

Here are the estimates of what the Allies will pay.

The Cost of NATO Expansion

How much will it cost to incorporate Poland, Hungary, and the Czech Republic into NATO's defense structure? That shapes up as one of the more heated US security issues of 1998.

In July, NATO's 16 members, backed by the Clinton Administration, invited those three nations to join the Alliance. However, Sen. Jesse Helms (R-N.C.), head of the Senate Foreign Relations Committee, warned that Congress may balk unless Europe agrees to foot most of the bill for expansion. Europeans aren't happy about that, to put it mildly.

No one really knows what the cost will be. In the US, the debate focuses on three principal estimates produced by the Defense Department, Congressional Budget Office, and RAND Corp. Each developed an estimate for enfoldng new members in a "strengthen and reinforce" security setup.

A comparison of the results, in terms of total NATO costs, can be expressed as follows:

DoD: \$31 billion through 2009.

RAND: \$42 billion through 2010.

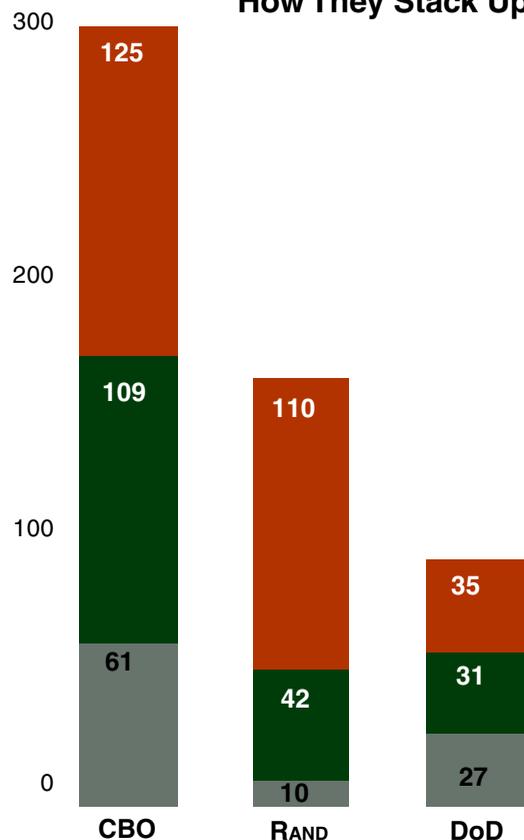
CBO: \$109 billion through 2010.

Such wide variations in estimates among reputable analysts concern many lawmakers. NATO this month will complete a new cost study of its own, one that may help clarify the issue.

Proponents of expansion make this point: Collectively, the countries that make up NATO spend \$440 billion a year on defense, meaning that even robust expansion would raise military budgets by only one to two percent.

Even so, the issue of cost and cost-sharing figures to be politically explosive. Adding new members to NATO requires Senate ratification, and both chambers of Congress will have to approve resources to carry out any US portion of expansion costs.

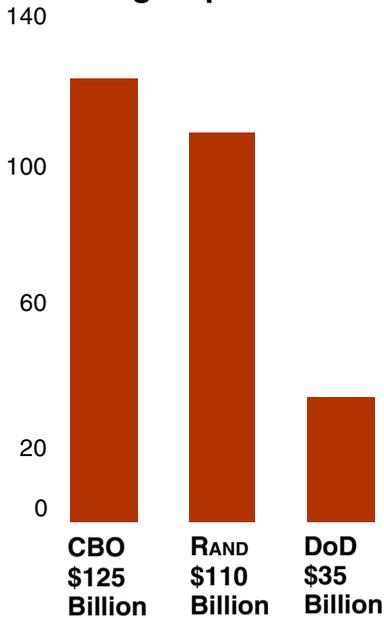
How They Stack Up



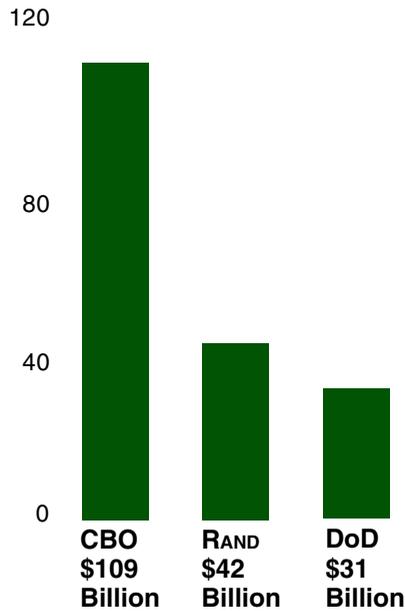
Key Assumptions

Study	New Members	End Year	Planning Threat	Eastern Reinforcement Force
CBO	Poland, Hungary, Czech Rep., Slovakia	2010	resurgent Russia	11.5 tactical fighter wings 11.7 heavy/mechanized divisions
RAND	Poland, Hungary, Czech Rep., Slovakia	2010	low overall threat	10 tactical fighter wings 5 heavy/mechanized divisions
DoD	Four unspecified	2009	low overall threat	6 tactical fighter wings 4 heavy/mechanized divisions

High Options



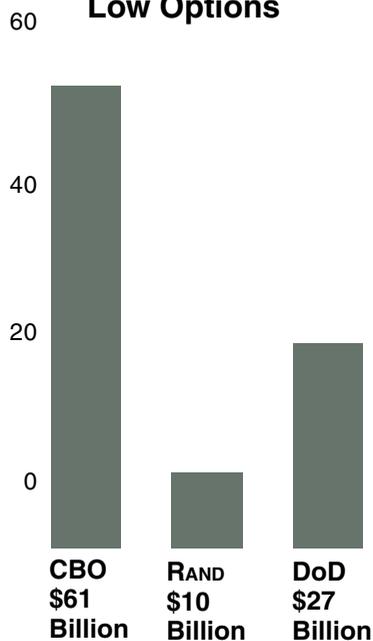
Average/Likely Options



The Three Estimates

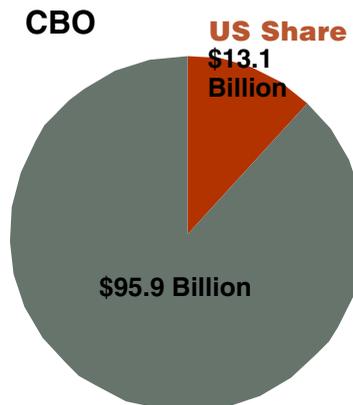
Each study gave a range of cost estimates, which can be expressed as low, high, and "average" or "likely." This article focuses on the midrange options. (DoD's midrange option is expressed as an average of the low and high ends of its range.) RAND and CBO midrange estimates correspond to DoD's postulated defense strategy, which envisions reinforcement of new nations in a crisis with air and ground forces. Each study's assumptions are as stated in the chart. As can be seen, the CBO midrange estimate exceeds the other two by a wide margin, mostly because it assumes a larger Russian threat. Overall, the three studies show little agreement, though the DoD and RAND studies are the most similar.

Low Options

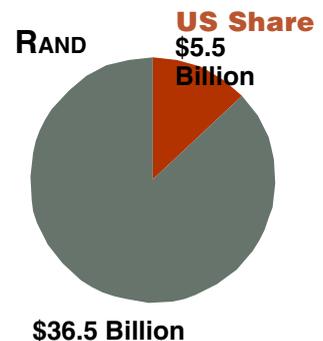
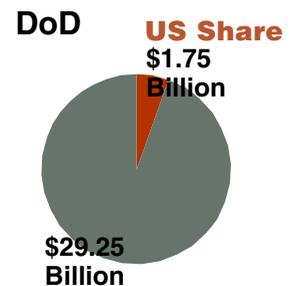


The American Share

According to DoD, the US would pay a total of only about \$1.5 billion to \$2 billion over 10 years. Both RAND and CBO believe that figure is understated. CBO foresees higher US costs stemming from the need for a much larger and more robust infrastructure, particularly air bases, in the new NATO nations to the east.



Average/Likely Options

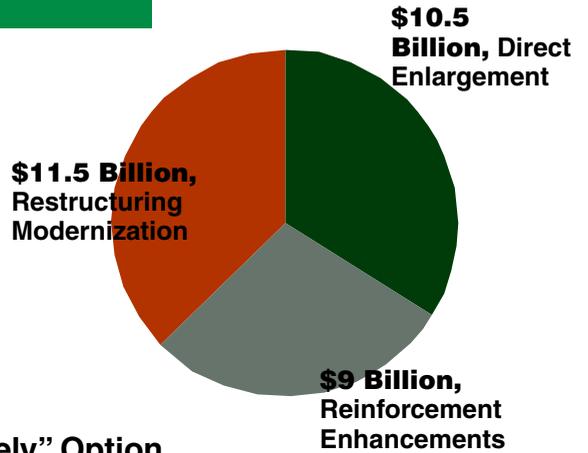


US Costs, in Constant 1997 Dollars

Study	Low Option	Average/Likely Option	High Option
CBO	13.1 billion	13.1 billion	13.1 billion
RAND	5 billion	5.5 billion	6 billion
DoD	1.5 billion	1.75 billion	2 billion

What It Pays For

All three studies divided costs into three basic categories, shown here. Substantial US funding would come into play only for "direct enlargement" costs, which would be financed with increased member contributions to NATO common funds. The financing of virtually all of the other two categories would fall almost exclusively to Allies in Europe and Canada, according to the Pentagon cost study. Specific cost elements are listed in the box below.



Cost Shares, DoD's "Average/Likely" Option
Billions of Constant 1997 Dollars

Category	New Members	Non-US Members	US	Total Cost
Direct enlargement	\$3.75	\$5.0	\$1.75	\$10.5
Current member reinforcement enhancements	\$0.0	\$9.0	\$0.0	\$9.0
New member restructuring, modernization	\$11.5	\$0.0	\$0.0	\$11.5
Total	\$15.25	\$14.0	\$1.75	\$31.0

DoD Plan's Specific Cost Elements

New Members: Military Modernization and Restructuring

- Increased proficiency in individual and unit training
- Modernization of 25 percent of planned ground force divisions
- Procurement of refurbished I-HAWK type, wide area SAM systems
- Procurement of refurbished Western combat aircraft
- Modernized ammunition for air and ground forces
- Modernized ammunition storage for air and ground forces

Current European Members: Reinforcement Enhancements

Deployable logistics sustainment that includes engineering, transport, test and repair equipment, mobile logistics, special operations units gear, medical unit equipment, liquid oxygen equipment generators, and specialized fire-fighting equipment, sufficient for:

- three allied land divisions
- five allied fighter wings

Collective NATO: Direct Enlargement Activities

- Refurbishment and renovation of headquarters facilities
- Communications and intelligence links to forces
- Military education
- Air sovereignty operations centers
- Air command and control for initial capability, such as radar
- Air C² costs for mature capability, such as weapons engagement
- Logistics equipment, such as common fuel nozzles
- Staff-level planning for host nation support
- Compliance with NATO standards, interoperability in logistics
- Collocated operating bases to host reinforcing wings
- Compatible/interoperable fueling facilities
- Road and rail upgrades
- Staging areas for ground reinforcements
- Fuel storage/distribution infrastructure for reinforcing units
- Transportation and O&M for exercises due to enlargement
- Upgrades to exercise facilities to NATO needs and standards
- Port upgrades