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# SUB-COMMITTEE ON TRANSATLACTIC DEFENCE AND SECURITY COOPERATION

# PROGESS ON THE PRAGUE CAPABILITY COMMITMENTS

## DRAFT REPORT

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* Until this document has been approved by the Defence and Security Committee, it represents only the views of the Rapporteur.

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## *I. INTRODUCTION*

1. At the Prague Summit in November 2002, the Allies committed themselves to developing the military capabilities necessary to allow the Alliance to take on a wide range of missions outside of Europe. The Prague Capability Commitments (PCC) are an important step forward for the Alliance as it seeks to maintain its relevance in the current security environment. Those capabilities in strategic lift, precision strike, command and control, and protection against weapons of mass destruction will enable NATO to act in a wide range of circumstances and be a guarantor of security beyond Europe. They are also critical to the development of the NATO Response Force.

2. Failing to fulfil the PCC, however, would be a serious blow to the Alliance. First, it would send a political signal that the Allies are not serious about meeting their commitments, which would weaken the credibility of the Alliance. Second, it would compromise the ability of NATO to act as a military alliance. Perhaps capabilities development could be seen as an abstract issue 10 years ago when NATO's range of operations extended no further than the Balkans. But it is no longer a hypothetical issue now that NATO is involved in operations in Afghanistan. At a very basic level, either we have the ability to function as an Alliance in out-of-area operations, or NATO begins to lose its position as a major player in international security issues. Thus, progress on the PCC is critical from both a political and a military operational perspective.

3. Although the PCC are often broken down into specific items, we should not view each capability area as independent of the others. To a large extent, they are highly interdependent and success in one capability area may be negated by a lack of progress in another. For example, a large inventory of Precision Guided Munitions (PGMs) is not very useful unless the Alliance has the intelligence resources to know what to target. A rapidly deployable chemical, biological, radiological and nuclear (CBRN) protection unit is useless unless the Alliance has the airlift assets to bring that unit when and where it is needed.

4. This report will evaluate progress on the PCC and is a direct follow-on to the 2004 report of the Subcommittee. In doing so your Rapporteur hopes that this report will generate consistent focus on the development of critical capabilities as well as provide the Defence and Security Committee with the means to evaluate the progress that has taken place since the previous report. The pursuit of military capabilities is an ongoing process and this survey can only be seen as a progress report on where we stand at the moment. This report is also not intended to be a comprehensive survey of all the elements of the PCC of which there are more than 400. Rather it is a survey that touches on some of the most critical aspects of the PCC. Some of those aspects are large and obvious programs such as airlift. Others are subtler such as the many information technology systems that allow major improvements in what is commonly referred to as C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance).

5. It is not a simple matter to compile a complete picture of progress on the PCC because neither NATO nor most national ministries of defence provide much transparency into either force goals or how national plans have or have not changed to reflect the priorities set forth in Prague. However, it is encouraging to note that the many PCC goals appear to have been incorporated into national force goals. The reports that do exist on force goals are classified and this report, as all NATO Parliamentary Assembly reports, relies exclusively on unclassified information. As legislators, it is both our right and responsibility to scrutinize what our governments are doing—or not doing—to fulfil the PCC. Your Rapporteur hopes that this report will give each of us some information that can be used to inform our oversight and encourage greater transparency across the Alliance.

6. This report begins with a brief description of the PCC and its significance. It then examines the progress made in some of the more critical areas that will allow NATO forces to be more deployable and sustainable in the field. We pay particular attention to the multinational programmes that could produce economies of scale and reduce the overall cost of developing certain capabilities, particularly in strategic lift and air-to-air refuelling. We also look more closely this year at the contributions of smaller allies in terms of "niche" capabilities. This draft report does not include a section on sustainability and logistics, but we hope to be able to provide a detailed report on this area in the final version.

7. This report also lacks a section on defence budget trends, although that information will be included in the final version. The total amount spent on defence and the breakdown of the amount spent on personnel, operations, research, investment and procurement are a clear indicator of where we stand on developing the needed capabilities. Recent deployments and the tempo of operations are posing budgetary challenges across NATO making it all the more difficult to shift funding to procurement. We may hope that the operations tempo will decrease at some point, but as SACEUR General James Jones has said repeatedly, we must hold the line on defence spending and prevent further decreases if we hope to fulfil the capabilities goals we that have established for the Alliance.

## *II. THE PCC IN HISTORICAL CONTEXT*

8. Much of the concern over the PCC is driven by the gap in capabilities between the United States and the other members of the Alliance. This capabilities gap has been detailed in several studies, but the basic point is that the US has a much greater ability to project power and remain in the field than its allies. As the US pushes forward on defence transformation, some are concerned that this gap will widen to the point that it will be difficult for NATO to function as a military alliance.

9. In part the gap in capabilities is a function of the different role that militaries have played in the US and in Europe over the past 60 years. With the exception of France and the UK, most European allies were primarily focused on territorial defence in the half-century after World War II. The US, however, has been focused on expeditionary warfare since the beginning of the last century and spent the length of the cold war developing its ability to fight different types of operations on a global basis. In the post-Cold War era, all NATO militaries are attempting to adapt to the changed environment and missions, but most European militaries have to make much more fundamental transitions than the US military to become expeditionary and capable of a wide spectrum of operations.

10. This is not a new issue in NATO. The defence capabilities gap has existed for a long time and the allies have periodically sought to reduce it by encouraging the development of additional capabilities in European militaries. In 1999 NATO introduced the Defence Capabilities Initiative (DCI) that was designed to boost capabilities in the same areas as the PCC. Before the DCI there was the Conventional Defence Initiative (CDI). Neither of those initiatives succeeded which is why the PCC came into existence. A sceptic could be forgiven for asking, what is different now that makes the PCC any more likely to succeed where similar initiatives have failed?

11. Several factors set the PCC apart from those previous attempts. First, the PCC are much more focused than the DCI or CDI and give a very clear idea of precisely what needs to be done. Second, there is a considerable amount of political pressure behind the PCC. It was conceived at a NATO summit and carries the weight of a summit declaration, something that the previous attempts lacked. This indicates a level of "buy-in" at the top political levels and gives the PCC a higher profile. Third, the PCC is benefiting from a high level of co-operation between groups of individual allies who are organising themselves to share assets and development costs and make

obtaining the necessary assets much more affordable than previous attempts at defence capabilities improvement.

12. Despite ongoing concern about the capabilities gap, some recent studies show that it actually may be much less than is commonly supposed in key areas related to defence transformation. In particular, European militaries are procuring and integrating sophisticated information systems, reconnaissance systems and unmanned aerial vehicles into their inventories. If managed properly and sufficiently funded, this could shrink the gap in many areas

13. There is also another important point to keep in mind: European forces do not need to "compete" with the US or necessarily develop all of the same capabilities. The US has a global strategic vision and interests, and is committed to an idea of completely networked operations. European forces are designed around a more limited vision for the most part. Their geographic reach is not necessarily global, neither is it necessary to pursue the goal of completely networked operations. What is important is that forces are interoperable, and that the systems we invest in are modular and can be updated. This is what will enable the Alliance to continue to work together well into the future. NATO needs to be able to operate anywhere in the world, as the current mission in Afghanistan demonstrates, and it is clear that such missions will involve both European and US forces.

## *III. THE PRAGUE CAPABILITIES COMMITMENTS*

14. The PCC are built around 5 broad areas of capabilities:

- Deployability and mobility- getting forces into an area of operations and moving them in that area as needed.
- Sustainability and logistics- supporting forces in the field.
- Survivability- protecting deployed forces against conventional or non-conventional weapons.
- Effective engagement- improving the ability of deployed forces to strike targets efficiently with minimal collateral damage.
- Consultation, command and control- improving the ability of forces to communicate with one another and be aware of movements of friendly, hostile, and non-combatant elements.

15. Within those general categories, the allies committed themselves to improving their capabilities in: chemical, biological, radiological, and nuclear defence; intelligence, surveillance, and target acquisition; air-to-ground surveillance; command, control and communications; PGMs, suppression of enemy air defences; strategic air and sea lift; air-to-air refuelling; and deployable combat support and combat service support units. All of those areas represent serious holes in the capability of the Alliance, and will affect how the Alliance works together in the future.

## A. DEPLOYABILITY AND MOBILITY

16. Clearly the first issue to tackle is getting NATO member forces to where they are needed. The critical elements in the PCC that relate to this area are strategic airlift and sealift. Although airlift often receives the most attention, sealift is also extremely important. In most military operations, the bulk of the equipment and supplies is transported by sea.

17. Strategic sealift is definitely a point for optimism about the success of the PCC. Norway is the lead country in this effort, convening several meetings to discuss various proposals including arrangements with national shipping companies. The outlook is good, not the least because of the oversupply of commercial shipping capacity in the global market and the willingness of the commercial sector to enter into contracts to supply sealift to the military. Eleven countries (Canada, the Czech Republic, Denmark, France, Greece, Italy, the Netherlands, Norway, Portugal, Spain and Turkey) are participating in a strategic sealift group, and the goal is to have 12-14 ships (mainly roll-on/roll-off) available for NATO operations on a mix of assured access and full-time charter contracts. At the moment the sealift group has arranged assured access to three ships, including one Norwegian and two Danish roll-on/roll-off ships, and the residual capacity in four of the UK's roll-on/roll-off ships. Both assured access and charter contracts involve using large ships owned by private companies. Assured access allows the military to use those ships for set periods of time. Full-time charters allow the military to have continual use of those ships although the ships are owned and operated by private companies.

18. This is closely tied to the better co-ordination of sealift through the Sealift Co-ordination Centre at Eindhoven, the Netherlands, which has already become a cost effective operations centre. The Centre costs about 100,000 euros per year to operate, but NATO sources say it saved an aggregate 3.5 million euros last year. It does so by arranging for ships that would otherwise be travelling empty or only partially loaded on return trips to carry the material of other allies. For example, an empty UK vessel returning from the Persian Gulf was used to carry Dutch air defence equipment, saving both countries about 500,000 euros each.

19. Those savings of a few million euros per year are only a tiny fraction of the approximately 150 billion euros that the European Allies spend annually on defence, but the sealift co-ordination programme has only just become operational and may show larger savings in the years to come. More importantly it represents a commitment by the European Allies to do more to rationalise their defence expenditures and avoid unnecessary duplication.

20. Some progress is also being made on the acquisition of strategic airlift. This has been one of the long-standing shortfalls in European capabilities. Most hopes are pinned on the success of the Airbus A400M. Germany, France, Spain, United Kingdom, Turkey, Belgium and Luxemburg are committed to acquiring a total of 180 of those aircraft. The A400 is unlikely to enter service before 2010; therefore, much of Europe is involved in the effort to find an interim solution until the A400 is ready.

21. Fifteen NATO countries are involved in upgrading the Alliance's airlift capabilities. Following the Statement of Intent signed at the Prague Summit, Germany is leading the group of Allies (Canada, the Czech Republic, Denmark, France, Germany, Hungary, Luxemburg, the Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain and Turkey) in a multilateral effort to reduce the strategic lift shortfall. After lengthy consideration of various options, the participating nations have decided to move forward with an assured access charter arrangement for six Antonov 124-100 aircraft from Ukraine. The participating nations expect to have access to the aircraft beginning in 2005. This should go a long way toward filling the need for strategic airlift in the near-term. This interim solution is slated to cost 70 million Euros per year for the next 8 to 10 years.

22. Another airlift project that is achieving some initial success is the European Airlift Co-ordination Centre in Eindhoven, the Netherlands. This centre co-ordinates the airlift and refuelling assets of Germany, Belgium, Italy, the UK, France and the Netherlands. Although it was only set up in 2002, it has already demonstrated its value. The centre costs approximately 200,000 euros per year, but has saved participating nations more than that already by consolidating cargo and preventing many empty return flights. Because of its initial success, some in NATO are predicting

that it could take on a progressively larger role and possibly lead to a combined air and sealift operations centre that would maximize the utility of all strategic transportation equipment.

23. Another critical capability is air-to-air refuelling. There is a serious lack of this capability in European air forces and nine countries (Belgium, Denmark, Hungary, Italy, Luxembourg, Norway, Poland, Portugal and Spain) agreed at Prague to work together to find a way to this capability shortfall. The Spanish-led effort aims to build a jointly owned and operated fleet of approximately 10 multi-role aircraft that can perform air-to-air refuelling operations. This same shortfall was recognised by the European Union**,** and the NATO working group on air-to-air refuelling and the EU working group formed under the European Capabilities Action Plan are working together to find cost-effective ways to increase the number of refuelling aircraft available to European militaries. The EU working group is headed by Spain and Italy.

24. Separate from this project, Germany and Canada have cooperated to improve their air-to-air refuelling capability. Germany and Canada took delivery of their first Airbus A310 Multi-Role Transport Tanker aircraft in early 2005. The aircraft are capable of air-to-air refuelling, but can also be used for cargo and passenger transport. Both the Canadian and German Air Forces have been flying the A310 for a number of years, but the new modifications add an important air-to-air refuelling capability. Over the next few years Canada will take delivery of one more A310 and Germany will take delivery of three additional aircraft. Essentially Canada adopted an existing German program for acquiring air-to-air refuelling, but by doing so it cut an estimated three years from the acquisition time and saved approximately $50 million Canadian dollars.

## B. SURVIVABILITY

25. The Alliance is also making progress in its ability to protect troops from attacks. NATO made protection against CBRN attacks a priority at the Prague summit, and so far the effort is showing some promising results. In December 2003, the CBRN battalion was set up under the leadership of the Czech Republic. It reached full operational capability in June 2004 and is composed of specialists from 13 countries who will work together in force protection against unconventional weapons. The United Kingdom for example, is providing biological detection assets and Portugal is providing an explosive ordnance disposal team. The battalion became part of the third rotation of the NATO Response Force in the summer of 2004.

26. The remaining challenges for the CBRN unit are in communications and deployment. Because the battalion's components are situated in different locations, strategic airlift to get the unit into the field quickly is a priority. Given the lack of airlift in Europe, the CBRN battalion is looking to the United States or chartered aircraft for its deployments. Once again, this illustrates the interconnected nature of the PCC. It is difficult to make meaningful progress in one area unless progress is made in all capabilities.

27. Another aspect of protecting deployed forces is theatre missile defence. One of the main programs in this area is the MEADS program, a joint venture of the Germany, Italy and the United States. Based on the Patriot PAC-3 system, it is being designed to provide protection for deployed troops from ballistic and cruise missiles as well as manned and unmanned aircraft. The plan is to reach full operational capability by 2012. It is a unique system in that it will be compact enough to be transported by tactical aircraft and set up quickly to defend troops on the ground. The US is providing 58 percent of the financing, Germany 25 percent and Italy 17 percent.

28. Although the US and Italy approved moving forward to the design and development phase of the program in September 2004, MEADS proved to be more controversial in the German parliament. The main argument against MEADS is that it is not needed for foreseeable deployments of German troops and that the funds could be better spent on other projects**.** After

considerable debate, the German parliament approved funding for the design and development phase in April 2005.

## C. EFFECTIVE ENGAGEMENT

29. Another challenge is to give deployed forces the ability to strike targets with great precision while at the same time protecting those forces from attack. NATO is increasingly likely to face adversaries that hide among civilians, and it is morally and politically impossible to cause unnecessary civilian casualties when the technology exists to prevent it.

30. Alliance Ground Surveillance (AGS) is a critical part of effective engagement. AGS will give Allied commanders a real-time, highly detailed and accurate picture of what is happening on the ground in a given area. It is a system that will take advantage of advances in distributed information systems, Unmanned Aerial Vehicles (UAVs) and manned aerial systems to give commanders - both at a headquarters and in the field - the information they need to make informed decisions.

31. There were two competing consortia of companies with different platforms for the programme: the Transatlantic Industrial Proposed Solution (TIPS) and the Cooperative Transatlantic AGS System (CTAS). Both consortia were composed of the major aerospace and defence companies on both sides of the Atlantic and both proposed to use the same basic radar system. The major difference was the type of airborne platform that the two groups of companies proposed to use. TIPS is looking to a combination of the Airbus A321 and the Global Hawk UAV. CTAS planned to use a combination of smaller Bombardier business jets combined with the Predator UAV. There were various advantages and disadvantages to both proposals, the CTAS version would have had lower acquisition costs for the aircraft than the TIPS proposal, but would have had twice as many ground stations, 49 as opposed to 24 for the TIPS system.

32. The Conference of National Armaments Directors (CNAD) decided to go forward with the TIPS proposal and that decision was endorsed at the Istanbul Summit meeting. This opens the door for a 350 million euros two-year design and development phase, and acquisition beginning in 2006 if all goes according to schedule.

33. The AGS program will be a NATO owned and operated system, similar to the AWACS programme in that regard. One advantage to the selected system is its greater ability to process data aboard the manned aircraft. The TIPS system based on the Airbus A321 will have space for 14 consoles, while the CTAS system would have had only 5 or 6 and relied on the ground stations to transmit data across the network. The selected TIPS system will also use the Global Hawk UAV, which can fly higher and spend longer on target that the Predator UAV that was to be part of CTAS system. . Both the manned and the unmanned platforms will carry the Transatlantic Cooperative AGS Radar (TCAR) which will be able to identify and track individual vehicles on the ground.

34. The AGS system is a significant step for the Alliance both in terms of technology and capabilities, and in terms of Transatlantic defense cooperation. The technology will allow commanders to have a complete picture of activity on the ground as it changes in real time. This will enable highly effective engagement against targets and increase the accuracy of strikes in complex environments. It is also a capability that is in high demand and national assets such as the US JSTARS and UK ASTOR systems that provide similar capabilities are often stretched during operations. NATO operations in Kosovo in 1999, for example, required the deployment of half of the available JSTARS.

35. The AGS system is also a major collaborative Transatlantic program. It is jointly funded and it has the potential to improve technology-sharing between the members of the alliance. Instead

of attempting to engineer connections between different national systems, AGS is a jointly developed European-American project that is designed to leverage off technological strengths on both sides of the Atlantic. The consortium developing it features companies based in France, Germany, Italy, the Netherlands, Spain and the United States.

36. Another important factor in Effective engagement is Precision Guided Munitions (PGMs). There is substantial progress across the Alliance in procuring PGMs. Only six years ago US forces conducted the vast majority of air operations over Kosovo and Serbia because most European air forces lacked the ability to carry and use PGMs. There has been a tremendous increase in the precision strike capability of European air forces since then, with the United Kingdom, France, Germany, the Netherlands and Denmark in the lead.

37. The United Kingdom selected the Raytheon Paveway IV missile over the Joint Direct Attack Munition (JDAM). This all-weather PGM can use both laser guidance and GPS guidance, giving it the ability to "see" targets through cloud cover or other obstacles. It is being fitted to the UK's Tornado, Harrier and Eurofighter aircraft, and is expected to enter service in 2007. This will give UK strike aircraft the ability to attack targets from a distance of 150 km. The United Kingdom plans to purchase more than 2,000 of the Paveway IV missiles.

38. The United Kingdom has already integrated PGMs into its combat forces. Eighty four percent of the Royal Air Force's air-launched weapons during 2003 operation in Iraq were precision guided including the Paveway, the US-made Maverick and the European-produced Storm Shadow. In fact, as a percentage of air launched weapons used, UK forces used a slightly higher percentage of PGMs than did US forces.

39. Several Allies are looking into joint or modular munitions that can be used across all of the military services. France and Sweden are discussing a possible pooling of data on multi-service missiles and the UK has recently been involved in those discussions. This sort of activity could lead to economies of scale on two levels by procuring the same munitions for the naval, ground and air services, and by pooling national requirements.

40. Technology transfer and encryption issues, however, have slowed the development of European PGM capabilities. The most cost effective means of acquiring PGMs is for European militaries to buy part of the production runs of US-made Joint Direct Attack Munitions (JDAM) kits, which essentially bolt a guidance package onto a conventional bomb. The problem is that although the larger bombs extend past the wing of the aircraft and can link directly to the satellite that guides them to their target, the smaller bombs fit completely under the wing and are linked through the aircraft to the satellite. This requires upgrading and installing certain technology and encryption codes in European aircraft, and the US government has not yet resolved how this should happen.

41. Unfortunately, those technology transfer issues remain thorny and are unlikely to be solved soon. This has led to considerable frustration on both sides of the Atlantic. On the US side, many are reluctant to allow a relaxation in export controls that could potentially lead to sensitive technology getting into the wrong hands through third parties. But at the same time, collaborative projects that embody the idea of defence transformation such as the AGS system can be stymied by stringent export controls. Further complicating the issue is the current direction of the EU on arms sales to the People's Republic of China. Although some in Europe can argue that removing the ban on arms exports to China will not have a negative effect on regional security, it has so far failed to be a persuasive argument for many in the US Congress. This can only strengthen the hand of those who push for more stringent export controls and reduced transatlantic defence industry cooperation.

## D. CONSULTATION, COMMAND AND CONTROL

42. It is critical that allied militaries be able to talk to one another securely, know the position of allied forces and have a common picture of the area of operations. In a rough sense, this is the essence of what is commonly referred to as Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR).

43. In the 1991 Gulf War and again in the Balkans, NATO militaries were shown to be lacking in their ability to communicate securely and maintain a common information picture of the area of operations. This problem only increased through the 1990s as the United States embarked on an ever-accelerating process of transformation with an emphasis on network centric warfare. Some analysts have predicted that the technological gap would continue to grow and would render allied operations increasingly difficult.

44. Those concerns are still very real, but are tempered by developments in C4ISR in Europe. Those European countries that make up the vast majority of Europe's military spending and capability (France, Germany, Italy, the Netherlands, Spain and the United Kingdom) are making advances in important areas. All of those countries are procuring and deploying command and control systems that cut across branches of the military, integrating unmanned or space based systems in their ISR capability and deploying digital communications systems. These systems often leverage commercial technological advances and can work with existing platforms. The end result is that capabilities and inter-operability can be improved at an affordable cost. In general there is a widespread commitment across Europe to improve command, control and digital communications systems.

45. There is also notable interest across Europe in Unmanned Aerial Vehicles (UAVs). One indication of the increasing interest in UAVs is the number of cooperative ventures being formed between European aerospace companies to produce UAVs and technology demonstration projects. EADS, Dassault and Saab are working together to produce a combat UAV expected to be demonstrated in 2009. Dassault, EADS and Thales are also pooling their expertise to build a strategic UAV for France. Alenia, the Italian aerospace company, is also building a combat UAV demonstration project that is slated to fly in early 2005. This aircraft will integrate a number of stealth technologies to improve its survivability in hostile conditions. European aerospace companies are also working on components to make small, sophisticated UAVs that could be used for tactical reconnaissance for brigades or even smaller military units. EADS, for example, is already producing the world's smallest synthetic aperture radar (SAR), which will fit on the small (4 meter long) German-made Luna UAV. When finished, this project will give its users battlefield surveillance over an 80-kilometer area.

46. Finally, we should not ignore the important role of space systems as part of the overall C4ISR capability. France is the leader in many ways in space-based capabilities, but several European countries are partnering with France to develop satellite reconnaissance capabilities. The most significant recent development in this area is the December 2004 launch of the Helios 2 satellite that augments the existing Helios 1 satellite system. Helios 2, however, has an infrared capability that allows it to detect nighttime movements. It also can transmit more than 100 images per day- more than twice the capability of the Helios 1 satellite. Spain and Belgium have access to Helios 2 and each bought into the system by acquiring a 2.5 percent stake in the 2 billion Euro project. In 2007 a German and an Italian satellite are planned for launch. Those satellites will be tied into the Helios system and will extend the reconnaissance capabilities to include all-weather surveillance.

## *IV. NICHE CAPABILITIES*

47. Not all members need to have the same capabilities. As part of a larger alliance, it is possible, and in fact preferable, that smaller allies concentrate on particular capabilities that are often in high demand. This makes both fiscal and strategic sense. The smaller Allies cannot be expected to develop large expeditionary forces, but they should be encouraged to develop deployable units in particular high-demand areas. The same amount of money, for example, could be used to purchase a few fighter aircraft or maintain a state-of-the-art brigade specializing in chemical and biological protection or emergency medical care. But it is clear that in today's strategic environment a specialized brigade will be far more useful in the Alliance's missions that a few additional fighters.

48. The Czech CBRN Battalion has been the most high-profile example of niche capabilities in action. The battalion has been on operational standby as part of the NATO Response Force (NRF) since the summer of 2004. It arose directly in response to the PCC-identified need for improved CBRN capabilities.

49. The Czech Republic sent its Nuclear, Biological and Chemical (NBC) unit of 250 troops to Kuwait and maintained a field hospital of 30 doctors with 120 support staff at Bagram air base in Afghanistan. This is a good example of the development of niche capabilities in the Alliance. The Czech military is using its expertise in chemical, biological, radiological and nuclear (CBRN) protection to contribute a numerically small but highly useful specialized unit in this area.

50. The Czech NBC capability during the Cold War made it an obvious lead nation. Based on the knowledge that any East-West exchange of such weapons would likely have occurred over Czechoslovakia, NBC brigades were established to operate alongside each Army Corps. Although there are eleven other contributing nations, the Czechs have framework nation status and are the largest contributor of equipment and personnel. The core functions of the battalion are to conduct CBRN reconnaissance, detection, identification, surveillance and decontamination. On the same theme, the Czechs are also developing an epidemiological centre in Techonin to provide treatment and research on exposure to biological weapons.

51. The Baltic countries are also engaging in some specialization. Lithuania, Latvia-, and Estonia have focused on several niche capability areas: Mine-Clearing Measures, (MCM), military medics, Explosive Ordnance Disposal (EOD) and Special Operation Forces (SOF). By the end of 2005 one Lithuanian EOD platoon at 30-day readiness should be operational. Lithuania is also currently conducting a deployment of SOF in support of combat operations in Afghanistan (in addition to its lead role in one of the Provincial Reconstruction Teams in Western Afghanistan). Additionally, Lithuania, together with Latvia and Estonia, is planning joint Baltic specialisation areas in: diving capabilities, military medicine, and EOD.. Estonia and Latvia have both developed explosive ordinance disposal expertise and deployed those forces to assist in Afghanistan and elsewhere.

52. Poland has more diverse capabilities as one of the larger new allies, but it has developed deployable special forces that have been employed in Afghanistan and Iraq. Other countries have concentrated on medical services, decontamination, combat engineering, explosive ordinance disposal and intelligence.

53. Recently the issue of common funding of some NATO operations has come under discussion. The issue is particularly significant in the context of the contributions of smaller allies to the broader effort. Your Rapporteur fully endorses this idea that common funding of operations should be seriously considered by the NATO Parliamentary Assembly and the North Atlantic Council. The principle that only countries participating in an operation pay for the costs is not a viable model for the future. The NATO Response Force (NRF) will feature elements from various

allies on a rotating basis, but the decision to use the NRF will be taken by all 26 allies. This would mean that the whole alliance would take decisions to act in the interest of all of the members, yet only those currently supplying forces to the NRF would pay. A common funding of operations could eliminate this problem and encourage greater participation in the NRF.

## *V. CONCLUSIONS*

54. A number of preliminary conclusions can be drawn from the progress thus far on improving capabilities across the Alliance. Most importantly, it is clear that the way forward will be through increased cooperation on a variety of levels. This includes cooperation between European allies, the US and its European partners, and the public and private sector.

55. Cooperation between the public and private sector is an important aspect of improving defence capabilities. Both in strategic sealift and strategic airlift, cooperative arrangements with the private sector are tapping residual capacity in the commercial sector. Those arrangements have a number of benefits. Most notably, they are available immediately and do not require a lengthy acquisition process.

56. The cooperative programs between the European allies are part of a long-standing effort to achieve economies of scale. Cooperative programs such as the airlift and sealift coordination centres are already showing results. It should be emphasised that it is not critical if such initiatives are taken under a NATO or an EU banner. The same capabilities will serve either institution and at this point the two organizations are working closely on a variety of levels. Rather than focus on a supposed EU-NATO rivalry we should focus on capabilities development and use that as the benchmark for progress.

57. Cooperation between the US and its allies is also critical to capabilities improvement. Transatlantic defence industrial collaboration such as the Joint Strike Fighter are programs that can leverage technological innovations on both sides of the Atlantic, reduce unit costs, and provide a common, interoperable product. But we must be honest about the problems to transatlantic cooperation in the current environment. Part of the problem is no doubt the US export control process that often frustrates close partners. At the same time, policy decisions taken at the EU level such as the proposed end to the arms embargo on the People's Republic of China spark strong reactions in the US and place proponents of reducing export controls in a difficult position. It is your Rapporteur**'**s hope that the NATO Parliamentary Assembly can be a forum to address this issue and reach consensus. One potential solution is a binding transatlantic code of conduct on arms transfers. Members from both sides of the Atlantic should work together to draft a set of binding principles governing arms sales. As this issue will likely involve legislative action, the NATO Parliamentary Assembly is a good forum for us to begin this important dialogue. Otherwise the current disagreements over arms sales could have far-reaching consequences for current and future collaborative programs.