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NATO and strategic competition: time for Allies to step up

Mark Webber *

2022 was marked by the publication of a string of high-level strategy documents by the NATO allies: the National Defense Strategy (NDS) in the United States, the National Strategic Review in France, the Dutch Defense White Paper, and the Danish Foreign and Security Policy Strategy. In January 2023, Estonia updated its National Security Concept. A refresh of the UK's 2021 Integrated Review is due in the spring of 2023. Germany's first post-Cold War National Security Strategy is expected to be published around the same time. These documents all share a preoccupation with what NATO's own 2022 Strategic Concept has referred to as "rising strategic competition" in a "contested and unpredictable" world.¹

This strategic convergence indicates a strengthening of solidarity in view of Russia's aggression against Ukraine and Chinese efforts to extend its global footprint. How NATO responds over the long haul will be shaped by American priorities. The United States, former German Defense Minister, Christine Lambrecht, noted in January 2023, "may not be able to guarantee the defense of Europe to the extent that it used to" as it turned its attention to the Indo-Pacific region. "[W]e Europeans", would in consequence, need to do more to generate "military strength".² This is not a fringe opinion. German Chancellor, Olaf Scholz, and French President, Emmanuel Macron, have argued essentially the same.³ Actions, of course, speak louder than words. This Policy Brief shows that European commitment is

still lagging. In view of the urgency of the challenge, greater effort and prioritization are required.

High stakes

The call to European arms is, in part, about boosting the "strategic responsibility" of the EU. But it is also about making the Europeans, in Macron's phrasing, stronger "inside NATO".⁴ Appeals to greater European effort are, of course, as old as the Alliance itself. The urgency of the Russian and China challenge lend the current discussion added significance.

Russian aggression

Russia's invasion of Ukraine is, according to Malcolm Chalmers, the "most serious European security crisis" NATO has had to deal with "since its foundation in 1949".⁵ The campaign has been justified in Moscow as a preventive maneuver against NATO enlargement. But it is better understood as a colonial war waged against the Ukrainian nation-state. Russian forces have perpetrated atrocities not seen in Europe since the Balkan wars of the 1990s. These have, with some justification, been described as genocidal in intent.⁶ Russia's aim of subjugating Ukraine affords little by way of compromise.

Keywords

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* Professor of International Politics at the University of Birmingham and NDC Non-Resident Associate Fellow. He was Senior Eisenhower Fellow at the NATO Defense College from September 2022 to January 2023.

1 NATO, *2022 Strategic Concept*, June 2022, pp.1, 3.

2 Speech on German National Security Strategy, Berlin, 15 September 2022.

3 O. Scholz, "The global *zeitenwende*: how to avoid a new cold war in a multipolar era", *Foreign Affairs*, January/February 2023; E. Macron, "Address to the Nation", 2 March 2022.

4 Cited in *The Wall Street Journal*, 21 December 2022.

5 M. Chalmers, "NATO's moment", *Commentary*, Royal United Services Institute (RUSI), 24 March 2022.

6 E. Finkel, "What's happening in Ukraine is genocide: period", *The Washington Post*, 5 April 2022.

Putin's rhetoric (and that of his political and military acolytes) has embraced worryingly apocalyptic elements with the conflict in Ukraine being seen as a struggle of national, even holy destiny.⁷ There is thus every chance the conflict will drag on for the foreseeable future with little in the way of a political or moral brake to curtail Russian battering of Ukraine's civilian population and infrastructure.

Assuming Putin (and the military leadership around him) retains an element of rational thought, the reality of the balance of forces in Ukraine may eventually lead him to accept a "frozen conflict", which at least consolidates Russian possession of captured Ukrainian territory. If the conflict is heading in that

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direction, it may stave off the accompanying danger of horizontal escalation – that is, Russia undertaking direct aggression (or, more likely, forms of hybrid warfare) against NATO Allies such as Poland and the Baltic States.

For NATO, minimizing that danger has not been left to chance, with the Alliance purposefully strengthening deterrence and defense on its Eastern flank. That will remain a strategic necessity.

Chinese ambition

Pressure on the European allies to step up in NATO has also been shaped by what the 2022 NATO Strategic Concept refers to as the "challenge" posed by the "ambitions and coercive policies" of China.⁸ Some European allies have taken an increasingly skeptical view of Beijing's intentions, but NATO's China turn has been a largely American project. In the United States, appreciation of the China problem remains stark. "Beijing", according to the 2022 Annual Threat Assessment, "is accelerating the development of key capabilities it believes the People's Liberation Army's (PLA) needs to confront the United States in a large-scale, sustained conflict".⁹ A poll of 540 US officials and opinion formers published in January 2023, meanwhile, viewed a Chinese-Taiwan conflagration and with it "a severe cross-strait crisis involving the United States" as among the most dangerous and plausible contingencies facing American policy-makers.¹⁰ Fur-

ther, China (in contrast to Russia) remains a resilient and rising power. Emerging from the COVID-19 pandemic, China is likely to enjoy a sharp economic rebound in the latter half of 2023, so restoring the authority and ambition of the ruling Communist Party.¹¹ China's draft defense budget released in March outlined a 7.6 percent increase in spending – a return to pre-pandemic rates of growth.

American overstretch

How best to position NATO in a strategic competition with Russia and China is a matter already being shaped by big decisions taken in the United States.

For the US, a war by proxy with Russia over Ukraine and mounting tensions with China have brought the "simultaneity problem" of a two-front war ever closer to reality.¹² The Trump administration's 2018 National Defense Strategy (NDS) had already recognized the gravity of this problem. It assumed that the United States military would be able to deter aggression in three theatres: Europe (i.e. Russia), the Indo-Pacific (i.e. China) and the Middle East (i.e. Iran). If war broke out, the US would be capable of "defeating aggression by a major power [and] deterring opportunistic aggression elsewhere". The United States had since the first Gulf War planned to fight and win wars against two middle-sized powers (e.g. Iraq, Iran, North Korea), but the implication of this new formulation was that concurrent wars with two major powers (one of which, China, a near-peer rival) had become more likely.¹³ The Biden administration's 2022 NDS has made the same point even more emphatically. The US, it suggests, will seek "to prevail in conflict [...] prioritizing the PRC challenge in the Indo-Pacific, then the Russia challenge in Europe".¹⁴ The task here is formidable. Independent assessments of America's military capability have reached the conclusion that the United States would be tested to the limit in a war with China¹⁵ and is certainly "ill-equipped to handle two [...] simultaneous MRCs (Major Regional Contingencies)".¹⁶

7 K. Marcinek, "Nuclear weapons and Putin's 'holy war'", *The RAND Blog*, 2 November 2022.

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15 M.F. Cancian, M. Cancian, and E. Heginbotham, "The first battle of the next war: wargaming a Chinese invasion of Taiwan", Center for Strategic and International Studies (CSIS), January 2023.

16 "Conclusion: US military power", in *2023 Index of US Military Strength*, Heritage Foundation, October 2022.

The task for NATO

In a war with China over Taiwan, the US would need to outsource “simultaneous deterrence”¹⁷ against Russia to its allies in NATO. America’s extended nuclear deterrent would remain, but the European allies would, for the first time in NATO’s history, be required to execute conventional defense without an assumption of American military leadership. The significance of this shift in transatlantic responsibilities is evident through a comparison with America’s other Indo-Pacific wars. In the case of both the Korean and Vietnam conflicts, America’s material commitment to NATO did not diminish (indeed, the Korean War triggered a major increase in the American presence in Europe). A contemporary war with China would be different. China is a more formidable foe than either Beijing’s North Korean proxy or the Vietcong. China is also no longer the “second team” (in Dean Acheson’s words) to the Soviet Union/Russia. In the Cold War, the United States gave geo-strategic precedence to the greater Soviet threat and thus to Europe, whatever was happening in the Indo-Pacific. The strategic competition of the 2020s has reversed that order.

The impact of a Sino-American war would also be long-lasting. While America might prevail, its military would enter a period of repair that would compel the United States to either retreat from the world (the de facto abandonment of Iraq and Afghanistan provide possible precedents) or move to offshore balancing. Both courses of action would rob NATO of its American center of gravity.

Absent such a war, the choices for both America and NATO remain stark. The US is committed to deterring China and Russia. The former is prioritized over the latter in both the 2022 NDS and its parent document, the 2022 US National Security Strategy. That ranking has been obscured somewhat by the Biden administration’s military support of Ukraine and its commitment to NATO and European defense (some 20,000 additional American troops have been sent to Europe following the Russian invasion).

But concurrent great power threats mean the United States has had to make a greater call upon allied efforts. Here, the United States is not seeking a security role for NATO in the Indo-Pacific. The aim rather, according to the 2022 NDS, is to “bolster [the allies] conventional warfighting capabilities” in order to deter the threat of Russia. Coupled with the suggestion that the United States will in Europe “focus on command-and-control, fires [i.e. ammunition] and key en-

ablers”, this implies a far-reaching change in NATO’s order of battle. It assumes the Europeans are the first and most important line of defense with the United States sitting in support. European commitment to measures agreed at NATO’s Brussels and Madrid summits in 2022 (bigger combat formations, larger stocks of pre-positioned equipment on the Eastern flank, and a deeper pool of readily-available forces through a New Force Model) might be read as the first steps toward realizing this reorientation.

The Biden administration has thus far been diplomatically polite in putting its case. The 2022 NDS noted that the United States will seek to effect change through the regular NATO Defense Planning Process (NDPP). The Political Guidance for the next four-year cycle of the NDPP is due in 2023. The US is already pushing for a higher Level of Ambition than in 2019. The next NDPP cycle will cross-over with a US presidential election in 2024, at which point America’s commitment to NATO is likely, once again, to become a partisan issue. Whoever stands as the Republican candidate will take a more demanding view than President Biden of the allies’ need to commit to their own defense.

Two NATO summits will be held before this political watershed. The July 2023 summit in Vilnius is set to address the big strategic issue sitting above the NDPP, endorsing long-term plans for the defence of the Eastern flank. But so far progress has been halting. None of NATO’s eight multinational battlegroups has seen any significant reinforcement. And there appears to be little prospect of meeting the target date of the end of 2023 to transition to the New Force Model.¹⁸

NATO’s 2024 summit will be held in Washington. At that point, we should expect a resurrection of burden-sharing disputes as well as the all-too familiar arguments over NATO’s two percent of GDP spending target. There is much that is wrong with the GDP benchmark. But the two percent metric still matters. It enjoys NATO consensus and it remains America’s favoured standard of overall burden-sharing. Measures to re-engineer NATO – better cooperation with the EU, closer coordination of national defense plans, and smarter procurement – matter also, but bigger defense budgets are the essential prerequisite for meeting the ambitions of NATO’s eastern agenda – whether that

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17 A term borrowed here from J.H. Michaels, “Simultaneous deterrence: some policy considerations for the UK”, Changing Character of War Centre, University of Oxford, October 2018.

18 Sean S. Monaghan and G. Bolstad, “NATO and the invasion, one Year on”, Center for Strategic and International Studies (CSIS), 22 February 2023.

be the demands of deterrence and defense, or the increasingly expensive job of arming Ukraine.

Guns versus butter

In recent years, calls upon government expenditure have been extraordinary. The COVID-19 pandemic led the EU member states to sign up to a Euro 2.364 trillion package of economic support.¹⁹ The running cost of similar support in the UK was estimated in June 2022 to have reached £376 billion (more than double the £154 billion the country spent on defense in 2020-2022). Looking ahead, other costs loom large. The total cost to the EU of meeting its net zero carbon target could be as high as three percent of combined GDP in the period to 2050 (defrayed by benefits of the green transition equivalent to just 0.3 percent of GDP).²⁰

Governments have justified these huge financial outlays as unavoidable necessities in the face of a global pandemic and climate emergency

in NATO are on course to achieve this modest aim: all, with the exceptions of Türkiye, and ironically, the United States have seen defense spending rise as a proportion of GDP. But far fewer have actually achieved

the target itself. In 2022, only nine Allies (other than the United States) spent at or above the two percent level. This was a big jump from just two in 2014 but still only a third of NATO's membership. Further, it is NATO's smaller Allies who stand out, with Greece, Latvia, Lithuania and Slovakia recording the biggest increases in GDP share.

Other than Poland (which is committed to spending three percent of GDP on defense), the bigger European allies have a tardy record here. British defense spending has been static since 2014 (even if the UK is the largest European donor of arms to Ukraine). Germany, despite a one-off Euro 100 billion defense uplift agreed in May 2022, will not meet the two percent target under current projections.²² Italy is committed to meeting it only in 2027.

France hit NATO's two per cent target in 2020 but fell back in 2021 and 2022. President Macron announced a major increase in defense spending in January 2023 that would take France above the two per cent target by 2025 (but only, that is, if the National Assembly, where Macron does not enjoy a reliable majority, enacts the necessary legislation).

Among the Allies, then, the recent record on defense spending is mixed. NATO leaders at the 2023 Vilnius summit are unlikely to raise the two percent threshold.²³ But meekness here would be retrograde. At the Madrid Summit in 2022, the Allies held out a vision of strategic prioritization and the generation of resources to match. The Allies, having acknowledged that they are joined in an era of strategic competition, need to act in unison accordingly and to match their words with deeds. Governments have shown themselves capable of mobilizing resources to meet urgent security challenges – in public health and the environment. The same effort needs to be made in the face of a more traditional, but equally compelling, national security problem.

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Research Division

Marc Ozawa, PhD, and Cynthia Salloum, PhD,
Series Editors
NATO Defense College
Via Giorgio Pelosi 1, 00143 Rome – Italy
www.ndc.nato.int



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