



Except for the Daily Telegraph and Financial Times, it is interesting that few other British newspapers have chosen to report in any great detail that the French government has announced plans to increase defence spending by 35% for the period covering 2017 to 2025, wrote highly respected defence analyst and commentator, writes Howard Wheeldon (pictured) . Whilst this increase may not match the agreement in the US Senate on Wednesday to raise the military spending cap in the US, this is by any standard of imagination possible a sizable increase by France and for that should be seen as being very pleasing news. Importantly, it is also news that other EU and NATO member states should be taking very serious note of too!

Although not necessarily being done in response to the NATO call to do so, an increase of such proportions will eventually take French defence spending well above the agreed 'work toward' NATO GDP spending target of 2%. For that we should all be very grateful. France is a strong ally of the UK and together both nations are working hard under the Lancaster House agreement to find better solutions and develop better joint capability and working together of their respective militaries.

Added up, the planned French defence spend increase amounts to approximately £260 billion spread over eight years starting with a rise of 1.8% in current year defence spend that would take this to EUR 34.2 billion. Is it affordable by the French nation? No more so than it would be by the UK but in an increasingly uncertain world it is very necessary that we all increase spending on defence.

However one looks at it and even if there will be cynics that will take a less objective view to the announcement than me, the announcement from the Armed Forces Ministry that has the full backing of President Macron is welcome nonetheless and it is in my view an object lesson of what others in Europe such as Germany should also be doing.

If there is any regret it is not what I heard yesterday but in what I failed to pick up from the statement – in other words there was very little mention of NATO either within or behind yesterday's statement. However, if the aim was to improve voter confidence and within the military itself following long battles over cuts in defence including resignations of senior military personnel, this goes a very long way to repairing the damage.

So what has been announced?

Presenting the multi-year military spending plan on Thursday, the Armed Forces Ministry said its budget would increase by 1.8 percent to 34.2 billion euros this year, in line with commitments already set out by President Emmanuel Macron. The annual increase in defence spend has been forecast to hold steady at 1.7 percent between 2019 and 2022, before jumping by 3.0 percent in 2023 to EUR 44 billion, a year which interestingly is one year after the present mandate for President Macron ends, and that would represent a 35.8% increase on the defence spend figure for 2017.

The planned increase in defence spending is however not just aimed at meeting NATO commitments. In addition my understanding is that the intention has been predominantly built around increasing investment in equipment and training to combat domestic and international terrorism threats along with sustaining a powerful land, sea and air capability.

The statement from the Armed Forces Ministry included reference to modernising the French Army of which previous references have been made by President Macron in relation to the need to spend more on equipment and also for modernisation of the French strategic nuclear deterrent.

President Macron is widely quoted in the French press this morning as saying that "I want a strong France, one that is in charge of its own destiny, protective of its citizens and its interests. For that" he is quoted as saying "we need a full defence capability, a modern, powerful force

that is responsive and one that looks to the future."

Quite apart from being representative of the view that all NATO members need to spend more on defence I suspect that there are some that will see this statement as either a direct response to or playing into the hands of those that perceive the US Trump administration as still being hostile to NATO in Europe.

It is of course quite true that the Trump administration has made plain its view that European NATO member states must pay a larger share of the cost of European defence and what France has announced is clearly a response to this. From my perspective, whilst I cared not for the late 2016 Donald Trump rhetoric in respect of the manner of his cautioning to NATO that the US was no longer prepared to pick up such a large part of the NATO budget (currently estimated to be 22%) subsequent events have seen the US renew its full commitment to NATO.

However, whilst welcoming what France has announced in respect of the intention to raise defence spending over the coming years and the message that this sends to larger and more economically powerful NATO member states in Europe such as Germany, no one should be under any illusion that France is doing this purely because of the NATO calling. France may remain committed to NATO but is raising spending on defence firstly because it understands the increased level of threat that it faces from Russia and that geo-political tensions around the globe have risen exponentially over the past four years and secondly, because of the underlying and growing belief that the EU should have a great say and commitment to its own defence.

Germany shares the latter view of course but I fear that having made so many concessions to the two junior political parties that will now join Chancellor Angela Merkel's Christian Democratic Union Party to form a new Government Coalition (assuming a postal vote by members of the two junior parties, results of which are expected on March 4th agree) will push back any possibility of increased defence spending by Germany. I could of course be wrong but that is how I would read the situation in Germany currently.

In respect of NATO costs, for the record the 29 NATO member countries make both direct and indirect contributions to the cost of running NATO and implementing its policies and activities. This is my current understanding:

First - Indirect or national contributions are the largest and come when, for instance, a NATO member state volunteers equipment or troops for a military operation and bears the cost of the decision to so do.

Second - By direct contributions to finance requirements of the Alliance that serve the interests of all 29 members – and are not the responsibility of any single member such as NATO wide air defence or command and control systems. Costs here are borne collectively, often using the principle of common funding.

Third - Within the principle of common funding, all 29 members contribute to an agreed cost-share formula, based on Gross National Income, which represents a small percentage of each member states defence budget.

Fourth – Common Funding arrangements are used to finance NATO's principle budgets: the civil budget (NATO Headquarters running costs). The military budget (costs of the integrated Command Structure) and the NATO Security Investment Programme (military capabilities).

Fifth – Projects can also be jointly funded which means that the participating countries can identify requirements, priorities and funding arrangements, but NATO provides political and financial oversight. The funding process is overseen by the North Atlantic Council, managed by the Resource Policy and Planning Board and is implemented by both Budget and Investment Committee.

Sixth – At the September 2014 NATO Summit in Wales, leaders tasked further work in the areas of delivery of common funded capabilities, reform governance and transparency and accountability, especially in the management of NATO's financial resources.

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