

REPORT
on
ALLIED CONTRIBUTIONS
TO THE
COMMON DEFENSE

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A Report to the United States Congress
by the Secretary of Defense

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INTRODUCTION

PURPOSE

This Report presents the Department of Defense assessment of the relative contributions toward the common defense and mutual security made by our NATO allies, our Pacific allies, (Japan and the Republic of Korea), and the countries of the Gulf Cooperation Council (GCC). Under legislative provisions dating to the Defense Authorization Act of 1981 (P.L. 96-342, Section 1006), the Department of Defense is required to compare the defense burdens borne by our allies, explain disparities, and describe efforts to eliminate such disparities. This Report addresses requirements originally set forth in the 1984 National Defense Authorization Act (P.L. 98-525), Title X, Section 1003, Defense Burdensharing, paragraphs a-d. The most recent baseline legislation addressing this reporting requirement is the FY 1997 National Defense Authorization Act, Title X, Section 1084. This Report also covers burdensharing reporting requirements set forth in the FY 2000 Department of Defense Military Construction Appropriations Act (P.L. 106-52), Section 119.

For the last four years, beginning with the FY 1997 Defense Authorization Act (P.L. 104-201), Congress has recognized that there are multiple and diverse ways in which allies may share the responsibility for achieving mutual security objectives. The Department looks forward to continuing to work with the Congress in structuring a comprehensive and balanced framework within which to evaluate allied contributions to common defense and mutual security.

ORGANIZATION OF THIS REPORT

This Report is organized into three chapters and a comprehensive data annex. The first chapter presents an executive summary describing the goals of U.S. responsibility sharing policy and providing a brief assessment of country contributions. Chapter II provides a regional perspective of U.S. security interests and highlights the contributions of key allies. Chapter III follows with detailed assessments of country efforts.

Additional information is provided in the Annex, which contains sources and notes, summarizes responsibility sharing contributions on a country-by-country basis, and provides an array of supporting statistics.

This report will also be available on the Department's web site, DefenseLINK, at http://www.defenselink.mil/pubs/allied_contrib2000.

CHAPTER I

EXECUTIVE SUMMARY

U.S. RESPONSIBILITY SHARING POLICY

A *National Security Strategy for a New Century* (December 1999) identifies a diverse set of threats to U.S. security, including regional or state-centered threats (such as regional aggressors); transnational threats (involving terrorism, international crime, drug trafficking, illicit arms trafficking, uncontrolled refugee migrations, and cyberterrorism); the spread of dangerous technologies (including weapons of mass destruction and the proliferation of non-safeguarded dual-use technologies); environmental and health threats (resource depletion, environmental damage, rapid population growth and new infectious diseases); foreign intelligence collection; failed states; and other states that tolerate or actively engage in human rights abuses, ethnic cleansing or acts of genocide that can endanger regional stability by sparking civil wars and refugee crises.

To meet these challenges, the Administration's national security strategy stresses the need for integrated approaches, specifically to *shape* the international environment in ways favorable to U.S. interests and global security, to maintain the ability to *respond* across the full spectrum of potential threats and crises, up to and including major theater war, and to *prepare* now to meet an uncertain future. A central aim of the Administration's strategy is to strengthen and adapt our security relationships – including sharing collective security responsibilities with allies and other friendly nations.

The United States requires integrated regional approaches to promote U.S. security objectives tailored to different areas of the globe. This calls for a broad range of security arrangements. U.S. alliances, particularly our security commitments in NATO, our bilateral relationships with Japan and the Republic of Korea, and our growing partnership with the nations of the Gulf Cooperation Council (GCC), are essential for the projection of American power and influence into areas where vital U.S. interests are at stake. These relationships reflect fundamental shared interests and entail close cooperation in both political and military affairs. They enhance the United States' ability to achieve its international security objectives and protect vital economic interests. Regional security arrangements enable the United States and its allies to provide the security and stability essential to democracy-building, economic progress, and the orderly resolution of international differences.

The cornerstone of effective alliance relationships is the fair and equitable sharing of mutual security responsibilities, and the proper balancing of costs and benefits. This, in turn, is the basis of U.S. responsibility sharing policy. This broader understanding acknowledges that each country's contribution includes a mix of political, military, and economic elements, and that influencing and increasing allied efforts is a long-term endeavor heavily influenced by specific historical and geographical circumstances (including economic realities). The manner in which allies contribute to shared security objectives is also defined by the very different multilateral (NATO) and bilateral (East Asia-Pacific and Southwest Asia) frameworks within which those contributions are made.

SUMMARY ASSESSMENT

This section presents the Department's assessment of country contributions under the terms originally specified in the FY 1997 Defense Authorization Act, as well as a more comprehensive evaluation consistent with previous reports.

Assessment Stipulated by the FY 1997 Defense Authorization Act

Following the framework adopted in the 1997 Report, the U.S. continues to urge its allies to increase their efforts in one or more of the following areas:

- Increase defense spending as a share of GDP by 10 percent over the previous year, or to a level commensurate with the U.S.;
- Increase military assets contributed or pledged to multinational military activities;
- Increase offsets for U.S. stationing costs to a level of 75 percent by September 30, 2000; and
- Increase foreign assistance by 10 percent over the previous year, or to a level equal to at least one percent of GDP.

Chart I-1 presents an overview assessment of contributions made in each of these categories by our NATO and Pacific allies, and our security partners in the Gulf. The assessment is based on the most recent, complete, and reliable data available: through 1999 for defense spending and multinational military activities, and through 1998 for cost sharing and foreign assistance. The chart shows that all but four of the countries addressed in this Report meet at least one of the Congressional responsibility sharing targets listed above, and nearly half the countries meet at least two of them. As for the four nations that do not meet any of the Congressional criteria, France, the Netherlands, Norway, and Portugal, it must be emphasized that they make substantial contributions in a variety of other important responsibility sharing indicators. National strengths are clearly evident, as are those areas of concern – such as continued pressure on defense budgets – where more clearly needs to be done.

- NATO Allies. Fewer than half of our NATO allies experienced real reductions in their defense budgets in 1999, and, as a group, their real defense spending remained virtually unchanged from the 1998 level. Greece and Turkey were the only NATO allies to achieve the Congressional defense spending objective in 1999. Both nations spent roughly five percent of their GDP on defense, while the United States spent just over three percent. Turkey also increased its defense spending-to-GDP ratio by over 25 percent in 1999 – far in excess of the 10 percent Congressional requirement. Canada, the Czech Republic, Germany, Greece, Hungary, Poland, Spain, Turkey and the United Kingdom achieved the multinational military activities objective in 1999. All nine nations increased their personnel contributions to UN peacekeeping operations, and Greece, Poland and Turkey also boosted their funding for UN peace missions. Furthermore, Germany increased its contributions to NATO's air Reaction Forces, while Poland and the United Kingdom contributed additional units to the ground Reaction Forces, and Greece enlarged both its air and ground Reaction Forces contingents. Six NATO allies met the Congressional foreign assistance target. Five of these: Belgium, the Czech Republic, Italy, Luxembourg, Poland and the United

Kingdom, did so by making 1998 contributions that were at least 10 percent higher than the 1997 level. The sixth, Denmark, did not substantially increase its contributions, but met the target nonetheless by spending one percent of its GDP on foreign assistance in 1998. Additionally, many NATO allies also contribute substantially to and participate extensively in shared military roles, missions, and combined operations both within and beyond NATO. For example, nearly 80 percent of troops serving in the Stabilization Force (SFOR) in Bosnia and 85 percent of the peacekeepers serving with the Kosovo Force (KFOR) are non-U.S. personnel. For further information on the evolution of NATO allies' military capabilities, refer to the classified Defense Capabilities Initiative (DCI) Report, delivered to Congress on March 7, 2000 in response to section 1039 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65).

- Pacific Allies. Japan and the Republic of Korea (ROK) both met the multinational military activities target in 1999 by increasing funding for UN peacekeeping missions over 1998 levels. And, of all the nations covered in this report, Japan was the only one that achieved the Congressional cost sharing objective in 1999 -- offsetting 76 percent of the costs for U.S. forces stationed on its territory. Finally, Japan also met the Congressional foreign assistance target by contributing almost 14 percent more foreign assistance funding in 1998 than it had in 1997.
- Gulf Cooperation Council (GCC). All six GCC nations met the Congressional defense spending objective, since the shares of GDP they spent on defense during 1999 were all greater than United States' 3.2-percent. Saudi Arabia, Kuwait, Oman, and Qatar all had shares in the 10 to 14 percent range. Moreover, the United Arab Emirates' 1999 defense spending share was over 18 percent higher than its 1998 share. The UAE was also one of two GCC nations that achieved the Congressional multinational military activities target -- the other was Qatar -- by increasing their levels of funding for UN peace operations during 1999. Two GCC nations also achieved the Congressional foreign assistance target in 1998: Saudi Arabia by making an increase of almost 23 percent in its foreign assistance funding, and Kuwait by spending just over one percent of its GDP on foreign assistance.

Chart I-1

Countries Achieving Congressional Targets*

	Defense Spending as % GDP (1999)	Multinational Military Activities (1998-99)	Cost Sharing (1998)	Foreign Assistance (1997-98)
NATO Allies				
Belgium				✓
Canada		✓		
Czech Republic		✓		✓
Denmark				✓
France				
Germany		✓		
Greece	✓	✓		
Hungary		✓		
Italy				✓
Luxembourg				✓
Netherlands				
Norway				
Poland		✓		✓
Portugal				
Spain		✓		
Turkey **	✓	✓		
United Kingdom		✓		✓
Pacific Allies				
Japan		✓	✓	✓
Republic of Korea		✓		
Gulf Cooperation Council				
Bahrain	✓			
Kuwait	✓			✓
Oman	✓			
Qatar	✓	✓		
Saudi Arabia	✓			✓
UAE	✓	✓		

*Congressional targets are as follows:

1. Increase defense spending share of GDP by 10% over the previous year, or to a level commensurate with the U.S.
2. Increase military assets contributed or pledged to multinational military activities.
3. Increase offsets for U.S. stationing costs to a level of 75% by September 30, 2000.
4. Increase foreign assistance by 10% over the previous year, or to a level equal to at least 1% of GDP.

** We are unable to assess Turkish foreign assistance efforts due to the unavailability of data for 1998.

Comprehensive Assessment of Contributions

The targets originally embodied in the FY 1997 Authorization Act are a sound basis upon which to assess nations' responsibility-sharing efforts, although the Department believes that a thorough evaluation requires a somewhat expanded approach. Because nations' efforts are subject to short-term volatility, and are influenced by the large differences that exist between the economies, demographics, and standards of living of the nations included in this Report, *year-to-year* comparisons of *absolute levels of effort* can be highly misleading. Thus, the Department has long maintained that – in contrast to the short-term, “pass/fail” perspective of the Congressional targets – assessments should acknowledge *trends* in country contributions, and be based on a country's *ability to contribute*.

Previous assessments by the Department have also addressed military personnel and standing forces as key measures of a country's contribution to shared security objectives. Finally, an assessment of U.S. efforts is included in this Report in order to place U.S. efforts in perspective relative to allied contributions.

This approach yields a more comprehensive assessment than the approach originally mandated in the FY 1997 Defense Authorization Act. That is, when countries' efforts are analyzed with respect to their ability to contribute, each nation in the Report is found to make substantial contributions in at least one (and the vast majority in at least two) of the four Congressional categories.

The results of this more comprehensive assessment are summarized on Chart I-2. There are many differences between Charts 1-1 and 1-2, but they are in complete agreement on the category of defense spending, since every nation that met the Congressional defense spending target (i.e., Greece, Turkey and the six GCC nations) also had a defense spending share substantially greater than its corresponding GDP share.

The principal difference between the two charts is that all four countries which failed to satisfy any of the Congressional objectives (France, the Netherlands, Norway and Portugal) on Chart I-1 prove to make significant contributions in the area of multinational military activities when assessed according to their ability to contribute (especially in reaction force commitments and support for UN operations). Furthermore, France, the Netherlands and Norway make substantial foreign assistance contributions, while France and Portugal contribute substantial active-duty military personnel relative to their labor force shares. Portugal also contributes substantial naval tonnage and tactical combat aircraft relative to its GDP share.

- Other NATO Allies. Denmark, Belgium and Italy did not achieve the Congressional multinational military activities target, but make substantial contributions in this category on Chart I-2 because their shares of total reaction forces substantially exceed their shares of total GDP. Luxembourg, which likewise failed to meet this Congressional target, is credited here because its share of ground combat forces available for peace operations is substantially larger than its GDP share. In relative terms, Canada and Germany donate (respectively) the fourth and fifth largest shares of funding for UN peace operations, and Canada also provides a disproportionately large share of troops for UN peace operations. Similarly, although none of the NATO nations achieved the Congressional cost sharing objective, Italy's and Luxembourg's host nation support shares substantially exceed their GDP shares. Finally, Canada and Germany receive credit here for substantial foreign

assistance contributions, even though they failed to achieve the corresponding Congressional objective, while no credit is given to the Czech Republic, Italy and Poland (which did meet the Congressional objective) since their shares of total foreign assistance are not substantially greater than their shares of total GDP.

- Pacific Allies. Japan is the only nation in this Report that meets the Congressional target for cost sharing, but the Republic of Korea (ROK) joins it in contributing host nation support shares significantly larger than their respective shares of GDP. Yet, while both nations satisfy the Congressional multinational military activities target, the ROK is not credited for contributing substantially in this category on Chart I-2 because its contributions are extremely small compared to its ability to contribute. Likewise, although Japan meets the Congressional foreign assistance objective, it does not receive credit on Chart I-2 because its share of total foreign assistance is not substantially larger than its share of total GDP.
- Gulf Cooperation Council (GCC). Bahrain and Kuwait fail to achieve the Congressional multinational military activities objective, but both are credited for noteworthy contributions on Chart I-2, since their shares of total reaction forces (i.e., the Peninsular Shield Force) substantially exceed their shares of total GDP. Similarly, although none of the GCC nations achieved the Congressional cost sharing target, Kuwait, Oman, Qatar and Saudi Arabia all make substantial host nation support contributions relative to their ability to contribute. Conversely, while Kuwait and Saudi Arabia both meet the Congressional foreign assistance objective, only Kuwait's share of foreign assistance is substantially larger than its share of total GDP.

Finally, the Department's more comprehensive approach assesses nations' performance in the additional areas of military personnel and standing forces (ground, naval, and air). These categories are important to the shared security objectives of deterrence and self-defense, and have been evaluated by the Department in previous reports. Chart I-2 shows that many nations make substantial contributions in relation to their ability to contribute in at least one of these categories. Most notably, Greece, Turkey, Bahrain, and Oman register substantial contributions in all four areas, while Hungary, Portugal, the Republic of Korea, Qatar, and the United Arab Emirates achieve this distinction in three categories. In contrast, seven nations (Canada, Germany, Luxembourg, the Netherlands, Norway, Spain, and Japan) fail to contribute substantially more than their relative share of GDP or labor force in any of these areas.

Chart I-2

Countries Making Substantial Contributions Based on Ability to Contribute*

	Defense Spending (1999)	Multinational Military Activities** (1999)	Cost Sharing (1998)	Foreign Assistance (1998)
United States	✓		NA	
NATO Allies				
Belgium		✓		✓
Canada		✓		✓
Czech Republic		✓		
Denmark		✓		✓
France		✓		✓
Germany		✓		✓
Greece	✓	✓		
Hungary		✓		
Italy		✓	✓	
Luxembourg		✓	✓	✓
Netherlands		✓		✓
Norway		✓		✓
Poland		✓		
Portugal		✓		
Spain		✓		
Turkey ***	✓	✓		
United Kingdom		✓		✓
Pacific Allies				
Japan		✓	✓	
Republic of Korea			✓	
Gulf Cooperation Council				
Bahrain	✓	✓		
Kuwait	✓	✓	✓	✓
Oman	✓		✓	
Qatar	✓	✓	✓	
Saudi Arabia	✓		✓	
UAE	✓	✓		

* Assessments are based on comparing a nation's share of total contribution of all nations addressed in this Report with its share of total ability to contribute (either GDP or labor force). A country's efforts are assessed to be "substantial" when its contribution share exceeds by at least 20 percent its GDP or labor force share. For example, U.S. defense spending is assessed as follows: U.S. share of total defense spending is 51 percent (contribution); U.S. share of total GDP is 39 percent (ability to contribute). U.S. defense spending is rated 'substantial' because its contribution exceeds ability to contribute by 30 percent (51 divided by 39).

** It should be noted that contributions to NATO operations during the Kosovo Conflict are not assessed under the multinational military activities indicator, though they are discussed in detail in Chapter II. If this factor was considered, the United States would also be judged to have made substantial contributions since it contributed a disproportionately large share of the aircraft (and flew the lion's share of the strike sorties) during Operation ALLIED FORCE.

*** We are unable to assess Turkish foreign assistance efforts due to the unavailability of data for 1998.

Chart I-2 (Cont.)

Countries Making Substantial Contributions Based on Ability to Contribute*

	Active-Duty Military Personnel (1999)	Ground Combat Capability (1999)	Naval Force Tonnage (1999)	Tactical Combat Aircraft (1999)
United States			✓	
NATO Allies				
Belgium				✓
Canada				
Czech Republic		✓		✓
Denmark		✓		
France	✓			
Germany				
Greece	✓	✓	✓	✓
Hungary	✓	✓		✓
Italy	✓			
Luxembourg				
Netherlands				
Norway				
Poland		✓		✓
Portugal	✓		✓	✓
Spain				
Turkey	✓	✓	✓	✓
United Kingdom			✓	
Pacific Allies				
Japan				
Republic of Korea	✓	✓		✓
Gulf Cooperation Council				
Bahrain	✓	✓	✓	✓
Kuwait		✓		✓
Oman	✓	✓	✓	✓
Qatar	✓	✓		✓
Saudi Arabia		✓		✓
UAE	✓	✓		✓

* See note on previous page.

CONCLUSION

As stated in previous reports on this topic, the Department believes that our allies' and key security partners' efforts present a mixed, but generally positive picture in terms of shouldering responsibility for shared security objectives.

The United States continues to maintain a close and systematic dialogue with allied governments at all levels concerning responsibility sharing strengths and weaknesses, and this in turn has contributed to an increased awareness of our concerns in allied capitals. The United States will persist in engaging allies in this manner, focusing on the need for increased attention to defense budgets and host nation support, and further strengthening of foreign assistance and participation in both bilateral and multilateral efforts to enhance our collective security. The Defense Capabilities Initiative that was launched at NATO's 50th Anniversary Summit in 1999 is an important new Alliance undertaking in this regard. This Initiative addresses improvements in five major areas: 1) deployability and mobility; 2) sustainability and logistics; 3) consultation, command and control; 4) effective engagement; and 5) survivability of forces and infrastructure. Improvements in allied military capabilities in these five areas will be essential for the success of the European Security and Defense Identity (ESDI) initiative, which calls for European nations to establish a capability to conduct large-scale crisis management operations in cases where NATO chooses not to intervene. Chapter 2 provides a further discussion of DCI and ESDI. These are evolutionary efforts, and the United States will continue to press for progress across the board.

Finally, the Department continues to urge – in the interests of achieving a balanced assessment of nations' efforts – that short-term pass/fail objectives be supplemented with a review of longer-term trends based on countries' ability to contribute.

CHAPTER II

REGIONAL OVERVIEW AND CONTRIBUTIONS OF KEY ALLIES

This chapter places the Administration's responsibility sharing policy in strategic perspective, and describes U.S. security objectives, mutual security arrangements, and forward presence in the three regions most important to vital U.S. security interests: Europe, East Asia-Pacific, and Southwest Asia. The overview of Alliance and country contributions presented in this chapter is given further elaboration in Chapter III.

NATO ALLIES

Sharing the responsibility for the defense and security of Europe cannot be understood without reference to NATO, the most successful security alliance in history. It is through this unique enterprise that our transatlantic security partnership is given form and content, and allied responsibilities are defined, allocated, and shared.

The Alliance Transforms Itself

The North Atlantic Treaty (also known as the Washington Treaty) provides the framework for United States involvement in the North Atlantic Treaty Organization (NATO). Last year, 1999, marked NATO's 50th anniversary of successfully guaranteeing transatlantic peace and security, and also witnessed the admission of three Cold War-era opponents -- the Czech Republic, Hungary and Poland -- as full members of the Alliance. NATO played a pivotal role in terminating the Cold War on terms favorable to the United States and its allies, ensuring security in the Mediterranean, and projecting Western power and influence into the Middle East and North Africa. The Alliance has also served as a useful forum for coordinating policies with respect to other parts of the world. NATO remains a unique instrument for guiding change, deterring and managing crises, and applying military force where necessary.

The Alliance continues to serve as an irreplaceable mechanism for the exercise of U.S. leadership in international security affairs, and for the projection of American power across the Atlantic and beyond. NATO provides the single most important vehicle for the coordination of national security policies and actions, both within and outside of Europe. As an integrated political and military organization, the Alliance is the forum where the member states work out arrangements for shouldering political and military risks, and economic costs, and for assigning and coordinating military roles and responsibilities.

NATO continues to transform itself in several important respects to meet the requirements of the post-Cold War era, with a direct and favorable effect on responsibility sharing within the Alliance. In early 1999, a new command structure was implemented in order to enable allies to assume a greater share of the burden of command. In addition, NATO is making further progress in implementing the Combined Joint Task Force (CJTF) concept, developing lighter and more versatile structures with which to carry out its missions, and permitting the involvement of partners in NATO operations. Furthermore, arrangements are being concluded between NATO and the European Union (EU) to enable our European allies to take principal responsibility for a greater range of operations through development of the European Security and Defense Identity (ESDI). Finally, in response to a U.S. proposal, the

Alliance launched a Defense Capabilities Initiative, which emphasizes improving interoperability and the incorporation of technological advances among allied armed forces in order to enhance their capability to fulfill the complete range of Alliance missions.

The Defense Capabilities Initiative (DCI)

Allied Heads of State and Government officially launched the DCI at the April 1999 Washington Summit. Specifically, the Heads of State and Government endorsed decision sheets in five functional areas: 1) deployability and mobility; 2) sustainability and logistics; 3) consultation, command and control (C3); 4) effective engagement; and 5) survivability of forces and infrastructure. These decision sheets include numerous short- and long-term objectives. Given the importance of logistics and C3 to future military operations, the Summit Communiqué emphasized meeting specific objectives through implementation of the Multinational Joint Logistics Center (MJLC) concept by the end of 1999 and development of a C3 system architecture by 2002 (to allow interoperability with national systems).

As DCI's key mechanism, the Heads of State and Government established a High Level Steering Group (HLSG) to oversee implementation of the initiative, and to coordinate, prioritize and harmonize the work of NATO's defense-related committees. Allied leaders also endorsed the notion of Concept Development and Experimentation (CDE) as a useful tool for future Alliance force planning.

The Alliance is pursuing DCI improvements on two tracks, both of which involve work in Brussels and in Allied capitals. To specifically address each of the objectives, NATO committees are meeting regularly to address those objectives that fall under their purview. NATO's High Level Steering Group (HLSG) oversees this process. The HLSG has been meeting on a monthly basis at the Assistant Secretary of Defense level to track progress and expedite actions assigned to committees.

The second track of DCI implementation involves ensuring that NATO Force Proposals, currently being developed by the Strategic Commands (ACE-Allied Command Europe and ACLANT- Allied Command Atlantic) as part of the NATO defense planning process for the year 2000 and beyond, are geared to achievement of DCI objectives. Force goals must be sufficiently robust so as to clearly signify and allow measurement of how each member nation is being called upon to enhance Allied capabilities.

The success of DCI will, of course, depend considerably on the actions taken by individual nations. For the 18 countries that participate in NATO's defense planning process, however, a very large portion of the national activity to implement DCI falls under the purview of that process. NATO Force Proposals are developed every two years, and negotiated and accepted by each nation participating in the defense planning process. Once approved by Defense Ministers, Force Proposals become Force Goals and are intended to represent a "reasonable challenge" to nations. This means that in each NATO force planning cycle, nations are expected to meet this "reasonable challenge" by providing the forces and capabilities requested by the Strategic Commands. For NATO to realize a true increase in its capabilities, the United States has argued that Force Proposals 2000 should be more robust, and Allies must accept the new proposals during Spring 2000 and fully implement them during the 2001-2006 implementation cycle. In the coming months, Force Proposals 2000 may continue to be expanded and refined before they are finally agreed by Defense Ministers in June 2000.

Many of the new Force Proposals have been accepted by nations, indicating that they consider the military requirement as valid and implementation as feasible. Some nations have exercised their right to refuse a Force Proposal when they believe it imposes an unduly harsh burden. However, acceptance of Force Goals as reasonable planning targets does not guarantee implementation, but is only the beginning of the process of increasing capabilities. In 2000, as NATO moves into the next stage of the defense planning process, the United States will again have the opportunity to encourage Allies to accept their 2000 Force Proposals and implement them after they become Force Goals.

The success of DCI depends upon the provision of sufficient resources. Allies need to show leadership in making the necessary investments to field a 21st century force. Defense budgets will always be a function of national priorities, but they must also be a function of both international challenges and the capabilities needed to address those challenges as an Alliance. Yet, unresponsive defense budgets continue to erode Alliance capabilities. While Allies acknowledge their capability shortfalls, few have made concrete efforts towards their amelioration by increasing defense budgets and reallocating funds. In fact, defense spending has been cut by several key Allies. To provide the necessary resources to support DCI, nations must re-evaluate the percentage of their GDP devoted to defense spending, and will need to consider restructuring existing forces, reallocating within existing defense budgets, and increasing defense spending.

In short, NATO nations must begin to concentrate on more efficient, more focused, better-planned and coordinated use of resources. Innovative approaches to meeting capabilities can increase the efficiency and effectiveness of the resources spent. For example, many mobility, sustainability and logistics requirements can be met through commercially available assets and off-the-shelf technology. One approach would be to harness the capabilities of commercial sector shippers for military logistics management. Increased leveraging of commercial logistics and mobility assets holds opportunities for greatly improved capabilities without large spending increases. Finding ways to leverage the unique strengths of our industrial sectors could lead to procurement reforms that can make the most of defense spending. Further savings could potentially be found by restructuring forces to be lighter, more mobile and more sustainable.

The fate of the ongoing effort to develop a European Security and Defense Identity (ESDI) is closely linked to the outcome of the Defense Capabilities Initiative. Since ESDI's fundamental objective is for European nations to establish a military capability to perform crisis management operations in cases where NATO chooses not to become engaged, its success ultimately depends on improving allied military capabilities in the same areas targeted by the DCI.

European Security and Defense Identity (ESDI)

The United States and its NATO Allies have been working on ESDI since 1994 with the Western European Union (WEU), and since last year, with the EU. ESDI should mean stronger and more capable European Allies – Allies who will be better partners for the U.S. in pursuit of our shared interests and values, and better able to contribute to transatlantic security. The success of ESDI, like that of DCI, is an integral part of equipping the Alliance with the tools and options it will need to deal with the challenges of the new century.

The key to ESDI's success is real improvement in European capabilities. Both the United States and our Allies recognize that one of the lessons of Kosovo is that NATO's European pillar needs to do a better job in acquiring and maintaining the types of capabilities Operation ALLIED FORCE required. In this area, the DCI and the EU's December 1999

Helsinki Summit Communiqué are major steps forward. At Helsinki, the EU Heads of State and Government laid out a “Headline Goal.” This goal envisions that, by 2003, a force of 50-60,000 troops will be deployable within 60 days and sustainable for up to one year. To do this, the nations of the EU will have to follow up on enhancements in the capabilities areas identified in the DCI – deployability and mobility, sustainability and logistics, consultation, command and control, effective engagement and survivability. The United States welcomes this important commitment and awaits greater details regarding the EU’s strategy to meet the stated goal by the appointed date.

As work continues within NATO and the EU, the United States needs to ensure that ESDI meets what NATO Secretary General Lord Robertson has called the “three I’s” of ESDI: **Increased** capabilities, **Inclusiveness** of all Allies, and **Indivisibility** of transatlantic security. While the Department believes that a good framework for the future of ESDI was laid out at NATO’s Washington Summit and the EU’s Helsinki meeting last year, it will continue to remind Allies of the following points. Firstly, ESDI must reflect the interests of all Allies, including those who are not members of the EU. Secondly, ESDI is intended to reinforce and complement NATO’s role in European security, not supplant it, and thus, the U.S. is pressing for the timely establishment of NATO-EU ties at least as strong as those that have been worked out between NATO and the Western European Union (WEU) over the past few years. Finally, without enhanced European capabilities, ESDI will be a hollow shell, so the EU must now follow up on its admirable Helsinki Headline Goal to make ESDI a reality.

Looking ahead, there is still hard work to be done to achieve an ESDI that benefits both sides of the Atlantic. It is in the interest of both the Alliance and the EU that it is done well and expeditiously. The promise of ESDI – a stronger European pillar in NATO and a new step in European unification – is a goal worth cooperating to achieve. A stronger Europe means a stronger Alliance, and a stronger Alliance is better able to deter threats and maintain peace and stability.

Cost Sharing in the Alliance

The NATO Alliance has evolved unique ways and means of cooperation over the past fifty years. Thus, although most of our European allies do not offset the same percentage of U.S. stationing costs as do Japan and the Republic of Korea, they contribute significantly more toward sharing the military roles, as well as the overall political and economic costs, of protecting shared interests.

Under long-standing cost sharing agreements, our NATO allies collectively pay about three-quarters of the NATO common-funded budgets, which totaled \$1.1 billion in 1999. The United States’ one-quarter share of the NATO common-funded budgets (in which all 19 members participate) provides significant leverage in Alliance decision-making, and access to facilities and programs that the U.S. would otherwise not be able to use without a much greater national investment. Common budgets are also a cost-efficient means of dealing with large expenditures which, if funded unilaterally, would create a very heavy burden for any one nation. Within NATO, allies consult on the goals and priorities for their national defense programs, and engage in a regular process of candid peer review with the aim of increasing effectiveness, improving burdensharing, and anticipating future challenges to the Alliance.

Forward Presence: Essential for U.S. Power Projection and Alliance Leadership

The successful defense of U.S. international security interests in Europe depends fundamentally on effective American leadership of NATO. The presence of significant numbers of U.S. forces in Europe underpins that leadership and the military effectiveness of the Alliance. Forward basing strengthens peace and stability within the region and provides a platform for the projection of power and influence well beyond Europe that is more immediate, credible, and cost-effective than basing in the continental United States.

Contributions of Selected NATO Allies

The remainder of this section describes notable burdensharing contributions by Germany, the United Kingdom, Italy, and France. These nations collectively host over 90 percent of the U.S. military personnel stationed in Europe, and account for nearly three-fourths of the defense spending of all our European-NATO allies.

Note: the following paragraphs do not specifically address Allies' performance in the core DCI objectives. See Part IV, Actions Taken By Each Member of the Alliance Other Than the United States to Improve the Capabilities of its Forces in Certain Areas, of the classified section of the Report to the Congress on NATO Defense Capabilities Initiative, required by section 1039 of the National Defense Authorization Act for Fiscal Year 2000.

Germany

Germany's geographical location, economic strength, military capabilities and political influence make it a vital European ally. Its armed forces are among the largest and most modern in NATO, with over 330,000 well-equipped, well-trained, and well-led troops that are a major component of Alliance military capabilities. Germany is presently conducting a Strategic Review, scheduled for completion in the Spring of 2000, that is expected to recommend further downsizing and restructuring the remaining forces to make them more rapidly deployable, and altering conscription policy. Other anticipated reforms include developing vital strategic deployment, strategic reconnaissance, long-range command and control, and joint service operational capabilities.

During 1999, Germany demonstrated its unwavering commitment to NATO, and its growing willingness to engage in crisis management and peacekeeping operations, by deploying German troops in an active combat role beyond national territory for the first time since World War II. The German air force flew hundreds of combat missions during Operation ALLIED FORCE, and 6,100 German troops served with KFOR in Kosovo, where a German headquarters commanded one of the five sectors of the peacekeeping operation, Multi-National Brigade South (MNB-S). In 1999, Germany also contributed troops to SFOR in Bosnia, and to UN missions in Georgia and the former Yugoslavia.

Germany also provides extensive financial assistance for the pursuit of shared security objectives in the Balkans. It is allocating approximately \$2 billion to support military activities necessary for implementation of the Southeastern European Stability Pact over the next two years, plus another \$160 million a year in humanitarian and other assistance. Furthermore, Germany committed over \$90 million for reconstruction in Southeast Europe in 1999, including projects in Kosovo, Albania, Bosnia and Bulgaria.

Germany's real defense spending increased by 1.5 percent between 1998 and 1999, but as a share of GDP, dropped by half a percentage point to 1.5 percent -- just over half the 1990 level of

2.8 percent. Due primarily to the enormous costs of reunification, Germany's economic situation is very difficult, with a 10 percent unemployment rate and sluggish growth. High levels of public debt have led the German government to seek an austerity package that will require defense budget reductions in 2000. The Department is concerned about the effects of current and projected German defense budget trends on German readiness and capabilities, and is urging the German government to give close attention to this matter.

During 1999, Germany supported proliferation prevention efforts by contributing almost \$9 million to Russia and Ukraine for nuclear and chemical weapons destruction under the Expanded Threat Reduction Initiative (ETRI), and also contributed \$4.5 million to the Korean Energy Development Organization (KEDO) - an international body committed to replacing North Korea's existing nuclear facilities with light-water reactors that will produce far less weapons-grade plutonium.

As is generally true of our NATO allies, Germany contributes more to achieving shared interests in the areas of military roles and missions, political cooperation, and economic assistance than in cost sharing for forward deployed U.S. forces. Nevertheless, German cost sharing was estimated at over \$950 million in 1998, almost all of which was in the form of indirect contributions. The German Ministry of Defense provides support services both within Germany and in the field for U.S. forces serving in the Balkans, including materials transport, meals, accommodation, security escorts, and security personnel for the families of deployed U.S. soldiers.

United Kingdom

The United Kingdom remains one of our closest and most important allies, working in concert with the United States across a broad range of political and military issues both within NATO and bilaterally. A nuclear state with significant power projection capabilities, the United Kingdom brings not just a regional, but also a global orientation to our security relationship, with over 25,000 forces stationed abroad.

The British defense budget declined slightly in real terms between 1998-1999, but defense spending as a share of GDP (2.6 percent in 1999) remains among the highest in NATO. The United Kingdom provides substantial host nation support for U.S. forces, almost entirely in the form of indirect contributions. British forces are the backbone of the Allied Command Europe (ACE) Rapid Reaction Corps (ARRC), and play a significant role both in NATO military missions and in peacekeeping operations under the auspices of the United Nations. The United Kingdom provides the third largest share of allied naval tonnage relative to its GDP share, trailing only Greece and Turkey. In July 1998, the U.K. government completed a Strategic Defense Review (SDR) designed to make British military forces more deployable, sustainable, and flexible, and the SDR-related reforms helped prepare them to better respond to the Kosovo crisis.

British aircraft flew approximately 1,600 sorties (including about 1,000 strike sorties) during Operation ALLIED FORCE, contributing five percent of the overall air effort, and just under 10 percent of the strike effort. The United Kingdom also contributed extensively to KFOR, deploying five maneuver battalions and the U.K.-staffed NATO ARRC headquarters. At its peak, the British contingent totaled approximately 10,000 troops, though it was reduced to less than 4,000 at the end of 1999 by the withdrawal of three battalions and the ARRC headquarters. Approximately 4,000 British troops served with SFOR during 1999, though their numbers were to be trimmed to 3,300 by year's end. Additionally, British forces participate in coalition operations in Southwest Asia, including the enforcement of no-fly zones over northern and southern Iraq, and

are also involved in UN-mandated operations in Cyprus, on the Iraq-Kuwait border, Georgia, Sierra Leone, the Democratic Republic of the Congo, and East Timor. The United Kingdom is also a major provider of funding for UN peace operations; though, of the 26 nations covered in this report, it ranks only ninth in contributions relative to its share of total GDP.

The United Kingdom provided over \$4.4 billion in foreign assistance in 1998, an 11 percent increase in real terms from the 1997 level. The United Kingdom's objective is to continue increasing foreign aid to reach the UN target of 0.7 percent of GDP, compared to its 1998 level of 0.3 percent. The United Kingdom was the first European country to support the KEDO, with a \$1 million contribution in 1995, and, under the terms of a 1996 agreement between the EU and KEDO, has agreed to provide an additional \$2.8 million annually over a five-year period.

The United Kingdom contributes to proliferation prevention efforts through a program to help control fissile material in countries of the former Soviet Union. It has also held discussions with the Russian leadership on ways of assisting Russia's chemical weapons destruction program. In 2000, it plans to conduct a feasibility study to assist U.S. efforts to establish a chemical weapons destruction facility. In addition, during 1999 the United Kingdom conducted over 1,000 military assistance activities with countries across Central and Eastern Europe. Additionally, the U.K. has adapted its organization and planning structures to give greater emphasis to countering biological and chemical weapons threats, and cooperates with the United States through the bilateral Counterproliferation Joint Venture Oversight Group.

Italy

Italy contributes actively to our security partnership, both through NATO and bilaterally. Italy is a major staging and logistics base for operations in and beyond the immediate region. Relative to Europe's central region, Italy has always possessed the military advantage of strategic depth, while at the same time providing a key front-line presence in the Mediterranean region. Italy hosts U.S. forces and contributes significantly to U.S. power projection capability into and throughout the region. NATO air bases in Italy, for example, were essential for the prosecution of the bombing campaign against Yugoslavia during Operation ALLIED FORCE, and continue to provide essential staging and transportation points for the peacekeeping missions in Kosovo and Bosnia.

Italian real defense spending shrank slightly during 1999, though the ratio of defense spending to GDP remained at the same level (2.0 percent) as in 1998. Italy's host nation support for U.S. forces during 1998 was estimated at nearly \$1.1 billion, consisting almost entirely of indirect contributions which offset 60 percent of total U.S. stationing costs.

The Italian Air Force flew almost 1,400 missions during Operation ALLIED FORCE, including nearly 1,100 tactical sorties. At the end of 1999, Italy had roughly 5,200 paramilitary and Army troops serving in Kosovo, some 1,900 in Bosnia, and approximately 1,500 in Albania (it is the principal contributor to the NATO force in that country). Italy was also among the first nations to send troops to East Timor, where 600 personnel – including a paratroop company -- are currently deployed. During 1999, Italy also participated in UN operations in Jerusalem, Bosnia and Herzegovina, Lebanon, in the Western Sahara, and Guatemala. It also made the third largest financial contributions to UN peace support operations, relative to its share of total GDP, of all the nations covered in this Report (trailing only France and the United Arab Emirates). Italy's total foreign assistance in 1998 was approximately \$2.6 billion, a 63 percent increase over 1997 levels.

Italy is active in a number of regional and cooperative security initiatives that complement NATO and U.S. efforts to build security in Europe. These include contributions to the multinational "Southeast Europe Brigade," the Italian/Hungarian/Slovenian Brigade, and EUROMARFOR – a multinational maritime force subordinate to the Western European Union.

France

France possesses considerable nuclear and conventional forces, including the largest and most capable reaction forces of any NATO nation except the United States. It also has a national consensus for maintaining a strong military, and has repeatedly demonstrated a willingness to employ military power to defend its interests around the globe. It thus contributes substantially to NATO's deterrent posture and, more broadly, to Western interests worldwide – most notably in Africa, and most recently to peacekeeping operations in East Timor. France is currently engaged in trimming its armed forces and reducing its forces stationed overseas, but shall remain a major military power whose worldwide engagement will continue to complement U.S. and NATO policies.

France registered a 2.7 percent increase in defense spending during 1999 (2.8 percent of GDP), continuing a post-Cold war pattern of relatively consistent and strong defense budgets compared to most NATO allies. However, the French armed forces are still in the throes of a major restructuring that was launched during 1996 in response to rapidly rising defense acquisition program costs, growing budget deficits, and the need to comply with European Monetary Union requirements for the introduction of the Euro. Military budgets and manpower will be reduced, though the remaining force structure shall be extensively realigned in order to yield greater efficiencies and dramatically improve power projection capabilities.

France's contributions to Operation ALLIED FORCE included 91 aircraft that flew just over 3,600 sorties. France also contributed approximately 6,300 troops to KFOR, and at the end of 1999, had a total of nearly 40,000 troops deployed abroad, including 8,000 in the Balkans and more than 6,000 in Africa. France is also one of the top three contributing nations to peacekeeping operations worldwide. In addition to its troop contributions, France is responsible for a sensitive sector in Bosnia. Finally, of all the G-7 nations, France spends the largest share of its GDP (0.46 percent) on official development assistance.

NATO's Role in the Balkans

The post-Cold War era has seen a dramatic decline in conventional military threats to the United States and its allies, but has also generated a host of political, economic and ethnic instabilities that still pose serious threats to shared security interests. Nowhere have these new threats posed a more direct and immediate challenge to NATO than in the Balkans, where the gradual disintegration of Yugoslavia has spawned a series of civil wars and mass refugee flights that endanger the tenuous stability of the entire region.

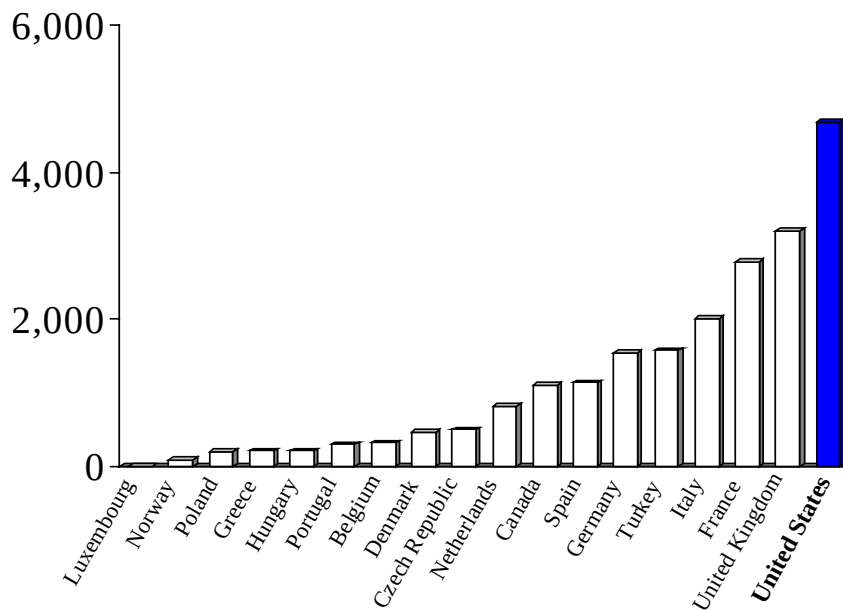
Stabilization Force (SFOR) in Bosnia-Herzegovina

In late 1995, the NATO-led Implementation Force (IFOR) was established in Bosnia-Herzegovina to enforce the terms of the Dayton Peace Agreement. Nearing the end of IFOR's one year mandate, it had become clear that a longer-term international military presence was required to help ensure lasting security and stability. Accordingly, UN Security Council Resolution 1088 of December 1996 authorized a Stabilization Force (SFOR) to implement the military aspects of the Dayton Peace Agreement as the legal successor to IFOR.

The primary mission of SFOR is to contribute to the secure environment necessary for the consolidation of peace. Its tasks are:

- To deter or prevent a resumption of hostilities or new threats to peace;
- To consolidate IFOR's achievements and contribute to a climate in which the peace process can continue to move forward; and
- To provide selective support to civilian organizations within its capabilities.

Chart II-1
NATO Troop Contributions To SFOR
As of February 2000



All NATO nations except Luxembourg committed personnel to SFOR. In September 1999, SFOR had approximately 32,000 troops in Croatia and Bosnia-Herzegovina. The U.S. share of the total NATO contribution was approximately 6,200 (20 percent).

In November 1999, NATO began to implement a restructuring of SFOR that will reduce its strength to approximately 20,000 by April 2000. The U.S. contribution will also be reduced to roughly 4,600. Whereas the U.S. provided one-third of the troops at the start of the mission in December 1995, nearly 80 percent of contributed forces are now non-American. SFOR will continue to perform all key tasks, including support for civil implementation. The reconfigured force will rely on its ability to react quickly and flexibly with rapid response units throughout the SFOR area of responsibility, including across command sector boundaries.

Operation ALLIED FORCE

On March 24, 1999, NATO launched Operation ALLIED FORCE, a phased bombing campaign against the Federal Republic of Yugoslavia (FRY), in order to stop the Milosevic regime's campaign of terror against the Kosovar Albanians. From March 24 through June 10, 1999, NATO forces conducted strikes designed to degrade the Yugoslav government's capacity

to wage war on its own people, and to force compliance with the Alliance's demands. This action was taken only when it had become clear that President Milosevic had no intention of ending the repressive operations in Kosovo despite repeated diplomatic initiatives. At that time, a campaign of ethnic cleansing by Yugoslav forces had already begun to generate an exodus of displaced persons that would ultimately number in the hundreds of thousands, and create a humanitarian crisis that threatened to destabilize the whole South Balkan region.

NATO's objectives in Kosovo were:

- Demonstrate the seriousness of NATO's opposition to Belgrade's aggression in the Balkans;
- Deter the Milosevic regime from continuing and escalating attacks on helpless civilians and create conditions to reverse ethnic cleansing; and
- Damage Serbia's capacity to wage war against Kosovo in the future or to spread the war to neighbors, by diminishing or degrading its ability to conduct military operations.

Fourteen of the nineteen NATO nations contributed to Operation ALLIED FORCE. Approximately 400 aircraft were committed by Alliance nations at the start of the campaign; by the end of the operation that number had more than doubled to over 1,000 aircraft. The U.S. provided 723 (69 percent) of these aircraft, and initially flew the bulk of the strike sorties, though by the end of the campaign, the proportion of all strike missions flown by Allied aircraft had risen to roughly 47 percent. The U.S. accounted for over 80 percent of the munitions delivered; and provided the preponderance of assets in several critical areas, including precision-guided munitions, all-weather attack aircraft, electronic warfare assets, anti-radiation missile shooters, search and rescue, and maritime air surveillance and control.

Kosovo Force (KFOR)

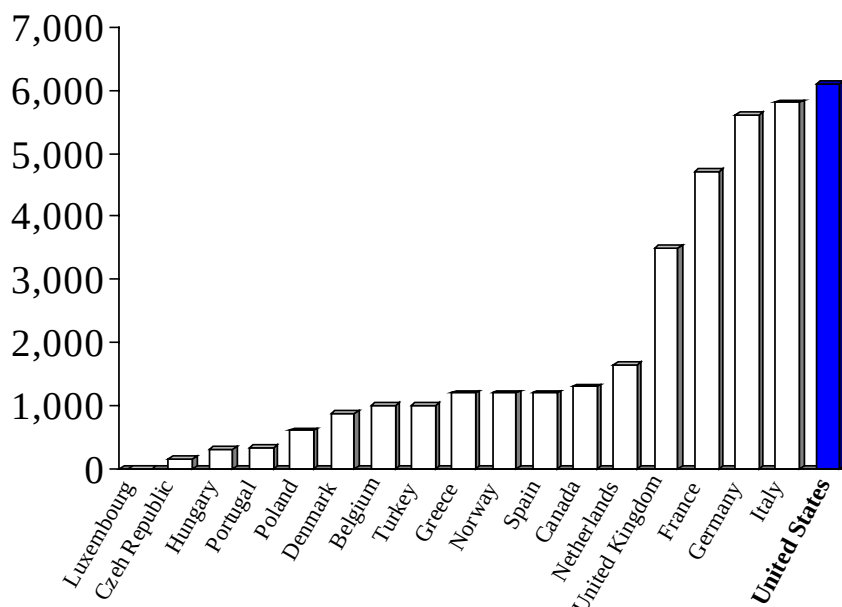
On June 12, 1999, after the successful attainment of NATO's military objectives, Kosovo Force (KFOR) began deploying into Kosovo for Operation JOINT GUARDIAN. KFOR is a NATO-led multinational force under unified command and control, which is tasked with establishing and maintaining a secure environment, and supporting, within its means and capabilities, the UN Mission in Kosovo (UNMIK).

The basic objectives of Operation JOINT GUARDIAN are:

- To maintain a military presence in Kosovo, as authorized by United Nations Security Council Resolution 1244 and further defined in the Military Technical Agreement (MTA) that was signed by military authorities of the FRY and NATO;
- To verify and enforce the terms of the MTA;
- To establish a secure environment in which refugees can return home safely;
- To establish a secure environment in which the international civil presence can operate, a transitional administration can be established, and humanitarian aid can be delivered; and
- To help achieve a self-sustaining secure environment which will allow public security responsibilities to be transferred to appropriate civil organizations.

As of February 2000, NATO Allies and 15 other countries had deployed approximately 44,000 KFOR troops in Kosovo, Macedonia, Greece and Albania. In terms of responsibility sharing, the U.S. troop contribution is approximately 6,000 (14 percent), while European NATO troops make up the bulk of the remainder.

Chart II-1
NATO Troop Contributions To KFOR
 As of February 2000



Total KFOR/SFOR personnel numbered almost 78,000 at the end of 1999, including contingents from all 19 NATO allies plus 27 non-NATO troop contributing nations. These forces continue to work together extremely well, achieving military objectives assigned to them by the North Atlantic Council in order to establish and maintain peace in that troubled region. The lessons learned from KFOR and SFOR have been invaluable in developing policies and procedures for NATO goals of enlargement, enhanced Partnership For Peace, implementation of the CJTF concept, and a new European Security and Defense Identity (ESDI).

Notwithstanding these contributions, the operation highlighted a number of disparities between U.S. capabilities and those of its allies, including precision strike, mobility, and command, control, and communications capabilities. These gaps were real, and had the effect of impeding U.S. forces' ability to operate at optimal effectiveness with allied forces. For example, because few NATO allies could employ precision munitions in sufficient numbers (or at all), the United States conducted the preponderance of the strike sorties during the early stages of the conflict. The lack of interoperable secure communications forced reliance on non-secure means that compromised operational security. These problems persisted throughout the campaign. Furthermore, insufficient allied air mobility assets slowed deployment of KFOR ground forces once Milosevic agreed to NATO's terms to end the conflict. Such disparities in capability will seriously affect NATO's ability to operate as an effective alliance over the long term. If the Alliance is to meet future military challenges effectively, it must successfully implement the Defense Capabilities Initiative –

which was introduced in the spring of 1998 and formally adopted at the April 1999 NATO Summit. The Defense Capabilities Initiative will enhance allied military capabilities in five key areas: 1) deployability and mobility; 2) sustainability and logistics; 3) consultation, command and control; 4) effective engagement; and 5) survivability of forces and infrastructure. The United States will continue to promote the DCI and encourage NATO members to experiment with new and advanced warfighting concepts. Successful implementation of the DCI must remain one of NATO's' top priorities – a lesson strongly influenced by the Kosovo experience.

PACIFIC ALLIES

Our key security relationships in Asia are with Japan and the Republic of Korea. As is the case with NATO in Europe, these alliances grew out of the experiences of World War II and the early years of the Cold War. Like NATO, these two bilateral relationships were instrumental in helping to manage Cold War realities and are now adapting not just to a fundamentally altered global geopolitical situation, but to emerging challenges and opportunities in the region.

At the heart of both alliances is the continued presence of significant numbers of forward-stationed U.S. troops: 40,000 in Japan and over 36,000 in Korea. In addition, Japan serves as the forward deployment site for approximately 14,000 U.S. naval personnel and the *U.S.S. Kitty Hawk* carrier battlegroup. These forces play a vital role in contributing to peace and security in the region, and are a tangible expression of vital American interests in Asia, and of U.S. will and capability to defend those interests in concert with our allies.

In view of the constraints that influence the policies and capabilities of both countries – in Korea the division of the peninsula and the threat of conflict, and in Japan the constitutional restrictions that strictly limit the scope of its military activities – their responsibility sharing has focused more on assuming U.S. stationing costs and less on other aspects, such as active participation in shared regional and global military roles and missions.

The United States maintains multi-year cost-sharing agreements with both countries. These accords build effectively on past arrangements and provide for significant and increasing host country participation in cost sharing. This welcome contribution is critical not only to maintaining the military readiness of our deployed forces, but also for sustaining the political support that is essential to forward stationing, and thus to our ability to project U.S. power and influence in defense of shared interests. Bear in mind that recent fluctuations in exchange rates in this region have resulted in decreases in the dollar value of the cost sharing estimates described below. This affects cost sharing estimates for Japan in particular, since all Japanese direct cost sharing transactions are conducted in yen.

Japan

Our bilateral alliance with Japan (the 1960 Treaty of Mutual Cooperation and Security between the United States of America and Japan) is the key to our security strategy in the Asia-Pacific region, and is crucial to the forward deployment of U.S. forces there. Countries throughout the region view the alliance as a major factor helping maintain stability and security. Japan is expanding its cooperation with the United States and is taking an increasingly active role in international affairs. Although Japan spends a smaller share of GDP on defense than any other major ally (1 percent), the size of its economy is such that it nonetheless ranks second in defense expenditures among all the countries in this Report, and third worldwide.

Cost sharing in support of stationed U.S. forces remains Japan's most significant responsibility sharing contribution. Indeed, its host nation support is the most generous of any U.S. ally, and consists of funding covered under both the Special Measures Agreement (SMA) and the Facilities Improvement Program (FIP). Department estimates of Japan's cost sharing support for U.S. forces in 1998 ranged from \$4.0 to \$4.7 billion, covering over 76 percent of U.S. basing costs.

The five-year (1996-2001) bilateral SMA was concluded in 1995. Under its terms, Japan pays virtually all of the costs of local national labor employed by U.S. forces, as well as the costs of public utilities on U.S. bases. In addition, the SMA covers the costs of transferring U.S. training activities from U.S. bases to other facilities in Japan when the Government of Japan requests such transfers. U.S. Forces Japan reports that in 1998 Japan provided between \$0.8 and \$1.7 billion (depending on the source) under the SMA.

Under the separate FIP, Japan voluntarily provides substantial funding for quality-of-life projects, including housing, community support and recreation facilities, and utilities upgrades. In recent years Japan has also shown increased flexibility under the FIP in constructing direct operational facilities, such as hangars and hardened aircraft shelters. In 1998, Japan provided approximately \$0.9 billion for construction, restoration, and maintenance of facilities. In addition, in 1998 Japan also provided \$675 million in rents and around \$540 million for vicinity improvements.

The Department estimates that under the SMA, the value of Japan's direct cost sharing (at 1999 exchange rates) will approximate \$1.3 billion per year through 2001, or \$6.3 billion over the life of the agreement. Over the same five year period, Japan's direct and indirect cost sharing, including foregone taxes, rents, and revenues, will be \$4 to \$5 billion per year.

In addition to its cost sharing contributions, Japan's evolving international role means greater involvement in multinational efforts to promote regional and global stability. Japan actively supports crisis management and nation-building efforts around the world, and has the second largest foreign assistance budget of any nation in this Report. In 1998, Japan provided \$10.7 billion in foreign assistance, which represents 0.26 percent of its GDP. Japan also provided loans to East Asian economies affected by the financial crisis; contributed over \$700 million for Bosnia reconstruction, humanitarian and refugee aid; and covered \$22.5 million in cleanup/containment costs at the Chernobyl reactor site in Ukraine. In 1999, Japan pledged \$235 million for reconstruction in the Balkans, \$300 million for East Timor, and \$220 million in support of the Middle East peace process.

Japan is a founding member of the KEDO, and to date has contributed \$32 million to KEDO in support of nuclear nonproliferation efforts on the Korean Peninsula. In 1999, Japan appropriated \$1 billion to fund the construction by KEDO of two light water reactors in support of the U.S.-North Korea Agreed Framework.

On April 17, 1996, President Clinton and Prime Minister Hashimoto signed the U.S.-Japan Joint Declaration on Security, which reaffirmed both countries' continuing commitment to our security alliance. In September 1997, the two countries adopted the Guidelines for U.S.-Japan Defense Cooperation, and in May 1999, the Japanese Diet passed legislation to implement the Guidelines in Japanese law. When fully implemented, the Guidelines will provide greater Japanese support for U.S. operations in a regional contingency. In August 1999, the U.S. and Japan signed a Memorandum of Understanding to begin Joint theater missile defense (TMD) technical research focusing on sea-based TMD.

The Republic of Korea (ROK)

Our security relationship with the Republic of Korea (formally known as the Mutual Defense Treaty between the United States of America and the Republic of Korea) remains central to the stability of the Korean Peninsula and Northeast Asia. U.S. forces stationed in the Republic of Korea contribute significantly to the security and territorial integrity of the country, and are a tangible manifestation of U.S. support for peaceful change and democratic evolution in the region.

The 1995 Special Measures Agreement (SMA), which outlines ROK offsets to non-personnel stationing costs incurred by the United States, called for an increase in ROK direct contributions from \$330 million in 1996 to \$399 million in 1998. However, the severe Asian financial crisis in late 1997 took its toll on the Korean economy and significantly reduced the value of the Korean won relative to the dollar. In order to preserve the SMA while taking into account the reduced value of the won, Secretary Cohen assured the ROK leadership that the U.S. would not profit from the situation and agreed to the principle, “No windfall, No shortfall.” Accordingly, the United States agreed to adjust the ROK’s 1998 direct contribution to \$314 million, a level that retained the value, or purchasing power, of the original ROK obligation, while taking into account new exchange rate realities.

In December 1998, U.S. Forces Korea (USFK), the U.S. Embassy, and the ROK Ministry of National Defense reached a new multi-year SMA agreement covering 1999-2002. This calls for a ROK contribution of \$325 million for 1999, with increases in 2000 and 2001 to be based on ROK GNP growth and inflation. Payments for the years 2000-2001 will be calculated by adding the percentage of ROK GNP change plus the inflation rate for the previous year, to determine the percentage increase for that year.

In an effort to validate the ROK’s methodology for calculating its indirect cost-sharing contribution, USFK conducted a valuation estimate and analysis of foregone land rents for U.S.-controlled exclusive-use land, based on recommendations made during the 1997 SMA Implementation Review. USFK estimates total indirect cost-sharing for 1998 at \$427 million.

Apart from cost sharing, the ROK makes major contributions to regional security by maintaining strong, modern armed forces. In 1999, the Republic of Korea devoted 2.8 percent of its GDP to defense, a decline of roughly 10 percent from 1998. Yet, ROK annual defense spending has grown by 17 percent since 1990, compared to a decline of nearly 25 percent for all nations covered in this Report, and a reduction of 26 percent for the United States over the same period.

Because of the security situation on the Korean Peninsula, Seoul’s defense effort continues to focus on the maintenance of and improvements to military readiness. As such, the ROK does not participate extensively in global military roles and missions, including combined operations, elsewhere in the region and beyond. However, during 1999, the ROK dispatched 419 troops to serve with the International Force for East Timor (INTERFET), the first time it had ever committed combat troops to a peacekeeping operation.

Economic constraints limit the ROK’s ability to make large contributions to foreign assistance. However, since 1995, the ROK has contributed \$64.1 million to KEDO. Of this amount, \$45 million was in the form of loans in support of shared nonproliferation goals under the U.S.-North Korea Agreed Framework. Moreover, the ROK is committed to playing the central role in funding the cost of the light water reactors to be constructed in North Korea by KEDO. The ROK contribution will cover about 70% of the estimated \$4.6 billion in construction costs for the project.

GULF COOPERATION COUNCIL

The U.S. security strategy in Southwest Asia remains one of engagement, forward presence, and rapid response. The U.S. seeks to sustain and adapt security partnerships with key states throughout this critical region, broaden the economic and cultural underpinnings of these relationships, and promote peaceful settlement of regional disputes before they erupt into conflicts that could threaten our interests. Acting alone, neither the United States nor its partners in the region can ensure the security of Southwest Asia. Collective efforts are essential.

The security framework in Southwest Asia is strikingly different from those in other regions of vital interest to the United States. Here the U.S. has no formal bilateral or multilateral defense treaties, and instead relies upon a range of executive agreements for military access, status of forces, and prepositioning of equipment and supplies. The United States has no military bases of its own in the region.

Our principal security partners in this region are the member states of the Gulf Cooperation Council (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. All of these nations have per capita GDPs that are lower (and in some cases, much lower) than the average for all nations addressed in this Report. Yet, without exception, all of them continue to spend above-average (and sometimes considerably above-average) shares of GDP on defense – even despite defense budget reductions caused by weak oil prices in 1998. Thus, the GCC nations' shares of military personnel and standing forces far exceed their corresponding shares of total GDP. Qatar, Oman and the United Arab Emirates provide the largest shares of active duty military as a percentage of labor force of all the countries in this Report. Relative to its share of total GDP, Bahrain contributes the largest share of ground combat capability; the second largest share of combat aircraft; and the third largest share of naval tonnage. No other nation in the Report matches this performance in all three armed services. Kuwait's foreign assistance contributions relative to GDP are second only to Denmark's, and it is the only other nation that meets the highly ambitious Congressional foreign assistance target of contributing one percent of its GDP. Kuwait provides significant grant aid and humanitarian assistance to lesser-developed countries, primarily in the Arab world, but also including nations in Southeast Asia, Africa and the Balkans.

In spite of these laudable efforts, there remains a substantial disparity between the military forces of the GCC states and those of their principal antagonists in the Persian Gulf. Due to this imbalance, the United States continues to urge the Gulf countries to work closely with other moderate Arab states to enhance their collective ability to defend the region.

Our GCC partners also contribute to regional security by providing U.S. forces the use of military facilities, transit rights, and other forms of access. Bahrain, for example, has provided port facilities to U.S. naval forces for 50 years; it also hosts the headquarters for U.S. Naval Forces Central Command, furnishes facilities for prepositioned equipment, and has granted rapid access for U.S. military aircraft when needed. Oman likewise allows the United States to preposition equipment on its territory, and has granted access to its military bases since 1980. Since the Gulf War, defense cooperation agreements permitting access and prepositioning have been signed with Kuwait, Bahrain, Qatar, and the United Arab Emirates. Under the agreement with Kuwait, that nation has agreed to offset U.S. prepositioning and exercise costs. At the end of 1999, Kuwait housed the bulk of U.S. ground troops in the region and much of our air power. Saudi Arabia also provides access to U.S. forces, contributes substantially to offset the costs of

U.S. military operations enforcing UN sanctions on Iraq, and funded the construction of a \$120 million friendly forces housing complex. In addition, since November 1995, both Bahrain and Qatar have hosted several Air Expeditionary Force deployments in support of Operation Southern Watch. Furthermore, the United Arab Emirates contributed forces to the NATO-led peacekeeping force in Kosovo – its first ever out-of-area deployment.

CHAPTER III

ASSESSMENT OF COUNTRY CONTRIBUTIONS

This chapter presents the Department's detailed assessment of allied and partner countries' contributions to shared security objectives. Countries are assessed according to the criteria originally specified by the FY 1997 Defense Authorization Act, and also according to measures and methodologies from past reports to ensure a comprehensive, balanced evaluation.

The responsibility sharing targets originally established by the FY 1997 Defense Authorization Act (Title X, Section 1084), and later modified by subsequent acts, are listed below:

- Increase defense spending share of GDP by 10 percent over the previous year, or to a level commensurate with that of the United States;
- Increase military assets contributed or pledged to multinational military activities;
- Increase offsets of U.S. stationing costs to a level of 75 percent by September 30, 2000; and
- Increase foreign assistance by 10 percent over the previous year, or to a level equal to at least one percent of GDP.

In addition to measuring country contributions against these short-term, "pass/fail" targets, this chapter also provides a more comprehensive assessment based on countries' *ability to contribute* and *trends* in country efforts. Also included is an assessment of military personnel and standing forces as key measures of national contributions to shared security objectives. Finally, this chapter addresses U.S. contributions for purposes of completeness and balance.

The following assessments are based on the most recent, complete, and reliable data available. Notes on uses and sources of these figures, and a country-by-country summary of selected responsibility sharing statistics, can be found in the Annex, along with a compendium of supporting data.

DEFENSE SPENDING

The Department has long maintained that any attempt to assess responsibility sharing must consider nations' contributions to the common defense in terms of their *ability to contribute*. This is a sound principle made all the more important by large differences in economic performance, population, and standards of living that exist among our allies.

Chart III-1 shows the wide variations in 1999 per capita GDP among the nations addressed in this Report -- from around \$3,000 in Turkey to nearly \$39,000 in Luxembourg. Given such great disparities in standards of living, "equitable" defense spending among nations may not necessarily mean that each nation should devote the same level of its national wealth to defense. That is, it may be more "fair" for nations with the strongest economies and wealthiest populations to carry a proportionately larger share of the burden of providing for the common defense.

Chart III-1 shows, however, that most of the countries addressed in this Report that have below-average per capita GDP spend above-average shares on defense (such as all of the GCC countries, Turkey, Greece, and the Republic of Korea), while most of those that have above-average standards of living, spend below-average shares of their GDP on defense (including Luxembourg, Norway, Denmark, Japan, Germany, Belgium, and the Netherlands).

Chart III-1
Defense Spending as a Percentage of GDP vs. Per Capita GDP
1999

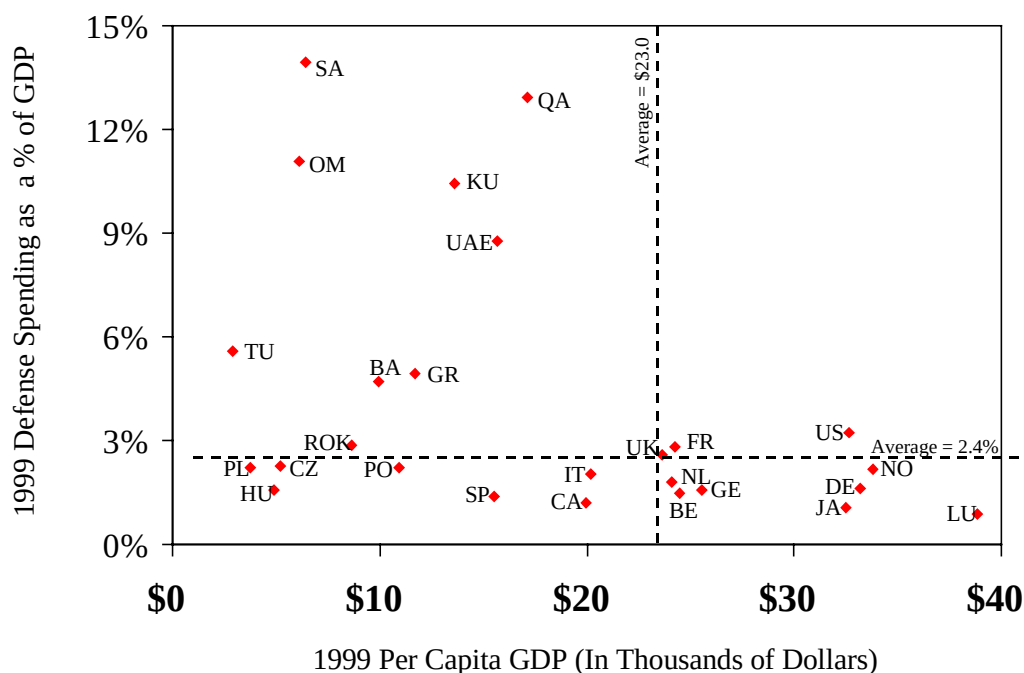


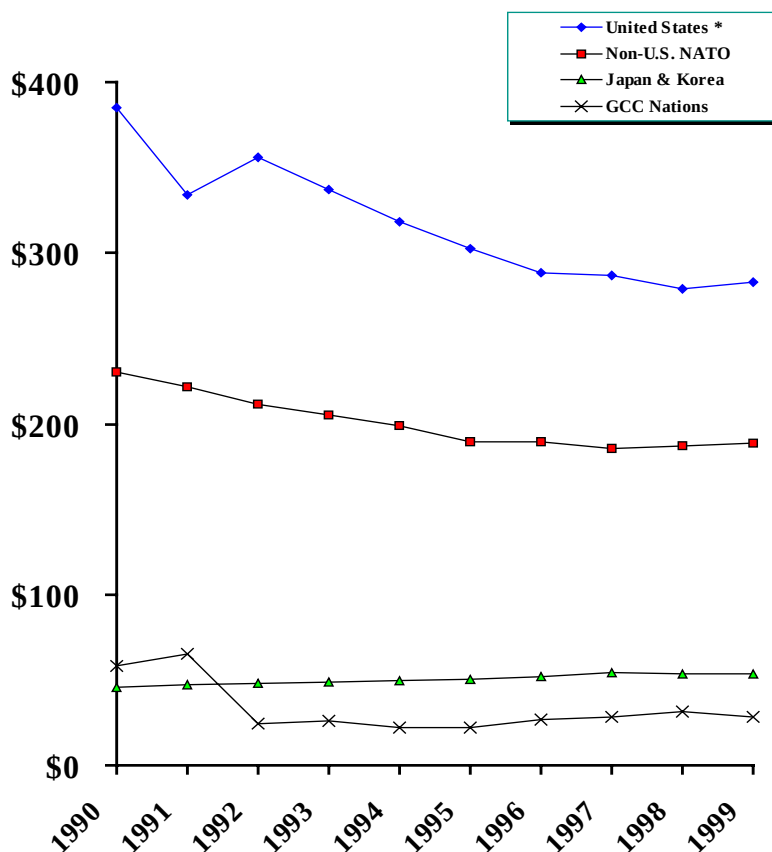
Chart III-2 depicts 1990-1999 defense spending trends for the United States, our NATO and Pacific allies, and our GCC partners. The chart shows that, during this period, the United States experienced the steepest decline in defense spending, while our NATO allies' overall defense spending fell steadily, but much less sharply. Both United States and NATO allied defense spending grew slightly in 1999. Modest but steady growth in defense expenditures is shown for our Pacific allies from 1990-1999. Following the Gulf War, our GCC partners defense expenditures grew until 1999, when defense spending fell slightly.

Budgetary pressures continue to strain defense programs in the United States and among our allies. Economic factors have exacerbated these pressures in Europe (rigorous European Monetary Union criteria and continuing high unemployment) and the Pacific (slowly recovering from the 1997 financial crisis).

Excluding the GCC countries, whose defense spending in 1990-1991 was seriously distorted by the Gulf War, combined real defense spending for all nations addressed in this Report dropped by over 20 percent between 1990 and 1999, reflecting adjustments to the post-Cold War security environment. The largest declines during this period were experienced by Germany (-30 percent), the United Kingdom (-29 percent), Canada (-27 percent), Belgium (-27 percent), and the United States (-26 percent). The Czech Republic, Poland and Hungary also experienced very substantial decreases in defense spending over the past decade, though it must be noted that these nations maintained unusually high levels of defense spending while members of the Warsaw Pact. In contrast, several nations achieved real increases in their defense budgets over this period – Luxembourg (40 percent), Turkey (37 percent), Greece (26 percent), the Republic of Korea (17 percent), Japan (17 percent), and Portugal (1 percent).

Looking more specifically at defense spending trends in the past year we see that, between 1998 and 1999, fourteen of the countries addressed in this Report achieved real defense spending growth, with the biggest gains posted by the United Arab Emirates (22 percent), the Czech Republic (8 percent), Hungary (7 percent), Turkey (6 percent), Luxembourg (5 percent), Greece (4 percent), Portugal (4 percent), and Spain (4 percent). Refer to Table E-4 in the Annex for further information on defense spending trends.

Chart III-2
Defense Spending
1999 Dollars in Billions - 1999 Exchange Rates



* NOTE: U.S. defense outlays in 1991 were artificially depressed due to large allied cash contributions credited for Operation Desert Shield/Desert Storm.

Certain expenditures outside of defense budgets also promote shared security interests, and should be recognized – such as Germany’s investments in the infrastructure of eastern Germany, and its financial support for economic and political reform in the new democracies of Central Europe. Nonetheless, it is essential that our allies maintain their defense budgets at appropriate levels, in order to ensure that they remain able to field effective military forces. In our discussions with allies and partners, the Department continues to urge sustained efforts in this area.

Defense Spending as a Percentage of GDP

Defense spending relative to GDP combines the most comprehensive indicator of defense effort with the most comprehensive indicator of ability to contribute. However, this indicator should not be viewed in isolation from other national contributions to shared security objectives.

Chart III-3 shows the percentage of GDP spent on defense by the United States and its allies in 1999. (Trend data since 1990 are found in the Annex in Table E-5.) The 1999 data exhibits the same pattern that it has throughout the 1990s: the GCC nations, along with Greece and Turkey, spent the highest percentage of GDP on defense, while Japan, and several of our NATO allies (Luxembourg, Canada, Spain, Belgium, Germany, Hungary, and Denmark) spent the lowest share of GDP on defense.

- Since 1990, U.S. defense spending relative to GDP has declined from over 5.3 percent to 3.2 percent. During this same period, non-U.S. NATO defense spending relative to GDP fell from 3.1 percent to 2.1 percent.
- In 1999, Turkey (5.6 percent) and Greece (4.9 percent) once again exceeded all other NATO nations in defense spending relative to GDP, and Turkey was also one of the seven Alliance members that experienced growth in this indicator (25 percent) during 1999 – the others were the Czech Republic (7 percent) Greece and Hungary (1 percent each); and Portugal, Luxembourg, and France (less than 1 percent each).
- Among NATO nations, France and the United Kingdom are consistently near the top in terms of their defense spending as a share of GDP, trailing only Turkey, Greece, and the United States in this measure during 1999. On the other hand, Germany – which ranked sixth among NATO nations in this indicator at the end of the Cold War – now ranks 14th, ahead of only Belgium, Spain, Canada, and Luxembourg.
- Although the percentage of GDP that Japan spent on its defense forces remained around one percent in 1999, Japanese defense spending remains the second highest of all the countries in this Report, after that of the United States. The Republic of Korea's 1999 defense spending and defense spending/GDP ratio both declined from 1998 levels.
- The United Arab Emirates increased the share of GDP dedicated to defense to nine percent in 1999, and had the second highest relative increase in this ratio (19 percent) of any of the nations covered in this Report. Although none of the other GCC nations increased their defense spending to GDP ratios over 1998 levels, Saudi Arabia, Qatar, Oman, and Kuwait, in addition to the United Arab Emirates, had the highest 1999 defense spending/GDP ratios of all the nations in this Report.

The dashed vertical line shown on Chart III-3 represents the level at which a nation's share of total allied defense spending equals its share of total allied GDP (i.e., the ratio between them is 1-to-1). It therefore provides insight into the issue of equity among countries' defense efforts, by allowing contributions to be compared with ability to contribute. For example, the line almost intersects the top of the bar shown for the United Kingdom, which signifies that the United Kingdom's share of total defense spending (contribution) is roughly commensurate with its share of total GDP (ability to contribute). Thus, in the area of defense spending, the United Kingdom is doing roughly its "fair share" among the countries addressed in this Report. The United States and those countries shown above it on this chart (i.e., Turkey, Greece, and the

GCC countries) are doing substantially more than their “fair share,” with defense spending contributions in excess of their respective GDP shares by 20 percent or more. Conversely, the Netherlands and those countries listed below it on this chart (Denmark, Hungary, Germany, Belgium, Spain, Canada, Japan, and Luxembourg) have defense spending shares that are more than 20 percent below their GDP shares. See Section C of the Annex for statistics relating to countries’ contributions relative to their ability to contribute.

Assessment of Defense Spending Contributions

In the FY 1997 Defense Authorization Act, Congress established two objectives for allied nations in the area of defense spending relative to GDP: either increase this ratio by 10 percent compared to the preceding year, or achieve a level of defense spending as a percentage of GDP at least commensurate with that of the United States. In 1999, eight nations addressed in this Report met one or both of these targets: Turkey and the United Arab Emirates increased their defense spending/GDP ratio by more than 10 percent in 1999, while all the GCC nations, along with Turkey and Greece, committed larger GDP shares to defense than did the United States.

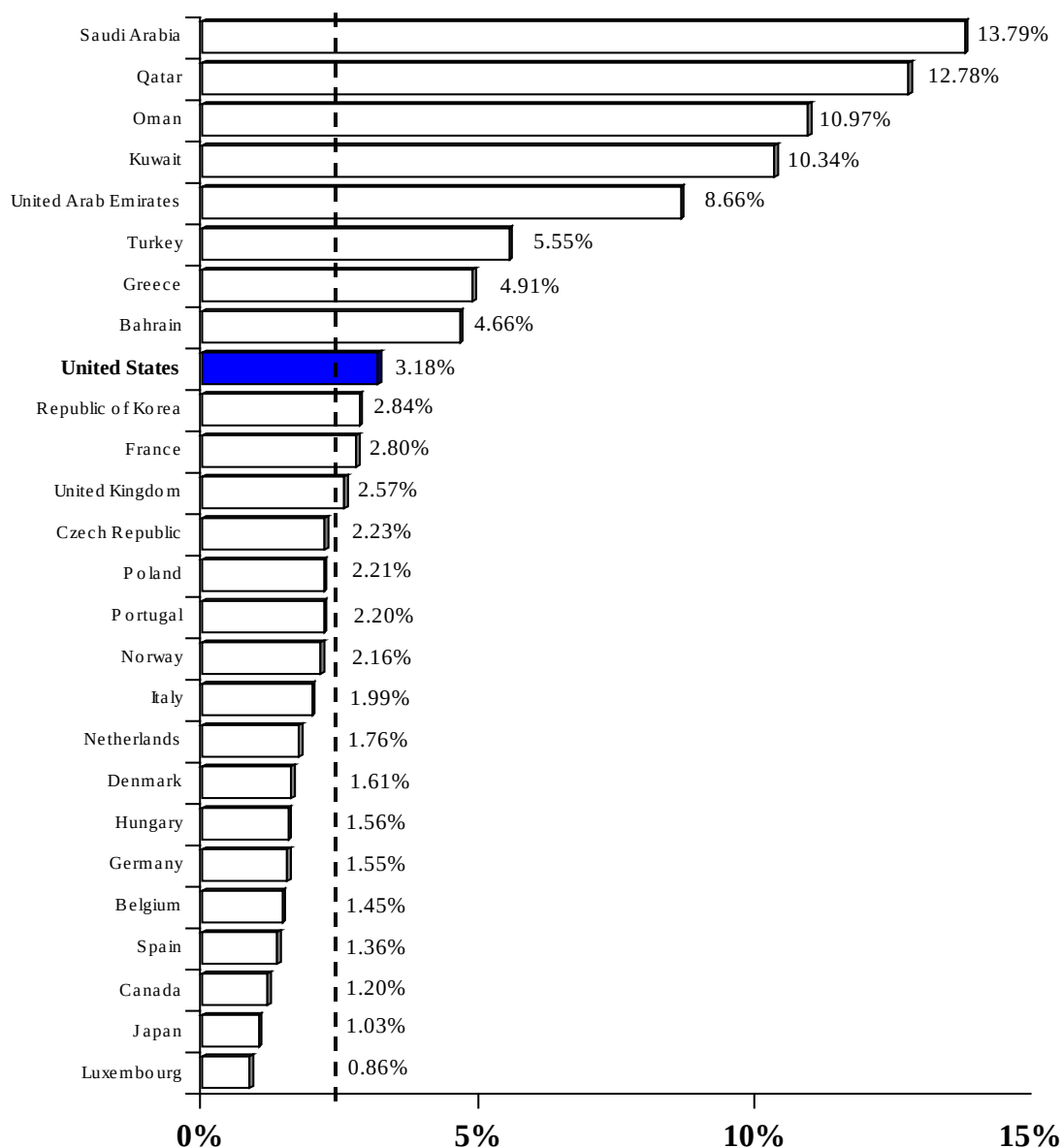
The targets originally identified in the FY 1997 Defense Authorization Act are a sound basis upon which to assess country efforts. However, when consideration is given to the ratio between defense spending share and GDP share, the United States joins the eight countries listed above in making a substantial responsibility sharing contribution in the area of defense spending (see Chart III-3).

These assessments are summarized in Chart I-1 and I-2.

Chart III-3

Defense Spending as a Percentage of GDP

1999



Dashed line depicts the level at which a nation's share of total allied defense spending equals its share of total allied GDP (i.e., the defense spending to GDP ratio is 1-to-1). Countries at this level are contributing their "fair share" of defense spending. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

MULTINATIONAL MILITARY ACTIVITIES

As highlighted in the current *National Security Strategy for a New Century* (December 1999), a diverse set of political, economic, and ethnic instabilities continue to threaten regions of vital strategic interest to the United States. Our strategy has three principal objectives: to *shape* the security environment, *respond* to potential crises, and *prepare* to meet future uncertainties. A key element in this integrated approach is to maintain and improve our ability, and that of our allies, to respond rapidly and multilaterally both to conventional military aggression and to lesser threats that endanger common interests. Enhancing capabilities to conduct multinational peacekeeping and humanitarian relief operations is particularly important, since operations of these types have been proliferating since the end of the Cold War. During the past two years, for example, U.S. and allied military personnel served in such operations in East Timor, Kosovo, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Cyprus, Lebanon, the Golan Heights and Sinai Peninsula, Tajikistan, along the India-Pakistan and Iraq-Kuwait borders, and in the Western Sahara, Sierra Leone, and the Democratic Republic of the Congo.

The Department's assessment of countries' contributions to multinational military activities addresses the military forces they have pledged to provide both for multinational peacekeeping and humanitarian relief operations, and for multinational defense missions. This assessment also considers participation in and funding for ongoing UN peace support operations.

Multinational Reaction Forces

Of the countries covered in this Report, our NATO allies make by far the most substantial contributions of specialized units earmarked for multinational military missions. In accordance with NATO's post-Cold War strategic concept, Alliance members have begun to develop forces that can be rapidly transported to remote theaters of operations; function despite a lack of pre-established lines of communication and host nation support; and fight effectively in multinational formations at the corps and even division level. NATO has organized these capabilities into its Reaction Forces, which include multinational commands and formations such as the Allied Command Europe (ACE) Mobile Force (Land) and the ACE Rapid Reaction Corps (ARRC) (see Chart III-4) for ground forces, and the Immediate and Rapid Reaction Forces (Air).

CHART III-4

Country Contributions to ACE Rapid Reaction Corps (ARRC)*

NATO Member	Maneuver Brigade Equivalents	Independent Support Brigade Equivalents
Belgium	1	
Czech Republic	1	0.1
Denmark	1	0.1
Germany	3	
Greece	3	
Hungary	1	0.3
Italy	5	1.0
Netherlands	1	0.7
Poland	1.3	0.7
Portugal	1	
Spain	3	
Turkey	3	0.3
United Kingdom	11.7	7.3
United States	3	2.7
TOTAL	39.0	13.2

* Data reflects publicized plans. All national contingents may not be immediately available.

With the exception of Iceland (which has no armed forces) and France (which is covered separately below), all NATO nations which do not contribute to the ARRC do provide forces for the ACE Mobile Force – Land. This is a brigade-sized Immediate Reaction Forces formation consisting of about 5,000 troops supplied by 14 NATO nations. Canada contributes an infantry battalion group and Luxembourg an armored reconnaissance company. Norway currently provides the 900-strong Telemark Infantry Battalion, but is considering increasing its contribution to 2,100 through the addition of a tank company, a reconnaissance company, a military police platoon, and engineering and movement control elements.

NATO also maintains standing maritime Immediate Reaction Forces. The Standing Naval Force Atlantic (STANAVFORLANT) consists of six to ten destroyers and frigates, with Canada, Germany, the Netherlands, the United Kingdom, and the United States each contributing one ship on a permanent basis. These are joined periodically by ships from Belgium, Denmark, Norway, Portugal, and Spain. The Standing Naval Force Mediterranean (STANAVFORMED) is organized and operates along similar lines, with destroyers and frigates provided by Germany, Greece, Italy, the Netherlands, Spain, Turkey, the United Kingdom, and the United States. Finally, there is a multinational minesweeping force, the Standing Naval Force Channel (STANAVFORCHAN).

NATO's Reaction Forces are intended, first and foremost, to protect Alliance territory against military aggression and other challenges to collective security. However, recent operations in the former Yugoslavia demonstrate that NATO's Reaction Forces are capable of meeting European contingencies beyond the Alliance's borders. This capability will be enhanced as national restructuring efforts progress and NATO's Combined Joint Task Force (CJTF) concept continues to mature.

France makes no Reaction Forces contributions because it does not participate in NATO's integrated military command structure. However, it maintains large, well-equipped rapid-reaction forces under national command. The naval component is represented by the *Force d'Action Navale* (FAN), comprising an aircraft carrier, nine surface combatants, three amphibious ships, and several nuclear attack submarines and replenishment auxiliaries. Until 1996, the all-professional *Force d'Action Rapide* (FAR) comprised the ground reaction forces, while the rest of the French Army was limited to homeland defense by political strictures against deploying conscripts abroad without their consent. However, in February 1996, President Jacques Chirac announced an end to conscription as part of a major restructuring of all three services. When this restructuring is complete in 2002, the entire French Army will effectively have been transformed into a deployable, all-professional reaction force. The new, 136,000-strong force structure will be able to deploy 50,000 troops, whereas the former 238,000-strong force could deploy only 10,000.

Japan and the Republic of Korea have no counterparts to the large, multinational reaction forces provided by our NATO allies. This reflects the very different security situation in Northeast Asia, the bilateral character of our security relationships with the two countries, and the fact that U.S. responsibility sharing policy in this region places greater emphasis on cost sharing than on global military roles and missions. Nevertheless, Japan agreed to assume a larger role in regional affairs in the U.S.-Japanese Joint Declaration on Security in April 1996, and the Republic of Korea has increased its contributions to collective defense through force modernization and the assumption of greater command responsibilities for combined U.S.-ROK forces.

The United States encourages its GCC security partners to strengthen their provisions for multilateral defense of the Gulf region. However, post-Gulf War plans to expand the GCC's standing, brigade-sized Peninsula Shield Force (which is deployed in northeastern Saudi Arabia, near the Iraqi border) to over 20,000 personnel have not yet been implemented, and the existing

formation is not maintained at full strength. However, progress has been made in recent years toward establishing an integrated regional air defense system. The United States is also working with the GCC to overcome impediments to closer military cooperation with other Arab nations.

In order to allow more direct comparisons among nations, and provide insight into what constitutes equitable contributions, Chart III-5 depicts each nation's share of multinational reaction forces (average of ground, naval, and air forces) relative to its share of GDP. Over half the nations had shares significantly (at least 20 percent) greater than their GDP shares: Greece, Turkey, Hungary, Poland, the Netherlands, Portugal, Denmark, the United Kingdom, Bahrain, Belgium, Spain, Norway, Kuwait, Qatar, Italy, and France. These nations provided disproportionately large shares of multinational reaction forces relative to their GDP shares. In contrast, there were five nations whose reaction forces shares were more than 20 percent below their GDP shares, including Canada, the United States, the United Arab Emirates, Saudi Arabia, and the Czech Republic.

Percentage changes in each country's ratio from 1998 to 1999 are also listed on the chart. These show that Poland, Germany, the Netherlands, Canada, Greece, Denmark, Portugal, and the United Kingdom all achieved increases in excess of five percent in this indicator, with several other nations registering smaller gains.

However, Chart III-5 cannot portray *qualitative* improvements in multinational reaction forces. Germany, for example, established its tri-service Crisis Reaction Forces (*Krisen-Reaktions-Krafte*, or *KRK*) in 1995. The 56,000-strong *KRK* – which comprise six combat aircraft squadrons, six maneuver brigades, and a large naval contingent – are structured and equipped for rapid deployment, and manned exclusively by regulars and volunteers.

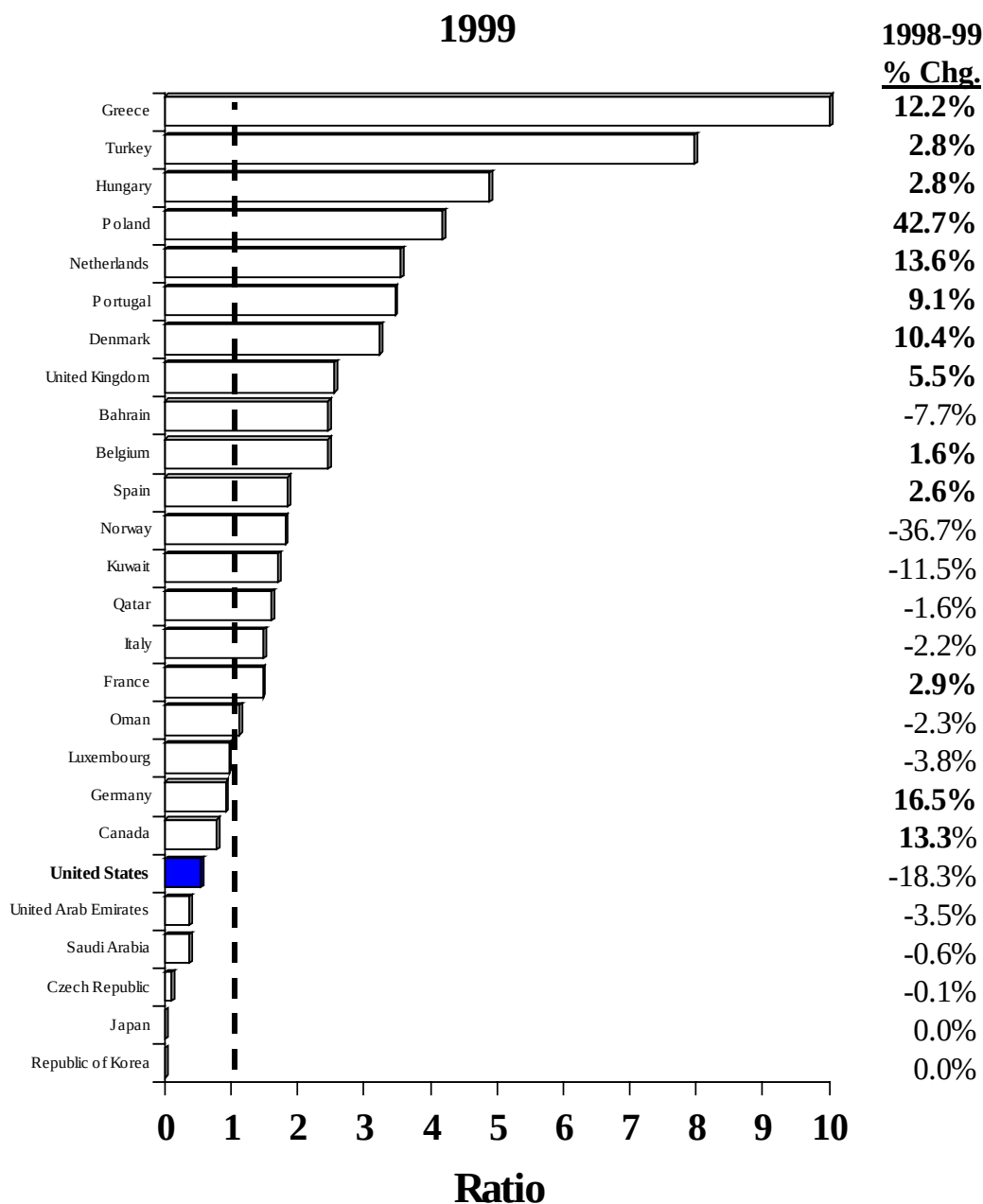
Similar programs designed to create high-readiness, all-volunteer formations configured for rapid deployment (including beyond NATO's borders) are underway in several other NATO nations. Greece has transformed its Army Corps B into a Rapid Reaction Force (RRF) comprising a mechanized division, an army aviation brigade, a parachute regiment, a commando regiment, a marine brigade and a special support brigade. The Italian Army has likewise converted its 3rd Corps HQ into a Projection Forces (*Forze di Poiezione*, or *FOP*) headquarters that commands three all-professional brigades and an amphibious regiment. Even before this transformation was complete, it provided the core HQ that commanded the Italian-led peace operation in Albania during 1997.

The United Kingdom's 1998 Strategic Defense Review detailed plans to combine all deployable, high-readiness assets in the new Joint Rapid Reaction Forces (JRRF). Another planned enhancement involves the conversion of the 5th Airborne Brigade into a mechanized brigade. This will establish a force structure of six heavy brigades in two divisions, each of which will be capable of maintaining one brigade at high readiness and another in collective training, while contributing a third to contingency operations such as KFOR. The Strategic Defense Review also calls for the addition of 2,000 new regular combat support and combat service support personnel to enhance Britain's capability to engage in contingency operations without mobilizing large numbers of reservists.

In addition to these efforts to improve national reaction forces, NATO has created a multinational Combined Amphibious Force-Mediterranean (CAFMED) in order to accelerate and coordinate its response to potential crises in its Southern Region. Unlike STANAVFORLANT and STANAVFORMED, CAFMED is not a permanently-constituted formation. Instead, in the event of crisis it would assemble a force of up to a division size (tailored to the requirements of a particular contingency) from an on-call pool of British, Dutch, Greek, Italian, Spanish, Turkish, and U.S. marines and amphibious vessels.

Chart III-5

Reaction Forces Share Relative to GDP Share



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Ground Combat Forces Available for Multinational Peacekeeping Operations

The multinational reaction forces discussed above can be, and in the case of many NATO Reaction Forces units, have been employed in multinational peacekeeping operations. However, these forces have the primary mission of defending allied territory against conventional military aggression, and lengthy deployments in peacekeeping operations necessarily detract from their readiness and availability for that paramount mission. Accordingly, our allies are generally able to contribute only a subset of their rapid response formations to prolonged multinational peace operations.

Chart III-6 depicts national shares of ground combat forces that could be made available for prolonged multinational peacekeeping missions relative to national GDP shares. These commitments include units reported as available for WEU operations and non-Article V NATO missions, and those pledged to the United Nations under the Standby Arrangements System. As of January 1999, some 82 countries had agreed to maintain over 100,000 military personnel on standby for the UN.

The chart shows that the United Kingdom's peacekeeping forces share is roughly in balance with its share of total GDP, while all other NATO members pledge peacekeeping forces shares that exceed their GDP shares. Turkey stands out well above the rest, pledging a share of forces that exceeds its GDP share by a factor of almost seven. Portugal, Greece, Belgium, the Netherlands, Luxembourg, Poland, Hungary, Norway, the Czech Republic, Denmark, Spain, Italy, and Canada all pledge forces shares two to three times larger than their GDP shares.

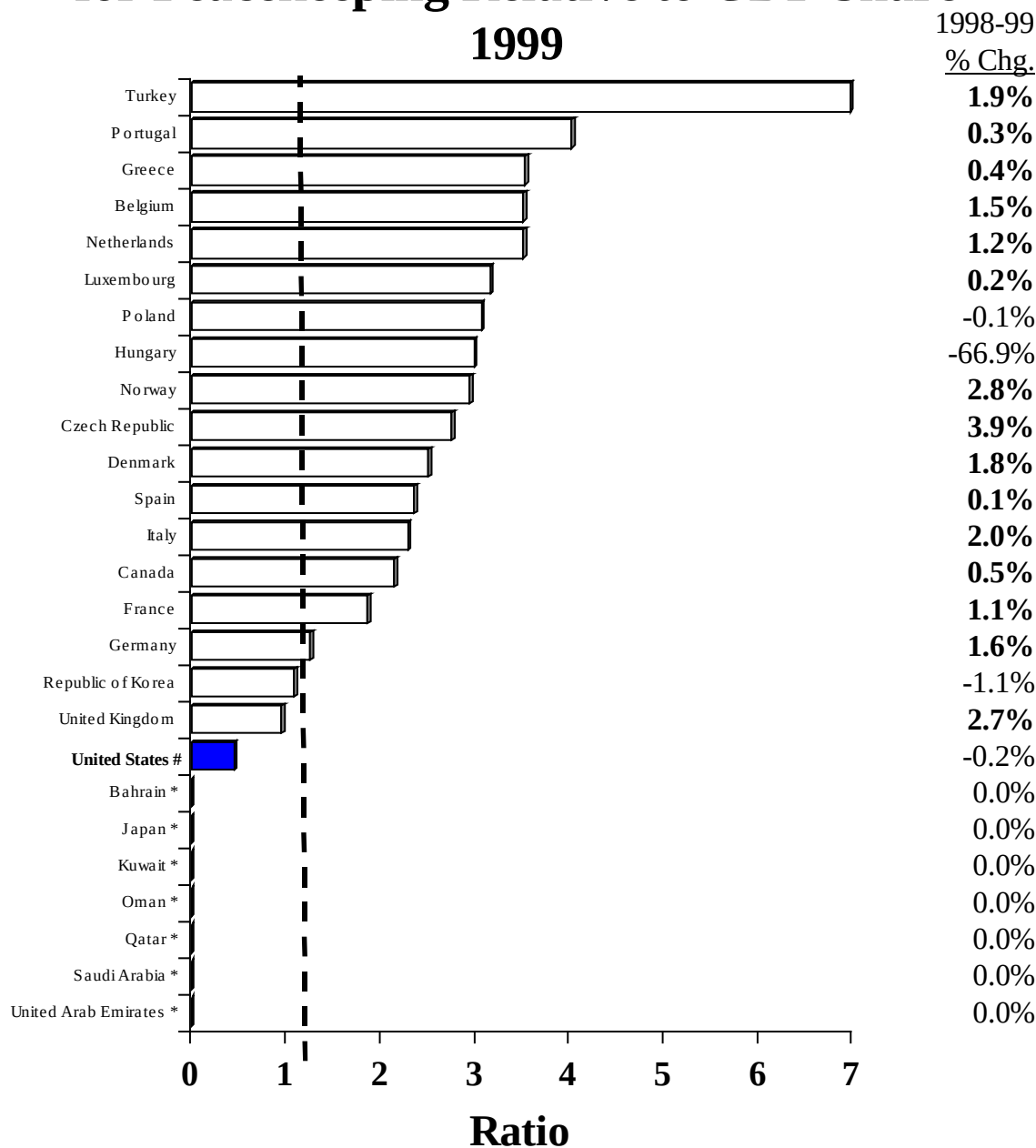
Prior to 1999, the Republic of Korea (ROK) had never contributed combat troops to a peacekeeping operation. However, the ROK has committed troops to the United Nations' Standby Forces, and, during 1999, it sent 419 troops to serve with the International Force in East Timor (INTERFET). For historical and constitutional reasons, Japan avoided deploying its armed forces abroad for nearly five decades. This situation has changed in recent years insofar as Japan has begun to contribute non-combatant units of its Self Defense Forces to UN peacekeeping operations. A small transportation unit is presently serving with the United Nations Disengagement Observer Forces (UNDOF) on the Golan Heights, and a transport aircraft detachment provided refugee relief in West Timor. However, serious obstacles remain to the deployment of Japanese combat units in multinational peacekeeping operations, and thus, no share is shown for Japan on Chart III-6 (which depicts only ground combat units).

No shares appear for any of the GCC nations because no source reports that they have pledged to contribute troops to the UN Standby Forces or – obviously -- to NATO or WEU peacekeeping operations. However, the United Arab Emirates has a battalion serving with KFOR in Kosovo – the first time that a GCC nation has ever provided troops to such an operation – and this may herald a greater willingness to contribute in the future.

The U.S. share depicted on Chart III-6 reflects the American ground troops that were actually involved in multinational peace operations during 1999, rather than troops pledged to be made available for peacekeeping missions. Due to the unparalleled extent of its global military commitments, the United States has made no commitment to provide specific military units for NATO, UN or other multinational peace operations. Instead, it contributes military assets to peacekeeping missions on a case-by-case basis depending on the unique operational requirements. The U.S. data presented on Chart III-6 is therefore included in order to provide a basis for comparing potential United States and allied contributions.

Chart III-6

Share of Ground Combat Forces Available for Peacekeeping Relative to GDP Share



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Refer to the discussion of the U.S. share on page III-11.

* According to available data, nations shown with a ratio of zero have not pledged to contribute any ground combat forces to multinational peacekeeping operations.

Participation in and Funding for UN Peace Support Operations

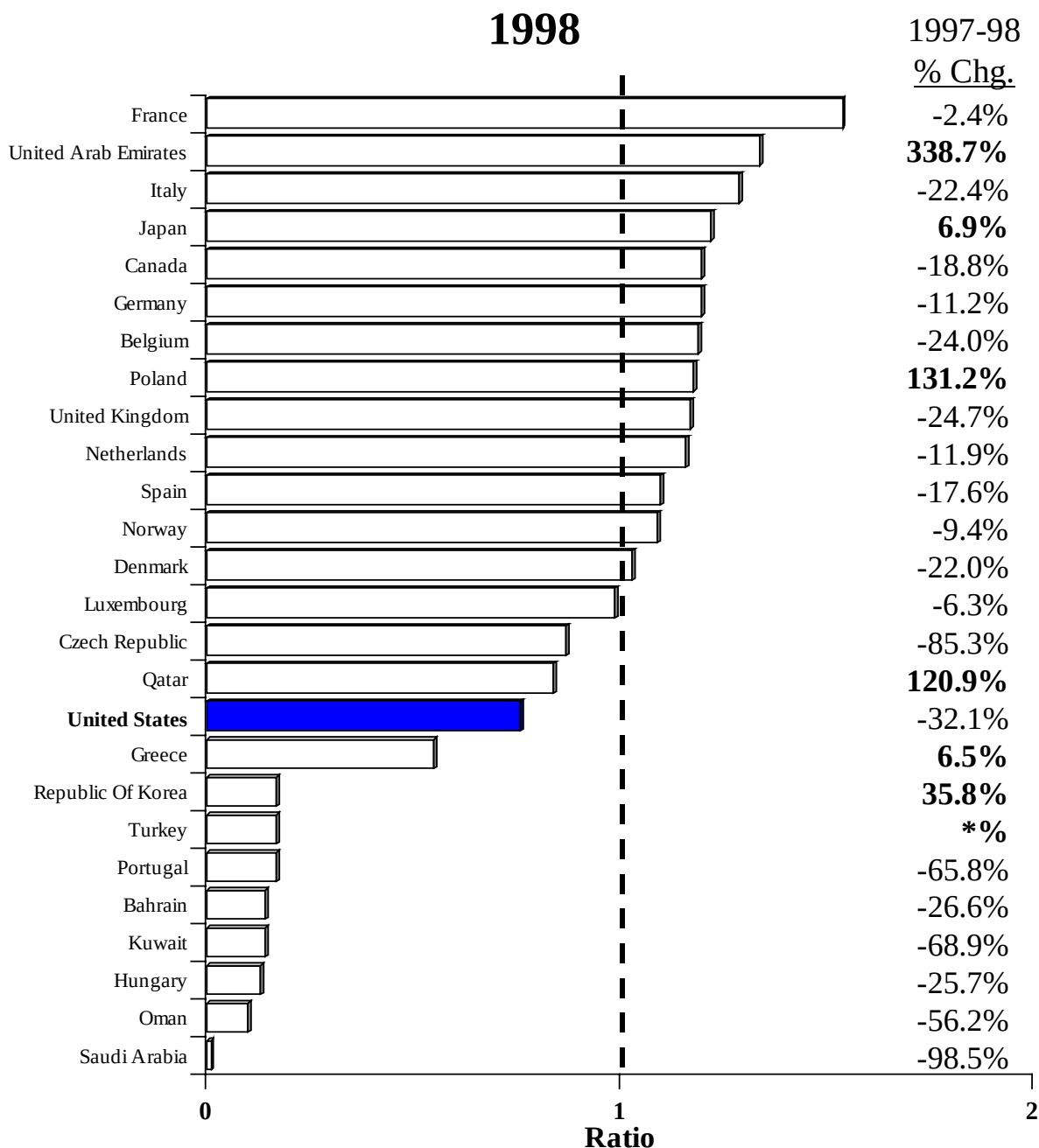
A number of our NATO allies make substantial contributions to UN peace support operations relative to their ability to contribute. This is shown in Chart III-7 (which depicts each nation's share of total funding contributed for peacekeeping missions compared to its share of total GDP) and Chart III-8 (which depicts each nation's share of total manpower contributed to peacekeeping missions compared to its share of total labor force).

These charts indicate that Canada and France make funding and personnel contributions to UN peacekeeping missions that are substantially (at least 20 percent) greater than their shares of GDP and labor force. The United Arab Emirates, Italy, Japan, and Germany also make substantial peacekeeping funding contributions relative to their GDP share. Other major contributors of peacekeeping personnel relative to ability to contribute include Poland, Hungary, Denmark, the Netherlands, Norway, the United Kingdom, and Portugal. The funding and personnel contributions of our remaining NATO and Pacific allies are either average or below par, while the remaining GCC nations contribute few or no personnel, and extremely low levels of funding.

Compared to the previous year, only Greece, Poland, and Turkey registered increases in their shares of both funding support and personnel. The United Arab Emirates, Qatar, the Republic of Korea, and Japan all increased their funding support from the previous year. The Czech Republic, Germany, Spain, Canada, the United States, Hungary, and the United Kingdom, increased the number of personnel contributed to UN operations.

Chart III-7

UN Peace Support Funding Share Relative To GDP Share

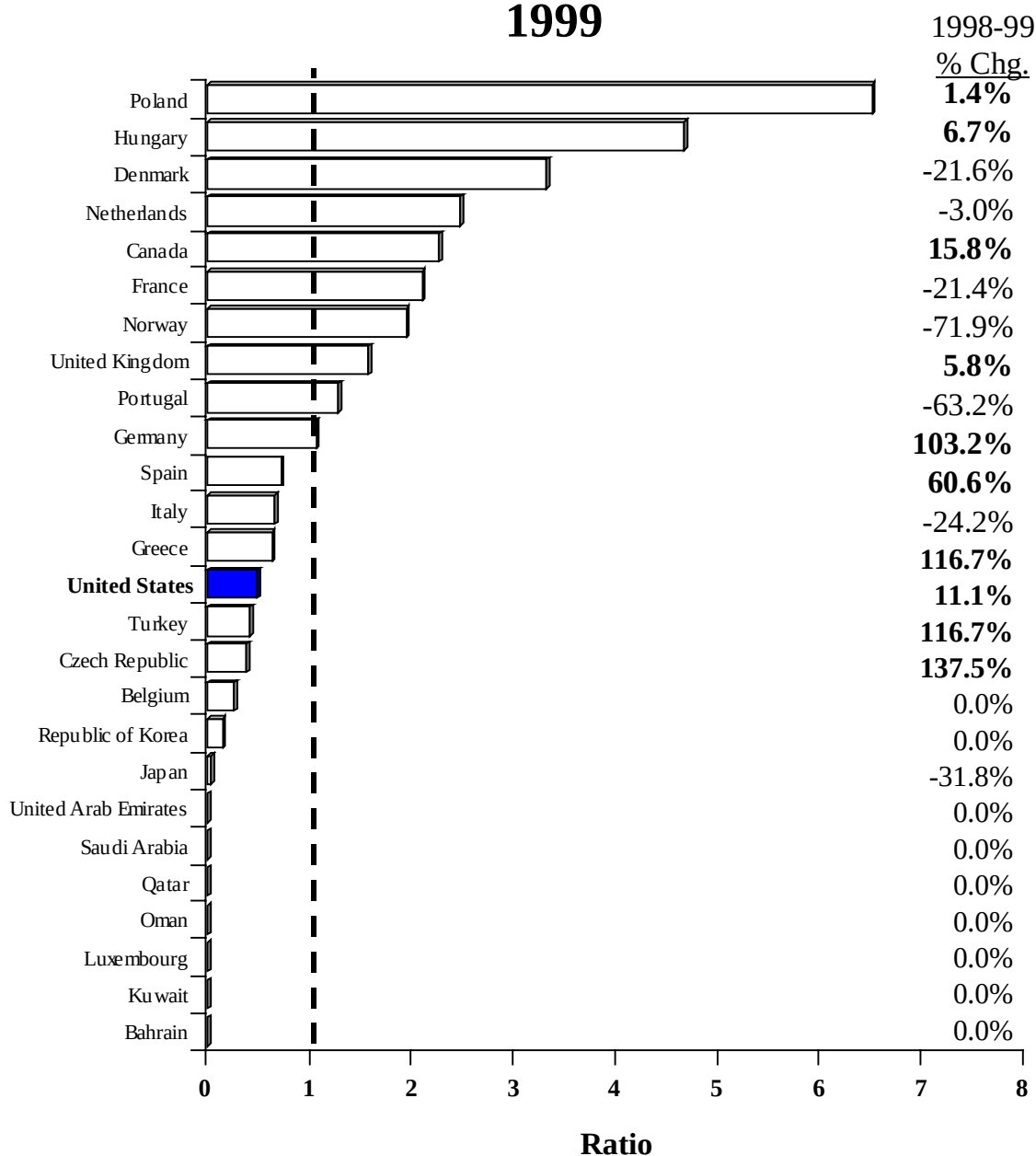


A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

*Turkey's 1997 peace support funding was extremely low, but funding returning to a normal level in 1998 resulting in a very high percentage change.

Chart III-8

UN Peace Support Personnel Share Relative To Labor Force Share 1999



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

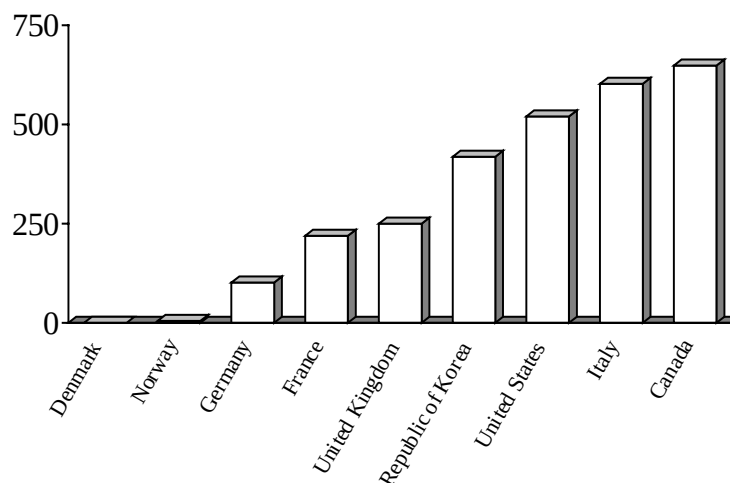
International Force for East Timor (INTERFET)

In August 1999, East Timorese voters overwhelmingly rejected a proposal for special autonomy within the Republic of Indonesia, and instead signaled their preference for independence. Following the announcement of this result, pro-integration militias went on a rampage of violence, looting and arson throughout the entire territory. Untold numbers of East Timorese were killed, and hundreds of thousands were displaced from their homes.

On September 15, 1999, the Security Council authorized the establishment of an International Force for East Timor (INTERFET) that was to restore peace and security, protect and support the United Nations Mission in East Timor (UNAMET) in carrying out its tasks, and to the extent possible, facilitate humanitarian assistance operations. INTERFET would operate under a unified command structure headed by Australia.

INTERFET personnel began deploying to East Timor on September 20, 1999. Australia contributed the bulk of the troops, deploying approximately 5,400 personnel. Nineteen other nations also deployed troops and support personnel in East Timor, including the United States, seven NATO allies, and the Republic of Korea. The United States committed no combat troops in East Timor, but provided communications personnel, intelligence analysts, logistics planners, civil-military liaison officers, heavy-lift helicopter support, and cargo handlers and crews for the airlift of other nations' troops and equipment.

Maximum Troop Contributions To INTERFET



In February 2000, INTERFET began handing over command of the peacekeeping mission to the United Nations Transitional Administration in East Timor (UNTAET). The UNTAET force will consist of up to 8,950 troops, 200 military observers, and 1,640 civilian police officers. UNTAET is an integrated, multidimensional peacekeeping operation fully responsible for the administration of East Timor during its transition to independence.

Assessment of Multinational Military Contributions

In the FY 1997 Defense Authorization Act, Congress established an objective for U.S. allies to increase military assets (including personnel, equipment, logistics, and support) that they contribute or pledge to multinational military activities worldwide. Nations registering year-to-year increases in the number of pledged or committed reaction forces, ground combat forces available for peacekeeping, or UN funding or personnel contributions include Canada, the Czech Republic, Germany, Greece, Hungary, Poland, Spain, Turkey, the United Kingdom, Japan, the Republic of Korea, Qatar, and the United Arab Emirates. This is summarized in Chart I-1.

As described elsewhere in this Report, the Department uses a broader perspective when making evaluations of this type, and recognizes those countries whose shares of multinational military contributions substantially exceed their share of GDP or labor force. On this basis, all countries in this Report except the Republic of Korea, Oman, Saudi Arabia, and the United States make significant contributions. This is reflected in Chart I-2.

MILITARY PERSONNEL

Unlike the preceding section, which addressed the critically important subset of nations' forces that are available for multinational military contingencies, this section and the next focus on nations' total military personnel and forces. The Department believes that a nation's total contribution of military personnel and forces is a valid indicator of its commitment to shared security objectives such as deterrence and stability, and should be assessed for purposes of balance and completeness.

Military personnel are one of the most fundamental defense resources that a nation can contribute to shared security objectives. For the purposes of this Report, military personnel contributions are measured using active-duty troop levels, and a nation's ability to contribute is determined by the size of its labor force.

Chart III-9 shows active-duty military personnel as a percentage of labor force from 1990 to 1999. During this period, the U.S. ratio has experienced a slow but steady decline that was somewhat steeper than the decrease among our NATO allies. Following the Gulf War, the GCC countries as a group achieved a notable increase in this ratio through 1995. And, although it recently dropped somewhat from the 1995 peak, the ratio again increased in 1999. Japan and the Republic of Korea combined have the lowest share of labor force on active-duty (1 percent), a level that has remained fairly constant during this period.

Chart III-9
Active-Duty Military Personnel
 As A Percentage of Labor Force

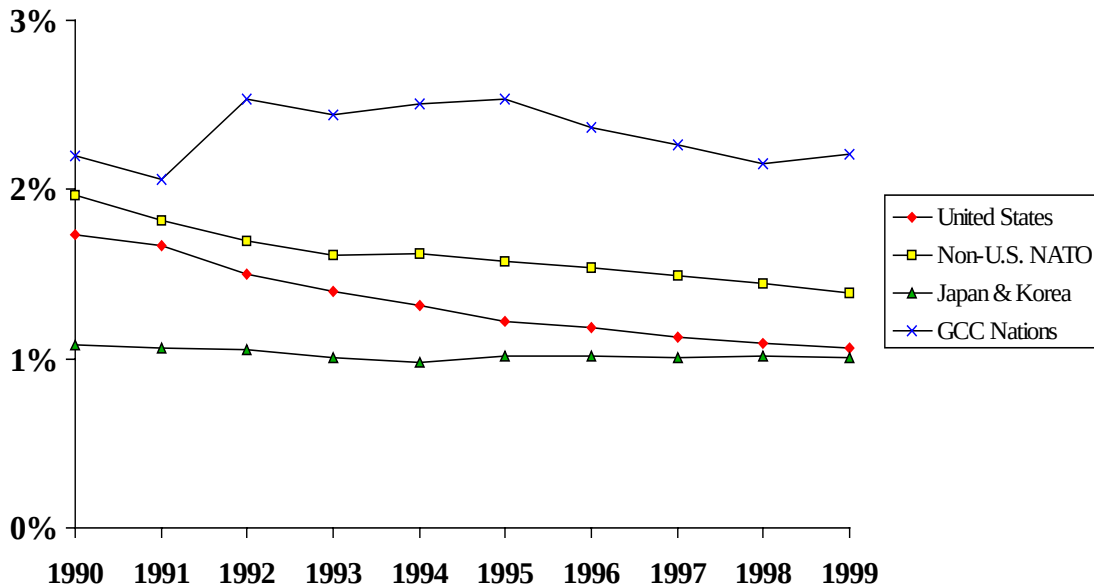


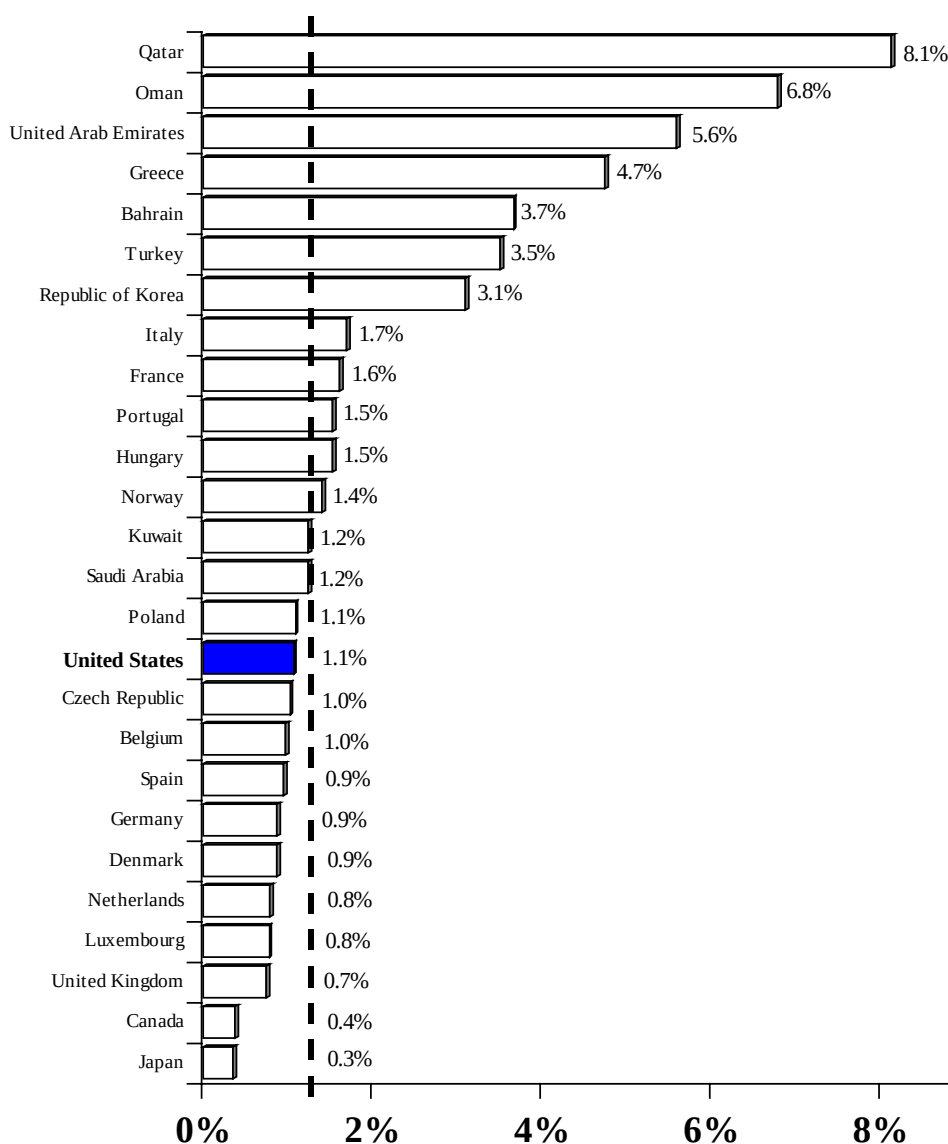
Chart III-10 compares all the countries in the Report in terms of active-duty military share relative to labor force share for 1999. The chart shows that Qatar makes the largest contribution of military personnel relative to ability to contribute, followed by Oman, the United Arab Emirates, Greece, Bahrain, Turkey, and the Republic of Korea. These countries, along with Italy, France, Portugal, and Hungary, each contribute a share of active-duty military personnel significantly greater (roughly 20 percent or more) than their share of labor force. Refer to section C of the Annex for further details.

Congress has not identified a specific responsibility sharing target for military personnel. However, on the basis of the foregoing analysis, the Department assesses that the eleven nations identified in the preceding paragraph are making substantial responsibility sharing contributions in this category. This assessment is summarized in Chart I-2.

Note that this analysis would yield different results if reservists and civilian defense workers were included, based on variations in national policies for personnel utilization. For instance, the ranking of nations that place a greater reliance on mobilizable forces – such as Norway – would improve relative to nations like Canada which have a preponderance of active-duty forces. An expanded analysis of this type is beyond the scope of this Report, however, due to a lack of complete, comparable, and unclassified data on reservists and civilian defense workers.

Chart III-10

Active-Duty Military Personnel as a Percentage of Labor Force 1999



Dashed line represents the level at which a country's share of total allied active-duty military personnel equals its share of total allied labor force (I.e, the active duty military personnel to labor force ratio is 1-to-1). Countries at this level are contributing their "fair share" of military personnel. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

MILITARY FORCES

There is no single, comprehensive indicator that reflects *all* of the factors that determine military capability. The material in this section is intended to provide an overview of each country's force contributions using a few widely accepted measures.

Although Congress has not defined specific responsibility sharing targets for military forces in general, the Department believes that standing military forces represent an important contribution to shared security objectives. Country efforts in this area are summarized in Chart I-2.

Ground Combat Capability

Nations' ground combat capabilities are measured according to the quantity and quality of their major weapon systems, drawing on static indicators that are widely used within the DoD and NATO. This approach provides more insight into combat potential than do simple counts of combat units and weapons, although it does not consider such factors as ammunition stocks, logistical support, communications, training, leadership, and morale. At this time, there is no generally accepted static measure of ground combat capability that incorporates these factors.

The largest contributors to aggregate ground capability are shown in Chart III-11. The United States provides by far the largest share of ground combat capability of any nation in this Report, followed by the Republic of Korea, Germany, Turkey, Poland, and Greece.

Chart III-11
Ground Combat Capability
1999

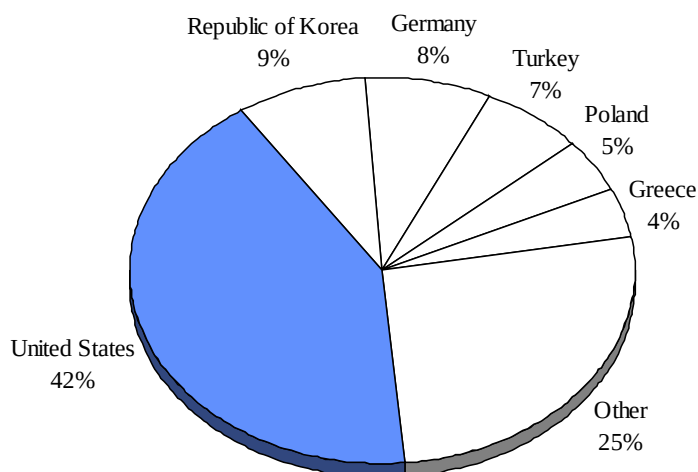
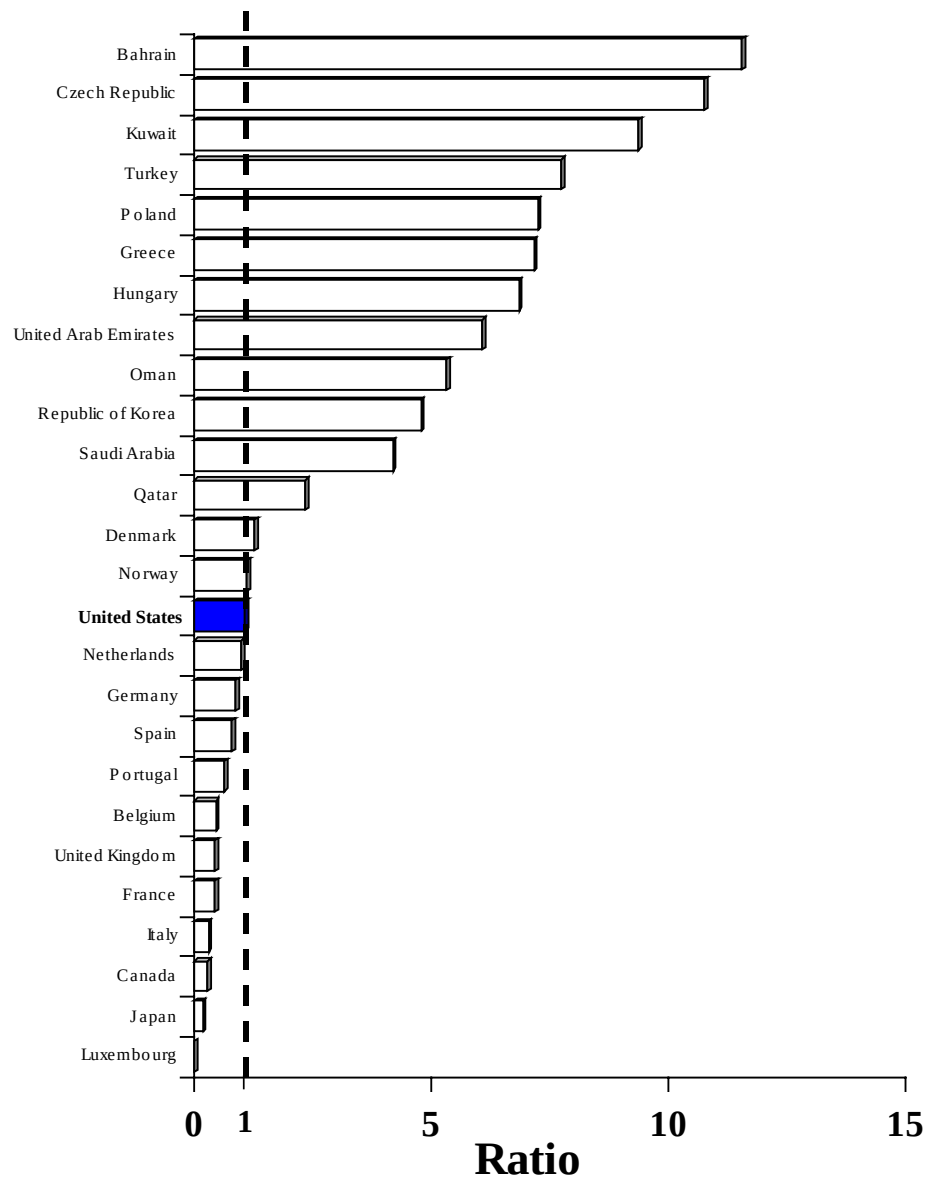


Chart III-12 compares nations' ground combat capability contributions with their ability to contribute. In 1999, thirteen countries contributed shares of ground combat capability significantly (at least 20 percent) greater than their share of total GDP. These include all the GCC countries, led by Bahrain. Among the NATO countries, the Czech Republic, Turkey, Poland, Greece and Hungary make by far the largest contributions in this category. Other nations that contribute significant ground combat capability relative to their ability to contribute are the Republic of Korea and Denmark.

On the basis of the analysis reflected in Chart III-12, the Department assesses that the thirteen nations identified above are making substantial responsibility sharing contributions in the area of ground combat capability.

Chart III-12

Ground Combat Capability Share Relative to GDP Share 1999



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Naval Force Tonnage

Tonnage is a static measure of aggregate fleet size that provides a more meaningful basis for comparison than do simple tallies of ships. The use of tonnage alone as an indicator does not, however, give any indication of the number of weapons aboard ships, or of the weapons' effectiveness or reliability. This measure also does not assess the less tangible ingredients of combat effectiveness, such as training and morale. Consequently, tonnage data should be taken as only a rough indicator of naval potential.

Chart III-13 shows the nations with the largest shares of aggregate fleet tonnage (excluding strategic missile submarines) for 1999. Note that the U.S. fleet includes some types of vessels not generally found in most allied navies (e.g., aircraft carriers, fleet support, sealift, and amphibious vessels). As a result, the United States has by far the single largest share of fleet tonnage with nearly 61 percent of the total tonnage of all countries in this Report combined. The next largest tonnage shares are those of the United Kingdom, Japan, France, Turkey, and Spain.

Chart III-13
Naval Force Tonnage
1999

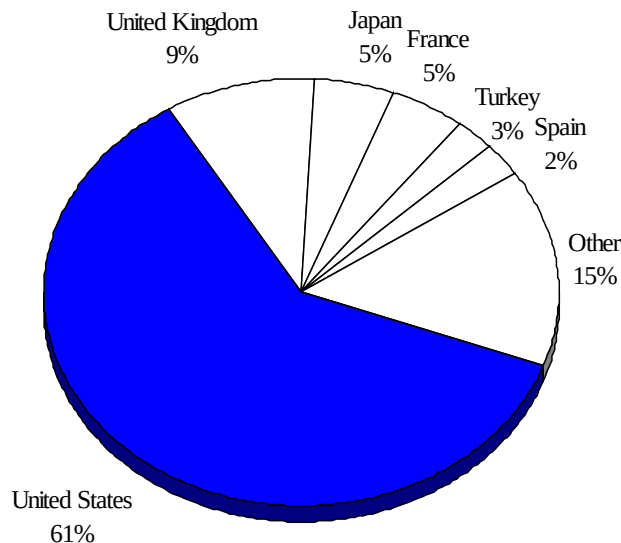
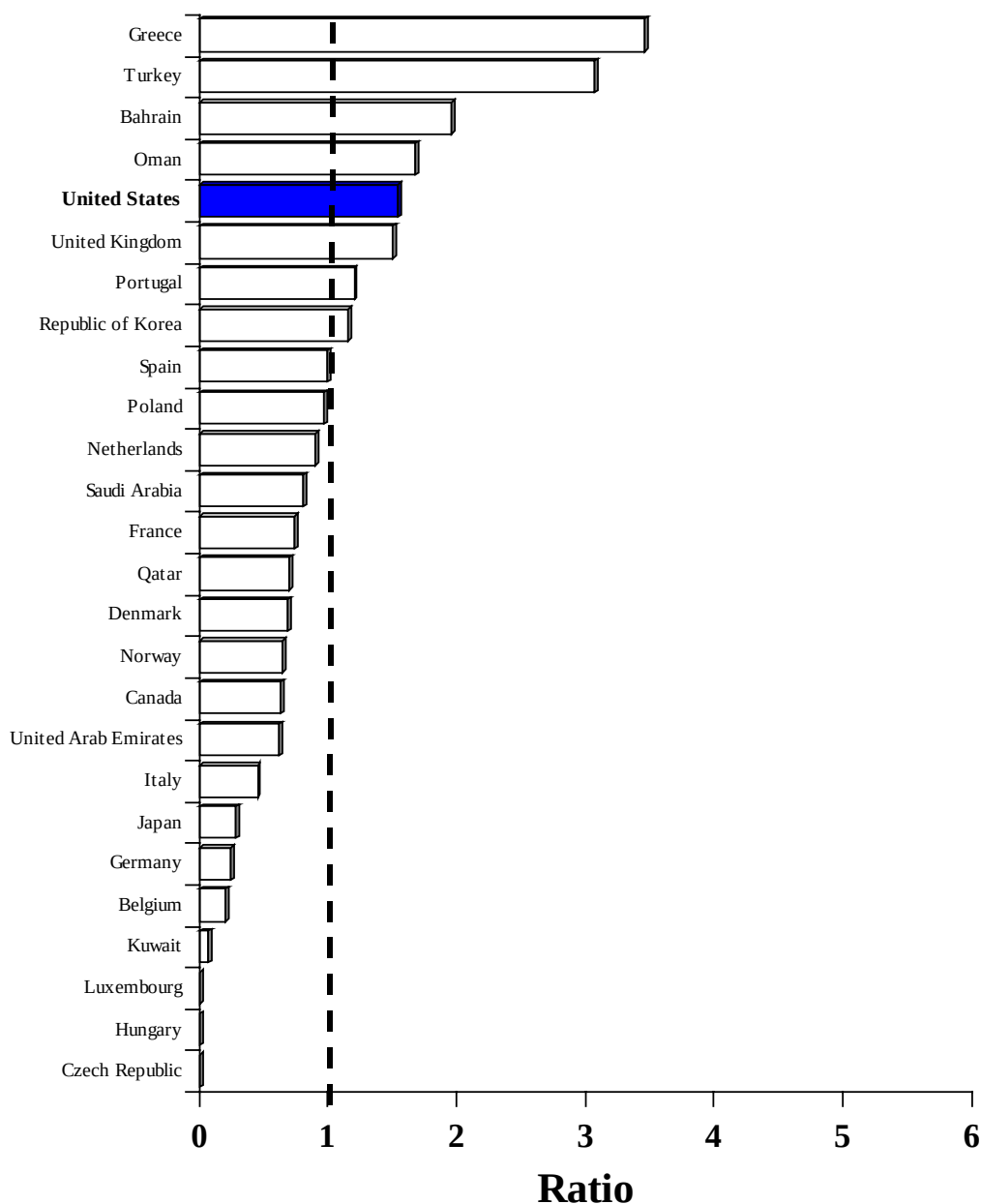


Chart III-14 reflects national shares of total fleet tonnage relative to GDP shares. In 1999, seven countries had shares of naval force tonnage significantly (at least 20 percent) greater than their GDP shares, led by Greece, and including Turkey, Bahrain, Oman, the United States, the United Kingdom, and Portugal. On the basis of this analysis, the Department assesses that these seven nations are making substantial responsibility sharing naval tonnage contributions.

Chart III-14

Naval Force Tonnage Share Relative to GDP Share 1999



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Tactical Combat Aircraft

Combat aircraft tallies are the best available measure of the strength of nations' air forces. As with the other force indicators previously discussed, aircraft counts neither measure combat effectiveness, nor take into account factors such as differences in munitions, training, or morale.

Chart III-15 depicts the distribution of tactical combat aircraft among nations addressed in this Report (including air force, naval, and marine assets). The United States possesses over 40 percent of all combat aircraft, followed by France, the United Kingdom, Germany, Italy, and Turkey.

Chart III-15
Tactical Combat Aircraft
1999

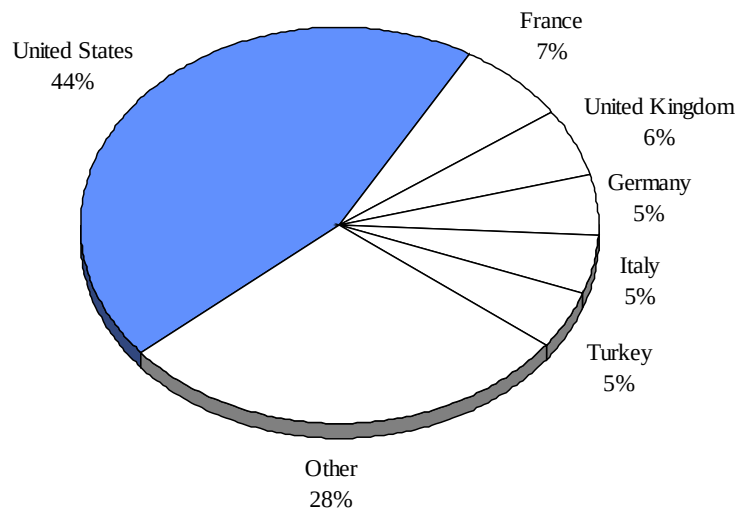
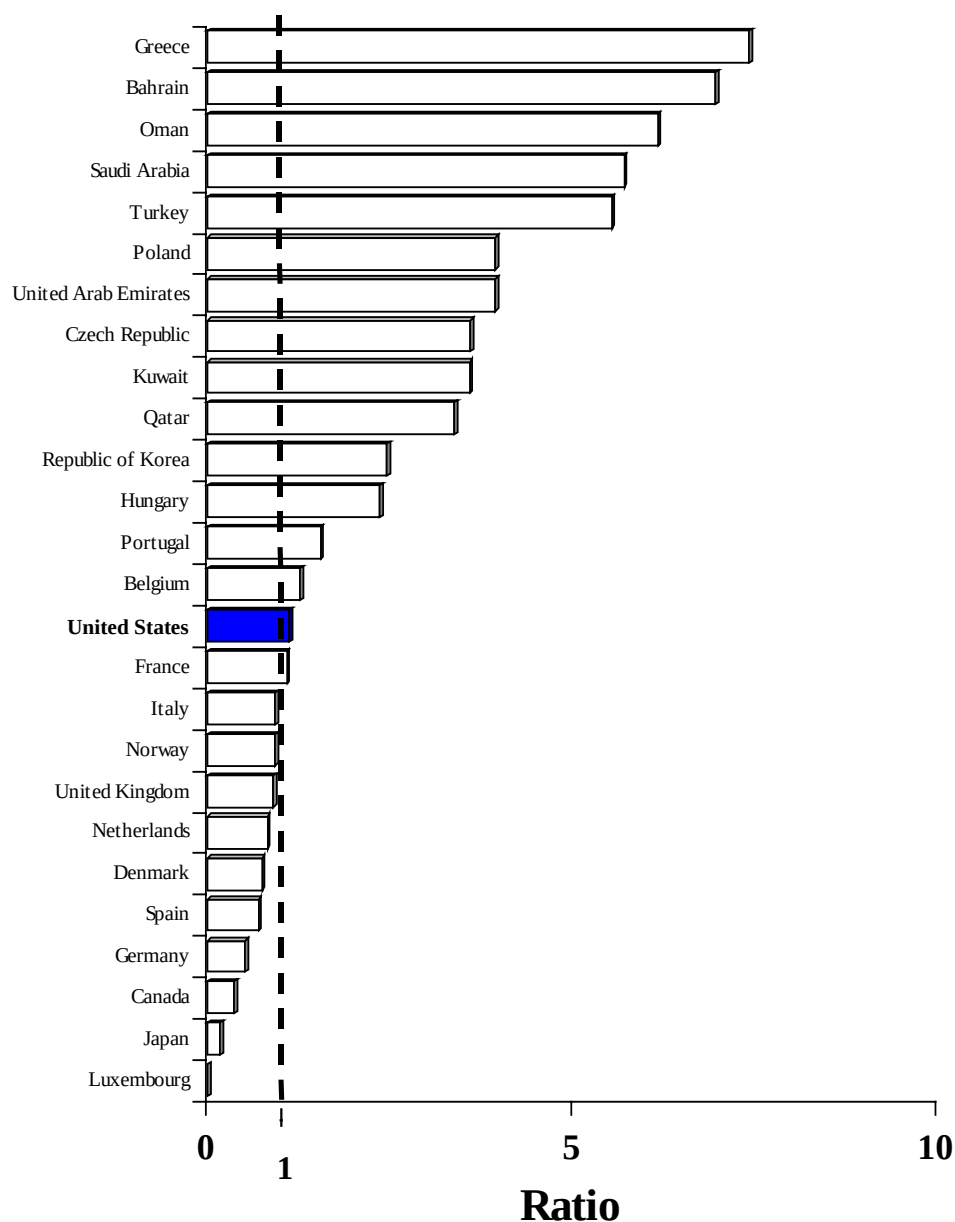


Chart III-16 reflects national shares of the total combat aircraft inventory in relation to GDP shares. A majority of the countries in this Report have combat aircraft shares significantly (at least 20 percent) greater than their GDP shares, led by Greece and Bahrain, and including the other five GCC countries, along with Turkey, Poland, the Czech Republic, the Republic of Korea, Hungary, Portugal, and Belgium. On the basis of this analysis, the Department assesses that these fourteen nations are making substantial responsibility sharing contributions in the area of tactical combat aircraft.

Chart III-16

Tactical Combat Aircraft Share Relative to GDP Share 1999



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

COST SHARING

The most familiar form of cost sharing is *bilateral* cost sharing between the United States and an ally or partner nation that either hosts U.S. troops and/or prepositioned equipment, or plans to do so in time of crisis. The Department of Defense distinguishes between two different types of bilateral cost sharing: the *direct* payment of certain U.S. stationing costs by the host nation (i.e., on-budget host country expenditures), and *indirect* cost deferrals or waivers of taxes, fees, rents, and other charges (i.e., off-budget, foregone revenues).

Cost Sharing Contributions

As shown in Chart III-17, the Department estimates that in 1998 (the most recent year for which data are available) the United States received direct and indirect cost sharing assistance from our NATO, Pacific, and GCC allies totaling over \$7.5 billion.

Cost sharing has been a particularly prominent aspect of our bilateral defense relationships with Japan and the Republic of Korea. As Chart III-17 shows, Japan provides a greater level of direct cost sharing (\$2.9 billion) than we receive from any other ally. Japan's emphasis on direct cost sharing reflects constitutional provisions and other factors that limit the scope of activities of Japan's own armed forces. Refer to Chapter II for additional details on Japanese cost sharing.

The Republic of Korea first agreed to contribute to a program for Combined Defense Improvement Projects (CDIP) construction in 1979 – which marked the beginning of our present cost sharing relationship. In 1988, the Republic of Korea agreed to a CDIP program funded initially at \$40 million a year. Since that time, annual cost sharing negotiations have brought a gradual increase in ROK contributions. During 1998, the ROK provided \$350 million in direct cost sharing and over \$400 million in additional indirect cost sharing. Further information on U.S.-ROK cost sharing is included in Chapter II.

NATO countries have long provided substantial indirect support for U.S. forces stationed on their territory. Our allies provide bases and facilities rent-free, various tax exemptions, and reduced-cost services. Among NATO allies with the largest cost sharing contributions to the United States in 1998 were Italy (\$1.1 billion) and Germany (\$960 million).

Bilateral cost sharing by our security partners in Southwest Asia during 1998 included over \$330 million paid or pledged by Kuwait, Saudi Arabia, Oman, Qatar, the United Arab Emirates, and Bahrain to offset U.S. incremental costs in the Persian Gulf region. Kuwait and Qatar both host a prepositioned U.S. Army heavy brigade equipment set, and share the land use, maintenance, and operating costs for U.S. forces stationed or exercising on their territory.

Chart III-17

U.S. Stationed Military Personnel & Bilateral Cost Sharing – 1998 1998 Dollars in Millions - 1998 Exchange Rates

NATO Allies	U.S. Stationed Military Personnel (Dec. 30, 1998)	Bilateral Cost Sharing		
		Direct Support	Indirect Support	Total
Belgium	1,624	\$0.00	\$58.43	\$58.43
Canada	164	NA	NA	NA
Denmark	38	\$0.02	\$0.06	\$0.07
France	65	NA	NA	NA
Germany	68,820	\$23.29	\$933.68	\$956.97
Greece	431	\$0.01	\$18.95	\$18.96
Italy	10,508	\$0.00	\$1,113.83	\$1,113.83
Luxembourg	9	\$0.00	\$15.00	\$15.00
Netherlands	695	\$0.00	\$3.00	\$3.00
Norway	91	\$4.86	\$0.00	\$4.86
Portugal	1,024	\$0.00	\$4.10	\$4.10
Spain	2,131	\$0.09	\$101.85	\$101.94
Turkey	2,422	\$0.12	\$23.72	\$23.84
United Kingdom	11,166	\$1.30	\$126.23	\$127.53
NATO Allies' Total	99,188	\$29.68	\$2,398.85	\$2,428.53
<u>Pacific Allies</u>				
Japan	40,589	\$2,881.26	\$1,132.10	\$4,013.36
Republic of Korea	36,956	\$349.10	\$402.21	\$751.31
Pacific Allies' Total	77,545	\$3,230.36	\$1,534.31	\$4,764.67
<u>Gulf Cooperation Council (GCC)</u>				
Bahrain	936	\$1.70	\$1.23	\$2.93
Kuwait	5,274	\$171.05	\$4.90	\$175.95
Oman	703	\$0.00	\$44.94	\$44.94
Qatar	36	\$0.00	\$11.00	\$11.00
Saudi Arabia	5,737	\$1.79	\$90.22	\$92.01
United Arab Emirates	387	\$0.06	\$10.38	\$10.43
GCC Allies' Total	13,073	\$174.60	\$162.65	\$337.25
Grand Total	189,806	\$3,434.64	\$4,095.81	\$7,530.44

NA = Not Applicable

In addition to *bilateral* cost sharing, our NATO allies also provide *multilateral* cost sharing, through common- and jointly-funded budgets. These include the NATO Security Investment Program (NSIP); the NATO Military Budget for the operations and maintenance (O&M) of NATO Military Headquarters, agencies, and common-use facilities; and the NATO Civil Budget for O&M of the NATO Headquarters and several non-military programs including civil preparedness. See Chart III-19 at the conclusion of this section for additional detail.

Several recent developments in collective NATO cost sharing are quite favorable to the United States, including savings of nearly \$190 million realized due to continued NSIP funding for certain projects in support of U.S. forces that would not normally be NSIP-eligible (e.g., quality of life facilities at Aviano Air Base, Italy). In addition, the United States stands to gain direct savings from NATO's Collective Cost Sharing initiative, under which the Alliance will offset U.S. O&M costs for prepositioned war reserve equipment and material. Finally, an additional U.S. savings of approximately \$12 million were realized in 1999 due to a reduced U.S. share of the common budgets owing to increased participation by Spain, and the inclusion of the Czech Republic, Hungary, and Poland.

Assessment of Cost Sharing Contributions

In the FY 1997 Defense Authorization Act, Congress established the objective for nations that host U.S. forces to offset 75 percent of U.S. stationing costs through an increase in financial contributions, or the elimination of taxes, fees, or other charges levied on U.S. military personnel, equipment, or facilities in that nation. Chart III-18 shows the nations with the greatest U.S. cost offset percentages for 1998. Note, however, that cost offset percentages cannot be provided for Kuwait, Oman, and the United Arab Emirates due to the lack of complete information regarding U.S. stationing costs in those countries.

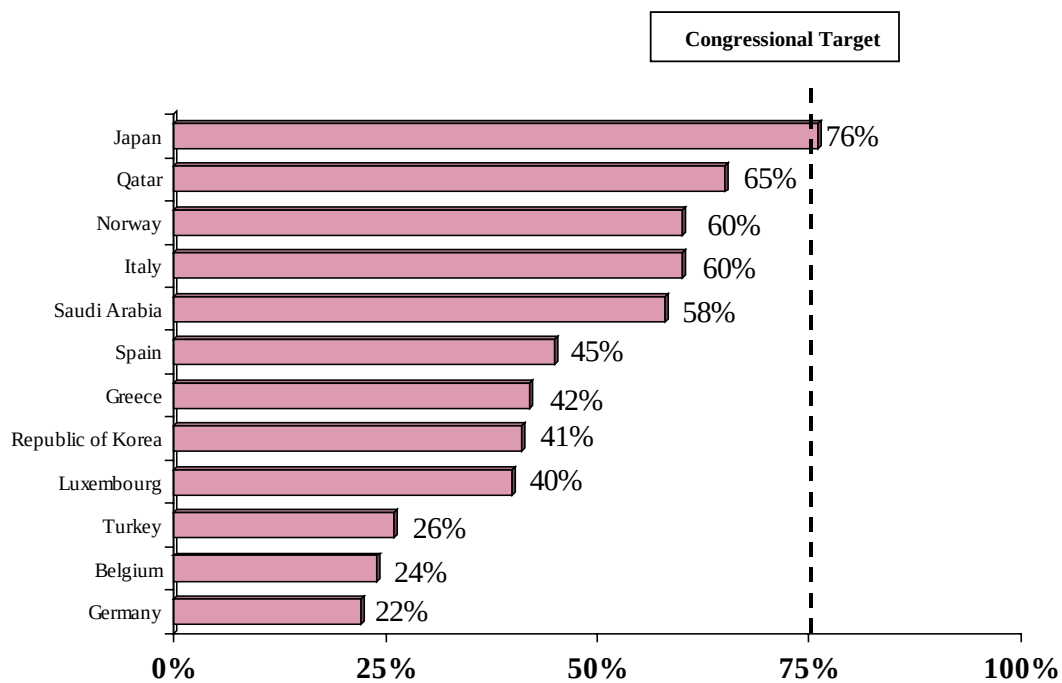
Congress has endorsed the Department's view that cost sharing is but one factor among many that should be considered when assessing allied responsibility sharing efforts. Cost sharing objectives are not appropriate for all countries, due to the differences in the objectives of our security relationships with various allies and partners. For instance, our European allies have no tradition of providing the kind of direct cash and in-kind support provided by Japan and the Republic of Korea, since NATO has for many years concentrated on strengthening participation in the military roles and missions of the Alliance. In contrast, due to the much different security situation in the Pacific, and the unique defense capabilities of Japan and the Republic of Korea, our responsibility sharing policy in this region has emphasized cost sharing rather than global military roles and missions.

Japan is the only country covered in this Report that met the Congressional cost sharing target for 1998. However, Qatar, Norway, and Italy made significant contributions by offsetting 60 percent or more of 1998 U.S. stationing costs.

In addition to measuring cost sharing contributions according to the proportion of U.S. costs that are offset, host nation support can also be evaluated relative to a country's ability to incur cost sharing obligations. When assessed on this basis, the following countries prove to contribute shares of bilateral host nation support to the United States that are substantially (at least 20 percent) greater than their shares of GDP: Kuwait, Oman, the Republic of Korea, Qatar, Japan, Italy, Luxembourg, and Saudi Arabia.

These assessments are summarized in Charts I-1 and I-2.

Chart III-18
Share of U.S. Overseas Stationing Costs Paid by Selected Allies
1998



Multilateral Cost Sharing: NATO's Common-Funded Budgets

NATO's long-standing arrangement for sharing the costs of mutually-beneficial projects is one of the Alliance's oldest and truest tools for promoting responsibility sharing equity. A summary of 1999 outlays by each of the NATO common-funded budgets is provided below, showing each country's contribution and percentage share of costs incurred.

Chart III-19
NATO's Common-Funded Budgets - 1999*
1999 Dollars in Millions - 1999 Exchange Rates

	NATO Security & Investment Program	% of Total	Military Budget	% of Total**
Belgium	21.1	4.6%	15.5	3.1%
Canada	16.1	3.5%	29.0	5.9%
Czech Republic	0.2	0.0%	3.8	0.8%
Denmark	16.9	3.7%	9.2	1.9%
France	34.3	7.5%	29.3	5.9%
Germany	108.0	23.6%	85.5	17.2%
Greece	4.2	0.9%	2.1	0.4%
Hungary	0.1	0.0%	2.7	0.5%
Iceland	0.0	0.0%	0.2	0.0%
Italy	36.1	7.9%	32.9	6.6%
Luxembourg	0.9	0.2%	0.5	0.1%
Netherlands	25.0	5.5%	15.5	3.1%
Norway	13.2	2.9%	6.4	1.3%
Poland	0.5	0.1%	10.3	2.1%
Portugal	1.5	0.3%	3.5	0.7%
Spain	6.5	1.4%	19.5	3.9%
Turkey	4.6	1.0%	8.8	1.8%
United Kingdom	53.6	11.7%	91.3	18.4%
United States	115.2	25.2%	129.7	26.2%
Total	458.0	100.0%	495.7	100.0%

	Civil Budget	% of Total	TO TAL NATO Common Budgets	% of TO TAL**
Belgium	4.4	2.7%	41.0	3.7%
Canada	8.6	5.3%	53.7	4.8%
Czech Republic	1.4	0.9%	5.4	0.5%
Denmark	2.4	1.5%	28.5	2.6%
France	24.7	15.3%	88.3	7.9%
Germany	25.0	15.5%	218.5	19.6%
Greece	0.6	0.4%	6.9	0.6%
Hungary	1.0	0.6%	3.8	0.3%
Iceland	0.1	0.1%	0.3	0.0%
Italy	9.3	5.8%	78.3	7.0%
Luxembourg	0.1	0.1%	1.5	0.1%
Netherlands	4.4	2.7%	44.9	4.0%
Norway	1.8	1.1%	21.4	1.9%
Poland	4.0	2.5%	14.8	1.3%
Portugal	1.0	0.6%	6.0	0.5%
Spain	5.6	3.5%	31.6	2.8%
Turkey	2.6	1.6%	16.0	1.4%
United Kingdom	27.9	17.3%	172.8	15.5%
United States	36.2	22.5%	281.1	25.2%
Total	161.1	100.0%	1114.8	100.0%

*Due to rounding, the numbers shown may not add up to the totals.

**Calculation does not include contributions to the NATO Airborne Early Warning and Control Program.

FOREIGN ASSISTANCE

Foreign assistance plays a prominent role in nations' overall responsibility sharing efforts. Although economic aid does not directly increase U.S. and allied defense capabilities, it makes an important contribution to global peace and stability. For many years, most industrialized NATO countries and Japan have extended various types of assistance to developing countries. In addition, and of special significance in the post-Cold War era, NATO nations, Japan, and the Republic of Korea also provide assistance to the emerging democracies of Central and Eastern Europe, and the Newly Independent States (NIS) of the former Soviet Union.

Foreign assistance is comprised of both *bilateral* aid, assistance given by one nation directly to another, and *multilateral* aid, assistance given by a nation to an international development bank (e.g., the World Bank) or other multinational agency (e.g., the European Commission) that is pooled with other contributions and then disbursed. Multilateral assistance traditionally focuses on projects and programs with longer term objectives beyond providing immediate liquidity – e.g., human resources development, technical assistance, financial infrastructure improvement, and poverty reduction.

Foreign Assistance Contributions

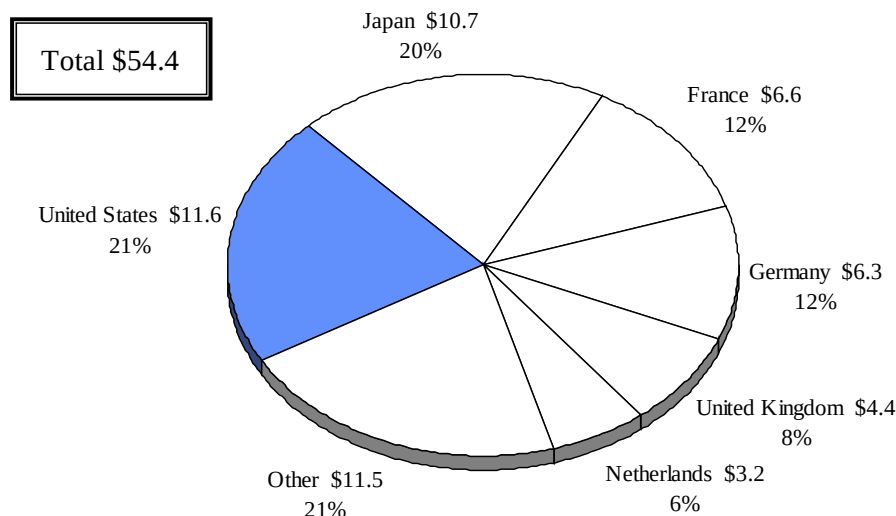
As shown in Chart III-20, disbursements of foreign assistance by the nations included in this Report exceeded \$54 billion in 1998 (the latest year for which reliable data are substantially complete). Of this sum, our allies and partners provided nearly \$43 billion. This aid reflects a commitment to promote democratization, government accountability and transparency, economic stabilization and development, defense economic conversion, respect for the rule of law and internationally recognized human rights, and to provide humanitarian relief. Yet total foreign aid in 1998 represented only 0.24 percent of the combined GDPs of all the nations in this Report, falling below the 0.25 percent reported for 1996 to the lowest level recorded in nearly 30 years. This is due in large part to a continued decline in bilateral assistance.

Chart III-20 also shows that, as in the recent past, the four nations with the largest foreign assistance contributions (in absolute terms) in 1998 were the United States, Japan, France, and Germany. At the other end of the spectrum are those nations that contribute very modest amounts of foreign aid, although this may be justified in the case of countries with relatively low standards of living (e.g., Portugal, Greece, the Republic of Korea, Poland, and the Czech Republic).

Care must be exercised in evaluating year-to-year changes in foreign aid data. First of all, foreign aid flows can be somewhat volatile. For example, the 63 percent increase in Italian contributions in 1998 reflects a renewed commitment to increase Italian aid. This is in sharp contrast to 1997 Italian contributions, which were at the lowest level reported for the decade. The large increase in foreign assistance provided by Japan (14 percent) was partly the result of a series of quickly disbursed loans to countries affected by the Asian financial crisis, and was a marked improvement over the 2 percent decline in 1997. Secondly, irregularities in the timing of disbursements may affect year-to-year comparisons. For example, after a decline of more than 16 percent in 1997, United States contributions grew by 21 percent in 1998. This increase reflects the fact that some 1997 United States annual multilateral contributions were not disbursed until 1998, though there was also real growth in food and emergency aid, especially in Africa. Lastly, time lags in collecting data on nations' foreign aid programs make it difficult to report full information on all countries. Thus, the lack of any foreign assistance data for Turkey in 1998 precludes any comparison to 1997.

Based on the available data, over half of the nations for which data is available achieved real growth in foreign aid provided in 1998 over the preceding year. Bearing in mind the caveats discussed above, increases in reported 1998 foreign assistance over the 1997 levels were reported by Italy (63 percent), Saudi Arabia (23 percent), the United States (21 percent), Luxembourg (17 percent), Japan (14 percent), Belgium (13 percent), the United Kingdom (11 percent), Spain (9 percent), the Netherlands (6 percent), Denmark (2 Percent), Greece (2 percent), Norway (1 percent), and Portugal (1 percent). The Czech Republic and Poland each reported increases of 100 percent for 1998 since they made no contributions in 1997. Among countries with the sharpest reductions were the Republic of Korea (-28 percent), Kuwait (-24 percent), Canada (-16 percent), France (-5 percent), and Germany (-5 percent). For all nations combined, foreign aid increased roughly 8 percent from 1997 to 1998.

Chart III-20
Foreign Assistance
 in Billions of Constant 1999 Dollars
 1998

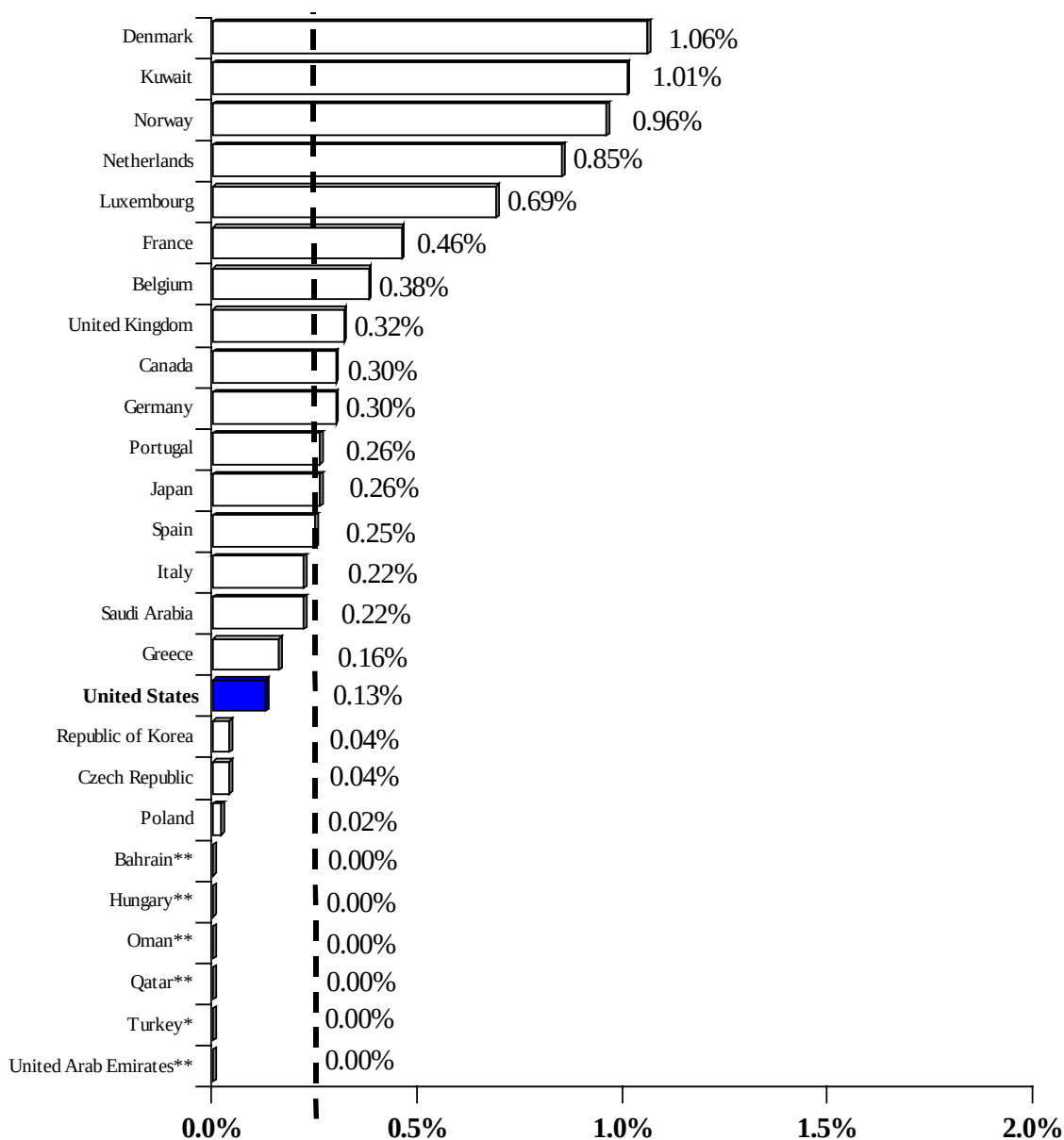


To improve the comparability of foreign assistance contributions among nations, Chart III-21 depicts each nation's foreign assistance contributions relative to its GDP. From this perspective, the largest grant aid donors are Denmark, Kuwait, Norway, and the Netherlands (the only nations to meet or surpass the UN assistance target of 0.7 percent of GDP). Among nations for which complete data are available, the United States ranks as the fourth lowest of all donor nations assessed in this Report, ahead of only the Republic of Korea, the Czech Republic, and Poland.

Ten of the countries addressed in this Report provided foreign assistance shares significantly (at least 20 percent) greater than their shares of GDP – in addition to the four largest donor countries identified above, this includes Luxembourg, France, Belgium, the United Kingdom, Canada, and Germany.

Chart III-21

Foreign Assistance as a Percentage of GDP 1998



* Following the severe earthquake in Turkey on 17 August 1999, the Turkish authorities are unable to supply data for 1998.

** No data available.

Dashed line represents the defense spending/GDP ratio at which a country's share of aggregate defense spending equals its share of aggregate GDP. Countries at this level are contributing their "fair share" of defense spending. Countries above this level are contributing beyond their "fair share," and conversely.

See Annex, Section C.

Assessment of Foreign Assistance Contributions

In the FY 1997 Defense Authorization Act, Congress established two targets for our allies in the area of foreign assistance: increase foreign assistance by 10 percent compared to the preceding year, or provide foreign assistance at an annual rate that is not less than one percent of GDP. This latter objective is highly ambitious, exceeding the UN target of 0.7 percent of GDP, and surpassing the United States' foreign assistance/GDP ratio by almost a factor of ten.

Nearly half of all nations included in this Report met one of these targets in 1998. Specifically, allies or GCC partners that reported increases of 10 percent or more in foreign aid contributions included Italy (63 percent), Saudi Arabia (23 percent), Luxembourg (17 percent) Japan (14 percent), Belgium (13 percent), and the United Kingdom (11 percent). (Note that these figures may be misleading in light of the anomalies discussed above.) The Czech Republic and Poland reported increases of 100 percent for 1998 since they made no contributions in 1997. Based on ability to contribute, only Denmark (1.06 percent) and Kuwait (1.01 percent) made foreign assistance contributions equalling at least one percent of GDP.

As with other responsibility sharing indicators discussed elsewhere in this Report, the Department believes it is important to evaluate country efforts relative to their GDP share. Using this approach, ten nations had foreign aid shares substantially (at least 20 percent) greater than their GDP shares. As identified earlier, these countries are Denmark, Kuwait, Norway, the Netherlands, Luxembourg, France, Belgium, the United Kingdom, Canada, and Germany.

These assessments are summarized in Charts I-1 and I-2.

CONCLUSION

All but four of the twenty six allied nations addressed in this Report satisfy at least one of the responsibility sharing objectives originally established in the FY 1997 Defense Authorization Act – and nearly half of all allies satisfy at least two of them. France, the Netherlands, Norway, and Portugal failed to achieve any of the Congressional targets, but when the Department's more comprehensive approach of assessing national contributions in relation to ability to contribute is applied, all 26 nations are found to make substantial contributions in at least one of the objective areas. These results are summarized in Chart I-1 and I-2 presented in Chapter I.

The Department believes the overall responsibility sharing picture is positive, but clearly there is still much room for improvement. As noted throughout the Report, there is no one set formula or strategy for increasing allied contributions to collective security that is appropriate for all allied nations. The United States will continue to encourage our allies and partners to assume a greater share of the burden of providing for the common defense using approaches tailored to the circumstances of particular nations or groups of nations. The launching of NATO's Defense Capabilities Initiative (DCI) is an important step in that direction. This Initiative addresses improvements in five major areas: 1) deployability and mobility; 2) sustainability and logistics; 3) consultation, command and control; 4) effective engagement; and 5) survivability of forces and infrastructure. The United States also welcomes and encourages the European Union's ongoing development of a European Security and Defense Identity (ESDI), which has a "Headline Goal" of being able, by 2003, to deploy a force of 50-60,000 troops within 60 days and to be able to sustain it for up to one year.

The responsibility sharing efforts of our non-NATO allies and security partners also present a generally positive picture. The members of the Gulf Cooperation Council (GCC) continue to provide exceptional host nation support, and maintain unusually high levels of

defense spending – particularly considering their relatively low per-capita GDPs. The Republic of Korea continues to supply the bulk of the funding for the Korean Energy Development Organization (KEDO) despite its slow recovery from the effects of the Asian economic crisis, and thereby makes a vital contribution to holding North Korea's nuclear program in check. Japan provides the highest level of cost sharing for forward-based U.S. forces of any allied nation, but continuing slow economic growth has prompted some speculation in Japan about reducing contributions under the terms of the new Special Measures Arrangement (SMA) that will succeed the current SMA when it expires in 2001. The Department is committed to maintaining Japan's existing level of cost-sharing support for U.S. forces.

The 21st Century will certainly present many global challenges that will impact U.S. and allied defense budgets, including regional conflicts, economic strife, and humanitarian missions. The Department believes that the nations covered in this Report have developed a heightened awareness of these challenges, and thus recognize the importance of continuing to increase their efforts to share the roles, risks, and responsibilities of defending shared security interests. The Department is committed to continuing its efforts to convince allied and partner nations to maintain and increase their responsibility sharing contributions.

Chart III-22

Responsibility Sharing Indicators Comparisons of Last Two Years of Available Data

Country	Defense Spending / GDP			Share of U.S. Overseas Stationing Costs Paid by Allies			Foreign Assistance Millions of Constant 1999 Dollars		
	1998	1999	1998-99 % Change	1997	1998	1997-98 % Change	1997	1998	1997-98 % Change
United States	3.2%	3.2%	-1.4%	NA	NA	NA	\$9,592	\$11,637	21.3%
Belgium	1.5%	1.5%	-0.8%	17.6%	23.7%	34.4%	\$851	\$966	13.4%
Canada	1.3%	1.2%	-4.8%	N/App	N/App	N/App	\$2,214	\$1,869	-15.6%
Czech Republic	2.1%	2.2%	6.8%	N/A	N/A	N/A	NA	\$19	100.0%
Denmark	1.6%	1.6%	-1.6%	0.1%	0.1%	22.3%	\$1,842	\$1,870	1.5%
France	2.8%	2.8%	0.1%	N/App	0.0%	N/App	\$6,993	\$6,624	-5.3%
Germany	1.6%	1.5%	-0.2%	25.7%	22.2%	-13.6%	\$6,635	\$6,289	-5.2%
Greece	4.8%	4.9%	1.3%	34.6%	42.5%	22.8%	\$197	\$200	1.9%
Hungary	1.5%	1.6%	1.3%	N/A	N/A	N/A	NA	NA	NA
Italy	2.0%	2.0%	-1.0%	65.6%	60.1%	-8.4%	\$1,586	\$2,580	62.7%
Luxembourg	0.9%	0.9%	0.4%	39.8%	39.7%	-0.1%	\$100	\$116	16.7%
Netherlands	1.8%	1.8%	-3.1%	5.9%	5.3%	-10.3%	\$3,060	\$3,229	5.5%
Norway	2.3%	2.2%	-4.9%	33.4%	60.3%	80.5%	\$1,417	\$1,435	1.2%
Poland	2.2%	2.2%	-1.4%	N/A	N/A	N/A	NA	\$31	100.0%
Portugal	2.2%	2.2%	0.6%	5.5%	5.2%	-4.3%	\$285	\$289	1.3%
Spain	1.4%	1.4%	-0.3%	46.9%	45.5%	-3.0%	\$1,296	\$1,415	9.2%
Turkey	4.4%	5.6%	25.4%	15.9%	25.5%	61.1%	\$278	NA	NA
United Kingdom	2.7%	2.6%	-4.4%	15.6%	17.4%	11.7%	\$3,966	\$4,414	11.3%
Non-US NATO Total	2.1%	2.1%	-1.2%	33.0%	31.4%	-4.7%	\$30,719	\$31,347	2.0%
Japan	1.0%	1.0%	2.8%	75.4%	76.2%	1.1%	\$9,411	\$10,698	13.7%
Republic of Korea	3.2%	2.8%	-11.2%	41.1%	41.3%	0.5%	\$234	\$169	-27.9%
Pacific Allies Total	1.2%	1.2%	0.2%	65.9%	67.0%	1.8%	\$9,645	\$10,866	12.7%
Bahrain	6.7%	4.7%	-30.3%	16.8%	5.6%	-66.8%	NA	NA	NA
Kuwait	14.3%	10.3%	-27.9%	NA	NA	NA	\$383	290	-24.2%
Oman	13.6%	11.0%	-19.1%	NA	NA	NA	NA	NA	NA
Qatar	13.7%	12.8%	-6.9%	NA	64.6%	NA	NA	NA	NA
Saudi Arabia	15.8%	13.8%	-12.8%	58.6%	57.6%	-1.7%	\$238	\$292	22.9%
United Arab Emirates	7.3%	8.7%	18.8%	NA	NA	NA	NA	NA	NA
GCC Total	13.6%	12.0%	-12.2%	NA	NA	NA	\$621	\$583	-6.2%
GRAND TOTAL	2.5%	2.4%	-1.7%	48.2%	48.2%	0.0%	\$50,578	\$54,434	7.6%

Yearly data rounded. Percent change calculated using non-rounded figures.

NA (Not Available)

N/App (Not Applicable)

Chart III-22 (Cont'd.)

Responsibility Sharing Indicators

Multinational Military Activities Indicators

Comparisons of Last Two Years of Available Data

Country	Reaction Forces Share Relative to GDP Share			Share of Ground Combat Forces Available for Peacekeeping Relative to GDP Share			UN Operations					
	1998-99			1997-98			Peacekeeping Funding Millions of Constant \$99			Peacekeeping Personnel		
	1998	1999	% Change	1998	1999	% Change	1997	1998	% Change	1998	1999	% Change
United States	0.7	0.5	-18.3%	0.5	0.5	-0.2%	\$307.4	\$208.8	-32.1%	583	648	11.1%
Belgium	2.4	2.5	1.6%	3.5	3.5	1.5%	\$12.2	\$9.2	-24.0%	11	11	0.0%
Canada	0.7	0.8	13.3%	2.1	2.2	0.5%	\$28.5	\$23.1	-18.8%	297	344	15.8%
Czech Republic	0.1	0.1	-0.1%	2.7	2.8	3.9%	\$9.8	\$1.4	-85.3%	8	19	137.5%
Denmark	2.9	3.2	10.4%	2.5	2.5	1.8%	\$7.2	\$5.6	-22.0%	116	91	-21.6%
France	1.4	1.5	2.9%	1.9	1.9	1.1%	\$69.8	\$68.1	-2.4%	664	522	-21.4%
Germany	0.8	0.9	16.5%	1.2	1.3	1.6%	\$88.7	\$78.8	-11.2%	190	386	103.2%
Greece	9.0	10.1	12.2%	3.5	3.5	0.4%	\$2.0	\$2.1	6.5%	12	26	116.7%
Hungary	4.8	4.9	2.8%	9.1	3.0	-66.9%	\$0.3	\$0.2	-25.7%	165	176	6.7%
Italy	1.5	1.5	-2.2%	2.2	2.3	2.0%	\$59.9	\$46.5	-22.4%	194	147	-24.2%
Luxembourg	1.0	1.0	-3.8%	3.2	3.2	0.2%	\$0.6	\$0.5	-6.3%	0	0	0.0%
Netherlands	3.1	3.5	13.6%	3.5	3.5	1.2%	\$15.5	\$13.6	-11.9%	169	164	-3.0%
Norway	2.9	1.8	-36.7%	2.9	2.9	2.8%	\$5.6	\$5.1	-9.4%	153	43	-71.9%
Poland	2.9	4.2	42.7%	3.1	3.1	-0.1%	\$2.3	\$5.3	131.2%	1,053	1,068	1.4%
Portugal	3.2	3.5	9.1%	4.0	4.0	0.3%	\$1.7	\$0.6	-65.8%	155	57	-63.2%
Spain	1.8	1.8	2.6%	2.4	2.4	0.1%	\$23.4	\$19.3	-17.6%	71	114	60.6%
Turkey	7.8	8.0	2.8%	6.9	7.0	1.9%	\$0.0	\$1.0	*	42	91	116.7%
United Kingdom	2.4	2.6	5.5%	0.9	1.0	2.7%	\$67.6	\$50.9	-24.7%	416	440	5.8%
Non-US NATO Total	1.9	2.0	6.2%	1.7	1.7	-0.4%	\$394.8	\$331.3	-16.1%	3,716	3,699	-0.5%
Japan	0.0	0.0	NA	0.0	0.0	0.0%	\$145.6	\$155.7	6.9%	44	30	-31.8%
Republic of Korea	0.0	0.0	NA	1.1	1.1	-1.1%	\$1.6	\$2.1	35.8%	32	32	0.0%
Pacific Allies Total	0.0	0.0	NA	0.1	0.1	3.8%	\$147.2	\$157.8	7.2%	76	62	-18.4%
Bahrain	2.7	2.5	-7.7%	0.0	0.0	0.0%	\$0.0	\$0.0	-26.6%	0	0	0.0%
Kuwait	1.9	1.7	-11.5%	0.0	0.0	0.0%	\$0.4	\$0.1	-68.9%	0	0	0.0%
Oman	1.1	1.1	-2.3%	0.0	0.0	0.0%	\$0.1	\$0.0	-56.2%	0	0	0.0%
Qatar	1.6	1.6	-1.6%	0.0	0.0	0.0%	\$0.1	\$0.3	120.9%	0	0	0.0%
Saudi Arabia	0.4	0.4	-0.6%	0.0	0.0	0.0%	\$1.7	\$0.0	-98.5%	0	0	0.0%
United Arab Emirates	0.4	0.4	-3.5%	0.0	0.0	0.0%	\$0.4	\$1.8	338.7%	0	0	0.0%
GCC Total	0.7	0.7	-2.8%	0.0	0.0	0.0%	\$2.8	\$2.3	-16.9%	0	0	0.0%
GRAND TOTAL	1.0	1.0	0.0%	1.0	1.0	0.0%	\$852.2	\$700.2	-17.8%	4,375	4,409	0.8%

Yearly data rounded. Percent change calculated using non-rounded figures.
NA (Not Available)

* Turkey's 1997 peace support funding was extremely low, but funding returning to a normal level in 1998 resulting in a very high percentage change.

ANNEX

DATA NOTES, COUNTRY SUMMARIES, AND ADDITIONAL STATISTICS

This Annex is organized into five sections, described below.

A. Data Notes. This section presents sources and notes pertaining to the data used in the Report and summarized in this Annex.

B. Country Summaries. This section provides summary information for responsibility sharing contributions on a country-by-country basis.

Defense capability measures shown in these tables reflect a country's share of total contributions relative to its share of ability to contribute. Thus, a ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Note: With the exception of cost sharing estimates, all dollar figures shown in the country summary charts are in 1999 dollars, using 1999 exchange rates. Cost sharing figures reflect 1998 contributions, and are calculated using 1998 dollars and exchange rates.

C. Selected Indicators. Data upon which many of the Report's assessments are based involve a comparison of a country's contributions relative to its ability to contribute. This section provides the data upon which this analysis is based. The analysis is conducted in three stages:

- A country's *contribution* is expressed as a share of the total contributions of all nations in the Report (e.g., share of total defense spending, share of total active-duty military personnel). These data are presented in Table C-2 through C-4.
- Similarly, a country's *ability to contribute* is expressed as a share of the total of all nations in the Report (i.e., share of total GDP, share of total labor force). These data are shown in Table C-1.
- By creating a ratio of the share of contribution divided by the share of ability to contribute, analysts can draw conclusions as to the extent and the equity of nations' efforts. These ratios are provided in Table C-5 through C-7.

When this analysis results in a ratio of around 1.0, a country's contribution is judged to be in balance with its ability to contribute. Generally speaking, the Department gives a nation credit for "substantial contributions" relative to its ability to contribute when it achieves a ratio of 1.2 or greater. Ratios of 0.8 or less indicate very low effort relative to ability to contribute.

D. Bilateral Cost Sharing. This section presents detailed estimates of nations' bilateral cost sharing support for the United States during 1998, the most recent year for which complete data are available.

E. Additional Statistics. This section provides data values upon which many of the Selected Indicators are based. Most of the tables in this section also provide information such as

subtotals, shares, and ranks. The subtotals and grand total in Tables E-2, E-5, and E-7 are actually weighted averages. For example, the raw data for defense spending is summed for each group of nations and then divided by the sum of GDP for the same group of nations. This provides a more accurate figure than calculating an average based on the percentages portrayed. *Note:* In Tables E-8 through E-10, only shares and ranks can be presented since actual data values are classified.

A. DATA NOTES

The assessments presented in this Report are only as good as the data upon which they are based. The Department has every confidence that the data used for the assessments in this Report are as complete, current, and comprehensive as they can be, given the deadlines established in the legislation.

The FY 1999 Defense Authorization Act requires the Department to measure the year-to-year change in nations' responsibility sharing performance. The Department has compiled relevant comparisons for the two most recent years for which complete and reliable data are available.

Data Sources

Defense spending data are provided by a variety of sources. NATO's December 1999 report on *Financial and Economic Data Relating to NATO Defense* is the primary source for past and current defense spending data for the NATO nations, including the United States. Sources of defense spending data for Japan, the Republic of Korea, and the GCC nations include U.S. embassies in the host nations, recent national defense white papers (where available), and the International Institute for Strategic Studies (IISS).

For purposes of standardization and comparability, this Report presents defense spending figures using the NATO definition wherever possible. According to this approach, defense expenditures are defined as outlays made by national governments specifically to meet the needs of the armed forces. In this context, the term "national government" limits "defense expenditures" to those of central or federal governments, to the exclusion of state, provincial, local, or municipal authorities. Regardless of when payments are charged against the budget, defense expenditures for any given period include all payments made during that period. In cases where actual 1999 defense outlays are not available, final defense budget figures are substituted. War damage compensation, veterans' pensions, payments out of retirement accounts, and civil defense and stockpiling costs for industrial raw materials or semi-furnished products are not included in this definition of defense spending.

GDP data for NATO members, the Republic of Korea, and Japan are taken from the Organization for Economic Cooperation and Development (OECD). GDP data for the GCC countries (which are not reported by OECD) are drawn from the World Bank and The Economist Intelligence Unit (EIU).

UN peacekeeping data are taken from the latest available UN reports (funding through December 1998, personnel as of November 1999).

Military personnel data are taken from an annual NATO Press Release (December 1999) and the International Institute of Strategic Studies.

Military forces data (ground, naval, and air) are based on information provided by nations under the Conventional Forces Europe (CFE) data exchange (for those forces limited by CFE), supplemented with data from responses to NATO's *Defense Planning Questionnaire* (for those nations that participate in NATO's integrated defense planning process), open sources (such as *Jane's Defense* publications and magazines and the International Institute for Strategic Studies' (IISS) *Military Balance for 1999-00*), and DoD sources.

Ground combat capability data assess major combat systems, including tanks, artillery, and attack helicopters for army and marine units. Armored vehicles, anti-tank weapons, and mortars are no longer included in this assessment and transport, small arms, or combat support assets have never been included. The quantity and quality of nations' equipment holdings are assessed using widely accepted static measures. Estimates are normalized using the score of a U.S. armored brigade in order to express each nation's static ground force potential in terms of a standardized unit of measure.

Naval tonnage data includes aircraft carriers, attack submarines (non-strategic), principal surface combatants (cruisers, destroyers, frigates, and larger corvettes), mine warfare ships and craft (including mine layers), patrol combatant ships, and amphibious warfare ships. Strategic submarines, patrol craft, amphibious craft, or service support craft are not included.

Air forces data includes fixed-wing combat aircraft (air force, naval, and marine assets) in the following categories: fighter/interceptor, fighter/bomber, conventional bomber, and tactical fighter reconnaissance aircraft (including combat capable trainer and electronic warfare aircraft). Not included are maritime patrol aircraft (MPA), anti-submarine warfare (ASW) aircraft, transports or air-to-air refueling aircraft, strategic bombers, or any support or special mission aircraft.

Multinational military activities data assesses a) national contributions to NATO's Reaction Forces and other multinational formations, b) national ground forces that are available for prolonged UN, NATO, OSCE and/or WEU peacekeeping operations, and c) funding or personnel contributions to UN peacekeeping operations. Ground forces contributions are quantified in combat maneuver brigade equivalents (excluding organic divisional combat support units), and naval contributions in numbers of principal surface combatants (PSCs). Air forces contributions are measured in terms of combat aircraft.

Cost sharing data are provided by U.S. embassies and DoD components, including the military departments and commands. DoD components also provide estimates of U.S. stationing costs by country. Cost sharing data and stationing cost estimates for a given year are collected by the Department during the spring of the following year, and are then evaluated and published as budget exhibits. Due to the Congressional deadline for this Report, the Department provides estimates for 1998 instead of 1999. Data gaps and the classification of some figures prevent full coverage of cost sharing

and stationing cost estimates for all nations covered in this Report. For example, cost offset percentages cannot be calculated for most GCC nations due to lack of information regarding U.S. stationing costs in those countries. Data for the Czech Republic, Hungary, and Poland are not included in the cost sharing assessments, as data for 1997 and 1998 are not available. Future Reports will include an assessment of these nations cost sharing efforts

Bilateral cost sharing is divided into two categories, according to whether the costs are borne by the host nation on-budget (direct cost sharing), or as imputed values of foregone revenues (indirect cost sharing). Direct cost sharing includes costs borne by host nations in support of stationed U.S. forces for rents on privately owned land and facilities, labor, utilities, facilities, and vicinity improvements. Indirect cost sharing includes foregone rents and revenues, including rents on government-owned land and facilities occupied or used by U.S. forces at no or reduced cost to the United States, and tax concessions or customs duties waived by the host nation.

Due to multiple sources for cost sharing data, these estimates are subject to some variation. Generally, in this Report, the Department uses the *conservative* end of the range. In addition, fluctuations in exchange rates over time can cause differences in the estimates. This is particularly noticeable for our Pacific allies, where large shares of cost sharing are conducted in host currency, and where we have recently experienced large variations in exchange rates.

Foreign assistance data are provided by the OECD. The OECD's Development Assistance Committee (DAC) encourages commitments of international aid, coordinated aid policies, and consistent aid reporting. The DAC's definition of "official development assistance" (ODA) is recognized as the international standard for reporting aid provided to developing countries and multilateral institutions. This is immensely useful, since "aid" is an extremely broad term, and encompasses many different types of assistance, which can make contributions from various nations very difficult to compare directly.

The OECD has a 29-nation membership including all NATO countries, Japan, and the Republic of Korea. The OECD establishes economic and political conditions that nations must meet before receiving assistance (e.g., demonstrated commitment to political reform, and free and fair elections). Subsidies are provided in the form of trade and investment credits, grants, and loan guarantees, and are directed into areas such as food aid, medical supplies, and technical assistance in management training, privatization, bank and regulatory reform, environmental projects, market access/trade, nuclear reactor safety, and democratic institution building. The OECD is also coordinating nuclear safety assistance to the New Independent State of the former Soviet Union (NIS).

Aid to 12 of the 22 emerging economies of Central Europe (including the Czech Republic, Hungary, and Poland) and the NIS does not qualify as official development assistance for OECD purposes, but instead is categorized as "official aid" (OA). Both categories, ODA and OA, cover identical types of assistance, with the only difference being the recipient nations. Other OA recipient nations include more advanced

developing countries (e.g., Israel, Kuwait, Qatar, and the United Arab Emirates). Recipient nations move from one category of aid to the other depending on their development status. In 1997, Moldova became an ODA recipient and Israel, an OA recipient nation. Total foreign assistance evaluated in this Report is the sum of all ODA and OA.

Foreign assistance data in this Report cover the period 1990 through 1998. At this time, complete and reliable foreign assistance data is available only through 1998 due to complexities and delays in the OECD collection and reporting process, and data are still not complete for some countries for 1990, and 1995-1998. Assistance data is not available for the Czech Republic in any years other than 1994 and 1998, and data for Poland is only reported for 1998. This is to be expected since these nations, along with Hungary, are primarily recipients of foreign assistance. This is also the case with Qatar, for which no foreign assistance contributions are reported, and the United Arab Emirates, which have not reported foreign assistance contributions since 1996. Turkish authorities did not report 1998 assistance efforts to OECD due to the severe earthquake in August of 1999.

B. COUNTRY SUMMARIES

BELGIUM

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$251.1	 11
Per Capita GDP.....	\$24,495.7	 7
Defense Spending (1999)		
Total (Billions).....	\$3.64	 15
Percentage of GDP.....	1.45%	 22
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	11	
Personnel as a Percentage of Labor Force.....	0.0003%	 17
1998 Total Funding (Millions).....	\$9.24	
Funding as a Percentage of GDP.....	0.0037%	 7
Active-Duty Military Personnel (1999)		
Total (Thousands).....	42.6	 20
Percentage of Labor Force.....	0.98%	 18
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.44	 20
Naval Force Tonnage Share/GDP Share.....	0.20	 22
Combat Aircraft Share/GDP Share.....	1.28	 14
Foreign Assistance (1998)		
Total (Millions).....	\$965.61	 12
Percentage of GDP.....	0.38%	 7
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$58.43	
Total.....	\$58.43	

CANADA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$621.0	 7
Per Capita GDP.....	\$19,937.8	 12
Defense Spending (1999)		
Total (Billions).....	\$7.43	 11
Percentage of GDP.....	1.20%	 24
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	344	
Personnel as a Percentage of Labor Force.....	0.0022%	 5
1998 Total Funding (Millions).....	\$23.14	
Funding as a Percentage of GDP.....	0.0037%	 5
Active-Duty Military Personnel (1999)		
Total (Thousands).....	59.0	 16
Percentage of Labor Force.....	0.37%	 25
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.26	 24
Naval Force Tonnage Share/GDP Share.....	0.63	 17
Combat Aircraft Share/GDP Share.....	0.37	 24
Foreign Assistance (1998)		
Total (Millions).....	\$1,869.16	 9
Percentage of GDP.....	0.30%	 9
Host Nation Support/ Defense Cost Sharing (1998)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

CZECH REPUBLIC

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$53.4	 19
Per Capita GDP.....	\$5,169.8	 23
Defense Spending (1999)		
Total (Billions).....	\$1.19	 23
Percentage of GDP.....	2.23%	 13
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	19	
Personnel as a Percentage of Labor Force.....	0.0004%	 16
1998 Total Funding (Millions).....	\$1.44	
Funding as a Percentage of GDP.....	0.0027%	 15
Active-Duty Military Personnel (1999)		
Total (Thousands).....	52.9	 18
Percentage of Labor Force.....	1.02%	 17
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	10.75	 2
Naval Force Tonnage Share/GDP Share.....	0.00	 24 (tied for last)
Combat Aircraft Share/GDP Share.....	3.62	 8
Foreign Assistance (1998)		
Total (Millions).....	\$19.27	 20
Percentage of GDP.....	0.04%	 19
Host Nation Support/ Defense Cost Sharing (1998)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

DENMARK

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$176.1	13
Per Capita GDP.....	\$33,161.8	3
Defense Spending (1999)		
Total (Billions).....	\$2.83	19
Percentage of GDP.....	1.61%	19
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	91	
Personnel as a Percentage of Labor Force.....	0.0032%	3
1998 Total Funding (Millions).....	\$5.61	
Funding as a Percentage of GDP.....	0.0032%	13
Active-Duty Military Personnel (1999)		
Total (Thousands).....	25.0	22
Percentage of Labor Force.....	0.87%	21
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	1.26	13
Naval Force Tonnage Share/GDP Share.....	0.68	15
Combat Aircraft Share/GDP Share.....	0.75	21
Foreign Assistance (1998)		
Total (Millions).....	\$1,870.09	8
Percentage of GDP.....	1.06%	1
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.02	
Indirect Support.....	\$0.06	
Total.....	\$0.07	

FRANCE

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$1,431.0	 4
Per Capita GDP.....	\$24,213.7	 8
Defense Spending (1999)		
Total (Billions).....	\$40.06	 3
Percentage of GDP.....	2.80%	 11
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	522	
Personnel as a Percentage of Labor Force.....	0.0020%	 6
1998 Total Funding (Millions).....	\$68.06	
Funding as a Percentage of GDP.....	0.0048%	 1
Active-Duty Military Personnel (1999)		
Total (Thousands).....	420.8	 4
Percentage of Labor Force.....	1.61%	 9
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.43	 22
Naval Force Tonnage Share/GDP Share.....	0.74	 13
Combat Aircraft Share/GDP Share.....	1.09	 16
Foreign Assistance (1998)		
Total (Millions).....	\$6,623.63	 3
Percentage of GDP.....	0.46%	 6
Host Nation Support/ Defense Cost Sharing (1998)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

GERMANY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$2,123.9	3
Per Capita GDP.....	\$25,555.5	6
Defense Spending (1999)		
Total (Billions).....	\$32.89	5
Percentage of GDP.....	1.55%	21
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	386	
Personnel as a Percentage of Labor Force.....	0.0010%	10
1998 Total Funding (Millions).....	\$78.76	
Funding as a Percentage of GDP.....	0.0037%	6
Active-Duty Military Personnel (1999)		
Total (Thousands).....	333.5	6
Percentage of Labor Force.....	0.87%	20
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.85	17
Naval Force Tonnage Share/GDP Share.....	0.24	21
Combat Aircraft Share/GDP Share.....	0.52	23
Foreign Assistance (1998)		
Total (Millions).....	\$6,289.40	4
Percentage of GDP.....	0.30%	10
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$23.29	
Indirect Support.....	\$933.68	
Total.....	\$956.97	

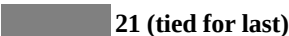
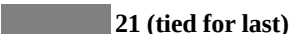
GREECE

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$124.7	 17
Per Capita GDP.....	\$11,667.8	 17
Defense Spending (1999)		
Total (Billions).....	\$6.12	 13
Percentage of GDP.....	4.91%	 7
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	26	
Personnel as a Percentage of Labor Force.....	0.0006%	 13
1998 Total Funding (Millions).....	\$2.11	
Funding as a Percentage of GDP.....	0.0017%	 18
Active-Duty Military Personnel (1999)		
Total (Thousands).....	204.8	 9
Percentage of Labor Force.....	4.75%	 4
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	7.16	 6
Naval Force Tonnage Share/GDP Share.....	3.45	 1
Combat Aircraft Share/GDP Share.....	7.44	 1
Foreign Assistance (1998)		
Total (Millions).....	\$200.30	 16
Percentage of GDP.....	0.16%	 16
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.01	
Indirect Support.....	\$18.95	
Total.....	\$18.96	

HUNGARY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$49.1	 20
Per Capita GDP.....	\$4,862.9	 24
Defense Spending (1999)		
Total (Billions).....	\$0.77	 24
Percentage of GDP.....	1.56%	 20
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	176	
Personnel as a Percentage of Labor Force.....	0.0044%	 2
1998 Total Funding (Millions).....	\$0.19	
Funding as a Percentage of GDP.....	0.0004%	 24
Active-Duty Military Personnel (1999)		
Total (Thousands).....	60.7	 15
Percentage of Labor Force.....	1.53%	 11
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	6.85	 7
Naval Force Tonnage Share/GDP Share.....	0.00	 24 (tied for last)
Combat Aircraft Share/GDP Share.....	2.37	 12
Foreign Assistance (1998)		
Total (Millions).....	\$0.00	 21 (tied for last)
Percentage of GDP.....	0.00%	 21 (tied for last)
Host Nation Support/ Defense Cost Sharing (1998)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

ITALY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$1,167.8	6
Per Capita GDP.....	\$20,222.6	11
Defense Spending (1999)		
Total (Billions).....	\$23.29	6
Percentage of GDP.....	1.99%	17
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	147	
Personnel as a Percentage of Labor Force.....	0.0006%	12
1998 Total Funding (Millions).....	\$46.51	
Funding as a Percentage of GDP.....	0.0040%	3
Active-Duty Military Personnel (1999)		
Total (Thousands).....	390.9	5
Percentage of Labor Force.....	1.70%	8
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.29	23
Naval Force Tonnage Share/GDP Share.....	0.45	19
Combat Aircraft Share/GDP Share.....	0.93	17
Foreign Assistance (1998)		
Total (Millions).....	\$2,579.68	7
Percentage of GDP.....	0.22%	14
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$1,113.83	
Total.....	\$1,113.83	

LUXEMBOURG

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$16.9	 23
Per Capita GDP.....	\$38,888.3	 1
Defense Spending (1999)		
Total (Billions).....	\$0.15	 26
Percentage of GDP.....	0.86%	 26
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 20 (tied for last)
1998 Total Funding (Millions).....	\$0.52	
Funding as a Percentage of GDP.....	0.0031%	 14
Active-Duty Military Personnel (1999)		
Total (Thousands).....	1.4	 26
Percentage of Labor Force.....	0.78%	 23
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.00	 26
Naval Force Tonnage Share/GDP Share.....	0.00	 24 (tied for last)
Combat Aircraft Share/GDP Share.....	0.00	 26
Foreign Assistance (1998)		
Total (Millions).....	\$116.50	 18
Percentage of GDP.....	0.69%	 5
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$15.00	
Total.....	\$15.00	

NETHERLANDS

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$380.6	 10
Per Capita GDP.....	\$24,104.6	 9
Defense Spending (1999)		
Total (Billions).....	\$6.68	 12
Percentage of GDP.....	1.76%	 18
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	164	
Personnel as a Percentage of Labor Force.....	0.0024%	 4
1998 Total Funding (Millions).....	\$13.63	
Funding as a Percentage of GDP.....	0.0036%	 10
Active-Duty Military Personnel (1999)		
Total (Thousands).....	55.5	 17
Percentage of Labor Force.....	0.80%	 22
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.98	 16
Naval Force Tonnage Share/GDP Share.....	0.90	 11
Combat Aircraft Share/GDP Share.....	0.82	 20
Foreign Assistance (1998)		
Total (Millions).....	\$3,229.17	 6
Percentage of GDP.....	0.85%	 4
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$3.00	
Total.....	\$3.00	

NORWAY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$150.0	 14
Per Capita GDP.....	\$33,806.6	 2
Defense Spending (1999)		
Total (Billions).....	\$3.23	 16
Percentage of GDP.....	2.16%	 16
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	43	
Personnel as a Percentage of Labor Force.....	0.0019%	 7
1998 Total Funding (Millions).....	\$5.08	
Funding as a Percentage of GDP.....	0.0034%	 12
Active-Duty Military Personnel (1999)		
Total (Thousands).....	32.6	 21
Percentage of Labor Force.....	1.40%	 12
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	1.11	 14
Naval Force Tonnage Share/GDP Share.....	0.65	 16
Combat Aircraft Share/GDP Share.....	0.93	 18
Foreign Assistance (1998)		
Total (Millions).....	\$1,434.79	 10
Percentage of GDP.....	0.96%	 3
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$4.86	
Indirect Support.....	\$0.00	
Total.....	\$4.86	

POLAND

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$143.9	 15
Per Capita GDP.....	\$3,711.1	 25
Defense Spending (1999)		
Total (Billions).....	\$3.17	 17
Percentage of GDP.....	2.21%	 14
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	1068	
Personnel as a Percentage of Labor Force.....	0.0062%	 1
1998 Total Funding (Millions).....	\$5.27	
Funding as a Percentage of GDP.....	0.0037%	 8
Active-Duty Military Personnel (1999)		
Total (Thousands).....	187.5	 10
Percentage of Labor Force.....	1.09%	 15
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	7.24	 5
Naval Force Tonnage Share/GDP Share.....	0.97	 10
Combat Aircraft Share/GDP Share.....	3.96	 6
Foreign Assistance (1998)		
Total (Millions).....	\$30.96	 19
Percentage of GDP.....	0.02%	 20
Host Nation Support/ Defense Cost Sharing (1998)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

PORTUGAL

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$109.6	 18
Per Capita GDP.....	\$10,973.9	 18
Defense Spending (1999)		
Total (Billions).....	\$2.41	 20
Percentage of GDP.....	2.20%	 15
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	57	
Personnel as a Percentage of Labor Force.....	0.0012%	 9
1998 Total Funding (Millions).....	\$0.57	
Funding as a Percentage of GDP.....	0.0005%	 21
Active-Duty Military Personnel (1999)		
Total (Thousands).....	71.7	 13
Percentage of Labor Force.....	1.53%	 10
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.63	 19
Naval Force Tonnage Share/GDP Share.....	1.20	 7
Combat Aircraft Share/GDP Share.....	1.55	 13
Foreign Assistance (1998)		
Total (Millions).....	\$289.16	 15
Percentage of GDP.....	0.26%	 11
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$4.10	
Total.....	\$4.10	

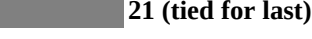
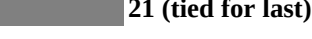
SPAIN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$566.0	 8
Per Capita GDP.....	\$15,503.5	 15
Defense Spending (1999)		
Total (Billions).....	\$7.67	 10
Percentage of GDP.....	1.36%	 23
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	114	
Personnel as a Percentage of Labor Force.....	0.0007%	 11
1998 Total Funding (Millions).....	\$19.27	
Funding as a Percentage of GDP.....	0.0034%	 11
Active-Duty Military Personnel (1999)		
Total (Thousands).....	155.2	 11
Percentage of Labor Force.....	0.95%	 19
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.79	 18
Naval Force Tonnage Share/GDP Share.....	0.99	 9
Combat Aircraft Share/GDP Share.....	0.70	 22
Foreign Assistance (1998)		
Total (Millions).....	\$1,415.25	 11
Percentage of GDP.....	0.25%	 13
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.09	
Indirect Support.....	\$101.85	
Total.....	\$101.94	

TURKEY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$191.7	 12
Per Capita GDP.....	\$2,892.5	 26
Defense Spending (1999)		
Total (Billions).....	\$10.64	 9
Percentage of GDP.....	5.55%	 6
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	91	
Personnel as a Percentage of Labor Force.....	0.0004%	 15
1998 Total Funding (Millions).....	\$1.00	
Funding as a Percentage of GDP.....	0.0005%	 20
Active-Duty Military Personnel (1999)		
Total (Thousands).....	797.3	 2
Percentage of Labor Force.....	3.51%	 6
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	7.73	 4
Naval Force Tonnage Share/GDP Share.....	3.07	 2
Combat Aircraft Share/GDP Share.....	5.55	 5
Foreign Assistance (1998)		
Total (Millions).....	\$0.00	 21 (tied for last)
Percentage of GDP.....	0.00%	 21 (tied for last)
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.12	
Indirect Support.....	\$23.72	
Total.....	\$23.84	

UNITED KINGDOM

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$1,400.9	5
Per Capita GDP.....	\$23,619.3	10
Defense Spending (1999)		
Total (Billions).....	\$36.06	4
Percentage of GDP.....	2.57%	12
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	440	
Personnel as a Percentage of Labor Force.....	0.0015%	8
1998 Total Funding (Millions).....	\$50.91	
Funding as a Percentage of GDP.....	0.0036%	9
Active-Duty Military Personnel (1999)		
Total (Thousands).....	217.6	8
Percentage of Labor Force.....	0.75%	24
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.44	21
Naval Force Tonnage Share/GDP Share.....	1.50	6
Combat Aircraft Share/GDP Share.....	0.91	19
Foreign Assistance (1998)		
Total (Millions).....	\$4,413.94	5
Percentage of GDP.....	0.32%	8
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$1.30	
Indirect Support.....	\$126.23	
Total.....	\$127.53	

UNITED STATES

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$8,910.0	 1
Per Capita GDP.....	\$32,663.8	 4
Defense Spending (1999)		
Total (Billions).....	\$283.10	 1
Percentage of GDP.....	3.18%	 9
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	648	
Personnel as a Percentage of Labor Force.....	0.0005%	 14
1998 Total Funding (Millions).....	\$208.75	
Funding as a Percentage of GDP.....	0.0023%	 17
Active-Duty Military Personnel (1999)		
Total (Thousands).....	1489.0	 1
Percentage of Labor Force.....	1.06%	 16
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	1.06	 15
Naval Force Tonnage Share/GDP Share.....	1.54	 5
Combat Aircraft Share/GDP Share.....	1.13	 15
Foreign Assistance (1998)		
Total (Millions).....	\$11,637.44	 1
Percentage of GDP.....	0.13%	 17
Host Nation Support/ Defense Cost Sharing (1998)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

JAPAN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$4,112.7	 2
Per Capita GDP.....	\$32,486.1	 5
Defense Spending (1999)		
Total (Billions).....	\$42.18	 2
Percentage of GDP.....	1.03%	 25
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	30	
Personnel as a Percentage of Labor Force.....	0.0000%	 19
1998 Total Funding (Millions).....	\$155.66	
Funding as a Percentage of GDP.....	0.0038%	 4
Active-Duty Military Personnel (1999)		
Total (Thousands).....	236.3	 7
Percentage of Labor Force.....	0.35%	 26
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	0.17	 25
Naval Force Tonnage Share/GDP Share.....	0.28	 20
Combat Aircraft Share/GDP Share.....	0.18	 25
Foreign Assistance (1998)		
Total (Millions).....	\$10,697.94	 2
Percentage of GDP.....	0.26%	 12
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$2,881.26	
Indirect Support.....	\$1,132.10	
Total.....	\$4,013.36	

REPUBLIC OF KOREA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$405.1	 9
Per Capita GDP.....	\$8,656.9	 20
Defense Spending (1999)		
Total (Billions).....	\$11.52	 8
Percentage of GDP.....	2.84%	 10
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	32	
Personnel as a Percentage of Labor Force.....	0.0001%	 18
1998 Total Funding (Millions).....	\$2.14	
Funding as a Percentage of GDP.....	0.0005%	 19
Active-Duty Military Personnel (1999)		
Total (Thousands).....	672.0	 3
Percentage of Labor Force.....	3.09%	 7
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	4.77	 10
Naval Force Tonnage Share/GDP Share.....	1.15	 8
Combat Aircraft Share/GDP Share.....	2.47	 11
Foreign Assistance (1998)		
Total (Millions).....	\$168.50	 17
Percentage of GDP.....	0.04%	 18
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$349.10	
Indirect Support.....	\$402.21	
Total.....	\$751.31	

BAHRAIN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$6.6	26
Per Capita GDP.....	\$9,945.2	19
Defense Spending (1999)		
Total (Billions).....	\$0.31	25
Percentage of GDP.....	4.66%	8
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	20 (tied for last)
1998 Total Funding (Millions).....	\$0.03	
Funding as a Percentage of GDP.....	0.0004%	22
Active-Duty Military Personnel (1999)		
Total (Thousands).....	11.0	25
Percentage of Labor Force.....	3.67%	5
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	11.54	1
Naval Force Tonnage Share/GDP Share.....	1.96	3
Combat Aircraft Share/GDP Share.....	6.98	2
Foreign Assistance (1998)		
Total (Millions).....	\$0.00	21 (tied for last)
Percentage of GDP.....	0.00%	21 (tied for last)
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$1.70	
Indirect Support.....	\$1.23	
Total.....	\$2.93	

KUWAIT

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$28.6	 22
Per Capita GDP.....	\$13,630.0	 16
Defense Spending (1999)		
Total (Billions).....	\$2.96	 18
Percentage of GDP.....	10.34%	 4
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 20 (tied for last)
1998 Total Funding (Millions).....	\$0.13	
Funding as a Percentage of GDP.....	0.0004%	 23
Active-Duty Military Personnel (1999)		
Total (Thousands).....	15.3	 23
Percentage of Labor Force.....	1.24%	 13
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	9.37	 3
Naval Force Tonnage Share/GDP Share.....	0.07	 23
Combat Aircraft Share/GDP Share.....	3.60	 9
Foreign Assistance (1998)		
Total (Millions).....	\$290.43	 14
Percentage of GDP.....	1.01%	 2
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$171.05	
Indirect Support.....	\$4.90	
Total.....	\$175.95	

OMAN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$14.5	24
Per Capita GDP.....	\$6,099.5	22
Defense Spending (1999)		
Total (Billions).....	\$1.59	21
Percentage of GDP.....	10.97%	3
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	20 (tied for last)
1998 Total Funding (Millions).....	\$0.04	
Funding as a Percentage of GDP.....	0.0003%	25
Active-Duty Military Personnel (1999)		
Total (Thousands).....	43.5	19
Percentage of Labor Force.....	6.79%	2
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	5.30	9
Naval Force Tonnage Share/GDP Share.....	1.68	4
Combat Aircraft Share/GDP Share.....	6.18	3
Foreign Assistance (1998)		
Total (Millions).....	\$0.00	21 (tied for last)
Percentage of GDP.....	0.00%	21 (tied for last)
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$44.94	
Total.....	\$44.94	

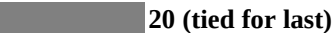
QATAR

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$10.1	25
Per Capita GDP.....	\$17,120.1	13
Defense Spending (1999)		
Total (Billions).....	\$1.29	22
Percentage of GDP.....	12.78%	2
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	20 (tied for last)
1998 Total Funding (Millions).....	\$0.26	
Funding as a Percentage of GDP.....	0.0026%	16
Active-Duty Military Personnel (1999)		
Total (Thousands).....	11.8	24
Percentage of Labor Force.....	8.14%	1
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	2.33	12
Naval Force Tonnage Share/GDP Share.....	0.70	14
Combat Aircraft Share/GDP Share.....	3.40	10
Foreign Assistance (1998)		
Total (Millions).....	\$0.00	21 (tied for last)
Percentage of GDP.....	0.00%	21 (tied for last)
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$11.00	
Total.....	\$11.00	

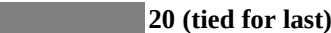
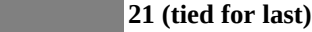
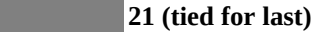
SAUDI ARABIA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$133.6	 16
Per Capita GDP.....	\$6,417.4	 21
Defense Spending (1999)		
Total (Billions).....	\$18.42	 7
Percentage of GDP.....	13.79%	 1
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 20 (tied for last)
1998 Total Funding (Millions).....	\$0.03	
Funding as a Percentage of GDP.....	0.0000%	 26
Active-Duty Military Personnel (1999)		
Total (Thousands).....	105.5	 12
Percentage of Labor Force.....	1.24%	 14
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	4.18	 11
Naval Force Tonnage Share/GDP Share.....	0.81	 12
Combat Aircraft Share/GDP Share.....	5.72	 4
Foreign Assistance (1998)		
Total (Millions).....	\$292.34	 13
Percentage of GDP.....	0.22%	 15
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$1.79	
Indirect Support.....	\$90.22	
Total.....	\$92.01	

UNITED ARAB EMIRATES

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 26 Nations Addressed in this Report
Gross Domestic Product (1999)		
Total (Billions).....	\$44.0	 21
Per Capita GDP.....	\$15,705.3	 14
Defense Spending (1999)		
Total (Billions).....	\$3.81	 14
Percentage of GDP.....	8.66%	 5
UN Peace Operations (1998-1999)		
1999 Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	 20 (tied for last)
1998 Total Funding (Millions).....	\$1.83	
Funding as a Percentage of GDP.....	0.0041%	 2
Active-Duty Military Personnel (1999)		
Total (Thousands).....	64.5	 14
Percentage of Labor Force.....	5.59%	 3
Military Forces Measures (1999)		
Ground Combat Capability Share/GDP Share.....	6.08	 8
Naval Force Tonnage Share/GDP Share.....	0.62	 18
Combat Aircraft Share/GDP Share.....	3.95	 7
Foreign Assistance (1998)		
Total (Millions).....	\$0.00	 21 (tied for last)
Percentage of GDP.....	0.00%	 21 (tied for last)
Host Nation Support/ Defense Cost Sharing (1998) (Millions)		
Direct Support.....	\$0.06	
Indirect Support.....	\$10.38	
Total.....	\$10.43	

C. SELECTED INDICATORS

Table C-1
Selected Indicators of Contributions

Rank	GDP Share		Labor Force Share		Per Capita GDP (% of Highest Nation)	
1	US	39.38%	US	30.07%	LU	100.00%
2	JA	18.18%	JA	14.59%	NO	86.93%
3	GM	9.39%	GM	8.20%	DA	85.27%
4	FR	6.33%	UK	6.28%	US	83.99%
5	UK	6.19%	FR	5.61%	JA	83.54%
6	IT	5.16%	IT	4.95%	GM	65.71%
7	CA	2.75%	TU	4.89%	BE	62.99%
8	SP	2.50%	KS	4.67%	FR	62.26%
9	KS	1.79%	PL	3.72%	NL	61.98%
10	NL	1.68%	SP	3.53%	UK	60.74%
11	BE	1.11%	CA	3.42%	IT	52.00%
12	TU	0.85%	SA	1.84%	CA	51.27%
13	DA	0.78%	NL	1.50%	QA	44.02%
14	NO	0.66%	CZ	1.11%	UAE	40.39%
15	PL	0.64%	PO	1.01%	SP	39.87%
16	SA	0.59%	BE	0.94%	KU	35.05%
17	GR	0.55%	GR	0.93%	GR	30.00%
18	PO	0.48%	HU	0.85%	PO	28.22%
19	CZ	0.24%	DA	0.62%	BA	25.57%
20	HU	0.22%	NO	0.50%	KS	22.26%
21	UAE	0.19%	KU	0.26%	SA	16.50%
22	KU	0.13%	UAE	0.25%	OM	15.68%
23	LU	0.07%	OM	0.14%	CZ	13.29%
24	OM	0.06%	BA	0.06%	HU	12.50%
25	QA	0.04%	LU	0.04%	PL	9.54%
26	BA	0.03%	QA	0.03%	TU	7.44%
Non-U.S. NATO		39.60%		48.08%		45.23%
NATO		78.98%		78.15%		58.75%
Pacific Allies		19.97%		19.26%		67.00%
GCC		1.05%		2.58%		20.80%
Total Allies		60.62%		69.93%		49.52%
Grand Total		100.00%		100.00%		59.07%

Table C-2
Selected Indicators of Contributions

Rank	Defense Spending Share		Active - Duty Military Personnel Share	
1	US	51.15%	US	25.86%
2	JA	7.62%	TU	13.85%
3	FR	7.24%	KS	11.67%
4	UK	6.52%	FR	7.31%
5	GM	5.94%	IT	6.79%
6	IT	4.21%	GM	5.79%
7	SA	3.33%	JA	4.10%
8	KS	2.08%	UK	3.78%
9	TU	1.92%	GR	3.56%
10	SP	1.39%	PL	3.26%
11	CA	1.34%	SP	2.69%
12	NL	1.21%	SA	1.83%
13	GR	1.11%	PO	1.25%
14	UAE	0.69%	UAE	1.12%
15	BE	0.66%	HU	1.05%
16	NO	0.58%	CA	1.02%
17	PL	0.57%	NL	0.96%
18	KU	0.53%	CZ	0.92%
19	DA	0.51%	OM	0.76%
20	PO	0.44%	BE	0.74%
21	OM	0.29%	NO	0.57%
22	QA	0.23%	DA	0.43%
23	CZ	0.21%	KU	0.27%
24	HU	0.14%	QA	0.20%
25	BA	0.06%	BA	0.19%
26	LU	0.03%	LU	0.02%
Non-U.S. NATO		34.01%	53.99%	
NATO		85.17%	79.86%	
Pacific Allies		9.70%	15.78%	
GCC		5.13%	4.37%	
Total Allies		48.85%	74.14%	
Grand Total		100.00%	100.00%	

Table C-3
Selected Indicators of Contributions

Rank		Ground Combat Capability Share		Naval Tonnage (All Ships Less SSBN) Share		Tac Air Combat Aircraft Share
1	US	41.84%	US	60.83%	US	44.48%
2	KS	8.55%	UK	9.32%	FR	6.92%
3	GM	8.02%	JA	5.10%	UK	5.61%
4	TU	6.55%	FR	4.67%	GM	4.91%
5	PL	4.60%	TU	2.60%	IT	4.80%
6	GR	3.95%	SP	2.48%	TU	4.70%
7	JA	3.08%	IT	2.34%	KS	4.42%
8	UK	2.73%	GM	2.25%	GR	4.10%
9	FR	2.70%	KS	2.06%	SA	3.38%
10	CZ	2.54%	GR	1.90%	JA	3.30%
11	SA	2.47%	CA	1.74%	PL	2.52%
12	SP	1.97%	NL	1.52%	SP	1.74%
13	NL	1.65%	PL	0.62%	BE	1.42%
14	IT	1.49%	PO	0.58%	NL	1.38%
15	HU	1.49%	DA	0.53%	CA	1.02%
16	KU	1.19%	SA	0.48%	CZ	0.85%
17	UAE	1.18%	NO	0.43%	UAE	0.77%
18	DA	0.98%	BE	0.22%	PO	0.75%
19	NO	0.74%	UAE	0.12%	NO	0.62%
20	CA	0.73%	OM	0.11%	DA	0.58%
21	BE	0.49%	BA	0.06%	HU	0.51%
22	OM	0.34%	QA	0.03%	KU	0.46%
23	BA	0.33%	KU	0.01%	OM	0.40%
24	PO	0.31%	CZ	0.00%	BA	0.20%
25	QA	0.10%	HU	0.00%	QA	0.15%
26	LU	0.00%	LU	0.00%	LU	0.00%
Non-U.S. NATO		55.11%		31.20%		42.45%
NATO		96.95%		92.03%		86.93%
Pacific Allies		1.47%		7.17%		7.72%
GCC		1.58%		0.80%		5.35%
Total Allies		58.16%		39.17%		55.52%
Grand Total		100.00%		100.00%		100.00%

Table C-4
Selected Indicators of Contributions

	Foreign Assistance Funding Share 1998*		UN Peacekeeping Funding Share 1998		UN Peacekeeping Personnel Share 1999		Cost Sharing Share 1998	
Rank								
1	US	21.38%	US	29.81%	PL	24.22%	JA	53.30%
2	JA	19.65%	JA	22.23%	US	14.70%	IT	14.79%
3	FR	12.17%	GM	11.25%	FR	11.84%	GM	12.71%
4	GM	11.55%	FR	9.72%	UK	9.98%	KS	9.98%
5	UK	8.11%	UK	7.27%	GM	8.75%	KU	2.34%
6	NL	5.93%	IT	6.64%	CA	7.80%	UK	1.69%
7	IT	4.74%	CA	3.30%	HU	3.99%	SP	1.35%
8	DA	3.44%	SP	2.75%	NL	3.72%	SA	1.22%
9	CA	3.43%	NL	1.95%	IT	3.33%	BE	0.78%
10	NO	2.64%	BE	1.32%	SP	2.59%	OM	0.60%
11	SP	2.60%	DA	0.80%	DA	2.06%	TU	0.32%
12	BE	1.77%	PL	0.75%	TU	2.06%	GR	0.25%
13	SA	0.54%	NO	0.73%	PO	1.29%	LU	0.20%
14	KU	0.53%	KS	0.31%	NO	0.98%	QA	0.15%
15	PO	0.53%	GR	0.30%	KS	0.73%	UAE	0.14%
16	GR	0.37%	UAE	0.26%	JA	0.68%	NO	0.06%
17	KS	0.31%	CZ	0.21%	GR	0.59%	PO	0.05%
18	LU	0.21%	TU	0.14%	CZ	0.43%	NL	0.04%
19	PL	0.06%	PO	0.08%	BE	0.25%	BA	0.04%
20	CZ	0.04%	LU	0.07%	BA	0.00%	DA	0.00%
21	BA	0.00%	QA	0.04%	KU	0.00%	CA	0.00%
22	HU	0.00%	HU	0.03%	LU	0.00%	CZ	0.00%
23	OM	0.00%	KU	0.02%	OM	0.00%	FR	0.00%
24	QA	0.00%	OM	0.01%	QA	0.00%	HU	0.00%
25	TU	0.00%	BA	0.00%	SA	0.00%	PL	0.00%
26	UAE	0.00%	SA	0.00%	UAE	0.00%	US	0.00%
Non-U.S. NATO		57.59%	47.32%		83.90%		32.25%	
NATO		78.97%	77.13%		98.59%		32.25%	
Pacific Allies		19.96%	22.54%		1.41%		63.27%	
GCC		1.07%	0.33%		0.00%		4.48%	
Total Allies		78.62%	70.19%		85.30%		100.00%	
Grand Total		100.00%	100.00%		100.00%		100.00%	

* Foreign Assistance Funding Share does not include data from Hungary, Turkey, Bahrain, Oman, Qatar, and U.A.E.

Table C-5
Selected Indicators of Contributions

Rank		Ratio Defense Spending 1999 Share/ GDP Share		Ratio Active Defense Personnel 1999 Share/ LF Share
1	SA	5.64		QA 6.57
2	QA	5.23		OM 5.49
3	OM	4.48		UAE 4.51
4	KU	4.23		GR 3.83
5	UAE	3.54		BA 2.96
6	TU	2.27		TU 2.83
7	GR	2.01		KS 2.50
8	BA	1.90		IT 1.37
9	US	1.30		FR 1.30
10	KS	1.16		PO 1.24
11	FR	1.14		HU 1.24
12	UK	1.05		NO 1.13
13	CZ	0.91		KU 1.00
14	PL	0.90		SA 1.00
15	PO	0.90		PL 0.88
16	NO	0.88		US 0.86
17	IT	0.82		CZ 0.83
18	NL	0.72		BE 0.79
19	DA	0.66		SP 0.76
20	HU	0.64		GM 0.71
21	GM	0.63		DA 0.70
22	BE	0.59		NL 0.64
23	SP	0.55		LU 0.63
24	CA	0.49		UK 0.60
25	JA	0.42		CA 0.30
26	LU	0.35		JA 0.28
Non-U.S. NATO		0.86		1.12
NATO		1.08		1.02
Pacific Allies		0.49		0.82
GCC		4.89		1.69
Total Allies		0.81		1.06
Grand Total		1.00		1.00

Table C-6
Selected Indicators of Contributions

Rank	Ratio Ground Combat Capability 1999 Share/ GDP Share		Ratio Naval Tonnage (All Ships - SSBN) 1999 Share/ GDP Share		Ratio Tac Air Combat Aircraft 1999 Share/ GDP Share	
1	BA	11.54	GR	3.45	GR	7.44
2	CZ	10.75	TU	3.07	BA	6.98
3	KU	9.37	BA	1.96	OM	6.18
4	TU	7.73	OM	1.68	SA	5.72
5	PL	7.24	US	1.54	TU	5.55
6	GR	7.16	UK	1.50	PL	3.96
7	HU	6.85	PO	1.20	UAE	3.95
8	UAE	6.08	KS	1.15	CZ	3.62
9	OM	5.30	SP	0.99	KU	3.60
10	KS	4.77	PL	0.97	QA	3.40
11	SA	4.18	NL	0.90	KS	2.47
12	QA	2.33	SA	0.81	HU	2.37
13	DA	1.26	FR	0.74	PO	1.55
14	NO	1.11	QA	0.70	BE	1.28
15	US	1.06	DA	0.68	US	1.13
16	NL	0.98	NO	0.65	FR	1.09
17	GM	0.85	CA	0.63	IT	0.93
18	SP	0.79	UAE	0.62	NO	0.93
19	PO	0.63	IT	0.45	UK	0.91
20	BE	0.44	JA	0.28	NL	0.82
21	UK	0.44	GM	0.24	DA	0.75
22	FR	0.43	BE	0.20	SP	0.70
23	IT	0.29	KU	0.07	GM	0.52
24	CA	0.26	CZ	0.00	CA	0.37
25	JA	0.17	HU	0.00	JA	0.18
26	LU	0.00	LU	0.00	LU	0.00
Non-U.S. NATO		1.03		0.79		1.07
NATO		1.05		1.17		1.10
Pacific Allies		0.58		0.36		0.39
GCC		5.35		0.76		5.10
Total Allies		0.96		0.65		0.92
Grand Total		1.00		1.00		1.00

Table C-7
Selected Indicators of Contributions

Rank	Ratio Foreign Assistance Funding 1998 Share / GDP Share		Ratio U.N. Peacekeeping Funding 1998 Share / GDP Share		Ratio U.N. Peacekeeping Personnel 1999 Share / LF Share		Ratio Cost Sharing 1998 Share / GDP Share	
1	DA	4.41	FR	1.54	PL	6.52	KU	11.19
2	KU	4.22	UAE	1.34	HU	4.68	OM	5.64
3	NO	3.98	IT	1.29	DA	3.33	KS	3.38
4	NL	3.53	JA	1.22	NL	2.48	QA	1.98
5	LU	2.86	CA	1.20	CA	2.28	JA	1.78
6	FR	1.92	GM	1.20	FR	2.11	IT	1.74
7	BE	1.60	BE	1.19	NO	1.95	LU	1.61
8	UK	1.31	PL	1.18	UK	1.59	SA	1.25
9	CA	1.25	UK	1.17	PO	1.29	GE	0.82
10	GM	1.23	NL	1.16	GM	1.07	BA	0.81
11	PO	1.10	SP	1.10	SP	0.73	UAE	0.43
12	JA	1.08	NO	1.09	IT	0.67	BE	0.42
13	SP	1.04	DA	1.03	GR	0.64	SP	0.33
14	IT	0.92	LU	0.99	US	0.49	GR	0.28
15	SA	0.91	CZ	0.87	TU	0.42	TU	0.23
16	GR	0.67	QA	0.84	CZ	0.39	UK	0.17
17	US	0.54	US	0.76	BE	0.27	PO	0.07
18	KS	0.17	GR	0.55	KS	0.16	NO	0.06
19	CZ	0.15	KS	0.17	JA	0.05	NL	0.01
20	PL	0.09	TU	0.17	BA	0.00	DA	0.00
21	BA	0.00	PO	0.17	KU	0.00	CA	0.00
22	HU	0.00	BA	0.14	LU	0.00	FR	0.00
23	OM	0.00	KU	0.14	OM	0.00	CZ	NA
24	QA	0.00	HU	0.13	QA	0.00	HU	NA
25	TU	0.00	OM	0.10	SA	0.00	PL	NA
26	UAE	0.00	SA	0.01	UAE	0.00	US	NA
Non-U.S. NATO		1.45		1.20		1.74		0.49
NATO		1.00		0.98		1.26		NA
Pacific Allies		1.00		1.13		0.07		1.92
GCC		1.02		0.31		0.00		2.59
Total Allies		1.30		1.16		1.22		1.00
Grand Total		1.00		1.00		1.00		NA

* Foreign Assistance Funding Share does not include data from Hungary, Turkey, Bahrain, Oman, Qatar, and U.A.E.

D. BILATERAL COST SHARING

BELGIUM

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	\$0.00	\$0.22
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.00	\$0.22
Indirect Support		
Rent	\$37.17	\$37.17
Taxes	\$21.25	\$21.25
Miscellaneous	*	*
Subtotal	\$58.43	\$58.43
Total	\$58.43	\$58.65

CANADA

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Total	\$0.00	\$0.00

DENMARK

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	\$0.01	\$0.01
Labor	*	*
Utilities.	\$0.00 ^a	\$0.01
Facilities.	\$0.00 ^a	\$0.01
Miscellaneous.	\$0.00 ^a	\$0.00 ^d
Subtotal	\$0.02	\$0.02
Indirect Support		
Rent	\$0.03	\$0.03
Taxes	\$0.01	\$0.04
Miscellaneous	\$0.01	\$0.01
Subtotal	\$0.06	\$0.08
Total	\$0.07	\$0.11

^a Number is less than .01

FRANCE

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Total	\$0.00	\$0.00

GERMANY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	\$0.00	\$0.00
Labor	\$0.30	\$0.30
Utilities.	*	*
Facilities.	\$1.92	\$1.92
Miscellaneous.	\$21.07	\$21.07
Subtotal	\$23.29	\$23.29
Indirect Support		
Rent	\$437.50	\$437.50
Taxes	\$449.54	\$608.94
Miscellaneous	\$46.65	\$46.65
Subtotal	\$933.68	\$1,093.08
Total	\$956.97	\$1,116.37

GREECE

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	\$0.01	\$0.03
Facilities.	\$0.00	\$0.03
Miscellaneous.	\$0.00 ^a	\$0.00 ^a
Subtotal	\$0.01	\$0.06
Indirect Support		
Rent	\$18.95	\$18.95
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$18.95	\$18.95
Total	\$18.96	\$19.01

^a Number is less than .01

ITALY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	\$0.00	\$0.34
Subtotal	\$0.00	\$0.34
Indirect Support		
Rent	\$520.28	\$520.28
Taxes	\$593.06	\$647.15
Miscellaneous	\$0.49	\$0.49
Subtotal	\$1,113.83	\$1,167.92
Total	\$1,113.83	\$1,168.27

LUXEMBOURG

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	\$0.00	\$1.40
Labor	*	*
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.00	\$1.40
Indirect Support		
Rent	\$15.00	\$15.00
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$15.00	\$15.00
Total	\$15.00	\$16.40

NETHERLANDS

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	\$0.00	\$0.32
Subtotal	\$0.00	\$0.32
Indirect Support		
Rent	\$3.00	\$3.00
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$3.00	\$3.00
Total	\$3.00	\$3.32

NORWAY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	*	*
Facilities.	\$0.19	\$0.19
Miscellaneous.	\$4.67	\$9.59
Subtotal	\$4.86	\$9.79
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$0.00	\$0.00
Total	\$4.86	\$9.79

In addition to these cost estimates, Norway provides wartime host nation support (WHNS), which is primarily focused on support and prestocking for the Norway Air-Landed Marine Expeditionary Brigade and NATO Composite Force.

PORTUGAL

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	\$0.00	\$0.03
Labor	\$0.00	\$0.31
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.00	\$0.33
Indirect Support		
Rent	*	*
Taxes	\$4.10	\$4.10
Miscellaneous	*	*
Subtotal	\$4.10	\$4.10
Total	\$4.10	\$4.43

SPAIN

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	\$0.04	\$0.04
Facilities.	\$0.06	\$0.06
Miscellaneous.	*	*
Subtotal	\$0.09	\$0.09
Indirect Support		
Rent	\$80.28	\$80.28
Taxes	\$21.57	\$26.10
Miscellaneous	*	*
Subtotal	\$101.85	\$106.38
Total	\$101.94	\$106.48

TURKEY

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	\$0.08	\$0.08
Labor	*	*
Utilities.	*	*
Facilities.	\$0.04	\$0.04
Miscellaneous.	*	*
Subtotal	\$0.12	\$0.12
Indirect Support		
Rent	\$0.21	\$0.21
Taxes	\$20.29	\$20.29
Miscellaneous	\$3.22	\$3.22
Subtotal	\$23.72	\$23.72
Total	\$23.84	\$23.84

UNITED KINGDOM

Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998

	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	\$0.00	\$1.27
Facilities.	\$1.03	\$1.59
Miscellaneous.	\$0.27	\$0.27
Subtotal	\$1.30	\$3.12
Indirect Support		
Rent	\$55.09	\$55.09
Taxes	\$46.84	\$75.53
Miscellaneous	\$24.30	\$24.30
Subtotal	\$126.23	\$154.91
Total	\$127.53	\$158.04

JAPAN		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$675.12	\$675.12
Labor	\$599.84	\$1,239.91
Utilities.	\$238.95	\$263.23
Facilities.	\$824.17	\$824.17
Miscellaneous.	\$543.18	\$543.18
Subtotal	\$2,881.26	\$3,545.61
Indirect Support		
Rent	\$770.93	\$770.93
Taxes	\$361.17	\$361.17
Miscellaneous	*	*
Subtotal	\$1,132.10	\$1,132.10
Total	\$4,013.36	\$4,677.71

REPUBLIC OF KOREA		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	\$2.80	\$2.80
Labor	\$187.30	\$187.30
Utilities.	\$0.00	\$0.00
Facilities.	\$112.60	\$115.47
Miscellaneous.	\$46.40	\$59.40
Subtotal	\$349.10	\$364.97
Indirect Support		
Rent	\$261.10	\$261.10
Taxes	\$129.32	\$129.32
Miscellaneous	\$11.78	\$11.78
Subtotal	\$402.21	\$402.21
Total	\$751.31	\$767.17

In November 1995, we concluded the first multi-year Special Measures Agreement (SMA) with the Republic of Korea, covering the period 1996-1998. Under the SMA, the Koreans agreed to increase their direct cost sharing contribution, which stood at \$300 million in 1995, by 10 percent each year to approximately \$400 million in 1998. After the Asian financial crisis, this amount was adjusted to \$314 million to preserve the value of the original obligation while taking into account new exchange rate realities.

BAHRAIN		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	\$0.50	\$0.50
Labor	*	*
Utilities.	\$0.30	\$0.30
Facilities.	\$0.90	\$0.90
Miscellaneous.	*	*
Subtotal	\$1.70	\$1.70
Indirect Support		
Rent	*	*
Taxes	*	*
Miscellaneous	\$1.23	\$1.23
Subtotal	\$1.23	\$1.23
Total	\$2.93	\$2.93

KUWAIT		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	\$10.75	\$10.75
Labor	\$77.30	\$77.30
Utilities.	\$12.20	\$12.20
Facilities.	\$12.49	\$12.49
Miscellaneous.	\$58.31	\$58.31
Subtotal	\$171.05	\$171.05
Indirect Support		
Rent	\$4.90	\$4.90
Taxes	*	*
Miscellaneous	*	*
Subtotal	\$4.90	\$4.90
Total	\$175.95	\$175.95

OMAN		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	\$5.72	\$5.72
Taxes	\$5.70	\$5.70
Miscellaneous	\$33.52	\$33.52
Subtotal	\$44.94	\$44.94
Total	\$44.94	\$44.94

QATAR		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent.	*	*
Labor	*	*
Utilities.	*	*
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.00	\$0.00
Indirect Support		
Rent	\$7.00	\$7.00
Taxes	\$2.03	\$2.03
Miscellaneous	\$1.97	\$1.97
Subtotal	\$11.00	\$11.00
Total	\$11.00	\$11.00

SAUDI ARABIA		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities.	\$1.08	\$1.08
Facilities.	\$0.71	\$0.71
Miscellaneous.	*	*
Subtotal	\$1.79	\$1.79
Indirect Support		
Rent	\$10.04	\$10.04
Taxes	\$70.89	\$70.89
Miscellaneous	\$9.30	\$9.30
Subtotal	\$90.22	\$90.22
Total	\$92.01	\$92.01

UNITED ARAB EMIRATES		
Estimated Defense Cost Sharing / Host Nation Support to the United States - 1998		
	Range Value (\$ millions)	
	Low	High
Direct Support		
Rent	*	*
Labor	*	*
Utilities.	\$0.06	\$0.06
Facilities.	*	*
Miscellaneous.	*	*
Subtotal	\$0.06	\$0.06
Indirect Support		
Rent	\$10.00	\$10.00
Taxes	\$0.38	\$0.38
Miscellaneous	*	*
Subtotal	\$10.38	\$10.38
Total	\$10.43	\$10.43

E. ADDITIONAL STATISTICS

Table E-1
Gross Domestic Product (GDP)
(1999 Dollars in Billions - 1999 Exchange Rates)

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	6,991.0	7,531.5	7,703.5	7,969.0	8,282.3	8,603.7	8,910.0	3.6%	27.5%
<u>NATO Allies</u>									
Belgium	215.3	224.4	229.6	232.6	239.5	246.5	251.1	1.9%	16.6%
Canada	512.6	543.8	558.0	564.7	586.2	603.7	621.0	2.9%	21.1%
Czech Republic	54.6	49.3	52.5	54.5	55.1	53.6	53.4	-0.5%	-2.3%
Denmark	140.2	153.5	158.2	163.4	168.4	173.4	176.1	1.6%	25.6%
France	1,235.9	1,278.4	1,305.1	1,325.3	1,355.8	1,399.2	1,431.0	2.3%	15.8%
Germany	1,651.2	1,939.2	1,962.7	1,987.9	2,031.6	2,087.5	2,123.9	1.7%	28.6%
Greece	104.1	108.5	110.7	113.4	117.0	121.2	124.7	3.0%	19.8%
Hungary	44.8	41.8	42.4	42.9	44.9	47.2	49.1	4.1%	9.7%
Italy	1,049.6	1,078.1	1,109.8	1,119.3	1,135.6	1,151.8	1,167.8	1.4%	11.3%
Luxembourg	11.0	13.8	14.4	14.8	15.5	16.4	16.9	3.3%	53.5%
Netherlands	302.5	328.3	335.7	346.1	358.8	372.4	380.6	2.2%	25.8%
Norway	111.4	128.5	133.5	140.0	146.0	149.1	150.0	0.6%	34.7%
Poland	104.8	109.3	117.0	124.0	132.6	139.0	143.9	3.5%	37.3%
Portugal	87.7	93.1	95.7	98.8	102.4	106.4	109.6	3.1%	24.9%
Spain	465.9	484.9	498.0	510.1	528.1	548.1	566.0	3.3%	21.5%
Turkey	136.4	149.0	159.7	170.9	183.8	188.9	191.7	1.4%	40.5%
United Kingdom	1,186.6	1,249.1	1,284.0	1,316.8	1,363.5	1,391.6	1,400.9	0.7%	18.1%
Subtotal	7,414.6	7,972.9	8,166.9	8,325.6	8,564.8	8,795.8	8,957.8	1.8%	20.8%
<u>Pacific Allies</u>									
Japan	3,731.0	3,949.8	4,007.9	4,210.3	4,270.3	4,149.9	4,112.7	-0.9%	10.2%
Republic of Korea	256.3	337.1	367.2	392.0	411.6	387.6	405.1	4.5%	58.0%
Subtotal	3,987.3	4,286.9	4,375.1	4,602.3	4,682.0	4,537.5	4,517.9	-0.4%	13.3%
<u>Gulf Cooperation Council</u>									
Bahrain	4.6	5.5	5.5	5.9	6.2	6.1	6.6	7.7%	43.7%
Kuwait	21.2 *	26.3	27.5	30.7	30.5	25.5	28.6	12.3%	35.1% *
Oman	12.3	12.8	13.7	15.2	15.8	14.3	14.5	1.7%	18.5%
Qatar	9.5	8.8	8.7	9.8	9.8	10.0	10.1	1.0%	6.2%
Saudi Arabia	119.8	129.1	128.7	138.2	147.9	133.6	133.6	0.0%	11.5%
United Arab Emirates	49.8	43.8	45.8	49.5	48.4	42.7	44.0	3.0%	-11.6%
Subtotal	217.1	226.3	230.0	249.3	258.6	232.2	237.4	2.2%	9.4%
Grand Total	18,610.0	20,017.6	20,475.6	21,146.1	21,787.6	22,169.3	22,623.1	2.0%	21.6%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Table E-2
GDP Per Capita
(1999 Dollars in Billions - 1999 Exchange Rates)

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	27,973.8	28,891.5	29,272.2	30,008.5	31,043.9	31,760.3	32,663.8	2.8%	16.8%
<u>NATO Allies</u>									
Belgium	21,598.0	22,178.1	22,605.0	22,867.4	23,514.8	24,121.8	24,495.7	1.6%	13.4%
Canada	18,445.2	18,586.7	18,840.1	18,843.2	19,354.8	19,634.0	19,937.8	1.5%	8.1%
Czech Republic	5,268.5	4,775.3	5,084.7	5,289.9	5,346.7	5,191.9	5,169.8	-0.4%	-1.9%
Denmark	27,268.0	29,494.0	30,256.4	31,053.8	31,869.8	32,746.5	33,161.8	1.3%	21.6%
France	21,784.5	22,080.3	22,446.1	22,701.8	23,133.0	23,755.3	24,213.7	1.9%	11.2%
Germany	26,105.0	23,816.5	24,034.8	24,273.3	24,757.3	25,242.4	25,555.5	1.2%	-2.1%
Greece	10,316.1	10,402.3	10,592.3	10,835.1	11,146.7	11,390.7	11,667.8	2.4%	13.1%
Hungary	4,318.6	4,062.6	4,135.4	4,204.8	4,413.5	4,655.9	4,862.9	4.4%	12.6%
Italy	18,499.5	18,846.9	19,374.6	19,475.7	19,728.3	19,977.3	20,222.6	1.2%	9.3%
Luxembourg	28,666.5	34,041.4	34,800.6	35,368.0	36,558.4	38,168.0	38,888.3	1.9%	35.7%
Netherlands	20,230.7	21,338.9	21,713.1	22,340.2	23,483.2	23,720.4	24,104.6	1.6%	19.1%
Norway	26,261.4	29,636.0	30,698.5	32,030.6	33,234.4	33,772.0	33,806.6	0.1%	28.7%
Poland	2,745.0	2,832.1	3,029.4	3,210.4	3,430.8	3,590.0	3,711.1	3.4%	35.2%
Portugal	8,887.2	9,401.7	9,652.0	9,948.8	10,291.6	10,669.1	10,973.9	2.9%	23.5%
Spain	11,992.7	12,384.8	12,701.7	12,989.1	13,429.7	13,902.8	15,503.5	11.5%	29.3%
Turkey	2,426.8	2,460.3	2,591.3	2,726.4	2,883.4	2,908.3	2,892.5	-0.5%	19.2%
United Kingdom	20,614.0	21,390.3	21,908.9	22,401.7	23,106.6	23,532.7	23,619.3	0.4%	14.6%
Subtotal	15,752.6	15,982.1	16,290.9	16,527.9	16,935.1	17,268.6	17,588.9	1.9%	11.7%
<u>Pacific Allies</u>									
Japan	30,183.3	31,589.6	31,917.5	33,450.9	33,847.0	32,779.9	32,486.1	-0.9%	7.6%
Republic of Korea	5,979.8	7,552.0	8,143.3	8,606.7	8,950.4	8,353.6	8,656.9	3.6%	44.8%
Subtotal	23,950.8	25,265.3	25,635.8	26,849.6	27,196.0	26,228.6	26,054.7	-0.7%	8.8%
<u>Gulf Cooperation Council</u>									
Bahrain	9,135.1	9,865.9	9,561.4	9,805.0	9,942.9	9,524.1	9,945.2	4.4%	8.9%
Kuwait	9,900.2 *	16,217.7	15,266.4	16,253.1	15,399.8	12,489.1	13,630.0	9.1%	37.7% *
Oman	7,530.6	6,150.4	6,451.9	6,879.7	7,008.1	6,152.4	6,099.5	-0.9%	-19.0%
Qatar	19,406.0	14,950.2	15,869.4	17,488.8	17,214.8	17,246.2	17,120.1	-0.7%	-11.8%
Saudi Arabia	8,054.6	7,271.3	7,053.2	7,334.1	7,589.7	6,631.7	6,417.4	-3.2%	-20.3%
United Arab Emirates	27,001.3	19,640.2	19,277.4	20,249.6	18,432.6	15,688.4	15,705.3	0.1%	-41.8%
Subtotal	10,110.3	9,112.7	8,955.3	9,389.8	9,388.9	8,160.8	8,089.4	-0.9%	-20.0%
Grand Total	20,483.1	20,981.5	21,310.1	21,862.2	22,409.9	22,582.5	22,971.9	1.7%	12.2%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Subtotals are weighted averages. These are calculated by summing GDP for the group and dividing by the sum of population for the group.

Table E-3
Labor Force
(Millions)

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	125.9	131.0	132.3	133.9	136.3	137.7	139.8	1.6%	11.1%
<u>NATO Allies</u>									
Belgium	4.2	4.3	4.3	4.3	4.3	4.3	4.4	0.4%	4.1%
Canada	14.3	14.8	14.9	15.1	15.3	15.6	15.9	1.7%	10.8%
Czech Republic	5.5	5.3	5.3	5.1	5.1	5.2	5.2	0.2%	-5.3%
Denmark	2.9	2.9	2.8	2.8	2.9	2.9	2.9	-0.1%	0.1%
France	24.9	25.3	25.4	25.6	25.7	25.9	26.1	0.6%	4.9%
Germany	30.4	38.7	38.5	38.4	38.3	38.2	38.1	-0.3%	25.6%
Greece	4.0	4.2	4.2	4.3	4.3	4.3	4.3	0.5%	7.9%
Hungary	4.7	4.1	4.0	4.0	3.9	3.9	4.0	0.8%	-16.2%
Italy	23.1	22.7	22.7	22.9	22.9	23.0	23.0	0.3%	-0.4%
Luxembourg	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.0%	10.5%
Netherlands	6.0	6.4	6.5	6.6	6.8	6.9	7.0	1.5%	16.2%
Norway	2.1	2.2	2.2	2.2	2.3	2.3	2.3	0.1%	8.4%
Poland	17.4	17.1	17.1	17.1	17.1	17.1	17.3	0.7%	-0.7%
Portugal	4.7	4.5	4.5	4.5	4.6	4.6	4.7	0.9%	-0.4%
Spain	15.3	15.7	15.8	16.0	16.1	16.3	16.4	0.9%	7.4%
Turkey	20.2	21.4	21.9	22.2	21.9	22.5	22.7	0.9%	12.7%
United Kingdom	28.7	28.5	28.6	28.7	28.9	29.1	29.2	0.4%	1.6%
Subtotal	208.5	218.3	219.0	220.1	220.7	222.4	223.5	0.5%	7.2%
<u>Pacific Allies</u>									
Japan	63.8	66.4	66.7	67.1	67.9	68.0	67.8	-0.2%	6.3%
Republic of Korea	18.5	20.3	20.8	21.2	21.6	21.4	21.7	1.5%	17.1%
Subtotal	82.4	86.8	87.5	88.3	89.5	89.4	89.6	0.2%	8.7%
<u>Gulf Cooperation Council</u>									
Bahrain	0.2	0.3	0.3	0.3	0.3	0.3	0.3	3.4%	36.4%
Kuwait	0.9	1.0	1.1	1.1	1.2	1.2	1.2	2.5%	43.0%
Oman	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.0%	49.7%
Qatar	0.1	0.1	0.1	0.1	0.1	0.1	0.1	3.6%	31.8%
Saudi Arabia	5.6	6.9	7.1	7.4	7.8	8.3	8.5	3.3%	51.3%
United Arab Emirates	0.7	0.9	1.1	1.1	1.1	1.1	1.2	0.9%	66.3%
Subtotal	8.0	9.7	10.2	10.6	11.1	11.7	12.0	2.8%	50.9%
Grand Total	424.7	445.8	448.9	453.0	457.6	461.1	464.9	0.8%	8.6%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-4
Defense Spending
(1999 Dollars in Billions - 1999 Exchange Rates)

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	385.0	318.4	302.5	288.1	286.6	279.1	283.1	1.4%	-26.5%
<u>NATO Allies</u>									
Belgium	5.0	3.8	3.7	3.7	3.6	3.6	3.6	1.1%	-26.7%
Canada	10.2	9.2	8.6	7.8	7.3	7.6	7.4	-2.0%	-26.9%
Czech Republic	2.8	1.2	1.1	1.1	1.0	1.1	1.2	8.3%	-57.5%
Denmark	3.0	2.9	2.8	2.8	2.8	2.8	2.8	-0.3%	-4.8%
France	44.2	43.0	40.9	40.1	40.2	39.0	40.1	2.7%	-9.3%
Germany	46.9	34.3	33.6	33.1	32.3	32.4	32.9	1.5%	-29.9%
Greece	4.9	4.8	4.8	5.1	5.4	5.9	6.1	4.3%	26.1%
Hungary	1.1	0.7	0.6	0.6	0.6	0.6	0.8	6.7%	-27.4%
Italy	26.0	25.4	22.9	23.1	22.9	23.4	23.3	-0.5%	-10.4%
Luxembourg	0.1	0.1	0.1	0.1	0.1	0.1	0.1	4.5%	39.5%
Netherlands	8.0	7.0	6.8	6.9	6.9	6.8	6.7	-1.5%	-16.7%
Norway	3.4	3.5	3.2	3.2	3.1	3.4	3.2	-3.7%	-4.8%
Poland	5.6	2.5	2.7	3.4	3.0	3.2	3.2	2.1%	-43.3%
Portugal	2.4	2.3	2.4	2.4	2.4	2.3	2.4	4.3%	1.3%
Spain	8.5	7.4	7.7	7.5	7.6	7.4	7.7	3.9%	-10.2%
Turkey	7.8	8.5	8.6	9.2	9.7	10.1	10.6	5.8%	36.7%
United Kingdom	50.8	42.3	38.9	39.1	36.7	37.4	36.1	-3.6%	-29.1%
Subtotal	230.6	198.9	189.5	189.3	185.7	187.1	188.2	0.6%	-18.4%
<u>Pacific Allies</u>									
Japan	36.1	38.6	39.2	40.8	41.9	41.4	42.2	1.9%	16.9%
Republic of Korea	9.8	10.5	10.8	11.5	12.5	12.4	11.5	-7.2%	17.2%
Subtotal	45.9	49.1	50.0	52.2	54.4	53.8	53.7	-0.2%	17.0%
<u>Gulf Cooperation Council</u>									
Bahrain	0.2	0.3	0.3	0.3	0.4	0.4	0.3	-25.0%	40.3%
Kuwait	15.6 *	3.3	3.5	4.0	3.7	3.7	3.0	-19.0%	-81.1% *
Oman	2.0	1.9	2.0	1.9	2.0	1.9	1.6	-17.7%	-21.3%
Qatar	0.3	0.4	0.8	0.8	1.4	1.4	1.3	-6.0%	399.7%
Saudi Arabia	36.5	13.8	13.5	17.6	18.4	21.1	18.4	-12.8%	-49.5%
United Arab Emirates	3.8	2.3	2.2	2.3	2.6	3.1	3.8	22.4%	-0.5%
Subtotal	58.4	21.9	22.3	26.9	28.4	31.6	28.4	-10.2%	-51.4%
Grand Total	719.9	588.3	564.3	556.5	555.1	551.6	553.4	0.3%	-23.1%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Table E-5
Defense Spending as a Percentage of GDP

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	5.3%	4.1%	3.8%	3.5%	3.4%	3.2%	3.2%	-1.4%	-40.4%
<u>NATO Allies</u>									
Belgium	2.4%	1.7%	1.6%	1.6%	1.5%	1.5%	1.5%	-0.8%	-38.8%
Canada	2.0%	1.7%	1.5%	1.4%	1.3%	1.3%	1.2%	-4.8%	-39.7%
Czech Republic	NA	2.4%	2.2%	2.0%	1.9%	2.1%	2.2%	6.8%	NA
Denmark	2.0%	1.8%	1.7%	1.7%	1.7%	1.6%	1.6%	-1.6%	-19.0%
France	3.6%	3.3%	3.1%	3.0%	3.0%	2.8%	2.8%	0.1%	-21.4%
Germany	2.8%	1.8%	1.7%	1.7%	1.6%	1.6%	1.5%	-0.2%	-45.1%
Greece	4.7%	4.4%	4.4%	4.5%	4.6%	4.8%	4.9%	1.3%	5.3%
Hungary	1.2%	0.9%	0.8%	1.5%	1.7%	1.5%	1.6%	1.3%	25.7%
Italy	2.2%	2.0%	1.8%	1.9%	2.0%	2.0%	2.0%	-1.0%	-7.4%
Luxembourg	0.9%	0.9%	0.8%	0.8%	0.9%	0.9%	0.9%	0.4%	-7.9%
Netherlands	2.6%	2.1%	2.0%	2.0%	1.9%	1.8%	1.8%	-3.1%	-32.9%
Norway	2.9%	2.8%	2.4%	2.2%	2.1%	2.3%	2.2%	-4.9%	-26.7%
Poland	1.3%	1.1%	1.1%	2.6%	2.3%	2.2%	2.2%	-1.4%	65.3%
Portugal	2.7%	2.5%	2.6%	2.4%	2.3%	2.2%	2.2%	0.6%	-19.0%
Spain	1.8%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	-0.3%	-26.3%
Turkey	3.5%	4.1%	3.9%	4.1%	4.1%	4.4%	5.6%	25.4%	57.3%
United Kingdom	4.0%	3.3%	3.0%	3.0%	2.7%	2.7%	2.6%	-4.4%	-36.0%
Subtotal	3.1%	2.5%	2.3%	2.3%	2.2%	2.1%	2.1%	-1.2%	-32.4%
<u>Pacific Allies</u>									
Japan	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	2.8%	6.0%
Republic of Korea	3.8%	3.1%	2.9%	2.9%	3.0%	3.2%	2.8%	-11.2%	-25.8%
Subtotal	1.2%	1.1%	1.1%	1.1%	1.2%	1.2%	1.2%	0.2%	3.2%
<u>Gulf Cooperation Council</u>									
Bahrain	4.8%	4.7%	5.0%	4.9%	6.0%	6.7%	4.7%	-30.3%	-2.4%
Kuwait	73.8% *	12.5%	12.6%	13.1%	12.0%	14.3%	10.3%	-27.9%	-86.0% *
Oman	16.5%	14.7%	14.7%	12.5%	12.5%	13.6%	11.0%	-19.1%	-33.6%
Qatar	2.7%	4.1%	9.1%	8.5%	14.4%	13.7%	12.8%	-6.9%	370.4%
Saudi Arabia	30.4%	10.7%	10.5%	12.7%	12.4%	15.8%	13.8%	-12.8%	-54.7%
United Arab Emirates	7.7%	5.2%	4.9%	4.6%	5.4%	7.3%	8.7%	18.8%	12.5%
Subtotal	26.9%	9.7%	9.7%	10.8%	11.0%	13.6%	12.0%	-12.2%	-55.6%
Grand Total	3.9%	2.9%	2.8%	2.6%	2.5%	2.5%	2.4%	-1.7%	-36.8%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Figures for 1990 reflect severe distortions due to the Gulf War.

Subtotals are weighted averages. These are calculated by summing defense spending for the group and dividing by the sum of GDP for the group.

Table E-6
Active-Duty Military Personnel
(Thousands)

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	2,181.0	1,715.0	1,620.0	1,575.0	1,539.0	1,505.0	1,489.0	-1.1%	-31.7%
<u>NATO Allies</u>									
Belgium	106.3	52.5	46.6	46.1	45.1	43.2	42.6	-1.4%	-59.9%
Canada	87.1	74.6	69.7	66.0	61.3	60.3	59.0	-2.2%	-32.2%
Czech Republic	NA	93.6	70.4	61.7	57.6	57.6	52.9	-8.2%	NA
Denmark	31.0	27.8	27.1	28.4	25.3	25.1	25.0	-0.3%	-19.3%
France	549.6	505.5	503.8	500.7	475.1	449.3	420.8	-6.3%	-23.4%
Germany	545.4	366.2	351.6	339.4	334.5	332.5	333.5	0.3%	-38.9%
Greece	201.4	205.5	213.3	211.6	205.6	202.0	204.8	1.4%	1.7%
Hungary	94.0	74.5	70.5	64.3	49.5	60.8	60.7	-0.1%	-35.4%
Italy	493.1	435.6	435.4	430.6	419.4	402.2	390.9	-2.8%	-20.7%
Luxembourg	1.3	1.3	1.3	1.4	1.4	1.4	1.4	0.7%	11.6%
Netherlands	103.7	76.9	67.3	63.9	57.0	55.3	55.5	0.3%	-46.5%
Norway	50.6	33.5	38.3	38.2	33.5	32.8	32.6	-0.5%	-35.6%
Poland	312.8	230.1	223.6	214.1	207.8	206.9	187.5	-9.4%	-40.1%
Portugal	87.5	69.1	77.7	73.3	71.9	71.4	71.7	0.5%	-18.0%
Spain	262.7	212.9	209.7	202.8	196.6	189.1	155.2	-17.9%	-40.9%
Turkey	768.9	811.0	804.6	818.4	828.1	787.6	797.3	1.2%	3.7%
United Kingdom	308.3	256.6	233.3	221.2	218.2	217.5	217.6	0.0%	-29.4%
Subtotal	4,003.7	3,527.3	3,444.2	3,382.1	3,287.8	3,194.9	3,108.9	-2.7%	-22.3%
<u>Pacific Allies</u>									
Japan	234.2	233.8	239.6	240.5	235.6	242.6	236.3	-2.6%	0.9%
Republic of Korea	655.0	615.0	655.0	660.0	672.0	672.0	672.0	0.0%	2.6%
Subtotal	889.2	848.9	894.6	900.5	907.6	914.6	908.3	-0.7%	2.2%
<u>Gulf Cooperation Council</u>									
Bahrain	6.0	8.1	10.7	11.0	11.0	11.0	11.0	0.0%	83.3%
Kuwait	20.3	16.6	16.6	15.3	15.3	15.3	15.3	0.0%	-24.6%
Oman	29.5	42.9	43.5	43.5	43.5	43.5	43.5	0.0%	47.5%
Qatar	7.5	10.1	11.1	11.8	11.8	11.8	11.8	0.0%	57.3%
Saudi Arabia	67.5	104.0	105.5	105.5	105.5	105.5	105.5	0.0%	56.3%
United Arab Emirates	44.0	61.5	70.0	64.5	64.5	64.5	64.5	0.0%	46.6%
Subtotal	174.8	243.2	257.4	251.6	251.6	251.6	251.6	0.0%	43.9%
Grand Total	7,248.6	6,334.4	6,216.2	6,109.1	5,986.0	5,866.1	5,757.8	-1.8%	-20.6%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-7
Active-Duty Military Personnel
as a Percentage of the Labor Force

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	1.7%	1.3%	1.2%	1.2%	1.1%	1.1%	1.1%	-2.6%	-38.5%
<u>NATO Allies</u>									
Belgium	2.5%	1.2%	1.1%	1.1%	1.0%	1.0%	1.0%	-1.8%	-61.5%
Canada	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	-3.8%	-38.9%
Czech Republic	NA	1.8%	1.3%	1.2%	1.1%	1.1%	1.0%	-8.4%	NA
Denmark	1.1%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	-0.3%	-19.4%
France	2.2%	2.0%	2.0%	2.0%	1.8%	1.7%	1.6%	-6.9%	-27.0%
Germany	1.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.6%	-51.3%
Greece	5.0%	4.9%	5.0%	4.9%	4.8%	4.7%	4.7%	0.9%	-5.7%
Hungary	2.0%	1.8%	1.8%	1.6%	1.3%	1.5%	1.5%	-0.9%	-22.9%
Italy	2.1%	1.9%	1.9%	1.9%	1.8%	1.8%	1.7%	-3.1%	-20.4%
Luxembourg	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	-0.3%	1.0%
Netherlands	1.7%	1.2%	1.0%	1.0%	0.8%	0.8%	0.8%	-1.2%	-54.0%
Norway	2.4%	1.6%	1.7%	1.7%	1.5%	1.4%	1.4%	-0.6%	-40.6%
Poland	1.8%	1.3%	1.3%	1.3%	1.2%	1.2%	1.1%	-10.1%	-39.6%
Portugal	1.9%	1.5%	1.7%	1.6%	1.6%	1.5%	1.5%	-0.5%	-17.7%
Spain	1.7%	1.4%	1.3%	1.3%	1.2%	1.2%	0.9%	-18.7%	-45.0%
Turkey	3.8%	3.8%	3.7%	3.7%	3.8%	3.5%	3.5%	0.3%	-8.0%
United Kingdom	1.1%	0.9%	0.8%	0.8%	0.8%	0.7%	0.7%	-0.4%	-30.5%
Subtotal	1.9%	1.6%	1.6%	1.5%	1.5%	1.4%	1.4%	-3.2%	-27.6%
<u>Pacific Allies</u>									
Japan	0.4%	0.4%	0.4%	0.4%	0.3%	0.4%	0.3%	-2.4%	-5.1%
Republic of Korea	3.5%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	-1.5%	-12.4%
Subtotal	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	-0.9%	-6.1%
<u>Gulf Cooperation Council</u>									
Bahrain	2.7%	3.2%	4.1%	4.0%	3.9%	3.8%	3.7%	-3.3%	34.4%
Kuwait	2.4%	1.7%	1.6%	1.3%	1.3%	1.3%	1.2%	-2.4%	-47.3%
Oman	6.9%	8.3%	8.1%	7.7%	7.1%	6.8%	6.8%	0.0%	-1.5%
Qatar	6.8%	9.2%	9.3%	9.1%	8.7%	8.4%	8.1%	-3.4%	19.4%
Saudi Arabia	1.2%	1.5%	1.5%	1.4%	1.4%	1.3%	1.2%	-3.2%	3.3%
United Arab Emirates	6.3%	6.5%	6.5%	5.8%	5.7%	5.6%	5.6%	-0.9%	-11.8%
Subtotal	2.2%	2.5%	2.5%	2.4%	2.3%	2.2%	2.1%	-2.7%	-4.6%
Grand Total	1.7%	1.4%	1.4%	1.3%	1.3%	1.3%	1.2%	-2.7%	-27.4%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Subtotals are weighted averages. These are calculated by summing active duty military personnel for the group and dividing by the sum of labor force for the group.

Table E-8
Ground Combat Capability
as a Percentage of Total

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	45.0%	40.8%	43.8%	42.9%	43.9%	44.6%	41.8%	-6.2%	-7.0%
<u>NATO Allies</u>									
Belgium	0.8%	0.8%	0.6%	0.7%	0.6%	0.6%	0.5%	-14.1%	-41.3%
Canada	0.5%	0.5%	0.4%	0.5%	0.5%	0.7%	0.7%	6.1%	54.0%
Czech Republic	NA *	2.9%	2.3%	2.2%	2.1%	2.1%	2.5%	20.5%	NA
Denmark	0.7%	0.8%	0.7%	0.9%	0.8%	0.8%	1.0%	18.1%	31.2%
France	2.4%	2.8%	2.7%	2.8%	2.8%	2.7%	2.7%	0.2%	12.5%
Germany	10.9%	9.5%	8.8%	8.4%	7.9%	7.6%	8.0%	5.0%	-26.5%
Greece	2.6%	4.2%	3.7%	3.8%	3.5%	3.7%	3.9%	7.7%	49.6%
Hungary	2.1%	1.9%	1.7%	1.8%	1.6%	1.6%	1.5%	-6.7%	-30.7%
Italy	3.5%	3.2%	2.8%	2.8%	2.5%	2.0%	1.5%	-24.6%	-57.4%
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	2.9%	2.4%	2.2%	1.8%	1.7%	1.8%	1.7%	-7.3%	-43.3%
Norway	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	5.6%	-1.8%
Poland	5.5%	4.5%	4.0%	4.2%	4.2%	4.3%	4.6%	7.6%	-17.0%
Portugal	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	3.3%	19.1%
Spain	1.9%	1.8%	1.7%	1.9%	1.9%	1.9%	2.0%	3.7%	6.0%
Turkey	5.6%	7.1%	6.4%	6.8%	6.5%	6.1%	6.5%	6.6%	17.6%
United Kingdom	2.3%	2.8%	2.7%	2.4%	2.2%	2.3%	2.7%	16.3%	21.1%
Subtotal	42.8%	46.3%	41.7%	42.0%	39.9%	39.2%	40.9%	4.4%	-4.4%
<u>Pacific Allies</u>									
Japan	3.1%	2.7%	2.7%	2.8%	2.8%	2.8%	3.1%	8.7%	0.8%
Republic of Korea	6.3%	6.8%	7.7%	7.8%	8.2%	8.1%	8.5%	5.6%	35.4%
Subtotal	9.4%	9.4%	10.3%	10.6%	11.0%	10.9%	11.6%	6.4%	24.1%
<u>Gulf Cooperation Council</u>									
Bahrain	0.1%	0.3%	0.3%	0.3%	0.3%	0.3%	0.33%	7.3%	199.8%
Kuwait	0.3%	0.6%	0.5%	0.6%	1.1%	1.1%	1.19%	8.1%	252.6%
Oman	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.34%	4.0%	60.8%
Qatar	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.10%	21.1%	15.4%
Saudi Arabia	1.7%	1.8%	2.3%	2.4%	2.4%	2.3%	2.47%	5.3%	44.0%
United Arab Emirates	0.4%	0.6%	0.6%	0.8%	1.1%	1.1%	1.18%	6.0%	217.0%
Subtotal	2.8%	3.5%	4.1%	4.5%	5.3%	5.3%	5.62%	6.3%	98.0%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%	0.0%	0.0%

Yearly data rounded. Percent changed calculated using non-rounded figures.

* Ground Combat Capability Data is not available for the Czech Republic until after formal separation from Slovakia occurred in 1993.

Table E-9
Naval Force Tonnage
as a Percentage of Total

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	60.0%	55.0%	54.9%	53.1%	53.6%	61.6%	60.8%	-1.3%	1.4%
<u>NATO Allies</u>									
Belgium	0.3%	0.3%	0.2%	0.2%	0.3%	0.2%	0.2%	10.0%	-29.5%
Canada	1.7%	2.0%	2.2%	2.3%	2.3%	2.0%	1.7%	-12.1%	0.4%
Czech Republic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Denmark	0.5%	0.6%	0.6%	0.7%	0.7%	0.5%	0.5%	5.7%	17.4%
France	5.9%	5.9%	5.8%	5.9%	5.8%	4.5%	4.7%	3.6%	-20.5%
Germany	3.1%	2.6%	2.6%	2.7%	2.8%	2.2%	2.3%	4.2%	-26.7%
Greece	1.9%	2.1%	2.1%	2.1%	2.1%	1.8%	1.9%	4.5%	-2.5%
Hungary	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Italy	2.1%	2.8%	2.8%	2.8%	2.9%	2.6%	2.3%	-8.8%	10.4%
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	1.3%	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%	4.5%	19.8%
Norway	0.6%	0.7%	0.7%	0.8%	0.5%	0.4%	0.4%	8.9%	-25.7%
Poland	NA	NA	NA	NA	0.7%	0.6%	0.6%	5.5%	NA
Portugal	0.7%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	1.0%	-14.8%
Spain	2.4%	2.3%	2.6%	2.6%	2.6%	2.3%	2.5%	7.1%	3.7%
Turkey	2.7%	3.0%	3.0%	3.0%	2.9%	2.4%	2.6%	8.1%	-3.3%
United Kingdom	11.1%	11.0%	10.7%	10.8%	10.6%	9.1%	9.3%	2.9%	-16.0%
Subtotal	34.2%	35.6%	35.6%	36.0%	36.4%	30.5%	31.2%	2.2%	-8.8%
<u>Pacific Allies</u>									
Japan	5.8%	7.1%	7.2%	7.4%	7.5%	4.9%	5.1%	3.2%	-11.6%
Republic of Korea	NA	2.3%	2.3%	2.4%	1.3%	2.0%	2.1%	4.8%	NA
Subtotal	5.8%	9.4%	9.5%	9.7%	8.8%	6.9%	7.2%	3.7%	24.2%
<u>Gulf Cooperation Council</u>									
Bahrain	NA	NA	NA	0.1%	0.1%	0.1%	0.1%	5.5%	NA
Kuwait	NA	NA	NA	0.0%	0.0%	0.0%	0.0%	-13.0%	NA
Oman	NA	NA	NA	0.3%	0.3%	0.2%	0.1%	-55.6%	NA
Qatar	NA	NA	NA	0.0%	0.0%	0.0%	0.0%	5.5%	NA
Saudi Arabia	NA	NA	NA	0.7%	0.6%	0.5%	0.5%	1.4%	NA
United Arab Emirates	NA	NA	NA	0.0%	0.1%	0.1%	0.1%	5.5%	NA
Subtotal	NA	NA	NA	1.1%	1.2%	0.9%	0.8%	-12.9%	NA
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-10
Tactical Combat Aircraft
as a Percentage of Total

	1990	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 90-99
United States	48.9%	44.2%	41.3%	40.0%	37.9%	43.8%	44.5%	1.5%	-8.9%
<u>NATO Allies</u>									
Belgium	1.7%	1.7%	2.0%	1.6%	1.7%	1.4%	1.4%	3.3%	-14.4%
Canada	1.5%	1.9%	2.1%	1.8%	1.9%	1.0%	1.0%	0.8%	-33.6%
Czech Republic	NA	NA	NA	NA	NA	1.8%	0.9%	-53.2%	NA
Denmark	0.8%	0.7%	0.8%	0.7%	0.7%	0.6%	0.6%	3.3%	-29.7%
France	8.0%	9.5%	8.9%	8.5%	8.8%	6.8%	6.9%	1.1%	-13.3%
Germany	5.6%	5.1%	6.0%	5.9%	6.2%	4.7%	4.9%	3.6%	-12.1%
Greece	3.5%	4.5%	5.2%	5.1%	5.4%	4.5%	4.1%	-7.9%	18.2%
Hungary	NA	NA	NA	NA	NA	1.1%	0.5%	-54.3%	NA
Italy	5.2%	4.9%	6.0%	5.5%	5.6%	4.6%	4.8%	4.8%	-7.7%
Luxembourg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Netherlands	2.1%	1.8%	1.8%	1.7%	1.8%	1.5%	1.4%	-5.9%	-33.8%
Norway	0.7%	0.8%	0.8%	0.7%	0.7%	0.6%	0.6%	3.3%	-13.2%
Poland	NA	NA	NA	NA	NA	2.5%	2.5%	0.6%	NA
Portugal	0.9%	1.5%	1.5%	1.0%	1.1%	0.8%	0.8%	-9.0%	-13.4%
Spain	2.2%	2.1%	2.1%	2.1%	2.2%	1.8%	1.7%	-1.5%	-20.7%
Turkey	4.0%	5.1%	4.8%	4.4%	4.6%	4.1%	4.7%	14.1%	18.1%
United Kingdom	7.9%	6.9%	7.7%	7.1%	7.0%	5.4%	5.6%	4.7%	-28.7%
Subtotal	44.0%	46.6%	49.7%	46.1%	47.7%	43.2%	42.4%	-1.7%	-3.5%
<u>Pacific Allies</u>									
Japan	2.9%	4.1%	3.8%	3.8%	4.0%	3.5%	3.3%	-5.6%	12.8%
Republic of Korea	4.2%	5.1%	5.2%	5.0%	5.0%	4.6%	4.4%	-4.1%	4.1%
Subtotal	7.2%	9.2%	9.1%	8.9%	9.0%	8.1%	7.7%	-4.7%	7.6%
<u>Gulf Cooperation Council</u>									
Bahrain	NA	NA	NA	0.2%	0.2%	0.2%	0.2%	3.3%	NA
Kuwait	NA	NA	NA	0.5%	0.6%	0.4%	0.5%	21.2%	NA
Oman	NA	NA	NA	0.3%	0.4%	0.4%	0.4%	3.3%	NA
Qatar	NA	NA	NA	0.1%	0.1%	0.2%	0.2%	-22.5%	NA
Saudi Arabia	NA	NA	NA	2.9%	3.0%	2.9%	3.4%	15.7%	NA
United Arab Emirates	NA	NA	NA	1.0%	1.1%	0.8%	0.8%	-8.7%	NA
Subtotal	NA	NA	NA	5.0%	5.4%	4.9%	5.4%	9.0%	NA
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

Yearly data rounded. Percent changed calculated using non-rounded figures.

Table E-11
UN Peacekeeping Personnel

	1994	1995	1996	1997	1998	1999	% Change 98-99	% Change 94-99
United States	963	2,449	700	637	583	648	11.1%	-32.7%
<u>NATO Allies</u>								
Belgium	1,054	682	845	146	11	11	0.0%	-99.0%
Canada	2,811	956	1,034	889	297	344	15.8%	-87.8%
Czech Republic	1,028	115	49	36	8	19	137.5%	-98.2%
Denmark	1,366	273	126	126	116	91	-21.6%	-93.3%
France	5,149	494	503	474	664	522	-21.4%	-89.9%
Germany	15	29	172	190	190	386	103.2%	2473.3%
Greece	13	12	18	13	12	26	116.7%	100.0%
Hungary	70	78	102	179	165	176	6.7%	151.4%
Italy	278	78	76	97	194	147	-24.2%	-47.1%
Luxembourg	0	0	0	0	0	0	0.0%	0.0%
Netherlands	1,889	230	97	93	169	164	-3.0%	-91.3%
Norway	1,692	995	726	708	153	43	-71.9%	-97.5%
Poland	2,169	938	1,045	1,080	1,053	1,068	1.4%	-50.8%
Portugal	264	274	411	474	155	57	-63.2%	-78.4%
Spain	1,358	22	46	56	71	114	60.6%	-91.6%
Turkey	1,473	17	40	42	42	91	116.7%	-93.8%
United Kingdom	3,820	437	415	459	416	440	5.8%	-88.5%
Subtotal	24,449	5,630	5,705	5,062	3,716	3,699	-0.5%	-84.9%
<u>Pacific Allies</u>								
Japan	53	0	45	45	44	30	-31.8%	-43.4%
Republic of Korea	55	255	239	27	32	32	0.0%	-41.8%
Subtotal	108	255	284	72	76	62	-18.4%	-42.6%
<u>Gulf Cooperation Council</u>								
Bahrain	0	0	0	0	0	0	0.0%	0.0%
Kuwait	0	0	0	0	0	0	0.0%	0.0%
Oman	0	0	0	0	0	0	0.0%	0.0%
Qatar	0	0	0	0	0	0	0.0%	0.0%
Saudi Arabia	0	0	0	0	0	0	0.0%	0.0%
United Arab Emirates	0	0	0	0	0	0	0.0%	0.0%
Subtotal	0	0	0	0	0	0	0.0%	0.0%
Grand Total	25,520	8,334	6,689	5,771	4,375	4,409	0.8%	-82.7%

Table E-12
UN Peacekeeping Funding
1999 Constant U.S. Dollars in Millions - 1999 Exchange Rates

	1994	1995	1996	1997	1998	% Change 97-98	% Change 94-98
United States	1,089.0	439.0	293.3	307.4	208.8	-32.1%	-80.8%
<u>NATO Allies</u>							
Belgium	35.3	18.1	20.4	12.2	9.2	-24.0%	-73.8%
Canada	95.8	92.2	36.4	28.5	23.1	-18.8%	-75.9%
Czech Republic	7.3	0.0	0.0	9.8	1.4	-85.3%	-80.4%
Denmark	21.4	19.9	8.3	7.2	5.6	-22.0%	-73.8%
France	153.3	272.0	95.8	69.8	68.1	-2.4%	-55.6%
Germany	258.6	232.7	105.9	88.7	78.8	-11.2%	-69.5%
Greece	2.3	2.2	1.3	2.0	2.1	6.5%	-8.7%
Hungary	0.0	0.0	2.9	0.3	0.2	-25.7%	388.8%
Italy	180.5	169.6	60.9	59.9	46.5	-22.4%	-74.2%
Luxembourg	1.8	1.8	0.7	0.6	0.5	-6.3%	-70.6%
Netherlands	44.9	42.4	17.5	15.5	13.6	-11.9%	-69.7%
Norway	19.1	15.8	6.3	5.6	5.1	-9.4%	-73.4%
Poland	1.8	1.2	2.0	2.3	5.3	131.2%	195.6%
Portugal	1.6	1.7	1.5	1.7	0.6	-65.8%	-65.0%
Spain	83.2	62.4	40.7	23.4	19.3	-17.6%	-76.8%
Turkey	0.6	0.9	1.1	0.0	1.0	**	57.9%
United Kingdom	238.2	238.1	103.3	67.6	50.9	-24.7%	-78.6%
Subtotal	1,145.9	1,171.0	505.1	394.8	331.3	-16.1%	-71.1%
<u>Pacific Allies</u>							
Japan	310.2	376.6	104.3	145.6	155.7	6.9%	-49.8%
Republic of Korea	3.3	4.0	1.7	1.6	2.1	35.8%	-35.9%
Subtotal	313.6	380.6	106.0	147.2	157.8	7.2%	-49.7%
<u>Gulf Cooperation Council</u>							
Bahrain	0.2	0.1	0.1	0.0	0.0	-26.6%	-85.7%
Kuwait	1.6	1.4	0.5	0.4	0.1	-68.9%	-92.3%
Oman	0.1	0.2	0.2	0.1	0.0	-56.2%	-63.3%
Qatar	0.1	0.0	0.1	0.1	0.3	120.9%	106.6%
Saudi Arabia	2.5	10.0	5.2	1.7	0.0	-98.5%	-99.0%
United Arab Emirates	0.1	1.3	0.7	0.4	1.8	338.7%	1200.2%
Subtotal	4.7	12.9	6.7	2.8	2.3	-16.9%	-50.7%
Grand Total	2,553.1	2,003.5	911.0	852.2	700.2	-17.8%	-72.6%

Yearly data rounded. Percent changed calculated using non-rounded figures.

** Turkish UN Peace Support Funding was extremely low in 1997. Funding levels returned to normal in 1998 resulting in a very high percentage change.

Table E-13
Foreign Assistance
1999 Constant U.S. Dollars in Millions - 1999 Exchange Rates

Country	1990	1994	1995	1996	1997	1998	% Change 97-98	% Change 90-98
United States	14,279	13,388	9,163	11,515	9,592	11,637	21%	-19%
<u>NATO Allies</u>								
Belgium	1,120	880	1,198	1,031	851	966	13%	-14%
Canada	2,787 ^a	2,445	2,381 ^a	2,001 ^a	2,214 ^a	1,869	-16%	-33%
Czech Republic		38				19	100% ^d	100%
Denmark	1,391	1,628	1,942	2,005	1,842	1,870	2%	34%
France	8,373	9,608	9,560	8,372	6,993	6,624	-5%	-21%
Germany	9,065	9,888	12,463	9,149	6,635	6,289	-5%	-31%
Greece	12 ^a	167 ^a	190 ^a	214 ^a	197 ^a	200 ^a	2% ^a	1506% ^a
Hungary								
Italy	5,116	3,460	2,168	2,926	1,586	2,580	63%	-50%
Luxembourg	31	71	79	89	100	116	17%	275%
Netherlands	3,116	2,882	3,793	3,451	3,060	3,229	6%	4%
Norway	1,466 ^a	1,397 ^a	1,455 ^a	1,455 ^a	1,417 ^a	1,435	1%	-2%
Poland						31	100% ^d	100%
Portugal	252	393	315	259	285	289	1%	15%
Spain	1,420	1,690	1,619	1,443	1,296	1,415 ^e	9% ^a	0% ^a
Turkey	527	1,174	1,007	426	278			
United Kingdom	3,831	3,985	4,018	3,840	3,966	4,414	11%	15%
Subtotal	38,509	39,706	42,186	36,659	30,719	31,347	2%	-19%
<u>Pacific Allies</u>								
Japan	9,484	13,174	14,491	9,599	9,411	10,698	14%	13%
Republic of Korea	111	201	169	190	234	169	-28%	52%
Subtotal	9,595	13,375	14,660	9,789	9,645	10,866	13%	13%
<u>Gulf Cooperation Council</u>								
Bahrain	^a	^a	^a	^a	^a	^a	^a	^a
Kuwait	1,571 ^a	603 ^a	407 ^a	435 ^a	383 ^a	290 ^a	-24% ^a	-82% ^a
Oman	^a	^a	^a	^a	^a	^a	^a	^a
Qatar	^a	^a	^a	^a	^a	^a	^a	^a
Saudi Arabia	4,179	341	197	331	238 ^a	292 ^a	23% ^a	-93% ^a
United Arab Emirates	1,314	119	74	35				
Subtotal	7,064	1,063	678	801	621	583	-6%	-92%
Grand Total	69,447	67,532	66,687	58,765	50,578	54,434	8%	-22%

NOTE: Total Foreign Assistance includes net disbursements of Official Development Assistance (ODA) and Official Aid (OA) to developing countries and territories and those in transition (e.g., Central and Eastern European Countries and the New Independent States of the former Soviet Union).

^a No data available

^b Includes only ODA; OA data not available

^c Includes only OA; ODA data not available

^d Based on incomplete data

^e Following the severe earthquake in Turkey on 17 August 1999, the Turkish authorities are unable to supply data on 1998 foreign assistance efforts.