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NATO's Wales Summit: Outcomes and Key Challenges

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Summary

On September 4-5, the leaders of the North Atlantic Treaty Organization's (NATO's) 28 member states met in Wales for the alliance's 2014 summit. This was their first meeting since Russia began providing large-scale military support to separatist forces fighting in Ukraine, and their last before the planned completion by the end of 2014 of NATO's mission in Afghanistan, the longest and most ambitious operation in NATO history. As such, some analysts portrayed the summit as an opportunity to consider a possible strategic shift for NATO, away from the broad, "out of area" focus embodied by the Afghanistan mission, toward a more narrow focus on territorial defense and deterrence, largely in response to a resurgent Russia. Although the allies did not make such decisive declarations, summit deliberations did center largely on responding to Russian aggression in Ukraine and elsewhere in the region.

Summit outcomes centered on three main areas: (1) enhancing allied readiness and collective defense in response to Russian aggression; (2) increasing defense spending and boosting military capabilities; and (3) boosting NATO support for partner countries outside the alliance, including through a new "Defense Capacity Building Initiative." The allies also marked the planned withdrawal at the end of 2014 of NATO's International Security Assistance Force (ISAF) in Afghanistan and discussed a non-combat security sector training mission in the country expected to begin in 2015.

The cornerstone of NATO's new collective defense initiative is a "Readiness Action Plan" intended to enable a continuous NATO military presence on the alliance's periphery, including in its easternmost member states. This includes enhanced troop rotations and military exercises in Central and Eastern Europe and establishment of a high readiness force able to deploy within a few days. Although NATO leaders have characterized the envisioned rotational troop deployments in Central and Eastern Europe as continuous, they say the deployments will not amount to a permanent NATO military presence. Some allied governments in the region, including Poland and the Baltic states, have called for larger, permanent NATO deployments. These are opposed by member states concerned about the possible negative consequences of longer-lasting militarization in the region.

In Wales, the allies also sought to address widespread concerns regarding a long and ongoing decline in European defense spending—in 2013, only four allies met the alliance's target to spend 2% of GDP on defense. NATO leaders committed to halting any further decline in defense spending and pledged to aim to reach the 2% target within a decade. These declarations fell short of the shorter-term, binding commitments reportedly sought by the United States and the NATO Secretary General.

A top U.S. Administration priority for the summit was to secure allied commitments to increase defense spending, enhance military capabilities, and boost contributions to NATO defense initiatives in Europe. In addition, President Obama sought to reassure European allies, particularly in Central and Eastern Europe, that the United States remains prepared, capable, and willing to honor its collective defense commitments in Europe. The Administration also used the summit to gain commitments from other governments to join ongoing efforts to fight the Islamic State of Iraq and the Levant (ISIL). Although a group of allies agreed to join these efforts, all ruled out deploying ground forces, and NATO as a whole did not commit to any new, substantive engagement in the region.

Congress can continue to play an important role in guiding the U.S. and NATO response to Russian aggression in Ukraine and in addressing broader concerns regarding NATO's future. This includes consideration of the Administration's request for \$925 million to fund a proposed European Reassurance Initiative. Many Members of Congress have consistently called on NATO's European allies to enhance their contributions to NATO collective defense efforts. They have also advocated a more proactive NATO enlargement policy, which they argue would send an important signal to aspiring members that NATO's "open door" policy will not be scaled back in the face of Russian opposition. The proposed Forging Peace through Strength in Ukraine and the Transatlantic Alliance Act (H.R. 4433), for example, calls for additional NATO and U.S. military assistance to Ukraine and calls for immediate NATO membership for Montenegro and the granting of a NATO Membership Action Plan (MAP) to Georgia.

This report provides an overview of the summit's main agenda items and outcomes, highlighting key challenges, U.S. policy priorities, and potential issues for Congress. For more on the situation in Ukraine and NATO's response, see CRS Report R43478, *NATO: Response to the Crisis in Ukraine and Security Concerns in Central and Eastern Europe*, coordinated by (name redacted); and CRS Report RL33460, *Ukraine: Current Issues and U.S. Policy*, by (name redacted).

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Overview and Context

The North Atlantic Treaty Organization's (NATO's) 2014 summit was held in Newport, Wales, United Kingdom (UK), on September 4-5.¹ This was the first meeting of NATO's 28 heads of state or government since Russia's annexation of Crimea and subsequent military support of separatist fighters in eastern and southern Ukraine—actions that some allies view as having fundamentally altered the European security environment. Accordingly, summit deliberations centered largely on the appropriate NATO response to Russian aggression and the extent to which the alliance should alter its longer-term strategic approach and defense posture toward Russia. The summit was the last presided over by outgoing NATO Secretary General Anders Fogh Rasmussen, who will be succeeded in October by former Norwegian Prime Minister Jens Stoltenberg.²

The formal summit agenda focused on three main areas:

- Enhancing allied readiness and strengthening collective defense and military capabilities, including through increased troop rotations and military exercises in Central and Eastern Europe;
- Marking the conclusion of NATO's decade-long mission in Afghanistan at the end of 2014 and launching a planned follow-on training mission; and
- Enhancing NATO's support of partner countries outside the alliance, including through a new "Defense Capacity Building Initiative."

At the behest of several allied governments, including the United States and the UK, the allies also discussed the security implications for NATO of ongoing instability in the Middle East and North Africa, and particularly the emergence of the Islamic State of Iraq and the Levant (ISIL). However, although NATO condemned ISIL and noted significant security concerns in the region, the alliance as a whole did not commit to a substantive response beyond saying that it would consider any future request from the Iraqi government for assistance in training Iraqi security forces.³

Ongoing disagreement within the alliance over the extent to which Russia poses a sustained threat to European security exposes longer-standing tensions regarding NATO's strategic focus. Since the end of the Cold War, NATO has evolved from maintaining an exclusive focus on territorial defense in Europe to overseeing a range of military and crisis management operations across the globe. This transformation was predicated largely on the perception that Russia no longer posed a security threat to NATO, and on a conviction that the primary security challenges facing the allies emanated from beyond the Euro-Atlantic region. However, some allies, including many former members of the communist bloc, have consistently expressed concern that NATO's transformation could come at the expense of its capacity to uphold its commitment to collective defense, enshrined in Article 5 of the North Atlantic Treaty.

¹ The last NATO summit was held in Chicago in June 2012.

² Rasmussen has served as Secretary General since 2009.

³ On the sidelines of the summit, nine allies—Canada, Denmark, France, Germany, Italy, Poland, Turkey, the UK, and the United States—did agree to coordinate their efforts to fight ISIL. See, Sam Jones, "NATO States to Form Military Coalition to Fight ISIS," *Financial Times*, September 5, 2014.

After more than a decade of war in Afghanistan and against the backdrop of a resurgent Russia, allies such as Poland and the Baltic states have called for a renewed NATO focus on collective defense and deterring Russia. Among other things, they have advocated a permanent eastward shift in NATO's defense posture. Others, including Germany and Italy, have cautioned that permanently basing NATO forces in Eastern Europe could unnecessarily provoke Russia and impede efforts to restore more cooperative relations with Moscow.

Debates about NATO's mission come against the backdrop of continued economic stagnation in Europe and long-standing U.S. concerns about a downward trend in European defense spending, shortfalls in European defense capabilities, and burden sharing within the alliance. NATO officials have argued that Russian aggression should spur allied governments to boost defense spending and cooperation, or at least to allocate projected savings from the end of military operations in Afghanistan to defense modernization initiatives. However, since the annexation of Crimea in March, only a handful of allies have announced defense spending increases.

In Wales, the allies committed to halting any further cuts in national defense spending and agreed to aim to meet NATO's target of spending 2% of GDP on defense within a decade. Nonetheless, some analysts caution that NATO's latest effort to boost defense spending and enhance military capabilities could face the same challenges as the long line of similar post-Cold War capabilities initiatives that have had mixed success, at best. They contend that the limited outcomes may reflect a general lack of public support for military engagement, as well as divergent threat perceptions both across the Atlantic and within Europe.

No substantive progress on NATO enlargement was announced at the Wales summit. The allies did, however, reaffirm their commitment to NATO's "open door" policy and said that they would make a decision by the end of 2015 on whether to invite Montenegro to join the alliance. They also agreed to boost NATO's partnership with aspiring member Georgia. This fell short of the U.S. Administration's stated goal of granting Georgia a Membership Action Plan (MAP) at the summit. Many Western European governments oppose granting a MAP to Georgia, largely due to a perception that NATO has enlarged too quickly and that the alliance should first agree on resolving a host of other issues, including relations with Russia.

Obama Administration officials outlined several key objectives for the Wales summit, including securing additional European contributions to reassurance and military readiness initiatives in Central and Eastern Europe and pledges to increase defense spending and enhance military capabilities. The Administration also underscored its commitment to the transatlantic security relationship and to defending NATO allies, particularly in response to Russia's action in Ukraine. Among other things, President Obama highlighted the proposed \$925 million European Reassurance Initiative (ERI), for which the Administration has requested congressional approval in the Department of Defense's FY2015 Overseas Contingency Operation (OCO) budget request.

NATO-Russia Relations

Russian actions in Ukraine since early 2014 have prompted a reassessment of post-Cold War efforts to build a cooperative relationship with Moscow. In April, NATO suspended all practical civilian and military cooperation with Moscow.⁴ In the words of NATO Deputy Secretary General Alexander Vershbow, “For 20 years, the security of the Euro-Atlantic region has been based on the premise that we do not face an adversary to our east. That premise is now in doubt.”⁵ According to some analysts, Russia’s annexation of Crimea validates the concerns long expressed by some NATO member states, especially in Central and Eastern Europe, regarding Russia’s commitment to partnership, its unpredictability, acts of hostility toward NATO and its partners, and perceived attempts to sow disunity within the alliance. On the other hand, while Russian actions have drawn uniform condemnation, many in Europe and the United States emphasize that engagement with Russia will be a key to Europe’s long-term security.

Nonetheless, analysts expect ties to continue to be marked by contention and mistrust, at least over the short to medium term. Moscow has objected to NATO and the United States’ military responses to the Ukraine crisis, calling into question the alliance’s 1997 commitment—codified in the NATO-Russia Founding Act—not to permanently station “substantial combat forces” in countries that joined NATO after the collapse of the Soviet Union. In light of this commitment, some allies have opposed any permanent NATO troop deployments in Central and Eastern Europe. Others, including Secretary General Rasmussen, underscore that Russia “has violated every principle and international commitment it has made.”⁶

Debates in the European Union (which includes 22 NATO members) over arms sales to Russia exemplify the range of views toward Russia in the alliance. On July 29, EU member states agreed to end all future arms sales to Russia, after months of pressure from governments and analysts on both sides of the Atlantic. The embargo does not, however, apply to previously agreed sales. Chief among these is a 2011 French agreement to sell Russia two amphibious assault warships in a deal worth €1.2 billion (about \$1.6 billion)—the first ever sale of a significant offensive military capability by a NATO member to Russia. The first of these *Mistral* ships is scheduled to be delivered by the end of October. Prior to the Wales summit, French President François Hollande repeatedly stated that France would honor the existing contract. However, on the eve of the summit, he reversed course and announced that France was suspending delivery of the first ship in light of Russia’s ongoing military intervention in Ukraine. Some analysts expect that France may move forward with the deal if an agreed ceasefire in Ukraine is maintained.⁷

Even before Russia’s annexation of Crimea, the U.S. Administration, some Members of Congress, and some NATO members repeatedly criticized France’s decision to sell the *Mistral* to Russia, expressing concern about Russia’s military intentions.⁸ Meanwhile, French commentators have noted the economic and associated political benefits of the sale for France.⁹ Some Members of Congress have called on NATO to offer to purchase the *Mistrals* from France to prevent their delivery to Russia.¹⁰ Since Russia’s annexation of Crimea, Germany has cancelled the planned sale of a military training facility to Russia; the UK and United States also say they have halted military cooperation.

⁴ The principal institutional mechanism for NATO-Russia cooperation has been the NATO-Russia Council (NRC), established in May 2002, five years after the 1997 NATO-Russia Founding Act provided the formal basis for bilateral cooperation. Most observers agree that despite having advanced NATO-Russia cooperation in some areas—including in Afghanistan—the NRC has failed to live up to its potential.

⁵ NATO, “A New Strategic Reality in Europe,” speech by Deputy Secretary General Ambassador Alexander Vershbow to the 21st International Conference on Euro-Atlantic Security, April 4, 2014.

⁶ NATO Secretary General Anders Fogh Rasmussen as quoted by Kathrin Hille and Peter Spiegel, “NATO Chief Defends Eastern Advance,” *Financial Times*, April 4, 2014.

⁷ See, for example, Pierre Tran, “French Mistral Sale Strategy: Buy Time to Maneuver,” *Defense News*, September 6, 2014.

⁸ They note, for example, that in August 2009, Admiral Vladimir Vysotskiy, the commander-in-chief of the Russian Navy, declared that the *Mistral* would have allowed “Russia’s Black Sea fleet to accomplish its mission in 40 minutes, not 26 hours, which is how long it took us” during the Georgia conflict. *CEDR*, September 13, 2009, Doc. No. CEP-950041.

⁹ When then-French President Nicolas Sarkozy announced the sale in March 2011, he touted that the deal would bring “6 million hours of work and 1,200 jobs maintained over 4 years.” He added that he hoped to make the shipyard town of Saint-Nazaire, which has faced high unemployment levels, a symbol of French industrial achievement. Nicolas Sarkozy, as quoted in Open Source Center Analysis: *European Officials, Media Concerned about French Sale to Russia*, EUF2011031863900, March 18, 2011.

¹⁰ See, Rep. Eliot Engel, Rep. William Keating, and Rep. Michael Turner, letter to NATO Secretary General (continued...)

Summit Agenda, Expected Outcomes, and Key Challenges

The formal agenda for the Wales summit focused on three main issues: adoption of collective defense and military capabilities initiatives aimed at reassuring allies and deterring Russia; marking NATO's transition in Afghanistan; and enhancing support of partner countries outside the alliance.¹¹

Collective Defense and Military Capabilities: A "Readiness Action Plan" for NATO

In Wales, NATO adopted a slate of defense initiatives largely intended to demonstrate allied resolve in the face of potential threats from Russia. NATO's "Readiness Action Plan" outlines reinforcement measures in Central and Eastern Europe such as enhanced infrastructure, pre-positioning of equipment and supplies, and designation of bases for troop deployments. This includes the planned expansion of an existing NATO facility in Szczecin, Poland, to enable rapid deployment of a large number of NATO forces to respond to a security threat. Bases in the Baltic States and Romania reportedly could also be expanded and designated as reception facilities for NATO forces.¹² However, given the aforementioned reluctance of some allies to permanently station forces in Central and Eastern Europe, such base expansions are likely to host only rotating troop units and military exercises.

NATO's Readiness Action Plan also includes new early warning procedures, updated threat assessments, new defense and crisis response plans, and enhanced intelligence sharing arrangements among allies. NATO leaders also committed to holding more frequent military exercises intended to respond to the changed security environment in Eastern Europe.

The allies also agreed to establish a new Very High Readiness Joint Task Force (VJTF), capable of deploying within "a few days" to respond to any threat against an ally, particularly on NATO's periphery. As envisioned, the VJTF will be a land force of about 4,000 soldiers that includes appropriate air, maritime, and special operations support. The VJTF will be a smaller, more specialized arm of the NATO Response Force (NRF), a multinational rapid reaction force of about 13,000, comprised of land, air, maritime, and special operations components. Since its creation in 2003, the NRF has never been fully deployed. In recent years, however, NATO members have sought to reinvigorate the force, designating it as the primary mechanism for NATO training and interoperability exercises, particularly with respect to territorial defense.¹³

(...continued)

Rasmussen, May 30, 2014. <http://engel.house.gov/latest-news1/engel-stop-sale-of-french-warships-to-russia/>.

¹¹ Official NATO documents detailing the summit outcomes are available on NATO's website, http://www.nato.int/cps/en/natohq/events_112136.htm.

¹² NATO, "Press Conference by NATO Secretary General Anders Fogh Rasmussen Following the Meeting of the North Atlantic Council during the NATO Wales Summit," September 5, 2014, http://www.nato.int/cps/en/natohq/opinions_112871.htm.

¹³ For more on the NATO Response Force, see NATO, "NATO Response Force," http://www.nato.int/cps/en/natolive/topics_49755.htm.

Some observers point out that both the NRF and the VJTF could be hard pressed to respond to the kind of “hybrid” or “ambiguous” warfare that has been a hallmark of Russia’s intervention in Ukraine. A defining tactic is the deployment of non-traditional tools intended to disrupt, subvert, and create chaos, including sophisticated public information campaigns, cyber attacks, and deployment of commando-style irregular forces to support pro-Russia separatist militias. Analysts agree that most NATO members, including those closest to Russia’s borders, do not possess the kind of wide-ranging capabilities necessary to counter such a threat.

In Wales, the allies acknowledged the threat posed by hybrid warfare, noting in particular that NATO should enhance its strategic communications, develop the appropriate exercise scenarios, and strengthen coordination with other organizations to respond to the threat.¹⁴ Although they did not commit to a specific plan to build joint capabilities in these areas, the allies did take some initial steps in the area of cyber security that some analysts believe could help overcome long-standing reluctance to empower NATO to engage in that domain. For the first time, NATO heads of state and government jointly declared that “cyber defence is part of NATO’s core task of collective defence,” adding that “A decision as to when a cyber attack would lead to the invocation of Article 5 [NATO’s collective defense clause] would be taken by the North Atlantic Council on a case-by-case basis.”¹⁵ Despite this qualification, some analysts view the clear declaration that a cyber attack could be considered on the same level as a traditional military attack as an important and necessary step if NATO is to improve its collective cyber defense capabilities.¹⁶

A key question underlying summit deliberations on collective defense was whether the allies are willing to devote the resources necessary to meet their stated commitments. As such, a primary objective of NATO leaders and U.S. and UK officials, among others, was to secure allied pledges to reverse the ongoing downward trend in allied defense spending. In 2013, total defense spending by NATO European allies as a percentage of GDP was about 1.6%; just four NATO allies (Estonia, Greece, the UK, and the United States) met the alliance’s goal of spending 2% of GDP on defense (see **Appendix** for more allied defense spending figures). Since 2001, the U.S. share of total allied defense spending has grown from 63% to 72%.¹⁷

NATO officials have argued that the threat posed by Russia in Ukraine should spur European allies to make the defense spending commitments long called for by NATO leaders. In this vein, they welcomed pledges made before the summit by five allies—Latvia, Lithuania, Poland, Romania, and Turkey—to increase defense spending to meet at least 2% of GDP within the next few years. However, they also stress that, while Russia has increased its defense spending by about 50% since 2008, on average, the allies have decreased theirs by about 20%.¹⁸

¹⁴ See NATO, *Wales Summit Declaration*, September 5, 2014, http://www.nato.int/cps/en/natohq/official_texts_112985.htm.

¹⁵ NATO, *Wales Summit Declaration*, September 5, 2014, ¶72, http://www.nato.int/cps/en/natohq/official_texts_112985.htm.

¹⁶ See, for example, David Sanger, “NATO set to Ratify Pledge on Joint Defense in Case of Major Cyberattack,” *New York Times*, August 31, 2014.

¹⁷ NATO, *Financial and Economic Data Relating to NATO Defence*, February 24, 2014.

¹⁸ NATO, “Future NATO,” Speech by NATO Secretary General Anders Fogh Rasmussen at Chatham House – London, UK, June 19, 2014.

In Wales, allied leaders pledged to “halt any decline in defence expenditure” and to “aim to move towards the 2% guideline within a decade.” They also said they would aim to meet an existing NATO target to devote 20% of defense expenditures to purchasing new equipment and related research and development within the next 10 years.¹⁹ These pledges were widely viewed as falling well short of the shorter-term, binding commitments thought to be sought by NATO officials and the U.S. Administration.²⁰ Following the summit, outgoing NATO Secretary General Rasmussen asserted that the pledges on defense spending were “as strong as [they could] be in a political world,” and underscored that it was the first time in the history of the alliance that NATO heads of state and government had issued such clear commitments on defense spending.²¹

Many analysts and U.S. officials have long asserted that defense spending in many European countries is not only too low; it is also inefficient, with disproportionately high personnel costs coming at the expense of much-needed research, development, and procurement. In 2013, only four allies (France, Turkey, the United Kingdom, and the United States) met the aforementioned NATO guideline to devote 20% of defense expenditures to the purchase of major equipment, considered a key indicator of the pace of military modernization.²² These trends correlate with significant, long-standing shortfalls in key military capabilities, including strategic air- and sealift; air-to-air refueling; and intelligence, surveillance, and reconnaissance (ISR).

Some allied officials and observers argue that despite the criticism and shortcomings, the forces of key European allies still rank among the most capable militaries in the world; this assessment remains particularly true for the UK and France, which rank fourth and fifth, respectively, in global defense expenditure.²³ Critics counter that far-reaching defense spending cuts in precisely these two countries—by far Europe’s most militarily capable—should lead to heightened concern about diminished European military capability.²⁴

Despite uniform allied condemnation of Russian actions in Ukraine and support for NATO’s new Readiness Action Plan, most analysts do not expect European allies to substantially increase defense spending over the short to medium term. A number of factors drive this reluctance, including significant fiscal challenges facing many governments and broad public skepticism of military action, particularly in Western Europe. In light of these realities, NATO and U.S. leaders have also called for more progress on existing allied defense cooperation initiatives, including the joint acquisition of shared capabilities, aimed at stretching existing defense resources farther. Analysts argue that the European defense industry remains fractured and compartmentalized along national lines; many believe that European defense efforts would benefit from a more cooperative consolidation of defense-industrial production and procurement. Progress on this

¹⁹ NATO, *Wales Summit Declaration*, September 5, 2014, ¶14. http://www.nato.int/cps/en/natohq/official_texts_112985.htm.

²⁰ See, for example, Sam Jones, “NATO Leaders Fail to Agree Targets for Raising Expenditure,” *Financial Times*, September 5, 2014.

²¹ NATO, “Press Conference by NATO Secretary General Anders Fogh Rasmussen Following the Meeting of the North Atlantic Council during the NATO Wales Summit,” September 5, 2014, http://www.nato.int/cps/en/natohq/opinions_112871.htm.

²² NATO, *Financial and Economic Data Relating to NATO Defence*, February 24, 2014.

²³ See the Stockholm International Peace Research Institute (SIPRI), *Yearbook 2013: Armaments, Disarmament, and International Security*.

²⁴ The UK cut its defense budget by 8% over the 2011-2015 period; In 2013, France released a defense strategy that calls for halving the number of ground forces that can be deployed to a major, high-intensity combat operation at a given time (to 15,000).

front has been limited, however, with critics charging that national governments often remain more committed to protecting domestic constituencies than making substantive progress in joint capabilities development.²⁵

At the summit, the allies announced several joint capabilities and force development initiatives. These include a six-nation program, led by Denmark, to boost the availability and sharing of air-to-ground precision guided munitions (PGMs). The program is largely a response to munitions shortages that arose during NATO's 2011 air campaign in Libya. In addition, three groups of allies announced programs to jointly develop capabilities under a new "Framework Nations Concept" that encourages subsets of allies to cooperate on shared priorities. The announced initiatives include a UK-led joint expeditionary force, an Italy-led group of allies focused on stabilization and reconstruction capabilities, and a group led by Germany to develop capabilities in the areas of logistics support; chemical, biological, radiological, and nuclear protection; land, air, and sea firepower; and deployable headquarters.

Transition in Afghanistan

The Wales summit was NATO's last before the planned transfer at the end of 2014 of full responsibility for security in Afghanistan to Afghan forces—marking the end of the longest and most extensive combat mission in NATO's history. Over the course of the 11-year NATO mission, European allies, Canada, and partner countries maintained a significant collective military presence alongside U.S. forces in Afghanistan, in recent years exceeding 40,000 troops. The military operation faced relatively consistent public opposition in many NATO member states, however. Along with the decidedly mixed perceptions about the mission's success, this has led many analysts to doubt whether NATO will embark on a mission of similar size and scope in the foreseeable future.²⁶

At the summit, NATO leaders hoped to finalize plans for a continued NATO presence in Afghanistan starting in early 2015 of up to 4,000 military trainers to advise and assist the Afghan National Security Forces (ANSF). The allies have adopted an operational plan for the training mission, dubbed Operation Resolute Support, but its deployment remains contingent on NATO and the United States finalizing Bilateral Security Agreements (BSA) with the Afghan government. Although both candidates in Afghanistan's 2014 presidential election have said they would sign the BSAs, an ongoing dispute over the election's outcome has prevented this. According to Secretary General Rasmussen, NATO would need to begin to plan for a complete withdrawal from the country soon after the summit if the bilateral agreements are not in place.²⁷ As of early September, 41,124 NATO forces remained in Afghanistan, including 29,000 from the United States, just under 4,000 from the UK, 1,600 from Germany, and 1,400 from Italy.²⁸

²⁵ See, for example, Thomas Enders and Wolfgang Ischinger, "The Capability Gap," Munich Security Conference – *monthly discussion*, May 2013. <http://www.securityconference.de/en/discussion/monthly-mind/single-view/article/monthly-mind-may-2013-the-capability-gap/>.

²⁶ For more on the situation in Afghanistan, see CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by (name redacted).

²⁷ Adrian Croft, "NATO Chief Says Will Have to Decide on Afghan Pullout Soon," Reuters, August 11, 2014.

²⁸ NATO ISAF, "Placemat," September 3, 2014,

http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2014_09/20140901_140903-ISAF-Placemat-final.pdf.

Working with Partners: The “Defense Capacity Building Initiative”

A third summit objective was to strengthen relations with and assistance to non-NATO members interested in working with the alliance.²⁹ In particular, allies such as the United States and UK have called on NATO to be more effective in providing security assistance and training to countries in Central and Eastern Europe such as Ukraine as well as fragile states in North Africa and the Middle East such as Libya. Such security and defense capacity building programs could be viewed as an attempt to enhance regional and global stability with a lighter NATO footprint—or, in the words of outgoing Secretary General Rasmussen, “To help [partners] help themselves. To project stability without always projecting significant forces of our own.”³⁰

In Wales, the allies launched a “Defense Capacity Building Initiative” aimed at better coordinating member state expertise and support for defense reform and military training both in partner states and in non-partner countries that express an interest in working with NATO. Programs could range from deploying small specialist advisory teams to larger-scale training missions. The first recipients of NATO assistance under the new capacity building program will be Georgia, Jordan, and Moldova. In pursuing the initiative, NATO members hope to capitalize on the alliance’s extensive experience assisting with defense sector reform, including in Central and Eastern Europe in the 1990s, in Iraq, in Afghanistan, and in the Balkans.

At the summit, the allies emphasized advances in relations with Ukraine and Georgia. However, in both cases, announced measures fell short of the level of assistance called for by advocates for the countries. With respect to Ukraine, NATO reiterated its commitment to assist the government through several trust funds focused on improving command, control, and communications capabilities; logistics capabilities; cyber defense; and strategic communications. The allies also said they would increase the number of NATO military advisors in Kiev. They continued to disagree on whether to provide more substantive military support, such as intelligence capabilities or weapons systems. With respect to Georgia, the allies agreed to boost capacity building and military training programs, but did not announce a specific timetable to advance Georgia’s long-standing membership aspirations. Some analysts believe that many Western European member states oppose Georgian membership due to concerns about Russia’s possible reaction.

Recent developments in NATO’s relations with Libya and Ukraine may demonstrate some of the challenges facing the Defense Capacity Building Initiative. In 2013, two years after a NATO-led air campaign helped oust Muammar Qadhafi, the then-Libyan government requested military training assistance from NATO. However, the persistently unstable security environment has prevented NATO from undertaking such a mission, even if the allies had been inclined to do so. In Ukraine, as noted above, NATO has established trust funds and sent some military trainers to assist with defense planning and reform efforts. Nevertheless, the allies have been unable to reach agreement on providing more substantive assistance, largely due to differing views on the shape and extent of NATO’s relations with Ukraine. Such political and security considerations could ultimately be a key factor in the success or failure of NATO’s defense capacity building efforts.

²⁹ Since the end of the Cold War, NATO has developed a range of formal partnership and cooperation programs to work with countries in the Euro-Atlantic region, Mediterranean, and Gulf regions. It also has individual bilateral relationships with other countries across the globe. Today, NATO works with 41 formal partner countries. See: <http://www.nato.int/cps/en/natolive/81850.htm>.

³⁰ NATO, “Future NATO,” Speech by NATO Secretary General Anders Fogh Rasmussen at Chatham House – London, UK, June 19, 2014.

U.S. Policy and Congressional Perspectives

Administration Views

Perhaps the key summit priority for the U.S. Administration was to secure increased allied commitments to collective defense in Europe.³¹ After the summit, President Obama pointed to the new Readiness Action Plan as a clear demonstration of a renewed NATO commitment in this regard. However, allied pledges to aim to increase defense spending over the next decade reportedly fell short of what U.S. officials had hoped for. In the view of many analysts, European allies could be hard-pressed to maintain commitments to the Readiness Action Plan if they are unable or unwilling to boost defense spending. A second Administration priority at the summit was to reassure European allies, particularly in Central and Eastern Europe, that the United States remains fully prepared, capable, and willing to honor its collective defense commitments in Europe. As discussed below, U.S. officials view the proposed European Reassurance Initiative (ERI) as a key component of these efforts.

Against the backdrop of escalating violence in Iraq and Syria, President Obama also sought to secure commitments from fellow allies to join U.S.-led efforts to fight ISIL. On the sidelines of the summit, nine allies—Canada, Denmark, France, Germany, Italy, Poland, Turkey, the UK, and the United States—did agree to coordinate their efforts to fight ISIL, but ruled out deploying “boots on the ground.” The alliance as a whole did not make any new commitments in the Middle East. However, the allies did agree to consider any Iraqi requests for NATO assistance in training its security forces. Given the heightened concerns regarding Russia’s aggression in Ukraine, some allies, particularly in Central and Eastern Europe, may be reluctant to endorse a more proactive NATO role in the Middle East and North Africa.

The crisis in Ukraine has renewed focus on the U.S. commitment to European security and on overall U.S. force posture in Europe. Since the end of the Cold War, as NATO and the European Union have enlarged eastward and as both organizations have pursued partnership with Russia, the perceived need for a robust U.S. military presence to defend the continent receded. Today, about 67,000 U.S. military personnel are stationed in Europe, primarily in Germany, Italy, and the UK; this is down from a Cold War high of about 400,000. Some allies in Central and Eastern Europe have consistently expressed concerns about the reduced U.S. force posture, and especially the withdrawal over the past two years of two of the Army’s four Brigade Combat Teams. Other allies and U.S. policy makers supported the shift, particularly given other security challenges facing the United States and NATO. The adjusted U.S. force posture has coincided with U.S. calls for European allies to enhance their own military capabilities in order to boost NATO’s effectiveness and reduce Europe’s dependence on the U.S. security guarantee. As discussed above, such efforts have had mixed results, at best.

The Administration has moved to adjust its force posture in Europe in response to Russian actions in Ukraine. This includes rotational military deployments to Central and Eastern Europe, including 600 troops and additional fighter jets to carry out air policing activities in Poland and the Baltic states.³² In addition, the Administration is seeking congressional approval for \$925

³¹ See, for example, U.S. Permanent Representative to NATO Douglas Lute, “NATO Members Must Step Up and Spend More on Defence,” *The Telegraph* (UK), August 8, 2014.

³² For detailed information on U.S. deployments, see CRS Report R43478, *NATO: Response to the Crisis in Ukraine* (continued...)

million to fund a European Reassurance Initiative, intended to reassure allies in Central and Eastern Europe and bolster the security and defense capabilities of allies and partner countries in the region (see text box below). Administration officials have also asserted that later this year the Department of Defense would launch a comprehensive review of the U.S. military footprint in Europe, adding that the U.S. response thus far may be a temporary solution to what could be a longer-term crisis in Europe.³³

Although specific details of the proposed ERI have not been made public, some analysts posit that the program would essentially enable the Administration to prolong some of the measures already taken in response to Russia's annexation of Crimea and allow for additional U.S. contributions to NATO training exercises. While the ERI has been welcomed in the region, it falls short of the permanent basing of U.S. and NATO forces called for by some European leaders. Critics caution that contributions to the ERI from other NATO members could be essential, both to enable a sustained response and to demonstrate allied unity. On the other hand, other European governments, including Italy and Germany, have repeatedly cautioned against further militarization in the region.³⁴

The Proposed European Reassurance Initiative

During a visit to Poland on June 3, 2014, President Obama announced that he would seek congressional approval for up to \$1 billion of new funding for a European Reassurance Initiative (ERI) intended to reassure allies and bolster the security and defense capabilities of partner countries in the region. The Administration has since requested \$925 million in the Department of Defense's FY2015 Overseas Contingency Operations (OCO) budget request to fund the initiative. According to the request, the proposed ERI would fund reassurance measures in five main areas:³⁵

- **Increased U.S. military presence in Europe (\$440 million).** Could include augmented U.S. Army rotations to the NATO Response Force (NRF); enhanced F-15 fighter jet deployments and increased participation in NATO's Baltic Air Policing mission; expanded naval presence in the Baltic and Black Seas; and expanded Marine rotations through the Black Sea Rotational Force in Romania.
- **Improved infrastructure to allow for greater military responsiveness (\$250 million).** Could include improvements to air fields and training ranges and operations centers in Central and Eastern Europe. Improvements would require agreement from host nations.
- **Enhanced prepositioning of U.S. equipment in Europe (\$125 million).** Activities could include adding U.S. air equipment in Eastern Europe; and improved prepositioning facilities for Marine equipment in Norway.
- **More extensive U.S. participation in military exercises and training with allies and partners (\$75 million).** Could include increased U.S. force levels in military exercises in Europe, as well as funding to enable enhanced allied and partner participation in such exercises. The exercises aim to improve allied and partner readiness and interoperability.
- **Intensified efforts to build military capacity in newer NATO members and partner countries (\$35 million, in addition to \$75 million from Department of State).** Activities could focus on building military capacity in Georgia, Moldova, and Ukraine. Areas of emphasis include filling critical operational gaps in border security and air and maritime awareness and strengthening civilian oversight of the defense establishment.

(...continued)

and Security Concerns in Central and Eastern Europe, coordinated by (name redacted).

³³ Andrew Tilghman, "Pentagon May Review Force Levels in Europe, Senior Official," *Defense News*, August 6, 2014.

³⁴ See, for example, "Troops In," *The Economist*, June 7, 2014; and Christopher Chivvis, "What Can Obama's \$1 Billion Investment in European Security Actually Buy?," Rand Corporation, June 9, 2014.

³⁵ See, Department of Defense Fiscal Year 2015 Budget Amendment Overview, *Overseas Contingency Operations*, June 2014.

http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/amendment/FY2015_Budget_Request_Overview_Book_Amended.pdf.

Congressional Views

Members of Congress have expressed deep concern over Russian aggression in Ukraine, with many calling for a robust NATO and U.S. military response, and others advocating stronger European contributions to collective defense measures in Europe.³⁶ Congressional consideration of the European Reassurance Initiative and other proposed Administration responses to the crisis in Ukraine could enable further examination of U.S. force posture in Europe and the U.S. capacity and willingness to uphold its collective defense commitments. Deliberations could also highlight longer-standing concerns about European contributions to NATO security and defense measures.

Congress could also take an increasingly active role in determining U.S. policy toward NATO and in guiding discussions about NATO's future more broadly. This could include holding hearings and/or drafting legislation on issues such as development of allied military capabilities and military burdensharing within the alliance, the allied commitment to NATO enlargement and its relations with partner countries such as Ukraine and Georgia, NATO relations with Russia, and NATO involvement in areas such as cybersecurity and energy security.

The prospects for further NATO enlargement, especially to the east, have been of particular interest to many Members of Congress, who argue that continued enlargement would send an important signal to aspiring members that NATO's "open door" policy will not be scaled back in the face of Russian opposition. They add that Russia would be less willing and less able to take the aggressive actions it has in Ukraine, Georgia, and elsewhere in its near-abroad if these countries were members of the alliance. In February 2014, a bipartisan group of 40 Members of the House sent a letter to Secretary of State Kerry urging the Administration to support granting NATO membership to Montenegro and Macedonia and a Membership Action Plan (MAP) to Georgia at NATO's September summit in Wales.³⁷ The lawmakers also called for intensified progress on advancing Bosnia-Herzegovina's MAP. The proposed Forging Peace through Strength in Ukraine and the Transatlantic Alliance Act (H.R. 4433) also calls for immediate NATO membership for Montenegro and the granting of a NATO Membership Action Plan (MAP) to Georgia.

Despite these calls, most analysts consider NATO unlikely to make significant progress toward expanding over the next several years. They point to a perception in some Western European countries that NATO has enlarged too quickly and that the alliance should agree on how to resolve a complex range of issues, including managing relations with Russia, before taking in new members. For some allied governments, ongoing territorial disputes with Russia in countries such as Georgia and Ukraine could be a strong deterrent to extending membership invitations to these countries. For their part, NATO officials emphasize that the allies have reaffirmed their commitment to NATO's "open door" enlargement policy. Among other things, they point to the

³⁶ In a March 26, 2014, letter to President Obama, House Armed Services Committee Chairman Buck McKeon and seven other Members of Congress called on the President to "increase and enhance the alert posture and readiness of U.S. forces in Europe without delay, including maintaining forward-deployed U.S. quick-reaction forces." House Armed Services Committee, "Armed Services Leaders Urge President to Act on Ukraine," March 26, 2014. http://armedservices.house.gov/index.cfm/press-releases?ContentRecord_id=AE52EEAE-20D7-4C07-AE4B-1520D8287DD2.

³⁷ NATO agreed that Macedonia met the qualifications for membership in 2008, but its candidacy has been stalled due to a protracted dispute with NATO ally Greece over the country's official name. The two sides have been unable to resolve the issue during talks sponsored by the United Nations.

announcement in Wales that the allies would make a decision on Montenegro's application for membership by the end of 2015.

Assessment

Before Russia's annexation of Crimea in March, NATO's Wales summit was expected to be defined largely by leaders' efforts to outline a new, and perhaps more modest, set of priorities for an alliance moving on from a taxing decade of war in Afghanistan. To many analysts, the end of the Afghanistan mission represents the next step in NATO's post-Cold War evolution from a regional defense organization focused exclusively on deterring the Soviet Union to an alliance confronting an array of complex security challenges across the globe. However, Russia's ongoing intervention in Ukraine has caused some allies to question one of the key premises on which NATO's transformation has been based—that Russia no longer poses a significant security threat to the alliance. Accordingly, these allies have advocated a renewed NATO focus on territorial defense in Europe and deterring Russia.

In Wales, NATO leaders reaffirmed their condemnation of Russia's intervention in Ukraine and announced a slate of collective defense measures intended to deter further Russian aggression. However, they did not come to agreement on managing NATO's relations with Russia over the medium to long term. Furthermore, the summit exposed possibly growing tension within NATO on the appropriate allied response to growing instability in the Middle East and North Africa. The lack of consensus on these questions could have significant implications for NATO's future. Key areas of concern include member state decisions on the kinds of military capabilities to develop, the direction of NATO defense planning and overall force posture, and NATO's willingness and capacity to address other security threats. Evolving allied perceptions of the longer-term threat posed by Russia are also likely to be a key factor in U.S. decisions on future force posture in Europe.

In light of these considerations, Members of Congress could focus on several key questions regarding NATO's future in the aftermath of the summit. These might include:

- Addressing whether the alliance should adopt a new strategic concept that better reflects views of the security threat posed by Russia (NATO's current strategic concept was adopted in 2010);
- Examining NATO's capacity and willingness to address other security threats to the Euro-Atlantic region, including from the Middle East and North Africa;
- More seriously addressing the possible consequences of member states' failure to meet agreed defense spending targets;
- Assessing U.S. force posture in Europe and the willingness of European allies to contribute to U.S. defense initiatives in Europe such as the ballistic missile defense program and the proposed European Reassurance Initiative; and
- Revisiting the allies' commitment to NATO's stated "open door" policy on enlargement.

Appendix. Allied Defense Spending Figures

Table I. Defense Spending in NATO member states

	Overall Defense Spending as % of GDP, 2013 ^a	% of Defense Spending on Equipment, 2009-2013 Average ^a	% of Defense Spending on Personnel, 2013 ^a
Albania	1.4	14.1	73.2
Belgium	1.0	5.5	77.0
Bulgaria	1.4	8.4	75.5
Canada	1.0	12.2	49.7
Croatia	1.5	11.9	68.0
Czech Republic	1.1	14.5	62.1
Denmark	1.4	10.5	50.1
Estonia	2.0	13.6	43.2
France	1.9	28.9	49.2
Germany	1.3	16.8	49.6
Greece	2.3	15.4	68.3
Hungary	0.9	10.5	52.0
Italy	1.2	11.3	76.9
Latvia	0.9	10.9	51.5
Lithuania	0.8	11.2	66.6
Luxembourg	0.4	21.3	51.1
Netherlands	1.3	14.8	55.6
Norway	1.4	18.2	41.1
Poland	1.8	15.8	57.4
Portugal	1.5	10.5	74.0
Romania	1.4	8.8	75.5
Slovak Republic	1.0	9.0	74.1
Slovenia	1.1	7.0	80.3
Spain	0.9	14.8 ^b	57.2 ^b
Turkey	1.8	24.0	57.6
United Kingdom	2.4	22.2	35.0
United States	4.4	25.0	36.5

Source: NATO, *Financial and Economic Data Relating to NATO Defence*, February 24, 2014.

Notes: Figures based on NATO definition of defense expenditures; defense expenditures used in first column do not include pensions; equipment expenditures include spending on and R&D devoted to major equipment; personnel expenditures include military and civilian personnel expenditures and pensions.

a. Figures for 2013 are NATO estimates.

b. Figures on Spanish personnel and equipment expenditures are through 2012 only.

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