U.S. Minimises its Share in NATO Budget

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Why in News

The U.S. contribution to the North Atlantic Treaty Organisation's (NATO) operating budget has been cut down at the cost of an increase in Germany's payments to the alliance. This move comes after repeated criticism of European members of the organisation by the U.S.

- This will come into effect from 2021, wherein the U.S. and Germany will contribute equally to NATO budget.

Key Points

- Under the new agreement, the U.S. will cut its contribution to 16.35% of the total NATO's budget while Germany and other allies' contributions will go up.
  - U.S. currently pays 22.1% of the NATO budget and Germany pays 14.8%, under a formula based on each country's gross national income.
- **France has refused to accept the new arrangement** and will keep its contribution the same at 10.5%.
- All allies have agreed on a **new cost-sharing formula** under which cost shares attributed to most European allies and Canada will go up, while the US share will come down.

Background

- Earlier at the 2014 summit, NATO allies had agreed to spend 2% of their GDP on defence. However, the US suggested that countries not only meet their commitment of 2% expenditure on defence but also increase it to 4% immediately.
  - Till 2019, only **eight of 29 members are able** to spend 2% of their GDP on defence. Germany has also failed to meet this target.
- **Poor coordination between Europe and the U.S. and Turkey's military operation** against the Kurds in northern Syria led to the deteriorating condition of NATO functioning so this is an important move to redefine the dynamics.

North Atlantic Treaty Organization

- It is a military alliance established by the **North Atlantic Treaty** (also called the **Washington Treaty**) of **April 4, 1949**, by the United States, Canada, and several Western European nations to provide collective security against the Soviet Union.
- It is headquartered at Brussels, Belgium.
- A key provision of the treaty, the so-called **Article 5**, states that if one member of the alliance is attacked in Europe or North America, it is to be considered an attack on all members. That effectively put Western Europe under the "nuclear umbrella" of the US.
    - NATO has **only once invoked Article 5**, on September 12, 2001, **following the 9/11 attacks** on the World Trade Center in the US.
- NATO's protection does not extend to members' civil wars or internal coups.
- As of 2019, there are **29 member states**, with **Montenegro** becoming the **latest member** to join the alliance in 2017.
    - France withdrew from the integrated military command of NATO in 1966 but remained a member of the organization. However, it resumed its position in NATO’s military command in 2009.

Source: TH