

foreign policy *in focus*



Interhemispheric Resource Center
and
Institute for Policy Studies



Controlling U.S. Arms Sales

The conventional arms trade continues to bedevil the international system. Although the world arms trade continues to decline in dollar value, the major arms supplying states have redoubled their efforts to export their weapons overseas. In 1994 the top five arms exporters—the U.S., Britain, Russia, China, and France—provided 84% of the total. Military contractors are emphasizing foreign sales as a means of staying in business and boosting profits.

The U.S. Arms Control and Disarmament Agency calculates that in 1994 (the last year for which there is comprehensive global data) world arms deliveries fell to \$22 billion, a 22% drop from the previous year. World arms sales agreements—more erratic and less reliably estimated than deliveries—also declined, falling from \$46 billion in 1993 to \$38 billion in 1994.

This decline has occurred in both the richer and poorer groups of countries, although the rate of decline has been greater for the large industrial

countries. These figures, however, understate the true size of the arms market. One reason is that they do not take into account black and grey market arms sales, which may run anywhere from 2 to 5 times legal sales in some countries. Also, not every country publicly reports all sales.

Another difficulty is that published figures include only cash transactions. Doing so seriously underestimates the total market because of the innovative ways in which many arms deals are now being financed. For example, countries such as Russia are now repaying portions of their foreign debt to Hungary and South Korea with weapons they manufacture. Other countries such as Indonesia are obtaining weapons through barter for products

such as consumer goods, food, or oil.

Three regions, the Middle East, East Asia, and Western Europe, are the dominant arms importing regions, accounting for 76% of the world market from 1992-94. In two of those regions the U.S. was the predominant supplier, providing more than half the arms imports in both the Middle East and East Asia. At the global level, as well, the U.S. continued to be the dominant supplier of arms to the world, providing exactly one-half of the total from 1992-94.

A forecast released by the Pentagon in early 1995 showed that the U.S. had a 63% share of \$106 billion worth of existing contracts for the 1994-2000 time period. Of an additional \$65 to \$96 billion worth of contracts expected to be signed during this period, more than one-third are with U.S. manufacturers. U.S. companies will also be in competition for an additional 25% of these contracts.

Given that there's a buyer's market, one can expect that poorer countries will be able to purchase a wider array of advanced military and dual-use products—those which can be used for both military and nonmilitary systems—to be offered to virtually any nation that can afford them. Any type of weapon (except for nuclear, biological, and chemical weapons, or long-range missiles) is available in the market if the price is right.

One big change in the arms market is that nations are no longer offering stripped-down export versions of top-of-the-line equipment like aircraft and armored vehicles. Now suppliers are offering state-of-the-art electronics, optics, and munitions to potential buyers. At almost any arms exhibition, sellers are displaying—and in most cases offering to sell—a variety of weapons (ranging from diesel submarines to portable surface-to-air missiles), an attitude that would have been unthinkable at the beginning of this decade.

Key Points

- Although the overall global arms trade continues to decline, the U.S. continues to be the world's largest arms supplier.
- Nonindustrialized countries continue to import the greatest share of arms exports.
- The sophistication, variety, and lethal nature of weapons sold openly in the international arms market have never been greater.

Many weapons are sold to the world's trouble spots, thus helping to fan the flames of war instead of promoting stability. The United Nations Development Program noted in its 1994 Human Development Report that over 40% of the sales of major conventional weapons during the past decade went to such trouble spots.

Increasingly, civilians are the major victims of war. In the first half of this century, they represented about 50% of war-related deaths. In more recent years, however, the proportion of civilians in total deaths has been rising. Wars are now more life-threatening for noncombatants than for those fighting them. In the 1960s civilians accounted for 63% of the recorded war deaths; 74% in the 1980s; and the rate seems to be going high still in the 1990s.

The U.S. has been a major supplier to recent and ongoing conflicts. A 1995 report by the World Policy Institute found:

- Since 1985, parties to 45 ongoing conflicts had taken delivery of over \$42 billion worth of U.S. weapons.
- Of the significant conflicts during 1993-94, 90% (45 out of 50) of them involved one or more parties that had received some U.S. weapons or military technology prior to the outbreak of the conflict.
- In more than one-third of current conflicts (18 out of 50) the U.S. was a major supplier to one party to the dispute, accounting for more than 25% of all weapons imported by the participant in the previous five year period.

Not only do international arms sales multiply the numbers of conflicts and civilian casualties and drain scarce resources from developing countries, but, U.S. military analysts argue, they also put U.S. troops based around the world at increasing risk. The CIA's Nonproliferation Center noted in March 1995 that "the acquisition of advanced conventional weapons and technologies by hostile countries could result in significant casualties being inflicted on U.S. forces or regional allies in future conflicts."

In his 1995 annual report to Congress, Defense Secretary William Perry wrote: "Many nations, including members of the North Atlantic Treaty Organization (NATO) and the former Warsaw Pact alliance, are selling weapons on the international market. Thus, U.S. forces must be prepared to face a wide variety of systems, including some previously produced in the U.S." In fact, the last 5 times the U.S. has sent significant numbers of troops into areas of conflict—in Panama, Iraq-Kuwait, Somalia, Haiti, and Bosnia—U.S. forces faced adversaries that had previously received U.S. weapons, military technology, and/or training.

In its June 1996 report, the Presidential Advisory Board on Arms Proliferation stated: "We do not believe that arms sales that would be rejected on the basis of foreign policy and national security considerations should be approved simply to preserve jobs or keep a production line open."

There are other adverse foreign policy effects aside from the military and humanitarian issues. In many cases, U.S. arms exports cost the U.S. taxpayer money. When foreign countries use U.S. aid money to buy weapons, the result is a net transfer of dollars from U.S. taxpayers to U.S. weapons manufacturers, not a net gain to the U.S. economy. If U.S. weapons are not gifts (acquired using U.S. grants or low-cost loans), foreign countries must export nonmilitary goods to obtain dollars for weapons purchases. To the extent these imports replace domestic production, U.S. jobs are lost. The Office of Management and Budget estimates that for every 100 jobs created by weapons exports, 41 are lost by U.S. firms that compete with the foreign industries exporting goods to the U.S. as indirect payment for weapons purchases.

Furthermore, the Pentagon uses the presence of advanced U.S.-made weapons in the arsenals of even our allies abroad to justify increased defense spending on leading-edge weapons to maintain military superiority.

Key Problems

- Nondemocratic governments received 84% of the \$59 billion of U.S. weapons that were transferred to nonindustrialized countries from 1991-95.
- The U.S. has been a significant arms supplier to many of the nations now engaged in active wars.
- The proliferation of conventional weapons represents an increasing threat to U.S. military forces.

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As a candidate, Clinton criticized the Bush administration for failing to initiate a conventional arms transfer process. The Clinton administration issued a new arms transfer policy (PDD-34) in February 1995. Its practical effect is to maintain the U.S. role as the world's dominant arms broker. In some respects it actually exceeds the involvement of the Bush administration, stating that the government will now explicitly consider the impact on the U.S. arms industry when deciding whether to approve a weapons export. This criterion met with criticism from the president's arms proliferation board.

Because the executive branch views arms transfers as just another foreign policy tool, Congress needs to be more involved in approving weapons exports. In 1993 Sen. Mark Hatfield (R-OR) and Rep. Cynthia

McKinney (D-GA) first introduced Code of Conduct legislation. The bill, if approved, would prohibit arms exports to any government that does not meet criteria set out in law, unless the president asks Congress for a one-year national security waiver and both houses pass a law affirming that exemption. There are four conditions a country would need to meet in order to be eligible for U.S.

Key Recommendations

- Congress should pass a Code of Conduct for Conventional Arms Transfers.
- Congress should eliminate the enormous federal subsidies for arms exports.
- Encourage other countries to share information on exports of small arms and light weapons.

weapons:

- Democratic form of government
- Respect for basic human rights
- Not engaged in armed aggression that violates international law
- Full participation in the U.N. Register of Conventional Arms.

For more than two decades Congress has failed to exercise its power to reject major arms sales. The existing situation is one where, framed by the Arms Export Control Act and Foreign Assistance Act, weapons exports are considered beneficial unless proven otherwise. The Code of Conduct would reverse that logic; it would consider such exports to be potentially harmful unless an argument could be made otherwise.

On occasion, such as the 1981 AWACs aircraft sale to Saudi Arabia, Congress has rejected a major arms sale. And over the years, the executive branch has delayed some military hardware sales for fear of congressional opposition. But, overall, Congress has gone along with virtually all of what the executive branch has proposed in the arms sales arena.

Further work is needed to reduce the enormous federal subsidy given to weapons contractors. It is ironic that the political climate allows Congress and Clinton to target the poor with a draconian welfare bill while

maintaining corporate welfare for arms exporters. A recent study by the World Policy Institute found that federal subsidies for weapons exports jumped from \$7 billion in 1994 to \$7.6 billion in 1995, an 8.5% increase. This subsidy level will likely increase as a result of congressional action in 1996 that established a \$15 billion loan guarantee fund for arms exports. Congress has also repealed hundreds of millions of dollars worth of annual fees on weapons exports that were designed to reimburse the U.S. Treasury for the taxpayer funds that go into researching and developing U.S. weapons.

Attention needs to be focused as well on the proliferation of small arms and light weapons. Although largely neglected by many arms trade analysts, it is these workaday weapons—rifles, pistols, grenades, and landmines—that actually do the bulk of the killing in the world's wars. In 1996 the U.S. participated in a conference to revise international law regulating landmine use. The revised law, however, did not ban landmines, such a ban is the only truly effective solution. Furthermore, the Clinton administration subsequently issued a landmine policy that supports the continued use of so-called "smart" (i.e., self-destruct and self-neutralizing) mines. Instead the U.S. should encourage the UN to expand its annual Register of Conventional Arms to include information on such weaponry.

Given the global marketplace, it is also necessary to have other major weapons supplying countries restrict their arms exports. To that end Oscar Arias, former president of Costa Rica and winner of the 1987 Nobel Peace Prize, has proposed a Global Code of Conduct on the Arms Trade which he plans to introduce at the next session of the U.N. General Assembly.

Such international mechanisms for controlling arms transfers require not only restraints on the part of the major suppliers but also the adoption of regional peace and security pacts in the Middle East, East Asia, and other areas of tension.

One measure to help bring about global demilitarization would be to urge some countries to disband their militaries. This is the goal of the Oscar Arias' Foundation for Peace and Human Development as part of its Year 2000 Campaign to cut military spending and increase global security.

Any future agreement controlling conventional arms exports should include elements of greater transparency, supply-side restraints, regional arms control agreements, technology control, and the use of economic incentives. Development assistance should require states to reduce their arms spending and should be denied to states that devote more than a certain percentage of their national income to military purposes.

sources for more information

Organizations

Center for Defense Information

1500 Massachusetts Ave., NW
Washington, D.C. 20005
Voice: (202) 862-0700
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Email: info@cdi.org
Website: www.cdi.org/atdb

Council for a Livable World

110 Maryland Ave., NE, Suite 409
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Fax: (202) 543-6297
Email: livableworld@igc.apc.org

Federation of American Scientists

307 Massachusetts Ave., NE
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Arms Trade Resource Center

World Policy Institute

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British American Security Information Council

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National Commission for Economic Conversion and Disarmament

1828 Jefferson Pl., NW
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Fax: (202) 728-0826
Email: ncecd@igc.apc.org

Project on Demilitarization and Democracy

1601 Connecticut Ave., NW
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Voice: (202) 319-7191
Fax: (202) 319-7194
Email: pdd@clark.net

Publications

World Military Expenditures and Arms Transfers, annual report from the U.S. Arms Control and Disarmament Agency, latest edition released April, 1996.

(Available on the Internet at
<http://www.acda.gov/wmeat95/wmeatcov.htm>)

Conventional Arms Transfers to Developing Nations, annual report from the Congressional Research Service, Library of Congress latest edition released August 15, 1996, Report No. 96-677 F)

(Available on the internet in the future at
gopher://gopher.cdi.org:70/1/.atdb/.patterns/.atdata/.crs)

United Nations Register of Conventional Arms Report (annual report) (latest edition, A/50/547 released Oct. 13, 1995 for the year 1994) (Available on the internet at
<http://cns.miis.edu/cns/pacdc/armscontrol/register/default.html>)

SIPRI YEARBOOK (Annual) (latest edition released in 1995) (see chapters on arms production and arms trade in major conventional weapons) (much useful information can be found on their web site at <http://www.sipri.se>)

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