



**ADVANCING AMERICAN  
FREEDOM** *FOUNDATION*

## **NATO's New 5% Goal is Progress, But the Road is Long**

---

**TOPLINE:** NATO-member countries announced a commitment to fulfill their Article III defense spending pledge at 5% of their annual Gross Domestic Product (GDP). While Spain alone rejected the proposal (the only country to spend less last year than the year before), many other nations will have an uphill battle to meet their new pledges. Even still, securing this new bottomline commitment is a major victory for the Trump administration.

**BACKGROUND:** The North Atlantic Treaty Organization (NATO) was founded in 1949 by the U.S., United Kingdom, Canada, and nine other European countries. Since then, it has grown to 32 countries. Article V of NATO requires member nations to treat an attack against any part of NATO as an "attack against them all" and Article III mandates that members will "maintain and develop their individual and collective capacity to resist armed attack." For nearly two decades, Article III has been taken to mean that every member would spend a minimum percentage of its GDP on military readiness. Article III compliance is essential to keep Article V irrelevant (only ever invoked by the U.S. on 9/11).

Many countries have failed to honor their NATO commitments and deterrence has deteriorated as a result. In 2014, during the Obama presidency, Russia invaded Crimea. That year, the only countries upholding their Article III pledges were the United States, the United Kingdom, and Greece. By contrast, the first Trump administration made significant strides in improving Article III allied-burden sharing. By the last full year of the administration, 2020, ten countries were meeting their commitments. Before the new 5% target was announced, in 2024, that number had climbed to 18 countries.

In our previous report, we noted that NATO noncompliance was especially alarming to observe in the countries bordering Russia and Ukraine: countries which ought to be carrying the lion's share of the Article III burden. At the time, two of the nine countries adjacent to the conflict fell short of their basic 2% commitment. Poland was the only one of those nine to outspend the United States on a GDP percentage basis.

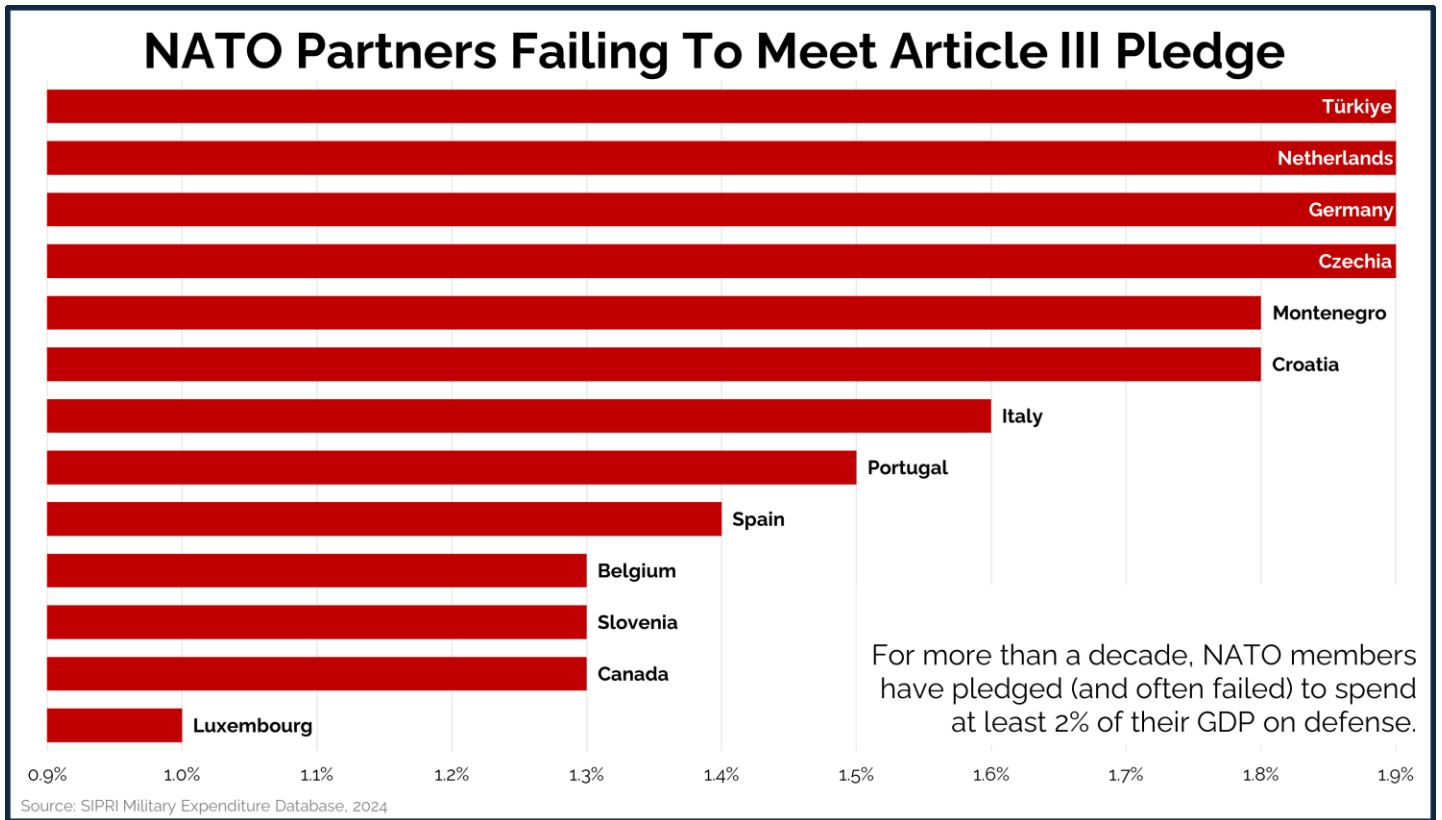
In 2024, however, every nearby country increased its spending and reached compliance with the old standard. Yet the former 2% standard was a peacetime minimum, far too low for these countries bordering the conflict. In order to keep up these positive trends, the United States must find ways to encourage and, if necessary, pressure its allied to pursue their new pledge to attain 5% defense spending in the future.

Only by continuing to reverse previous trends can NATO successfully exercise deterrence and ensure that our Article V mutual defense pledge need never be invoked again.

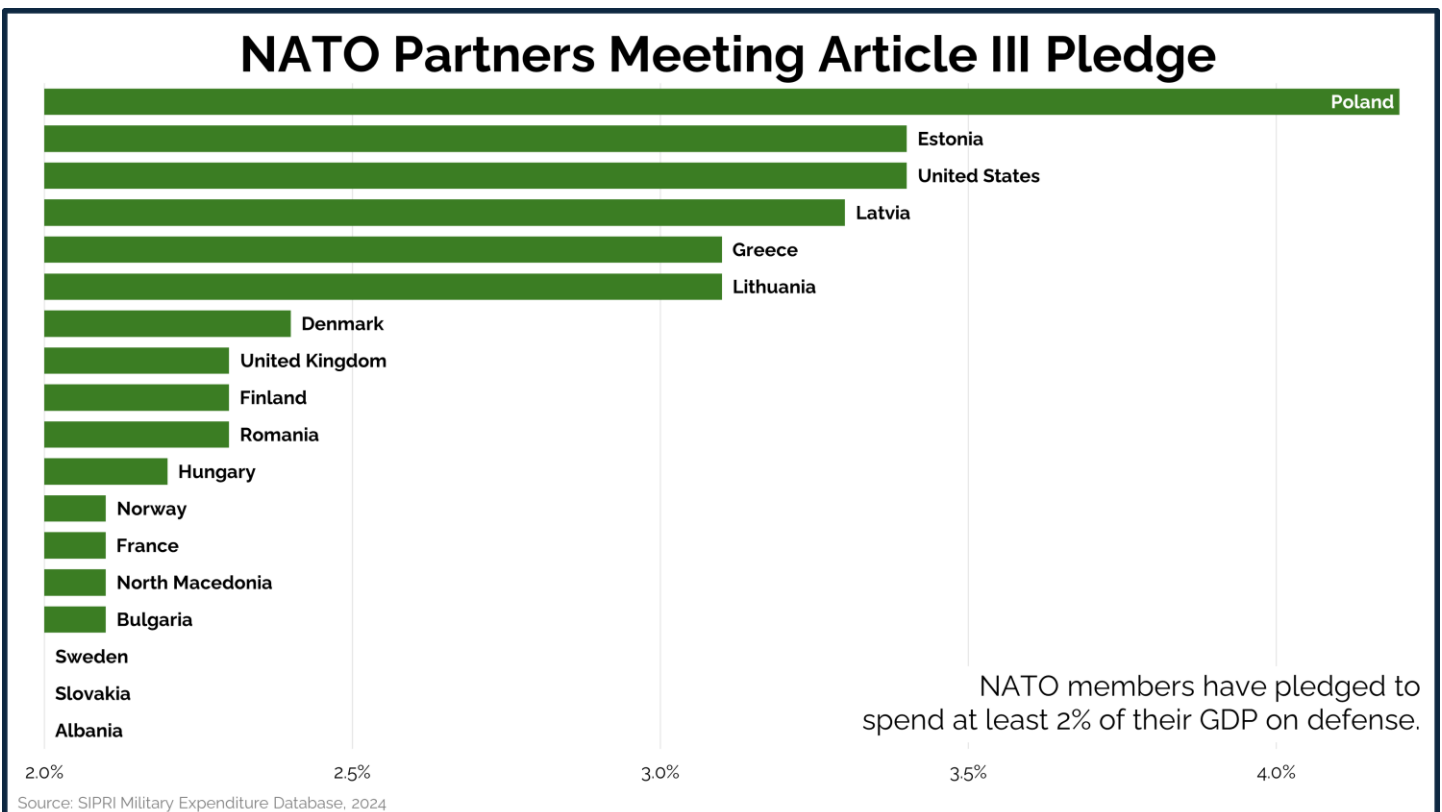


# APPENDIX

## ITEM I:



## ITEM II:



# APPENDIX

## ITEM 3:

| Country      | 2020 | 2021 | 2022 | 2023 | 2024 | Change ('14) | Change ('20) | Change ('23) |
|--------------|------|------|------|------|------|--------------|--------------|--------------|
| Albania      | 1.3% | 1.2% | 1.2% | 1.7% | 2.0% | 0.7%         | 0.7%         | 0.3%         |
| Belgium      | 1.0% | 1.0% | 1.2% | 1.2% | 1.3% | 0.3%         | 0.3%         | 0.1%         |
| Bulgaria     | 1.6% | 1.5% | 1.6% | 1.9% | 2.1% | 0.8%         | 0.5%         | 0.2%         |
| Canada       | 1.4% | 1.3% | 1.2% | 1.3% | 1.3% | 0.3%         | -0.1%        | 0.0%         |
| Croatia      | 1.7% | 2.0% | 1.8% | 1.7% | 1.8% | 0.0%         | 0.1%         | 0.1%         |
| Czechia      | 1.3% | 1.4% | 1.3% | 1.5% | 1.9% | 0.9%         | 0.6%         | 0.4%         |
| Denmark      | 1.4% | 1.3% | 1.4% | 2.0% | 2.4% | 1.3%         | 1.0%         | 0.4%         |
| Estonia      | 2.3% | 2.0% | 2.1% | 3.0% | 3.4% | 1.5%         | 1.1%         | 0.4%         |
| Finland      | 1.4% | 1.3% | 1.6% | 2.0% | 2.3% | 0.8%         | 0.9%         | 0.3%         |
| France       | 2.0% | 2.0% | 2.0% | 2.0% | 2.1% | 0.2%         | 0.1%         | 0.1%         |
| Germany      | 1.4% | 1.3% | 1.4% | 1.5% | 1.9% | 0.8%         | 0.5%         | 0.4%         |
| Greece       | 3.0% | 3.8% | 4.0% | 2.9% | 3.1% | 0.7%         | 0.1%         | 0.2%         |
| Hungary      | 1.7% | 1.3% | 1.8% | 2.0% | 2.2% | 1.3%         | 0.5%         | 0.2%         |
| Italy        | 1.7% | 1.7% | 1.7% | 1.6% | 1.6% | 0.3%         | -0.1%        | 0.0%         |
| Latvia       | 2.2% | 2.2% | 2.3% | 3.0% | 3.3% | 2.3%         | 1.1%         | 0.3%         |
| Lithuania    | 2.0% | 1.9% | 2.4% | 2.7% | 3.1% | 2.2%         | 1.1%         | 0.4%         |
| Luxembourg   | 0.6% | 0.5% | 0.6% | 0.8% | 1.0% | 0.6%         | 0.4%         | 0.2%         |
| Montenegro   | 1.7% | 1.6% | 1.6% | 1.5% | 1.8% | 0.3%         | 0.1%         | 0.3%         |
| N. Macedonia | 1.2% | 1.5% | 1.6% | 1.7% | 2.1% | 1.0%         | 0.9%         | 0.4%         |
| Netherlands  | 1.4% | 1.4% | 1.3% | 1.4% | 1.9% | 0.8%         | 0.5%         | 0.5%         |
| Norway       | 2.0% | 1.7% | 1.5% | 1.8% | 2.1% | 0.6%         | 0.1%         | 0.3%         |
| Poland       | 2.3% | 2.2% | 2.2% | 3.3% | 4.2% | 2.3%         | 1.9%         | 0.9%         |
| Portugal     | 1.4% | 1.5% | 1.4% | 1.5% | 1.5% | 0.2%         | 0.1%         | 0.0%         |
| Romania      | 2.0% | 1.8% | 1.8% | 1.6% | 2.3% | 1.0%         | 0.3%         | 0.7%         |
| Slovakia     | 1.9% | 1.7% | 1.8% | 1.8% | 2.0% | 1.0%         | 0.1%         | 0.2%         |
| Slovenia     | 1.1% | 1.2% | 1.3% | 1.3% | 1.3% | 0.3%         | 0.2%         | 0.0%         |
| Spain        | 1.4% | 1.3% | 1.4% | 1.5% | 1.4% | 0.2%         | 0.0%         | -0.1%        |
| Sweden       | 1.2% | 1.2% | 1.3% | 1.5% | 2.0% | 0.9%         | 0.8%         | 0.5%         |
| Türkiye      | 2.2% | 1.9% | 1.7% | 1.7% | 1.9% | 0.0%         | -0.3%        | 0.2%         |
| UK           | 2.2% | 2.1% | 2.1% | 2.2% | 2.3% | 0.1%         | 0.1%         | 0.1%         |
| USA          | 3.6% | 3.4% | 3.3% | 3.3% | 3.4% | -0.3%        | -0.2%        | 0.1%         |

Source: SIPRI Military Expenditure Database, Data for Iceland Not Available.