



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas Holtz-Eakin, Director

April 28, 2003

Honorable Richard G. Lugar
Chairman
Committee on Foreign Relations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In response to your request, the Congressional Budget Office has prepared the attached report on the costs associated with ratifying the protocols to the North Atlantic Treaty of 1949 on the accession of Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia to the North Atlantic Treaty Organization (Treaty Document 108-4). CBO estimates that integrating those seven countries into NATO would cost the 19 current NATO members about \$2.7 billion dollars over the 2004-2013 period; the U.S. share of that amount would be about \$650 million and would be subject to appropriation action. In addition, the seven prospective NATO members could incur significant costs to upgrade and modernize their militaries. The United States might help those countries in that process through the use of foreign military financing and other assistance. However, such assistance would be discretionary and would probably not be significantly larger than current levels of aid to those countries. CBO does not anticipate any direct spending to result from the ratification of the protocols.

If you would like further information about this analysis, we would be pleased to provide it. The CBO staff contacts are Matthew Schmit (in the Budget Analysis Division), who can be reached at 226-2840, and Robie Samanta Roy (in the National Security Division), who can be reached at 226-2900.

Sincerely,

A handwritten signature in black ink that reads "Douglas Holtz-Eakin".

Douglas Holtz-Eakin

Attachment

cc: Honorable Joseph R. Biden Jr.
Ranking Member

**Cost Implications of Implementing
the March 26, 2003,
NATO Accession Protocols**

April 28, 2003

Congress of the United States
Congressional Budget Office



Summary and Introduction

On March 26, 2003, the United States and the other 18 members of the North Atlantic Treaty Organization (NATO) signed Protocols of Accession. Once ratified by the governments of the 19 NATO members, those protocols would allow seven more countries—Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia—to join the alliance.¹ The original North Atlantic Treaty was signed in 1949 by 12 countries. Since then, seven other members have joined NATO, on four separate occasions: Greece and Turkey in 1952; the Federal Republic of Germany in 1955; Spain in 1982; and, most recently, Poland, Hungary, and the Czech Republic in 1999.

Member countries bear the direct costs of maintaining the alliance through the contributions that all of them make to NATO's three common budgets—the civil, military, and infrastructure budgets. Those budgets fund NATO headquarters activities as well as common infrastructure projects needed to maintain interoperability between the forces of the member nations. Each member is obligated to pay a prenegotiated share of the common budgets. Last year, those three budgets together totaled about \$1.7 billion; the U.S. share of that amount was just under 27 percent, or \$442 million.

On the basis of data from NATO and the Department of Defense (DoD), the Congressional Budget Office (CBO) estimates that admitting the seven prospective members into NATO would increase overall costs associated with the common budgets for the 19 current NATO members by about \$2.7 billion over the 2004-2013 period. The U.S. share of those costs would total about \$650 million over 10 years (assuming appropriation of the necessary amounts)—or about 12 percent more than the United States would otherwise spend to support NATO's common budgets over that period.

Besides costs, another important consideration in enlarging NATO is whether the seven prospective members could meet their obligations to the alliance to provide certain military capabilities (obligations commonly referred to as burdensharing). Those obligations include such things as providing a certain level of air-defense capability and being able to deploy military forces rapidly during crises. Although NATO members agree in principle to meet all burdensharing obligations, each country's military programs and level of defense spending are generally left to the country's discretion. Each member's funding depends to a great extent on its long-term military modernization strategy and overall economic situation. One indirect measure of burdensharing is the percentage of gross domestic product (GDP) that a member nation allocates to defense. By that measure, each of the seven prospective members already funds, or is planning to fund, defense at or near the average level of current NATO countries.

1. Those seven countries were formally invited to join NATO at the Prague summit in November 2002.

In recent years, the United States has attempted to help new members modernize their militaries by providing them with grants and loans to purchase military hardware and training. Such assistance is not required, however, and would be subject to the annual authorization and appropriation process of the U.S. Congress.

NATO's Common Budgets

Generally speaking, each NATO member is responsible for the costs associated with maintaining and operating its military forces, even when those forces operate under NATO's command structure. However, certain common costs—such as those associated with headquarters staff and command-and-control capabilities—are financed through the alliance's three common budgets:

- The civil budget (\$174 million in 2002), which pays the cost of NATO's civil headquarters and personnel in Brussels;
- The military budget (\$790 million in 2002), which funds the alliance's military headquarters and activities (including the Supreme Headquarters Allied Powers Europe in Mons, Belgium), the NATO Airborne Early Warning and Control (AEW&C) program, and the NATO command structure for peace-keeping activities in Bosnia and Herzegovina and in Kosovo; and
- The infrastructure budget (\$693 million in 2002)—also known as the NATO Security Investment Program (NSIP)—which underwrites the costs of common support facilities, including command, control, communications, and intelligence facilities; transportation; storage facilities; and investments in airfields, fuel pipelines, harbors, and navigational aids.

Taken together, NATO's common budgets totaled almost \$1.7 billion in 2002 (see Table 1). The United States paid nearly 27 percent of that amount, or \$442 million. The share that each member pays of each budget is determined by consensus among the members and is periodically renegotiated, particularly when new members join the alliance. The U.S. share of the civil and military budgets has remained fairly constant at around 25 percent since those budgets were established in 1951. Member contributions to the NSIP are more variable, since shares are frequently adjusted to take into account the location and national importance of individual infrastructure projects.

Within the U.S. federal budget, contributions to the three NATO common budgets are provided through three separate appropriations each year. The U.S. contribution to NATO's civil budget is made from the "Contributions to International Organizations" account in budget function 150 (international affairs), which is funded through

Table 1.
Allied Contributions to NATO's Common Budgets in 2002
(In millions of dollars)

	Civil Budget	Military Budget (Minus AEW&C) ^a	AEW&C Program ^a	Infrastructure Budget (NSIP)	Total	Percentage of Total NATO Budget
Belgium	4.8	16.2	8.2	27.9	57.1	3.4
Canada	9.3	30.0	23.0	25.6	87.9	5.3
Czech Republic	1.6	5.2	0	6.8	13.6	0.8
Denmark	2.6	9.6	4.9	22.6	39.7	2.4
France	26.8	47.8	0	37.2	111.8	6.7
Germany	27.1	89.5	68.5	152.0	337.1	20.3
Greece	0.7	2.2	1.5	7.1	11.5	0.7
Hungary	1.1	3.8	0	4.9	9.8	0.6
Iceland	0.1	0.2	0	0	0.3	*
Italy	10.0	34.4	17.7	59.2	121.3	7.3
Luxembourg	0.1	0.5	0.3	1.3	2.2	0.1
Netherlands	4.8	16.2	9.1	31.1	61.2	3.7
Norway	1.9	6.7	3.6	19.2	31.4	1.9
Poland	4.3	14.4	0	18.7	37.4	2.3
Portugal	1.1	3.7	1.7	2.6	9.1	0.5
Spain	6.1	20.4	8.8	24.8	60.1	3.6
Turkey	2.8	9.2	4.0	7.6	23.6	1.4
United Kingdom	30.1	93.3	0.2	76.8	200.4	12.1
United States	<u>39.1</u>	<u>134.1</u>	<u>101.1</u>	<u>167.7</u>	<u>442.0</u>	<u>26.7</u>
Total	174.4	537.4	252.6	693.1	1,657.5	100.0

SOURCE: Congressional Budget Office based on data from the Department of Defense.

NOTE: AEW&C = Airborne Early Warning and Control; NSIP = NATO Security Investment Program; * = between zero and 0.05 percent.

a. NATO's Airborne Early Warning and Control program is part of the military budget. However, it is shown separately here because not all countries contribute to the program, and therefore it has different sharing percentages.

annual appropriations to the Department of State. Similarly, the U.S. contribution to NATO's military budget is made through the "Operations and Maintenance, Army" account in the annual Department of Defense appropriation act; and the U.S. contribution to the NSIP is made through a specific appropriation in the annual military construction appropriation act.

Cost Implications of the Latest Round of NATO Enlargement

Adding new members to NATO could affect costs to the United States in several ways. First, it would allow current NATO members, including the United States, to spread the costs of the common NATO budgets over more countries. Second, integrating the new members into NATO's military command structure would require up-front costs. Most of those costs would be eligible for funding from NATO's common budgets and therefore would increase costs for current members. Third, the United States might choose to assist the new member countries in modernizing and upgrading their military capabilities.

Impact on the U.S. Share of the Common Budgets

CBO estimates that adding the seven new members to NATO would most likely reduce the cost share that each country pays to support the three common budgets but the impact of that reduction would be insignificant in percentage terms. When Poland, Hungary, and the Czech Republic joined the alliance in 1999, the U.S. share of the common budgets declined slightly—from 28.5 percent overall in 1997 to 26.7 percent in 2002. In that instance, the new members' cost shares were established by NATO's Senior Resource Board and were largely based on each country's GDP. Together, Poland, Hungary, and the Czech Republic currently pay about 3.7 percent of NATO's common budgets.

CBO does not expect the U.S. share of the common budgets to decline significantly with the addition of the seven prospective members. Those countries have a combined gross domestic product that is about 40 percent of the total GDP of Poland, Hungary, and the Czech Republic. Assuming that the seven new members would together contribute about 40 percent of what Poland, Hungary, and the Czech Republic now pay, CBO estimates that their combined share would amount to about 1.5 percent of the common budgets. In that case, the resulting reduction in the U.S. share would probably be about 0.4 percent.

That reduction in the United States' cost share would not necessarily reduce U.S. payments to the common budgets, however. The reason is that the costs of those budgets, especially the NSIP budget, would most likely increase if the seven new members joined NATO. In other words, the slightly smaller percentage share of a larger base amount would probably require current NATO members to contribute more than they do now.

Table 2.
Estimated Cost to the NATO Common Budgets of Admitting
the Seven New Members Identified in the Protocols of Accession
(In millions of dollars)

	Ten-Year Total (2004-2013)	
	Estimated NATO Budget Without Enlargement	Estimated Additional Costs from Enlargement
Security Investment Program	7,950	2,750
Military Budget	6,500	200
AEW&C Program	3,050	0
Civil Budget	<u>2,100</u>	<u>a</u>
Subtotal	19,550	2,950
Contributions from the Seven New Members	<u>n.a.</u>	<u>-300</u>
Total Cost to Current NATO Members	19,550	2,650
Memorandum:		
Cost to the United States	5,250	650 ^b

SOURCE: Congressional Budget Office.

NOTES: The seven prospective members identified in the accession protocols are Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia.

AEW&C = Airborne Early Warning and Control; n.a. = not applicable.

- a. In addition to costs to the Security Investment Program and military budget, there would be costs to the civil budget. However, those costs would be insignificant and would be offset by the new members' financial contributions to that budget.
- b. Includes the costs of integrating the seven new members into NATO as well as savings from the reduction in the U.S. cost share of the common budgets.

Estimated Increase in Costs to the Common Budgets

As was the case with the 1999 round of NATO enlargement, CBO expects that if Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia joined the alliance, the costs associated with the three common budgets would increase. (For a discussion of the costs associated with the 1999 enlargement, see the appendix.) Admitting those seven countries would cost the 19 current NATO members an additional \$2.7 billion in all during the 2004-2013 period, CBO estimates. The increase in costs to the United States would be \$650 million, or about 24 percent of the additional expense to current members (see Table 2).

To estimate the costs of incorporating the seven prospective members, CBO assumed that their infrastructure requirements—such as upgrades to airfields, port facilities, and air-defense radars—would be analogous to the requirements that NATO identified for the three countries that joined the alliance in 1999. CBO’s estimate of the costs of those requirements is based on information contained in cost estimates prepared by NATO’s Senior Resource Board in 1997 for the 1999 round of NATO enlargement (adjusted for inflation) as well as on data provided by DoD. Although the costs and assumptions in the 1997 estimates are several years old, they represent NATO’s only official statement about the minimum infrastructure that new members require to achieve the goals of the NATO defense strategy. (The details of those requirements are classified.) CBO compared the cost factors in the 1997 estimates with actual costs to date and concluded that they provide a reasonable basis for projecting future costs.

On the basis of those assumptions, CBO estimates that the total cost of integrating the seven new members into NATO would be about \$3 billion over the 2004-2013 period. The new members would begin paying a share of the common budgets—about \$300 million over 10 years, CBO estimates—leaving a net cost to the 19 current members of about \$2.7 billion.

Under NATO’s current membership, the NSIP and military budgets (not including the NATO AEW&C program) would cost about \$14.4 billion over the 2004-2013 period, CBO estimates (see Table 2). The U.S. share of that amount would be about 24.5 percent, or \$3.5 billion.² Integrating seven new members into NATO would raise the costs of those budgets to about \$17.4 billion over 10 years. With the seven new members making contributions to the common budgets, the shares that NATO’s current members pay would decline in percentage terms. In the case of the United States, CBO estimates that its share of the NSIP and military budgets would drop by about 0.4 percentage points, to 24.1 percent. Thus, the United States would contribute about \$4.2 billion to NATO’s NSIP and military budgets over the 2004-2013 period—about \$650 million more than it would pay without enlargement.³ That sum represents an increase of roughly 18 percent over what the United States would otherwise contribute to the NSIP and military budgets (excluding the AEW&C program)

2. The United States’ overall cost share (just under 27 percent) is higher than the shares that the United States pays to the NSIP and military budgets because of the larger share that it contributes to the NATO Airborne Early Warning and Control program (about 40 percent). That program is technically part of the military budget, but not all member nations contribute to it, which is why this analysis treats it separately. The three NATO members admitted in 1999 do not contribute to that program, and CBO assumes that the same would be true for the seven prospective members.

3. Enlargement would also increase some costs for NATO’s civil budget. However, the net effect of those costs would be insignificant; thus, they are not included in this analysis.

during that period and a roughly 12 percent increase over what the United States would contribute to the entire NATO budget.⁴

CBO's estimate is very similar to the preliminary estimate that the Administration released on March 25, 2003, in its report to the Congress on the seven new members' status and eligibility to meet NATO obligations. In that report, the Administration estimated that the additional cost to the common budgets from this round of NATO enlargement would total about \$2.6 billion over 10 years (in 2002 dollars) and that the U.S. share of that increase would amount to about \$584 million. When converted from current dollars into 2002 dollars, CBO's estimate of costs to the NATO common budgets (before contributions from new members) is about \$2.5 billion. The similarity between those estimates is not unexpected since the Administration and CBO used the same sources of data and similar methods in preparing their estimates. CBO's estimate of the U.S. share of that cost, about \$600 million in 2002 dollars, is also similar to an estimate by DoD.

Other Potential Costs to the United States

The United States could incur other costs related to the admission of new members to NATO. For example, in the past, the U.S. government has helped new NATO members upgrade their defense capabilities by providing them with grants and loans for military equipment, training, and participation in joint exercises. However, none of that assistance results from prenegotiated commitments or obligations made on behalf of the United States; it is provided through the annual Congressional authorization and appropriation process.

The most common form of U.S. military assistance is grants from the Foreign Military Financing (FMF) program. Over the past four years, the three newest NATO members—the Czech Republic, Hungary, and Poland—have received FMF grants worth a total of around \$30 million a year, and the Administration has requested a similar amount for 2004 (see Table 3). In comparison, the seven NATO candidates have received a total of around \$50 million a year in FMF grants. (Those amounts are comparable given the size of the two groups' militaries and populations.) Although the seven potential members have not yet joined NATO, they have been receiving grants through the Warsaw Initiative (which provides assistance to countries that participate in the Partnership for Peace program) at levels somewhat comparable to those of the three newest NATO members. Since the seven prospective members already receive similar amounts of FMF grants as the three NATO members admitted

4. CBO estimates that without enlargement, U.S. contributions to all of NATO's common budgets (including the NSIP, civil budget, military budget, and the AEW&C portion of the military budget) would total \$5.2 billion over the 2004-2013 period. With enlargement, those contributions would total \$5.9 billion.

Table 3.
U.S. Foreign Military Financing Grants for the Three Newest Members of NATO and the Seven Prospective Members (In millions of dollars)

	2000	2001	2002	2003 (Estimate)	2004 (Request)
Members Admitted in 1999					
Czech Republic	6	9	10	11	10
Hungary	6	9	10	11	10
Poland	<u>8</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>12</u>
Total	20	30	32	35	32
Seven New Members Identified in the Accession Protocols					
Bulgaria	5	14	9	10	9
Estonia	4	6	6	7	6
Latvia	4	5	6	7	6
Lithuania	4	7	7	8	7
Romania	6	17	9	10	9
Slovakia	3	11	8	9	8
Slovenia	<u>2</u>	<u>6</u>	<u>4</u>	<u>5</u>	<u>4</u>
Total	28	65	48	55	49

SOURCE: Congressional Budget Office based on data from the U.S. Department of State.

in 1999, they might not receive a larger share of FMF resources once they joined NATO.

Foreign military financing can also take the form of loans, some of which can be substantial. For example, Poland recently finalized a \$3.5 billion loan agreement with the U.S. government to help fund the purchase of 48 F-16 fighter aircraft from a U.S. manufacturer, and other NATO countries have received those types of loans in the past, although not frequently. Under the Federal Credit Reform Act, only the estimated net costs of such a loan need to be appropriated in advance. Those costs include the risk of nonpayment and any interest subsidy provided by the government. Whether such loans would be offered to the seven prospective NATO members would be a decision for the U.S. government.

Enlargement and NATO Burdensharing

In addition to the possible budgetary impact, another issue to consider in evaluating this round of enlargement is whether the seven prospective members of NATO could meet their burdensharing obligations to the alliance. In the NATO context, “burdensharing” generally applies to the amount of spending and defense capability that each member country provides toward NATO’s common defense. The overall level of NATO’s collective defense is an issue that is discussed and debated among the members of the alliance, but it is not defined as a quantitative level of defense capability to be provided by each NATO country. Burdensharing has historically been an issue raised by the Congress as it seeks to understand whether the United States has been or is bearing an appropriate share of the burden of NATO membership.⁵

Perhaps the most common indirect indicator of burdensharing is a country’s defense spending, often expressed as a percentage of its GDP. Other standard measures include defense spending per capita and the proportion of the population in the military. Another potential measure, increasingly important today, is contributions to global multinational peacekeeping operations.

On an unweighted average basis, NATO countries currently spend about 2 percent of their GDPs on defense (see Table 4). That average is slightly skewed by Greece and Turkey, which each spend more than 4 percent of their respective GDPs on defense, and by Iceland, which has no defense expenditures. (The United States is the third highest at 3.4 percent of GDP.) Without Greece, Turkey, and Iceland, the unweighted average for current NATO members would be 1.8 percent. Five of the seven prospective members are already at or above that average, and they have stated that they intend to maintain or increase their level of defense spending. The exceptions are Latvia and Slovenia, whose defense expenditures equal about 1.2 percent and 1.7 percent of GDP, respectively. However, both countries have indicated that they plan to increase defense expenditures in the near future. The Latvian parliament has approved spending at least 2 percent of GDP on defense through 2008, and the Slovenian government has committed itself to boosting defense spending to 2 percent of GDP by 2008. It should be noted, however, that although defense spending as a percentage of GDP is comparable among the current and prospective members, the latter have much smaller GDPs.⁶ Thus, their defense spending is far lower in dollar and per capita terms.

5. For a more complete discussion of the issue of NATO burdensharing, see Congressional Budget Office, *NATO Burdensharing After Enlargement* (August 2001).

6. The total GDP of both the 1999 and 2003 NATO expansion countries is only 2.3 percent of the total GDP of the other NATO countries.

Table 4.
Measures of Defense Spending for Current and Prospective NATO Members

	Population (Millions)	GDP (Billions of dollars)	Defense Spending (Billions of dollars)	Defense Spending as a Percentage of GDP	Defense Spending per Capita (Dollars)
Members Admitted Between 1949 and 1982					
Belgium	10.3	248	3.2	1.3	312
Canada	31.9	727	8.2	1.1	256
Denmark	5.4	175	2.7	1.5	502
France	59.8	1,418	35.5	2.5	594
Germany	83.3	1,987	29.4	1.5	353
Greece	10.6	132	5.8	4.4	542
Iceland	0.3	8	0	0	0
Italy	57.7	1,175	22.6	1.9	392
Luxembourg	0.4	20	0.2	0.9	402
Netherlands	16.1	420	6.9	1.6	425
Norway	4.5	192	3.6	1.9	804
Portugal	10.1	121	2.8	2.3	273
Spain	40.1	643	7.7	1.2	193
Turkey	67.3	186	9.0	4.9	134
United Kingdom	59.8	1,549	36.8	2.4	616
United States	<u>280.6</u>	<u>10,430</u>	<u>350.9</u>	3.4	1,251
Total	737.9	19,422	525.3	2.7	712
1999 Round of NATO Enlargement					
Czech Republic	10.3	69	1.5	2.1	144
Hungary	10.1	64	1.1	1.8	113
Poland	<u>38.6</u>	<u>182</u>	<u>3.6</u>	2.0	93
Total	59.0	316	6.2	2.0	105
2003 Round of NATO Enlargement					
Bulgaria	7.6	13	0.4	2.7	47
Estonia	1.4	8	0.2	2.0	111
Latvia	2.4	7	0.1	1.2	37
Lithuania	3.6	12	0.2	1.9	64
Romania	22.3	40	1.0	2.5	44
Slovakia	5.4	22	0.4	1.9	75
Slovenia	<u>1.9</u>	<u>22</u>	<u>0.4</u>	1.7	192
Total	44.6	124	2.6	2.1	58

SOURCE: Congressional Budget Office based on information from the Department of Defense; Central Intelligence Agency, *The World Factbook, 2002*; and International Institute for Strategic Studies, *The Military Balance, 2002-2003* (Oxford: Oxford University Press, 2003).

NOTE: For the most part, the above data are current as of calendar year 2002. Where 2002 data were not available, data for 2000 or 2001 were used.

The defense capabilities of the current and prospective NATO countries can also be compared using various broad measures, such as the total number of personnel in their armed services and the number of airfields they have with runways longer than 2.4 kilometers (7,600 feet). Airfields are a key asset for military operations, including NATO Airborne Early Warning and Control operations, air defense, forward basing, and troop entry and exit points. Other broad measures of capability include the percentage of conscripts in a military force, which gives an indication of the professional quality of the force, and the number of military personnel employed in global multinational peace support operations (see Table 5). (All of the prospective NATO members have contributed troops for such operations.)

Comparing the seven prospective members with the three NATO countries admitted in 1999 shows similarities and differences. Although the total population of the seven prospective members is about 25 percent smaller than the total population of the three newest members, the number of people in their military forces is only 8 percent smaller. The military forces of the seven prospective members also have similar proportions of professional soldiers, with 49 percent of their forces being conscripts, compared with 52 percent for the members admitted in 1999. (However, those levels are generally higher than the number of conscripts employed by NATO members admitted before 1999.) In addition, both sets of countries have roughly the same number of airfields with long runways. Overall, it appears that the seven prospective members would expand NATO's military forces by 6 percent and increase the number of airfields with long runways available to the alliance by 6 percent (and the number available in Europe by 13 percent).

Each of the prospective NATO members has been asked to follow a NATO Membership Action Plan (MAP), which lays out broad political, economic, defense, resource, security, and legal objectives. The MAP is not specific in defining what capabilities each country is expected to contribute, aside from calling on members to provide "forces and capabilities for collective defense and other Alliance missions." However, each of the prospective members has certain specialized capabilities that NATO believes would contribute to the alliance (see Table 6). Those capabilities include light infantry; special forces; units to defend against nuclear, biological, and chemical weapons; explosive ordinance disposal teams; military police; medical units; small naval units; limited airlift; and engineer or logistics units. In addition, Romania possesses unmanned aerial vehicles, and Slovakia has air-to-ground training ranges. Geographically, Bulgaria offers the Black Sea port of Burgas, and Slovakia connects the three most recent members, the Czech Republic, Hungary, and Poland.

In short, from the perspective of burdensharing, the seven prospective members are committed to levels of defense spending that are equal to, or close to, the current NATO per-country average in terms of percentage of GDP. In addition, the military forces of those countries are relatively professional and could contribute some specialized capabilities that would enhance NATO's military mission.

Table 5.
Broad Measures of Military Capability for Current and Prospective NATO Members

Country	Population (Millions)	Active Military Force (Thousands)	Military as a Percentage of Population	Active- Force Conscripts (Thousands)	Conscripts as a Percentage of Force	Number of Troops Involved in MPSOs	Percentage of Military Involved in MPSOs	Number of Airports ^a
Members Admitted Between 1949 and 1982								
Belgium	10.3	39	0.4	0	0	646	1.6	14
Canada	31.9	52	0.2	0	0	1,457	2.8	33
Denmark	5.4	23	0.4	6	25	869	3.8	9
France	59.8	260	0.4	0	0	6,624	2.5	41
Germany	83.3	296	0.4	107	36	6,841	2.3	65
Greece	10.6	178	1.7	98	55	1,382	0.8	21
Iceland	0.3	0	0	0	0	0	0	1
Italy	57.7	217	0.4	70	32	6,295	2.9	39
Luxembourg	0.4	1	0.2	0	0	25	2.8	1
Netherlands	16.1	50	0.3	0	0	1,348	2.7	9
Norway	4.5	27	0.6	15	57	994	3.7	14
Portugal	10.1	44	0.4	8	19	1,048	2.4	14
Spain	40.1	178	0.4	0	0	2,180	1.2	25
Turkey	67.3	515	0.8	391	76	2,731	0.5	46
United Kingdom	59.8	211	0.4	0	0	3,554	1.7	41
United States	<u>280.6</u>	<u>1,414</u>	0.5	<u>0</u>	0	<u>5,312</u>	0.4	<u>405</u>
Total	737.9	3,503	0.5	696	20	41,306	1.2	777
1999 Round of NATO Enlargement								
Czech Republic	10.3	50	0.5	25	51	604	1.2	11
Hungary	10.1	33	0.3	23	69	668	2.0	10
Poland	<u>38.6</u>	<u>163</u>	0.4	<u>81</u>	50	<u>1,575</u>	1.0	<u>32</u>
Total	59.0	246	0.4	129	52	2,847	1.2	53
2003 Round of NATO Enlargement								
Bulgaria	7.6	69	0.9	49	72	40	0.1	20
Estonia	1.4	6	0.4	1	24	3	0.1	7
Latvia	2.4	6	0.2	2	29	112	2.0	7
Lithuania	3.6	14	0.4	4	31	125	0.9	2
Romania	22.3	99	0.4	35	35	905	0.9	13
Slovakia	5.4	26	0.5	15	57	641	2.4	4
Slovenia	<u>1.9</u>	<u>9</u>	0.5	<u>5</u>	50	<u>86</u>	1.0	<u>2</u>
Total	44.6	227	0.5	111	49	1,912	0.8	55

SOURCE: Congressional Budget Office based on information from the Department of Defense; Central Intelligence Agency, *The World Factbook, 2002*; and International Institute for Strategic Studies, *The Military Balance, 2002-2003* (Oxford: Oxford University Press, 2003).

NOTES: MPSOs = multinational peace support operations. Numbers for population, troops involved in MPSOs, and airports reflect 2002 data. Numbers for active military personnel and conscripts reflect 2001 data.

a. Specifically, the number of airports that have paved runways larger than 2.4 kilometers.

Table 6.
Specialized Military Capabilities of Prospective NATO Members

	Light Infantry	Special Forces	NBC Defense Units	Explosive Ordinance Disposal Units	Military Police	Medical Units	Small Naval Units	Limited Airlift	Engineer or Logistics Units
Bulgaria	X	X	X				X	X	X
Estonia	X			X	X				
Latvia	X	X		X	X	X			
Lithuania		X				X		X	X
Romania	X	X			X			X	
Slovakia		X	X						X
Slovenia	X	X		X	X	X		X	

SOURCE: Congressional Budget Office based on information from the Department of Defense.

NOTE: NBC = nuclear, biological, and chemical.

Appendix: Cost Insights from the 1999 Round of NATO Enlargement

One method of estimating the impact on NATO's common budgets of admitting Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia into the alliance is to examine the estimated costs for the previous round of NATO enlargement. Those costs are estimated because the integration of Poland, Hungary, and the Czech Republic into the NATO infrastructure is still a work in progress, whose total cost will not be known for some time. NATO's Senior Resource Board (SRB) estimated in 1997 that integrating Poland, Hungary, and the Czech Republic into NATO would increase the common budgets by about \$1.5 billion over 10 years. The board has not officially updated that estimate. But according to data provided by the Department of Defense (DoD) and NATO, it appears that spending to date is in line with previous estimates, although the final cost will be somewhat less than originally anticipated, around \$1.2 billion to \$1.3 billion over the 1999-2008 period.

The 1997 SRB estimate was based on an evaluation of the infrastructure projects that were identified as necessary to maintain a minimum level of military interoperability between Poland, Hungary, and the Czech Republic and the other NATO members. Those projects had to be vital to the collective defense of all member nations to be deemed worthy of funding from the common budgets. The requirements were grouped and estimated in four categories:

- Consultation, command, and control (C3), which includes projects to link the communications of the new members' military headquarters into the NATO command structure;
- Air defense, which involves integration into the NATO Integrated Air Defense System as well as procurement and operation of common radars;
- Infrastructure needed to transport reinforcements and military supplies, which includes upgrades so that ports and air bases can receive cargo ships and aircraft from various member nations; and
- Training and exercises, which includes expenses related to common NATO exercises.

Through 2002, NATO had authorized about \$497 million worth of commonly funded infrastructure projects in Poland, Hungary, and the Czech Republic through the NATO Security Investment Program (see the Table A-1). According to DoD, that \$497 million figure represents a best estimate of the final value of the authorized

Table A-1.
Estimated Costs to the 19 Current NATO Members for the 1999
Enlargement Round (By calendar year, in millions of U.S. dollars)

	Actual					1999- 2002	Future (Estimate)	Total
	1999	2000	2001	2002				
Estimated Cost of Authorized Projects ^a	180	41	124	152	497	793	1,290	
Funding Provided to Date and Estimated Future Funding	18	16	58	144	236	1,054	1,290	

SOURCE: Congressional Budget Office based on data from the Department of Defense.

a. Authorized projects reflect projects that have been approved by NATO for common funding. Many larger projects are funded incrementally or may be cancelled altogether on the basis of the changing security environment.

projects. Because funds for many of the larger infrastructure projects are provided incrementally, the final value will not be known for some time. So far, NATO has provided about \$236 million for those projects through 2002 (with the United States contributing about \$52 million of that amount). On the basis of data from DoD and NATO on the total cost of the 1999 enlargement round, CBO expects that about \$1 billion in funding from the Security Investment Program will eventually be dedicated to projects in Poland, Hungary, and the Czech Republic.

Given the relatively large estimated 10-year cost of the 1999 round of NATO enlargement (\$1.3 billion), one might have expected to see more funding committed for projects in those countries over the past few years than has actually been committed. There are several reasons why that has not been the case. First, the original 1997 SRB estimate projected that most of the costs would occur during the latter half of the 10-year period. Comparing actual funding to date with the SRB estimate shows that the year-by-year amounts are very similar, which implies that the bulk of funding is still to come. Second, some of the more expensive projects, such as radar installations and upgrades to port facilities, are only starting to be constructed, and significant funds will be authorized for them in coming years. It is also possible that the SRB's \$1.3 billion estimate may ultimately prove too high. Because the decision to proceed with commonly funded infrastructure projects is driven by financial resources as well as by the security environment that exists when funding decisions are made, it is possible that NATO could decide to reduce the requirements postulated in 1997. In that case, not only would the 1999 enlargement round cost less than originally anticipated but future rounds could cost less as well.