
Trends in Global Arms Sale, Transfer and Trade

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This article deals with three distinct terms i.e. sale, transfer and trade in the context of arms trade. These three terms, though appearing similar, have specific meanings. Sale is a transfer of ownership in exchange of a prize paid or promised or part-paid and part-promised. It is exchange of property for money or for property capable of being valued in money.

Transfer, on the other hand, implies to make over from one to another. The word 'transfer' would mean transfer of possession which is lawful and valid. In the context of the present article, while every sale would involve a transfer, the converse is not true because transfer of arms, armaments or weapons technology may as well be by way of a gift or military aid which for purely technical reasons, may not be reflected.

The word 'trade' refers to the business of buying, selling or bartering commodities. It signifies dealing in commodities with a view for profit. Trade in its primary meaning is the exchanging of goods for goods or goods for money. In its secondary meaning, it is repeated activity in the name of business carried on with a profit motive. The arms industry is unlike any other. It operates without regulation. It suffers from widespread corruption and bribes. It makes its profit on the machines designed to kill and maim human beings. Quite often, the states are themselves the manufacturers. Even the countries which lack modern defence industries are in a position to supply their surplus or second-hand equipment, or newly produced but less technologically advanced weapon systems such as small arms and light weapons (SALW) and their related ammunition. Delivery of such relatively obsolete hardware may remain the outside public domain. There exists an undisputed need to design and enforce responsible arms export

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policies. It would help in prevention of transfers of arms and other military goods for fuelling conflicts or promoting regional instability. The requirement to implement effective export controls on military goods and to guard against diversion of exported weapons into the hands of unauthorised end-users is also manifest.

A discussion on an Arms Trade Treaty (ATT) which would seek to create better controls on international arms transfers is currently on the table at the UN. The aim of a treaty governing the trade of conventional weapons is to bring about good practices and introduce ethics into this trade by enhancing states' accountability. Further, it strives to usher greater transparency in arms transfers. Thereby it seeks to reduce the danger of national and regional destabilisation, and the exacerbation of conflicts which go to weaken economic and social development.

Attempts have been made in this sphere on a regional basis. The European Union (EU) has established a system to control exports of military equipment and technology, reinforced by the Council Common Position 2008/944/CFSP adopted on December 8, 2008, during France's EU presidency.

Recent Trends in International Arms Transfers

Reliable estimates for the overall size of the global arms industry are not on record for want of release of requisite data by suppliers. Information is usually kept under wraps by the countries involved. The industry dealing with the production of modern major weapon systems and technologies is dominated by North America and Western Europe. Significant capabilities also exist in Australia, China, Israel, Japan, South Korea and Russia. How big are the volumes? From 1998 to 2001, the USA, the UK and France earned more income from arms sales to developed countries than they gave in aid.

The data on international arms transfers would suffice to indicate the large volumes involved. The transactions had 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 per cent of their Cold War high. A significant aspect of major arms transfers over the last two decades is the stable composition of the list of the five biggest suppliers, with only slight changes in their composition. The five largest suppliers of major conventional weapons for the period 2004–08 were the USA, Russia, Germany, France and the UK. These suppliers accounted for 78 per cent of world exports.

Separate figures are only available for the year 2007. These show that the USA was the largest arms exporter in 2007, with exports worth \$12.8 billion; Russia was in second place, with \$7.4 billion, while France was in third place, with \$6.2 billion. Israel during this year came at fourth place with \$4.4 billion. The UK occupied fifth place, with \$4.1 billion.

The five largest suppliers of major conventional weapons for the period 2004–08 are tabulated below (Table 1).

Table 1

Supplier	Share of global arms exports (%)	Main recipients (share of supplier's transfers)
USA	31	South Korea (15%) Israel (13%) UAE (11%)
Russia	25	China (42%) India (21%) Algeria (8%)
Germany	10	Turkey (15%) Greece (13%) South Africa (12%)
France	8	UAE (32%) Singapore (13%) Greece (12%)
UK	4	USA (21%) India (14%) Chile (9%)

In contrast to the largest suppliers, the group of the largest recipients of major conventional weapons has not greatly varied over the years. China and India were the world's two largest arms importers. Relative to the largest suppliers, the largest recipients account for a smaller share of the total market. This is so due to the large number of countries forming part of minor recipients. However, recent data indicates that this process may be reversing, with the Middle East again emerging as a major destination for military equipment.

The five largest recipients of major conventional weapons, 2004–08 are listed in Table 2 below.

Table 2

Recipient	Share of global arms imports (%)	Main supplier (share of recipient's transfers)
China	11	Russia (92%)
India	7	Russia (71%)
UAE	6	USA (54%)
South Korea	6	USA (73%)
Greece	4	Germany (31%)

According to official government data, the estimated financial value of the international arms trade in 2007, the last year for which data is available, was

\$51.1 billion, which represents 0.3 percent of world trade. This figure may not very accurate since a number of significant exporters, including China, do not release data on the financial value of their arms exports.

Analysis of data on international arms transfers with corresponding national data on the financial value of arms exports is not feasible. This is due to the differences in the methodologies used to create these data sets. For example, a significant proportion of Israel's arms exports consist of electronics and other components, which are not included in the SIPRI Arms Transfers Database. Israel was among the five largest arms exporters during 2007. A significant proportion of German arms exports consist of military aid and the sale of second-hand equipment.

A direct relationship appears non-existent between global military spending and the volume or value of the global arms trade. Movements in one do not necessarily correlate to movements in the other. For example, the majority of most states' military budget is spent on personnel costs, rather than equipment acquisitions. Many states, particularly in the developing world, often exclude money spent on arms acquisitions from published military budgets. Such purchases may be funded through non-military budget lines or simply may be not accounted for in the budget. Many states receive considerable amounts of military equipment in the form of military aid, which may not necessarily be reflected in the recipient states' military budget.

Global military spending increased by 45 per cent in real terms over the 10-year period 1998–2007. World military spending has now reached \$ one trillion, close to Cold War levels. To discern a common trend in arms procurement, the data relating to the *Military Balance, 2000/2001* collected by the International Institute for Strategic Studies (October 2001), for the larger arms-purchasing nations each year disclosed that :

- Arms procurement is normally 20-30 percent of the military budgets.
- The main portion is usually on operations, maintenance and personnel.
- Orders amounting to \$40 to 50 billion are in actual deliveries (that is, the delivery of sales which can take many years after the initial contract is signed).
- Each year, around \$30-35 billion are made in actual sales (agreements, or signing of contracts).

So who profits most from this lethal trade? The five permanent members of the UN Security Council – the USA, UK, France, Russia and China. Together,

they are responsible for 88 percent of reported conventional arms exports. A regional or global regime to limit conventional arms transfers is yet to emerge. This area is yet unregulated. Global conventions govern the transfer of nuclear, biological and chemical weapons. Anti-personnel landmines have been subjected to a total ban. So is the case of cluster ammunitions. However, there is currently no parallel global mechanism covering the transfer of conventional weapons.

A number of problems impede the adoption of a common regime. The reach of arms export subject deals with the dispatch of conventional weapons, weapon platforms and related equipment (that would normally be found on a military list of controlled goods) from one country to another. This matter is linked to relevant defence- and security-related issues. The development and implementation of a policy in this direction is taken to be the exclusive prerogative of individual states. States have traditionally pursued widely divergent arms export policies. With the exception of multilateral arms embargoes, the states have been reluctant to give up any element of national control in this area.

Nonetheless, efforts continue to be made to increase the level of coordination and harmonisation in this area. These are targeted at means of increasing international standards and offsetting the commercial costs of maintaining a more restrictive system. Such steps have largely focussed on regional organisations such as the Organisation for Security and Cooperation in Europe (OSCE) and the EU. The UN has also made extensive efforts to institute a permanent mechanism to enforce arms control. Numerous UN Security Council and General Assembly resolutions have reiterated the importance of states maintaining functioning controls on the export of military goods. These have met with modest success. For example, under the 2001 Programme of Action (POA) to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, states have agreed to ensure that they have adequate laws, regulations and administrative procedures to control transfers of SALW.

A 2006 draft UN General Assembly resolution states that the “absence of common international standards on the import, export and transfer of conventional arms is a contributory factor to conflict, displacement of people, crime and terrorism”. Effective guidelines are needed to prevent transfers that might contribute to destabilising military build-ups. These can prolong or aggravate an armed conflict. Weapons falling into the hands of terrorist may erupt into major security risks. Hence, guidelines should provide for enforcement

mechanisms. Their interpretation should not be at the discretion of individual states.

The prevention of illicit and destabilising arms transfers is a global concern that requires the active engagement of all members of the international community. State parties carry the ultimately responsibility for permitting or denying the export of arms and military equipment. There is broad international consensus that arms export decision-making processes should take account of the need to guard against diversion and to avoid supplying arms to zones of conflict or contributing to destabilising accumulations. Domestic economic and political implications, as well as foreign and security policy priorities and implications outweigh the efforts exploring an international arms trade treaty with legally binding guidelines.

A UN sponsored treaty christened the ATT incorporating rules to regulate the transfer of conventional arms is under discussion. It is based on the principle that arms exporters and importers have a responsibility to ensure that they do not provide weapons that would be used in serious violations of international law. The ATT would reinforce states' existing responsibilities under international law and provide a mechanism for their application to the trade in weapons. India is reluctant to endorse the ATT. The reasons for India's objections are not on record. However, these assert that, firstly, the weapon manufacture, storage and transfer in India is solely in the hands of the state, thus, ruling out any scope for misuse. Secondly, the Indian practice of peaceful coexistence and a purely defensive posture eliminates any diversion of weapons to escalate tensions. Thirdly, opposition by Pakistan, China and other countries in the region is taken to be a sign of it being an inopportune time to join the ATT. All the same, having taken a leading role at the discussion stage, India may wish to encourage a regional consensus while moving towards the adoption of the treaty.