

6. International arms transfers

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I. Introduction

The volume of international arms transfers in the period 2006–10 was 24 per cent higher than in 2001–2005 (see figure 6.1).¹ The five largest suppliers in 2006–10—the United States, Russia, Germany, France and the United Kingdom—accounted for 75 per cent of the volume of exports of major conventional weapons, down from 80 per cent in 2001–2005 (see table 6.1). Arms producers in the USA and major European arms supplying countries anticipate that their governments will scale back previously ambitious domestic procurement plans, and so the importance of exports as a source of revenue will be magnified. Section II of this chapter considers significant developments in 2010 for the two largest suppliers: the USA and Russia.

The major recipient region for the period 2006–10 was Asia and Oceania (accounting for 43 per cent of imports of major conventional weapons), followed by Europe (21 per cent), the Middle East (17 per cent), the Americas (12 per cent) and Africa (7 per cent). India, which accounted for 9 per cent of all imports of major conventional weapons, was the largest recipient for the period 2006–10, pushing China (with 6 per cent) into second place, followed by South Korea (6 per cent), Pakistan (5 per cent) and Greece (4 per cent). Section III discusses this change in India's ranking, technology transfers to India and arms transfers to India and its neighbour Pakistan generally.

Exports of arms to conflict zones are always contentious. The European Union (EU) member states attempt to apply common criteria relating to conflict prevention and international humanitarian law in an attempt to ensure consistency in arms export decisions. However, there were differences of opinion on decisions to supply weapons to Israel before and after its military operation in the Gaza Strip in 2008–2009 and to Georgia and

¹ SIPRI data on arms transfers refers to actual deliveries of major conventional weapons. SIPRI uses a trend-indicator value (TIV) to compare the data on deliveries of different weapons and to identify general trends. TIVs give an indication only of the volume of international arms transfers and not of their financial values. Since year-on-year deliveries can fluctuate, a 5-year moving average is employed to provide a more stable measure for trends in international transfers of major conventional weapons. For a description of the TIV and its calculation see appendix 6A and the SIPRI Arms Transfers Programme website at <<http://www.sipri.org/databases/armstransfers/background>>.

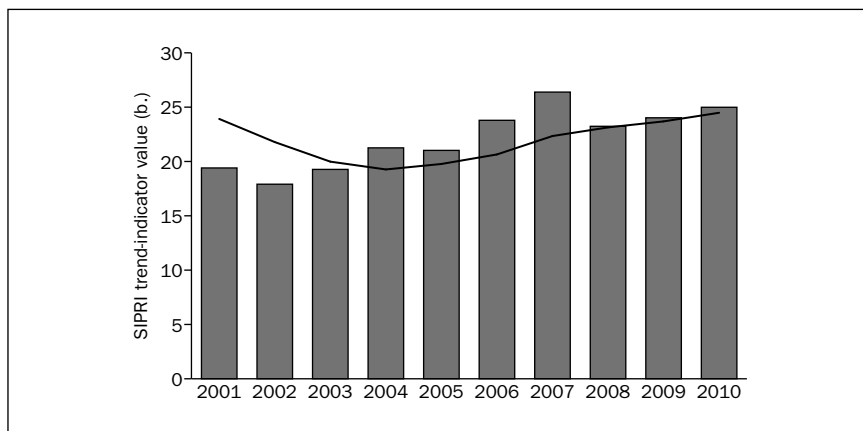


Figure 6.1. The trend in international transfers of major conventional weapons, 2001–10

Note: The bar graph shows annual totals and the line graph shows the five-year moving average. Five-year averages are plotted at the last year of each five-year period. See appendix 6A for an explanation of the SIPRI trend-indicator value.

Source: SIPRI Arms Transfers Database, as of 14 Feb. 2011, <<http://www.sipri.org/databases/armstransfers/>>.

Russia before and after the August 2008 conflict in South Ossetia. These are explored in section IV. Section V presents brief conclusions.

Appendix 6A explains the methodology behind SIPRI's data collection and provides data on all recipients and suppliers of major conventional weapons for the period 2006–10. Appendix 6B presents official data on the financial value of orders, export licences and arms exports for 2000–2009.² Appendix 6C describes the current status of existing mechanisms for international public transparency in arms transfers. Except where indicated, the information on deliveries and contracts referred to in this chapter is taken from the SIPRI Arms Transfers Database.³

² The SIPRI TIV does not measure the financial value of arms exports or the financial value of the global arms trade.

³ SIPRI Arms Transfers Database, <<http://www.sipri.org/databases/armstransfers/>>. The database contains data on all transfers of major conventional weapons between 1950 and 2010. The data for 2006–10 and for 2010, on which most of this chapter is based, is given in the 'Register of major conventional weapon transfers, 2010' and the 'Register of major conventional weapons transfers, 2006–10', which are available at <http://www.sipri.org/databases/armstransfers/recent_trends/>. The data on which this chapter is based is valid as of 14 Feb. 2011. The figures in this chapter may differ from those in previous editions of the SIPRI Yearbook because the SIPRI Arms Transfers Database is updated annually.

Table 6.1. The five largest suppliers of major conventional weapons and their main recipients, 2006–10

Supplier	Share of global arms transfers (%)	Main recipients (share of supplier's transfers, %)		
		1st	2nd	3rd
United States	30	South Korea (14)	Australia (9)	UAE (8)
Russia	23	India (33)	China (23)	Algeria (13)
Germany	11	Greece (15)	South Africa (11)	Turkey (10)
France	7	Singapore (23)	UAE (16)	Greece (12)
United Kingdom	4	USA (23)	Saudi Arabia (19)	India (13)

UAE = United Arab Emirates.

Source: SIPRI Arms Transfers Database, <<http://www.sipri.org/databases/armstransfers>>.

II. Major arms suppliers: the United States and Russia

The USA and Russia have remained the dominant arms exporting countries since the end of the cold war. Their actual transfers in 2010 and significant developments related to their arms export policies are discussed below.

The United States

The USA was the largest exporter of major conventional weapons in the period 2006–10, accounting for 30 per cent of the global volume of transfers. Asia and Oceania accounted for 44 per cent of US deliveries of major conventional weapons in 2006–10, followed by the Middle East (28 per cent) and Europe (19 per cent). US arms transfers to allies in East Asia and the Middle East are linked to perceived threats to the national security of these allies from North Korea and Iran, respectively, and to US strategic interests more generally.⁴ In recent years decisions to provide more advanced weapon systems to allies in these regions have been justified on the grounds that this will enable these states to more effectively meet their own security needs and in turn reduce the number of US troops stationed overseas.⁵

Three of the USA's top five recipients in 2006–10 were located in Asia and Oceania: South Korea (14 per cent), Australia (9 per cent) and Japan (6 per cent). These countries received naval equipment and various military aircraft from the USA during this period. They also received US com-

⁴ For an overview of US arms sales and foreign and security policy see Defense Institute of Security Assistance Management (DISAM), *The Management of Security Assistance*, 30th edn (DISAM: Wright-Patterson Air Force Base, OH, Jan. 2011), chapter 2.

⁵ Kimes, M., 'America's hottest export: weapons', CNN, 11 Feb. 2011, <http://money.cnn.com/2011/02/10/news/international/america_exports_weapons_full.fortune/index.htm>.

ponents for their indigenously built destroyers and frigates. The first deliveries to South Korea of F-15K combat aircraft under a 2008 deal began in 2010, with the USA also delivering the first five of eight P-3CK Orion anti-submarine warfare (ASW) and maritime surveillance aircraft. The significance of these transfers has been amplified by a series of confrontations since November 2009 across the disputed maritime border between the two Korean states.⁶

The main destinations in the Middle East for US weapons in 2006–10 were the United Arab Emirates (which accounted for 8 per cent of US arms exports), Israel (7 per cent) and Egypt (4 per cent). US arms exports to the Middle East in this period included air defence systems and a large quantity of combat aircraft. In October 2010 the USA announced plans to deliver a considerable package of arms and military equipment to Saudi Arabia, consisting of up to 84 F-15S combat aircraft, 66 AH-64D and 36 AH-6S combat helicopters; the modernization of 70 Saudi F-15S combat aircraft; and various missiles and guided bombs. The US Department of State presented the proposed sale to the US Congress as part of the US effort to ‘promote regional security and enhance the defensive capabilities’ of Saudi Arabia over a 15–20 year period. The US Administration has tried to publicly downplay suggestions that the deal was largely connected to concerns regarding Iran.⁷ The US Administration also announced that the proposed sale had been discussed with Israel and that the Israeli leadership did not oppose the sale. Although the US Congress approved the proposal, 198 members of the Congress submitted a letter asking Secretary of Defense Robert M. Gates and Secretary of State Hillary Rodham Clinton about the policy goals to be achieved by the large-scale transfer, the threats to be addressed by it and whether Saudi Arabia can be relied on as an ally.⁸ Gates and Clinton responded that the deal was linked to a long-standing security relationship and would enable Saudi Arabia to defend itself against terrorist and regional threats.⁹

Poland and the UK accounted for the largest volume of US exports to European allies during 2006–10, receiving 5 per cent and 4 per cent of total US arms exports, respectively. The USA has sold, loaned and donated major conventional weapons to European allies involved in the conflicts in Afghanistan and Iraq. Deliveries to the UK of armoured vehicles, transport

⁶ E.g. Joint Civilian–Military Investigation Group (JIG), *Investigation Result on the Sinking of ROKS ‘Cheonan’* (Republic of Korea Ministry of Defence: Seoul, 20 May 2010).

⁷ US Department of State, Briefing on pending major arms sale, Special briefing, 20 Oct. 2010, <<http://www.state.gov/t/pm/rls/rm/149749.htm>>.

⁸ US Congress, Letter to Secretary Clinton and Secretary Gates regarding arms sales to Saudi Arabia, 10 Nov. 2010, <http://www.fas.org/blog/secretcy/2010/11/saudi_arms_deal.html>; and Sugrue, M., ‘Saudi arms deal moves forward’, *Arms Control Today*, vol. 40, no. 10 (Dec. 2010).

⁹ Gates, R. M. and Clinton, H. R., Letter to Howard L. Berman, Chairman of the US House of Representatives Committee on Foreign Affairs, 16 Nov. 2010, <http://www.fas.org/blog/secretcy/2010/11/saudi_arms_deal.html>.

and electronic reconnaissance aircraft, guided bombs and unmanned aerial vehicles (UAVs) are directly related to British operations in Afghanistan. Poland has also received armoured vehicles and UAVs for use in Afghanistan, while Italy has received UAVs.

In 2010 the British Government announced that it would only acquire one version of the F-35 Joint Strike Fighter (JSF) combat aircraft from the USA, confirming earlier suspicions that the UK would cancel plans to acquire the short take-off and vertical landing (STOVL) variant, the F-35B.¹⁰ There were reports in early 2010 that the number of F-35s to be ordered by the British Ministry of Defence would drop from 140 to 70, but the newly elected British Government that came to power in May 2010 had not announced the number of F-35s it plans to acquire by the end of the year.¹¹ The UK's decision to abandon its interest in the F-35B is also believed to have affected Italian interest in the STOVL variant.¹² The Netherlands' plans for 85 F-35s remained under review, with likely cuts in the number to be ordered or even cancellation in favour of a European alternative.¹³

The first recommendations stemming from the comprehensive review of US arms export controls were announced in 2010. During 2010 the US Administration proposed four key reforms for US export controls: (a) changes to control lists, (b) a single licensing agency, (c) the establishment of an Export Enforcement Coordination Center, and (d) plans to link the departments of State and Defense to the same information technology system in 2011 to improve the efficiency of the export licence application review process.¹⁴ These reforms were presented as a means to help address concerns that the current system 'fails at the critical task of preventing harmful exports while facilitating useful ones' and is also unable to respond

¹⁰ British Ministry of Defence, *Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review*, Cm 7948 (The Stationery Office: Norwich, Oct. 2010), p. 24.

¹¹ Norton-Taylor, R., 'MoD to slash jet fighter orders as it struggles to save aircraft programme', *The Guardian*, 12 Jan. 2010.

¹² Kington, T., 'Italy shuffles JSF STOVL schedule, mulls cut in numbers', *Defense News*, 8 Dec. 2010.

¹³ Van der Kloort, R., 'Premier Mark Rutte: JSF is niet enige optie', [Prime Minister Mark Rutte: JSF is not only option], *Elsevier*, 3 Dec. 2010; and 'Kamer wil minder JSF's kopen', [Parliament wants to buy less JSFs], *AD*, 10 Oct. 2010.

¹⁴ US Department of Defense, 'Remarks to business executives for national security (export control reform) as delivered by Secretary of Defense Robert M. Gates', Washington, DC, 20 Apr. 2010, <<http://www.defense.gov/speeches/speech.aspx?speechid=1453>>; White House, 'Fact sheet on the President's export control reform initiative', 20 Apr. 2010, <<http://www.whitehouse.gov/the-press-office/fact-sheet-presidents-export-control-reform-initiative>>; White House, 'President Obama lays the foundation for a new export control system to strengthen national security and the competitiveness of key U.S. manufacturing and technology sectors', 30 Aug. 2010, <<http://www.whitehouse.gov/the-press-office/2010/08/30/president-obama-lays-foundation-a-new-export-control-system-strengthen-n->>; and White House, 'President Obama announces first steps toward implementation of new U.S. export control system', 9 Dec. 2010, <<http://www.whitehouse.gov/the-press-office/2010/12/09/president-obama-announces-first-steps-toward-implementation-new-us-expor>>.

to the needs of the USA's closest military allies.¹⁵ In August 2010 US President Barack Obama linked the proposed reforms to 'enhancing the competitiveness of [US] manufacturing and technology sectors', as part of a wider drive to increase US exports and create jobs.¹⁶

Russia

Russia accounted for 23 per cent of the volume of international arms transfers in the period 2006–10. Asia accounted for 67 per cent of the volume of Russian exports of major conventional weapons, followed by Africa (14 per cent), the Americas (8 per cent) and the Middle East (8 per cent). India was Russia's largest recipient (see section III). China was Russia's second largest recipient for this period, mainly due to deliveries in 2006–2007.

During 2010 the Russian Parliament started the process of amending the federal law on military-technical cooperation to require recipients of Russian arms and military equipment to agree to respect Russian intellectual property rights.¹⁷ The Russian Government, companies and media continued to voice concerns about China's copying of its weapon systems, but the focus of attention switched to China's emergence as a competitor in the international arms market, as illustrated by two episodes in July 2010.¹⁸ First, the Russian Government commissioned a study titled 'the strategies and tactics of Chinese exporters of arms and military equipment: the phenomenon of success and key competitive advantages' in order to better understand competition from China for arms exports.¹⁹ Second, Mikhail Pogosyan, head of the MiG and Sukhoi aircraft design bureaux, sent a letter to Rosoboronexport, the agency responsible for managing the Russian arms trade, stating that he did not want Russia to sign another large contract to deliver RD-93 engines to China because the Chinese JF-17 combat aircraft

¹⁵ US Department of Defense (note 14).

¹⁶ White House, 'Video remarks by the President to the Department of Commerce Annual Export Controls Update Conference', 30 Aug. 2010, <<http://www.whitehouse.gov/the-press-office/2010/08/30/video-remarks-president-department-commerce-annual-export-controls-updat>>.

¹⁷ Government Presidium [On the draft federal law on Amendments to the Federal Law on Military Technical Cooperation of the Russian Federation with Foreign States], Press release, 9 Sep. 2010, <<http://government.ru/docs/12096/>>; [Concerning the submission of projects of federal law to the State Duma of the Federal Assembly of the Russian Federation], Government Order of 5 Oct. 2010 no. 1672, <<http://government.ru/gov/results/12484/>>; and Russian State Duma, [Afternoon plenary session of the State Duma of 24 Nov. 2010], 24 Nov. 2010, <http://www.duma.gov.ru/news/273/60499/?sphrase_id=41787>.

¹⁸ Holtom, P., Bromley, M. and Wezeman, P. D., 'International arms transfers', *SIPRI Yearbook 2008*, pp. 299–300; Wezeman, S. T., Bromley, M. and Wezeman, P. D., 'International arms transfers', *SIPRI Yearbook 2009*, pp. 309–10; Sozaev-Guryev, E., 'Copycat weapons a threat to Russia's economic security', *Russia Today*, 9 Feb. 2010; and 'Russia, China to address illegal arms production issue', RIA Novosti, 16 Nov. 2010, <<http://en.rian.ru/world/20101116/161357132.html>>.

¹⁹ Azar, I., [The impudent East], *Gazeta.ru*, 8 July 2010, <http://www.gazeta.ru/politics/2010/07/08_a_3396043.shtml>.

competes with Russia's MiG-29 combat aircraft for export sales.²⁰ For example, Russia is seeking to sell MiG-29s to Egypt, while China and Pakistan are offering JF-17s with co-production by Egypt.²¹ These aircraft are also competing for an order from Sri Lanka, and in early 2010 Russia had already agreed to lend Sri Lanka \$300 million for arms purchases.²² In late 2009 Russia secured an order from Myanmar for 20 MiG-29s in direct competition with China's JF-17 and J-10. Russia is also supplying Mi-24 and Mi-2 helicopters to Myanmar. Despite its concerns about Chinese copying and competition, Russia continues to maintain its arms transfer relationship with China. In late 2010 an agreement was reached for delivery of more RD-93 engines for JF-17s. The two countries reportedly discussed prospects for orders of a range of items, including Su-35 combat aircraft, S-400 air defence systems from 2017 and Il-476 transport aircraft.²³

Russian arms deals with Iran and Syria were the subject of much attention and controversy in 2010. Throughout the year officials from the Russian Ministry of Defence and Rosoboronexport contradicted each other with regard to the delivery of MiG-29 and MiG-31 combat aircraft and Yakhont anti-ship missiles to Syria.²⁴ Russian President Dmitry Medvedev's decision to include S-300 air defence systems in the scope of the Russian implementation of the expanded UN arms embargo on Iran led the Iranian Defence Minister, Ahmad Vahidi, to label Russia as 'unreliable'.²⁵ Russian analysts also expressed concerns about the impact of the decision on Russia's reputation as a 'reliable' supplier, calling into question Russia's willingness to supply arms to recipients that are subject to restrictions by other suppliers.²⁶

There was speculation in 2010 that the S-300 air defence systems intended for Iran would instead be delivered to Azerbaijan or Vene-

²⁰ 'Russia's iconic MiG and Sukhoi fighters enter competition with Chinese clones', *Pravda*, 6 July 2010.

²¹ Azar (note 19).

²² [Sri Lanka might choose Russian fighters], *Vzglyad*, 23 Oct. 2010; and 'Russia to grant Sri Lanka \$300 mln loan to buy armaments', RIA Novosti, 5 Feb. 2010, <<http://en.rian.ru/business/20100205/157784169.html>>.

²³ 'Russia ready to sell Su-35 fighter jets to China', RIA Novosti, 16 Nov. 2010, <http://en.rian.ru/military_news/20101116/161359301.html>; 'Russia to sell additional RD-93 jet engines to China', RIA Novosti, 16 Nov. 2010, <http://en.rian.ru/military_news/20101116/161360534.html>; and Nikolskiy, A., [China hasn't copied everything], *Vedomosti*, 23 Nov. 2010.

²⁴ 'Russia to honor deal to sell P-800 anti-ship missiles to Syria', RIA Novosti, 17 Sep. 2010, <http://en.rian.ru/military_news/20100917/160619506.html>; 'Russian arms firm denies Yakhont missile deliveries contract', RIA Novosti, 28 Oct. 2010, <http://en.rian.ru/military_news/20101028/161116508.html>; 'Russia sells Syria warplanes, air defence systems: official', Agence-France Presse, 14 May 2010; and 'Russian arms exporter denies MiG-31 fighter contract with Syria', RIA Novosti, 27 Oct. 2010, <http://en.rian.ru/military_news/20101027/161102905.html>.

²⁵ 'Iran defense chief: Russia unreliable', Press.tv, 26 Sep. 2010, <<http://www.presstv.ir/detail/144103.html>>. On the embargo see appendix 11A in this volume.

²⁶ 'Russia to return \$166.8 million prepayment to Iran for S-300 missile defense system', RIA Novosti, 7 Oct. 2010, <<http://en.rian.ru/russia/20101007/160869597.html?id=>>; and 'Russian image "tarnished" over Iran missile deal', Agence-France Presse, 8 Oct. 2010.

zuela.²⁷ Algeria, Belarus, Libya and Kazakhstan have also either placed orders or discussed the acquisition of such systems in recent years. In late 2010 Armenia revealed for the first time that it had acquired S-300 systems from Russia.²⁸ This represents one of the few known international transfers of major conventional weapons to Armenia in recent years. Russia also supplied tanks and armoured vehicles to Azerbaijan during 2006–10, and the delivery of other systems is under discussion. The volume of imports by Azerbaijan in 2006–10 was 323 per cent higher than in 2001–2005. While Azerbaijan is seeking foreign assistance to develop its own arms industry, Belarus, Israel and Ukraine have delivered a considerable volume of tanks, armoured vehicles, aircraft and artillery to Azerbaijan. These acquisitions are being made against a backdrop of increasingly bellicose rhetoric towards Armenia regarding the Nagorno-Karabakh region.²⁹

In February 2010 the Russian Prime Minister, Vladimir Putin, stated that Russian arms exports were important for both Russia's economic and foreign policy goals.³⁰ At the beginning of November 2010, Putin congratulated Rosoboronexport on its role in increasing Russian arms exports by 150 per cent between 2000 and 2010 and on the contribution made by its export-related revenues to the federal budget and the development of the arms industry.³¹ In November 2010 Russia's United Shipbuilding Corporation (USC) challenged Rosoboronexport's monopoly on the negotiation of exports of complete weapon systems, requesting the right to negotiate these exports itself.³² USC was denied this request, just as United Aircraft Corporation (UAC) was denied a similar request after its initial formation in 2006.³³

III. Arms transfers to India and Pakistan

India and Pakistan are among the world's largest importers of major conventional weapons. In 2006–10 India ranked as the largest importer

²⁷ Nikolskiy, A., [Not to Iran but to Baku], *Vedomosti*, 29 July 2010.

²⁸ Danielyan, E., 'Armenia displays sophisticated air defence systems', *Eurasia Daily Monitor*, 19 Jan. 2011.

²⁹ International Crisis Group (ICG), *Armenia and Azerbaijan: Preventing War*, ICG Europe Briefing no. 60 (ICG: Brussels, 8 Feb. 2011).

³⁰ Prime Minister of the Russian Federation, 'Prime Minister Vladimir Putin meets with Minister of Industry and Trade Viktor Khristenko and Head of the Federal Service for Military-Technical Cooperation Mikhail Dmitriyev', 15 Feb. 2010, <<http://premier.gov.ru/eng/events/news/9412/>>.

³¹ Prime Minister of the Russian Federation, 'Prime Minister Vladimir Putin meets with the management of Rosoboronexport on the occasion of the corporation's 10th anniversary', 3 Nov. 2010, <<http://premier.gov.ru/eng/events/news/12844/>>.

³² [Naval commander], *Kommersant*, 19 Nov. 2010. Twenty-one enterprises can independently arrange contracts with non-Russian customers for repairs, upgrade etc. including some USC subsidiaries. Federal Service on Military-Technical Cooperation, [Russian subjects of MTC], 25 Feb. 2010, <<http://www.fsvts.gov.ru/materials/025409B812D3364FC32576E8003D068C.html>>.

³³ 'Russia's leading shipbuilder seeks arms exporter status', RIA Novosti, 19 Nov. 2010, <http://en.rian.ru/military_news/20101119/161403037.html>.

globally, accounting for 9 per cent of global imports, and Pakistan ranked fourth, accounting for 5 per cent. India's volume of imports of major weapons in 2006–10 was 21 per cent higher than in 2001–2005, while Pakistan's increased by 128 per cent. Data on weapons that have been ordered but not yet delivered as well as on planned acquisitions indicates that both countries will remain among the major recipients for several years. Both countries have large inventories of what can be considered outdated weapons and, for example, Indian officials stress that recent and forthcoming acquisitions are intended to replace these.³⁴ However, procurement patterns also show that both countries are acquiring advanced and long-range weapons that introduce new capabilities for their armed forces. This section examines recent and planned arms acquisitions by India and Pakistan and their links to the internal, subregional (primarily India–Pakistan) and regional conflicts, tensions and ambitions.³⁵

Neither country's defence policies are well explained in official documents. However, a wide range of statements issued by Indian and Pakistani political and military leaders indicate that both internal and external security issues shape the countries' defence policies. Defence issues are also substantially discussed in the local media, often with a strong sentiment that arms procurement should increase. The India–Pakistan conflict remains the main determinant of the type and volume of weapons the countries are acquiring. This is especially the case for India following the November 2008 seaborne terrorist attack in Mumbai, for which it blamed Pakistan.³⁶ Internal conflicts, some of which are related to the India–Pakistan conflict, are another important motivating factor for procurement. Tensions between China and India have also been cited as an important motive for Indian procurement—as have been India's aspirations for regional or global leadership.³⁷

For many years both countries have tried but failed to develop domestic arms industries to satisfy much or most of their weapon needs. The Indian arms industry supplies the country with roughly 30 per cent of its weapons, despite having invested heavily to reach a decades-old aim of producing at

³⁴ India considers up to 70% of its current inventory outdated. Majumdar, B., 'Half of India's defence equipment outdated—report', Reuters, 13 Jan. 2010, <<http://in.reuters.com/article/2010/01/13/idINIndia-45355320100113>>; and Vanetsov, G., 'Russia has no plans to leave Indian arms market', Voice of Russia, 7 Oct. 2010, <<http://english.ruvr.ru/2010/10/07/24601050.html>>.

³⁵ Other drivers, e.g. interests of the military, the arms industry and different political groups or individuals, are also evident in both countries but are not examined here.

³⁶ Indian Ministry of Defence (MOD), *Annual Report 2009–2010* (MOD: New Delhi, 2010), p. 8; and Thapliyal, S., 'India's foreign policy: a muddle for sixty two years', *Indian Defence Review*, vol. 24, no. 4 (Oct./Dec. 2009).

³⁷ Thapliyal (note 36); Rajan, D. S., 'How China views India's new defence doctrine', Rediff.com, 7 Jan. 2010, <<http://news.rediff.com/column/2010/jan/07/how-china-views-indias-new-defence-doctrine.htm>>; 'India's new defence policy to open \$100 bn market', Reuters, 30 Oct. 2009, <<http://in.reuters.com/article/2009/10/30/idINIndia-43557720091030>>; and chapter 4, section V, in this volume.

least 70 per cent of its weapons locally.³⁸ Pakistan's smaller arms industry has difficulties providing ammunition for government forces as the intensity of internal conflicts has increased.³⁹ Both countries, therefore, remain highly dependent on foreign suppliers. For example, all combat aircraft, tanks and major warships inducted into service by Pakistan in 2001–10 are of foreign origin; similarly, all combat aircraft, 75 per cent of tanks and 27 per cent of major warships inducted into service by India in the same period were imported. It appears that both countries will continue to rely heavily on arms imports to fulfil their procurement plans.

India

Since 1991 India's main supplier of major arms has been Russia. This remained the case in 2006–10, when Russia accounted for 82 per cent of deliveries to India, while the UK was the second largest supplier, accounting for 6 per cent of deliveries. Since the mid-1990s Israel has become a major supplier to the country and was the third largest supplier to India in 2006–10, accounting for 3 per cent of deliveries.

India's increasing value as an arms export market has given the country powerful bargaining leverage, allowing it to stipulate purchasing conditions and giving suppliers a strong economic incentive to cooperate with its demands.⁴⁰ Thus, foreign governments and arms suppliers often agree to follow India's much-criticized procurement procedures, including requirements for direct offsets and technology transfers.⁴¹ The idea that India can be a strategic ally in counterterrorism and also might form a 'balance' to China's growing military strength has also been mentioned, mainly for the USA, as reasons to sell advanced weapons to India.⁴²

India has several long-standing internal conflicts, notably in Kashmir, which is also at the heart of the India–Pakistan conflict. In 2010 the level of violence increased in the conflict between the Indian Government and the

³⁸ Arthur, G., 'A competitive Asian defence market', *Asian Military Review*, vol. 17, no. 9 (Nov. 2009), p. 30; Grevatt, J., 'Indian defence sector facing a year of unrest', *Jane's Defence Weekly*, 8 Dec. 2010, p. 16; Joseph, J., 'Farewell to foreign arms?', *Times of India*, 1 Aug. 2010; Indian Ministry of Defence, *Defence Production Policy*, 1 Jan. 2011, <<http://mod.nic.in/dpm/DPP-POL.pdf>>; and Bhatia, V. K., 'Views', *SP's Aviation*, Jan. 2011, p. 7, <<http://spsaviation.net/archive.asp?year=2011>>.

³⁹ Grevatt, J., 'Interview: Major General Muhammad Ijaz Hussain Awan', *Jane's Defence Weekly*, 26 May 2010, p. 34.

⁴⁰ Drew, C. and Timmons, H., 'Wealthy and worried, India is rich market', *New York Times*, 4 Nov. 2010; Grevatt, J., 'Russia moves to cement defence ties with India', *Jane's Defence Weekly*, 20 Oct. 2010, p. 24; and Thottam, J. and Bhowmick, N., 'For the arms industry, India is a hot market', *Time*, 19 Feb. 2010.

⁴¹ Drew and Timmons (note 40); Mehta, A. K., 'Hike in defence budget not enough', *The Tribune* (Chandigarh), 13 Oct. 2010; Mathews, N., 'Buyer's market: India's defense needs draw industry to Defexpo', *Defense Technology International*, Apr. 2010, p. 44; and Dutta, S., 'Hard bargain on US pacts', *The Telegraph* (Calcutta), 20 Oct. 2010.

⁴² Drew and Timmons (note 40); and Rajghatta, C., 'Uncle Sam's War-Mart', *Times of India*, 7 Feb. 2010.

Maoist Naxalite rebels in large parts of eastern India.⁴³ The Naxalites are considered to be a serious national security threat, and the government plans to deploy up to 50 000 military personnel against them as well as to acquire improved weapons and other equipment for both military and paramilitary forces for anti-Naxalite operations. Such acquisitions include light armoured vehicles, helicopters and UAVs, primarily from abroad.⁴⁴ Part of India's multi-billion dollar plan to acquire rifles, night-vision systems and other personal equipment (e.g. helmets, bullet-proof vest, uniforms, radios, etc.) is linked to such internal conflicts, and this equipment is likely to also be sourced primarily from abroad.⁴⁵ As part of India's multi-billion dollar investment to maintain internal security, it has ordered aerostat-mounted radars from Israel and a coastal surveillance system from Sweden.⁴⁶ India also plans to order maritime patrol aircraft from Germany and other suppliers and Heron UAVs and reconnaissance satellites from Israel.⁴⁷

The bulk of Indian imports of major conventional weapons are related to perceived external security threats, namely from China and Pakistan. For example, procurement of naval weapons has officially been defended as a way to counter both Pakistani naval modernization and perceived Chinese naval ambitions in the Indian Ocean.⁴⁸ Acquisitions of aircraft, air-defence and anti-ballistic missile systems have been procurement priorities and, in 2006–10, 71 per cent of the volume of India's imports of major weapons were aircraft. In 2006–10 India received 114 Su-30MKI and 10 MiG-29 combat aircraft from Russia, 20 Jaguar combat aircraft from the UK and 2 airborne early warning (AEW) aircraft from Israel. By the end of 2010 a \$2 billion order for modernization of 51 Indian Mirage-2000 combat aircraft was close to being signed.⁴⁹ The first of the much-delayed indigenously designed Tejas combat aircraft entered service in 2010, and further

⁴³ See e.g. annex C in this volume.

⁴⁴ Bedi, R., 'Indian Army is drawn into the Maoist mire', *Jane's Defence Weekly*, 30 June 2010, p. 12.

⁴⁵ Mathews, N., 'Slow motion: Indian army pursues capabilities despite program delays', *Defense Technology International*, June 2010, p. 30; and Bedi, R., 'India to ditch INSAS as part of major small-arms modernisation', *Jane's International Defence Review*, Apr. 2010, p. 14.

⁴⁶ Saab, 'Saab receives order for coastal surveillance system in India', Press release, 24 Nov. 2010, <<http://www.saabgroup.com/About-Saab/Newsroom/Press-releases--News/2010--11/Saab-receives-order-for-coastal-surveillance-system-in-India/>>; Indian Ministry of Defence (note 36); and 'India plans use of Israeli spy sats for coastal surveillance', *Asian Age*, 16 Jan. 2011.

⁴⁷ Indian Ministry of Defence (note 36); and 'India plans use of Israeli spy sats for coastal surveillance' (note 46).

⁴⁸ Indian Ministry of Defence (note 36).

⁴⁹ Rothman, A., 'Dassault to win Mirage modernization contract, Tribune says', Bloomberg, 3 Dec. 2010, <<http://www.bloomberg.com/news/2010-12-03/dassault-to-win-mirage-modernization-contract-tribune-says.html>>.

acquisitions were secured with the selection of an Israeli radar and the order of a US aircraft engine.⁵⁰

Major orders for air and naval forces are planned for 2011, chief among them 126 combat aircraft and 6 submarines valued at approximately \$10 billion each.⁵¹ India also signed a 10-month 'preliminary design' agreement for development of a fifth-generation combat aircraft with Russia in December 2010, with plans to purchase 200–300 from 2019 in a \$25–35 billion programme.⁵² Since 2001, India—the world's largest importer of tanks—has ordered up to 1300 T-90S tanks from Russia, of which at least 206 were delivered in 2006–10. These tanks as well as orders and plans for up to 44 000 anti-tank missiles from France, Germany, Russia and the USA and plans for 2000–3600 155-mm guns from an undecided source indicate the continued importance of Pakistan as a perceived threat to India.⁵³ Increasing tension on the Chinese–Indian border in 2010 led to statements from the Indian Minister of Defence, A. K. Antony, and top military staff to prepare for a possible two-front war with Pakistan and China as well as a decision to set up several new divisions to garrison the border area and plans to acquire 145 light 155-mm guns from Singapore or the USA.⁵⁴

Indian arms acquisitions also support India's stated ambitions to be a regional power with extensive interests in the Indian Ocean and surrounding areas.⁵⁵ India's upcoming acquisition of an Akula nuclear submarine and the aircraft carrier *Gorshkov* from Russia, and its acquisition in 2007 of an ex-US amphibious assault ship, aid such aspirations. Power-projection capabilities will be further enhanced by the acquisition of up to three air-

⁵⁰ Hoyle, C., 'India picks GE's F414 for Tejas MkII fighter', *Flight International*, 1 Oct. 2010; Bhatia (note 38); and Pubby, M., 'Israel, EU in contention to co-develop radars for Tejas', *Indian Express*, 14 July 2010.

⁵¹ Grevatt, J., "'Project-75 India" goes global with RfI for submarines', *Jane's Defence Weekly*, 15 Sep. 2010, p. 16.

⁵² Wezeman, S. T., 'International transfers of combat aircraft, 2005–2009', SIPRI Fact Sheet, Nov. 2010, <http://books.sipri.org/product_info?c_product_id=414>. Officially presented as a joint development programme, it is mainly the final development of a Russian design, following the pattern of the successful BrahMos anti-ship missile joint venture. 'India, Russia sign FGFA joint development deal', *Outlook India*, 21 Dec. 2010; Bedi, R., 'India outlines plans for air force modernisation programme', *Jane's International Defence Review*, Dec. 2010, p. 5; and Pandit, R., 'Fifth-gen jets in IAF arsenal in a decade', *Times of India*, 20 Dec. 2010.

⁵³ Pandit, R., 'India to order large number of Javelin anti-tank missiles from US', *Times of India*, 17 Aug. 2010; Bedi, R., 'India to buy Javelin ATGMs to cover Nag delays', *Jane's Defence Weekly*, 25 Aug. 2010, p. 14; 'India seeks third-generation anti-tank missile system', *Jane's Missiles and Rockets*, Oct. 2010, pp. 5–6; and Bedi, R., 'Indian Army finally hopes to get howitzer trial under way', *Jane's Defence Weekly*, 24 Feb. 2010, p. 7.

⁵⁴ Shukla, A., 'Now, another Air Force base on the China border', *Business Standard*, 2 Oct. 2010; 'Pak, China building military capabilities rapidly', *Economic Times*, 7 Oct. 2010; and Bedi, R., 'India to commence M777 "confirmatory" trials', *Jane's Defence Weekly*, 19 May 2010, p. 16; Datta, R., 'Brace for two-front war, army told', *The Pioneer*, 29 June 2010; Kanwal, G., 'Comprehensive military doctrine for future conflict', *Indian Review of Global Affairs*, Sep. 2010; and Raghuvanshi, V., 'India weighs capability to fight two-front war', *Defense News*, 25 Oct. 2010.

⁵⁵ Das, P., 'Premvir Das: China and India at sea—growth vs decline', *Business Standard*, 31 Jan. 2010.

craft carriers produced in India with technical assistance from an Italian company.⁵⁶ In 2010 Russia delivered the first of 45 MiG-29 combat aircraft for use on the carriers. Other aircraft, such as the E-2D AEW, and equipment for aircraft carriers may be bought from the USA, which has already signalled its willingness to supply such items.⁵⁷ The acquisition of P-8I ASW aircraft and the plan to acquire 10 C-17 long-range transport aircraft from the USA also indicate the seriousness of India's regional ambitions.

Pakistan

China and the USA were the largest suppliers of major weapons to Pakistan in 2006–10, with each accounting for approximately 40 per cent of Pakistan's total arms imports; France and Sweden each accounted for 6 per cent.

Pakistan's choice of weapon suppliers was strongly linked to its lack of financial resources. The USA delivers much of its weapons to Pakistan in the form of gifts or aid. Since 2001 the USA has given \$2.1 billion in military aid to Pakistan, and it plans to increase military aid by about \$2 billion over the next five years.⁵⁸ It has also donated surplus weapons. Chinese sales of weapons to Pakistan have partially been covered by 'soft loans' from the Chinese state-owned companies that produce the weapons. For example, Pakistan's first batch of 42 JF-17 combat aircraft was financed by an \$800 million credit. Additional credit for the purchase of weapons was agreed in 2010, for among other items 36 J-10 combat aircraft.⁵⁹ Pakistan's economic losses related to the flood in mid-2010 have had an impact on its weapon procurement plans, but China has reportedly offered Pakistan better financing terms because it wants to sustain Pakistan's strategic position in relation to India.⁶⁰

Like India, a mix of both internal and external security issues influences Pakistan's defence strategy. In 2010 it was reported that Inter-Services Intelligence (ISI), Pakistan's intelligence agency, assessed local 'Islamic militants' to be the greatest threat to Pakistan's security, the first time since

⁵⁶ Bedi, R., 'India launches stealth frigate', *Jane's Defence Weekly*, 28 Apr. 2010, p. 32; and Saunders, S. (ed.), *Jane's Fighting Ships 2010–2011* (IHS Global Limited: Coulsdon, 2010), p. 328.

⁵⁷ Mathews, N., 'Shore to ship: India considers a land-based version of the E-2D Hawkeye', *Defense Technology International*, Oct. 2009, p. 35; and Luthra, G., 'US clears Hawkeye E-2D aircraft for India', *Hindustan Times*, 13 Sep. 2009.

⁵⁸ Kronstadt, K. A., 'Direct overt U.S. aid and military reimbursements to Pakistan, FY2002–FY2011', Prepared for the US Congressional Research Service, 4 Jan. 2011, <<http://www.fas.org/sgp/crs/row/pakaid.pdf>>; and DeYoung, K., 'Administration to ask for more Pakistan aid', *Washington Post*, 23 Oct. 2010.

⁵⁹ Grevatt, J., 'China facilitates trainer package for Pakistan', *Jane's Defence Weekly*, 2 June 2010, p. 19.

⁶⁰ Bokhari, F., 'China to relax terms on defence sales to Pakistan', *Jane's Defence Weekly*, 6 Oct. 2010, p. 7.

1947 that it did not place India in this position. Pakistan committed 100 000 troops against the militants.⁶¹ The USA is the main supplier of weapons used in this internal conflict, despite its doubts about the wisdom of supporting an unstable regime and about the morality of supplying weapons to a military that is implicated in human rights violations.⁶² However, since the USA considers Pakistan to be a key to success in the war in Afghanistan, it feels it should provide Pakistan with the tools to fight the Taliban and its supporters on the Pakistani side of the border.⁶³ US arms deliveries to Pakistan in 2006–10 included a few dozen ex-US combat and transport helicopters and several hundred armoured personnel carriers. Additional acquisitions of helicopters are planned.⁶⁴

Despite the ISI's assessment, most of Pakistan's major weapon plans and acquisitions are mainly or solely intended for national defence. Many of the weapons delivered by the USA in 2006–10 fall within this category, such as 32 F-16 combat aircraft, 5 P-3 ASW aircraft and AIM-120 air-to-air missiles.⁶⁵ China has proven to be a willing and reliable supplier to Pakistan since the 1965 Indo–Pakistan war and is Pakistan's most important source of weapons relevant to India–Pakistani tensions. The Chinese supplies are widely thought to be intended partly to sustain Pakistan's strategic position as a counterweight to India.⁶⁶ Among the deliveries from China during 2006–10 were 3 F-22P frigates, 25 JF-17 combat aircraft and around 160 MBT-2000 (also known as Al Khalid) tanks.⁶⁷ More frigates, up to 300 additional JF-17 aircraft, up to 400 additional tanks and 4 AEW aircraft are on order from China. A deal for 36 J-10B combat aircraft was reportedly close to being signed by the end of 2010.⁶⁸ Also during 2010, discussions began for the potential acquisition of at least three Chinese sub-

⁶¹ Wright, T. and Gorman, S., 'Pakistan says militants surpass India as threat', *Wall Street Journal*, 17 Aug. 2010; and Grevatt (note 39).

⁶² Several units of the Pakistani armed forces that have been accused of human rights abuses in the conflict with the Taliban and other similar or associated groups were excluded from receiving US aid in 2010. DeYoung (note 58); and Musharbash, Y., 'Interview with terrorism expert Bruce Riedel: coup in Pakistan "a real possibility"', *Der Spiegel*, 12 Nov. 2010.

⁶³ Grimmett, R. F., *U.S. Arms Sales to Pakistan*, Congressional Research Service (CRS) Report for Congress RS22757 (US Congress: Washington, DC, 24 Aug. 2009); and Kronstadt, K. A., *Pakistan–U.S. Relations*, Congressional Research Service (CRS) Report for Congress RL33498 (US Congress: Washington, DC, 6 Feb. 2009).

⁶⁴ Shahzad, S. S., 'Pakistan might fight—for a price', *Asia Times Online*, 22 June 2010, <http://www.atimes.com/atimes/South_Asia/LF22Df01.html>.

⁶⁵ Kronstadt (note 63), pp. 59–61.

⁶⁶ Grevatt, J., 'Made in China', *Jane's Defence Weekly*, 15 Sep. 2010, p. 27; Bokhari (note 60); and 'Pakistan replaces US with China as its principal arms supplier', *The Nation* (Islamabad), 28 Mar. 2011.

⁶⁷ The former Indian commander of the eastern naval command considered the frigates as more likely acquired for prestige than because of tension with India. Alam, M., 'Expansion of the Indian Navy', Pakistan Think Tank, 15 May 2010, <<http://pakistanthinktank.org/islam/item/594-expansion-of-the-indian-navy>>.

⁶⁸ 'Pakistan replaces US with China as its principal arms supplier' (note 66).

marines.⁶⁹ China's close links with Pakistan are exemplified by China's supply of some of its most advanced weapons to Pakistan, such as guided bombs, long-range air-to-air missiles, and targeting and electronic warfare systems for the JF-17 combat aircraft and the AEW aircraft. Some of these weapons were so advanced that they had only just entered into Chinese service.⁷⁰ China's interest in maintaining good relations with Pakistan could also be connected to its hopes of establishing a base in Pakistan from which to operate in the Indian Ocean and the Arabian Sea. While such a base has yet to materialize, a Chinese–Pakistani agreement on 'further impetus to maritime security co-operation' was reached during the visit of the Chinese prime minister in late 2010.⁷¹

Pakistan acquired weapons from several other countries to meet its perceived threat from India. These included delivery in 2009–10 of four Saab-2000 AEW aircraft from Sweden and two of four Il-78 tanker aircraft from Ukraine. Brazil delivered anti-radar missiles and Italy delivered the first of 10 Spada-2000 surface-to-air missile systems in 2010. France delivered one Agosta-90 submarine in 2008 and, in one of the few large deals agreed with European suppliers in recent years, France will modernize two Agostas acquired in 1999 and 2003 with air-independent propulsion systems.⁷²

IV. Exports from the European Union to countries in conflict

Seven EU member states—Germany, France, the UK, the Netherlands, Spain, Italy and Sweden—are among the top 10 suppliers of major conventional weapons in the period 2006–10. Taken together, the 27 EU member states accounted for 34 per cent of world weapon exports. As a group, their largest recipient regions for the period 2006–10 were Europe (41 per cent), Asia and Oceania (28 per cent) and the Middle East (9 per cent). There are two EU mechanisms that can influence EU member states' decision making on arms exports: EU arms embargoes and the EU Common Position defining common rules governing control of exports of military technology and equipment (EU Common Position).⁷³ The EU Common Position

⁶⁹ Bokhari, F., 'China and Pakistan start talks on submarine buy', *Jane's Defence Weekly*, 16 June 2010, p. 14; and 'Admiral Noman Bashir, chief of the Naval Staff, Pakistan Navy', *Asian Defense Journal*, Dec. 2010, p. 11.

⁷⁰ Richardson, D., 'Pakistan plans SD-10A firings by the end of 2010', *Jane's Missiles and Rockets*, Sep. 2010, p. 2.

⁷¹ Lohdi, M., 'Cementing a partnership', *Khaleej Times*, 29 Dec. 2010; and Bokhari, F., 'Pakistan to build radar for JF-17 "Thunder" fighter', *Jane's Defence Weekly*, 5 Jan. 2011, p. 12.

⁷² DCNS, 'Agosta: Pakistan's tailor-made transfer of technology', Brochure, Oct. 2010, <<http://en.dcnsgroup.com/wp-content/uploads/2010/10/Agosta-SSK.pdf>>.

⁷³ The EU Common Position was introduced in Dec. 2008 to replace the politically binding EU Code of Conduct on Arms Exports, which was agreed in June 1998. Council Common Position 2008/944/CFSP of 8 Dec. 2008 defining common rules governing control of exports of military technology

obliges EU member states to apply eight criteria relating to issues such as human rights, conflict prevention and economic development when assessing export licence applications. It also includes a set of operative provisions related to information exchange and consultation that are aimed at harmonizing EU member states' interpretation of the criteria. Despite being a legally binding instrument, the EU Common Position leaves decision making on the granting or denying of arms export licences in the hands of individual member states.

The criteria of the EU Common Position prominently feature respect for the internationally agreed 'laws of war' and the prevention of intrastate and interstate armed conflicts. Criterion 2 requires member states to deny an arms export licence if there is a 'clear risk' that the goods being transferred might be used in the commission of 'serious violations of international humanitarian law'.⁷⁴ The language of the criterion reflects well-established global norms in this field, and similar language appears in a number of international best-practice documents on arms transfer controls.⁷⁵ Criteria 3 and 4 require member states to deny an export licence if the transfer 'would provoke or prolong armed conflicts or aggravate existing tensions' or 'if there is a clear risk that the intended recipient would use the military technology . . . aggressively against another country'. The text reflects debates in the early 1990s on preventing 'destabilizing' arms transfers and, like criterion 2, similar language appears in a number of international best-practice documents on arms transfer controls.⁷⁶

This section explores how EU member states have applied criteria 2, 3 and 4 when controlling arms exports to certain states that were involved in armed conflict during the period 2006–10. These case studies identify some of the factors that influence national decision making on arms exports that can limit the impact of EU-coordinated efforts to harmonize policy in this area.

and equipment, *Official Journal of the European Union*, L335, 13 Dec. 2008, pp. 99–103; and Council of the European Union, EU Code of Conduct on Arms Exports, 8675/2/98 Rev. 2, Brussels, 5 June 1998. See also Bauer, S. and Mičić, I., 'Controls on security-related international transfers', *SIPRI Yearbook 2010*, pp. 459–86. On arms embargoes see appendix IIA in this volume.

⁷⁴ For a brief summary of the 1949 Geneva Conventions and their 1977 protocols—which are the basis for international humanitarian law—see annex A in this volume.

⁷⁵ See International Committee of the Red Cross (ICRC), *Arms Transfer Decisions: Applying International Humanitarian Law Criteria* (ICRC: Geneva, June 2007), p. 4.

⁷⁶ See Goldblat, J., International Peace Research Institute Oslo and SIPRI, *Arms Control: The New Guide to Negotiations and Agreements* (Sage Publications: London, 2002), pp. 241–46; Organization for Security and Co-operation in Europe (OSCE), Forum for Security Co-operation, Principles governing conventional arms transfers, 25 Nov. 1993, DOC.FSC/3/96; and Wassenaar Arrangement, Elements for objective analysis and advice concerning potentially destabilising accumulations of conventional weapons, 3 Dec. 1998, <<http://www.wassenaar.org/>>.

Arms transfers to Israel

In July 2006 Israel launched a series of air strikes against targets in Lebanon followed by a ground invasion involving 30 000 troops. The Israeli assault followed a cross-border raid by the Lebanon-based group Hezbollah—in which two Israeli soldiers were kidnapped and three others killed—and resulted in the deaths of over 1000 Lebanese civilians.⁷⁷ In December of 2008 Israel launched Operation Cast Lead against targets in the Gaza Strip. During the period 2006–10 Israel also carried out air strikes against targets in the Gaza Strip and the West Bank that it accused of facilitating or undertaking terrorist attacks.⁷⁸ During these conflicts and military operations, Israel was accused of violating international humanitarian law.⁷⁹

A number of EU member states maintain restrictive policies on arms exports to Israel. However, while certain states maintain a blanket ban on all transfers (e.g. Belgium), others assess licence applications on a case-by-case basis (e.g. the UK).⁸⁰ During 2005–2009 EU member states denied 114 applications to export military equipment to Israel. Criteria 2, 3 and 4 were among those most often cited by states when explaining these denials.⁸¹ In certain cases, EU member states also denied permits for the transit and trans-shipment of military equipment to Israel.⁸²

Nonetheless, many EU member states do grant licences for the export of significant quantities of military equipment to Israel. EU member states

⁷⁷ See Lindberg, S. and Melvin, N., 'Major armed conflicts', *SIPRI Yearbook 2007*, pp. 66–72; and United Nations, Human Rights Council, Report of the Commission of Inquiry on Lebanon pursuant to Human Rights Council Resolution S-2/1, A/HRC/3/2, 23 Nov. 2006, p. 3.

⁷⁸ 'Israeli air strike on Gaza as tensions rise', BBC News, 21 Dec. 2010, <<http://www.bbc.co.uk/news/world-middle-east-12047908>>.

⁷⁹ United Nations, Human Rights Council, 'Mission to Lebanon and Israel', A/HRC/2/7, 2 Oct. 2006; and United Nations, Human Rights Council, Report of the United Nations Fact-Finding Mission on the Gaza Conflict (Goldstone Report), A/HRC/12/48, 25 Sep. 2009.

⁸⁰ Belgian Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation, 'Arms exports to Israel: consultation with the regions', Brussels, 9 Feb. 2009, <http://diplomatie.belgium.be/en/newsroom/news/press_releases/foreign_affairs/2009/february/ni_090209_wapenexp_port_Isra_l.jsp>; and British House of Commons, Committee on Arms Export Controls, 'Arms exports to Israel', Memoranda from Rt. Hon. Ivan Lewis MP, Secretary of State, Foreign and Commonwealth Office, 22 July 2009 <http://www.parliament.the-stationery-office.co.uk/pa/cm200910/cmselect/cmquad/memo/arms_exp/caec02.htm>.

⁸¹ See the various annual reports according to Article 8(2) of Council Common Position 2008/944/CFSP at <<http://www.consilium.europa.eu/showPage.aspx?id=1484&lang=en>>. At the time of writing, official data on the arms exports of EU member states were only available up to the end of 2009.

⁸² Ahern, D., Irish Minister for Foreign Affairs, 'Written answer: arms trade', *Dáil Éireann Debate*, vol. 626, no. 2 (25 Oct. 2006); US Embassy Dublin, 'Emerging constraints on U.S. military transits at Shannon', Cable to US Department of State, no. 06DUBLIN1020, 5 Sep. 2006, <<http://wikileaks.ch/cable/2006/09/06DUBLIN1020.html>>; Amnesty International, 'Fuelling conflict: foreign arms supplies to Israel/Gaza', Feb. 2009, <<http://www.amnesty.org/en/library/info/MDE15/012/2009/en>>, p. 31; and Nassauer, O., 'Ein frachter wird seine fracht nicht los' [Freighter unable to unload its cargo], *Der Tagesspiegel*, 23 Jan. 2009.

granted arms export licences worth €747.9 million to Israel in 2005–2009. These licences mostly covered components, subsystems and ammunition. The available data reveals a possible lack of harmonization in national export licensing practices in the EU. For example, in 2008 EU member states issued €16.1 million worth of licences for the export of ‘ground vehicles and components’ to Israel, €8.8 million of which were issued by Germany. In the same year, EU member states also denied six licences for the export of the same category of military equipment to Israel.⁸³ Germany was the only EU member state that agreed to deliver major conventional weapons to Israel in 2006–10. In 2006 Germany and Israel signed a €1 billion deal for two Dolphin submarines, with Germany absorbing 33 per cent of the cost. Deliveries are due to take place during 2011–12. Negotiations on a €1.2 billion deal for an additional Dolphin submarine and two MEKO-A100 frigates reportedly encountered difficulties in 2010, as Germany wanted different financing terms than those of the previous Dolphin deal.⁸⁴

Several EU member states also export subsystems or components to the USA that are then integrated into weapon systems that are supplied to Israel. For example, Germany supplies unassembled MTU engines to the USA which are then assembled and shipped to Israel, where they are used in the manufacture of Merkava-4 tanks. In addition, companies in Germany, Ireland, the Netherlands and the UK have provided subsystems or components for US-manufactured Apache attack helicopters and F-16 combat aircraft supplied to Israel.⁸⁵ Apache attack helicopters, F-16 combat aircraft and Merkava-4 tanks were all used in the military campaigns in Lebanon and the Gaza Strip.

The question of how to handle cases of reintegration and re-export has been a source of debate in a number of EU member states, particularly with regard to cases involving Israel and the USA.⁸⁶ In 2005 guidelines on how to handle such transfers were included in the User’s Guide to the EU Code

⁸³ However, official figures on arms exports from EU member states are hard to interpret due to differences in the ways that states collect and report data and the lack of detail in the information provided. E.g. licences issued for arms exports to Israel may refer to temporary exports for testing or exhibition purposes or supplies of components which are integrated into larger weapons systems within Israel before being re-exported to another state.

⁸⁴ Opall-Rome, B., ‘Israel sub deal falls through, leaving acquisition plans adrift’, *Defense News*, 19 July 2010, p. 6.

⁸⁵ Amnesty International (AI), *Undermining Global Security: The European Union’s Arms Exports*, (AI: London, 2004), pp. 40, 42; Nassauer, O. and Steinmetz, C., ‘“Made in Germany” inside Komponenten: die vergessenen Rüstungsexporte’ [‘Made in Germany’ inside: components: the forgotten arms exports] (Berlin Information-center for Transatlantic Security (BITS) and Oxfam Deutschland: Berlin, 2005), pp. 20–21; Miliband, D., British Secretary of State for Foreign and Commonwealth Affairs, ‘Israel (UK Strategic Export Controls)’, Written ministerial statement, House of Commons, *Hansard*, 21 Apr. 2009, column 8WS.

⁸⁶ Colijn, K. and Rusman, P., ‘The Netherlands’, ed. I. Anthony, SIPRI, *Arms Export Regulations* (Oxford University Press: Oxford, 1991), p. 112; and Bromley, M. and Bauer, S., *The European Union Code of Conduct on Arms Exports: Improving the Annual Report*, SIPRI Policy Paper no. 8 (SIPRI: Stockholm, Nov. 2004), p. 15.

of Conduct on Arms Exports. In such situations, the User's Guide states that 'Member States shall fully apply the Code of Conduct'. However, member states may also consider a range of other factors, including 'the importance of their defence and security relationship with that country'.⁸⁷ EU member states are clearly keen to maintain technological, economic and political ties with the USA. Such cooperation would be jeopardized if EU member states denied licences for arms exports to the USA out of concern that the final destination of the goods might not conform with their national export criteria.

Arms transfers to Georgia and Russia

The Georgian Government and the Russian-backed separatist movements in Abkhazia and South Ossetia have been engaged in a long-running and sometimes violent armed struggle since the dissolution of the Soviet Union in 1991. Tensions rose steadily after the election of Mikheil Saakashvili as Georgian president in 2004. Saakashvili renewed efforts to re-establish Georgia's control over Abkhazia and South Ossetia and instigated a dramatic increase in Georgia's military spending and arms acquisitions.⁸⁸ Following a series of escalating, violent clashes on the night of 7–8 August 2008, Georgian military forces attacked Tskhinvali in South Ossetia. Russian forces moved quickly to support South Ossetia, leading to the so-called Five Day War.⁸⁹ Following the conflict, an EU fact-finding mission stated that both Georgia's initial attack on Tskhinvali and Russia's extended military actions on Georgian territory constituted violations of international law.⁹⁰ Georgia and Russia were also accused of launching indiscriminate attacks during the conflict—in violation of international humanitarian law—including through the use of cluster munitions in civilian areas.⁹¹

⁸⁷ Council of the European Union, User's Guide to Council Common Position 2008/944/CFSP defining common rules governing the control of exports of military technology and equipment, 9241/09, 29 Apr. 2009, <<http://register.consilium.europa.eu/pdf/en/09/st09/st09241.en09.pdf>>.

⁸⁸ 'Saakashvili threatens with use of force to stop county's breakup', *Civil Georgia*, 24 Apr. 2004, <<http://www.civil.ge/eng/article.php?id=6765>>. See also 'Tbilisi warns of "zero tolerance" to Abkhaz militarization', *Civil Georgia*, 7 Mar. 2008, <<http://www.civil.ge/eng/article.php?id=17292>>. Defence spending rose from \$117 million in 2004 (1.4% of gross domestic product, GDP) to \$1625 million in 2008 (8.5% of GDP). See appendix 4A in this volume; and SIPRI Military Expenditure Database, <<http://www.sipri.org/databases/milex/>>. Figures are in constant (2009) US dollars.

⁸⁹ Independent International Fact-finding Mission on the Conflict in Georgia (IIFFMCG), *Independent International Fact-finding Mission on the Conflict in Georgia*, vol. 1 (IIFFMCG: Brussels, Sep. 2009); and Stepanova, E., 'Trends in armed conflicts: one-sided violence against civilians', *SIPRI Yearbook 2009*, pp. 39–68.

⁹⁰ Independent International Fact-finding Mission on the Conflict in Georgia (note 89), pp. 23–24.

⁹¹ Human Rights Watch (HRW), *A Dying Practice: Use of Cluster Munitions by Russia and Georgia in August 2008* (HRW: New York, Apr. 2009).

During the period 2005–2009, EU member states denied 77 applications to export military equipment to Georgia.⁹² Criteria 3 and 4 were among the most often cited by states when explaining these denials. The official data does not allow for a determination of which state or states issued the denials. However, prior to the 2008 conflict, there is some evidence of a difference in opinion among EU member states in Western Europe and Central Europe on arms exports to Georgia, which largely mirrored more generally divisions in the EU on relations with Georgia and Russia. Central European states were more willing to criticize Russia and support Georgia, while West European states such as Germany and Italy were ‘considerably more cautious’.⁹³ According to official data, in 2005–2009 EU member states granted licences worth €436.4 billion for arms export to Georgia; Bulgaria issued €308.2 million worth of licences and the Czech Republic €57.3 million. In 2007 Germany blocked the export of 230 G-36 rifles from Heckler and Koch to Georgia, noting that Georgia was not a member of the EU or the North Atlantic Treaty Organization (NATO) and that there were ‘unresolved conflicts within its territory’.⁹⁴

Differences in attitude between EU member states in Western and Central Europe can also be seen regarding the supply of arms and military equipment to Russia. During the period 2005–2009, EU member states denied 66 applications to export military equipment to Russia. Criterion 7, relating to diversion—which relates to the risk that arms will be diverted to an unintended recipient—was the most often cited by EU member states when explaining these denials. However, criterion 4 was cited for the first time in 2008, and it was cited for five denials in 2009. At the same time, several West European states perceive Russia as a potential market. In December 2010 France agreed to sell Russia two Mistral ships—amphibious landing vessels that can carry helicopters, tanks and troops—with an option for two more to be built under licence in Russia.⁹⁵ In the same month Italy agreed to supply Russia with 10 Iveco light multi-role vehicles for testing purposes, which may lead to the licensed production of 2500 vehicles in Russia.⁹⁶ Both Latvia and Lithuania have expressed concern over the proposed sale of Mistral ships to Russia, and the Lithuanian Defence Minister, Rasa Juknevičienė, has stated that the transfer would

⁹² Annual Reports according to Article 8(2) of Council Common Position 2008/944/CFSP (note 81).

⁹³ International Crisis Group (ICG), *Georgia and Russia: Clashing over Abkhazia*, ICG Europe Report no. 193, (ICG: Tbilisi/Brussels, 5 June 2008), pp. 16–17.

⁹⁴ Kucera, J., ‘Georgia meets resistance in West’, *Jane’s Defence Weekly*, 13 June 2007, p. 21.

⁹⁵ Office of the President of Russia, ‘Telephone conversation with President of France’, News, 24 Dec. 2010, <<http://eng.kremlin.ru/news/1521>>; and Agence-France Presse, ‘Russia to pay almost \$2B for French warships’, *Defense News*, 30 Dec. 2010.

⁹⁶ Kington, T., ‘Italian armored vehicle to be built in Russia’, *Defense News*, 6 Dec. 2010.

contravene the criteria of the EU Common Position.⁹⁷ While most of these concerns related to the implementation of criterion 5—which mentions the potential impact that the transfer might have on the defence and security interests of friends and allies—references have also been made to the application of criterion 4.

V. Conclusions

The volume of international arms transfers continues its steady rise, with few major changes in the composition of the top suppliers and recipients in recent years. The USA and Russia continued to account for more than half of the total volume of global arms exports during 2006–10, with states in Asia at the top of their lists of major recipients. Economic and foreign policy considerations also continued to play a central role in their decisions on arms exports.

India and Pakistan are among the five largest recipients of major conventional arms for 2006–10, with India being the largest recipient in the world for this period. Although both states have imported large quantities of weapons to counter external security threats, internal security challenges are currently the most pressing issue for Pakistan and also a source of much concern in India. While India is the target of intense supplier competition for billion-dollar deals, in particular for combat aircraft and submarines, Pakistan relies on US military aid and Chinese soft loans for most of its acquisitions. Both countries are likely to remain major recipients in the coming years.

Exports remain an important source of revenue for European arms producers. Although a framework has been elaborated to harmonize arms exports by EU member states, decisions continue to be made on arms exports at the national level. This results in situations where it appears that EU member states are interpreting the criteria of the EU Common Position on arms exports differently, with certain destinations regarded as more or less acceptable recipients by particular groups of EU member states. In recent years divisions among EU member states on the interpretation of criteria relating to conflict prevention have been particularly evident with regard to Israel, Georgia and Russia. The dividing lines between groups of states are not constant but are related in large part to the long-standing arms trade and security ties with certain states as well as national security and economic interests more generally.

⁹⁷ Rettman, A., 'French warship deal opens wound in EU and NATO', EUobserver, 11 Feb. 2010, <<http://euobserver.com/9/29459>>.