

# Appendix 6B. The financial value of states' arms exports, 2000–2009

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Table 6B.1 presents official data on the financial value of states' arms exports in 2000–2009. The countries included in the table are those that provide official data on the financial value of 'arms exports', 'licences for arms exports' or 'arms export agreements' for at least 6 of the 10 years covered and for which the average of the values given exceeds \$10 million. In all cases, the 'stated data coverage' reflects the language used in the official publication from which the data has been extracted. National practices in this area vary, but 'arms exports' generally refers to the financial value of arms actually exported, 'licences for arms exports' generally refers to the financial value of licences for arms exports issued by the national export licensing authority, and 'arms export agreements' refers to the financial value of agreements signed for arms exports. The arms export data for the different states in the table is not necessarily comparable and may be based on significantly different definitions and methodologies.

In previous years SIPRI has presented an estimate of the total financial value of the global arms trade. No estimate of the total financial value of the global arms trade can be given for recent years since Israel and the United Kingdom—two of the largest arms exporters (in terms of officially reported financial value)—have not released data on the financial value of their arms exports for 2008 and 2009. Unlike in earlier years Israel has not released figures for the value of actual arms exports for 2007, 2008 and 2009. Official data from the Israeli Government refers only to 'contracts signed'.<sup>1</sup> The UK previously released data on the value of its actual arms exports, but it has not done so for 2008 and 2009. Official data from the British Government refers only to 'export orders placed'. In November 2008 the British Government announced that it was ceasing production of data on actual arms exports due to 'the technical difficulty of continuing to produce reliable statistics'.<sup>2</sup>

In recent years questions have been raised about the accuracy of official US Government data on the financial value of US arms exports. There are two main avenues through which military equipment is exported from the USA: the government-to-government Foreign Military Sales (FMS) programme administered by the Department of Defense (DOD) and the Direct Commercial Sales (DCS) programme administered by the Department of State.<sup>3</sup> Information on arms export authorizations and deliveries covered by the FMS programme is

<sup>1</sup> Opall-Rome, B., 'Israel 3rd among world arms suppliers: MoD', *Defense News*, 5 Oct. 2009, p. 6

<sup>2</sup> British Ministry of Defence, 'Cessation of defence export delivery and defence employment statistics in UK defence statistics', 14 Nov. 2008, <<http://www.mod.uk/DefenceInternet/DefenceNews/DefencePolicyAndBusiness/CessationOfDefenceExportDeliveryAndDefenceEmploymentStatisticsInUkDefenceStatistics.htm>>.

<sup>3</sup> See Stohl, R. and Schroeder, M., 'US export controls', *SIPRI Yearbook 2005*, pp. 720–40.

reviewed on an annual basis.<sup>4</sup> The resulting data is included in reports produced by the DOD and used as the basis for estimates of the value of US arms exports in reports produced by the US Congressional Research Service.<sup>5</sup> However, there are no equivalent systems for the DCS system. Data on arms export authorizations and deliveries covered by the DCS system is published, but it is widely viewed as providing an inaccurate picture of the financial value of US arms exports.<sup>6</sup> In particular, many transfers are counted twice and transfers to US military forces stationed abroad are often included.<sup>7</sup>

In 2010 the US Government Accountability Office (GAO) analysed available data on arms exported via the FMS and DCS programmes in order to generate more accurate figures on the financial value of US arms exports.<sup>8</sup> The study produced new data on US arms exports in 2005–2009, stating that US arms exports were worth \$19 430 billion in 2008 and \$22 150 billion in 2009. The GAO report recommended that the Department of State take steps to improve the quality of data on arms exported via the DCS programme and that the US Government produce a consolidated report covering arms exported under both the FMS and DCS programmes.<sup>9</sup> In response, the Department of State noted that it did not believe ‘that devising additional reporting formats would merit the commitment or allocation of additional resources’.<sup>10</sup> The US Government is currently undertaking a major review of its system for controlling transfers of military equipment. Among other changes, this may result in the creation of a single licensing agency with jurisdiction over all arms exports.<sup>11</sup> These changes may help to improve the overall quality of US data on the financial value of its arms exports but are likely to take several years to implement in full.<sup>12</sup>

<sup>4</sup> Grimmett, R. F., *Conventional Arms Transfers To Developing Nations, 2002–2009*, Congressional Research Service (CRS) Report for Congress R41403 (US Congress: Washington, DC, 10 Sep. 2010), p. 18.

<sup>5</sup> US Defense Security Cooperation Agency (DSCA), ‘Foreign military sales, foreign military construction sales and military assistance facts as of September 30, 2009’ <<http://www.dsca.osd.mil/programs/biz-ops/factsbook/default.htm>>; and Grimmett (note 4).

<sup>6</sup> US Department of State, Directorate of Defense Trade Controls, *Report by the Department of State Pursuant to Sec. 655 of the Foreign Assistance Act: Direct Commercial Sales Authorizations for Fiscal Year 2008* (Department of State: Washington, DC, [n.d.]). For limitations of the data on arms exported under the DCS system see Grimmett (note 4), p. 18.

<sup>7</sup> US Government Accountability Office (GAO), *Persian Gulf: U.S. Agencies Need to Improve Licensing Data and to Document Reviews of Arms Transfers for U.S. Foreign Policy and National Security Goals*, GAO-10-918 (GAO: Washington, DC, Sep. 2010).

<sup>8</sup> US Government Accountability Office (GAO), *Defense Exports: Reporting on Exported Articles and Services Needs to Be Improved*, GAO-10-952, (GAO: Washington, DC, Sep. 2010).

<sup>9</sup> Government Accountability Office (note 8).

<sup>10</sup> Government Accountability Office (note 8), appendix II.

<sup>11</sup> 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>>; and White House, Office of the Press Secretary, ‘Executive Order—Export Coordination Enforcement Center’, 9 Nov. 2010, <<http://www.whitehouse.gov/the-press-office/2010/11/09/executive-order-export-coordination-enforcement-center>>. See also chapter 6, section II.

<sup>12</sup> Government Accountability Office (note 8), appendix II, p. 18.

**Table 6B.1. The financial value of states' arms exports according to national government and industry sources, 2000–2009**

Figures are in US\$ m. at constant (2009) prices. Conversion to constant (2009) US dollars is made using the market exchange rates of the reporting year and the US consumer price index (CPI). Years are calendar years, unless otherwise stated.

State	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Stated data coverage
Austria	..	..	49	153	6	154	194	176	307	483	Arms exports
	646	419	263	324	23	350	409	1 953	1 381	3 125	Licences for arms exports
Belgium	894	921	1 286	877	767	350	1 174	1 275	1 949	1 531	Licences for arms exports
Bosnia and Herzegovina	..	..	..	..	49	87	67	54	85	65	Licences for arms exports
Brazil	223	351	199	57	324	313	375	166	38	99	Arms exports
Canada	401	463	515	603	562	292	338	..	..	..	Arms exports <sup>d</sup>
Czech Republic	100	65	86	109	127	120	124	246	277	243	Arms exports
	..	..	..	140	175	165	243	676	309	542	Licences for arms exports
Denmark	..	83	127	105	144	120	174	278	238	2 607	Licences for arms exports
Finland	27	43	61	64	59	141	71	106	136	121	Arms exports
	27	40	66	134	463	60	115	81	492	260	Licences for arms exports
France	3 144	3 433	4 973	5 653	10 044	5 211	5 383	6 429	4 631	5 175	Arms exports
	8 027	4 382	4 215	5 553	4 768	5 620	7 671	8 015	9 610	11 339	Licences for arms exports
Germany	781	398	357	1 755	1 592	2 227	1 834	1 577	2 082	1 860	Arms exports <sup>b</sup>
	3 263	3 995	3 657	6 402	5 369	5 760	5 592	5 194	8 448	7 004	Licences for arms exports
Greece	24	55	59	147	21	40	118	46	70	315	Licences for arms exports
Hungary	21	11	8	14	13	16	21	24	22	24	Arms exports
	..	..	..	64	56	44	83	136	174	315	Licences for arms exports
India	..	..	27	89	87	67	91	89	159	..	Arms exports <sup>c</sup>
Ireland	36	59	40	46	38	41	61	47	45	63	Licences for arms exports
Israel	2 198	2 423	2 385	2 741	2 953	2 856	3 193	..	..	..	Arms exports
	3 103	3 052	4 799	3 499	4 203	3 845	5 215	5 794	6 304	7 500	Arms export agreements
Italy	693	601	547	829	677	1 135	1 295	1 794	2 594	3 063	Arms exports
Korea, South	69	242	167	280	477	286	266	873	1 026	1 625	Arms exports
Netherlands	479	706	505	1 515	880	1 605	1 502	1 238	1 836	1 958	Licences for arms exports
Norway	150	216	343	498	340	419	484	565	688	762	Arms exports

Poland	50	61	95	241	371	396	367	406	537	1 932	Licences for arms exports
Portugal	15	12	7	33	17	10	1	..	104	22	Arms exports
	25	21	7	41	24	16	1	38	111	39	Licences for arms exports
Romania	47	30	52	80	48	51	106	87	121	136	Arms exports
Russia	4 585	4 489	5 749	6 531	6 565	6 730	6 917	7 657	8 320	8 600	Arms exports
Slovakia	..	..	..	..	28	29	43	52	55	61	Arms exports
	55	113	37	50	92	68	85	105	104	149	Licences for arms exports
South Africa	249	244	290	478	481	..	456	587	711	922	Licences for arms exports
Spain	158	250	309	504	573	572	1 128	1 321	1 363	1 871	Arms exports
	..	370	635	351	621	1 680	1 730	2 777	3 687	4 435	Licences for arms exports
Sweden	594	359	421	934	1 127	1 268	1 496	1 470	1 920	1 772	Arms exports
	631	2 804	720	1 301	1 003	2 227	2 168	1 046	1 452	1 451	Licences for arms exports
Switzerland	158	185	213	328	367	228	338	401	664	669	Arms exports
Turkey	153	162	296	386	223	370	375	435	574	669	Arms exports
United Kingdom	3 244	2 674	1 684	1 889	2 893	2 778	2 659	4 286	..	..	Arms exports
	8 929	7 256	9 011	9 296	9 454	7 968	10 823	19 981	7 981	11 294	Arms export agreements
	..	3 370	3 589	5 909	4 196	4 120	3 183	1 858	3 599	4 808	Licences for arms exports
United States	16 028	11 072	11 622	12 648	13 198	12 939	13 143	12 756	11 913	14 383	Arms exports
	21 770	13 740	15 403	16 884	14 391	14 032	16 980	25 233	37 054	22 610	Arms export agreements

Note: The countries included in this table are those that provide official financial data on the financial value of either 'arms exports', 'contracts signed for arms exports', 'arms export orders placed' or 'licences for arms exports' for at least 6 of the 10 years covered and where the average of the values given exceeds \$10 million. The arms export data for the different states in this table is not necessarily comparable and may be based on significantly different definitions and methodologies.

<sup>a</sup> These figures exclude exports to the USA.

<sup>b</sup> These figures cover only exports of 'war weapons' as defined by German national legislation.

<sup>c</sup> Figures for India for each year are for the period 1 Apr.-31 Mar.

Sources: Published information or direct communication with governments or official industry bodies. For a full list of sources and all available financial data on arms exports see <[http://www.sipri.org/research/armaments/transfers/measuring/financial\\_values](http://www.sipri.org/research/armaments/transfers/measuring/financial_values)>.