

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 I-1 and I-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.