13. International arms transfers

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I. Introduction

Despite an increase in the volume of global transfers of major conventional weapons in the three-year period 2000–2002, the five-year moving average for 1998–2002 was the lowest for the entire post-cold war period (see figure 13.1). Figures are based on the SIPRI trend indicator, which estimates the volume of international transfers and of military technology for foreign licensed production of major conventional weapons.¹

Section II of this chapter presents the dominant trends of individual suppliers and recipients of major conventional weapons in 1998–2002. Section III discusses the difficulties of as well as the potential for more effective implementation of UN arms embargoes. Section IV provides, first, SIPRI’s estimate of the monetary value of the global arms trade.² This figure is different from the trend-indicator value and reflects what is often seen as international arms competition. Second, the discussion of arms transfers to South America illustrates the difficult balance between the arms trade and arms control efforts.

How did the ‘war on terrorism’ affect international arms transfers in 2002? Section V addresses this question. Section VI describes developments in national and international transparency in arms transfers in 2002, and the main findings are summarized in section VII.

II. The suppliers and recipients

The major suppliers

The five largest suppliers of major conventional weapons in the five-year period 1998–2002 accounted for 83 per cent of all transfers. While the trend for Russia has been a constant increase since 1998, the USA has shown a constant decrease. The trends for France, Germany and the UK have varied in recent years. For details about the equipment transferred, see appendix 13C.

¹ SIPRI data on arms transfers refer to actual deliveries of major conventional weapons. To permit comparison between data on deliveries of different weapons and the identification of general trends, SIPRI uses a trend-indicator value. The SIPRI values are therefore only an indicator of the volume of international arms transfers and not of the actual monetary values of transfers. Thus they are not comparable to economic statistics such as gross domestic product or export/import figures. The method used in calculating the trend-indicator value is described in appendix 13D. A more extensive description of the methodology used, including a list of sources, is available on the SIPRI Internet site at URL <http://projects.sipri.se/armstrade/atmethods.html>. Figures may differ from those given in previous editions of the SIPRI Yearbook: the SIPRI arms transfers database is constantly updated as new data become available, and the trend-indicator values are revised each year.

² The value of the arms trade refers to the monetary values of arms transfers.

SIPRI Yearbook 2003: Armaments, Disarmament and International Security
The USA was the largest supplier in the period 1998–2002 (see table 13.1), with 41 per cent of global deliveries, as a result of large transfers in the late 1990s. The major recipients of arms from the USA in 1998–2002 were, in ranking order, Taiwan, Egypt, Saudi Arabia, Turkey, Japan, the UK, Israel and South Korea. In 2002, however, the USA accounted for only 24 per cent of deliveries of major conventional weapons and ranked second, after Russia, in the SIPRI ranking of arms suppliers. While the USA supplied weapons to more countries than any other supplier and won international competitions in several countries, including Poland and South Korea, in 2002 US companies did not manage to close prestigious deals for combat aircraft with Austria, the Czech Republic or Hungary.

Anti-terrorism became an important rationale for US military aid in 2002, and certain US export control restrictions were eased. A six-month Review of Defense Trade Export Policy and National Security was approved in October 2002. It will consider whether and how US acquisition policies can continue to support national defence and security as well as maintain the USA’s technological and war-fighting advantages, while facilitating efforts by friends and allies to increase their capability and interoperability through US arms transfers and cooperation. This review is the result of: (a) European allies pushing for simpler, faster and less restrictive US procedures in order to help them

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3 See also section V below; and section II of chapter 1 in this volume.
fulfil the defence and foreign policy ambitions of the European Union (EU) and the North Atlantic Treaty Organization (NATO), and (b) US attempts not to over-regulate domestic arms companies’ opportunities to do business. The US Government is likely to couple the revision of US regulations to further demands on European countries to accept US export and end-use regulations.\(^5\) For US companies and agencies, it has been suggested that the review could result in both the political acceptance of new recipients in order to be able to counteract new threats and opportunities to obtain relevant technologies from new sources.\(^6\)

**Russia** accounted for 22 per cent of total arms transfers in the period 1998–2002, which put it in second place (see table 13.1). In 2002 it was the largest supplier, with 36 per cent of global deliveries, as a result of continued transfers to China and India in particular. New large orders have also been received from China. Arms are considered one of the principal categories of Russian manufactured goods with export potential, and Russia is taking active steps to further its arms export capacity. A study of Russian military—technological capabilities concluded that it has opportunities to do so, although there are complications.\(^7\) The main problem is not a lack of military skills or technology but structural and financial limitations. Two of the long-term difficulties are: (a) attaining the necessary science and technology base for future military research and development (R&D), and (b) achieving efficient output of new military equipment. An important question is how long product development can be guided by foreign markets rather than Russian requirements. For the time being, export earnings contribute substantially to funding Russia’s military R&D.\(^8\) It is claimed that Rosoboronexport’s growing order book was achieved by ‘innovative cooperation’ and the use of offsets involving companies from other countries as well.\(^9\) In another attempt to enhance its international cooperation, Russia granted India permission to export the Bramos anti-ship missile that was developed in cooperation with Russia.\(^10\)

Russia also seems to be giving increasing emphasis to the modernization (upgrading) of major equipment it has exported, in an attempt to gain further

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\(^10\) Other possible exports have been mentioned, such as the Su-30 MK combat aircraft produced under licence. ‘Russia may allow India to export Sukhoi jets’, *The Hindu* (Internet edn), 23 Apr. 2002, URL <http://www.hinduonnet.com/thehindu/2002/04/23/stories/2002042301721200.htm>.
Table 13.1. Transfers of major conventional weapons from the 10 largest suppliers to the 38 largest recipients, 1998–2002
Figures are trend-indicator values expressed in US $m. at constant (1990) prices. Figures may not add up because of the conventions of rounding.

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<tr>
<td>Other</td>
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<td>3</td>
<td>135</td>
<td>472</td>
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<td>.</td>
<td>734</td>
<td>2452</td>
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<tr>
<td>Australia</td>
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<td>135</td>
<td>472</td>
<td>98</td>
<td>.</td>
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<td>426</td>
<td>2044</td>
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<tr>
<td>Other</td>
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<td>3</td>
<td>.</td>
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<tr>
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<td>5</td>
<td>49</td>
<td>.</td>
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<td>162</td>
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<tr>
<td><strong>Total</strong></td>
<td>1723</td>
<td>2074</td>
<td>8312</td>
<td>4954</td>
<td>4811</td>
<td>2673</td>
<td>1787</td>
<td>1561</td>
<td>1520</td>
<td>1142</td>
<td>7328</td>
<td>92544</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The SIPRI data on arms transfers refer to actual deliveries of major conventional weapons. To permit comparison between the data on such deliveries of different weapons and identification of general trends, SIPRI uses a trend-indicator value. The SIPRI values are only an indicator of the volume of international arms transfers and not of the actual financial values of such transfers. Thus they are not comparable to economic statistics such as gross domestic product or export/import figures.

- Includes the UN and NATO (as organizations, not as combinations of all member states) and unknown recipients.

**Source:** SIPRI arms transfers database.
orders and financial returns. This has so far been a limited effort, partly because Russia has not been successful in developing the advanced sub-systems that make up the bulk of modernization activities, but such activities may grow in cooperation with foreign companies.\textsuperscript{11} The modernization of Soviet/Russian military equipment has become a major business activity for Israeli companies: in 2002 Israel and Russia agreed in principle on an intellectual property accord that gives Russian industry the right to receive industrial participation and royalty fees in future Israeli modernizations.\textsuperscript{12}

There is a big gap between the two largest suppliers and France, the third largest supplier. France accounted for 9 per cent of global deliveries in 1998–2002 and for 10 per cent in 2002. Its main recipients in 1998–2002, in ranking order by volume of deliveries, were Taiwan, the United Arab Emirates, Pakistan, Brazil and Turkey. France is supplying both sides in the India–Pakistan conflict. Turkey’s acceptance in January 2002 of a French company’s participation in the competition for a maritime patrol aircraft indicates that Turkey’s boycott of new French equipment since January 2001 is over.\textsuperscript{13}

Germany accounted for 5 per cent of international arms deliveries in 1998–2002 and became the fourth largest supplier for the period, after increasing its deliveries slightly in 2002. It was the fifth largest supplier in 2002, accounting for just below 5 per cent. Germany’s major recipients were countries in the Middle East—Turkey and Israel, ranked by volume of deliveries.

The possibility that German companies would be involved in fulfilling the USA’s promise in 2001 to supply eight conventional submarines to Taiwan moved closer to a decision.\textsuperscript{14} Germany is currently not allowed to transfer submarines to Taiwan because of Taiwan’s conflict with the People’s Republic of China (PRC). The German Ministry for Defence was concerned about the risks of transferring defence technology even before June 2002, when One Equity Partners (OEP), a subsidiary of Bank One in the USA, bought a majority share in Howaldtswerke-Deutsche Werft AG (HDW), the German submarine producer. These risks could become critical if the investor sold part of its holding to Northrop Grumman, the largest military shipbuilder in the USA. In August 2002 HDW stated that it was close to signing a deal with Northrop Grumman for joint production and marketing of stealth corvettes and possibly submarines. At the same time, Northrop Grumman stated that it was involved in discussions with the German Government about the circumstances in which it might be possible to transfer German submarines to Taiwan.\textsuperscript{15}

\textsuperscript{14} There is no development or production of conventional submarines in the USA, but in 2001 the US administration offered Taiwan conventional submarines which would require the involvement of European and possibly Australian producers.
The UK ranked as fifth largest supplier in 1998–2002, with 5 per cent of global arms transfers. With only 4 per cent of deliveries in 2002, it fell to sixth place in that year. The UK’s main recipients were Canada, Saudi Arabia and Malaysia. As an arms supplier to Israel, the UK was caught between its close relations with Israel and the USA, on the one hand, and special restrictions on Israeli use of British weapons, on the other hand. The UK was criticized for delivering equipment to the USA for installation in F-16 combat aircraft destined for Israel. The British Government admitted that the international character of major arms projects makes it more difficult to enforce export policy but was not prepared to change the policy or to embargo such transfers. Instead, it would take account of its participation in foreign production of weapons in its arms export guidelines.

China ranked eighth among the arms suppliers in 1998–2002 but was the fourth largest in 2002, thus ranking higher than Germany. China accounted for 5 per cent of all deliveries after an exceptional increase in its volume of arms transfers from 2001, mainly because of deliveries of combat aircraft to Pakistan. China’s second largest recipient, after Pakistan, was Myanmar.

Deliveries by the European Union (EU) member states accounted for 25 per cent of global arms transfers in 1998–2002. Of these deliveries, 84 per cent went to non-European recipients, equal to 21 per cent of global arms transfers. The countries of the Framework Agreement Concerning Measures to Facilitate the Restructuring and Operation of the European Defence Industry—France, Germany, Italy, Spain, Sweden and the UK—accounted for 91 per cent of all EU arms transfers and 23 per cent of global arms transfers in 1998–2002.

The recipients

The five largest recipients accounted for 32 per cent of all imports of major conventional weapons in 1998–2002. Taiwan shows a constantly downward trend since 1998, while the trends for India, Turkey and Saudi Arabia went up in 2002.

China was the largest recipient in the period 1998–2002, accounting for 9.5 per cent of all imports. It also remained the largest recipient in 2002, accounting for 14 per cent. China’s suppliers include Ukraine, major European suppliers and Israel, but Russia is the major supplier of high-cost items such as combat aircraft, large ships and missiles. Since 2000, Russia has annually accounted for well over 90 per cent of China’s imports of major conventional weapons.

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2002), pp. 1–2; and Agence France-Presse, ‘Northrop [Grumman] intends to sell HDW’s submarines to Taiwan’, 11 Oct. 2002. See also section III of chapter 11 in this volume.


Taiwan, the second largest recipient in 1998–2002, accounted for 7 per cent of all imports owing to large imports in the early part of the period. With a constantly downward trend since 1998, Taiwan accounted for only 1 per cent of all imports in 2002. This is likely to change in the coming years as a result of current orders. The main argument for arms transfers used by the USA, its major supplier, has been the need to help Taiwan balance the PRC’s acquisitions and missile deployments along the coast facing Taiwan. In October 2002, following other steps aimed at creating better relations with the USA, China turned the US argumentation around by linking its own missile deployments to US arms sales to Taiwan.19

Imports by India increased by 72 per cent in 2002, to the highest level since 1998. India accounted for 5 per cent of major arms imports in 1998–2002, giving it third place, and 10 per cent in 2002, making it the second largest recipient in that year. Russia was India’s major supplier. Despite India’s attempts to increase its indigenous development capacity, imports are important. Suppliers other than Russia seems to be increasingly important.20 One of India's smaller but still significant suppliers is Israel.21 India has expressed interest in the Arrow missile defence system, developed by Israel with help from the USA, for interception of ballistic missiles and in airborne warning and control systems (AWACS) using Israeli Phalcon radars mounted on Russian Il-76 aircraft.22 This interest in acquiring weapons from Israel set off a discussion within the US administration, mainly between the State Department on the one hand and the Department of Defense (DOD) and industry on the other, about the USA’s Asia policy in general, its future India policy in particular and the consequences for regional security.23

The fourth and fifth largest recipients in 1998–2002 were Turkey and Saudi Arabia, respectively, each with a share of approximately 5 per cent. Despite increased levels of imports in 2002, each country accounted for only 3–4 per cent of global arms imports in 2002. However, Turkey and Saudi Arabia illustrate how annual variations can substantially change the position of individual recipients. This is also illustrated by Pakistan: because of *inter alia* deliveries of combat aircraft from China, Pakistan’s volume of imports in 2002 increased dramatically. It moved from 20th place in 2001 to third largest recipient in 2002, accounting for close to 8 per cent of all imports. France and Ukraine were other major suppliers to Pakistan in the period 1998–2002.

The Czech Republic and Hungary are two of the smaller arms recipients. The Czech Republic illustrates the sensitivity of major arms acquisitions to unexpected national expenses. In 2002 it selected the Swedish–British JAS-39 Gripen combat aircraft as the preferred alternative for modernization of its air force but, in the light of the costs of recovery after the severe floods of the summer of 2002, the Czech Government cancelled the purchase and reopened the competition in an attempt to find cheaper alternatives. The new government in Hungary, on the other hand, took advantage of the export pressure on the Swedish and British suppliers by demanding technical and financial changes in the December 2001 contract for a 10-year lease of 14 JAS-39 Gripens. In December 2002 Gripen International submitted its offset proposal, valued at approximately $170 million, to the Hungarian Ministry of Economy and Transport. These offsets cover 110 per cent of the December 2001 leasing value and include 32 per cent direct investment. In 2003 the Hungarian Government decided to purchase the aircraft—the first NATO customer to do so—after the end of the leasing period. Saab for its part agreed to modernize the 14 aircraft to NATO standards before delivery.

When the opportunities to find military customers at shorter, more regular intervals were better than they are today, a lost deal was not the end of the (production) line. Today, losing a major deal could mean just that. Because success or failure may have such consequences, the companies involved are prepared, often directly supported by their respective governments, to do everything in their power to secure a contract. This was illustrated by the US Government’s loan authorization for Poland in 2002 in its combat aircraft competition—the first such US authorization since 1998, and larger than all the combined loan authorizations for military sales for the previous decade (see appendix 13E). The case of South America, described in section IV, illustrates how one country’s promotion of arms exports may work against the arms control ambitions of countries in other regions.

Other small recipients include governments involved in the US-led anti-terrorist campaigns. Some of these cases are described separately in section V below.

27 ‘Ungern första NATOland som köper JAS-planet’ [Hungary the first NATO country to buy JAS aircraft], Dagens Nyheter, 4 Feb. 2003, p. 6. The Saab and Swedish–Hungarian financial agreements raised the question whether Sweden is in fact subsidizing the sale. ‘1,5 miljarder ur statskassan räddar Ungern-ordern’ [1.5 billion from the state saves Hungarian order], Veckans Affärer, 17 Feb. 2003, p. 31.
III. The effectiveness of UN arms embargoes

Arms transfer regulations are violated regularly, although the total volume of weapons involved in such unauthorized transfers and their financial value are not known. The UN Security Council has since 1995 established independent panels of experts and mechanisms to monitor UN arms embargoes. The UN has published reports about violations of UN arms embargoes involving Rwanda, the Angolan rebel group União Nacional para a Independência Total de Angola (UNITA, National Union for the Total Independence of Angola), the Revolutionary United Front (RUF) in Sierra Leone, and Liberia. In 2002 evidence appeared about breaches of the UN embargoes on Liberia, Somalia, al-Qaeda and Iraq.

A UN report on Liberia, under UN embargo since March 2001 in order to cut off Liberian supplies to RUF rebels in Sierra Leone, showed in detail how arms embargoes are circumvented. The investigation revealed that over 200 tons of surplus small arms and ammunition from the Federal Republic of Yugoslavia (FRY) Army had been supplied to the Liberian Government in the summer of 2002. The Yugoslav Government had authorized the transfer by a Yugoslav dealer on the basis of what turned out to be a false end-user declaration giving Nigeria as the final destination.

Another UN report found a clear pattern of violations of the UN arms embargo on Somalia. Weapons, equipment and training have regularly been given to the Somali factions by neighbouring states and others. The shipments involved numerous but relatively small amounts of arms and ammunition. Ethiopia, trying to gain influence in Somalia, and Eritrea, supporting factions hostile to Ethiopia, were specifically mentioned as suppliers. Small arms were sold and shipped by a businessman in Yemen. False Djiboutian and Yemeni end-user certificates were used in failed attempts to smuggle weapons from Bulgaria to Somalia.

A third UN report pointed out that the application of the UN arms embargo on al-Qaeda presents a major problem. Although there is only scarce direct evidence of arms being supplied to elements of the Taliban and al-Qaeda, the report pointed out that small arms, ammunition and explosives would nonetheless be available to these groups because weapons are widely available and smuggled in Afghanistan and neighbouring countries.

29 For the SIPRI list of active international arms embargoes see URL <http://projects.sipri.se/armstrade/>
32 United Nations, Letter dated 16 December 2002 from the Chairman of the Security Council Committee established pursuant to Resolution 1267(1999) addressed to the President of the Security Council,
Since August 1990, when the UN embargo against Iraq was established, there have been many allegations and rumours of breaches by governments and private individuals. In 2002 a number of cases were reported of the involvement of high-level government officials in illegal deliveries to Iraq. In October 2002 the Stabilization Force (SFOR) in Bosnia and Herzegovina raided the Orao aircraft factory in the Republika Srpska after allegations had been made that the Republika Srpska had sold engines and spare parts for combat aircraft to Iraq and that company employees had travelled to Iraq to help with the maintenance of Iraqi combat aircraft. SFOR found documents proving the deliveries and contacts. The Republika Srpska authorities did not deny the illegal activities and were given until 3 January 2003 to provide a report to the SFOR authorities. As of early 2003 the substantive report was being studied.

Even stronger evidence of breaches of the embargo on Iraq came when the new Yugoslavian Government provided detailed evidence of deliveries of military equipment and provision of technical expertise to Iraq during the period of the government of President Slobodan Milosevic up to October 2000. These deliveries included aircraft parts and technical expertise for the maintenance of aircraft and may also have included new guidance systems for surface-to-air missiles (SAMs) by Yugoimport (or Jugoinport), the state-owned arms export company. Yugoimport had in several cases been cooperating with Orao in the Republika Srpska and with other suppliers in former Yugoslav republics and possibly in Belarus, Russia and Ukraine. Reports indicate that Yugoimport managed to bypass normal procedures and to a great extent acted on its own. Only a handful of government officials seem to have been informed. The Yugoslavian Government maintained that it had stopped the exports after it came to power, but the US Government and several non-governmental organizations (NGOs) accused it of continuing deliveries and of not being very effective in controlling Yugoimport and other companies. According to the USA, deliveries and technical assistance continued in 2002. In several cases during the year suspect cargoes originating in the FRY were intercepted in Croatia and Slovenia.

33 UN Security Council Resolution 661, 6 Aug. 1990. For the full text see URL <http://projects.sipri.se/expcon/unsc661.htm>. The picture is confused to some extent by reports about transfers which are actually about contacts or contracts Iraq has with different countries and companies for transfers in the future, if and when the UN embargo is lifted. Such contacts or contracts are not illegal. See, e.g., ‘Iraq completes deal for Slovakian arms’, Middle East Newsline, 21 Jan. 2003, URL <http://www.menewsline.com/stories/2003/january/01_22_1.html>.  
In a briefing to the UN Security Council in February 2003 Hans Blix, head of the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC), reported that Iraqi officials had told UNMOVIC inspectors that 380 SA-2 surface-to-air missile engines had been imported by Iraq in contravention of UN Security Council Resolution 687 of 1991.40

In an exceptional move, a joint British–US fact-finding team was invited by the Ukrainian Government in October 2002 to investigate allegations that Ukraine had broken the embargo on Iraq by delivering Kolchnya (or Kolchuga) air surveillance systems. The accusations gained strength when the USA released a recording of a July 2000 conversation between Ukrainian President Leonid Kuchma and the director of the Ukrainian state-owned arms export company Ukrspetsexport.41 On the tape, Kuchma appeared to agree with the director on a plan for the covert transfer of Kolchnya systems to Iraq.

The fact-finding team was to talk with Ukrainian officials and collect information about production and sales of Kolchnya systems. However, what seemed like a positive initiative by Ukraine proved to be a mixed success, since its cooperation and transparency were less than complete. The team concluded that there was no satisfactory evidence that the transfer had not taken place. Specifically, the fact that the whereabouts of four Kolchnya systems was unclear left many questions open. According to Ukraine, the systems had been sold to China, but the fact-finding team was not satisfied with the documentation.42 Other sources reported on the delivery to Ethiopia of three systems which were suspected to have actually been delivered to Iraq, but Ethiopia and Ukraine claimed that the systems were in service in Ethiopia.43

North Korea has been accused in several instances of delivering Scud surface-to-surface missiles or parts for them to Iraq.44 In December 2002, Spanish naval forces in the Indian Ocean intercepted a cargo ship carrying 15 Scud missiles. The ship was quickly released, since the missiles were destined for Yemen, but Israeli sources claimed that this was a cover and that the missiles were actually intended for Iraq.45

These examples show the need for the further development of instruments for enforcing arms embargoes both by individual supplier governments and by the UN. They point to a disturbing lack of export controls and respect for international law in some exporting countries. In general, the cases discussed

42 Some reports alleged that these 4 systems might have been sold to China, and that others, which Ukraine claimed were still in Ukraine, had been sold elsewhere but were replaced by others borrowed from Belarus for the duration of the inspection visit.
above occurred not so much because of loopholes in the export policies as because of deliberate violations of existing regulations, including the use of false end-use documents. The violators include governments, private companies and individuals. The cases highlight the need to monitor transfers from departure to arrival at the authorized final destination. Authenticated end-user certificates are needed as well as recipients’ notifications about shipments received or not received. The latter notifications require that the recipient be informed about when a shipment is sent by the supplier and the approximate time of arrival.

These and related issues were part of the 10 recommendations from the Stockholm Process on the Implementation of Targeted Sanctions—an initiative involving the Swedish Ministry for Foreign Affairs which began in 2001.46 It was the third step in an international diplomatic and academic process initiated by Switzerland (the Interlaken Process on financial sanctions) and Germany (the Bonn–Berlin Process on arms embargoes, aviation sanctions and travel bans).

IV. Competition and arms control

The SIPRI trend-indicator value was not developed to assess the economic scale of global or national arms trade.47 Most governments of major arms-supplying countries release data on the value of their arms exports, although the coverage and type of these data vary.48 For 2001, the latest year for which such data are available, the aggregate of these data indicates that the monetary value of the international arms trade lies in the range of $24–32 billion.49 This accounts for less than 1 per cent of total world trade.50

An arms race in South America?

As long as armed forces exist, countries will acquire new equipment and replace old equipment in order to keep their armed forces as well equipped as their economies and/or foreign suppliers permit. Such acquisitions need not be

47 See notes 1 and 2.
48 These data, including certain arms exports data broken down by recipient, and a discussion of their limitations, are available at ‘Government and industry data on national arms exports’, URL <http://projects.sipri.se/armstrade/at_gov_ind_data.html>.
49 Government arms export data are not entirely reliable or comparable. The data usually refer to the aggregation of prices agreed between suppliers and recipient of items defined as military goods that have passed customs. Time of actual payment may be entirely different from time of delivery and the data do not provide actual financial flows, profits or revenues. The lower estimate is the aggregation of reported minimum values; the higher estimate is the aggregation of reported maximum values of arms delivered. For some smaller countries, only data on arms licences are available; when this is the case, these values are used.
aimed at deterring a particular nation or constitute a direct threat. In Europe, the need to match or surpass military acquisitions by other countries is rarely used today as a rationale for either arms transfers or acquisitions, except perhaps in Greece and Turkey.51

Nevertheless, the competitive argument is used in other parts of the world. In 2001, according to the SIPRI trend-indicator value, South America’s share of world imports of major conventional weapons exceeded 7 per cent for the first time since 1984. In 2002 Chile ordered 10 F-16 combat aircraft—the first US arms deal involving advanced weapons for South America since the change in US arms export policy in 1997 (see below)—and Brazil and other countries in the region are in the process of ordering military equipment. Is this to be interpreted as competitive arms behaviour? It is argued here that this is not the case. Instead, an important message from the South American example seems to be that supplier governments are prepared to support short-term national benefits to their defence industry at the cost of long-term regional arms control ambitions.

Since 1994 five countries—Argentina, Brazil, Chile, Colombia and Peru—have accounted for well over 80 per cent of South America’s major arms imports. Although in 1995 Chile accounted for over 50 per cent of South America’s total imports, Brazil has for most years since 1994 been the biggest importer. Colombia has accounted for less than 20 per cent in any single year since 1994. (Arms transfers to Colombia, with a continuing conflict, are described in section V below.) However, military–political relations between these five countries are not conflictual. In 2002 they accounted together for only 3 per cent of global arms imports.

Economic development in general, together with internal security and joint peacekeeping operations, has since the 1990s been a more immediate concern for South American governments than building up their armed forces. In July 2001 the Andean Community of Nations supported a proposal by Peru’s President Alejandro Toledo to put a freeze on all weapon purchases in order to support the struggle against poverty.52

Although South America has no arms control agreement resembling the 1990 Treaty on Conventional Armed Forces in Europe (CFE Treaty), there are several examples of activities aimed at increasing confidence and security building.53 Since 1995 there has been a joint peacekeeping training centre in Argentina where several Central and South American armed forces train together. Regional conferences on confidence and security building have been

held. On the basis of a proposal formulated in 1998, Argentina and Chile have
initiated a common methodology for measuring defence expenditure in an
attempt to increase transparency and confidence.54 Along the same lines, Chile
and Peru agreed in 2002 to work together to determine how best to measure
defence expenditure in a move that could result in reduced spending. Work
was to begin before the end of 2002, involving UN and other experts.55 More-
over, in 2002 the Organization of American States (OAS) 1999 Inter-
American Convention on Transparency in Conventional Weapons Acquisi-
tions, a measure intended to increase regional transparency, entered into
force.56 Decisions have also been taken on more practical military steps, for
instance, the 1998 decision to hold bilateral exercises involving the navies of
Argentina and Chile. Finally, in 2002 the USA and 33 members of the OAS
signed the Inter-American Convention Against Terrorism, aimed at furthering
regional cooperation.57

As long as there is no formally binding regional agreement to control or
reduce armaments, however, the South American governments are exposed to
pressure from military and other vested interests to keep their armed forces as
modern as possible. The Chilean F-16 order was the result of a delayed deci-
sion to modernize the air force, not a response to a new security threat. The
same can be said of Chile’s plans to modernize its army, navy and air
defence.58 Expenditure has also been approved in Brazil for modernizing both
the army and the air force, and Argentina has compared combat aircraft from a
number of suppliers.59

Certain countries, including Brazil, are concerned about the war in Colombia
and are taking precautions to prevent it from spreading to their own back-
yards.60 However, this is not the same as preparing for a major regional war.

It has been argued that the ‘impetus for the 1997 US decision to alter its
South American arms transfers policy came from Lockheed, which was intent
on a deal with Chile’.61 During the 1990s, major arms producers had to adapt
to a reduced global market. One way to counter that reduction has been for

54 United Nations, Economic Commission for Latin America and the Caribbean (ECLAC),
Metodología estandarizada común para la medición de los Gastos de Defensa [A common standardized
methodology for the measurement of defence spending], (ECLAC: Santiago, Nov. 2001).
56 On the convention see Lachowski, Z., ‘Conventional arms control’, SIPRI Yearbook 2000
58 Higuera, J., ‘Chile outlines modernisation plan’, Jane’s Defence Weekly, vol. 37, no. 23 (5 June
2002), p. 5; Higuera, J., ‘Chile’s navy assesses used ships’, Jane’s Defence Weekly, vol. 37, no. 21
(22 May 2002), p. 5; and Higuera, J., ‘Chilean Air Force may buy Jernas/Rapier air-defence system’,
Rezende, P. P., ‘Brazilian Army funding package is approved’, Jane’s Defence Weekly, vol. 37, no. 20
(15 May 2002), p. 11.
60 Brazil is building an Amazon Vigilance System (SIVAM) network for processing satellite images
and other data. The system will be multi-purpose, including the monitoring of economic resources and of
air traffic over the Amazon as well as military surveillance of the borders. Margolis, M., ‘The Amazon
companies to push governments to relax export policies and/or for governments to provide stronger support for exports.\footnote{The use of government export credits is discussed in appendix 13E.}

Chile was assumed to be interested in receiving US AIM-120 advanced medium-range air-to-air missiles (AMRAAMs) with the F-16 aircraft it ordered in 2002, but was not automatically to receive those missiles with its F-16s. US policy is that the United States is not to be the first country to introduce new military capabilities into a region (although the policy does allow the sale of weapons incorporating new capabilities to a buyer in a region if delivery is postponed). Moreover, in late 2001 it seemed that the Chilean Ministry for Defence was not particularly interested in the AIM-120 missiles. It emerged that Chile had Israeli Derby air-to-air missiles on order for its F-5 combat aircraft and wanted to use the F-16s in the ground attack role. It would therefore not need AMRAAMs for these aircraft.

By the spring of 2002 it was known that \textit{Peru} had received Russian AA-12 Adder (R-77) air-to-air missiles intended for its MiG-29 combat aircraft.\footnote{‘Latin American air forces: Peru’, \textit{Jane’s Defence Weekly}, vol. 37, no. 11 (13 Mar. 2002), p. 27.} However, these missiles were useless until the MiG-29s had been modified to take them. Peru wanted to avoid competitive missile acquisitions and in December 2001 offered some of its AA-12 missiles to Chile. Despite Peru’s intention to defuse the situation, the US Government in March 2002 supported the delivery of AIM-120 missiles to Chile if Peru’s AA-12 missiles could be considered to be fully operational—that is, as if there was a competitive balance to uphold.\footnote{‘US export policy’, \textit{Jane’s Defence Weekly}, vol. 37, no. 11 (13 Mar. 2002), p. 24.} By July it was reported that the new Peruvian Government had taken the Russian AA-12 missiles out of service because they could not be used.\footnote{Asker, J. R. (ed.), ‘Done deal’, \textit{Aviation Week & Space Technology}, vol. 157, no. 1 (1 July 2002), p. 25; and Dickerson, L., ‘Peruvian R-77s may not be operational’, \textit{Missile Forecast} (Forecast International/DMS), 4 June 2002.}

In May 2002 the USA offered F-16 combat aircraft armed with AIM-120 missiles to \textit{Brazil} for its F-X competition with reference to Peru’s acquisition of the Russian AA-12,\footnote{Dickerson, L., ‘US offers F-16s, AMRAAMs to Brazil’, \textit{Missile Forecast} (Forecast International/DMS), 23 May 2002; and Baranauskas, T., ‘Update on Brazilian fighter competition’, \textit{Forecast International/DMS}, 7 June 2002.} but in December the new government in Brazil decided to postpone the acquisition of combat aircraft for economic reasons—a strong indication of the importance of economic considerations for the South American countries.

On the surface, this story could be interpreted as evidence of competitive missile behaviour between Brazil, Chile and Peru. However, it also illustrates how supplier governments support national defence companies in obtaining new markets. The AA-12 missiles ordered by Peru were originally intended to arm 18 MiG aircraft ordered from Belarus in 1996 and three MiG-29s ordered from Russia in 1998. The 18 aircraft from Belarus were delivered in 1997 but proved to be in urgent need of repair and maintenance. Two of them crashed shortly after delivery. Their poor state was in all likelihood known to the rele-
vant authorities in both Chile and the USA. The three aircraft ordered from Russia included spares for the remaining aircraft and were delivered in 1999. There were still maintenance problems, however, and the contract with EADS/Beltech Export was cancelled in late 2001. Consequently, Peru eventually took the Russian missiles out of service.

From this perspective, and given the implications for regional ambitions to curb military expenditure and arms acquisitions, there is reason to be critical of the behaviour of both Russia and the USA. Their willingness to sell these missiles seems mainly intended to make their respective aircraft more competitive.

V. Anti-terrorism cooperation and arms transfers

Most nations maintained their political support for the USA and its ‘war on terrorism’ during 2002. A large number of countries were also involved at the military operational level. The initial focus of military action was on the Taliban government in Afghanistan and the al-Qaeda leadership, while civil wars in other parts of the world were over time redefined by the respective governments in an attempt to gain legitimacy (see below). How have these ‘wars on terrorism’ affected international arms transfers during 2002? In approaching this question, arms transfers should be seen not in isolation but as an aspect of military cooperation more generally.

Anti-terrorist operations may have three basic consequences for arms transfers. First, there may be no visible effect in cases where there are no arms transfers or where transfers have only a negligible impact on the general trend. Second, there may be a reduction in the level of arms transfers—for instance, when there are more or broader and/or more effectively implemented arms embargoes and control regimes aimed at preventing terrorists or their supporters from receiving arms. Third, there may be a higher level of arms transfers as a result of transfers to governments or other recipients in support of anti-terrorist activities.

During 2002 there was conflicting evidence with regard to these three possible consequences. The thesis of limited impact finds support mainly because there were few transfers of major weapons for the explicit purpose of anti-terrorism. Many other types of military equipment—not included in SIPRI’s data—were transferred in support of such activities, however. As to the second thesis, there were no new international arms embargoes or control regimes in 2002 aimed specifically at preventing terrorists or their supporters from receiving conventional arms or related equipment. Anti-terrorist objectives nonetheless took on added salience in national policies, in the 1996 Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, and in the Missile Technology Control Regime (MTCR).

The third thesis seems to be the most important for developments in 2002 and beyond. The terrorist threat has become an additional argument for national acquisitions and transfers of arms and other military equipment, not least as an ingredient in both old and new forms of military cooperation.\(^{68}\) Several major suppliers have also been criticized for not implementing existing regulations restrictively in cases where they could claim an anti-terrorist motivation.\(^{69}\) This was most clearly reflected during 2002 in various US decisions, such as presidential determinations, and exemptions from and waivers of prohibitions embodied in appropriations acts. The sanctions on India and Pakistan that had been imposed after both countries conducted nuclear tests in 1998 were lifted shortly after the terrorist attacks of 11 September 2001. In late 2002 there were further indications that other US restrictions on arms sales to India would be eased.\(^{70}\)

In October 2001 US restrictions on exports to Pakistan were waived for two years. A new law waived the provision regarding military coups (no arms or aid may be provided to countries ruled by a government that seized power through a military coup) from Foreign Operations Appropriations bills for fiscal years (FYs) 2002 and 2003; allows for greater flexibility on sanctions related to violations of the MT
cr or the Export Administration Act; and exempts Pakistan from restrictions on aid related to loan defaults.\(^{71}\) It also shortens the congressional notification period for transfers of weapons from current US stocks and transfers of excess US weapons to all countries if transfers are in response to or intended to prevent international acts of terrorism.\(^{72}\)

As can be seen in the official US justifications for foreign aid, the war on terrorism has taken an important place in US decision making on foreign arms sales and military assistance.\(^{73}\)

Despite these changes, transfers of major weapons during 2002 to recipients involved in wars on terrorism did not markedly influence the SIPRI global
trend-indicator value. In many cases examined below, volumes of deliveries remained low, even if they were higher than in 2001. Although anti-terrorism was used as an argument for some of these transfers, the recipient governments were already engaged in these wars before anti-terrorism became a catchword (although, as many recipients are small importers with relatively poorly equipped armed forces, even low levels of deliveries of major weapons can in some cases add significantly to the war-fighting potential of the recipients). Moreover, major weapons may not be considered to be the best means in all situations for fighting terrorism.

Examples are given below of arms transfers, mainly from the USA and Russia, in support of anti-terrorist wars during 2002. Most of the recipients are in Asia, the region directly influenced by developments in Afghanistan. India and Pakistan—the second and third largest recipients of major conventional arms in 2002—are among the recipients of major weapons and other equipment said to be in support of anti-terrorist operations. Such equipment may, of course, be ordered and supplied for other purposes as well, just as most existing weapons may be used against terrorists. A study published in 2001 concluded that India is likely to try to become a regional military power, while for Pakistan the prospect of continued military competition with India is extremely hazardous.74 While the major India–Pakistan war feared by many did not materialize,75 in 2002 both countries displayed military force and pursued plans for advanced armaments. Arms imports are important for both nations, and each tries to convince the USA to stop supplying weapons to the other.

Pakistan and India

The war in Afghanistan created a dilemma for President Pervez Musharraf of Pakistan. With his acceptance of US and coalition forces using Pakistani airspace, airfields and logistical support to launch attacks against Afghanistan, he had to balance a stronger domestic opposition against a pro-Western stance than the Indian Government did.76 In exchange, military contacts between Pakistan and the USA improved, as illustrated by the waiver mentioned above.77

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75 See also chapter 5 in this volume.
77 One example was the reconvening of the high-level Pakistan–US Consultative Group, which had not met since 1998. ‘US defence official arrives in Pakistan for talks’, Air Letter, no. 15,085 (30 Sep. 2002), p. 4.
Compared to 2001, Pakistan’s level of major arms imports increased substantially in 2002. After President Musharraf’s visit to Washington in February 2002, the US administration announced that discussions were being held on the resumption of arms transfers to Pakistan. In 2002 the USA, which had not supplied major weapons to Pakistan since 1999, transferred five unarmed helicopters fitted with communication and surveillance equipment to be used to search for al-Qaeda and Taliban fighters along the border with Afghanistan. The supply of six used C-130E Hercules transport aircraft and six L-88 surveillance radars mounted on balloons for controlling the border was also stated to be in direct support of anti-terrorist operations. US deliveries nonetheless accounted for less than 1 per cent of all deliveries to Pakistan in 2002. Russia, which for the first time in many years delivered major equipment to Pakistan, accounted for almost 8 per cent of Pakistan’s arms imports in 2002. The greater part was accounted for by Pakistan’s traditional suppliers, such as China and France.

In November 2002 a Pakistani Foreign Office spokesman expressed concern about Indian–US military relations in general, in particular about the USA’s agreement to supply India with military equipment to be used along its border with Pakistan. Similarly, in October 2002 Indian Foreign Minister Jaswant Singh admitted that India was putting pressure on the USA to ban arms deliveries to Pakistan as long as Pakistan continued to aid terrorists. However, the war in Afghanistan and the United States’ Asia policy also strengthened military relations between India and the USA. After India offered the US and coalition forces the use of its naval and air bases to facilitate military operations in Afghanistan, India and Pakistan increased their military contacts. In 2002 they signed a General Security Agreement on Military Information. Even so, the USA was not a supplier of major weapons to India in 2002. Instead, Russian deliveries to India increased between 2001 and 2002 and accounted for 92 per cent of all India’s major arms imports.

The war on terrorism may change the USA’s position as a supplier to India. In the spring of 2002 US Under-Secretary for Defense and Policy Douglas J. Feith stated that both countries were committed to accelerating efforts to expand bilateral ties, including arms transfers. By May 2002 the USA had offered several military deliveries to India, including ground sensors and night vision equipment primarily for tracking rebel infiltration from Pakistan. Indian defence representatives were reportedly still not satisfied in November 2002, although the US Government was willing in principle to supply over 100 military items, including P-3 Orion maritime surveillance aircraft and the engine to power India’s Light Combat Aircraft (LCA). India complained that the USA did not include the most advanced systems or technology cooperation that it was seeking.

Central Asia

In 1999 Russian Prime Minister Vladimir Putin defined a Russian anti-terrorist agenda. In June 2000, the Commonwealth of Independent States (CIS) adopted a Programme on the Struggle against International Terrorism and Other Forms of Extremism, and in December the statutes for a Moscow-based CIS Anti-Terrorist Centre were adopted. The Collective Security Treaty (CST, or Tashkent Treaty) of May 1992—today including Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan—became the main instrument for implementing the anti-terrorist policy. In exchange for support Russia will, among other things, supply weapons and other military equipment at subsidized prices. After September 2001, as part of its anti-terrorist policy, Russia extended its relations with the Central Asian states in particular. However, none of these countries except Kazakhstan imported major weapons in 2002, and the trend in Kazakhstan’s imports from Russia showed no major change. Similarly, Russian deliveries to Uzbekistan remained on the same low level in 2002 as in 2001.

Russia also established cooperation with the USA in anti-terrorism efforts. However, the USA did not accept cooperation under the umbrella of the CST.

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83 Deen, T., ‘US firms invited to explore $4.3 billion Indian arms market’, India Abroad, 28 May 2002.
86 ‘Zasedaniya vyshykh organov SNG’ [Meeting of the highest bodies of the CIS], Diplomaticheskii vestnik, no. 7 (July 2000), pp. 47–48. See also Belosludtsev, O., and Gribovsky, A., ‘Russia’s military–political relations with Kyrgyzstan, Tajikistan and Turkmenistan’, Eksport Vooruzhenii, no. 3 (May/June 2002), pp. 2–9. For the membership of the CIS see the glossary in this volume.
87 The Tashkent Treaty signatories decided as early as May 2001 to create a Central Asian rapid deployment force provided by Kazakhstan, Kyrgyzstan, Russia and Tajikistan. This force was established in 2002 using the Russian 201st Motorized Rifle Division (MRD) in Tajikistan. See also the chronology in annexe B in this volume.
but established bilateral relations, including military transfers, with all the signatories to the treaty in support of the war in Afghanistan. Since 1997 the USA has cooperated with former Soviet republics in the NATO Partnership for Peace (PFP) programme.\(^89\) The US State Department announced in January 2002 that Tajikistan had been removed from the International Traffic in Arms Regulations (ITAR) list of states prohibited from receiving military equipment and services.\(^90\) The US President’s March 2002 Emergency Supplemental Appropriations Request, including a Foreign Military Financing (FMF) request for ‘the fight against terrorism’, mentioned among others Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan as intended recipients of US military equipment and aid. However, there were no US deliveries of major weapons to these four countries in 2002. In fact, even though the USA’s military–political relations with Uzbekistan came close to taking on the form of a security relationship—the USA would regard with grave concern any external threat to the security and territorial integrity of Uzbekistan—this support did not take the form of deliveries of major weapons.\(^91\)

In the spring of 2002, US defence officials stated that 68 nations supported the war on terrorism in different ways, mainly by contributing military resources to the war in Afghanistan.\(^92\) Russian deliveries of major weapons to the Northern Alliance increased between 1999 and 2001, and were followed in 2002 by deliveries to the new government in Afghanistan. However, deliveries of major conventional weapons in 2002 still amounted to only 15 per cent of those in 2001. For the five-year period 1998–2002 Afghanistan accounted for less than 1 per cent of global arms imports. However, the US President’s March 2002 Emergency Supplemental Budget Request included a request under the FMF programme for Afghanistan and contained provisions for the arming and training of an Afghan army.\(^93\)

Transfers to other countries

From 1999, and especially since 2001, the USA’s military relations with the Philippines have improved after only limited contacts since the early 1990s. The Philippine Government receives US aid in the form of training and weapons (mainly small arms and small numbers of transport helicopters and patrol vessels) in support of its fight against several insurgent groups, mainly the Muslim Abu Sayyaf group, which is accused of having links to al-Qaeda.


The US war on terrorism accelerated agreements on further aid in late 2001. The level of major arms deliveries from the USA increased by 42 per cent in 2002 compared with the previous year but remained low. US military aid during 2002 included more small arms and transport aircraft as well as the deployment of US military personnel for training and supporting the Philippine armed forces, and providing aerial reconnaissance.

Nepal and Colombia are examples of cases of US support to foreign governments fighting rebel groups that are called terrorists but do not have direct links with al-Qaeda. Colombia, Nepal and the Philippines were among the countries mentioned in the March 2002 FMF request.

In Nepal the government is fighting a war against Maoist rebels. In late 2001 and early 2002 the government, stressing that it was fighting terrorists, asked for military aid from the USA, including helicopters and night vision equipment. Until then the USA had only agreed to limited aid in the form of military training. In early 2002 President George W. Bush, referring to both Nepal’s support for the war on terrorism and the need to prevent the spread of terrorism in Nepal, asked Congress to give $20 million in military aid, including ‘counter-terrorism’ equipment. Nepal was permitted to buy 5000 M-16 assault rifles in the USA after the German Government refused an export licence for rifles because Nepal was involved in a war. However, the USA did not deliver major weapons to Nepal in 2002, and there was no change in the very low level of major arms imports by Nepal in 2001, although Poland and Ukraine were suppliers.

A larger importer of major weapons, not least from the USA, is Colombia. It was the 37th largest recipient in 1998–2002. As part of its ‘war on drugs’, since the mid-1990s the USA has supplied major weapons to the Government of Colombia, including over 100 helicopters and other military equipment for three ‘anti-narcotics’ battalions. Anti-narcotics support increased in 2000 and 2001, as reflected in the increase in US major arms deliveries. Originally,


96 On the conflicts in Colombia and Nepal see chapter 2 in this volume.


99 US Department of State (note 73).


the weapons aid was restricted to use in anti-narcotics operations directed against drug producers. In 2002, however, the US administration allowed the Colombian Government to use military equipment supplied by the USA against Colombian rebel groups, today designated as terrorist organizations. Although the volume of US deliveries was reduced in 2002, the USA still accounted for 59 per cent of Colombia’s imports of major weapons.

VI. Arms transfers reporting and transparency

International transparency

In December 1991 the UN General Assembly established the United Nations Register of Conventional Arms (UNROCA) as a ‘universal and non-discriminatory Register of Conventional Arms’ to which nations were asked to report annually, on a voluntary basis, imports and exports over the previous year of certain types of conventional weapons. A major ambition was to identify possibly destabilizing arms build-ups. In addition, the resolution establishing the UNROCA mentioned as goals: (a) the general principle of confidence-building measures, (b) the reduction of arms transfers, (c) the problem of the illicit arms trade and its effects on human rights, (d) the burden placed by arms acquisitions on countries’ economies and (e) the reduction of military expenditure.

The main conclusion of SIPRI’s analysis of the first 10 years of the UN Register is that it is a compromise that has failed with regard to both data content and structure. The data reported to the UNROCA are not sufficient to achieve its aims. There are various options to be considered if it is to become more useful, the preferred one being to try to overcome the major constraints through the UN General Assembly, but this is unlikely to happen. The option that is more likely to succeed is based on regional initiatives. The OAS Inter-American Convention on Transparency in Conventional Weapons Acquisitions entered into force on 21 November 2002 (although by that date only 20 out of 34 OAS member states had signed it). Another regional organization with great potential may be the African Union (AU), which is to follow the model of the EU as an international cooperation organization. However, even if cooperation in regions most in need of open arms acquisition information can be established, such information will not necessarily be publicly available.

In November 2002 the European Union (EU) published its fourth annual review of the implementation of the 1998 Code of Conduct for Arms Exports. A major and important change compared to the previous reviews...

104 On the African Union see appendix 1A in this volume.
105 European Union, Council, ‘Fourth annual report according to Operative Provision 8 of the European Code of Conduct on Arms Exports’, Brussels, 11 Nov. 2002. Both this report and the Code of Con-
was the inclusion of an overview of arms export data from each EU member state broken down by recipient country. Previously only aggregate arms export values for each EU member state had been published. While such disaggregated data for most member states were already available in their national reports, inclusion in the EU report and the availability of the report on the Internet reflect an EU willingness to create more public transparency in arms transfers.\footnote{Official Journal of the European Communities, C319, vol. 45 (19 Dec. 2002), URL <http://europa.eu.int/eur-lex/en/archive/2002/c_31920021219en.html>}. The usefulness of the review has increased substantially, as it provides a single overview of what individual EU member states consider appropriate destinations for arms. Furthermore, the total number of export applications denied for each recipient, and the relevant criteria used, are reported. The review noted that comparability between data from individual member states is still limited and that substantial efforts were therefore being made to provide a uniform basis for national reporting. However, it did not explain what these efforts actually involve.

One major drawback of the current EU reporting is that it reflects policy outcomes expressed in monetary values. This is inadequate for understanding arms export policy. Transparency aimed at facilitating public debate on arms export policy needs to include timely reporting on the actual justifications for export permits. This is already common practice in the USA where the government publicly reports to Congress its reasons for allowing proposed major arms exports.\footnote{These notifications are published by the US Defense Security Cooperation Agency (DSCA) at URL <http://www.dsca.mil/publications.htm>.

\textit{The Organization for Security and Co-operation in Europe} (OSCE) adopted the OSCE Document on Small Arms and Light Weapons in 2000.\footnote{Organization for Security and Co-operation in Europe, Document on Small Arms and Light Weapons, FSC.DOC/1/00, 24 Nov. 2000, reproduced in SIPRI Yearbook 2001: Armaments, Disarmament and International Security (Oxford University Press: Oxford, 2001), pp. 590–98.} Among other measures, it included a provision that the OSCE member states would conduct an information exchange among themselves, on an annual basis, about their small-arms exports to and imports from other participating states during the previous calendar year. The first reporting took place in 2002, and the information is compiled at the OSCE Conflict Prevention Centre. Most OSCE member states replied but kept their submissions secret from the general public. In the spirit of public transparency, however, Belarus, Germany and Spain chose to make their reports public.\footnote{‘Estadísticas Españolas de las exportaciones realizadas de material de defensa y de doble uso, año 2001’ [Spanish statistics on actual exports of defence and dual-use materiel in 2001], as received in Oct. 2002 from Jefe de Servicio Comercial/Información SG Defensa y Doble Uso Secretaría General de Comercio Exterior; ‘Information exchange pursuant to the OSCE Document on Small Arms and Light Weapons, Annual report 2002 submitted by the Federal Republic of Germany’, Berlin, 30 June 2002, URL <http://www.auswaertigesamt.de/www/de/infoservice/download/pdf/friedenspolitik/abruestung/kleinw_2002.pdf>; and ‘National review of the Republic of Belarus on export control policy, export of armaments and military technology 2001–2002’, received from the the Department of International Security and Arms Control, Ministry of Foreign Affairs of Belarus, Nov. 2002.} While this reporting mechanism provides detailed information on certain small-arms transfers, the main limitation of the
data (apart from limited public access) is that they only cover transfers within the OSCE.

**National transparency**

Official information about annual values of national arms exports is available on the SIPRI Internet site. In recent years an increasing number of governments have published detailed information on their arms exports. Few significant new developments took place in 2002 regarding this type of transparency. Belarus for the first time published a national report which repeated data on arms exports submitted to the UNROCA and as part of the OSCE document on small arms and light weapons. Romania also published its first annual report. The Czech Republic and Poland were in the process of preparing arms export reports, but they were not published in 2002.

It is not an easy task to keep track of and compile a reliable register of weapon deliveries. The administrative problems encountered by the new members of NATO and the EU when constructing new and efficient arms export reporting mechanisms may be easier to acknowledge if it is realized that the USA still does not have a fail-safe system. The Defense Security Cooperation Agency (DSCA), a branch of the DOD, was criticized by the General Accounting Office (GAO) for providing inaccurate and incomplete information to the US Congress about costs and delivery status of weapons transferred as military aid. This failure was caused by the use of an old information system and insufficient communication between the DSCA and the services of the armed forces that delivered the equipment in question.

**VII. Conclusions**

Transfers of major conventional arms in the period 1998–2002 remained at a low level. The five largest suppliers accounted for approximately 80 per cent of all transfers. Russia and the USA continue to compete for first position. China’s move up to fourth place in 2002 was a significant change from previous years.

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110 See URL <http://projects.sipri.se/armstrade/at_gov_ind_data.html>.
113 On transparency issues in general and for some of the Central and East European countries in particular see Tagarev, T. (ed.), *Transparency in Defence Policy, Military Budgeting and Procurement* (Geneva Centre for the Democratic Control of Armed Forces (DCAF) and George C. Marshall, Bulgaria: Sofia, 2002).
Among the major recipients were countries involved in wars on terrorism. The initial focus of military action was on Afghanistan, but civil wars in other parts of the world were redefined during 2002 by the governments in an attempt to gain legitimacy. It is therefore not possible to speak about only one war on terrorism. Taken together, the cases studied did not support the hypothesis that levels of major arms transfers would be higher in 2002 because of deliveries related to anti-terrorism policy. In fact, most transfers of major conventional weapons during 2002 were the result of decisions taken before September 2001. The effect of the terrorist attacks on the United States was not so much to bring the terrorist threat to the attention of national governments as to be the catalyst for more deliberate policies to counteract and prevent acts of terrorism.

How important anti-terrorist activities will be for the future trend in transfers of major conventional weapons is an open question. On the one hand, major weapons might not be considered the most effective means for fighting terrorism. On the other hand, if military anti-terrorist activities multiply and become long-drawn-out operations, it may be considered necessary to continue to make deliveries of major weapons in order to increase the chances of the success of operations. This could lead to additional new legislation or to reduced political willingness to implement arms export controls restrictively vis-à-vis certain countries. Should that happen, it could become increasingly difficult to distinguish between legitimate ambitions to support anti-terrorism abroad and attempts to help indigenous military companies to find foreign markets.

Even without such major long-term changes, low-level, ad hoc transfers of major weapons could become important for smaller arms suppliers and make a substantial contribution to the military capability of particular recipients. It is not certain that such developments would enhance regional stability. To these complications should be added the problem of illegal arms transfers.

This chapter sets out the difficulties of implementing UN arms embargoes. The cases discussed confirm the need for the further development of instruments for enforcement, not primarily by closing legal loopholes but by cooperating and coordinating the monitoring of arms transfers from departure to arrival at the authorized final destination.

A reduction in national and international transparency would be a serious drawback for future research relevant for a broader perception of security.\textsuperscript{115} Although few significant new developments took place in national reporting on arms transfers, the EU shows a willingness to create more public transparency in arms transfers. Nonetheless, there is more scope for openness, not least on the regional level, as illustrated by the OAS states. The OSCE Document on Small Arms and Light Weapons is a first step that could develop into an open public reporting mechanism on transfers of small arms both within and outside the OSCE area.

\textsuperscript{115} On the broader concepts of security see chapter 9 in this volume.