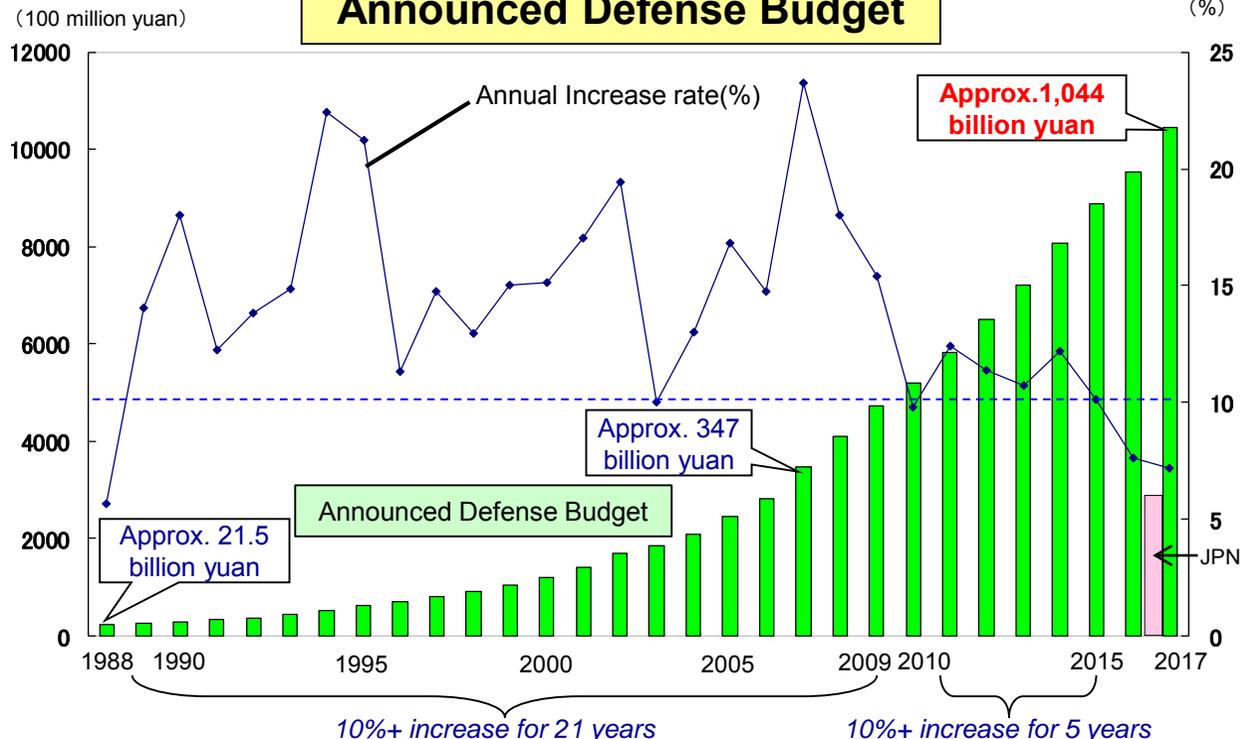


China's Defense Budget

Announced Defense Budget



Approx. 49-fold increase during the last 29 years
(Approx. 3.0-fold increase during the last 10 years)

View on China's Defense Budget

It's difficult to estimate the actual amount of China's Defense Budget due to lack of transparency in the China's budget system. The followings are examples of estimation of the actual amount.

U.S. DoD Annual Report to Congress "Military & Security Developments Involving the PRC 2016" (May 2016)

- The published military budget is approx. U.S.\$144 billion.
- The DoD estimates China's total military-related spending for FY2015 are **more than U.S.\$180 billion**. (= **1.25 times as much as the announced one**)
- China's published military budget **does not include several major categories of expenditure, such as foreign procurement and R&D.**

SIPRI "Yearbook 2016" (Nov 2016)

- China's military expenditure for FY2015 was estimated to be 1,337 billion yuan (= U.S.\$215 billion), which was **approx. 1.5 times as much as published one.**
- China increased the expenditure by approx. 3.0-fold during the 10 years since 2006. (Annual increase rate is approx. 13%.)
- China's military expenditure **includes significant amounts of extra-budgetary spending from other parts of the state budget.**
- As components of the estimates for China's military spending other than the announced defense budget, SIPRI points to **a part of military RDT&E spending, arms imports, etc.**

Taiwan MND "2015 National Defense Report" (Oct 2015)

- There remains **immense expenses concealed under non-military budget items.** The PRC's actual defense spending is **2 to 3 times the amount** it discloses.

○ According to the Xinhua News Agency, an official of the China's Ministry of Finance said that China's national defense budget for FY2017 was **approx. 1,044 billion yuan** (= approx. 17.8 trillion yen / 161 billion U.S. dollars / 146 billion euros / 115 billion pounds*).

○ China **increased** the budget **by approx. 68.2 billion yuan** (= approx. 1.2 trillion yen / 10.5 billion US dollars / 9.5 billion euros / 7.5 billion pounds*), which was **an approximately 7.1% increase**, in FY2017.

* Calculated with the FY2017 MOF exchange rate, i.e. 1 yuan = 17 yen, 1 U.S. dollar = 110 yen, 1 euro = 122 yen, 1 pound = 155 yen

○ Japan's defense-related expenditures for FY2017 is approx. 4.9 trillion yen (exc. ①SACO-related expenses, ②portion meant to reduce the burden on the local community out of the U.S. forces realignment expenses, and ③expenses associated with the acquisition of a new government aircraft) (China's announced defense budget is **approx. 3.6 times** as much as the Japan's defense-related expenditures in FY2017).