



No war this year

At least, not between the USA and its NATO 'allies'. The recent turbulence over Greenland has been very instructive. In the short term the prime minister has managed to preserve the UK's position diplomatically, balancing the need to remain close to the USA and not annoying our European partners.

The careful measures to reset the relationship between the UK and the EU have not had to be junked in favour of the US. But this isn't over. The European response to Trump's Greenland demarche was initially confusion, then denial. Finally European NATO was able to 'persuade' Trump that there is a better way of doing business.

The important lesson from this episode is that the USA will be more transactional in the way it conducts its international diplomacy, and trade tariffs remain Trump's instrument of choice to command the attention of the rest of the world. If matters had taken a different course, the UK and its European allies would have found themselves in a very difficult position, given the preponderance of US capability in the NATO alliance. The likelihood of a follow-on MAGA administration led by vice president JD Vance means that we will have to get used to a new way of engaging with the USA.

But the UK and its European allies are in a difficult situation, because the US will expect Europe to do more to safeguard its own neighbourhood. The prime minister has committed UK forces to contribute to a possible cease fire monitoring force in Ukraine, as well as a NATO 'arctic sentry' mission to provide re-assurance for Greenland's security. This comes at a time when the UK's European allies are calling for more heavy lifting from our armed forces.

Comparisons with the 1930s can be overblown, but they are also instructive. At the time the world was caught between resurgent bolshevism on the one hand and fascism on the other. Both seemed to be attractive to those who thought that the existing order had nothing to offer them. The League of Nations was failing to prevent conflict and small newly independent nations were looking for a safe harbour. The USA was adopting an isolationist approach.

Appeasement in the UK context implies weakness. The events of 1938, notably the Munich agreement, are seen as a betrayal of a small country to appease the demands of its voracious neighbour. Which it was. But it bought the UK another year to continue building up its fighter defences, so as to be ready for the oncoming battle of Britain in 1940.

NATO â€“ for now

Article 13 of the Washington Treaty makes provision for any member of the Alliance to withdraw. The US National Defense Authorization Act of 2024 (H R 2670) requires a two thirds majority resolution in the US senate, or another act of congress, before the US government can quit the alliance. So it looks like the US will remain a member of the NATO alliance. The efforts of Mark Rutte the secretary general of NATO to persuade Trump that there is a way to solve 'the Greenland question' will most likely touch on European NATO doing more to defend its own back yard, as well as the high north.

Sovereign capability

The fact that so much of NATO's capability is reliant on US technology will be front of mind amongst EU officials as they consider how to shape the European Defence Union, which is now the talk of Brussels. It should also be front of mind for every CEO of a defence and aerospace company. There is no guarantee that Trump may not impose further tariffs on Europe under another pretext. Perhaps the best approach is to examine the status of supply chain contracts, to ensure there is no risk of force majeure interrupting the supply of components.

Mark Carney, the prime minister of Canada, has urged like-minded countries to diversify away from their reliance on US markets, which might encourage UK companies to increase their

efforts towards exploring export markets. But the baby should not be thrown out with the bathwater. The UK retains a strong relationship with the USA through the five eyes agreement, and the AUKUS agreement recently passed a scrutiny test in Washington, so there is plenty to build on.

The UK does not have to choose between Washington and Brussels. The nineteenth century statesman Lord Palmerston who served as both Foreign Secretary and Prime minister said: "... I say that it is a narrow policy to suppose that this country or that is to be marked out as the eternal ally or the perpetual enemy of England. We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow."

D I P

The continuing absence of a Defence Investment Plan (DIP) is concerning. It means that the UK government is not serious about defence. It may well be argued that the process of 'hollowing out' of the UK's defence capability began under the previous government, but that was in a relatively benign environment. It is no excuse, but the developments since 2022 shows once again that the first duty of a government is the security of its people.

Since coming to power in July 2024, it cannot have escaped the notice of the prime minister that the world has changed. Election campaigns are famously conducted in poetry, but government is carried out in prose. And to govern is to choose. This government has chosen to postpone much needed capability and expenditure decisions.

Readers of Commentary will be weary of this mantra "that the UK must be seen to be a reliable and credible ally. But in public policy it is the squeaky wheel that gets the oil! This translates into orders for industry to build the kit needed by our armed forces to do their job. Alongside the Ajax imbroglio, there has been a very public call by Leonardo for orders for the Medium Lift Helicopter, otherwise they will close their facility. Commentary will continue to argue for these very necessary decisions to be taken as a matter of urgency.

Work for the NAD

The new National Armaments Director (NAD) and his colleagues need to get on with ordering some kit. The long saga of failed acquisition projects must stop. If a programme is failing it must be cancelled and replaced by something that matches the needs of the customer. The time for long drawn out programmes is past. There was once talk of the MOD being an intelligent customer, surely now is the time to make this reality.

Technology may be part of the answer, but it is not a panacea. The advent of the tank, the bomber and the ballistic missile didn't stop military adventures during the 20th century. In the immediate future, it is Airpower, Seapower and Land power that will provide credible deterrents. Talk of enhanced lethality through AI is fool's gold, just as is talk of a 'drone wall' reminiscent of the fabled Maginot line of the 1930s.

Money

Moreover, the NAD needs to make the case to government and H M Treasury that funding needs to be found. If this can't come from government sources then the City needs to get involved. City institutions need to imitate the Security and Resilience Initiative which has been set up by JP Morgan in New York. This was previously referred to in an earlier Commentary, and surely HMG needs to pay attention to this.

The lesson from the Greenland debacle is that the US government is looking to its allies to fund their own defence needs. If the UK takes the lead in financing the research and development needed for the wars of tomorrow (as well as the needs of today), this will reassure our closest ally that the UK is indeed a reliable and credible ally.

Our European neighbours may consider re-visiting their previous approach to the UK's membership of the SAFE programme. UK ministers will be meeting their EU counterparts on 2nd February. It must be hoped that UK ministers take a strong position against the French requirement for the UK to subscribe EUR 2 billion – a Trumpian amount, to join the SAFE fund.

Meanwhile in Moscow

"Never interrupt your enemy while they're making a mistake" a quotation widely attributed to Napoleon Bonaparte, seems to have been the tactic adopted by Vladimir Putin. He will have noted the discord within the NATO 'alliance' and drawn comfort from the ability of Trump to put the cat amongst the pigeons of Europe.



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