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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-259290

June 28, 1995

The Honorable Jesse Helms
Chairman, Committee on Foreign Relations
United States Senate

Dear Mr. Chairman:

As requested, we are providing information on (1) the potential costs to the North Atlantic Treaty Organization (NATO) to increase its membership and (2) potential variables that may have cost implications for future NATO members. This information was developed as part of our ongoing review of a number of issues concerning possible NATO enlargement.

BACKGROUND

In January 1994, NATO announced its commitment to the future enlargement of the organization's membership. NATO has expanded three times in the past: in 1952 Greece and Turkey joined, in 1955 Germany joined, and in 1982 Spain joined. As part of its current commitment, NATO initiated a study to determine the how and why of NATO expansion. Expected to be completed this year, the study's results will be presented at NATO's December 1995 Ministerial meeting. The who and when of NATO expansion will not be considered this year. Regarding the issue of NATO enlargement, both the U.S. Congress and the executive branch have called for the expansion of NATO to encompass nations that until recently were members of the now defunct Warsaw Treaty Organization.

Bringing in new members will have financial implications for the members and for the NATO commonly funded budgets. While the upgrading of new members' forces and their weapon systems will likely have to be paid for by

the new members (perhaps with bilateral assistance from other NATO members), certain costs associated with achieving interoperability between new members' forces and existing NATO forces, such as compatible communications and support systems, will be eligible for NATO common funding, to which the new members will have to contribute.

POTENTIAL COSTS TO NATO

In 1994, NATO committed itself to future enlargement. By the end of 1995, NATO will complete an enlargement study that will explain to aspiring members what political commitments and changes in military structure, doctrine, and practices will be required for membership. It will not directly address expenditures, since this can only be done when NATO focuses on which states will be invited to join and when. According to officials at the U.S. Mission to NATO, most of the costs will be borne by aspiring members themselves. Therefore, the process to come up to full NATO standards could extend over many years, depending on the aspiring members' ability to finance improvements.

Some progress towards expansion has already been made through the Partnership for Peace (PFP) program, which was initiated in January 1994. Through the PFP, NATO is reaching out to the nations of Central and Eastern Europe. NATO's PFP program provides additional security to these states, whether they aspire to NATO membership or not. Although not designed expressly to prepare potential new members for joining NATO, some aspects of the program will help potential members become more familiar with the workings of NATO. For example, PFP sponsored three joint peacekeeping training exercises in 1994, and 11 exercises and numerous other activities are planned for 1995. In addition, a PFP defense planning and review project designed to show partner nations how to begin NATO-style force planning began in January 1995.

If NATO enlarges, it will likely spend common funds in the new member nations. The funding would be limited to facilities and command, control, and communications systems for those forces made available, and accepted, for NATO use. Funding would be further limited to that infrastructure required to meet NATO interoperability standards and that (1) qualify under NATO's eligibility rules for common funding, (2) are afforded a high priority by NATO

Military Authorities, and (3) have available funding. Funding for new members would probably be gradual and vary considerably, but would probably not exceed \$50 million for an individual nation during the first 3 to 5 years of their membership in NATO. Table 1 depicts the types of required systems that may be funded by NATO.

Table 1: Illustrative NATO Infrastructure Costs per New NATO Member Country

Dollars in millions

Systems or facilities	Approximate cost
Command and control information systems at headquarters facilities	\$10
Communications systems	\$5
Air defense radar ^a	\$30
Air defense control centers	\$25
Collocated operating base	\$50-75
Prepositioned material storage site	\$25

^aSome nations may receive more than one radar, thus increasing the cost an additional \$30 million per radar.

Source: Compiled by U.S. Mission to NATO from NATO Planning Documents.

However, these are only some elements of many potential costs that NATO may wish to address over time as the result of enlargement. For example, for the new member countries, NATO may also fund the construction of fuel pipeline extensions, reinforcement and mobilization facilities, ammunition and fuel bunkers, port handling facilities, transportation infrastructure (such as rail and road systems), and facilities for any forward-deployed forces. Ultimately, NATO will determine what systems and facilities will need to be provided to

new members based on a case-by-case analysis. Each system may not be required in each country.

OTHER POTENTIAL COST FACTORS
AFFECTING FUTURE NATO MEMBERS

The total potential costs that would be incurred by each new NATO member to upgrade their military capabilities cannot be determined at this time because NATO has yet to define country-specific military requirements. However, new member countries may have to spend millions of dollars developing English language skills, buying tactical communications systems (other than those funded by NATO), and learning NATO military doctrine. In addition, some nations may need to change their force structure and choose to purchase new equipment such as tanks, aircraft, artillery, and other military hardware that is NATO compatible. Further, new members will have to bear the costs of participating in NATO--such as maintaining a mission at NATO headquarters and contributing to commonly funded programs. New member states' participation in commonly funded programs will be on a cost share basis negotiated with NATO.

It is anticipated that the potential new members may receive some bilateral assistance to aid them lessen the costs to join NATO. For example, the United States plans to aid the Czech Republic, Hungary, Poland, and Slovakia update and modernize their air traffic control systems, an improvement needed for peacetime and wartime NATO requirements. The United States spent \$2.53 million in fiscal year 1995 funds and has requested an additional \$12.5 million for fiscal year 1996 for this project.

SCOPE AND METHODOLOGY

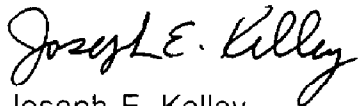
To prepare this report we interviewed and obtained information from officials at the U.S. Mission to NATO, U.S. European Command, Defense Intelligence Agency, and the Departments of Defense and State. We also conducted field work in Prague and Warsaw where we interviewed and obtained information from U.S. Embassy officials and Czech and Polish officials from the Ministries of Defense and Foreign Affairs. In addition, we obtained oral comments on this correspondence from the Department of Defense and U.S. Mission to NATO and incorporated them where appropriate.

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We performed our work from October 1994 to May 1995 in accordance with generally accepted auditing standards.

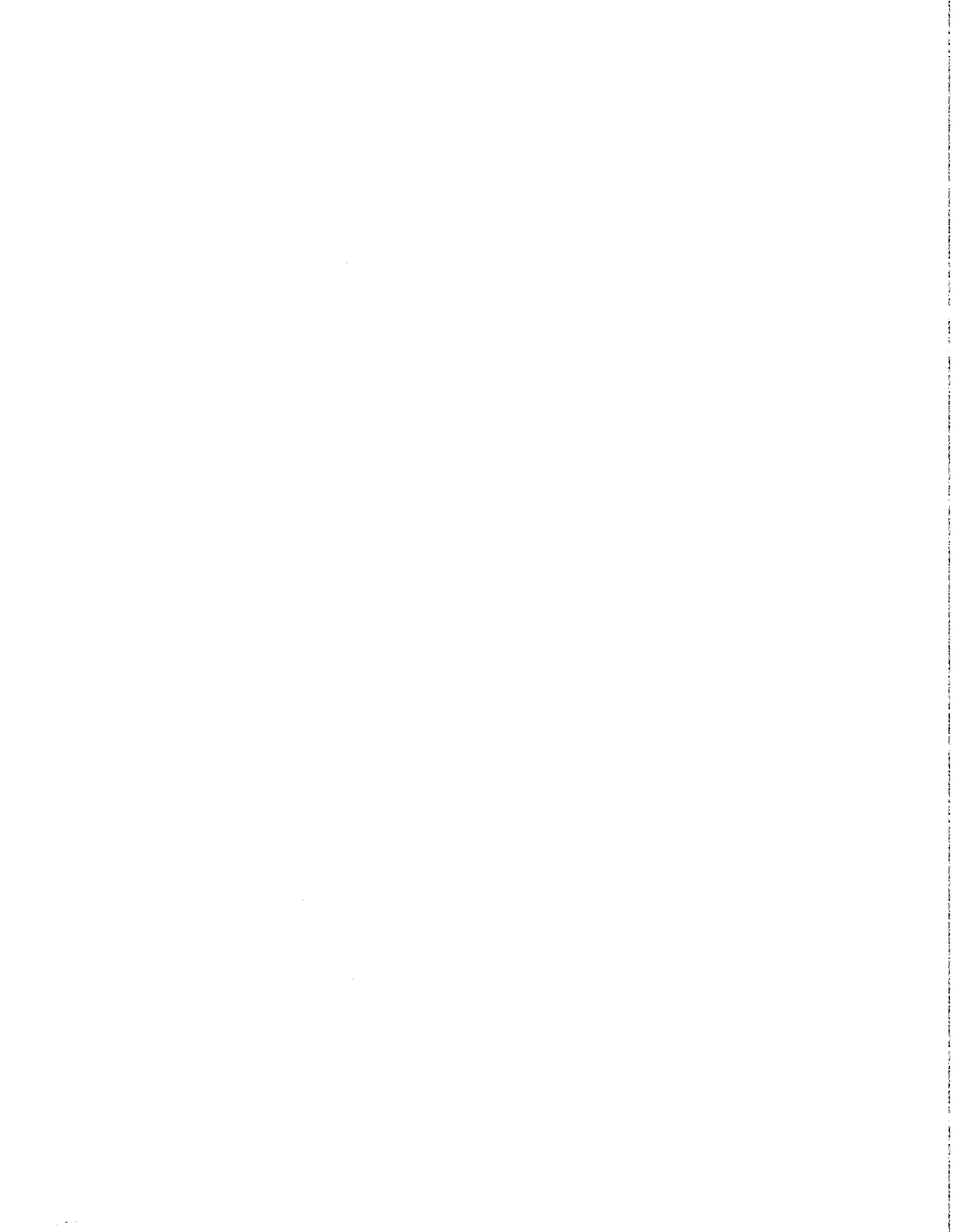
If you have any questions concerning this report, please contact me at (202) 512-4128. The major contributors to this work were F. James Shafer, Charnel F. Harlow, David J. Black, and Michelle F. Kidd, European Office.

Sincerely Yours,



Joseph E. Kelley
Director-in-Charge
International Affairs Issues

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