

# NATO'S 3.5% SPENDING GOAL: Unsustainable on every count

## Issue Briefing – June 2025

In 2025, there is one glaring security challenge facing everyone in the world – and that is the climate crisis. Every scientist studying climate change is sounding an alarm that we are close to dangerous tipping points that threaten liveability on this planet for millions of people. We have faced two of the hottest years on record consecutively, unprecedented forest fires and extreme weather events are becoming ever more normal, and we will almost certainly breach the 1.5 degree Celsius increase in global temperatures from pre-industrial levels within the next five years. Yet in June, the world's biggest 'security' alliance, NATO, will be meeting in The Hague not to tackle this crisis but to add yet more petroleum to the fire.

### Key findings

- NATO's 2% GDP spending commitment has already had major climate impacts with its hike in military spending and emissions. NATO military expenditure has surged by 25% from US\$1177bn in 2021 to US\$1506bn in 2024 while the corresponding estimated military carbon footprint has increased nearly 40% from 196 million metric tons of CO<sub>2</sub> equivalent (MtCO<sub>2</sub>e) to 273 MtCO<sub>2</sub>e. In 2024, NATO's European members plus Canada made the largest spending increase in decades (17.9%).
- NATO's new 3.5% GDP spending goal would lead to a total military expenditure of US\$13.4 trillion by 2030, a US\$2.6 trillion increase above current expenditure. This can cover nearly three years worth of climate finance needs of developing countries at \$1 trillion a year or pay outright for the world's global electricity grid to be made Net Zero compatible by 2030.
- NATO's new 3.5% spending goal would also lead to 2,330 MtCO<sub>2</sub>e of total carbon emissions by 2030, almost the same amount as the combined annual GHG emissions of Brazil and Japan; an additional 692 MtCO<sub>2</sub>e emitted above current levels. It would also cancel out the annual emission reduction of 134 MtCO<sub>2</sub>e needed to achieve the EU's 2030 target of reducing GHG emissions by at least 55% compared with 1990 levels.
- Prioritisation of military expenditure is already weakening Europe's climate and environmental goals. The Recovery and

Resilience Facility (RRF), the largest source of EU grants for a green transition, is due to end in 2026. This will leave a major gap in EU funding of at least €180 billion for the 2024 to 2030 solely to meet existing inadequate levels of investment.

- NATO members have already failed over the last decade to deliver even limited promised climate finance to the poorest countries, spending 52 times as much on the military as they have on climate finance. This looks set to worsen. NATO member states have increased military investment by an average of 14.8% while reducing aid budgets by 7.3% between 2023 and 2024. With roughly a third of ODA spent on climate funding, there is a high risk that these decreases lead to less spending on climate change adaptation and mitigation. Escalations in military investment and further reductions in aid budgets in 2025 suggest even more broken promises.
- NATO's 3.5% spending goal could escalate a dangerous arms race if it becomes the standard globally. If China also adopted the same goal, for example, it would immediately double China's military expenditure to \$646bn, with the consequent impacts on military emissions and possible diversion of climate and social investments to military ends.
- Arms companies are the big winners of the current wave of militarisation with the top ten largest arms companies in NATO countries revenues rising by an average of 7.79% between 2023 and 2024.

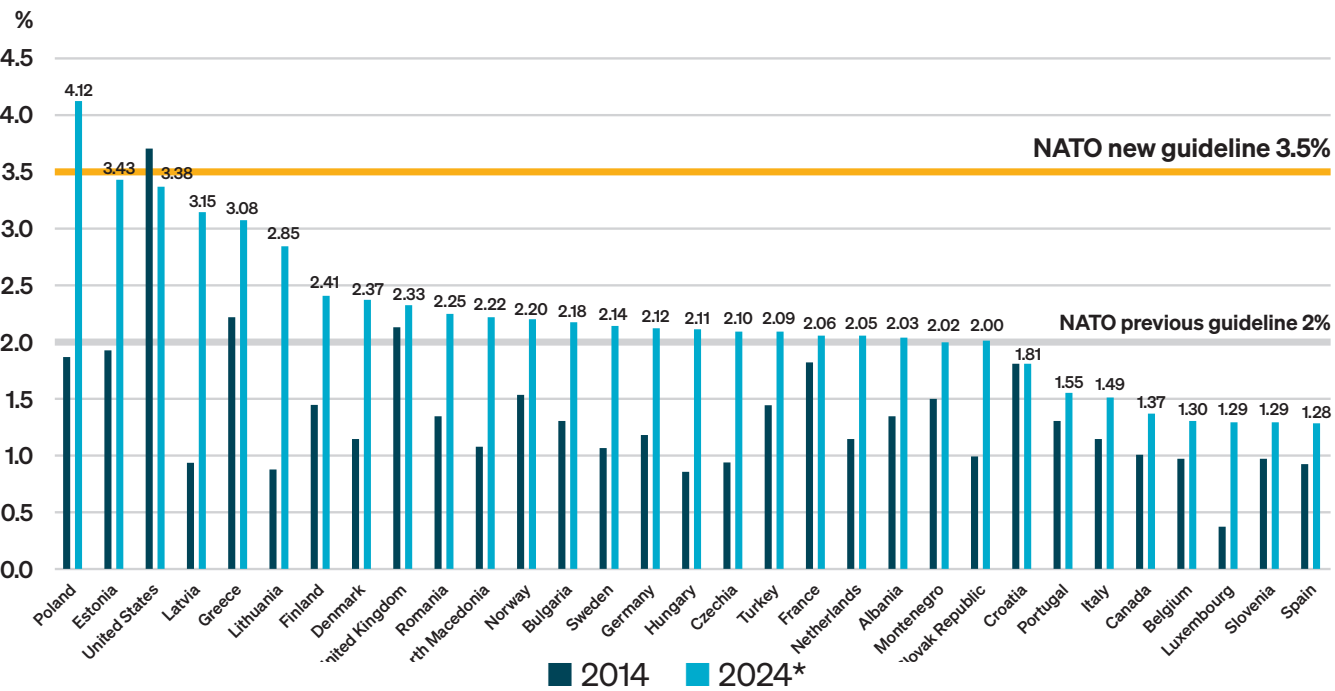
# NATO's escalating arms race

In 2023, we examined the climate implications of NATO's hardening commitment for all its members to spend at least 2% of GDP on the military, in a report called *Climate Crossfire*.<sup>1</sup> Our research showed that this would lead to an estimated total of \$11.8 trillion in spending between 2021 and 2028 and total collective emissions of 2 billion tCO<sub>2</sub>e, greater than the annual GHG emissions of Russia, a major petroleum-producing country. The report warned that this spending diverts necessary resources from climate action, fuels a growing arms trade with climate-vulnerable nations, and rewards a booming arms industry. We cautioned of the dangers of 'igniting a new arms race just as the climate crisis worsens'.

Our warnings were unheeded. In the last 18 months, the 2% goal of military spending has moved from being an unmet ambition to being a minimum floor with a growing push at this year's NATO summit in

The Hague in June 2025 to agree to a new goal of 3.5% of GDP. The countries spending at least 2% of GDP on the military have increased from six in 2021 to 23 in 2024 (two thirds of members) and the remaining countries are close or committed to achieving it. 2024 saw the largest increase in real spending by NATO's European members (plus Canada) in decades (17.9%).<sup>2</sup> Several countries spend considerably more – in particular Estonia, Greece, Latvia and Poland. NATO military expenditure has surged by 25% from US\$1177bn in 2021 to US\$1506bn in 2024.<sup>3</sup> Only three NATO member states (Belgium, Canada and Iceland) spent less than 20% of their military expenditure on major military equipment.<sup>4</sup> Since NATO members face difficulties in significantly increasing the numbers of their military personnel, with Poland being the notable exception, the planned increases in military expenditure are expected to be mainly spent on equipment, operation and maintenance.

**GRAPHIC 1: Defence expenditure as a share of GDP (%)**  
(based on 2015 prices and exchange rates)



\*Note: Figures for 2024 are estimates. Source: NATO

## NATO's push for 3.5%

When President Trump in his first term of office in 2018 demanded NATO members spend 4% of their GDP on their militaries, there was considerable push-back. Then NATO secretary-general, Jens Stoltenberg said: 'I think we should first get to 2%, focus on that now.' Seven years later, the new NATO chief Mark Rutte is leading the charge for a higher expenditure, pushing for NATO members to agree to reach 3.5% of GDP on 'hard military spending' over the next 7 years and a total of 5% of GDP including 1.5 percent on 'related spending such as infrastructure, cybersecurity and other things'.<sup>5</sup> His plan was backed at a meeting of NATO member foreign ministers in May 2025 by Germany's newly appointed Johann Wadephul and France's Jean-Noël Barrot, who said that a '3 percent to 3.5 percent target is right'.<sup>6</sup> In June, 14 NATO countries pledged support for Rutte's goal.<sup>7</sup> As of writing, the momentum for 3.5% military spending and 1.5% infrastructural spending seems inexorable, although there are some differences among members about whether the target date should be 2030, 2032 or 2035. Trump meanwhile has taken credit for the military spending increases and pushed for an outright 5% of GDP spending on the military.

The drive towards 3.5% is increasingly reflected in policy and practice. The EU's ReArm Europe Plan (later renamed Defence Readiness 2030) aims to mobilise over €800 billion for additional increases in military expenditure without running afoul of the strict EU fiscal rules between 2025 and 2028. In order to accommodate this rapid increase in European military spending, the European Commission has proposed the coordinated activation of the national escape clause under the Stability and Growth Pact.<sup>8</sup> This mechanism allows member states to temporarily exceed their fiscal targets by up to 1.5% of GDP annually for military spending between 2025 and 2028. As of May 2025, 16 EU countries, including Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, Slovakia and Slovenia, had requested to invoke this clause. Increases are calculated relative to the reference year, chosen as 2021, the year before Russian full-scale invasion of Ukraine.<sup>9</sup> This builds on an already massive increase in military expenditure since the war started; for example, Albania, Lithuania,

Luxembourg and Poland more than doubled their military expenditure in 2024, compared to 2021.<sup>10</sup>

The first six months of 2025 have seen a steady stream of commitments by NATO member states to increase military spending. In February 2025, UK prime minister Starmer committed the country to spend 2.5% of GDP on the military, with a pledge to reach 3% by the next parliament. In April, Spain's prime minister Pedro Sánchez announced an increase of €10.5 billion (\$12.04 billion) in military spending to reach the 2% target, overruling government coalition partners that challenged the increase. In Germany the new CDU/SPD government opened up new possibilities to raise military spending by removing military spending from constitutional budget rules. Military spending above one percent of its GDP is to be exempted from the debt brake in the future. It is not yet known how much extra money actually will go to the military in the coming years, but new defence minister Pistorius proposed to increase the budget for 2025 to €63 billion from €52 billion in 2024.<sup>11</sup>

The United States itself, pushed by Trump, is going to raise the Pentagon budget to at least US\$1 trillion a year and likely to continue increases for the remainder of Trump's term.<sup>12</sup>

### GRAPHIC 2: NATO military spending Current and estimated total spending by 2030 if pledges are met (in trillions of dollars)

#### Current military spending (2024)

■ 1.51

#### Projected military spending (2025–2030)

(Based on existing spending)

■ 9.1

#### Estimated military spending: 2% GDP (2025–2030)

■ 10.8

#### Estimated military spending: 3.5% GDP (2025–2030)

■ 13.4

#### Estimated military spending: 5% GDP (2025–2030)

■ 19.0

Between 2025 and 2030, if every NATO member state hit the 2% of GDP spending target, the combined total military expenditure over the next 6 years would be an enormous US\$10.8 trillion. If Rutte succeeded and every NATO member state hit the 3.5% of GDP spending target every year, the total cumulative military expenditure by 2030 would be US\$13.4 trillion, a further unjustified US\$2.6 trillion increase. The majority of the increase would be made by non-US NATO member states. The opportunity cost of US\$2.6 trillion is huge; it could pay for nearly three years worth of climate finance needs of developing countries at \$1 trillion a year;<sup>13</sup> or more than fully pay for the annual global electricity grid investments required by 2030 to achieve Net Zero goals (US\$600bn a year by 2030)<sup>14</sup>. If the crippling 5% of GDP spending target were to be met, the total military expenditure between 2025 and 2030 would be US\$19 trillion. This would be more than double what NATO would spend if it maintained its current level of spending.

## Ever more NATO spending – ever more emissions

Increased NATO military spending leads to more emissions simply because it is largely spent on military equipment which remains highly dependent on fossil fuels. In times of war, the emissions increase further. Despite attempts by defence ministries and arms firms to claim that they can ‘green’ equipment and operations, significant switches to renewable energy such as alternative fuels for aircraft are either too costly, don’t exist or have other large-scale negative impacts when done at scale (e.g. massive land-use change required to produce sufficient ‘Sustainable Aviation Fuel’).<sup>15</sup>

In our 2023 *Climate Crossfire* report, we developed a methodology to estimate the military carbon footprint, utilising available but limited (because of intransparency) data.<sup>16</sup> Using the same methodology, we calculate NATO’s total military carbon footprint in 2024 to be 273 million metric tons of CO<sub>2</sub> equivalent (MtCO<sub>2</sub>e). If every NATO member state hit the 2% of GDP spending target, NATO’s military carbon footprint would have been 280 MtCO<sub>2</sub>e for the year 2024 and 1,920 MtCO<sub>2</sub>e in total between 2025 and 2030. This amounts to 282 MtCO<sub>2</sub>e more than if NATO member states simply maintained their 2024-level of military spending over the next 6 years. In other words, by fully complying with the 2% of GDP spending target,

NATO members would ensure their militaries and associated arms industries would emit an extra full-year’s worth of greenhouse gases by 2030.

### GRAPHIC 3: NATO’s carbon footprint

**Estimated emissions for 2% and 3.5% and 5%, 2024 and from 2025–2030**

**NATO current emissions (2024)**

■ 273 MtCO<sub>2</sub>e

**NATO emissions 2025–2030 (2% GDP)**

■ 1,920 MtCO<sub>2</sub>e

**NATO emissions 2025–2030 (3.5% GDP)**

■ 2,330 MtCO<sub>2</sub>e

**NATO emissions 2025–2030 (5% GDP)**

■ 2,760 MtCO<sub>2</sub>e

If every NATO member state hit the 3.5% of GDP spending target every year, NATO’s military carbon footprint by 2030 would be 2,330 MtCO<sub>2</sub>e in total, almost the same as the combined annual GHG emissions of Brazil and Japan.<sup>17</sup> This amounts to 692 MtCO<sub>2</sub>e more than if military spending was maintained at the existing 2024 level over the next 6 years – equivalent to an extra two-and-half-year’s worth of military greenhouse gas emissions by 2030. The 692 MtCO<sub>2</sub>e additional emissions cancel out three times all the advanced economies’ efforts to reduce energy-related carbon emissions in 2024 (120 MtCO<sub>2</sub>e reduction).<sup>18</sup> The additional emissions would also cancel out the annual emission reduction of 134 MtCO<sub>2</sub>e needed to achieve the EU’s 2030 target of reducing GHG emissions by at least 55% compared with 1990 levels.<sup>19</sup>

If every NATO member state hit the 5% of GDP spending target every year, NATO’s military carbon footprint by 2030 would be 2,760 MtCO<sub>2</sub>e in total. This amounts to 1122 MtCO<sub>2</sub>e more than if military spending was maintained at the existing 2024 level over the next 6 years – equivalent to an extra four-year’s worth of military greenhouse gas emissions by 2030.

Other research estimates even higher emissions as a result of NATO’s increased spending. A report by Scientists for Global Responsibility, Conflict and Environment Observatory and others calculated that total non-U.S. NATO annual emissions could increase by between 87 and 194 MttCO<sub>2</sub>e per year.<sup>20</sup> Another report by the German financial services company,



Allianz, in June 2024 claimed that if military spending rises to 3.5% of GDP it would increase military emissions by EU and the UK by an estimated 462 MtCO<sub>2</sub>e, equivalent to 12% of Europe's total emissions, and would consume 18% of the EU's entire remaining carbon budget allowed for under the agreed Paris Climate Agreement. While the paper is focused on arguing for a boost in military investment, the methodology for their climate impact calculations is unclear. Nevertheless their conclusion is clear: 'Europe's new defence targets risk further depleting the already limited global carbon budget, directly undermining efforts to meet the Paris Agreement.'<sup>21 22</sup>

Another paper in the journal *Nature*, which based their data partly on our previous analysis,<sup>23</sup> calculated that a global 5% rise in military spending as a proportion of GDP would delay achieving the 1.5°C climate target by an additional 13 years, resulting in a 0.05°C increase in global surface temperatures at the end of this century.<sup>24</sup>

## Robbing funds from climate and humanitarian needs

European commitments to increase military spending stand in stark contrast to Europe's strict fiscal rules that imposed austerity during the Eurozone crisis and which have been reasserted by the European Council in April 2024 after a temporary loosening during the COVID-19 pandemic.<sup>25</sup> There is already a strong push by European and NATO leaders to cut social spending in order to fund increased military spending. NATO's Secretary General Mark Rutte was explicit in a speech in Brussels in December 2024, saying 'I know spending more on defence means spending less on other priorities... On average, European countries easily spend up to a quarter of their national income on pensions, health and social security systems. We need a small fraction of that money to make our defences much stronger, and to preserve our way of life.'<sup>26</sup> Speaking to the *Financial Times* in April 2025, Belgian budget minister Vincent Van Peteghem warned that military spending was already impacting social spending: "every euro that's a deficit today... is a euro that will be debt, and that debt will be one day a tax or a cut and in the social

welfare state".<sup>27</sup>

It also has repercussions for Europe's climate and environmental goals, which are being weakened as resources and investments dry up. The European Environment Agency reports that the EU is likely to miss more than two-thirds of its 2030 environmental targets.<sup>28</sup> According to the European Commission, achieving the EU's 2030 climate goal of a 55 percent

emissions reduction relative to 1990 will require additional annual investments of around 2% of GDP between 2021 and 2030, a level that must be sustained for two decades to reach net-zero.<sup>29</sup> Yet, while European Commission President Ursula von der Leyen urges 'fiscal room' to allow the European Union to address the alleged

security crisis posed by Russia, she makes no such commitment to address the climate crisis.<sup>30</sup>

It seems ever more clear that the EU is quietly stepping away from the Green Deal and its original main objective of working towards sustainability and climate neutrality in favor of a new goal of strategic autonomy, for example regarding energy independency, which closely connects to its path towards a more autonomous military infrastructure.<sup>31</sup> This trend also translates to the redirection of some broader funding instruments, such as STEP, as well as financing by the European Investment Bank, to investments in the military rather than greening the economy. The Recovery and Resilience Facility (RRF), the largest source of EU grants for green transition, is due to end in 2026. It was endowed with financial firepower of €723 billion for 2021-2026, including €338 billion in grants. Its termination will leave a major gap in EU funding for the green transition, which will decrease to slightly less than €20 billion per year. This leaves a gap of about €180 billion for the 2024 to 2030 period to sustain existing levels of investment and is far short of the actual investment needed to meet EU's goals."<sup>32</sup>

Some European politicians are explicit about prioritising military spending over climate action. Polish Prime Minister Tusk, and former president of the European Council, in January 2025 coupled

a plea for ramping up military spending in the EU with denouncing the Green Deal, blaming it for high energy prices and loss of competitiveness versus the USA and China.<sup>33</sup> In the private sector, there are also big efforts to loosen Environmental Social and Governance (ESG) criteria to allow for increased investment in the arms industry and to 'ease reputational concerns for private asset owners and managers'.<sup>34</sup>

## **Impacts on climate finance and development cooperation**

If European social and environmental spending is under pressure as a result of increased military spending commitments, Europe (and US)'s climate finance and development cooperation is already proving to be the first sacrifice zone.

The UK's announcement that it would reduce its aid budget to 0.3% – an annual cut of about £6 billion – to help fund a steep increase in its 2.5% military spending goal showed this most starkly, just a year after its new government won an election on a platform committed to increase foreign aid spending to 0.7% of GNI. Prime Minister Starmer called this budget decision a "painful choice", "but at times like this the defence and security of the British people must always come first."<sup>35</sup> However he didn't explain why other mechanisms such as higher wealth taxes could not be considered. The government didn't clarify what the cut in foreign aid funding would mean for its climate finance commitments and programmes, but experts agree that it will have negative consequences and make it challenging to achieve its climate finance pledges.<sup>36</sup>

The new Trump administration has followed a similar path, without the moral handwringing. Under Elon Musk's leadership of the Department of Government Efficiency (DOGE), it has made large budget cuts for climate and development cooperation, including the attempted closure of USAID, cancelling \$4 billion in pledges to the Green Climate Fund, a UN fund for climate finance, and dismantling the entire State Department's Office of Global Change, which oversees global climate policy and aid.<sup>37</sup> The budget blueprint<sup>38</sup> published by the White House in early May 2025 increases military spending by 13% to \$1 trillion, with an additional \$175 million for border security.<sup>39</sup> Meanwhile, programmes related to climate change would be slashed or severely

reduced, including more than \$15 billion in carbon capture and renewable energy funding.<sup>40</sup> Republican lawmakers have proposed to make further cuts from any initiatives to address climate change.<sup>41</sup>

EU member state governments have not explicitly declared their intention to shift climate money to military spending. In Germany for example, to secure the necessary parliamentary support of the Green Party, military spending increases were combined with a one-off €100 billion out of a €500 billion special fund for infrastructure investments for climate protection and climate-friendly restructuring of the economy.<sup>42</sup> Spanish Prime Minister Sánchez has argued for a broader definition of military spending, to include for example (the deployment of armed forces for) efforts to combat climate change.<sup>43</sup>

However, there is a notable trend of decreased development cooperation spending alongside large military spending increases as Graphic 4 below shows. There is more to come in the near future, with for example Belgium, the Netherlands and France announcing aid cuts of 25% to 37%.<sup>44</sup> With roughly a third of ODA being spent on climate funding, there is a high risk that these decreases lead to less spending on climate change adaptation and mitigation.<sup>45</sup> The push for major extra increases in military spending, up to 5% of GDP, will only exacerbate these trends.<sup>46</sup> And while it is not yet clear how most cuts in development cooperation spending will be filled in, and to what extent climate-specific funding will be part of them, Annex II countries such as the Netherlands and Switzerland have explicitly decreased their climate finance.<sup>47</sup> In Germany, experts have warned 'fiscal prioritization of defence expenditure over climate protection expenditure' will lead to missing climate targets.<sup>48</sup>

**TABLE 1: NATO countries – military spending change versus ODA spending change  
2023–2025**

Country	Military spending change 2023 to 2024 <sup>1</sup>	ODA spending change 2023 to 2024 <sup>2</sup>	ODA spending change 2023 to 2025 <sup>3</sup>
Belgium*	+ 7.4 %	+ 12.2 %	– 8.4 %
Canada*	+ 6.8 %	– 8.1 %	– 26.3 %
Czechia	+ 32.0 %	– 29.1 %	n/a
Denmark	+ 20.3 %	+ 0.0 %	+ 0.0 %
Estonia	+ 12.7 %	– 26.3 %	n/a
Finland*	+ 16.3 %	– 12.9 %	– 20.4 %
France*	+ 2.8 %	– 0.0 %	– 17.2 %
Germany*	+ 28.3 %	– 17.2 %	– 25.1 %
Greece*	+ 11.0 %	+ 3.3 %	n/a
Hungary	+ 8.3 %	– 31.5 %	n/a
Iceland*	–	– 14.0 %	n/a
Italy*	+ 1.4 %	+ 6.7 %	+ 7.9 %
Latvia	+ 12.0 %	– 22.1 %	n/a
Lithuania	+ 20.3 %	– 12.9 %	n/a
Luxembourg*	+ 28.2 %	– 0.0 %	+ 2.1 %
Netherlands*	+ 35.0 %	– 2.8 %	– 5.7 %
Norway*	+ 16.9 %	– 3.8 %	– 3.6 %
Poland	+ 30.9 %	– 26.8 %	n/a
Portugal*	+ 6.8 %	+ 21.3 %	n/a
Slovak Republic	+ 13.4 %	+ 3.9 %	n/a
Slovenia	+ 2.1 %	– 1.8 %	n/a
Spain*	+ 0.4 %	+ 9.0 %	+ 3.4 %
Sweden*	+ 33.9 %	– 13.4 %	– 10.5 %
United Kingdom*	+ 2.8 %	– 10.7 %	– 14.7 %
United States*	+ 5.7 %	– 4.4 %	– 40.7 %
Average	+ 14.8 %	– 7.3 %	– 11.4 %

1. Figures from SIPRI Military Expenditure Database: <https://milex.sipri.org/sipri> (in constant (2023) US\$); 2. Donor Tracker: <https://donortracker.org/> (retrieved 14 May 2025) (in constant (2023) US\$); for Czechia, Estonia, Greece, Hungary, Iceland, Latvia, Lithuania, Poland, Portugal, Slovak Republic, Slovenia: [https://one.oecd.org/document/DCD\(2025\)6/en/pdf](https://one.oecd.org/document/DCD(2025)6/en/pdf); 3. Figures from Donor Tracker: <https://donortracker.org/> (for 2025: projected ODA) (retrieved 14 May 2025)

At the United Nations Framework Convention on Climate Change (UNFCCC) annual talks, the question of climate finance has long been a sticking point, with developing countries calling on the richest countries to provide necessary climate adaptation and ‘loss and damage’ finance to help them deal with the consequences of a climate crisis caused by the most polluting nations. Even the inadequate commitments have not been met. In 2009, the richest countries (categorised as Annex II in the UNFCCC) promised \$100 billion a year, but reports by Oxfam and others show that in 2020, the real value of financial support specifically aimed at climate action was still only around \$21bn to \$24.5bn.<sup>49</sup>

Our report, *Climate Collateral*, estimated that the richest countries spent 30 times as much on the military as they spend on providing climate finance in 2022.<sup>50</sup> A recalculation below (Table 2) based on Oxfam’s estimates of the more narrowly defined ‘climate specific net assistance’ shows that the Annex II countries over the last decade have spent 52 times as much on the military as they have on climate finance.<sup>51</sup>

**TABLE 2: Reported climate finance versus military spending by Annex II countries  
(2013–2022, in billion \$)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total*
Military spending	1038.9	1006.7	948.7	961.8	981.1	1040.0	1094.1	1159.3	1226.3	1265.6	9773.8
Reported climate finance	52.4	61.8	n/a	58.5	71.6	79.9	80.4	83.3	89.6	115.9	693.4
Ratio	19.8:1	16.3:1	n/a	16.4:1	13.7:1	13.0:1	13.6:1	13.9:1	13.7:1	10.9:1	14.1:1
Climate-specific net assistance	16	16	17.3	17.3	20.8	20.8	20.3	22.8	22.5	31.5	188
Ratio	64.9:1	62.9:1	n/a	55.6:1	47.2:1	50.0:1	53.9:1	50.8:1	54.5:1	40.2:1	52.0:1

At the UNFCCC’s Conference of Parties (COP29) in 2024, the richest countries most responsible for climate change increased their pledge on climate finance to \$300 billion per year. The goal represents a tripling of the previous target, but falls far short of the bare minimum annual \$900 billion financing called for by many developing countries.<sup>52</sup> Nor is it sufficient to cover the already escalating costs caused by extreme weather, calculated as costing the global economy two trillion dollars over the last decade.<sup>53</sup> Based on existing practice and trends, the real value of financial support is also likely to be far below the headline of \$300 billion. The trend towards prioritising military spending and cutting development and climate cooperation will only worsen this. ‘Climate finance for developing countries was already insufficient, but the recent cuts to foreign aid budgets represent a renewed challenge,’ says the presidency of the upcoming COP30 in Brazil.<sup>54</sup>

## Russia and China and a global arms race

NATO’s 3.5% spending commitments will not just impact on its members, but also its declared enemies – notably China and Russia – who may be motivated to respond with their own increased military spending. It also sets a standard for NATO’s allies and other nations worldwide. Russia’s GDP military spending commitment already surpasses NATO at an unsustainably high share (7.1%) of GDP on military expenditure in 2024, although it is important to note this still amounted to only \$149

billion compared to the collective total military expenditure of all NATO member states at \$1506 billion, ten times as much. Excluding the U.S., at \$509 billion, the non-US NATO members still spent more than three times as much as Russia. Nor is it possible for Russia to catch up or even compete with NATO, given the size of its economy: \$2 trillion in 2024 (nominal GDP) compared to \$26 trillion for non-US NATO countries and \$29 trillion for the U.S.

**‘Global military spending stands at about \$2.5 trillion yearly. \$2.5 trillion to kill each other is not too much, but \$1 trillion to save lives is unreasonable.’**

– Panamanian climate envoy Juan Carlos Monterrey Gómez at COP29 in Azerbaijan<sup>55</sup>

Unlike the US, China’s military strategy is largely defensive and regional, but if it chose to react to NATO’s commitments and its increasingly hostile positioning towards China, the Asian giant does have the economic potential to compete with the US and NATO. According to the IMF, China’s nominal GDP is \$19 trillion; and if we consider

purchasing power parity (PPP), it is already higher than that of the U.S. – \$38 trillion for China (2024) compared to \$29 trillion for the U.S. In 2024 China’s military spending was \$314 billion and 1.7% as a share of its GDP compared with United States \$997 billion spending in 2024, representing 3.4% of its GDP.<sup>56</sup> If the U.S. increased to 3.5% and China solely chose to maintain parity with the U.S., it would more than double China’s annual military expenditure to \$646 billion (compared to \$1026 billion of the U.S.), with the consequent impacts on military emissions and diversion of climate and social investments to military ends.

When NATO set the 2% of GDP spending target on military expenditure in 2014, it effectively set a minimum expectation for the rest of the world



to follow which many have adopted or are moving towards. Consequently, global military spending has been rising and rising, reaching an unprecedented \$2,718 billion in 2024, up 37% from 2015. NATO's re-setting the target to 3.5% takes this escalating global arms race to disturbing new levels. Is this the direction of travel we want to follow?

### Climate profiteers

At its Washington Summit in July 2024, NATO adopted an 'Industrial Capacity Expansion Pledge' to "accelerate the growth of defence industrial capacity and production across the Alliance".<sup>57</sup> This includes the increase of orders, long-term investments in production capacity and protection of supply chains. The pledge comes on top of other initiatives in support of the arms industry, such as the 2023 Defence Production Action Plan.

In general over the last few years, there has been an escalation of assistance to the arms industry in all NATO member states, as well as within the EU, including financial support, pushing aside environmental regulations and easing arms export restrictions. With the increases in military spending, together with NATO political agreement to spend at least 20% of the military budget on equipment purchases, arms companies are the big winners of the current wave of militarisation. SIPRI noted that "[t]he combined arms revenues of the world's largest arms-producing and military services companies (the SIPRI Top 100) increased by 4.2 per cent in 2023 to reach \$632 billion."<sup>58</sup> As the Table 3 below shows, the largest arms companies in NATO countries outpace this growth.

**Table 3: Top 10 arms companies in NATO countries – revenue change (2023 to 24)<sup>59</sup>**

Company	Revenue change in %
Lockheed	5.14%
RTX	17.15%
Northrop Grumman	4.44%
General Dynamics	12.88%
Boeing <sup>60</sup>	-14.5%
BAE Systems	12.3%
L3Harris Technologies	9.82%
Airbus	4.31%
Leonardo	14.73%
Thales	11.67%
Average growth	7.79%

### Conclusion: no secure nation on an insecure planet

We are heading for two or three degrees of warming that climate scientists warn risks dangerous tipping points and yet we find our political leaders – most of all those leading NATO member states – prioritising the purchasing of weaponry over climate action, public services and international development.

The resources currently being thrown towards military spending could and should be used to end, not extend, the climate crisis. The \$693bn already spent by Europe on the military in 2024 could instead be invested in good-quality green jobs, a clean energy revolution that reduces energy bills and addresses the cost of living crisis, the repair of damaged ecosystems, and protection for people and communities worldwide against the deadly impacts of climate change.

Yet this diversion of resources is only set to escalate with a potential US\$19 trillion being spent on the military by 2030. Despite more intense climate risks than ever, NATO's member states are investing in weapons with more zeal and aggression than they have ever approached the climate emergency. This is escalating a global arms race that ratchets up spending everywhere, bolsters authoritarian governments, facilitates repression, occupation and genocide of marginalised peoples far from centres of power, and rewards arms companies that thrive on instability and conflict.

As has happened many times in history, a drive towards war by political and business leaders is accompanied by a great deal of fear-mongering and demonising of 'enemy' states. However a cold factual look at NATO's existing spending and China and Russia's shows that neither nation poses any real threat to the world's largest military alliance. It is NATO's drive to war that poses the biggest threat not just to other states but to the planetary lifecosystem on which we all depend. It is critical for all concerned citizens to stand up against those industry interests driving the rush to war and redirect attention to the biggest security threat of our time – the climate crisis.

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