security. Admitting new states to the Alliance will create a larger circle of like-minded nations committed to defending each other from these and other threats and to working together to build a more stable Europe.
- **Improved relations among Central and East European states.** Growing cooperation with NATO and the desire to join the Alliance have provided a powerful impetus for resolving past disputes among Central and East European states. In recent years, there has been an unprecedented series of agreements concluded among these states and between these states and individual NATO allies, which will help ensure stable borders, promote inter-state cooperation and address mutual concerns on the treatment of ethnic minorities. These include: the Polish-Lithuanian treaty of 1994; the Hungarian-Slovakian treaty of 1996; a

series of agreements in 1996 between Poland and Ukraine; improved relations between Italy and Slovenia; the 1996 treaty between Hungary and Romania; and the 1996 agreement between the Czech Republic and Germany concerning Sudeten and other issues. NATO membership has proven its power in the past to help reconcile former adversaries such as France and Germany; to underpin democracy, such as in Italy and Spain; and to help moderate conflicts among members, such as between Greece and Turkey. This record provides strong reasons for believing enlargement will continue to promote improved relations within Central and Eastern Europe.

- **Burden sharing and contributions to NATO missions.** NATO candidate countries are already making a significant contribution to European security through their participation in the NATO-led Implementation Force (IFOR), which implemented the military aspects of the Dayton Peace Accords in Bosnia and Herzegovina, and its successor, the Stabilization Force (SFOR). NATO membership will better enable the new allies to restructure their armed forces so that they can participate in the full spectrum of current and new Alliance missions including both Article V missions and other kinds of missions both within and outside of the NATO region. Some new members will develop forces for a full range of Alliance missions and will become net “producers” of security. Some will be particularly strong in certain specialized capabilities. Some can provide important facilities for training in peacetime and staging areas for various Alliance missions, such as the base in Taszar, Hungary, for American troops involved in operations in Bosnia. All will contribute funds to NATO’s common budget. In short, new NATO members will make the same kinds of contributions to protecting shared U.S. and European interests that current NATO members make. Through enlargement, the United States will gain new allies willing and able to share the burdens of protecting Alliance interests.
- **Broader European stability.** Historically, when the security status of Central and Eastern Europe has been left unclear, the resulting uncertainty has exerted a strong and dangerously destabilizing influence for the whole of Europe. In the wake of such events, states to both the East and West of Europe’s center have suffered. By fostering stability and confidence, NATO enlargement will advance the longer-term security interests not only of those states but of the United States, Western Europe, Russia, Ukraine and others throughout the region.
- **Prosperity.** As NATO enlargement helps resolve uncertainties about Central and Eastern Europe’s place in an integrated Europe, it will also foster a more stable climate for economic reform, trade and investment. Already, Central and Eastern Europe includes many of the continent’s fastest-growing economies, and many of these states have demonstrated great political will in transforming stagnant command economies into vibrant market showcases. U.S. direct investment in the region currently exceeds \$8 billion. NATO enlargement, coupled with the anticipated enlargement of the European Union, will help this record of success continue to grow.
- **A stronger Europe as a partner for the United States.** As part of a broader strategy, NATO enlargement will help foster Europe’s democratic, economic and security integration.

In turn, a Europe that is more closely knit together as a coherent political, economic and strategic entity will be a far more capable security partner for the United States. A Europe more secure in its own borders will be more willing and able to assist the United States in meeting challenges to shared interests, including those that extend beyond Europe's immediate borders. With a broader circle of states in the Alliance, many West European countries will be able to shift more focus to such priorities as mobility, deployability and reinforcement missions. Thus, enlargement will also help our current allies become better equipped to operate with U.S. forces in a broader range of contingencies in the years ahead.

### **Costs and implications**

Peace and security do not come without a cost. Enlargement requires the United States and other existing NATO members to extend the most solemn security guarantees to our new allies. Article V of the North Atlantic Treaty of 1949 requires all members to treat an attack on one as an attack on all. The United States, current NATO allies as well as new member states will all bear new costs and responsibilities as a result of enlargement. The next section describes the financial costs associated with the new security commitments that will be extended to the new member states. The remainder of this section notes other costs that will flow from enlargement as well as arguments some have made about enlargement's adverse implications for U.S. and European security.

- As noted, admitting new members to the Alliance will require the United States and other existing allies to treat an attack against one of the new states as an attack against all members. The Washington Treaty of 1949 stipulates that each state will determine how best to respond in such circumstances, subject to its own constitutional processes. Even so, enlargement will require the American people, along with the other current allies, to assume a readiness to assist these states should events require such a response. Indeed, the credibility of the security guarantees NATO extends to these states will depend on the demonstrated capacity of the United States and the other allies to fulfill them. It is worth noting, however, that stability in Europe is in the fundamental interest of the United States, whether endangered or threatened states are members of NATO or not. U.S. leadership brought about the Dayton Accords, and U.S. military power, in tandem with that of its NATO Allies and other European states, is helping implement them because of a shared interest in bringing peace to the Balkans and preventing the spread of conflict to other parts of Europe.
- NATO enlargement will ultimately enhance Russia's security by fostering democratic reform and stability in Central and Eastern Europe. Even so, a substantial portion of Russia's leaders oppose enlargement, based on a (mis)perception that it will be detrimental to Russia's security and position in Europe. The United States and its Allies are committed to forging a long-term strategic partnership with a democratic Russia and to providing ways for Russia to be a full and constructive participant in Europe's new security system. These issues are discussed in more detail in a later section of this report.

- Some observers argue that Central and East European states not immediately admitted to NATO will suffer a sense of isolation and vulnerability, which might undermine democratic reforms and pro-Western sentiment. A later section of this report analyzes this question as well. NATO, however, has committed itself to an open-door policy, is enhancing cooperation with all the new democracies through the Partnership for Peace and is developing the Atlantic Partnership Council to ensure that enlargement also enhances security for those not initially admitted. The vast majority of states in the region favor enlargement and see it as contributing to their overall security. This sentiment is shared by some states that believe they may not be early new members of NATO and states, such as Ukraine, that have not expressed an interest in membership.
- Some observers also express concern that membership in NATO will require Central and East European states to devote additional resources to their militaries at a time when their needs are primarily economic and social. While it is certainly true that new member states will be required to invest in their militaries, improve their capabilities and bear their share of Alliance responsibilities, NATO membership will also enable them to further downsize their forces without diminished security. Thus, it is highly questionable whether in the long term their resulting security costs will be higher than they would have been had NATO not expanded. Indeed, it is likely that if NATO did not enlarge, there would be more instability in Central and Eastern Europe and thus higher security costs for states in the region and ultimately the United States.
- NATO makes its decisions by consensus among its members. Some observers have suggested that increasing the Alliance beyond its current 16 members will make it harder to reach internal consensus and make timely and coherent decisions. While it is true that consensus building could require more effort, this activity should be viewed in its proper context. Nations within NATO that have differences of view have both a proven forum and an incentive to resolve problems, whereas bilateral European disputes can linger for many years.

### **Putting geopolitical costs in perspective**

While these real and potential costs of enlargement are significant, they must also be balanced against the costs of not enlarging. If the West failed to seize this historic opportunity to help integrate, consolidate and stabilize Central and Eastern Europe, it might pay a much higher price later. If NATO were not to enlarge and instability or conflict were to arise in the region, the consequences for the United States and its allies would be far-reaching. The future of this region is central to Europe's stability as a whole and thus to a vital U.S. interest. The most efficient and cost-effective way to guarantee that stability is to do so collectively with our European partners through NATO.

Alliances save money. Collective defense is more cost effective than national defense. NATO will allow the new democracies of Central and Eastern Europe to acquire the same degree of

security that their West European neighbors already enjoy and to do so at a lower cost than would otherwise be the case.

There would be costs as well to slowing the pace of enlargement. By 1999, a full decade will already have passed since the fall of the Berlin Wall. If enlargement were to be delayed beyond that date -- a date to which the President and NATO have already committed -- there would be a real risk that Central and East European states might begin to question the resolve of the West and to embark on less cooperative and constructive national security strategies. Moreover, by acceding to voices of Russian nationalism who oppose NATO enlargement, the United States and NATO may legitimize those voices and give them more sway over future Russian policy.

Even higher costs would flow from a decision not to enlarge NATO at all. Such an action would send the message to the Central and East Europeans that their future does not lie with NATO and the West. It would falsely revalidate the old and now-arbitrary divisions of the Cold War at a time when Western policy is committed to overcome them. The resulting sense of isolation and vulnerability would be destabilizing to the region. It would also send a message of inconstant and unreliable leadership on the part of the United States and NATO given the commitments that the President and Alliance leaders have already made. Not proceeding with NATO enlargement would constitute a declaration that NATO has chosen not to address the real security challenges of a new Europe and a new era. NATO would remain stuck in the past, in danger of irrelevance and eventual dissolution. That is a cost we and our allies cannot afford.

## **NATO Enlargement's Military Implications and Financial Costs**

This section addresses questions about the impact enlargement will have on the Alliance's military strategy, force structure and financial costs. It explains that the new military doctrine NATO adopted in 1991 -- which replaces the Cold War preparation of a positional defense against an identified enemy with a doctrine of ability to respond rapidly and flexibly by reinforcing areas where forces are needed -- will apply equally to an alliance with new members. It summarizes DOD analysis of the actions that new members, current European members, the United States and NATO commonly-funded programs will need to take to bring NATO's capabilities in line with the requirements of enlargement, and gives estimates for the likely costs of those actions.

It estimates that the total costs of NATO enlargement for a first group of new members -- costs to the United States, current members and new members combined -- will be on average about \$2.1 to \$2.7 billion per year, for a total of \$27-35 billion. These figures combine costs that are truly incremental, i.e., would be incurred only through NATO adding new members, and other costs also relevant to enlargement, e.g., measures to improve the modernization and restructuring of Central European militaries, that will take place without respect to enlargement. These costs will occur between 1997 (two years before accession) through 2009 (the first ten years after accession). This section estimates that the U.S. share of these overall costs will average \$150-200 million per year for the first ten years after accession, plus perhaps some share of the costs of enhancing NATO's reinforcement capabilities and the military capabilities of new members states. These costs would, of course, increase if there were a dramatic increase in the threat or a decision by the United States to bear a larger share of the costs than would otherwise fall on our current allies or the new members.

### **Enlargement's Implications for NATO Strategy and Forces**

Any assessment of the costs of NATO enlargement will depend upon decisions NATO must make as to how the Alliance underwrites its Article V commitment. This in turn depends on the international security environment within which NATO will have to make planning decisions, including arms control agreements and other security arrangements. The CFE Treaty on conventional forces and any adaptations to that Treaty regime will have an impact on these issues. The more demanding NATO's defense goals, the greater the defense enhancement measures required and the greater the costs incurred. All that said, it is possible to outline in general terms how NATO expects to deal militarily with new members under foreseeable circumstances.

New members will be joining a different Alliance from the one that existed during the Cold War. While NATO will retain its core collective defense obligations and capabilities, it also has embraced new missions and reoriented its strategic concept and military strategy in order to meet Europe's new challenges and reshaped threats. The Alliance's adoption of a New Strategic Concept in 1991 was an important step in adapting NATO to the post-Cold War era. It moved

beyond the Cold War NATO stress on positioned forward defense to place a new emphasis on the development of multinational force projection, supported from extended lines of communication and relying on deployable and flexible logistics support capabilities for crisis management operations. Since then NATO has taken steps to put these ideas into practice. It has led the military mission in the former Yugoslavia, it embraced the CJTF concept to facilitate preparations for future crisis management missions, and members have begun to implement enhanced capabilities for operations under this doctrine.

The existing NATO strategic concept and military strategy, as well as the NATO enlargement study, provide both the overall framework and the direction the Alliance has declared it expects to follow in carrying out Article V commitments to new members. The Alliance's current strategic concept makes it clear that NATO remains a collective defense alliance. It must be capable of carrying out Article V guarantees to all members, reacting to crises that occur in and around Europe that threaten common interests and values, as well as pursuing defense cooperation with nonmembers. The concept emphasizes the importance of deployable forces to reinforce threatened areas, not large forward deployments of forces in peacetime. The Alliance is currently completing a long-term study which will recommend a new command structure for both Article V and non-Article V missions. Thus, this discussion of post-enlargement NATO strategy reflects U.S. views, not current official NATO policy.

The NATO enlargement study of 1995 underscores that new members will share both the benefits and the obligations of membership. The study notes the need for an adequate conventional posture and states that all NATO members must be prepared in principle to host the forces of other allied members, but it does not foresee a need in the existing strategic environment to station large NATO forces on the territory of new members. Instead, it envisions an effort to make the military force postures of new members capable of operating with NATO forces, supplemented by the capability of current members to provide appropriate NATO reinforcements in a crisis, based on the existing strategic concept. It points to measures in areas such as command structures, communications, compatibility and interoperability, training and exercises, modernization, as well as the upgrading of reinforcement reception capabilities as priority defense enhancement measures.

NATO enlargement will take place in a European security environment in which there is no current threat of large-scale conventional aggression and where any such threat would take years to develop. The defense posture associated with enlargement, therefore, will be oriented to providing security in that environment and reassurance to new members, as is currently enjoyed by current members, while involving new members in the Alliance's new missions. It will not require the creation of new forces or the permanent deployment of forces on the territory of new members. Instead, it will apply NATO's already existing concept of regional reinforcement to new areas in Europe and emphasize the capability of new members' forces to operate with and be reinforced by NATO units. The new requirements generated by enlargement can be built in phases and over time through long-term defense programs so as to constitute an affordable burden on Alliance members, while meeting defense needs.

Accordingly, it is important to differentiate between high-priority capabilities that must be assembled first in order that NATO can effectively assume an Article V commitment and those capabilities that can be assembled over a longer period of time. In order to assess the likely costs of enlargement, the Department of Defense (DoD) developed two benchmarks of capability likely to be required for Alliance defense planning.

- **Initial capability.** The first high-priority benchmark that the Alliance must achieve is an "initial capability" to conduct Article V missions with respect to new members. This level will require improved interoperability and some enhanced capacities on the part of new member states and is expected to be achieved about two years after the current planned accession date of 1999. DoD assesses that the Article V threat to these countries is sufficiently remote during the first two years immediately following accession that the risks remaining until attainment of these limited capabilities are acceptable. Efforts during this period will focus on relatively low-cost, high-payoff enhancements in interoperability to rapidly improve the ability of the forces of new members to contribute effectively to their own defense. The costs for this early phase will be partly paid out of NATO common budgets, with the balance being funded by the new members themselves.
- **Mature capability.** This more ambitious build-up in capability will be undertaken largely in the period between accession and 2009. New members will continue to improve interoperability and undertake other enlargement enhancements during this phase, using a combination of national and common NATO funding. During this phase, new members will replace aging equipment stocks, and it is expected that they will continue to downsize, restructure and modernize their forces, while increasing their capacity to operate with other NATO forces in their own countries and elsewhere. During the same time period, current member states will continue to modernize their forces and make them more deployable and sustainable both for collective defense and non-Article V operations.

The creation of this mature capability will produce significant benefits for current and new members, including the United States, even in the absence of any increase in the external threat. When completed, the improvements will ensure that new allies are fully integrated and can contribute to the full range of Alliance missions. The improved reinforcement capabilities of European NATO allies will result in improved burdensharing arrangements for the United States for this as well as other missions. By enhancing NATO's overall collective defense capability, development of the mature capability will allow new members to further downsize and modernize their forces. Finally, it will create a more solid foundation for further enlargement in the future.

Enlargement will occur in the context of NATO's ongoing strategic adaptation and defense posture transformation. Current members are already embarked on programs to enhance reinforcement and force-projection capabilities for crisis management, peacekeeping and other potential new missions. Candidate members are already modernizing their forces in the direction of Alliance expectations. The likely new members of NATO will enter the Alliance with some capacity to support the arrival of reinforcements from NATO, while fielding an adequate initial

self-defense capability. Most have adequate and in some cases rapidly improving civil and military infrastructure -- much of it left over from Warsaw Pact days -- to support reception of sizable reinforcements from NATO. As current and new members enhance their deployable combat and combat support capabilities, it will add to the Alliance's capability for non-Article V missions. In the near term, new members may contribute toward alleviating existing NATO shortfalls in a number of functional areas, including civil affairs support, military police operations, tactical ground transportation support, medical support, chemical detection capabilities, combat services support, search and rescue and logistics support.

In order to attain a greater degree of interoperability, new members will need to focus on a number of priorities, including such steps as:

- Training and exercises to learn and practice NATO operational concepts and procedures.
- Developing the ability to operate within NATO's command, control, communications and intelligence networks.
- Identifying and upgrading available facilities and organizations for receiving and supporting NATO reinforcements in event of crisis or aggression.
- Entering NATO's integrated air defense system, including interoperable air traffic control and Identification Friend or Foe (IFF) capabilities.
- Fielding adequate combat and logistics support capabilities that are mobile and, to some extent, deployable.

As noted, current NATO allies are already creating some of the kinds of improved reinforcement and projection capabilities that enlargement may require in the context of NATO's overall adaptation. For example, programs are underway to modernize national forces and develop improved support forces for the **ACE Rapid Reaction Corps (ARRC)**. Thus, a key challenge posed by enlargement will be for members to ensure that their forces are interoperable and, in some cases, upgraded so that they can perform new missions within the post-Cold War strategy NATO has already begun to fashion. Given the current security environment, this process -- which has already begun -- can be pursued gradually over a period of years.

The answers to detailed questions regarding changes in NATO force structure and capabilities will need to await the Alliance's decisions on which countries to invite as new members. For example, until the Alliance makes such a decision, it is not possible to decide what new headquarters locations and facilities will be necessary.

NATO has agreed, and has informed Russia, that while new members will be expected to support the concept of deterrence and the essential role nuclear weapons play in Alliance strategy, enlarging the Alliance will not require a change in NATO's current nuclear posture. For this reason, the Alliance has stated that it has no intention, no plan and no reason to deploy nuclear

weapons on the territory of new members; nor does it foresee any future need to do so. Therefore, DoD does not expect enlargement to produce any additional costs associated with nuclear forces.

### DoD Approach to Cost Estimates

Specific cost estimates for NATO enlargement are highly dependent on a host of assumptions, the most important of which are: the specific new members admitted; the nature of the projected threat environment; the strategy that NATO adopts to carry out new Article V missions and its associated force requirements; the timeframe used for assessing cost estimates; the criteria used for allocating costs among the countries involved; and the scope of defense efforts that would take place without enlargement. Since NATO has yet to decide these issues, it would be presumptuous for the United States to attempt to speak authoritatively for the Alliance as a whole. Once decisions are made as to which countries will be invited, NATO is expected to seriously address force posture requirements. The results, though not expected to be dramatically different than the assumptions used here, will nevertheless be available before ratification.

Nonetheless, some basic assumptions can be made to form the basis for estimates of enlargement costs. These include:

- Realistic threat estimates show that any direct conventional threat to new members is unlikely for the foreseeable future and would take many years to develop, if at all.
- Absent the development of a significant threat, NATO will rely on reinforcement capabilities, not permanently stationed forces, as the basis for Article V defense for new members.
- This creates a corresponding requirement for new members to be able to operate with NATO forces and for current NATO allies to be able to provide and support such reinforcements.

Against this backdrop, DoD developed a framework for analyzing the anticipated defense measures and associated costs. These cost estimates focus on the incremental costs of enlargement, not the total cost of defense improvements that the United States, current NATO allies and potential new members would undertake whether or not NATO enlarges. That framework identifies three categories of force structure adjustments and capability enhancements, some of which are already underway:

- **New members' military restructuring.** New members will gradually have to improve their forces so that they can enhance their self-defense capabilities. For example, several prospective members plan to upgrade, or are already upgrading, selected elements of their ground forces and air defense capabilities. Most, if not all, of these costs would be incurred by the potential new members whether or not they become NATO members.
- **NATO regional reinforcement capabilities.** Current members are already pledged to increase their reinforcement capabilities to support NATO's 1991 Strategic Concept. They will have added reason to do so in order to carry out new missions in Central and Eastern Europe. These missions include peacetime training and exercises, providing reassurance to

new members as well as responding to potential crises. Most current NATO members are beginning to address shortfalls in their deployable support capabilities. The United States already has the capability, unmatched anywhere in the world, for such operations.

- **Direct Enlargement Measures.** Both current and new members will have to take steps to ensure that their forces are interoperable, i.e., capable of combined operations to carry out NATO missions. They will also need to create certain peacetime facilities and capabilities, ranging from headquarters in new member states which might include NATO headquarters elements and integrated air defense surveillance systems. For example, in order to enhance interoperability, there would be a need for upgrades to potential new NATO members' C3 systems to enable them to communicate with current NATO members' forces as well as the construction of new headquarters elements and reinforcement reception capabilities on new members' territory. These are steps that would not likely be undertaken if NATO were not enlarging.

Any effort to determine the incremental costs of enlargement must take into account that measures in the first two categories would, for the most part, need to be pursued independent of enlargement. The countries aspiring to NATO membership face the task of reforming and modernizing their defense postures in any case. While NATO membership will challenge them to take additional steps to reform and modernize their militaries, it will also allow them to refocus their priorities, possibly reduce their overall force size and reprogram to create room for new investments. Similarly, current NATO members are already in the process of restructuring their forces to become more mobile and deployable as part of NATO's overall adaptation and the requirements of new missions.

### Overall Costs

Against this background, DoD has estimated what a notional, initial round of NATO enlargement could cost and what portion of those costs might be for the United States, other current members and new members. *The following analysis should therefore be seen as purely illustrative and designed to provide an approximate estimate of the costs of enlargement.* DoD's estimates assumed that:

- A small group of nonspecified Central European countries would join NATO in the first tranche of enlargement.
- NATO's existing strategic concept would serve as the foundation for meeting the defense requirements that result from enlargement.
- In the existing strategic environment, there would be no need to station or permanently forward-deploy substantial NATO forces on the territories of new members. There would be regular training and other cooperation between the forces of current and new members on their territory.

- Costs for a mature collective defense capability are incurred over 13 years, from 1997 through 2009.
- Standard NATO cost-sharing rules would be applied for new defense arrangements -- i.e., individual NATO nations pay for the maintenance and modernization of their own national forces while costs for infrastructure are shared where they qualify for common funding.
- Some portion of the estimated costs (including the direct enlargement costs) have already been or are currently being incurred. For example, military officers from potential new members are already receiving English language training, and programs are underway in several potential new member countries to acquire NATO-interoperable air traffic control capabilities.

Based on these assumptions, DoD estimates that the total costs associated with enlargement from 1997-2009 will be about \$2.1 to \$2.7 billion per year, or a total of about \$27 to \$35 billion, divided among the three categories described above as follows:

- **“New member costs for military restructuring”**: about \$800 million-\$1 billion per year, or a total of \$10-13 billion from 1997-2009.
- **“NATO regional reinforcement capabilities”**: about \$600-800 million per year, or a total \$8-10 billion from 1997-2009.
- **“Direct enlargement costs”**: average \$700 to \$900 million per year, or a total of \$9-12 billion from 1997-2009.

**New member costs for military restructuring.** Costs associated with restructuring of new members' militaries, sufficient to achieve a mature capability, were estimated based on such enhancements as:

- Ground force modernization for a portion of the projected force, including standardized artillery, armor upgrades, refurbished ammunition storage facilities and stocks and deployable support enhancements.
- Air force modernization, including new procurement of one squadron of refurbished Western combat aircraft per new member and modernized ammunition facilities and stocks.
- Surface-to-air missile procurement, commensurate with the strategic environment of each country.
- Individual and unit training.

Such new member costs for restructuring and modernization were estimated to total between \$800 million and \$1 billion per year for the group, or \$10-13 billion over the thirteen-year period

between 1997 and 2009. *These are not additional costs exclusively caused by NATO membership; as noted above, many of these states are already embarking on elements of these programs.* Some of these efforts have been modestly supported by U.S. assistance programs, as outlined at the end of this section of the report. Whether any such costs would be borne by the United States in the future would depend on decisions by the U.S. Congress and Executive Branch. No commitment has been made on such questions. On the contrary, the United States has stressed that the bulk of the cost of modernizing new members' forces will need to be borne by the new members themselves.

**NATO regional reinforcement capabilities of current members.** Current NATO members would incur certain costs in order to reinforce new members' own defenses in case of external threat, although such a threat is considered unlikely. Among these would be costs to correct key shortfalls in deployability, logistics and sustainment for a typical reinforcement package for new members. For purposes of this study, a notional force of four divisions and six NATO fighter wings was used. (Operating under the command of the ARRC, a somewhat smaller version of such a package assisted in implementing the Dayton Peace Accords in Bosnia in 1996.) There is no expectation that such reinforcement would be necessary.

The costs for developing the mature level of these capabilities are estimated to total between \$600 to \$800 million per year, or \$8 to \$10 billion over the thirteen-year period. Because U.S. forces involved in this package already meet deployability standards, it is not expected that the U.S. would bear a significant part of these costs.

**Direct enlargement costs.** Costs directly and exclusively tied to enlargement, as described above, would fall into two categories: steps taken in the years directly prior to and after accession in order to achieve "initial capability" by 2001; and steps taken in order to achieve "mature capability" by 2009.

Direct enlargement enhancements required to attain "initial capability" include such steps as: enhancements in command/C3I and reinforcement reception facilities, air command and control and logistics. The command/C3I upgrades are for refurbishment/renovation of new members' existing headquarters facilities to accommodate a NATO command and control element, including the necessary intelligence and communications equipment. These upgrades also include education in NATO languages and procedures for officers in higher headquarters. Reinforcement reception improvements include air command and control (C2), logistics and other improvements. Air C2 enhancements are for new members' acquisition of interoperable air traffic control capabilities (one Air Sovereignty Operations Center, or ASOC, in each new member country) as well as interoperable aircraft avionics (e.g., IFF transponders). Interoperable logistics enhancements include new members' acquisition of interoperable fuel facilities and other support equipment at reception sites as well as the development of host-nation support planning and procedures for arranging routine logistics support.

Direct enlargement enhancements required to attain "mature capability" are in three categories. First, additional command/C3I improvements require extension of the communications interfaces to all new member forces and include additional language training for new member forces

beyond those in higher headquarters. Second, in the area of reinforcement reception, a weapons engagement capability would be added to each ASOC for effective air defense. Third, upgrades for a mature capability include improvements to new members' airfields, road and rail links, ports and staging areas to accommodate NATO reinforcements, and enhanced fuel storage and distribution capabilities. Finally, exercise enhancements include upgrades to existing exercise facilities in new member countries to ensure compatibility with NATO training needs and to meet NATO safety standards and transportation and operating costs for incremental combined exercises tied specifically to enlargement.

DoD assumed that countries will pay for their own direct enlargement enhancements unless there is evidence of likely assistance from other sources (e.g., the United States will pay the construction costs for ASOCs under the Regional Airspace Initiative), or where an enhancement would likely qualify for common funding (e.g., improvements to reception facilities). Under these criteria, DoD estimates that about 40 percent of direct enlargement enhancements could be nationally funded and 60 percent could be common-funded. This means that new members pay for approximately 35 percent (approximately \$3.0 to \$4.5 billion total through 2009, or about \$230 to \$350 million per year) of direct enlargement enhancements; current (non-U.S.) members pay about 50 percent (approximately \$4.5 to \$5.5 billion over the period, or approximately \$350 to \$425 million per year); and the United States pays its 24 percent share of the common funded enhancements (about 15 percent of the direct enlargement bill, or approximately \$1.5 to \$2.0 billion over the 2000-2009 timeframe), averaging between \$150 to \$200 million per year.

Because common funding of direct enlargement enhancements is not expected to begin in earnest until after accession, the United States and its current NATO allies do not incur significant direct enlargement costs until 2000. As a result, U.S. average annual costs are calculated over the ten-year period 2000-2009, while overall non-U.S. NATO and new member costs are incurred over the thirteen-year period, 1997-2009.

In addition to the costs described above, the United States may continue to fund programs that support relations with Central and East European nations and promote NATO enlargement, such as the Partnership for Peace program and joint NATO exercises. Funding for each of these programs is assumed in the long-range plans of the Departments of Defense and State. Given their continuing nature and focus on promoting relations between the U.S., other NATO, and non-NATO nations, funding levels for these programs are not directly related to changes in NATO membership and should not be considered as costs for NATO enlargement.

Finally, the estimates of U.S. costs of NATO enlargement will vary significantly if one or more of the assumptions used to develop these estimates prove optimistic or incorrect. For example, should the number of nations admitted in the first tranche of enlargement change or economic hardships prevent a newly-admitted nation from meeting NATO common funding requirements, the cost to the U.S. could decrease or increase accordingly.

**Higher-threat capability.** A fundamentally different -- and far more demanding -- set of requirements would be needed if trends developed in such a way as to renew a direct territorial threat to NATO members. In such a situation, the United States and its allies would need to

reassess the security environment and respond accordingly. Because such a threat is hypothetical, it is not possible to estimate the costs reliably. But there can be no question that the cost of responding to such a threat would be substantial. Just ten years ago, for example, the United States and most of its Allies were spending nearly twice as much of GDP on defense as today. In such a circumstance, the added manpower, military capability, political support and strategic depth afforded by NATO enlargement would amply justify whatever additional cost there were in having additional members in the Alliance. Such a threat does not exist nor is there an expectation that it will reemerge. Moreover, the United States and its allies would have considerable warning and preparation time in the very unlikely event that such a dramatic change in the European security environment were to occur.

**Summary.** DoD, consistent with all intelligence projections, assumes that such a threat-based level of capability will not be necessary for the foreseeable future. A reasonable estimate of the associated costs of NATO enlargement therefore must be premised on the creation of the "mature capability" described above. DoD estimates that the total cost of creating this mature defense capability for an initial tranche of new NATO members to be \$27-35 billion, up through the year 2009. Of this, the United States might be expected to pay: at least \$1.5 to 2.0 billion for direct enlargement costs (or \$150 to \$200 million per year over ten years); and an undetermined portion of the cost of restructuring the militaries of new members, contingent on decisions by NATO, new member states and the United States Congress.

These costs are affordable. The U.S. costs will likely total less than one-tenth of one percent of the U.S. defense budget over this period. While Western defense budgets have declined since the end of the Cold War, NATO's current European members alone spend nearly \$180 billion annually, and their share of these costs would be expected to account for less than one percent of their defense budgets. The countries of Central and East Europe are far less affluent than Western Europe, but they, too, are projected to spend around \$80 billion on defense in the decade ahead. They will acquire greater financial flexibility to fund the necessary defense programs that will accompany their admission to NATO membership as their economies successfully reform and grow. A moderate defense preparedness program over a multiyear period is affordable. The issue is not whether but how NATO and new members can best use available resources to get the job done. This will require careful defense planning, a reordering of priorities and long-term defense programs that build capabilities over time. Such challenges are nothing new to NATO nor does the scope of this challenge exceed previous tests that NATO has successfully met.

#### **NATO and U.S. military expenditures requested by prospective members**

Another useful context for considering the financial costs of NATO enlargement involves the assistance already provided or requested by prospective NATO members. To date, the United States has provided roughly \$200 million through various programs to help assist Central and East European states to modernize their militaries and prepare them for possible NATO membership since FY 95.

Central and East European states began requesting military assistance almost immediately after the end of the Cold War. In the initial post-Cold War years, there was no U.S. policy or foreign

military financing program that would enable such assistance. Later, as NATO began considering enlargement, some prospective members began to request assistance in acquiring major equipment items, such as U.S. combat aircraft, which they felt would not only improve their military capability but demonstrate their suitability for membership. The United States and NATO discouraged most of these requests and counseled that membership would depend more on political, military and economic reforms than military acquisitions and that efforts to improve interoperability should be focused more on low end elements, such as language training and communications compatibility than on aircraft and other major systems.

In January 1994, NATO established the Partnership for Peace program to encourage closer cooperation between non-NATO states and NATO. In July 1994, President Clinton announced the Warsaw Initiative, a new program to provide bilateral assistance to PFP Partners. In FY 96, this program included \$40 million in DoD O&M funds as well as \$60 million in Foreign Military Financing (FMF) grants. In FY 97, the Administration requested funding for the Warsaw Initiative of about \$49 million in DoD O&M funds and \$70 million in FMF grants.

The Warsaw Initiative has helped jump-start partner participation in PFP and has enabled partners to attend over 50 PFP and U.S. bilateral "in the spirit of PFP" exercises and other events, as well as to acquire tactical radios, computers, small unit equipment, and English language training. The program has also facilitated an exchange of information between DoD and the foreign militaries and ministries of defense on the workings of civil-military relations within democratic governments such as those found within NATO. Among the elements of the direct U.S. aid to Central and East European militaries are:

- **Regional Airspace Initiative (RAI).** RAI is designed to develop civilian and military airspace regimes fully compatible and interoperable with West European civilian airspace organizations. Most of Central and Eastern Europe has now completed design of these systems, and most have committed their own funds in order to implement these systems -- commitments leveraged in part by a U.S. offer to provide FMF funds for construction of Air Sovereignty Operations Centers. An RAI regime for the Baltic states is being developed as well for FY 98, and similar efforts are being explored for other new democracies in the region.
- **Excess Defense Articles (EDA) Transport.** Under new authority provided by Congress, DoD can now pay for the transportation of excess U.S. defense articles to partner countries. In FY 96, EDA equipment to partner countries included uniforms, boots, light vehicles and communications equipment.
- **Partnership Information Management Study (PIMS).** This PFP computer network, using off-the-shelf hardware and software, will help link partner capitals with U.S. facilities and the Partnership Coordination Cell in Mons.
- **Defense Resource Management System (DRMS).** DRMS is a country-specific exchange that enables DoD to assist partner states in acquiring the capability to accurately cost various

aspects of their defense programs to provide a basis for rational planning and budgeting of their defense efforts.

- **Defense Planning Exchange (DPE).** DoD has developed this program to host working-level Central and East European military and civilian officials for detailed exchanges in order to familiarize them with how the United States builds a strategy-based, balanced defense program. This effort has helped these officials address difficult defense planning and modernization decisions.

Two other efforts, while not part of the Warsaw Initiative, indirectly assist partner participation in PFP and help them prepare for NATO membership. The first is the International Military Education and Training (IMET) program which provides grant funding for professional military education in the United States as well as education for civilian defense personnel on issues concerning civil-military relations. Funding for this effort for FY 97 is \$14.7 million. The second program is the Marshall Center, which annually hosts courses for defense experts from Central and Eastern Europe and post-Soviet states to help foster the development of democratic defense institutions.

## **Impact of Enlargement on Russian Policy and Relations with Russia**

The goal of a peaceful, undivided and democratic Europe depends on the active and constructive participation of a democratizing Russia, Europe's largest state and one of its great powers. The United States and its allies thus have undertaken a variety of measures in recent years to create a coherent and constructive relationship with Russia. As part of this effort, the United States has supported Russia's democratic and market reforms, and has promoted its integration into international fora and institutions, such as the Organization for Economic Cooperation and Development and the G-7/Eight process. In parallel with NATO enlargement, the United States and the Alliance seek to create a permanent partnership with Russia, as an essential and complementary element of new European security structures.

This is a challenge; we recognize that Russia will not endorse NATO enlargement. Thus far, Moscow has pursued a two-track policy. On the one hand, the Russian government and political elite continue to voice opposition to enlargement. On the other hand, President Yeltsin, Foreign Minister Primakov and other senior Russian officials are now engaging in an intensive dialogue with the U.S., other key allies and NATO about the enlargement process and prospects for developing the NATO-Russia relationship.

**Russian Perceptions of NATO.** Statements of opposition to NATO enlargement have ranged from concern about the threat to Russia's security and Russia's place in Europe to suggestions that enlargement would harm reform or lead to internal political instability in Russia. Some have suggested that if NATO enlarges, Russia should respond by taking steps such as increasing defense spending, refusing to ratify START II and abrogating the CFE and INF treaties, pursuing reunification with Belarus, building a counter-alliance to oppose NATO and redeploying Russian forces and tactical nuclear weapons to areas along the border with Poland, particularly if NATO stationed nuclear weapons or multinational forces on the territory of new members. While the Russian government has not in fact decided on any of these measures, these statements convey the sense of concern among many of Russia's elite.

We have stressed to Russian officials and opinion makers alike that it is not in Russia's interest to take an antagonistic approach to the issue -- enlargement need not be a zero-sum game for Russia.

There has been some resonance of late for this view among Russians. Some acknowledge that enlargement poses no military threat to Russia and that Russia's primary challenge is to accelerate its own internal transformation. Some of these leaders suggest that the enlargement debate in Russia is driven primarily by domestic politics. Additionally, there is little evidence that opposition to enlargement is fueled by pressure from the Russian public at large. Reliable public opinion surveys indicate that average Russians remain relatively indifferent to the question of NATO enlargement and are focused on pressing socio-economic matters at home. There are no signs that NATO enlargement was a factor for voters in recent Russian elections.

**NATO's Evolution.** The United States and its Allies have undertaken a range of concrete actions in recent years that demonstrate NATO's commitment to adapt the alliance in light of the new security environment in Europe. These include: the reduction of U.S. troops in Europe from 320,000 to about 100,000; cuts in the forces of other allies; reductions by 90 percent of NATO's nuclear weapons; reductions in Western military equipment in Europe that already go well below the levels stipulated by the CFE treaty; and a willingness to negotiate adaptations to the CFE Treaty that would set reciprocal limits that prevent destabilizing concentrations of forces in Central and Eastern Europe. NATO has also declared that membership is not automatically ruled out for any emerging democracy in the region that meets the conditions the Alliance has laid out, such as in Article X of the North Atlantic Treaty. These visible steps reinforce the message of the United States and others that NATO enlargement is meant neither to threaten nor to isolate Russia.

**NATO-Russia Partnership.** The success of NATO-Russia cooperation in the IFOR and SFOR missions in Bosnia foreshadows the ongoing contribution that U.S.-Russian and NATO-Russian cooperation can make to European security. A more structured and formalized NATO-Russia partnership would ensure that this model forms the basis for how NATO and Russia respond to future European crises and security challenges. A NATO-Russia relationship that allows both parties to consult fully and, where possible, act jointly, would supplement -- not replace -- the array of practical diplomatic and military tools available to the United States to advance its interests in Europe and Eurasia.

The United States and NATO want to build a dynamic NATO-Russia relationship, one that makes Russia a partner of the Alliance in building a more stable and secure Europe. We are prepared to formalize this relationship through a NATO-Russia charter; to create a permanent mechanism for consultation and, where possible, joint decision-making and action; to adapt the CFE Treaty to Europe's new security situation and, in the process, address some Russian concerns about the military implications of enlargement; and to take other steps to make clear the changed nature of NATO. The Alliance is offering Russia a potentially unprecedented relationship, one that would recognize that Russia is grappling with many of the same security challenges that face the rest of Europe. Close collaboration between NATO and Russia would help lock in the patterns of trust, practical cooperation and transparency that accompanied the end of the Cold War. Developing a broad NATO-Russia relationship would also help Russia consolidate its arduous transition to democracy and free markets.

## **Impact of Enlargement on States Not Among the First Admitted**

The purpose of NATO enlargement is to enhance stability in Europe as a whole, not just one part of the continent. Article X of the Washington Treaty states that Allies may invite other European states to accede who are able to further the principles of the Alliance and contribute to the security of the North Atlantic area. The President and other heads of state among our NATO allies pledged that NATO's opening to new members will not be a one-time event. NATO has admitted new members in the past and will do so again. Currently, eleven states in Central and Eastern Europe have expressed their desire to join the Alliance and are engaged in a dialogue with NATO about their aspirations. (The new Bulgarian government has recently announced its intention to seek NATO membership.)

The Alliance's commitment to invite one or more aspirants to start accession talks at the July 1997 Madrid Summit should be understood as a further step, not the endpoint, in NATO's evolution and enlargement. We seek to ensure that NATO enlargement remain an open process, as it has been for the decades since NATO was founded, and that none of Europe's emerging democracies feels itself consigned to a "gray zone" lacking security ties to the Euro-Atlantic community. When the first new members pass through NATO's door in 1999, that door must and will remain open for those states that demonstrate that they are willing and able to shoulder the responsibilities of membership. As President Clinton has said, "the first shall not be the last." Each candidate will be considered on a case-by-case basis. NATO membership is potentially open to all of Europe's democracies that share the Alliance's values and are ready to meet the obligations of membership. No non-NATO country will have a veto. To this end, the United States had advocated that NATO be prepared at the Madrid Summit to put in place measures that would facilitate a continuing dialogue between NATO and those states seeking membership.

The NATO enlargement process has already led, through self-selection, to different groupings of states. Some partners have expressed no interest in joining the Alliance, either at any time or at the moment. Others have declared their aspiration to join but are not realistic, near-term candidates. Still others have made significant progress toward demonstrating their willingness and ability to shoulder the responsibilities of membership but have not yet achieved everything required to create a consensus among existing members that would lead to an early invitation for accession. A growing number of Central and East European leaders recognize that their states can benefit from enlargement even if they are not included in a first round; that NATO enlargement will in fact enhance security throughout Europe, including current members, new members and nonmembers.

The enlargement of NATO and other European and Euro-Atlantic institutions will naturally begin with the strongest candidates for membership. If it did not start with them, it would not start at all. Those who are first have an obligation to ensure their membership keeps the door open for others. For those aspirants not yet ready or able to shoulder the obligations of

membership, our continuing goal is to help create the conditions under which they will be ready. The United States is committed, through efforts involving bilateral action, NATO and other European institutions, to assure such states that they are also part of the new Euro-Atlantic community. All of Europe's democracies, whether they join NATO sooner, later or not at all, deserve a full opportunity to shape Europe's future.

NATO has undertaken a number of recent initiatives that provide multiple opportunities for close consultations, cooperation and joint action with non-NATO members even as enlargement proceeds. The Partnership for Peace, created at the 1994 Brussels Summit, has been extraordinarily successful in bringing Europe's non-NATO democracies into a closer relationship with the Alliance. The fruits of NATO's efforts through PFP are evident in the participation of thirteen partners in the Alliance's successful cooperative endeavors in the peacekeeping forces in the former Yugoslavia. PFP has already become a permanent feature of Europe's new security landscape. However, the United States and its NATO allies recognize that PFP must be enhanced further, not as a substitute for enlargement, but as an integral part of the process of bringing all of Europe's democracies together.

For this reason, in December 1996, the North Atlantic Council approved the development of a comprehensive package of PFP enhancements to strengthen and expand Alliance-Partner cooperation. This enhanced PFP program will represent a major step in the integration of Partners into the day-to-day work of NATO. Enhanced PFP will move Partners from the periphery of the Alliance to a seat inside, with opportunities to contribute to the dialogue not only on the development of PFP or non-Article V missions, but also interoperability. Some of the opportunities being developed at NATO include:

- A broader Planning and Review Process, which will parallel the Alliance defense planning process and better focus Alliance assistance in helping Partners develop force goals and meet interoperability objectives.
- A more robust PFP exercise program that will focus not only on strictly humanitarian exercises but also on practical combat skills of the type required in peace-enforcement operations and involvement in new NATO missions, such as counter-proliferation.
- Partner involvement in the regular peacetime work of NATO's Military Authorities at different levels of the command structure.
- Partner involvement through CJTFs in the planning and training of multinational forces for non-Article V operations, which will create improved capabilities to deploy forces together in regional contingencies.
- An increased Partner role in the planning and execution of PFP exercises and operations, including opportunities to contribute to political guidance and oversight of such operations.

At U.S. initiative, the Alliance is also preparing to launch the Atlantic Partnership Council (APC), which will be an inclusive forum bringing all political, defense and military areas of cooperation between Partners and the Alliance closer together, and giving Partners a stronger voice in their cooperative efforts with the Alliance. NATO currently is engaged with PFP and NACC partners in a process of elaborating the form and structure of the APC. It is our view that the APC will provide Partners, regardless of their relationship with NATO, the opportunities to become more deeply engaged with NATO. APC and PFP enhancements will also provide partners seeking membership in the Alliance with the type of collaborative experience that will assist them in their efforts to better prepare themselves to accept the responsibilities of NATO membership.

These steps demonstrate the Alliance's political objectives in the enlargement process and NATO's growing engagement in the region as a whole -- not just with the leading candidates for members. These measures also underscore NATO's commitment to ensuring that enlargement also contributes to the stability and security of states not among the first to be admitted.

## **Status of Prospective Member States in Central and Eastern Europe**

As the preceding sections make clear, NATO has declared that for prospective member states to join the Alliance, they must demonstrate adherence to democracy, acceptance of Alliance principles and a capability and readiness to contribute to NATO's security functions and to bear the responsibilities of Alliance membership. The Central and East European states that have expressed an interest in membership currently occupy a range with respect to these requirements. While both NATO and its individual member states will need to evaluate these factors in great depth at the point of decision about inviting new members into the Alliance, several observations are possible and useful at this point.

### **Military Preparedness and Interoperability**

Central and East European states have made varying degrees of progress in military reform and restructuring to meet the responsibilities of NATO membership. Some have had to build militaries almost from scratch and have limited capacities. Others had much larger military assets to begin with and today have significant military capacities. Currently the Polish military, for example, possesses about 90 attack helicopters, over 1700 tanks, about 1500 armored combat vehicles and over 1500 pieces of heavy artillery.

Most Central and East European states have some capacity to receive reinforcements from current NATO members in time of crisis. Many of these militaries, however, face the challenge of reforming military establishments designed, or influenced by, Warsaw Pact standards and missions. Despite constrained resources, many countries have taken significant steps toward restructuring of elements of their militaries along lines common to NATO countries, using among other things the opportunities made available through the Partnership for Peace. Interoperability in particular has been promoted through PFP programs and through the U.S. Warsaw Initiative program, which has provided about \$100 million per year since FY 96 to help these states and other partners prepare for possible membership, as well as participate in PFP.

The ability of these countries to provide adequate resources for enlargement will depend on the success of their economic reforms. Some Central and East European states already have the most difficult stage of economic transformation behind them; others are at an earlier stage of free market transformation. Through successful reforms and growing economies, Central and East European countries will be able to sustain modest growth in military budgets to help meet NATO standards for interoperability and preparedness.

One sign of progress toward preparedness and interoperability has been the NATO-led mission in Bosnia. This mission involves a major deployment of NATO forces through some Central and East European states, establishment of military facilities in Hungary and operations in Bosnia by U.S., other NATO and Partnership forces, which include Polish and Czech combat battalions, Hungarian and Romanian engineering battalions and smaller forces from Lithuania, Latvia and Estonia. This experience has been a positive one, in which participating Central and East

European partners, along with Russian forces, continue to make significant contributions, and it demonstrates that a degree of interoperability already exists.

### **Democratic and Market Development**

Most Central and East European states have made major advances since 1989 in achieving the basics of free-market democracy, civilian control of their militaries, the rule of law, human rights and parliamentary oversight, although specific levels in each of these areas vary throughout the region. Most states in the region are now democracies and have held successive free and fair national elections; almost all have seen one or more complete and peaceful changes of government. Effective democratic institutions and a practice of respect for basic human rights exist in most states in the region. As the State Department's recent report on human rights and other reports make clear, however, serious problems have been noted in some, such as Albania and Slovakia, and occasional issues surface in others (e.g., disputes in several states over the proper oversight of state-run television news broadcasting).

Free-market reforms are advanced in many Central and East European states. These reforms and their beneficial results have progressed dramatically in certain states and less so in states such as Albania and Bulgaria. Romania is preparing to accelerate free-market reforms and Bulgaria's new government has announced its intention to do so as well.

Civilian control of the military is developing in most countries of the region. Though lack of civilian expertise, parliamentary inexperience and occasional institutional resistance to civilian control from elements of the officer corps have slowed progress, civilian control is gaining ground steadily.

### **Relations among Aspirant Countries**

Relations among Central and East European states, including in particular countries aspiring to NATO membership, are generally good and in many cases excellent. A number of countries have pursued active policies of regional cooperation and sought to improve relations with neighbors. For example, as noted above, in 1996 Romania and Hungary concluded a bilateral treaty that greatly improved their ties and are actively deepening their relations through such steps as reopening consulates, conducting military exercises and extending mutual recognition of rights of national minorities. Slovakia and Hungary concluded a similar treaty with one another in 1995. Romania and Ukraine are currently engaged in discussions to pave the way for the conclusion of a bilateral treaty.

Poland developed exceptionally strong relations with most of its regional neighbors, including one-time antagonists Lithuania and Ukraine. Slovenia has improved ties with Italy and is working closely with neighboring Hungary on many issues. Albania has worked successfully to improve ties with Greece. The Former Yugoslav Republic of Macedonia, Bulgaria and Albania have maintained cooperative relations. Estonia, Latvia and Lithuania work closely together, including through creation of a Baltic Peacekeeping Battalion, and enjoy friendly relations and defense and political cooperation with other Central and East European countries.

Some issues remain. Estonia's and Latvia's relations with Russia are complex, and Estonian and Latvian efforts to improve them have not been fully successful, though it is evident that both these nations have made serious efforts and have shown substantial goodwill in seeking to improve their relations with Russia. The status of large Albanian minorities in the Kosovo region of Serbia and in the Former Yugoslav Republic of Macedonia has given rise to concern about future stability in the Balkans, and these concerns are exacerbated by economic and political tensions in Albania. Latvia and Lithuania are considering how to resolve questions about their respective maritime economic zones in the Baltic Sea. Romania has yet to conclude important treaties with Ukraine and Moldova, although there are new signs of possible progress.

### **Commitment to NATO Principles and Transatlantic Security**

Central and East European nations that seek to join NATO have all made strong declarations of their commitment to the principles and values of NATO and to the security of the NATO area. These declarations have been made by successive governments and oppositions and generally represent solid national consensus. In most cases, these declarations are matched by actions, such as sustained democratic and market reforms, efforts to improve relations with neighbors, and efforts to deepen civilian control of the military. As noted, however, problems concerning respect for democratic norms in some countries, such as Albania and Slovakia, have raised questions about the depth of their commitment to these principles.

The clear majority of countries in the region have taken steps to achieve a degree of interoperability with NATO. All of the states that have expressed an interest in joining NATO are already members of the PFP. All but two have contributed forces to the NATO-led IFOR operation in Bosnia (those two, Slovenia and FYROM, were former Yugoslavian republics themselves). Each of the eleven is engaged in NATO's Intensified Dialogues that explore, among other things, these countries' commitments to NATO principles.

## **Impact of NATO Enlargement on Other Institutions and Treaties**

No single European or Euro-Atlantic institution provides all the requirements for maintaining transatlantic security. Each makes a unique contribution: NATO, the European Union, the Partnership for Peace, the Organization for Security and Cooperation in Europe, the Western European Union, the Organization for Economic Cooperation and Development and the Council of Europe all play important roles. Each is adapting and enlarging in order to enable Europe and North America to deal effectively with a broad spectrum of political and security issues -- from the deterrence of aggression, to peacekeeping, to support for free and prosperous market democracies.

The adaptation and enlargement of the European Union and NATO are mutually supportive initiatives. They both contribute to the overall effort to erase outdated Cold War lines and to build a peaceful, undivided and democratic Europe. Each process is distinct, with decisions made by different groups of member states, following different criteria. Each will proceed according to its own requirements.

Both, however, are essential. A new, larger NATO will provide the security underpinnings for the united, democratic and market-oriented Europe that is the goal of EU enlargement. Conversely, the standards and scope of an enlarged EU will lock in democratic and market reforms and help give Europe's new democracies a fair chance to compete in a single European market. The EU has already added nine new members since its creation, with three in the last five years; and it has granted associate membership to 10 states in Central and Eastern Europe. The prospect of EU membership for Central and East European states, like the prospect of NATO membership, appears to be a strong engine for positive trends in the region. The United States thus fully supports the EU's commitment to proceed with its own enlargement in the coming years; however, the pace of that effort is not a matter on which the United States, as a nonmember, enjoys a vote. Thus, it would be unwise to delay NATO enlargement until the EU enlarges. Doing so would unnecessarily postpone measures that are worthwhile and possible today, and it would diminish America's voice in current efforts to build the security of the Euro-Atlantic region.

The United States also supports a stronger OSCE as an essential element of the new and evolving transatlantic community. OSCE principles -- respect for an open society, human rights and the rule of law -- provided the guidepost for Europe's remarkable advances over the past decade and more, and they continue to shape the community's vision for the future. As a forum in which all European states build cooperation based on consensus, OSCE, with its 54 members, will be a primary instrument for early warning, preventive diplomacy and crisis management. At the December 1996 Lisbon Summit the United States helped build on these achievements to strengthen OSCE's role, but because the methods and purposes of OSCE and NATO occupy different dimensions of security, efforts to strengthen each organization should be viewed as complementary. Neither can substitute for the other.

The 1990 Treaty on Conventional Armed Forces in Europe is a cornerstone of Europe's new security. Under the Treaty, more than 50,000 pieces of conventional military equipment have been destroyed and conventional force levels are at their lowest in decades. CFE caps equipment holdings of the major conventional armies in Europe, thus ensuring predictability about those force levels for the future. CFE limits help prevent destabilizing concentrations of forces in any one region of its area of application, from the Atlantic to the Urals. It seeks to ensure military stability throughout the CFE area -- for those states that are members of an alliance as well as those that are not.

At the December 1996 OSCE summit in Lisbon, CFE parties agreed to begin adapting the Treaty to the new geopolitical landscape. They approved a "scope and parameters" document to guide the process of adaptation, which began in January of this year.

From a legal point of view, NATO enlargement does not require any change to the Treaty. Even though the Treaty is constructed between two groups of state parties (current NATO allies and the countries of the former Warsaw Pact), these states are named individually in the Treaty and its associated documents. However, the Treaty was constructed to create an equal balance of forces between the two groups.

The end of the Cold War has created a new security environment. One of the groups that was party to the Treaty no longer exists; the other plans to accept new members. In light of these developments, NATO members have reviewed what changes to the Treaty are warranted to preserve the benefits of CFE and ensure security and stability at lower levels of forces in a changed security environment. On February 20, NATO countries put forward at the Vienna negotiations a proposal on adapting the CFE Treaty to the changes in Europe. The NATO initiative calls for replacing the Treaty's outdated bloc-to-bloc approach with new national limits on equipment. A key element of the proposal calls for lower equipment levels throughout the CFE area, and contains a specific commitment by the sixteen members of the alliance that the total of their ground equipment entitlements under an adapted Treaty will be "significantly less" than NATO is allowed under the current Treaty. Another key element of the proposal would prevent an increase in ground equipment levels in a key area of central Europe. The May 1996 Flank Agreement will be retained. Successful adaptation of the CFE Treaty will result in increased stability and security for all the states of Europe, including those not currently party to the Treaty, such as the Baltic states.