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## **Conventional Arms Transfers to Developing Nations, 1998-2005**

**October 23, 2006**

Richard F. Grimmett  
Specialist in National Defense  
Foreign Affairs, Defense, and Trade Division

# Conventional Arms Transfers to Developing Nations, 1998-2005

## Summary

This report is prepared annually to provide Congress with official, unclassified, quantitative data on conventional arms transfers to developing nations by the United States and foreign countries for the preceding eight calendar years for use in its various policy oversight functions. All agreement and delivery data in this report for the United States are government-to-government (FMS) transactions. Some general data are provided on worldwide conventional arms transfers by all suppliers, but the principal focus is the level of arms transfers by major weapons suppliers to nations in the developing world.

Developing nations continue to be the primary focus of foreign arms sales activity by weapons suppliers. During the years 1998-2005, the value of arms transfer agreements with developing nations comprised 66.8% of all such agreements worldwide. More recently, arms transfer agreements with developing nations constituted 64.3% of all such agreements globally from 2002-2005, and 68.4% of these agreements in 2005.

The value of all arms transfer *agreements* with developing nations in 2005 was nearly \$30.2 billion. This was a notable increase over 2004, and the highest total, in real terms, for the entire period from 1998-2005. In 2005, the value of all arms *deliveries* to developing nations was \$17.7 billion, the lowest total in these deliveries values for the entire 1998-2005 period (in constant 2005 dollars).

Recently, from 2002-2005, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first for 3 out of 4 years in the value of arms transfer *agreements*, with Russia ranking second for 3 out of these same four years. From 2002-2005, the United States made \$33.3 billion in arms transfer agreements with developing nations, in *constant* 2005 dollars, 35.2% of all such agreements. Russia, the second leading supplier during this period, made \$21.8 billion in arms transfer agreements, or 24.3%. Collectively, the United States and Russia made nearly 60% of all arms transfer agreements with developing nations during this four year period.

In 2005, Russia ranked first in arms transfer *agreements* with developing nations with \$7 billion or 23.2% of these agreements. France was second with \$6.3 billion or 20.9% of such agreements. The United States was third with \$6.2 billion or 20.5%. In 2005, the United States ranked first in the value of arms *deliveries* to developing nations at \$8.1 billion, or 45.8% of all such deliveries. Russia ranked second at \$2.7 billion or 15.2% of such deliveries. The United Kingdom ranked third at \$2.4 billion or 13.6% of such deliveries.

In 2005, India ranked first in the value of arms transfer *agreements* among all developing nations weapons purchasers, concluding \$5.4 billion in such agreements. Saudi Arabia ranked second with \$3.4 billion in such agreements. China ranked third with \$2.8 billion.

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# Conventional Arms Transfers to Developing Nations, 1998-2005

## Introduction and Overview

This report provides the Congress with official, unclassified background data from U.S. government sources on transfers of conventional arms to developing nations by major suppliers for the period 1998 through 2005. It also includes some data on worldwide supplier transactions. It updates and revises the report entitled “*Conventional Arms Transfers to Developing Nations, 1997-2004*,” published by the Congressional Research Service on August 29, 2005 (CRS Report RL33051).

The data in this report provide a means for Congress to identify existing supplier-purchaser relationships in conventional weapons acquisitions. Use of these data can assist Congress in its oversight role of assessing whether the current nature of the international weapons trade affects U.S. national interests. Maintaining regional stability, and ensuring the security of U.S. allies and friendly nations throughout the world, for most of recent American history have been important elements of U.S. foreign policy. Knowing the degree to which individual arms suppliers are making arms transfers to individual nations or regions provides Congress with a context for evaluating policy questions it may confront. Such policy questions may include, for example, whether or not to support specific U.S. arms sales to given countries or regions or to support or oppose such arms transfers by other nations. The data in this report may also assist Congress in evaluating whether multilateral arms control arrangements or other U.S. foreign policy initiatives are being supported or undermined by the actions of foreign arms suppliers.

The principal focus of this report is the level of arms transfers by major weapons suppliers to nations in the developing world—where most of the potential for the outbreak of regional military conflicts currently exists. For decades, during the height of the Cold War, providing conventional weapons to friendly states was an instrument of foreign policy utilized by the United States and its allies. This was equally true for the Soviet Union and its allies. The underlying rationale for U.S. arms transfer policy then was to help ensure that friendly states were not placed at risk through a military disadvantage created by arms transfers by the Soviet Union or its allies.

The data in this report illustrate how global patterns of conventional arms transfers have changed in the post-Cold War and post-Persian Gulf War years. Relationships between arms suppliers and recipients continue to evolve in response to changing political, military, and economic circumstances. Where before the



principal motivation for arms sales by foreign suppliers might have been to support a foreign policy objective, today that motivation may be based as much on economic considerations as those of foreign or national security policy.

In this context, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers. During the period of this report, 1998-2005, conventional arms transfer agreements (which represent orders for future delivery) to developing nations have comprised 66.8% of the value of all international arms transfer agreements. The portion of agreements with developing countries constituted 64.3% of all agreements globally from 2001-2005. In 2005, arms transfer agreements with developing countries accounted for 68.4% of the value of all such agreements globally. *Deliveries* of conventional arms to developing nations, from 2002-2005, constituted 67.8% of all international arms deliveries. In 2005, arms deliveries to developing nations constituted 69.9% of the value of all such arms deliveries worldwide.

The data in this new report supersede *all* data published in previous editions. Since these new data for 1998-2005 reflect potentially significant updates to and revisions in the underlying databases utilized for this report, only the data in this most recent edition should be used. The data are expressed in U.S. dollars for the *calendar* years indicated, and adjusted for inflation (see box notes on page 3). U.S. commercially licensed arms export delivery values are excluded (see box note on page 20). Also excluded are arms transfers by any supplier to subnational groups. The definition of developing nations, as used in this report, and the specific classes of items included in its values totals are found in box notes on page 3. The report's table of contents provides a detailed listing and description of the various data tables and summaries which can guide the reader to specific items of interest.

### CALENDAR YEAR DATA USED

All arms transfer and arms delivery data in this report are for the *calendar* year or *calendar* year period given. This applies to U.S. and foreign data alike. United States government departments and agencies publish data on U.S. arms transfers and deliveries but generally use the United States *fiscal* year as the computational time period for these data. As a consequence, there are likely to be distinct differences noted in those published totals using a fiscal year basis and those provided in this report which use a calendar year basis. **Details on data used are outlined in footnotes at the bottom of Tables 1, 2, 8 and 9.**

### CONSTANT 2005 DOLLARS

Throughout this report values of arms transfer agreements and values of arms deliveries for all suppliers are expressed in U.S. dollars. Values for any given year generally reflect the exchange rates that prevailed during that specific year. The report converts these dollar amounts (current dollars) into constant 2005 dollars. Although this helps to eliminate the distorting effects of U.S. inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not neutralized. **The deflators used for the constant dollar calculations in this report are those provided by the U.S. Department of Defense and are set out at the bottom of tables 1, 2, 8, and 9. Unless otherwise noted in the report, all dollar values are stated in constant terms.** The exceptions to this rule are all regional data tables that are composed of four-year aggregate dollar totals (1998-2001 and 2002-2005). These tables are expressed in **current** dollar terms. And where tables rank leading arms suppliers to developing nations or leading developing nation recipients using four-year aggregate dollar totals, these values are expressed in **current** dollars.

### DEFINITION OF DEVELOPING NATIONS AND REGIONS

As used in this report, the developing nations category includes all countries *except* the United States, Russia, European nations, Canada, Japan, Australia, and New Zealand. A listing of countries located in the regions defined for the purpose of this analysis — Asia, Near East, Latin America, and Africa — is provided at the end of the report.

### ARMS TRANSFER VALUES

The values of arms transfer agreements (or deliveries) in this report refer to the total values of conventional arms orders (or deliveries as the case may be) which include all categories of weapons and ammunition, military spare parts, military construction, military assistance and training programs, and all associated services.

## Major Findings

### General Trends in Arms Transfers Worldwide

The value of all arms transfer agreements worldwide (to both developed and developing nations) in 2005 was nearly \$44.2 billion. This is a notable increase in arms agreements values over 2004, and is the highest total for arms agreements during the last eight years (**chart 1)(table 8A)**.

In 2005, the United States led in arms transfer *agreements worldwide*, making agreements valued at nearly \$12.8 billion (28.9% of all such agreements), down from \$13.2 billion in 2004. France ranked second with \$7.9 billion in agreements (16.8% of these agreements globally), up substantially from \$2.2 billion in 2004. Russia ranked third, its arms transfer agreements worldwide standing at \$7.4 billion in 2005, up significantly from \$5.6 billion in 2004. The United States, France, and Russia collectively made agreements in 2005 valued at nearly \$28.1 billion, 63.5% of all international arms transfer agreements made by all suppliers (**figure 1)(tables 8A, 8B, and 8D)**).

For the period 2002-2005, the total value of all international arms transfer agreements (\$145.3 billion) was lower than the worldwide value during 1998-2001 (\$148.8 billion), a decrease of 2.4%. During the period 1998-2001, developing world nations accounted for 69.3% of the value of all arms transfer agreements made worldwide. During 2002-2005, developing world nations accounted for 64.3% of all arms transfer agreements made globally. In 2005, developing nations accounted for 68.4% of all arms transfer agreements made worldwide (**figure 1)(table 8A)**).

In 2005, the United States ranked first in the value of all arms *deliveries worldwide*, making nearly \$11.6 billion in such deliveries or 45.6%. This is the eighth year in a row that the United States has led in global arms deliveries. The United Kingdom ranked second in worldwide arms deliveries in 2005, making \$3.1 billion in such deliveries. Russia ranked third in 2005, making \$2.8 billion in such deliveries. These top three suppliers of arms in 2005 collectively delivered nearly \$17.5 billion, 68.8% of all arms delivered worldwide by all suppliers in that year (**Figure 2)(tables 9A, 9B and 9D)**).

The value of all international arms deliveries in 2005 was \$25.4 billion. This is a notable decrease in the total value of arms deliveries from the previous year (a fall of \$7.3 billion), and the lowest deliveries total for the 1998-2005 period. Moreover, the total value of such arms deliveries worldwide in 2002-2005 (\$124.1 billion) was substantially lower in the value of arms deliveries by all suppliers worldwide from 1998-2001 (\$162.3 billion, a decline of over \$38 billion) (**figure 2)(tables 9A and 9B)(charts 7 and 8)**).

Developing nations from 2002-2005 accounted for 67.8% of the value of all international arms deliveries. In the earlier period, 1998-2001, developing nations accounted for 68.6% of the value of all arms deliveries worldwide. In 2005, developing nations collectively accounted for 69.9% of the value of all international arms deliveries (**figure 2)(tables 2A, 9A and 9B)**).

The increase in weapons orders worldwide in 2005 was significant. The total of \$44.2 billion was the largest for the entire period from 1998-2005. Global arms agreement values for the years other than 2005 ranged from \$41.8 billion in 1999 to \$29.3 billion in 2003. Various arms orders placed in 2005 include not only the sales by the traditional major suppliers, but also those of less noted suppliers in Eastern, as well as Western Europe. Some of the major weapons orders in 2005 reflect deferred purchases that were finally consummated by several nations.

Increasingly, developed nations have sought to protect important elements of their national military industrial bases by limiting arms purchases from other developed nations. However, several key suppliers have placed additional emphasis on joint production of various weapons systems with other developed nations as a more effective way to preserve a domestic weapons production capability, while sharing the costs of new weapons development. The consolidation of certain sectors of the domestic defense industries of key weapons producing nations continues, in the face of intense foreign competition. Meanwhile, a number of supplying nations has chosen to manufacture items for niche weapons where their specialized production capabilities give them important advantages in the evolving international arms marketplace.

The intensely competitive weapons marketplace has led several producing countries to focus sales efforts on prospective clients in nations and regions where individual suppliers have had competitive advantages resulting from well established military support relationships. Within Europe, arms sales to new NATO member nations to support their military modernization programs have created new business for arms suppliers, while allowing these NATO states to sell some of their older generation military equipment, in refurbished form, to other less-developed countries. While there are inherent limitations on these European sales due to the smaller defense budgets of many of the purchasing countries, creative seller financing options, as well as the use of co-assembly, co-production, and counter-trade to offset costs to the buyers, have continued to facilitate new arms agreements here. The United States and European countries or consortia seem likely to compete vigorously for prospective arms contracts within the European region in the foreseeable future. These sales seem particularly important to European suppliers, as they can potentially compensate, in part, for lost weapons deals elsewhere in the developing world that result from reduced demand for new weapons.

Various developing nations have reduced their weapons purchases in recent years primarily due to their limited financial resources to pay for such equipment. Other prospective arms purchasers in the developing world with significant financial assets continue to exercise caution in launching new and costly weapons procurement programs. The general rise in the price of oil, while an advantage for significant oil producing states in funding their arms purchases, has, at the same time, caused economic difficulties for many oil consuming states, contributing to their decisions to defer or curtail new weapons procurements. The state of the world economy has induced a number of developing nations to choose to upgrade existing weapons systems in their inventories, while reducing their purchases of new ones. While such an approach may dampen sales of new weapons systems for a time, the weapons upgrade market can be very lucrative for some arms producers, thus partially offsetting the effect of loss of major new sales.

Finally, during recent years, new weapons sales have been limited, in part, by the practical need for some purchasing nations to absorb and integrate major weapons systems they have already purchased into their force structures. This requirement may increase the number of arms contracts related to training and for support services, even as it reduces the number of large orders for new military equipment.

More recently, although overall there appear to be fewer large weapons purchases being made by developing nations in the Near East and in Asia, when contrasted with sales activity over a decade ago, some major purchases continue to be made by a select few developing nations in these regions. These purchases have been made principally by China and India in Asia, and Saudi Arabia in the Near East. Although these apparent trends are subject to abrupt change based on the strength of either the regional or international economies, or the threat assessments of individual states, the strength of individual economies of a wide range of nations in the developing world continues to be a significant factor in the timing of many of their arms purchasing decisions.

In Latin America, and, to a much lesser extent, in Africa, some nations continue to express interest in modernizing important sectors of their military forces. Despite some large arms orders (by regional standards) by a few states in Latin America and Africa, most nations in these areas of the developing world are constrained in their weapons purchases by their limited financial resources. So long as there is limited availability of seller-supplied credit and financing for weapons purchases, and national budgets for military purchases remain relatively low, it seems likely that major arms sales in these regions of the developing world will continue to be limited.

## General Trends in Arms Transfers to Developing Nations

The value of all arms transfer *agreements* with developing nations in 2005 was nearly \$30.2 billion, a notable increase over the \$26.4 billion total in 2004. This was the highest annual total, in real terms, for the eight year period since 1998 (**chart 1)(figure 1)(table 1A)**. In 2005, the value of all arms *deliveries* to developing nations (\$17.7 billion) was substantially lower than the value of 2004 deliveries (over \$23.6 billion), and the lowest total for the 1998-2005 period (**charts 7 and 8)(figure 2)(table 2A)**.

Recently, from 2002-2005, the United States and Russia have dominated the arms market in the developing world. The United States ranked first for 3 out of 4 years during this period, while Russia ranked second for 3 out of 4 these years in the value of arms transfer *agreements*. From 2002-2005, the United States made \$33.3 billion in arms transfer agreements with developing nations, 35.2% of all such agreements. Russia, the second leading supplier during this period, made \$21.8 billion in arms transfer agreements or 24.3%. France, the third leading supplier, from 2002-2005 made \$8.7 billion or 9.3% of all such agreements with developing nations during these years. In the earlier period (1998-2001) the United States ranked first with \$41.5 billion in arms transfer agreements with developing nations or 40.2%; Russia made \$19.7 billion in arms transfer agreements during this period or 19.1%. France made \$11.6 billion in agreements or 11.2% (**table 1A**).

During the years from 1998-2005, most arms transfers to developing nations were made by two to three major suppliers in any given year. The United States has ranked first among these suppliers for seven of the last eight years during this period, falling to third place in 2005. Russia has been a continuing strong competitor for the lead in arms transfer agreements with developing nations, ranking second every year from 1999 through 2004, and first in 2005. Despite its lack of the larger traditional client base for armaments held by the United States and the major West European suppliers, Russia's successes in obtaining new arms orders suggests that Russia is likely to continue to be, for the short term at least, a significant leader in new arms agreements with developing nations. Although, Russia's most significant high value arms transfer agreements continue to be with two Asian countries, China and India, Russia has had some recent success in securing arms agreements with clients beyond its principal two. In this regard, Russia has sought to expand its prospects in North Africa, the Middle East, and Southeast Asia. It even has increased sales efforts in Latin America, despite having essentially abandoned that region in the period following the Cold War's end. The Russian government has further stated that it has adopted more flexible payment arrangements for its prospective customers in the developing world, including a willingness in specific cases to forgive outstanding debts owed to it by a prospective client in order to secure new arms purchases. At the same time, Russia is seeking to enhance the quality of its follow-on support services to make Russian products more attractive and competitive, and to assure its potential clients that it can effectively service the weapons systems that it sells.

Major West European arms suppliers such as France and the United Kingdom, in particular, have concluded large orders with developing countries over the last eight years, based on either long-term supply relationships or their having specialized weapons systems they can readily provide. While, there is notably increased competition between the United States and the other major arms suppliers, the U.S. seems likely to hold its position as the principal supplier to key developing world nations that are most able to afford major new weapons purchases. Even when it does not conclude major new weapons systems agreements in a given year, the fact that the U.S. has such a wide base of arms equipment clients globally means that it still will be able to conclude a notable number of agreements annually to provide support, upgrades, and ordnance for the large variety of weapons systems it has sold to its clients for decades.

The prospects for purchases of new and highly expensive weapons appear to be on the increase most recently with the wealthier developing countries. Yet the unsettled state of the international economy, and the scarcity of funds in their defense budgets, continues to constrain such arms purchases by the less affluent developing nations. The overall level of the arms trade with developing nations was on the decline in the period from 2001 until 2004. The significant rise in agreements in 2004, and the notable increase in the level of arms transfer agreements in 2005, might indicate that such sales are beginning to trend upward again. But a significant increase in the total value of arms agreements in one or two years is not necessarily predictive of the immediate years to come.

Those arms suppliers who ranked well below the major ones, such as China, other European, and non-European suppliers, do appear to have increased their participation in the arms trade with the developing world in recent years, albeit at a

much lower level. Nonetheless, these non-major arms suppliers have proven capable, on occasion, of making arms deals of consequence. Most of their annual arms transfer agreement values during 1998-2005 have been comparatively low, although larger when they are aggregated together as a group. In various cases they have been successful in selling older generation equipment, even while they procure newer weaponry to update their own military forces. These arms suppliers also are more likely to be sources of small arms and light weapons, and associated ordnance, rather than sellers of major military equipment. Thus it is unlikely that most of these countries will routinely rank with the traditional major suppliers of advanced weaponry in the value of their arms agreements and deliveries ( **tables 1A, 1F, 1G, 2A, 2F and 2G**).

### **United States.**

The total value — in real terms — of United States arms transfer agreements with developing nations fell significantly from \$9.4 billion in 2004 to about \$6.2 billion in 2005. The U.S. share of the value of all such agreements was 20.5% in 2005, down from a 35.4% share in 2004 (**charts 1, 3 and 4**)(**figure 1**)(**tables 1A and 1B**).

In 2005, the value of U.S. arms transfer agreements with developing nations was attributable to a substantial number of smaller valued purchases by a wide variety of U.S. clients in the Near East and in Asia, rather than by the conclusion of a few very expensive contracts with a small number of traditional clients. These arms agreement totals illustrate the continuing U.S. advantage of having well established defense support arrangements with weapons purchasers worldwide, based upon the existing variety of U.S. weapons systems their militaries utilize. U.S. agreements with all of its clients in 2005 include not only sales of major weapons systems, but also the upgrading of systems previously provided. The U.S. totals also include agreements for a wide variety of spare parts, ammunition, ordnance, training, and support services which, in the aggregate, have very significant value.

Among the larger valued arms transfer agreements the United States concluded in 2005 with developing nations were: with the United Arab Emirates for the upgrade of its AH-64A APACHE helicopters to the AH-64D model, together with associated weapons for over \$740 million. Other U.S. arms agreements in 2005 were with Egypt for 25 AVENGER fire units for \$110 million, and for 50 turbine engines to upgrade CH-47 CHINOOK helicopters for \$73 million; with Kuwait for upgrade support of its FA-18 fighter aircraft for \$195 million; with Saudi Arabia for \$110 million in F-15 fighter engine overhauls; with Pakistan: for 60 AGM-84L HARPOON missiles for \$160 million; for 6 PHALANX close-in-weapons systems for \$79 million; for 2000 TOW-2A missiles for \$65 million, and for a package of HF/VHF radio systems for \$77 million.

### **Russia.**

The total value of Russia's arms transfer agreements with developing nations in 2005 was \$7 billion, a notable increase from \$5.4 billion in 2004, placing Russia first in such agreements with the developing world. Russia's share of all developing

world arms transfer agreements increased, rising from 20.3% in 2004 to 23.2% in 2005 (**charts 1, 3 and 4**)(**figure 1**)(**tables 1A, 1B and 1G**).

Russian arms transfer agreement totals with developing nations have been notable during the last four years. During the 2002-2005 period, Russia ranked second among all suppliers to developing countries, making \$21.8 billion in agreements (in current 2005 dollars) (**table 1F**). Russia's status as a leading supplier of arms to developing nations stems from an increasingly successful effort to overcome the significant economic and political problems associated with the dissolution of the former Soviet Union. The traditional arms clients of the former Soviet Union were generally less wealthy developing countries valued as much for their political support in the Cold War, as for their desire for Soviet weaponry. Many of these traditional Soviet client states received substantial military aid grants and significant discounts on their arms purchases. The Russia that emerged in 1991 consistently placed a premium on obtaining hard currency for the weapons it sold. Faced with stiff competition from Western arms suppliers in the 1990s, Russia gradually adapted its selling practices in an effort to regain and sustain an important share of the developing world arms market.

In recent years, Russian leaders have made major strides in providing more creative financing and payment options for prospective arms clients. They have also agreed to engage in counter-trade, offsets, debt-swapping, and, in key cases, to make significant licensed production agreements in order to sell its weapons. The willingness to license production has been a central element in several cases involving Russia's principal arms clients, China and India. Russia's efforts to expand its arms customer base have met with mixed results. Russia's arms sales efforts, beyond those with China and India, are focused on Southeast Asia. It has had some success in securing arms agreements with Malaysia, Vietnam and Indonesia, even though recurring financial problems of some clients in this region have hampered significant growth in Russian sales there. Russia has also made combat fighter aircraft sales in recent years to Algeria and Yemen. Elsewhere in the developing world Russian military equipment is competitive because it ranges from the most basic to the highly advanced, and can be less expensive than similar arms available from other major suppliers.

Although Russia's sale of military aircraft continues to be a significant portion of its arms exports, the absence of major new research and development efforts in this and other military equipment areas may jeopardize long-term Russian foreign arms sales prospects. Although military weapons research and development (R&D) programs exist in Russia, other major arms suppliers in the West are currently well advanced in the process of developing and producing weaponry that is much more advanced than that in existing Russian R&D programs.

Despite these potential difficulties, Russia continues to have very significant arms development and sales programs involving China and India, which should provide it with sustained business throughout this decade. Through agreements concluded in the mid-1990s, Russia has sold major combat fighter aircraft, and main battle tanks to India, and has provided other major weapons systems though lease or licenced production. And it continues to provide support services and items for these various weapons systems. In 2005, Russia agreed to sell India 24 SA-19 air defense



systems for \$400 million and a number of Smerch multiple-launch rocket systems (MLRS) for about \$500 million. Russian also agreed to overhaul an Indian diesel submarine for about \$100 million, and to provide India with a number of BrahMos anti-ship missiles.

Russian arms sales of advanced weaponry in South Asia have been a matter of ongoing concern to the United States, because of long-standing tensions between India and Pakistan. The acquisition of a new weapon system by India has usually led Pakistan to seek comparable weapons or those with offsetting capabilities. Keeping a potentially destabilizing arms race in this region within check is a U.S. policy objective.<sup>1</sup>

China has remained a central client for Russia's arms especially for aircraft and naval systems. Since 1996, Russia has sold China Su-27 fighter aircraft and agreed to licensed production of them. It has sold the Chinese quantities of Su-30 multi-role fighter aircraft, Sovremenny-class destroyers equipped with Sunburn anti-ship missiles, and Kilo-class Project 636 submarines. Russia has also sold the Chinese a variety of other weapons systems and missiles. In 2005, Russia agreed to sell China 30 IL-76TD military transport aircraft and 8 IL-78M aerial refueling tanker aircraft for more than \$1 billion. Russia also signed new arms transfer agreements with China for a number of AL-31F military aircraft engines for \$1 billion, and agreed to sell jet engines for China's FC-1 fighter aircraft at a cost in excess of \$250 million. These arms acquisitions by China are apparently aimed at enhancing its military projection capabilities in Asia, and its ability to influence events throughout the region. Such acquisitions, in particular those of advanced military equipment from Russia, continue to be monitored by U.S. policymakers. The U.S. policy interest is, among other things, ensuring that it provides appropriate military equipment to U.S. allies and friendly states in Asia to help offset any prospective threat China may pose to such nations, while keeping the U.S. military aware of any threat it may face in any confrontation with China.<sup>2</sup>

Elsewhere in 2005, Russia made an agreement with Iran for 29 TOR-M1 (SA-15 Gauntlet) surface-to-air defense systems for over \$700 million. Russia also agreed to upgrade Iran's Su-24 and Mig-29 aircraft, as well as their T-72 main battle tanks. Sales of advanced military equipment to Iran by Russia and others has been an issue of intense interest to U.S. policymakers for some time, given the hostile relations the U.S. and Iran have had since the overthrow of the Shah of Iran, and the rise to power of an anti-American government in Tehran. For a period of time, in the mid-1990s, the Russian government agreed not to make new advanced weapons sales to the Iranian government. That agreement has since been rescinded by Russia. As the U.S.

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<sup>1</sup> For detailed background see CRS Report RL33515, *Combat Aircraft Sales to South Asia: Potential Implications*; CRS Report RL32115, *Missile Proliferation and the Strategic Balance in South Asia*; CRS Report RL30427, *Missile Survey: Ballistic and Cruise Missiles of Selected Foreign Countries*.

<sup>2</sup> For detailed background see CRS Report RL30700, *China's Foreign Conventional Arms Acquisitions: Background and Analysis*; CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*.

focuses increasing attention on Iran's efforts to enhance its nuclear as well as conventional military capabilities, major arms transfers to Iran continue to be a matter of concern.<sup>3</sup>

Russia in 2005 sold Venezuela 10 Mi-17 and Mi-35 helicopters for about \$100 million. Recently, Venezuela's populist President, Hugo Chavez, has taken a hostile approach to relations with the United States. Among the actions he has taken that have raised concerns in the U.S. is his decision to seek advanced military equipment from Russia. Since Venezuela has major oil reserves, Chavez has the financial resources to pay for such equipment. He has made clear that he plans to obtain significant new weapons systems from Russia.<sup>4</sup>

### **China.**

The Iran-Iraq war of the 1980s provided the opportunity for China to become an important supplier of less expensive weapons to certain developing nations. In that conflict China demonstrated that it was willing to provide arms to both combatants in the war, in quantity and without conditions. From 2002-2005, the value of China's arms transfer agreements with developing nations averaged about \$950 million annually, a figure inflated by a very large agreement total in 2005. During the period of this report, the value of China's arms transfer agreements with developing nations peaked in 1999 at \$3 billion. Its sales figures that year resulted generally from several smaller valued weapons deals in Asia, Africa, and the Near East, rather than one or two especially large sales of major weapons systems. Similar arms deals with small scale purchasers in these regions are continuing. In 2005, China's arms transfer agreements total was \$2.1 billion, with an important portion of that total attributable to the sale of frigates and jet aircraft to Pakistan, a client of long standing (**tables 1A, 1G and 1H)(chart 3)**).

There are few clients with financial resources that have sought to purchase Chinese military equipment during the eight year period of this report, because most Chinese weapons for export are less advanced and sophisticated than weaponry available from Western suppliers or Russia. Thus, China does not appear likely to be a major supplier of conventional weapons in the international arms market in the foreseeable future. Its likely clients are states in Asia and Africa seeking quantities of small arms and light weapons, rather than major combat systems. At the same time, China has been an important source of missiles in the developing world arms market. China supplied Silkworm anti-ship missiles to Iran. Credible reports persist in various publications that China has sold surface-to-surface missiles to Pakistan, a traditional client. Iran and North Korea have also reportedly received Chinese missile technology, which has increased their capabilities to threaten other countries in their respective neighborhoods. The continued reporting of such activities by credible sources raise important questions about China's stated commitment to the restrictions on missile transfers set out in the Missile Technology

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<sup>3</sup> For detailed background see CRS Report RL30551, *Iran: Arms and Weapons of Mass Destruction Suppliers*.

<sup>4</sup> For detailed background on Chavez's policy initiatives in Venezuela, and U.S. concerns see CRS Report RL32488, *Venezuela: Political Conditions and U.S. Policy*.

Control Regime (MTCR), including its pledge not to assist others in building missiles that could deliver nuclear weapons. Given the fact that it has some military products — particularly missiles — that some developing countries would like to acquire, China can present an obstacle to efforts to stem proliferation of advanced missile systems to some areas of the developing world where political and military tensions are significant, and where some nations are seeking to develop asymmetric military capabilities.<sup>5</sup>

China, among others, has been a key source of a variety of small arms and light weapons transferred to African states. While the prospects for significant revenue earnings from these arms sales is small, China views this as one means of enhancing its status as an international political power, and especially to obtain access to significant natural resources, especially oil. Controlling the sales of small arms and light weapons to regions of conflict, in particular to some African nations, has been a matter of concern to the United States. Efforts to do so have also been a topic of focus by the United Nations.<sup>6</sup>

### **Major West European Suppliers.**

Apart from the United States and Russia, the four major West European arms suppliers--France, the United Kingdom, Germany, and Italy--are the states that can supply a wide variety of more highly sophisticated weapons to would-be purchasers. They can serve as alternative sources of armaments that the United States chooses not to supply for policy reasons. As an example, the United Kingdom sold major combat fighter aircraft to Saudi Arabia in the mid-1980s, when the U.S. chose not to sell a comparable aircraft for policy reasons. These nations have been close allies of the United States especially during the Cold War, and all are members of NATO. However, in the post-Cold War era, their national defense export policies have not been fully coordinated with the United States as likely would have been the case at the Cold War's height.

These arms supplying states, particularly France, view arms sales foremost as a matter for national decision. France has also frequently used foreign military sales as an important means for underwriting development and procurement of weapons systems for its own military forces. So the potential exists for policy differences between the United States and major West European supplying states over conventional weapons transfers to specific countries. A recent example of such a conflict was the effort led by France and Germany to lift the arms embargo on arms sales to China currently adhered to by members of the European Union. The United

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<sup>5</sup> For detailed background on the MTCR and proliferation control regimes and related policy issues see CRS Report RL31559, *Proliferation Control Regimes: Background and Status*, and CRS Report RL31848, *Missile Technology Control Regime (MTCR) and International Code of Conduct Against Ballistic Missile Proliferation (ICOC): Background and Issues for Congress*.

<sup>6</sup> For background on China's actions and motivations for increased activities in Africa see CRS Report RL33055, *China and Sub-Saharan Africa*. For background on U.S. policy concerns regarding small arms and light weapons transfers see CRS Report RS20958, *International Small Arms and Light Weapons Transfers: U.S. Policy*.

States viewed this as a misguided effort, and vigorously opposed it. The proposal to lift the embargo was ultimately not adopted, but it proved to be a source of significant tension between the U.S. and the European Union. Thus, arms sales activities of major European suppliers continue to be of interest to U.S. policymakers, given their capability to make sales of advanced military equipment to countries of concern to U.S. national security policy.<sup>7</sup>

The four major West European suppliers (France, the United Kingdom, Germany, and Italy), as a group, registered a significant increase in their collective share of all arms transfer agreements with developing nations between 2004 and 2005. This group's share rose from 22.3% in 2004 to 34.1% in 2005. The collective value of this group's arms transfer agreements with developing nations in 2005 was \$10.3 billion compared with a total of about \$5.9 billion in 2004. Of these four nations, France was the leading supplier with \$6.3 billion in agreements in 2005, a substantial increase from \$1 billion in agreements in 2004. A portion of France's total in 2005 was attributable to a \$3.5 billion agreement with India for 6 Scorpene diesel attack submarines. The United Kingdom registered \$2.8 billion in arms agreements in 2005, a significant portion reflects orders placed under the Al Yamamah military procurement arrangement with Saudi Arabia. Germany registered \$700 million in arms agreements in 2005 based on a number of smaller contracts for a variety of naval and ground forces equipment, increasing its agreements' total notably from \$100 million in 2004. Italy registered \$500 million in arms transfer agreements in 2005, based primarily on sales of helicopters to several established clients (**charts 3 and 4)(tables 1A and 1B)**).

The four major West European suppliers collectively held a 34.1% share of all arms transfer agreements with developing nations during 2005. For several years after 1998, the major West European suppliers generally lost a share of arms transfer agreements. More recently this decline was halted, and the 2005 market share of arms agreements (34.1%) is the highest share the four major West European suppliers have held since 1998, when they held 41.4% of all arms agreements with developing nations. During the 2002-2005 period, they collectively held 20.1% of all arms transfer agreements with developing nations (\$18.8 billion). Individual suppliers within the major West European group have had notable years for arms agreements, especially France in 1998 and 2005 (\$6.7 billion and \$6.3 billion respectively). The United Kingdom also had large agreement years in 2004 (\$4.1 billion), and \$2.8 billion in 2005. Germany concluded arms agreements totaling \$1.7 billion in 1998, with its highest total at \$1.9 billion in 1999. For each of these three nations, large agreement totals in one year have usually reflected the conclusion of very large arms contracts with one or more major purchasers in that particular year (**table 1A and 1B)**).

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<sup>7</sup> For detailed background see CRS Report RL32870, *European Union's Arms Embargo on China: Implications and Options for U.S. Policy*. It should be noted that members of the European Union, and others, have agreed to a common effort to attempt some degree of control on the transfer of certain weapons systems, but the principal vehicle for this cooperation—the Wassenaar Arrangement—lacks a mechanism to enforce its rules. For detailed background see CRS Report RS20517, *Military Technology and Conventional Weapons Exports Controls: The Wassenaar Arrangement*.

Major West European suppliers have had their competitive position in weapons exports strengthened over the years through strong government marketing support for their foreign arms sales. Since they can produce both advanced and basic air, ground, and naval weapons systems, the four major West European suppliers have competed successfully for arms sales contracts with developing nations against both the United States, which has tended to sell to several of the same clients, and with Russia, which has sold to nations not traditional customers of either the West Europeans or the U.S. However, the demand for U.S. weapons in the global arms marketplace, from a large established client base, has created a more difficult environment for individual West European suppliers to secure large new contracts with developing nations on a sustained basis.

The prospect of continuing strong demand for U.S. defense equipment as well as concern for maintaining their market share of the arms trade has led European Union (EU) member states to adopt a new code of conduct for defense procurement practices. This code was agreed to on November 21, 2005 at the European Defense Agency's (EA) steering board meeting. Currently voluntary, the EU hopes it will become mandatory, and through its mechanisms foster greater competition within the European defense equipment sector in the awarding of contracts for defense items. The larger hope is that by fostering greater intra-European cooperation and collaboration in defense contracting, and the resulting programs, that the defense industrial bases of individual EU states will be preserved, and the ability of European defense firms to compete for arms sales in the international arms marketplace will be substantially enhanced.

This development coincides with a period when some European arms suppliers have begun to phase out production of certain types of weapons systems. Such suppliers have increasingly engaged in joint production ventures with other key European weapons suppliers or even client countries in an effort to sustain major sectors of their individual defense industrial bases--even if a substantial portion of the weapons produced are for their own armed forces. The Eurofighter project is one example; Eurocopter is another. Other European suppliers have also adopted the strategy of cooperating in defense production ventures with the United States such as the Joint Strike Fighter (JSF), rather than attempting to compete directly, thereby meeting their own requirements for advanced combat aircraft, while positioning themselves to share in profits resulting from future sales of this new fighter aircraft.<sup>8</sup>

## **Regional Arms Transfer Agreements**

The markets for arms in regions of the developing world have traditionally been dominated by the Near East and by Asia. Nations in the Latin America and Africa regions, by contrast, have not been major purchasers of weapons. The regional arms agreement data tables in this report demonstrate this. United States policymakers have placed emphasis on helping to maintain stability throughout the regions of the developing world. Thus, the U.S. has made and supported arms sales and transfers it has believed would advance that goal, while discouraging significant sales by other

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<sup>8</sup> For detailed background on issues relating to the Joint Strike Fighter program see CRS Report RL30563, *F-35 Joint Strike Fighter (JSF) Program: Background, Status, and Issues*.

suppliers to states and regions where military threats to nations in the area are minimal. Other arms suppliers do not necessarily share the U.S. perspective on what constitutes an appropriate arms sale. For in some instances the financial benefit of the sale to the supplier trumps other considerations. The regional and country specific arms transfer data in this report provide an indication of where various arms suppliers are focusing their attention, and who their principal clients are. By reviewing these data, policymakers can identify potential developments which may be of concern, and use this information to assist their review of options they may choose to consider given the circumstances. What follows below is a review of data on arms transfer agreement activities in the two regions that lead in arms acquisitions, the Near East and Asia. This is followed, in turn, by a review of data regarding the leading arms purchasers in the developing world.

### **Near East.<sup>9</sup>**

The principal catalyst for new weapons procurements in the Near East region in the last decade was the Persian Gulf crisis of August 1990-February 1991. This crisis, culminating in a war to expel Iraq from Kuwait, created new demands by key purchasers such as Saudi Arabia, Kuwait, the United Arab Emirates, and other members of the Gulf Cooperation Council (GCC), for a variety of advanced weapons systems. Egypt and Israel continued their modernization and increased their weapons purchases from the United States. The Gulf states' arms purchase demands were not only a response to Iraq's aggression against Kuwait, but a reflection of concerns regarding perceived threats from a potentially hostile Iran. Since the fall of Saddam Hussein, for many the conventional ground threat from Iraq has diminished and the perceived threat from Iran has increased. This has led the GCC states to emphasize acquisition of air and naval defense capabilities over major ground combat systems.<sup>10</sup>

In recent years, the position of Saudi Arabia as principal arms purchaser in the Persian Gulf region has declined from the extraordinarily high levels of the late 1980s and early 1990s. In the period from 1998-2001, Saudi Arabia's total arms agreements were valued at \$5.7 billion (in current dollars), less than the levels of the U.A.E., Egypt and Israel. For the period from 2002-2005, Saudi Arabia's total arms agreements were \$8.9 billion (in current dollars), making it the leading Near East purchaser once again.

The Near East has historically been the largest arms market in the developing world. In 1998-2001, it accounted for 45.8% of the total value of all developing nations arms transfer agreements (about \$40.4 billion in current dollars), ranking it first ahead of Asia which was second with about 39% of these agreements. However, during 2002-2005, the Asia region accounted for 48.4% of all such agreements (about \$43.6 billion in current dollars), placing it first in arms agreements with the

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<sup>9</sup> In this report the Near East region includes the following nations: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen. The countries included in the other geographic regions are listed at the end of the report.

<sup>10</sup> For detailed background see CRS Report RL31533, *The Persian Gulf States: Issues for U.S. Policy, 2006*.

developing world. The Near East region ranked second with \$35.1 billion in agreements or 39% (**tables 1C and 1D**).

The United States dominated arms transfer agreements with the Near East during the 1998-2001 period with 64.8% of their total value (\$26.2 billion in current dollars). France was second during these years with 14.6% (\$5.9 billion in current dollars). Recently, from 2002-2005, the United States accounted for 50.2% of arms agreements with this region (\$17.6 billion in current dollars), while the United Kingdom accounted for 14% of the region's agreements (\$4.9 billion in current dollars). Russia accounted for 12.2% of the region's agreements in the most recent period (\$4.3 billion in current dollars) (**chart 5)(tables 1C and 1E**).

### **Asia.**

In Asia, efforts in several developing nations have been focused on upgrading and modernizing defense forces, and this has led to new conventional weapons sales in that region. Since the mid-1990s, Russia has become the principal supplier of advanced conventional weaponry to China — selling fighters, submarines, destroyers, and missiles — while maintaining its position as principal arms supplier to India. Russia has also made progress in expanding its client base in Asia, receiving aircraft orders from Malaysia, Vietnam, and Indonesia. India has also expanded its weapons supplier base, purchasing the Phalcon early warning defense system aircraft in 2004 from Israel for \$1.1 billion, and a myriad of items from France in 2005, in particular 6 Scorpene diesel attack submarines for \$3.5 billion. The data on regional arms transfer agreements from 1998-2005 continue to reflect that Near East and Asian nations are the primary sources of orders for conventional weaponry in the developing world.

Asia has historically been the second largest developing world arms market. Yet in 2002-2005, Asia ranked first, accounting for 48.4% of the total value of all arms transfer agreements with developing nations (\$43.6 billion in current dollars). In the earlier period, 1998-2001, the region accounted for 39% of all such agreements (\$34.4 billion in current dollars), ranking second. (**tables 1C and 1D**).

In the earlier period (1998-2001), Russia ranked first in the value of arms transfer agreements with Asia with 38.1% (\$13.1 billion in current dollars). The United States ranked second with 23.5% (\$8.1 billion in current dollars). The major West European suppliers, as a group, made 20.1% of this region's agreements in 1998-2001. In the later period (2002-2005), Russia ranked first in Asian agreements with 36.7% (\$16 billion in current dollars), primarily due to major combat aircraft, and naval system sales to India and China. The United States ranked second with 26.5% (\$11.6 billion in current dollars). The major West European suppliers, as a group, made 18.4% of this region's agreements in 2002-2005. (**Chart 6)(table 1E**).

### **Leading Developing Nations Arms Purchasers**

India was the leading developing world arms purchaser from 1998-2005, making arms transfer *agreements* totaling \$20.7 billion during these years (in current dollars). In the 1998-2001 period, the United Arab Emirates (UAE) ranked first in arms transfer agreements at \$13.8 billion (in *current* dollars). In 2002-2005 India

ranked first in arms transfer agreements, with a substantial increase to \$12.9 billion from \$7.8 billion in the earlier 1998-2001 period (in *current* dollars). This increase reflects the continuation of a military modernization effort by India, underway since the 1990s, and based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1998-2005 was \$177.8 billion in *current* dollars. Thus India alone accounted for 11.6% of all developing world arms transfer agreements during these eight years. In the most recent period, 2002-2005, India made \$12.9 billion in arms transfer agreements (in *current* dollars). This total constituted 14.4% of all arm transfer agreements with developing nations during these four years (\$89.8 billion in *current* dollars). China ranked second in arms transfer agreements during 2002-2005 with \$10.2 billion (in *current* dollars), or 11.4% of the value of all developing world arms transfer agreements (**tables 1, 1I and 1J**).

During 1998-2001, the top ten recipients collectively accounted for 69% of *all* developing world arms transfer agreements. During 2002-2005, the top ten recipients collectively accounted for 67.1% of all such agreements. Arms transfer *agreements* with the top ten developing world recipients, as a group, totaled \$21.9 billion in 2005 or 72.6% of all arms transfer agreements with developing nations in that year. These percentages reflect the continued concentration of major arms purchases by developing nations among a few countries (**tables 1, 1I and 1J**).

India ranked first among all developing world recipients in the value of arms transfer *agreements* in 2005, concluding \$5.4 billion in such agreements. Saudi Arabia ranked second in agreements at \$3.4 billion. China ranked third with \$2.8 billion in agreements. Four of the top ten recipients were in the Near East region; three were in the Asian region; two were in the Latin American region (**table 1J**).<sup>11</sup>

Saudi Arabia was the leading recipient of arms *deliveries* among developing world recipients in 2005, receiving \$3.5 billion in such deliveries. Israel ranked second in arms deliveries in 2005 with \$1.7 billion. India ranked third with \$1.6 billion (**table 2J**).

Arms *deliveries* to the top ten developing nation recipients, as a group, were valued at \$13.8 billion, or 77.9% of all arms deliveries to developing nations in 2005. Six of these top ten recipients were in Asia; four were in the Near East (**tables 2 and 2J**).

## Weapons Types Recently Delivered to Near East Nations

Regional weapons delivery data reflect the diverse sources of supply and type of conventional weaponry actually transferred to developing nations. Even though the United States, Russia, and the four major West European suppliers dominate in the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers and some non-European suppliers, including China, are

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<sup>11</sup> For countries included in the Asia region and the Latin American region see the listings of nations by regions given at the end of this report.



capable of being leading suppliers of selected types of conventional armaments to developing nations (**tables 3-7**) (pages 72-76).

Weapons deliveries to the **Near East**, historically the largest purchasing region in the developing world, reflect the substantial quantities and types delivered by both major and lesser suppliers. The following is an illustrative summary of weapons deliveries to this region for the period **2001-2005** from **table 5** (page 74):

**United States.**

- 375 tanks and self-propelled guns
- 34 APCs and armored cars
- 2 major surface combatants
- 4 minor surface combatants
- 65 supersonic combat aircraft
- 20 helicopters
- 519 surface-to-air missiles
- 132 anti-ship missiles

**Russia.**

- 10 tanks and self-propelled guns
- 120 APCs and armored cars
- 30 supersonic combat aircraft
- 40 helicopters
- 1,170 surface-to-air missiles

**China.**

- 20 artillery pieces
- 5 minor surface combatants
- 60 anti-ship missiles

**Major West European Suppliers.**

- 140 tanks and self-propelled guns
- 60 APCs and armored cars
- 5 major surface combatants
- 35 minor surface combatants
- 11 guided missile boats
- 30 supersonic combat aircraft
- 30 helicopters
- 40 anti-ship missiles

**All Other European Suppliers.**

- 320 tanks and self-propelled guns
- 270 APCs and armored cars
- 1 major surface combatant
- 32 minor surface combatants
- 10 supersonic combat aircraft
- 20 helicopters
- 260 surface-to-air missiles

**All Other Suppliers.**

- 500 APCs and armored cars
- 116 minor surface combatants
- 20 helicopters
- 40 surface-to-surface missiles
- 20 anti-ship missiles

Large numbers of major combat systems were delivered to the Near East region from 2002-2005, specifically, tanks and self-propelled guns, armored vehicles, major and minor surface combatants, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The United States and Russia made significant deliveries of supersonic combat aircraft and anti-ship missiles to the region. The United States, Russia, and European suppliers in general were principal suppliers of tanks and self-propelled guns, APCs and armored cars, surface-to-air missiles, as well as helicopters. Three of these weapons categories — supersonic combat aircraft, helicopters, and tanks and self-propelled guns — are especially costly and are a large portion of the dollar values of arms deliveries by the United States, Russia, and European suppliers to the Near East region during the 2002-2005 period.

The cost of naval combatants is also generally high, and the suppliers of such systems during this period had their delivery value totals notably increased due to these transfers. Some of the less expensive weapons systems delivered to the Near East are deadly and can create important security threats within the region. In particular, from 2002-2005, the United States delivered 132 anti-ship missiles to the Near East region, China delivered 60, and the four major West European suppliers delivered 40. The United States delivered two major surface combatants and four minor surface combatants to the Near East, while the major West European suppliers collectively delivered 5 major surface combatants, 35 minor surface combatants and 11 guided missile boats. Other non-European suppliers collectively delivered 116 minor surface combatants, as well as 40 surface-to-surface missiles, a weapons category not delivered by any of the other major weapons suppliers during this period to any region.

## UNITED STATES COMMERCIAL ARMS EXPORTS

United States *commercially licensed arms deliveries* data are not included in this report. The United States is the only major arms supplier that has two distinct systems for the export of weapons: the government-to-government Foreign Military Sales (FMS) system, and the licensed commercial export system. It should be noted that data maintained on U.S. *commercial* sales agreements and deliveries are incomplete, and are not collected or revised on an on-going basis, making them significantly less precise than those for the U.S. FMS program — which accounts for the overwhelming portion of U.S. conventional arms transfer agreements and deliveries involving weapons systems. There are no official compilations of *commercial agreement* data comparable to that for the FMS program maintained on an annual basis. Once an exporter receives from the State Department a *commercial license authorization* to sell — valid for four years — there is no current requirement that the exporter provide to the State Department, on a systematic and on-going basis, comprehensive details regarding any *sales contract* that results from the license authorization, including if any such contract is reduced in scope or cancelled. Nor is the exporter required to report that no contract with the prospective buyer resulted.

Annual *commercially licensed arms deliveries* data are obtained from shipper's export documents and completed licenses from ports of exit by the U.S. Customs and Border Protection Agency which are then provided to the U.S. Census Bureau. The Census Bureau takes these arms export data, and, following a minimal review of them, submits them to the Directorate of Defense Trade Controls in the Politico-Military Bureau (PM/DDTC) of the State Department, which makes the final compilation of such data — details of which are not publicly available. Once compiled by the Directorate of Defense Trade Controls at the State Department, these *commercially licensed arms deliveries* data are not revised. By contrast, the U.S. Foreign Military Sales (FMS) program data, for *both* agreements and deliveries, maintained by the Defense Department, are systematically collected, reviewed for accuracy on an on-going basis, and are revised from year-to-year as needed to reflect any changes or to correct any errors in the information. This report includes all FMS deliveries data. By excluding U.S. commercial licensed arms deliveries data, the U.S. arms *delivery* totals will be understated.

Some have suggested that a systematic data collection and reporting system for commercial licensed exports, comparable to the one which exists now in the Department of Defense, should be established by the Department of State. Having current and comprehensive agreement and delivery data on commercially licensed exports would provide a more complete picture of the U.S. arms export trade, and thus facilitate Congressional oversight of this sector of U.S. exports.

## Summary of Data Trends, 1998-2005

**Tables 1 through 1J** (pages 47-57) present data on arms transfer *agreements* with developing nations by major suppliers from 1998-2005. These data show the most recent trends in arms contract activity by major suppliers. *Delivery* data, which reflect implementation of sales decisions taken earlier, are shown in **tables 2 through 2J** (pages 58-68). **Tables 8, 8A, 8B, 8C and 8D** (pages 79-83) provide data on *worldwide* arms transfer *agreements* from 1998-2005, while **tables 9, 9A, 9B, 9C and 9D** (pages 84-88) provide data on *worldwide* arms *deliveries* during this period. To use these data regarding agreements for purposes other than assessing general trends in seller/buyer activity is to risk drawing conclusions that can be readily invalidated by future events — precise values and comparisons, for example, may change due to cancellations or modifications of major arms transfer agreements. These data sets reflect the comparative magnitude of arms transactions by arms suppliers with recipient nations expressed in *constant* dollar terms, unless otherwise noted.

What follows is a detailed summary of data trends from the tables in the report. The summary statements also reference tables and/or charts pertinent to the point(s) noted. Where graphic representations of some major points are made in individual charts, their underlying data are taken from the pertinent tables of this report.

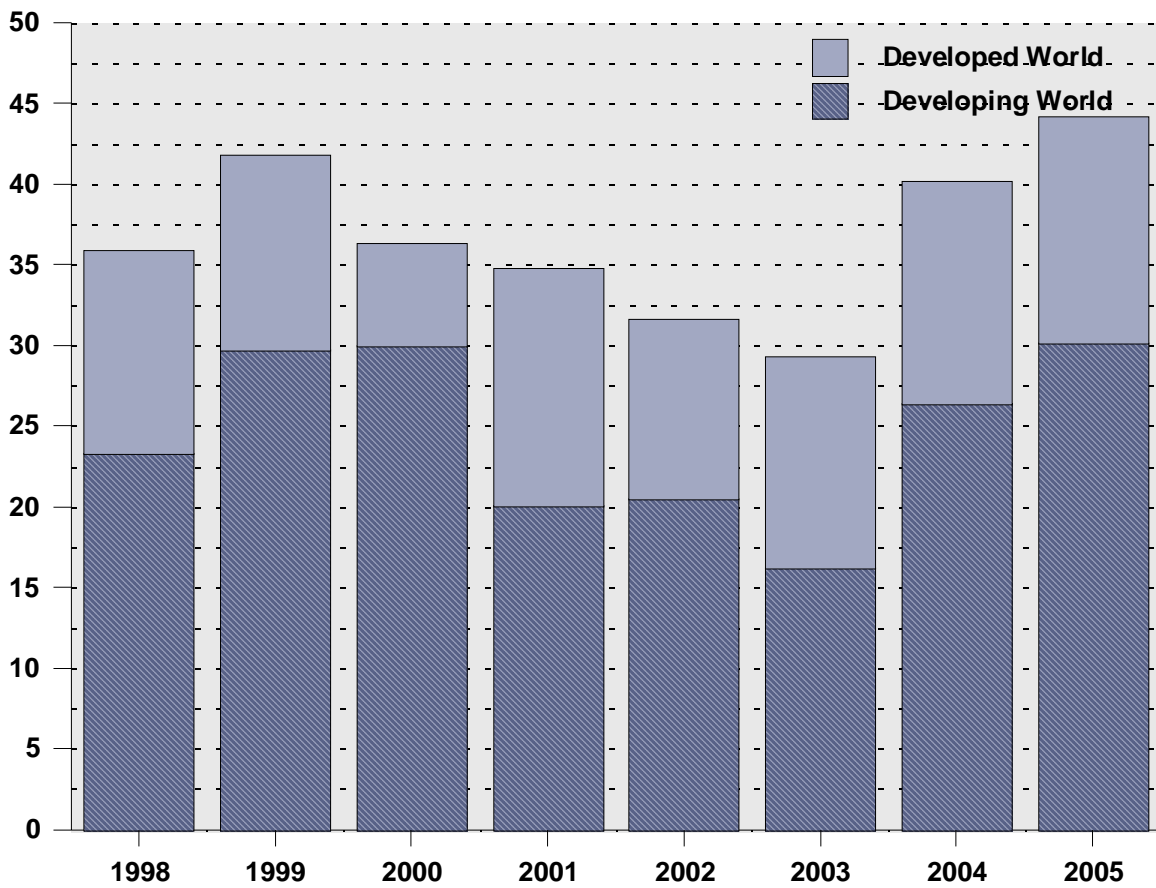
### Total Developing Nations Arms Transfer Agreement Values

**Table 1** shows the annual *current* dollar values of arms transfer agreements with developing nations. Since these figures do not allow for the effects of inflation, they are, by themselves, of somewhat limited use. They provide, however, the data from which **table 1A** (*constant* dollars) and **table 1B** (supplier percentages) are derived. Some of the more noteworthy facts reflected by these data are summarized below.

- The value of all arms transfer agreements with developing nations in 2005 was \$30.2 billion. This was a substantial increase over 2004, and the highest total, in real terms, for arms transfer agreements with developing nations during the 1998-2005 period (**tables 1 and 1A**)(**chart 1**).
- The total value of United States agreements with developing nations fell significantly from \$9.4 billion in 2004 to \$6.2 billion in 2005. The United States' share of all developing world arms transfer agreements also fell significantly from 35.5% in 2004 to 20.5% in 2005 (**tables 1A and 1B**)(**chart 3**).
- In 2005, the total value, in real terms, of Russian arms transfer agreements with developing nations increased notably from the previous year, rising from \$5.4 billion in 2004 to \$7 billion in 2005. The Russian share of all such agreements increased from 20.3% in 2004 to 23.2% in 2005 (**charts 3 and 4**)(**tables 1A and 1B**).

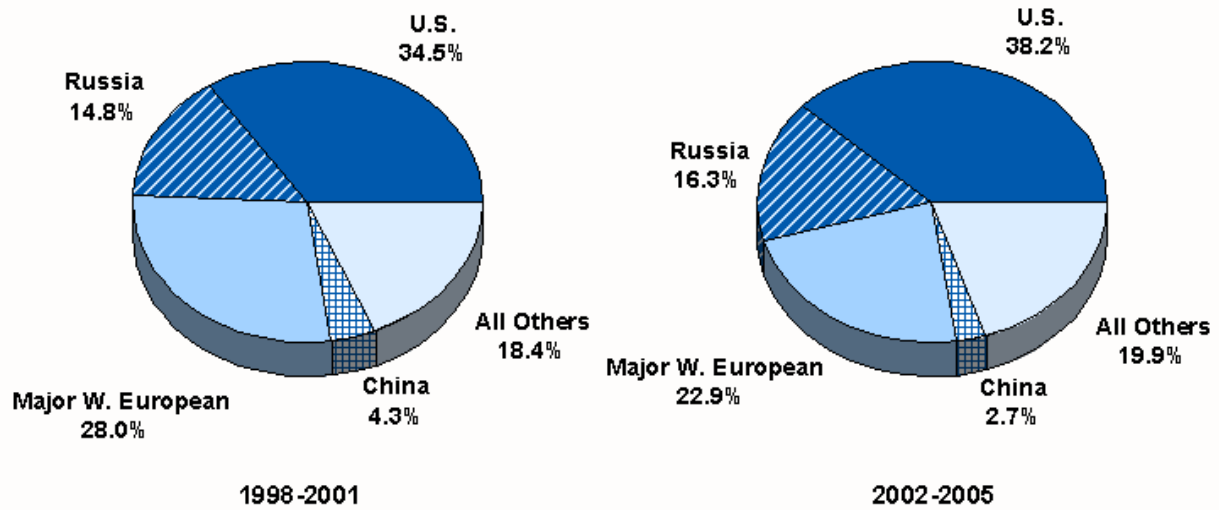
**Chart 1. Arms Transfer Agreements Worldwide, 1998-2005  
Developed and Developing Worlds Compared**

In billions of constant  
2005 dollars



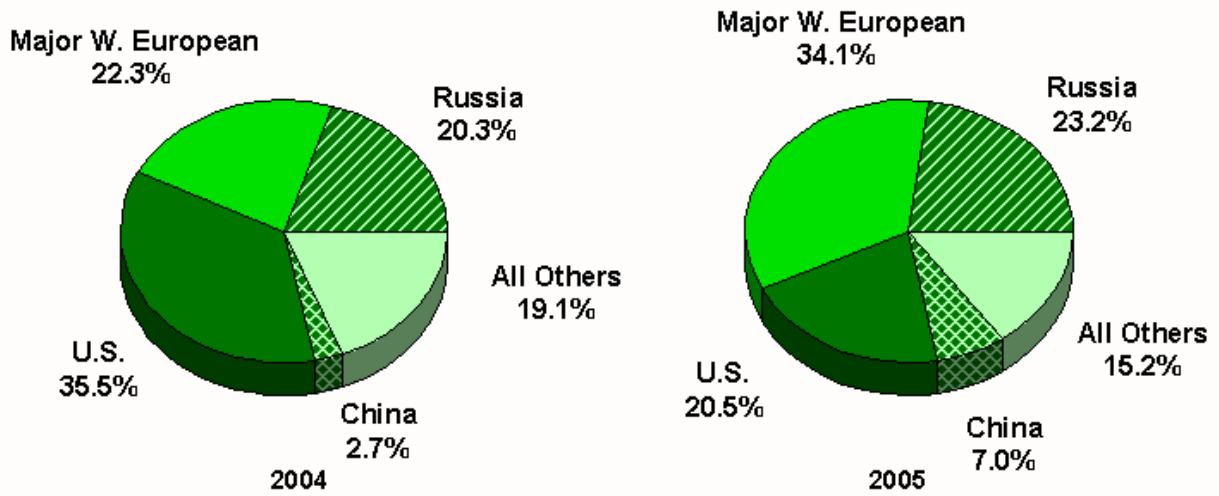
Source: U.S. Government

**Chart 2. Arms Transfer Agreements Worldwide  
(supplier percentage of value)**



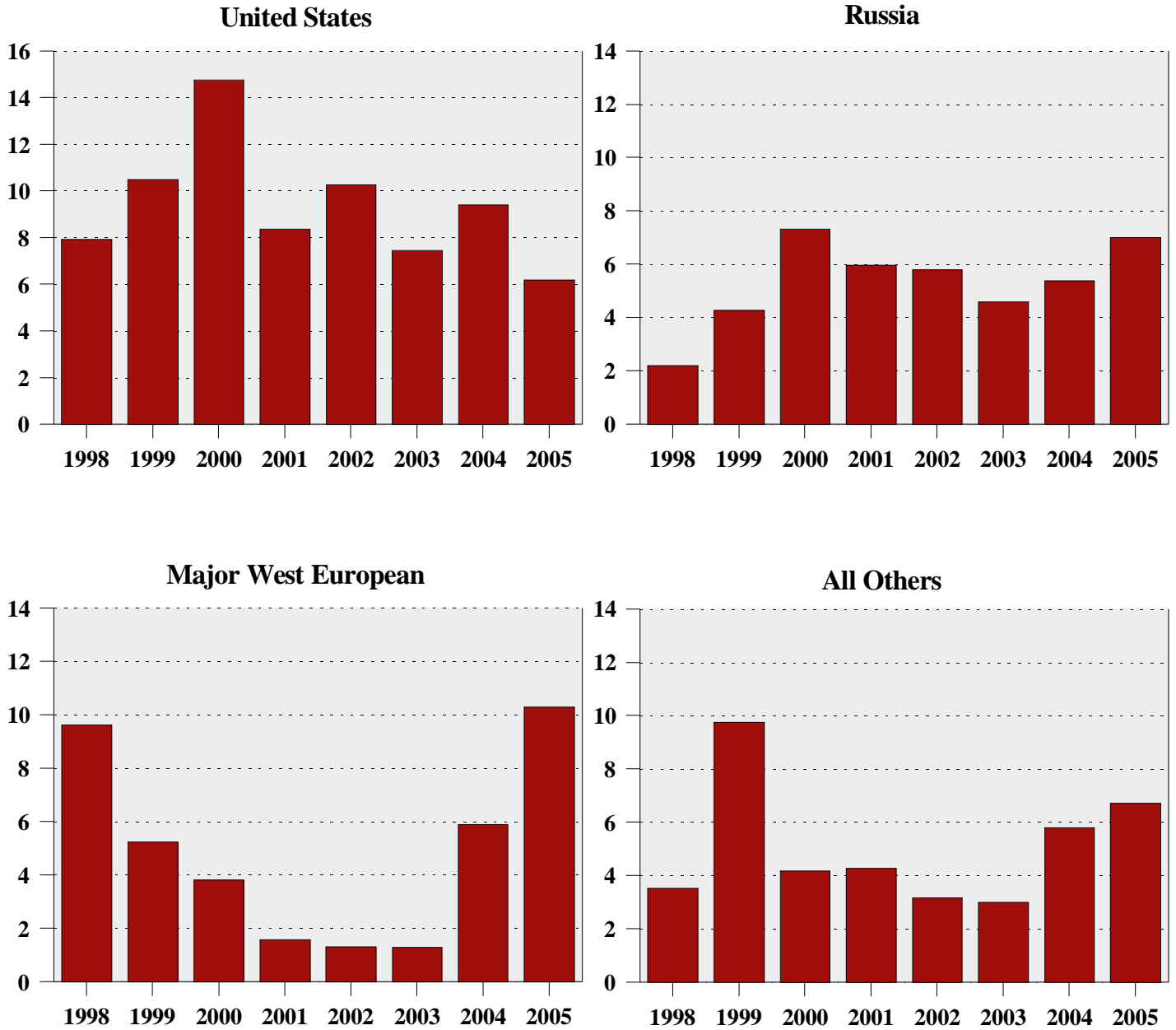
**Source: U.S. Government**

**Chart 3. Arms Transfer Agreements With Developing Nations  
(supplier percentage of value)**



**Source: U.S. Government**

**Chart 4. Arms Transfer Agreements With Developing Nations by Major Supplier, 1998-2005  
(billions of constant 2005 dollars)**



Source: U.S. Government



**Figure 1. Worldwide Arms Transfer Agreements, 1998-2005 and Suppliers' Share with Developing World  
(in millions of constant 2005 U.S. dollars)**

<b>Supplier</b>	<b>Worldwide Agreements Value 1998-2001</b>	<b>Percentage of Total with Developing World</b>
United States	51,335	80.80
Russia	21,863	90.20
France	19,744	58.60
United Kingdom	5,589	51.30
China	6,354	96.60
Germany	13,583	35.90
Italy	3,144	29.80
All Other European	17,334	51.80
All Others	9,901	74.20
<b>TOTAL</b>	<b>148,847</b>	<b>69.30</b>

<b>Supplier</b>	<b>Worldwide Agreements Value 2002-2005</b>	<b>Percentage of Total with Developing World</b>
United States	55,887	59.50
Russia	23,791	95.60
France	13,511	64.60
United Kingdom	10,497	73.33
China	3,793	100.00
Germany	5,844	15.60
Italy	2,987	48.20
All Other European	19,765	43.50
All Others	9,197	68.00
<b>TOTAL</b>	<b>145,272</b>	<b>64.30</b>

<b>Supplier</b>	<b>Worldwide Agreements Value 2005</b>	<b>Percentage of Total with Developing World</b>
United States	12,758	48.50
Russia	7,400	94.60
France	7,900	79.70
United Kingdom	2,800	100.00
China	2,100	100.00
Germany	1,500	46.70
Italy	1,400	35.70
All Other European	5,900	55.90
All Others	2,400	54.20
<b>TOTAL</b>	<b>44,158</b>	<b>68.40</b>

**Source: U.S. Government**

- The four major West European suppliers, as a group (France, United Kingdom, Germany, Italy), registered a significant increase in their collective share of all arms transfer agreements with developing nations between 2004 and 2005. This group's share rose significantly from 22.3% in 2004 to 34.1% in 2005. The collective value of this group's arms transfer agreements with developing nations in 2005 was \$10.3 billion compared with a total of \$5.9 billion in 2004 (**tables 1A and 1B**)(**charts 3 and 4**).
- France registered a substantial increase in its share of all arms transfer agreements with developing nations, rising from 3.9% in 2004 to 20.9% in 2005. The value of its agreements with developing nations rose dramatically from \$1 billion in 2004 to \$6.3 billion in 2005 (**tables 1A and 1B**).
- In 2005, Russia ranked first in arms transfer agreements with developing nations at \$7 billion. France ranked second at \$6.3 billion. The United States ranked third with nearly \$6.2 billion (**charts 3 and 4**)(**tables 1A, 1B and 1G**).

## Regional Arms Transfer Agreements, 1998-2005

**Table 1C** gives the values of arms transfer agreements between suppliers and individual regions of the developing world for the periods 1998-2001 and 2002-2005. These values are expressed in *current* U.S. dollars.<sup>12</sup> **Table 1D**, derived from **Table 1C**, gives the percentage distribution of each supplier's agreement values within the regions for the two time periods. **Table 1E**, also derived from **Table 1C**, illustrates what percentage share of each developing world region's total arms transfer agreements was held by specific suppliers during the years 1998-2001 and 2002-2005. Among the facts reflected in these tables are the following:

### Near East.

- The Near East has historically been the largest arms market in the developing world. In 1998-2001, it accounted for nearly 45.8% of the total value of all developing nations arms transfer agreements (about \$40.4 billion in current dollars), ranking it first ahead of Asia which was second with about 39% of these agreements. However, during 2002-2005, the Asia region accounted for 48.4% of all such agreements (\$43.6 billion in current dollars), placing it first in arms agreements with the developing world. The Near East region ranked second with \$35.1 billion in agreements or 39% during 2002-2005 (**tables 1C and 1D**).
- The United States dominated arms transfer agreements with the Near East during the 1998-2001 period with 64.8% of their total value

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<sup>12</sup> Because these regional data are composed of four-year aggregate dollar totals, they are expressed in *current* dollar terms.

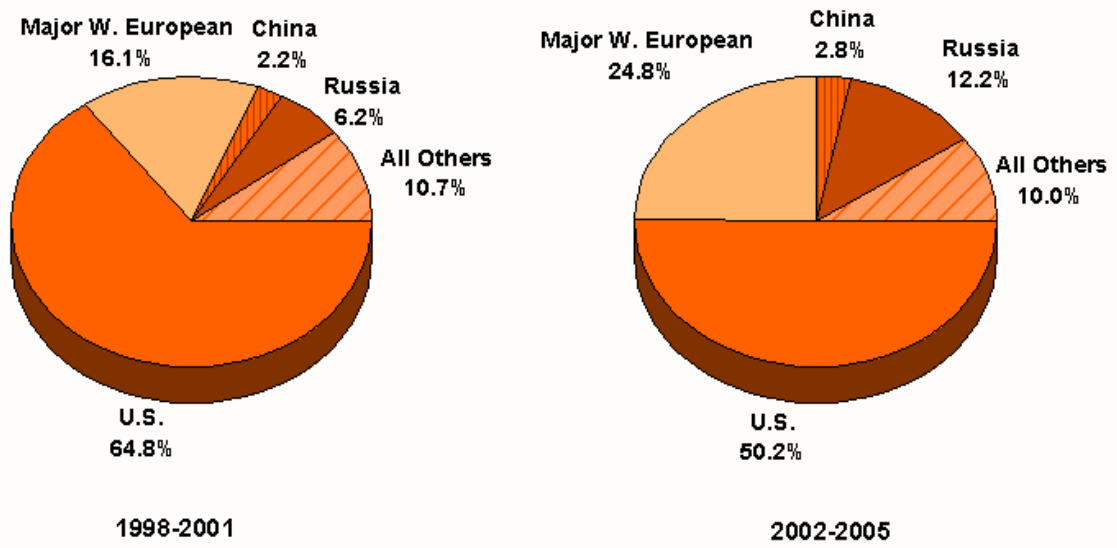
(\$26.2 billion in current dollars). France was second during these years with 14.6% (\$5.9 billion). Recently, from 2002-2005, the United States accounted for 50.2% of the value of arms agreements with this region (\$17.6 billion), while the United Kingdom accounted for 14% of the value of the region's agreements (\$4.9) billion. Russia accounted for 12.2% of the value of the region's arms agreements from 2002-2005 (\$4.3 billion)(**chart 5)(tables 1C and 1E)**).

- For the period 1998-2001, the United States maintained 73.8% of the value of its developing world arms transfer agreements with the Near East. In 2002-2005, the U.S. had 55.7% of the value of its agreements with this region (**table 1D**).
- For the period 1998-2001, the four major West European suppliers collectively made 38.2% of the value of their developing world arms transfer agreements with the Near East. In 2002-2005, the major West Europeans made 46.5% of their arms agreements with the Near East (**table 1D**) .
- For the period 1998-2001, France concluded 60.2% of the value of its developing world arms transfer agreements with the Near East. In 2002-2005, France made 29.6% of its agreements with the Near East (**table 1D**).
- For the period 1998-2001, the United Kingdom concluded 16.7% of the value of its developing world arms transfer agreements with the Near East. In 2002-2005, the United Kingdom made 65.3% of its agreements with the Near East (**table 1D**).
- For the period 1998-2001, China concluded 19.2% of the value of its developing world arms transfer agreements with the Near East. In 2002-2005, China made 27% of its agreements with the Near East (**table 1D**).
- For the period 1998-2001, Russia concluded 14.6% of the value of its developing world arms transfer agreements with the Near East. In 2002-2005, Russia made 19.9% of its agreements with the Near East (**table 1D**).
- In the earlier period (1998-2001), by value, the United States ranked first in arms transfer agreements with the Near East with 64.8%. France ranked second with 14.6%. Russia ranked third with 6.2%. The major West European suppliers, as a group, made 16.1% of this region's agreements in 1998-2001. In the later period (2002-2005), by value, the United States again ranked first in Near East agreements with 50.2%. The United Kingdom ranked second with 14%. Russia ranked third with 12.2%. The major West European suppliers, as a group, made 24.8% of this region's agreements in 2002-2005 (**table 1E)(chart 5)**).

**Asia.**

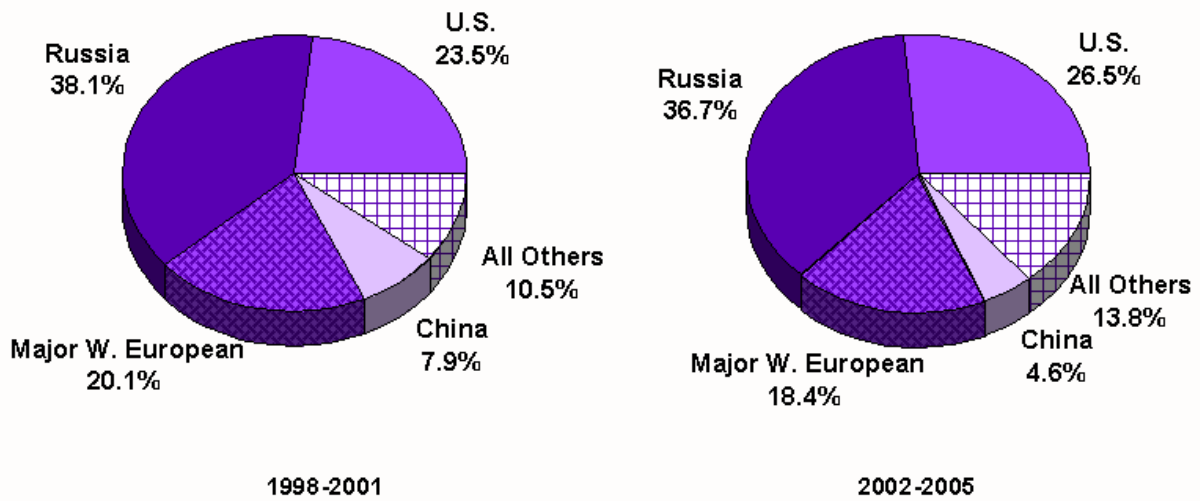
- Asia has historically been the second largest market for arms in the developing world. Yet in 2002-2005, Asia ranked first, with 48.4% of the total value of all arms transfer agreements with developing nations (\$43.6 billion in current dollars). In the earlier period, 1998-2001, the region accounted for 39% of all such agreements (\$34.4 billion in current dollars), ranking second (**tables 1C and 1D**).

**Chart 5. Arms Transfer Agreements With Near East  
(supplier percentage of value)**



Source: U.S. Government

**Chart 6. Arms Transfer Agreements With Developing Nations in Asia  
(supplier percentage of value)  
(excludes Japan, Australia, and New Zealand)**



Source: U.S. Government

- In the earlier period (1998-2001), Russia ranked first in the value of arms transfer agreements with Asia with 38.1% (\$13.1 billion). The United States ranked second with 23.5% (\$8.1 billion). The major West European suppliers, as a group, made 20.1% of this region's agreements in 1998-2001. In the later period (2002-2005), Russia ranked first in Asian agreements with 36.7% (\$16 billion), primarily due to major combat aircraft and naval craft sales to India and China. The United States ranked second with 26.5% (\$11.6 billion). The major West European suppliers, as a group, made 18.4% of this region's agreements in 2002-2005. (**Chart 6)(table 1E)**).

### **Latin America.**

- In the earlier period, 1998-2001, the United States ranked first in arms transfer agreements with Latin America with 31.4%. Russia ranked second with 8.2%. The major West European suppliers, as a group, made 11% of this region's agreements in 1998-2001. In the later period, 2002-2005, the United States ranked first with 31%. Russia ranked second with 8.1%. All other non-European suppliers collectively made 40.6% of the region's agreements in 2002-2005. Latin America registered an enormous increase in the total value of its arms transfer agreements from 1998-2001 to 2002-2005 rising from \$3.6 billion in the earlier period to \$7.4 billion in the latter, more than doubling the value of their arms agreements (**tables 1C and 1E**).

### **Africa.**

- In the earlier period, 1998-2001, Germany ranked first in agreements with Africa with 16.3% (\$1.6 billion). Russia was second with 12.3% (\$1.2 billion). China was third with 10.2%. The non-major European suppliers, as a group, made 33.7% of the region's agreements in 1998-2001. The United States made 1%. In the later period, 2002-2005, France was first in agreements with 22.7% (\$900 million). Russia was second with 17.7% (\$700 million). China ranked third with 15.2% (\$600 million). The major West European suppliers, as a group, made 30.3% of this region's agreements in 2002-2005 (\$1.2 billion). All other European suppliers collectively made 20.2% (\$800 million). The United States made 4% (\$157 million). Africa registered a notable decline in the total value of its arms transfer agreements from 1998-2001 to 2002-2005, falling from \$9.8 billion in the earlier period to about \$4 billion in the latter. This decline is attributable to the completion of large arms orders of South Africa during 1998-2001, as part of its defense modernization program (**tables 1C and 1E**).

## Arms Transfer Agreements With Developing Nations, 1998-2005: Leading Suppliers Compared

**Table 1F** gives the values of arms transfer agreements with the developing nations from 1998-2005 by the top eleven suppliers. The table ranks these suppliers on the basis of the total *current* dollar values of their respective agreements with the developing world for each of three periods — 1998-2001, 2002-2005 and 1998-2005. Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms transfer agreements from 2002-2005 (\$31.6 billion), and first for the entire period from 1998-2005 (\$67.1 billion).
- Russia ranked second among all suppliers to developing nations in the value of arms transfer agreements from 2002-2005 (\$21.8 billion), and second from 1998-2005 (\$38.8 billion).
- France ranked third among all suppliers to developing nations in the value of arms transfer agreements from 2002-2005 (\$8.6 billion), and third from 1998-2005 (\$18.3 billion).
- The United Kingdom ranked fourth among all suppliers to developing nations in the value of arms transfer agreements from 2002-2005 (\$7.5 billion), and fourth from 1998-2005 (\$9.9 billion).
- China ranked fifth among all suppliers to developing nations in the value of arms transfer agreements from 2002-2005 (\$3.7 million), and fifth from 1998-2005 (\$8.3 billion).

## Arms Transfer Agreements With Developing Nations in 2005: Leading Suppliers Compared

**Table 1G** ranks and gives for 2005 the values of arms transfer agreements with developing nations of the top eleven suppliers in *current* U.S. dollars. Among the facts reflected in this table are the following:

- Russia, France, and the United States, the top three arms suppliers — ranked by the value of their arms transfer agreements — in 2005 collectively made agreements valued at nearly \$19.5 billion, 64.5% of all arms transfer agreements made with developing nations by all suppliers in that year (\$30.2 billion).
- In 2005, Russia ranked first in arms transfer agreements with developing nations, making \$7 billion in such agreements, or 23.2% of them.



- France ranked second and the United States third in arms transfer agreements with developing nations in 2005, making \$6.3 billion and \$6.2 billion in such agreements respectively.
- The United Kingdom ranked fourth in arms transfer agreements with developing nations in 2005, making \$2.8 billion in such agreements, while Spain ranked fifth with \$2.2 billion.

## **Arms Transfer Agreements With Near East 1998-2005: Suppliers And Recipients**

**Table 1H** gives the values of arms transfer agreements with the Near East nations by suppliers or categories of suppliers for the periods 1998-2001 and 2002-2005. These values are expressed in *current* U.S. dollars. They are a subset of the data contained in **Table 1** and **Table 1C**. Among the facts reflected by this table are the following:

- For the most recent period, 2002-2005, the principal purchasers of U.S. arms in the Near East region, based on the value of agreements were: Egypt (\$5.2 billion), Saudi Arabia (\$4.2 billion), and Israel (\$2.5 billion). The principal purchasers of Russian arms were: Iran (\$1.7 billion), Syria (\$800 million), Yemen (\$500 million), Libya, and Israel (\$300 million each). The principal purchasers of arms from China were Egypt (\$400 million), Iran (\$300 million), and Saudi Arabia (\$200 million). The principal purchasers of arms from the four major West European suppliers, as a group, were: Saudi Arabia (\$4.5 billion); the U.A.E. (\$2 billion), and Oman (\$1.2 billion). The principal purchasers of arms from all other European suppliers collectively were the Iraq (\$500 million) Egypt (\$400 million), and Jordan (\$300 million). The principal purchasers of arms from all other suppliers combined were Syria (\$500 million), and Morocco (\$200 million).
- For the period from 2002-2005, Saudi Arabia made \$8.9 billion in arms transfer agreements. Its major suppliers were the four major West European suppliers collectively (\$4.5 billion), and the United States (\$4.2 billion). Egypt made \$6.1 billion in arms transfer agreements. Its principal supplier was the United States (\$5.2 billion). The U.A.E. made \$3.8 billion in arms transfer agreements. Its principal suppliers were: the four major West European suppliers collectively (\$2 billion) and the United States (\$1.3 billion). Israel made \$2.9 billion in arms agreements. Its principal supplier was the United States (\$2.5 billion).
- The total value of arms transfer agreements by Russia with Iran increased substantially from \$300 million in 1998-2001 to \$1.7 billion in 2002-2005. The value of China's arms transfer agreements with Iran rose from essentially nil in 1998-2001 to \$300 million in the 2002-2005 period.

- The value of arms transfer agreements by the United States with Saudi Arabia fell slightly from the 1998-2001 period to the 2002-2005 period, declining from \$4.4 billion in the earlier period to \$4.2 billion in the later period. Saudi Arabia made 47.2% of all its arms transfer agreements with the United States during 2002-2005. Meanwhile, arms transfer agreements by the United Arab Emirates (U.A.E.) with all suppliers collectively decreased by a substantial degree from 1998-2001 to 2002-2005, falling from \$13.8 billion to \$3.8 billion.

### **Arms Transfers to Developing Nations, 1998-2005: Agreements With Leading Recipients**

**Table II** gives the values of arms transfer agreements made by the top ten recipients of arms in the developing world from 1998-2005 with all suppliers collectively. The table ranks recipients on the basis of the total *current* dollar values of their respective agreements with all suppliers for each of three periods — 1998-2001, 2002-2005 and 1998-2005. Among the facts reflected in this table are the following:

- India was the leading developing world arms purchaser from 1998-2005, making arms transfer *agreements* totaling \$20.7 billion during these years (in current dollars). In the earlier 1998-2001 period, the United Arab Emirates (UAE) ranked first in arms transfer agreements at \$13.8 billion (in *current* dollars). In 2002-2005, India ranked first in arms transfer agreements, with a substantial increase to \$12.9 billion from \$7.8 billion in the earlier period (in *current* dollars). This increase reflects the continuation of a military modernization effort of India, beginning in the 1990s, and based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1998-2005 was \$177.8 billion in *current* dollars. Thus India alone accounted for 11.6% of all developing world arms transfer agreements during these eight years. In the most recent period, 2002-2005, India made \$12.9 billion in arms transfer agreements (in *current* dollars). This total constituted 14.4% of all arm transfer agreements with developing nations during 2002-2005, which totaled \$89.8 billion. China ranked second in arms transfer agreements during 2002-2005 with \$10.2 billion (in *current* dollars), or 11.4% of the value of all developing world arms transfer agreements (**tables 1, 1H, 1I and 1J**).
- During 1998-2001, the top ten recipients collectively accounted for 69% of *all* developing world arms transfer agreements. During 2002-2005, the top ten recipients collectively accounted for 67.1% of all such agreements (**tables 1 and 1I**).

## Arms Transfers to Developing Nations in 2005: Agreements With Leading Recipients

**Table 1J** names the top ten developing world recipients of arms transfer agreements in 2005. The table ranks these recipients on the basis of the total *current* dollar values of their respective agreements with *all* suppliers in 2005. Among the facts reflected in this table are the following:

- India ranked first among all developing nations recipients in the value of arms transfer agreements in 2005, concluding \$5.4 billion in such agreements. Saudi Arabia ranked second with \$3.4 billion. China ranked third with \$2.8 billion.
- Four of the top ten developing world recipients of arms transfer agreements in 2005 were in the Near East. Three were in Asia. Two were in Latin America.
- Arms transfer agreements with the top ten developing world recipients, as a group, in 2005 totaled \$21.9 billion or 72.6% of all such agreements with the developing world,. These percentages reflect the continuing concentration of arms purchases by developing world states in a few such states (**tables 1 and 1J**).

## Developing Nations Arms Delivery Values

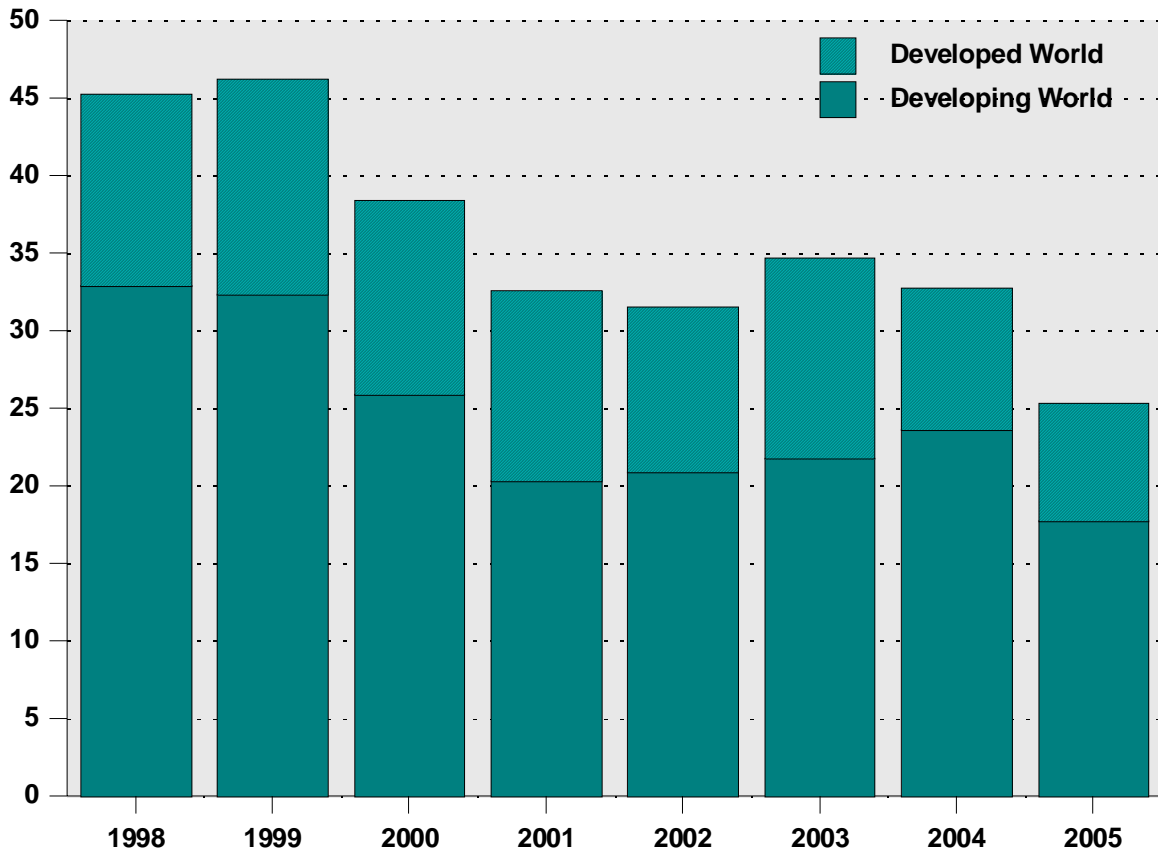
**Table 2** shows the annual *current* dollar values of arms *deliveries* (items actually transferred) to developing nations by major suppliers from 1998-2005. The utility of these particular data is that they reflect transfers that have occurred. They provide the data from which **Tables 2A** (constant dollars) and **Table 2B** (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below.

- In 2005 the value of all arms deliveries to developing nations (\$17.7 billion) was a notable decrease in deliveries values from the previous year, (\$23.6 billion), and the lowest annual deliveries total for the entire period from 1998-2005 (**charts 7 and 8**)(**table 2A**).
- The U.S. share of all deliveries to developing nations in 2005 was 45.8%, a substantial increase from 31.4% in 2004. In 2005, the United States, for the eighth year in a row, ranked first in the value of arms deliveries to developing nations (\$8.16 billion). The second leading supplier in 2005 was Russia at \$2.7 billion. Russia's share of all deliveries to developing nations in 2005 was 15.2%, a notable decline from 22.7% in 2004. The United Kingdom, the third leading supplier in 2005, made \$2.4 billion in deliveries. The United Kingdom's share of all arms deliveries to developing nations in 2005 was 13.6%, up from 10.1% in 2004. The share of major West European suppliers deliveries to developing nations in 2005 was 22%, down from 31.9% in 2004 (**tables 2A and 2B**).

- The total value of all arms deliveries by all suppliers to developing nations from 2002-2005 (\$84.1 billion in constant 2005 dollars) was dramatically lower than the value of arms deliveries by all suppliers to developing nations from 1998-2001 (\$111.3 billion in constant 2005 dollars)(**table 2A**).
- During the years 1998-2005, arms deliveries to developing nations comprised 68.2% of all arms deliveries worldwide. In 2005, the percentage of arms deliveries to developing nations was 69.9% of all arms deliveries worldwide (**tables 2A and 9A**)(**figure 2**).

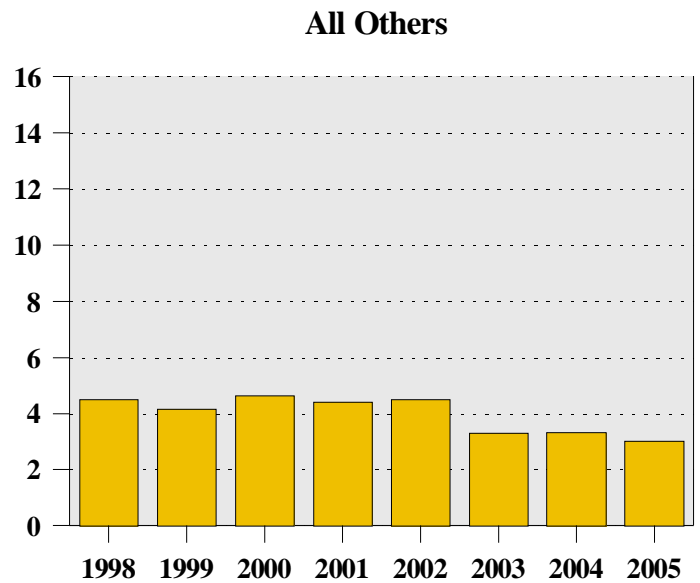
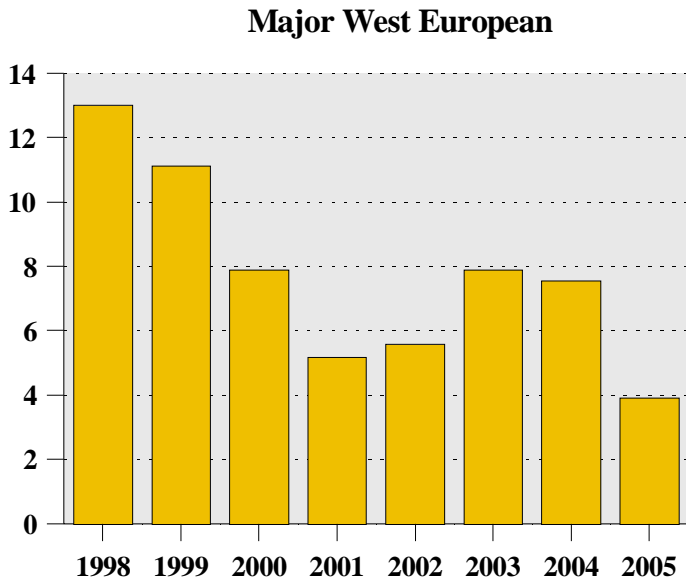
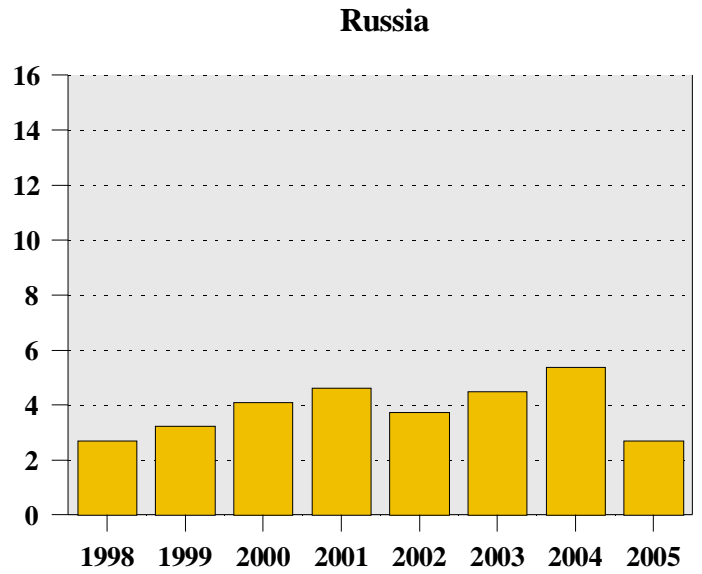
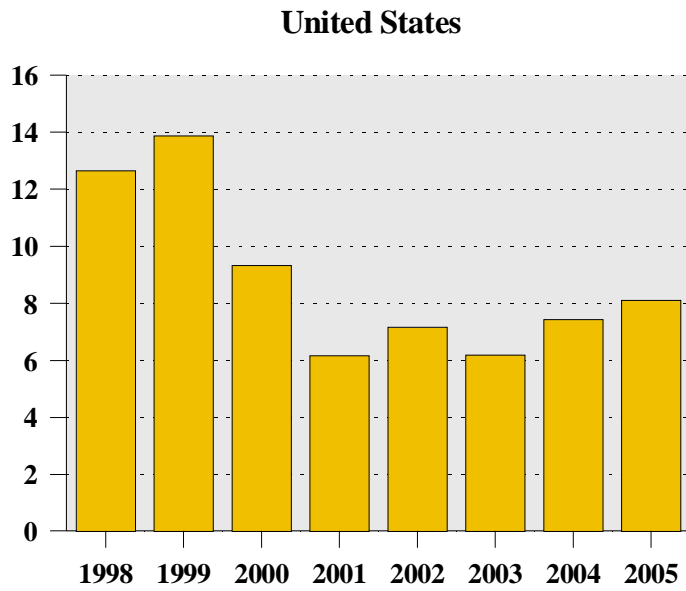
**Chart 7. Arms Deliveries Worldwide 1998-2005  
Developed and Developing Worlds Compared**

In billions of constant  
2005 dollars



Source: U.S. Government

**Chart 8. Arms Deliveries to Developing Countries by Major Supplier, 1998-2005**  
 (in billions of constant 2005 dollars)



Source: U.S. Government

**Figure 2. Worldwide Arms Deliveries, 1998-2005 and Suppliers' Share with Developing World**  
(in millions of constant 2005 U.S. dollars)

<b>Supplier</b>	<b>Worldwide Deliveries Value 1998-2001</b>	<b>Percentage of Total to Developing World</b>
United States	63,993	65.60
Russia	16,891	86.20
France	19,514	81.40
United Kingdom	22,367	81.80
China	3,503	83.40
Germany	6,616	26.70
Italy	1,984	59.40
All Other European	16,826	57.90
All Others	10,637	47.20
<b>TOTAL</b>	<b>162,331</b>	<b>68.60</b>

<b>Supplier</b>	<b>Worldwide Deliveries Value 2002-2005</b>	<b>Percentage of Total to Developing World</b>
United States	45,350	63.60
Russia	16,787	96.90
France	11,844	85.70
United Kingdom	16,881	75.60
China	3,456	93.90
Germany	5,480	28.60
Italy	1,279	33.50
All Other European	11,717	45.10
All Others	11,331	49.00
<b>TOTAL</b>	<b>124,125</b>	<b>67.80</b>

<b>Supplier</b>	<b>Worldwide Deliveries Value 2005</b>	<b>Percentage of Total to Developing World</b>
United States	11,552	70.20
Russia	2,800	96.40
France	1,600	81.20
United Kingdom	3,100	77.40
China	900	88.90
Germany	600	33.30
Italy	200	0.00
All Other European	2,100	47.60
All Others	2,500	48.00
<b>TOTAL</b>	<b>25,352</b>	<b>69.90</b>

Source: U.S. Government

## Regional Arms Delivery Values, 1998-2005

**Table 2C** gives the values of arms deliveries by suppliers to individual *regions* of the developing world for the periods 1998-2001 and 2002-2005. These values are expressed in *current* U.S. dollars.<sup>13</sup> **Table 2D**, derived from **table 2C**, gives the percentage distribution of each supplier's deliveries values within the regions for the two time periods. **Table 2E**, also derived from **table 2C**, illustrates what percentage share of each developing world region's total arms delivery values was held by specific suppliers during the years 1998-2001 and 2002-2005. Among the facts reflected in these tables are the following:

### Near East.

- The Near East has generally led in the value of arms deliveries received by the developing world. In 1998-2001, it accounted for 55.4% of the total value of all developing nations deliveries (\$52.3 billion in current dollars). During 2002-2005 the region accounted for 54.5% of all such deliveries (\$43.8 billion in current dollars) (**tables 2C and 2D**).
- For the period 1998-2001, the United States made 62.4% of its developing world arms deliveries to the Near East region. In 2002-2005, the United States made 61.6% of its developing world arms deliveries to the Near East region (**table 2D**).
- For the period 1998-2001, the United Kingdom made 85.9% of its developing world arms deliveries to the Near East region. In 2002-2005, the United Kingdom made 97.5 of its developing world arms deliveries to the Near East region (**table 2D**).
- For the period 1998-2001, 52.6% of France's arms deliveries to the developing world were to the Near East region. In the more recent period, 2002-2005, 84.5% of France's developing world deliveries were to nations of the Near East region (**table 2D**).
- For the period 1998-2001, Russia made 16.7% of its developing world arms deliveries to the Near East region. In 2002-2005, Russia made 10.9% of such deliveries to the Near East (**table 2D**).
- In the earlier period, 1998-2001, the United States ranked first in the value of arms deliveries to the Near East with 42.4% (\$22.2 billion). The United Kingdom ranked second with 25.6% (\$13.4 billion). France ranked third with 13.4% (\$7 billion). The major West European suppliers, as a group, held 41.1% of this region's delivery values in 1998-2001. In the later period (2002-2005), the United States ranked first in Near East delivery values with 38.84% (\$17

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<sup>13</sup> Because these regional data are composed of four-year aggregate dollar totals, they are expressed in *current* dollar terms.



billion). The United Kingdom ranked second with 27.2% (\$11.9 billion). France ranked third with 18.7% (\$8.2 billion). The major West European suppliers, as a group, held 46.3% of this region's delivery values in 2002-2005 (**tables 2C and 2E**).

### **Asia.**

- The Asia region has historically ranked second in the value of arms deliveries. In the earlier period, 1998-2001, 37.1% of all arms deliveries to developing nations were to those in Asia (\$35 billion). In the later period, 2002-2005, Asia accounted for 38.1% of such arms deliveries (\$30.7 billion). For the period 2002-2005, Russia made 84.6% of its developing world arms deliveries to Asia. China made 56.7% of its developing world deliveries to Asia. Germany made 46.7% of its developing world deliveries to Asia., while the United States made 33.6% (**tables 2C and 2D**).
- In the period from 1998-2001, the United States ranked first in the value of arms deliveries to Asia with 34.5% (\$12.1 billion). Russia ranked second with 26.6% (\$9.3 billion in current dollars). France ranked third with 17.4% (\$6.1 billion in current dollars). The major West European suppliers, as a group, held 25.7% of this region's delivery values in 1998-2001 (\$9 billion). In the period from 2002-2005, Russia ranked first in Asian delivery values with 43% (\$13.2 billion). The United States ranked second with 30.2% (\$9.3 billion) (**tables 2C and 2E**).

### **Latin America.**

- In the earlier period, 1998-2001, the value of all arms deliveries to Latin America was \$3.1 billion. The United States ranked first in the value of arms deliveries to Latin America with 39.2% (\$1.2 billion). Germany was second with 9.6% (\$300 million). The major West European suppliers, as a group, held 19.2% of this region's delivery values in 1998-2001. In the later period, 2002-2005, the United States ranked first in Latin American delivery values with 37.9% (\$1.2 billion). France was second with 9.3% (\$300 million). The major West European suppliers, as a group, held 15.5% of this region's delivery values in 2002-2005. All other non-European suppliers combined held 24.8% (\$800 million). During 2002-2005, the value of all arms deliveries to Latin America was \$3.2 billion, nearly the same as the \$3.1 billion deliveries total for 1998-2001 (**tables 2C and 2E**).

### **Africa.**

- In the earlier period, 1998-2001, the value of all arms deliveries to Africa was nearly \$4 billion. Russia ranked first in the value of arms deliveries to Africa with 25.1% (\$1 billion). China ranked second with 15.1% (\$600 million). The non-major West European

suppliers, as a group, held 35.1% of this region's delivery values in 1998-2001 (\$1.4 billion). The United States held 2.1%. In the later period, 2002-2005, Germany ranked first in African delivery values with 22% (\$600 million). Russia and China tied for second with 18.4% each (\$500 million each). The United States held 4.9% in this later period. The major West European suppliers collectively held 29.4% (\$800 million). All other European suppliers collectively held 18.4% (\$500 million). During the 2002-2005 period, the value of all arms deliveries to Africa decreased notably from \$4 billion in 1998-2001 to \$2.7 billion (**Tables 2C and 2E**).

### **Arms Deliveries to Developing Nations, 1998-2005: Leading Suppliers Compared**

**Table 2F** gives the values of arms deliveries to developing nations from 1998-2005 by the top eleven suppliers. The table ranks these suppliers on the basis of the total *current* dollar values of their respective deliveries to the developing world for each of three periods — 1998-2001, 2002-2005 and 1998-2005. Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms deliveries from 2002-2005 (\$27.6 billion), and first for the entire period from 1998-2005 (\$63.2 billion).
- Russia ranked second among all suppliers to developing nations in the value of arms deliveries from 2002-2005 (\$15.5 billion), and fourth for the entire period from 1996-2003 (\$28 billion).
- The United Kingdom ranked third among all suppliers to developing nations in the value of arms deliveries from 2002-2005 (\$12.1 billion), and third for the entire period from 1998-2005 (\$27.7 billion).

### **Arms Deliveries With Developing Nations in 2005: Leading Suppliers Compared**

**Table 2G** ranks and gives for 2005 the values of arms deliveries to developing nations of the top ten suppliers in *current* U.S. dollars. Among the facts reflected in this table are the following:

- The United States, Russia, and the United Kingdom — 2005's top three arms suppliers — ranked by the value of their arms deliveries — collectively made deliveries in 2005 valued at \$13.2 billion, 74.6% of all arms deliveries made to developing nations by all suppliers.

- In 2005, the United States ranked first in the value of arms deliveries to developing nations, making \$8.1 billion in such deliveries, or 45.8% of them.
- Russia ranked second and the United Kingdom third in deliveries to developing nations in 2005, making \$2.7 billion and \$2.4 billion in such deliveries respectively.
- France ranked fourth in arms deliveries to developing nations in 2005, making \$1.3 billion in such deliveries, while China ranked fifth with \$800 million in deliveries.

### **Arms Deliveries to Near East, 1998-2005: Suppliers and Recipients**

**Table 2H** gives the values of arms delivered to Near East nations by suppliers or categories of suppliers for the periods 1998-2001 and 2002-2005. These values are expressed in *current* U.S. dollars. They are a subset of the data contained in **table 2** and **table 2C**. Among the facts reflected by this table are the following:

- For the most recent period, 2002-2005, the principal arms recipients of the United States in the Near East region, based on the value of their arms deliveries were Egypt (\$5.8 billion) Saudi Arabia (\$4.4 billion), Israel (\$4.4 billion), and Kuwait (\$800 million). The principal arms recipients of Russia were Yemen (\$600), Syria, and the U.A.E. (\$300 million each). The principal arms recipients of China were Egypt (\$400 million) and Kuwait (\$200 million). The principal arms recipients of the four major West European suppliers, as a group, were Saudi Arabia (\$13.7 billion) and the U.A.E. (\$5.9 billion). The principal arms recipient of all other European suppliers collectively was Saudi Arabia (\$1.5 billion). The principal arms recipients of all other suppliers, as a group, were Iraq, Kuwait, and Libya (\$200 million each).
- For the period 2002-2005, Saudi Arabia received \$19.7 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group (\$13.7 billion), and the United States (\$4.4 billion). The U.A.E. received \$7.1 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group (\$5.9 billion), and the United States (\$500 million). Egypt received \$6.5 billion in arms deliveries. Its principal supplier was the United States (\$5.8 billion). Israel received \$4.5 billion in arms deliveries. Its principal supplier was the United States (\$4.4 billion). Kuwait received \$1.3 billion in arms deliveries. Its principal supplier was the United States (\$800 million). Yemen received \$900 million in arms deliveries. Its principal suppliers was Russia (\$600 million each), and all other non-major European suppliers collectively (\$200 million).

- The value of United States arms deliveries to Saudi Arabia declined dramatically from \$12.6 billion in 1998-2001 to \$4.4 billion in 2002-2005, as implementation of major orders placed during the Persian Gulf war era were essentially concluded.
- The value of Russian arms deliveries to Iran declined notably from the 1998-2001 period to the 2002-2005 period. Russian arms deliveries fell from \$600 million to \$100 million.

## Arms Deliveries to Developing Nations, 1998-2005: The Leading Recipients

**Table 2I** gives the values of arms deliveries made to the top ten recipients of arms in the developing world from 1998-2005 by all suppliers collectively. The table ranks recipients on the basis of the total *current* dollar values of their respective deliveries from all suppliers for each of three periods — 1998-2001, 2002-2005 and 1998-2005. Among the facts reflected in this table are the following:

- Saudi Arabia and China were the top two developing world recipients of arms from 1998-2005, receiving *deliveries* valued at \$50.1 billion and \$14.3 billion, respectively, during these years. The total value of all arms deliveries to developing nations from 1998-2005 was \$174.8 billion in *current* dollars (see **table 2**). Thus, Saudi Arabia and Taiwan accounted for 28.7% and 8.2%, respectively, of all developing world deliveries during these eight years — together 36.8% of the total. In the most recent period — 2002-2005 — Saudi Arabia and China ranked first and second in the value of arms received by developing nations (\$19.7 billion and \$7.7 billion, respectively, in *current* dollars). Together, Saudi Arabia and China accounted for 34.2% of all developing world arms deliveries (\$27.4 billion out of \$80.2 billion — the value of all deliveries to developing nations in 2002-2005 (in *current* dollars).
- For the 2002-2005 period, Saudi Arabia alone received \$19.7 billion in arms deliveries (in *current* dollars), or 24.6% of all deliveries to developing nations during this period.
- During 1998-2001, the top ten recipients collectively accounted for 76.4% of *all* developing world arms deliveries. During 2002-2005, the top ten recipients collectively accounted for 79% of all such deliveries (**tables 2 and 2I**).

## Arms Transfers to Developing Nations in 2005: Agreements With Leading Recipients

**Table 2J** names the top ten developing world recipients of arms transfer agreements in 2005. The table ranks these recipients on the basis of the total *current* dollar values of their respective agreements with *all* suppliers in 2005. Among the facts reflected in this table are the following:

- Saudi Arabia was the leading recipient of arms deliveries in 2005 among developing nations, receiving \$3.5 billion in such deliveries. Israel ranked second with \$1.7 billion. India ranked third with \$1.6 billion (**tables 2 and 2J**).
- Arms deliveries in 2005 to the top ten developing nation recipients, collectively, constituted \$13.8 billion, or 77.9% of all developing nations deliveries. Six of the top ten arms recipients in the developing world in 2005 were in the Near East region; four were in the Asia region (**tables 2 and 2J**).

**Table 1. Arms Transfer Agreements With Developing Nations, by Supplier, 1998-2005**  
(in millions of current U.S. dollars)

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>1998-2005</b>
United States	6,504	8,814	12,731	7,413	9,362	6,988	9,097	6,182	67,091
Russia	1,800	3,600	6,300	5,300	5,300	4,300	5,200	7,000	38,800
France	5,500	1,100	2,200	900	400	900	1,000	6,300	18,300
United Kingdom	1,000	1,200	0	200	700	0	4,000	2,800	9,900
China	500	2,500	500	1,100	400	500	700	2,100	8,300
Germany	1,400	1,600	1,000	100	100	0	100	700	5,000
Italy	0	500	100	200	0	300	600	500	2,200
All Other European	1,400	4,000	1,200	1,000	1,400	1,200	2,400	3,300	15,900
All Others	1,000	1,700	1,900	1,700	1,100	1,100	2,500	1,300	12,300
<b>TOTAL</b>	<b>19,104</b>	<b>25,014</b>	<b>25,931</b>	<b>17,913</b>	<b>18,762</b>	<b>15,288</b>	<b>25,597</b>	<b>30,182</b>	<b>177,791</b>

**Note:** Developing nations category excludes the U.S., Europe, Canada, Japan, Australia and New Zealand. All data are for the calendar year given except for U. S. MAP (Military Assistance Program), IMET (International Military Education and Training), and Excess Defense Article data which are included for the particular fiscal year. All amounts given include the values of all categories of weapons, spare parts, construction, all associated services, military assistance, excess defense articles, and training programs. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million. The United States total in 2000 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates for 80 F-16 aircraft.

**Source: U.S. Government**

**Table 1A. Arms Transfer Agreements with Developing Nations, by Supplier, 1998-2005**  
**(in millions of constant 2005 U.S. dollars)**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>TOTAL 1998-2005</b>
United States	7,918	10,480	14,745	8,340	10,245	7,440	9,398	6,182	74,748
Russia	2,191	4,281	7,297	5,962	5,800	4,578	5,372	7,000	42,481
France	6,696	1,308	2,548	1,012	438	958	1,033	6,300	20,293
United Kingdom	1,217	1,427	0	225	766	0	4,132	2,800	10,567
China	609	2,973	579	1,237	438	532	723	2,100	9,191
Germany	1,704	1,902	1,158	112	109	0	103	700	5,788
Italy	0	595	116	225	0	319	620	500	2,375
All Other European	1,704	4,756	1,390	1,125	1,532	1,278	2,479	3,300	17,564
All Others	1,217	2,021	2,201	1,912	1,204	1,171	2,583	1,300	13,609
<b>TOTAL</b>	<b>23,258</b>	<b>29,743</b>	<b>30,034</b>	<b>20,152</b>	<b>20,532</b>	<b>16,276</b>	<b>26,443</b>	<b>30,182</b>	<b>196,616</b>
Dollar inflation Index:(2005=1.00)*	0.8214	0.8410	0.8634	0.8889	0.9138	0.9393	0.9680	1	

\*Based on Department of Defense Price Deflator.

**Source: U.S. Government**

**Table 1B. Arms Transfer Agreements with Developing Nations, by Supplier, 1998-2005  
(expressed as a percent of total, by year)**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
United States	34.05%	35.24%	49.10%	41.38%	49.90%	45.71%	35.54%	20.48%
Russia	9.42%	14.39%	24.30%	29.59%	28.25%	28.13%	20.31%	23.19%
France	28.79%	4.40%	8.48%	5.02%	2.13%	5.89%	3.91%	20.87%
United Kingdom	5.23%	4.80%	0.00%	1.12%	3.73%	0.00%	15.63%	9.28%
China	2.62%	9.99%	1.93%	6.14%	2.13%	3.27%	2.73%	6.96%
Germany	7.33%	6.40%	3.86%	0.56%	0.53%	0.00%	0.39%	2.32%
Italy	0.00%	2.00%	0.39%	1.12%	0.00%	1.96%	2.34%	1.66%
All Other European	7.33%	15.99%	4.63%	5.58%	7.46%	7.85%	9.38%	10.93%
All Others	5.23%	6.80%	7.33%	9.49%	5.86%	7.20%	9.77%	4.31%
<i>[Major West European*</i>	<i>41.35%</i>	<i>17.59%</i>	<i>12.73%</i>	<i>7.82%</i>	<i>6.40%</i>	<i>7.85%</i>	<i>22.27%</i>	<i>34.13%</i>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, Italy.

**Source: U.S. Government**



**Table 1C. Regional Arms Transfer Agreements, by Supplier, 1998-2005**  
**(in millions of current U.S. dollars)**

	Asia		Near East		Latin America		Africa	
	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05
United States	8,066	11,562	26,156	17,623	1,146	2,288	94	157
Russia	13,100	16,000	2,500	4,300	300	600	1,200	700
France	3,100	5,000	5,900	2,600	200	300	600	900
United Kingdom	1,300	2,200	400	4,900	0	400	700	0
China	2,700	2,000	900	1,000	100	100	1,000	600
Germany	2,400	500	100	500	0	0	1,600	0
Italy	100	300	100	700	200	100	300	300
All Other European	1,100	2,600	2,600	1,900	600	3,000	3,300	800
All Others	2,500	3,400	1,700	1,600	1,100	600	1,000	500
<i>[Major West European*]</i>	<i>6,900</i>	<i>8,000</i>	<i>6,500</i>	<i>8,700</i>	<i>400</i>	<i>800</i>	<i>3,200</i>	<i>1,200]</i>
<b>TOTAL</b>	<b>34,366</b>	<b>43,562</b>	<b>40,356</b>	<b>35,123</b>	<b>3,646</b>	<b>7,388</b>	<b>9,794</b>	<b>3,957</b>

**Note:** All foreign data are rounded to the nearest \$100 million. The United States total for Near East in 1998-2001 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

\*Major West European category included France, United Kingdom, Germany, Italy.

**Source: U.S. Government**

**Table 1D. Percentage of Each Supplier's Agreements Value by Region, 1998-2005**

	Asia		Near East		Latin America		Africa		TOTAL	
	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05
United States	22.75%	36.55%	73.76%	55.72%	3.23%	7.23%	0.27%	0.50%	100.00%	100.00%
Russia	76.61%	74.07%	14.62%	19.91%	1.75%	2.78%	7.02%	3.24%	100.00%	100.00%
France	31.63%	56.82%	60.20%	29.55%	2.04%	3.41%	6.12%	10.23%	100.00%	100.00%
United Kingdom	54.17%	29.33%	16.67%	65.33%	0.00%	5.33%	29.17%	0.00%	100.00%	100.00%
China	57.45%	54.05%	19.15%	27.03%	2.13%	2.70%	21.28%	16.22%	100.00%	100.00%
Germany	58.54%	50.00%	2.44%	50.00%	0.00%	0.00%	39.02%	0.00%	100.00%	100.00%
Italy	14.29%	21.43%	14.29%	50.00%	28.57%	7.14%	42.86%	21.43%	100.00%	100.00%
All Other European	14.47%	31.33%	34.21%	22.89%	7.89%	36.14%	43.42%	9.64%	100.00%	100.00%
All Others	39.68%	55.74%	26.98%	26.23%	17.46%	9.84%	15.87%	8.20%	100.00%	100.00%
<i>[Major West European*]</i>	<i>40.59%</i>	<i>42.78%</i>	<i>38.24%</i>	<i>46.52%</i>	<i>2.35%</i>	<i>4.28%</i>	<i>18.82%</i>	<i>6.42%</i>	<b>100.00%</b>	<b>100.00%</b>
<b>TOTAL</b>	<b>38.98%</b>	<b>48.39%</b>	<b>45.77%</b>	<b>39.01%</b>	<b>4.14%</b>	<b>8.21%</b>	<b>11.11%</b>	<b>4.40%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category included France, United Kingdom, Germany, Italy.

Source: U.S. Government

**Table 1E. Percentage of Total Agreements Value by Supplier to Regions, 1998-2005**

	Asia		Near East		Latin America		Africa	
	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05
United States	23.47%	26.54%	64.81%	50.18%	31.43%	30.97%	0.96%	3.97%
Russia	38.12%	36.73%	6.19%	12.24%	8.23%	8.12%	12.25%	17.69%
France	9.02%	11.48%	14.62%	7.40%	5.49%	4.06%	6.13%	22.74%
United Kingdom	3.78%	5.05%	0.99%	13.95%	0.00%	5.41%	7.15%	0.00%
China	7.86%	4.59%	2.23%	2.85%	2.74%	1.35%	10.21%	15.16%
Germany	6.98%	1.15%	0.25%	1.42%	0.00%	0.00%	16.34%	0.00%
Italy	0.29%	0.69%	0.25%	1.99%	5.49%	1.35%	3.06%	7.58%
All Other European	3.20%	5.97%	6.44%	5.41%	16.46%	40.61%	33.69%	20.22%
All Others	7.27%	7.80%	4.21%	4.56%	30.17%	8.12%	10.21%	12.64%
<i>[Major West European*]</i>	<i>20.08%</i>	<i>18.36%</i>	<i>16.11%</i>	<i>24.77%</i>	<i>10.97%</i>	<i>10.83%</i>	<i>32.67%</i>	<i>30.33%</i>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, Italy.

Source: U.S. Government

**Table 1F. Arms Transfer Agreements with Developing Nations,  
1998-2005:  
Leading Suppliers Compared  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 1998-2001</b>
1	United States*	35,462
2	Russia	17,000
3	France	9,700
4	China	4,600
5	Germany	4,100
6	United Kingdom	2,400
7	Israel	2,200
8	Sweden	2,100
9	Ukraine	1,100
10	Belarus	1,000
11	North Korea	1,000

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 2002-2005</b>
1	United States	31,629
2	Russia	21,800
3	France	8,600
4	United Kingdom	7,500
5	China	3,700
6	Israel	2,500
7	Spain	2,300
8	Ukraine	1,700
9	Italy	1,400
10	Netherlands	1,400
11	Poland	1,000

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 1998-2005</b>
1	United States*	67,091
2	Russia	38,800
3	France	18,300
4	United Kingdom	9,900
5	China	8,300
6	Germany	5,000
7	Israel	4,700
8	Ukraine	2,800
9	Spain	2,700
10	Italy	2,200
11	Sweden	2,200

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained. \*The United States total includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

**Source:** U.S. Government

**Table 1G. Arms Transfer Agreements with  
Developing Nations in 2005:  
Leading Suppliers Compared  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 2005</b>
1	Russia	7,000
2	France	6,300
3	United States	6,182
4	United Kingdom	2,800
5	Spain	2,200
6	China	2,100
7	Germany	700
8	Italy	500
9	Turkey	300
10	Brazil	300
11	Netherlands	200

**Note:** All foreign data are rounded to the nearest \$100 million.  
Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government

**Table 1H. Arms Transfer Agreements with Near East, by Supplier  
(in millions of current U.S. dollars)**

<b>Recipient Country</b>	<b>U.S.</b>	<b>Russia</b>	<b>China</b>	<b>Major West European*</b>	<b>All Other European</b>	<b>All Others</b>	<b>Total</b>
<b>1998-2001</b>							
Algeria	0	400	100	0	500	0	<b>1,000</b>
Bahrain	700	0	0	0	0	0	<b>700</b>
Egypt	6,400	400	500	100	100	0	<b>7,500</b>
Iran	0	300	0	0	0	700	<b>1,000</b>
Iraq	0	0	0	0	200	100	<b>300</b>
Israel	6,600	0	0	0	0	0	<b>6,600</b>
Jordan	300	0	0	300	0	100	<b>700</b>
Kuwait	700	100	200	0	0	200	<b>1,200</b>
Lebanon	0	0	0	0	0	0	<b>0</b>
Libya	0	100	0	0	100	500	<b>700</b>
Morocco	0	0	0	0	200	0	<b>200</b>
Oman	0	0	0	0	0	100	<b>100</b>
Qatar	0	0	0	0	0	0	<b>0</b>
Saudi Arabia	4,400	0	0	500	800	0	<b>5,700</b>
Syria	0	200	0	100	100	0	<b>400</b>
Tunisia	0	0	0	0	0	0	<b>0</b>
U.A.E.	7,000	800	0	5,500	300	200	<b>13,800</b>
Yemen	0	200	100	0	100	100	<b>500</b>
<b>2002-2005</b>							
Algeria	0	200	100	0	0	0	<b>300</b>
Bahrain	300	0	0	100	0	0	<b>400</b>
Egypt	5,200	100	400	0	400	0	<b>6,100</b>
Iran	0	1,700	300	0	100	100	<b>2,200</b>
Iraq	100	100	0	300	500	100	<b>1,100</b>
Israel	2,500	300	0	0	100	0	<b>2,900</b>
Jordan	900	100	0	0	300	100	<b>1,400</b>
Kuwait	2,000	0	0	0	0	100	<b>2,100</b>
Lebanon	0	0	0	0	0	0	<b>0</b>
Libya	0	300	0	100	100	100	<b>600</b>
Morocco	0	200	0	400	0	200	<b>800</b>
Oman	1,000	0	0	1,200	0	100	<b>2,300</b>
Qatar	0	0	0	0	0	0	<b>0</b>
Saudi Arabia	4,200	0	200	4,500	0	0	<b>8,900</b>
Syria	0	800	0	0	0	500	<b>1,300</b>
Tunisia	0	0	0	0	0	0	<b>0</b>
U.A.E.**	1,300	100	0	2,000	200	200	<b>3,800</b>
Yemen	0	500	0	0	200	100	<b>800</b>

**Note:** 0=data less than \$50 million or nil. All data are rounded to nearest \$100 million. \*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. \*\*The United States total for 1998-2001 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

**Source:** U.S. Government

**Table 11. Arms Transfer Agreements of Developing Nations, 1998-2005:  
Agreements by the Leading Recipients  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Recipient</b>	<b>Agreements Value 1998-2001</b>
1	U.A.E.*	13,800
2	India	7,800
3	Egypt	7,500
4	Israel	6,600
5	China	6,500
6	Saudi Arabia	5,700
7	South Africa	5,100
8	Taiwan	4,000
9	South Korea	3,700
10	Singapore	3,200
<b>Rank</b>	<b>Recipient</b>	<b>Agreements Value 2002-2005</b>
1	India	12,900
2	China	10,200
3	Saudi Arabia	8,900
4	Egypt	6,100
5	Taiwan	4,900
6	U.A.E.	3,800
7	Pakistan	3,300
8	South Korea	3,200
9	Israel	2,900
10	Malaysia	2,800
<b>Rank</b>	<b>Recipient</b>	<b>Agreements Value 1998-2005</b>
1	India	20,700
2	U.A.E.*	17,600
3	China	16,700
4	Saudi Arabia	14,600
5	Egypt	13,600
6	Israel	9,500
7	Taiwan	8,900
8	South Korea	6,900
9	South Africa	6,100
10	Pakistan	5,900

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained. \*The U.A.E. total includes a \$6.432 billion licensed commercial agreement with the United States in 2000 for 80 F-16 aircraft.

**Source:** U.S. Government

**Table 1J. Arms Transfer Agreements of Developing Nations in 2005:  
Agreements by Leading Recipients  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Recipient</b>	<b>Agreements Value 2005</b>
1	India	5,400
2	Saudi Arabia	3,400
3	China	2,800
4	U.A.E.	2,200
5	Venezuela	1,900
6	Pakistan	1,700
7	Iran	1,500
8	Egypt	1,300
9	Brazil	900
10	South Africa	800

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government



**Table 2. Arms Deliveries to Developing Nations, by Supplier, 1998-2005**  
(in millions of current U.S. dollars)

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>TOTAL</b> <b>1998-2005</b>
United States	10,395	11,657	8,049	5,453	6,535	5,798	7,181	8,111	63,179
Russia	2,200	2,700	3,500	4,100	3,400	4,200	5,200	2,700	28,000
France	7,000	3,500	1,900	900	1,500	2,500	4,400	1,300	23,000
United Kingdom	3,300	4,600	4,300	3,400	3,400	4,000	2,300	2,400	27,700
China	600	400	800	700	800	700	800	800	5,600
Germany	200	700	500	100	0	800	500	200	3,000
Italy	200	500	100	200	200	100	100	0	1,400
All Other European	2,100	2,300	2,100	1,800	1,800	1,500	700	1,000	13,300
All Others	1,000	800	1,100	1,400	1,500	900	1,700	1,200	9,600
<b>TOTAL</b>	<b>26,995</b>	<b>27,157</b>	<b>22,349</b>	<b>18,053</b>	<b>19,135</b>	<b>20,498</b>	<b>22,881</b>	<b>17,711</b>	<b>174,779</b>

**Note:** Developing nations category *excludes* the United States, Russia, Europe, Canada, Japan, Australia, and New Zealand. All data are for the calendar year given, except for U.S. MAP (Military Assistance Program), IMET (International Military Education and Training), excess defense articles, which are included for the particular fiscal year. Licensed commercial exports are excluded. All amounts given include the values of all categories of weapons and ammunition, military spare parts, military construction, military assistance and training programs, and all associated services. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million.

**Source:** U.S. Government

**Table 2A. Arms Deliveries to Developing Nations, by Supplier, 1998-2005**  
**(in millions of constant 2005 U.S. dollars)**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>TOTAL 1998-2005</b>
United States	12,655	13,861	9,322	6,135	7,151	6,173	7,418	8,111	70,826
Russia	2,678	3,210	4,054	4,612	3,721	4,471	5,372	2,700	30,818
France	8,522	4,162	2,201	1,012	1,641	2,662	4,545	1,300	26,045
United Kingdom	4,018	5,470	4,980	3,825	3,721	4,258	2,376	2,400	31,048
China	730	476	927	787	875	745	826	800	6,166
Germany	243	832	579	112	0	852	517	200	3,335
Italy	243	595	116	225	219	106	103	0	1,607
All Other European	2,557	2,735	2,432	2,025	1,970	1,597	723	1,000	15,039
All Others	1,217	951	1,274	1,575	1,641	958	1,756	1,200	10,572
<b>TOTAL</b>	<b>32,865</b>	<b>32,291</b>	<b>25,885</b>	<b>20,309</b>	<b>20,940</b>	<b>21,823</b>	<b>23,637</b>	<b>17,711</b>	<b>195,456</b>
Dollar inflation index: (2005=1.00)*	0.8214	0.8410	0.8634	0.8889	0.9138	0.9393	0.9680	1	

\*Based on Department of Defense Price Deflator.

**Source: U.S. Government**

**Table 2B. Arms Deliveries to Developing Nations, by Supplier, 1998-2005  
(expressed as a percent of total, by year)**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
United States	38.51%	42.92%	36.02%	30.21%	34.15%	28.29%	31.38%	45.80%
Russia	8.15%	9.94%	15.66%	22.71%	17.77%	20.49%	22.73%	15.24%
France	25.93%	12.89%	8.50%	4.99%	7.84%	12.20%	19.23%	7.34%
United Kingdom	12.22%	16.94%	19.24%	18.83%	17.77%	19.51%	10.05%	13.55%
China	2.22%	1.47%	3.58%	3.88%	4.18%	3.41%	3.50%	4.52%
Germany	0.74%	2.58%	2.24%	0.55%	0.00%	3.90%	2.19%	1.13%
Italy	0.74%	1.84%	0.45%	1.11%	1.05%	0.49%	0.44%	0.00%
All Other European	7.78%	8.47%	9.40%	9.97%	9.41%	7.32%	3.06%	5.65%
All Others	3.70%	2.95%	4.92%	7.75%	7.84%	4.39%	7.43%	6.78%
<i>[Major West European*]</i>	<i>39.64%</i>	<i>34.25%</i>	<i>30.43%</i>	<i>25.48%</i>	<i>26.65%</i>	<i>36.10%</i>	<i>31.90%</i>	<i>22.02%</i>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, Italy.

**Source: U.S. Government**

**Table 2C. Regional Arms Deliveries by Supplier, 1998-2005**  
**(in millions of current U.S. dollars)**

	Asia		Near East		Latin America		Africa	
	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05
United States	12,061	9,270	22,185	17,012	1,224	1,220	85	122
Russia	9,300	13,200	2,100	1,700	200	200	1,000	500
France	6,100	1,100	7,000	8,200	200	300	0	100
United Kingdom	2,100	300	13,400	11,900	0	0	100	0
China	1,300	1,700	600	800	0	0	600	500
Germany	200	700	1,000	200	300	0	0	600
Italy	600	100	100	0	100	200	0	100
All Other European	1,300	1,300	4,800	2,700	800	500	1,400	500
All Others	2,000	3,000	1,100	1,300	300	800	800	300
<i>[Major West European*</i>	<i>9,000</i>	<i>2,200</i>	<i>21,500</i>	<i>20,300</i>	<i>600</i>	<i>500</i>	<i>100</i>	<i>800]</i>
<b>TOTAL</b>	34,961	30,670	52,285	43,812	3,124	3,220	3,985	2,722

**Note:** All foreign data are rounded to the nearest \$100 million.

\*Major West European category includes France, United Kingdom, Germany, Italy.

**Source:** U.S. Government

**Table 2D. Percentage of Supplier Deliveries Value by Region, 1998-2005**

	Asia		Near East		Latin America		Africa		TOTAL	TOTAL
	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05
United States	33.92%	33.56%	62.40%	61.58%	3.44%	4.42%	0.24%	0.44%	100.00%	100.00%
Russia	73.81%	84.62%	16.67%	10.90%	1.59%	1.28%	7.94%	3.21%	100.00%	100.00%
France	45.86%	11.34%	52.63%	84.54%	1.50%	3.09%	0.00%	1.03%	100.00%	100.00%
United Kingdom	13.46%	2.46%	85.90%	97.54%	0.00%	0.00%	0.64%	0.00%	100.00%	100.00%
China	52.00%	56.67%	24.00%	26.67%	0.00%	0.00%	24.00%	16.67%	100.00%	100.00%
Germany	13.33%	46.67%	66.67%	13.33%	20.00%	0.00%	0.00%	40.00%	100.00%	100.00%
Italy	75.00%	25.00%	12.50%	0.00%	12.50%	50.00%	0.00%	25.00%	100.00%	100.00%
All Other European	15.66%	26.00%	57.83%	54.00%	9.64%	10.00%	16.87%	10.00%	100.00%	100.00%
All Others	47.62%	55.56%	26.19%	24.07%	7.14%	14.81%	19.05%	5.56%	100.00%	100.00%
<i>[Major West European*]</i>	<i>28.85%</i>	<i>9.24%</i>	<i>68.91%</i>	<i>85.29%</i>	<i>1.92%</i>	<i>2.10%</i>	<i>0.32%</i>	<i>3.36%</i>	<b>100.00%</b>	<b>100.00%</b>
<b>TOTAL</b>	37.05%	38.14%	55.41%	54.48%	3.31%	4.00%	4.22%	3.38%	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, Italy.

Source: U.S. Government

**Table 2E. Percentage of Total Deliveries Value by Supplier to Regions, 1998-2005**

	Asia		Near East		Latin America		Africa	
	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05	1998-01	2002-05
United States	34.50%	30.22%	42.43%	38.83%	39.18%	37.89%	2.13%	4.48%
Russia	26.60%	43.04%	4.02%	3.88%	6.40%	6.21%	25.09%	18.37%
France	17.45%	3.59%	13.39%	18.72%	6.40%	9.32%	0.00%	3.67%
United Kingdom	6.01%	0.98%	25.63%	27.16%	0.00%	0.00%	2.51%	0.00%
China	3.72%	5.54%	1.15%	1.83%	0.00%	0.00%	15.06%	18.37%
Germany	0.57%	2.28%	1.91%	0.46%	9.60%	0.00%	0.00%	22.04%
Italy	1.72%	0.33%	0.19%	0.00%	3.20%	6.21%	0.00%	3.67%
All Other European	3.72%	4.24%	9.18%	6.16%	25.61%	15.53%	35.13%	18.37%
All Others	5.72%	9.78%	2.10%	2.97%	9.60%	24.84%	20.08%	11.02%
<i>[Major West European*</i>	<i>25.74%</i>	<i>7.17%</i>	<i>41.12%</i>	<i>46.33%</i>	<i>19.21%</i>	<i>15.53%</i>	<i>2.51%</i>	<i>29.39%</i>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, Italy.

Source: U.S. Government

**Table 2F. Arms Deliveries to Developing Nations, 1998-2005  
Leading Suppliers Compared  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 1998-2001</b>
1	United States	35,554
2	United Kingdom	15,600
3	France	13,300
4	Russia	12,500
5	Sweden	2,800
6	China	2,500
7	Ukraine	1,600
8	Germany	1,500
9	Israel	1,300
10	Belarus	1,000
11	Italy	1,000
<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 2002-2005</b>
1	United States	27,625
2	Russia	15,500
3	United Kingdom	12,100
4	France	9,700
5	China	3,100
6	Israel	1,900
7	Germany	1,500
8	Sweden	1,400
9	Ukraine	1,000
10	Brazil	700
11	Spain	500
<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 1998-2005</b>
1	United States	63,179
2	Russia	28,000
3	United Kingdom	27,700
4	France	23,000
5	China	5,600
6	Sweden	4,200
7	Israel	3,200
8	Germany	3,000
9	Ukraine	2,600
10	Italy	1,400
11	Belarus	1,100

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government

**Table 2G. Arms Deliveries to Developing Nations in 2005:  
Leading Suppliers Compared  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 2005</b>
1	United States	8,111
2	Russia	2,700
3	United Kingdom	2,400
4	France	1,300
5	China	800
6	Israel	400
7	Germany	200
8	Brazil	200
9	Ukraine	200
10	Poland	200

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government



**Table 2H. Arms Deliveries to Near East, by Supplier  
(in millions of current U.S. dollars)**

<b>Recipient Country</b>	<b>U.S.</b>	<b>Russia</b>	<b>China</b>	<b>Major West European*</b>	<b>All Other European</b>	<b>All Others</b>	<b>Total</b>
<b>1998-2001</b>							
Algeria	0	500	100	0	500	100	<b>1,200</b>
Bahrain	500	0	0	0	0	0	<b>500</b>
Egypt	3,300	200	100	100	100	0	<b>3,800</b>
Iran	0	600	100	100	200	300	<b>1,300</b>
Iraq	0	0	0	0	100	0	<b>100</b>
Israel	3,700	0	0	900	0	100	<b>4,700</b>
Jordan	200	0	0	100	0	100	<b>400</b>
Kuwait	1,500	100	200	600	0	0	<b>2,400</b>
Lebanon	0	0	0	0	0	0	<b>0</b>
Libya	0	0	0	0	200	100	<b>300</b>
Morocco	0	0	0	0	200	200	<b>400</b>
Oman	0	0	0	0	0	100	<b>100</b>
Qatar	0	0	0	1,200	0	0	<b>1,200</b>
Saudi Arabia	12,600	0	0	15,000	2,700	100	<b>30,400</b>
Syria	0	300	0	100	100	0	<b>500</b>
Tunisia	0	0	0	0	0	0	<b>0</b>
U.A.E.	200	300	0	3,100	500	200	<b>4,300</b>
Yemen	0	0	100	200	200	0	<b>500</b>
<b>2002-2005</b>							
Algeria	0	200	100	0	0	100	<b>400</b>
Bahrain	300	0	0	0	0	0	<b>300</b>
Egypt	5,800	100	400	0	100	100	<b>6,500</b>
Iran	0	100	100	0	100	100	<b>400</b>
Iraq	0	0	0	0	100	200	<b>300</b>
Israel	4,400	0	0	0	100	0	<b>4,500</b>
Jordan	400	0	0	0	100	100	<b>600</b>
Kuwait	800	0	200	100	0	200	<b>1,300</b>
Lebanon	0	0	0	0	0	0	<b>0</b>
Libya	0	100	0	0	100	100	<b>300</b>
Morocco	0	0	0	100	0	200	<b>300</b>
Oman	300	0	0	200	0	100	<b>600</b>
Qatar	0	0	0	0	0	0	<b>0</b>
Saudi Arabia	4,400	0	0	13,700	1,500	100	<b>19,700</b>
Syria	0	300	0	0	100	100	<b>500</b>
Tunisia	0	0	0	100	0	0	<b>100</b>
U.A.E.	500	300	0	5,900	300	100	<b>7,100</b>
Yemen	0	600	0	0	200	100	<b>900</b>

Note: 0=data less than \$50 million or nil. All data are rounded to nearest \$100 million.

\*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

Source: U.S. Government

**Table 2I. Arms Deliveries to Developing Nations, 1998-2005:  
The Leading Recipients  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Recipient</b>	<b>Deliveries Value 1998-2001</b>
1	Saudi Arabia	30,400
2	Taiwan	9,800
3	China	6,600
4	South Korea	5,200
5	Israel	4,700
6	U.A.E.	4,300
7	Egypt	3,800
8	Pakistan	2,900
9	Kuwait	2,400
10	Malaysia	2,100
<b>Rank</b>	<b>Recipient</b>	<b>Deliveries Value 2002-2005</b>
1	Saudi Arabia	19,700
2	China	7,700
3	India	7,500
4	U.A.E.	7,100
5	Egypt	6,500
6	Israel	4,500
7	Taiwan	4,100
8	Pakistan	2,500
9	South Korea	2,400
10	Malaysia	1,400
<b>Rank</b>	<b>Recipient</b>	<b>Deliveries Value 1998-2005</b>
1	Saudi Arabia	50,100
2	China	14,300
3	Taiwan	13,900
4	U.A.E.	11,400
5	Egypt	10,300
6	India	9,500
7	Israel	9,200
8	South Korea	7,600
9	Pakistan	5,400
10	Malaysia	3,400

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government

**Table 2J. Arms Deliveries to Developing Nations in 2005:  
The Leading Recipients  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Recipient</b>	<b>Deliveries Value 2005</b>
1	Saudi Arabia	3,500
2	Israel	1,700
3	India	1,600
4	Egypt	1,500
5	China	1,400
6	Taiwan	1,300
7	U.A.E.	1,200
8	South Korea	600
9	Pakistan	500
10	Afghanistan	500

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government

## Selected Weapons Deliveries to Developing Nations, 1998-2005

Other useful data for assessing arms transfers are those that indicate *who* has actually *delivered* specific numbers of *specific classes* of military items to a *region*. These data are relatively “hard” in that they reflect actual transfers of military equipment. They have the limitation of not giving detailed information regarding either the sophistication or the specific name of the equipment delivered. However, these data show *relative trends* in the delivery of important classes of military equipment and indicate *who* the leading suppliers are from region to region over time. Data in the following tables set out actual deliveries of fourteen categories of weaponry to developing nations from 1998-2005 by the United States, Russia, China, the four major West European suppliers as a group, all other European suppliers as a group, and all other suppliers as a group (**tables 3-7**).

Caution is warranted in using the quantitative data within these specific tables. Aggregate data on weapons categories delivered by suppliers do not provide precise indices of the quality and/or quantity of the weaponry delivered. The history of recent conventional conflicts suggests that quality and/or sophistication of weapons can offset quantitative advantage. Further, these data do not provide an indication of the relative capabilities of the recipient nations to use effectively the weapons delivered to them. Superior training — coupled with good equipment, tactical and operational proficiency, and sound logistics — may, in the last analysis, be a more important factor in a nation’s ability to engage successfully in conventional warfare than the size of its weapons inventory.

### Regional Weapons Deliveries Summary, 2002-2005

- The regional weapons delivery data collectively show that the United States was a leading supplier of several major classes of conventional weaponry from 2002-2005. Russia also transferred significant quantities of certain weapons classes during these years.
- The major West European suppliers were serious competitors in weapons deliveries from 2002-2005 making notable deliveries of certain categories of armaments to every region of the developing world — most particularly to the Near East, Asia, and to Latin America. In Africa, all European suppliers, China and all other non-European suppliers were major sources of weapons delivered.
- Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though the United States, Russia, and the four major West European suppliers tend to dominate the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers, and non-European suppliers, including China, are fully capable of providing specific classes of conventional armaments, such as tanks, missiles, armored vehicles, aircraft, artillery pieces, and the various missile categories, surface-to-surface, surface-to-air,

and anti-ship, to developing nations, should their systems prove attractive to prospective purchasers.

Noteworthy deliveries of specific categories of weapons to regions of the developing world by specific suppliers from **2002-2005** included the following:

### **Asia.**

**Russia** delivered 290 tanks and self-propelled guns, 180 APCs and armored cars, 3 major surface combatants, 4 minor surface combatants, 5 submarines, 180 supersonic combat aircraft, 90 helicopters, 410 surface-to-air missiles, and 180 anti-ship missiles. The **United States** delivered 105 artillery pieces, 6 major surface combatants, 6 minor surface combatants; 8 supersonic combat aircraft, 38 helicopters, 1,558 surface-to-air missiles, and 182 anti-ship missiles. **China** delivered 150 tanks and self-propelled guns, 270 artillery pieces, 9 minor surface combatants, 40 supersonic combat aircraft, and 510 surface-to-air missiles, and 20 anti-ship missiles. The four **major West European suppliers** as a group delivered 1 major surface combatant, 7 minor surface combatants, 20 supersonic combat aircraft; and 20 helicopters. **All other European suppliers** collectively delivered 80 tanks and self-propelled guns, 290 APCs and armored cars, 140 artillery pieces, 1 major surface combatant, 25 minor surface combatants, 3 submarines, and 100 surface-to-air missiles. **All other non-European suppliers** collectively delivered 70 artillery pieces, 30 APCs and armored cars, 23 minor surface combatants, 20 supersonic combat aircraft, and 580 surface-to-air missiles.

### **Near East.**

**Russia** delivered 120 APCs and armored cars, 30 supersonic combat aircraft, 40 helicopters, and 1,170 surface-to-air missiles. The **United States** delivered 375 tanks and self-propelled guns, 34 APCs and armored cars, 2 major surface combatants, 4 minor surface combatants, 65 supersonic combat aircraft, 20 helicopters, 519 surface-to-air missiles, and 132 anti-ship missiles. **China** delivered 20 artillery pieces, 5 minor surface combatants, and 60 anti-ship missiles. The four **major West European suppliers** collectively delivered 140 tanks and self-propelled guns, 60 APCs and armored cars; 5 major surface combatants, 35 minor surface combatants, 11 guided missile boats, 30 supersonic combat aircraft, 30 helicopters, and 40 anti-ship missiles. **All other European suppliers** as a group delivered 320 tanks and self-propelled guns, 270 APCs and armored cars, 1 major surface combatant, 32 minor surface combatants, 10 supersonic combat aircraft, 20 helicopters, and 260 surface-to-air missiles. **All other suppliers** collectively delivered 500 APCs and armored cars, 116 minor surface combatants, 20 helicopters, 40 surface-to-surface missiles, and 20 anti-ship missiles.

**Latin America.**

**Russia** delivered 10 helicopters, and 30 surface-to-air missiles. The **United States** delivered 2 major surface combatants, 9 minor surface combatants; 8 supersonic combat aircraft, 22 surface-to-air missiles, and 24 anti-ship missiles. **China** delivered 6 minor surface combatants. The four **major West European suppliers** collectively delivered 3 major surface combatants, 1 submarine, 10 helicopters, and 10 anti-ship missiles. **All other European suppliers** collectively delivered 2 minor surface combatants, and 1 submarine. **All other non-European suppliers** as a group delivered 20 tanks and self-propelled guns, 2 minor surface combatants, 10 supersonic combat aircraft, 10 helicopters, 40 surface-to-air missiles, and 30 anti-ship missiles.

**Africa.**

**Russia** delivered 20 artillery pieces, 60 APCs and armored cars; 2 minor surface combatants, 30 supersonic combat aircraft, 40 helicopters, and 20 surface-to-air missiles. **China** delivered 150 artillery pieces, 30 APCs and armored cars, and 33 minor surface combatants. The four **major West European suppliers** collectively delivered 60 APCs and armored cars; 4 major surface combatants, 3 minor surface combatants, 20 helicopters, and 10 anti-ship missiles. **All other European suppliers** collectively delivered 120 tanks and self-propelled guns, 1,180 artillery pieces, 320 APCs and armored cars, 5 minor surface combatants, 20 supersonic combat aircraft, 20 helicopters, and 20 surface-to-air missiles. **All other non-European suppliers** as a group delivered 40 tanks and self-propelled guns, 50 artillery pieces, 220 APCs and armored cars, 1 major surface combatant; 6 minor surface combatants, 10 supersonic combat aircraft, and 60 helicopters.

**Table 3. Numbers of Weapons Delivered by Major Suppliers to Developing Nations**

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
<b>1998-2001</b>						
Tanks and Self-Propelled Guns	462	360	290	480	1,560	160
Artillery	229	540	460	50	670	1,010
APCs and Armored Cars	439	870	400	250	960	700
Major Surface Combatants	6	3	0	7	9	4
Minor Surface Combatants	2	2	37	34	124	73
Guided Missile Boats	0	0	1	14	0	0
Submarines	0	4	0	8	1	3
Supersonic Combat Aircraft	328	220	60	70	90	90
Subsonic Combat Aircraft	2	10	0	40	10	20
Other Aircraft	47	40	80	160	150	90
Helicopters	152	330	0	70	140	50
Surface-to-Air Missiles	1,506	1,380	430	1,740	1,240	820
Surface-to-Surface Missiles	0	0	0	0	0	20
Anti-Ship Missiles	301	180	120	320	0	10
<b>2002-2005</b>						
Tanks and Self-Propelled Guns	375	300	150	140	520	60
Artillery	177	20	450	80	1,370	160
APCs and Armored Cars	34	360	40	120	880	750
Major Surface Combatants	10	3	0	13	2	1
Minor Surface Combatants	19	6	53	45	64	147
Guided Missile Boats	0	0	0	11	0	0
Submarines	0	5	0	1	4	0
Supersonic Combat Aircraft	81	240	40	50	30	40
Subsonic Combat Aircraft	17	0	0	0	0	0
Other Aircraft	37	0	110	40	120	180
Helicopters	58	180	0	80	40	90
Surface-to-Air Missiles	2,099	1,630	510	0	380	620
Surface-to-Surface Missiles	0	0	10	0	0	40
Anti-Ship Missiles	338	180	80	70	10	50

**Note:** Developing nations category excludes the U.S., Russia, Europe, Canada, Japan, Australia and New Zealand. All data are for calendar years given. \*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

**Source:** U.S. Government

**Table 4. Number of Weapons Delivered by Major Suppliers to Asia and the Pacific**

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
<b>1998-2001</b>						
Tanks and Self-Propelled Guns	280	80	90	0	260	20
Artillery	193	10	220	0	50	540
APCs and Armored Cars	48	260	360	50	50	170
Major Surface Combatants	6	3	0	5	0	4
Minor Surface Combatants	0	2	16	3	14	43
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	4	0	3	1	3
Supersonic Combat Aircraft	230	150	40	60	10	70
Subsonic Combat Aircraft	0	0	0	40	0	0
Other Aircraft	4	20	40	10	40	30
Helicopters	74	210	0	20	10	10
Surface-to-Air Missiles	1,228	1,340	220	1,650	130	50
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	235	150	20	130	0	10
<b>2002-2005</b>						
Tanks and Self-Propelled Guns	0	290	150	0	80	0
Artillery	105	0	270	10	140	70
APCs and Armored Cars	0	180	10	0	290	30
Major Surface Combatants	6	3	0	1	1	0
Minor Surface Combatants	6	4	9	7	25	23
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	5	0	0	3	0
Supersonic Combat Aircraft	8	180	40	20	0	20
Subsonic Combat Aircraft	17	0	0	0	0	0
Other Aircraft	11	0	10	10	30	60
Helicopters	38	90	0	20	0	0
Surface-to-Air Missiles	1,558	410	510	0	100	580
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	182	180	20	10	0	0

**Note:** Asia and Pacific category *excludes* Japan, Australia and New Zealand. All data are for calendar years given. \*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

**Source:** U.S. Government



**Table 5. Numbers of Weapons Delivered by Major Suppliers to Near East**

<b>Weapons Category</b>	<b>U.S.</b>	<b>Russia</b>	<b>China</b>	<b>Major West European*</b>	<b>All Other European</b>	<b>All Others</b>
<b>1998-2001</b>						
Tanks and Self-Propelled Guns	182	240	0	380	300	30
Artillery	6	20	80	30	0	0
APCs and Armored Cars	376	390	40	70	330	30
Major Surface Combatants	0	0	0	0	1	0
Minor Surface Combatants	0	0	0	13	5	8
Guided Missile Boats	0	0	1	10	0	0
Submarines	0	0	0	3	0	0
Supersonic Combat Aircraft	98	30	0	10	40	0
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	21	10	20	80	40	10
Helicopters	42	30	0	40	20	10
Surface-to-Air Missiles	278	20	170	0	280	0
Surface-to-Surface Missiles	0	0	0	0	0	20
Anti-Ship Missiles	57	30	100	160	0	0
<b>2002-2005</b>						
Tanks and Self-Propelled Guns	375	10	0	140	320	0
Artillery	72	0	20	50	50	40
APCs and Armored Cars	34	120	0	60	270	500
Major Surface Combatants	2	0	0	5	1	0
Minor Surface Combatants	4	0	5	35	32	116
Guided Missile Boats	0	0	0	11	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	65	30	0	30	10	0
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	25	0	70	20	50	80
Helicopters	20	40	0	30	20	20
Surface-to-Air Missiles	519	1,170	0	0	260	0
Surface-to-Surface Missiles	0	0	0	0	0	40
Anti-Ship Missiles	132	0	60	40	10	20

**Note:** All data for calendar years given. \*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

**Source:** U.S. Government

**Table 6. Numbers of Weapons Delivered by Major Suppliers to Latin America**

<b>Weapons Category</b>	<b>U.S.</b>	<b>Russia</b>	<b>China</b>	<b>Major West European*</b>	<b>All Other European</b>	<b>All Others</b>
<b>1998-2001</b>						
Tanks and Self-Propelled Guns	0	0	0	100	370	0
Artillery	30	0	0	20	90	50
APCs and Armored Cars	15	0	0	120	40	0
Major Surface Combatants	0	0	0	2	8	0
Minor Surface Combatants	0	0	4	3	85	0
Guided Missile Boats	0	0	0	4	0	0
Submarines	0	0	0	2	0	0
Supersonic Combat Aircraft	0	0	0	0	0	0
Subsonic Combat Aircraft	2	0	0	0	0	20
Other Aircraft	14	10	0	60	50	30
Helicopters	36	30	0	10	50	0
Surface-to-Air Missiles	0	0	40	90	460	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	9	0	0	30	0	0
<b>2002-2005</b>						
Tanks and Self-Propelled Guns	0	0	0	0	0	20
Artillery	0	0	10	0	0	0
APCs and Armored Cars	0	0	0	0	0	0
Major Surface Combatants	2	0	0	3	0	0
Minor Surface Combatants	9	0	6	0	2	2
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	1	1	0
Supersonic Combat Aircraft	8	0	0	0	0	10
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	1	0	0	0	20	30
Helicopters	0	10	0	10	0	10
Surface-to-Air Missiles	22	30	0	0	0	40
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	24	0	0	10	0	30

**Note:** All data for calendar years given. \*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

**Source:** U.S. Government

**Table 7. Number of Weapons Delivered by Major Suppliers to Africa**

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
<b>1998-2001</b>						
Tanks and Self-Propelled Guns	0	40	200	0	630	110
Artillery	0	510	160	0	530	420
APCs and Armored Cars	0	220	0	10	540	500
Major Surface Combatants	0	0	0	0	0	0
Minor Surface Combatants	2	0	17	15	20	22
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	40	20	0	40	20
Subsonic Combat Aircraft	0	10	0	0	10	0
Other Aircraft	8	0	20	10	20	20
Helicopters	0	60	0	0	60	30
Surface-to-Air Missiles	0	20	0	0	370	770
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	0	0	0
<b>2002-2005</b>						
Tanks and Self-Propelled Guns	0	0	0	0	120	40
Artillery	0	20	150	20	1,180	50
APCs and Armored Cars	0	60	30	60	320	220
Major Surface Combatants	0	0	0	4	0	1
Minor Surface Combatants	0	2	33	3	5	6
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	30	0	0	20	10
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	0	0	30	10	20	10
Helicopters	0	40	0	20	20	60
Surface-to-Air Missiles	0	20	0	0	20	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	10	0	0

**Note:** All data are for calendar years given. \*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure. Data relating to surface-to-surface and anti-ship missiles by foreign suppliers are estimates based on a variety of sources having a wide range of accuracy. As such, individual data entries in these two weapons delivery categories are not necessarily definitive.

**Source:** U.S. Government

## Worldwide Arms Transfer Agreements and Deliveries Values, 1998-2005

Ten tables follow. **Tables 8, 8A, and 8B** and **tables 9, 9A and 9B**, provide the total dollar values for arms transfer agreements and arms deliveries worldwide for the years 1998-2005 in the same format and detail as do **tables 1, 1A and 1B** and **tables 2, 2A and 2B** for arms transfer agreements with and arms deliveries to developing nations. **Tables 8C, 8D, 9C and 9D** provide a list of the top eleven arms suppliers to the world based on the total values (**in current dollars**) of their arms transfer agreements and arms deliveries worldwide during calendar years 1998-2001, 2002-2005, and 2005. These tables are set out in the same format and detail as **tables 1F and 1G** for arms transfer agreements with, and **tables 2F and 2G** for arms deliveries to developing nations, respectively.

### Total Worldwide Arms Transfer Agreements Values, 1998-2005

**Table 8** shows the annual *current* dollar values of arms transfer agreements worldwide. Since these figures do not allow for the effects of inflation, they are, by themselves, of limited use. They provide, however, the data from which **tables 8A** (constant dollars) and **8B** (supplier percentages) are derived. Some of the more notable facts reflected by these data are summarized below. Unless otherwise noted, dollar values are expressed in *constant* 2005 U.S. dollars.

- The United States ranked first among all suppliers to the world in the value of arms transfer agreements from 2002-2005, and first for the entire period from 1998-2005 (**figure 1**) (**table 8C**).
- Russia ranked second among all suppliers to the world in the value of arms transfer agreements from 2002-2005, and second from 1998-2005.
- France ranked third among all suppliers to the world in the value of arms transfer agreements from 2002-2005, and third from 1998-2005.
- In 2005, the value of all arms transfer agreements worldwide was nearly \$44.2 billion. This is the highest total for worldwide arms transfer agreements, in real terms, for the entire period from 1998-2005.
- In 2005, the United States was the leader in arms transfer agreements with the world, making \$12.8 billion in such agreements, or 28.9% of all arms transfer agreements. France ranked second with \$7.9 billion in arms transfer agreements, or 17.9% of all arms transfer agreements. Russia ranked third with \$7.4 billion. United States arms transfer agreements fell from \$13.2 billion in 2004 to \$12.8 billion in 2005. The U.S. share of agreements fell from 32.9% to 28.9%, the lowest U.S. worldwide arms market share for the entire period from 1998-2005. Russia's worldwide arms transfer agreements rose from \$5.6 billion in 2004 to \$7.4 billion in 2005 (**table 8A**)(**table 8B**)(**table 8D**).
- The United States, France and Russia, — the top three arms suppliers to the world in 2005 — respectively (ranked by the value of their arms transfer agreements) collectively made agreements in 2005 valued at nearly \$28.1 billion, 63.5% of all arms transfer agreements made with the world by all suppliers (**table 8D**).
- The total value of all arms transfer agreements worldwide from 2002-2005 (\$145.3 billion) was lower than the value of arms transfer agreements by all suppliers worldwide from 1998-2001 (\$148.8 billion), a nominal decline of 2.4% (**figure 1**).

- During the period from 1998-2001, developing world nations accounted for 69.3% of all arms transfer agreements made worldwide. During 2002-2005, developing world nations accounted for 64.3% of all agreements made worldwide (**figure 1**).
- In 2005, developing nations were recipients of 68.4% of all arms transfer agreements made worldwide (**figure 1**).

## Total Worldwide Delivery Values 1998-2005

**Table 9** shows the annual *current* dollar values of arms deliveries (items actually transferred) worldwide by major suppliers from 1998-2005. The utility of these data is that they reflect transfers that have occurred. They provide the data from which **tables 9A** (constant dollars) **and 9B** (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below. Unless otherwise noted the dollar values are expressed in *constant* 2005 U.S. dollars.

- In 2005, the United States ranked first in the value of arms deliveries worldwide, making nearly \$11.6 billion in such deliveries. This is the eighth year in a row that United States has led in such deliveries (**figure 2**) (**table 9A**)(**table 9D**).
- The United Kingdom ranked second in arms deliveries worldwide in 2005, making \$3.1 billion in such deliveries.
- Russia ranked third in arms deliveries worldwide in 2005, making \$2.8 billion in such deliveries.
- In 2005, the top three suppliers of arms to the world, the United States, the United Kingdom and Russia collectively delivered \$17.5 billion, 68.8% of all arms deliveries made worldwide by all suppliers (**table 9D**).
- The U.S. share of all arms deliveries worldwide in 2005 was 45.6%, up significantly from its 36.2% share in 2004, and the largest percentage share of global arms deliveries for the entire period from 1998-2005. The United Kingdom's share in 2005 was 12.2%, up from 9.8% in 2004. Russia's share of world arms deliveries in 2005 was 11%, down from 17.1% in 2004 (**table 9B**).
- In 2005, the value of all arms deliveries worldwide was \$25.4 billion, a significant decline in the total value of deliveries from 2004 (\$32.7 billion in constant 2005 dollars). (**chart 7**) (**table 9A**).
- During the period from 1998-2001, developing world nations accounted for 68.6% of all arms deliveries received worldwide. During 2002-2005, developing world nations accounted for 67.8% of all deliveries worldwide (**figure 2**).
- In 2005, developing nations as recipients of arms accounted for 69.9% of all arms deliveries received worldwide (**figure 2**).
- The total value of all arms deliveries by all suppliers worldwide from 2002-2005 (\$124.1 billion) was a significant decrease from the value of arms deliveries by all suppliers worldwide from 1998-2001 (\$162.3 billion in constant 2005 dollars), a decline of 23.5% (**figure 2**)(**table 9A**).

**Table 8. Arms Transfer Agreements with the World, by Supplier, 1998-2005**  
(in millions of current U.S. dollars)

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>TOTAL</b> <b>1998-2005</b>
United States	9,457	11,673	11,158	11,573	13,129	14,576	12,820	12,758	97,144
Russia	2,200	4,600	6,500	5,500	5,600	4,400	5,400	7,400	41,600
France	6,300	1,700	4,600	4,200	1,200	2,000	2,100	7,900	30,000
United Kingdom	2,000	1,500	600	600	700	300	6,400	2,800	14,900
China	700	3,100	500	1,100	400	500	700	2,100	9,100
Germany	5,000	4,000	1,200	1,200	1,000	1,500	1,600	1,500	17,000
Italy	600	700	200	1,200	300	600	600	1,400	5,600
All Other European	1,900	5,800	4,100	3,000	4,400	2,000	6,700	5,900	33,800
All Others	1,300	2,100	2,500	2,600	2,200	1,600	2,600	2,400	17,300
<b>TOTAL</b>	<b>29,457</b>	<b>35,173</b>	<b>31,358</b>	<b>30,973</b>	<b>28,929</b>	<b>27,476</b>	<b>38,920</b>	<b>44,158</b>	<b>266,444</b>

**Note:** All data are for the calendar year given, except for U.S. MAP (Military Assistance Program) and IMET (International Military Education and Training), excess defense articles, which are included for the particular fiscal year. All amounts given include the values of all categories of weapons and ammunition, military spare parts, military construction, excess defense articles, military assistance and training programs, and all associated services. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million. The U.S. total in 2000 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates for 80 F-16 aircraft.

**Source:** U.S. Government

**Table 8A. Arms Transfer Agreements with the World, by Supplier, 1998-2005**  
**(in millions of constant 2005 U.S. dollars)**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>TOTAL 1998-2005</b>
United States	11,513	13,880	12,923	13,019	14,367	15,518	13,244	12,758	107,222
Russia	2,678	5,470	7,528	6,187	6,128	4,684	5,579	7,400	45,654
France	7,670	2,021	5,328	4,725	1,313	2,129	2,169	7,900	33,255
United Kingdom	2,435	1,784	695	675	766	319	6,612	2,800	16,086
China	852	3,686	579	1,237	438	532	723	2,100	10,147
Germany	6,087	4,756	1,390	1,350	1,094	1,597	1,653	1,500	19,427
Italy	730	832	232	1,350	328	639	620	1,400	6,131
All Other European	2,313	6,897	4,749	3,375	4,815	2,129	6,921	5,900	37,099
All Others	1,583	2,497	2,896	2,925	2,408	1,703	2,686	2,400	19,098
<b>TOTAL</b>	<b>35,862</b>	<b>41,823</b>	<b>36,319</b>	<b>34,844</b>	<b>31,658</b>	<b>29,252</b>	<b>40,207</b>	<b>44,158</b>	<b>294,119</b>

**Dollar inflation index:**  
**(2005=1.00)\***

<b>0.8214</b>	<b>0.841</b>	<b>0.8634</b>	<b>0.8889</b>	<b>0.9138</b>	<b>0.9393</b>	<b>0.968</b>	<b>1</b>
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\*Based on Department of Defense Price Deflator.

**Source: U.S. Government**

**Table 8B. Arms Transfer Agreements with the World, by Supplier, 1998-2005**  
(expressed as a percent of total, by year)

	1998	1999	2000	2001	2002	2003	2004	2005
United States	32.10%	33.19%	35.58%	37.36%	45.38%	53.05%	32.94%	28.89%
Russia	7.47%	13.08%	20.73%	17.76%	19.36%	16.01%	13.87%	16.76%
France	21.39%	4.83%	14.67%	13.56%	4.15%	7.28%	5.40%	17.89%
United Kingdom	6.79%	4.26%	1.91%	1.94%	2.42%	1.09%	16.44%	6.34%
China	2.38%	8.81%	1.59%	3.55%	1.38%	1.82%	1.80%	4.76%
Germany	16.97%	11.37%	3.83%	3.87%	3.46%	5.46%	4.11%	3.40%
Italy	2.04%	1.99%	0.64%	3.87%	1.04%	2.18%	1.54%	3.17%
All Other European	6.45%	16.49%	13.07%	9.69%	15.21%	7.28%	17.21%	13.36%
All Others	4.41%	5.97%	7.97%	8.39%	7.60%	5.82%	6.68%	5.44%
<i>[Major West European*</i>	<i>47.19%</i>	<i>22.46%</i>	<i>21.05%</i>	<i>23.25%</i>	<i>11.06%</i>	<i>16.01%</i>	<i>27.49%</i>	<i>30.80%</i>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Note:** Columns may not total due to rounding.

\*Major West European category includes France, United Kingdom, Germany, Italy.

**Source:** U.S. Government



**Table 8C. Arms Transfer Agreements with the World, 1998-2005: Leading Suppliers Compared (in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 1998-2001
1	United States*	43,861
2	Russia	18,800
3	France	16,800
4	Germany	11,400
5	China	5,400
6	United Kingdom	4,700
7	Sweden	4,100
8	Israel	2,900
9	Italy	2,700
10	Spain	2,200
11	Ukraine	2,100

Rank	Supplier	Agreements Value 2002-2005
1	United States	53,283
2	Russia	22,800
3	France	13,200
4	United Kingdom	10,200
5	Germany	5,600
6	Israel	5,000
7	China	3,700
8	Spain	3,500
9	Ukraine	3,400
10	Italy	2,900
11	Sweden	2,700

Rank	Supplier	Agreements Value 1998-2005
1	United States*	97,144
2	Russia	41,600
3	France	30,000
4	Germany	17,000
5	United Kingdom	14,900
6	China	9,100
7	Israel	7,900
8	Sweden	6,800
9	Spain	5,700
10	Italy	5,600
11	Ukraine	5,500

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained. \*The U.S. total includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

**Source:** U.S. Government

**Table 8D. Arms Transfer Agreements with  
the World in 2005:  
Leading Suppliers Compared  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Supplier</b>	<b>Agreements Value 2005</b>
1	United States	12,758
2	France	7,900
3	Russia	7,400
4	United Kingdom	2,800
5	Spain	2,200
6	China	2,100
7	Austria	2,000
8	Germany	1,500
9	Italy	1,400
10	Israel	1,100
11	Netherlands	300

**Note:** All foreign data are rounded to the nearest \$100 million.  
Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government

**Table 9. Arms Deliveries to the World, by Supplier, 1998-2005**  
**(in millions of current U.S. dollars)**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>TOTAL 1998-2005</b>
United States	15,578	17,013	12,647	9,023	9,848	10,523	11,440	11,552	97,624
Russia	2,400	3,400	4,200	4,500	3,500	4,300	5,400	2,800	30,500
France	7,700	4,200	2,500	2,000	2,100	3,000	4,600	1,600	27,700
United Kingdom	3,800	5,200	5,900	4,200	4,900	4,900	3,100	3,100	35,100
China	700	500	900	900	900	700	800	900	6,300
Germany	1,500	2,100	1,300	700	1,000	2,100	1,500	600	10,800
Italy	200	700	300	500	600	300	100	200	2,900
All Other European	3,300	3,400	3,100	4,600	3,000	4,300	1,700	2,100	25,500
All Others	1,900	2,300	2,300	2,600	3,000	2,300	3,000	2,500	19,900
<b>TOTAL</b>	<b>37,078</b>	<b>38,813</b>	<b>33,147</b>	<b>29,023</b>	<b>28,848</b>	<b>32,423</b>	<b>31,640</b>	<b>25,352</b>	<b>256,324</b>

**Note:** All data are for the calendar year given, except for U.S. MAP (Military Assistance Program), IMET (International Military Education and Training), excess defense articles, which are included for the particular fiscal year. Licensed commercial exports are excluded. All amounts given include the values of all categories of weapons and ammunition, military spare parts, military construction, excess defense articles, military assistance and training programs, and all associated services. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million.

**Source:** U.S. Government

**Table 9A. Arms Deliveries to the World, by Supplier, 1998-2005**  
**(in millions of constant 2005 U.S. dollars)**

	1998	1999	2000	2001	2002	2003	2004	2005	TOTAL 1998- 2005
United States	18,965	20,229	14,648	10,151	10,777	11,203	11,818	11,552	109,343
Russia	2,922	4,043	4,864	5,062	3,830	4,578	5,579	2,800	33,678
France	9,374	4,994	2,896	2,250	2,298	3,194	4,752	1,600	31,358
United Kingdom	4,626	6,183	6,833	4,725	5,362	5,217	3,202	3,100	39,248
China	852	595	1,042	1,012	985	745	826	900	6,957
Germany	1,826	2,497	1,506	787	1,094	2,236	1,550	600	12,096
Italy	243	832	347	562	657	319	103	200	3,263
All Other European	4,018	4,043	3,590	5,175	3,283	4,578	1,756	2,100	28,543
All Others	2,313	2,735	2,664	2,925	3,283	2,449	3,099	2,500	21,968
<b>TOTAL</b>	<b>45,140</b>	<b>46,151</b>	<b>38,391</b>	<b>32,650</b>	<b>31,569</b>	<b>34,518</b>	<b>32,686</b>	<b>25,352</b>	<b>286,454</b>

Dollar inflation index:  
(2005=1.00)\*

0.8214    0.841    0.8634    0.8889    0.9138    0.9393    0.968    1

\*Based on Department of Defense Price Deflator.

**Source: U.S. Government**

**Table 9B. Arms Deliveries to the World, by Supplier 1998-2005**  
**(expressed as a percent of total, by year)**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
United States	42.01%	43.83%	38.15%	31.09%	34.14%	32.46%	36.16%	45.57%
Russia	6.47%	8.76%	12.67%	15.50%	12.13%	13.26%	17.07%	11.04%
France	20.77%	10.82%	7.54%	6.89%	7.28%	9.25%	14.54%	6.31%
United Kingdom	10.25%	13.40%	17.80%	14.47%	16.99%	15.11%	9.80%	12.23%
China	1.89%	1.29%	2.72%	3.10%	3.12%	2.16%	2.53%	3.55%
Germany	4.05%	5.41%	3.92%	2.41%	3.47%	6.48%	4.74%	2.37%
Italy	0.54%	1.80%	0.91%	1.72%	2.08%	0.93%	0.32%	0.79%
All Other European	8.90%	8.76%	9.35%	15.85%	10.40%	13.26%	5.37%	8.28%
All Others	5.12%	5.93%	6.94%	8.96%	10.40%	7.09%	9.48%	9.86%
<i>[Major West European*</i>	<i>35.60%</i>	<i>31.43%</i>	<i>30.17%</i>	<i>25.50%</i>	<i>29.81%</i>	<i>31.77%</i>	<i>29.39%</i>	<i>21.69%]</i>
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\*Major West European category includes France, United Kingdom, Germany, Italy.

**Source: U.S. Government**

**Table 9C. Arms Deliveries to the World, 1998-2005:  
Leading Suppliers Compared  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 1998-2001</b>
1	United States	54,261
2	United Kingdom	19,100
3	France	16,400
4	Russia	14,500
5	Germany	5,600
6	Sweden	5,500
7	China	3,000
8	Israel	2,300
9	Canada	2,200
10	Ukraine	2,200
11	Italy	1,700
<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 2002-2005</b>
1	United States	43,363
2	United Kingdom	16,000
3	Russia	16,000
4	France	11,300
5	Germany	5,200
6	China	3,300
7	Israel	3,300
8	Canada	2,700
9	Ukraine	2,700
10	Sweden	2,600
11	Italy	1,200
<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 1998-2005</b>
1	United States	97,624
2	United Kingdom	35,100
3	Russia	30,500
4	France	27,700
5	Germany	10,800
6	Sweden	8,100
7	China	6,300
8	Israel	5,600
9	Canada	4,900
10	Ukraine	4,900
11	Italy	2,900

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government

**Table 9D. Arms Deliveries to the World in 2005:  
Leading Suppliers Compared  
(in millions of current U.S. dollars)**

<b>Rank</b>	<b>Supplier</b>	<b>Deliveries Value 2005</b>
1	United States	11,552
2	United Kingdom	3,100
3	Russia	2,800
4	France	1,600
5	China	900
6	Germany	600
7	Israel	600
8	Canada	500
9	Sweden	400
10	Spain	400
11	Brazil	200

**Note:** All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the rank order is maintained.

**Source:** U.S. Government

## Description of Items Counted in Weapons Categories, 1998-2005

**Tanks and Self-propelled Guns:** This category includes light, medium, and heavy tanks; self-propelled artillery; self-propelled assault guns.

**Artillery:** This category includes field and air defense artillery, mortars, rocket launchers and recoilless rifles — 100 mm and over; FROG launchers — 100mm and over.

**Armored Personnel Carriers (APCs) and Armored Cars:** This category includes personnel carriers, armored and amphibious; armored infantry fighting vehicles; armored reconnaissance and command vehicles.

**Major Surface Combatants:** This category includes aircraft carriers, cruisers, destroyers, frigates.

**Minor Surface Combatants:** This category includes minesweepers, subchasers, motor torpedo boats, patrol craft, motor gunboats.

**Submarines:** This category includes all submarines, including midget submarines.

**Guided Missile Patrol Boats:** This category includes all boats in this class.

**Supersonic Combat Aircraft:** This category includes all fighter and bomber aircraft designed to function operationally at speeds above Mach 1.

**Subsonic Combat Aircraft:** This category includes all fighter and bomber aircraft designed to function operationally at speeds below Mach 1.

**Other Aircraft:** This category includes all other fixed-wing aircraft, including trainers, transports, reconnaissance aircraft, and communications/utility aircraft.

**Helicopters:** This category includes all helicopters, including combat and transport.

**Surface-to-air Missiles:** This category includes all ground-based air defense missiles.

**Surface-to-surface Missiles:** This category includes all surface-surface missiles without regard to range, such as Scuds and CSS-2s. It excludes all anti-tank missiles. It also excludes all anti-ship missiles, which are counted in a separate listing.

**Anti-ship Missiles:** This category includes all missiles in this class such as the Harpoon, Silkworm, Styx and Exocet.



## Regions Identified in Arms Transfer Tables and Charts

### ASIA

Afghanistan  
Australia  
Bangladesh  
Brunei  
Burma (Myanmar)  
China  
Fiji  
India  
Indonesia  
Japan  
Cambodia  
Kazakhstan  
Kyrgyzstan  
Laos  
Malaysia  
Nepal  
New Zealand  
North Korea  
Pakistan  
Papua New Guinea  
Philippines  
Pitcairn  
Singapore  
South Korea  
Sri Lanka  
Taiwan  
Tajikistan  
Thailand  
Turkmenistan  
Uzbekistan  
Vietnam

### NEAR EAST

Algeria  
Bahrain  
Egypt  
Iran  
Iraq  
Israel  
Jordan  
Kuwait  
Lebanon  
Libya  
Morocco  
Oman  
Qatar  
Saudi Arabia  
Syria  
Tunisia  
United Arab Emirates  
Yemen

### EUROPE

Albania  
Armenia  
Austria  
Azerbaijan  
Belarus  
Bosnia/Herzegovina  
Bulgaria  
Belgium  
Canada  
Croatia  
Czechoslovakia/  
Czech Republic  
Cyprus  
Denmark  
Estonia  
Finland  
France  
FYR/Macedonia  
Georgia  
Germany  
Greece  
Hungary  
Iceland  
Ireland  
Italy  
Latvia  
Liechtenstein  
Lithuania  
Luxembourg  
Malta  
Moldova  
Netherlands  
Norway  
Poland  
Portugal  
Romania  
Russia  
Slovak Republic  
Slovenia  
Spain  
Sweden  
Switzerland  
Turkey  
Ukraine  
United Kingdom  
Yugoslavia/Federal  
Republic(Serbia/Monte  
negro.)

## Regions Identified in Arms Transfer Tables and Charts (Cont.)

### AFRICA

Angola  
Benin  
Botswana  
Burkina Faso  
Burundi  
Cameroon  
Cape Verde  
Central African Republic  
Chad  
Congo  
Côte d'Ivoire  
Djibouti  
Equatorial Guinea  
Ethiopia  
Gabon  
Gambia  
Ghana  
Guinea  
Guinea-Bissau  
Kenya  
Lesotho  
Liberia  
Madagascar  
Malawi  
Mali  
Mauritania  
Mauritius  
Mozambique  
Namibia  
Niger  
Nigeria  
Réunion  
Rwanda  
Senegal  
Seychelles  
Sierra Leone  
Somalia  
South Africa  
Sudan  
Swaziland  
Tanzania  
Togo  
Uganda  
Zaire  
Zambia  
Zimbabwe

### LATIN AMERICA

Antigua  
Argentina  
Bahamas  
Barbados  
Belize  
Bermuda  
Bolivia  
Brazil  
British Virgin Islands  
Cayman Islands  
Chile  
Colombia  
Costa Rica  
Cuba  
Dominica  
Dominican Republic  
Ecuador  
El Salvador  
French Guiana  
Grenada  
Guadeloupe  
Guatemala  
Guyana  
Haiti  
Honduras  
Jamaica  
Martinique  
Mexico  
Montserrat  
Netherlands Antilles  
Nicaragua  
Panama  
Paraguay  
Peru  
St. Kitts & Nevis  
St. Lucia  
St. Pierre & Miquelon  
St. Vincent  
Suriname  
Trinidad  
Turks & Caicos  
Venezuela