

CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL

EXEMPLAIRE  
COPY

N° 304

ORIGINAL : ENGLISH  
2nd July, 1952

NATO CONFIDENTIAL  
DOCUMENT  
AC/19-D/8

COMMITTEE ON THE ANNUAL REVIEW

NEXT STEPS IN THE ANNUAL REVIEW

Note by the U.K. Delegation

With the approval of questionnaires the first stage in the NATO Annual Review is completed. Some thought should now be given to the procedure to be followed in the next stage leading up to the preparation of a draft report for the Council. This memorandum is offered as a basis for discussion at the next meeting of the Committee on the Annual Review.

2. By about the middle of July, reports will be available on NATO military requirements covering force goals for 1953, 1954 and 1955, infrastructure and major materiel requirements and strategic guidance with respect to unit, infrastructure and equipment priorities. (Some of these, e.g. on infrastructure, will, no doubt, not be in final form until around the middle of August.) These reports will provide general background guidance to countries when the latter are preparing their defence programmes and completing the questionnaire. Country replies will be coming into NATO about the end of August, soon after the OEEC will have received memoranda and statistical data on the broader aspects of economic positions and prospects. Early in September most of the results of the OEEC's analysis will become available, at least in working papers, even though the O.E.E.C. Fourth Report itself may not be completed until later.

3. A large amount of material on military and economic matters will thus have to be handled in the NATO. It is impracticable to expect that the full Committee on the Annual Review can itself handle all this material. While most of the work will be done by the staff it is desirable that the work be done in close consultation with Delegations and steered from a high level. It is therefore suggested that a Steering Group of more than seven members of the Committee should be set up forthwith and be charged with the task of preparing the material for subsequent discussion by the full Committee, and by the Council. This Steering Group might be presided over by the Assistant Secretary General for Economic Affairs. The Standing Group Liaison Office will participate closely in the work of this Group.

4. The first task of this Steering Group would be to prepare for the Committee on the Annual Review, a summary of the reports on NATO military requirements which should be coming in from the Standing Group about the middle of July. In actual practice most of this work will be done by the International Staff, but it might be convenient to

establish a working group of experts from Delegations to assist the Staff in this task.

5. The Steering Group would also have to consider, with the International Staff, how the country replies to the NATO questionnaire are to be summarised, analysed, presented in recapitulatory form, etc. Again, a working group of experts from Delegations might be established to co-operate with the International Staff.

6. When, towards the middle of September, the OEEC country analyses have been received, the Steering Group should set up working parties, composed of representatives from Delegations and the International Staff, to prepare briefs on each country's defence programme, and to identify the specific points for discussion with country representatives. These country briefs should perhaps start with an economic analysis in which account would be taken of the short-falls in defence programmes, compared with the Lisbon goals, and the reasons for such short-falls. This analysis would be followed by military questions which would seek to identify points of weakness in the country programmes, make suggestions for improving the balance, and end with suggestions for utilizing any additions to programmes for which the economic analysis might have made a prima facie case; and by economic questions isolating the major difficulties indicated in the economic analysis, and, where appropriate, making suggestions for getting round these difficulties. The briefs would, of course, have to be circulated to all Delegations.

7. The International Staff would, in this same period, prepare a report, based upon country replies, on the extent to which Governments have adopted the military, economic, financial, budgetary, production, manpower and balance of payments measures recommended in paragraphs 12, 13, 14 and 15 of C.9-D/20. This report, along with the "stock-taking" report to be prepared somewhat earlier by the Staff, would provide important background material for the country reviews.

8. When this work had been completed, say towards the middle of October, country interviews would have to be arranged, after sufficient time had been allowed for a study of the analyses and questions. It is suggested that these interviews should take place at the level of senior officials, and be conducted by the Steering Group, all other members of the Annual Review Committee being fully entitled to be present at the interviews and to receive the necessary documents.

9. Once these interviews had been completed, the Steering Group would prepare the first draft of a report to be submitted to the Secretary General and sent by him to Governments about the middle of November. Country comments on this draft report would have to be received as soon as possible, i.e. about the end of November. It is not possible at this stage to make any suggestions regarding the procedure thereafter.

10. To sum up, the United Kingdom Delegation suggests that the Committee on the Annual Review should establish, in the very near future, a Steering Group of seven representatives; that this Steering Group, and the International Staff, should be responsible for all the work of analysing country replies, and for leading the discussions with country representatives; and should be authorised to set up ad hoc joint working groups composed of Staff and Delegation representatives in the most appropriate way, whenever it considers it to be necessary.

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Paris, XVIe.