

Germany likely to renege on pledge to Trump to boost military spending

BERLIN - Berlin could renege on its pledge to raise military spending, in the latest gesture of defiance by German Chancellor Angela Merkel toward U.S. President Donald Trump.

Trump has repeatedly blasted NATO leaders for not meeting a target of spending 2 percent of economic output on defense. If confirmed at a Cabinet meeting Wednesday, the move by Berlin would be the latest step in the gradual estrangement between the U.S. and one of its top European allies.

While the budget foresees an increase in military spending in 2020, it does not provide a plan for how to reach the 2 percent target.

The German government's budget plan for 2020 calls for a 1.7 percent hike in spending to €362.6 billion and relies on ministries cutting costs to avoid incurring new debt given forecasts for slower economic growth, Finance Ministry sources said Monday.

The plan assumes that Europe's largest economy will grow by 1.0 percent in 2019, down from an initially projected 1.8 percent, the sources said.

The Economy Ministry last week said the economy had a subdued start to 2019 and probably grew moderately in the first quarter, its outlook dampened by trade conflicts and sluggish demand for industrial products among other factors.

To balance the budget, government ministries will have to identify combined spending cuts of €625 million each year, with program delays and other measures to contribute additional savings, the sources said.

They said military spending would rise by €2.1 billion over a previous plan for 2020, boosting the share of defense spending to 1.37 percent of gross domestic product from 1.25 percent in 2018 and 1.3 percent this year.

"That the German government would even be considering reducing its already

unacceptable commitments to military readiness is a worrisome signal to Germany's 28 NATO allies," said U.S. Ambassador Richard Grenell.

The military budget is slated to rise to €45.1 billion in 2020 from planned spending of €43.2 billion this year, a separate government source said.

However, the share of military spending would drop back to 1.25 percent in 2023, with any further spending increases to be negotiated year by year, the sources said. "We're taking it one step at a time," said one of the sources.

That leaves Germany well below the 2 percent target set by NATO members for 2024, and below the 1.5 percent share that Germany has pledged to meet by that date.

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