10. International arms transfers and developments in arms production

Overview

The volume of international transfers of major weapons grew by 8.4 per cent between 2007–11 and 2012–16 (see section I). The five largest suppliers in 2012–16—the United States, Russia, China, France and Germany—accounted for 74 per cent of the volume of exports (see section I in this chapter).

Since 1950 the USA and Russia (or the Soviet Union before 1992) have consistently been by far the largest suppliers, who together with West European suppliers have historically dominated the top 10 supplier list. There are no signs that there will be any major change in this situation in the near future. In fact, this group increased its share of the global total between 2007–11 and 2012–16. The top supplier group has once again been joined by China, which has firmly established itself as one of the world's largest exporters of major weapons.

At regional level, the flow of arms to the Middle East grew by 86 per cent between 2007–11 and 2012–16. The flow of arms to Asia and Oceania also rose, by 7.7 per cent, in the same period. By contrast, the flow of arms to Europe decreased notably (by 36 per cent), as did those to the Americas (by 18 per cent) and Africa (by 6.6 per cent).

Tensions and conflicts were ongoing in large parts of the world in 2016, often resulting in direct links to arms acquisitions from abroad. Weapons used in these conflicts are sometimes delivered as aid. In other cases, such aid is less linked to ongoing conflicts and major tensions but rather is used as a tool to support or improve wider political relations or to gain foreign approval for policies. While arms transfers as aid have seen a drop in volume, they continue to be a key policy tool for some of the main suppliers (see section II).

Following the trend set over the past few years, 2016 was once again disappointing in terms of arms transfers transparency (see section III). The number of states reporting arms imports and exports to the United Nations Register of Conventional Arms (UNROCA) remained low, and while mandatory reporting under the Arms Trade Treaty (ATT) started reasonably well in 2016, a comparison with UNROCA reporting underlines UNROCA's continued importance; however, it also raises questions about UNROCA's long-term future. At national and regional levels no major changes occurred in transparency.

While SIPRI data on arms transfers does not represent their financial value, many arms-exporting states do publish figures on the financial value of their *arms exports (see section IV). Based on such data SIPRI, estimates the total value of the global arms trade in 2015 to be at least $91.3 billion. However, the actual figure is likely to be higher.*

This chapter also reviews developments in the arms industry and provides an overview of developments among the top arms-producing companies in 2015, the latest year for which data is available (see section V). Total sales for the arms-producing and military services companies ranked in the SIPRI Top 100 for 2015 declined for the fifth consecutive year, with a slight decrease of 0.6 per cent compared with 2014. This is the lowest level of annual decline observed since the peak of 2010. The decrease is largely attributable to an overall fall in sales for US-based companies, which continue to dominate the Top 100. Taken together, West European arms producers show increases, some of them linked to significant export sales. Despite sanctions, Russia's arms industry also grew its arms sales in 2015, mostly due to domestic sales and some exports, while emerging and established producers show mixed results.

A brief review of 14 years of data on the arms industry confirms that the ranking hierarchy, especially of companies ranked in the top 10, is very stable. It also highlights the fact that despite yearly variations, arms sales for companies ranked at the top and bottom of the SIPRI Top 100 have steadily increased between 2002 and 2015 in constant dollar terms. However, it also shows that the top 10 arms companies' share of the yearly total revenues of the SIPRI Top 100 has shrunk over the period.

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