

**To: The US Department of Defense**  
**Re: US Arms Transfer**

### EXECUTIVE SUMMARY

There are many discrepancies that arise when comparing US arms transfer data to US foreign policy declarations. This is evident when analysing the data published by the Stockholm International Peace Research Institute. In today's era, many argue that there are different threats that face a nation stemming from cybersecurity threats to economic threats and that the need for physical warfare has decreased. However, the SIPRI dataset illustrates a continuous growth of the global arms industry and with it, the market power of a select few countries. This report analyses how relations between nations can be indicated by evaluating the suppliers and recipients of these arms deals, specifically focusing on US relations. However, there are also certain considerations that need to be deliberated. As US market power grows in this industry, the US should exercise a little more caution before undertaking such large volumes of Arms Transfers. US transfer of arms are indicative of a spillover effect. By tracing the chain of trades, there are several instances where despite US political objectives, many US political adversaries gain access to access US arms due to third parties, or from the US themselves indirectly, which could potentially harm US interests. This can be a result of the huge volumes of trade deals they undertake with no oversight on how and when these weapons are used. While the US can only control their own trade deals, they should be mindful of how quickly political landscapes can change and those they may be supplying weapons to in the present, could turn into a threat, as is seen in the case of Iran. Furthermore, this report also explores several trends that show the US supplying arms in several conflicts that contradict the official US position, such as in the case of the Arab Spring. This is something that the US should also be cautious of because this hurts their credibility. Lastly, this data also highlights case studies showing the US supplying arms to both sides of a conflict which can have the negative impact of prolonging a conflict and once again, question the US stance of being peacekeepers.

### INTRODUCTION

The datasets used for this analysis is the most recent Arms Transfer Data published by The Stockholm International Peace Research Institute. SIPRI is an independent research institution focused around gathering data and studying war, and arms control. These datasets hold records from 1950 to 2019 showing all imports, exports, and the financial value of arms transferred during this period. In addition, this dataset also includes information on military expenditures for each nation. The objective of this memo is to analyze who profits the most from war, and also what Arms Transfers can illustrate about the changing relations between nations. The findings in this report were primarily centered around answering two specific research questions:

1. Who profits from war?
2. Are US Arms Deals consistent with their public stance?

The scope of this report is centered on the United States given their dominance in the arms market and from analyzing these datasets it is evident that not only does the US profit greatly from war, but also that there are instances in which the US may exacerbate hostility by supplying both sides in a conflict with arms. This contradicts official US policies because for many decades now, the US has declared themselves the promoters of peace and protectors of democracy. In fact, the US is one of the largest funders of the UN Peacekeeping body<sup>1</sup>. However, the data shows them supporting non-democratic factions and

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<sup>1</sup> Khanna, Jyoti, Todd Sandler, and Hirofumi Shimizu. "Sharing the financial burden for UN and NATO peacekeeping, 1976-1996." *Journal of Conflict Resolution* 42, no. 2 (1998): 176-195.

governments with high records of human rights violations by supplying arms to these groups, begging the question, how effective is the US at promoting peace? The inferences made from this dataset provides a deeper insight into international relations, and in many cases, the data highlights arms transfers that are not always aligned with official foreign policy objectives.

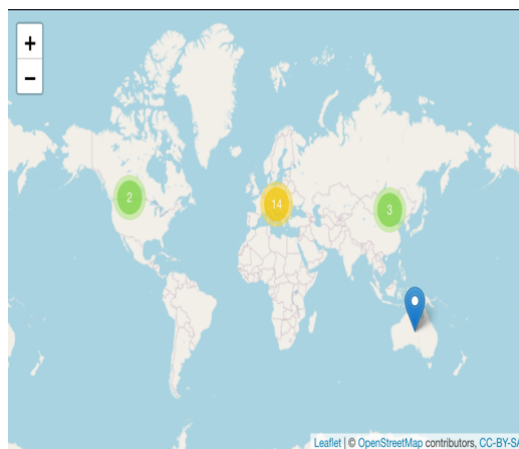


Figure 1: Top Arms Exporters, 1950-2000

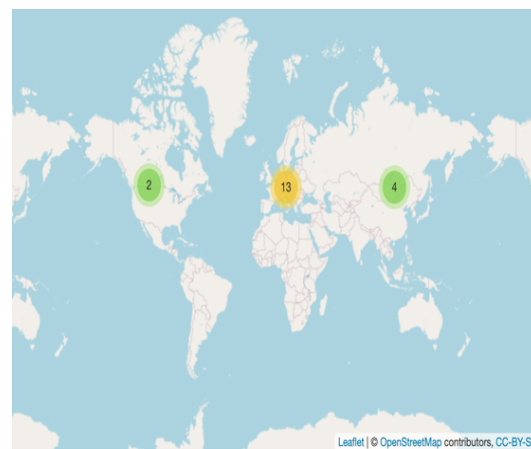
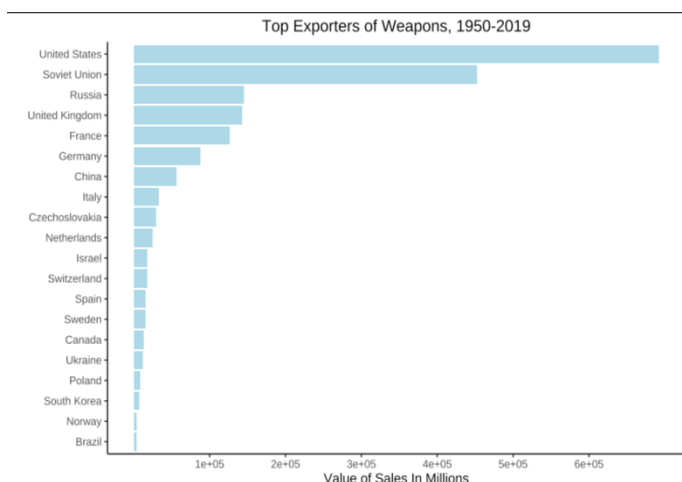


Figure 2: Top Arms Exporters, 2000-2019

## THE MARKET FOR ARMS

When comparing the top 20 exporters of arms from the period of 1950 to 2000, to the top 20 exporting countries in the last 20 years, the data shows that there has been very little change in the top arms suppliers. This implies that transition within the Arms Industry is slow moving to non-existent. The main exporters are mostly Western nations with the exception of China and Russia and the bulk of exports are being sent to the Middle East.



Among the top 20 exporters of Arms, the US is the biggest supplier of arms, grossing approximately \$156 billion in revenue in the last 20 years alone and \$540 billion from 1950 to 2000. This is followed by the Soviet Union & Russia. Both are included in this dataset given that it encompasses the period of time before the Soviet Union fell as well as after. In the last 20 years, Russia has grossed approximately \$117 billion. Other top suppliers include the United Kingdom, grossing over \$34 billion, and France at \$21 billion, since 2000. China is also interesting to note because while looking at the overall period of the dataset it falls slightly behind Germany, but looking at the last two decades specifically, China is the third

largest exporter of arms at \$35 Billion in revenue since 2000. This is also noteworthy because China is also one of the biggest importers of arms as well.

While other nations are gaining marketshare, the US still encapsulates the majority of the international market for arms. This is further illustrated when looking at the top 100 weapons manufacturers. Of the 100, 49 are American companies. This company data trend follows the same pattern as the top nations given that the US is followed by Russia, the UK, and France. However, even combined, Russia, the UK, and France, make up roughly half the size of the US marketshare.

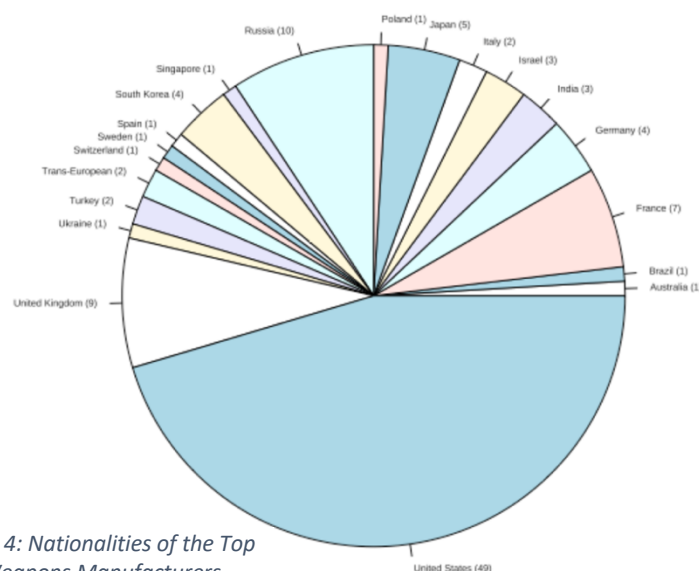
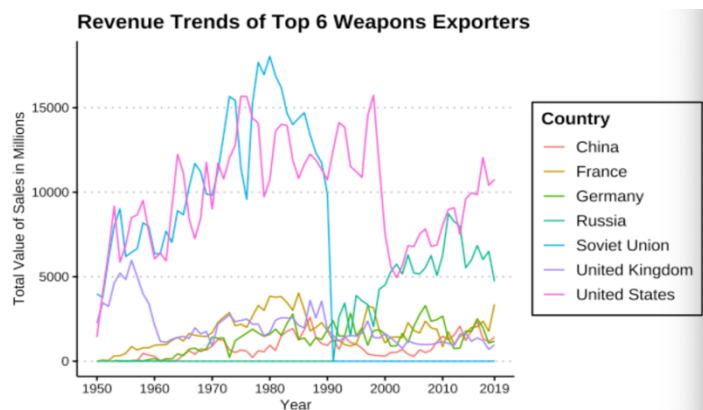


Figure 4: Nationalities of the Top 100 Weapons Manufacturers



The last aspect of the dimensions of the market is illustrated by analyzing the revenue trends of the top exporters. Here we analysed the revenue trends of the top 5 arms exporters (6 if we count the Soviet Union and Russia as separate entities). The data shows these countries alone encapsulate over 80% of the market. Upon graphing their revenue trends, we see that up until 1990, the US and the Soviet Union were roughly aligned, however, after the end of the Cold War, the US continues a steady increase in revenue growth while the Soviet Union is replaced

with the Russian Federation. We see a slight dip in US revenue trends around the year 2000, however, this shortly picks back up again after 2001. This is also when the era of the US “War on Terror” began. Therefore, this is unsurprising. Upon analysing the market across different time periods, and analyzing both nation data and private company data, it is evident that the sale of weapons is a huge revenue source for the US and an industry that they clearly dominate. This is extremely important to note because the US is inching closer to forming a monopoly. In addition, if we consider the fact that the biggest exporters are mostly Western nations, it can also be inferred that in some ways, the Western Bloc, all allies of the US, do indeed have a monopoly on the arms market. This can lead to major economic inefficiencies. The next section explores to whom the US supplies arms to. This analysis, coupled with their market power, can allow us to make inferences about the direction of US foreign policy.

## US IMPORTS

When observing trends amongst the US’ importing partners this analysis further broke the time period down to coincide with major changes and transitions in US foreign policy. Doing this allowed this report to track changes on who their top importers were and when this changed over time. The majority of the analysis for this section was done through the construction of the tables which can be found in the attached rmd file.

### **Import: 1950-1980: Cold War Era leading up to the Iranian Revolution**

During this period of time, the data illustrates that the US’ biggest importers were Germany, Iran, Japan, Italy, and Israel. Much of this is expected given that many of these nations are strong American allies, especially during the Cold War, and fell under the US sphere of influence. What is interesting to note is that Iran, with whom the US has hostile relations now, was actually the second largest importer of American weapons during this period of time after Germany. The total value of arms provided to Iran during this time period amounted to roughly \$25 Billion. The data also illustrates that after 1980, the US ends supplying arms to Iran. This also coincides with the Iranian Revolution and signifies a change in the relations between the US and Iran. This is significant because this indicates that despite a breakdown of relations between the US and Iran, the new Iranian regime still had access to the previously sold arms to use and reverse engineer indicating that the US should heed caution when supplying arms in such large volumes given that they may very well end up being used by political adversaries.

### **Imports: 1981-1992: End of the Cold War Era & The Gulf War**

The trend from the Iranian Revolution is also evident in this period. From 1981 to 1992, the US was primarily concerned with positioning themselves as hegemon and also dealing with the Gulf War. Therefore, it is not surprising that their largest

importer at this time was Saudi Arabia. In fact, from this point forward, Saudi Arabia is consistently one of the largest importers of US Arms and Weapons. However, there was another partnership that is critical to point out. According to the data, between 1981 and 1992, the US supplied the Mujahideen in Afghanistan with 66 million dollars in arms. This coincides with the dates of Operation Cyclone, an attempt by the US to drive out the Soviets in Afghanistan and bring the nation under the US sphere of influence by supporting the Mujahideen rebels<sup>2</sup>. This is significant because one of the most famous factions that grew out of the Mujahideen was the Taliban.<sup>3</sup> The Mujahideen themselves have also been branded as a terrorist organization by the United States once again signifying the discrepancy between their official policy and political outcomes.<sup>4</sup> The last trend to note here is Pakistan. While Pakistan is not one of their top importers at this time, the US supplied approximately \$2.3 billion worth of arms to Pakistan during this time. This is important to note because during this time period, Al Qaeda was formed in Pakistan.<sup>5</sup> While no official studies have been conducted many intelligence experts speculate that Al Qaeda had access to these weapons.

### **Imports: 1993-2000: Soviet Union Collapses & the US narrative of “defenders of Democracy”**

This period of time was a continuation of the US objective of becoming the world hegemon which occurs after the collapse of the Soviet. During this period, the US' primary arms importers were Taiwan, Saudi Arabia, Turkey, South Korea, Japan, and Egypt. While Saudi Arabia has been one of the nations that the US heavily supplies arms to, this relationship is now falling under scrutiny because during this period the US began labelling themselves as the defenders of democracy and liberty yet they are supplying arms to non-democratic regimes with huge human rights violations, illustrating another inconsistency between their official stance and actual outcome.<sup>6</sup> Furthermore, this also has an implication of making many wonder whether the US conducts these arms transfers due to opportunistic tendencies given how profitable they are from the sale of arms, and question their official stance. However, discerning this motive is beyond the scope of the data.

### **Imports: 2001-2006: War on terror**

Given the aftermath of 9/11, the US shifted their focus on fighting terrorism and the Middle East. Therefore, there is nothing out of the ordinary with these trends. Their greatest recipients during this time were South Korea, Israel, and Egypt, all of whom were strategic allies during this period. What is interesting to note during this period, is that Greece was the US' fourth largest importer of arms, being supplied with arms roughly valued at \$3 Billion. The reason why this is significant is because between 2003 and 2006, when the US was at war with Iraq, Greece supplied approximately \$36 million worth of arms to Iraq. Jordan also supplied Iraq with approximately \$74 million and Jordan was another importer of US arms. The implication of this trend illustrates that the US should consider the spillover effect of Arms when carrying out Arms deals because while the US may not directly supply their adversaries with arms, this does not necessarily mean they cannot obtain it through another means.

<sup>2</sup> Billard Jr, Robert D. "Operation Cyclone: How the United States Defeated the Soviet Union." URJ-UCCS: Undergraduate Research Journal at UCCS 3, no. 2 (2010): 25-41. <https://urj.uccs.edu/index.php/urj/article/view/103>

<sup>3</sup> Johnson, Thomas H., and M. Chris Mason. "Understanding the Taliban and insurgency in Afghanistan." *Orbis* 51, no. 1 (2007): 71-89. [https://www.sciencedirect.com/science/article/pii/S0030438706001104?casa\\_token=THjUoZjyFy4AAAAA:0Odm9pFUahr2m8LbOuAVUiUrL02zzOu\\_vD4prZzGjeaT5igGaa5VTzUQWDTEY90KDSL5hXT-7U4](https://www.sciencedirect.com/science/article/pii/S0030438706001104?casa_token=THjUoZjyFy4AAAAA:0Odm9pFUahr2m8LbOuAVUiUrL02zzOu_vD4prZzGjeaT5igGaa5VTzUQWDTEY90KDSL5hXT-7U4)

<sup>4</sup> US House of Representatives "Expressing the sense of the House of Representatives that Pakistan should be designated as a state sponsor of terrorism" 106<sup>th</sup> Congress. <https://www.govinfo.gov/content/pkg/BILLS-106hres406ih/html/BILLS-106hres406ih.htm>

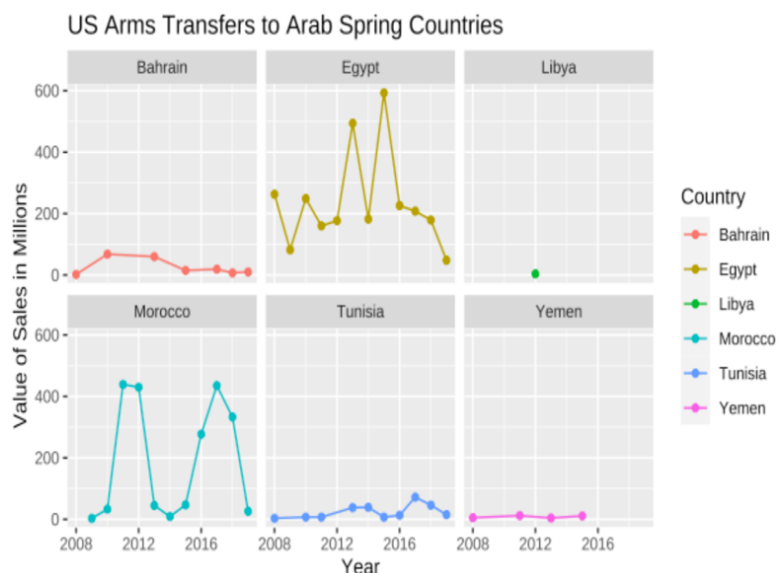
<sup>5</sup> Shahzad, Syed Saleem. "Inside al-Qaeda and the Taliban: Beyond bin Laden and 9/11." *Journal of International Relations Research* 7, no. 2 (2012): 106.

<sup>6</sup> Thomas Carothers, "Promoting Democracy and Fighting Terror," *Foreign Affairs* 82, no. 1 (January/February 2003): 84-97

## Imports: 2007-2019: Arab Spring and Civil Unrest, Escalating tensions between India and Pakistan, and Rise of China

### The Arab Spring

When looking at this time period, several inconsistencies are once again noted. The data indicates that the US supplied arms to several Arab nations facing uprisings. This includes Morocco, Tunisia, Bahrain, and most notably Egypt. Egypt is notable given that in 2008, the Obama administration publicly denounced Hosnei Mubarak, then the leader of Egypt (and a pro-American leader).<sup>7</sup> The US denounced Egypt on the grounds that they would not support the government's oppression of protestors. However, despite this declaration, the US continued to supply the Egyptian government with Arms, doubling the amount after 2008. This again contradicts their stance of defending democracies and promoting peace because providing aid to the government to quell the rebellion only enhanced the conflict further. Moreover, this is in stark contrast with their position on Libya to whom the US supplied 0 arms, once again citing human rights violations and calling out the anti-democratic stance of the Libyan government. All of these governments were facing uprisings, all of these governments used force to quell the protests and the US publicly denounced them, however, supplied arms to certain regimes over others. It can be inferred from this that perhaps the US' foreign policy objectives may not be motivated by the promotion of peace and democracy as they previously claimed. The spillover effect also shows itself here as well because despite the US not assisting the Libyan government, Libya was supplied with \$129 million worth of arms from the UAE during the Libyan Civil War. The UAE is one of the US' top importing partners.



### Pakistan and India

Another volatile region of the world during this time period was the Indian subcontinent where tensions began to escalate between Pakistan and India, both of whom are nuclear powers. Several conflicts broke out between the two states in 2016, 2017, 2018, and most recently, 2019 with the conflict over Kashmir. The data shows that during all of these conflicts the US supplied both sides with arms, once again demonstrating ineffective peacekeeping. Furthermore, when looking at US arms transfers to both nations it can be seen that US Pakistan relations begin to decline around the same time that US-India relations

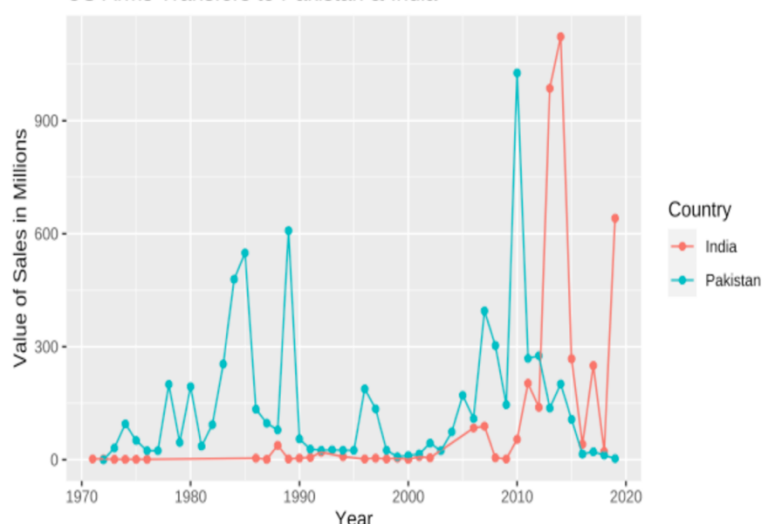
Year	Country	Value
2015	India	268
2015	Pakistan	107
2016	India	41
2016	Pakistan	15
2017	India	250
2017	Pakistan	21
2018	India	22
2018	Pakistan	12
2019	India	641
2019	Pakistan	3

Table 1: US Arms Imports to Pakistan and India (Value in Millions)

<sup>7</sup> AMANPOUR, C. (2011, February 1). Barak Obama Urges Hosni Mubarak's Departure, Calls Egyptian Protestors 'Inspiration'. Retrieved from <https://abcnews.go.com/International/egypt-uprising-jordan-king-abdullah-sacks-cabinet-cairo/story?id=12809623>

begin to pick up. This is indicated through the reduced arms being supplied to Pakistan and increasing arms supplied to India. However, what is interesting to note, is that the US began to supply arms to India around the time when the Indian government switched from a democratic party to an alt-right Hindu nationalist party. In addition, since then, India has reached a record-breaking height of Human Rights Violations given the widespread violence and ostracization of Muslims in India.<sup>8</sup> Therefore, it is interesting to note that arms being supplied to India coincide with this regimen change and one can infer if a similar pattern such as Egypt is developing where the US administration is seen providing arms to an oppressive regime.

US Arms Transfers to Pakistan &amp; India



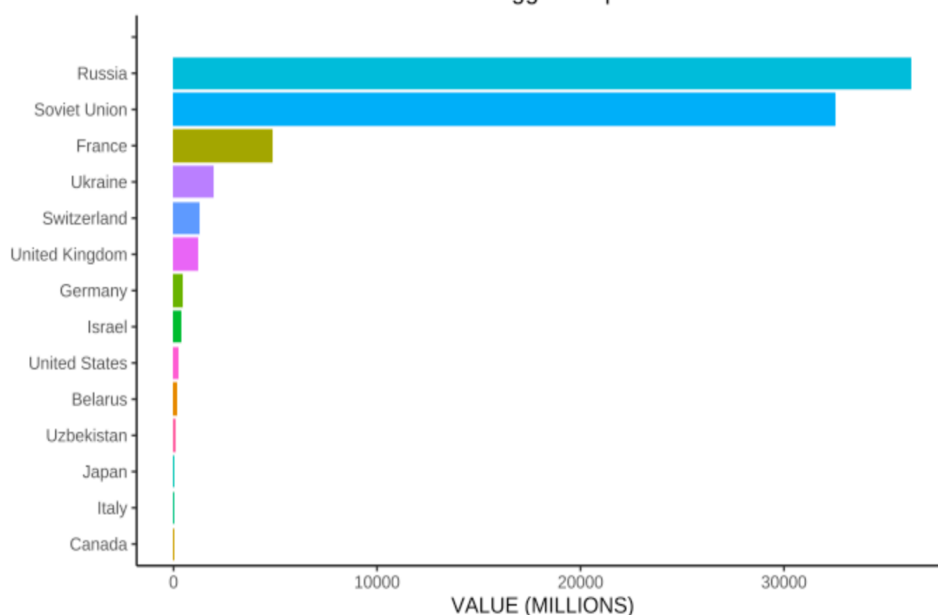
## China

Country <chr>	Value <dbl>
Soviet Union	650220
France	97680
Ukraine	39060
Switzerland	26000
United Kingdom	24900
Germany	8740
Israel	7000
United States	4220
Japan	900
Italy	520

1-10 of 11 rows

Table 2: Exporters of Arms to China (Value in Millions)

China's biggest exporters



The last relationship we take a look at is

the US' changing relations with China. We see in recent decades that there is very little record of any arms being supplied to China by the US. Given China's adversarial position economically, and politically, this is unsurprising. However, when looking at from whom China receives its arms, we can see that aside from the Soviet Union, China is a huge partner of France. France has supplied China with roughly \$97.7 Billion of arms to date. It is also interesting to note that China's biggest Arms suppliers are all strong US allies. When looking at it in the inverse and looking at France's exports, the analysis also shows that China is one of France's top exporters making up a huge portion of their Arms revenues.

<sup>8</sup> Wright, Theodore. "Modi and the Muslims: The Dilemma for the Muslim Minority in the 2014 Indian National Elections." *Journal of South Asian and Middle Eastern Studies* 38, no. 2 (2015): 65-72.

## DISCUSSION

The most common argument for the increasing volumes of US Transfer of arms is increasing security. However, since the end of the Cold War, the US has secured its position at the world hegemon. While many argue that the US still faces a threat from China, this is not a conflict that is taking place on a physical battleground thus necessitating further arms capacities. Furthermore, given the US position as a nuclear superpower, the US has considerable security. Last, according to another report, the majority of the arms that the US supplies, “involve major conventional weapons, which are ill suited to combatting terrorism. Many U.S. arms deals since 9/11 have involved major conventional weapons systems such as fighter jets, missiles, and artillery, useful for traditional military operations, but of little use in fighting terrorists” and that “there is little evidence from the past 16 years that direct military intervention is the right way to combat terrorism. Research reveals that military force alone seldom ends terrorism.”<sup>9</sup> At this point, the US does not need these arms to defend its physical borders which indicate that these arms are used to increase their economic influence and protect economic interests abroad.

## LOOKING FORWARD & CONCLUSION

From analysing this data, several things are apparent. The first is that, despite the US stance on promoting democracy, their transfer of arms indicate a trend in which arms are supplied to oppressive regimes that support non-democratic ideals. This is illustrated through the many years of arms supplied to Saudi Arabia and Egypt. The second is that, despite the US position of promoting peace, their actions can cause the opposite to occur. This is especially evident when looking at cases such as Pakistan and India, or Iran and Iraq, and seeing the US provide arms to both sides. This would result in peace becoming harder to obtain. This begs the question, does the US profit from war and is that an incentive for them to promote destabilization in some areas? Or are these arms supplied to promote security? Unfortunately, this is outside the scope of the data, but this research can be used as a foundation for next steps to answer these questions. However, what can be inferred from this data is that the US does profit from war and also that the US does not effectively promote peace through its sale of arms by shipping arms to volatile regions of the world. Lastly, the US also needs to be cautious of spillover effects which may result in political adversaries gaining access to US arms through other means. The Department of Defense should consider these factors when revamping their policies because not accounting for these factors can lead to many questioning US policies which could ultimately hurt their credibility and subsequent, influence.

## DATASET:

SIPRI, “SIPRI Arms Transfers Database”.2019. <https://www.sipri.org/databases>

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<sup>9</sup> Thrall, A. Trevor, and Caroline Dorminey. Risky Business: The Role of Arms Sales in US Foreign Policy. Cato Institute, 2018. <https://www.cato.org/publications/policy-analysis/risky-business-role-arms-sales-us-foreign-policy>