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Bengt-Göran Bergstrand

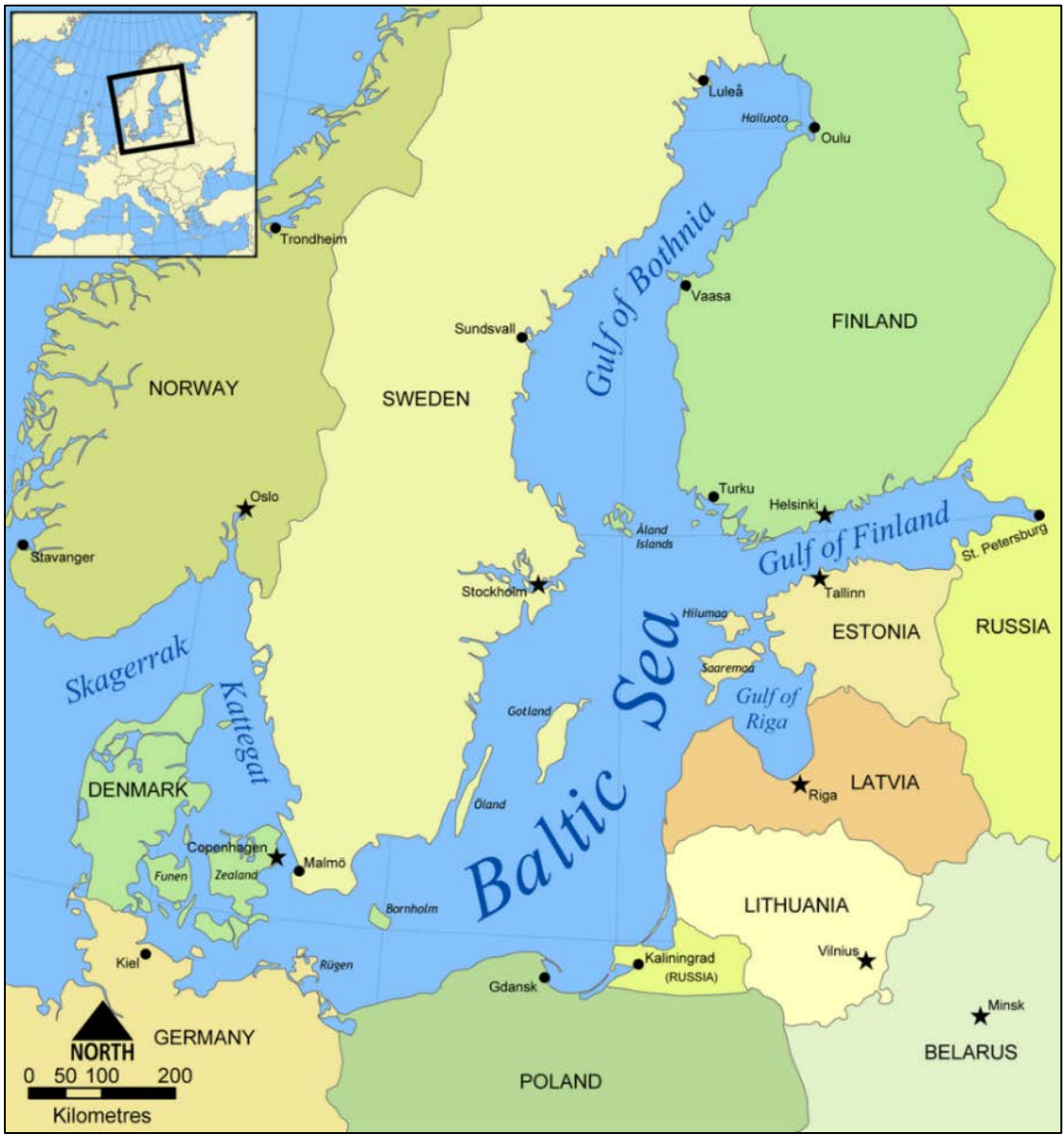
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Military Expenditure Trends in the Baltic Sea States



Map downloaded from “Baltic States”, *Wikipedia* >
https://en.wikipedia.org/wiki/Baltic_Sea#/media/File:Baltic_Sea_map.png.

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1 Introduction and Executive Summary

The purpose of this study is to present some data regarding military spending trends in Baltic Sea countries, with outturn data based mainly on NATO statistics for 2005-15 to which projections for 2016-20 have been added. The study covers all Baltic Sea states apart from Russia, but includes Norway, meaning that trends in 9 countries are discussed. The Memo consists of two parts, where the first part gives information about, and also make comparisons between, all countries studied – with Germany as the biggest country at one end, and the three small Baltic countries at the other end – while the second part gives more detailed data for each of the countries.

The “3x3” matrix below summarises how certain countries show both similar and different trends. On the vertical y-axis, a distinction is made as to whether Military Expenditures [“ME”] are increasing -/- stable -/- or decreasing. The horizontal x-axis illustrates the

	ME:GDP share (%) – Increasing, high share <i>ME increases > Ec. growth rate</i>	ME:GDP share (%) – Stable share <i>ME increases ≈ Ec. growth rate</i>	ME:GDP share (%) – Decreasing share <i>ME increases < Ec. growth rate</i>
Military Exp. increases (in absolute numbers, like millions/ billions in constant prices)	<u>Estonia:</u> 2 % since 2014/15. <u>Latvia:</u> Will double ME, to have 2 % in 2018. <u>Lithuania:</u> Increase ME to 2 % share in 2020.	<u>Norway:</u> ME:GDP ~1,5 %. (New decision Spring 2016.) <u>Poland:</u> ME this year = 2 % last year’s GDP; high ec. growth increases ME.	<u>Sweden</u> Increase 2017-20, but low and declining share, approaching 1 % (lowest among all Baltic Sea states 2016-19).
Military Exp. are stable			<u>Finland:</u> Complicated situation, stable budgets 2015-18. (New policy paper Spring 2017.) <u>Germany:</u> Increase 2016-17, then decrease 2018-19. (White Paper Summer 2016.)
Military Exp. decreases			<u>Denmark:</u> Agreement for 2013-17 with decreases; budget also indicates minor decreases in 2018-19.

relationship between ME and the Gross Domestic Product [the “ME:GDP share”], and differentiates developments as to whether the ME:GDP share is increasing -/- stable -/- or decreasing. This ME:GDP share can be seen as a measurement both on how big an economic burden the military allocation is to a country at large, and thereby how high a political priority the country gives to defence and security issues. Implicitly, such an approach will also use the ME:GDP trend as a very important variable, not only for assessing 2005-15 trends but also for many of the 2016-20 projections. The present NATO guidelines, officially adopted at the NATO Summit in Wales on 4-5 September 2014, state that NATO countries – and 7 of the 9 countries here subject to study are NATO members – should allocate at least 2 per cent of GDP to defence (albeit that only a handful do so).¹

Some of the most important observations which can be made from this study are the following.

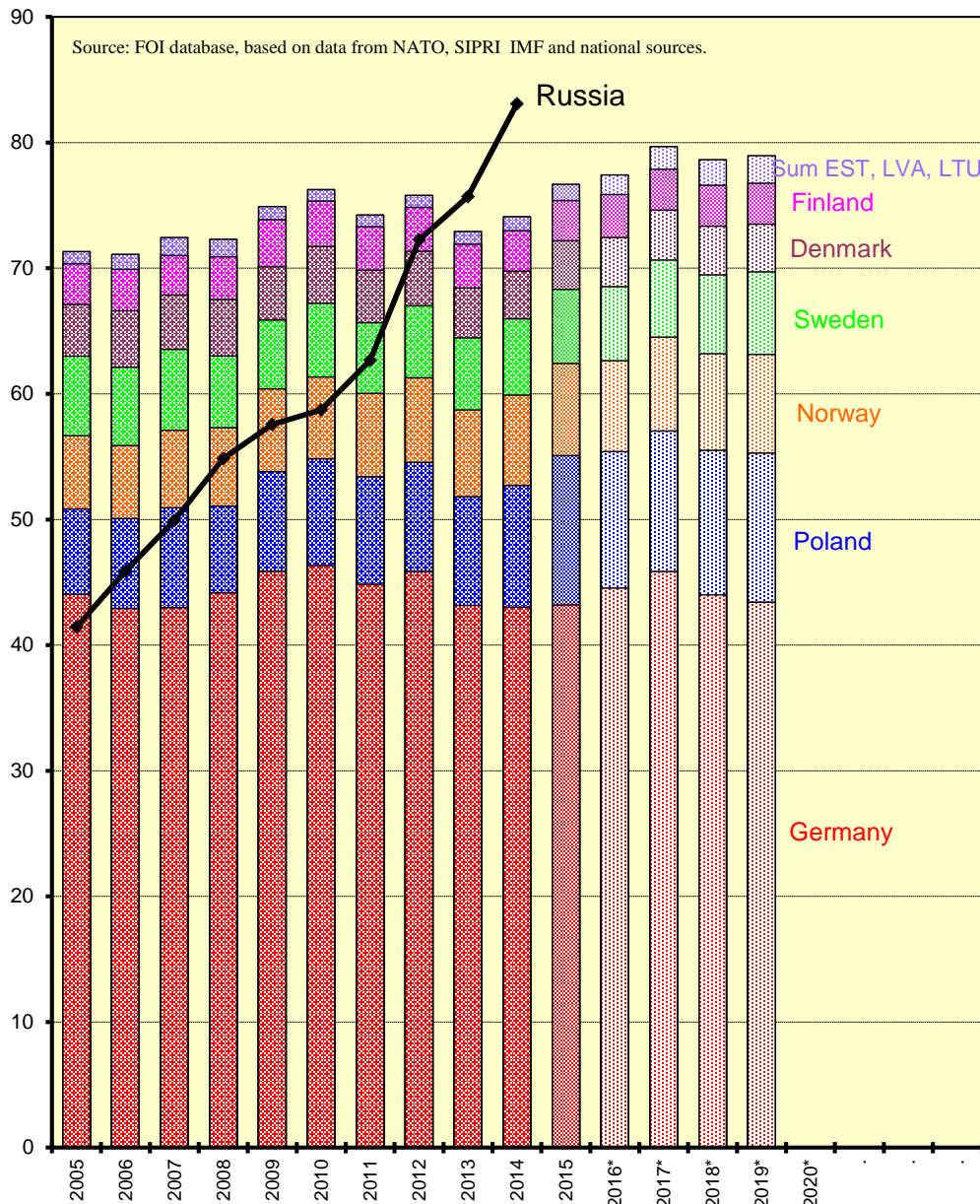
- Germany is the most important Baltic Sea state, and German ME, amounting to ~38 billion USD in 2015, are about a third higher than aggregate ME for the other 8 Baltic Sea states, adding up to ~29 billion USD.
- The Russian arms spree in general and the Russian aggression against Ukraine in particular has caused a strategic rethink in many countries. After the outbreak of the economic crisis in 2008, many countries strived for balanced budgets and reduced their ME; today and during the next years, most countries will no longer reduce ME but have stable or increasing ME.
- An appraisal of the 9 countries – illustrated by the matrix above – shows that that the three Baltic countries Estonia, Latvia and Lithuania have raised or are rapidly raising their ME, in order to live up to the NATO guideline of allocating 2 per cent of GDP to defence. Norway and Poland are also increasing their ME, partly in order to implement their military modernisation programmes, but do so *at par* with their rates of economic growth. Swedish ME increases will be lower than the rate of economic growth, and Sweden – with a ME:GDP share declining to just about 1 per cent in 2020 – will have the lowest ME:GDP share of all Baltic Sea states during coming years.
- In Finland, Germany and Denmark, the situation is somewhat more complicated; in all these three countries, work on long term defence policy papers may also lead to different trends. A Finnish budget guideline suggest stable ME, in real terms, during the next years after several years of declining ME. In both Germany and Denmark, ME have decreased, though certain budget documents suggest increasing or stable ME during the very next years 2016-17, then to be followed by new decreases in 2018-19.

¹ See *Wales Summit Declaration*, NATO website at >
http://www.nato.int/cps/en/natohq/official_texts_112964.htm?mode=pressrelease.

2 The Baltic Sea States Distribution of Military Expenditures: An overview and comparisons between countries

The graph below, showing ME developments in billions of US Dollars (in real terms, in 2010 prices) summarises many of the observations which can be made. In this graph, the ME of the countries subject to study have been added together to give a general trend for the Baltic Sea region as a whole. For each of the countries, the amounts illustrated by the graph will be discussed in greater detail in the next part of this study (see also the Statistical Annex, page 26, for the data used to create this graph).

Baltic Sea States: Military Expenditures,
Billions of US Dollars, 2010 prices



The graph shows that Germany is the most important Baltic Sea state, and that German ME constitute about ~60 per cent of aggregate ME in the 9 Baltic Sea states. Changes in German ME from one year to another may at times be larger than total ME in some of the smaller Baltic countries.

As illustrated by the map on page 2, there are 9 Baltic Sea states. This study, however, does not analyse Russian developments but does include Norway in the group of “9 Baltic Sea states”.²

Following the outbreak of the global economic crisis around 2008, many countries gave priority to having as stable budget balances as possible and reduced all kinds of government outlays, including defence expenditures. The Russian arms spree in general and Russian aggression against Ukraine in particular led to a revision of such policies. Although Russian ME will not be discussed in this study, it could still be noted, as a comparison, that Russian ME have doubled, in real terms between 2005-2014, increasing from ~41 billion USD in 2005 to ~83 billion USD in 2014, as illustrated by the inserted black curve line.³ Up to 2012, aggregate ME in the 9 Baltic Sea states was also bigger than Russian ME, though this is no longer the case.

In many Baltic Sea states, ME are no longer declining but remain stable or increase, at least during the next two years 2016-17, though this increase may well abate in 2018-19, and particularly so if German ME decreases.

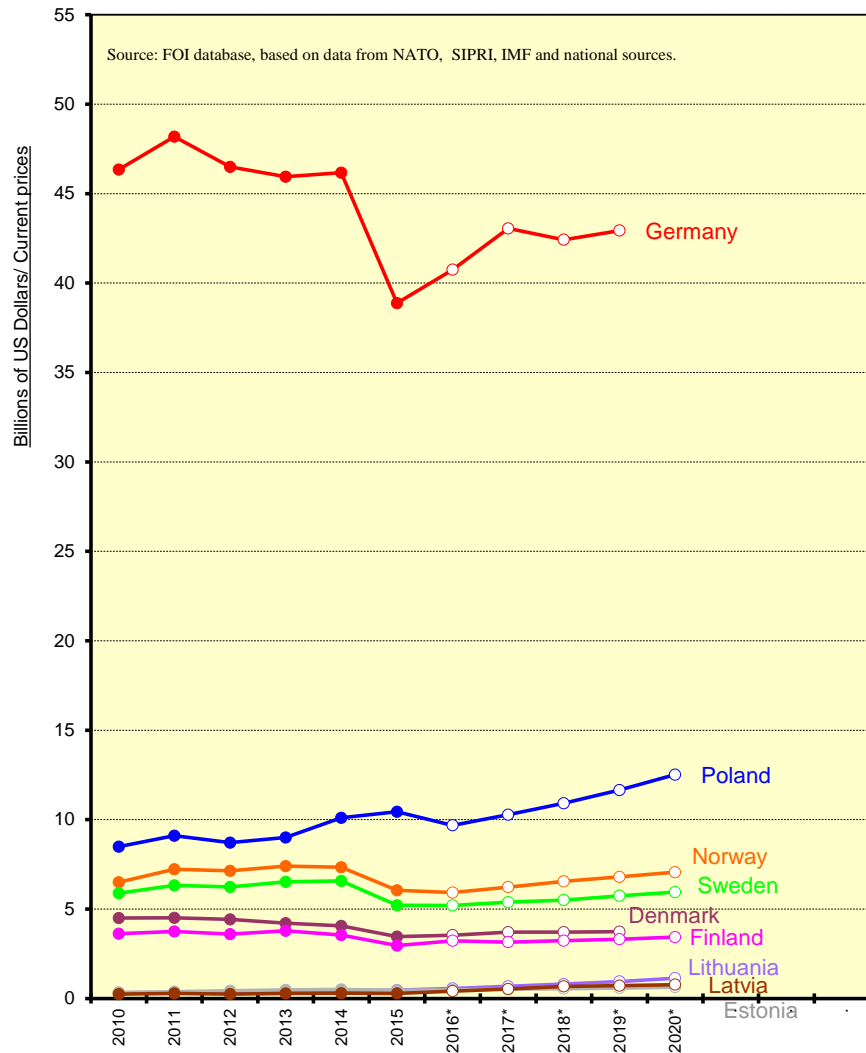
The graphs on the following three pages shows and compares national developments in the 9 Baltic states. The two graphs on the next page show ME in current prices but with different scales. This kind of graph includes a lot of “inflationary air” and is also influenced by exchange rate movements. Such graphs give therefore no impression on how ME of a particular country has developed over time, but place countries in the right ranking order in relation to each other

The two graphs on page 10 therefore show ME in constant/ 2010 prices, while the single graph on page 11 shows ME:GDP shares. This final graph shows e. g., on one hand, how the three Baltic states Estonia, Latvia and Lithuania have raised, or are about to raise, their ME to have a ME:GDP share of 2 per cent. Sweden, on the other hand, while increasing ME during the coming years, will have the lowest ME:GDP share of all Baltic Sea states.

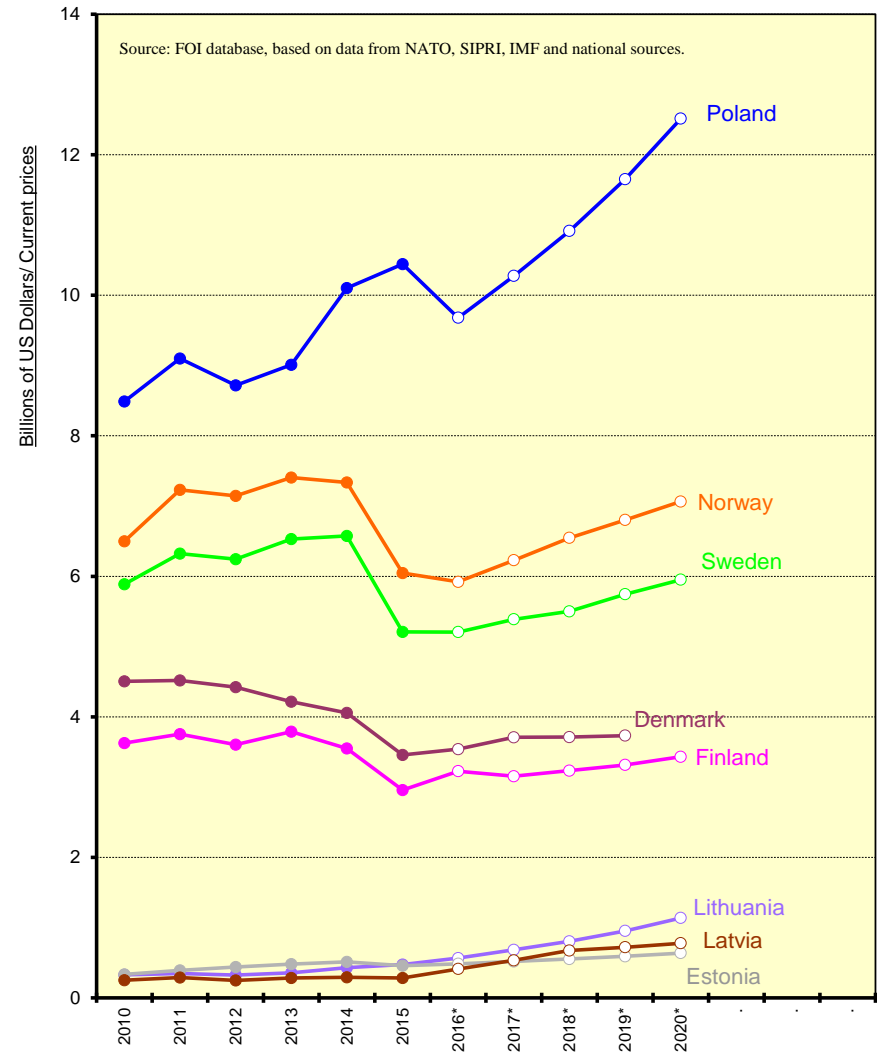
² For FOI research on Russian developments, see “Russia” at the FOI website at > <http://foi.se/en/Our-Knowledge/Security-policy-studies/Russia/>.

³ See the *SIPRI Military Expenditure Database* at the SIPRI website at > http://www.sipri.org/research/armaments/milex/research/armaments/milex/research/armaments/milex/milex_database. It may here also be noted that Russia has the third highest – after the United States and China – ME in the World, and that Russia, in 2014, had a ME:GDP share of ~4.5 per cent. The Russian ME:GDP share is also high in international comparison, and only a few countries, mostly in the Middle East, have higher ME:GDP shares than Russia.

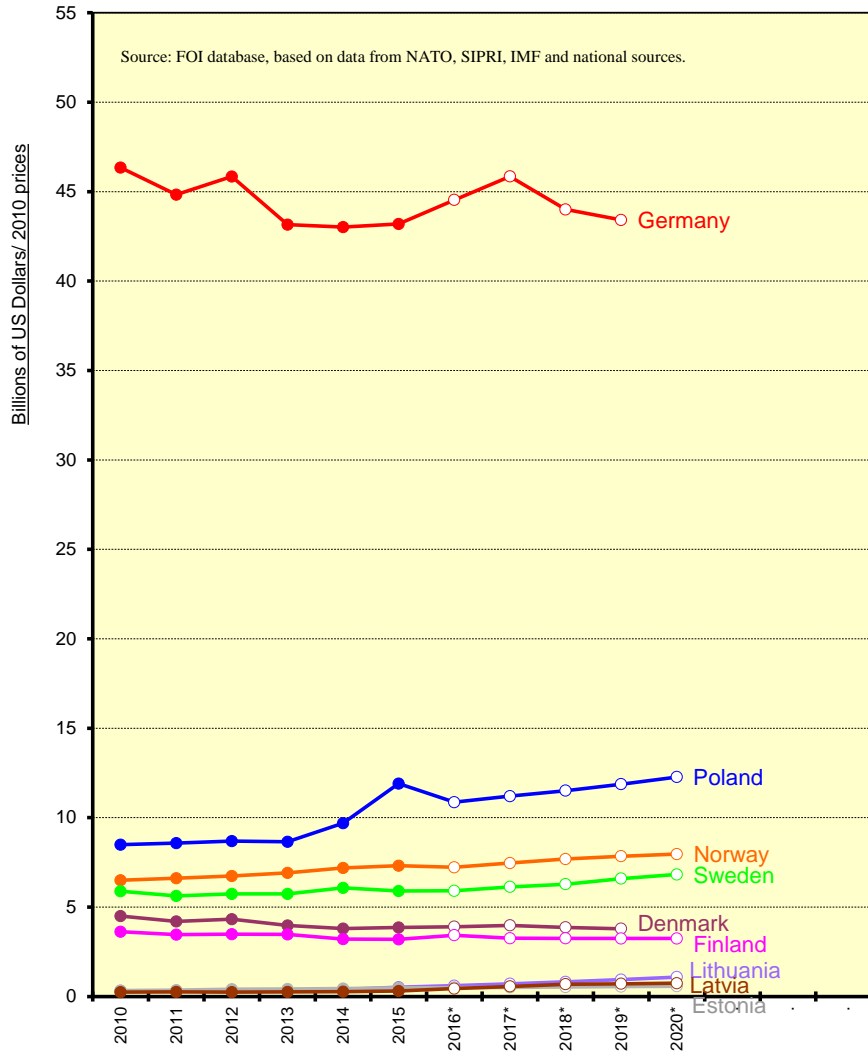
Baltic Sea Countries: Military Expenditures,
Billions of US Dollars/ Current prices



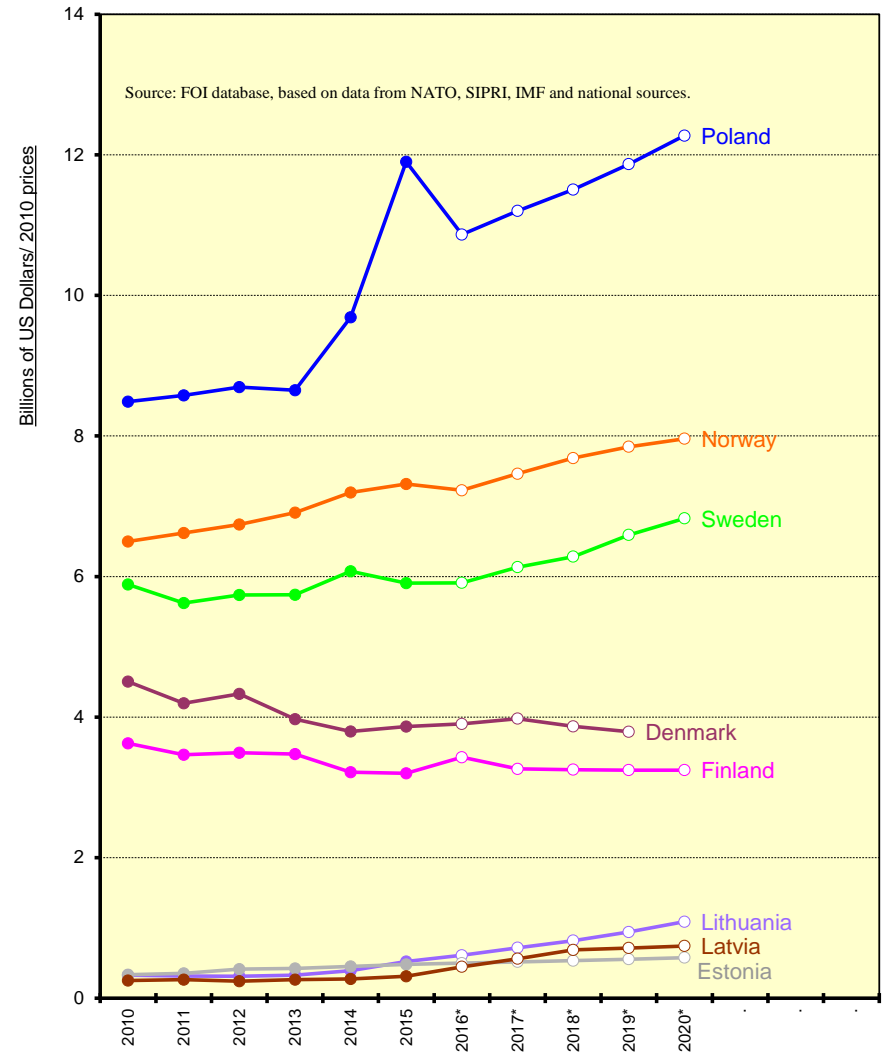
This graph shows military expenditures for the Baltic Sea countries in current prices (calculated by market rates) and current exchange rates. This kind of graph includes a lot of "inflationary air" and is also influenced by exchange rate movements. Such graphs give therefore no impression on how the military expenditure of a particular country has developed over time, but place countries in the right ranking order in relation to each other.



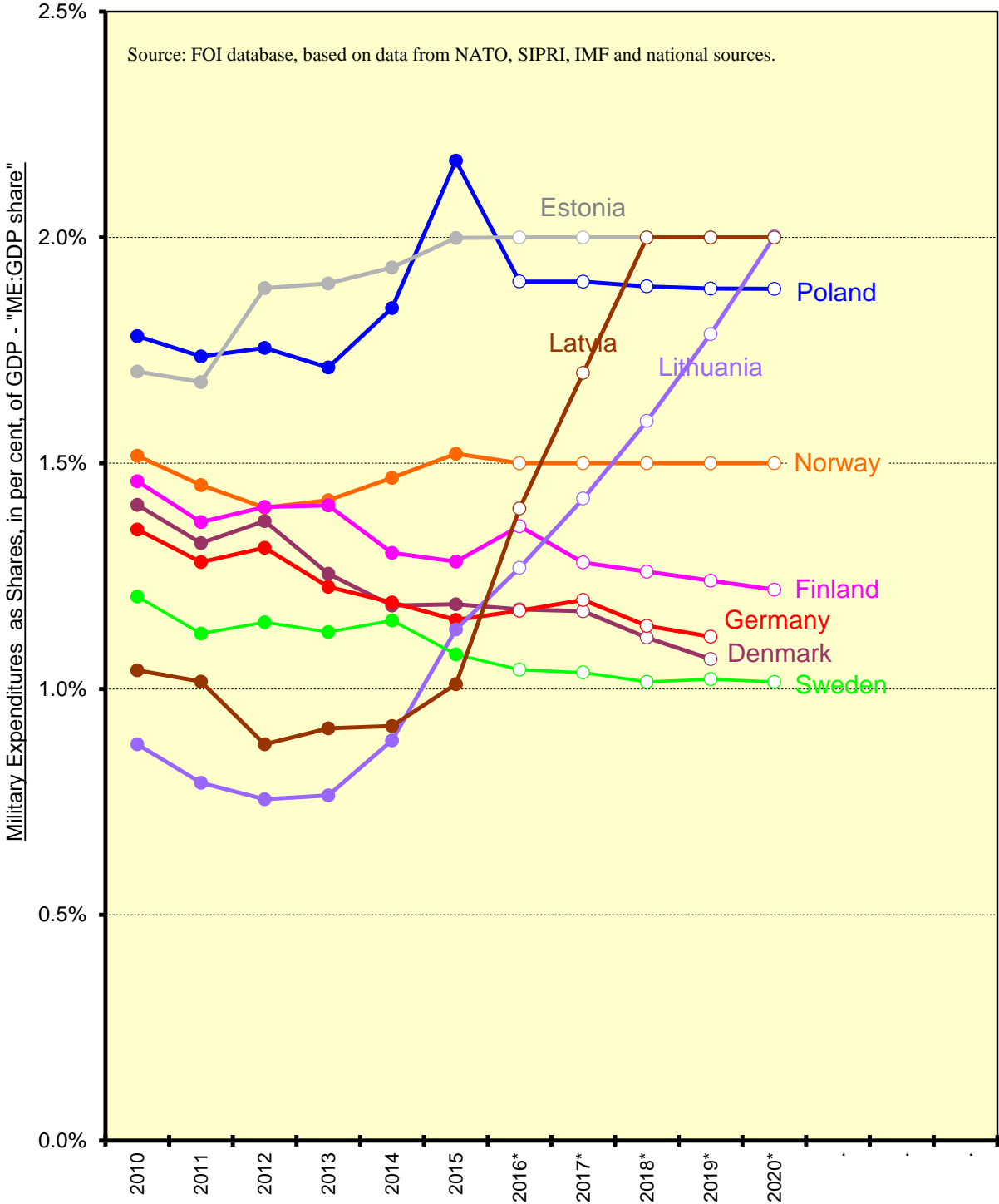
Baltic Sea Countries: Military Expenditures,
Billions of US Dollars/ 2010 prices



This graph shows military expenditures for the Baltic Sea countries in constant 2010 prices and a common currency. Such kinds of graphs show a correct curve line on how ME of a country have changed, in real terms, over time. The relative positioning of curve lines for different countries is, however, influenced by the base year exchange rate, and may not be appropriate for all the years of the series. For such comparisons, about the ranking of different countries in relation to each other, graphs with data in current prices and exchange/ conversion rates should be consulted.



Baltic Sea Countries: Military Expenditures,
Military Expenditures as Shares, in per cent (%), of GDP



3 National Trends in the Baltic Sea States

This second part of the study provides more detailed data primarily in the forms of graphs for each of the 9 Baltic Sea States. Notably, 7 of the 9 Baltic Sea States are members of NATO, so for these countries NATO statistics have been used for all amounts up to 2015. For NATO's operational planning, it has been necessary to have common denominators making it possible to assess and compare the defence efforts of all NATO member states with each other, so already in 1952, NATO therefore created the so called "NATO definition of defence expenditures" as a common yardstick. Amounts calculated with this NATO definition thus differ from national data on defence spending.⁴ For Sweden SIPRI data have been used, and for Finland, information on the Finnish Ministry of Defence website. For macro-economic data needed to process the ME statistics, the IMF *World Economic Outlook* database (dated 6 October 2015) has been used.⁵

Having outturn data up to 2015, projections have then been made for 2016-20, based on the kinds of changes and trends one may deduce from various national policy documents and/or other assumptions that may be feasible to make, by then applying those changes and assumptions to the known amounts. If this Memo will be taken from a bookshelf around 2020, it will naturally be very interesting to see how good the projections may have been, how close they were in hitting the bull's-eye. As all studies based on statistical data, this Memo contains very precise figures, and it should therefore be stressed that it would be a mistake to interpret noted amounts as being as precise as they appear to be. Many figures are far from certain and could naturally be discussed and questioned, and one should therefore look at trends at large rather than at individual numbers. The Statistical Annex, see page 28, includes all background data, from which the graphs in this part have been created. In these graphs, the blue columns show ME in millions/ billions of US dollars, 2010 prices and the black curve line the ME:GDP share, where the "2 per cent" level has been marked. Projected data are drawn with a lighter shading, while the inserted pink lines show general trends.

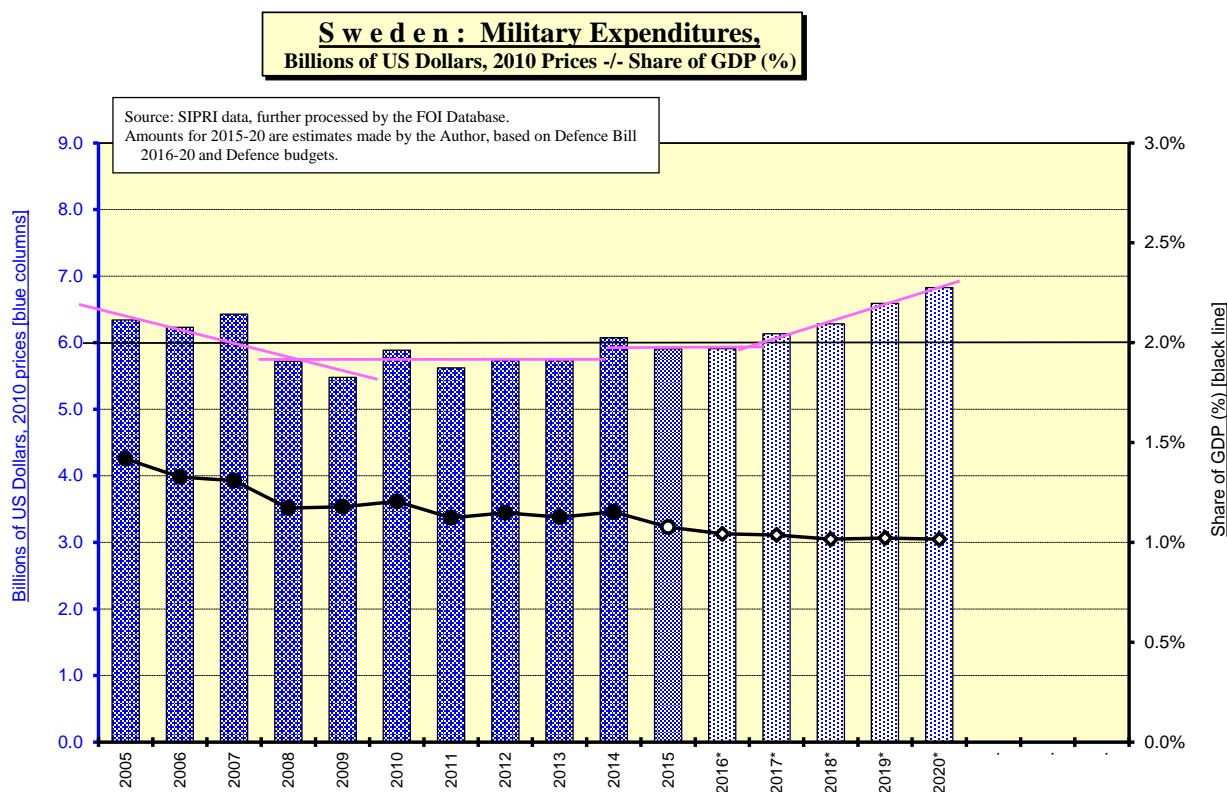
3.1 Sweden

Swedish ME were roughly stable at a level around ~6.95 billion USD (2010 prices) up to the early 2000s, but then declined by nearly 20 per cent during the following years, to a low in

⁴ In order to calculate such amounts, the NATO Headquarters, this was anyway the set-up until a few years ago, sends out an extensive questionnaire to each member state and then process the received information. NATO data is therefore usually only available for NATO member states, after their membership. This questionnaire includes not only data on defence expenditures, but also information on number of units, exercises, equipment, readiness etc. The way in which NATO process the information is classified, though it is known that the definition basically covers "military defence expenditures" excluding civil defence efforts, but including para-military forces and pensions. The resulting amounts are later published in NATO press releases, which are available on the NATO website at > <http://www.nato.int/> under the heading "Defence Expenditures, Information on". For a direct link, see > http://www.nato.int/cps/en/natohq/topics_49198.htm.

A FOI Report presenting trends for all 27 NATO Countries (excluding Iceland, which has no ME) in a similar manner to that of this Memo, is also about to be published.

⁵ For the IMF *World Economic Outlook* databases, see > <http://www.imf.org/external/ns/cs.aspx?id=28>.



2009, after which defence spending remained stable, at a level around ~5.8 billion SEK (the first pink line therefore crosses the y-axis, to illustrate the decline since the early 2000s).⁶

Medium- and long-term Swedish defence policy guidelines are usually put forward by a special committee, the Defence Commission [*Försvarsberedningen*]. In April 2015, an agreement was reached in a similar way between the Swedish government and three opposition parties on defence allocations for the years 2016-20.⁷ When the budget proposal was later presented in September 2015, the defence budget bill was based on this agreement.⁸

According to these policy documents, Swedish ME will amount to about ~6 billion USD in 2015-16, and then gradually increase to ~6.8 billion USD in 2020. Hence, Swedish ME are currently on a higher level than they have been during the past ten years, and they will also continue to rise up to 2020, meaning that the trend of decreasing defence spending has indeed

⁶ See Bengt-Göran Bergstrand: “Trendbrott för svensk försvarsekonomi” [“Trend break for Swedish defence economy”], *FOI Memo 4939*, April 2015, available at the FOI website at > <http://www.foi.se/sv/nyheter/Press--nyheter/Nyheter/2015/Forsvarsekonomi-i-forandring/>.

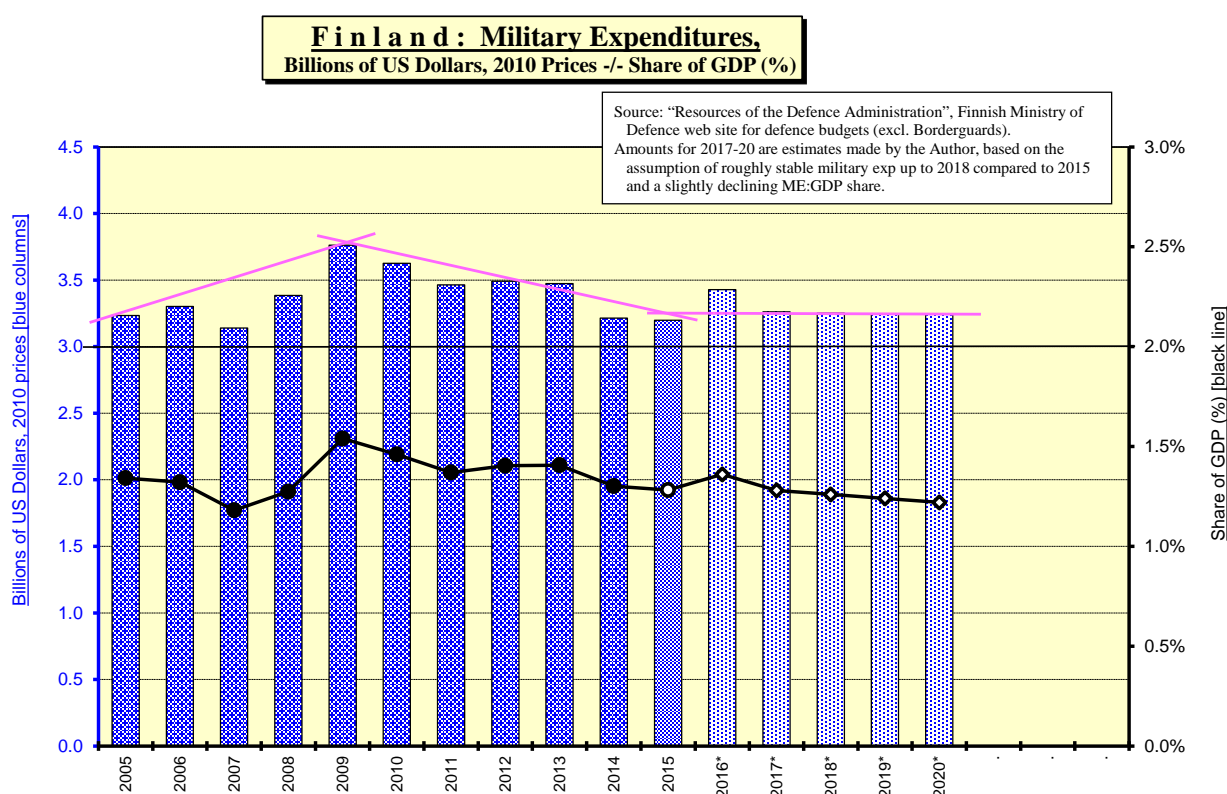
⁷ See “The Swedish Defence Bill 2016-2020” at the Swedish Government website at > <http://www.government.se/government-policy/defence/the-swedish-defence-bill-2016-2020/>, where the actual 14 page agreement *Sweden’s Defence Policy 2016 to 2020* is also available in English.

⁸ The Swedish Government has a budget portal (in Swedish) at > <http://www.regeringen.se/sveriges-regering/finansdepartementet/statens-budget/>, from which complete budget documents may be accessed; the 2016 Defence budget [“*Utgiftsområde 6 Försvar och samhällets krisberedskap*”] is available at > <http://www.regeringen.se/contentassets/49618bcb4fd94b6081d9696f55bc7f8d/utgiftsomrade-6-forsvar-och-samhallets-krisberedskap.pdf>.

been broken. In spite of these increases, ME in 2020 will still be slightly lower than they were before the millennium.

The increases in ME will also be lower than forecasted economic growth, meaning that the ME:GDP share will continue to decline, albeit at a slower pace than earlier, from ~1.15 per cent in 2014 to ~1 per cent in 2020. Sweden has had the lowest ME:GDP share of all Nordic countries since 2008, though Latvia and Lithuania had lower shares than Sweden up to 2015. From 2016, the Swedish ME:GDP shares will be the lowest among all Baltic Sea states.

3.2 Finland



Finnish defence spending could be calculated in different ways, as to whether peacekeeping operations (partly financed by the Ministry of Foreign Affairs) and the para-military Border Guards (financed by the Ministry of the Interior) should be included or not. The Finnish Ministry of Defence budget constitutes, however, the bulk of Finnish defence spending which increased steadily during the first decade of the millennium.

Finnish ME increased from the millennium up to 2009, when ME peaked at ~3.8 billion USD. Since then, ME gradually declined to ~3.2 billion USD in 2015 (2010 prices).⁹ Notably, the

⁹ A table showing Finnish defence spending for the years 2003-16 is available on the Finnish Ministry of Defence [Puolustusministeriö] website at > http://www.defmin.fi/en/tasks_and_activities/resources_of_the_defence_administration/finances/share_of_defence_budget_of_gdp.

budget proposal presented in late September 2015 – with a nominal increase by 8.5 per cent from 2,659 million euro in 2015 to 2,886 million euro in 2016 – would be equivalent to an increase in real terms by 6.7 per cent, the first increase of Finnish ME since 2009, though it is also indicated that this rise is the result of some postponed payments so it is not certain that this increase should be seen as trend break. With the decrease in ME, the ME:GDP share has also declined from 1.54 per cent in 2009 to 1.29 per cent in 2015, but will increase to 1.37 per cent in 2016.

So called “Central Government Spending Limits” have played a major role for Finnish government expenditure plans since 2003. In *Finland’s Stability Programme 2014*, expenditure limits for 2015-18 are presented, showing that “27 – Ministry of Defence” limits will remain stable, in real terms, during 2016-18, thereby indicating that the period of decreasing ME is over.¹⁰ For the projections shown in the graph, it has therefore been assumed that Finnish ME will, on average, remain stable, in real terms, at the 2015 level of ~3.2 billion USD. It should also be added that in late October 2015, the work on a new defence review has commenced, which will present its recommendations in spring 2017.¹¹

3.3 Denmark

From the early 1970s up to around 2010/12, Danish ME lay at a stable level, around ~4,35 billion USD (2010 prices), with very small variations from one year to another (indicated by the first pink line). ME were then reduced during the following years to ~3.8 billion USD in 2014/15 (see graph on top of next page).

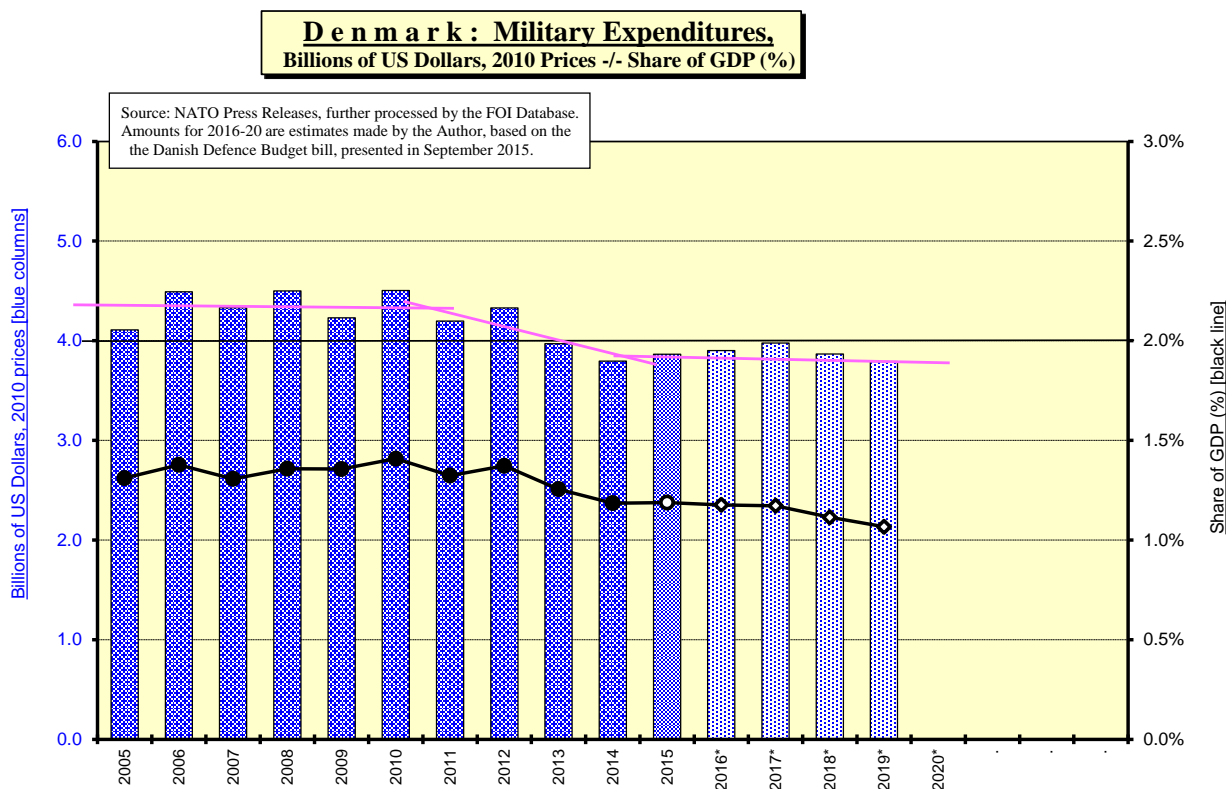
Issues relating to defence allocations and ME are decided by five-year *Defence Agreements*, adopted by parliamentary majority. The current Defence Agreement, covering the years 2013-17, was adopted in November 2012.¹² This agreement stated that Danish ME were to be reduced during the period 2013-17:

The Finnish Ministry of Finance [*Valtiovarainministeriö*] publishes Finnish budget documents in Finnish and Swedish at > <http://budjetti.vm.fi/indox/indexse.jsp>. The 2016 defence budget (in Swedish, “27. Försvarsministeriets förvaltningsområde”) is available at > <http://budjetti.vm.fi/indox/sisalto.jsp?year=2016&lang=sv&maindoc=/2016/tae/hallituksenEsitysRuotsi/hallituksenEsitysRuotsi.xml&opennode=0:1:133:383:635>:

¹⁰ See Finnish Ministry of Finance: *Finland’s Stability Programme 2014*, table at page 36, at > <http://vm.fi/documents/10623/1316221/Finland's%20stability%20programme%202014/6ec53a95-5004-45c5-bc05-df91ab5d1ab6>.

¹¹ See “Arbetet på en försvarsredogörelse inleddes” [“Work on a new defence review has started”], *Finnish Ministry of Defence press release* 22 October 2015 at > http://www.defmin.fi/sv/aktuellt/pressmeddelanden?587_m=6428 (currently not available in English).

¹² For the full 44 page version of this Agreement (in Danish), see “Aftale paa forsvarsomraadet 2013-2017” at the Danish Ministry of Defence website at > http://www.fmn.dk/videnom/Documents/Aftale_paa_forsvarsomraadet_2013-2017a.pdf.
A version in English is available at > <http://www.fmn.dk/eng/allabout/Documents/TheDanishDefenceAgreement2013-2017english-version.pdf>.



The agreement establishes that as of 2017, the defence must save 2.7 billion DKK annually in order to contribute to the coherence of the public finances, with the purpose of correcting Denmark’s course. The agreement implicates that the annual defence expenditure will be reduced by 2.5 billion DKK in 2015, 2.6 billion in 2016, and 2.7 billion as of 2017.

Data on Danish ME, based on the existing Defence Agreement and the 2015 budget proposal, are shown on the Danish Ministry of Defence website. According to this website, Danish defence spending (in 2015 prices) will rise from 20,893 billion DKK in 2015 to 21,404 billion DKK in 2016, but then decrease to 21,187 billion DKK in 2017 and to 20,603 billion DKK in 2018.¹³ These Danish amounts are consequently a tenth lower than the amounts reported by NATO, an issue also discussed on the Danish MoD website.¹⁴

In September 2015, the budget bill for 2016 was presented, also including information for two more years beyond the Defence Agreement, indicating that defence expenditures, after an increase in 2017, would decrease both in 2018 and in 2019.¹⁵ The projections shown in the

¹³ See “Defence expenditure” at > <http://www.fmn.dk/eng/allabout/Pages/Defenceexpenditure.aspx>.

¹⁴ See “NATO definition of defence budget” at > <http://www.fmn.dk/eng/allabout/Pages/Defenceexpenditure.aspx>.

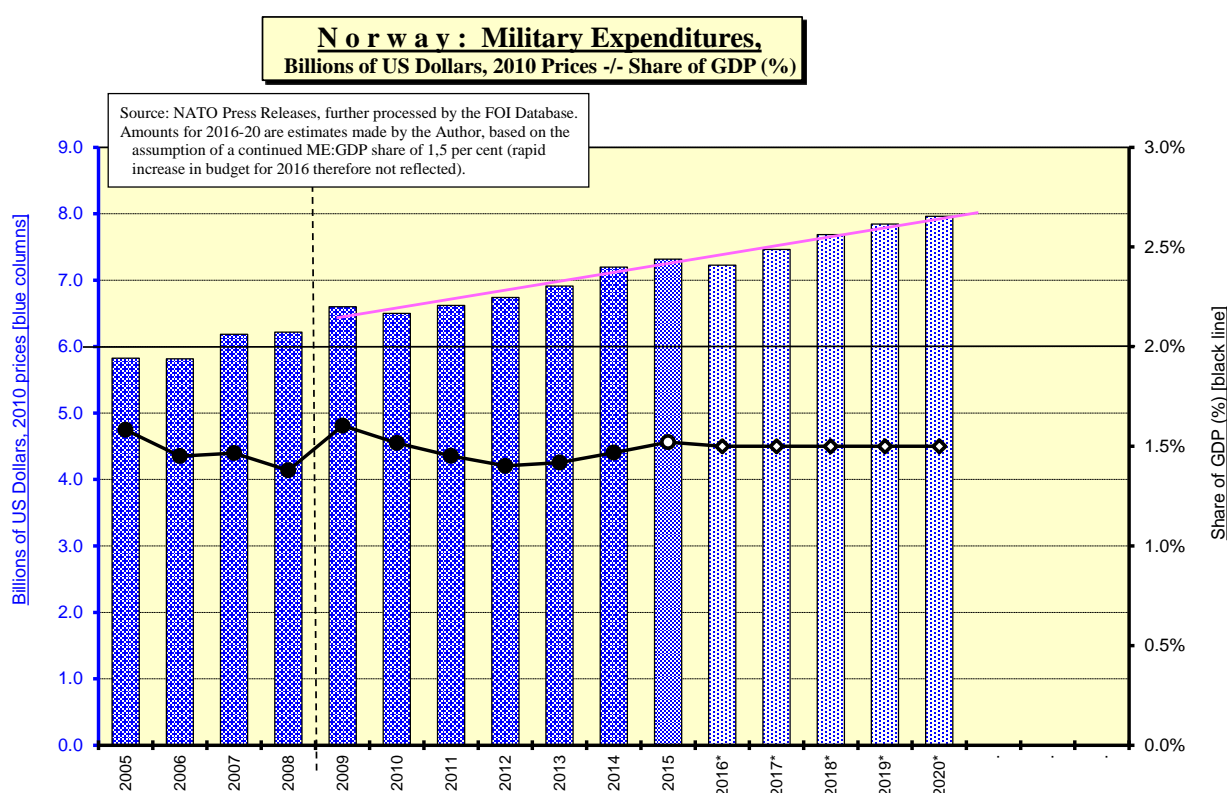
¹⁵ See the Danish Ministry of Finance [*Finansministeriet*] overview of its database for the rows regarding “12. Forsvarsministeriet” [“Ministry of Defence”] at > <http://oes-cs.dk/olapdatabase/finanslov/index.cgi>. Excluding Civil Emergency [*Redningsberedskab*] outlays, Danish defence expenditures will amount to the following, in millions of Danish kroner (2015 in 2015 prices, 2016-19 in 2019 prices):

2015	2016	2017	2018	2019
20,410	20,607	21,003	20,427	20,023

graph have been made by applying the changes reported in the September 2015 budget to the known amounts reported by NATO. A thorough programme of looking through the organisation and order of battle of Danish defence is also underway and work on a new defence agreement covering 2018-21, will presumably commence in late 2016 or early 2017.

With decreasing defence budgets, defence spending as a share of GDP has declined when the GDP denominator increases, from ~1.3 per cent in 2013 to ~1.2 per cent in 2015; in 2018-19, it will have declined to a level just above 1 per cent, which suggests that Denmark, together with Sweden, will have the lowest ME:GDP share of all Baltic Sea states.

3.4 Norway



Norwegian ME have increased since the early 2000s. A small revision in the way pensions were calculated was made in 2008-09, and a dotted line has therefore been inserted between these two years, indicating that ME amounts before and after this revision may not be fully compatible with each other, though this break in the series is presumably of no importance for the overall trend.

Norwegian long-term defence plans are regularly presented, more or less setting the levels of defence budgets usually for the coming four year period and with some guidelines on the

For the full Danish Budget bill, including the Defence Budget, see >
<http://www.fm.dk/publikationer/2015/forslag-til-finanslov-2016-sep>.

subsequent years. The current Long-term Defence Plan [*Langtidsplan for Forsvaret*] was presented in March 2012, and a new defence plan will presumably be presented in spring of 2016.¹⁶ The current plan stressed, when it was presented, that defence spending will be increased – “...during the course of this plan, Norway’s defence budget...projects a real-term increase of 7 %...” – though such a rate of increase is roughly at par with Norwegian economic growth, indicating that Norwegian defence spending as a share of GDP will remain stable at a level around 1.5 per cent. This plan also noted that Norway’s decision to procure 52 F-35 fighter jets will temporarily increase the investment budget, and that a reallocation is to be made from decreasing undertakings in Afghanistan in order to fund activities in Norway, specifically for the Army and the Home Guard.

In early October 2015, a 2016 defence budget of 49.1 billion NOK was presented. This amount indicates a nearly 10 per cent rise, but also includes a re-allocation of some 2015 funds.¹⁷ Given the continued modernisation of Norwegian defence, in particular the noted acquisition of new fighter aircraft, Norwegian defence spending will undoubtedly continue to rise during coming years, presumably at least *at par* with the rate of economic growth.

According to the IMF *World Economic Outlook* (October 2015) forecasts, Norwegian growth will average ~1.8 per cent during 2016-20. Norway – having strong government finances – is also in an exceptionally good situation of being able to raise its defence expenditures without too many financial constraints.¹⁸ Hence, the 2016-20 projections shown in the graph are based on the noted assumption that Norway will continue to have a ME:GDP share of (at least) 1.5 per cent, suggesting that Norwegian ME will rise, in real terms, by ~8 per cent during the coming five years, from ~7.3 billion USD in 2015 to ~8 billion USD in 2020, or at the same pace as during the past five years.

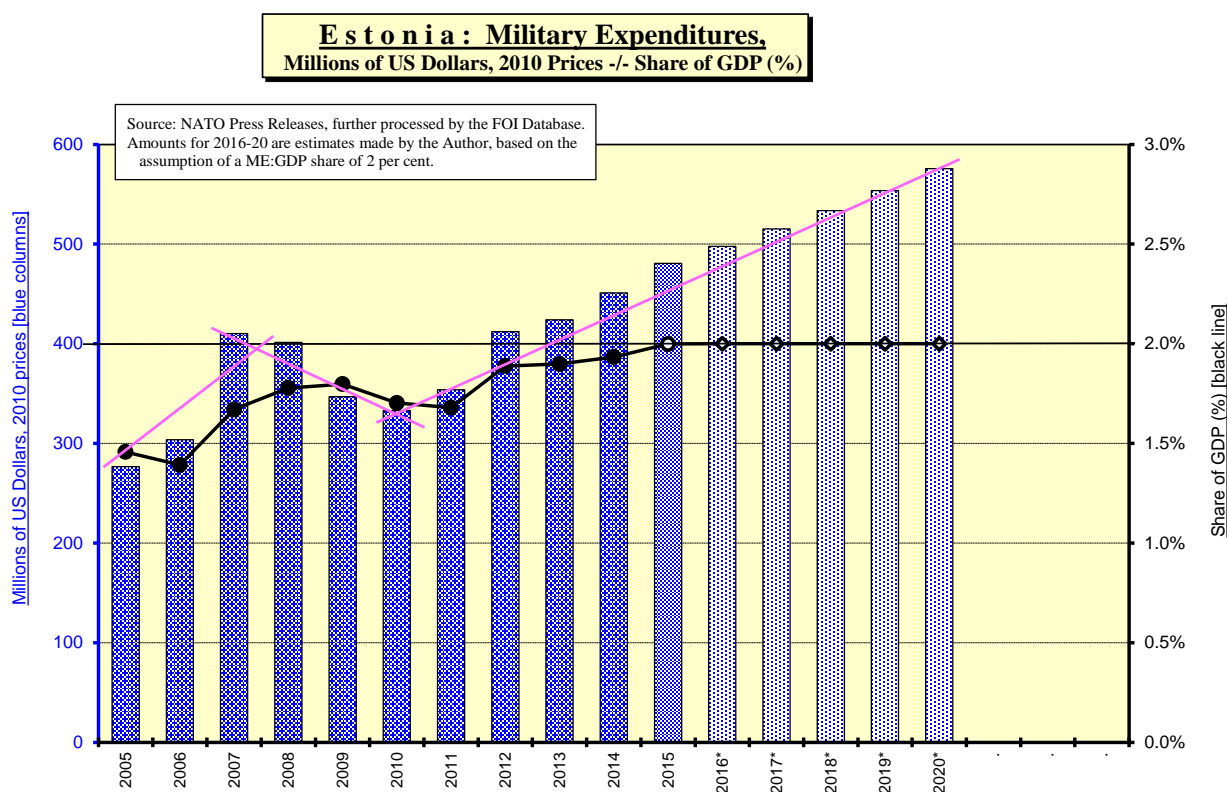
¹⁶ A complete full text version of the 160-page Long-term Defence Plan – which also has the subheading *Et forsvar for vår tid* – in Norwegian is available at > <http://www.regjeringen.no/nb/dep/fd/dok/regpubl/prop/2011-2012/prop-73-s-20112012.html?id=676029>. A summary in English is available at > <https://www.regjeringen.no/en/aktuelt/the-new-norwegian-long-term-defence-plan/id678767/>.

See also the Norwegian Ministry of Defence report *Future acquisitions for the Norwegian Armed Forces 2015-2023*, dated 5 March 2015 at > <https://www.regjeringen.no/en/dokumenter/framtidige-anskaffelser-til-forsvaret-faf-20152023/id2398671/>.

¹⁷ See “Norwegian Government Proposes Significant Defence Budget Boost - National budget 2016”, *Norwegian government press release* 8 October 2015 at > <https://www.regjeringen.no/en/aktuelt/betydelig-og-reell-styrking-av-forsvarsbudsjettet/id2456637/>. At times, Norwegian defence budgets and NATO data show slightly different developments for certain years – although long-term trends are similar – possibly caused by Norway and NATO using different methods for depreciating investment outlays; the noted “10 per cent” boost for 2016 has therefore not been considered when projections regarding the general trend for 2016-20 have been made.

¹⁸ See The Expert Commission on Norwegian Security and Defence Policy: *Unified Effort*, Chapter 5 “Financial Outlooks”, dated 28 April 2015, available at > <https://www.regjeringen.no/en/dokumenter/et-felles-loft--fra-ekspertgruppen-for-forsvaret-av-norge/id2427726/>.

3.5 Estonia



After having increased to a high around ~400 million USD in 2007/08, Estonian ME were reduced by a fifth to ~333 million USD in 2010. Since 2011, Estonian ME have increased again, and already in 2012/13, ME had surpassed the previous 2007/08 top.

Estonia has stressed its commitment to allocate 2 per cent of its GDP to defence both in budget documents (like the *State Budget Strategy 2015-18*) and long-term defence plans (*The Long-Term Defence Plan 2013-22*).¹⁹ Estonia met this 2 per cent target in 2013/14. When the budget for 2016, presented in late September 2015, the national defence budget was increased by 37 million euro (equivalent to a 9 per cent rise) to 451 million euro, suggesting that defence expenditures will constitute 2.07 per cent of forecasted GDP in 2016.²⁰

¹⁹ See the Estonian *State Budget Strategy 2015-2018*, Table 3.1, page 116 Defence, setting the framework for Estonian government finances for coming years, at the Estonian Ministry of Finance [*Rahandusministeerium*] website > <http://www.fin.ee/budgeting> and *The Long-Term Defence Plan 2013-22*, with projected Estonian defence expenditures up to 2022, at the Estonian Ministry of Defence [*Kaitseministeerium*] website at > http://www.kaitseministeerium.ee/sites/default/files/elfinder/article_files/national_defence_development_plan.pdf. A partial update of the “State Budget Strategy 2015-2018” was made in May 2015 [*Riigi eelarvestrateegia 2016–2019*], though this document, currently only available in Estonian, did not change the priority given to defence; see > <http://www.fin.ee/riigi-eelarvestrateegia>.

²⁰ See article “State Budget 2016” at the home page of the Estonian Ministry of Finance website at > <http://www.fin.ee/?lang=en> (downloaded 2 November 2015) and “Estonian defence budget 2016 exceeds 2 percent GDP”, Estonian Ministry of Defence website at > <http://www.kaitseministeerium.ee/en/news/estonian-defence-budget-2016-exceeds-2-percent-gdp>. The Estonian state budget for 2016 (in Estonian, *Riigieelarve*) is available at the Estonian Ministry of

According to the IMF *World Economic Outlook* (October 2015) forecasts, Estonian growth will average ~3.15 per cent during 2016-20, while the budget will be balanced and gross government debt equivalent to only 9 per cent of Estonia's GDP. Given Estonian threat perceptions, the deep commitment of being a loyal NATO member state and Estonia's positive economic trends and stable state finances during coming years, there is no reason to doubt that Estonia will continue to allocate at least 2 per cent of its GDP to defence. Much of the increased spending goes to a modernisation of Estonia's territorial defence. The projections made in the graph indicate that Estonian ME will increase by a fifth during coming years, from ~480 million USD in 2015 to ~575 million USD in 2020.

3.6 Latvia

After having increased to a high around ~500 million USD in 2007/08, Latvian ME were halved to ~250 million USD in 2010. Latvian ME then remained stable at this level, in real terms as well as a share of GDP, around 1 per cent, up to 2014.

During these last years, Latvian economic policy has aimed for having stable government finances, making it possible for Latvia to join the Eurozone, and since 1 January 2014, Latvia has euro as its national currency. The *Convergence* and, later, *Stability Programmes* that Latvia has adopted over the years are in this context interesting as they reflect how Latvia has given increasingly higher priority to defence spending.²¹ The Latvian Parliament *Saeima* has also called for higher levels of defence spending and in the *National Defence Concept*, adopted unanimously in May 2012, it was stated that "...national defence funding each year would require a gradual increase to ensure that the state funding for defence would reach 2 per cent of the gross domestic product in the future. It would be necessary to achieve this objective by 2020...".²²

The Russian arms spree followed by the annexation of Crimea and war in eastern Ukraine led in the spring of 2015 to a revision of this policy. In *Latvia's Stability Programme for 2015-2018*, it was stated that "...defence capacity appropriate to geopolitical risks" is a main

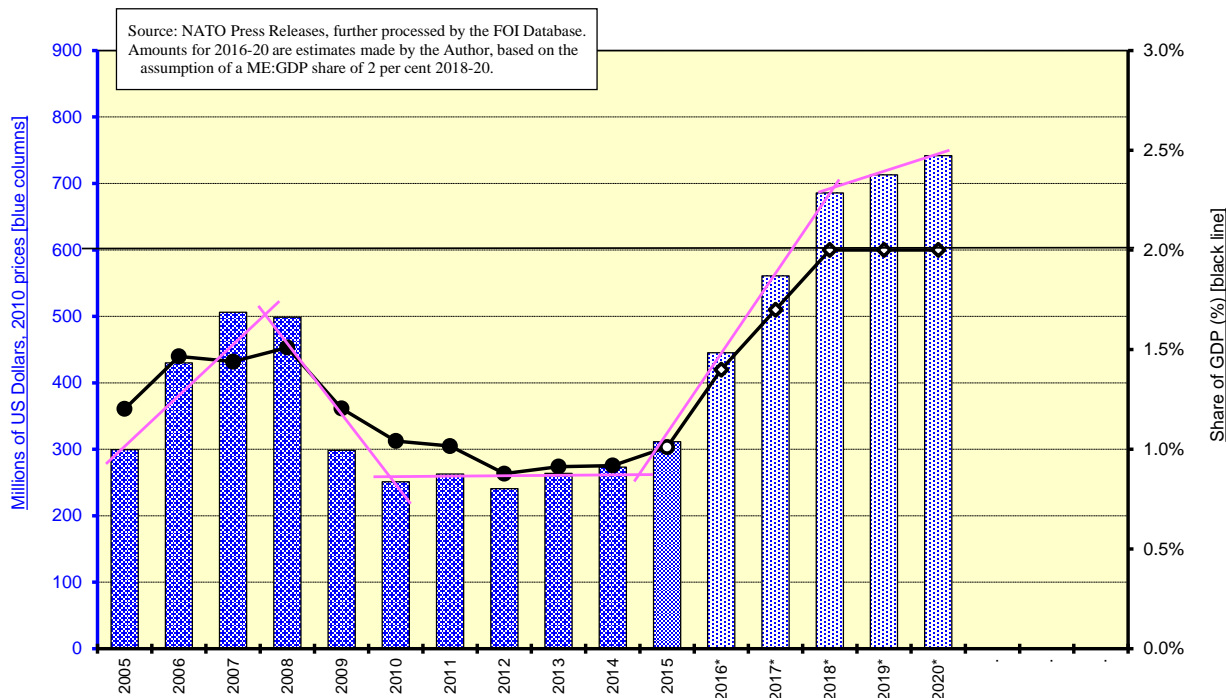
Finance website at > <http://www.fin.ee/riigieelarve-2016>. In the "State budget explanatory memorandum" [the document "2016. aasta riigieelarve eelnõu seletuskiri"], the defence budget is presented in Chapter 3.9 at page 92-101.

See also Craig Caffrey (London): "Estonia to increase defence spending to 2.1 per cent of GDP", *IHS Jane's 360* 30 September 2015 at > <http://www.janes.com/article/54924/estonia-to-increase-defence-spending-to-2-1-of-gdp>; this article also includes a graph showing Estonian defence spending trends for 2007-16.

²¹ The *Convergence Programme 2011-14*, adopted in April 2011, for instance stipulated a decrease in the Latvian defence spending from 1,2 per cent in 2009 to 0,7 per cent of GDP in 2014 (Table 3, page 67); see > http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/20_scps/2011/01_programme/lv_2011-04-29_cp_en.pdf.

²² See *State Defence Concept*, §52 at page 19, available at the Latvian Ministry of Defence [*Aizsardzības ministrija*] website at > http://www.mod.gov.lv/~media/AM/Par_aizsardzibas_nozari/Plani,%20konceptijas/2012_va_EN.ashx and "Saeima approves State Defence Concept", *Latvian Parliament Saeima website* 11 May 2012; at > <http://www.saeima.lv/en/news/saeima-news/19693-saeima-approves-state-defence-concept>.

Latvia: Military Expenditures,
Millions of US Dollars, 2010 Prices -/- Share of GDP (%)



policy priority for 2016-18. Consequently, the level of “2 per cent” should be reached already in 2018, and the *Programme* also included a discussion and graph showing this faster track to a “2 per cent defence allocation”.²³ Hence, this more ambitious plan stipulates that defence spending should be raised to 1.4 per cent of GDP in 2016; 1.7 per cent in 2017 and then to 2 per cent in 2018. From the current level around 1 per cent this means that defence spending must double, in real terms, during the next years and rise by more than 50 per cent in 2016, by 25 per cent in 2017 and by 22 per cent in 2018. Expressed in numbers, Latvian ME will – as illustrated by the graph – more than double and rise from ~310 million USD in 2015 to ~685 million USD in 2018.

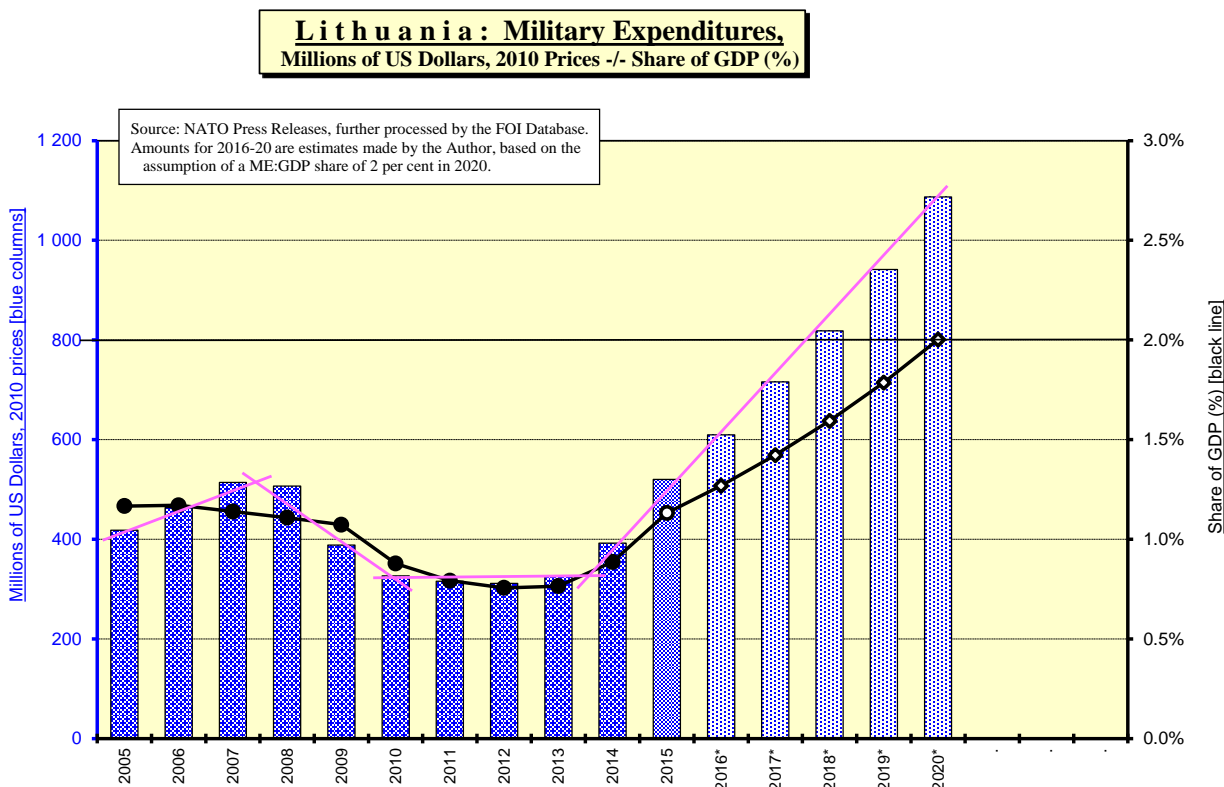
In 2015, the Latvian defence budget was 253.9 million euro, equivalent to ~1.2 per cent of GDP.²⁴ The defence budget for 2016 was increased by 45 per cent to 367.9 million euro, or about ~1.6 per cent of GDP (IMF forecast).²⁵ Hence, the rapid increase for 2016 suggests that Latvia appears to be on track in implementing its ambitious policy of raising defence to 2 per cent of GDP by 2018.

²³ See *Latvia’s Stability Programme for 2015-2018*, page 5 and page 26 at the Latvian Ministry of Finance [*Finanšu Ministrija*] website at > http://www.fm.gov.lv/files/fiskalapolitika/2015/SP_15-18_ENG.pdf.

²⁴ Latvian budgets are available in Excel at the Latvian part of the Ministry of Finance website. For the 2015 figure, see row 600 for “*Aizsardzības ministrija*” in “4.pielikums, Valsts pamatbudžeta ieņēmumu un izdevumu atšifrējums pa programmām un apakšprogrammām” [“Annex 2, State budget revenue and expenditure breakdown by programmes and sub-programmes”] at > http://www.fm.gov.lv/lv/sadalas/valsts_budzets/2015_gada_budzets/.

²⁵ For the 2016 figure, see row 435 in “Annex 4” at > http://www.fm.gov.lv/lv/sadalas/valsts_budzets/2016_gada_budzeta_likumprojekts/.

3.7 Lithuania



There are several similarities between developments in Lithuania and Latvia. After having increased to a high of more than ~500 million USD in 2007/08, Lithuanian military spending was reduced by nearly 40 per cent to ~320 million USD in 2010/11; from 2010 through 2013, Lithuanian ME was stable at this level, in real terms as well as a share of GDP, around ~0.8 per cent, up to 2014.

Joining the Eurozone was then a main priority and Lithuania became a Eurozone member on 1 January 2015. An interesting shift in the *Convergence Programmes* is noticeable, from hardly mentioning defence issues to the latest *Convergence Programme 2014*, adopted in April 2014, stating that defence expenditures must increase: “...*State Budget expenditure on national defence should be gradually increased aiming to ensure the allocation of 2 per cent of the GDP in 2020...*”.²⁶ The parties in the Lithuanian Parliament also consented on an agreement in 2012 for the 2012-16 period, which included a call for a 2 per cent allocation, though without any explicit date as to when this goal was to be attained.²⁷ Two years later, in 2014, the Lithuanian parties adopted a new version of this agreement, for the years 2014-20, and then explicitly included statements about raising defence expenditure to 2 per cent of GDP in 2020.²⁸ A similar change of wording may also be noted in the “Policy Guidelines”

²⁶ See *The Convergence Programme of Lithuania of 2014*, section 15.7 at the Ministry of Finance website at > http://www.finmin.lt/finmin.lt/failai/vykdoma_politika/LT-2014-EN.pdf.

²⁷ See “Agreement between the Lithuanian Parliamentary Parties regarding the Defence Policy for 2012-2016” available at > http://www.kam.lt/en/defence_policy_1053/important_documents/strategical_documents.html.

that the Lithuanian Ministry of Defence [*Krašto apsaugos ministerija*] regularly issues, insofar that the latest such guidelines, covering the period 2014-19 (dated 20 January 2014), the ambition is raised, to increase defence expenditures to 1.5 per cent of GDP – implicitly a milestone to a 2 per cent allocation – and the statement also includes a reference to NATO standards.²⁹

Lithuanian relations with Russia became strained not only because of the Russian aggression against Ukraine, but also because of Lithuania's position of bordering the Russian enclave Kaliningrad (see the map on page 2) and the problems Lithuania has had in importing energy from Russia. Lithuanian ME were increased from ~327 million USD in 2013 by 20 per cent to ~392 million USD in 2014 and then by 32 per cent to ~520 million euro in 2015; these increases also means that the Lithuanian ME:GDP share will increase from ~0.8 per cent in 2013, ~0.9 per cent in 2014 to ~1.1 per cent in 2015.³⁰ IMF forecasts Lithuanian growth to ~3.2 per cent for 2016-20, meaning that the Lithuanian GDP in 2020 will amount to ~49 billion euro (in current prices), suggesting that a defence allocation of 2 per cent would amount to circa ~975 million euro. To reach such a level of defence spending, Lithuanian defence budgets must nominally increase, on average, by about 18 per cent during each of the coming five years. In constant dollars, Lithuanian ME will be twice higher in 2020 than in 2015, rising from ~520 million USD in 2015 to ~1 090 million USD in 2020.

A budget proposal (also including the next defence budget) has been presented in October 2015, but at the time of writing (in early November) has not yet been published on neither the Lithuanian Ministry of Finance nor on the Ministry of Defence websites.³¹ An article in *The Baltic Course* reports that the defence budget for 2016 is set to rise by a third to 574 million euro (1.5 per cent of GDP), indicating that Lithuania is well on its way in reaching the 2 per cent goal by 2020, if not sooner.³²

²⁸ As far as known, this agreement "*LR Seime atstovaujamų politinių partijų susitarimas dėl 2014-2020 metų Lietuvos Respublikos užsienio, saugumo ir gynybos politikos strateginių gairių*" ["*The agreement between the political parties represented in the Seimas of Lithuania for 2014-2020 on the strategic guidelines for foreign, security and defence policy*"] is only available in Lithuanian; the "2 %" claim is made in para 9 at page 4. See > http://www.kam.lt/lt/gynybos_politika_490/aktualus_dokumentai_492/strateginiai_dokumentai_494.html. In addition, this agreement also stated that "...dependence upon imported gas and electricity is a threat to Lithuania's national security..." and therefore stressed the need for build both a nuclear power plant and a LNG terminal.

²⁹ See "Guidelines of the Minister of National Defence for 2014-2019", section XI.1 at > http://www.kam.lt/en/defence_policy_1053/important_documents/planning_document_guidelines_of_the_minister_of_national_defence_2012-2017.html.

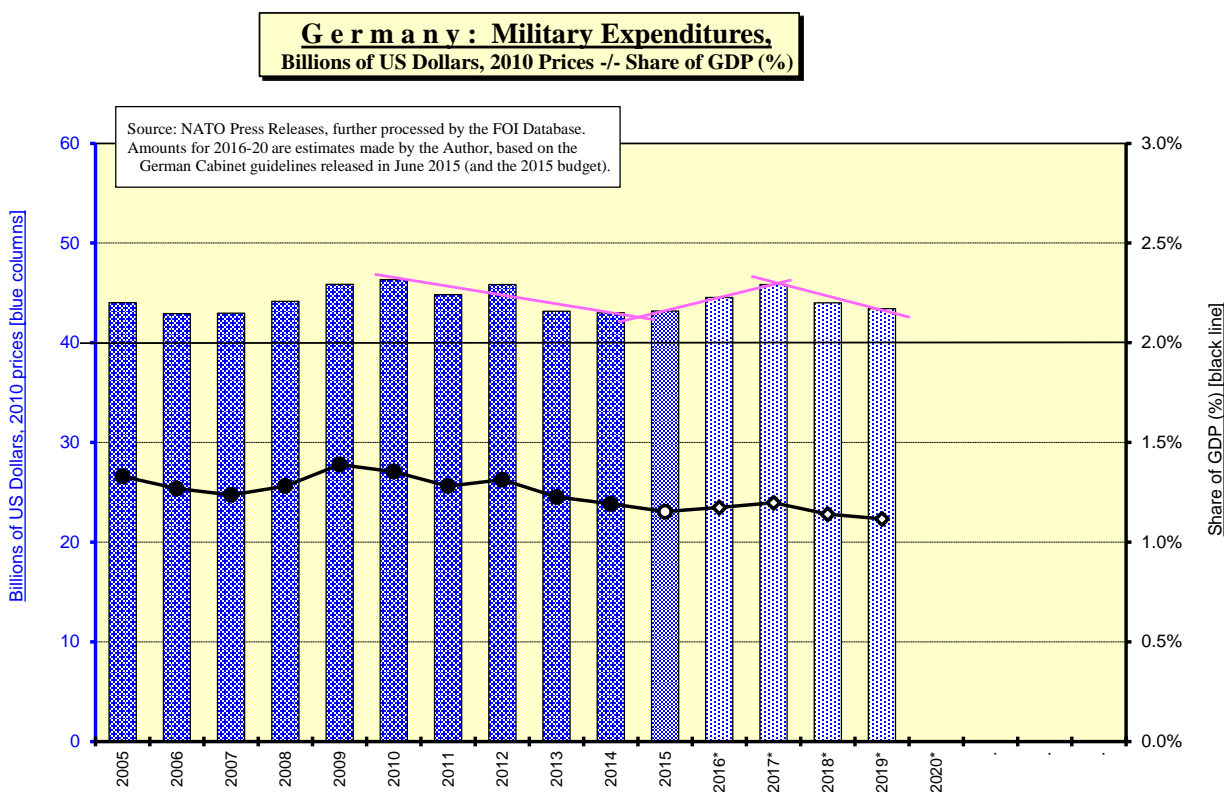
³⁰ See graph "2003-2015 M. KAS ASIGNAVIMAI" ["2003-2015 Appropriations"] on the Lithuanian part of the Lithuanian Ministry of Defence website at > http://www.kam.lt/lt/veikla_576/biudzetas_538.html (downloaded 2 November 2015).

³¹ Budgets up to 2015 have been published on the Lithuanian part of the Ministry of Finance [*Finansų ministerija*] website at > http://www.finmin.lt/c/portal/layout?p_1_id=PUB.1.61; hopefully, this portal will in due time also include the 2016 budget proposal.

³² See "Lithuania's draft defence budget 2016-2018 focuses on developing priority capabilities Budget", *The Baltic Course* 20 October 2015 at > <http://www.baltic-course.com/eng/finances/?doc=111904>.

In addition, Lithuania, having abandoned conscription in 2008, has also decided, in order to strengthen its defence capabilities as a result of the Ukrainian conflict, to reintroduce conscription early in 2015.³³

3.8 Germany



Germany reduced its ME, in real terms, by ~7 per cent between 2010 and 2015, from ~46,3 billion USD in 2010 to ~43 billion USD in 2014/15. A particularly large reduction of German ME was made in 2013, and in policy and budget documents presented throughout 2014, there were no indications that the then prevailing trend of decreasing ME would be reversed.³⁴

Since March 2015, several proposals on increased ME have, however, been put forward. The German Cabinet then presented information suggesting that ME would increase in 2016-17, but would be reduced in 2018-19.³⁵ Slightly revised data of this kind were then presented in

³³ See Nicholas de Larrinaga: "Lithuania to reintroduce conscription", *IHS Jane's 360*, 24 February 2015 at > <http://www.janes.com/article/49362/lithuania-to-reintroduce-conscription>.

³⁴ See Nicholas de Larrinaga - Fenella McGerty: "Germany's defence budget to drop further in 2015", *IHS Janes 360*, 11 September 2014 at > <http://www.janes.com/article/43034/germany-s-defence-budget-to-drop-further-in-2015>.

³⁵ See Sebastian Schulte: "German defence budget bolstered by EUR8 billion over four years", *IHS Janes 360*, 19 March 2015 at > <http://www.janes.com/article/50094/german-defence-budget-bolstered-by-eur8-billion>.

early July 2015, and these amounts have also been used for making the projections in the graph.³⁶

Hence, German ME will indeed increase from ~43.2 billion USD in 2015 to ~45.9 billion USD in 2017, but then decline to ~43.4 billion USD in 2019, or roughly the same level as in 2015. When the *Finanzbericht 2016* – the guidelines for budget allocations for the 2016-19 period – was presented in September, the rows for “defence” [*Verteidigung*] basically followed the proposals presented earlier in July.³⁷

In the Summer 2016, Germany will also adopt a new White Paper on defence – the previous White Papers were presented in 1994 and 2006 – which presumably will give a clear policy on long-term German ME developments.³⁸

The German ME:GDP share has decreased from ~1.4 per cent in 2010 to ~1.15 per cent in 2015. With increased ME in 2016-17, the ME:GDP share will also be stable. However, it should be noted that Germany has a significantly lower ME:GDP share than either the United Kingdom or France, the other major powers in Western Europe.

[over-four-years](#). In this article, it is reported that “...*The new budget outlook is now EUR 34.209 billion for 2016, EUR 34.755 billion for 2017, EUR 34.879 billion for 2018 and EUR 35.009 billion for 2019, meaning a gain of about EUR 2 billion for each year...*”.

See also “Germany to boost mid-term defense spending”, *Reuters* 17 March 2015 at > <http://www.reuters.com/article/2015/03/17/us-germany-defence-budget-idUSKBN0MD1T420150317>. In this article, it was said that “...*After balancing its budget for the first time in almost half a century, the German government has more leeway to raise spending. The cabinet is due to debate the framework for its mid-term budget on Wednesday. The defense budget will rise by 1.2 billion euros in 2016 to 34.2 billion and increase to some 35 billion by 2019, allowing the defense ministry to push ahead with plans to modernize the army, the sources said...*” For the Author, calling an increase by 6 % – from 33 billion euro in 2015 to 35 billion euro in 2019 – a “boost” may, however, be somewhat farfetched.

³⁶ See Sebastian Schulte: “Germany to increase defence spending”, *IHS Janes* 360, 5 July 2015 at > <http://www.janes.com/article/52745/germany-to-increase-defence-spending>.

According to this article, German defence expenditures will amount to the following totals, in millions of euro:

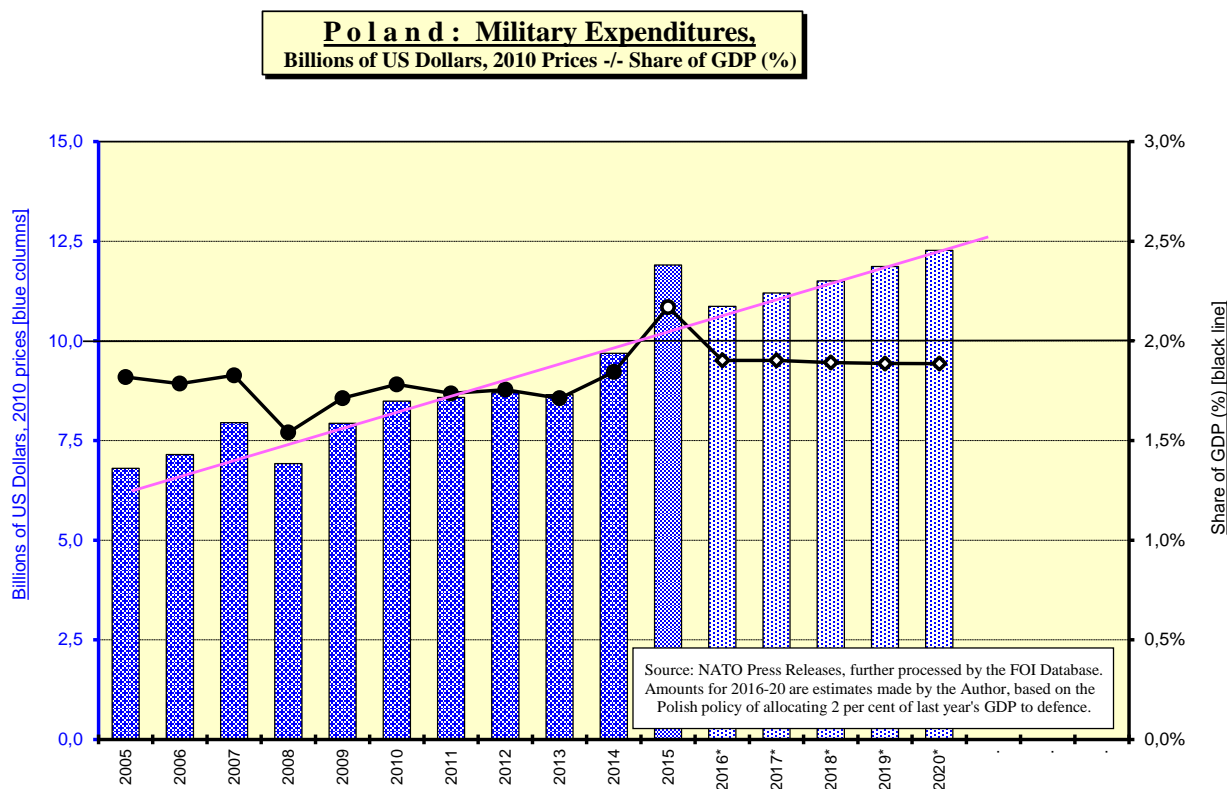
2015	2016	2017	2018	2019
32,497	34,366	35,911	35,028	35,176

³⁷ See the German Ministry of Finance [*Finanzministerium*] portal for budget documents at > http://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Oeffentliche_Finanz/Wirtschafts_und_Finanzdaten/Finanzberichte/Finanzbericht-2016.html.

³⁸ See the German Ministry of Defence portal on the new White Paper, heading “Weissbuch 2016” at > http://www.bmvg.de/portal/a/bmvg!/ut/p/c4/04_SB8K8xLLM9MSSzPy8xBz9CP315EyrpHK9pNyydL3y1Mzi4qTS5Az9gmxHRQBg2ftX/.

See also “Germany kick-starts work on a new White Paper”, *Deutsche Welle*, Dated 18 February 2015 at > <http://www.dw.com/en/germany-kick-starts-work-on-a-new-white-paper/a-18264702>.

3.9 Poland



Poland has had a policy of allocating “1,95 per cent of last year’s GDP to defence”, meaning that for the current year, Poland usually has had a ME:GDP share just below the 2 per cent level. In September 2014, it was proposed that this “1,95 per cent yardstick” should be increased to 2 per cent.³⁹ As Poland has been lucky, compared to many other European countries, in not being too hurt by the economic crisis and in experiencing rather high rates of growth, Polish ME have increased by more than 40 %, in real terms, from 2010 to 2015, from ~8.5 billion USD in 2010 to ~12 billion USD in 2015. The 2015 increase, however, also included an extra temporary supplement needed to cover some older remaining expenses related to the Polish modernisation programme. As a consequence, the Polish ME:GDP share has temporarily risen to ~2.2 per cent in 2015, but it may be assumed that this share will be returned to a slightly lower “normal” level during coming years.

Therefore assuming that Polish ME will increase in accordance with the noted yardstick, estimates have been made on the presumption that ME will amount to “2 per cent of last year’s GDP”, as has been done in the graph for the years 2016-20. In such a case, Polish ME will increase by a fifth up to 2020, from ~10 billion USD in 2014 (which may be a better year of reference, and not affected by the temporary 2015 increase) to ~12,3 billion USD in 2020 (2010 prices). Such an increase indicates that the ME:GDP share will decline slightly in 2016, after the temporary increase in 2015, and then remain at a level just below 2 per cent; in short,

³⁹ See data on the Polish defence budget (which also includes some non-military expenditures) at the Polish Ministry of Defence site at > http://en.mon.gov.pl/z/pliki/dokumenty/rozne/2015/04/budzet_2015_ang.pdf.

See also “Poland to reserve 2 pct of GDP for defense goals”, *NewEurope* 10 September 2014 > <http://www.neweurope.eu/article/poland-reserve-2-pct-gdp-defense-goals>.

Polish ME will consequently increase *at par* with the growth rate, though with a one year lag (caused by the difference in GDP between the previous and the current year).

According to a statement by the deputy Defence Minister, ME should, however, be raised from 2016 so that they will amount to 2 per cent of GDP, suggesting that the figures in the graph – if this policy is implemented –should be revised slightly upwards.⁴⁰ It should here, however, also be noted that Polish data on defence expenditures are slightly higher than the amounts reported by NATO, meaning that Polish defence expenditures may well be equivalent to 2 per cent of GDP if national data are used in the numerator but less than 2 per cent if NATO statistics are used.

⁴⁰ See Remigiusz Wilk: “Poland commits to spending 2% of GDP on defence”, *IHS Janes 360*, 19 February 2015 at > <http://www.janes.com/article/49156/poland-commits-to-spending-2-of-gdp-on-defence>. If such a policy is implemented, Polish ME would amount to ~11,4 billion USD in 2016; ~11,8 billion USD in 2017; ~12,2 billion USD in 2018; ~12,6 billion USD in 2019; and ~13 billion USD in 2020.

See also Zachary Fryer-Biggs: “Poland to spend USD40 billion by 2022 on modernisation”, *IHS Janes 360*, 19 May 2015 at > <http://www.janes.com/article/51574/poland-to-spend-usd40-billion-by-2022-on-modernisation>.

4 Annex: Statistical Tables

This Annex includes the background data used for creating all the graphs in this study. For sources, see footnotes 4 and 5 on page 12. Important forecasts and projections are marked with a yellow shading, while the two rows for “Mil. Exp. / GDP (%)” and “Military Exp. - Million USD, 2010 p.” – illustrated by the black curve line and the blue columns in Part II – are written with a bold font.

Sweden	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million SEK, current p.	41 240	41 150	43 163	39 710	38 751	42 423	41 070	42 301	42 528	45 100	44 058	44 557	46 234	47 358	49 686	51 464
<i>Nominal change (Δ %)</i>		-0.22%	4.89%	-8.00%	-2.42%	9.48%	-3.19%	3.00%	0.54%	6.05%	-2.31%	1.13%	3.76%	2.43%	4.92%	3.58%
GDP- Billion SEK, current prices	2 907.35	3 099.08	3 297.05	3 387.60	3 288.51	3 519.99	3 656.58	3 684.80	3 775.02	3 914.70	4 091.87	4 272.53	4 459.19	4 661.33	4 861.95	5 065.38
Mil. Exp. / GDP (%)	1.42%	1.33%	1.31%	1.17%	1.18%	1.21%	1.12%	1.15%	1.13%	1.15%	1.08%	1.04%	1.04%	1.02%	1.02%	1.02%
GDP- Billion USD, 2010 prices	451.44	472.61	488.70	485.98	460.78	488.38	501.39	499.95	506.37	517.90	532.15	547.85	562.89	576.70	589.73	602.35
<i>Economic growth (Δ %)</i>		4.69%	3.40%	-0.56%	-5.18%	5.99%	2.66%	-0.29%	1.28%	2.28%	2.75%	2.95%	2.75%	2.45%	2.26%	2.14%
Military Exp.- Million USD, current p.	5 518	5 577	6 386	6 025	5 063	5 886	6 325	6 244	6 529	6 574	5 208	5 206	5 388	5 501	5 745	5 951
Military Exp.- Million USD, 2010 p.	6 340	6 232	6 429	5 723	5 479	5 886	5 621	5 736	5 742	6 076	5 907	5 910	6 133	6 282	6 591	6 827
<i>Change in real terms (Δ %)</i>		-1.69%	3.16%	-10.98%	-4.27%	7.43%	-4.49%	2.04%	0.09%	5.83%	-2.79%	0.06%	3.76%	2.43%	4.92%	3.58%
Finland	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million Euro, current p.	2 206	2 281	2 203	2 468	2 788	2 732	2 697	2 805	2 852	2 671	2 659	2 886	2 790	2 832	2 881	2 938
<i>Nominal change (Δ %)</i>		3.42%	-3.41%	12.02%	12.96%	-1.99%	-1.30%	3.99%	1.69%	-6.35%	-0.45%	8.54%	-3.32%	1.49%	1.73%	2.00%
GDP- Billion Euro, current prices	164.387	172.614	186.584	193.711	181.029	187.100	196.869	199.793	202.743	205.178	207.343	212.107	217.965	224.726	232.304	240.844
Mil. Exp. / GDP (%)	1.34%	1.32%	1.18%	1.27%	1.54%	1.46%	1.37%	1.40%	1.41%	1.30%	1.28%	1.36%	1.28%	1.26%	1.24%	1.22%
GDP- Billion USD, 2010 prices	238.371	248.036	260.898	262.778	241.049	248.262	254.644	251.013	248.198	247.194	248.172	250.315	253.256	256.453	260.144	264.244
<i>Economic growth (Δ %)</i>		4.05%	5.19%	0.72%	-8.27%	2.99%	2.57%	-1.43%	-1.12%	-0.40%	0.40%	0.86%	1.18%	1.26%	1.44%	1.58%
Military Exp.- Million USD, current p.	2 748	2 864	3 020	3 632	3 883	3 625	3 752	3 605	3 788	3 549	2 958	3 226	3 153	3 233	3 315	3 431
Military Exp.- Million USD, 2010 p.	3 233	3 302	3 140	3 385	3 762	3 625	3 463	3 491	3 473	3 214	3 199	3 428	3 262	3 252	3 245	3 245
<i>Change in real terms (Δ %)</i>		2.12%	-4.92%	7.80%	11.14%	-3.62%	-4.47%	0.81%	-0.51%	-7.47%	-0.47%	7.16%	-4.85%	-0.30%	-0.21%	0.00%
Denmark	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million DKK, current p.	20 800	23 173	22 731	24 410	23 252	25 328	24 259	25 618	23 682	22 769	23 296	23 978	24 938	24 798	24 850	
<i>Nominal change (Δ %)</i>		11.41%	-1.91%	7.39%	-4.74%	8.93%	-4.22%	5.60%	-7.56%	-3.86%	2.31%	2.93%	4.00%	-0.56%	0.21%	
GDP- Billion DKK, current prices	1 586.54	1 682.71	1 739.26	1 797.55	1 714.22	1 798.65	1 833.40	1 866.78	1 886.39	1 921.50	1 960.83	2 038.19	2 127.36	2 225.93	2 329.76	2 438.44
Mil. Exp. / GDP (%)	1.31%	1.38%	1.31%	1.36%	1.36%	1.41%	1.32%	1.37%	1.26%	1.18%	1.19%	1.18%	1.17%	1.11%	1.07%	
GDP- Billion USD, 2010 prices	319.119	331.25	333.97	331.58	314.71	319.81	323.51	321.39	319.83	323.30	328.42	334.86	341.82	349.28	356.93	364.88
<i>Economic growth (Δ %)</i>		3.80%	0.82%	-0.71%	-5.09%	1.62%	1.16%	-0.65%	-0.49%	1.08%	1.58%	1.96%	2.08%	2.18%	2.19%	2.23%
Military Exp.- Million USD, current p.	3 469	3 897	4 176	4 788	4 337	4 503	4 519	4 423	4 217	4 057	3 458	3 540	3 707	3 711	3 732	
Military Exp.- Million USD, 2010 p.	4 108	4 492	4 332	4 499	4 229	4 503	4 198	4 328	3 970	3 796	3 864	3 902	3 977	3 868	3 791	
<i>Change in real terms (Δ %)</i>		9.34%	-3.56%	3.86%	-5.99%	6.48%	-6.79%	3.12%	-8.27%	-4.39%	1.81%	0.97%	1.92%	-2.74%	-1.98%	

Norway	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million NOK, current p.	31 471	32 142	34 439	35 932	38 960	39 279	40 534	41 560	43 518	46 234	48 069	48 548	51 253	54 104	56 619	58 889
<i>Nominal change (Δ %)</i>		2.13%	7.15%	4.34%	8.43%	0.82%	3.20%	2.53%	4.71%	6.24%	3.97%	1.00%	5.57%	5.56%	4.65%	4.01%
GDP- Billion NOK, current prices	1 988.94	2 215.31	2 349.86	2 605.38	2 429.70	2 590.09	2 791.97	2 965.21	3 068.80	3 149.68	3 160.37	3 236.51	3 416.85	3 606.91	3 774.63	3 925.96
Mil. Exp. / GDP (%)	1.58%	1.45%	1.47%	1.38%	1.60%	1.52%	1.45%	1.40%	1.42%	1.47%	1.52%	1.50%	1.50%	1.50%	1.50%	1.50%
GDP- Billion USD, 2010 prices	409.25	419.05	431.33	432.99	425.96	428.53	432.68	444.57	447.87	457.76	461.75	467.58	475.17	484.26	494.02	504.06
<i>Economic growth (Δ %)</i>		2.40%	2.93%	0.38%	-1.62%	0.60%	0.97%	2.75%	0.74%	2.21%	0.87%	1.26%	1.62%	1.91%	2.02%	2.03%
Military Exp.- Million USD, current p.	4 884	5 011	5 875	6 371	6 196	6 499	7 232	7 144	7 407	7 337	6 047	5 922	6 228	6 547	6 802	7 065
Military Exp.- Million USD, 2010 p.	5 826	5 815	6 185	6 219	6 601	6 499	6 620	6 740	6 910	7 196	7 317	7 227	7 462	7 685	7 846	7 961
<i>Change in real terms (Δ %)</i>		-0.20%	6.37%	0.55%	6.13%	-1.54%	1.87%	1.81%	2.53%	4.13%	1.68%	-1.23%	3.25%	2.99%	2.10%	1.47%
Estonia	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million Euro, current p.	164	188	271	294	254	251	280	340	361	386	412	433	458	484	513	546
<i>Nominal change (Δ %)</i>		14.68%	44.18%	8.22%	-13.43%	-1.41%	11.70%	21.43%	6.18%	6.93%	6.74%	5.19%	5.62%	5.79%	6.01%	6.28%
GDP- Billion Euro, current prices	11.262	13.522	16.246	16.517	14.146	14.718	16.668	18.006	19.015	19.963	20.613	21.669	22.887	24.212	25.666	27.278
Mil. Exp. / GDP (%)	1.46%	1.39%	1.67%	1.78%	1.80%	1.70%	1.68%	1.89%	1.90%	1.93%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
GDP- Billion USD, 2010 prices	19.90	21.948	23.647	22.366	19.073	19.542	21.025	22.114	22.460	23.114	23.570	24.249	24.967	25.765	26.612	27.521
<i>Economic growth (Δ %)</i>		10.27%	7.74%	-5.42%	-14.72%	2.46%	7.59%	5.18%	1.57%	2.91%	1.98%	2.88%	2.96%	3.20%	3.29%	3.41%
Military Exp.- Million USD, current p.	204	236	372	432	354	333	390	437	479	513	458	484	517	553	591	637
Military Exp.- Million USD, 2010 p.	277	304	410	401	347	333	354	412	424	451	481	498	515	534	554	576
<i>Change in real terms (Δ %)</i>		9.80%	35.07%	-2.16%	-13.60%	-4.04%	6.30%	16.51%	2.84%	6.39%	6.56%	3.56%	3.52%	3.57%	3.74%	4.00%
Latvia	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million Euro, current p.	164	250	324	369	228	189	206	194	212	221	253	368	474	592	628	667
<i>Nominal change (Δ %)</i>		53.04%	29.55%	13.60%	-38.22%	-16.88%	9.02%	-6.21%	9.56%	4.24%	14.48%	45.45%	28.85%	24.91%	6.05%	6.15%
GDP- Billion Euro, current prices	13.604	17.078	22.537	24.400	18.894	18.166	20.297	22.043	23.222	24.060	25.019	26.284	27.891	29.612	31.404	33.336
Mil. Exp. / GDP (%)	1.20%	1.47%	1.44%	1.51%	1.20%	1.04%	1.02%	0.88%	0.91%	0.92%	1.01%	1.40%	1.70%	2.00%	2.00%	2.00%
GDP- Billion USD, 2010 prices	24.38	20.502	22.510	21.796	18.704	18.166	19.074	19.996	20.841	21.333	21.794	22.519	23.359	24.267	25.222	26.234
<i>Economic growth (Δ %)</i>		-15.91%	9.79%	-3.17%	-14.19%	-2.88%	5.00%	4.83%	4.23%	2.36%	2.16%	3.33%	3.73%	3.89%	3.94%	4.01%
Military Exp.- Million USD, current p.	204	314	444	541	317	251	290	249	282	294	281	410	534	674	720	777
Military Exp.- Million USD, 2010 p.	299	430	506	499	298	251	263	241	264	273	311	445	561	686	713	742
<i>Change in real terms (Δ %)</i>		43.60%	17.67%	-1.43%	-40.16%	-15.85%	4.61%	-8.30%	9.54%	3.52%	13.98%	42.93%	25.99%	22.26%	3.98%	4.03%

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Lithuania	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million Euro, current p.	245	282	331	362	289	246	248	252	267	322	425	506	604	705	827	974
<i>Nominal change (Δ %)</i>		15.01%	17.37%	9.54%	-20.22%	-14.93%	0.71%	1.75%	6.09%	20.37%	32.08%	19.13%	19.39%	16.61%	17.30%	17.77%
GDP- Billion Euro, current prices	21.002	24.079	29.041	32.696	26.935	28.001	31.247	33.314	34.956	36.309	37.549	39.910	42.513	44.230	46.289	48.638
Mil. Exp. / GDP (%)	1.17%	1.17%	1.14%	1.11%	1.07%	0.88%	0.79%	0.76%	0.76%	0.89%	1.13%	1.27%	1.42%	1.59%	1.79%	2.00%
GDP- Billion USD, 2010 prices	35.06	37.660	41.835	42.934	36.574	37.166	39.440	40.953	42.287	43.534	44.303	45.467	46.841	48.394	50.063	51.859
<i>Economic growth (Δ %)</i>		7.40%	11.09%	2.63%	-14.81%	1.62%	6.12%	3.84%	3.26%	2.95%	1.77%	2.63%	3.02%	3.32%	3.45%	3.59%
Military Exp.- Million USD, current p.	305	354	453	535	403	326	345	324	355	428	473	566	683	805	951	1137
Military Exp.- Million USD, 2010 p.	418	463	514	507	388	326	316	311	327	392	520	610	716	818	941	1087
<i>Change in real terms (Δ %)</i>		10.81%	10.91%	-1.39%	-23.41%	-15.93%	-3.28%	-1.37%	4.87%	20.08%	32.67%	17.21%	17.44%	14.31%	15.03%	15.45%
Germany	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million Euro, current p.	30 600	30 365	31 090	32 824	34 171	34 925	34 630	36 168	34 593	34 749	34 945	36 450	38 089	37 152	37 308	
<i>Nominal change (Δ %)</i>		-0.77%	2.39%	5.58%	4.10%	2.21%	-0.84%	4.44%	-4.35%	0.45%	0.56%	4.31%	4.50%	-2.46%	0.42%	
GDP- Billion Euro, current prices	2 300.86	2 393.25	2 513.23	2 561.74	2 460.28	2 580.06	2 703.12	2 754.86	2 820.82	2 915.65	3 029.90	3 106.33	3 180.99	3 259.16	3 342.63	3 429.44
Mil. Exp. / GDP (%)	1.33%	1.27%	1.24%	1.28%	1.39%	1.35%	1.28%	1.31%	1.23%	1.19%	1.15%	1.17%	1.20%	1.14%	1.12%	
GDP- Billion USD, 2010 prices	3 221.56	3 346.53	3 459.75	3 487.62	3 293.52	3 423.47	3 550.74	3 572.52	3 587.03	3 643.72	3 698.72	3 756.90	3 813.64	3 863.04	3 913.07	3 962.74
<i>Economic growth (Δ %)</i>		3.88%	3.38%	0.81%	-5.57%	3.95%	3.72%	0.61%	0.41%	1.58%	1.51%	1.57%	1.51%	1.30%	1.30%	1.27%
Military Exp.- Million USD, current p.	38 120	38 128	42 613	48 308	47 593	46 342	48 184	46 497	45 945	46 176	38 879	40 747	43 051	42 421	42 934	
Military Exp.- Million USD, 2010 p.	44 031	42 927	42 970	44 155	45 867	46 342	44 834	45 848	43 161	43 017	43 190	44 535	45 850	44 001	43 413	
<i>Change in real terms (Δ %)</i>		-2.51%	0.10%	2.76%	3.88%	1.04%	-3.25%	2.26%	-5.86%	-0.33%	0.40%	3.12%	2.95%	-4.03%	-1.34%	
Poland	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*	2018*	2019*	2020*
Military Exp.- Million PLN, current p.	17 911	19 021	21 681	19 672	23 323	25 608	26 979	28 365	28 467	31 874	38 836	35 793	37 628	39 564	41 829	44 337
<i>Nominal change (Δ %)</i>		6.20%	13.98%	-9.27%	18.56%	9.80%	5.35%	5.14%	0.36%	11.97%	21.84%	-7.83%	5.13%	5.14%	5.73%	6.00%
GDP- Billion PLN, current prices	984.92	1 065.21	1 186.77	1 277.32	1 361.85	1 437.36	1 553.58	1 615.89	1 662.68	1 728.68	1 789.67	1 881.42	1 978.18	2 091.45	2 216.87	2 350.64
Mil. Exp. / GDP (%)	1.82%	1.79%	1.83%	1.54%	1.71%	1.78%	1.74%	1.76%	1.71%	1.84%	2.17%	1.90%	1.90%	1.89%	1.89%	1.89%
GDP- Billion USD, 2010 prices	378.46	401.90	430.84	447.73	459.53	476.52	499.22	508.01	516.79	534.59	553.45	572.83	593.36	614.48	636.40	659.28
<i>Economic growth (Δ %)</i>		6.19%	7.20%	3.92%	2.63%	3.70%	4.76%	1.76%	1.73%	3.44%	3.53%	3.50%	3.58%	3.56%	3.57%	3.60%
Military Exp.- Million USD, current p.	5 536	6 129	7 840	8 163	7 481	8 490	9 101	8 719	9 010	10 102	10 443	9 681	10 275	10 916	11 652	12 515
Military Exp.- Million USD, 2010 p.	6 800	7 148	7 950	6 921	7 932	8 490	8 578	8 697	8 651	9 688	11 903	10 867	11 202	11 507	11 869	12 274
<i>Change in real terms (Δ %)</i>		5.11%	11.21%	-12.94%	14.61%	7.03%	1.04%	1.39%	-0.54%	12.00%	22.86%	-8.71%	3.09%	2.72%	3.15%	3.41%
Russia (based on SIPRI data)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014						
Military Exp.- Million USD, 2010 p.	41 442	45 866	49 925	54 858	57 553	58 720	62 667	72 266	75 696	83 102						
<i>Change in real terms (Δ %)</i>		10.67%	8.85%	9.88%	4.91%	2.03%	6.72%	15.32%	4.75%	9.78%						
Mil. Exp. / GDP (%)	3.58%	3.49%	3.35%	3.38%	4.21%	3.85%	3.71%	4.05%	4.16%	4.47%						