



Traffic in arms. Suppliers and buyers

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Si vis pacem, para bellum

States, nations and humankind used to put and still put the greatest effort possible into manufacturing and selling arms for mutual destruction. It seems as if the world's states were continually prepared for a war with an unknown enemy.

Every year, approximately 8 million pieces of light weapons and 12 billion cartridges are produced around the world. According to statistics, one gun falls on ten world's inhabitants. Thousand people die every day in the aftermath of firearm use **(1)**. In accordance with the latest data by Small Arms Survey as many as 500,000 people die as a consequence of firearm use **(2)**. According to the Swedish organisation SIPRI dealing with the issues of weapon production and traffic in arms, the overall military budget of all states of the world amounts to more than 900 billion USD.

Irrespective of the international community's attempts to restrict the spread of arms, their export remains the most profitable branch for many states of the world. According to experts' estimates, as early as 2004 arms purchase expenditures accounted for one trillion USD reaching thus the level of costs during the Cold War era. In 1987, armament costs amounted to 1.034 trillion USD **(3)**. Although cost increase is linked with the production of intelligent precision weapons rather than the growth of the number of weapons, the mentioned fact has its symbolism. The reason is that after the end of the Cold War, the number of armed conflicts hasn't sunk. To the contrary, it has been stepped up.



From the end of World War II to 2006, there were 232 armed conflicts in total under way in the world. Only in 2003, there were 30 conflicts participated in by states and also 59 ones the participants of which weren't states, but various paramilitary groupings **(4)**.

Exporters

It's no surprise that leading positions within the production and export of weapons belong to G8 states. Their overall share in global arms market reaches 85 per cent **(5)**. Interestingly, states with authoritarian regimes committing repressions or waging wars buy weapons of various types from them. Among such states are Sudan, Myanmar, the Democratic Republic of Congo, Colombia, Philippines, Iran and many others.

Recently, there has been a massive growth of means earmarked for weapons purchase in the states of Asia, Africa and Latin America. According to US Congressional Research Service, these states spent around 22 billion USD on armament solely in 2003 and their expenditures were increased by 8 per cent in comparison with the previous year **(6)**. In the period 1998 – 2005, the countries of the so-called Third World gained arms worth 174.8 billion USD in total. Among the most important arms importers were the US, Russia, France, Germany and the United Kingdom.

USA – global leader in arms production



The US is the leader in production and traffic in arms. According to a report of US State Department (Direct Commercial Sales Export Authorizations for Fiscal Year 2007) the overall value of American weapons sale reached 24.531 billion USD (7).

The main costumers buying weapons from the US are, like in the past, developing countries. Just in the period 2001 – 2004, US income from arms sale to the mentioned states amounted to 29.8 billion USD. Apart from this, the US has supplied weapons to Israel, Poland, the Czech Republic and other EU member states. The US is among the leaders from the point of view of the number of corporations that deal with weapons sale. Out of 100 largest global enterprises and concerns working in this sphere, 40 ones are in US possession and work in US territory. Among the most significant are:

1. The company **Boeing**, which is the biggest arms producer in the world. In 2006, the arms sale income of this company accounted for 30.7 USD, which stood for half of the company's overall income. Boeing produces cutting-edge systems of military operation control as well as anti-missile shield elements.
2. **Lockheed Martin** specialises in the manufacturing of Patriot missiles and missile systems, navigation and monitoring systems etc. It supplies weapons to Albania, Chile, Argentina, South Korea, Singapore, Taiwan, India et al. In 2006, the profit on arms sale reached 28.1 billion USD and the company's total income was 39.6 billion USD.
3. **Northrop Grumman**. In 2006, it sold weapons worth 23.7 billion USD. The overall income of the company amounted to 30.1 billion USD that year. This company, like many others, is linked particularly with defence resort. It constructs aircraft carriers, nuclear submarines, naval navigation systems and double-purpose aero-cosmic technologies.



From among other US leaders in the field of arms production, we may mention General Dynamics, which produces diverse types of firearms, machine guns, portable missile systems, artillery weapons et al. and its sales income accounts for 18.8 billion USD. Raytheon producing one of the most effective cruise missiles type Tomahawk is among them as well. Also producers of state-of-the-art computer technologies known on global markets are a part of armament corporations. For instance, the incomes of the corporation ITT from combat technology sale reached 3.3 billion USD in 2006, i.e. practically half of its annual income **(8)**.

Among major US weapons buyers are the Middle East states and North Africa states, primarily Egypt, Israel, Saudi Arabia, United Arab Emirates, Jordan, Bahrain, Kuwait and Oman. In the period 2001 – 2004, the US supplied these countries with following weapons:

- 401 tanks and self-propelled cannons;
- 36 armoured vehicles;
- 2 big combat naval complexes which contained aircraft carriers, cruisers, guard ships, destroyers and minelayer;
- 4 small combat naval complexes which contained mine trawlers, torpedo boats and guard ships;
- 12 helicopters;
- 347 interception missiles;
- 122 anti-submarine missiles **(9)**.

The overall income of the US from arms sale in this region reached 18.8 USD in the mentioned period. Supply volume according to contracts concluded with individual states represented, for example, with Egypt, 5.7 billion USD. It's the same volume



like with Israel and Saudi Arabia was supplied with weapons worth 3.8 billion USD **(10)**.

Moreover, the US enters actively traditional non-American markets. As a consequence, arms sale becomes a part of American geopolitical strategy. China has recently voiced concern and disapproval about the US starting to supply actively weapons to Taiwan. In October 2008, the US Government made a decision to sell weapons worth 6.5 billion USD in total to this internationally unrecognised state **(11)**.

The US is similarly successful in entering the markets of post-Soviet states. In the course of 2007, the most active buyer of US weapons was Georgia, which purchased firearms and ammunition, armoured technology, electronic devices, aviation technology and devices as well as personal protective equipment worth 25 million USD. The second place went to Kyrgyzstan, which bought electronics and artillery systems worth 20 million USD from the US **(12)**.

Other states, like Azerbaijan, Kazakhstan, Armenia, Turkmenistan, Tajikistan and Ukraine, spent 15 million USD in average on the purchase of manifold types of US weapons, computers systems in particular. Surprisingly, Russia is also one of the customers. It bought weapons worth 40.7 million USD from the US in 2007. Russia imported from the US primarily firearms and ammunition, electronics, missiles, aviation technology and devices, explosives, firing control systems and cosmic systems and devices **(13)**. Nowadays, just Belarusian market is unavailable for US armament companies.

Russia gaining on



Russia takes second place in the world arms exporter rankings. Although its income lags to a large extent behind the US one, its potential for the production and sale of arms has been growing. In 2005, the sales volume amounted to 6 billion USD, but the income is expected to rise to 7.7 – 8 billion USD at the end of 2008 **(14)**. As many as 96 per cent of Russian production flowed and is flowing to the so-called Third World states. According to various data Russia supplies weapons to 60 states. Among them are India, China, Indonesia, Thailand, Pakistan, Sri Lanka, Saudi Arabia, African countries, Commonwealth of Independent States region et al.

One of the most important buyers of Russia weapons was India until recently. In the course of four decades of military-technological cooperation, India obtained from Russia arms worth more than 40 billion USD. At present, the amount of arms purchase contracts and production licences between Russia and India has reached approximately 10 billion USD **(15)**. Russia supplies mainly aircrafts Su-30, MiG-29 and tanks T-90 to India. One of the biggest contracts was connected with the modernisation of Russian aircraft carrier Vikramaditya (Admiral Gorshkov) worth 1.2 billion USD. Perpetual delay in supplies and amendments to the terms and conditions of the contracts from Russian side has forced India to re-orientate itself on other suppliers, namely the US, Germany, France and Israel.

China used to be another significant Asian importer of Russian weapons. However, like India, also this country tries to restrict supplies from Russia. While in 2006 as many as 54 per cent of arms supplies came from Russia, in 2007 it was only 28 per cent **(16)**. But this is related to the development of own armament production rather than to the disappointment at Russia.



The demand for Russian weapons is traditionally high in those states which have negative or restrained stance on the US and in the past, during the Cold War, they were staunch allies of the USSR. Among them are many states with odious political regimes, for example, Algeria, Iran, Syria, Yemen buy Russian weapons.

In 2007, for instance, Russia supplied Iran with the complex of anti-aircraft defence Tor-M1 sparking thus sharp criticism of the US, the EU and Israel. Russia hasn't been officially supplying double-purpose weapons and materials to Iran since 2008. Recently, however, it has been accused of supplying weapons for President Mahmoud Ahmadinejad's regime **(17)**. The negative reaction of the West was instigated by arms supplies to Syria in view of the fact that Syria supplied subsequently these weapons to terrorist organisations in the Middle East. For example, Hezbollah and Hamas obtained from Syria Russian anti-tank missile complexes Metis and Kornet-E **(18)** which were used in military conflicts with Israel. Nevertheless, Russia and Syria negotiate about the supplies of the latest types of anti-aircraft defence systems Pancir-S1, MiG-29 fighter planes and operation and tactical missile complex Iskander-E. It isn't ruled out that Russia will conduct these supplies indirectly in order to avoid international scandal, but via third states, for instance, Belarus. It is Belarus which plans to make an extensive indent for the mentioned types of weapons worth one billion USD in Russia **(19)**.

Russia entered Latin American markets too. It exports its weapons to Venezuela, Mexico, Brazil, Chile, Colombia and Cuba. From this standpoint, it forges most intensive links with Venezuela. Only in the period 2005 – 2007 both states concluded twelve contracts on Russian arms supplies (fighter planes Su-30 MKV, anti-aircraft defence systems, armoured vehicles and tanks) worth more than 4.4 billion USD



(20). Russia is most likely to reinforce its positions in this region, although it will hardly become any competition for the US.

The EU – who else if not us?

European Union states have firmly established themselves on global arms market too. The EU doesn't act as a united arms supplier to date. Europe is represented by the United Kingdom, France, Germany and Italy on the global market. In the period 2003 – 2008, the total income of the United Kingdom, France and Germany from traffic in arms accounted for 80 million USD out of which 53 billion fell on the United Kingdom, which is the third largest arms supplier in the world. It is followed by France and Germany **(21)**. Developing countries are crucial partners also for western European weapon suppliers. Just in 2006, the United Kingdom sold weapons worth 3.2 billion USD to the states in question **(22)**. British weapons are sent also to states which are labelled by the Foreign Affairs Ministry of the United Kingdom as “concern arousing” in terms of human rights. This pertains, for example, to Myanmar, China, Congo, Iran, Liberia, Rwanda, Somalia, Sudan, Uzbekistan and Zimbabwe. France supplies weapons to Sudan and Myanmar as well, though embargo was imposed on arms import in the mentioned countries. Weapon producers and exporters are also other EU member states like Belgium, the Netherlands, Sweden, Spain, Denmark, Poland, Slovakia and the Czech Republic.

34 out of 100 largest arms producers have been working in Western Europe. The British company BAE Systems specialising exclusively in the production and sale of arms has the leading position. It's third in the world rankings. It manufactures all kinds of weapons beginning with light firearms and ending with precision information technologies and submarines. It exports its production to Australia. In 2006, this



company's income from arms sale reached 24.1 billion USD and its total annual income amounted to 25.3 billion USD.

Other European companies are well-known for civil production. Nonetheless, they deal with armament industry too. Among them are for example:

1. Rolls Royce – automotive company with a 4 million USD annual income from arms sale ; 16th place in the global rating SIPIRI;
2. Saab seated in Sweden; 23rd place in SIPIRI rating, arms sale income is 2.2 billion USD;
3. ThyssenKrupp, German company.
4. Fiat (Iveco) seated in Italy **(23)**.

According to international organisations many of the mentioned states, or rather, companies have been violating agreements on the suspension of weapons import to conflict zones and states with non-democratic regimes. For instance, according to the international organisation Oxfam, Switzerland, or rather, the company RUAG is second after the US in supplying ammunition to developing countries including depressed areas **(24)**. In 2007, a big scandal broke in the United Kingdom with regard to the activities of the company BAE Systems. The company donated an Airbus worth 75 million pounds to the Saudi prince **(25)**. The Austrian company Glock dealing with handgun production, similarly to other European arms firms, moves its production facilities to the countries of Latin America and Asia which aren't bound by international agreements in order to have the option to export weapons to any state.

The production and sale of weapons have become one of the most important state budget's sources. We may observe the interconnection between the largest arms corporations and state authorities in many democratic states. This affects solution to



questions linked with armed conflicts in Asia and Africa in many respects. The US Government spent 148 billion USD and the United Kingdom 6 billion USD on the war in Iraq solely in 2005 **(26)**. We may assume that the production and sale of weapons will be stepped up in the future. The involvement of new states in global traffic in arms attests to this.

New rivals

Israel, Singapore, India, South Korea and the Republic of South Africa rank among the new weapons producers. China, which supplied weapons worth 800 million USD to the countries of Asia, Africa and the Middle East in 2006, belongs to active arms merchants as well **(27)**. States from the regions in question prefer purchasing weapons in Russia, Europe and the US because these outdo substantially Chinese production in terms of quality. Nevertheless, Iran and North Korea are permanent importers of Chinese military technology. Although international agreements and the UN ban the import of these weapons to these countries, China supplies them also with missile technologies. China exports light weapons, which are extremely popular in “crisis regions”, to African states (Algeria, Egypt).

Israel is very attractive within arms markets as well. According to Israeli Defence Ministry this state sold weapons worth 4 billion USD just in 2006 **(28)**. It supplied China, India and former USSR countries, Georgia and Azerbaijan in particular.

In the case of South Korea, among the most important corporations dealing with the production of arms, military technology and devices are Samsung, which sold weapons worth 720 million USD in 2006, and Doosan Infracore Defence **(29)**. Like in the case of other states, weapons export to developing countries including those in



which there are armed conflicts under way doesn't pose any problem for South Korea.

Weapon buyers. Who? Why? How many?

As we have already mentioned, the states of Asia, Africa, the Middle East and south-eastern Asia stand for primary markets for the armament industry of the US, Russia and European Union countries. Also among them there are leaders making purchases worth several billions USD. China and India are the major buyers. In the period 2003 – 2007, 12 per cent of imported weapons fell on China and 8 per cent on India **(30)**.

India increased its annual expenditures on arms purchase from 7.7 to 14 billion USD in the period 2003 – 2006. It plans to spend approximately 30 billion USD on arms and military technology purchase in the period 2007 – 2011. After 2025, it will spend as many as 35 billion USD on arms purchase every year **(31)**. The primary suppliers are the US, France, the United Kingdom, Russia and Israel. Just Israel has sold weapons and military technology worth more than 5 billion USD to India since 2002 **(32)**. India is interested in practically all types of weapons, i.e. warships, submarines, aviation, satellite navigation systems, anti-aircraft and anti-missile shield elements, army technology etc.

Similarly, China is interested in various kinds of weapons which it gains from European as well as non-European states irrespective of the fact that the US and the EU endorsed embargo on arms import to it. Practically all Chinese requirements were satisfied by Russia until recently.



Among the largest arms buyers are states like Egypt, Saudi Arabia, United Arab Emirates, Pakistan and Chile. Special attention deserves Saudi Arabia, which sells subsequently the supplied weapons obtained practically from all suppliers throughout the world to other costumers. Saudi Arabian profit from trading in arms reached 19.7 billion USD solely in the period 2002 – 2005. The income of Saudi Arabia from supplying developing countries reached 3.5 billion USD in 2005 **(33)**.

The task of similar traffickers will be growing gradually and the arms market will be still less controllable. This will contribute to the destabilisation of conflict regions. It's evident that wars have become a profitable business.

Notes:

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- (18) Postavki rossijskogo oruzhija vyzyvajut obespokoennost. The Washington Times.
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