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NATO and European Security: Back to the Roots?

by Claudia Major

ABSTRACT

The crisis in and around Ukraine since 2014 meant a major change for NATO. At the September 2014 Wales Summit, the allies put collective defence back as the *primus inter pares* among NATO's three core tasks (the other two being crisis management and cooperative security). Being back in business does not necessarily make life easier for the Alliance. While collective defence is an old task, it can hardly mean "back to the roots," because NATO needs to perform in an environment that fundamentally differs from the Cold War in security, political, financial and military terms. Both the internal dynamics within the Alliance and the external conditions have changed tremendously. All this requires substantial rethinking. NATO needs to relearn collective defence, yet in a different setting. Moreover, a sole concentration on that task neglects the security challenges faced by the Southern allies in particular. The 2015 Paris attacks are a clear reminder of this. Thus, the Alliance needs to find a balance between collective defence and crisis management, both in updated versions, and also to factor in its third core task, cooperative security.

NATO | European security | Russia | Ukraine | Military budget

keywords

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by Claudia Major*

Introduction

The crisis in and around Ukraine since 2014 meant a major change for NATO. At the September 2014 Wales Summit, the allies put collective defence back as the *primus inter pares* among NATO's three core tasks (the other two being crisis management and cooperative security).

Being back in business does not necessarily make life easier for the Alliance. While collective defence is an old task, it can hardly mean "back to the roots," because NATO needs to perform in an environment that fundamentally differs from the Cold War in security, political, financial and military terms. Both the internal dynamics within the Alliance and the external conditions have changed tremendously.

All this requires substantial rethinking. NATO needs to relearn collective defence, yet in a different setting. Moreover, a sole concentration on that task neglects the security challenges faced by the Southern allies in particular. The 2015 Paris attacks are a clear reminder of this. Thus, the Alliance needs to find a balance between collective defence and crisis management, both in updated versions, and also to factor in its third core task, cooperative security.

Overall, this gives NATO a triple challenge: militarily, whether it is able to live up to the new challenges, and more precisely to implement the ambitious programme decided at the 2014 Wales Summit; politically, whether it is able to maintain in the long run the strong unity displayed just after the outbreak of the Ukraine crisis; and in terms of resources, whether the states are willing to underpin their promises with tangible resources – which would be a novelty in NATO's history.

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1. The Ukraine crisis took NATO back to its roots

At the September 2014 summit, NATO allies embarked on a fundamental military adaptation of the Alliance in order to reinforce and reorganise its defence capabilities in reaction to the Ukraine crisis.¹

1.1 The most fundamental adaption since the end of the Cold War

The illegal annexation of Crimea, the war in Eastern Ukraine and Russian behaviour since then have deeply frightened NATO allies, and particularly those on the Eastern flank. NATO's initial answer in spring 2014 was threefold: political and military reassurance of the allies, through measures such as increased air and maritime surveillance; the suspension of all practical cooperation between NATO and Russia, with only political channels being maintained; and the development of new military plans.

This approach was firmed up by a work programme at the Wales Summit. The most important steering instrument to reorient NATO towards collective defence again is the Readiness Action Plan (RAP).² Its three main themes are: (1) an increased military presence in the East; (2) an improved military readiness, that is the capacity to react more quickly; and (3) an increased political responsiveness, that is the ability to anticipate developments and make quicker decisions.

The RAP concentrates upon two areas. The first of these is short-term reassurance, whereby the measures agreed shortly after the outbreak of the Ukraine crisis have been sustained. In doing so, the Alliance is signalling to its alarmed Eastern members that they can rely on NATO's defence promise. Measures include AWACS flights over Poland and Romania, intensified maritime surveillance, additional exercises and more personnel for NATO Headquarters (HQ).

The second area is long-term adaptation measures, which should allow the Alliance to improve its readiness and responsiveness. This means creating planning, logistical and equipment conditions that allow larger units to be moved more quickly to their place of deployment and enable them to be more rapidly operational once they arrive. While crisis management in Afghanistan involved

¹ See Malcolm Chalmers, "Is NATO Deterrence Fit for Purpose?", in *RUSI Newsbrief*, Vol. 36, No. 6 (November 2015), <https://rusi.org/node/15249>; Claudia Major, "NATO's Strategic Adaptation", in *SWP Comments*, No. 2015/C 16 (March 2015), http://www.swp-berlin.org/fileadmin/contents/products/comments/2015C16_mjr.pdf; Matthew Kroenig, "Facing Reality: Getting NATO Ready for a New Cold War", in *Survival*, Vol. 57, No. 1 (February-March 2015), p. 49-70; Guillaume Lasconjarias, "NATO's Posture After the Wales Summit", in *IAI Working Papers*, No. 14|15 (November 2014), <http://www.iai.it/en/node/2367>; Justyna Gotkowska and Piotr Szymański, "NATO's Presence in the Baltic States – Reassurance of Allies or Deterrence for Russia?", in *OSW Commentary*, No. 169 (29 April 2015), <http://www.osw.waw.pl/en/node/23310>.

² See NATO, *Wales Summit Declaration*, 5 September 2014, http://www.nato.int/cps/en/natohq/official_texts_112964.htm.

smaller brigade-sized units (approximately 3,000 men), the rapid relocation and command of larger and more complex units the size of a division or corps are now required. Up to 40,000 (in the long term 100,000) soldiers must be able to reach the deployment area and cooperate with each other. This is, to some extent, a return to Cold War thinking.

This adaptation includes a regional focus. New small regional units (NATO Force Integration Units, NFIUs) with approximately forty to fifty personnel each create a visible and permanent presence in the Eastern countries. They are to facilitate the rapid relocation of armed forces into the region and assist in the planning and coordination of training and exercises. In addition, regional NATO HQs are to take on more responsibility, namely the multinational Division Headquarters South-East being set up in Romania, and the multinational Corps Headquarters North-East (MNC NE), which Germany, Poland and Denmark are jointly running in Szczecin, Poland. The MNC NE will increase its readiness, take on more tasks and will become a hub for regional cooperation. In the long term, it is to command collective defence operations up to the size of a corps in the Alliance's Eastern area.

A further element is the reform of the rapid reaction force – the NATO Response Force (NRF). An enhanced NRF should be more quickly deployable in future. Furthermore, a small, particularly rapidly deployable reaction force of around 5,000 men (land components) is to be created within the NRF – the Very High Readiness Joint Task Force (VJTF).

1.2 Relearning collective defence in a modified internal setting

The Wales Summit has rung in fundamental change. While NATO had given itself three tasks in its 2010 Strategic Concept – collective defence, crisis management and cooperative security – crisis management has dominated recent years. With the Ukraine crisis, collective defence has again become the *primus inter pares* of NATO's tasks.

Although several allies, such as Poland, frequently reminded NATO of the importance of collective defence and of the Russian threat, over the last decade most allies restructured their armed forces according to the requirements of crisis management. The operation in Afghanistan in particular informed strategic thinking and decisions as to how NATO states structure, equip and train their soldiers. With the decisions taken in Wales, NATO has the considerable task of relearning collective defence with all that this entails: new equipment, plans and training.

This is even more challenging because internal NATO dynamics and the external security environment have both changed. This is why the idea that strategic thinking is returning to its roots is misleading. NATO might now be required to perform a task that seems to be traditional, but it has to do so under entirely different conditions. Internally, three main elements have changed: the role of the

United States, the role of Germany and the available resources.

Firstly, the US, while severely criticising Russia and clearly supporting the RAP, made it clear that they see the Europeans as leading its implementation. This translates into an approach that leaves the bulk of the efforts as the Europeans' responsibility, while offering considerable bilateral support to the most exposed allies. The US, for example, will not take the lead for the VJTF – so far, only European nations have signed up. Yet the US remains crucial, because it offers key capabilities that the Europeans lack. The VJTF, for example, relies upon US transport capacities. Moreover, the US is supporting allies on a bilateral basis, for example through the stationing of troops in the Baltic countries.

This approach is in line with the long-term US request for fairer burden-sharing between the US and its European allies. While the United States' commitment to the Alliance is beyond doubt, the Europeans should take greater responsibility.

Generally, the US is reluctant to exercise leadership in order to keep the Europeans together. During the elaboration of the new Political Guidance, adopted in June 2015, the larger allies, including the US, struggled to create a consensus.

Secondly, since the onset of the Ukraine crisis, Germany has committed itself more substantially than one would have expected given its role as a status quo ally over the last years.³ Its abstention from the UN Security Council decision on Libya in 2011 in particular made many allies question Berlin's reliability.

Germany has not only considerably shaped NATO's adaptation in terms of concepts, but it has also contributed to successful implementation.⁴ It took the lead of the new VJTF in 2015, with Germany, the Netherlands and Norway providing the majority of the troops in the set-up phase and also carrying the associated costs. Though with some difficulties, the Bundeswehr contributed the largest contingents, with approximately 2,700 of the total of some 5,000 soldiers, as well as the HQ, paratroopers, mechanised infantry and transport aircraft.

Moreover, Germany has increased its personnel in the MNC NE in Szczecin, and has also sent additional personnel to NATO to enhance defence planning. Berlin is also contributing to all NFIUs.

Putting these elements together and adding Germany's standing contribution of six to eight brigades to NATO's posture means that Germany's role is critical for the successful implementation of the decisions made in Wales. Berlin has established

³ Patrick Keller, "Germany in NATO: The Status Quo Ally?", in *Survival*, Vol. 54, No. 3 (June-July 2012), p. 95-110.

⁴ Claudia Major and Christian Mölling, *Not a hegemon, but the backbone: Germany takes a leading role in NATO's strategic adaptation*, London, European Leadership Network, 23 February 2015, http://www.europeanleadershipnetwork.org/not-a-hegemon-but-the-backbone-germany-takes-a-leading-role-in-natos-strategic-adaptation_2459.html.

itself as a discreet backbone of the Alliance. Yet this is also partly because the traditional leaders are either occupied by other issues (France in Africa and against Islamic State, IS), seem to be blocked by domestic challenges (UK) or, despite providing essential support, want to leave the lead on the RAP to the Europeans (the US).

Thirdly, the question of resources has become ever more urgent. NATO's adaptation cannot be borne from current funds. If there are to be more and bigger exercises, if new equipment is required and used more intensively and if more personnel are to be despatched, then costs will rise. Even if more efficient cooperation can restrict additional expenditure, the European allies' defence budgets need to grow.

This is even more urgent given that – since the onset of the economic crisis in 2008 – the European allies have massacred their budgets and abolished entire categories of weapons, such as tanks or maritime patrol aircraft, thereby hollowing out their armed forces.⁵ The Netherlands mothballed its newly upgraded battle tanks; Denmark gave up submarines. In theory, NATO militaries cover a broad spectrum of capabilities. In practice, many allies have been reduced to possessing tiny “bonsai” armies: just big enough to preserve the illusion of sovereignty, but incapable of offering serious contributions to NATO operations.⁶

Over the last years and prior to the Ukraine crisis, the Alliance lost the ability to live up to its own level of ambition, according to which it wants to be able to fight two big wars and six minor ones simultaneously. In 2011, the allies had trouble projecting substantial military power to Libya. While politically the operation has been a success for Europe – the UK and France led it and conducted many of the bombing raids – 90 percent of operations are said to have needed US military help in one form or another, with communications, reconnaissance, targeting, air-to-air refuelling and precision munitions being particularly in demand.⁷

⁵ See Tomas Valasek, “Surviving Austerity. The Case for a New Approach to EU Military Collaboration”, in *CER Reports*, April 2011, <http://www.cer.org.uk/node/75>; Christian Mölling, “Wege aus der europäischen Verteidigungskrise”, in *SWP-Studien*, No. 2013/S 08 (April 2013), http://www.swp-berlin.org/fileadmin/contents/products/studien/2013_S08_mlg.pdf; Christian Mölling, “Europe Without Defence”, in *SWP Comments*, No. 2011/C 38 (November 2011), http://www.swp-berlin.org/fileadmin/contents/products/comments/2011C38_mlg_ks.pdf.

⁶ Claudia Major and Christian Mölling, “The Dependent State(s) of Europe: European Defence in Year Five of Austerity”, in Sven Biscop and Daniel Fiott (eds.), *The State of Defence in Europe: State of Emergency?*, Gent, Academia Press, November 2013 (Egmont Papers No. 62), p. 13-18, <http://www.egmontinstitute.be/wp-content/uploads/2014/01/ep62.pdf>.

⁷ Michael Clarke, “Curious Victory for NATO in Libya”, in *RUSI Commentary*, 23 August 2015, <https://rusi.org/node/1191>; Claudia Major, Christian Mölling and Tomas Valasek, “Smart But Too Cautious: How NATO Can Improve Its Fight Against Austerity”, in *CER Policy Briefs*, May 2012, <http://www.cer.org.uk/node/2875>; Nick Hopkins and Richard Norton-Taylor, “NATO winds down Libyan war effort after 26,000 air missions”, in *The Guardian*, 20 October 2011, <http://gu.com/p/32nfy/stw>.

Despite increased US calls for defence commitment,⁸ the European allies were cutting spending furiously in order to cope with the economic crisis. Neither did they seriously engage in closer cooperation ("smart defence").⁹

With the Ukraine crises, the resource question becomes vital. It is not only about stopping further cuts, it is about making up for the cuts of the last few years and increasing budgets. This is the idea of the Defence Investment Pledge (DIP) adopted at the Wales summit.¹⁰ Although the DIP is only a politically binding declaration, it has symbolic value: for the first time, all allies agreed to improve defence spending.

The DIP calls upon the allies to reverse the trend of declining defence budgets and raise them over the coming decade, a move that is also intended to strengthen the transatlantic bond (because it would decrease the spending gap between the United States and Europe). The allies promised to aim to move towards the 2 percent guideline within a decade and to increase annual investments to 20 percent or more of total defence expenditures, with a view to meeting the NATO Capability Targets and filling NATO's capability shortfalls. Yet so far, only a very small number of allies have brought their budget to 2 percent.¹¹

2. A different external environment complicates NATO's adaptation

Furthermore, the new external situation confronts the Alliance with a less clear-cut threat situation than "back to the roots" implies.

2.1 The simultaneity of crises

The main point to be made here is that the Alliance cannot afford the luxury of concentrating just on collective defence. Even if collective defence has returned as *primus inter pares*, the two other core tasks, crisis management and cooperative security, remain valid.

⁸ See Robert Gates, *The Security and Defense Agenda (Future of NATO)*, Brussels, 10 June 2011, <http://archive.defense.gov/speeches/speech.aspx?speechid=1581>.

⁹ See Bastian Giegerich, "NATO's Smart Defence: Who's buying?", in *Survival*, Vol. 54, No. 3 (June-July 2012), p. 69-77; Christian Mölling, *State of Play of the Implementation of EDA's Pooling and Sharing Initiatives and Its Impact on the European Defence Industry*, Brussels, European Parliament, June 2015, http://www.europarl.europa.eu/thinktank/it/document.html?reference=EXPO_STU%282015%29534988.

¹⁰ NATO, *Wales Summit Declaration*, cit., para. 14.

¹¹ NATO Public Diplomacy Division, *Financial and Economic Data Relating to NATO Defence*, 22 June 2015, http://www.nato.int/cps/en/natohq/news_120866.htm.

As dangerous as the Ukraine crisis is, it is only one element of the arc of crisis that stretches from Eastern Europe over the Middle East to Northern Africa. This comprises a whole range of threats, from interstate war via fragile states to terrorism and piracy. The results of the various crises around Europe rebound directly upon the old continent. The 2015 Paris attacks, the high number of refugees or returning fighters all remind Europeans that they can hardly ignore conflicts on their borders, because they destabilise the border region, affect their security interests and their homeland security, and because conflict can spread.

All these conflicts show that organised force – in various forms and carried out by diverse actors – remains a core component of the continuous change of global and regional orders. As NATO countries could themselves become (and already are) the targets of violence, they must mitigate these risks.

Allies from the Southern flank in particular remind the Alliance that there are other risks beyond Russia and the East. Since the Paris attacks in November 2015, France has intensified its fight against IS. Although all allies support the Alliance against IS, NATO is not the organisational framework. Moreover, Paris considers Russia as a necessary partner to find a solution in Syria – an approach that very much upsets the Eastern allies, who fear their concerns over Russia and its rule-breaking behaviour might be watered down by cooperation with Russia against IS.

Thus, tensions are growing within NATO between those who focus on the East and those who call for more attention to be paid to the South. However, there are also tensions within the Southern camp, because there is no agreement about what NATO should actually do – beyond being prepared for action.

The Alliance thus needs to reinforce and modernise collective defence without weakening crisis management. In addition, NATO needs to think about its third task – cooperative security. Cooperation with states and organisations outside NATO can improve stability and security when done with a clear focus, which NATO is currently lacking. At the Wales Summit, it adopted the Defence and Related Security Capacity Building Initiative (DCB) to help Alliance project stability without deploying large combat forces, and to contribute to international security, stability and conflict prevention.¹² Yet, the activities are underfinanced, the results are not yet visible and coordination with the UN and EU remains loose.

2.2 NATO cannot do it alone: hybrid warfare

The current strategic environment underscores that NATO is in many cases not able to offer a response on its own. Unlike during the Cold War, when defence was clearly a NATO task, others might be in a better position to deal with current threats. Piracy and fragile states, for example, require NATO to cooperate with

¹² NATO, *Wales Summit Declaration*, cit., para. 89.

other organisations in order to assure the security of its allies. Hybrid warfare is a particularly salient example.

The broad thinking behind NATO's adoption of the RAP was the logic of deterrence: NATO states wanted to convince Russia that an attack would incur greater damage than its anticipated gains.¹³ The focus was on countering the increased threat that NATO perceived from Russian aggression on its borders. Yet this focus on military means neglects the central role played by civilian tools in hybrid warfare, including cyber attacks, propaganda and the sabotage of infrastructure by irregular troops. Neither the annexation of Crimea nor the invasion of Eastern Ukraine was initiated by an armoured division. Instead, the conflict was kept below the threshold regarded by the West as a military attack to which NATO would have to respond. Though conventional weapons may seem to be the first option, they are often ineffective against these unconventional threats.

NATO thus risks moving into a two-pronged security policy miscalculation: first, overemphasising the military dimension, both in the analysis of threats and the choice of instruments; and second, planning to fight the last war again. Already too many Western actors are talking themselves into a conflict scenario with Russia as the expected adversary and assuming it will follow the script of the Ukraine invasions. Yet this thinking is far too narrow. The abiding lesson from Ukraine for Western security policy is that Europe remains exposed to existential threats and risks in too many areas, especially those that have been discussed since 9/11 as "vulnerabilities" and which constitute a core element of "hybrid" threats. These include home-grown terrorism and the dependence on international networks, be they energy or data.

The distinguishing feature of hybrid strategy is the use of civilian tools to influence violent conflicts.¹⁴ That is not new: it is a basic principle of strategy to employ all means to assert one's interests, something that is most effective if done in an orchestrated fashion. The objective of using irregular tools is to exploit the weaknesses of the target community in order to destabilise a state and polarise its society. It expands the grey area between peace and conflict – force can still play a part but is not directly attributable to any party to the conflict, nor does it have a clear military character. This undermines the internationally recognised prohibition on the use of force and makes it difficult for the international community to develop a coordinated reaction. Russia's behaviour has exposed Europe's difficulties in responding to such hybrid approaches, yet other actors can use such approaches

¹³ See Claudia Major and Christian Mölling, "Deterrence Plus", in *Berlin Policy Journal*, 21 May 2015, <http://berlinpolicyjournal.com/?p=1894>; Nicu Popescu, "Hybrid Tactics: Russia and the West", in *ISS EU Alerts*, No. 46 (October 2015), http://www.iss.europa.eu/uploads/media/Alert_46_Hybrid_Russia.pdf; Jan Joel Andersson, "Hybrid Operations: Lessons from the Past", in *ISS EU Briefs*, No. 33 (October 2015), http://www.iss.europa.eu/uploads/media/Brief_33_Hybrid_operations.pdf.

¹⁴ Claudia Major and Christian Mölling, "A Hybrid Security Policy for Europe. Resilience, Deterrence, and Defense as Leitmotifs", in *SWP Comments*, No. 2015/C 22 (April 2015), https://www.swp-berlin.org/fileadmin/contents/products/comments/2015C22_mjr_mlg.pdf.

too.

NATO can cover military aspects, but the EU is in the best position to take on civilian issues. However, the first line of action is clearly at the national level – be it in terms of protecting critical infrastructure, building the society's resilience or assuring border control. This requires a reasonable division of labour and better cooperation between national and international parties (EU, NATO).

Thus, NATO has to redefine itself under significantly modified internal and external conditions. There is not much "back to the roots" apparent here – it is more about reinventing responses to security challenges in the twenty-first century.

3. Homework for NATO

NATO has made an enormous effort over the last one and a half years. The Wales Summit gave answers to the Ukraine crisis. Now the Alliance faces the tough challenges of implementation. The years to come will be a test case for NATO in three dimensions:

- militarily: whether the Alliance is able to implement such an ambitious programme as the one decided in Wales and to develop it further;
- politically: whether NATO is able to maintain the unity displayed since the outbreak of the Ukraine crisis in the long run;
- resources: whether the states are willing to underpin their promises with tangible resources.

In addition, external challenges, such as how to deal with Russia or terrorism, need to be considered as well.

3.1 Internal challenges: focused on the East, divided on the South, reluctant US leadership

The internal challenges are essentially not new, but the current crises exacerbate their impact.

Political unity: The decisive factor will be whether NATO stays united despite the existence of different positions – unity is the basis of its capacity to act. Several dividing lines exist, the most important being the East-South divide and the one on Russia.

The East-South divide could also be labelled the collective defence versus crisis management divide. Although all allies criticise Moscow's actions, certain Eastern European countries feel directly threatened, whereas others do not regard Russia as their main problem. Put simply, those mainly in the East worry about Russia and require heavy forces, whereas those in the South are also concerned about their particular regional challenges, therefore calling for more agile forces.

Yet the 2015 Paris attacks and France's choice not to call upon NATO have also underscored that the Southern states are not united: there is no clear narrative as to what NATO should do, whether it should become active at all. There might be a bigger dividing line within the Southern camp than between the South and the East: Turkey, France, Italy and Spain hardly agree on what NATO should do. The only agreement is that it should be prepared.

Consequently, opinions diverge about how far NATO's military adaptation should go. While the Wales Summit was about securing the East, according to some Southern states the 2016 Warsaw Summit should strike the balance and look south.

A second dividing line is on Russia. Some allies, above all in Central and Eastern Europe, consider deterrence as the only possible answer to Moscow and largely reject dialogue. Others, such as Germany and Norway, consider deterrence and dialogue to be complementary and wish to maintain the contact, for example by convening the NATO-Russia Council (NRC). Some other allies, such as France, are open to pragmatic cooperation in other fields (i.e. in Syria), putting the normative question on the back burner.

NATO should take three steps to tackle these challenges: first, it needs to rebalance its efforts. There is no choice between crisis management and collective defence – NATO needs to do both, and consider this in planning, equipment and training. In order to tackle its internal divides, the best thing for the Alliance is to make Eastern and Southern states cooperate on tasks which both need. One possible area is to establish a maritime patrol surveillance pool to be able to work on both flanks. Above all, this might have a symbolic value – yet it will certainly help to raise awareness of others' concerns in the involved nations.

Second, NATO needs to complete reassurance and deterrence measures towards the East. It needs to think seriously about permanently stationing troops and equipment, and on how to improve the sustainability of its military presence.

Third, the Alliance needs to define its role in the South. So far, the allies have not involved NATO in the fight against IS or other military endeavours. France did not choose the NATO framework when intensifying its fight against IS after the 2015 Paris attacks. Theoretically, the VJTF should also be deployable to the South – but what for? Or does commitment in the South solely mean a greater commitment for DCB? This also points to the need to reconsider NATO's partnerships: the Mediterranean Dialogue and the Istanbul Cooperation Initiative have not been used to their full potential.

Capabilities: The military challenge consists in living up to the promises made in Wales in the long term, offering credible defence, deterrence and reassurance for the allies. Yet NATO's list of shortfalls has reached epic length: from equipment to transport, from military readiness to sustainability. In order to tackle its capability problems, NATO should focus on three steps.

First, it needs to rebuild the capabilities it has lost over the last few years. By doing this, the allies need to think big and heavy: they have to relearn planning and command of division-sized units, with the necessary equipment. They need to procure heavy equipment again, such as artillery, and also crucial enablers, such as reconnaissance and air defence.

Second, NATO should improve sustainability. The RAP is about catching up in terms of speed, an element which has been neglected over the last years. Now the second step needs to be assured: the ability to stay there. This means to assure reinforcement and sustainable deployment after the VJTF.

Third, NATO has to think about the next steps of its adaptation. So far, it has adapted its conventional posture. However, deterrence also includes nuclear elements.¹⁵ The allies should continue the current study of whether and how to adapt their nuclear posture. Besides, adaptation also concerns NATO's structural capacity to decide and act quickly, in other words its responsiveness. The Alliance should review its procedures, command structure and personnel in view of adapting them to current requirements.

Resources: A fundamental reform such as the one launched in Wales (and potential follow-ups) is not without cost. Yet allies remain reluctant to pay the price.

Indeed, the foreseeable future does not bode well for the DIP,¹⁶ despite some countries announcing an increase in defence spending. For example, in 2010 Poland anchored a 1.95 percent goal in its constitution, and it raised this to 2 percent in 2015. Yet those Europeans who now spend more – Estonia is one example – unfortunately do not matter in military terms. Two percent of Estonia's GDP is roughly 0.5 billion euros – in comparison with larger countries very little buying power (Germany's budget is roughly 33 billion euros in 2015).¹⁷ And the three states that do matter, because they pay about 60 percent of the European contribution to NATO expenditure, France, the UK, Germany, have so far not considerably increased their budgets.¹⁸

¹⁵ Karl-Heinz Kamp, "Nukleare Kompensation. Mit der Krise in Russland gewinnen Kernwaffen wieder an Bedeutung", in *Internationale Politik*, No. 3 (May/June 2015), p. 72-77.

¹⁶ See Claudia Major, "Time to Scrap NATO's 2 Percent Pledge?", in *Judy Dempsey's Strategic Europe*, 28 April 2015, <http://carnegieendowment.org/publications/?fa=59918>.

¹⁷ NATO Public Diplomacy Division, *Financial and Economic Data Relating to NATO Defence*, cit.

¹⁸ The November 2015 UK SDSR announces a budget increase, yet over a long period of time. See UK Government, *National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom*, 23 November 2015, <https://www.gov.uk/government/publications/national-security-strategy-and-strategic-defence-and-security-review-2015>; Malcom Chalmers, "Steady as She Goes: The Outcome of the 2015 SDSR", in *RUSI Commentary*, 23 November 2015, <https://rusi.org/node/15252>; Michael Clarke, "External Defence and Domestic Security: A More Integrated Approach", in *RUSI Commentary*, 23 November 2015, <https://rusi.org/node/15251>; International Institut for Strategic Studies, "UK augments military and counter-terrorism capacities", in *IISS Strategic Comments*, No 36 (25 November 2016).

The economic and political situation in most countries is not favourable toward the 2 percent target either. For most allies, defence is still not a priority as the economic crisis remains an essential problem that many still have to solve.

Thus, while waiting for the financial miracle to happen, the Alliance should concentrate on two other priorities. First, NATO should focus on cooperation and efficiency. Soon, allies will have to return to smart defence, that is, using their dwindling defence money better: by focusing on priority projects, specialising in distinct military tasks and seeking savings through collaboration. The Framework Nation Concept (FNC) is a good starting point here.¹⁹

Second, NATO should consider a capability pledge.²⁰ Allies should commit to increase their contribution to NATO capabilities by 2 percent annually over the next decade. The Alliance's sixteen key shortfall areas and the RAP offer pointers to where states should direct their efforts (and, at the same time, a checklist for whether they have delivered).

Such a 2 percent pledge could take various forms: states could provide certain equipment, such as enablers, or raise the readiness of their troops. That would leave allies the freedom to determine how best to acquire and keep their capabilities. Successful implementation of this pledge would mean a capability improvement of 20 percent over the next ten years. Even this rather modest contribution by every NATO nation would ensure that allies deliver constantly, reversing the trend of declining military power and linking national choices to the needs of the Alliance.

Keep the Alliance transatlantic: Despite considerable contributions to the Alliance and on a bilateral basis, such as through the European Reassurance Initiative, Washington made it clear that it considers the RAP a European affair. Besides Russia, Washington also worries about other strategic theatres, such as the Middle East or the Pacific. Moreover, it did not hide its disappointment in the modest increases of European defence budgets. The gap between European contributions to NATO and the US one is widening, not shrinking.

Two steps are necessary to maintain the transatlantic bond: first, the Europeans need to make greater efforts to keep the US interested in Europe and also to get US support in crucial areas where the Europeans lack capabilities. European governments need to better explain politically why defence matters and why the transatlantic bond is vital for Europe's security.

¹⁹ Claudia Major and Christian Mölling, "The Framework Nations Concept. Germany's Contribution to a Capable European Defence", in *SWP Comments*, No. 2014/C 52 (December 2014), http://www.swp-berlin.org/fileadmin/contents/products/comments/2014C52_mjr_mlg.pdf.

²⁰ See Claudia Major, "Time to Scrap NATO's 2 Percent Pledge?", cit.

Second, in order to support this, the US and Europe should strive to overcome the existing bilateralism. European allies seek to cooperate on a bilateral basis with the US to assure their defence. Yet while this was understandable at first, it is not a long-term solution. The US should use its leverage to force Europeans into long-term intra-European cooperation. One possibility is the establishment of a cooperation cluster (following the FNC), in which the US cooperates with small and big European allies, thereby forcing the Europeans into sustainable cooperation. Once this cooperation is up and running, Washington could withdraw, leaving the Europeans to maintain it. An example of a potential area is heavy lift.

3.2 External challenges

Currently, the most important external challenges centre on the relationship between Russia and the EU.

Russia: The relationship between Russia and NATO is undergoing its deepest crisis since the end of the Cold War. This is reflected in the suspension of dialogue and cooperation structures.²¹ Even more serious than the cessation of practical cooperation are the massive loss of trust and the revival of traditional threat perceptions, above all in certain Central and Eastern European countries and in parts of the Russian leadership. The fundamental conflict currently appears irresolvable. Even if some countries, mainly France, now favour a rapprochement with Moscow in the fight against IS, strong opposition, mainly by the Central and Eastern European allies, to any kind of normalisation with Russia make such a rapprochement unlikely. A longer phase of tension and relative instability must therefore be expected.

In order to prevent military escalation and bolster stability in the Euro-Atlantic area, efforts should be directed towards avoiding both further escalation and mere containment of the confrontation, and working instead towards a pragmatic partnership. That does not mean watering down the normative *acquis* of NATO allies, such as that of the Paris Charter. Sovereignty, territorial integrity and free choice of alliance are non-negotiable for NATO states. In order to avoid the Kremlin interpreting offers of dialogue and practical cooperation as approval of its actions in Ukraine, any moves towards pragmatic partnership must wait until Russia has made substantial progress in implementing Minsk II. Within NATO, such a partnership can only be realised if collective defence is guaranteed through credible deterrence and defence capabilities.

²¹ See Margarete Klein and Claudia Major, "Perspectives for NATO-Russia Relations. Forms of Confrontation Dominate - But Dialogue not Excluded", in *SWP Comments*, No. 2015/C 49 (November 2015), https://www.swp-berlin.org/fileadmin/contents/products/comments/2015C49_kle_mjr.pdf.

As soon as these conditions are fulfilled, three steps would be needed to embark on the road to pragmatic partnership.

Communication and dialogue: The once-dense network of contacts is not going to be reactivated in the foreseeable future – but in times of crisis the importance of de-escalation demands that communication is not completely cut off. In the short term, informal channels should be utilised, such as meetings between NATO Secretary-General Jens Stoltenberg and the Russian ambassador to NATO Alexander Grushko or Russian Foreign Minister Sergey Lavrov. These could be backed up by track-two initiatives to explore any space for negotiations. Should there be substantial progress on Minsk II, the NRC dialogue formats could be gradually resumed.

Confidence-building and rules: Even if the political blockade continues, practical technical steps can be agreed to avoid unintentional military escalation and revive classical arms control. The former would include making use of the military-level crisis contact mechanism proposed by German Foreign Minister Frank-Walter Steinmeier. Agreement between Moscow and NATO on safety rules for encounters in airspace and territorial waters would also be useful. In the second area, the goal must be to stop the erosion of existing arms control agreements, such as preserving the Vienna Document.

Practical cooperation: If the relationship improves, practical cooperation in the NRC can be resumed step by step. Contacts at military level could first be activated in politically uncontested areas of immediate benefit to both sides, such as maritime search and rescue. Here the Alliance could draw on the experiences of individual members such as Norway.

EU-NATO: The cooperation has been at a dead-end for the last few years. The Berlin Plus agreement only worked in Bosnia, while everyday interaction was obstructed by the Cyprus issue, the lack of a security agreement and the actions of some countries that pitted one organisation against the other.

Yet in view of current threats from Russia reaching the South via hybrid strategies, cooperation is more urgent than ever. Particularly regarding hybrid strategies, NATO needs support from the EU. The first line of action against hybrid threats is increasing resilience at national level, as hybrid strategies mostly target non-military weaknesses of the societies, such as critical infrastructure, propaganda or minorities. Thus, NATO has to recognise that it can only address a fraction of a hybrid scenario, namely the military one, by assuring deterrence and defence.

The EU is in the best position to take on civilian issues. It can most effectively assess where social, legal and economic situations might be fragile within member and neighbour states. Additionally, it has the tools, in social policies and infrastructural support for example, to address such vulnerabilities. This requires a reasonable division of labour and better communication and coordination between the EU and NATO. Yet it also requires the Alliance to recognise that its own role is limited here, and that it should not enter into a beauty contest with the EU from which

neither would benefit.

The two organisations should thus seek to improve their everyday cooperation at working level and political levels. The presence of the EU's High Representative Federica Mogherini at NATO's foreign minister gathering in Antalya in May 2015 is a good sign. A major step forward would be to deal with each other in one place instead of using the large number of channels that exist now, and risk dispersing information rather than exchanging it.

While there are certainly other challenges – Afghanistan is unfinished business, enlargement and partnerships need consideration, NATO's internal settings need to be reviewed – the above-mentioned issues are the two that will crucially affect NATO's capacity to act.

However, NATO can only prepare to a certain extent for strategic shocks – such as the Ukraine crisis, which took the Alliance by surprise. Therefore, the best preparation for NATO's future is to work on political unity, responsiveness in decision-making and military capacity, and readiness to act.

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