

Appendix 7A. Arms industry data

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I. Selection criteria and sources of data

Table 7A.2 lists the 100 largest arms-producing companies in the Organisation for Economic Co-operation and Development (OECD) and the developing countries, ranked by their arms sales in 2000.¹ The table contains information on their arms sales in 1999 and 2000, and their total sales, profit and employment in 2000. Table 7A.3 provides a tentative list of the 20 largest arms-producing companies in Russia, ranked by their arms sales in 2000. The table contains information on their arms sales in 1999 and 2000, and their total sales, export shares and employment in 2000.

Limited information about the world arms industry is publicly available. Tables 7A.2 and 7A.3 present data gathered from the following sources: company reports, a questionnaire sent to over 200 companies and corporation news published in the business sections of newspapers, military journals and by Internet news services specializing in military matters. Company archives, marketing reports, government publication of prime contracts and country surveys were also consulted. In the absence of data from these sources, estimates have been made by SIPRI. The scope of the data and the geographical coverage are largely determined by the availability of data and the available data are not standardized across publications.

II. Definitions

Arms sales: The data on arms sales are not standardized because there is no generally agreed definition of arms sales. The comparability of the company arms sales is therefore limited.

SIPRI defines arms sales as sales of military goods and related services to military customers. Data for arms sales include only sales of goods and services which are

¹ For the membership of the OECD, see the glossary in this volume. The category of developing countries covers all countries other than the OECD and the former and current centrally planned economies.

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designed specifically for military purposes. Excluded are sales of general-purpose goods (i.e., oil, electricity, office computers, cleaning services, uniforms and boots, but not surveillance and other electronic technology related to weapon systems). Whenever possible, data for arms sales include all revenues related to the sale of military equipment, that is, not only for their manufacture but also for their research and development (R&D), maintenance, servicing and repair.

Data for arms sales include sales both for domestic procurement and for export. The data for arms sales are used as an approximation of the annual value of arms production. An exception is made for shipbuilding companies. For these companies there exists a significant discrepancy between the value of annual production and annual sales because of the long lead (production) time of ships and the low production run (number). Annual production values therefore have to be estimated. Most shipbuilding companies are able to provide such estimates of the value of their military production on an annual basis.

Estimates: Estimates of arms sales are made for companies that do not report their arms sales, if there is sufficient basis for making an estimate. SIPRI estimates are of different types. In some cases, SIPRI uses the figure for the total sales of a 'defence' division, although the division may also have some, often unspecified, civil sales. In other cases, when the company reports neither a figure for arms sales nor a figure for a defence division, SIPRI makes its own estimates, based on figures for contract awards, information on the company's current armament production programmes and figures provided by company officials in media or other reports.

Total sales, profits and employment: Data on total sales, profits and employment are for the entire company, not for the arms-producing sector alone. Profit data are after taxes. Employment data are a year-end figure, except for those companies which publish only a yearly average. All data are presented on the fiscal year basis reported by the company in its annual report.

Conversion rate: The period average of market exchange rates of the International Monetary Fund's *International Financial Statistics* is used for conversion from local currencies to US dollars.

III. Coverage

Country coverage: Table 7A.2 covers arms-producing companies in the OECD and the developing countries except China. Data on arms sales are not available for companies in all these countries. This is the case for South Korea and Taiwan. No comparable data at the enterprise level are available for the former and current centrally planned economies. Table 7A.3 presents a tentative list of the 20 largest arms-producing companies in Russia.

Types of company: Tables 7A.2 and 7A.3 include public and private companies engaged in arms production. Manufacturing or maintenance units of the armed services are not included.

Table 7A.1. Regional/national shares of arms sales^a for the top 100 arms-producing companies in the OECD and developing countries^b in 2000

Figures do not always add up because of the conventions of rounding.

Number of companies	Region/ country	Arms sales (US \$ b.)	Share of total arms sales (%)
43	USA	94.6	60.0
33	<i>West European OECD</i>	47.8	30.5
13	UK	22.4	14.2
7	France	11.0	7.0
3	Italy	3.4	2.2
5	FRG	3.4	2.2
1	Sweden	1.2	0.8
2	Spain	0.6	0.4
1	Switzerland	0.5	0.3
1	Other ^c	5.3	3.4
14	<i>Other OECD</i>	8.7	5.5
10	Japan ^d	7.4	4.7
2	Canada	0.6	0.4
1	Australia	0.4	0.2
1	Turkey	0.3	0.2
10	<i>Developing countries</i>	6.5	4.1
5	Israel	3.5	2.2
3	India	1.9	1.2
1	Singapore	0.8	0.5
1	South Africa	0.4	0.2
100	Total	157.6	100.0

^a Arms sales include both domestic procurement and arms exports.^b For a list of member countries in the OECD, see appendix 6A.1. The category of developing countries covers all countries other than the OECD and the former and current centrally planned economies.^c Other (European) refers to EADS, a merger of French, German and Spanish companies.^d For Japanese companies data are for new military contracts rather than for arms sales.

Source: Table 7A.2.

IV. The 100 largest arms-producing companies in the OECD and developing countries, 2000

The 100 largest arms-producing companies in the OECD and developing countries had combined arms sales of roughly \$157 billion in 2000. The US dominance is clear. Among the total 100 companies, there were 43 in the USA, compared to a combined total of 33 for all of Western Europe, 14 in other OECD countries and 10 in developing countries, excluding China. US companies accounted for an over proportional share of arms sales, 60 per cent, reflecting the larger size of their companies.