

**Testimony of the Honorable
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Assistant Secretary of Defense for International Security Affairs
to the
Senate Foreign Relations Committee
Subcommittee on European Affairs
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Mr. Chairman, Members of the Committee, thank you for the opportunity to be here today to discuss with you NATO's Defense Capabilities Initiative (DCI) and the European Security and Defense Identity (ESDI).

Introduction

Secretary Cohen introduced the idea of focused improvement of defense capabilities to his NATO counterparts in June 1998. The Secretary's observations at the time relied heavily on the Allies' IFOR and SFOR experiences in Bosnia. In Bosnia, the Alliance learned that when a military operation is conducted at a distance – even a small distance – deficiencies in mobility, communications, and sustainment become more than minor inconveniences – they can become unacceptable impediments to mission success. Allies learned that future conflicts in Europe would likely place a premium on the ability to deploy troops and equipment to a crisis rapidly, often outside NATO territory, with little or no preexisting host nation support.

The military operation in Kosovo also demonstrated the need to improve Allied capabilities. While our NATO partners contributed significantly to the military capabilities employed in Operation ALLIED FORCE, the operation highlighted a number of disparities between U.S. capabilities and those of our Allies, including precision strike, mobility, and command, control and communications capabilities. The gaps that we confronted were real, and they had the effect of impeding our ability to operate at optimal effectiveness with our NATO Allies.

The discussion with Allies continued at the NATO Informal Defense Ministerial in Vilamoura, Portugal in September 1998. There, the Secretary assessed the state of Alliance capabilities and expanded on his earlier

concept. He formally proposed the idea of a Defense Capabilities Initiative (DCI) to be approved at the April 1999 NATO Summit in Washington.

Allied Heads of State and Government met in Washington at the April 1999 NATO Summit and officially launched the DCI. Specifically, Allied leaders agreed to improve capabilities in five functional areas: deployability and mobility; sustainability and logistics; command, control, and communications (C3); effective engagement; and survivability of forces and infrastructure. Within these functional areas, they agreed to numerous short- and long-term objectives.

The lessons learned from Kosovo validated the capability improvements sought by the DCI, and gave greater incentive for nations to take action to improve their capabilities in these five core areas. At NATO, the DCI did not necessarily mark the beginning of efforts in each capability area, but rather provided additional impetus to work already underway.

As DCI's key mechanism for implementation, Heads of State also established at the Summit 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. The U.S. has been represented by myself as the Assistant Secretary of Defense for International Security Affairs.

DCI Implementation: the High Level Steering Group (HLSG)

The Alliance is pursuing DCI improvements on two tracks, both of which involve work in Brussels and in Allied capitals. First, to specifically address each of the DCI objectives, NATO committees are meeting regularly to address those objectives that fall under their purview. NATO's HLSG oversees this process.

Since the Washington Summit, the HLSG has met five times. It has focused its work on monitoring all of the DCI objectives, examining specific objectives in-depth, and considering relevant policy issues.

Monitoring. Responsibility for the individual DCI objectives remains with nations and the appropriate NATO bodies and authorities. In order to execute properly its coordinating function, the HLSG has identified specific

NATO committees that have primary and supporting responsibilities for DCI implementation, and is monitoring short- and long-term objectives.

How successful has the HLSG been thus far? It has:

- seized the opportunity to focus high-level attention on the DCI and to define precise milestones, thereby creating a heightened sense of purpose and urgency;
- reviewed objectives in each of the five core capability areas;
- ensured that key NATO committees have reorganized with a view towards fulfilling the DCI objectives as one of their highest priorities;
- generated synergy between NATO defense planning “stovepipes” and forced NATO committees to work together, thus beginning to produce common solutions to DCI objectives;
- been the catalyst, in some cases, for long-delayed decisions to be taken just before HLSG meetings at which these delays would otherwise have been exposed;
- prompted: timelines for projects in the committees to be revised in many cases to accelerate progress; working groups to be established; questionnaires to nations to be issued (and replied to); studies to be launched; and temporary staff augmentations to be provided.

Just as significantly, separate committees which each hold responsibility for partial accomplishment of a DCI objective have been strongly encouraged to coordinate with each other, and have done so in many cases. In short, the HLSG has been an efficient and effective forcing mechanism.

While the HLSG has been successful in moving many of the objectives forward, many others still require work. Real capability improvements will only be achieved when nations translate this work into action and the action is

brought to a successful conclusion. The HLSG will therefore continue to monitor all of the objectives and recommend further action as appropriate.

Examination of Specific Objectives. The HLSG has also examined specific objectives more in-depth. In the DCI area of *Sustainability and Logistics*, for example, the establishment of the Multinational Joint Logistics Center (MJLC) concept has been a priority of the HLSG since the Washington Summit. The MJLC concept will help the Alliance manage deployed task force sustainment and re-supply operations in a much more efficient and timely manner. It demonstrates the evolution from logistics as a national responsibility to logistics as a shared responsibility. It furthers the concept of interoperability and will increase the efficiency of coalition operations. The Alliance has moved forward on doctrine, testing and personnel and has thus met the 1999 Summit goal of beginning implementation of the MJLC concept by the end of last year.

The *Deployability and Mobility* DCI objectives are arguably some of the most difficult to attain, because they require considerable resources and procurement decisions involving long lead times by nations. NATO committees in Brussels have taken some steps to help improve this core capability. Individual nations need to do much more. We continue to seek innovative approaches with the Allies to improve capabilities in this area in efficient and effective ways. Germany and France agreed at last November's Franco-German Summit to create a "European command for aerial transport in order to manage in common available European means for military aerial transport and to coordinate use of civil means that might eventually be utilized." France has also recently agreed to work with the Netherlands to develop a maritime lift cell to better utilize European maritime strategic transport capabilities. We have welcomed the concept of pooling of European lift resources and look forward to German, French and Dutch plans regarding their initiatives.

In the *communications* area, one method to ensure interoperability among national and NATO Consultation, Command and Control (C3) systems is to have an approved plan that shows what exists and what is planned and/or required for the future. A C3 systems architecture is such a plan. The NATO C3 environment is, and is increasingly becoming, technologically complex. Achieving interoperability between NATO and

corresponding national systems is no longer a simple task, especially considering the number of systems that must be interconnected.

To overcome this problem, NATO will develop a C3 systems architecture by the end of 2002. This architecture should portray current systems and the migration to future replacement and/or enhanced systems. The C3 systems architecture will assist in focusing NATO and NATO nations' C3 efforts and in achieving interoperability among the wide variety of systems being acquired nationally and by NATO.

Regarding *Effective Engagement*, the suppression of enemy air defenses and the acquisition and deployment of precision guided munitions (PGMs) are high priorities for NATO and the DCI. Low cost solutions to upgrade existing munitions appear to provide for improvements, assuming appropriate funding is made available by the nations and production can be adjusted to the requirements of nations. The procurement of PGMs could potentially be facilitated through coordinated acquisition by a number of European Allies.

Finally, the HLSG is beginning to examine objectives under *Survivability of Forces and Infrastructure*, such as those related to the proliferation of nuclear, biological, and chemical weapons.

The HLSG has also received input from nations, expressing their specific views on the five implementation areas of DCI and, in some cases, describing in detail how they intend to implement the specific objectives. These give valuable insights on the further development of DCI. Countries participating in collective defense planning – all Allies except France – provide further information on their plans within the defense planning process. Nevertheless, the information so far available does not provide a sufficiently comprehensive picture of national implementation activities. Allies have discussed ways of gathering additional data on national efforts in the coming months.

Policy Issues. The HLSG has also been considering the policy issues relevant to DCI implementation. One such issue is the availability of *resources*. 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 their defense budgets and reallocating funds. In fact, defense spending has been cut by several key Allies.

Yet we are beginning to see hopeful signs of movement towards increased defense spending. At a recent speech at Georgetown University, the French Minister of Defense Alain Richard said, “The present unsatisfactory state of defense budgets within NATO partially reflects a state of complacency deriving from U.S. protection.... Just as enhanced European capabilities should imply increased European responsibilities, so will, I believe, increased responsibilities translate into a greater sense of entitlement by EU citizens and, thereby, a greater willingness to spend money on defense.” 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 focus on more efficient, more focused, better-planned and coordinated use of resources. Innovative approaches to improving capabilities can increase the efficiency and effectiveness of the resources spent. For example, many mobility and logistics capabilities 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 in order to be lighter, more mobile and more sustainable.

As an example, in order to improve U.S. readiness and respond to the full range of Alliance missions, the U.S. has embarked on the largest sustained increase in defense spending in some 15 years. Many lessons learned from Kosovo have been incorporated into the U.S. 2001 defense

budget: the acceleration of Global Hawk at \$400 million; the addition of another JSTARS at \$250 million; a new squadron and upgrades to the EA-6B at \$500 million; 624 new Tomahawk missiles at \$400 million; and the acceleration of the procurement of joint direct-attack munitions for approximately \$178 million. Yet the U.S. cannot be alone in its budgetary reaction to the lessons from Kosovo; other Allies must also respond by increasing defense spending and shifting budgetary priorities to areas identified as capability shortfalls.

Nations need not all respond to the lessons of the Balkans in the same way – there is no “one size fits all” solution to increasing national and Alliance capabilities. While not all Allies must develop equal capabilities, the collective goal should be compatible capabilities. While not all nations need to buy the newest or best equipment, those nations capable of doing so through increased defense budgets should find a way to take that step. For example, nations expecting budget surpluses should increase defense spending, and nations undergoing review of their force structure should look into radically restructuring existing forces. Ultimately, it is not only imperative that nations maintain sufficient defense spending, but that they also realize the full potential of the resources they already spend.

As another policy issue, the HLSG will also consider the possibility of *Partner* involvement in any future NATO-led non-Article 5 operations; interoperability not only between Allies but between Allied and Partner forces will therefore need to be addressed in due course.

Finally, the HLSG is considering the policy issue of *ESDI*, which is discussed below.

DCI Implementation: Force Goals

The second track for DCI implementation is to ensure that NATO Force Proposals are geared to achievement of DCI objectives. Force Proposals, which are developed every two years and become Force Goals once approved by NATO Defense Ministers, are currently being developed by the two Strategic Commands as part of the NATO defense planning process for the year 2000 and beyond. They must be sufficiently robust so

as to provide a measurement of how each member nation is being called upon to enhance Allied capabilities.

The success of the DCI will depend considerably on the action taken by individual nations. For the 18 countries that participate in NATO's defense planning process, a very large portion of the national activity to implement DCI falls under the purview of that process. Force Goals 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 U.S. Administration has spent much of the past six months arguing that Force Proposals 2000 should be more robust and Allies must accept the new proposals and fully implement them.

Through the assiduous monitoring of SHAPE and SACLANT, NATO has developed Force Proposals 2000 that *are* more robust and are closely tied to the DCI objectives. Furthermore, 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. This year, as NATO moves into the next stage of the defense planning process, we will again have the opportunity to encourage Allies to accept their 2000 Force Proposals and implement them after they become Force Goals.

DCI and ESDI

We and our NATO Allies have been working on the European Security and Defense Identity (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 the success of ESDI is real improvements in European capabilities. Both we 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 laid out a "Headline Goal," pledged at the Head of State level to be able to field, by 2003, a force of 50-60,000 troops deployable within 60 days for up to a year's duration. To do this, the nations of the EU will have to follow-up on enhancements in the five capabilities areas identified in the DCI – deployability and mobility; sustainability and logistics; command, control and communications; effective engagement; and survivability.

DCI and ESDI must be consistent. Both DCI and ESDI will fail unless some nations spend more, all spend smarter, and all stop reductions.

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": *indivisibility* of the transatlantic link; *improvement* of capabilities; and *inclusiveness* of all Allies.

Indivisibility of security. In building the European capabilities, we must not weaken NATO, the most successful and enduring multinational alliance in history. There needs to be not only a private conviction, but a frequent public affirmation, that both European and American governments are committed to the idea that NATO must continue to be a strong and effective instrument of security for the Euro-Atlantic area and the principal forum for political, as well as military, cooperation on security matters.

The principle must be maintained that Europe will act alone (and would only want or need to act alone) only where NATO itself is not engaged – not because NATO has some abstract right to priority, but because any different approach would mean duplication, if not competition, and would be wasteful at best and divisive at worst.

The EU will naturally have to have a capability for independent decisions and directions, including "strategic" planning, but should not replicate NATO's operational planning system or its command structure. Instead these NATO capabilities should be available to the EU from NATO

as needed. ESDI should build on existing NATO-WEU links to provide EU Common Foreign and Security Policy (CFSP) mechanisms with assured access to NATO planning capabilities, and presumed access to NATO collective assets and capabilities for those EU-led operations to be decided on a case-by-case basis. Close coordination and transparency between NATO and EU planning will be essential if only to ensure that, if the question of EU access to NATO assets for an operation arises, all NATO members are comfortable with the proposed operation.

Formally, NATO and EU will maintain independence of decisions – but in practice, they have to be closely linked and cooperative, not competitive, and between NATO and the EU there needs to be complete mutual transparency and coordination. Of course, for those cases where NATO is not engaged, Europe needs to have both the military capacity to act and the institutions to reach a decision on whether to do so and to conduct the operation. Additionally, there can be no question of an “EU Caucus” inside NATO: NATO decisions must continue to be reached in real collective discussion, so that NATO will remain, in fact as well as in rhetoric, the principal forum for security consultation.

Therefore, we favor moving forward rapidly with building the needed NATO-EU links. In the short term, this means formalizing NATO-EU cooperation beyond the occasional breakfasts that NATO Secretary General Robertson has with Javier Solana in his new capacity as High Representative for the EU CFSP. Some argue that the EU first has to complete the internal process of developing the European Security and Defense Policy (ESDP) before turning to these matters. However, if we want to ensure that NATO and EU processes are mutually reinforcing, we need to develop institutional ties as promptly as possible. We recognize that the EU will need some institutional structure for the NATO-EU discussions to be productive, but the interim EU institutions are sufficient to provide a valid EU side to the NATO-EU links. Maximum transparency between NATO and the EU as the latter develops its institutional security architecture is the best way to ensure that everyone’s equities are covered and duplication is minimized. We also need practical working contacts to hammer out the procedures and arrangements to permit NATO planning and assets to be provided to the EU when needed. In pushing for NATO-EU ties, of course, we fully respect the sovereignty of European Union decision-making.

Improvement of the capabilities. The war in Kosovo dramatized that NATO must and can find the political will to respond to new security challenges. It highlighted that NATO can – and did – conduct a highly effective military operation. But it also made obvious the gap between the U.S. and European contributions – not of courage, skill, political will, or commitment, but of military capability in the fields most relevant to modern warfare. To close that gap, our European Allies and partners must take steps to improve their capabilities in the five core capabilities areas. Doing so will contribute to both NATO and EU capabilities, and better balance burdens, responsibilities and influence inside NATO.

Powerful, deployable, flexible, sustainable and effective military forces geared to the challenges they are likely to face are essential to protect European security. The U.S. will continue to do its part – and there have been lessons for America, as well as for others, from the experience of the Kosovo war. But it is also true that increased European focus on, and capability for, defense will be a key element of assuring that NATO itself remains strong and able to meet the new threats to security we will face together in the coming years – and it is no secret that in this regard, Europe has some catching up to do.

Catching up will require a significant shift in the force structure of European militaries. Providing a European dimension to defense can reasonably be expected to help focus attention on the need to improve European forces and aid in finding both the resources and the will to do so.

It is of critical importance in this connection that the priorities of the NATO DCI and of the EU's program of defense improvements, including the "headline goal" of a deployable force of 50,000 to 60,000 troops, are not only compatible but also largely identical and mutually reinforcing. Indeed, these themes are also consistent with the priorities for defense restructuring and modernization set on a national basis by the United Kingdom, France, the Netherlands and other Allies.

Actually executing the programs laid out under both DCI and ESDI remains essentially a national task, a job for individual nations. Neither NATO nor the EU will, for the foreseeable future, actually dispose of significant military power, aside from national contributions, except for some headquarters, communications systems, and, in the case of NATO, airborne

surveillance. Even where units are nominally multinational, or pledged to NATO or the EU, it will remain an issue for national decision whether they will actually join an operation, a decision that will be made in the specific context of a crisis. Thus, greater capacity for the European nations to make contributions to modern military operations will be available for either NATO or EU-led operations and that greater capacity will strengthen equally the potential of both institutions.

The key, of course, is actually to do what has been outlined. Appropriate institutions are needed for ESDI, but unless accompanied by appropriate improvement in capabilities, these institutions will have little to command. The EU commitment at Helsinki to a “headline goal” for a corps-size deployable force soundly focuses on capabilities and concrete measures – for that force would be available equally for EU-led and NATO-led operations.

This is not fundamentally a problem of gross resources – European Allies spend two-thirds to three-quarters as much on defense as the United States and have nearly half-again as many troops under arms. The central task is more efficient, more focused, better-planned and coordinated use of such resources. It is for European nations to decide on defense industrial policy, but it is hard to believe that a “Buy European” policy will serve efficiency in the use of limited defense resources, much less criteria of military effectiveness and operational capacity in coalition warfare. A better approach is the transatlantic one, and the United States recognizes that there are steps we need to take to make that approach more attractive. The hard fact remains, however, that reform is difficult, and in the end, improved capabilities will require more resources – or at least no more cuts in defense budgets overall. They also call for the political will to change established patterns and challenge entrenched ways of doing business.

Inclusive of all Allies. Finally, the new European capability must take account of the fact that while European security is indivisible and universal, the primary institutions that deal with security, NATO and the EU, are not as yet universal, nor are their memberships identical. The non-EU NATO Allies must be fully included. This is especially important regarding Turkey – but it also affects Norway, Iceland, the Czech Republic, Hungary and Poland. Moreover, those European states that are in neither NATO nor the EU must have a path to join in the common efforts.

Recognizing that, by definition, the EU and the EU alone must finally decide on EU missions, the non-EU NATO Allies have to be able to participate in ESDI in meaningful ways, such as planning and preparation, not just signing on after all decisions are already made. There are several reasons why we believe that these six countries deserve special status above and beyond what other EU partners should have. First of all, they want to contribute, they have military means to bring to the table, and they have experience as Associate Members of the WEU. Moreover, any significant EU operation will likely require assets from NATO, which would require a decision by the North Atlantic Council at NATO in which all Allies, including the six, will participate. The EU members should not, in their own interest, want to complicate getting assets by excluding the non-EU Allies from having input into the shaping of the policy leading up to the operation.

As we look ahead, there is still hard work to be done to realize 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.

Summary

While the DCI, as launched at the Washington Summit, has been taken up by nations and the relevant Alliance bodies as a means to focus their efforts to enhance the defense capabilities the Alliance will need in the future, it is too early in the transformation process to have measurable indices of increased capabilities. The United States will need to continue to work closely and intensely with its NATO Allies to ensure these initial efforts mature and broaden into substantial further capability improvements. The HLSG will need continued high-level support, by Defense, Foreign, and Finance Ministers, as well as Parliaments. A key factor will be the provision of necessary resources, both nationally and through commonly or jointly funded programs. This will require the personal attention of Ministers and Parliaments.

