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# Report to the Congress On the Military Requirements and Costs of NATO Enlargement

[The following is a reprint of the Executive Summary, Introduction, and Conclusion of the Clinton Administration's February 1998 *Report to the Congress on the Military Requirements and Costs of NATO Enlargement*. The complete report is accessible on the Internet at [http://www defense link. mil/ pubs/nato/](http://www.defense link. mil/ pubs/nato/).]

## Executive Summary

At the July 1997 NATO summit in Madrid, the North Atlantic Treaty Organization invited Hungary, Poland, and the Czech Republic to begin accession talks to join the Alliance. On February 11, 1998 the President transmitted the accession protocols to the United States Senate seeking its advice and consent on this central pillar of the Administration's strategy for ensuring European stability into the 21<sup>st</sup> century. This report, submitted to Congress pursuant to the FY98 Department of Defense Authorization and Appropriations Acts and the FY98 Military Construction Appropriations Act, discusses the U.S. assessment of the NATO reports on common-funded enlargement requirements and costs, describes the analytical means used to prepare those reports, and delineates the anticipated U.S. share of NATO common-funded costs through 2002, as well as other considerations related to NATO enlargement.

The February 1997 *Report to the Congress on the Enlargement of NATO: Rationale, Benefits, Costs and Implications* illustratively outlined the broader dimensions of the military implications and costs of NATO enlargement, beyond just common-funded enlargement requirements and costs. That report also discussed both current members' and new members' military upgrades, which would be funded by those nations and are not addressed in detail in this more focused response to the Congressional requests cited above.

As a subsequent GAO report affirmed, the many uncertainties associated with the exact military implications and costs of enlargement prior to NATO's invitation to specific nations led DoD to develop an illustrative cost estimate. Many of these uncertainties were resolved at the July 1997 Madrid Summit and thereafter, as NATO formally decided which nations to invite, NATO's military authorities identified the military requirements of enlargement, and NATO staff developed an estimate of the costs of meeting those requirements.

The major conclusions of this report include:

- **NATO's study of enlargement requirements is thorough, militarily sound, and based on supporting a range of reasonable contingencies.** Meeting these requirements will ensure that new members are integrated into the Alliance's military structure. This will enable an enlarged NATO to respond effectively to the challenges it could face in the projected security environment.
- **NATO's estimate of common-funded enlargement costs (about \$1.5 billion over 10 years) based on the military requirements study and endorsed by the Joint Staff, reflects more recent and more complete information and is, therefore, a better estimate than the common-funded portion of DoD's illustrative figure (\$4.9-6.2 billion)<sup>1</sup>.** Thus, NATO enlargement will cost the United States considerably less than previously estimated.

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<sup>1</sup> Adjusted to reflect three new members, rather than the four potential new members assessed in the DoD study. DoD's common-funded cost estimate for four new members was 45.5-\$7.0 billion.

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- **The U.S. share of common-funded NATO enlargement costs will be the standard U.S. share, about 25 percent (\$400 million over ten years).** For FY99, these costs will be affordable within DoD's planned budget. In FY00-01, DoD expects to request \$5-12 million above current budget levels for NATO common-funded military budgets to cover projected enlargement costs. DoD projects that this figure will increase to \$32 million in FY02.
  - **NATO's studies of enlargement requirements and costs and DoD's earlier illustrative analysis share important common features.** Both studies used the same reinforcement strategy and developed very similar military requirements, including the numbers and type of reinforcing forces and reception facilities. Both studies' common-funded enlargement cost estimates were spread over essentially the same time period.
  - **NATO's estimate of enlargement costs is significantly different from DoD's earlier estimate.** First, NATO estimated only common-funded costs, while DoD estimated three broad categories of enlargement-related costs. Second, prior to NATO's identification of new members, DoD outlined general requirements and an illustrative cost estimate for four potential new members; after the July 1997 Madrid Summit at which NATO named the three invitees, NATO identified detailed military requirements and a common-funded cost estimate for three new members. Third, NATO's studies were based on more recent and detailed data on new members' infrastructure (e.g., airbases, road and rail networks) that revealed better conditions than DoD had previously assumed. Other differences were:
    - DoD assumed common funding for some requirements that NATO determined are nationally funded.
    - DoD's costing methodology and, in some instances, pricing assumptions differed from NATO's.
    - DoD included a few enlargement requirements that NATO did not.
  - **The Administration's FY99 request of \$135 million for Warsaw Initiative activities is indicative of future funding requests.** The Administration does not plan to request significant funding increases for the Warsaw Initiative program in future years due to NATO enlargement.

### Introduction

NATO enlargement is a crucial element of the U.S. and Allied strategy to build a broader, undivided, democratic and peaceful Europe. The end of the Cold War changed the nature of the threats to this region, but not the fact that Europe's peace, stability, and well-being are vital to our own national security. The accession of Poland, Hungary, and the Czech Republic to the North Atlantic Treaty Organization will improve the ability of the United States to protect and advance our interests in the transatlantic area. The addition of well-qualified democracies, which have demonstrated their commitment to the values of freedom and the security of the broader region, will help deter potential threats to Europe, deepen the continent's stability, bolster its democratic advances, erase its artificial divisions, and strengthen an Alliance that has proven its effectiveness both during and since the Cold War.

Poland, Hungary, and the Czech Republic have signed protocols of accession to join NATO as full members, with all the ensuing privileges and responsibilities of Alliance membership. While NATO enlargement will enhance the security of the United States and its allies and partners in Europe, enlargement will also entail certain financial costs for the United States and our allies in the coming years.

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NATO member states provide resources to support the Alliance in two ways. First, states use national funding to ensure their own military forces can fulfill NATO requirements, and second, states make contributions to NATO's three common-funded budgets. These three budgets are the Military Budget, which primarily funds operations and maintenance for NATO military activities; the NATO Security Investment Program (NSIP), which primarily funds infrastructure improvements; and NATO's Civil Budget, which primarily funds personnel and facility costs for NATO's political officials.

The Department of Defense reported to Congress in February 1997 that the total costs of enlargement would be about \$27-35 billion over thirteen years. The DoD study was completed before NATO invited the Czech Republic, Hungary, and Poland to join the Alliance. DoD determined there were three categories of enlargement-related costs: the costs to new members to continue to restructure their militaries, the costs of force improvements already being pursued by existing members, and those costs related directly to enlargement (i.e., for ensuring interoperability between the forces of current and new members). While not directly related to enlargement, the first two categories of costs are important for the military credibility of an enlarged Alliance. The portion of DoD's total estimate for direct enlargement costs eligible for NATO common funding was \$4.9-6.2 billion.<sup>2</sup>

As a subsequent GAO report emphasized, the many uncertainties associated with the exact military implications and costs of enlargement prior to NATO's invitation to specific nations led DoD to develop an illustrative cost estimate. Many of these uncertainties were resolved at the July 1997 Madrid Summit and thereafter, as NATO invited the Czech Republic, Hungary, and Poland to join the Alliance, and commissioned a study of the military requirements for enlargement, and the resource implications of meeting those requirements.

NATO's two studies concluded that the addition of the three invitees will require approximately \$1.5 billion in NATO common-funded costs over the next ten years. The United States currently provides about 25 percent of these common-funded budgets, and will continue to do so after the addition of the new members. This means that the costs of enlarging NATO to include Poland, Hungary, and the Czech Republic for the United States will be approximately \$400 million over the next ten years, considerably less than previously estimated.

There are other costs to the United States less directly related to NATO's enlargement. Through the Warsaw Initiative program, the United States provides bilateral assistance to Partnership for Peace participants, including Poland, Hungary, and the Czech Republic. While this bilateral assistance supports their efforts to become more interoperable with NATO, it is not a direct or automatic cost of enlargement, and continuation of this assistance will require annual appropriations and authorizations by Congress.

## Conclusion

At the July 1997 NATO Summit in Madrid, as the Alliance formally invited the Czech Republic, Poland, and Hungary for membership, NATO's leaders tasked the Military Authorities to formulate initial advice on the military requirements of an enlarged Alliance and to support the development by NATO's Senior Resource Board of an initial estimate of commonly-funded costs for meeting these requirements.

The Joint Chiefs of Staff validated the common-funded military requirements developed by the Major NATO Commanders as militarily sound. The development of these requirements was the first, not the last, formal step in integrating new members into the Alliance's defense

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<sup>2</sup> Adjusted to reflect three, rather than four, new members.

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planning process. It will not be easy to meet these requirements—it will require careful planning, reordered priorities, and sustained commitment. Such challenges are nothing new to NATO, nor does the scope of this challenge exceed previous tests that NATO has successfully met. Meeting these military requirements will enable an enlarged NATO to respond effectively to all anticipated contingencies in the projected security environment.

The Department of Defense assesses NATO's initial estimate of common-funded enlargement costs as sound and reliable. In the Department's best judgment, this cost estimate is reasonable, as it is based on the NATO military requirements study endorsed by the Joint Staff and employs conservative assumptions where appropriate. Because NATO's estimate of common-funded enlargement costs (about \$1.5 billion over 10 years) reflects more recent and complete information, it is a better estimate than the common-funded portion of DoD's illustrative figure (\$4.9-6.2 billion).