



An analysis of Defense Spending in Southeast Asia and China

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Outline

- ▶ Introduction
- ▶ Research Questions
- ▶ Presentation of Data Findings
- ▶ Analysis
- ▶ Conclusion



Introduction

- ▶ **Global Defense Spending** continues to decrease, except in certain regions, such as Southeast Asia.
- ▶ **Three-fold increase in Arms Transfers in Southeast Asia**
 - ▶ Naval equipment and aircraft with maritime roles
- ▶ **China's ever-increasing funding for defense spending**
 - ▶ 2012 – up by 11.2%
 - ▶ “Lack of transparency”



Research Question(s)

- ▶ What are the current trends in defense spending in the PRC, Brunei, Malaysia, Philippines, and Vietnam (ASEAN-4)?
- ▶ What were the salient features of PRC's Defense Policy throughout the study period?
- ▶ Is there any relationship between PRC's defense spending and defense policy, to the defense spending trends of Brunei, Malaysia, Philippines and Vietnam (ASEAN-4)?



Hypothesis

- ▶ *“Defense Spending in Brunei, Malaysia, the Philippines and Vietnam (ASEAN 4) is affected by the defense policy and spending of the Peoples’ Republic of China.”*



Table I. GDP Growth

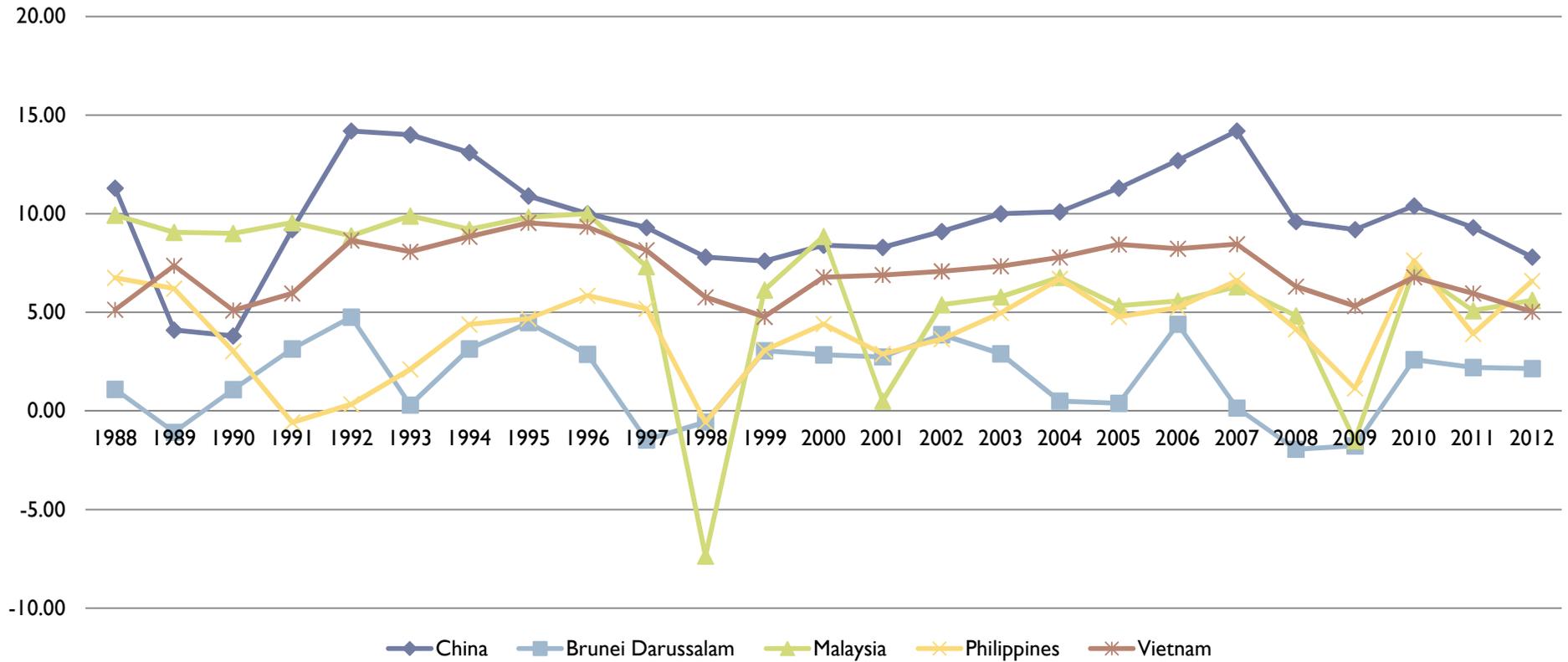


Table 2. Military Expenditure as % of GDP, 1988-2012

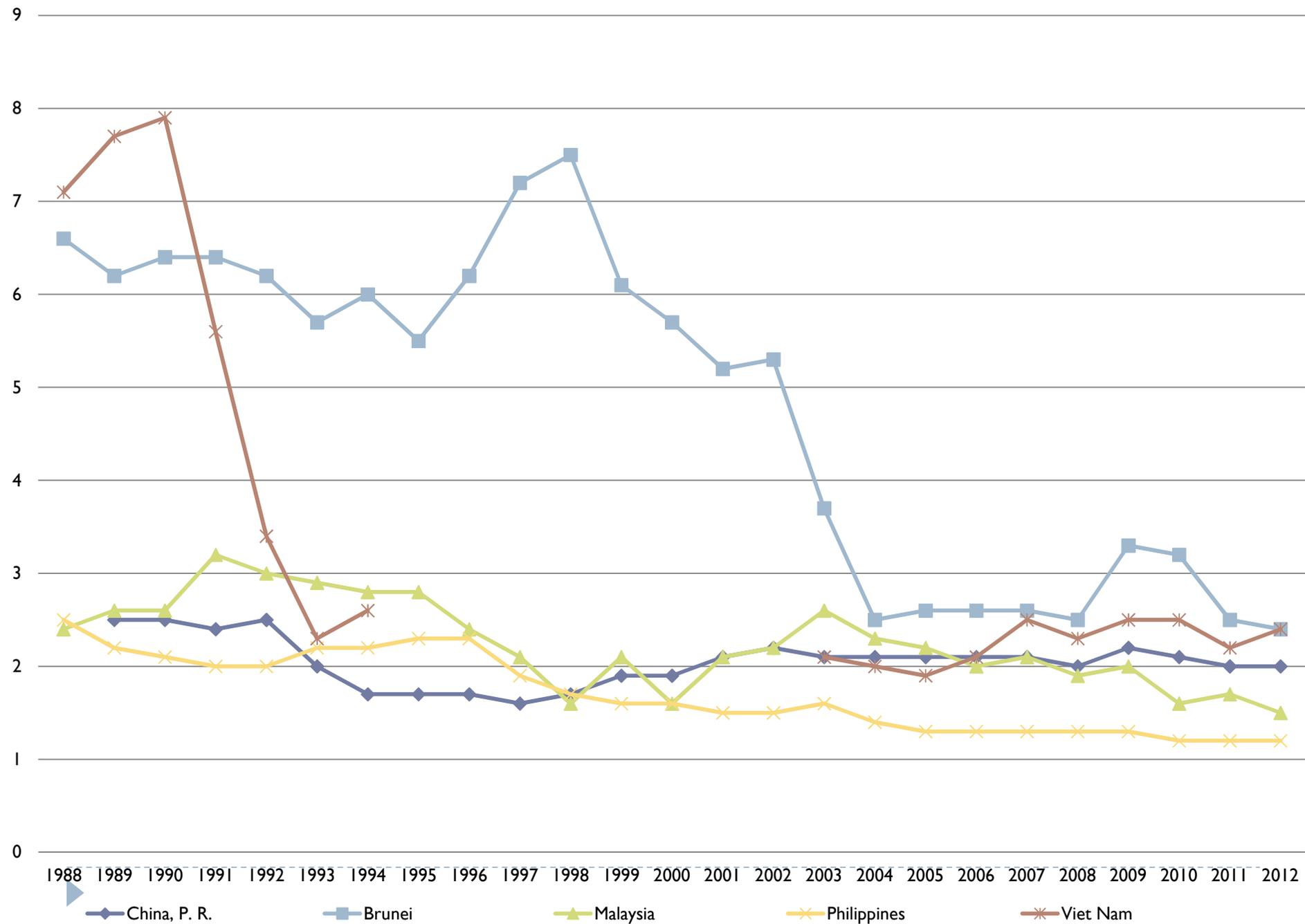


Table 3. Military Expenditure by Constant (2011) US\$

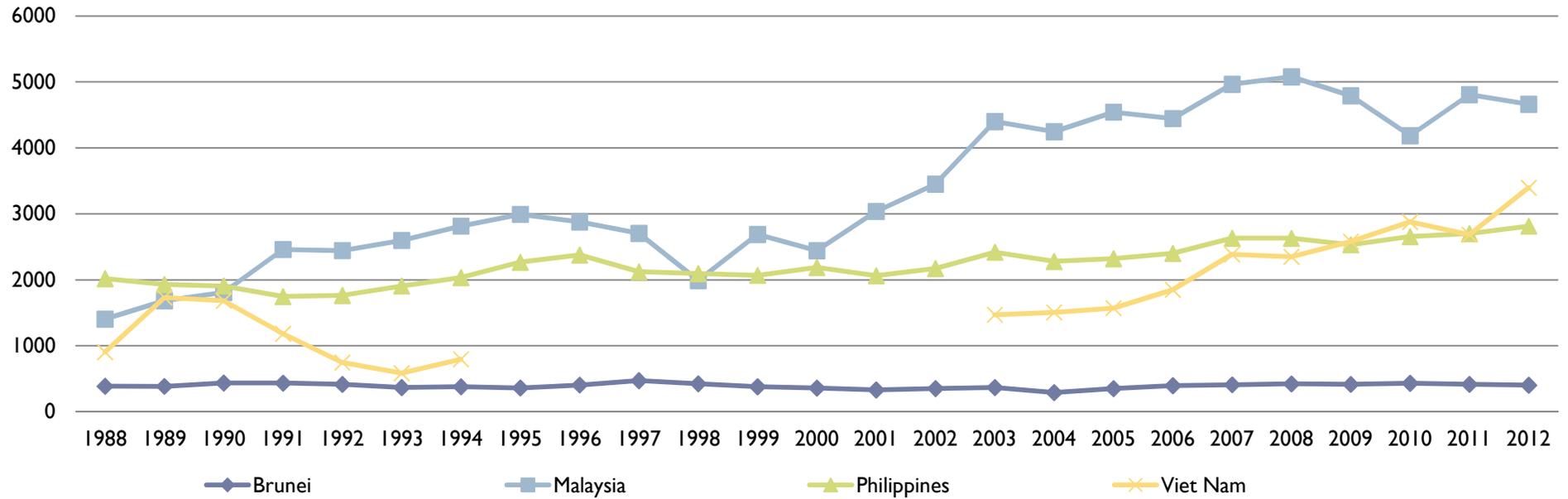
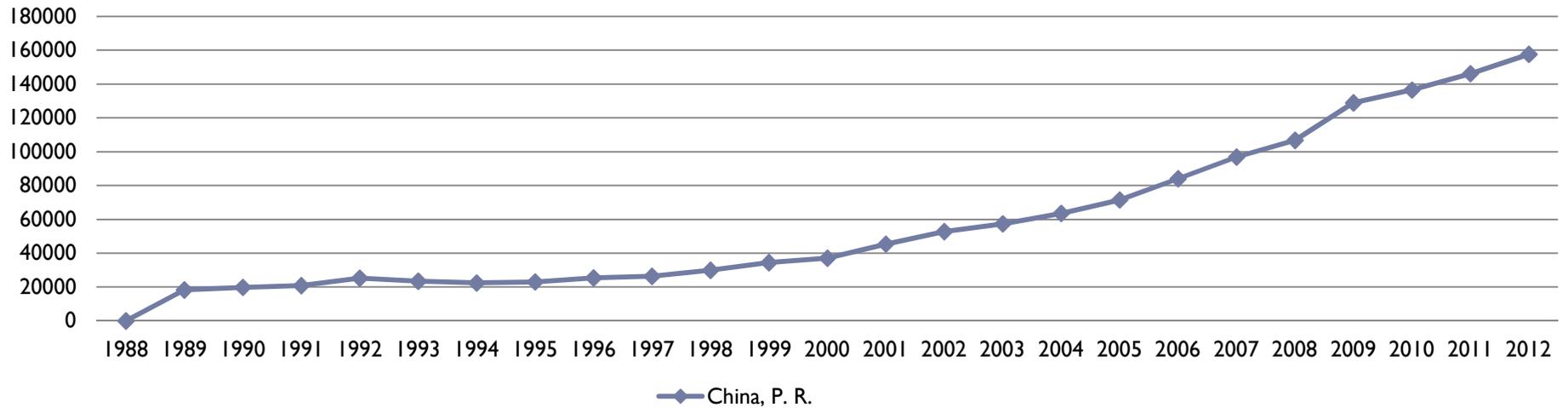


Table 3(a) Military Expenditure by Constant US\$



**Table 3(b) China vs ASEAN-4 Military Expenditure - Constant
(2011) US\$**

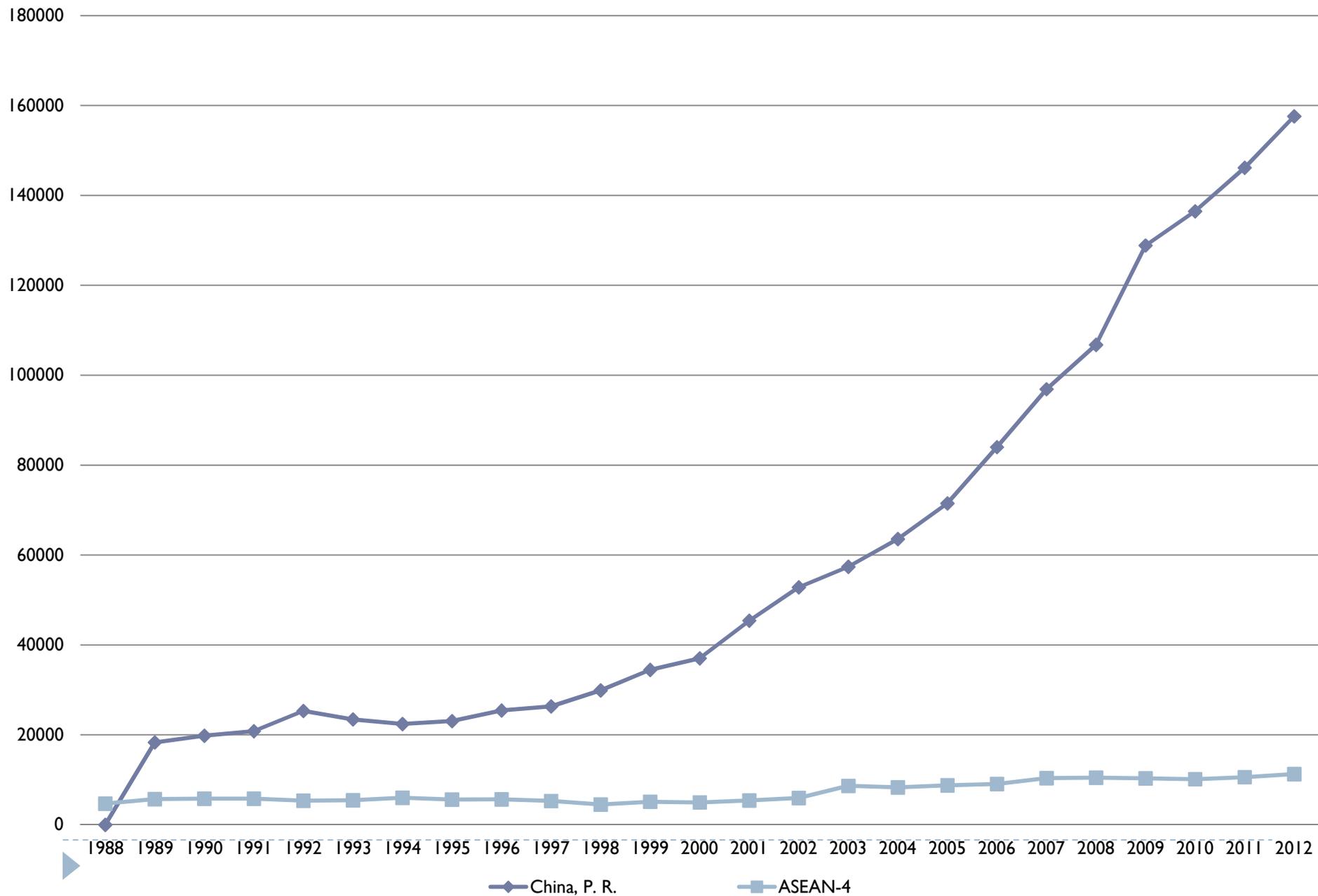
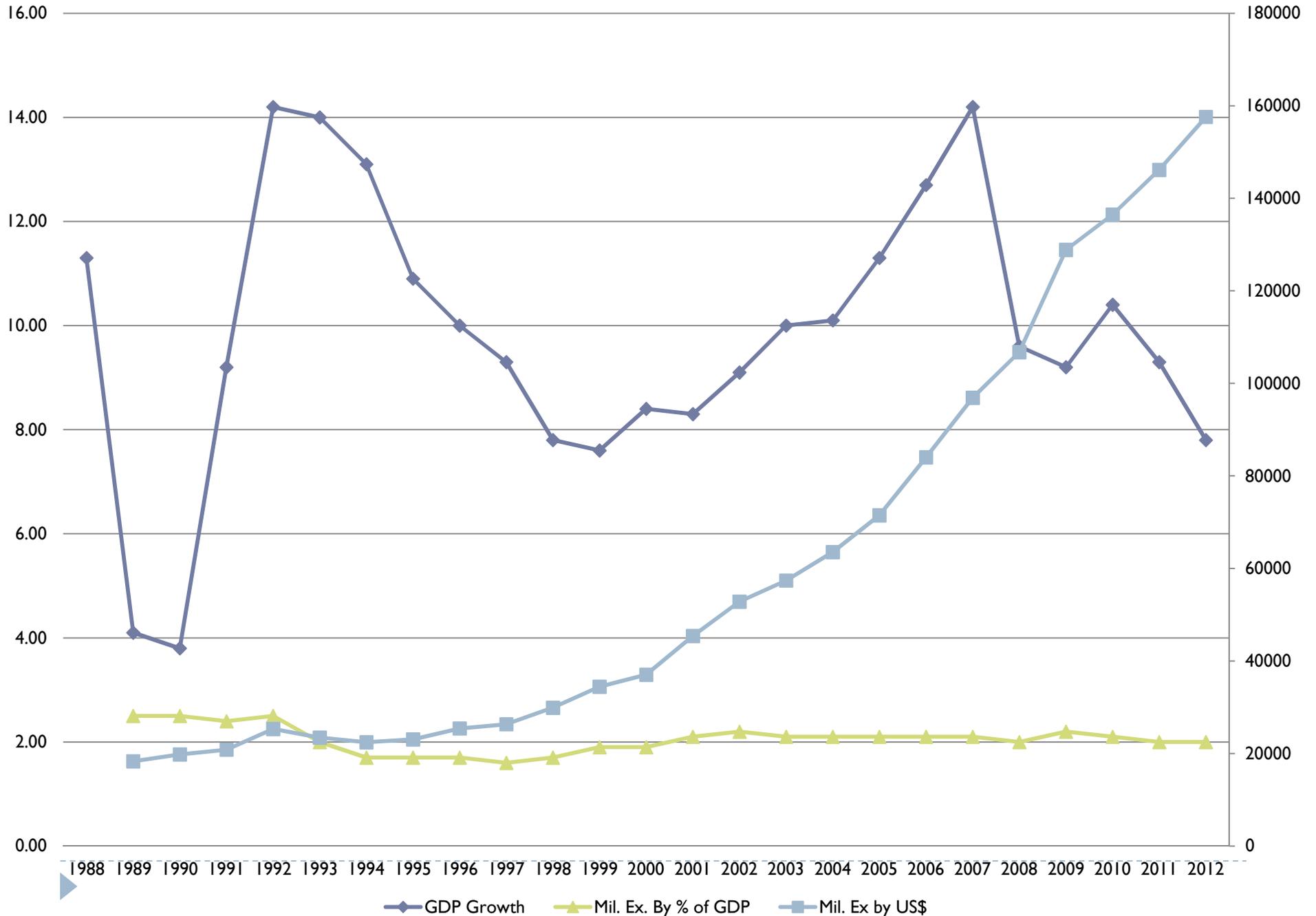


Table 4. China - GDP vis-a-vis Military Expenditure



By the Numbers...

- ▶ Consistent trend in the Military Expenditure as a percentage of GDP for Malaysia, Philippines and China; while Brunei and Vietnam initially had a high percentage, but decreased to the other countries' levels and became constant since 2004 and 1993, respectively.
- ▶ Defense Expenditure of Brunei and Philippines was constant in terms of constant (2011) US\$. Malaysia and Vietnam showed an increase, while China increased exponentially since late 1990s.
- ▶ China's Defense Expenditure is very high compared to the defense expenditure of all ASEAN-4 countries combined.



China's Defense Policy

- ▶ Reference to China's shift towards military development
- ▶ “Inflationary” increases
- ▶ Tied to GDP
- ▶ Increasing roles
- ▶ Security Challenges



Conclusion

- ▶ No clear relationship that China's Defense Policy, as well as its defense spending affected the defense spending behavior of the ASEAN 4.
- ▶ While there are noted increases with some of the countries' (Malaysia and Vietnam) expenditure in terms of the amount, its share in terms of percentage of GDP does not show any unusual fluctuations.



Thank you!

Comments, Suggestions and Violent Reactions
are welcome!

