

FIVE FAST FACTS

ABOUT

NORTH ATLANTIC TREATY ORGANIZATION (NATO) BUDGETS

- 1) At the NATO Summit of 2014, each allied nation agreed on a goal of spending 2% of Gross Domestic Product (GDP) on defense by 2024. Member nations further agreed to devote at least 20% of defense spending on major new equipment and associated Research and Development.
- 2) As of 2020, eleven member nations (more than a third) met the 2% of GDP goal. These nations are Estonia, France, Greece, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, United Kingdom, and United States.
- 3) NATO members make direct cash payments for what are referred to as “Common Funding Arrangements.” These payments support NATO’s staff and operating costs of alliance headquarters, NATO’s military budget (which covers the costs of the alliance’s integrated command structure, not actual operations), and the NATO Security Investment Program, which helps improve military capabilities of member nations.
- 4) These annual contributions from alliance members don’t cover the costs of NATO training exercises or military operations. When these costs arise, they are generally funded by participating individual nations.
- 5) The total cost for the Common Funding Arrangements in 2020 totaled 2.46 billion Euros — roughly \$2.76 billion. The contributions from the United States account for more than 16% of that total.