

Development of defence expenditure – European trends in global perspective

MICHAEL BRZOSKA

Institute for Peace Research and Security Studies at the University of Hamburg, Senior Research Fellow

SIPRI Senior Research Associate

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Structure of presentation

1. Trend of NATO Europe future military expenditure
2. Trends for top global military spenders
3. Global perspective



Announced increases in defence spending in select European countries, 2022

Country	2021 milex/GDP shares	Target	Timeline	Comments
France	2,01	Increase	?	Macron pledged to further increase MILEX in light of Russia's invasion of Ukraine; MILEX budget set to increase by 27% between 2021-2025
Germany	1,53	€100 billion	2022-2025	€100 billion to be used to boost German MILEX to 2% of GDP
Italy	1,41	2% of GDP	2028	N/A
Norway	1,85	+NOK 3 billion	2022	On top of 13% increase in MILEX planned for 2021-2024
Poland	2,1	3% of GDP	2023	N/A
Spain	1,01	2% of GDP	"Coming years"	N/A
United Kingdom	2,29	N/A	N/A	MILEX budget set to increase by 13% between 2021-2024

Source: A. Marksteiner, SIPRI, NATO defence expenditures 2021



Major points

1. Major increases in military spending announced in all European NATO and neutral states
2. NATO military spending to be likely higher than 2 % of GDP
 - almost all countries likely to meet 2% goal
 - some countries likely to spend substantially more
3. Equipment expenditures (currently 23 % of millex in NATO member states) likely to increase faster than millex



Projected increases in military expenditures by NATO Europe (2022 members)

In prices of 2021

Military expenditures

in 2021	334 billion US \$
in 2025 at 2021 milex/GDP share (1.70 %)	370 billion US \$
in 2025 at 2% of GDP	435 billion US \$ (+18%)
in 2025 at 2,5% of GDP	544 billion US \$ (+47%)

Equipment expenditures

In 2021	83 billion US \$ (22 % of milex)
In 2025 at 2% of GDP and 25% of milex	109 billion US \$ (+31%)
In 2025 at 2.5 % of GDP and 25% of milex	136 billion US \$ (+64%)

Source: Defence expenditures of NATO members, https://www.nato.int/cps/en/natohq/news_184844.htm

Note: Projected GDP growth 2021-2026 2.5% per year



Top military spenders, 2021

Expenditure figures and GDP are in US\$, at current prices and exchange rates. Changes are in real terms, based on constant (2020) US dollars.

Rank			Military expenditure, 2021 (\$ b.)	Change (%)		Military expenditure as a share of GDP (%) ^b		Share of world military expenditure, 2021 (%)
	2021	2012 ^a		2020-21	2012-21	2021	2012	
		Country						
1	1	USA	801	-1.4	-6.1	3.5	4.5	38
2	2	China	[293]	4.7	72	[1.7]	[1.7]	[14]
3	3	India	76.6	0.9	33	2.7	2.6	3.6
4	6	UK	68.4	3.0	3.7	2.2	2.4	3.2
5	5	Russia	65.9	2.9	11	4.1	3.7	3.1
Subtotal top 5			1,305	62

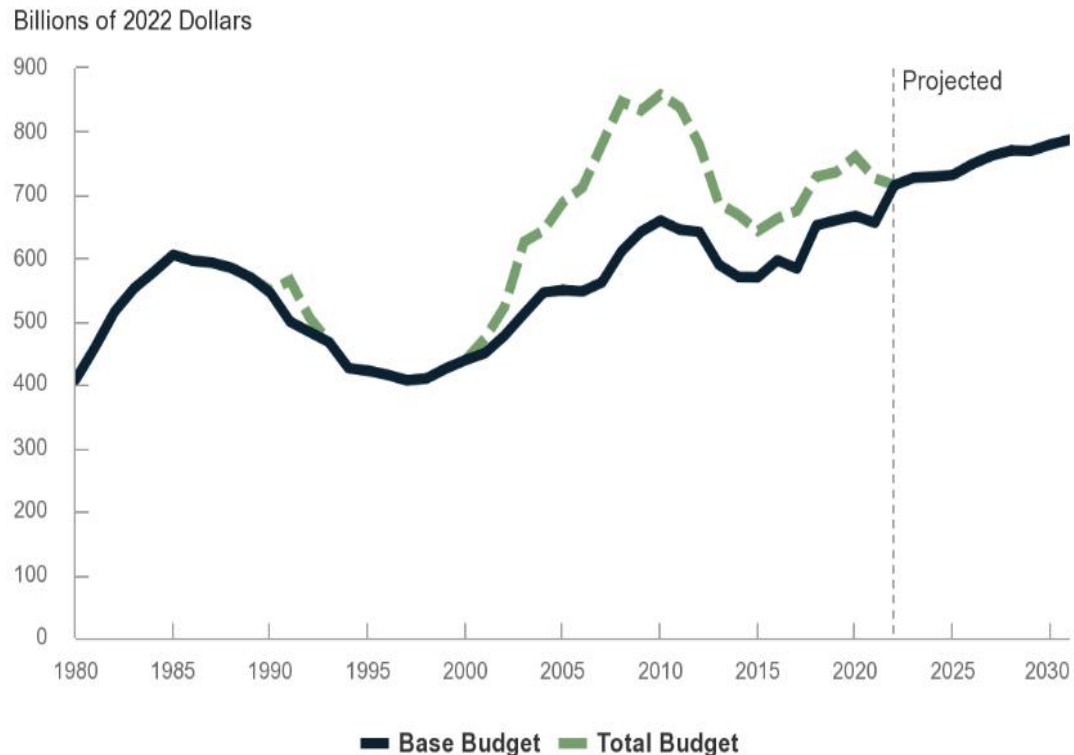
Source: SIPRI Military expenditure database, www.sipri.org/milex



Trend in US military expenditures, 1980-2030

Slow increase projected, US spending highly dependent on US military involvement in major conflicts

Historical Funding for DoD's Activities and Projected Costs Through 2031

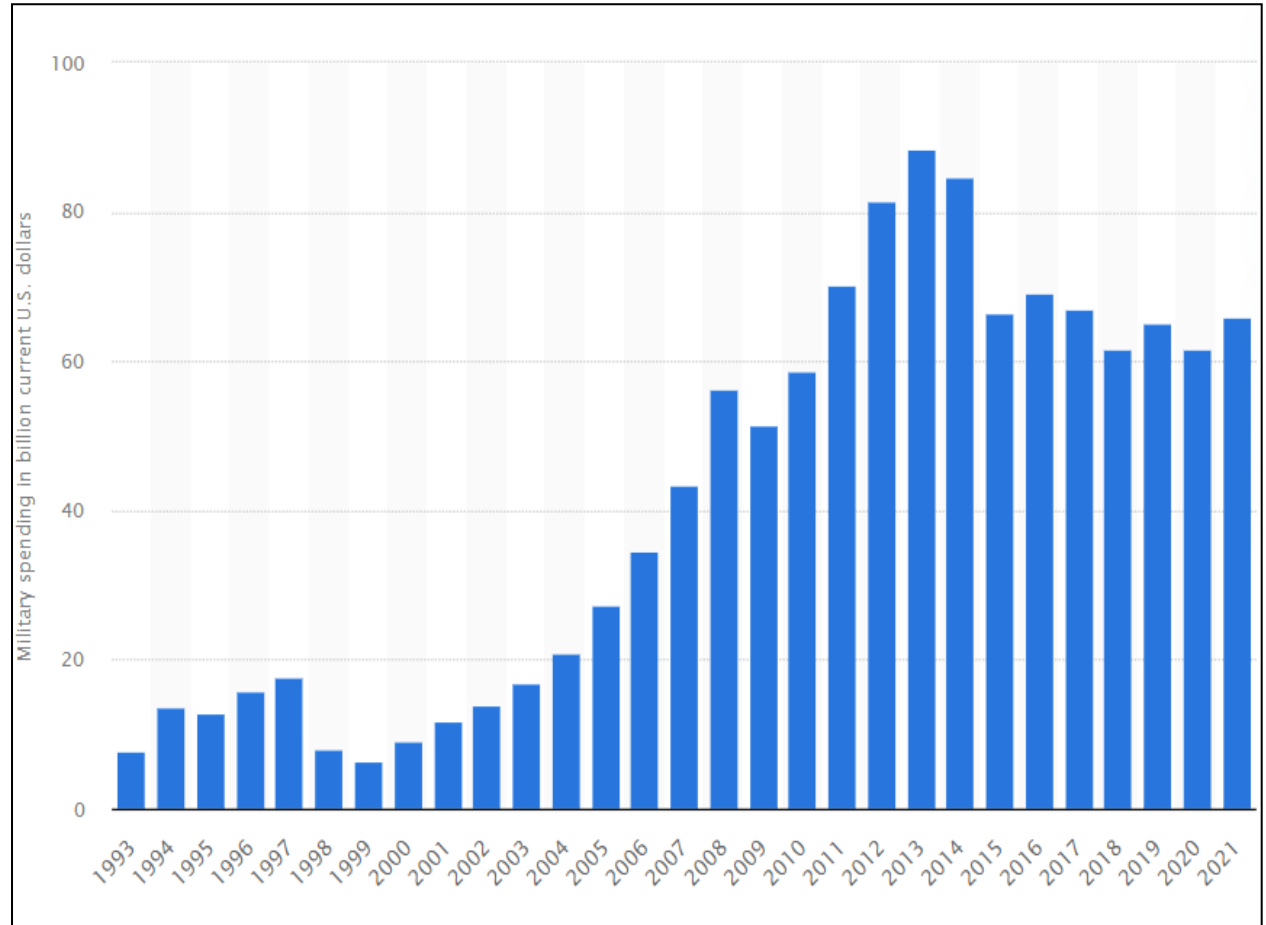


Source: US Congressional Budget Office, *Long-Term Costs of the Administration's 2022 Defense Budget*
Washington DC 2022, <https://www.cbo.gov/publication/57541>



Trend in Russian military spending 1993-2021

Large investment programme of early 2010s completed, future course highly dependent on war in Ukraine



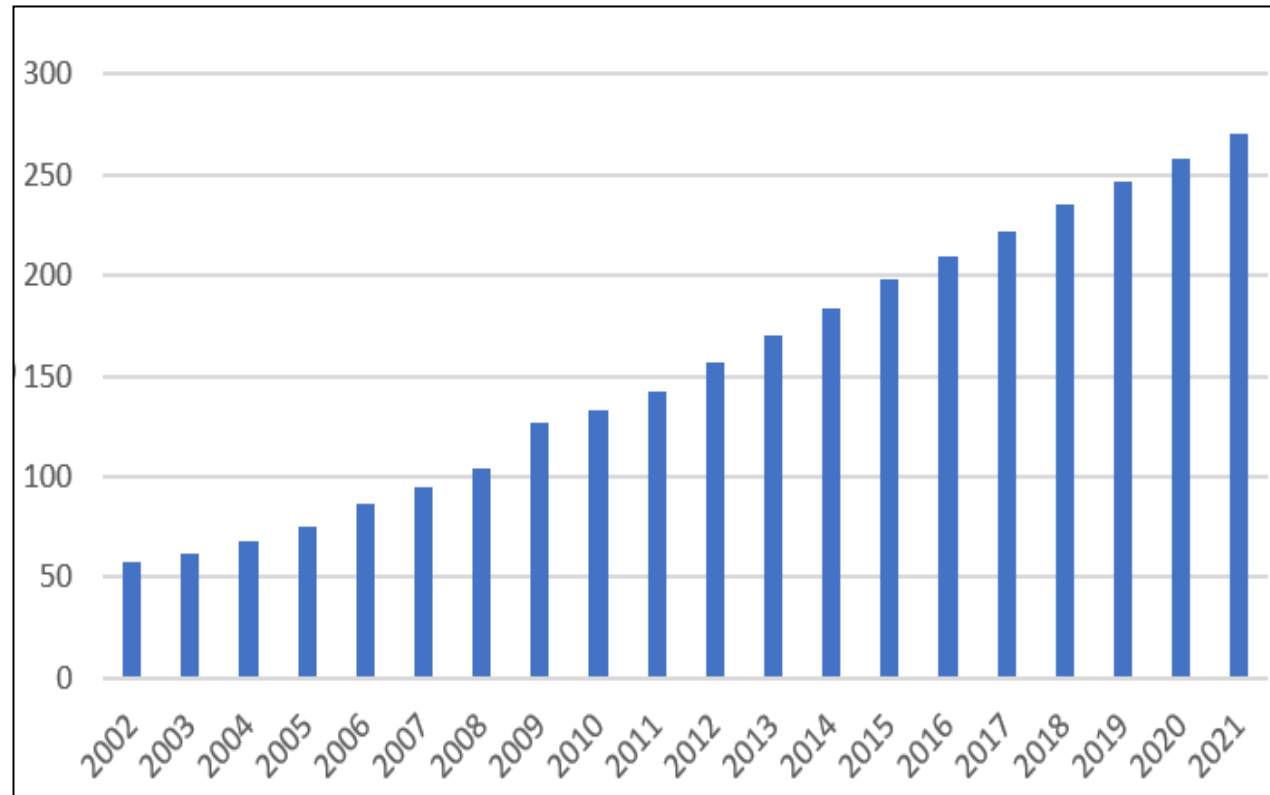
Source: SIPRI Military expenditure database, www.sipri.org/milex



Trend in Chinese military spending 1993-2021

US \$ billion, prices of 2020

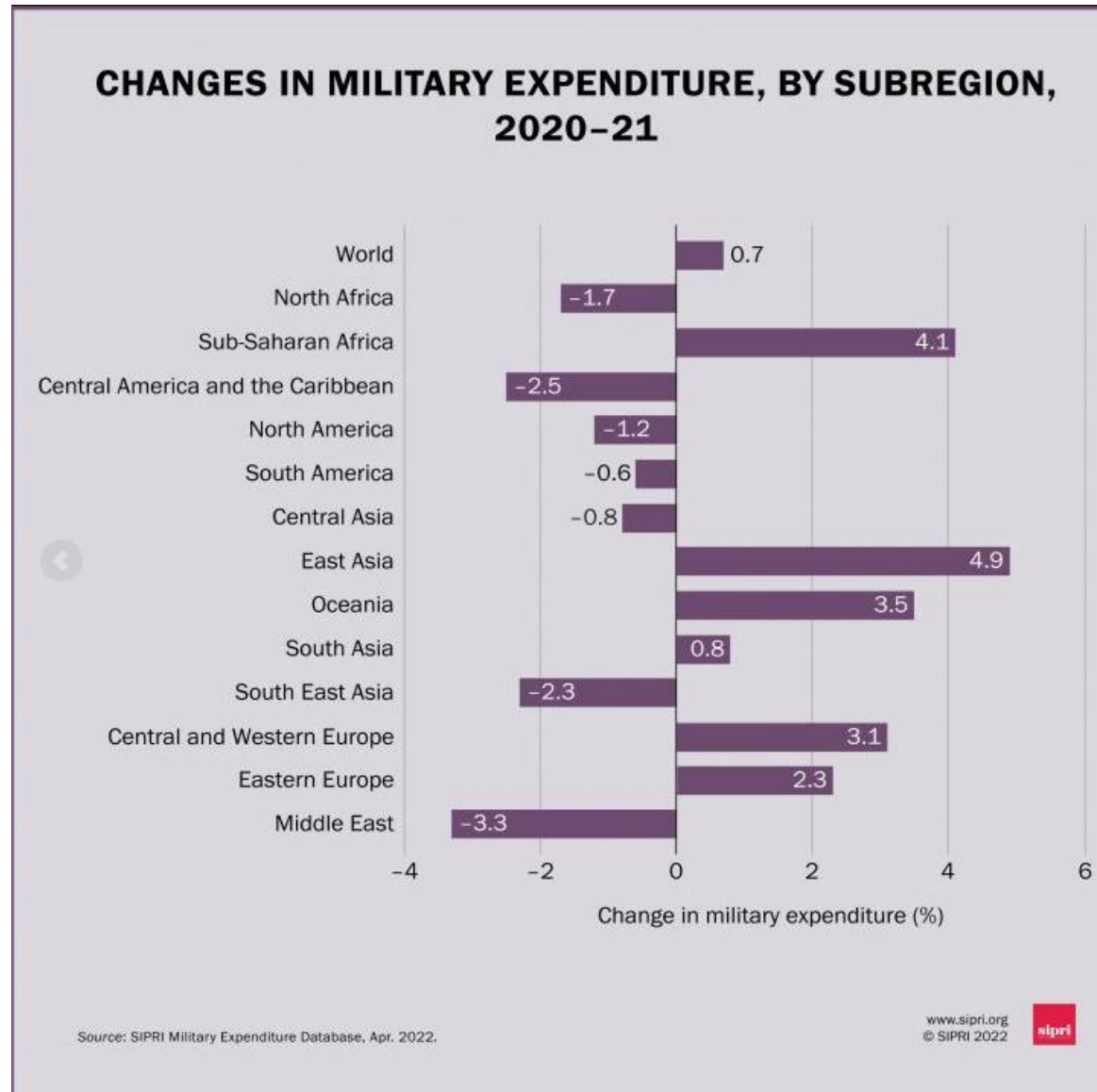
Military spending likely to continue to grow with GDP (about 6 % in recent past)



Source: SIPRI Military expenditure data base, www.sipri.org/milex

Global perspective

1. Global military expenditures likely to continue to grow at similar rates to recent past (about 1% per year)
2. Major increase in Europe, East Asia and Oceania (Australia) likely to continue
3. Decline in other regions (Middle East, Africa) likely due to economic pressure

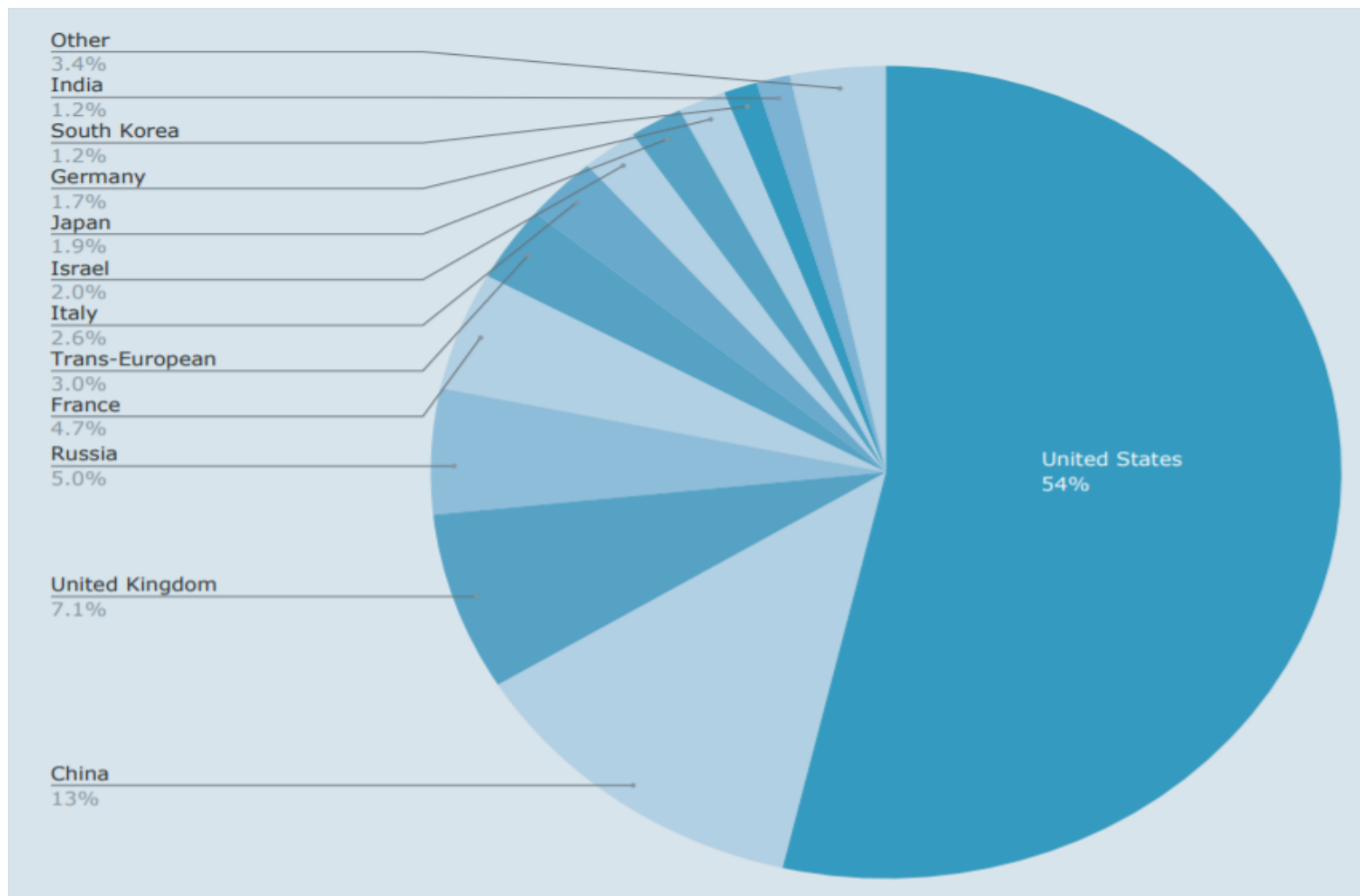


Thank you for your attention



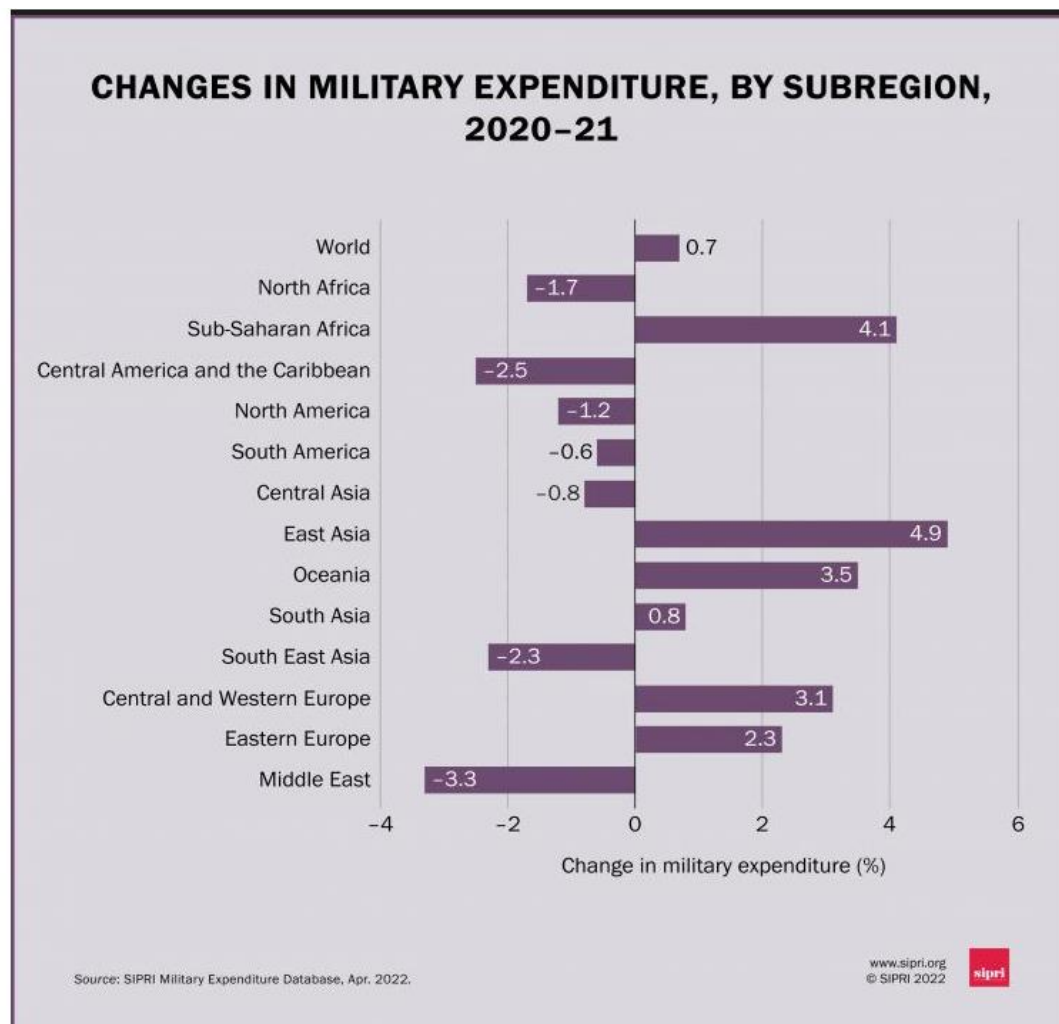
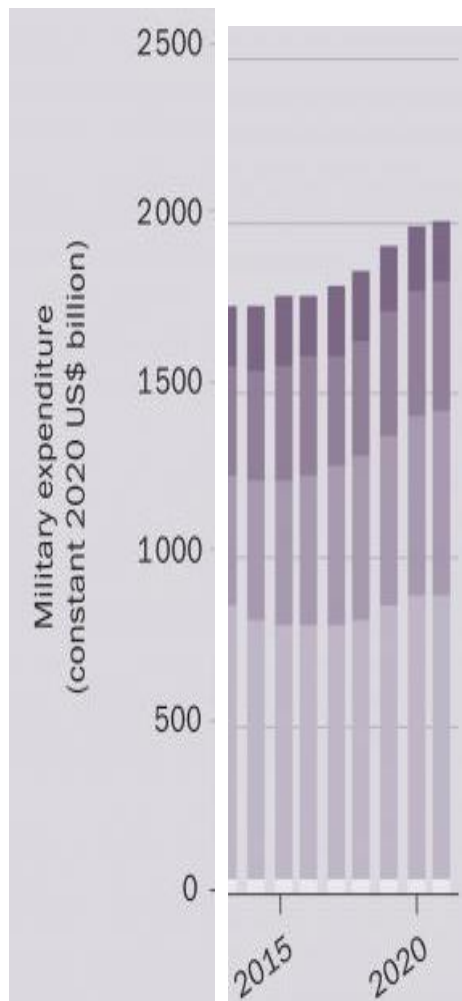


Sales of the global top 100 arms producers 2021, by countries



Source: https://sipri.org/sites/default/files/2021-12/fs_2112_top_100_2020.pdf

Trend in global military spending, by region



Source: <https://www.sipri.org/media/press-release/2022/world-military-expenditure-passes-2-trillion-first-time>

