

I. Global developments in military expenditure

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World military expenditure is estimated to have been \$1776 billion in 2014, a fall of 0.4 per cent in real terms compared to 2013.¹ This is the third consecutive year in which total global expenditure has decreased, although the rate of decline slowed in 2014 (see table 9.1 and figures 9.1 and 9.2). However, military spending was still 21 per cent higher in real terms than in 2005. Total world military expenditure as a share of global gross domestic product (GDP)—the global ‘military burden’—fell slightly in 2014 to around 2.3 per cent.

Military expenditure continued to decline in most Western countries in 2014, led by a 6.5 per cent real-terms fall in the United States. Spending in Western Europe decreased by 2.5 per cent. However, military expenditure in Central Europe—predominantly North Atlantic Treaty Organization (NATO) and European Union member states—broke with recent trends, rising by 5.7 per cent following the major falls that had taken place since the onset of the global financial and economic crisis in 2008. For the most part, the figures for Europe in 2014 were not influenced by the Ukraine crisis, the effects of which are likely to be seen more clearly in 2015.² Oceania, dominated by Australia, also halted its recent declining trend with a 6.9 per cent rise in 2014.

In the rest of the world, the relatively rapid rates of increase continued in Africa (5.9 per cent), Asia and Oceania (5 per cent), Eastern Europe (8.4 per cent) and the Middle East (5.2 per cent). Latin America overall, however, saw a marginal 0.1 per cent fall, with increases in Central America counteracted by decreases in South America. In Asia, while China’s continued growth in spending ensured an increasing overall total, the levels of expenditure elsewhere were less pronounced, with a slight fall in South East Asia and only a marginal increase in South Asia (see figure 9.3).

Trends in military expenditure, 2005–14

The highest increases in military spending in the 10-year period 2005–14 were in North Africa (by 144 per cent), followed by Eastern Europe (by 98 per cent) and Central America and the Caribbean (by 90 per cent). All regions and subregions increased military spending over this period, except for Western and Central Europe, where spending fell by 8.3 per cent, and North America, where spending fell by 0.3 per cent (see table 9.2).

¹ Except where otherwise stated, all figures for increases or decreases in military spending are expressed in constant (2011) US dollars, often described as changes in ‘real terms’ or adjusted for inflation. This is in contrast to changes in ‘nominal’ figures, which are not adjusted for inflation.

² For a discussion of the crisis in Ukraine see chapter 3 in this volume.

Table 9.1. Military expenditure by region, by international organization and by income group, 2005–14

Figures for 2005–14 are in US\$ b. at constant (2011) prices and exchange rates. Figures for 2014 in the right-most column, marked *, are in current US\$ b. for 2014. Figures do not always add up to totals because of the conventions of rounding.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014*
World total	1 418	1 466	1 525	1 608	1 715	1 742	1 750	1 745	1 726	1 719	1 776
<i>Geographical regions</i>											
Africa	24.3	26.2	[27.2]	(31.0)	(32.5)	(34.6)	(38.9)	(40.4)	(43.9)	(46.5)	(50.2)
North Africa	7.9	7.9	8.5	10.1	(11.1)	(12.1)	(15.2)	16.3	(17.9)	19.2	20.1
Sub-Saharan Africa	16.4	(18.3)	(18.7)	(20.9)	(21.3)	(22.5)	(23.7)	(24.1)	(26.0)	(27.2)	(30.1)
Americas	651	665	685	737	793	815	805	768	718	677	705
Central America and the Caribbean	5.1	5.6	6.2	6.3	7.0	7.5	7.8	8.5	9.0	9.8	10.4
North America	598	607	625	671	724	741	732	691	636	596	627
South America	48.6	51.9	54.4	59.4	62.2	66.3	65.1	68.8	72.6	71.7	67.3
Asia and Oceania	261	276	297	313	349	356	371	388	403	423	439
Central and South Asia	46.2	46.9	48.4	53.0	60.9	61.7	62.9	63.2	63.7	65.0	65.9
East Asia	167	179	194	204	229	235	249	263	276	293	309
Oceania	23.4	24.7	26.2	27.0	29.0	29.3	28.8	27.8	27.6	29.5	28.0
South East Asia	24.4	25.2	28.5	29.1	30.2	30.1	31.1	33.3	35.4	35.3	35.9
Europe ^a	367	375	386	396	404	394	387	392	389	391	386
Eastern Europe	51.5	57.9	64.1	70.0	72.0	73.1	78.6	90.0	94.2	102	93.9
Western and Central Europe ^a	315	317	321	326	332	321	309	302	295	289	292
Middle East ^d	115	123	130	131	137	142	147	156	(172)	(181)	(196)
<i>Organizations</i>											
African Union	26.7	28.7	29.7	(32.8)	(34.0)	(35.9)	(40.0)	(41.1)	(44.1)	(47.0)	(51.1)
Arab League	78.1	82.8	92.5	95.7	100.0	107.3	118	131	146	157	170
CSTO	48.3	53.6	58.9	64.5	67.4	68.9	73.6	84.7	89.0	95.9	88.7
European Union	297	300	307	311	317	306	294	287	280	275	278

NATO	905	918	938	990	1033	1039	1018	971	908	862	897
NATO Europe	307	311	313	319	309	298	286	280	272	266	269
SCO	119	137	155	170	195	204	220	245	262	286	304
<i>Income group</i>											
Low	(5.1)	(5.3)	(5.7)	(5.8)	(6.4)	(7.2)	(7.6)	(7.7)	(8.0)	(8.3)	(9.7)
Lower-middle	72.2	74.9	79.7	84.8	92.6	94.8	96.9	100	103	105	107
Upper-middle	184	204	222	241	269	280	296	314	337	359	386
High	1157	1182	1217	1277	1347	1359	1349	1324	1278	1248	1274
<i>World military spending per capita (current US\$)</i>											
	173	183	201	225	231	241	254	252	250	245	
<i>World military burden (i.e. world military spending as a % of world gross domestic product, both measured in current US\$)</i>											
	2.4	2.4	2.3	2.4	2.6	2.5	2.4	2.4	2.4	2.3	

() = total based on country data accounting for less than 90% of the regional total; CSTO = Collective Security Treaty Organization; SCO = Shanghai Cooperation Organization.

^a In this edition of the SIPRI Yearbook, Turkey has been reclassified from Western and Central Europe to the Middle East region. This means that the figures for Europe, Western and Central Europe and the Middle East differ significantly from the figures reported in previous editions of the Yearbook.

Notes: The totals for the world, regions, organizations and income groups are estimates, based on data in table 9.10 for the countries covered by the SIPRI Military Expenditure Database. When military expenditure data for a country is missing for a few years, estimates are made, most often on the assumption that the rate of change in that country's military expenditure is the same as that for the region to which it belongs (see also 'Sources and methods' below). When no estimates can be made, countries are excluded from the totals. The countries excluded from all totals here are Cuba, North Korea, Myanmar and Somalia. Totals for regions and income groups cover the same groups of countries for all years. Totals for organizations cover only the member countries in the year given. The coverage of the geographical regions and subregions is based on the grouping of countries in tables 9.10–9.12. Income groups are based on the World Bank World Development Indicators, January 2015 with a gross national income per capita in 2013 of \$1045 or less for low-income countries; \$1046–\$4125 for lower-middle-income countries; \$4126–\$12 745 for upper-middle-income countries; and more than \$12 746 for high-income countries.

Sources: SIPRI Military Expenditure Database, <<http://www.sipri.org/databases/milex/>>; International Monetary Fund (IMF), *World Economic Outlook: Legacies, Clouds, Uncertainties* (IMF: Washington, DC, Oct. 2014); and United Nations Population Fund (UNFPA), *State of World Population, 2005–14* (UNFPA: New York, 2005–15).

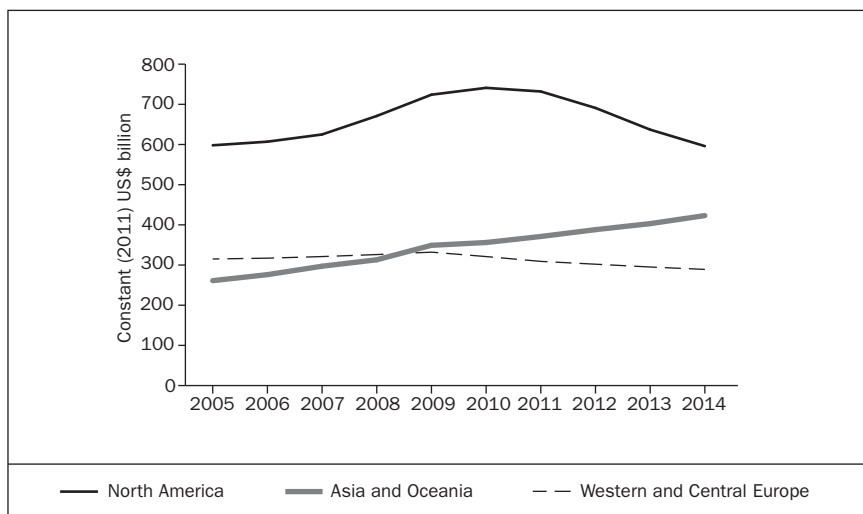


Figure 9.1. Military expenditure of major spending regions, 2005–14

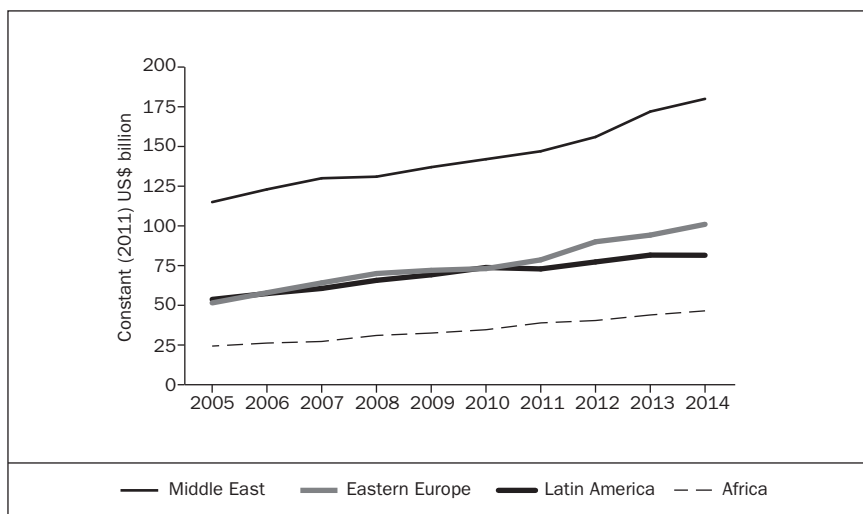


Figure 9.2. Military expenditure of other regions, 2005–14

Until 2009 world military expenditure continued the rapid rise that started after the terrorist attacks on the USA of 11 September 2001. Between 2005 and 2009, the global total spend rose at an average annual rate of 4.9 per cent. This growth was led by the USA, which was still heavily engaged in the wars in Afghanistan and Iraq, but was visible in most regions. After 2009, however, the effects of the global financial and

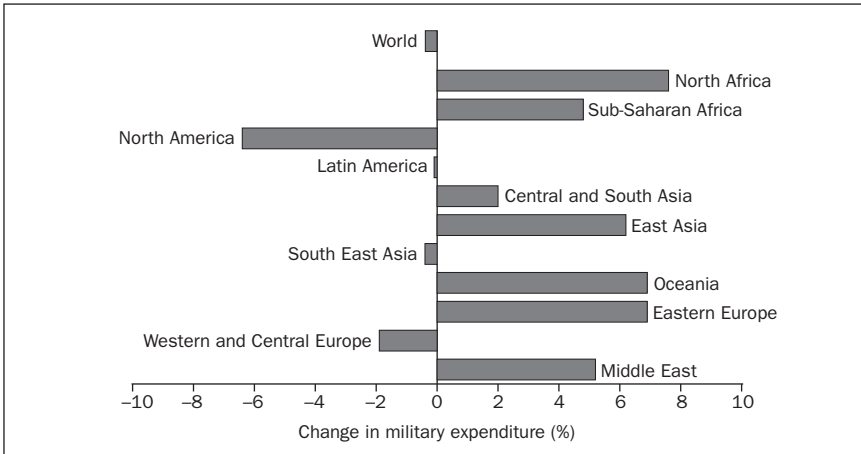


Figure 9.3. Changes in military expenditure, by region, 2013–14

economic crisis began to be felt on world military spending. This trend was most obvious in North America where the large increases up to 2009 were followed by equally large falls. In Western and Central Europe, mainly flat spending up to 2009 was followed by clear reductions. While the regions of Asia and Oceania, and Latin America both generally increased expenditure in the period 2005–14, the rate of growth slowed noticeably after 2009, in part as a reflection of the slowing global economy. In Africa, Eastern Europe and the Middle East, however, rapid growth continued throughout 2005–14, even accelerating slightly in more recent years in the case of the Middle East.

Military expenditure has been strongly boosted in many countries in the past decade or more by increased revenues from oil and gas linked to generally high prices and to new discoveries in some countries. High spenders include the major oil producers of the Middle East, Russia, a number of countries in Africa—most notably the two current top spenders, Algeria and Angola—and some countries in Asia, such as Kazakhstan and Viet Nam. In Africa and the Middle East high revenues from oil and gas have been a significant factor in aggregate regional expenditure.

If sustained in the medium term, the drastic fall in the price of oil at the end of 2014 may well halt or reverse the trend for growing military expenditure in some states. For countries with large financial reserves, such as the Gulf states, the effect may not be immediate. Russia too, despite its high level of oil dependency and declining GDP, and the effects of economic sanctions imposed as a result of its involvement in the crisis in Ukraine, has stated its intention to maintain its planned increases in military spending. How long Russia can sustain this level of expenditure, however, is open to question.

Table 9.2 Key military expenditure statistics by region, 2014

Region/ subregion	Military expenditure, 2014 (US\$ b.)	Change (%) ^a		Major changes, 2014 (%) ^b			
		2013–14	2005–14	Increases		Decreases	
World	1 776	-0.4	21				
<i>Africa</i>	(50.2)	5.9	91	Congo, Rep.	88	Malawi	-27
North Africa	20.1	7.6	144	Namibia	47	Nigeria	-9.3
Sub-Saharan Africa	(30.1)	4.8	66	Zambia	23	Ghana	-5.8
				Guinea	22	Burundi	-5.0
<i>Americas</i>	705	-5.7	4.0	Paraguay	13	Venezuela	-34
Central America and Caribbean	10.4	9.1	90	Mexico	11	Uruguay	-11
North America	627	-6.4	-0.3	Argentina	8.5	USA	-6.5
South America	67.3	-1.3	48	Dominican Republic	8.1	Jamaica	-5.1
<i>Asia and Oceania</i>	439	5.0	62	Brunei	29	Indonesia	-10
Central and South Asia	65.9	2.0	41	Afghanistan	20	Philippines	-2.4
East Asia	309	6.2	76	Cambodia	14	Sri Lanka	-2.0
Oceania	28.0	6.9	26	Kyrgyzstan	10	Taiwan	-1.9
South East Asia	35.9	-0.4	45				
<i>Europe^c</i>	386	0.6	6.6	Ukraine	(23)	Albania	-26
Eastern Europe	93.9	8.4	98	Poland	13	Portugal	-12
Western and Central Europe	292	-1.9	-8.3	Russia	[8.1]	Greece	-11
				Lithuania	6.0	Italy	-8.8
<i>Middle East^c</i>	(196)	5.2	57	Saudi Arabia	17	Oman	-20
				Lebanon	15	UAE	-5.5
				Iraq	15	Yemen	-4.6

() = uncertain estimate; [] = estimated figure.

^a Changes are in real terms.

^b The list shows the countries with the largest increases or decreases for each region as a whole, rather than by subregion. Countries with a military expenditure in 2013 of less than \$100 m., or \$50 m. in Africa, are excluded.

^c From this edition of the Yearbook, Turkey has been moved from Europe (Western and Central) to the Middle East for classification of military expenditure by region, to match the classification used in the Arms Transfers data. Changes for Europe and the Middle East are in comparison with the same set of countries in 2013, rather than the regions that were used in previous editions of the Yearbook.

Regional trends

Europe

European military expenditure increased by 0.6 per cent in 2014, to \$386 billion.³ Spending in Western and Central Europe was down 1.9 per

³ For this edition of the Yearbook, regional classifications have been changed, moving Turkey from the Europe region (Western and Central Europe subregion) to the Middle East region. This means that the figures quoted for Europe are significantly lower than those reported in previous

cent at \$292 billion, while expenditure in Eastern Europe was up 8.4 per cent at \$93.9 billion.⁴

Asia and Oceania

Military spending in Asia and Oceania amounted to \$439 billion, an increase of 5 per cent over 2013, and 62 per cent higher than in 2005. China had by far the highest level of military spending in Asia and Oceania in 2014: an estimated \$216 billion, or 49 per cent of total spending in the region. This was more than four times the level of India, which was the second largest spender in Asia and Oceania. The four biggest spenders—China, India, Japan and South Korea—accounted for 80 per cent of total spending in the region in 2014.

With the exception of Fiji, Japan and Laos, all the states in the region increased their military spending in the decade to 2014.⁵ However, the rate of growth differed widely from country to country: from 6 per cent in Singapore to 167 per cent in China.

The growth rate for most states in Asia was substantially lower after 2009, when the effects of the global financial and economic crisis began to be felt. A notable example is India, where expenditure increased by 36 per cent between 2005 and 2009 but rose by only 2 per cent between 2010 and 2014. Afghanistan, Cambodia, Singapore, Taiwan, Thailand and Timor-Leste reduced spending slightly after 2009. However, of these Taiwan is in the process of starting several large-scale procurement programmes, Thailand has substantial procurement plans for the near future and Afghanistan will have to carry more of the burden of its security in future after most US and other foreign forces were withdrawn in late 2014. Some states did not follow the general trend, maintaining high levels of expenditure after 2009. Bangladesh, Indonesia, Kazakhstan and Viet Nam rapidly increased their military spending.

In general, Asian states have continued to modernize and develop the capabilities of their armed forces, and many of the larger states are planning for additional procurement of advanced equipment. China and Japan, at loggerheads over the East China Sea, have both announced increases in spending and substantial procurement of air and naval weapons. Both intend to augment their amphibious forces, and China plans to procure

editions of the Yearbook. All references to figures in previous years and changes from previous years relate to the new regional definitions.

⁴ On European military expenditure trends in the wake of the Ukraine crisis see chapter 3, section IV, in this volume.

⁵ For Myanmar, Turkmenistan and Uzbekistan data is not available for the entire period. The data is incomplete for Laos, Mongolia and Tajikistan. For those years that are available, however, Mongolia and Tajikistan each show an increase, while Laos shows a slight decrease. All 3 are generally minor spenders in the Asian context.

new aircraft carriers.⁶ China's investment in naval assets, however, is not just motivated by regional disputes. It also intends to further develop its blue-water naval capabilities, that is, the ability to operate across the deep waters of the open oceans, to improve its ability to protect its vast and growing trade and investment interests in the Asia Pacific and Indian Ocean regions.⁷ A similar emphasis on maritime air and naval assets is visible in many South East Asian states and India. The latter is currently building several indigenously designed aircraft carriers.⁸

Another area in which India and China are both investing substantial sums is on modernizing and expanding their nuclear forces. China is building a series of nuclear-powered ballistic missile submarines (SSBNs) and India began sea trials of the first of six planned SSBNs in late 2014.⁹

India's spending priorities also include land forces, such as a new army corps for use on the border with China, and equipment for military and paramilitary forces, which face rising levels of internal conflict with Maoist Naxalite rebels in large parts of India. However, the acquisition process remains slow and difficult. Funds approved for acquisitions are often returned to the ministry of finance at the end of each financial year because the planned purchases did not take place.

Oceania has followed the Asian trend of increased expenditure but on a smaller scale. Military spending in Oceania was \$28 billion in 2014, an increase of 6.9 per cent over 2013, and 26 per cent higher than in 2005. However, despite the rise in 2014, the overall rate of growth has been slower since 2009. Australia's \$25.4 billion spending in 2014 put it just behind South Korea (the fourth-highest spender in the region) in terms of overall expenditure in Asia and Oceania. Australia accounted for 91 per cent of Oceania's total spending. It is in the middle of a large modernization programme focused on air and maritime assets with long-range capabilities. These include 3 large destroyers, 2 large amphibious assault ships, combat aircraft (including 72 F-35A) and tanker aircraft. It also plans to upgrade its submarine fleet with 12 large submarines.

Latin America and the Caribbean

Military expenditure in Latin America was essentially flat in 2014, with a mixture of increases and decreases in both Central and South America.

⁶ On maritime security in the South and East China seas, see chapter 7, section II, and on international arms transfers to the region, see chapter 10, section I, in this volume.

⁷ Duchâtel, M., Bräuner, O. and Zhou, H., *Protecting China's Overseas Interests: The Slow Shift Away from Non-interference*, SIPRI Policy Paper no. 41 (SIPRI: Stockholm, June 2014).

⁸ For background discussion on trends in military spending in the Asia-Pacific region see Perlo-Freeman, S. and Solmirano, C, 'Military spending and regional security in the Asia-Pacific', *SIPRI Yearbook 2014*.

⁹ For further details of Chinese and Indian nuclear forces see chapter 11, sections V and VI in this volume.

Total military spending in South America was \$67.3 billion, down 1.3 per cent in real terms since 2013 but 48 per cent higher than in 2005. In Central America and the Caribbean total military spending was \$10.4 billion, up 9.1 per cent on 2013 and by 90 per cent since 2005.

Brazil's military spending fell by 1.7 per cent in 2014, as the economy slowed and the government faced major social protests over the lack of basic services in the run-up to the 2014 Fédération Internationale de Football Association (FIFA) World Cup. GDP growth in 2014 was projected to be just 0.3 per cent, with only a small increase in 2015 to 1.4 per cent.¹⁰ Nonetheless, Brazil's military spending was 41 per cent higher than in 2005, and has been on a fairly consistent upward trend since the mid-1990s. This is a reflection of Brazil's ongoing military modernization programme, which in 2014 included the signing of a contract to purchase 36 JAS-Gripen combat aircraft from Sweden.¹¹

Mexico's military spending increased by 11 per cent in 2014, and has more than doubled since 2005. A further nominal rise of 10 per cent (8 per cent in real terms) is budgeted for in 2015. Both military and security expenditure have increased rapidly as Mexico continues to use its armed forces, regular police and a newly created 5000-strong gendarmerie in its actions against drug cartels. The government has enjoyed some success—such as the capture in February 2014 of the head of the Sinaloa Cartel, Joaquin 'El Chapo' Guzman, with the involvement of the Mexican Marines—but the fight against the cartels has been deeply compromised by corruption in the security forces.¹² This was highlighted by the disappearance and presumed murder of 43 student protestors in Guerrero in September 2014. It has been reported that the students were handed over to a drug cartel by the local police.¹³ The new gendarmerie has also faced criticism, with one Mexican security analyst describing it as being as effective as 'aspirin for cancer'.¹⁴

¹⁰ International Monetary Fund, World Economic Outlook Database, Oct. 2014, <<https://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx>>.

¹¹ For further details see chapter 10, section I, in this volume.

¹² Sanchez, R., Perez, E. and Labott, E., 'After years on run, Sinaloa cartel chief "El Chapo" Guzman arrested', CNN, 23 Feb. 2014, <<http://edition.cnn.com/2014/02/22/world/americas/mexico-cartel-chief-arrest/>>.

¹³ 'Mexico: officials searching for 43 missing students find human remains', *The Guardian*, 28 Oct. 2014.

¹⁴ Archibald, R. C., 'Elite Mexican police corps targets persistent violence, but many are skeptical', *New York Times*, 22 Aug. 2014; and López, A., 'El combate al crimen y el aumento de los gastos en defensa y seguridad en México' [The fight against crime and increased defence and security spending in Mexico], *Infodefensa*, 23 Dec. 2014, <<http://www.infodefensa.com/latam/2014/12/23/noticia-combate-crimen-aumento-gastos-defensa-seguridad-mexico.html>>.

Africa

Africa once again saw the largest year-on-year percentage increase in military expenditure of any region in 2014, by 5.9 per cent, to \$50.2 billion. Military spending in the region has risen by 91 per cent since 2005. Algeria and Angola continued their rapid growth in spending, by 12 per cent and 6.7 per cent, respectively, financed by high oil revenues. This took their respective spending on the military to well over 5 per cent of GDP. It remains to be seen whether the substantial fall in oil prices in late 2014 will halt this trend. While Algeria and Angola have played significant roles in driving the growth in military spending in Africa, 31 of the 37 African countries for which SIPRI has data for 2005 and 2014 have increased military spending during that time, and 11 of them have doubled spending.

Nigeria's budgeted military expenditure fell in 2014 for the third year running, by 9.3 per cent to \$2.3 billion. Nonetheless, the total is 79 per cent higher than in 2005, and the budgeted figure does not include a \$1 billion loan approved by the Nigerian Congress in October 2014 for military hardware and training to fight the militant group Boko Haram, which launched a new round of intense insurgent activity in the north of the country.¹⁵ In 2014 Boko Haram displayed a new ability to strike at strategic targets such as military bases and infrastructure—even capturing and holding territory.¹⁶ The severity of the Boko Haram insurgency means that military spending is likely to remain a relatively high priority in the near future, and the \$1 billion loan is an indication of this.

Despite the substantial growth in Nigeria's military spending over the years, the Nigerian armed forces have proved ineffective at combating the insurgency. Troops have fled in the face of Boko Haram attacks on numerous occasions and there are even reports of collusion between commanders of the armed forces and the militant group.¹⁷ Among the most frequently cited reasons for this poor performance are rampant corruption, which means that much of the defence budget fails to reach front-line troops and leads to unpaid salaries, a lack of key equipment and general demoralization, as well as susceptibility to bribery by Boko Haram itself. In addition, the severity of the human rights abuses committed during the army's apparently successful crackdown on Boko Haram in 2009–10 alienated much of the local population. Finally, only a small proportion of the budget

¹⁵ 'Jonathan gets approval to borrow \$1 billion to fight Boko Haram', *Premium Times*, 25 Sep. 2014, <<http://www.premiumtimesng.com/news/168645-jonathan-gets-approval-to-borrow-1billion-to-fight-boko-haram.html>>.

¹⁶ See e.g. Pérouse de Montclos, M., *Nigeria's Interminable Insurgency? Addressing the Boko Haram crisis* (Royal Institute for International Affairs: London, 2014).

¹⁷ Mbachau, D., 'Nigerian troops say corruption saps will to fight Islamists', Bloomberg News, 16 July 2014.

is spent on equipment.¹⁸ Just 35.4 billion naira (\$215 million) of a total of 350 billion naira (\$2.1 billion) for the main defence budget was allocated to capital expenditure in 2014, the rest was for personnel and overhead costs.¹⁹

Boko Haram's attacks have also crossed the border into neighbouring Cameroon and Chad, increasing the involvement of their respective security forces. Cameroon cut its military spending slightly in 2014, but has budgeted an increase in 2015 and is acquiring new weapons, chiefly from Russia, largely to aid in the fight against the group.²⁰ Figures on Chad's military expenditure are not available after 2011, but as a result of major new oil exploitation activities that began in 2005, its military spending increased more than eight-fold between 2005 and 2011 to \$610 million. In early 2015 Chad sent several thousand troops into Cameroon to reinforce Cameroonian forces seeking to withstand Boko Haram attacks.²¹

The Middle East

The Middle East region includes 3 of the world's top 15 military spenders: Saudi Arabia (ranked 4th), the United Arab Emirates (UAE, ranked 14th) and Turkey (ranked 15th). Total military spending in the Middle East amounted to \$196 billion in 2014, a rise of 5.2 per cent on 2013 and 57 per cent since 2005. The largest increases in the period 2005–14 were by Iraq (286 per cent), the UAE (135 per cent), Bahrain (126 per cent) and Saudi Arabia (112 per cent). All these countries are major oil producers, and they were boosted by high oil prices throughout the period. In contrast, Turkey's military spending grew by only 15 per cent between 2005 and 2014.

The latest available figure for Qatar's military expenditure is for 2010, when it was estimated to be \$1.9 billion. However, there are strong indications that its spending had increased significantly by 2014. Qatar began a major expansion of its armed forces around 2012, and it announced orders for weapons worth \$23.9 billion in March 2014.²²

¹⁸ Mbachau (note 17); Wrong, M., 'Why are Africa's militaries so disappointingly bad?', *Foreign Policy*, 6 June 2014, <<http://foreignpolicy.com/2014/06/06/why-are-africas-militaries-so-disappointingly-bad/>>; and Pérouse de Montclos (note 16).

¹⁹ The remaining 24 billion naira in the SIPRI total for Nigeria in 2014 is for additional spending on internal military operations by the armed forces. Federal Republic of Nigeria, Budget Office of the Federation, 2014 Appropriations Act, <<http://www.budgetoffice.gov.ng/index.php/using-joomla/extensions/components/content-component/article-categories/74-2014-appropriation-act>>.

²⁰ 'Cameroon to receive Russian weapons', *defenceWeb*, 20 Jan. 2015, <http://www.defenceweb.co.za/index.php?option=com_content&view=article&id=37607:cameroon-to-receive-russian-weapons&catid=50:Land&Itemid=105>.

²¹ Chintom, N. K., 'Boko Haram strikes in Cameroon as foreign troops arrive from Chad', CNN, 18 Jan. 2015, <<http://edition.cnn.com/2015/01/18/africa/cameroon-chad-troops-boko-haram/>>.

²² Pape, A., 'Qatar announces USD 24 billion in defence orders', *Jane's Defence Weekly*, 26 Mar. 2014.

Israel's expenditure remained relatively stable throughout the period 2005–14. Based on the available data, there was a decline in spending of 8 per cent in 2013–2014, but the final figure for 2014 is likely to be considerably higher due to additional allocations made during the year. In particular, the war in Gaza in the summer of 2014 was estimated to have cost \$2.5 billion.²³

The official Saudi Arabian budget for what it terms 'defence and security' was \$80.8 billion in 2014, 17 per cent higher than in 2013. There are questions about what is included in the Saudi budget, for which only a single total figure is published. It may include funding for certain police or anti-terrorist units that are not covered by SIPRI's definition of military expenditure. On the other hand, there may be extra-budgetary spending that is not publicly reported. For example, in late 2014 Saudi Arabia became involved in military action against the Islamic State (IS). It also provided Lebanon with \$4 billion to support its military. This type of transaction would be included in SIPRI's definition of military spending.²⁴ It is not clear whether such spending is included in the published budget.²⁵ However, it has been reported that actual Saudi Government spending in 2014 was 29 per cent over budget, partly due to unspecified international financial aid.²⁶ Similarly, in the case of the UAE it is not known whether its military operations, such as those against IS and in Libya in 2014, are accounted for in its budgets.²⁷

The price of oil fell rapidly in 2014, and in January 2015 the price of Brent crude had fallen below \$54 per barrel—its lowest level for over five years.²⁸ The state budget in Saudi Arabia is estimated to be dependent on oil income for around 90 per cent of total revenues, while in the UAE oil income accounts for over 60 per cent of government revenue.²⁹ This raises the question of how the fall in the price of oil might affect the total budgets and military expenditure of Saudi Arabia and the UAE. In 2014 military expenditure accounted for 10.4 per cent of Saudi Arabia's GDP and 5.1 per

²³ Opall-Rome, B., 'Israel to trim 2014 budget to cover war cost, boost MoD', *Defense News*, 6 Sep. 2014.

²⁴ Naylor, H., 'Rivals Tehran, Riyadh pledge billions to Lebanon's army', *Washington Post*, 4 Nov. 2014.

²⁵ British Foreign and Commonwealth Office, 'Saudi Arabia: record budget for 2015', Trade and investment research and analysis, 5 Jan. 2015, <<https://www.gov.uk/government/publications/saudi-arabia-record-budget-for-2015/saudi-arabia-record-budget-for-2015>>.

²⁶ 'Saudi Arabia projects its biggest deficit ever after oil crash', *Business Insider*, 25 Dec. 2014, <<http://uk.businessinsider.com/afp-saudi-projects-huge-deficit-as-oil-price-drop-bites-2014-12?r=US>>.

²⁷ 'Libya's Haftar confirms military support for Operation Dignity from Egypt and UAE', *Middle East Eye*, 30 Jan. 2015, <<http://www.middleeasteye.net/news/libyas-haftar-confirms-support-operation-dignity-egypt-and-uae-1265705213>>; and see also chapter 10, section I, in this volume.

²⁸ Vardi, N., 'Saudi Arabia's \$750 billion bet drives Brent oil below \$54', *Forbes*, 5 Jan. 2015.

²⁹ 'Saudi Arabia projects its biggest deficit ever after oil crash' (note 26); and Kassem, M., 'UAE banks expected to shake off oil fall in latest earnings results', *The National* (UAE), 12 Jan. 2015.

cent of the UAE's GDP. However, Saudi Arabia had built up large foreign currency reserves, reportedly of \$750 billion in 2014, enabling it to withstand the impact of a low oil price for a number of years.³⁰ The UAE also expected its large financial surpluses and foreign currency reserves to protect it from changes in oil revenues.³¹

At a time of high levels of threat perception, neither state is likely to depart substantially from a security policy in which military capability plays a central role. Saudi Arabia and the UAE are investing heavily in new military equipment, including ballistic missile defence and long-range strike systems, that appears to be aimed at deterring Iran.³² Both Saudi Arabia and the UAE have made use of military force on several occasions in recent years. For example, in 2014 Saudi Arabia and the UAE participated in air strikes against IS, and (as noted above) Saudi Arabia funded Lebanese arms procurement to deal militarily with IS and other armed non-state groups.³³ In 2011 both countries deployed military forces to Bahrain to help the Bahraini Government suppress protest movements.³⁴ In 2009–10 and again in 2015 Saudi Arabia took military action against Houthi rebels in Yemen.³⁵

The largest military spenders in 2014

The list of the 15 largest military spenders worldwide in 2014 contains the same countries as in 2013, but with a number of changes in order (see table 9.3). India moved up from 9th position to 7th, exchanging places with Japan, while Brazil and Italy swapped places at 11th and 12th. The biggest increases among countries on the list were by Saudi Arabia (17 per cent), China (9.7 per cent) and Russia (8.1 per cent), thus reaffirming their positions as the 4th, 2nd and 3rd largest spenders worldwide, respectively. Australia saw a notable rise in expenditure (6.8 per cent), reversing three years of falling spending. The biggest falls were by Italy (8.8 per cent), due to its continuing economic problems, the USA (6.5 per cent, see section II) and the UAE (5.5 per cent). Despite its decrease in spending in 2014, the UAE's total is still 135 per cent higher than in 2005. Other changes in military spending in 2014 were small, with slight increases in India and South

³⁰ Farrell, S., 'Saudi Arabia can last eight years on low oil prices, says former adviser', *The Guardian*, 19 Jan. 2015; and Vardi (note 28).

³¹ Saadi, D., 'Financial surpluses will protect UAE from oil plunge', *The National* (UAE), 16 Dec. 2014.

³² Wezeman, P. D., 'Conventional strategic military capabilities in the Middle East', eds H. Müller and D. Müller, *WMD Arms Control in the Middle East* (Ashgate: Farnham, Surrey, Feb. 2015), pp. 185–92.

³³ See chapter 10, section I in this volume; and Naylor (note 24).

³⁴ Bronner, E. and Slackman, M., 'Saudi troops enter Bahrain to help put down unrest', *New York Times*, 14 Mar. 2011.

³⁵ Walid, T., 'Yemen Shi'ite rebels say 16 dead in Saudi airstrikes', *Reuters*, 4 Jan. 2010.

Table 9.3. The 15 countries with the highest military expenditure in 2014

Spending figures are in US\$, at current prices and exchange rates. Countries are ranked according to military spending calculated using market exchange rates (MER).

Rank		Country	Spending, 2014 (\$ b., MER)	Change, 2005–2014 (%)	Share of GDP (%) ^b		World share, 2014 (%)	Spending, 2014 (\$ b., PPP) ^c
2014	2013 ^a				2014	2005		
1	1	USA	610	-0.4	3.5	3.8	34	640
2	2	China	[216]	167	[2.1]	[2.0]	[12]	[364]
3	3	Russia	[84.5]	97	[4.5]	[3.6]	[4.8]	[159]
4	4	Saudi Arabia	80.8	112	10.4	7.7	4.5	171
5	5	France	62.3	-3.2	2.2	2.5	3.5	56.7
Subtotal top 5			1 054	59	..
6	6	UK	60.5	-5.5	2.2	2.4	3.4	52.6
7	9	India	50.0	39	2.4	2.8	2.8	173
8	8	Germany	[46.5]	-0.8	1.2	1.4	2.6	45.0
9	7	Japan	45.8	-3.7	1.0	1.0	2.6	47.5
10	10	South Korea	36.7	34	2.6	2.5	2.1	46.0
Subtotal top 10			1 293	73	..
11	12	Brazil	31.7	41	1.4	1.5	1.8	44.6
12	11	Italy	30.9	-27	1.5	1.9	1.7	30.6
13	13	Australia	25.4	27	1.8	1.8	1.4	19.3
14	14	UAE	[22.8]	135	[5.1]	[3.7]	[1.3]	[33.1]
15	15	Turkey	22.6	15	2.2	2.5	1.3	32.9
Subtotal top 15			1 427	80	..
World			1 776	21	2.3	2.4	100	..

[] = estimated figure; GDP = gross domestic product; PPP = purchasing power parity.

^a Rankings for 2013 are based on updated military expenditure figures for 2013 in the current edition of the SIPRI Military Expenditure Database. They may therefore differ from the rankings for 2013 given in the SIPRI Yearbook 2014 and in other SIPRI publications in 2014.

^b The figures for military expenditure as a share of gross domestic product (GDP) are based on estimates of 2014 GDP from the International Monetary Fund (IMF) World Economic Outlook database, Oct. 2014.

^c The figures for military expenditure at PPP exchange rates are estimates based on the projected implied PPP conversion rates for each country from the IMF World Economic Outlook database, Oct. 2014.

Sources: SIPRI Military Expenditure Database, <<http://www.sipri.org/databases/milex/>>; and IMF, World Economic Outlook database, Oct. 2014, <<https://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx>>.

Korea, a small decrease in Brazil and virtually no change in France, Germany, Japan, Turkey and the United Kingdom. The top 15 accounted for 80 per cent of total military spending in 2014, a share that has been fairly stable over the years.