

# NATO Summit 2021: Defense Spending Must Remain a Key Agenda Item

*Luke Coffey and Daniel Kochis*

## KEY TAKEAWAYS

NATO faces myriad challenges, none of which can be met without a robust, sustained commitment to defense spending by its members.

Even with planned cuts to its defense budget undermining its own Article 3 commitment, the U.S. needs to lead on encouraging further increases to defense spending.

At the June 14, 2021, summit in Brussels, the U.S. should continue to press allies to increase their defense spending in a responsible and realistic way.

The North Atlantic Treaty Organization (NATO) summit in Brussels on June 14, 2021, offers a chance for NATO allies to answer the calls for increased defense spending. While progress has been made on defense spending in recent years, there is still much room for improvement. NATO faces myriad challenges, none of which can be met without a robust, sustained commitment to defense spending by members. At the Brussels Summit, the U.S. should continue to press allies to increase their defense spending in a responsible and realistic way.

**Article 3: Defense Investment.** As an intergovernmental security alliance, NATO is only as strong as its member states. Weak defense spending on the continent has led to a significant loss of capabilities and embarrassing gaps in readiness for NATO allies.

This paper, in its entirety, can be found at <http://report.heritage.org/ib6090>

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As a result, American Presidents of both political parties have long called for increases in defense spending by NATO allies.

Although most are familiar with Article 5 of the North Atlantic Treaty—an attack on one is an attack on all—Article 3 is the most important when it comes to the overall health of the Alliance. Article 3 states that member states, at a minimum, will “maintain and develop their individual and collective capacity to resist armed attack.” Only a handful of NATO members can say that they are living up to their Article 3 commitment.

Since the end of the Cold War, many European nations (until very recently) have consistently *cut* defense spending. The result, inevitably, has been a significant loss of capability.

In 2006, in an effort to encourage defense investment, NATO set a target for member states to spend 2 percent of gross domestic product (GDP) on defense. At the 2014 Wales Summit, member states recommitted to spending 2 percent of GDP on defense, and committed to spending 20 percent of their defense budgets on “major equipment” purchases by 2024.

In 2020, 11 countries—Estonia (2.33 percent); France (2.04 percent); Greece (2.68 percent); Latvia (2.27 percent); Lithuania (2.13 percent); Norway (2.00 percent); Poland (2.31 percent); Romania (2.07 percent); the Slovak Republic (2.00 percent); the United Kingdom (2.32 percent); and the United States (3.73 percent)—spent the required minimum 2 percent of GDP,<sup>1</sup> and 18 NATO allies spent 20 percent of their defense budgets on “major new capabilities.”<sup>2</sup> This is a significant improvement over 2014, when only seven NATO members met the 20 percent equipment and research and development benchmark.

NATO allies have made real and sustained increases in defense spending. By the end of 2020, non-U.S. NATO members had invested an additional \$130 billion since 2016.<sup>3</sup> In addition, “2020 marked the sixth consecutive year of growth in defence spending by European Allies and Canada, with an increase in real terms of 3.9% from 2019 to 2020.”<sup>4</sup>

In light of these increases, it is easy to become complacent and think that this positive trend will continue unabated—but the real impact of COVID-19 on transatlantic budgets remains a specter that could put at risk necessary defense investments across the alliance. Indeed, while progress has been made, many allies still have much more to do. NATO members need to ensure that recent increases are not ephemeral, and they should commit to investing the necessary political and economic capital to fulfill their Article 3 treaty commitments.

Reaching the 2 percent of GDP spending benchmark and meeting the Article 3 obligation requires the political, economic, and societal will to

invest in defense. While some NATO members have increased defense spending, many nations in the Alliance have not.

The U.S. needs to lead on the issue of defense spending. Unfortunately, planned cuts to the defense budget undermine the U.S. position on this issue. Nevertheless, encouraging NATO members to further increase defense spending in a realistic and timely way, should remain a key component of the summit agenda.

In Brussels, the U.S. and NATO should:

- **Reaffirm the importance of Article 3.** Article 3 of the North Atlantic Treaty is the most important when it comes to the overall health of the Alliance. Article 3 states that member states, at a minimum, will “maintain and develop their individual and collective capacity to resist armed attack.” Only a handful of NATO members can say that they are living up to their Article 3 commitment.
- **Encourage allies to recommit to defense spending.** As an inter-governmental security alliance, NATO is only as strong as its weakest link. NATO leaders in Brussels should reaffirm the benchmarks agreed upon in 2006 and 2014, and encourage allies to quickly put plans in place to attain them by 2024, now a mere three years away, as each nation committed to in Wales.
- **Encourage NATO members to make increased defense spending the law of the land.** Some allies have passed legislation requiring that a certain amount of GDP be spent on international aid, but have failed to do the same with regard to defense spending. The U.S. should encourage NATO members to enshrine defense spending commitments and timelines in legislation. This would help to increase transparency and political accountability.
- **Involve finance ministers.** The Brussels Summit should feature a special session for finance ministers (or their equivalent). In many parliamentary democracies, it is the finance minister who controls public spending. Educating the finance ministers on the importance of military investment might help to secure more defense spending over the long term.
- **Encourage allies to make a public case for defense spending.** Recent polling found that an average of 69 percent of the publics

across NATO believes that their country should defend another NATO ally if attacked, and 76 percent believe that allies should come to their nation's aid if attacked.<sup>5</sup> In order to honor this commitment, however, a nation must have sufficient capabilities and manpower. Leaders in Canada and Europe should not take public support for NATO membership for granted. The U.S. should encourage governments to strongly and consistently make the case for NATO, and the importance of robust defense spending, to their publics.

- **Resist calls to include infrastructure investment in NATO spending targets.** Recent calls by some NATO members for a change in national budget spending rules to count infrastructure and cybersecurity as part of countries' defense spending figures would weaken the Alliance. While cybersecurity and infrastructure are important to NATO, including them in spending targets would in turn accelerate the movement of national defense budgets from procuring capabilities to domestic infrastructure projects that are politically expedient to national politicians.

## Conclusion

NATO has provided peace and stability for its member states since its inception in 1949. This was achieved because the countries of the security Alliance had real military capabilities that they could leverage in defense of other member states. Weak defense spending by European NATO members threatens to undermine the collective security guarantee and play into the hands of adversaries. The Brussels Summit is therefore an important opportunity for NATO members to recommit themselves to their treaty obligations under the North Atlantic Treaty.

**Luke Coffey** is Director of the Douglas and Sarah Allison Center for Foreign Policy, of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy, at The Heritage Foundation. **Daniel Kochis** is Senior Policy Analyst in European Affairs in the Margaret Thatcher Center for Freedom, of the Davis Institute.

## Endnotes

1. North Atlantic Treaty Organization, *The Secretary General's Annual Report 2020*, March 16, 2021, p. 50, [https://www.nato.int/cps/en/natohq/opinions\\_182236.htm](https://www.nato.int/cps/en/natohq/opinions_182236.htm) (accessed May 21, 2021).
2. *Ibid.*
3. *Ibid.*
4. *Ibid.*, p. 48.
5. *Ibid.*, p. 41.