

**NATO DEFENCE PLANNING
CAPABILITY REVIEW 2015/16**

THE NETHERLANDS

DRAFT OVERVIEW

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1. There have been no changes to the core tasks of the Netherlands Armed Forces since the last Capability Review. The 2013 White Paper identified the need for high-quality armed forces able to face a diverse range of threats, and to conduct all types of operations, both at home and abroad, albeit recognising that participation in missions may be of more limited duration than previously. The White Paper placed a strong focus on innovation and new investments such as the F-35 combat aircraft and the accelerated formation of a Cyber Command. The Netherlands intends to maintain its military specialised capabilities, which will mitigate capability shortfalls within NATO and the EU. These include the Patriot ground-based air defence units, the submarine service, and the German-Netherlands Corps Headquarters. The Ministry of Defence will continue to have a significant role in national security and up to a third of the armed forces can be deployed in country.

2. In response to the global financial crisis the Netherlands reduced its annual government expenditure by € 18,000 million, including € 635 million on defence during the period 2011-2015. These cuts notwithstanding, extra funding for defence was agreed in November 2013 in the form of a set of supplements. Further budget supplements in summer 2014 funded an increase military striking power and capabilities: the retention of the new joint support ship and one infantry battalion; the provision of extra Bushmaster armoured vehicles, cyber defence, intelligence, surveillance, target acquisition and reconnaissance capabilities, munitions stocks, and spare parts. In 2015, defence

expenditures amounted to 1.16% of GDP, in real terms and the Government decided to stop the declining trend in defence expenditures and to better meet the Defence Investment Pledge. In 2016, a further three annual budget supplements covered counter terrorism, enhancement of readiness and responsiveness, and an increase in the initial crisis response operations fund. The initial budget supplements were to mitigate some, but not all, of the second and third order effects of the 2013 White Paper, where arguably it had cut too deep. The subsequent budget supplements were to meet the requirements of the Wales Summit and the new security environment, including anti-terrorism measures. Although welcome, the multiple budget supplements complicate coherent planning. An increased and predictable defence budget is a prerequisite to achieve value-for-money in the modernisation and renewal of the Netherlands Armed Forces.

3. Discussions on a further increase of the defence budget are expected to take into account the improvement of the Netherlands economy, the international security situation, and other policy priorities. The multiple budget supplements to date have halted the overall reduction in defence expenditures, in real terms, the first step, in a multi-year process, to meet the Defence Investment Pledge. However, the forecast defence expenditures out to the end of the decade will remain less than those in 2011, in real terms. Worryingly, the Netherlands' defence expenditures expressed as a percentage of GDP will continue to decrease and are predicted to fall to 1.08%, in 2020, which is well below the NATO guideline of 2%. However, the percentage of defence expenditures spent on major equipment, and research and development will rise, on average, to just below the NATO guideline of 20%, in real terms, by the end of the decade.

4. The long-terms plans of the services are: for the navy to invest in an anti-ballistic

missile capability, new frigates, and submarines; for the army to engage in a long-term plan to invest in soldier equipment, communications and information systems; for the air force to focus on innovation and education, to introduce the F-35 combat aircraft (approved and funded), and to implement the Chinook (approved and funded) and Apache helicopter upgrades, to invest in the multi-role tanker transport, and to procure medium-altitude long-endurance unmanned systems. Funding uncertainty hampers prioritisation and has the potential to create a significant bow wave of procurement costs.

5. The Ministry of Defence is still implementing the structural manpower reductions imposed on defence in 2011 by the Rutte administration. Military manpower has been shed almost as quickly as anticipated (down to 40,780 at the end of 2015, against the planned strength of 42,000). However, the Netherlands now plans to increase its military manpower strength in shortage categories and needed specialisations concurrently with the Rutte administration manpower reductions. The overall increase, to be implemented by 2020, will be of the order of 1,000 personnel. To date 3,550 personnel have been made compulsorily redundant. The numbers of flag and general officers have been proportionally reduced.

6. During 2014, the Netherlands maintained some 5.8% (about 1,000 personnel) of its land forces and SOF on operations and during 2015, some 7% (about 1,200 personnel). Land forces and SOF have made contributions to NATO-led ISAF, KFOR, the Resolute Support Mission, EU-led and UN-led operations. The largest current deployment of land forces and SOF (some 396 personnel) is in support of UN-led mission MINUSMA in Mali. The Netherlands has continued to provide significant land forces contributions to the NRF. The contribution to maritime operations in the Indian Ocean was less than

previously. The contribution to the standing naval forces is now increasing but will remain below the requirement in the near future. The air force's contribution to international operations and to the NRF is consistent with its size. The introduction of the F-35 will lead to a reduction in the level of ambition in terms of aerospace capabilities, especially for short-duration operations.

7. The army and marines continue to provide well equipped, capable and sustainable forces. However, the quality of land forces can no longer make up for a lack of quantity. Budget cuts have resulted in significant downsizing of the Netherlands' land forces accompanied by reductions in combat capabilities, indirect fire support, ground-based air defence, engineering, maintenance, logistics, and operational stocks of ammunition. Furthermore, the armoured capability of two, previously mechanised brigades, has been removed altogether, rendering a remaining mechanised brigade and a new motorised (light) brigade (both having only two manoeuvre battalions) unable to fight effectively a high-intensity battle with an opponent using mechanised forces. Additionally, the normal brigade-level training cycle including combined arms brigade-level exercises and live firing, will not resume until 2017. The Netherlands will not be able to provide all the land contributions sought, therefore potentially increasing the burden on other Allies. The highest priority for the Netherlands is to increase the readiness and combat effectiveness of its land forces, with a priority to the mechanised brigade.

8. The Netherlands' SOF are very capable and have a well-balanced structure. However, not all requested contributions are planned to be provided, potentially increasing the burden on other Allies. Nevertheless, SOF capabilities that could be provided are of good quality and robust. The C2 of the Netherlands' SOF at the joint level is not optimal

and could be improved. Planned empowerment of the Joint Special Operations Office could ensure that SOF work in a more joint and coordinated manner, achieve a better budgetary efficiency, and also produce more capabilities that could be provided to NATO.

9. The current maritime capabilities cover a wide spectrum of NATO maritime operations and meet the NATO requirements with some minor shortfalls. The new NH-90 helicopters will enhance the ASW and anti-surface warfare capabilities. The upgrade of the air defence and command frigates with a ballistic missile detection capability will enhance the contribution of the Netherlands to NATO theatre ballistic missile defence. However, persistent challenges in human resources have prevented some ships performing their full range of roles and capabilities. Maintenance difficulties are expected to be alleviated with the funding of extra resources. The replacement of the submarines by around 2025 has been identified and acknowledged by the Government. There will be also a need to replace the M-class frigates and the mine warfare capability in the same time frame. As most of the Allies' mine countermeasures capabilities will reach their end of life in the next decade, the Netherlands is also encouraged to develop its future mine countermeasures capability in cooperation with other Allies.

10. The Netherlands has a fully capable air force equipped with a wide range of advanced capabilities that mostly meet all NATO's requirements. Its evolution is supported by a number of modernisation and acquisition projects, some of which have been affected or delayed by budgetary restrictions. Although the air combat capability should be improved with the introduction of the F-35 combat aircraft, it will rely on a significantly reduced number of platforms than at present. Thorough planning and management will be essential to mitigate potential capability shortfalls during the transition

to the new aircraft. Although delayed, the acquisition of medium-altitude long-endurance unmanned platforms will offer a modern, network-based, JISR capability while the multi-role tanker transport programme should provide the Netherlands with a reinforced air-to-air refuelling and strategic airlift capability. Particular attention should be paid to the level of training, which has been affected by financial constraints. The Netherlands should consider the acquisition of sufficient deployable airbase activation modules to avoid reliance on other Allies.

11. The Netherlands meets all the strategic lift capability requirements by a combination of military assets, multinational arrangements, and assured and spot contracts. Currently, it is able to provide sufficient logistics support to its national deployed units. However, theatre-level enabling capabilities will not be provided if all requested brigades are deployed concurrently. The Netherlands plans to use contracted services to optimise logistics support in-theatre, and to mitigate logistic shortfalls. The Netherlands continues to maintain its medical capabilities despite a reduction in medical manning. It is aware of potential difficulties in the recruitment and retention of medical specialists and is working on mitigation. The Netherlands ensures NATO interoperability of its static and deployable networks and supports the Federated Mission Networking initiative. The Netherlands has developed a comprehensive national and defence cyber defence capability. It intends to build an offensive cyber capability within the armed forces. The Netherlands has sufficient strategic and operational intelligence capability to support to two separate concurrent operations.

12. In sum, although the Netherlands Armed Forces will continue to provide many of the capabilities necessary to participate in the full range of NATO missions, their capacity

to do so, and their ability to sustain any commitment, will be reduced. Despite the best efforts of the Netherlands Armed Forces, the ability to conduct full-spectrum operations is now in doubt as the armed forces are spread so thinly. Notwithstanding the sustained financial recovery, the Netherlands is not yet rebuilding coherent defence capabilities that can contribute fully to NATO's collective aims and objectives. Configuring the Netherlands Armed Forces to meet the significant challenges of the new security environment, with its increased demands on readiness, responsiveness, and resilience, without sustained, predictable increases in defence expenditures in real terms, will be an almost impossible task.

13. In light of the new security environment, the Netherlands can expect the Alliance not necessarily to seek more of its armed forces and capabilities overall, but it can expect the Alliance to ask for more of its armed forces it does seek at a much higher readiness than is currently the case and that those forces are capable of conducting and sustaining themselves in high-intensity operations. This implies proper manning, equipment, and training (including at brigade level) as well as all the requisite stocks, ammunition and spares for those designated forces/units. This also implies that combat support and combat service support must be sufficient for the task.