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Policy Brief

A New Approach to Transatlantic Burden-Sharing

Joseph Dobbs

A New Approach to Measuring Transatlantic Burden-Sharing

Joseph Dobbs, September 2017

Executive Summary

The basic metric used to measure transatlantic burden-sharing, the 2% GDP benchmark, is flawed. The Alliance would be better served by a new measure that better takes into account contributions to collective security that are not covered by defence spending alone.

The target of 2% of GDP spent on defence is an arbitrary measure that should cease to be the only benchmark of progress. Amongst the many criticisms of 2% the most concerning for Allies is that it does not consider and promote action on aspects of preventative and soft security that have become even more important in recent years. From cyber attacks to hybrid warfare and from crisis prevention to diplomatic deterrence, significant activity is not being measured.

This paper argues that NATO should consider aspects of development, intelligence and diplomatic spending, as well as qualitative contributions to these three areas and defence, when measuring a country's input into collective security. These three new additional areas would help demonstrate a government's overall role in preventing crises before they require a defensive solution.

This policy-brief makes three recommendations:

- **NATO should retain the 2% measure while developing a new measure:** it is important to note that scrapping 2% before agreeing an alternative would be politically risky and send the wrong message that defence spending was not important. Allies, especially the United States, should however be more aware of the flaws of 2% and stop using it as a device to publicly criticise Member States.
- **NATO should update its strategic concept to mark a new approach to burden sharing:** NATO's last Strategic Concept, published in 2010 opens with "Today the Euro-Atlantic area is at peace." This is not the case in 2017. While this will be an unpopular proposal in some capitals NATO should begin the process of developing a new Strategic Concept that builds on 2010's initial work on the softer aspects of security. This will provide the basis for a strategy led measure of transatlantic burden-sharing to be developed and agreed.
- **The Alliance should consider adopting a separate, less formal, measure of overall contributions to collective defence and security based on a new Strategic Concept:** NATO needs a measure that takes into account softer aspects of security and aspects of defence contributions that are not captured by a quantitative measure. This can be split into two thematic groups. 'Defence' would primarily cover military spending, while 'Prevention' would measure contributions to development, intelligence and preventative diplomacy. Both categories would then need to be multiplied by an agreed measure of qualitative activity, such as engagement in NATO missions and the hosting of summits.

A New Approach to Measuring Transatlantic Burden-Sharing

Joseph Dobbs,¹ September 2017

The way in which Europe and North America measure transatlantic burden-sharing is flawed. New challenges continue to demonstrate that collective security is more than just defence spending. Allies must adapt their thinking on how to measure burden-sharing in the 21st century, which will first require an understanding of the pitfalls and limits of the current approach, and a broader understanding of what constitutes security.

The origins and pitfalls of 2%

The election of Donald Trump as President of the United States in November 2016 has once again vaulted burden-sharing to the top of the NATO agenda. As a candidate Donald Trump called the Alliance into question labelling NATO “obsolete”.² After his inauguration in January 2017 President Trump has been less critical of the Alliance, but used his first meeting with fellow heads of state and government to call on NATO members to “finally contribute their fair share and meet their financial obligations” and argue that it is unfair for US taxpayers to share an unfair amount of the burden.³

Although Trump’s style is new the belief in Washington that the US carries too much of the transatlantic burden has a long history. Commitments to spend more on defence have been part of NATO politics since the 1970s. The goal of spending 2% of GDP annually on defence emerged in the early 2000s to set a standard for new members and was based on a slight increase on the then NATO average of approximately 1.7%. The figure therefore represented “no actual costings based on need, merely what was considered possible, and desirable, to provide a restraint against the freefall in defence expenditures as a result of what was then termed the ‘peace dividend’.”⁴

1 Joseph Dobbs is a Research Fellow at the European Leadership Network. The author is thankful to Alice Billon-Galland, Elisabeth Braw, Julia Himmrich, Lukasz Kulesa, Simon Lunn, Denitsa Raynova, and Nicholas Williams for their comments on this paper.

2 Donald Trump called NATO “obsolete” in a number of interviews and on Twitter on 27/03/2017, www.twitter.com/realdonaldtrump

3 “President Trump Participates in the NATO Unveiling of the Article 5 and Berlin Wall Memorials”, May 2017, The White House, available online via https://www.youtube.com/watch?v=Qic310_Nk98 accessed on 24/08/2017

4 For more on the history of NATO’s 2% measure see Simon Lunn & Nicholas Williams, June 2017, European Leadership Network, “NATO Defence Spending: The irrationality of 2%”, accessed online via http://www.europeanleadershipnetwork.org/nato-defence-spending-the-irrationality-of-2_4836.html on 29/08/2017

Table 1: NATO's largest relative defence spenders in 2016 in terms of % of GDP spent⁵

Rank	Country	Percentage of GDP Spent on Defence in 2016
1	United States	3.61%
2	Greece	2.38%
3	United Kingdom	2.18%
4	Estonia	2.15%
5	Poland	2.00%
6	France	1.79%
7	Norway	1.55%
8	Montenegro	1.49%
9	Lithuania	1.49%
10	Turkey	1.47%
11	Latvia	1.44%
12	Romania	1.41%
13	Bulgaria	1.28%
14	Portugal	1.28%
15	Croatia	1.24%
16	Germany	1.20%
17	Canada	1.19%
18	Denmark	1.16%
19	Netherlands	1.15%
20	Italy	1.12%
21	Slovak Republic	1.12%
22	Albania	1.10%
23	Hungary	1.04%
24	Slovenia	1.02%
25	Czech Republic	0.97%
26	Belgium	0.93%
27	Spain	0.81%
28	Luxembourg	0.39%
29	Iceland	n/a

Debate on how much Allies should be spending were formalised at the NATO Summit in Wales in 2014, where leaders agreed to increase their defence expenditure to 2% of GDP by 2024.⁶ Three years on and only five Allies are meeting this target according to official NATO data (see Table 1), with independent calculations

⁵ Unless otherwise stated defence spending figures are official NATO data.

⁶ NATO Wales Summit Declaration, September 2014, available online via http://www.nato.int/cps/en/natohq/official_texts_112964.htm, accessed on 31/08/2017

suggesting fewer.⁷

The 2% measure is not without its critics, the principle charge being that it prioritises inputs over outputs. This is demonstrated by the case of Greece, which according to the current measure is NATO's second best contributor. What the headline figure does not show is that Athens spends 72.19% of its defence budget on personnel, some 20 points higher than the NATO average. What Greece does spend on equipment it spends on tanks that largely do not serve any of the Alliance's needs.⁸ Meanwhile, Greece contributes little to NATO missions, making it a prime example of a NATO ally that inputs a lot on paper but whose contribution is actually relatively low.

The current measure is also criticised from an output point of view in two key ways. Firstly, several capitals in Europe point out that the defence budgets of larger NATO Allies – namely the United States but also the United Kingdom and France – serve their global goals and not just their NATO responsibilities in the Euro-Atlantic area and thus should not be counted entirely as transatlantic burden-sharing. While impossible to calculate with open source information it is not unreasonable to assume that a significant portion of the US's 3.61% of GDP spent on defence in 2016 went to significant operations in the Pacific theatre. Meanwhile, Riga can fairly argue that all of Latvia's 1.44% of GDP go towards protecting Euro-Atlantic security.

The second output criticism of the 2% measure is that it fails to address modern security in its broader sense. Russia's aggression towards Ukraine for example has introduced a new debate about hybrid warfare, with tactics that demonstrate the limits of traditional defence measures. With cyber risks and the continued threat of global terrorism, concepts of security are continually evolving in the 21st century.

Recently, the concept of '3%' has emerged as a possible new measure. For Wolfgang Ischinger, Chairman of the Munich Security Conference, there is a need "to make sure our efforts are adequately funded, we should consider introducing a new foreign policy guideline such as 'three percent criterion' for more international commitment: we should spend at least 3% of our GDP for crisis prevention, development assistance, and defence."⁹ This would combine NATO's 2% defence commitment, a UN commitment to spend 0.7% of GNI on overseas aid and other smaller contributions. The 3% proposal has generated serious debate with some believing that a new metric would show that some of Washington's European allies

7 NATO's official figures rely on data from national governments. Independent organisations such as SIPRI and IISS have different ways of calculating overall defence spending, and as they are less generous when it comes to what constitutes defence spending the figures are generally lower.

8 Elisabeth Braw, August 2017, Foreign Affairs, "Tanking up in Greece", accessed online via <https://www.foreignaffairs.com/articles/greece/2017-08-07/tanking-greece> on 30/08/2017

9 Wolfgang Ischinger, February 2017, Munich Security Conference, "THREE PER CENT OF GDP FOR FOREIGN, DEVELOPMENT, AND DEFENSE POLICY", accessed online via <https://www.securityconference.de/en/news/article/three-per-cent-of-gdp-for-foreign-development-and-defense-policy/> on 22/08/2017

could make up for lower defence spending with their contributions to broader security, with others viewing it as way to get countries off the hook on commitments made at the 2014 Wales Summit.

Security in the 21st Century

The development of new technologies and increasing globalisation has exacerbated some traditional security threats and created new challenges. From international terrorism to cyber threats traditional concepts of what is needed to defend a country and the Alliance, and thus what should be measured, are in need of modification.

In 2007 Estonia, a member of NATO since 2004, was subject to a sustained cyber-attack. Hackers, linked to the Russian state, attacked the websites of prominent Estonian organisations including the parliament, banks and media outlets.¹⁰ Beyond the economic damage wrought by the attack, the 2007 episode demanded a rethink into how NATO thought about its security. Estonia, and indeed most other NATO states, have since bolstered their cyber defences; Tallinn is now home to NATO's Cooperative Cyber Defence Centre of Excellence.

More recently the humanitarian crisis in the Mediterranean has seen hundreds of thousands of refugees travel to Europe by sea. This demonstrates another security challenge previously unimagined. The arrival of millions of refugees has caused diplomatic tensions between Allies, had negative economic implications and has arguably contributed to the rise of destabilising nationalist populism. This crisis has reiterated that instability abroad can have a detrimental impact on domestic security. Yet, apart from the use of naval vessels to patrol the waters of the Mediterranean the efforts of European states to deal with the refugee crisis will not be included in the raw numbers on transatlantic burden-sharing.

The belief that security is more than just defence is not new. Throughout the Cold War both the West and the Soviet Union argued for investment, economically and politically, in third countries to strengthen and secure favourable governments. Following the September 11th attacks in 2001 the establishment and support for fledgling democracies around the world was again seen as a critical part of US and wider Western foreign and security policies. Both the 2002 and 2006 US National Security Strategies included significant focus on 'building democracies', and other Allies also considered what some called "3-D Security". Development and diplomacy were considered alongside defence with increasing formality.

To a certain extent NATO itself has adopted this approach. In the Alliance's most recent Strategic Concept,¹¹ adopted at the Lisbon Summit in 2010, NATO states that part of its role is to "prevent crises, manage conflicts and stabilise post-

10 Emily Tamkin, April 2017, *Foreign Policy*, "10 Years After the Landmark Attack on Estonia, Is the World Better Prepared for Cyber Threats?", accessed online via <http://foreignpolicy.com/2017/04/27/10-years-after-the-landmark-attack-on-estonia-is-the-world-better-prepared-for-cyber-threats/> on 24/08/2017

11 NATO's Strategic Concept 2010, available online via http://www.nato.int/strategic-concept/pdf/Strat_Concept_web_en.pdf accessed on 11/08/2017

conflict situations.” This was justified by the argument that “crises and conflicts beyond NATO’s borders post a direct threat to the security of Alliance territory and populations” and that the “best way to manage conflicts is to prevent them from happening.”

Beyond an increased focus on prevention NATO has also begun to consider the inevitability of certain risks. At the 2016 NATO Summit in Warsaw Allies agreed to “enhance resilience against the full spectrum of threats”. Resilience, as explained by Guillaume Lasconjarias of the NATO Defence College,¹² started “from the need to bounce back and recover swiftly after any shock” but the “concept now addresses the once forgotten issues of being able to continue operating even in difficult situations.” With the increased threat of terrorism, cyber security risks and developing concepts of hybrid warfare NATO has a great many challenges that will require greater resilience. NATO’s security, by NATO’s own definition, depends on the resilience of its Allies, and as such it depends on the commitment of its Allies to a security far broader than that covered by defence spending.

What else could we measure?

Given the limits of the current 2% measure it is clear that NATO Allies need to begin thinking about burden-sharing differently. To this end it is important to consider what else might go into a new measure of contribution to collective defence and security.

International Development

A potential 3% calculation has been suggested as a possible replacement for 2% because it adds NATO’s measurement with the UN commitment to spend 0.7% of GNI on overseas development assistance (ODA) and other smaller contributions such as conflict diplomacy. ODA would therefore represent the biggest share of contributions after defence spending. The simple theory is that if NATO is correct in arguing that “the best way to manage conflicts is to prevent them from happening” then investing in the stability of a country’s economy and politics can help prevent future threats. Spending money on preventing wars could save significant amounts of money.

Within the NATO Alliance, much like with defence spending, there are significant disparities between states when it comes to development spending. Only six Allies meet the 0.7% of GNI threshold: Norway (1.11%), Luxembourg (1%), Turkey (0.79%), Denmark (0.75%), the United Kingdom (0.7%) and Germany (0.7%).¹³ The United States only spent 0.18% on ODA, which still represented the largest actual spend on development.

12 Guillaume Lasconjarias, May 2017, NATO Defence College Eisenhower Paper, “Deterrence through Resilience NATO, the Nations and the Challenges of Being Prepared”

13 All data on Overseas Development Assistance is extracted from the OECD and available online via <http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/> accessed on 11/08/2017

If NATO were to judge contributions to defence and security by a combined spend on defence and development, the rankings would change significantly in terms of relative contribution. However, it would change the rankings only marginally in terms of actual contribution.

In actual terms (see Table 2) the United States would retain top position, despite its relatively small spend on ODA. The United Kingdom would also hold on to its second place in the Alliance. Germany's large spend on ODA and France's relatively low expenditure would see Berlin overtake Paris in this ranking. There is however relatively little change amongst the medium to large Allies (see Table 2).

Table 2: Combined Defence and Overseas Development Assistance spending in US\$m amongst NATO's biggest spenders in 2016

Rank	Country	Total Spent on Defence and ODA in 2016 (US\$m)	Change in Rank
1	United States	\$697,648	No change
2	United Kingdom	\$74,974	No change
3	Germany	\$66,260	Up 1
4	France	\$53,691	Down 1
5	Italy	\$27,233	No change
6	Canada	\$22,132	No change
7	Turkey	\$18,829	No change
8	Netherlands	\$14,098	Up 2
9	Norway	\$10,414	Up 2
10	Spain	\$10,381	Down 2
11	Poland	\$10,005	Down 2

In terms of relative spend however (see Table 3), i.e. share of GDP/GNI spent, adding development spending has a significant impact on the rankings of which countries are contributing most to defence and security. The US, again thanks to its mammoth spend on defence, retains the top position, but it is the only medium to large NATO ally not to shift in the rankings. The UK benefits from being the only NATO ally to both meet the 2% and 0.7% commitments by moving into second place. The big movers however are those countries that are some way off from meeting their 2% commitments but are hitting their 0.7% commitments, with Norway, Denmark, Germany and the Netherlands all jumping in the rankings.

Diplomacy

Foreign ministries and a global network of diplomats play an important role in both conflict prevention and management. While it is hoped that development spending can contribute to other countries' stability and thus prevent issues from arising, diplomacy can aid in stopping them escalating into conflicts and deescalating conflicts if and when they begin. Diplomacy plays also crucial role in deterrence signalling and managing any direct threats to NATO territory.

Table 3: Combined Defence and Overseas Development Assistance spending as a share of GDP amongst NATO's biggest spenders in 2016

Rank	Country	TShare of GDP on Defence and ODA in 2016 (US\$m)	Change in Rank (see Table 1)
1	United States	3.79%	No change
2	United Kingdom	2.88%	Up 1
3	Norway	2.66%	Up 4
4	Greece	2.52%	Down 2
5	Estonia	2.34%	Down 1
6	Turkey	2.26%	Up 4
7	France	2.17%	Down 1
8	Poland	2.13%	Down 3
9	Denmark	1.91%	Up 9
10	Germany	1.90%	Up 6
11	Netherlands	1.80%	Up 8

Many foreign ministries have invested considerable resources in crisis prevention, with different capitals developing expertise in different regions. Norway, for example, has been active in the Middle East peace process. The United Kingdom and France maintain close relations with former colonies, including in regions of strategic importance to Europe. Countries historically and geographically close to Russia maintain critical expertise on Eastern Europe, with Germany acting a leading member of the Normandy Format that negotiated the Minsk agreements in an attempt to deescalate the crisis in Ukraine. Italy's position in the Mediterranean has led to Rome playing an important role in efforts to resolve tensions in Libya.

All NATO states take part in various international organisations/bodies that play prominent roles in regional and international security. The Organisation for Security and Cooperation in Europe (OSCE) has for example been active in monitoring the war in Eastern Ukraine. NATO members play an important role in the UN, including as permanent members of the Security Council. Five NATO members are Member States of the Arctic Council.

Exactly how to quantify a country's contribution to diplomacy is difficult. While a case can be made that France's spending on climate change diplomacy has aided global security,¹⁴ it is more difficult to make the case for Paris' attempts to forge closer cultural ties with Singapore. Deciding what can be defined as contribution to transatlantic burden-sharing and what is simply a pursuit of national interest is essential, and is a challenge that exacerbates the difficulty in standardising diplomatic contributions. If however total foreign ministry spend were added to defence and development spending then the UK and Norway would come close to breaking the 3% threshold, and Germany would narrowly surpass 2%.

14 See for example Paris' efforts ahead of the Paris Climate Summit in 2015, accessed online via <https://www.theguardian.com/world/2015/oct/19/france-launches-global-drive-for-climate-deal> on 08/09/2017

Intelligence and Counter-Terrorism

There are other areas that governments might consider to be contributions to collective defence and security. Given that one of the most pressing threats of the 21st century is international terrorism intelligence and counter-terrorism spending is another candidate for inclusion. NATO itself, in response to pressure from the US government, agreed in 2017 to do more to tackle international terrorism¹⁵ despite opposition from some within the Alliance that it would both duplicate national commitments.¹⁶

If President Trump argues for the transatlantic alliance to join international counterterrorism efforts then it follows that contributions to the fight against global terrorism may be included in calculations of transatlantic burden-sharing.

Calculating contributions to counterterrorism is difficult however. The globally networked nature of contemporary terrorist groups, their links with state and non-state actors alike and their relationships with domestic populations means that there are a great many different aspects to a country's efforts, including but not limited to: intelligence spending, contributions to international bodies such as Europol and Interpol, elements of domestic policing and counter-radicalisation efforts.

Intelligence spending represents a significant expenditure in the fight against terrorism, but even this is nuanced. International intelligence is easier to include in international commitments than domestic intelligence which is also concerned with national law and order issues. Moreover, governments are often opaque on intelligence spending. The UK for example, on the most important intelligence actors in NATO, only releases figures for overall intelligence spending. The Single Intelligence Account (SIA) is expected to reach £2.9 billion in 2016-17.¹⁷

Without greater transparency in intelligence spending or a transatlantic agreement on which type of intelligence spending can be considered contribution to counterterrorism efforts, it will be impossible to adequately consider it part of a state's commitment to collective security.

Contribution to EU foreign, defence and security policy

The 22 NATO Allies that are also members of the EU might well argue that their contributions to the EU's defence and security efforts should also be included in a revised and more comprehensive measure. The EU has become an increasingly

15 "NATO leaders agree to do more to fight terrorism and ensure fairer burden-sharing", May 2017, NATO Press Release, accessed online via http://www.nato.int/cps/en/natohq/news_144154.htm on 23/08/2017

16 "NATO ponders boosting counterterrorism efforts ahead of Trump's visit", May 2017, DW, accessed online via <http://www.dw.com/en/nato-ponders-boosting-counterterrorism-efforts-ahead-of-trumps-visit/a-38896884> on 23/08/2017

17 For more see the UK Government's Security and Intelligence Agencies Financial Statement 2016-17 online via <https://www.gov.uk/government/publications/security-and-intelligence-agencies-financial-statement-2016-17> accessed on 29/08/2017

prominent actor in regional security issues, and is arguably equally or more relevant than NATO when it comes to threats like hybrid warfare and terrorism. Ukraine for example has benefitted from many EU initiatives, such as loans, grants and visa-free-travel arrangements, helping Kyiv resist Russian aggression, prevent economic crisis and avoid the further exacerbation of the ongoing humanitarian security crisis. Indeed if states agree that collective security is far larger than simple defence spending then there is a wide range of expenditures that Allies could argue contribute.

In 2017 the budget of the EU's European External Action Service, the body responsible for the EU's Common Foreign and Security Policy and its Common Security and Defence Policy is €656.94 million. With this budget the EU contributes to the stability of its neighbours through various diplomatic engagements. Countries that make a net contribution to the EU's budget, such as France, Germany and the Netherlands, could claim this is part of their commitment to European security. This is likely to become even truer as the EU seeks closer cooperation on defence and security issues.

Resilience

NATO Defence Ministers, at a 2016 meeting,¹⁸ agreed to seven areas that need to be made more resilient:

1. Continuity of government;
2. Energy supplies;
3. Civil communications services;
4. Food and water supplies;
5. Ability to deal with large scale population movements;
6. Ability to deal with mass casualties;
7. Civilian transportation systems.

This potentially opens up several other spending commitments to inclusion in overall contributions to collective security, by NATO's own definition of the burden. European countries' role in dealing with recent migration flows could justify counting their actions as part of NATO resilience efforts. Efforts to reduce reliance on Russian energy, through building nuclear power plants or LNG terminals, could also be included.

18 Lasconjarias, "Deterrence through Resilience NATO, the Nations and the Challenges of Being Prepared"

Do we need a new measure?

The changing nature of security and the current pitfalls of the 2% measure demand a broader approach to measuring spending and to overall transatlantic burden-sharing. It should not however duplicate current methods.

3% is an equally arbitrary figure as 2%, and while it has helped frame the discussion, it would not solve many of the current problems. Many Allies would still lag behind, but would have acquired an even more ambitious target. The issue of whether the spending as such strengthens the Euro-Atlantic region's security would become even more complex.

How much an Ally spends only tells part of the story. In a recent article, Garrett Martin and Balazs Martonffymay proposed a new measure based on NATO's three stated commitments: collective defence, crisis management and cooperative security.¹⁹ Their measure would include not only a country's defence spending but also their contribution to NATO in terms of mission participation, NATO infrastructure hosting, and importantly how useful the government's spending is to the Alliance. Deployable equipment would for example matter more to a country's ranking than its spend on military pensions.

A new, less rigid and more nuanced measure, that takes into account both quantitative and qualitative contributions, and incorporates select soft security contributions, could address many of the current problems in the burden-sharing debate, and deal both with the issue of non-financial contributions to collective security and the need for a more comprehensive understanding of security. A more joined up approach would help Allies better understand the links between several aspects of international policy, from development to defence. This would have three key benefits for NATO and its members.

First, it would provide greater context for the transatlantic debate on burden-sharing. Allies would be able to make the case that while some carry a greater share of the burden in one area they make up for it with contributions in another. This would limit the role of burden-sharing as a political wedge in the Alliance, and give some Allies who consider soft security a bigger concern a greater role in the transatlantic debate.

Second, a new measure would encourage the avoidance of duplication, promote more cost effective specialisation and encourage more efficient interdependence. The debate on whether an ally can spend less in one area in return for larger contributions in another would be complex and politically sensitive, but it could allow Allies to target spending more effectively. Moreover, closer coordination between Allies on collective security in general would only strengthen the transatlantic relations.

Third, and most importantly, a new measure would strengthen collective security.

¹⁹ Garrett Martin & Balazs Martonffymay, May 2017, War on the Rocks, "Abandon the 2% Obsession: A new rating for pulling your weight in NATO", accessed online via <https://warontherocks.com/2017/05/abandon-the-2-percent-obsession-a-new-rating-for-pulling-your-weight-in-nato/> on 11/08/2017

By ensuring that all of the most important areas of security are well measured and thus well-funded, NATO's members will be better prepared to deal with all risks and threats.

A holistic approach such as this is not however without its problems. Allies would need to be vigilant of imbalances as some governments would find it easier to "sell" development spending to their voters than defence spending and visa-versa. This would unlikely balance out on its own, meaning that a new approach would both require a minimum spend on critical areas and a rigid negotiation system between Allies.

A new measure needs to be more holistic than 2% benchmark, as security is about more than just defence spending. This does not mean however that defence spending does not remain the bedrock of Euro-Atlantic security, something that the return to tensions with Russia has demonstrated. Any collective commitment to bolster soft dimension of security must not undermine efforts to boost collective hard security.

Recommendations

- ***NATO should retain the 2% measure while developing a new measure;***

The 2% target is flawed, but the potential message that scrapping it could send - that defence spending is not important - is not worth the risk. Given the increased risk caused by Russia and the existing capability gaps, defence spending must increase especially in the case of countries that have lagged behind most. Moreover, the US is not wrong in arguing that it shares too much of the burden.²⁰ Allies, most importantly the United States, should however be less focused on 2% as a measure of commitment to collective defence and security and begin work towards developing a new measure of the broader efforts undertaken by many NATO states.

- ***NATO should update its strategic concept to mark a new approach to burden-sharing;***

NATO's 2010 Strategic Concept opens with the statement "Today the Euro-Atlantic area is at peace". While it contains excellent considerations of many of the new security challenges, rising cyber threats and the emerging concepts around hybrid warfare are reason enough to update the document. An update would be a significant undertaking for the Alliance, with many members having been reticent to update the concept in 2010, but it is necessary to give Allies the opportunity to consider, and agree upon, a new definition of its security challenges. This would allow strategy to underpin a more holistic approach to burden-sharing, rather than a resource led approach to strategy as is currently established.

Given that NATO's focus is rightly on hard security it will be necessary for greater

20 Sir Adam Thomson, February 2017, European Leadership Network, "Who Defends Europe? Time to Get Real on Sharing the Burden", accessed online via http://www.europeanleadershipnetwork.org/who-defends-europe-time-to-get-real-on-sharing-the-burden_4436.html on 24/08/2017

coordination with the European Union, which has a greater role on many of the softer areas of collective security. The stated aims of NATO and the EU overlap in many ways. In its 2016 Global Strategy²¹ the EU presented a bold and ambitious aim of supporting “state and societal resilience to [the EU’s] east and south” and of “pre-emptive peace” by acting “at all stages of a conflict”. During a process to decide which security challenges NATO can and should concern itself with attempts should be made to engage the EU and its member states on issues of common concern. This will help to avoid overlap and maximise efficiency.²²

- ***The Alliance should consider adopting a separate, less formal, measure of overall contributions to collective defence and security based on a new strategic concept;***

Adopting a new formal target of 3% would leave Alliance unity open to the same political challenges as the 2% target. An approach which starts with establishing a common understanding among Allies of which of their spending components and which aspects of their internal and external activities contribute most to security, is needed.

As a first step, NATO should prepare and commission internal research papers and encourage national white papers on methodology. The focus of this research should be on which non-defence spending contributions NATO might wish to include and how to go about qualifying non-financial activity.

One example of how a new measure could work could be based on two overarching thematic groups:

Defence: spending on procurement would likely remain at 20% or be raised, and overall spending targets would likely not fall below 2% unless the Alliance felt this necessary to achieve agreement on wider contribution commitments. A metric could also be devised to multiply relative contributions by engagement in NATO exercises, missions and the hosting of NATO bodies or infrastructure. This could account for 60% of a country’s overall score, reflecting the importance of defence.

Prevention: spending on conflict prevention and management, through diplomacy and development, in regions that could potentially threaten Euro-Atlantic stability would likely be included as the second 40% part of the overall score. Intelligence and counter-terrorism contributions could be included if the relevant transparency is provided. As with defence contributions, quantifiable prevention contributions could be multiplied by an agreed factor depending on contributions to international organisations and various diplomatic efforts.

21 EU Global Strategy 2016, available online via http://europa.eu/globalstrategy/sites/globalstrategy/files/pages/files/eugs_review_web_13.pdf accessed on 11/08/2017

22 For an appraisal of the state of EU-NATO cooperation see Julia Himmrich & Denitsa Raynova, June 2017, *European Leadership Network*, “EU-NATO cooperation: protecting the institutional relationship from political storms”, accessed online via http://www.europeanleadershipnetwork.org/-eu-nato-cooperation-protecting-the-institutional-relationship-from-political-storms_4868.html on 29/08/2017

The end result would be added to the 60% defence score to give an assessment of a country's overall contribution to Euro-Atlantic defence and security.

This is a simplistic example to serve as an illustration of what might work. Defining a new measure requires a comprehensive and multilaterally agreed assessment of the threats and responsibilities facing NATO. If agreed, a new measure could help Allies make real progress on collective defence and security in a way that better shares the transatlantic burden.

About the Author

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Joseph's current research focuses on European security, including Russia-West relations, EU foreign and security policy and long term trends. Joseph is a member of the Younger Generation Leaders Network on Euro-Atlantic Security (YGLN).

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