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Policy brief

# NATO at a Crossroads - Again

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# NATO AT A CROSSROADS - AGAIN

## Recommendations for the Newport Summit

Only a couple of months ago, the September 2014 meeting of NATO's heads of states and governments was expected to be a rather dull event, haunted by the Member States' post-Afghanistan deployment fatigue, lack of clarity regarding NATO's strategic priorities, and budget austerity pains. Moreover, it became clear early on that launching the post-2014 NATO presence in Afghanistan in the form of a training and advisory mission dubbed "Resolute Support", originally meant as one of the main deliverables from the Summit, would need to be delayed due to the wrangling over the outcome of Afghan presidential elections.

But the NATO spleen is all but gone now. Following the Russian aggression against Ukraine, and Jihadist advances in the Middle East, the Summit is now being [described by British Prime Minister David Cameron](#) as taking place at a "pivotal moment" in the history of the alliance. Its importance can hardly be overstated. The decisions taken by the 28 leaders will have important consequences in terms of adapting NATO's mission and fine-tuning its instruments to the new challenges. If they fail to get the balance right, the relevance of the Alliance for guaranteeing Member States' security would diminish and its international credibility would suffer, potentially tempting outsiders to test NATO's resolve. However, if they succeed, they can provide a much-needed impulse to the process of re-establishing stability in the Euro-Atlantic area and beyond.

## Reassurance package at the core of the Summit

The leaders gathered at Newport will do their utmost to display unity, praise alliance cohesion and underline transatlantic solidarity. During the preparatory work for the Summit, the bureaucracies made sure that most of the potential irritants, for example the issue of NATO enlargement to the East, [would not feature at the meeting](#). Still, one major question mark remains.

The Challenge:

Agreeing on the language describing the reassurance package for Central and Eastern European members can provide an element of drama to the meeting. A group of Allies, led by Poland and the Baltic States, would want the Summit to give a green light to permanent stationing of NATO forces along the Eastern flank. They argue that it will serve as a clear deterrence and reassurance signal in the face of Russian transgressions. The opponents, including NATO heavyweights France and Germany, point to the danger of escalation following such an open-ended declaration, especially in the context of the political assurances given by NATO in the 1990s and codified in the 1997 [NATO-Russia Founding Act](#) that no "substantial

combat forces” would be permanently stationed on the territory of the new Member States. The financial aspect seems to be equally important for them, as no major NATO state is willing to fund the construction of large-scale bases, and permanent relocation of troops and equipment.

Recommendations:

Despite the differences, a reasonable compromise seems to be within reach. Short of declaring explicitly whether the decisions taken by NATO in the 1990s on restraining permanent stationing of troops remain binding or not, NATO will most likely agree on two closely related sets of measures. First, a Readiness Action Plan meant to augment the overall capability of the Alliance to respond to the military challenges to the security of its members, coming not only from Russia, but also from the Maghreb and the Middle East. It should include:

- Providing better early-warning and situation-awareness capabilities, including better intelligence gathering and sharing to avoid new strategic surprises for NATO;
- Updating and expanding plans for reinforcement and defence of Member States against outside aggression, taking into account the Ukraine experiences of deployment of “little green men”, cyber-warfare and other non-conventional methods of attack;
- Intensifying and modifying the training and exercise schedule, with special emphasis on testing the readiness to fulfil territorial defence missions in the most exposed areas;
- Augmenting the capability of NATO to respond rapidly to threats, beginning with the adaptation of the NATO Response Force for faster deployment, and beefing up the capability of the Member States to sustain reinforcements by investing in infrastructure and prepositioning equipment;
- Improving the planning process for the development of NATO Members’ armed forces to assure that they would have the capabilities to respond to the new challenges.

Second, and in line with this larger set of general, and rather uncontroversial modifications of NATO procedures and force posture, specific decisions with regard to NATO’s presence in the Eastern flank will be taken. These are likely to generate most of the attention and controversies. They need to be calibrated to meet three goals: sending a potent message on Alliance unity and solidarity in the context of the Ukraine crisis, meeting the reassurance expectations of NATO countries in the region, but also being proportional to the level of threat to NATO territory. The latter criterion would be important to these Allies who remain concerned about the possibility of triggering an action-reaction cycle of increasing military tensions with Russia, with little prospect of de-escalation.

Strengthening NATO's conventional forces posture in the East while staying short of declaring their permanent deployment in the area will present the biggest challenge for the leaders. The following measures should form a basic package:

- Prolongation of the already-announced reinforcement measures (such as strengthening the Baltic Air Policing mission, boosting early-warning capabilities, deploying additional U.S. aircraft in the region) for "as long as necessary";
- Strengthening the presence of NATO Naval Forces in the Baltic and Black seas, with the use of Central and Eastern European port facilities;
- Announcing a robust calendar of exercises in the region, resulting in a de facto rotational presence of NATO troops in Poland and Baltic States as long as the crisis continues (this would go in line with the European Reassurance Initiative announced by President Obama);
- Increased NATO investment in defence infrastructure on the territory of Eastern Allies, possibly topped with the decision on establishing transport hubs at major air bases and ports, staffed by NATO personnel;
- Announcing more robust regional contingency planning for NATO's Eastern flank by NATO's Command Structure, including increasing the role of the NATO multilateral corps headquarters in Szczecin (Poland) as a potential command centre for defence operations;
- An announcement by the United States and potentially other NATO Members of a decision to relocate their military equipment to Central Europe for collective-defence contingencies would be a highly visible signal of commitment (currently, the U.S. keeps such stock in Germany, Italy and Norway), but it seems to still be undecided.

Such a package would surely be seen by some Central European allies as inadequate (as it would not commit significant forces to be deployed to the region on a permanent basis), but would result in a noticeable re-orientation of NATO's focus and increase its readiness and preparedness to confront a challenge from Russia. At the same time, it would leave NATO some space for introducing additional defence measures in the future if Moscow decides to escalate tensions in response, e.g. by significantly increasing its military potential in NATO's vicinity.

Two additional questions related to deterrence and reassurance would most likely be discussed at the Summit. The first one concerns the role of nuclear weapons in NATO defence, especially the utility of the U.S. non-strategic nuclear weapons stationed in Europe. Some

experts call for NATO to use the meeting to highlight the value of these weapons both for Alliance cohesion as a symbol of transatlantic link and for deterring a potential Russian aggression. However, going beyond the previously agreed language (such as the [2012 Deterrence and Defence Posture Review](#) assertion that “nuclear weapons are a core component of NATO’s overall capabilities”) and stating that nuclear weapons’ value is higher for NATO in the context of the current crisis would be controversial. It would be opposed by a number of Allies who want NATO to decrease its reliance on nuclear weapons in the longer term, and could be used by Russia as a pretext to move its own nuclear weapons closer to NATO territory. Therefore, NATO would be wise at this point to avoid introducing changes to its nuclear posture.

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*“NATO would be wise at this point to avoid introducing changes in its nuclear posture.”*

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The second hot issue can be the future of the territorial missile defence project, which has been so far developed by NATO and the U.S. under an explicit condition that it is not configured to intercept Russian missiles. In the present circumstances, also taking into account the allegation that Russia is working on new types of intermediate-range missiles, the Alliance will need to re-visit this condition, and decide whether the system can and should be modified to play a role in deterring Russia’s aggressive behaviour. But here again, taking into account the political, technological, and financial challenges that such a change may entail (and the potential propaganda coup for Russia, which has claimed all along that the MD project is directed against it), the incoming Summit should not hasten to alter the current configuration.

### **Policy towards Russia - deterring Moscow but showing a way out**

Reacting to the Ukraine crisis, NATO countries have agreed on suspension of day-to-day cooperation with Russia and have been explicit in their condemnation of Russia’s actions as clear violations of international law and norms of the European security system. Moscow’s policy has been so far aimed at creating divisions within the Alliance and isolating the “anti-Russian hawks” from other allies. These attempts seem to have failed and, as Russia steps up its military engagement in Ukraine, NATO will almost certainly present a unified stance vis-à-vis Moscow.

The Challenge:

Working on the assumption that Moscow is unlikely to reverse its course and work towards a de-escalation of tensions, NATO leaders will use the Newport Summit to formulate guidelines for a long-term approach towards Russia. While sending a strong signal of their willingness to confront any aggressive actions, Member States would want to make sure that the diplomatic channels of communication with Russia remain open and that some degree

of cooperation (or at least assuring neutrality of Russia) on a set of global challenges will not be ruled out for the future.

Recommendations:

NATO should adopt a three-track policy towards Russia:

1) Deter Russia by demonstrating clearly that any threat or military action against a Member State would not achieve its goals and would result in a resolute collective self-defence response. NATO would also need to highlight that it is ready to respond to any escalation by Moscow by taking further measures strengthening NATO's defence potential and presence in threatened areas;

2) Offer Russia the prospect of a renewed partnership with NATO, provided it changes visibly and significantly its policy with regards to the joint neighbourhood (incl. respect for sovereignty and territorial integrity of its neighbours) and the Alliance itself (incl. ceasing to treat NATO as an adversary);

3) Agree to keep open the channel of communication with Russia in the form of the NATO-Russia Council, with the perspective of engaging Russia on a case-by-case basis on the wider questions of international security. This track should involve attempts to work on increasing predictability and military confidence-building in Europe.

The chances of the NATO Summit decisions having a transformative impact on the policy of Russian leadership or the attitudes of Russian population are small. Moscow's negative reaction to the Summit conclusions can be almost taken for granted. The most important target audience for the Summit's strategic communication on Russia will be therefore the populations of NATO countries, its partners, and the wider international community. Highlighting the defensive and non-confrontational character of adopted measures and NATO's willingness to change its course depending on Russia's future actions is crucial in gaining wider support for the Western policy vis-à-vis Moscow.

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*"Moscow's negative reaction to the Summit conclusions can be almost taken for granted."*

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### **Policy towards Ukraine - solidarity with limits**

The thinly veiled Russian military intervention in Eastern Ukraine adds urgency to the question of the most effective ways in which NATO could cooperate with Kyiv and affect the developments on the ground.

### The Challenge:

The Alliance leaders cannot remain indifferent or neutral to the aggression against one of its close partners, and would want to unambiguously state their position in support of Ukraine. At the same time, maintaining the distinction between the Members (covered by Article 5 collective defence guarantee) and partners, remains important, as most Allies are wary of getting directly involved in the Russian – Ukrainian war. It is unlikely that the leaders would be willing to discuss the possibility of NATO intervention in the conflict, as well as to make any explicit pledges on NATO membership. Still, Ukrainian President Petro Poroshenko's presence at the Summit will be an opportunity to offer strong support for Ukraine's sovereignty and territorial integrity, including Crimea, and also pledge assistance in the process of political, legal, economic and military reforms.

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*"President Poroshenko's presence will be an opportunity to offer strong support for Ukraine."*

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### Recommendations:

The Summit should unveil an aid package aimed at reforming Ukraine's security sector and increasing capabilities of its armed forces through increased interactions with NATO. The package would build on the previous experiences of cooperation in the framework of the NATO-Ukraine Commission and Ukraine's involvement in NATO operations. It would also incorporate the recently announced voluntary "trust funds" focused specifically on financing the development of Ukraine army's logistics system, command and control, cyber capabilities, and military pensions system. NATO can offer Ukraine valuable expertise in transforming its military command and civilian management systems (the experience of the former Soviet Camp countries could be especially applicable), planning for the development of the armed forces, and assuring interoperability with Western militaries. Engagement with Ukrainian armed forces will most likely involve joint exercises and the training of officers and soldiers in NATO countries.

Regarding the pressing issue of direct assistance to the Ukrainian military in the form of weapons and ammunition deliveries (as well as intelligence or operational planning assistance for the operations in the east of the country), the NATO meeting would most likely leave the decisions to the individual Member States. Some of them, most supportive of Ukraine, have already delivered non-lethal equipment and other supplies to Ukrainian army. They could now cite recent decisions by the United States and a number of European countries to deliver arms and assistance to the Kurdish units fighting Islamic Army as an example to follow, especially if the Ukrainian army suffers heavier casualties in the fighting in the east.

## **Budgets, capabilities and NATO Burden-Sharing**

Concerns over the level of military spending, development of military capabilities and the unequal burden-sharing have been a recurring theme at virtually every NATO Summit. To put the problem in a proper context: NATO countries are still spending more on defence than the rest of the world combined (NATO accounts for approximately 60% of world expenditure). Six NATO countries (the U.S., United Kingdom, France, Germany, Italy and Turkey) remain among the top 15 global spenders. Nevertheless, the Wales summit comes at a moment in which a number of negative longer-term trends have been intertwined with recent developments, forming a gloomy background for a sombre inter-Alliance debate.

### The Challenge:

An inadequate level of defence spending in a majority of NATO countries is the starting point. The poor overall state of national budgets, combined with the global economic crisis, and the downgrading of the importance of defence expenditures resulted in a reduction of defence spending as percentage of the GDP in 16 out of 28 NATO Members since 2008 (see appendix 1). Only 4 out of 28 Allies: Estonia, Greece, UK and the U.S., meet or exceed the goal of spending 2% of GDP on defence, adopted by the Allies in 2002. The result is an increased reliance on the U.S. as the financial cornerstone of the Alliance. In 2012, the U.S. defence expenditures accounted for 72% of NATO countries defence spending, up more than 20% from the Cold War era.

Additionally, the less-than-optimal allocation of scarce resources resulted in persistent shortfalls in a number of areas which are vital for the success of any major NATO operation. These gaps have been identified in a number of NATO documents, and their importance was confirmed during the NATO operation in Libya. The capabilities deficit list includes systems for intelligence gathering, reconnaissance, communication, and targeting, strategic air- and sea-lift, or air-to-air refuelling. Previous attempts to encourage more cooperation for developing, acquiring and maintaining equipment and weapon systems by groups of NATO countries, the latest being the "Smart Defence" initiative, have brought only modest results.

Finally, the failures of most NATO countries to invest adequately in defence can be now clearly contrasted with the advances of Russia. It transformed its army from the abysmal conditions of the 1990s, and a mediocre performance in the 2008 Georgian-Russian war, into a force which is capable of both rapid large-scale movements of troops and unconventional, smaller operations utilizing intelligence assets, special operation forces, and cyber-warfare. While the Russian conventional armed forces still suffer from a number of shortfalls, and have never been tested against an opponent with comparable potential, they cannot be any longer ignored by NATO planners. Improvements of Russian military were

possible largely due to a massive influx of funds for defence, allowing the purchase of new equipment and recruitment of specialized personnel. [Russia's spending increased by 4.8% in real terms between 2012 and 2013 only, and between 2008 and 2013, the Russian budget rose from estimated US\\$ 43,8 bn to 87,8 bn.](#)

Recommendations:

No silver bullets to rapidly change the situation are available, and so far only a handful of countries in Eastern Europe announced a hike in their defence budgets as a direct consequence of the Ukraine crisis. NATO

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*"The minimum target is halting further decline of defence budgets."*

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leaders will find themselves struggling to agree on a credible path to reverse these negative trends and provide the Alliance with the capabilities it needs – at a price it can afford. It is unlikely that the calls for NATO to re-commit to the 2% GDP target would be accepted by all the Allies, especially those still feeling the burden of the financial crisis. The minimum target for the Summit must be therefore to reach an agreement on halting further decline of defence budgets, agree to speed-up cooperation on a handful of initiatives to acquire crucial capabilities, and foster closer sub-regional military connections (for example in the framework of the German-promoted Framework Nations concept, as well as Benelux format, Baltic, Black Sea and Visegrad cooperation). The Summit should also urgently task the next Secretary General, Norwegian Jens Stoltenberg, to use his experience with Nordic military cooperation to prepare more far-reaching changes in joint capability acquisition process.

## Conclusions

NATO leaders are aware of multi-dimensional realities of the security environment of the early 21<sup>st</sup> century. The Alliance is not the only, or necessarily the best, instrument at their disposal to deal with all the security challenges. However, the crisis in Ukraine increased NATO's profile as a military alliance which may be called upon not only for out-of-area missions, but also to defend the populations and territories of its members. That brings the Alliance back to its Cold War origins. The final communiqué will contain the guidelines to deal with the threats coming from other directions, including the urgency of confronting the Jihadi threat in the Middle East, but success or failure of the Summit would be judged by its ability to deliver a unified response to the immediate challenge coming from Russia. Avoiding extremes and striking an internal compromise along the lines suggested above should enable the Alliance to navigate successfully through this difficult period, and also get ready to confront other challenges.

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### Military Expenditure of NATO Countries, 2008 & 2013

NATO Country	2008		2013	
	Military Expenditure in USD (millions)	Military Expenditure as a % of GDP	Military Expenditure in USD (millions)	Military Expenditure as a % of GDP
Albania	N/A	N/A	182	1.4
Belgium	5469	1.1	5257	1
Bulgaria	1316	2.6	749	1.4
Canada	19477	1.3	18428	1
Croatia	N/A	N/A	848	1.5
Czech Republic	3173	1.4	2148	1.1
Denmark	4418	1.3	4547	1.4
Estonia	452	1.9	479	2
France	66180	2.3	52250	1.9
Germany	46241	1.3	48718	1.3
Greece	9989	2.8	5669	2.3
Hungary	1850	1.2	1210	0.9
Iceland	N/A	N/A	N/A	N/A
Italy	30471	1.3	25173	1.2
Latvia	545	1.7	291	0.9
Lithuania	548	1.1	354	0.8
Luxembourg	228	0.4	248	0.4

### Military Expenditure of NATO Countries, continued

NATO Country	2008		2013	
	Military Expenditure in USD (millions)	Military Expenditure as a % of GDP	Military Expenditure in USD (millions)	Military Expenditure as a % of GDP
Netherlands	12093	1.4	10313	1.3
Norway	5870	1.3	7398	1.4
Poland	10169	1.9	9077	1.8
Portugal	3673	1.5	3316	1.5
Romania	3017	1.5	2602	1.4
Slovakia	1458	1.5	997	1
Slovenia	821	1.5	518	1.1
Spain	18974	1.2	12746	0.9
Turkey	13324	1.8	14365	1.8
United Kingdom	60499	2.2	60283	2.4
United States	574940	4	735154	4.4

Source: NATO Public Diplomacy Division, Financial and Economic Data Relating to NATO Defence

## About the Author

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Previously, he worked as the Head of the Non-proliferation and Arms Control Project at the Polish Institute of International Affairs (PISM), focusing on non-proliferation of weapons of mass destruction, proliferation crises (North Korea, Iran), perspectives for nuclear disarmament, Russian security policy, nuclear and conventional deterrence, the role of missile defence, and the future of arms control systems. He remains involved with PISM as research associate.

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