

# Proposed U.S. Arms Export Agreements From January 1, 2003 to December 31, 2003

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**D**uring 2003, the Pentagon notified Congress of an estimated \$7.431 billion in proposed, government-to-government, conventional arms transfer agreements with 20 countries, including Taiwan.

The United States conducts government-to-government transfers through the Defense Department's Foreign Military Sales (FMS) program. Not all notified sales result in final transactions. Under the 1976 Arms Export Control Act, Congress must be notified of proposed sales of "major defense equipment," as defined on the U.S. Munitions List, that equals or exceeds \$14 million; defense articles and services that are not defined as "major defense equipment" which total \$50 million or more; and construction or design services amounting to or surpassing \$200 million.<sup>1</sup> However, if the proposed sales involve NATO members, Australia, Japan, and New Zealand, the notification thresholds are \$25 million for major defense equipment, \$100 million for other defense articles and services, and \$300 million for construction or design services.<sup>2</sup> Once notified, Congress has 30 calendar days (15 in the case of NATO members, Australia, Japan, and New Zealand) to block a sale by

passing a joint resolution of disapproval, though it has never stopped a sale once formally notified.

Middle Eastern countries accounted for nearly half the value of all proposed sales, totaling some \$3.36 billion in arms requests. Egypt led all possible buyers with nearly \$1.29 billion in potential deals, including 125 M1A1 Abrams tank kits and 414 air-to-air missiles. Saudi Arabia's \$1.23 billion in possible agreements—most of which were not actual weapons, but for continued modernization of its national guard—ranked second. Jordan, which sought eight Blackhawk helicopters and upgrades for 17 F-16A fighters, tallied \$651 million in arms requests. Taiwan (\$775 million) and the Czech Republic (\$650 million) were the other two countries showing the most interest in American weapons.

During 2002, the Pentagon notified Congress of \$15.534 billion in possible agreements with 29 countries, more than twice the 2003 total. Recently enacted legislation, which increased reporting thresholds on proposed Pentagon sales to NATO members, Australia, Japan, and New Zealand, is one possible explanation for the much smaller figure.

## THE TOP FIVE RECIPIENTS OF PROPOSED FMS DEALS FROM JANUARY 1 TO DECEMBER 31, 2003

| Country             | Total Value    | Weapons/Services   |
|---------------------|----------------|--|
| <b>Egypt</b>        | \$1.29 billion | 414 AIM-9M-1/2 Sidewinder Air-to-Air Missiles.<br>2 C-130H-based Roll-on/Roll-off airborne Electronic Intelligence (ELINT) Systems.<br>10,040 non-standard rounds of commercial 120mm Armor Piercing Fin Stabilized Discarding Sabot-Tracer (APFSDS-T) Kinetic Energy Tungsten Advanced cartridges.<br>100 M1114 High Mobility Multi-purpose Wheeled Vehicles (HMMWV), 400 M1113 HMMWVs, 50 M997A2 HMMWV ambulances, and spare engines.<br>Co-production of 21 M88A2 Hercules Heavy Recovery Vehicle Kits, and 21 M2 machine guns.<br>Co-production of 125 M1A1 Abrams tank kits with Commander's Independent Thermal Viewer, Firepower Enhancement Package, and Armor Upgrades. 125 M256 Armament Systems, 125 M2 .50 caliber machine guns, and 250 M204 7.62mm machine guns. |
| <b>Saudi Arabia</b> | \$1.23 billion | 4 AN/AAQ-24(V) NEMESIS Directional Infrared Countermeasures Systems.<br>Continued Modernization of the Saudi Arabian National Guard, by providing minor defense articles and defense support services.   |
| <b>Taiwan</b>       | \$775 million  | 102 Multifunctional Information Distribution Systems (MIDS)/Low Volume Terminals, and 20 MIDS On Ships Terminals.  |

| Country                     | Total Value   | Weapons/Services  |
|-----------------------------|---------------|---|
| Japan                       | \$651 million | <p>1 AN/AAQ-24(V) NEMESIS Directional Infrared Countermeasures System.</p> <p>17 F-16A Mid-Life Upgrade kits, 12 F-100 engine PW-220E modification kits, 17 Falcon UP and Falcon STAR F-16A/B structural upgrade kits.</p> <p>8 UH-60L Blackhawk helicopters with T-700-GE-701C engines, 4 spare T-700-GE-701C engines, M130 chaff dispenser.</p> |
| Czech Republic <sup>3</sup> | \$650 million | <p>12 F-16A Block 15 Air Defense Fighter aircraft, 2 F-16B Block10 Operational Capabilities Upgrade (OCU) aircraft, 2 F-16A Block 10 OCU aircraft for cannibalization, 16 Pratt and Whitney F-100-PW-220 engines including 2 spare engines, and 35 LAU-129 launchers.</p>   |

—Researched by Gabrielle Kohlmeier

#### NOTES

1. The State Department is also required to report to Congress any commercial sales it approves of “major defense equipment” that amount to \$14 million or more, defense articles and services that equal or exceed \$50 million, and any items defined as “significant military equipment.” As in the case of FMS sales, Congress can block the sale with a joint resolution of disapproval within 30 calendar days of notification (15 in the case of NATO members, Australia, Japan, and New Zealand). There are no official compilations of commercial agreement data and it is often incomplete and less precise than the data on government-to-government transactions (Grimmett, Richard F. “Conventional Arms Transfers to Developing Nations, 1995-2002,” Washington D.C.: The Library of Congress, p. 15). The annual Section 655 report, prepared by the State Department and Defense Department for Congress, details commercial licenses approved, but states have four years to act under the licenses. The State Department’s Office of Defense Trade Controls has final responsibility for license applications for commercial defense trade exports and all issues related to defense trade compliance, enforcement, and reporting.

2. Congress approved the higher notification thresholds for NATO members, Australia, Japan, and New Zealand in legislation passed in September 2002.

3. Instead of finalizing the sale of the F-16s with the United States, the Czech Republic decided to lease 14 new Gripen fighters from Gripen International, a British-Swedish company.

Sources: *Defense Security Cooperation Agency, Department of State, and Arms Control Association*