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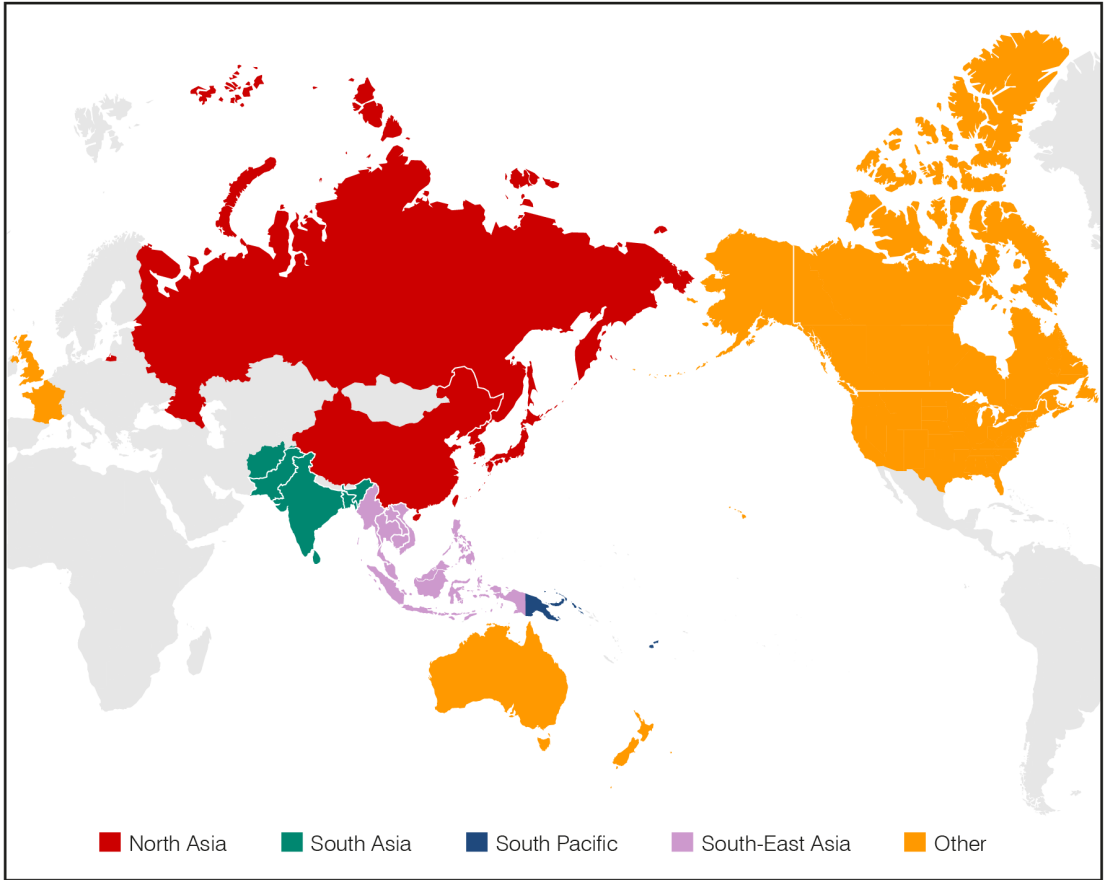
2019

DEFENCE ECONOMIC TRENDS IN THE ASIA-PACIFIC

DIO Reference Aid 19—502



**DEFENCE
ECONOMIC TRENDS
IN THE ASIA-PACIFIC
2019**



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Purpose

Defence Economic Trends analyses significant trends in defence funding in the Asia-Pacific region. It draws together official defence budgets and national economic data to illustrate trends over time. It also enables comparisons between individual countries or regions.

Abbreviations

bn	billion
EIU	Economist Intelligence Unit
FY	Fiscal Year
GDP	gross domestic product
IT	information technology
LNG	liquefied natural gas
m	million
MoU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
PNG	Papua New Guinea
tr	trillion
UN	United Nations
US	United States
USD	United States Dollar

Online version

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If you have any questions in relation to Defence Economic Trends 2019, please contact us directly by phone or fax at:

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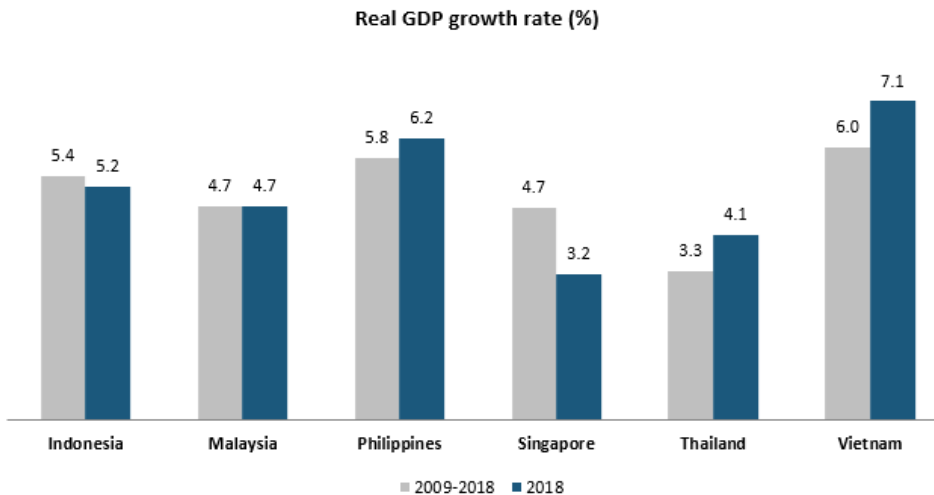
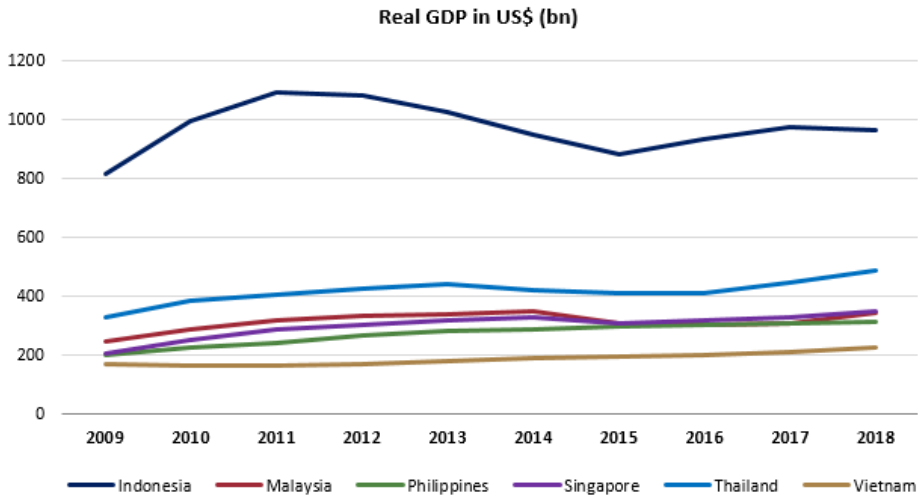
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Regional economy

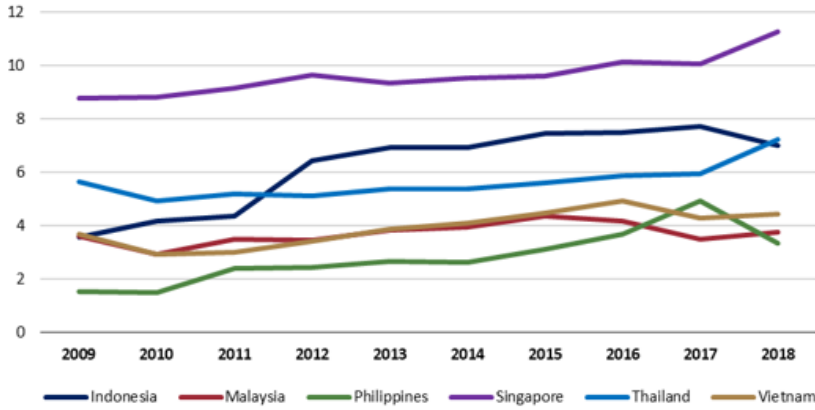
Economic growth in South-East Asia declined to 4.8 per cent in 2018 – the first slowdown in three years – due to weakening local currencies and global tensions including the US–China trade dispute. Although Indonesia’s and Thailand’s economic growth rates increased from their 2017 levels, other countries such as Singapore, Malaysia and the Philippines experienced weaker economic growth in 2018. Despite China’s economic slowdown and the US–China trade dispute, South-East Asian economies continue to benefit from economic liberalisation, regional integration, stronger policy buffers and domestic political stability.

Defence spending

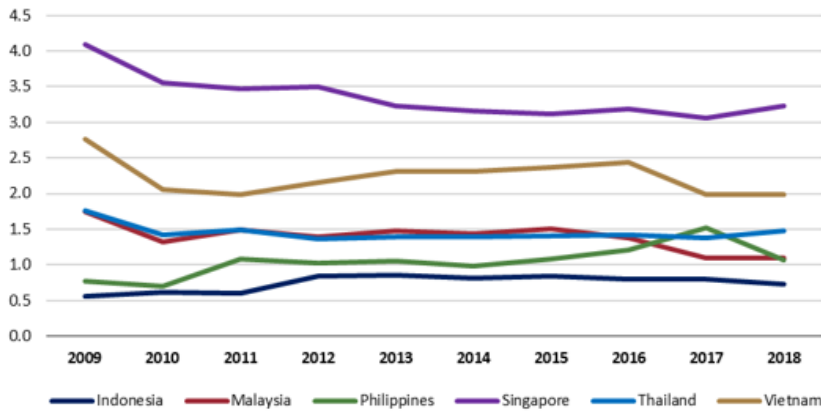
South-East Asian military expenditure contracted 0.8 per cent in 2018. Four South-East Asian countries ranked among the top forty countries with the largest military expenditures in 2018: Singapore (22nd), Indonesia (26th), Thailand (29th) and Vietnam (35th). South-East Asia remains an attractive market for defence companies due to force modernisation programs across the region. Strong bilateral cooperation remains a feature of defence relations in South-East Asia. Strong economic growth, internal security concerns and regional territorial disputes remain key drivers for growth in defence spending in the region.



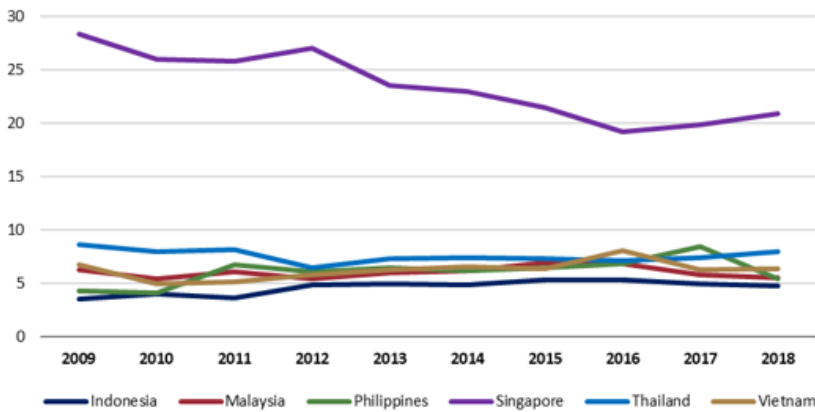
Defence spending in US\$ (bn) (2016 constant and exchange rate)



Defence spending as percentage of real GDP

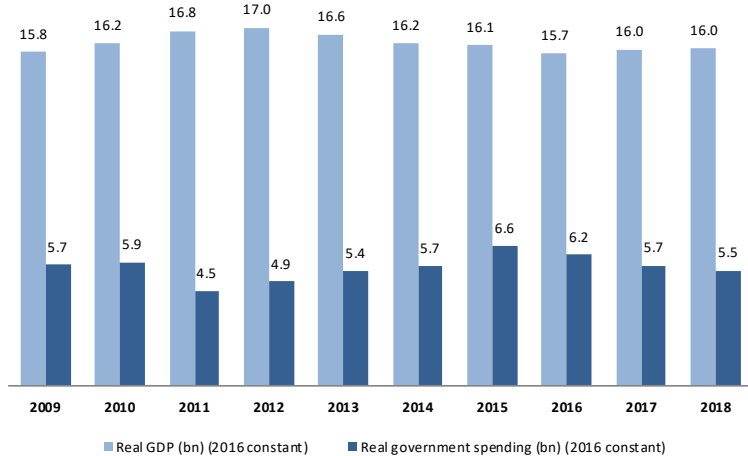


Defence spending as percentage of government spending

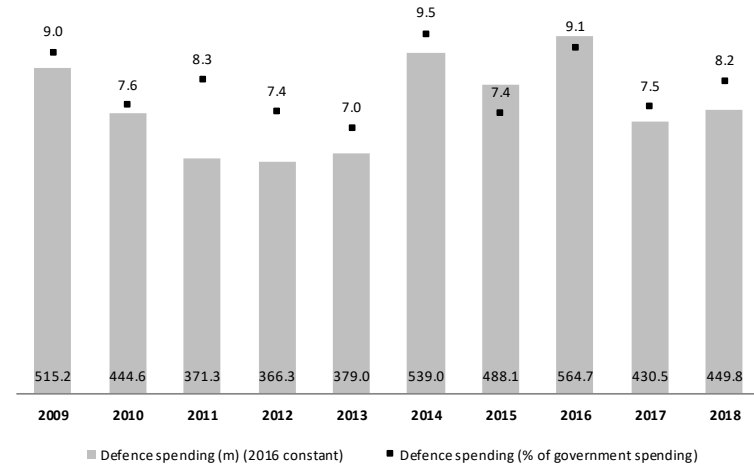


Brunei	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (m) (current)	508.5	512.0	514.0	513.2	516.0	719.2	537.5	564.7	451.8	492.8
Spending in local currency (m) (2016 constant)	515.2	444.6	371.3	366.3	379.0	539.0	488.1	564.7	430.5	449.8
Spending in US\$ (m) (current, in-year exchange rate)	349.6	375.5	408.6	410.7	412.4	567.6	390.9	408.8	327.2	365.3
Spending in US\$ (m) (2016 constant and exchange rate)	373.0	321.8	268.8	265.2	274.4	390.2	353.4	408.8	311.6	325.7
Real growth rate (%)	28.3	-13.7	-16.5	-1.4	3.5	42.2	-9.4	15.7	-23.8	4.5
Expenditure (% of real GDP)	3.3	2.7	2.2	2.2	2.3	3.3	3.0	3.6	2.7	2.8
Expenditure (% of real government spending)	9.0	7.6	8.3	7.4	7.0	9.5	7.4	9.1	7.5	8.2
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	15.8	16.2	16.8	17.0	16.6	16.2	16.1	15.7	16.0	16.0
Real GDP in US\$ (bn)	10.9	11.9	13.4	13.6	13.3	12.8	11.7	11.4	11.6	11.8
Real growth rate (%)	-1.8	2.6	3.7	0.9	-2.1	-2.3	-0.6	-2.5	1.3	0.1
Real GDP per capita in US\$	28616.6	30517.3	34318.0	33991.0	32415.5	31257.2	27959.7	27143.9	26873.9	27271.1
Government spending (bn)										
Government spending (bn)	5.7	5.9	4.5	4.9	5.4	5.7	6.6	6.2	5.7	5.5
Population (million)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Inflation (%)	1.0	0.2	0.1	0.1	0.4	-0.2	-0.4	-0.7	-0.2	0.2

Real GDP and government spending in local currency



Defence spending in local currency





Country name	Brunei
Capital city	Bandar Seri Begawan
Population	434 300
Active armed forces	7200

Land size	5765 km ²
Currency	Brunei dollar (BND)
Fiscal year	1 April – 31 March
Economy	Less-developed country with a market economy
Industries	Oil and natural gas

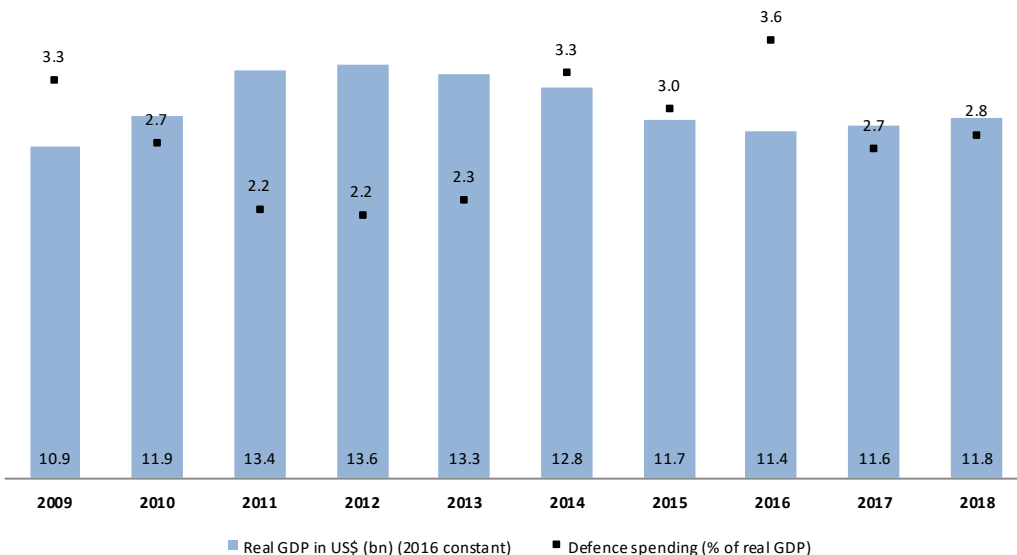
Economy

Over the past 10 years, Brunei has averaged 0.1 per cent annual real economic growth. In 2018, the economy increased by 0.1 per cent, due to reductions in manufacturing and mining in the oil and gas sector; Brunei's economy relies on oil and gas exports. The industrial sector contracted because of reduced manufacturing. Although Brunei has sought economic diversification through avenues such as tourism, agriculture and manufacturing, these sectors failed to expand Brunei's economy in 2018. According to the EIU, Brunei's economy is forecast to average 0.5 per cent growth out to 2020.

Defence Spending

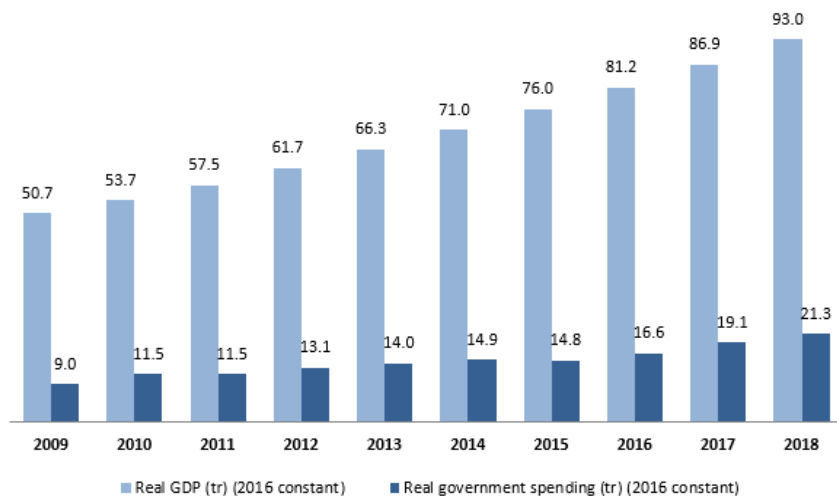
Brunei's 2018 defence budget was BND449.8m (USD325.7m) – a 4.5 per cent real increase on the 2017 defence budget. This defence budget in 2017 was maintained at 2.7% of GDP despite a decline in oil and gas revenue. The Brunei government explained that this increase is intended to assist the military in preserving territorial integrity, improve the effectiveness of diplomacy, increase the military's involvement in international missions, and maintain high standards of human resource capacity.

Real GDP in US\$ and defence spending as a percentage of real GDP

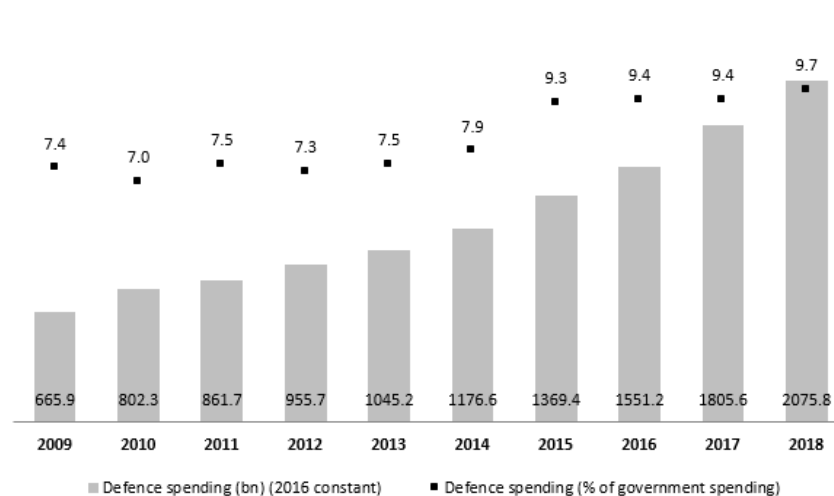


Cambodia	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	565.4	702.5	779.9	876.4	980.5	1122.3	1322.8	1551.2	1862.3	2185.9
Spending in local currency (bn) (2016 constant)	665.4	801.8	861.1	953.9	1059.0	1181.1	1368.5	1551.2	1805.6	2075.8
Spending in US\$ (m) (current, in-year exchange rate)	136.6	167.9	192.2	217.3	243.5	278.0	325.2	382.2	459.8	539.6
Spending in US\$ (m) (2016 constant and exchange rate)	163.9	197.6	212.2	235.0	260.9	291.0	337.2	382.2	444.9	511.5
Real growth rate (%)	64.6	20.5	7.4	10.8	11.0	11.5	15.9	13.4	16.4	15.0
Expenditure (% of real GDP)	1.3	1.5	1.5	1.5	1.6	1.7	1.8	1.9	2.1	2.2
Expenditure (% of real government spending)	7.4	7.0	7.5	7.3	7.5	7.9	9.3	9.4	9.4	9.7
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	50.7	53.7	57.5	61.7	66.2	71.0	76.0	81.2	86.9	92.7
Real GDP in US\$ (bn)	12.2	12.8	14.2	15.3	16.4	17.6	18.7	20.0	21.4	22.9
Real growth rate (%)	0.1	6.0	7.1	7.3	7.4	7.1	7.0	7.0	6.9	6.7
Real GDP per capita in US\$	868.8	896.8	974.4	1035.2	1094.8	1151.0	1203.4	1269.9	1340.1	1408.1
Government spending and other indicators										
Government spending (tr)	9.0	11.5	11.5	13.1	14.0	14.9	14.8	16.6	19.1	21.3
Population (million)	14.1	14.3	14.5	14.8	15.0	15.3	15.5	15.8	16.0	16.3
Inflation (%)	-0.7	4.0	5.4	3.0	2.9	3.9	1.2	3.0	2.9	2.8

Real GDP and government spending in local currency



Defence spending in local currency





Country name	Cambodia	Land size	181 035 km ²
Capital city	Phnom Penh	Currency	Riel (KHR)
Population	16.3 million	Fiscal year	1 January – 31 December
Active armed forces	124 300	Economy	Less-developed country with a market economy
		Industries	Gems, cement, forestry, rubber, food, tourism, textiles, apparel and footwear

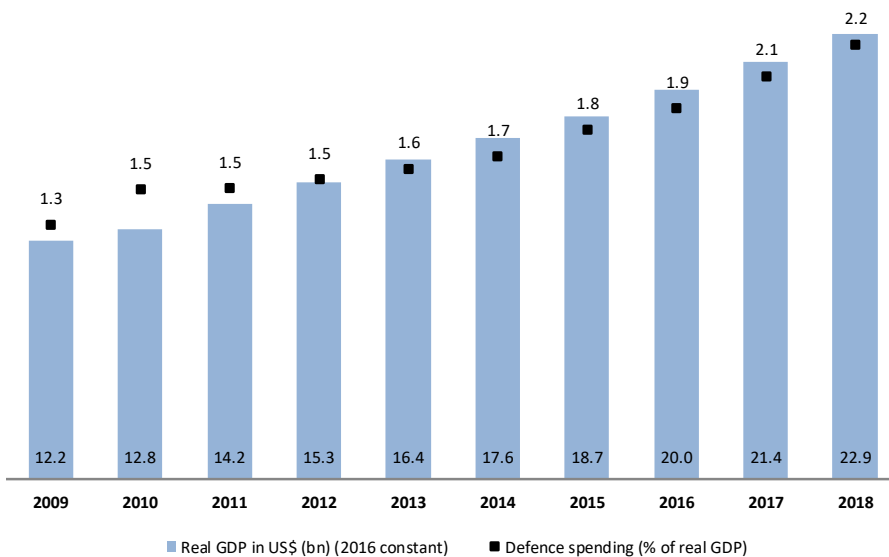
Economy

Over the past 10 years, Cambodia has averaged 6.9 per cent annual real economic growth. In 2018, the economy expanded by 6.7 per cent, driven by garment exports and Chinese tourism. Textile production and export is central to the Cambodian economy, accounting for the majority of Cambodia's exports. Construction, real estate, and agricultural sectors are also important to the country's economic growth. Cambodia's economy is forecast to average 6.3 per cent growth by 2023, according to the EIU, based on export growth and tourism.

Defence Spending

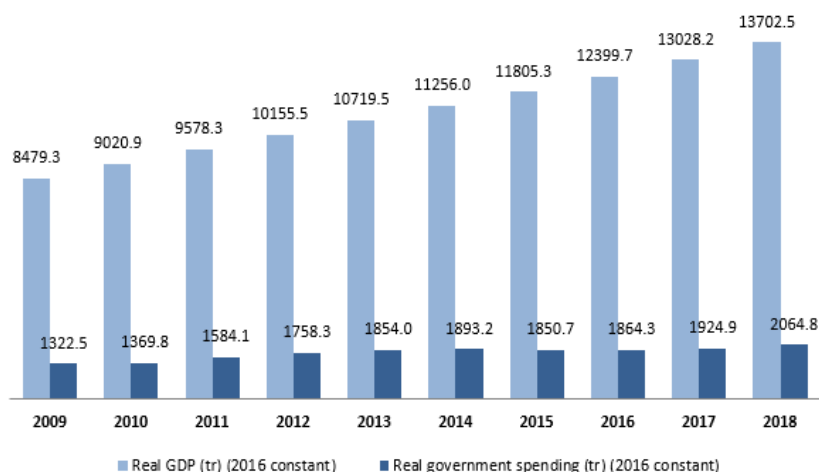
Cambodia's 2018 defence budget was KHR2075.8bn (USD511.5m) – a 15 per cent real increase on the 2017 defence budget. In June 2018, China pledged USD100m to help modernise Cambodia's military but the Cambodian government did not make any large equipment acquisitions in 2018. Cambodia is the third largest contributor to UN peacekeeping missions when compared to other ASEAN countries.

Real GDP in US\$ and defence spending as a percentage of real GDP

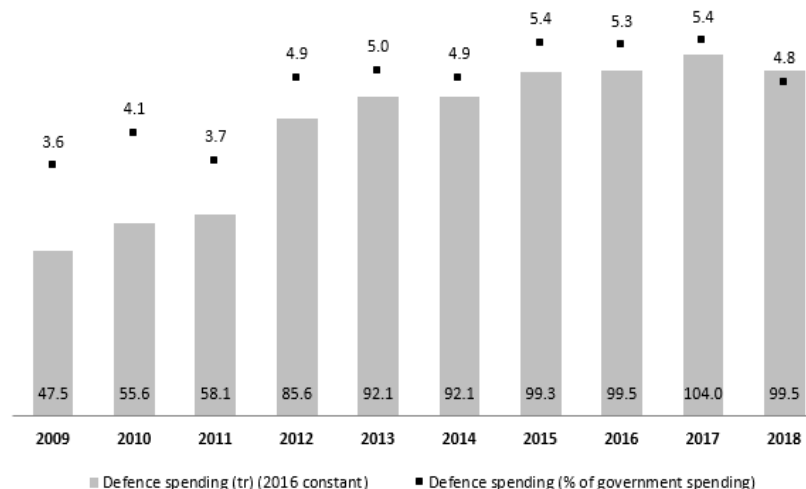


Indonesia	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (tr) (current)	33.7	42.3	47.5	72.5	82.0	86.4	96.9	99.5	108.0	107.7
Spending in local currency (tr) (2016 constant)	47.5	55.6	58.1	85.6	92.1	92.1	99.3	99.5	104.0	99.5
Spending in US\$ (bn) (current, in-year exchange rate)	3.2	4.7	5.4	7.7	7.8	7.3	7.2	7.4737	8.1550	7.6
Spending in US\$ (bn) (2016 constant and exchange rate)	3.6	4.2	4.4	6.4	6.9	6.9	7.5	7.4737	7.8140	7.5
Real growth rate (%)	-12.8	17.1	4.5	47.2	7.7	-0.1	7.9	0.1	4.6	-4.0
Expenditure (% of real GDP)	0.6	0.6	0.6	0.8	0.9	0.8	0.8	0.8	0.8	0.7
Expenditure (% of real government spending)	3.6	4.1	3.7	4.9	5.0	4.9	5.4	5.3	5.4	4.8
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	8479.3	9020.9	9578.3	10155.5	10719.5	11256.0	11805.3	12399.7	13028.2	13702.5
Real GDP in US\$ (bn)	816.1	992.4	1092.1	1081.9	1024.7	948.7	881.7	931.7	973.7	962.5
Real growth rate (%)	4.7	6.4	6.2	6.0	5.6	5.0	4.9	5.0	5.1	5.2
Real GDP per capita in US\$	3396.6	4084.3	4446.5	4358.7	4086.1	3745.3	3447.3	3608.7	3736.4	3660.9
Government spending (tr)	1322.5	1369.8	1584.1	1758.3	1854.0	1893.2	1850.7	1864.3	1924.9	2064.8
Population (million)	240.3	243.0	245.6	248.2	250.8	253.3	255.8	258.2	260.6	262.9
Inflation (%)	4.8	5.2	5.4	4.0	6.4	6.4	6.4	3.5	3.8	3.2

Real GDP and government spending in local currency



Defence spending in local currency





Land size	1 904 569 km ²
Currency	Rupiah (IDR)
Fiscal year	1 January – 31 December
Economy	Less-developed country with a market economy
Industries	Petroleum, natural gas, mining, cement, chemical fertilisers, plywood, rubber, tourism, textiles and apparel

Country name	Indonesia
Capital city	Jakarta
Population	262.9 million
Active armed forces	395 500

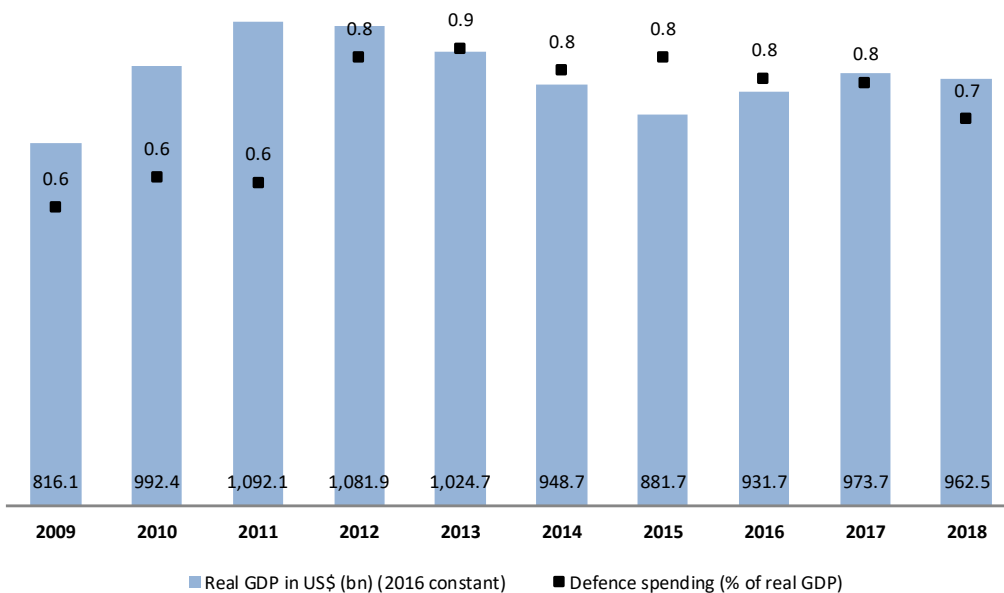
Economy

Over the past 10 years, Indonesia averaged 5.5 per cent annual real economic growth. In 2018, the economy expanded by 5.2 per cent due to increases in construction, wholesale and retail trade, manufacturing, and agriculture. Domestic demand was crucial to all these increases, with government infrastructure processes constituting a key source of economic expansion. Indonesia's economy is forecast to average 5.1 per cent growth out to 2024, according to the EIU.

Defence Spending

Indonesia's 2018 defence budget was IDR99.5tr (USD7.5bn) – a 4 per cent real decrease on the 2017 defence budget. Defence expenditure included eight Boeing AH-64H Apache Guardian attack helicopters and the last of Indonesia's three NAGAPASA-class submarines – launched in April 2019 – was assembled in-country using South Korean-supplied parts. This is South-East Asia's first indigenously constructed submarine.

Real GDP in US\$ and defence spending as a percentage of real GDP

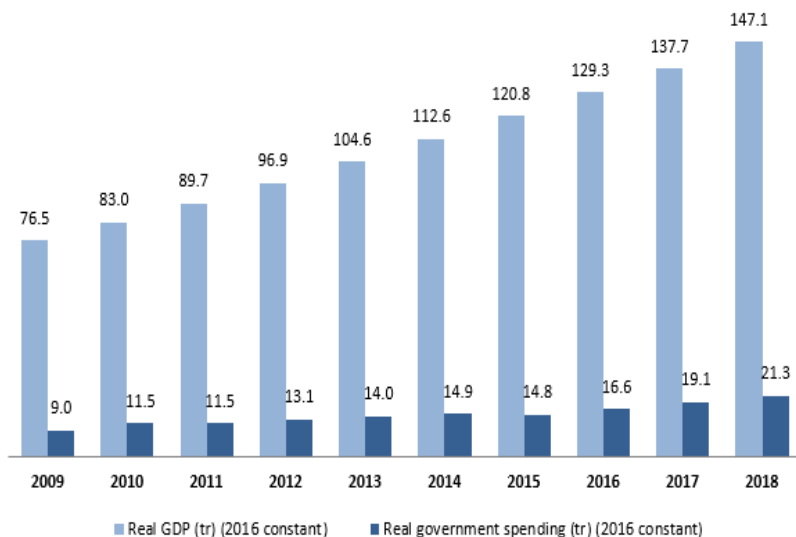


Laos	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	119.0	119.0	150.0	160.0	172.0	197.0	N/A	N/A	N/A	N/A
Spending in local currency (bn) (2016 constant)	183.2	167.8	191.5	189.9	191.7	207.7	N/A	N/A	N/A	N/A
Spending in US\$ (m) (current, in-year exchange rate)	14.0	14.4	18.7	20.0	22.0	24.5	N/A	N/A	N/A	N/A
Spending in US\$ (m) (2016 constant and exchange rate)	22.6	20.7	23.6	23.4	23.6	25.6	N/A	N/A	N/A	N/A
Real growth rate (%)	-18.3	-8.4	14.1	-0.8	1.0	8.3	N/A	N/A	N/A	N/A
Expenditure (% of real GDP)	0.2	0.2	0.2	0.2	0.2	0.2	N/A	N/A	N/A	N/A
Expenditure (% of real government spending)	1.2	0.9	1.0	0.9	0.7	0.7	N/A	N/A	N/A	N/A

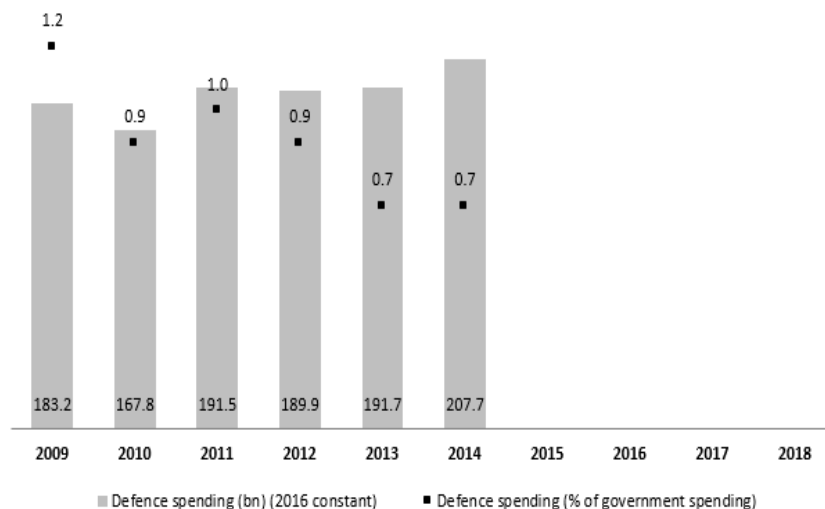
Gross domestic product (GDP)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Real GDP in local currency (tr) (2016 constant)	76.5	83.0	89.7	96.9	104.6	112.6	120.8	129.3	137.7	147.1
Real GDP in US\$ (bn)	9.0	10.0	11.2	12.1	13.3	14.0	14.8	15.8	16.5	17.5
Real growth rate (%)	7.5	8.5	8.0	8.0	8.0	7.6	7.3	7.0	6.9	6.5
Real GDP per capita in US\$	1459.8	1608.9	1763.2	1885.9	2056.9	2129.1	2230.2	2354.5	2412.7	2514.2

Government spending (tr)	15.2	19.0	19.3	21.4	27.5	27.9	29.9	27.8	29.8	30.4
Population (million)	6.2	6.2	6.3	6.4	6.5	6.6	6.7	6.8	6.9	7.0
Inflation (%)	0.1	6.0	7.6	4.3	6.4	4.1	1.3	1.6	0.8	2.0

Real GDP and government spending in local currency



Defence spending in local currency





Land size	236 800 km ²
Currency	Kip (LAK)
Fiscal year	1 October – 30 September
Economy	Less-developed country with a centrally planned economy
Industries	Copper, tin, timber, tourism, hydroelectricity, apparel, rice and cement

Country name	Laos
Capital city	Vientiane
Population	6.96 million
Active armed forces	29 100

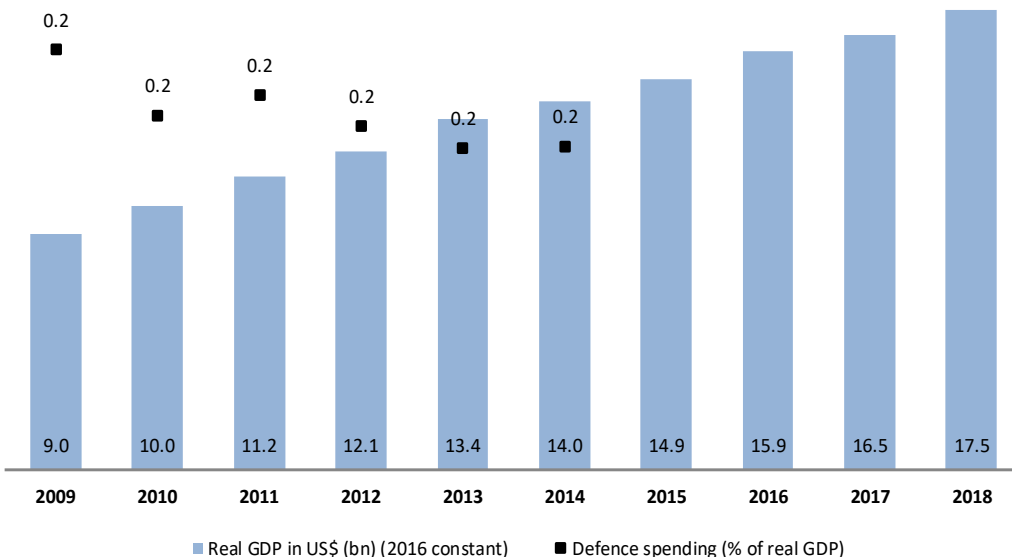
Economy

Over the past 10 years, Laos averaged 7.5 per cent annual real economic growth. In 2018, the economy expanded by 6.5 per cent, with the principal drivers being electricity exports, construction and manufacturing, particularly of electronic components. This growth is despite flooding from July 2018 to September 2018, which destroyed over 1600 houses. Focus Economics claimed reduced investment from China’s slowing economy will be offset by continued electricity generation and large domestic infrastructure projects, including hydropower dams and the Laos–China rail line.

Defence Spending

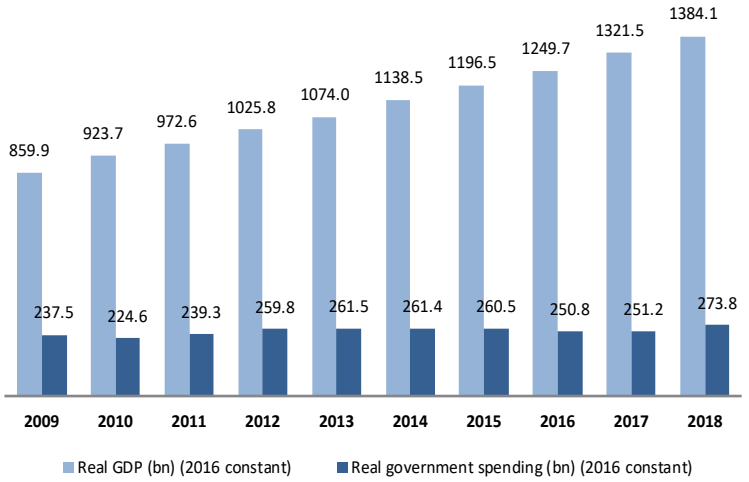
Laos has not officially announced a defence budget since 2015. In 2018, Laos and Russia strengthened defence ties, with Russia providing a number of platforms to the Lao military, including T-72B White Eagle main battle tanks (MBTs) and four YAK 130 light attack aircraft. The two countries also conducted joint military training and exercises.

Real GDP in US\$ and defence spending as a percentage of real GDP

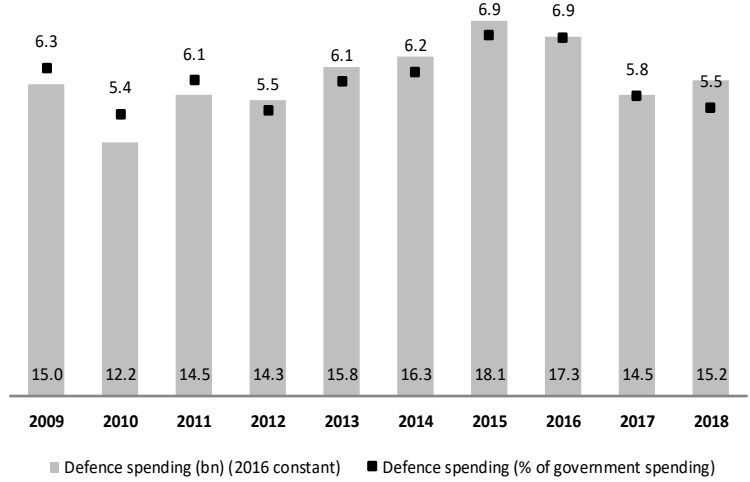


Malaysia	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	13.0	11.0	13.8	13.7	15.3	16.1	17.8	17.3	15.1	15.9
Spending in local currency (bn) (2016 constant)	15.0	12.2	14.5	14.3	15.8	16.3	18.1	17.3	14.5	15.2
Spending in US\$ (bn) (current, in-year exchange rate)	3.7	3.4	4.5	4.4	4.8	4.9	4.5	4.2	3.5	3.9
Spending in US\$ (bn) (2016 constant and exchange rate)	3.6	2.9	3.5	3.4	3.8	3.9	4.4	4.2	3.5	3.7
Real growth rate (%)	-4.8	-18.6	19.1	-1.8	11.0	3.0	10.7	-4.2	-16.2	4.6
Expenditure (% of real GDP)	1.7	1.3	1.5	1.4	1.5	1.4	1.5	1.4	1.1	1.1
Expenditure (% of real government spending)	6.3	5.4	6.1	5.5	6.1	6.2	6.9	6.9	5.8	5.5
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	859.9	923.7	972.6	1025.8	1074.0	1138.5	1196.5	1249.7	1321.5	1384.1
Real GDP in US\$ (bn)	244.0	286.8	317.8	332.1	340.8	347.9	306.4	301.3	307.3	343.0
Real growth rate (%)	-1.5	7.4	5.3	5.5	4.7	6.0	5.1	4.4	5.7	4.7
Real GDP per capita in US\$	8837.4	10200.8	11099.8	11385.4	11473.7	11507.8	9971.4	9659.6	9716.8	10705.7
Government spending (bn)										
Government spending (bn)	237.5	224.6	239.3	259.8	261.5	261.4	260.5	250.8	251.2	273.8
Population (million)	27.6	28.1	28.6	29.2	29.7	30.2	30.7	31.2	31.6	32.0
Inflation (%)	0.6	1.7	3.2	1.7	2.1	3.1	2.1	2.1	3.8	1.0

Real GDP and government spending in local currency



Defence spending in local currency





Land size	329 847 km ²
Currency	Ringgit (MYR)
Fiscal year	1 January – 31 December
Economy	Less-developed country with a market economy
Industries	Rubber, palm oil, electronics, tin, timber, agriculture and oil

Country name	Malaysia
Capital city	Kuala Lumpur
Population	32.04 million
Active armed forces	113 000

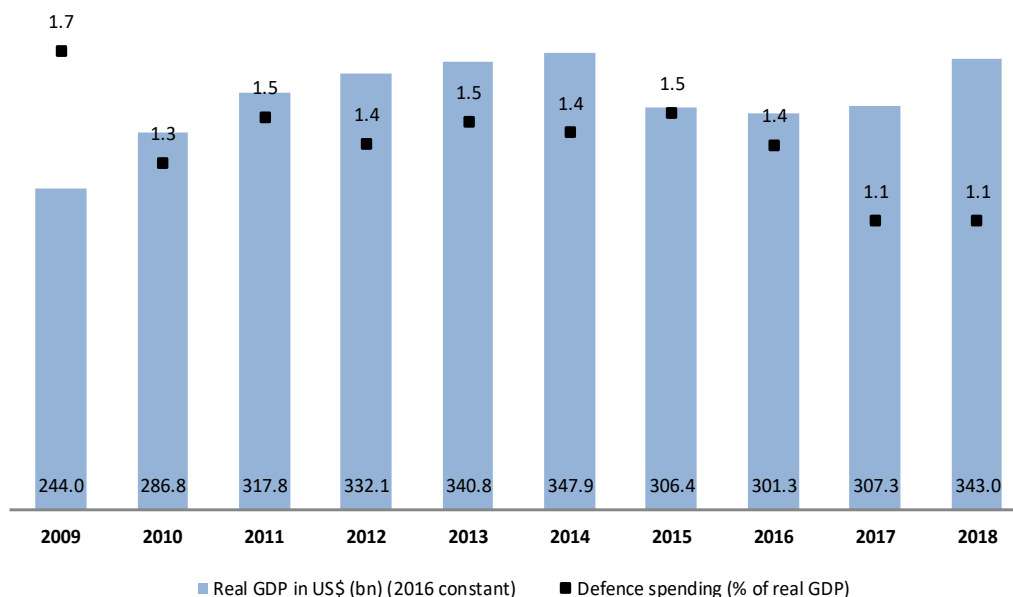
Economy

Over the past 10 years, Malaysia has averaged 5.4 per cent annual real economic growth. In 2018, the economy expanded by 4.7 per cent due to growth in the manufacturing sector, which resulted from both exports and domestic investment. The manufacture of electronic products is central to the Malaysian economy, and China is a key export market. Malaysia's economy is forecast to average 5 per cent growth by 2024, according to the EIU.

Defence Spending

Malaysia's 2018 defence budget was MYR15.2bn (USD3.7bn) – a 4.6 per cent real increase on the 2017 defence budget. The Royal Malaysian Air Force undertook upgrades on its C-130 Hercules, BAE Hawks and Sikorsky S-61 Nuri helicopters, and the delivery of Turkish armoured vehicles to the Malaysian Army continued, but in lower quantities than planned. In July 2018, Malaysia launched the first of four littoral mission ships that had been purchased from China in November 2016. Under the deal, the second of these ships will also be built by China, and the third and fourth will be jointly built by China and Malaysia.

Real GDP in US\$ and defence spending as a percentage of real GDP

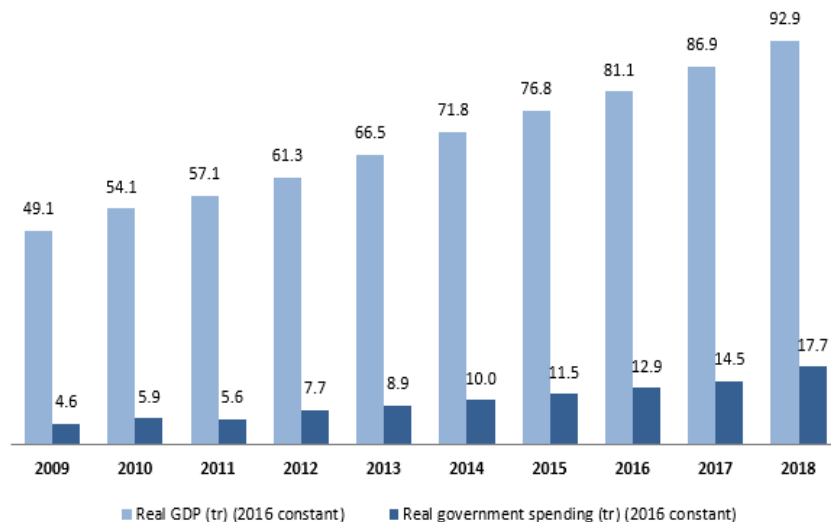


Myanmar	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (tr) (current)	N/A	N/A	N/A	N/A	2.2	2.4	2.8	2.9	2.9	2.7
Spending in local currency (tr) (2016 constant)	N/A	N/A	N/A	N/A	2.5	2.6	2.9	2.9	2.8	2.5
Spending in US\$ (bn) (current, in-year exchange rate)	N/A	N/A	N/A	N/A	2.4	2.4	2.4	2.3000	2.1000	1.9
Spending in US\$ (bn) (2016 constant and exchange rate)	N/A	N/A	N/A	N/A	2.1	2.1	2.4	2.3000	2.2000	2.0
Real growth rate (%)	N/A	N/A	N/A	N/A		0.9	11.9	-0.8	-3.9	-9.3
Expenditure (% of real GDP)	N/A	N/A	N/A	N/A	3.9	3.6	3.8	3.5	3.2	2.7
Expenditure (% of real government spending)	N/A	N/A	N/A	N/A	28.7	25.9	25.3	22.3	19.1	14.2

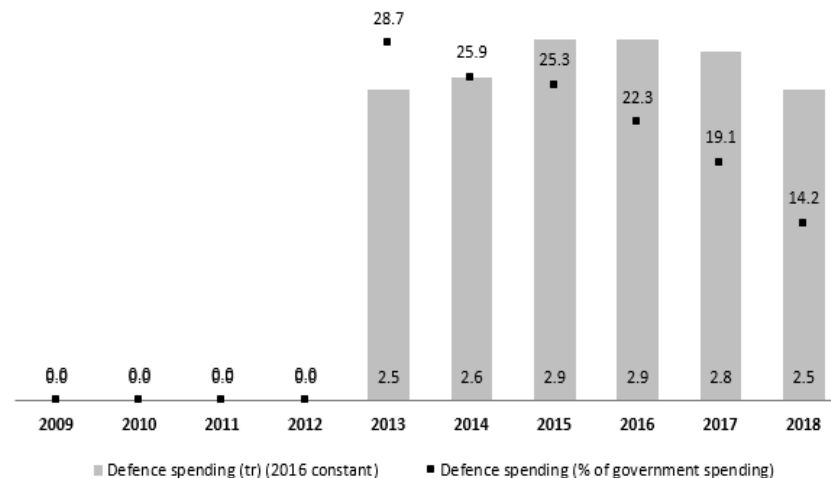
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	49.1	54.1	57.1	61.3	66.5	71.8	76.8	81.1	86.9	92.9
Real GDP in US\$ (bn)	88.0	95.9	104.9	95.7	71.2	72.9	66.0	65.7	63.9	64.9
Real growth rate (%)	10.6	10.2	5.5	7.3	8.4	8.0	7.0	5.7	7.1	6.9
Real GDP per capita in US\$	1767.6	1913.3	2074.6	1876.1	1383.4	1403.9	1260.1	1242.3	1196.4	1205.7

Government spending (tr)	4.6	5.9	5.6	7.7	8.9	10.0	11.5	12.9	14.5	17.7
Population (million)	49.8	50.2	50.6	51.0	51.4	51.9	52.4	52.9	53.4	53.9
Inflation (%)	1.5	7.7	5.0	1.5	5.5	5.0	9.5	7.0	4.6	6.9

Real GDP and government spending in local currency



Defence spending in local currency





Land size 676 578km²
Currency Kyat (MMK)
Fiscal year 1 October - 30 September
Economy Less-developed country with a market economy
Industries Timber, gems, oil, natural gas, tourism and rice

Country name Myanmar
Capital city Nay Pyi Taw
Population 53.86 million
Active armed forces 406 000

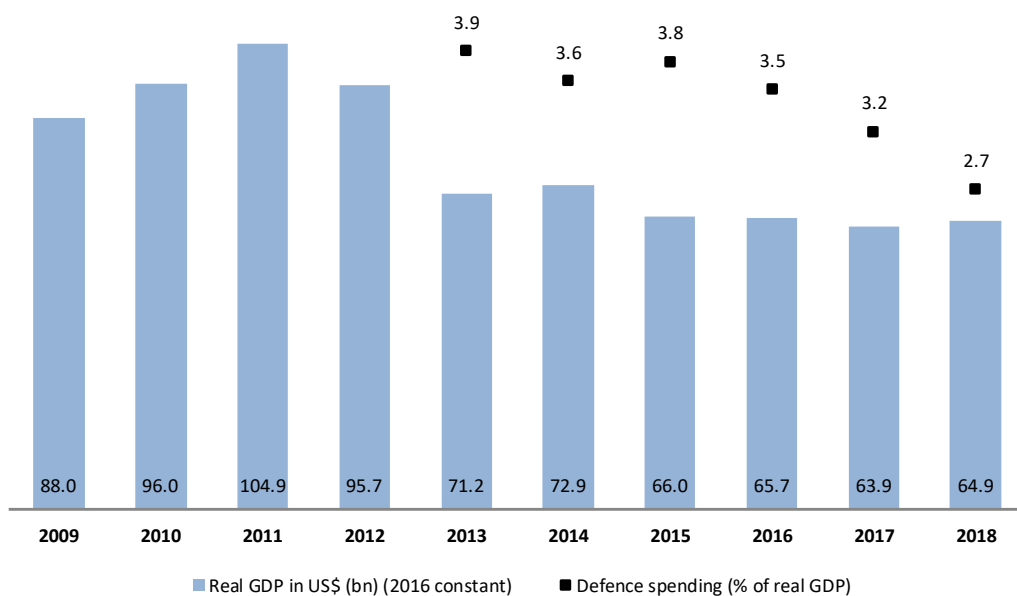
Economy

Over the past 10 years, Myanmar has averaged 7.3 per cent annual real economic growth. In 2018, the economy expanded by 6.9 per cent, driven by growth in the agricultural and manufacturing sectors, and by rising gas and oil prices. This growth marked the economy’s recovery in early 2018 following reductions in foreign investment in 2017.

Defence Spending

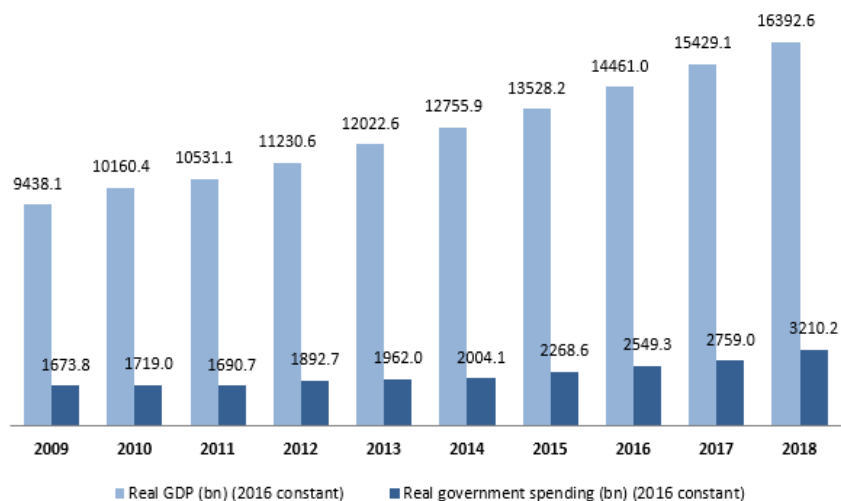
Myanmar’s 2018 defence budget was MMK2.51tr (USD2.0bn) – a 9.3 per cent real decrease on the 2017 defence budget. In January 2018, Myanmar reportedly reached an agreement with Russia to purchase Sukhoi Su-30 multi-role fighters. Myanmar commissioned its first four JF-17 multi-role fighters in December 2018 and is expecting to procure up to 16 in total.

Real GDP in US\$ and defence spending as a percentage of real GDP

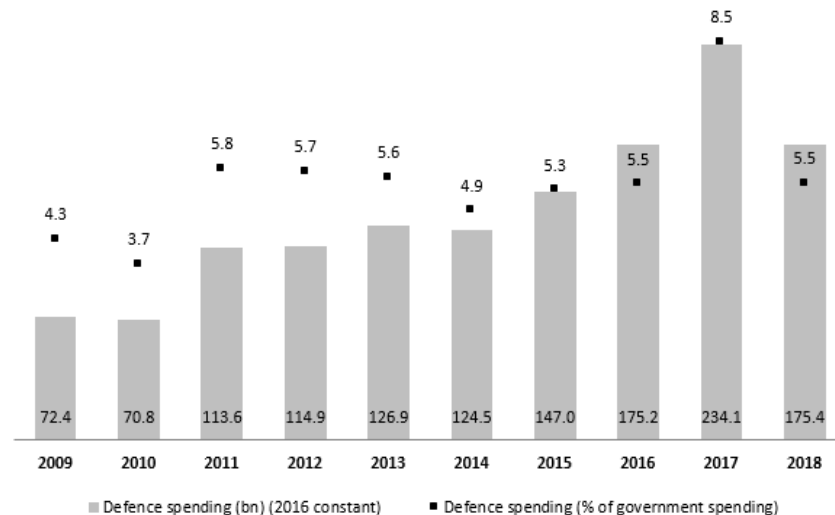


Philippines	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	61.5	62.7	104.7	107.9	121.6	123.1	144.5	175.2	239.6	186.2
Spending in local currency (bn) (2016 constant)	72.4	70.8	113.6	114.9	126.9	124.5	147.0	175.2	234.1	175.40
Spending in US\$ (bn) (current, in-year exchange rate)	1.3	1.4	2.4	2.6	2.9	2.8	3.2	3.7	4.8	3.5
Spending in US\$ (bn) (2016 constant and exchange rate)	1.5	1.5	2.4	2.4	2.7	2.6	3.1	3.7	4.9	3.7
Real growth rate (%)	6.7	-2.2	60.5	1.1	10.5	-1.9	18.0	19.2	33.6	-25.1
Expenditure (% of real GDP)	0.7	0.6	0.9	0.9	0.9	0.9	1.0	1.1	1.5	1.1
Expenditure (% of real government spending)	4.3	3.7	5.8	5.7	5.6	4.9	5.3	5.5	8.5	5.5
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	9438.1	10160.4	10531.1	11230.6	12022.6	12755.9	13528.2	14461.0	15429.1	16392.6
Real GDP in US\$ (bn)	197.9	225.2	243.1	265.9	283.2	287.3	297.3	304.5	306.1	311.3
Real growth rate (%)	1.2	7.7	3.6	6.6	7.1	6.1	6.1	6.9	6.7	6.2
Real GDP per capita in US\$	2146.5	2403.1	2551.9	2745.5	2876.1	2870.3	2922.9	2947.1	2917.6	2922.5
Government spending (bn)	1673.8	1719.0	1690.7	1892.7	1962.0	2004.1	2268.6	2549.3	2759.0	3210.2
Population (million)	92.2	93.7	95.3	96.9	98.5	100.1	101.7	103.3	104.9	106.5
Inflation (%)	4.2	3.8	4.7	3.2	2.9	4.2	1.4	1.8	2.9	5.3

Real GDP and government spending in local currency



Defence spending in local currency





Country name The Philippines
Capital city Manila
Population 106.5 million
Active armed forces 142 350

Land size 676 578 km²
Currency Philippine peso (PHP)
Fiscal year 1 January – 31 December
Economy Less-developed country with a market economy
Industries Textiles, pharmaceuticals, chemicals, wood products, electronics, petroleum refining and fishing

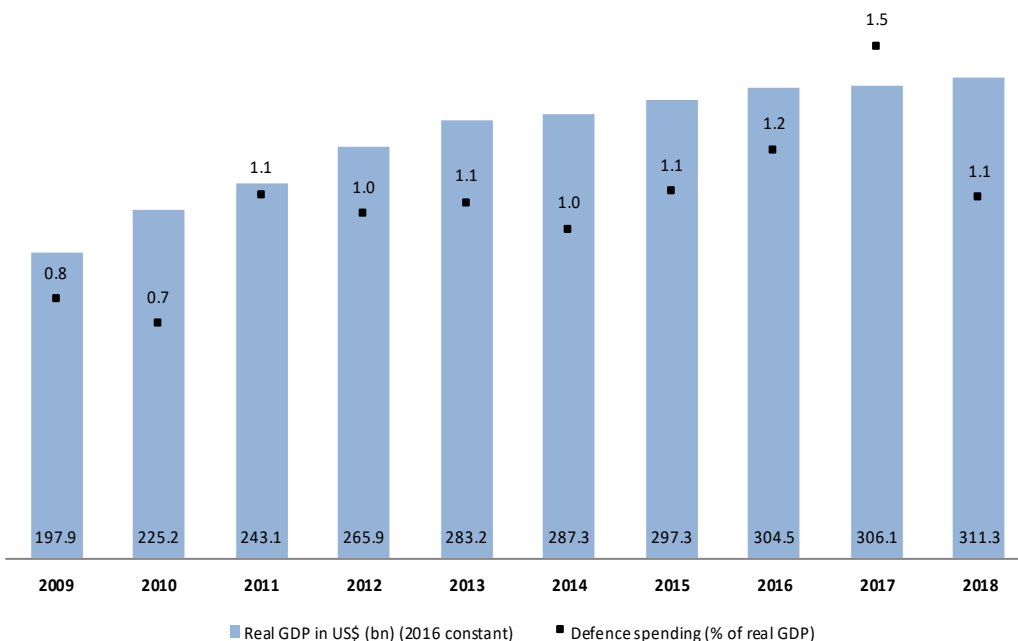
Economy

Over the past 10 years, the Philippines has averaged 6.3 per cent annual real economic growth. In 2018, the economy expanded by 6.2 per cent due to the strength of its services sector, foreign investment, and infrastructure spending by the government. The economy also benefited from the inflow of remittances from Philippine overseas workers, which, combined with a stable job market, generated robust private consumption. According to the EIU, the Philippines’ economy is forecast to average 5.6 per cent growth by 2024.

Defence Spending

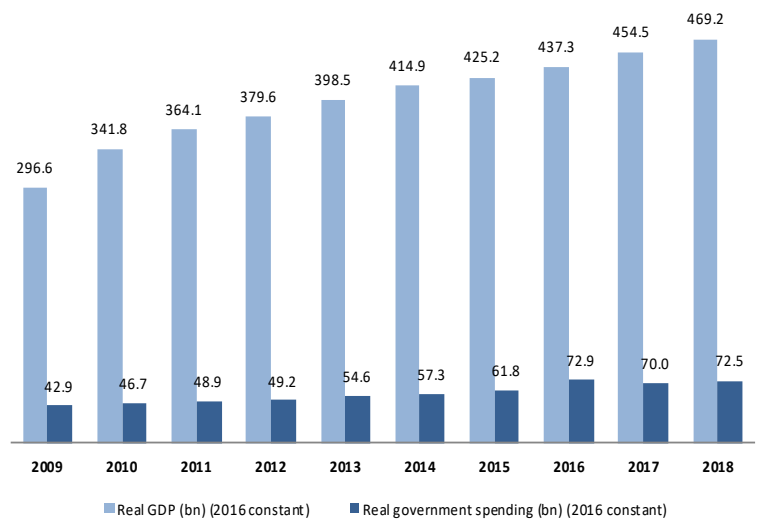
The Philippines’ 2018 defence budget was PHP175.4bn (USD3.7bn) – a 25.1 per cent real decrease on the 2017 defence budget. The 2017 budget marked a 33.7 per cent increase from 2016, consistent with President Duterte’s stated goal of having a ‘strong’ military. 2018 marked the start of the military’s five-year Horizon 2 modernisation plan, which includes plans to purchase fighter jets, airlifters, maritime patrol aircraft and helicopters for the air force; artillery, tanks and rocket launchers for the army; and corvettes and offshore patrol vessels for the navy.

Real GDP in US\$ and defence spending as a percentage of real GDP

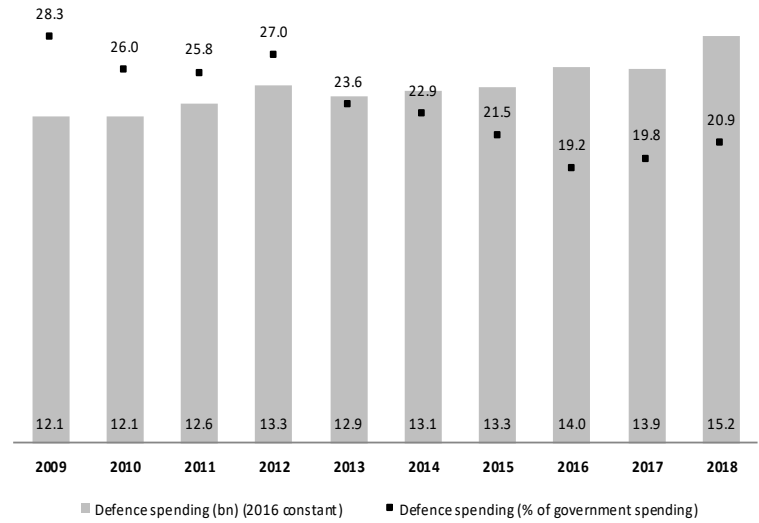


Singapore	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	11.4	11.5	12.1	12.8	12.3	12.6	13.1	14.0	14.2	15.7
Spending in local currency (bn) (2016 constant)	12.1	12.1	12.6	13.3	12.9	13.1	13.3	14.0	13.9	15.2
Spending in US\$ (bn) (current, in-year exchange rate)	7.9	8.4	9.6	10.2	9.9	9.9	9.5	10.1	10.3	11.7
Spending in US\$ (bn) (2016 constant and exchange rate)	8.8	8.8	9.1	9.6	9.3	9.5	9.6	10.1	10.1	11.0
Real growth rate (%)	2.4	0.1	4.0	5.3	-3.2	2.0	0.9	5.4	-0.6	9.2
Expenditure (% of real GDP)	4.1	3.6	3.5	3.5	3.2	3.2	3.1	3.2	3.1	3.2
Expenditure (% of real government spending)	28.3	26.0	25.8	27.0	23.6	22.9	21.5	19.2	19.8	20.9
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	296.6	341.8	364.1	379.6	398.5	414.9	425.2	437.3	454.5	469.2
Real GDP in US\$ (bn)	203.9	250.7	289.5	303.8	318.4	327.4	309.3	316.6	329.1	347.9
Real growth rate (%)	-0.6	15.2	6.5	4.3	5.0	4.1	2.5	2.8	3.9	3.2
Real GDP per capita in US\$	40887.5	49381.7	55844.2	57186.7	58977.3	59859.8	55882.1	56454.5	58646.8	61691.9
Government spending and other indicators										
Government spending (bn)	42.9	46.7	48.9	49.2	54.6	57.3	61.8	72.9	70.0	72.5
Population (million)	5.0	5.1	5.2	5.3	5.4	5.5	5.5	5.6	5.6	5.6
Inflation (%)	0.6	2.8	5.2	4.6	2.4	1.0	-0.5	-0.5	0.6	0.4

Real GDP and government spending in local currency



Defence spending in local currency





Country name	Singapore
Capital city	Singapore
Population	5.6 million
Active armed forces	72 500

Land size	697 km ²
Currency	Singapore dollar (SGD)
Fiscal year	1 April – 31 March
Economy	Industrialised country with a market economy
Industries	Electronics, financial services, petroleum refining, rubber, ship repair and biopharmaceuticals

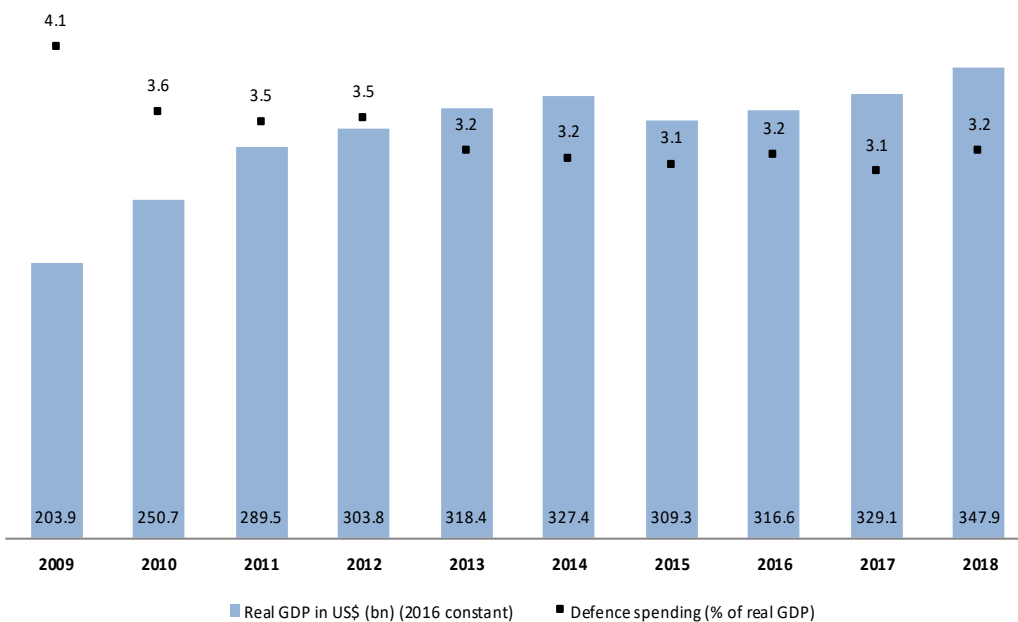
Economy

Over the past 10 years, Singapore has averaged 5.2 per cent annual real economic growth. In 2018, the economy expanded by 3.2 per cent. Growth in manufacturing, accommodation and food sectors was offset by a decline in the construction sector, while the wholesale and retail trade sector experienced only minor growth. Singapore's economy is forecast to average 2.8 per cent growth by 2024, according to the EIU.

Defence Spending

Singapore's 2018 defence budget was SGD15.2bn (USD11.0bn) – a 9.2 per cent real increase on the 2017 defence budget. Defence spending is projected to continue growing at this steady pace over the coming decade. In 2018, Singapore deployed more troops to Iraq to assist with training Iraqi security forces, and invested in new military technologies – in particular, unmanned surveillance surface vehicles and drones.

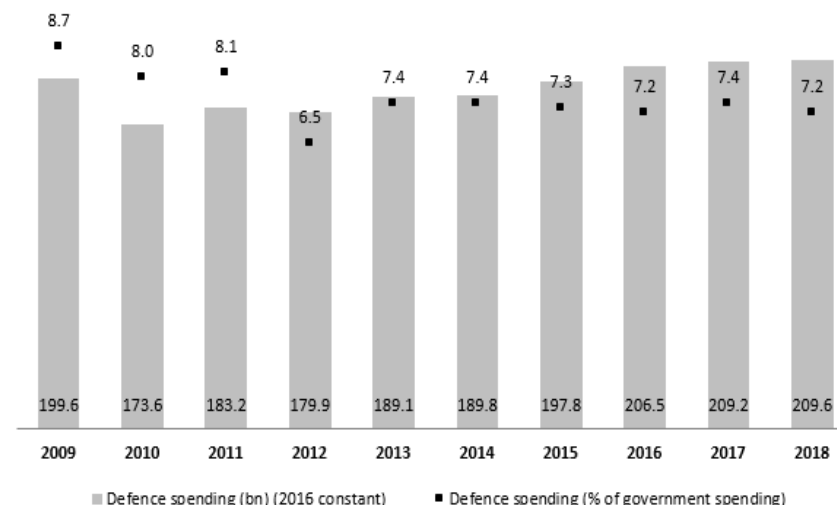
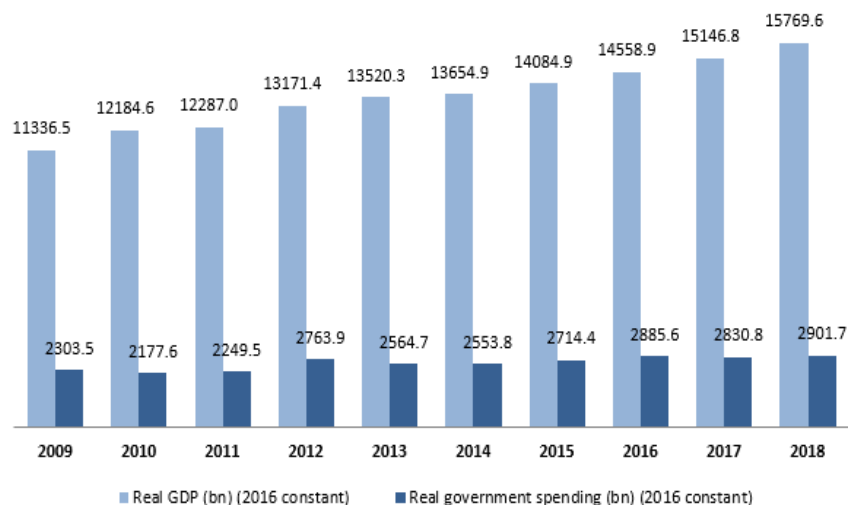
Real GDP in US\$ and defence spending as a percentage of real GDP



Thailand	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	170.2	154.0	168.5	168.7	180.5	183.8	192.9	206.5	213.4	217.0
Spending in local currency (bn) (2016 constant)	199.6	173.6	183.2	179.9	189.1	189.8	197.8	206.5	209.2	209.6
Spending in US\$ (bn) (current, in-year exchange rate)	5.0	4.9	5.5	5.4	5.9	5.7	5.6	5.8	6.3	6.7
Spending in US\$ (bn) (2016 constant and exchange rate)	5.7	4.9	5.2	5.1	5.4	5.4	5.6	5.8	5.9	5.9
Real growth rate (%)	18.3	-13.0	5.5	-1.8	5.1	0.4	4.2	4.4	1.3	0.2
Expenditure (% of real GDP)	1.8	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.3
Expenditure (% of real government spending)	8.7	8.0	8.1	6.5	7.4	7.4	7.3	7.2	7.4	7.2
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	11336.5	12184.6	12287.0	13171.4	13520.3	13654.9	14084.9	14558.9	15146.8	15769.6
Real GDP in US\$ (bn)	330.6	384.5	403.0	423.7	440.0	420.4	411.3	412.5	446.3	488.1
Real growth rate (%)	-0.7	7.5	0.8	7.2	2.6	1.0	3.1	3.4	4.0	4.1
Real GDP per capita in US\$	4943.8	5721.6	5967.2	6245.9	6457.4	6144.9	5990.0	5989.7	6464.3	7055.1
Government spending (bn)										
Government spending (bn)	2303.5	2177.6	2249.5	2763.9	2564.7	2553.8	2714.4	2885.6	2830.8	2901.7
Population (million)	66.9	67.2	67.5	67.8	68.1	68.4	68.7	68.9	69.0	69.2
Inflation (%)	-0.8	3.3	3.8	3.0	2.2	1.9	-0.9	0.2	0.7	1.1

Real GDP and government spending in local currency

Defence spending in local currency





Country name	Thailand
Capital city	Bangkok
Population	69.2 million
Active armed forces	360 850

Land size	513 120 km ²
Currency	Baht (THB)
Fiscal year	1 October – 30 September
Economy	Less-developed country with a market economy
Industries	Tourism, apparel, agriculture, cement, electronics, furniture, plastics and tin

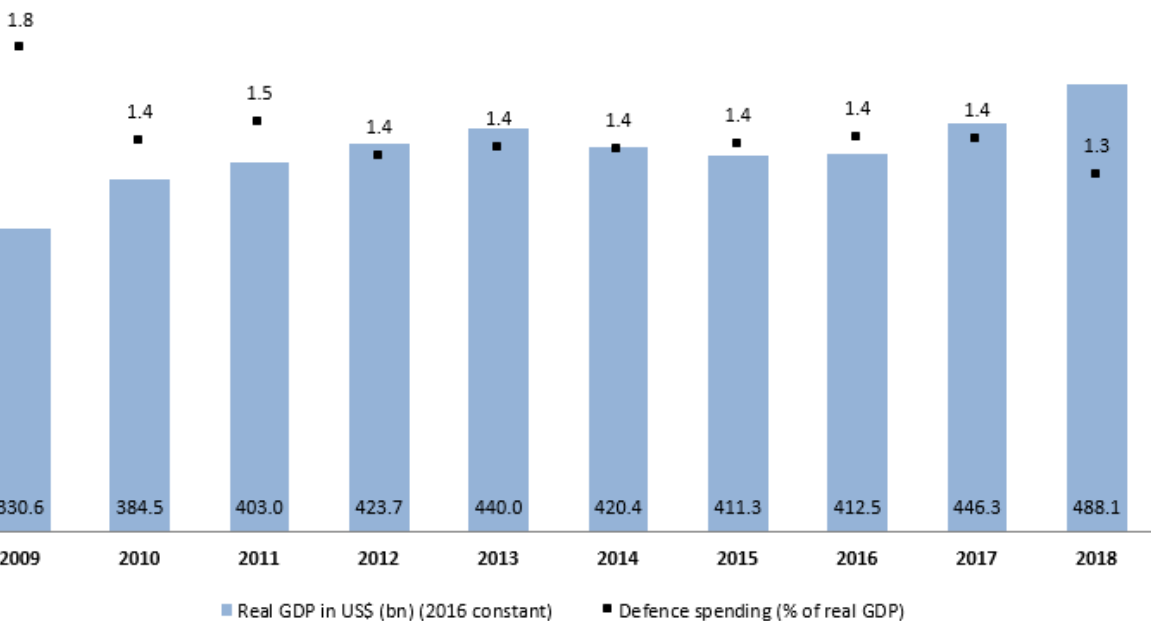
Economy

Over the past 10 years, Thailand has averaged 3.7 per cent annual real economic growth. In 2018, the economy expanded by 4.1 per cent. This growth is principally attributable to increased domestic investment and demand, which was driven by an increased employment rate. This growth offsets declines in Chinese and European tourism. According to the EIU, Thailand's economy is forecast to average 3.2 per cent growth by 2024.

Defence Spending

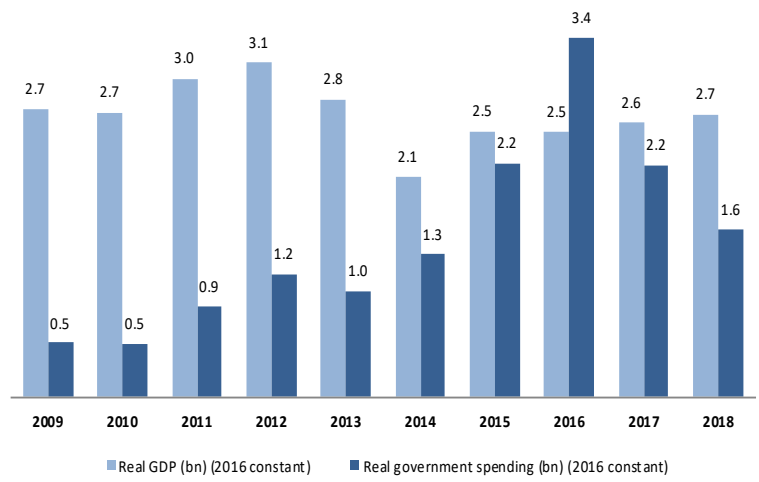
Thailand's 2018 defence budget was THB217bn (USD5.9bn) – a 0.2 per cent real increase on the 2017 defence budget. Over the last 12 months, Thailand's acquisitions have included new fighter-trainer aircraft (the T-50TH) and a DW3000-F frigate from South Korea, additional Mi-17V5s from Russia, and further VT-4 MBTs from China. Additional procurement priorities include submarines, additional multi-role helicopters and armoured land systems.

Real GDP in US\$ and defence spending as a percentage of real GDP

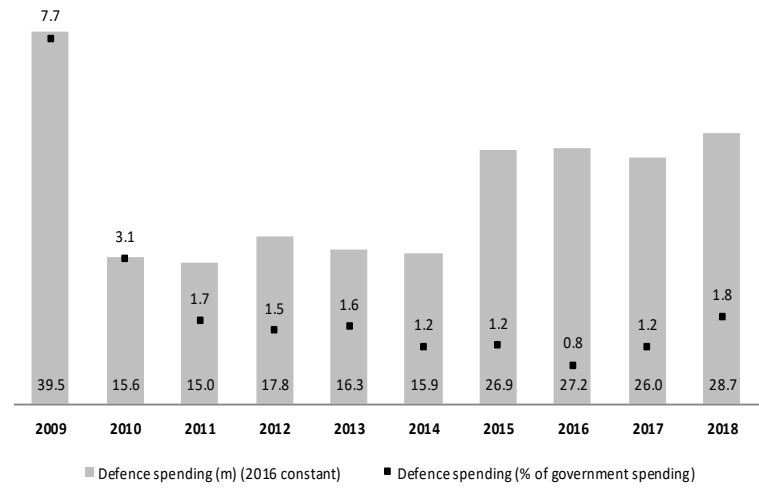


Timor-Leste	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (m) (current)	46.6	23.2	28.4	37.7	32.9	31.1	33.4	27.2	26.2	29.1
Spending in local currency (m) (2016 constant)	39.5	15.6	15.0	17.8	16.3	15.9	26.9	27.2	26.0	28.7
Spending in US\$ (m) (current, in-year exchange rate)	46.6	23.2	28.4	37.7	32.9	31.1	33.4	27.2	26.2	29.1
Spending in US\$ (m) (2016 constant and exchange rate)	39.5	15.6	15.0	17.8	16.3	15.9	26.9	27.2	26.0	28.7
Real growth rate (%)	154.1	-60.4	-4.0	18.6	-8.3	-2.2	69.0	0.9	-4.2	10.0
Expenditure (% of real GDP)	1.5	0.6	0.5	0.6	0.6	0.8	1.1	1.1	1.0	1.1
Expenditure (% of real government spending)	7.7	3.1	1.7	1.5	1.6	1.2	1.2	0.8	1.2	1.8
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	2.7	2.7	3.0	3.1	2.8	2.1	2.5	2.5	2.6	2.7
Real GDP in US\$ (bn)	2.7	2.7	3.0	3.1	2.8	2.1	2.5	2.5	2.6	2.7
Real growth rate (%)	-6.0	-1.2	11.9	4.9	-11.0	-26.1	20.9	-0.1	3.2	3.1
Real GDP per capita in US\$	2484.3	2415.0	2648.8	2719.8	2365.5	1707.3	2017.1	1970.1	1991.2	2005.5
Government spending (bn)	0.5	0.5	0.9	1.2	1.0	1.3	2.2	3.4	2.2	1.6
Population (million)	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3
Inflation (%)	0.6	6.8	13.5	11.8	11.1	0.7	0.6	-1.3	0.6	2.6

Real GDP and government spending in local currency



Defence spending in local currency





Country name	Timor-Leste
Capital city	Dili
Population	1.3 million
Active armed forces	2280

Land size	14 874 km ²
Currency	US dollar (USD)
Fiscal year	1 January – 31 December
Economy	Less-developed country with a market economy
Industries	Oil, coffee, fishing, cottage industries, rice and subsistence farming

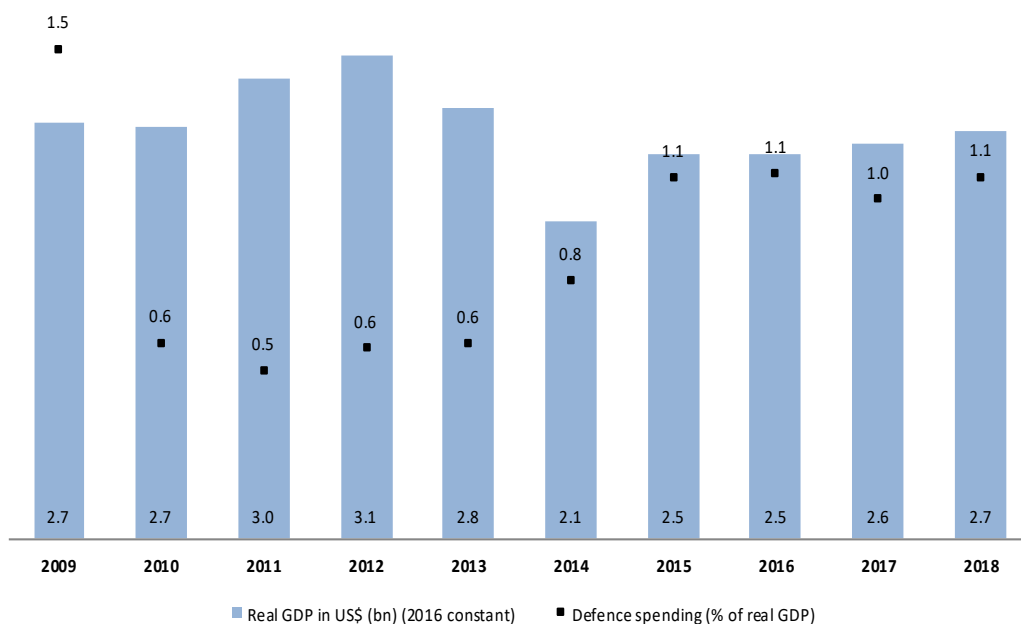
Economy

Over the past 10 years, Timor-Leste has averaged -0.2 per cent annual real economic growth. However, during 2018, the economy expanded by 3.1 per cent. Oil and gas production is central to Timor-Leste's economy and profits from this sector are cumulated in its sovereign wealth fund. The economy is forecast to weaken considerably as oil revenue is predicted to rapidly decline by 2022. The transition to a more sustainable economy with private-sector led growth remains a challenge for Timor-Leste.

Defence Spending

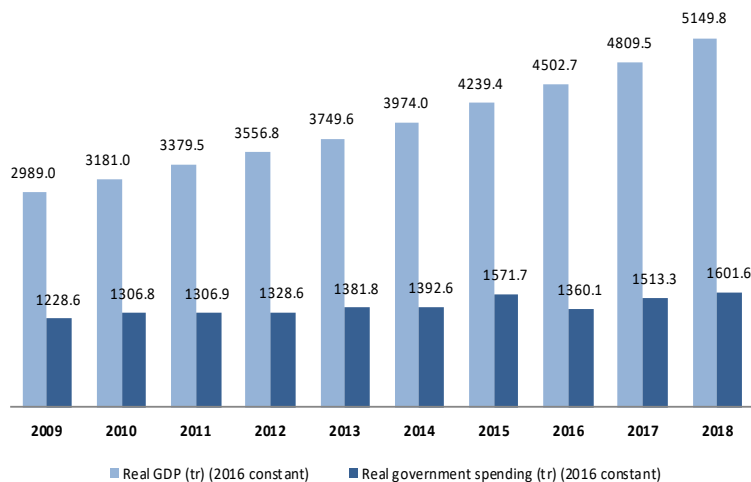
Timor-Leste's 2018 defence budget was USD28.7m – a 10 per cent real increase on the 2017 defence budget. Between August and September 2018, the Timor-Leste Defence Force conducted joint training exercises with the US Navy, the sixth time such training has been held in Timor-Leste. The government has also sought a closer military relationship with the ADF. Timor-Leste's Ministry of Defence benefits heavily from donations; in April 2018, China donated a Type 218 patrol boat and also donated the Ministry's building.

Real GDP in US\$ and defence spending as a percentage of real GDP

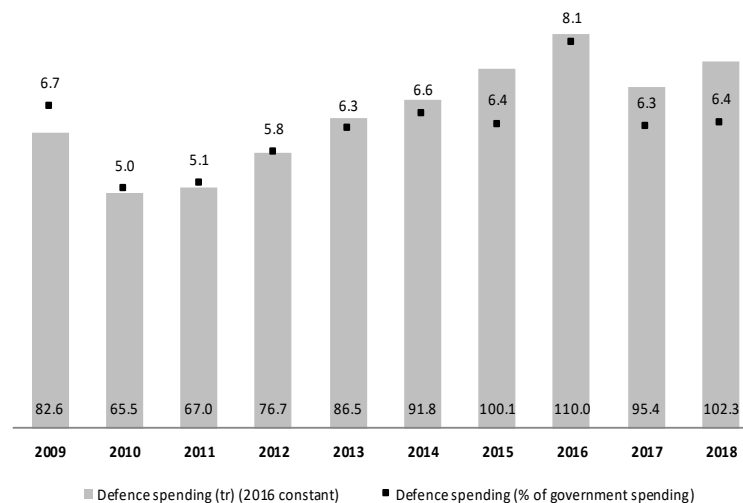


Vietnam	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (tr) (current)	50.0	44.4	55.1	70.0	82.7	91.0	99.0	110.0	99.3	110.0
Spending in local currency (tr) (2016 constant)	82.6	65.5	67.0	76.7	86.5	91.8	100.1	110.0	95.4	102.3
Spending in US\$ (bn) (current, in-year exchange rate)	2.8	2.3	2.7	3.4	3.9	4.3	4.5	4.9	4.4	4.8
Spending in US\$ (bn) (2016 constant and exchange rate)	3.7	2.9	3.0	3.4	3.9	4.1	4.5	4.9	4.3	4.6
Real growth rate (%)	-0.5	-20.8	2.3	14.5	12.8	6.1	9.0	9.9	-13.3	7.3
Expenditure (% of real GDP)	2.8	2.1	2.0	2.2	2.3	2.3	2.4	2.4	2.0	2.0
Expenditure (% of real government spending)	6.7	5.0	5.1	5.8	6.3	6.6	6.4	8.1	6.3	6.4
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	2989.0	3181.0	3379.5	3556.8	3749.6	3974.0	4239.4	4502.7	4809.5	5149.8
Real GDP in US\$ (bn)	167.9	166.3	163.7	170.5	178.4	187.5	193.5	201.4	211.8	223.8
Real growth rate (%)	5.4	6.4	6.2	5.2	5.4	6.0	6.7	6.2	6.8	7.1
Real GDP per capita in US\$	1917.7	1879.4	1829.9	1885.2	1949.9	2026.6	2068.0	2129.9	2217.1	2319.3
Government spending and other indicators										
Government spending (tr)	1228.6	1306.8	1306.9	1328.6	1381.8	1392.6	1571.7	1360.1	1513.3	1601.6
Population (million)	87.6	88.5	89.4	90.5	91.5	92.5	93.6	94.6	95.5	96.5
Inflation (%)	6.7	9.2	18.7	9.1	6.6	4.1	0.6	2.7	3.5	3.5

Real GDP and government spending in local currency



Defence spending in local currency





Country name	Vietnam	Land size	331 210 km ²
Capital city	Hanoi	Currency	Dong (VND)
Population	96.5 million	Fiscal year	1 January – 31 December
Active armed forces	482 000	Economy	Less-developed country with a centrally planned economy
		Industries	Food processing, garments, shoes, mining, cement, glass, fertiliser, tyres, oil, coal, steel, paper, coffee and rice

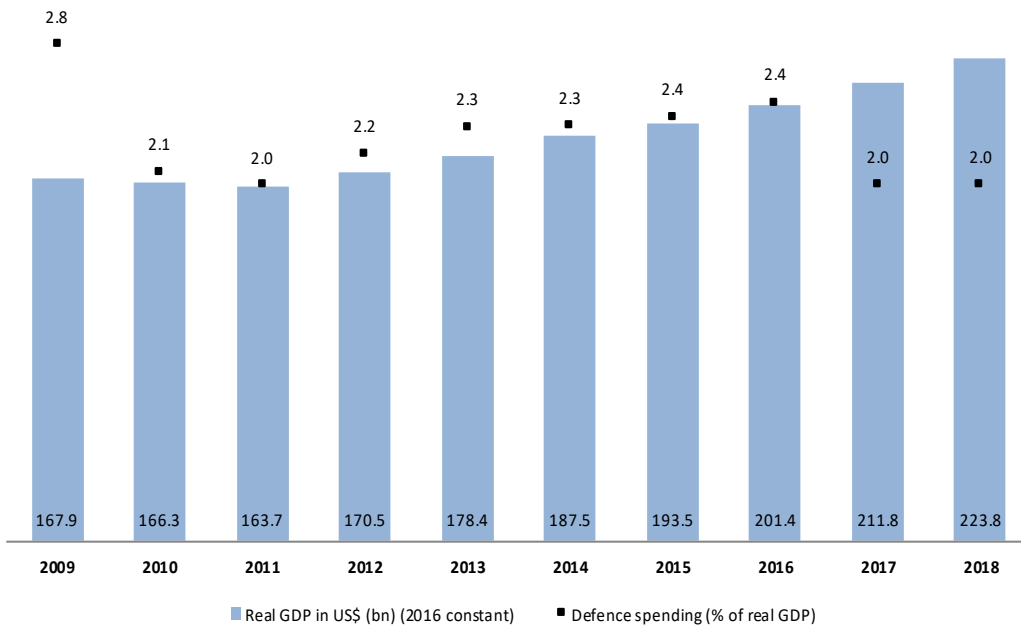
Economy

Over the past 10 years, Vietnam has averaged 6.2 per cent annual real economic growth. In 2018, the economy expanded by 7.1 per cent due to growth in the manufacturing and agricultural sectors, which was supplemented by the service and retail sectors. Vietnam's economy is forecast to average 6.2 per cent growth by 2024, according to the EIU. Manufacturing is expected to remain strong; however, it may be affected by the US–China trade dispute as China is a key export market for Vietnam.

Defence Spending

Vietnam's 2018 defence budget was VND102.3tr (USD4.6bn) – a 7.3 per cent real increase on the 2017 defence budget. The country's defence budget is projected to continue increasing out to 2022, given an ambitious plan to acquire new military aircraft, ships and surveillance equipment. Russia remains the main supplier of Vietnam's military equipment, but Vietnam is diversifying its procurement with purchases from other countries including Israel, India and – to a small but increasing extent – the US.

Real GDP in US\$ and defence spending as a percentage of real GDP

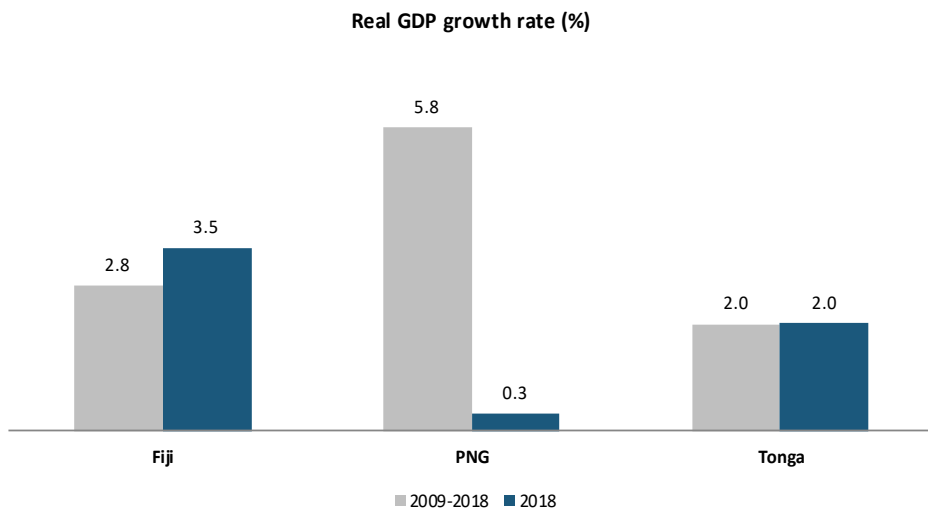
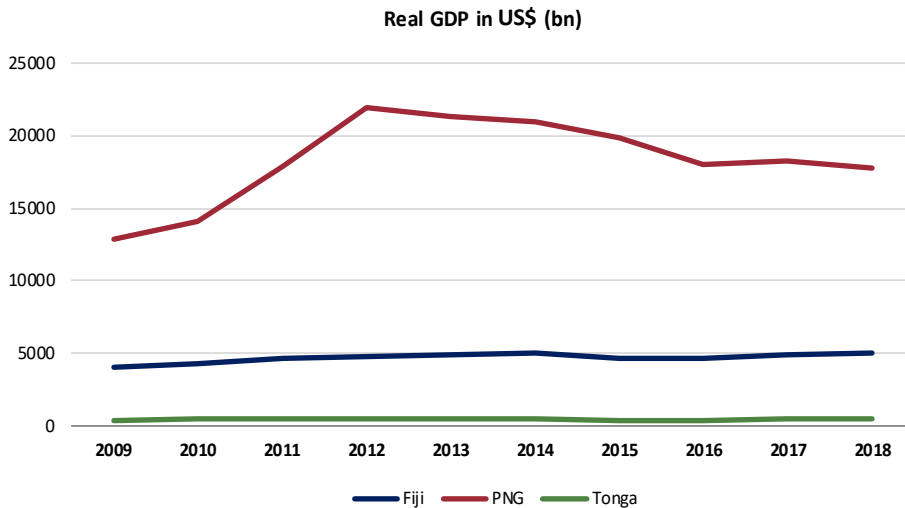


Regional economy

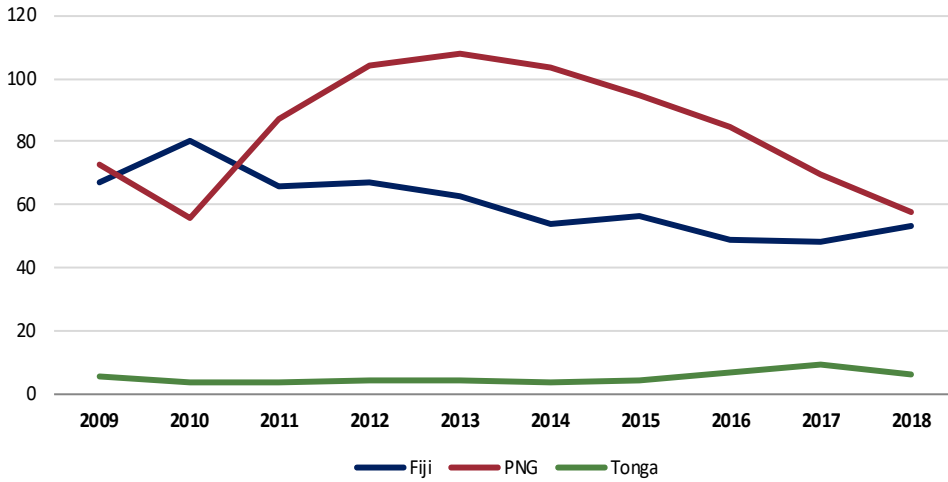
The South Pacific is characterised by small economies that rely on remittances, tourism and commodity exports. Countries in the region have had little economic diversification and remain susceptible to shocks, including natural disasters and fluctuations in commodity prices. In 2018, several Pacific countries experienced natural disasters and economic disruptions that slowed growth rates. Samoa’s economic growth slowed to 0.9 per cent in 2018 due to declines in the non-food manufacturing and agriculture sectors. PNG’s economic growth declined to 0.3 per cent in 2018 due to an earthquake in February.

Defence spending

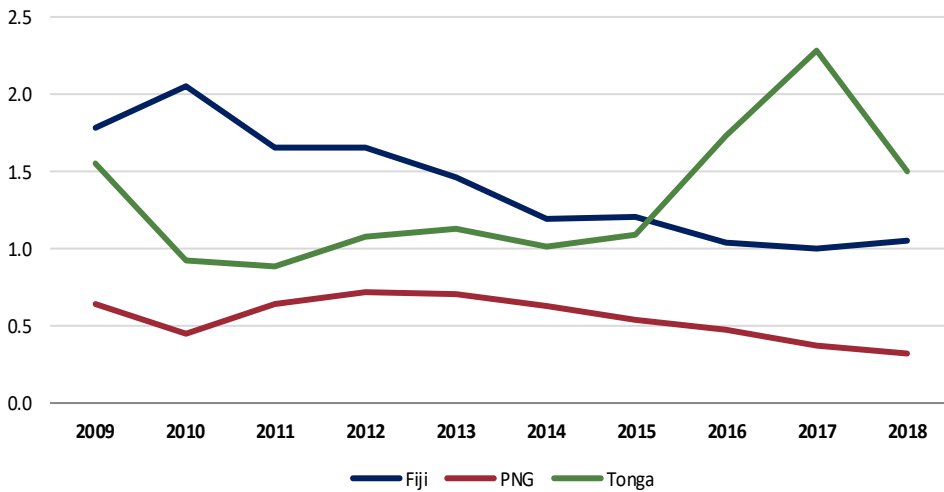
Defence spending in the South Pacific declined by 2.9 per cent in 2018. Defence spending remains a low priority in the South Pacific as countries in the region possess limited government funding. Many South Pacific countries continue to rely on foreign partners for military acquisitions and support. Some South Pacific countries’ armed forces continue to gain experience by deploying small numbers of troops in multilateral peacekeeping and disaster relief operations.



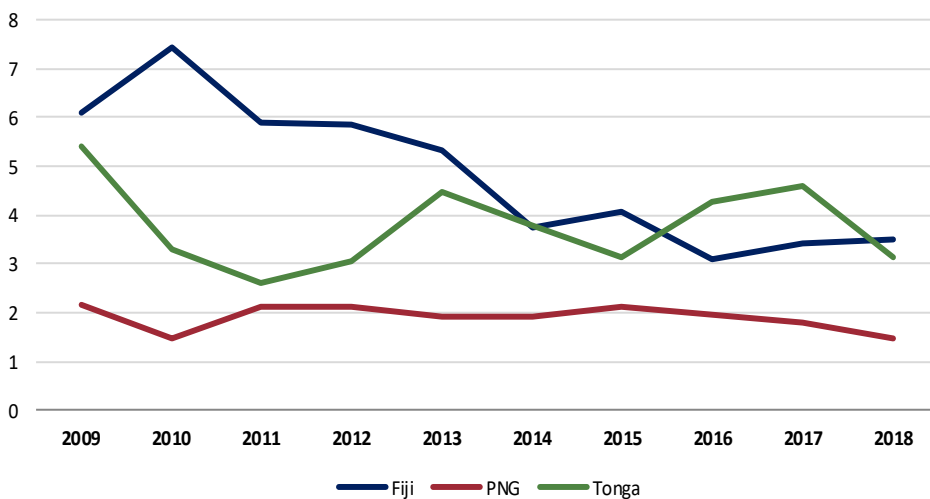
Defence spending in USD (bn) (2016 constant and exchange rate)



Defence spending as percentage of real GDP

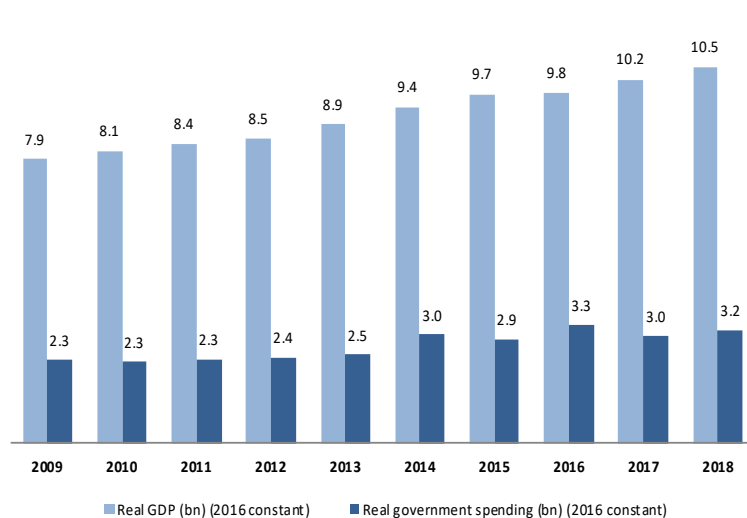


Defence spending as percentage of government spending

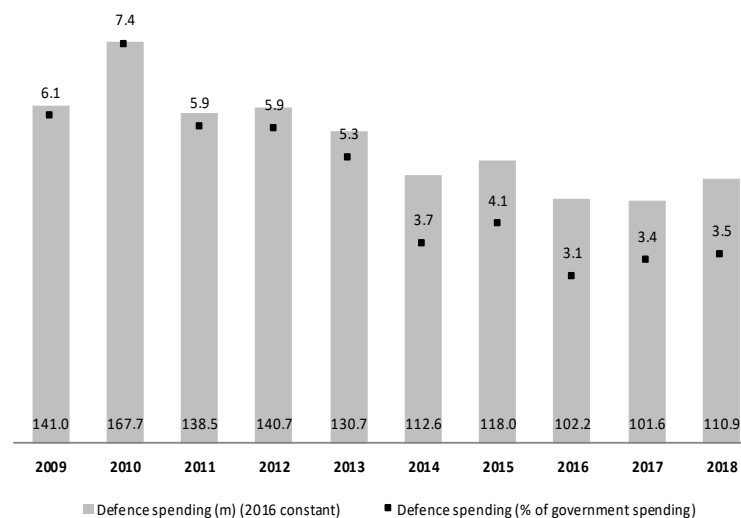



Fiji	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (m) (current)	100.0	124.0	112.0	117.9	113.4	101.5	110.8	102.2	104.6	116.0
Spending in local currency (m) (2016 constant)	141.0	167.7	138.5	140.7	130.7	112.6	118.0	102.2	101.6	110.9
Spending in US\$ (m) (current, in-year exchange rate)	51.1	64.6	62.4	65.9	61.6	53.8	52.8	48.8	50.6	55.6
Spending in US\$ (m) (2016 constant and exchange rate)	67.3	80.1	66.1	67.2	62.4	53.7	56.3	48.8	48.5	52.9
Real growth rate (%)	9.6	19.0	-17.5	1.6	-7.2	-13.9	4.9	-13.4	-0.6	9.1
Expenditure (% of real GDP)	1.8	2.1	1.7	1.7	1.5	1.2	1.2	1.0	1.0	1.1
Expenditure (% of real government spending)	6.1	7.4	5.9	5.9	5.3	3.7	4.1	3.1	3.4	3.5
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	7.9	8.1	8.4	8.5	8.9	9.4	9.7	9.8	10.2	10.5
Real GDP in US\$ (bn)	4.0	4.2	4.7	4.7	4.8	5.0	4.6	4.7	4.9	5.0
Real growth rate (%)	-1.4	3.0	2.7	1.4	4.7	5.6	3.8	0.4	3.8	3.5
Real GDP per capita in US\$	4760.9	4938.9	5363.9	5450.0	5485.4	5588.3	5221.5	5190.4	5399.6	5472.6
Government spending and other indicators										
Government spending (bn)	2.3	2.3	2.3	2.4	2.5	3.0	2.9	3.3	3.0	3.2
Population (million)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Inflation (%)	3.2	3.7	7.3	3.4	2.9	0.5	1.4	3.9	3.4	4.1

Real GDP and government spending in local currency



Defence spending in local currency



		Land size	18 274 km ²
		Currency	Fijian dollar (FJD)
		Fiscal year	1 August – 31 July
		Economy	Less-developed country with a market economy
Country name	Fiji	Industries	Tourism, sugar, clothing, copra, gold and silver mining, timber and cottage industries
Capital city	Suva		
Population	920 000		
Active armed forces	3500		

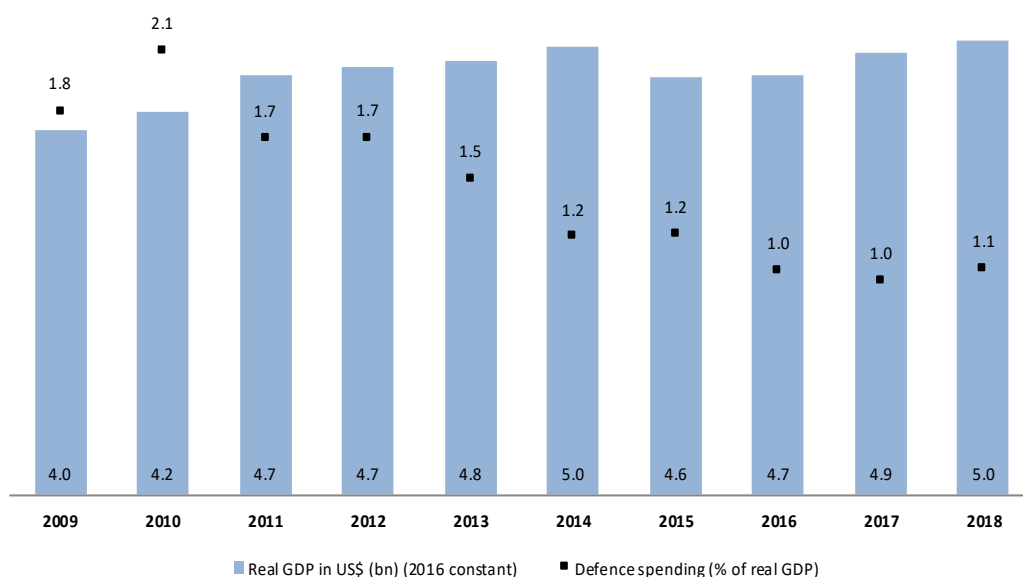
Economy

Over the past 10 years, Fiji has averaged 3.2 per cent annual real economic growth. In 2018, the economy expanded by 3.5 per cent, the ninth consecutive year of growth. This expansion occurred despite natural disasters including cyclones and flooding in April 2018. The growth was driven by government spending and domestic consumption, and was encouraged, according to the IMF, by improved political stability.

Defence Spending

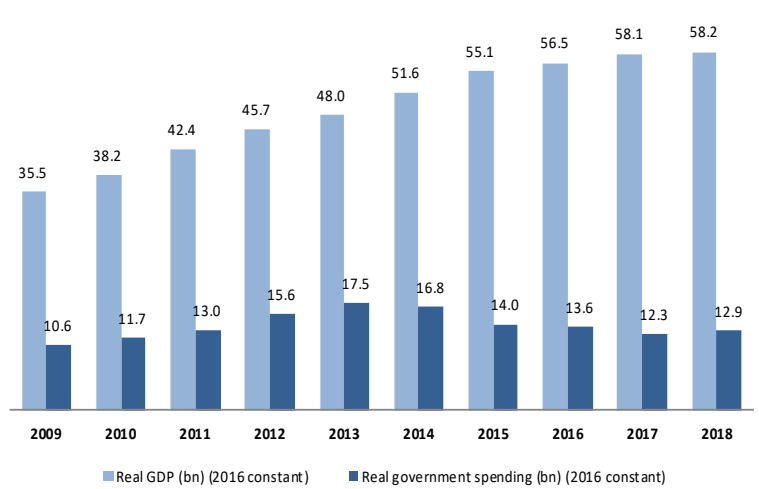
Fiji’s 2018 defence budget was FJD110.9m (USD52.9m) – a 9.1 per cent real increase on the 2017 defence budget. This budget included funding to modify Fiji’s coastal radio station, implement the country’s National Security Strategy – a plan to provide Fiji with a strong and modern national security apparatus – and deploy senior military officers to the UN. Fiji’s defence spending is supplemented by aid from partner nations.

Real GDP in US\$ and defence spending as a percentage of real GDP

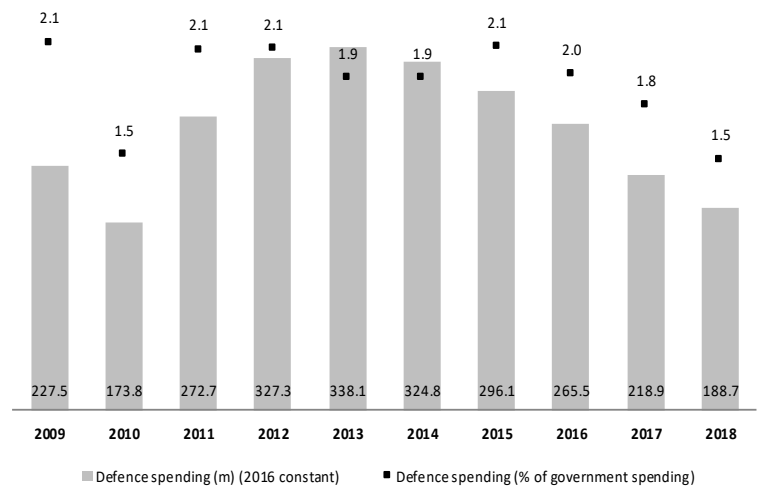


PNG	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (m) (current)	143.3	120.3	196.7	230.1	242.0	280.0	285.2	265.5	237.0	208.7
Spending in local currency (m) (2016 constant)	227.5	173.8	272.7	327.3	338.1	324.8	296.1	265.5	218.9	188.7
Spending in US\$ (m) (current, in-year exchange rate)	52.0	44.2	83.0	110.4	107.8	113.7	103.0	84.7	74.3	63.6
Spending in US\$ (m) (2016 constant and exchange rate)	72.6	55.5	87.0	104.5	107.9	103.7	94.5	84.7	69.9	60.2
Real growth rate (%)	39.7	-23.6	56.9	20.0	3.3	-3.9	-8.8	-10.4	-17.5	-13.8
Expenditure (% of real GDP)	0.6	0.5	0.6	0.7	0.7	0.6	0.5	0.5	0.4	0.3
Expenditure (% of real government spending)	2.1	1.5	2.1	2.1	1.9	1.9	2.1	2.0	1.8	1.5
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	35.5	38.2	42.4	45.7	48.0	51.6	55.1	56.5	58.1	58.2
Real GDP in US\$ (bn)	12.9	14.0	17.9	21.9	21.4	21.0	19.9	18.0	18.2	17.8
Real growth rate (%)	6.1	7.6	11.3	7.7	4.9	7.6	6.8	2.5	2.8	0.3
Real GDP per capita in US\$	1852.9	1973.7	2462.7	2951.8	2814.0	2702.5	2513.6	2229.2	2206.4	2110.1
Government spending (bn)										
Government spending (bn)	10.6	11.7	13.0	15.6	17.5	16.8	14.0	13.6	12.3	12.9
Population (million)	6.9	7.1	7.3	7.4	7.6	7.8	7.9	8.1	8.3	8.4
Inflation (%)	6.9	6.0	4.4	4.5	5.0	5.2	6.0	6.7	5.4	4.6

Real GDP and government spending in local currency



Defence spending in local currency





Country name Papua New Guinea
Capital city Port Moresby
Population 8.4 million
Active armed forces 3600

Land size 462 840 km²
Currency Kina (PGK)
Fiscal year 1 January – 31 December
Economy Less-developed country with a market economy
Industries Copra crushing, palm oil, timber, LNG and crude oil production, construction and gold, silver and copper mining

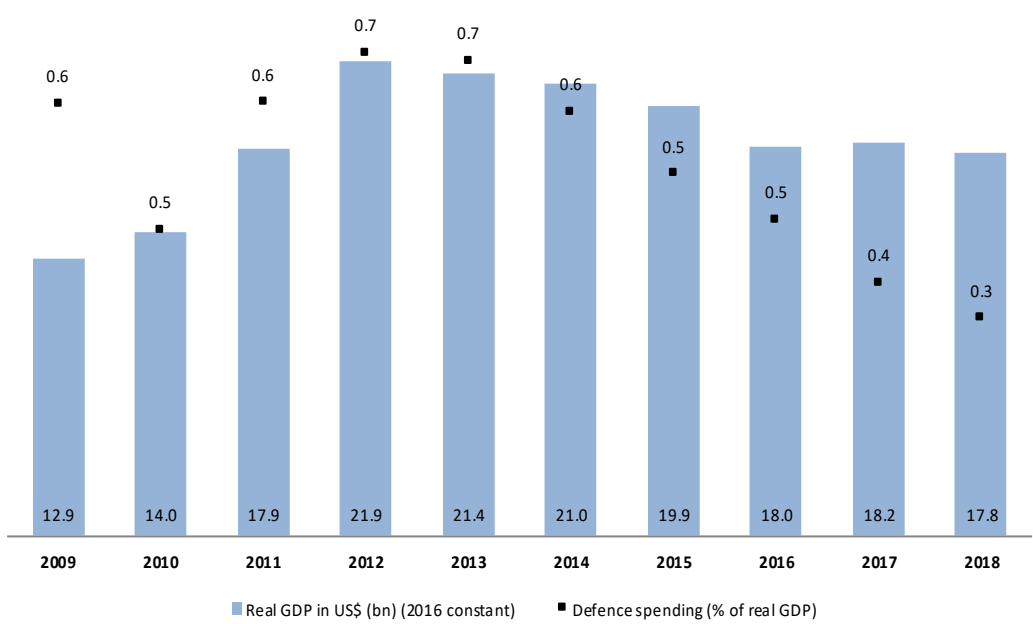
Economy

Over the past 10 years, PNG has averaged 5.7 per cent annual real economic growth. In 2018, the economy expanded by 0.3 per cent. Growth was minimal due to the February 2018 earthquake in Hela Province. Damage from the earthquake stalled the LNG gas project and the Pogera mine, which resumed operations later in the year. PNG hosted APEC in November 2018, which drove additional foreign investment. According to the EIU, PNG’s economy is forecast to average 4.8 per cent growth by 2024.

Defence Spending

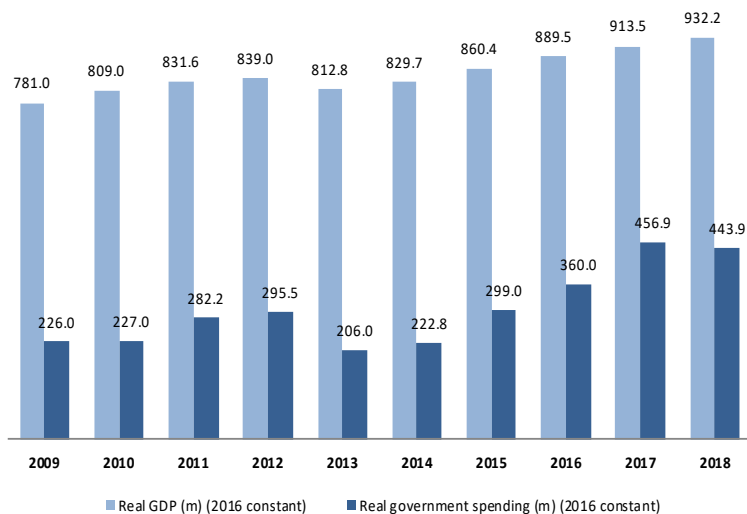
PNG’s 2018 defence budget was PGK188.7m (USD60.2m) – a 13.8 per cent real decrease on the 2017 defence budget. Australia’s Defence Cooperation Program with PNG was worth AUD41.5m in FY2017–18. Australia provided PNG with a GUARDIAN-class patrol boat in November 2018 and deployed troops to PNG throughout 2018, including to assist PNG with hosting APEC by providing ADF assistance with targeted security capabilities.

Real GDP in US\$ and defence spending as a percentage of real GDP

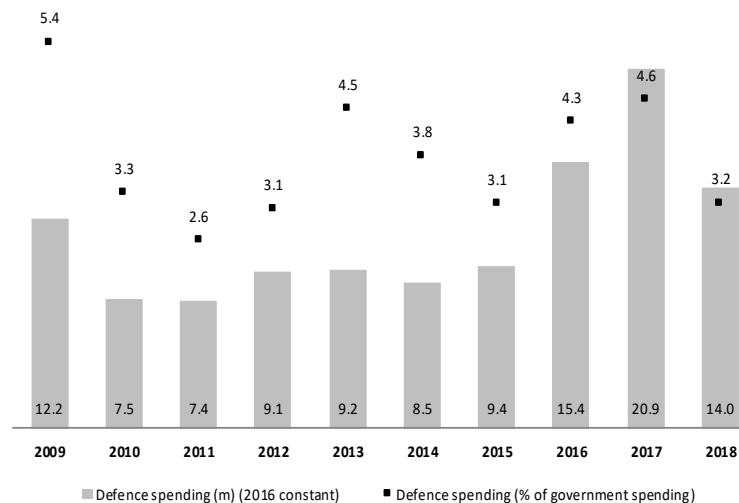


Tonga	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (m) (current)	10.4	6.6	6.9	8.6	8.8	8.2	9.2	15.4	21.6	15.8
Spending in local currency (m) (2016 constant)	12.2	7.5	7.4	9.1	9.2	8.5	9.4	15.4	20.9	14.0
Spending in US\$ (m) (current, in-year exchange rate)	5.1	3.5	4.0	5.0	5.0	4.4	4.4	7.0	9.8	7.0
Spending in US\$ (m) (2016 constant and exchange rate)	5.5	3.4	3.3	4.1	4.1	3.8	4.2	7.0	9.5	6.3
Real growth rate (%)	19.7	-38.6	-1.2	22.5	1.6	-7.9	10.9	64.3	35.7	-33.2
Expenditure (% of real GDP)	1.6	0.9	0.9	1.1	1.1	1.0	1.1	1.7	2.3	1.5
Expenditure (% of real government spending)	5.4	3.3	2.6	3.1	4.5	3.8	3.1	4.3	4.6	3.2
Gross domestic product (GDP)										
Real GDP in local currency (m) (2016 constant)	781.0	809.0	831.6	839.0	812.8	829.7	860.4	889.5	913.5	932.2
Real GDP in US\$ (m)	383.9	424.5	481.0	487.9	458.2	449.2	408.6	401.5	414.0	416.7
Real growth rate (%)	2.3	3.6	2.8	0.9	-3.1	2.1	3.7	3.4	2.7	2.0
Real GDP per capita in US\$	3839.0	4244.8	4809.7	4879.2	4165.9	4084.0	3714.7	3649.7	3763.7	3785.0
Government spending (m)	226.0	227.0	282.2	295.5	206.0	222.8	299.0	360.0	456.9	443.9
Population (million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Inflation (%)	1.4	3.5	6.3	1.1	0.8	2.5	-1.1	2.6	7.4	7.0

Real GDP and government spending in local currency



Defence spending in local currency





Country name	Tonga
Capital city	Nuku'alofa
Population	110 100
Active armed forces	600

Land size	747 km ²
Currency	Pa'anga (TOP)
Fiscal year	1 July – 30 June
Economy	Less-developed country with a market economy
Industries	Tourism, fishing, squash and vanilla

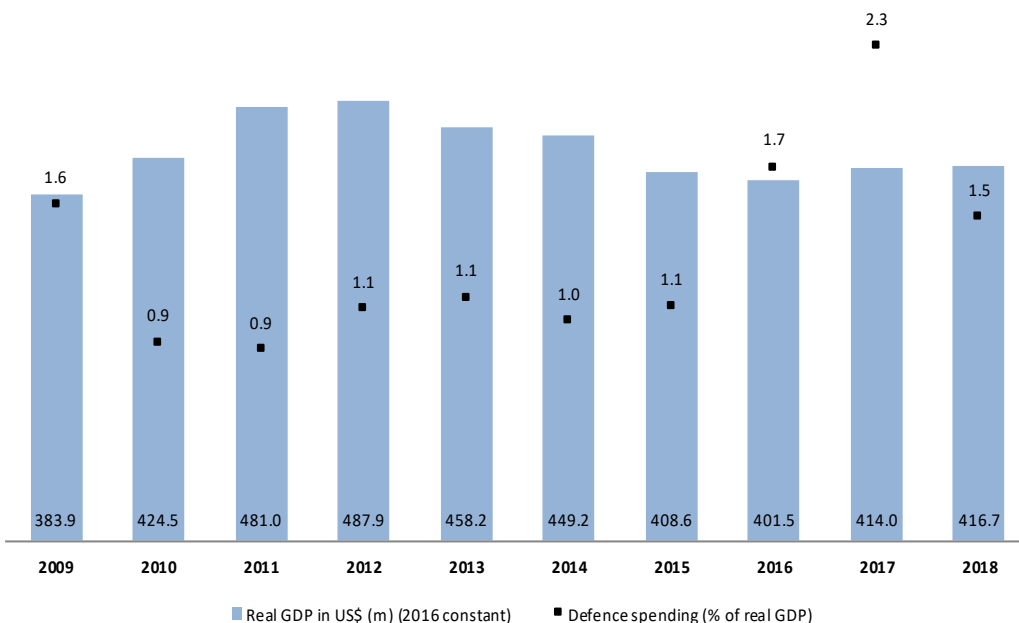
Economy

Over the past 10 years, Tonga has averaged 2 per cent annual real economic growth. In 2018, the economy increased by 2 per cent. Cyclone Gita caused USD164m in damage during 2018, the equivalent of 38 per cent of Tonga's GDP. This damage may limit future economic growth. Tonga's economy is likely to remain vulnerable to these shocks given that the country operated a significant current account deficit; in 2017, Tongan exports were USD88m less than imports.

Defence Spending

Tonga's 2018 defence budget was TOP14m (USD6.3m) – a 33.2 per cent real decrease on the 2017 defence budget. Tonga was involved in Indo-Pacific Endeavour 2018, an annual Australian military exercise intended to strengthen Australia's partnerships with Pacific nations. Two Australian warships docked in Tonga in June 2018, and Australia gifted the Tongan military five Australian Unimog vehicles. Tonga deployed troops throughout 2018 to assist in the clean-up following Cyclone Gita.

Real GDP in US\$ and defence spending as a percentage of real GDP

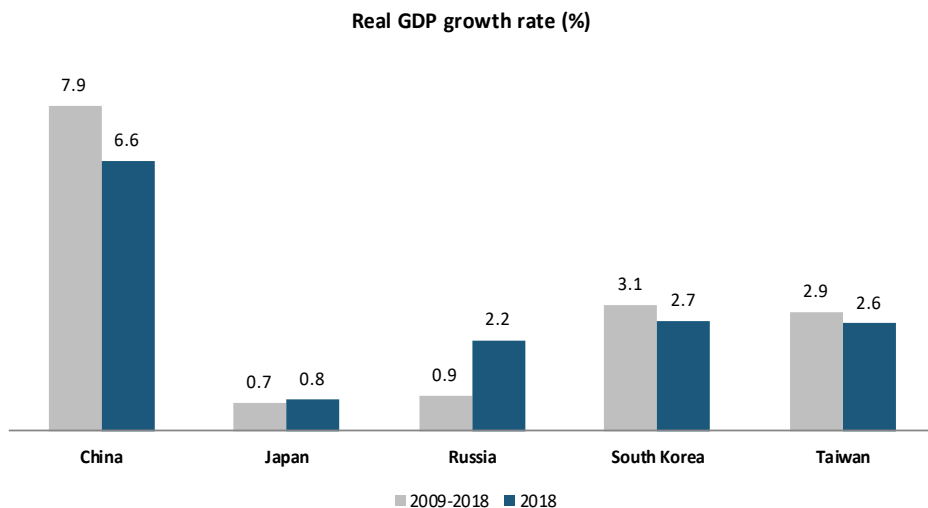
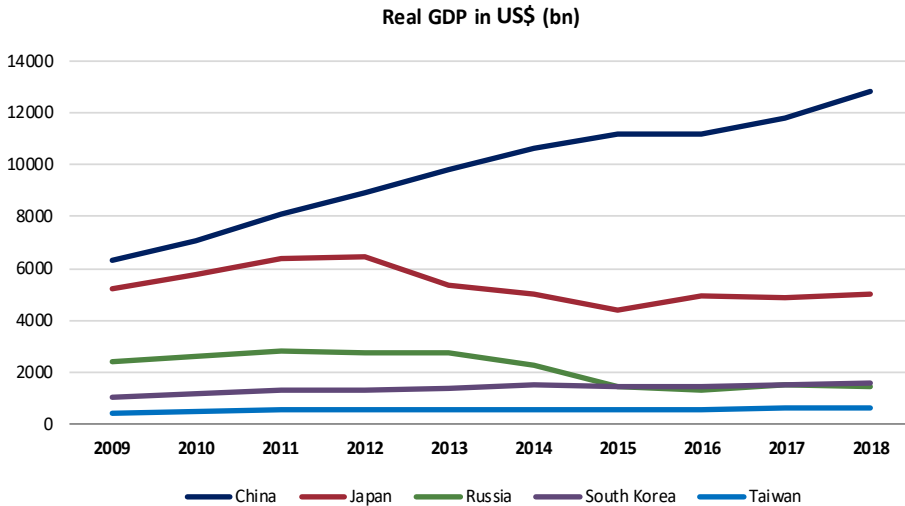


Regional economy

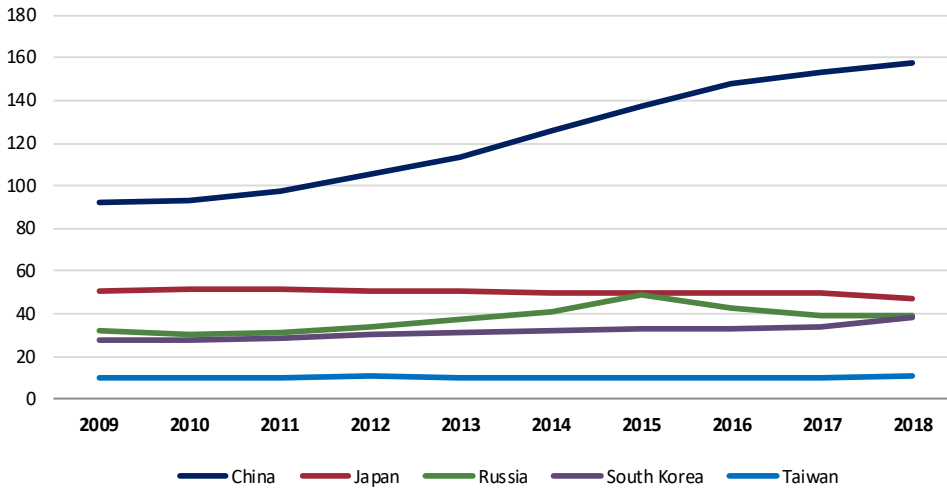
Economic growth slowed in North Asia in 2018, largely due to uncertainty associated with the US–China trade dispute and declining global growth. China’s economy grew 6.6 per cent in 2018, the lowest rate since 1990. This was due to reductions in external demands for Chinese manufacturing – partly the result of trade conflict with the US – and increased domestic financial deleveraging. The economic growth rates of Japan, Taiwan and South Korea all slowed due to weak global demand and the US–China trade dispute. However, Russia’s economic growth increased to a six-year high at 2.2 per cent in 2018 due to an unexpected increase in construction and exports.

Defence spending

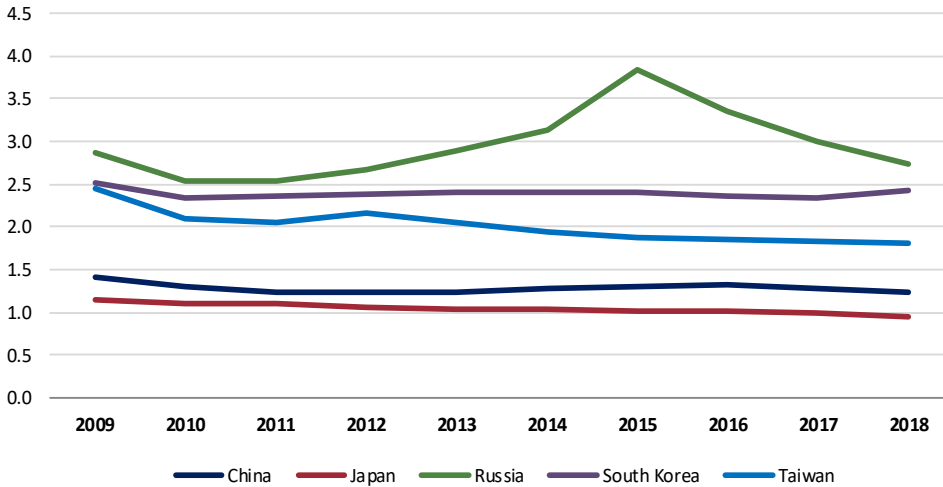
Defence spending increased in North Asia as the region continued its military modernisation efforts and the procurement of air and maritime platforms. For the first time since 2006, Russia ranked outside of the world’s top five military spenders in 2018 due to the winding down of the country’s military modernisation program, which has been running since 2015. Chinese military expenditure rose for the 24th consecutive year in 2018, but at a rate of 5 per cent— the smallest annual increase since 1995.



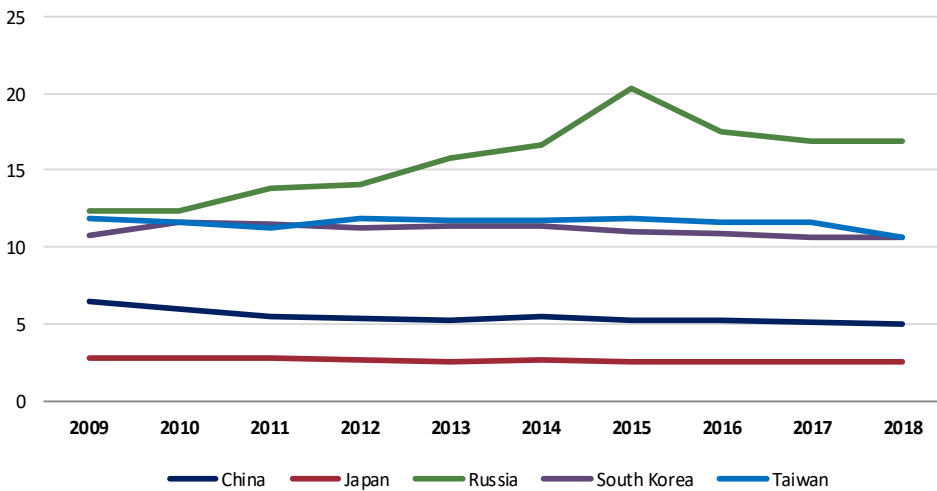
Defence spending in USD (bn) (2016 constant and exchange rate)



Defence spending as percentage of real GDP

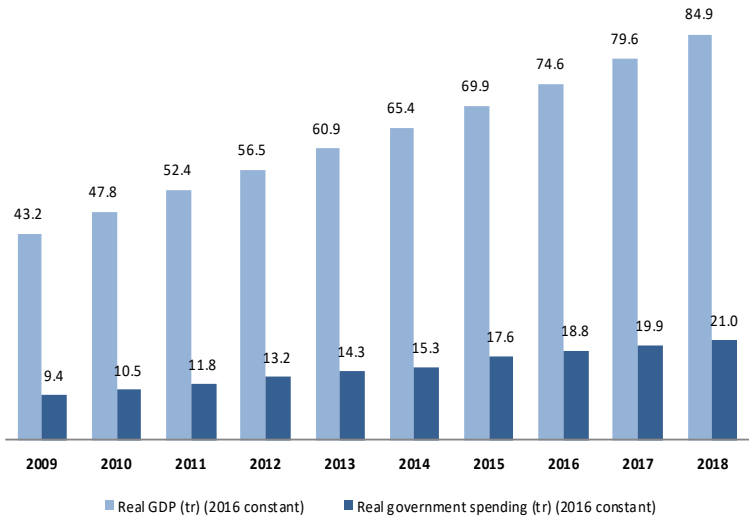


Defence spending as percentage of government spending

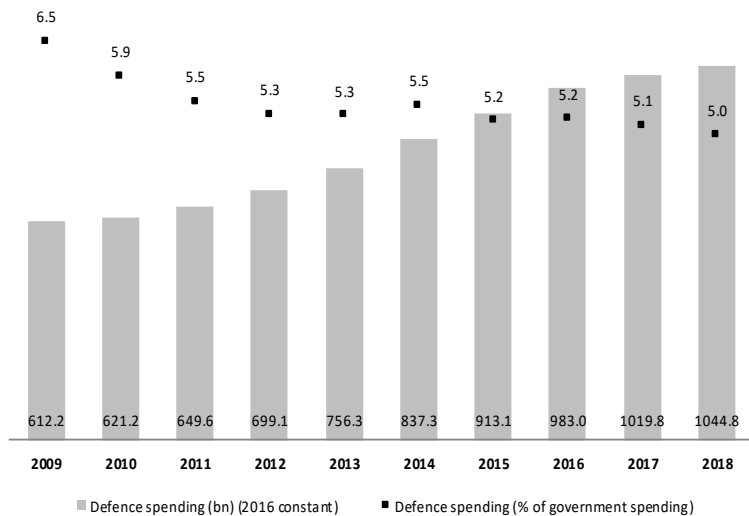


China	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	495.3	533.3	602.8	669.2	741.1	829.0	913.5	983.0	1044.0	1100.0
Spending in local currency (bn) (2016 constant)	612.2	621.2	649.6	699.1	756.3	837.3	913.1	983.0	1019.8	1044.8
Spending in US\$ (bn) (current, in-year exchange rate)	72.5	78.8	93.3	106.0	119.6	134.9	146.7	147.9	154.5	166.3
Spending in US\$ (bn) (2016 constant and exchange rate)	92.1	93.5	97.8	105.2	113.8	126.0	137.4	147.9	153.5	157.2
Real growth rate (%)	18.6	1.5	4.6	7.6	8.2	10.7	9.0	7.7	3.7	2.5
Expenditure (% of real GDP)	1.4	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.2
Expenditure (% of real government spending)	6.5	5.9	5.5	5.3	5.3	5.5	5.2	5.2	5.1	5.0
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	43.2	47.8	52.4	56.5	60.9	65.4	69.9	74.6	79.6	84.9
Real GDP in US\$ (tr)	6.3	7.1	8.1	9.0	9.8	10.6	11.2	11.2	11.8	12.8
Real growth rate (%)	9.4	10.6	9.5	7.9	7.8	7.3	6.9	6.7	6.8	6.6
Real GDP per capita in US\$	4781.6	5292.3	6053.8	6656.7	7278.3	7835.6	8226.8	8185.0	8544.1	9264.2
Government spending										
Government spending (tr)	9.4	10.5	11.8	13.2	14.3	15.3	17.6	18.8	19.9	21.0
Population (million)	1324.0	1335.0	1339.0	1345.0	1351.0	1358.0	1364.0	1371.0	1379.0	1385.0
Inflation (%)	-0.7	3.2	5.5	2.6	2.6	2.1	1.5	2.1	1.5	1.9

Real GDP and government spending in local currency



Defence spending in local currency





Country name	China
Capital city	Beijing
Population	1.39 billion
Active armed forces	2.04 million

Land size	9 596 960 km ²
Currency	Yuan Renminbi (CNY)
Fiscal year	1 January – 31 December
Economy	Socialist market economy
Industries	Wide ranging, including iron, steel, petroleum, cement, chemical fertilisers, automobiles, electronics and telecommunications.

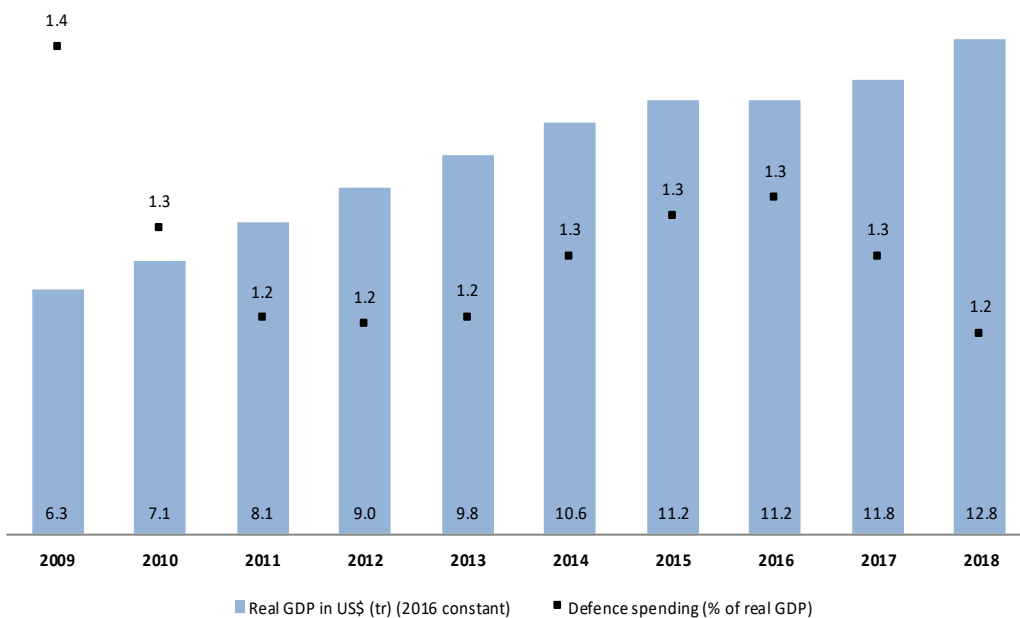
Economy

Over the past 10 years, China has averaged 8.2 per cent annual real economic growth. In 2018 the economy expanded by 6.6 per cent, a reduction from 6.9 per cent growth in 2017. This was due to reductions in external demand for Chinese manufacturing – partly the result of the US–China trade dispute – and increased domestic financial deleveraging. China’s economy is forecast to average 5.3 per cent growth by 2024, according to the EIU.

Defence Spending

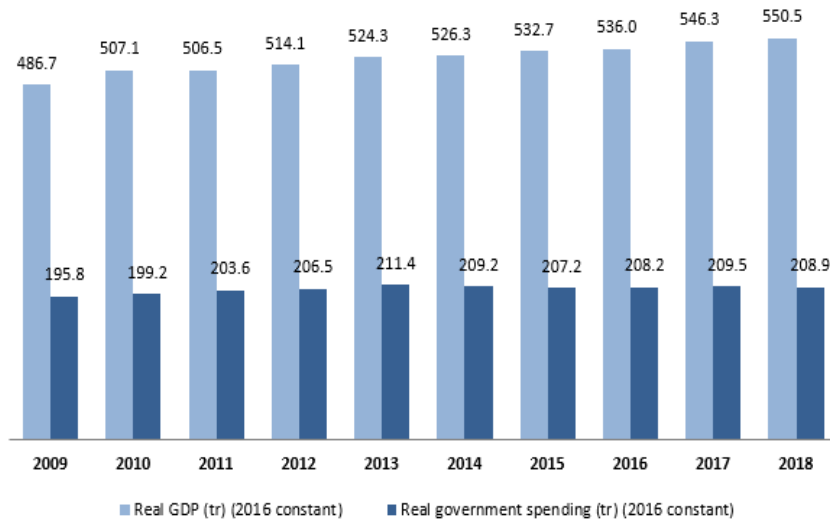
China’s 2018 defence budget was CNY1.05tr (USD157.2bn) – a 5 per cent real increase on the 2017 defence budget. The increase in defence funding, according to the government, was to improve the realism and complexity of military training and China’s preparedness for war, in order to safeguard the country’s sovereignty, security, and development interests. China’s military is continuing to modernise and develop new capabilities, including increasingly sophisticated electronic warfare systems and anti-satellite missiles.

Real GDP in US\$ and defence spending as a percentage of real GDP

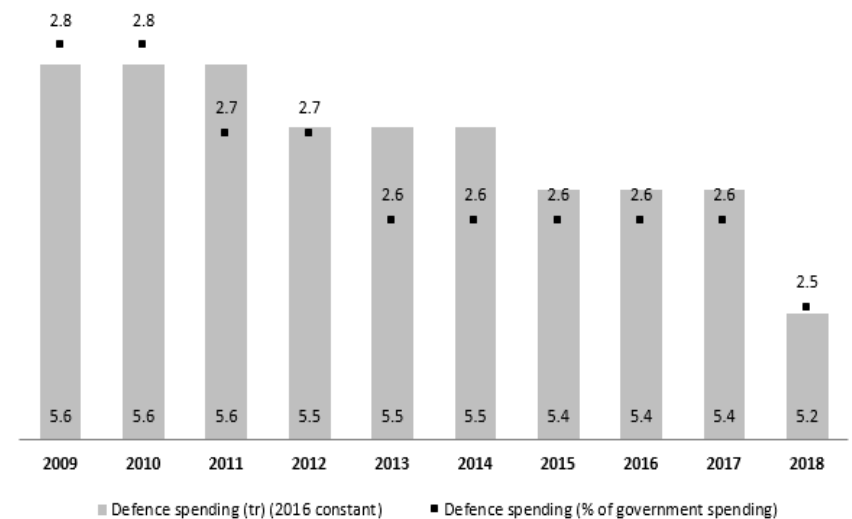


Japan	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (tr) (current)	5.6	5.6	5.6	5.5	5.5	5.5	5.4	5.4	5.4	5.2
Spending in local currency (tr) (2016 constant)	5.5	5.6	5.8	5.7	5.7	5.5	5.4	5.4	5.4	5.20
Spending in US\$ (bn) (current, in-year exchange rate)	59.4	62.7	68.0	66.2	53.9	50.3	44.4	49.6	48.3	47.0
Spending in US\$ (bn) (2016 constant and exchange rate)	50.8	51.3	51.4	50.5	50.4	50.2	49.5	49.6	49.9	47.9
Real growth rate (%)	-0.6	0.9	0.1	-1.7	-0.2	-0.4	-1.3	0.2	0.7	-4.1
Expenditure (% of real GDP)	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	0.9
Expenditure (% of real government spending)	2.8	2.8	2.7	2.7	2.6	2.6	2.6	2.6	2.6	2.5
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	486.7	507.1	506.5	514.1	524.3	526.3	532.7	536.0	546.3	550.5
Real GDP in US\$ (tr)	5.2	5.8	6.4	6.4	6.4	5.4	5.0	4.4	4.9	5.0
Real growth rate (%)	-5.4	4.2	-0.1	1.5	2.0	0.4	1.2	0.6	1.9	0.8
Real GDP per capita in US\$	40441.8	44950.9	49443.8	50153.1	41885.6	38793.3	34398.6	38577.8	38214.2	39188.6
Government spending (tr)	195.8	199.2	203.6	206.5	211.4	209.2	207.2	208.2	209.5	208.9
Population (million)	128.6	128.6	128.5	128.4	128.3	128.2	128.0	127.7	127.5	127.2
Inflation (%)	-1.4	-0.7	-0.3	-0.1	0.3	2.8	0.8	-0.1	0.5	1.0

Real GDP and government spending in local currency



Defence spending in local currency





Land size	377 915 km ²
Currency	Yen (JPY)
Fiscal year	1 April – 31 March
Economy	Advanced country with market economy
Industries	Automobiles, electronics, machine tools, steel and non-ferrous metals, ships, chemicals and textiles

Country name	Japan
Capital city	Tokyo
Population	127.2 million
Active armed forces	247 150

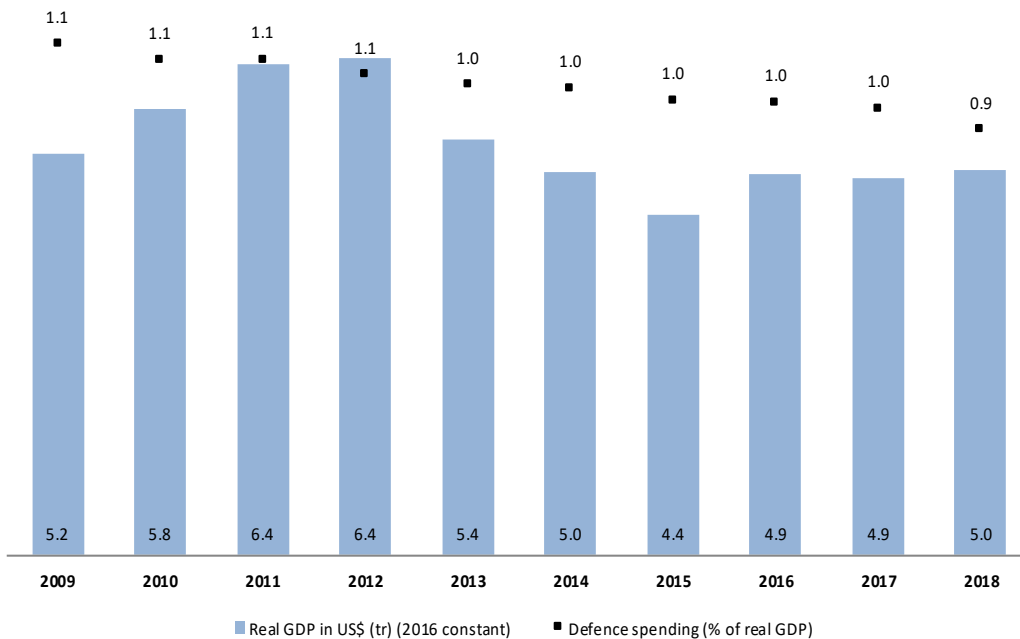
Economy

Over the past 10 years, Japan has averaged 1.1 per cent annual real economic growth. In 2018, the economy expanded by 0.8 per cent. Economic growth was offset by natural disasters; in 2018, Japan experienced typhoons, earthquakes, flooding and a heatwave. Japan’s economy is forecast to average 1 per cent growth by 2024, according to the EIU. Increased government spending will drive growth in the construction sector in preparation for the 2020 Tokyo Olympics.

Defence Spending

Japan’s 2018 defence budget was JPY5.2tr (USD47.9bn) – a 4.1 per cent real decrease from the 2017 defence budget. The 2018 budget included funding for two new destroyers, one submarine, six F-35A fighter aircraft, and four V-22 tilt-rotor aircraft. Tokyo’s capability acquisition plan for the next five years includes developing an aircraft carrier capability and enhancing air defence capabilities. Japan announced that it would acquire a total of 147 F-35s and purchase two US Aegis Ashore ballistic missile defence systems and the Joint Strike Missile developed by Norway.

Real GDP in US\$ and defence spending as a percentage of real GDP



INSUFFICIENT RELIABLE DATA AVAILABLE



Country name	North Korea
Capital city	Pyongyang
Population	25 million
Active armed forces	1.28 million

Land size	120 538 km ²
Currency	North Korean Won
Fiscal year	1 January – 31 December
Economy	Less-developed country with centrally planned economy
Industries	Military products, machine building, chemicals, mining, metallurgy and apparel

Economy

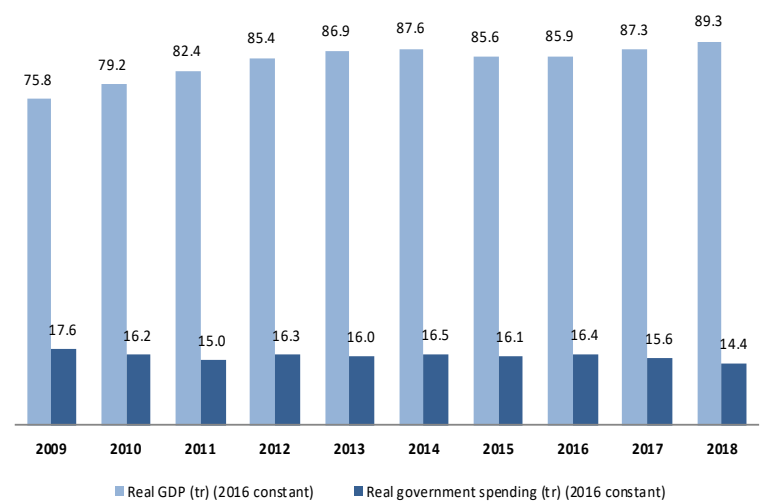
No official economic data has been released by North Korea since 1965. The Observatory of Economic Complexity records that North Korea is in a current account deficit, as its coal-dominated exports are worth almost USD2bn less than its imports. Strict international sanctions make significant economic growth in North Korea difficult and recent Japan–US agreements to sustain these sanctions suggest this situation is unlikely to change.

Defence Spending

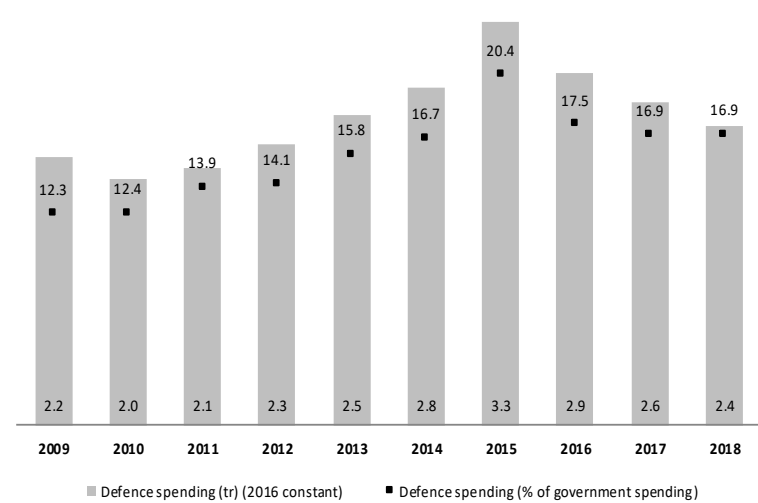
Reliable data on North Korea's defence spending is not available. In April 2018, Kim Jong Un announced a shift from his *byungjin* policy of simultaneous military and economic development to a new policy that prioritises the economy.

Russia	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (tr) (current)	1.2	1.3	1.5	1.8	2.1	2.5	3.2	2.9	2.8	2.8
Spending in local currency (tr) (2016 constant)	2.2	2.0	2.1	2.3	2.5	2.8	3.3	2.9	2.6	2.4
Spending in US\$ (bn) (current, in-year exchange rate)	37.4	41.3	51.6	58.8	66.1	64.6	52.2	42.8	47.5	45.2
Spending in US\$ (bn) (2016 constant and exchange rate)	32.4	30.0	31.1	34.1	37.6	41.1	48.9	42.8	39.2	36.3
Real growth rate (%)	11.9	-7.6	3.9	9.6	10.2	9.2	19.2	-12.5	-8.4	-7.4
Expenditure (% of real GDP)	2.9	2.5	2.5	2.7	2.9	3.1	3.8	3.3	3.0	2.7
Expenditure (% of real government spending)	12.3	12.4	13.9	14.1	15.8	16.7	20.4	17.5	16.9	16.9
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	75.8	79.2	82.4	85.4	86.9	87.6	85.6	85.9	87.3	89.3
Real GDP in US\$ (tr)	2.4	2.6	2.8	2.8	2.7	2.3	1.4	1.3	1.5	1.4
Real growth rate (%)	-7.9	4.5	4.0	3.7	1.7	0.8	-2.3	0.3	1.7	2.2
Real GDP per capita in US\$	16680.0	18213.4	19570.1	19316.3	19014.7	15564.7	9560.3	8712.0	10178.8	9688.8
Government spending and other indicators										
Government spending (tr)	17.6	16.2	15.0	16.3	16.0	16.5	16.1	16.4	15.6	14.4
Population (million)	143.1	143.2	143.3	143.4	143.6	146.6	146.9	147.0	147.0	147.0
Inflation (%)	11.6	6.8	8.4	5.1	6.8	7.8	15.5	7.0	3.7	2.9

Real GDP and government spending in local currency



Defence spending in local currency





Country name Russia
Capital city Moscow
Population 147 million
Active armed forces 900 000

Land size 17 098 242 km²
Currency Russian Ruble (RUB)
Fiscal year 1 January – 31 December
Economy Industrialised country with an emerging market economy
Industries Oil and gas, coal, precious metals and timber

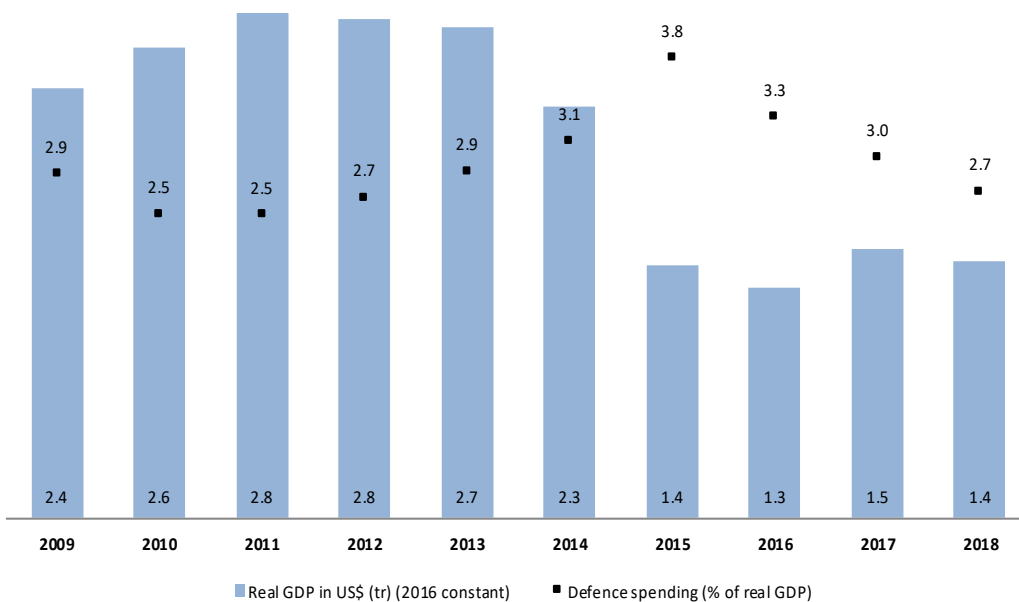
Economy

Over the past 10 years, Russia has averaged 1.8 per cent annual real economic growth. In 2018, the economy expanded by 2.2 per cent. Russia experienced recessions in 2015 and 2016, and its recent economic growth is supported by recovering oil prices as well as tourist spending from hosting the FIFA World Cup. According to the EIU, Russia’s economy is forecast to average 1.6 per cent growth by 2024. The IMF claimed the Russian economy is inhibited by excessive regulation, economic concentration in major cities, and issues regarding governance and infrastructure.

Defence Spending

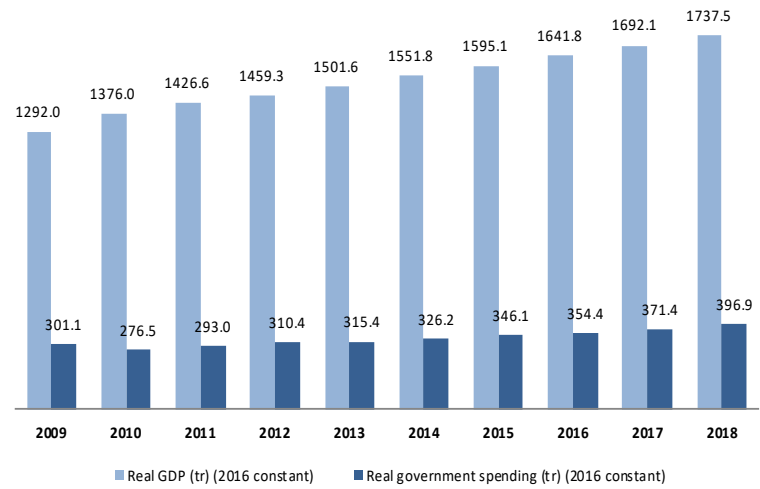
Russia’s 2018 defence budget was RUB2.4tr (USD36.3bn) – a 7.4 per cent real decrease on the 2017 defence budget. Defence spending was devoted to further modernisation of military equipment, with a goal to increase the proportion of modern combat weapons to 61 per cent of Russia’s total defence inventory. Russia is a key weapons manufacturer and exporter, and the military received over 200 rotary and fixed-wing aircraft and 35 ships, and plans were initiated to develop 11 launching platforms for ballistic missiles.

Real GDP in US\$ and defence spending as a percentage of real GDP

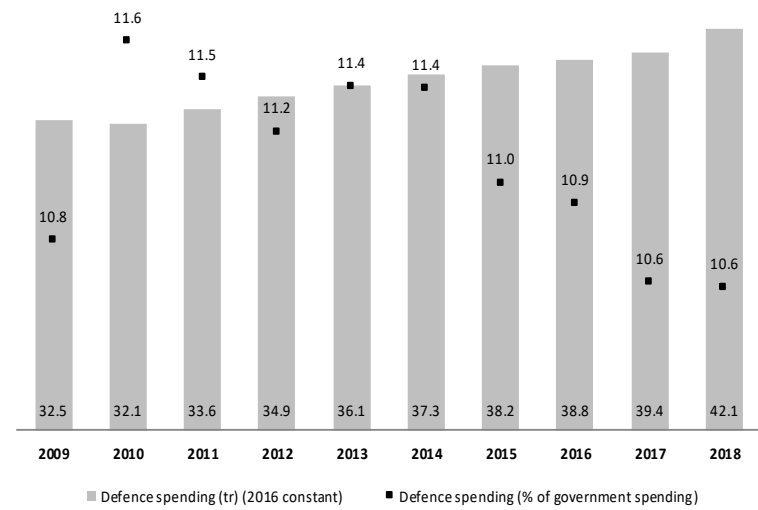


South Korea	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (tr) (current)	29.0	29.6	31.4	33.0	34.3	35.7	37.5	38.8	40.3	43.2
Spending in local currency (tr) (2016 constant)	32.5	32.1	33.6	34.9	36.1	37.3	38.2	38.8	39.4	42.1
Spending in US\$ (bn) (current, in-year exchange rate)	22.7	25.6	28.3	29.2	31.4	33.9	33.1	33.4	35.7	39.2
Spending in US\$ (bn) (2016 constant and exchange rate)	28.0	27.7	29.0	30.1	31.1	32.1	32.9	33.4	34.0	36.2
Real growth rate (%)	5.0	-1.1	4.6	3.9	3.3	3.3	2.4	1.6	1.7	6.7
Expenditure (% of real GDP)	2.5	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.4
Expenditure (% of real government spending)	10.8	11.6	11.5	11.2	11.4	11.4	11.0	10.9	10.6	10.6
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	1292.0	1376.0	1426.6	1459.3	1501.6	1551.8	1595.1	1641.8	1692.1	1737.5
Real GDP in US\$ (tr)	1.0	1.2	1.3	1.3	1.4	1.5	1.4	1.4	1.5	1.6
Real growth rate (%)	0.7	6.5	3.7	2.3	2.9	3.3	2.8	2.9	3.1	2.7
Real GDP per capita in US\$	20485.8	24010.7	25877.8	25926.8	27334.3	29251.9	27876.2	27846.8	29345.3	30870.9
Government spending (tr)	301.1	276.5	293.0	310.4	315.4	326.2	346.1	354.4	371.4	396.9
Population (million)	49.4	49.6	49.7	50.0	50.2	50.4	50.6	50.8	51.0	51.2
Inflation (%)	2.8	2.9	4.0	2.2	1.3	1.3	0.7	1.0	1.9	1.5

Real GDP and government spending in local currency



Defence spending in local currency





Country name	South Korea
Capital city	Seoul
Population	51 million
Active armed forces	625 000

Land size	99 720 km ²
Currency	Korean Won (KRW)
Fiscal year	1 January – 31 December
Economy	Industrialised country with a market economy
Industries	Automobiles, electronics, chemicals, shipbuilding, textiles and apparel

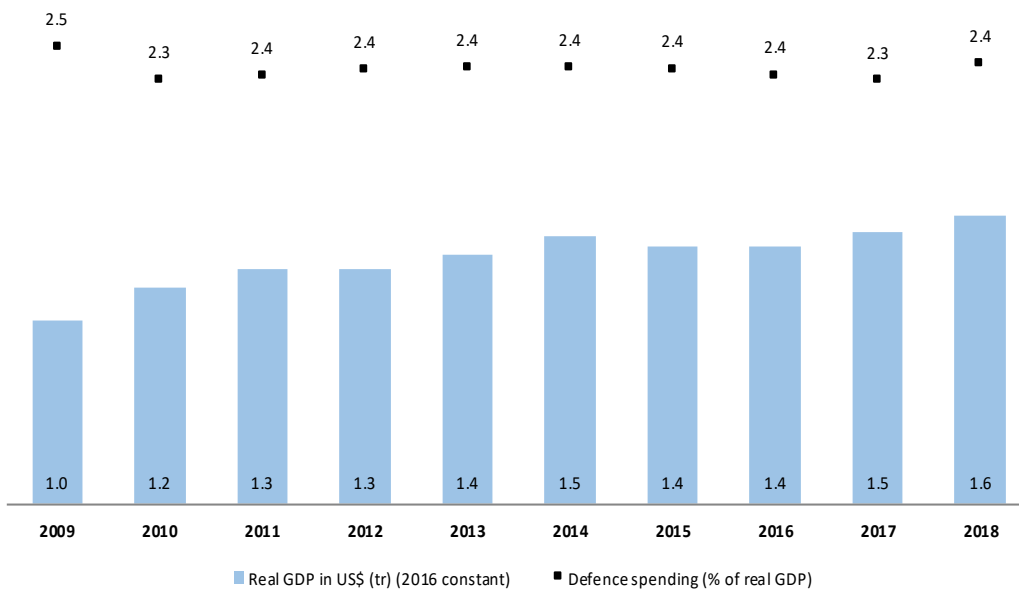
Economy

Over the past 10 years, South Korea has averaged 3.3 per cent annual real economic growth. In 2018, the economy expanded by 2.7 per cent. Falls in exports, particularly of electronic components, were offset by increased domestic demand and government spending. China's slowing economy and the US–China trade dispute were the principal causes of the fall in exports. This fall was particularly damaging to South Korea's economy, which is heavily reliant on trade. According to the EIU, South Korea's economic growth is forecast to average 2.7 per cent by 2024.

Defence Spending

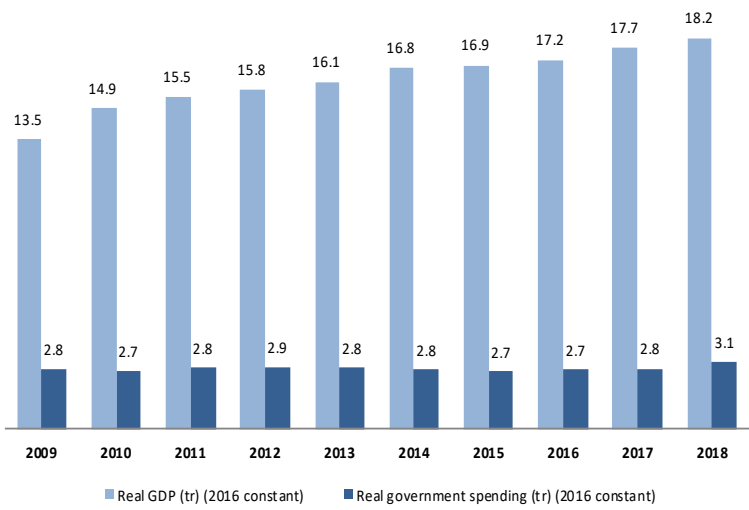
South Korea's 2018 defence budget was KRW42.1tr (USD36.2bn) – a 6.7 per cent real increase on the 2017 defence budget. In its plan for 2019 to 2023, the Ministry of National Defence announced that its budget must annually increase by an average of 7.5 per cent to meet defence reform objectives – a total of KRW270.7tr (USD242bn) over the five years. Planned acquisitions include the Patriot Advanced Capability-3 guided missile, and the remaining 32 (of 40) F35A fighters, the first eight of which were delivered by September 2019.

Real GDP in US\$ and defence spending as a percentage of real GDP

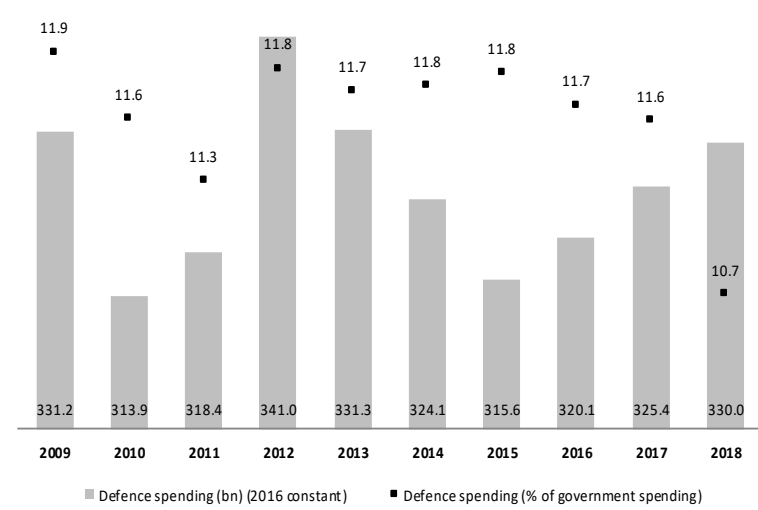


Taiwan	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	318.7	297.4	294.6	317.3	312.7	311.1	312.8	320.1	321.7	323.1
Spending in local currency (bn) (2016 constant)	331.2	313.9	318.4	341.0	331.3	324.1	315.6	320.1	325.4	330.0
Spending in US\$ (bn) (current, in-year exchange rate)	9.6	9.4	10.0	10.7	10.5	10.2	9.8	9.9	10.6	10.7
Spending in US\$ (bn) (2016 constant and exchange rate)	10.2	9.7	9.9	10.6	10.2	10.0	9.8	9.9	10.1	10.2
Real growth rate (%)	-6.8	-5.2	1.4	7.1	-2.9	-2.2	-2.6	1.4	1.7	1.4
Expenditure (% of real GDP)	2.5	2.1	2.1	2.2	2.1	1.9	1.9	1.9	1.8	1.8
Expenditure (% of real government spending)	11.9	11.6	11.3	11.8	11.7	11.8	11.8	11.7	11.6	10.7
Gross domestic product (GDP)										
Real GDP in local currency (tr)(2016 constant)	13.5	14.9	15.5	15.8	16.1	16.8	16.9	17.2	17.7	18.2
Real GDP in US\$ (bn)	407.4	470.9	524.9	533.1	542.0	552.8	530.2	531.4	581.6	602.4
Real growth rate (%)	-1.6	10.6	3.8	2.1	2.2	4.0	0.8	1.5	3.1	2.6
Real GDP per capita in US\$	17622.9	20330.0	22601.7	22864.7	23189.1	23590.6	22571.1	22572.6	24673.4	25538.8
Government spending (tr)	2.8	2.7	2.8	2.9	2.8	2.8	2.7	2.7	2.8	3.1
Population (million)	23.1	23.2	23.2	23.3	23.4	23.4	23.5	23.5	23.6	23.6
Inflation (%)	-0.9	1.0	1.4	1.9	0.8	1.2	-0.3	1.4	0.6	1.4

Real GDP and government spending in local currency



Defence spending in local currency



Land size	35 980 km ²
Currency	New Taiwan dollar (TWD)
Fiscal year	1 January – 31 December
Economy	Newly industrialised market economy
Industries	Electronics, petroleum refining, chemicals, textiles, iron and steel, machinery, cement, and food processing

Country Name	Taiwan
Capital city	Taipei
Population	23.6 million
Active armed forces	215 000

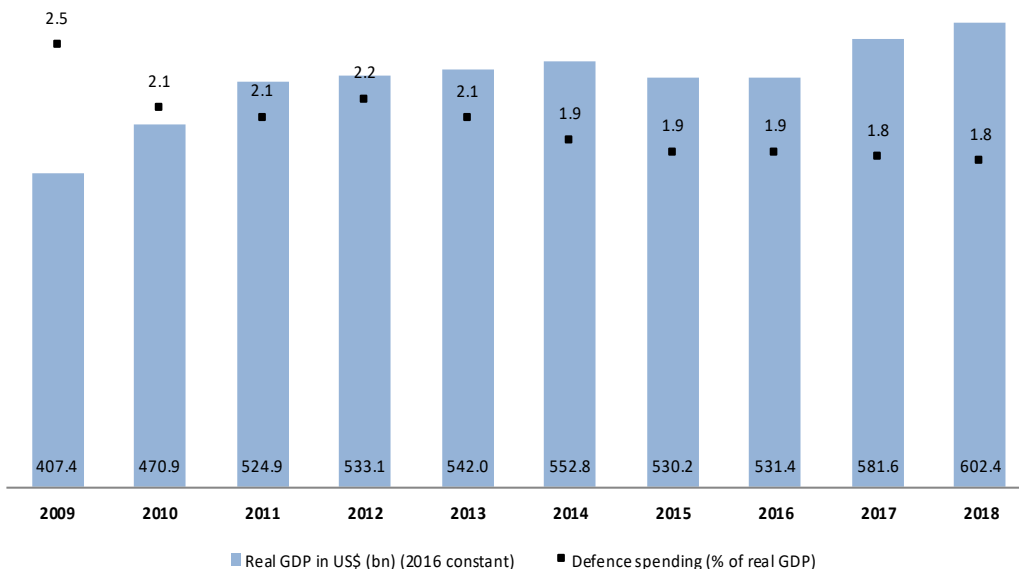
Economy

Over the past 10 years, Taiwan has averaged 3.4 per cent annual real economic growth. In 2018, the economy expanded by 2.6 per cent on the back of exports, domestic demand and domestic investment. The Taiwanese government outlined that the country's economy has traditionally been export-driven, increases in domestic consumption are minor sources of growth. Growth is forecast to decline, with the US– China trade dispute and China's slowing economy key factors in this. The EIU estimates that Taiwan's economy is forecast to average 2 per cent growth by 2024.

Defence Spending

Taiwan's 2018 defence budget was TWD330bn (USD10.2bn) – a 1.4 per cent real increase on the 2017 defence budget. Defence was the largest recipient of funding in the budget, and the majority was devoted to the development and production of indigenous Taiwanese weapons. The US is a major arms supplier to Taiwan, and in 2018 the US government approved a licence to sell submarine technology to Taiwan for its nascent indigenous submarine program.

Real GDP in US\$ and defence spending as a percentage of real GDP

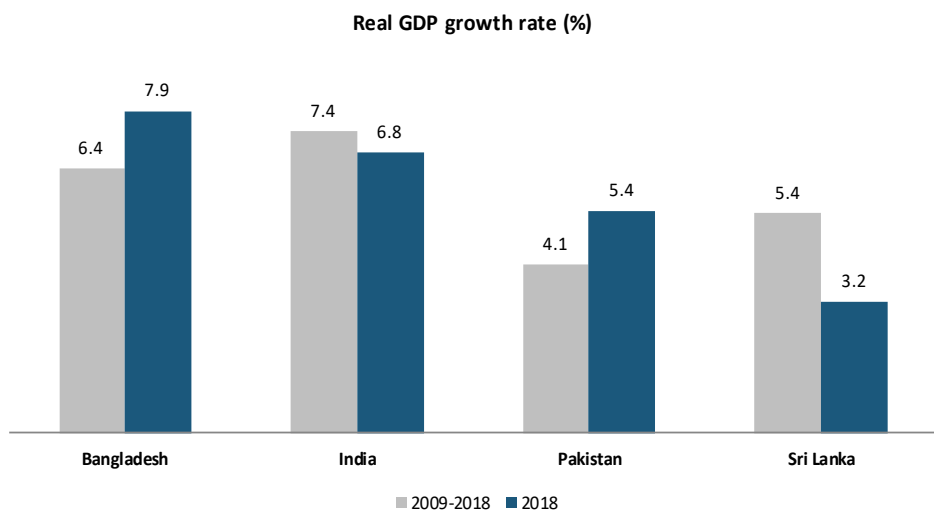
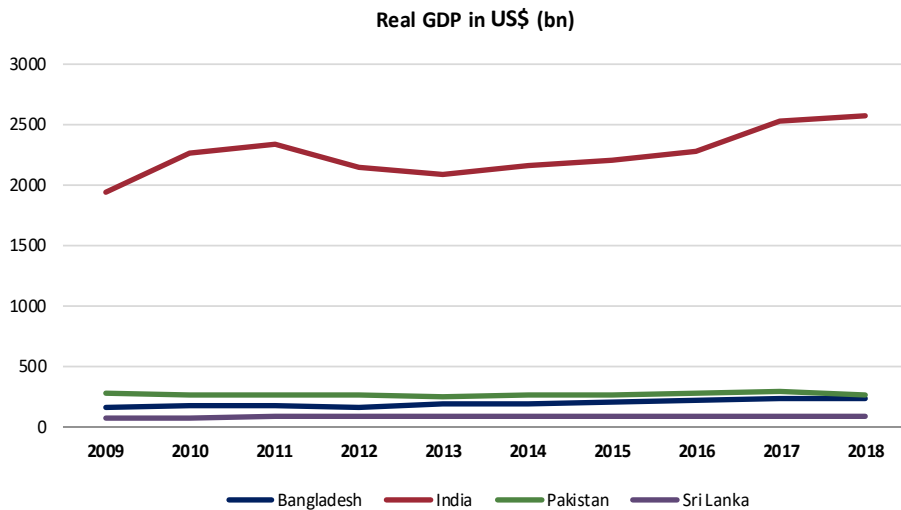


Regional economy

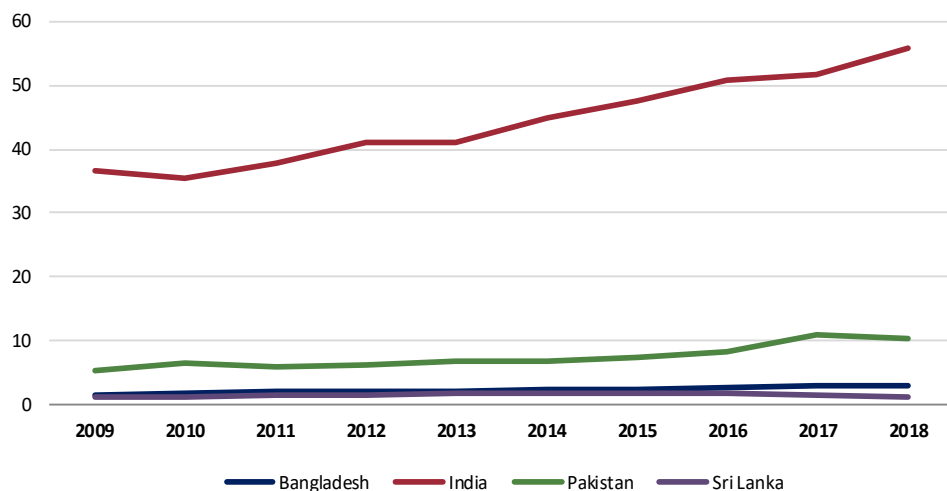
Economic performance in South Asia varied across countries but growth was generally driven by domestic demand. In 2018, Bangladesh and India experienced economic growth due to stronger domestic demand and increased consumption and exports, respectively. However, economic growth in Sri Lanka declined to 3.2 per cent in 2018, its lowest level since 2001, due to domestic political instability. Pakistan’s economic growth slowed compared to 2017, a situation exacerbated by the country’s balance of payments crisis that may have negatively affected imports and loan repayments.

Defence spending

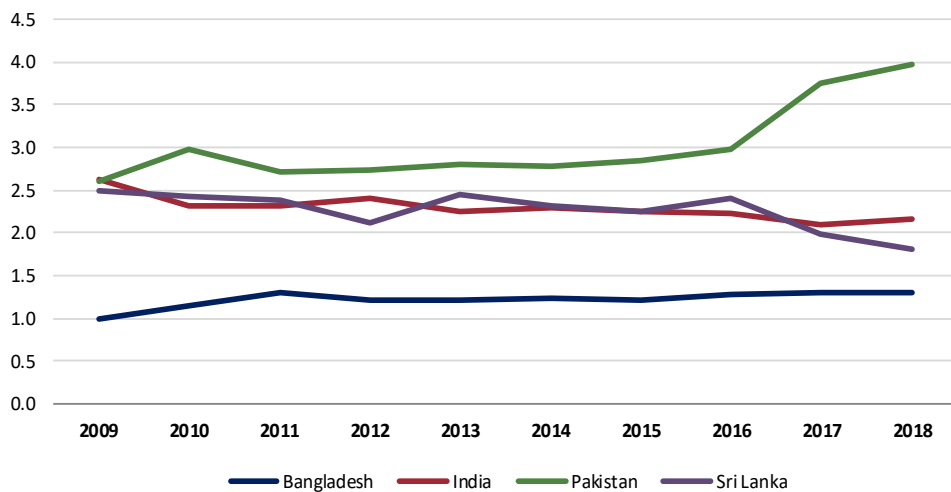
South Asian defence spending increased in 2018, largely driven by India’s and Pakistan’s military expenditure. In 2018, India’s military spending rose for the fifth consecutive year and was only exceeded by that of the US, China and Saudi Arabia. Pakistan’s defence expenditure rose to 4 per cent of GDP in 2018, its highest level since 2004. South Asian bilateral defence cooperation continued, particularly with the US, Russia and China. South Asian defence modernisation and procurement continued to be driven by inter-state rivalries and internal security challenges.



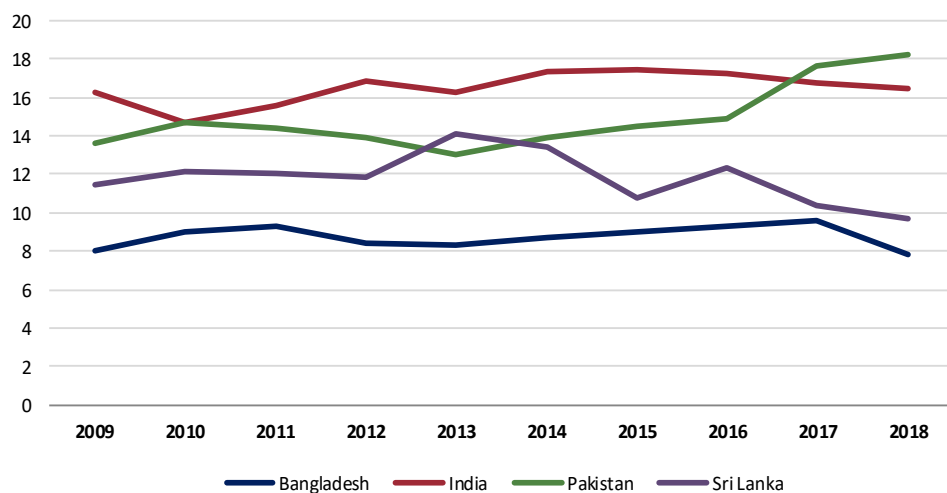
Defence spending in USD (bn) (2016 constant and exchange rate)



Defence spending as percentage of real GDP

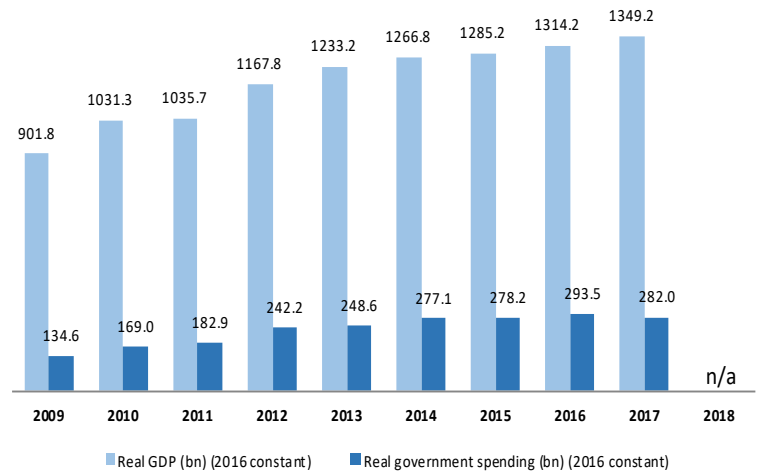


Defence spending as percentage of government spending

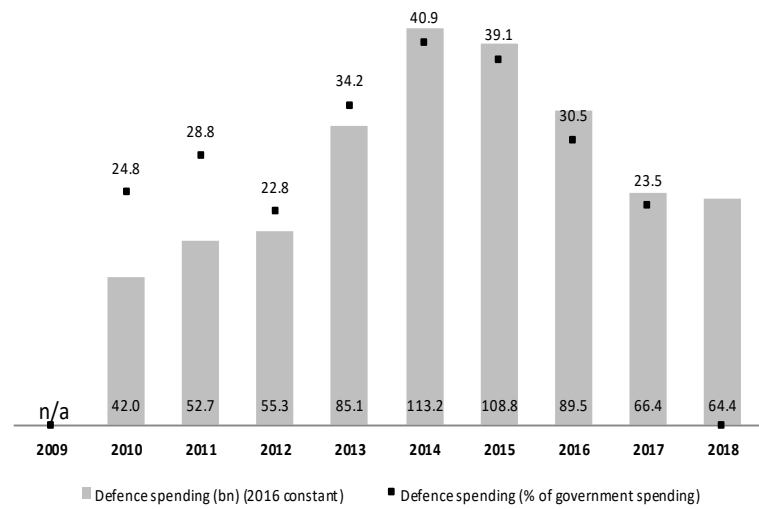


Afghanistan	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	N/A	29.6	43.3	48.8	78.6	105.2	103.5	89.5	67.7	65.6
Spending in local currency (bn) (2016 constant)	N/A	42.0	52.7	55.3	85.1	113.2	108.8	89.5	66.4	64.4
Spending in US\$ (bn) (current, in-year exchange rate)	N/A	0.6	0.9	1.0	1.4	1.8	1.7	1.3	1.0	0.9
Spending in US\$ (bn) (2016 constant and exchange rate)	N/A	0.6	0.8	0.8	1.3	1.7	1.6	1.3	1.0	0.9
Real growth rate (%)			25.5	5.0	53.8	33.1	-3.9	-17.7	-25.8	-3.0
Expenditure (% of real GDP)	N/A	4.1	5.1	4.7	6.9	8.9	8.5	6.8	4.9	N/A
Expenditure (% of real government spending)	N/A	24.8	28.8	22.8	34.2	40.9	39.1	30.5	23.5	N/A
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	901.8	1031.3	1035.7	1167.8	1233.2	1266.8	1285.2	1314.2	1349.2	N/A
Real GDP in US\$ (bn)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Real growth rate (%)	21.4	14.4	0.4	12.8	5.6	2.7	1.5	2.3	2.7	N/A
Real GDP per capita in US\$	639.9	770.8	745.7	747.1	701.8	675.5	623.0	558.8	558.2	N/A
Government spending and other indicators										
Government spending (bn)	134.6	169.0	182.9	242.2	248.6	277.1	278.2	293.5	282.0	N/A
Population (million)	28.0	28.8	29.7	30.7	31.7	32.8	33.7	34.7	35.5	36.4
Inflation (%)	-6.8	2.2	11.8	6.4	7.4	4.7	-0.7	4.4	5.0	N/A

Real GDP and government spending in local currency



Defence spending in local currency





Land size	652 864 km ²
Currency	Afghani (AFN)
Fiscal year	1 January – 31 December
Economy	Less-developed country with a market economy
Industries	Agriculture, textiles, handcrafts

Country name	Afghanistan
Capital city	Kabul
Population	35.5 million
Active armed forces	174 000

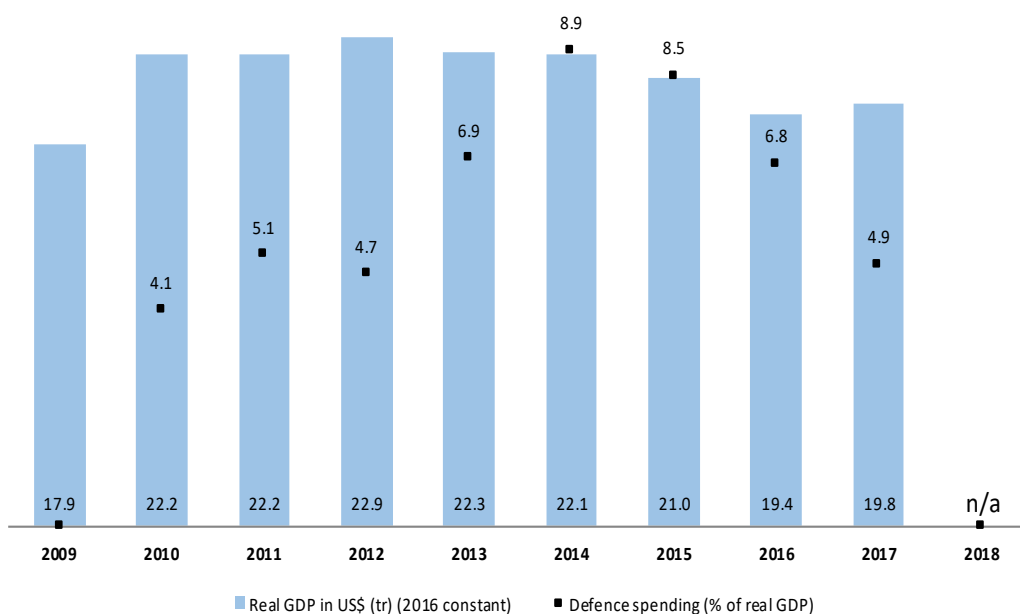
Economy

Over the past 10 years, Afghanistan has averaged 5.2 per cent annual real economic growth. Recent economic growth slowed as a result of severe drought, political uncertainty related to the October 2018 parliamentary election, and the deteriorating security situation. Given the importance of agriculture to Afghanistan’s economy, the drought was particularly damaging.

Defence Spending

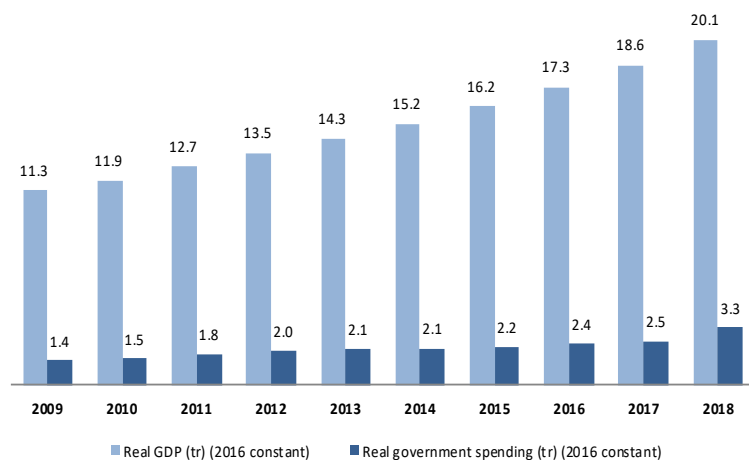
Afghanistan’s 2018 defence budget was AFN64.4bn (USD0.9bn) – a 3 per cent real decrease on the 2017 defence budget. The reduction in defence spending since 2010 is attributable to the reduction in US aid to the Afghan government. With defence budget downsizing, the Afghan government is not capable of sustaining its security forces without international support. The Afghan military was engaged in conflict throughout 2018 with the Taliban and Islamic State in Khorasan Province.

Real GDP in US\$ and defence spending as a percentage of real GDP

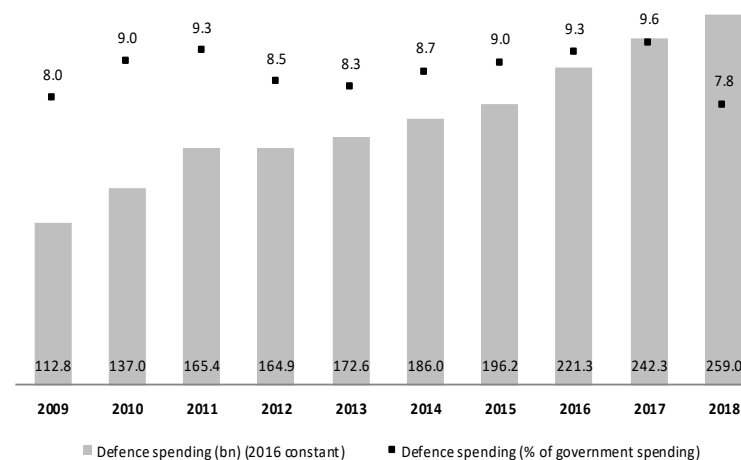


Bangladesh	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	70.5	91.8	119.5	128.9	144.6	164.6	183.8	221.3	257.6	290.7
Spending in local currency (bn) (2016 constant)	112.8	137.0	165.4	164.9	172.6	186.0	196.2	221.3	242.3	259.0
Spending in US\$ (bn) (current, in-year exchange rate)	1.0	1.3	1.6	1.6	1.9	2.1	2.4	2.8	3.2	3.5
Spending in US\$ (bn) (2016 constant and exchange rate)	1.4	1.7	2.1	2.1	2.2	2.4	2.5	2.8	3.1	3.3
Real growth rate (%)	3.1	21.4	20.8	-0.3	4.7	7.8	5.5	12.8	9.5	6.9
Expenditure (% of real GDP)	1.0	1.2	1.3	1.2	1.2	1.2	1.2	1.3	1.3	1.3
Expenditure (% of real government spending)	8.0	9.0	9.3	8.5	8.3	8.7	9.0	9.3	9.6	7.8
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	11.3	11.9	12.7	13.5	14.3	15.2	16.2	17.3	18.6	20.1
Real GDP in US\$ (bn)	163.4	171.0	171.0	165.0	183.3	195.6	207.5	220.8	231.1	240.3
Real growth rate (%)	5.0	5.6	6.5	6.5	6.0	6.1	6.6	7.1	7.3	7.9
Real GDP per capita in US\$	1085.8	1123.6	1110.7	1059.2	1163.2	1226.8	1287.5	1354.8	1403.3	1443.8
Government spending (tr)	1.4	1.5	1.8	2.0	2.1	2.1	2.2	2.4	2.5	3.3
Population (million)	150.5	152.1	153.9	155.7	157.6	159.4	161.2	163.0	164.7	166.4
Inflation (%)	5.4	8.1	10.3	6.6	7.5	7.0	6.2	5.5	5.7	5.5

Real GDP and government spending in local currency



Defence spending in local currency





Country name Bangladesh
Capital city Dhaka
Population 164.7 million
Active armed forces 157 000

Land size 148 460 km²
Currency Taka (BDT)
Fiscal year 1 July – 30 June
Economy Less-developed country with a market economy
Industries Cotton, wheat, jute, tobacco, garments, pharmaceuticals, petroleum products and natural gas

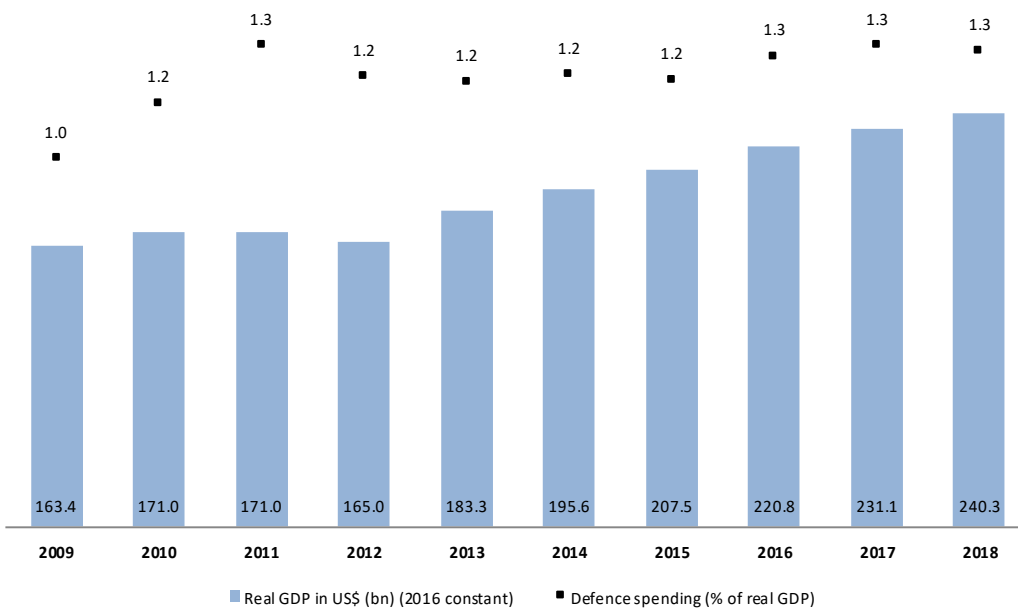
Economy

Over the past 10 years, Bangladesh has averaged 6.6 per cent annual real economic growth. In 2018, the economy expanded by 7.9 per cent. Central to the economy’s continued growth is the garment sector, which is underpinned by the abundance of low-cost labour available in the country. Bangladesh’s economy remains vulnerable to natural disasters, especially flooding, but the increasing importance of the manufacturing sector relative to the agricultural sector may reduce this vulnerability. Bangladesh’s economy is forecast to average 7.6 per cent growth by 2024, according to the EIU.

Defence Spending

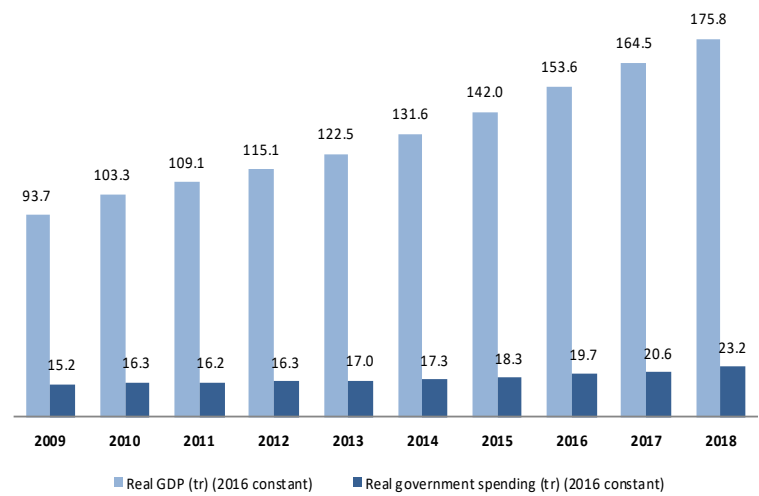
Bangladesh’s 2018 defence budget was BDT259bn (USD3.3bn) – a 6.9 per cent real increase on the 2017 defence budget. In 2018, Bangladesh began work on two Air Force bases in Sylhet district. Dhaka also announced it would purchase 23 K-8 aircraft in 2018, and in June 2018, the country purchased K-8W jets from China; however, the number of jets purchased was not disclosed.

Real GDP in US\$ and defence spending as a percentage of real GDP

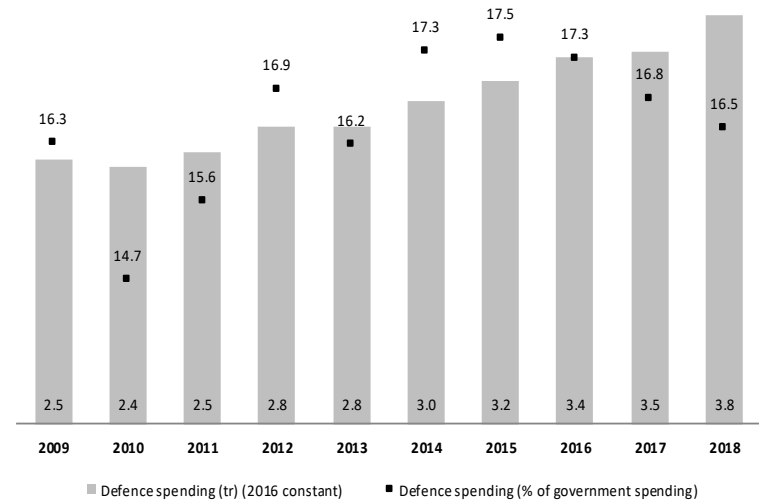


India	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (tr) (current)	1.7	1.8	2.0	2.4	2.5	2.9	3.1	3.4	3.6	4.0
Spending in local currency (tr) (2016 constant)	2.5	2.4	2.5	2.8	2.8	3.0	3.2	3.4	3.5	3.8
Spending in US\$ (bn) (current, in-year exchange rate)	34.4	38.4	43.4	44.6	43.2	46.7	48.3	50.7	55.3	59.1
Spending in US\$ (bn) (2016 constant and exchange rate)	36.7	35.5	37.7	41.1	41.1	44.8	47.6	50.7	51.6	56.7
Real growth rate (%)	27.4	-3.2	6.1	9.0	0.1	8.9	6.3	6.6	1.7	9.9
Expenditure (% of real GDP)	2.6	2.3	2.3	2.4	2.3	2.3	2.3	2.2	2.1	2.2
Expenditure (% of real government spending)	16.3	14.7	15.6	16.9	16.2	17.3	17.5	17.3	16.8	16.5
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	93.7	103.3	109.1	115.1	122.5	131.6	142.0	153.6	164.5	175.8
Real GDP in US\$ (tr)	1.9	2.3	2.3	2.2	2.1	2.2	2.2	2.3	2.5	2.6
Real growth rate (%)	8.3	10.2	5.6	5.5	6.4	7.4	7.9	8.2	7.1	6.8
Real GDP per capita in US\$	1594.4	1835.6	1873.7	1705.6	1635.1	1666.0	1690.7	1725.8	1886.6	1898.2
Government spending (tr)										
Government spending (tr)	15.2	16.3	16.2	16.3	17.0	17.3	18.3	19.7	20.6	23.2
Population (million)	1214.3	1231.0	1247.2	1263.1	1278.6	1293.9	1309.1	1324.2	1339.2	1354.0
Inflation (%)	9.7	10.4	8.3	9.4	10.1	6.4	4.9	5.0	3.3	3.9

Real GDP and government spending in local currency



Defence spending in local currency





Land size	3 287 263 km ²
Currency	Indian rupee (INR)
Fiscal year	1 April – 31 March
Economy	Less-developed country with a market economy
Industries	IT services, textiles, steel, chemicals, transportation equipment, cement, mining, petroleum and machinery

Country name	India
Capital city	New Delhi
Population	1.34 billion
Active armed forces	1.4 million

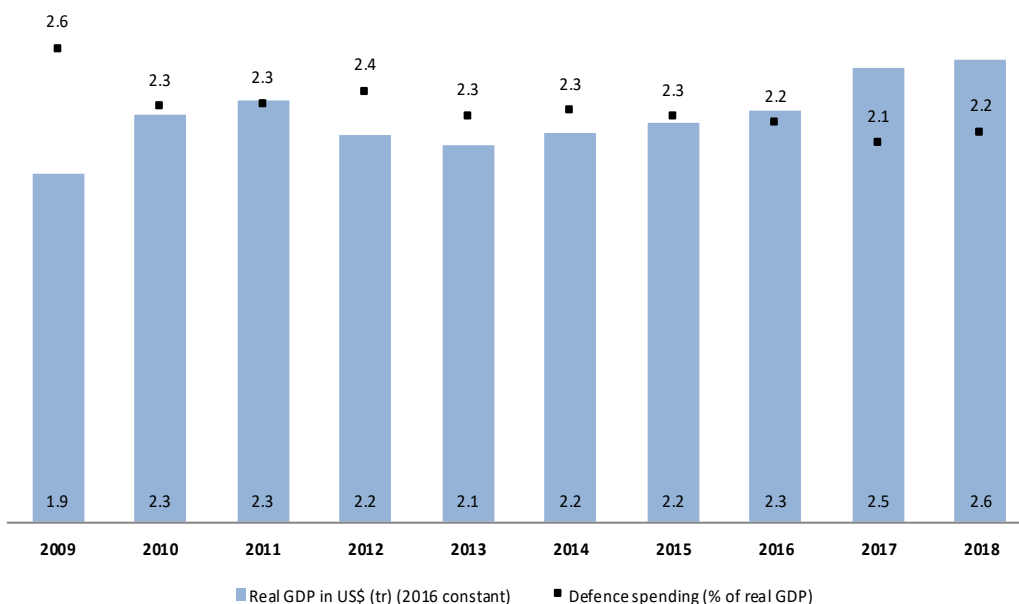
Economy

Over the past 10 years, India has averaged 7.2 per cent annual real economic growth. In 2018, the economy expanded by 6.8 per cent due to lower oil prices and easing inflation. The World Bank claimed that India's growth is increasingly diverse, stable, and resilient, all strong indicators that it will continue. India's economy is forecast to average 6.4 per cent growth by 2024, according to the EIU.

Defence Spending

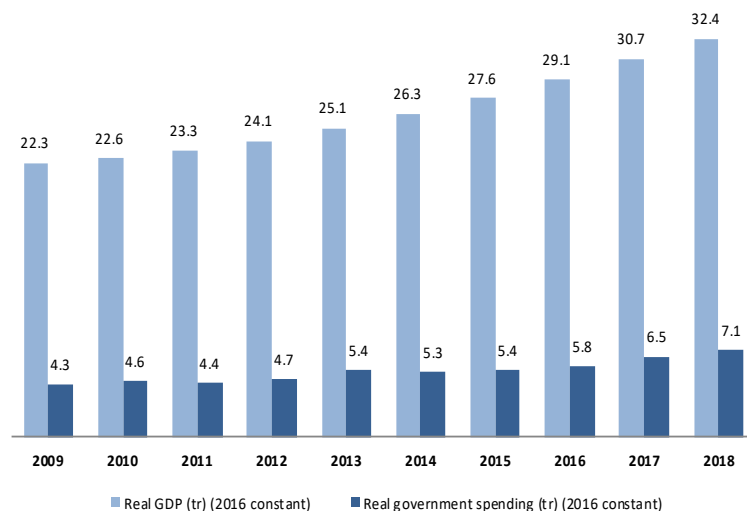
India's 2018 defence budget was INR3.8tr (USD56.7bn) – a 9.9 per cent real increase on the 2017 defence budget. The budget is devoted chiefly to personnel costs, with funding also allocated to purchasing new fighter jets, helicopters and warships as well as the steady modernisation of the country's Air Force and Navy. In October 2018, India and Russia announced India's USD5bn purchase of an S-400 air defence missile system. India also made deals with the US to purchase weapons and share military technology, and to engage in joint military exercises in 2019.

Real GDP in US\$ and defence spending as a percentage of real GDP

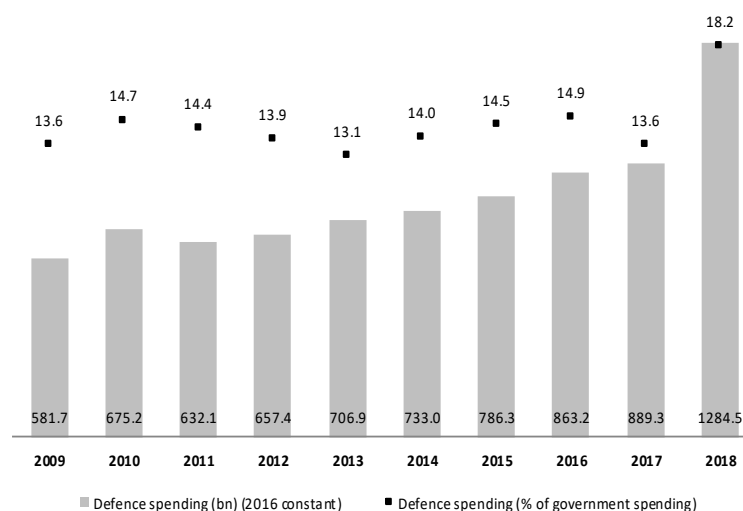


Pakistan	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	344.7	443.5	496.7	547.4	629.6	701.3	783.1	863.2	1200.0	1363.6
Spending in local currency (bn) (2016 constant)	581.7	675.2	632.1	657.4	706.9	733.0	786.3	863.2	1153.8	1284.5
Spending in US\$ (bn) (current, in-year exchange rate)	4.2	5.2	5.8	5.9	6.2	6.9	7.6	8.2	11.4	11.2
Spending in US\$ (bn) (2016 constant and exchange rate)	5.6	6.4	6.0	6.3	6.7	7.0	7.5	8.2	11.0	12.3
Real growth rate (%)	-3.5	16.1	-6.4	4.0	7.5	3.7	7.3	9.8	33.7	11.3
Expenditure (% of real GDP)	2.6	3.0	2.7	2.7	2.8	2.8	2.9	3.0	3.8	4.0
Expenditure (% of real government spending)	13.6	14.7	14.4	13.9	13.1	14.0	14.5	14.9	17.6	18.2
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	22.3	22.6	23.3	24.1	25.1	26.3	27.6	29.1	30.7	32.4
Real GDP in US\$ (bn)	272.6	265.7	269.4	257.8	247.3	260.2	268.1	277.5	291.4	266.0
Real growth rate (%)	2.8	1.6	2.7	3.5	4.4	4.7	4.7	5.5	5.7	5.4
Real GDP per capita in US\$	1632.1	1557.9	1546.5	1448.9	1361.0	1402.5	1415.7	1436.4	1479.4	1324.6
Government spending and population										
Government spending (tr)	4.3	4.6	4.4	4.7	5.4	5.3	5.4	5.8	6.5	7.1
Population (million)	167.1	170.6	174.2	177.9	181.7	185.5	189.4	193.2	197.0	200.8
Inflation (%)	12.1	12.9	11.9	9.7	7.7	7.2	2.5	3.8	4.1	5.1

Real GDP and government spending in local currency



Defence spending in local currency





Land size	796 095 km ²
Currency	Pakistan rupee (PKR)
Fiscal year	1 July – 30 June
Economy	Less-developed country with a market economy
Industries	Textiles, food processing, beverages, construction materials, clothing, paper products and fishing

Country name	Pakistan
Capital city	Islamabad
Population	197 million
Active armed forces	654 000

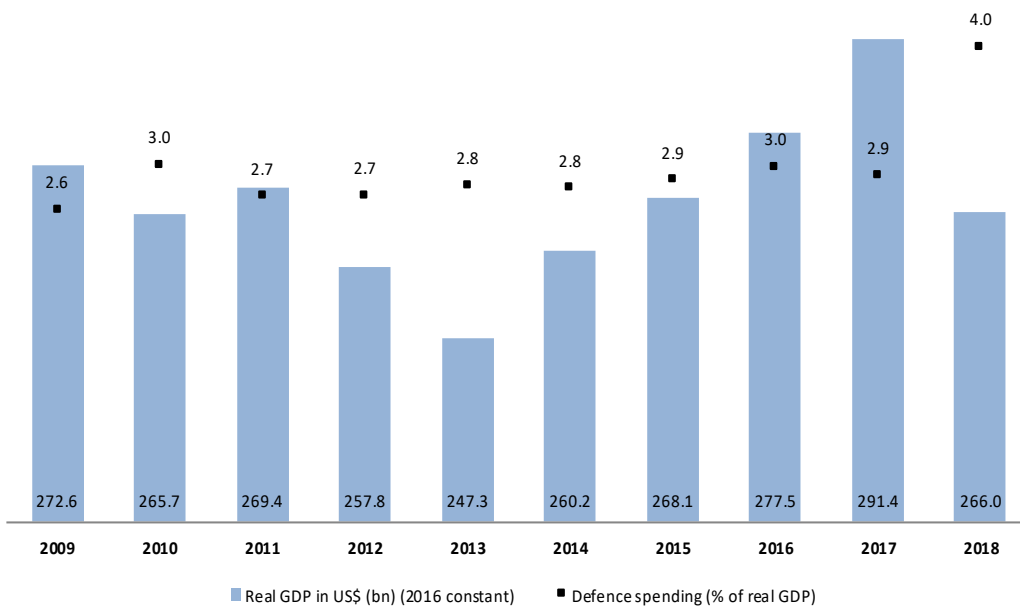
Economy

Over the past 10 years, Pakistan has averaged 4.2 per cent annual real economic growth. In 2018, the economy expanded by 5.4 per cent. This growth was primarily due to strong performances in the services and agricultural sectors. The performance of Pakistan’s economy over the next five years will depend heavily on Pakistan’s ability to negotiate an IMF loan in 2019. Pakistan’s economy is forecast to average 3.1 per cent growth by 2024 according to the EIU.

Defence Spending

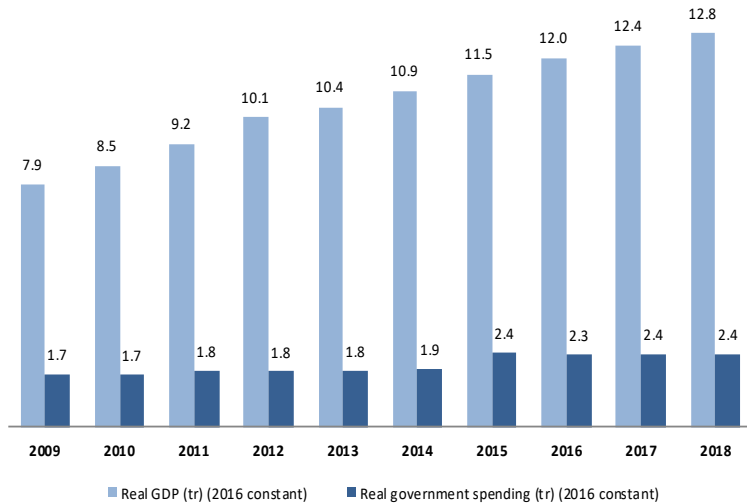
Pakistan’s 2018 defence budget was PKR1.3tr (USD12.3bn) – an 11.6 per cent real increase on the 2017 defence budget. In 2018, Pakistan received USD100m in foreign military aid. This was a significant reduction in aid, in January 2018, the US announced it had suspended USD1.66bn of security assistance to Pakistan over concerns regarding the Pakistani government’s alleged tolerance of terrorist groups.

Real GDP in US\$ and defence spending as a percentage of real GDP

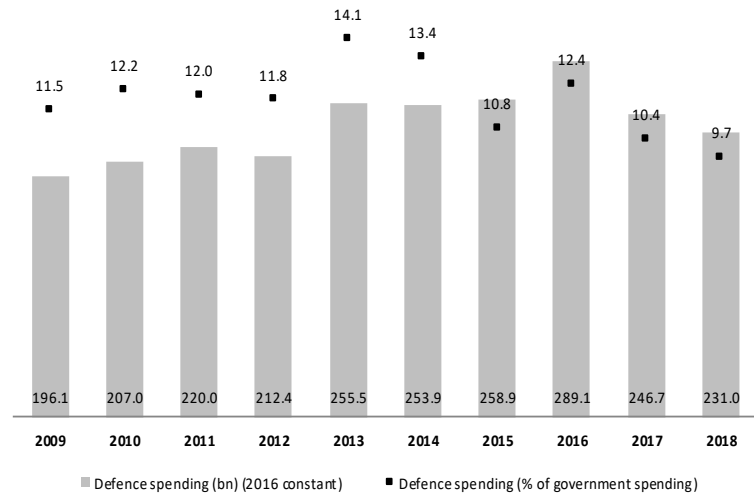


Sri Lanka	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	137.6	155.9	172.0	184.1	235.2	240.6	246.9	289.1	266.8	260.7
Spending in local currency (bn) (2016 constant)	196.1	207.0	220.0	212.4	255.5	253.9	258.9	289.1	246.7	231.0
Spending in US\$ (bn) (current, in-year exchange rate)	1.2	1.4	1.6	1.4	1.8	1.8	1.8	2.0	1.7	1.6
Spending in US\$ (bn) (2016 constant and exchange rate)	1.3	1.4	1.5	1.5	1.8	1.7	1.8	2.0	1.7	1.6
Real growth rate (%)	6.4	5.6	6.3	-3.4	20.2	-0.6	2.0	11.7	-14.7	-6.3
Expenditure (% of real GDP)	2.5	2.4	2.4	2.1	2.5	2.3	2.3	2.4	2.0	1.8
Expenditure (% of real government spending)	11.5	12.2	12.0	11.8	14.1	13.4	10.8	12.4	10.4	9.7
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	7.9	8.5	9.2	10.1	10.4	10.9	11.5	12.0	12.4	12.8
Real GDP in US\$ (bn)	68.6	75.3	83.5	79.0	80.7	83.7	84.5	82.4	81.4	78.8
Real growth rate (%)	3.5	8.0	8.4	9.1	3.4	5.0	5.0	4.5	3.4	3.2
Real GDP per capita in US\$	3416.2	3728.6	4109.5	3865.5	3931.7	4060.3	4079.7	3961.6	3897.6	3761.6
Government spending (tr)	1.7	1.7	1.8	1.8	1.8	1.9	2.4	2.3	2.4	2.4
Population (million)	20.1	20.2	20.3	20.4	20.5	20.6	20.7	20.8	20.9	21.0
Inflation (%)	3.5	6.2	6.7	7.6	6.9	2.8	2.2	4.0	6.6	4.3

Real GDP and government spending in local currency



Defence spending in local currency





Land size	65 610 km ²
Currency	Sri Lankan Rupee (LKR)
Fiscal year	1 January – 31 December
Economy	Less-developed country with a market economy
Industries	Textiles, tourism, tea, coconuts, tobacco, IT services, insurance and banking, cement and construction

Country name	Sri Lanka
Capital city	Colombo
Population	20.9 million
Active armed forces	243 000

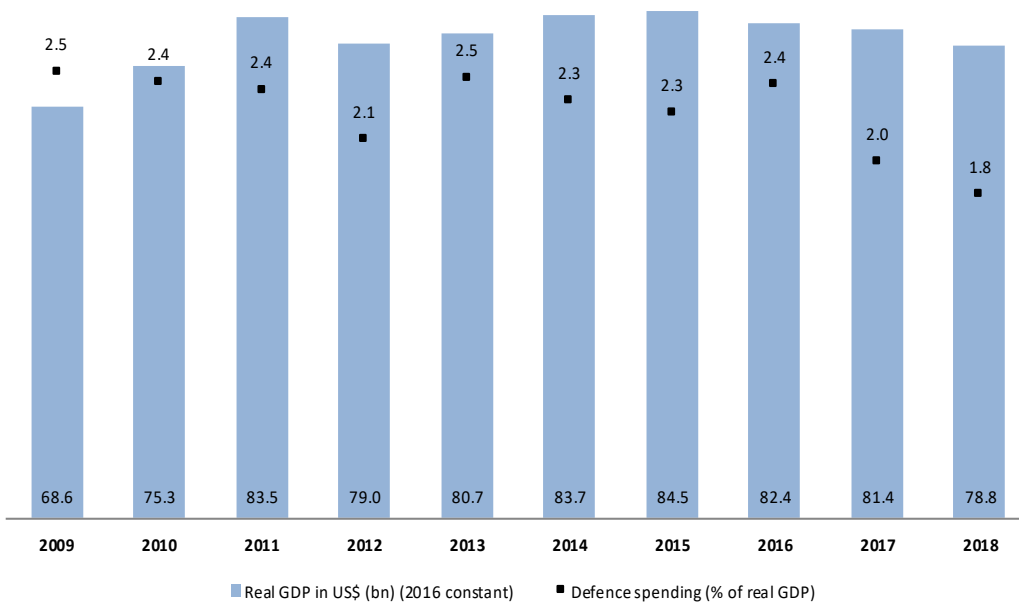
Economy

Over the past 10 years, Sri Lanka has averaged 5.5 per cent annual real economic growth. In 2018, the economy expanded by 3.2 per cent as Sri Lanka received the highest levels of foreign direct investment in its history. The services sector is the largest contributor to Sri Lanka's economy, comprising more than 50 per cent of GDP, followed by the industry and agricultural sectors. Sri Lanka's economy is forecast to average 4.9 per cent growth in 2024, according to the EIU.

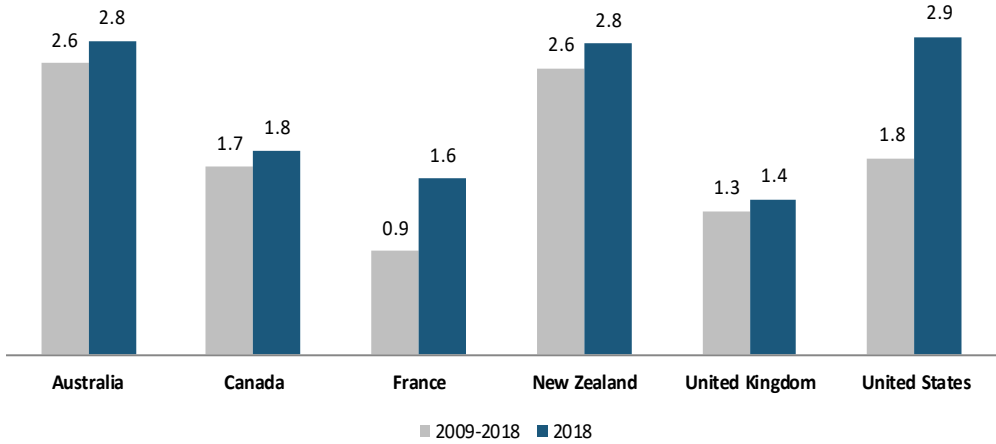
Defence Spending

Sri Lanka's 2018 defence budget was LKR231bn (USD1.6bn) – a 6.3 per cent real decrease on the 2017 defence budget. This decrease is attributable to Sri Lanka's turn towards locally developing defence capabilities. The Sri Lankan and US militaries participated in joint training exercises throughout 2018, and China provided military equipment and technology. Washington also provided USD39m to Colombo to improve maritime security.

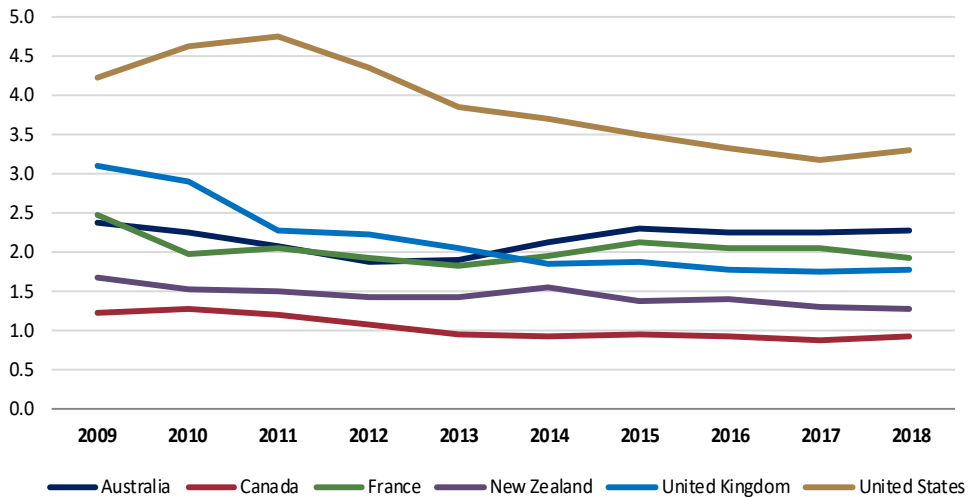
Real GDP in US\$ and defence spending as a percentage of real GDP



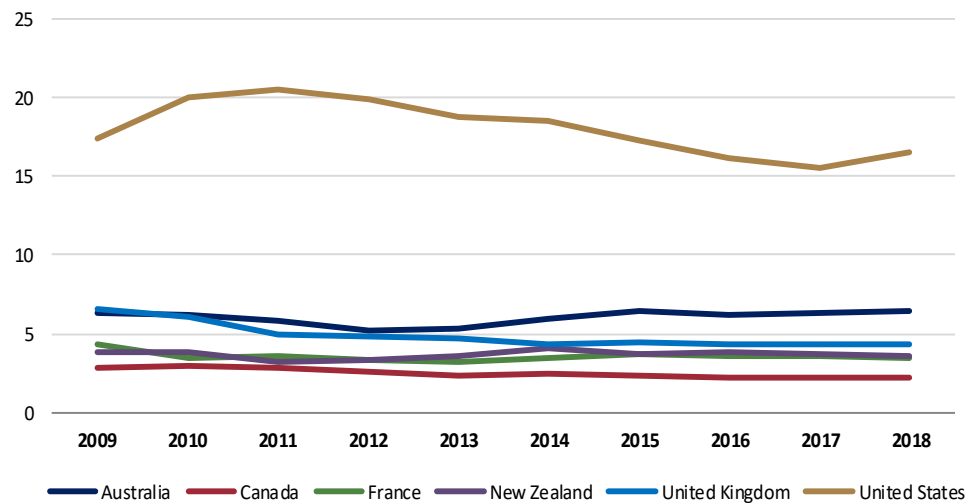
Real GDP growth rate (%)



Defence spending as percentage of real GDP



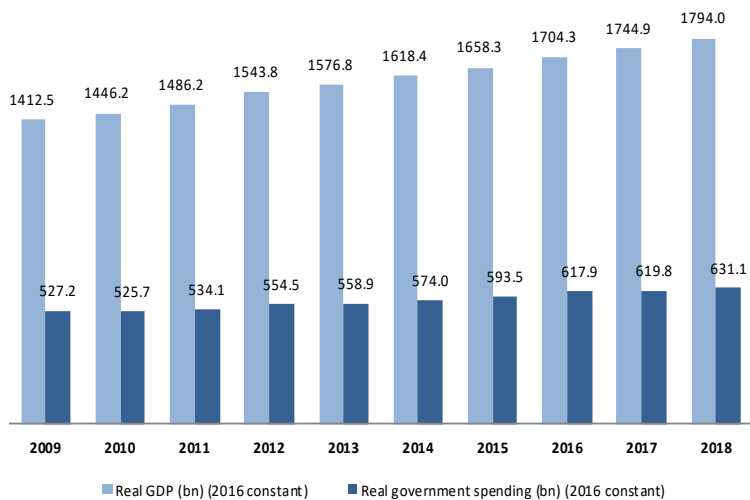
Defence spending as percentage of government spending



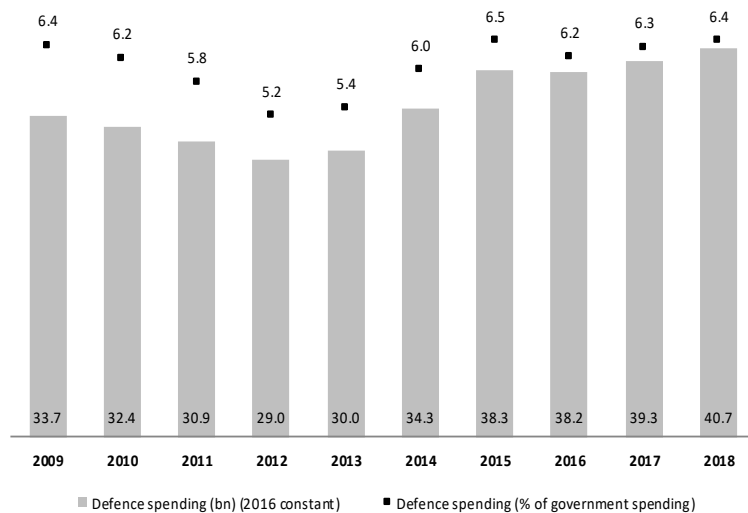
AUSTRALIA

Australia	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	30.1	30.5	30.5	28.4	29.8	34.2	37.9	38.2	40.7	43.0
Spending in local currency (bn) (2016 constant)	33.7	32.4	30.9	29.0	30.0	34.3	38.3	38.2	39.3	40.7
Spending in US\$ (bn) (current, in-year exchange rate)	23.8	28.1	31.5	29.5	28.9	30.9	28.5	28.4	31.2	32.2
Spending in US\$ (bn) (2016 constant and exchange rate)	25.0	24.1	23.0	21.6	22.3	25.5	28.5	28.4	29.3	30.3
Real growth rate (%)	16.8	-3.6	-4.8	-6.2	3.5	14.4	11.7	-0.3	2.9	3.5
Expenditure (% of real GDP)	2.4	2.2	2.1	1.9	1.9	2.1	2.3	2.2	2.3	2.3
Expenditure (% of real government spending)	6.4	6.2	5.8	5.2	5.4	6.0	6.5	6.2	6.3	6.4
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	1412.5	1446.2	1486.2	1543.8	1576.8	1618.4	1658.3	1704.3	1744.9	1794.0
Real GDP in US\$ (bn)	1119.0	1331.1	1535.1	1599.6	1527.0	1461.0	1247.6	1267.9	1338.3	1341.8
Real growth rate (%)	1.9	2.4	2.8	3.9	2.1	2.6	2.5	2.8	2.4	2.8
Real GDP per capita in US\$	51474.1	60174.8	68285.2	70090.6	65959.0	62237.3	52421.8	52555.3	54734.5	54168.7
Government spending (bn)										
Government spending (bn)	527.2	525.7	534.1	554.5	558.9	574.0	593.5	617.9	619.8	631.1
Population (million)	21.7	22.1	22.5	22.8	23.2	23.5	23.8	24.1	24.5	24.8
Inflation (%)	1.8	2.9	3.3	1.8	2.5	2.5	1.5	1.3	1.9	1.9

Real GDP and government spending in local currency

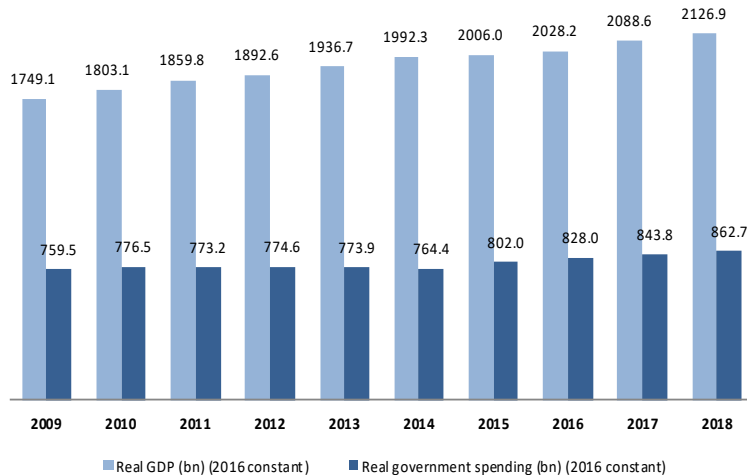


Defence spending in local currency

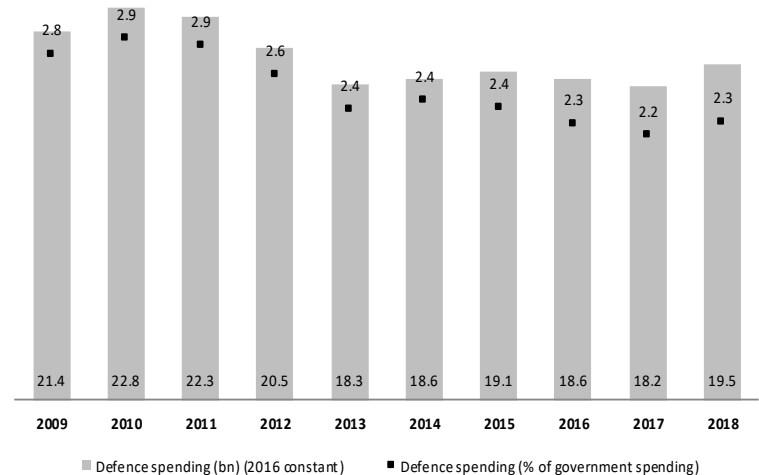


Canada	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	19.2	21.1	21.3	19.8	18.0	18.7	18.9	18.6	18.7	20.4
Spending in local currency (bn) (2016 constant)	21.4	22.8	22.3	20.5	18.3	18.6	19.1	18.6	18.2	19.5
Spending in US\$ (bn) (current, in-year exchange rate)	16.9	20.5	21.5	19.8	17.5	16.9	14.8	14.1	14.4	15.7
Spending in US\$ (bn) (2016 constant and exchange rate)	16.2	17.2	16.8	15.5	13.8	14.1	14.4	14.1	13.7	14.7
Real growth rate (%)	7.7	6.6	-2.3	-8.1	-10.7	1.8	2.4	-2.4	-2.4	7.4
Expenditure (% of real GDP)	1.2	1.3	1.2	1.1	0.9	0.9	1.0	0.9	0.9	0.9
Expenditure (% of real government spending)	2.8	2.9	2.9	2.6	2.4	2.4	2.4	2.3	2.2	2.3
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	1749.1	1803.1	1859.8	1892.6	1936.7	1992.3	2006.0	2028.2	2088.6	2126.9
Real GDP in US\$ (bn)	1532.3	1750.4	1880.5	1893.7	1880.3	1803.5	1568.7	1530.1	1609.3	1641.1
Real growth rate (%)	-2.9	3.1	3.1	1.8	2.3	2.9	0.7	1.1	3.0	1.8
Real GDP per capita in US\$	45348.5	51226.8	54445.1	54260.2	53334.9	50652.4	43634.5	42162.1	43941.0	44413.5
Government spending (bn)	759.5	776.5	773.2	774.6	773.9	764.4	802.0	828.0	843.8	862.7
Population (million)	33.8	34.2	34.5	34.9	35.3	35.6	36.0	36.3	36.6	37.0
Inflation (%)	0.3	1.8	2.9	1.5	0.9	1.9	1.1	1.4	1.6	2.2

Real GDP and government spending in local currency



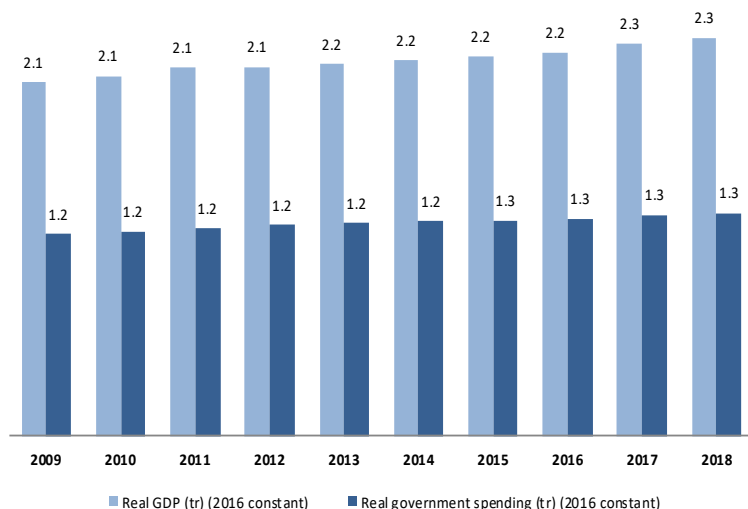
Defence spending in local currency



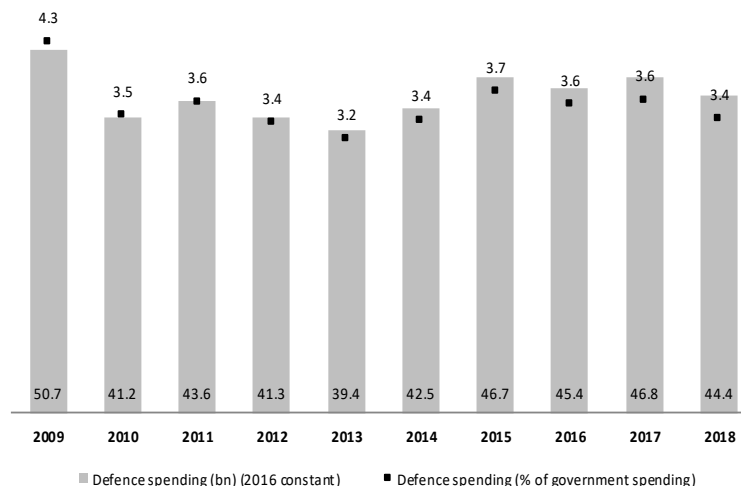
FRANCE

France	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	47.8	39.3	42.0	40.2	38.6	42.0	46.6	45.4	47.1	45.1
Spending in local currency (bn) (2016 constant)	50.7	41.2	43.6	41.3	39.4	42.5	46.7	45.4	46.8	44.4
Spending in US\$ (bn) (current, in-year exchange rate)	66.6	52.1	58.4	51.7	51.3	55.8	51.8	50.2	53.2	53.3
Spending in US\$ (bn) (2016 constant and exchange rate)	56.1	45.6	48.3	45.7	43.6	47.1	51.7	50.2	51.8	49.1
Real growth rate (%)	33.1	-18.7	5.9	-5.3	-4.7	8.0	9.9	-2.9	3.1	-5.1
Expenditure (% of real GDP)	2.5	2.0	2.0	1.9	1.8	2.0	2.1	2.0	2.1	1.9
Expenditure (% of real government spending)	4.3	3.5	3.6	3.4	3.2	3.4	3.7	3.6	3.6	3.4
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.3	2.3
Real GDP in US\$ (tr)	2.9	2.8	3.0	2.8	2.9	2.9	2.4	2.5	2.6	2.7
Real growth rate (%)	-2.8	1.9	2.2	0.4	0.6	1.0	1.0	1.1	2.3	1.6
Real GDP per capita in US\$	45627.2	44021.6	46969.2	43351.8	44853.7	45132.2	37916.8	38077.9	39591.1	41911.6
Government spending (tr)	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3
Population (million)	62.7	63.0	63.3	63.6	63.9	64.2	64.5	64.7	65.0	65.2
Inflation (%)	0.1	1.7	2.3	2.2	1.0	0.6	0.1	0.3	1.2	2.1

Real GDP and government spending in local currency

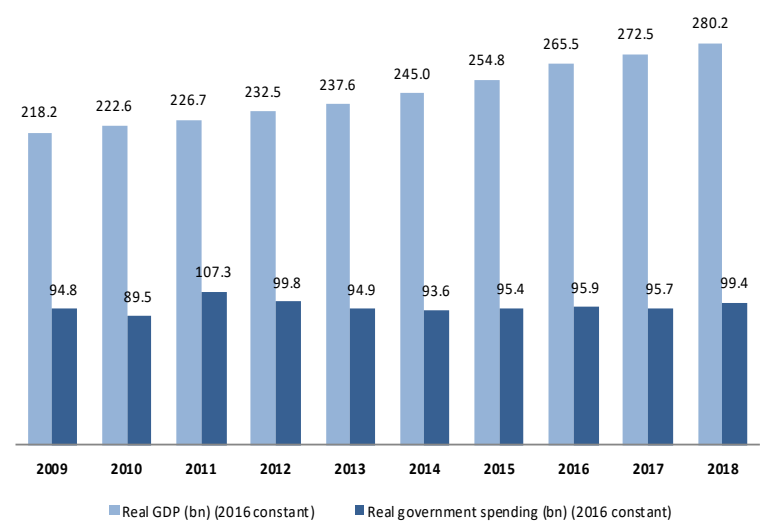


Defence spending in local currency

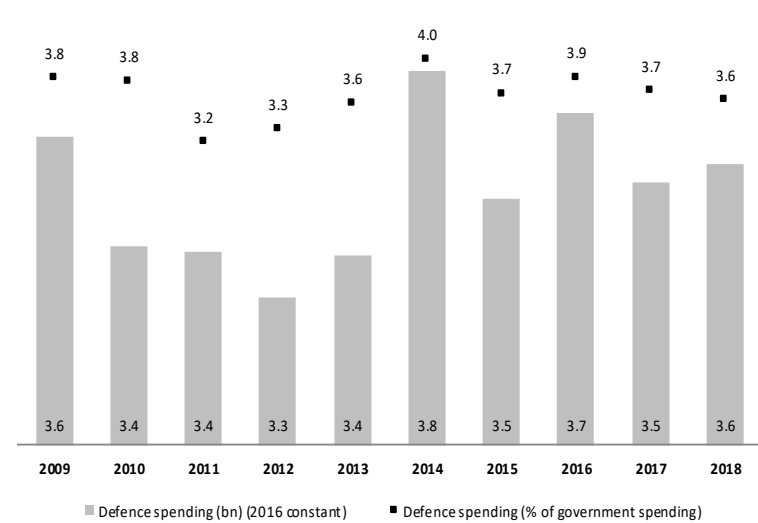


New Zealand	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	3.2	3.1	3.2	3.1	3.3	3.7	3.5	3.7	3.7	3.8
Spending in local currency (bn) (2016 constant)	3.6	3.4	3.4	3.3	3.4	3.8	3.5	3.7	3.5	3.6
Spending in US\$ (bn) (current, in-year exchange rate)	2.0	2.2	2.5	2.5	2.7	3.1	2.4	2.6	2.6	2.6
Spending in US\$ (bn) (2016 constant and exchange rate)	2.5	2.4	2.4	2.3	2.4	2.6	2.5	2.6	2.5	2.5
Real growth rate (%)	12.4	-6.3	-0.4	-2.8	2.7	11.3	-7.1	5.2	-3.9	1.1
Expenditure (% of real GDP)	1.7	1.5	1.5	1.4	1.4	1.5	1.4	1.4	1.3	1.3
Expenditure (% of real government spending)	3.8	3.8	3.2	3.3	3.6	4.0	3.7	3.9	3.7	3.6
Gross domestic product (GDP)										
Real GDP in local currency (bn) (2016 constant)	218.2	222.6	226.7	232.5	237.6	245.0	254.8	265.5	272.5	280.2
Real GDP in US\$ (bn)	138.6	160.7	179.5	188.5	194.9	203.5	178.5	185.1	193.8	194.1
Real growth rate (%)	0.3	2.0	1.9	2.5	2.2	3.1	4.0	4.2	2.7	2.8
Real GDP per capita in US\$	32200.6	36913.7	40922.2	42734.8	43839.2	45096.4	38804.1	39468.5	40535.6	39945.3
Government spending (bn)										
Government spending (bn)	94.8	89.5	107.3	99.8	94.9	93.6	95.4	95.9	95.7	99.4
Population (million)	4.3	4.4	4.4	4.4	4.4	4.5	4.6	4.7	4.8	4.9
Inflation (%)	2.2	2.3	4.1	1.0	1.1	1.2	0.3	0.6	1.9	1.6

Real GDP and government spending in local currency



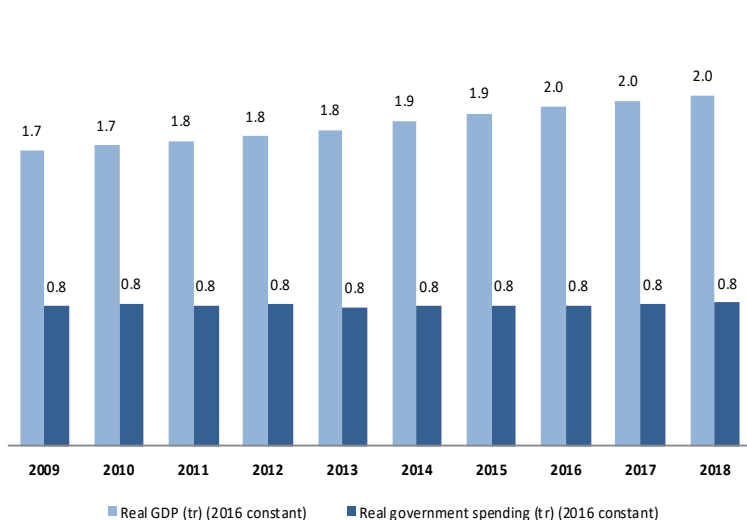
Defence spending in local currency



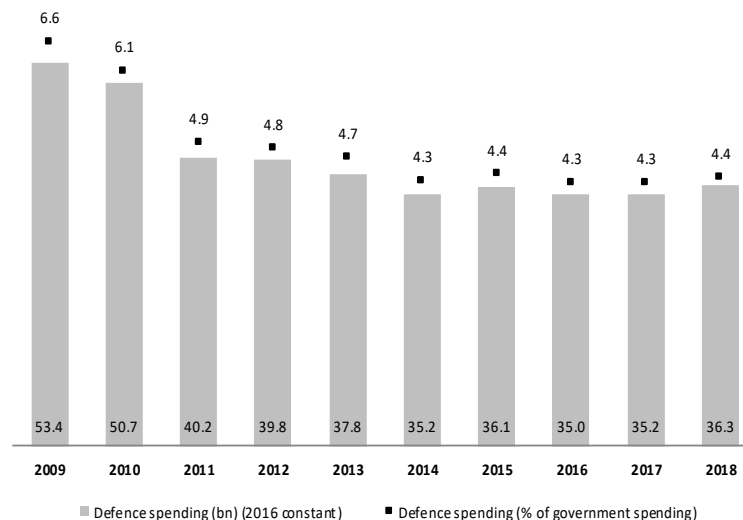
UNITED KINGDOM

United Kingdom	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	47.8	46.1	37.3	37.5	36.3	34.3	35.4	35.0	36.0	37.8
Spending in local currency (bn) (2016 constant)	53.4	50.7	40.2	39.8	37.8	35.2	36.1	35.0	35.2	36.3
Spending in US\$ (bn) (current, in-year exchange rate)	74.8	71.3	59.8	59.5	56.8	56.5	54.1	47.4	46.4	50.5
Spending in US\$ (bn) (2016 constant and exchange rate)	72.3	68.7	54.5	54.0	51.3	47.6	49.0	47.4	47.7	49.2
Real growth rate (%)	13.3	-5.0	-20.6	-1.0	-5.0	-7.1	2.8	-3.1	0.6	3.0
Expenditure (% of real GDP)	3.1	2.9	2.3	2.2	2.1	1.9	1.9	1.8	1.8	1.8
Expenditure (% of real government spending)	6.6	6.1	4.9	4.8	4.7	4.3	4.4	4.3	4.3	4.4
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	1.7	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.0	2.0
Real GDP in US\$ (tr)	2.7	2.7	2.8	2.9	2.9	3.1	3.0	2.7	2.6	2.7
Real growth rate (%)	-4.2	1.7	1.6	1.4	2.0	2.9	2.3	1.8	1.8	1.4
Real GDP per capita in US\$	42816.3	42633.1	44579.6	44408.7	44452.5	47904.4	45224.5	40562.4	39063.4	40800.9
Government spending (tr)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Population (million)	62.7	63.3	63.8	64.3	64.6	65.0	65.4	65.8	66.2	66.6
Inflation (%)	2.0	2.5	3.8	2.6	2.3	1.5	0.4	1.0	2.6	2.3

Real GDP and government spending in local currency

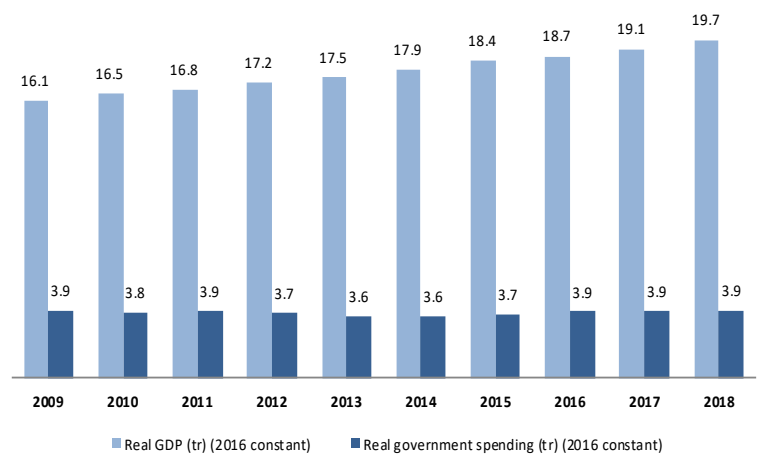


Defence spending in local currency

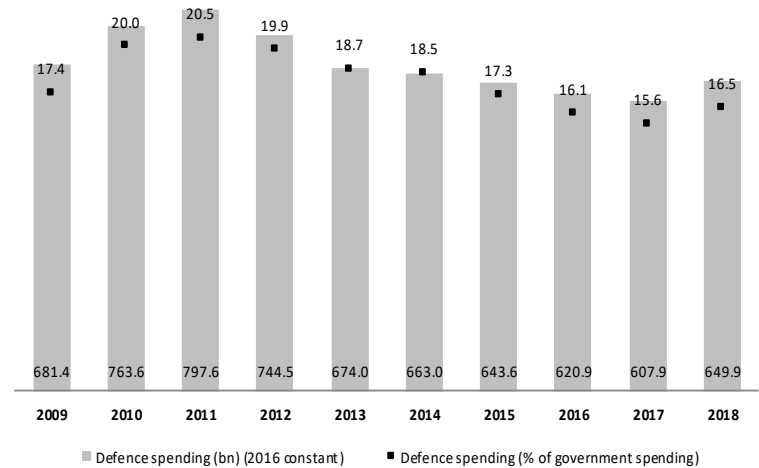


United States of America	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Official defence budget										
Spending in local currency (bn) (current)	611.1	692.8	738.7	702.8	647.4	648.9	636.6	620.9	619.5	677.1
Spending in local currency (bn) (2016 constant)	681.4	763.6	797.6	744.5	674.0	663.0	643.6	620.9	607.9	649.9
Spending in US\$ (bn) (current, in-year exchange rate)	611.1	692.8	738.7	702.8	647.4	648.9	636.6	620.9	619.5	677.1
Spending in US\$ (bn) (2016 constant and exchange rate)	681.4	763.6	797.6	744.5	674.0	663.0	643.6	620.9	607.9	649.9
Real growth rate (%)	-6.3	12.1	4.4	-6.7	-9.5	-1.6	-2.9	-3.5	-2.1	6.9
Expenditure (% of real GDP)	4.2	4.6	4.8	4.3	3.9	3.7	3.5	3.3	3.2	3.3
Expenditure (% of real government spending)	17.4	20.0	20.5	19.9	18.7	18.5	17.3	16.1	15.6	16.5
Gross domestic product (GDP)										
Real GDP in local currency (tr) (2016 constant)	16.1	16.5	16.8	17.2	17.5	17.9	18.4	18.7	19.1	19.7
Real GDP in US\$ (tr)	16.1	16.5	16.8	17.2	17.5	17.9	18.4	18.7	19.1	19.7
Real growth rate (%)	-2.5	2.6	1.6	2.2	1.8	2.5	2.9	1.6	2.2	2.9
Real GDP per capita in US\$	52478.8	53420.1	53854.7	54652.6	55236.4	56151.3	57317.5	57758.3	58569.3	59745.6
Government spending (tr)	3.9	3.8	3.9	3.7	3.6	3.6	3.7	3.9	3.9	3.9
Population (million)	307.0	309.3	311.6	314.0	316.4	318.8	321.3	323.9	326.5	329.2
Inflation (%)	-0.3	1.6	3.1	2.1	1.5	1.6	0.1	1.3	2.1	2.4

Real GDP and government spending in local currency



Defence spending in local currency



Methodology

The Defence Economic Trends series is titled and numbered according to the year in which the report is published. *Defence Economic Trends 2013* was the first year this method was implemented. Previous editions were titled for the calendar year of the budgets being reviewed. The last of the series to use the old convention was *Defence Economic Trends 2011*, which was published in 2012.

For *Defence Economic Trends 2019*, the information is sourced from the Economist Intelligence Unit (EIU), released in 2019. The use of EIU data differs from publications prior to 2017, which used IMF economic statistics. This change will result in different real GDP in local currencies and US dollars and real defence spending in local currencies and US dollars compared to previous editions. Although new economic forecasts were released during the development of this publication, not all data can be updated to the latest predictions.

As changed in the previous edition, *Defence Economic Trends 2019* employs a GDP price deflator to deflate historic defence budgets. The defence budgets are expressed in local currency into 2016 constant terms.

The defence spending paragraphs do not represent an exhaustive list of all procurement activities in 2018. These paragraphs are intended to provide a snapshot of major acquisitions and spending decisions prominent in open-source reporting throughout 2018.

Historical methodology

Before *Defence Economic Trends 2013*, a proxy defence deflator was used to calculate nominal defence budget figures into constant US dollars. The model used 2005 as a base year for comparison, using a proxy deflator based on three key defence expenditure factors: capital procurement, personnel, and operating costs. In previous publications, defence budget calculations used constant exchange rates to convert historical defence spending (expressed in local currency) into constant US dollar terms.

Data Sources

The table below shows data sources used for this publication.

Data	Source
Official defence budget (local currency)	Official budget sources from national governments Other open sources, including reputable media or official newspapers
Economic, government spending and population data	Economic Intelligence Unit (EIU)
General financial information	Economist Intelligence Unit, World Bank, International Monetary Fund (IMF) and Asian Development Bank. Other open sources, including reputable media or official newspapers
Active armed forces	The Military Balance 2019 report, released by the International Institute for Strategic Studies (IISS)

Other publishers of similar data

Other organisations that publish data similar to that provided in this publication include the:

- IMF
- IISS
- Stockholm International Peace Research Institute (SIPRI).

However, these organisations use different methodologies to compile their data, as illustrated below.

IMF

The IMF primarily distributes a detailed questionnaire to government correspondents, typically located in each country's respective Ministry of Finance or Central Bank.

IISS

The IISS cites official defence budgets and adjusts, where necessary, military expenditure to include all other military-related spending. The only exception occurs in the case of NATO countries, where the IISS uses the figures released by governments and, for comparison, also cites the NATO-defined expenditure. Some countries include internal and border security force expenditure in their defence budgets. Where separate budgets exist, the IISS generally indicates this in footnotes. IISS figures may vary from previous years, often because of updates made by the governments themselves.

Wherever possible, the IISS uses exchange rates taken from IMF publications – although these may not be applicable to commercial transactions. In some cases, in an effort to make US dollar figures more relevant for international comparisons, the IISS uses a different set of exchange rates to calculate defence spending, which reflects the differences in purchasing power parity terms between the civilian and military sectors.

SIPRI

Where possible, SIPRI includes the following items in its definition of military expenditure:

- all current and capital expenditure on the armed forces and the running of defence departments and other government agencies engaged in defence projects and space activities
- the cost of paramilitary forces, border guards and police (when judged to be trained and equipped for military operations)
- military research and development, testing and evaluation costs
- costs of retirement pensions of defence personnel and civilian employees.

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