



House of Commons
Defence Committee

**Indispensable allies: US,
NATO and UK Defence
relations: Government
Response to the
Committee's Eighth
Report**

**Ninth Special Report of Session
2017–19**

*Ordered by the House of Commons
to be printed 11 September 2018*

The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

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Ninth Special Report

On 26 June 2018, the Defence Committee published its Eighth Report of Session 2017–19 [HC 387] on *Indispensable allies: US, NATO and UK Defence relations*. The response from the Government was received on 22 August 2018. The response is appended to this report.

Appendix: Government Response

The Government welcomes the House of Commons Defence Committee's Report into NATO and the UK-US bilateral relationship. NATO remains the cornerstone of UK defence and security and our bilateral relationship with the US remains the broadest, deepest, and most advanced of any two countries.

Since publication of the Committee's Report, NATO Allies held a Summit in Brussels (11–12 July), and President Trump made his first visit to the UK (12–15 July).

The Government's formal response to the Report's recommendations and conclusions is below with the Committee's findings in **bold** and the Government's responses in plain text. For ease of reference, paragraph numbering follows that in the Report's "Conclusions and Recommendations".

Priorities for the NATO Summit

1. **NATO has been the cornerstone of the security policy of Europe and the UK for nearly 70 years. It is one of the longest-lasting and most successful military alliances in history, primarily because it has anchored the military weight of the United States in Europe, and has therefore removed any prospect of smaller member states being isolated and overrun by aggressive neighbours. (Paragraph 8)**

We welcome the Committee's conclusions on the importance of NATO in maintaining the security of the Euro-Atlantic area. As the 2015 Strategic Defence and Security Review (SDSR) makes clear, NATO is at the heart of UK Defence policy and we reaffirmed our unconditional commitment to collective defence and security through NATO in the 2018 National Security Capabilities Review. The Prime Minister told the House of Commons on 16 July that NATO is more important than ever and the UK is committed to having a leading role in the Alliance.

2. **We strongly support the Government's push to increase NATO readiness and military mobility. (Paragraph 17)**

Very high readiness is an important capability of the UK Armed Forces, underpinned by 16 Air Assault Brigade and 3 Commando Brigade; our leadership of the Joint Expeditionary Force, with its Headquarters at 24-hours' notice; and our regular contributions to NATO's Very High Readiness Joint Taskforce. In addition, the Advance Headquarters of 3 (UK) Division is at 20 days' notice to move.

We intend to maintain our leading role in the Alliance, improving interoperability and strengthening strike capabilities and light reaction forces that are able to project operational effect at speed.

The UK remains at the forefront of work to make NATO less bureaucratic, better at prioritising, and more capable of taking and implementing decisions at a faster pace.

NATO needs to be able to quickly and effectively respond with a 360-degree approach to threats across all domains. The Alliance's ability to do so relies on sufficient high quality forces and capabilities – such as the UK's – held at the appropriate readiness. The ability to provide credible, rapid, and effective reinforcement is at the heart of NATO's Deterrence and Defence posture.

Since 2014, NATO's approach to readiness has developed significantly. The Readiness Action Plan – driven by the UK at the 2014 Wales Summit – has delivered more national forces at high readiness.

At the 2018 Summit, Allies agreed a "Readiness Initiative" that by 2020, 30 battalions, 30 combat ships, and 30 air squadrons would be deployable at 30 days' notice. On 16 July, the Prime Minister told the House that the UK would take its full part in delivering this.

However, readiness of forces is only one part of delivering a credible Deterrence and Defence posture. We welcome NATO's efforts to respond to the changing security environment, including by adapting its Command Structure to place greater focus on maritime security, logistics and Military Mobility, and cyber defence, to face these new challenges. NATO's adapted Command Structure will include a new Joint Force Command for the Atlantic to ensure safe transit of forces between North America and Europe, and a new support Command (based in Germany) for improved logistics, reinforcement, and Military Mobility.

3. Interoperability is a force multiplier. There is no easy solution to the problems presented by the wide range of systems in use by NATO allies; but ensuring that different national forces can work together is vital in a crisis or conflict. Regular NATO exercising helps to identify and solve such issues and we expect to see UK Government support for an increased programme of exercises with all allies. (Paragraph 21)

We agree with the Committee's view on the importance of Allied interoperability; it is essential that Allies can swiftly and cohesively work together to tackle any threat that may confront Euro-Atlantic security. The UK participates fully in the NATO exercise programme at the tactical, operational, and strategic levels. This ranges from exercises 'in the field' to confirm the interoperability and readiness of Alliance forces, through exercises to certify the readiness of UK Headquarters to be on standby in the NATO High Readiness pool, to table-top strategic exercises to test the ability of the Alliance to execute effective Command and Control of NATO forces. We will continue to identify as many possible opportunities, both Alliance-wide and bilaterally, to train and exercise with our NATO Allies and partners.

4. We welcome UK support for the proposed new command structure and hope that this support will be demonstrated through rapidly assigning staff to the new commands. We deeply regret that the contraction in the size of the Royal Navy made it more difficult for the UK Government to bid to host the new Atlantic Command. (Paragraph 25)

The Government strongly supports NATO's modernisation efforts, including the adapted Command Structure. The UK is committing to fill more than 100 new posts, taking our total to more than 1000 UK Service personnel across the NATO Command Structure.

Given the UK's geopolitical position, the newly established Atlantic Command in Norfolk, USA, is of particular interest and the Royal Navy will contribute fully to its development. This new Command will be fully manned only during a transition to war, so NATO has proposed a peacetime uplift of approximately 170 personnel to the UK-hosted NATO Maritime Command (MARCOM) in Northwood. These additional personnel will allow MARCOM to take a 24/7, 360-degree view of NATO maritime operations, including command of NATO Force Elements in the Atlantic, until it switches to support the overarching Atlantic Command in periods of very high tension. This represents a significant uplift in NATO Command Structure personnel who will be hosted in the UK as part of the Alliance's response to resurgent and emerging threats.

5. We support the Government's push to improve decision-making. Taking decisions at "the speed of relevance" is vital to ensure the Alliance's deterrence posture. (Paragraph 29)

We welcome the Committee's support and agree with its assessment. This remains a priority area for the UK and the Government will continue to take a leadership role in the ongoing work to improve Alliance speed-of-decision making.

6. We accept the argument that percentage of GDP is not a perfect index of commitment to NATO and recognise that there is validity in additional measures, such as gauging capability, in providing an evidence-based approach to resourcing and investment. But we strongly believe there to be no other unclassified measure that is as easy to assess, to understand or to use as the basis for making comparisons. We support the Government's commitment to exhort and encourage our allies to improve their capabilities and increase their defence spending; but we note that such exhortations would carry more weight if the UK led by example and invested more in Defence. (Paragraph 33)

We do not accept that the UK does not lead by example on defence spending. NATO's own figures show that the UK spends more than the 2% target of Gross Domestic Product (GDP) on Defence. We have the largest defence budget in Europe, the second largest in NATO, and have never dropped below 2% while a member of NATO. Before the Defence Investment Pledge was agreed at the 2014 Wales Summit, only three Allies met the 2% target. By the end of 2018, eight Allies are expected to meet the target. At the 2018 Summit, all Allies agreed a renewed sense of urgency to meet their burden sharing commitments. The Government will continue to work closely and encourage all Allies to meet the Pledge.

Securing the North Atlantic

7. Following the decision to leave the European Union, the Government has consistently reiterated its desire to increase its commitment to NATO. In the North Atlantic, the UK could demonstrate both leadership and commitment. However, this requires an increase in capacity. We do not yet know what the outcomes of the

Modernising Defence Programme (MDP) will be, but if the UK's anti-submarine warfare capacity remains unchanged—or is even diminished further—then the UK will be failing both its citizens and its allies. (Paragraph 37)

The Government recognises the importance of maintaining the rate of development of our Anti-Submarine Warfare (ASW) capability to ensure it stays ahead of any potential adversaries. Accordingly, the UK is investing in several areas to improve our ASW capability and ensure we can respond to future threats. This includes the recently confirmed order for the seventh Astute Class nuclear attack submarine that, alongside the Type 26 frigates and P8 Maritime Patrol Aircraft, will form the core of our ASW capability.

8. *The Government should demonstrate its commitment to securing the North Atlantic through a renewed focus on Anti-Submarine Warfare in the Modernising Defence Programme (MDP). (Paragraph 38)*

The Government has consistently set out its commitment to securing the interests of the UK and our partners and Allies in the North Atlantic. Recent procurement decisions, including investment in the Type 26 frigates and the P8 Maritime Patrol Aircraft, firmly demonstrate this.

The headline conclusions of the Modernising Defence Programme (MDP) reinforce Defence's commitment to contributing to global security and providing the structures and capabilities to defend the UK via our leading role in NATO. These also set out our ambition to be able to respond to emerging threats in both traditional domains, including maritime, and the new domains of space and cyber. This policy framework will inform the next phase of more detailed analysis expected to conclude this autumn.

UK readiness

9. *Given the speed of modern warfare, 20 days to deploy a mechanised brigade and 90 days to deploy a division risk making the UK militarily irrelevant. We ask the Government for an update on the Army's work on how to generate a follow-on division; and we request a time-line of the steps required to reconstitute such a force in the event of an emergency. (Paragraph 42)*

The speed of response by the UK's Armed Forces is well recognised. We are working with NATO, which directs the readiness levels required by designated forces, to ensure that the timescales set match the threat. As part of this, NATO has outlined its intention to develop the Readiness Initiative which will see 30 battalions, 30 combat ships, and 30 air squadrons ready for employment in 30 days. The UK, as a leader within NATO, is strongly supporting this initiative.

We have also been clear about the aspiration to enhance the readiness and speed of deployment of a warfighting division, including the brigades within it, which was set out in the SDSR. Alongside this, the Army is already working towards the delivery of the Strike Brigade concept: a brigade-scaled and highly responsive mechanised capability that can deploy independently, as part of a modernised warfighting division, or incorporated with allies. The Ministry of Defence continues to examine options for regeneration and reconstitution of UK land forces in the event of a crisis that will enable our forces to sustain major combat operations.

10. We are encouraged by the fact that the Government is looking at readiness in the Modernising Defence Programme (MDP). However, withdrawal from Germany will not improve readiness—rather the reverse—and accordingly the Government should reconsider its decision to withdraw from Germany. In any event, we expect the MDP to address in detail the issues of basing some forces and pre-positioning some equipment in Germany. (Paragraph 43)

It remains the Government's plan to return all formed Army units from Germany. However the Secretary of State has endorsed the Army's aspiration after 2020 to continue training in Germany, retain a combined river crossing capability with the Bundeswehr, and keep vehicle and ammunition storage facilities in Germany.

As part of the MDP, the Ministry of Defence is reviewing our overseas basing more broadly to improve our interoperability with Allies and partners, as well as considering how we can rebalance our training and equipment in mainland Europe, the Middle East, and the Far East.

11. We are pleased that the Secretary of State is willing to look at options to establish a war reserve of equipment, and its likely impact upon UK readiness. The Government should set out its initial findings in its response to this Report. (Paragraph 44)

When equipment is approaching retirement, Defence always has the option to retain it in reserve if it might be needed rapidly to provide additional capacity in the event of a major crisis. This will require the consideration of a number of factors, including the availability of suitable storage facilities, the cost of maintaining the equipment and the human resource to support its effective re-mobilisation.

Ultimately, deciding to take this option for equipment depends on whether retaining the equipment is considered the most cost-effective decision when all relevant factors are taken into account.

12. The UK should demonstrate its leadership position in NATO by working towards being able to deploy a mechanised brigade within 10 days. (Paragraph 45)

As part of ongoing work to develop the Strike Brigade concept, the Army is working towards the delivery of a brigade-scaled and highly responsive mechanised capability deploying as part of a modernised warfighting division within Joint Force 2025.

UK contributions to NATO

13. The UK Government should demonstrate leadership in NATO by ensuring that all of its allocated posts, including those within the new command structures, are filled within an appropriate amount of time. Furthermore, it should consider whether we could provide additional UK personnel to NATO in areas where shortfalls currently exist. (Paragraph 47)

The UK fill rate of its allocated NATO posts is consistently around 95%. A 100% fill is not practicable due to factors including assignment fluctuations, seasonal variations, and post rotations. Plans are in place to maintain our level of commitment for the new UK posts in the recently agreed adapted NATO Command Structure. When emerging requirements are identified beyond NATO's resourced capacity, Allies may be asked to

provide Voluntary National Contributions above their agreed personnel footprint. In such instances, the UK routinely seeks to provide additional support within the limits of capacity, skills, and experience.

The UK-US relationship

14. The UK Government needs to ensure that, in addition to its primary focus on engagement with the US Administration, it is also engaging with the US Congress, State Administrations and US civil society. The Government should consider how it can better engage with Congress, including by inviting relevant Congressional groups to visit the UK. (Paragraph 52)

The important role Congress plays in US defence activities is recognised by the Government. Plans to engage with the legislative branch have been laid out and successfully executed. These have included government-driven visits to the UK by appropriate congressional staff, as well as supporting non-Government driven visits by facilitating meetings with appropriate MOD figures. Currently, the Government employs three Congressional Liaison staff in our Embassy in Washington DC to do this work. This will be increased to four staff in the Autumn. The team ensures that the Government is connected, wherever relevant and necessary, across the policy spectrum in Congress. This includes, but is not limited to, the Defense, Foreign Affairs, Ways and Means, Appropriations, Energy and Commerce, and Intelligence Committees as well as with the individual Senator and Member offices in both chambers.

The Government recognises the central role think tanks play in US civil society, and accepts the need to engage with them comprehensively and effectively. These entities play an important role in gauging and influencing both public opinion and Government decisions. Our relationship with think tanks helps keep UK priorities at the forefront of relevant discussions; most recently upon the visit of the UK Defence Secretary when the Atlantic Council was utilised as the forum for his public remarks.

Finally, we are cognisant of the need to engage with state administrations. Through the wider US network, including our Consuls General, we endeavour to make useful connections at the sub-Federal level.

15. The House of Commons Commission and the House of Lords Commission, as well as the FCO and MOD, should consider how they can further support UK Parliamentarians to engage with their Congressional counterparts. (Paragraph 53)

The Congressional Liaison staff endeavour to connect Parliamentary Members with their Congressional counterparts whenever possible. This includes trips to and from the US via the British-American Parliamentary Group as well as meeting individual requests for connections between Members, Senators, or Parliamentarians. We encourage Members in both Governments to foster these relationships.

16. Military-to-military engagement between the UK and the US is one of the linchpins of the bilateral relationship. The UK's interoperability with and alleged over-reliance on the US are clearly linked and there is a balance to be struck. The Secretary of State has said that the UK benefits to the tune of £3 billion a year from the UK-US defence relationship. This implies that both the UK Armed Forces and HM Treasury

benefit from our close relationship with the US. However, that will continue to be true only while the UK military retains both the capacity and capability to maintain interoperability with the US military and to relieve US burdens. For this to be the case the UK Armed Forces must be funded appropriately. (Paragraph 63)

The UK and US both benefit tremendously from bilateral cooperation; the £3 billion figure represents a very conservative estimate. The Ministry of Defence is actively engaged with US counterparts to manage interdependences between our armed forces, and actively consider interoperability issues as we pursue modernisation. In doing so we aim for mutually reinforcing approaches to address common challenges. The Ministry of Defence continues to consider the implications for freedom of action and operational advantage as part of any decision to collaborate internationally.

17. The Government should ensure that US views are carefully and seriously considered during the Modernising Defence Programme (MDP) process and are given due weight when making decisions, particularly around sustainment of capabilities, requirements for new capabilities and overall support for defence. (Paragraph 64)

The US and UK are very close allies, with a uniquely broad and deep defence and security relationship, and a shared understanding of the challenges we face. The Government acknowledges that the views of the US should be considered as part of the MDP process and we have engaged regularly at both Official and Ministerial level with respective US counterparts for that very purpose. We will continue to do so as the MDP progresses through to the Autumn.

18. The Government should give due consideration to the dollar dependency highlighted in the National Audit Office Equipment Plan report and the subsequent impact on the financial resourcing of the Equipment Plan over the period of its implementation. (Paragraph 65)

The Ministry of Defence recognises the risk of increased costs owing to exchange rate changes and addresses this as part of routine financial management of the Defence programme. Projects in the Equipment Plan use planning assumptions set by Head Office to forecast foreign exchange costs. The difference in cost between the planning exchange rates and forecast exchange rates is managed by Head Office using a separate contingency. The Department limits the risk of additional costs in the Equipment Plan's first three years by purchasing a proportion of demand in advance at fixed prices using services provided by the Bank of England and HM Treasury.

The US and UK in NATO

19. It is clear that the UK is a major contributor to NATO. However, given the geopolitical changes which have taken place since 2014, maintaining current levels of support is not enough. The UK must demonstrate an enhanced commitment to the Alliance if we wish to retain a leadership role within NATO. (Paragraph 69)

We keep our commitments to NATO under regular review and are considering how we can work ever more closely with our NATO Allies through the MDP. We are committed to a leading, full-spectrum role within the Alliance by contributing conventional, nuclear, and cyber forces to the defence of NATO and driving forward policies to modernise the

Alliance. We are one of only a handful of Allies to meet the Defence Investment Pledge and take part in all NATO missions and operations. At the same time we encourage all Allies to step up, to spend more, to meet their capability targets, and to contribute to NATO missions and operations.

We believe that is the right approach to achieve fairer burden sharing – leading by example whilst encouraging all Allies to do more.

20. The US role in NATO is vital to the defence of Europe and US priorities for the forthcoming NATO summit are closely aligned to UK priorities. The Government ought to demonstrate its commitment to joint priorities by increasing the interoperability, readiness and mobility of UK Armed Forces. The Government also ought to set out how it intends to play a key role in the US-led Atlantic Command and how that Command will work together with the UK-led Maritime Command. (Paragraph 73)

The Ministry of Defence is committed to improving interoperability with partners across all Services and the UK regularly participates in NATO exercises from the tactical (for example Exercise TRIDENT JUNCTURE) to the grand-strategic level (for example NATO's Crisis Management Exercise). From a capability development perspective, Ministry of Defence procurement is increasingly 'international by design'. Additionally, the UK is fully engaged in the ongoing NATO Readiness Initiative and in the development of Military Mobility throughout Europe in concert with NATO and the EU. As outlined in our response to the Committee's fourth recommendation, the UK is particularly interested in the development of the newly established Atlantic Command in Norfolk, USA. MARCOM will remain the Alliance's lead maritime headquarters and will command NATO Force Elements in the Atlantic, until it supports the overarching Atlantic Command in periods of very high tension. NATO Command Structure Adaptation proposes a significant uplift in NATO personnel that will be hosted in the UK at MARCOM.

21. Although secondary to the bilateral UK-US relationship, the UK's role in NATO is important to the UK's wider defence relations with the US and to the UK's relationships with our other close allies and partners. We expect the Government to fulfil its promises to increase support to NATO after leaving the European Union. We also expect to see the UK encouraging appropriate further co-operation between NATO and the EU. (Paragraph 78)

The UK is leaving the EU but remains unconditionally committed to the security of Europe and our leading role in NATO. Collectively in Europe we face an unprecedented range of internal and external threats to the safety and security of our citizens, from international terrorism to cyber threats. Neither NATO nor the EU has the full range of capabilities to tackle these threats alone; they can only be tackled successfully through closer cooperation between the NATO, EU, and their Allies and Member States.

NATO-EU cooperation has never been more important. The UK has championed closer cooperation between the EU and NATO for over a decade, and will continue to support better working between the two institutions while we remain in the EU and after we leave. We are encouraging the institutions to capitalise on the success of the NATO Summit, which marked an important moment for NATO-EU relations with the signing of a new Joint Declaration. Leaders committed to strengthen cooperation in a range of

areas including joint exercises; countering hybrid threats; Military Mobility; Counter-Terrorism; and resilience to chemical, biological, radiological, and nuclear-related risks. The UK will continue to press for progress against these commitments.

22. We recommend that the Government should demonstrate, both in the Modernising Defence Programme and in its response to this Report how it is increasing UK support to NATO. (Paragraph 79)

NATO remains at the heart of UK defence policy, and we remain strongly committed to European security. This is demonstrated in the major new pledges we made to the Alliance at the 2018 Summit: more forces for operations and wider commitments across Europe and in Afghanistan and Iraq; strong support for and practical contributions to the Readiness Initiative and NATO modernisation; and declaring further major capabilities – ships, submarines, aircraft, land formations, and headquarters – as deployable for NATO operations. The UK-led Joint Expeditionary Force has achieved Full Operating Capability and we are leading or contributing to a wide range of other international formations, in Europe and elsewhere.

The headline conclusions of the MDP reinforce the UK's commitment to strengthening European security through our role in NATO. This forms part of the policy framework that will inform more in-depth analysis and cross-Government discussion, delivering more detailed conclusions over the autumn.

23. We calculate that raising defence spending to 2.5% of GDP would result in a forecast spend of £50 billion per annum and raising it to 3% of GDP would take this to £60 billion per annum. A rise to 3% of GDP would see defence spending return to the level—in GDP percentage terms—that was last achieved in 1995. (Paragraph 84)

The Government notes the Committee's comment and analysis.

24. As the analysis in the Annex demonstrates, for each additional 0.5% of UK GDP spent on Defence, under a range of projected growth scenarios, about £10 billion annually would accrue to Defence. Applying the 80% guideline referred to above, we conclude that the Ministry of Defence would receive an extra £8 billion annually for its budget. Thus an increase to 2.5% of GDP to be spent on Defence would comfortably fill the 'black hole' in the existing MoD budget. To reverse the loss of capacity referred to by Secretary Mattis, however, a higher target is needed. Accordingly, we recommend that the Government work towards an eventual goal of raising defence spending to 3% of GDP—as it was in the mid-1990s. (Paragraph 85)

The UK has the second largest defence budget in NATO and is one of only a small number of Allies meeting the guideline to spend 2% of GDP on Defence. The Government is fully committed to spending at least 2% of GDP on defence and to increasing the Ministry of Defence's budget by at least 0.5% above inflation every year of this Parliament. Moreover, the commitment should be seen as a floor not a ceiling.

Defence is conducting the MDP to strengthen the UK's Armed Forces against the harder threats that we now face, and is looking at how we can most effectively use our growing defence budget. The UK is a leading defence power and a world-class military partner,

with the full spectrum of military capability at our disposal. The MDP will make sure our Armed Forces can continue to protect our prosperity and security, and reinforce Britain's place in the world.