

# **Defence Expenditure (NATO Target) Bill**

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## EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by Sir Gerald Howarth, are published separately as Bill 9–EN.

# Defence Expenditure (NATO Target) Bill

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Make provision about the meeting by the United Kingdom of the NATO target for defence expenditure in each member state to constitute not less than 2 per cent of gross domestic product; to make provision for verification that NATO's criteria for defence expenditure are met in calculating the UK's performance against this target; and for connected purposes.

**B**E IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

**1 Duty to meet North Atlantic Treaty Organisation (NATO) 2% target from 2016**

- (1) It is the duty of the Secretary of State to ensure that the North Atlantic Treaty Organisation's target for each member state's defence expenditure to amount to not less than 2% of its gross domestic product in cash terms (in this Act referred to as "the 2% target") is met by the United Kingdom in the year 2016 and each subsequent calendar year. 5
- (2) Whether the 2% target has been met by the United Kingdom in any year is to be determined for the purposes of this Act by reference to the amounts specified for that year in an annual report laid before each House of Parliament by the Secretary of State. 10
- (3) For the purposes of this Act "defence expenditure" shall be defined as expenditure meeting NATO's criteria for qualifying as expenditure on defence.

**2 Duty to lay statement before Parliament if 2% target not met**

- (1) If an annual report laid before Parliament in the year 2017 or any subsequent calendar year shows that the 2% target has not been met in the report year, the Secretary of State must, as soon as reasonably practicable after laying the report, lay before Parliament a statement complying with subsections (3) and (4). 15
- (2) If an annual report laid before Parliament in the year 2017 or any subsequent calendar year shows that the 2% target has been met in the report year but— 20

- (a) the report is revised by a subsequent report, and  
 (b) the effect of the revision is to show that the 2% target was not met in the report year,  
 the Secretary of State must, as soon as reasonably practicable after laying the subsequent report, lay before Parliament a statement complying with subsection (3). 5
- (3) A statement under subsection (1) or (2) must explain why the 2% target has not been met in the report year and, if relevant, refer to the effect of one or more of the following – 10
- (a) economic circumstances and, in particular, any substantial change in gross domestic product;  
 (b) fiscal circumstances and, in particular, the likely impact of meeting the target on taxation, public spending and public borrowing; or  
 (c) circumstances arising outside the United Kingdom.
- (4) A statement under subsection (1) must also describe any steps that the Secretary of State has taken to ensure that the 2% target will be met by the United Kingdom in the calendar year following the report year. 15
- (5) In this section “the report year”, in relation to an annual report, means the period of 12 months which is the most recent relevant period to which the information included relates. 20
- 3 Accountability to Parliament**
- (1) The only means of securing accountability in relation to the duty in section 1 is that established by the provision in section 2 for the laying of a statement before Parliament.
- (2) Accordingly, the fact that the duty in section 1 has not been, or will or may not be, complied with does not affect the lawfulness of anything done, or omitted to be done, by any person. 25
- 4 Verification of defence expenditure using NATO criteria**
- (1) The Secretary of State must make arrangements for the independent evaluation of the extent to which United Kingdom defence expenditure meets the criteria established by NATO for determining whether expenditure qualifies as defence expenditure. 30
- (2) The Secretary of State must include in each annual report a statement as to how he or she has complied with the duty under subsection (1).
- 5 Short title, commencement and extent** 35
- (1) This Act may be cited as the Defence Expenditure (NATO Target) Act 2016.  
 (2) This Act comes into force on 1 June 2016.  
 (3) This Act extends to the whole of the United Kingdom.

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To make provision about the meeting by the United Kingdom of the NATO target for defence expenditure in each member state to constitute not less than 2 per cent of gross domestic product; to make provision for verification that NATO's criteria for defence expenditure are met in calculating the UK's performance against this target; and for connected purposes.

*Presented by Sir Gerald Howarth.*

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