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Rising global defence expenditure

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Rise in global defence spending

Increasing [tension and uncertainty in the strategic environment](#) and the changing nature of alliances and global conflict has been characterised by some (for example, [Poland’s Prime Minister](#) and the [UK’s former Defence Secretary](#)) as a ‘pre-war’ era that has triggered a rapid and significant increase in national defence spending worldwide.

According to the [International Institute for Strategic Studies](#) (IISS), global defence spending in 2024 rose to US\$2.46 trillion. Table 1 shows the rise in spending over the last 3 years, with all regions, except Sub-Saharan Africa, [growing in real terms throughout 2024](#).

Table 1 Global defence spending over the last 3 years

	Global defence spending (US\$)	Real growth (%)	Proportion of GDP (average %)
2024	2.46 trillion	7.4	1.94
2023	2.24 trillion	6.5	1.80
2022	2.0 trillion	3.5	1.59

Source: IISS, [The Military Balance 2025: Defence Spending and Procurement Trends](#), 12 February 2025.

The [Stockholm International Peace and Research Institute](#) (SIPRI) has calculated a [37% global increase in military spending](#) over the last decade, with the single largest increase since the end of the Cold War occurring in 2024. This record may be exceeded in 2025 with increased spending expected in:

- [Pakistan](#) by 18%
- [India](#) by 9.5%
- [Germany](#) (€52 billion to more than €60 billion)
- [Japan](#) by 9.4%
- the [UK](#) to 2.5% of GDP by 2027, with plans to increase to 3%
- [New Zealand](#) (almost doubling its spending over the next 10 years).

The [top 5 highest-spending countries](#) in 2024 accounted for 60% of the world’s total defence spending. Table 2 shows the expenditure of the top 15 countries.

Table 2 Top 15 countries by military expenditure

Country	2024 rank	2023 rank	Spending (US\$b) in 2024	Spending as a share of GDP in 2024 (%)
United States	1	1	997	3.4
China	2	2	314 (estimated)	1.7 (estimated)

Country	2024 rank	2023 rank	Spending (US\$b) in 2024	Spending as a share of GDP in 2024 (%)
Russia	3	3	149 (estimated)	7.1 (estimated)
Germany	4	7	88.5	1.9
India	5	4	86.1	2.3
United Kingdom	6	6	81.8	2.3
Saudi Arabia	7	5	80.3 (estimated)	7.3 (estimated)
Ukraine	8	8	64.7	34
France	9	9	64.7	2.1
Japan	10	10	55.3	1.4
South Korea	11	11	47.6	2.6
Israel	12	14	46.5	8.8
Poland	13	16	38.0	4.2
Italy	14	12	38.0	1.6
Australia	15	13	33.8	1.9
Total top 15 countries			2,185	
Total estimated global expenditure			2,718	

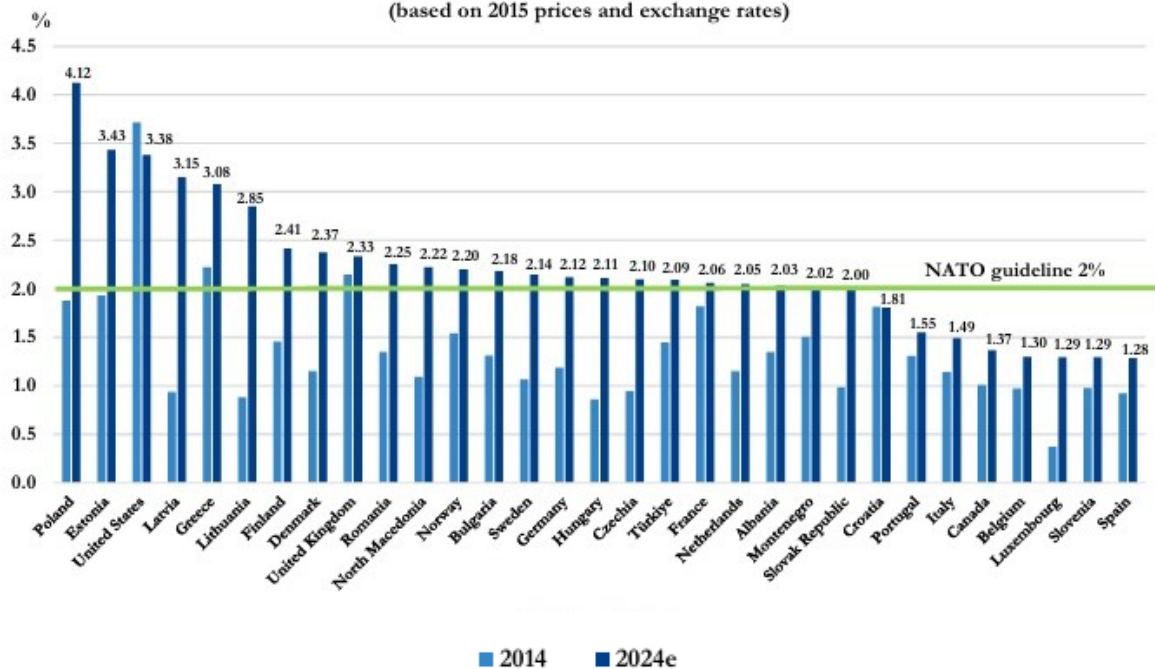
Source: SIPRI, [Trends in World Military Expenditure, 2024](#), fact sheet, April 2025. All spending figures are in 2024 current US dollars.

Defence spending as a percentage of GDP

Defence spending as a percentage of GDP is often [used as a measure of government policy on defence](#). However, economic fluctuations can distort the figure because changes in GDP cause a perceived increase in defence funding when there is a downturn in the economy and decreased defence funding when the economy is growing. For this reason, the Australian Government’s [2020 Defence strategic update](#) abandoned this measure, stating, ‘the Defence Budget has been decoupled from GDP forecasts to avoid the need for adjusting Defence’s plans in response to future fluctuations in GDP’ (p. 53). Nonetheless, percentage of GDP remains an internationally recognised benchmark of the priority given to defence spending, particularly by [North Atlantic Treaty Organization](#) (NATO) members.

In 2006, NATO members pledged to meet a 2% GDP guideline. In 2014, in response to Russia’s annexation of Crimea, NATO members reaffirmed their commitment to the 2% guideline. Although at that time only 3 members met the 2% commitment, this had jumped to 23 nations 10 years later (see Figure 1).

Figure 1 Defence expenditure NATO members 2014–2024
 Defence expenditure as a share of GDP (%)
 (based on 2015 prices and exchange rates)



Source: North Atlantic Treaty Organization, [Defence Expenditure of NATO Countries \(2014–2024\)](#), April 2025, NATO website.

Since [Russia’s invasion of Ukraine in February 2022](#), NATO members (including [newest members, Finland and Sweden](#)) have pledged spending on defence beyond the minimum guideline:

- Poland [requested NATO’s guideline be raised](#) from 2% to 3% and plans to [increase expenditure](#) to 4.7% of GDP in 2025.
- Estonia aims to [increase spending](#) to 5% from 2026 and is urging NATO members to agree to doubling the minimum spending guideline.
- Latvia’s [2025 defence budget](#) is expected to be around 3.65%.
- Sweden aims to [increase expenditure](#) to 3.5% by 2030.
- Finland has pledged to [increase spending](#) to 3% by 2029.
- [Greece announced](#) a €25 billion investment over 12 years to overhaul its armed forces, and a doubling of its defence budget for 2025 to €6.13 billion.

In April 2025, [US Secretary of State, Marco Rubio](#), asserted that NATO members, including the US, must commit to and fulfil a pledge to increase defence spending to 5% of GDP. On [2 May 2025](#) the Trump administration put forward its [2026 discretionary budget request](#) of US\$892.6 billion, which it [described as a 13% increase](#). However, Chair of the Senate Armed Services Committee, [Roger Wicker, stated](#) that the FY2026 budget proposal ‘is a cut in real terms’ and leaves military spending flat.

Australia's defence spending

Australia's inaugural [2024 National defence strategy](#) (2024 NDS) reintroduced the measure of defence spending as a percentage of GDP with a [promise to increase defence investment](#) to 2.4% by 2033–34. In the lead-up to the 2024–25 Defence Budget, Minister for Defence [Richard Marles announced](#) additional funding of \$10.6 billion over the forward estimates. However, [Marcus Hellyer](#) (Strategic Analysis Australia) calculated that it is 'funding that was already programmed in the 2024 NDS', along with some 'reprofiling' of funding over the forward estimates (p. 13).

Table 3 shows the trajectory of the 10-year 2024 NDS defence funding plan alongside the forward estimates from the March 2025 budget. This shows that while Australia's planned defence expenditure is expected to rise, in the short term it is a modest increase rather than the dramatic surge seen in other countries.

Table 3 Australia’s planned Defence funding to 2034

Total defence funding profile 2024 to 2034										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34
2024 NDS (\$b)	55.5	58.4	61.2	67.9	74.8	79.1	84.2	88.3	95.6	100.4
% of GDP	1.99	2.03	2.05	2.16	2.25	..	..	..	..	..
2025–26 Budget (estimates) (\$b)	56.6	59.0	61.8	67.6	74.1	..	..	..	..	..
% of GDP	2.03	2.05	2.07	2.15	2.23	..	..	..	..	..

Note: the GDP figures are based on Treasury projections of nominal GDP annual growth using 2025–26 budget papers, which are only available up to 2028–29.

Sources: Australian Government, [2024 National Defence Strategy](#), (Canberra: Department of Defence, 2024), 67; Australian Government, [Portfolio Budget Statements 2025–26: Budget Related Paper No. 1.4A: Defence Portfolio](#), 18; Australian Government, [Budget 2025–26: Budget Strategy and Outlook: Budget Paper No. 1](#), Table 1.1, 6; Australian Bureau of Statistics, [Australian National Accounts: National Income, Expenditure and Product](#), Table 2 - Expenditure on Gross Domestic Product (GDP), Chain volume measures, December 2024.

[Last year, Mike Pezzullo](#) (former Secretary of the Department of Home Affairs and deputy secretary of the Department of Defence) warned that ‘Australia’s security dilemma is now acute’ and argued that defence spending should have been rising to 3% of GDP over the last 15 years. [Kim Beazley](#) (former Defence Minister, former leader of the Opposition and recent ambassador to the US) also predicts that Australia’s defence spending will move to 3%. Defence expert [Jennifer Parker argues](#) that debates around percentage of GDP ‘is a distraction’ and the focus should be on defining ‘the capabilities required to safeguard our vital interests, then secure the funding – fast’.

Despite the dire strategic outlook, there appears to be little public appetite for greater defence spending. A recent [University of NSW Canberra interim report](#) (April 2025), based on a limited national survey of public attitudes towards defence, suggested support for increased funding was relatively low. Only a third of respondents supported increasing funding and the majority felt ‘that current spending was appropriate’ (p. 2). The [Lowy Institute’s 2023 poll](#) on Australia’s plans to [acquire nuclear-powered submarines](#) suggests minimal public support for the program.

Given the [deteriorating strategic environment](#), the lack of public interest in defence-related issues (apart from [major military acquisitions](#) being delivered over budget and schedule) will continually challenge parliamentary and public debate on defence and security. Public discussion of a broader range of defence-related issues can only increase the understanding of the public and the Parliament about the role and capabilities of the Australian Defence Force and promote greater contestability and debate about defence spending.

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