



National Security and
International Affairs Division

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August 13, 1998

The Honorable Ted Stevens
Chairman
The Honorable Daniel K. Inouye
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

Subject: NATO: Status of JSTARS and Alternatives to Meet the Alliance
Ground Surveillance Requirement

NATO's military commanders have identified an alliance ground surveillance system as NATO's top acquisition priority, and the United States has supported NATO's acquisition of JSTARS as the system available to meet NATO's requirements. This letter responds to your request that we inquire into the North Atlantic Treaty Organization's (NATO) decision to reject the U.S. proposal to utilize the Joint Surveillance Target Radar System (JSTARS) to fulfill NATO's alliance ground surveillance requirement. You also asked us to identify what alternative proposals for meeting this requirement are being considered and to provide an analysis of the cost sharing arrangement for the development and/or purchase of such a system.

RESULTS IN BRIEF

NATO did not accept the U.S. proposal to utilize JSTARS to meet its ground surveillance requirement due to economic considerations and competing interests among several European allies. Subsequently, the United States rescinded the specific funding and cost share offer. Currently, NATO has no specific proposals under consideration, but is studying several options for an alliance ground surveillance system, including the use of an enhanced version of the JSTARS sensor system. Because there are no specific proposals, cost-sharing arrangements have not been negotiated.

SCOPE AND METHODOLOGY

To answer these questions, we met with U.S. defense officials in Washington and at NATO and reviewed documentation provided by the Departments of Defense and State regarding the alliance's decision-making process on the alliance ground surveillance system. We conducted our principal review between December 1997 and January 1998 and updated our work in August 1998 in accordance with generally accepted government auditing standards.

NATO'S DECISION REGARDING THE U.S. PROPOSAL

NATO developed the requirement for a ground surveillance system in early 1995. Subsequently, NATO's military authorities identified such a system as among its highest acquisition priorities. In the spring of 1997, the United States offered a proposal to satisfy this requirement based on the U.S. Air Force's JSTARS.¹ The final U.S. offer would have separated the NATO ground surveillance system proposal into two linked components; a ground station component, which would be led by Germany, and an air platform component led by the United States. The United States would have funded all the 1998 costs and most of the 1999 costs for the development and purchase of the ground and air components of the system.² The U.S. contribution would account for just over 49 percent of the total costs of the system, with all the aircraft work to be done in the United States. The German contribution, which would begin in 1999, would be limited to ground station costs, although NATO assumed that once the final program was in place, Germany would eventually contribute to the entire program.

At the November 1997 NATO Conference of National Armaments Directors, the U.S. offer was strongly supported by many of the smaller NATO countries, but there was insufficient support from some of the larger allies. At the conclusion of the conference, NATO could not reach consensus, largely because budgetary difficulties in Germany kept it from committing to the U.S. offer. In addition, the United Kingdom and France, which are each pursuing their own airborne ground surveillance systems, would not participate in a NATO purchase of JSTARS, making Germany's participation critical. Unable to reach consensus, NATO directed a search for "fresh concepts," and the United States withdrew its offer.

¹The U.S. offer was modified a few times between the original offer in the spring of 1997 and the final offer considered at the November 1997 NATO Conference of National Armaments Directors.

²The operating cost shares would fall under NATO's military budget and would depend on which countries participated.

ALTERNATIVE ALLIANCE GROUND SURVEILLANCE PROPOSALS

As of August 1998, there were no formal proposals under consideration to meet NATO's ground surveillance requirement. However, the United States has advocated using an enhanced version of the JSTARS sensor on an aircraft of NATO's choice and is developing such a proposal. In addition to the U.S. JSTARS, a number of countries have systems under development that could conceivably satisfy, at least in part, the alliance ground surveillance requirement. The United Kingdom is developing a system known as ASTOR based on a fixed wing platform. France and Italy are developing systems known as HORIZON and CRESO, respectively, which are based on using helicopters as the platform. NATO's military authorities have reaffirmed the ground surveillance requirement, but as of the last Conference of National Armaments Directors in April 1998, NATO extended the mandate of the group studying the issue until at least spring of 1999. Until that time, it is unlikely that NATO will make any further decisions regarding an alliance ground surveillance system.

COST-SHARING ARRANGEMENTS

None of the alternatives under consideration have reached the stage where formal proposals, which include cost-sharing arrangements, have been presented. Cost-sharing arrangements are developed on the basis of specific proposals that generally include consideration of economic and industrial benefits, and are finalized as the result of negotiations among the NATO participants in the program.

AGENCY COMMENTS

State and Defense Department officials reviewed a draft of this letter and concurred with the information it contained.

We are sending copies of this letter to the Secretary of Defense and other interested congressional committees. We will make copies available to others on request. The major contributors to this letter were F. James Shafer, Muriel Forster, and Hynek Kalkus. Please contact me at (202) 512-4128 if you or your staff have any questions about this letter.



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