

**Netherlands Ministry of
Defence**

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To Secretary General to NATO

Cc NATO Ministers of Defence

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Our reference HDAB2009009184

Subject Prioritisation of NATO's budget

Thank you for the invitation to the Council meeting of later this week. I am particularly grateful for your initiative to put the issue of prioritising resources on the DPC agenda. Given the current economic climate, we should be prudent in the way we spend the limited resources at our disposal, both at the national level and in our Alliance. I hope we can have a fruitful discussion next week and agree on some of the following points.

Current operations and missions should in my view be our number one priority. The budget for Alliance Operations and Missions will have to grow significantly in 2010 according to the resource proposals for the Medium Term Resource Plan. In addition to that, high priority requirements now under discussion, such as the deployment of AWACS in ISAF, NTM-A and the Upper Command Structure for ISAF, would require substantial additional funds.

Assuming there will be no immediate budget increases, we will need to identify savings elsewhere in order to direct the required resources towards operational commitments. This requires us to set priorities and identify areas where we decide to spend less. I strongly believe this prioritization is a task for us Ministers. It is our job to make the difficult choices, and we should take our responsibility.

Let me suggest some possible savings and I expect colleagues will be able to suggest additional options.

Firstly, we should discuss the NATO Command Structure Running Costs. It is clear from the SRB document on this topic that there are ample possibilities for savings in this area. Unfortunately, sensitivities towards issues such as collocation of headquarters and rationalisation of Host Nation Support are likely to prevent us from achieving substantial results. We really should do more in this area.

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Secondly, we could look at possible savings within the AWACS budget. I believe that an operational deployment of this capability for ISAF is essential. But even then, I believe structural savings in this area are possible.

Thirdly we could look at the Capability Packages (CPs) that have been agreed to date. I believe that CPs not contributing to the expeditionary capabilities of NATO should either be cancelled or at least given a low priority. This would be in accordance with the Comprehensive Political Guidance.

In conclusion I suggest we ask your successor to initiate a review of existing resource management mechanisms to ensure NATO can better plan, prioritise, programme and manage common funded expenditure and come back to this issue at our next meeting.

I am sending a copy of this letter to colleagues.

Minister of Defence



E. van Middelkoop