

May 2026

The State of Global Military Spending in 2025

An analysis of 2025 SIPRI Military Expenditure Data Update

Executive Summary

SIPRI (Stockholm International Peace Research Institute) provides the world's most comprehensive database on military expenditure, covering a broad range of countries with consistent historical data since 1949. This document analyses the latest available data for 2025 published last 27th of April.

- 1.** Global military expenditure grew by 2.7% in 2025 (reaching \$2.9tn record, 2.4% over global GDP), following the historic 9.5% surge recorded in 2024.
- 2.** The EU fully offsets the negative contribution of the U.S. to global military spending growth, becoming the main driver of global defense expansion in 2025 (50% of total positive contributions to global growth).
- 3.** Germany accounted for 30% of EU military spending growth in 2025, followed by Spain (18%), Poland (11%) and Italy (10%).
- 4.** The EU, Algeria, Saudi Arabia, Indonesia, and Taiwan saw a notable rise in defense prioritization in 2025, with military spending gaining share within total public expenditure.

01

Global Perspective

02

EU-Specific Analysis

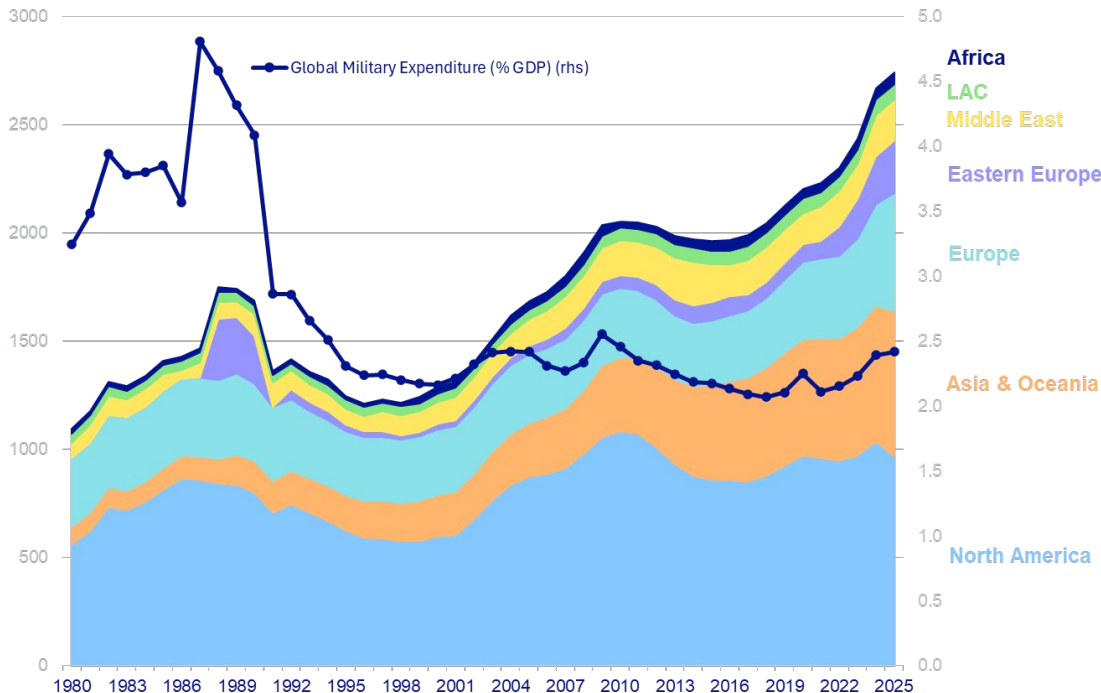
03

**Prioritization of Military
Expenditure?**

This presentation provides an overview of global military expenditure trends in 2025, drawing on the latest data published by the Stockholm International Peace Research Institute (SIPRI)

Global military spending accelerates amid EU and Asian rearmament and the Russia–Ukraine conflict

EVOLUTION OF GLOBAL MILITARY EXPENDITURE (1980-2025)
(CONSTANT 2024 US\$ BILL.; % WORLD GDP)



Surge in Global Spending since 2016

Global military expenditure has **increased** by nearly **40%** between **2016** and **2025**, driven primarily by growth in **Asia** and **Europe**.

Historical Record High in 2025

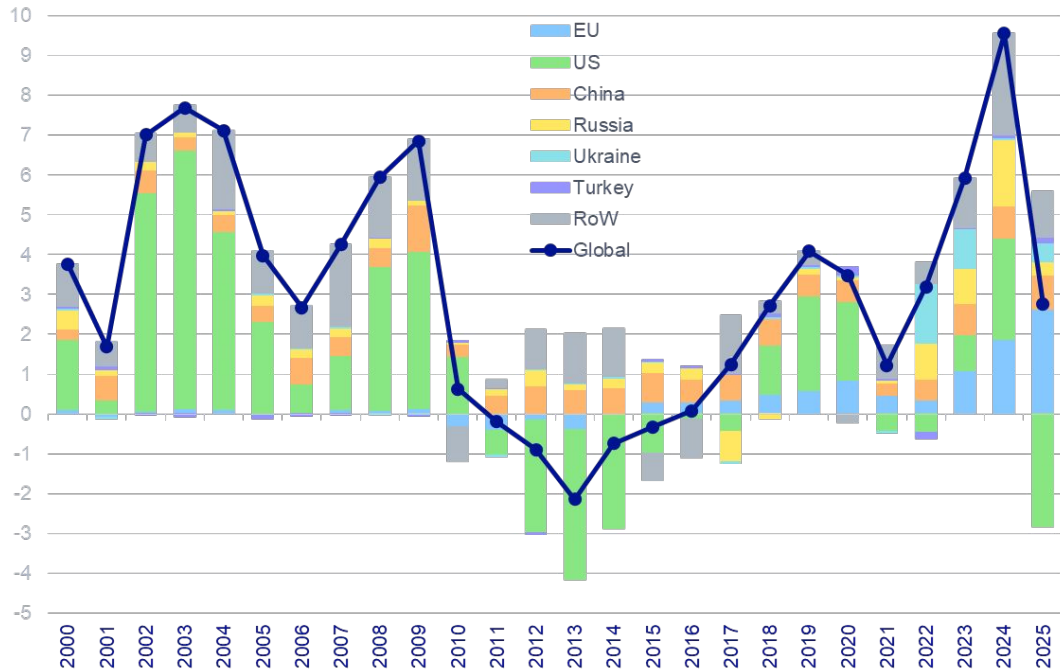
Global military expenditure reached **\$2.7 tn.** in constant terms in **2025**, completing **11 years** of **consecutive positive growth**.

Uptick as a share of GDP in 2025

Global military expenditure reached **2.42%** of GDP in **2025**, up from 2.39% in 2024, marking the **fifth consecutive year** of growth. Despite this increase, **defense** spending as a share of GDP remains **well below Cold War** levels.

Global military expenditure grew by 2.7% in 2025, following the historic 9.5% surge recorded in 2024

CONTRIBUTIONS TO GLOBAL GROWTH OF MILITARY EXPENDITURE (2000-2025) (%*)

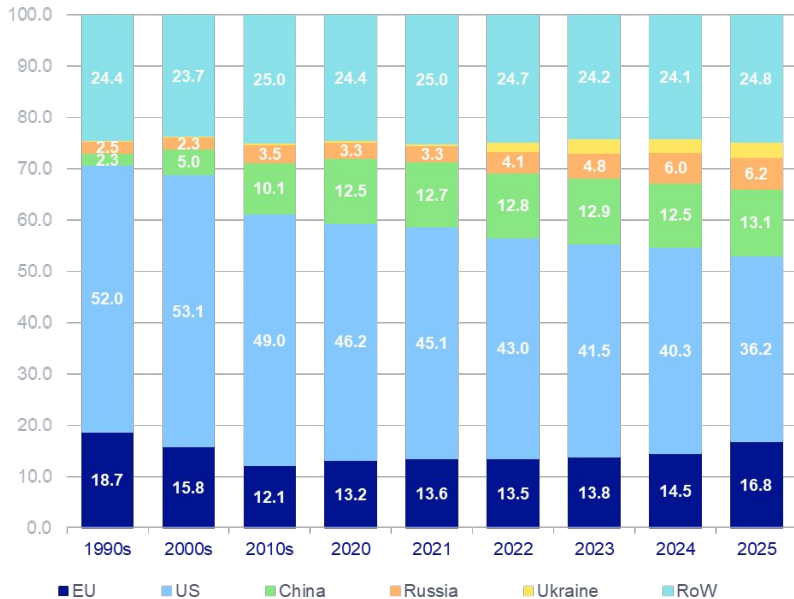


- After 7 years, **US** has **negatively contributed** to **global** military expenditure growth
- **EU** completely **compensates US** reduction by spending **\$70 bill. more** than in **2024**.
- Thus, representing more than **50% of total positive contributions** to global growth, and its **largest contribution** in **historical terms**.
- **Concluding a decade** of positive and **increasing contribution**.

* Annual growth rates are calculated from military expenditure \$mill. in constant terms.
Source: BBVA Research from SIPRI.

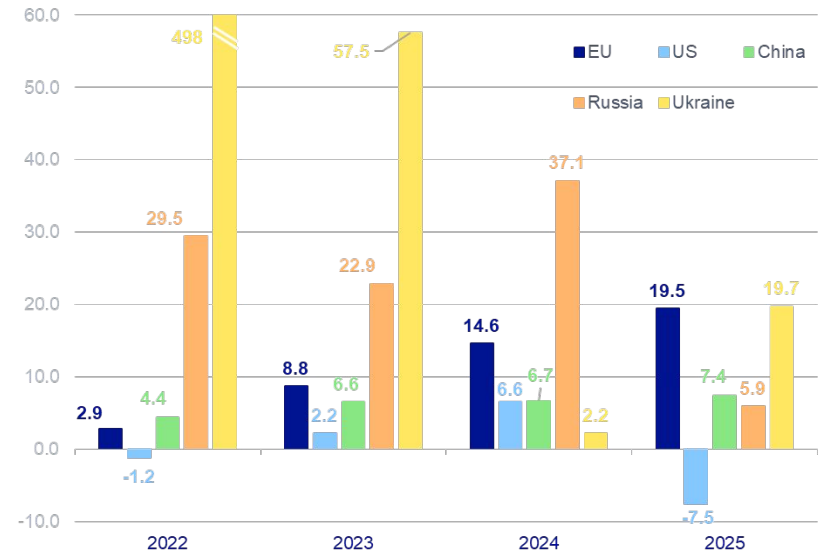
US global military spending share on a declining path since 2010, reduced by 7.5% against EU's growth (19.5%) in 2025

GLOBAL SHARE OF MILITARY EXPENDITURE
(% GLOBAL MILITARY EXPENDITURE)



China and Russia have more than doubled their share of global military expenditure since the early 2000s

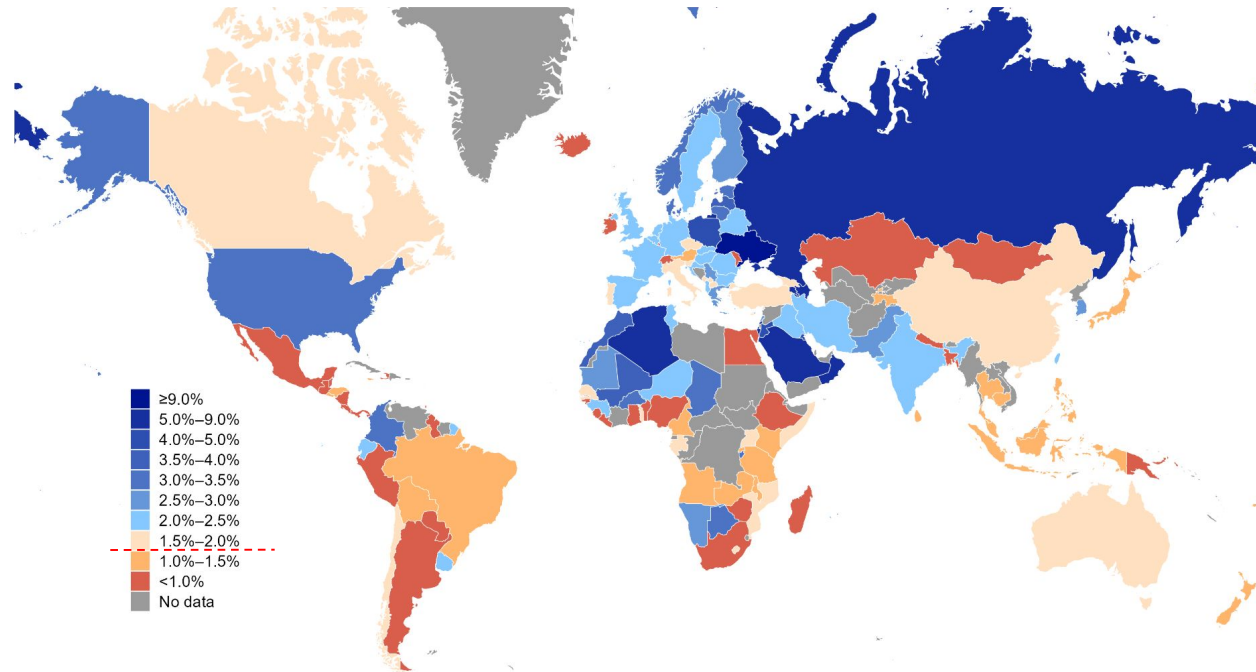
GROWTH OF MILITARY EXPENDITURE
(%)



Since 2022, the EU and US have allocated extraordinary military aid to Ukraine (€72.3bn and €64.3bn respectively), partially underpinning the Ukrainian military expenditure surge

Global Defence Spending in 2025: large cross-country differences in military burden

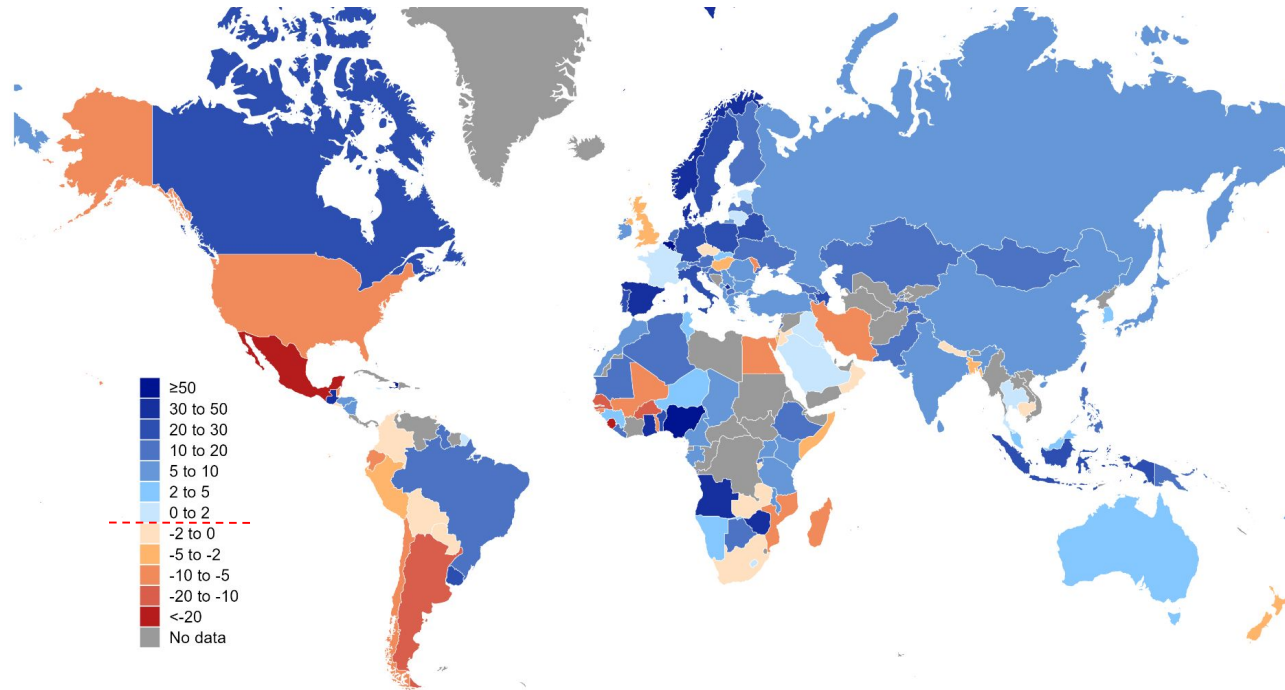
GLOBAL MILITARY EXPENDITURE (2025)*
(% GDP)



* Areas different from orange-red colors indicate countries with military expenditure (% GDP) below 2%, while countries in any type of blue indicate expenditure equal or over 2%.
Source: BBVA Research from SIPRI.

Global Defence Spending Growth in 2024–2025: Eastern and Northern Europe lead the acceleration

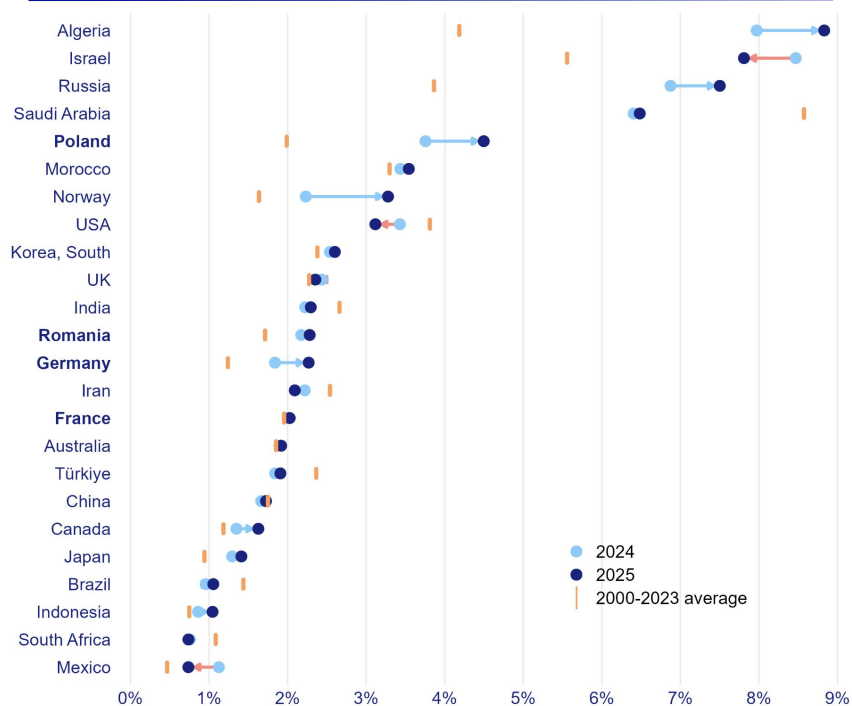
GLOBAL MILITARY EXPENDITURE ANNUAL GROWTH (2025)*
(%)



* Variable calculated as the annual growth rate of military expenditure growth in millions of US\$ (constant terms) from 2024 to 2025.
Source: BBVA Research from SIPRI.

Significant military expansion in Norway, Indonesia, Germany, Poland and Canada in 2025

MILITARY EXPENDITURE EVOLUTION (2024-2025) (% GDP)



- **Algeria** continues its **rearmament** process, with military expenditure reaching **nearly 9%** of GDP in 2025, well **above** its **historical average** of around **4%**.
- **Israel** and the **US** **reduced** military spending in 2025, though this **trend** is likely to **reverse** following the **fiscal** impact of the **conflict** with **Iran**, whose defense burden remained **below historical** norms.
- **Russia's wartime economic model** continues to **fuel security concerns** across **Europe**, pushing **Poland** and **Norway** to **historically** high defense **burdens** above **4%** and **3%** of GDP, respectively.
- Meanwhile, **major economies** including **India**, **South Korea**, the **UK**, **Türkiye**, and **China** have broadly maintained **stable** levels of military expenditure relative to GDP.

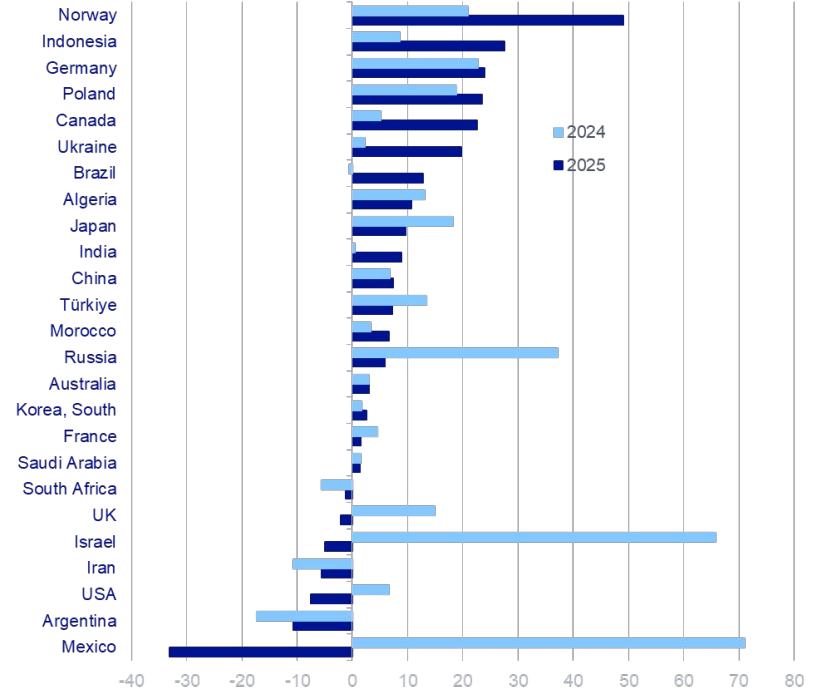
Western rearmament accelerates as the U.S. security umbrella recedes

The EU and Canada are taking the lead in strengthening deterrence capabilities in response to the gradual withdrawal of the U.S. security umbrella, forcing NATO members to accelerate military rearmament

Japan continues to rearm, albeit at a slower pace than in 2024, while China and India also recorded notable increases in absolute military spending, less visible when measured relative to GDP

Israel underwent a significant military buildup in 2024, although this dynamic moderated in 2025, with defense spending contracting by 6%

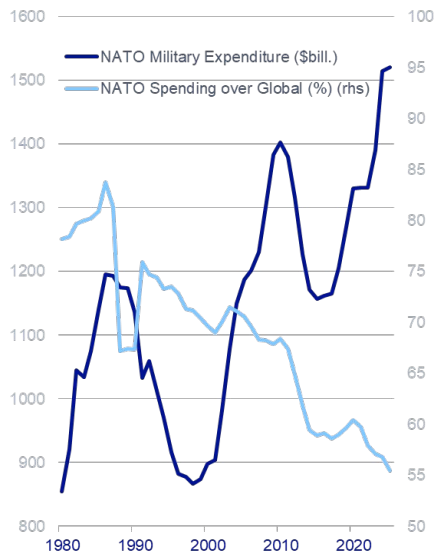
MILITARY EXPENDITURE ANNUAL GROWTH (2025) (%)



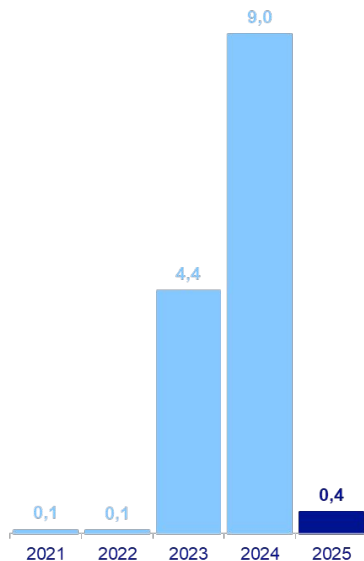
NATO Focus: higher degree of compliance with previous guidelines, yet declining global expenditure share

NATO MEMBER COUNTRIES MILITARY EXPENDITURE ANALYSIS

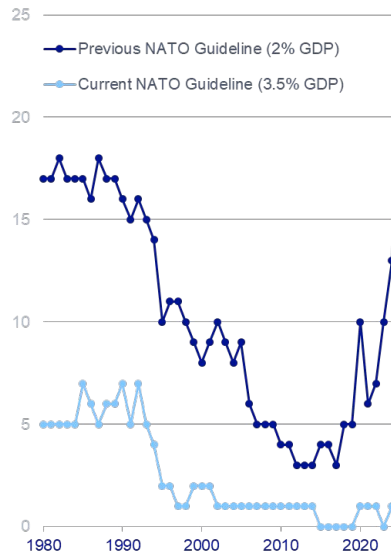
NATO MILITARY EXPENDITURE EVOLUTION (1980-2025)
(\$BILL.; % WORLD MILITARY EXPENDITURE)



RECENT NATO MILITARY EXPENDITURE GROWTH (%)



NUMBER OF NATO COUNTRIES COMPLYING WITH SPENDING GUIDELINES (NUMBER (TOTAL=32))



01

Global Perspective

02

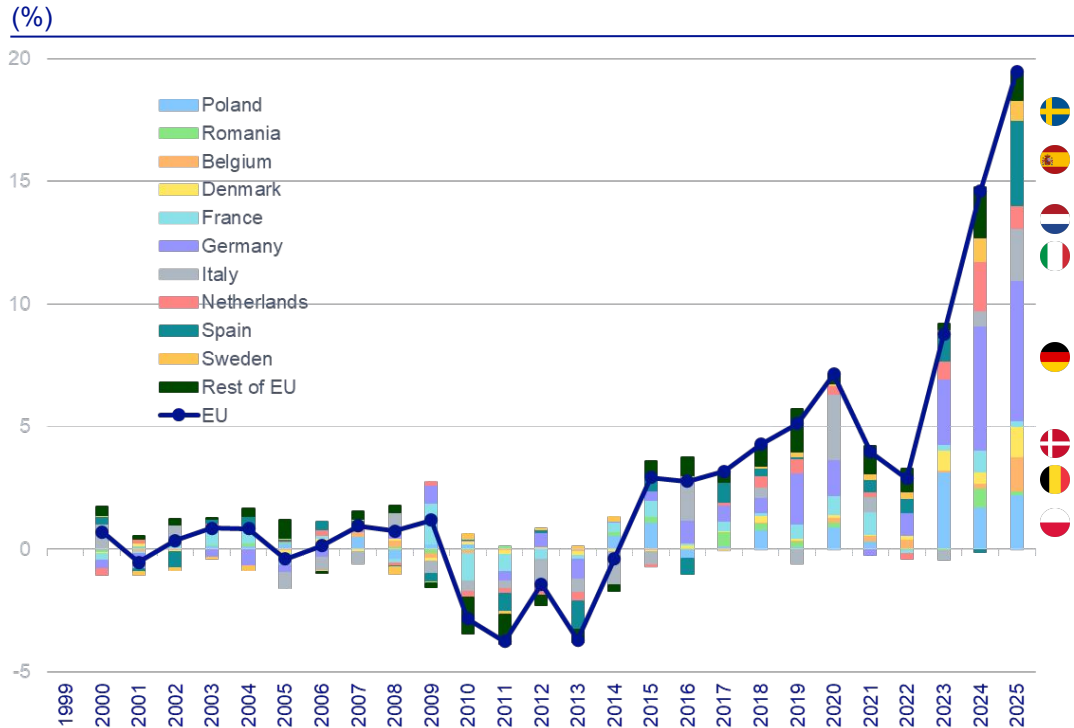
EU-Specific Analysis

03

**Prioritization of Military
Expenditure?**

EU record high military expenditure growth in 2025 (19.5%), activated since 2016 and reactivated since 2022

CONTRIBUTIONS TO EU MILITARY EXPENDITURE GROWTH

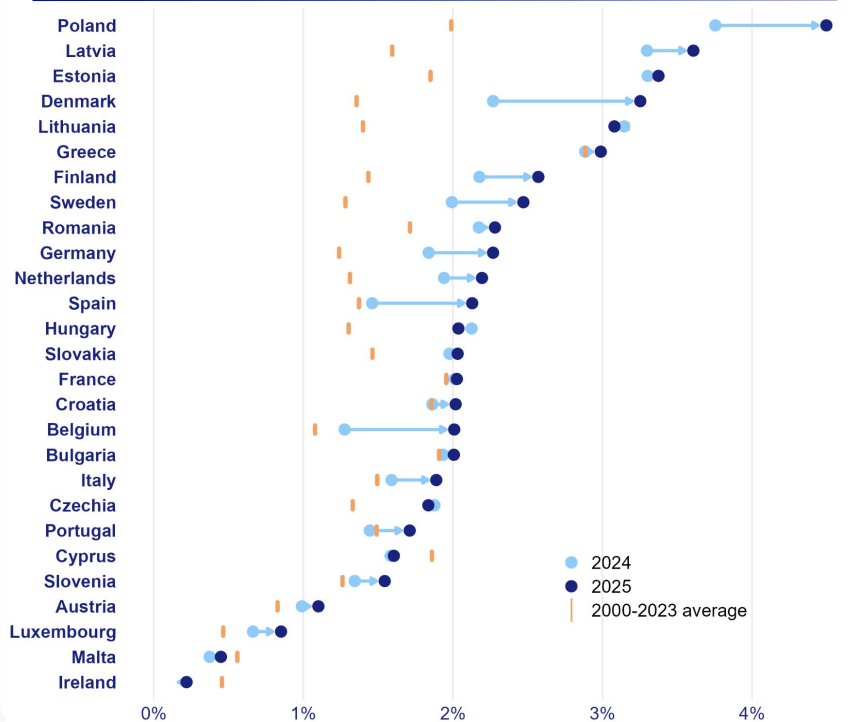


- The reaction to the **UKR-RUS conflict** and the **Readiness 2030 initiative** have substantially **accelerated EU spending growth**.
- **Germany** accounted for **30%** of the growth in **EU military spending in 2025**.
- After Germany, **Spain (18%)**, **Poland (11%)** and **Italy (10%)** significantly supported EU spending growth.

Almost all EU countries recorded an increase in military spending relative to GDP in 2025 versus 2024

EU MILITARY EXPENDITURE EVOLUTION (2024-2025)

(% GDP)



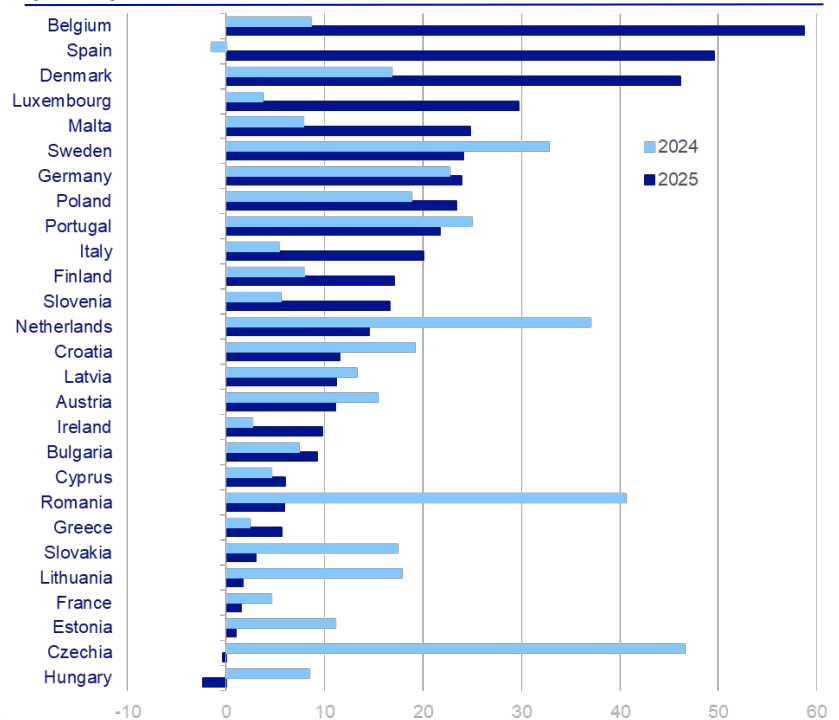
- Only **2 EU countries surpass new 3.5% NATO** pre military expenditure guideline: **Latvia and Poland**.
- **Current military** expenditure places well **above historical** values in **most EU countries**.
- $\frac{2}{3}$ of **EU countries fulfill past NATO** guidelines in 2025.
- On **average, EU countries increased** their military spending by **0.24 percentage points of GDP** between **2024 and 2025**.
- Only **Lithuania, Czechia, and Hungary did not** record an **increase** in military spending relative to GDP.

Mounting US pressure is already prompting a military response among low-spending EU-NATO members in 2025

Belgium (58%), Spain (49%) and Denmark (46%) significantly boosted military expenditure in 2025, well above their historical average growth (1.2%, 1% and 3.5%, respectively)

In general, Eastern EU countries moderated the pace of military spending growth in 2024, following the historically elevated increases recorded in 2022 and 2023 as a result of the conflict in Ukraine

EU MILITARY EXPENDITURE ANNUAL GROWTH (2025) (%)



01

Global Perspective

02

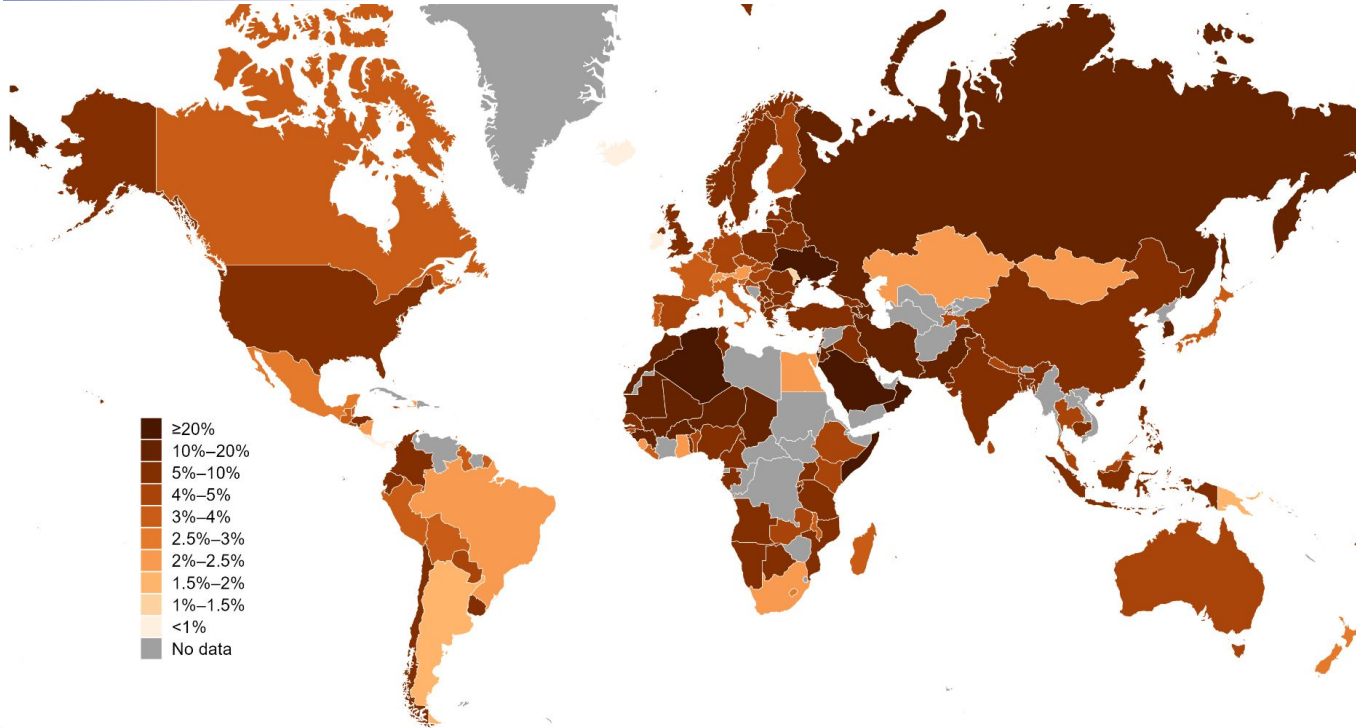
EU-Specific Analysis

03

**Prioritization of Military
Expenditure?**

Geopolitical fault lines spanning Russia, North Africa and the Middle East drive the strongest military prioritization

GLOBAL PRIORITIZATION OF MILITARY EXPENDITURE (2025) (MILITARY EXPENDITURE OVER TOTAL GOV. EXP. %)



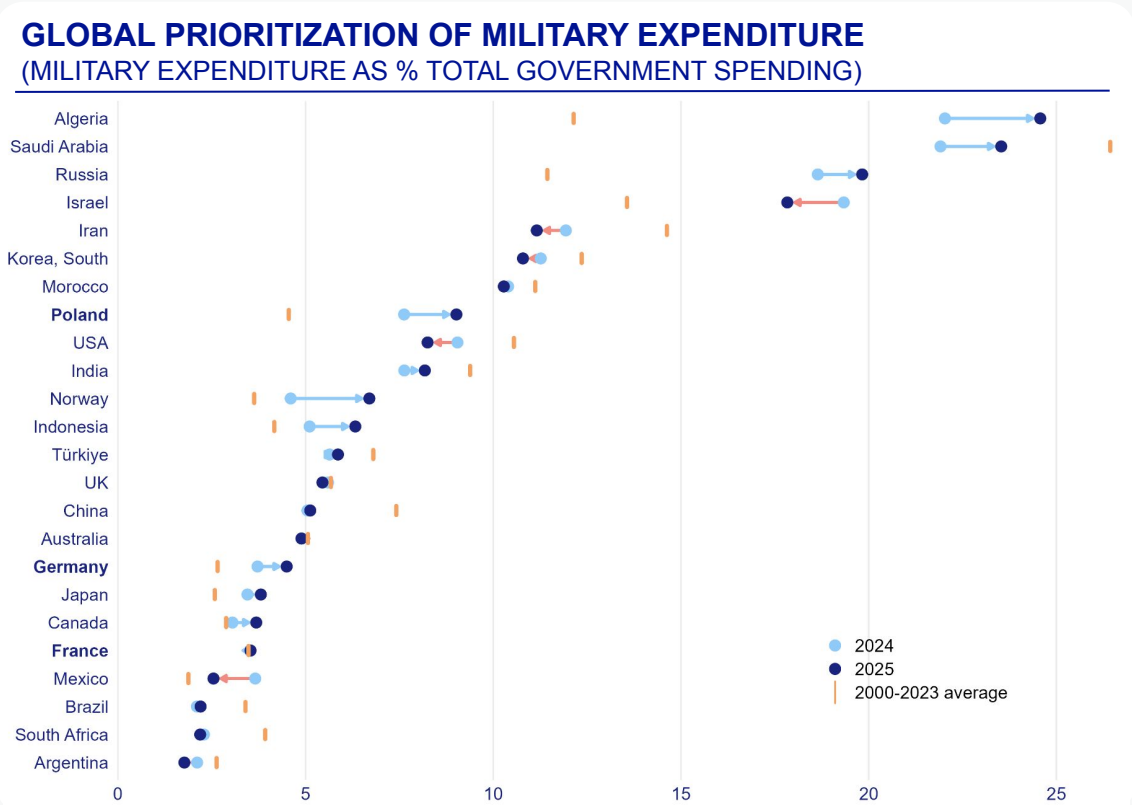
Eastern Europe, the Middle East, North Africa and part of Asia show the highest defense spending prioritization amid rising geopolitical tensions.

Western Europe is increasing defense spending, although it remains moderate relative to public budgets (3.8% on average).

Latin America and parts of Asia-Pacific continue to allocate a smaller share of government spending to defense.

Heterogeneous military spending prioritization paces across relevant economies

- **Russia's** shift toward a **wartime economy** continues to **deepen** in 2025, with defense spending **far** above **historical** norms.
- **Israel, Iran, and the U.S.** show a **lower** defense **share** in public spending, though this may **reverse** in **2026** amid rising **conflict-related** needs.
- **Europe's** rearmament trend is increasingly **visible**, especially in **Poland**, where defense spending is **nearing 10%** of total expenditure.
- Most **Asian** economies have kept **defense** spending broadly **stable**, except **Indonesia** and **Taiwan**, which rise to around **6%** and **12%** respectively in **2025**.

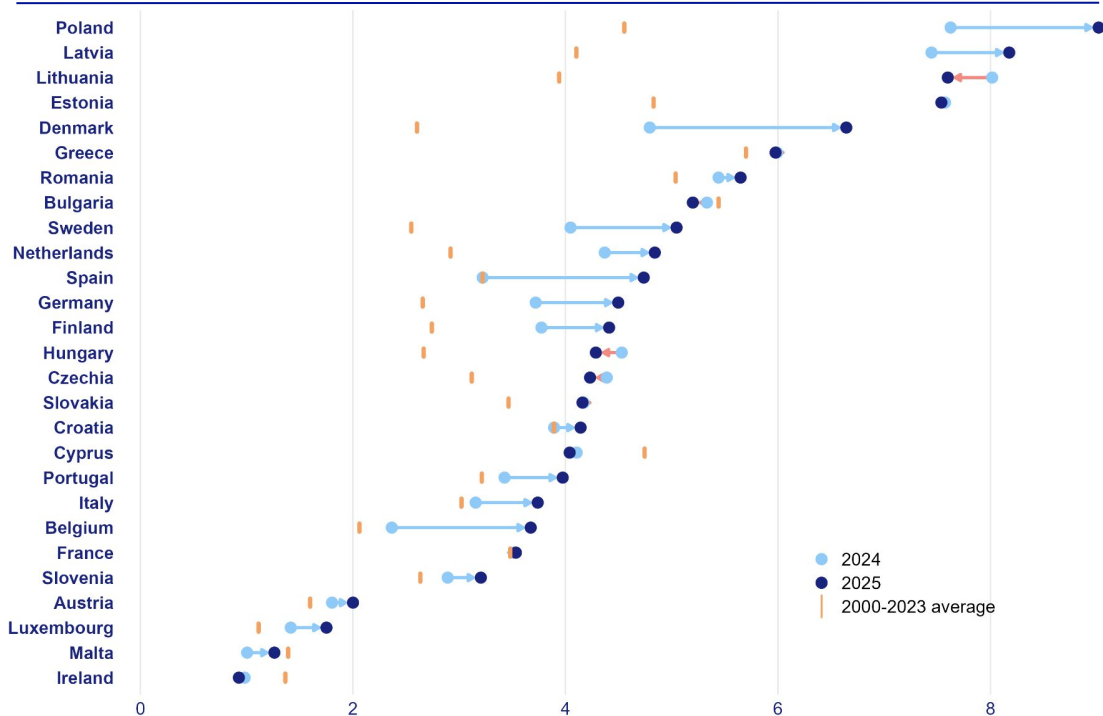


Note: Ukraine is not included in the left hand-side plot due to illustrative reasons. Ukraine's military expenditure (% total government expenditure) is 47.64% and 62.90% in 2024 and 2025, respectively. EU countries in bold. Source: BBVA Research from SIPRI.

Europe's rearmament drives a sharp rise in defense prioritization

EU PRIORITIZATION OF MILITARY EXPENDITURE

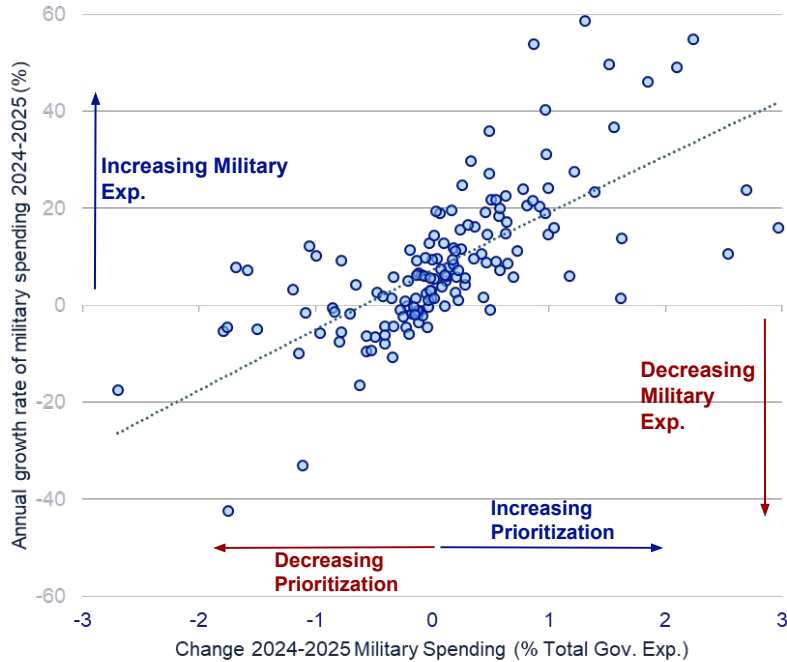
(MILITARY EXPENDITURE AS % TOTAL GOVERNMENT SPENDING)



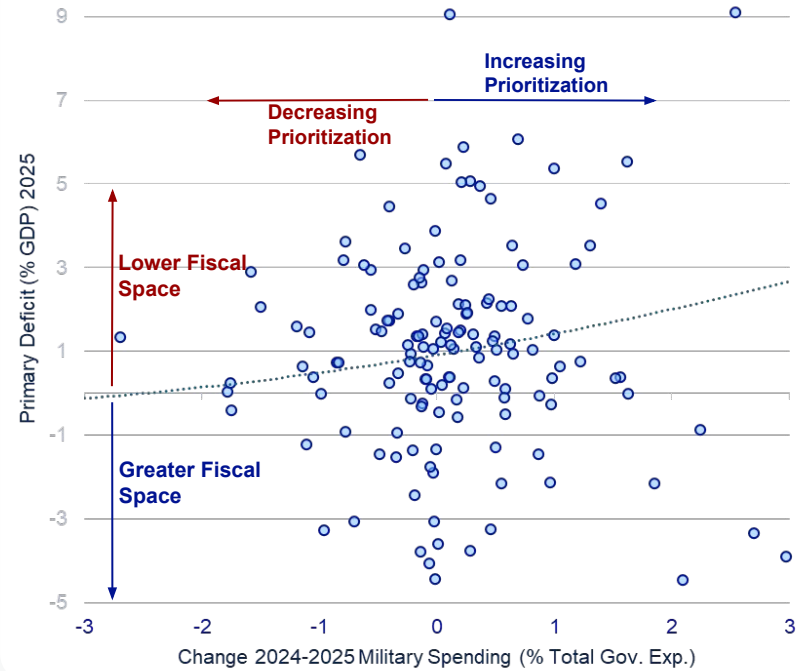
- **Military** expenditure as a share of total government spending now stands **well above historical** averages across much of **Europe**, signalling the **early stages** of a sustained **shift** toward a more **war-oriented** economic footing.
- **Poland, Denmark, the Netherlands, Belgium, and Spain** stand out for the **sharp increase** in the **prioritization** of defense spending.
- The **combination** of rapidly **rising military** expenditure across Europe and **limited fiscal space** is driving an expected **increasing share** of **defense** spending.

Globally limited fiscal space may force military spending surges to translate into greater defense prioritization

GLOBAL PRIORITIZATION AND MILITARY EXP.
(% TOTAL GOV. EXP.; GROWTH RATE MIL. EXP. %)



GLOBAL MILITARY PRIORITIZATION AND FISCAL SPACE
(% TOTAL GOV. EXP.; GROWTH RATE MIL. EXP. %)



Note: South Sudan and Ukraine have not been included in the plot due to magnitude reasons (-16% and 16% change in military expenditure over total government expenditure between 2024 and 2025, respectively).
Source: BBVA Research from SIPRI and IMF WEO (April 2026).

BBVA
Research