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DOCUMENT
AC/19-D/7COMMITTEE ON THE ANNUAL REVIEWPRELIMINARY REPORT FROM THE WORKING GROUP
ON THE QUESTIONNAIRE

The Working Group on the Questionnaire has taken note of the statements made to the Council on 24th June by the United States Permanent Representative and of the remarks made the same day by the United States Representative on the Working Group. It has also made a summary examination of the changes to AC/19-D/21 and AC/19-D/5 suggested by the United States Delegation in order to take the above statements into account.

2. Various delegations had previously proposed certain minor amendments to these documents.

3. The Secretariat is still working on the revision of this material, but it would seem that the work is already sufficiently advanced for the Committee on the Annual Review to discuss the major questions which will have to be settled before the final draft of the questionnaire can be proceeded with.

I. ATTITUDE WITH REGARD TO THE MILITARY TARGETS FOR END OF 1953, 1954 and 1955

A. The Working Group's Original Assumptions

4. During the discussions which took place within the Working Group on the Questionnaire before Mr. Draper's statement, it had been assumed that Member Countries' military targets for end 1953, 1954 and 1955 would, in the first instance, be those which are to be proposed by the NATO military agencies. This does not mean that the same three sets of objectives would have to be dealt with by the same procedure of analysis, estimates and commitments. Those for 1953 were to be treated as firm, those for 1954 as provisional and those for 1955 as long-term planning targets. Countries were to endeavour to calculate:

- (i) the cost of achieving these targets;
- (ii) the annual cost of maintenance and replacement of the forces thus planned.

5. Furthermore, the Annual Review was to have shown the expenditure which each country would have incurred to implement total national defence plans including those outside the North Atlantic area.

6. Against these figures, countries were invited to indicate the expenditure which they expect to be able to devote to defence, taking into account not only military considerations peculiar to themselves but also economic - industrial, budgetary, financial, etc. - and political considerations which are dealt with in part B of the questionnaire.

7. The adjustment of military targets to available resources might entail changes in the numbers or the equipment of the forces planned, as well as an increase in the resources earmarked for defence.

8. The Working Group on the Questionnaire had provisionally accepted the method just described, although certain delegations were of the opinion that to estimate the annual cost of maintenance and replacement of the forces, it would be preferable to take the end 1953 targets as a basis for calculation, while other delegations were inclined to think that 1955 would be a more satisfactory base-year.

B. United States Proposals

9. The proposals of the United States Delegation, in their specific application in this context, amount to considering that only the goals proposed for end 1953 by the NATO Military Agencies can be validly retained as a basis for estimating the cost of the build-up and annual maintenance of forces. In view of the fact that the goals proposed for 1954 and 1955 cannot, at the present stage, be taken as a basis for a sufficiently realistic programme, there is no point at the present moment in trying to estimate the cost of attaining them. It would be better for Member Countries to regard these goals only as guidance on the general direction and character of the build-up of NATO forces. For 1954 and 1955 countries are therefore invited to submit only the estimated cost of their own forces build-up plans, in terms of their own anticipated expenditure and of the end-item aid which they expect to receive.

10. On the basis of these data, the Annual Review exercise would consist in:

- (i) for 31 December 1953, reconciling politico-economic capacities with military targets, in order to determine firm goals;
- (ii) for 31 December 1954 and 1955, determining the provisional goals for 1954 and planning goals for 1955 which are in the range of practical possibilities.

11. It follows from the foregoing that the annual cost of maintenance and replacement would be calculated on the basis of the forces planned for the end of 1953. The annual cost of maintenance of the forces to be brought into being at the end of 1954 and 1955 would be computed by extrapolation.

C. Recommendation of the Working Group

12. The Committee on the Annual Review is invited to consider the alternative outlined above.

II. END-ITEM AID

A. U.S. position regarding information on end item Shipments for use in the Annual Review.

13. Estimated forecasts of shipments of specific items of equipment funded by fiscal years 1950, 1951 and 1952 MDA programs will be available through the Military Assistance Advisory Groups (MAAG) in the form of regular quarterly estimates of shipments. The report as of June 30, 1952 will be available to countries by August 1, 1952. To a limited extent, these forecasts, which will cover shipments through December 1953 and beyond, may be revised as a result of the annual review and changes in SHAPE priorities.

14. Information in the same detail concerning deliveries of materiel from funds to be appropriated for fiscal year 1953 cannot be provided at this time. The amount of money to be appropriated by the United States Congress is not yet known. The distribution of funds by country service, category and item has not been determined. All of these factors, except the amount appropriated, should be in a large measure the end product of the annual review. Shipment allocations of materiel programmed with fiscal year 1953 funds will eventually be determined by the United States after taking account of the recommendations, commitments and priorities resulting from the annual review. It should be pointed out, however, that as soon as Congress has made fiscal year 1953 funds available, procurement and supply action must be gotten underway, still leaving shipment allocations flexible.

15. After appropriation action by the Congress or not later than July 15, the United States will make a statement to NATO, in general terms of what the fiscal year 1953 funds will provide, along with an approximate estimate of deliveries by the end of calendar year 1953 of materiel funded by the fiscal year 1953 program. This statement will not show distribution by countries, but will be in terms of divisions, aircraft, vessels, etc. This planning information will later be supplemented by details regarding shipment of specific items for use by NATO during the analysis and reconciliation phase of the review. In the meantime, country force plans proposed to NATO in reply to the annual review questionnaires will, in effect, constitute bids for the equipment indicated as likely to be available.

16. The forthcoming United States statement regarding likely availabilities of equipment from the fiscal year 1953 program will, of course, be only a first approximation and subject to considerable variation, depending in large part upon the later stages of the annual review process, upon possible changes in United States supply priorities, and upon requirements for combat operations in Korea.

17. A global total of end item aid to be financed in the United States fiscal year 1954 program will be given as an estimate in the United States submission to NATO, being an estimate of the amount that the United States administration plans to request of Congress in the winter of 1953.

B. The Canadian position regarding information on end-item shipments for use in the Annual Review.

18. The Canadian position is not far different from that announced by the United States. Specifically, Canada will be able to provide the information by main categories of mutual aid assistance to various countries up to and including 1952 budget. However, there will remain some equipment that has not yet been allocated, so that the return will not be a complete statement of mutual aid available.

19. It must not be assumed, however, that the mutual aid shown in the Canadian return is necessarily subject to subsequent increase.

20. It should also be noted that it may be necessary to amalgamate some of the main categories as the Canadian records may not entirely correspond to the divisions of table 14.

21. Insofar as mutual aid out of budgets beyond 1952 is concerned, it is impossible to say if information on the total mutual aid by categories included in the 1953 fiscal year budget will be available in time for the completion of table 14. It is certain, however, that no information by countries will be available beyond the 1952 budget. However, totals by main categories will be submitted if such information is available.

C. Recommendation of the Working Group

22. The proposals laid before the Working Group by the United States and Canadian Representatives, and described in detail above, are submitted to the Committee on the Annual Review for consideration.

III. NON-NATO FORCES⁽¹⁾

23. In compliance with the instructions of the Committee on the Annual Review, the Working Group studied the question of the type of information which should be obtained on the non-NATO military programs of Member Countries, and discussed how far analysis of such information should be carried out.

(1) Forces not included in Tables 1 and 2 of AC/19(EQ)-D/21.

24. The Working Group considered asking countries to supply in the Questionnaire details of their non-NATO, as well as of their NATO forces.

25. It was recognised that plans with regard to non-NATO forces affect the plans for the NATO forces build-up. However, there was general agreement that details of non-NATO forces should not be supplied in answer to the Questionnaire. Where during the course of the Annual Review it is clearly recognised that further information about non-NATO forces is required, NATO is entitled to ask that the appropriate information should be provided. The country concerned should, as a rule, be prepared to give adequate information, it being understood that NATO will act in such matters with all due discretion.

26. The above proposal is submitted to the Committee on the Annual Review for approval.

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