

9. Military expenditure

Overview

World military expenditure is estimated to have been \$1686 billion in 2016, equivalent to 2.2 per cent of the global gross domestic product (GDP) or \$227 per person (see section I and table 9.1 in this chapter). Total global expenditure in 2016 was roughly constant compared with 2015, being only 0.4 per cent higher in real terms.

Military expenditure in North America saw its first annual increase since 2010, while in Western Europe spending was up by 2.6 per cent compared with 2015. Spending continued to rise in Asia and Oceania, and Eastern Europe. By contrast, military spending fell in Africa, South and Central America and the Caribbean and those countries in the Middle East for which data is available. Overall, the increases in military spending in Asia and Oceania, Europe and North America have been almost completely offset by decreases in the rest of the developing world.

With a total of \$611 billion, the United States remained the largest military spender in 2016. Its spending grew by 1.7 per cent compared with 2015—the first annual increase since 2010 when US military expenditure reached its peak. Although there is some uncertainty as to how US military spending will evolve over the next few years, the National Defense Budget Estimates anticipate modest growth in arms procurement spending in 2017, with more substantial increases in 2018–21 (see section II).

The sharp fall in the price of oil and the continued price slump since late 2014 have had a significant impact on many oil export-dependent countries. In countries where there has been a close correlation between high oil prices and rising military spending over the past 10 years, the fall in the price of oil has resulted in large reductions in military expenditure (see section III). The decrease in oil revenue has forced many oil exporting countries to cut their total government budget, including military spending. In Africa, South and Central America and the Middle East, the decrease in military spending in a few oil exporting countries has had a major effect on the wider regional trends.

Cuts in government spending have led to resource prioritization choices and a trade-off between military and social expenditure. During the period since the oil price crash, evidence from national reports of oil export-dependent countries indicate, on average, a decrease in military spending that is relatively larger than the decreases in spending in social sectors such as education or health.

In 2016 the SIPRI military expenditure project fulfilled a long-held ambition by publishing an expanded military expenditure data set, going back in some

cases as far as 1949 (see section IV). Despite the low level of transparency in military expenditure in many countries and the challenges posed by resource limitations, substantial extensions of the data in constant and current US dollars as well as for military spending as a share of GDP were possible in most cases. The extended data set offers interesting opportunities for new research and insights into the dynamics of military spending and has already been the subject of numerous research papers. The data also enables the exploration of long-term trends in military expenditure in different regions and countries, covering both the cold war and post-cold war periods.

Data for North America and Western Europe is the most complete and goes back as far as 1949. Data for Oceania extends back to 1956, while data for South and Central America and the Caribbean goes back to 1960. Military spending in Africa can be tracked back to 1966, but due to issues of transparency and the fact that some countries came into existence only comparatively recently, the data is not as consistent or as reliable as for other regions. Spending for Asia extends to 1975, but information for China is only available from 1989. Similarly, data for many Central and Eastern European countries is only available from 1992. Military expenditure data for the Middle East extends back to 1980.

There were some notable developments in transparency in military expenditure data in 2016 (see section V). Although the level of voluntary reporting to the United Nations remains low, many states publish military spending information in government reports, budgets and other publicly accessible resources. Incomplete and inaccurate information on military spending continues to be a problem due to its association with national security. However, national transparency has improved in many cases, including in Chile following the publication of the Copper Law in 2016 and in Sudan due to increased data availability. In 2016 SIPRI collected reliable and consistent military spending data from government publications for 148 countries.

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