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**“DEFENSE RESOURCES MANAGEMENT
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**HOW CAN ROMANIA BECOME A NATO PROVIDER FROM A
NATO CONSUMER**

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Abstract:

The war in Ukraine has triggered a number of Eastern Flank states like Poland, Hungary and the Baltic States to increase their military spending and develop their national armies in the face of more prominent threats. While Romania has increased its defense budget to 2% since 2017 and has promised to further increase it to 2.5% after the start of the Russian invasion in Ukraine visible results in developing the national army are not yet present. The

Romanian army is the only one in the Eastern Flank that has difficulties in providing retention among its personnel, major acquisition projects are stagnant if not postponed and while the Black Sea region is now present in the NATO Strategic Concept the Romanian Navy has been the force structure with the least investments in recent years.

The purpose of this paper is to therefore address the many issues and challenges for why at this moment Romania is a NATO consumer and how through different measures, reforms and potential solutions in can translate from this role into a NATO provider that consolidates the strategic partnership in the Eastern Flank beyond its current possibilities.

Key words: defense expenditures; burden share, military capabilities; manpower;

1.Introduction

The transition from a NATO consumer to a NATO provider is determined by whether one country can provide capabilities to NATO partner states or rely heavily on NATO support from different allies in matter regarding one’s national security. This question has been an important one as NATO has expended in the eastern European block following the collapse of the former Soviet Union. However, in the case of a country like Romania, after joining NATO in 2004 the role of consumer was somehow determined by default, as contribution to NATO capabilities started with a marginal role mostly focused on developing rotation forces with the land forces program. For the next decade, as defense budgets remained low, Romania’s defense structures where not heavily modernized in terms of equipment acquisition while many bases were closed down and the amount of personnel was reduced. The landscape changed dramatically following the Crimean invasion of 2014. Following a NATO Summit in Wales, a pledge was made to increase defense budgets to 2% of the national GDP of member states. Romania was one of the first NATO allies to adopt this step. [1] The war in Ukraine that followed in 2022 has determined most European countries that are NATO states to increase their defense budget. In 2023 the Romanian government has vouched to increase the budget to an even higher 2.5%\$ of the GDP. [2] With more countries increasing their defense expenditures a question rises whether the effects of these investments are visible and



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whether a country like Romania that used to be mostly a consumer of security in the first decade of its existence as a NATO member can become in the following decades a true NATO provider.

2. Research Methodology

The methodology for this paper has included using the Global Firepower rankings to try and understand if countries on the Eastern Flank, including Romania have managed to increase their capabilities and their provision of deterrence and security based on the recent investments and increased defense budgets. The reason for choosing this ranking in order to analyze the defense capacity of several states is because Global Firepower utilizes over 60 individual factors when trying to determine a country’s so called Power index, a score which is supposed to aggregate several indicators, from quantity of the military units, to financial standings, logistic capabilities and the specific geography of a country. [3]

This compound statistic measure therefore becomes a quantitative method, that uses a one of a kind formula, that normalizes data and treats equally smaller more technological developed countries with those larger lesser developed powers. In the end bonuses and penalties are applied to each nation state in order to refine the final list.

In this paper we have used for the analysis the 2023 Global Firepower Review. [4] In this review 145 states are considered.

3. The inequity of investments and effectiveness of defense structures on the Eastern Flank

In order to assess Romania’s investments and defense we have compared its Global Firepower Index with those of Poland and Hungary, also two nations that are geographically located on the Eastern Flank, but which have treated their defense resources management in a different manner.

While Poland has doubled its defense budget in current years, and is aiming to move from more than 2% of GDP to 4% and by doing so increase their personal heavily, Hungary, while not increasing its defense budget up to the 2% quota has also a desire to increase its personnel structure due to the current external environment and how it could affects the nation’s security.

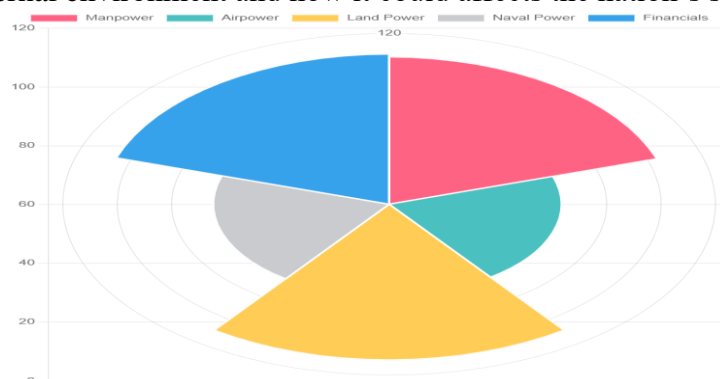


Figure 1 Romania’s Global Firepower Index



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In 2023, Romania was ranked 47 in the Power Index, and we can see in Figure 1 that the variables that make the index strong are: financials and Land Power. Financial means that the defense budget has increased over the past years, but the only visible effects are on the Land Forces side, the Air Force and the Navy are underrepresented and don't impact the overall Index. From the total 145 countries taken into account in the rankings, Romania is 42 in terms of the budget even though, with the increase from 2% to 2.5% for the following year Romania will enter the top 40. In terms of active personnel however Romania is only 57 out of 145 and this represents a problem, especially as the same rank is for available manpower 57/145. So while Romania's budget has increased, the effects in manpower and personal are actually 15 places lower. That is an enormous gap and a demonstration of a lack of adjustments in terms of defense resources management in the personnel area. The fact that Romania's has lost personal even though it has managed to increase in budget can be seen also in the ranking of reserve personal where Romania is 34/145. That means that retired personal and reserves that are outside de MoND have not been replaced in the same proper manner.

It is interesting to put this ranking into context with the two other states on the Eastern Flank analyzed: Poland and Hungary.

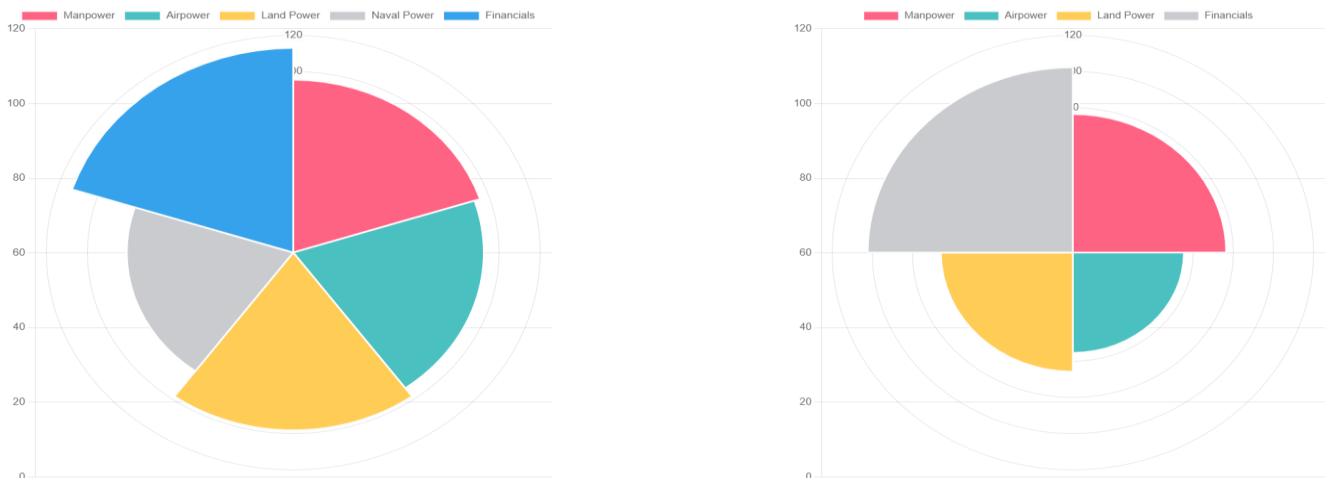


Figure 2 Poland and Hungary Global Firepower Index

While Poland ranks number 20 in the index, Hungary ranks 54, so we are talking about two countries that are above and below Romania in the overall rankings. However if we look at how the Index is impacted by several variables we can observe that in Poland the land forces, air forces and naval forces are more balanced and the manpower is impactful as well. While Hungary does not have a navy, we can see that the land forces have a major impact, but so does manpower, even to a higher degree.

While Poland's manpower is also ranked below its ranking of the budget, the Polish MoND has taken measures to reduce this gap and increase its overall personnel inside the army. As presented in their Homeland Defense Act, enacted in 2022, "Poland intends to roughly double the size of the armed forces to 300,000 personnel". [5] In comparison currently Romania has no such initiative in its



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defense policies and military planning documents. The same thing is available for Hungary, a country that wants to increase its defense personnel in the following years. [6]

To further expand on the study we took a look at the overall variables that make Romania’s Global Firepower Index in the following figure:



Figure 3. Overview of Romania’s Power Rankings

In the Figure above we can see why in the color gray that Romania is average in terms of all personnel variables while investments in the navy and the air force are ranked with poor. This confirms the previous figure and the fact that Romania’s fire power ranking is affected by lack of investments in two major force structures and a decreasing number of people in the army.

What does this analysis mean for Romania’s defense resources management? A question can be risen whether a correlation is visible between the increased defense budget that Romania has implemented in the last decade and the effective use of armed forces. Starting with 2014 a process to modernize the Romanian armed forces has started but due to scarce resources the effects can only be visible on long term. Be that as it may, with the war that started in Ukraine in 2022 because of the Russian Federation invasion can Romania afford to develop its armed forces at the current pace? It is clear that NATO support exists but it should be more than a safety net, the Romanian armed forces must be prepared to answer to any ongoing risks and threats. It is for this reason that the defense force structures must change their mindset from being a NATO consumer to becoming a NATO provider. Furthermore this mindset must be visible in the decision making process inside the national defense resources management system.

The role of Romania on the Eastern Flank, in the Black Sea Region will enhance because of NATO’s new strategic concept. Therefore the role and development of the national armed forces of Romania has to be put into this context. For the Romanian public expenditure system investing in defense can become an objective and transparent priority. In the entire NATO landscape allies have



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agreed to increase the military budget and for 2023 this was already visible following the meeting of the North Atlantic Council in December 2022. [7] The civil budget for 2023 has been an expanded one to up 370 million euros, while the military budget reached 1.96 billion euros. This was an increase from the previous year of 27.8%, respectively 25.8%. It is therefore only natural that a member state like Romania, geographically situated close to a theater of war should not only increase its defense budget but should enhance its defense resources including those related to manpower. Of course, these resources would also contribute to Romania's quota of burden share in NATO, which would only strengthen the country's role as a NATO provider.

Conclusion

Analyzing the Global Firepower Index, ROMANIA is one of the few, if not only Eastern Flank nation that has a negative correlation between its spending budget and its defense output. Several fast adjustments need to be therefore on short and midterm to upgrade and adjust from this situation because current risk and threats make it necessary to do so.

Even though Romania has had political consensus on increasing the defense budget to 2% and therefore generating updated defense capabilities, lack of political commitment in several examples has meant that some major acquisition processes were stopped and delayed. This result is visible in the way the air force and the navy contribute poorly to the Global Firepower Index.

While the regional context of the war in Ukraine has cleared what are the risks and threats for Romania's defense planning, for the moment only marginal decisions have been taken in order to fulfil the objectives that are linked to these risks and threats. Clearer and more profound policies and decisions are needed.

For the first time in its history Romania witnesses the guns and butter effect, where due to social welfare and its many variables some investments in defense are criticized because they can affect several other civilian investments from public expenditures. It is therefore, required that specialists in MoND better explain through analytical processes why investments are needed in continuing the process of modernizing the Romanian armed forces and developing a state of the art Romanian army.

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