



## How the EU can Save NATO

*Sven Biscop*

**The European Union can save NATO. It really can. Trust me.**

Do a country's defence needs diminish when its GDP shrinks? Perhaps the opposite is true. This is why spending a fixed percentage of GDP is not the best measure to guide and assess a nation's defence effort. What use is a defence budget equalling 2% of GDP (the target that NATO Allies reconfirmed at the 2014 Wales Summit) when it is spent on structures and platforms that bring prestige or jobs – but that don't address the priority capability shortfalls identified by both NATO and the EU? Or when there is no will to actually deploy any capability? As a Chinese general said to US general Joseph Stilwell during World War Two: why would I deploy my beautiful, newly American-equipped army against the Japanese – that might spoil it!<sup>1</sup>

Unfortunately, the 2% has become a fetish in the transatlantic defence debate – and has been reaffirmed as such by the new US administration. And President Trump does seem to be a man who takes his fetishes seriously, or so his fiery hairdo and necktie suggest.

On their recent visits to Europe, both Vice-President Pence and Defence Secretary Mattis gave a strong message: of support for NATO,

and of the need for European allies to spend more. They were echoed by the President himself in his first speech to a joint session of Congress (on 28 February), in which he put a positive spin on things: “We strongly support NATO [...]. But our partners must meet their financial obligations. And now, based on our very strong and frank discussions, they are beginning to do just that”. Which is just as well, for otherwise the US might have to “moderate” its own contribution to NATO, in Mattis' words.

Clearly, the US has no intention of being moderate about the 2%. Allies' concrete plans on how to reach it are expected by the end of the year. Can and should Europe meet this American demand?

### **FACTS AND FIGURES**

It does seem as if the US has forgotten that in Wales Allies saw this as a target for 2024. They agreed to “aim to move towards the 2% guideline within a decade”, as the Wales Summit Declaration rather timidly put it. It is neither very fair nor very realistic to expect Allies to accelerate the increase in defence spending at short notice. The US itself will indeed significantly increase its defence budget, with a massive \$54 billion per year, though it remains to be seen to what end (and

what the impact on other federal programmes, including the State Department, will be). On a recent visit to the US I met sceptical voices even in the military who questioned the wisdom of a major budget increase without clear purpose – acquiring kit for the sake of having it. In any case, the US is not Europe, where the state assumes many more responsibilities, which cannot just be slashed to the benefit of the defence budget.

Europeans must be fair themselves, however, and admit that with a very few exceptions, they saw Wales as just another pledge that they never seriously intended to keep. Similarly, they must own up to the fact that they have not addressed the major shortfalls in their arsenals, even though they have been identified some two decades ago, and in spite of regularly promising to do so. As a result, Europe remains extremely dependent on the availability of American strategic enablers, without which it can only deploy and sustain force with great difficulty. European defence spending has bottomed out and is now slowly increasing, but that does not mean that Europeans “are beginning to do just that”: the large majority of countries will never spend as much as 2% of GDP on defence.

Nor do they have to. The real problem of the European defence effort is its fragmentation. The EU28 spend some €200 billion a year on defence – but a large share of that money is simply wasted by maintaining 28 separate defence establishments and 28 greatly overlapping support structures, and by investing in what the national defence industry produces rather than in what is needed. Increasing the budget without rectifying this fragmentation would mean that an equally large share of the additional money would be wasted as well. If Europe would cut all the dead wood (all unusable “capabilities” and all unnecessary duplication), it could build the

forces that it needs at a cost below 2% of GDP.

That does not mean that some individual countries (including my own) do not need to do more: those hovering around 1% are destroying the effectiveness of their armed forces, and are breaking solidarity with their fellow EU Member States. If everybody would reach the EU-average of about 1.5%, that would suffice to serve Europe’s needs, as defined by the EU’s Global Strategy and by NATO’s Strategic Concept. Of course, 1.5% is as artificial a number as 2% – but it is much more affordable and, most importantly, there is no need to spend more than we need.

The difficulty is: how to sell these alternative but true facts about European defence to Donald Trump?

### **AMERICA NO LONGER FIRST (IN NATO)**

With this US administration there will be no business as usual. If the US feels that Europeans are not pulling their weight, a President who does not particularly like Europe in the first place will not hesitate to react. Furthermore, Trump feels that the view that Europeans must finally be forced to pull their weight is shared far beyond the White House, notably in Congress, but also in academia and the think-tanks,<sup>2</sup> not to mention the wider public (or at least the part of the public that follows him on Twitter, and for whom he has to continue to perform his act). Given that today America comes first in terms of its contribution to NATO, “moderating” that contribution will not be difficult.

The US could easily signal its discontent, for example, by reducing its current contribution of 22% to NATO’s common funding. This mostly covers the cost of NATO HQ in Brussels and of the NATO command

structure, and the NATO Security Investment Programme in infrastructure and systems supporting these. The sums involved are not huge (some €2.2 billion for 2017) and so the effect would not be dramatic, but the message would be clear enough without affecting the US capacity to steer Alliance decision-making and without loss of US prestige.

Much more powerful and potentially dramatic, at least for the Europeans, would be if the US would actually withhold American enablers the next time Europeans request their support for a non-Article 5 operation. Imagine the 2011 Libyan air campaign without US participation: Europeans might still have pulled it off, but at much greater risk, with much delay, and only with a lot of improvisation. US interests would not be directly threatened, but Europeans would directly feel the impact of their non-investment in the priority capability shortfalls. A “light” version of this tactic would be to still make American enablers available but making Europeans pay for them – an option that was actually briefly raised during the Libya campaign.

Europeans cannot simply tell the US therefore that, having thought it over, they feel that the 2% is not the right target after all. That would also encourage those, including perhaps Trump himself, for whom much more radical options for the future of NATO are on the table as well. What Europeans must do, if they don't want to spend 2% of GDP on defence (and they don't) is to say: look, we are not going to do the 2%, but here is what we are going to do instead, which will actually be a lot more useful.

### **THE EUROPEAN ALTERNATIVE**

What Europeans should do instead, is what they have been talking about for almost a year

now, since the British vote for Brexit and the publication of the EU Global Strategy in June 2016: Permanent Structured Cooperation (PESCO).

Spending 2% of GDP on defence is a mere input measure. The only way of convincing the US to forget about that is to present it with a real output measure: which strategic enablers and which force packages that Europe cannot field today, will it field tomorrow? Which can also be translated as: which operations that Europe alone is not capable of today, will it be capable of tomorrow?

This Europeans can only do collectively, by pooling their efforts. Because, first, the answer to the problem of fragmentation described above is integration and, second, because no individual European state has the means and the scale any longer to make a difference all by itself. This holds true for strategic enablers especially, the area in which Europe is the most dependent on the US, and which is the most capital-intensive. Hence any project to develop and procure strategic enablers (tanker aircraft, satellites, drones etc.) requires a big critical mass of participating states to make it economically viable.

Europeans could do this in different frameworks, but PESCO is a ready-made mechanism and it has one great advantage over all the alternatives: if it can be linked to the European Commission's proposal for a European Defence Fund, it will come with money attached. The Commission envisages a fund of €5 billion per year. The entry fee for PESCO could be that the states who join together contribute half of that, in return for which the other half could come from the EU budget, for the total then to be spent through PESCO on the priority capability shortfalls

which the states have already identified (in the EU as well as NATO).

Implementing this EU mechanism would be the surest way of generating the additional capabilities that can satisfy the US that Europe does take defence seriously and that therefore NATO remains a viable alliance – because something is in it for the US too.<sup>3</sup>

Europeans do not have to review their defence effort just because the US asks them too, however. Not even because they are threatened by Russia, because they are not: together the EU28 have 1.5 million people in uniform, which is twice as much as Russia, not to mention the economic disparity. If NATO's conventional deterrence appears credible only thanks to the US, that is because Europeans feel weak, not because they are weak (while Russia is weak but acts strong).

The main reason why a truly European defence is necessary is twofold. First, Europeans spend an enormous amount of money but get precious little capability for it in return. Military integration will create synergies and effects of scale that will allow Europeans to generate more capabilities in a much more cost-effective way. Second, the more Europeans integrate their militaries, the more they will have to think together, and the more in the end they will act together. Once they start behaving as if they had a single force, they no longer need to feel weak in the face of Russia or any other challenge in their neighbourhood. In the end, military integration is about creating a change of mind.

## CONCLUSION

Everything that I have advocated above is quite possible. It might even get done. But will it get done in time to forestall a serious row among

transatlantic allies? The lively debate about PESCO has yet to result in decisions. And with the French elections approaching, followed by the summer and then elections in Germany, it will be autumn before serious decisions can be taken. After debating PESCO so intensely, it will become politically difficult not to activate it. But that carries the risk that some states who are not actually convinced will activate it only then not to do anything that they couldn't have done without PESCO – and then the opportunity will be wasted.

At the end of May already, there will be a “NATO Special Meeting” in Brussels. That comes too soon to expect anything of substance, including from the US, because the administration simply is not yet in place. But if anything will be discussed on the occasion of President Trump's first visit to Europe, it will be burden-sharing. A reminder to the Europeans that the moment to stop talking about European defence and to just do it, has come.

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## Endnotes

<sup>1</sup> One can see how Stilwell acquired his nickname of Vinegar Joe, though in fairness, his caustic personality predated his encounter with the Chinese armed forces. See: Graham Peck, *Two Kinds of Time* (Seattle, University of Washington Press, 2008).

<sup>2</sup> Many have now come out as “restrainers”, in the wake of Barry Posen’s important book: *Restraint – A New Foundation for US Grand Strategy* (Ithaca, Cornell University Press, 2014).

<sup>3</sup> For a more elaborate plea, see my: *Oratio pro PESCO – Egmont Paper 91* (Brussels, Egmont, 2017), <http://www.egmontinstitute.be/wp-content/uploads/2017/01/ep91.pdf>.