

DEPARTMENT OF STATE
BRIEFING PAPER

Background Paper

Burdensharing

The Jackson-Nunn Amendment

The Amendment requires our European Allies to offset our FY-1974 NATO-related balance of payments expenditures in Europe, otherwise US troop levels in Europe are to be reduced starting in November by the same percentage that the expenditures were not offset. The final Presidential report to Congress of May 16 states that the Allies have more than offset these FY-1974 expenditures of \$1,997 million, mainly by (1) half the value of the FY-1974/75 US-FRG offset agreement (\$1,109 million) and (2) various categories of Allied (other than FRG) procurement from the US (\$1,016 million).

The excellent help of the North Atlantic Council, through a special NATO Economic Directorate accounting effort, was instrumental in our being able to demonstrate to the Congress the significant, continuing volume of Allied procurement from the US. The North Atlantic Council has already discussed with satisfaction this "proof" of Allied cooperation vis-a-vis an unwelcome requirement such as Jackson-Nunn, and it is possible some of the Allied statements at the NATO summit will reflect this. We share this feeling of achievement and satisfaction that Jackson-Nunn is behind us, so that we can concentrate with the Allies on the more important question of our qualitative and quantitative defense effort.

Burdensharing Policy

As National Security Decision Memorandum 293 of May 3, 1975, states, "Representatives of the US Government should emphasize to our NATO Allies that their efforts to strengthen their own forces, particularly through measures increasing the cost-effectiveness of NATO's overall defense capability,

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will be viewed by the US Government as their most significant contribution to the sharing of the burden of NATO defense." We are hopeful that the clear statement of American emphasis given in NSDM 293, combined with other US initiatives along the same line, will spur effective Allied cooperation in the rationalization field leading to better defense for the money spent.

Opportunities for Increased Cooperation

The Ministerial Guidance which NATO Defense Ministers issued on May 23 will offer a central focus for our efforts to increase defense cooperation and make more effective use of defense resources. The Nunn Amendment on standardization of equipment (Public Law 93-365) will create other opportunities for improvement. Nine NATO Defense Ministers from European countries issued on May 2, 1975, an ambitious declaration of principles for cooperation in the promising field of logistics. There are many opportunities for progress if there is the political will to move ahead and if the United States is prepared to make cooperation, standardization and rationalization a two-way street.



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