# Global military spending reaches record high as AI reshapes defence strategies



In recent years, global geopolitical tensions have escalated sharply, contributing to unprecedented volatility and complexity across international relations, markets, and defence strategies. This shift has driven nations worldwide to increase their military expenditure for the tenth consecutive year, aiming to prepare for a broad range of security scenarios.

According to the International Institute for Strategic Studies (IISS), global defence spending hit a record $2.46 trillion in 2024, rising from $2.24 trillion the year before. The Stockholm International Peace Research Institute (SIPRI) described the increase in 2023 as the steepest year-on-year surge since 2009, underscoring the expanding financial commitments by nations. Defence budgets accounted for an average of 1.9% of global GDP in 2024, up from 1.8% in 2023 and 1.6% in 2022.

Significant budgetary increases were recorded in regions including the Middle East and North Africa (MENA), Asia, and Europe, buoyed by heightened geopolitical conflicts, increased threat perceptions, and worsening security conditions. The United States remains the dominant military spender with an estimated budget of around $968 billion, far exceeding other countries. The next largest NATO military budgets are held by Germany at $86 billion, the UK at $81.1 billion, and France at $64 billion.

Although defence budgets in Asia have continued to grow moderately over the past decade, their regional share of global military expenditure has dropped from 25.9% in 2021 to 21.7% in 2024. China, however, stands out with a 7.4% real-terms increase in its defence spending, outpacing the regional average of 3.9%, as it aggressively pursues modernisation and incorporates advanced technologies such as artificial intelligence (AI) into its military framework.

Chinese leader Xi Jinping has identified military AI as a strategic priority, prompting substantial investments by the People's Liberation Army to scale up AI capabilities. AI’s integration within military operations is multifaceted, extending across intelligence, surveillance, logistics, autonomous systems, and cyber defence. Utilising AI, militaries deploy autonomous drones and robots for reconnaissance and combat missions, develop autonomous weapons systems to reduce human risks, and protect networks against cyber threats. AI also aids in processing satellite imagery, data analytics, and real-time operational decision-making while offering sophisticated simulation environments for training.

The United States has been a pioneer in military AI applications, initially focusing on technologies such as computer vision for target identification but now advancing rapidly with more integrated and sophisticated systems. Retired Army General Mark Milley highlighted during an event last year that smart AI systems could constitute roughly one-third of the US military within the next decade, predicting similar trends in other national armed forces. Milley stressed that “the country that optimizes those technologies for military use is going to have a very significant — and potentially decisive — advantage in an armed conflict.”

Several leading publicly-traded companies contribute significantly to military AI development, including Palantir Technologies, Lockheed Martin, Raytheon Technologies, and Northrop Grumman. Technology giants like Alphabet Inc., Microsoft, Amazon, and OpenAI are also actively involved in providing AI tools and services to military clients.

Beyond publicly traded entities, a number of high-profile private companies shaping the future of military AI are positioned for potential initial public offerings (IPOs). These firms have harnessed substantial venture capital to develop cutting-edge technologies tailored to defence applications:

* Shield AI, founded in 2015 by ex-Navy SEAL officer Brandon Tseng, designs intelligent autonomous systems aimed at enhancing the safety of service members and civilians. Its flagship AI platform, Hivemind, supports autonomous flight operations in GPS-denied environments, covering drones such as the V-BAT and wide-area motion imaging solutions via Sentient Vision Systems. Following a recent $240 million funding round that pushed its valuation to $5.3 billion, Shield AI has expanded globally with offices in the US, UAE, Ukraine, and Australia and secured major contracts including one with the US Coast Guard and the Japanese Maritime Self-Defense Force.
* Anduril Industries, founded in 2017 by Palmer Luckey, the entrepreneur behind Oculus VR, is focused on disrupting traditional defence contracting with advanced autonomous systems. Anduril's products include the Ghost 4 drone, Roadrunner interceptor, and the Lattice AI software platform. The company raised $1.5 billion in funding last year, is speculated to seek a $28 billion valuation, and boasts estimated revenues over $1 billion in 2024. Anduril recently took over a $22 billion US Army contract from Microsoft concerning HoloLens headset production and has tested hypersonic solid rocket motors for the US Navy.
* Applied Intuition, founded less than a decade ago by former Google engineers Peter Ludwig and Qasar Younis, specialises in AI software for autonomous military ground vehicles and simulators. The company supports military clients such as the US Army and Air Force, as well as automotive industry leaders globally. Applied Intuition raised $300 million in a secondary round in 2023 and has expanded its portfolio through acquisitions such as EpiSci, which develops TacticalAI co-pilot software for drones and fighter jets. Its estimated annual revenue stands at approximately $100 million.
* Scale AI, established in 2016, focuses on creating high-quality, annotated datasets essential for training AI models, employing a combination of machine learning and human data labelling. Its customers include OpenAI, Microsoft, and the US Department of Defense. CEO Alexandr Wang highlighted the importance of technological leadership in the US military’s AI race against China. The company received a multi-million-dollar contract from the Defence Innovation Unit for its Thunderforge AI military planning platform and is pursuing a $25 billion valuation in upcoming funding efforts. Its 2024 revenues are estimated around $870 million with expectations to double in 2025.
* Beacon AI is an aviation software technology startup that develops AI-driven assistance systems for commercial and defence pilots, aiming to enhance flight safety and efficiency. Last October, it raised $20 million to accelerate deployment of its flagship AI copilots and flight management platforms, already securing ten Department of Defense contracts.

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Additional emerging firms such as Scout AI and Overland AI are developing autonomous ground and aerial vehicles designed for US military use, leveraging advanced AI models and software stacks to enhance operational effectiveness and logistics support.

This growing ecosystem of AI-focused defence companies reflects a significant technological shift within the military sector. Substantial investment from both governmental and private sectors is underway to capitalise on AI's potential to shape modern warfare, offering capabilities from autonomous combat platforms to advanced data-driven decision-making tools. As these companies continue developing and scaling their innovations, their role in national security and defence strategy is set to expand markedly in the years ahead.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.sipri.org/media/press-release/2024/global-military-spending-surges-amid-war-rising-tensions-and-insecurity> - This SIPRI press release corroborates the sharp increase in global military spending due to escalating geopolitical tensions, noting the 2023 expenditure as the largest year-on-year increase since 2009. It highlights significant spending increases in Europe, Asia, and the Middle East.
* <https://www.iiss.org/publications/the-military-balance/2025/interactive-global-defence-spending-in-2024/> - This IISS report supports the claim that global defence spending reached $2.46 trillion in 2024, driven by increases in Asia, Europe, and the Middle East, underscoring the role of geopolitical tensions.
* <https://www.sipri.org/databases/milex> - The SIPRI Military Expenditure Database provides comprehensive data on military spending trends worldwide since 1949, supporting analyses of recent increases in defence budgets across different regions.
* <https://www.cnbctv18.com/world/global-military-spending-hits-2-46-trillion-dollars-in-2024-us-india-russia-ukraine-defence-budget-19571050.htm> - This article validates the top military spenders in 2024, naming the US, China, and Russia as leaders, and highlights India's position and Ukraine's significant defence budget allocation.
* [This link cannot be provided as it was not found in search results. However, AI integration into military systems is widely acknowledged as a strategic priority.](This%20link%20cannot%20be%20provided%20as%20it%20was%20not%20found%20in%20search%20results.%20However%2C%20AI%20integration%20into%20military%20systems%20is%20widely%20acknowledged%20as%20a%20strategic%20priority.) - General discussions on AI in military contexts often highlight its strategic importance for modern warfare, supporting the article's claims about AI's role in enhancing military capabilities.