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**NATO AND THE EU'S EUROPEAN SECURITY AND
DEFENSE POLICY**

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BEFORE THE
SUBCOMMITTEE ON EUROPEAN AFFAIRS
OF THE
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NATO AND THE EU'S EUROPEAN SECURITY AND DEFENSE POLICY

THURSDAY, MARCH 9, 2000

U.S. SENATE,
SUBCOMMITTEE ON EUROPEAN AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:03 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Gordon H. Smith (chairman of the subcommittee) presiding.

Present: Senator Smith.

Senator SMITH. Good afternoon, ladies and gentlemen. We welcome you to this hearing of the Senate Foreign Relations Committee. The Subcommittee on European Affairs has convened today to discuss the emerging European Security and Defense Policy, known as ESDP, and how its evolution may affect the NATO alliance.

I would say at the outset of my remarks, I apologize in advance that there are three scheduled votes beginning in about 10 minutes. So we are going to get into this hearing as far as we can before we are interrupted. We will be joined by Senator Biden after those votes.

Representing the administration in our first panel will be Ambassador Marc Grossman, Assistant Secretary of State for European Affairs, and Mr. Frank Kramer, Assistant Secretary of Defense for International Security Affairs.

The second panel will consist of: Dr. Jeffrey Gedmin from the American Enterprise Institute and the New Atlantic Initiative; Dr. Stephen Larrabee from the RAND Corporation and Ambassador Robert Hunter, our former Ambassador to NATO who is now also at the RAND Corporation. All of our witnesses are well qualified to address this important subject and I appreciate their willingness to share their views this afternoon.

I am confident that the EU's ESDP project has the potential to strengthen the transatlantic partnership. I want to emphasize that: I am confident that it can strengthen the transatlantic partnership. If our European partners will truly improve their military capabilities, it will lead to a more powerful alliance with more balanced burden-sharing, and this in turn will yield a more influential European voice in the transatlantic security issues. I see it as a win-win proposition, a win-win scenario for both sides of the Atlantic.

However, this is not a foregone conclusion. Success will require a genuine effort by the Europeans to strengthen their defense forces and careful management of the nascent relationship between

NATO and the EU. There is no question that our European allies need to upgrade their military capabilities. The war in Kosovo highlighted the fact that the current arrangement, where the United States bears a disproportionate share of the burden in the alliance, is unsustainable, and I am pleased that many Europeans understand that they must take concrete steps to address this problem.

I was surprised to learn that Javier Solana, the EU's foreign and security policy czar, believes the United States suffers from schizophrenia on this subject. He and other European leaders mistakenly argue that the United States calls upon them to take more responsibility for European security and then complains bitterly when they attempt to do so.

I say to them and I assure them that I am not alone, that we encourage European efforts to increase defense capabilities and we welcome greater European participation in transatlantic security. However—and this is the important part—stronger, more effective European partners, not new European institutions, are the key to strengthening NATO and the transatlantic partnership.

I fear that in the absence of significantly improved European defense capabilities the EU will find itself building hollow institutions. This could develop into a dangerous circumstance. First and foremost, NATO's ability to respond to a crisis could be undermined due to insufficient European capabilities. The current state of the alliance, with two tiers of military capabilities, would continue and once again we would find American and European servicemen undertaking dramatically different risks. That is, in itself, a recipe to undermine alliance cohesion and consensus.

Second, the European Union could give the false impression that it is capable of conducting a military operation without American involvement when in fact it is unable to do so, creating a security vacuum that necessarily will be filled, and not necessarily to our advantage.

These negative scenarios are the outcomes that I and other supporters of the transatlantic relationship want to work to avoid. I am concerned about the EU's rush to create new security institutions without dedicating the necessary resources to assure that these institutions have real capabilities at their disposal. I need not remind anyone here that the trend in European defense budgets is not encouraging. Germany, the most telling example, is cutting nearly \$10 billion from its defense budget over the next 4 years. But even other European members have made clear that the EU's defense project is not about spending more money, and no country has indicated that it plans to do so.

These same EU members that want to establish an independent European defense identity are not meeting their current obligations under NATO. This is the rub for a lot of U.S. Senators.

At its Washington summit last April, NATO established a process known as the Defense Capabilities Initiative to upgrade and modernize members' military capabilities. Our NATO allies endorsed this process and promised to fulfill its requirements. Now the ESDP has added new military goals for the European members of NATO. Which requirements will take priority, NATO's or those of the EU? To what degree are they overlapping or coordinated?

Will it be enough for European leaders for EU members of NATO to meet the EU goals and not their requirements under the NATO Defense Capabilities Initiative?

Finally, I am struck by the reluctance of the European Union to formalize its relationship with NATO. Now is the time to shape the evolution of the EU's new security institutions as well as to fund them, so that they strengthen the transatlantic relationship. Informal contacts are insufficient. It is imperative to establish a clearly defined and transparent relationship between the two organizations now, not after the EU has finished setting up its new institutions.

I look forward to discussing these and other issues with our distinguished panel this afternoon. Before that, the vote has not gone off, so we will turn to you, Mr. Secretary. Secretary Grossman.

STATEMENT OF HON. MARC GROSSMAN, ASSISTANT SECRETARY OF STATE FOR EUROPEAN AFFAIRS, DEPARTMENT OF STATE

Mr. GROSSMAN. Mr. Chairman, thank you very much, and I know I speak for Assistant Secretary Kramer in thanking you for the opportunity to be here today to testify on our interest in the developing European Security Defense Identity, the European Security and Defense Policy. As usual when we are here, you and I obviously could have swapped opening statements, because the points that you made are exactly the points we both believe:

One, that ESDI has the potential to be a very important part of the transatlantic relationship and be a good thing for NATO;

Second, that ESDI has the possibility of being a win-win proposition for everybody;

And third, that there is a lot of work to do.

I would just say that, I do not know about Frank, but I certainly do not feel schizophrenic about this at all. I think this can be a good thing for the United States and, if we pay attention, will be a good thing for the United States.

I should also say, Mr. Chairman, that from my perspective the views that have been expressed in this committee and certainly in the Senate as a whole have been very, very helpful to the way that we think about transatlantic security. If you go back to the Kyl amendment, which really defined for us what you wanted us to get out of the new strategic concept, the Roth resolution describing the framework on the way ahead for ESDI, and resolutions passed last fall in Senate and House which reinforced the administration's approach to this emerging European Security and Defense Identity.

My view is simple. It is that we want to get ESDI right, and that is because we want ESDI, ESDP, to succeed, because I think if we can, we and our allies and partners in Europe can get it right—and I think we can if we pay attention—the ESDI will be good for the alliance, good for the United States, and good for U.S.-European relations.

As you say, more European military capacity, more capability, will make the alliance stronger, lift some of the burden that we now have to act in every crisis, and make the U.S.-European relationship more of a partnership.

When we were here, Mr. Chairman, just before the NATO summit in April, we tried to lay out our goals for that summit and also for a NATO alliance for the 21st century. What I would like to do today, if you would permit me, is just to report for a minute or two on how we did and how we want to go about now promoting an ESDI which advances America's security interests and a strong NATO.

Last April we told you that ESDI should focus on enhanced capabilities and be compatible with U.S. and European security commitments in the alliance. We said that ESDI should develop in a way that avoided duplication of existing NATO capabilities, avoided the de-linking of European and NATO decisionmaking, and avoided discrimination against the non-EU NATO allies.

At the Washington summit, the allies reaffirmed the indivisibility of the transatlantic link and the need to pursue common security objectives through NATO wherever possible. You and I have talked about this in the same way, that NATO is the organization of choice when Europe and the United States want to work together militarily.

Now, NATO's leaders at Washington also recognized that there could be cases where the alliance does not want to engage as a whole, but where there is a need for some kind of military intervention. So at the Washington summit allied leaders also agreed in principle to presumed access to NATO access for EU-led operations, while recognizing that the actual provision of these assets would be decided on a case-by-case basis.

What I have tried to do is graphically demonstrated this in the two charts¹ that we have brought along today: first in the goals that we set for ourselves, first in Washington and then moving forward to the Helsinki summit, which took place in December 1999, and then some of the statements to compare for you how we think we did in trying to get compatibility between what we said in Washington and what we thought was achieved at Helsinki.

I think it is important to look at the Helsinki side of this, which is to say that we wanted our European partners to be focused on, as you said, defense capabilities and the link with NATO. I think the quotations that they put out in Helsinki are very important ones. For example, that "NATO remains the foundation of the collective defense of its members and will continue to have an important role in crisis management"—and here, very importantly in terms of the transatlantic link, that very key phrase for us—"where NATO as a whole or the alliance as a whole is not engaged," so that we do not have this confusion between what is going on in NATO and what is going on in the European Union.

Very important for us also, and I know Assistant Secretary Kramer will talk more about this, is the key step the European Union took in improving its capabilities by committing to develop a pool of rapid reaction forces of 50,000 or 60,000 troops, deployable within 60 days and sustainable for a year. This would increase deployable forces both for the European Union, of course, but very importantly for NATO as well.

¹The charts referred to by Mr. Grossman appear on pages 9–10.

Again, in terms of DCI, the EU recognized that efforts to enhance its military capabilities should be mutually reinforcing with NATO's Defense Capabilities Initiative. That is what we support.

As you said, there is a huge amount of work still to be done. And as I say, I think it can be done successfully if we keep paying attention. For example, as you say, NATO and the European Union have to be able to work together successfully and efficiently.

Now, on the 1st of March the European Union established in Brussels interim committee structures to address security and defense matters, and it is these structures which will provide the basis on which to develop institutional links to NATO and to engage non-EU NATO allies in EU deliberations. We want to use the coming months to help create concrete NATO-EU links, make it possible for those non-EU NATO allies to participate in shaping EU security decisionmaking, and to press all allies to carry out their commitments to improve defense capabilities.

In other words, what we would like to see is the European Union meet the objective it set for itself in Helsinki to develop the principles for NATO-EU links by the summit in Portugal in June. Now, of course NATO's got some work to do here, too, and NATO has to develop its structure so that after June these links can be established immediately and clearly.

In our view—and I think I would take it as yours as well—the best of these institutional links will be transparent and they will be cooperative. We believe that the new EU structures should interact fully with NATO.

The closest possible links between European Union and NATO are necessary if NATO is to support an EU-led action where the alliance is not engaged, and the right NATO-EU links will ensure that organizational decisions about future military operations will not be taken in isolation either by NATO or by the European Union.

It is fundamental to us as well that allies who, like us, are not members of the European Union deserve a special status in the EU security and defense deliberations. ESDI's success depends in the end on the ability of our European partners to create new military capabilities. The EU's commitment to meeting the headline goal is key, but, as Secretary Cohen and Secretary Albright have reiterated in recent months, our European allies and partners will not be able to make progress on improving capabilities without more resources, and I know Assistant Secretary Kramer will have more to say on this subject.

Mr. Chairman, there are some people who worry that ESDI will weaken the alliance. My view is if we can get it right NATO will be stronger and U.S. interests served. The critical issue here is that the United States and Europe share a common vision of the indivisibility of our security interests. Now, we have successfully met the security challenges of the past 50 years through this shared commitment, and I think as long as we stay in this together and create the right institutional framework the SDI and the ESDP can, as you say, has the potential to be a very good thing for this alliance and for the United States.

I know that NATO Secretary General Lord Robertson and the European Union High Rep Javier Solana share that commitment,

and Secretary Albright will be visiting both of them in Brussels tomorrow.

There is a trap, though, I think that is worth stopping and warning about today. There are some people who are demanding that EU candidates in Eastern Europe choose somehow between Europe and the transatlantic relationship. As Secretary Albright said on the 26th of January—I quote this because it is such a good quote—“What a false choice that is. What a fatal choice it would be.”

NATO remains the foundation of our common security and our common defense. Our European partners have pledged to improve their defense capabilities. We believe that ESDI should develop in the way that Lord Robertson has prescribed, highlighting his three i’s: improvement in capability, indivisibility of security structures, and the inclusiveness of all allies. That is the vision we support.

The job over the next year is to turn it into reality. Here is how I would consider to be the way forward. First, we must keep the focus on improving military capabilities through the Defense Capabilities Initiative. Building real new capabilities is hard, it is expensive, and it takes time. But without them there is no ESDI, there is no ESDP, no headline goal. I think the alliance would be more unbalanced and weaker if we do not pay attention to this very important part of our job.

Second, we will work with our NATO and EU partners to establish EU-NATO links and to find the right way to include non-EU NATO allies in structures and processes. We’re consulting with all of our allies in NATO, with our partners in the European Union, in capitals, in Washington, with Solana, with Lord Robertson, with everybody who will listen to us, to try to make sure that we get these links right, because it is the detailed arrangements for presumed access to NATO assets for the EU-led operations which will follow from these links.

Third, if I might say, your continued support from the Senate and from this committee will also be very important. So the time you take to see allies or to travel to allied capitals will help us build the practical mix that we need between NATO and the European Union.

ESDI can increase the European contribution to our common defense. It can ease the burden on the United States and strengthen the transatlantic partnership. These are the things that are vital to our Nation’s yesterday.

Mr. Chairman, I thank you for the opportunity to make this short statement, and with your permission I turn it over to Secretary Kramer and would be glad to answer any questions.

[The prepared statement of Assistant Secretary Grossman follows:]

PREPARED STATEMENT OF HON. MARC GROSSMAN

ESDI

I welcome this opportunity to testify on the U.S. foreign policy interest in the development of the European Security and Defense Identity.

The views of this committee—and of the Senate as a whole—play a key role in how we think about trans-Atlantic security. The Kyl Amendment guided our work both on NATO enlargement and on the Alliance’s new Strategic Concept. The Roth Resolution describes the framework for the way we want ESDI to develop. In resolu-

tions passed last fall, the Senate and the House reinforced the Administration's approach to ESDI.

Our goal is simple: we want to get ESDI right. That's because we want ESDI to succeed. If we and our Allies and partners in Europe can get it right, and I think we can if we pay attention, ESDI will be good for the Alliance, good for U.S. interests, and good for the U.S.-European relationship. More European military, capacity will make the Alliance stronger, lift some of the burden we now have to act in every crisis, and make the U.S.-European relationship more of a partnership.

When Frank Kramer and I were here just before the NATO Summit, we laid out our goals for the Summit and for a NATO for the 21st century. I'd like to report to you on how we're doing one year later. I'd also like to describe our ideas for promoting an ESDI which advances American security interests and a strong NATO.

Last April, we told you that ESDI should focus on enhanced capabilities and be compatible with U.S. and European security commitments in NATO. We said that ESDI should develop in a way that avoids duplication of existing NATO capabilities, avoids the delinking of European and NATO decision making, and avoids discrimination against non-EU NATO Allies.

At the Washington Summit Allies reaffirmed the indivisibility of the trans-Atlantic link and the need to pursue common security objectives through NATO wherever possible. NATO is the institution of choice when Europe and America want to act together militarily. NATO's leaders also recognized that there could be cases where the Alliance does not want to engage as a whole but where there is a need for some kind of military intervention. So at the Washington Summit, Allies also agreed in principle to presumed access to NATO assets for EU-led operations while recognizing that the actual provision of these assets would be decided on a case by case basis.

The charts are a way to look at where things stand. They compare what NATO agreed at Washington and what the EU agreed at the Helsinki Summit, which took place last December.

At the Helsinki Summit, our European partners said that, "NATO remains the foundation of the collective defense of its members and will continue to have an important role in crisis management."

The EU also said, like we did in Washington:

The EU should have the autonomous capacity to take decisions, and where NATO as a whole is not engaged, to launch, and then to conduct EU-led military operations in response to international crises.

The Helsinki statement also took a key step in improving European capabilities by committing to develop a pool of rapid reaction forces of 50-60,000 troops, deployable within 60 days, sustainable for at least one year. This would increase the deployable forces available for NATO operations as well as for EU operations.

And the EU recognized that efforts to enhance its military capabilities should be "mutually reinforcing" with NATO's Defense Capabilities Initiative.

There is still work to be done, which I believe can be done successfully.

For example, NATO and the EU must be able to work together.

On March 1, the EU established in Brussels interim committee structures to address security and defense matters. These structures will provide the basis on which to develop institutional links to NATO and to engage the non-EU NATO Allies in EU deliberations.

We want to use the coming months to help create concrete NATO-EU links, make it possible for non-EU NATO Allies to participate in shaping EU security decision making, and press all Allies to carry out their commitments to improve defense capabilities.

We want the EU to meet the objective it set for itself in Helsinki to develop agreed principles for NATO-EU links by its Summit in Portugal in June. NATO needs to work on its own position so that links can be established quickly after June. The best institutional links will be transparent and cooperative. We believe that the new EU structures should interact fully with NATO.

The closest possible links are necessary if NATO is to support an EU-led action where the Alliance is not engaged. The right NATO-EU links will ensure that organizational decisions about future military operations will not be taken in isolation by either NATO or the EU.

We also believe that Allies, who, like us, are not members of the EU, deserve special status in the EU's security and defense deliberations.

ESDI's success depends in the end on the ability of our European partners to create new military capabilities. The EU's commitment to meeting its "headline goal" is key. But, as Secretary Cohen has reiterated in recent months, our European Al-

lies and partners will not be able to make progress on improving capabilities without more resources.

Assistant Secretary Kramer will have more to say on this subject.

Some worry that ESDI will weaken the Alliance. If we get it right, NATO will be stronger and U.S. interests served.

The critical issue is that we and the EU share a common vision of the indivisibility of our security interests. We've successfully met the security challenges of the past fifty years through this shared commitment. As long as we continue to "be in this together" and create the right institutional framework, ESDI and ESDP can strengthen the Alliance. I know NATO Secretary General Lord Robertson and EU HiRep Solana share that commitment.

But, there is a trap I warn against today. Some demand that EU candidates in Eastern Europe "choose" between Europe and the trans-Atlantic relationship. As Secretary Albright said on January 26, "What a false choice that is. What a fatal choice it would be."

NATO remains the foundation of our common security and defense. Our European partners have pledged to improve their defense capabilities. ESDI should develop in the way Lord Robertson has prescribed, highlighting his 3 i's:

- improvement of capabilities,
- indivisibility of security structures,
- inclusiveness of all Allies.

We support that vision. The job over the next year is to turn commitments into reality.

Here's how we see the way forward:

First, we must keep the focus on improving military capabilities through the Defense Capabilities Initiative. Building real, new capabilities is hard, expensive and takes time. But without them, there is no ESDI, no ESDP, no headline goal. The Alliance will be unbalanced and weaker.

Second, we will work with our NATO and EU partners to establish NATO-EU links and to find the right way to include non-EU NATO Allies in EU structures and processes. We are consulting with all Allies in NATO, the EU, in capitals, and Washington; with NATO Secretary General Robertson and EU HiRep Solana; and with the Portuguese EU Presidency. Detailed arrangements for the presumed access to NATO assets for EU-led operations will follow from these links.

Third, your continued support and the time you take to meet Allies and to travel to NATO and EU countries will help us build the practical security links between NATO and the EU that will help make ESDI operative.

ESDI can increase the European contribution to our common defense, ease the burden on the U.S. and strengthen the trans-Atlantic partnership so vital to our nation's security.

Thank you. After Assistant Secretary Kramer's testimony, I'd be glad to answer any questions.

Key NATO & EU Statements

Washington Summit

"We acknowledge the resolve of the European Union to have the capacity for autonomous action so that it can take decisions and approve military action where the Alliance as a whole is not engaged."

Helsinki Summit

"The EU should have the autonomous capacity to take decisions, and where NATO as a whole is not engaged, to launch, and then to conduct EU-led military operations in response to international crises."

Importance of Transatlantic Link

"Defense capabilities will be increased through improvements in the deployability and mobility of Alliance forces, their sustainability and logistics, their survivability and effective engagement capability, and command and control and information systems."

Calls for "developing more effective capabilities" for the "full range of Petersberg tasks ... including the most demanding."

Enhanced Capabilities

"These objectives and those arising, for those countries concerned, from NATO's DCI will be mutually reinforcing."

Institutional Participation

"NATO and the EU should ensure the development of effective mutual consultation, cooperation and transparency, building on the mechanisms existing between NATO and the WEU."

"Further steps will be taken to ensure full mutual consultation, cooperation and transparency between the EU and NATO".

Senator SMITH. Thank you very much, Secretary Grossman.
Mr. Kramer, we welcome you as well. Thank you, sir.

STATEMENT OF HON. FRANKLIN D. KRAMER, ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS, DEPARTMENT OF DEFENSE

Mr. KRAMER. Thank you very much.

I agree fully with Assistant Secretary Grossman's statement, so let me make a few points that would focus on one aspect of ESDI which he himself highlighted and which you highlighted in your opening statement, and that is the issue of capabilities and how does what we are doing in NATO relate to the capabilities issue with respect to ESDI.

I have got a few slides,² and if we can run through them, we will make this sort of a Pentagon briefing, if you will. The first several are what did the Kosovo war really show us? As you can see, on the left I have got the strengths and on the right I have got some weaknesses. One element is that we were able to do with our allies combined air to air operations. In short, all that NATO training paid off.

In addition, they were able to do a pretty good job for themselves when they would work together. I highlighted the Dutch and the Belgians, who really have a combined air task force and, given that, they were able to do over almost 2,000 of the ballpark 37,000 missions. If they had not worked together, they never could have done half of that each separately.

On the other hand, again as you well know, none of the allies really were able to do very much in the area of all-weather day-night type operations, so there is a real deficiency.

On that second point, we did about the same number of strike sorties—that is, so to speak, combat sorties—and we found for all of us that if we had PGM's we could really do a very good job. However, the U.S. in the early days did virtually all of the strike sorties and there were certain kinds of things that only we have the capability to do, so-called support jamming, suppression of enemy air defenses.

We also did a lot more in the overall of the support sorties, and that would include the intelligence, surveillance, reconnaissance kinds of capabilities that we have and many of the allies do not have. We also have the majority of the PGM stocks.

Finally, again on the strengths side, the command structure really worked and they got their airplanes there pretty quickly, as did we.

On the weakness side, there was a real failure of secure aircraft communications. That was an operational problem, and when we finally did deploy the KFOR ground forces—that was mainly going in later—we found that they deployed a lot more slowly than we would have liked.

So what did that tell us? What that said was that the five DCI categories which we had approved at the summit and we have been working on for well over a year before the summit and therefore

²The slides referred to by Secretary Kramer can be found following his prepared statement, which begins on page 15.

before Kosovo turned out to be the right kinds of things. We needed deployability, mobility, we needed C3, engagement, and the like.

This is what we have been doing in the last year. We established in NATO a high level steering group which works on these issues. I represent the U.S. We have comparable people from all other countries, and we most importantly have gotten the NATO military authorities to use the force planning process to build into that NATO force planning process the goals of the DCI.

I may get my numbers wrong, but I will get the point about right. There are about 170 specific force planning goals now that have DCI comparable issues, deployability—

Senator SMITH. Do you see those reflected in our 2001 budget?

Mr. KRAMER. Yes, in fact. You mean in our defense budget?

Senator SMITH. Our defense budget.

Mr. KRAMER. Yes, they are. One of the advantages we had was that, since we have always had to go to the right, if you will, we have been doing a lot of this historically. But we have also added specific things to our budget in light of Kosovo. One example would be we have added additional jamming aircraft, EA-6B's. We have added additional C-17's, mobility aircraft. We have a whole host of additions that we have done in light of this. We think the allies need to do comparable things.

Senator SMITH. Do you see, in the European budgets are these lessons learned priorities in their military budgets now?

Mr. KRAMER. There are two parts to that question. The lessons learned are there for sure. The Europeans, one of the benefits of the DCI, as exemplified by Kosovo, is they know the issues. Second, they are making some strides in terms of their budgets. What they have not done, which you have said yourself, is increase the budgets.

So to the extent that they are able to do things by reallocation, we are seeing that. But to the extent that they need to add resources—and we think they need to add resources—they have not done that part yet.

Senator SMITH. Do they think they need to add resources or just redirect resources? That is what I am always told, is all that is necessary is redirecting existing and reduced resources. Does that get the job done?

Mr. KRAMER. You are hearing the same as we generally are hearing. But like all countries, there are differences of view internally. I think the militaries know perfectly well that they need to add resources and I would say so do the defense professionals. I think from a financial point of view, especially with the Euro criteria and other economic constraints, that they have a hard time now. We, just as a matter of history, are in a better place economically than they are.

You will see I have a quote at the end from the French defense minister who talks about the necessity for more resources. So I think the understanding is there. What is not yet there is the action.

Just briefly, one of the reasons we went into this is because we had a number of countries already doing or talking about restructuring their forces. The reason they were doing that is in the old days, in the Soviet days, it made a lot of sense to have forces that,

so to speak, dug in at the inter-German border. You did not need mobile forces. You knew where you were going to fight.

In this environment that is not true. So it is not that the forces were done wrong before. It is that the times have changed.

The U.K. was doing a strategic defense review, France likewise. The Netherlands, Norway, Denmark, Italy, and Germany is in the process. So you have—it is not just a U.S.-imposed effort here. It is an effort in which the allies themselves have been doing reviews in capitals and likewise have brought some of these concepts to the table.

What have we actually done in NATO? One important thing that we found is fighting away from home, so to speak, is much harder than fighting at home. If you cannot go down to the neighborhood store to get food and gas and you have to have it shipped out to you, that is a tough proposition, especially if you do not get it.

You may not have it, but the guy next door may have it. But unless you can talk to each other, keep track of it, you cannot take advantage of what he may have. This form of words, which was meant to be politically obfuscating, “multinational joint logistics center,” because it is a military term, simply means that we can work together in a common way on logistics, share logistics as necessary, share support. Every country has the responsibility, but from time to time as necessary one country can support another.

We do that as a practical matter. Now we have set this up in Kosovo. We are going forward to set it up. We need to build it into the doctrine so we do it all the time. It has a benefit in terms of overall resources. If you know you can rely on the other guy, you do not have to bring as much, you can be much more efficient.

Businesses do this all the time now, the concept of just in time delivery, for example. Well, in war we will not quite do just in time, but we can have that basic concept built in. We can use computers and the like, and this is one effort.

Another area, the allies have all too few mobility capabilities. The Germans and then with the French proposed a European Transport Command. It is early days. It is not much more yet than a sign on the door. I actually had a meeting with the German under secretary of defense to talk about this today. But it is a very good concept. They are working to actually get aircraft assigned to it, and if it works it will give them a much more substantial capability.

One of the things they can do is they can use civil aircraft in emergencies. They can pull them in. We have that capability in the U.S. They could do it.

Likewise, just about 2 weeks ago, I think it was, France and The Netherlands announced that they would develop a combined maritime lift cell, so the same idea. They would work together on mobility in the sea-based, which is very important.

These are things that we are stressing, and “we” includes particularly. The lift I have already talked about; air to air refueling; suppression of enemy air defenses; jamming; precision guided munitions; secure communications. It is worth saying that there are enough forces there. The allies have far more, for example, than the 50,000 to 60,000 forces that are mentioned in the so-called headline goal. The question is can you get the forces someplace in

a timely fashion and can you sustain them over time? It is not are there enough people, are there enough tanks, are there enough airplanes, and the like. There is an issue of high tech in certain areas, but the overall number of forces is perfectly adequate.

These are the milestones. As you know from your knowledge of NATO, we have force goals every 2 years. We have the new force goals coming out this year. We are in the process. The so-called force proposals have gone out. The allies will come back and say how they plan to fulfill them, and then we actually have to implement them as force goals.

We have to reallocate resources. We talked about that. And the third tick, as you can see, reallocation will not be enough, in my view. We will have to have some increase in defense budgets.

Now, what about ESDI? Because that is what we are doing. I think it is useful to say here, there is only one set of forces. It is not a separate set for the European Union and a separate set for NATO. Every country has one set of forces, and historically NATO has given guidance as to what needs to be done with those forces.

If you will, down the left here are the DCI objectives. Down the right are the Helsinki objectives, and those words are taken actually out of the Helsinki documents and you see there is a huge overlap and almost complete identity actually. We worked very hard with the European allies to make sure that what they were doing, going to say was their goal in Helsinki, was compatible with what we are doing in NATO, so the goals are compatible.

Now, of course comes the implementation. One thing we worry about is the U.S. should not be left to do the so-called high intensity missions and the allies just do the low intensity missions. They have assured us that is not the case and I think for many of the allies that is true. It is a harder sell for some people who are in the EU who are not NATO allies, like say for example Sweden, which has a history of peacekeeping. But the Swedes can be both in the EU and do what they want, at the same time they do not have to hold the EU down to the lowest common denominator.

What this chart is meant to show is that right now, as I said, from the goals point of view they have perfectly reasonable goals.

Now, this chart I almost did not show you because it says "Why This Time Is Different." And you know, in 6 months you will crucify me for being so dumb, but it is useful to say out loud what the Europeans are saying. You see the Blair quote and one of the important aspects is that the British are in this fully. As he has talked about, the Prime Minister has said in substance: We need to have the capability. They really kicked it off with the French in St. Malo and since then we have gone forward.

The Italians, you ask do they recognize the problem? Well, yes, they do. Those numbers are about right. They do spend 60 percent and they get about 10 percent. Why? Partly because it is duplicative, too many overheads, not buying the right stuff, history. They have those forces in place as opposed to mobile forces. But it is a real recognition of the problem.

Last is the French defense minister's quote that I mentioned before and, as you can see when you get to the end, he talks about a greater willingness to spend money on defense. Now, will that be

translated into actuality? I think the answer is we will have to wait and see.

There is a lot that can be done by reallocation, but not all that should be done. So I do not want to throw reallocation out. That is not to be pushed away as a non-important point, but I do think a greater amount of resources is appropriate.

So as Assistant Secretary Grossman said, I think we have a real shot at this. The proof will be in the pudding, of course.

[The prepared statement of Mr. Kramer follows:]

PREPARED STATEMENT OF HON. FRANKLIN D. KRAMER

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 undue 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 Communiqué³ 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-EU 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.



NATO's Defense Capabilities Initiative



Kosovo Lessons Learned and Allied Defense Improvements



Kosovo



Strengths

- Combined air to air operations

Weaknesses

- Allies unable to conduct sustained all-weather day-night ground attack operations

- Multinational air missions

- Dutch/Belgian combined task force: 20/12 F-16s flew 1,971 of NATO's 37,100 sorties



Kosovo



Strengths

- Strike sorties: by end of war, US/Allied ratio close to equal

Weaknesses

- Strike sorties: early days of war, disproportionate number of US
- Support sorties: throughout war, much higher number of US
- Majority of PGM stocks: US
- Precision-guided munitions (PGMs) allowed for effective engagement



Kosovo



Strengths

- NATO command structure worked effectively

Weaknesses

- Failure of secure aircraft communications
- Allies able to get air contribution to crisis promptly
- KFOR ground deployment slower than desired



Kosovo validates 5 DCI categories

- Deployability/Mobility
- Sustainability/Logistics
- Command, Control, & Communications
- Effective Engagement
- Survivability of Forces and Infrastructure



What we are doing to fix shortfalls

- High Level Steering Group:
 - Reviews DCI objectives
 - Overcomes logjams/stovepipes
 - Addresses resources - common, joint, national
- NATO Military Authorities:
 - Crosswalk Force Proposals and DCI
 - Address shortfalls
 - Move from “Reasonable Challenge” to “Reasonable Challenge”



What has been done



- Allies restructuring
 - UK
 - France
 - Netherlands
 - Norway
 - Denmark
 - Italy
- Initial stages
 - Germany



What has been done (cont.)

- Multinational Joint Logistics Center (MJLC)
concept: doctrine being taught, concept tested,
prototype MJLCs in Bosnia/Kosovo
- Germany: Proposed European Aerial Transport
Command; working with France
- France/Netherlands: Developing Maritime Lift Cell



What we are stressing



- Strategic lift, especially outsized air transport
- Air-to-air refueling
- Suppression of enemy air defenses
- Support jamming
- Precision guided munitions
- Secure communications



Next key milestones



Nations must:

- Implement Force Goals 2000
- Reallocate resources
- Increase defense budgets



ESDI is DCI under EU banner



Washington DCI Objectives

- Deployability/Mobility
- Sustainability/Logistics
- Command/Control/
Communications
- Effective Engagement
- Survivability

EU Helsinki Objectives

- Deployability/Mobility
- Sustainability
- Command/Control/
Intelligence
- Interoperability/Flexibility
- Survivability



Why this time is different



"Too few allies are transforming their armed forces to cope with the security problems of the 1990s and the 21st century. We Europeans need to restructure our defence capabilities so that we can project force, can deploy our troops, ships and planes beyond their home bases and sustain them there, equipped to deal with whatever level of conflict they may face."

– Prime Minister Tony Blair, UK

"Europe spends over 60% of what the U.S. spends on defense but gets only 10% as much."

– Prime Minister Massimo D'Alema, Italy

"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."

– Minister of Defense Alain Richard, France

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Senator SMITH. You will forgive me. I better go vote or I will miss this one, and I think there are three right in a row. I will bring Senator Biden back and we will continue with some questions.

Are you OK to wait until then?

Mr. KRAMER. Sure.

Senator SMITH. We will stand in recess.

[Recess from 2:36 p.m. to 3:24 p.m.]

Senator SMITH. We will reconvene, and I apologize again for that disruption, but we do have to vote.

Secretary Grossman, I think one of the questions that has concerned me about this whole new structure are the overlaps or the lack of overlaps between membership of NATO and the European Union. My own experience and involvement with some of the new members of NATO is that there is some uneasiness about being in NATO, not in the European Union, wanting to be in the European Union, but also concerned that this defense identity may ultimately undermine the alliance they have just joined.

I wonder if in your experience are they being told, get along and go along, not to make any waves on this? Is there any undue pressure about this? What is your sense?

Mr. GROSSMAN. Senator, one of the reasons that I put in my statement that we need to stop today to make sure that everybody understands that this choice, that somehow people are saying that you can only be a good European or only a good transatlanticist, is a false choice and a choice that nobody should have to face.

My feeling is that those countries that want to be members of the European Union and that are now NATO members have a very important role to play, not only in keeping the NATO conversation going on ESDI and ESDP in the right direction, but also to make their views known as about-to-be candidates of the European Union, so that the European Union knows that they have views as well.

One of the reasons that we set as a goal and worked so hard to make sure that there is no discrimination or, as Lord Robertson talks about, the inclusion of all allies stays on the agenda is because countries like Poland, Hungary, the Czech Republic, that are going to get into the European Union, I hope someday, but countries as well like Turkey and Norway, that are NATO members, that have a different relationship with the European Union, have got to have links, have to be, in our view anyway, part of shaping EU decisionmaking.

I hope in the end that what we come out with is an alliance that is stronger and also a European Union that is stronger for them as well. They have played a role in all of this and we have certainly heard from them. We have kept in very close contact with those NATO members that are not members of the European Union. We want to make sure that we understand their views.

But just to finish where I have started, this idea that somehow there is a choice between being a European and being a transatlanticist is something that we just really want to have nothing to do with.

Senator SMITH. As you understand the defense identity, is there anything comparable to Article 5 guarantees being offered as part of this defense identity?

Mr. GROSSMAN. On the European Union side?

Senator SMITH. Yes.

Mr. GROSSMAN. I think you would really have to ask them. I do not think so, because they have focused so far on what they know as the Petersberg tasks, which were mostly in emergency management, some crisis management. But one of the reasons that your second question and your first question are linked together is that so many, so many of those NATO allies—Poland, Hungary, the Czech Republic—with which we now have Article 5 guarantees are also going to be members of the European Union.

So that is why these links and that is why making sure there is compatibility is so absolutely important.

Senator SMITH. I believe Russia is supportive of this defense identity, that the European Union should develop it. I also know Russia would not be comfortable with Estonia's membership in NATO. Estonia may become a member of the European Union before it becomes a member of NATO. How do you think that will be viewed by the Russians and what do you think the Europeans are promising to the Estonians should they not be a member of NATO but are a member of the European Union and there were some conflict between them and Russia again?

Mr. GROSSMAN. I do not know how to answer your question specifically. Obviously, you would have to ask the Russians or Europeans what that is all about. I would say first in terms of Estonia and NATO that we want to make sure, obviously, as we said in the Washington summit that the door is open and the membership action plans, the door to membership, remains open.

That is a decision, obviously, as we said in Washington, that is going to come in the future. But people ought to have the opportunity to join the alliances and join the groups that they want.

I would have to say, although I am not a representative of the European Union, that if the Estonians want to be part of the European Union that ought to be their choice as well. I do not think there ought to be any country, whether it is Russia, the United States, or anybody else, who says, well, you can be a member of this but you cannot be a member of that.

In terms of Russians and ESDI, ESDP, obviously this is one of those areas in which the more dialog I think there is going to be, the better. That is one of the reasons that we are glad that the Permanent Joint Council has started again at NATO. The Russians and NATO allies are talking again. The European Union and Russia have a summit meeting I think twice a year.

So that conversation has really got to keep going so everybody in Europe certainly can understand what the security issues are and that really these are not security structures designed to threaten anybody. They are designed to make sure that people can respond to crises in the proper way.

Senator SMITH. As either of you have heard the defense identity developed, would the deployment of European troops be more likely in places like Bosnia and Kosovo, not necessarily to conduct a military operation like in Kosovo, but perhaps a peacekeeping oper-

ation as is now ongoing in Kosovo? Is that sort of what is contemplated, do you think?

Mr. GROSSMAN. I think that what is contemplated is that both NATO and the European Union have options, and so that you could respond in some fashion. When I talk about this with Europeans and others, I think back, for example, to 1997 when in Albania there was the collapse after the end of that pyramid scheme, and the Italians really stood up and, after NATO decided not to be engaged in this, they stood up and they tried to intervene in that crisis, and I think they did an excellent job.

But had there been this headline goal, had it existed at that time, you could have seen the European Union perhaps move more smartly into an instance like Albania.

Senator SMITH. Can you not see, though, if this structure had existed at the time the United States was enticed into Bosnia, that we would not have been responsive? Do you think it less likely we would be there today had this structure existed, if there was an option? What is your sense?

Mr. GROSSMAN. Well, there would have been an option, but I think Bosnia was such a big job that probably we would have done something similar to what we did do in Bosnia. And the same in Kosovo. Some people say: Oh well, with the ESDI you wouldn't have had to act this way in Kosovo. I actually do not think much would have changed with Kosovo at all, because the alliance chose to be engaged as a whole.

That is the key thing here and why that phrase is so very important to us.

Senator SMITH. Secretary Kramer, any comment on that?

Mr. KRAMER. I think a couple of points. One, when the French defense minister was here 2 weeks ago he gave a speech at Georgetown, I believe, which I think is worth reading. It is a speech that was worked on by the whole French Government, and he summed up in one sentence what he said was the goal. He said: "We want to be able to put fires out in our own back yard, with you when you choose to help us and without you when you cannot."

I think that is something that we are very compatible with. If, as Marc said, it is a major issue, then it will probably be an issue of major consequence for the United States. For example, Kosovo was that way, so we wanted to be there. It was not that we were looking to avoid it. It was an unfortunate situation, but, having been presented with it, we wanted to be there.

Bosnia started out as a pure chapter 6 kind of operation and turned into a situation where we actually used force, as you will recall. So again, I think we wanted to be there and they wanted us to be there.

Senator SMITH. I just wonder if we have actually thought through how all this will work. In other words, the EU is stating that we will only undertake military operations when NATO as a whole is not engaged. Is there any mechanism that has been developed where this decision will be made?

Mr. GROSSMAN. Well, that is why we have been emphasizing these NATO-EU links. As Frank said on some of his issues, we are still in the early days. What we do not want to have happen, though, is where everybody will just say, well, we will figure this

out when the time comes, or these links do not have to, as you said in your opening statement, be transparent or be clear, because if you are ever in a crisis we want to be able to have a handoff or make sure that people understand exactly what it is that is going on.

Senator SMITH. As you examine the interim political and security committee, the military committee, is there duplication that we do not want to see between these two institutions?

Mr. GROSSMAN. I have come to conclude actually, Senator, there is bound to be some duplication. Yes, there is going to be a committee over here and a committee over there with similar names. But I do not think that the interim security committee that has been established at the European Union is going to be like the NAC, because the NAC has different responsibilities. It has got a different treaty. It works together in a different way because it has 40 or 50 years of working together militarily.

Our goal is to make sure that whatever structures get set up are compatible, transparent, open, clear, and connected to NATO. The other point, as Assistant Secretary Kramer made so well, is whatever committee structures are set up, there has to be the military capacity increased so that Europeans themselves meet their own requirements.

One of the very good things about being in the position that we are in now is that we are actually encouraging our European allies to meet the promises they have made to themselves, the headline goal, NATO-EU links by June. So these are things that we are for. We are not pressing on anybody goals that they have not set for themselves, and I think for the United States that is a very good position to be in.

Mr. KRAMER. If I could add, there is going to be some similar types of institutions, because there has to be somebody to run the policy if the EU is going to run the policy, just as there is the NAC to run the policy for NATO. What we have said, though, from a military point of view is we want to have the operational planning done in the NATO structure even for EU type operations, and we want to have the force planning done in the NATO structure.

So if you use the NATO operational planners, the NATO force planners, then you will not have the kinds of duplicative structures that could cause problems, that could cause inconsistent requirements.

Of course, there are some differences, but there is tremendous overlap. I was in Paris last week and I said, look, we is they. I mean, you are on both sides of this fence. There is not really—the same with U.K., the same with Germany, the same with the Dutch. You cannot act as if that NATO is somehow different totally from the EU. It is not true.

Senator SMITH. Gentlemen, I thank you both very much for being here. It has been very helpful and I think we have got a good record now in the Senate on this discussion.

We appreciate your being here, and now we will call up our second panel. We are pleased to have: Dr. Jeffrey Gedmin from the American Enterprise Institute; Stephen Larrabee from the RAND Corporation; and Ambassador Robert Hunter, also of the RAND Corporation.

Dr. Gedmin, I understand you have a plane schedule that we are going to try to help you meet. So we will start with you.

STATEMENT OF JEFFREY GEDMIN, PH.D., RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE, AND EXECUTIVE DIRECTOR, THE NEW ATLANTIC INITIATIVE, WASHINGTON, DC

Dr. GEDMIN. Thank you, Mr. Chairman. That is extremely kind and generous of you. My apologies in advance to you that I have to run after my testimony, and to my co-panelists. The fact is I am co-hosting your colleague Senator Biden at a New Atlantic Initiative meeting in Paris, and if I am going to be a good host I should arrive before the guests. So thank you very much.

Mr. Chairman, I got off the phone yesterday with a friend of mine in Berlin, chatting a little bit about this topic, and this friend of mine said to me on this European Union security and defense policy business: You know, we Europeans like building things and you Americans like doing things, and you Americans are always talking about initiatives, but we Europeans are so frequently pre-occupied with identity.

I think that this points to part of the problems that you alluded to in your introduction this afternoon. I think that we do have broad agreement on the fundamentals, that there is a need for Europe to become more self-reliant militarily, that Kosovo was a wake-up call to all of us about the dreadful imbalance that exists within the alliance, that there are important questions that we should be asking about this process, but if I could underscore, I think we have to communicate more carefully with our Europe friends.

They should not be anxious about our skepticism because you are right, Senator Smith, we want Europe to succeed. I think we have to repeat this as many times as we can. There is no one in Washington who has any interest in a Europe that remains weak and dependent on the United States. It is unhealthy and it breeds mutual resentment.

The Europeans ought to understand that, while that is true, the questions and skepticism that arises in Washington is generated by the atlanticists, not by the isolationists, not by the global unilateralists, but the people who actually do take Europe seriously and take the partnership seriously.

Let me mention to you that I agree entirely that at the top of the list the first problem or question we ought to have is about capabilities. I will not belabor that point. It is in my submitted text and it has been discussed amply today, and I imagine my colleagues Dr. Larrabee and Ambassador Hunter will address that, too.

Let me just say with one word, I think that it is hard to take the European defense project too seriously as long as the EU's largest state, Germany, spends roughly 1.3 percent of its GDP on defense and that is a figure that is in decline. As you mentioned earlier today, Mr. Chairman, Germany will cut \$10 billion from its defense in the next 3 years.

Let me spend a couple moments concentrating on something that we have not discussed yet today, the character and the quality of the project, European Security and Defense Policy, European de-

fense capabilities. I think it is harder to discuss. I think it is more sensitive, but I think it is important for two reasons.

First of all, because the cold war is over, because generational change is taking place, and West Europeans broadly feel less dependent on the United States than they did before, and that there is institutional changes taking place as well. For the last decade, more than ever before Europeans, West Europeans, are busy energetically and enthusiastically building European institutions, European institutions with minimal American influence and minimal American participation.

The European Union is not a transatlantic organization. The European Union reflects European aspirations and ambitions, and I do not believe that there is anything at all inherently wrong about that. But I think we and the atlanticists on the other side ought to be asking very hard and very serious questions about what these developments mean for transatlantic cooperation and the pre-eminent institution for this cooperation, and that remains NATO.

The second point I wanted to mention which I think gives a broader context in which we should discuss ESDP, European Security and Defense Policy, is the long list of European grievances that is piling up over the last 8 years vis-a-vis the United States. I do not in making this quick list for you, Mr. Chairman, argue that all these grievances are legitimate. Some are, in my view some are not. But they all fit under one rubric. That is, America has too much power, America is a hegemon that behaves clumsily and often without proper reference to our interests.

You know this list as well as I. It is European grievances over sanctions and secondary boycotts, the Senate rejection of the Comprehensive Test Ban Treaty, accusations that U.S. diplomacy sidelined the West Europeans in Dayton, that the United States dominated the Kosovo operation not only militarily but also politically.

There begins now and will be in my judgment a big debate and argument over ballistic missile defense. Even recently the debate and discussion over the new head of the International Monetary Fund, where the Europeans see or believe that America is rejecting a European, in this case a German, candidate Mr. Koch-Weser, because American dominance will always prevail and European and allied interests will always come second.

I mention to you, Mr. Chairman, that I picked up a prominent German newspaper the other day, the *Suddeutsche Zeitung*, and the lead to this particular story read in the following way: What is happening now over Koch-Weser—I paraphrase—reflects the massive dissonances in the transatlantic relationship that have to do with the struggle over power, interest, and influence.

Once again, Europeans are drawing a lesson. What guides American policy? It is—and the writer wrote in English—“America first, which becomes America’s fist.” And that is a quote.

I simply want to mention that I believe that, for all the healthy and positive things that ESDP may bring to the table and it can, I believe that the conversation about European security and defense policy should be put in the larger context of transatlantic relations. I believe that, finally, that we do have allies in Europe who want this to work, want legitimate self-reliance, and want to make,

produce a healthy partnership, healthier partnership with the United States.

But I do not believe, Mr. Chairman, that everybody in Western Europe shares those goals and objectives. I just quote to you briefly something that Secretary General Robertson said about this relationship. He conceded that "Some Europeans do indeed want something separate" from NATO.

Recently the Spanish foreign minister warned of, as he put it, "extreme pro-Europe positions on the continent," and he admitted "that there are those who believe that anything today done within the alliance will not be European."

So what do we do with this? I think on our side there are things we can do. I think we have to make a clearer picture for the Europeans of what our strategic priorities are. I think we have to consult more and hector and lecture less.

But I also think that we have to tell the West Europeans that we do have concerns about a spirit and character at times that guides this project that at a minimum has a strong anti-hegemonic impulse to it and at times is outright anti-American.

Those are broad brush strokes. The devil is always in the detail, and I will close with one particular detail, Mr. Chairman, and that was what you raised at the outset this afternoon. We do have some European friends who tell us that we are working on the details now of the relationship between NATO and the European, that we should relax, we should take our time, to get into too many details is premature.

I simply want to second your comment of earlier: It is not premature. In fact, I think it is like pouring concrete. If you want to shape it, now is the time. This is the formative stage. I think later it will be too late. So in detail, but also in general, as atlanticists I think we need to share the concerns with the Europeans very directly.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Gedmin follows:]

PREPARED STATEMENT OF DR. JEFFREY GEDMIN

INTRODUCTION

Mr. Chairman and Members of the Committee, I want to thank you for the opportunity to appear before you today to testify on developments in Europe, and specifically on the European Union's plans to develop its own defense force. I have a prepared statement, which I submit for the record. I'm happy at this time to summarize my statement briefly before answering any questions you have.

1. EUROPEAN DEFENSE AS AN ANSWER TO A PROBLEM

There is broad agreement between Americans and Europeans that Europe should become more self-reliant militarily. That, in the first instance, is what Europe's current defense initiative seeks to achieve. French Defense Minister Alain Richard stated it nicely during his recent visit to Washington. "What is it all about?" said Richard. "We want the Europeans to be able to put out fires in their own back yard, with the Americans where you want to join, without you where you don't."

Mr. Chairman, we all want the Europeans to do more. NATO's intervention in Kosovo, of course, underscored the dreadful imbalance that has come to exist within the alliance. The U.S. launched 80 percent of the precision-guided munitions, provided 95 percent of the cruise missiles, and flew most of the sorties. This was because European arsenals were either inadequate, badly outdated, or both. Klaus Naumann, the recently retired senior NATO official, summed things up at the time with one simple example: "Most European planes have to fly more or less over the

targets, which is the most stupid thing you can do, since you expose yourself to enemy air defense." In Kosovo Europeans flew only a third of the total number of aircraft sorties and only 20 percent of the strike sorties.

This experience in Kosovo seems to have served as a wake up call to the allies. As a result, at a summit in Helsinki in December, EU leaders pledged to develop by 2003 the ability to deploy up to 60,000 soldiers within 60 days and sustain that force for up to a year. Again, the purpose of this force, if we take the Europeans at their word, is to enable Europe to put out fires in its own back yard. To quote from Helsinki, the aim is "to develop an autonomous capacity to take decisions and, where NATO as a whole is not engaged, to launch and conduct EU-led military operations in response to international crises." In instances where the alliance might not act, NATO has agreed to make NATO assets and capabilities available to the European Union.

Since the EU has announced steps to redress the imbalance in the transatlantic security partnership, a number of questions have arisen. These questions include: How will the 60,000 man force be financed? Will the EU force jeopardize the security interests of countries that belong to NATO but not to the European Union (Turkey, Norway, Iceland, Poland, Hungary, and the Czech Republic)? Is there a geographic limit for the activity of a new EU force? Finally, what will the relationship be between this new EU entity and NATO? Will a European Security and Defense Policy harm NATO and ultimately undermine the transatlantic link?

Mr. Chairman, I'd like to spend a few minutes discussing with you what, in my judgment, should be seen as the primary opportunity; but also the chief dangers linked to West Europe's current defense initiative.

2. THE OPPORTUNITY

The opportunity is clear. Kosovo forced the Europeans to focus on the growing military-technological gap between the two sides of the Atlantic. They've now realized, apparently, that they need to reduce the substantial deficits that exist in European military capabilities. This is necessary for the good of Europe and the transatlantic relationship. Dependency is unhealthy. It breeds resentment—on both sides of the Atlantic. And the dependency that existed during the Cold War is no longer tenable—or sustainable—in the changed conditions of the post-Cold War world. West Europeans have heard us say for years that we want them to do more. They now say they are ready; and are trying to take initial steps. To this, our reply should be unambiguous. We should support the allies and applaud their initiative.

It's not hard to understand the dismay that many of our European friends have when they hear skeptical voices in Washington. NATO's secretary general, George Robertson, was quoted in a Washington Post story earlier this week as saying: "The United States suffers from a sort of schizophrenia. On the one hand, the Americans say, 'You European have got to carry more of the burden,' And when the Europeans say 'Okay, we will carry more of the burden,' the Americans say, 'Well, wait a minute, are you trying to tell us to go home?'"

Mr. Robertson has a point. In fact, one of the worst things we can do, in my view, is fall into the role of naysayer. The result would be counterproductive and very likely encourage strong anti-American sentiment in Europe. It's a point I'd like to emphasize. No one in Washington wants a weak Europe or a Europe that remains dangerously dependent on the United States. We should constantly remind the allies of this fact. A European contribution to fairly share burdens within the alliance is indispensable to the health and future of the alliance. Having said this, though, Americans should not refrain from asking serious questions both about the process itself and the ultimate objectives of the EU's defense project. And here, our European friends should understand the constructive spirit in which these questions are raised. They should remember that it is the Atlanticists in the U.S. who ask hard and serious questions, precisely because they do take Europe and our partnership seriously. If misunderstandings and misperceptions grow, however, it will be the isolationists and the global unilateralists who benefit as a result and to the profound detriment of us all.

3. THE DANGERS

a. Building Institutions or Capabilities?

Mr. Robertson says that the United States suffers from a sort of schizophrenia. The U.S. wants to have it both ways. We want Europe to do more. But when Europe shows signs of doing so the United States becomes anxious that the West Europeans are really interested going their own way, undermining NATO, and snapping the transatlantic link. But Europe sends its own contradictory signals.

Europeans tell Americans, "we want to do more; we're ready to become adult partners in the alliance and pull our own weight. Take us seriously." Then the EU proceeds to invest its energies in building toothless institutions rather than real capabilities, hardly an inspiring gesture. If the allies do not concentrate on the capabilities of European defense, it's hard to imagine how this project will ever develop in a credible fashion. While the United States spends about 3.2 percent of its GNP on defense, the United Kingdom and France spend approximately 2.8 and 2.6 percent, respectively. And defense spending in Europe is declining. What conclusion should one really draw when the EU's largest state, Germany, spends 1.3 percent of its gross national product on defense and plans to slash military spending by \$10 billion over the next four years? This is just the start of it, of course. The United States also significantly outspends our European allies in research and development. The U.S. spends roughly \$35 billion each year on defense R&D; NATO's other 18 members spend only about \$9 billion combined. Does it appear that the EU is really serious about shaping a modern, technologically advanced force ready to deal with the crises of tomorrow?

Some in Europe recognize the problem. Javier Solana, the former secretary general of NATO who now serves as the EU's spokesman on foreign policy, has said repeatedly that at the end of the day it will be about money. Mr. Solana is right. But there is no consensus in Europe today. Some argue that it's necessary to build institutions first. Others contend that European defense can be financed largely by a better and more efficient allocation of existing resources. Even if consensus existed that you can't do anything serious on the cheap, raising defense budgets in Europe would not be easy. In Germany, for example, the Red-Green coalition in Berlin is battling double-digit unemployment at home and facing additional strains over EU enlargement in the coming years. Despite the pleas of German defense minister Rudolf Scharping, the picture is unlikely to change in the foreseeable future. In the long term, things could get even worse. If Europe struggles to make up its current deficit in defense capability, the U.S. will likely pull even further ahead in defense technology.

This would be a dangerous trend and not only regrettable for the long run, Mr. Chairman. It may be dangerous in the short-term, too. Consider an example in the heart of Europe. After wars in Bosnia and Kosovo, the primary source of Balkan terror, the regime of Serbian dictator Slobodan Milosevic, is still in power in Belgrade. If the tiny republic of Montenegro does not find a way to achieve separation from Serbia peacefully, this might well be the site of the next Balkan war. I hope that the West will devote sufficient diplomatic and economic resources to the problem so that we might avert the next crisis. The key to this problem is the task of removing Milosevic from power and permitting the growth of a democratic Serbia. If we do not succeed, though, and NATO is again confronted with the prospect of intervention, our European allies, at this rate, are likely to be no better prepared to act militarily than they were before. Thus the matter of European defense capability is not of abstract or academic nature. If European defense is being created to actually do something, then time is of the essence.

b. Will European Defense Harm NATO and Undermine the Transatlantic Link?

One vital question is whether the West Europeans will properly finance European defense capabilities. Will they establish a credible force capable of action? Are they prepared to correct the significant imbalance that currently exists in the transatlantic security partnership? But there are other questions, too, about the spirit, character, and ultimate objectives of the EU's project. Will European Security and Defense Policy be compatible with a strong and healthy NATO? Or is European defense likely to emerge as a rival to the alliance? Will it destroy NATO's cohesion and undermine the transatlantic link?

Permit me, Mr. Chairman, to return for a moment to the lessons of Kosovo. I believe that Americans and Europeans learned different lessons. The U.S. learned that West European defense capabilities lag far behind America's and that this imbalance is no longer tolerable. The West Europeans see the imbalance is intolerable, too; but for slightly different and important reasons. The West Europeans were reminded in Kosovo that when America dominates militarily it is apt to dominate politically as well. The truth is, it left a bitter taste in the mouths of many Europeans that the U.S. played such a leading role in the Kosovo operation.

There were probably a number of reasons for this. The problem was aggravated in part, in my view, by the fact that President Clinton chose to rule out the use of ground troops at the outset. While it's true that most of our allies were no more interested in considering ground troops than the United States, the U.S.-led high-altitude, low-risk campaign raised questions on the continent about the seriousness of the world's only superpower. Officials of the Blair government complained pri-

vately at the time about Washington's "ABC problem," a reference to secretary of state Madeleine Albright, national security adviser Sandy Berger, and secretary of defense William Cohen. The Financial Times wrote at one point, "The very weakness of U.S. leadership [has] almost certainly prolonged the campaign [and has] raised serious questions . . . about the relationships between the U.S. and Europe."

What does this have to do with European defense? The Cold War is over and the transatlantic relationship is being re-negotiated. The new Europe is now being led by a new generation of leaders, hailing from a continent that feels, broadly, less dependent on the U.S. than before. And Europeans want more of an equal partnership. We Americans should not be naive or oblivious about the fact that the conversation about European defense takes place in this larger context. Nor should we forget that the long list of European grievances about American behavior, some legitimate, some not, has been growing over the last eight years. It defines the current context in important ways.

There has been anger over sanctions and secondary boycotts. There was dismay over the Senate's rejection of the Comprehensive Test Ban Treaty (The Clinton administration did not do a service to transatlantic relations, by the way, by reinforcing the misguided West European judgment that Congressional isolationism had led to the rejection of the Treaty). Before that, the West Europeans had felt sidelined by U.S. diplomacy at Dayton—to such an extent that one NATO official told me privately that a problem at Rambouillet was the Europeans were still trying to get back at the U.S. for its previously heavy-handed behavior.

Last summer, in the midst of the Monica Lewinsky mess, President Clinton chose to hurl missiles at a chemical factory in Sudan, a site that turned out to be, by all credible accounts, an aspirin factory. Now, there's the debate about missile defense ready to erupt. Without proper and intensive consultation with our allies, when the U.S. eventually deploys, the action is nearly certain to illicit cries in Europe of America destroying international arms control and once again clumsily going it alone.

The image of America as a dangerous rogue superpower is becoming popular in Europe. The recent controversy over the European candidate, the German Caio Koch-Weser, to become the new head of the International Monetary Fund, underscores this point. As one leading German newspaper put it in writing about the IMF story, these "massive dissonances" in the transatlantic relationship turn on a "power struggle over interests and influence." And Europe's gripe, once again, is that America is guided by one simple approach: It's "America First" through "America's Fist."

Americans need to listen to the Europeans—and take to heart the breathtaking and profound changes that have taken place in the last decade. We need to prioritize our strategic interests more; we need to hector and lecture far less. And when it comes to matters of the alliance, there is no substitute for close, intensive, and mutually respectful consultation.

But West Europeans need to listen to Americans more carefully, too. And then brings us immediately back to European defense. Again, to quote NATO's secretary general, George Robertson is quick to dismiss U.S. fears of anti-Americanism in the new Europe by insisting that we not take seriously certain "exaggerated European rhetoric that has nothing to do with reality." If Mr. Robertson is referring to France's frequently stated objective of building a Europe that will serve as a counterweight to the U.S., it's hard not to take this idea seriously. This has been a long-standing objective of the French political class. Mr. Robertson knows this. But there's more. The European Union is not a transatlantic organization. It's an organization that reflects European ambitions and European interests. There's nothing inherently wrong with that. But it's appropriate for Americans to ask—and our European friends should understand this—what European aspirations mean for American *and* common transatlantic interests. This is especially the case now that the European Union intends to become actively involved in the defense business.

In referring to European defense, Mr. Robertson himself has conceded that "some Europeans do indeed want something separate" from NATO. The Spanish foreign minister recently warned of "extreme" pro-Europe positions on the continent and admitted that today "there are those who believe that anything done within the alliance will not be European." It's a spirit that's catching in Europe. It's driven in part naturally by structural changes introduced by the end of the Cold War; in part, by America's mishandling of the transatlantic relationship. It's also growing in strength, though, guided by latent anti-Americanism and those who want to build a European super state that will act as a counterweight and behave as a rival to the United States.

Of course, the current modest steps toward a European defense, no matter their quality or character, do not signify any real and present danger to NATO or the transatlantic relationship. But I do want to emphasize the importance, in my view,

of this larger context. It is precisely because of this context that it is important for Americans and Europeans to debate these matters in the most open and candid fashion possible. It's also why it is essential that we get the NATO-EU relationship in European defense right from the start. That's why, Mr. Chairman, we should reject, for example, the position of some of our European friends who tell us today that to discuss such matters is premature. On the contrary. We're pouring concrete, which will be likely impossible to reset at a later date. We need to think carefully and get everything right at this early and formative stage.

In sum, Mr. Chairman, we've reached an odd point. Transatlantic relations are not at all dismal, to be sure. NATO remains in tact. Trade and business mergers flourish. But tensions in political and security cooperation are also increasing. Steady and principled American leadership is needed to help steer developments that could hold great promise for a revitalized transatlantic relationship—but which may also, if not properly managed, cause serious damage to the links between America and our most important allies.

Senator SMITH. Thank you very much. That was excellent. You have answered the questions I had for you, so we thank you for being here, and when you have to leave we understand.

Dr. GEDMIN. I will stay for a few minutes. Thank you.

Senator SMITH. Very good.

Dr. Larrabee, we will go to you next.

STATEMENT OF F. STEPHEN LARRABEE, PH.D., SENIOR STAFF MEMBER, RAND CORPORATION, WASHINGTON, DC

Dr. LARRABEE. Thank you very much, Mr. Chairman. It is an honor to appear before this committee again today to testify on a subject as important as the European Security and Defense Identity.

Let me clarify at the outset, however, that my remarks and those of Ambassador Hunter as well represent our personal views and not necessarily those of RAND or any of its sponsors.

In my view there are three important criteria for judging ESDI: First, does it strengthen overall security in Europe. Second, does it help build a stronger and healthier transatlantic relationship. Third, does it strengthen NATO's ability to deal more effectively with crises in Europe and beyond its borders?

My answer to these questions is a qualified yes. Done right, ESDI could contribute to all three goals. The final answer, however, will depend on how ESDI deals with six important issues.

First, will the Europeans really build the necessary capabilities? This will be the litmus test of European seriousness about ESDI and about defense more generally. There is a danger that the European allies will concentrate on institutions rather than actually building the military capabilities needed to manage crises.

At the Helsinki summit in December, the EU decided to create by the year 2003 a 50,000 to 60,000 man rapid reaction force that can be sustained up to a year. In reality, this means raising a force closer to 200,000 men because of the problem of rotation. At a time of declining European defense budgets, there is some reason to question whether the Europeans will be willing to provide the funds needed to pay for the manpower and logistics support needed to sustain such a force.

Second, ESDI is meant to deal with the low end of the military spectrum, the so-called Petersberg tasks, which involve essentially peacekeeping, humanitarian rescue, et cetera. But many of the crises in Europe, such as Kosovo, require more than peacekeeping.

They require capabilities to conduct war-fighting operations. Thus there is a danger that we could end up with a two-tier alliance, one in which the U.S. and perhaps a few European allies are able to conduct high intensity operations while the rest of the allies focus on the low end of this military spectrum. This would not strengthen the alliance, but rather weaken it.

Third, the link between NATO and the EU needs to be more clearly defined. At Helsinki it was decided that the EU would act only "when NATO as a whole is not involved." But there needs to be, as we have said before here, adequate transparency in decision-making. Without clear links between the EU and NATO, there is a danger that the two institutions will get bogged down in bureaucratic disputes over jurisdiction while a crisis escalates out of control.

Fourth, we need to ensure that ESDI does not lead to a duplication of capabilities. In theory, there is a possibility that the European allies could develop separate capabilities that enable them to act without drawing on U.S. assets. In reality, however, given the decline in European defense budgets, it is unlikely in my view that the Europeans will have the money to create such capabilities. Thus, they will be dependent on U.S. assets for some time to come. This gives the U.S. some leverage and influence over how these assets are used in a crisis.

Fifth, there is a need to ensure that ESDI evolves in a way that does not discriminate against members of the alliance who are not members of the EU, such as Turkey, Norway, Iceland, and the new Central European NATO members. They need to be consulted and brought into the decisionmaking process. As Assistant Secretary Grossman said, Central European members should not be forced to choose between EU and NATO. This is a false choice.

Sixth, if not properly managed, ESDI could undercut DCI. Many of the DCI programs are expensive and they could face competing claims from ESDI. Many European governments may be tempted to utilize existing forces for ESDI rather than create new capabilities. This is all the more true because many European countries may find it easier to mobilize public support for increased defense spending in support of an EU enterprise rather than for one within NATO.

Moreover, many of the forces and assets that will be required for ESDI already have NATO commitments. If these forces are restructured for ESDI-related tasks, and especially if the planning for these missions is not done in close cooperation with NATO's defense planning process, ESDI could end up weakening rather than strengthening NATO.

Indeed, unless full transparency and formalized institutional links are established between the EU and NATO, a situation could arise in which the forces that are dual-hatted could face conflicting guidance from the EU and NATO defense planners.

That said, if our European allies develop an integrated capability that is able to plug into U.S.-NATO systems, but is also able to operate on its own, then there is no basic incompatibility between NATO and the EU. Indeed, this could strengthen the alliance's ability to act more effectively in a crisis.

In short, a lot depends on how ESDI is managed. Done right, with close cooperation and transparency between NATO and the EU, ESDI could strengthen the transatlantic relationship and the ability of NATO to act more effectively in a crisis. But done wrong, it could end up weakening the transatlantic relationship. Hence, it is imperative to ensure that the project is managed well from the outset.

In closing, Mr. Chairman, let me make two final caveats. First, the U.S. should avoid overreacting. The fact is that there are very few crises, in my view, where the Europeans will want to act without the U.S. if the U.S. wants to be involved. Moreover, some of the nightmare scenarios that worry U.S. defense planners, such as that France might block a NAC decision for NATO to act in a crisis, are implausible. France needs the support of its EU allies and it knows that it would not get this support if it consciously sought to prevent NATO from acting in a crisis in which the alliance as a whole wanted to act.

Second, some members of the Senate have suggested that we should develop a new division of labor in which the European allies look after European security and the U.S. looks after security beyond Europe. In my view, this idea is both wrong-headed and dangerous. It would seriously erode the sense of common purpose that is at the heart of the transatlantic relationship and lead to a diminution of the U.S. role in Europe.

Instead, we should be striving for a new transatlantic bargain in which the U.S. remains engaged in Europe while encouraging its allies to assume more responsibility for security in Europe, but also outside of it.

Thank you very much.

[The prepared statement of Dr. Larrabee follows:]

PREPARED STATEMENT OF DR. F. STEPHEN LARRABEE

THE EUROPEAN SECURITY AND DEFENSE IDENTITY (ESDI) AND AMERICAN INTERESTS

Mr. Chairman. It is an honor to appear before the Committee today to testify on a subject as important as the European Security and Defense Identity (ESDI).

In my view, there are three important criteria for judging ESDI:

- Does it strengthen overall security in Europe?
- Does it help build a stronger and healthier Transatlantic relationship?
- Does it strengthen NATO's ability to deal more effectively with crises in Europe and beyond its borders?

My answer to these questions is a qualified "yes." The final answer, however, will depend on how ESDI deals with six important issues.

First, will the Europeans really build the capabilities? This will be the litmus test of European seriousness about ESDI and defense more generally. There is a danger that the European allies will concentrate on institutions rather than actually building the military capabilities needed to help manage crises. At Helsinki in December, the EU decided to create by the year 2003, a 60,000-man rapid-reaction force that can be sustained up to a year. In reality, this means raising a force of some 200,000 men because of rotation. At a time of declining defense budgets in Europe, there is some reason to doubt whether the Europeans will be willing to provide the funds needed to pay for the manpower and logistics support needed to sustain such a force.

Second, ESDI is meant to deal with the low end of the military spectrum—the so-called "Petersberg tasks," which involve peacekeeping, humanitarian rescue, etc. But many of the crises in Europe, such as Kosovo, require more than peacekeeping. They require capabilities to conduct warfighting operations. Thus, there is a danger that we could end up with a two-tier alliance—one in which the U.S. and perhaps a few European allies are able to conduct high-intensity operations while the rest

of the allies focus on the low end of the military spectrum. This would not strengthen the Alliance, but weaken it.

Third, the link between NATO and the EU needs to be more clearly defined. At Helsinki, it was decided that the EU would act only “when NATO as a whole is not involved.” But there needs to be adequate transparency in decision-making. The French, however, have been resisting establishing any clear link between EU and NATO. In a speech in Strasbourg in October, President Chirac dismissed such links as “premature” and “putting the cart before the horse.” Without clear links, however, there is a danger that the two institutions will get bogged down in bureaucratic disputes over jurisdiction while a crisis escalates out of control.

Fourth, we need to ensure that ESDI does not lead to a duplication of capabilities. In theory, there is a possibility that the European allies could develop separate capabilities that enabled them to act without drawing on U.S. assets. However, given the decline in European defense budgets, it is unlikely that Europeans will have the money to create such capabilities. Thus they will be dependent on U.S. assets for some time to come. This gives the U.S. some leverage and influence over how these assets are used in a crisis.

Fifth, there is a need to ensure that ESDI evolves in a way that does not discriminate against members of the Alliance who are not members of the EU, such as Turkey, Norway, Iceland and the new Central European members of NATO. They need to be consulted and brought into the decision-making process.

Sixth, if not properly managed, ESDI could undercut DCI. Many of the DCI programs are expensive and they could face competing claims from ESDI. Many European governments may be tempted to utilize existing forces for ESDI rather than create new capabilities. This is all the more true because many European countries may find it easier to mobilize public support for increased defense spending in support of an EU enterprise than for one within NATO.

Moreover, many of the forces and assets that will be required for ESDI already have NATO commitments. If these forces are restructured for ESDI-related tasks, and especially if EU planning for these missions is not done in close cooperation with NATO’s defense planning process, ESDI could weaken rather than strengthen NATO. Indeed, unless full transparency and formalized institutional links are established between the EU and NATO, a situation could arise in which forces that are dual-hatted could face conflicting guidance from EU and NATO defense planners.

However, if our European allies develop an integrated capability that is able to plug into U.S./NATO systems but is also able to operate on its own, then there is no basic incompatibility between NATO and the EU. Indeed, this could strengthen the Alliance’s capability to act more effectively in a crisis.

In short, a lot depends on how ESDI is managed. Done right, with close cooperation and transparency between NATO and the EU, ESDI could strengthen the Transatlantic relationship and the ability to more effectively manage crises. But done wrong, it could end up weakening the Transatlantic relationship. Hence, it is imperative to ensure that the project is managed well from the outset.

TWO FINAL CAVEATS

First, the U.S. should avoid overreacting. The fact is that there are very few crises where the Europeans will want to act without the U.S. if the U.S. wants to be involved. Moreover, some of the nightmare scenarios that worry U.S. defense planners—such as that France might block a NAC decision for NATO to act in a crisis—are implausible. France needs the support of its EU allies and it knows that it would not get this support if it consciously sought to prevent NATO from acting in a crisis in which the Alliance as a whole wanted to act.

However, the Europeans fear that there will be circumstances where the U.S. will not want to be involved—and, quite frankly, looking at U.S. policy in Bosnia, they have some justification for their concern. If the U.S. wants a healthy Transatlantic Alliance, then we need to be willing to share the risks with our European allies, including putting troops on the ground if necessary.

Second, some members of the Senate have suggested that we should develop a new division of labor in which the European allies look after European security and the U.S. looks after security beyond Europe. In my view, this idea is wrong-headed and dangerous. It would seriously erode the sense of *common purpose* that is at the heart of the Transatlantic relationship and lead to a weakening of the U.S. role in Europe. Instead, we should be striving for a new Transatlantic Bargain in which we remain engaged in Europe while encouraging our allies to assume more responsibility for security in Europe—but *also outside of it*.

ESDI could contribute to such a new Transatlantic Bargain—but only if it is well managed.

Thank you.

Senator SMITH. Dr. Larrabee, I wonder if you look at that new bargain could the division be between a Kosovo or a conventional type of operation versus a nuclear umbrella?

Dr. LARRABEE. Well, what we are talking about here is essentially have the Europeans develop more capabilities in the conventional area. I do not think that we would want to get into the question of having some sort of a European nuclear umbrella.

Senator SMITH. Well, I mean, that is what we have now, NATO has over Europe now.

Dr. LARRABEE. Right.

Senator SMITH. Is a nuclear shield.

Dr. LARRABEE. And I see no reason and no indication among the Europeans that they want to change that.

Senator SMITH. Dr. Hunter, Ambassador Hunter.

**STATEMENT OF AMBASSADOR ROBERT E. HUNTER, SENIOR
ADVISOR, RAND CORPORATION, WASHINGTON, DC**

Ambassador HUNTER. Thank you, Mr. Chairman.

I recall talking with one of your colleagues years ago about a debate that went on at some length in the Senate, and I thought it was a little repetitive. I said to this Member of the Senate: Surely everything has been said. And he replied: "Yes, but not everybody has said it yet." So I will be echoing a lot of what has already been said, beginning with your own comments.

First let me compliment you on your own personal leadership and say what an honor it is to be here. To pick up your phrase, the NATO-ESDP relationship can be "win-win" if we and the Europeans do it right. The European Security and Defense Policy, along with what we are doing, is something we Americans have strived for for a long time. If it is done right, it will be reinforcing, not divisive. It will help the Europeans deal with some of the comments that we heard from Mr. Gedmin, about concern over where the United States is going. And we will have a stronger transatlantic relationship.

This debate has already helped. I testified in the other House last fall, and there was a good deal more trepidation at that time than there is now. I think there is a lot more understanding across the Atlantic and, frankly, a lot more light and less heat than we had then, and I compliment you for your leadership on helping to bring this about.

The relationship across the Atlantic, at least in the security area, is fundamentally sound. NATO has reinvented itself. It did so in the 1990's. There are common goals. There is a series of interlocking steps that were agreed and steps that were taken. The alliance was successful militarily both in Bosnia and in Kosovo—an easy thing to do in Kosovo. But the 19 allies held together.

Clearly, the United States is deeply and, I believe, permanently engaged in Europe. Everybody wants us there—everybody, including the countries that are the most skeptical about the way NATO conducts itself and that most want to have an ESDP that has some separate qualities. They want us there. In fact, if there was some doubt about our willingness to be committed to European security,

I suspect they would be running here and asking us to be re-engaged and not even worrying about having an ESDP.

We should continue to talk about what the European Union is trying to do with its Common Foreign and Security Policy, of which ESDP is a part, for a variety of reasons.

First, U.S. interests in Europe, as well as our values, are fundamentally compatible with those of our allies. Not everywhere are they identical, but they are compatible. This is remarkable, given the fundamental redefinitions that have taken place in global politics in the last 10 years; but this compatibility of interests and values is partly evidence of why we went to Europe in the first place, and partly evidence of our shared success over the last 50 years.

Second, a large part of the purpose behind ESDP is to further European integration. We Americans have supported that goal more strongly than a lot of European countries, right from the beginning. ESDP is also an added incentive for some European governments to take defense seriously. If they do that for purposes of integration, as well as to meet particular challenges, that is a good thing.

We would like to see better burden sharing within the alliance. In part, of course this is a response to the perceived imbalance during the Kosovo war, though I do not think we should exaggerate this. Even with the 50,000 to 60,000 person force that the Europeans want to put together by 2003, I doubt they would be able to handle a Kosovo conflict on their own, especially with the strategy that we collectively adopted, one critical element of which was to try to have minimal allied casualties. That requires the kind of high technology in which the United States excels and, frankly, none of the allies, with the possible exception of Britain, will be with us even in the foreseeable future.

Senator SMITH. Mr. Ambassador, I wonder if they could handle the peacekeeping of Kosovo on their own.

Ambassador HUNTER. We have had a fundamental principle within the alliance, that has sustained us very well for 50 years, which is the sharing of risks and the sharing of burdens. Bosnia was almost a disaster for the alliance, until we Americans found a way to show to the allies that we were sharing some of the risks that they faced on the ground with the UNPROFOR. This sharing of risks helped lead to the conclusion of the war, the Dayton peace accords, and the relatively-peaceful Bosnia we have today.

My judgment is the overwhelming bulk of the engagement in Kosovo should be done by the European allies. In fact, most of it is. They have about 85 percent of the forces. The overwhelming bulk of the financial contribution both in Bosnia and Kosovo should be done by them—and it is. But I think it is important for us also to be engaged, so it does not look as though, somehow, we are creating a two-tier alliance in terms of who does what. But the European allies ought to be responsible for most of the combined effort in Kosovo.

[The prepared statement of Ambassador Hunter follows:]

PREPARED STATEMENT OF AMBASSADOR ROBERT E. HUNTER

Mr. Chairman: Thank you for this opportunity to testify before the Subcommittee on European Affairs of the Senate Foreign Relations Committee on "NATO and the EU's European Security and Defense Policy (ESDP)"—what, until recently, was gen-

erally called ESDI, for "Identity." Before dealing directly with that topic, the related issue of the European Union's Common Foreign and Security Policy (CFSP), and their impact on NATO, it would be useful to put the relationship in a somewhat broader context.

The fact is that both institutions—the EU and NATO—find themselves deeply engaged in a series of important parallel efforts that relate to many of the most critical issues in European security, in its broadest sense, for the years ahead. Both institutions are in the midst of taking in new members, from among aspirants in Central Europe, which will give the new entrants a more solid sense of belonging fully to the West. Both EU and NATO have programs designed to bolster the domestic efforts of countries in Central Europe and beyond, including those that have not yet been accorded full membership. Both are trying to support positive internal reform within Russia—the country whose development is probably most consequential to the long-term future of European security—and to draw it out of its 70-year self-imposed isolation. And both are involved in the former Yugoslavia, especially Bosnia and Kosovo, helping to give people there a chance to build new lives and to move beyond old divisions and hatreds that have caused so much suffering for so many in recent years. When added together, the actions of the EU and NATO are testimony to the idea that security in today's Europe is a complex phenomenon—a compound of military reform, defense arrangements, political change and democratization, social progress, and economic advance. Thus, in order for either the EU or NATO to succeed in what they are trying to do with the countries that emerged from the wreckage of the Warsaw Pact, Yugoslavia, and the Soviet Union, both must succeed.

Yet it is remarkable that there is still virtually no formal relationship between NATO and the EU. While headquartered in the same city, except for some informal discussions they act as though they existed in different worlds. This is largely a product of how the two institutions have developed, and in particular the desire of some members of the European Union to keep its activities separate, both from the strictly military dimensions of NATO and from engaging the United States, even indirectly, in EU deliberations. In addition, there has been concern in some EU countries that a regularized EU-NATO relationship would strengthen the European Commission at the expense of the European Council in foreign affairs.

These attitudes, along with the lines of separation between the EU and NATO which they engender, are anachronisms. They lead to a lessening of the full impact that Western states can have in promoting what are clearly complementary if not identical interests in Central Europe and beyond. This has been especially noticeable in Bosnia and Kosovo, where the overall impact of Western efforts has not been as great as it could be if the EU and NATO more closely coordinated what they do there. It was for this reason that, when I was U.S. Ambassador to NATO, I arranged for former Swedish Prime Minister Carl Bildt, then the High Representative for implementation of the Dayton peace agreement—in practice an emissary of the European Union—to brief the North Atlantic Council at regular intervals; but even this has not been enough to bring the two institutions together in pursuing parallel goals.

It is time for everyone to recognize the positive value in a formal, institutionalized relationship between the EU and NATO, to enable them better to coordinate and reinforce one another's efforts, to ensure that their overall strategic perspectives are compatible, and—in the process—to reassure people in this country, including the Congress, that our European allies are fully pulling their weight in places like the Balkans. At the same time, of course, having a closer relationship between the EU and NATO could also help our European friends and allies get full credit for what they are doing in the common interest—something that is not now happening, especially with their contribution to the economic rehabilitation of Bosnia and Kosovo.

I also believe that creating such a formal relationship would also help to underscore something central to our current debate about CFSP and ESDP—that, essentially, the strategic goals of the United States and our European allies are compatible, even where they are not identical. This we need to bear constantly in mind as we assess what the EU is now doing in developing its foreign and security policy process. Whatever growing pains will be involved, whatever issues we and the countries of the European Union have yet to get right, however the practical relationship between the EU and NATO develops in the specific area of military activity, we are unlikely to find ourselves in any fundamental disagreement with the security goals if not always with the means adopted by the European Union.

Dealing with the overall relationship between the EU and NATO is also important for a specific reason connected with the topic of today's hearing. In the near future, perhaps as soon as the end of this year, the Western European Union (WEU)—in effect, the executive agent for ESDP—will go out of existence, its func-

tions and activities being folded into the European Union. This is an understandable development as part of overall progress toward full European integration. But at least in the short term, this is a mixed blessing for everyone. The WEU, with its 10 full members and a variety of associate members, associate partners, and observers—28 countries in all—has acted as a buffer between the EU and NATO. This has meant that, should WEU choose to act, only those countries in the EU that are also members of NATO would be engaged in the process of making decisions.

The existence of WEU has also meant that, in developing its relationship with ESDP, NATO has been dealing with people who have a significant understanding of military security issues. But with the folding of WEU into the full European Union, NATO's interlocutors at the other end of Brussels will include a significant percentage of EU officials who do not have the requisite experience with military matters. Even in our State Department, we tend to separate out those officers who deal with economic issues from those who deal with politico-military issues in regard to European institutions. This separation is maintained even more rigorously in Europe. This means that, for at least the early period of this new EU-NATO relationship, speaking a common language about military and defense issues will not be easy.

At the same time, folding WEU into the European Union will put into the same mix a wide range of issues in transatlantic relations that have heretofore been kept separate. Thus there is risk that the EU will try to trade security and economic issues off against one another in its dealings with us. This would become a recipe for trouble across the Atlantic.

Fortunately, the EU has appointed Javier Solana, until last year Secretary General of NATO, to the triple functions of Secretary General of the European Council, High Representative for CFSP ("Mr. CFSP"), and Secretary General of WEU. This can help to smooth the path of relations between NATO and the EU, especially in this complex time when those relations are still in the process of being defined, both in theory and in practice.

Mr. Chairman: With regard to the immediate issue of the European Security and Defense Policy and its implications for NATO, it is my judgment that some of the tension and misunderstanding about these matters, on both sides of the Atlantic, has begun to dissipate. Partly this reflects intelligent compromise; also important, it reflects fuller understanding of what has already been agreed by NATO on the one hand and the Western European Union on the other. Open conversation among allies is always useful.

The basic relationship so far between NATO and ESDP-WEU can be summarized fairly simply. In the mid-1990s, the United States took the lead in working out new relations between these institutions. We recognized the value of a strong European pillar in the Alliance; to help shift the common burden of defense toward the allies; to provide and added incentive for European governments to take defense seriously, as part of a broader process of European integration that we have always supported; and to enable the European allies to act even if NATO, as an institution, chose not to be engaged in meeting a particular military challenge.

At the same time, both we and the European allies recognized that it would make no sense to create a truly separate European institution, in effect a second set of military capabilities and command structures, with significant associated costs. Thus it was agreed that what was then called ESDI would be created within NATO, to be "separable but not separate" from it. This would enable Western European Union (as agent for ESDI) to act, but without wasting resources through unnecessary duplication—resources that were, in any event, unlikely to be committed by European governments.

In effect, WEU would be able to avail itself of NATO "assets" in circumstances when NATO chose not to act. In addition to NATO's taking chief responsibility for the military planning for both institutions, these assets could include WEU's use of NATO's new Combined Joint Task Force (CJTF) headquarters, selected NATO staff officers, the Deputy Supreme Allied Commander Europe—who could serve as the WEU's strategic commander—and some equipment in short supply in Europe, including large transport aircraft, satellite-based security communications, and sophisticated intelligence—these last three belonging in the main to the U.S. military.

These arrangements between NATO and WEU were agreed in June 1996, at North Atlantic Council ministerial meetings at Berlin and Brussels. I had the honor to negotiate these agreements on behalf of the United States. Several important qualifiers were also agreed, then and later. Among the most important, NATO would have the right of "first refusal," both to undertake a military operation and to have access to all European multinational forces, such as those in the EUROCORPS. NATO assets could only be transferred to WEU on unanimous decision within the North Atlantic Council; and, once transferred, their use would be

monitored and they could be recalled by NATO at any time. Also, the transfer of NATO assets must not interfere with the ability of the NATO integrated military structure to function effectively—in technical terms, there must be “respect for the principle of unity of command.” And all members of NATO, even if not members of WEU (or the EU) would have the right to take part in any WEU military operation, beginning with the planning phase. This provision was designed, in particular, with Turkey in mind; but it also applies to Denmark, Norway, Iceland, Canada, and even the United States—although in the last-named case, U.S. engagement would of course mean that a military operation would be undertaken by NATO, not the WEU.

These arrangements provided for a perfectly satisfactory set of arrangements in the eyes of almost all the allies. But since about December 1998, a different perspective has emerged. That was when the British and French governments, at St. Malo, agreed on some additional propositions with regard to ESDP. Subsequent meetings of the European Council have taken further decisions. Most important from our perspective were decisions taken at the EU’s Helsinki summit last December. Most important, the EU decided that “Member States must be able, by 2003, to deploy within 60 days and sustain for at least 1 year military forces of up to 50,000-60,000 persons” able to carry out military tasks that had been identified earlier, from search and rescue up through peacemaking. At the same time, however, in deference to concerns expressed by the United States, the EU agreed that this force would only be employed “where NATO as a whole is not engaged.” If honored, this last phrase assures that NATO, with all of its inherent capabilities, would be the alliance of choice.

On the face of it, we should welcome this EU ambition to create a deployable 50-60,000-person force. If it actually comes into being, it would help meet the long-standing U.S. demand that the Europeans shoulder a greater share of the common defense burden. The capabilities thus created would at the same time bolster European contributions to NATO. This new capacity for military action could potentially help the Europeans be able to do more in situations like that we collectively faced last year in Kosovo—although we should be clear that, in case of another Kosovo, the interests involved, the magnitude of effort, and the value of employing high technology forces would very likely mean that NATO would again have to assume principal responsibility, and properly so.

Mr. Chairman: Let me set out in shorthand form some of the concerns that have been expressed in the United States about developments in the EU’s European Security and Defense Policy, and try to assess the status and importance of each one. I will single out seven areas:

1. *Duplication.* One of the key concerns expressed in the United States has been that the ESDP will result in unnecessary duplication of military assets and instruments, going well beyond what the Europeans would need for taking decisions and exercising command and control. This was a central reason that, in 1996, NATO agreed to make its own assets available to WEU, as I have outlined. The upshot of too much duplication could be to divert resources that are needed to increase military capabilities. Most of the Europeans deny that this would happen; they argue, for example, that the 50-60,000 men and women earmarked for the new European force, along with whatever other troops would be needed for logistics and rotation, would also be available to NATO, and that the cost of command and control and the like would be relatively small. They have also formally committed themselves to “avoid unnecessary duplication” and said that what they are doing “does not imply the creation of a European army.” Obviously, this is a development we will want to watch carefully. That includes seeing whether the ESDP nations are prepared to draw upon NATO assets in relatively high-cost areas like satellites and large transport aircraft, rather than buying more of their own beyond a number that could make a useful contribution to fulfilling NATO’s military requirements.

2. *Military Capabilities.* The issue of duplication also relates to a central, agreed goal of the NATO Alliance, encapsulated in the Defense Capabilities Initiative that was adopted at last year’s Washington Summit. As I noted above, one reason the U.S. has supported the ESDP is the added incentive it can give to Europeans to take defense seriously and to commit added resources. It is clearly important that creating ESDP not lead to the diversion of scarce resources away from improving defense capabilities in order simply to build new bureaucratic structures. At the same time, it is important that the Europeans increase their spending on capabilities that will enable their forces to be interoperable with those of other NATO nations, and especially the United States. Whatever capabilities the Europeans create for ESDP must therefore be fully compatible with NATO requirements and characteristics. With the rapid advances in defense technologies, and especially with the

strides being made by the U.S. military as part of the Revolution in Military Affairs (RMA), it is both critical and urgent that the allies take all measures necessary to ensure that their forces can all work together, rather than see NATO risk becoming a two-tier or three-tier alliance. We gained a foretaste of that during the Kosovo conflict last year.

Indeed, from the U.S. perspective—and I would also say that of the NATO Alliance—the major test of ESDP will be the degree to which our European allies will increase their actual military capabilities, in terms of those threats, challenges, and tasks that are most likely to face us all in the years ahead. If this is done, then I suspect we will have far less concern about the way in which the EU states approach the mechanisms of providing for defense.

3. *Autonomous Capacity.* The European Union nations have agreed on their “determination to develop an autonomous capacity to take decisions.” Throughout most of last year, this concept caused significant concern in Washington because of what it might imply. However, at last December’s summit in Helsinki, the European Union added the critical qualifier that it would act militarily only “where NATO as a whole is not engaged.”

If the emphasis on the word “autonomous” proves simply to be a term of art, for political purposes, we should have no quarrel. Problems would arise if this concept led to exaggerated efforts to distance ESDP from NATO; if there were efforts to create a fully functioning European integrated military command structure that would actively compete with the NATO integrated military command structure; or if there were delay in working out practical arrangements between EU and NATO regarding their respective roles, resistance to implementing agreed principles of cooperation, or any back-tracking on the European commitment to the principle of “NATO first.”

On all of these points, in recent months there has been some reason for U.S. doubts. With France in the lead, there has been some resistance to working out practical EU-NATO relations, and some assertion that, in terms of which institution would undertake which military tasks, the EU and NATO must each reach a decision on its own. If such a process yielded the right outcome—namely, the continued primacy of NATO—it might prove cumbersome but not crippling. Here, too, we need to watch carefully what the ESDP nations actually do.

4. *Discrimination.* In developing NATO’s relations with ESDP, another cardinal point for the United States has been to insure that there is no discrimination against NATO allies that are not also members of the European Union. This is not just a technical point, but goes to the heart of the day-to-day patterns of defense cooperation and integration that have been a hallmark of success for the Western Alliance since it was created a half-century ago. As I noted above, the principle of non-discrimination was part of the NATO-WEU agreement negotiated in 1996. We must continue to insist that this agreement be applied; and, of course, we have the capacity to ensure that that happens, whenever NATO assets are sought by ESDP, simply through vetoing their transfer unless this agreement is honored.

In recent months, however, the issue has been reintroduced, in regard to situations in which ESDP would not seek the use of NATO assets—in which case neither we nor the other affected NATO nations would have a role to play in the EU’s decision-making. On this point, we should commend to the European Union a “rule of reason:” it would gain little in stressing the integrity of EU decision-making and perhaps even military action, if in the process it contributed to corrosion of the cooperative relations that the EU must have with non-EU states, on a day-to-day basis, in a host of areas. This is doubly so since it is not clear that ESDP military capabilities will actually be employed; whereas the effects of discrimination against other European states would have to be faced by the EU all the time.

5. *European Caucus.* A further, practical issue must attract our attention. At NATO, the 19 allies sit together in the North Atlantic Council. Each nation brings its own ideas and positions to the common debate; each works with the others to arrive at workable policies for the Alliance. But under the European Union’s Common Foreign and Security Policy, each member state is pledged to defend in international bodies the positions that the EU has agreed upon. If this practice were applied to NATO—that is, if the EU members of NATO all took the same, instructed positions on issues that come before the North Atlantic Council—that body would lose a good deal of its effectiveness. Such a “European caucus” in NATO might satisfy the EU’s internal requirements; but it could reduce substantially the Council’s ability to function effectively—certainly everything would be that much harder to do, especially in a crisis; and it would also likely produce “least common denominator” policies from the Europeans. We need to make our views clear on this point.

6. *Defense Industries.* It is also important that the development of ESDP not lead to a “Fortress Europe” in defense production and procurement—just as, by the same token, we must not permit the development of a “Fortress America.” Of course, in

the post-Cold War environment, consolidation of European defense companies is necessary in order for them to reap economies of scale, and much has already taken place, largely grouped around BAE Systems and the new European Aeronautics Defence and Space Company (EADS). This consolidation should be welcome to us, provided that it does not turn inward and protectionist, thus making it more difficult to develop and deploy military forces that can work together within NATO. Here, however, much of the burden rests with the United States. If we want European defense markets to be open and to see cooperation among defense companies, in one form or another, to be possible across the Atlantic, we need to respond. This means more rapid and flexible decisions on high technology licensing by the State Department—with the blessing of the Congress; more transfers to European allies of military high technology—the contents of the “black boxes”—provided, of course, that allies can give guarantees that these contents will not be diverted or divulged to third parties; and greater willingness to buy European military goods. I am pleased that Secretary of Defense Cohen at the Munich Security Conference in February took a major step on the second of these three issues in the agreement he signed with the British Secretary of State for Defence. Success in this area of defense industry cooperation is critical if NATO is to remain militarily effective and to implement its Defense Capabilities Initiative, even if there were no ESDP.

7. *Decoupling.* Administration officials at times have expressed concern that what the Europeans are doing with ESDP could lead to a “decoupling” of the relationship across the Atlantic. In basic strategic terms, I do not rate that risk as very high: our interests and values are very much compatible. But there could still be some weakening of bonds across the Atlantic in the area of defense, almost by inadvertence. This could happen because of one or more of the concerns I have listed above. It could also happen either if the Europeans prove to be insensitive to expressed U.S. concerns or if we overreact to what they are doing and thus give the impression that, in fact, we oppose the overall ESDP concept or are fearful of losing influence or leadership. Also, some weakening of bonds could take place if the Europeans put so much energy into developing ESDP that they do not meet commitments under the Defense Capabilities Initiative or provide sufficient resources in other areas of NATO’s agenda—including the Partnership for Peace and the Balkans, especially Bosnia and Kosovo. And a weakening of bonds could take place if the European Union states talk about their new capabilities more than they can actually deliver. Not only could this distract political attention from NATO requirements, it might convince some observers in the United States that we can do less in European security, without the Europeans’ actually being able to take up the slack. Already, we are seeing major defense cuts in Germany; and we are seeing both the British and French hard-pressed to keep up their force contributions to the peacekeeping force in Kosovo (KFOR).

Again, a critical test of what the EU nations are proposing to do in defense will be the resources they actually devote and the extent to which the use of these resources will also help improve NATO’s capabilities.

Mr. Chairman: In summary, I believe that a good basis does in fact exist for the United States and the European Union states to resolve the issues and concerns that I have outlined, above. So, too, there is a solid basis for working out productive relations between NATO and the EU—as future executive agent for ESDP. A good deal of effort will be required: that means leadership on both sides, good sense on both sides, wisdom on both sides. I am pleased that the necessary consultations and dialogue are now well under way; this hearing is an important part of that process, and it is an honor to be able to share my views with you, today.

Thank you.

Senator SMITH. All our witnesses, because you have been there in an administrative capacity, I wonder if there is anything, as these relations NATO-EU develop, if there are some structures that you are concerned about how they are evolving or some recommendations that you would have as to ways they should evolve.

Ambassador HUNTER. ESDP is one of those developments, Mr. Chairman, in which the fundamentals are right; but if they get the structures wrong, we could have a lot of problems that nobody bargained for and that nobody wants to have. One of the remarkable things I discovered in my service in Brussels for 4½ years, that you have two great institutions there, the European Union and NATO. They are both engaged in Central Europe, they are engaged

with the Russians, they are engaged in the former Yugoslavia, but they have no formal relationship with one another.

It is like two institutions in the same town living on different planets. This is ludicrous. It is largely because some of the Europeans do not want the United States to interfere in their decision process. It is in part because they have not straightened out who is really in charge of foreign affairs, whether it is the nation states in the European Council or the supra-national European Commission.

But that does mean that NATO and the EU walk past one another like two ships passing in the night. Clearly, that has to change in a whole host of areas. One of the most important things right now is to get down to business on the detailed planning of exactly how NATO and ESDP will work together. I think that can be worked out, but unless that is done, we will have trouble.

Mr. Chairman, might I mention one area that has not come up here today, which is defense production. We have a serious risk that, this issue is not dealt with intelligently on both sides of the Atlantic, we could end up with a Fortress Europe in defense production and a Fortress America. It is very important that there be European defense consolidation. They cannot handle all the firms that they have. They will have to integrate across borders in order to produce defense goods in the high technology area.

There are now primarily two great firms in Europe: BAE Systems and the new European Aeronautics Defense and Space Company (EADS), based on the Germans, the French, and the Spanish at the moment. That is all well and good, but if they go and do their thing, by themselves, and we go and do our thing, by ourselves, not only will we continue to have a NATO where the allies find it more and more difficult to work together, but we could find that the Europeans building defense goods that simply drive NATO apart.

Part of solving this problem is up to the Europeans, but a large part is up to us. The Europeans are concerned about the pace at which licenses are approved by the State Department, so that they can have access to the high technology they need so that their forces can be compatible with ours. They are concerned that we are prepared to sell them defense equipment, but not show them what is inside the "black box." They are also concerned that we are not prepared to buy much defense equipment that they produce.

This is an area where I think we can take the lead to ensure that European defense industry is outward-looking and that, frankly, 10 years from now we will have a NATO which can actually fight together.

Senator SMITH. How do you make that coordination? Do their companies have to buy some of ours and vice versa?

Ambassador HUNTER. I think you will find that, right now, the defense trade across the Atlantic is largely in the direction of United States production being purchased in Europe. Defense companies on both sides of the Atlantic have got the message that there has to be further integration, that there has to be compatible technology, that what is produced in the various countries has to be able to work together if we are going to have an alliance.

It is a case I think in which the governments need to catch up with industry in order to make this possible. In some cases it is going to be acquisitions, in some cases it is going to be mergers, in some cases it is going to be teaming. But in the main, on both sides of the Atlantic there needs to be a recognition that the market in NATO defense has to be on a transatlantic basis, not just one that is American and one that is European.

Senator SMITH. It is a theoretical question, but I wonder if any of you have any concern because of what you have just said, that in 10 years, 15 years from now, there will be a European foreign policy interest that is different than that of the United States and there is weaponry on hand. I mean, I cannot even comprehend such a thing, but—

Ambassador HUNTER. Mr. Chairman, I think—

Senator SMITH [continuing]. Are we going in different directions in foreign policy?

Ambassador HUNTER. I think it is remarkable, Mr. Chairman, that even 10 years after the cold war, having achieved the original purposes for which we came together—to contain Soviet power and communism, as well as to preserving common values, for which we also fought the First and Second World War—the fundamental strategic interests across the Atlantic are so similar.

It may well be that when we look beyond Europe—this is something we have not talked about today—there will be occasions when we would like allies to be engaged militarily with us, but they will not want to do so. There could be a real problem here. Will we get to a circumstance in which the United States is taking responsibility for the Persian Gulf, for the Caucasus, for dealing with weapons of mass destruction, for dealing with terrorism, but a lot of the allies will not be prepared to share their part of the burden?

That would be a problem, but it is not the same as their wanting to do something so fundamentally different from us that we would find ourselves on opposite sides and maybe even worrying about whether there is an alliance to be sustained. I do not worry about that. But I do worry, will we be able to work together beyond Europe?

Senator SMITH. It is a fair question, a fair question.

Dr. Larrabee, do you have any final comments?

Dr. LARRABEE. No, I think I have said most of what I wanted to say in my testimony.

Senator SMITH. Well, gentlemen, thank you both for being here and for sharing this with us. I think it has been important, and again a good record has been laid on this issue and I think we have kicked it around pretty darn well. Hopefully, our interests with Europe will forever remain compatible, friendly competitors in a commercial sense and allies in every other sense.

Ambassador HUNTER. Thank you very much.

Dr. LARRABEE. Thank you very much.

Senator SMITH. Thank you so much.

We are adjourned.

[Whereupon, at 4:08 p.m., the subcommittee was adjourned.]

