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Widening Gaps in U.S. and European Defense Capabilities and Cooperation

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Key Points

- The United States needs Allies and partners to implement its global military strategy. We need to have Allies with capabilities as well as the political will to commit them.
- The unprecedented economic crisis across NATO will continue to affect many Allies throughout Europe until 2018 and perhaps far longer. Capabilities are being cut in deep and long lasting ways. NATO took solid steps at Chicago to counter these effects in the near term with Smart Defense and the Connected Forces Initiative.
- NATO must organize how Allies specialize as they further reduce their defense budgets. National Defense University has proposed one way to organize role specialization called Mission Focus Groups.
- Sustaining transatlantic interoperability will be the biggest challenge after the withdrawal from Afghanistan. USEUCOM should have interoperability as its primary mission. Mainstays of an interoperability strategy should be expansive U.S. engagement in the NATO Response Force and strong U.S. support for NATO's Connected Forces Initiative.

Background

This assessment is a synthesis of recent research projects at the National Defense University (NDU). These projects included consultations with think tanks, the Office of the Under Secretary of Defense for Policy, Allied Command Transformation, the International Staff and U.S. Mission, and U.S. Military Delegation at North Atlantic Treaty Organization (NATO) headquarters, Supreme Headquarters Allied Powers Europe (SHAPE), and U.S. European Command (USEUCOM). Document analysis included review of the 2011 Capability Surveys from the NATO Defense Planning Process and Defense Intelligence Agency reports on allied capability projections. We conferred with U.S. Defense Attachés and Office of Defense Cooperation representatives in key European capitals. Finally, we have spoken with representatives of Allies in Washington, at NATO, and in capitals in order to understand as much as possible the factors bearing on their future capabilities decisions.

This assessment is organized into four parts. The first presents our assessment of the growing gaps in current and near- to mid-term future military capabilities across Europe. The second part describes the headline trends that will define the major features of European military capabilities out to 2030. The third part develops four initiatives, two from the NATO summit and two NDU initiatives, that could optimize both European capabilities and transatlantic military cooperation over the next one to two decades. These initiatives are Secretary General Anders Fogh Rasmussen's Smart Defense, the new "NATO Forces 2020" set of programs, a bolder capabilities concept developed by an NDU-led team in 2011 called Mission Focus Groups (MFGs), and proposals to revitalize USEUCOM as the centerpiece of transatlantic interoperability. The final part

describes the primary obstacles and concerns NATO will have to address effectively in order to close the widening capabilities gap.

The Widening Gap: 10 Main Findings

- Most European defense cuts to date have been "horizontal," divided evenly across all operations, maintenance, supply, and investment accounts. These typical responses result in a growing array of forces that are not ready, not trained, and not sufficiently equipped or supplied—a widening "invisible" gap across the Alliance.
- A few more visible "vertical" cuts have been made that forego or eliminate entire national capabilities—these are harbingers of the future as the crisis persists. The results of vertical cuts are growing self-selection of roles and missions, which is prone to create gaps in meeting core NATO tasks.
- Since 2008, NATO members have conducted programmed and unprogrammed defense cuts in response to economic pressures. Cuts will continue for several more years—until 2015 or 2018 according to various experts.
- In the future, more cuts will be vertical as nations realize this is the only way to achieve real savings and to protect their most desired capabilities.
- Many allied cuts are increasing NATO dependency on the United States, just as the United States is rebalancing toward Asia. Ultimately, European nations will have to spend more on defense just to arrest this trend.
- NATO nations have few if any plans to mobilize or reconstitute large-scale combat forces should the strategic environment change. This is a serious risk.
- Defense budgets are unlikely to return to 2 percent of gross domestic product even after the financial crisis, short of an overt military threat, yet the cost of military systems will continue to grow dramatically.
- NATO's mission in Afghanistan beyond 2014 is assured by the Chicago Summit and will require substantial resources for up to 10 years. Mission success hangs in the balance. This continuing investment does not appear to figure in most nations' future defense budgets.
- Interoperability has been generated by International Security Assistance Force (ISAF) operations since 2003. In the future, it must be sustained by training and exercises, as well as by the Smart Defense and Connected Forces Initiatives (CFI). These will require significantly more emphasis and resources than today.
- Uncoordinated national cuts are hard to anticipate and measure at NATO. There is no mechanism for early consultation on cuts, and no method within the NATO Defense Planning Process to track, collate, and manage cutbacks.

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Cuts in resources for most European militaries have meant acceptable belt-tightening across agencies and infrastructure, but these cuts have also brought further trimming to already anemic investment programs. Traditional "salami slicing" of training and exercise budgets of nondeploying operational forces allowed resources to be concentrated on deployed or deploying forces. However, the impact has become substantial across NATO: more and more forces becoming less ready or not available at all—a slow hollowing out of the overall force. A substantial backlog of maintenance, multinational unit training, and personnel readiness is being added to deferred research and procurement. Collectively, this

situation already represents a momentous risk to future transatlantic military cooperation and NATO mission capability. The following list illustrates the defense budgetary decisions most used in national responses to the economic crises:

- retirement of older, costlier systems
- consolidation of infrastructure and commands
- curtailment of operations
- deferred maintenance
- lower war stock inventories
- delayed acquisitions and reduced quantities
- elimination of some units
- reductions in personnel strength
- lower unit and individual readiness
- training and exercise cutbacks
- suspension of transformation programs
- reduced, stretched out, or canceled modernization programs.

Highlights of the NATO Capabilities Challenge. The national defense budgets of many NATO nations, purposefully held down over many years *before* the economic crisis, have been forced abruptly lower still under the duress of unexpectedly severe economic conditions. Reductions are driven more than before by nonmilitary national priorities; maintaining capabilities promised to NATO is often secondary. Persistent pressure on defense budgets since 2008 is widening gaps in core NATO capabilities. Nations are making tough choices on where to cut in order to preserve the most viable national force. The likelihood of more reductions through 2015 and beyond, in the view of most experts, is high. Some forecasts indicate economic austerity could persist until 2020 or even later.

A few cuts that have already been made are highly visible. The United Kingdom retired its entire carrier-based Harrier GR-9 fighter wing and decommissioned its only carriers, HMS *Ark Royal* and (soon) HMS *Illustrious*. Yet such headline decisions are not the gaps that worry NATO strategic commanders. In a recent report, these commanders drew the greatest attention to existing or anticipated shortages in enabling capabilities, including theater missile defense; counter–improvised explosive device technologies; joint intelligence, surveillance, and reconnaissance; and cyber defense. Other high risk concerns include medical support; chemical, biological, radiological, and nuclear defenses; and military-civilian capacity to bring a comprehensive approach to bear in conflict resolution. Gaps in these capabilities have been persistent for years. Shrinking budgets make addressing them all the more difficult and less probable, while operational concern remains high to very high regarding the adequacy of all these assets. The full range of missions envisioned in the NATO Level of Ambition (LOA) is already not executable as planned and will be less so in the near- to mid-term future due to these shortfalls.

Some cuts can be described as vertical, that is, the complete removal of a major capability or the foregoing of a major acquisition. Some vertical cuts are permanent, such as the Dutch elimination of heavy armor. Others are intended to be temporary, such as the gap in British naval strike aviation until 2020. There are many minor examples of temporary vertical cuts, including the nonavailability of three medium transport helicopters for 3 years (Spain) or an explosive ordnance disposal platoon reaching full operational capability 2 years later than expected (Slovenia). The spread of similar decisions will delay improvements in core capabilities such as power projection or force protection.

More common than vertical cuts, nations are slicing existing capabilities, making them unready or unavailable. These are across-the-board horizontal cuts in essential functions: maintenance, spare parts inventories, on-hand fuel and munitions (in particular, precision munitions), training and education required to fill units with qualified personnel, flying-hour reductions, and exercise curtailment. These cause lower readiness and eventually units that are not ready at all. The result is increased response times for all affected land, sea, air, special

operations forces (SOF), and enabling units. One can find evidence of this type of cost cutting in lower operational rates for equipment, flying-hour levels below NATO standards, failure to replenish critical munitions, units being short of required personnel, and canceled or reduced participation in multinational commitments such as the NATO Response Force (NRF).

Whether cuts eliminate whole capabilities (vertical) or result in hollowed out forces (horizontal), the erosion of national capabilities is expected to continue. NATO policymakers should anticipate that after repeated horizontal (traditional) trimming, there will soon be no alternative to vertical cuts, which will have to be resorted to more often in order to achieve any real savings. This will be especially true of the 17 Allies whose forces are already quite small overall (that is, under 45,000 in total active strength).

Budget pressures have triggered a closer scrutiny of acceptable risk by members. They are accepting greater vulnerabilities in such high intensity military tasks as air-to-air combat, traditional armored warfare, and antisubmarine warfare. Related investment programs are seeing reductions and stretch outs, such as the Polish and Spanish naval upgrade programs. Others are being canceled to generate greater savings from mission areas where more risk is seen as acceptable—for example, British maritime patrol aircraft (MPA4) and in the Dutch armored force (Leopard 2).

Many national decisions are consistent with best practices and should be acceptable improvements in defense spending profiles. Allies are consolidating bases and organizations, retiring older systems, and cropping personnel from institutional structures. The last mentioned can be a double-edged sword: personnel cuts can also reduce hard to replace experience and expertise at middle and senior levels. Given financial pressures, there are also incentives to look more intently at multinational defense arrangements—so long as there are demonstrable savings to be achieved.

However, many of these short-term decisions may induce longer term worries. There is little evidence that nations are planning to reconstitute capabilities being cut or to mobilize canceled capabilities in the event of changes to the global security situation. The general lack of plans to rebuild capabilities—including industrial capacity, manpower, logistics systems, and stockage levels—is cause for concern. The planning, simulation, and exercise of national mobilization and reconstitution should be a near-term priority for NATO's Defense Planning Process.

A Model for Closing NATO's Capabilities Gap. Due to cuts already taken and still to come, we are headed toward a force that might be called the "residual force," the "financial impact force," or some similar name. De facto interdependency, mainly increased reliance on the United States and a few other nations, will continue to increase as the cost of full-spectrum military forces (that is, sustained land, sea, air, and SOF power sufficient for national defense) goes beyond the reach of most Allies. Eight European Allies at best will end up with full-spectrum military forces (France, Germany, Greece, Italy, Poland, Spain, Turkey, and the United Kingdom) in the wake of the financial crisis. Several of these will struggle mightily to avoid future vertical cuts that would eliminate full capabilities entirely, removing them from this exclusive club. The United Kingdom made a bold decision in 2010 to cap its carrier (naval aviation) capability for at least 10 years. Troubles ahead could readily extend that time. The financial challenges of Greece, Italy, and Spain are well reported, yet the full impact on defense decisions is not yet clear. Eighteen other European Allies have much smaller active forces—including 5 with total active strength below 10,000. Many of these continue to diminish in active strength, defer modernization, and target resources only toward those deployed or deploying. Allies faced with the high cost of maintaining very small land, naval, and air forces independently should be more open to multinational cooperation, that is, the pooling and sharing of resources, support, and even command structures—provided they can overcome historic national biases. Such agreements will not be easy, but the times call for new thinking and bold, expedited actions.

NATO should pledge to hold the line at a core "must-have" force. Nations are already well short of the Minimum Capability Requirement (MCR) that NATO military

leaders say is needed to achieve the LOA. The MCR is no longer the "floor" below which national capabilities should not go; instead it has become a future goal. The Alliance has little choice but to provide an interim metric, one that advises Allies on what capabilities within the MCR are *most* critical—what NATO must have in order to address the LOA with the least possible risk to forces and mission success. From within the MCR, and the closely related priority shortfall areas that strategic commanders are now defining, NATO should identify a subset of most critical "*must have*" mission capabilities. Such guidance would help Allies make budgetary decisions that are most in concert with NATO needs and that have the minimum impact on the Alliance. This tool would protect the most critical of LOA forces and enablers as nations cut. NATO members should collectively pledge to protect these capabilities when faced with future cuts.

By 2020, most Allies should be able to invest beyond a minimal core force as the financial crisis ebbs and economies recover. An appropriate future force must be rebuilt, and that is what NATO Forces 2020 is all about. Allies will need to rebuild Alliance capabilities to meet the LOA again, taking full advantage of gains in multinational cooperation, prioritization mechanisms, and specialization techniques, including our proposed Mission Focus Groups. This force should include a much stronger Smart Defense initiative, elaboration of the Connected Forces Initiative (enhanced interoperability and interaction among NATO Command Structure [NCS], NATO Force Structure, and national headquarters with a regional focus—again, supports MFGs), the full realization of the Lisbon Capabilities Package, full manning of the new NCS, continued reliance on the NATO Defense Planning Process, a stronger defense technology base, and fulfillment of strategic projects in such capability areas as joint intelligence, surveillance, and reconnaissance, air-to-air refueling, and multinational acquisitions.

Transatlantic Defense Capabilities Trends Toward 2020

Looking to 2020 and beyond, it is hard to identify new trends that would shape European defense differently than what is called for by the NATO Forces 2020 initiative. Indeed, the major trends already discernible should endure with little variation over the next 15 to 20 years. As always, there is the potential for unforeseen, high impact outlier events (so-called black swans), which could disrupt one or more of these trends. However, trends are evident and outliers by definition are not. Among the best trend indicators on transatlantic defense capabilities, the following are worthy of consideration:

- The United States and its European NATO Allies will remain the largest and most capable military collective organization in the world.
- The United States will remain the dominant NATO partner while Europe will feature a spectrum of capable states, from modern and large to minimally capable and small.
- The utility of NATO, and the European Union's Common Foreign and Security Policy for crisis response, will depend on members' political as well as financial investment.
- Cooperation on collective defense is not in doubt but transatlantic cooperation can also be expected in crisis response, in the immediate regions around Europe, in northern/central Africa, in Europe's immediate Middle East neighborhood, and in the new Arctic mission area called the High North.
- The potential to overcome inefficiencies through European industrial cooperation is not promising, and the low level of defense investment across Europe is driving defense industries toward more contracts outside the region, where they may be junior rather than leading partners in many enterprises.
- The entrenched issues of protectionism and sovereignty are the primary impediments to closer multinational cooperation.
- European defense spending will have to increase toward 2020 simply because much of

the equipment found in national inventories is aged, overused in recent operations, and simply wearing out.

- Europe will continue to favor nonmilitary solutions to crises and therefore low defense budgets. Both are sources of enduring tension with the United States.
- Europe, despite present constraints, will continue to be the most capable cluster of Allies for the United States—militarily, financially, and politically. However, the United States will struggle to find European Allies effective as modern military partners.
- As the price of fielding full-spectrum militaries rises, fewer Allies will have such forces in the future. Interdependency, often undeclared but real, will become the NATO norm.

Succinctly put, today's widening gap will continue to grow so long as current spending trends continue. After 2020, the transatlantic capabilities gap should stabilize but should not be expected to close much, except for one or two major Allies. Important niche Allies may also emerge. Divergent military capabilities will erode the capacity for transatlantic top-tier military cooperation by all but a few Allies. The resultant reduced capacity to cooperate across the Atlantic will tend to cause military cultures and security perspectives to diverge. If not arrested through concerted action by all Allies, behind strong and persistent U.S. leadership and actions, the effect will become permanent in most military matters.

Four Initiatives for Improving Trend Outcomes

NATO forcefully addressed the widening capabilities gap at its May 2012 Chicago Summit when NATO leaders underscored key defense priorities and emphasized the need for economies in defense through multinational solutions. They endorsed new initiatives to preserve the capabilities most needed to meet the three core tasks of collective defense, crisis management, and cooperative security. Over the next several months, NATO staffs and military leaders must elaborate how summit goals will be achieved. In the context of postsummit implementation, four initiatives—two emanating from decisions in Chicago and two developed by NDU—are worthy of further examination. Smart Defense and NATO Forces 2020 are two key summit initiatives. Mission Focus Groups and the role of USEUCOM in long-term transatlantic interoperability are proposals that have emerged at NDU over the past year.

Smart Defense. As already stated, Smart Defense is the Secretary General's premier initiative deployed at the Chicago Summit. It is intended to commence a new era of closer multinational cooperation in response to the widespread and enduring crisis of defense resource austerity. Smart Defense is described as having three components. The first goal is to improve NATO and national efforts at prioritizing defense investments. The focus is to encourage Allies to remain committed to the critical capabilities agreed at the 2010 Lisbon Summit, as well as a wider set of priority shortfalls military commanders identified as high risk with respect to achieving the LOA.

The second goal is the promotion and facilitation of multinational cooperation to realize capabilities that extend increasingly beyond the resources of any one nation. The 2009 Strategic Airlift Capability initiative among 13 members is a prominent example. The initiative has purchased one C-17 aircraft to date and is eventually to acquire three C-17s operating out of Pápa Airbase, Hungary. Participating nations contribute aircrews and support resources and purchase flying hours as needed. There are many less visible cooperation agreements already in place. The goal is to broaden and deepen cooperation wherever practicable, while preserving the essential principle of assured access to collective assets by participating nations.

The third goal is to create a foundation for specialization by design rather than realizing it by default as members are forced to divest capabilities, or to allow them to fade into unusable obsolescence for lack of investment. The decision by the Netherlands in 2011 to eliminate the last of its armored forces is a good example.

Without consultation at NATO—none was required and no Alliance mechanism is provided to do so in the course of national budgetary reviews—The Hague determined the only way to achieve sufficient cost reductions was the vertical elimination of entire capabilities rather than to continue the horizontal haircut approach across all capabilities. For the Alliance, however, there are now five members without armored forces, which illustrates the creeping process of specialization by default.

The Smart Defense challenge is daunting. This is evident in the nature of the projects being proposed after more than a year of emphasis by the Secretary General and a significant summer 2011 study of opportunities by Allied Command Transformation called the Multinational Approach (MNA) Study. From an initial list of only eight projects viewed as feasible last summer, concerted effort by NATO's leadership has expanded the MNA list to just 18. Most projects are modest and limited to support areas such as multinational maintenance, shared use of training areas, and greater participation in multinational exercises.

As useful as these projects are in terms of cost-cutting, they will have limited impact unless Smart Defense can truly become a new mindset toward greater multinational cooperation. This means deeper cooperative enterprises on infrastructure, logistics functions, and education and training facilities—as well as operational functions such as shared command and control, intelligence resources (unmanned aerial vehicle access), and multinational mission expertise in terms of doctrine, concepts, planning, tactics, and procedures. In short, Smart Defense is a gamble that Allies are ready for a new metamorphosis in creating defense capabilities, one that relies much more on multinational solutions. The key will be to design in genuine reversibility that satisfies national sensitivities for sovereign control over the means of national security.

NATO Forces 2020. The Alliance deployed the concept of NATO Forces 2020 in Chicago. The building blocks of NATO Forces 2020, in addition to Smart Defense, include:

Connected Forces Initiative. Secretary General Rasmussen proposed the CFI at this year's Munich Security Conference as a complement to Smart Defense. The initiative emphasizes the importance of interoperability as NATO operations draw down and nations are facing the twin realities of fewer forces and scarcer resources for training. CFI's main components include:

- maximizing value of NATO training and education facilities, as well as centers of excellence, including with partners as appropriate
- increasing NATO-led multinational exercises, including with partners as appropriate
- agreeing on better use of technology, including increased use of adapters, which will facilitate interoperability and plug-and-play capabilities among allied systems
- strengthening the NRF by building on the U.S. commitment to rotate elements of a U.S.-based Brigade Combat Team to Europe.

Follow-through on the Lisbon Critical Capabilities Commitment (LCCC). A great deal of progress has been made already on the 10 capability commitment goals since 2010. LCCC was reinforced at Chicago by a special Summit Declaration on Defence Capabilities: "Toward NATO Forces 2020." The plan laid out in this new agreement is intended to emphasize LCCC until all agreed critical capabilities are in place.[1]

Key Long-term Projects. Three enduring projects were given special emphasis in Chicago. One was to extend Baltic air policing, a model of solidarity that may inform other regional initiatives. The two others, already on the Lisbon list, are missile defense and air-ground surveillance. These projects will become essentially permanent commitments but will also take a number of years to put in place at full capacity; thus, they are highlighted under Smart Defense.

Strategic Projects. Looking toward 2020, NATO intends to initiate stronger transatlantic and intra-European cooperation to fill three critical shortfalls in an affordable manner. These are joint intelligence, surveillance, and reconnaissance; air-to-air refueling; and

multinational acquisition opportunities that can produce economies of scale in major programs.

When these initiatives are brought to fruition, NATO will realize the minimum force the Alliance needs to meet its LOA with no more than acceptable risk. There can be no mistaking the daunting challenge these goals represent in the current fiscal climate. NATO members will have to commit to making hard choices, and as an alliance, NATO will have to sustain its collective resolve to see them through. In this way, NATO Forces 2020 is achievable.

Mission Focus Groups—A Future Opportunity. The MFG concept is a planning tool to optimize the planning, training, resources, and capabilities of a core group of likeminded members and partners around particular NATO missions. The aim is to provide NATO with reliable mission capabilities as well as expertise that can be promulgated across the Alliance as required. Eventually, working within the NATO Defense Planning Process, all essential missions would benefit from a focus group in this way. Mission Focus Groups would adhere to the logic of the Smart Defense tenets of cooperation, prioritization, and specialization and be guided by NATO political and military authorities. MFGs would lower the risk of gaps in capabilities by highlighting Allies who have prioritized specific capabilities.

Prototypes of MFGs already exist in NATO. Allies with combat aviation and blue-water maritime patrol capabilities have provided core groups focused on air-policing and antipiracy missions. A geographical focus group of Allies and partners has begun work on Baltic Sea littoral defense employing land-based, air, and maritime forces. The initiative to extend this successful model to other mission areas was conceived at NDU in summer 2011. The rationale is that Allies thus committed will be most resolute in maintaining the related mission capabilities as a priority when faced with budgetary decisions. This would help NATO manage the risk of gaps in capabilities by establishing that Allies would not only retain given capabilities but also hone mission expertise and be inclined to commit to the mission if required. The NRF could also be the basis for creating strong, capable MFGs.

The MFG concept would "build out" over time, and not all mission areas need to have a corresponding focus group. Group members would not be free of NATO's wider mission requirements; conversely, other Allies would not be absolved completely from assisting such groups in persistent operations. The connective tissue of the Alliance as a whole would not only remain in place but also be strengthened by the underlying sinew of such clusters, analogous to muscle groups within a body or specialized groups of players on a sports team. It would take time to build out the MFG concept in a deliberate and constructive way, consistent with the principle of assured access as well as with NATO's enduring, essential Defense Planning Process. In spite of significant reservations, the MFG concept continues to gain interest throughout the Alliance.

The Long-term Challenge to Transatlantic Interoperability—USEUCOM's Top Priority. Taking steps to change the course of transatlantic defense capabilities requires a new cooperative mindset on the west side of the Atlantic as much as or more so than within Europe. The main instrument for this connection should be a revitalized and more adaptive USEUCOM. It is the most critical agent for ensuring U.S. forces can operate in concert with any NATO Ally or formal partner, a staggering 69 nations in all that already adhere to some or all NATO practices as a result of operations in Afghanistan and the Balkans over the past 17 years. As already stressed, the primary thrust of current U.S. military policy is to operate within multinational coalitions when possible.

The most immediate USEUCOM challenge will be to counterbalance the impending drawdown of the last U.S. heavy combat brigades from Europe and the end of ISAF operations. The withdrawal of heavy brigades removes U.S. main battle tanks in Europe for the first time since 1944. The symbolism of this passage for our Allies is far more significant than it is for Washington. Reassurance of the U.S. commitment to collective defense is at a premium not only because of U.S. troop draw downs; fears of gradual decoupling have been growing

in recent years due to the U.S. focus first on the Middle East/South Asia regions and now on the Pacific.

The incremental contractions of the NATO Command Structure have continued through the steady winnowing of the U.S. military presence in NATO headquarters.

Finally, there has been a long hiatus in visible emphasis on NATO's core Article 5 territorial defense mission, including exercise of nuclear decisionmaking, that worries Allies on NATO frontiers especially. The huge U.S. presence and the many large exercises of the Cold War, and almost 20 years of persistent multinational expeditionary operations since, will soon be history. The primary tools for maintaining future ties will be education, training, exercises, collaborative capabilities initiatives, and everyday staff coordination in the planning and conduct of operations.

The main U.S. interface with Allies for the above activities is USEUCOM, which should be revitalized as the U.S. flagship command responsible for sustaining transatlantic cohesion, maintaining and nurturing transatlantic interoperability, making MFGs viable and useable, and committing the United States to the NRF as a visible signal of its Article 5 commitment as well as its commitment to NATO crisis response missions.

The first and most immediate tool in USEUCOM's interoperability toolbox is the commitment of a Brigade Combat Team to the NRF. This promise should be met consistently and in full. USEUCOM and the Department of Defense (DOD) should guard against truncated participation or stretch outs between deployments. Both will be particularly tempting solutions to U.S. Army budget shortfalls, and DOD has already signaled a shift in priorities toward air and maritime programs that better support Pacific requirements. USEUCOM should put the U.S. commitment to the NRF to maximum advantage in terms of mission planning, multinational training, and participation in NRF exercises.

The U.S. commitment of a battalion to each annual NRF rotation beginning in 2014 should translate into a deployment of no less than a battalion for 3 months annually to Europe for multinational training. This need not be limited to elements of the NRF; U.S. training should be open to other forces on a limited basis. The U.S. battalion should mainly be included in the Response Force Pool rather than the Immediate Response Force, where it will compete with the infantry battalions of other members, which are often their only viable contributions.

USEUCOM should press for a prepositioned set of at least a heavy battalion equipment set that is maintained and used at least annually as a visible testament of U.S. presence. The U.S. commitment to the NRF should be incorporated into the Response Force Pool, annually certified by USEUCOM and authenticated as other forces are by the designated NRF Command and SHAPE. Beyond the commitment of a Brigade Combat Team, USEUCOM should study other U.S. commitments that would strengthen transatlantic interoperability as the main focus becomes training and exercises rather than operations.

First, USEUCOM should investigate including a U.S. corps headquarters among the NATO Force Structure commands rotating as NRF land component commands. A U.S. corps need not deploy to Europe to assume NRF duties. Given the NRF's annual rotation and the number of participating allied headquarters, a U.S.-based corps need only deploy to conduct NRF certification exercises once every 10 years or so. Second, USEUCOM should propose to NATO that long-term habitual affiliations be established between each designated NRF command and at least its core subordinate commands for NRF rotation. Such relationships would foster cohesion and routines of information-sharing similar to NATO's very successful standing maritime forces.

Finally, the United States should locate a forward corps command element in Europe similar to the forward command of I Corps in Japan. A forward corps would be an economy of force presence that pays huge dividends in terms of signaling the U.S. commitment to NATO. It could readily be dual-hatted and collocated with an existing command, perhaps at Grafenwöhr or Wiesbaden. This headquarters would not be a figurehead but could engage in planning for both USEUCOM and U.S. Africa Command. However, its most important mission should be

interoperability, including to assist Allies in transitioning their corps commands to deployable joint commands.

Another important tool for USEUCOM is to draw closer to the NCS. The two structures are very distant today. Traditionally, USEUCOM and NATO have been kept separate to avoid the appearance of U.S. dominance of the Alliance military structure. The USEUCOM commander as well as his air and maritime component commanders are dual-hatted in the NCS. However, USEUCOM's land component and Marine Corps component do not have dual-hatted commanders and share no formal staff ties with the NCS. USEUCOM SOFs maintain perhaps the strongest overall ties to NATO through the non-NCS NATO SOF headquarters adjacent to SHAPE.[2] Still, none of the USEUCOM commands coordinate and share information on the level needed to strengthen transatlantic bonds. There are fewer formal links today between the NCS and USEUCOM than ever before, yet the task has expanded with NATO enlargement, the growth of partnership, and the modern demands of interoperability.

Transatlantic ties cannot be sustained solely by common commanders. Staffs must be drawn closer together, a daunting challenge given reductions in the NCS and across USEUCOM. The NCS is shrinking below levels many now consider wise. Far fewer and much smaller headquarters will be operating with considerably smaller budgets to oversee a growing number of member and partner militaries preparing for an expanded mission set. USEUCOM is also much smaller and less resourced than in the past; however, it now has primary responsibility for maintaining ties to Allies as well as for transatlantic interoperability.

A third tool at USEUCOM's disposal is its premier set of land force training areas that are increasingly underutilized by the shrinking size of the U.S. Army stationed in Europe. These have been used by Allies at times, funded by the United States, but much more could be done if funding could be shared both by users and by NATO (common funding for infrastructure). USEUCOM could propose creation of a special DOD-level funding program for all interoperability, including both the U.S. battalion contribution to the NRF and for maintaining the world-class multiple facilities of the Joint Multinational Training Center located in Hohenfels and Grafenwöhr, Germany. In addition to greater use by Allies, U.S.-based units could rotate to these facilities in a similar manner to their use of the National Training Center in California (Fort Irwin). This concept fits well with the proposal to invest in maintaining a heavy unit set of equipment on site.

Finally, USEUCOM should consider calling for a comprehensive interoperability DOD budget package. Such a package would provide line item protection of funded initiatives for all Service component training areas and exercises in the USEUCOM area of operations, as well as other combatant commands worldwide. It should include funds for bringing USEUCOM and its component commands appropriately closer to the NCS in the interest of transatlantic military cooperation. Protecting interoperability in the DOD budget would serve as a strong testament to the U.S. commitment to transatlantic interoperability, NATO, and multinational operations worldwide. Most critically, it would remove temptations to cut funds from these vital programs when budgets get even tighter.

Obstacles and Concerns NATO Must Address in Closing the Gap

Obstacles to Be Overcome. The two biggest obstacles to increased multinational cooperation across the Alliance over the mid- to long term are the deep roots of traditional national defense and the cultural dominance of national sovereignty. Nations turn to national sources of supply whenever such means are manufactured within their territory, regardless of cost. They subsidize domestic defense industries in order to preserve sovereignty over the means of national defense, nurture national pride, and protect jobs. Finally, nations prefer national versus collective capabilities to assure access to them should they be needed for national purposes. Assured access has been a point of contention in crisis response with respect to past collective capability investments. These motives account for a lot of protection-driven inefficiencies that may well thwart Smart Defense.

However, the depth of the financial crisis provides an opportunity to break down these obstacles. Auster-

ity measures have already triggered public outcry and contributed several changes in political leadership in a number of European powers including France, Greece, Ireland, Italy, the Netherlands and the United Kingdom. Dramatic changes in attitudes about protectionism or sovereignty should not be expected. Nonetheless, the severity of the defense resource situation cannot be dismissed. Allies entered the crisis from the position of already historic low spending over an unprecedented period, beginning in the early 1990s as the Cold War ended.

Most European powers have seen steady declines in defense spending since then, even as their operating tempo reached unprecedented highs. The financial crisis is widening the gap inside Europe between increasingly worn out and obsolete inventories and budgets that are dropping dramatically from their low starting points. There is no guarantee these factors will cause nations to draw closer together in desperation to realize better results from defense spending; however, the possibility should not be discounted, and in fact, should be encouraged.

A penultimate word on protectionism is that the European aerospace industry model, well advanced yet still incomplete, points the way for other defense industry consolidation. Since the Cold War, this industry has built on earlier multinational projects and joint ventures. In response to shrinking markets it has achieved more successful mergers and acquisitions, resulting in a few major truly multinational corporations with less government ownership. Today, 3 of the top 10 arms producers in the world are European aerospace firms: BAE Systems, EADS, and Finmeccanica (the other 7 are U.S. firms). Twenty years ago, none of these giants existed, but today, their markets are not only Europe but also global, and their impact across Europe extends deep into subcontractor industries. Other sectors are far behind the aerospace sector. Europe has too many subsidized national industries producing products independently for very small militaries.

A final observation on sovereignty is its slow, unique evolution across the membership of the European Union, most of which are also NATO members. Since Europeans jealously guard sovereignty, they choose carefully to commit to collective efforts in ways they regard as reversible. The price of reversibility can be very high, as members of the Eurozone are finding at present. However, it is no less a cherished national prerogative exercised regularly and visibly in council decisionmaking. The creative concept of "reversible pooling of sovereignty" suggests optimism for Smart Defense in terms of cooperation that can be guided toward priorities and commonly agreed specialization. The requirement will be for reversibility to be genuine without creating undue risk to Alliance action. This was never possible to achieve by Chicago. Rather, the summit launched Smart Defense in a way designed to sustain momentum long after Chicago, creating a new mindset of confidence and assurance in the merging of national and multinational defense. Eventually, that will lead to increased cooperation, and that is the goal.

Future Concerns to Be Avoided. Experts on NATO's capacity to implement multinational solutions such as Smart Defense are already concerned that the Chicago initiative could be delayed, diluted, dismissed, or generally prove too difficult for the Alliance to implement. That would lead to a weakened transatlantic relationship that leaves Europe and the United States less interoperable and more on their own in the future. For the United States that would mean less reliance on Allies and partners, and greater investment in a more unilaterally capable military. Three concerns are paramount.

One concern is that in a period of sustained economic turmoil marked by well-known perils—rampant inflation, stagflation, recession, and joblessness—nations will be driven away from cooperation by competing demands. Allies would be reluctant to pool capabilities and industries. They would be inclined to maintain wasteful duplication and less modern, poorly trained, and less interoperable forces. Behind this façade, they could argue that they are participating in the Alliance—so long as they do not have to demonstrate real capabilities. Yet they would be moving away from cooperation precisely when they need it most.

Another concern is that transatlantic relationship apathy will grow on both sides of the Atlantic in the absence of an overt threat to territory or Allies' stability. Investing adequate

political, military, and financial resources in transatlantic interoperability could be deemed unnecessary by a new generation of leaders as well as publics born after the Cold War. This is a special risk in the United States where taxpayers as well as politicians and policymakers are sensitized to providing the vast majority of NATO operational capabilities. Pressed hard toward other priorities, U.S. and other leaders may not appreciate the tremendous value of maintaining interoperable allied militaries until times of tension inevitably arise. The value is diplomatic and political as well as military. Maintaining common standards, shared doctrine, well-known tactics, techniques, and procedures, routine political consultations, training and education (civilian as well as military), exercises, and investment in adaptive technologies—all these are open-ended programs and cost money. Yet they are the grist of multinational cohesion and successful coalition operations. They are also mundane stuff that attracts no political champions in capitals without steady exposure to their worth and strong advocacy from military leaders.

A third concern is that NATO will become a shell while the United States deepens bilateral ties with the handful of European Allies willing and capable of cooperation on missions around NATO's neighborhood. Counting the United States, only eight members have substantial forces and only one of these, France, has the size and financial potential to provide sizable forces on a sustained basis. The United Kingdom can provide only a brigade and equivalent air and naval resources, though it has many high-end capabilities, including nuclear submarines and aircraft. Germany has evolved into a specialized military, fully capable when faced with the unlikely situation of self-defense but otherwise intent on low-end, mainly nonlethal operations. The majority of NATO members can contribute little, and then only if they remain dedicated to programs like the NRF.

NATO members, the United States in particular, cannot afford to let these scenarios erode transatlantic interoperability in the future. It is the lifeblood of our respective nations' defense and security—none more than the United States of America.

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Notes

[1] The LCCC capabilities are full capability of the Afghan Mission Network; implementation of an ambitious counter–improvised explosive device action plan; improvement of airlift and sealift capabilities; implementation of collective logistics contracts; missile defense; full capability of the NATO Cyber Defense Package; development of NATO support for stabilization and reconstruction operations; full implementation of an interoperable Air Command and Control System; development of a coordinated joint intelligence, surveillance, and reconnaissance capability; and deployment of an Alliance Ground Surveillance system.

[2] The NATO Special Operations Forces Headquarters is located at SHAPE but is not a NATO-approved organization or part of the Command Structure requirement. The United States is the framework nation and provides the largest staff contingent and funding support.

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