

RESTRICTED

062041  
MDHIAN 4298

RESTRICTED  
FM THE HAGUE  
TO IMMEDIATE FCO  
TELNO 033  
OF 291335Z JANUARY 90  
AND TO IMMEDIATE MODUK BAOR CICC(G)  
INFO PRIORITY UKDEL NATO  
INFO SAVING OTHER NATO POSTS

*See by AM*  
*or*

FOR SEC(NATO/UK)(P) AND D CTS NATO

**THE NETHERLANDS : DEFENCE SPENDING**

SUMMARY

1. DUTCH GOVERNMENT PLANS TO REDUCE DEFENCE SPENDING BY DFL 2.2 BILLION BETWEEN 1991 AND 1995 THOUGH COMMITMENT TO A 0.6% INCREASE THIS YEAR STANDS. SPECIFIC PROPOSALS INCLUDE A REDUCTION BY 750 MEN OF FORCES STATIONED IN THE FRG AND A REDUCTION IN THE NUMBER OF F-16 AIRCRAFT AVAILABLE FOR NATO TASKS. SAVINGS ON NAVAL EQUIPMENT AND ARMED SERVICES/MOD MANPOWER ARE ALSO ENVISAGED.

DETAIL

2. SPEAKING IN A PARLIAMENTARY DEBATE ON THE DEFENCE ELEMENT OF THE 1990 BUDGET, TER BEEK, DEFENCE MINISTER, SAID THAT THE NETHERLANDS WOULD BE AIMING TO MAKE ADJUSTMENTS IN DEFENCE SPENDING. PREVIOUS PROPOSED EXPENDITURE WOULD BE CUT BY DFL 2.2 BILLION OVER THE YEARS 1991 TO 1995. THIS WOULD MEET AN OVERALL BUDGETARY REQUIREMENT FOR A SAVING OF DFL 1.6 BILLION AND ALLOW EXTRA FUNDS TO BE SPENT ON VERIFICATION, NATO INFRASTRUCTURE, AUTOMATION AND PROTECTION OF THE ENVIRONMENT. HE PROMISED PRECISE DETAILS OF WHERE THE CUTS WOULD FALL IN THE DEFENCE REVIEW PAPER (LOOKING AT EXPECTED REQUIREMENTS OVER THE NEXT 15 YEARS) TO BE PUBLISHED BEFORE THE END OF THIS YEAR. TER BEEK DID, HOWEVER, INDICATE A NUMBER OF AREAS IN WHICH HE WOULD BE SEEKING SAVINGS.

3. THE ARMY IS PLANNING TO REDUCE ITS BUDGET BY MORE THAN DFL 1 BILLION IN THE PERIOD 1991 TO 1995. DUTCH FORCES STATIONED IN THE FRG (CURRENTLY NUMBERING SOME 5000 PERSONNEL) WILL BE PROGRESSIVELY REDUCED BY 750 CONSCRIPTS DURING 1991 AND 1992. IN THE NATIONAL SECTOR A NUMBER OF COMPANY SIZE UNITS AND LOGISTIC UNITS WILL BE TRANSFERRED TO A MOBILISABLE BASIS. THERE WILL BE AN OVERALL REDUCTION IN ARMY PERSONNEL BY APPROXIMATELY 1000.

4. PLANS FOR THE AIR FORCE WILL INVOLVE A TOTAL REDUCTION OF ALMOST



DFL 0.5 BILLION. THE NETHERLANDS WILL BE ABLE TO PROVIDE ONLY 144 F 16 AIRCRAFT FOR NATO TASKS RATHER THAN THE 162 PREVIOUSLY ENVISAGED. (SULLIVAN'S LETTER OF 16 JANUARY TO KIDD, SEC POL DEPT, MENTIONED A TOTAL OF 126 AIRCRAFT. WE UNDERSTAND THAT TER BEEK'S TOTAL OF 144 INCLUDES 18 EARMARKED AS REPLACEMENT RATHER THAN FRONT-LINE AIRCRAFT). PLANS TO ESTABLISH AN EXTRA GUIDED MISSILE GROUP IN THE NETHERLANDS IN ADDITION TO THE TWO EXISTING IN THE FRG ARE BEING CANCELLED.

5. THE NAVY WILL SAVE DFL 0.5 BILLION. CUTS ARE TO INCLUDE REDUCING THE MARINE CORPS BY 300 MEN AND IN THE LONGER TERM MAKING NO REPLACEMENT FOR THE TWO ZWAARDVIS CLASS SUBMARINES, BUILDING 8 INSTEAD OF 10 DOKKUM MINESWEEPERS, BUYING 20 INSTEAD OF 24 SHIP BASED HELICOPTERS AND RETIRING 4 OF THE 10 KORTENAER CLASS FRIGATES EARLY.

6. IN ADDITION TO THE MARINE CORPS AND ARMY MANPOWER CUTS THERE IS TO BE AN INVESTIGATION OF THE POSSIBILITY OF A 20% MOD STAFF REDUCTION INVOLVING 1500 JOBS.

## COMMENT

7. THESE CUTS IN EXPENDITURE ESTIMATES DO NOT AFFECT THE PRESENT COALITION'S EXISTING COMMITMENT TO 0.6% GROWTH IN DEFENCE SPENDING THIS YEAR WITH A REVIEW IN THE SPRING OF THE DEFENCE BUDGET FOR 1991. TER BEEK CAME UNDER SOME PRESSURE DURING THE DEBATE TO GO FURTHER. THERE IS A DEGREE OF SUPPORT IN BOTH THE CHRISTIAN DEMOCRAT AND LABOUR PARTY PARLIAMENTARY GROUPS FOR SUBSTANTIAL DEFENCE CUTS IN THE PRESENT CLIMATE, AND FOR REDUCTIONS IN THE LENGTH OF NATIONAL SERVICE. TER BEEK CONCEDED ONLY THE PRINCIPLE THAT REDUCTIONS IN SPENDING WERE APPROPRIATE IN THE LIGHT OF DEVELOPMENTS IN EASTERN EUROPE AND THE LIKELIHOOD OF A POSITIVE OUTCOME OF CFEI AND EARLY START ON CFEII. HE PROPOSED TO LOOK AT THIS IN MORE DETAIL IN HIS WHITE PAPER AFTER THE CONCLUSIONS OF CFEI.

JENKINS

YYYY

DISTRIBUTION

184

MAIN

151

.NATO  
LIMITED  
SEC POLINFO  
RMD  
RESEARCH

RESTRICTED

062041  
MDHIAN 4298

ACDD  
DEFENCE  
SEND  
SOVIET  
KIEV UNIT  
EED  
JAU/EED  
CSCE UNIT  
PLANNERS  
WED  
SED  
PUSD  
NAD  
NEWS

ECD(I)  
ECD(E)  
PS  
PS/MR WALDEGRAVE  
PS/MR MAUDE  
PS/PUS  
MR P J WESTON  
MR GOULDEN  
MR KERR  
MR RATFORD  
MR LING  
MR GILLMORE  
MR TAIT

ADDITIONAL 16

NATO

SAVING 17

OTHER NATO POSTS

NNNN

PAGE 3  
RESTRICTED