



Committee Reports

DEFENCE AND SECURITY

GENERAL REPORT MISSILE DEFENCE AND OTHER CHALLENGES TO ALLIANCE UNITY

Hans Røsjorde (Norway)
General Rapporteur

International Secretariat
October 2001

CONTENTS

- I. [INTRODUCTION](#)
- II. [BALLISTIC MISSILE DEFENCE AND ARMS CONTROL](#)
 - A. BACKGROUND
 - B. THREATS TO ALLIANCE HOMELANDS
 - C. US MISSILE DEFENCE PROGRAMMES
 - D. ALLIED THEATRE MISSILE DEFENCE PROGRAMMES
 - E. ABM TREATY AND ARMS CONTROL
- III. [ENLARGEMENT](#)
 - A. BACKGROUND
 - B. EVALUATING THE NEW ALLIES
 - C. MEMBERSHIP ACTION PLAN
 - D. EVALUATING CANDIDATE COUNTRIES
- IV. [THE BALKANS](#)
 - A. THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA
 - B. KOSOVO
 - C. BOSNIA AND HERZEGOVINA
- V. [RUSSIA AND UKRAINE](#)
 - A. RUSSIAN DEFENCE REFORMS
 - B. UKRAINIAN DEFENCE REFORMS

I. INTRODUCTION

1. As NATO continues to adapt to the post-Cold War security situation, several defence issues have emerged as challenges to the unity of the Alliance. During the Cold War, the Soviet threat compelled the Allies to resolve their differences to ensure the common defence of their territories. Today, as an Alliance without an adversary, NATO finds that its long-simmering differences risk boiling over, threatening the transatlantic link that has served the democracies of the North Atlantic region so well for more than half a century.

2. It has become clear that the European allies and Canada are concerned about some of the possible consequences of the American effort to develop a missile defence system to defend against long-range missiles that might be fired by "rogue states." At the same time, several of the Allies outside the European Union have begun to view with varying degrees of concern the EU's efforts to build an autonomous European Security and Defence Policy, which some fear could undermine the Atlantic Alliance. If ESDP enhances NATO's capabilities to project force and sustain it longer, it will be successful and could help resolve long-standing American criticisms about unfair burden-sharing. If it results in no additional military capabilities, it could lead the United States to question why it continues to pledge American lives and dollars for the defence of a continent that should be willing to do more for itself. Also these potential divisions come as the Alliance will consider the admission of new members next year, a process that could exacerbate differences of opinion within NATO.
3. Recognising the importance of some of these issues, this Committee has charged its Sub-Committees with the task of examining key issues in more depth. The Sub-Committee on Transatlantic Defence and Security Co-operation will continue its look at ESDP in the report by Wim van Eekelen of the Netherlands. Since that report provides a detailed exploration of developments in ESDP over the past year, this report will not examine ESDP closely. Likewise, the Sub-Committee on Future Security and Defence Capabilities will continue its work on the Defence Capabilities Initiative and defence reforms in its report by Giovanni Lorenzo Forcieri of Italy.
4. This report will focus most of its efforts on missile defence, both long-range missile defence to protect North America and shorter-range theatre missile defence (TMD) systems. This issue has emerged as one of the most controversial within the Alliance, and it is not dealt with elsewhere in the Committee. This report also will look at the experience of NATO's last round of enlargement and the progress that candidate countries have made, as well as examining the security situation in the Balkans and defence reforms in Russia and Ukraine.

II. BALLISTIC MISSILE DEFENCE AND ARMS CONTROL

A. BACKGROUND

5. In his first months in office US President George W. Bush has reinforced the American position that a national missile defence (NMD) system to protect the 50 states is a question of "when, not if." However, the administration has been quick to consult with allies on the issue, as well as to de-emphasize the "national" in

national missile defence, expressing a willingness to include all US allies under a missile defence umbrella. For their part, the European allies and Canada have welcomed the Bush administration's consultations, but most remain to be persuaded of the need for such a system.

6. The main stumbling-block, as ever in missile defence, is the 1972 Anti-Ballistic Missile (ABM) Treaty, which prohibits the United States and Russia from deploying NMD systems; systems that would protect their national territory from intercontinental ballistic missiles (ICBMs). Each side is permitted a small site of 100 interceptors to protect the national capital or an offensive missile installation, but not the entire national territory. Arms control advocates argue that the ABM Treaty made the subsequent strategic arms limitation and reduction treaties (SALT and START) possible by assuring each side that its remaining missiles would be able to get through to their targets, enabling them to maintain deterrence with fewer missiles. Many proponents of arms control oppose NMD because they fear that abrogating the ABM Treaty will lead Russia to abandon the START process and retain 6,000 missiles at a time when it cannot afford to maintain such an arsenal safely. They also fear that China may feel compelled to greatly increase its arsenal of 18-20 ICBMs so that it can continue to deter a US attack, though China has taken a more confrontational tone toward the United States and is planning to build up its arsenal anyway. Nevertheless, a Chinese arms build-up could lead to an arms race with India and Pakistan.
7. US Defence Secretary Donald Rumsfeld has said that the distinction between NMD and TMD is not useful. He noted that while TMD may be deployed to protect forces in a theatre, it would defend the territory of the nation where those forces are deployed. Nonetheless, there is still an important distinction between national defence against ICBMs, which is prohibited by the ABM Treaty, and defence against shorter-range missiles, which is permitted. As is discussed in greater detail below, the United States and several other NATO countries are developing TMD systems against shorter-range missiles. NATO itself is conducting a TMD study that will develop an Alliance-wide TMD requirement by 2004. TMD comprises defences against anything from short-range threats against troop concentrations to theatre-wide systems that aim to protect a given territory against all missiles with a range of less than 3,500 km. Given that several potential missile threats are within this range of Europe, a TMD system could serve to defend the entire national territory of a European country. Conversely, threats to the United States and Canada would come from ICBMs.
8. This chapter will begin by assessing the missile threat to Alliance homelands. It will then look at the current state and likely development of the American programme to develop long-range missile defence, and TMD programmes in NATO and among its member countries. It will conclude by examining the likely path of arms control in the Bush Administration, including the prospect of dramatic unilateral reductions in the US nuclear arsenal. though

without formal arms control treaties.

B. THREATS TO ALLIANCE HOMELANDS

9. One controversial question surrounding missile defence is whether a threat exists great enough to justify the financial cost and possible political consequences of building missile defences. American intelligence analysis, upon which the US programme is based, indicates that several medium powers with interests contrary to those of the United States could have the capability to launch ballistic missiles against the United States by 2015 and can already strike European allies. These countries, known as "rogue states" in Washington, are in addition to declared nuclear powers Russia and China. Some critics of the programme challenge these conclusions about the missile threat or argue that there are more cost-effective, less destabilising ways to deal with the problem. Others note that terrorism involving nuclear, biological or chemical (NBC) weapons is more likely than an attack from a ballistic missile, a threat that missile defence does not address.
10. An unclassified intelligence briefing from the US Defence Intelligence Agency (DIA) to this Committee in February stated that several "rogue states" are soon likely to have the capability to launch intercontinental ballistic missiles (ICBMs) against the United States. North Korea could test an ICBM at any time, and it would be prepared to sell ICBM technology to any willing buyer. While testing of the two-stage Taepo Dong 2 ICBM is currently delayed for political reasons, DIA stated that the missile could carry a nuclear warhead at least 7,000 km, which would reach Alaska and Hawaii; if North Korea succeeds in adding a third stage, the missile could possibly travel as far as 12,000 km, which would threaten most of North America. DIA said Iran could possibly test a nuclear-capable ICBM by 2010 and is likely to do so by 2015. Iraq could test an ICBM by 2015 if sanctions proved ineffective and Russia offered assistance, or if Iraq bought an ICBM from North Korea, which has shown itself willing to sell missiles and technology. Iran and Iraq are said to be actively seeking assistance for their missile programmes from the former Soviet Union.
11. As for threats against the European allies, the US Office of the Secretary of Defence (OSD) published a report in January 2001 on "Proliferation: Threat and Response." The OSD report found that Iran currently possesses SCUD missiles with a range of 500 km, which could threaten the eastern third of Turkey. It states that Iran is developing a Shahab 3 missile, based on the North Korean No Dong, with a range of 1,300 km, which would threaten most of Turkish Anatolia. Iran may also be interested in purchasing North Korean Taepo Dong missiles: A Taepo Dong 1 (known by Iran as a Shahab 4) could reach all of Turkey and Greece; a Taepo Dong 2 (Shahab 5) could threaten all 17 European allies.
12. The OSD report states that Iraq possesses missiles with a range of 650 km. capable of striking the eastern half of Turkey. Iraq is

believed to be developing its own missile with a 950 km range. In addition, DIA told the Committee that Libya is looking into buying the existing North Korean No Dong missile, with a range of 1,300 km, which could threaten much of Southern Europe, including all of Greece, most of Italy, the western half of Turkey, and the Mediterranean coasts of Spain and France, including the Balearics and Corsica. The OSD states that Libya's existing SCUD missiles have a range of 300 km, which could reach Crete, though their operational status is questionable. Syria also has a SCUD missile arsenal with a range of 500 km, which could reach most of Turkey, according to the OSD report.

13. In addition to the "rogue states," Russia and China both possess ICBMs. The United States and Russia still operate in a world of mutually assured destruction (MAD), in which each side understands that a nuclear first strike would lead to an all-out counterstrike, destroying its own society. According to the OSD, Russia had 5,870 strategic warheads at the end of 2000, a figure that should drop below 3,500 by 2007 under the START 2 treaty. China is believed to have about 18-20 ICBMs with a range of 13,000 km, capable of reaching all of North America and Europe by flying over the northern polar region. The American report says that China has tested a mobile missile with a range of 8,000 km, which could reach all of Europe, western and northern Canada, Alaska, Hawaii, and the US Pacific Northwest. The OSD believes that this programme and a longer-range mobile missile programme "likely will increase the number of Chinese warheads aimed at the United States."
14. Critics of missile defence question some of the conclusions about technical capabilities reached by the DIA and the OSD. For example, a report by the Federation of American Scientists (FAS) finds that an untested North Korean Taepo Dong 2 missile armed with a nuclear warhead would have a maximum range of 6,000 km and could only strike Alaska. The FAS indicates that North Korea would have to conduct nuclear tests to develop a lighter-weight nuclear warhead that would allow the Taepo Dong 2 to reach any of the lower 48 states, or substitute a chemical or biological warhead. As for a three-stage missile that could threaten all of North America, the FAS states, "Although it cannot be doubted that time and effort could eventually achieve this result, deployment of a credible, let alone reliable, ICBM of this class would clearly require a more extensive infrastructure than has been evident to date." As for Iran, the FAS does not dispute that Iran could deploy a Shahab 4 or 5 missile based on the North Korean Taepo Dong, but expects that Iran would test such a missile before deploying it. While a Shahab 5 could threaten all of Europe, an Iranian ICBM to threaten North America would require extensive infrastructure and development, according to the report.
15. Critics, including many European officials, also note that threat is a product of capability and intent, and they question whether a country like North Korea or Iran would be willing to launch a nuclear missile at the United States at the risk of a devastating

nuclear counter-attack that would destroy their countries and their regimes. Critics note that the logic of deterrence that averted a nuclear exchange between the superpowers during the Cold War still applies, making it unlikely that such countries would ever launch a missile against the United States. Missile defence proponents respond that if "rogue states" could put an American city at risk, the United States might be unwilling to engage in operations like the Persian Gulf War to assist friends and allies around the world.

16. The European allies generally accept that proliferation of ballistic missile technology is a growing problem, but they question whether it is as great a threat as portrayed by American officials. A September 2000 study by the Atlantic Council of the United States found that many European officials believe that even those countries that obtain missiles would be unlikely to use them to threaten either Europe or the United States; in essence, while accepting US assessments of the capabilities of "rogue states," they are inclined to argue that an assessment of intentions is more important. European officials point out that these countries will develop shorter-range missiles that could strike Europe well before they could strike the United States, and they question the need for the United States to deploy long-range missile defences by 2004, believing any such threat to be much further down the road. These views appear to have changed little in the past year; a June 2001 threat-assessment briefing at NATO headquarters by Mr Rumsfeld caused one German defence official to comment afterwards, "The information was not new to us. We knew there were bad guys out there." As for Russia, Defence Minister Sergei Ivanov has said Moscow understands US fears of the North Korean missile programme, stating in June 2001 that he and Mr Rumsfeld had reached an understanding that both countries face more "multifaceted" threats than in the past. Russia and NATO are currently performing a joint assessment of the missile threat (see section D below).

C. US MISSILE DEFENCE PROGRAMMES

17. Since taking office in January 2001, the Bush administration has been committed to continuing and increasing the country's efforts towards the development of a ballistic missile defence capability. The notion of missile defence has come to encompass a shield that will protect the US and its allies from intercontinental ballistic missile threats from states of concern such as Iran, Iraq and North Korea. Mr Bush has accepted that the ground-based mid-course system pursued by former President Bill Clinton, formerly known as the National Missile Defence (NMD) programme, is the most viable starting-point. The defence secretary, Mr Rumsfeld, has indicated that he favours a layered defence that will begin as a land- and sea-based mid-course system and (depending on subsequent developments) eventually include boost- and terminal-phase intercepts, as well as space-based capabilities. Though the

previous target date for the deployment of a long-range missile defence shield was 2006 or 2007, Mr Bush hopes to have a missile defence system in operation by 2004. Domestic critics worry that the administration's hurry to deploy a system will result in an ineffective shield, while taking funds away from other defence programmes.

18. The Bush administration's agenda calls for research into multiple systems to target short-, medium- and long-range missiles at all three stages of flight < boost phase, mid-course and terminal phase. In a May 2001 speech at the National Defence University, Mr Bush spoke of the "substantial advantages of intercepting missiles early in their flight, especially in the boost phase." The Pentagon has placed special emphasis on the development of boost-phase intercept that will destroy a missile soon after launch, when it is big, slow, visible, and less likely to be deploy countermeasures. Boost-phase systems include the Airborne Laser (ABL), mounted on a Boeing 747 or an unmanned aerial vehicle (UAV), sea-based interceptors mounted on Aegis-class cruisers, and the Space-Based Laser (SBL), which would be deployed in a constellation of orbiting satellites. While space-based missile defences could theoretically provide global protection against ballistic missiles, there remains great psychological resistance to this concept, which was the goal of the Strategic Defence Initiative of the 1980s, derided by its critics as "Star Wars."
19. Land- and sea-based boost-phase intercept may actually work hand-in-hand with theatre missile defence (TMD) systems already being developed by NATO and individual allies for protection against short- and medium-range missile attacks. Moreover, a limited boost-phase intercept system might appear less threatening to Russia and China because interceptors would be limited to locations near Iran, Iraq and North Korea. While such a system could be deployed on a ship based off the coast of North Korea, the size and location of Iran and Iraq pose a more difficult challenge. One option is to ask Turkey to host missile defences and another is to ask Russia for assistance
20. Lt. Gen. Ronald Kadish, head of the Ballistic Missile Defence Organisation (BMDO), has said that DoD plans to build its missile defence capabilities by deploying blocks of capabilities twice a year, starting in 2004. In July 2001, the Pentagon described a \$2 billion plan to develop a triangle of air and ocean space in the Pacific Ocean as a missile test-bed. The test-bed, which is to be created in 2002, will connect test ranges on the coasts of California and Alaska with those in Hawaii and the Marshall Islands. DoD plans to upgrade existing testing facilities at Vandenberg Air Force Base in California, in Hawaii, and on the Kwajalein Atoll west of Hawaii. More controversially, it has proposed the incorporation of a new testing site at the Kodiak Launch Complex in Alaska and the construction of five interceptor silos at Fort Greely, Alaska. Critics such as Philip Coyle, the Pentagon's former top weapons tester, argue that the creation of another interceptor-launch site will violate the ABM treaty. Mr Rumsfeld and Paul Wolfowitz. his

deputy, have both said that the US will not violate the treaty, while expressing hope that a new security framework can be negotiated with Russia before next year. In July, John B. Rhinelander, an adviser to ABM Treaty negotiations in 1972 and a leading arms control advocate, testified before the Senate Foreign Relations Committee that the Alaska test site is legally permissible under Article IV of the treaty as long as the total number of US ABM launchers at the three test ranges (the other two being in Kwajalein and White Sands, New Mexico) does not exceed 15. The planned Alaska test site is already being described as the potential command centre for a working anti-missile system in 2004.

21. The intercept test of July 2001 was the first success since October 1999 (there were two failed flights in 2000), although it has also been criticised as taking place under unrealistically 'easy' conditions. Another more complex ground-based test with additional decoys is scheduled for October 2001, and there are five tests planned for 2002. BMDO and the US navy are coordinating sea-based tests in September and December 2001, with additional tests scheduled every two months thereafter.
22. Mr Bush's plans for missile defence face opposition both in Congress and from the military services. In September 2001 the Democrat-controlled Senate was to consider the administration's request for \$8.3 billion for missile defence < a \$3 billion, or 57%, increase from last year. Senate Majority Leader Tom Daschle said in August 2001 that Senate Democrats support increases in defence spending, but he advocated only a 10% increase for missile defence, which would free \$2.5 billion for other programmes that address "more imminent, more immediate threats." Senator Carl Levin, the chairman of the Armed Services Committee, has said that he will oppose any missile defence plan that violates the ABM treaty. The chairman of the Foreign Relations Committee, Senator Joseph Biden, warned that if Mr Bush pursues missile defence recklessly, "We have the votes to deny him the money to build the system." According to press reports, military leaders, speaking off the record, are concerned that plans for missile defence will take money away from defence priorities that they consider more important. Retired officers have been more outspoken; retired Gen. Gordon Sullivan, a former army chief of staff, criticised the emphasis on missile defence at the expense of traditional defence programmes and said that he was worried that Mr Rumsfeld would "propose a world in which we will be able to hide behind our missile defence," which he compared to France's pre-World War II Maginot Line.
23. The European allies are generally more favourably disposed to the idea of missile defence than they were a year ago, perhaps because they realise that US plans do not hinge on the question of 'if' there will be missile defence, but on 'how' it will be done. Some European governments are pursuing their own TMD systems, and all have agreed to the NATO TMD programme described below. Still, there remains scepticism toward long-range missile defences among European leaders who fear the political repercussions. such

as the effects it would have on the ABM Treaty, arms control, and relations with Russia and China. For example, during the visit of the Sub-Committee on Future Security and Defence Capabilities to the Netherlands, Secretary General F.A.M. Majoor, the top civil servant in the Dutch foreign ministry, acknowledged that the proliferation of intercontinental ballistic missiles (ICBMs) is a problem and he welcomed the American promise to develop its missile defence proposal in consultation with its allies. In March 2001, the NATO Secretary General, Lord Robertson, commended the Bush administration's move to drop the "national" from national missile defence, and to put missile defence into a larger strategy of nuclear and WMD security.

24. Throughout the summer of 2001, senior US officials, including President Bush, travelled to Europe to consult with leaders about what Bush has called "our common responsibility to create a new framework for security and stability that reflects the world today." These consultations have been relatively successful. In August 2001 British Foreign Secretary Jack Straw endorsed US missile defence plans in a paper for Labour Party MPs, though he did not say whether the United Kingdom would support the United States if it decided to upgrade its early-warning radar facility at Fylingdales or joint satellite communications links at Menwith Hill (similar facilities exist in Greenland). In July 2001, the German ambassador to the US, Wolfgang Ishinger, reiterated Germany's concern about spurring a new arms race, but added, "It is simply wrong to say that Germany is opposed as a matter of principle to missile defence." Other European allies, namely Italy, Spain, Turkey, Poland, the Czech Republic and Hungary, have all expressed their support for building a long-range missile shield. However, two US allies - France and Canada - do not accept the necessity or desirability of a BMD shield. "We do not deny the dangers of ballistic missile proliferation," said French President Jacques Chirac, "but we still have some reservations."
25. The constructive approach taken in the first months of the new Administration is to be commended. Officials have recognised that the European allies and Canada have legitimate concerns about the possible consequences of the American plans to deploy long-range missile defence and have shown a willingness to consult with US allies and take their concerns into account. The de-emphasis of the "national" part of National Missile Defence is welcome and reflects that missile proliferation would threaten allies on both sides of the Atlantic. While there remain reasonable questions about whether the threat justifies the cost of long-range missile defence, US officials have made it clear that they intend to go ahead with the project.
26. As for the European allies and Canada, they must continue to ask tough questions about whether US plans will increase the security of the Alliance or contribute to a destabilising arms race. At the same time, European allies must remember that the Washington Treaty pledges them to defend North America just as the North American allies are committed to defend Europe. This point cannot

be overstated. An attack on any one ally must be viewed as an attack on all, whether that ally be in Europe or in North America. NATO does not exist only to protect Europe; it exists for the common defence of the entire North Atlantic region. Just as the United States and Canada must consider the effect of their defence plans on Europe, so too must the European allies ensure that their policies toward missile defence contribute to the effective defence of North America.

D. ALLIED THEATRE MISSILE DEFENCE PROGRAMMES

27. As stated above, NATO is pursuing TMD as one aspect of extended air defence, in order to protect forces deployed in the field against short-range missiles. The Alliance is conducting a TMD study that will develop an Alliance-wide TMD requirement by 2004 so that NATO can make an informed decision on TMD, based on existing programmes and the additional capabilities NATO will need in order to provide flexible, layered, Alliance-wide TMD. NATO has allotted \$35 million for two industry-led feasibility studies, and total cost for a NATO TMD system could exceed \$2 billion.
28. In June 2001, NATO awarded contracts for the feasibility studies to Science Applications International Corporation (SAIC) and the Lockheed Martin Corporation, two American companies that included European partners in their bids, including companies affiliated with the European Aeronautic Defence and Space Company (EADS) and the government defence research organisations in Germany, the Netherlands and the United Kingdom. The studies are to be completed at the end of 2002, at which time NATO will define its requirement and move to the TMD project development phase, to be completed by 2004. The feasibility studies will focus specifically on tactical defence of forces, limiting allied TMD to a range of approximately 3,000 km. No NATO staff requirement has been proposed for an upper-tier system to defend European countries and populations.
29. In addition to the NATO TMD project, various TMD systems are being developed on a bilateral and multilateral level by the Allies, many of which may figure as components of NATO's Alliance-wide TMD system. These include land-based and sea-based systems, as well as lower-tier and upper-tier systems. The best-known of the land-based, lower-tier systems is the US Patriot air defence system. The latest version, the Patriot Advanced Capability-3 (PAC-3) is said to be a significant upgrade of the PAC-2 and is due to enter service in the next few years. In addition, France and Italy are currently engaged in the joint *Sol-Air Moyenne Portée/Terre* (SAM/T) programme, a land-based, lower-tier system, which is scheduled to come into service around the middle of this decade. The Medium Extended Air Defence System (MEADS), a tri-national land-based, lower-tier TMD project being undertaken by the United States, Germany and Italy, is scheduled

to come into service towards the end of this decade. A \$216 million (£254 million) contract for the initial design of MEADS was let in June 2001, after the German parliament approved funding.

30. Regarding sea-based, lower-tier TMD systems, the United States is developing the Navy Area Defence, which is based on the PAC-3 but will be integrated into Aegis cruisers and destroyers already in service. Initial deployment is planned for 2004. The Dutch navy is also looking at the SM 2 Block IVA for its next generation frigate. Spain has decided to buy the Aegis air defence system for its new F-100 frigates, but without the SM 2 Block IVA missile that would give it TMD capability. Like Spain, Norway will deploy an Aegis capacity on its new frigate, without TMD capability for now.
31. Russia has also offered to work with NATO on a joint missile defence plan. A boost-phase plan aimed at specific countries appears more appealing to Russia than limited defences against long-range missiles that could be expanded to neutralise Russia's nuclear deterrent. In February 2001 Russia offered the NATO Secretary General, Lord Robertson, a proposal for ballistic missile defence. Robert Bell, NATO's assistant secretary general for defence support, said that the Russian proposal called first for a common evaluation of the missile threat, which is under way. Russian officials suggested that cooperation could then progress to examining together how TMD ties in with air defence; evaluating how NATO and Russian hardware could work together in a coalition operation against an adversary armed with missiles; and determining whether to embark on a joint research and development programme. However, Mr Bell said that the latter step was unlikely in the short term.

E. ABM TREATY AND ARMS CONTROL

32. As mentioned above, the main negative consequence foreseen from US deployment of long-range missile defences is the possible abrogation of the 1972 ABM Treaty. Arms control advocates believe that treaty is the cornerstone of strategic stability that enabled the strategic arms reductions between Washington and Moscow. If the United States withdraws from the treaty, they fear that Russia would renounce its obligation under START 2 to reduce its nuclear arsenal below 3,500 warheads and refuse to pursue further reductions under a START 3 treaty.
33. Looking at the likely shape of arms control in the Bush administration, analysts note two paradoxical views. One is that many in the new administration are philosophically opposed to arms control treaties. The other is their view that dramatically deeper cuts in the US nuclear arsenal are in the American national interest, because billions of dollars are being wasted every year maintaining nuclear warheads that are not needed in the post-Cold War world. Though arms reductions are desired by both sides, and are therefore likely, arms control advocates fear the unilateral approach being adopted by Mr Bush. They believe that past success in strategic arms cuts was dependent on mutual agreement, trust

and confidence-building, codified in formal treaties.

34. Mr Bush declared in August 2001 that the United States will withdraw from the ABM Treaty "at a time convenient for America." The treaty permits either side to withdraw by giving six months' notice. While Mr Bush did not specify a date for US withdrawal, some observers have pointed to autumn 2001 as a possible deadline for giving notice. As noted above, US plans are to build an interceptor site in Alaska that may violate the treaty, and the short Alaskan building season means such construction would probably begin around April 2002. Administration officials have predicted that current missile defence research will "bump up" against the treaty "within months, not years."
35. Rather than negotiate limited amendments to the treaty, the administration is seeking Russian agreement to mutually abrogate it. Mr Wolfowitz said the US wants "a new security framework that reflects the fact that the Cold War is over and that the US and Russia are not enemies." The US goal is for Russia to agree to replace the treaty with a new, informal political arrangement that recognises the desire for joint efforts towards missile defence. "With the Cold War over, we don't see the need for a treaty regime here," said Condoleezza Rice, Mr Bush's national security adviser. Russian officials have indicated that they are open to amending the treaty, but oppose US plans to scrap it.
36. The US strategy derives from the ideological opposition that many in the Bush administration have to arms control and formal treaties in general. Many of Mr Bush's advisers believe that arms-control treaties restrict American freedom of manoeuvre while being disregarded by Russia when convenient. As a result, it is unlikely that the United States will seek to negotiate a START 3 treaty to reduce the number of strategic nuclear warheads held by either side. In testimony to the Senate Foreign Relations Committee in July 2001, John Bolton, undersecretary of state for arms control and international security, said a new security framework would not involve "formal agreements with hundreds of pages that count every warhead and pound of throw-weight. These are not going to be traditional arms-control negotiations with small armies of negotiators inhabiting the best hotels in Geneva for months at a time."
37. At the same time, the Pentagon is undertaking a review of the US nuclear arsenal and strategy to determine the size of the nuclear force that the United States requires to defend itself and its allies. The review must be completed by December 2001. In August, during meetings in Moscow with Mr Putin and other senior Russian officials, Mr Rumsfeld said that the issues of missile defence and nuclear arms reductions were related, but he refused to link them explicitly. Analysts speculate that the review may revise US nuclear strategy so as to enable dramatic reductions below the number of warheads needed to carry out the current operational plan, believed to be between 2,000 and 2,500.
38. Russian officials have suggested that their response to US missile defence initiatives could include measures like increasing the

number of warheads on existing missiles and extending the lifespan of heavy missiles, but funding of these steps may prove difficult. Increasing military exports by the Russian government and assistance to "rogue states" in upgrading and achieving nuclear technology is viewed by some Russian observers as the only economically feasible Russian "response" to the new US initiatives. After his June meeting with Mr Bush in Slovenia, Mr Putin warned that US withdrawal from the treaty would end the mutual verification of future arms reductions and, in turn, create the potential for rapid rearmament. He also stated that this would give Russia the right to withdraw from START 1 and 2 because Russia too would want to be free of treaty constraints. During his meeting with Mr Rumsfeld in Moscow in August 2001, Mr Putin said that Russia would not withdraw from the ABM Treaty, and he underlined the link between it and the START treaties.

39. The ABM and START treaties are bilateral agreements between Washington and Moscow; nevertheless, changes in the arms-control framework may have an impact on the security of other countries. While reductions in the US and Russian nuclear arsenals are to be welcomed in any form, the Bush administration's stated rejection of the arms-control process is worrying. Mr Bush's desire to move beyond the Cold War framework that governed relations with Moscow is admirable, but it fails to take into account Russia's legitimate security concerns and fears that its deterrent capability will be rendered useless. Unless the United States works with Russia to secure a verifiable arms-reduction treaty and assures Moscow that its deterrent will not be jeopardised by missile defence, the abandonment of the arms-control process could result in a more dangerous world. Russia may react by keeping more missiles than it can safely maintain, keeping those missiles on hair-trigger alert, and proliferating nuclear technology to other countries. While the United States may well need to deploy limited defences against rogue states with long-range missiles, this project should not come at the expense of mutual, verifiable reductions in strategic nuclear weapons.

III. ENLARGEMENT

A. BACKGROUND

40. At its 1999 Washington Summit, NATO pledged to revisit the issue of enlargement its next summit, to be held no later than 2002. That meeting has now been scheduled for autumn 2002 in Prague, leaving the Alliance with little more than a year to decide which of the nine candidate countries has met the political and military criteria for membership that were set out in the 1995 NATO enlargement study. The nine countries themselves - Albania.

Bulgaria, Estonia, Latvia, Lithuania, the former Yugoslav Republic of Macedonia*, Romania, Slovakia and Slovenia - proposed in 2000 that they be admitted together, a strategy that has come to be known as the "Big Bang." Officials from NATO countries have admitted that such a step is unlikely. At the same time, some observers have argued that a failure to invite at least one new member in Prague will lead these countries to question the "open door" policy that NATO has pursued since 1995.

41. The experience of the latest round of enlargement in 1999 - the fourth enlargement round in NATO's history - provides some lessons for the Alliance for its next round. Ultimately, the decision on which countries to admit will depend on a subjective judgment as to whether they meet the criteria set out in the 1999 Washington Summit Communiqué that they be "willing and able to assume the responsibilities and obligations of membership, and as NATO determines that the inclusion of these nations would serve the overall political and strategic interests of the Alliance and that the inclusion would enhance overall European security and stability." This chapter will first examine some of the conclusions drawn from the last round of enlargement, then provide an overview of the nine candidate countries.

B. EVALUATING THE NEW ALLIES

42. An October 2000 report by the US Congressional Budget Office offers an interim assessment of the three new allies' contribution to the Alliance. The CBO found that some measures indicate that the new allies are moving towards making proportional contributions to the Alliance. Poland and the Czech Republic have increased their defence budgets relative to gross domestic product (GDP) to about the average for the other European NATO members. All of the new allies are contributing personnel to Operation Joint Guardian in Kosovo (KFOR) at levels that are comparable to those of similarly sized long-standing NATO members. All three have successfully created Western-style command structures and are taking steps to modernise their forces.
43. The new allies share some common challenges as well, especially in restructuring their militaries and overcoming the debilitating legacy of Warsaw Pact military doctrine. While the armed forces of all three new members are firmly in the hands of civilian defence ministries, the CBO found that a lack of civilian defence experts in the legislative branch has resulted in less parliamentary oversight than might be desired. Moreover, all of the new allies need to develop larger non-commissioned officer (NCO) corps and junior officer corps, and imbue these new officers with a better leadership qualities, moving away from the Warsaw Pact model of absolute reliance on top-down, centralised authority. All three countries share a need to modernise their equipment. However, this is a lesser problem, which can be addressed mainly by upgrading weapons platforms and buying communications gear that is interoperable with NATO's systems.

44. Most of the costs of defending the new allies will be paid by the countries themselves. However, there are also common costs of enlarging the Alliance that NATO has agreed to bear collectively, totalling almost \$1.5 billion (£1.75 billion) for the 10 years 1999-2008. That figure is composed of costs associated with expanding NATO's command-and-control network into the three countries (\$130 million over 10 years); incorporating the new allies into the NATO Integrated Air Defence System (\$581 million); building reception facilities to accommodate reinforcements from allied countries (\$699 million); and conducting training and exercises (\$42 million).

C. MEMBERSHIP ACTION PLAN

45. During a visit of the Sub-Committee on Future Security and Defence Capabilities to NATO headquarters in May 2001, a senior NATO official familiar with the Partnership for Peace (PfP) countries said that none of the nine applicants for NATO membership currently met the criteria to join the Alliance. The official said that he expects that some applicants will have made adequate progress by Autumn 2002, when NATO heads of state and government will meet in Prague to decide whether to invite new members. While some countries are "less unprepared than others," even those countries have much work to do over the next year.
46. The NATO official discussed the Membership Action Plan (MAP), noting that the Alliance's International Staff gave the nine candidate countries a long list of preparations needed before they could become members. Those preparations fell into five categories: political, economic, defence, security and legal. The official said that the candidates tend to regard the MAP as a checklist and believe that once they fulfil the list, they will be admitted to the Alliance, whereas in reality the final decision is a political one that will be taken by the 19 member-countries. The MAP is only as a guide for countries, but it entails reforms that will benefit the candidate countries regardless of when they join NATO. For example, the MAP's emphasis on defence reforms has helped the aspirant countries to develop planning systems and future-year defence plans for the first time, which will allow them to develop their armed forces rationally. The most important shortcoming that candidates must overcome is the lack of people trained in English, the main language of the NATO military structure.

D. EVALUATING CANDIDATE COUNTRIES

47. After the army in **Albania** practically disintegrated during the 1997 crisis, the country adopted a restructuring plan in 2000 focused on re-building the army by 2004. Albanian active-duty forces currently number about 40,000, to be reduced to around 19,000 by 2006. Albania needs to remodel its armed forces away from top-heavy structures towards a NATO-style structure. Although

Albania has drafted legislation establishing civilian control of the military, analysts like Jeffrey Simon of the US National Defence University (NDU) believe much remains to be done to bring this about in practice.

48. Albania's defence budget grew from \$43 million (£51 million) in 1999 to about \$60 million (£70 million) in 2000. Spending has been directed towards collecting and destroying small arms and excess munitions which were stolen in great numbers during the 1997 crisis, as well as upgrading Albania's infrastructure, as it became evident during the 1999 Kosovo crisis that Albania's infrastructure cannot adequately meet NATO host nation support criteria. NATO significantly upgraded Albania's communications and transportation facilities during the Kosovo war, and KFOR is now working with Albanian engineers to upgrade two routes from Albania to Kosovo and one to the former Yugoslav Republic of Macedonia in case the conflict in the latter country threatens supply routes to Kosovo. According to the US Congressional Research Service (CRS), Albania has achieved "a very basic level of interoperability with NATO" by participating in joint PfP exercises, but its poor economic performance will likely impede the restructuring and modernisation of its armed forces.
49. The armed forces in **Bulgaria** comprised about 79,760 active-duty personnel in 2000, down from 107,000 in 1998. The total included some 49,000 conscripts. In addition to its active forces, Bulgaria maintains about 300,000 reserves. Due to the Warsaw Pact legacy, Bulgaria faces the challenge of restructuring and downsizing large and top-heavy forces. Accordingly, as of October 2001, the term of conscription will be reduced to six months for university graduates and nine months for others. However, analysts like Mr Simon at NDU note that officer career advancement is often based on patronage rather than performance, and officers trained abroad are used improperly.
50. Bulgaria's defence budget rose to \$350 million (£410 million) in 2000, about 2.3% of GDP, after several years of decline. A CRS analysis found that modernisation, equipment maintenance, logistical support and training are inadequate as a result of low defence spending. Nevertheless, Bulgaria was able to allocate some extra resources for implementing the MAP objectives in 2000. The country's Plan 2004 envisions slashing the size of Bulgaria's military to 45,000, reducing levels of military equipment and closing down some military bases and academies, which should provide budgetary savings that could be redirected to equipment modernisation and training.
51. The military in **Estonia** comprises about 4,800 active-duty personnel across three services, of which conscripts account for more than half. The army is organised around battalion-sized units. As of 2000, the Estonian army included one artillery, one air defence and six infantry battalions as well as one rapid reaction battalion, deployable with the Baltic Battalion (described below). The Estonian objective is to augment the size of its armed forces with reserve personnel to enable the country to mobilise a force of

25,000 to 30,000 within the next five years. Apart from instruction at the Baltic Defence College based in Tartu, more than 40% of officers (including most air defence and navy officers) receive specialist training abroad. Ideally, all key military staff should be able to communicate in English by the end of 2002. A total of 113 military personnel took English-language classes in 2000.

52. Estonian defence expenditures increased from \$71 million (£84 million) in 1999 to \$75 million (£88 million) in 2000 and were mainly allocated to air surveillance, infrastructure construction, procurement and mobilisation capabilities. Estonia plans to raise its defence spending to around 2% of GDP by 2002, up from 1.6% in 2000. Foreign assistance helped Estonia procure modern communications equipment, light armament and anti-tank weaponry for infantry units. Procurement was mainly focused on light infantry weapons and NATO interoperable communications systems in 2000. In 2001 Estonia plans to equip its air surveillance system with a three-dimensional radar, to continue modernisation of anti-tank weaponry and to acquire naval mine-countermeasure equipment. It does not possess any tanks or combat aircraft. Estonia's priority in enhancing its host nation support capabilities is the reconstruction of the Amari airfield, building of mobilisation depots and improvement of training centres.
53. The armed forces in **Latvia** consist of 5,410 active-duty personnel, roughly two-thirds of whom are professionals, plus a 14,000-strong national guard. One company of Latvia's First Infantry Battalion is now available for NATO-led out-of-area operations, and preparations are underway to make the whole battalion available for deployment abroad by 2003. Latvia has adopted a NATO-compatible military doctrine with a delegation of responsibility to lower officer ranks and a commitment to increasing the number of non-commissioned officers vis-à-vis top military officials. It has improved the quality of life of its military personnel by raising salaries and providing adequate housing and health care. By the end of 2002, all key Latvian personnel will, at a minimum, have a professional-level knowledge of English as defined by NATO.
54. Latvia's defence budget has been continuously increasing over the past three years, from \$52 million (£61 million) in 1999 to \$87 million (£102 million) in 2001. Expenditures are projected to reach \$176 million (£207 million) by 2003, roughly 2% of GDP. Priorities include developing a self-defence capacity for the national territory, becoming interoperable with NATO forces, and participating in international peacekeeping missions. Latvia's stock of equipment includes three outdated T-55 tanks, 13 armoured personnel carriers, and two reconnaissance vehicles, but no combat aircraft. Latvia has adopted NATO's host nation support doctrine and procedures, and has designated three seaports and two airports to be used to support allied forces.
55. **Lithuania** has about 10,500 troops in its active-duty armed forces and 11,000 in the National Defence Volunteer Forces, a paramilitary force, according to Brig. Gen. Jonas Kronkaitis, the top military commander, who briefed the Committee during its

meeting in Vilnius in May 2001. The force consists of two brigades with a total of seven battalions, plus three independent battalions. In addition, Lithuania can draw on its pool of 38,000 reservists if the need arises, and it plans to maintain conscription to increase the number of trained citizens. Lithuania has renovated its military structures to ensure proper training facilities and adequate housing for its personnel. Lithuania's officers receive a Western-style military training, much like their Latvian and Estonian colleagues.

56. Lithuania is focused on building a capability that will enable it to defend its territory against any aggressor and to operate together with NATO forces should the Alliance assist them in this effort. Moreover, Lithuania has been committed to fulfilling the MAP goals, but has found it challenging to find the financial resources to do so. Lithuania appropriated 1.7% of GDP for defence in 2000 and 1.9% in 2001, with the budget at roughly \$210 million (£247 million). Plans call for an increase in defence spending to about 2% of GDP in 2002, with an emphasis on procuring equipment that meets Western standards but without "dumping scarce resources into high cost, high-technology weapons," General Kronkaitis said. Lithuania wants to rely on its own resources where possible, such as when it assembled new, NATO-interoperable radios based on French and Polish technology. At present, Lithuania has 11 reconnaissance vehicles, 37 armoured personnel carriers and modern anti-tank weaponry, but it does not possess any tanks, combat aircraft or heavy artillery.
57. Estonia, Latvia and Lithuania have jointly established a Baltic Defence College (BALTDEFCOL) in Tartu, Estonia, with the aim of providing professional training for military personnel and for enhancing interoperability among the three Baltic countries. The first class of officers graduated from BALTDEFCOL in 2000. Other joint projects include the Baltic Battalion (BALTBAT), a 666-strong unit composed of three rifle companies, one from each nation, a multinational logistics company, and a multinational headquarters and support company. Baltic defence officials say that BALTBAT has enabled their militaries to develop elite units able to work together with NATO in Balkan peacekeeping operations. The BALTRON naval squadron brings together one vessel from each country, plus a staff and support vessel, and it focuses on mine hunting and dealing with potential environmental threats. Finally, the three countries set up an integrated air surveillance system, BALTNET, that is an outgrowth of NATO's Regional Airspace Initiative.
58. Since February 2001, **the former Yugoslav Republic of Macedonia** has been plagued by an ethnic Albanian guerrilla insurgency that has exposed the weaknesses of the Macedonian army. It numbers about 16,000 active-duty forces, with about 8,000 conscripts and 60,000 reserves. In addition, the country has some 7,500 troops in its paramilitary police units. According to Jane's Defence Weekly, the Macedonian army is "poorly equipped, badly trained and led," one of the key reasons why the government has been unable to quell the current insurgency. The officer corps is too

large, old-fashioned and top-heavy, while the army lacks experienced non-commissioned officers.

59. While the Macedonian defence budget increased from \$66 million (£78 million) in 1999 to \$77 million (£91 million) in 2000, its resources have proved insufficient to fund counter-insurgency operations while undertaking equipment maintenance, training and procurement. Macedonian defence resources for 2001 have been supplemented out of a \$690 million (£810 million) reserve budgetary fund to continue weapons procurement and fighting the insurgents. Because most military equipment was taken out of the country to Belgrade after independence was declared in 1991, Skopje has had to rely donations of (mostly obsolete) equipment from the West and some Eastern European countries, notably Bulgaria. The country has received 150 outdated T-55 tanks, 133 armoured personnel carriers and some 150 pieces of artillery. It recently purchased two used attack helicopters and six transport helicopters from Ukraine, which were a major boost for its air force, and sources indicate that the Macedonian army intends to procure more equipment from countries like Croatia.
60. The active forces in **Romania** number 98,000 personnel, including officers, non-commissioned officers, 16,000 professional soldiers and 33,000 conscripts. Romania has reduced the number of its military personnel from 207,000, in line with the Defence Ministry's 2000 strategy paper. Also, it is continuously decreasing the number of senior officers, so that by the end of 2003 the ratio of officers to non-commissioned officers will be 1:3. In accordance with NATO doctrine, Romania is striving to decentralise its decision-making in the military, with more responsibility delegated to officers and NCOs. According to the former chief of the general staff, Gen. Mircea Chelaru, the Romanian army has four high-readiness battalions and two rapid reaction brigades composed almost totally of professional troops available for NATO peacekeeping operations.
61. Romania's defence budget rose \$40 million (£47 million) in 2001, to a total of \$982 million (£1.16 billion), approximately 2.2% of GDP. Defence expenditures should increase gradually from \$1.04 billion (£1.22 billion) in 2002 to \$1.29 billion (£1.52 billion) in 2005, keeping the share of defence spending at around 2.6% of annual GDP. Personnel expenditures have been allocated at around 50% of the 2001 budget, while equipment modernisation and procurement comprise approximately 37%. Romania's stock of arms includes tanks, armoured personnel carriers, fighter aircraft and navy ships, which are currently being upgraded. It also acquired NATO interoperable communication and surveillance systems, including UK Panther-type radios and Lockheed-Martin FPS-117 radar. Romanian officials claim that the country has adequate infrastructure and support capacities for hosting allied forces on its territory. While Romania has made some progress in implementing military reform, its major challenge in Mr Simon's analysis has been to "balance MAP objectives with scant available resources."

62. The army in **Slovakia** undertook major personnel reductions following the break-up of Czechoslovakia, going from 53,000 active duty troops in 1993 to the current 30,000. The force will be further cut down to about 24,000 by 2010. The army is divided into an army corps and an air corps, with an additional elite rapid deployment unit of 600 personnel, suitable for peacekeeping operations. The term of conscription has decreased from 18 to nine months in 2000, and conscripts currently comprise about 35% of the Slovak army manpower, according to a US army analysis. While Slovakia reportedly has one of the best armed forces among the applicants, it nevertheless faces difficulties much like the other candidates. The ratio of top-ranking officials vis-à-vis NCOs and junior officers needs to be reversed and professional performance has to improve. Slovak armed forces have started an English-language training programme to comply with NATO interoperability standards.
63. Slovakia's defence budget rose in 2000 for the first time after five years of decline, and defence spending in 2001 is to reach \$367 million (£432 million), which is about 1.89% of Slovakia's GDP. Slovak Defence Minister Josef Stank says the government plans to allocate a similar percentage of GDP for defence in the coming years. Most defence expenditure currently goes toward operating and personnel expenses, and all major equipment modernisation has been delayed, according to the US analysis. In 2001 12% of the defence budget has been devoted to equipment modernisation and procurement, but the government intends to allocate up to 22% of future years' budgets for this purpose. Plans call for replacing Soviet-made aircraft with a modern, multi-role fighter, while Soviet-made tanks will be retained for the moment but will undergo a major upgrading. Slovakia has adequate communication and transportation infrastructure to comply with host nation support criteria.
64. The active-duty force in **Slovenia** numbers about 7,100 troops, of whom 4,100 are professionals, and it could mobilise reservists for a total wartime force of about 47,000 troops. The military is divided into a reaction force of one brigade, main defence forces of seven brigades -including aviation, air defence, and coastal defence - and territorial defence reserves. Since Slovenia has no Warsaw Pact legacy, officials say their military needs less restructuring than those of the other applicant countries. A restructuring plan currently before parliament aims to shift the emphasis from static territorial defence to more mobile forces, including the elimination of all main defence forces without an active-duty core and a streamlining of the top-heavy command structure. Personnel reductions are expected to increase the money available for modernisation, which will focus on interoperability with NATO forces. In response to criticisms about coordination between the defence ministry and military headquarters, Slovenia has reorganised its working group for co-operation with NATO so as to better harmonise its MAP efforts.
65. Slovenia's defence spending was \$222 million (£261 million) in

2000, 1.23% of GDP, the lowest level in five years, due to decreased government revenue and delays in planned procurement. The defence budget for 2001 is \$275 million (£325 million) or 1.5% of GDP, and defence spending in 2002 is scheduled for a significant 20% increase, if economic conditions permit. Slovenia plans to acquire attack helicopters for its developing rapid reaction force, which would be a brigade-sized unit composed of a mountain warfare battalion, a motorised battalion and a light infantry battalion, suitable for combat, peacekeeping or humanitarian operations. Slovenia's stock of arms consists mainly of former Yugoslav weaponry, including tanks, armoured personnel carriers and artillery. Most of the equipment is believed to be obsolete and needs to be replaced. Analysts believe that the country's vibrant economy makes it possible for Slovenia to devote sufficient resources for equipment modernisation and achieving interoperability with NATO.

IV. THE BALKANS

A. THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

66. As this report was being finalised, NATO had begun to deploy more troops to South-eastern Europe in an effort to end another inter-ethnic conflict. On August 22, 2001, the North Atlantic Council approved sending a force of 3,500 troops to the former Yugoslav Republic of Macedonia to help disarm ethnic Albanian rebels. On Aug. 13, government officials and representatives of the country's ethnic Albanian minority had signed a peace agreement designed to end the seven-month guerrilla insurgency that had driven the country to the brink of civil war.
67. According to the agreement, which grants greater political and language rights to the ethnic Albanian community, the rebels were to surrender their weapons to troops from 12 allied countries during a 30-day period. NATO had agreed to deploy the force, named Operation Essential Harvest, only after a peace accord was signed and a stable cease-fire was in place. Led by British troops, the force was to include soldiers from the Czech Republic, France, Germany, Greece, Hungary, Italy, the Netherlands, Norway, Spain, Turkey and the United States. At the time of this writing, several issues remained unresolved, such as whether Parliament would ratify the agreement and the sequence for disarming the rebels and implementing the terms of the agreement. While the rebels were not involved in the negotiations, they vowed to respect the peace agreement. The political details of the accord are discussed in the general report of the Political Committee, by Markus Meckel of Germany.

68. Sporadic violence began in February 2001 and grew more serious in March, then intensified in April after NATO permitted Yugoslav army forces to re-enter the Ground Security Zone between Kosovo and Serbia proper. That 5 km strip of Serbian territory had been a buffer between Yugoslav forces and KFOR, but ethnic-Albanian guerrillas had turned it into a base for operations in the Pre_evo Valley, an Albanian-majority area of Serbia proper. After the Yugoslav army re-entered the valley, many of the rebels moved south across the border into the former Yugoslav Republic of Macedonia. These guerrillas formed the core of the self-styled National Liberation Army (NLA) in that country and provided the most experienced fighters. The key leadership figures are believed to have been previously with the Kosovo Liberation Army (KLA), and some are reservists in the Kosovo Protection Corps (KPC). Through a combination of a successful recruiting drive among the ethnic Albanians who comprise about a third of the Macedonian population and reinforcements entering from Kosovo, the NLA grew from a relatively small group of about 200 fighters to a force estimated at up to 4,000 men. Analysts say that the rebels are very well armed, perhaps better than the Macedonian army, which could cause problems for NATO troops if the accord breaks down.
69. The NLA was operating mainly in the north-western part of the country bordering on Kosovo and Albania. It is a mountainous region with dense forests and a dozen villages with predominantly Albanian populations that provide cover for the NLA guerrillas. The villages have often limited road access and can be easily occupied and rapidly abandoned. Given their intimate knowledge of terrain, the guerrillas can move from one place to another very fast, and they are regularly re-supplied with arms and men via the Kosovo-Macedonia border. The NLA engaged the Macedonian army and police in a hit-and-run tactics, prompting them to respond with heavy artillery which resulted in damaged homes and civilian casualties. This tactics won the NLA more recruits and support from the Albanian population as Macedonian troops were forced to occupy Albanian villages in their effort to recapture territory held by the rebels. Since May KFOR has strengthened its border patrols in an effort to prevent armed individuals from entering Macedonia, but there is evidence that KFOR troops were not able to cut off the NLA's supply routes completely.
70. The guerrillas gradually increased their hold over the north-western part of the country up to August 2001, when the peace agreement was signed. Earlier in the year, the guerrillas had advanced to a suburb of Skopje, threatening to shell the city's oil refinery and airport, which is used by NATO to supply KFOR. The fighting was of particular concern to NATO because its main communication line to Kosovo runs through the country, and 4,000 personnel from 17 countries in the KFOR Rear command, headquartered in Skopje, faced the possibility of coming under fire.

B. KOSOVO

71. KFOR operations in Kosovo have taken on new tasks over the last six months. Apart from urban and rural patrolling and protection of Serbian enclaves in Albanian-majority areas, KFOR has set up border observations posts and checkpoints to interdict Albanian guerrilla movement from Kosovo to southern Serbia and Macedonia. The need to divert resources to border surveillance is stretching the 40,000 troops in Kosovo to their limit, but they have been largely successful in stopping the extremists and collecting weapons. Despite his previous insistence that the US contingent in Kosovo be reduced, President Bush acknowledged in July that "America's contribution is essential, both militarily and politically," and he stated that US forces in Kosovo will not be drawn down "precipitously or unilaterally." NATO defence ministers in June decided that KFOR's overall force levels and structure will be maintained, but they ordered a study into future force structure to be completed by December.
72. Following the re-entry of Yugoslav troops in the Ground Safety Zone, KFOR established a liaison with the Yugoslav military to coordinate monitoring of the Kosovo border with Serbia proper. The Serbian deputy prime minister, Nebojsa Covic, who negotiated the return of the Yugoslav security forces, said that the Yugoslav government has prepared a plan that would allow Yugoslav troops to re-deploy to Kosovo to serve alongside KFOR in order to protect Serbian enclaves and oversee the return of approximately 180,000 Serb refugees to Kosovo. Yugoslav officials contend that KFOR does not do enough to prevent attacks against the Serbs, which routinely occur in the province. At the time of this writing, NATO had not discussed the plan.
73. The French brigade based in the divided northern city of Mitrovica has been strengthened by Spanish-Italian and Norwegian companies to assist in patrolling the city, riven by almost weekly rioting by the Albanians and the Serbs. Another challenge for KFOR has been to identify and arrest former KLA and current KPC members who have become involved in the Macedonian insurgency.

C. BOSNIA AND HERZEGOVINA

74. While NATO defence ministers decided in June 2001 not to make any major changes to the SFOR force structure, they did order the Alliance to prepare a medium-term strategy for the operation in time for their informal meeting, planned for Naples, Italy, in September 2001. At the same time, they authorized a "moderate reduction in troop levels" from the existing level of 20,000 to 16,000. Earlier this year, American officials had indicated their desire to withdraw all US troops from the Balkans, but they have decided instead to cut their SFOR contingent of 3,500 by about 600 to 700.
75. While the situation in much of Bosnia and Herzegovina is improving, there have been several incidents this year that indicate that there remains a need for NATO troops in the country. In April

2001, activities by Croat nationalists to separate from Bosnian-Croat federation structures culminated in a tense confrontation. When United Nations investigators raided offices of a bank controlled by Croat nationalists, mobs in Mostar and other Croat-majority cities destroyed records and detained UN administrators. SFOR troops were forced to intervene to protect the UN officials, and 18 soldiers were injured in the process. The bank had been turned into a source of funds for the hard-line Croatian Democratic Union (HDZ) party, which had lost its economic support from Croatia after the election of a new democratic government there last year. Just a few weeks later, in May 2001, a Bosnian Serb mob of more than 1,000 people rioted at the opening of an Islamic centre in Banja Luka, beating dozens of Muslims and forcing UN officials to take refuge inside the centre.

V. RUSSIA AND UKRAINE

A. RUSSIAN DEFENCE REFORMS

76. The Russian army faces various socio-economic problems, which often make it incapable of implementing its defence and security mission. The most obvious evidence of this problem is the ongoing armed conflict in Chechnya, which has lasted since 1994. No solution is seen based on the current conventional military force, and many analysts agree that the second phase of the military operation in Chechnya has been even less successful for the Russian military. Poor quality of life and delays in paying salaries force professional officers to quit the army (70% among them are under 30), so Russian military units lack about 30% of the authorized officer corps. Russian military and security stability is challenged by high crime rates in the army, the selling of ammunition by soldiers and officers alcohol, and drug abuse, and violent hazing that leads to dozens of deaths and suicides each year.
77. The technical conditions and the level of training of the Russian armed forces have also been deteriorating due to the lack of finances. Disrepair of military equipment currently reaches threatening levels in the Russian army: 40% of anti-aircraft defence, 40% of the helicopter fleet and half the fixed-wing aircraft. Finally, according to the analysis by the Russian general staff, up to 70% of army equipment is currently outdated. The only military force still capable of meeting strategic challenges is the Strategic Rocket Forces, where vital technological improvement is financed at the expense of other military units.
78. In March 2001, Russian President, Vladimir Putin, replaced his defence minister, Marshal Igor Sergeyev, with Russia's first civilian defence minister. Sergei Ivanov. Mr Ivanov. however. had

been a lieutenant general in the Russian intelligence service before retiring last year. Reports indicate that Mr Putin made the move because he was frustrated with the pace of defence reforms, though officially he stated that a civilian was installed in the post "as a step toward the demilitarisation of society in Russia." Indeed, Mr Ivanov's most difficult struggle will come with generals who "are not capable of reforming but are collectively very good at obfuscating and blocking every new initiative," according to the newspaper Izvestia.

79. Although Russia has its first civilian defence minister, this is not likely to increase the level of civilian control over military spending and planning. Lyubov Kudelina, the deputy minister of defence for finance, has long been an advocate of keeping the military budget secret. The State Duma defence committee has never been an effective mechanism for parliamentary control over defence spending and reform, but rather an advocate for various "power ministries" and the military industry. Andrei Nikolaev, the chairman of the Duma defence committee, said that the slow pace of Russian military reform was due to a lack of political direction.
80. In January 2001 Mr Putin signed a plan to reform the armed forces that would cut personnel levels from 1.2 million to 850,000 by 2005, while maintaining or increasing the defence budget of \$7.2 billion (£8 billion). The plan aims to transform the military into a smaller, more professional force that provides greater funding on a per-soldier basis. This reduction would cover not only the MoD forces, but also some other security and paramilitary structures, which constitute the so-called "power ministries" (interior ministry, special security forces, and others). The other power ministries' forces, which number about 800,000, would be cut by a total of 105,000 troops, 33,000 of whom would come from the Interior Ministry. These figures, however, do not include personnel in the regional police (militia) or security services (OMON), the latter doing much of the fighting in Chechnya. Figures for those units are difficult to come by.
81. Many analysts note that the slow pace of defence reform is also due to a nostalgia for the days of the Soviet military by some in the Defence Ministry and the armed forces, which motivates them to block reform. The latter is clear from the great controversy between Mr Putin's reform plan and the actual policy of the MoD. In contrast to the personnel reductions announced by Mr Putin last year, the MoD initiated a legislative change in the State Duma this year which would expand the social group for conscription by lifting extensions for students. Another feature of the current system of conscription is that it provides military commands with a source of cheap labour to be employed by local commercial enterprises. There is strong opposition to such a move inside the MoD, because many officers supplement their meagre salaries by hiring out the rank-and-file conscripts under their command.
82. Indeed, a key difference between different concepts of military reforms in Russia is the question of a professional army. Opponents of professionalisation - including many officials in the MoD, the

defence industry, and the left-wing and nationalist parties in parliament - cite the strategic need for Russia to be able to mobilise a large force to defend the national territory along the lines of World War II. This is an argument that cannot be entirely dismissed. Russia has a large national territory and would require a large army to defend that territory if a populous neighbour were to invade. An influential Russian think tank, The Institute of Economies in Transition, chaired by former prime minister, Yegor Gaidar, recently proposed a military reform concept in line with the those concerns. According to this paper, the period of conscription service should be reduced to six months and focused on basic military training. Also, conscripts should be trained in special centres apart from the professional servicemen who, according to this proposal, would constitute the core of the Russian conventional military force. The cost of this plan would be roughly the same as a transition to a purely professional force, but it would allow Russia to keep its "mobilisation potential."

83. Advocates of a professional military point to the need for Russia to be able to field an effective force, rather than to maintain a large standing army in peacetime. If Russia does decide to keep the draft, one could envisage a system similar to that in some NATO countries, where the military consists of a core of career professionals. Young men would be conscripted for a short period to provide them with basic military training, then remain as a reserve force that could be mobilised in case of emergency. Longer-term contract personnel would be drawn from draftees who volunteer to serve longer. Some liberal factions, like the Union of Rightist Forces, led by Boris Nemtsov, and Yabloko, led by Grigory Yavlinsky, favour moving to a completely professional force, and Mr Putin has expressed his desire to rely entirely on volunteers. Still, no practical steps have been implemented to realise this model, and there is no clear plan for such a transformation. Regardless of the fate of conscription in Russia, it is clear that Russia needs to reform its military to develop a smaller, well-trained force capable of managing local conflicts that threaten the national territory.

B. UKRAINIAN DEFENCE REFORMS

84. The Ukrainian armed forces are the second-largest in the post-Soviet area. They face problems similar to those of the Russian army, but they also have to meet specific challenges arising from Ukraine's modern history, geographical location and political situation. Ukraine had to build its own defence establishment after gaining independence in 1991. Other problems of the Ukrainian army correlate with the main problems of the Russian military force. Western analysts estimate the 2000 defence budget at \$441 million (£519 million), though the Ukrainian parliament has voted to increase the defence budget for 2002. According to military experts in the MoD, the total military budget provides only 38% of minimum requirements. and it provides less than 15% of what is

needed for the proper reform of the armed forces. Ukraine's military combat readiness has been constantly declining: 70% of the weapons need repair and 40-50% are obsolete, 60% of pilots lack flying experience, and 1,700 to 2,000 officers under 30 leave the armed forces every year. This dramatic decline has been due to the lack of fuel, spare parts and equipment and the housing crisis. Ukraine's industry is capable of meeting only about 3% of its need for spare parts, and nearly 50% of the spare parts must come from Russia. At the same time Ukraine is one of the largest arms equipment exporters in the world, with exports totalling \$500 million (£588 million) last year.

85. Ukraine has embarked on a reform of its defence establishment to reflect budgetary constraints and the need to develop a modern, professional force. "The State Programme of the Ukrainian Armed Forces: Reform And Development Until 2005" lays out a goal of "the establishment of modern armed forces, which will be optimum in strength, mobile, well-equipped, supported and trained, capable of fulfilling their missions in any environment, and at the same time not a burden on country's budget." However, economic realities have convinced the current administration that this is now impossible. Good progress, however, has been made in developing the national security concept and establishing mechanisms for civil and democratic control, but the concept has not yet been finalised.
86. The Ukrainian Ministry of Defence expects active-duty military personnel to number 295,000 in 2005, compared to 310,000 in 2000. At the same time independent experts point to the necessity to reduce the Ukrainian army to as little as 150,000 in order to make it affordable. Current plans are to configure land forces along the lines of rapid-reaction forces, kept at high readiness; main defence forces, designed to be engaged in middle-intensity conflicts; and reserve forces. While the Ukrainian military is largely a conscript force, plans call for 30% percent of personnel to be contract professionals by 2005, with a completely professional force by 2015. Western analysts have called the programme a realistic and practical step forward in the military reform of Ukraine. Nevertheless there are some issues that have to be addressed as weaknesses in the document; first of all, the budgetary constraints caused by Ukraine's economic circumstances.
87. The Ukrainian military command remains highly open-minded and wants to deepen Ukraine's partnership with the Alliance, possibly joining NATO in the future. The greater part of some 250 annual activities between Ukraine and NATO are devoted to the issues of "development and reform" of the Ukrainian military. Thus, increasing NATO assistance in order to support military reform is crucial for the establishment of modernised and effective Ukrainian armed forces.