

Table 2: Projections of Gross domestic product (GDP) at purchasing power parity (PPP) in trillions of US\$

Sources: OECD, Economist Intelligence Unit

	China	US	US-EU	OECD
2005	8.5	12.4	24.9	33.8
2010	13.8	16.6	32.1	43.9
2015	20.9	21.8	39.7	54.5
2020	30.25	28.4	48.7	73
2025	43.56	37.1	60.1	88.3
2030	62.81	48.5	74.5	105.1

These figures, chiefly sourced from the EIU, assume that China's GDP will grow by 8% p.a. from 2005 to 2010, 7% p.a. from 2010 to 2015, 4.7% p.a. from 2015 to 2020, and 4.6% p.a. from 2020 to 2030. Similarly, it assumes U.S. GDP will grow by approx. 3% p.a. from 2005 to 2010, 2.8% p.a. from 2010 to 2015, 2.55% p.a. from 2015 to 2020, 2.5 % from 2020 to 2025, and 2.6% from 2025 to 2030. The EIU projections on the EU and OECD are incomplete. It is assumed here that the EU (of 25) will grow by 2% p.a. from 2005 to 2010 and 2.5% p.a. thereafter and that the OECD countries will grow by 2.5% between now and 2010 and that the non EU/US OECD countries will grow by approx. 2.5% p.a. thereafter until 2030.

Table 3: Gross domestic product (GDP) in trillions of US \$

At constant market prices, rebased to 1996 constant prices and translated into US\$ using the LCU:\$ exchange rate in 1996

	China	USA	EU	OECD
2005	1.68	10.45	20.929	29.6
2010	2.38	12.11	23.791	33.38
2015	3.15	13.88	27.095	37.54
2020	3.98	15.74	32.897	44.3
2025	4.98	17.83	37.238	49.9
2030	6.24	20.28	42.784	56.9

These figures are sourced from the EIU and the OECD. They do not reflect PPP; instead they are in US \$ at 1996 constant prices. The assumptions for growth are the same as in table 1. It is assumed that China's GDP will grow by 8% p.a. from 2005 to 2010, 7% p.a. from 2010 to 2015, 4.7% p.a. from 2015 to 2020, and 4.6% p.a. from 2020 to 2030. Similarly, it assumes U.S. GDP will grow by approx. 3% p.a. from 2005 to 2010, 2.8% p.a. from 2010 to 2015, 2.55% p.a. from 2015 to 2020, 2.5 % from 2020 to 2025, and 2.6% from 2025 to 2030. The EIU projections on the EU and OECD are incomplete. It is assumed here that the EU (of 25) will grow by 2% p.a. from 2005 to 2010 and 2.5% p.a. thereafter and that the OECD countries

will grow by 2.5% between now and 2010 and that the non EU/US OECD countries will grow by approx. 2.5% p.a. thereafter until 2030.

Table 4: Projections of Defense Expenditures 2005-2030 measured in constant 2003 dollars (billions)

	China	US	NATO	OECD
2005*	60.48	417.04	652.64	740.48
2010	87.98	482.46	743.76	842.96
2015	120.67	553.86	849.56	961.69
2020	151.64	628.15	962.65	1089.49
2025	189.92	710.68	1089.08	1232.58
2030	237.77	807.98	1235.98	1398.3

* This number is for 2003, which is the last year fully available at the time of writing.

Defense expenditures are difficult to estimate because PPP is not as relevant (much defense equipment is imported from Western countries, etc.). As a result, this table takes real defense expenditure in 2003 US dollars and updates according to the GDP projections contained in table 1. Thus, expenditure as a % of GDP remains constant from what it was in 2003. NATO is used instead of the EU-US although the growth assumptions for NATO save for the US are the same as those used for the EU. However, one should note that PPP figures may be more relevant if China develops an indigenous defense industry. Already, in some areas, such as the cost of manpower, we should be mindful of the PPP advantage not reflected in these numbers. A further caveat is that the 2005 numbers for China may be understated, deliberately by the Chinese authorities, in which case the true figure is unknown.