
Key findings of the report

- Global spending on defence rose by four percent in 2019, the largest growth in 10 years, led by big increases in the US and China.

- The rise was fuelled by growing rivalries between big powers, new military technologies and rumbling conflicts from Ukraine to Libya.

- Beijing's military modernisation programme -- which includes developing new hard-to-detect hypersonic missiles -- is alarming Washington and helping drive US defence spending.

- The increase alone in US spending from 2018 to 2019 -- $53.4 billion -- was almost as big as Britain's entire defence budget.

- Spending rose as economies recovered from the effects of the financial crisis, but increases have also been driven by sharpening threat perceptions.

- Both the US and China increased spending by 6.6 percent, to $684.6 billion and $181.1 billion respectively.

- Europe -- driven by ongoing concerns about Russia -- stepped up by 4.2 percent, but this only brought the continent's defence spending back to 2008 levels, before the global financial crisis saw budgets slashed.
The collapse last year of the Cold War-era Intermediate-Range Nuclear Forces (INF) treaty and the doubts surrounding the renewal of the New START arms reduction treaty, which expires in 2021, have contributed to the mood of instability.

Russia, pursuing its own modernisation project, has already announced the entry into service of its own hypersonic missile system. Dubbed Avangard, the system has been tested at speeds of Mach 27, or roughly 33,000 kilometres (20,500 miles) per hour.

Elsewhere, spending in Asia is booming -- growing more than 50 percent in a decade, rising from $275 billion in 2010 to $423bn in 2019 in real terms as the continent's economic success has allowed countries to invest more in their militaries.

**Today’s challenges**

- In this environment of continuous, evolving and even accelerating competition, the response options for Western states might include integrating increasingly novel technologies or spending more to stay ahead. Alternatively, they could accept a levelling playing field as a new norm and adapt their strategies instead. This relates not just to conventional military power but also to cyber capability and the consistently contested information environment.

- A related challenge is that of competitor states now using strategies to achieve effect by operating below the threshold of war. Examples include Russia’s initial moves into Crimea and its denials over involvement in eastern Ukraine, its use of chemical weapons in the UK and its alleged election meddling. Iran’s activities are another example. Its ability to conduct warfare through third parties has ‘given Iran a strategic advantage over adversaries reliant on conventional capabilities.

- Capabilities routed through third parties, disinformation campaigns or kinetic actions that are denied outright are hard to tackle with conventional military responses. They place a premium not just on developing the right
military and intelligence capabilities, but on boosting the adaptability and resilience of equipment and military forces and, more broadly, of societies and political decision-making. The same holds true when dealing with developments in new military or militarily-relevant technologies.

- In all cases, working effectively with partners and making use of relevant international frameworks, have the potential to act as a force multiplier. However, while conflict still involves hard military power, it is now more diffused than before. It now involves a greater number of actors and more capabilities, some of which are not traditionally ‘military’, and clear outcomes in peace, war and the grey space between are, accordingly, less certain.