

II. Regional developments in military expenditure, 2020

NAN TIAN, LUCIE BÉRAUD-SUDREAU, DIEGO LOPES DA SILVA
AND ALEXANDRA MARKSTEINER

The global total military expenditure of US\$1981 billion in 2020 was heavily skewed towards two of the world's five regions.¹ The Americas (43 per cent) and Asia and Oceania (27 per cent) together account for more than two-thirds of the world total. Europe was the region with the third highest spending in 2020, with 19 per cent of the total. Africa accounted for the smallest share, with only 2.2 per cent of global military expenditure. The Middle East is estimated to have accounted for roughly 9.0 per cent of the total.

This section reviews military expenditure developments in each of the world's five regions over the period 2011–20. It also describes how specific circumstances affected individual countries' spending decisions and which of these affect the subregional and regional trends. On global trends and the top spenders, see section I.

Africa

Military expenditure in Africa is estimated to have totalled \$43.2 billion in 2020, a real-terms increase of 5.1 per cent since 2019 (see table 8.5).² Over the period 2011–20, spending by countries in Africa followed three distinct trends. It first increased in 2011–14, followed by decreases in 2015–18 and then two consecutive years of increase to give an overall growth of 11 per cent.

North Africa

Spending by countries in North Africa rose by 6.4 per cent to \$24.7 billion in 2020, representing 57 per cent of total spending in Africa.³ Since 2011, spending in the subregion has followed an increasing trend, with seven years of increase (2011–15 and 2019–20) and three years of minor decrease (2016–18) to give an overall increase of 42 per cent (see figure 8.3). This upward trend has been underpinned by the long-standing tensions between

¹ All figures for spending in 2020 are quoted in current 2020 US dollars. Except where otherwise stated, figures for increases or decreases in military spending are expressed in constant 2019 US dollars, often described as changes in 'real terms' or adjusted for inflation.

All SIPRI's military expenditure data is freely available in the SIPRI Military Expenditure Database, <<http://www.sipri.org/databases/milex>>. The sources and methods used to produce the data discussed here are summarized in boxes 8.1–8.3 in section I and are presented in full on the SIPRI website, <<https://www.sipri.org/databases/milex/sources-and-methods>>.

² This total excludes Djibouti, Eritrea and Somalia, for which it was impossible to make a reliable series of estimates for inclusion in the regional total.

³ No information on Libya's military spending since 2015 could be found. An estimate of Libya's spending is included in the subregional and regional totals.

Table 8.5. Key military expenditure statistics by region and subregion, 2020

Expenditure figures are in US\$, at current prices and exchange rates. Changes are in real terms, based on constant (2019) US dollars.

Region/ subregion	Military expenditure, 2020 (US\$ b.)	Change (%)		Major changes, 2019–20 (%) ^d			
		2019–20	2011–20	Increases		Decreases	
World	1 981	2.6	9.3				
<i>Africa^b</i>	(43.2)	5.1	11				
North Africa	(24.7)	6.4	42	Uganda	46	Sudan	–37
Sub-Saharan Africa ^b	18.5	3.4	–13	Chad	31	Togo	–34
				Nigeria	29	Mozambique	–24
				Mauritania	23	Burundi	–23
<i>Americas^c</i>	853	3.9	–8.4				
Central America and the Caribbean ^c	8.6	–0.2	40	El Salvador	17	Trinidad and Tobago	–8.8
North America	801	4.3	–9.6	Uruguay	9.1	Jamaica	–6.9
South America	43.5	–2.1	6.2	USA	4.4	Ecuador	–6.5
				Paraguay	3.9	Honduras	–3.7
<i>Asia and Oceania^d</i>	528	2.5	47				
Central Asia ^e	1.9	–8.4	47	Myanmar	41	Kazakhstan	–9.2
East Asia ^f	359	2.3	53	Afghanistan	16	Sri Lanka	–8.2
Oceania	30.7	5.6	35	Mongolia	7.3	Pakistan	–2.8
South Asia	90.1	1.3	36	Cambodia	6.6	Nepal	–0.9
South East Asia	45.5	5.2	36				
<i>Europe</i>	378	4.0	16				
Central Europe	33.6	6.0	74	Montenegro	29	Bulgaria	–44
Eastern Europe	71.7	3.4	31	Romania	21	Serbia	–5.0
Western Europe	273	3.9	8.5	Hungary	20	Greece	–4.3
				Azerbaijan	17	Armenia	–2.6
<i>Middle East^g</i>				
				Egypt	7.3	Saudi Arabia	–10
				Israel	2.7	Iraq	–9.8
				Jordan	2.5	Bahrain	–7.9

.. = data not available; () = uncertain estimate.

^a These lists show the countries with the largest increases or decreases for each region as a whole, rather than by subregion. Countries with a military expenditure in 2020 of less than \$100 million, or \$50 million in Africa, are excluded.

^b Figures exclude Djibouti, Eritrea and Somalia.

^c Figures exclude Cuba.

^d Figures exclude North Korea, Turkmenistan and Uzbekistan.

^e Figures exclude Turkmenistan and Uzbekistan.

^f Figures exclude North Korea.

^g No SIPRI estimates for the Middle East are available for 2015–20. A rough estimate for the Middle East (excluding Syria) is included in the world total.

Source: SIPRI Military Expenditure Database, Apr. 2021.

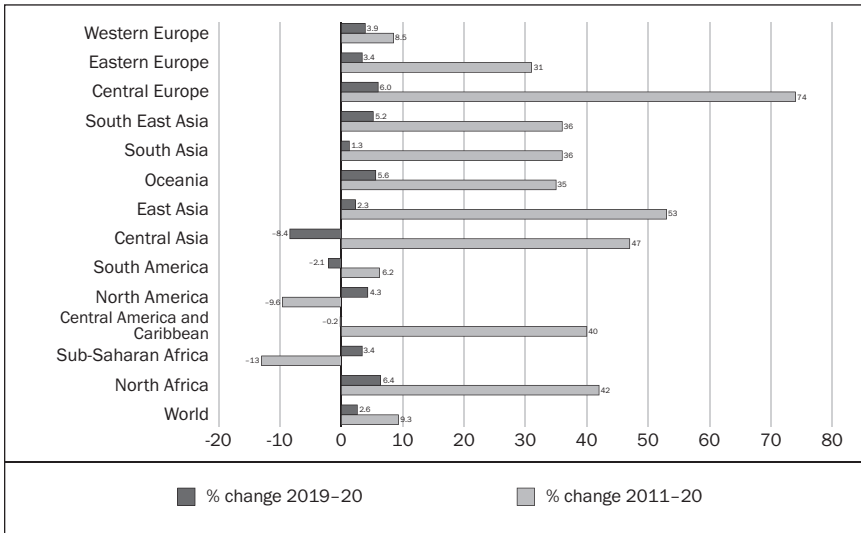


Figure 8.3. Changes in military expenditure by subregion, 2011–20 and 2019–20

Note: No estimate of change in military expenditure in the Middle East is given since data for 2015–20 is highly uncertain. However, an estimate for the Middle East is included in the estimated world total.

Source: SIPRI Military Expenditure Database, Apr. 2021.

Algeria and Morocco, along with their ongoing expansion of military capabilities and Morocco's conflict with the Polisario Front in Western Sahara.⁴

With a total of \$9.7 billion in 2020, Algeria's spending was 3.4 per cent lower than in 2019, but it remained by far the largest spender in North Africa and in Africa, accounting for 39 per cent of the subregional total and 22 per cent of the regional total. Algeria's military spending rose almost continuously over the past two decades, and particularly in the period 2004–16 when it rose to an all-time high. Since 2016 the fall in oil prices has had a substantial impact on its military spending.⁵ Between 2016 and 2020, Algeria's spending fell in every year except 2019 and fell overall by 5.3 per cent. The large fall in gross domestic product (GDP) related to the Covid-19 pandemic resulted in an increase in Algeria's military burden by 0.7 percentage points to 6.7 per cent of GDP, the highest in Africa and the third highest in the world.

⁴ On developments in Western Sahara see chapter 6, section IV, in this volume. See also Baudais, V., Bourhrou, A. and O'Driscoll, D., *Conflict Mediation and Peacebuilding in the Sahel*, SIPRI Policy Paper no. 58 (SIPRI: Stockholm, Jan. 2021), pp. 3–4; and North African Post, 'Morocco maintains army modernisation plan', 3 June 2020.

⁵ International Monetary Fund (IMF), *Algeria: Staff Report for the 2018 Article IV Consultation* (IMF: Washington, DC, 15 May 2018).

In 2020 Morocco's military spending reached \$4.8 billion, 29 per cent more than in 2019 and 54 per cent higher than in 2011. A range of factors have contributed to the recent increase in Morocco's spending; these include a large arms procurement programme that started in 2017, the conflict with the Polisario Front and regional tensions.⁶

Sub-Saharan Africa

Military spending in sub-Saharan Africa reached \$18.5 billion in 2020, up 3.4 per cent from 2019, but 13 per cent lower than in 2011.⁷ The estimated increase in 2020 was the first in the subregion since 2014. In contrast to North Africa, military spending in sub-Saharan Africa was on a downward trend over the decade 2011–20.

The general trend and the changes in subregional spending can be explained by a combination of underlying factors that have affected the established major spenders in sub-Saharan Africa (i.e. Angola, Nigeria, South Africa and Sudan) and emerging high spenders (e.g. Chad, Kenya, Tanzania and Uganda).

For countries such as Chad, Kenya, Nigeria, Sudan and Uganda, armed conflict, counterterrorism measures and the fight against Islamist extremism (e.g. al-Shabab in Kenya and Boko Haram in Chad and Nigeria) have been persistent challenges over the past 10 years.⁸ These types of security concern have had a profound impact in driving up military expenditure. For example, as Uganda continued to fight an insurgency by the Allied Democratic Forces (ADF), it increased its military spending by 53 per cent in 2019 and by 46 per cent in 2020.⁹ A similar pattern can be seen in Kenya, where the threat of al-Shabab has led to an increase in spending on military procurement.¹⁰ Although Kenya's military spending was down 1.8 per cent in real terms in 2020, it was 17 per cent higher than in 2011.

⁶ Lebovich, A., 'Why the Western Sahara dispute could escalate conflicts across North Africa and the Sahel', Commentary, European Council of Foreign Relations, 17 Dec. 2020. See also chapter 6, section IV, in this volume.

⁷ The total for sub-Saharan Africa excludes the Comoros and Sao Tome and Principe, which are not in the SIPRI Military Expenditure Database and are assumed to have low expenditure, and Djibouti, Eritrea and Somalia (see note 2).

⁸ See e.g. Tian, N. et al., 'Regional developments in military expenditure, 2019', *SIPRI Yearbook 2020*, pp. 236–38. On the armed conflicts in sub-Saharan Africa see chapter 7 in this volume.

⁹ Kyeyune, M., 'Defence plans to spend Shs 3 trillion from June', *Daily Monitor* (Kampala), 31 Mar. 2020; and Republic of Uganda, *Approved Estimates of Revenue and Expenditure (Recurrent and Development) FY 2020/21*, vol. 1, *Central Government Votes for the Year Ending on the 30th June 2021* (Republic of Uganda: Kampala, [2020]), pp. 137–49.

¹⁰ Otieno, B., 'KDF gets Sh24bn to buy weapons in EA arms race', *Business Daily* (Nairobi), 14 May 2019.

The economic impact of violent conflicts generated by Islamist extremism can also constrain military spending.¹¹ For example, Chad's military expenditure totalled \$323 million in 2020. While this was 31 per cent higher than in 2019, it was still 46 per cent lower than in 2011. The effects of the armed conflict around the Lake Chad Basin mean that Chad's economy was extremely unstable over the period 2011–20, with four years of economic contraction and six years of economic growth.¹² This volatility is reflected in the country's military expenditure, with five years of decrease and five years of increase since 2011.

Other external factors may affect the spending allocations of sub-Saharan African countries, such as fluctuations in commodity markets. Many countries in the subregion are heavily reliant on exports of natural resources. The boom and bust of these resources, often linked to the global economy and demand, has shaped the level and dynamic of many countries' military expenditure. Two of the major spenders in the subregion—Angola and Nigeria—have been particularly affected by this.

In 2020 Angola's military spending fell for the sixth consecutive year. At \$994 million, its spending in 2020 was 12 per cent lower than in 2019, 58 per cent lower than in 2011 and 73 per cent below its peak in 2014. Angola encapsulates the typical relationship between government spending, which includes military expenditure, and an economy driven by natural resource revenue.¹³ Over the period 2011–14 its military spending rose by 53 per cent and it became sub-Saharan Africa's largest spender. After reaching a peak of \$108 per barrel in June 2014, oil prices plunged to \$44 per barrel by January 2015.¹⁴ The military budget of Angola declined by 41 per cent in 2015, largely coinciding with the lower oil price.¹⁵ Since the 2014 oil price shock, oil prices have generally remained low and Angola's economy has failed to recover. This has had an effect on government spending, including on the military, and has been further exacerbated by the Covid-19 pandemic.

¹¹ Novta, N. and Pugacheva, E., 'The macroeconomic costs of conflict', *Journal of Macroeconomics*, vol. 68 (June 2021), p. 4; and Adhvaryu, A. et al., 'Resources, conflict, and economic development in Africa', *Journal of Development Economics*, vol. 149 (Mar. 2021), p. 3.

¹² Chad's GDP, as estimated by the IMF, rose in 2011–14, 2018 and 2019 and fell in 2015–17 and 2020. International Monetary Fund (IMF), International Financial Statistics Database, Oct. 2020, <<http://data.imf.org/IFS>>. On the armed conflict in the Lake Chad region see chapter 7, section II, in this volume.

¹³ Da Costa António, A. E. and Rodriguez-Gil, A., 'Oil shocks and fiscal policy procyclicality in Angola: Assessing the role of asymmetries and institutions', *Review of Development Economics*, vol. 24, no. 1 (Feb. 2020), pp. 212–13.

¹⁴ Maed, D. and Stiger, P., 'The 2014 plunge in import petroleum prices: What happened?', *Beyond the Numbers* (US Bureau of Labour Statistics), vol. 4, no. 5 (May 2015), p. 5.

¹⁵ On this phenomenon see Tian, N. and Lopes da Silva, D., 'Debt, oil price and military expenditure', *SIPRI Yearbook 2018*.

Amid continued conflict and insecurities in and around Nigeria, its military spending rose by 29 per cent to reach \$2.6 billion in 2020.¹⁶ This increase was the highest relative and absolute increase since 2001 and was entirely due to a substantial increase (80 per cent) in recurrent expenditure, rather than capital spending on equipment.¹⁷ Disaggregated information shows this increase to be mostly for the Nigerian Army, which received 105 per cent more funding in 2020 than in 2019.¹⁸ A specific increase for the Nigerian Army was the near threefold increase in 'non regular allowances'. Despite the impacts of Covid-19 and low oil prices on the Nigerian economy, the government did not reduce its 2020 military budget when it had the opportunity to do so in July 2020.¹⁹ Moreover, Nigeria's budget for 2021 includes an estimated 9.4 per cent increase in the military budget.²⁰

The Americas

In its third consecutive year of growth, military expenditure in the Americas reached \$853 billion in 2020—3.9 per cent higher than in 2019.²¹ Three of the top 15 global spenders in 2020 are in the Americas: the United States (rank 1), Canada (rank 13) and Brazil (rank 15).

North American countries (i.e. the USA and Canada) slightly increased their share of total regional spending, reaching 94 per cent, while South America's share shrank from 6.3 per cent in 2019 to 5.1 per cent in 2020. This is mainly the result of changes in the USA, which has increased military spending for the past three years, and in Brazil, which cut military spending in 2020 largely due to the Covid-19 pandemic. The share of total regional spending of Central America and the Caribbean remained nearly unchanged, at 1.0 per cent.

North America

North America's military expenditure grew by 4.3 per cent in 2020, reaching \$801 billion. Global military spending is very responsive to fluctuations in this subregion, as North America's military expenditure accounted

¹⁶ Africa Research Bulletin, 'Nigeria: Threats have changed and multiplied', *Africa Research Bulletin: Political, Social and Cultural Series*, 22 Jan. 2020.

¹⁷ Federal Republic of Nigeria, '2020 Appropriation Amendment', 2020, pp. 116–23.

¹⁸ Federal Republic of Nigeria, '2019 Appropriation Act', 2019, pp. 23–29; and Federal Republic of Nigeria (note 17), pp. 116–23.

¹⁹ Nigerian Federal Budget Office, 'Revised Appropriation Bill 2020', 14 July 2020, pp. 3–6; and Onuah, F., 'Nigeria set to keep record 2020 budget to fight coronavirus despite earlier cut', Reuters, 13 May 2020.

²⁰ Federal Republic of Nigeria, '2021 Appropriation Act', Federal Office of the Federation of Nigeria, 31 Dec. 2020, pp. 9–12; and 'Nigeria's Buhari agrees record 2021 budget amid COVID-hit economy', *Africanews*, 31 Dec. 2020.

²¹ This total excludes Cuba, for which it was impossible to make a reliable series of estimates for inclusion in the regional total.

for 40 per cent of the world total in 2020. Despite rising since 2017, North America's military expenditure in 2020 was still 9.6 per cent lower than in 2011. The USA accounted for 99 per cent of the subregion's spending.

Central America and the Caribbean

Following a relatively high increase in 2019, military expenditure in Central America and the Caribbean remained almost unchanged in 2020, with a minor 0.2 per cent decrease to \$8.6 billion.²²

Mexico's military spending accounted for 71 per cent of the subregional total in 2020. About 3 per cent of the \$6.1 billion that Mexico spent on its military in 2020 was allocated to the National Guard, a police force created in 2019 to curb the growing criminal activity in the country.²³ The National Guard is a de facto paramilitary force, heavily equipped with military-grade weaponry and military personnel. The government plans to raise the National Guard's budget by 22 per cent in 2021.²⁴

Military spending in Guatemala, El Salvador and Honduras is also driven by criminal violence. These countries form Central America's Northern Triangle, the region with the highest homicide rates in the world outside war zones.²⁵ All three countries have used some form of military engagement to deal with the issue of criminal violence.²⁶ In El Salvador, the military have been fighting criminal gangs since the early 2000s. In 2020 President Nayib Bukele announced a further expansion of the armed forces' role in public security tasks.²⁷ El Salvador's military spending grew by 17 per cent in 2020, the fourth consecutive year of growth. The increase came amid heightened tensions between the Legislative Assembly and the president. In early 2020 Bukele pushed legislators to agree to a \$109 million loan to help to equip the military and the police in defence against organized crime. In an attempt to pressurize the Assembly for approval, the president entered the Legislative Palace with a group of armed soldiers.²⁸ The use of the armed forces to intimidate lawmakers raised serious concerns over El Salvador's democratic institutions.²⁹

²² The total for Central America and the Caribbean excludes Cuba (see note 21) and the small Caribbean states (e.g. Antigua and Barbuda, Grenada, and Saint Lucia), which are not in the SIPRI Military Expenditure Database and are assumed to have low expenditure.

²³ Tian et al. (note 8), pp. 238–39.

²⁴ *El Financiero*, 'Gobierno de AMLO pide 22% más presupuesto para la Guardia Nacional en 2021' [AMLO's government asks for 22% increase to the National Guard budget in 2021], 8 Sep. 2020.

²⁵ Cheatham, A., 'Central America's turbulent northern triangle', Background, Council on Foreign Relations, 1 Oct. 2019.

²⁶ Flores-Macías, G. A. and Zarkin, J., 'The militarization of law enforcement: Evidence from Latin America', *Perspectives on Politics*, published online 27 Dec. 2019.

²⁷ 'El Salvador: Bukele vuelve a rodearse de militares para criticar a congresistas' [El Salvador: Bukele again surrounds himself with military to criticize congressmen], *Deutsche Welle*, 19 Feb. 2020.

²⁸ Renteria, N., 'El Salvador president's power play stokes democracy concerns', *Reuters*, 11 Feb. 2020.

²⁹ 'El Salvador's president summons the army to bully congress', *The Economist*, 15 Feb. 2020.

South America

Military expenditure in South America fell by 2.1 per cent in 2020, to \$43.5 billion, but this was still 6.2 per cent higher than in 2011.

Brazilian military expenditure remained the third largest in the Americas notwithstanding a 3.1 per cent reduction. While the budget of the Brazilian Ministry of Defence (MOD) was 6.7 per cent higher than in 2019, the actual expenditure was much lower: only 88 per cent (\$19.7 billion) of the MOD budget was spent in 2020. In comparison, the MOD executed 94 per cent of its budget in 2019 and 92 per cent in 2018. Military spending seems set to rebound in 2021, with a budget proposal for a 4.8 per cent increase on the 2020 budget.³⁰ The request for an increase in 2021 comes amid continuous lobbying efforts from the armed forces to secure more resources for arms modernization.³¹ In July 2020 the MOD submitted to the Congress a revised version of the National Defence Strategy that proposed raising Brazil's military burden to 2 per cent from the level of 1.4 per cent in 2020.³²

Chile's initial military budget for 2020 totalled \$4.6 billion. This was a 2.8 per cent reduction on its military spending in 2019. In April 2020 the National Congress adjusted its initial budget to reallocate \$936 million intended to finance the modernization of Chile's fleet of F-16 combat aircraft to cover costs associated with the Covid-19 pandemic.³³

Argentina's military spending remained relatively unaltered in 2020, at \$2.9 billion, but there was an important change in the funding mechanism. In September 2020 the National Congress approved the creation of a National Defence Fund (Fondef) to finance arms acquisitions for the armed forces.³⁴ The fund is independent of the MOD budget and will receive a separate share of the state budget. Allocations will start at 0.5 per cent of the total state budget in 2021, increasing to 0.8 per cent from 2023 onwards.³⁵ The

³⁰ Sassine, V., 'Governo aumenta investimentos para projetos das Forças Armadas em 2021' [Government increases investment for armed forces projects in 2021], *O Globo*, 4 Sep. 2020.

³¹ Sassine (note 30).

³² Sant'Anna, L., 'Militares querem destinar 2% do PIB à Defesa' [The military wants 2% of GDP allocated to defence], *CNN Brasil*, 16 July 2020; and Brazilian Ministry of Defence (MOD), *Política Nacional de Defesa e Estratégia Nacional de Defesa* [National Defence Policy and National Defence Strategy] (MOD: Brasília, 22 July 2020).

³³ Squella, P., 'La actualización de los F-16 de la Fuerza Aérea de Chile está suspendida por el momento' [The upgrade of the Chilean Air Force's F-16s is suspended for the time being], *defensa.com*, 27 July 2020; and Squella, P., 'Crisis Coronavirus en : Expertos sugieren redestinar recursos de compras de armamento militar' [Coronavirus crisis in Chile: Experts suggest redirecting resources from military arms procurement], *defensa.com*, 27 Mar. 2020.

³⁴ Fondo Nacional de la Defensa [National Defence Fund], Argentine Law no. 27 565, of 1 Oct. 2020.

³⁵ Piscetta, J., 'El Senado avanza con la aprobación de un fondo de \$30 mil millones para reequipar a las Fuerzas Armadas' [Senate moves ahead with \$30 billion fund to re-equip the armed forces], *Infobae*, 16 Sep. 2020.

mechanism aims to address the historically low levels of military spending in the country since the end of the military dictatorship, in 1983.³⁶

Asia and Oceania

Military spending in Asia and Oceania totalled \$528 billion in 2020. Five of the top 15 global spenders in 2020 are in Asia and Oceania: China (rank 2), India (rank 3), Japan (rank 9), the Republic of Korea (South Korea, rank 10) and Australia (rank 12).

Military spending by states in Asia and Oceania was 2.5 per cent higher in 2020 than in 2019, continuing an uninterrupted upwards trend dating back to at least 1989. Asia and Oceania is the only region that has had continuous growth since 1989; and the growth of 47 per cent over the decade 2011–20 was by far the largest of any region.³⁷ The increase was due primarily to the military spending increases of China and India; in 2020, these together accounted for 62 per cent of total spending in the region, up from 48 per cent in 2011.

While spending increased in four of the five subregions in 2020, it fell by 8.4 per cent in Central Asia. Over the period 2011–20, there were substantial increases in all five subregions of Asia and Oceania, ranging from 35 per cent in Oceania up to 53 per cent in East Asia.

Only 6 of the 31 states in Asia and Oceania for which data was available reduced their military spending in 2020. The largest relative decrease was recorded by Kazakhstan (–9.2 per cent), followed by Sri Lanka (–8.2 per cent) and Pakistan (–2.8 per cent).

Central Asia

Data is available for three of the five countries in Central Asia: Kazakhstan, Kyrgyzstan and Tajikistan.³⁸ At \$1.9 billion, their spending accounted for only 0.4 per cent of total spending in Asia and Oceania. Spending by these three countries was down by 8.4 per cent in 2020 but was 47 per cent higher than in 2011.

Kazakhstan was the largest spender in Central Asia in 2020: its expenditure of \$1.7 billion was 89 per cent of the subregional total. The fall

³⁶ Battaglini, J., 'The politics of defense revival in Argentina', *Defense and Security Analysis*, vol. 29, no. 1 (2013); and Pardo, D., 'Por qué Argentina es el país que menos gasta en defensa en Sudamérica y cómo pudo eso afectar al submarino desaparecido ARA San Juan' [Why Argentina is the country that spends the least on defence in South America and how this may have affected the missing submarine ARA San Juan], BBC Mundo, 28 Nov. 2017.

³⁷ No data is available for North Korea, Turkmenistan or Uzbekistan for 2010–19 and they are not included in the totals for Asia and Oceania. Data for Myanmar and Viet Nam is included in the regional totals but is uncertain.

³⁸ No military spending information has been publicly available for Turkmenistan since 1999 and for Uzbekistan since 2003.

of 9.2 per cent in 2020 followed a year of exceptionally high spending in 2019, which was 29 per cent higher than in 2018.³⁹ Future spending plans announced in the 2020–22 multiyear budget include efforts to ‘optimise’ Kazakhstan’s military spending by reducing personnel costs and modernize the weaponry of its armed forces.⁴⁰

East Asia

Military spending in East Asia rose by 2.3 per cent in 2020 to reach \$359 billion, continuing the consistent trend of growth since 1995. Over the decade 2011–20 spending increased by 53 per cent. China accounted for 70 per cent of the spending in East Asia in 2020, but Japan (14 per cent) and South Korea (13 per cent) are also large spenders in the subregion.

Military spending in Japan was \$49.1 billion in 2020, 1.2 per cent higher than in 2019.⁴¹ Its growth rate of 2.4 per cent since 2011 was the lowest in both East Asia and Asia and Oceania. Japan’s military burden was 1.0 per cent in 2020 up 0.1 percentage points since 2019. Despite the contraction in the country’s GDP, Japan’s military burden has not exceeded the threshold of 1 per cent of GDP that has been a policy or guideline since 1976.⁴² On 21 December 2020 the Japanese Government presented a draft budget for the 2021 financial year which included a 4.3 per cent nominal increase in military spending.⁴³

The Japanese Government’s annual defence white paper for 2020 highlights the perceived threats from China and the Democratic People’s Republic of Korea (DPRK, or North Korea) as the main drivers for a need to expand military capabilities.⁴⁴ Japan’s perceived threat from Russia is generally much lower than those from China or North Korea, although, with specifically crafted wording, the white paper refers to the need for ‘close scrutiny’.⁴⁵

³⁹ Altynbayev, K., ‘Eyeing “plenty of threats”, Kazakhstan ramps up defence spending’, Caravanserai, 15 May 2019.

⁴⁰ Ashimov, A., ‘Kazakhstan to modernise armed forces’ weaponry in defence-spending plan’, Caravanserai, 14 Feb. 2020; and Kazinform, ‘Defense spending to fall in Kazakhstan in 2020’, Strategy 2050, 5 Feb. 2020.

⁴¹ The SIPRI figures for Japan do not include spending by the MOD on the large coastguard, which is considered a civilian police force.

⁴² Pryor, C. and Le, T., ‘Looking beyond 1 percent: Japan’s security expenditures’, *The Diplomat*, 3 Apr. 2018; and Jiji Press, ‘Japan’s record GDP drop seen even worse than preliminary 27.8%’, *Japan Times*, 2 Sep. 2020.

⁴³ Japanese Ministry of Defense (MOD), *Defense Programs and Budget of Japan: Overview of FY2021 Budget Request* (MOD: Tokyo, Sep. 2020), p. 2; and Kaneko, R., ‘Japan approves record defense budget for fiscal 2021 amid China threats’, *Japan Times*, 21 Dec. 2020.

⁴⁴ Japanese Ministry of Defense (MOD), *2020 Defense of Japan* (MOD: Tokyo, 2020), chapter 2, sections 2–3.

⁴⁵ Japanese Ministry of Defense (note 44), chapter 2, section 4, p. 120; and Oren, E. and Brummer, M., ‘How Japan talks about security threats’, *The Diplomat*, 14 Aug. 2020.

After two downward revisions to alleviate some of the adverse economic effects of the Covid-19 pandemic, South Korea's military spending in 2020 was \$45.7 billion. South Korea was one of the first countries to officially revise its military spending due to the impact of the pandemic and to support the country's economic relief effort, the Emergency Disaster Assistance Plan.⁴⁶ The plan drew finances from the education, industry, agriculture and environment ministries, among others, but the cut to the military budget was the largest.⁴⁷

Despite the two reductions, South Korea's military spending still increased by 4.9 per cent in 2020, although the rate of increase was lower than originally planned and lower than in 2018 and 2019. Between 2011 and 2020, spending grew by 41 per cent. Indeed, against the backdrop of a nuclear-armed rival in North Korea, South Korea's spending has increased for 21 consecutive years since 2000.⁴⁸ The 2021 national budget, passed by the National Assembly in December 2020, includes a 5.4 per cent nominal increase in the official defence budget.⁴⁹ The planned increase was justified by the perceived need to adequately prepare for both traditional threats and non-traditional threats such as nuclear weapons and infectious disease.⁵⁰

Oceania

At \$30.7 billion, military spending in Oceania rose by 5.6 per cent in 2020 and was 35 per cent higher than in 2011.

The increases were principally the result of changes in Australia's spending, which accounted for 90 per cent of the subregion's spending in 2020. Its spending of \$27.5 billion was 5.9 per cent higher than in 2019 and 33 per cent higher than in 2011. In recent years Australia's defence strategy has revolved around perceived heightened military threats in its neighbourhood and countering the rise of China.⁵¹ The 2020 Defence Strategic Update and 2020 Force Structure Plan provide an outline of the country's military priorities in the next two decades.⁵² In particular, they provide a 10-year funding

⁴⁶ Grevatt, J., 'Covid-19: South Korea cuts defence budget in response to pandemic', *Janes*, 16 Apr. 2020; and Darling, D., 'Due to COVID-19, South Korea plans fresh cut to 2020 defense budget', *Defense and Security Monitor*, Forecast International, 3 June 2020.

⁴⁷ Grevatt (note 46).

⁴⁸ Beomchul, S., 'South Korea's military readiness under Moon', *Carnegie Endowment for International Peace*, 18 Mar. 2020.

⁴⁹ Grevatt, J. and MacDonald, A., 'South Korea increases defence budget for 2021', *Janes*, 3 Dec. 2020.

⁵⁰ Grevatt and MacDonald (note 49).

⁵¹ Macmillan, J. and Green, A., 'Australia to spend \$270b building larger military to prepare for "poorer, more dangerous" world and rise of China', *ABC News*, 30 June 2020; Reynolds, L., Australian Minister for Defence, '2019 ministerial statement on defence operations', Australian Department of Defence, 5 Dec. 2019; and Packham, B., 'Out-of-date strategies in defence white paper', *The Australian*, 8 Oct. 2019.

⁵² Australian Department of Defence (DOD), *2020 Defence Strategic Update* (DOD: Canberra, 2020); and Australian Department of Defence (DOD), *2020 Force Structure Plan* (DOD: Canberra, 2020).

model to deliver on the strategy set out in the 2016 Defence White Paper.⁵³ Under the 2020 Defence Strategic Update, the Australian Government plans to allocate a total of US\$400 billion to the military over the period 2021–30, with annual spending projected to increase to around US\$51 billion in nominal terms by 2030.⁵⁴ The distribution of spending is also expected to change: more focus will be given to military procurement while personnel spending as a share of total spending is projected to decline.

South Asia

Military spending in South Asia increased by 36 per cent between 2011 and 2020, including an increase of 1.3 per cent in 2020, to reach \$90.1 billion.

India is the world's third largest spender, behind the USA and China. It accounted for 81 per cent of South Asia's subregional total in 2020. At \$72.9 billion, India's military spending was 2.1 per cent higher in 2020 than in 2019 and 34 per cent higher compared with 2011. The rate of increase in spending in 2020 was the lowest since 2015, which could be partially the result of the Covid-19 pandemic.⁵⁵ India's military burden rose for the second consecutive year in 2020. As its GDP contracted by an estimated 11 per cent, the military burden reached 2.9 per cent of GDP, back to a level not seen since 2010 after the 2009 global financial and economic crisis.

About one-quarter of India's total military budget is allocated to capital outlays.⁵⁶ The majority (61 per cent in 2020) is spent on personnel expenses such as salaries and military pensions. A relatively large proportion is represented by spending on the paramilitary forces under the Ministry of Home Affairs—11 per cent in 2020. While this expenditure item is common in many large spenders, India's spending on its paramilitary as a proportion of its total military expenditure is by far the largest of the major spenders. The closest to India's share of 11 per cent in 2020 was Russia (9.0 per cent), followed by China (7.6 per cent) and France (0.4 per cent).

The Indian MOD has argued that the recent increase in India's spending is needed as a result of continued conflict with Pakistan over Kashmir, renewed border tensions with China, and a general rivalry with China as the main regional power.⁵⁷ In June 2020, tensions between China and India

⁵³ Australian Department of Defence (DOD), 'Defence budget', Fact sheet, May 2020; and Australian Department of Defence (DOD), *2016 Defence White Paper* (DOD: Canberra, 2016).

⁵⁴ Australian Department of Defence, *2020 Defence Strategic Update* (note 52), p. 7.

⁵⁵ Sen, S. R., 'India's military sees small budget rise despite China standoff', Bloomberg, 1 Feb. 2021.

⁵⁶ Indian Ministry of Finance (MOF), Budget Division, *Expenditure Profile 2021–2022* (MOF: New Delhi, Feb. 2021).

⁵⁷ US Congressional Research Service (CRS), *China–India Great Power Competition in the Indian Ocean Region: Issues for Congress*, CRS Report for Congress R45194 (US Congress, CRS: Washington, DC, 20 Apr. 2018); Nouwens, M., 'China and India: Competition for Indian Ocean dominance?', Military Balance Blog, 24 Apr. 2018; and Bellman, E. and Roy, R., 'India–China border tensions: What you need to know', *Wall Street Journal*, 25 Jan. 2021. On the India–Pakistan conflict over Kashmir see chapter 4, section II, in this volume.

worsened, with limited clashes in the Galwan Valley over an ill-defined and long-disputed border; both states moved more troops into the area.⁵⁸

At \$10.4 billion, Pakistan's military spending in 2020 was 2.8 per cent lower than in 2019, but 55 per cent higher than 2011. The increases in spending over the past decade have occurred in the context of a fragile economy that has been worsened by the Covid-19 pandemic. At 4.0 per cent of GDP, Pakistan's military burden was the second highest in Asia and Oceania, behind only Brunei Darussalam (at 4.1 per cent of GDP).

South East Asia

Military spending in South East Asia increased by 5.2 per cent in 2020 to reach \$45.5 billion. Over the decade 2011–20 spending increased by 36 per cent. The largest spenders in 2020 were Singapore (\$10.9 billion), Indonesia (\$9.4 billion) and Thailand (\$7.3 billion).

The nine South East Asian states for which SIPRI has data for 2020 all increased their military spending. The economies of all countries in the subregion except for Brunei Darussalam and Myanmar are predicted to have contracted in 2020. The worst affected states were Malaysia (with a 6.0 per cent decline in GDP), the Philippines (8.3 per cent decline) and Thailand (7.1 per cent decline).⁵⁹ As a result, the military burden rose in all countries except for Timor-Leste, where it remained unchanged.

China's continued assertiveness and numerous territorial claimants in the South China Sea is one of the possible factors that has driven recent increases in military spending in the subregion. It has led some of the states to expand their naval capabilities.⁶⁰

Europe

Total military spending in Europe (including Russia) in 2020 amounted to \$378 billion. This was 4.0 per cent higher than in 2019 and 16 per cent higher than in 2011. Five of the world's 15 largest military spenders in 2020 are in Europe: Russia (rank 4), the United Kingdom (rank 5), Germany (rank 7), France (rank 8) and Italy (rank 11).

⁵⁸ Ellis-Petersen, H., 'China and India move troops as border tensions escalate', *The Guardian*, 27 May 2020; and Mazumdar, S., 'India–China border standoff raises military tensions', *Deutsche Welle*, 2 June 2020. On the China–India border conflict see chapter 4, section II, in this volume.

⁵⁹ Stuart, A. et al., *Navigating the Pandemic: A Multispeed Recovery in Asia*, Regional Economic Outlook: Asia and Pacific (International Monetary Fund: Washington, DC, Oct. 2020), p. 5.

⁶⁰ Thayer, C., 'COVID-19 masks mischief in the South China Sea', *East Asia Forum*, 13 Jan. 2021; Manning, R. A. and Cronin, P. M., 'Under cover of pandemic, China steps up brinkmanship in South China Sea', *Foreign Policy*, 14 May 2020; Asia Maritime Transparency Initiative, 'Maritime claims of the Indo-Pacific', Center for Strategic and International Studies (CSIS); Endo, J., 'Southeast Asia building up maritime defenses', *Nikkei Asia*, 17 May 2017; and Wezeman, S. T., *Arms Flows to South East Asia* (SIPRI: Stockholm, Dec. 2019).

Box 8.4. Revised estimates for the military expenditure of the United Kingdom

In 2020 SIPRI's figures for the United Kingdom's military spending were revised to incorporate military spending items that are not funded through the core allocation to the Ministry of Defence (MOD) and to reflect spending levels more accurately.

To report on British military spending, SIPRI has used the net cash requirement (NCR) figures reported in the MOD's annual reports and accounts since the 2000/2001 financial year. For the years between 1949 and 2000, SIPRI used defence expenditure data provided by the North Atlantic Treaty Organization (NATO).^a This allowed SIPRI to have a consistent time series following accounting changes implemented around 2000/2001.

The NCR figures were reasonably close to the UK's submissions to the NATO reports on defence expenditure until 2012, when the two data series began to diverge significantly. This discrepancy led SIPRI to review its assessment of British military expenditure to determine whether SIPRI's coverage is missing elements of military spending in budgets other than the MOD's.

According to information received from the British MOD in 2020, six spending items are excluded from the MOD budget but included in the UK's report to NATO: (a) elements of the Conflict Stability and Security Fund (CSSF) related to peacekeeping activities; (b) expenditure on MOD civil service pensions and the Armed Forces Pensions Scheme (AFPS); (c) elements of the Single Intelligence Account related to defence; (d) income generated by the MOD; (e) the additional cost of military operations funded through the Treasury's special reserve; and (f) Joint Security Fund (JSF) spending by other government departments.^b SIPRI examined these categories in further detail to determine whether they fall under the SIPRI definition of military expenditure; whether they are already included in the MOD's NCR figure; and if a consistent data series could be uncovered.

As a result of this in-depth examination, SIPRI revised its data for the UK's military spending to include four new line items in addition to the NCR: (a) elements of the CSSF related to peacekeeping operations; (b) estimates of military intelligence expenditure; (c) the AFPS; and (d) the MOD's external income.^c The new SIPRI estimate is higher than the old estimate (e.g. the new estimate for 2020 is \$59.2 billion, while the old estimate would have been \$53.9 billion) but remains slightly lower than the figure in the NATO report (\$62.0 billion for 2020). This could be attributed to the fact that SIPRI excludes the JSF and the net additional cost of operations, which the MOD includes in its NATO defence expenditure figure.

Regardless of the comparison with the NATO figure, SIPRI's new estimate takes into consideration more categories that fall under the SIPRI definition of military expenditure and can therefore be seen as an improvement to the SIPRI Military Expenditure Database.

^a North Atlantic Treaty Organization (NATO), 'Information on defence expenditures', 16 Mar. 2021.

^b British Ministry of Defence, Defence Resources Secretariat, Freedom of Information request no. FOI2020/03865, 20 Apr. 2020.

^c Béraud-Sudreau, L. and Tian, N., 'Reassessing SIPRI's military expenditure estimate for the United Kingdom', SIPRI Topical Backgrounder, 9 Feb. 2021.

Western and Central Europe

Nearly all countries in Western and Central Europe cooperate within the military frameworks of the North Atlantic Treaty Organization (NATO) or the European Union (EU). Taken together, the military expenditure of the states in these subregions totalled \$307 billion in 2020 (\$273 billion for

Western Europe and \$33.6 billion for Central Europe). This was up by 4.1 per cent from 2019 and by 13 per cent from 2011. Numerous political leaders, including Josep Borrell, the EU High Representative for Foreign Affairs and Security Policy, cautioned against decreasing military spending in the context of the Covid-19 pandemic.⁶¹ In 2020, 28 of the 36 states in Western and Central Europe increased their military expenditure.

The UK increased its military expenditure by 2.9 per cent in real terms in 2020, to \$59.2 billion. This was the UK's second highest annual rate of growth in a decade that, until 2017, was characterized by military spending cuts. The rate of growth in 2019 was even more pronounced, at 5.0 per cent. This can be explained by specific additional expenses that year, such as \$893 million to cover the increased costs of employer pension contributions.⁶² The military spending increases of 2019 and 2020 far exceeded previous pledges made by the British Government for real-terms annual increases of 0.5 per cent.⁶³ The upward trend is likely to continue, according to an announcement in late 2020: the MOD budget—the largest component of the UK's total military spending (see box 8.4)—is set to increase by an average of 1.8 per cent per year in real terms until 2024.⁶⁴

Germany's military spending grew even more steeply than the UK's—by 5.2 per cent to \$52.8 billion—meaning that it overtook that of France. According to the Federal Ministry of Defence's approved budget covering 2021, Germany's military spending is set to continue to rise.⁶⁵ In addition, a total of \$4.3 billion will be made available over this period for procurement, research and development, and system digitalization.⁶⁶

At \$52.7 billion, France's military spending also increased in 2020, by 2.9 per cent. France is thus on track to implement its Law on Military Planning for 2019–25, which foresaw regular annual spending increases of \$1.9 billion in 2019–21 and a further increase of \$3.8 billion in 2023.⁶⁷ The economic crisis related to the Covid-19 pandemic—which led to a GDP

⁶¹ Daventry, M., 'Don't cut back on military spending because of COVID-19, European defence chief warns', Euronews, 17 Nov. 2020; Brzozowski, A., 'Europe's defence budget up in the air amid COVID-19 recovery spending', Euractiv, 13 May 2020; and Barigazzi, J., 'Low defense spending puts strategic autonomy at risk, EU review says', Politico, 20 Nov. 2020.

⁶² British Treasury, *Spending Round 2019* (HM Treasury: London, Sep. 2019), p. 13.

⁶³ British Ministry of Defence (MOD), *SDSR 2015: Defence Fact Sheets* (MOD: London, Jan. 2015), p. 2.

⁶⁴ British Treasury, *Spending Review 2020* (HM Treasury: London, Nov. 2020), pp. 67–68.

⁶⁵ Bundeswehr (German Armed Forces), 'Die Trendwende Finanzen' [The turnaround in finance], 2021.

⁶⁶ German Federal Chancellery, 'Finanzplan des Bundes 2020 bis 2024' [Federal financial plan 2020 to 2024], German Bundesrat, Drucksache no. 517/20, 9 Oct. 2020, p. 15.

⁶⁷ Loi relative à la programmation militaire pour les années 2019 à 2025 [Law on Military Planning for the Years 2019 to 2025], French Law no. 2018-607 of 13 July 2018, *Journal Officiel de la République Française*, 14 July 2018, annexed report, section 4.1.1.

contraction of 9.8 per cent in 2020—could upend these plans.⁶⁸ During the vote on the Law on Military Planning in 2018, parliamentarians decided that discussions would be held in 2021 on whether there is a need to revise the budget plans.⁶⁹ A large part of the increase in spending in 2020 was for expenditure on equipment, which increased by 16 per cent, from \$12.4 billion to \$14.4 billion.⁷⁰ Other budget priorities for 2020 included space and satellite capabilities, intelligence, and cyber capabilities.⁷¹

The rate of military expenditure growth in the UK, Germany and France, the largest spenders in Western and Central Europe, remained relatively modest compared to some of their neighbours. Seven of the 10 countries with the fastest growing defence budgets in 2020 in Western and Central Europe were in Central Europe: Montenegro (29 per cent rise), Romania (21 per cent), Hungary (20 per cent), Kosovo (17 per cent), Albania (9.7 per cent), Czechia (9.5 per cent) and Poland (8.7 per cent).

Poland's military spending increased to \$13.0 billion. Poland's new National Security Strategy, published in 2020, identifies Russia as the foremost threat. While the NATO guideline military burden is 2.0 per cent of GDP, the strategy commits Poland to exceed this, to reach a military burden of 2.5 per cent by 2024.⁷² In 2020 it was 2.2 per cent of GDP.

Romania's increase of 21 per cent in 2020 took its military expenditure to \$5.7 billion. This boost can be attributed to an increase in capital spending, which jumped by 30 per cent to \$1.9 billion.⁷³ Like Poland, Romania published a National Defence Strategy in 2020 that accuses Russia of 'aggressive actions' and commits the country to being an active member of NATO and the EU.⁷⁴ The strategy also commits Romania to spending 2 per

⁶⁸ International Monetary Fund (IMF), *World Economic Outlook, October 2020: A Long and Difficult Ascent* (IMF: Washington, DC, Oct. 2020), p. 10.

⁶⁹ Guibert, N., 'Le budget des armées toujours en hausse' [Military budget still rising], *Le Monde*, 29 Oct. 2020; and Bauer, A., 'Le président Macron promet de maintenir l'effort budgétaire pour les armées' [President Macron promises to maintain the budgetary support for the armed forces], *Les Echos*, 19 Jan. 2021.

⁷⁰ French Ministry of the Armed Forces, 'Les chiffres clés de la Défense 2019' [Key figures for Defence 2019], 28 Aug. 2019, p. 12; and French Ministry of the Armed Forces, 'Les chiffres clés de la Défense 2020' [Key figures for Defence 2020], 21 Sep. 2020, p. 12.

⁷¹ French Ministry of the Armed Forces, 'Promesse tenue pour le budget de la défense' [Defence budget promise kept], 30 Sep. 2019; and French National Assembly, Committee on Foreign Affairs, *Avis sur le Projet de loi de finances pour 2020 (no. 2272)*, vol. IV, *Défense* [Opinion on the Finance Bill for 2020 (no. 2272), vol. 4, Defence] (National Assembly: Paris, 10 Oct. 2019), pp. 11–13.

⁷² Polish National Security Bureau (BBN), *National Security Strategy of the Republic of Poland* (BBN: Warsaw, May 2020), pp. 6, 18.

⁷³ Romanian Ministry of Finance, Ministry of National Defence budget for 2019 (in Romanian), p. 2; and Romanian Ministry of Finance, Ministry of National Defence budget for 2020 (in Romanian), p. 2. See also Tian, N., Lopes da Silva, D. and Wezeman, P. D., 'Spending on military equipment by European members of the North Atlantic Treaty Organization', *SIPRI Yearbook 2020*.

⁷⁴ Romanian Presidential Administration, *Strategia Națională de Apărare a Țării pentru perioada 2020–2024* [National Defence Strategy for 2020–2024] (Presidential Administration: Bucharest, July 2020), pp. 6–7, 41.

cent of its GDP on military activities—in line with the NATO guideline—for at least the next 10 years; in 2020 Romania's military burden was 2.3 per cent of GDP.

Hungary's military spending grew for the sixth consecutive year, to \$2.4 billion in 2020. Its military spending has increased by 133 per cent since 2014 to cover the costs of an expansion of its military capabilities and the replacement of ageing Soviet-sourced equipment.⁷⁵ The growth in spending in 2020 was partly a result of a financial stimulus package implemented in response to the Covid-19 pandemic.⁷⁶

The military expenditure of only a few countries in Western and Central Europe declined in 2020: Bulgaria (–44 per cent), Malta (–6.1 per cent), Serbia (–5.0 per cent), Greece (–4.3 per cent), Slovenia (–1.9 per cent) and Slovakia (–1.4 per cent). The decrease in Bulgaria's spending in 2020 followed a sharp increase (130 per cent) in 2019, which can be attributed to the one-off full payment for eight new combat aircraft.⁷⁷ In addition, the spending of Norway (down 0.1 per cent) and Spain (down 0.2 per cent) remained almost unchanged.

So far, the overall impact of the Covid-19 pandemic on military spending in Western and Central Europe in 2020 appears to have been limited, despite a marked recession (with a GDP contraction of 7 per cent). Continued increases in military expenditure in 2020, like other public spending increases to sustain national economies during the crisis, were financed by a heavy reliance on government borrowing. This may lead to fiscal consolidation—that is, efforts to reduce debt and budget deficits—in the short-to-medium term.⁷⁸ The economic ramifications of the pandemic for military spending were more apparent at the EU level. For the EU's multi-annual financial framework for 2021–27, the European Commission initially proposed an allocation of \$15.0 billion to the European Defence Fund—which is intended to coordinate investment in military research and improve interoperability between national armed forces. The EU member states eventually agreed on \$8.3 billion during budgetary negotiations amid the health crisis.⁷⁹

Eastern Europe

In 2020 military expenditure in Eastern Europe, including Russia, totalled \$71.7 billion, 3.4 per cent more than in 2019 (see figure 8.3). Excluding

⁷⁵ Tian et al. (note 73), pp. 262–63.

⁷⁶ Inotai, E., 'Hungarian "militarisation" under Orban stirs concern', *Balkan Insight*, 29 July 2020.

⁷⁷ Tian et al. (note 73).

⁷⁸ International Monetary Fund (IMF), *Whatever It Takes: Europe's Response to COVID-19*, Regional Economic Outlook: Europe (IMF: Washington, DC, Oct. 2020), p. 10.

⁷⁹ European Parliament, 'Proposal for a regulation establishing the European Defence Fund', *Legislative Train*, 18 Dec. 2020.

Russia, the spending of the remaining six countries was \$10.0 billion, 9.5 per cent more than in 2019.

The largest increases were recorded by Azerbaijan (17 per cent) and Ukraine (11 per cent). Despite also being hit by recession—the GDP of Azerbaijan contracted by 4 per cent and that of Ukraine by 7.2 per cent—military requirements linked to active conflicts are probably responsible for the increases.⁸⁰ In contrast, the military spending of Armenia—the other party to the conflict with Azerbaijan over Nagorno-Karabakh—declined in 2020 by 2.6 per cent as its GDP decreased by 4.5 per cent.

Russia

Russia's total military spending in 2020 was \$61.7 billion, 2.5 per cent more than in 2019 and 26 per cent higher than in 2011. The increases in Russian spending in 2019 and 2020 followed two years of decrease in 2017 and 2018. Before 2017, Russia's military spending had risen for 18 straight years.⁸¹

Russia's arms acquisitions are planned through the periodically updated State Armament Programme (Gosudarstvennuyu Programmu Vooruzheniya, GPV). The programme for 2011–20, GPV-2020, was adopted in December 2010.⁸² Total funding for GVP-2020 amounted to 20.7 trillion roubles in current prices, with 31 per cent to be spent in 2011–15 and 69 per cent in 2016–20.⁸³ Implementation of GPV-2020 was severely delayed after Russia's annexation of Crimea in 2014, military action in eastern Ukraine and economic problems. This was primarily due to the loss of Ukrainian inputs into the Russian arms industry and EU and NATO sanctions, including a ban on all sales of weapon systems and components to Russia.⁸⁴

The next version of the programme, GPV-2025, adopted in 2015, took account of the new circumstances.⁸⁵ In 2018 Russia approved its most recent

⁸⁰ On these conflicts see chapter 5, sections II and III, and chapter 9, section III, in this volume.

⁸¹ The increase in 2016 can be attributed to one-off repayments of loans to the arms industry, which accounted for 17% of the total. Excluding the repayments, Russian military spending would have declined by 12% in 2016. See Tian, N. et al., 'Global developments in military expenditure', *SIPRI Yearbook 2017*, pp. 237–38; and Cooper, J., 'Prospects for military spending in Russia in 2017 and beyond', Working paper, University of Birmingham, Centre for Russian, European and Eurasian Studies (CREES), 23 Mar. 2017.

⁸² Martynenko, E. V. and Parkhitko, N. P., 'Implementation of the Russian State Armaments Program 2011–2020: Economic and financial analysis', *European Research Studies Journal*, vol. 21, no. 2 (2018).

⁸³ Cooper, J., *Russia's State Armament Programme to 2020: A Quantitative Assessment of Implementation 2011–15*, Swedish Defence Research Agency (FOI) Report no. FOI-R-4239-SE (FOI: Stockholm, Mar. 2016), pp. 3–42.

⁸⁴ Hunter Christie, E., 'Sanctions after Crimea: have they worked?', *NATO Review*, 13 July 2015; Malmö, T., 'A case study of Russo-Ukrainian defense industrial cooperation: Russian dilemmas', *Journal of Slavic Military Studies*, vol. 29, no. 1 (2016), pp. 16–17; Russell, M., 'Sanctions over Ukraine: Impact on Russia', Briefing, European Parliamentary Research Service, Mar. 2016, p. 7; and Kirchberger, S., 'The end of a military-industrial triangle: Arms-industrial cooperation between China, Russia and Ukraine after the Crimea crisis', *SIRIUS*, vol. 1, no. 2 (June 2017), p. 15.

⁸⁵ Cooper (note 83), pp. 43–45.

State Armament Programme, GPV-2027, which aims to build on the progress made under GPV-2020 and GPV-2025 and emphasizes procurement of high-precision weapons for all three branches of the Russian armed forces.⁸⁶ Russia will allocate about 19 trillion roubles to GPV-2027. While this is in line with the funding for GPV-2020, inflation and currency depreciation mean that GPV-2027 is considered less ambitious in real terms than its predecessor.⁸⁷

The far-reaching economic consequences of Covid-19 had an immediate impact on Russia's military spending and GPV-2027.⁸⁸ Russia's actual military spending in 2020 (\$61.7 billion) was 6.6 per cent lower than the initial budget (\$66.1 billion). The biggest gap in spending between the initial budget and actual spending was a shortfall of around \$1 billion under a classified category.⁸⁹ This spending category is probably linked to the State Armament Programme.⁹⁰

The Middle East

The combined military spending of the 11 Middle Eastern countries for which data was available in 2020 was \$143 billion.⁹¹ While the military spending of all four other regions rose in 2020, the spending of these Middle Eastern countries fell by 6.5 per cent. Two countries in the region—Saudi Arabia (rank 6) and Israel (rank 14)—are among the top 15 global spenders in 2020 (see table 8.2 in section I).

Notwithstanding the widespread reductions in these 11 countries, the economic impact of the pandemic was large enough to result in increases in the military burden. Except for Lebanon, whose military burden shrank from 4.7 per cent in 2019 to 3.0 per cent in 2020, all Middle Eastern countries for which data is available either increased or maintained their military burdens in 2020. The largest increase in military burden was Oman's, which rose by 2.3 percentage points to 11 per cent—the highest in the world. Indeed, 5 of the 11 countries with the highest military burden in 2020 were in the

⁸⁶ Luzin, P., 'Russia's GPV-2027 State Arms Programme', Riddle, 18 Apr. 2018; and Interfax, [Putin announces the adoption of a new 10-year weapon programme], 24 Jan. 2018 (in Russian).

⁸⁷ Connolly, R. and Boulègue, M., *Russia's New State Armament Programme: Implications for the Russian Armed Forces and Military Capabilities to 2027* (Royal Institute of International Affairs—Chatham House: London, May 2018).

⁸⁸ Malmlöf, T., 'Russia's new armament programme—Leaner and meaner', RUFs Briefing no. 42, Swedish Defence Research Agency (FOI), Mar. 2018.

⁸⁹ Cooper, J., 'The implementation of the 2020 federal budget and military expenditure', Unpublished, 9 Feb. 2021.

⁹⁰ Cooper, J., 'Military expenditure in the Russian draft Federal Budget for the three years 2019 to 2021', Research note, Changing Character of War Centre, 2018, p. 5.

⁹¹ SIPRI has not provided an estimate for total Middle Eastern military expenditure since 2014 because of a lack of data for Qatar, Syria, the United Arab Emirates (UAE) and Yemen.

Middle East: Oman (11 per cent), Saudi Arabia (8.4 per cent), Kuwait (6.5 per cent), Israel (5.6 per cent) and Jordan (5.0 per cent).

Egypt's military expenditure rose by 7.3 per cent to \$4.5 billion in 2020, the highest rate of increase in the Middle East. Nonetheless, Egypt's military burden remained the lowest in the region, at 1.2 per cent of GDP. The growth in spending can be attributed to a combination of Egypt's regional role, involvement in the conflict in Libya and maintaining authoritarian rule at home.⁹² A further factor is the continuing military campaign against insurgent Bedouin tribes and terrorist groups in the Sinai Peninsula.⁹³ President Abdel Fattah el-Sisi had pledged during his 2018 re-election campaign to strengthen the armed forces against these threats.⁹⁴

Egypt's military expenditure fell almost continuously over the decade 2011–20, shrinking by 6.9 per cent. The downward trend was interrupted by two years of growth, in 2014 and 2015, during the initial years of el-Sisi's first term as president. Over the decade, Egypt acquired a significant number of weapon systems and deployed its military in counterterrorist operations in the Sinai Peninsula. The mismatch between Egypt's well-equipped and sizeable military forces—one of the largest in the Middle East—and a shrinking military budget suggests that a considerable part of Egypt's military spending is undeclared.⁹⁵

Israel's military spending totalled \$21.7 billion in 2020, a 2.7 per cent increase over 2019. Israel's military budget has maintained a long streak of growth: apart from small cuts in 2003 (–1.6 per cent) and 2009 (–2.0 per cent), Israel's military spending has been on an upward trend over the past two decades, growing by 59 per cent between 2001 and 2020 and by 32 per cent between 2011 and 2020. The 2020 increase came after the announcement of the Momentum Plan in 2019, an ambitious multi-year programme to overhaul Israel's air, ground, sea and cyber capabilities.⁹⁶ This followed the 2030 Security Concept, a separate plan announced in 2018, which aims to increase the growth rate of Israel's military spending.⁹⁷

Israeli Prime Minister Benjamin Netanyahu continued to support the plea from the Israel Defense Forces (IDF) to increase military spending even during the economic downturn resulting from the Covid-19 pandemic;

⁹² Council on Foreign Relations, 'Instability in Egypt', Global Conflict Tracker, [n.d.]. On Egypt's role in the Libyan civil war see chapter 6, section IV, in this volume.

⁹³ Council on Foreign Relations (note 92). On the armed conflict in Egypt see chapter 6, section IV, in this volume.

⁹⁴ Wuite, C., 'The rationale for Egypt's military spending spree', The Interpreter, Lowy Institute, 4 Apr. 2020.

⁹⁵ Kuimova, A., 'Understanding Egyptian military expenditure', SIPRI Background Paper, Oct. 2020.

⁹⁶ Gross, J. A., 'The IDF's new plan: From "Waze of War" to a general charged with countering Iran', *Times of Israel*, 12 Feb. 2020; and Barkat, A., 'Chief of Staff launches plan for "more lethal" IDF', *Globes* (Tel Aviv), 13 Feb. 2020.

⁹⁷ Tian et al. (note 8), p. 251.

he argued for its strategic necessity given various security threats.⁹⁸ The combination of a significant (1.7 per cent) drop in GDP with higher military spending meant that Israel's military burden increased from 5.2 per cent of GDP in 2019 to 5.6 per cent in 2020. By the end of 2020, there were concerns about the financial viability of the Momentum Plan.⁹⁹

Turkey's military expenditure decreased in 2020 by 5.0 per cent, to \$17.7 billion. The fall was an exception in a decade marked by a continued upward trend, with growth of 77 per cent between 2011 and 2020. Growth became steeper from 2015, coinciding with an increasingly assertive Turkish foreign policy.¹⁰⁰ In the years that followed, Turkey engaged militarily in Syria against both Syrian Government forces and Kurdish forces, and it supported the Government of National Accord (GNA) in Libya with troops and equipment.¹⁰¹ Turkey also fought Kurdish groups in northern Iraq in 2019 and 2020. More recently, it held joint military exercises with Azerbaijani armed forces and gave political backing to Azerbaijan in the 2020 conflict with Armenia over Nagorno-Karabakh.¹⁰²

Iran's military spending fell by 3.0 per cent in 2020, to \$15.8 billion. This continued a downward trend that started in 2018, when the USA reinstated economic sanctions over Iran's nuclear activities.¹⁰³ Between 2018 and 2020, Iranian military spending dropped by more than 20 per cent. In contrast to the 3.0 per cent fall in Iran's military spending, the budget of the Islamic Revolutionary Guard Corps increased by 19 per cent in 2020. This corresponded to 34 per cent of Iran's total military spending. The growth in the budget of the Revolutionary Guard reflects its political importance within the regime and represents an important shift in the composition of Iran's military spending.¹⁰⁴ It is likely that available figures are still underestimates: reports suggest that the Revolutionary Guard may receive

⁹⁸ Gross, J. A., 'Netanyahu calls for NIS 3.3 billion increase to the defense budget', *Times of Israel*, 22 July 2020.

⁹⁹ Lappin, Y., 'IDF budget uncertainty and the Momentum Plan', Perspectives Paper no. 1686, Begin-Sadat Center for Strategic Studies (BESA), 11 Aug. 2020.

¹⁰⁰ Pierini, M., 'Emerging from the pandemic, Turkey rolls out a more assertive foreign policy', Commentary, Carnegie Europe, 3 June 2020; and Demirdas, A., 'Sources of Turkey's current assertive foreign policy in MENA', *Inside Arabia*, 17 Feb. 2020.

¹⁰¹ On these conflicts see chapter 6, sections I, II and IV, in this volume.

¹⁰² Gall, C., 'Turkey jumps into another foreign conflict, this time in the Caucasus', *New York Times*, 1 Oct. 2020; and Keddie, P., 'What's Turkey's role in the Nagorno-Karabakh conflict?', *Al Jazeera*, 30 Oct. 2020. On the conflict in Nagorno-Karabakh see chapter 5, section II, in this volume.

¹⁰³ Marcus, J., 'Trump re-imposes Iran sanctions: Now what?', *BBC News*, 3 Nov. 2018; and Katzman, K., *Iran Sanctions, Congressional Research Service Report*, Congressional Research Service (CRS) Report for Congress RS20871 (US Congress, CRS: Washington, DC, 6 Apr. 2021), pp. 39–45. On Iran's nuclear activities in 2020 see chapter 11, section II, in this volume.

¹⁰⁴ Dagher, M., 'The Iranian Islamic Revolutionary Guard Corps (IRGC) from an Iraqi view—A lost role or a bright future?', Commentary, Center for Strategic and International Studies (CSIS), 30 July 2020.

additional funding from undeclared revenues from the various economic enterprises that it controls.¹⁰⁵

Saudi Arabia's military expenditure was \$57.5 billion in 2020, 10 per cent less than in 2019. In the four years leading up to Saudi Arabia's military intervention in Yemen in 2015, military spending grew by 63 per cent to reach an all-time high. Since the beginning of the conflict, however, military spending has fallen by 37 per cent, largely as a result of a plunge in oil prices. The resulting financial strain has contributed to a shift in Saudi Arabia's stance towards the conflict, making it more receptive to a political solution.¹⁰⁶ In 2020 Saudi Arabia opened direct peace talks with the Houthis and declared a two-week unilateral ceasefire, which was later extended to a month.¹⁰⁷ However, hostilities were ongoing as the year ended.

Kuwait's military expenditure decreased in 2020 for the first time since the oil price collapse in 2014, falling by 5.9 per cent. Despite this spending decrease, the country's military burden rose by 1.0 percentage points to 6.5 per cent of GDP. The increase in Kuwait's military burden came amid the most severe economic predicament since the 2009 global financial and economic crisis. The fall in oil prices as a result of the pandemic-induced decline in the demand for fuel means that the country's GDP is expected to have contracted by 7.9 per cent in 2020 and government revenue to have fallen by almost 50 per cent.¹⁰⁸ As a consequence, in June 2020 the Kuwaiti Government reduced the budget for the ongoing 2020/21 financial year by 20 per cent.¹⁰⁹

¹⁰⁵ Wezeman, P. and Kuimova, A., 'Military spending and arms imports by Iran, Saudi Arabia, Qatar and the UAE', SIPRI Fact Sheet, May 2019, p. 7.

¹⁰⁶ Guzansky, Y. and Heistein, A., 'Saudi Arabia's war in Yemen has been a disaster', *National Interest*, 25 Mar. 2018; Allen, J. R. and Riedel, B., 'Ending the Yemen war is both a strategic and humanitarian imperative', Order from Chaos, Brookings Institution, 16 Nov. 2020; and Bazzi, M., 'The United States could end the war in Yemen if it wanted to', *The Atlantic*, 30 Sep. 2018.

¹⁰⁷ Hubbard, B. and Al-Batati, S., 'Saudi Arabia declares cease-fire in Yemen, citing fears of coronavirus', *New York Times*, 8 Apr. 2020. On the conflict in Yemen see chapter 6, section V, in this volume.

¹⁰⁸ World Bank, *Macro Poverty Outlook* (World Bank: Washington, DC, Oct. 2020), pp. 160–61; and 'Kuwait's crisis pushes government to cut spending, expand debt', *Arab Weekly*, 9 Sep. 2020.

¹⁰⁹ *Arab Weekly* (note 108). Kuwait's financial year starts on 1 Apr. Its military spending in the 2020 calendar year, as reported by SIPRI, thus takes 3 months from the 2019/20 budget and 9 months from the 2020/21 budget.