

## Appendix 8D. The reporting of military expenditure data

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### I. Introduction

The United Nations (UN) in its latest General Assembly resolution on objective information on military matters asserts that 'a better flow of objective information on military matters can help to relieve international tension and is therefore an important contribution to conflict prevention' and that transparency in military issues as the essential element for building trust among countries.<sup>1</sup> It also encourages international and regional organizations to promote measures for transparency of military expenditure in regular and standardized way.<sup>2</sup>

Obtaining primary and comparable data on official military expenditure has been an important project for both SIPRI and the UN Department of Disarmament Affairs (DDA). SIPRI has collected and published official data on military expenditure since 1969 and has sent out requests to governments to report their data by filling in a standardized form since 1993.<sup>3</sup> Annually since 1981 the UN has requested that its member states (now 191) report their military expenditure using the UN's Standardized Instrument for Reporting Military Expenditures.<sup>4</sup> Both the UN and SIPRI have also engaged in facilitating the understanding of the relevance and purpose of transparency in military expenditure, particularly through regional workshops.<sup>5</sup> Other international bodies, such as the Organization for Security and Co-operation in Europe (OSCE), have promoted the reporting of military spending as part of confidence- and security-building measures (CSBMs). These differ from the SIPRI questionnaire and the UN Standardized Instrument, since the reports are only available to the countries participating in the CSBM, not the general public. Section II of this appendix presents the response rates by governments to the UN and SIPRI reporting systems in 2005, while section III describes some other international bodies' reporting initiatives in the framework of CSBMs.

<sup>1</sup> United Nations, General Assembly Resolution A/RES/60/44, 8 Dec. 2005, URL <<http://www.un.org/Depts/dhl/resguide/r60.htm>>.

<sup>2</sup> On transparency in the arms life cycle, including military expenditure, see chapter 6 in this volume.

<sup>3</sup> Data requests were initially sent only to countries for which data were most difficult to get. However, since 2002 requests have been sent to most of the governments included in the SIPRI Military Expenditure Database.

<sup>4</sup> For a description of the UN and SIPRI reporting systems, including reproductions of their respective standardized forms for reporting of military expenditure, see Sköns, E. and Nazet, N., 'The reporting of military expenditure data', *SIPRI Yearbook 2004: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2004), pp. 376-77.

<sup>5</sup> During 2005 the UN held workshops in Fiji, Kenya and the USA. SIPRI held workshops in Ethiopia and Nigeria in the framework of its project Budgeting for the Military Sector in Africa.

## II. Reporting of military expenditure data to SIPRI and the UN in 2005

In 2005 a total of 81 countries reported data on military expenditure either to the UN or to SIPRI (see table 8D.1, column 7). The same number reported data in 2004. In addition, 14 countries submitted reports to the UN with no data, 'nil reports' (see table 8D.1, column 5) giving a total of 95 countries that submitted reports in response to a request for military expenditure data. The account below focuses on the countries that actually reported data and disregards the nil reports, which, with the exceptions of Bolivia and Tonga, were submitted by countries that have no or minimal defence forces.

In 2005 the number of reports received by SIPRI increased to 65 (see table 8D.1, column 2). This was an increase from the 61 countries that reported in 2004. However, since SIPRI increased the number of country to which it sent requests from 159 in 2004 to 167 in 2005, the response rate was virtually constant—39 per cent in 2005 against 38 per cent in 2004.<sup>6</sup>

The number of countries reporting data to the UN decreased from 68 in 2004 to 62 in 2005 (table 8D.1, column 6). Including the nil reports, the total number of reports to the UN decreased from 79 in 2004 to 76 in 2005. The data reports in 2005 (excluding the nil reports) represent a response rate of 32 per cent of member states, a fall from 36 per cent in 2004.<sup>7</sup>

On a regional basis, table 8D.1 shows that seven *African* countries—Angola, Burkina Faso, Mauritius, Namibia, the Seychelles, South Africa and Zimbabwe—reported to SIPRI, whereas only one country—Zimbabwe—reported to the UN. In *North America* only the USA reported to SIPRI, while both Canada and the USA reported to the UN. Four of the eight *Central American* countries reported to SIPRI—Guatemala, Honduras, Mexico and El Salvador—while three countries—Guatemala, Honduras and Mexico—reported data to the UN. In *South America* five out of the 11 countries covered reported to SIPRI—Argentina, Bolivia, Brazil, Colombia, and Uruguay. Three South American countries—Argentina, Brazil and Ecuador—reported data to the UN.

No *Central Asian* country reported to SIPRI in 2004 or 2005. The only Central Asian country that reported to the UN in 2005 was Kazakhstan. Five out of 16 countries in *East Asia* reported to SIPRI—Cambodia, China, Japan, South Korea and Taiwan. Six East Asian countries reported data to the UN—Cambodia, Indonesia, Japan, South Korea, Malaysia and Thailand. In *South Asia* three countries—India, Pakistan and Sri Lanka—reported to SIPRI and two—Bangladesh and Nepal—to the UN. In *Oceania* Australia and New Zealand reported both to SIPRI and the UN.

In 2005 most of the European countries submitted reports to both SIPRI and the UN. In *Western Europe* 17 out of 21 countries reported to SIPRI and 20 to the UN.<sup>8</sup>

<sup>6</sup> SIPRI expanded its country coverage to 170 countries in 2005 by including the Caribbean countries in the SIPRI Military Expenditure Database; however, owing to a combination of the countries' small size and the lack of data, not all of these countries have been included in the military expenditure tables in appendix 8A. Requests for data were not sent to 3 countries: Costa Rica, because of its exceptionally small defence forces; and Rwanda and Somalia owing to a lack of contact information.

<sup>7</sup> For a graph of the trend in reporting military expenditure to the UN reports on during 1992–2005 see the website of the UN Department of Disarmament Affairs, URL <<http://disarmament.un.org/cab/milex.html>>.

<sup>8</sup> The total number of countries in Western Europe that responded to either SIPRI or the UN was 21 out of 21 since Iceland returned a nil report to the UN.

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**Table 8D.1.** Reporting of military expenditure data to SIPRI and the United Nations, by region, 2005

Figures are numbers of countries.

| Region/<br>sub-region <sup>a</sup> | SIPRI<br>requests<br>(1) | SIPRI<br>reports<br>(2) <sup>b</sup> | UN<br>requests<br>(3) | UN data<br>reports<br>(4) <sup>c</sup> | UN nil<br>reports<br>(5) <sup>d</sup> | Total UN<br>reports<br>(6) | SIPRI +<br>UN reports<br>(7) <sup>e</sup> |
|------------------------------------|--------------------------|--------------------------------------|-----------------------|--|---------------------------------------|----------------------------|---|
| Africa                             | 48                       | 7                                    | 50                    | 1                                      | (0)                                   | 1                          | 7   |
| America, North                     | 2                        | 1                                    | 2                     | 2                                      | (0)                                   | 2                          | 2   |
| America, Central                   | 7                        | 4                                    | 8                     | 3                                      | (2)                                   | 5                          | 4   |
| America, South                     | 11                       | 5                                    | 11                    | 3                                      | (1)                                   | 4                          | 6   |
| Caribbean                          | 7                        | 1                                    | 5                     | 1                                      | (0)                                   | 1                          | 2   |
| Asia, Central                      | 5                        | 0                                    | 5                     | 1                                      | (0)                                   | 1                          | 1   |
| Asia, East                         | 16                       | 5                                    | 17                    | 6                                      | (0)                                   | 6                          | 8   |
| Asia, South                        | 6                        | 3                                    | 6                     | 2                                      | (0)                                   | 2                          | 5   |
| Oceania                            | 4                        | 2                                    | 4                     | 2                                      | (0)                                   | 2                          | 2   |
| Europe, West                       | 21                       | 17                                   | 21                    | 19                                     | (1)                                   | 20                         | 20  |
| Europe, Central                    | 15                       | 14                                   | 15                    | 14                                     | (0)                                   | 14                         | 15  |
| Europe, East                       | 7                        | 4                                    | 7                     | 5                                      | (0)                                   | 5                          | 6   |
| Middle East                        | 14                       | 2                                    | 14                    | 2                                      | (0)                                   | 2                          | 2   |
| Small states <sup>f</sup>          | 4                        | 0                                    | 26                    | 1                                      | (10)                                  | 11                         | 1   |
| <b>Total</b>                       | <b>167</b>               | <b>65</b>                            | <b>191</b>            | <b>62</b>                              | <b>(14)</b>                           | <b>76</b>                  | <b>81</b>                                 |

<sup>a</sup> In order to make the SIPRI and UN reporting systems comparable, the countries above have been grouped according to the geographical regions in the SIPRI military expenditure database. See notes in table 8A.1, appendix 8A.

<sup>b</sup> The countries reporting data to SIPRI were: Angola, Argentina, Armenia, Australia, Austria, Belarus, Belgium, Bolivia, Bosnia and Herzegovina, Brazil, Bulgaria, Burkina Faso, Cambodia, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Dominican Republic, El Salvador, Estonia, Finland, France, Georgia, Germany, Greece, Guatemala, Honduras, Hungary, India, Italy, Japan, Jordan, South Korea, Latvia, Lebanon, Lithuania, Luxembourg, Macedonia (Former Yugoslav Republic of, FYROM), Malta, Mauritius, Mexico, Moldova, Namibia, Netherlands, New Zealand, Norway, Pakistan, Poland, Romania, Serbia and Montenegro, Seychelles, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Turkey, Uruguay, USA and Zimbabwe.

<sup>c</sup> The countries reporting data to the UN were: Albania, Argentina, Armenia, Australia, Austria, Bangladesh, Belarus, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Cambodia, Canada, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Finland, Georgia, Germany, Greece, Guatemala, Honduras, Hungary, Indonesia, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, South Korea, Latvia, Lebanon, Lithuania, Luxemburg, Malaysia, Malta, Mexico, Nepal, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russia, San Marino, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, UK, USA and Zimbabwe. The following 7 reported their data using a simplified UN questionnaire: Cambodia, South Korea, Lebanon, Malaysia, Nepal, San Marino and Zimbabwe.

<sup>d</sup> 12 UN member states submitted nil reports: Andorra, Bolivia, Costa Rica, Iceland, Kiribati, Liechtenstein, Marshall Islands, Monaco, Panama, Samoa, Solomon Islands and Tonga. In addition, 2 non-UN members submitted nil reports: Cook Islands and Holy See.

<sup>e</sup> Column 7 shows the total number of countries that submitted reports with military expenditure data (excluding the nil reports). Totals may be smaller than the sums of columns 2 and 4 because the same country may appear in both columns.

<sup>f</sup> These are very small UN member states with no or only minimal defence forces.

*Sources:* Submitted filled-in SIPRI questionnaires; and United Nations, 'Objective information on military matters, including transparency of military expenditures', Report of the UN Secretary-General, UN document A/60/159, 25 July 2005; and United Nations, 'Objective information on military matters, including transparency on military expenditures', Report of the UN Secretary-General, UN document A/60/159/Add. 1, 20 Sep. 2005, and A/60/159/Add. 2, 27 Dec. 2005, URL <<http://disarmament2.un.org/cab/milex.html>>.

In *Central and Eastern Europe* all but one country covered by the SIPRI Military Expenditure Database—Albania—reported to SIPRI, while only the Former Yugoslav Republic of Macedonia did not report to the UN. Of the seven European states belonging to the *Commonwealth of Independent States* (CIS), four reported to SIPRI—Armenia, Belarus, Georgia and Moldova—and five to the UN—Armenia, Belarus, Georgia, Russia and Ukraine.

In the *Middle East* the response rate was very low, as it has been in previous years. Two countries—Jordan and Lebanon—reported to both SIPRI and the UN. However, several Middle Eastern governments have begun to provide defence budget data on their government websites, which is a sign of progress in the level of openness.

In 2005 SIPRI expanded its coverage with the inclusion of 11 Caribbean countries.<sup>9</sup> Of these 11 states, one reported data to SIPRI—the Dominican Republic—and one—Jamaica—reported to the UN.

### III. Reporting of military expenditure data to other international bodies

As established by the UN General Assembly, sharing information on military expenditure is a way of promoting confidence and trust among countries. There are two international instruments for the reporting of military spending to international bodies under the framework of CSBMs. These two bodies are the OSCE and the UN Economic Commission for Latin America and the Caribbean (ECLAC). However, unlike the reporting to the UN and SIPRI, these two mechanisms are only available to the participating countries, and not to the public.

The OSCE members agreed to exchange information on military budgets on an annual basis in the Vienna Document 1990.<sup>10</sup> This initiative promoted the confidence needed to negotiate and then ratify the 1990 Treaty on Conventional Armed Forces in Europe (CFE Treaty).<sup>11</sup> The Vienna Document chose the UN Standardized Instrument for Reporting Military Expenditures as the reporting format. There is a substantial regional variation in the level of transparency in the military budgeting processes of OSCE member states. While European countries are relatively open about their military spending, Central Asian states are in the process of making their defence budgets more transparent.

A decade later, in 1999, the UN began the promotion, through the ECLAC, of the Common Standardized Methodology for the Measurements of Defence Spending

<sup>9</sup> Those 11 countries are Antigua and Barbuda, Bahamas, Barbados, Bermuda, Cuba, Dominican Republic, Grenada, Haiti, Jamaica, Suriname and Trinidad and Tobago.

<sup>10</sup> The requirement remains in the Vienna Document 1999, on which see annex A in this volume.

<sup>11</sup> Lachowski, Z., *Confidence- and Security-Building Measures in the New Europe*, SIPRI Research Report no. 18 (Oxford University Press: Oxford, 2004). On the CFE Treaty see annex A in this volume.

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between Argentina and Chile.<sup>12</sup> This reporting system, which was extended to include Peru in 2001, has been credited as playing a role in reducing the potential tensions of arms acquisitions in the region.<sup>13</sup> The Andean Community of Nations has examined the possibility of adopting a similar mechanism, but no concrete advances have been made yet.<sup>14</sup> Similarly, a recent study by the ECLAC has suggested extending this methodology to the rest of the region.<sup>15</sup> Controversially, two of the three countries participating in the methodology—Chile and Peru—do not have a very transparent military financing process.

In 2005, 86 per cent of the 55 OSCE member states reported their military spending to the UN using either the standardized or the simplified instruments, whereas 67 per cent reported to SIPRI. Of the OSCE countries reporting to the UN, 72 per cent also reported to SIPRI. While all European countries reported to either SIPRI or the UN, the five Central Asian countries reported to neither SIPRI nor the UN. Of the three participants in the ECLAC initiative, only Argentina made its military expenditure public through SIPRI and as well the UN; the other two disclosed their spending to neither organization.

<sup>12</sup> United Nations, Economic Commission for Latin America and the Caribbean, *A Common Standardized Methodology for the Measurement of Defence Spending* (United Nations: Santiago, Nov. 2001), URL <<http://www.eclac.cl/cgi-bin/getProd.asp?xml=/publicaciones/xml/1/8771/P8771.xml>>. On this methodology see Sheetz, T., 'Una evaluación del documento cepalino: "Metodología estandarizada común para la medición de los gastos de defensa"' [An assessment of the CEPAL document: 'A Common Standardized Methodology for the Measurement of Defence Spending'], *Revista Fuerzas Armadas y Sociedad*, vol. 18, nos 1–2 (Jan.–June 2004), URL <[http://www.fasoc.cl/php/fasoc.php?seccion=articulo&id\\_articulo=37](http://www.fasoc.cl/php/fasoc.php?seccion=articulo&id_articulo=37)>, pp. 107–21.

<sup>13</sup> 'Chilean foreign minister denies "arms" race with Peru, furthers stability in Ecuador', *El Comercio*, 13 Aug. 2005, Translation from Spanish, World News Connection, National Technical Information Service (NTIS), US Department of Commerce. See also chapter 8.

<sup>14</sup> Organization of American States, Committee on Hemispheric Security, 'Draft Declaration of Miami on Confidence and Security Building Measures', Meeting of Experts on Confidence and Security Building Measures', Document CP/CSH-528/02 rev. 3, 28 Jan. 2003, URL <<http://www.oas.org/csh/english/csbmreports.asp>>, p. 3.

<sup>15</sup> United Nations, Economic Commission for Latin America and the Caribbean, 'Methodology for the comparison of military expenditures', Santiago, July 2005, URL <<http://www.eclac.cl/cgi-bin/getProd.asp?xml=/publicaciones/xml/9/22549/P22549.xml>>, p. 49.