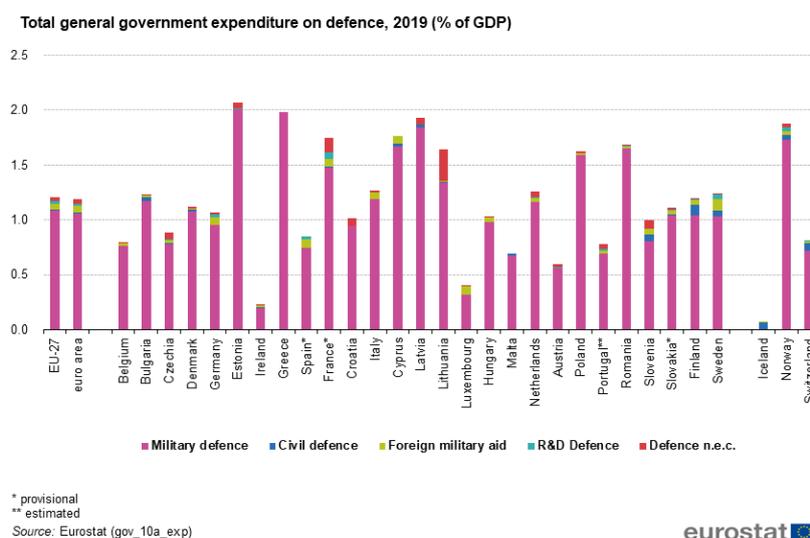


Government expenditure on defence

Statistics Explained

Data extracted in February 2021
Planned article update: February 2022



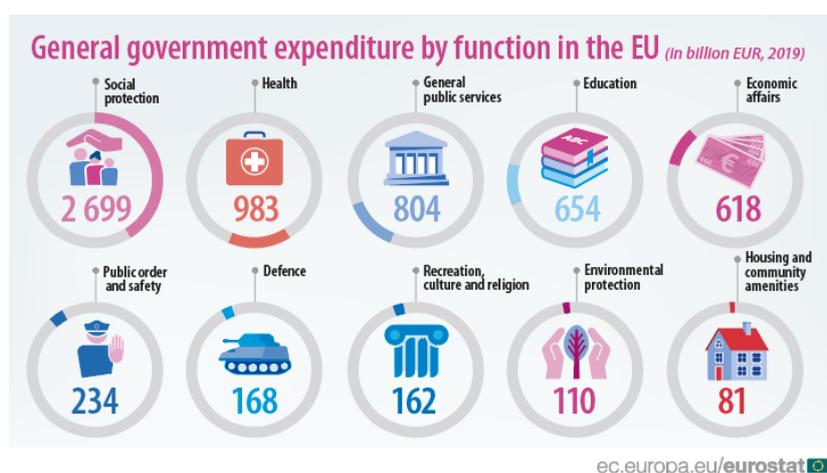
Total general government expenditure on defence, 2019 (% of GDP) - Source: Eurostat (gov_10a_exp)

This article analyses data on [general government expenditure](#) on 'defence' (according to the [Classification of the Functions of Government - COFOG](#)). It is part of a [set of statistical articles](#) based on Government expenditure by function.

[Eurostat](#) collects data on general government expenditure by economic function according to the international Classification of the Functions of Government (COFOG) in the framework of the [European System of National Accounts \(ESA 2010\)](#). In 2019, 'defence' expenditure amounted to 1.2 % of GDP both for the [EU-27](#) and the euro area.

Expenditure on 'defence'

In 2019, 'defence' expenditure amounted to 1.2 % of GDP both for the EU-27 and the euro area, with expenditure in both areas being stable in the period 2013-2019, but decreasing as a ratio to GDP compared to 1995 (1.6 % of GDP). As a share of total expenditure, 'defence' expenditure amounted to 2.6 % in 2019 in the EU and 2.5 % in the euro area.



In 2019, the highest levels of total expenditure on defence in the EU and EFTA countries were observed in Estonia (2.1 % of GDP), followed by Greece (2.0 % of GDP), Latvia (1.9 % of GDP), Cyprus (1.8 % of GDP), France and Romania (both 1.7 % of GDP). Norway reported 1.9 % of GDP. In contrast, Ireland (0.2 % of GDP) and Luxembourg (0.4 % of GDP) had comparatively low expenditure on defence in the EU. Iceland reported the lowest level of expenditure on defence, as it does not have a standing army (0.1 % of GDP).

Total general government expenditure on defence, 2019, % of GDP

	Defence	Military defence	Civil defence	Foreign military aid	R&D Defence	Defence n.e.c.
EU-27	1.2	1.1	0.0	0.1	0.0	0.0
euro area	1.2	1.1	0.0	0.1	0.0	0.0
Belgium	0.8	0.8	0.0	0.0	0.0	0.0
Bulgaria	1.2	1.2	0.0	0.0	0.0	0.0
Czechia	0.9	0.8	0.0	0.0	0.0	0.1
Denmark	1.1	1.1	0.0	0.0	0.0	0.0
Germany	1.1	1.0	0.0	0.1	0.0	0.0
Estonia	2.1	2.0	0.0	0.0	0.0	0.1
Ireland	0.2	0.2	0.0	0.0	0.0	0.0
Greece	2.0	2.0	0.0	0.0	0.0	0.0
Spain*	0.8	0.7	0.0	0.1	0.0	0.0
France*	1.7	1.5	0.0	0.1	0.1	0.1
Croatia	1.0	0.9	0.0	0.0	0.0	0.1
Italy	1.3	1.2	0.0	0.1	0.0	0.0
Cyprus	1.8	1.7	0.0	0.1	0.0	0.0
Latvia	1.9	1.8	0.0	0.0	0.0	0.1
Lithuania	1.6	1.3	0.0	0.0	0.0	0.3
Luxembourg	0.4	0.3	0.0	0.1	0.0	0.0
Hungary	1.0	1.0	0.0	0.0	0.0	0.0
Malta	0.7	0.7	0.0	0.0	0.0	0.0
Netherlands	1.3	1.2	0.0	0.0	0.0	0.0
Austria	0.6	0.6	0.0	0.0	0.0	0.0
Poland	1.6	1.5	0.0	0.0	0.0	0.0
Portugal**	0.8	0.7	-	0.0	0.0	0.0
Romania	1.7	1.6	0.0	0.0	0.0	0.0
Slovenia	1.0	0.8	0.1	0.1	0.0	0.1
Slovakia*	1.1	1.0	0.0	0.0	0.0	0.0
Finland	1.2	1.0	0.1	0.0	0.0	0.0
Sweden	1.2	1.0	0.1	0.1	0.0	0.0
Iceland	0.1	0.0	0.1	0.0	0.0	0.0
Norway	1.9	1.7	0.0	0.0	0.0	0.0
Switzerland	0.8	0.7	0.1	0.0	0.0	0.0

(-) data not available
* provisional
** estimated
Source: Eurostat (online data code: gov_10a_exp)

eurostat

Table 1: Total general government expenditure on defence, 2019 (% of GDP) - Source: Eurostat (gov_10a_exp), see country codes

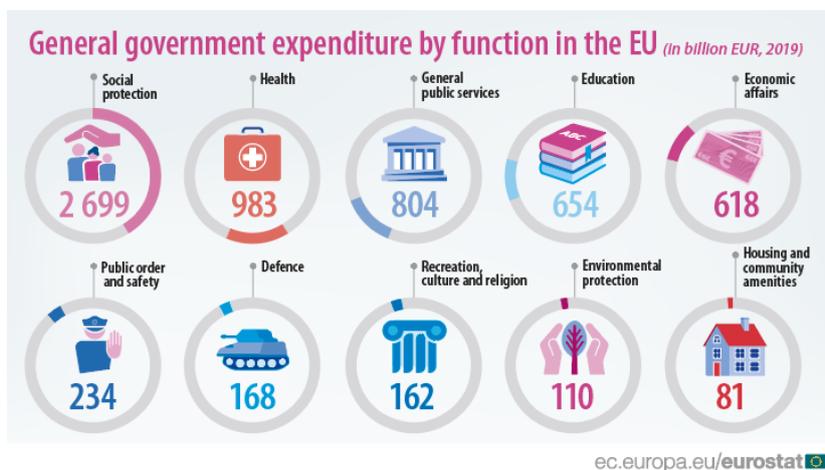
At the level of the EU-27, the major part of 'defence' expenditure is concentrated in the COFOG group 'military defence' (1.1 % of GDP in 2019). 'Civil defence', 'foreign military aid', 'R&D defence' and defence expenditure not elsewhere classified together amounted to around 0.1 % of GDP at the level of the EU. Research and development on defence made up a negligible part of government expenditure in all countries except France (0.1 % of GDP). 'Foreign military aid' amounted to 0.1 % of GDP for the EU, with notable amounts in Germany, Spain, France, Italy, Cyprus, Luxembourg, Slovenia and Sweden (all at 0.1 % of GDP).

Expenditure on 'defence' by type of transaction

At the level of the EU-27, half (50 %) of total expenditure on 'defence' in 2019 was devoted to 'compensation of employees', that is wages, salaries as well as employers' actual or imputed social contributions. 29 % was devoted to 'intermediate consumption' and 19 % to capital investments (such as new equipment).

Evolution of 'defence' expenditure over 1995-2019

At the level of the EU-27, decreases in 'defence' expenditure as a percentage of GDP were noted over 1995-2019 (from 1.6 % of GDP in 1995 to 1.2 % of GDP in 2019), with the share in total expenditure dropping from 3.1 % in 1995 to 2.6 % in 2019. In recent years since 2013, the share of defence expenditure in total expenditure increases slightly, while the percentage of GDP remained stable at 1.2 % of GDP since 2013.



Source data for tables and graphs

The detailed tables are available [here](#).

Data sources and availability

Reporting of data to Eurostat

Annual government finance statistics (GFS) data are collected by Eurostat on the basis of the European System of Accounts (ESA 2010) transmission programme. Member States are requested to transmit, among other tables, table 1100, 'Expenditure of general government by function' twelve months after the end of the reference period. Table 1100 provides information about expenditure of the general government sector divided into main COFOG functions and ESA 2010 categories. The transmission of the COFOG I level breakdown (divisions) is compulsory for the years 1995 onwards, whereas information on the COFOG II level (COFOG groups) is provided on a compulsory basis for the reference years 2001 onwards. The main reference year used in this publication is 2019 as the latest year available at EU-27 level.

Data was extracted on 23 February 2021.

Provisional data

Data for Spain (2019 only), France (2018-2019), Portugal (2019 only) and Slovakia (COFOG level II only) are labelled provisional.

Definition of general government and its subsectors

The data relate to the general government sector of the economy, as defined in ESA 2010, paragraph 2.111: 'The general government sector (S.13) consists of institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth'.

Classification of functional expenditure of government

The Classification of the Functions of Government (COFOG) classifies government expenditure into ten main categories (divisions known as the 'COFOG I level' breakdown): general public services; defence; public order and safety; economic affairs; environmental protection; housing and community affairs; health; recreation, culture and religion; education; social protection. These divisions are further broken down into 'groups' (COFOG II level).

For 'defence', the groups are

- 'military defence',
- 'civil defence',
- 'foreign military aid',
- 'R&D defence',
- 'defence n.e.c.'.

Further information is available in the Eurostat [Manual on sources and methods for the compilation of COFOG Statistics](#).

COFOG level II data

The provision of COFOG level II data has become compulsory with the introduction of ESA 2010. The development of COFOG level II data is not completed in many Member States and data needs to be looked at with this in consideration.

Satellite accounts

Administrative expenditure data is additionally collected in so-called satellite accounts. In general, the amount of expenditure recorded in satellite accounts is expected to exceed the expenditure recorded under the respective COFOG division. More details on the comparability of COFOG data with satellite accounts data can be found in the COFOG manual.

In particular, as regards defence expenditure, COFOG division 'defence' cannot be easily compared with NATO measures of defence expenditure. The main reasons are: COFOG is a classification by main purpose implying that some expenditure within COFOG 'public order and safety' might be counted under NATO methodology; the treatment of pensions in COFOG is within division 'social protection' and the COFOG treatment of employers' social contributions follows ESA 2010 and the time of recording may be different.

Definition of general government total expenditure

Government total expenditure is defined in ESA 2010, paragraph 8.100 by using as reference a list of ESA 2010 categories.

Government total expenditure comprises the following categories:

- P.2, 'intermediate consumption': the purchase of goods and services by government;
- P.5, 'gross capital formation' consists of: (a) gross fixed capital formation (P.51g); (b) changes in inventories (P.52); (c) acquisitions less disposals of valuables (P.53); where
- P.51g, 'gross fixed capital formation': consists of acquisitions, less disposals, of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of

producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year;

- D.1, 'compensation of employees': the wages of government employees plus non-wage costs such as social contributions;
- D.29, 'other taxes on production, payable',
- D.3, 'subsidies, payable',
- D.4, 'property income, payable', consists of : (a) 'interest, payable' (D.41) and (b) 'other property income, payable' (D.42+D.43+D.44+D.45), where
- D.41, 'interest': excludes settlements under swaps and forward rate arrangements, as these are treated as financial transactions in the ESA 2010;
- D.5, 'current taxes on income, wealth, etc, payable';
- D.62, social payments: cover social benefits and pensions paid in cash;
- D.632, 'social transfers in kind - purchased market production';
- D.7, 'other current transfers, payable';
- D.8, 'adjustments for the change in pension entitlements'
- D.9, 'capital transfers payable'
- NP, 'acquisitions less disposals of non-financial non-produced assets': public investment spending. Non-financial non-produced assets consist of land and other tangible non-produced assets that may be used in the production of goods and services, and intangible non-produced assets.
- Capital investments includes P.5 and NP.
- Other current expenditure includes D.29, D.5 and D.8.

Gross Domestic Product

Throughout this publication, nominal GDP, i.e. GDP at current prices is used.

Time of recording & symbol

In the ESA 2010 system, recording is in principle on an accrual basis, that is, when 'economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.'

":" not available

"pp" percentage points

More data and information

For more country-specific notes, e.g. on missing data, please refer to the metadata published on Eurobase. The authors can be contacted at ESTAT-GFS@ec.europa.eu

Context

In the framework of the European System of National Accounts (ESA 2010), Eurostat collects data on general government expenditure by economic function according to the international Classification of the Functions of Government (COFOG) – see methodological note.

Other articles

- [Government expenditure by function](#) - online publication
- [Government finance statistics](#)
- [Government finance statistics - quarterly data](#)
- [Structure of government debt](#)
- [Tax revenue statistics](#)

Main tables

- [Government finance Statistics](#) , see:

Government statistics (t_gov)

Annual government finance statistics (t_gov_10a)

Database

- [Government finance statistics](#) , see:

Government statistics (gov)

Government finance statistics (EDP and ESA2010) (gov_gfs10)

Annual government finance statistics (gov_10a)

Government revenue, expenditure and main aggregates (gov_10a_main)

General government expenditure by function (COFOG) (gov_10a_exp)

Main national accounts tax aggregates (gov_10a_tax_ag)

Dedicated section

- [Government finance statistics](#)

Methodology

- [Government revenue, expenditure and main aggregates](#) (ESMS metadata file — gov_10a_main_esms)
- [General government expenditure by function \(COFOG\)](#) (ESMS metadata file — gov_10a_exp_esms)
- [Manual on sources and methods for the compilation of COFOG statistics - Classifications of the Functions of Government - 2019 edition](#)

Legislation

- [European system of accounts - ESA 2010](#)
- [Manual on sources and methods for the compilation of COFOG statistics - Classifications of the Functions of Government - 2019 edition](#)
- [Manual on government deficit and debt — implementation of ESA 2010 — 2019 edition](#)