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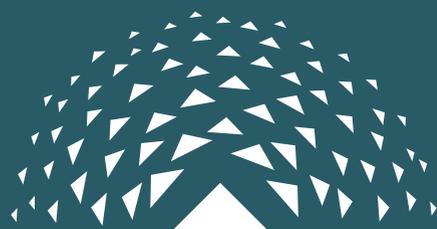## POLICY BRIEF

Hard Lessons from Brussels:
The Key Challenges Facing NATO

Kemény lecke Brüsszelből:
a NATO előtt álló fő kihívások

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Abstract: *The recent NATO summit in Brussels highlighted some of the major internal divisions currently plaguing the alliance, but it would be far too premature to predict the decline of the transatlantic security relationship. This policy brief aims to dispel some of the oft-cited doomsday scenarios regarding the alliance's future. Instead, it attempts to provide a balanced assessment of five key strategic challenges for NATO on the long term. From an internal perspective, these include restoring solidarity, integrating the diverging security perceptions of member states, as well as addressing the ongoing debate on defense expenditure and fairer burden-sharing. On the external front, the main task is to reconcile a renewed focus on territorial defense on NATO's eastern flank with sufficient attention paid to emerging, non-conventional security challenges.*

Összefoglalás: *Bár a NATO júliusi, brüsszeli csúcstalálkozója rámutatott a szövet-ség belső megosztottságaira, mégis elhamarkodott volna a transzatlanti biztonsági kapcsolat hanyatlásáról beszélni. A jelen elemzés célja, hogy megcáfolja a szövetség jövőjével kapcsolatosan leggyakrabban idézett vészforgatókönyveket, s kiegyensú-lyozott értékelést nyújtson öt olyan kulcsfontosságú stratégiai kihívásról, amelyek hosszú távon érinthetik a NATO nemzetközi szerepét. A „belső" kihívások megoldá-saként elsősorban a szolidaritás erősítésére, illetve a tagállamok eltérő biztonsági percepcióinak az összeegyeztetésére lenne szükség. Emellett a teherviselésről és a védelmi költségvetésről szóló, régóta zajló vita is megoldásra vár. A „külső" fronton a NATO-nak képessé kell válnia katonailag úgy helytállni a keleti szárnyon, hogy közben kellő figyelmet szán az új, nem konvencionális biztonsági kihívásokra is.*

INTRODUCTION

The recent NATO summit in Brussels in July provides a good occasion for gaging the current state of the alliance. On the one hand, the media buzz surrounding US President Donald Trump's surprising statements at the event brought into sharp relief the numerous internal and external challenges facing NATO. On the other hand, they also distracted the public from the strategic decisions agreed upon at the meeting.

This policy brief attempts to highlight some of the main challenges that NATO must address over the coming years. It aims to strike a balance between the doomsday scenarios forecasting NATO's impending decline, and the more favorable predictions of its transformation over the medium term. In doing so, it pinpoints five key, often interlinked challenges. On the internal front, NATO must deal with the lack of solidarity and trust among certain states, the diverging threat perceptions of member countries, along with the long-running debate on burden-sharing with respect to defense expenditure. As for external issues, the main focus will be on the resurgence of territorial defense and deterrence capabilities in the wake of the Ukraine crisis, as well as NATO's attempts to integrate emerging security challenges into its mandate.

NATO's Brussels Summit

The frenzy of media coverage of the recent NATO summit in Brussels, particularly relating to the statements and behavior of US President Donald Trump, somewhat overshadowed the main decisions made by heads of states and governments representing the alliance's 29 member countries. Most of these outcomes were, of course, agreed upon already prior to the summit, but the convention of high-ranking representatives of the alliance's members is of symbolic importance. As the Brussels Declaration published on the sidelines of the event highlighted, the summit was meant to once again embody the shared values holding the alliance together, citing the "enduring and unbreakable transatlantic bond between Europe and North America".

The summit was indeed successful in laying down the foundations for NATO's work over the coming years. Its key achievements included:

- Adopting of the so-called "Four Thirties Initiative": 30 battalions, 30 air squadrons and 30 combat vessels will be made ready for deployment upon 30 days' notice, by 2020;
- Reforming NATO's command structure (an Atlantic command center to be established in Norfolk, Virginia, United States, and a support and logistics one in Ulm, Germany);
- Increasing the response to hybrid threats, with a particular focus on cyber warfare;
- Stepping up the fight against international terrorism.

Compared to the results of summits held in previous years, one could argue that this most recent one in Brussels was essentially "business as usual." This is turn raises the question whether the press reports suggesting a low point in transatlantic ties or an internal rift over defense expenditure are truly credible scenarios, or whether they are simply bombastic exaggerations.

The Major Challenges Facing NATO

Despite the many issues agreed upon in July, the Brussels summit did in fact highlight some of the long-running challenges and divisions facing NATO over the medium term. The following sections will address three internal, and two external issues in this regard.

INTERNAL SOLIDARITY

One of the most often mentioned divides current plaguing the alliance lies in the perceived lack of trust and solidarity among certain member states. Indeed, the West is currently divided on a number of fronts – just consider Brexit, the rise of populism, or the migration crisis. The past few months have also witnessed strained transatlantic ties, with the United States and (most) European countries at loggerheads over the Iran nuclear deal, climate change, or a looming trade war. Some member countries (such as Greece, Italy, and Hungary) have been accused of getting too close to Russia both politically and economically. Long-running bilateral disputes (i.e. between Greece and Turkey) further exacerbate the situation. More recently, the US–Turkey relationship has proved particularly troubled: Washington and Ankara are facing off over both trade tariffs and their competing visions for the future of a post-civil war Syria. All this, together with criticisms over the increasingly authoritarian nature of the Turkish regime, have led some to question whether Turkey should even remain a part of NATO. Over the medium term, the possible accession of Western Balkan countries (i.e. Macedonia and/or Bosnia-Herzegovina) could further test the internal cohesion of the alliance.

Add to the mix President Trump and his unpredictable, politically incorrect style of communication, and the internal fault lines within the alliance are even more striking. President Trump's tone clearly polarized the organization further. His approach towards NATO is unique insofar as he tends to link various non-military issues (i.e. the Nord Stream 2 pipeline or US–EU trade relations) together with NATO, even if they would be better addressed separately. This serves as a form of leverage from Washington's point of view, potentially galvanizing their European counterparts to more action, but it also makes the transatlantic rift appear much worse than it actually may be beneath the surface. As a result, President Trump's transactional approach to foreign policy is in stark contrast to European member states' commitment to collective defense and symbolic gestures of solidarity.

Nonetheless, a case can also be made for looking on the bright side. NATO's members have often been at odds over the nearly 70 years that have elapsed since its establishment in 1949 – take the cases of the 1956 Suez crisis, the Vietnam War in the 1970s, or more recently the US invasion of Iraq in 2003. Back in 1966, relations even soured to a point where France temporarily withdrew from NATO's integrated military command structure; Greece took similar steps in light of the Cyprus issue in 1974. Debates and disagreements are natural among a total of 29 member states, especially in an organization founded on the principle of consensual decision-making. Despite this, much more unites NATO's member than divides them, and they continue to share and uphold the fundamental values that bind them together, such as democracy, respect for human rights, and adherence to the rule of law. The alliance's recent response to the allegedly Russian nerve agent attack in Salisbury in March 2018 was a watershed moment. In general, it provided a strong demonstration of solidarity among NATO's members, which certainly warrants a

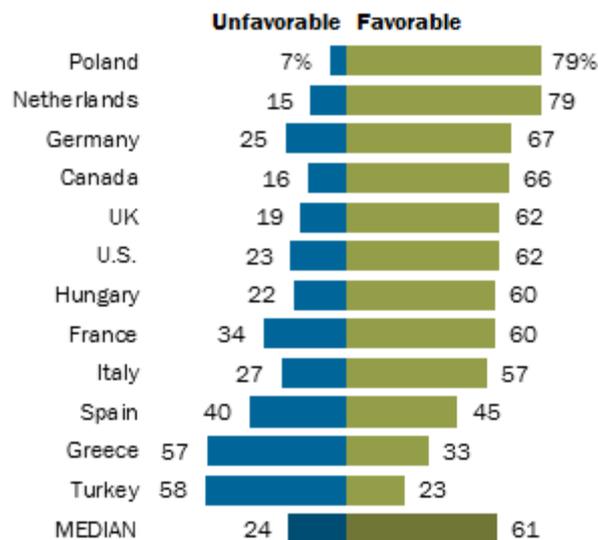degree of optimism, but the European countries' differing approaches to Russia remains somewhat ambiguous.

Of course the question of solidarity does not only pertain to bilateral relations between governments, but also to public support for NATO and the concept of collective defense. A global survey, involving several members of NATO, undertaken by the Pew Research Center last year is particularly telling in this regard. NATO is generally viewed in a positive light in most member states, suggesting that despite certain differences, the values shared among the countries have not truly been cast into doubt. The highest levels of support were recorded in Poland and the Netherlands, where 79 percent of respondents held a favorable view of NATO. This was followed by a 67 percent support for NATO in Germany. On the other side of the spectrum, the least encouraging opinions of the alliance were found in Turkey (with just 23 percent of respondents judging NATO favorably), Greece (33 percent), and Spain (45 percent).

Figure 1
Public Perceptions of NATO, 2017

In many NATO member countries, majorities approve of the alliance

Views of NATO

	Unfavorable	Favorable
Poland	7%	79%
Netherlands	15	79
Germany	25	67
Canada	16	66
UK	19	62
U.S.	23	62
Hungary	22	60
France	34	60
Italy	27	57
Spain	40	45
Greece	57	33
Turkey	58	23
MEDIAN	24	61

Source: Spring 2017 Global Attitudes Survey.
PEW RESEARCH CENTER

Overall, it is clear that the transatlantic relationship is going through some rocky waters. However, it should be pointed out that the main principles underpinning the alliance stand firm, and societal support for NATO remains relatively strong. Therefore, it would be premature to predict the demise of the alliance just yet.

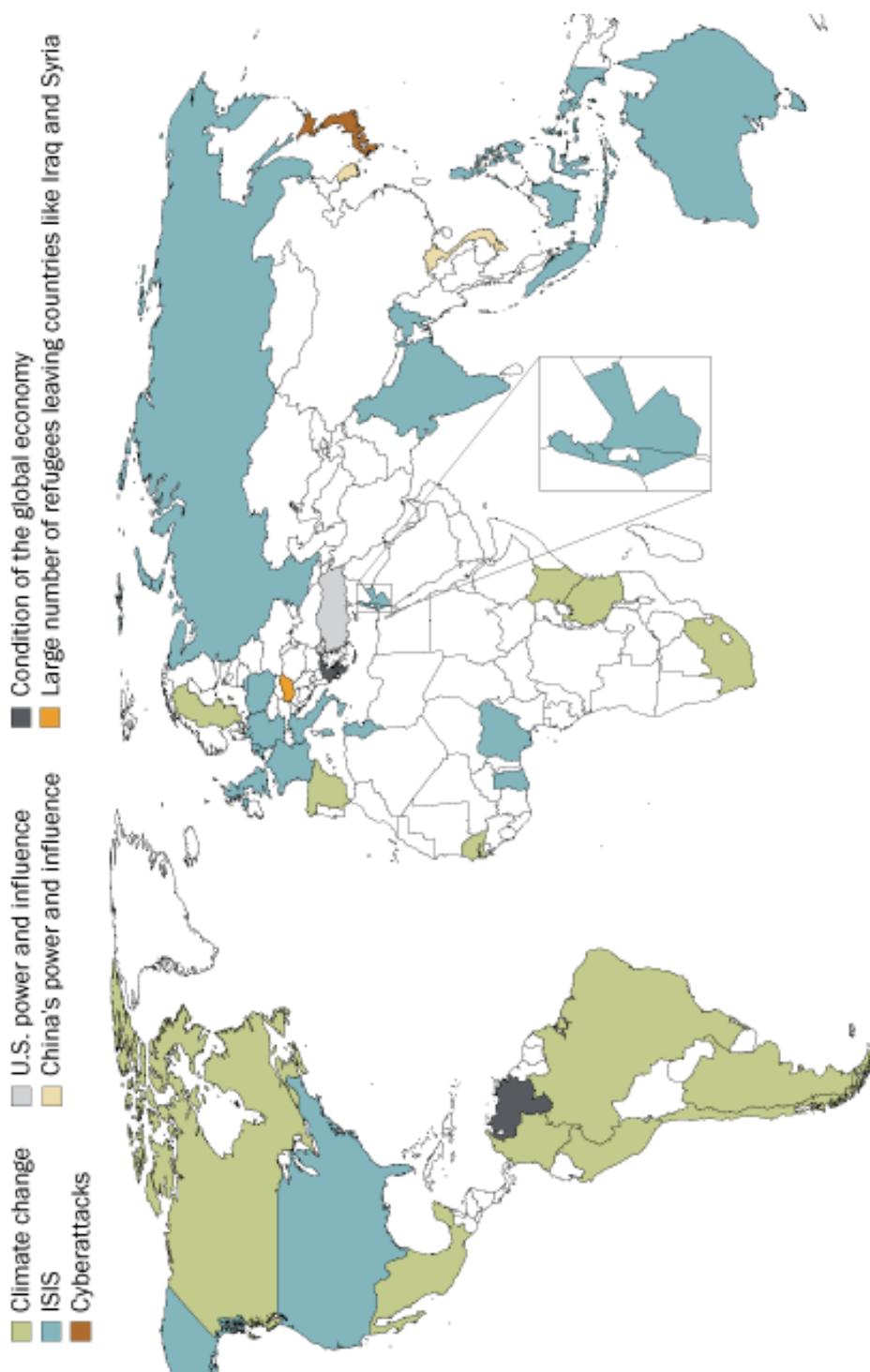Diána Szőke

DIVERGING THREAT PERCEPTIONS

Another recurring theme of alleged rifts in the alliance relates to the different security priorities and perceptions of member states. This is of course not a new phenomenon, though global developments over the past few years have once again brought the issue to the forefront. During the Cold War, Western countries (and thereby NATO) had an obvious and clearly defined adversary in the form of the Soviet Union. Nowadays, however, there are multiple dangers and the proliferation of non-state actors and threats has redrawn the security landscape. Societal perceptions of the major threats are based on geographic proximity and historical experiences, but can also be influenced by domestic politics and mass psychology. Conventional wisdom holds that Poland and the Baltic countries see Russia as an existential threat, whereas southern members of the alliance tend to worry more about the Middle East and North Africa (and, consequently, terrorism, Islamic State, human trafficking and state failure). The United States, on the other hand, has a different set of priorities, among them dealing with Iran, North Korea, or illegal immigration.

Nevertheless, if we take a closer look, it seems that there is a general consensus among NATO members on at least the main long-term challenges facing the global community. Another international survey conducted by the [Pew Research Center] in 2017 asked respondents to name the top three threats to international security. In almost all cases, Islamic State, climate change and cyber security topped the list. This holds true for the majority of NATO countries as well. The United States, the United Kingdom, France, and Germany all ranked these three at the top of the defense agenda. The major (and perhaps more interesting) outliers in this regard were Poland (where Islamic State, Russia and refugees scored highest), Turkey (where US power and influence was considered most dangerous), and Hungary (the only country in the world where refugees dominated the agenda).

All this goes to show that while there are differences in the perceptions of specific individual threats based on geographic proximity or historical experience, this is completely natural. However, the long-term strategic priorities of NATO countries generally overlap for the most part, which bodes well for the alliance's future mandate.

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Figure 2

Top Global Security Threats Named by Country, 2017

Legend:
- Climate change
- ISIS
- Cyberattacks
- U.S. power and influence
- China's power and influence
- Condition of the global economy
- Large number of refugees leaving countries like Iraq and Syria

DEFENSE EXPENDITURE AND FAIRER BURDEN-SHARING

The third, and probably most publicized dispute within NATO, is the question of fairer burden-sharing. This was highly visible in Brussels in July, although the issue dates back to the 1990s. The defense budgets of the majority of NATO states shrunk substantially after the Cold War as the benefits of the so-called "peace dividend" were reaped. As a result, the United States has often been seen as carrying the most weight within the alliance. This question has long been on the agenda behind closed doors, but President Trump is more blatant and aggressive in his communication on the topic. He has accused certain member countries of free-riding, which he sees as particularly obvious in the case of Germany.

In actual fact, the defense expenditure of most alliance members has been on the rise over the past few years. These countries committed themselves to the Defense Investment Pledge at the Newport summit in 2014, which was an agreement to raise national defense budgets to 2 percent of their gross domestic product (GDP) by 2024. This was primarily a reaction to Russia's annexation of Crimea and the destabilization of Ukraine, which brought a renewed focus on conventional deterrence capabilities and territorial defense. Another reason for rising military expenditure in Europe is cyclical, since these countries are enjoying the economic recovery following the 2008/2009 financial crisis. (This unfortunately may also imply that a possible global economic downturn could theoretically jeopardize the 2 percent target.)

To put all this into exact figures compiled by NATO, only five countries are forecast to meet or exceed the 2 percent goal this year: the United States (3.50 percent), Greece (2.27 percent), Estonia (2.14 percent), the United Kingdom (2.10 percent), along with Latvia (2.00 percent). Some countries are just slightly below the threshold, namely Poland (1.98 percent), Lithuania (1.96 percent), or Romania (1.93 percent). The countries with the lowest share of defense expenditure compared to their GDP are Luxembourg (0.55 percent), Belgium (0.93 percent) and Spain (0.93 percent).

On the sidelines of the Brussels summit, President Trump called for NATO members to increase their military budgets to up to 4 percent of GDP. However, as these statistics above suggest, this is unlikely to occur in the near future. For now, it seems that the 2 percent target is more realistic, and most member states are actually on track to achieve it by 2024. Meanwhile, it is important to also note the ongoing debate on whether the percentage of defense spending is actually the best indicator of burden-sharing in the first place: some analysts are suggesting greater emphasis should be placed on strategic force planning and the efficient use of military resources instead.

Figure 3
Defense Expenditure as a Share of GDP (%), 2018 Forecast
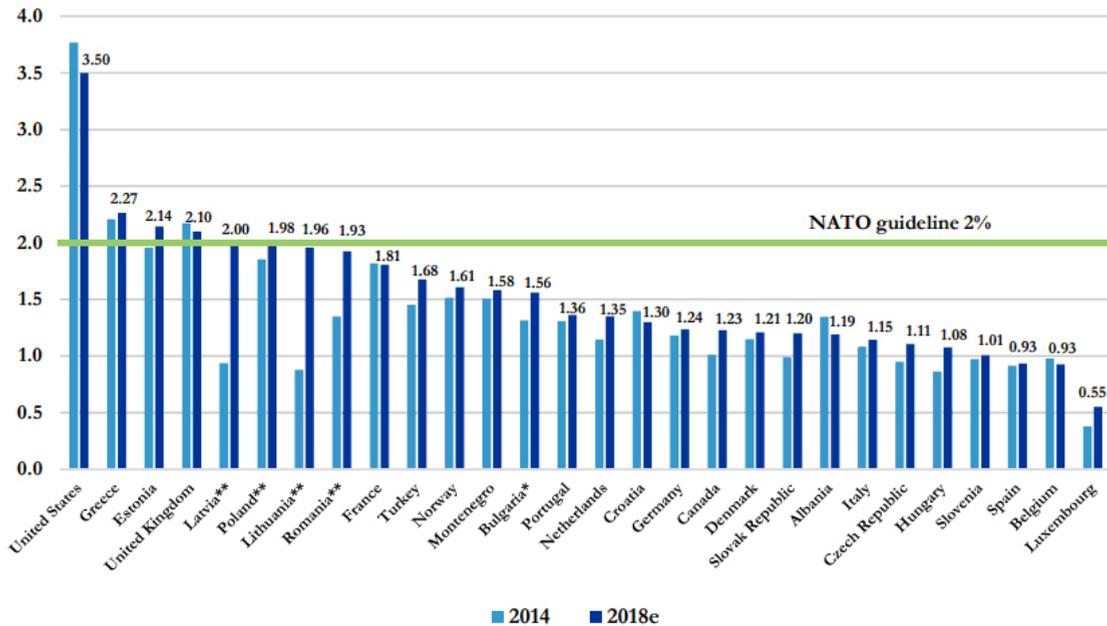
The issue of burden-sharing also ties in closely to the role of the United States within the alliance. As a political, economic and military superpower, the US has always played a leading role in NATO. Its large share of NATO's military expenditure is therefore a product of history dating back to the darkest years of the Cold War. Even after the collapse of the bilateral world order, NATO has served as a key component of the US's continued stance as a superpower. NATO helps legitimize the US military presence in Europe, along with its political and economic influence over the region. It was also the major framework for European support in the "war on terror" following the 9/11 attacks, and the subsequent missions in Afghanistan and Iraq. Therefore, it would be unfair to suggest that the US does not (in)directly benefit from NATO, although the exact financial burden it carries is a matter of political debate. Furthermore, the long-term trend of an American pivot to the Asia–Pacific region may have substantial ramifications for the United States' future role in European defense, but this is yet to be seen (and outside the remit of this policy brief).

TERRITORIAL DEFENSE AND DETERRENCE CAPABILITIES

So far, this paper has attempted to cover the internal challenges facing NATO, but the external issues are just as important. A key topic over the past few years has been a renewed emphasis on territorial defense and collective security. This has become most important in the so-called eastern flank of the organization, specifically in response to the threat posed by a reinvigorated and

increasingly assertive Russia. Most Baltic countries and Poland already saw the Georgian–Russian war of 2008 as a dangerous precedent, but the events of 2014 marked the real turning point from NATO's point of view. The Russian annexation of Crimea, and the subsequent war in eastern Ukraine made NATO refocus its efforts on territorial defense. Deterrence in this regard may include conventional armed forces, missile defense capabilities, or even elements of nuclear force.

In general, NATO's military power is superior to that of Russia, but major steps have been taken to further strengthen the alliance's deterrence posture, as were agreed at the Newport and Warsaw summits in 2014 and 2016, respectively. These include:

- Adopting the Defense Investment Pledge described in the previous section;
- Establishing an enhanced forward presence in the Baltics and Poland;
- Increasing the NATO Response Force to around 40,000 troops and creating a so-called Very High Readiness Joint Task Force (VJTF);
- Introducing new assurance measures;
- Undertaking military exercises;
- Building a network of NATO Force Integration Units (NFIUs);
- Devoting more attention to the Black Sea region too.

Figure 4
NATO's Enhanced Forward Presence in Poland and the Baltics

This also coincides with a deepening of cooperation between NATO and the European Union. This is a natural phenomenon considering that 22 NATO countries are members of the EU as well. Territorial defense would be the most straightforward area of cooperation in this regard, but combating hybrid warfare, engaging in defense research, stepping up efforts in cyber security and counter-terrorism are also high on the agenda. The main problem from the perspective of territorial defense is that of interoperability and/or military mobility, meaning that

much must be done in the fields of infrastructural development and standardization to truly accelerate this cooperation. Simultaneously, the European Union itself is attempting to strengthen and institutionalize its security pillar, primarily within the framework of PESCO (Permanent Structured Cooperation), which generates heated debates within NATO as well. It remains to be seen whether this will result in parallel or complementary structures in the two organizations.

Renewing its focus on territorial defense seems to be one of the recent challenges that NATO is addressing rather successfully, guaranteeing a flexible and scalable response to threats on its eastern flank. This will likely remain a core area and a key priority in the years to come. However, it also ties in closely with more ambiguous questions of future trends in defense expenditure and the outlook for inter-organizational cooperation with the EU.

EMERGING SECURITY CHALLENGES

The fifth future challenge for NATO relates to a general trend, namely the changing global security environment. This is of course an ongoing process: the end of the Cold War ushered in a multipolar global order, and saw the proliferation of non-state actors and non-conventional security challenges alike. As a security alliance, NATO nowadays must confront the link between security and issues such as energy, cyber warfare, migration or terrorism. Some of these areas are unique insofar as they relate to a different type of warfare (i.e. hybrid conflicts), and oftentimes simply fall below the threshold of what constitutes a true act of aggression (i.e. the debate over whether cyber attacks are an act of war). In addition, completely novel areas, such as space security or the effects of climate change are also appearing on the agenda.

Throughout its history, NATO has been a primarily military (and political) alliance. These emerging security challenges, on the other hand, require an entirely different skill set and approach. Some of them are already leading NATO develop new capabilities (i.e. against improvised explosive devices in Iraq and Afghanistan), whereas others rather call for a political, economic or societal-level response. NATO is by no means a global policeman, nor must it necessarily respond to every single challenge, but the resilience of its member states to these challenges will be vital in the long term.

OUTLOOK AND CONCLUSION

As Lord Hastings Lionel Ismay, NATO's first Secretary-General is credited to have said, the alliance's original aim upon its establishment in 1949 was to "keep the Soviet Union out, the Americans in, and the Germans down". Almost 70 years later, the geopolitical conditions within which the alliance operates, and the composition of its membership, is entirely different. The end of the bipolar

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world order meant NATO had to redefine its global role. Nonetheless, the events of the past few years have also highlighted the importance of its original strategic purpose, namely territorial defense and deterrence. All this comes at a time when non-conventional security issues (be that cyber security, energy, climate change, migration, or terrorism) are increasingly dominating the agenda, testing the alliance on a number of fronts.

This paper has attempted to pinpoint some of the current strategic challenges facing NATO at this unique moment. It mentioned internal solidarity, the diverging threat perceptions of its members, and the ongoing debate over defense expenditure and burden-sharing as major internal divisions. The external challenges lie mostly in the duality of managing territorial defense while simultaneously combating non-conventional security problems.

NATO's most recent Strategic Concept, published in 2010 and entitled "Active Engagement, Modern Defense" cites the "3 Cs" as the alliance's fundamental goals: collective defense, crisis management, and cooperative security. Despite the changes in the global security landscape over the past decade or so, these probably hold true today as well – which is fortunate considering that there does not seem to be much political appetite to formulate a new Strategic Concept for the time being.

It is certainly unfounded to speak of NATO's demise, or any significant long-term weakening. Some of the problems currently plaguing the organization are temporary (i.e. the mandate of President Trump), whereas others will likely be resolved over the medium term (i.e. meeting defense budget targets). It is important to recognize that NATO is held together not only by interests, but also by values. These basic values underpinning the alliance (such as a commitment to democracy, human rights and the rule of law) still form the bedrock of transatlantic cooperation, and will hopefully guide NATO onto less rocky waters over the coming years.