

8. Military expenditure

Overview

World military expenditure is estimated to have been US\$1981 billion in 2020, which is equivalent to around \$254 per person. Total spending was 2.6 per cent higher than in 2019 and 9.3 per cent higher than in 2011 (see section I). The global military burden—world military expenditure as a share of world gross domestic product (GDP)—rose by 0.2 percentage points in 2020, to 2.4 per cent. This was the biggest increase in military burden since the 2009 global financial and economic crisis.

Military spending increased in 2020 in each of the four regions for which SIPRI can provide an estimate (see section II). The rate of increase was highest in Africa, where spending rose by 5.1 per cent to \$43.2 billion. This was followed by Europe, with growth of 4.0 per cent to \$378 billion in 2020. Spending by countries in the Americas rose by 3.9 per cent to \$853 billion and by those in Asia and Oceania by 2.5 per cent to \$528 billion. No regional estimate can be made for the Middle East due to missing data from two known large spenders in the region (Qatar and the United Arab Emirates) and two countries affected by conflict (Syria and Yemen). The combined military spending in the 11 countries in the Middle East for which data was available decreased by 6.5 per cent in 2020.

While the Covid-19 pandemic will have a clearer impact on military spending in the coming years, four general points can already be made about its impact in 2020. First, several countries (e.g. Angola, Brazil, Chile, Kuwait, Russia and South Korea) are known to have reduced or diverted military spending to address the pandemic. Second, one country—Hungary—took the opposite course and increased its military spending in 2020 as part of a financial stimulus package in response to the pandemic. Arguments linking higher military spending and economic recovery are likely to be made in more countries. Third, the military burden in a majority of states increased in 2020. Fourth, most countries have used military assets, especially personnel, to help with the outbreak of Covid-19 and to contain its spread.

The military expenditure of the United States in 2020 totalled an estimated \$778 billion, a 4.4 per cent increase since 2019 but a 10 per cent decrease since 2011. The 2020 financial year marked the third consecutive year of growth in US military spending, following continuous real-terms declines between 2010—when US spending peaked—and 2017. Budget items that contributed to this recent episode of growth in the USA's military spending include research and development, upgrading its nuclear arsenal and large-scale arms acquisitions.

Looking ahead, the incoming administration of Joe Biden is unlikely to propose any major cuts to the defence budget.

China's military expenditure is estimated to have totalled \$252 billion in 2020, representing an increase of 1.9 per cent since 2019 and of 76 per cent since 2011. Chinese spending has risen for 26 consecutive years—the longest streak of uninterrupted increases by any country in the SIPRI Military Expenditure Database. The Chinese economy managed to rebound fairly quickly from pandemic-related restrictions. This suggests that China is likely to be one of the few countries that is able to fund a continued increase in military spending in the future without an increase in its military burden.

India, with spending of \$72.9 billion, was the third highest spender in the world. It increased its military spending by a moderate 2.1 per cent in 2020. Russia's total military spending was \$61.7 billion. This was 2.5 per cent higher than in 2019, but 6.6 per cent lower than the initial budget for 2020, reflecting the far-reaching economic consequences of Covid-19. The gap in spending included a shortfall of around \$1 billion probably linked to the State Armament Programme. The fifth biggest spender, the United Kingdom, raised its military expenditure by 2.9 per cent in 2020. This was the second highest growth rate in a decade, which until 2017 was characterized by military spending cuts.

The accuracy of the above figures depends on government transparency in military expenditure. Transparency also fulfils a number of other functions: it is a key element of good governance, adequate management and government accountability. Most countries included in the SIPRI Military Expenditure Database provide data on military spending in official government reports. However, information is sometimes difficult to access and the reporting in government publications varies widely in many aspects of transparency.

One possible factor influencing transparency is the quality of democratic institutions, as demonstrated by the case of South East Asia (see section III). Basic indicators of national transparency—accessibility, availability, classification, comprehensiveness, disaggregation and the stage of the budgeting process at which reporting takes place—show that overall transparency in government reporting on military spending in this subregion is fairly good. Five countries (Indonesia, Malaysia, the Philippines, Thailand and Timor-Leste) are transparent, three countries (Cambodia, Myanmar and Singapore) have partial transparency, and only Brunei Darussalam, Laos and Viet Nam are judged to have limited or no transparency. The five most transparent countries are also among those that rank highest in terms of measures of democracy in the subregion.