



House of Commons  
Defence Committee

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# **Indispensable allies: US, NATO and UK Defence relations**

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**Eighth Report of Session 2017–19**





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**Eighth Report of Session 2017–19**

*Report, together with formal minutes  
relating to the report*

*Ordered by the House of Commons  
to be printed 19 June 2018*

## The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

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Committee reports are published on the Committee's website at [www.parliament.uk/defcom](http://www.parliament.uk/defcom) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry page](#) of the Committee's website.

### Committee staff

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## Summary

NATO is the cornerstone of UK defence. The 2018 NATO summit is taking place against a backdrop of increasing political uncertainty and potential military threat. As in previous times of danger, the UK Government must work with allies to ensure the country's security. NATO has responded to the change in threat following the annexation of Crimea by Russia, but there is more to be done. The UK is a major contributor to NATO and therefore one of the guarantors of overall European security. In this Report we examine the UK's priorities for the forthcoming NATO summit and determine how the UK can provide further support to NATO in improving its response to the deterioration in relations with Russia.

We also examine the UK-US bilateral relationship, taking particular note of the impact both of the UK-US relationship on NATO, and the UK's NATO role on our engagement with the US. The evidence is clear that the UK-US military-to-military relationship is central to our wider bilateral relationship. That relationship, based on interoperability, shared interests and a similar analysis of threats, is not an accident but a product of sustained investment, including in personnel and equipment. It is also vital to the functioning of NATO. Finally, we examine the pivotal role played by the US in NATO, both as an irreplaceable security guarantor and as a driver of modernisation.

Throughout this inquiry it has become clear to us that, if the UK wishes to maintain its leadership position in NATO and to continue such fruitful defence relations with the United States, then it will have to invest more in its Armed Forces. Analysis we commissioned has demonstrated that at current spending levels, the Ministry of Defence will not be able to maintain UK military capacity and capability. Diminished capacity reduces the UK's usefulness to the US and our influence within NATO. The Government must not allow this to happen.



# 1 Introduction

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1. It has been four years since a previous Defence Committee produced a report in advance of a NATO summit. With another such event looming, it is timely to examine both the UK's contribution to NATO and the UK's relationship with the United States—its closest military ally and the security guarantor of NATO. We are therefore producing this Report in advance of the 2018 NATO summit in Brussels on 11 and 12 July.
2. Our predecessors started this inquiry in January 2017, with a particular emphasis on whether Europe is defensible without the US contribution. Three evidence sessions were held before the General Election cut it short. We re-opened the inquiry in the new Parliament, after an undue delay in setting up the new Select Committee, and we have held a further four evidence sessions. We thank all of our witnesses, as well as those who took part in private meetings with us, both at home and in the United States, to discuss the themes of the inquiry.
3. We wish to thank the British Defence Staff in Washington D.C., who set up a very informative programme of meetings, and the Atlantic Council who kindly hosted our evidence session during our visit to the US. We are also grateful to Professor Michael Clarke and Francis Tusa who acted as Specialist Advisers to the inquiry.

## 2 The NATO summit 2018

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### What does NATO do?

4. The North Atlantic Treaty Organisation (NATO) is a political and military alliance of 29 countries, the basis of which is the Washington Treaty, originally signed in 1949 by the Attlee-Bevin Government. Article 5 of the Treaty states that:

an armed attack against one or more of them [the parties in the Treaty] in Europe or North America shall be considered an attack against them all.<sup>1</sup>

5. Over the past decade, our predecessor Committees have produced several reports setting out both an increase in threats to NATO members and the need for member states to ensure that NATO is able to counter them.<sup>2</sup> NATO is the primary tool for the collective defence of Europe but it also engages in out-of-area stabilisation operations such as its missions in Afghanistan (where NATO currently leads a “train, advise and assist” mission, working with the Afghan security forces and institutions)<sup>3</sup> and in Iraq (where NATO launched training and capacity-building efforts in 2016, at the request of the Iraqi government).<sup>4</sup>

6. During the first evidence session of this inquiry, in the 2015–2017 Parliament, Professor Sir Lawrence Freedman, Emeritus Professor of War Studies at King’s College London, argued that NATO was both important and unique:

There is a big issue in explaining NATO, because the great thing about NATO is just that it exists. If there was not that sort of alliance structure in Europe, imagine what it would look like at the moment if we were trying to create it. Alliance formation is a pre-war activity. I think it would add enormous instability if we did not have it. The great thing about NATO is that it sorts that issue out. Everyone is part of an alliance, they have learned to work together, and they are not organising against each other... There is a problem with NATO in that a lot of its benefits come from the mere fact of its existence, whereas people feel that if it is not actually doing something, it is obsolete. ... The bedrock of it is that it sorts out the most dangerous risks in European security just by having everybody sitting around the table.<sup>5</sup>

7. For Professor Phillips O’Brien, Professor of Strategic Studies at the University of St Andrews, the importance of NATO had increased in recent years:

The last few years have shown the success of NATO, in why the Russians had to act in Ukraine before it joined. They haven’t acted in the Baltics when they could have easily tried to foment some of their own things, because

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1 Article 5, [The North Atlantic Treaty](#)

2 Defence Committee, Tenth Report of Session 2008–09, [Russia: a new confrontation](#). HC 276 Defence Committee, Third Report of Session 2014–15, [Towards the next Defence and Security Review: Part Two-NATO](#), HC 358; Defence Committee, First Report of Session 2016–17, [Russia: Implications for UK defence and security](#), HC 107

3 NATO, [NATO and Afghanistan](#), accessed 6 June 2018

4 NATO press release, [NATO training for Iraqi officers starts in Jordan](#), 2 April 2016

5 [Q23](#) Session 2016–17, HC 992

the Baltics are within NATO. The Russians were scared of the prospect of Ukraine in NATO. That is why they went in. It shows the success of the alliance and the effectiveness it has had that Russia has acted in that way.<sup>6</sup>

Sir Adam Thomson, former UK Permanent Representative to NATO, agreed that Russian actions in Ukraine had demonstrated the importance of the Alliance to those whom it protects—particularly in reassuring its members in Eastern Europe.<sup>7</sup> The Secretary of State for Defence told us that the significance of NATO for the UK was increasing, both because of our departure from the European Union but also because of the increasing threat the UK is facing. He suggested that the UK should “be looking to do more” in NATO.<sup>8</sup>

**8. NATO has been the cornerstone of the security policy of Europe and the UK for nearly 70 years. It is one of the longest-lasting and most successful military alliances in history, primarily because it has anchored the military weight of the United States in Europe, and has therefore removed any prospect of smaller member states being isolated and overrun by aggressive neighbours.**

### Priorities for the NATO summit

9. On 11–12 July this year, the leaders of NATO member states will attend a summit in Brussels to discuss future priorities for NATO. The key themes for the 2018 summit were set out by the Secretary General in a speech to the NATO Parliamentary Assembly in May 2018:

- Deterrence and Defence (particularly readiness and reinforcement)
- Projecting Stability (fighting terrorism and training local forces)
- NATO-EU co-operation
- Continuing modernisation and adaptation of NATO (particularly Command Structure reform)
- Burden-sharing (defence spending, contributions to NATO missions and operations and providing the necessary capabilities to the Alliance)<sup>9</sup>

### UK Priorities

10. In his evidence to us, the Secretary of State for Defence outlined UK priorities for the summit as ensuring that NATO had the proper Command Structure and resourcing to deal with the increasing level of threat. He stressed the importance of persuading our allies to meet the NATO guideline of 2% of GDP on defence, in order to demonstrate their commitment to collective security.<sup>10</sup>

6 [Q23](#) Session 2016–17, HC 992

7 [Q32](#) Session 2017–19, HC 387

8 [Q143](#) Session 2017–19, HC 387

9 [Address](#) by NATO Secretary General Jens Stoltenberg to the NATO Parliamentary Assembly, Warsaw, Poland on 28 May 2018

10 [Q142](#) Session 2017–19, HC 387

11. When Angus Lapsley, the Director of the Defence, International Security and Southeast Europe Office at the FCO, gave evidence to the House of Lords International Relations Committee in April, he went into more detail about the UK's priorities for the summit. First, he argued that UK national priorities were very close to overall NATO priorities, which he felt reflected the importance of our role in shaping NATO policy. He believed that NATO had undergone a process of reform and adaptation since the Russian annexation of Crimea in 2014, and noted that the UK was keen to send strong messages about the need for continued military, political, and institutional adaptation and modernisation. The 'military adaptation pillar' consisted of improving reinforcement and mobility of forces in Europe, as well as new strategies on cyber and maritime defence. The 'political adaptation and modernisation pillar' included ensuring that NATO decision-making was faster and more responsive to the sorts of crises which the UK might face today, sending strong messages about the importance of nuclear deterrence, alliance solidarity, and assistance in the Mediterranean to its southern members, as well as in theatres such as Iraq and Afghanistan. The 'institutional pillar' covered the importance of burden-sharing and support for the Secretary General in his desire to change the way that management decisions were taken within NATO.<sup>11</sup> Mr Lapsley also felt that:

it is quite an important moment to reaffirm the UK's message that we are absolutely still at the heart of NATO and remain deeply committed to its objectives, but we are still absolutely at the heart of European security, and leaving the European Union does not mean that we are any less interested, engaged or involved in Europe security. As the Committee will know, as it happens the summit comes the day after the western Balkans summit we are hosting here in London, so it will be a good moment to demonstrate to our European partners that we are not going anywhere as far as European security is concerned.<sup>12</sup>

### **US priorities**

12. When we visited Washington D.C. earlier this year, US Administration officials told us that the US priorities for the summit were:

- Burden-sharing
- Refining the deterrence model (which is based on large-scale reinforcement—necessitating discussion on the Command Structure, readiness and military mobility, and decision-making)
- Fighting terrorism and projecting stability
- Addressing threats across the spectrum (nuclear, hybrid and conventional)

11 Q7 Oral evidence taken before the House of Lords Select Committee on International Relations on [18 April 2018](#), HL (2017–19) 143, Q7

12 Oral evidence taken before the House of Lords Select Committee on International Relations on [18 April 2018](#), HL (2017–19) 143, Q7

## Concerns over NATO effectiveness

13. The NATO summit priorities of the UK, US and NATO all broadly overlap to address areas where the Alliance needs to improve, in order to deter attacks on its members and to defend against them. A number of these have been raised repeatedly throughout our inquiry.

### *Readiness and military mobility*

14. The importance of readiness and military mobility is based on concerns that there are not enough deployable forces in Europe, and that their movement across the continent is hampered by legal barriers, insufficient numbers of transport options and lack of suitable infrastructure. Dr Martin Zapfe, head of the Global Security Team at the Center for Security Studies at the Swiss Federal Institute of Technology in Zurich (ETH Zurich), told us that recent analysis had suggested that the UK, France and Germany would take “a pretty long time” to field one brigade.<sup>13</sup> Elisabeth Braw, non-resident senior fellow with the Atlantic Council’s Scowcroft Center, and Sir Adam Thomson set out the issue in further detail. They suggested that if one of the Baltic member states were attacked:

- It has been estimated that the initial spearhead brigade that would provide rapid response to an attack (the Very High Readiness Joint Task Force or the VJTF) would take three to four weeks to reach the Baltics.<sup>14</sup>
- NATO has difficulty moving large forces. Movement by land would be by road or rail: but there are limited numbers of rail cars which are available to transport the weight of tanks, and these cars are currently owned by privatised rail companies. There are also concerns that rail bridgeheads, tunnels and bridges across Europe might not be able to support the weight of military loads. Transporting forces by sea is equally difficult as most ships able to do so are owned by private companies, and the ability of ports to cope the delivery of military equipment is uncertain.<sup>15</sup> NATO must give close attention to the legal and logistical measures necessary to prepare for such an eventuality.
- NATO would probably have to rely on strategic airlift to transport forces, but airlift capacity is scarce amongst NATO European allies.<sup>16</sup>
- The nature of an attack might be such that it was not immediately considered to be an Article 5 attack. In this case, a peacetime legal framework would apply; and, for member states to transport equipment across European borders, diplomatic clearance from national governments is currently required. Depending on the equipment, this clearance can take up to 45 days.<sup>17</sup>

The NATO Secretary General has also raised concerns that the peacetime legal framework would inhibit the movement of troops from acting as a deterrent.<sup>18</sup>

13 [Q166](#), Session 2016–17, HC 992

14 [Q40](#), Session 2017–19, HC 387

15 [Q40](#); [Q43–4](#), Session 2017–19, HC 387

16 [Q40](#), Session 2017–19, HC 387; [Q104](#) Session 2016–17, HC 992

17 [Q40](#), Session 2017–19, HC 387

18 NATO Secretary General, [Press Conference at Defence Ministers Meeting](#), 8 June 2018

15. This potential delay is further compounded by the fact that Europe would look to the United States for reinforcements, with heavy equipment being transported by sea across the North Atlantic.<sup>19</sup> According to Elisabeth Braw, one way of addressing the situation would be to increase exercising, in order to improve mobilisation and preparation.<sup>20</sup> She suggested that NATO needed to augment the number of exercises that it carries out, since in the last three years, Russia had exercised three times as often as NATO.<sup>21</sup> Dr Heather Conley, senior vice-president for Europe, Eurasia, and the Arctic and director of the Europe Program at CSIS, agreed on the importance of such exercises but pointed out that the difficulties affecting mobilisation also affected exercises.<sup>22</sup>

16. UK readiness is discussed in paragraphs 39–45 below.

**17. We strongly support the Government’s push to increase NATO readiness and military mobility.**

### ***Interoperability***

18. Interoperability is the ability of the Armed Forces of different NATO members to work alongside each other. Congressman Michael Turner, former President of the NATO Parliamentary Assembly, told us that NATO interoperability was hampered by the wide variation in systems used by NATO members.<sup>23</sup> Elisabeth Braw explained that this was an issue intensified by the modernisation of NATO armed forces which resulted in a large number of NATO missions involving smaller groups from member states, all requiring their own equipment to be moved alongside their personnel, rather than “the large chunks that essentially operated on a parallel plane during the cold war”.<sup>24</sup> She told us that interoperability issues tended to be identified when forces exercised regularly together, citing two recent examples:

- An exercise where it was discovered that, although US and Estonian forces use the same make of radio, signals encryption meant that their radios are unable to communicate.
- An exercise where it was discovered that US fuel nozzles did not fit the Polish vehicles.

In the latter case, the problem was solved through the procurement of adapters which allowed US fuel transporters to re-fuel the Polish vehicles; but, had the problem been discovered during a conflict, there would not have been time to solve it.<sup>25</sup> This illustrates that compatibility is not just about state of the art technology but also basic specifications, design and practice which should be managed through regular practice and attention to detail.

19. NATO interoperability will also have been improved as a result of the regular exercises undertaken by the Enhanced Forward Presence battlegroups deployed to its Eastern flank. Following the 2016 Warsaw NATO summit, our predecessor Committee took evidence

19 [Q34](#) Session 2016–17, HC 992

20 [Q34](#) Session 2017–19, HC 387

21 [Q34](#) Session 2017–19, HC 387

22 [Q124](#) Session 2017–19, HC 387

23 [Q111](#) Session 2017–19, HC 387

24 [Q52](#) Session 2017–19, HC 387

25 [Q52](#) Session 2017–19, HC 387

from the Ministry of Defence on its outcomes. In discussing the UK commitment to lead one of the Enhanced Forward Presence Battlegroups, the Vice-Chief of Defence Staff, General Sir Gordon Messenger, told us that the UK was able to benefit from the deployments because they improved interoperability between UK forces and allies.<sup>26</sup>

20. Concerns were also expressed by witnesses over a growing technology gap between the United States and its NATO allies. Sir Adam Thomson told us that the scale of the US spend on R&D, alongside its overall defence spending, risked them developing technology far beyond that which other NATO allies could afford and deliver. However, both he and Elisabeth Braw thought that US commitment to the Alliance meant that the US was trying hard to mitigate the challenge posed by their employment of superior technology.<sup>27</sup>

**21. Interoperability is a force multiplier. There is no easy solution to the problems presented by the wide range of systems in use by NATO allies; but ensuring that different national forces can work together is vital in a crisis or conflict. Regular NATO exercising helps to identify and solve such issues and we expect to see UK Government support for an increased programme of exercises with all allies.**

### **Command Structure reform**

22. At the February meeting of NATO Defence Ministers, the decision was taken to proceed with proposed command structure reform. Ministers agreed to:

- establish a new Joint Force Command for the Atlantic, which will ensure freedom of movement in the North Atlantic and protect sea lines of communication, and
- establish a new Support Command for logistics, reinforcement and military mobility.<sup>28</sup>

Following that meeting, the UK Government announced that, in response to the reform of NATO Command Structures, it would increase the number of UK personnel sent to NATO by about 100.<sup>29</sup> At the June Defence Ministers meeting, it was confirmed that the US would host the Atlantic Command and Germany would host the Logistics Command. The new command structures are expected to increase the size of the NATO command structure by 1,200.<sup>30</sup>

23. The Secretary of State for Defence told us that command structure reform was one of the UK's priorities for the summit, as there had been a significant shrinkage in the NATO Command Structure over the past 20 years. He suggested that the changes proposed would improve NATO's ability to adapt and to deal with increasing threats.<sup>31</sup> This was echoed by the Secretary General in his speech to the NATO Parliamentary Assembly in May 2018, in which he noted that, at the end of the Cold War, NATO had 20,000 personnel in 33 headquarters, whereas today it had fewer than 7,000 in seven headquarters. He added that, as well as the two new proposed structures, other changes in the NATO command

26 Oral evidence taken on [19 July 2016](#), HC (2016–17) 579, Q14

27 [Q50](#) Session 2017–19, HC 387

28 NATO Press Notice, [NATO Defence Ministers take decisions to strengthen the Alliance](#), 15 February 2018

29 Ministry of Defence, [UK steps up commitment to a modernised NATO](#), 15 February 2018

30 NATO Secretary General, [Press Conference at Defence Ministers Meeting](#), 7 June 2018

31 [Q142](#) Session 2017–19, HC 387

structure had been suggested by strategic commanders. These were considered necessary, as NATO was facing a more challenging security environment whilst attempting to ensure the collective defence of Europe and to promote stability outside its borders.<sup>32</sup>

24. When we asked the Secretary of State whether the UK had offered to host the Atlantic Command, we were told that the UK already hosted two NATO commands and would be unlikely to be offered a third.<sup>33</sup>

**25. We welcome UK support for the proposed new command structure and hope that this support will be demonstrated through rapidly assigning staff to the new commands. We deeply regret that the contraction in the size of the Royal Navy made it more difficult for the UK Government to bid to host the new Atlantic Command.**

### **Decision-making**

26. Decision-making is another area in which NATO needs to improve its adaptability and flexibility. The Honorable Franklin Kramer, a member of the Atlantic Council Board of Directors and its Strategic Advisors Group, told us that the way that NATO was used to planning for operations was no longer fit for purpose, as:

the way that NATO had gone at its operations was through force generation conferences, lots of discussion, et cetera. There was plenty of time.<sup>34</sup>

He suggested that an attack on a NATO state now would not leave time for such measured discussions, and argued that one option would be for the North Atlantic Council to approve in advance the steps that the Secretary General and Supreme Allied Commander could take in such an event.

27. Sir Adam Thomson was also concerned by the time NATO might take to determine its response to a developing situation:

It is not difficult to imagine a crisis situation where NATO does not know exactly what it is dealing with but is alarmed, and yet it is reluctant, for political reasons and for consensus, to declare that it is in an article 5 emergency.<sup>35</sup>

28. In Washington D.C., we were told by US Administration officials that decision-making adaptation and flexibility were vital as deployment of personnel to an area which looked vulnerable to attack constituted a tool of deterrence for the Alliance. Written evidence from the Asia-Pacific Foundation suggested that reforms in decision-making were also important in dealing with terrorist threats.<sup>36</sup> James Appathurai, Deputy Assistant Secretary General of NATO, told the House of Lords International Relations Select Committee in April that accelerating decision-making in NATO was necessary if NATO wanted to take decisions “at the speed of relevance”.<sup>37</sup> He noted that two points

32 [Address](#) by NATO Secretary General Jens Stoltenberg to the NATO Parliamentary Assembly, Warsaw, Poland on 28 May 2018

33 [Q179](#), Session 2017–19, HC 387

34 [Q106](#) Session 2016–17, HC 992

35 [Q47](#) Session 2017–19, HC 387

36 Asia Pacific Foundation ([TIA0003](#))

37 Oral evidence taken before the House of Lords Select Committee on International Relations on [18 April 2018](#), HL (2017–19) 143, Q1

would be discussed at the NATO summit in July: first, procedures NATO follows to take decisions and ways of improving those procedures; secondly, the possibility of delegating authority to the Supreme Allied Commander. Operational commanders had had the authority to move forces and pre-position them, but it had been taken away from them after the end of the Cold War.<sup>38</sup> Both the Ministry of Defence, in written evidence to this inquiry, and Angus Lapsley of the FCO, when appearing in front of the House of Lords International Relations Select Committee, supported the reform of NATO decision-making in order to make NATO more responsive to current threats.<sup>39</sup>

**29. We support the Government’s push to improve decision-making. Taking decisions at “the speed of relevance” is vital to ensure the Alliance’s deterrence posture.**

### **Burden-sharing**

30. Burden-sharing (described by the Secretary General as contributions, capabilities and cash)<sup>40</sup> is one of the more politically charged areas under discussion at the NATO summit. Burden-sharing in terms of capability shortfalls was widely discussed by witnesses. Both James Black, analyst on RAND Europe’s Defence and Security Team, and Sir Adam Thomson highlighted that European NATO allies had known capability shortfalls in a number of areas, including:

- air-to-air refuelling;
- Intelligence, Surveillance and Reconnaissance (ISR) and Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR);
- precision-guided munitions;
- suppression of enemy air defences; and
- strategic lift.<sup>41</sup>

Sir Adam Thomson told us of research findings that, in eight out of the 21 NATO capability shortfalls, Europe was heavily dependent on the United States to fill the gaps.<sup>42</sup> This was despite NATO’s rough rule-of-thumb that the United States should be expected to produce only 50% of any given capability.<sup>43</sup> However, he also noted that NATO force planners often took the view that if the US was happy to provide a capability, it did not make sense for other allies to invest in that area rather than making up other shortfalls.<sup>44</sup>

31. Burden-sharing is most often defined by Governments in terms of defence spending. The Defence Investment Pledge, which commits allies to increase defence spending towards a minimum of 2% of their GDP, and to allocate 20% of their defence spending to major equipment provision by 2024, was agreed at the NATO summit in Wales in

38 Oral evidence taken before the House of Lords Select Committee on International Relations on [18 April 2018](#), HL (2017–19) 143, Q2

39 Written evidence from the Ministry of Defence ([INA0012](#)); Oral evidence taken before the House of Lords Select Committee on International Relations on [18 April 2018](#), HL (2017–19) 143, Q7

40 NATO Secretary General, [Press Conference at Defence Ministers Meeting](#), 7 June 2018

41 [Q104](#) Session 2016–17, HC 992; [Q74](#) Session 2017–19, HC 387

42 [Q74](#) Session 2017–19, HC 387

43 [Q61](#) Session 2017–19, HC 387

44 [Q74](#) Session 2017–19, HC 387

2014.<sup>45</sup> It is frequently cited by both the US and the UK governments. Professor John Bew, Professor in History and Foreign Policy at King’s College London, and head of Policy Exchange’s Britain in the World Project, emphasised that US concerns about burden-sharing had been voiced by previous US Administrations,<sup>46</sup> a point supported by both Dr Nicholas Kitchen, Assistant Professorial Research Fellow in the United States Centre at the London School of Economics, and Dr Nile Gardiner, director of the Margaret Thatcher Center for Freedom at The Heritage Foundation, who noted that the George W. Bush and Obama Administrations had been heavily critical of NATO allies’ level of defence spending.<sup>47</sup> Dr Dana Allin, Senior Fellow for US Foreign Policy and Transatlantic Affairs at the International Institute for Strategic Studies, also felt that it was a common US refrain, although he noted that, whereas criticism had been previously directed mainly at Germany, it was now being used to criticise the UK as well. He suggested that this was a result of a general view amongst US defence experts that UK capabilities had “slipped”.<sup>48</sup>

32. Peter Watkins, Director General, Strategy and International, Ministry of Defence, told us that eight of the 29 NATO Allies were on course to spend 2% or more of their GDP on defence this year and that that figure was expected to rise to fifteen by 2024 (the deadline set by the Defence Investment Pledge).<sup>49</sup> James Black, Dr Martin Zapfe and Elisabeth Braw all questioned the usefulness of 2% as an input metric, suggesting that readiness, capabilities, forces deployment and interoperability were more useful in measuring a member state’s commitment to NATO.<sup>50</sup> However, Professor Patrick Porter, Professor of International Security and Strategy, University of Birmingham, and Dr David Blagden, Lecturer in International Security and Strategy at the Strategic Studies Institute, University of Exeter, felt that it was an important starting point. Professor Porter argued that both the mass and sustainability required to deploy at scale depended upon financial commitment. If the 2% pledge were dropped, he thought it would be difficult to hold member states accountable for their contributions to the Alliance. Dr Blagden was concerned that replacing the input metric by an output metric could lead to capabilities-targeting, rather than ensuring a flexible and responsive alliance with full-spectrum capability.<sup>51</sup> Sir Adam Thomson said that, whilst there were a number of different metrics (although some were classified, such as the number of assets available to NATO), he believed that the 2% metric was probably the most effective single measure available.<sup>52</sup>

**33. We accept the argument that percentage of GDP is not a perfect index of commitment to NATO and recognise that there is validity in additional measures, such as gauging capability, in providing an evidence-based approach to resourcing and investment. But we strongly believe there to be no other unclassified measure that is as easy to assess, to understand or to use as the basis for making comparisons. We support the Government’s commitment to exhort and encourage our allies to improve their capabilities and increase their defence spending; but we note that such exhortations would carry more weight if the UK led by example and invested more in Defence.**

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45 Written evidence from the Ministry of Defence ([INA0012](#))

46 [Q65](#) Session 2016–17, HC 992

47 [Q26](#), [Q132](#), Session 2017–19, HC 387

48 [Q26](#), Session 2017–19, HC 387

49 [Q157](#), Session 2017–19, HC 387

50 [Q96](#), [Q147](#) Session 2016–17, HC 992; [Q55–7](#), Session 2017–19, HC 387

51 [Q147](#) Session 2016–17, HC 992

52 [Q58](#), [Q61](#), Session 2017–19, HC 387

## What could the UK do?

### *Securing the North Atlantic*

34. One of the reasons for the proposed new Atlantic Joint Force Command is the significant increase in Russian submarine activity in the North Atlantic. Securing the North Atlantic is important, both for supplying troops and heavy equipment from North America,<sup>53</sup> and for protecting sea lines of communication.<sup>54</sup> The issue has been raised throughout this inquiry, including in our discussions in Washington D.C., and was further considered in the separate session that we held with the UK National Security Adviser.<sup>55</sup> The Oxford Research Group told us that “the decline of British anti-submarine capabilities and the ability (a core role within NATO) to patrol the North Atlantic” needed to be redressed given the Russian Navy’s comparative advantage in submarine construction and warfare.<sup>56</sup>

35. This is an area where there is seen to be both an increasing threat (in February, the Secretary of State for Defence told us that there had been a tenfold increase in Russian submarine activity in the North Atlantic)<sup>57</sup> and a need for British leadership. Franklin Miller KBE, Principal at The Scowcroft Group, told us that the UK needed to undertake missions in the North Atlantic on behalf of “common defence”; Professor Sir Lawrence Freedman thought that the North Atlantic was always “pretty to the fore in British thinking”; and Dr Heather Conley suggested that the North Atlantic was “homeland defence” for the UK.<sup>58</sup> The Secretary of State for Defence also remarked that the UK “has a long history of dealing with the submarine threat in the North Atlantic”.<sup>59</sup> One way in which the UK is continuing this tradition will be the forthcoming deployment of four RAF Typhoons to the Icelandic Air Policing Group in 2019. Iceland is an important northern outpost in NATO, allowing the Alliance to monitor Russian naval and submarine activity.<sup>60</sup>

36. The Secretary of State told us that the UK is investing in its anti-submarine warfare capability through its procurement of eight Type 26 Frigates and nine P-8 Poseidon Maritime Patrol Aircraft (MPA), as well as the upgrading of Merlin helicopters. However, these eight Type 26 frigates will replace 13 of the Royal Navy’s existing Type 23 anti-submarine warfare frigates—thereby reducing the amount of coverage the Royal Navy will have. The nine Poseidon MPA are filling an existing capability gap (replacement of the nine MRA4 Nimrods which were due to be delivered in 2010). The fleet of 30 Merlin Mk2 helicopters are not being upgraded in order to make them suitable for anti-submarine warfare, but for airborne early warning as part of the CrowsNest system for the Carrier Strike Group. Although it is anticipated that a maximum of 10 Merlin helicopters will be used for CrowsNest, and that all 10 could be rapidly re-roled for anti-submarine warfare if necessary, the overall picture represents a reduction in capacity.<sup>61</sup> The Secretary of State suggested that the *Queen Elizabeth*-class carriers would provide additional anti-submarine

53 [Q8](#) Session 2016–17, HC 992; [Q122](#) Session 2017–19, HC 387

54 NATO Press Notice, [NATO Defence Ministers take decisions to strengthen the Alliance](#), 15 February 2018

55 Oral evidence taken on [1 May 2018](#), HC (2017–19) 818, Q273–6

56 Written evidence from the Oxford Research Group ([INA0010](#))

57 Oral evidence taken on [21 February 2018](#), HC (2017–19) 814, Q7

58 [Q8](#), [Q34](#), Session 2016–17, HC 992; [Q122](#) Session 2017–19, HC 387

59 [Q148](#), Session 2016–17, HC 992

60 [RAF to deploy fighters to Iceland for first time since governmental spat in 2008](#), Jane’s Defence Weekly, 7 June 2018

61 Written evidence from the Ministry of Defence ([TIA0006](#))

warfare capacity and that more could be incorporated into the yet-to-be-commissioned Type 31e general purpose frigates. However, he admitted that such capabilities would be in addition to the stated specifications, and that any decision to add them would be taken as part of the Modernising Defence Programme.<sup>62</sup> In written evidence following the session with the Secretary of State, the Ministry of Defence confirmed that adding an anti-submarine warfare capability would therefore constitute a cost increase to the unit price of £250 million per ship. No such increase has been included in the provisional budget line for the Type 31e programme, suggesting that this is not something for which the Ministry of Defence is budgeting.<sup>63</sup>

**37. Following the decision to leave the European Union, the Government has consistently reiterated its desire to increase its commitment to NATO. In the North Atlantic, the UK could demonstrate both leadership and commitment. However, this requires an increase in capacity. We do not yet know what the outcomes of the Modernising Defence Programme (MDP) will be, but if the UK's anti-submarine warfare capacity remains unchanged—or is even diminished further—then the UK will be failing both its citizens and its allies.**

**38. *The Government should demonstrate its commitment to securing the North Atlantic through a renewed focus on Anti-Submarine Warfare in the Modernising Defence Programme (MDP).***

### Readiness

39. Boosting allied readiness was identified by the US as a priority at the February 2018 meeting of NATO Defence Ministers. At their June meeting, NATO Defence Ministers agreed upon a NATO Readiness Initiative, referred to as the 'Four Thirties'. This aims to increase the readiness of the forces NATO nations already have, by committing to 30 mechanised battalions, 30 air squadrons and 30 combat vessels, ready for use within 30 days (or fewer) by 2020.<sup>64</sup> When we asked the Defence Secretary about UK readiness, he told us that a high-readiness force (consisting of 16 Air Assault Brigade and 3 Commando Brigade) of up to 10,000 could be deployed within 2–10 days.<sup>65</sup> When we questioned how long it would take to deploy an armoured or a mechanised brigade, we were told that the MoD is currently working towards deploying a mechanised brigade within 20 days.<sup>66</sup> We were also told that a division would take 90 days to deploy.<sup>67</sup> When our predecessors raised concerns about the lack of detail on how the MoD could regenerate a warfighting division or reconstitute a greater force in the face of significant strategic challenges,<sup>68</sup> the Ministry of Defence told the Committee that the British Army was “conducting detailed analysis of how it can most efficiently generate forces to deploy in larger numbers”.<sup>69</sup>

40. UK readiness was raised repeatedly with us during our visit to Washington D.C., and Peter Watkins has confirmed there to be a general desire across the Alliance to enhance

62 [Q184, Q186–7](#) Session 2017–19, HC 387

63 Written evidence from the Ministry of Defence ([TIA0006](#))

64 NATO Secretary General, [Press Conference at Defence Ministers Meeting](#), 7 June 2018

65 [Q197](#) Session 2017–19, HC 387

66 [Q199–200](#), Session 2017–19, HC 387

67 [Q202](#), Session 2017–19, HC 387

68 Defence Committee, Eighth Report of Session 2016–17, [SDSR 2015 and the Army](#), HC 108, para 66

69 Defence Committee, First Special report of Session 2017–19, [SDSR 2015 and the Army: Government Response to the Committee's Eighth Report of Session 2016–17](#), HC 311

readiness.<sup>70</sup> Sir Adam Thomson, noted that the drawdown from Germany would have an impact on readiness and suggested that the UK ought to be considering what could be kept in Germany.<sup>71</sup> In further written evidence, the MoD told us that:

In the context of countering the increased state-based threat in Europe, readiness is something that we are discussing with Allies in the run up to the NATO summit and considering within MDP. We have not reached any conclusions at this stage, but there is an aspiration to enhance the readiness and speed of deployment of our warfighting division, including the brigades within it. That readiness will be constructed from many components, including training, the preparedness of personnel, and logistic enablers. The speed of deployment would also be dependent on the nature of the threat, capabilities required and distance of deployment. While it remains our intention to move all of our major units back to the UK from Germany by 2020, as a part of the MDP we are actively examining how we might forward deploy resources in the future.<sup>72</sup>

41. When we visited Washington D.C., ‘mothballing’ or creating a war reserve of equipment (a practice long employed by the US) was raised by us in discussion with US Administration officials. We were told that, although such equipment was not currently readily available, it could be refurbished and made available reasonably quickly. In the United States, the Armed Forces train on mothballed equipment once a year. Peter Watkins, however, suggested that the pace of technological change might make older equipment obsolete. He also thought there would be difficulties with personnel learning to operate such equipment.<sup>73</sup> The Secretary of State for Defence believed that the UK Services tended to prefer new equipment to the retention in reserve of existing equipment.<sup>74</sup> However, he also accepted that assets had been disposed of which could have been repurposed to improve UK capacity. He believed having flexibility within the Armed Forces brought considerable value and creating a war equipment reserve was an option he was happy to consider.<sup>75</sup>

**42. Given the speed of modern warfare, 20 days to deploy a mechanised brigade and 90 days to deploy a division risk making the UK militarily irrelevant. We ask the Government for an update on the Army’s work on how to generate a follow-on division; and we request a time-line of the steps required to reconstitute such a force in the event of an emergency.**

**43. We are encouraged by the fact that the Government is looking at readiness in the Modernising Defence Programme (MDP). However, withdrawal from Germany will not improve readiness—rather the reverse—and accordingly the Government should reconsider its decision to withdraw from Germany. In any event, we expect the MDP to address in detail the issues of basing some forces and pre-positioning some equipment in Germany.**

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70 [Q201](#), Session 2017–19, HC 387

71 [Q54](#), Session 2017–19, HC 387

72 Written evidence from the Ministry of Defence ([TIA0006](#))

73 [Q194](#), Session 2017–19, HC 387

74 [Q195](#), Session 2017–19, HC 387

75 [Q193–4](#), Session 2017–19, HC 387

44. **We are pleased that the Secretary of State is willing to look at options to establish a war reserve of equipment, and its likely impact upon UK readiness. The Government should set out its initial findings in its response to this Report.**

45. *The UK should demonstrate its leadership position in NATO by working towards being able to deploy a mechanised brigade within 10 days.*

### **UK contributions to NATO**

46. Our predecessors took evidence from General Sir Richard Shirreff when he retired from his post as NATO Deputy Supreme Allied Commander in July 2014. He suggested that “the UK was quite a long way down the league in manning its posts in NATO”.<sup>76</sup> We are aware that since that evidence was taken the number of UK staff at NATO has increased. However, we heard, both in formal evidence and in informal discussions in Washington D.C., that there are significant personnel shortages in NATO in areas such as military planning and targeting, in both of which the UK has much useful expertise.<sup>77</sup> The Secretary of State told us that the UK could do more in NATO and should “be looking at future opportunities to use our influence and capabilities in a more significant role as part of NATO”.<sup>78</sup> He noted that the UK number of Service personnel committed to NATO would be increased, in order to ensure that NATO has sufficient flexibility and resources.<sup>79</sup> Given the forthcoming change in NATO command structures, we are pleased that the Government has already made a commitment to provide about one hundred additional personnel.<sup>80</sup>

47. **The UK Government should demonstrate leadership in NATO by ensuring that all of its allocated posts, including those within the new command structures, are filled within an appropriate amount of time. Furthermore, it should consider whether we could provide additional UK personnel to NATO in areas where shortfalls currently exist.**

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76 Oral evidence taken on [9 July 2014](#), HC (2014–15) 358, Q309–10

77 [Q77](#) Session 2017–19, HC 387

78 [Q143](#), Session 2017–19, HC 387

79 [Q142](#), Session 2017–19, HC 387

80 Ministry of Defence, [UK steps up commitment to a modernised NATO](#), 15 February 2018

## 3 The UK-US relationship

48. The UK-US relationship remains robust.<sup>81</sup> We have heard that it is a relationship which benefits the UK, with very close co-operation in the military and intelligence fields. Indeed, Franklin Miller of the Scowcroft Group told us that the breadth and depth of this interaction is unique.<sup>82</sup> Wyn Rees, Professor of International Security at the University of Nottingham, agreed that the UK had benefited from our nuclear relationship with the US, our intelligence relationship, our ability to purchase US weaponry below development cost and our UK military's inter-operability with their US counterparts. On the other hand, he believed that UK-US security co-operation had adversely affected UK and US relationships with the EU.<sup>83</sup> James Rogers, director of the Global Britain Programme at the Henry Jackson Society, thought the UK-US relationship was based on geostrategic reality and that the two countries would become more inter-dependent as the strategic environment worsened. However, he suggested that this would depend on the UK being willing to sustain the relationship through continued development of strategic capabilities and acceptance of political necessities.<sup>84</sup>

### Political relationship

49. Witnesses nevertheless believed it would be difficult to use the UK-US relationship to influence US policy significantly, at present. Professor John Bew told us that President Trump did not regard achieving consensus and coming to an agreed strategy as part of his role as Commander-in-Chief.<sup>85</sup> Dr Dana Allin said that the divergence of views within the US Administration made it hard for the UK to contribute to US foreign policy debates.<sup>86</sup> This division in views was especially sharp on Europe and multilateralism, according to Dr Tom Wright, director of the Center on the United States and Europe at the Brookings Institution. He told us that official policy, as articulated through the US National Security and the US Defense Strategies, was in line with UK priorities but that the President's policy, particularly on Europe and NATO, ought to concern the UK.<sup>87</sup>

50. Some witnesses believed that divergence between official US policy and the President's policy had resulted in an increased bipartisan effort in Congress: Ambassador Victoria Nuland, Chief Executive Officer at the Center for a New American Security, told us that both the House and the Senate were playing an "outsized role" in foreign policy and that one option for influencing US foreign policy would be to invest in creating bipartisan solutions that the House and Senate could support.<sup>88</sup> In evidence last year, both Professor Sir Lawrence Freedman and Franklin Miller raised concerns about the reduction in dialogue between UK and US parliamentarians. Dr Miller cited the British American Parliamentary Group as one area where effort could be focused.<sup>89</sup> The Group had been funded by HM Treasury, but from 2008–09 onwards, it has been funded mainly by a grant from the House of Commons Commission and the House of Lords Commission.<sup>90</sup>

81 [Q2](#), Session 2017–19, HC 387

82 Written evidence from Franklin Miller ([INA00013](#))

83 Written evidence from Professor Wyn Rees ([TIA0005](#))

84 Written evidence from James Rogers ([TIA0004](#))

85 [Q97](#), Session 2016–17, HC 992

86 [Q10](#), Session 2017–19, HC 387

87 [Q130](#), Session 2017–19, HC 387

88 [Q103](#), Session 2017–19, HC 387

89 [Q18](#), Session 2016–17, HC 992

90 Referred to in the annual report by its previous name, the House of Lords House Committee

Between 2010 and 2015 there was no inflationary uplift to the grant, meaning a real cash cut to the group's funding at a time of rising programme costs. In its last annual report, the Group expressed concern that without an increase in funding there would be "an adverse effect on the BAPG's activities and consequently its ability to further good relations and mutual understanding with the US Congress".<sup>91</sup>

51. The Ministry of Defence told us that UK Embassy in Washington had very effective defence staff who regularly engaged with the Administration and the Congress.<sup>92</sup> Following our visit, we are in complete agreement with this assessment. However, Congressman Turner suggested that while he engaged regularly with UK politicians and officials, partly through his role in the NATO Parliamentary Assembly, "we could certainly do better".<sup>93</sup> Many of our interlocutors in Washington D.C. similarly underlined the importance of regular engagement.

52. **The UK Government needs to ensure that, in addition to its primary focus on engagement with the US Administration, it is also engaging with the US Congress, State Administrations and US civil society. The Government should consider how it can better engage with Congress, including by inviting relevant Congressional groups to visit the UK.**

53. ***The House of Commons Commission and the House of Lords Commission, as well as the FCO and MoD, should consider how they can further support UK Parliamentarians to engage with their Congressional counterparts.***

## Military relationship

54. Evidence to this inquiry has emphasised the close security (conventional, nuclear and intelligence) relationship which has existed between the UK and the US since the Second World War.<sup>94</sup> Professor Freedman suggested that the relationship is based on shared values and a shared perception of threat.<sup>95</sup> Professor Bew thought that the relationship was a product of historical circumstance, brought about by "similar underlying strategic assumptions about how foreign policy and national security should work".<sup>96</sup> Our witnesses agree that a large part of the success of the UK-US relationship is due to UK-US military interoperability.<sup>97</sup>

55. Several witnesses cited the UK's nuclear deterrent as foremost among the UK capabilities valued by the US.<sup>98</sup> Other areas where witnesses felt the UK provided a unique or complementary capability include:

- Arctic warfare;
- battlefield medicine;
- cyber;

91 British American Parliamentary Group, [Annual Report & Accounts 2016–17](#), (June 2017), p 11

92 [Q221](#), Session 2017–19, HC 387

93 [Q106](#), Session 2017–19, HC 387

94 Written evidence from Professor Wyn Rees ([TIA0005](#)), Franklin Miller ([INA00013](#)), Dr Andrew Mumford ([TIA0001](#))

95 [Q3](#), Session 2016–17, HC 992

96 [Q91](#), Session 2016–17, HC 992

97 [Q3](#), [Q87](#), [Q139](#) [Dr David Blagden], Session 2016–17, HC 992

98 [Q3](#), Session 2016–17, HC992, [Q95](#), Session 2017–19, HC 387, Written evidence provided by BASIC ([INA0017](#))

- high-end naval (in particular the Carriers), aviation, and ground systems;
- intelligence (particularly analysis and human intelligence);
- mine countermeasures;
- UK special forces.<sup>99</sup>

### Interoperability

56. Interoperability is an important part of the military-to-military relationship. Franklin Miller suggested interoperability applied to more than the ability to embed UK forces in American units (and vice versa), extending to similar operating concepts, doctrines, weapons, and representation in each other's headquarters—both operational and political.<sup>100</sup> Franklin Kramer believed that interoperability was based on the ability to “trust and rely on one another”, a point also emphasised by Alex Hall, director of RAND Europe's Defence, Security and Infrastructure Research Group, who noted that shared history and endeavours had resulted in shared “psyches, doctrines, tactics and procedures”.<sup>101</sup> Franklin Miller told us that this interoperability would increase as new capabilities, such as the Carriers and P-8 Poseidon MPA, came online.<sup>102</sup>

57. The Ministry of Defence set out the flagship capability programmes on which the UK and US co-operate:

- Carrier Strike;
- Rivet Joint;
- Unmanned Air Systems;
- C17 Strategic Airlift;
- Maritime Patrol Aircraft.<sup>103</sup>

58. On Carrier Strike, a joint Statement of Intent to enhance co-operation on carrier operations and Carrier Enabled Power Projection, signed in 2012, has allowed UK and US personnel to work closely, and enabled the US Marine Corps to fly the F-35B from HMS *Queen Elizabeth* in her first operational deployment. The Defence Secretary told us that many UK Service personnel were able to continue training on US carriers following the decommissioning of UK carriers, which had allowed them to be fully trained for the *Queen Elizabeth*-class carriers. He suggested that the UK benefited “to the tune of probably a minimum of £3 billion” a year from the UK-US relationship, based on assumptions about capabilities that the UK purchases from, or is developing collaboratively with, the US.<sup>104</sup>

99 [Q92, Q109](#), Session 2016–17, HC 992, [Q95–6, Q118](#) HC 387, Written evidence from DefenceSynergia ([INA0015](#))

100 [Q3](#), Session 2016–17, HC 992

101 [Q88–90](#), Session 2016–17, HC 992

102 [Q5](#), Session 2016–17, HC 992

103 Written evidence from the Ministry of Defence ([INA0012](#))

104 [Q216](#), Session 2017–19, HC 387; Written evidence from the Ministry of Defence ([TIA0006](#))

### **Over-reliance on the US**

59. This level of interoperability has led to suggestions that the UK is over-reliant on the US as a military partner. Dr David Blagden thought that this had resulted in both intellectual and capability dependencies, noting that the UK operated a ballistic missile submarine force, carrying a UK nuclear deterrent so as not to be reliant on the US nuclear guarantee, but did not currently have its own Maritime Patrol Aircraft to protect that deterrent, instead relying on the US to provide security through its “command of the global maritime commons”.<sup>105</sup> Alex Hall was more cautious, suggesting that, although the UK had specific capability shortfalls which it looked to the US to backfill, dependent on the operational context and given the close UK-US relationship, it was unlikely that UK would be in a position where it could not act.<sup>106</sup> Professor Porter thought that the degree of over-reliance could be measured by the UK’s ability to act independently in pursuit of its own national interest, without US support.<sup>107</sup>

60. Concerns have been raised that the UK Equipment Plan is also too dependent upon the purchase of US capabilities, with the current depreciation in sterling clearly showing the cost increase risk from exchange rate movements. In its analysis of the Equipment Plan 2017–2027, the National Audit Office noted that the Ministry of Defence had estimated that within the £179.7 billion Equipment Plan, there would be a dollar spend of \$35.6 billion. This was an increase of 24% upon the estimate provided for the 2016–2026 Equipment Plan. The NAO has warned that the costs in the plan, based on an exchange rate of \$1.55 to £1, are unrealistic and could be understated by up to £4.6 billion.<sup>108</sup> The biggest pressure (i.e. the period in which most dollars are due to be spent) will occur between 2020 and 2022.

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105 [Q139](#), Session 2016–17, HC 992

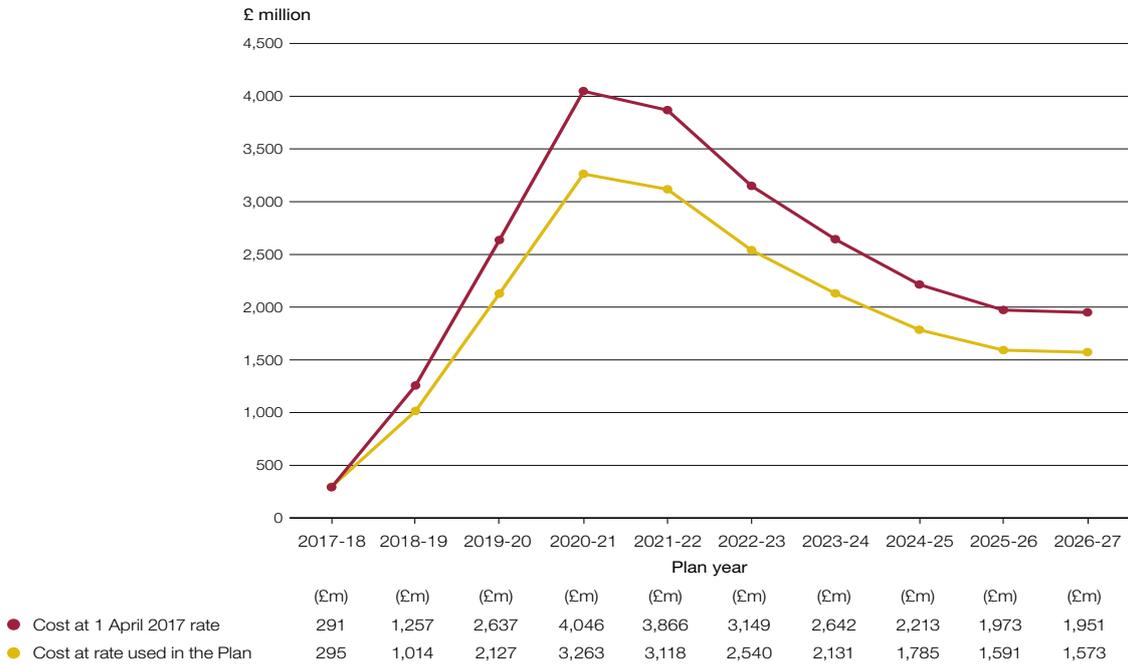
106 [Q90](#), Session 2017–19, HC 387

107 [Q138](#), HC Session 2016–17, 992

108 National Audit Office, [Ministry of Defence: The Equipment Plan 2017 to 2027](#), January 2018, p17–18

Potential increase in cost for projects paid in US dollars

Costs could increase where projects pay in US dollars due to the exchange rate used in the Equipment Plan



Notes

- 1 Chart shows the unhedged forecast cost in US dollars converted into sterling.
- 2 Rate used in the Equipment Plan is \$1.55 to £1, with the exception of 2017-18, in which £1 is worth \$1.23.
- 3 Rate on 1 April 2017 was \$1.25 to £1.

Source: National Audit Office analysis

**What does the US value from the UK?**

61. The UK’s capabilities and engagement in joint programmes are listed above. However, we found that some perceived UK assets were less tangible. For instance, a number of witnesses mentioned UK ‘thought leadership’, suggesting that the UK had an ability to influence the actions of the US, citing the second UN resolution in the run-up to the invasion of Iraq and the 2013 Parliamentary vote on Syria.<sup>109</sup> Professor Porter suggested that that influence was sustained because it was rare that US and UK interests diverged.<sup>110</sup> Congressman Turner told us that:

Unlike any other ally, we have conversations with the UK on what we should do—not just “we” as a bilateral relationship, but “we” the United States. That aspect of looking to the UK first on the analysis of what threats there are, how they should be addressed and what our common values are is probably the most important aspect.<sup>111</sup>

62. For Ambassador Victoria Nuland, the UK had an ability and a willingness to deploy globally which made it an extremely valuable ally. She also noted that the UK, and to a lesser extent the French, were the only allies who could relieve the burden on the US, citing supersonic flying and Intelligence, Surveillance and Reconnaissance (ISR) as two areas where the UK helped to shoulder the load.<sup>112</sup> Dr Conley cited the North Atlantic as

109 [Q93](#), Session 2016–17, HC 992  
 110 [Q143](#), Session 2016–17, HC 992  
 111 [Q96](#), Session 2017–19, HC 387  
 112 [Q95–97](#), Session 2017–19, HC 387

an area where the UK had the capability to relieve the burden on the US Navy.<sup>113</sup> Both James Rogers and Professor Porter believed that by playing an increasing role in Europe and the Gulf, the UK could release US resources.<sup>114</sup> The Secretary of State underlined the importance of the UK being a credible ally to the US:

The key thing that came through in all the discussions I had was the value that they put on us as an indispensable ally and the fact that we are consistently there. We are a nation that has always been willing to do a lot of heavy lifting in terms of the relationship—look at the Gulf, the Mediterranean, the North Atlantic and NATO in general. They put a true value on that.<sup>115</sup>

**63. Military-to-military engagement between the UK and the US is one of the linchpins of the bilateral relationship. The UK’s interoperability with and alleged over-reliance on the US are clearly linked and there is a balance to be struck. The Secretary of State has said that the UK benefits to the tune of £3 billion a year from the UK-US defence relationship. This implies that both the UK Armed Forces and HM Treasury benefit from our close relationship with the US. However, that will continue to be true only while the UK military retains both the capacity and capability to maintain interoperability with the US military and to relieve US burdens. For this to be the case the UK Armed Forces must be funded appropriately.**

*64. The Government should ensure that US views are carefully and seriously considered during the Modernising Defence Programme (MDP) process and are given due weight when making decisions, particularly around sustainment of capabilities, requirements for new capabilities and overall support for defence.*

*65. The Government should give due consideration to the dollar dependency highlighted in the National Audit Office Equipment Plan report and the subsequent impact on the financial resourcing of the Equipment Plan over the period of its implementation.*

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113 [Q120, Q124](#), Session 2017–19, HC 387

114 [Q138, Q151](#), Session 2016–17, HC 992, Written evidence from James Rogers ([TIA0004](#))

115 [Q219](#), Session 2017–19, HC 387

## 4 The US and UK in NATO

### The UK's current contribution to NATO

66. Sir Adam Thomson estimated that the UK provides 12–14% of total NATO capability.<sup>116</sup> The UK contributes £138 million to NATO a year (with an additional £96 million for providing 971 UK personnel to work in NATO).<sup>117</sup> According to NATO, in 2018 the UK will provide 10% of the NATO common funded budgets and programmes (the fourth highest after the US, Germany and France).<sup>118</sup> The UK hosts two NATO headquarters (MARCOM, the Maritime Command and ARRC, the Allied Rapid Reaction Corps),<sup>119</sup> and also hosts NATO exercises.<sup>120</sup> The UK commands one of the Enhanced Forward Presence battlegroups (in Estonia), providing roughly 800 personnel and contributes a squadron to the US-led battlegroup in Poland.<sup>121</sup> Furthermore the UK also contributes assets and personnel for NATO missions and operations, including Resolute Support in Afghanistan, Enhanced Air Policing in Romania and the Standing Maritime Group in the Mediterranean.<sup>122</sup> Both Franklin Kramer<sup>123</sup> and Dr Martin Zapfe<sup>124</sup> highlighted the importance of UK cyber capabilities, and the Secretary of State told us that the UK is taking a major leadership role in cyber-warfare in NATO.<sup>125</sup>

67. Evidence suggested that the UK provides a degree of credibility to, and therefore increases the deterrent effect of, the NATO Alliance. Elisabeth Braw told us that the UK had amongst the highest number of deployable and deployed soldiers in NATO.<sup>126</sup> Dr Martin Zapfe told us that, whilst “resolve is hard to quantify or measure”, the fact that the UK is considered to be a “hard and credible ally” is particularly valuable in times of crisis.<sup>127</sup> The UK is also one of three members of the Alliance to have nuclear capability, and is the only European member of the Alliance which commits its nuclear deterrent to the defence of NATO.<sup>128</sup> Mr Miller told us that the UK’s nuclear deterrent plays a “unique and critical role”.<sup>129</sup> Congressman Turner felt that the UK’s nuclear capability would be of increasing importance in the future:

On the nuclear mission, and the importance of your at-sea continuous deterrent, you represent what is probably the most important function in military security as we look to the next decade: a return to deterrence. We looked before to how we could project forces, but we did not necessarily look to forward-placing of forces, stability, protection of the European area, and deterrence of Russia and Russian aggression. Together, we are essential in that. Certainly, the UK plays a huge role in NATO itself.<sup>130</sup>

116 [Q65](#), Session 2017–19, HC 387

117 [Q150](#), [Q142](#), Session 2017–19, HC 387

118 NATO, [Funding NATO](#), accessed 8 June 2018; Written evidence from the Ministry of Defence ([INA0012](#))

119 Written evidence from the Ministry of Defence ([INA0012](#))

120 Ministry of Defence, [Europe’s largest military exercise gets under way in UK](#), 20 April 2018

121 Written evidence from the Ministry of Defence ([INA0012](#))

122 Ministry of Defence, [UK Defence in Numbers](#), September 2017, p 8

123 [Q109](#), Session 2016–17, HC 992

124 [Q166](#), Session 2016–17, HC 992

125 [Q148](#), Session 2017–19, HC 387

126 [Q65](#), Session 2017–19, HC 387

127 [Q171](#), Session 2016–17, HC 992

128 [Q64](#), Session 2016–17, HC 992

129 Written evidence from Franklin Miller ([INA00013](#))

130 [Q91](#), Session 2017–19, HC 387

68. Both James Black and Professor John Bew suggested that UK had taken a leadership role both on interoperability and burden-sharing.<sup>131</sup> Congressman Turner also felt that the UK performed an important function in terms of its ability to influence its partners and allies.<sup>132</sup> However, both Mr Black and Professor Bew argued that UK influence could wane if the UK failed to demonstrate its commitment to the defence of Europe, either through a security partnership with the EU or through an increase in its defence budget post-Brexit.<sup>133</sup> Sir Adam Thomson felt that the UK could demonstrate its commitment to European security by increasing our military contributions to NATO. He listed strategic airlift, intelligence and provision of military planners to NATO Supreme Headquarters Allied Powers Europe (SHAPE) in Belgium and Allied Command Transformation in Norfolk, Virginia, as areas in which the UK had capabilities that NATO required.<sup>134</sup>

**69. It is clear that the UK is a major contributor to NATO. However, given the geopolitical changes which have taken place since 2014, maintaining current levels of support is not enough. The UK must demonstrate an enhanced commitment to the Alliance if we wish to retain a leadership role within NATO.**

### The importance of the US role in NATO

70. The US role in NATO has been questioned several times in the Alliance's history. Professor Freedman cited the arguments between the Clinton Administration and the British and the French during the Bosnia crisis which he described as "quite vicious".<sup>135</sup> Professor Porter suggested that the US did not welcome the help of the alliance after 9/11 as it did not want to be "fettered" by it.<sup>136</sup> However, Dr Dana Allin identified a difference between those instances and the current strategic environment:

Having the first President in American post war history who seems like he might mean it—that he might leave Europe in the lurch if the Europeans do not pay more for defence or build up more effective defence forces—was something new and a matter of considerable concern. ... On balance, I would say that the American commitment to the defence of Europe has not been deeply called into question. On the other hand when you have statements like you have had from candidate and then President Trump, countries are bound to hedge or to think about other arrangements.<sup>137</sup>

71. One of the key questions for this inquiry is whether NATO could exist, in practical terms, without the support of the United States. Overwhelmingly, the evidence indicates that without US support the Alliance would be neither credible nor effective. Professor Freedman and Professor Phillips O'Brien agreed that if European NATO states all spent at least 2% of their GDP on defence, then Europe might be able to defend itself against attack on its territory; but they noted that such an adjustment would take considerable time.<sup>138</sup> Professor Bew believed that the US political and military power gave NATO credibility, and Alex Hall suggested that, whilst NATO states might be able to undertake discretionary

131 [Q109](#), Session 2016–17, HC 992

132 [Q96](#), Session 2017–19, HC 387

133 [Q109](#), Session 2016–17, HC 992

134 [Q77](#), Session 2017–19, HC 387

135 [Q25](#), Session 2016–17, HC 992

136 [Q161](#), Session 2016–17, HC 992

137 [Q27](#), Session 2017–19, HC 387

138 [Q37–40](#), Session 2016–17, HC 992

operations, an Article 5 response without the US would leave NATO “much diminished”.<sup>139</sup> Dr Martin Zapfe told us that, no matter how much Europe spent on defence in the next 10–15 years, the US would be indispensable given its capabilities, forces, manpower and nuclear deterrent. It was the only member of NATO whose resolve and credibility was essential.<sup>140</sup> Elisabeth Braw and Dr Nile Gardiner believed that if the US did not engage in a NATO response in the event of an Article 5 attack, the danger would be not only in the loss of capabilities but in the negative message sent.<sup>141</sup>

72. However, many other witnesses argued that, while US rhetoric might be critical of NATO members, the Administration’s policies towards Europe and NATO had actually been highly supportive. Dr Dana Allin suggested that the crisis over NATO had passed, proving that the credibility of the American commitment remained strong.<sup>142</sup> Dr Gardiner cited the Administration’s policies on Ukraine and the 40% increase in the funding of the European Deterrence Initiative in the last US budget.<sup>143</sup> Congressman Turner suggested that President Putin’s behaviour had reinvigorated the NATO Alliance and the US commitment to it. However, he warned that although the US had increased its investment and presence in Europe, through its European Reassurance Initiative,<sup>144</sup> US taxpayers needed to be shown that Europe was playing its part.<sup>145</sup>

**73. The US role in NATO is vital to the defence of Europe and US priorities for the forthcoming NATO summit are closely aligned to UK priorities. The Government ought to demonstrate its commitment to joint priorities by increasing the interoperability, readiness and mobility of UK Armed Forces. The Government also ought to set out how it intends to play a key role in the US-led Atlantic Command and how that Command will work together with the UK-led Maritime Command.**

## The impact of NATO and the UK-US relationship

74. Professor Porter and Dr Blagden believed that the UK-US relationship was fundamental for the functioning of NATO, describing it as vital to the operation of NATO and the only thing that “lends anything to the façade that this is an alliance of equals”.<sup>146</sup> Others believed that the UK would be more valuable to the US by playing an increased role in NATO,<sup>147</sup> that the UK’s interoperability and reliance on the US bound the US more tightly to NATO than it otherwise would be,<sup>148</sup> and that the UK’s independence and ability to influence partners within NATO were among the most important assets of the UK-US relationship.<sup>149</sup>

75. The importance of the UK’s role in NATO to the wider UK-US relationship was underlined by the Secretary of State. He described how the US relied on the UK to perform vital functions in NATO, listing the different areas where the UK is supporting NATO:

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139 [Q103](#), Session 2017–19, HC 387

140 [Q161](#), Session 2016–17, HC 992

141 [Q38](#), [Q130](#), Session 2017–19, HC 387

142 [Q8](#), Session 2017–19, HC 387

143 [Q130–1](#), Session 2017–19, HC 387

144 Also referred to as the European Deterrence Initiative

145 [Q106](#), Session 2017–19, HC 387

146 [Q160](#), Session 2016–17, HC 992

147 Written evidence from James Rogers ([TIA0004](#))

148 [Q9](#), Session 2017–19, HC 387

149 [Q96](#), [Q94](#), Session 2017–19, HC 387

- filling the role of Deputy Supreme Allied Commander
- providing UK Service personnel at various layers of every NATO command
- leading the Enhanced Forward Presence Battle Group in Estonia
- supporting the US-led Enhanced Forward Presence Battle Group in Poland
- deploying UK Typhoons to the Southern Air Policing Group in Romania
- commanding half of the NATO maritime commands

He told us that:

The US would face challenges in being able to fill that hole because, again, the US don't just have commitments in Europe and the north Atlantic; they have commitments right around the globe. It is right that we play that role, because it is about our defence. It can't be right for us to always expect others to pick up the tab for our defence. We have got to be showing that we are engaged and we are willing to invest in our security, willing to put the resources in and willing to have the men, the women and the equipment ready to deploy—and to deploy, as we have touched upon, potentially in various areas such as Estonia, Poland and Romania—and we will continue to do that.<sup>150</sup>

### ***NATO-EU co-operation***

76. After the 2016 NATO summit in Warsaw, the then Secretary of State for Defence told us that following the UK's departure from the European Union, the UK had an increased interest in seeing NATO and the EU co-operate on security. He said that:

It has been a long-standing British preoccupation that these two organisations should work better together, should avoid duplicating each other wherever possible and should complement each other's strengths. Finally, there are a number of interlocking missions in Europe, so far as migration in the Mediterranean is concerned. There is a NATO mission in the Aegean and a European Union mission in the central Mediterranean. They are both, in essence, doing the same thing: trying to break the people smuggling models and to rescue those at sea whose lives are at risk. We are contributing Royal Navy ships to both operations.<sup>151</sup>

77. Both Ambassador Nuland and Congressman Turner were hopeful that the UK would continue to push for close NATO-EU co-operation.<sup>152</sup> The current Secretary of State for Defence believed that the UK would always strengthen complementary organisations, citing the Dutch-led PESCO project on military mobility as an excellent example which went to the core of how the UK would want PESCO to support NATO. He told us that UK support for such a project was valuable and that other European countries had consulted the UK before signing up to take part in it.<sup>153</sup>

150 [Q224](#), Session 2017–19, HC 387

151 Oral evidence taken on [19 July 2016](#), HC (2016–17) 579, Q17

152 [Q114](#), Session 2017–19, HC 387

153 [Q230](#), Session 2017–19, HC 387

78. **Although secondary to the bilateral UK-US relationship, the UK's role in NATO is important to the UK's wider defence relations with the US and to the UK's relationships with our other close allies and partners. We expect the Government to fulfil its promises to increase support to NATO after leaving the European Union. We also expect to see the UK encouraging appropriate further co-operation between NATO and the EU.**

79. *We recommend that the Government should demonstrate, both in the Modernising Defence Programme and in its response to this Report how it is increasing UK support to NATO.*

## Strategic engagement

80. The US has also made it clear that, whilst UK leadership in NATO is highly valued, the UK's ability to act independently if necessary is of equal importance. Ambassador Nuland told us that the UK's contribution to both the Alliance and European defence were essential, with only the UK and the French having the ability to operate independently and to operate at distance.<sup>154</sup> Dr Nile Gardner, Dr Heather Conley and Dr Tom Wright all mentioned US perceptions of a decline in UK defence capability, partly as a result of questions about UK shortfalls and the debate about defence spending.<sup>155</sup> On several occasions in Washington D.C., our interlocutors questioned the UK's ability to operate independently. When we asked the Secretary of State about this, he stressed that the UK did have the ability to act independently, and believed that this was recognised by the US Administration. He highlighted that, in addition, the UK had the ability to act as a framework nation, co-ordinating a coalition of different states—an ability he believed the US also valued.<sup>156</sup>

81. The UK-US relationship is not self-sustaining—Franklin Miller told us that it was a relationship which required care and nurture, and that the case for its continuation needed to be constantly made to both UK and US publics. He suggested that responsibility for this lay with politicians, officials, serving personnel and the intelligence agencies.<sup>157</sup> Dr Dana Allin cited the Libyan campaign as a low point in the transatlantic relationship, as highlighted by former President Obama in his interview with *The Atlantic*.<sup>158</sup> Ambassador Nuland highlighted the importance of winning back that trust, not just from the US Administration but from the US taxpayer:

I think President Trump's trope, both during the campaign and since, that the United States has got a raw deal from all this defence of liberalism and open trade out there in the world, and that we are being taken advantage of, has had far more salience across more sectors of the American public than I would have thought.<sup>159</sup>

154 [Q91](#), Session 2017–19, HC 387

155 [Q117](#), Session 2017–19, HC 387

156 [Q206–7](#), Session 2017–19, HC 387

157 [Q16](#), Session 2016–17, HC 992

158 [Q8](#), Session 2017–19, HC 387

159 [Q106](#), Session 2017–19, HC 387

Ambassador Nuland suggested that if “the UK can do even better, in terms of helping to defend, keep seas open and all those things” then the American people would begin to understand the role played by the UK as a valuable ally.<sup>160</sup>

82. At the publication of the US National Defense Strategy, Defense Secretary Jim Mattis said that he would usually prioritise capability but that capacity had its own value. He suggested that one of the US’s allies had cut capacity to the point that it could no longer speak with strength.<sup>161</sup> When we were in Washington D.C. we were told that this was directed at the United Kingdom.

83. The budget for the Ministry of Defence (MoD) in 2018–19 is £37 billion.<sup>162</sup> However, not all defence spending comes from the MoD budget—in 2016 (the latest year for which confirmed figures are available) the MoD budget was £34.3 billion<sup>163</sup> but UK defence spending was reported to NATO as being £42.2 billion, amounting to 2.18% of UK GDP.<sup>164</sup> This suggests that, should defence spending go up, the MoD might receive only about 80% of the total increase.

84. **We calculate that raising defence spending to 2.5% of GDP would result in a forecast spend of £50 billion per annum and raising it to 3% of GDP would take this to £60 billion per annum. A rise to 3% of GDP would see defence spending return to the level—in GDP percentage terms—that was last achieved in 1995.**<sup>165</sup>

85. **As the analysis in the Annex demonstrates, for each additional 0.5% of UK GDP spent on Defence, under a range of projected growth scenarios, about £10 billion annually would accrue to Defence. Applying the 80% guideline referred to above, we conclude that the Ministry of Defence would receive an extra £8 billion annually for its budget. Thus an increase to 2.5% of GDP to be spent on Defence would comfortably fill the ‘black hole’ in the existing MoD budget. To reverse the loss of capacity referred to by Secretary Mattis, however, a higher target is needed. Accordingly, we recommend that the Government work towards an eventual goal of raising defence spending to 3% of GDP—as it was in the mid-1990s.**

160 [Q106](#), Session 2017–19, HC 387

161 US Department of Defence Transcript, [Remarks by Secretary Mattis on the National Defense Strategy](#), 19 January 2018

162 Ministry of Defence, [Defence budget increases for the first time in six years](#), 1 April 2016

163 *Ibid.*

164 NATO press release, [Defence Expenditure of NATO Countries \(2010–2017\)](#), 29 June 2017

165 Defence Committee, Second Report of Session 2015–16, [Shifting the goalposts? Defence expenditure and the 2% pledge](#), HC 494, p 40

## Conclusions and recommendations

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### Priorities for the NATO summit 2018

1. NATO has been the cornerstone of the security policy of Europe and the UK for nearly 70 years. It is one of the longest-lasting and most successful military alliances in history, primarily because it has anchored the military weight of the United States in Europe, and has therefore removed any prospect of smaller member states being isolated and overrun by aggressive neighbours. (Paragraph 8)
2. We strongly support the Government's push to increase NATO readiness and military mobility. (Paragraph 17)
3. Interoperability is a force multiplier. There is no easy solution to the problems presented by the wide range of systems in use by NATO allies; but ensuring that different national forces can work together is vital in a crisis or conflict. Regular NATO exercising helps to identify and solve such issues and we expect to see UK Government support for an increased programme of exercises with all allies. (Paragraph 21)
4. We welcome UK support for the proposed new command structure and hope that this support will be demonstrated through rapidly assigning staff to the new commands. We deeply regret that the contraction in the size of the Royal Navy made it more difficult for the UK Government to bid to host the new Atlantic Command. (Paragraph 25)
5. We support the Government's push to improve decision-making. Taking decisions at "the speed of relevance" is vital to ensure the Alliance's deterrence posture. (Paragraph 29)
6. We accept the argument that percentage of GDP is not a perfect index of commitment to NATO and recognise that there is validity in additional measures, such as gauging capability, in providing an evidence-based approach to resourcing and investment. But we strongly believe there to be no other unclassified measure that is as easy to assess, to understand or to use as the basis for making comparisons. We support the Government's commitment to exhort and encourage our allies to improve their capabilities and increase their defence spending; but we note that such exhortations would carry more weight if the UK led by example and invested more in Defence. (Paragraph 33)

### Securing the North Atlantic

7. Following the decision to leave the European Union, the Government has consistently reiterated its desire to increase its commitment to NATO. In the North Atlantic, the UK could demonstrate both leadership and commitment. However, this requires an increase in capacity. We do not yet know what the outcomes of the Modernising Defence Programme (MDP) will be, but if the UK's anti-submarine warfare capacity remains unchanged—or is even diminished further—then the UK will be failing both its citizens and its allies. (Paragraph 37)

8. *The Government should demonstrate its commitment to securing the North Atlantic through a renewed focus on Anti-Submarine Warfare in the Modernising Defence Programme (MDP). (Paragraph 38)*

### UK readiness

9. Given the speed of modern warfare, 20 days to deploy a mechanised brigade and 90 days to deploy a division risk making the UK militarily irrelevant. We ask the Government for an update on the Army's work on how to generate a follow-on division; and we request a time-line of the steps required to reconstitute such a force in the event of an emergency. (Paragraph 42)
10. We are encouraged by the fact that the Government is looking at readiness in the Modernising Defence Programme (MDP). However, withdrawal from Germany will not improve readiness—rather the reverse—and accordingly the Government should reconsider its decision to withdraw from Germany. In any event, we expect the MDP to address in detail the issues of basing some forces and pre-positioning some equipment in Germany. (Paragraph 43)
11. We are pleased that the Secretary of State is willing to look at options to establish a war reserve of equipment, and its likely impact upon UK readiness. The Government should set out its initial findings in its response to this Report. (Paragraph 44)
12. *The UK should demonstrate its leadership position in NATO by working towards being able to deploy a mechanised brigade within 10 days. (Paragraph 45)*

### UK contributions to NATO

13. The UK Government should demonstrate leadership in NATO by ensuring that all of its allocated posts, including those within the new command structures, are filled within an appropriate amount of time. Furthermore, it should consider whether we could provide additional UK personnel to NATO in areas where shortfalls currently exist. (Paragraph 47)

### The UK-US relationship

14. The UK Government needs to ensure that, in addition to its primary focus on engagement with the US Administration, it is also engaging with the US Congress, State Administrations and US civil society. *The Government should consider how it can better engage with Congress, including by inviting relevant Congressional groups to visit the UK. (Paragraph 52)*
15. *The House of Commons Commission and the House of Lords Commission, as well as the FCO and MoD, should consider how they can further support UK Parliamentarians to engage with their Congressional counterparts. (Paragraph 53)*
16. Military-to-military engagement between the UK and the US is one of the linchpins of the bilateral relationship. The UK's interoperability with and alleged over-reliance on the US are clearly linked and there is a balance to be struck. The Secretary of State has said that the UK benefits to the tune of £3 billion a year from the UK-US

defence relationship. This implies that both the UK Armed Forces and HM Treasury benefit from our close relationship with the US. However, that will continue to be true only while the UK military retains both the capacity and capability to maintain interoperability with the US military and to relieve US burdens. For this to be the case the UK Armed Forces must be funded appropriately. (Paragraph 63)

17. *The Government should ensure that US views are carefully and seriously considered during the Modernising Defence Programme (MDP) process and are given due weight when making decisions, particularly around sustainment of capabilities, requirements for new capabilities and overall support for defence.* (Paragraph 64)
18. *The Government should give due consideration to the dollar dependency highlighted in the National Audit Office Equipment Plan report and the subsequent impact on the financial resourcing of the Equipment Plan over the period of its implementation.* (Paragraph 65)

### The US and UK in NATO

19. It is clear that the UK is a major contributor to NATO. However, given the geopolitical changes which have taken place since 2014, maintaining current levels of support is not enough. The UK must demonstrate an enhanced commitment to the Alliance if we wish to retain a leadership role within NATO. (Paragraph 69)
20. The US role in NATO is vital to the defence of Europe and US priorities for the forthcoming NATO summit are closely aligned to UK priorities. The Government ought to demonstrate its commitment to joint priorities by increasing the interoperability, readiness and mobility of UK Armed Forces. The Government also ought to set out how it intends to play a key role in the US-led Atlantic Command and how that Command will work together with the UK-led Maritime Command. (Paragraph 73)
21. Although secondary to the bilateral UK-US relationship, the UK's role in NATO is important to the UK's wider defence relations with the US and to the UK's relationships with our other close allies and partners. We expect the Government to fulfil its promises to increase support to NATO after leaving the European Union. We also expect to see the UK encouraging appropriate further co-operation between NATO and the EU. (Paragraph 78)
22. *We recommend that the Government should demonstrate, both in the Modernising Defence Programme and in its response to this Report how it is increasing UK support to NATO.* (Paragraph 79)
23. We calculate that raising defence spending to 2.5% of GDP would result in a forecast spend of £50 billion per annum and raising it to 3% of GDP would take this to £60 billion per annum. A rise to 3% of GDP would see defence spending return to the level—in GDP percentage terms—that was last achieved in 1995. (Paragraph 84)
24. As the analysis in the Annex demonstrates, for each additional 0.5% of UK GDP spent on Defence, under a range of projected growth scenarios, about £10 billion annually would accrue to Defence. Applying the 80% guideline referred to above, we conclude that the Ministry of Defence would receive an extra £8 billion annually

for its budget. Thus an increase to 2.5% of GDP to be spent on Defence would comfortably fill the 'black hole' in the existing MoD budget. To reverse the loss of capacity referred to by Secretary Mattis, however, a higher target is needed. *Accordingly, we recommend that the Government work towards an eventual goal of raising defence spending to 3% of GDP—as it was in the mid-1990s.* (Paragraph 85)

## Annex: How much extra money for Defence would result from an increase in its percentage share of GDP?

Measuring GDP is not a precise science and what 3% of GDP might yield in terms of actual expenditure would depend on differing GDP growth rates over a given period. Nevertheless, it is possible to offer some outline figures to help understand what a 3% commitment might represent in cash terms.

The following table is an illustrative representation of the extent of Government expenditure that could be available to Defence at ranges from (the current) 2% of GDP up to 3.0% of GDP over the next five years, set against a range of assumptions that GDP might grow by anything from 1.0% to 2.5% during that period.

HM Treasury's summary of independent forecasts predicts the most likely GDP growth scenario for the immediate future as around a 1.5%.<sup>166</sup>

### Defence Expenditure as a Varying Percentage of GDP in Four Extrapolations of GDP Growth

		2018	2019	2020	2021	2022	2023
<b>GDP Growth at 2.5%</b>		<b>£2,000bn<sup>167</sup></b>	<b>2050</b>	<b>2101</b>	<b>2154</b>	<b>2208</b>	<b>2263</b>
	3.0% Def	60	61.5	63	64.6	66.2	67.8
	2.5% Def	50	51.2	52.5	53.8	55.2	56.5
	2.0% Def	40 <sup>168</sup>	41	42	43	44.1	45.2
<b>GDP Growth at 2.0%</b>		<b>£2,000bn</b>	<b>2040</b>	<b>2081</b>	<b>2123</b>	<b>2165</b>	<b>2208</b>
	3.0% Def	60	61.2	62.4	63.6	64.9	66.2
	2.5% Def	50	51	52	53	54.1	55.2
	2.0% Def	40	40.8	41.6	42.4	43.3	44.1

<sup>166</sup> HM Treasury, *Forecasts for the UK Economy: A Comparison of Independent Forecasts*, No.370, March 2018, pp. 10, 12,14.

<sup>167</sup> On this basis, our illustrative figure for UK defence expenditure at a flat 2% of GDP is £39.6bn. See note on methodology for further details.

<sup>168</sup> *Ibid.*

GDP Growth at 1.5%		£2,000bn	2030	2060	2091	2122	2154
	3.0% Def	60	60.9	61.8	62.7	63.6	64.6
	2.5% Def	50	50.7	51.5	52.2	53	53.8
	2.0% Def	40	40.6	41.2	41.8	42.4	43
GDP Growth at 1.0%		£2,000bn	2020	2040	2060	2081	2102
	3.0% Def	60	60.6	61.2	61.8	62.4	63
	2.5% Def	50	50.5	51	51.5	52	52.5
	2.0% Def	40	40.4	40.8	41.2	41.6	42

It can be seen from these tables that an additional 0.5% of GDP per annum spent on Defence would yield an extra £10 billion for the yearly defence budget. Given the difference between the overall defence budget reported to NATO and the actual Ministry of Defence budget, as referred to in paragraph 83 of this Report, it is reasonable to assume that about £8 billion per year would be added to the MoD for each 0.5% rise in GDP spent on defence. Out of this net figure of £8 billion, the MoD have to make provision for major existing shortfalls in its current budget, for example, the ‘black hole’ in the Equipment Plan, estimated to be in the range of from £4.9 billion to £20.8 billion over the next 10 years.<sup>169</sup>

### Note on Methodology

*The choice of data.* To create an independent calculation for illustrative purposes, World Bank and IMF figures have been used to establish a GDP cash baseline from which extrapolations can be drawn.

*The figure for current UK defence spending.* There are a number of different calculations of UK defence expenditure. Not all that is reported to NATO as part of the UK’s % of GDP spent on defence is contained in the MoD’s annual budget. Other items are included, and NATO’s official figure for UK defence expenditure is always higher. Private organisations such as the International Institute for Strategic Studies or the Stockholm International Peace Research Institute make their own calculations of national defence expenditures and offer different (though close) figures for the UK. For these reasons we have taken an independent calculation of the UK’s GDP and calculated the cash value of 2%, 2.5% and 3.0% of that.

*The monetary value of UK GDP.* The latest (May 2018) figure of the monetary value of total UK GDP is as calculated at the end of 2016 by the World Bank and stood at £1,963 billion (\$2,650 billion).<sup>170</sup> These calculations were made against prevailing \$/£ exchange rates of May 2018. Allowing for an official UK GDP annual growth figure of 1.8% in

169 National Audit Office, *The Equipment Plan 2017–2027*, HC 717, 30 January 2018, p. 4, reported an ‘affordability gap’ ranging from £4.9bn to £20.8bn over the coming decade, depending on assumptions about minimum to maximum risk factors and any MoD remedial measures.

170 Statista <https://www.statista.com/statistics/281744/gdp-of-the-united-kingdom-uk-since-2000/>. The International Monetary Fund offers a figure of \$2,627bn.

2017 and an estimated 1% anticipated for 2018 based on Q1 and Q2 results, a current, unofficial, estimate of the monetary value of UK GDP for 2018 stands at £2,018 billion. For the purposes of this illustrative calculation, the table rounds this figure down and assumes a starting figure of £2,000 billion.

*The projection of GDP growth.* All figures in this table have been rounded to the nearest decimal point. No estimate of a future price deflator (to allow for inflation) has been built into these figures. They are straight-line extrapolations from a 2018 baseline figure.

# Formal minutes

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**Tuesday 19 June 2018**

Members present:

Rt Hon Dr Julian Lewis, in the Chair

Martin Docherty-Hughes	Mrs Madeleine Moon
Rt Hon Mr Mark Francois	Rt Hon John Spellar
Graham P Jones	Phil Wilson
Johnny Mercer	

The Draft Report (*Indispensable Allies: US, NATO and UK Defence relations*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 85 read and agreed to.

Annex agreed to.

Summary agreed to.

*Resolved*, That the Report be the Eighth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 26 June at 10.45am]

## Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Tuesday 10 October 2017

Question number

**Dr Dana Allin**, Senior Fellow, International Institute for Strategic Studies; **Dr Nicholas Kitchen**, Assistant Professorial Research Fellow, LSE

[Q1–28](#)

### Tuesday 31 October 2017

**Sir Adam Thomson**, former UK representative to NATO, and **Elisabeth Braw**, Atlantic Council

[Q29–89](#)

### Monday 5 March 2018

**Ambassador Victoria Nuland**, CEO, Center for a New American Security and **Congressman Michael Turner**

[Q90–115](#)

**Dr Heather Conley**, Senior Vice President for Europe, Eurasia and the Arctic, Center for Strategic and International Studies, **Dr Nile Gardiner**, Director, Margaret Thatcher Center for Freedom, Heritage Foundation, and **Dr Tom Wright**, Director, Center on the United States and Europe, Brookings Institution

[Q116–140](#)

### Tuesday 22 May 2018

**Rt Hon Gavin Williamson CBE MP**, Secretary of State for Defence, **Giles Ahern**, Head of MOD/FCO Joint Unit on Euro-Atlantic Security Policy, Ministry of Defence, and **Peter Watkins**, Director General Strategy & International, Ministry of Defence

[Q141–260](#)

The following witnesses gave evidence in the last Parliament to the previous Committee for this inquiry. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Tuesday 14 March 2017

**Professor Sir Lawrence Freedman**, Emeritus Professor of War Studies, King's College London, **Franklin Miller**, Principal, The Scowcroft Group, and **Professor Phillips O'Brien**, Professor of Strategic Studies, University of St Andrews

[Q1–86](#)

### Tuesday 28 March 2017

**Alex Hall**, Director, Europe's Defence, Security and Infrastructure Research Group, **James Black**, Analyst, RAND Europe's Defence and Security Team, **Professor John Bew**, Policy Exchange, and the Honourable **Franklin Kramer**, Atlantic Council

[Q87–134](#)

### Tuesday 18 April 2017

**Dr David Blagden**, Lecturer in International Security and Strategy, University of Exeter, **Professor Patrick Porter**, Academic Director, Strategy and Security Institute, University of Exeter, and **Dr Martin Zapfe**, Head, Global Security Team, Center for Security Studies

[Q135–189](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

TIA numbers are generated by the evidence processing system and so may not be complete.

- 1 Asia-Pacific Foundation ([TIA0003](#))
- 2 Dr Andrew Mumford ([TIA0001](#))
- 3 Dr Catarina Thomson ([TIA0002](#))
- 4 Ministry of Defence ([TIA0006](#))
- 5 Mr James Rogers ([TIA0004](#))
- 6 Professor Wyn Rees ([TIA0005](#))

The following written evidence was received in the last Parliament by the previous Committee for this inquiry and can be viewed on the [inquiry publications page](#) of the Committee's website.

- 1 Atlantic Council ([INA0004](#))
- 2 British American Security Information Council ([INA0017](#))
- 3 Campaign for Nuclear Disarmament (CND) ([INA0003](#))
- 4 DefenceSynergia ([INA0015](#))
- 5 Dr David Blagden and Professor Patrick Porter ([INA0006](#))
- 6 Dr Tim Oliver and Dr Nicholas Kitchen ([INA0014](#))
- 7 Franklin Miller ([INA0013](#))
- 8 Hajnalka Vincze ([INA0009](#))
- 9 Henry Jackson Society ([INA0008](#))
- 10 Independent Cold War scholar Lou Coatney ([INA0001](#))
- 11 Ministry of Defence ([INA0012](#))
- 12 Oxford Research Group ([INA0010](#))
- 13 Policy Exchange ([INA0011](#))
- 14 Professor of Strategic Studies Phillips OBrien ([INA0002](#))

## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2017–19

First Report	Gambling on 'Efficiency': Defence Acquisition and Procurement	HC 431
Second Report	Unclear for take-off? F-35 Procurement	HC 326
Third Report	Sunset for the Royal Marines? The Royal Marines and UK amphibious capability	HC 622
Fourth Report	Rash or Rational? North Korea and the threat it poses	HC 327
Fifth Report	Lost in Translation? Afghan Interpreters and Other Locally Employed Civilians	HC 572
Sixth Report	The Government's proposals for a future security partnership with the European Union	HC 594
Seventh Report	Beyond 2 per cent: A preliminary report on the Modernising Defence Programme	HC 818
First Special Report	SDSR 2015 and the Army	HC 311
Second Special Report	Armed Forces Covenant Annual Report 2016	HC 310
Third Special Report	Investigations into fatalities in Northern Ireland involving British military personnel: Government Response to the Committee's Seventh Report of Session 2016–17	HC 549
Fourth Special Report	Gambling on 'Efficiency': Defence Acquisition and Procurement: Government Response to the Committee's First Report	HC 846
Fifth Special Report	Unclear for take-off? F-35 Procurement: Responses to the Committee's Second Report	HC 845
Sixth Special Report	Sunset for the Royal Marines? The Royal Marines and UK amphibious capability: Government Response to the Committee's Third Report	HC 1044
Seventh Special Report	Rash or Rational? North Korea and the threat it poses: Government Response to the Committee's Fourth Report	HC 1155