

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

~~NATO RESTRICTED~~

BY DN/77/15

REGISTRY

1976

EXEMPLAIRE

COPY

N° 293

ORIGINAL: ENGLISH
5th February, 1965

~~NATO SECRET~~
~~SUMMARY RECORD~~
~~AC/19-R/342~~

ANNUAL REVIEW COMMITTEE

Summary record of meetings held at the Permanent Headquarters,
Paris, XVIIe, on 23rd, 24th and 25th November, 1964

PRESENT

Chairman: Mr. F.D. Gregh (Deputy Secretary General/
Assistant Secretary General, Economics & Finance)

BELGIUM

H.E. Mr. A. de Staercke
Mr. R. Lion
Col. BEM L. Champion
Mr. J. Melsens
Maj.Gen. Dessart
Col. BEM Cabolet
Lt.Col. Dechamps

CANADA

H.E. Mr. G. Ignatieff
Air Vice Marshal R.A. Cameron
Mr. R.H. Jay
Mr. J.M. Harris
Lt.Col. W.C. Leonard

DENMARK

H.E. Dr. E. Schram-Nielsen
Mr. Frederiksen
Mr. H. Christensen

FRANCE

H.E. M.F. Seydoux de Clausonne
Mr. J. Schricke
Mr. H. Saint-Bris
Col. B. Vignon
Gen. Multrier
Mr. Ruffin
Col. Tassel
Capitaine de Frégate Lacroix
de Lavalette
Col. Lissarague
Mr. Barbier

GERMANY

H.E. Mr. W. Grewe
Brig.Gen. Freytag von Loringhoven
Mr. Mittelstrass
Capt. Kähler
Capt. Reeder
Mr. Bommarius
Mr. Herzog
Mr. Ristedt
Col. von Puttkamer

GREECE

H.E. Mr. Ch. Palamas
Mr. A. Phrydas
Maj.Gen. D. Constantopoulos
Rear Cdr. C. Eugolfopoulos
Col. N. Broumas
Col. I. Demestichas
Col. A. Theocharopoulos
Wg.Cdr. Ch. Laliotis
Wg.Cdr. C. Panourgias
Mr. A. Mameletzis
Lt.Col. A. Proestopoulos
Cdr. Th. Lymberakis
Mr. J. Gregoriadis
Mr. A. Afendoulis
Cdr. C. Karakitsos
Sq.Ldr. C. Karydis

ICELAND

Mr. T.A. Tómasson

NATO RESTRICTED
BY DN/77/15

~~NATO SECRET~~

ITALY

H.E. Mr. A. Alessandrini
Adm. G. Roselli Lorenzini
Col. P. Corsini
Col. E. Rambaldi
C.F. M. Celio
Col. O. Montorsi

LUXEMBOURG

H.E. Mr. P. Reuter
Mr. A. Meisch

NETHERLANDS

H.E. Dr. H.N. Boon
Col. H.A. Rodrigo
Cdr. K. de Waij

NORWAY

H.E. Mr. G. Kristiansen
Capt. Holtung
Mr. F. Ramm
Mr. H. Vindenes

PORTUGAL

Mr. P.P.B. de Sousa Pernes

TURKEY

H.E. Mr. N. Birgi
Col. N. Urug
Col. L. Gundogolu
Capt. H. Aksoylar
Mr. G. Kansu
Mr. F. Melck
Mr. O. Isçen
Mr. V. Somuncu
Maj.Gen. E. Alpkaya
Col. G. Serdaroglu

UNITED KINGDOM

Mr. L.J. Sabatini
Brig. W.G.F. Jackson
Capt. R.P. Clayton, RN
Wg.Cdr. P. Smith
Mr. C.T. McDonnell
Mr. A.G. Draper

UNITED STATES

H.E. Mr. T.K. Finletter
Honourable J.A. Hooper
Brig.Gen. J.T. Folda
Mr. J. Umbarger
Mr. R.H. Kranich
Mr. M.H. Newlin
Mr. J.G. Sampas
Col. J.F. Davis, Jr., USA
Col. C.V. McLaughlin, USA
Capt. M.C. Hydingier, USN
Col. E.B. Frazier, USAF

INTERNATIONAL STAFF

Mr. D.V. Bendall : Special Adviser (Defence Questions)
Dr. W. Buhling : Director, Defence Finance & Planning
Mr. A. Vincent : Director, Economic Affairs
Mr. R. Verbraeken : Production, Logistics & Infrastructure
Mr. E.G. Luff : Secretary
Mr. L. Thiebalt : Alternate Secretary

ALSO PRESENT

Maj.Gen. Stromberg : Standing Group Representative
Brig.Gen. G.B. de Saint Marceaux : Deputy Standing Group Representative
Brig. K. Hunt : Deputy Standing Group Representative
(Annual Review)
Maj.Gen. Honeycutt : SHAPE
Capt. Morrow : ACLANT
Capt. Holford : ACCHAN

CONTENTS

<u>Item</u>	<u>Subject</u>	<u>Paragraph No.</u>
I.	Introductory Remarks	1 - 11
II.	Examining Session - Belgium	12 - 27
III.	Examining Session - Canada	28 - 39
IV.	Examining Session - Denmark	40 - 57
V.	Examining Session - France	58 - 84
VI.	Examining Session - Germany	85 - 108
VII.	Examining Session - Greece	109 - 141
VIII.	Examining Session - Iceland	142 - 144
IX.	Examining Session - Italy	145 - 165
X.	Examining Session - Luxembourg	166 - 171
XI.	Examining Session - The Netherlands	172 - 202
XII.	Examining Session - Norway	203 - 217
XIII.	Examining Session - Portugal	218 - 226
XIV.	Examining Session - Turkey	227 - 258
XV.	Examining Session - United Kingdom	259 - 276
XVI.	Examining Session - United States	277 - 294
XVII.	Closing Remarks	295 - 301

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

I. INTRODUCTORY REMARKS

1. The CHAIRMAN said that, before giving the floor to the Permanent Representative of Belgium, Ambassador and Doyen de Staercke who was once again heading his Delegation at the examining session, he wished to make a few remarks. The session which he had the honour to open was the first of a series of examinations which the Committee would carry out during the 1964 Annual Review. With the permission of Mr. de Staercke, he would attempt to summarise the general conditions in which the 1964 examinations would take place.

2. The Council on 8th April, 1964, when it approved the conduct of the 1964 Annual Review proposed by the Annual Review Committee in document C-M(64)25, had recognised that for 1964 the procedure should be simplified. This had been necessary in order to avoid any interference with the principal task for 1964: the NATO Long-Term Force Planning Exercise. At the same time, the Council had decided that a 1964 Annual Review should take place, even if reduced to a minimum, in order to arrive at the establishment by countries of firm force commitments for 1965. In this respect, and because of the continuity required of annual reviews - a principle which, he believed, all delegations were genuinely attached to - he was sure that the Committee would agree that both objectives have been ensured by the compromise adopted by the Council.

3. The main modifications to the previous procedure concerned the examining sessions. The Council, on the recommendations of the Committee, had agreed that instead of the traditional country by country examining sessions, a multilateral examination of draft country chapters should take place, during which member countries and the NATO Military Authorities could either give or seek additional information or clarification as may be required.

4. The draft chapters were similar to those of the previous year both in presentation and in contents. However, in order to alleviate this year the workload of the International Staff and also to meet requests from a large number of delegations that both Part IV (a summarised report of the country's defence effort) and Part V (a summary of the military appreciation, together with suggested improvements) be better co-ordinated and non-repetitive - which had too often occurred when one part had been written in Paris and the other in Washington - the NATO Military Authorities had been requested this year not only to contribute as usually Part V but also to prepare a draft of Part IV.

5. Although it had perhaps not been possible to obtain fully the desired results, he wished officially to express his gratitude to the Standing Group for its co-operation which, particularly in the present year, had eased the considerable amount of work carried out by the members of the International Staff who were engaged both on the Annual Review and on the Long-Term Force Planning Exercise.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

6. He could assure the Committee that all those who had participated in the preparation of the chapters and of the questions had kept in mind the Committee's decision that the period to be covered in the 1964 examination should not, in general, go beyond 1965. Further, it had been borne in mind that any developments that might arise during the examination would in no way prejudice the 1970 force goals which continued to be studied in the Long-Term Force Planning Exercise.

7. He did not think that he could, even briefly or prudently, attempt to pass judgement on the progress, or the lack of progress, that the present Annual Review might reveal. In fact, and this he regretted, the traditional document normally provided by the military authorities in the MC 39 series had not yet been received - only SACEUR's and CINCHAN's evaluations were available.

8. Finally, he wished to recall that the results of the 1964 examination would be submitted to the Ministers, together with a resolution aimed at finalising countries' firm undertakings on the provision of forces for end-1965.

9. The STANDING GROUP REPRESENTATIVE, General Stromberg, stated that, despite the great efforts made by Commanders and the Standing Group, he was conscious that the military contributions to the country chapters had been provided at such a late stage as to give many countries little opportunity to study them. He appreciated the great efforts which had been made by the International Staff in circulating these contributions with such speed. It might be that changes of wording would be desired by the International Staff or Delegations before the chapters were finally issued; the Standing Group was, of course, ready to examine any changes that might be put forward.

10. The Draft Report of the Military Authorities (MC 39/16 - The Analysis of the Military Implications of the 1964 Annual Review) was, he regretted to say, not quite ready. It was being considered by Military Committee and would, it was hoped, be circulated by the Standing Group at the beginning of December.

11. As the Chairman had said, the 1964 Review had been necessarily limited in scope, but, nonetheless, the NATO Military Authorities, who looked upon the Review as an essential part of the Alliance's stocktaking, considered that it had been thoroughly worthwhile. He was sorry that the competing claims of the Long-Term Force Planning Exercise and the Annual Review had placed such a strain on the staffs of delegations and in capitals, who, in many cases, had had to deal with both exercises. He wished to express his gratitude to all involved for the efforts that had been made, despite the stringent timetable, and for the information that had been furnished.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

II. EXAMINING SESSION - BELGIUM

Document: AR(64)BELGIUM-D/3

12. The BELGIAN REPRESENTATIVE, Ambassador de Staercke, said that he fully endorsed the remarks made by the Chairman on the nature of the 1964 Annual Review. Whatever its name or its characteristics, it was considered by his Government to be of the utmost importance, and, in order to illustrate this, the experts present at the examining session were of the highest rank. His Government viewed the examining session as an essential means of providing full information on the state of preparedness of the Alliance to meet the perils with which it was confronted.

13. The Belgian reply had been worded so as not to compromise the Long-Term Force Planning Exercise. As had been stated in Parliament during the presentation of the budget, the Belgian contribution to NATO, both structurally and quantitatively, remained unchanged. Past efforts were being maintained and were even being improved on the financial plane. In that connection, he wished to underline that Belgium's efforts, when related to its size, resulted in maintaining larger forces outside its territory than any other member of the Alliance.

14. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR welcomed the efforts made by Belgium in replacing the two remaining motorised infantry battalions in the two M-day divisions by armoured infantry battalions, in increasing the manning of its M-day units from 83% to 89% and in meeting its commitments in strike and attack aircraft in the Air Force. He noted that two strike and two AWX squadrons will have been converted to modern aircraft by 1965 and asked what plans existed for the modernisation of the remaining squadrons.

15. In reply, the BELGIAN REPRESENTATIVE said that the first phase in the re-equipment of the Air Force - which had just been completed - had been aimed at modernising two strike and two AWX squadrons but not at the provision of more modern aircraft for the three other squadrons equipped with F84F aircraft. Belgium's reply to the request for information made by the DPC in July 1964 included among other subjects, the major re-equipment programmes envisaged for the Air Force for the period 1966-1970, as follows:

- (a) the replacement of F84F and RF84F in the three squadrons still equipped with those aircraft;
- (b) the modernisation of a transport squadron.

16. The implementation of those major re-equipment programmes was still under study, in the light of the availability of national resources and of the work being carried out in the Defence Planning Exercise.

17. The SHAPE REPRESENTATIVE said that SACEUR would appreciate more information on Belgium's plans to provide one GM 2 battalion.

18. In reply, the BELGIAN REPRESENTATIVE said that, in 1963, the Minister for National Defence officially informed the United States Government of the decision to postpone the creation of a "SERGEANT" battalion. That decision was also communicated to the NATO Military Authorities through the then Chairman of the Chiefs of Staff Committee.

19. Because of the anxiety expressed by certain members of the military authorities over that decision, the Minister for National Defence had re-emphasised his position in a letter to SACEUR on 17th March, 1964. He stated that he was conscious of the difficulties encountered and regretted his inability, at that time, to resolve them by authorising the creation of a "SERGEANT" battalion, as, in view of the resources available, he had had to give priority during 1964 to existing forces.

20. However, in order not to neglect any improvement that might be made in the field of fire support and to be kept informed of any developments, both from financial and manpower points of view, he had instructed the Chief of the General Staff to conduct a new study of the matter for the period 1965-1970.

21. Thus, the problem was under study, in conjunction with the Defence Planning Exercise. At the present time, therefore, Belgium's position remained unchanged.

22. The CHAIRMAN said that he had noted Belgium's decision to withdraw certain support elements from Germany during the previous year and that this year, SHAPE had requested that they be redeployed in that country. He invited the Belgian Delegation to comment on their situation.

23. In reply, the BELGIAN REPRESENTATIVE said that the deployment of most of the Belgian forces in Germany posed a real psychological problem which was constantly under review. Although redeployed in Belgium some 60 kms. only behind the German frontier, the support units concerned in no way jeopardised the strategy of forward defence; in fact such a move had certain technical advantages, in addition to partly solving the psychological problem. He was surprised that SHAPE should bring up a question which, he thought, had been satisfactorily answered the previous year. He could not help but feel that the problem of redeployment would not have been raised by SHAPE if there had not been a frontier between the old deployment area and the new.

24. The SHAPE REPRESENTATIVE said that SACEUR's basic desire was to be able to dispose of proper forces, in the proper place, at the proper time; therefore, the forces provided by countries of the Alliance should be stationed as close as possible to their position as requested in Emergency Defence Plan (EDP).

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

25. The BELGIAN REPRESENTATIVE, referring to paragraph 6 of the draft country chapter, said that the figures shown did not yet include the some B.fr.200 million (84 million) allocated for pay increases in the services; in fact, since submission of the Belgian reply to the Annual Review Questionnaire, the forecast for 1965 had been increased by this amount. Referring to Part V (Summary Military Appreciation and Suggested Improvements) he said that he fully endorsed the views given therein by the military authorities and that his own national authorities were planning along the same lines.

26. Concluding the session, the CHAIRMAN noted with pleasure Belgium's willingness to increase its military contribution to NATO. He recalled that, in past examinations, the International Staff had often remarked that Belgium's defence efforts remained below the level that could be expected from a country with such a high standard of living. There had been a time when because of economic difficulties, the defence effort had been reduced and the period of national service shortened. Since then there had been a welcome economic recovery of the country particularly since it had enabled Belgium to improve its defence contribution. This was especially notable in the efforts now undertaken for the modernisation of the equipment of the armed forces. Finally, he said that he could only endorse the views expressed by SHAPE, namely that the Committee was pleased with the progress being achieved and expressed the hope that the present trend be continued.

27. The COMMITTEE:

noted the above statements.

III. EXAMINING SESSION - CANADA

Document: AR(64)CANADA-D/3

28. The CANADIAN REPRESENTATIVE, Ambassador Ignatieff, said that, during the previous year's examination, he had referred to the National Review of Defence Policy which was being conducted in Canada. The first stage of the Review had been completed with the publication in March, 1964 of a White Paper on Defence which set out in some detail the objectives of Canadian Defence Policy and the government's views on the kind of forces and on the organization for defence needed in the coming years to attain those objectives. Predominant amongst the objectives of Canada's defence policy was the preservation of peace by supporting collective defence measures to deter military aggression and that, in turn, meant the continued and effective support for NATO.

29. Canada was currently engaged in what might be regarded as the second stage of the Review. In that stage, the evolutionary process to establish the force posture forecast in the White Paper had been set in train and the requirements for new equipment to meet the future force objectives both in Canada and overseas were being determined. Some decisions, where they had affected NATO undertakings, were reflected in the reply to the 1964 Annual Review Questionnaire and had been well summarised in the draft country chapter. The Minister of National Defence had recently stated that some further decisions in the equipment field regarding particularly Canada's initial requirements for new ships and tactical aircraft could be expected before very long. The Council and the NATO Commanders would be informed of those developments at the earliest possible date.

30. Amongst the more significant developments in Canadian defence policy during the past year, he wished particularly to mention:

- (a) The important step taken towards the evolution of a single defence force, by embarking on the integration of Canadian forces under a single Chief of Defence Staff and a single Defence Staff. By this means it was hoped to achieve both greater efficiency of direction and considerable economies in the overhead costs of the defence establishment.
- (b) The fact that six strike squadrons with the Canadian Air Division and the HONEST JOHN battery with the Brigade Group in Europe were now operational in their respective rôles.
- (c) The assignment to SACEUR from the 1st Canadian Infantry Division of an infantry battalion in Canada for employment with the ACE Mobile Force.

31. As the Committee was aware, the NATO Force Planning Exercise had not proceeded as quickly as at first expected. Canada had accordingly found it necessary to proceed with some measures in anticipation of its results. It was believed, however, that the steps being taken would provide Canadian forces with a broad and flexible range of capabilities which would enable an appropriate response to the future military requirements of the Alliance.

32. Turning to the economic and financial section of the draft chapter, he said that the Committee would not be surprised to learn that the Canadian Authorities had certain differences of view with the International Staff's conclusions as regards Canada's economic development in relation to its ability to assume a heavier defence burden. Canada had questioned the relevance of the gross national product (GNP) as a yardstick in previous years and he did not propose to go over the ground again at present. He wished simply to reiterate that Canada continued to take the position that its defence expenditures must be related to its commitments and not to an arbitrary proportion of the gross national product. In its view, the major consideration must be whether a country was meeting its appropriate physical defence commitments both qualitatively and quantitatively. He would add that it was not feasible for Canada to consider defence expenditures in isolation. Rather, they should be viewed against the background of the pressing demands being made on Canadian national resources to meet basic economic and social objectives.

33. Apart from these general remarks, he had a number of detailed comments on the economic section, which, he suggested, be discussed directly with the International Staff. In fact, his Delegation had already had some tentative discussions with the International Staff and he believed that a mutually satisfactory solution could be reached quickly. Finally, he wished to thank the Chairman and his staff for the assistance provided to his Delegation during the past year on defence matters.

34. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR welcomed that the plans to mechanise the 1st Canadian Division were being implemented and that the Brigade Group in Europe would be rendered fully mechanised during 1965. He asked what Canada's plans were to activate an armoured brigade group within the 1st Division, as requested by SACEUR.

35. In reply, the CANADIAN REPRESENTATIVE said that the Canadian Authorities considered that the 1st Division compared favourably with the NATO standard division. The infantry brigade was at present rotated with the other brigades of the 1st Division stationed in Canada. There were no plans to activate an armoured brigade.

36. The SHAPE REPRESENTATIVE said that he was sure that SACEUR would confirm the requirement for an armoured brigade.

37. The CHAIRMAN said that no one had the slightest doubt of Canada's willingness to participate fully in the defence of NATO or of its ability to assume its fair share of the defence burden. He was not surprised that the disputed question of the use of the gross national product as a yardstick had again been mentioned, but was rather concerned at the view expressed by the Canadian Representative that the defence effort should be related to national commitments rather than to the gross national product. The gross national product was not the only yardstick which was used for an assessment of countries' defence efforts by the International Staff but it should be recognised as being a basis increasingly used for cost-sharing amongst countries. The feasibility of an increase in the defence effort of Canada would certainly require further examination when the force goals at present under consideration in the DPC and DPWG were finally proposed by the Standing Group/Military Committee. The International Staff would then gladly co-operate in finding a formula that was acceptable to Canada.

38. The CANADIAN REPRESENTATIVE stated that he wished to make it clear that if it was the Chairman's view that any increase in the gross national product should be followed by an increase in defence expenditure, the Canadian Government, for the reasons he had already discussed, could not endorse this view.

39. The COMMITTEE:

noted the above statements.

IV. EXAMINING SESSION - DENMARK

Document: AR(64)DENMARK-D/3

40. The DANISH REPRESENTATIVE, Ambassador Dr. Schram-Nielsen, said that he regarded it as a privilege to head the Danish Delegation and to take part in the examination of the Danish force contribution. Denmark considered the examinations an important part of the structure of the Alliance. It was of great value that once a year NATO took stock of its defence efforts and received the helpful guidance of the Chairman of the Annual Review Committee and of the military authorities.

41. He fully realised that it had been appropriate this year to cut down the examinations to a minimum since the Alliance was engaged in a very thorough study of its future defence planning which had put a great workload both on the International Staff and on the NATO Military Authorities. He assured the Committee that Denmark attached the greatest importance to that exercise and the results so far achieved showed that it was well founded to devote so much time and effort to this task. He hoped it would be possible to continue the work and that within a reasonable time a good result for the benefit of the whole Alliance might emerge.

42. With regard to the Danish defence contribution he did not think that he could add much to what had already been stated in the written reply to the 1964 Annual Review Questionnaire. The Danish effort was based on the Defence Act of 1960 and no change was foreseen in this basic document. The main problem was still the re-equipment of the Danish forces but the present programme for modernisation was going ahead according to plan although there had been some delays due to difficulties in deliveries.

43. He then touched briefly on the problem of personnel. As the Committee would remember from last year the possibility of reducing the length of service in some parts of the Army and Air Force had been mentioned. It could be seen from the Danish reply that the length of service had been reduced to fourteen months for conscripts in the Air Force and in the Armoured, Signals and supporting units. The background for doing so was that the influx of volunteers had been sufficient.

44. He added that since 1956, Denmark had contributed a military contingent to the United Nations' Emergency Force in the Suez area and that military personnel had also been made available for the United Nations' Congo Force and as United Nations' Observers. Furthermore, Denmark had sent a force of approximately 1,000 men to Cyprus at the request of the Secretary General of the United Nations. Finally, Denmark would take part in the Scandinavian Force which would be put at the disposal of the United Nations for peace-keeping tasks. The Danish contribution was planned to be approximately 950 men.

45. He hesitated to bring again before the Committee the argument that Denmark was entirely dependent upon her exports. However, recent events had thoroughly shown that this argument still held good. The economic situation was still in flux. Overnight the Danish Authorities had been confronted by a 15% increase in the customs tariff of one of their major trade partners. This called for a certain circumspection.

46. The CHAIRMAN thanked the Danish Representative for his statement and said that he did not envisage a discussion of the future defence effort of Denmark in the light of her economic situation. At this year's Annual Review session it was not necessary to endeavour to foresee the future with quite the same detail as previously.

47. He recalled that the Danish defence effort had always been based on a national plan covering a period of 3 or 4 years which had in the past served as a guiding light through the various economic difficulties which had arisen. Happily Denmark had not found it necessary to fix too rigid a ceiling for her annual defence commitment and he noted with satisfaction that the Danish Authorities had seen fit to increase the percentage of national investment in modern equipment over recent years. This was a wise choice. He hoped that the restrictive trade measures which had been taken recently would be temporary. Any measure which might reduce the economic strength of other members of the Alliance could not fail to be viewed unfavourably. The vital rôle of exports in sustaining the Danish economy was fully understood and full account had been taken in the draft Country Chapter on Denmark. He pointed out that the information missing from this draft chapter would be completed by the International Staff in consultation with the Danish Delegation now that the full figures concerning the economic and financial evolution of the Danish defence effort over the year had been received.

48. The STANDING GROUP REPRESENTATIVE, General Stromberg, voiced the appreciation of the Standing Group of the Danish Representative's remarks and informed the Committee that the draft country chapter had the approval of the Standing Group.

The CHAIRMAN confirmed that an amendment to paragraph 24 which had been pointed out by the Standing Group would be taken into account in the re-draft of that document.

49. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR fully appreciated the continued efforts being made by Denmark to maintain her defence posture by undertaking a programme of re-equipment and mechanisation. As a result of the measures which had been taken, SHAPE had now upgraded the combat readiness category of the Danish Air Force from "Limited" to "Moderate". He asked what were the Danish plans for providing the additional M-day brigade required in SACEUR's recommended force goals.

50. In his reply the DANISH REPRESENTATIVE said that this problem had been touched upon by the Danish Delegation during last year's examining session. The draft country chapter - as presented to Denmark at that stage of the Annual Review procedure - stated that the Army consisted of two M-day brigades plus five 1st Echelon brigades. At the suggestion of the Danish Delegation this had been changed to read two M-day brigades plus five 1st Echelon brigades including two with an M-day battalion group. To clarify the situation, he emphasised that in excess of the two M-day brigades in accordance with the Danish Defence Act, Denmark had 1/3 brigade as M-day forces in the northern part of Jutland. This 1/3 brigade was ready on D-day and shortly after mobilisation it would be filled up to form one fully-manned brigade. Exercises had shown that it would take from 24 to 48 hours to mobilise personnel. Furthermore Denmark had 1/3 brigade as M-day forces on Bornholm.

51. From the above the Committee would see that the Danish M-day forces consisted of 2, 2/3 brigades. There were no plans for providing additional M-day Army units but it would be seen that the numbers of units were not so far short of the 1970 ALPHA goals as the SHAPE question indicated.

52. The CHAIRMAN noted that the information given in the Danish reply did not agree in all respects with the statistical tables and he therefore suggested that these tables be carefully checked with the Danish Delegation.

53. The SHAPE REPRESENTATIVE undertook to look further into this question and to contact the Danish Delegation through SGREP. A slight re-draft of the tables should take care of the discrepancy. Turning to the Danish Navy he asked what steps could be taken to speed up the Naval Construction programme in order to eliminate the existing shortfalls of Naval units in Category A.

54. The DANISH REPRESENTATIVE replied that as regards Ocean Escorts (OE), Denmark had two new ones under construction in excess of the four earmarked for SACLANT. These two Ocean Escorts which would be earmarked for SACEUR were expected to be completed in 1966/1967 as the fire control equipment would not be ready for installation until that time. In order to promote the effective entry of the units into the Danish Navy it was planned to start the training of the crews for these ships in 1965/1966.

55. As regards submarines, one new construction was commissioned in October 1964 bringing the total number of Danish submarines up to four. In 1965 one of the submarines had to undergo a major overhaul and so could not be counted upon as being in Category A at the end of 1965. Unfortunately, the new submarines under construction would not be completed until 1967/1968 the reason being partly that it was a new type which had not been built in Denmark before and partly because of prolonged negotiations concerning licence.

56. As regards the motor torpedo boats it was planned to increase the number of Category A units to a total number of 16 boats by new construction of six fast patrol boats. It had however, been necessary to de-commission two older boats and at the same time difficulties had been encountered during the construction of the first two of these new type boats.

57. The COMMITTEE:

- (1) noted the above statements;
- (2) noted that the International Staff in collaboration with the Danish Delegation would draft an additional section of the document to complete the information regarding the economic and financial background of the Danish defence effort.

V. EXAMINING SESSION - FRANCE

Document: AR(64)FRANCE-D/3

58. The FRENCH REPRESENTATIVE, Ambassador de Seydoux, said that this year's Annual Review Chapter on France could be seen against the background of the Military Programme Bill now before the French Assembly, the results of the last year of the IV Economic and Social Plan and the draft report on the principal options on the V Plan. Since it had been decided that the Review this year would take a simplified form he would confine himself to certain economic and military data affecting 1964 alone.

59. At the examining session of last year's Review, he had mentioned the re-organization and adaptation undertaken by the French armed forces. This re-organization was now complete since the French forces back from Algeria were now available for the defence of France and Europe. Adaptation to the conditions of modern war pre-supposed a modernisation and re-organization of the French armed forces in the following respects:

- the creation of a national strategic force equipped with nuclear weapons which was currently in hand;
- the reinforcement of combat forces, part of which were still assigned to SACEUR. The remainder was under national command and would, subject to decision of the French Government, participate in the common defence in the event of a Soviet attack;
- the development of national forces devoted to the defence of French territory and at the same time ipso facto safeguarding the allied lines of communication in Western Europe;
- the improvement of national air defence forces whose capability gave greater depth to the system under the command of SACEUR.
- the maintenance of sufficient forces overseas for the protection of the interests of the Free World and for rendering assistance to the nations concerned.

60. The modernisation of the French armed forces had resulted in a significant reduction of personnel which had not had a weakening effect but on the contrary had considerably increased their strength.

61. It was symptomatic to note that the percentage of the total military budget devoted to the development of major equipment had increased from 19% in 1963 to 20% in 1964.

62. Figures relating to special research and particularly credits transferred from the Armed Forces budget to the Atomic Energy Commission for military applications of nuclear research, were not included in this percentage. In absolute terms, French military expenditure which had gone up in each year since 1956 had continued to increase between 1963 and 1964 (this expenditure had gone up from F.21,191 million in 1963 to F.23,495 million in 1964).

63. Defence expenditure for 1964 calculated according to the NATO definition amounted to 6.6% of the gross national product at factor cost. Taking into account the resources of the country the defence effort remained considerable and was surpassed or equalled by very few countries of the Alliance.

64. In the economic and financial sphere it had been necessary to introduce this year restrictions arising from the 1963 stabilisation plan to check new tendencies towards a rise in the cost of living. A worsening of the already considerable 1964 trade deficit as a result of an increase in prices had to be avoided. The French balance of payments no longer showed the surplus of the last few years and increased competition in international markets made it essential to aim at a balanced foreign account.

65. This explained why France had felt it necessary to fix the overall total of its defence expenditure with the greatest caution, in the context of budgetary equilibrium upon which the Government had set its sights. Due account had to be taken of the essential modernisation drive the outcome of which would determine the place of France in a rapidly changing world. France would continue the traditional policy of aid to developing countries which increased the influence of France and contributed significantly to her world-wide efforts in the support of the essential objectives of the Alliance.

66. Even in such a brief review of his country's situation, he could not leave without comment the decision to withdraw all French Naval Forces with the exception of five submarines assigned to SACLANT, from NATO command. On 1st January, 1964, these French Naval units in the Atlantic and the Channel had come under national command in peacetime and in war. Agreements on co-operation had been reached between French Naval Authorities and CINCHAN and SACLANT.

67. Negotiations were at present taking place between SACEUR and the French Authorities concerning the co-operation of French Naval units in the Mediterranean.

68. It must nevertheless be emphasised that the French Naval Forces under national command which might be assigned to NATO by decision of the Government were in many cases quantitatively superior to those which had previously been earmarked to NATO.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

69. The declared determination to overcome inflation and to direct every effort to the development of the French economy together with stability of Government and institutions made of France a firm and reliable ally.

70. The modernisation of the armed forces and in particular the creation of a system of nuclear weapons made France capable of replying even more effectively in the military field to any act of aggression. In this way, France was capable of protecting its territory from surprise attack and of making a considerable contribution to the strength of the Alliance.

71. He added that France had some amendments to propose to the details of the draft Chapter on France but would settle these outside the meeting in direct contact with the International Staff.

72. The CHAIRMAN thanked the French Representative for his precise summary of the impressive modernisation programme in the French forces which was still continuing and which would represent the most important investment in France for many years to come.

73. The SHAPE REPRESENTATIVE, General Honeycutt, said that SHAPE was encouraged to note that the re-organization and modernisation of the French Armed Forces was continuing. In particular, the assignment of two HAWK Battalions to NATO command was welcomed and he spoke of the appreciation of the SHAPE Military Commands for the continued co-operation of the French Authorities in support of the forces of the Alliance.

74. In noting that only 261 of the 432 aircraft figuring in the recommended force goals of SACEUR would be provided at the end of 1965, he asked what were the intentions of the French Authorities to meet the requirement established by SACEUR.

75. General MULTRIER replied that one of the chief contributory causes of the shortfall of forty nuclear strike aircraft was that the Mirage III E strike fighters assigned to this rôle had not yet been converted as a result of difficulties experienced in obtaining the necessary modified parts and instructions for the employment of nuclear weapons from the United States. It was hoped that these difficulties would shortly be resolved.

76. This same situation also provided the answer to the opinion held by SHAPE that the French Air Force had too many allweather attack fighters. Once the conversion of the Mirage IIIE aircraft had been completed as planned, this situation would be remedied. Regarding the SHAPE comments on the shortfall of light attack aircraft he stated that no aircraft fulfilling the necessary conditions for this rôle were at present available. As a result, the potential of the French Air Force during 1965 would be as outlined in the reply to the 1964 Annual Review Questionnaire.

77. Certain reductions in logistics and deployment facilities which would restrict to some degree the capability of the squadrons assigned to SACEUR, were under study at the present time and the findings would be communicated to SHAPE in due course. These reductions had been envisaged as a result of financial considerations.

78. The SHAPE REPRESENTATIVE asked what was planned by France regarding the shortfall of two GM2 battalions figuring in SACEUR's force goals.

79. General MULTRIER replied that France had no means of procuring the equipment for these two battalions although their importance was fully recognised. It was the intention of France to manufacture this equipment eventually but this would not be possible for several years.

80. The CHAIRMAN said that amongst the very considerable re-organization and modernisation measures which France had reported this year, the Committee was bound to show a particular interest in the re-grouping of the majority of French naval forces under national command. He recalled that General Lagarde in his address to the Annual Review Committee at last year's examining session on France had spoken of negotiations which were to have been undertaken during 1964 between SACEUR and the French General Staff regarding the extent to which the planning of the NATO Military Commands could take into account certain French units under national command, which he felt applied similarly to the French naval units stationed in the Mediterranean. Since the French declaration at the present meeting also made reference to such negotiations he asked what contact had already been made between SACEUR and French General Staff in this respect.

81. General MULTRIER said that preliminary conversations between the French Military Authorities and SACEUR himself had been held early in June 1964. The position would be explored in greater detail later.

82. The CHAIRMAN said that it was important that in this respect full agreement should be reached on the status of French naval and ground forces as soon as possible.

83. He did not feel that it would be appropriate for the Committee to enter into a discussion of the economic and financial factors affecting the defence effort of France. He commented simply that the re-organization of the armed forces to which the French Representative had referred had resulted in a slight fall of the percentage of the gross national product devoted to defence. Noting that France had not been able to create the SERGEANT Missile battalions called for in the SHAPE force goals, he expressed the view that the financial and economic situation of the country should now allow a further effort in the direction of satisfying the requirements of SACEUR. The forces assigned to SACEUR were already insufficiently equipped with modern nuclear artillery and since certain other nations had professed their inability to fulfil the SHAPE requirements in this respect, the existing shortfall in the provision of SERGEANT missile battalions was likely to be of very great concern to SACEUR.

84. The COMMITTEE:

noted the above statements.

VI. EXAMINING SESSION - GERMANY

Document: AR(64)GERMANY-D/3

85. The GERMAN REPRESENTATIVE, Ambassador Grewe, very much regretted that it had not yet been possible to reach final results on long-term force planning and that therefore the Triennial Review which would have been due this year could not be carried out.

86. Germany would have regretted even more a cancellation of the Annual Review Sessions this year. These Sessions had already to be shortened in 1963. In spite of many weaknesses, the NATO Annual Review Procedure had proved to be a valuable instrument for strengthening the defence preparedness of the Alliance. He expressed the hope that in the near future it would be possible to return to a normal procedure.

87. In its memorandum to the 1964 Annual Review the German Government had pointed out that the basic tensions in the world continued to exist although the Soviet Union was using more moderate methods here and there. After Khrushchev's fall and the resulting uncertainty about the Soviet Union's future policy, there was no reason to evaluate the situation differently. It was therefore the view of his Government that there was a continued need for close co-operation and vigilance.

88. As far as the draft Country Chapter on Germany was concerned, he raised no objections. He fully appreciated the fair and objective way in which it had been worked out.

89. Referring to the statement which he made last year concerning the period of consolidation, he said that, after the period of dynamic build-up, a more static phase would be not only profitable but necessary in many respects. He was referring to the psychological problems and the morale of the forces as well as to the physical welfare of personnel (e.g. solving the housing problem and raising the social status especially of non-commissioned officers). Once this had been achieved, Germany was convinced that apart from improving combat readiness, the personnel problem would be eased. This process of consolidation would ensure that the German Armed Forces would have the strength and qualities necessary to accomplish their mission within the framework of NATO.

90. With regard to the economic aspects, he underlined what had been stated in Section III of the draft Country Chapter. In the interest of preserving sound economic and financial conditions it was the policy of his Government to keep the increase in total budgetary expenditure within the limits defined by the rate of economic growth.

91. In conclusion, he thanked the Chairman and his staff as well as the NATO Military Authorities for having made possible an Annual Review this year in spite of all the work that had to be done in connection with defence planning.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

92. In his comments on the military aspects of the draft Country Chapter, General FREYTAG VON LORINGHOVEN, beginning his review with the Army, informed the Committee that, as a positive accomplishment, the 36th Armoured Brigade of the 12th Armoured Division would probably be fully assigned in 1965 thus bringing the total number of brigades assigned to SACEUR to thirty-two by that time. Turning to the covering brigades he said that apart from the fact that Germany was not in a position to activate these brigades he would suggest that the requirement for such units should be re-examined in the light of the operational concept. He proposed that this question be discussed further in the framework of the present review of the NATO Long-Term Force Planning Exercise on a bilateral basis between SACEUR and the German Ministry of Defence.

93. Commenting on the position in the German Navy, he said that it was expected that the two remaining destroyers of the HAMBURG Class would be commissioned in 1965. This would bring the total number of commissioned destroyers/destroyer escorts up to 16 by the end of 1965. He regretted his inability at the present time to indicate the date of assignment to NATO. The number of operational attack and reconnaissance aircraft of the naval air arm would be 54 by the end of 1965. This number would reach 72 in 1966. Fortunately, the number of non-commissioned officers in the Navy was increasing even though slowly.

94. Turning to the Air Force situation he said that the F104 units would not be able to attain the dual capability status during the reporting period due to lack of pilots, readiness requirements and related problems. Recent information and experience indicated that G-91 units could be employed only in the conventional fighter bomber rôle. This made it necessary to draw conclusions relating to the operational concept, equipment, training and infrastructure. Finally, he emphasised that, by providing the so-called third squadron during the conversion period, the German Air Force achieved a relatively high degree of operational readiness. This involved very considerable efforts combined with great demands on the personnel involved.

95. The STANDING GROUP REPRESENTATIVE, General Stromberg, said that the Standing Group had examined the draft Country Chapter on Germany, was entirely in agreement with its contents and had no additional questions to pose.

96. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR had been pleased to note the progress in the build-up in the German Armed Forces and in particular of the German Air Force. It had been possible in consequence to upgrade its combat readiness category from "Limited" to "Moderate". The addition to the German Army of one mechanised brigade, two rocket battalions, and four GM2 battalions was also a source of satisfaction. He asked what plans existed for making good a deficiency of 3,500 officers in M-day units.

97. The GERMAN REPRESENTATIVE replied that the measures listed in the memorandum to obtain officers and non-commissioned officers for the Army were under way. It would take some time before actual results materialised. In the meantime, Germany intended to screen those reserve officers and non-commissioned officers designated for non-assigned units in the event of mobilisation with a view to transferring those who were qualified to assigned units. It was hoped that by mid-1965 all officer positions and 80% of the non-commissioned officer positions could be filled on mobilisation through this measure. The German Military Authorities fully realised that this measure did not quite meet the criteria established for M-day units but they believed that, given a prolonged period of tension, it would enable units to be filled up.

98. In reply to a question from the SHAPE Representative concerning the plans of the German Authorities to improve the critical personnel situation in the Air Force, the GERMAN REPRESENTATIVE said that the following measures were being taken:

- (a) a more careful selection of military personnel for specific jobs based on their previous training and education (specialists) and therefore a more effective use of conscript personnel;
- (b) greater efforts to recruit personnel in order to improve the overall manpower situation and increase the number of specialists;
- (c) improvements in the manpower structure by the establishment of non-commissioned officer schools.

99. It would of course take some time before these measures took effect and they would also be dependent upon the economic development in Germany. For the rest he referred to the statements contained in the German memorandum.

100. The CHAIRMAN said that the International Staff, considering the importance both to Germany and the Alliance of the infrastructure projects on German territory, felt that it would be useful to have certain additional information regarding the present state of readiness of both existing installations and those at present planned or under construction. It was true to say that there was still a serious delay in the completion of infrastructure projects in Germany. He reviewed the figures of estimated and actual expenditure on infrastructure projects in Germany in 1961 and 1964 and commented that a distinct slowing down could be observed of the impetus given by the special accelerated procedures introduced at the time of the Berlin Crisis. He asked what measures Germany intended to take in order to reduce the existing backlog and to improve the rate of progress of NATO Common Infrastructure Works.

101. The GERMAN REPRESENTATIVE said that it was hoped to increase the rate of construction of NATO Infrastructure Works for the following reasons:

- (a) for projects to be completed under the "streamlined procedure" funds amounting to approximately £15 million had been authorised in the recent months. The winter season would be used for competitive bidding and the awarding of contracts so that construction could start as soon as the frost period was over.
- (b) the workload imposed on the German construction agencies by the correction of deficiencies under "Operation Clean-up" for projects completed under the accelerated procedure according to C-M(61)92 would soon come to an end thanks to a more simplified procedure worked out in consultation with SHAPE and the International Staff. This would permit the staff of the construction agencies to devote themselves more fully to current NATO infrastructure works.

102. The REPRESENTATIVE OF THE INFRASTRUCTURE DIVISION OF THE INTERNATIONAL STAFF, Mr. Verbraeken, asked whether some of the estimates regarding the completion of infrastructure projects given in the information contained in pages 3-5 of the German memorandum were likely to be accelerated in view of the above reply. His question had particular reference to the construction of missile sites and bases.

103. The GERMAN REPRESENTATIVE promised he would furnish a more detailed written explanation as soon as possible(1).

104. The CHAIRMAN was at pains to emphasise that the NATO Infrastructure Committees were fully aware that geographical considerations had the effect of concentrating the majority of infrastructure projects on German soil and that it was far from their intention to worry the German Authorities regarding the delays in construction. It had been satisfying to note the degree of progress which had already been made over the years although much remained to be done. It was important that the acceleration of work achieved at the time of the Berlin Crisis should not be allowed to fall away with the passage of time.

105. He noted that Germany endorsed the draft Country Chapter and appreciated the comments of the German Representative regarding its objectivity. He assured the German Representative that he was not the first delegate to express regret at the rapidity and brevity of this year's Annual Review and at the enforced departure from normal procedures. It was, however, of vital importance to evolve a common NATO defence plan covering a sufficiently long period ahead to enable national governments to reach valid decisions on their defence problems.

(1) See Annex.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

106. Even at the time at which the equipment now envisaged to meet the long-term requirement became available, the period of conversion of existing systems was still likely to be longer than planned. In view of the increasing rate at which present equipment became obsolete it was likely that there would be an interim period during which a drop in capability would be observed in the NATO forces. It was well understood by SHAPE that the problems of adaptation and conversion encountered with the highly complex weapon systems of today faced national governments with enormous difficulties.

107. He noted from the statement of the German Representative that after a period of build-up, Germany had practically reached the agreed force goals and that a period of consolidation was now required. SHAPE understood this position, particularly with regard to the manning problems now being experienced and had refrained from pressing questions on this point too far. He hoped that the measures foreseen by the German Authorities would bear fruit and that next year it would be possible to conduct a more comprehensive Annual Review dealing with the first year of the planning period to 1970.

108. The COMMITTEE:

- (1) noted the above statements;
- (2) noted that the German Representative had undertaken to furnish further information regarding the estimates for completion of certain infrastructure projects on German territory contained in pages 3 to 5 of the German Memorandum(1).

(1) See Annex.

ANNEX

Written reply to the question on infrastructure raised
at the Examining Session

25th January, 1965

"The dates of completion of the categories listed on pages 3 to 6 of the German memorandum had been estimates in June 1964 as realistically as was at all possible over such a long period of time. As a result of another review it was now found that the following projects are likely to be completed by end-1964 and end-1965 respectively:

1. NIKE Sites
by end-1964 = 54
by end-1965 = 58
2. HAWK Sites
by end-1964 = 11
by end-1965 = 47
3. SAS Type "A"
by end-1964 = 26
by end-1965 = 36

temporary sites: completed = 7
4. For SAS support battalion sites,
SAS depot sites, SAS type "C"
and QRA facilities: no changes."

VII. EXAMINING SESSION - GREECE

Document: AR(64)GREECE-D/3

109. The GREEK REPRESENTATIVE, Ambassador Palamas, stated that on the whole, the draft Chapter on Greece prepared by the International Staff faithfully reflected the situation as regards both the defence effort and the economic capabilities of Greece. He thanked the International Staff for this excellent documentation and for the judgements it contained. He also wished to thank the NATO Military Authorities for the valuable contribution which their evaluations had made to this study. He had only three comments to make on specific points.

In the part of the draft Chapter devoted to economic considerations, it was stated in paragraph 18 that a yearly increase in defence expenditure of the order of 4.5% to 5% corresponding to an average annual increase in the gross national product of 6.8%, should not be incompatible with the tasks of economic and social development included in the programme of the Hellenic Government. He had to point out that this appreciation did not correspond to the true position.

In the first place, during the last five years, when the gross national product increased on an average by 6.8% per year, defence expenditures never rose by more than 2%. What had not proved possible in the past, could not now be achieved without creating serious difficulties at the present time and in the coming years, just when the Hellenic Government in its concern to strengthen the domestic front which was under increasingly heavy pressure, had allocated additional credits to the education and social welfare sectors.

His second point concerned paragraph 17 of the draft Chapter in which it was stated that the decline in the olive crop expected this year had been offset by larger wheat crops. He did not wish to dispute this fact, but its implications: in the first place, it was a sign of the instability of the Greek economy in the field of agricultural production. This instability was a source of difficulties and called for Government measures adapted to the circumstances prevailing in each case. To be more precise, as regards this year's bumper wheat crop, it was common knowledge that the Government, acting in the interests of the peasantry whose income was one of the lowest in existence, had had to intervene on the domestic market in order to secure for the producers a return commensurate with the cost price but higher than the level of the world commodity price. This had laid a burden on the State budget.

The Greek Delegation had taken note of the recommendations made by the NATO Military Authorities set out in the draft Chapter. The first three related to equipment. They also concerned the other countries of the Alliance - and more particularly the United States - which was supplying Greece with equipment. As regards the last three recommendations, their fulfilment would depend upon the financial resources which would be available to Greece and therefore, in the last analysis, upon the contribution of the Alliance to the defence of the Greek sector.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

110. Apart from these special comments, he felt that this was the time to put forward certain general considerations which affected the future development of the Greek military effort.

111. The year 1965, for which it had not been possible to submit forces plans and goals, was an important - and perhaps even a decisive stage in the subsequent expansion of the defence effort. It was a year of transition - he would even say a turning point - between the situation as it was and as it would have to be.

112. At the end of 1964, the NATO military aid programme adopted by the Council of Ministers in 1962 was due to expire. It had to be borne in mind that the purpose of this programme was to bridge the wide gap left in the Greek defence budget by the suppressing of American aid and to convert this aid into a collective NATO assistance operation designed to strengthen the defence capabilities of Greece. These capabilities had been recognised as inadequate by comparison with the minimum defence requirements as established by the Military Authorities.

113. The implementation of the military aid programme both for 1963 and 1964 encountered serious technical difficulties. It was only possible because the Bank of Greece granted advances in support of the defence budget, with a view to making good the drachma deficit, within the limits of the funds promised for each of the two financial years in question.

114. To date, only part of the NATO military aid forecast for 1963 had, in fact, been given; the programme for 1964 was not only behind schedule but even the total amount had not been fixed.

115. These difficulties and delays were mainly attributable to technical contingencies inherent in the nature of these contributions, which took the form of commodities to be sold on the drachma market, with the aim of allocating the proceeds to the appropriate items of the Defence Budget. However, it could not be denied that this procedure involved very long delays in the implementation of Greek defence plans and obstructed the normal operation of the military establishment.

116. Greece was grateful to the member countries of the Alliance which had consented to participate in the military aid programme in 1963-1964. She is conscious of the internal difficulties which might well be created by their contribution.

117. However, it had to be understood that Greece also had to cope not only with material difficulties, but, in addition, with political and also psychological difficulties. Greece was too often reduced to canvassing for contributions from hesitant donors, although it was not the only country concerned. The defence of the South-Eastern flank of the Alliance was a collective operation which should be conducted on a collective basis, particularly as the military strength of the Soviet Bloc in Bulgaria had not been built up by Bulgaria but by the Soviet Union. The truth was that the aid given to Greece was aid which the Alliance was giving to itself through the medium of Greece. It would be highly desirable if this was more generally recognised.

118. On closer examination, it would seem that this military aid and collective defence operation was not being conducted on rational lines or in a spirit of equality. Gains and sacrifices were not being fairly shared. One day, this problem would have to be studied in order to see it in its true perspective.

119. In the meantime, Greece had to know whether, on the expiration of the aid programme for 1963 and 1964, this programme would be extended or not, in other words, whether Greece would be left alone in 1965 to ensure unaided the defence of the Greek sector of the South-Eastern flank of the Alliance.

120. If this were so, Greece would have to conclude that the Alliance was losing interest in the defence of this sector. It should be added that any slackening of the NATO effort in this area would incite an enemy, whose overwhelming military superiority had been repeatedly admitted by SACEUR, to take advantage of that superiority and to risk the adventure of localised attacks and "faits accomplis".

121. Greece, despite all its efforts, would be compelled to bring its defence budget down to the exact level of its national resources.

122. This would have disastrous consequences not only from the standpoint of NATO security, but also from that of the organization, equipment and training level of the Greek forces.

123. Seen from this angle, the year 1965 was a transition period, for the defence problem of the whole South-Eastern flank was at present under study and had to be solved within the framework of the defence plans currently being prepared by the NATO Political and Military Authorities. At the Ministerial Meeting of December 1963, the Council had recognised the urgency of the defence of the South-Eastern sector of the NATO front. This defence had economic as well as military facets and the Alliance was awaiting the result of the study in question and the suggestions for a rational and lasting solution to this problem.

124. Unfortunately, the delays inherent in the highly complex nature of the problem and also in certain unwonted international developments, would not allow the Ministers at their December meeting of this year to take the necessary decisions. They would inevitably be postponed.

125. Pending these decisions, however, the military effort must continue even if 1965 was to be a transitional year.

126. It was necessary to know in what conditions the defence plans for 1965 had to be prepared. This uncertainty was a great handicap and both the International Staff and Military sections of the report left no room for doubt on this point.

127. The problem would be raised in the Council by the Hellenic Government during the December Ministerial Meeting this year. He thought that it would be useful, however, on the occasion of the Annual Review to describe the situation as it existed at present for the information of all who were interested.

128. Referring to the comments made in paragraph 22 of the draft Country Chapter to the effect that the level of training was low, ADMIRAL EUGOLFOPOULOS of the Hellenic National Defence General Staff, said that his Authorities did not agree with that statement as the level of training throughout the Army was very satisfactory. The fact that some reservists had not been trained during 1964 did not in any way reflect adversely upon the standard of training of regular army units.

129. The CHAIRMAN noted the important statement of the Greek Representative concerning not only 1964 but also 1965 and the intention of the Greek Authorities to bring their problem to the attention of the forthcoming Ministerial Meeting. He would comment further after the military questions had been dealt with.

130. The STANDING GROUP REPRESENTATIVE, General Stromberg, said that no special difficulties had been encountered during the preparation of the draft Country Chapter, except that Part IV had been re-drafted. With regard to the comments made on paragraph 22, he suggested that an amendment could be agreed outside the meeting.

131. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR appreciated the efforts made by the Greek Authorities to support the Alliance and take all the measures that they could within the means available. It was hoped that the special studies being pursued at the present time would provide a formula for obtaining the resources required. No details of 1965 plans had been given and he would therefore ask whether any progress had been made towards meeting the 1965 force goals.

132. In reply, Admiral EUGOLFOPOULOS said that SACEUR's 1965 Recommended Force Goals did not actually differ from those of 1964. Any planning on those goals depended upon the aid, the "common use items" and the supply of major equipment through external aid. The uncertainty of those factors, and especially that of the 1965 level of aid, eliminated any possibilities of planning. Based on funds available from national resources only, at the same level as 1964, the armed forces structure which could be maintained was unacceptable from a military point of view. It would only lead to a decrease in manning levels, and also in the number of the main combat units of the Army and Air Force. It was a problem of deep concern to the Hellenic Government and the final decision would be taken when the results of the work of the Special Working Group on the Defence Problems of the South-Eastern Region became available. Of course, the Hellenic Defence Staff was working on tentative and alternative plans with the object of meeting some of SACEUR's 1965 Recommended Force Goals. However, there could be no firm commitments at the present time.

133. In reply to a question from the SHAPE Representative: what degree of priority had been given to the procurement of fast patrol boats (FPB), Admiral EUGOLFOPOULOS said that the acquisition of at least six fast patrol boats was a high priority in the Navy. Those craft were necessary for the neutralisation of the existing threat of 14 Albanian fast patrol boats which were expected to operate profitably against shipping along the west coast of Greece. If Albania were to remain neutral, the Greek fast patrol boats could be used in offensive operations in the Black Sea. Additional missions would be a contribution to the control of the COMEDEAST area and, should the enemy succeed in occupying the Straits and/or reaching the Aegean coast, the exploitation of their substantial offensive capabilities against Soviet Bloc units operating in the Aegean or attempting to exit into the Mediterranean.

134. The replacement of the obsolescent naval units and the acquisition of maritime patrol aircraft indispensable for anti-submarine warfare were vital requirements. The insufficiencies of the national budget precluded the procurement of major equipment items; the acquisition of such equipment, therefore, relied entirely upon external sources, a problem well known to the NATO Authorities and which the Alliance was presently attempting to solve.

135. The Royal Hellenic Air Force, referring to the downgrading of its NATO assigned units as having a limited capability, considered that that judgement was inconsistent with the views expressed in the 1963 Intermediate Review where it was defined as having a moderate capability. The flying hours remained unchanged. The equipment had aged by one more year and the manning level had slightly improved by increasing the number of technicians and by introducing a long-term training policy for some specialists. This policy would lead to a quantitative increase in technicians to a level of 80% by end-1964 and to 100% by end-1965; quality would also improve.

136. The CHAIRMAN said that the Committee was aware that mainly because of its dependence on agriculture, the rate of expansion of Greek economy fluctuated from year to year. While it had been said that there had been an increase in defence expenditure of 2.08% per year between 1960 and 1963, it should be noted that the share of defence in the Gross National Product had been decreasing.. From a study of the figures it could only be concluded that, while there were limits to the amount Greece could devote to defence, it was doubtful whether that limit had been reached. When the present situation of the Greek armed forces was taken into consideration, it was felt that a greater expenditure could be devoted to them without unduly harming the other objectives that the Government had set itself, objectives with which the Committee would not disagree.

137. The GREEK REPRESENTATIVE had recalled in his statement that a NATO aid programme for Greece for 1963 and 1964 had been examined at the 1962 Ministerial Meeting in Athens. He recognised that not all the aid envisaged had yet been given for 1963 and that

the programme for 1964 was still under study. It had also been said that the fact that no aid had been envisaged for 1965 would be made the subject of a statement at the next Ministerial Meeting. This statement would allow countries sufficient time to prepare themselves if there were to be a discussion of that problem in December.

138. The GREEK REPRESENTATIVE would be aware that the Special Working Group on the Defence Problems of the South-Eastern Region would be meeting the following day. Thus the situation was still fluid. He recalled that the previous year, no Greek plans for 1964 had been given; none had been given this year for 1965. The situation, therefore, was that, although Greek forces existed, no information had been given on them. He asked whether the Greek Representative would agree to a note being added to the effect that Greece could not commit itself until the results of the Special Working Group were known and that any firm commitments on the part of Greece depended upon future mutual aid.

139. The GREEK REPRESENTATIVE, Ambassador Palamas thanked the Chairman for his comments. He said that it was sometimes difficult to draw valid conclusions from a study of statistical information. He was glad to see that after discussion between the International Staff and the Greek Delegation, figures acceptable to both had been arrived at. He could agree in principle to the note that the Chairman had suggested but would discuss the matter with his experts before committing himself fully.

140. Concluding the session, the CHAIRMAN said that the most important point of the Greek statement had been that Greece would bring to the attention of Ministers at their next meeting the fact that Greece could not fulfil the 1965 Recommended Force Goals in the absence of a NATO aid programme.

141. The COMMITTEE:

noted the above statements.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

VIII. EXAMINING SESSION - ICELAND

Document: AR(64)ICELAND-D/3

142. The CHAIRMAN said that, traditionally, the examining session on Iceland was confined to the economic situation, since Iceland did not possess armed forces.

143. The ICELANDIC REPRESENTATIVE said that it was always a pleasure for him to attend the examining sessions, this being the fifth year running. He fully endorsed the excellent draft Country Chapter prepared by the International Staff and had no comments to offer.

144. The COMMITTEE:

noted the above statements.

IX. EXAMINING SESSION - ITALY

Document: AR(64)ITALY-D/3

145. The ITALIAN REPRESENTATIVE, Ambassador Alessandrini, expressed his pleasure at being able to attend yet another session of the Annual Review. In their reply to the 1964 Annual Review Questionnaire, the Italian Authorities had explained first, the situation envisaged for end-1964, defining the principal changes both negative and positive, as compared with the national plans announced during the 1963 Intermediate Review; and second, the planning for end-1965 and the principal objectives which Italy wished to achieve by the end of that year, in the light of SHAPE's "1965 Guidance" and the military recommendations.

146. Remaining deficiencies related not so much to the quantitative attainment of the objectives but to the difficulty of achieving the standards of effectiveness required. Because of the limits imposed by the budget, priority had to be given to certain of the objectives to be reached in the overall requirements of the armed forces, such as the manning levels and the percentage of regular personnel, the completion of the equipment of units and the improvement of such equipment, the increase of stocks, etc. In this connection he could assure the Committee that Italy was doing its best to meet requirements as far as possible.

147. In commenting on the defence effort of Italy, the NATO Military Authorities in Part V of the draft Chapter (Summary Military Appreciation and Suggested Improvements) while pointing out existing deficiencies, had recognised that remarkable efforts had been made to improve the situation of assigned forces, and, in particular, had stressed that planning conformed to the NATO objectives and that progress had been made in improving the equipment of the three services.

148. The STANDING GROUP REPRESENTATIVE, General Stromberg, said that the Standing Group agreed with the Country Chapter on Italy from the military point of view and had no further comments to make.

149. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR was gratified by the progress made in all three services to meet the force goals both quantitatively and qualitatively. In particular, the introduction of new equipment was commendable. He wished to ask when the Italian Authorities intended to provide the additional GM-2 battalion currently required to meet SACEUR's Recommended Force Goals.

150. In reply, the Italian Representative said that the Italian Military Authorities had planned the establishment of a GM-2 battalion as requested in SACEUR's Recommended Force Goals. Its implementation, however, was dependent upon future financial resources and the training of specialised regular personnel. The cost of establishing a 4-launcher unit was Liras 32 billion for

the installation and 3.6 billion per year for the operation and maintenance. In addition, once the funds had been made available a period of approximately three years would be required to procure the equipment and train the personnel. As a result the establishment of such a unit could only be planned after 1965.

151. The CHAIRMAN said that the SHAPE requirement for a GM-2 battalion remained valid. He was surprised that the Italian Authorities should wait for the funds to become available before attempting at least to train the personnel required. This could only lead to further delays. He wondered whether both stages could not be merged into one.

152. In reply the ITALIAN REPRESENTATIVE said that the Chairman's remark was logical. In fact, he could state that training had already started, which was a proof of his Authorities' good intention. He would report the Chairman's wishes to his Authorities.

153. The SHAPE REPRESENTATIVE, referring to the existing shortfall of thirteen anti-submarine helicopters out of 24 required, asked what steps the Italian Authorities intended to take to overcome it.

154. The ITALIAN REPRESENTATIVE said that the shortfall had increased recently from 13 to 19 as the result of the destruction of 6 helicopters on the Catania Airport during a tornado. To make good this loss 3 SH 34 J helicopters had already been obtained from the United States Navy and would be available in Italy in December, 1964; a further 3 helicopters of this same type would be procured as soon as possible. The procurement of the 13 helicopters to meet the requirement of 24 was dependent upon a decision at present being taken on the type of helicopter required. In reply to a question by the SHAPE Representative, he said that the choice laid between the Italian Augusta and an American-type ASW helicopter.

155. The CHAIRMAN said that the value of an examining session was that it provided the Committee with the latest information. He wished, on behalf of the Committee, to extend his sympathy to the Italian Authorities for the casualties incurred during the tornado. He had noted with satisfaction the considerable efforts being made by the Italian Authorities to replace the anti-submarine helicopters lost on that occasion.

156. Referring to paragraph 20 of the draft Country Chapter, the ITALIAN REPRESENTATIVE said that he wished to indicate that the re-organization of the CENTAURO armoured division had been completed in September, 1964, by the establishment of a further armoured brigade. Thus, the division comprised at the present time three brigades (one mechanised and two armoured) in accordance with NATO Standards. In addition there were now three 175 mm. artillery support groups instead of two.

157. Referring to paragraph 2 of the draft Chapter, he said that, in order to overcome the shortage of army personnel, the following measures had been taken:

- (a) Officers: an increase of 450 in 1965 and of 150 per year from 1966 under the terms of a long-term recruitment programme;
- (b) Non-commissioned Officers: an increase from 18,400 to 22,400, mainly in order to improve the percentage of regular specialists.

158. Referring to paragraph 3 of the draft Chapter where the deficiency of transport vehicles was mentioned, he said that, in order to solve that problem, (which required a considerable financial effort), the Army had appropriated from April 1962 to December 1964 the sum of **liras** 54.5 billion for the procurement of 10,500 vehicles of various types, including 3,500 trailers. In 1965 it was planned to procure 1,000 other vehicles at a total cost of **liras** 6 billion. As a result of these measures, the average level of vehicles in units would reach 65% of the operational requirements and in some cases from 70% to 75% in formations during the year 1965. Those large figures showed the extent of the effort which had been made, and that the problem was being solved.

159. The CHAIRMAN said that it would be for the Military Authorities to judge whether the efforts being made by the Italian Authorities to meet deficiencies were sufficient. However, the Committee could express its pleasure at the up-to-date information which had been provided. The International Staff together with the Military Authorities would ascertain whether amendments could be made to the Country Chapter on Italy to take account of this information.

160. The ITALIAN REPRESENTATIVE said that the efforts made by Italy to meet its vehicle deficiencies would, he hoped, lead to the deletion of the word "considerable" in lines 6 and 7 of paragraph 2 of the draft Chapter.

161. The Italian Defence Budget as already indicated in the financial part of its reply to the 1964 Annual Review Questionnaire, had increased progressively by 6%; this would apply also to 1965. The Defence Budget for 1965 had already been approved by the Council of Ministers and was at present under examination in Parliament. It amounted to **liras** 1,113 billion, an increase over the 1964/1965 Budget of **liras** 54 billion of which 32 billion represented the 6% increase for the second half of 1965, the remaining being due to special appropriations and the implementation of various legislative measures.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

162. To obtain a clearer view of the exact allocation of defence expenditure among the three services, it was necessary to exclude the funds set aside for the "Carabinieri", pensions and some other contributions. Of the remainder the percentages for the three services were: Army, 50%; Navy, 18%; Air Force 27.6%; and common expenses, 4.4%.

163. The Italian Authorities were following the principle of allocating the "progressive increase" of the defence budget to meet the most important requirements so as to strengthen the armed forces and, in particular, to continue the modernisation of equipment. However, it should be noted that increased costs, together with maintenance costs required by the introduction of new equipment, had also to be taken into account.

164. The CHAIRMAN said that he would not comment at length on the financial statement as it closely resembled the views expressed by the International Staff except for some minor details. He was pleased to note that the special steps taken such as the "progressive increase" in the defence budget, were of particular assistance in meeting equipment deficiencies which had been outstanding for several years. The good results obtained by such measures were beginning to show.

165. The COMMITTEE:

noted the above statements.

X. EXAMINING SESSION - LUXEMBOURG

Document: AR(64)~~LUXEMBOURG~~-D/3

166. The LUXEMBOURG REPRESENTATIVE, Ambassador Reuter, said that he had no comments to make on the political aspect of his country's contribution to NATO. However, he wished to remind the Committee that military affairs had always been a delicate problem on the internal political scene. When SHAPE had presented its comments, he would make a further statement on the major re-equipment programme which SHAPE had recommended for the present M-day towed artillery battalion (105 mm) provided by his country.

167. According to the SHAPE REPRESENTATIVE, General Honeycutt, SACEUR appreciated the detailed plans set out by Luxembourg in its reply to the 1964 Annual Review Questionnaire. SACEUR was particularly pleased to note that the 105 mm. towed artillery battalion would be given M-day status by end-1964. A clarification was however, requested on what measures Luxembourg proposed to take to mechanise that unit with self-propelled equipment.

168. The LUXEMBOURG REPRESENTATIVE answered that his Military Authorities had stated that the battalion would follow the evolution of the United States formation it was meant to support. At present, it appeared that existing equipment would enable the unit to carry out its mission; this was confirmed by those Allied Military Authorities in closest touch with the unit. His Authorities were loathe to re-equip the unit as suggested by SHAPE when it might well transpire that, as the result of the present Long-Term Force Planning Exercise, an advanced close support artillery weapon might be proposed. In addition, the cost of re-equipment at the present time was another limiting factor to be borne in mind.

169. The SHAPE REPRESENTATIVE, General Honeycutt, said that the only comment he could make in reply to the Luxembourg Representative's statement was that SACEUR had indicated his requirement for self-propelled artillery in order to provide mobility, armoured protection and other similar tactical requirements; and that the requirement still remained.

170. In conclusion, the LUXEMBOURG REPRESENTATIVE said that it was possible that the attainment of M-day status by the Luxembourg unit would not take place until early-1965. He had no comments to make on the other paragraphs of the Chapter on his country.

171. The COMMITTEE:

noted the above statements.

XI. EXAMINING SESSION - THE NETHERLANDS

Document: AR(64)NETHERLANDS-D/3

172. The NETHERLANDS REPRESENTATIVE, Ambassador Boon, thought that, in accordance with the agreed procedure for the 1964 Annual Review, the present meeting should be devoted to an examination of the draft Country Chapter on the Netherlands. His Authorities generally agreed with this draft and he wished - as he had in fact been accustomed to doing - to compliment the International Staff and the NATO Military Authorities on the excellent summary they had once again presented of the most important aspects of the Netherlands defence effort. However, he would like to make some observations on paragraph 23 of the draft chapter dealing with training areas. With the Committee's permission, Colonel Rodrigo, Deputy Chief of the General Staff, would make a statement later on that subject.

173. The present Review covered the period up to end-1965. It took place at a time when the whole of NATO defence planning was under fundamental review and when no commonly agreed long-term force goals were available. It was therefore appropriately called an intermediate review.

174. However, defence could not be planned on an intermediate basis and governments had to formulate their plans for a longer term. In his country, such long-term planning had led to the elaboration of a programme for the period 1964-1967, which had been submitted to Parliament in June 1964 in the form of a Note on Defence. It contained detailed information, not only on the military plans themselves, but also on their personnel and financial implications. Pursuant to the Netherlands policy of harmonising its plans with expected NATO requirements, particular stress had been laid on improving the quality of the military contribution. Thus, priority would be given to combat-ready forces and further efforts would be made to improve the balance between investment and operating costs, in order to increase funds available for new equipment and for modernisation within the total amounts of forecast defence expenditures during the period.

175. The forecast of defence expenditures indicated that the Netherlands military outlay was expected to continue to rise gradually. However, that should not lead to the assumption that the present estimates of defence expenditure might be revised with an increasing trend, as suggested in the draft Country Chapter. It was true that, in comparison with 1964, a more balanced progress in the economic and social fields was anticipated. But, if prospects for 1965 were indeed more favourable, that would, in fact be due to the very careful economic and monetary policy of the government, such a policy being easily upset if defence expenditure were to be increased as suggested. At the present time, therefore, it was practically impossible to increase defence expenditure above the level laid down in the Note on Defence.

176. Nevertheless, the defence effort was substantial and the Netherlands Authorities intended to maintain it. However, for this purpose it was essential that they should be in a position to demonstrate to Parliament and to public opinion that it made sense as a contribution to commonly agreed NATO defence plans and goals.

177. To provide the latter was now the function of the NATO Long-Term Force Planning Exercise. It would have to furnish the guidance on the basis of which present programmes could be confirmed and adjusted where necessary. It was therefore strongly hoped that the exercise would soon make satisfactory progress in order that the Alliance might find itself on firm ground the following year. This was a particularly essential requirement for countries, like the Netherlands, that had few commitments other than those for NATO.

178. The CHAIRMAN was particularly glad to note this important statement. His understanding was that national plans up to 1970 could, if needed, be altered to meet the requirements that might eventually be proposed at the end of the present Force Planning Exercise.

179. Referring to training areas, Colonel RODRIGO said that they represented one of the main problems with which the Royal Netherlands Army was confronted. The problem had been considered during previous examining sessions of the Annual Review Committee. However, in view of the importance that had to be attached to the availability of suitable training facilities for the Army and in order to avoid any misunderstanding which might result from reading the text of the draft Country Chapter, it appeared that it would be useful to highlight once again the major aspects of the problem.

180. The Netherlands was the most densely populated country in the world. Only small areas of non-productive ground remained; those were required urgently for recreation purposes of the closely-packed population. Thus, only few training grounds were available to the Army.

181. The Netherlands had been asked to provide two combat-ready mechanised divisions for NATO; these the Netherlands was willing to contribute. However, the contribution would only be of value when a reasonable standard of training could be obtained, since it was morally and politically unacceptable to involve troops in a war for which they had had insufficient training in peace. The conversion of 6th brigade to M-day status would be jeopardised by lack of training facilities.

182. Only about 60% of the training requirement up to company level could be met at present. It was practically impossible to conduct exercises of mechanised units at battalion level and neither brigade nor divisional exercises could be held at all in the Netherlands. However, in the past few years, training

facilities in neighbouring countries had been placed at the disposal of the Netherlands, allowing 50% of the training programme at brigade and battalion levels to be carried out outside the Netherlands, obviously at considerable additional expense; but facilities for divisional exercises could not be found.

183. The possibility of renting privately-owned ground (preferably low-yield land) for holding tracked vehicle exercises was being examined. In addition to the rental, full compensation would be given for any damage caused to the ground. It was planned to conduct the exercises so infrequently (approximately 5 to 10 days per year, or even per 2 or 3 years) that the normal productive capacity would not be permanently impaired. The first trial had been successful.

184. However, it was clear that no final solution could be found despite all the efforts made to find training grounds in the Netherlands. Active NATO co-operation was therefore, strongly requested. Such co-operation could be given in the first place by confirming the continued availability to Netherlands' units of at least the training facilities at present available in other NATO countries and by increasing them where possible. Other possibilities might be examined, like the application in neighbouring countries of the new system of renting private ground. His Government would be prepared to rent such ground from the owner on the same terms as those offered to Dutch landowners, including adequate indemnification.

185. It was hoped that SACEUR would be prepared to play an active rôle in the examination and, eventually, in the implementation of those possibilities. His Authorities would be happy to invite SACEUR to send his Representative for a detailed inspection of the newly-developed system in the Netherlands.

186. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR was most sympathetic about the Netherlands' and other countries' problems connected with the shortage of training grounds. He could assure the Netherlands Representative that SHAPE would take up the problem with the Netherlands Ministry of Defence.

187. The CHAIRMAN recalled that the problem had been a pre-occupation of the International Staff and the NATO Military Authorities for some considerable time; in fact, in 1960, the Council had set up a special working group to examine and report upon it. The last summary prepared by that group on its studies published on 4th March, 1963, gave a list of training grounds including those that could be made available. He recalled that there had been an agreement between France and the Netherlands on the use of certain French training grounds, but that the agreement had lapsed. He wondered whether the Netherlands and France could not re-negotiate an agreement, the former taking the opportunity of giving further information on its scheme for hiring ground from private owners. If deemed necessary the working group might be re-activated at a later stage.

188. The NETHERLANDS REPRESENTATIVE said that the hope expressed by the International Staff in paragraph 16 of the draft Chapter on the Netherlands could not be fulfilled. On the question of training grounds, his Government would welcome the statement made by SHAPE that it was ready to get in touch with the Netherlands Ministry of Defence. He realised that SHAPE had no training grounds of its own, and that only specialised units could use the NATO ranges being constructed with infrastructure funds. The Netherlands required training areas in the closest possible vicinity to its own territory. While it had been grateful to France for the facilities afforded in recent years, it would prefer training grounds to be closer. Any bilateral negotiations with neighbouring countries could be greatly assisted by an objective judgement on the requirements by SHAPE. As was well-known, there was generally an extreme shortage of training grounds in Europe and it was considered that, whereas most countries suffered by this shortage, the Netherlands suffered the most. He expressed the hope that the problem could be solved to everyone's satisfaction.

189. The SHAPE REPRESENTATIVE said that SACEUR noted with pleasure the continuing progress in the modernisation of the Netherlands Army and the decision to man the M-day units up to a level of 94%. It was also welcomed that the equipment of one squadron with F 104 G aircraft was ahead of schedule. He wished to ask a question missiles; what were the Netherlands' plans on the provision of a GM 2 battalion (SERGEANT)?

190. The NETHERLANDS REPRESENTATIVE said that the policy in the Royal Netherlands Army was entirely concentrated on raising the combat potential of the assigned army corps to the highest possible level. The number of units with territorial tasks had been greatly reduced in order to achieve this aim. The financial means and personnel thus becoming available would be employed to raise substantially the fighting power of the NATO units. However, the funds available for investments, although considerable, were not adequate to cover all current army requirements. Therefore, priorities were directed primarily to raising the fighting power of the 1st corps in the following sectors:

- completion of the mechanisation of the corps artillery by introducing two long-range gun battalions, of which one will be mobilisable;
- raising the anti-tank defence capacity by introducing a number of anti-tank combat means and improving the fire power of the Centurion tanks by upgunning part of those tanks with the 105 mm. gun;
- procurement of infra-red devices for night combat as well as urgently required replacement of obsolete material, such as light helicopters and mortars.

191. In addition, the necessary target-acquisition devices would be procured for nuclear weapons (Honest John and 8" Howitzer) of the 1st corps.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

192. In view of the shortage of medium-range surface-to-surface missiles, the importance of establishing a SERGEANT battalion was fully recognised and had been seriously considered when setting the priorities. The procurement of the necessary material for this battalion required a considerable percentage of the funds available for the procurement of new material. Therefore, realisation of a SERGEANT battalion meant that a number of urgently required replacements and improvements of conventional weapons - as expressed in the foregoing priorities - would, fully or partly, have to be cancelled. In view of the high priority to be set on those measures, this was considered unacceptable. In addition, means to cover the annual operating costs for the SERGEANT battalion had to be found; as the national sector units had already been reduced to a minimum, the necessary savings would have to be made by turning one or more combat-ready units of 1 (NL) corps into mobilisable units, which also was considered an unacceptable solution.

193. In spite of the importance attached to the establishment of a SERGEANT battalion, the realisation of this battalion was not considered feasible for the time being in view of the priorities which had to be established in the allocation of available resources.

194. The SHAPE REPRESENTATIVE said that he was fully aware of the steps taken by the Netherlands to allot priorities in certain fields; however, SACEUR's requirement for a GM 2 battalion remained.

195. In reply, the NETHERLANDS REPRESENTATIVE said that it would be extremely difficult to change the national plans which had already been approved for the period up to 1967, so that the provision of a GM 2 battalion cannot be envisaged during that period.

196. The ACLANT REPRESENTATIVE, Captain Morrow, said that SACLANT welcomed the Netherlands' plans for the construction and modernisation of its Navy; however, the deficiency in personnel was of great concern to him.

197. The ACCHAN REPRESENTATIVE, Captain Holford, said that CINCHAN was fully alive to the difficulty of providing additional Category A escorts, but it should be borne in mind that at end-1964 and in 1965 there would be a 50% deficiency of escorts in this Category in the Command. He therefore wondered whether the Netherlands could provide on a short-term basis additional Category A escorts.

198. In reply, the NETHERLANDS REPRESENTATIVE said that the Netherlands Authorities regretted to have to state that the present personnel posture, imposed on them by financial and economic circumstances, did not allow the commissioning of additional ships. The escort forces which, in the Netherlands reply to the 1964 Annual Review Questionnaire had been declared as Category A earmarked forces to SACLANT and CINCHAN, represented the maximum number of ships that could be manned under present conditions, apart from the small number of units on national duties in the West Indies. The latter had been included in the tables as Category B and C forces.

199. In order to maintain maximum fighting capabilities for the Netherlands Anti-Submarine Carrier Group, the majority of Netherlands Category A Destroyer Escorts (DDE) (Friesland class) had, in the past, been declared to CINCEASTLANT. This tended to limit the forces that could be made available to CINCHAN. In 1965, however, as already indicated in the reply to the Questionnaire, the number of operational Holland class DDE's would be raised from 1 to 3. This would alleviate the shortfall in CINCHAN's recommended force goals for that year.

200. A phasing forward of ocean escorts or coastal escorts could not be undertaken at present, nor could the anti-submarine equipment of those ships be modernised; attention and effort in the anti-submarine warfare fields were fully focused on new construction, namely, the van Speijk class frigates, which would come into service in 1966. However, the operational readiness of the two Category B and C escorts at present in the West Indies on extended operations should not be overlooked.

201. Finally, the Netherlands Authorities wished to emphasise that, during periods of tension, the readiness of Netherlands Naval Forces could be readily improved by the implementation of certain measures which allowed the call-up of reservists without having to resort to mobilisation. He recalled that during the Berlin crisis the Netherlands Category A forces earmarked for CINCHAN had been thus increased by phasing forward seven ships (1 DDE, 1 DE, 4 PC's and 1 MSO).

202. The COMMITTEE:

- (1) noted the above statements;
- (2) noted that SHAPE would contact the Netherlands Ministry of Defence on the problem of training areas;
- (3) noted that, if appropriate, the Special Working Group might be reconvened to look into the matter.

XII. EXAMINING SESSION - NORWAY

Document: AR(64)NORWAY-D/3

203. The NORWEGIAN REPRESENTATIVE, Ambassador Kristiansen, said that in view of the limited time which was at the Committee's disposal this year he would not expand on any part of the substance of the draft Country Chapter on Norway. In general, he felt it to be a fair survey of the present situation and he was very appreciative of the efforts which had gone into its preparation. He raised, however, a few points on which the Chapter was perhaps not exhaustive or not quite in conformity with the situation as seen by Norway.

204. In paragraph 28, third sentence, it was stated that "One squadron has been modernised with F104G aircraft and its mission would be military air policing in peace and fighter bomber in war". Due to recent developments the rôle of the F104G squadron was still not finally determined, the question being one of those which was now again up for consideration.

205. Further, he referred to the assessment of the economic situation and more precisely of the balance of payments (paragraph 12) where mention was made of a certain improvement this year in the Norwegian balance of payments situation. He quoted the following sentence from paragraph 12. "This trend is not expected to be so favourable for the latter half of the year, but nevertheless, a very substantial reduction in the current account deficit was now forecast for 1964 as a whole". He believed that this forecast of a substantial reduction in the current account deficit, while still valid at the time when the Norwegian reply to the 1964 Annual Review Questionnaire was given, now perhaps gave too optimistic a picture of the situation. He felt that it should be kept in mind when reading the part concerning the economic considerations that new and rather unfavourable elements had entered into the balance of payments situation since the reply to this year's questionnaire had been prepared some months ago.

206. Turning to the comments of the NATO Military Authorities, he stressed that his Authorities fully shared the conclusion drawn in paragraph 34 that Exercise Northern Express had given very valuable training experience for all concerned. He took this opportunity of expressing the appreciation of his Authorities for the way in which the Exercise had been planned and carried out by the NATO Military Authorities and the NATO Commanders. His Government attached great importance to making the ACE Mobile Force an effective instrument.

207. As far as the improvements suggested by the NATO Military Authorities (paragraph 43) were concerned, his Authorities were in principle in full agreement with the desirability of carrying out the suggestions made in points (a) to (e). As far as these recommendations were concerned, the main restricting

factors were considerations of priority arising from economic and manpower limitations. With regard to priorities, Norway felt that it should be kept in mind that the country was at present going through a period when a containment of operating expenditures was necessary in order to free resources for the required national capital expenditures.

208. Whilst as far as recommendations (a) to (e) were concerned, Norway was only restricted by considerations of priority, the situation was rather different when it came to the suggestion made in point (f) which touched upon the Government's policy concerning the storage of nuclear weapons on Norwegian territory. He trusted that this policy as well as the broader considerations on which it was based was fully known to all members of the Committee.

209. The CHAIRMAN said that the question of how to take account of the comments regarding the draft Country Chapter would be dealt with by the International Staff outside the meeting.

210. With regard to the Norwegian policy concerning the question of storage of nuclear weapons he asked whether the Norwegian Representative expected that the appropriate paragraph in the draft Country Chapter to which he had referred would be removed from the document. He was aware that general political considerations were certainly in question but pointed out that SACEUR hoped that at least training in the use of nuclear weapons would be accepted by the Norwegian Authorities. He hoped therefore that SACEUR's wish to achieve an effective Norwegian participation of this kind could be emphasised in the Country Chapter without objections from the Norwegian Authorities.

211. The NORWEGIAN REPRESENTATIVE said that although he would not suggest the deletion of this recommendation (paragraph 43(f)) it would be preferred by Norway if a recommendation which touched upon a well-established national policy could be accompanied by an assurance that the NATO Military Authorities were well aware of this policy. He recalled that a similar comment had been expressed by Norway at last year's Annual Review but since the reference in the draft Country Chapter was this year in milder form, it did not seem necessary to insist upon an amendment.

212. The SHAPE REPRESENTATIVE said that SACEUR appreciated the efforts being made to re-organize the Royal Norwegian Navy by means of the Naval Construction Programme. It was pleasing that the modification of some air force squadrons had been undertaken. He asked what plans existed for the provision of a third infantry battalion in brigade North with M-day status.

213. The NORWEGIAN REPRESENTATIVE replied that present plans for the period 1964/1968 did not envisage a third battalion in Northern Norway primarily because of budgetary limitations.

214. The SHAPE REPRESENTATIVE asked how the Norwegian Authorities planned to meet the present shortfall in fast patrol boats in the Royal Norwegian Navy.

215. The NORWEGIAN REPRESENTATIVE replied that, because of the delivery of some newly constructed fast patrol boats, to other NATO countries, it would not be possible to meet SHAPE's requirements for the present.

216. The CHAIRMAN recalled that great demands were made upon Norway because of geographical conditions. It was pleasing to note that considerable progress had been achieved in the past year, although financial considerations continued to prevent defence requirements from being met in full. It had become evident that certain objectives of the Military Authorities could not be given the priorities necessary for their achievement because of the limited resources available. This difficulty could only be overcome by increasing the defence budget with the growth of the economy.

217. The COMMITTEE:

noted the above statements.

XIII. EXAMINING SESSION - PORTUGAL

Document: AR(64)PORTUGAL-D/3

218. The PORTUGUESE REPRESENTATIVE, Mr. de Sousa Pernes, said that if his country had not sent the usual delegation to the examining session it was because of the decision taken in the Annual Review Committee on the rather limited nature of this year's examination. It did not in any way signify lack of interest in the Annual Review procedure or lack of support for the Alliance.

219. The draft Country Chapter was a balanced summary of the problems facing Portugal and he was grateful to the International Staff for their assistance during the year.

220. In paragraph 23 of the draft Country Chapter it was said that the Army was incapable of carrying out its assigned mission. He requested that this be qualified by adding "for the time being"; to this the Standing Group Representative agreed.

221. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR had noted with satisfaction that Portugal intended to meet its NATO responsibilities, but that the lack of progress in re-organizing the Portuguese Division was of great concern to him. He asked what plans there might be to re-organize that Division in order to meet the recommended 1965 force goals.

222. In reply, the PORTUGUESE REPRESENTATIVE said that the re-organization of the Division had not been implemented for two reasons. The equipment required would have to be provided by mutual aid; but studies of the types and quantities of equipment needed had not yet progressed far enough to permit submission of specific requirements. Moreover, re-organization could not be started until the burden on finance and manpower imposed by the situation overseas had been substantially reduced. If the situation in Angola had improved, the threat from Tanzania to the Northern frontier of Mozambique seemed to have become more imminent. In this connection the Portuguese Permanent Representative had just recently called the attention of his colleagues on the Council to an article which had appeared in a responsible British newspaper. This made it clear that the threat to Mozambique was external, and that the communist side was deeply involved in it.

223. Portugal's present inability to fulfil its NATO commitments left it with a clear conscience, since events in Northern and Tropical Africa demonstrated that Portugal's most determined enemies were also those of the West. It could be assumed that at present the communists found it more promising to gain ground by subversion outside the NATO area than by a direct attack against NATO.

224. The CHAIRMAN said that the Portuguese position was fully appreciated, but SACEUR was still faced with the difficult task of obtaining sufficient forces to carry out his mission. Crises such as confronted Portugal in its overseas provinces had to be met and it was noted that, as a consequence of equipping the forces required for use in Africa, the resources that Portugal devoted to defence, expressed as a share of GNP, were now second only to the United States. This was in contrast to the position before the crisis when the Portuguese Authorities emphasised the need to accelerate the economic development of the country and were cautious in increasing their defence expenditures to implement the NATO military programme. It was to be hoped that, when the emergency had been successfully surmounted, Portugal, without prejudicing her economic development, would be in a position to devote part of the resources now absorbed by operations overseas towards meeting NATO requirements, a hope which had been continuously expressed by its NATO partners.

225. The PORTUGUESE REPRESENTATIVE replied that the contribution to NATO would naturally be re-examined when the present emergency in Portuguese Africa had been settled and the present efforts being made by Portugal could consequently be reduced.

226. The COMMITTEE:

noted the above statements.

XIV. EXAMINING SESSION - TURKEY

Document: AR(64)TURKEY-D/3

227. The TURKISH REPRESENTATIVE, Ambassador Birgi, said that the draft Country Chapter on Turkey, complemented by SACEUR's evaluation on the Turkish armed forces (SHAPE/229/64) gave a clear and objective description of the Turkish military establishment. Even from a cursory examination of those documents, it could be seen that the past year's declining trend of the Turkish forces' combat effectiveness had remained unchanged. Briefly, the outlook was not satisfactory; and he could say that many of the problems regarding major equipment and material shortages and some other problems connected therewith were gaining disquietening proportions. That was why, in the interests of the Alliance, those problems were now being examined by the Special Working Group set up to seek ways and means of solving them, bearing in mind their urgency and gravity. Therefore, he would not dwell on those problems with which the Committee were thoroughly familiar.

228. One point required to be stressed: the build-up and modernisation of the Turkish armed forces to raise them to the "minimum acceptable standards", so that they could carry out their assigned missions with an acceptable degree of risk in face of the threat in the area for whose defence they were responsible, required additional external military assistance.

229. Up to the present, as far as equipment and material were concerned, the defence capability of Turkey, depended on United States military aid. Turkey greatly appreciated the assistance given to her. He would also acknowledge, with gratitude, that Germany had started a military assistance programme in 1964. However, he had to point out that, at the present time, the total military aid extended to Turkey could only meet half of the replacement requirements and partial maintenance of the existing major equipment and material.

230. In view of the limited resources which at present could be devoted to defence, the deficiencies in major equipment and material would increase in geometrical progression, thus attaining in the near future such a magnitude that it would become impossible to find a remedy to the problem.

231. If the defence posture of Turkey had been so far maintained at the present level, it had mainly been due to the great maintenance efforts made to keep in operation the obsolete and outmoded equipment and material which should have been normally discarded. To take an example, in the Turkish armed forces, the equipment and material of the Second World War generation were still being used.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

232. As a result, Turkey had stated in the Special Working Group that the necessary arrangements should be devised within the Alliance to meet Turkey's military requirements, bearing in mind the urgency and the gravity of the problems facing the Turkish army. In the opinion of the Turkish Authorities, Turkey had spared no effort and had even strained her resources beyond her economic capacity in order to maintain her present military establishment. Now, the sacrifices should be met commensurately by Turkey's allies. Otherwise, all the efforts and sacrifices made by Turkey up to the present would have been in vain.

233. If ways and means were not found within the Alliance to meet the urgent requirements to raise the combat effectiveness of the Turkish armed forces, Turkey would have to reconsider the totality of her contribution to NATO. He had already stated that point the previous year. The fact that he was repeating it should not be interpreted other than as follows:

- (a) Turkey did its best to delay as far as it could such a reappraisal; but
- (b) facts were increasingly compelling Turkey to do so, and it would have to be done if no other alternative presented itself. The existing strategy, the defence plans based thereon and the quantitative and qualitative structure of Turkey's armed forces, bearing in mind national as well as external resources, would have to be reviewed.

234. Referring to the draft country chapter, he said that his first remarks related to paragraphs 5, 8 and 10 of that chapter, as amended. It was stated that counterpart-funds deriving from the United States economic aid were considered as a total allocation to the Turkish defence budget. He would point out that, up to 1962, a large proportion of the withdrawals from the counterpart-funds had been directly allocated to the Ministry of Defence's budget. Since then, however, in agreement with the United States Authorities, counterpart-funds had been considered as revenue to the general state budget and the practice of direct allocation of those funds for defence purposes had, with few exceptions, been stopped.

235. Paragraph 2 of the country chapter dealt with the personnel level of the Turkish forces and pointed to the shortage of regulars in proportion to the total personnel strength. In previous reviews, plans had been announced to offset the shortage of regulars and specialists. They envisaged the improvement of the officer situation during the periods indicated in the reply to the 1964 Annual Review Questionnaire and had as a target the raising of the officer strength by the end of those periods to 85% of the requirements. Plans to increase the number of NCO and specialists envisaged a faster rate of progress. It was estimated that 85% of the requirement in specialists and technicians would be attained by end-1968. He pointed out that the level of regular personnel in the combat units of the Turkish Air Force had already attained 90% requirement.

236. One point required clarification: as was known military service was compulsory and enlisted personnel served as conscripts. High school and vocational school graduates, as well as drafted technicians and specialists, were used in the technical services of the armed forces in addition to regular personnel. The conscripts assigned to technical tasks could not be considered as regulars and were not shown as such in the tables, although they carried out ~~tasks~~ normally undertaken by regular specialists. In countries where military service was not compulsory, the recruitment of specialists and technicians was only possible if suitable salaries were offered; and such personnel were shown as regulars or regular specialists and technicians on statistical tables.

237. Furthermore, present levels attained in NCOs and regulars in both the NATO assigned and national units could not be considered satisfactory, especially if those levels were considered in isolation of the situation arising from the acute equipment shortfalls. In other words, in several fields there were more personnel available than required for the adequate operation of existing equipment.

238. Finally, he wished to point out a development in the Turkish Navy during the period following the submission of the Turkish reply to the 1964 Annual Review Questionnaire. Five naval units (1 Ex-Destroyer, 2 Ex-Ocean Mine-Sweepers and 2 Coastal Mine-Sweepers) had been de-commissioned in accordance with a programme and the personnel transferred to active ships. In consequence the level of regular forces at present in the strike units, as well as in the mobile logistic units, had increased above the level of 100%.

239. Referring to defence financing, he said that, in the Turkish reply to the 1964 Annual Review Questionnaire, it had been stated that the Ministry of Defence budget for F.Y. 1964 was estimated at TL 2,910 million, representing an increase of 3.8% over the previous fiscal year. However, since the submission of the reply that amount had been increased to TL 3,210 million for the following reasons:

- (a) TL 60 million had been released from the counterpart-funds and an additional TL 60 million had had to be allocated from the state budget to meet the petroleum requirements;
- (b) an additional amount of TL 180 million had been authorised to meet such requirements as: wage increases which had taken place as a result of collective bargaining agreements, increase of medical and hospitalisation fees, the requirement of additional funds for flight indemnities and some emergency expenditures resulting from the Cyprus crisis.

240. However, it was estimated that the public revenue would not reach the expected level, owing partly to the slow-down in the economic activities during the first months of 1964 and to delays in the implementation of new tax legislation.

241. Taking this into consideration and in order not to reduce the level of investment which was the key factor in the attainment of the Development Plan's targets, the Turkish Government had decided to cut current expenditure by 10% to guard against inflationary tendencies. The latest estimates of the Ministry of Defence indicated that the total amount of savings in current expenditures would amount to TL 242 million. Thus, it was expected that the Ministry of Defence's budget would reach TL 2,970 million by the end of the 1964 fiscal year. It should also be pointed out that an additional saving of TL 13 million was expected to be realised by the end of the current fiscal year.

242. The defence budget for 1965 had not yet been finalised and approved by Parliament. According to the latest information the budget forecast of the Turkish Defence Ministry for 1965 was TL 2,979 million representing an increase of 2.4% over the original budget estimates for 1964. That increase was less than 1% if the expected realisation of the 1964 budget were taken into account.

243. Although, at first glance, that rate of increase seemed to be low, it was not really so if viewed from a longer term perspective. The Turkish Authorities had decided that the defence expenditures of Turkey should not be increased by more than 2.5% per annum. That rate should be considered as a general trend, that was to say, as an overall average which might not hold true for any particular year. Indeed, the rate of increase in budget of the Defence Ministry was approximately 4.5% from 1963 to 1965 which corresponded to a rate of increase of 2.25 per annum; this was very close to the planned rate of increase in the budget of the Defence Ministry.

244. The CHAIRMAN said that the important statement made by the Turkish Representative threw additional light on the draft Country Chapter and on the documents prepared in the Special Working Group in the defence problem of the South Eastern Region. He would comment upon it after the military questions had been dealt with.

245. The STANDING GROUP REPRESENTATIVE, General Stromberg, said that the Standing Group agreed with the draft country chapter on Turkey from the military point of view and had no further comments to make, although it was prepared to discuss any changes that might be desired.

246. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR had noted with satisfaction Turkey's continuing efforts to meet the recommended force goals within the means at its disposal. It was hoped that the special studies being pursued at the present time would provide a formula for obtaining the resources required. For three years, the Turkish Authorities had had plans to re-organize their existing armoured brigades and regiments into the required and recommended force goals of two armoured and three mechanised brigades (included in the 1964 Major NATO Commander's Programme, MC 26/4 and SACEUR's 1965 recommended force goals). To date, the Turkish Authorities had stated that equipment shortages had prevented that re-organization. He asked why the Turkish Authorities could not re-organize their brigades in whole or in part in accordance with SACEUR's 1965 recommended force goals, utilising existing equipment on hand.

247. In reply, the TURKISH REPRESENTATIVE said that, even though, as could be seen in the table on paragraph II.c.1.b. of SHAPE document 229/64, it looked as if the tanks and other motorised equipment actually in the four armoured brigades and four armoured cavalry regiments would be enough or even more than enough in quantity, after the re-organization, for the remaining two armoured brigades and for the three mechanised brigades to be formed, Turkey, for the reasons given below, could not pledge itself to establish the three mechanised brigades for 1964:

- (a) As was well known, the basic element of the mechanised brigade was the mechanised infantry which should be equipped with armoured personnel carriers; without them a unit could not be termed "mechanised". That type of equipment was non-existent at present and there were no plans for its procurement. The same problem applied to the armoured brigades. The armoured infantry battalions of the existing armoured brigade should have been equipped with Armoured Personnel Carriers (APC) but possessed instead 2.5 - 3 ton trucks. Thus, any mechanised brigades which might be formed under those conditions could not be properly termed "mechanised" brigades.
- (b) It was not only the lack of APCs which prevented the formation of mechanised units. In order to have a satisfactory level of effectiveness, those new units should also have other special equipment, if they were to fulfil the duties expected of them. As was known, the M-24 light tanks of the Turkish Army were outmoded and had to a great extent lost their combat effectiveness. It was true that it had been planned to replace the existing M-47 tanks of the armoured units with M-48 tanks and that, when that could be implemented, the M-47 tanks taken from the armoured units would be used to form the tank battalions of the infantry divisions. But M-47 tanks would hardly add to the effectiveness of mechanised brigades.

- (c) As already known, one of the main features of mechanised brigades was their flexibility which called for special command and control equipment, as well as special communications equipment. The existing equipment in the armoured brigades was far from meeting the required standards.

248. To sum up, if the formation of the mechanised brigades were to be undertaken with existing equipment the result would be:

- (a) that the brigades would not be really mechanised, but be motorised infantry;
- (b) that the equipment of the new brigades would be partially outmoded, not new, and would lack the necessary efficiency;
- (c) the mechanised brigades thus formed would fall short of NATO Standards and would be, consequently, considered as not being effective enough to carry out the missions to be assigned to them.

249. In view of the above reasons, the Turkish Military Authorities had reached the conclusion that it would be unwise to re-organize the existing two armoured brigades, which could at least be considered as effective for combat duty in their category, into three new mechanised brigades which would be far from meeting the requirements. That was why Turkey had postponed the formation of the three mechanised brigades recommended by SACEUR pending the procurement of the necessary equipment, and had not included them in the country force goals.

250. The SHAPE REPRESENTATIVE said that the Turkish Authorities had stated that the Turkish Navy was to receive on loan two NASTY-type Fast Patrol Boats (FPB) and were to be given four JAGUAR-type FPBs. When did the Turkish Authorities expect those crafts to be operational and available to Allied Command Europe and what difficulties, if any, were anticipated in meeting that date?

251. In reply, the TURKISH REPRESENTATIVE said that, under the bilateral agreement concluded with Germany the previous year, it had been decided that Turkey would receive on loan for a period of three years two NASTY-type FPBs and would obtain four JAGUAR-type FPBs to be constructed. The two NASTY boats had already joined the Turkish Navy in September 1964 and were actually being used to train the personnel for the JAGUARS.

252. The construction of the first JAGUAR boat had begun on 1st October, 1964, for deliver to the Turkish Navy on 31st December, 1965. It was expected that the three remaining boats would be delivered by the end of 1966. After a period of about fifteen months of training, the JAGUAR boats, which were being given on grant, would be available to Allied Command Europe.

253. In reply to a question by the Chairman, he said that the amendments agreed between his Delegation and the International Staff to the financial **part** of the draft Country Chapter met the Turkish requirement. He merely wished to throw further light on the subject and would be content if his full statement were included in the summary record.

254. The CHAIRMAN said that, as had been stated by another delegation during the examining sessions, Ministers had examined at their meeting in December 1963 the unsatisfactory situation prevailing in the defence of the South-Eastern flank of the Alliance. He recalled that the Council had appointed a special working group to look into the problem; it was still engaged on this task and was far from the completion of its studies. It was evident that the problems could not be solved outside the general context of the Long-Term Force Planning Exercise. Turkey had posed a problem of great urgency when it stated that if the means to maintain its forces were not made available, the Turkish contribution to NATO would be subject to reappraisal. That statement did not entirely surprise him as he was fully aware of the difficulties facing Turkey and of the deficiencies that remained in spite of outside assistance, which, it had just been said, only met half the equipment and maintenance requirements.

255. He was convinced that the Turkish Representative's **remarks** had been noted with interest and feeling by the Committee. Referring to the progress report to be submitted to the Ministers by the DPC, he asked whether the Turkish Representative agreed that the report remain strictly a description of the facts without arriving at any conclusion, recognising that to meet its requirements Turkey required additional outside aid.

256. The TURKISH REPRESENTATIVE said that he did not wish the reappraisal hinted at to be regarded either as a threat or as empty words. The reasons behind the statement were that it was difficult to know what aid would be forthcoming; the reappraisal would only be put in motion if the present situation were not improved. Referring to the Chairman's last remark, he said that he would prefer the report to include a conclusion, that would be as positive as possible and that could be agreed between delegations. He would like the report clearly to show the gravity of the problem and where the difficulties lay, and to indicate the procedure to be followed in the future.

257. The CHAIRMAN recognised that it was not for the present Committee to take a decision; nonetheless, the various problems were interconnected. This morning's discussion by the DPC seemed to point to no conclusions being incorporated into the progress report, and it appeared that new directives and conclusions should be left to Ministers.

258. The COMMITTEE:

noted the above statements.

XV. EXAMINING SESSION - UNITED KINGDOM

Document: AR(64)UNITED KINGDOM-D/3

259. The UNITED KINGDOM REPRESENTATIVE, Mr. Sabatini, asked for the Committee's indulgence in view of the fact that the United Kingdom Government had changed only one month previously. He drew the attention of members to a statement contained in the Speech from the Throne at the opening session of Parliament in which the new Government of the United Kingdom pledged itself to the whole-hearted support of the Alliance and to a continuation of the previous United Kingdom commitment with regard to the defence of the Free World. He also asked members to note that the statement referred to a review of defence policy by the United Kingdom Government which was being undertaken to ensure that Her Majesty's Armed Forces were able to discharge their many tasks overseas with the greatest effectiveness and economy.

260. The CHAIRMAN said that the Committee fully appreciated the United Kingdom position and was aware of the important decisions which had been taken recently. It was recognised that at the very moment at which the Annual Review Session was being conducted, some details of the United Kingdom defence posture might be changed significantly. The Committee would be grateful if the United Kingdom could keep the International Staff informed of any developments which might be of interest to Ministers so that the document which was placed before them in December might be as accurate and up to date as possible.

261. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR appreciated the continued assignment of the V-bomber force and United Kingdom air defence forces to his command and found it satisfactory that all army units were now manned by long-service regulars. He appreciated the efforts by the United Kingdom Authorities to maintain an acceptable manning level in BAOR despite world-wide commitments.

262. He asked what plans the United Kingdom had for meeting SACEUR's requirement for two M-day mechanised divisions and one M-day armoured division and enquired whether there were any alternative proposals to meet the present shortfall.

263. The UNITED KINGDOM REPRESENTATIVE said that the intention behind the re-organization of BAOR was to produce a more effective and balanced force within the manpower ceiling of 55,000 men. The main items of the proposed re-organization were the removal from order of battle of three low strength infantry battalions and one close support artillery regiment to allow the addition of three general support artillery regiments and other supporting and administrative units such as armoured engineers and transport companies. The re-organization should also enable

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

improvements to be made to the peace establishment of units in the new order of battle. It was therefore misleading to speak only in terms of the numbers of brigade groups: the effectiveness of the force must also be taken into account.

264. The current strength of BAOR was some 51,000 men. It was intended to bring this strength up to 55,000 as soon as circumstances permitted. The worldwide commitments of the United Kingdom which, in the general interest of NATO and the West, the United Kingdom should meet, had led to withdrawals from BAOR and had delayed its build-up.

265. Conversely, the United Kingdom had no plans for increasing the strength of BAOR beyond 55,000 men nor for stationing any additional brigade groups on the Continent in peacetime.

266. A full statement was made last year on the United Kingdom plans for reinforcing BAOR in an emergency. These comprised the reinforcement of BAOR with the two brigade groups of the 3rd Division, if these were not already committed elsewhere and also the doubling of BAOR peace establishment with individuals to bring the units there up to war establishment and with over 200 additional units mainly of an administrative nature.

267. The policy of the United Kingdom was to hold 30 days war reserves of major classes of equipment calculated at United Kingdom rates. It was not possible to make a direct comparison between United Kingdom and NATO rates but in general existing stocks showed no deficiency against the comparative 30 day NATO stockpile and in many instances exceeded it.

268. The SHAPE REPRESENTATIVE asked what steps were being taken to overcome the present shortfall of anti-submarine helicopters (HPS) in the Royal Navy.

269. The UNITED KINGDOM REPRESENTATIVE said that because of the worldwide commitments of the United Kingdom, **there** were no plans at the present time for assigning HPS to SACEUR. HPS had been assigned to both SACLANT and CINCHAN.

270. The ACCHAN REPRESENTATIVE, Captain Holford, asked whether the 20 HPS assigned to CINCHAN were in Category B since as far as was known, they had no armament. The UNITED KINGDOM REPRESENTATIVE replied that existing stocks of anti-submarine weapons for use in helicopters were sufficient only for an estimated 60 days expenditure under wartime conditions, and it would take some years to build up stocks. The possibility of using depth charges was under study. The time scale of

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

conversion of helicopters to make up existing shortfalls would depend very much on the worldwide deployment of United Kingdom forces since work could only be carried out when units returned to their home port. He undertook to provide a reply in due course to the question from CINCHAN regarding the armament of 20 HPS assigned to Channel Command.

271. The ACCHAN REPRESENTATIVE said that CINCHAN was grateful for the number of escorts earmarked to his command. In the past the number of mine counter-measure forces assigned had exceeded the requirement but in 1964 this figure had fallen slightly and in 1965 would be below the requirement. It was recognised that these forces had to cover the United Kingdom home station. However CINCHAN would appreciate some indication of the United Kingdom policy with regard to mine counter-measure units and in particular would like to know how many would be assigned to his command in future.

272. The UNITED KINGDOM REPRESENTATIVE said that United Kingdom thinking on mine hunting techniques remained as stated last year - i.e. that the correct hunter/sweeper ratio was of the order of 50/50. The United Kingdom was continuing to plan on mine counter-measure groups containing four of each type of vessel. Previously stated plans for converting coastal minesweepers (MSC) had suffered slightly from ship-building delays. However, the MSC conversion had been extremely successful and it was still intended to convert 16 before the introduction of a new class of combined hunter/sweeper which it was hoped would take place towards the end of the decade. The United Kingdom would continue to assign to NATO and national command all available MSC.

273. The inshore minesweeper (MSI) conversion programme which was reported last year had started but there still remained about 40 MSI which were available and equipped today for mine-sweeping. A reduction of this figure to 21 was planned. However, the United Kingdom was re-examining the value of inshore minesweepers in the minesweeping role in the light of the current and future Soviet mine threat. In this connection, the conversion of inshore minesweepers to minehunters had not proved very successful because they were too small. The re-examination of the value of inshore minesweepers might have some influence on future United Kingdom declarations.

274. The UNITED KINGDOM REPRESENTATIVE concurred with the draft Country Chapter in principle and said that he would take up proposals for certain minor drafting modifications with the International Staff outside the meeting.

275. The CHAIRMAN said that the recent United Kingdom re-organization of its Ministry of Defence had provided a very good example to other nations and had as its laudable objectives the search for greater efficiency and greater economy. This same pre-occupation was leading the United Kingdom to take further very important decisions on defence at the present time.

276. The COMMITTEE;

- (1) noted the above statements;
- (2) noted that further information would be made available to CINCHAN regarding the 20 HPS assigned to him.

XVI. EXAMINING SESSION - UNITED STATES

Document: AR(64)UNITED STATES-D/3

277. The UNITED STATES REPRESENTATIVE, Ambassador Finletter said that the Annual Review process, as viewed by the United States, was of importance primarily as the only permanent NATO mechanism which provided both a measure of continuity in NATO military and civilian planning and a means of regularly taking stock of the Alliance's military strength. It had, moreover, served to improve mutual understanding and co-operation within NATO. The United States Government had always supported the continuation of the process and had taken issue with suggestions that, because of the NATO Force Planning Exercise, an examining session need not be held in 1964. At the same time, it recognised the validity of the argument that the Annual Review as now constituted failed to meet fully the Alliance's needs. It believed that the future of the examining process could only be determined in the light of the outcome of the NATO Force Planning Exercise. It also believed that, if military planning was to guide effectively the country force programmes, it was highly desirable that NATO agree to long-range goals during 1965, and any re-ordering of the force review process should reflect this objective.

278. For a variety of reasons, the NATO Force Planning Exercise had fallen behind schedule. His Government attached the utmost importance to this exercise; it consequently regretted the delays which had taken place and urged that further delays be as far as possible, avoided. It also noted that the DPWG was preparing an interim report for submission to the DPC and trusted that the Ministers would be able, at their regular December meeting, to consider the progress which had been made to date and, in the light of their findings, give direction for the future conduct of the exercise. It believed that the DPWG should vigorously pursue its efforts toward arriving at an early conclusion to the current phase of the Force Planning Exercise (paragraph II(4), C-M(63)74(Revised)), exploring the rationale behind the goals and offering substantive data and information to enable the Major NATO Commanders to establish their force goals and submit them to the Standing Group at an early date.

279. In this connection, the United States believed that at least some of its allies could, and should, make a greater effort to improve their forces committed to the Alliance. The effort of some failed to reflect their healthy economic position. While recognising the political problems which might affect their expenditures, his Government felt that an equitable sharing of the defence burden was one of the bases on which the Alliance must rest. If some did not do their share, others would have to bear an extra burden, which they might be ill able to support, or alternatively, gaps might develop in the NATO defence system, perhaps even at some critical point.

(B)

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

280. In its reply to the 1964 Annual Review Questionnaire, his Authorities had noted that the United States forces essentially met the requirements of the Major NATO Commanders for 1964 and 1965. The proposed commitment of those forces represented, it was believed, tangible evidence of his country's belief in the continuing need for a strong NATO military posture and of its intentions to participate fully in the establishment and maintenance of such a posture.

281. Continuing attention had been given to the need for improving and modernising United States forces and, in fact, all three services were better equipped at present than they had been at the same time last year. United States Army forces in Europe had continued to receive new equipment in all categories. Five SERGEANT battalions would be deployed to Europe by the end of 1964, replacing the CORPORAL battalions, while two PERSHING battalions had been deployed, replacing the REDSTONE battalions, and an additional one was to be deployed in 1965. Both combat and support forces of the United States Navy had benefited by the modernisation programme. For 1964, 14 nuclear powered submarines had been committed; it was planned to commit 16 in 1965 (i.e. 2 additional submarines). Furthermore, United States plans called for the continuation of the modernisation and shipbuilding programme for fiscal years 1965 and 1966; a part of that programme would produce ships and equipment earmarked for NATO. With regard to the United States Air Force, six strike squadrons assigned to NATO were at present equipped with F-105 aircraft, and by the end of 1965, that figure would be increased to eight. In addition, other obsolescent strike and reconnaissance aircraft would be replaced during 1965.

282. It should be emphasised that the United States forces in Europe were being continuously improved and modernised in order to fight more effectively at all levels of conflict. Their nuclear armament was being improved in order to maintain the credibility of the Alliance's nuclear deterrent and, at the same time, their capability to fight a nuclear war, should such a war be forced upon the Alliance. However, since nuclear war was only one of the contingencies that must be covered, the United States was also devoting increasing attention to improving the capability of its forces to deal effectively with unintentional conflict or limited Soviet conventional attack anywhere in the NATO area and to do so without unnecessary resort to nuclear weapons. In other words, his Government sought to improve the capability to deter and, if necessary, meet successfully all levels of possible aggression.

283. The capabilities of the United States forces clearly supported that concept of deterring aggression and, if necessary, waging hostilities at whatever scale was appropriate. The proposed commitment of United States forces, which generally met the stated requirements of the Major NATO Commanders, gave continuing tangible evidence of United States participation in the defence of NATO.

284. He would now refer briefly to the Multilateral Force. The United States was convinced that the force was one which had significant military value and great political potential. The United States had consequently taken an active rôle in the working group concerned with elaborating details of the proposed force and had provided the USS RICKETTS, formerly the BIDDLE, a guided missile destroyer, for the conduct of an experimental mixed-manning demonstration. Preliminary reports of the demonstration suggested that it would prove to be highly successful. His Government was encouraged by the interest shown in the development of the MLF by other members of the Alliance and looked forward to the early realisation of the concept. It was expected that a full report would shortly be submitted by the Working Group to the NATO Council in Permanent Session.

285. In conclusion, he would like to reiterate that support for NATO and the Atlantic Partnership was a basic tenet of United States foreign policy. While his Government was willing to concede that the Alliance could be improved, it was not willing to see it changed in any way that would diminish its military effectiveness. It was not believed that, because the Communist Bloc has its own troubles and East-West tensions had relaxed somewhat, the Alliance could allow its power to dwindle. His Government was not impressed with Soviet arguments regarding United States armaments. The United States did not believe that unilateral disarmament could lead to lessening of tensions. While it might be argued that the prospect of overt Soviet aggression against Western Europe had receded, the massive Soviet threat to NATO territory still existed. Of course, there were other threats which might develop with the passage of time. If the Alliance let down its guard, Europe would once again become the tempting target for Soviet expansionist efforts that it had been before the establishment of NATO.

286. The draft Chapter on the United States had been reviewed and found to be acceptable except for several minor technical changes for accuracy, which would be given to the International Staff, immediately following the meeting or at their convenience.

287. The SHAPE REPRESENTATIVE, General Honeycutt, said that SACEUR welcomed the continuing contribution of the United States and the quality of the forces provided. Exercise "BIG LIFT" had fully demonstrated the way in which the United States could respond to an emergency. With regard to the supply of forces in an emergency, he asked what plans existed for the re-constitution of Lines of Communication in France in such an emergency, with particular reference to personnel.

288. General FOLDA said that, as the result of the re-organization of the Lines of Communication in France, military personnel were returned to the United States, as individuals and in units. These units, together with others that had been activated, were being maintained in a high state of readiness and had the primary mission of being prepared for deployment to Europe for reconstitution of the Lines of Communication in an emergency. Necessary equipment would be pre-stocked in Europe so that the units could be airlifted and become operational in the minimum amount of time. These units had been assigned a high priority

for early return to France, if required. To replace skills lost by the release of foreign nationals as a result of the re-organization of the Lines of Communication, CINCUSAREUR had stated a requirement for deployment to Europe of additional units in the event foreign nationals were unavailable. Units in the Continental United States had been designated to fulfil this requirement to the maximum extent possible.

289. The CHAIRMAN welcomed the forceful statement made by the United States Ambassador emphasising the need for the Annual Review as a means of regularly taking stock of the Alliance's military strength and providing the basis for further planning. Regret had been expressed at the NATO Defence Planning Exercise being behind schedule, together with the hope that the work of the DPC and DPWG would not lose impetus, but, on the contrary, be vigorously pursued after the Ministerial Meeting, with the aim of reaching final agreement on force goals for 1970. All would agree to these views, but it should be pointed out that much work remained to be done in finding balanced force goals to fulfil NATO strategy.

290. The equitable sharing of the defence burden within the Alliance had been mentioned. While equality was the guiding rule in NATO, it was true to say that some were more equal than others; this applied also to cost-sharing. It was to be hoped that the financial burden of meeting the new force goals to be proposed would be allotted to countries in relation to their capabilities.

291. The statement that the eight-country Working Group on the Multilateral Force would present a report shortly to the NATO Council had been noted with great interest. He was convinced that the same interest would certainly be shown in the Council.

292. The draft Country Chapter on the United States showed convincingly the tremendous importance of that country's contribution to the Alliance. It continued to be supported by an extremely prosperous economy during the period of expansion which had followed the earlier recession. It was noted that the balance of payment problem continued to be a source of concern. However, as had been written in the draft Chapter, the United States was capable of sustaining a tremendous financial effort without undue difficulty.

293. The UNITED STATES REPRESENTATIVE, referring to the Working Group on the Multilateral Force, said that it had already presented two reports to the NATO Council in Permanent Session. The Working Group had held its first meeting on 10th October, 1963; the Chairmanship rotated weekly amongst the eight nations represented. It was hoped that its third report would be presented to the Council before 15th December, 1964 by the Chairman of the Working Group.

294. The COMMITTEE:

noted the above statements.

XVII. CLOSING REMARKS

295. The STANDING GROUP REPRESENTATIVE, General Stromberg, said that, on the completion of the present year's Annual Review Examination Sessions of the various draft Country Chapters, he wished to express the appreciation of the NATO Military Authorities for the manner in which the Committee's esteemed Chairman, Mr. Gregh, had conducted the sessions. His outstanding talents had been of great assistance to all present. He also wished to thank delegations for their co-operation in answering the questions put to them by the NATO Military Authorities. Those answers had assisted in obtaining a deeper understanding of national efforts, on which the NATO Military Authorities could further build constructive recommendations for the defence of the Alliance as a whole.

296. Although a simplified procedure for the Annual Review had had to be used for 1964, it was most gratifying to hear the various delegations say that they considered the Annual Review to be a worthwhile, indeed essential, process. The NATO Military Authorities entirely shared that view and attached the greatest importance to the annual evaluation in NATO defence planning.

297. In the few remarks that he had made at the beginning of the multilateral examination, he had mentioned that MC 39/16, the analysis of the military implications of the 1964 Annual Review, was not quite ready. In fact, he had received draft copies by hand from Washington on the present day and had passed them to the Chairman's office. The report had been sent by message to countries' Defence Ministries with the request that they forward their approval or comments to the Standing Group by 27th November, 1964 so that the document could be finally approved and forwarded to the Secretary General on 2nd December, 1964.

298. In closing, he wished once again to express the NATO Military Authorities' appreciation to the Chairman, the Delegations and all the staffs who had worked so diligently, efficiently and speedily to enable the examination session to be brought to a most successful conclusion.

299. The CHAIRMAN said that all delegations had indicated that, in spite of the streamlined documentation and sessions, they attached the greatest importance to holding a yearly review. Much regret had been expressed that the Alliance was going through a period of transition; this would be remedied when the work of the Defence Planning Committee and the Defence Planning Working Group had been completed, which, it was hoped, would be in the near future so that the 1965 examining sessions could regain their normal procedures.

NATO RESTRICTED

-66-

NATO SECRET
AC/19-R/342

300. He wished to thank delegations for their patience, both before and during the sessions, and expressed his appreciation that they had been attended by most of the Permanent Representatives. He also wished to thank the Military Authorities whose contribution had been of great value.

301. The next meeting of the Committee would be called either on 30th November, or 1st December, 1964 so that final approval could be given to the draft Chapters, the draft Resolution and the Secretary General's Summary Appraisal.

OTAN/NATO,
Paris, XVIe.

NATO SECRET

NATO RESTRICTED

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE