


PRESS RELEASE TO THE MUNICH SECURITY CONFERENCE 2018

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Surprise: six peaceful NATO members

Six NATO countries have a reasonable Export-Defence-Ratio of less than two per cent of their exports – release of the Export-Defence-Ratio for 146 countries 2018 – Recommendation to transforming NATO into a diplomatic initiative

Rank	Country	Exports in million \$ US 2016	Military expenditure in million \$ US 2016	Military expenditure as a share of exports
8.	 Belgium	395.881	4,063	1.0 %
10.	 Slovenia	32.850	404	1.2 %
	 Czech Republic	162,797	1.955	1.2 %
	 Hungary	101.980	1.254	1.2 %
14.	 Slovakia	77.634	1.035	1.3 %
19.	 Netherlands	569.705	9.253	1.6 %
138.	 Russia	281.825	69.245	24.6 %
144.	 USA (incl. veterans)	1.454.607	869.186	59.8 %

Source: Export-Defence-Ratio 2018, Basel Institute of Commons and Economics

To comparing the expenditures for defence of a country with the turnover of its exports for the first time allows to creating a business case for peace and diplomacy.

While the NATO during the Munich Security Conference in the ‘Munich Security Report 2018’ reclaims a ‘decline’ (page 6) of costs for defence by comparing these costs with a growing GDP, the results of the Export-Defence-Ratio show the contrary: only few NATO countries have a reasonable Export-Defence-Ratio of less than two per cent: Belgium (1.0), the Netherlands (1.6), the Czech Republic (1.2), Hungary (1.2), Slovakia (1.3) and Slovenia (1.2).

With a total of \$ 20 billion per year these reasonable countries are in charge of only 1.33 per cent of the entire costs and damages in non-member countries of \$ 1.5 tn created by the NATO.

In its reports to the United Nations Inter Agency Task Force (IATF) for Financing Development <https://developmentfinance.un.org/iatf-2018-report> and to the UN Global Sustainability Development Report 2019 the Basel Institute of Commons and Economics therefore reclaims to regarding the costs for defence as transaction costs.

That would allow to looking for alternative ways to providing security as by diplomacy, by respecting the UN Charter from 1945 <https://treaties.un.org/doc/publication/ctc/uncharter.pdf> and of course by peaceful economic relations and the support to achieving common issues such as to diminish Global Warming, overcoming poverty and hunger and to delivering health, education and social security to all the citizens.

Although none of the NATO countries is under threat from any other country, the Basel Institute of Commons and Economics recommends the NATO to transform from the most expensive military organization of the World - that therefore questions the UN Charter - into a civil defence organization - 73 years after the end of World War II and 27 years! after the closure of the Warsaw Treaty.

The Export-Defence-Ratio: countries by Military Expenditures as a percentage of Exports

- by Dr. Alexander Dill and Alexander Fuchß, Basel Institute of Commons and Economics

Ireland, Belgium and Netherlands lead the industrial countries with the lowest transaction costs on military - United States come in last with Sudan, Syria and DPRK Korea – many developing countries with low military expenditures – pacifying some of the major NATO members could save up to \$ 1.5tn per year

Summary

To protecting domestic and international trade has always been a major argument for military expenses. So why not comparing the annual amount of exports of a country with the expenses for military? Though costs for the alleged *defence* appear as *transaction costs* – a new perspective on financing development that has recently been featured in a Policy Paper of Basel Institute of Commons and Economics within the UN Inter Agency Task Force (IATF) on Financing Development: <https://developmentfinance.un.org/iatf-2018-report>

The results of this comparison are in many respects surprising. We have highlighted some of them:

- Across the countries with lowest costs on military are as well NATO members such as Belgium, Netherlands, Slovakia and Czech Republic.
- US, France, Greece, Turkey and the United Kingdom, NATO countries not under threat from any neighbour country, waste enormous efforts on defence without any economic or political benefit.


So only the NATO membership and strategy can explain the excessive costs of \$ 1tn per year 73 years after World War II. To pacifying some of the NATO countries would diminish the World's military expenditure by \$ 1.5tn per year.







The US do not only have the highest transaction costs for military – more than 50 per cent of their exports! – but as well cause a high percentage of military expenditures in countries under threat by the US such as China, Russia, DPRK Korea (and therefore South Korea and Japan), Iran, Afghanistan, Pakistan, Syria and Venezuela.















While military expenditures are paid by public budgets/taxpayers money to diminishing them would allow to shifting them to civil purposes.



















Across the countries with the best ratio between export and military expenses as well many poor developing countries such as Haiti, Equatorial Guinea, Laos, Ghana, Papua New Guinea and Guatemala can be found.

In general regarding military expenditures as transaction costs allows to bring up a *business case* for the UN Goal 16 which is *Peace*. A-return-of-invest in five years would reaching then the entire Global costs to spread green energy and to providing social security, health, education and sustainable nutrition across the World.


Rank	Country	Exports in million US\$ 2016	Military expenditure in million US\$ 2016	Military expenditure as share of Exports
1.	 Costa Rica*	9,634	0	0 %
	 Haiti*	1,002	0	0 %
	 Iceland	4,456	0	0 %
	 Panama*	10,060	0	0 %
5.	 Equatorial Guinea	5,042	18	0.4 %
6.	 Ireland	128,085	999	0.8 %
7.	 Laos	3,020	27	0.9 %
8.	 Belgium	395,881	4,063	1.0 %
	 Mauritius	2,361	23	1.0 %
10.	 Papua New Guinea	7,030	82	1.2 %
	 Slovenia	32,850	404	1.2 %
	 Czech Republic	162,797	1,955	1.2 %
	 Hungary	101,980	1,254	1.2 %
14.	 Slovakia	77,634	1,035	1.3 %
15.	 Ghana	11,283	162	1.4 %
16.	 Moldova	2,045	30	1.5 %
	 Nicaragua	4,782	73	1.5 %
	 Switzerland	303,221	4,680	1.5 %
19.	 Mexico	373,930	6,020	1.6 %
	 Netherlands	569,705	9,253	1.6 %
21.	 Luxembourg	15,813	294	1.9 %
	 Malta	3,017	58	1.9 %
	 Austria	152,381	2,862	1.9 %
24.	 Mongolia	4,917	102	2.1 %
25.	 Malaysia	189,414	4,169	2.2 %
	 Macedonia	4,787	106	2.2 %
27.	 Lithuania	24,946	636	2.5 %
28.	 Guatemala	10,465	271	2.6 %
	 Belarus	23,340	597	2.6 %
30.	 Thailand	215,327	5,880	2.7 %
31.	 Vietnam	176,785	5,017	2.8 %
32.	 Bulgaria	25,978	756	2.9 %
	 Madagascar	2,063	59	2.9 %
34.	 Kazakhstan	36,776	1,102	3.0 %
	 Singapore	329,773	9,959	3.0 %
	 Trinidad and Tobago	8,000	236	3.0 %
37.	 Bosnia and Herzegovina	5,327	164	3.1 %
	 Germany	1,339,647	41,067	3.1 %

39.	 Malawi	1,017	34	3.3 %
39.	 Mozambique	3,355	112	3.3 %
41.	 Guyana	1,441	49	3.4 %
	 Latvia	12,101	407	3.4 %
43.	 Taiwan	280,321	9,924	3.5 %
44.	 Ivory Coast	11,767	425	3.6 %
45.	 Denmark	95,193	3,514	3.7 %
	 Cambodia	10,040	370	3.7 %
47.	 Estonia	13,171	502	3.8 %
	 Sweden	139,539	5,320	3.8 %
49.	 Canada	390,117	15,157	3.9 %
50.	 Paraguay	8,494	343	4.0 %
	 Seychelles	448	18	4.0 %
52.	 Cuba	2,900	119	4.1 %
53.	 South Africa	75,091	3,160	4.2 %
54.	 Sierra Leone	635	27	4.3 %
55.	 El Salvador	5,335	233	4.4 %
	 Honduras	7,810	343	4.4 %
	 Romania	63,520	2,765	4.4 %
58.	 Gabun	4,506	203	4.5 %
	 Lesotho	911	41	4.5 %
60.	 Belize	460	21	4.6 %
	 Poland	202,522	9,341	4.6 %
62.	 Dominican Republic	9,750	457	4.7 %
	 Swaziland	1,433	67	4.7 %
64.	 Serbia	14,852	710	4.8 %
65.	 Croatia	13,736	695	5.1 %
66.	 Zambia	5,801	300	5.2 %
	 Spain	287,415	14,893	5.2 %
68.	 Nigeria	32,800	1,723	5.3 %
69.	 Finland	57,697	3,246	5.6 %
70.	 Indonesia	144,490	8,183	5.7 %
71.	 Italy	461,524	27,934	6.1 %
72.	 Burkina Faso	2,400	149	6.2 %
	 New Zealand	33,699	2,093	6.2 %
74.	 Fiji	720	45	6.3 %
75.	 Togo	1,290	82	6.4 %
76.	 Guinea-Bissau	263	17	6.5 %
77.	 Norway	88,963	5,998	6.7 %
	 Peru	36,838	2,481	6.7 %
79.	 Portugal	55,662	3,764	6.8 %
80.	 Philippines	56,313	3,899	6.9 %
81.	 Botswana	7,365	514	7.0 %
82.	 Liberia	170	12	7.1 %
	 Tunisia	13,572	967	7.1 %

84.	 Benin	1,354	98	7.2 %
	 Japan	644,933	46,126	7.2 %
86.	 South Korea	495,426	36,777	7.4 %
87.	 Albania	1,962	147	7.5 %
88.	 Chile	59,917	4,608	7.7 %
89.	 Bolivia	6,969	566	8.1 %
	 Brunei	4,960	403	8.1 %
91.	 DR Congo	5,400	469	8.7 %
92.	 Guinea	1,839	162	8.8 %
93.	 United Arab Emirates	265,900	23,681 (2014)	8.9 %
94.	 Argentina	57,737	5,209	9.0 %
95.	 Bangladesh	34,956	3,181	9.1 %
96.	 Ukraine	36,364	3,423	9.4 %
97.	 Senegal	2,640	254	9.6 %
98.	 Ethiopia	4,612	469	10.2 %
	 Jamaica	1,160	118	10.2 %
100.	 PR China	2,098,161	215,176	10.3 %
101.	 Namibia	4,397	456	10.4 %
	 Turkey	142,557	14,803	10.4 %
103.	 Mauritania	1,299	136	10.5 %
104.	 Tanzania	5,072	544	10.7 %
105.	 France	501,263	55,745	11.1 %
106.	 Angola	25,164	2,824	11.2 %
107.	 Cameroon	3,306	387	11.7 %
108.	 UK	409,397	48,253	11.8 %
109.	 Bahrain	11,960	1,430	12.0 %
110.	 Zimbabwe	2,832	358	12.6 %
111.	 Azerbaijan	10,900	1,379	12.7 %
112.	 Brazil	185,280	23,676	12.8 %
	 Uganda	2,543	403	12.8 %
114.	 Australia	190,271	24,617	12.9 %
	 Ecuador	16,798	2,165	12.9 %
116.	 Kyrgyzstan	1,545	206	13.3 %
117.	 Rwanda	744	101	13.6 %
118.	 Uruguay	7,031	973	13.8 %
119.	 Iraq	43,735	6,233	14.3 %
	 Kuwait	46,032	6,561	14.3 %
121.	 Mali	2,538	369	14.5 %
122.	 Morocco	22,773	3,327	14.6 %
123.	 Georgia	2,114	315	14.9 %
124.	 Republic of the Congo	3,573	562	15.7 %
125.	 Niger	1,050	166	15.8 %
126.	 Kenya	5,700	933	16.4 %
127.	 Chad	1,600	267	16.7 %
128.	 Egypt	25,468	4,513	17.7 %

	 Greece	28,137	4,973	17.7 %
130.	 Cyprus	1,871	353	18.9 %
131.	 Iran	66,000	12,685	19.2 %
132.	 Sri Lanka	10,340	1,986	19.2 %
133.	 Montenegro	361	72	19.9 %
134.	 India	264,020	55,923	21.2 %
135.	 East Timor	120	26	21.7 %
136.	 Jordan	7,509	1,770	23.6 %
137.	 Armenia	1,783	431	24.2 %
138.	 Russia	281,825	69,245	24.6 %
130.	 Yemen	7,800 (2014)	2,230 (2014)	28.6 %
131.	 Israel	60,160	17,977	29.9 %
132.	 Colombia	31,045	9,556	30.8 %
133.	 Afghanistan	520	174	33.5 %
	 Qatar	57,590	19,300	33.5 %
135.	 Myanmar	11,000	3,862	35.1 %
136.	 Algeria	28,883	10,217	35.4 %
137.	 Oman	25,302	9,103	36.0 %
138.	 Saudi Arabia	174,919	63,673	36.4 %
139.	 Venezuela	24,630	9,222	37.4 %
140.	 Nepal	740	319	43.1 %
141.	 Pakistan	20,435	10,063	49.2 %
142.	 Lebanon	3,930	2,138	54.4 %
143.	 Burundi	120	67	55.8 %
144.	 USA ²	1,454,607	869,186	59.8 %
145.	 Sudan	3,094	2,368	76.5 %
146.	 Syria	1,800	1,872	104.0 %

*=No armed forces

Note: the exports of DPRK Korea  are estimated between \$ 2.5bn and 5bn. The expenditure for defence/military are estimated by \$ 7.5bn. Therefore the defence expenditure could reach between 150 and 300 per cent of the exports. The costs have to be regarded within the Korean history and the threat by the US.
























2: USA including the costs for veterans

Sources

Source of export figures exports (only exports of goods): World Trade Organization Trade Profiles 2016

Source for military expenditures: SIPRI Military Expenditure Database 2016

List of States without armed forces

Country	Explanation
 Andorra	Defence by France and Spain
 Costa Rica	Military abolished
 Dominica	Defence by the USA
 Grenada	Defence by the USA
 Haiti	Military only for civil purposes
 Iceland	Defense by NATO and USA
 Kiribati	Defence by Australia and New Zealand
 Liechtenstein	Military abolished
 Marshall Islands	Defence by the USA
 Mauritius	Coast guard only
 Micronesia	Defence by the USA
 Monaco	Defence by France
 Nauru	Defence by Australia
 Palau	Defence by the USA
 Panama	Military abolished
 Solomon Islands	Military abolished
 Samoa	Defence by the USA
 San Marino	Defence by Italy
 St. Lucia	Defence by Canada and USA
 St. Vincent and the Grenadines	Defence by Canada and USA
 Tuvalu	Military abolished
 Vanuatu	Military abolished
 Vatican City	Defence by Italy

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