

EU COUNTRIES IN NATO. AN ANALYSIS OF DEFENCE EXPENDITURES.

Cristina ANTONOAIIE*

* Regional Department of Defense Resources Management Studies, Braşov, Romania

From all the statistical indicators concerning the activity of NATO we considering that the Defence expenditure is the most important one. NATO defines defence expenditure as payments made by a national government specifically to meet the needs of its armed forces or those of Allies. In this paper we have analyzed the evolution of this indicator between 2009 and 2016 in the 22 European Countries that are in the same time members of EU and members of NATO.

Key words: EU, NATO, Defence expenditure, GDP, maximum and minimum value, evolution

1. INTRODUCTION

Every year the Public Diplomacy Division of NATO has a Press Release concerning the *Defence Expenditure of NATO Countries*. With the aid of the last 2 reports – from 2017 and 2016 – comprising the data from 2009 until 2017 (estimates) we made an analysis of the defence expenditure in EU countries that are also NATO member countries. Those countries are, in alphabetical order of the country code: Belgium (BE), Bulgaria (BG), Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Greece (EL), Spain (ES), France (FR), Croatia (HR), Italy (IT), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Netherlands (NL), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), United Kingdom (UK).

2. DATA ANALYSIS

In the tables below (**Table 1, Table 2 and Table 3**) we made a synthesis of the data concerning the main categories of Defence expenditures – Equipment, Personnel, Infrastructure and Other – in the 22 countries. We focus for each country on the maximum and minimum value – expressed as percentage of total defence expenditures.

The decision to spend the funds on each category was made based on the strategic direction of the country taking into account the political climate – inside and outside the country, the social conditions, the state of the economy, the predilection for risk, the tendency to have the latest technology at your disposal.

For the period analyzed the year with the most extremes values was 2009: 20 countries had maximum expenditure and also 14 countries had minimum expenditure. We registered similar situations in 2016 (16 countries with maximum expenditure and 12 countries with minimum one) and in 2012 (11 and 16 countries respectively).

If we look deeper at each of those maximum and minimum values, in 2009 we had maximum value for the expenditure on equipment in Belgium, Czech Republic, Greece, and the Netherlands. For the personnel the expenditure was at his maximum value in Denmark, Germany, Croatia, Latvia, Luxembourg and Poland. The defence expenditure for infrastructure was maximum in Belgium, Bulgaria, Spain, Hungary, Portugal, Slovenia, Slovakia, and United Kingdom. For other defence expenditure categories we had maximum in 2009 in Italy and Slovakia.

The minimum values of defence expenditure in 2009 were registered in Belgium, Bulgaria, Czech Republic, Greece, the Netherlands, and Slovakia for the

personnel; in France and Luxembourg for infrastructure; in Belgium, Denmark, Germany, Croatia, and Poland for other

categories of defense expenditure and in Latvia for equipment.

Table 1. Defence expenditure by category in the first 7 analyzed countries

			BE	BG	CZ	DK	DE	EE	EL
Equipment	maximum	year value (%)	2009 8.23	2010 15.4	2009 22.39	2010 14.1	2010 17.59	2014 22.14	2009 27.75
	minimum	year value (%)	2013 2.82	2014 1.02	2014 6.53	2012 9.02	2015 11.93	2011 10.11	2011 5.86
Personnel	maximum	year value (%)	2012 78.52	2015 73.66	2013 62.03	2009 56.28	2009 53.19	2013 39.83	2014 77.17
	minimum	year value (%)	2009 74.46	2009 59.21	2009 46.11	2012 49.04	2016 48.35	2012 29.74	2009 56.52
Infrastructure	maximum	year value (%)	2009 2.24	2009 6.06	2010 5.79	2016 2.16	2010 5.16	2010 13.72	2011 1.26
	minimum	year value (%)	2015 0.93	2013 0.46	2012 1.61	2014 0.96	2016 3.39	2014 8.2	2016 0.6
Other	maximum	year value (%)	2013 17.9	2012 30.84	2010 31.12	2012 40.68	2016 36.05	2012 47.71	2012 18.54
	minimum	year value (%)	2009 15.05	2010 17.91	2012 21.94	2009 32.55	2009 24.49	2014 31.03	2013 12.74

Table 2. Defence expenditure by category in the next 8 analyzed countries

			ES	FR	HR	IT	LV	LT	LU	HU
Equipment	maximum	year value (%)	2012 22.85	2012 30.57	2011 15.79	2016 19.09	2016 19.28	2016 30.06	2010 34.44	2016 13.37
	minimum	year value (%)	2016 6.65	2016 24.44	2014 7.34	2012 8.86	2009 5.41	2013 9.23	2013 14.56	2012 5.84
Personnel	maximum	year value (%)	2016 72.61	2011 49.35	2009 72.41	2015 77.55	2009 59.31	2011 66.86	2009 57.01	2010 56.35
	minimum	year value (%)	2012 57.18	2010 47.63	2015 63.64	2016 70.79	2016 43.18	2016 45.5	2015 42.77	2012 47.68
Infrastructure	maximum	year value (%)	2009 2.26	2012 3.41	2015 2.61	2013 1.56	2016 12.98	2016 3.59	2013 11.8	2009 3.88
	minimum	year value (%)	2014 0.66	2009 2.16	2012 0.56	2016 0.7	2012 4.16	2011 1.36	2009 3.12	2015 0.64
Other	maximum	year value (%)	2011 26.57	2016 24.92	2015 23.15	2009 13.32	2014 30.59	2015 27.79	2013 22.52	2012 44.35
	minimum	year value (%)	2014 18.5	2012 16.88	2009 15.83	2016 9.42	2010 22.68	2012 20.55	2010 15.76	2010 29.47

Table 3. Defence expenditure by category in the last 7 analyzed countries

			NL	PL	PT	RO	SI	SK	UK
Equipment	maximum	year	2009	2015	2010	2016	2010	2015	2010
		value (%)	17.57	33.06	13.19	20.43	18	18.27	24.46
Personnel	maximum	year	2014	2013	2014	2012	2014	2011	2012
		value (%)	10.67	13.9	8.43	4.13	0.65	7.14	19.53
Personnel	maximum	year	2013	2009	2015	2012	2014	2013	2012
		value (%)	58.52	61.07	82.07	84	82.3	70.13	38.9
Personnel	minimum	year	2009	2015	2010	2015	2010	2009	2016
		value (%)	50.08	41.95	70.18	63.29	61.69	55.81	34.63
Infrastructure	maximum	year	2014	2013	2009	2016	2009	2009	2009
		value (%)	4.77	5.61	0.79	2.77	3.18	4.49	2.23
Infrastructure	minimum	year	2013	2010	2011	2014	2015	2013	2015
		value (%)	2.74	3.95	0.01	1.09	0.61	0.28	1.57
Other	maximum	year	2016	2016	2010	2015	2016	2009	2016
		value (%)	30.2	26.64	16.19	15.78	21.8	26.45	41.85
Other	minimum	year	2012	2009	2016	2013	2015	2014	2013
		value (%)	25.33	18.05	8.61	9.13	15.31	19.16	38.21

3. THE CASE OF ROMANIA

Concerning the defence expenditure in Romania we had extreme values as follows: minimum value for equipment in 2012, for other categories in 2013, for infrastructure in 2014, and for personnel in 2015. We registered maximum value of the defence expenditure for the personnel in 2012, for

the other categories in 2015 and for the infrastructure in 2016.

We can follow the evolution of the defence expenditure in Romania [1] between 2009 and 2016 in the chart below (**Fig. 1**).

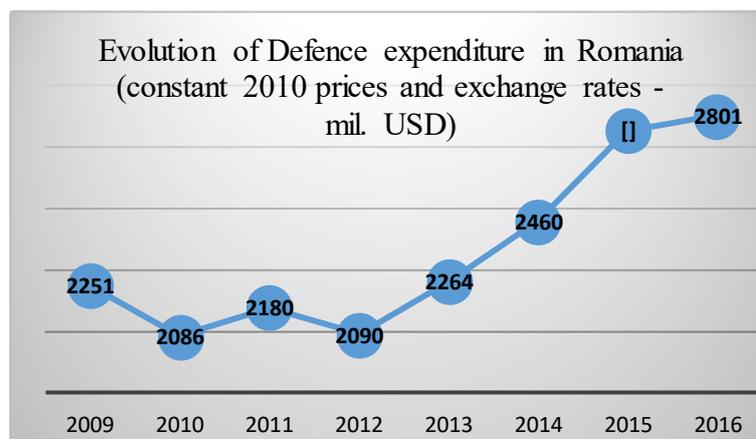


Fig. 1 Evolution of defence expenditure in Romania

In the next chart (Fig. 2) and table (Table 4.) we highlight the exact structure of defence expenditure in Romania for the 4 main categories. The

conclusion is that the government spends the largest value for the personnel and unfortunately the smallest one for the infrastructure.

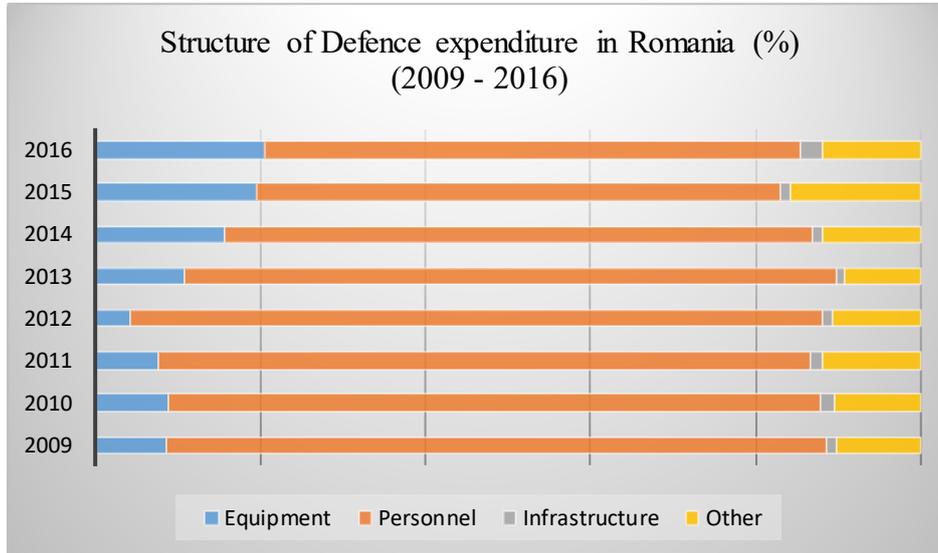


Fig. 2 Structure of defence expenditure in Romania (2009-2016)

Table 4. Structure of defence expenditure in Romania (2009-2016) by category (%)

	2009	2010	2011	2012	2013	2014	2015	2016
Equipment	8.70	8.79	7.57	4.13	10.71	15.77	19.64	20.43
Personnel	79.79	79.06	79.11	84.00	78.99	71.15	63.29	65.01
Infrastructure	1.39	1.81	1.46	1.18	1.15	1.09	1.26	2.77
Other	10.10	10.32	11.84	10.67	9.13	11.98	15.78	11.79

4. OTHER CONSIDERATIONS

The NATO guideline for defence expenditure as % of GDP is 2%. The only countries in EU that are complying with this in 2017 are Romania, Poland, United Kingdom, Estonia and Greece. [2] The first 3 countries mentioned are also complying with the NATO guideline for equipment expenditure – 20% of GDP – alongside with Luxembourg, Lithuania, Bulgaria, France, Latvia, Italia and Slovakia. [2]

In the 2 charts below (Fig. 3 and Fig. 4) we can observe the evolution of defense expenditure in the 22 countries analyzed arranged in descending order comparing with the 2010 value. The Western Europe countries, having the most developed economies have also the largest defence expenditure. The only exception is Luxembourg.

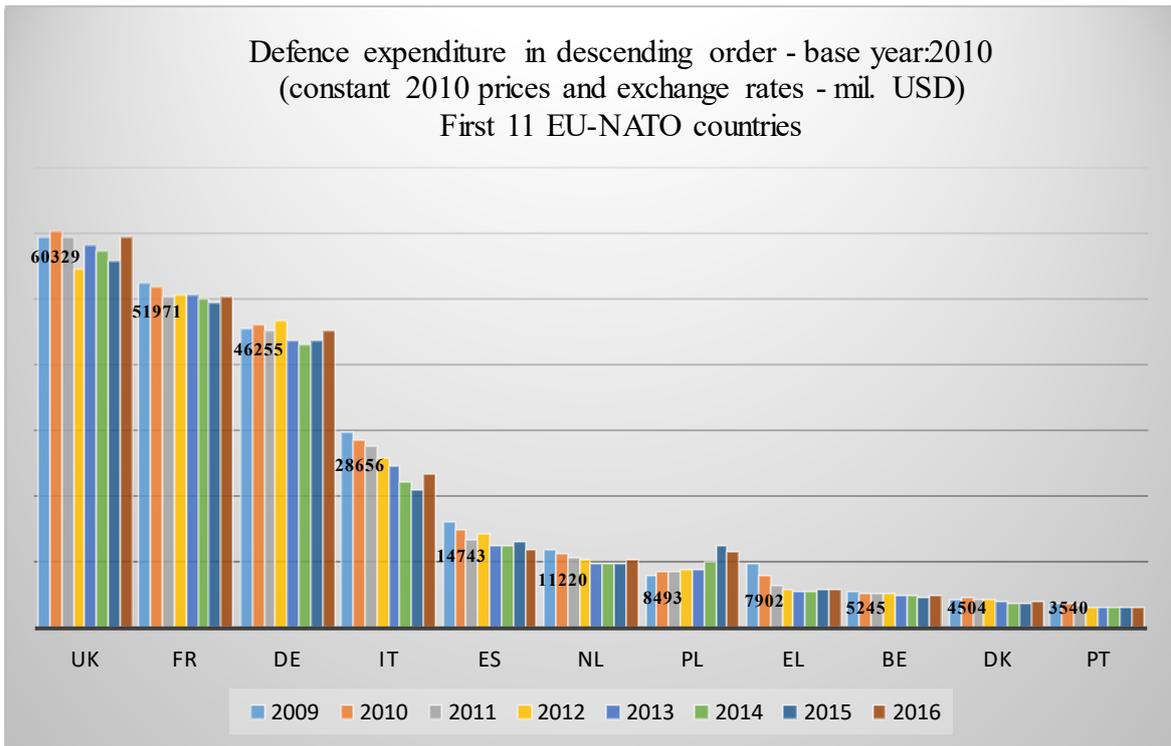


Fig. 3 Defence expenditure in descending order of values – first 11 countries

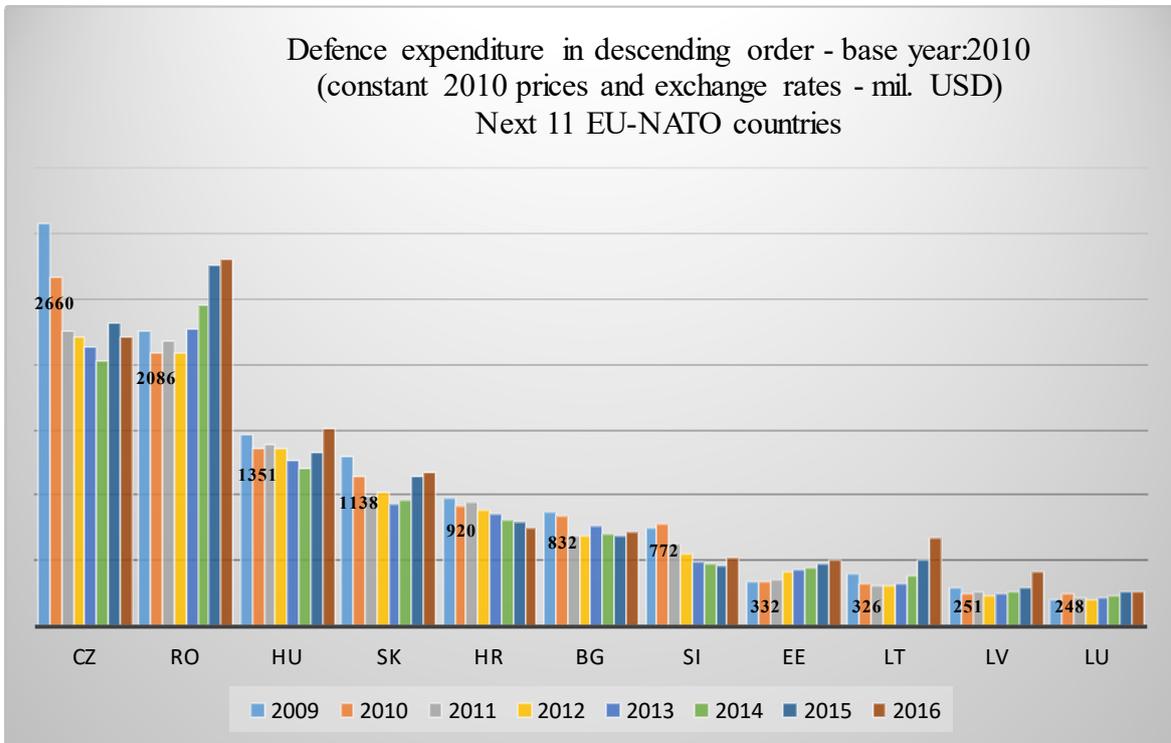


Fig. 4 Defence expenditure in descending order of values – last 11 countries

5. CONCLUSIONS

In the current geo-political context we are considering that Romania needs to

focus more on the infrastructure development and on the equipment acquisition. Also is very important to invest in research and development for the projects involving the production of equipment and programs for the better training of the personnel, complying of course with the NATO guidelines.

6. ENDNOTES

The Nomenclature of NATO defence expenditure, as presented in the NATO Public Diplomacy Division Annual Report is as follows:

1	Operating costs
1.1	<i>Military personnel</i>
1.1.1	Pay and allowances
1.1.2	Employer's contributions to retirement funds
1.1.3	Other
1.2	<i>Civilian personnel</i>
1.2.1	Pay and allowances
1.2.2	Employer's contributions to retirement funds
1.3	<i>Pensions</i>
1.3.1	Paid to military retirees
1.3.2	Paid to civilian retirees
1.4	<i>Operations and maintenance</i>
1.4.1	Ammunition and explosives (excluding nuclear)
1.4.2	Petroleum products
1.4.3	Spare parts
1.4.4	Other equipment and supplies
1.4.5	Rents
1.4.6	Other operations and maintenance
2	Procurement and construction
2.1	<i>Major equipment</i>
2.1.1	Missile systems
2.1.2	Missiles (conventional weapons)
2.1.3	Nuclear weapons
2.1.4	Aircraft
2.1.5	Artillery
2.1.6	Combat vehicles
2.1.7	Engineering equipment

2.1.8	Weapons and small arms
2.1.9	Transport vehicles
2.1.10	Ships and harbor craft
2.1.11	Electronic and communications equipment
2.2	<i>National military construction</i>
2.3	<i>NATO common infrastructure</i>
2.3.1	Expenditure as host nation
2.3.2	Payments to other nations
2.3.3	Receipts from other nations
2.3.4	Land and utilities
3	Research and development
3.1	<i>Devoted to major equipment</i>
3.2	<i>Other</i>
4	Other expenditure
5	Total
6	Statistical discrepancy
7	Adjusted total

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