

14. The trade in major conventional weapons

IAN ANTHONY, PIETER D. WEZEMAN and SIEMON T. WEZEMAN

I. Introduction

The global trend-indicator value of foreign deliveries of major conventional weapons in 1994 is estimated by SIPRI to have been \$21 725 million in constant (1990) US dollars. The index produced using the SIPRI valuation system is not comparable to official economic statistics such as gross domestic product, public expenditure and export/import figures. The purpose of the valuation system is to enable the aggregation of data on physical arms transfers. Similar weapon systems require similar values and SIPRI has created an index of trend-indicator values which can be aggregated in a number of different ways. The SIPRI system for evaluating the arms trade was designed as a *trend-measuring device*, to permit the measurement of changes in the total flow of major weapons and to illustrate its geographical pattern. For a more detailed description of the method used in calculating the trend-indicator value, see appendix 14C. The revised estimate for the trend-indicator value for 1993 is \$24 494 million. It is usual for the figures for the most recent years to be revised upwards as new and better data become available. It seems that the volume of deliveries of major conventional weapons has remained reasonably stable since 1991 after a steep decline from the peak year of 1987.

In 1994 the second annual report containing returns to the United Nations Register of Conventional Arms was released by the Secretary-General. Section II of this chapter, which discusses the main trends in the trade in major conventional weapons, examines the returns to the Register against the background of the information contained in the SIPRI arms trade data base and archives.

Section III discusses developments in Russia as they affect the arms trade. After the breakup of the former Soviet Union the defence industry in Russia experienced a period of dislocation and crisis. Section III examines how Russia has begun to position itself with regard to the post-cold war international arms market.

Appendix 14D looks at the progress of the group of government experts who produced a report on the further development of the United Nations Register of Conventional Arms in 1994.

Appendix 14E describes the recent development of the arms industry in and arms exports by South Africa. The far-reaching reform of the military establishment underway in South Africa includes an evaluation of the defence industry. Over the past few years a significant amount of new information

about the capacity and performance of South Africa's defence industry has become available.

Appendix 14F examines the impact of the availability of light weapons in parts of South Asia against the background of the local security environment.

II. The major suppliers and recipients

As noted above, allowing for the tendency for revisions to the most recent data, the global volume of deliveries of major conventional weapons appears to have been stable during the period 1991–94 after a period of rapid decline between 1987 and 1991.

Looking at the data in appendix 14A it is possible to see more details of the distribution of these reductions among importing states. The largest reductions have taken place in the group of countries aggregated as 'developing', a group which received 66 per cent of total deliveries of major conventional weapons in 1985 against 58 per cent in 1994.¹ There are several explanations for this shift. One explanation, which is underlined by the shifting regional distribution of deliveries in table 14A.1, is the reduced importance of the Middle East. While Middle Eastern countries accounted for 31 per cent of the total volume of major weapon deliveries in 1985, in 1994 this percentage was 24 per cent. The reduction in the importance of the Middle East as a recipient region reflects several developments. First, the end of the 1980–88 Iraq–Iran War; second, the reductions in supply to the region by the former Soviet Union and third, the mandatory United Nations arms embargo in place against Iraq. This trend has been interrupted to some extent by the impact of transfers made after the 1991 Persian Gulf War. However, in several of the countries on the Arabian peninsula—including Kuwait and Saudi Arabia—governments have been under both fiscal and political pressure to reduce military expenditures and it remains to be seen whether all of the announced acquisition programmes are completed.

The changing distribution of deliveries is also reflected in the fact that while the volume of deliveries of major conventional weapons to European countries has fallen during the period 1985–94, the percentage share in the global total has increased. While European countries accounted for 26 per cent of deliveries of major conventional weapons in 1985, in 1994 they accounted for 31 per cent. This increase in share has occurred in spite of the significant reduction in major weapons acquisition by members of the former Warsaw Treaty Organisation. The increase partly reflects the fact that in the period 1990–94 south-east Europe has seen significant deliveries of major conventional weapons—almost entirely as a result of acquisitions by Greece and Turkey.

¹ It should be noted that the data here relate only to international transfers of major conventional weapons. In many industrialized countries a significant proportion of overall acquisition is accounted for by the production of equipment designed domestically. Membership of the various regional groupings and international organizations is listed in appendix 14A.

Table 14.1. The 25 leading suppliers of major conventional weapons, 1990–94

The countries are ranked according to 1990–94 aggregate exports. Figures are trend-indicator values expressed in US \$m., at constant (1990) prices. Totals are rounded.

Suppliers	1990	1991	1992	1993	1994	1990–94
1 USA	10 648	13 041	13 801	12 905	11 959	62 354
2 USSR/Russia	10 459	3 838	3 385	3 388	842	21 912
3 Germany, FR	1 656	2 505	1 487	1 726	3 162	10 536
4 UK	1 509	1 156	1 020	1 278	1 593	6 557
5 France	2 220	1 090	1 113	1 159	705	6 287
6 China	1 245	1 117	1 157	1 257	1 204	5 980
7 Netherlands	267	453	432	356	558	2 065
8 Italy	287	360	479	514	357	1 997
9 Czechoslovakia ^a	753	60	221	474	79	1 587
10 Switzerland	282	386	344	83	46	1 142
11 Korea, North	0	138	86	420	43	687
12 Sweden	248	121	129	56	91	646
13 Yugoslavia	60	543	21	0	0	624
14 Canada	67	15	131	161	208	582
15 Ukraine	..	..	400	23	0	423
16 Israel	74	93	39	73	87	367
17 Spain	87	65	57	39	116	363
18 Slovakia	..	..	..	145	150	295
19 Brazil	74	43	59	24	61	262
20 German DR	245	..	..	..	..	245
21 Poland	152	63	0	1	0	216
22 Norway	10	91	0	47	61	209
23 Korea, South	53	53	0	48	38	192
24 Pakistan	62	129	0	0	2	192
25 Moldova	..	..	14	0	175	189
Others	433	168	399	316	188	1507
Total	30 891	25 527	24 776	24 494	21 725	127 414

^a For the years 1990–92 the data refer to the former Czechoslovakia; for 1993–94 the data refer to the Czech Republic.

Source: SIPRI arms trade data base.

In this year's SIPRI Yearbook the structure of tables on the leading suppliers and recipients has been changed in order to include coverage of more countries. Whereas in past years these tables have contained data for the 15 leading suppliers of major conventional weapons, coverage has been extended to the 25 leading suppliers. However, data are now presented as a single global figure for each country rather than, as before, being divided into deliveries to industrialized and developing countries.

The extension of the country coverage brings into table 14.1 several countries which have not previously featured as significant arms exporters. In 1993 and 1994 South Korea delivered armoured vehicles—the Korean Infantry Fighting Vehicle—to Malaysia for use by Malaysian forces engaged in United Nations peacekeeping missions.

Table 14.2. The 50 leading recipients of major conventional weapons, 1990–94

The countries are ranked according to 1990–94 aggregate exports. Figures are trend-indicator values expressed in US \$m., at constant (1990) prices. Totals are rounded.

Recipients	1990	1991	1992	1993	1994	1990–94
1 Saudi Arabia	2 459	1 331	1 073	2 534	1 602	8 999
2 Japan	2 272	2 386	1 608	1 199	919	8 383
3 Turkey	804	954	1 640	2 281	2 135	7 814
4 Greece	1 221	568	2 732	881	973	6 375
5 India	1 599	1 494	1 166	966	773	5 998
6 Egypt	755	1 234	1 263	1 367	1 370	5 990
7 Germany, FR	1 084	1 005	1 267	1 202	629	5 187
8 Taiwan	553	867	416	974	1 069	3 878
9 Afghanistan	2 466	1 212	0	0	0	3 678
10 Israel	29	1 373	1 097	585	557	3 640
11 Pakistan	743	605	389	949	819	3 505
12 Iran	776	175	283	1 193	780	3 206
13 China	125	151	1 976	679	2	2 932
14 Canada	200	969	561	435	691	2 857
15 Spain	799	126	275	670	964	2 834
16 Thailand	437	630	838	154	679	2 739
17 Korea, South	686	395	537	481	613	2 713
18 Kuwait	282	616	953	622	80	2 552
19 Indonesia	202	238	69	397	1 451	2 357
20 UK	78	873	1 128	61	52	2 193
21 USA	203	444	418	572	509	2 147
22 Australia	437	253	450	748	221	2 109
23 United Arab Emirates	936	127	172	465	389	2 090
24 Portugal	101	1 103	3	300	491	1 998
25 France	45	981	384	137	66	1 612
26 Finland	100	98	519	635	143	1 495
27 Hungary	36	27	0	1 071	4	1 137
28 Netherlands	208	300	186	126	273	1 092
29 Switzerland	317	236	286	84	148	1 070
30 Norway	376	251	194	151	94	1 066
31 Bulgaria	633	398	12	0	0	1 043
32 Myanmar	197	226	34	338	248	1 042
33 Algeria	384	561	38	20	20	1 023
34 Singapore	400	317	70	158	70	1 014
35 USSR/Russia	974	36	0	0	0	1 010
36 Czechoslovakia ^a	835	126	4	..	..	965
37 Chile	203	85	268	119	263	938
38 Syria	28	138	341	188	194	889
39 Romania	659	38	46	43	50	836
40 Poland	497	246	49	19	5	816
41 Angola	748	0	0	49	0	797
42 Korea, North	651	30	34	15	13	743
43 Brazil	201	165	65	72	217	719
44 Italy	81	114	79	252	171	698
45 Belgium	223	225	89	103	55	694
46 German DR	649	..	..	..	..	649
47 Bangladesh	161	126	258	0	75	620

Recipients	1990	1991	1992	1993	1994	1990–94
48 Morocco	111	89	26	147	181	554
49 Venezuela	100	186	67	52	147	553
50 Bahrain	402	50	64	26	8	550
Others	2 424	1 351	1 351	976	1 513	7 615
Total	30 891	25 527	24 776	24 494	21 725	127 414

^a For the years 1990–92 the data refer to the former Czechoslovakia; for 1993–94 the data refer to the Czech Republic.

Source: SIPRI arms trade data base.

Moldova delivered 12 MiG-29 fighter aircraft to South Yemeni separatists during the civil war fought in that country.² Of these aircraft, which were flown in combat by foreign mercenaries, seven were destroyed during the war. The government of Yemen had no intention of keeping four aircraft captured in serviceable condition and it is assumed that these aircraft will be re-sold.

Among the 50 recipient countries included in table 14.2 Spain and Taiwan are two that have recorded significant increases in the volume of their imports.

Taiwan has received combat helicopters of two types, the Model 209 Cobra and the Model 206 Kiowa from the United States as well as taking delivery of the first of 4 E-2C Hawkeye airborne early warning aircraft. The Taiwanese Navy has commissioned additional Cheng Kung (modified US FFG-7) Class frigates as well as leasing ex-US Navy Knox Class frigates and Newport Class landing ships.

Spain has been the recipient of surplus equipment from the United States and France in 1993 and 1994. Some of this equipment was transferred as part of the NATO Equipment Transfer and Equipment Rationalization Programme—usually referred to as the cascade—associated with the implementation of the 1990 Treaty on Conventional Armed Forces in Europe (the CFE Treaty). However, Spain has also leased ex-US Navy Knox Class frigates and Newport Class landing ships. Spain also commissioned additional Santa Maria (modified US FFG-7) Class frigates in 1994.

In 1994 the second year of submissions to the UN Register of Conventional Arms took place. By 1 March 1995, 88 states had submitted returns to the United Nations Centre for Disarmament Affairs describing their arms transfer activity in agreed equipment categories for calendar year 1993.³ Comparing the returns with the information in the SIPRI data base and archive produces the following observations.⁴

² Foreign Broadcast Information Service, *Daily Report—Central Eurasia (FBIS-SOV)*, FBIS-SOV-94-184, 22 Sep. 1994, p. 60; and interview with Abdel Rabuh Hadi, Vice President of Yemen, *Defense News*, 19–25 Dec. 1994, p. 22.

³ Additional information on the development of the UN Register is contained in appendix 14D.

⁴ The comparability of SIPRI and UN data is not perfect because of differences in coverage and definitions and because not all countries report to the UN Register. Estimates of deliveries of conventional

The UN data reinforced the impression that transfers of major conventional weapons are concentrated in a relatively small number of states with a handful of exporters accounting for the great majority of deliveries. Particularly prominent as suppliers are the United States and Germany.

The Register confirmed that Germany and, to a lesser extent, the Netherlands continued to dispose of surplus equipment through foreign transfers. From national data provided outside the framework of the United Nations—for example, information provided to the Congress—it is known that the USA is also disposing of significant amounts of surplus equipment. However, the USA provides a minimum of information on its returns to the UN, and so the Register is of limited usefulness in describing these transfers.

Among the importing countries, the UN Register confirms that Greece and Turkey have received large quantities of surplus weapons because both countries give very precise information about what has been imported. However, the information—while precise—is different from that provided by the United States, which is their principal supplier.⁵

As a result of the data provided by the UN Register some significant revisions have been made to the SIPRI data reflecting new information about deliveries. In the cases of Saudi Arabia, Greece, Pakistan and Iran estimates have been revised upwards for 1993, while for the cases of India and Indonesia estimates were revised downwards. The Register also contained interesting reports from Belarus, Bulgaria, China, Iran, Romania and Ukraine—countries whose arms transfer behaviour is not well documented in public sources. However, interpreting exactly what some of the reports mean remains difficult because of the lack of detail they contain.

Belarus reported the transfer of 21 armoured vehicles to Bulgaria which were then re-exported to Angola. In addition to these armoured vehicles (identified by Bulgaria as BMP-1 infantry fighting vehicles) Bulgaria exported an additional 29 BMP-1s and 24 T-62 tanks to Angola.

Romania reported exports of artillery to Nigeria for the second consecutive year. In September 1993, in response to an official protest by the Armenian Foreign Ministry, the Ukrainian Foreign Ministry denied transferring tanks to Azerbaijan.⁶ According to the Foreign Ministry, Ukraine was repairing and returning Azerbaijani tanks rather than providing any new material. However, in its return to the UN Register, Ukraine lists 100 tanks and 10 combat aircraft transferred to Azerbaijan in 1993. Late in 1994 there were additional reports of new shipments of tanks from Ukraine to Azerbaijan.⁷

arms according to UN definitions are contained in Sislin, J. and Wezeman, S. T., *1994 Arms Transfers: A Register of Deliveries from Public Sources* (Monterey Institute of International Studies: Monterey, Calif., 1995).

⁵ This situation is not unique. For example, the USA reported exports of 998 missiles and missile launchers to Canada in 1993 while Canada reported imports of 45 items in the same category. Neither country disaggregated the data into different missile types. *United Nations Register of Conventional Arms: Report of the Secretary General*, UN document A/49/352, 1 Sep. 1994; and *United Nations Register of Conventional Arms: Report of the Secretary General: Corrigendum*, UN document A/49/352/corr.1, 8 Nov. 1994.

⁶ *Radio Free Europe/Radio Liberty (RFE/RL) News Briefs*, 13–17 Sep. 1993, p. 7.

⁷ FBIS-SOV-94-208, 28 Oct. 1994, p. 41.

China and Iran also provided information on their bilateral arms transfers—reporting the export of 25 undesignated combat aircraft by China. These are believed to be F-7 fighter aircraft. Iran also provided a report on its 1992 imports retrospectively. Among the arms transfers widely reported in public sources but not reported by Iran are mobile SS-1 Scud missiles and missile launchers apparently transferred by North Korea. The UN Register contains no verification provisions and—as a voluntary exercise—does not require governments to make a full submission. Therefore, it is not possible to say with certainty whether or not the transfers of missiles and launchers reported in public sources did take place in 1993.

The United States

According to SIPRI estimates the trend-indicator value of deliveries of major conventional weapons by the USA in 1994 was \$11 959 million. Compared with 1993 this represents a decrease of 7 per cent. The USA continued to dominate the international trade in major conventional weapons, accounting for 55 per cent of deliveries of major conventional weapons in 1994.

In February 1995 the Clinton Administration described its conventional arms transfer policy—a description originally promised for December 1993. US conventional arms transfer policy is intended to serve five broad goals:

1. To ensure that US forces can continue to enjoy technological advantages over potential adversaries;
2. To help allies and friends deter or defend themselves against aggression while promoting inter-operability with US forces when combined operations are required;
3. To promote regional stability in areas critical to US interests while preventing the proliferation of weapons of mass destruction and their missile delivery systems;
4. To promote peaceful conflict resolution and arms control, human rights, democratization and other US foreign policy objectives;
5. To enhance the ability of the US defence industrial base to meet US defense requirements and maintain long-term military technological superiority at lower cost.⁸

Prior to the latest review US security assistance programmes were intended to: increase the ability of US security partners to defend and deter against aggression and shoulder more of the common defence burden; help maintain strong and cohesive defence arrangements with allies and secure access to

⁸ The policy is contained in Presidential Decision Directive (PDD) 34 and is a classified document. However, the policy is described in 'Conventional arms transfer policy' (text of White House fact sheet), *Wireless File* (United States Information Service, US Embassy: Stockholm, 17 Feb. 1995), pp. 17–18. The delay in release was caused by a disagreement on three specific details in the policy statement between the responsible agencies—the State Department, Department of Defense, Department of Commerce and the Arms Control and Disarmament Agency. The details were: first, whether the US Government should sponsor overseas arms sales through financial support to US contractors attending foreign weapon exhibitions. The February policy statement said that this would be done only for those cases where a given transfer had already been approved. Second, whether a government loan guarantee programme should be established to assist with the financing of arms transfers. No such proposal was contained in the policy statement. Third, whether US allies should be offered a new defence technology sharing arrangement in exchange for co-operation in multilateral export control. There is no such proposal in the policy statement.

military facilities throughout the world; promote regional stability by controlling the volume and types of weaponry deployed around the world; strengthen the economies of countries with which the USA had security relationships; and foster human rights, democratic values and institutions.⁹

There is considerable continuity in the rationale for the USA to export weapons—though inevitably there are differences over whether or not to permit specific transfers. The only new policy goal among those listed was an explicit reference to the need to support the US defence industrial base. The explanatory text which accompanied the policy statement did expand on the promotion of arms transfer restraint at both a global and regional level.

The Clinton Administration has given high priority to the promotion of exports in general and some anticipated that this approach might be reflected in the policy on arms transfers. In other areas where subsidies are not prohibited by international agreement the United States operates federal programmes administered by the Department of Agriculture and the Department of Commerce. Whether or not a specific instrument such as an export credit scheme administered by the US Export-Import bank should be established to assist with financing arms transfers—where there are no rules regulating the financial aspects of international trade—was a contentious issue in the preparation of the policy statement.¹⁰ In the event these provisions were not contained in the policy statement. Moreover, one analyst closely involved with the discussion suggested that a consensus was emerging within the US Administration that ‘arms exports are primarily matters of diplomacy and national security policy rather than of commerce and foreign trade policy’.¹¹

Decision making remains case-by-case with no automatic prohibitions on any given transfer. The statement on arms transfer policy was accompanied by a list of 12 general criteria taken into account when taking decisions. However, these criteria did not add to the undertakings to which the USA committed itself in the Co-operation Principles Governing Conventional Arms Transfers adopted by the CSCE Forum for Security Co-operation in 1993.¹²

Along with these general criteria, the text contained seven criteria taken into account when considering exports of items that could contribute to upgrades of platforms already in the inventory of another country. These criteria were:

1. Upgrade programmes must be well-defined to be considered for approval.
2. Upgrades should be consistent with the general conventional arms transfer criteria.

⁹ *The Management of Security Assistance* (Defense Institute of Security Assistance Management: Wright Patterson Air Force Base Ohio, May 1992), pp. 12–26.

¹⁰ The Export-Import Bank, which is part of the State Department, is legally prohibited from financing arms sales to developing countries and has a policy of not financing arms sales to any country. For a discussion, see *Arms Sales Monitor*, no. 26, 30 July 1994.

¹¹ Benson, S., ‘National security and economic considerations in US conventional arms transfer policy’, *The Nonproliferation Review*, vol. 2, no. 1 (fall 1994), p. 24. As Benson points out, this is less true for dual-use technologies whose military impact is more ambiguous and whose commercial significance is far greater than conventional arms.

¹² Discussed in Lachowski, Z., ‘Conventional arms control in Europe’, *SIPRI Yearbook 1994* (Oxford University Press: Oxford, 1994), pp. 589–90.

3. There will be a presumption of denial of exports to upgrade programmes that lead to a capability beyond that which the USA would be willing to export directly.

4. Careful review of the total scope of proposed upgrade programmes necessary to ensure that US licensing decisions are consistent with US policy on transfers of equivalent net systems. US contributions to upgrade programmes initiated by foreign prime contractors should be evaluated against the same standard.

5. Protection of US technologies must be ensured because of the inherent risk of technology transfer in the integration efforts that typically accompany an upgrade project.

6. Upgrades will be subject to standard US Government written end-use and re-transfer assurances by both the integrator and final end-user.

7. Benchmarks should be established for upgrades of specific types of system to provide a baseline against which individual arms transfer proposals and departures from established policy can be measured and justified.¹³

These criteria were very welcome in that they both underline the growing importance of the market for upgrades to existing equipment and also represent the first evidence that the issue is being evaluated and addressed in a systematic and comprehensive manner by any government.

Western Europe

Collectively, transfers by the members of the European Union represented 30 per cent of major conventional weapons delivered in 1994 according to SIPRI estimates.

France and Germany were both successful in concluding some large contracts for major conventional weapons during the year. In both cases naval equipment made up a significant proportion of new agreements. Modern conventional submarines have long been a mainstay of German arms exports. In 1994 a new agreement was reached with South Korea for the transfer of three Type-209/1200 submarines. France was also successful in a competition to supply Pakistan with three very advanced ocean-going submarines of the Agosta-90 Class. For the UK deliveries of the Hawk series of jet trainer aircraft now represent the most significant export activity in regard to major conventional weapons. In the period 1990–94 more than 100 Hawk aircraft of all types have been delivered to foreign customers. Moreover, further deliveries will take place under existing contracts with Indonesia, Malaysia, Oman and Saudi Arabia while additional orders are expected. These figures exclude 270 T-45 Goshawk jet trainers for the US Navy, a joint venture between British Aerospace and McDonnell Douglas of the United States. The Goshawk is expected to enter full-scale production in 1995.

¹³ See note 8.

The arms embargo on the former Yugoslavia

The most contentious arms trade issue for Western Europe in 1994 did not relate to an issue of market performance. Rather, it stemmed from the discussion within the United Nations and elsewhere of the arms embargo on the former Yugoslavia.

Of the countries of the former Yugoslavia only the Federal Republic of Yugoslavia (i. e., Serbia and Montenegro) is subject to broad trade sanctions. Bosnia and Herzegovina (including Bosnian Serbs), Croatia, the Federal Yugoslav Republic of Macedonia (FYROM) and Slovenia are subject to an arms embargo established by UN Resolution 713 of 25 September 1991. Under this resolution member states must 'immediately implement a general and complete embargo on all deliveries of weapons and military equipment'. However, the member states are left to define 'weapons and military equipment' according to national criteria. Many materials of military value may fall outside national definitions of military equipment—e.g., transport helicopters, trucks and many other items.¹⁴

West European countries (regarded as the principle supporters of upholding the current Resolution) faced considerable pressure from members of the US Congress and some governments—particularly those in the Muslim world—to modify the terms of the arms embargo on countries of the former Yugoslavia.¹⁵

The European Union is in the process of discussing arms transfer policy as part of the process of European political union.¹⁶ Member states see this issue as a subject for intergovernmental joint action and an *ad hoc* working group of EU members was set up in December 1991 to examine how far harmonization and consensus in this area could advance.¹⁷ One useful step that the EU countries have taken is to harmonize national lists of items subject to United Nations or European Union embargoes.¹⁸

III. Russia

It is now widely accepted that the Russian defence industry will have to be fundamentally restructured in the face of the dramatic decline in the demand for its products. Nevertheless, given the size of the defence industry inherited

¹⁴ See Anthony, I. *et al.*, 'Arms production and arms trade', *SIPRI Yearbook 1994* (note 12), chapter 13 for a discussion of procedural aspects of the arms embargo.

¹⁵ The different strands of congressional opinion are captured in the questioning of Deputy Secretary of State Strobe Talbott in *Impact of a Unilateral United States Lifting of the Arms Embargo on the Government of Bosnia-Herzegovina*, Hearing before the Committee on Armed Services, US Senate, 23 June 1994.

¹⁶ See chapter 15 in this volume.

¹⁷ Eavis, P., 'EC regulations', ed. J. Thurlow, *Worldwide Guide to Export Controls* (Export Control Publications: Chertsey, 1994).

¹⁸ *Arms and Dual-use Export Controls: Priorities for the European Union* (Saferworld: Bristol, June 1994), p. 9.

from the Soviet Union, Russia will remain a major defence industrial power in global comparative terms even after a significant rationalization.¹⁹

There is no single statement of the value of Russian arms exports and officials from different Russian agencies have given different figures in interviews and public statements. These statements are never accompanied by an explanation of exactly what the figures include or the basis on which they were compiled.

According to Rosvooruzheniye—the state agency created in November 1993 and largely responsible for coordinating and managing Russian arms exports—arms exports in 1992 were worth \$2.329 billion, a figure which rose to \$2.504 billion in 1993. The preliminary forecast for 1994 was \$3.4 billion and the value of anticipated agreements was expected to reach \$5–6 billion in 1995.²⁰ Actual foreign currency receipts from arms exports have been given as \$4.24 billion in 1992 and \$2.028 billion in 1993.²¹ According to Valeriy Tretyak, First Deputy Director General of Rosvooruzheniye, virtually all of these foreign currency receipts are returned to the manufacturers.²²

According to a statement by Oleg Davidov, Minister for Foreign Economic Relations, in May 1994 the value of Russian arms exports in 1992 was \$2.3 billion, but the value fell in 1993 to \$1.2 billion.²³ In January 1994 Victor Glukikh, Chairman of the State Committee for the Defence Branches of Industry, gave the value of Russian arms exports in 1993 as \$2.117 billion.²⁴

In the period immediately after the dissolution of the USSR the administrative organs responsible for decision making in the area of arms export policy were dissolved as part of the process of eliminating the influence of the Communist Party.²⁵ By 1994 revisions in the decision-making structure and the administrative system for implementing export policy were still being made.

In spite of these changes, the outline of a new Russian arms transfer policy can now be seen. Three types of foreign military cooperation are being pursued with varying degrees of success.

First, Russia has tried to re-establish defence industrial ties between the research, design and production units located on the territory of the former Soviet Union. These ties are being sought both through the Commonwealth of Independent States (CIS) and through bilateral agreements. Second, Russia has consolidated its arms transfer relationship with some of the more important clients of the former Soviet Union. Third, Russia has begun to try and penetrate new markets. Russian officials and industrialists have been

¹⁹ For further discussion see chapter 13 of this volume.

²⁰ FBIS-SOV-94-190, 30 Sep. 1994, p. 17.

²¹ Felgengauer, P., 'Russia's arms sales lobbies', *Perspective*, vol. 5, no. 1 (Sep.–Oct. 1994), pp. 1, 7.

²² Tretyak, V., 'Russia's political and economic interests', *Military Parade*, Nov.–Dec. 1994, pp. 12–13.

²³ *International Defense Review*, May 1994, p. 54.

²⁴ FBIS-SOV-94-019, 28 Jan. 1994, p. 28; *East European Report*, 24–30 Apr. 1994, p. 38. A Committee for the Defence Branches of Industry was established after the short-lived Ministry for Industry was abolished in Oct. 1992. The Committee incorporated most state agencies which oversaw defence industrial activity in the Soviet Union—the State Military and Industrial Commission of the Soviet Union and eight of the nine ministries which oversaw defence production. This body was upgraded to a State Committee in 1993, giving its Chairman the equivalent of cabinet rank.

²⁵ Peterson, C. C., 'Moscow's new arms bazaar', *Orbis*, vol. 38, no. 2 (spring 1994).

extremely active in efforts to market equipment in countries that were never Soviet clients. These efforts have focused on South-East Asia, the Persian Gulf and Latin America. In one case—that of China—Russia has moved to restore a very significant old market.

Other forms of foreign military technical cooperation that were important to the Soviet Union have not been restored to the same extent. Central European countries—all of which have military inventories built around Soviet weapons—have largely tried to avoid restoring ties with Moscow. In part this reflects their preference for cooperation with other countries—ideally with the members of NATO. In part it also reflects the dramatic reductions in military expenditure across Central Europe—a trend which shows no sign of reversal.²⁶ Nevertheless, even in Central Europe defence industrial ties with Russia have not been broken entirely.

The background environment

All political constituencies in Russia now appear to support Russian arms transfers in what are considered legitimate markets.²⁷

While there is disagreement about the exact amount from arms transfers, it is clear that arms transfers do bring in some hard currency receipts. In 1993 the value of Russian exports (merchandise trade only) has been estimated at \$40 billion by the US State Department.²⁸ Therefore, accepting the highest of the values offered by Russian officials for arms exports for 1993 arms exports represent roughly 6 per cent of the value of Russian exports.

As they do yield hard currency receipts, who should exercise control over arms transfers has become a contentious element within the Russian Council of Ministers. This issue is discussed further below.

From a political perspective, issues related to arms transfers have become a central element in developing or consolidating close relations between Russia and many foreign countries.²⁹ From an economic perspective foreign sales are seen to offer at least some relief to a defence industry in crisis which would otherwise have to be supported entirely from public expenditures. Export sales cannot compensate for the scale of reductions in domestic acquisition. However, accepting that some producers will fail is different from actively advocating measures that reduce foreign sales.

²⁶ See chapter 12 in this volume.

²⁷ Support for this position is widespread in the Parliament as well as the executive branch of government; see, e.g., statements of Sergey Yushenkov, Chairman of the Committee on Defence, State Duma in FBIS-SOV-94-105, 1 June 1994, p. 7 and FBIS-SOV-94-124, 28 June 1994, p. 15. Even critics of current export policy such as Alexei Arbatov, a member of the State Duma, believe that 'as long as international arms exports are not prohibited or severely constrained by agreements among major exporters, such exports may continue to constitute some portion of Russia's foreign trade'; Arbatov, A., 'Russian aerospace exports: a commentary' ed. R. Forsberg, *The Arms Production Dilemma: Contraction and Restraint in the World Combat Aircraft Industry* (MIT Press: Cambridge, Mass, 1994), p. 108.

²⁸ US Department of State, *Russia: Economic Policy and Trade Practices*, Washington, DC, Feb. 1994, p. 1.

²⁹ Foye, S., 'Russian arms exports after the cold war', *RFE/RL Research Report*, vol. 2, no. 13 (26 Mar. 1993); and Blank, S., 'Challenging the new world order: The arms transfer policies of the Russian Republic', *The Journal of Slavic Military Studies*, vol. 6, no. 1 (June 1993).

In foreign policy terms there have been important changes in emphasis which have had an impact on attitudes towards arms transfers.³⁰ In the Persian Gulf Russia seeks to maintain relations with Iraq—formerly an important market for Soviet goods—and normalize relations with Iran—an emerging market for Russian goods.³¹ These countries also influence regional stability in the Caucasus and Central Asia. Russia has sought to improve its relationships with the other Persian Gulf states. High priority is also being given to building relations with states in North-East Asia (defined to include China) and South-East Asia.

Arms export policy and regulation

Given this background, what are the implications for the pattern and volume of Russian arms exports? Russia's general position on arms exports is identical to that of the other major suppliers. As noted above, the Russian Government is reluctant to forgo economic and employment benefits which may derive from export sales without a demonstrable reason.

This view was also manifest in Russia's ideas about the appropriate goals and procedures for a new multilateral export control organization being discussed after the dissolution of COCOM embargo.³² The Russian national security concept for 1994 made two specific proposals: to hold talks with major arms suppliers to define quotas for the arms trade and to set up a Conference of Arms Exporting Countries to regulate the international market for arms.³³ When President Boris Yeltsin addressed the United Nations in September 1994 he raised the idea of a multilateral discussion under the aegis of the UN again referring to regulation.³⁴

In the area of major conventional weapons, foreign sales seem to be under full state control. However, as noted above, there are inter-agency rivalries and disputes over the issue of how control should be exercised.

Until late 1994 arms export policy was established by the Commission on Military Technical Co-operation with Foreign Countries (KVTS) which is supervised by First Deputy Prime Minister Oleg Soskovets. The Commission was an inter-agency body on which the Ministry of Foreign Affairs, the Ministry of Defence, the Ministry of Foreign Economic Relations, the Ministry of Economics, the Service of External Intelligence and the State Customs Committee were all represented.³⁵

In December 1994 this body was replaced by a State Committee on Military and Technical Co-operation.³⁶ This body was still supervised by Soskovets but

³⁰ See chapter 7 in this volume for a further development of this theme.

³¹ 'Moscow-Tehran-Baghdad oil axis seen in works', FBIS-SOV-94-197, 12 Oct. 1994, pp. 1-2; and Lukin, V., 'Does Russia act wisely in the Middle East?', *Moscow News*, no. 43 (28 Oct.-3 Nov. 1994), pp. 1, 3.

³² See chapter 15 in this volume.

³³ 'Russia's National Security Concept for 1994', reprinted in FBIS-SOV-94-03, 25 Feb. 1994, p. 50.

³⁴ Address by President Boris Yeltsin to the General Assembly, 26 Sep. 1994.

³⁵ FBIS-SOV-94-169, 31 Aug. 1994, p. 31.

³⁶ *East European Report*, 29 Jan.-4 Feb. 1994, p. 41.

Sergey Sveshnikov was appointed to chair the Committee. Whereas the previous Commission reported to the Council of Ministers, the new State Committee was accountable direct to the President and has wide-ranging responsibilities including licensing exports of conventional arms.

Within the Ministry of Defence a Committee on Military Technical Policy has assumed many of the policy planning functions previously performed by the State Committee for the Defence Branches of Industry.³⁷ This Committee discusses issues of science, research and development and production. It includes industrialists who therefore have a chance to influence military research and development policy as well as arms procurement. However, since hard currency receipts from arms exports have become more important to the survival of the defence industry, it seems inconceivable that they are not also discussed in this Committee.

While the final configuration of decision making is unclear, it appears likely that three bodies will now exercise primary responsibility in setting and implementing state policy: the new State Committee, the Ministry of Defence and Rosvooruzheniye. While it is too early for any definitive prediction, it is probable that the role of the State Committee for the Defence Branches of Industry and the Foreign Ministry (which is not represented on the new State Committee) in setting arms export policy will diminish.

Applications to export controlled items originate with one of three agencies: (a) Rosvooruzheniye; (b) Promexport (an organ of the State Committee for the Defence Branches of Industry); or (c) Voentech (the agency responsible for disposal of equipment from the inventory of the Russian armed forces).³⁸ The issue of which government and industrial entities should have the right to initiate contacts with potential foreign customers has been extremely contentious and regulations in this regard have been revised several times. With the creation of Rosvooruzheniye it appeared that producers would lose the right (exercised through the State Committee) to conduct discussions with potential customers. However, the fact that at least some enterprises still have the right to make independent contacts with potential foreign customers was confirmed by President Yeltsin in June 1994.³⁹

Whoever initiates a foreign sale, it is necessary to have government approval to proceed with a transfer.⁴⁰ Under the previous process, licence applications were first reviewed by the Service of External Intelligence and the Export Control Commission of the Ministry of Defence (under the authority of the First Deputy Minister of Defence). Without the assent of these bodies a request never reaches the stage of formal licence consideration.

³⁷ There is some overlap in the membership of the Committee on Military Technical Policy in the Ministry of Defence and the new State Committee. Bacon, E., 'Russia's arms exports: a triumph for marketing?', *Jane's Intelligence Review*, vol. 6, no. 6 (June 1994), pp. 268–70.

³⁸ Anthony *et al.* (note 14), pp. 491–92; Peterson, C. C., 'Moscow's new arms bazaar', *Orbis*, vol. 38, no. 2 (spring 1994); and Kortunov, S., 'National export control system in Russia', *Comparative Strategy*, vol. 13, no. 2 (Apr.–June 1994).

³⁹ Barry, M. J., 'Privatization, conversion and restructuring in Russia's military industrial complex: macroeconomic implications of a sector set apart', *Comparative Strategy*, vol. 13, no. 4 (Nov–Dec. 1994), p. 425.

⁴⁰ FBIS-SOV-94-137, 18 July 1994, p. 13.

Until December 1994 requests to export were also reviewed by the Ministry of Foreign Affairs and the Ministry for Foreign Economic Relations. No application was approved over the objection of one of these Ministries.

The Ministry of Foreign Economic Relations evaluated the creditworthiness of the potential customer and their past record of payment for equipment supplied earlier. This function no longer appears to be fulfilled by the Ministry of Foreign Economic Relations but appears to have passed to the new State Committee. Some former specialists from the Ministry of Foreign Economic Relations now sit on the State Committee.

The Ministry of Foreign Affairs evaluated the impact of any application on relations with third parties. However, the role of the Ministry of Foreign Affairs now appears to be limited to developing guidelines to be taken into account by the State Committee in its decisions. The Ministry of Foreign Affairs will not be involved in reviewing the individual licence applications.

The Ministry of Defence remains a central player in the process and considers several criteria in making its decision whether or not to approve a licence application. First, products are not exported unless the equipment in service with the Russian armed forces is considered 3–7 years (depending on the system) ahead in terms of combat capability. Second, the size of the order must exceed a specified volume (which is set on a system-by-system basis). This is to avoid sales where it is clear that the recipient will try to reverse-engineer the product. Third, offensive weapons cannot be exported to unstable neighbouring countries.

Russian marketing strategy and prospects

Under the overall framework of this policy industrialists and officials have developed a marketing strategy intended to maximize Russian arms sales. In addition to adopting a high profile at several major international defence equipment exhibitions in the past two years, Russia has staged several such events. High-level delegations have toured prospective markets in South-East Asia and South America and brought officials from those countries to Russia in an effort to develop new arms transfer relationships.⁴¹

Russia has tried to re-establish defence industrial ties between the research, design and production units located on the territory of the former Soviet Union. These ties are being sought primarily through the CIS, but have usually taken the form of bilateral government-to-government agreements between Russia and CIS partners.⁴²

Russia has also consolidated its arms transfer relationship with some of the more important clients of the former Soviet Union. Framework agreements

⁴¹ Martov, A., 'Russia's Asian sales onslaught', *International Defense Review*, May 1994, pp. 49–54; and 'Russia's arms exports: back to business', *Defense News*, 3–9 Oct. 1994, pp. 14–15.

⁴² Agreements relating to arms production were signed during the 15 Apr. Moscow summit meeting between leaders of CIS countries, *The Guardian*, 19 Apr. 1994. The development of Russia's relations with the countries of the former Soviet Union is discussed more fully in Baranovsky, V., 'Conflict developments on the territory of the former Soviet Union', *SIPRI Yearbook 1994* (note 12), chapter 6 and in chapter 7 in this volume.

with Syria seem unlikely to be translated into deliveries of major new systems at least for several years. The main obstacle to the approval of licences that would permit fulfilment of framework agreements reached with Syria has been the size of the Syrian debt inherited from the former Soviet Union. First Deputy Prime Minister Oleg Soskovets visited Damascus in Apr. 1994 for discussions with Syrian Defence Minister Mustapha al-Tlas on how Syria and Russia might reach agreement on the matter of debt.⁴³ According to Israeli Prime Minister Yitzhak Rabin, President Yeltsin had told him that new deliveries would not be obstructed if Syria began to make repayments on its existing \$11 billion debt to Russia.⁴⁴

Representatives of the highest level of the Russian Government have also been involved in the consolidation of relations with China and India, including the discussion of military–technical cooperation.

Russia and China are currently implementing agreements dating from 1990 that cover the transfer of fighter aircraft, transport aircraft and surface-to-air missile systems.⁴⁵

Since much of China's military inventory consists of equipment of Soviet design there are many possibilities for military–industrial cooperation between Russia and China. Both countries are keen to explore these possibilities and the issue of future cooperation and there has been regular contact between Russian and Chinese industrialists and officials.⁴⁶ However, few final agreements for follow-on transfers appear to have been reached.⁴⁷

There are several constraints on the development of Sino-Russian military–industrial cooperation. Yevgeny Bazhanov, head of the Institute of Contemporary Problems in the Russian Ministry for Foreign Affairs, has observed that for Russia, relations with China 'are fundamental, because of the immense frontier between our two countries and because of the huge Chinese population.' According to Bazhanov, while the supply of weapons to China undoubtedly brings some benefits, 'we may be witnessing a transformation in the balance of forces in Asia in China's favour, which would then threaten us

⁴³ *Jerusalem Post* (international edition), 7 May 1994, p. 24; and *Jane's Defence Weekly*, 14 May 1994, p. 3.

⁴⁴ *Jerusalem Post* (international edition) 9 July 1994, p. 24; *Jane's Defence Weekly*, 9 July 1994, p. 28; and *Defense News*, 4–10 July 1994, p. 15.

⁴⁵ Ya-chün Chang, 'Peking–Moscow relations in the post-Soviet era', *Issues & Studies*, vol. 30, no. 1 (Jan. 1994); Bouchkin, A. A., *Russia's Far Eastern Policy in the '90s: Priorities and Prospects*, Paper no. 40 of the Russian Littoral Project, University of Maryland at College Park, Mar. 1994; and *An Analysis of Current Status of Talks on Arms Reduction in the Border Area and Arms Trade between Russia and China* (Kanwa Translation Information Centre: Toronto, Aug. 1994).

⁴⁶ Seven Chinese military delegations visited Russia in 1994. When Prime Minister Victor Chernomyrdin visited China in June 1994 he was accompanied by First Deputy Minister of Defence Andrei Kokoshin. FBIS-SOV-94-107, 3 June 1994, p. 10. First Deputy Prime Minister Oleg Soskovets visited Defence Minister Chi Haotian in July 1994 to discuss the development of military industrial co-operation among other matters. FBIS-SOV-94-134, 13 July 1994, p. 4.

⁴⁷ Most often mentioned in this regard are further sales of Su-27 fighter aircraft and new agreements for MiG-29 and Su-30 fighter aircraft, T-80 tanks and an improved version of the Kilo Class diesel submarine. Reports also occasionally mention the MiG-31 and Su-35 fighter aircraft, Tu-22M Backfire bomber and Sovremenny Class destroyers. *World Aerospace and Defence Intelligence*, 14 Jan. 1994, p. 17; *Asian Recorder*, 27 Aug.–2 Sep. 1994, p. 24192; *Moscow News*, 7–13 Oct. 1994, p. 8; and *Jane's Defence Weekly*, 19 Nov. 1994, p. 1.

directly.⁴⁸ Although there has been an improvement in political relations between Beijing and Moscow, China is still seen by some Russians as 'the only power that may present a direct military threat to Russia's military security in the long-run'.⁴⁹

Russia and China have also had different positions on the issues of technology transfer and the financing of arms transfers. China's preference has been for technology transfers which enhance the national capacity to produce equipment.⁵⁰ Russia on the other hand has a preference for the transfer of manufactured goods. During the visit of Prime Minister Victor Chernomyrdin to China in mid-1994 a document was signed outlining the structure of financial arrangements in Sino-Russian trade. The agreement will apparently reduce the tendency for trade to be financed through barter and permit a larger proportion of trade to be paid for in hard currency.⁵¹

Russia and India—whose armed forces depend heavily on equipment of Soviet origin—have also discussed future military-technical cooperation. The issue of arms and technology transfers has been raised at the highest level with Prime Minister Narasimha Rao apparently requesting approval for the transfer to India of additional MiG-29 fighter aircraft during Yeltsin's visit to New Delhi in June 1994.⁵² In July 1994 Air Chief Marshal S. K. Kaul and his deputy, Air Marshal S. R. Deshpande visited Russia for discussions while Defence Secretary K. A. Nambiar visited Russia twice in 1994.

Russia and India agree that future military-industrial cooperation is desirable. However, persistent reports that new agreements have been signed for transfers of major systems appear to have been premature.⁵³ Discussions focus on several issues. Whereas Soviet-Indian trade relations were based on administrative agreements, the financial aspects of future cooperation have become more central for both countries. As noted above, for Russia the foreign exchange earnings from arms sales have become an important determinant of whether or not to proceed with a given transfer. Moreover, Russia is still interested in receiving payment for past transfers but cannot reach agreement with India on the ruble/rupee exchange rate that should be the basis for calculating the bilateral debt.⁵⁴ For India on the other hand controlling public

⁴⁸ FBIS-SOV-94-221, 16 Nov. 1994, p. 10.

⁴⁹ Arbatov, A., 'Russian aerospace exports: a commentary', ed. R. Forsberg, *The Arms Production Dilemma: Contraction and Restraint in the World Combat Aircraft Industry* (MIT Press: Cambridge Mass., 1994), p. 106.

⁵⁰ This issue is dealt with in chapter 11 in this volume.

⁵¹ *Moscow News*, 9–15 Sep. 1994, p. 1.

⁵² *Defense News*, 27 June–3 July 1994, p. 28.

⁵³ Systems other than the MiG-29 that figure consistently in press reports are the Su-30 and Su-35 fighter aircraft, Ka-50, Mi-35 and Mi-28 attack helicopters, T-80 tanks, 152-mm calibre self-propelled howitzers and additional Kilo Class submarines, *Aviation Week & Space Technology*, 25 July 1994, pp. 58–59; *Jane's Defence Weekly*, 30 July 1994, p. 4; *Defense News*, 3–9 Oct. 1994, pp. 1, 36; *Defense News*, 17–23 Oct. 1994, p. 58; FBIS-SOV-94-205, 24 Oct. 1994, p. 15; FBIS-SOV-94-207, 26 Oct. 1994, p. 12; and *Jane's Defence Weekly*, 5 Nov. 1994, p. 1.

⁵⁴ According to one account India has proposed a rate of 300 roubles to 1 rupee and Russia has proposed 30 roubles to 1 rupee. *Aviation Week & Space Technology*, 25 July 1994, pp. 58–59.

expenditure and managing foreign exchange reserves are central elements of the economic policy of the current government.⁵⁵

A second, and more traditional, issue being addressed in India is the future size and content of the armed forces. In the present economic conditions the armed forces are apparently examining step-by-step reductions in the number of different system types in service to ease the management of logistics and maintenance.⁵⁶

A third and related issue being re-visited in India is the future of India's indigenous defence research, development and production capacities. One analysis has concluded that in the face of new market realities 'the managers of India's nascent military technology base were right to abandon their quixotic quest for an unattainable autarky in favour of a more co-operative approach'.⁵⁷ However, the place of Russian industry in that cooperation was placed in doubt after the events of 1991-92 in Russia. Many of the recent agreements reached between Russia and India appear to have been aimed at solving some of these problems in repair and maintenance of equipment supplied to India under previous agreements. As Indian Air Vice-Marshal S. Krishnaswamy noted with some understatement there was a 'hiccup' in supply relations.⁵⁸

Over the next few years production of several systems assembled in India under Soviet licences will end and it is unclear whether production assets built up in India around these programmes will close, produce equipment of Indian design or begin production of follow-on Russian equipment types.⁵⁹

Russia and the United States have taken fundamentally different approaches to relations with Iran and Iraq. Russia's arms transfer relationship with Iran became a significant issue in relations between Moscow and Washington in 1994. The USA has staked out a policy of the 'dual containment' of Iran and Iraq.⁶⁰ Under this approach the sovereignty and security of the six Gulf Cooperation Council members would be enhanced by security guarantees, pre-positioning of US military equipment and arms transfers. At the same time the military capabilities of Iraq and Iran would be kept at the same level and, if possible, degraded through export restrictions.

Russia, by contrast, has adopted a policy of 'constructive engagement' towards both Iran and Iraq. Relations between the central government and regions of Russia with a significant Muslim population are potentially volatile. Given this and the recent history of Soviet and Russian engagement in Afghanistan and the Caucasus, Russian policy has been to try and avoid being

⁵⁵ See chapter 12 in this volume.

⁵⁶ *Aviation Week & Space Technology*, 25 July 1994, pp. 49-50.

⁵⁷ See Arnett, E., 'Military technology: The case of India', *SIPRI Yearbook 1994* (note 12), p. 364.

⁵⁸ For example, of 122 fighter aircraft engines sent to CIS countries for repair between July 1990 and Jan. 1992, only 79 were returned to India by June 1992; *Aviation Week & Space Technology*, 25 July 1994, pp. 49-50.

⁵⁹ For example, the MiG-27 production line in Bangalore, the T-72 production line in Avadi and the BMP-2 production line in Shankarpally, Andhra Pradesh.

⁶⁰ The phrase 'dual containment' is attributed to Martin Indyk, Senior Director for Near East and South Asia at the National Security Council; Marr, P., 'The United States, Europe and the Middle East: An uneasy triangle', *Middle East Journal*, vol. 48, no. 2 (spring 1994).

seen as anti-Islam. This desire has been reinforced by Russian policies towards the war in Bosnia and the civil war in Chechnya. The nature of ties with governments of Persian Gulf countries, including Iran, as well as other Muslim countries—such as Malaysia and Turkey—are an important dimension of Russian foreign policy. These ties include arms transfers if requested by the recipient government and where consistent with Russia's overall policies on arms transfers.

In most cases this policy has been uncontroversial.⁶¹ However, Washington has raised the issue of arms transfers to Iran to the highest level by making it a central issue when President Yeltsin visited Washington in September 1994. During the press conference that followed the meeting President Yeltsin said that Russia would honour existing agreements but make no further arms sales to Iran. According to Yeltsin 'those are the grounds upon which Bill Clinton agreed that we are going to participate in the post-COCOM era'. Clinton replied that the two leaders had 'reached a conceptual agreement in principle about how we would proceed, and then we agreed to let our experts on this matter work through it . . . [W]e cannot say that it is resolved'.⁶²

The USA did not know the content and scope of the existing agreements that Yeltsin had referred to. In 1989 President Gorbachev signed agreements believed to run for 10 years and involve the transfer and support of MiG-29 fighter aircraft, T-72 tanks and an unspecified number of SA-5 surface-to-air missile complexes. In addition, Russia would provide maintenance and ancillary support services for Iraqi combat aircraft which flew to Iran on the eve of the 1991 Persian Gulf War.

Israeli analysts have suggested that Iran has a long-term goal of establishing an air force with around 300 modern fighter aircraft as a nucleus.⁶³ As well as the MiG-29 fighter aircraft and Su-24 fighter bombers that Iran already operates a wide variety of possible acquisitions from Russia have been mentioned in media reports with the most persistent reports referring to MiG-31 fighters, Tu-22M bombers (armed with medium-range cruise missiles) and A-50 airborne command and control platforms. However, none of these new agreements was confirmed in 1994.

Efforts have also been made to repair Russia's relations with Iraq—although these are unlikely to lead to major arms transfers until the United Nations mandatory arms embargo on that country is lifted.⁶⁴

Russia has begun to try and penetrate new markets. In 1994 Russia made its first ever arms transfer agreements with Brazil, and Malaysia. Argentina, Peru, South Korea and Thailand were also mentioned as countries with a strong interest in major items of Russian military equipment.

⁶¹ There has been no objection to Russian sales to, for example, Kuwait, Malaysia, Turkey or the United Arab Emirates. Benson, S., 'National security and economic considerations in US conventional arms transfer policy', *The Nonproliferation Review*, vol. 2, no. 1 (fall 1994), p. 21.

⁶² Quoted in *Arms Sales Monitor*, no. 27 (30 Nov. 1994).

⁶³ Kam, E., 'The Iranian threat', *Middle East Military Balance 1993-94* (Jaffee Center for Strategic Studies: Tel Aviv, 1994), p. 83.

⁶⁴ FBIS-SOV-94-180, 16 Sep. 1994, pp. 14-15; and *The Independent*, 12 Oct. 1994.

Appendix 14A starts on page 510!