

TRANSCRIPT

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Q: You've made some comments recently about the allies and their defense spending. How 19 of them -- how many of them are there now, 26?

A: Twenty-six.

Q: Nineteen of them aren't even meeting the two percent threshold, two percent of GDP. That's not particularly new, but what is sort of new is NATO's pretty ambitious agenda for peacekeeping and training and that sort of thing.

So take a few minutes here and tell us how you think those two facts can be squared. NATO's evident unwillingness to spend very much on defense, but apparently wanting to have a bigger part on the world stage.

A: It's something that we're grappling with out at NATO. It is true that NATO has a sort of unofficial floor target, two percent GDP spent on defense and only seven allies are meeting that target now; and our level of ambition is growing. First of all the Afghanistan mission, as you know. We're going to go from managing security with the Afghans in half the country to managing security in three-quarters of the country this spring with aspirations to go further if the mission goes well.

We are expanding our training responsibilities in Iraq, in Darfur. We are still maintaining our commitments in the Balkans and we have Operation Active Endeavor in the Med. So we are now a truly global organization and at great strategic distance, so the whole question of out of area or out of business, we're clearly out of area, but now we've got to ensure we can fund it.

As you all know, the founding principle of the Alliance in terms of deployment was that

costs lie where they fall, so if you choose to deploy in a NATO operation you pay 100 percent or most, the greater share of the cost of deploying your own forces. That was the way it always was. In the Cold War it made a lot of sense because what you were primarily speaking about were nations holding their national territory, managing their national territory in a battle space against the Soviet Union.

In a situation where we are deploying collectively at strategic distance, all of us far from our homelands, it's time to rethink some of that. I think a lot of you know, and those of you who visited us recently know there is a huge conversation going on at NATO now about increased common funding and increased common assets. We have some successful common assets, the NATO AWACS planes owned by 23 nations. We have recently in the last year, year and a half, begun to increase our holdings of common funded assets. We've recently agreed on a deployable communications package which will be available for the NRF, the NATO Response Force. We're looking at more such things. Whether we fund these assets at 26, all nations contributing according to the cost share we've agreed on available to all nations, or whether we do more of them in smaller subsets. AWACS doesn't include everybody.

Even if, for example, we have -- I can't remember how many, you all, probably aviation folks know we have some ten allies who are F-16 countries and it is not within a NATO context but as nations many of them cooperate together in running their F-16 fleets. So to take that kind of model and do more of that at NATO. Common fund more of the deployment of Afghanistan; common fund more of the deployment of the NATO Response Force; common fund more of the assets that it takes to go a strategic distance.

So we're talking about that. We've had a lot of success so far in increasing budgets against that target. I think some of the things that we've done in the last six months have really increased the sense of urgency at NATO to do this. For example, the mission to Pakistan where I don't know how many of you noticed but NATO played a huge role first in the air bridge and then in deploying aspects of NATO Response Force 5, the engineering battalions, primarily Spain and Poland, to Pakistan which was very difficult. But when you do that on a costs lie where they fall basis, those nations bore a huge burden. So the question is should more of those kinds of NRF things be done collectively, and if so should it be a 26 or in a smaller subset of those nations who want to do it that way.

Q: Who are the seven who are meeting the two percent besides the United States?

A: I knew you were going to ask me that and I should not show up here without having it on the tip of my tongue. We'll get it to you. But it's Greece, Turkey, Bulgaria, UK, US. There are always a few I miss when I do this. We will get it back to you. It's some of the ones that you'd expect.

Q: David, you wanted to ask about AGS?

Q: Yeah, AGS. We at one point were talking about [fencing] money. Britain, which went on

their own, is already going to field two Asters this year, or at least get them in the hands of the troops.

So what kind of enthusiasm do they tend to have for AGS, and how do you see the program developing? Do you see any hope for that making any rapid progress, or do you despair that it will go anywhere at any speed?

A: NATO needs AGS and the US needs NATO allies to have that capability. So I think that's a given. That has not changed.

I think the question is how do we ensure that it is the most modern and efficient and effective AGS for as many nations as want to participate?

So we're looking at that internally, we're looking at that as allies. But there is no question that the Alliance needs it, it's just a question of ensuring that when the system comes on line it's the best possible system.

Q: Is the problem finding the money? Is the problem agreeing on what it is that they want? Where do the sticking points lie from your perspective?

A: We're on track with figuring out what the Alliance wants. As you know, there are these various studies going on. I think as with any of these long term development projects, we have it in the US as well, you set a requirement on date X. It's going to deliver on date X+10 or X+20, and technology moves forward and warfare moves forward, and you've got to ensure that the system that you buy meets the requirement when it delivers. That's hard enough when you're doing it as a single nation acquisition, but when you're doing it as a 26 nation acquisition or a subset of that it's even more complicated.

So I think we are trying to ensure, and my colleague Marshall Billingsley who is the Assistant Secretary General of NATO for Defense Investment, you know him well, is trying to ensure that when AGS delivers to NATO it is not yesterday's AGS, it is tomorrow's AGS, and I think that's very important.

Q: Can you give us any sort of rough timeline that you think --

A: Do you think that would be smart if you were me? [Laughter].

Q: Even notionally. Are your hopes that it will be on the ramp within a decade, within five years?

A: I've got to tell you, I cannot recall the precise NATO delivery date that we hold to, but we are generally on track. We're certainly on track with studies and I think the goal was by the end of this year to have strong consensus exactly where we need to be in the acquisition, and then there's going to be a question of how long it takes to acquire it.

As you know, that goes as much to contractors and to system development as anything else, as we've seen in the [Act] system and other things.

Q: [inaudible] General Klaus Nauman came before this group several times. The [inaudible] message that he always left here was that there was a gap between the Europeans and the Americans in technology [inaudible] about it. Is this AGS part of NATO's solution to this gap problem? In other words, [inaudible] importance it might have had?

A: [inaudible] so thank ... [inaudible] The idea is yes, that we will have an AGS that truly represents cutting edge technology and will not deliver ten years past its prime, so that's the goal and the US wants to insist on that, does not want to help our allies buy yesterday's stuff. That's not what we need.

Q: Eric, then Gordon.

Q: NATO recently issued a report in which the Alliance talked about serious concerns with Russia over the security of its pile of nuclear weapons. Specifically the report, I think his name was Mike General, appeared [inaudible], said that Russia has still yet to allow the Alliance in to Russia to assess the security at the facility. Also the report goes on to say that the Alliance is concerned that Russia has yet to provide an inventory of its tactical nuclear weapons to help ensure against that. These are age-old questions.

I want to know if you've seen that report. And separately, what is your view about the trend lines on those security issues?

A: I have not seen that report, and frankly I don't even recognize the name. Is he a NATO official or a NATO nation official?

Q: He's a NATO official. I don't know his title.

A: That's interesting. I will look for it.

Q: I can get that for you.

A: Would you? That would be great.

Certainly on the tac nuke question, I think all of you know for several decades now NATO has been asking Russia for an accounting of its tactical holdings; the US has been asking Russia for an accounting of its tactical holdings. For its own reasons it's chosen not to do that as completely as it could.

On the whole issue of CBRN holdings, the US works very intensively with Russia on these things. NATO is now working very intensively with Russia in the NATO/Russia Council, our Act 27 format that we have with Russia. We've done a number of chem/bio response exercises including a couple in Russia, to ensure that we could work together if we ever

needed to, whether on their territory or on allied territory. We are also working on other kinds of transparency measures. So I think that's a direction we need to keep going in.

I think all of us have a responsibility on that 27 Council to ensure that we could manage an accident, a terrorist incident, et cetera. It's a very good use of the NATO/Russian Council to work on those kinds of things and the Russians have been very interested in doing it.

I think in terms of the general health and welfare of Russian stockpiles this is an issue that the US works with Russia on very intensively and that the Alliance is obviously interested in. But NATO itself does not have a Nunn/Lugar style program with Russia where we're working with them on safety, security of their own domestic holdings. They consider that a national issue the way the US does.

Q: What's your view of the security of the weapons post-9/11? Has it improved generally? And how would you even know that if you don't have an inventory?

A: I'm going to punt that to experts here in the Defense Department who work with Russia on those holdings. I do not work with Russia on a day-to-day basis any more on its nuclear holdings.

Q: So you wouldn't even know whether a tactical weapon was missing?

A: Would I, the US, or would NATO --

Q: NATO is the mechanism by which there's been a lot of activity in terms of security over nuclear weapons with Russia. Security over nuclear materials from Russia as well in the past decade, I guess. I guess my question is, if a weapon were missing would the Alliance even know it?

A: First of all I think it's not correct to say that NATO itself has a program to help Russia secure its nuclear weapons. We do not. The US does in our Nunn/Lugar initiatives and we work with Russia very intensively on those things.

NATO as a whole does not get into accounting for Russia's nuclear stockpiles. That is Russia's business as far as the Alliance is concerned. If there were concerns by any Alliance country or by the Alliance as a whole based on our own national technical means and our own intelligence about the safety or security of Russia's weapons, we could use the NATO/Russia Council, we could use NATO/Russia bilateral channels to talk about it. But --

Q: Do you feel, post-9/11, now, do you feel safer, let's put it that way? Are Russian weapons in more secure hands? Should the Americans feel safer about the positive control of Russian tactical weapons and nuclear material?

A: I think we are continuing to work with them on it. I think it's something we do need to continue to work with them on. We're doing it bilaterally, US and Russia, and I think that is

the appropriate place to continue that work.

Q: Gordon and then Julian Barnes.

Q: Generally going into Afghanistan and [inaudible]. Kind of what you said about funding, how does that affect what you'll be able to do, what NATO will be able to do starting whenever, in Afghanistan and now -- What will that force kind of look like and what will be the focus? Drug trade, what are you equipped for?

A: Essentially what's happening is, we're currently in Kabul, we're in the north, we're in the west, we will now move into the south. So in the south, there will be three basic sectors. The lead nations are the UK, Canada, and we hope the Netherlands. They have government approval but they still need parliamentary approval. Then there are a huge number of supporting nations.

Australia is coming into a NATO operation for the first time. They will be in the south, which is a big development for us and part of our effort to take our partnership global. We'll have Rumanians there. There will be US forces in the south. So the US contribution to NATO ISAF will grow as we do this, and over time we'll have Norwegians and Danes and others.

The mission, because of the intensity of the situation in the south, you all have seen reports about Kandahar and other places, this will be, will need to be the toughest fighting force that NATO has ever fielded. It falls primarily to the contributing nations to be ready for that mission. We have just cleared an operational plan and we're working now on rules of engagement that will give commanders the tools that they need to ensure that they can take tough counterinsurgency measures if they need to.

We also have an expanded operational plan to include the ability to do more in the training of the Afghan National Army. NATO has not until now taken a role in that.

As you probably know, a lot of the field training for the ANA that we do is happening in the south, so some allies will take over some of that training in this next phase.

Also to support the Afghan National Police, whether it is in ensuring that Afghan National Army units and Afghan National Police can work together or whether it's responding to direct requests. We also for the first time will have a stronger capability to support the Afghan authorities in their own counter-drug efforts. So counternarcotics becomes a new focus particularly because we're moving into Helmund in the south which is one of the biggest drug-producing parts of the country.

So it is a big challenge for NATO. I think we're ready for it. The countries that we have in the lead are very strong, and that's important, but it's also a very diverse contributing force which is also good.

Q: I was going to say, sometimes the US has trouble working jointly. Obviously this isn't the first time NATO's brought a bunch of countries together to do something, but does it concern you at all the number of different countries and training abilities and different levels to work together and be an effective force there?

A: Particularly if you look at the countries that are going in in this first round, they're all extremely experienced. They're all extremely experienced with us. They've all done Kosovo, they've all done other parts of Afghanistan. Two out of the three have done Iraq with us. So we're working very intensively with them. CENTCOM and EUCOM have been working with them as we get ready for this. So I think it's going to be a good next step for the Alliance.

In terms of the common funding question, there are new opportunities as we move to the south and we'll see what the Alliance as a whole wants to do, how much people are willing to grasp. But for example, Kandahar Airport gets declared an APOD in this mission, so that base or parts of it should be commonly funded. The Alliance has not yet taken a decision on that but we will look at common funding many of the aspects of that base.

So these are the kinds of things that this mission will bring in terms of new synergies and new collective action in the Alliance.

Q: Julian Barnes and Rati Bishnoy.

Q: In Iraq it strikes me a lot of the real training of the Iraqi Security Force, the army and police, goes on in the field, on the ground, in the cities, not at the training centers. Is there any possibility of getting the NATO countries involved in that training effort? Into the field, into the individual Iraqi units?

A: I would not underestimate or dismiss what NATO is doing. NATO is doing the long-term classroom training of mid-level officers. One of the number one things that our commanders have spoken about in terms of the future ability of the Iraqis to manage security on their own is leadership. That they need strong leaders. So NATO is doing the classroom training for the next generation of Iraqi military leaders. It's something that as an Alliance we have been good at in the past. We have very strong schools of our own.

There are allies deployed in Iraq in the Coalition who are engaged in field training of Iraqis, but because what you're talking about is embedding in Iraqi military units you have to be a deployed country within the Coalition in order to do that. So given that the Alliance as a whole is not a deployed force in Iraq, it's not clear to me how we would do that.

But I think the classroom training piece is an important one, and what will be increasingly important is to ensure that that classroom training is applicable to the situation in the field and ensure that we've got a good feedback loop in terms of what commanders and Iraqis need, and to ensure that that school over time increasingly meets the needs of Iraqi leaders.

Q: The training mission is only for army officers, right? NATO is not involved in the police

training, is that correct?

A: That's right. The police training is done, the EU has a role in police training and then the US obviously has its police training center in Jordan.

Q: Rati, then Tom Bowman.

Q: To come to the point [inaudible] where things kind of stand in terms of [inaudible] in further talks at this point in time. [Inaudible] in terms of [inaudible]?

A: The Dutch Cabinet met just before Christmas and recommended to the Parliament that it approve the mission which was a very important step. It was the result of months and months of intensive work with the Dutch military, Dutch political leaders, to ensure that they were comfortable with this deployment.

It is a parliamentary democracy and they have a constitutional requirement that the Parliament has to approve any major new deployments so it now has to go to the Parliament and they will look at it my understanding is at the end of January.

But planning for the mission is on track and the Dutch military is doing what it would be doing at this stage. Assuming things go well and if the Dutch Parliament doesn't approve the mission then we'll make other plans.

Q: [Inaudible]?

A: Militaries always make contingency plans. Political leaders always make contingency plans. But at the moment we're very gratified by the Dutch government's decision and the Dutch government obviously has a leadership role to play with the Parliament.

Q: Tom Bowman, then Tom Shanker.

Q: I wonder if you can talk a little bit more about Afghanistan and the narcotics issue. You mentioned how NATO would be working with the Afghan militias and security forces and counternarcotics. If you could talk in a more holistic way, if it's 60 percent of the economy is narcotics, how does the West deal with that as far as replacement crops? Clearly it would be very disruptive to deal with that in a serious way. Is there a plan or is this an issue that the West is kicking down the road until the country is really up on its feet again?

A: It's slightly out of my lane but given that we're on the record here I don't want to go too deep into things that aren't in my lane, but in general I think you know the way we're structured currently in Afghanistan is that the G8 nations have the lead in different sectors in support the Afghans. The Brits have the lead in counternarcotics. We have worked intensively with them and with the Afghans on a five pillar plan to address this issue, everything from alternative livelihood, crop substitution which was quite successful last year, and the numbers are actually down. I think you've probably seen our reports and the

UN's reports where we have been aggressive there.

Strengthening the criminal justice system, strengthening the ability to interdict, ability to eradicate as necessary. I'm missing one. Anyway, there is a holistic plan. Kharzai last year starting I think it was in the fall, came out very strongly in a series of national speeches, making clear he would hold Governors to account for this kind of thing, that he was very serious.

The role that NATO can play is ensuring a safe and secure environment when alternative livelihood programs are being attempted, when the Afghans feel the need to take law enforcement measures, those kinds of things. So we now have the ability within our operational plan to be supportive of that because it is a major challenge for Afghanistan and drugs are a country killer, as you know.

Q: What's the cost of all this? Who pays?

A: As I say, I don't work the drug issue on a daily basis so I don't have the number in my head, but the US has put a huge amount in bilaterally. The Brits have put a huge amount in bilaterally. There are international donations against the counternarcotics effort whether it's for alternative livelihood, whether it's for strengthening the justice system, whether it's for training judges, prisons, this kind of thing. I don't have the numbers now, I'm sorry, but State can get it for you if you need it.

Q: Tom Shanker, then Pat Tau.

Q: I wanted to talk about Russia, if I could. As you look at recent actions by the Putin government -- throttling back natural gas supplies to Ukraine, a very important [inaudible] standing on NATO's doorstep. Russia's very central role in the Shanghai Cooperation Council Resolution urging those states to kick America out of its bases when one of the major jobs of those bases is to support the NATO mission in Afghanistan. Broadly, what is your assessment of Russia today as a reliable partner? And two, specifically, what can and should NATO do to make this important NATO partner behave better?

A: Again, I'm going to stick to the piece of this that I'm currently paid to work on.

Q: Which are very important pieces, to be sure.

A: Absolutely. Which is the NATO/Russia relationship.

Again, we no longer deal with Russia in a strictly bilateral manner, the 26 against or with the one. We have this format where we sit as 27 around a table.

I would say that coming back to NATO after a couple of years I've been pleasantly surprised that the military to military relationship, NATO and Russia, is actually quite interesting and

robust. We're doing theater missile defense development together so that we could protect all of our populations against a terrorist attack, a rogue attack, any kind of an attack. We're building a joint capability including a deployable capability.

We have done search and rescue together. I was at NATO when the Kursk happened and we had no ability to work together. We've now greatly improved that and I think when you saw the issue in the Pacific where the Brits were able to come to help, the Norwegians were able to come to help, that was partly the result of some of the work we've done off the NATO platform.

We are doing the CBRN work together. We are doing a huge amount of civil emergency planning work. The Russians are very strong there. EMERCOM is very experienced, let's put it that way, and they deploy all over the world in natural disasters and they want to do more with NATO.

So all of that is very good. They are training a battalion now that they want eventually to make interoperable with NATO. I think we are obviously open to that.

I think where we can and will start to do more is in the political dialogue. We obviously are partners in the Kosovo and supporting [Martiatasar], the UN's envoy for Kosovo, so we need to use the NATO/Russia Council more intensively to talk about that.

We have a new project in Afghanistan, our first project together in Afghanistan which is to train Afghans and Central Asian countries in counternarcotics. So that will be a NATO/Russia Council initiative. It's just getting off the ground. We'll see how that goes.

But that's the kind of thing we could do together and if it works it obviously knits Russia closer into our allied family against common threats and creates the patterns of cooperation and the patterns of common response that we want for a democratic Russia.

Obviously larger internal trends are something that all allies watch, and we will be watching as we head towards a G8 Summit. I think the Administration spoke out clearly on how we felt about the Russian/Ukrainian oil and gas situation over the last couple of days. We've spoken out clearly about NGO issues in Russia and about larger issues of freedom of the press. Obviously we've got concerns.

Q: What about the Shanghai Cooperation Council Resolution which Russia helped drive. It's not too big of a stretch to say that that is counter to the ability for NATO to do its job in Afghanistan if the Central Asian powers bow to the resolution and throw the US out.

A: I don't want to make more of this than we've got at the moment. What we have at the moment is a decision by the government of Uzbekistan that it didn't want the US in its bases. We said fine, and we've moved on. If that's the strategic decision that they want to make in this environment, that's their decision to make. But we are working very well with other Central Asian countries -- Kyrgyzstan, Kazakhstan, others -- on regional problems, on

Afghanistan, and I think our approach to this is and will remain to have strong and close relations with all the countries out there individually and collectively and encourage them to make decisions based on their own national interests. I think we'll continue to do that.

Q: Pat, then Bob Burns.

Q: I'd like to turn to the common funding. I wonder if you could fill out the texture of how those conversations go.

When we're dealing with either a major hardware investment of transparent benefit for the Alliance -- AGS has been around here since he was in high school.

A: That's serious. [Laughter].

Q: Or where it's a matter of infrastructure to support a deployment that the Alliance has taken on -- the Kandahar Airport, for example.

In cases like that when you or Marshall sit down and talk to them do they even go through the motions of raising a policy objection against common funding? Or is it just pure naked power politics? You guys rammed this through the Council. Okay, you pay for it. Is there even the shadow of an intellectual argument here that it could work?

A: I don't think it's gone like that at all. You should come visit us. The mood is real different. Without going too deeply into it, the vast majority of allies now favor a whole lot more common funding because reality has smacked them in the head that deploying at strategic distance is extremely expensive, and that there are huge inefficiencies in our system. There's a story of one ally putting a three million euro hospital into Afghanistan for the six month period of its deployment, then ripping it out and taking it home and another ally putting its own in. That just doesn't make sense in today's constrained environment.

So there are a couple of larger allies, shall we say, who are not yet convinced that they won't pay more under the current system. Most of us are convinced that we will get more efficiency and we will get more for our buck or our euro. There are some in that upper middle category who want to look at everything and really scrub it down on a case by case basis and that's appropriate. And then there are some allies who just are crying poor no matter what and don't want to pay for anything -- don't want to deploy and don't want to pay, so that's a different issue.

There are fewer and fewer of those and I would say as we've seen with the US/Coalition support funds, there are a lot of allies who are willing to go if they get help, particularly with unanticipated costs like Pakistan.

Q: Bob Burns then Tony.

Q: I'll talk you back to Afghanistan for a moment. You mentioned NATO's involvement in

Afghanistan has expanded from Kabul to the north, to the west, and now this year to the south. I wonder whether you think from the US government's point of view that that should be desirably the limit of NATO's involvement, or would it be better if NATO went even further and eventually took over command of the security operations, the [main] operations from the US?

A: We joined in approving an operational plan that allows for eventual expansion to the east if we make that decision as the NAC to do it. I think where we are nationally is to see NATO succeed first in the south before making that decision. It is going to be a very intense challenge. I think NATO's ready for it but I think we will want to ensure that allies are doing well and that the operational plan is right, and that the command arrangements are right, and that things are going well and that the Kharzai government, the Afghans themselves are satisfied before we take it to the next stage.

We've bitten it off piece by piece, and I think that's the right way to keep doing it.

Q: So you sort of reserve judgment on whether to go further until after you see what happens in the south?

A: We've opened the door to it, but we haven't walked through it.

Q: But the US position, I mean, not the NATO --

A: Yes.

Q: Tony Capaccio, then Michael Sirak.

Q: On missile defense, you mentioned working with Russia on tactical. What's the appetite in the Alliance for a strategic missile defense [inaudible]? [Inaudible]. There's been talk of Poland being [inaudible]. What is the state of play? Is that seen as an issue, a growth area? Is Iran seen as the main threat now? Just walk us through how things are.

A: On missile defense there are two efforts going, and frankly it's pretty heartening because I was out at NATO as a deputy when we first started talking about missile defense and it was a real no-go zone, and now it is sort of commonly accepted that at least at the theater level missile defense is a very important thing to have and that doing it together is the best way to do it.

So at 26 we have a very robust theater missile defense program, then we also have the add-on with the Russians. We are beginning a conversation which Marshall is beginning about sort of the strategic picture. If you were to going that direction what would you be looking to defend? How might you do it? To sort of begin to have a common basis of understanding of threat, of the current technological options, of today's geography, today's technology, and what this might mean. But we are not yet at the stage, obviously, of talking about a concrete system. I think a lot of allies are waiting to see how US missile development, strategic

missile developments come along before they want to see how some of those technologies might be applicable in the transatlantic space.

Q: So the fact that the US hasn't formally turned on its missile defense system, is that being seen with some skepticism in the Alliance?

A: No, and in fact our own national missile defense system will depend on close cooperation with a number of key allies, so there are a number of allies who we are very deep with on this subject. Some of them are partners in the technology like the Germans in MEADS and that kind of thing.

So I would say the level of knowledge, let's put it this way. The level of understanding that missile defense is an important asset in the 21st Century has grown enormously in the Alliance. The level of knowledge about what might be needed in the future on a strategic level is varied, depending on whether countries have been deep with us or not.

So what Marshall is attempting to lead in the Alliance is a conversation about what strategic missile defense means, what the threats might be, that kind of thing, to lay the predicate for the time when it might make sense to open what we're doing strategically to the Alliance as a whole.

Q: [Inaudible] Poland?

A: I can't do anything for you on that.

Q: Because you don't know or you just can't say?

A: I can't do anything for you on that.

Q: [Laughter]. And Iran, is Iran considered the new missile threat in the region?

A: I wouldn't use the word new. [Laughter].

Q: Elevated since Iraq.

A: I think all allies see that the Iranian nuclear development -- their nuclear development, their missile development, their support for terror are threats to the Alliance, threats to us individually. So I don't think there's -- I don't think that's particularly new. I would say if anything the appreciation that it's not getting better is growing.

Q: Michael Sirak, then --

Q: I'd like to build on what Tony just asked you, missile defense. Am I correct then that the current focus of NATO is to have a system that could be deployed to support strategic

missions or out of area activities? And in that, is there the potential for some kind of common funding arrangement of the members? Or will it be more likely a continuation of the current way of doing things, that the Dutch have their Patriot units and the Germans and they could be deployed if necessary along with US assets, that type of thing?

A: On the theater side, for the transatlantic space you're primarily talking about tying national systems together through NATO interoperably so that you get a full picture that everybody can benefit from. That's one aspect. The other aspect is having a deployable capability so that when we go, if we need Patriot we've got it and we've got it for NRF, NATO Response Force rotations, we've got it if we need it anywhere else that we deploy. So those are the two primary vectors at the moment.

Q: So if NATO has the capability to tie it together, if NATO members have the capability to tie together their theater systems, why do you need some kind of strategic system? Couldn't you just use netted theater systems to protect Europe or [inaudible]?

A: As I say, we're just at the beginning stage of the conversation with allies about what might be missing in a theater sense. And again, you'd be talking about, if you went in that direction you'd be talking about trying to get something that was higher, faster, going farther than a theater system could handle, earlier. Whether NATO as a whole will decide that there's a requirement for that I think it's way too early to tell.

Q: And as far as technology transfer issues between the US and the NATO countries, are those being handled within the Alliance or are those being handled at a bilateral basis? I spoke to Lisa Bronson when she was still at the DoD, this was probably about four months ago, and she was talking about the idea of being able to share sensitive information with allies, kind of in a box where you could have the US industry, US government, foreign industry, foreign government coming together in kind of a safe environment, but nothing would leave that box, so to speak, so nothing could be shared outside of that box. Is that something that, again, is NATO working that at the Alliance level or is that being handled bilaterally with the individual countries?

A: I think it depends on what you're talking about. If you're talking about AGS, you're talking about [AXE], are you talking about something that we commonly own? Obviously we've got to find a way for everybody to benefit from the system. If you're talking about MEADS where it's a single investment that some nations are part of and others aren't, then it's obviously the US with those countries and hoping that as many allies as possible can benefit from that joint work. So I think it just depends on the situation.

Q: Michael Bruno, then Josh.

Q: Like the defense spending GDP goal, is there a goal for research and development? And is there any particular request to the European/NATO allies for projects or areas in particular that they work?

A: We're doing, and I should send Marshall to you guys because he's far better on a lot of this stuff at the technical level than I am because he works on it all the time. But we have a huge NATO investment budget which goes into everything from development to building of our bases and structures to development of joint, he's got ten programs going now on counterterrorism, counter-CBRN things. Hardening of aircraft, helicopter hardening, critical infrastructure protection, these kinds of things.

The beauty of the Alliance and its collective platform is that whether you do something at 26 or whether you do something as a smaller subset, countries who are interested in working together on defense investment can do it under the auspices of NATO, get more bang for their buck, and pool either what they're learning nationally and get more for it or jointly invest in something that they wouldn't be able to do by themselves. So we're doing a huge amount.

Q: I'd like to ask about the prospect for further Eastern expansion of NATO and the US position on that.

A: In Afghanistan?

Q: No, new NATO members. The last two members were Romania and Bulgaria and they were probably less prepared than other NATO members when they joined.

A: We took seven altogether. Right?

Q: Well, taking those countries in particular, those were seen as kind of inviting them in because they had a strategic location, not necessarily because they were as militarily ready. How has that --

A: I don't think that was our view.

Q: Well, that was a lot of people's view. How has that gone so far, and how is that kind of informing the prospects for other former Eastern Bloc countries to join?

A: I think if you look at the seven countries that we took in the last enlargement and you look at who is deployed around the world, whether they are in Alliance missions or whether they are in Coalition missions, almost every single one of those countries is punching way above its weight on a global scale, so I think that has been a roaring success.

The fact that in a NATO mission, for example, the Rumanians are going to come into the south of Afghanistan and they're going to go to Aruzgon, one of the toughest parts of the country, is fantastic.

I think it was great for the Alliance and it was great for sort of the general commitment to 21st Century security. In fact when I left NATO in 2003 we had not yet expanded the table. We'd made the decision but the table was still 19. Coming back to a 26 table, partly the

world has gone on, terror has increased, everybody's been deployed, but there's no question any more what we're up against and there's no question any more that we have to do it together, and there's no question any more that none of us can do it by ourselves, so I think that has been a terrific success.

What I would say, though, is that apart from the fact that we don't think any of the three who are currently in [MEP] is ready today, we also think that the Alliance needs to use the next year to strengthen itself internally before it gets bigger. So that's why we have a summit planned for November 2006 which is based on focusing on strengthening our common capabilities, strengthening our existing operations, strengthening our funding base, strengthening our strategic political convergence about the challenges that we face before we look in 2008 at whether to expand membership. It's the right sort of sequence, particularly when you look at how the level of ambition has exploded and also the new missions that cropped up like Pakistan that we never thought we'd be doing and Darfur. There's a lot going on.

Q: Saul?

Q: It was only a month ago that the United States was having to deal with the huge scandal in Europe about detainee treatment, whether it was transfer of prisoners or allegations of secret prisons. Secretary Rice went to NATO on her damage control mission. How do you assess the temperature there now? Was this just a one night thing? No problems remain? Or are there questions still being raised?

A: Let me start with the honest answer which is that all Europeans went home for Christmas and I left Europe before they came back so I'm not ready to give you the January 2nd temperature in Europe, per se.

I think the mission was really important for coming out and talking candidly about it, both publicly and frankly privately. Some of you, I can't remember who was on that trip, but we have this new format that we've now used twice where the 32 Foreign Ministers of NATO and the EU get together and they get together with no staff. She made terrific use with her colleagues of that meeting at NATO on the night of December 7th to really talk about how tough this issue is. That this is not a simple one-size-fits-all, turn on a switch, turn off a switch. That these are very very hard issues. And a number of the countries around the table that night, a huge number, have had experiences with how difficult this issue can be. So that was the kind of frank conversation they needed to have.

I think obviously the issue as a whole, the problem as a whole is not going away so we're going to have to keep talking about it. But what that trip really did was reinforce the fact that Brussels is a place where we can talk to all these countries together and where we can really work through some of these hard new challenges that we've never seen before and that if we don't get right together will be used to drive us apart.

Q: And as you continue to talk about the issues, how much further consideration is being

given to developing new rules or guidelines for NATO operations involving detainees?

A: NATO's rules of the road have been pretty clear for a long time. In fact in the context of expanding the ISAF operation to the south we just reinforced our existing detainee policy which is very clear, 96 hour hold before we turn over to the Afghans, ICRC access, all those kinds of things. So the NATO standard is clear to all and it's accepted by all NATO members, so that was not really the issue I don't think.

Q: I'd like to ask you maybe one last question about the NATO Response Force.

The goal is full operational capability in the fall?

A: Yes.

Q: Is that still the goal?

A: Yes. It's a challenging goal, but we're going to get there.

Q: How will you know that you've gotten there? What are the measures of merit?

A: We're doing our first live exercise in Cape Verde in June. Y'all come and watch if you're interested. It's going to be good, I think. It's going to be a live deployment of some 4,000 or 5,000 troops from the various NATO nations on Cape Verde against a scenario there. It's designed to test all of the elements of the NATO Response Force from the ability to deploy quickly to the ability to communicate well to the ability to handle potentially a CBRN environment, the whole thing. So that will be a critical milestone in getting to FOC. Obviously it's up to SACEUR to say that we're there or we're not there.

We're also looking to fill out holes in the NRF signup sheets for NRF 7 and NRF 8. Again, this speaks in many cases to common funding.

It's interesting with the NRF because now that we've actually used it, even before FOC, countries are understanding what it means. That when you commit forces you better be ready to pay for them to go somewhere. So that's a reality we're also dealing with in Brussels.

Then the flip side of it is for small nations, particularly many of our new allies, they have a limited pool of forces. They can either put them in an NRF rotation or they can put them in Afghanistan or Kosovo, they can't do both. So they want to make sure that the NRF is going to be a real military experience. That it's either going to go somewhere or it's going to have a strong training regime. So we're also working on a strong training regime so that they get benefit and those elite forces don't just get moldy on the shelf. So that's a challenge as well.

Q: It seems like one of the big problems that the NRF always faced was transport, specifically earlier. Have you made any progress on that front or is it still pretty much

United States only providing that?

A: I think if you look at Pakistan humanitarian, it's a good example of use of NRF assets. The US had ten flights, C-17 flights committed to NRF 5. We flew those. A lot of the stuff that we needed did not require a C-17. We had other countries who had committed some AN-124 contract lift. They paid up. France and a number of other countries had C-130s in NRF 5. So it was a mixed solution.

I do think this is an area where we need to do more. We need to do more collective and I think we'll be looking at some ideas as we head towards our summit in November. I think Secretary General de Hoop Schepper thinks so too.

Q: Okay, we're out of time.

A: Thanks everybody. Come visit us in Brussels.

END TEXT