



Defence Efforts International Comparison Attempt 2006 Edition

***Most of the comparisons focus on implemented budgets
(2005 data are the last available information).***

EuroDéfense France
École militaire – Bâtiment 13 – BP 44 – 75007 Paris, France

Phone/Fax: +33 (0)1 44 42 42 15

Email: eurodefense-france@wanadoo.fr

Comments



Methodology

Official statistics can induce biases of understanding since, for historical or methodological reasons, they are not presented through similar parameters or identical definitions (for instance, pensions are not systematically included in the defence budget).

EuroDéfense's approach aims at providing an analytical and interpretative framework of defence efforts by presenting, as much as possible, data:

- related to implemented budgets and not voted ones, which helps underlying the effective defence effort of the selected countries;
- without pensions, to facilitate comparisons with countries which do not finance them through their defence budget;
- in purchasing power parities when possible, since it helps correct the effects of short-term exchange rates fluctuations and the under- or over-evaluations of national currencies;
- in euros, in other cases, to facilitate international comparisons, by using the average annual exchange rates established by the European Central Bank;
- in constant values, to make long-run comparisons possible without the deforming effects of inflation over long-run series.

Note on the United States

The budget of Pentagon does not include expenditures realized by the Department of Energy in the field of nuclear deterrence, which represent an annual average budget of 21.3 billion dollars over the 2005-2011 period.

A large share of American military expenditures in Iraq and Afghanistan are not directly included in the DoD budget, but supported by specific supplemental budgets voted each year by the Congress. Therefore truly implemented expenditures are included in the "Outlays" aggregate, but DoD expenditure forecasts do not take account of them.

Note on the United Kingdom

The new public finance system adopted in 2002 by the United Kingdom makes uneasy the distinction of expenditures by nature because of a so-called "commercial" accounting system, which tends to globalize expenditures by mission. Data presented here correspond to guesstimates based on EuroDéfense analyses.

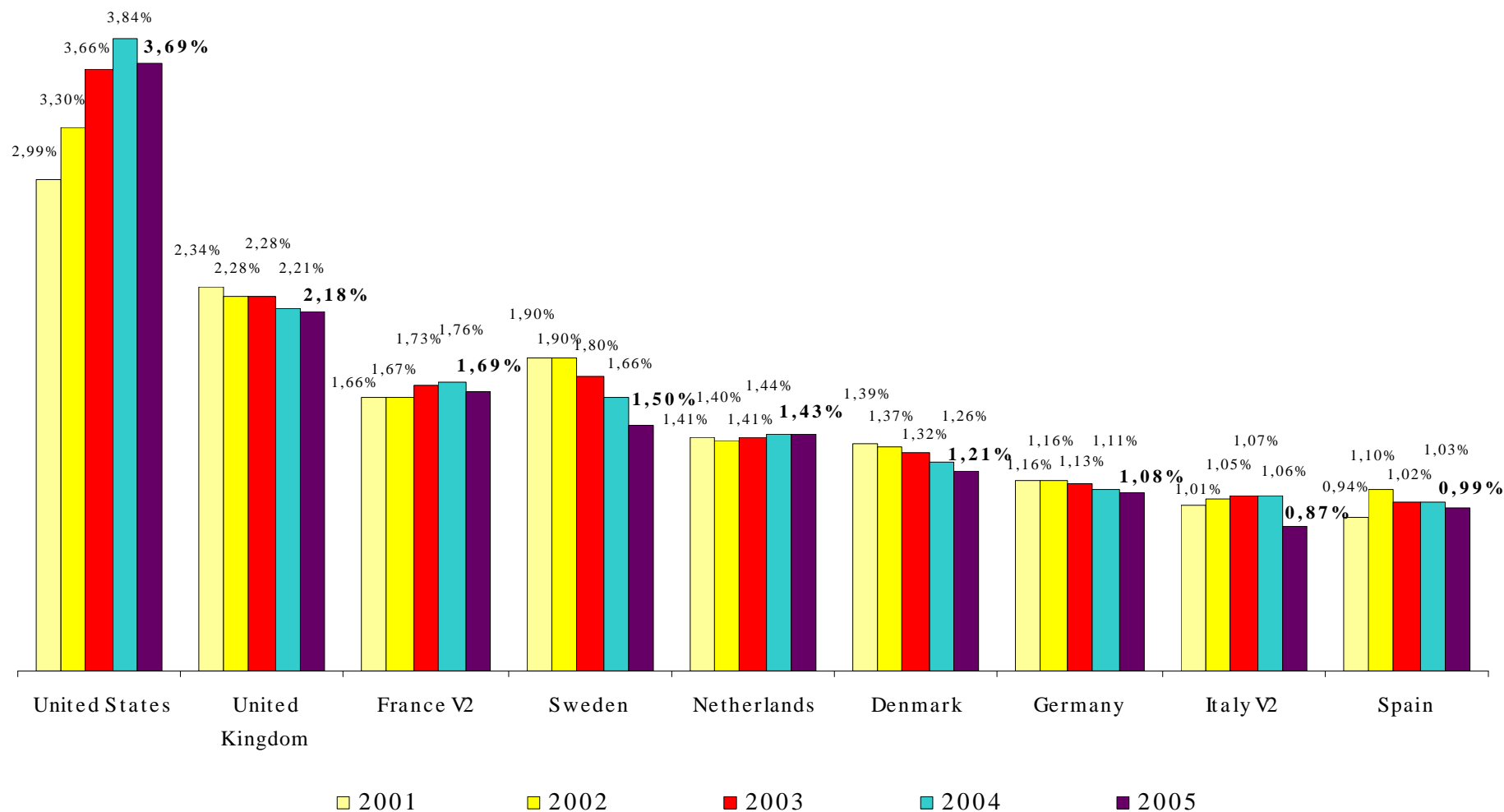
Note on France

France has been using a new public finance nomenclature, known as LOLF (*Loi organique relative aux lois de finances*), since fiscal year 2006. This approach in terms of missions and programmes is going to reduce the preciseness of information in a similar way as it happened in the United Kingdom since 2002.



Defence expenditures as % of GDP 2001-2005

(OTAN V2 standard or alike, without pensions)



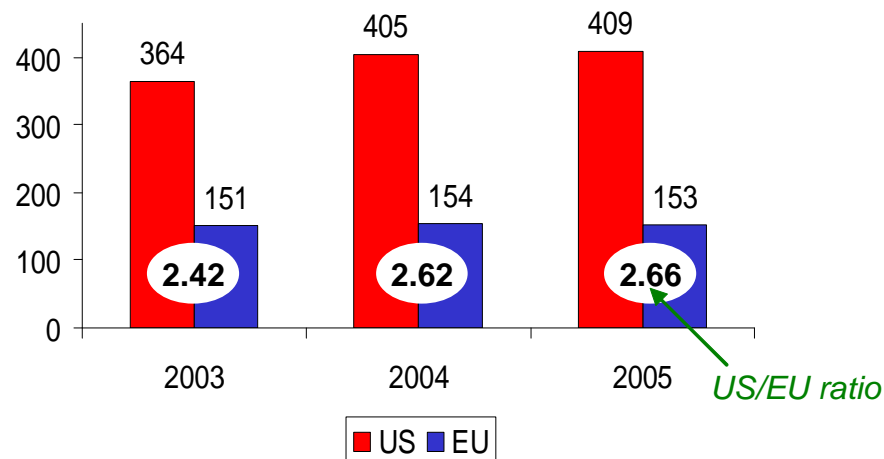
V2: French gendarmerie and Italian carabinieri with a rate of military activity at 5% and 15%, respectively.

United States / European Union 2003-2005

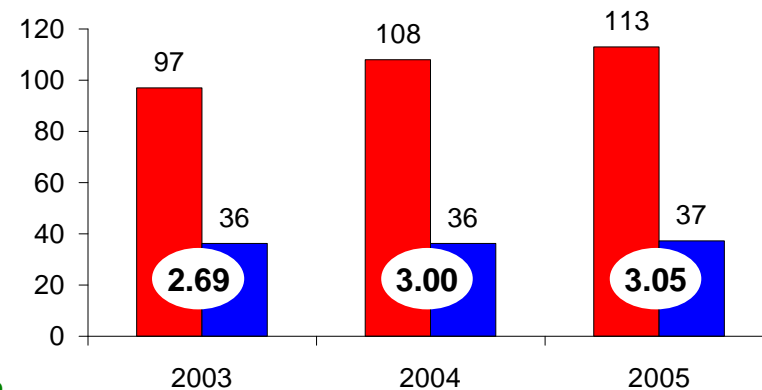
(OTAN V2 standard or alike, without pensions)



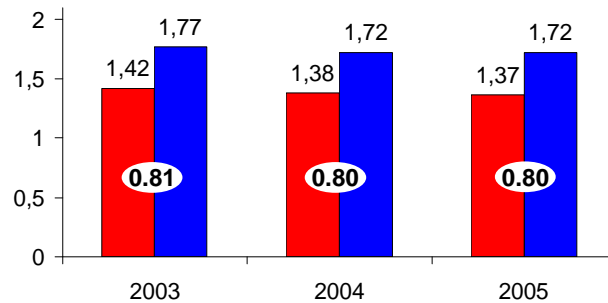
Defence expenditures (billion euros)



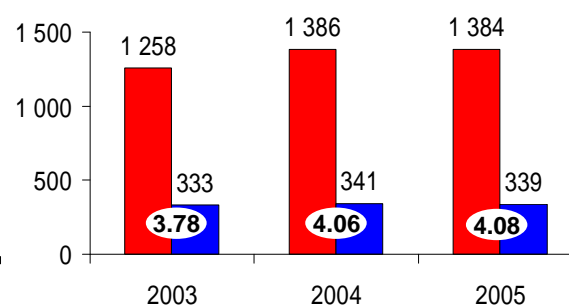
Capital expenditures (billion euros, production + R&D + tests)



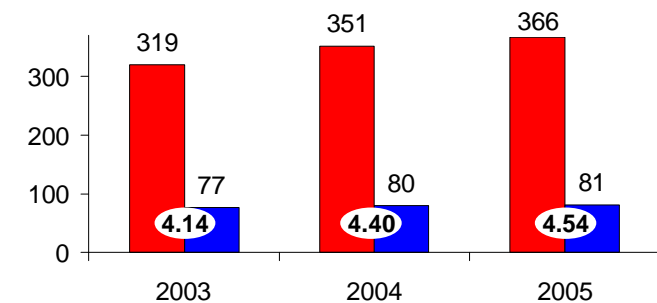
Military personnel (millions)



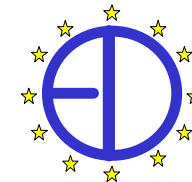
Defence expenditures per inhabitant (euros)



Capital expenditures per inhabitant (euros)

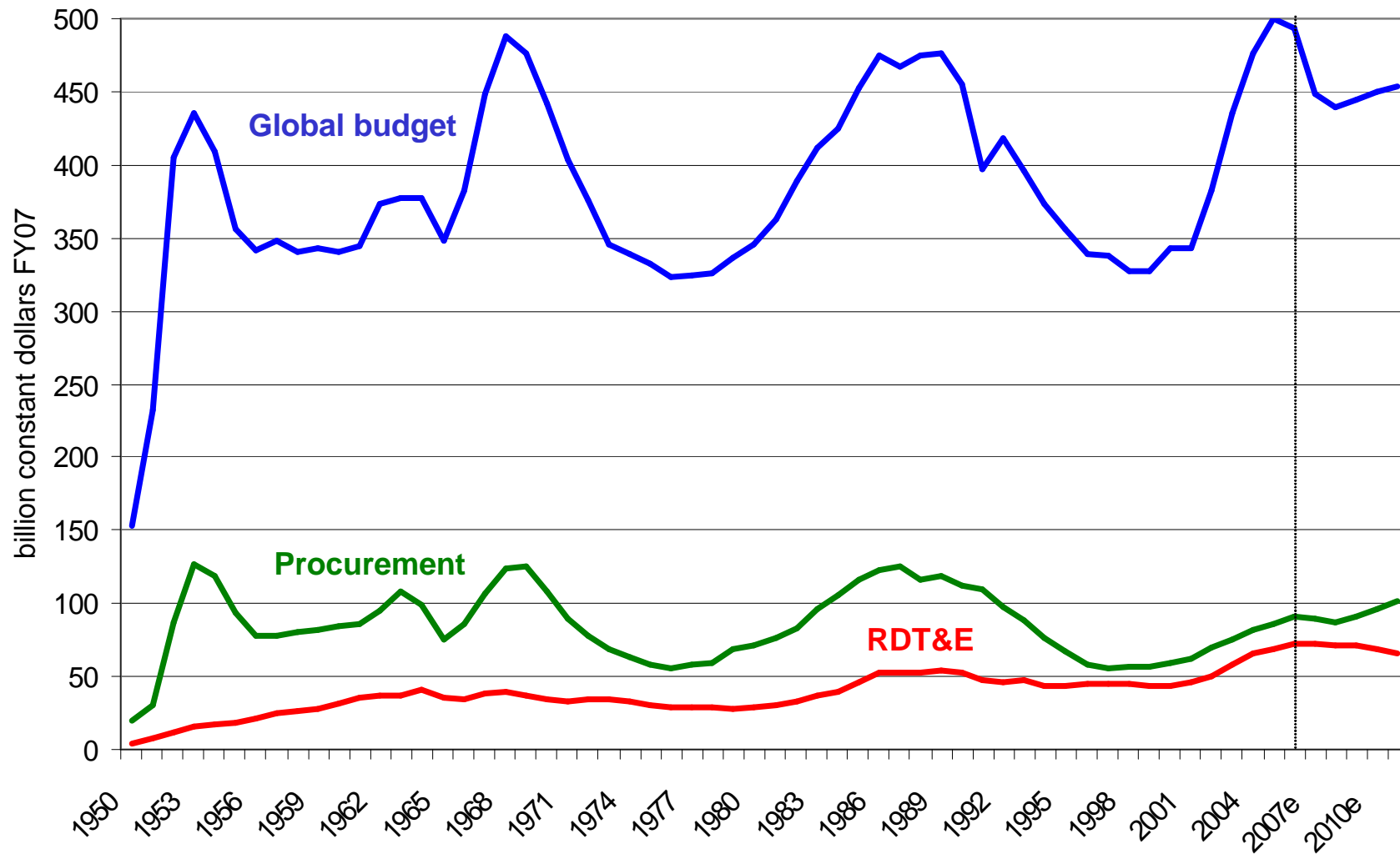


V2: French gendarmerie and Italian carabinieri with a rate of military activity at 5% and 15%, respectively.
National data are converted, here, in euros with purchasing power parity exchange rates.



US defence budget 1950-2011

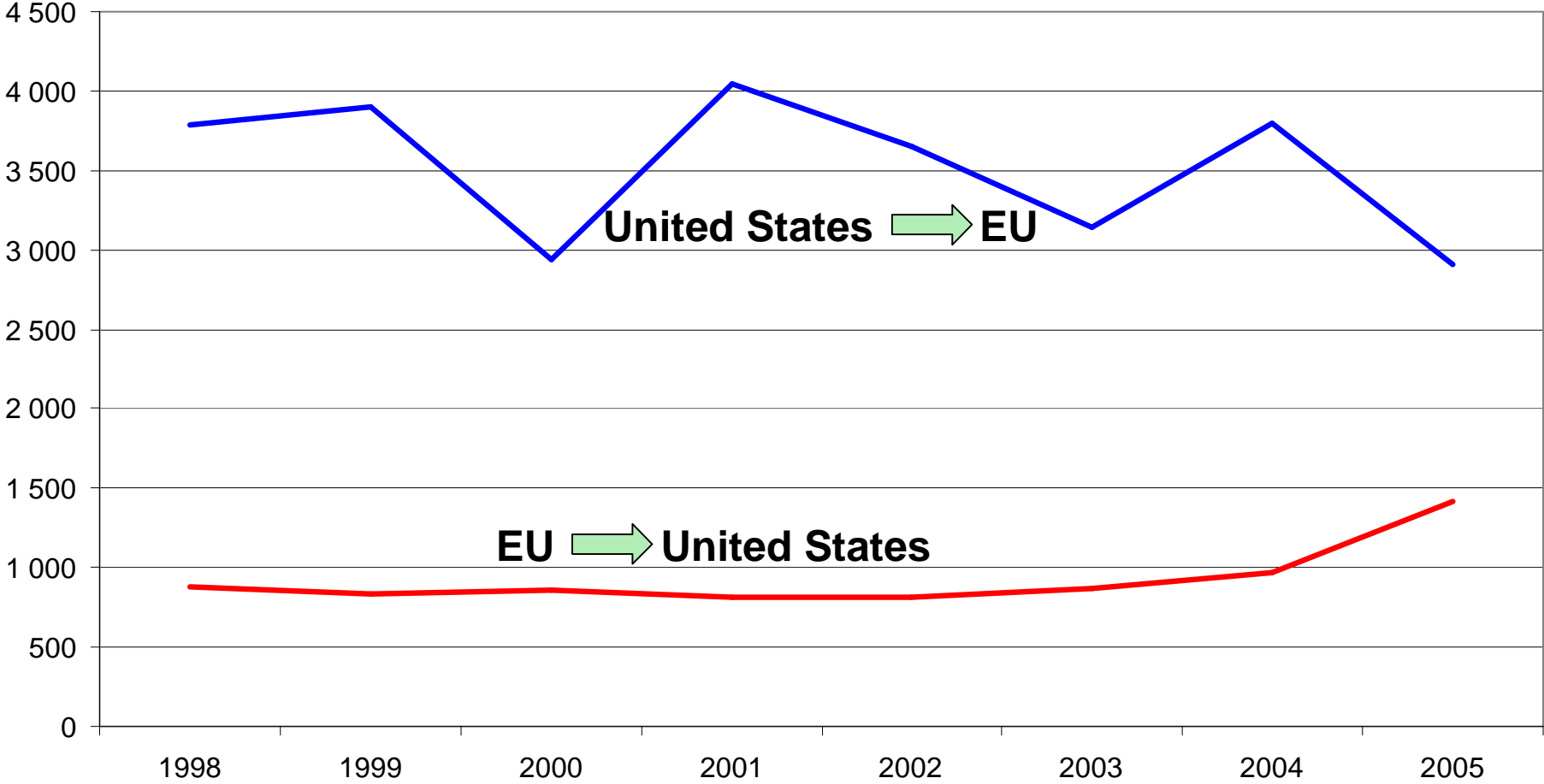
(DoD-051 Outlays)



NB: War on Terrorism operations are included up to 2006.

European Union /United States arms trade

(million dollars)

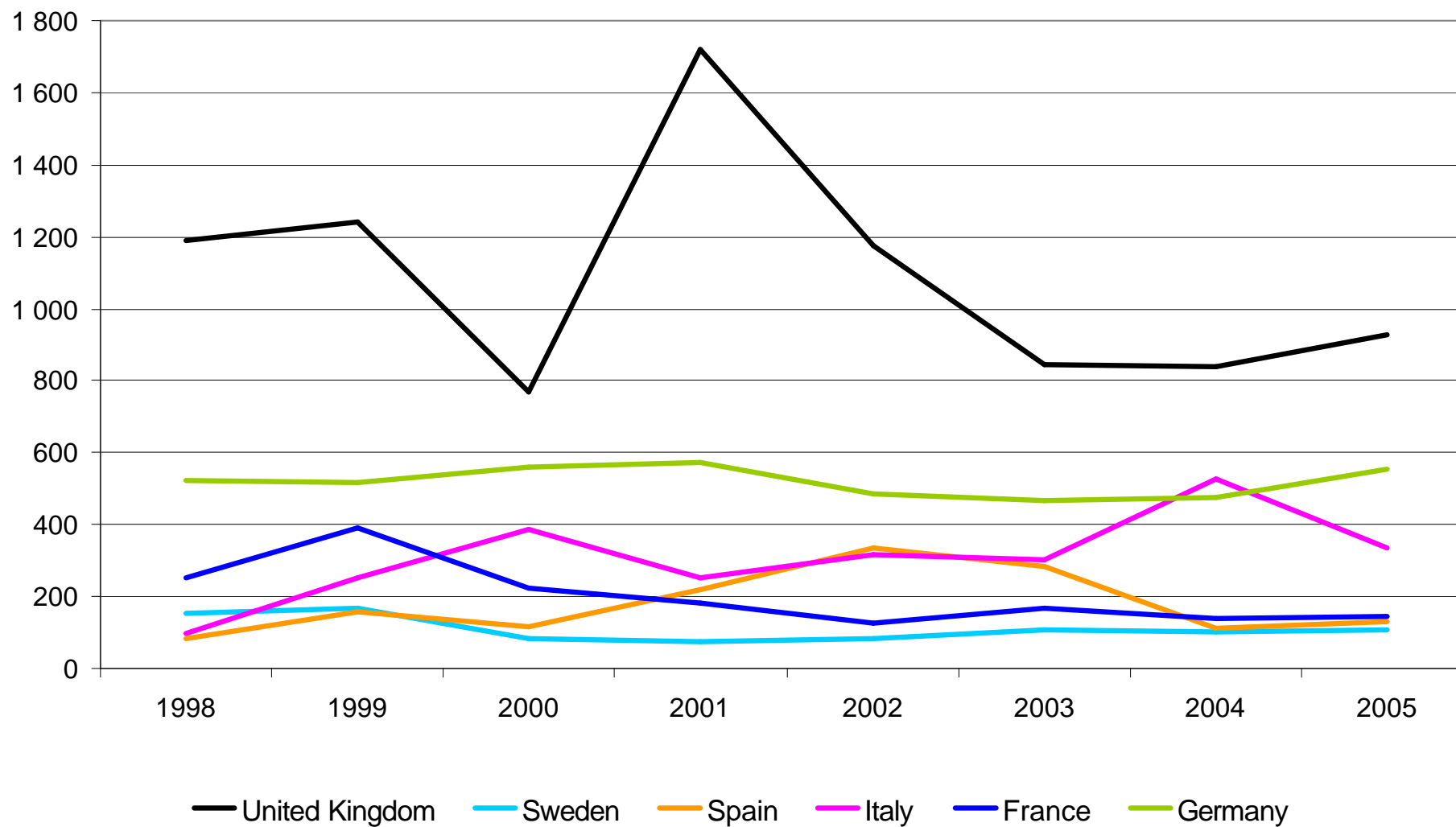


Source: US Census Bureau
September 2006



Imports of US military equipment

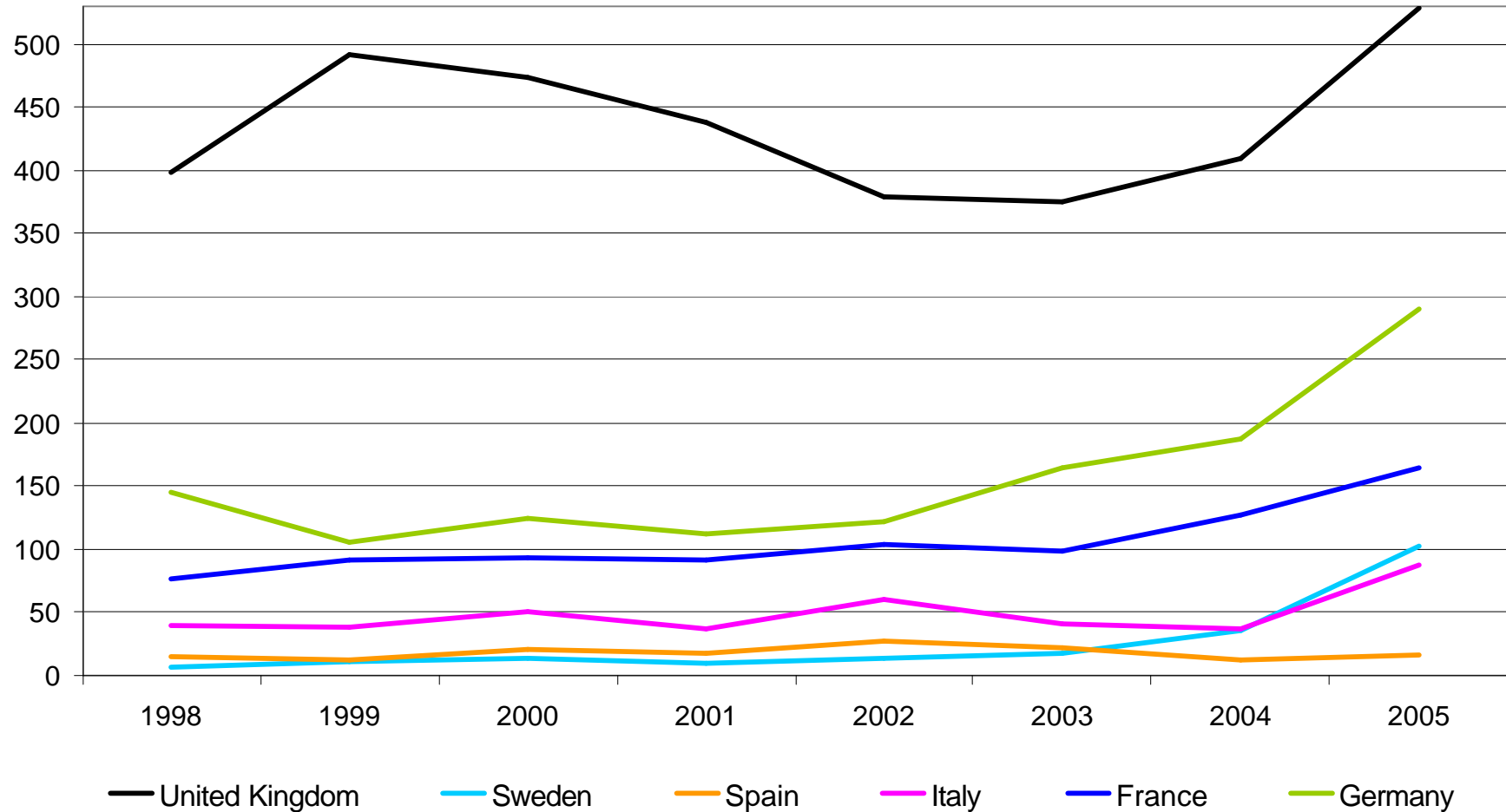
(million dollars)



Source: US Census Bureau
September 2006

Exports of military equipment towards the US

(million dollars)

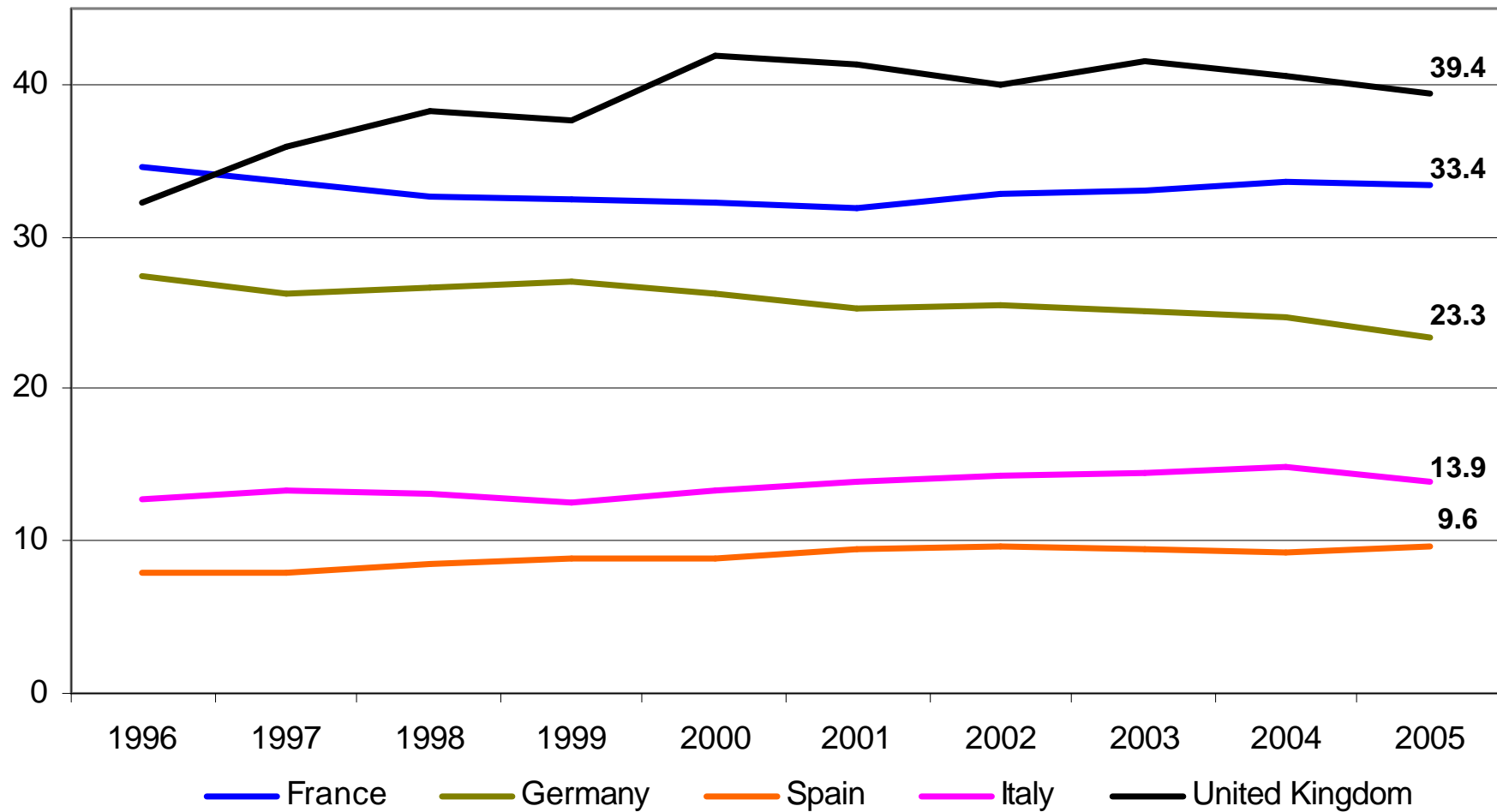


Source: US Census Bureau

September 2006

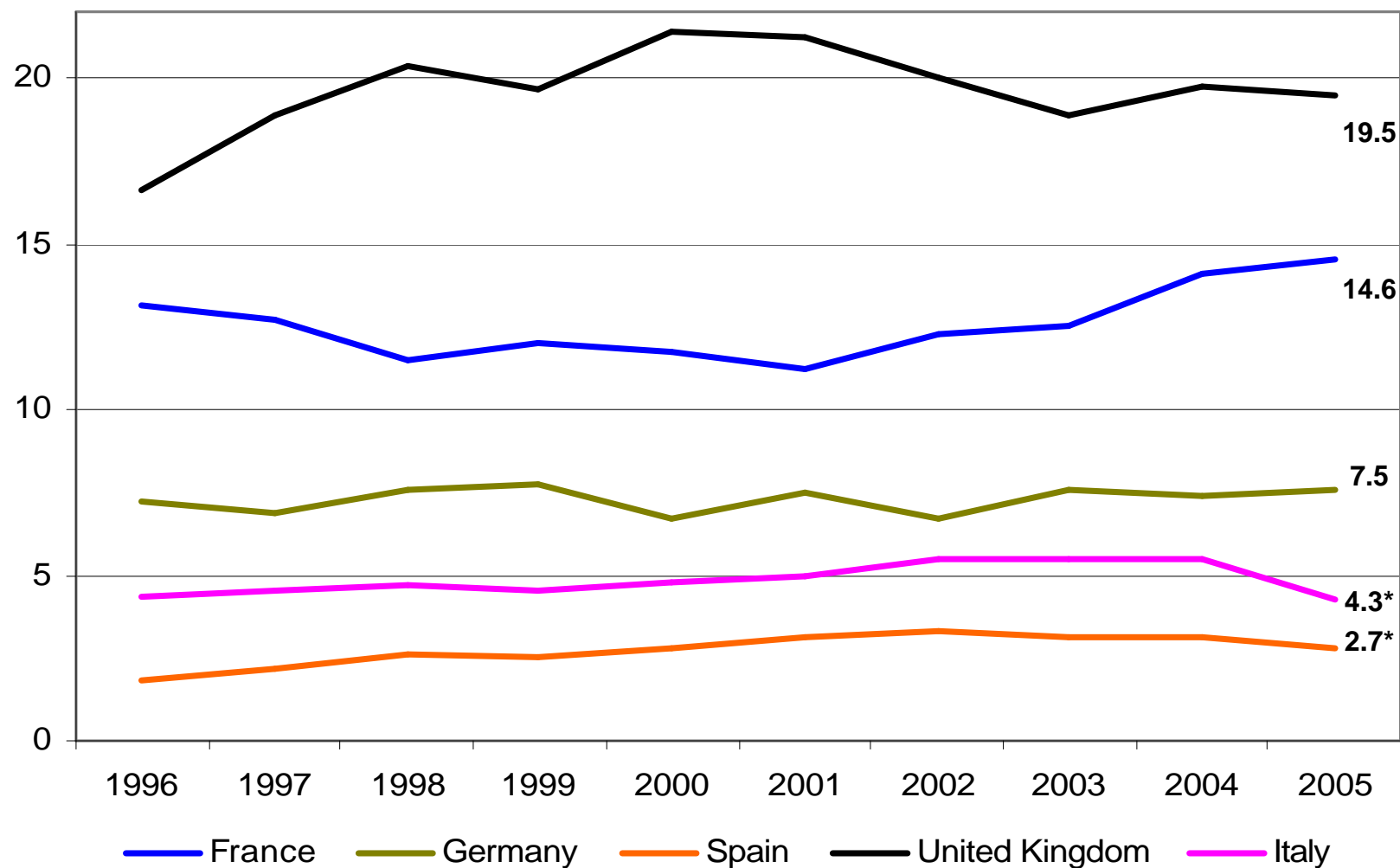
Defence expenditures, real expenses

(without pensions, billion 2006 euros)



Equipment expenditures

(excl. infrastructures, R&D and support included, billion 2006 euros)

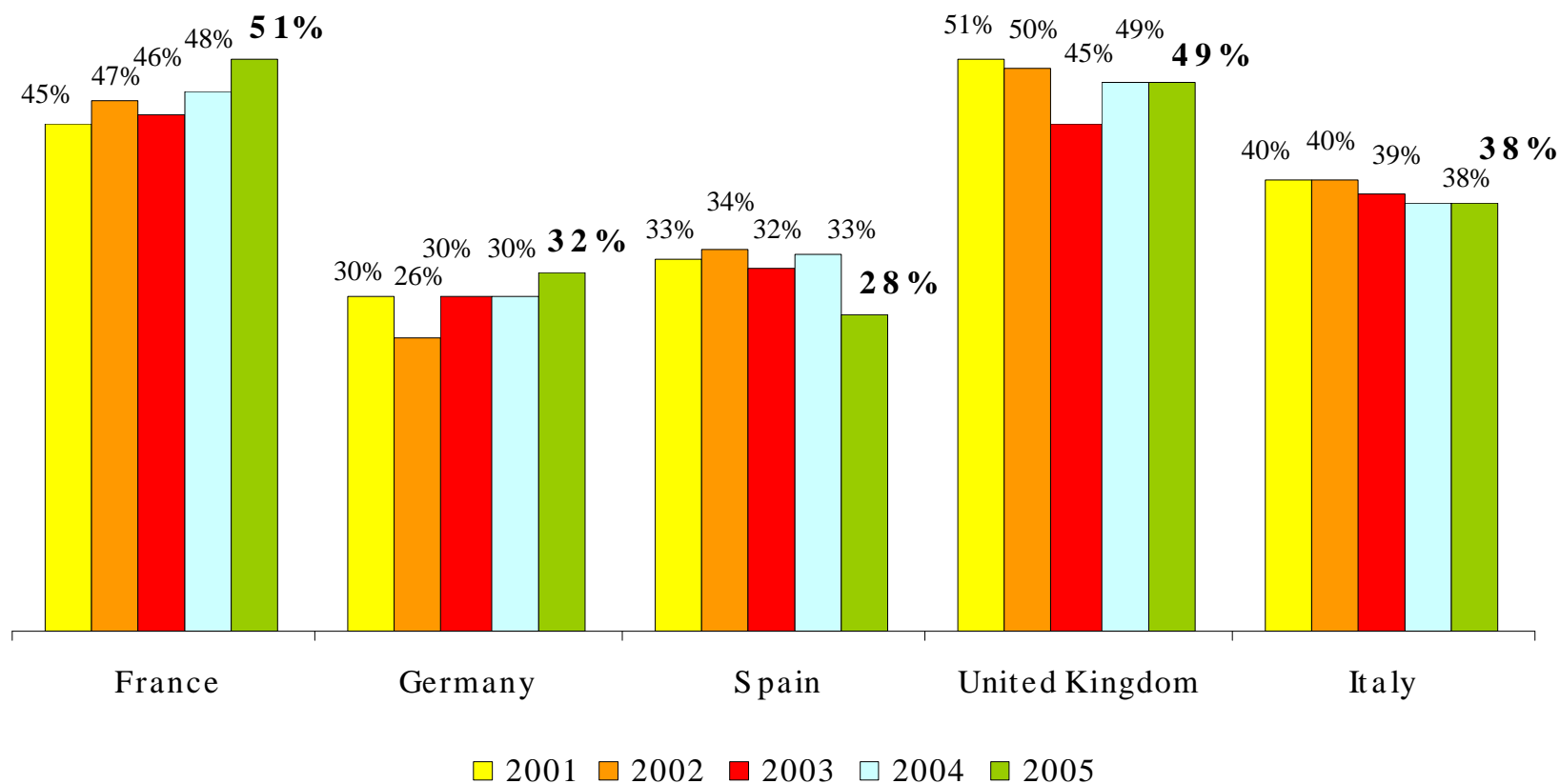


* Included funds provided by Industry or Research Ministries



Share of equipment expenditures in the total defence budget

(without infrastructures, R&D and support included)

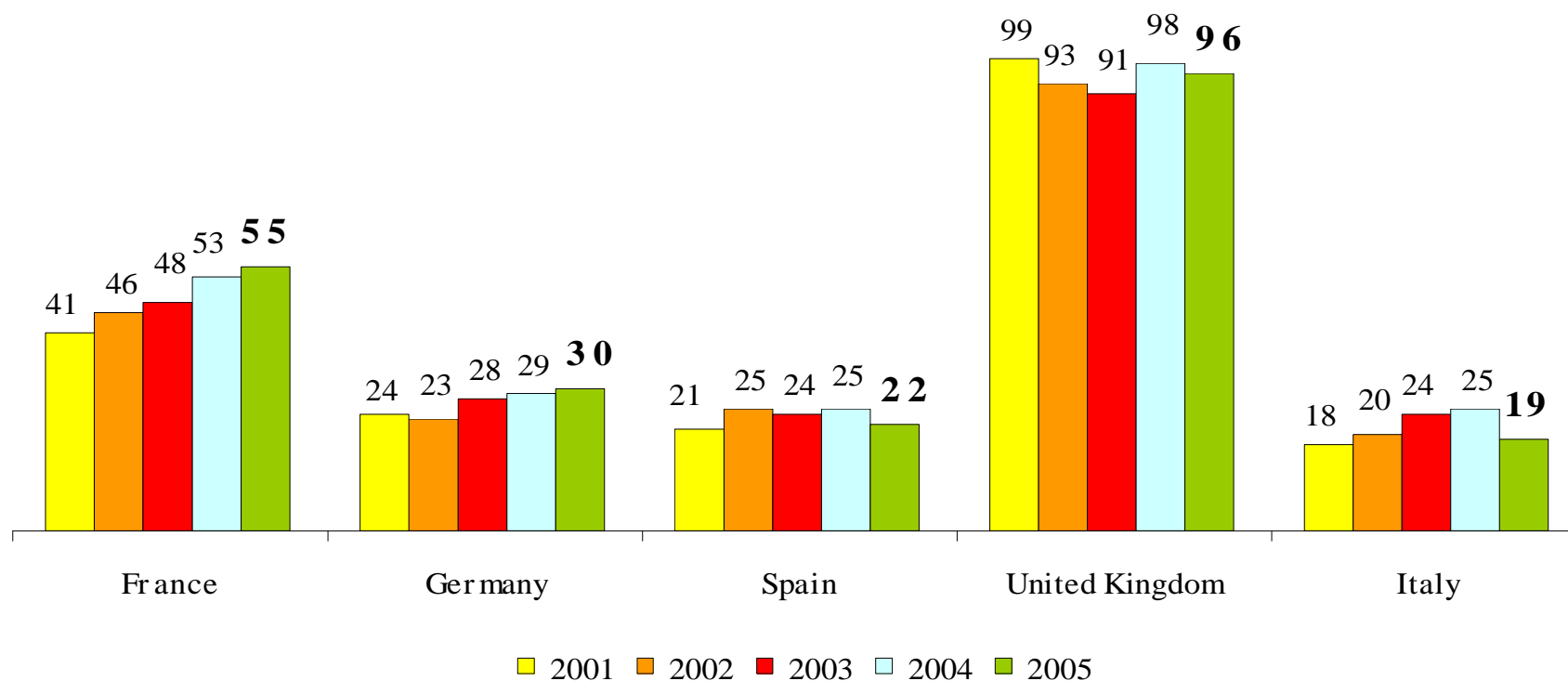


V2: French gendarmerie and Italian carabinieri with a rate of military activity at 5% and 15%, respectively.



Equipment expenditures per soldier

(OTAN standard, thousand euros)

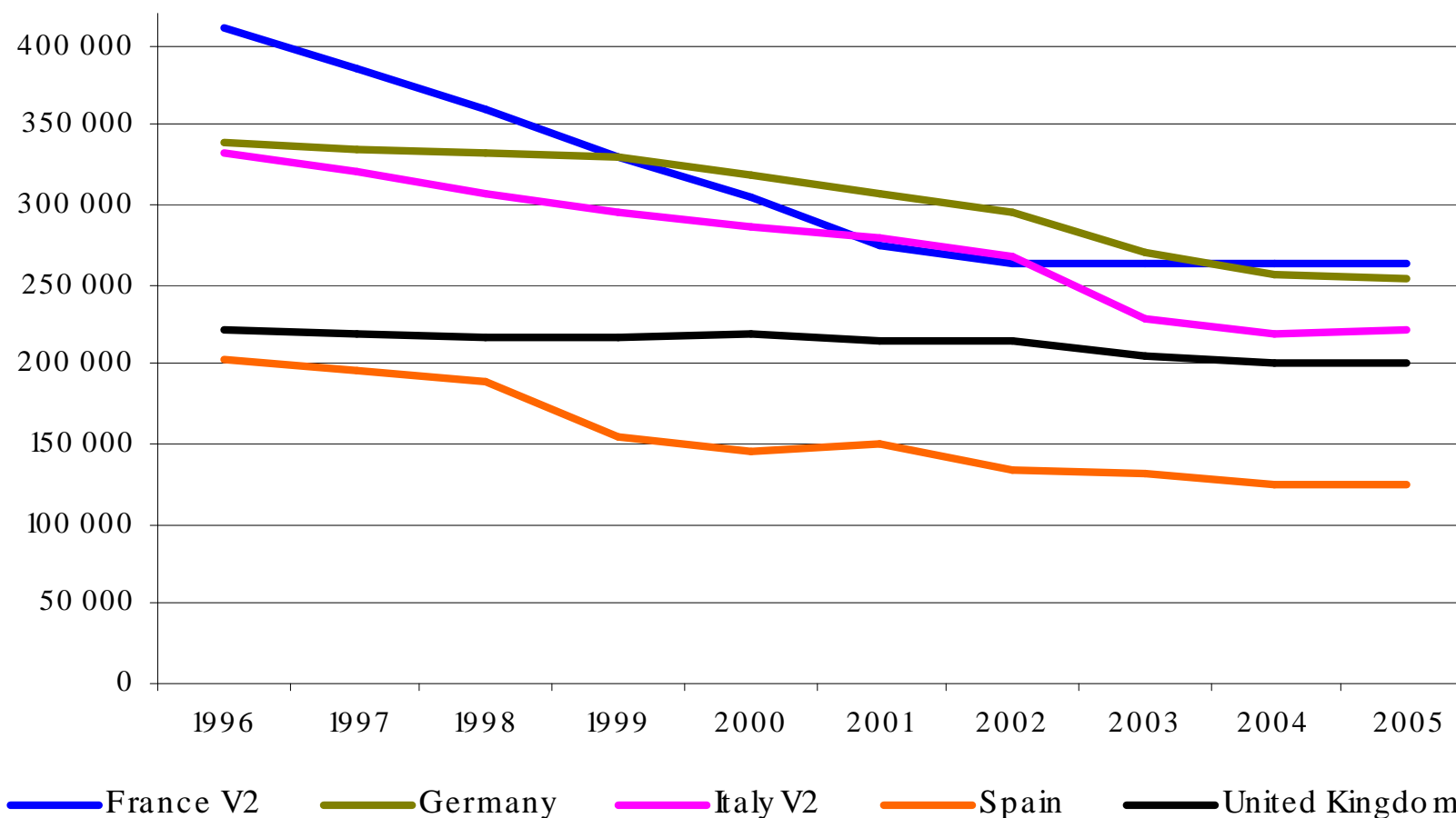


V2: French gendarmerie and Italian carabinieri with a rate of military activity at 5% and 15%, respectively.



Military personnel

(NATO standard)

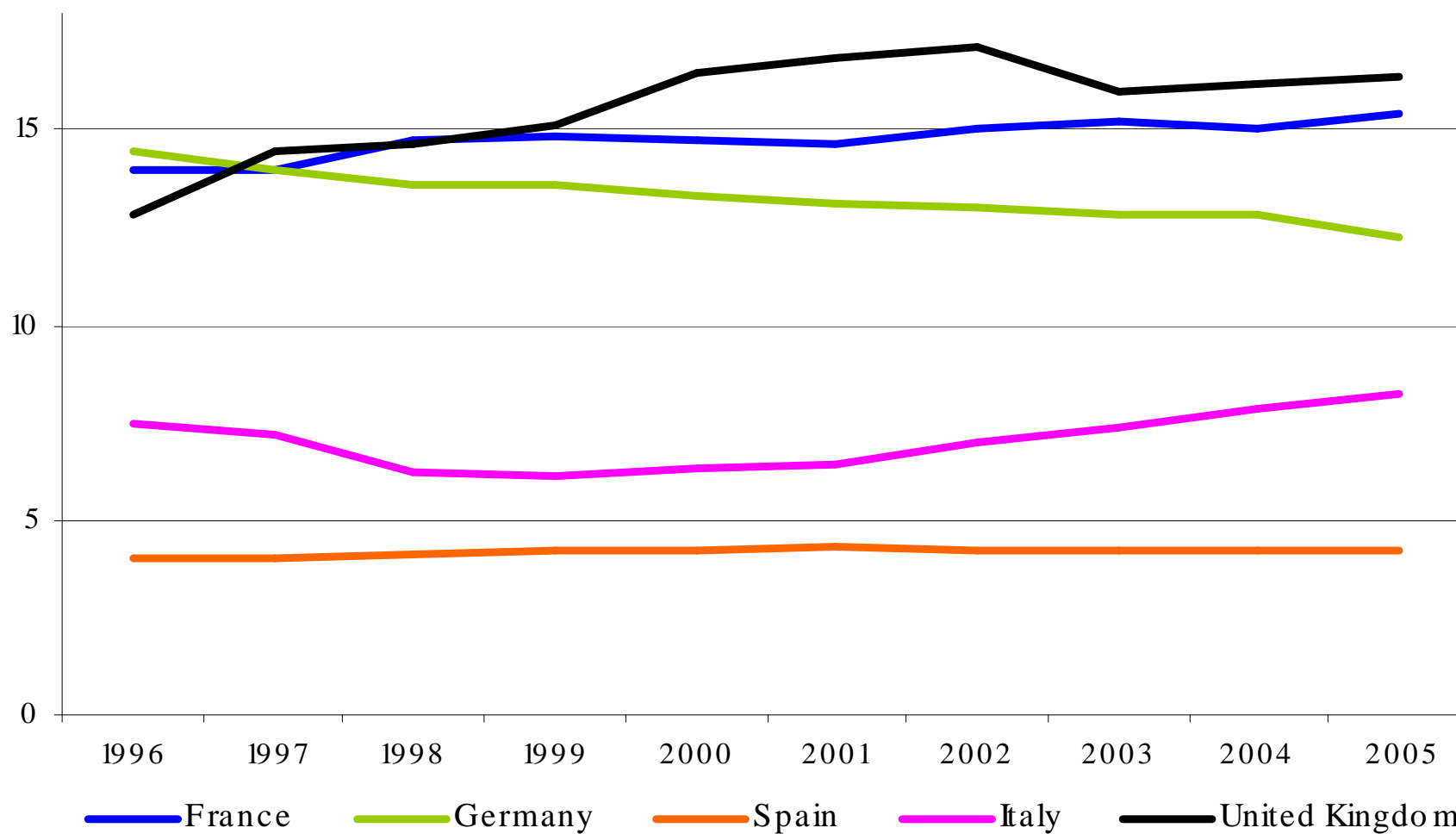


V2: French gendarmerie and Italian carabinieri with a rate of military activity at 5% and 15% respectively.



Personnel expenditures

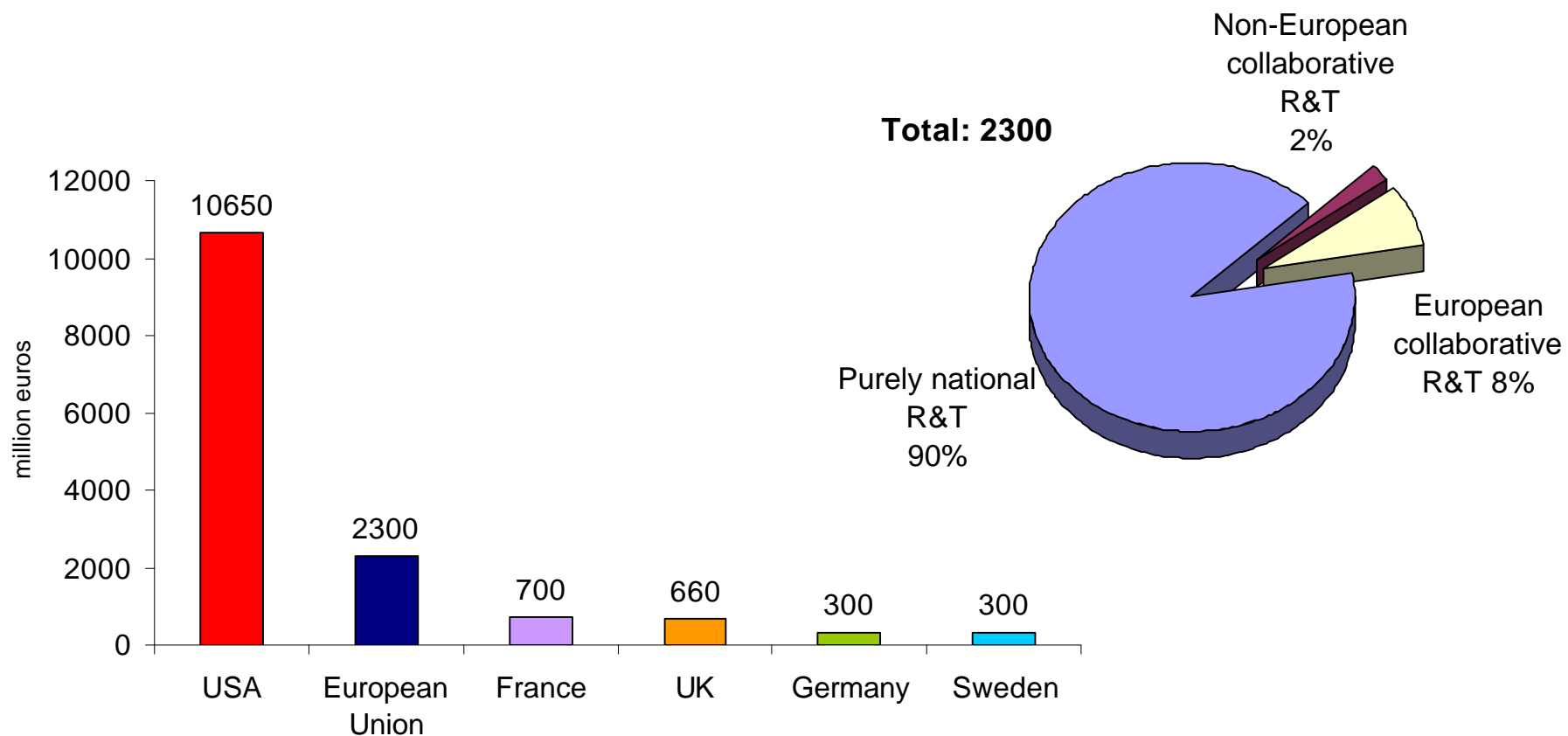
(civil and military, billion 2006 euros)





Defence R&T expenditures

(2005, million euros)



Sources: national Ministries of Defence.

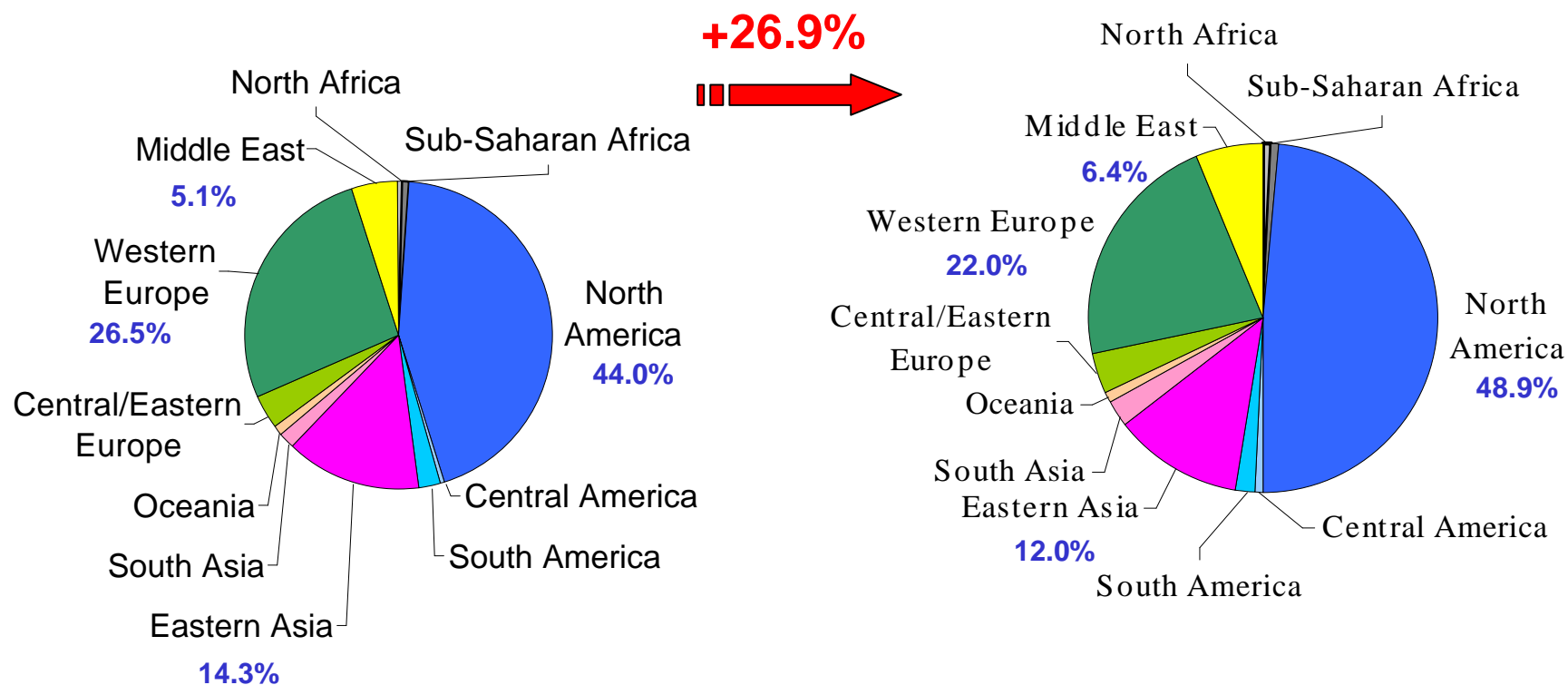


World military expenditures in 1995 and 2005

(2003 constant dollars, market exchange rates)

1995: 789 billion dollars

2005: 1001 billion dollars

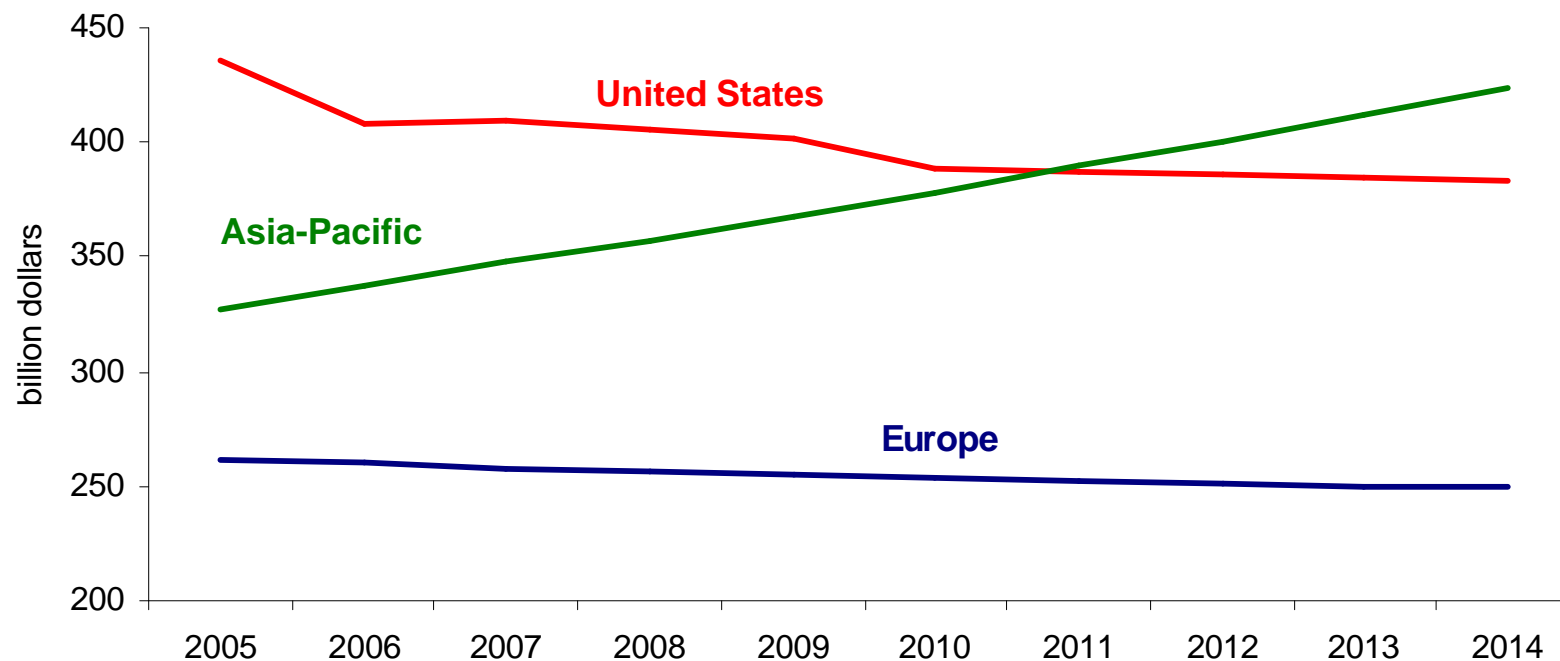


Russia included in "Central/Eastern Europe"
Source: Stockholm International Peace Research Institute



Defence expenditures forecasts

(2005 constant dollars and exchange rate)



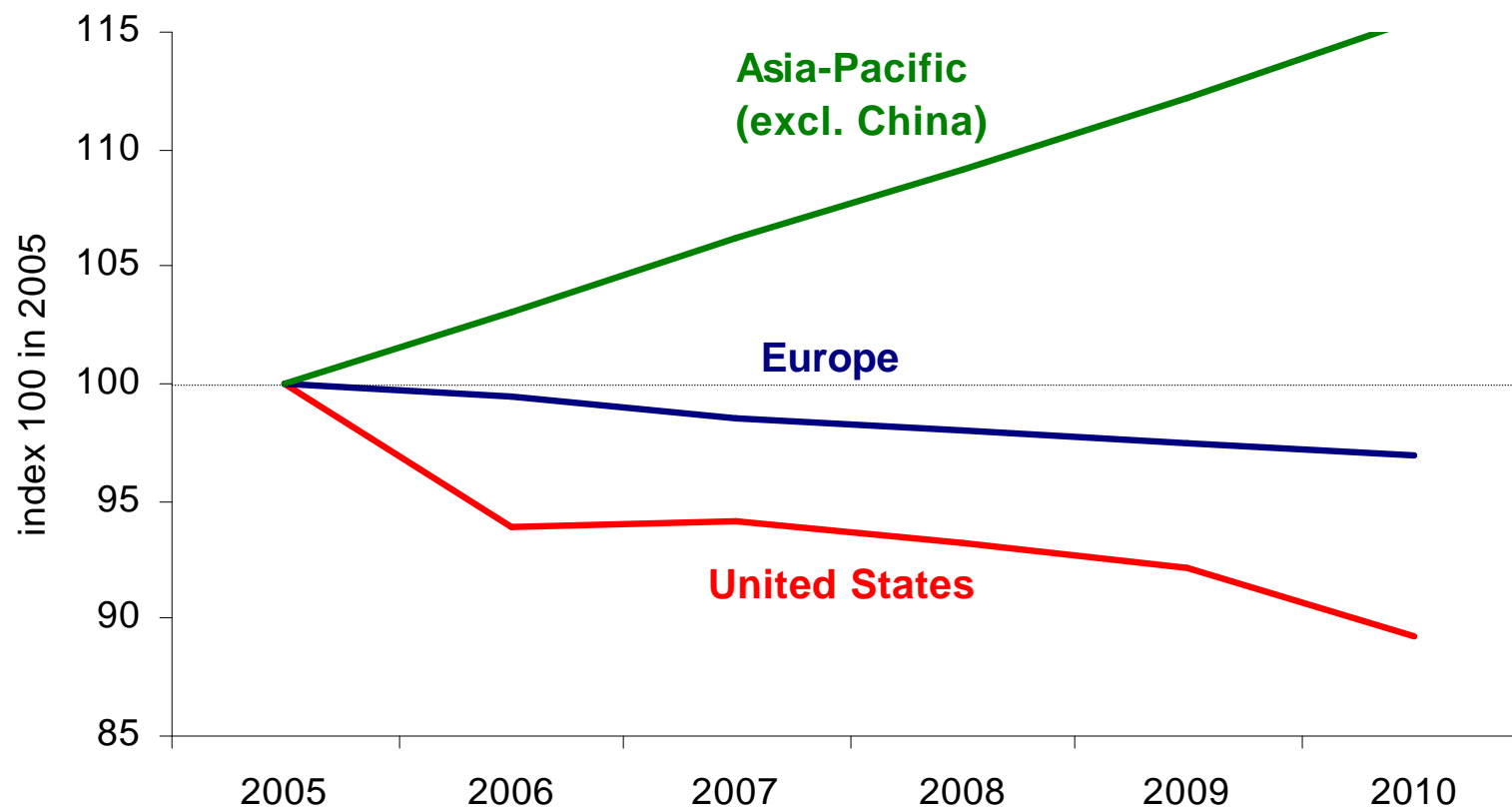
Hypothesis of average annual inflation rates: Europe: 2.2%; United States: 2.8%; Asia-Pacific: 3.1%.
For the US, these forecasts do not include supplemental budgets for operations in Iraq and Afghanistan.

Source: TEAL Group



Defence expenditures forecasts

(index 100 in 2005)



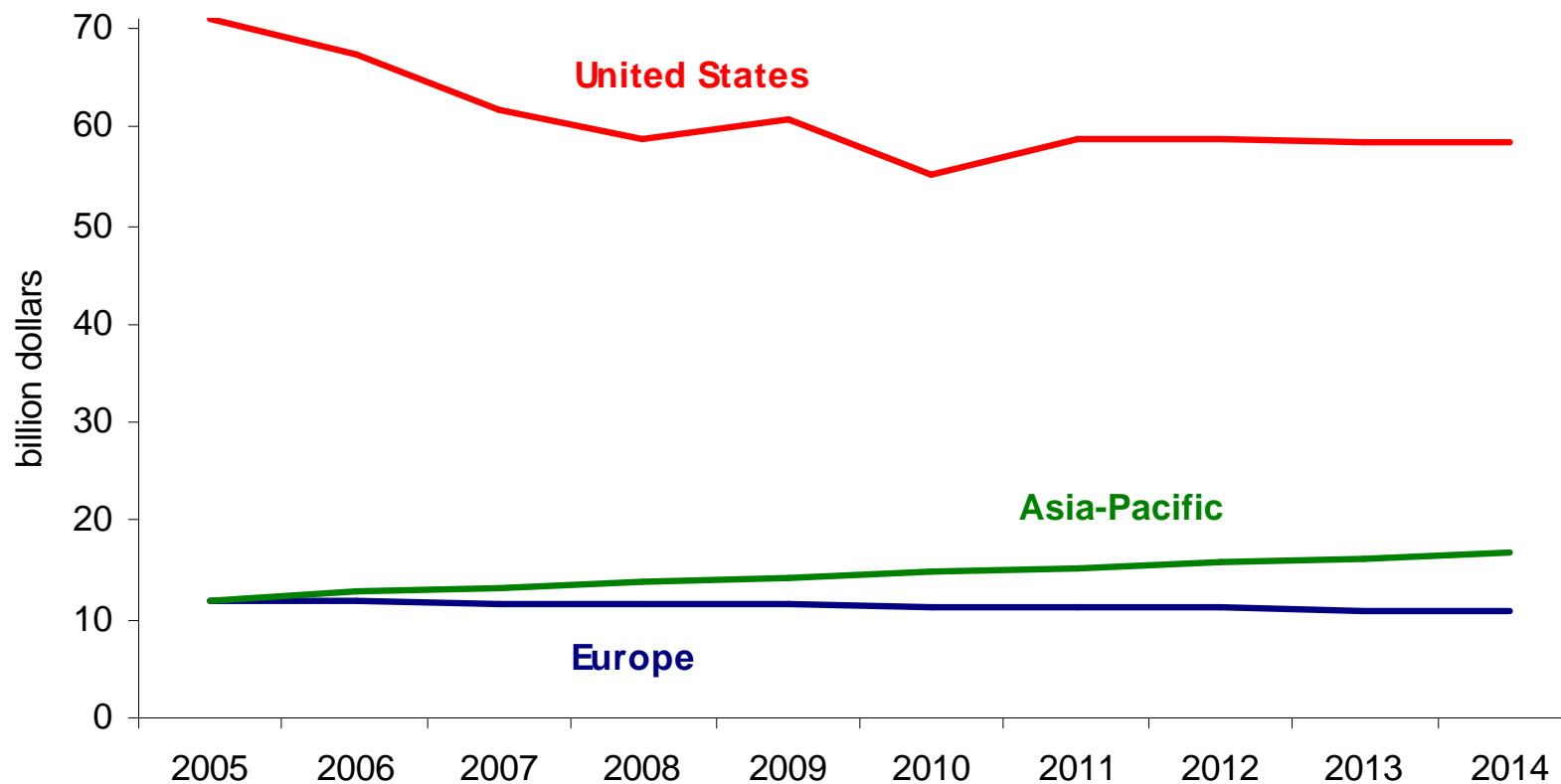
For the US, these forecasts do not include supplemental budgets for operations in Iraq and Afghanistan.

Source: TEAL Group



Defence R&D expenditures forecasts

(2005 constant dollars and exchange rate)



Hypothesis of average annual inflation rates: Europe: 2.2%; United States: 2.8%; Asia-Pacific: 3.1%.

Source: TEAL Group