IISS Military Balance 2013 is reviewed by Nick Watts of Great North News Services

"Events dear boy, events." were the now famous words of former British Prime Minister Harold Macmillan, when asked what he feared most. His successor might do well to read the current edition of the Military balance, published annually by the London based International Institute for Strategic Studies (IISS). Its advent always gives pause for thought. A key point to emerge is that in 2012 nominal expenditure on defence in Asia overtook NATO Europe. IISS points out that this is not just because European states have been spending less, but that Asian states have been spending more.

In 2012 European NATO expenditure was 11% lower than 2006. Manpower in NATO Europe has declined by over 25% since 2000. A lot of this is represented by non-deployable conscript manpower, but it is indicative of the relative decline of Europe's ability to influence events around an increasingly troubled world. This fact combined with the well-publicised travails in the US and the reluctance of the Obama administration to become embroiled in another foreign war means that Western powers are no longer seen as exporters of security.

The shortcomings which were revealed by the Libyan exercise are also evident from the Mali operation. The US provided strategic airlift and other enablers such as ISTAR and Air to Air refuelling assets. With the US military leadership giving a higher priority to Asia, the lessons of these two campaigns seems to have gone un-noticed among European powers which continue to reduce defence expenditure.

The most immediate security challenge which the Military Balance addresses is that posed by Syria. This conflict has rightly been absorbing a lot of attention, because of its potential to spin out of control and spread across the region. Diplomatic solutions seem as far away as ever. Recent moves by European powers to supply non-lethal equipment to rebels is meant to signal to the Assad regime that it must leave. Assad, however, remains in control of the organs of power and still enjoys significant popular support. The diplomatic road block at the UN only serves to exacerbate frustration, and this has led to increasing arms and supplies reaching the rebels. As yet the nature of the rebel forces is not clear, and IISS refers to rebel v rebel fighting, as groups position themselves for power.

Close by the situation in Iran is not encouraging. The apparent quest for nuclear capability seems designed to provoke the International Community into some sort of action and thus trigger a reaction. Maybe this is what the regime wants. It must be hoped that diplomatic channels remain open. The complicated political and cultural geography of this region does not allow much room for mis-understanding. The war weariness of the US may be encouraging the Iranian regime, or factions with it, to push their luck. IISS notes that Iran has been working to improve its military capability despite an arms embargo. Supplies are being obtained and improvised equipment modernization adds further uncertainty to Iran's capability.

The situation in Egypt remains delicate. The nature of the regime which emerges in Egypt may well affect the wider Maghreb. The possible effect on relations with Israel and the possibility of provocations involving Gaza puts a question mark over the Middle East. The Afghan situation and the drawdown of NATO's ISAF troops is beginning to affect the calculations of governments in the AF-PAK and surrounding area. How the post 2014 situation will play out and what effect this may have on the stability and even the integrity of Pakistan must be worrying, given its own nuclear history. The build-up of military equipment by India, including a strategic relationship with the UK, might enable British defence contractors to win orders, but only adds to the list of potential "events" waiting to happen.

The rise of China as a regional power is fuelling the increase in Asian expenditure, and is also generating an increase in spending among states that are concerned about it. IISS estimates that if China's officially declared expenditure rate continues , it will match that of the US by 2025. However, if the estimate includes those defence related sums not officially acknowledged, it is estimated that China's expenditure could equal US spending by 2023 – just ten years away. Tensions between China and Japan over strategically placed islands in the South China Sea as well as the continuing tension between North and South Korea is also noted.

IISS gives a warning to policymakers in the West particularly. "Understanding how the newly rich countries acquire genuinely important military capacities, and how long it takes for some established powers to lose certain key, especially expeditionary, abilities will be an important task for all defence and strategic analysts."