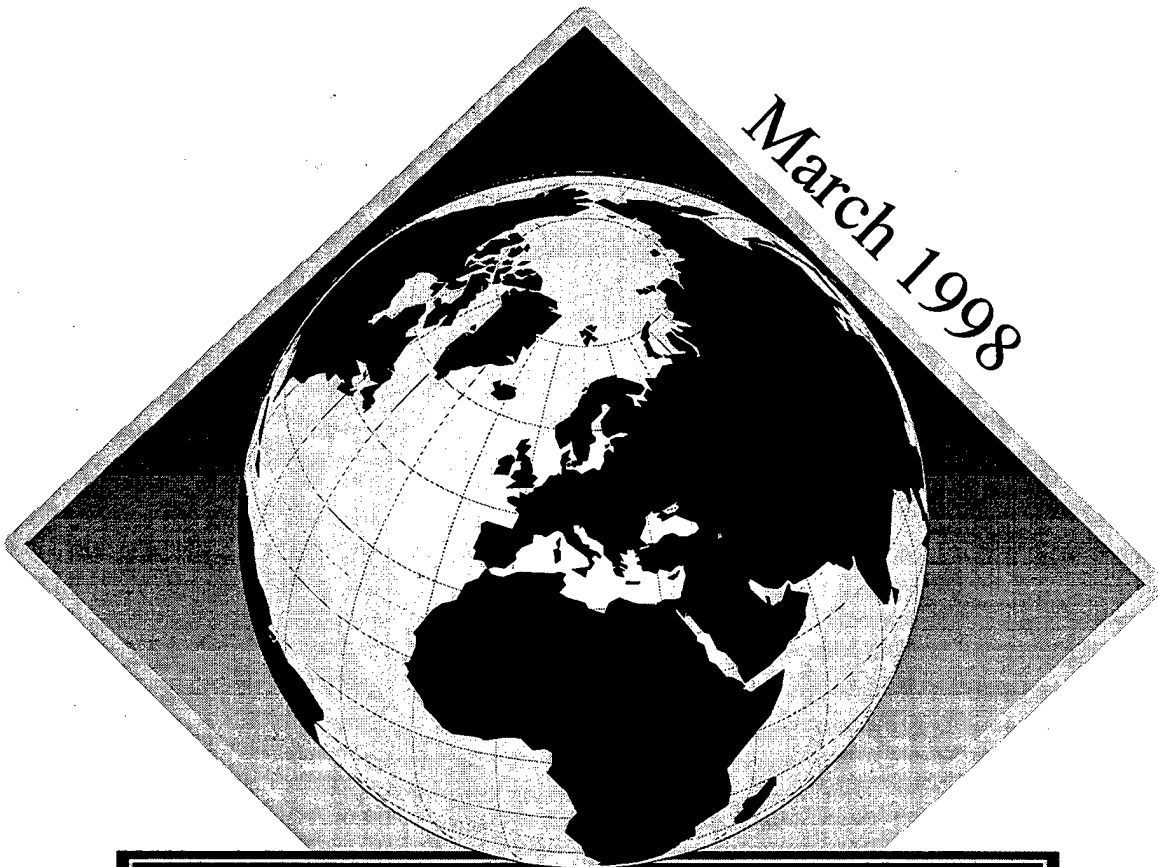


March 1998



**Report on Allied Contributions
to the Common Defense**

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INTRODUCTION

PURPOSE

This Report presents the Department of Defense assessment of the relative contributions toward common defense and mutual security made by our NATO allies, our key partners in the Pacific (Japan and the Republic of Korea), and the countries of the Gulf Cooperation Council (GCC).

Under legislative provisions dating to the Defense Authorization Act of 1981 (P.L. 96-342, Section 1006), the Department of Defense is required to compare the defense burdens borne by our allies, explain disparities, and describe efforts to eliminate such disparities. In each of the last two years, the annual Defense Authorization Act (P.L. 104-201, Section 1084, and P.L. 105-85, Section 1221) has recognized that there are multiple and diverse ways in which allies may share the responsibility for mutual security objectives. This represents a major step toward embracing the Administration's policy on responsibility sharing, first set forth in the 1994 edition of this Report. We look forward to continuing to work with the Congress in structuring a comprehensive and balanced framework within which to evaluate allied contributions to common defense and mutual security.

ORGANIZATION OF THIS REPORT

This Report is organized into three chapters. The first chapter presents an executive summary, describing the goals of U.S. responsibility sharing policy and providing a brief assessment of country contributions for 1996-1997. Chapter II provides a regional perspective of U.S. security interests and highlights the contributions of our key allies. Chapter III follows with detailed assessments of country efforts.

Additional information is provided in the Annex, which contains sources and notes, and summarizes responsibility sharing contributions on a country-by-country basis.

A Statistical Appendix to this Report is being prepared and will be provided under separate cover.

CHAPTER I

EXECUTIVE SUMMARY

U.S. RESPONSIBILITY SHARING POLICY

A National Security Strategy for a New Century (May 1997) identifies a diverse set of threats to U.S. security, including regional or state-centered threats (such as regional aggressors, unstable nations, internal conflicts, or failed states); transnational threats (including terrorism, illegal drugs, illicit arms trafficking, and organized crime); and threats from weapons of mass destruction (from existing arsenals and from the proliferation of advanced technologies).

To meet these challenges, the Administration's national security strategy stresses the need for integrated approaches, specifically to *shape* the international environment to prevent or deter threats, to maintain the ability to *respond* across the full spectrum of potential crises, up to and including major theater war, and to *prepare* now to meet future uncertainties. A central aim of the Administration's strategy to defeat these transnational threats is to strengthen and adapt our security relationships with key nations around the world – including sharing collective security responsibilities with allies and other friendly nations.

To promote U.S. security objectives tailored to different regions of the globe we require a broad range of security arrangements. Our alliances, particularly our security commitments in NATO, our bilateral relationships with Japan and the Republic of Korea, and our growing partnership with the nations of the Gulf Cooperation Council (GCC), are essential to the projection of American power and influence into areas where vital U.S. interests are at stake. These relationships reflect fundamental shared interests and embody close cooperation in both political and military affairs. They enhance our ability to achieve our international security objectives and protect vital economic interests. Our regional security arrangements enable the United States and our allies to provide the security and stability essential to democracy-building, economic progress, and the orderly resolution of international differences.

The cornerstone of effective alliance relationships is the fair and equitable sharing of mutual security responsibilities, and the proper balancing of costs and benefits. This, in turn, is the basis of U.S. responsibility sharing policy. The Administration is pleased that Congress accepts this policy and recognizes the breadth and depth of U.S.-allied relationships. This broader understanding, reflected in the FY 1998 Defense Authorization Act, acknowledges that each country's contribution is a mix of political, military, and economic elements, and that influencing and increasing allied efforts is a long-term endeavor heavily influenced by specific historical and geographical circumstances (including economic realities). The manner in which allies contribute to shared security objectives is also defined by the very different multilateral (NATO) and bilateral (East Asia-Pacific and Southwest Asia) frameworks within which those contributions are made.

SUMMARY ASSESSMENT

This section includes an assessment of country contributions under the terms specified in the FY 1998 Defense Authorization Act, as well as a more comprehensive evaluation consistent with previous reports.

Assessment Stipulated in the FY 1998 Defense Authorization Act

The FY 1998 Defense Authorization Act urges U.S. allies to increase their efforts in one or more of the following areas:

- Investment in defense, as represented by defense spending as a percentage of gross domestic product (GDP);
- Contributions to multinational military activities;
- Cost sharing for stationed U.S. forces; and
- Foreign assistance.

Chart I-1 presents an overview assessment of contributions made in each of these categories by our NATO and Pacific allies and our security partners in the Gulf. The assessment is based on the most recent, complete, and reliable data available: through 1997 for defense spending and multinational military activities, through 1996 for cost sharing and foreign assistance. The chart shows that all of the countries addressed in this Report meet at least one of the Congressional responsibility sharing targets listed above, and the majority meet two or more of them. National strengths are clearly evident, as are those areas of concern -- such as continued pressure on defense budgets -- where more clearly needs to be done.

- NATO Allies. Like the United States, most of our NATO allies continue to experience real reductions in their defense budgets. European host nation support remains essentially level and focused on indirect contributions. Many of these nations provide substantial foreign assistance, with the contributions of all NATO allies for which data are available exceeding those of the United States (relative to GDP). Most NATO nations also contribute substantially to and participate extensively in shared military roles, missions, and combined operations within and beyond NATO.
- Pacific Allies. Japan maintains an enviable record of providing host nation support and foreign assistance, although its level of defense spending as a share of GDP remains at just 1 percent due to political constraints. The Republic of Korea also provides host nation support and maintains a substantial investment in defense (over 3 percent of GDP), but in light of its limited per capita GDP makes only very modest contributions to foreign assistance.
- Gulf Cooperation Council (GCC). Each of the GCC nations has a per capita GDP below the average of all countries addressed in this Report, yet spends an above-average share of GDP on defense, with the shares of Qatar, Saudi Arabia, Oman, and Kuwait in the 10 to 15 percent range. Kuwait's foreign assistance relative to GDP leads all nations in this Report.

Chart I-1 Countries Achieving Congressional Targets*

	Defense Spending as % GDP (1997)	Multinational Military Activities (1997)	Cost Sharing (1996)	Foreign Assistance (1996)
NATO Allies				
Belgium				✓
Canada		✓		✓
Denmark		✓		✓
France		✓		✓
Germany		✓		✓
Greece	✓	✓		✓
Italy		✓		✓
Luxembourg				✓
Netherlands		✓		✓
Norway		✓		✓
Portugal		✓		✓
Spain		✓		✓
Turkey	✓	✓		✓
United Kingdom		✓		✓
Pacific Allies				
Japan		✓	✓	✓
Republic of Korea				✓
Gulf Cooperation Council				
Bahrain	✓			
Kuwait	✓			✓
Oman	✓			
Qatar	✓			
Saudi Arabia	✓			✓
UAE	✓			

*Congressional targets are as follows:

1. Increase defense spending share of GDP by 10% over the previous year, or to a level commensurate with the U.S..
2. Increase military assets or other resources contributed to or earmarked for multinational military activities.
3. Increase offsets for U.S. stationing costs to a level of 75% by the year 2000.
4. Increase foreign assistance by 10% over previous year, or to a level commensurate with the U.S..

Comprehensive Assessment of Contributions

The targets embodied in the FY 1998 Defense Authorization Act are a sound basis upon which to assess country efforts, although the Department believes that a thorough evaluation requires a somewhat expanded approach. Because nations' efforts are subject to short-term volatility, and due to large differences in the economies, demographics, and standard of living among the nations included in this Report, *year-to-year* comparisons of *absolute levels of effort* can be highly misleading. Thus, the Department has long maintained that – in contrast to the short-term, “pass/fail” perspective of the Congressional targets – assessments should acknowledge *trends* in country contributions, and be based on a country's *ability to contribute*.

Moreover, in addition to the four categories identified in the Authorization Act, previous assessments by the Department have also addressed military personnel and standing forces as key measures of a country's contribution to shared security objectives. Finally, although an assessment of U.S. efforts is not specified in the Authorization Act, the Department believes such an assessment should be included in this Report for completeness and balance.

This more comprehensive evaluation yields an assessment similar to that resulting from the approach mandated in the FY 1998 Defense Authorization Act. That is, when countries' efforts are analyzed with respect to their ability to contribute, each nation in the Report makes substantial contributions in at least one (and the majority in at least two) of the four Congressional categories.

As summarized in Chart I-2, however, several key differences emerge relative to the results in Chart I-1.

- Although France and the Republic of Korea fail to meet the Congressional target for defense spending as a share of GDP, these nations – in addition to the countries highlighted in Chart I-1 – merit recognition for contributing a share of defense spending significantly larger than their share of GDP.
- Likewise, while Belgium and Qatar failed to meet the Congressional objective of increasing their contributions in 1997 in the category of multinational military activities, their level of effort is nonetheless substantial in view of their ability to contribute. Conversely, although Germany and Japan did register increases – and thus meet the Congressional target – Japan's share of contributions remains substantially below its share of ability to contribute, and Germany's effort is roughly commensurate with its means.
- Japan is the only nation that meets the Congressional target for cost sharing, yet relative to ability to contribute, Kuwait's bilateral cost sharing contributions to the United States lead all countries in this Report. Qatar, Oman, and Luxembourg also contribute shares of host nation support significantly above their respective share of GDP. (The Republic of Korea is excluded from this list due to measurement problems surrounding estimates of ROK's indirect cost sharing contributions for 1996, and is expected to rejoin this ranking once full cost sharing estimates for 1997 are compiled later this spring.)

- Almost every nation in this Report meets the Congressional target for foreign assistance, aided by unavoidable anomalies in year-to-year reporting, or by the relatively low ranking of the United States which is used as a benchmark for evaluating allies. When efforts are assessed based on ability to contribute, however, aid provided by countries such as Saudi Arabia, Italy, and Portugal is average, and is below average in the case of Spain, Japan, Greece, and the Republic of Korea – though each of these countries meet the Congressional target, as shown in Chart I-1.

Finally, the more comprehensive approach assesses nations' performance in the additional areas of military personnel and standing forces (ground, naval, and air). Although not addressed by the FY 1998 Defense Authorization Act, these categories are important to the shared security objectives of deterrence and self-defense, and have been evaluated by the Department in previous reports. Chart I-2 shows that most nations make substantial contributions in relation to their ability to contribute in at least one of these categories. Most notably, Greece, Turkey, Bahrain, and Oman register substantial contributions in all four areas, while Portugal, the Republic of Korea, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates achieve this distinction in three categories. In contrast, six nations (Canada, Denmark, Germany, Luxembourg, Spain, and Japan) fail to contribute substantially more than their relative share of GDP or labor force in any of these areas.

CONCLUSION

As stated in previous reports on this topic, the Department believes country efforts present a mixed but generally positive picture in terms of shouldering responsibility for shared security objectives.

The United States continues to maintain a close and systematic dialogue with allied governments at all levels concerning responsibility sharing strengths and weaknesses, and this in turn has contributed to an increased awareness of our concerns in allied capitals. We will persist in engaging allies in this manner, focusing on the need for increased attention to defense budgets and host nation support, and further strengthening of foreign assistance and participation in both bilateral and multilateral efforts to enhance our collective security. This is an evolutionary effort, and we will continue to press for progress across the board.

Finally, the Department continues to urge – in the interests of achieving a balanced assessment of nations' efforts – that short-term pass/fail objectives be supplemented with a review of longer-term trends based on countries' ability to contribute.

Chart I-2 Countries Making Substantial Contributions Based on Ability to Contribute*

	Defense Spending (1997)	Multinational Military Activities (1997)	Cost Sharing (1996)	Foreign Assistance (1996)
United States	✓		NA	
NATO Allies				
Belgium		✓		✓
Canada		✓		✓
Denmark		✓		✓
France	✓	✓		✓
Germany		✓		✓
Greece	✓	✓		
Italy		✓		
Luxembourg			✓	✓
Netherlands		✓		✓
Norway		✓		✓
Portugal		✓		
Spain		✓		
Turkey	✓	✓		
United Kingdom		✓		✓
Pacific Allies				
Japan			✓	
Republic of Korea	✓			
Gulf Cooperation Council				
Bahrain	✓	✓		
Kuwait	✓		✓	✓
Oman	✓		✓	
Qatar	✓	✓	✓	
Saudi Arabia	✓			
UAE	✓			

• Assessments are based on comparing a nation's share of total contribution of all nations addressed in this Report with its share of total ability to contribute (either GDP or labor force). A country's efforts are assessed to be "substantial" when its contribution share exceeds by at least 20 percent its GDP or labor force share.

For example, U.S. defense spending is assessed as follows: U.S. share of total defense spending is 51 percent (contribution); U.S. share of total GDP is 38 percent (ability to contribute). U.S. defense spending is rated 'substantial' because its contribution exceeds ability to contribute by 34 percent (51 divided by 38).

Chart I-2 (Cont.) Countries Making Substantial Contributions Based on Ability to Contribute*

	Active-Duty Military Personnel (1997)	Ground Combat Capability (1997)	Naval Tonnage (1997)	Tactical Combat Aircraft (1997)
United States			✓	
NATO Allies				
Belgium				✓
Canada				
Denmark				
France	✓			✓
Germany				
Greece	✓	✓	✓	✓
Italy	✓			
Luxembourg				
Netherlands		✓		
Norway	✓	✓		
Portugal	✓		✓	✓
Spain				
Turkey	✓	✓	✓	✓
United Kingdom			✓	
Pacific Allies				
Japan				
Republic of Korea	✓	✓		✓
Gulf Cooperation Council				
Bahrain	✓	✓	✓	✓
Kuwait	✓	✓		✓
Oman	✓	✓	✓	✓
Qatar	✓	✓		✓
Saudi Arabia	✓	✓		✓
UAE	✓	✓		✓

* See note on previous page

CHAPTER II

REGIONAL OVERVIEW AND CONTRIBUTIONS OF KEY ALLIES

This chapter places the Administration's responsibility sharing policy in strategic perspective, and describes differences in U.S. security objectives, mutual security arrangements, and forward presence in the three regions most important to vital U.S. security interests: Europe, East Asia-Pacific, and Southwest Asia.

NATO ALLIES

Responsibility sharing in Europe cannot be understood without reference to NATO, the most successful security alliance in history. It is through and in connection with this unique enterprise that our transatlantic security partnership is given form and content, and allied responsibilities are defined, allocated, and shared.

NATO has guaranteed transatlantic peace and security for 50 years. It has played a pivotal role in terminating the Cold War on terms favorable to the United States and our allies, ensuring security in the Mediterranean, and projecting Western power and influence into the Middle East and North Africa. The Alliance has also served as a useful forum for coordinating policies with respect to other parts of the world. Today, NATO remains a unique instrument for guiding change, deterring and managing crises, and applying military force where necessary.

The Alliance continues to serve as an irreplaceable mechanism for the exercise of U.S. leadership in international security affairs, and for the projection of American power and influence across the Atlantic and beyond. NATO provides the single most important vehicle for the coordination of national security policies and actions, both within and outside of Europe. An integrated political and military organization, the Alliance is the forum where the member states work out arrangements for shouldering political and military risks and economic costs, and for assigning and coordinating military roles and responsibilities.

Unique habits of cooperation have evolved in NATO over the past half-century. Thus, although our European allies do not offset the same percentage of U.S. stationing costs as do Japan and the Republic of Korea, they contribute significantly more toward sharing the military roles, as well as the overall political and economic costs, of protecting shared interests.

NATO's common-funded budgets have long been unique instruments for achieving defense objectives while reducing each country's costs through economies of scale and the development of joint projects. Common funding is among the oldest and most effective means of achieving U.S. responsibility sharing objectives. The United States, in view of its global commitments, participates in NATO's common-funded projects at a "discount" -- i.e., the U.S. cost share (roughly 25 percent) is proportionately smaller than its share of NATO's collective GDP (nearly 50 percent). The common-funded budgets are a dramatic example, at the level of finances and resources, of the multiplier effect provided by NATO membership, which allows us to achieve cost-saving, coordinated actions among the member states.

The successful defense of our international security interests depends fundamentally on effective American leadership of NATO. The presence of significant numbers of U.S. forces in Europe underpins that leadership and the military effectiveness of the Alliance. Forward basing strengthens peace and stability within the region and provides a platform for the projection of power and influence beyond Europe that is more immediate, credible, and cost-effective than basing in the continental United States.

The vast majority of the approximately 100,000 U.S. forces based in Europe are stationed in three countries: 49,000 in Germany, and approximately 12,000 each in Italy and the United Kingdom. In addition, France is a principal European ally, and spends more on defense than any other nation in Europe (\$42 billion in 1997). These four countries have for many years shouldered a broad range of political, military, and financial responsibilities vital to the achievement of shared security objectives, by working in concert with the United States diplomatically; hosting U.S. nuclear and conventional forces; maintaining substantial, modern armed forces of their own; participating in combined operations within Europe and beyond in support of defense and deterrence; and extending significant foreign assistance to promote peace and security. The following sections highlight notable contributions of these key NATO allies.

Germany

Germany's geographical location, economic strength, military capabilities and political influence make it a vital European ally. With one of the largest of NATO's armed forces in Europe (over 330,000). German military forces are modern, well-equipped, trained, and led, and are a major component of Alliance military capabilities.

Reflecting growing readiness to participate in crisis management and peacekeeping operations, Germany is increasingly involved in providing forces for multilateral military missions. In 1997, Germany contributed troops to both NATO and UN missions in the former Yugoslavia, Africa, and Asia. Beginning in January 1997, Germany has taken the unprecedented step of deploying a contingent of 3,000 combat troops in the former Yugoslavia as part of SFOR. Germany's military presence in the former Yugoslavia represents a change in Bonn's approach to crisis management and a welcome strengthening of our political-security partnership. In addition to its financial contributions to UN missions, Germany actively participates in peacekeeping operations in the former Yugoslavia, on the Iraq-Kuwait border, and in Georgia.

German defense spending in 1997 was 1.6 percent of GDP, down from a level of 2.8 percent in 1990. Pressure on the German defense budget remains strong, particularly in view of the country's difficult economic situation, European Monetary Union imperatives, continuing financial investments in eastern Germany, and assistance to former Soviet bloc countries.

We are concerned about current and projected German defense budget trends, and are urging the German government to give close attention to this matter.

Financially, Germany continues to play a unique role in supporting the successful democratization of Central and Eastern Europe, advancing security and stability as a result. In 1997, Bonn completed payments of almost \$11 billion to facilitate the withdrawal and redeployment of Russian forces from eastern Germany. German government technical assistance also enabled the massive drawdown of U.S. military forces from Germany.

From 1990 to 1996, Germany disbursed over \$65 billion in bilateral assistance (nearly 60 percent of the total contributed by all nations) to Central and East European countries and the Newly Independent States of the former Soviet Union. Germany has also provided billions in aid to the former Yugoslavia (\$355 million in 1996 alone). Furthermore, during 1997, Germany contributed nearly \$10 million to aid nuclear and chemical weapons dismantlement in the former Soviet Union, \$3.9 million to the Korean Energy Development Organization (KEDO), and \$14 million for de-mining operations worldwide.

Typical of NATO allies generally, Germany contributes more to achieving shared interests in the areas of military roles and missions, political cooperation, and economic assistance than in cost sharing for forward deployed U.S. forces. Nevertheless, German cost sharing was estimated at approximately \$1.3 billion in 1996, almost all of which was in the form of indirect contributions. The German government now absorbs all landing fees for U.S. military aircraft, which -- according to German estimates -- saved the United States some \$18 million. Germany has also expanded host nation support for U.S. bases from which American soldiers have been deployed to Bosnia. This included additional police coverage in housing areas, social services for families, and security and logistical support for deploying forces.

United Kingdom

The United Kingdom remains one of our closest and most important allies, working in concert with the United States across a broad range of political and military issues both within NATO and bilaterally. A nuclear state with significant power projection capabilities, the United Kingdom brings to our security relationship not just a regional but also a global orientation. British forces are deployed to some 30 locations outside the United Kingdom.

The British defense budget has declined, but defense spending as a share of GDP (2.8 percent in 1997) has remained more robust than most and among the highest in NATO. The United Kingdom provides substantial host nation support for stationed U.S. forces, almost entirely in the form of indirect contributions. British forces constitute the backbone of the Allied Command Europe (ACE) Rapid Reaction Corps (ARRC), and play a significant both in NATO military missions as well as in peacekeeping operations under the auspices of the United Nations.

In 1997 the British SFOR contingent numbered some 5,000 ground troops, second in size only to the United States contribution. In December 1996, British aircraft and ships were transferred from NATO operations "Sharp Guard" and "Deny Flight" to operation "Deliberate Guard." Additionally, British forces participate in coalition operations in Southwest Asia, including the enforcement of no-fly zones over northern and southern Iraq, and are also involved in UN-mandated operations in Cyprus, on the Iraq-Kuwait border, and in Georgia.

The United Kingdom provides bilateral assistance for humanitarian efforts and reconstruction projects in the former Yugoslavia (totaling \$70 million in 1996), as well as its share of the European Union aid commitment. The United Kingdom was the first European country to support KEDO, with a \$1 million contribution in 1995, and was among the leaders of the successful effort to secure an EU contribution to KEDO. Under a new agreement between the EU and KEDO, the United Kingdom has agreed to pay an additional \$3.26 million over a five-year period to KEDO. The United Kingdom provided nearly \$3.8 billion in foreign assistance in 1996, a level nearly double that of the United States in terms of ability to contribute.

Italy

Italy contributes actively to our security partnership, both through NATO and bilaterally. Italy is a major staging and logistics base for operations in and beyond the immediate region. Relative to Europe's central region, Italy has always possessed the military advantage of strategic depth, while at the same time providing a key front-line presence in the Mediterranean region. Italy hosts U.S. forces and contributes significantly to U.S. power projection capability into and throughout the region. NATO air bases in Italy, for example, have provided essential staging and transportation points for SFOR operations in Bosnia.

Italian defense spending relative to GDP was just under 2 percent in 1997. This represented only a marginal decrease in this ratio from 1996, and the 10 percent decline in this figure between 1990-1997 is among the lowest in NATO. Italy's host nation support for U.S. forces during 1996 was estimated at more than \$500 million, consisting almost entirely of indirect contributions.

In addition to its NATO missions – including its commitment of 1,700 military personnel to SFOR – during 1997 Italy also participated in UN operations in Jerusalem, Bosnia and Herzegovina, Croatia, Lebanon, on the Iraq-Kuwait border, in the Western Sahara, Albania, Cyprus, and on the India-Pakistan border. Furthermore, Italy played a major role in the stabilization of Albania in 1997, leading and contributing 3,000 troops to a Multinational Protection Force under UN and OSCE auspices to ensure freedom of movement for humanitarian operations in that troubled country.

Italy contributed \$45 million in 1996 for emergency humanitarian and reconstruction assistance to the former Yugoslavia. Italy's total foreign assistance in 1996 was \$2.5 billion, an increase of 29 percent from 1995 levels. In July 1995, Italy pledged to donate \$2.2 million to KEDO over the course of three years.

Finally, Italy took significant steps in 1997 to promote cooperative security relationships throughout Europe, forming a joint amphibious brigade with the Spanish and a joint maneuver brigade with Slovenia and Hungary. Italy also signed defense cooperation accords with the Czech Republic, Slovenia, Poland, Macedonia, Georgia, Romania, and Slovakia, covering a range of training activities, provision of excess defense articles, and joint military exercises.

France

France carries an important share of the burden of defending Western interests, and maintains substantial defense spending levels. French defense spending relative to GDP was just under 3 percent in 1997, a modest decrease from 1996. Since 1990 this figure has dropped 16 percent, roughly half the rate of decrease for NATO as a whole. Despite its often ambiguous relationship to the NATO alliance, France retains considerable nuclear and conventional military power and thus contributes substantially to the Alliance's deterrent posture.

France makes noteworthy international peacekeeping efforts, and has committed 2,500 troops to SFOR missions – the fourth largest after the United States, the United Kingdom, and Germany. In addition to its NATO missions, during 1997 France participated in UN missions in Jerusalem, Bosnia and Herzegovina, Croatia, Lebanon, the Iraq-Kuwait border, the Western Sahara, Angola, Georgia, and Haiti.

French Reaction Forces outnumber those of any other nation addressed in this Report with a total contribution of four combat divisions, integral combat support and combat service support groups, and nearly 56,000 troops.

In 1996, France contributed over \$7 billion in foreign assistance, third largest of all Allies in this Report, behind Japan and Germany.

PACIFIC ALLIES

Our key security relationships in Asia are with Japan and the Republic of Korea. As is the case with NATO in Europe, these alliances grew out of the experience of World War II and the early years of the Cold War. Like NATO, these two bilateral relationships were instrumental in helping to manage Cold War realities and are now adapting not just to a fundamentally altered global geopolitical situation, but to emerging challenges and opportunities in the region.

At the heart of both alliances is the continued presence of significant numbers of U.S. troops: 43,000 in Japan and over 36,000 in Korea. These forces play a vital role in contributing to peace and security in the region, and are a tangible expression of vital American interests in Asia, and of U.S. will and capability to defend those interests in concert with our allies.

In view of the constraints that influence the policies and capabilities of both countries -- in Korea the division of the peninsula and the threat of conflict, and in Japan the complex legacy of World War II -- their responsibility sharing has focused more on assuming a substantial share of U.S. stationing costs and less on other aspects, such as active participation in shared regional and global military roles and missions.

In late 1995, the United States concluded new multi-year cost-sharing agreements with both countries. These accords build effectively on past arrangements and provide for significant and increasing host country participation in cost sharing. This welcome contribution is critical not only to maintaining the military readiness of our deployed forces, but also for sustaining the political support that is essential to forward stationing, and thus to our ability to project U.S. power and influence in defense of shared interests.

Japan

Our bilateral alliance with Japan is fundamental to both our security policy in the region and our global strategic objectives. Countries throughout the region view the alliance as a major element of stability and security. Japan is expanding cooperation with the United States and is taking an increasingly active role in international security affairs. Although Japan spends less on defense as a share of GDP than any other major ally (1 percent), because of the size of its economy, Japan ranks third in defense expenditures among the countries in this Report.

Cost sharing in support of stationed U.S. forces remains Japan's most significant responsibility sharing contribution. Its host nation support is the most generous of any U.S. ally. In 1996, Japan's cost sharing in support of U.S. forces amounted to approximately \$4.6 billion or about 78 percent of total U.S. basing costs.

In 1995, we concluded a new five-year (1996-2001) Special Measures Agreement (SMA) with Japan. Under the terms of the SMA, Japan pays virtually all of the costs of local national

labor employed by U.S. forces and public utilities on U.S. bases, along with the costs of transferring U.S. training activities from U.S. bases to other facilities in Japan when Japan requests such transfers. In 1996 Japan provided about \$1.0 billion under the SMA.

Under the Facilities Improvement Program (FIP), Japan provides substantial funding for quality-of-life projects. These projects include bachelor and family housing, community support and recreation facilities, and utilities upgrades. In recent years Japan has also shown increased flexibility under the FIP in constructing direct operational facilities, such as hangars and hardened aircraft shelters. In 1996 Japan provided approximately \$1.1 billion for construction, restoration, and maintenance of facilities. In addition, in 1996 Japan also provided roughly \$800 million in rents and around \$700 million for vicinity improvements.

We estimate that under the new SMA, the value of Japan's direct cost sharing (including cash payments and in-kind contributions) will approximate \$1.7 billion per year through 2001, or \$8.5 billion over the life of the agreement. Over these same five years, Japan's combined direct and indirect cost sharing (i.e., including foregone taxes, rents, and revenues) will be approximately \$5 billion per year -- for a total of \$25 billion.

Beyond its cost sharing contribution, Japan's evolving international role means greater involvement in multinational efforts to promote regional and global stability. The Japanese actively support crisis management and nation-building efforts around the world. Japan has the second largest foreign assistance budget of any nation in this Report and is the second largest contributor to UNHCR, UNICEF, and other international humanitarian agencies. Additionally, Japanese peacekeepers have been serving in the Golan Heights. To date, Tokyo has also contributed \$31.7 million to KEDO in support of our mutual nuclear nonproliferation efforts on the Korean Peninsula.

On April 17, 1996, President Clinton and Prime Minister Hashimoto signed a bilateral security declaration which reaffirmed both countries' continuing commitment to our defense partnership. In September 1997, the two countries adopted the new Guidelines for U.S.-Japan Defense Cooperation. When implemented, the Guidelines will provide greater Japanese support for U.S. operations in a regional contingency.

The Republic of Korea

Our security relationship with the Republic of Korea remains central to the stability of the Korean Peninsula and Northeast Asia. U.S. forces stationed in the ROK contribute significantly to the security and territorial integrity of the country, and are a tangible manifestation of U.S. support for peaceful change and democratic evolution in the region.

In November 1995, the United States concluded the first multi-year Special Measures Agreement (SMA) with the Republic of Korea, covering the period 1996-1998. Under the SMA, the Koreans agreed to increase their direct cost sharing contribution, which stood at \$300 million for 1995, by 10 percent each year, to approximately \$400 million in 1998. Over the life of the agreement, this direct support will exceed \$1 billion. Moreover, the cash component of this contribution, which in 1996 made up two-thirds of the total, will increase to three-fourths of the total in 1998, with a corresponding decrease of the in-kind component.

A serious Asian financial market crisis in late 1997 has taken its toll on the Korean economy, and has halved the value of the Korean won relative to the dollar. Because of the

SMA's provision to conduct transactions in U.S. dollars, this crisis could have had potentially major cost-sharing ramifications for 1998. In order to preserve the value of the SMA while taking into account the impact of the financial crisis on the value of the won, Secretary Cohen has assured the ROK leadership that we would not profit from this situation. Consequently, we are exploring ways to retain the value, or purchasing power, of the SMA to take into account new exchange rate realities and maintain the ROK's cost-sharing obligations at the level intended by the SMA. This process of adjusting the SMA is now underway.

Not related to the financial crisis, in an effort to validate ROK's methodology in calculating their indirect cost sharing contribution, U.S. Forces Korea has conducted a valuation estimate and analysis of foregone land rents, based on recommendations made during the 1997 SMA Implementation Review in Seoul. This survey estimated foregone rent to the ROK for U.S. controlled exclusive-use land. Based on the results of this survey, as of this writing we estimate that ROK's indirect cost sharing for 1997 amounted to approximately \$277 million.

Apart from cost sharing, the ROK makes major contributions to regional security by maintaining strong, modern armed forces. In 1997 the Republic of Korea devoted 3.2 percent of its GDP to defense. ROK annual defense spending has grown by 33 percent since 1990, compared to a decline of 20 percent for all other Pacific and NATO allies combined, and a reduction of 27 percent for the United States over this period.

Because of the security situation on the Korean Peninsula, Seoul's defense effort continues to focus on the maintenance and improvement of military readiness. As such, the ROK does not participate extensively in military roles and missions, including combined operations, elsewhere in the region and beyond. Furthermore, economic constraints limit the ROK's ability to make large contributions to foreign assistance. In 1996 and 1997, however, Seoul contributed approximately \$12 million to KEDO and provided an additional loan of \$45 million in support of shared nuclear nonproliferation goals under the U.S.-North Korea Agreed Framework. Moreover, the ROK has committed to play the central role in funding the cost of the light water reactors to be constructed in North Korea.

GULF COOPERATION COUNCIL

The U.S. security strategy in Southwest Asia remains one of engagement, forward presence, and rapid response. We seek to sustain and adapt security partnerships with key states throughout this critical region, broaden the economic and cultural underpinnings of these relationships, and promote peaceful settlement of regional disputes before they erupt into conflicts that could threaten our interests. Acting alone, neither the United States nor its partners in the region can ensure the security of Southwest Asia. Collective efforts are essential.

The security framework in which we operate in Southwest Asia is strikingly different from those in other regions of vital interest to the United States. Here we have no formal bilateral or multilateral defense treaties, but instead rely on a range of executive agreements for military access, prepositioning, status of forces, and security assistance.

Our principal security partners in this region are the member states of the Gulf Cooperation Council (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. These nations carry a substantial proportion of the defense load -- each having a lower (and in some cases, substantially lower) per capita GDP than the average of all nations addressed

in this Report, yet spending more (to substantially more) of their GDP on defense than the average. As a result, the contributions of the GCC states to military personnel and standing forces far exceed their share of total GDP of all countries included in this Report. In spite of these laudable efforts, there remains a substantial disparity between the military forces of the GCC states and those of their principal antagonists in the region.

Due to this imbalance, the United States continues to urge the Gulf countries to work closely with other moderate Arab states to enhance their collective ability to defend the region. The first step in this direction was taken immediately following the Gulf War, when the six GCC members plus Egypt and Syria (the so-called "GCC+2") pledged to enhance their common defense capabilities in the 1991 Damascus Declaration.

Our GCC partners also contribute to regional security by providing U.S. forces the use of military facilities, transit rights, and other forms of access. Bahrain, for example, has provided port facilities for U.S. naval forces for nearly 50 years; it also hosts the headquarters for U.S. Naval Forces Central Command, furnishes facilities for prepositioned equipment, and has granted rapid access for U.S. military aircraft when needed. Oman has also permitted the United States to preposition equipment on its territory, and has granted emergency access to its military bases since 1980. Since the Gulf War, defense cooperation agreements permitting access and prepositioning have been signed with Kuwait, Bahrain, Qatar, and the United Arab Emirates. Under the agreement with Kuwait, that nation has agreed to offset U.S. prepositioning and exercise costs. Saudi Arabia also provides access to U.S. forces and has made substantial contributions to offset the cost of U.S. military operations in the region enforcing UN sanctions on Iraq. Furthermore, during 1996-1997 Bahrain and Qatar have hosted an Air Expeditionary Force for two-month rotations in support of Operation Southern Watch.

CHAPTER III

ASSESSMENT OF COUNTRY CONTRIBUTIONS

This chapter presents the Department's detailed assessment of allied and partner countries' contributions to shared security objectives. Countries are assessed according to the criteria specified in the FY 1998 Defense Authorization Act, and also using additional measures and methodologies from past reports to ensure a comprehensive, balanced evaluation.

The responsibility sharing targets established by the FY 1998 Defense Authorization Act (P.L. 105-85, Section 1221) are listed below:

- Increase defense spending share of GDP by 10 percent over the previous year, or to a level commensurate with that of the United States.
- Increase military assets contributed to or earmarked for multinational military activities.
- Increase offsets of U.S. stationing costs to a level of 75 percent by the year 2000.
- Increase foreign assistance by 10 percent over the previous year, or to a level commensurate with that of the United States.

In addition to measuring country contributions against these short-term, "pass/fail" targets, this chapter also provides a more comprehensive assessment based on countries' *ability to contribute* and reflecting *trends* in country efforts. Also included is an assessment of military personnel and standing forces as key measures of a country's contribution to shared security objectives. Finally, although an assessment of U.S. efforts is not specified in the Authorization Act, this chapter addresses U.S. contributions for purposes of completeness and balance.

The following assessments are based on the most recent, complete, and reliable unclassified data available. Notes on uses and sources of these figures, and a country-by-country summary of selected responsibility sharing statistics, can be found in the Annex. A more complete compendium of supporting data is being prepared as a Statistical Appendix to this Report, and will be provided under separate cover.

DEFENSE SPENDING

The Department has long maintained that any attempt to assess responsibility sharing must consider nations' contributions to the common defense in terms of their *ability to contribute*. This is a sound principle made all the more important by large differences in economic performance, population, and standards of living that exist among our allies.

Chart III-1 shows the wide range of per capita GDP in 1997 among the nations addressed in this Report -- from \$2,800 in Turkey to over \$45,000 in Luxembourg. In light of such disparities in standard of living, "equitable" defense spending among nations may not necessarily mean that each nation should devote the same level of its national wealth to defense. That is, it

may be more “fair” for nations with the strongest economies and wealthiest populations to carry a proportionately larger share of the burden of providing for the common defense.

Chart III-1 shows, however, that most of the countries addressed in this Report that have below-average per capita GDP spend above-average shares on defense (such as all of the GCC countries, Greece, Turkey, and the Republic of Korea), while most of those that have above-average standards of living, spend below-average shares of their GDP for defense (including Luxembourg, Japan, Denmark, and Germany).

Chart III-1
Defense Spending as a Percentage of GDP vs. Per Capita GDP
 1997

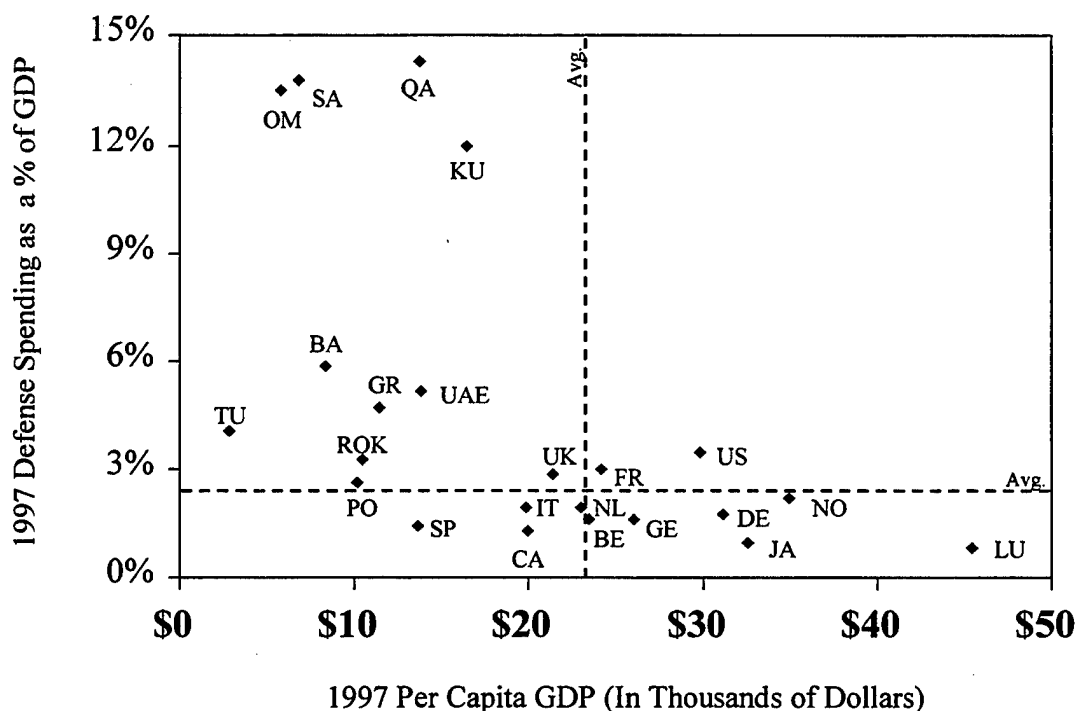


Chart III-2 depicts defense spending trends from 1990-1997 for the United States, our NATO and Pacific allies, and our GCC partners. The chart shows that over this period defense spending declines have been steepest for the United States, and that defense spending cuts by our NATO allies as a group have leveled off in recent years. Steady growth in defense expenditures is reflected for our Pacific allies and, following the Gulf War, for our GCC partners as well.

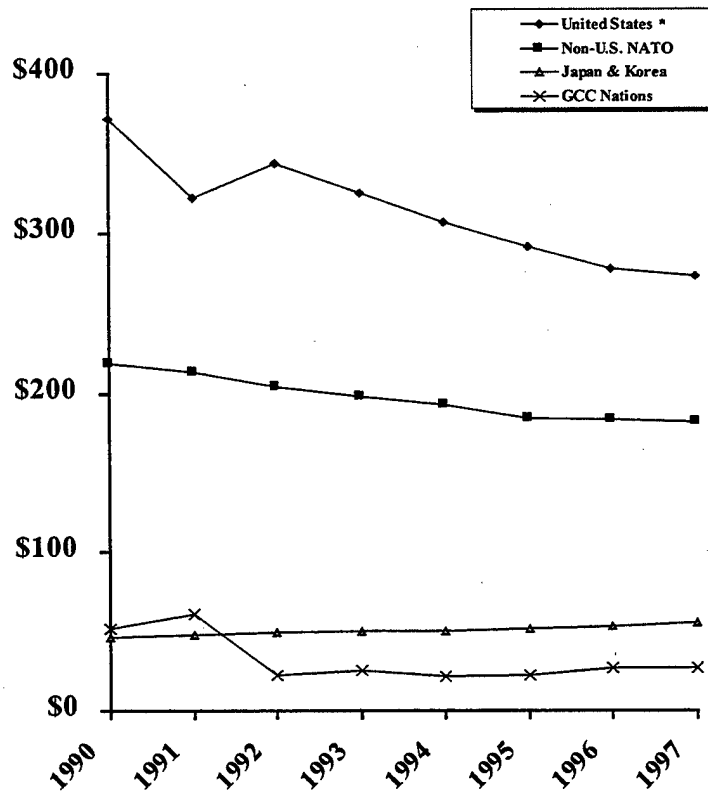
Budget pressures continue to strain defense programs in the United States and among our allies. Economic factors have exacerbated these pressures in Europe (rigorous European Monetary Union criteria and continuing high unemployment) and the Pacific (the recent financial crisis).

Excluding the GCC countries, whose defense spending in 1990-1991 was seriously distorted due to the Gulf War, combined real defense spending for nations addressed in this

Report dropped by 20 percent between 1990 and 1997, reflecting adjustments to the post-Cold War security environment. Largest declines during this period were experienced by Germany (-30 percent), Canada (-28 percent), the United Kingdom and the United States (-27 percent each), and Belgium (-26 percent). In contrast, several nations achieved notable real increases in their defense budgets over this period – the Republic of Korea (33 percent), Turkey (23 percent), Luxembourg (19 percent), Japan (16 percent), Greece (14 percent), and Portugal (8 percent).

Between 1996 and 1997, nearly half of the countries addressed in this Report achieved real defense spending growth, with biggest gains posted by Qatar (46 percent), Portugal (9 percent), the Republic of Korea (7 percent), and Greece (5 percent).

Chart III-2
Defense Spending
 1997 Dollars in Billions - 1997 Exchange Rates



* NOTE: U.S. defense outlays in 1991 were artificially depressed due to large allied cash contributions credited for Operation Desert Shield/Desert Storm.

Certain expenditures outside of defense budgets also promote shared security interests, and should be recognized – such as Germany’s investments in the infrastructure of eastern Germany and its financial support for economic and political reform in the new democracies in Central Europe. Nonetheless, it is essential that our allies maintain their defense budgets at appropriate levels, in order to ensure that they remain able to field effective military forces. In our discussions with allies and partners the Department continues to urge greater efforts in this area.

Defense Spending as a Percentage of GDP

Defense spending relative to GDP combines the most comprehensive indicator of defense effort with the most comprehensive indicator of ability to contribute. However, this indicator should not be viewed in isolation from other national contributions to shared security objectives.

Chart III-3 shows the percentage of GDP spent on defense by the United States and our allies in 1997, while Chart III-4 presents similar data for the period since 1990. These charts reveal that the pattern reflected for 1997 remains much the same as it has been throughout the 1990s: the GCC nations, along with Greece and Turkey, spend the highest percentage of GDP on defense, while Japan, and several of our NATO allies (Luxembourg, Canada, Spain, Germany, Belgium, and Denmark) spend the lowest share of GDP on defense.

- Since 1990, U.S. defense spending relative to GDP has declined from over 5.3 percent to around 3.4 percent. During this period, non-U.S. NATO defense spending relative to GDP has risen from 54 percent of the U.S. level to 63 percent.
- In 1997, Greece and Turkey once again exceeded all other NATO nations in defense spending relative to GDP, and Greece was also one of only two Alliance members that experienced growth in this indicator (2 percent) during 1997 – the other was Portugal (5 percent).
- Among NATO nations, France and the United Kingdom are consistently near the top in terms of defense spending as shares of GDP, trailing only Greece, Turkey, and the United States in this measure in 1997. On the other hand, Germany – which ranked sixth among NATO nations in this measure at the end of the Cold War – now ranks 12th, ahead of only Spain, Canada, and Luxembourg.
- Although the percentage of GDP that Japan spent on its constitutionally-limited defense forces remained around just 1 percent in 1997, Japanese defense spending still recorded a 2.5 percent real increase over 1996 due to GDP growth. Japan's defense budget remains the third largest of all the countries in this Report, behind those of the United States and France. The 7 percent real increase in the Republic of Korea's defense spending in 1997 contributed to a 3 percent rise in its defense spending/GDP ratio.
- The six GCC nations present a mixed picture in 1997. Qatar achieved a large jump in its share of GDP dedicated to defense, and now has the highest of any nation in this Report (14.1 percent). Ranked next are Saudi Arabia, Oman, and Kuwait, although each of these nations experienced declines in their defense/GDP ratio in 1997. Bahrain and the United Arab Emirates showed no change in defense spending as a share of GDP, which remained in the 5 to 6 percent range.

Chart III-3 Defense Spending as a Percentage of GDP 1997

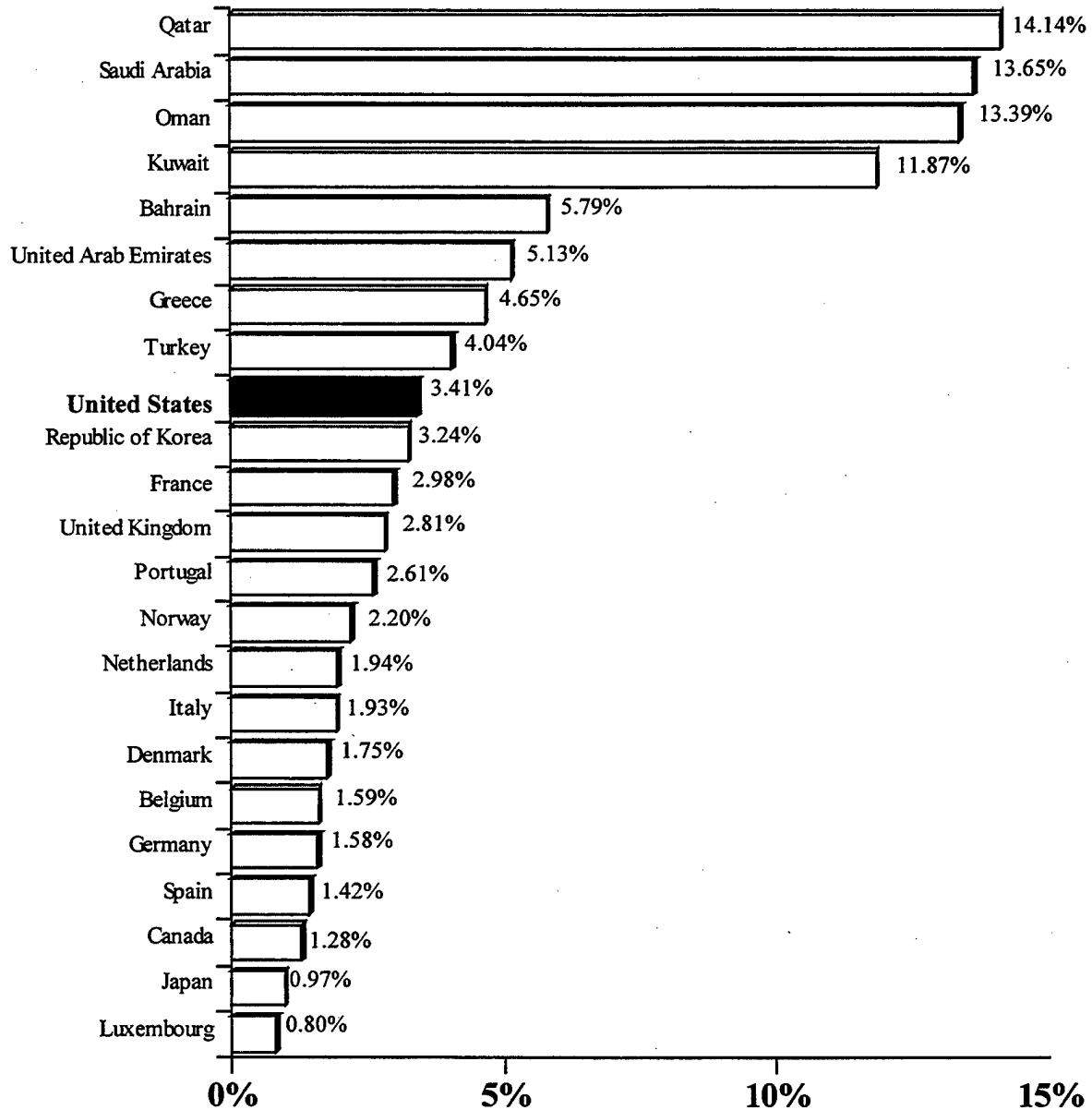


Chart III-4

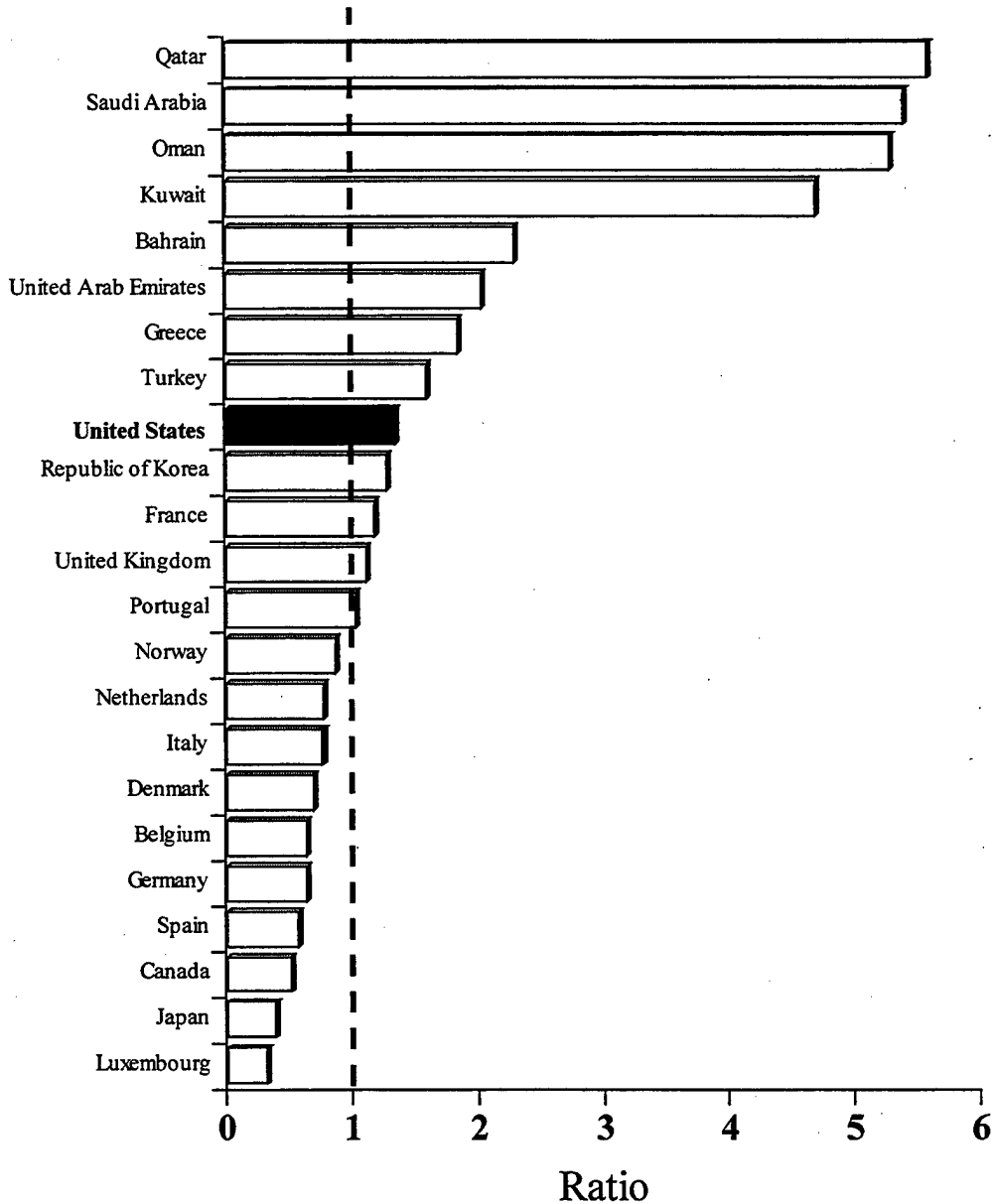
Defense Spending as a Percentage of GDP

	1990	1991	1992	1993	1994	1995	1996	1997	% Change 96-97	% Change 90-97
United States	5.33	4.74	4.89	4.54	4.15	3.84	3.58	3.41	-4.83%	-36%
NATO Allies										
Belgium	2.40	2.33	1.86	1.77	1.72	1.65	1.60	1.59	-0.98%	-34%
Canada	2.01	1.90	1.90	1.86	1.74	1.60	1.44	1.28	-11.08%	-36%
Denmark	2.05	2.06	2.00	1.99	1.87	1.81	1.77	1.75	-1.36%	-15%
France	3.56	3.56	3.41	3.41	3.34	3.11	3.02	2.98	-1.30%	-16%
Germany	2.82	2.30	2.13	1.95	1.78	1.71	1.66	1.58	-4.52%	-44%
Greece	4.66	4.28	4.47	4.42	4.43	4.42	4.54	4.65	2.28%	0%
Italy	2.14	2.11	2.05	2.09	2.00	1.78	1.94	1.93	-0.63%	-10%
Luxembourg	0.94	0.99	0.98	0.84	0.86	0.82	0.81	0.80	-0.95%	-15%
Netherlands	2.62	2.50	2.46	2.26	2.12	2.03	2.00	1.94	-3.24%	-26%
Norway	2.94	2.79	3.01	2.74	2.76	2.32	2.36	2.20	-6.78%	-25%
Portugal	2.78	2.77	2.75	2.66	2.56	2.67	2.50	2.61	4.78%	-6%
Spain	1.84	1.72	1.57	1.73	1.54	1.55	1.48	1.42	-3.98%	-23%
Turkey	3.53	3.76	3.88	3.93	4.05	4.14	4.12	4.04	-2.18%	14%
United Kingdom	4.04	4.24	3.82	3.60	3.37	3.06	3.00	2.81	-6.26%	-31%
Subtotal	2.88	2.74	2.59	2.52	2.39	2.24	2.21	2.15	-2.59%	-25%
Pacific Allies										
Japan	0.97	0.96	0.97	0.98	0.98	0.98	0.97	0.97	-0.32%	0%
Republic of Korea	3.82	3.60	3.64	3.45	3.30	3.15	3.14	3.24	3.30%	-15%
Subtotal	1.19	1.17	1.17	1.15	1.15	1.16	1.18	1.20	1.69%	1%
Gulf Cooperation Council										
Bahrain	5.04	4.60	5.44	5.34	5.76	6.01	5.79	5.79	0.00%	15%
Kuwait	*	*	14.91	11.90	12.26	12.32	14.02	11.87	-15.38%	NA
Oman	18.32	14.60	15.63	16.57	17.02	16.94	14.29	13.39	-6.34%	-27%
Qatar	2.72	13.57	4.67	4.40	4.10	9.02	9.84	14.14	43.80%	420%
Saudi Arabia	30.44	30.08	11.77	13.90	10.70	10.56	14.19	13.65	-3.80%	-55%
United Arab Emirates	7.70	14.45	5.99	5.00	5.28	5.13	5.13	5.13	-0.02%	-33%
Subtotal	28.22*	31.94*	10.89	11.68	9.94	10.02	12.19	11.69	-4.10%	-58.6%*
Grand Total	3.70	3.41	3.15	2.99	2.77	2.57	2.55	2.52	-0.97%	-31.8%

* Reliable figures for Kuwait during 1990-1991 are not available due to the impact of the Gulf War.

Chart III-5 presents the same picture as Chart III-3, but this time in terms of countries' *share* of defense spending, compared to their *share* of total GDP. This approach helps to address the issue of equity, by showing countries with ratios at or near 1.0 to be doing their "fair share," since their defense spending contributions are roughly in balance with their ability to contribute.

Chart III-5 Defense Spending Share Relative to GDP Share 1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

On this basis, nations with defense spending shares substantially (i.e., 20 percent or more) above their relative ability to contribute in 1997 were all of the GCC countries led by Qatar, along with Greece, Turkey, the United States, the Republic of Korea, and France. The Netherlands and all those countries listed beneath it in Chart III-5 made significantly below average defense spending contributions in 1997 relative to their ability to contribute.

Assessment of Defense Spending Contributions

In the FY 1998 Defense Authorization Act, Congress established two targets for our allies in the area of defense spending relative to GDP: increase this ratio by 10 percent compared to the preceding year, or achieve a level of defense spending as a percentage of GDP at least commensurate with that of the United States. In 1997, eight nations addressed in this Report met one or both of these targets: Qatar achieved an increase greater than 10 percent in its share of GDP devoted to defense, while all GCC nations, along with Greece and Turkey, registered shares of GDP for defense greater than that of the United States.

The targets embodied in the FY 1998 Defense Authorization Act are a sound basis upon which to assess country efforts, although the Department believes that a thorough evaluation requires a somewhat expanded approach. The Department has long maintained that – in contrast to the short-term, “pass/fail” perspective of the Congressional targets – assessments should be based on a country’s *ability to contribute*, and acknowledge *trends* in country efforts.

From this broader perspective, the Department assesses that – in addition to the eight countries identified above – additional nations are making substantial responsibility sharing contributions in the area of defense spending. These are the United States, the Republic of Korea, and France, which again in 1997 achieved significantly above-average shares of defense spending relative to their share of GDP.

These assessments are summarized in Chart I-1 and I-2.

Finally in the area of defense spending, Luxembourg, Japan, and Portugal (in addition to Turkey, Greece, and the Republic of Korea discussed above) deserve mention as the only countries in this Report which have sustained real growth in defense spending since the end of the Cold War.

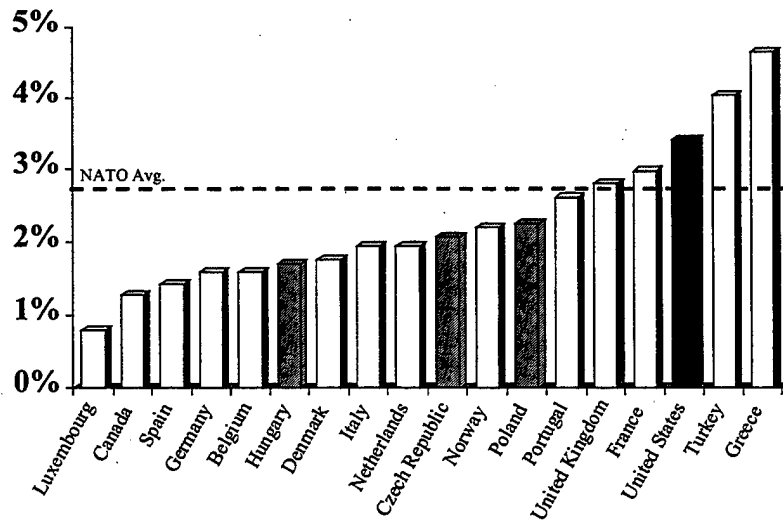
Contributions of Countries Invited to Join NATO

At the Madrid summit in July 1997, NATO agreed to extend invitations to the Czech Republic, Hungary, and Poland to begin accession negotiations. Subsequently, at the December meeting of the North Atlantic Council, NATO foreign ministers signed protocols of accession with the three invited nations, opening the way for national legislatures to begin ratification proceedings. Once the protocols are ratified by all NATO nations, the three invited states will be allowed to accede to the North Atlantic Treaty.

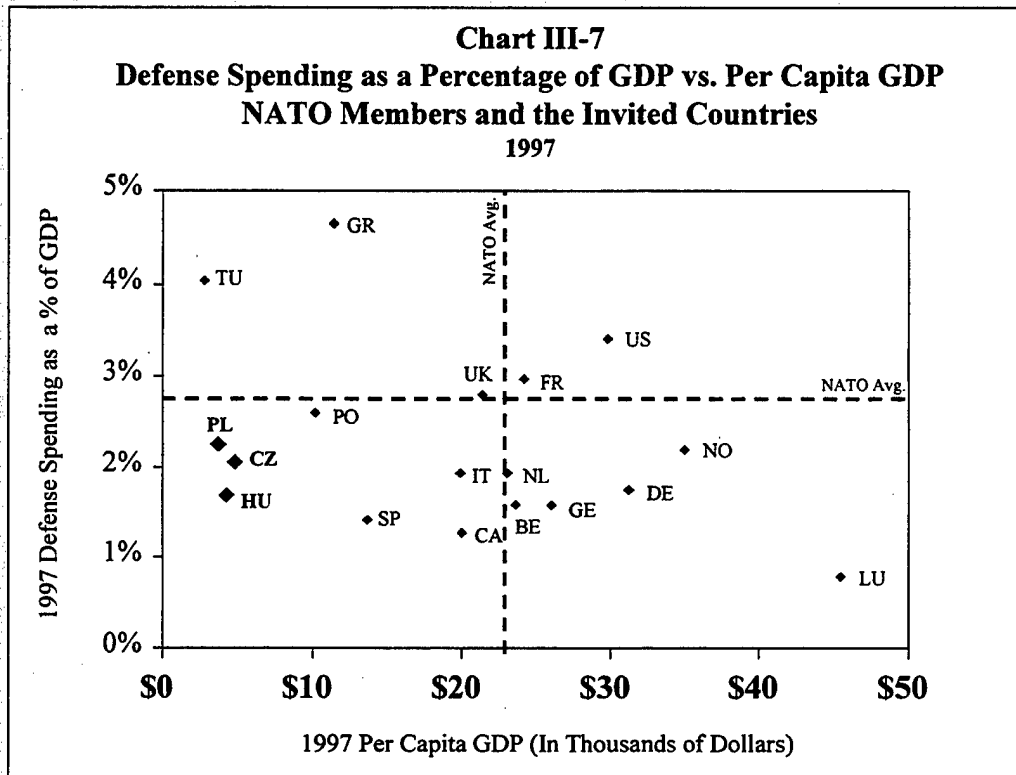
As NATO invitees, the Czech Republic, Hungary, and Poland would not normally be covered by this Report. However, in order to provide some context for assessing the relative defense effort of these nations, there follows a brief comparison of their defense spending contributions and ability to contribute, relative to those of the United States and other current NATO members.

Chart III-6 is a variation on Chart III-3, comparing percentages of GDP devoted to defense for the three invited states to those of the NATO nations. The chart shows that in 1997 the three invited countries spent a percentage of GDP on defense below the NATO average.

Chart III-6
Defense Spending as a Percentage of GDP
NATO Members and the Invited Countries
 1997



To achieve a more balanced view of this statistic, however, it is useful to consider the added dimension of standard of living. This is done in Chart III-7, which shows for all NATO nations and the three invited states how their respective defense effort (measured by defense spending as a share of GDP) relates to their standard of living (measured by GDP per capita). In light of the very modest per capita GDP of the three invited countries, their GDP share devoted to defense takes on a more favorable perspective.



MULTINATIONAL MILITARY ACTIVITIES

As highlighted in the current national security strategy (May 1997), a diverse set of political, economic, and ethnic instabilities continues to threaten regions of vital strategic interest to the United States. Our strategy consists of three principal objectives – to *shape* the security environment, *respond* to potential crises, and *prepare* to meet future uncertainties. A key element in this integrated approach is to maintain and improve our ability, and that of our allies, to engage in multinational peacekeeping and humanitarian relief operations, as has been done on an unprecedented scale since the end of the Cold War. During 1997, for example, U.S. and allied military personnel served in such operations in Bosnia and Herzegovina, Croatia, Macedonia, Cyprus, Golan Heights, along the India-Pakistan border, the Iraq-Kuwait border, and in Lebanon, Georgia, Tajikistan, Haiti, Western Sahara, and Angola.

The Department's assessment of countries' contributions to multinational military activities addresses the commitment of specialized forces to multinational defense missions, as well as participation in and funding for UN peace support operations.

Forces Dedicated to Multinational Missions

Of the countries in this Report, our NATO allies make by far the most substantial contribution of specialized units earmarked for multinational missions. As part of NATO's post-Cold War strategic concept, Alliance members have begun to develop forces that can be rapidly transported to remote theaters of operations; function despite a lack of pre-established lines of communication and host nation support; and fight effectively in multinational formations at the corps and even division level. NATO has organized these capabilities into Reaction Forces, including multinational commands and formations such as the Allied Command Europe (ACE) Mobile Force (Land) and the ACE Rapid Reaction Corps (ARRC) (see Chart III-8) for ground forces, and the Immediate and Rapid Reaction air forces.

Additionally, NATO maintains standing maritime Immediate Reaction Forces in the Atlantic and the Mediterranean. The standing force in the Atlantic of six destroyers and frigates has a crew of 1,700 and air defense, anti-submarine warfare, and anti-surface warfare capabilities. Canada, Germany, the Netherlands, the United Kingdom and the United States are the five permanent contributors to the standing force with Spain currently providing a frigate as the sixth ship. In addition, STANAVFORLANT's strength can be augmented by units from Belgium, Denmark, Portugal, and Norway for short periods of time.

In addition to units dedicated to NATO's Reaction Forces, Alliance members also contribute forces to other multinational rapid deployment formations. These additional reaction forces include the Eurocorps (with a Franco/German brigade, a Belgian mechanized division, German and French armored divisions, and a Spanish mechanized brigade), and the UN Rapid Reaction Force (consisting of a British/French/Dutch multinational brigade as well as combat support elements). France maintains, in addition to the units mentioned above, a 56,000 man four-division rapid deployment force (Force d'Action Rapide). Finally, the Western European Union has organized a Contingency Maritime Force consisting of naval assets of member nations.

Chart III-8
Country Contributions to ACE Rapid Reaction Corps

NATO Member	Combat Brigade Equivalents	Non-Organic Support Brigade Equivalents
Belgium	1	
Canada		0.1
Denmark	1	0.2
Germany	3	
Greece	3	
Italy	4	1.8
Netherlands	1	0.7
Portugal	1	
Spain	3.3	
Turkey	3	0.1
United Kingdom	7	9.9
United States	3	2.7
TOTAL	30.3	15.5

The experience gained by NATO's Reaction Forces in the former Yugoslavia, and the development of NATO's Combined Joint Task Force (CJTF) concept, clearly demonstrate that the integrated planning and operational framework of the Alliance provides substantial multinational military capability for contingencies worldwide.

In contrast, due to the much different security situation in the Pacific and the unique defense capabilities of Japan and the Republic of Korea, our responsibility sharing policy in this region has emphasized cost sharing rather than global military roles and missions. Nevertheless, we are encouraged by Japan's 1995 agreement to increase its role in regional affairs, and by the Republic of Korea's steady force modernization and assumption of increased command responsibilities for combined U.S.-ROK forces. Additionally, in 1995 the Republic of Korea concluded a Standby Arrangement for UN Peacekeeping Operations that would make available an Infantry Battalion, an Engineering Battalion, and a Medical Support Unit (a total of up to 800 troops) for rapid deployment in support of UN Peacekeeping Operations.

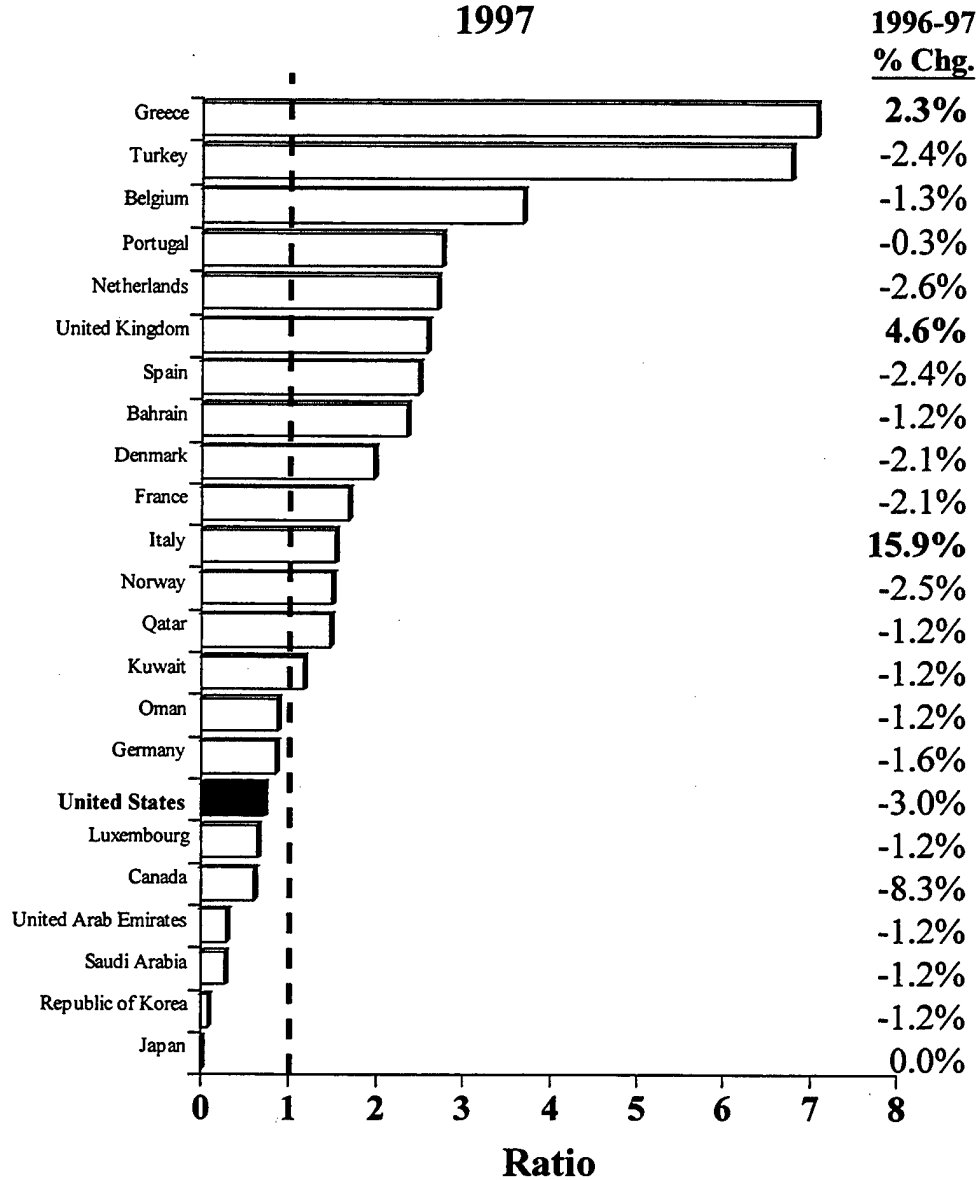
With the encouragement of the United States, our GCC partners are taking steps to strengthen provisions for multilateral defense of their region by expanding their standing Peninsula Shield force (which presently consists of 10,000 men based in Saudi Arabia), and increasing the frequency of multinational exercises. In addition, the GCC states have made progress toward implementing an integrated air defense system. The United States is also working with the GCC to overcome impediments to closer military cooperation with other Arab nations.

To allow more direct comparisons among nations, and to address the issue of equity of contributions, Chart III-9 depicts each nation's share of multinational contingency forces (average for ground, naval, and air forces) in relation to its share of GDP. Percentage changes in

each country's ratio from 1996 to 1997 are also indicated in the chart, and show that in the last year Italy achieved a notable increase, with more modest gains registered by the United Kingdom and Greece. Most of the rest of the countries in this Report saw declines in this ratio from 1996 to 1997, although these decreases were modest in all cases except Canada (8 percent).

The chart also indicates that more than half the nations in this Report had shares of multinational contingency forces significantly (at least 20 percent) greater than their GDP shares, led by Greece and Turkey, and including Belgium, Portugal, the Netherlands, the United Kingdom, Spain, Bahrain, Denmark, France, Italy, Norway, and Qatar.

Chart III-9
Reaction Forces Share Relative to
GDP Share
1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Participation in and Funding for UN Peace Support Operations

A number of our NATO allies make very substantial contributions to UN peace support operations relative to their ability to contribute. This is shown in Chart III-10 (which depicts each nation's share of total funding contributed for peacekeeping missions compared to its share of total GDP) and Chart III-11 (which depicts each nation's share of total manpower contributed to peacekeeping missions compared to its share of total labor force).

These charts indicate that the United Kingdom, Canada, and France each make funding and personnel contributions to UN peacekeeping missions that are substantially (at least 20 percent) greater than their share of GDP and labor force. Italy also makes substantial peacekeeping funding contributions relative to its GDP share. Other major contributors of peacekeeping personnel relative to ability to contribute include Norway, Portugal, Denmark, Belgium, and the Netherlands. The funding and personnel contributions of our remaining NATO and Pacific allies are average or below par, while the level of support provided by the GCC nations is extremely low.

Compared to 1996, Japan, Italy, Portugal, and the United States registered increases in their shares of both funding support and personnel relative to their ability to contribute. Greece also achieved an increase from the previous year in its funding support ratio. Other nations with increases in their personnel support ratio are Spain, the United Kingdom, Germany, Turkey, Denmark, Norway, the Netherlands, France, and Canada.

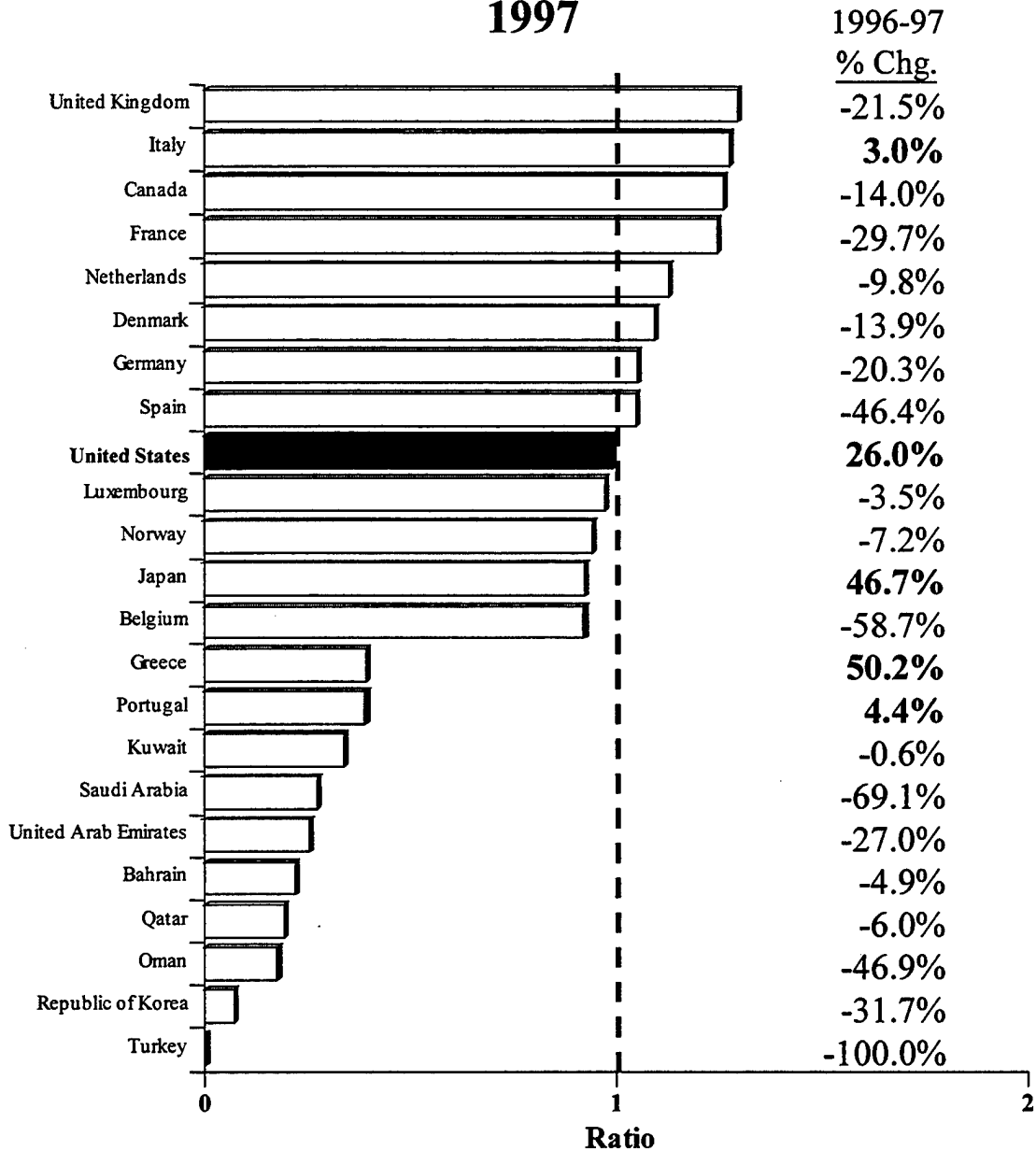
Assessment of Multinational Military Contributions

In the FY 1998 Defense Authorization Act, Congress established the objective for U.S. allies to increase the assets (including personnel, equipment, logistics, and support) that they contribute, or are prepared to contribute, to multinational military activities worldwide. Based on the foregoing analysis, the Department assesses that from 1996 to 1997 Italy, the United Kingdom, and Greece have increased their contribution to multinational military forces relative to their ability to contribute. Similarly, Japan, Italy, Portugal, Greece, Spain, the United Kingdom, Germany, Turkey, Denmark, Norway, the Netherlands, France, and Canada increased their share of personnel and/or funding support for UN peace operations relative to their ability to contribute.

As described elsewhere in this Report, the Department takes a broader perspective in making evaluations of this type, and recognizes those countries whose contribution shares toward multinational military activities substantially exceed their share of GDP or labor force. On this basis, Greece, Turkey, Belgium, Portugal, the Netherlands, the United Kingdom, Spain, Bahrain, Denmark, France, Italy, Norway, and Qatar make notable contributions to multinational contingency forces. Likewise, the United Kingdom, Canada, France, Denmark, the Netherlands, Norway, Belgium, Portugal, and Italy make substantial contributions to UN peace support efforts relative to their ability to contribute.

These assessments are summarized in Chart I-1 and Chart I-2.

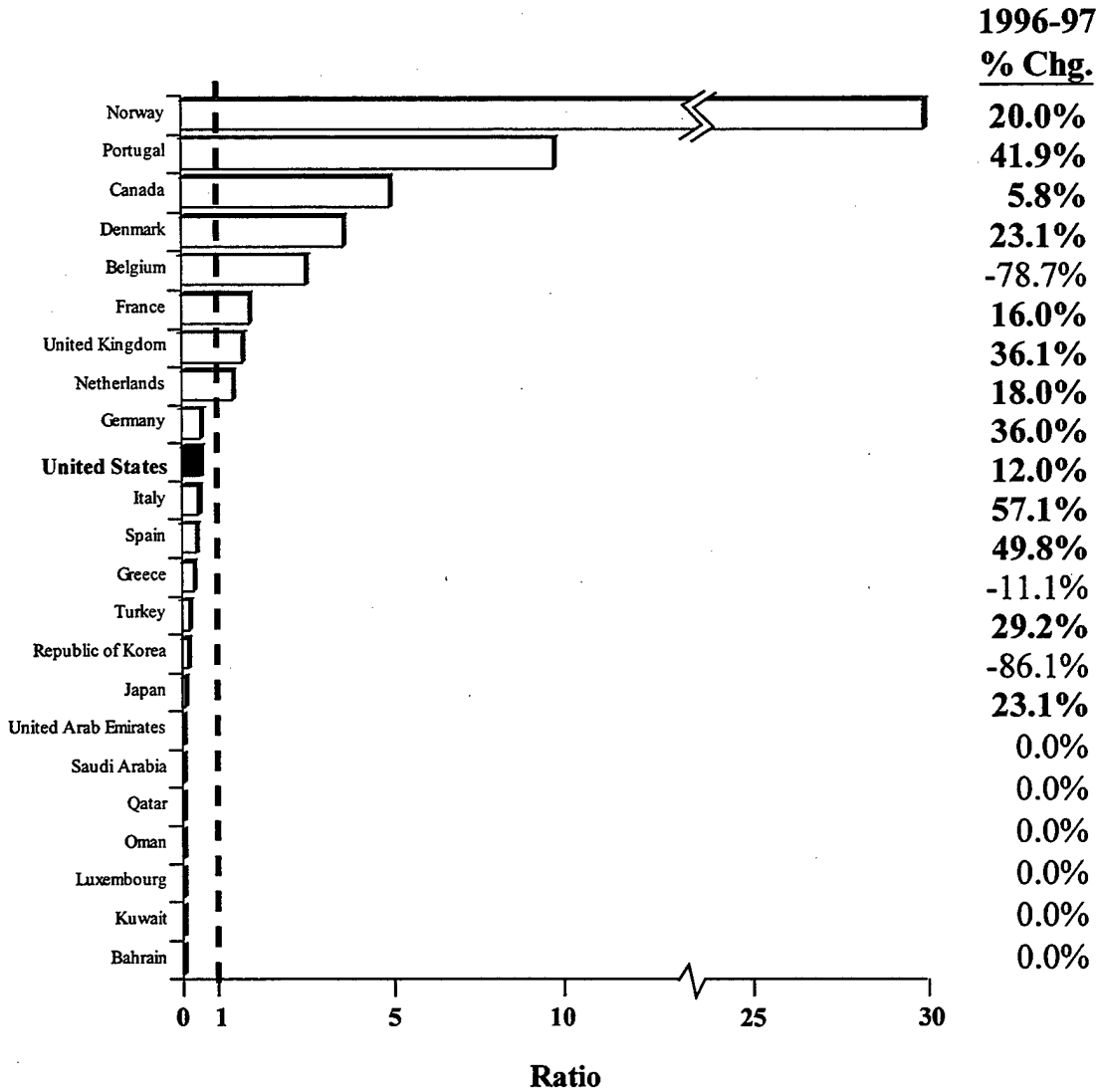
Chart III-10 UN Peace Support Funding Share Relative To GDP Share 1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Chart III-11

UN Peace Support Personnel Share Relative To Labor Force Share 1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

NATO-led Stabilization Force (SFOR) in Bosnia and Herzegovina

After elections were held in September 1996, the NATO-led Implementation Force (IFOR) successfully completed its missions. However, it became clear that much more needed to be accomplished to help ensure lasting security and stability in the region. As a result, NATO agreed to organize a Stabilization Force (SFOR) whose primary mission would be to maintain the secure environment necessary for the consolidation of peace. Its specific tasks are:

- To deter or prevent a resumption of hostilities or new threat to peace;
- To consolidate IFOR's achievements and promote a climate in which the peace process can continue to move forward;
- To provide selective support to civilian organizations within its capabilities.

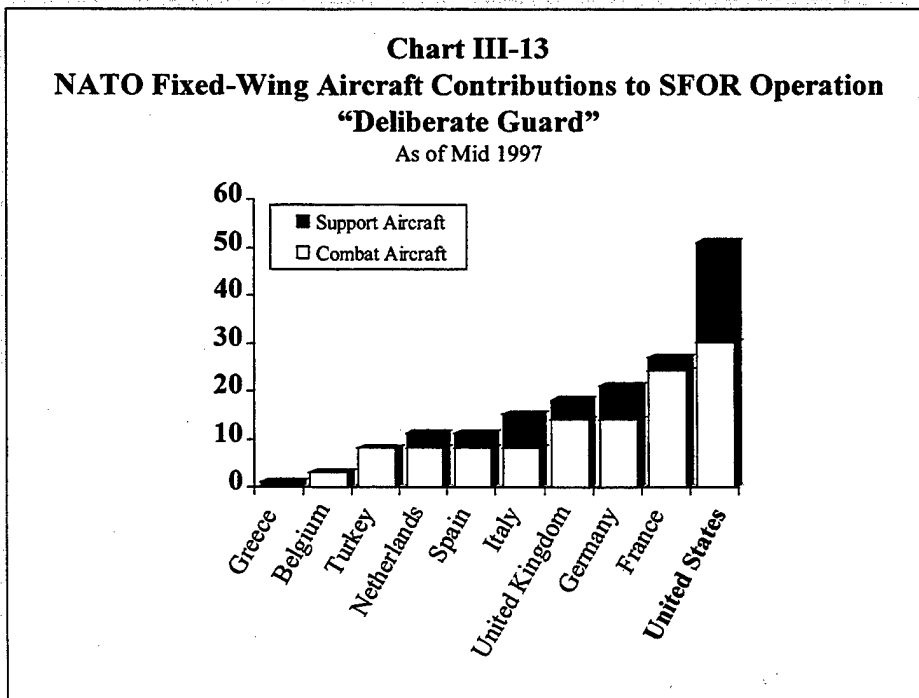
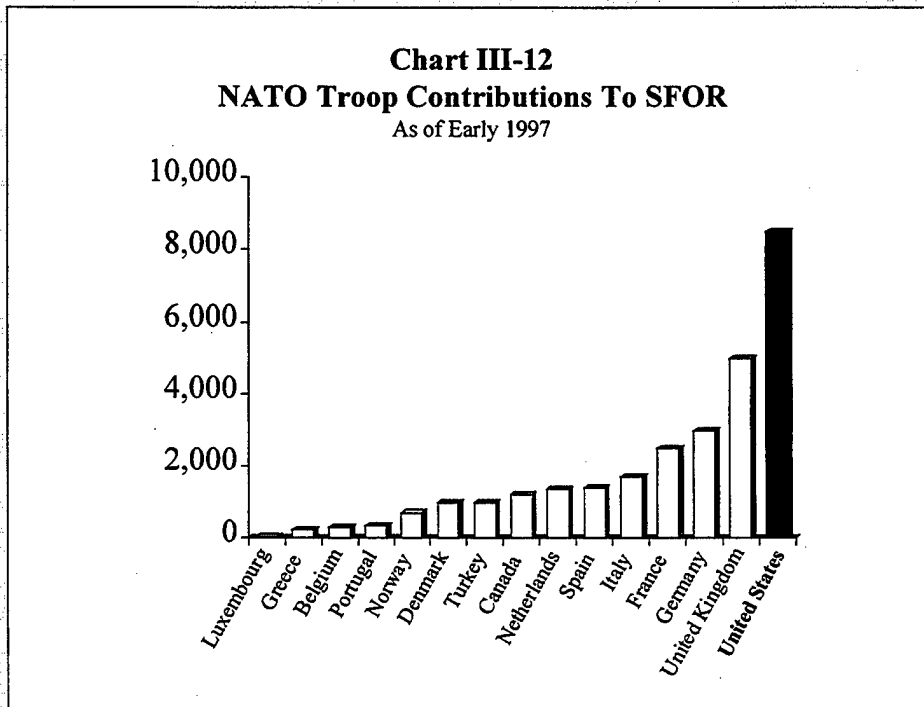
Under UN Security Council Resolution 1088 of 12 December 1996, SFOR was authorized to implement the military aspects of the Dayton Peace Agreement as the legal successor to IFOR. Like IFOR, SFOR operates under Chapter VII of the UN Charter (peace enforcement). SFOR rules of engagement call for the robust use of force, if necessary to accomplish its mission and to protect itself.

Since the operation began, SFOR has patrolled the 1,400 km long Zone of Separation (ZOS), monitored hundreds of weapon containment sites, confiscated weapons, monitored training and movement activities by the Parties' armies, monitored their de-mining activities, and removed unauthorized checkpoints.

SFOR has also been involved in non-military activities such as the repair and maintenance of roads, bridges, airports, and railroads. SFOR has supported other international organizations to maintain a secure environment for elections, return refugees and displaced persons, promote local law and order, and provide technical advice and assistance.

In 1997, there were approximately 35,000 troops in Croatia and Bosnia-Herzegovina. This includes a total of 29,000 troops from NATO member countries, as well as 6,000 troops from 20 non-NATO countries (of which 15 are in the Partnership for Peace). Chart III-12 shows that as of early 1997 the United States provided 8,500 troops, the United Kingdom (5,000), Germany (3,000), and France (2,500). Furthermore, fixed-wing aircraft have been involved in thousands of sorties since the SFOR mission started. Chart III-13 indicates that as of mid-1997, the largest number of aircraft contributed by NATO nations were by the United States (51), France (27), Germany (21), and the United Kingdom (18).

As in IFOR, NATO has assumed primary funding responsibility for SFOR. Contributions include national funding, as well as common funding through NATO's Military Budget and the NATO Security Investment Program.



MILITARY PERSONNEL

Although they go beyond the specific requirements of the FY 1998 Defense Authorization Act, this section and the next provide an analysis of allies' military personnel and forces. Congressional interest in these categories is focused on that subset that is committed or can be committed to multinational expeditionary missions. The Department shares this emphasis, but believes that a nation's total contributions of personnel and forces is also a valid indicator of its commitment to shared security objectives such as deterrence and stability.

Military personnel is a fundamental defense resource that a nation can contribute to shared security objectives. For the purposes of this Report, military personnel contributions are measured using active-duty troop levels, and a nation's ability to contribute is determined by the size of its labor force.

Chart III-14 shows active-duty military as a percentage of labor force from 1990 to 1997. During this period, the U.S. ratio has experienced a slow but steady decline, while the decrease in this percentage among our NATO allies appears to have leveled off since 1993. On the other hand, following the Gulf War the GCC countries as a group have achieved a notable increase in this ratio. Japan and the Republic of Korea combined have the lowest share of labor force on active-duty (1 percent), a level that has remained fairly constant during this period.

Chart III-14
Active-Duty Military Personnel
 As A Percentage of Labor Force

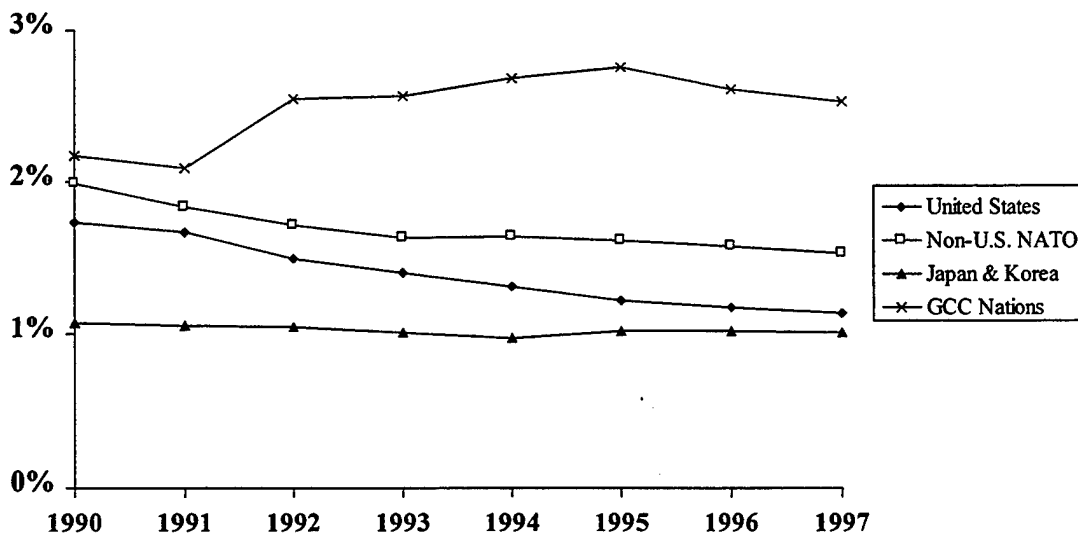
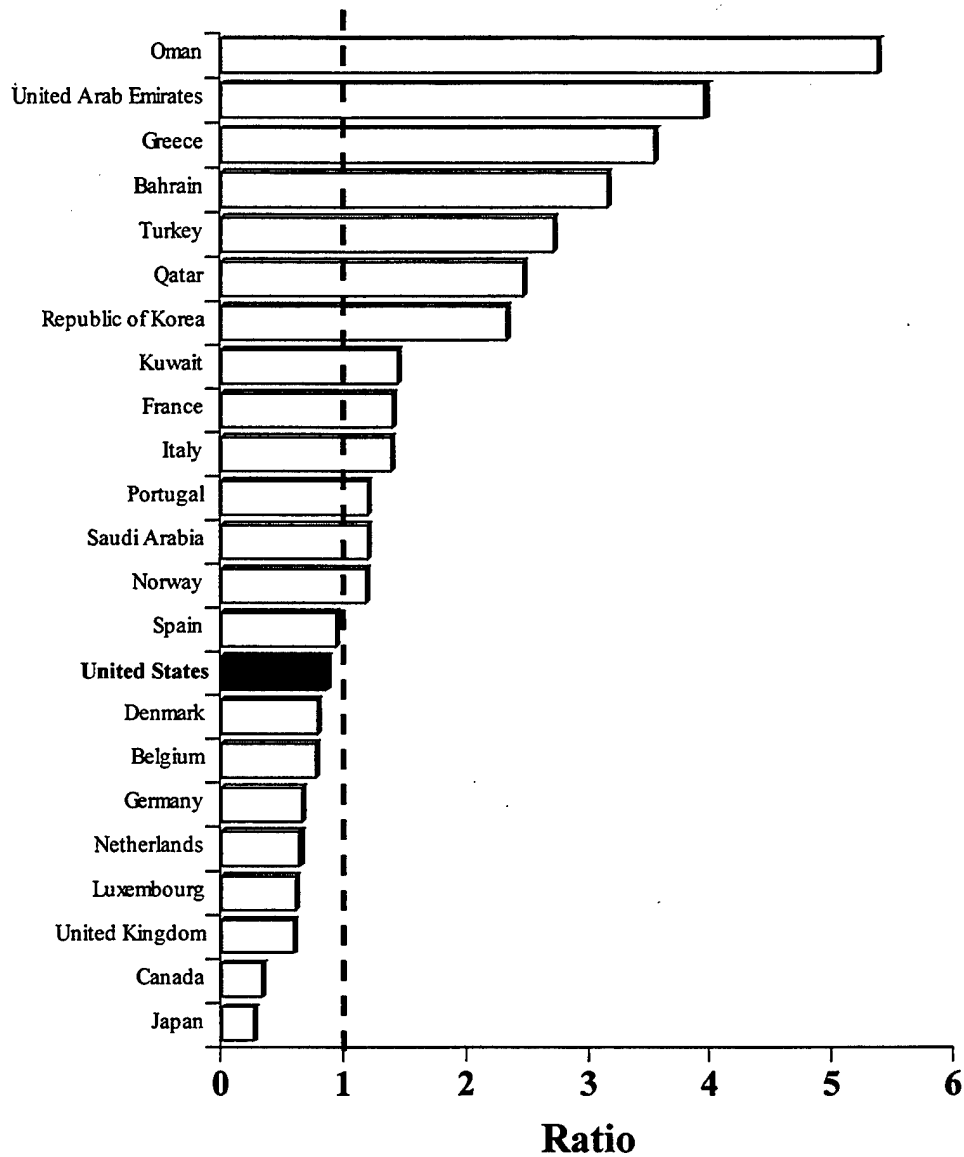


Chart III-15 compares all the countries in the Report in terms of active-duty military share relative to labor force share for 1997. The chart shows that Oman makes the largest contribution of military personnel relative to ability to contribute, followed by the United Arab Emirates, Greece, Bahrain, Turkey, Qatar, and the Republic of Korea. These countries, along with Kuwait, France, Italy, Portugal, Saudi Arabia, and Norway, each contribute a share of active-duty military personnel significantly (at least 20 percent) greater than their share of total labor force.

Congress has not identified a specific responsibility sharing target for military personnel. However, on the basis of the foregoing analysis, the Department assesses that the thirteen nations identified in the preceding paragraph are making substantial responsibility sharing contributions in this category. This assessment is summarized in Chart I-2.

Note that this analysis would yield different results if reservists and defense civilians were included, based on variations in national policies for personnel utilization. For instance, the ranking of nations that place a greater reliance on mobilizable forces – such as Norway – would improve relative to nations like Canada which have a preponderance of active-duty forces. An expanded analysis of this type is beyond the scope of this Report, however, due to a lack of complete, comparable, and unclassified data on reservists and defense civilians.

Chart III-15
Active-Duty Military Personnel Share Relative
to Labor Force Share
1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

MILITARY FORCES

There is no single, comprehensive indicator that reflects *all* of the factors that determine military capability. The material in this section is intended to provide an overview of each country's force contributions using a few widely accepted measures.

Although Congress did not define specific responsibility sharing targets for military forces in general, the Department believes they represent an important contribution to shared security objectives. Country efforts in this area are assessed consistent with previous reports, and summarized in Chart I-2.

Ground Combat Capability

Nations' ground combat capabilities are measured according to the quantity and quality of their major weapon systems, drawing on static indicators that have been widely used within DoD and NATO. This approach provides more insight into combat potential than do simple counts of combat units and weapons, although it does not consider such factors as ammunition stocks, logistical support, communications, training, leadership, and morale. At this time there is no generally accepted static measure of ground combat capability that incorporates these factors.

The largest contributors to aggregate ground capability are shown in Chart III-16. The United States provides by far the largest share of ground combat capability of any nation in this Report, followed by Germany, the Republic of Korea, and Turkey. The U.S. share has increased modestly in recent years and now stands at 44 percent, due largely to the increased capability of modern U.S. weapon systems.

Chart III-16
Ground Combat Capability
1997

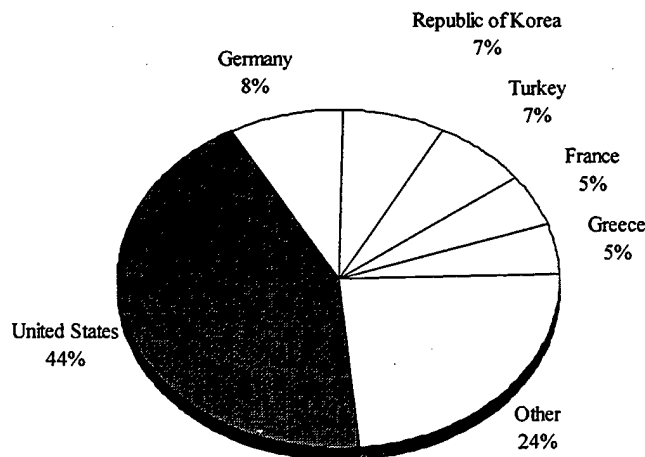


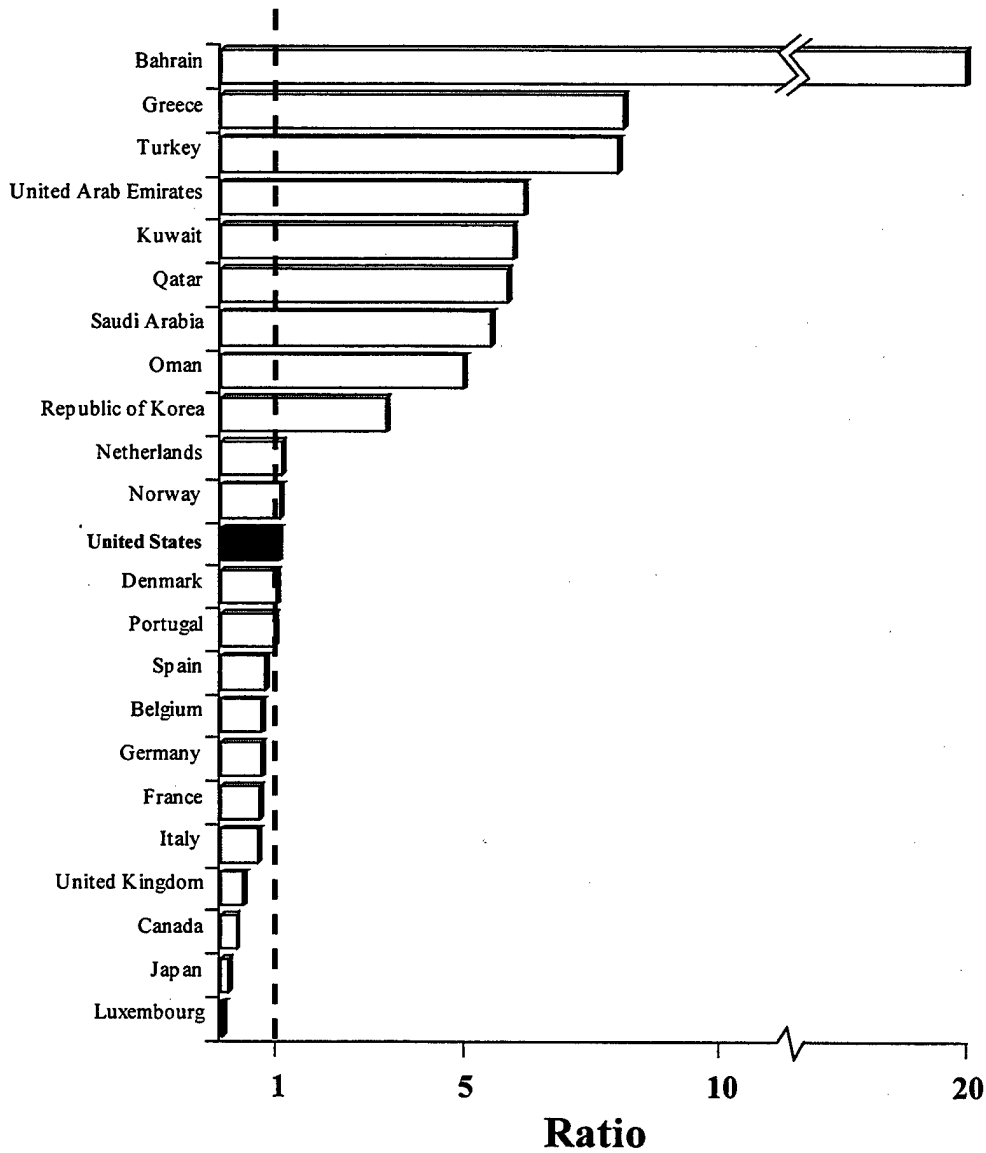
Chart III-17 compares nations' ground capability contributions with ability to contribute. In 1997, eleven countries contributed shares of ground combat capability significantly (at least 20 percent) greater than their share of total GDP. This includes all the GCC countries, led by Bahrain. Among NATO countries, Greece and Turkey make by far the largest contributions in this category. Other nations with significant ground combat capability relative to their ability to contribute are the Republic of Korea, the Netherlands, and Norway.

On the basis of the analysis reflected in Chart III-17, the Department assesses that these eleven nations (identified above) are making substantial responsibility sharing contributions in the area of ground combat capability.

Chart III-17

Ground Combat Capability Share Relative to GDP Share

1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Naval Force Tonnage

Tonnage is a static measure of aggregate fleet size that provides a more meaningful basis for comparison than do simple tallies of ships. The use of tonnage alone as an indicator does not, however, provide any indication of the number of weapons aboard ships, or of the weapons' effectiveness or reliability. Also, this measure does not assess the less tangible ingredients of combat effectiveness, such as training and morale. Consequently, tonnage data should be considered only a rough indicator of naval potential.

Chart III-18 shows the nations with the largest shares of aggregate fleet tonnage (excluding ballistic submarines). Note that the U.S. fleet includes some types of vessels not generally found in most allied navies (e.g., aircraft carriers, fleet support, sealift, and amphibious vessels). As a result, the United States has by far the single largest share of fleet tonnage with over 50% of the total tonnage of all countries in this Report combined. The next largest tonnage levels are those of the United Kingdom, Japan, and France.

Chart III-18
Naval Force Tonnage
 All Ships Less Strategic Submarines
 1997

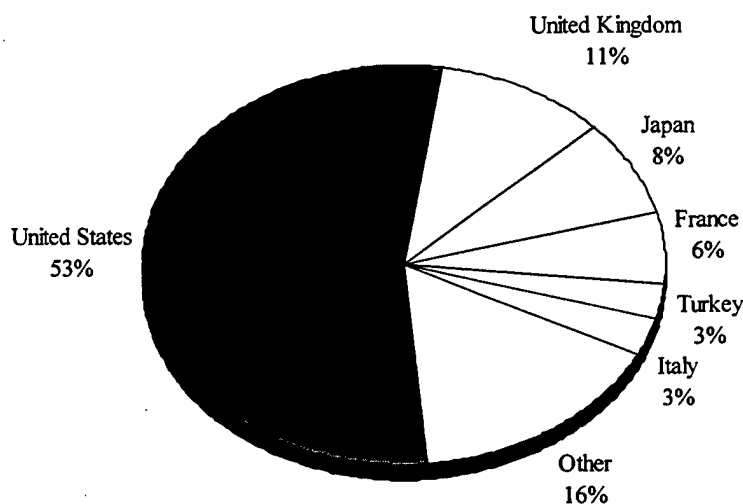
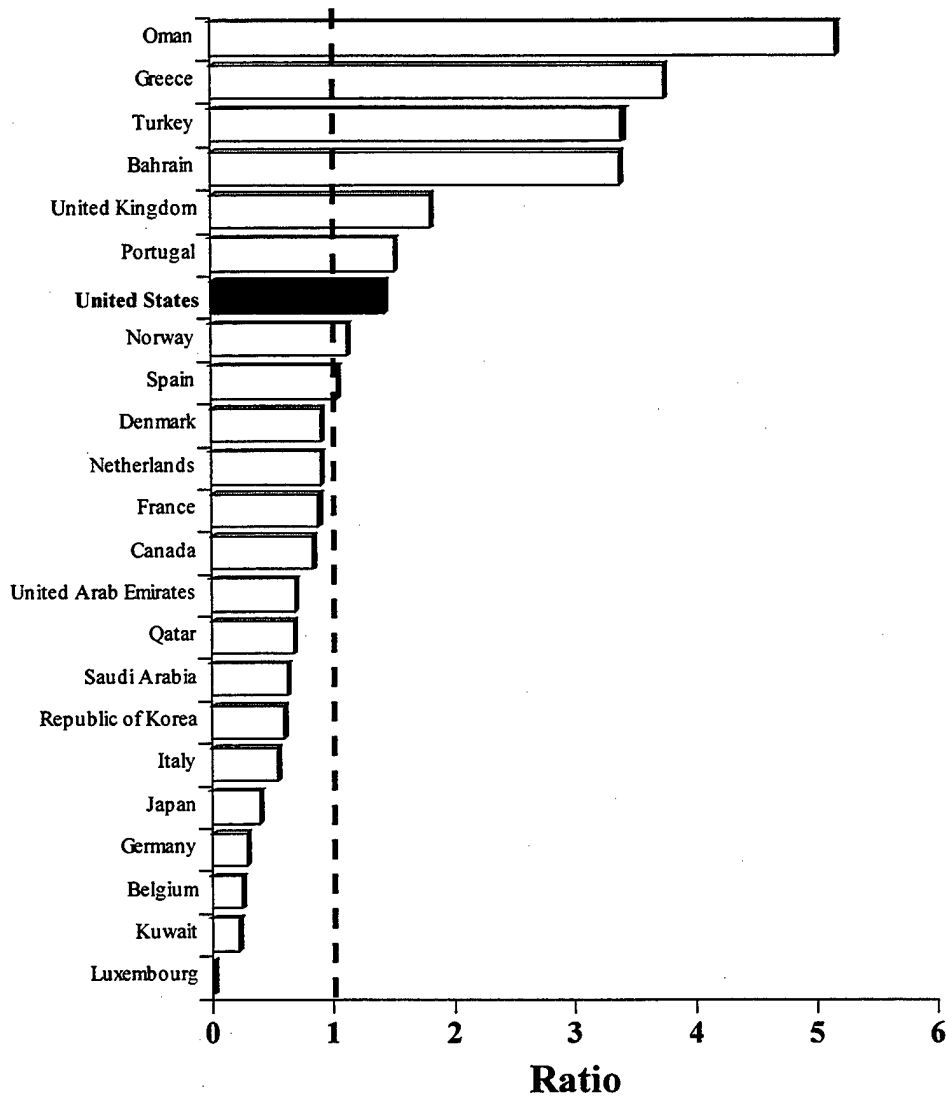


Chart III-19 reflects national shares of total fleet tonnage relative to GDP shares. In 1997, seven countries had shares of naval force tonnage significantly (at least 20 percent) greater than their share of GDP, led by Oman, and including Greece, Turkey, Bahrain, the United Kingdom, Portugal, and the United States. On the basis of this analysis, the Department assesses that these seven nations are making substantial responsibility sharing contributions in the area of naval tonnage.

Chart III-19
Naval Force Tonnage Share Relative to GDP Share
All Ships Less Strategic Submarines
1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Tactical Combat Aircraft

Aircraft tallies are the best available measure of the strength of nations' air forces. As with the other force indicators discussed above, unit counts of aircraft do not measure combat effectiveness, or take into account factors such as differences in ammunition, training, or morale.

Chart III-20 depicts the distribution of tactical combat aircraft among nations addressed in this Report (including air force, naval, and marine assets). The United States possesses over one-third of all combat aircraft, followed by France and the United Kingdom.

Chart III-20
Tactical Combat Aircraft
1997

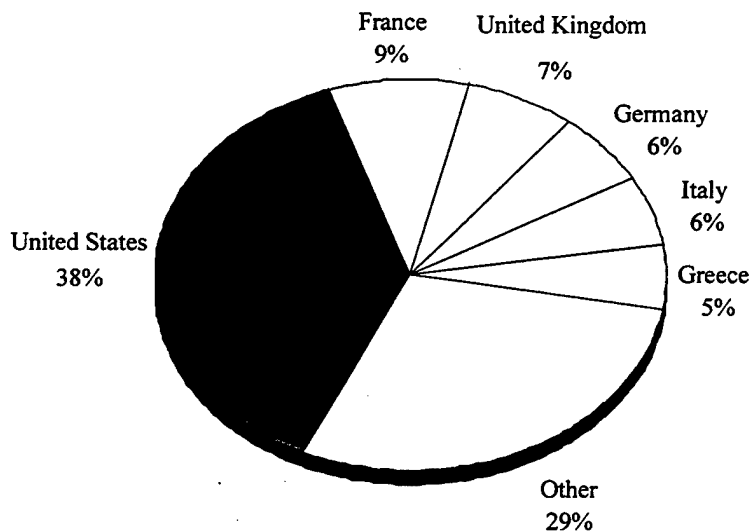
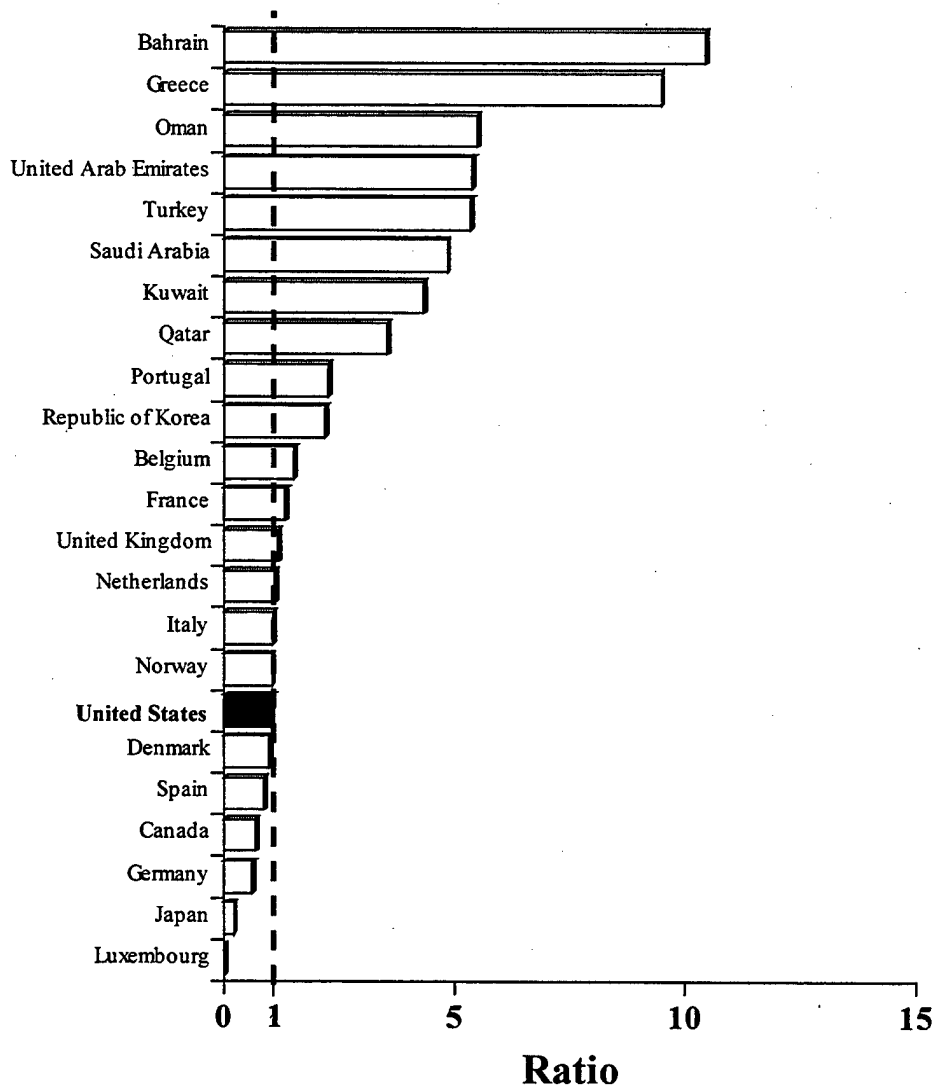


Chart III-21 reflects national shares of the total combat aircraft inventory in relation to GDP shares. A majority of the countries in this Report have combat aircraft shares significantly (at least 20 percent) above their GDP share, led by Bahrain and including the other five GCC countries, along with Greece, Turkey, Portugal, the Republic of Korea, Belgium, and France. On the basis of this analysis, the Department assesses that these twelve nations are making substantial responsibility sharing contributions in the area of tactical combat aircraft.

Chart III-21

Tactical Combat Aircraft Share Relative to GDP Share 1997



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

COST SHARING

The most familiar form of cost sharing is *bilateral* cost sharing between the United States and an ally or partner nation that either hosts U.S. troops and/or prepositioned equipment, or plans to do so in time of crisis. The Department of Defense distinguishes between two different types of bilateral cost sharing: the *direct* payment of certain U.S. stationing costs by the host nation (i.e., on-budget host country expenditures), and *indirect* cost deferrals or waivers of taxes, fees, rents, and other charges (i.e., off-budget, foregone revenues).

Cost Sharing Contributions

As shown in Chart III-22, the Department estimates that in 1996 (the most recent year for which data are available) the United States received direct and indirect cost sharing assistance from our NATO, Pacific, and GCC allies totaling \$7.2 billion.

Cost sharing has been a particularly prominent aspect of our bilateral defense relationships with Japan (since the late 1970s) and the Republic of Korea (since the late 1980s). The current Asian financial crisis may affect bilateral cost sharing levels in 1998, especially for the Republic of Korea due to the amount of ROK cost sharing transacted in U.S. dollars.

As Chart III-22 shows, Japan provides a greater level of direct cost sharing than we receive from any other ally. This is due largely to the strict constitutional limits that apply to the Japanese armed forces, and concerns for regional stability shared by the United States, Japan, and its Asian neighbors. Refer to the previous chapter for additional details on Japanese cost sharing.

The Republic of Korea first agreed to contribute to a program for Combined Defense Improvement Projects (CDIP) construction in 1979 – which marked the beginning of our present cost sharing relationship. In 1988, the Republic of Korea agreed to a CDIP program funded initially at \$40 million a year. Since that time, annual cost sharing negotiations have brought a gradual increase in ROK cost sharing. During 1996, the ROK provided over \$300 million in direct cost sharing. Estimates of indirect ROK cost sharing for 1996 are unavailable due to a reevaluation of measurement methodology, expected to be complete by the time 1997 cost sharing estimates are compiled later this spring. Further information on U.S.-ROK cost sharing is included in Chapter II.

NATO countries have long provided substantial indirect support for U.S. forces stationed on their territory. Our allies provide rent-free bases and facilities, various tax exemptions, and reduced-cost services. Among allies with the largest cost sharing contributions to the United States in 1996 were Germany (\$1.30 billion), Italy (\$528 million), Spain (\$123 million), and Belgium (\$50 million). In addition, Norway has agreed to pay roughly \$5 million (50 percent) of the cost of maintaining prepositioned U.S. Marine equipment.

Chart III-22

U.S. Stationed Military Personnel & Bilateral Cost Sharing – 1996 1996 Dollars in Millions - 1996 Exchange Rates

NATO Allies	U.S. Stationed Military Personnel (Sept. 30, 1996)	Bilateral Cost Sharing		
		Direct Support	Indirect Support	Total
Belgium	1,646	0	49.70	49.70
Canada	208	NA	NA	NA
Denmark	38	0.02	0.05	0.07
France	73	NA	NA	NA
Germany	48,878	55.98	1,246.53	1,302.52
Greece	507	0.08	15.40	15.48
Italy	12,401	0.60	527.86	528.46
Luxembourg	9	0	*	*
Netherlands	747	0.02	3.12	3.14
Norway	104	0.88	0	0.88
Portugal	1,075	0	1.15	1.15
Spain	2,746	1.15	121.67	122.82
Turkey	2,922	7.85	16.40	24.25
United Kingdom	11,662	*	*	*
Pacific Allies				
Japan	42,962	3,606.57	978.03	4,584.61
Republic of Korea	36,539	306.70	**	306.70
Gulf Cooperation Council				
Bahrain	598	2.07	0	2.07
Kuwait	5,531	67.18	4.95	72.12
Oman	30	0.05	11.82	11.87
Qatar	43	0	*	*
Saudi Arabia	1,587	*	*	*
United Arab Emirates	23	0.05	10.79	10.85
Grand Total	170,329	4,078.54	3,100.74	7,179.28

* Data classified

** The United States is conducting a review of ROK indirect cost sharing, expected to result in a downward revision in this estimate from figures reported for previous years. The Department will notify Congress of the updated estimate as soon as it is available.

In addition to *bilateral* cost sharing, our NATO allies also provide *multilateral* cost sharing, through common- and jointly-funded budgets. These include the NATO Security Investment Program (NSIP); the NATO Military Budget for the operations and maintenance (O&M) of NATO Military Headquarters, agencies, and common-use facilities; and the NATO Civil Budget for O&M of the NATO Headquarters and several non-military programs including civil preparedness. See Chart III-24 at the conclusion of this section for additional detail.

Several recent developments in collective NATO cost sharing are quite favorable to the United States, including NSIP funding for certain projects in support of U.S. forces that would not normally be NSIP-eligible (e.g., quality of life facilities at Aviano Air Base, Italy). In addition, the United States stands to gain direct savings from NATO's Collective Cost Sharing initiative, under which the Alliance will offset U.S. O&M costs for prepositioned war reserve equipment and material. Finally, U.S. savings of \$1 million or more will be realized due to increased participation by France and Spain in NATO's common- and jointly-funded budgets. On the other hand, NATO enlargement will place increased demands on common funds, and will require greater national contributions (including contributions from new NATO members and increased contributions from current members) in the period following accession.

With respect to our security partners in Southwest Asia, bilateral cost sharing in 1996 included \$148 million paid or pledged by Kuwait, Saudi Arabia, Oman, United Arab Emirates, Qatar, and Bahrain to offset U.S. incremental costs in the Persian Gulf region. Saudi Arabia likewise provided substantial cash and in-kind contributions to offset the costs of U.S. military operations in Southwest Asia, including Operation Southern Watch. Kuwait and Qatar both host a prepositioned U.S. Army heavy brigade equipment set, and share the land use, maintenance, and operating costs for U.S. forces stationed or exercising on their territory.

Assessment of Cost Sharing Contributions

One of the objectives Congress established in the FY 1998 Defense Authorization Act was for nations that host U.S. forces to offset 75 percent of U.S. stationing costs by September 2000 through an increase in financial contributions, or the elimination of taxes, fees, or other charges levied on U.S. military personnel, equipment, or facilities in that nation. Chart III-23 shows the nations with the greatest U.S. cost offset percentages for 1996. Note: Cost offset percentages cannot be calculated for the GCC nations (with the exception of Saudi Arabia) due to the lack of information regarding U.S. stationing costs in those countries.

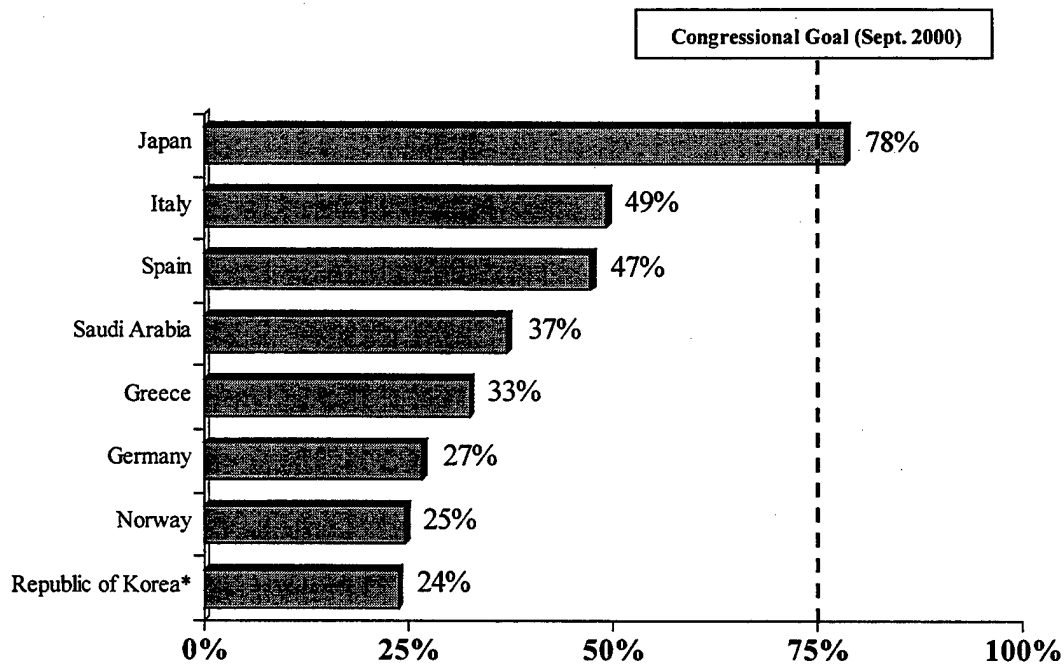
The Defense Authorization Act for FY 1997 and FY 1998 endorse the Department's view that cost sharing is but one aspect among several in assessing allies' efforts. Cost sharing objectives are not appropriate for all countries, due to the differences in the objectives of our security relationships with various allies and partners. For instance, there is no tradition in Europe of providing the kind of direct cash and in-kind support provided, by Japan and the Republic of Korea, since the emphasis in NATO for many years has been on strengthening participation in the military roles and missions of the Alliance. In contrast, due to the much different security situation in the Pacific and the unique defense capabilities of Japan and the Republic of Korea, our responsibility sharing policy in this region has emphasized cost sharing rather than global military roles and missions.

Currently Japan is the only country to meet the Congressional cost sharing target. Over the next few years we expect the Japanese cost share percentage to remain around the 75 percent level due to the multi-year SMA signed with Tokyo in 1995.

In addition to measuring cost sharing contributions according to the proportion of U.S. costs that are offset, host nation support can also be evaluated relative to a country's ability to incur cost sharing obligations. Using this approach, the countries with shares of bilateral host nation support contributions to the United States substantially (at least 20 percent) greater than their share of GDP are Kuwait, followed by Japan, Qatar, Oman, and Luxembourg. The Republic of Korea is excluded from this list due to measurement problems surrounding estimates of ROK's indirect cost sharing contributions for 1996, but is expected to rejoin this ranking once cost sharing estimates for 1997 are compiled later this spring.

These assessments are summarized in Charts I-1 and I-2.

Chart III-23
Share of U.S. Overseas Stationing Costs Paid by Selected Allies
1996



* Includes direct cost sharing only.

Multilateral Cost Sharing: NATO's Common-Funded Budgets

NATO's long-standing arrangement to share costs of mutually-beneficial projects is one of the Alliance's oldest and truest tools to promote responsibility sharing equity. A summary of 1997 outlays by each of the NATO common-funded budgets is provided below, showing each country's contribution and percentage share of costs incurred.

Chart III-24

NATO's Common-Funded Budgets - 1997*
1997 Dollars in Millions - 1997 Exchange Rates

	NATO Security & Investment Program	% of Total	Military Budget	% of Total
Belgium	29.2	4.6%	27.7	3.3%
Canada	30.6	4.8%	61.2	7.4%
Denmark	23.5	3.7%	16.3	2.0%
France	28.4	4.4%	34.1	4.1%
Germany	163.8	25.5%	175.0	21.1%
Greece	5.7	0.9%	4.1	0.5%
Iceland	0.0	0.0%	0.3	0.0%
Italy	53.0	8.3%	57.9	7.0%
Luxembourg	1.4	0.2%	0.9	0.1%
Netherlands	32.6	5.1%	28.5	3.4%
Norway	20.0	3.1%	11.5	1.4%
Portugal	1.8	0.3%	5.9	0.7%
Spain	0.9	0.1%	5.7	0.7%
Turkey	6.1	1.0%	14.8	1.8%
United Kingdom	74.5	11.6%	118.5	14.3%
United States	169.9	26.5%	266.6	32.2%
Total	641.4	100.0%	829.0	100.0%
	Civil Budget	% of Total	TOTAL NATO Common Budgets	% of TOTAL
Belgium	4.3	2.8%	61.2	3.8%
Canada	9.0	5.8%	100.8	6.2%
Denmark	2.5	1.6%	42.3	2.6%
France	26.0	16.6%	88.5	5.4%
Germany	24.1	15.4%	362.9	22.3%
Greece	0.6	0.4%	10.4	0.6%
Iceland	0.1	0.1%	0.4	0.0%
Italy	9.2	5.9%	120.1	7.4%
Luxembourg	0.1	0.1%	2.4	0.1%
Netherlands	4.3	2.8%	65.4	4.0%
Norway	1.6	1.0%	33.1	2.0%
Portugal	1.0	0.6%	8.7	0.5%
Spain	5.5	3.5%	12.1	0.7%
Turkey	2.5	1.6%	23.4	1.4%
United Kingdom	29.3	18.8%	222.3	13.7%
United States	36.4	23.3%	472.9	29.1%
Total	156.2	100.0%	1,626.6	100.0%

* Due to rounding, the numbers shown may not add up to the totals.

FOREIGN ASSISTANCE

Foreign assistance plays a prominent role in nations' overall responsibility sharing efforts. Although economic aid does not directly increase U.S. and allied defense capabilities, it makes an important contribution to global peace and stability. Most industrialized NATO countries and Japan have for many years extended various types of assistance to developing countries. In addition, and of special significance in the post-Cold War era, NATO nations, Japan, and the Republic of Korea also provide important assistance to the emerging democracies in Central Europe and the New Independent States (NIS) of the former Soviet Union.

Foreign Assistance Contributions

As shown in Chart III-25, disbursements of foreign assistance by nations included in this Report exceeded \$52 billion in 1996 (the latest year for which reliable data are substantially complete). Of this sum, over \$41 billion was provided by our allies and partners. This aid reflects a commitment to promote democratization, economic stabilization, transparency arrangements, defense economic conversion, and respect for the rule of law and internationally-recognized human rights. The OECD reports, however, that foreign aid for 1996 represented only 0.25 percent of the combined GDPs of the nations in this Report, the lowest level in nearly 30 years.

Chart III-25 also shows that, as in the recent past, the four nations with the largest foreign assistance contributions (in absolute terms) in 1996 were the United States, Japan, Germany, and France. At the other end of the spectrum are those nations that contribute very modest amounts of foreign aid, although this may be justified in the case of countries with relatively low standards of living (e.g., Turkey, the Republic of Korea, Greece, and Portugal).

Care must be exercised in evaluating year-to-year changes in foreign aid data. First, foreign aid flows can be somewhat volatile. The large percentage increase in foreign assistance provided by Saudi Arabia in 1996, for example, offsets the similarly large decrease experienced the previous year. Second, irregularities in the timing of disbursements may affect year-to-year comparisons. For example, OECD reports that some of the contributions that Italy and the United States planned to make in 1995 were not disbursed until 1996, creating an artificially large increase for both countries in 1996. Lastly, time lags in collecting complete data on nations' foreign aid programs make it difficult to report full information on all countries. Thus, the apparent increase in Luxembourg's foreign aid for 1996 is explained in part by the continuing lack of certain data on their contributions for 1995.

Based on the available data, almost as many nations achieved real growth in foreign aid in 1996 from the prior year as made reductions in their aid programs. Bearing in mind the above cautions, the largest percentage change in 1996 over 1995 levels were reported for Saudi Arabia (58 percent), the Republic of Korea (38 percent), Luxembourg (32 percent), Italy (29 percent), the United States (25 percent), and Greece (16 percent). Sharpest reductions were reported for the United Arab Emirates (-45 percent), Japan (-25 percent), Germany (-23 percent), Portugal (-16 percent), Canada (-16 percent), Belgium (-10 percent), France (-10 percent), and Spain (-9 percent). For all nations combined, foreign aid declined roughly 7 percent from 1995 to 1996.

Chart III-25

Foreign Assistance

1997 Constant U.S. Dollars in Millions - 1997 Exchange Rates

Country	1990	1991	1992	1993	1994	1995	1996	% Change 95-96	% Change 90-96
United States	14033	15057	13888	12893	13233	9052	11296	24.8%	-19.5%
NATO Allies									
Belgium	1026	1236	1020	937	807	969	876	-9.6%	-14.6%
Canada	2316	2443	2575	2432	2397	2364	1978	-16.3%	-14.6%
Denmark	1295	1396	1489	1634	1545	1600	1732	8.2%	33.7%
France	7796	8470	8572	8832	9124	8162	7320	-10.3%	-6.1%
Germany	8426	10815	11074	9706	9281	10397	7958	-23.5%	-5.5%
Greece	7	87	81	119	163	151 ^b	175 ^b	16.0% ^c	2504.0% ^c
Italy	3413	3473	3938	3551	3109	1968	2531	28.6%	-25.8%
Luxembourg	33	60	50	66	72	64 ^b	85	32.0% ^c	156.3%
Netherlands	2821	2896	2913	2876	2619	3057	2915	-4.6%	3.3%
Norway	1268	1258	1346	1224	1354	1294	1300	0.4%	2.5%
Portugal	197	275	317	276	360	262	220	-16.1%	11.5%
Spain	961	1317	1380	1412	1503	1229 ^b	1123	-8.6% ^c	16.9%
Turkey	3	99	95	76	88	115	^a	^a	^a
United Kingdom	3354	3861	3766	3822	4008	3938	3797	-3.6%	13.2%
Subtotal	32916	37686	38615	36964	36430	35568	32009	-10.0%	-2.8%
Pacific Allies									
Japan	11239	12196	11626	10497	11023	11153	8419	-24.5%	-25.1%
Republic of Korea	76	69	91	173	167	108 ^b	149 ^b	38.0% ^c	-97% ^c
Subtotal	11315	12265	11717	10670	11190	11261	8568	-23.9%	-24.3%
Gulf Cooperation Council									
Bahrain	^a	^a	^a	^a	^a	^a	^a	^a	^a
Kuwait	1384	398	207	437	588	379	406	7.2%	-70.6%
Oman	^a	^a	^a	^a	^a	^a	^a	^a	^a
Qatar	^a	^a	^a	^a	^a	^a	^a	^a	^a
Saudi Arabia	4006	1797	813	589	337	196	308	57.7%	-92.3%
United Arab Emirates	1005	631	192	266	108	68	38	-44.8%	-96.2%
Subtotal	6395	2827	1212	1293	1033	643	753	17.1%	-88.2%
Grand Total	64659	67834	65433	61819	61887	56524	52626	-6.9%	-18.6%

NOTE: Total Grant Aid includes net disbursements of Official Development Assistance (ODA) and Official Aid (OA) to Central and Eastern European Countries and the New Independent States of the former Soviet Union in transition.

^a No data available

^b Includes only ODA; OA data not available

^c Based on incomplete data

To improve the comparability of foreign assistance contributions among nations, Chart III-26 depicts each nation's foreign assistance contributions relative to its GDP for 1996. From this perspective, the largest grant aid donors are Kuwait, Denmark, Norway, and the Netherlands (the only nations to meet or surpass UN assistance targets of 0.7 percent of GDP). Among nations for which complete data are available, the United States ranks as the second lowest of all donor nations assessed in this Report, ahead of only the United Arab Emirates.

Chart III-27 depicts the same information as the previous graph, but helps address the question of equity by relating nations' share of contributions to their share of GDP. This approach indicates that ten countries addressed in this Report provided foreign assistance shares significantly (at least 20 percent) greater than their share of GDP -- in addition to the four countries identified above, this includes France, Luxembourg, Germany, Belgium, Canada, and the United Kingdom.

Assessment of Foreign Assistance Contributions

In the FY 1998 Defense Authorization Act, Congress established two targets for our allies in the area of foreign assistance: increase foreign assistance by 10 percent compared to the preceding year, or achieve a level of foreign assistance at least commensurate with that of the United States. With the exception of the United Arab Emirates (and Turkey, Bahrain, Oman, and Qatar, for which data are not available), every country addressed in this Report met one or both of these targets in 1996.

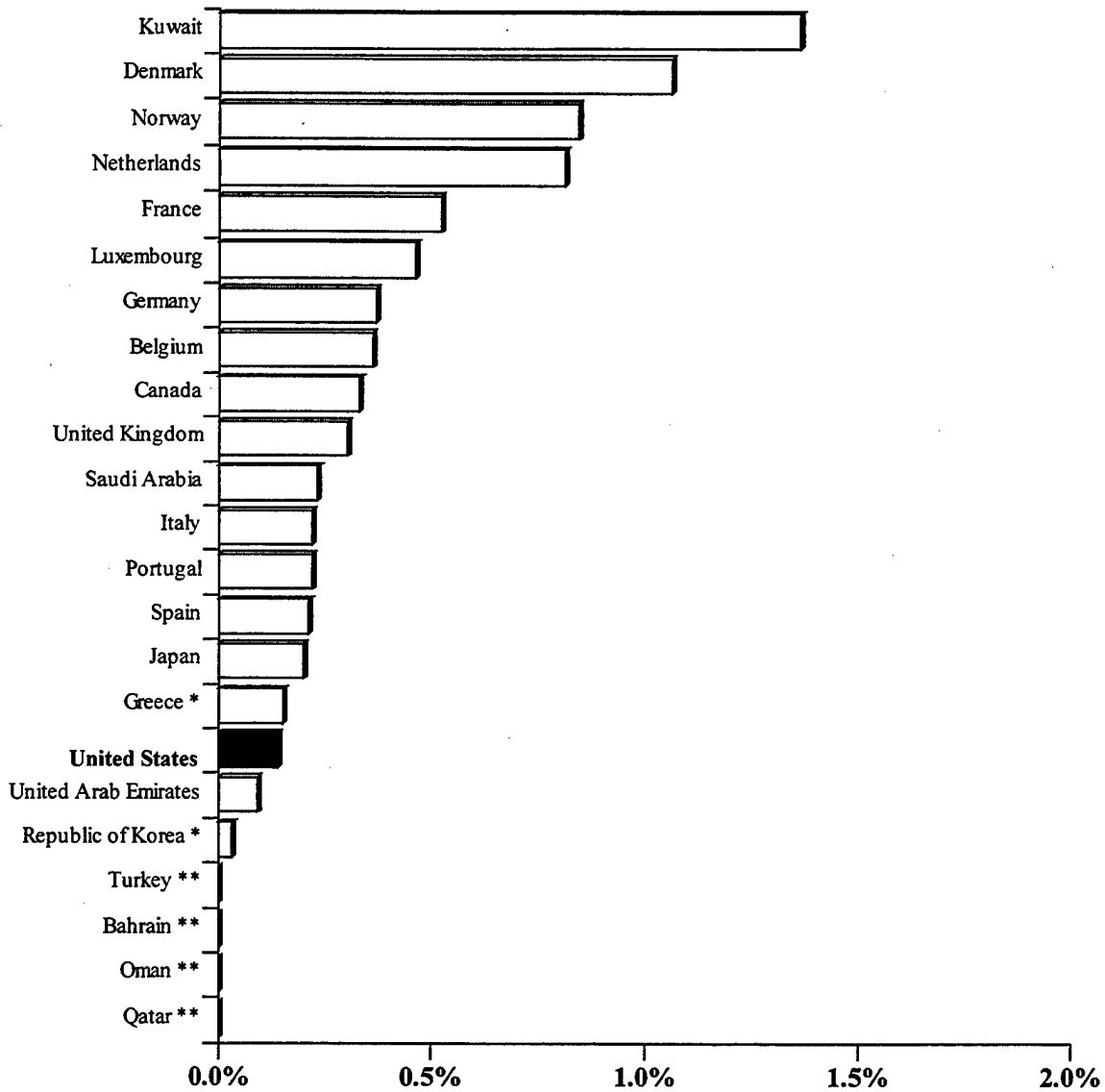
Specifically, allies or partners with reported increases of 10 percent or more in foreign aid contributions included Saudi Arabia (58 percent), the Republic of Korea (38 percent), Luxembourg (32 percent), Italy (29 percent), and Greece (16 percent). (Note that these figures may be misleading in light of the anomalies discussed above.) In addition, based on ability to contribute, all of our allies and partners for which we have complete data -- with the exception of the United Arab Emirates -- made foreign assistance contributions at least commensurate with those of the United States.

As with other responsibility sharing indicators discussed elsewhere in this Report, the Department believes it is important to evaluate country efforts relative to their GDP share. Using this approach, ten nations achieved foreign aid shares substantially (at least 20 percent) greater than their GDP share: Kuwait, Denmark, Norway, the Netherlands, France, Luxembourg, Germany, Belgium, Canada, and the United Kingdom. Note that this is a more restrictive assessment than results from applying the Congressional targets -- due to the fact that some countries satisfy the Congressional goals either due to anomalies in year-to-year reporting or due to the relatively low ranking of the United States.

These assessments are summarized in Charts I-1 and I-2.

Chart III-26

Foreign Assistance as a Percentage of GDP 1996



1996 ODA and OA data for Turkey are not yet available and thus not included in this report.

1996 data for the Republic of Korea and Greece reflect ODA disbursements only as OA data is not yet available.

Data for Bahrain, Oman, and Qatar has not been reported to OECD and therefore contributions are assumed to be zero.

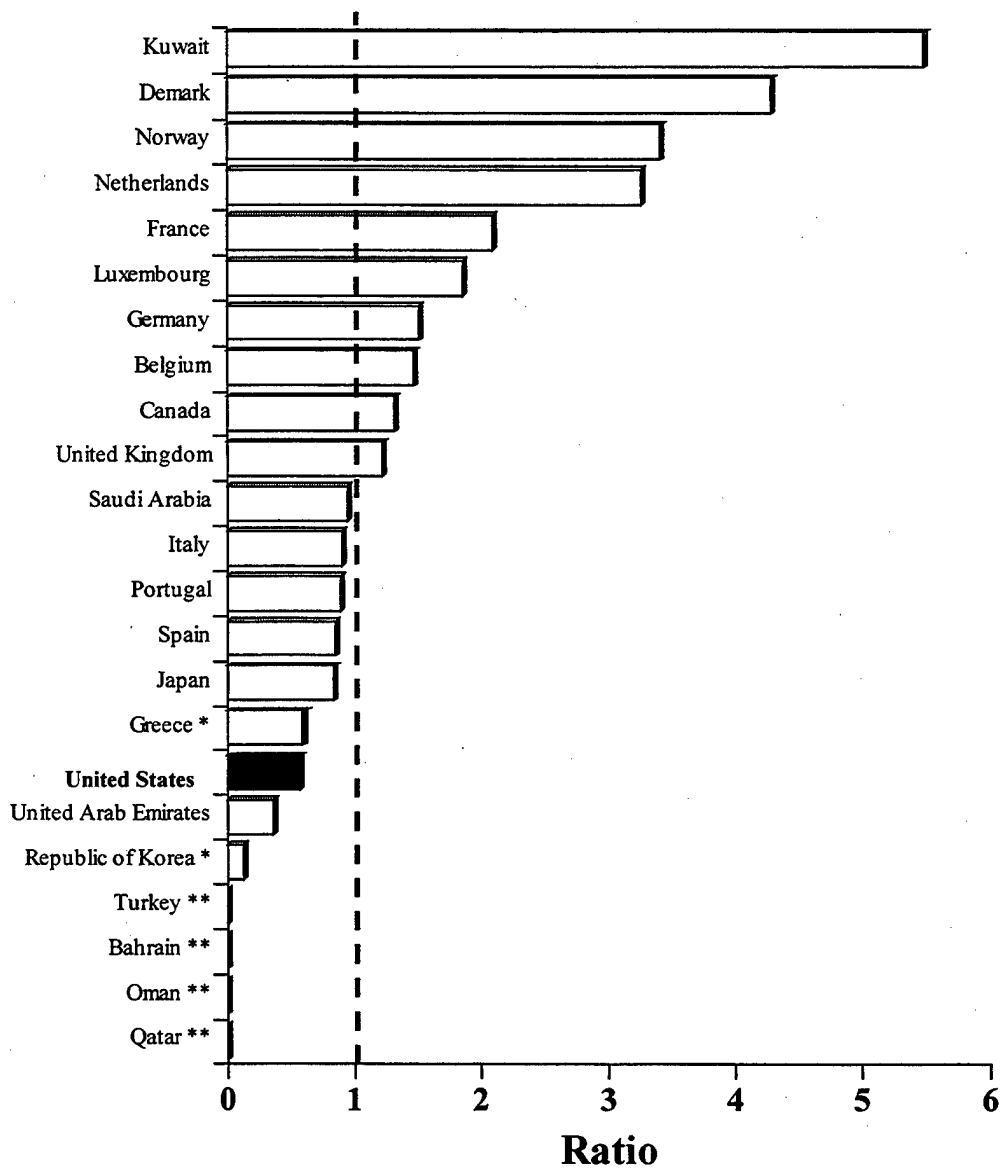
* Includes only ODA; OA data not available.

** No data available

Chart III-27

Foreign Assistance Share Relative to GDP Share

1996



A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

* Includes only ODA; OA data not available
 ** No data available

CONCLUSION

Every nation addressed in this Report satisfies at least one of the responsibility sharing targets established in the FY 1998 Defense Authorization Act, and most satisfy more than one. The same is true using the Department's approach of assessing their contributions in relation to ability to contribute, although from this perspective several key differences emerge. These results are summarized in Chart I-1 and I-2 presented in Chapter I.

We believe that this overall picture is positive, but we are committed to continued efforts to convince our allies and partners to achieve and maintain adequate defense budgets, and increase their contributions to multinational military activities. At the same time we will continue to emphasize the importance of increased host nation support and the critical role of foreign assistance in enhancing our collective security.

Finally, the FY 1998 Defense Authorization Act asks for a comparison of nations' responsibility sharing contributions, specifically between February 28, 1997 and February 28, 1998. As explained in the Annex, the timing of data collection and analysis prevents the Department from reporting for those exact periods. Nevertheless, in response to the Congressional requirement, Chart III-28 provides a comparison for the two most recent years for which complete and reliable data are available. In providing this comparison, the Department wishes to reiterate that a balanced assessment of nations' efforts requires a review of longer-term trends, including an evaluation of contributions relative to ability to contribute.

Chart III-28

Responsibility Sharing Indicators

Comparisons of Last Two Years of Available Data

Country	Defense Spending / GDP			Multinational Military Contributions ^a			Share of U.S. Overseas Stationing Costs Paid by Allies			Foreign Assistance Millions of Constant 1997 Dollars		
	1996	1997	1996-97 % Change	1996	1997	1996-97 % Change	1995	1996	1995-96 % Change	1995	1996	1995-96 % Change
United States	3.6%	3.4%	-4.8%	0.6	0.7	12.2%	NA	NA	NA	\$9,052	\$11,296	24.8%
Belgium	1.6%	1.6%	-1.0%	7.2	2.6	-63.2%	24.7%	19.4%	-24.0%	\$969	\$876	-9.6%
Canada	1.4%	1.3%	-11.1%	2.5	2.5	0.7%	N/App	N/App	N/App	\$2,364	\$1,978	-16.3%
Denmark	1.8%	1.7%	-1.4%	2.3	2.5	8.7%	0.1%	0.1%	79.7%	\$1,600	\$1,732	8.2%
France	3.0%	3.0%	-1.3%	1.7	1.6	-6.1%	N/App	N/App	N/App	\$8,162	\$7,320	-10.3%
Germany	1.7%	1.6%	-4.5%	0.8	0.8	3.4%	24.1%	26.8%	11.4%	\$10,397	\$7,958	-23.5%
Greece	4.5%	4.6%	2.3%	2.5	2.6	14.0%	28.5%	32.6%	14.6%	\$151	\$175	15.6%
Italy	1.9%	1.9%	-0.6%	0.9	1.1	-2.6%	50.4%	49.4%	-1.9%	\$1,968	\$2,531	28.6%
Luxembourg	0.8%	0.8%	-0.9%	0.5	0.5	0.2%	0.0%	99.3%	NA	\$64	\$85	32.5%
Netherlands	2.0%	1.9%	-3.2%	1.7	1.7	17.8%	6.2%	6.5%	4.6%	\$3,057	\$2,915	-4.6%
Norway	2.4%	2.2%	-6.8%	9.2	10.8	29.2%	0.0%	24.6%	NA	\$1,294	\$1,300	0.4%
Portugal	2.5%	2.6%	4.8%	3.4	4.4	-18.1%	0.0%	3.5%	NA	\$262	\$220	-16.1%
Spain	1.5%	1.4%	-4.0%	1.6	1.3	-3.6%	41.7%	47.4%	13.6%	\$1,229	\$1,123	-8.6%
Turkey	4.1%	4.0%	-2.2%	2.4	2.3	3.4%	30.7%	19.5%	-36.4%	\$115	NA	NA
United Kingdom	3.0%	2.8%	-6.3%	1.8	1.8	5.2%	14.9%	14.2%	-12.0%	\$3,938	\$3,797	-3.6%
Non-US NATO Total	2.2%	2.2%	-2.6%	1.5	1.6	5.2%	27.4%	29.2%	7.9%	\$35,569	\$32,010	-10.0%
Japan	1.0%	1.0%	-0.3%	0.2	0.3	44.9%	75.8%	78.3%	3.3%	\$11,153	\$8,419	-24.5%
Republic of Korea	3.1%	3.2%	3.3%	0.3	0.1	-74.7%	64.0%	23.8% ^b	-12.0%	\$108	\$149	38.2%
Pacific Allies Total	1.2%	1.2%	1.7%	0.3	0.3	9.2%	71.9%	68.3%	-5.0%	\$11,261	\$8,568	-23.9%
Bahrain	5.8%	5.8%	0.0%	0.9	0.9	-1.5%	NA	NA	NA	NA	NA	NA
Kuwait	14.0%	11.9%	-15.4%	0.5	0.5	-1.1%	NA	NA	NA	\$379	\$406	7.2%
Oman	14.3%	13.4%	-6.3%	0.4	0.3	-13.9%	NA	NA	NA	NA	NA	NA
Qatar	9.8%	14.1%	43.8%	0.6	0.5	-1.8%	NA	NA	NA	NA	NA	NA
Saudi Arabia	14.2%	13.7%	-3.8%	0.4	0.2	-53.3%	60.8%	37.1%	-65.7%	\$196	\$308	57.7%
United Arab Emirates	5.1%	5.1%	0.0%	0.2	0.2	-15.6%	NA	NA	NA	\$68	\$38	-44.8%
GCC Total	12.2%	11.7%	-4.1%	0.4	0.3	-33.1%	NA	NA	NA	\$643	\$753	17.1%
GRAND TOTAL	2.6%	2.5%	-1.0%	1.0	1.0	0.0%	51.0%	48.3%	-5.2%	\$56,524	\$52,626	-6.9%

^a Figures represent a ratio of a country's share of contributions to multinational reaction forces and UN peace support operations, divided by its ability to contribute (GDP and labor force). A ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

^b Includes direct cost sharing only.

Yearly data rounded. Percent change calculated using non-rounded figures.
 NA (Not Available)
 N/App (Not Applicable)

ANNEX

DATA NOTES AND COUNTRY SUMMARIES

This annex presents technical notes on the sources and limitations of the data used in this Report, and provides a recap of selected responsibility sharing indicators for each country.

DATA NOTES

The assessments presented in this Report are only as good as the data upon which they are based. The Department has every confidence that the data used for the assessments in this Report are as complete, current, and comprehensive as they can be, given the deadlines established in the legislation.

Timing and Limitations

The FY 1998 Defense Authorization Act stipulates that allies should take certain actions or achieve certain results in various indicators of responsibility sharing by September 30, 1998. Due to unavoidable time lags in the collection and analysis of the necessary data, this Report relies on statistics for 1996 and 1997. Projected data for 1998 are either not available for many key elements necessary to the analysis, or where available, are generally unreliable. The Department is therefore unable to assess countries' performance against Congressional targets set for 1998, and -- due to these time lags in data collection and analysis -- will be unable to do so for another one to two years.

The FY 1998 Defense Authorization Act also requires the Department to measure the year-to-year change in nations' responsibility sharing performance, specifically between February 28, 1997 and February 28, 1998. Because of the timing issues described above, data are simply not yet available as of this writing to permit this specific comparison. Instead, the Department has compiled relevant comparisons for the two most recent years for which complete and reliable data are available.

Data Sources

Defense spending data are provided by a variety of sources. NATO's December 1997 report on *Financial and Economic Data Relating to NATO Defense* is the primary source for past and current defense spending data for the NATO nations, including the United States. Sources of defense spending data for Japan, the Republic of Korea, and the GCC nations include U.S. embassies in the host nations, recent national defense white papers (where available), and the International Institute for Strategic Studies (IISS).

For purposes of standardization and comparability, this Report presents defense spending figures using the NATO definition of what constitutes defense spending wherever possible. According to this approach, defense expenditures are defined as

outlays made by national governments specifically to meet the needs of the armed forces. In this context, the term "national government" limits "defense expenditures" to those of central or federal governments, to the exclusion of state, provincial, local, or municipal authorities. Regardless of when payments are charged against the budget, defense expenditures for any given period include all payments made during that period. In cases where actual 1997 defense outlays are not available, final defense budget figures are substituted. War damage compensation, veterans' pensions, payments out of retirement accounts, and civil defense and stockpiling costs for industrial raw materials or semi-furnished products are not included in this definition of defense spending.

GDP data for NATO members, the Republic of Korea, and Japan are taken from the Organization for Economic Cooperation and Development (OECD). GDP data for the GCC countries (which are not reported by OECD) are drawn from the World Bank and the WEFA Group.

UN peacekeeping data are taken from UN reports for 1997. In the past the Department supplemented the UN figures with data on *voluntary* country contributions in support of Security Council resolutions (amounting to roughly \$2.7 billion in 1996). Because comparable data on voluntary contributions are not available for 1997, prior year data have been adjusted in order to permit valid trend analysis of UN contributions.

Military personnel data are taken from the Annual NATO Press Release (December 1997) and the International Institute of Strategic Studies' *The Military Balance 1997-1998*.

Military forces data (ground, naval, and air) are drawn from a variety of sources.

In general, forces data are based on information provided by nations under the CFE data exchange (for those forces limited by CFE), supplemented with data from responses to the NATO's *Defense Planning Questionnaire* (for those nations that participate in NATO's integrated defense planning process), open sources (such as *Jane's Defense* publications and magazines and the International Institute for Strategic Studies' (IISS) *Military Balance for 1997-98*), and DoD sources.

Ground combat capability data assess all major combat systems, including tanks, armored personnel carriers, armored infantry fighting vehicles, artillery, anti-tank weapons, and attack helicopters for army and marine units. Transport, small arms, or combat support assets are not included. The quantity and quality of nations' equipment holdings are assessed using widely used static measures. Estimates are normalized using the score of a U.S. armored brigade in order to express each nation's static ground force potential in terms of a standardized unit of measure.

Naval tonnage data includes aircraft carriers, attack submarines (non-strategic), principal surface combatants (cruisers, destroyers, frigates, and corvettes), mine warfare ships and craft (including mine layers), patrol combatant ships, and amphibious warfare ships. Patrol craft, amphibious craft, or service support craft are not included.

Air forces data includes fixed-wing combat aircraft (air force, naval, and marine assets) in the following categories: fighter/interceptor, fighter/bomber, conventional bomber, and tactical fighter reconnaissance aircraft (including combat capable trainer and electronic warfare aircraft). Not included are maritime patrol aircraft (MPA), anti-submarine warfare (ASW) aircraft, transports or air-to-air refueling aircraft, strategic bombers, or any support or special mission aircraft.

Multinational military activities data assess national contributions to NATO's Reaction Forces and other multilateral formations. Brigade equivalents do not include organic divisional support assets.

Cost sharing data are provided by U.S. embassies and DoD components, including the military departments and commands. DoD components also provide estimates of U.S. stationing costs by country. Extensive manual evaluations are required to determine the estimated value of contributions made by each nation to the United States, and of U.S. expenses incurred overseas. Cost sharing data and stationing cost estimates for a given year are collected by the Department during the spring of the following year, and are then evaluated and published as budget exhibits. Due to the Congressional deadline for this Report, the Department has used estimates for 1996. Data gaps and the classification of some figures prevent full coverage of cost sharing and stationing cost estimates for all nations covered in this report. For example, cost offset percentages cannot be calculated for all GCC nations (except Saudi Arabia) due to lack of information regarding U.S. stationing costs in those countries.

Bilateral cost sharing is divided into two categories, according to whether the costs are borne by the host nation on-budget (direct cost sharing), or only as imputed values of foregone revenues (indirect cost sharing). Direct cost sharing includes costs borne by host nations in support of stationed U.S. forces for rents on privately owned land and facilities, labor, utilities, facilities, and vicinity improvements. Indirect cost sharing includes foregone rents and revenues, including rents on government-owned land and facilities occupied or used by U.S. forces at no or reduced cost to the United States, and tax concessions or customs duties waived by the host nation.

Foreign assistance data are provided by the OECD. The OECD's Development Assistance Committee (DAC) encourages commitments of international aid, coordinated aid policies, and consistent aid reporting. The DAC's definition of "official development assistance" (ODA) is recognized as the international standard for reporting aid provided to developing countries and multilateral institutions. This is immensely useful, since "aid" is an extremely broad term, and encompasses many different types of assistance, which can make contributions from various nations very difficult to compare directly.

OECD has a 27-nation membership (G-27), including all NATO countries and Japan. The G-27 establishes economic and political conditions that nations must meet before receiving assistance (e.g., demonstrated commitment to political reform, and free and fair elections). Subsidies are provided in the form of trade and investment credits,

grants, and loan guarantees, and are directed into areas such as food aid, medical supplies, and technical assistance in management training, privatization, bank and regulatory reform, environmental projects, market access/trade, nuclear reactor safety, and democratic institution building. The G-27 is also coordinating nuclear safety assistance to the NIS.

Aid to 13 of the 22 emerging economies of Central Europe and the NIS does not qualify as official development assistance for OECD purposes, but instead is categorized as "official aid" (OA). Both categories, ODA and OA, cover identical types of assistance, with the only difference being the recipient nations. Therefore, total foreign assistance evaluated in this Report is the sum of all ODA and OA.

This Report is based on available data covering 1990 through 1996. At this time, complete and reliable foreign assistance data is available only through 1996 due to complexities and delays in the OECD collection and reporting process, and data are still not complete for some countries for 1995 or 1996. Specifically, 1995 data for Spain, Luxembourg, the Republic of Korea, and Greece reflect ODA disbursements only, as OA data are not yet available. Similarly, 1996 data for the Republic of Korea and Greece also reflect only ODA disbursements. No data are available for Turkey in 1996, nor in any year for Bahrain, Oman, and Qatar.

COUNTRY SUMMARIES

The following charts provide summary information for responsibility sharing contributions on a country-by-country basis.

With regards to defense capability measures, a ratio around 1 indicates that a country's contribution is in balance with its ability to contribute. A ratio above 1 suggests that a country is contributing beyond its "fair share," while a ratio below 1 means contributions are not commensurate with ability to contribute.

Note: With the exception of cost sharing estimates, all dollar figures shown in the country summary charts are in 1997 dollars, using 1997 exchange rates. Cost sharing figures reflect 1996 contributions, and are calculated using 1996 dollars and exchange rates to facilitate comparison of Pacific allies' contributions with levels agreed to in bilateral negotiations.

BELGIUM

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$240.7	██████████ 11
Per Capita GDP.....	\$23,554.7	██████████ 8
(U) Defense Spending (1997)		
Total (Billions).....	\$3.82	██████████ 14
Percentage of GDP.....	1.59%	██████████ 18
(U) UN Peace Operations (1997)		
Total Personnel.....	146	
Personnel as a Percentage of Labor Force.....	0.0034%	██████████ 5
Total Funding (Millions).....	\$7.98	
Funding as a Percentage of GDP.....	0.0033%	██████████ 13
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	43.4	██████████ 17
Percentage of Labor Force.....	1.02%	██████████ 17
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.82	██████████ 16
Naval Tonnage Share/GDP Share.....	0.24	██████ 21
Combat Aircraft Share/GDP Share.....	1.50	██████████ 11
(U) Foreign Assistance (1996)		
Total (Millions).....	\$876.17	██████████ 12
Percentage of GDP.....	0.36%	██████████ 8
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$49.70	
Total.....	\$49.70	

CANADA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$605.7	7
Per Capita GDP.....	\$19,990.4	11
(U) Defense Spending (1997)		
Total (Billions).....	\$7.77	9
Percentage of GDP.....	1.28%	21
(U) UN Peace Operations (1997)		
Total Personnel.....	889	
Personnel as a Percentage of Labor Force.....	0.0058%	3
Total Funding (Millions).....	\$27.51	
Funding as a Percentage of GDP.....	0.0045%	3
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	66.1	13
Percentage of Labor Force.....	0.43%	22
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.32	21
Naval Tonnage Share/GDP Share.....	0.83	13
Combat Aircraft Share/GDP Share.....	0.67	20
(U) Foreign Assistance (1996)		
Total (Millions).....	\$1,977.52	8
Percentage of GDP.....	0.33%	9
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

DENMARK

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$163.5	██████████ 13
Per Capita GDP.....	\$31,199.7	██████████████████ 4
(U) Defense Spending (1997)		
Total (Billions).....	\$2.86	██████████ 17
Percentage of GDP.....	1.75%	██████████ 17
(U) UN Peace Operations (1997)		
Total Personnel.....	126	
Personnel as a Percentage of Labor Force.....	0.0045%	██████████████████ 4
Total Funding (Millions).....	\$6.43	
Funding as a Percentage of GDP.....	0.0039%	██████████████ 6
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	28.9	██████████ 19
Percentage of Labor Force.....	1.03%	██████████ 16
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	1.13	██████████ 13
Naval Tonnage Share/GDP Share.....	0.90	██████████████ 10
Combat Aircraft Share/GDP Share.....	0.96	██████████ 18
(U) Foreign Assistance (1996)		
Total (Millions).....	\$1,731.51	██████████████ 9
Percentage of GDP.....	1.06%	██████████████████ 2
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.02	
Indirect Support.....	\$0.05	
Total.....	\$0.07	

FRANCE

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$1,413.1	4
Per Capita GDP.....	\$24,154.8	7
(U) Defense Spending (1997)		
Total (Billions).....	\$42.09	2
Percentage of GDP.....	2.98%	11
(U) UN Peace Operations (1997)		
Total Personnel.....	474	
Personnel as a Percentage of Labor Force.....	0.0018%	6
Total Funding (Millions).....	\$63.44	
Funding as a Percentage of GDP.....	0.0045%	4
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	475.1	4
Percentage of Labor Force.....	1.85%	9
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.78	18
Naval Tonnage Share/GDP Share.....	0.88	12
Combat Aircraft Share/GDP Share.....	1.33	12
(U) Foreign Assistance (1996)		
Total (Millions).....	\$7,319.71	4
Percentage of GDP.....	0.52%	5
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

GERMANY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$2,143.4	██████████ 3
Per Capita GDP.....	\$26,002.2	██████████ 6
(U) Defense Spending (1997)		
Total (Billions).....	\$33.91	██████████ 5
Percentage of GDP.....	1.58%	██████ 19
(U) UN Peace Operations (1997)		
Total Personnel.....	190	
Personnel as a Percentage of Labor Force.....	0.0005%	██████████ 9
Total Funding (Millions).....	\$81.23	
Funding as a Percentage of GDP.....	0.0038%	██████████ 7
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	334.5	██████████ 6
Percentage of Labor Force.....	0.87%	██████ 18
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.82	██████ 17
Naval Tonnage Share/GDP Share.....	0.28	██████ 20
Combat Aircraft Share/GDP Share.....	0.61	██████ 21
(U) Foreign Assistance (1996)		
Total (Millions).....	\$7,958.44	██████████ 3
Percentage of GDP.....	0.37%	██████████ 7
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$55.98	
Indirect Support.....	\$1,246.53	
Total.....	\$1,302.52	

GREECE

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$120.3	█ 16
Per Capita GDP.....	\$11,428.9	█ 17
(U) Defense Spending (1997)		
Total (Billions).....	\$5.59	█ 13
Percentage of GDP.....	4.65%	█ 7
(U) UN Peace Operations (1997)		
Total Personnel.....	13	
Personnel as a Percentage of Labor Force.....	0.0003%	█ 13
Total Funding (Millions).....	\$1.70	
Funding as a Percentage of GDP.....	0.0014%	█ 14
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	205.6	█ 9
Percentage of Labor Force.....	4.69%	█ 3
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	8.11	█ 2
Naval Tonnage Share/GDP Share.....	3.75	█ 2
Combat Aircraft Share/GDP Share.....	9.47	█ 2
(U) Foreign Assistance (1996)		
Total (Millions).....	\$175.04	█ 16
Percentage of GDP.....	0.15%	█ 16
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	\$0.08	
Indirect Support.....	\$15.40	
Total.....	\$15.48	

ITALY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$1,139.6	6
Per Capita GDP.....	\$19,895.9	12
(U) Defense Spending (1997)		
Total (Billions).....	\$21.98	6
Percentage of GDP.....	1.93%	16
(U) UN Peace Operations (1997)		
Total Personnel.....	97	
Personnel as a Percentage of Labor Force.....	0.0004%	11
Total Funding (Millions).....	\$52.47	
Funding as a Percentage of GDP.....	0.0046%	2
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	419.4	5
Percentage of Labor Force.....	1.83%	10
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.73	19
Naval Tonnage Share/GDP Share.....	0.54	18
Combat Aircraft Share/GDP Share.....	1.05	15
(U) Foreign Assistance (1996)		
Total (Millions).....	\$2,531.45	7
Percentage of GDP.....	0.22%	12
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.60	
Indirect Support.....	\$527.86	
Total.....	\$528.46	

LUXEMBOURG

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$18.5	█ 20
Per Capita GDP.....	\$45,426.5	█ 1
(U) Defense Spending (1997)		
Total (Billions).....	\$0.15	█ 23
Percentage of GDP.....	0.80%	█ 23
(U) UN Peace Operations (1997)		
Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	█ 17 (tied for last)
Total Funding (Millions).....	\$0.65	
Funding as a Percentage of GDP.....	0.0035%	█ 10
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	1.4	█ 23
Percentage of Labor Force.....	0.79%	█ 20
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.05	█ 23
Naval Tonnage Share/GDP Share.....	0.00	█ 23
Combat Aircraft Share/GDP Share.....	0.00	█ 23
(U) Foreign Assistance (1996)		
Total (Millions).....	\$84.94	█ 18
Percentage of GDP.....	0.46%	█ 6
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	}	Classified
Indirect Support.....		
Total.....		

NETHERLANDS

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$361.6	██████████ 10
Per Capita GDP.....	\$23,032.6	██████████ 9
(U) Defense Spending (1997)		
Total (Billions).....	\$7.00	██████████ 12
Percentage of GDP.....	1.94%	██████████ 15
(U) UN Peace Operations (1997)		
Total Personnel.....	93	
Personnel as a Percentage of Labor Force.....	0.0014%	██████████ 8
Total Funding (Millions).....	\$14.68	
Funding as a Percentage of GDP.....	0.0041%	██████████ 5
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	57.0	██████████ 15
Percentage of Labor Force.....	0.85%	██████ 19
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	1.22	██████████ 10
Naval Tonnage Share/GDP Share.....	0.90	██████████ 11
Combat Aircraft Share/GDP Share.....	1.08	██████████ 14
(U) Foreign Assistance (1996)		
Total (Millions).....	\$2,915.30	██████████ 6
Percentage of GDP.....	0.81%	██████████ 4
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.02	
Indirect Support.....	\$3.12	
Total.....	\$3.14	

NORWAY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$154.1	█ 14
Per Capita GDP.....	\$34,934.8	█ 2
(U) Defense Spending (1997)		
Total (Billions).....	\$3.39	█ 16
Percentage of GDP.....	2.20%	█ 14
(U) UN Peace Operations (1997)		
Total Personnel.....	708	
Personnel as a Percentage of Labor Force.....	0.0312%	█ 1
Total Funding (Millions).....	\$5.23	
Funding as a Percentage of GDP.....	0.0034%	█ 11
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	35.9	█ 18
Percentage of Labor Force.....	1.58%	█ 13
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	1.19	█ 11
Naval Tonnage Share/GDP Share.....	1.12	█ 8
Combat Aircraft Share/GDP Share.....	1.03	█ 16
(U) Foreign Assistance (1996)		
Total (Millions).....	\$1,299.51	█ 10
Percentage of GDP.....	0.84%	█ 3
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.88	
Indirect Support.....	\$0.00	
Total.....	\$0.88	

PORTUGAL

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$100.2	██████████ 17
Per Capita GDP.....	\$10,217.5	██████████ 19
(U) Defense Spending (1997)		
Total (Billions).....	\$2.62	██████████ 18
Percentage of GDP.....	2.61%	██████████ 13
(U) UN Peace Operations (1997)		
Total Personnel.....	474	
Personnel as a Percentage of Labor Force.....	0.0104%	██████████████████████ 2
Total Funding (Millions).....	\$1.40	
Funding as a Percentage of GDP.....	0.0014%	██████████ 15
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	72.3	██████████ 12
Percentage of Labor Force.....	1.58%	██████████ 11
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	1.08	██████████ 14
Naval Tonnage Share/GDP Share.....	1.51	██████████████████ 6
Combat Aircraft Share/GDP Share.....	2.26	██████████ 9
(U) Foreign Assistance (1996)		
Total (Millions).....	\$219.68	██████████ 15
Percentage of GDP.....	0.22%	██████████ 13
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.00	
Indirect Support.....	\$1.15	
Total.....	\$1.15	

SPAIN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$535.8	██████████ 8
Per Capita GDP.....	\$13,633.2	██████████ 16
(U) Defense Spending (1997)		
Total (Billions).....	\$7.62	██████████ 10
Percentage of GDP.....	1.42%	██████ 20
(U) UN Peace Operations (1997)		
Total Personnel.....	56	
Personnel as a Percentage of Labor Force.....	0.0004%	██████████ 12
Total Funding (Millions).....	\$20.24	
Funding as a Percentage of GDP.....	0.0038%	██████████ 8
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	195.9	██████████ 10
Percentage of Labor Force.....	1.24%	██████████ 14
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.88	██████████ 15
Naval Tonnage Share/GDP Share.....	1.04	██████████ 9
Combat Aircraft Share/GDP Share.....	0.88	██████ 19
(U) Foreign Assistance (1996)		
Total (Millions).....	\$1,123.22	██████████ 11
Percentage of GDP.....	0.21%	██████████ 14
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$1.15	
Indirect Support.....	\$121.67	
Total.....	\$122.82	

TURKEY

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$184.5	█ 12
Per Capita GDP.....	\$2,833.0	█ 23
(U) Defense Spending (1997)		
Total (Billions).....	\$7.45	█ 11
Percentage of GDP.....	4.04%	█ 8
(U) UN Peace Operations (1997)		
Total Personnel.....	42	
Personnel as a Percentage of Labor Force.....	0.0002%	█ 14
Total Funding (Millions).....	\$0.00	
Funding as a Percentage of GDP.....	0.0000%	█ 23
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	819.7	█ 2
Percentage of Labor Force.....	3.62%	█ 5
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	7.99	█ 3
Naval Tonnage Share/GDP Share.....	3.40	█ 3
Combat Aircraft Share/GDP Share.....	5.33	█ 5
(U) Foreign Assistance (1996)		
Total (Millions).....	\$0.00	█ 20 (tied for last)
Percentage of GDP.....	0.00%	█ 20 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	\$7.85	
Indirect Support.....	\$16.40	
Total.....	\$24.25	

UNITED KINGDOM

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$1,263.2	██████████ 5
Per Capita GDP.....	\$21,420.3	██████████ 10
(U) Defense Spending (1997)		
Total (Billions).....	\$35.49	██████████ 4
Percentage of GDP.....	2.81%	██████████ 12
(U) UN Peace Operations (1997)		
Total Personnel.....	459	
Personnel as a Percentage of Labor Force.....	0.0016%	██████████ 7
Total Funding (Millions).....	\$58.94	
Funding as a Percentage of GDP.....	0.0047%	██████████ 1
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	217.6	██████████ 8
Percentage of Labor Force.....	0.78%	██████ 21
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.46	██████ 20
Naval Tonnage Share/GDP Share.....	1.81	██████████ 5
Combat Aircraft Share/GDP Share.....	1.17	██████████ 13
(U) Foreign Assistance (1996)		
Total (Millions).....	\$3,797.04	██████████ 5
Percentage of GDP.....	0.30%	██████████ 10
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	} Classified	
Indirect Support.....		
Total.....		

UNITED STATES

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$8,005.7	██████████ 1
Per Capita GDP.....	\$29,871.0	██████████ 5
(U) Defense Spending (1997)		
Total (Billions).....	\$272.96	██████████ 1
Percentage of GDP.....	3.41%	██████████ 9
(U) UN Peace Operations (1997)		
Total Personnel.....	637	
Personnel as a Percentage of Labor Force.....	0.0005%	██████████ 10
Total Funding (Millions).....	\$286.07	
Funding as a Percentage of GDP.....	0.0036%	██████████ 9
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	1554.0	██████████ 1
Percentage of Labor Force.....	1.14%	██████████ 15
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	1.15	██████████ 12
Naval Tonnage Share/GDP Share.....	1.43	██████████ 7
Combat Aircraft Share/GDP Share.....	1.01	██████████ 17
(U) Foreign Assistance (1996)		
Total (Millions).....	\$11,296.07	██████████ 1
Percentage of GDP.....	0.14%	██████████ 17
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	} <u>Not Applicable</u>	
Indirect Support.....		
Total.....		

JAPAN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$4,113.6	2
Per Capita GDP.....	\$32,632.2	3
(U) Defense Spending (1997)		
Total (Billions).....	\$39.71	3
Percentage of GDP.....	0.97%	22
(U) UN Peace Operations (1997)		
Total Personnel.....	45	
Personnel as a Percentage of Labor Force.....	0.0001%	16
Total Funding (Millions).....	\$136.44	
Funding as a Percentage of GDP.....	0.0033%	12
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	235.6	7
Percentage of Labor Force.....	0.35%	23
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	0.15	22
Naval Tonnage Share/GDP Share.....	0.39	19
Combat Aircraft Share/GDP Share.....	0.21	22
(U) Foreign Assistance (1996)		
Total (Millions).....	\$8,418.59	2
Percentage of GDP.....	0.20%	15
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	\$3,606.57	
Indirect Support.....	\$978.03	
Total.....	\$4,584.61	

REPUBLIC OF KOREA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$480.1	██████████ 9
Per Capita GDP.....	\$10,514.4	██████ 18
(U) Defense Spending (1997)		
Total (Billions).....	\$15.57	██████████ 8
Percentage of GDP.....	3.24%	██████████ 10
(U) UN Peace Operations (1997)		
Total Personnel.....	27	
Personnel as a Percentage of Labor Force.....	0.0001%	██████████ 15
Total Funding (Millions).....	\$1.23	
Funding as a Percentage of GDP.....	0.0003%	███ 22
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	672.0	██████████████████ 3
Percentage of Labor Force.....	3.10%	██████████ 7
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	3.30	██████████ 9
Naval Tonnage Share/GDP Share.....	0.59	██████ 17
Combat Aircraft Share/GDP Share.....	2.19	██████████ 10
(U) Foreign Assistance (1996)		
Total (Millions).....	\$149.48	██████ 17
Percentage of GDP.....	0.03%	██████ 19
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	\$306.70	
Indirect Support.....	NA*	
Total.....	\$306.70	

* Not available due to a reevaluation of measurement methodology.

BAHRAIN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$5.0	23
Per Capita GDP.....	\$8,394.7	20
(U) Defense Spending (1997)		
Total (Billions).....	\$0.29	22
Percentage of GDP.....	5.79%	5
(U) UN Peace Operations (1997)		
Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	17 (tied for last)
Total Funding (Millions).....	\$0.04	
Funding as a Percentage of GDP.....	0.0008%	19
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	11.0	22
Percentage of Labor Force.....	4.18%	4
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	19.11	1
Naval Tonnage Share/GDP Share.....	3.38	4
Combat Aircraft Share/GDP Share.....	10.44	1
(U) Foreign Assistance (1996)		
Total (Millions).....	\$0.00	20 (tied for last)
Percentage of GDP.....	0.00%	20 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$2.07	
Indirect Support.....	\$0.00	
Total.....	\$2.07	

KUWAIT

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$29.9	█ 19
Per Capita GDP.....	\$16,429.8	█ 13
(U) Defense Spending (1997)		
Total (Billions).....	\$3.55	█ 15
Percentage of GDP.....	11.87%	█ 4
(U) UN Peace Operations (1997)		
Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	█ 17 (tied for last)
Total Funding (Millions).....	\$0.36	
Funding as a Percentage of GDP.....	0.0012%	█ 16
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	15.3	█ 20
Percentage of Labor Force.....	1.92%	█ 8
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	5.88	█ 5
Naval Tonnage Share/GDP Share.....	0.21	█ 22
Combat Aircraft Share/GDP Share.....	4.32	█ 7
(U) Foreign Assistance (1996)		
Total (Millions).....	\$406.29	█ 13
Percentage of GDP.....	1.36%	█ 1
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$67.18	
Indirect Support.....	\$4.95	
Total.....	\$72.12	

OMAN

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$13.7	█ 21
Per Capita GDP.....	\$5,864.4	█ 22
(U) Defense Spending (1997)		
Total (Billions).....	\$1.84	█ 20
Percentage of GDP.....	13.39%	█ 3
(U) UN Peace Operations (1997)		
Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	█ 17 (tied for last)
Total Funding (Millions).....	\$0.09	
Funding as a Percentage of GDP.....	0.0006%	█ 21
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	43.5	█ 16
Percentage of Labor Force.....	7.15%	█ 1
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	4.88	█ 8
Naval Tonnage Share/GDP Share.....	5.17	█ 1
Combat Aircraft Share/GDP Share.....	5.49	█ 3
(U) Foreign Assistance (1996)		
Total (Millions).....	\$0.00	█ 20 (tied for last)
Percentage of GDP.....	0.00%	█ 20 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.05	
Indirect Support.....	\$11.82	
Total.....	\$11.87	

QATAR

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$8.0	█ 22
Per Capita GDP.....	\$13,731.3	█ 15
(U) Defense Spending (1997)		
Total (Billions).....	\$1.13	█ 21
Percentage of GDP.....	14.14%	█ 1
(U) UN Peace Operations (1997)		
Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	█ 17 (tied for last)
Total Funding (Millions).....	\$0.06	
Funding as a Percentage of GDP.....	0.0007%	█ 20
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	11.8	█ 21
Percentage of Labor Force.....	3.28%	█ 6
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	5.75	█ 6
Naval Tonnage Share/GDP Share.....	0.67	█ 15
Combat Aircraft Share/GDP Share.....	3.52	█ 8
(U) Foreign Assistance (1996)		
Total (Millions).....	\$0.00	█ 20 (tied for last)
Percentage of GDP.....	0.00%	█ 20 (tied for last)
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	} Classified	
Indirect Support.....		
Total.....		

SAUDI ARABIA

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$132.2	██████████ 15
Per Capita GDP.....	\$6,932.4	██████ 21
(U) Defense Spending (1997)		
Total (Billions).....	\$18.05	██████████████████ 7
Percentage of GDP.....	13.65%	██████████████████ 2
(U) UN Peace Operations (1997)		
Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	██████████ 17 (tied for last)
Total Funding (Millions).....	\$1.29	
Funding as a Percentage of GDP.....	0.0010%	██████████ 17
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	105.5	██████████████ 11
Percentage of Labor Force.....	1.58%	██████████████ 12
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	5.43	██████████████████ 7
Naval Tonnage Share/GDP Share.....	0.62	██████████ 16
Combat Aircraft Share/GDP Share.....	4.82	██████████████████ 6
(U) Foreign Assistance (1996)		
Total (Millions).....	\$308.45	██████████ 14
Percentage of GDP.....	0.23%	██████████████ 11
(U) Host Nation Support/ Defense Cost Sharing (1996)		
(Millions)		
Direct Support.....	} Classified	
Indirect Support.....		
Total.....		

UNITED ARAB EMIRATES

Selected Country Responsibility Sharing Indicators and Contributions

Statistics	Value	Rank Among 23 Nations Addressed in this Report
(U) Gross Domestic Product (1997)		
Total (Billions).....	\$42.5	██████ 18
Per Capita GDP.....	\$13,884.9	██████████ 14
(U) Defense Spending (1997)		
Total (Billions).....	\$2.18	██████ 19
Percentage of GDP.....	5.13%	██████████████ 6
(U) UN Peace Operations (1997)		
Total Personnel.....	0	
Personnel as a Percentage of Labor Force.....	0.0000%	██████ 17 (tied for last)
Total Funding (Millions).....	\$0.39	
Funding as a Percentage of GDP.....	0.0009%	██████ 18
(U) Active-Duty Military Personnel (1997)		
Total (Thousands).....	64.5	██████████ 14
Percentage of Labor Force.....	5.26%	██████████████ 2
(U) Defense Capability Measures (1997)		
Ground Combat Capability Share/GDP Share.....	6.09	██████████████ 4
Naval Tonnage Share/GDP Share.....	0.68	██████████ 14
Combat Aircraft Share/GDP Share.....	5.37	██████████████ 4
(U) Foreign Assistance (1996)		
Total (Millions).....	\$37.81	██████ 19
Percentage of GDP.....	0.09%	██████ 18
(U) Host Nation Support/ Defense Cost Sharing (1996) (Millions)		
Direct Support.....	\$0.05	
Indirect Support.....	\$10.79	
Total.....	\$10.85	