



DEFENCE  
DATA  
2016-2017

KEY FINDINGS AND ANALYSIS

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## INTRODUCTION

**The European Defence Agency (EDA) collects defence data on an annual basis, and has done so since 2006, in line with the Agency's Ministerial Steering Board Decision of November 2005. The Ministries of Defence of the Agency's 27 Member States (MS) provide the data. EDA acts as a custodian of the data and publishes the aggregated figures in its booklets.**

The 2005 data has been collected during the pilot exercise, which included only a limited number of indicators. A complete dataset is available since 2006, based on the revised list of indicators, including the four collective benchmarks for investment, approved by the Agency's Ministerial Steering Board in November 2007.

All data is collated ("total" incorporates "27 EDA Member States" ), and it has been rounded. Unless specifically indicated, defence expenditure figures are in current prices.

A large part of the previously published data has been revised, as several MS have updated prior years figures as part of the 2016-2017e data collection exercise.

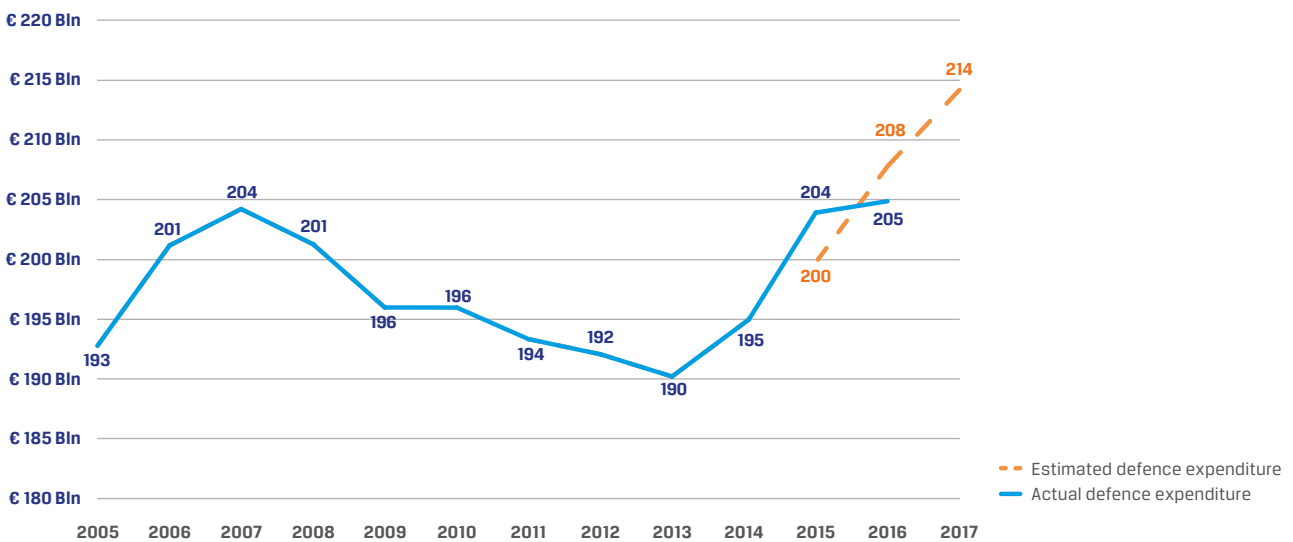
2017 estimates are only available for some indicators, as not all MS were able to provide estimated data for all indicators.

The data is presented in graphs, followed by short analysis. Comma is used as a decimal marker and dot as a thousand separator, as this is the practice followed by the majority of the EDA Member States.

## 1. TOTAL DEFENCE EXPENDITURE

Since 2015, in addition to the actual defence expenditure of the previous year, EDA Defence Data also collects the estimated defence expenditure of the current year. This allows, for the first time, to look at the difference between the planned defence budget and what was actually spent on defence in the EU (*Figure 1*).

**Figure 1. Total defence expenditure (current prices): actual vs. estimated data**



As of 2013 – the lowest level recorded since 2005 – total defence expenditure is increasing both in nominal and in real<sup>1</sup> terms. In 2016, the 27 EDA MS collectively spent €205 billion (current prices) on defence – €15 billion or 7,9% more than in 2013. In real terms, 2016 total defence expenditure amounted to €189 billion, representing an increase of €6,7 billion or 3,7%, compared to 2013. According to estimated figures, defence spending continued to grow in 2017 (+4,2%) almost at the same speed as in 2015 (+4,7%), reaching €214 billion in current prices or €198 billion in constant 2010 prices (*Figure 2*).

Defence expenditure as a share of GDP (constant 2010 prices) has been decreasing from the highest level of 1,70% in 2005 to the lowest of 1,39% in 2015. In 2016, the share of defence marginally increased to 1,40%, and in 2017, it is estimated to be 1,43% (*Figure 3*).

In relation to overall government spending, the percentage share spent on defence increased marginally from 3,00%, in 2015 to 3,04%, in 2016, and in 2017, it is estimated to have reached 3,11%.

1. In order to measure real growth and ensure a "real" comparison over years, inflation needs to be taken into account. Thus, data from 2005 to 2017e has been adjusted to 2010 economic conditions. Source of GDP deflators: European Commission, DG ECFIN, Macro-economic database AMECO.

(Dashed lines represent estimates)

Figure 2. Total defence expenditure: current vs. constant 2010 prices

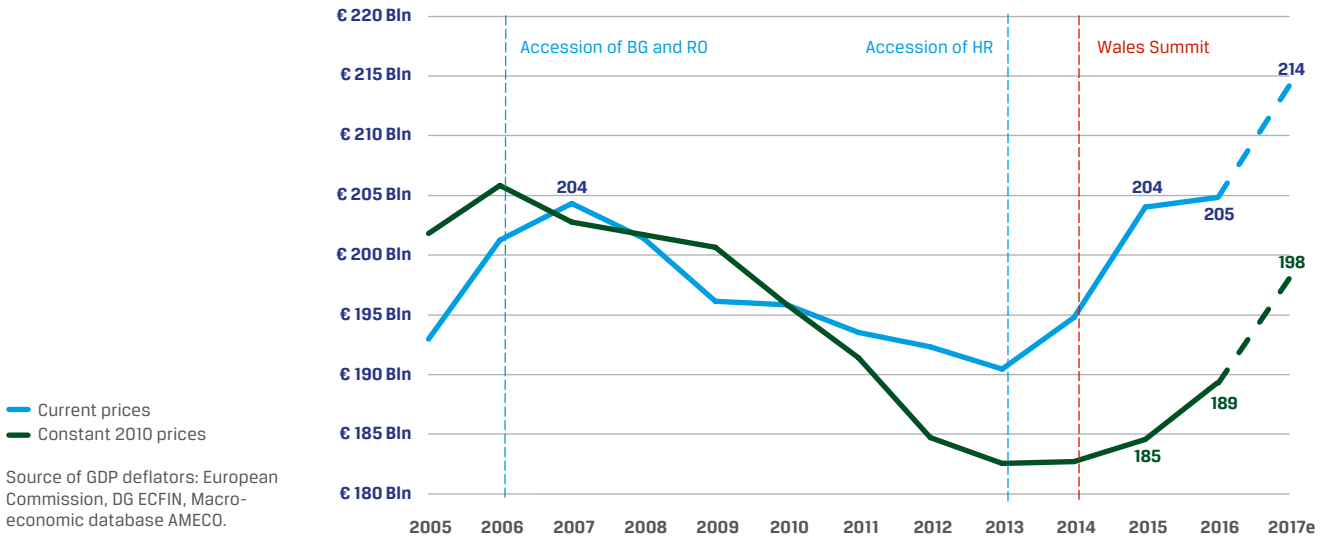
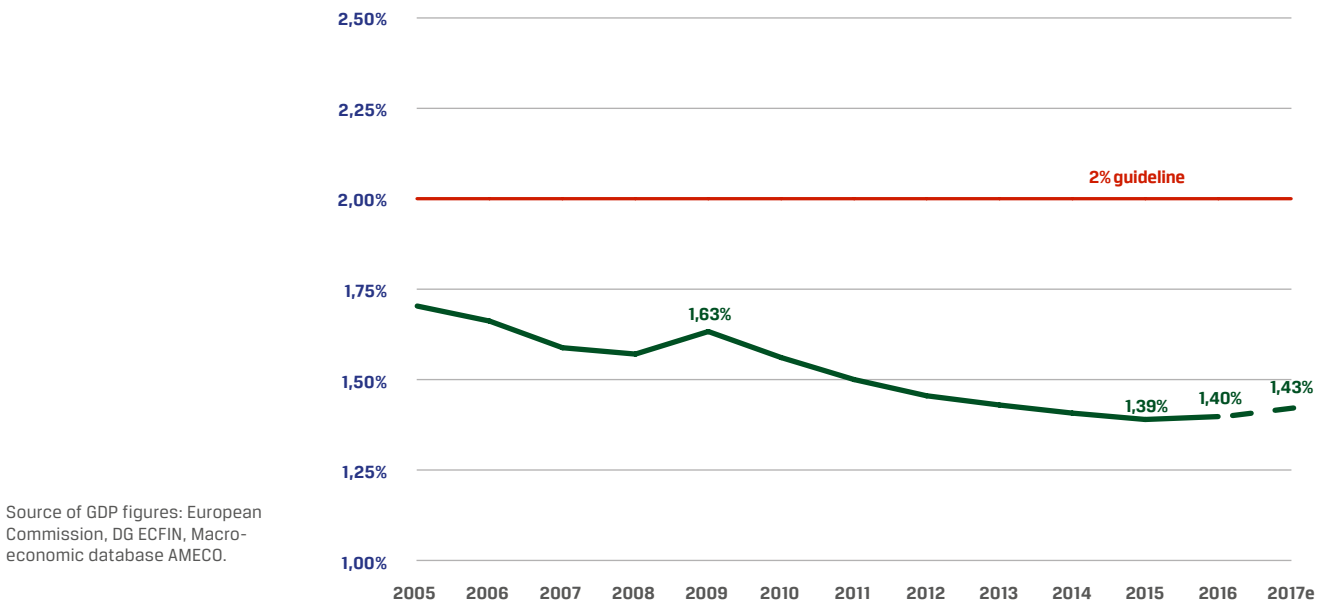
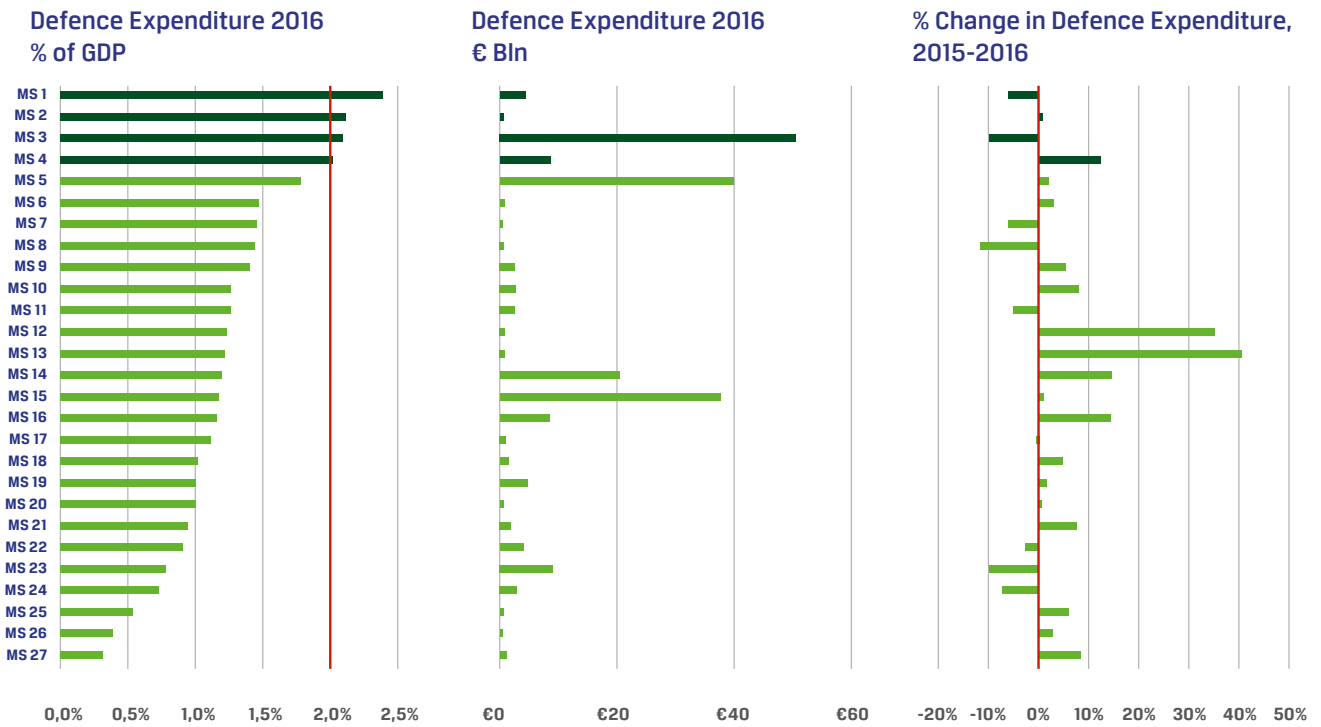


Figure 3. Total defence expenditure as a % of GDP (constant 2010 prices)



In 2016, there were four MS spending at least 2% of their national GDP for defence purposes. Overall, 18 of 27 MS increased defence spending from 2015 to 2016 (Figure 4).

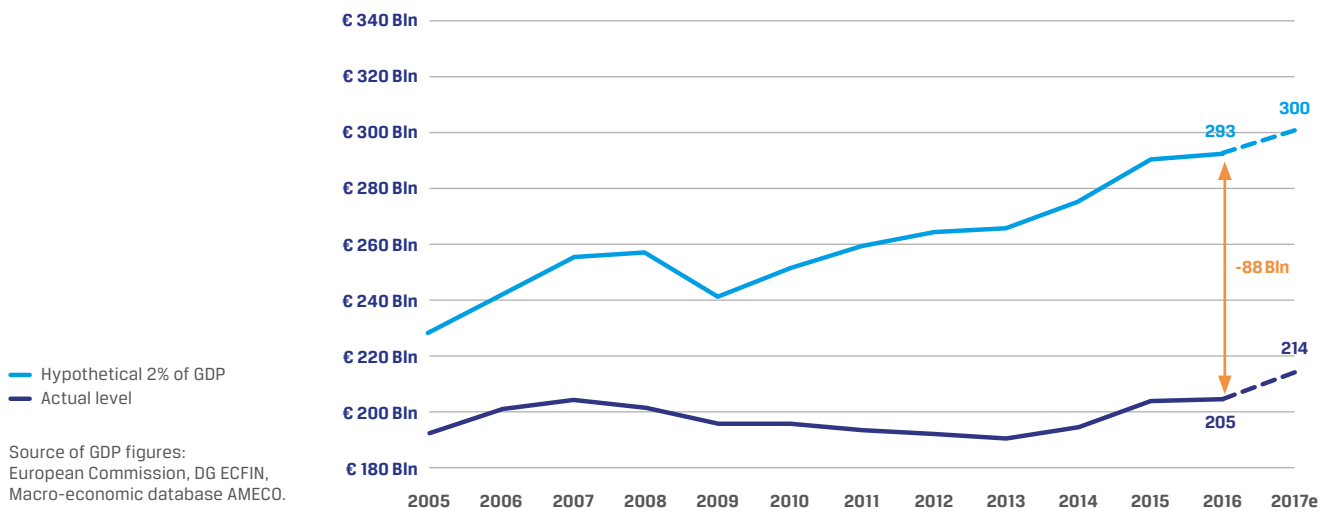
Figure 4. Total defence expenditure (comparison)



In a hypothetical scenario where all 27 EDA MS were to spend at least 2% of their GDP on defence, the total European defence budget in 2016 would have amounted to €293 billion (current prices), representing a difference of €88 billion, compared to the actual level (Figure 5). Based on the current GDP estimates published by DG ECFIN and given that the 2% of GDP level was maintained by all MS, in 2019, Europe could have around €322 billion available for defence.

**Figure 5. Total defence expenditure (current prices): actual level vs. hypothetical 2% of GDP level**

(Dashed lines represent estimates)



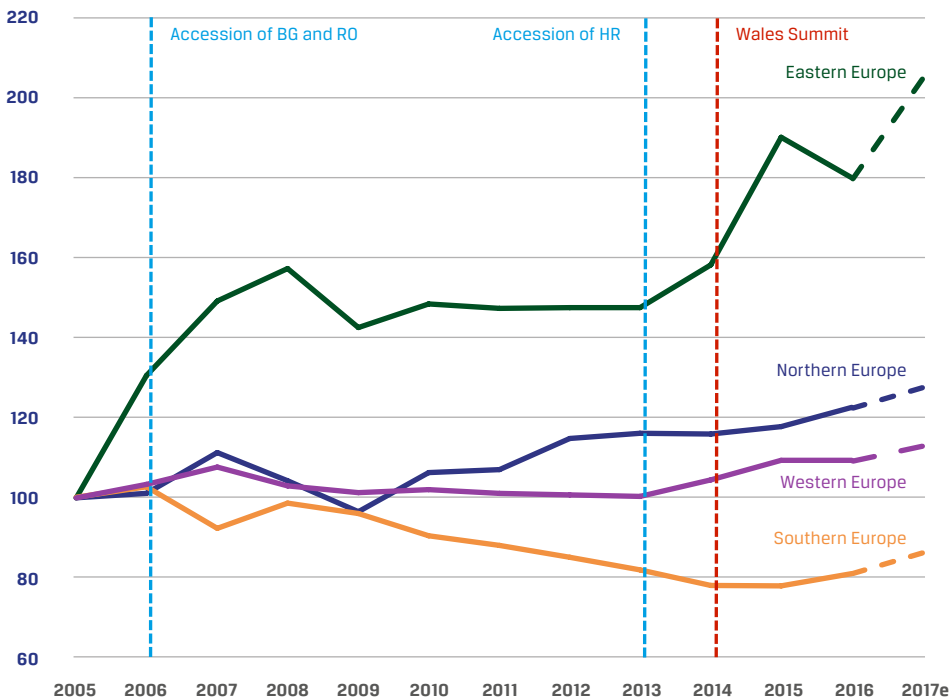
## 2. REGIONAL PERSPECTIVE

Figure 6 examines regional developments of defence spending over time in relation to the base year – 2005. The year 2013 broke the trend of declining military spending in Europe that was observed since 2007. In three European regions – Eastern, Northern, and Western Europe – defence expenditure increased, compared to 2005, while it decreased in Southern Europe.

In Western Europe representing eight MS, defence spending was flat until 2013, with a subsequent moderate increase of around 10%. In Northern Europe defence spending has increased since 2009, and in 2016, the five MS spent over 20% more than what they had spent in 2005. In Eastern Europe, defence expenditure increased rapidly and substantially. Already in 2014, the six MS spent 60% more than in 2005, and in 2017, their combined defence budgets are estimated to have doubled, compared to the base year. On the contrary, defence spending in Southern Europe has gradually decreased since 2006 up until 2015, where defence expenditure of the eight MS accounted for less than 80% of their 2005 budget. Since 2016, defence spending in Southern Europe is increasing, but it remains below the reference level.

Figure 6. Evolution of defence expenditure by region\*, as compared to 2005

(Dashed lines represent estimates)



\* EDA MS were assigned to regions on the basis of the United Nations Statistics Division Composition of Regions' classification, adapted to EDA-specific environment. Northern Europe: EE, FI, LV, LT, and SE; Eastern Europe: BG, CZ, HU, PL, RO, and SK; Western Europe: AT, BE, FR, DE, IE, LU, NL, and UK; Southern Europe: HR, CY, EL, IT, MT, PT, SI, and ES.



### 3. DEFENCE EXPENDITURE BREAKDOWN

A closer look at defence investment reveals a widening gap between defence equipment procurement and defence R&D (including R&T). In other terms, an increase in investment is more and more driven by increasing expenditure on equipment procurement, whereas expenditure on R&D remains stagnant at around €9 billion (*Figure 9*).

**Figure 7. Defence Expenditure Breakdown**

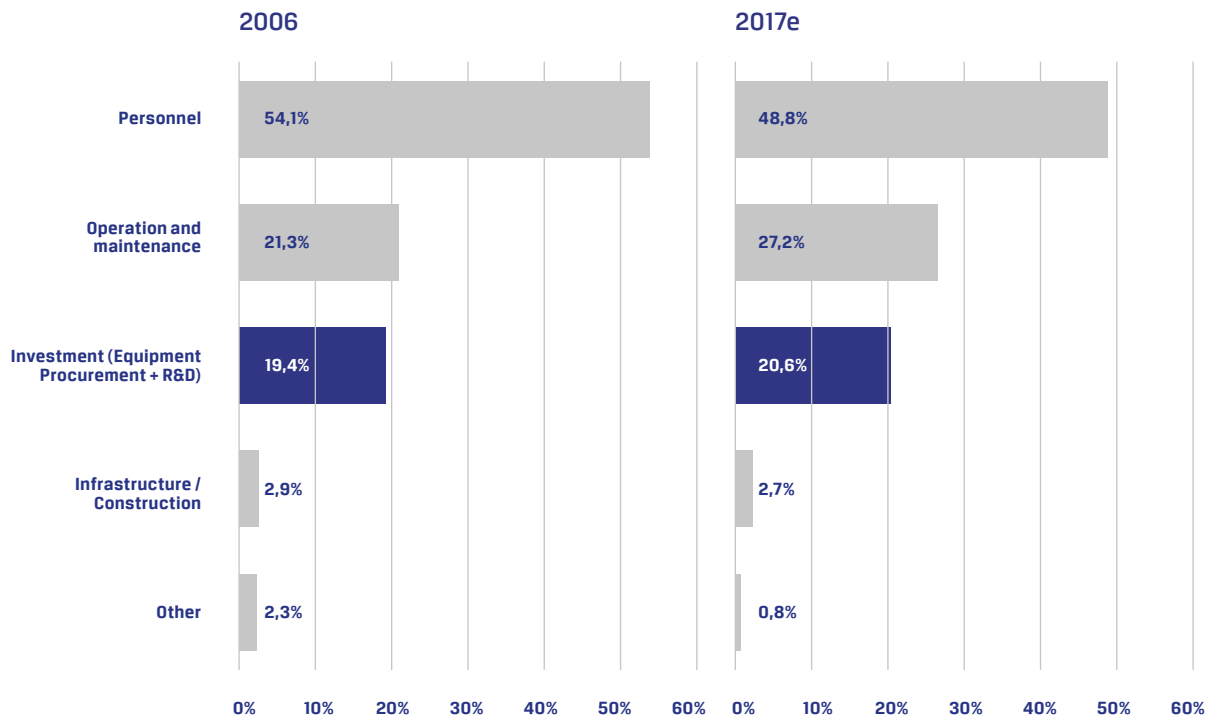
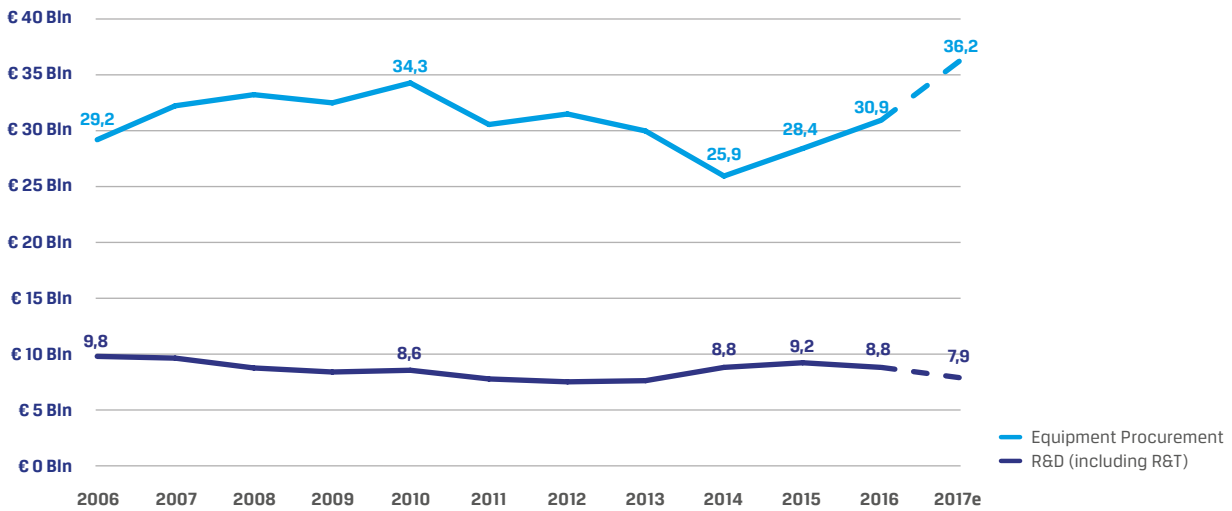


Figure 8. Defence investment breakdown

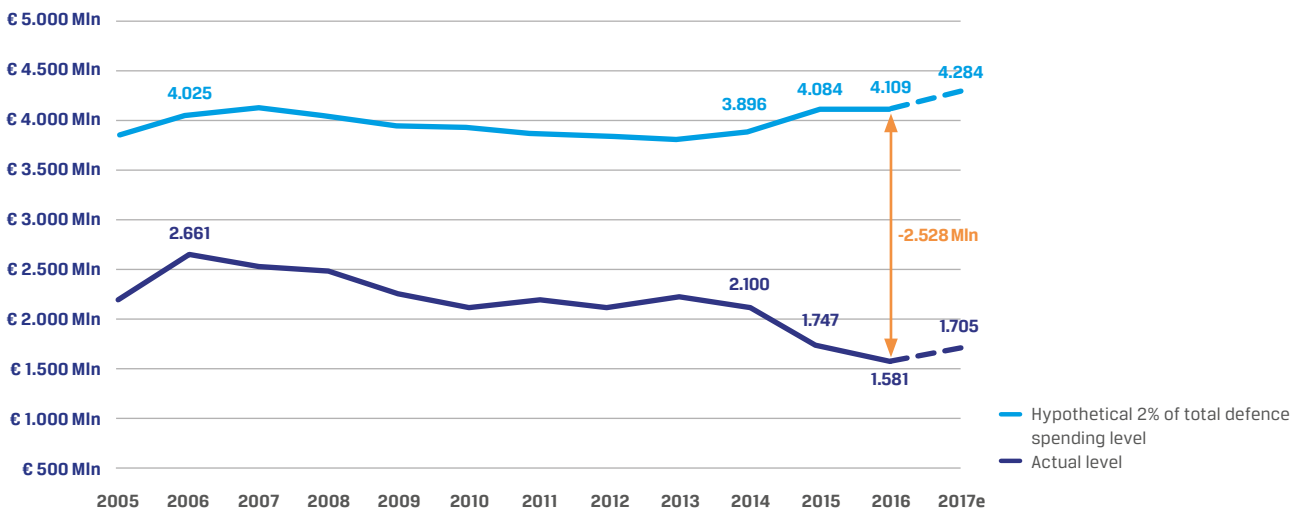
(Dashed lines represent estimates)



Expenditure on defence R&T continued to decrease, and in 2016, it was record-low amounting to just below €1,6 billion. This is significantly below the Collective Benchmark of 2% to be spent for defence R&T of total defence spending (agreed by EDA MS in 2007). If the 27 EDA MS were to spend collectively 2% of their total defence budget on R&T, the 2016 figure would be more than double, reaching €4,1 billion (Figure 9).

Figure 9. Defence R&T expenditure: actual level vs. hypothetical 2% of total defence spending level

(Dashed lines represent estimates)



## 4. COLLABORATIVE DEFENCE EQUIPMENT PROCUREMENT AND R&T EXPENDITURE

Since 2012 it has not been possible to have a comprehensive picture of total MS expenditure on collaborative (including European collaboration) defence equipment procurement and defence R&T programmes, as several MS were not in a position to provide these data. This affects not only four collaborative indicators, but also two of the four Collective Benchmarks for investment approved by the EDA Steering Board on 19 November 2007<sup>2</sup>.

2. Adjusted List of Indicators for Defence Data (EDA Doc. No. 2007/12), and Collective Benchmarks (EDA Doc. No. 2007/13)

Nevertheless, although incomplete, 2016 data suggest slight improvements in collaborative defence equipment procurement, while collaboration in defence R&T continues to diminish. Only in 2017, collaborative defence R&T is estimated to have increased slightly.

European collaborative defence equipment procurement expenditure amounted to €6,3billion in 2016. If, however, the 27 EDA MS complied with the 2007 benchmark to collectively spend 35% of total defence equipment procurement budget in collaboration, the 2016 figure would approach €11 billion (*Figure 10*).

Similarly, if the 27 EDA MS collectively spent 20% of their total defence R&T budget collaborating with each other, as the 2007 benchmark aims for, the 2016 European collaborative defence R&T expenditure would have been €316 million – more than twice as large as the actual level of €143 million (*Figure 11*).

**Figure 10. European collaborative defence equipment procurement: actual level vs. hypothetical 35% of total defence spending level**

(Dashed lines represent estimates)

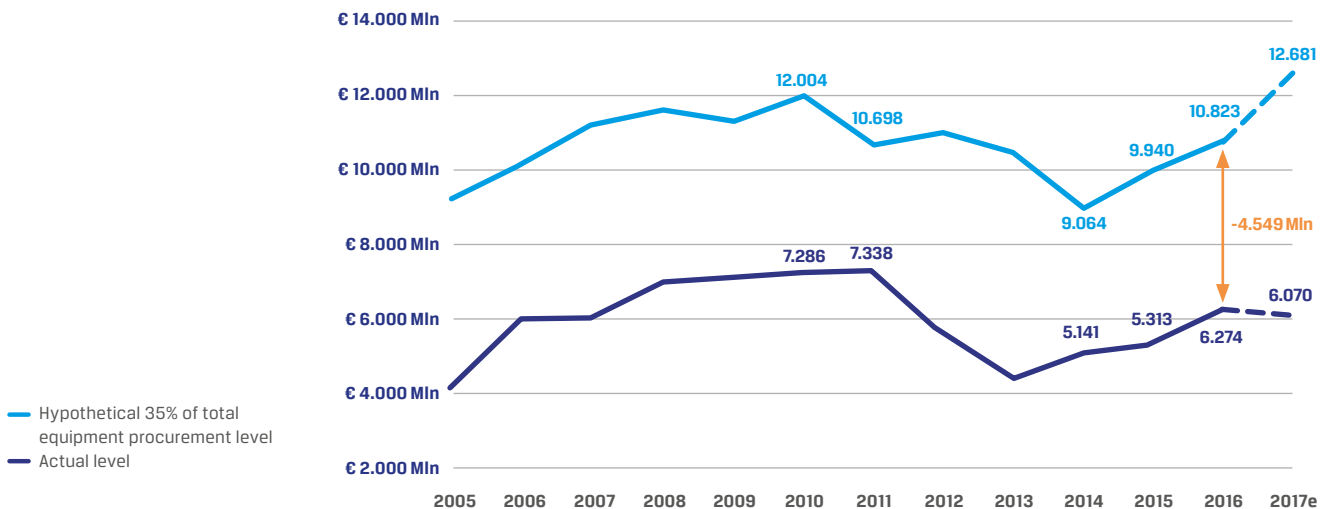
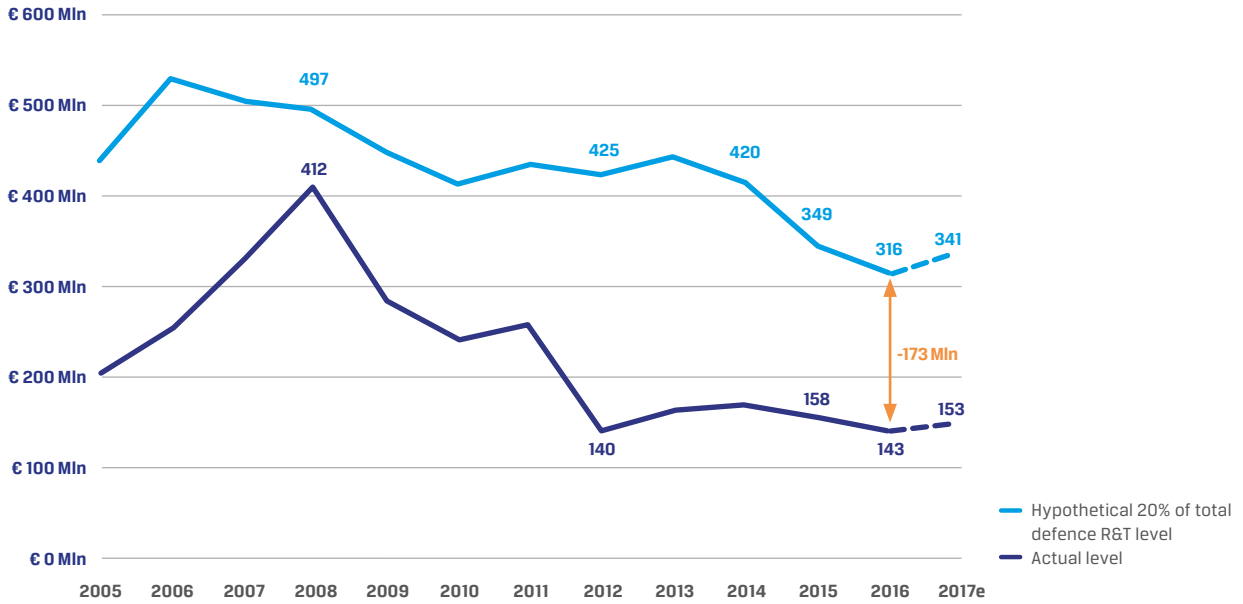


Figure 11. European collaborative defence R&T expenditure: actual level vs. hypothetical 20% of total defence R&T spending level

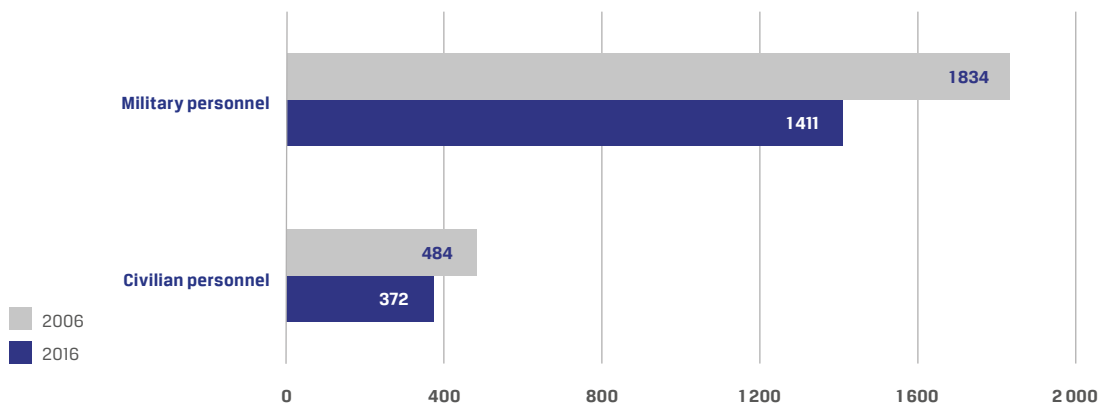
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## 5. DEFENCE PERSONNEL

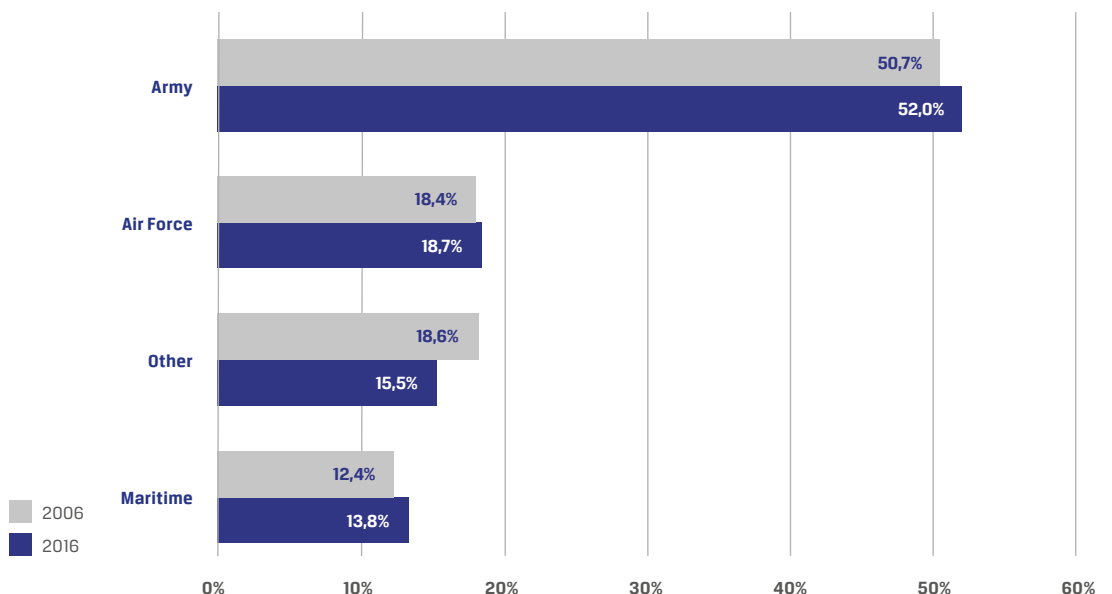
Since 2006, defence personnel numbers have been steadily declining, mainly due to internal restructuring processes. From 2006 to 2016, the total defence personnel shrank by over 500 thousand or 23,1%, where civilian personnel decreased by over 112 thousand (23,2%), and military – by 423 thousand (23,1%) (*Figure 12*). During the same period, defence investment (equipment procurement and R&D) per military was around €25 thousand, on average.

**Figure 12. Total military and civilian personnel (Thousands)**



As total military personnel decreased, so did the numbers in each military personnel breakdown category. During 2006-2016, the Army reduced by over 209 thousand or 22,5% to 719 thousand, Maritime – by almost 37 thousand or 16,2% to 190 thousand, Air Force – by 79 thousand or 23,4% to 258 thousand, and military personnel not assigned to any of the above categories and referred to as "Other" – by almost 126 thousand or 36,9% to 215 thousand. In relative terms, the shares of military personnel categories remained to a greater or lesser extent stable, with the Army accounting for 52%, Air Force – for 18%, Maritime – for 13%, and Other – for 17% of the total military personnel, on average (*Figure 13*).

**Figure 13. Military personnel breakdown (%)**

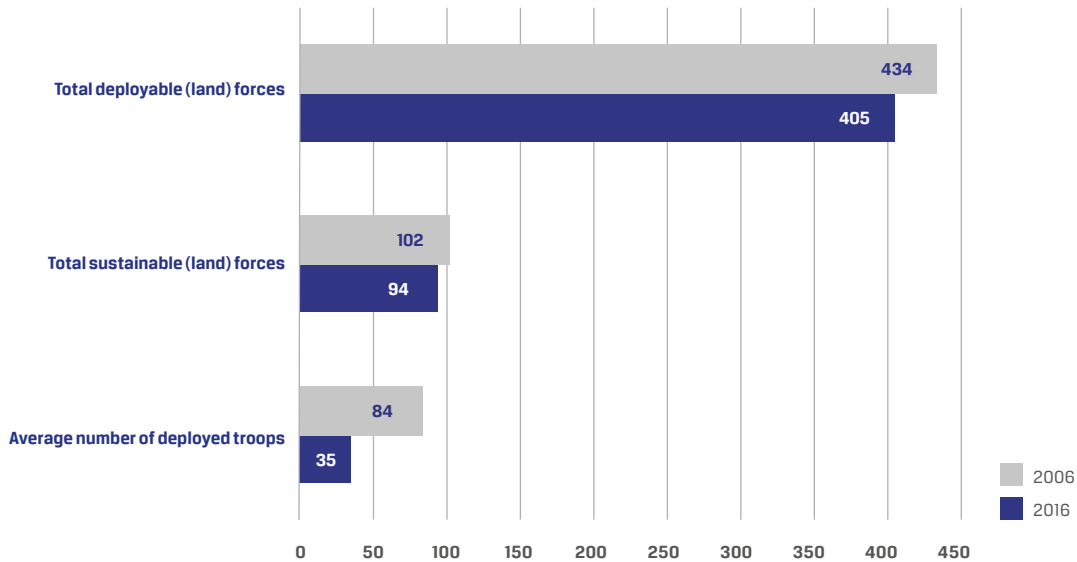


## 6. DEPLOYABILITY

From 2006 to 2016, the average number of troops deployed decreased by more than half – 49 thousand or 58% (*Figure 14*), mainly due to the disbanded ISAF security mission at the end of 2014 and following the withdrawal of participating Member States' troops from Afghanistan. In relative terms, the share of deployed troops in total military personnel dropped from 4,6% to 2,5%.

The total number of deployable (land) and sustainable (land) forces has also decreased during the period. In 2016, the 27 EDA MS had in total 405 thousand deployable (land) forces – almost 29 thousand or 6,6% less than what they had in 2006. The total number of sustainable (land) forces was 94 thousand in 2016, representing an 8% decrease, compared to 2006 (*Figure 15*). The ratio between sustainable (land) and deployable (land) forces remained virtually stable at around 1:4.

**Figure 14. Deployable, sustainable and deployed forces (thousand)**



## 7. COLLECTIVE BENCHMARKS

3. Since 2012, Collective Benchmark results on the European collaboration in both equipment procurement and R&T are partial, as several MS are not able to provide the requested data. Since 2015, the results of the benchmark related to defence R&T are based on estimated R&T figures due to inability of some MS to provide accurate figures.

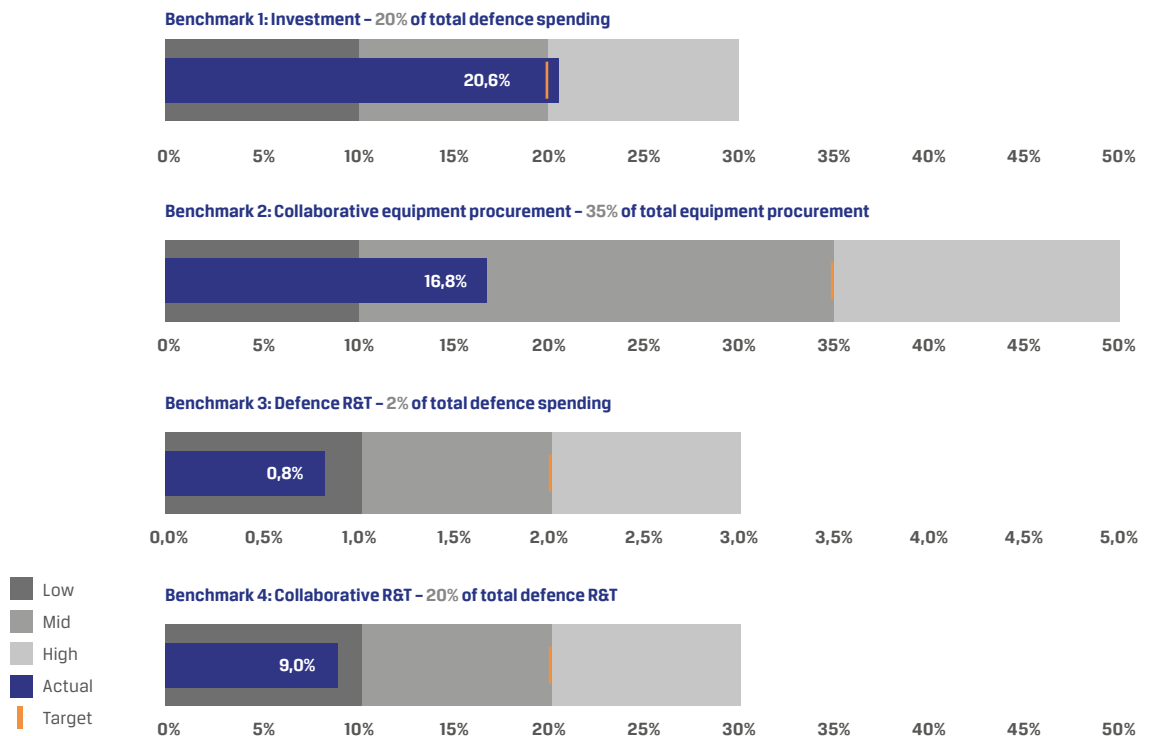
It is no longer possible to measure progress against two of the four Collective Benchmarks,<sup>3</sup> as several MS are no longer in a position to provide the requested data. Nevertheless, as partial data suggest, in 2016, European collaboration slightly increased in equipment procurement (from 18,7% to 20,3%), but remained at the same level in R&T (9,0%) among those countries that reported data.

The proportion of investment (equipment procurement and R&D) in total defence expenditure has been increasing since 2014, and in 2017, it is estimated to have reached and even slightly exceeded the 20% benchmark.

Defence R&T as a percentage of total defence spending has been steadily decreasing since 2006. Since 2015, defence R&T figures are estimated due to an inherent limitation of several national accounting systems to generate precise R&T figures. Based on the estimated data, in 2016, the share of total defence spending dedicated to R&T was the lowest since 2006, at 0,77%. In 2017, it is estimated to have slightly increased to 0,80%.

The bullet graph below (Figure 15) presents the current situation plotting the actual (2017e) defence spending levels against the four Collective Benchmarks. The grey scale is used to introduce a qualitative – and arbitrary – dimension suggesting what could be considered as low, mid, and high level of expenditure relative to the specific benchmark.

Figure 15. Collective benchmark results 2017e



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