

Research report

Forum: NATO

Issue: Ensuring Equitable Burden Sharing and
Defence Contributions Among NATO Allies

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Introduction

The North Atlantic Treaty Organization promises a lot when collaborated with, for example; regional stability and equality. However, their primary advantage is collective defensive aid. When one nation is attacked, the whole organization is attacked. It is a fair deal for most who are financially unstable and simply can't afford sufficient military aid to combat a war themselves. The catch is only, paying a fair contribution to fund this materiel.

Naturally, it is expected that all member states pay an equal share, so that not only one nation ends up contributing a number much larger than the others. However, this is not the case. In the general overview the details of the exact differences will be showed. It is the task of the NATO to ensure equitable burden sharing between those nations.

This research report contains a detailed overview on the issue, all the major parties involved, a timeline of key events, and previous attempts to solve the issue.

Definitions of key terms

GDP

GDP stands for gross domestic product, or the total value of the goods and services produced in a country over a specified period. It is used as an indicator of the size and health of a country's economy.

Summit

NATO summit meetings provide periodic opportunities for the Heads of State and Government of NATO member countries to discuss important issues facing the Alliance and provide strategic direction for its activities.

Materiel

In a military context, materiel refers either to the specific needs (excluding manpower) of a force to complete a specific mission, or the general sense of the needs (excluding manpower) of a functioning army.

Contribution

A contribution is something that you give, do, or provide to help achieve a shared goal, produce a result, or support a cause. It can be tangible like money or goods, or intangible like time, effort, and ideas.

SDG 17

The 17th Sustainable Development Goal, focuses on strengthening the means of implementation and revitalize the global partnership for sustainable development

General overview

Defense contributions

The North Atlantic Treaty Organization was established after World War II to ensure such a tragic conflict could never occur again, and to eradicate remains of nationalist militarism that could provoke another war. Since April 4th, 1948, when the document for the establishment of the NATO was signed, there have been annual summits where nations gather and discuss the unresolved issues. For example, the equal pay share funding the collective defense. Which formed an issue when the number of contributions from one nation became much larger than the other. This issue got raised during multiple summits.

In 2014, during the Wales summit, the NATO Head of State and Government had agreed to a percentage of 2% of a nations GDP to be contributed to the defense spending, to ensure the alliance's military readiness. Part of the 2014 Wales Defense Investment Pledge had agreed to 20% of those contributions should be invested in major equipment, such as research and development.

Later, during the summit in 2025 in The Hague, that percentage grew. Nations are expected to contribute 3,5% of their GDP to resource core defense requirements and to meet the NATO Capability Targets, and to spend 1,5% of their GDP on broader defense- and security-related investments, for example to protect critical infrastructure, defend networks, ensure civil preparedness and resilience, innovate, and strengthen the defense industrial base. The 20% of the Wales summit still stands in that decision.

The discrepancy in the contributions

All nations are expected to contribute their exact share of 5%, or beyond. Annually since 1963, these numbers have been tracked and, unfortunately, compared due to a great difference in contribution. The latest version of the NATO defense investments is from the summit in Ankara in 2026, shown below.

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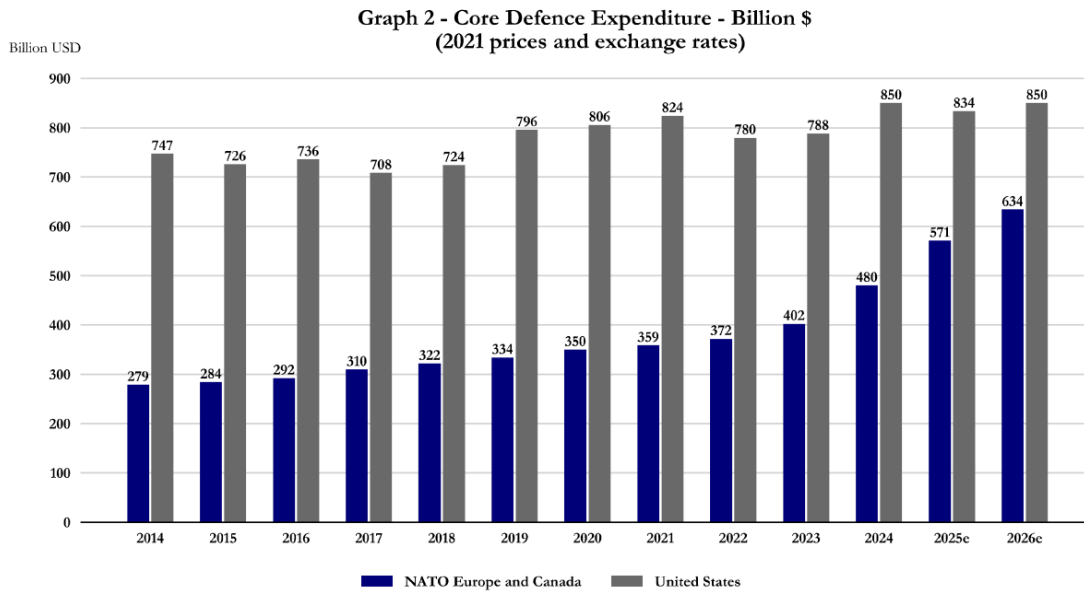


Figure 1: Core Defence Expenditure

As is visualized, the amount of contribution the United States paid is significantly higher than the NATO as a whole. Although the organization did increase, it is not yet near the United States, who still paid 200+ billion dollars more than the others.

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Table 3: Core defence expenditure as a share of GDP and annual real change

Based on 2021 prices													
Share of real GDP (%)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025e	2026e
Albania	1.34	1.15	1.09	1.09	1.14	1.27	1.29	1.24	1.20	1.29	1.35	1.48	2.15
Belgium	0.97	0.91	0.90	0.89	0.89	0.89	1.01	1.04	1.17	1.15	1.27	2.00	2.00
Bulgaria	1.31	1.25	1.24	1.22	1.45	1.15	1.59	1.51	1.59	1.95	1.93	2.13	2.22
Canada	1.01	1.20	1.16	1.44	1.30	1.29	1.41	1.26	1.18	1.29	1.41	2.03	2.13
Croatia	1.81	1.75	1.59	1.63	1.54	1.60	1.70	1.97	1.80	1.65	1.85	2.07	2.03
Czechia	0.94	1.02	0.94	1.02	1.09	1.16	1.27	1.35	1.29	1.31	1.59	1.86	2.01
Denmark	1.15	1.11	1.15	1.14	1.28	1.30	1.37	1.30	1.37	2.01	2.29	3.27	3.49
Estonia	1.90	1.99	2.03	1.97	1.97	2.00	2.26	2.02	2.14	2.94	3.31	3.93	5.10
Finland	1.46	1.45	1.43	1.39	1.40	1.46	1.54	1.41	1.69	2.12	2.11	2.75	2.65
France	1.82	1.78	1.79	1.78	1.81	1.82	1.99	1.90	1.87	1.88	2.04	2.04	2.22
Germany	1.16	1.16	1.18	1.21	1.23	1.32	1.49	1.43	1.46	1.63	2.00	2.22	2.69
Greece	2.24	2.32	2.40	2.37	2.52	2.42	2.87	3.66	3.89	2.77	2.77	2.79	3.65
Hungary	0.86	0.90	1.00	1.19	1.00	1.33	1.75	1.32	1.84	2.03	2.21	2.06	2.09
Italy	1.13	1.06	1.17	1.20	1.22	1.17	1.58	1.52	1.50	1.45	1.52	2.09	2.10
Latvia	0.97	1.07	1.49	1.65	2.13	2.09	2.23	2.16	2.25	2.93	3.28	3.57	4.92
Lithuania	0.88	1.13	1.48	1.71	1.93	1.98	2.05	1.95	2.46	2.69	3.07	4.03	5.33
Luxembourg	0.37	0.41	0.38	0.49	0.50	0.55	0.58	0.47	0.57	1.07	1.29	2.01	2.03
Montenegro	1.51	1.42	1.43	1.36	1.39	1.35	1.75	1.56	1.37	1.53	1.66	2.04	2.17
Netherlands	1.12	1.10	1.13	1.12	1.19	1.29	1.37	1.32	1.39	1.45	2.02	2.53	2.58
North Macedonia	1.09	1.05	0.97	0.89	0.94	1.16	1.24	1.45	1.58	1.67	1.84	2.10	2.09
Norway	1.50	1.53	1.68	1.65	1.66	1.78	1.89	1.62	1.41	1.75	2.16	3.16	3.17
Poland	1.86	2.21	1.99	1.88	2.00	1.96	2.21	2.19	2.21	3.25	3.75	4.25	4.68
Portugal	1.31	1.33	1.27	1.24	1.34	1.37	1.43	1.52	1.39	1.32	1.55	2.01	2.10
Romania	1.35	1.45	1.43	1.73	1.80	1.84	2.01	1.86	1.76	1.61	2.17	2.19	2.43
Slovak Republic	0.98	1.11	1.11	1.10	1.22	1.70	1.90	1.71	1.80	1.74	1.99	2.03	2.02
Slovenia*	0.98	0.94	1.02	0.99	1.02	1.06	1.07	1.24	1.30	1.31	1.34	1.57	1.61
Spain	0.92	0.92	0.80	0.90	0.92	0.90	1.00	1.02	1.15	1.17	1.42	2.00	2.00
Sweden	1.07	1.02	0.98	0.98	0.98	1.05	1.10	1.44	1.49	1.71	2.20	2.85	3.22
Turkey	1.44	1.38	1.45	1.50	1.79	1.82	1.83	1.57	1.35	1.45	2.08	2.33	2.85
United Kingdom	2.13	2.02	2.07	2.06	2.08	2.06	2.33	2.25	2.22	2.22	2.28	2.32	2.56
United States	3.71	3.51	3.49	3.28	3.23	3.49	3.61	3.47	3.20	3.15	3.30	3.17	3.17
NATO Europe and Canada	1.40	1.40	1.41	1.45	1.48	1.51	1.69	1.62	1.62	1.71	1.96	2.31	2.53
NATO Total	2.56	2.46	2.46	2.37	2.38	2.51	2.68	2.58	2.43	2.45	2.65	2.75	2.86

Figure 3: Core Defence Expenditure as a share of GDP and annual real change

Above another figure shows the detailed percentage per member state that was contributed annually since 2014. This table shows the percentage contributed by all member states. Where at the bottom the comparison is made between the NATO without the US and the NATO with US. The three lowest percentages come from Slovenia, Belgium and Spain.

Donald Trump

Member states ‘neglecting’ the equitable burden sharing will face the consequences. For example, President Donald J. Trump has threatened to disengage from the NATO if the unfair burden share continues. To lose a major contributor will damage bonds between the US and member states and will leave a big gap of unpaid defense funding.

In the summit in Brussels in 2018, President Trump mentioned the unfair pay gap between the United States and the other member States and demanded that the guidelines be doubled. The White House press secretary, Sarah Sanders, confirmed the 4% figure. “During the president’s remarks today at the Nato summit he suggested that countries not only meet their commitment of 2% of

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their GDP on defense spending, but that they increase it to 4%.' In addition, Sanders said: "President Trump wants to see our allies share more of the burden and, at a very minimum, meet their already stated obligations."

For some member states, that number of contributions is too far-fetched. However, it was later of no concern. Trump's demand over defense spending came during a meeting at which leaders discussed the burden sharing. It was only that the US president's attention span was notoriously short: he tweeted during the session about soya beans and American farmers. The demands were soon forgotten, since the US president refused to mention it again.

The Sustainable development goal that resonates the most with the issue is SDG 17, which focuses on global partnership.

Major parties involved

United States of America

The United States is, as already mentioned before, the major contributor of the burden sharing. It pays 30% of the whole guideline, with Canada and Europe forming the other 70%. That difference created a rising tension. During previous administrations, the United States intensified this pressure immensely, challenging the core principles of the alliance by threatening to withhold protection from allies who failed to contribute sufficiently.

Despite its traditional dominance, recent trends reveal a shifting dynamic in transatlantic burden-sharing. While European nations have recently surged past historical spending goals, United States defense spending in 2025 actually fell compared to the previous year. Consequently, while European allies are rapidly scaling up, the United States has yet to reach the alliance's newly proposed, highly ambitious future targets, such as the 5% of GDP goal proposed for 2035.

Europe

For European allies, recent years have marked a period of unprecedented military investment and reversed decades of underfunding. Over the past decade, European allies (alongside Canada) steadily grew their collective defense investment from just 1.4% of their combined GDP in 2014 to 2.3% in 2025. In 2025 alone, this amounted to a combined investment of more than \$574 billion, representing a nearly 20% increase in expenditure compared to 2024.

Remarkably, in 2025, every single allied nation met or exceeded the traditional baseline target of investing at least 2% of GDP in defense, a stark contrast to 2014 when only three allies met this benchmark. Countries situated closer to Russia—such as Poland, Lithuania, and Latvia—have moved even faster, surpassing a 3.5% threshold due to immediate security concerns and geographical proximity.

The Netherlands

The Netherlands serves as a prime example of Europe's rapid defense revitalization. In 2024, the Dutch government met the traditional 2% NATO standard for the first time since the early 1990s. The nation did not stop there; by 2025, the Netherlands had accelerated its commitments even further, spending 2.59% of its GDP on defense and easily surpassing the agreed minimum.

Beyond purely financial contributions, the Netherlands has played a central role in shaping the alliance's long-term strategic future. The country hosted the pivotal 2025 NATO Summit in The Hague, where member states agreed to push for significantly higher defense targets, committing to incrementally reach a 5% GDP investment in defense and security-related spending by 2035.

Canada

Canada, which had previously faced intense pressure from the United States to raise its defense budget, has also made significant strides to close its burden-sharing gap. In the 2025–26 fiscal year, the Canadian government officially achieved the 2% of GDP defense spending target, marking a major milestone for its national security approach.

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Canada reached this benchmark by investing more than \$63 billion across its defense sector. Notably, Canada achieved this through a coordinated, whole-of-government effort. In 2025–26, over \$14 billion of its total defense expenditures came from government departments outside the traditional military budget, funding critical enabling areas like cybersecurity, space capabilities, procurement, and veteran support, all of which are consistent with standard NATO reporting practices.

Timeline of Key Events

1948

The establishment of the North Atlantic Treaty Organization, for the safety, security and cooperation between nations.

2006

The introduction of the 2,0% guideline, where nations were expected to contribute 2,0% of their Gross Domestic Product.

2014

The Wales summit where the guidelines toward equitable burden sharing were adopted, as well as the Defense Investment Pledge.

2017

President Trump questions the commitment of the USA, if other member states don't commit to the 2,0% guidelines.

2022

The invasion of Ukraine by Russia that created a drastic shift on European grounds. It made other European member states invest additional funds to their own materiel.

2025

The summit in The Hague where the percentage was raised and further specified.

Possible solutions

Clarification

Setting clear goals and guidelines, to measure their commitment to the NATO. By turning vague expectations into measurable goals, governments could be held accountable easier. The indefinite guidelines that some refuse or are unable to follow worsen the issue, by increasing tension between member states that already do or are able to contribute to the Burden Sharing.

Political pressure

Using diplomatic pressure and public criticism, compels member states to follow the guidelines. It forces governments to prioritize the Burden Sharing, and defense spending. Putting heavy consequences on the refusal to contribute, such as no more protection from the alliance, makes the member state reconsider their input.

Shifting the focus

Instead of narrowing down on the contributions, focus more on what the money is used for. Invest in modern materiel, military readiness and strategic contributions. Having a tangible result to the contributions instead of simply having guidelines, motivates member states to pay their share.

Personalized menu

If instead of every member state paying the exact same share, the NATO divides the Burden Share in specific factors that are distributed fairly based on what a specific member state can afford or provide. For example, prioritize extensive research in a highly trained technology based region, and the make of materiel in a region with an high-tech factory.

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