The International Arms Trade: Difficult to Define, Measure, and Control

Published on Arms Control Association (https://www.armscontrol.org)

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- Arms Control Today

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The international arms trade apparently has weathered the financial crisis quite well. Available data indicate that the impact to date on the volume of orders and deliveries has been limited.

As has been shown in the past, financial resources—from domestic budgets or foreign military assistance—are not the only factor that influences arms acquisitions. Perceived internal or external threats to national security, the need to replace or upgrade military inventories, demonstrations of international status, development of domestic arms industries via licensed production and offsets, the desire to strengthen ties with suppliers, and the influence of the military play important roles in the arms acquisition process. Before permitting exports of arms and military equipment, suppliers will assess the potential economic gains and the potential impact of the transfer on their strategic interests and foreign policy. Will the transfer harm or help friendly states or the supplier’s international commitments, reputation, or standing?

For several reasons, there is no straightforward answer to the question, “How big is the international arms trade?” First, there is no globally agreed definition of “arms.” States and international organizations that seek to measure or control the arms trade use lists of items that vary in their complexity and coverage, most notably with regard to their inclusion of “dual-use goods,” items with both military and civilian applications. Second, there is no common agreement on what types of activities constitute the arms trade. Examples of areas where differences exist include arms leased to other states; gifts and donations; the transfer of technology to produce arms and military equipment; and upgrades, parts, and services related to the transfer of arms and military equipment. Third, the lack of openness and transparency by many arms suppliers and recipients regarding the value and volume of their arms exports and imports makes it difficult to collect accurate data. As a result, a variety of different definitions of the international arms trade and estimates of its scale exists. This has implications for efforts to establish controls on arms transfers via a future international arms trade treaty (ATT). This article will outline some of the challenges in defining, measuring, and controlling the international arms trade.

Definitions and Estimates

The national lists of arms and military equipment to be subject to export controls (control lists) maintained by most states and all major arms exporters provide a useful starting point for defining “arms” and the international arms trade. The Munitions List and Lists of Dual-Use Goods and Technologies of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies provide the basis for the control lists of the 40 states that are members of the group. The Munitions List covers a wide range of arms and military equipment, from small arms to ships, as well as ammunition, information and communication technologies, training equipment, and equipment for producing arms. Several significant arms-exporting nonmembers, including China, have fully or partially aligned their national control lists with the Munitions List. As a result, all of the top 10 arms suppliers during 2005-2009 have control lists derived from the Wassenaar Arrangement.

National control lists serve as the basis for national reports on arms exports. As of January 2010, 32 states had published at least one national report on arms exports since 1990, and a further nine states provided information on the value of their export licenses and exports to the 2009 European
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Union (EU) Annual Report on Arms Exports.[2] These reports vary in detail but, at a minimum, tend to provide data on the financial value of arms export licenses or arms exports. Several major exporters (e.g., Russia) do not produce such reports, but do release official data on the financial value of their arms exports. Using national reports and official statements, the Stockholm International Peace Research Institute (SIPRI) has attempted to provide estimates of the financial value of the international arms trade (see below).

The now-defunct U.S. Arms Control and Disarmament Agency (ACDA) created the following comprehensive definition of the arms trade, which has been widely used by researchers:

A similar definition of the arms trade is used to compile the U.S. Congressional Research Service’s (CRS) annual report, “Conventional Arms Transfers to Developing Nations.” In spite of the name, the report contains estimates for the value of the global arms trade, not just trade with developing countries. The CRS estimated the financial value of deliveries of arms to be $34.5 billion for 2007.[4] Despite using a narrower definition of arms transfers than the CRS, SIPRI’s accounting of official financial data contained in national reports and official statements for 2007 generated a figure of $51.1 billion for arms exports, representing 0.3 percent of world trade.[5] This figure is likely to be lower than the true figure because a number of significant exporters, including China, do not release data on the financial value of their arms exports. The difference between the SIPRI and CRS estimates is a further demonstration of the difficulty of estimating the financial value of the international arms trade.

The SIPRI arms transfers database provides information on international arms transfers from 1950 to the most recent calendar year.[6] Its coverage is narrower than that of the ACDA, CRS, and national control lists; for example, it does not include transfers of most small arms and light weapons (SALW). However, it provides information on the number of units transferred and employs a unique pricing system to measure the volume of arms transfers. The SIPRI trend indicator value allows researchers to track developments in transfers to and from different suppliers, recipients, and regions. SIPRI data form the basis for the discussion below.

Arms Trade Trends

The volume of international arms transfers in the post-World War II period peaked in 1982. Following the end of the Cold War, there was a steady decline in global arms transfers. They reached their lowest point in 2002, when transfers amounted to only 38 percent of their Cold War high. This decline has reversed, and the volume of international transfers of major conventional weapons during 2005-2009 was 22 percent higher than during 2000-2004.

One of the most marked aspects of the international arms trade has been its dominance by five suppliers. During 1980-1984, when global arms transfers were at the highest level, the Soviet Union (37 percent), the United States (29 percent), France (8 percent), the United Kingdom (5 percent), and the Federal Republic of Germany (5 percent) accounted for 84 percent of all exports. The five largest suppliers of major conventional weapons during 2005-2009 were the United States (30 percent), Russia (23 percent), Germany (11 percent), France (8 percent), and the United Kingdom (4 percent), collectively accounting for 76 percent of exports.

The governments of these major suppliers are actively engaged in assisting the export efforts of their domestic arms industries in the competitive international arms market. Some governments also provide military equipment to allies at beneficial rates as a key plank of their foreign and defense policies, something that often has clear benefits for commercial arms manufacturers based in these states.

Since 2001, the United States has increased foreign military aid for allies in regions of tension or
conflict. President Barack Obama has maintained the Bush administration’s pledge to increase foreign military financing aid for Israel, which is set to reach $3 billion in 2012.\[^7\] Egypt and the members of the Gulf Cooperation Council have been the recipients of increased assistance as well.

Russia has announced its willingness to develop and produce arms jointly with other countries to help strengthen ties, accept payments through barter, participate in joint economic projects, and offer credit and exchanges of debt for arms. In 2009, Russia extended a $2 billion line of credit to Venezuela for arms purchases. In addition, it agreed to cancel Vietnam’s debt to Russia and help modernize its shipbuilding industry in exchange for Vietnam’s commitment to purchase 20 Su-30MK combat aircraft and six Type-636 Kilo-class submarines and further expand the involvement of Russian companies in the exploration and extraction of Vietnamese oil.

In 2007 the French government simplified and modernized France’s arms export licensing system and began taking a more active role in promoting exports abroad. It has demonstrated a willingness to engage in far-reaching technology transfer agreements in order to win contracts. In September 2009 French President Nicolas Sarkozy visited Brazil to conclude an almost $10 billion deal to supply four conventionally powered submarines and technology to assist in the development of Brazil’s first nuclear-powered submarine.

Attempts by countries beyond the traditional major producers to develop their own arms industries and increase their share of global arms exports have typically had limited success, largely because of high technological barriers or an inadequate civilian industrial base. Yet, many countries still seek to increase their levels of autonomous capability in arms production, with some developing state-of-the-art products for particular niche items. For example, Israel is widely recognized as a leading producer and supplier of unmanned aerial vehicles (UAVs), supplying systems and licenses for production for more than 100 UAVs to 18 states, including all of the top five suppliers, during 2005-2009.

In addition, licensed production agreements have led to an increase in the number of states that are capable of manufacturing less-advanced weapons systems, particularly small arms and light weapons.\[^8\] Although licensed production agreements often include controls on who can receive the weapons produced, this is not always the case, or the agreements are not enforced. Soviet Avtomat Kalashnikov (AK) and German Heckler and Koch G3 assault rifles serve as classic examples of cases in which licensed production has led to exports being made without the express permission of those issuing the original license. Russia perceives the production of Kalashnikov rifles in a number of former Warsaw Pact countries to be unlicensed and illegal, claiming that arrangements concluded during the Soviet era have expired. The decision to give designs and information on product technology to Warsaw Pact states and clients during the Soviet era therefore remains a source of concern. Nonetheless, Russia continues to issue licensed production agreements for Kalashnikov rifles, revealing recently that 10 states had applied to build factories.\[^9\] The possibility remains that today’s license holders could produce or export Kalashnikovs without the express permission of Russia in the future.

In contrast to the largest suppliers, the largest recipients of major conventional weapons have varied considerably over the years. During 1980-1984, the five largest recipients of military equipment—Iraq (7 percent), India (6 percent), Libya (5 percent), Syria (5 percent), and Egypt (4 percent)—accounted for 27 percent of total imports. The five largest recipients of major conventional weapons during 2005-2009 were China (9 percent), India (7 percent), South Korea (6 percent), the United Arab Emirates (6 percent), and Greece (4 percent), accounting for 32 percent of total imports. After the end of the Cold War, China imported a large volume of aircraft, ships, submarines, air defense systems, and missiles from Russia, but Chinese arms imports from Russia have declined dramatically in recent years. One explanation for this drop is that China appears to have overcome many of the problems that have dogged its arms industry and is now able to manufacture advanced weapons systems domestically. There are persistent allegations that many of China’s “indigenous” weapons systems are actually copies of other countries’ designs.\[^10\] It continues to rely on imports of components and subsystems for a number of its weapons systems, but is regarded as an example of a country in which arrangements for licensed production and technology transfers as part of arms import deals have helped with the development of an indigenous arms industry. India has sought to develop its own arms industry and decrease its reliance on arms imports but with limited success to
Recent acquisitions by states in Latin America, the Middle East, North Africa, and Southeast Asia indicate the possible emergence of reactive arms acquisition patterns that could develop into regional arms races. The volume of deliveries to Southeast Asia nearly doubled during 2005-2009 compared to 2000-2004. Deliveries were 722 percent higher to Malaysia, 146 percent higher to Singapore, and 84 percent higher to Indonesia. In 2009, Malaysia received six Su-30MKM combat aircraft with advanced missiles from Russia, two Scorpène submarines from France and Spain, two MEKO-100 frigates from Germany, and 21 PT-91 tanks from Poland. Singapore received eight F-15E combat aircraft with advanced air-to-air and air-to-ground missiles from the United States, two La Fayette frigates from France, and 40 Leopard-2A4 tanks from Germany.

There is limited empirical evidence to suggest a direct causal link between an increase in the volume of arms imported and the outbreak of conflict or an increase in the intensity of conflict. It has been suggested, however, that states that acquire significant quantities of military equipment may be more prone to use armed force to resolve disputes. For example, the recent conflicts in Sri Lanka and Georgia, both of which are relatively minor arms importers, were preceded by significant increases in transfers. In both cases, governments sought to restore what they perceived to be their state’s territorial integrity against forces that were seeking independence and had established high levels of autonomy to some degree within clearly defined regions. As the graph on this page demonstrates, the volume of Georgian imports of major conventional weapons in the years preceding the August 2008 conflict in South Ossetia increased significantly, with the largest volume of arms imports for Georgia, excluding acquisitions by forces in Abkhazia and South Ossetia, taking place in 2007. Significant increases in arms imports and military spending were perceived by some as indicating that the Georgian government was preparing to use force to restore Georgia’s territorial integrity.

Trade Control Efforts

At present, UN Security Council arms embargoes are the only global, legally binding prohibitions on arms transfers. Since 1990, the United Nations has imposed 28 arms embargoes against targets in 17 countries and one nonstate entity (Osama bin Laden and al Qaeda). The most recent new arms embargo was introduced against Eritrea on December 23, 2009. Recent UN arms embargo resolutions recognize that nonstate actors play an important role in the contemporary arms trade and in the facilitation of arms transfers to “undesirable” end-users. States retain primary responsibility for enforcing arms embargoes and controlling the activities of arms brokers and dealers operating from their national territory or registered with their national authorities. Sanctions committees and panels of experts charged with monitoring arms embargoes have documented the role different states have played in violating arms embargoes, such as in the case of Eritrea’s involvement in transfers to Somalia. Also, states have been accused of giving shelter to individuals and entities accused of violating embargoes and of failing to investigate alleged violations but in such instances have not been sanctioned themselves. Stronger transfer control policies and increased political will are of central importance for preventing violations of UN arms embargoes.

States have long been reluctant to give up any element of national control in the field of arms transfer controls. Yet, the Iraqi invasion of Kuwait in 1990 and the scandals involving Western states and companies in the arming of Iraq prompted the development of the guidelines for conventional arms transfers, under which the permanent members of the UN Security Council agreed to exercise restraint in exports of conventional arms transfers. Suppliers were required to ensure that exports met only the “legitimate self-defense” needs of the recipient and did not contribute to conflict or regional instability or introduce “destabilizing military capabilities in a region.” There is no international agreement on what constitutes legitimate self-defense or “destabilizing military capabilities.”

Efforts to improve controls on international arms transfers have primarily been driven and directed by suppliers in North America and Europe. Motivations have included protecting national industries by preventing the spread of technologies and limiting potential adversaries’ access to key technologies. The prevention of conflict and human rights abuses also has long been at the heart of efforts to control the arms trade. States, export control regimes such as the Wassenaar
Arrangement, and regional organizations (e.g., the Economic Community of West African States, the EU, the Organization for Security and Cooperation in Europe, and the Organization of American States) have developed various sets of best-practice guidelines and model legislation to help ensure that arms exports do not provoke or exacerbate conflict and are not used to commit violations of human rights and humanitarian law. In addition, efforts have been undertaken to prevent the diversion of arms to terrorists, criminals, and armed groups.

Experience with existing regional mechanisms and export control regimes demonstrates some of the problems that an ATT is likely to face when it comes to ensuring harmonized interpretations of the criteria it puts in place. Despite developing agreed export criteria and mechanisms of consultation and information exchange, members of the Wassenaar Arrangement have demonstrated contrasting attitudes toward exports of arms and military equipment to a range of destinations. Although the EU and the United States have arms embargoes against Iran, Myanmar (Burma), Sudan, and Zimbabwe, Russia continues to supply weapons systems to these states. Meanwhile, Russia has repeatedly called for restraint on arms transfers to Georgia, but Wassenaar Arrangement members the Czech Republic, Turkey, and Ukraine have continued to supply arms to Georgia. It appears that bilateral pressure on nonmembers Bosnia and Herzegovina, Israel, and Serbia led to some deals to Georgia being canceled.

Even within the EU, where states have agreed that their export license decision-making should be guided by eight criteria relating to issues such as conflict prevention, human rights, and economic development, there appear to have been differences of opinion among members regarding exports to Georgia. EU member states reported issuing licenses worth more than $180 million between 2004 and 2007 for exports of arms and military equipment to Georgia and making exports worth almost $96 million during that period. Also during this period, EU member states denied 41 export licenses for arms and military equipment for Georgia because of concerns about the potential impact of the transfer on the possibility of conflict within Georgia. In several cases, EU member states denied an export license for the export of a particular type of military equipment that other EU member states had exported.

Researchers have found evidence of a correlation between the introduction of the politically binding EU Code of Conduct on Arms Exports in 1998 and a decline in arms exports from EU member states to countries in conflict or considered violators of international human rights and humanitarian law, but differences in decision-making on “responsible” recipients continue within the EU. In this regard, the impact of the EU arms exports code and the legally binding Council Common Position 2008/944/CFSP, defining common rules governing the control of exports of military technology and equipment, which replaced the EU arms exports code, continues to illustrate the challenges of reaching agreement on how to interpret and implement a set of agreed common standards among (supposedly) like-minded states. Disagreements in the Wassenaar Arrangement show the difficulties in achieving similar objectives when the group is composed of states that hold very different opinions on what constitutes a responsible end-user.

**Conclusion**

The Iraqi invasion of Kuwait drew attention to the impact of deliveries of significant volumes of arms on a recipient’s decision to use armed force to achieve political aims and the need for international agreement on exercising restraint in arms transfers. Following the Persian Gulf War and the end of the Cold War, there was a dramatic decline in the volume of major conventional arms transferred and an increase in international discussions aimed at increasing controls over the international arms trade. Nevertheless, conflicts raged in which small arms and light weapons were prevalent and where comparatively limited transfers of major conventional weapons had a decisive impact on the course of events (e.g., conflicts in Angola, Liberia, and Sierra Leone). Therefore, continued international attention to improving controls on arms transfers to address their potential negative impacts is welcome.

National governments remain ultimately responsible for permitting or denying the export of arms and military equipment and will remain so under a future ATT. Although the need to avoid supplying arms to zones of conflict or tension and contributing to destabilizing accumulations is considered in arms export decision-making processes, domestic economic and political implications, as well as
foreign and security policy priorities, continue to play a significant role. This is an important consideration for those currently promoting the viability of an international treaty with legally binding guidelines. It remains to be seen if efforts within the UN to create an ATT can go beyond the League of Nations’ Convention for the Supervision of the International Trade in Arms and Ammunition and Implements of War, which was adopted in 1925 but failed to come into force because of an insufficient number of ratifications and failed to promote confidence and restraint. Will the discussions that take place during 2010-2012 within the UN be more successful at defining and securing agreement on the future direction of international efforts to control and make more transparent international transfers of arms?

If an ATT can be concluded, the next challenge will be to ensure that states have the capacity to control arms transfers (exports, imports, transit, transshipment, brokering, and other activities covered by transfer controls). In recognition of this fact, discussions on an ATT are already highlighting the need for mechanisms for providing international assistance and cooperation for implementation. This should help provide much-needed improvements on technical issues relating to transfer controls and anti-trafficking efforts. However, perhaps the most important contribution an ATT can make would be the development of detailed reporting mechanisms to show states and civil society at large how states are interpreting the criteria used to determine whether to permit or deny an export. As the examples of the Wassenaar Arrangement and the EU demonstrate, even the most detailed criteria are open to differing interpretation, and this will likely remain the case under an ATT. Only through open and transparent reporting mechanisms can the interpretation of criteria be discussed and analyzed and, hopefully, lead to global agreement on the types of transfers to be prohibited under an ATT.

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ENDNOTES

1. The UN Register of Conventional Arms has formed the basis for much of the debate on the potential types of weapons to be covered by a future ATT, but its scope is limited to particular items deemed of importance in interstate conflicts. It is not regarded as offering a definition of the international arms trade for the purposes of this article.

2. For a full list of states that have published national arms export reports and copies of their reports, see Stockholm International Peace Research Institute (SIPRI), “National Reports on Arms Exports,” http://www.sipri.org/research/arms/weapons/transfers/transparency/national_reports, June 14, 2010. Cyprus, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, and Poland have submitted data to the EU annual report, but have not published national reports on arms exports. The EU Common Military List, which is used as the basis for reporting to the EU annual report, is derived from the Wassenaar Munitions List.


Source URL: https://www.armscontrol.org/act/2010_07-08/holtom-bromley