

## **Military Investments in Japan and Globally Expected to Expand as Security Risks Proliferate**

As regional conflicts continue to escalate in the Middle East, Eastern Europe, and East Asia investments in military and security budgets around the world are growing.

The new US administration recently proposed a 10% increase in its military budget or \$54 billion, already the largest in the world. The Stockholm International Peace Research Institute ('SIPRI') that monitors global expenditure on military budgets estimated that \$1.7 trillion was spent globally in military expenditure in 2015. This represents more than 2% of global GDP a threshold frequently cited as necessary for nation states to maintain national security.

At the National Party Congress in Beijing last week it was announced that China would seek a 7% increase in its military spending with estimates of total Chinese spending on military budgets running in excess of \$150 billion. Many think this number is considerably understated.

The 28 NATO countries recently announced their military spending for 2016 with only five countries reaching the self-imposed target of 2% of GDP: US, Greece, UK, Estonia, and Poland.

NATO countries that do not meet the 2% threshold are coming under increasing pressure from the US administration to boost military investments. This is expected to be an agenda item when Chancellor Merkel meets with President Trump this month in Washington as Germany and France, two G7 countries, both fall below the 2% threshold. France is also a permanent member of the UN Security Council.

The serious regional conflicts that are creating the requirement for more military expenditures include Ukraine, Syria, Iraq, Yemen, Afghanistan, Sudan, and the emerging risk posed by North Korea.

The ongoing territorial disputes in the South China and East China Seas are also creating the requirement for more maritime security capabilities in East Asia. The situation in the Persian Gulf is also intensifying as Iran continues to test and expand its military capabilities in waters that are critical supply routes for oil and gas to Asia. Additionally this may be creating tensions with

Saudi Arabia whose King is in Japan this week for the first time in four decades.

The emerging powers of India, Indonesia, Turkey, Malaysia, Vietnam and several others are also building their military capabilities as their economies grow, and are faced with escalating security and territorial challenges.

The risks of piracy, human and drug trafficking are also growing risks for many countries and regions. The European Union is now forced to address its security challenges on its southern flank in the Mediterranean due to increased volumes of illegal immigration caused by a combination of political persecution, poverty, food security, and climate change in the Middle East and North Africa. The EU is also seeking to build its own military capability.

Also, in the Americas, much of the illegal immigration from Mexico into the US that was the subject of so much discourse during the 2016 election cycle may be originating from further south in Central America, and caused by crime, poverty, and drug trafficking.

A weaker global economy, the intensifying impacts of climate change, and concerns around food security, and depletion in fish stocks may also create further security tensions around the world in the decades ahead.

Japan itself has territorial disputes with all of its neighboring countries: Korea, China, Taiwan, and Russia. This is forcing Japan to reinforce and augment its own security capabilities in its near abroad, as well as reinforcing security in sea lanes that are critical for the transportation of energy and other important resources to Japan. This includes the South China Sea, the Indian Ocean, the Straits of Malacca, the Arabian Sea, and the Gulf of Aden.

The risk posed to Japan by North Korea is becoming increasingly grave given the missile launches into Japanese territorial waters in the Sea of Japan last week only 200 km from Ishikawa Prefecture on the West of Japan.

Japan's expenditure on its military budget is around 1% of GDP or JY5 trillion so the expectation is that this should increase if Japan is to provide an appropriate level of security for its citizens given the myriad risks currently in the North East Asian area. Already, it would appear that Japan is being stretched given its sudden withdrawal from PKO operations in South Sudan only announced last Friday.

During the recent US election cycle President Trump indicated that he would like to see more tangible engagement from South Korea and Japan in the defense of their own countries. We have yet to fully understand how these discussions with two of America's most important security treaty regional allies will evolve.

Military budgets are being augmented in the air, space, sea, cyberspace, and land. Technology is increasingly playing an important part in the execution of military strategies and in some cases dramatically changing military dynamics. President Obama was notable for favoring unmanned drone technology to execute part of his military strategy particularly in the Middle East. It remains to be seen what President Trump's strategy will be, but he has made it abundantly clear through the unprecedented appointment of three generals to his cabinet, that he will increase investment in US military assets to protect the US homeland.

We seem to be fast approaching an era when annual global military expenditures may exceed \$2 trillion.

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