



August 8, 2018

The European Deterrence Initiative: A Budgetary Overview

Background

When the Cold War ended and the Soviet Union fell, U.S. force numbers in Europe decreased from about 315,000 deployed personnel in 1989, to about 65,000 as of March 2018. In view of this reduction and hostile Russian military actions in Ukraine and across Europe, Eastern European allies have voiced concern that NATO may not be adequately postured to defend them against Russian aggression.

The European Deterrence Initiative (EDI) began as the European Reassurance Initiative (ERI) in June 2014 to reassure NATO allies in Central and Eastern Europe of a continued U.S. commitment to their national security after the Russian military intervention in Ukraine that March. In FY2017 Congress increased funding substantially, offering further military support for NATO allies Lithuania, Latvia, Estonia, Poland, Romania, and Bulgaria. EDI has enabled the continuous nine-month rotational deployment of an Armored Brigade Combat Team (ABCT) in Europe of about 3,300 personnel since February 2017, along with a Combat Aviation Brigade of about 1,700 personnel that provides rotational helicopter support to training and other missions across Europe.

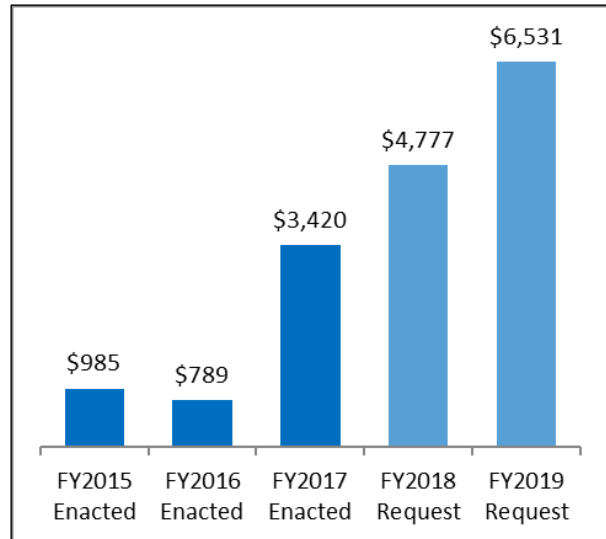
The current rotation of forces allows each U.S. ABCT to experience deploying to Central and Eastern European countries. One potential benefit is that it may increase overall U.S. and NATO readiness. A possible concern however, is that a rotational force may be more expensive over time than a permanent military presence in the region. The Polish government offered in May 2018 to pay up to \$2 billion for infrastructure to support a permanent U.S. military presence there, along with the use of state infrastructure by U.S. forces. A permanent presence may have the opportunity to foster closer professional and cultural ties with a host nation and allied military counterparts, and may signal greater U.S. resolve to deter Russian aggression.

FY2015-FY2019 Budget

EDI funding enables the Department of Defense (DOD) to resource Operation Atlantic Resolve (OAR), the mission through which European Command (EUCOM) is coordinating U.S. national military efforts in support of NATO's response to Russian aggression.

Annual funding for EDI is represented in Figure 1. Of note, the FY2019 EDI budget request contains \$6.5 billion, a more than six-fold increase from FY2015. FY2018 appropriations for EDI are not currently publicly available. Appropriations associated with EDI are located in multiple titles and budget lines. The FY2019 National Defense Authorization Act (H.R. 5515) would authorize \$6.3 billion for EDI, along with \$250 million for Ukraine security assistance.

Figure 1. EDI Budget FY2015-FY2019
(in millions of dollars)



Source: Under Secretary of Defense (Comptroller), "European Reassurance Initiative, Fiscal Year (FY) 2017," published February 2016; "European Deterrence Initiative, Fiscal Year (FY) 2019," published February 2018.

EDI has included separate funding for Ukraine each year since the inception of the program. Since 2014, the United States has provided over \$850 million in security assistance to Ukraine through the Department of State and DOD. The President's FY2019 EDI budget request seeks \$200 million of security assistance to the Ukrainian government in the forms of "intelligence support, personnel training, equipment and logistics support, supplies, and other services." The assistance is meant to help Ukraine maintain its sovereignty, sustain a viable defense sector, and improve its operations with NATO and allied forces. Section 1246 of the conference report of the FY2019 National Defense Authorization Act (H.R. 5515) includes an additional \$50 million for anti-armor weapon systems and other lethal assistance.

The FY2019 EDI budget request would support a total of 9,903 active, reserve, and guard personnel in EUCOM. These include 9,095 Army, 458 Air Force, and 350 Navy personnel participating in EDI activities in Europe.

According to a RAND report regarding NATO's eastern flank, Russian forces are currently capable of occupying the capitals of both Latvia and Estonia within three days of the start of hostilities. EDI's efforts in prepositioning equipment, deploying rotational forces, and improving infrastructure across the continent are intended to increase the deterrence ability of NATO military forces, by allowing them to respond quickly to military aggression.

EDI Focus Areas & Selected Activities

EDI has provided funding in five focus areas since its creation. Following are selected highlights of funding from the President's FY2019 EDI budget request.

Enhanced Prepositioning (\$3.235 billion). Prepositioning equipment and materiel is intended to allow military forces to sustain a forward presence and rapidly deploy if needed.

- **Army Prepositioned Stocks Unit Set Requirements (\$2.477 billion).** Would fund the continued build of a division-sized prepositioned set of equipment in Europe, intended to contain two ABCTs and reduce demand on transportation assets.
- **EUCOM Munitions Starter Stocks (\$321.6 million).** Would fund the procurement of Joint Air-to-Surface Standoff Missile-Extended Range (JASSM-ER) and Patriot anti-missile interceptors for EUCOM.

Increased Presence (\$1.875 billion). Designed to fund deployment of rotational forces and defer force reductions in order to increase the U.S. military presence in Europe.

- **Army Rotational Forces (\$921.3 million).** Would fund the ongoing rotation of an ABCT (3,300 personnel) and a Division Headquarters Mission Command Element, along with enablers and support services.
- **Aviation Rotation (\$100.1 million).** Would fund the ongoing rotation of a Combat Aviation Brigade (1,700 personnel) in support of EUCOM assigned missions.

Improved Infrastructure (\$828.2 million). Intended for construction and improvement of infrastructure and facilities to support military readiness and operations.

- **Infrastructure Enhancements to Support European Contingency Air Operations Set (\$363.8 million).** Would fund the improvement of airfield infrastructure and storage capability for U.S. Air Forces in Europe.
- **Joint Reception, Staging, Onward Movement and Integration Enhancements (\$192.6 million).** Would fund the planning, design, and construction of Army facilities throughout Europe along with their operating costs, allowing for quick reinforcements.

Building Partnership Capacity (\$302.4 million).

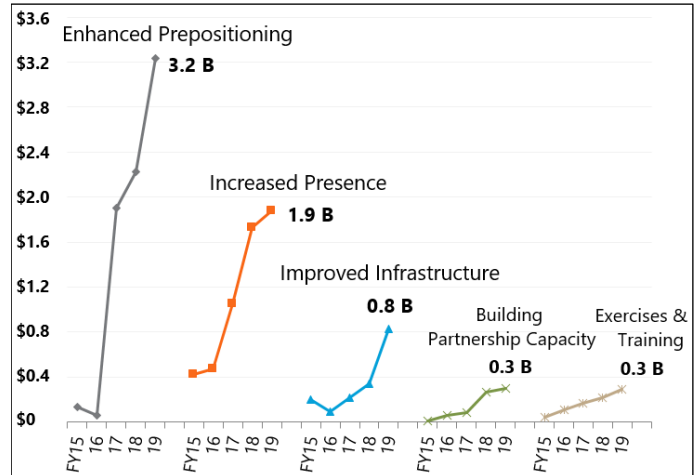
Designed to build and strengthen the capacity of European allies to defend themselves and respond to regional crises.

- **Security Assistance to Ukraine (\$200 million).** Would fund security activities with Ukraine's government.
- **Increase Special Operations Forces Partnership in Central/Eastern Europe (\$55.8 million).** Would fund the operating and personnel requirements of exercises with European allies to increase interoperability.

Exercises and Training (\$290.8 million). Intended to increase readiness and interoperability of U.S. forces with NATO allies and partners.

- **Enhanced Interoperability Exercises (\$100 million).** Would support exercises with NATO allies that focus on deterring aggression against NATO territory.
- **Support to NATO Exercises, Multinational Exercises, and EUCOM's Joint Exercise Program (\$59 million).** Would increase the level of training and exercises support between U.S. forces, NATO members, and NATO Partnership for Peace countries.

Figure 2. EDI Budget Focus Areas FY2015-FY2019
(in billions of dollars)



Source: Under Secretary of Defense (Comptroller), "European Reassurance Initiative, Fiscal Year (FY) 2017," published February 2016; "European Deterrence Initiative, Fiscal Year (FY) 2019," published February 2018.

Notes: FY2015-17 are enacted figures, FY2018-19 are requested.

Enhanced prepositioning and increased presence have seen the greatest increase in funding since FY2017, with infrastructure also markedly increasing in FY2019.

Issues for Congress

DOD does not include EDI budget requests in the base budget. It funds the program through Overseas Contingency Operation (OCO) appropriations. OCO budgets are planned for one year at a time, rather than through DOD's Five-year Future Years Defense Program (FYDP). Planning through the base budget identifies future projections for the next four fiscal years. OCO funding may complicate long-term planning of EDI activities. Without predictable funding, EDI partner countries who benefit from the program may be unwilling to commit to longer term infrastructure projects or strategic planning. Congress may also want estimates of the program's future costs in order to better inform decisions on future funding. However, if EDI were to move to the base budget, Army officials are unsure how EDI initiatives would rank in importance compared to other base budget initiatives. This may lead to challenges in prioritizing future EDI posture initiatives within the base budget.

- In accomplishing EDI's objectives, the relative cost of rotational forces versus a permanent military presence in Central and Eastern Europe may also be of interest. This consideration may include evaluating the Polish government's offer to contribute up to \$2 billion for a permanent U.S. military presence in the country. Section 1280 of the conference report of the FY2019 National Defense Authorization Act (H.R. 5515) includes a reporting requirement on the feasibility and advisability of permanently stationing U.S. forces in Poland.

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