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AD HOC GROUP ON MILITARY ASSISTANCE
TO PORTUGAL AND TURKEY

Draft Report to Defence Ministers

I. INTRODUCTION

The Ministerial Guidance 1979(1) and the Spring 1979 Report on the LTDP(2) highlighted once more the unusually grave economic difficulties affecting Portugal and Turkey which prevent them from allocating to defence the resources necessary to modernize their armed forces and enable these to fulfil their assigned roles in the collective defence of NATO. In response to these reports, Defence Ministers agreed at their meeting in Spring 1979(3) to give special consideration to making available the necessary resources to enable these two countries to meet NATO defence goals, and called for a report for their December meeting on progress in the provision of military assistance by member countries to Portugal and Turkey.

2. Notwithstanding the national measures taken by the two countries and the economic aid programmes initiated by members of the Alliance and other international organisations, the need for external military aid remains acute. Both countries are suffering from high rates of inflation, high levels of unemployment, large deficits in public spending and serious balance of payments problems. Their Gross Domestic Product (GDP) per capita is only in the region of US \$1700 for Portugal and US \$1000 for Turkey, as compared with a NATO average of more than US \$7000(4). Significant improvements in their economic circumstances can only be hoped for in the mid term and depend on massive external assistance. In spite of these difficulties both countries' defence expenditure expressed as percentage of GDP (3.8% for Portugal, 4.3% for

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- (1) DPC/D(79)5(Final)
 - (2) DPC/D(79)6
 - (3) DPC/D(79)11
 - (4) 1977 prices and exchange rates.

N A T O C O N F I D E N T I A L

AC/299-WP(79)1

-2-

Turkey) shows that they carry a relatively heavier defence burden than most of the more highly industrialised nations in the Alliance.

II. THE STRATEGIC IMPORTANCE

3. The strategic importance of Portugal and Turkey underlines the need for external aid to these two countries. The strategic factors, which are also reflected in the NATO Force Goals addressed to them, determine the roles which Portugal and Turkey have to play within the Alliance.

Portugal

4. Air and naval bases on the mainland of Portugal and on the islands of the Azores and Madeira are of vital importance for NATO's lines of communication between North America and Europe - especially with regard to the Rapid Reinforcement Plan - and for control of the Mediterranean approaches. They also hold commanding positions with regard to the South-North sea routes through which many important raw materials, particularly the Middle East and Nigerian oil, are shipped to Europe. In peacetime they provide excellent support bases for the monitoring of Soviet surface and sub-surface forces, and in wartime they would be essential for staging reinforcements in transit to Europe and for mounting combat operations, particularly anti-submarine warfare. In view of its relatively protected location, Portugal could also serve as a valuable support area for Allied Command Europe. In addition to these geographic factors, the Portuguese armed forces themselves could fulfil important missions both for SACLANT and SACEUR. The establishment of an Army brigade for the reinforcement of NATO's southern flank is a first encouraging step in this direction, as will be the equipment of the Air Force with modern aircraft. The strengthening of the Portuguese Navy by acquisition of modern ASW-capable frigates is essential for the defence of the IBERLANT area in the face of the growing submarine threat and to enable Portugal to make an effective contribution to SACLANT's capabilities in the area.

Turkey

5. Turkey separates the Soviet Union from the Mediterranean Sea and critical areas of the Middle East. She provides the majority of land forces on NATO's southern flank and has to defend the Turkish straits and a common border of nearly 1000 km. with the Soviet Union and Bulgaria as well as over 1000 km. coastline on the Soviet-dominated Black Sea. The operating radius of bases on Turkish soil covers critical land and sea areas in the region, thereby contributing to the deterrence and defence capability of the Alliance. The strength of the Warsaw Pact forces on the other side of the borders is a clear indication that the potential

enemy is fully aware of Turkey's strategic importance and has set his plans and objectives accordingly. Control over the Turkish straits, unimpaired access to the Middle East oil sources and a greatly improved basis for further operations in the Mediterranean are aims which would warrant vigorous efforts by a potential aggressor. To prevent him from achieving these aims should be worth correspondingly formidable defence efforts; and defence, in this context, is not just the defence of Turkey, but the defence of the Alliance as a whole which would be in serious danger if its southern flank could not withstand the enemy attack. Recent events in Iran and their generally destabilizing effects on the Middle East region have enhanced the strategic importance of Turkey.

III. THE PRESENT SITUATION

Military Assistance

6. Military assistance to Portugal and Turkey has so far been provided on a bilateral basis between receiving and assisting nation, and the Ad Hoc Group, in accordance with its terms of reference, has sought to promote and co-ordinate these activities. It has served as a forum for an exchange of information, where Portugal and Turkey have presented their requirements and other nations have reported the measures which they have taken or are considering, and it has continuously focussed attention on the assistance problem. In addition, major efforts have been made to further the cause of external assistance to Portugal and Turkey in other fora and in the context of other activities. The Secretary General and the Chairman of the Military Committee have taken every opportunity to draw the attention of the highest political and military authorities of the Alliance to the urgent need. The Long Term Defence Programme has also drawn attention to this problem at the highest political level of the Alliance. In recent years, the NATO Annual Defence Planning Review provided an opportunity, which was fully exploited, for reviewing in detail the requirements and the possibilities of meeting them. The results of all these efforts have been encouraging, but much remains to be done. A list of the assistance given so far, and a comparison with the stated requirements is provided at Annex A to this report(1). A summary is given below.

7. Portugal

Three main areas for external military assistance have been identified: equipment for the NATO brigade, modern fighter airplanes and transport aircraft for the Air Force and the provision of three frigates for the Navy. On the whole, progress with regard to the brigade has been

(1) To be circulated.

AC/299-WP(79)1

-4-

satisfactory, although much remains to be done. Most of the heavy equipment, like tanks, armoured personnel carriers, artillery, trucks and the air transport capacity, has been provided. The bulk of the aid has come from the United States and Germany, but almost all other nations have also made contributions. In the other two areas there is less reason for satisfaction. Nevertheless, the ongoing negotiations have taken an encouraging trend. Bilateral negotiations between Portugal and the United States to assist the Portuguese Air Force in obtaining F 5E fighter type aircraft have made good progress and a positive outcome is expected. For the frigates, the originally envisaged solution of common funding turned out to be not feasible. At present, therefore, a special construction programme is under consideration which would give nations an opportunity of making contributions mainly in kind, rather than in money. A multinational study group has identified three suitable frigate designs and reported its findings to the Ad Hoc Group which is in the process of selecting the most advantageous solution with regard to funding and equipment contributions. Because of its complexity and special character, this programme is the subject of a separate Annex B to this report(1).

8. Turkey

The most important recent development was the lifting of the embargo on the U.S. military assistance to Turkey in September 1978 and the resumption of U.S. equipment deliveries. For many years, Germany has maintained a substantial aid programme and is planning to increase it in the future. For other countries the process of reviewing national inventories in order to find suitable equipment which could be provided to Turkey, has still to be completed and, although some ongoing negotiations appear to be quite promising, in most cases these have yet to bear fruit in the form of concrete offers. A particularly significant subject of ongoing negotiations between Turkey and certain allies is the possibility of providing Turkey with modern fighter aircraft like F-104 or F-5, once these become available as a consequence of the acquisition of F-16 or Tornado by these allies. On the whole, however, progress under the aegis of the Ad Hoc Group with regard to Turkey has been limited and the challenge remains largely to be met, and with an increased urgency.

IV. THE WAY AHEAD

9. In view of the strategic importance of Portugal and Turkey, and their present inability to allocate sufficient resources to their defence effort, the need for external military assistance will remain. The various means of providing this assistance which are at the disposal of the members of the Alliance are reviewed below.

(1) To be circulated.

Bilateral Aid

10. As in the past, bilateral aid agreements will remain the main source of external military assistance to Portugal and Turkey. Basically, there are two methods of granting this aid. The first one is the transfer of serviceable equipment which is already held in a national inventory and becomes available as a result of the introduction of other equipment or of changes in the force structure of this nation. Particular attention should also be paid to the corresponding logistics support packages. This should be continued and, to the extent possible, intensified in the future. To this end nations should continue to be provided with, and study, constantly updated lists of Portuguese and Turkish requirements, and should inform Portugal and Turkey, as well as the Ad Hoc Group, about all developments which could lead to an opportunity for this kind of assistance. The earlier Portugal and Turkey are made aware of the assistance which they can expect from other nations, the better they can make plans for the most cost-effective use of their own limited resources in those areas which are not covered by aid arrangements. Nations need not limit themselves to the possibilities of meeting requirements which have already been stated by Portugal and Turkey. If, in setting up and reviewing their replacement schedules, they foresee the availability of equipment which might be of value, even if not yet on a list of established requirements, they should consult Portugal and Turkey in order to find out whether such equipment could be used for external military assistance purposes. It would be an important encouragement for all those who are dealing with this task if Defence Ministers, within their national organisations, could give their personal attention to the full exploitation of the possibilities in this direction.

11. The second method of bilateral aid permits the procurement of new equipment and weapons and associated logistics support packages specifically for the Portuguese and Turkish forces in order to enable them to perform their tasks. So far, only the system of external military assistance established by Germany and the United States allows for the provision of funds for such procurements. As an example of the order of magnitude, the United States is providing, for fiscal year 1980, loans and grants of \$82M for Portugal and \$350M for Turkey. The latest slices of the German aid programme, covering a period of about 18 months, provide grants of DM45M for Portugal and DM130M for Turkey. It would be desirable if more nations could establish similar procedures at levels commensurate with their means. This would be a major step forward in the Alliance's military aid programme which would allow Portugal and Turkey to make longer-term and balanced plans for the improvement of their forces' capabilities.

AC/299-WP(79)1

-6-

Multilateral Projects

12. While it is expected that the bilateral arrangements will continue to provide the main vehicle for external assistance, some requirements may call for a multilateral, collective approach. Currently the Portuguese frigate programme is being studied in this way, and other projects may arise which, because of their nature or magnitude, cannot be dealt with on a bilateral basis.

13. Improved co-operation in the fields of training and logistics could be another means of helping Portugal and Turkey on a multilateral scale. Both countries could, for example, provide the space for training facilities for multinational use, especially for those countries who have space problems on their own territories. Multinational funding of the necessary installations and operating costs could be cost-effective for all concerned and, in addition, have a beneficial effect on the economies of the host countries. Another example worth considering might be the joint procurement by nations deploying forces in the Southern Region (including external reinforcements) of critical items and munitions to be stored centrally as suggested in the Conference of Senior NATO Logisticians(1). The NATO Infrastructure programme also provides opportunities for consideration of the needs of Portugal and Turkey.

The Role of the Ad Hoc Group

14. The Ad Hoc Group, with the assistance of the NATO Military Authorities and the International Staff, should continue - and to the extent possible, intensify - their efforts to promote and co-ordinate external military assistance. It should serve as a central information exchange, where Portugal and Turkey state their requirements, other nations announce their intentions and possibilities of providing aid, and the results of bilateral negotiations are made known, so that all nations can constantly be kept aware of the latest developments and know which requirements have been met and which are still outstanding. The NATO Military Authorities should confirm in this forum the validity and urgency of those requirements to which they attach highest priority, and the International Staff should be invited to provide information or make suggestions which could facilitate the identification of means of meeting the requirements. The International Staff should also assist the Ad Hoc Group in securing the participation of other NATO bodies whose knowledge or co-operation could further the cause of military aid. The provision of assistance should in principle remain the subject of bilateral negotiations between Turkey or Portugal on the one side and the nation which grants the assistance on the other. However, whenever bilateral negotiations do not promise to lead to results, other possibilities as envisaged in paragraphs 12 and 13 should be considered.

(1) Addendum to AC/305-DS/3, Annex III

Defence-related Economic Assistance

15. An important means of helping Portugal and Turkey might also be defence related economic assistance such as the procurement of military equipment and stores produced in these two countries. [An indication of the production potential of Turkey for this kind of equipment has been circulated as enclosure to P0/79/ 7]. The transfer of technology in order to improve the defence industry of the two nations, and co-operative armaments projects under the aegis of the Conference of National Armaments Directors could broaden the basis for such initiatives. This would serve the double purpose of contributing to the strengthening of the economy of these nations and, at the same time, enable them to maintain the supply of their own forces with these goods on the basis of a flourishing defence related industry, which would increase their ability to sustain a longer conflict. Although this subject is primarily being dealt with under the aegis of the Council, in the context of economic aid in general, it is called to the personal attention of Defence Ministers since the orders for such procurements would in most cases have to come from supply agencies under their direction. An undertaking to explore further the possibilities of providing this kind of help, and of supporting it where feasible, would be a promising first step in this direction.

Legal Problems

16. External military assistance programmes, especially if they involved the allocation of funds, have raised legal or even constitutional problems for some nations. Considerable progress has been made in overcoming these problems, but more may be needed, particularly in order to obtain the flexibility necessary for full exploitation of the various methods of granting aid discussed above. Defence Ministers should therefore consider the need for taking the necessary legal steps in order to overcome any problems of this kind.

Monitoring by Defence Ministers

17. In order to continue to benefit from the impetus which is created by direct involvement of Defence Ministers, and as an indication of the importance of external military assistance programmes, a Ministerial call for a further progress report at the end of next year would be helpful. This would give Defence Ministers an opportunity to review progress and consider whether changes in the policy and new instructions for the Ad Hoc Group were necessary. By ensuring that the contributions made in this field of the common defence effort are duly noted and appreciated, it could encourage all nations to see to it that their own contribution is a clear indication of the importance which they attach to this matter.

AC/299-WP(79)1

-8-

Recommendations

18. Ministers are invited
- (a) to endorse the urgent need for an intensification of effort by the Alliance to render military assistance to Portugal and Turkey in meeting the NATO defence objectives assigned to them,
 - (b) to undertake to give their personal attention to the exploitation of all the possibilities of bilateral assistance as proposed in paragraph 10;
 - (c) to consider the possibility of broadening the basis for provision of military assistance along the lines indicated in paragraph 11;
 - (d) to note the position reached in examining means of meeting Portugal's requirement for modern frigates and direct that every effort should be made to bring these negotiations to an early, successful conclusion (paragraphs 7, 12 and Annex B);
 - (e) to agree that the suggestions in paragraph 13 with regard to the possibility of collective aid measures should be examined;
 - (f) to instruct the Ad Hoc Group to continue its work on the lines proposed in paragraph 14;
 - (g) to declare their willingness to explore opportunities for defence related economic aid to Portugal and Turkey as described in paragraph 15;
 - (h) to consider the need for legal steps discussed in paragraph 16;
 - (i) to call for another progress report to be submitted to them at their meeting in December 1980.

(Signed) W.F. MUMFORD

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