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NATO DEFENCE PLANNING CAPABILITY REVIEW 2017/2018

THE NETHERLANDS

OVERVIEW

1. The Netherlands bases its defence policy on its new Integrated International Security Strategy and the new Defence White Paper, both published in March 2018. The White Paper reflects a changing security environment, with a threat landscape that is described as more complex, more diverse and more uncertain, with increased risks due to instability in areas adjacent to Europe, the modernisation and strengthening of the Russian Armed Forces, and threats from hybrid warfare and proliferation. The White Paper goes on to describe a plan for the development of the Netherlands' defence capabilities that covers personnel, capabilities and organisations. The White Paper is accompanied by a revised Defence Lifecycle Cost Plan.

2. In response to the Defence Investment Pledge (DIP), the Netherlands originally agreed to reverse the trend of declining defence budgets, but did not initially commit to a specific increase in the defence budget. However, an additional € 929 million was added to the planned defence budgets between 2013 and 2017, in a series of annual steps. These additional sums enabled some planned cuts to be reversed, and addressed areas of shortfall. In October 2017, the Netherlands announced a decision to increase planned defence spending, with an additional € 5 billion to be spent between 2018 and 2021, and to maintain this new level of spending as the baseline beyond 2021. In addition to enhancing combat support (CS) and combat service support (CSS), these funds will enable some 2017 NATO Capability Targets to be addressed, such as joint intelligence, surveillance and reconnaissance (JISR) capabilities, special operations forces (SOF) and maritime mine counter-measures. Furthermore, spending on additional personnel and on improving capabilities such as cyber will be increased. Although this planned additional spending is most welcome, and it will have a positive effect on readiness and some capabilities, far higher levels of investment will be required to meet future plans, and address the results of many years of underinvestment.

3. The Netherlands has a range of capability development and modernisation plans prepared, subject to confirmation through the revised Defence Investment Plan. Priorities include the replacement of the F-16 combat aircraft fleet by the F-35 from 2019 onwards,

the replacement of M-class frigates, mine countermeasures vessels and Walrus-class submarines, and mid-life upgrades of some combat vehicles. Replacement of some major capabilities is now becoming urgent, as some systems are becoming obsolete. There is an urgent need to improve the capabilities of land formations, particularly in terms of combat power, command and control, and sustainability.

4. At the end of 2017, the personnel strength of the armed forces was 52,120, comprising 39,456 regular military personnel, and 12,664 civilian staff. The figure for regular military personnel includes 5,887 personnel of the military police (Royal Marechaussee), who carry out a variety of other roles on behalf of other Ministries. An increase in military manpower is planned for the short term, aiming to reach 42,138 military personnel by 2021. Shortages of specialist staff are acute, although intensified recruiting is expected to have a positive effect on personnel numbers in the short term. Recruiting for the marines and the army has not met targets in the last two years, resulting in under-manning in some units.

5. There were 4,813 trained reserves at the end of 2017. Reserves for the land forces are organised into formed units, while air force and navy reservists are retained on an individual basis, as specialist reinforcements. The Netherlands is implementing a total force concept known as Adaptive Armed Forces, which envisages a more flexible use of reservists, greater mobility between full-time and part-time military employment, and extending to shared ownership of materiel and capabilities between the defence sector and other public and private entities.

6. The Netherlands' economy has improved, with Gross Domestic Product (GDP) growth in real terms rising from 2.26% in 2015 and 2.15% in 2016, to an estimated 3.29% in 2017. In 2018, it is projected to rise slightly to 3.30%. The proportion of GDP devoted to defence decreased from 1.42% in 2009 to an estimated 1.16% in 2017, and is projected to be 1.35% in 2018, 1.28% in 2019 and in 2020, which is well below the NATO guideline of 2% set out in the Defence Investment Pledge (DIP). Expenditure on major equipment is estimated to have been 16.80% in 2017 and is forecast to be 24.93% in 2018, 25.02% in 2019, and 23.98% in 2020, therefore above the NATO guideline of 20% as set out in the DIP. With regard to expenditure on major equipment, projections for 2018 and beyond are subject to change as a result of the plans announced in the 2018 White Paper.

7. The Netherlands contributes regularly to Alliance missions and stand-by forces, including the Very High Readiness Joint Task Force, Standing Naval Forces and enhanced Forward Presence. Contributions are commensurate with the size of the armed forces.

8. Allied Defence Ministers agreed that the priority for the Netherlands should be: the development of a fully-capable heavy infantry brigade, with associated CS and CSS; the development of JISR capabilities; and, the development of theatre-level enabling capabilities. Plans are not yet in place to fully implement the heavy infantry brigade, which currently lacks sufficient battalions, and which has insufficient combat power. Good progress is being made in the development of JISR capabilities, with a short-term requirement for unmanned aerial vehicles (UAVs) being met four years early, although

there are so far no plans to provide the additional JISR platforms requested by NATO in the medium term. The Netherlands was also asked to give priority to the development of new theatre-level enabling capabilities in order to take on its fair share of this requirement. Although many of these capabilities are not requested until 2032, they are not yet reflected in plans, and should be drawn into the new Defence Investment Plan, which has a 15-year planning horizon.

9. The land forces are based on a structure of three combat brigades (one airmobile brigade, one medium brigade and one mechanised brigade), supported by various CS, CSS and training commands. At the end of 2017, the strength of the army was 16,900 full-time military personnel. The Netherlands is not able to provide all of the quantitative land contributions as sought by NATO Capability Targets for the period 2018 to 2023, mainly because there are insufficient numbers of battalions in both the heavy infantry brigade and the medium infantry brigade and the lack of combat power. There is insufficient artillery to support both of these brigades simultaneously. Furthermore, readiness requirements for the requested HRF manoeuvre brigades and amphibious battalion cannot be met, mainly due to logistic shortfalls. The Netherlands' land forces would be seriously challenged if engaged in a high-end battle against a peer opponent.

10. At the end of 2017, the strength of the marines (an integral part of the navy) was 2,560 full-time military personnel. The operational marine units comprise two marine combat groups (battalion-sized amphibious formations reinforced with CS and CSS assets) capable of conducting an initial entry, or expeditionary and special operations. The capability priorities for the marines include the replacement of the BV-206 and Viking all-terrain vehicles, and the replacement of the landing craft (to include utility craft).

11. The navy can provide almost all of the maritime forces requested by the NATO Capability Targets in quantitative terms until 2022. From 2022 onwards, all of the requested forces can be provided. In qualitative terms, however, the NATO Capability Targets are likely to be either partially met, or not met, until new capabilities are introduced into service. Plans for the replacement of current capabilities are ambitious, but are in line with NATO's Capability Targets and would, if fully implemented, produce enhanced, high-end, capabilities. The replacement of the M-class frigates, the mine countermeasures vessels, and the Walrus-class submarines, all of which are planned for the medium term after 2024, is a pressing issue as current capabilities are becoming obsolescent. It is uncertain whether the BMD lower-layer weapon system will be provided, as requested. If not realised, there could be a BMD-capability shortfall across the Alliance

12. The air force possesses a wide range of advanced capabilities, some of which are going to be replaced or modernised in the near future. The introduction of the F-35 will undoubtedly provide the Netherlands with state-of-the-art air combat capabilities, albeit with a significantly reduced fleet; the planned introduction of the MRTT aircraft will provide increased strategic airlift and air-to-air refuelling capabilities. The acquisition of MQ-9 UAVs, four years earlier than requested, will significantly enhance the national ISR capability. The Netherlands should meet most of the 2017 aerospace NATO Capability Targets. However, NATO has requested 52 F-35A from 2024, and there are no funded plans at this stage to acquire the 15 additional F-35s above the planned procurement of 37

aircraft, which leaves a significant shortfall to be picked up by other Allies. The same is true for the additional ISR platforms sought in the medium term.

13. The Netherlands is able to provide most of the Special Operations Forces requested by NATO in the short term, but in qualitative terms, their employment is constrained by insufficient CS and CSS. Some of the additional funding that will be directed towards defence capabilities in the short term is intended to address these deficiencies, but it is uncertain if it will be sufficient. The requested Special Operations Component Command for a smaller joint operation will be provided on a multinational basis, rather than nationally, and with a slight delay.

14. In the short-term, the Netherlands is able to meet many of its joint enabling Capability Targets, in both quantitative and qualitative terms. There are significant shortfalls in medical and transport capabilities, although progress is being made in the development of cyber and communications and information systems capabilities. The Netherlands' ability to support theatre-level enabling requirements simultaneously with full support of its own deployed tactical-level units is very limited, due to an overall quantitative shortage of enabling capabilities. There are many additional joint enabling Capability Targets that are not due implementation until late in the medium term. These are generally additional theatre-level capabilities such as reception, staging and onward movement, transport and supply, and military engineering, which would permit the Netherlands to provide its share of the overall theatre-level Alliance requirement, as well as supporting its own forces. In the case of these capabilities, the Netherlands has indicated an intent to fulfil the targets, but there are not yet any detailed or funded plans in place. It is recommended that plans to implement these targets should be included in the new Defence Investment Plan.

15. The Netherlands is fully implementing its stabilisation and reconstruction (S&R)-related NATO Capability Targets, and it has a wide range of expertise and capabilities available to support NATO S&R efforts. Inter-ministerial coordination, the provision of training, and access to a wide range of civilian expertise, are all well-developed.

16. The Netherlands is largely resilient in terms of civil preparedness and meets most of the seven resilience baseline requirements. Improvements in the arrangements for continuity of government would further reinforce the overall level of resilience.

17. The Netherlands contributes some advanced, high-end, capabilities to the Alliance. Good progress is noted in some aspects of JISR, the upgrading of aerospace capabilities and the development of cyber capabilities. However, the Netherlands' Armed Forces have serious weaknesses in combat power and in sustainability, particularly in the land forces, and in the provision of sufficient quantities of joint enabling capabilities. Several maritime capabilities will require replacement in the medium term, requiring significant investment over a number of years. These weaknesses stem from inadequate defence investment over a protracted period, and previous rounds of deep cuts that have left some hollow structures. The decision in late 2017 to increase defence expenditure by € 5 billion between 2018 and 2021, and to maintain this new level of spending as the baseline beyond 2021, will certainly address aspects of readiness and some urgent

capability requirements, but it will only partially address the fundamental capability problems that result from protracted under-investment.

18. The state of the land forces in terms of combat power and sustainability is a major concern. Both the requested heavy infantry brigade and the medium infantry brigade lack the required numbers of battalions, and both lack combat power. Joint enabling capabilities are insufficient in quantitative terms, and would not be able to provide sufficient capabilities to support both deployed Dutch forces and provide theatre-level joint enablers. The requirement to provide significantly greater quantities of joint enabling capabilities later in the medium term, as requested by NATO Capability Targets, is not yet included in plans.

19. In this context, the additional defence spending planned in the short term, and the White Paper reflecting the changed security environment, are to be welcomed as evidence of an intention to address some of these concerns. The Netherlands is recommended to address urgently the structural and combat power weaknesses of the land forces, particularly in the heavy infantry brigade identified as a priority by Allied Defence Ministers. Investment is also required across the short and medium terms in the enhancement of joint enabling capabilities, and further development of JISR. It is assessed that the Netherlands will require to expend considerably more funds, and on a sustained basis, to fulfil its ambitious plans and to meet its NATO Capability Targets in quantity, in quality, and in time. If this is not done, then potentially other Allies will need to assume part of the Netherlands' fair share of the overall burden.