

Nick Watts was at the launch of The Military Balance 2017

There has been much discussion of late in defence circles, concerning the level of defence expenditure, particularly compared to the US. This discussion was fuelled at the launch of the 2017 Military Balance published by the London base International Institute for Strategic Studies (IISS). By their calculation, the UK's expenditure as a percentage of GDP fell below the critical 2% level pledged by members of the NATO Alliance to 1.98% in 2016. This is explained by IISS as due to the UK's economy expanding faster than its defence expenditure.

The MOD issued a denial, but IISS explained that their methodology was based on IMF figures, whilst NATO's figures are based on World Bank ones. Nevertheless the UK was the only NATO European country to be in the top 5 of global defence expenditure. The expression of GDP may be a moot figure, but the wider point made by IISS commentators is that what matters is not so much the Alliance pledge to spend a minimum of 2% of GDP on defence, as the commitment to devote 20% of defence spending on new equipment.

The Military Balance records that during 2016 defence expenditure in Asia once again outstripped that of Europe. From 2012 – 2016 Asian defence expenditure has grown at a rate of 5-6% annually. A consequence of this is that the technological edge that the West has enjoyed for so long is being eroded. China is developing a new generation of ships, aircraft and missiles; no longer relying on derivative Soviet designs. It is also exporting this capability. Developments in Chinese capability are now the key driver in US defence planning.

In Europe the focus has been on Russia's rearmament. A consequence of this is that Russian rocket artillery systems, something that Russia has long been good at, now outranges most comparable NATO systems. It may be that the rate of rate of Russian expenditure will slow down because of the depression in the price of oil, but such funds as are available are invested in new equipment. Like China, Russia is creating an environment that is more complicated for western military planners than existed previously.

Around the world, turbulence continues; the recent launch by North Korea of a ballistic missile makes the point. Turmoil in the Middle East and terrorist attacks in Europe, demonstrate that it is a good time to be an analyst, but not a great time to be a policy maker! For Western policy makers, however, one takeaway from the 2017 Military Balance is not 'show me the money, but 'show me the capability.'