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Dutch defence spending

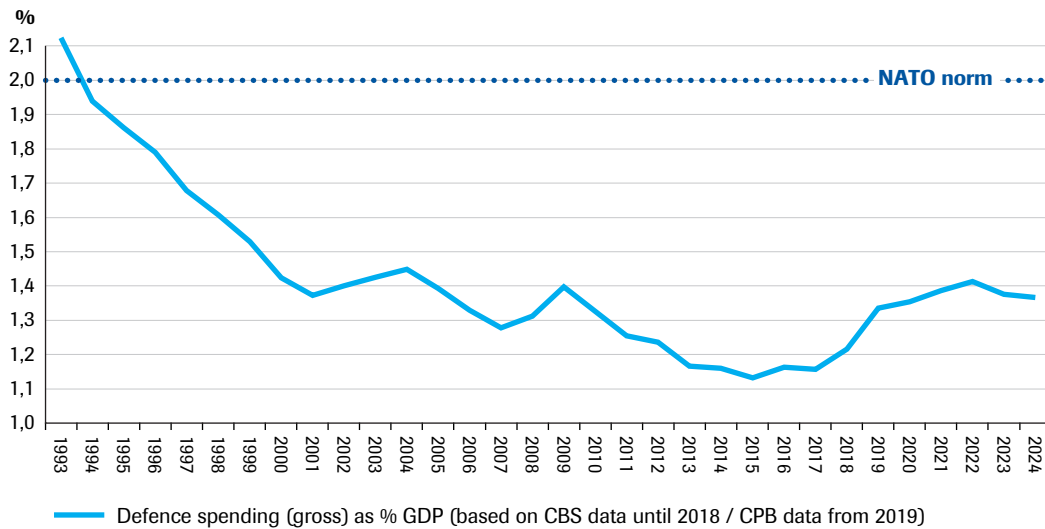
A gap between rhetoric and reality



In February of this year Prime Minister Rutte delivered the Churchill Lecture in Zurich. In his speech he emphasised Europe's duty to assume responsibility for its own security. Not separately from NATO, but as part of a larger European contribution – exactly what the United States is demanding of the European countries. In September 2014 the NATO countries committed to spending two percent of their gross domestic product (GDP) on defence by 2024. Prime Minister

Rutte gave the same commitment on behalf of the Netherlands. At the end of 2017 the two percent limit was also adopted by the EU as a commitment under Permanent Structured Cooperation, in which the Netherlands is a participant. In the Churchill Lecture Rutte said: “We need to stand by this commitment, not only because the Americans have a point when they press for a larger European contribution, but above all because it is in our own interest.”

Dutch defence spending as % of GDP



On 3 October Rutte spoke once more on security for the Netherlands Atlantic Association, underlining the importance of the NATO Alliance and an increased European contribution. So far for the public rhetoric. What is happening in reality?

With regard to defence spending the 2020 government budget, released to Parliament last September, falls short of the NATO target. Despite a further budget increase, raising Dutch defence spending by 32% since 2017, the GNP percentage will be stuck at 1.3% in 2024 based on the current macro-economic forecast. The same negative conclusion can be drawn when assessing the output performance, which the Netherlands often rightly refers to as an equally important factor of measuring the defence effort. After all, money alone – input – does not tell the whole story. It may be spent incorrectly. NATO also has output targets. The NATO Defence Planning Process determines the overall capabilities that NATO needs for its military level of ambition – read territorial defence operations – and the share required from each member state. For many years NATO has been pressing the Netherlands to invest in more fighting capabilities. The army particularly needs to be strengthened to deliver a more credible contribution to NATO’s territorial defence – the prime focus of the Alliance since Putin’s neo-nationalist Russia annexed the Crimea, intervened militarily in eastern Ukraine and continues

to provoke the Baltic States by violating their airspace and conducting major exercises along their borders. NATO has also argued for the procurement of an extra batch of 15 F35 aircraft – in addition to the 37 F35s that the Netherlands will procure – in order to allow for a third squadron to be constituted. This would give the Dutch air force (and thus NATO) a better sustainability rate in air operations.

Despite the sizeable increase in the defence budget, the Netherlands will still fall short of NATO’s capability demands. In December 2018 the government announced in the National Plan for NATO – intended to specify when and how the two percent target would be met – that there were five priorities: buying additional F35 fighter aircraft; strengthening land capabilities with investments in firepower; increasing naval capabilities by purchasing missile defence systems; extra support for the Special Forces (commandos, marines); expanded cyber and information capabilities. The National Plan stated: “This government intends to make additional funds available for these five capabilities”. Unfortunately the government has not lived up to its intentions. The 2020 defence budget has revealed that two of the five priorities will not be realised – the missile defence capabilities of the navy and the long-range artillery capacity of the army. Not a good story to tell NATO when the next iteration of the National Plan has to be sent to the allies by the end of 2019.

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A considerable gap continues to exist between the rhetoric of speeches and public statements by the Dutch government and its concrete action. How come? Clearly, there is no lack of money. The country had a budget surplus of more than €11 billion in 2018 and the Netherlands Bureau for Economic Policy Analysis predicts a new record this year. The level of government debt (49.6%) is far below the eurozone limit of 60%. The most likely explanation for the frugality is the lack of political will to invest more in defence. The traditional forces in the Ministry of Finance – imposing a tight rein on spending – win the day over other ministries every time. In May of this year Dutch finance minister Wopke Hoekstra spoke fine words in his Humboldt Lecture in Berlin: “Our continent is not capable of defending itself. (...) We are currently unable to fulfil our most basic responsibility to our

citizens: guaranteeing their security.” But in practice he is putting a brake on higher investments in defence. Prime Minister Rutte is also failing to deliver on the words of his Churchill Lecture. The Netherlands is losing international credibility by failing to fulfil its NATO commitments. In 2020 – the last full year of the Rutte-3 government before the 2021 national elections – a Defence White Paper will be published, providing the longer-term perspective of the Dutch Armed Forces. No doubt, it will carry the argument that more money will be required to realise the NATO targets. In 2017, the last year of the Rutte-2 government, the then defence minister, Jeanine Hennis-Plasschaert, said exactly the same. In 2020, once more the problem will be passed on to the next government.

About the Clingendael Institute

Clingendael – the Netherlands Institute of International Relations – is a leading think tank and academy on international affairs. Through our analyses, training and public debate we aim to inspire and equip governments, businesses, and civil society in order to contribute to a secure, sustainable and just world.

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