



EUROPEAN
DEFENCE
AGENCY



Defence
Data 2012



More information on the European Defence Agency is available at: www.eda.europa.eu

ISBN: 978-92-95075-13-9

ISSN: 1831-9513

doi: 10.2836/19546

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Printed in Belgium

Introduction

The European Defence Agency collects defence data on an annual basis. The Ministries of Defence of the Agency's 27 participating Member States (pMS)¹ provide the data. EDA acts as the custodian of the data and publishes the aggregated figures in this booklet. The data are broken down, based on a list of indicators approved by the Agency's Ministerial Steering Board. This list has four sections, represented in the headings of the booklet:

- **General:** macro-economic data to show how defence budgets relate to GDP and overall government spending.
- **Reform:** major categories of defence budget spending – personnel; investment, including R&T; operation and maintenance and others – to show what defence budgets are spent on.
- **European collaboration:** for defence equipment procurement and R&T to show to what extent the Agency's pMS are investing together.
- **Deployability:** military deployed in crisis management operations to show the ratio between deployments and total military personnel.

In November 2007, the Ministerial Steering Board approved

four collective benchmarks for investment:

- **Equipment procurement (including R&D/R&T):** 20% of total defence spending
- **European collaborative equipment procurement:** 35% of total equipment spending
- **Defence R&T:** 2% of total defence spending
- **European collaborative defence R&T:** 20% of total defence R&T spending

These benchmarks are collective: they apply to the total sum spent by all pMS together.

They are voluntary: turning them into national targets is optional. There are no timelines for realising these benchmarks.

In its final section, this brochure provides the results of the collective benchmarks.

The definitions used for the gathering of the data and some general caveats are listed at the end of the brochure.

1. All EU Member States except Denmark. Data in this publication does not include Croatia which became the 27th EDA Member State on 1 July 2013.

EDA pMS Aggregated Defence Data 2012

The figures refer to the total for all EDA 26 pMS¹ and if not otherwise stated, they are nominal.

Total defence expenditure continues to decrease

In 2012, total defence expenditure of the 26 EDA pMS amounted to € 189.6 billion - a reduction of € 1.1 billion or 0.6% compared to 2011. It represented approximately 1.50% of their total GDP and 3.04% of their total government expenditure, both values being the lowest since 2006. In real terms², total defence expenditure has been decreasing since 2006. During the period from 2006 to 2011, it dropped by € 21 billion or almost 10% and between 2011 and 2012 it reduced further by almost 3%.

Equipment procurement increases, but R&D expenditure reduces

Personnel-related expenditure decreased by almost 3% from 2011 to 2012 and reached its lowest level since 2006 (€ 95.7 billion). Nevertheless, it continues to account for over 50% of total defence expenditure. The second biggest component - operation and maintenance expenditure - also decreased by almost 3% and accounted for 23.7% (€ 44.8 billion) of total defence expenditure. On the other hand, after a sharp decrease in 2011, defence investment,

comprising equipment procurement and R&D expenditure, increased by over 5% in 2012 to reach the same level it was in 2006 (€ 39.0 billion or 20.6% of total expenditure). But the two components of investment moved in different directions: while equipment procurement increased by 17% to € 34.2 billion (18.0% of total expenditure), close to the highest level achieved in 2010, R&D expenditure experienced the sharpest decrease since 2006 (-38%) and amounted to € 4.8 billion (2.5% of total expenditure), half its 2006 value. As for R&T³, after a slight increase in 2011, it reduced to € 1.93 billion (1.02% of total expenditure), both being the lowest values since 2006.

Collaboration: increases in procurement but decreases in R&T

2012 data shows a significant decrease in collaborative expenditure. This is partially due to the fact that one EDA pMS was not able to provide data on collaboration this year. If aggregated data of the 25 pMS for which collaborative figures are available is compared, between 2011 and 2012 collaborative equipment procurement increased by

1. Data in this publication does not include Croatia which became the 27th EDA Member State on 1 July 2013, and Denmark which is not an EDA Member State.
2. In order to measure real growth and ensure a "real" comparison between years, inflation needs to be taken into account. Thus, data from 2006 to 2011 has been inflated to 2012 economic conditions (Source of deflator: European Commission ECFIN - based on weight of EU 27).
3. R&T is a subset of R&D which includes only basic research, applied research and technology demonstration, leaving out expenditure for demonstration or development for which a decision to procure has been taken.

10% while European collaboration increased by 16.5% and accounted for 95.5% of total collaborative equipment procurement. As for R&T, expenditure on collaborative projects and programmes decreased by almost 15% during the same period. European collaborative R&T expenditure experienced an even sharper decrease of 38% and accounted for 67.6% of total collaborative R&T expenditure.

Number of military personnel continues to drop while expenditure and investment per military increases

2012 saw the sixth consecutive reduction in military personnel (77.5% of total staff working in defence, the lowest ratio since 2006) and decreased by 6.3% to 1.45 million. On the other hand, the number of civilian personnel increased for the first time since 2006 by 12.8% to 422 315. Whilst military personnel numbers reduced, defence expenditure per military increased by over 6% reaching € 130 457. Defence investment per military also increased by over 12% and stood at € 26 821.

Reduction in troops deployed and in costs of operations

As regards deployed operations outside the EU territory, similarly to the last three years, the average number of troops deployed decreased both in absolute terms (from 53 744 to 49 550) and as a share of military personnel (from 3.5% to 3.4%) and is now at its lowest level since 2006. For the first time since 2006, costs related to deployed

operations decreased by 8% to € 10.8 billion or 5.7% of total defence expenditure. Operations costs per military deployed also marginally decreased for the first time and stood at € 217 000 in 2012.

Progress made on one out of four collective benchmarks

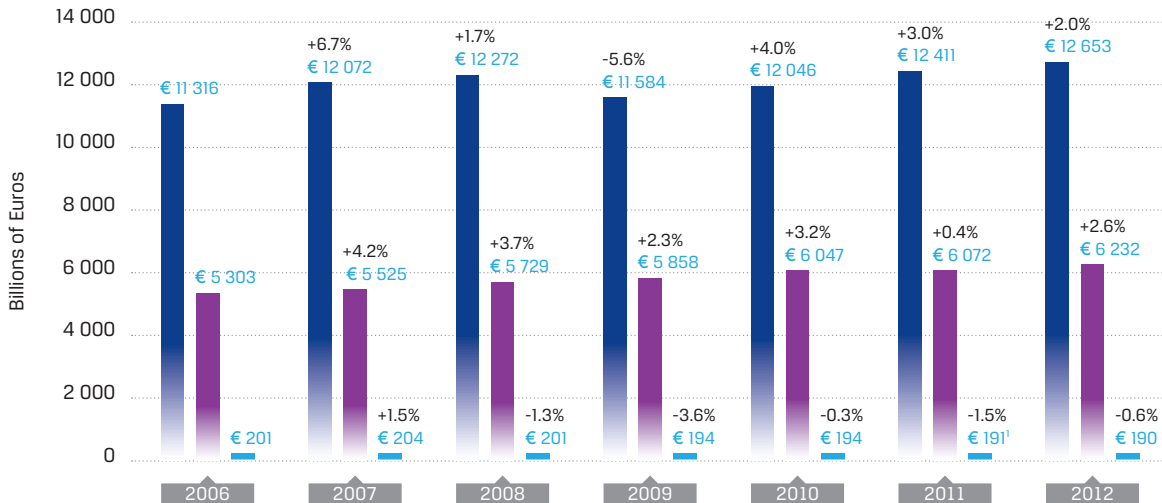
In 2007, EDA pMS agreed on a set of four collective benchmarks for investment. There is no obligation in terms of timeline or adoption of these benchmarks into national targets.

In 2012, only one of the four indicators made progress towards the benchmarks. Due to an increase in defence equipment procurement expenditure, the proportion of investment (equipment procurement and R&D) of total defence expenditure increased from 19.4% to 20.6% thus exceeding the agreed target of 20%. After an increase in 2011, the share of R&T expenditure in total defence expenditure decreased to its lowest level since 2006: 1.02% (the benchmark is 2%).

Due to incomplete collaborative data, it is not possible to measure progress towards the two other benchmarks: European collaborative equipment procurement as a percentage of total equipment procurement (the benchmark is 35%) and European collaborative defence R&T as a percentage of total defence R&T (the benchmark is 20%).

GENERAL - Macro Economic Data

GDP, Overall Government Expenditure and Total Defence Expenditure

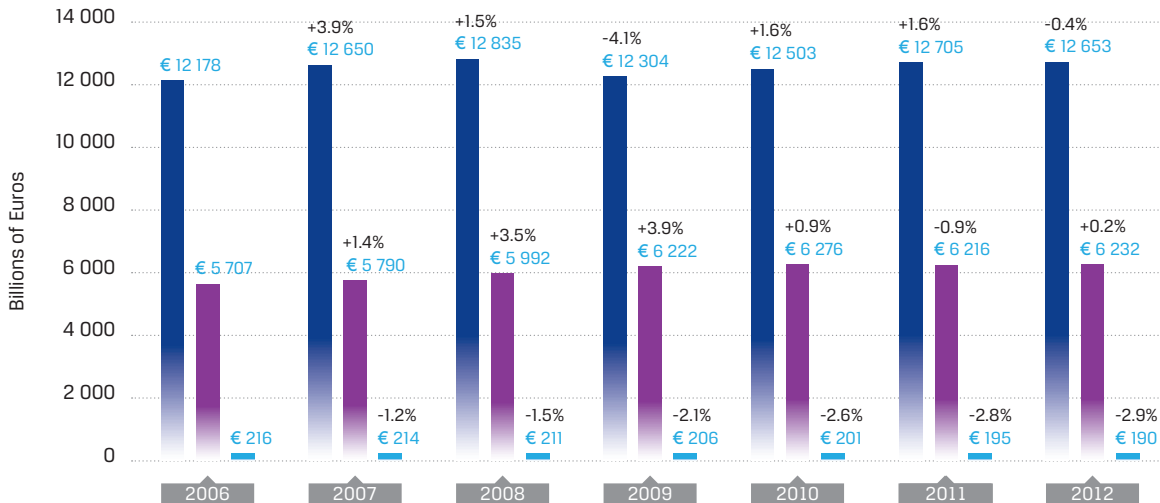


- GDP
- Overall Government Expenditure
- Defence Expenditure

1. Revised data.

GENERAL – Macro Economic Data

GDP, Overall Government Expenditure and Total Defence Expenditure – real comparison¹

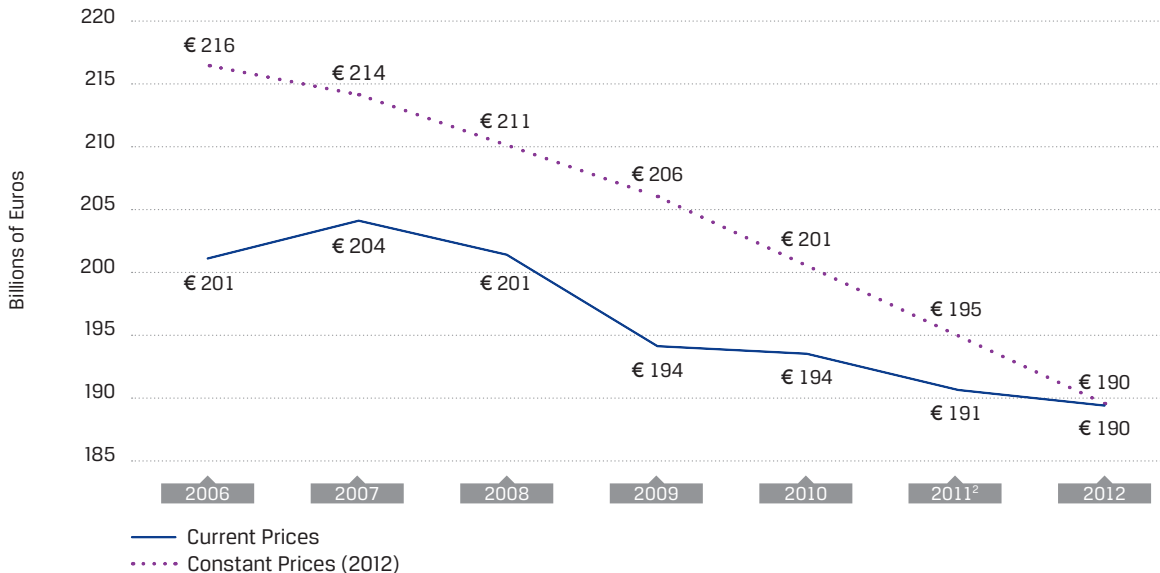


- GDP
- Overall Government Expenditure
- Defence Expenditure

1. In order to measure real growth and ensure a 'real' comparison between years, inflation needs to be taken into account. Thus, data from 2006 to 2011 has been inflated to 2012 economic conditions (Source of deflator: European Commission ECFIN – based on weight of EU 27).

GENERAL – Macro Economic Data

Defence Expenditure in Current and Constant¹ Prices

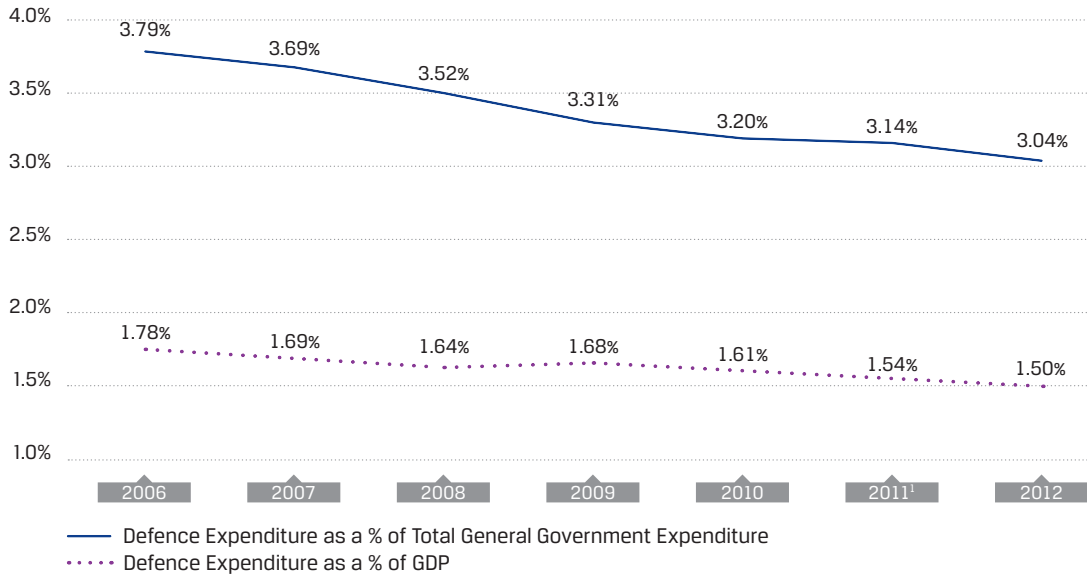


1. Data from 2006 to 2011 has been inflated to 2012 economic conditions (Source of deflator: European Commission ECFIN – based on weight of EU 27).

2. Revised data.

GENERAL – Macro Economic Data

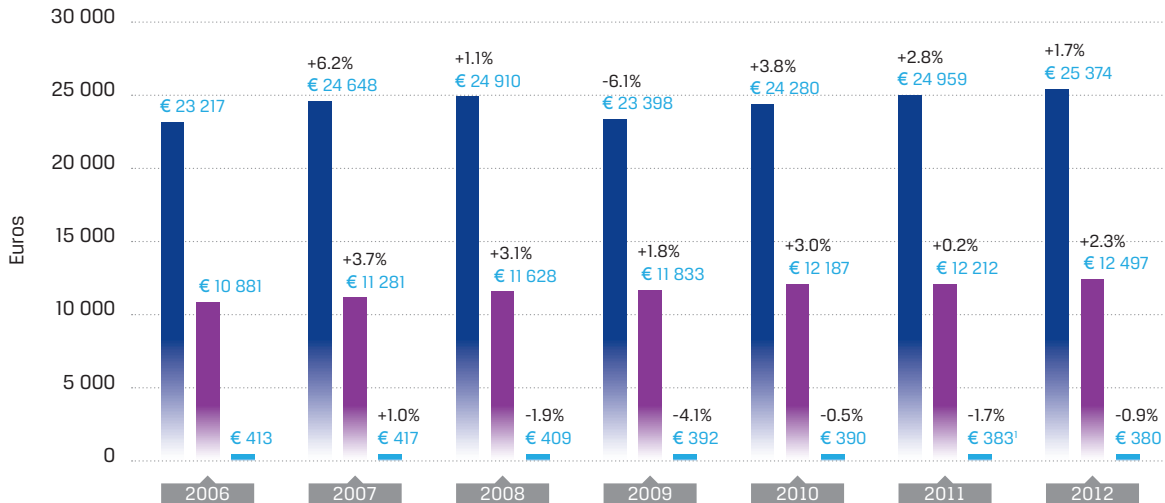
Defence Expenditure as % of GDP and as % of Overall Government Expenditure



1. Revised data.

GENERAL – Macro Economic Data

Expenditure per Capita

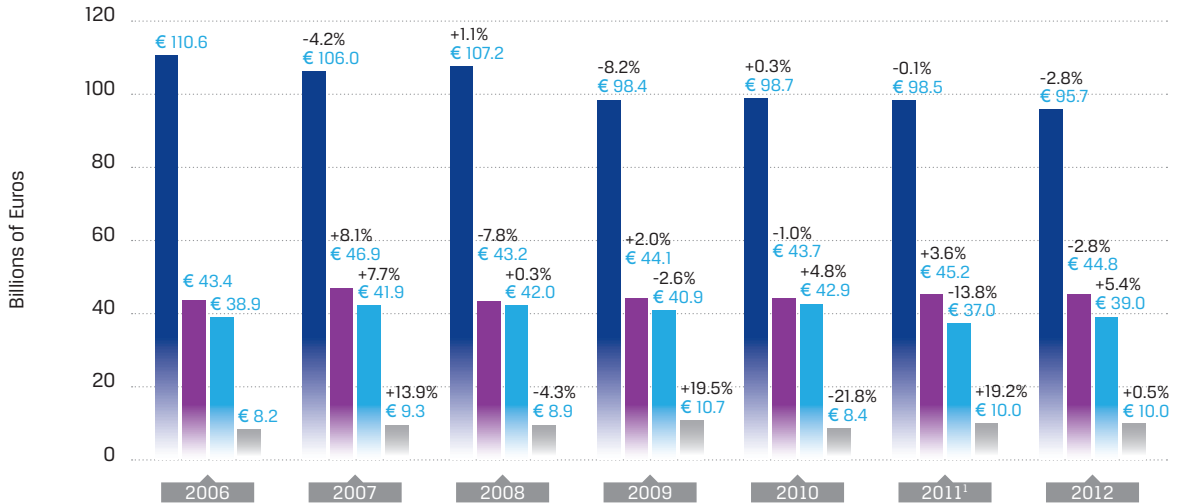


- GDP per Capita
- Government Expenditure per Capita
- Defence Expenditure per Capita

1. Revised data.

REFORM – Defence Expenditure Breakdown

Defence Expenditure Breakdown in absolute values

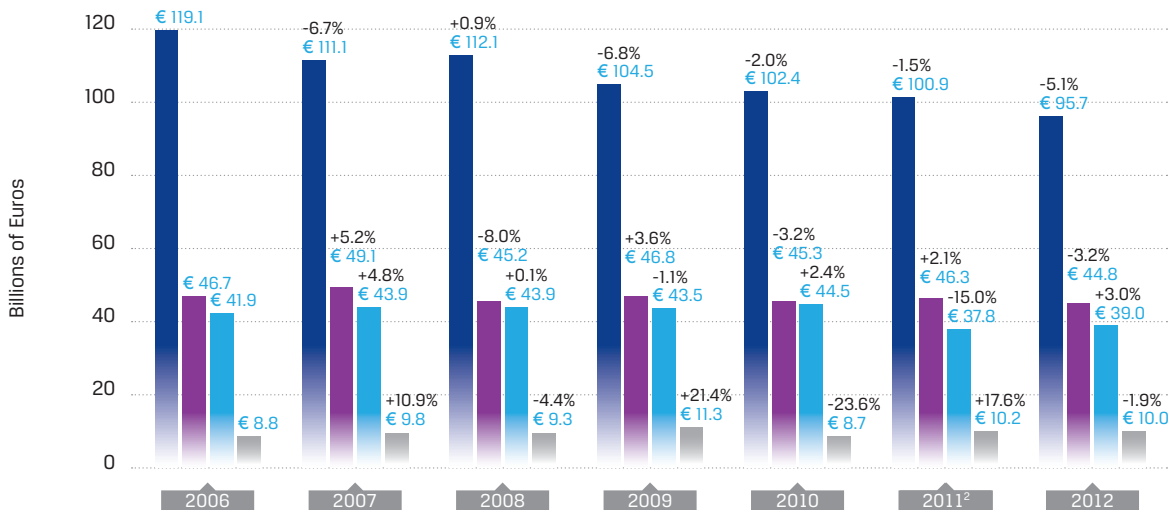


- Personnel
- Operation and Maintenance
- Investment (Equipment Procurement and R&D)
- Other expenditure (including Infrastructure)

1. Revised data.

REFORM – Defence Expenditure Breakdown

Defence Expenditure Breakdown in absolute values – real comparison¹



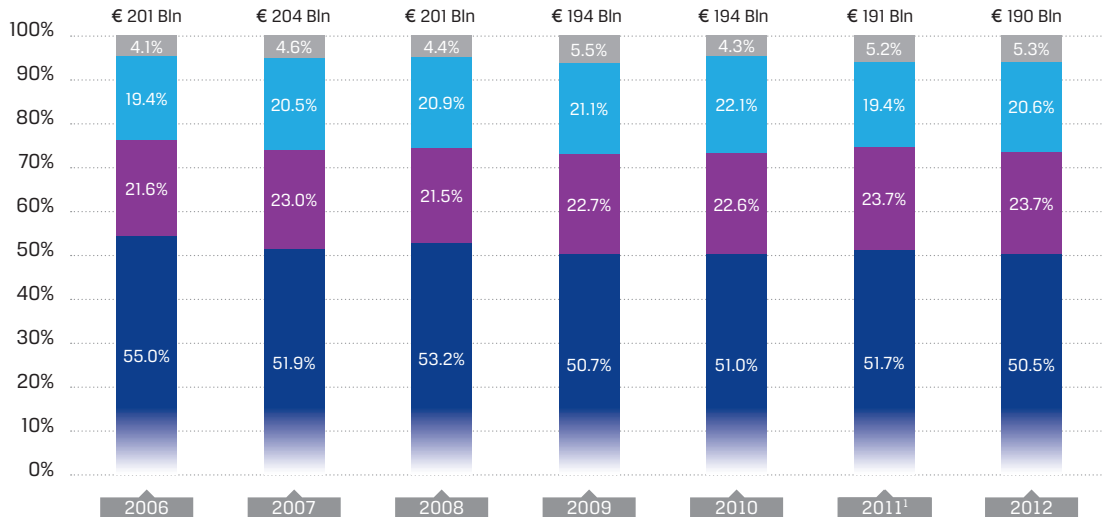
- Personnel
- Operation and Maintenance
- Investment (Equipment Procurement and R&D)
- Other expenditure (including Infrastructure)

1. In order to measure real growth and ensure a 'real' comparison between years, inflation needs to be taken into account. Thus, data from 2006 to 2011 has been inflated to 2012 economic conditions (Source of deflator: European Commission ECFIN – based on weight of EU 27).

2. Revised data.

REFORM – Defence Expenditure Breakdown

Defence Expenditure Breakdown in percentages

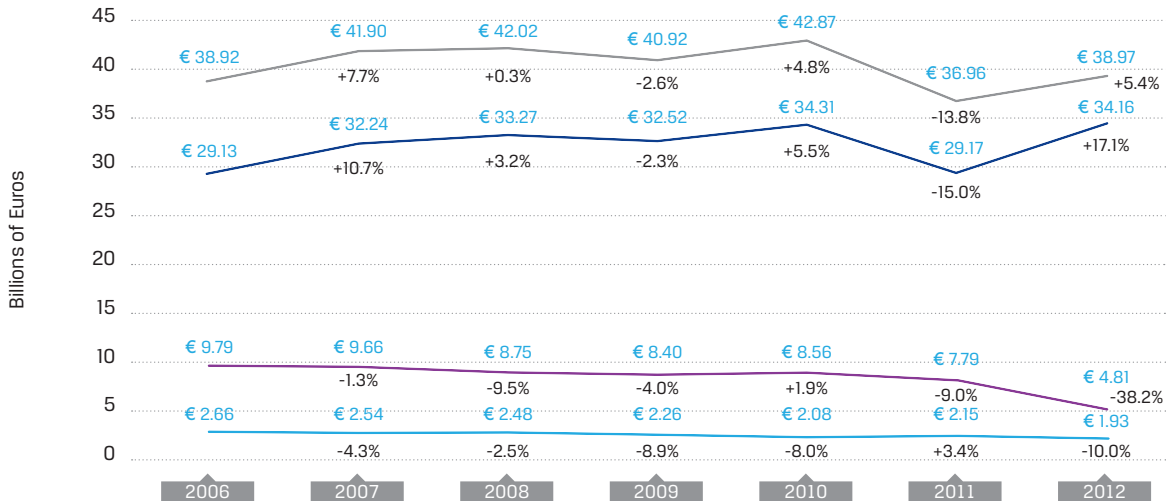


- Personnel
- Operation and Maintenance
- Investment (Equipment Procurement and R&D)
- Other expenditure (including Infrastructure)

1. Revised data.

REFORM – Investment Breakdown

Defence Equipment Procurement and R&D/R&T¹ Expenditure in absolute values

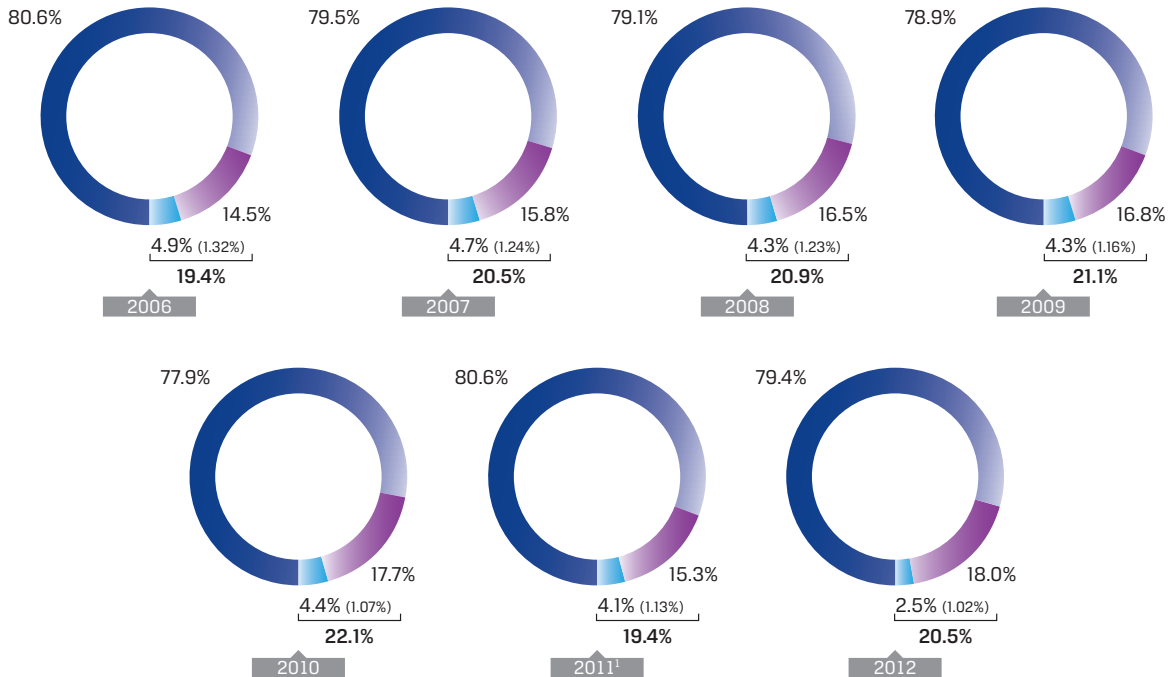


- Total Investment
- Equipment Procurement
- R&D
- R&T

1. R&T is a subset of R&D.

REFORM – Investment Breakdown

Defence Equipment Procurement and R&D/R&T as % of Total Defence Expenditure

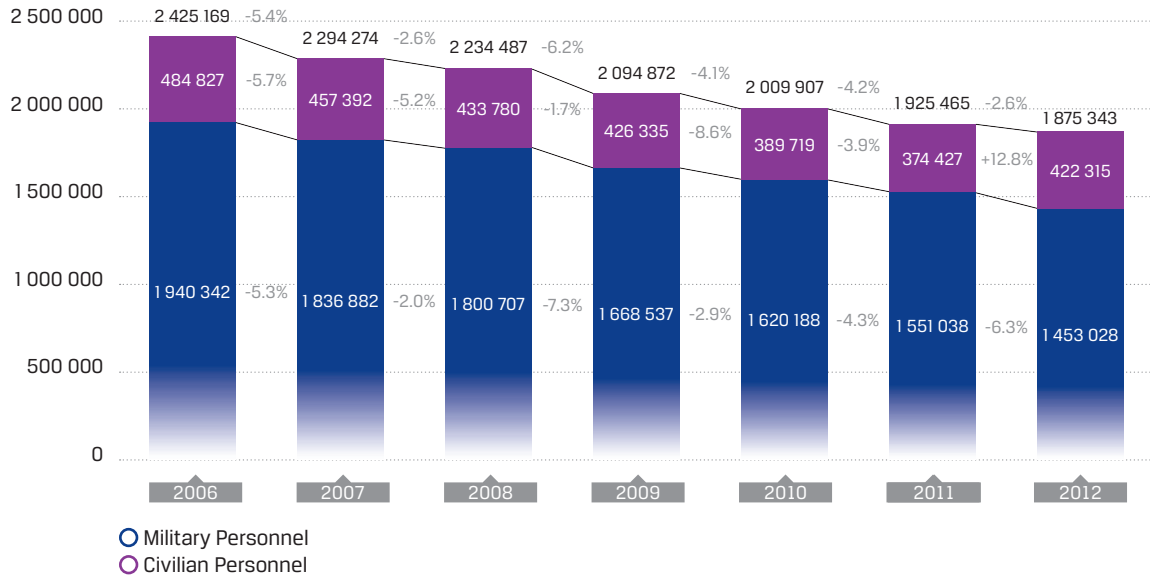


○ Defence Equipment Procurement
 ○ R&D (Includes R&T)
 ○ Other Defence Expenditure

1. Revised data.

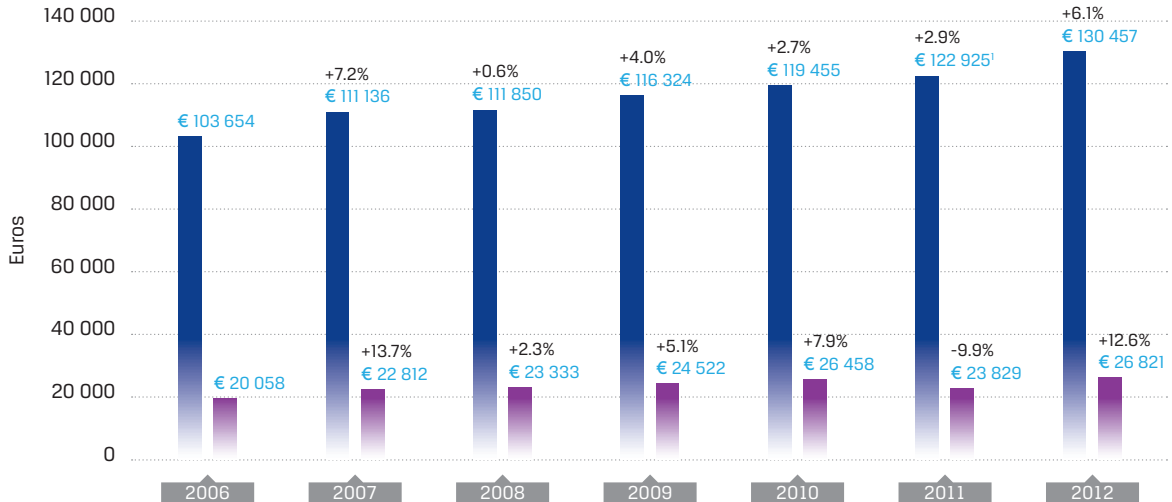
REFORM – Personnel

Number of Military and Civilian Personnel



REFORM – Expenditure per Military

Defence Expenditure and Investment (Equipment Procurement and R&D) per Military

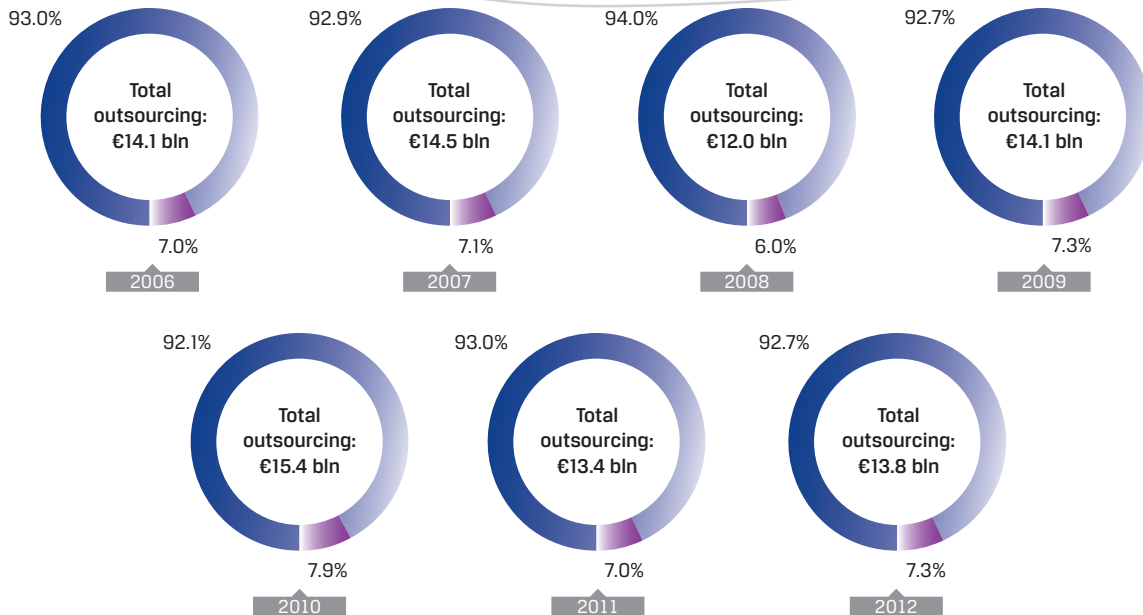


- Defence Expenditure per Military
- Defence Investment per Military

1. Revised data.

REFORM – Outsourcing

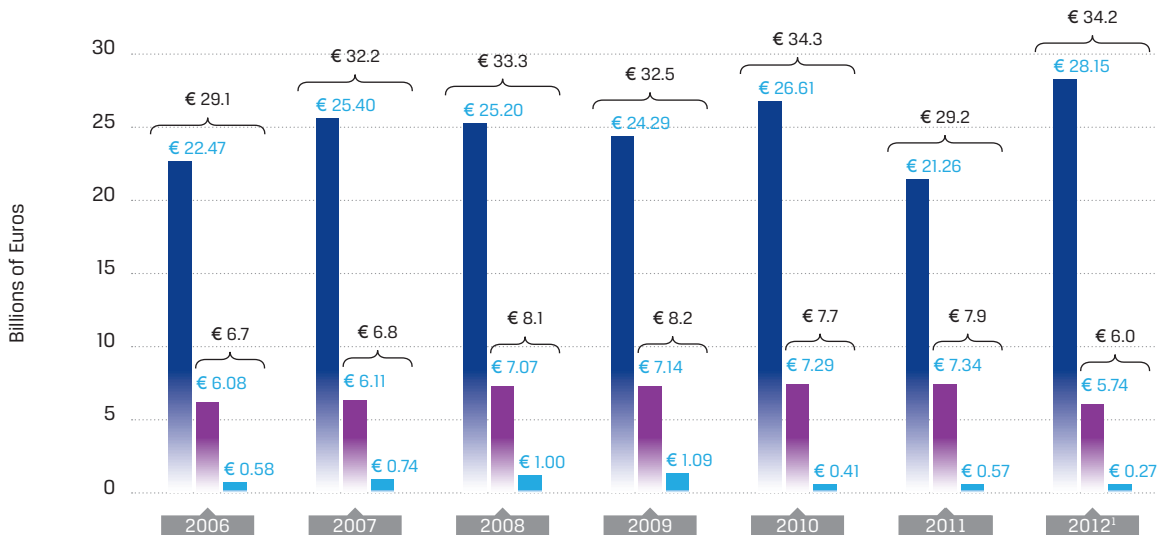
Outsourcing – absolute values and percentages



○ Outsourcing ○ Remaining Defence Expenditure

EUROPEAN COLLABORATION – Equipment Procurement

National and Collaborative Defence Equipment Procurement – absolute values

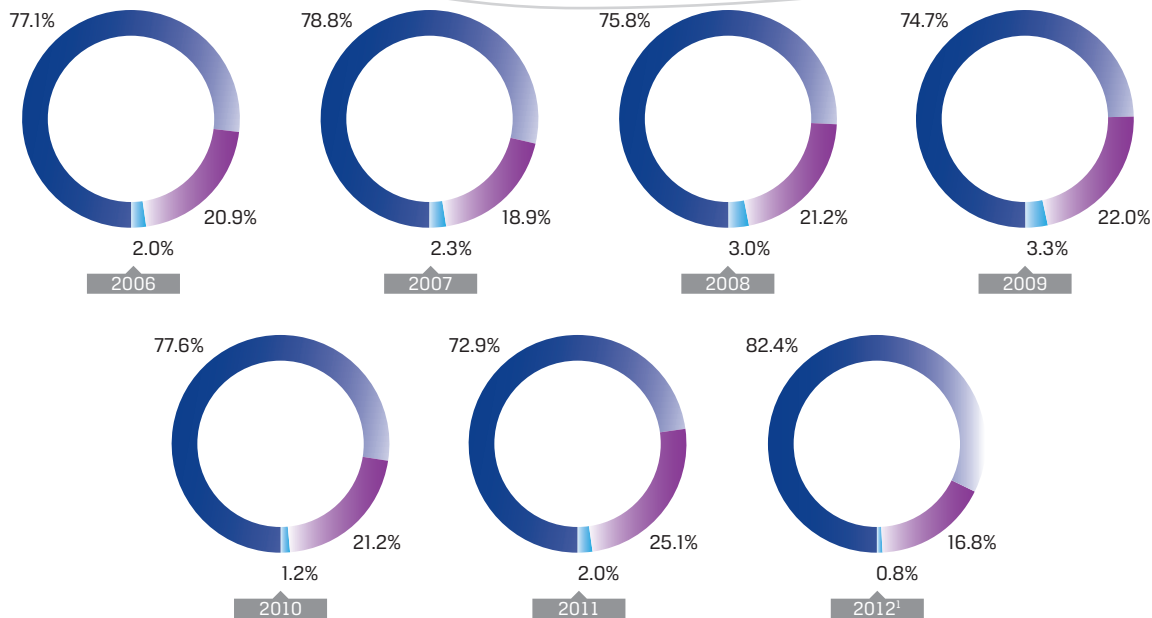


- National Defence Equipment Procurement
- European Collaborative Defence Equipment Procurement
- Other Collaborative Defence Equipment Procurement

1. Partial: one pMS not able to provide data.

EUROPEAN COLLABORATION – Equipment Procurement

National and Collaborative Defence Equipment Procurement – percentage breakdown

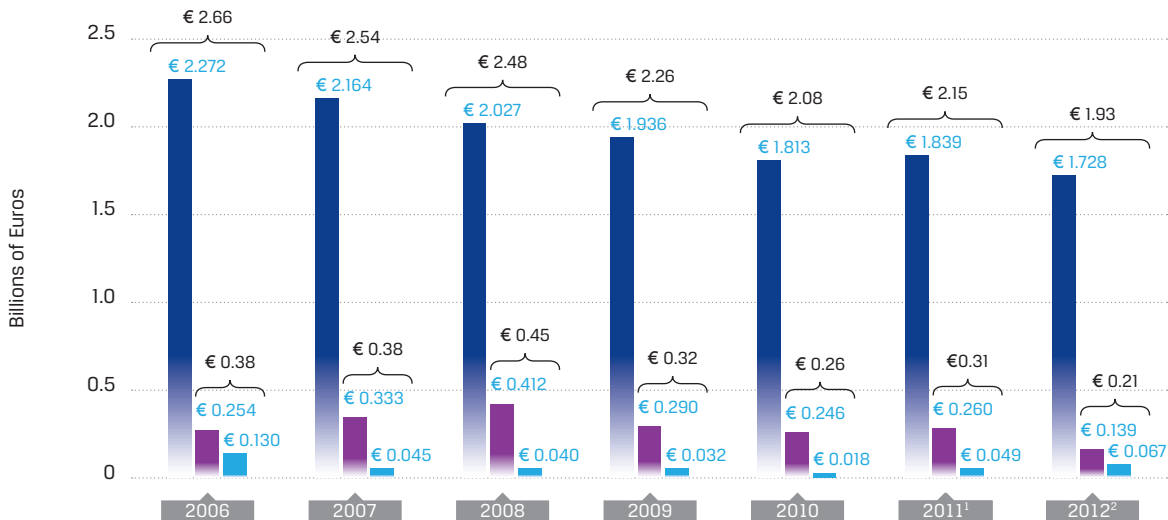


○ National Defence Equipment Procurement
 ○ European Collaborative Defence Equipment Procurement
 ○ Other Collaborative Defence Equipment Procurement

1. Partial: one pMS not able to provide data.

EUROPEAN COLLABORATION – R&T

National and Collaborative Defence R&T– absolute values



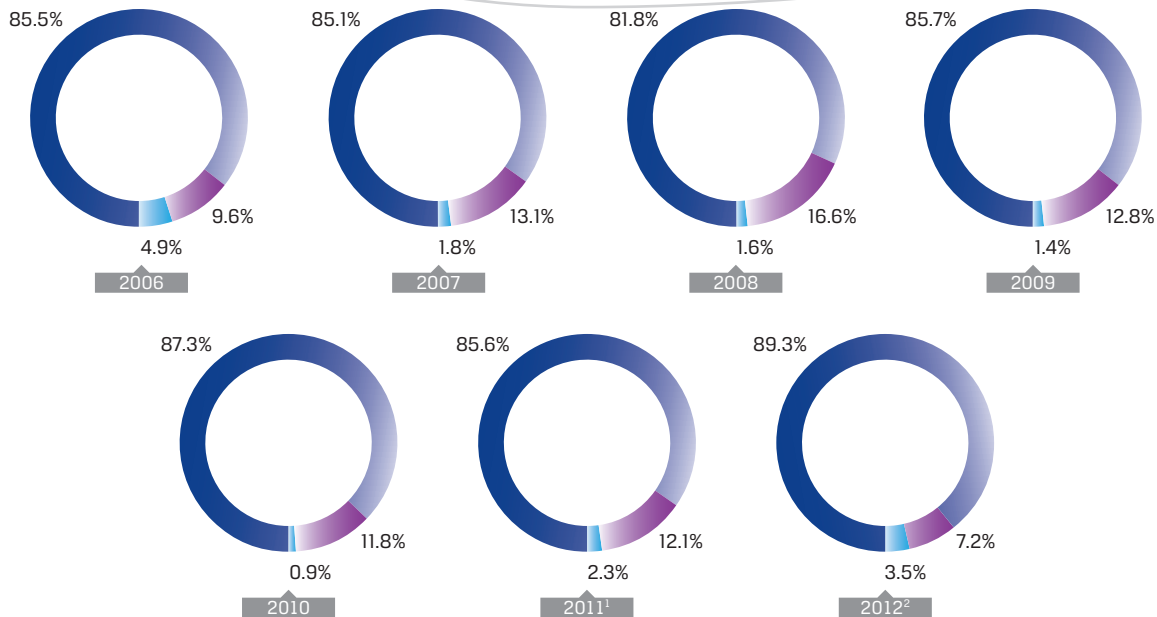
- National Defence R&T
- European Collaborative Defence R&T
- Other Collaborative Defence R&T

1. Revised data.

2. Partial: one pMS not able to provide data.

EUROPEAN COLLABORATION – R&T

National and Collaborative Defence R&T – absolute values



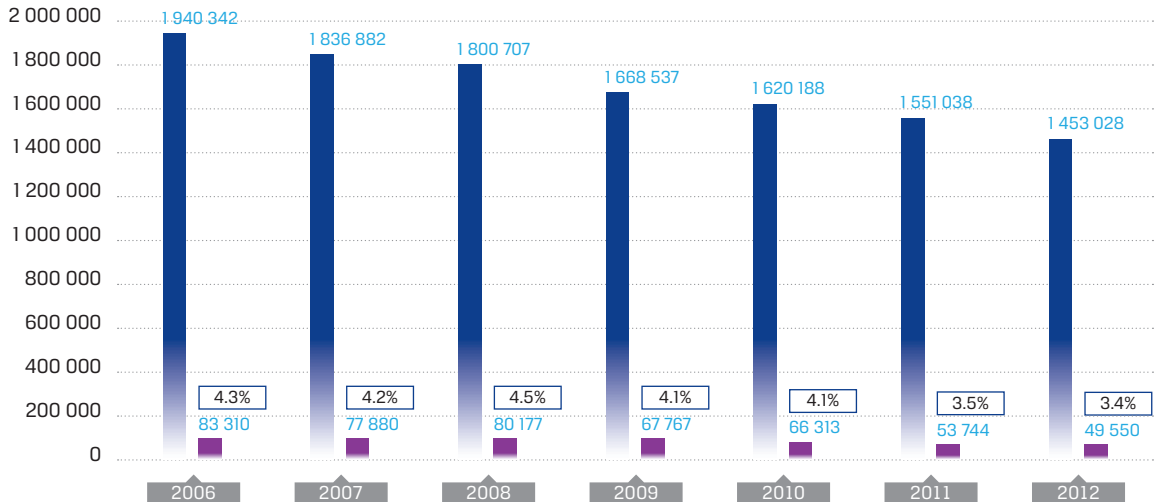
○ National Defence R&T
 ○ European Collaborative Defence R&T
 ○ Other Collaborative Defence R&T

1. Revised data.

2. Partial: one pMS not able to provide data.

DEPLOYABILITY – Troops Deployed

Average Number of Troops Deployed

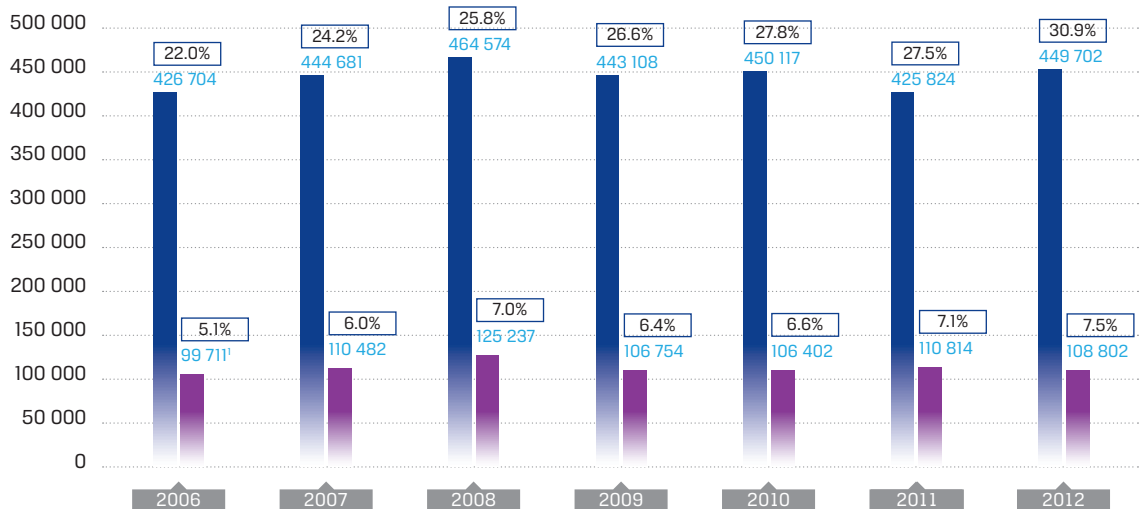


- Number of Military Personnel
- Average Number of Troops Deployed

% of Military Personnel

DEPLOYABILITY- Deployable and Sustainable (Land) Forces

Number of Deployable and Sustainable (Land) Forces



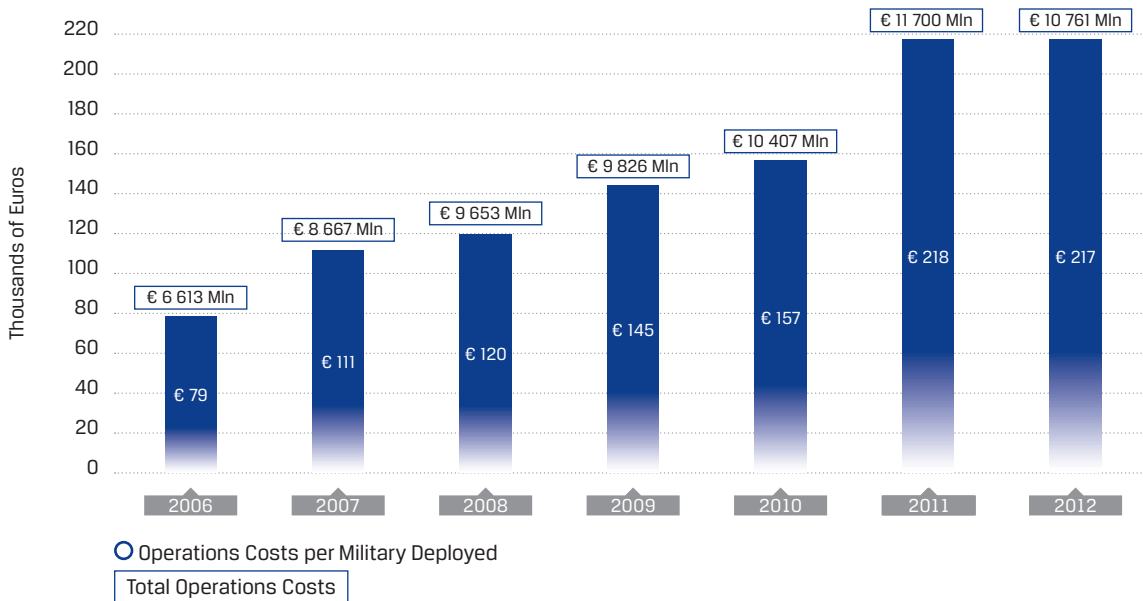
- Deployable (Land) Forces
- Sustainable (Land) Forces

% of Military Personnel

1. Revised data.

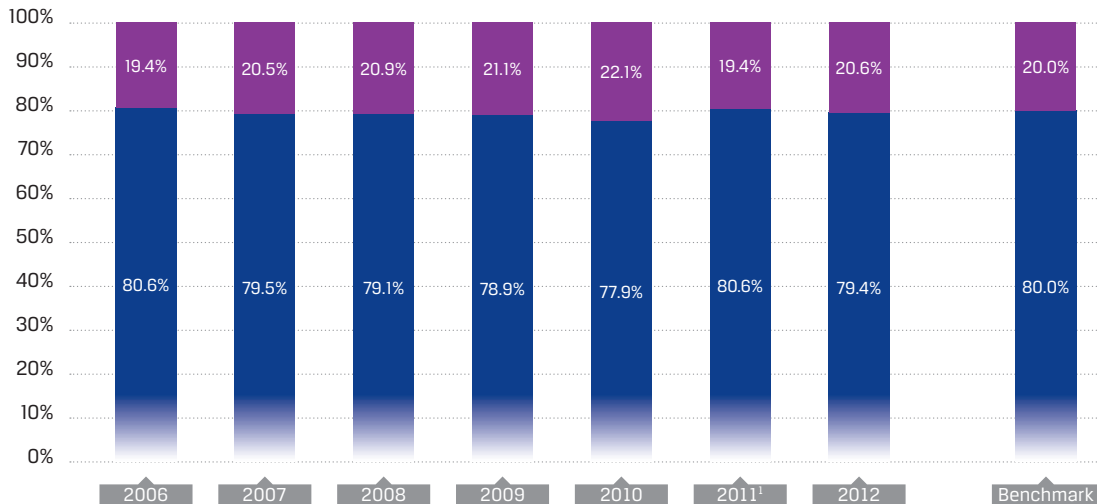
DEPLOYABILITY – Operations Costs

Operations Costs per Military Deployed and Total Operations Costs



BENCHMARKS

Defence Equipment Procurement and R&D Expenditure as % of Total Defence Expenditure

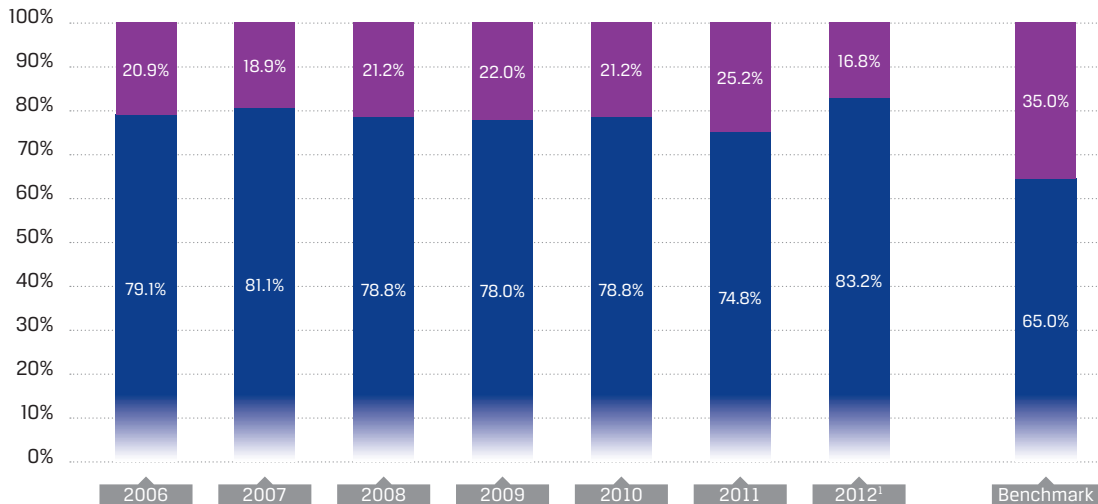


- Defence Equipment Procurement and R&D Expenditure
- Other Defence Expenditure

1. Revised data.

BENCHMARKS

European Collaborative Defence Equipment Procurement as % of Total Equipment Procurement

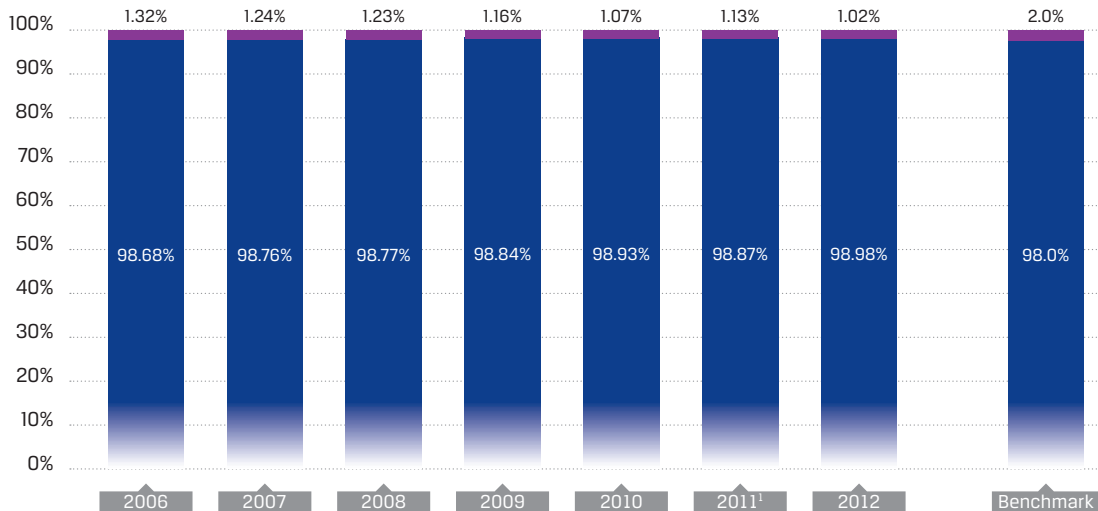


- European Collaborative Defence Equipment Procurement
- Other Defence Equipment Procurement

1. Partial: one pMS not able to provide data.

BENCHMARKS

Defence R&T Expenditure as % of Total Defence Expenditure

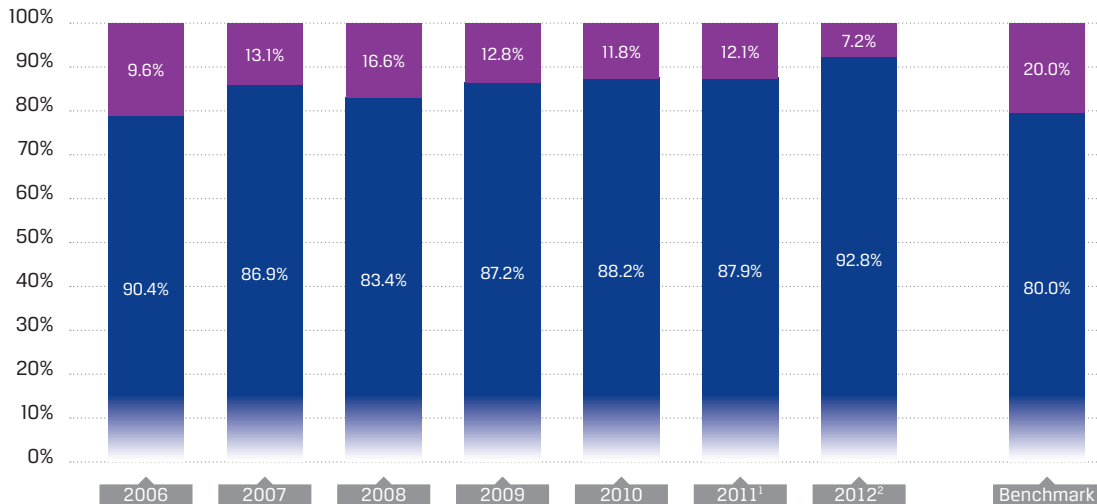


- Defence R&T Expenditure
- Remaining Defence Expenditure

1. Revised data.

BENCHMARKS

European Collaborative Defence R&T as % of Total Defence R&T



- European Collaborative Defence R&T
- Other Defence R&T

1. Revised data.

2. Partial: one pMS not able to provide data.

Additional Notes on the Data

EDA receives the data from the Ministries of Defence of the 27 pMS. On occasions the data can be revised and this may have an impact on the overall aggregated figures. In order to have the most up-to-date data please check EDA's website for updates:

<http://www.eda.europa.eu/>

- Data on GDP, General Government Expenditure and Population have been collected from Eurostat. However, this data is occasionally revised which may impact some of the data calculated by EDA.
- The data provided is at aggregate level which can produce different figures from other sources due to rounding.
- For some spending categories, a margin of error exists as accounting systems in the pMS differ. Nevertheless, the presented data represents the best publicly available figures.
- Comparisons are made for 2006 to 2012. It should be noted that more firm trend analysis will only be possible after several years of data-gathering.
- Significant changes in the exchange rates with the Euro has had a considerable impact on the 2008 data; the lower amount of defence expenditure is partly caused by significant drops of some of the pMS' currency exchange rates to the Euro.

Definitions

Data collection is based on definitions approved by the pMS. The definitions below have been shortened and edited for this publication.

- **Macroeconomic data:** GDP, General Government Expenditure and Population are based on data from Eurostat.
- **Total defence expenditure** is defined as total Ministry of Defence (MoD) expenditure and defence related expenditure from other sources (other Ministries' special budgetary lines).
- **Civilian personnel:** the authorised strength of all civilian personnel on 31 December of each year employed by all military establishments and the armed forces.
- **Military personnel:** the authorised strengths of all active military personnel on 31 December of each year.
- **Personnel expenditure:** all personnel-related expenditure for military and civilian personnel, including from non-MoD sources.
- **Defence equipment procurement expenditure:** expenditure for all major equipment categories.
- **Research and Development (R&D):** any R&D programmes up to the point where expenditure for production of equipment starts to be incurred.
- **Research and Technology (R&T):** expenditure for basic research, applied research and technology demonstration for defence purposes. It is a subset of R&D.
- **Investment:** Equipment procurement and R&D (including R&T) expenditure.
- **Operation and Maintenance (O&M) expenditure:** covers O&M (spare parts and supplies) of major equipment, other equipment and supplies, and costs related to maintaining utilities and infrastructure.
- **Other expenditure:** all other expenditure that cannot be attributed to any of the above categories.
- **Outsourcing:** defence expenditure for which services have been contracted at central level with service suppliers from outside the MoD and/or Armed Forces.
- **European Collaboration (a subset of Collaboration):** agreement by at least two EU Member States' Ministries of Defence for project or programme contracts. Possible non-EU partners' share in such contracts is lower than 50%.
- **Other collaborative expenditure:** all collaborative expenditure that does not fall under the European Collaboration definition.
- **Average number of troops deployed:** average number of troops deployed throughout the year (all Armed Forces).
- **Deployable (land) forces:** (land) forces troops prepared for deployed operations (the NATO 50% target).
- **Sustainable (land) forces:** (land) forces troops undertaking or planned for sustained operations (the NATO 10% target).
- **Operations costs:** all national expenditure to cover incremental (extra) costs linked to deployed operations outside the EU Member States' territory.



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0U-AB-13-002-EN-C

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ISBN 978-92-95075-13-9



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