IMPACT OF POLARITY ON PATTERNS OF INTERNATIONAL ARMS TRADE, 1971-2011

Thesis submitted to Jawaharlal Nehru University
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DOCTOR OF PHILOSOPHY

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DECLARATION

I declare that the thesis entitled "**Impact of Polarity on Patterns of International Arms Trade, 1971-2011**" submitted by me for the award of the degree of **Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

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Dedicated to

Sri Ramakrishna Paramahamsa

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LIST OF ABBREVIATIONS

ABM	Anti-ballistic Missile
ACDA	Arms Control and Disarmament Agency (US)
A.D.	Anno Domini
AECA	Assistance and Arms Export Control Act (US)
AEW	Airborne Early Warning
ASEAN	Association of South-East Asian Nations
ASW	Anti-submarine Warfare
AVIC	Aviation Industry Corporation of China
AWACS	Airborne Warning and Control System
BAC	British Aircraft Corporation (UK)
BAE	British Aerospace (UK)
BMD	Boeing and McDonnell Douglas Corporation (US)
BP	British Petroleum (UK)
CAAT	Campaign against Arms Trade
CASC	China Aerospace Science and Technology Corporation
CASIC	China Aerospace Science and Industry Corporation
CETC	China Electronics Technology Group Corporation
CENTO	The Central Treaty Organization
CNECC	China Nuclear Engineering and Construction Corporation
CNNC	China National Nuclear Corporation
CIA	Central Intelligence Agency
COCOM	Coordinating Committee on Multilateral Export Controls
CRS	Congressional Research Service (US)
CSIC	China Shipbuilding Industry Corporation
CSGC	China South Industries Group Corporation
CSSC	China State Shipbuilding Corporation
CXXC	China Xinxing Import and Export Corporation
DESO	Defence Export Services Organization (UK)
DF-3	Dong-Feng-3
DOD	Department of Defense (US)

Dollar ($)	Valued in United States Dollar
DRC	Democratic Republic of Congo
DSO	Defence and Security Organisation (UK)
DTTI	Defense Technology and Trade Initiative (US)
EADS	European Aeronautic, Defence and Space Company
EDA	Excess Defense Articles
EU	European Union
EXMASF	Excess Military Assistance Service Fund (US)
FMS	Foreign Military Sales
GAO	General Accounting Office (US)
GDP	Gross Domestic Product
GNP	Gross National Product
IED	Improvised Explosive Device
IDSA	Indian Institute of Defence Studies and Analysis
IISS	International Institute of Strategic Studies
ISIS	Islamic State of Iraq and Syria
JR	Junior
Km.	Kilometer
LDCs	Less Developed Countries
IED	Improvised Explosive Device
LEMOA	Logistics Exchange Memorandum of Agreement
LTTE	Liberation Tigers of Tamil Eelam (Sri Lanka)
M &A	Mergers and Acquisitions
MAD	Mutual Assured Destruction
MAP	Military Assistance Program (US)
MASF	Military Assistance Services Fund (US)
MEA	Ministry of External Affairs (India)
MIC	Military Industrial Complex
MOU	Memorandum of Understanding
MTR	Military Technical Revolution
NATO	North Atlantic Treaty Organization
NDA	National Democratic Alliance (India)
NORINCO	North Industries Corporation (China)

NSCN-IM	Nationalist Socialist Council of Nagaland (India)
ODCC	Overseas and Defence Committee of the Cabinet (UK)
OPEC	Organization of Petroleum Exporting Countries
PATRIOT	Phased Array Tracking Radar Interceptor on Target (US)
PDD	Presidential Decision Directive (US)
PFP	Partnership for Peace (US)
PLA	People's Liberation Army (China)
PLO	Palestinian liberation organization
PRC	People's Republic of China
R&D	Research and Development
RCSS	Regional Center for Strategic Studies
Res.	Resolution (United Nations)
ROC	Republic of China (Taiwan)
RPG	Rocket-propelled Grenade
RTI	Radio Technical and Informational Systems (Russia)
SALT	Strategic Arms Limitation Talk
SALW	Small Arms and Light Weapons
SAM	Surface-air-Missile
SIPRI	Stockholm International Peace Research Institute
SNC	Syrian National Coalition
TBM	Theatre Ballistic Missile
THAAD	Theatre High Altitude Area Defense (US)
TIV	Trend Indicator Value
UAE	United Arab Emirates
UAV	Unmanned Aerial Vehicles
UIMC	United Instrument Manufacturing Corporation (Russia)
UK	United Kingdom
UKTI	United Kingdom Trade and Investment
UN	United Nations
UNGA	United Nations General Assembly
UNITA	Union for the Total Independence of Angola
UNODA	United Nations Office for Disarmament Affairs
UNROCA	United Nations Register of Conventional Arms

US	United States
USA	United States of America
USD	United States Dollar
US$	United States Dollar
USSR	Union of Soviet Socialist Republics
WMD	Weapons of Mass Destruction
WMEAT	World Military Expenditures and Arms Transfers (US)
WTO	World Trade Organisation

CHAPTER 1

INTRODUCTION

Arms trade is an important aspect of international politics. During the bipolar period, arms trade has acted as a strategic instrument of foreign policy for the two superpowers to balance the perceived threats from each other. It played an important role in maintaining the balance of power between two competing blocs. However, in the post-Cold War period arms trade acquired both a political and economic role. The empirical observations of the international scenario make it clear that the importance of arms trade has been increasing day by day. This research attempts to analyse arms trade in a larger systemic context of international relations. The key question is what impact, if any, did the change from bipolarity to unipolarity have on the arms trade? While analysing the above questions this research also discusses in detail bipolar (Cold War) and unipolar (post-Cold War) structures of the international system and investigates how it impacts the arms trade patterns.

In particular, this introductory chapter provides brief background information about the ensuing debates on the various aspects of arms trade and sets out the puzzles and research questions which this study attempts to solve. It also elaborates the adopted methodology and gives a brief review of literature. In addition, it also identifies the gaps and problems regarding the topic. Finally, this chapter outlines the relevant chapters under which the various issues are explored.

How have the patterns of arms trade changed over time? This question provides the central thesis of this research. The global arms trade patterns are closely related with the changing international environment. There was a time when under the volatile situation of the Cold War constrained by the bipolar structure of international system laid the foundation for a distinctive pattern of arms trade especially in case of superpowers. The traditional rationale for arms trade emanates from state's desire to balance their rival. However, the desire to balance perceived threats is not the only motive for exporting arms; states may also transfer arms in order to gain profit and influence over recipient countries. Accordingly, the prevailing academic literature explains arms transfers in nature of hegemonic, political, and strategic (SIPRI 1971;

Sanjian 1991). As the post-Cold War period marks the decline of major inter-state competition between the United States (US) and the Union of Soviet Socialist Republics (USSR), there has been a sharp fall in arms transfers (Cooper 2012: 4; Perlo-Freeman *et al.* 2013: 2, Figure 1.1). According to a SIPRI report prepared by Perlo-Freeman *et al.* (2013), arms transfers declined sharply during the period 1992-2000. No country has been more affected by this condition than Russia. According to SIPRI, the share of Russia in global arms export declined from 10.81 per cent in 1992 to only 6.48 percent (the lowest point of deliveries of major conventional weapons from Russia) in 1994 (Table 4.1).

However, decline in the arms trade is not the only shift in the pattern of arms transfer system. The changes in the structure of international system and the transformation of international system from bipolarity to unipolarity appear to have restructured the pattern of arms transfer system in the post-Cold War period. Since the US occupied very high share in arms export market, Harkavy (1994: 25) and SIPRI (1993) notes that arms export moved from bipolar pattern to a unipolar pattern. The average annual export of the US during the period 1991-1992 was equal to the sum of the six other major suppliers: the USSR, Germany, France, the United Kingdom (UK), China, and Czechoslovakia (Harkavy 1994: 25). During the period 1998-2002, a SIPRI report prepared by Hagelin *et al.* (2003) shows that arms exports were concentrated in just three blocks where the US was ranked first with 41 percent, Russia second with 27 percent and other major Western European countries, Germany, France, the UK were ranked third and China was ranked fourth. According to the SIPRI database, the US supplied US$ 46.3 billion worth of arms in between 2006-2011and it was followed by Russia (US$ 36.8 billion), Germany (US$ 15.0 billion), France (US$ 10.7 billion), the UK (US$ 6.1 billion) and China (US$ 5.7 billion) (SIPRI 2017a). In 2011 the US alone shared around 30 percent of the total arms exported world-wide, whereas Russia accounted for 24 percent and Germany, France and the UK combined accounted for 21 percent (SIPRI 2012: 13; Table 1.1). In the same year, China accounted for only 4.42 percent of the total arms exported world-wide (Table 5.2: SIPRI; Table 1.1, Table 1.2). These reports clearly depict that the US is the dominant player in the global arms trade (Table 1.2; Figure 1.2). The technological advancement and military innovations supported by biggest defense budget and big military corporations have

also contributed to the US monopoly over arms market (Figure 1.4; Table 4.2; Harkavy 1994: 25).

Moreover, as the concentration of power in the hands of a single state after end of Cold War has reduced the debate about balance of power highlighting the declining use of arms to pursue strategic and political objectives. In absence of great power rivals under unipolarity, Walt (2009: 94) asserts that today there is less need for allies and states have greater freedom to select their partners for arms trade. It appears to be true in light of emerging trends in the arms transfer such as numerous cross-bloc and multiple-source acquisition patterns reflecting primarily the economic basis of the trade where arms are traded almost like all other goods (Brzoska and Pearson 1994: 59; Harkavy 1994: 18). Along with de-politicisation of arms trade, the decline in the level of military aid is "another indicator that the arms trade has become more commercial, with customers needing to be able to pay for the imports" (Brzoska 2004: 111). This change has also encouraged the increasing illicit trade of small arms.

However, in post terrorist attacks on World Trade Centre on September 11 2001, a significant shift in the arms trade was noticed. On the one hand, the perceived need for allies against terrorism seems to have changed the direction of the US arms flows; on the other, gradual tighter control on small arms and light arms transfer is also increasing day by day. The United Nations General Assembly (UNGA) on 2 April 2013 adopted the Arms Trade Treaty (ATT) to regulate international trade (Appendix 6). The ATT is designed not to ban any weapon category from being traded rather to regulate legal bindings between suppliers and recipient countries. Although, the current move towards ATT to regulate legal arms trade represents a notable shift compared to the Cold War era, where arms trade restrictions were largely made on the basis of ideological preferences; the post-Cold War architecture of arms regulation have also been accompanied by a range of initiatives on the part of the major suppliers like the US to actually make unilateral judgments on the arms exports (Stavrianakis 2013). In light of these equations combining interests of states, the arms transfers to any state presents a serious puzzling issue at different levels which may not only involve economic but also to a greater extent the political considerations.

Another shift in the trend of arms supply patterns could be visualised from the changing direction of arms flows. The US is now more ambitious to expand its military cooperation and arms sales to South Asia under the Asian Pivot (Grimmett and Kerr 2012). Saudi Arabia and India are pivotal partners in the US effort to contain Iran and China (Grimmett and Kerr 2012). According to a Congressional Research Service (CRS) report prepared by Grimmett (2011) while in 2004-2007, Russia was ranked first in terms of arms transfer agreements with Asia accounting for 36.5 percent (US$ 20.9 billion) of the total, the US was ranked second with 18.4 percent (US$ 10.5 billion). However, in 2008-2011, the US was ranked first in arms sales agreements with Asian countries accounting for 30.1 percent (US$ 18.1 billion) and Russia was ranked second with 27 percent (US$ 16.3 billion) (Grimmett 2011). U.S. has been generally the biggest worldwide arms exporter since post Cold War period (Table 5.3; Table 1.1; Figure 2.1; Figure 4.1). In the light of this equation, it can be visualised that structural variable may possibly be relevant to understand the patterns of arms flows and how it looks like (Blanton 2005: 648).

But the characterisation of arms flow patterns from the perspective of polarity in international system may not explain the overall patterns of arms flow. Today, trade in arms is dominated not by one or two polar powers but rather by dozens of countries. The increasing numbers of supplier countries in the trade of arms raises a number of important questions. Why do these countries supply arms? How and in what respects the arms trade patterns of these suppliers are different from other big suppliers like the US and Russia? According to a Campaign against Arms Trade (CAAT: 2011) report, every year, the UK government approves the sale of arms to more than hundred recipients across the globe. Indeed, arms exports in the UK have been dominated by influential private arms companies as compared to any other European countries (Smith 2013: 9). This is reflected in the ranking of arms producing companies by the SIPRI (SIPRI 2013: 9; Table 4.2). According to this report, among the major arms companies that appeared in the top ten in 2010, British Aerospace (now BAE systems) was ranked third accounting for total US$ 29.1 billion arms sales (SIPRI 2013: 9, Table 4.2).

However, in recent years the UK's arms industry has been losing market share to competitor nations in the field of arms sales (Gilby 2005: 10). Meanwhile, since the

past few years, China, that had been a major recipient of arms, is now emerging as a major supplier of arms and military assistance to countries such as Pakistan, Bangladesh, Myanmar, North Korea, and Iran (Theohary 2016; Figure 5.2; Table 5.3; Figure 1.2; Figure 1.3; Table 5.2). China and the UK largely supplied arms to those countries where the two superpowers refused to supply arms for political reasons (Grimmett 2011; Figure 5.1).

If political and security considerations predominated amongst two polar power's arms supply, economic and financial gain appears to be the dominant values governing the arms trade policy of other countries. The government officials in the UK claims that exporting arms is important for employment generation, supporting balance of payment and bringing wider economic benefits to the UK (CAAT 2005: 10). Meanwhile, the composition of the largest traditional suppliers of arms has changed in recent years. China has replaced the UK as the fifth largest supplier in 2008-2012 (SIPRI 2012: 254; SIPRI 2013; Table 5.3). This is relatively a new development in the international arms market.

According to a CRS report prepared by Theohary (2016: 10), China is also emerging as a major supplier of small arms and light weapons to many conflicting nations such as Sri Lanka, Sudan, and other African states. Although the prospect of earning revenues is the primary motives of China to export arms, however, China also views such arms sales as means to enhance its status as a global power (Theohary 2016: 10). Concurrently, in post-Cold War era, the commercial consideration and traditional motive to exert influence have prompted Russia's efforts to expand arms sales as a tool for earning revenues as well as maintaining influence in world politics (Lansford 2002: 127). SIPRI (2013) reported that Russia's arms exports have increased by 28 percent between 2004-2008 and 2009-13. As per a report of SIPRI (2013) Russian defence companies delivered weapons to 52 countries during 2009-13, and among these countries, India alone received 38 percent and it was followed by China with 12 percent and Algeria with 11 percent. Historically, while China is fast changing itself from being big arms importer to a prominent arms supplier, India has consistently remained a prominent arms importing countries in present day times (Table 1.1; Table 1.2; Figure 1.3).

There appears to be multiple factors, both structural and non-structural, driving the international arms trade. Based on above discussions, this section formulates following hypotheses to be analysed in next four chapters and tested in concluding chapter. These hypotheses are:

1. Strategic and political objectives were the primary reasons for arms supply by bipolar powers during the Cold War era.
2. Commercial reasons are more important than political or strategic reasons for second-tier arms suppliers.
3. In the post-Cold War period, the unipolar power has a mix of commercial and political objectives for arms transfers.

This study looks at the international arms trade and investigates how its role and specific applications have been evolved and expanded in the last few decades. In particular this study evaluates the Cold War and post-Cold War patterns of arms trade and the direct and indirect impact of international system on it. What impact did the change from bipolarity to unipolarity has on the arms trade is essentially important to understand the change in the global patterns of arms trade because much of the debate about arms trade ignores this vital issue. Another problem with existing literature lies in their inability to explain the new developments in the global arms trade. Much of literature on arms trade has written on the Cold War patterns of arms trade and no comprehensive study exists on the US, Russia, UK, and China's arms trade policy in the post-Cold War era. This study attempts to bridge this gap of literature. This study also tries to differentiate arms export policies of superpowers and second-tier suppliers such as the UK and China.

The rationale of this study thus, lies in the sense that there is shortage of literature on the link between polarity and arms trade. Further, very few studies have made the comparison of the patterns of superpower arms export with other countries. In a nutshell the scope of this study is to evaluate bipolar (Cold War) and unipolar (post-Cold War) structures of the international system and investigates how it impacts the arms trade patterns. Since, arms trade is one of the critical issues in contemporary world politics where the academic inputs from the perspective of changing structure of international system lacks; the current research is fruitful from academic point of

view to understand change in the international system and its different manifestations as well as implications on arms trade.

This study does not deal with WMDs (Weapon of Mass Destruction) including biological, chemical and nuclear weapons. In particular, this study focuses on trade in conventional weapons. This study also does not address the interest and motives of demand side that includes recipient countries, but in general it may discuss it to explain the supply side. The study also does not include the analysis of the impact of arms transfer on a recipient country. Its scope is limited to the factors that led to supply of arms, rather than to the demand. The period from 1971 to 2011 is a reasonably significant period to examine trends in arms transfer and its associated factors.

For the purpose of this research, the post-Cold War (1991-2011) period is defined as a unipolar period, in which a single power dominated the global system while the 1971-1991 period is defined as a bipolar period in which two powers dominated the system. Though there are debates around such definitions, there is wider consensus amongst scholars along such definitions and periods.[1] Polarity refers to the existing arrangement of power in the international structure. It is defined as an overarching principle that has ability to position or arrange several sovereign states in their interactions with each other (Watz 1979; Kundu 2013). Since great powers wield enormous clout in international systems, the polarity is generally the analysis of their relative power distribution in the international system. The most important amongst these great powers are often referred as polar powers.

During the first half of the twentieth century, the global power was more or less equally distributed amongst several powers such as the UK, France, Italy, Germany, the US and the USSR. Thus, there existed multi-polarity in international system. After the end of Second World War, the power in international system heavily shifted towards the US and the USSR. Thus, bipolarity developed in the international system and it influenced other states to align themselves around two competing and opposing ideological powerbases. The dissolution of the USSR in 1991 shifted the power base

[1] Various scholars have classified great powers under three broad periods corresponding to the multiple structures of the prevailing global system: multi-polar system (1816-1945); bipolar system (1946 until 1989) and unipolar system from 1990 to present day) (Waltz 1964; Mearsheimer 2006; Lundestad and Jakobsen 2013; Tomja 2014).

heavily towards a single country. Thus, unipolarity developed in the international system and the US became unparallel power in terms of economic and military powers.

According to Waltz (1979: 131), a country may qualify as a polar power if it has significant size of population, territory and access to basic natural resources. In addition to these basic requirements, the state must also exceed far ahead than other states in terms of three capabilities namely- military power, economic power and organisational or institutional competence (Waltz 1979: 131). When Waltz's criteria is applied in international system, only the US and the USSR qualify as polar power during Cold War period and after its cessation only the US qualifies as a polar power. Defence budget of the US after 1991 till 2015 has been more than combined defense budget of next eight possible competitors (SIPRI 2001: 223; Figure 1.4). In addition, during 1990s, the US was exporting more than fifty percent of the total arms exports (Balachandran 1995: 61). However, after the turn of new century, the international system is shifting towards non-polarity. Non polarity suggests existence of world that is not dominated by few rather dozens of countries who are exercising various kinds of power (Waltz 1964; Haass 2008).

The 'arms trade' is defined as recorded supply or agreement to supply arms between two states and the research is based on data provided by Stockholm International Peace Research Institute (SIPRI), U.S. Department of State, International Institute of Strategic Studies (IISS), and other research organizations.

International trade in arms has been a recurring topic of discussion in the field of academic discourse. The issues involved with arms trade ranging from security to economy, to the transfer of illicit arms, have become a weighty and important subject of global politics. Although there is a lot of literature which try to analyse arms transfer policy but very few studies analyse the structure of international systems considering its implications on patterns of arms trade. The bulk of the literature is primarily one sided focusing on how states goals and motives shape the patterns of arms trade but lacks focus on the other side especially as to how changes of the international systems affect arms trade. Investigating the effect of systemic variables on patterns of arms trade requires a literature review of five topics: first patterns of

arms trade in general; second comparative analysis of arms trade into two different periods: Cold War and post-Cold War; third how unipolarity affects arms trade and fourth arms trade of second-tier suppliers and finally different theoretical explanations related to arms trade.

1.1 Patterns of Arms Trade in General

Prior to analysing the applicability of the role of international systems to determine the patterns of arms trade it is essential to understand the views of other scholars on this issue. In a major study on the global arms trade, researchers at the SIPRI (1971) have identified three patterns of arms supply based on the goals of various exporting states: hegemonic, economic, and restrictive patterns. The hegemonic pattern of arms trade is heavily tilted towards geo-political motives. Its basic attributes includes improving relations with a possible importer so as to weaken a key foe in the imported region. In addition, arms exports under such pattern also aim to defeat the unfriendly political moves (SIPRI 1971; Sanjian 1991: 180).

The industrial pattern, which pertains to countries that deliver weapon either for profit or to support their arms industries; the restrictive pattern, which indicates the practice of exporting arms only when such deliveries improve the chances of regional stability and reduce the chances of regional conflict (SIPRI 1971; Sanjian 1991: 173).

Like SIPRI's researchers, Ayres (1983) and Looney (1988) have identified three major determinants of the pattern of arms trade: firstly, political influence or hegemonic factor- "to maintain or achieve a position of hegemony or domination either within the receiving country or more widely within the world" (Ayres 1983: 32); secondly, commercial considerations - which relates to the economic advantages of maintaining defence industries, Research and Development (R&D) programme and access to cutting edge technology, employment generation; thirdly, restrictive factors - whereby the supplier countries refused to provide arms to the recipient countries if it is likely to operate against their national security interests and foreign policy objectives (Ayres 1983: 32). Sislin (1994) in this context has empirically explored those conditions under which exporting states use arms transfers to manipulate the recipient state in order to comply according to their interests and wishes (Sislin 1994: 665). For better appraisal of his work, he primarily focuses on two different

dominating phenomena of his time: firstly, the US efforts to end the Arab-Israeli conflict of 1973, and secondly, the US efforts to end the 1975 arms embargo against Turkey. All these scholars, however, have identified the pattern of arms trade but they did not discuss it in details. The main purpose of their writing was to analyse the factors that contributes to the growth of Third World arms production. Klare (1976: 6) identifies and explains three compelling factors: political, economic and military that fuel arms exports. Brzoska and Pearson (1994) have distinguished arms transfer systems into four categories: firstly commercialized arms transfer system; secondly, a highly restrictive system, where the trade in arms and related technology are considered exceptional; thirdly, a power-oriented system where arms are given to friends but not to adversaries; and lastly, a hybrid system combining certain of these features is distinctly possible.

A large body of literature in economics has also dedicated to the inquiry of how economic interest affects arms transfers. Harkavy (1994) as well as Keller and Nolan (1997-98) argue that the existing patterns of arms transfers is largely governed by the principles of free market economy as opposed to the Cold War driven ideological or strategic considerations. In the words of Harkavy (1994: 8) the emerging trend in the arms transfers such as numerous cross-bloc, multiple-source acquisition patterns is not only reflecting the primarily economic basis of the trade but also the absence of clearly demarcated bloc-related client relationships. Brzoska and Pearson (1994: 58) argue that the arms transfer is now more commercial rather than hegemonic oriented. Klare (1976: 4) also acknowledges that besides political, there were other compelling reasons for accelerating military sales by the America to the Third World. These compelling reasons include: first to reduce America's rising balance-of-payments deficit; second to ensure large-scale production and maintain the full employment generation in the arms industry; and third to expand the production capacity of the US arms industry and thereby diminish the price otherwise the Pentagon would had to pay for its own military hardware (Klare 1976).

However, the above review of literature on the general pattern of arms trade reveals nothing but the motives and interests of states to supply arms. But we cannot deny the significance of these literatures in the area of arms trade; it provides useful guidance

and knowledge about the overall pattern of arms trade but reveal little about the relations of arms flow patterns and the structure of international systems.

1.2 Comparative Analysis of the Cold War and Post-Cold War Patterns of Arms Trade

Harkavy (1994) has discussed the impact of three distinct periods: the interwar, the Cold War and the post-Cold War on various aspects of arms trade pattern such as supplier structure, relationship between the supplier and the recipient, the dominant mode of arms transfer, and the level of recipient's dependency on the supplier for their basic security needs. At the same time, he has taken these aspects of arms trade as components for comparison across eras. The main purpose of his writing is to comparatively analyse the transformation of international system from bipolarity to multi-polarity on the one hand and the Military Technical Revolution (MTR) and its impact on arms trade on the other (Harkavy 1994).

Like many analysts, Harkavy also classified different periods of international systems on the basis of major historical events i.e. the interwar period - the rise of Nazism, the onset of Japanese aggression, the great depression period, the post-War and Cold War period characterised by a variety of possible watersheds, such as the creation of an Organization of Petroleum Exporting countries (OPEC), the Strategic Arms Limitation Talks I (SALT I) and detente and the collapse of the Bretton Woods economic system (Harkavy 1994: 14). But regarding the structure of the systems Harkavy said there existed widespread disagreements, for example, the interwar period has been characterized by various theorists either as unipolar, bipolar, tripolar, or pentapolar (Harkavy 1994: 14). Likewise, the post-Cold War system has been characterized by various theorists as unipolar led by the US or the emergence of a three-way economic rivalry between a US led American bloc, a German-led European bloc (include Russia), and a Japan-led East Asian bloc (Harkavy 1994: 14). These studies according to Harkavy paves the way to frame a form of analysis whereby types of international structures can be used as independent variables, and some important issues of world politics, such as the arms trade, as a dependent variable. The argument made by Harkavy is that "the emerging post-Cold War period appears to evidence some trends in arms transfer patterns reminiscent of the interwar period,

specifically those involving the depoliticisation and denationalization of that trade" (Harkavy 1994: 14). But the problem is that Harkavy's book is obsolete and it was written at that time when the Cold War just ended and it does not have any data on the post-Cold War period because it was published before these trends became visible.

Krause (1995) has made proper distinction of three major trends in the arms transfers system. These are: the first trend began with the military revolution in the fifteenth century; the second trend triggered by the industrial revolution; and the third trend "emerged in the post-war period and was associated with a new distribution of power in the international system" (Zhuravel 2012: 7). The main purpose of Krause's analysis is to examine the factors that forced the recipient countries to develop domestic industry for arms production. But he does not look at polarity as a factor.

Klare (1996) has also discussed about changing pattern of international arms trade. He distinguished the pattern of arms trade into two different paradigms. The old one which he called as the Cold War paradigm of global arms trafficking characterised by number of factors such as (1) the dominant position of the US and the USSR and their respective allies in the global arms trade; (2) the primacy of ideological and strategic concerns in determining the recipients of arms; (3) the acceleration of arms rivalries in the Third World countries; and (4) a preference based supplier-recipient acquisitions pattern (Klare 1996: 858). However, according to Klare (1996), the collapse of the USSR has disrupted the Cold War arms trade patterns and at the same time contributed to the emergence of new arms trade patterns which he called post-Cold War paradigm; and its essential features are: (1) the unrivalled dominance of the US in the global arms trade; (2) the primacy of commercial considerations (as against ideological and geopolitical) for arms exports; (3) the emergence of regional rivalries in East Asia and the expansion of arms markets in a number of other areas; (4) a focus on internal conflict (as against external) in the selection of arms by many recipient countries; (5) the growing proliferation of small arms and light weapons and the rise of sectarian militias, insurgent groups, black and grey market and illegal arms trade. But again, this was published much too early to reveal post-Cold War trend. These literatures though useful are insufficient to completely explain the nature and patterns of arms trade under two different kinds of structures.

1.3 The Effects of Unipolarity on Arms Trade

A survey of literature about unipolarity and arms trade reveals the generally shared belief among scholars that the US is one of the prominent suppliers of arms (Table 1.1; Table 1.2; Figure 1.2). In this context, Kapstein (1994: 3) argued that "for the first time in modern history, one country [US] is on the verge of monopolizing the international arms trade." Ikenberry (2009), Mastanduno (1999) and Wohlforth (2009) have also supported American primacy in the military technologies in the contemporary international system. In line with the common Realist logic, Harkavy (1994) argued that American primacy in the arms production particularly regarding production of, and trade in, Military Technical Revolution (MTR) weaponry is one of the indicators or characteristic of its unipolarity in arms trade. The unipolar dominance of the US as a supplier of arms is also supported by Klare (1996). However, it was Kinsella (2004) who discussed about the structure of arms market in terms of the number of recipient with whom the supplier country maintained arms trade relationships. The figure illustrated by Kinsella depicted that since the end of World War II particularly in the period 1955, 1970, 1985, and 2000 the US has been the supplier with the highest centrality measure (supplied weapons to most of the states in the network), so it appears in the centre of the arms market (Kinsella 2004: 8).

However, American primacy in the arms production has had profound effects on the nature of arms trade. As Brzoska and Pearson (1994) asserts that arms trade patterns are likely to depend upon who has the capabilities and occasion, along with the economic or strategic impetus to export and in this regard the US is paramount in terms of both generic military technologies and modern weapons systems. Caverley and Kapstein (2012) examine how the US exerts its dominant position in the global arms market. The argument made by Caverley and Kapstein (2012: 2) is that the US:

> uses its power in this sector to reward some states with lower prices for armaments while extracting financial rents from other customers for the similar weapons-particularly those having an asymmetric or hierarchical security relationship with the United States.

Theoretically this can be explained explicitly by Realism as Realists directed attention to the capacity of a dominant state to structure international relations in the pursuit of

power, wealth and security (Kunkel 1998: 1). According to Neo-Classical Realist theory power is an aspect of international politics, they define it as “the capabilities or resources with which states can influence each other” (Wohlforth 1993: 4; Zhuravel 2012: 13). Like other Realists, Krasner (1976: 320) argued that a large state can alter the system in order to preserve their national interests. For Gilpin quoted in Kunkel (1998: 5), “the liberal international economy after World War II rested on the structure of world power, and in particular the hegemonic power of the United States.” The US “emerged as the dominant power and reordered international economic and political relations in accordance with its primary interests” (Gilpin 1977: 47). When these literatures applied to the analysis of arms trade it can be determined that the predominant position of American arms production would have a profound effect on the patterns of arms trade.

All this literature reveals the material capabilities of the US in global arms trade. The lack of scholarly literatures on international relations is particularly with regard to the structural features of unipolarity: absence of balance of power, demise of major threat with the collapse of Soviet Union, all these factors might be related to the current arms flow patterns which have either not been covered at all or have been covered inadequately.

1.4 The Arms Trade of Other Major Suppliers: the UK and China

Until recently the main focus of the arms transfer literature was on the interrelation of arms flow patterns with the bipolar politics during the Cold War when the US and the USSR used arms transfers as a political instrument to exert influence in the developing world (Zhuravel 2012: 6) and “their arms-transfer policies were guided first and foremost by a desire to gain advantage in their global chess game” (Kinsella 2002: 210). For other suppliers, however, arms exports have been a major instrument of economic policy. For example, the UK the government has historically been intimately linked with arms exports (Gilby 2005: 7). In the mid-1960s, the UK government had established a dedicated government department called the Defence Export Services Organisation (DESO) in order to promote UK’s arms exports around the world (Gilby 2005: 7). In the view of Gilby (2005) it was Phythian (2000) who has sketched the broad contours of the relationship between the UK governments and

its major arms export companies and corruption since the mid-1960s. Like Phythian, Gilby (2005) has also argued that "this is hardly surprising given that it is government policy to vigorously support arms exports, and that the government allows arms companies' unrivalled influence in its policy-making." In fact, CAAT (2011) has also reported that arms companies and the government have a unique relationship and are inseparable when it comes to selling arms.

The apparent picture of this growing nexus between the British government and arms supply companies reflects the fact that commercialization is the main driving force behind UK's arms sales. In fact, financial gain is the government's main official statement with regard to arms sales (CAAT 2005: 10). On that ground, in the view of Kolodziej (1980) Freedman's (1978) has rightly characterised British arms sales as 'commercial pragmatism'. In the view of Gilby (2005) this dichotomy rather clearly observed from the dictum made by Sir Donald Stokes that "a great many arms sales were made not because anyone wanted the arms, but because of the commission involved en route" (quoted in Gilby 2005: 8).

Though the end of the Cold War leads to much more discussion in the literature on arms trade, but it largely focuses on what the US should do, rather than offering generally applicable arguments with regard to the new international arms transfer system created by the changing international environment. Other factors, such as the changed in the composition of the traditional arms suppliers and the emergence of China as a major player in the global arms trade in recent years are important subjects of the arms trade literature. It is noteworthy that there was a limited contribution in this regard about the success of China's recent arms transfer and about what kind of interests and motives worked behind its pursuit of arms transfer policy. Many scholars argue that in contrast to the patterns of the US and Russia's arms transfer, commercial considerations played a salient role in China's arms export policy (Kamal 1992; Bitzinger 1992). Blank (2009) also argues that China's most immediate gain from arms transfers is the profit it makes from the arms sale itself. According to Blank (2009) like most second-tier suppliers the economic earnings is the primary motive of China's arms transfers; it used the profit earn from its arms sales to modernize arms industries and to strengthen its military power. Bitzinger (1992:86) also clearly

supports this as he argued that, to modernize as well as to overhaul the People's Liberation Army (PLA), China has engaged in arms sales.

Arms transfers are not just for economic interests, but are also the central issues in both political and security areas. A number of scholars argue that arms transfers are one of the methods that nations use in order to increase their influence across the globe (Kinsella 2000; Anderson and Vincent 2002). A report prepared by the Saferworld (2011), clearly shows this view in respect to that of China. A major finding of this report is that "the prospects of significant economic return on some arms sales are in fact limited. Beijing facilitates such arms transactions as one of the means of cementing the political ties" with recipient's countries (Saferworld 2011: 49). The production and sales of arms involving China is now a concern of Western nations and others around the world.

There are a number of explanations for the arms trade of different states. Many of the explanations are useful and may provide a part of the picture, but analysis of a potentially key comparison of the arms export patterns of superpowers and second-tier suppliers has so far been lacking. This rationale raises a number of important questions. How does an arms trade policy of other major suppliers differ from polar powers such as the US and USSR? How and why did it engage in arms sales? What are its likely consequences? And how should the major traditional arms supplier such as the US, Russia and the UK respond?

1.5 Existing Theoretical Explanation

Arms trade during and after Cold War provides a better example on how international systems and changes of the systems affects the state's policy in the contemporary world. Theoretically, this can be explained by Structural Realism as Structural Realists directed attention to the effects of system changes on world politics. However, commenting over the theoretical difficulties in generalising the likely process outcome of states behaviour in a changed system, the eminent scholar of Structural Realism, Kenneth Waltz observes:

> A theory of international politics can describe the range of likely outcomes of the actions and interactions of states within a given system and show how the range of expectations varies as systems change. It can tell us what pressures are exerted and what possibilities are posed by systems of different structure, but it cannot tell us just

> how, and how effectively, the units of a system will respond to those pressures and possibilities. To the extent that dynamics of a system limit the freedom of its units, their behavior and the outcomes of their behavior become predictable; [but in general] a theory of international politics bears on the foreign policies of nations while claiming to explain only certain aspects of them . It can tell us what international conditions national policies have to cope with (Waltz 1979: 71-72).

Arms trade being an important component of overall systemic political order is bound to change its pattern and nature once the systemic political order is transformed from bipolar world order into unipolar or multi-polar world order. In this context, Waltz (2000: 5) argues that changes in polarity inherently affect other states with regard to how they see their own security. Some of the Cold War time scholars like Harkavy (1975) has also established distinctive link between international systems and arms trade. According to him, during Cold War period, concatenation of factors involving bipolarity, alliance under the leadership of two superpowers; and the ideological focus of conflict has given rise to narrowly oligopolistic supplier markets and of the dominance of market by two major powers and a single client donor-recipient relationships where recipient states acquired weapons wholly from one block, either East or West, and donor states who distributed their acquisitions across on the basis of their ideological divisions (Harkavy 1975: 11).

Other major impact of the bipolar nature of the Cold War on arms trade included extreme politicization of arms supply that restricted the choice of donors as well recipients' states to go beyond their defined parameter of overall two bloc system. Arms supply or its receiving was a very important factor in identifying the friend or foe. Similarly the advent of unipolarity has had profound effects on the nature of arms trade. The growing commercialization and depolarization of the US arms sales in the aftermath of Cold War has shown that how the reason of arms sale varies as the system changes. Yet there is no consensus on the overall impact that unipolarity will have on the arms trade.

Some writers discuss international trade from the perspective of international political structure. Krasner (1976) is notable for his distinctive combination in this regard. The point he noted is that "the structure of international trade is determined by the interests and power of states acting to maximize national goals" (Krasner 1976: 317). However, Krasner has discussed more about the relationship between international political structure and economic openness. He has not discussed about arms trade and

technology transfers (Krasner 1976: 317). Kunkel (1998) has discussed about the inadequacy of Realist approach to elucidate "the substantive content and underlying causal mechanisms of post-War US trade policy" (Kunkel 1998: 2). Like neoclassical Realists the focus of Kunkel writing is to analyse domestic (unit-level) variables such as state-society relations in order to explain the US trade policy.

Though the end of Cold War leads to much more nuanced discussion in the literature on arms trade but it largely focuses on what are the interests of state regarding to sale arms, rather than offering generally applicable arguments with regard to arms trade in the context of changing structure of world order. Other factors, particularly decline of major inter-state competition, unipolar world system, China as an emerging arms supplier are important subjects of the post-Cold War literature, but these too are primarily case studies. The current situation relating to arms trade is very much complex rather than the bipolar system in the Cold War period. The advent of unipolarity has had profound effects on the nature of contemporary arms trade. In spite of all these various literatures on international arms trade there is a dearth of literature focusing on the changes in the direction of arms flow patterns created by systemic variable in the era of bipolarity and unipolarity. Therefore, it is important to analyze the structure of international systems and the manner in which its impact on the arms trade.

This study analyses the impact of changing structure of international systems on the patterns of arms flow particularly from the perspective of arms exporting countries during and after the Cold War period. It also uses comparative case study method in order to compare both the different trends of arms supply as well as the logic of arms supply of different countries. This study employs methods similar to process tracing method (a data analysis method) to test validity of expectations derived from theory against the empirical record of arms sales patterns. However, as process tracing method requires very detail information with regards to decision and evidence of all links in all the chains, it is very difficult to use process tracing method in arms trade analysis as trade in arms is different from other kind of foreign trade. Arms trade is not an open business or trade. Broadly speaking this study follows process tracing method as arms trade has been documented in a quantitative way by some government agencies.

This study is based on the analysis of primary as well as secondary sources. Most of the data used in this study were assessed from the government documents. For government documents, data is collected from the government reports of the US, Russia and the UK, China. The three key sources include: *World Military Expenditures and Arms Transfers (WMEAT)* [2], published annually by the U.S. Arms Control and Disarmament Agency (ACDA); the *SIPRI Yearbook Armaments and Disarmament*, published annually by the Stockholm International Peace Research Institute (SIPRI); and the annual U.S. Congressional Research Service (CRS) report on *Conventional Arms Transfers*; *The Military Balance,* published by International Institute of Strategic Studies (IISS). By using the primary and secondary data, this study makes an attempt to collect extensive data to reflect on the changing pattern of international arms trade system over the past four decades (1971-1991 to 1991-2011). The secondary source includes existing literature and journals along with the academic publications and conference papers etc.

The next chapter provides necessary background information on international arms trade. This chapter explores the academic literature concerning the conceptual understanding of arms trade and analyses different approaches to explain the importance of arms trade in international politics. The main purpose of this chapter is to develop the general conceptual framework by providing a comprehensive overview over past and present trade in conventional weapons. Beginning with Thucydides' *History of the Peloponnesian War*, written some twenty-five hundred years ago, the chapter provides early historical background on arms production and their transfers in the fifteenth and sixteenth century. The chapter also discusses the role of private arms companies dubbed as 'merchants of death' in the First and Second World War. The role of three largest suppliers: France, the UK and the US during the First and Second World War are also examined in details. In addition, the chapter analyses arms trade into a broader context of international relations that include bilateral relations, defence cooperation, military alliance relationship and other activities.

After a comprehensive look at the international arms trade chapter 3 focuses on the two superpowers: the US and the USSR arms trade politics during the Cold War. This

[2] Since its inception in1960 till 1999, the hard copy of WMEAT was independently published by the U.S. Arms Control and Disarmament Agency (ACDA). In 1999, it was absorbed by the U.S. Department of State and its statistics began to be published in only online format.

chapter discusses the patterns of arms trade during the Cold War era and investigates the factors that influenced arms transfer decisions of the two superpowers. While doing this, it also compares and contrasts the Cold War patterns of arms flow from 1961-71 to 1971-90. One reason for this assessment is to find out the differences between the two periods. Finally, the chapter discusses the changes in the geographical trend of arms distribution. In this context, it discusses in detail the patterns of arms trade in 1961-71, when the arms transfer decisions of the superpowers in particular were driven by their central theatre of potential conflict in Central Europe and the patterns of arms trade in 1971-1990, when the arms transfer competition between the two superpowers were extended around the globe beyond the framework of 'Iron Curtain' (the division line in Europe the with capitalism to the west and communism to the east) due to the decolonization of many Third World countries and the formation of many new states with dividing line of social and capitalist systems.

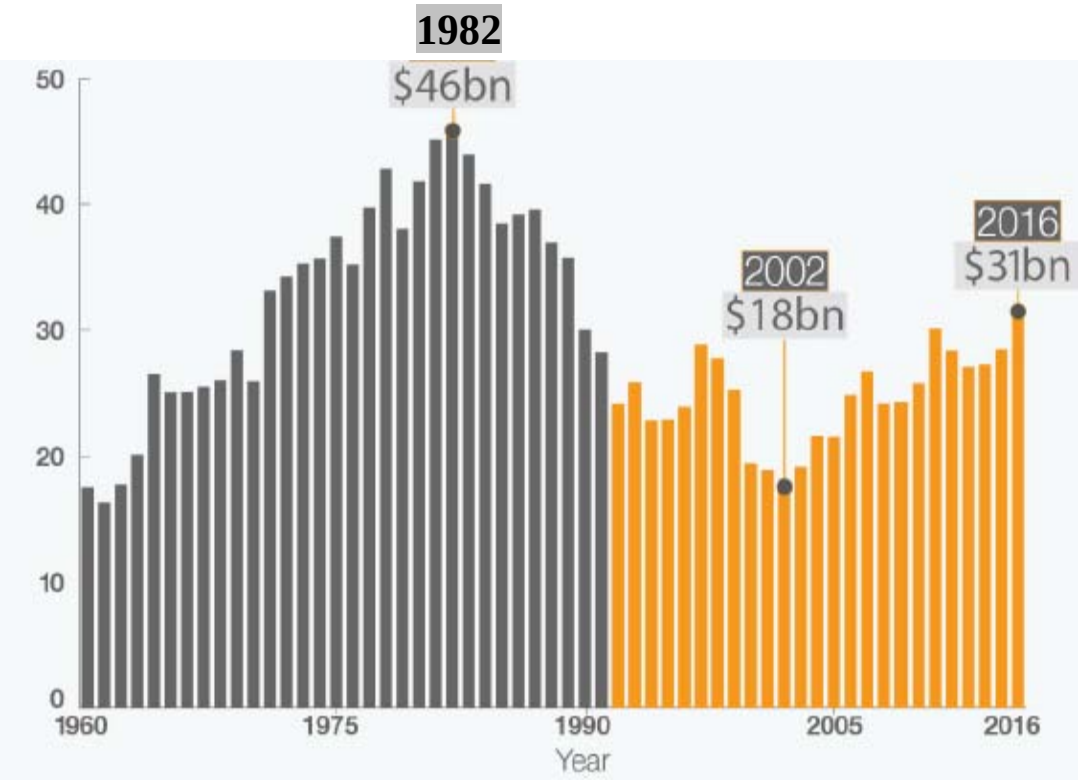
Chapter 4 analyses the patterns of arms trade during the post-Cold War period. The chapter specifically focuses on the patterns of the US and Russian arms exports in order to find out differences between their arms export policy in the post-Cold War period. Though Russia is not a polar power during this period, Russia is analysed here for reasons of comparison with the Cold War period. Here an effort has also been made to separate the structural and non-structural factors responsible for much of the arms transfers during this period. In this context, it analyses the quantitative trend of arms flow from 1991 to 2011. One reason for this assessment is to find the differences between the Cold War and the post-Cold War patterns of international arms trade. Essentially this chapter provides an overall assessment of the global arms trade pattern.

Chapter 5 discusses in detail the main motives and trends in the UK and China's arms transfers. It looks at both the Cold War period and the post-Cold War period arms transfer policies of the UK and China. The main purpose of this chapter is to compare the pattern of Britain and Chinese arms trade with the US and Russia. To this extent, this chapter provides a comprehensive overview on post-Cold War arms transfer policies of the UK and China on the one hand and the US and Russia on the other. This chapter also discusses about arms companies of the UK and China.

Chapter 6 finally deals with conclusion and summarises the arguments of all the four preceding chapters in order to evaluate whether the aims or objectives of this study are achieved and whether the proposed hypotheses are proved and rejected. The chapter concludes with a more in-depth analysis of the major findings of this study. The chapter also discusses about the probable future trends in international arms trade and its implications on the recipient countries based on this research understanding.

Figure 1.1

Rise and Fall in Global Arms Export during and after the Cold War Period, 1960-2016 (Statistics from SIPRI in USD billion)



Source: SIPRI (2017a); Aljazeera (2017).

Table 1.1

Top Arms Suppliers and their Recipient Countries (Export During 2007-11)

Share of International Arms Exports		**Main Recipients 2007-11 (Share of Suppliers' Total Exports, (Percentage)**		
Suppliers	**Percentage**	**First**	**Second**	**Third**
US	30	South Korea (13)	Australia (10)	UAE (7)
Russia	24	India (33)	China (16)	Algeria (14)
Germany	9	Greece (13)	South Korea (10)	South Africa (8)
France	8	Singapore (20)	Greece (10)	Morocco (8)
UK	4	Saudi Arabia (28)	United States (21)	India (15)

Share of International Arms Imports		Main Suppliers 2007-11 (Share of Recipients' Total imports, Percentage)		
Recipient	**Percentage**	**First**	**Second**	**Third**
India	10	Russia (80)	UK (6)	Israel (4)
South Korea	6	US (74)	Germany (17)	France (7)
Pakistan	5	China (42)	US (36)	Sweden (5)
China	5	Russia (78)	France (12)	Switzerland (5)
Singapore	4	US (43)	France (39)	Germany (8)

Source: Holtom, Paul *et al.* (2012: 3-4).

Table 1.2

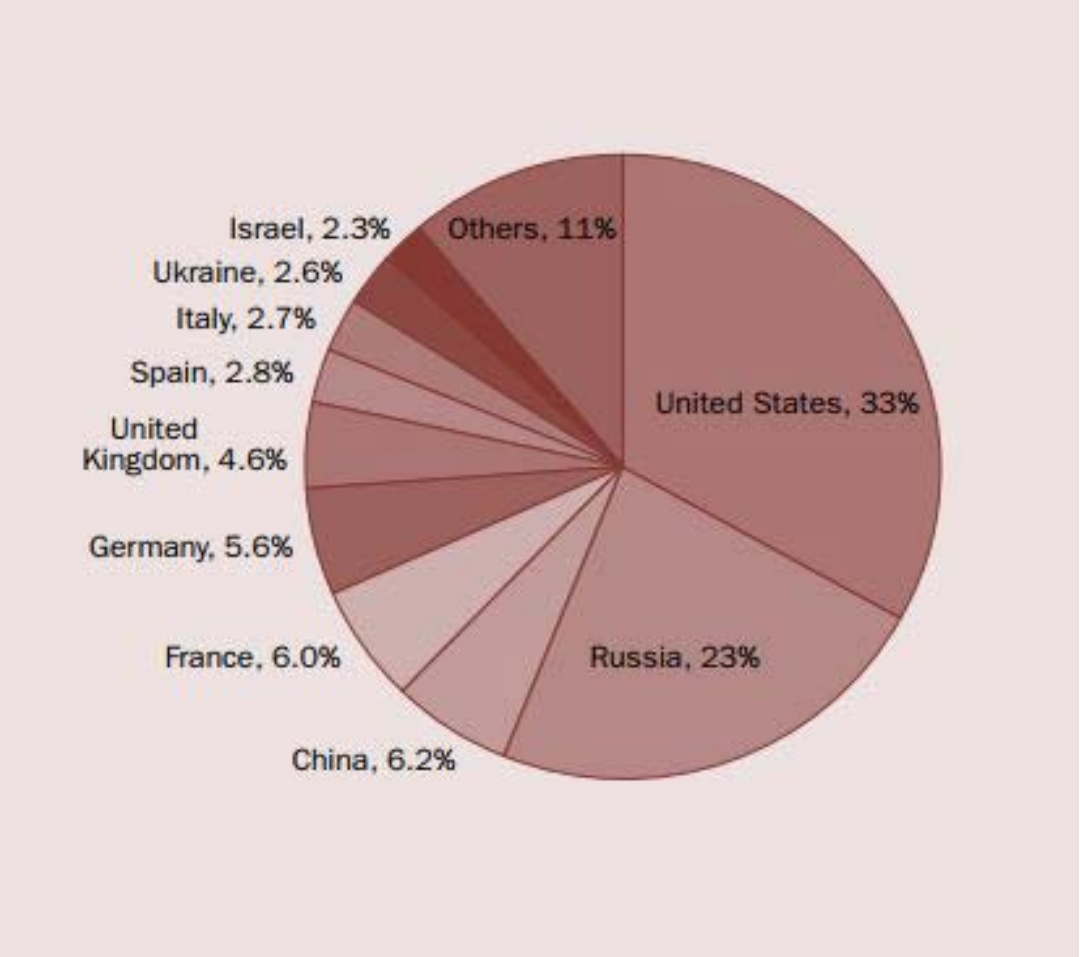
Top Arms Suppliers and their Recipient Countries (Export During 2012-2016)

Exporter	**Share of Arms Exports (percentage)**		**Percentage**	**Main Clients During 2012-2016 (Share of Exporter's Total Export, Percentage)**		
Country	2012-16	2007-11	From 2007-11 to 2012-16 (%)	First	Second	Third
US	33	30	21	Saudi Arabia (13)	UAE (8.7)	Turkey (6.3)
Russia	23	24	4.7	India (38)	Vietnam (11)	China (11)
China	6.2	3.8	74	Pakistan (35)	Bangladesh (18)	Myanmar (10)
France	6.0	6.9	---	Egypt (19)	China (11)	UAE (9.1)
Germany	5.6	9.4	---	South Korea (13)	Greece (12)	US (9.7)
UK	4.6	3.9	27	Saudi Arabia (48)	India (11)	Indonesia (9.0)

Source: Fleurant Aude *et al.* (2017: 2).

Figure 1. 2

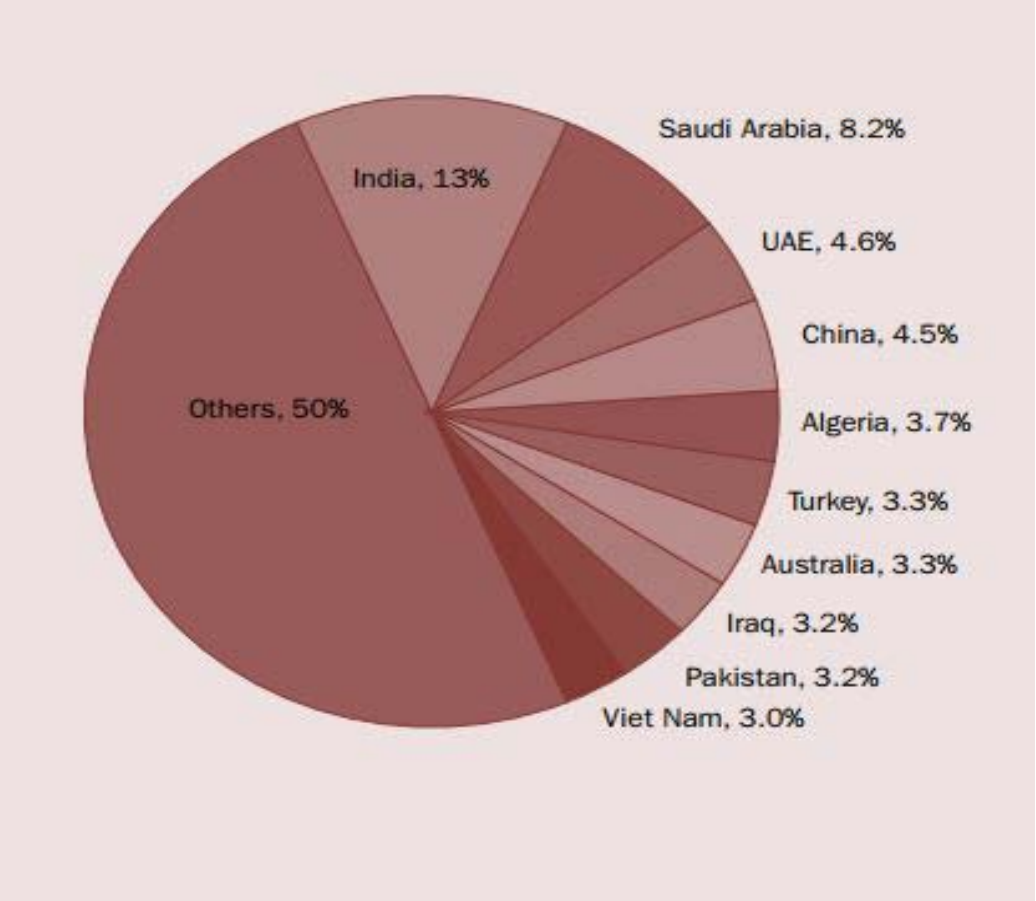
Global Share of Major Arms Exporters, 2012–16



Source: Fleurant, Aude *et al.* (2017: 3)

Figure 1.3

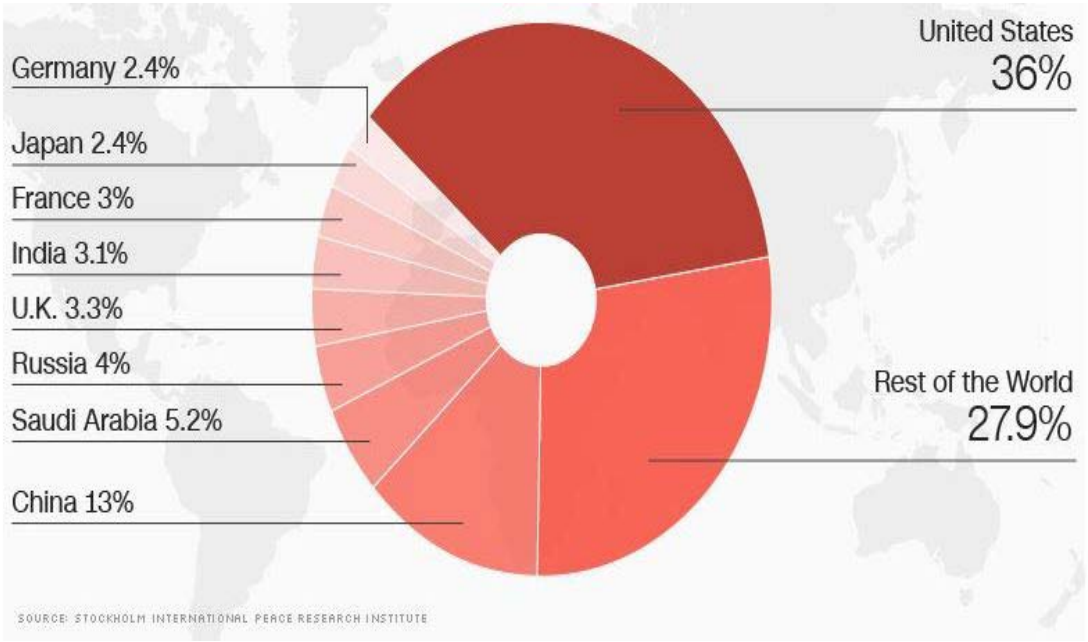
Global Share of Major Arms Importers, 2012-16



Source: Fleurant, Aude *et al.* (2017: 7)

Figure 1.4

Breakdown of Worldwide Military Spending, 2015 (Statistics from SIPRI)



Source: Sahadi (2017); Perlo-Freeman, Sam *et al.* (2016)

CHAPTER 2

ARMS TRADE AND INTERNATIONAL RELATIONS

2.1 Introduction

States have pursued war as an instrument of state policy to further their national interests since immemorial times. Naturally, arms and their trade have directly as well as indirectly influenced different actors of international and regional politics. Promotion or prevention of arms trade often becomes a part of global diplomacy to secure alliances. It is also seen as an instrument to promote peace and stability in international system. In general, arms trade primarily furthers a state's economic and security interests. Some states have even strengthened their bilateral and multilateral relations through arms transfers and their joint production. According to a report of the U.S. Department of State the world-wide trade of conventional weapons had reached US$ 181 billion by the end of 2011 (Table 4. 1). It shows that arms trade has been one of the most lucrative components of international trade. According to a report summarizing the International Defence Exhibition at Abu Dhabi in 2015, around 1200 arms companies from 50 countries had demonstrated their technological capability and expanded their business engagement with respective government departments and their armed forces (Abu Dhabi National Exhibition Centre 2015; IHS Jane's 2015; Haider 2015).

The purpose of this chapter is not just to analyse the economic aspect of arms trade but also to provide a comprehensive general overview of world-wide arms trade. However, a comprehensive and fruitful analysis of international arms trade patterns cannot be done without having a clear concept of the arms trade. Thus, the first section of this chapter analyses the concept of international arms trade. This part further elaborates the two central actors of arms trade - the exporting and importing countries. While these two central actors: seller and buyer, are interwoven and affect each other, this chapter focuses primarily on the first part: who produces and exports arms (Dillon 2014). Hence, this section focuses particularly on the structure of global arms producing countries. In doing so, the section also describes about the main players in international arms export market.

The second section analyses academic literature highlighting the conceptual understanding of arms trade and its theoretical explanations. This section elaborates in details about the three core theories on arms trade: the Realist, Liberal and Marxist. These core theories try to explain the three different dimension of arms trade: strategic, economic and exploitative.

The third section begins with a historical analysis of the international arms trade from industrial revolution to current times while simultaneously also focusing on the key role that technology had played in the development of international arms trade pattern. It then identifies and investigates the important factors and motives which are associated with the development of international arms trade.

The fourth section explores the economic and strategic importance of arms transfer. In order to do so, this section analyses the arms trade from the broader perspective of international relations that includes fostering bilateral relations, defence cooperation, alliance relationship and other activities. The main purpose of this section is to analyse the role that arms have played over past few decades in shaping the global politics.

The final section investigates the key issues related to the international arms trade. The central purpose of this section is to find out the major problems and probable threats associated with the international arms trade. While doing this, it discusses about the proliferation of small arms and their illicit trade which are fuelling terrorism, insurgencies and violent control of natural resources.

2.2 Concept of Arms Trade

There exists no generally agreed definition of arms trade.[3] Several scholars have tried to define arms trade from different perspectives. Kumar and Bharadwaj (2010: 265) define arms trade as business of buying or selling military equipments. Some prominent scholars on arms trade further elaborate it as the movement of arms and

[3]Here the term arms trade, arms transfer and arms sale are used synonymously. However, each of these three terms has different meanings (Kumar and Bharadwaj 2010: 265). The sale is a transfer of weapon in exchange of a price paid or promised to be paid (Kumar and Bharadwaj 2010: 265). In general, it means exchange of weapons for money (Kumar and Bharadwaj 2010: 265). The transfer on the other hand, as a form of military aid or gift may not be purely reflects economic motives for arms trade (Kumar and Bharadwaj 2010: 265). The word trade in the context of arms transfer refers to the business of buying, selling or bartering military equipments (Kumar and Bharadwaj 2010: 265). It signifies the profit motive for selling weapons.

their related services or materials from one state to another in the form of sales, loans, grants, trade concessions or in any other forms such as aid or gift (Nayan 1997; Hook and Rothstein 2005: 176; ACDA 1984: 106; SIPRI 2014: 271). However, in the words of Bauer (2010: 307), the term arms trade includes both military and commercial trade and other relevant activities and transactions, such as brokering and transit. Stuart (2004: 86), defines arms transfer within the broader context of international activities including military assistance for international institutions required to carry out various peace-keeping operations and transfers in the form of co-production and co-development. Kinsella (1998: 7) defines arms transfers as a mean to diffuse military capability from one nation to another. Likewise, the State Council and the Central Military Commission of People's Republic of China (2005), a country that is fast emerging as important arms supplier, defines arms trade as export of production facilities and related materials and equipments, technologies and services specially used for military purposes.

Since the classification of weapons differs from state to state, it is very difficult to classify what items are tradable conventional arms. Nevertheless, one important effort in this context was made by the League of Nations (1924) during the conference for the Control of the International Trade in Arms, Munitions and Implements of War in 1925. In this conference, the League of Nations classified arms into two categories: category I[4] and category II[5]. While category I contain arms and ammunition exclusively designed for sea, land and air warfare or armed forces of different countries, the category II arms included those which were used for military as well as civilian purposes (League of Nations 1924: 17-18).

[4] The items that fall within the definition of category I of international arms trade are: (a) "pistols and revolvers, automatic or self-loading, and developments of the same, designed for single-handed use or fired from the shoulder, of a calibre greater than 6.5 mm. and length of barrel more than Io cm. Rifles, muskets, carbines; Machine-guns, interrupter gears, mountings for machine-guns; Aerial gun sights; Infantry apparatus for the discharge of projectiles; Flame throwers; Cannon, long or short, bomb throwers and mortars of all kinds and their carriages, mountings, recuperators, accessories for mounting and sighting apparatus; Apparatus for the discharge of all kinds of projectiles, bombs, torpedoes, depth charges, etc. Grenades, bombs, land mines, submarine mines fixed or floating, torpedoes, depth charges; Projectiles of all kinds; Ammunition and appliances for the above arms and apparatus; Bayonets, swords and lances; (b) all other armaments, war materials, munitions and component parts having military value despite being employed in the services of the different States includes: ships designed for war, including submarines and submersibles; Airships, aeroplanes and seaplanes designed exclusively for war ; Tanks; Armoured cars" (League of Nations1924: 17-18).

[5] The category II contains arms designed for both civilian and military use i.e., arms and ammunition including fire-arms enumerated in category I, all others rifled not included in the category I, gunpowder and explosives designed for the purpose of non-military use (League of Nations 1924: 17-18).

ACDA (1984: 106) defines conventional arms sales as the transfer of military equipments between states in the form of grant, credit, or cash sales. The export items that falls within the definition of conventional arms transfer regulated by the ACDA include weapons of war, ammunition and other supportive apparatus and commodities usually recognized as military in nature such as aircraft, artillery, missiles, small arms, ammunition, armored vehicles, non- armored military vehicles and infantry weapons (ACDA 1984: 106). The ACDA has further expanded the scope of items reported in its figure in 1991. As of this report, arms transfers also include dual use goods, which have both civilian and military purposes as well as delivery of weapons for building defense production facilities, licence fees for the manufacture of weapons, arms transfer agreements between governments, joint military training services and all other transfers considered primarily military in nature (ACDA 1991: 31). The SIPRI's definition of arms sales represents the transfers of weapons in the form of aid, gifts, loans, and leases (SIPRI 2014: 271).

The major weapons whose sales are included for monetary valuation of arms trade in its various reports include: air missiles, aircrafts (including unmanned), artillery, guided missiles, armoured vehicles, electronic equipments, bullets and shells, sensors, firepower, guided missiles, warships and satellites (SIPRI 2006: 562; SIPRI 2007: 428; SIPRI 2011: 295; SIPRI 2014: 271).

In order to bring transparency in arms trade, the United Nations General Assembly (UNGA) has established the United Nations Register of Conventional Arms (UNROCA) in 1991 (Pilbeam 2015: 134). The member states of the UN are obliged to submit their annual report on arms export and import to this body (UNROCA 2001). For the purpose of UNROCA, the UN General Assembly defines international arms transfers as physical movement of equipment into or from national territory as well as the transfer of title to and control over the equipments (UN 2003: 47). In addition, it also defines the seven different categories of weapons involved in conventional arms transfers. It includes: artillery, fighter helicopters, armoured vehicles, aircraft, battle tanks, ships and missiles (UN 2003: 28-29).

2.2.1 Definition of Small Arms and Light Weapons

The UNGA (1997) defines 'small arms' as those weapons which are intended for the personal use. In contrast to small weapons, according to the UNGA, the light weapons are explicitly designed for use by a small number of persons serving as a crew. The UNGA classifies several small weapons under following heads:

(a) *small arms*: self-loading pistols and revolvers, rifles and carbines, light machine guns, assault rifles; (b) *light weapons*: heavy machine-guns, hand-held under-barrel and mounted grenade launchers, portable anti-aircraft guns, anti-tank guns, recoilless rifles, anti-tank missile and rocket launchers, anti-aircraft missile launcher systems; mortars of less than 100 mm calibers and lastly (c) *ammunitions:* cartridges for small arms, bullets and missiles for light weapons, mobile containers for anti-aircraft and anti-tank systems, anti-tank and anti-personnel hand-held grenades, landmines and explosives (UNGA 1997).

Besides these, small arms also include firearms (Saferworld 2012: 3). In general it means any portable barrel weapon which is explicitly designed to expel an explosion, bullet or projectile by the action of an explosive, excluding antique firearms or their replicas (Saferworld 2012: 3). It may also include "any other weapon or destructive device such as an explosive bomb, incendiary bomb or gas bomb, grenade, rocket launcher, missile, missile system or mine" (Saferworld 2012: 3).

2.2.2 Typology of Arms Producers

Trade of any sort requires two mandatory actors: the supplier and the recipient. Naturally, the arms trade is also a two-way street involving reciprocal obligation or mutual action of the recipient and supplier alike (Verbruggen 2015: 1). In general, the arms supplying countries are also the arms producers. In his analysis of the history of the international arms transfer, Krause (1990: 696) has identified three types of producers: first-tier producers, second-tier producers and third-tier producers. Further he has classified the UK, Russia, Germany, Netherlands and Sweden as first-tier producers, France, Italy and Spain as second-tier producers, Japan, China and India as third-tier producers (Krause 1990: 696). However, during the Cold War Kinsella (1999: 255) identified the first-tier producers consisted of the US and the USSR alone.

This division of arms producers is loosely based on military production and innovation, with first-tier producers being centre of innovation, second-tier producers managing to stay near the technological production frontier and third-tier producers merely producing some weapons (Krause 1990: 701; Krause 1995: 27). It was the first-tier suppliers who started technological revolutions and invented weapons for war (Verbruggen 2015: 24). Hence, they are recognized as the critical innovators in the global arms transfer system (Verbruggen 2015: 24). Second-tier suppliers do not have the capability to innovate but they can produce and manufacture a wide range of modern weapons and ammunition (Verbruggen 2015: 24). Third-tier suppliers only reproduce weapons (Verbruggen 2015: 24). Arms producers under the third-tier transfer system have manufactured less sophisticated weapons and are dependent on the first and second tier suppliers for import of critical components (Verbruggen 2015: 24).

In a path breaking study of the global arms trade pattern, researchers at SIPRI has identified three ideal types of arms suppliers: hegemonic, industrial, and restrictive (Kinsella 2013a: 1-2; SIPRI 1971). More specifically, it recognized the USSR and the US in 1975 as hegemonic; UK, France and Italy as industrial and Canada, Sweden, Switzerland, Germany and Japan as restrictive suppliers (Verbruggen 2015: 43; SIPRI 1971). According to SIPRI's researchers, the hegemonic supplier's motives in arms transfers are both to dominate smaller countries as well as influence such dependent countries in their policy matters (SIPRI 1971; Willardson 2013a: 7). While referring to the US and the Soviet Union as hegemonic suppliers, Kinsella (2013a) explains that during the Cold War, these two states had consistently used the arms transfers to either support a particular group in power or to prevent the emergence of an alternative group which might be willing to accept the dominance of rival bloc. According to Verbruggen, in hegemonic pattern:

> Arms flow from dominant to dependent powers. Hegemons supply arms for a specific task that is of interest to the hegemon or to strengthen relations with a specific group because it is strategically beneficial. It usually comes with military aid and/or the free gift of weapons, to reduce competition. They can demand favors and withhold spares if the recipient does not comply. They also supply to ensure that another dominant power does not achieve hegemony, called pre-emptive supply (Verbruggen 2015: 26).

Industrial suppliers export arms mainly because of financial reasons (Verbruggen 2015: 26). Their primary motive is to export arms so as to maintain their domestic defence industry (Willardson 2013a: 7). The restrictive supply is an example of arms supply to states where the supplier does not become involved in local or international conflict (Willardson 2013a: 7).

2.3 Theoretical Aspect of International Arms Trade

Since the time of Thucydides writings, the arms transfer has been central to the study of international relations (Noronha and Rosa 2013: 286; Stohl and Grillot 2009: 11). Scholar and decision makers have often puzzled over how a state can simultaneously prepare for any war without becoming entrapped in an unwanted conflict (Leeds and Morgan 2012). In this context, greater attention has been given to arms and corresponding alliances (Leeds and Morgan 2012). The Monarchs were advised by their military strategists to provide arms and military aid to allies in order to deter their potential enemies and defeat them in future wars (Leeds and Morgan 2012).

This traditional rationale for arms transfers and military aid have been analyzed by prominent scholars such as Hans Morgenthau who gave the popular theory on balance of power in his seminal work *Politics Among Nations: The Struggle for Power and Peace* (Morgenthau *et al*. 2005). However, it was the distinguished work of Helmuth Engelbrecht and F.C. Hanigen (1934), titled *Merchants of Death: A Study of the International Armaments Industry*, which popularized the study of arms transfers as a phenomenon in international relations (Krause 1990: 687). Since then, different theoretical propositions and ideas have been extensively applied to explain the complex set of issues regarding transfer of arms (O'Neill 2009: 1).

Arms transfers in international relations have been analysed from different theoretical perspectives while focusing on important issues such as power, politics, security, strategic interests, conflicts and war (Morgenthau 1962; Platte and Leuffen 2016: 564; Hattori 2001: 634). Some scholars on arms trade also believe that economic interests and foreign policy considerations such as promoting democracy and human rights, positively affect the decision of countries to trade arms with another nation (Hang 2016: 291; Harvey 2015: 3). Other scholars believe that security, military capability and alliance-building are the main driving factors for arms export (Harvey 2015: 3;

Wezeman 2010: 199; Hang 2016: 291). Most of the theories on international relations are derivatives of either Realism or Liberalism. Hence, these two theories have formed the core of the debate about international arms trade (Harvey 2015: 3; Kemp 1994: 151).

2.3.1 Arms Trade from Perspective of Realism

"The desire to acquire or export arms is tied closely to the "self-help" nature of the current international system, in which responsibility for security and defense rests with individual states" (Krause and Macdonald 1993: 707).

Realism is considered by most scholars as centuries old foundational school of international relations from which other theories derive its identities through construction and deconstruction (Wohlforth 2008: 131). The sub schools of Realism have many differences, however, they by and large agree on the fact that in the absence of a global government, states interact with each other in a condition of anarchy that causes competition amongst states to maximize power for their security and survival (Heywood 2014).The maximization of power is achieved by states through building their internal and external capabilities (Waltz 1979; Hang 2016: 294). The balance of power under classic realism means balance of firepower or military power. Hence, the existence of competitive domestic arms industry, military alliances and arms exports play a very important role in the survival of a state.

According to Waltz (1997: 915), since unbalanced power, whoever secures it is a potential threat to others; the other states come together and form alliances to deter such bigger power. Building alliances or entering into alliances is very old strategy adopted by states against their rival state or states (Hang 2016: 296). The important component of this strategy is to use their firepower resources against the rival power through exports and imports of arms (Platte and Leuffen 2016). Since exporting arms to allies reduces potential threat from the common enemy, arms producing states often use arms as a means to buttress or win an ally or strengthen the existing alliance (Morgenthau 1962; Platte and Leuffen 2016: 564).

Alliance is defined as "a promise of mutual military assistance between two or more sovereign states" (Wolfer 1968: 268). The concept of alliance has been explored by

several scholars such as Stephen Martin Walt and Glenn Herald Snyder. An analysis of their work is given in the later part of this chapter. In alliance, the central proposition lies around widespread arms transfers. Theoretically arms transfers represent the transfer of military capabilities that can help to balance against other powerful states (Willardson 2013a: 5). Some scholars also believe that by expanding the capability of certain arms recipient states, the arms exporting states also secure their own survival and security (Caverley 2007: 601; Willardson 2013a: 4; Harvey 2015: 12). The crux of the theories on military alliances is that the act of balancing and the formation of alliances are necessary for ensuring state security in an anarchic system and hence, in this context, arms exports is the best instrument to strengthen an alliance relationship (Kemp 1994: 152).

The survival of states under realism is directly linked to the survival of the domestic arms industry. A thriving and vibrant domestic military industry increases the self sufficiency in weapon procurement. In absence of such industry, the reliance on supplier countries for essential security needs would place the very tools of survival into the hands of other actors (Caverley 2007: 601). As Caverley (2007: 601) has asserted, "any concession on self-sufficiency in weapons production" would threaten the concerned state's continued existence in the international system. Arms exports are therefore, critical to maintaining the domestic arms industries, which in turn ensure the state's power capabilities and avoid future potential threats (Willardson 2013a: 4-5). In other words, the domestic military capability founded on vibrant arms industry plays a very important role to secure a prominent position in the international power hierarchy (Buzan 1987: 40). Thus, for supplier countries, arms trade serves two additional benefits along with the basic security value of self- reliance: the pursuit of power and the pursuit of influence (Buzan 1987: 40).

According to Hans Morgenthau, by nature all types of aid are political (Abrol 1989: 35).[6] According to him military aid to certain states today provides a good example in this regard (Morgenthau 1962: 303). According to him, the purpose here is not so

[6] Hans Morgenthau in his article "*A Political Theory of Foreign Aid*", has classified foreign aid into six categories: "humanitarian foreign aid, subsistence foreign aid, military foreign aid, bribery, prestige foreign aid, and foreign aid for economic development" (Morgenthau 1962: 301). Of these six distinct types of foreign aid, he considered only humanitarian foreign aid as per se non-political (Morgenthau 1962: 301).

much military as political. States seeks political advantages in exchange for military aids. It obligates the aid recipient country to adopt favourable political policies toward the aid giver (Morgenthau 1962: 303). Following this, Hattori and other Realist scholars asserted that this was clearly evident during the Cold War when the US and the USSR used military aid as a policy tool to influence the political judgments of recipient countries in a bipolar struggle (Hattori 2001: 634).

2.3.2 Arms Trade from the Perspective of Liberalism

The idea of liberalism can be traced as early as 1776 in Adam Smith's (1776) seminal work, *The Wealth of Nations*, it later expanded to become a dominant theory of international relations after the great depression of 1930s and the establishment of United Nations (Ismail 2016: 789). The basic assumption of this theory underlines the importance of market economy, free trade (free from government restrain) and major role of private sector. Liberalism believes that states compete with each other primarily for maximizing their economic wealth (Platte and Leuffen 2016: 564). In order to maximize their wealth, as rational actors, states prefer cooperation and not conflict (Hang 2016: 293). The international institution provides the framework for their cooperation and free trade in an interdependent world (Hang 2016: 296).

Liberalism looks at arms primarily as an economic commodity capable of generating huge profit for the arms producing or exporting country (Platte and Leuffen 2016: 564). It is a means to generate profit and raise the economic profile of the state in the existing system. In other words, arms should primarily be treated as an economic good (Platte and Leuffen 2016: 564). The production of weapons is an immensely capital consuming and technological intensive industry, which requires huge investment in research and development, infrastructure facilities and highly skilled personnel (Platte and Leuffen 2016:564). As a result, there is an economic push for arms exports despite the security risk (Johnson 2015). Strong exports of arms not only generate the economic profits from arms recipient countries but also generate domestic tax revenues and employment (Platte and Leuffen 2016:564). In fact, both tax revenues and employment opportunities facilitate the domestic stability necessary for raising the economic profile and security of the arms exporting country.

2.3.3 Arms Trade from the Perspective of Marxism

Amongst several critical approaches, the Marxist school of thought is considered very influential in analysing the exploitative nature of an existing system. The Marxist oriented 'Dependency theory' argues that international system consists of interrelationship between the core, periphery and semi periphery states (Heywood 2014: 73). According to it, the core states which are primarily technologically advanced industrial states of global North, have a tendency to exploit the peripheral states, mostly from the global South (Heywood 2014: 73). The exploitation comes from the structural inequalities in the system, making the peripheral states dependent on the core states. The core states exploit the peripheral state's poor economy and weak security conditions to get cheap access to the raw materials and dump their costly non-essential factory products such as arms (Heywood 2014). According to Marxists, the military intervention, manipulation, extractive investment in the security sphere euphemistically known as co-production inevitably linked with 'arms trade' are new form of imperialism (Gompert and Vershbow 1977: 4). According to this approach, arms trade is an exploitative tool by which the rich and powerful industrial countries have perpetuated their control over dependent nations (Gompert and Vershbow 1977: 4). The critical Marxists see arms trade in the broader of context of systematic phenomena i.e. North-South division. According to them, while keeping puppets in power and distorting military policies of developing countries, arms trade lobbies not only adversely affect the self-reliance of the third world countries but also increase the inequitable division between global North and South (Gompert and Vershbow 1977: 5; Gompert and Vershbow 1977: 5).

Marxist theorists also see arms production as an important instrument for capital accumulation (Dunne and Skons 2010: 283). In general, Marxists see every system as class conflict between privileged and underprivileged. Thus, arms producing companies, according to them, represent a set of interests of the exploitative ruling class (Dunne and Skons 2010: 282). By diverting government resources in military expenditure, this ruling class provides a valuable service to maintain capitalism and sustains permanent arms economy (Dunne and Skons 2010: 283). This dominant ruling class across the states are themselves not interested in the stability of international system which might adversely affect their economic profit and social

status. War thus, offers a huge profit for these ruling classes (Weigley 2013). While commenting on the close relationship between war and the economy, Cowen (2014) argues that lack of major wars is adversely affecting the US economic growth.

2.4 Historical Evolution of International Arms Trade

The rise of arms exports, like so many other features of today's global economy, began largely with the industrial revolution (World Trade Organization, WTO 2013). Though, the use of gunpowder, canon and varying degree of iron made weapons is several centuries old; the arms trade in popular context symbolises the sale and purchase of arms manufactured and produced in factories. Factory is an innovative concept that emerged during rapid industrialisation in Europe. It brought all components of arms production at one place and ensured their integration results in large scale of arms manufacturing. After 1850, Europe started producing more weapons than it could utilise (Murphy 2006). Great Britain and France were the major arms manufacturer of that time. By the 19th century however, the US, Germany and Russia also started contributing a large share to arms production (Stohl and Grillot 2009). At the same time, the maritime route discoveries and rapid colonisation accelerated demand of weapons in remote regions. Latin America, Asia and Africa, served as an expanding market for European manufactured weapons.

Gradually, a new global security order defined by an advanced arms supplying countries (industrial "core") and arms importing countries ('periphery') took shape over the course of the 19thcentury. This new order increasingly fostered the pattern of dependency reflecting the increasing division of world system (WTO 2013). Industrial revolution made colonies to setup weapon factories to serve the security and economic interests of the foreign rulers (Noronha and Rosa 2013). For example, in 1801, the gun and shell factory in India at Cossipore (near Kolkata), an ammunition factory at Kirkee (near Pune) in 1889, a rifle factory at Ishapore (West Bengal) in 1901 and a gun carriage factory at Jabalpur (Madhya Pradesh) in 1904 were built to produce weapons for the British military forces (Mohanty 2004: 9). Nevertheless, the British adopted "a policy of retaining strategic capabilities for themselves while allowing the native Indians to assist in the tactical dimensions, confined to minor works in most endeavours"(Mohanty 2004: 9). Thus, even though the industrial revolution helped to diffuse the process of arms production throughout the

international system, the core of world's arms industry remained relatively concentrated in the hands of a very small group of countries. This trend, according to Ringstrom (2015: 27), signifies the oligopolistic nature of arms market in which few actors wield large influence over the global supply of arms.

However, in spite of all these challenges, many private arms companies during the period of industrialisation had also made an entry into the international arms market with the primary motive to earn profits (Stanley and Pearton 1972). Later on, the leading arms dealers of the day, like other manufactures, took advantage of the liberal trading order and sold weapons to anyone who would pay for them (Stohl and Grillot 2009: 14). Basil Zaharoff, the world's famous arms dealer for Britain's Vickers Company amassed a huge fortune by selling arms to both sides in the First World War (CQ Press 1976). He once himself stated in a London newspaper that, "I made wars so that I could sell arms to both sides. I must have sold more arms than anyone else in the world" (Grant 2012).

The 19th century marked a major turning point for international arms trade (WTO 2013). Although, the revolution in military technology had already began as early as 850 A.D. when Chinese discovered gunpowder, it was the arrival of industrial revolution and the advent of steam power which triggered massive expansion of international arms trade (Stohl and Grillot 2009; Whipps 2008; WTO 2013). The technological evolution later revolutionised the arms trade in the 19th century making a wave of new weapons such as rifles, artillery, submarines, tanks, chemical weapons (poisonous gases) and warships, which made wars all over the world very different, completely affecting the traditional strategies of battles through rapid drawing and redrawing of state boundaries (Parkinson 2015; Whipps 2008). World War I was fought on a global scale through latest weapons of the industrial revolution which led to massive destruction and thousands of battles death (Smith 2014).

Other than the technological advancement in armaments and military equipment, political forces have also played an equally important role in driving the massive expansion of international arms industry and large scale export of weapons (WTO 2013). It was clearly evident from the First World War when political chaos sharpened the arms race amongst several conflicting nations such as Britain, France

and Russia on the one hand and Germany, Austria-Hungary, and Italy on the other. These states strove to outpace their enemies through arms export (Brose 2014: 1). For example, France supplied arms to Serbiain order to strategically weaken Germany's main ally Austria-Hungary (Maurer 1995). It clearly highlights the political role of the arms trade (Maurer 1995). As part of this strategy, France supplied advance weaponry such as the 75-mm field artillery piece to Serbia (Maurer 1995).

With the onset of World War I, the US had also emerged as the leading supplier in the international arms market (Stanley and Pearton 1972). The US military assistance during this period was primarily designed to support the warring parties which were strategically important to the Washington (Williams 2015). Between August 1914 and March 1917, the US had exported approximately US$ 2.2 billion worth of arms to the European countries (DSCA 2016: 3). In 1916, the US exported more than US$ 1 billion worth of weapons in a single year (DSCA 2016: 3). The US alone held 50 percent of the world's total arms export share in 1920 (Kemp 1994: 148). While commenting on the emergence of new non-European players like the US in arms market, Winston Churchill, Great Britain's First Lord of the Board of Admiralty stated that "the world is arming as it has never armed before" (Brose 2014: 2). The scale of international tensions during the First World War also created huge business opportunities for private arms manufacturers (Smith 2014). General Electric, Westinghouse, du Pont, Babcock & Wilcox, General Motors, aviation companies and Colt's Patent Firearms Company were the leading American companies which supplied and manufactured the greatest portion of arms and munitions of war (U.S. Congress, Senate 1936). There were other European companies such as Krupp, the leading German arms company, and Vickers the second biggest UK weapon producer at that time also engaged in the manufacturing and trafficking in arms, ammunitions and other military equipments of war (Smith 2014).

The desire for profits at any costs even led the British arms manufacturers such as Armstrong and Vickers (which later merged to become BAE) to even sells weapons to the Ottoman Empire (Smith 2014). Arms sold by the British arms companies in turn later helped to decimate the Allied troops in the catastrophic Gallipoli campaign, during which British, French and Australian troops suffered 285,600 casualties (Hills and Rowanna 1913). Another case study that highlighted the moral bankruptcy of

American arms dealers was the requirement of the compressive licensing systems for allied companies in foreign countries (U.S. Congress, Senate 1936). The policy aided arms companies in foreign countries and subsequently turn them against the US. For example, German submarines developed with the help of US aided Electric Boat Co., were later used to kill Americans leading to more than 53,000 battle deaths (U.S. Congress, Senate 1936; U.S. Congress, Senate 1934).

The catastrophic human tragedy caused by the two world wars triggered a widespread public outcry against arms manufacturers and suppliers. F.C Hanighen, a renowned scholar in his classic book *Merchants of Death-A Study of the International Armament Industry,* published in 1934 dubbed the arms dealers as 'merchants of death'. The wide spread condemnation of private companies responsible for fueling the war through their arms trade received attention of the representatives of the Treaty of Versailles in 1919. In order to achieve the goal of reduction of arms manufactures to the lowest point consistent with the national security, the parties to the treaty of Versailles also signed an additional document titled 'Convention for the Control of the Trade in Arms and Ammunition' on 10 September 1919 (Stone 2000). After its establishment in 1920, the League of Nation was also entrusted with the task of general supervision of the trade in conventional weapons (Stone 2000).

However, soon the moral rhetoric of the treaty and norms of the League of Nation were violated by British and German arms companies. In response, the US government appointed a seven-member special committee in 1934, to investigate conspiracy among arms dealers, headed by Senator Gerald P. Nye (U.S. Congress, Senate 1934; New American Nation 2017, Appendix 1). The Nye Committee recommendations led to the establishment of the Neutrality Act of 1935 which authorised the US President to impose an arms embargo on nations at war (New American Nation 2017). However, in practice, the Act had made little impact on the US arms export (DSCA 2016: 4). It is evident from the fact that just a year later in 1936, the US was ranked as the third biggest global arms exporter country, immediately behind France and the UK, a position that it maintained until the outbreak of World War II (DSCA 2016: 4).

In 1939 when the US strategists recognized that Germany under Hitler was aggressively pursuing a strategy of regional domination and deliberately accelerating its armaments, President Roosevelt revised the Neutrality Act (DSCA 2016: 4; New American Nation 2017). Such a departure from the Neutrality Act gave formal recognition to the US Congress for selling weapons during peacetime on a cash-and-carry basis (DSCA 2016: 4). Subsequently, the military policies had expanded the US assistance to the allies (Office of the Historian 1937-1945). In 1941 President Roosevelt initiated a more ambitious programme of arms transfers through popularly known Lend-Lease Act (Spitsyn 2015). This Act gave the US government legitimacy to sell weapons to any country whose security the US President deems necessary to ensure security of the US (Spitsyn 2015: 1).

At the beginning of the programme, the US congress authorized US$ 7 billion worth of military assistance; but by the end of the World War, it had authorized US$ 50 billion military assistance to more than 30 countries which made contract with the US under Lend-Lease agreement (Zabecki 1999: 1222; Office of the Historian 1937-1945). While much of this aid, approximately US$ 31.6 billion flowed to Britain; Soviet Union and other states at war with Germany had received assistance worth US$ 11 billion (DSCA 2016: 4; New American Nation 2017). This programme was later appreciated by the British Prime Minister Winston S. Churchill, according to him it was an “inspiring act of faith and most unsordid act in history, one nation had ever done for another” (Zabecki 1999: 1222). The Lend-Lease agreements played a crucial role in defeating the rise of fascism through increased international support against German allies (Office of the Historian 1937-1945). At a time when the US citizens opposed the direct intervention of the US into the war, the Lend-Lease Agreements had constituted a very critical element to achieve its national security objectives (Office of the Historian 1937-1945). Moreover, the provision to take joint military action by the US and the recipient nations under article VII of the Lend-Lease agreements laid the foundation for the creation of a new security order during the Cold War period (Office of the Historian 1937-1945).

The Cold War was characterized by intense rivalry between the two opposite blocs headed by the US and the USSR. Accordingly, the two rival states employed arms trade as a form of competition, offering a large amount of arms to make political

alignments. Towards the end of 1950, arms trade emerged as an essential component of their engagement with non- aligned or Third World countries (Hattori 2001:652; Kinsella 2002; Kemp 1994). This led to an increased arms supply to Egypt, Indonesia, Iraq, India, Syria, Afghanistan, and Algeria (Hattori 2001: 652).

There were reports that in 1950, while the Soviet Union's arms supply had soared to around US$ 3884 million, the US supplied US$ 1705 million arms (SIPRI 2016a). However, once the Cold War got momentum, this disparity in arms supply ended quickly. It is evident from the fact that just within three years, by the end of 1953, the value of US and the Soviet Union arms export increased to US$ 8918 million and US$ 8299 million respectively (SIPRI 2016a). Arms trade diplomacy in the form of military assistance reached its climax with the outbreak of Vietnam War (Kemp 1994). Much of the US military aid flowed to Thailand, Korea, Laos, Philippines and other nations which were involved in war with Vietnam; through innovative security assistance programmes, known as Military Assistance Services Fund (MASF) and Excess Military Assistance Service Fund (EXMASF) (Herbert 1998; Office of the Historian 1937-1945).

In 1972, President Nixon agreed to provide the Shah of Iran "all available sophisticated weapons short of the atomic bomb" including laser-guided bombs, F-14 and F-15 fighter aircraft, and air force technicians (Klare 1986/87: 70). During subsequent years, the US also supplied some of its sophisticated aircraft and missiles to Israel, Saudi Arabia, and Egypt (Klare 1986: 70). Meanwhile, Soviet Union, UK and France also intensified their competition with the US for arms sales and military assistance to the Third World countries (Kemp 1994: 148). For example, Soviet Union and France had supplied weapons such as MiGs and Mirages, respectively to the Middle East countries (Klare 1986/87: 70). Great Britain, meanwhile, provided arms to its former colonies in Africa so as to preserve its economic interest (Hook and Rothstein 2005: 166). According to many scholars on arms trade this trend in arms transfers during the 1970s led to a drastic change in the pattern of international arms trade. Prior to 1970 Third World countries barely received any major weapons from foreign sources but by 1972 the Third World emerged as a very important destination for arms export.

ACDA's reports on the world weapons trade reveals that global arms export increased from US$ 6 billion in 1971 to US$ 31 billion by the end of 1979 (Table 3.1). However, despite rapid increase in arms transfers in global market, the international arms trade largely remained concentrated in the hands of a few states (Klare 1986/87: 71). According to a report of CRS (1981: 1) during the Cold War, only a small number of countries such as the US, the USSR, France, the UK, West Germany and Italy accounted for 91 percent of the total arms sales to the Third World countries during 1973-1980. Among these six suppliers, the arms export was highly concentrated with the two core suppliers: the US and the USSR. These two countries were the source of destination for two-thirds of total Third World's arms imports (Klare 1986/87: 71). This trend in international arms trade persisted until the end of the Cold War and the year 1982 set a new recorded of US$ 34 billion in total world arms transfers (Table 3.1).

With the end of the Cold War, the market share of Russia and the US in the global arms trade declined steadily. According to a report of SIPRI, Russia supplied US$ 5 billion arms around the world in 1991 in contrast to US$ 16 billion in 1981 (Table 3.1; Table 4. 1). According to a report of ACDA it's share in the global arms export had decreased from US$ 7 billion in 1991 to US$ 4 billion in 1996 (Table 4. 1). While during the Cold War the USSR alone accounted for 32-39 percent of the world arms export; by the end of 1991, the Russian share fell to 13 percent, almost 74 percent decreased than the decade high 39 percent in 1987 (ACDA 1994: 17; ACDA 1995: 18). The European countries' desire for integrating the continent through fostering peace and free trade through European Union had also contributed to the sharp decline in arms sales (Coffey 2013). It is to be noted here that Europe was an important center of Cold War hostilities and hence it was an important destination of arms export. Accordingly, on the supply side, an interesting trend amongst European suppliers was noticed as they started getting out of the war business (Swanson 2015). For example, the UK's share of arms exports started declining steadily in subsequent years (this is discussed in chapter 5).

Unlike traditional European countries which started getting out of the arms supplying market, other countries of Asia and Europe, have increased their share in it. Accordingly, new suppliers are emerging on the global arms market. In recent years,

Israel, Spain, Italy and Ukraine have started selling a large amount of arms (SIPRI 2013). South Korea, Japan and Singapore have also shown their potential to become major players in the global arms market (SIPRI 2013). China with its share in global arms export at an average of 5 percent during 2008-2012 has now overtaken the UK as the world's fifth largest arms supplier (SIPRI 2013). India is also travelling a similar path of defence modernization programmes.

In the last few years, Indian government has initiated a lot of innovative reforms in defence procurement and policy. The ambition is to eventually raise India's status from the world's largest arms importer to an important arms exporting country under its flagship scheme of 'Make in India' (Singh and Das 2016). This was echoed by Prime Minister Narendra Modi when he expressed the Indian desire to move towards self-reliance and indigenization of defence manufacturing sector (Press Information Bureau 2014). He also added that Indian made arms and equipment should serve the security needs of small nations across the world (Press Information Bureau 2014). As a step towards realising this vision, India has recently agreed to export Akash surface-to-air missiles to Vietnam (Parashar 2017). This trend indicates a shift in the concentration of defence industrial power from Europe to Asia (Bruck 2013: 10; Lehtinen 2013; Krishnan 2013).

In fact, some experts believe that Asia would soon witness a political rivalry akin to the Cold War owing to the large scale arms transfers to regional rivals namely China and India (Parashar 2017). It was evident from the statement made by China in response to India's decision to export Akash surface-to-air missiles to Vietnam that "Beijing would not sit with its arms crossed if India went ahead with supply of missiles to Vietnam" (Parashar 2017). A possible coded message that China is sending above here is that it would make a counter supply of critical arms to Indian rival states such as Pakistan.

2.5 Economic Dimension of Arms Exports

For much of the twentieth century, major suppliers around the world viewed arms exports largely through the lens of global politics. They believed the role of military assistance was to act as a political instrument of supporting allies, which they saw as the best way to project military power and influence (Froman 2014). But in recent

decades, supplier countries have come to see the economic clout that arms trade produces as more than merely a pursuit of political benefits (Froman 2014). Supplying countries now understand that arms trade is one of the most important means by which countries measure and exercise economic power (Froman 2014).

Arms trade is not a new phenomenon, but it has grown in recent years due to strong economic incentives (Froman 2014). Two important catalytic events: the 2008 financial crisis and privatization of defence sector have had a predominant influence in shaping global arms trade policy in the contemporary international political landscape. The 2008 financial crisis was one of the worst economic disasters of the 21st century. It occurred due to the collapse of a number of financial institutions in the US and other parts of the world. The crisis led to a deep economic recession first in developed and then in developing countries. According to a report of Financial Crisis Inquiry Commission, U.S. (2011), more than US$ 26 million Americans have lost their jobs. World economic progress measured by Gross Domestic Product (GDP) also slowed down, falling to 1.7 percent in 2008 from 3.5 percent in 2007 (WTO 2009: 3).

A notable aspect of this slowdown is the general reduction in government defence spending. The resulting budget deficit has caused enormous pressures on arms producing companies to increase their market share through sales of defence products. Accordingly, Boeing (US) has increased the share of arms sales from US$ 30 billion in 2008 to US$ 39 billion in 2009, Lockheed Martin (US) from US$ 29 billion in 2008 to US$ 33 billion 2009, Raytheon (US) from US$ 21 billion in 2008 to US$ 23 billion 2009, General Dynamics (US) from US$ 21 billion in 2008 to US$ 23 billion in 2009, United Technologies Corp. (US) from US$ 9 billion in 2008 to US$ 10 billion in 2009 (Table 4.2). In a race to sell the weapons, European companies are also not far behind the US. British BAE Systems ranked second with US$ 32 billion arms sales in 2009, EADS Trans-European ranked seventh with US$ 15 billion arms sales in 2009 and Thales France was ranked at eleventh with US$ 10 billion arms sales in 2009 (Table 4.2).This trend has made competition for weapons sales even more intense than the past decades.

The limited political consensus for arms sales restrictions under bipolar framework that existed during the Cold War has evaporated after its cessation (Gabelnick 2000). Arms supplying countries are now willing to sell arms to any country who can afford to pay irrespective of their ideologies. For instance, India and Pakistan both now receive arms from the US and Russia. This was not easily achieved during the Cold War times. In past few years, India has purchased US$ 13 billion worth of arms from the US (Ministry of External Affairs 2016: 3). Meanwhile, Pakistan has purchased eight F-16 Block 52 Aircrafts from the US (DSCA 2016). Similarly, South Korea one of the traditional client of the US in South East Asia now also receives arms from Russia. As a new recipient of Russian arms, South Korea has purchased few weapons and ammunitions, tanks and mines (Sergounin and Subbotin 1999: 112).

This new arms trade relationship between Russia and South Korea is a unique version of post Cold War arms trade pattern as it recognizes the economic dimension of arms trade which are unconnected to the former bipolar struggle between the US and the USSR (Ahn 2009: 422). Arms trade during the Cold War was largely dictated by three motives: maximizing political, ideological and security interests. In this sense, Russia's motives to export weapons to South Korea do not follow the traditional Cold War pattern of arms trade. Russia now simply sells weapons to South Korea for addressing the domestic economic and debt problems (Sergounin and Subbotin 1999). It is in this context that Krause (1995: 2) argues that the sale of deadly weapons and their production are subject to the same pressures and evolutionary dynamics as are normal commodities like bananas and televisions.

Arms sales support four critical areas of a state: firstly, advancing the innovation of new technologies, secondly supporting economic development through taxes and infrastructure developments, thirdly mitigating civilian hardships through application of dual use technology and finally supporting social security through employment (Sergounin and Subbotin 1999). Arms exports play an important role in supporting the research in technologies which are useful for both military and civilian purposes (dual use technology). The technological innovations in the field of defence sector are of great economic and social value when they are utilised for civilian use (Penalver 2013). For Example, technological advancement in the military fields such as transportation, communication, navigation and data processing has increased the

efficiency of civil sectors while boosting the domestic economic growth at the same time (Penalver 2013). Likewise, technological innovations in civilian sectors also receive financial support from arms industries because of their dual use. For example, the internet was developed by the US military to withstand the communication line during any possible nuclear exchange (Cowen 2014).

Similarly, the Silicon Valley emerged through numerous military contracts from the US army (Cowen 2014). Now, Unmanned Aerial Vehicles (UAVs) are being used for both military as well as civilian purposes such as disaster management (Griffin 2014; Penalver 2013). After due diligence, the restricted version of military technologies and products are gradually being opened to several governmental bodies, such as security, border control and civil protection (Penalver 2013: 17). In recent years, the civil use of dual technologies has started generating large scale profits. As a result, leading arms companies such as Raytheon (US), Honeywell International, BAE System (UK), United Technologies Corp. (US), EADS/AIRBUS (European), Boeing (US), Lockheed Martin (US), L3-Communications (US), and Rosboronexport (Russia) have dedicated a large amount of their business to the civilian market (Acosta *et al.* 2017: 8).

In 2007, Russia has established a special agency namely Rostec State Corporation to promote the development, production and export of civilian and military products (Rosboronexport 2014). By 2013, its revenue soared to 1.04 trillion rubles, generating net profit of 40 billion rubles (Rosboronexport 2014). Other than that, its tax payments exceeded 138 billion rubles at the end of 2013 (Rosboronexport 2014). Such figures strongly indicate that the arms industry plays a very important role for the economic growth of a nation. In the view of Penalver (2013: 8) “this leads one to believe that Adam Smith was correct when he stated that military institutions governed economic growth.”

Economic gain from arms exports helps growth of business sector, supports favourable balance of payments, and sustains the defence industrial production (Ahn 2009). Nevertheless, defence procurement is not an easy task as it requires huge financial resources and an outstanding R&D capability (Ahn 2009). Arms trade is an excellent way to support the costs of R&D programmes when government spending is

insufficient to meet the demand (Pierre 1982: 24; Hook and Rothstein 2005: 160). In other words, arms trade helps to preserve a wider spectrum of production capabilities.[7] In recent years, there has been a greater focus on developing weapons through technology transfers and joint production projects with international partners (Avila *et al.* 2017). For example under the 'Make in India' initiative, the US's largest arms manufacturing company Lockheed Martin has signed an agreement with Tata Advanced Systems Ltd to produce F-16 fighter jets in India (Swarajya 2017). This collaboration would not only reduce India's dependence on import but would also disperse the burden of individual research and manufacturing costs. It would be a win-win game for both the partners. Under this collaboration, while India will get chance to explore more sophisticated technologies, US would be benefited economically (Roy 2013: 267).

Arms trade supports higher cost of skilled labour, spurs economic growth, and enhances the competitiveness of the economy (Froman 2014). For example, in 2011 the US arms company Lockheed Martin alone exported US$ 36 billion worth of arms, which in turn supported around hundred and twenty-three million American jobs (SIPRI 2016b). Similarly, arms export is a very strong pillar of the Russian economy. With around 2.5 million workers, Russian arms industry has been responsible for sustaining over 3 percent of total employment, and around one-third of employment in manufacturing sector (Connolly and Cecilie 2017: 2). The defence-industrial R&D and its associated productions occupy a dominant place in several Russian cities and regions (Connolly and Cecilie 2017: 3).

According to a report of SIPRI (2016b), United Aircraft Corporation (Moscow) alone provided ninety five thousand and nine hundred jobs in 2010. Almaz-Antey Air Defense Concern (Moscow) provides ninety thousand four hundreds eleven jobs in the year 2009 alone (SIPRI 2016b). Campaign Against Arms Trade (CAAT 2014: 7) reported in 2014 that in the UK, arms industry was providing around 1,70,000 jobs, of

[7] However, maintaining production capability of arms industry goes deeper than just minimizing exports (Narayanan 2010: 25). As Narayanan asserts, "it is not mindless autarkism in the modern globalised era to insist on self-reliance in defence. It is a practical philosophy which takes due note of strategic, political and economic realities" (Narayanan 2010: 27). This is particularly true for the major suppliers such as the US, Russia, UK, and France (Wezeman 2010: 200). All these countries underline the importance of self-sufficient defense industry to maintain an independent foreign policy or to remain as independent as possible from foreign suppliers (Wezeman 2010: 200).

which more than 1,15,000 people were working in Ministry of Defence expenditure and around 55000 in arms export production. Similarly, the SIPRI (2016b) reports reveal that the BAE system (UK) alone is alone providing more than 80000 jobs each year. Thus, it can be seen that arms sales and human well being are inseparably intertwined.

There is no denying that all afore mentioned incentives of arms trade primarily stem from economic reasons. Thus, there is a departing in arms exports from traditional reasons of security threats and formation of military alignments towards securing local employment and gain commercial profits (Ahn 2009: 422). In fact, some of the most significant incentives turn out to be entirely non-military nature such as transferring arms with a motive to access oil and other raw materials (Ahn 2009: 430). For instance, Washington and Riyadh enjoy a strong business relationship, as the US is Saudi Arabia's largest arms supplier and Saudi Arabia is one of leading source of US oil imports (Bureau of Near Eastern Affairs, Fact Sheet 2017).

Similarly, China exports weapons to almost all oil rich African countries such as Sudan, Nigeria and Angola (Saferworld 2011: 50). Data from U.S. Department of State reveals that Saudi Arabia provides more than one million barrels per day of oil to the US (Bureau of Near Eastern Affairs, Fact Sheet 2017). Reciprocating this, the US has also granted nearly US$ 100 billion Foreign Military Sales (FMS) to Saudi Arabia (Bureau of Near Eastern Affairs, Fact Sheet 2017). However, this complementary relationship between US and Saudi has come under stress in recent years because US is itself fast turning into one of the top oil exporter in the world.

The emerging economies of Asia and Africa are offering bigger business opportunity to the private sector arms companies. Arms producing companies of the US (Lockheed Martin, Northrop Grumman, Boeing) have identified India as one of the biggest market for their arms export. They are therefore aggressively lobbying US government to replace Russia as India's principal arms exporter (Koithara 2005: 3586). In this regard, the ongoing negotiations for the sale of F-16 Fighting Falcon of Lockheed Martin and eight Boeing P-8 long-range maritime reconnaissance aircraft to India for approximately US$ 2.2 billion is a good example (the sale of F-16 has not happened in India) (India Opines 2017; Pant 2010). More recently Boeing has also

signed a deal with India for selling Chinook, Apache helicopters (Joseph 2015). It is in this context, that Dawkins (1977: 109) has rightly asserted that, "arms transfers are not ends in themselves; they are means to ends. They are techniques of economic statecraft and instruments of policy."

2.6 Political and Strategic Dimension of Arms Exports

Arms sales serve several political objectives of the exporting countries. These include: nurturing of alliances (Pierre 1982: 15); strengthening of bilateral relationship (which is essential to get military base rights to the supplier and diplomatic cooperation at regional and global level) (Hook and Rothstein 2005: 153); and finally signaling of genuine political binding on common military-security challenges by removing the existing mistrust and misperception (Dutta 2009). These broader political objectives and its relationship with arms trade is further discussed in details under following heads:

2.6.1 Formation of Military Alliance

States have usually adopted three main tricks to survive in the anarchic international system. These are: firstly, increase the arms stocks; secondly, cooperate with its adversary to reduce threats and finally form an alliance of like-minded states to challenge the bigger adversary (Snyder 1984: 461; Glaser 2000: 252). Different scholars have defined alliance from different perspectives. The two most important works on alliance by from Realist perspective is done by Stephen Martin Walt and Glenn Snyder. Walt (2009: 86) defines an alliance (or an alignment) as a "formal (or informal) commitment for security cooperation between two or more states, intended to augment each member's power, security, and/or influence." Basically, Walt (2009) says that whenever there is an imbalance of threat, the states attempt to form alliances to reduce their vulnerabilities in future.

In contrast to Morgenthau's balance of power concept, Walt's concept of 'alliance' is rooted in balance of threat (Morgenthau *et al.* 2005; Walt 2009). According to Morgenthau an alliance is a means to maintain equilibrium and improve relative power positions (Morgenthau *et al.* 2005). Snyder believes that power accumulation during peace time is used by states to overcome the challenges posed by adversary in conflict times (Snyder 1990: 105). According to him, a rational state cannot trust that

its adversary will behave in same peaceful way in future as it is doing in present times especially when it is accumulating power in form of stockpiling arms (Snyder 1984: 461).

Offensive Realists such as Mearsheimer argues that state suffers from imperfect informations about motives of its adversaries and accordingly doubts that its adversary would quickly shift its benign intention into a malignant ones (Mearsheimer 2001; Toft 2005). In such situation a rational state must exploit peaceful times to expand its power to meet future contingencies. Hence, peaceful times should be used to expand the concerned state's power in three kinds of games - the armaments game, the adversary game, and the alliance game (Snyder 1990). Similarly, according to Sorokin (1994: 423) alliances are "formal agreements between sovereign states for the putative purpose of coordinating their behavior in the event of specified contingencies of a military nature." Likewise, Wolfer (1968: 268) defines an alliance as "a promise of mutual military assistance between two or more sovereign states."

Since arms sale to states produces a positive security externality, the supply of arms may be used to win an ally on principle of arm the 'enemy of my enemy' (Platte and Leuffen 2016: 564). This is the reason why the renowned Realist scholar Hans Morgenthau referred to arms export or military aid as traditional means which are used by nations to buttress their alliances (Morgenthau 1962). Working with allies and partners to address the common security threats has been a critical part of security strategies for centuries. During the seventeenth and eighteenth centuries, according to Morgenthau, the military subsidies in form of supplying arms were used by many nations such as Great Britain to increase the military strength of her allies (Morgenthau 1962: 303). State relationships based on arms alliance reached an unprecedented peak during the Cold War times. Security concerns heavily influenced the US and the USSR to transfer their weapons to their respective allies. For example, Payne (2013) explains that both NATO and Warsaw Pact justified the acquisition of weapons from their respective blocks in terms of collective self-defence.

An alliance system usually requires the existence of a mutual pact to collectively help the partner countries during their critical situations. However, the decisions of great powers to transfer arms have not always adhered to such requirements. For instance,

the US had supplied weapons to not only those states which had a mutual defence pact with the US such as Pakistan and Taiwan, but also to states like Israel which had no formal defence pact (Yarhi-Milo *et al.* 2016: 91). Such arms supplies later helped the US to forge a very strong foundation of Israel-US strategic alliance in the Middle East. Similarly, Soviet Union, transferred arms to India without any formal defence pact during the early phases of Cold War (ACDA 1973: 44; Wezeman 2010: 193; Dawkins 1977: 129).

During the Cold War period, India and the USSR had common security interests, as both were highly concerned about the US-China strategic alliance. The 1971 Indo-Soviet Treaty of Friendship and Cooperation strengthened the defence ties between the two countries and facilitated India's arms trade with the Soviet Union (Verbruggen 2015: 5). The treaty also provided significant benefits to both the signatory nations in other areas such as space and manufacturing sectors. As one scholar on Indo-Soviet arms trade relations asserts, under this treaty India got a powerful ally to defend its security interests from the Sino-Pak-American nexus and Moscow won a significant defence partner to counter the US influence in South Asia (Thakur 2014: 178). On this ground, according to Kinsella quoted in Verbruggen (2012: 50) Indo-Soviet arms trade reveals the convergence of strategic interests sometimes better than formal military alliances do.

The end of the Cold War spearheaded the beginning of new paradigm in the area of defence cooperation. The increased interconnectedness associated with the emerging clout of rising powers like Brazil, India, and China has changed the traditional bipolar politics (Shapiro 2016). States are now becoming more ambitious to pursue their diverse national interests through arms trade with different states without formally entering into an alliance that requires commitment to respond to external threats and military crisis (Leeds and Morgan 2012: 138). For instance, as mentioned earlier, the US is now a major defence partner of India.

However, the Indo-US defence cooperation did not force the US to provide support during a crisis especially with regard to the Kashmir issue with Pakistan. Although both countries have shared common strategic interests, India has a direct security threat from Pakistan that the US does not share. Indeed, by providing arms to both

parties, the US could extract mutual concessions and create strategic ambiguity about which side it would support in a crisis (Yarhi-Milo *et al.* 2016). Such dilemma is also found in the case of the US and Israel arms transfers relationship. Very few could doubt Israel's close alignment with the US today (Yarhi-Milo *et al.* 2016: 119). Israel and the US both have shared common strategic interests in the region. Both of them do not want Arab states to strengthen their ties with Russia (Yarhi-Milo *et al.* 2016: 113).

Nevertheless, the security interests of the US and Israel differ on issue of Arab nationalism. For the US, the religious dimension of Arab nationalism acts as important ground to form an alliance against communist Russian and Chinese influence in the Middle East (Yarhi-Milo *et al.* 2016). But, given the fact of old animosity between Arab states and Israel, Arab nationalism might pose serious challenges to the security interests of Israel (Yarhi-Milo *et al.* 2016: 113). Therefore, the US is reluctant to sign a formal or legally binding alliance commitment with Israel so as to not adversely affect the diplomatic relations with its Arab neighbors (Yarhi-Milo *et al.* 2016: 121).

In its diplomatic outreach in the Middle East, the US has consistently tried to maintain a balance in its relationship with the Arab states and Israel (Office of the Historian 1964). For example, in order to contain the nuclear missile threats from Iran, the US has developed closer defence relationship with Saudi Arabia and the United Arab Emirates (U.A.E) (Yarhi-Milo *et al.* 2016). Such defence cooperation includes the sale of sophisticated weapon technologies (Yarhi-Milo *et al.* 2016). By the end of 2011, according to the estimates of CRS, approximately two decades after the end of Cold War while Saudi Arabia alone concluded US$ 33.4 billion of arms agreements; U.A.E purchased US$ 4.5 billion of arms from the US (Grimmett and Kerr 2012: 14).

The US also sold missile defence systems to Saudi Arabia, Terminal High Altitude Area Defense (THAAD) System Fire Units, radars, 16 CH-47F Chinook helicopters to U.A.E and 18 F-16 block 50/52 fighter aircraft to Oman, presumably to reduce the potential for conflicts within a regional rivals and to preserve its own interests in the region (Grimmett and Kerr 2012: 8; Swanson 2015). The US arms trade relationship with Middle East countries has become an increasingly important component of the

US global policy to combat Islamic fundamentalist. For instance, in response to the recent uprising across the Arab world the US resumed its defence cooperation with Bahrain. In 2014, Bahrain joined the US led anti-Islamic coalition effort against Islamic State of Iraq and Syria (ISIS) (Katzman 2017: 17). This trend in the global arms trade has increasingly signified importance of arms transfers in reassuring collective security agreements.

In recent years, Russia and Iran have developed a new phase of unprecedented strategic alliance (Geranmayeh and Liik 2016). This new closeness between Russia and Iran has intended to address three goals: to convey support to Bashar al-Assad's government in Syria, to create a multipolar world order, and to foster mutual resistance against the US policy in the Middle East. Similarly, China is gradually expanding its military ties with Iran and other countries in the Middle East to counter the American threats to its future aspirations. Along with Iran, Syria also has also received arms from China (Geranmayeh and Liik 2016).

Since last two decades, Russian arms exporters have been facing tremendous pressure from the US and its allies across the globe. With the fall of Saddam Hussein in 2003 and Muammar Gaddafi in 2011, Russia has lost its two traditional arms clients (Kozhanov 2016). According to Russia's arms export company, Rosoboronexport, it has lost as high as US$ 6.5 billion of arms market from Libya alone (Kozhanov 2016). Even with hardships, while Russian arms companies managed to preserve their presence in Syria and Algeria, they are facing challenges from Western companies (Kozhanov 2016).

In order to compensate the loss of market from Libya and Iraq; Russian weapon producers made several attempts to export arms amongst Gulf countries but they failed miserably as Western rivals successfully lobbied to sell their military products to secure the existing alliance relationships (Kozhanov 2016). The emergence of China as potential challenger to the US hegemony has attracted fresh attention of military strategists towards the significance of alliance politics in Asia. China and the US are gradually upping their power politics through strategic exports of weapons to their reliable partners. For example, now China is supplying more weapons to the

former US ally Pakistan as counter response to the US supplying of critical arms to India (this is discussed in detail in chapter 4 and chapter 5).

2.6.2 Obtaining Military Bases

Military bases are important for power projections and deter the adversaries in different parts of the world. Arms exports, in addition to strengthening of defence ties with the allies, also help the supplier countries to acquire the military bases in the arms recipient country (ACDA 1973: 46). During the Cold War, both the superpowers used this tactic to expand their strategic presence around the world. An early example in this context can be seen from the US arms deal with Saudi Arabia under which Washington agreed to supply Riyadh an Airborne Warning and Control System (AWACS) in 1981 (Phillips 1988). According to Stork and Paul (1983) the deal acted as a catalyst to achieve US desire to build a military base in Saudi Arabia. Besides these, Ethiopia, Libya, Somalia, Oman, Turkey Pakistan, Spain and Philippines were the other cases where the US deliberately exported arms in order to secure basing rights including naval and air facilities (Ouasti 2012). Arms exports have also long been seen by Russia as an instrument to expand its strategic reach and break out its continental isolation (Pierre 1982: 21). As far back as 1970, the Soviet Union gained valuable strategic access to the naval bases at Cam Ranh Bay and Danang in Vietnam in exchange for its military support (Pierre 1982: 21).

In the post-Cold War era, accessing of military facilities has remained an important ground for securing critical arms. In recent years, the most prominent example is this context is the Indo-US logistics support agreement, popularly known as Logistics Exchange Memorandum of Agreement (LEMOA). Under this agreement, both countries would be entitled to share each other's military facilities. The agreement is directly linked to the India's growing arms import from the US. Like the US, Russia also exports arms to Yemen, Somalia, Syria, and Cuba with similar motives (Pierre 1982: 15). More recently, Russia has expressed its desire to access port facilities at the naval base in Vietnam (Blank and Edward 2015: 76). In an effort to acquire the base, Russia promised to supply six Varshavyanka-class submarines to Vietnam (Blank and Edward 2015: 76). The heated debate over Russian siding with Asad regime in Syria

through arms exports is also related to continue the access to its military base at the port of Tartous (SIPRI 2012: 276).

2.6.3 Reduction of Mistrust and Misperception

Arms trade is an ideal tool for building bridges of friendship, preventing conflicts, building mutual trust and capacities on a global basis (Dutta 2009: 31). The process of selling arms signals a political commitment to develop a genuine cooperative relationship by dispelling any mistrust and misperception on issues of common security interest (Dutta 2009: 31). This is increasingly evident from the growing India-US and Russia-China arms trade relationship (Bishoyi 2011). This cooperation between India-US and Russia-China has emerged through the signing of massive arms deals, establishment of military ties and increased provisions of military aid (Regional Center for Strategic Studies, RCSS 2015). India, for example, in the past few years has purchased US$ 13 billion worth of arms from the US (Ministry of External Affairs 2016: 3). These arms sales subsequently laid foundation for LEMOA (Logistics Exchange Memorandum of Agreement) and India getting status of major non-NATO ally of the US. It will help India to receive sophisticated and more lethal arms from the US.

Historically India has not been a priority country for the US defence resources. India-US cooperation was plagued with mutual distrust towards each for several reasons. India initially tried to pursue a non-aligned foreign policy but later on signed a Treaty of Friendship in 1971 with the USSR, an arch rival of the US. Accordingly, while India came closer to the USSR, China developed its closeness with the US. Because of bipolar constrains between the US and the USSR, India hardly received any major weapons from Washington during Cold War times.

However, with the fall of the USSR, the bipolar arms race between the US and the USSR lost its significance. Hence, in the post-bipolar world order, India and China both now receive weapons from the Russia. China has recently purchased two of the Russian cutting-edge technologies, the Sukhoi- 33 and Sukhoi -35 combat aircrafts (SIPRI 2006: 454). Similarly, in Southeast Asia, Vietnam has been striving to improve its military ties with its former enemy US (Reuters 2016). President Barack Obama lifted the 21 years old US arms trade embargo against Vietnam and laid the

foundation for a strategic partnership against mutual threats of China (Reuters 2016). This departure saw the beginning of a new era in US-Vietnam military relationship. Subsequent to the lifting of the arms embargo, two US warships made a landmark visit to Vietnam's strategic naval base at Cam Ranh Bay (Reuters 2016). However, some scholars fear that such a dramatic expansion in arms sales to these countries could initiate a new arms race and this in turn would destabilize the regional military balance (Pierre 1982: 3).

Despite this skepticism, this tool of security policy arguably remains useful (Bauer 2010: 306). Many policy makers believe that trade is a useful tool to achieve national security objectives by fostering stability in areas where military instability prevails (Ball and Leitenberge 1979: 31). Klare (1986/87: 83) argues that by balancing the capabilities of regional competitors, arms transfers prevent any one of them from considering a preemptive attack on others. For example the US and the Soviet Union arms transfers to the two Korean countries have prevented either of them from gaining a significant advantage over other (Klare 1986/87: 83). This was also clearly evident in the Middle East during the Cold War, where arms from both the US and the USSR had been justified as necessary to maintain the Arab-Israel balance (Pierre 1982: 20; O'Keefe 1978: 72). In this context, Pierre (1982: 14) notes that this dilemma in arms trade has created difficulties among policy makers in reaching a judgment as to whether a given transfer would be good or bad. Even with this fairly mixed experience of the outcome of arms sales, it continues to be recognized as one of the most direct methods to enhance bilateral relations and to exert political influence (Sachar 2004: 291). Arms sales, according to Pierre (1982: 9) are "far more than an economic occurrence, a military relationship, or an arms control challenge-arms sales are foreign policy writ large."

2.7 Key Issues in International Arms Trade

The arms trade is a highly controversial issue in present day international relations (Levine *et al.* 1997). According to article 51 of the UN Charter, all states have the natural right to self-defence individually or collectively; and consequently the right to produce, export, transfer and preserve conventional weapons for their legitimate security reasons (Council on Foreign Relations 1996; Stohl and Grillot 2009: 4;

Erickson 2015: 5). While commenting on this, Nelson Mandela, then President of South Africa observed "I don't think it would be fair to say that a particular country should not engage in trade in arms. Arms are for the purpose of defending sovereignty and the integrity of a country. From that angle there is nothing wrong in having a trade in arms" (Levine Paul *et al.* 1997: 12).

However, arms and their proliferations tend to bring the most devastating effects on global peace and security (Saldner 2013: 1). The most serious concern relates to the inherent danger of arms proliferation to the internal security of states along with regional and global security (Hook and Rothstein 2005: 165). A prominent example in this context can be seen in the Middle East, where countries such as Israel, on the one hand, and Syria, Iraq and Iran on the other, often cite weapons imports by their rival side in appealing for a continuous flow of arms from different suppliers (Hook and Rothstein 2005: 166). As quoted in Klare (1986/87: 83), Senator Walter Mondale argues that the greatest danger to the world peace in our time would not come from a sudden outbreak of nuclear war between the superpowers, but through their step-by-step escalation of a conventional war in different parts of the world.

Arms trade is primarily prevalent amongst sovereign states for use by their respective armed forces. However, a small part of arms trade also happens between states and rebel or insurgent groups through the black market. Occasionally, states also openly supply arms to rebel groups for their vested interests on pretext of promoting democracy, human rights and fighting terrorism. In case of states under civil war such as Syria, Yemen, and Sri Lanka; several sates supply arms to their favourable rival groups. While countries have participated in the weapon exports for decades, attention to the effects of arms transfers especially small arms have been more intense since the end of the Cold War (Stohl and Grillot 2009: 2; Karp 2009; Karp and Rajagopalan 2014).

The end of bipolar world and the disintegration of Soviet Union lead to the emergence of new kinds of warfare, namely intra-state conflicts (Stohl and Grillot 2009: 2). According to Stohl and Grillot (2009: 2), most such intra-state conflicts solely rely on small arms. According to Waltz (2007: 2), from Somalia and Afghanistan to Bosnia, Congo, Ethiopia, Eritrea, Haiti, Colombia, Rwanda, Sierra Leone, Liberia and Congo,

small arms and light weapons are the common weapons of warfare. In many cases, these weapons are used by conflicting parties, including government armies, rebel groups and terrorists (SIPRI 2000: 347; Stohl and Grillot 2009: 2). In this context, Brehm (2005) says since arms are designed to kill and destroy, it should not be primarily exported for commercial gains.

Arms exports are more problematic when they are provided to non-democratic, repressive or aggressive countries (Hook and Rothstein 2005: 169). This was clearly evident during the Cold War when dozens of arms were supplied to authoritarian regimes such as Iran, Philippines, Nicaragua, Chile, and elsewhere (Hook and Rothstein 2005: 169). Arms transfers to these regimes had not only threatened the internal security of the recipient countries but also led to serious human rights causalities (Waltz 2007: 2). For example, military forces of the President Hosni Mubarek in Egypt had violently repressed the political opponent of his National Democratic Party (Hook and Rothstein 2005: 170). SIPRI (2012: 275) reported that unrestricted flow of small weapons to sates like Syria and Libya have caused havoc on humanity. Small arms were also used to suppress the recent pro-democratic protests in Bahrain, Tunisia and Yemen. In this context, Aaron Karp (quoted in Mathiak 1997: 74-75) observes:

> The greater danger to international peace and security today comes from the small arms and light weapons used in ethnic and internal conflicts. Indeed, over 75 per cent of all warfare since 1945 has been internal, not between existing states, but over the emergence of new states. ... As a result, it is the weapons suitable for internal warfare that are most likely to be used. They also are far more deadly when used.

Yet, even with this catastrophic effect on humanity, trade in small arms and light weapons is thriving throughout the world. According to a recent report of the United Nations Security Council the value of the authorized small arms and light weapons transfers and their ammunition is accounted at more than US$ 7 billion every year (UNSC 2011: 2). Further, it reported that, even though the value of unauthorized trade in small arms and light weapons cannot be determined accurately, nevertheless it is expected to run into billions (UNSC 2011: 2). Whereas according to the Small Arms Survey in 2013 as cited in Chelule (2014: 81):

> There are approximately 875 million small arms are in circulation, of these 200 million belong to the government and state militaries, 26 million are in the hands of

> law enforcement agencies. The bulk of the global small weapons, which is estimated at two third are held by civilians and non-state actors.

According to a report from Small Arms Survey (2015: 4), the largest suppliers of small arms and light weapons, whose annual exports exceeded US$ 100 million are: the US, Russia, China, Italy, Germany, Austria, Brazil, South Korea, Belgium, the Czech Republic, Japan, Turkey and Norway. However, total financial values tell only part of the story because the supplier countries often export aged and surplus weapons for a fraction of their real value (UNSC 2011: 2). The sale of black and grey market weapons is another aspect of the global arms market which is always excluded from the standard statistical estimates (Klare 1986/87: 77; Feinstein 2011). Transfers of such types of weapons are registered by none of the established research institutes like ACDA or SIPRI (SIPRI 2000: 247; Klare 1986/87).

It is very difficult to define grey, black or illegal markets and even more difficult to identify, estimate and control them (Karp 1994; Stohl and Grillot 2009: 94). Small Arms Survey (2016: 1) defines illegal arms as those which violate international laws, rules and regulations. This definition also includes different forms of illegal arms transfers such as cross-border arms trafficking and black-markets sales (Small Arms Survey 2016: 1). Black market sales are illegal sales of military hardware stolen or misappropriated from government stockpiles, and then transported through devious and clandestine routes to their ultimate destination (Karp 1994; Klare 1986/87: 77). In general grey and black market sales represent:

> The transfer of "dual-use" equipment (i.e., helicopters, computers and other systems that can be used for both military and civilian purposes) to military users through legitimate government channels, usually on the pretext that it is intended for civilian and not military use (Klare 1986/87: 77).

The most serious issue related to the inherent danger of the grey and black market is that it has raised concerns about weapons falling in the hands of non-state actors such as Al-Qaeda, Boko Haram and ISIS (Guay 2015). It is widely known that unlike the legitimate government buyers, these non-state actors rely heavily on the grey and black markets (Dillon 2014: 131). According to him these groups "buy weapons that were bought or stolen by another organization, terrorist or otherwise" (Dillon 2014: 131). In recent years, several terrorist organisations such as ISIS in Iraq and Syria; and Taliban in Afghanistan have demonstrated that they can also obtain small

weapons on a large scale by defeating the government forces (Amnesty International 2015). In fact, ISIS obtained several sophisticated light weapons from the battlefield by defeating the Iraqi forces and acquiring control over their ordinance bases (Amnesty International 2015).

This nexus between terrorism and illegal arms has rather perceptively been observed by Matt Schroeder, the manager of the Federation of American Scientists when he asserts that an "illicit arms trafficking feeds the arsenals of the world's worst terrorists" (Pozuelo-Monfort 2010: 112). Unlike the legitimate buyers, these terrorist groups can achieve their objectives even with the limited arms supply in the black market (Dillon 2014: 132). As one scholar has asserted, "one missile in the hands of a political terrorist can do more damage than in the hands of a government" (Dillon 2014: 132). Evidence of this is not difficult to find. For example, in 2002, an Al-Qaeda linked terrorist group armed with two SA-7 Grail shouldered- fired Surface- to-air-Missiles (SAMs) attempted to shoot down an Israeli 757 jet in Mombasa, Kenya (Stohl and Grillot 2009: 117). This is not all, according to analysis by the Federation of American Scientists (2005) out of around 175 terrorist attacks acknowledged by the U.S. Department of State's annual report on Patterns of Global Terrorism; roughly half were committed with small arms or light weapons. Today, the non-combatants or civilians are killed more by these light arms and weapons than by the far more expensive weapons of major defence companies such as Lockheed Martin (US) or BAE Systems (UK) (Guay 2015).

Despite all these, the danger of small arms proliferation and conventional weapons transfers has been regarded as a secondary issue by those who are concerned with international peace and security (Klare 1986/87: 82). Two scholars of arms control, Stohl and Grillot (2009: 129) argue that world's attention is focused more on the proliferation of Weapons of Mass Destruction (WMD) than on the most deadly tools of ongoing violence which includes conventional weapons and small arms. In addition to this, the existence of Military Industrial Complex (MIC) has further complicated the issue of arms control. In general, MIC represents the groups within society that benefit from arms spending and its growth (Dunne and Skons 2010). The threat posed by such a network was first asserted by US President Dwight Eisenhower in 1961, when he stated that MIC encouraged arms production that exceeded the country's

security needs while compromising the democratic conduct of foreign policy (Hook and Rothstein 2005: 168).

However, successive US governments have consistently turned a blind eye to his concerns and at times even actively engaged the MIC for authorizing the export orders under bribery and political funding (Perlo-Freeman 2010: 261). For example, in 1985 the US Securities and Exchange Commission and the Turkish government reported that the General Dynamics (US) had paid US$ 23 million to Turkish officials in order to secure an arms deal with Turkey (Klare 1986/87: 77). In 2000, the five largest defence companies in the US had paid more than US$ 33 million for lobbying arms deals and US$ 8 million to the candidates contesting in federal elections (Hook and Rothstein 2005: 168). BAE Systems, one of the biggest arms company in the UK was also charged for bribery and corruption in connection with the arms sales to Saudi Arabia (this is discussed further in chapter 5).

All these reasons mentioned above have negatively affected arms control. However, despite this, various initiatives have been taken at both the national and international level to control the trade in conventional weapons (Stohl and Grillot 2009). The first such regime namely Coordinating Committee on Multilateral Export Controls (COCOM) was adopted in 1949 (Davis 2002: 33). The key rationale of this transfer control was to impose restrictions on arms export to non-NATO countries especially to Warsaw Pact (Bauer 2010: 312). After the end of Cold War, a more inclusive and cooperative approach was adopted in 1995, in the form of Wassenaar Arrangement, which included many former members of the Warsaw Pact (Bauer 2010: 312). Following this, the most significant step was taken by the UN. In 1991, it established the United Nations Register of Conventional Arms (UNROCA), the first key international institution mandated to bring transparency on arms exports and imports at the government level (Woolcott 2014; SIPRI 2014: 279). Western Europe, the second largest arms exporting region under the auspices of the European Union (EU) became the first group of states to accept a politically binding Code of Conduct on arms export since 1998 (Woolcott 2014; Stohl and Grillot 2009).

In 2013, the United Nations General Assembly Resolution (UNGA Res.) *67/234B* adopted the Arms Trade Treaty (ATT), the first international treaty aimed to regulate

the world-wide trade in conventional weapons (Appendix 6, SIPRI 2014: 23; UNGA Res. 2013; Worster 2015). Addressing the delegates at the signing ceremony, Ban Ki-moon then Secretary General of the UN stated that the world has now decided to "finally put an end to the free-for-all nature of international weapons transfers" (UN 2013). Many leading arms exporters including UK, France and Germany have signed the treaty (UN 2013).[8]After two years of serious debate and discussion, the US Secretary of State John F. Kerry also signed the treaty on September 25, 2013 (U.S. Congress, Senate 2016). The significance of the treaty was summarized by John Kerry in the following words:

> The Treaty will help reduce the risk that international transfers of specific conventional arms and items will be abused to carry out the world's worst crimes, including genocide, crimes against humanity, and war crimes. It will be an important foundational tool in ongoing efforts to prevent the illicit proliferation of conventional weapons around the world, which creates instability and supports some of the world's most violent regimes, terrorists, and criminals (Kerry 2016: 3).

However, this treaty has certain loopholes and has hence witnessed criticism. While refusing to sign the treaty, Russia argued that there were enough regulations in the arms trade sphere and thus it made no sense to join the ATT (*Russia Today* 2015). Similarly, one of the fastest growing arms exporters China has yet not signed the treaty (Amnesty International 2016). Several major recipient countries including India have expressed deep dissatisfaction over the treaty because ATT ignores the arms recipient countries' concerns. At the heart of India's abstention was the concern that Indian military, which was heavily dependent on foreign arms, imports could be adversely affected by the unilateral decisions of arms exporting countries (*The Hindu* 2013).

According to the ambassador Sujata Mehta, the chief negotiator, "India cannot accept that the Treaty be used as an instrument in the hands of exporting states to take unilateral force majeure measures against importing states without consequences" (Mehta 2013). India's worry also stems from the concern that once the treaty will

[8] The other signatories of the treaty are as follows: Brazil, Bahamas, Italy, Switzerland, Sweden, Norway, Republic of Korea, Australia, Hungary, Antigua, Argentina, Austria, Belgium, Belize, Benin, Greece, Burkina Faso, Chile, Costa Rica, Cote d'Ivoire, Mexico, Croatia, Cyprus, Czech Republic, Djibouti, Dominican Republic, Estonia, Finland, Barbuda, Burundi, Albania, Grenada, Guyana, Iceland, Ireland, Jamaica, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Mali, Malta, Mauritania, Montenegro, Mozambique, Netherlands, New Zealand, Palau, Panama, Portugal, Romania, Saint Lucia, Saint Vincent and the Grenadines, Denmark, Senegal, Seychelles, Slovenia, Spain, Suriname, Togo, Trinidad, Tobago, United Republic of Tanzania, Tuvalu and Uruguay (UN 2013).

come into effect, the nation's bilateral defence cooperation agreements might come under the purview of ATT (Pratyush 2013). Article 7 of the ATT empowers the exporting country to make arms supply contingent upon an "export assessment" which might be abused to halt future supplies of arms (Pratyush 2013; UNODA 2013). In absence of any safeguard, India feels the treaty is highly skewed in favor of arms exporting countries (Pratyush 2013). The treaty also does not prohibit arms supply to terrorist organizations. Terror groups do not find explicit mention except only in the non-binding preamble (Bagchi 2013; UNODA 2013). In fact, countries like the US and the UK who supply bulk of the arms to opposition groups in Syria and Libya were willing to retain the flexibility to do so (Bagchi 2013). Private defence companies are also free to do their business. Thus, at the end of the day, the ultimate winners of the existing global insecurity are likely to be the defence companies (Guay 2015).

2.8 Summary

This chapter discussed the theoretical and historical trend of the arms trade during three critical wars: First World War, Second World War and the Cold War. The following major observations can be drawn from this chapter:

Arms trade is itself a complex phenomenon and cannot be explained by a single theory. Hence, this chapter also explored three international relations theories: Realism, Liberalism and Marxism to explain how arms exporting states' desire for greater security, economic gain and exploitation of Third World countries have sustained the military industries and arms trade since industrial revolution in Europe. Realism supports arms trade because arms are considered as the most important tool in balancing powerful rivals and deterring them from any reckless adventurism jeopardizing the survival of state. It argues that a robust domestic military industry increases the chances of survival of the state in an anarchic international system. Since security is the paramount responsibility of a state; within the framework of Realism, arms trade helps a state in develop alliances necessary to ensure security and power projection.

Liberalism in contrast supports arms trade because it is an important tool to generate wealth, tax, employment, and dual use technologies. Under Liberalism arms are

nothing more than an economic commodity. According to this theory the paramount responsibility of a state is to keep the engine of economic growth running because it is the best guarantor of domestic stability. Liberalism supports arms trade because it has economic value and it mitigates the high cost of R&D of dual use technologies. The critical theory of Marxism in contrast to Liberalism and Realism looks at the exploitative nature of arms trade. According to this theory, the arms trade is a tool used by exporting states to create insecurity in the peripheral third world countries in order to plunder the natural resources and dump their costly manufactured products. The global North's interests lies in keeping the global South dependent on their military and political aids. According to Marxist, arms transfers are used by ruling class across the globe to preserve their social hierarchy by brutally suppressing people deprived of basic needs.

The arms supplies were instrumental in winning the World War I, World War II and Cold war. Arms trade are driven by conflicts or potential of conflicts. Thus, large scale arms were traded during the two World Wars. The balance of fire power skewed in favour of the US and British allies and it helped them to overcome Germany and its allies. However, the Cold War acted as a catalyst for new trends in the international arms trade. It was during this period that arms trade truly emerged as a major instrument of foreign policy. Arms transfers have helped both the superpowers in strengthening their military might. It also enhanced their defence relations with their allies which were essential in promoting their strategic interests throughout the world. All of these factors were responsible for the tremendous growth in arms transfers during the Cold War.

This chapter argues that unlike periods of World Wars and Cold War; the post-Cold War period represents a more complex and conflicting trend in international arms trade for numerous reasons. Arms trade was primarily seen from the prism of security during the first two world wars and Cold War. These wars were fought primarily with conventional military arms, and there was a clear manifestation of allies and rivals in the form of defence pacts. The post-Cold War period has seen a drastic decline in inter-state wars. As a result, most of the conflicts are now being fought with small arms and light weapons.

Arms are now seen more from the perspective of an economic commodity but even then, states prefer to sell arms to those states which are aligned to the security interests of the arms supplying countries. Russia and the US are now supplying arms to states like India, Pakistan, South Korea, and China which were earlier in opposite camps. Traditionally, states were responsible for buying and selling weapons but now border less, faceless non-state actors such as terrorist and insurgent groups are also actively participated in the global arms market. These groups are capable of creating more havoc with very small stocks of arms through the black market. The arms supplying countries support the measures to control arms proliferation but also want to sustain the military industries. They want to keep the strategic ambiguity and flexibility to continue their arms supply in the market.

CHAPTER 3

ARMS TRADE IN THE BIPOLAR SYSTEM: US AND SOVIET UNION

> "Arms trade is a necessary part of international security framework and an important tool to create and strengthen alliances and influence state behavior" (Stohl and Grillot 2009:2).

3.1 Introduction

The bipolar system of Cold War period is characterized by an intense rivalry between the US and the USSR. It was centered on maintaining an overall balance of power to their concerned block through military aids and arms transfers. Once the US and the USSR achieved their parity at the strategic nuclear level, the very real threat of escalation to nuclear conflict and Mutual Assured Destruction (MAD) prevented both the superpowers from any direct confrontation (Pierre 1981/82). As Pierre (1981/82: 11) observes, since "great powers are less likely to intervene with their own armed forces, they are more prone to shore up friendly states through the provision of arms or to play out their own competition through the arming of their proxies." Thus, arms transfers had played a very significant role in the East-West competition and both the superpowers employed arms supplies as central instrument of their Cold War foreign policy to gain influence in the developing world and to win new allies (Krause 1991: 314; Kaldor 1990; Kinsella 2002). This trend in arms transfers has been viewed by many as an integral part of the two superpowers' balancing act in the global struggle for influence.

Historically, the pattern of arms transfers has not been consistent. It varied according to the changing global environment and numerous eventualities. During the initial phase of Cold War, the two superpowers prioritised their interest to influence the European countries through arms transfers. However, when decolonization started, the two superpowers spread their rivalry into other parts of the world. The superpowers tried their best to include the newly independent countries across the globe within their two larger ideological blocs based on socialist and capitalist order. In this regard, the arms transfer occupied a major part of inducement.

The present chapter aims to analyse how does the pattern of arms transfers has shifted according to the changing interest of the superpowers in the context of several global events during the last two decades of Cold War period. This chapter mainly focuses on the pattern of arms transfer from the perspective of superpower's national interests and not from the perspective of regional or Third World country's interests. In this context, it attempts to find out what kind of strategic imperatives led the superpowers to increase arms supplies during the last two decades of Cold War. In other words, instead of focusing on the interest and motives of demand side (recipient countries), it will specifically focus on the motives and nature of supply side (exporting countries). For this purpose, this chapter is divided into four sections.

The first section will analyse the patterns of arms trade during Cold War in general. In order to understand this, one cannot ignore the key developments and changes that took place (from 1961-1971 to 1971-1990) in several parts of the world. These events were somehow more responsive for the changes in the arms trade policies of the superpowers. Accordingly, this section brings forth the entire canvasses of push and pulls factors that brought changes in the direction of superpower's arms exports.

The second section would focus on the quantitative aspects of arms transfers. The main purpose of this section is to analyse the changing direction of arms flow in the period between 1971-1981 and 1981-1990. While doing this, it also compares and contrasts the first period of arms transfer (1961-71) with the last period (1971-90) of the Cold War. Finally, it discusses the changes in the geographical trend of arms distributions.

The fourth section focuses on the US and its arms trade politics during the Cold War era. While doing this, it examines the various policies and programmes of the US that were associated with arms transfers. After this, an attempt is made to show how these measures evolved and changed through different phases of Cold War period.

The fifth section explores the Soviet Union and its arms trade politics during the Cold War. Here, it examines the various policies and programmes of Soviet Union associated with the arms transfers.

Finally, the last section summarises the main arguments of this chapter.

3.2 An Overview of Arms Trade Pattern during Cold-War

The pattern of arms transfers during Cold War could be easily characterized in terms of bloc bipolarity (Harkavy 1994: 19). As one commentator argues, the US and the USSR provided the poles around which the other countries received arms and military assistance according to their broader military-ideological commitments (Barr 1977: 127). However, the important ideological nature of arms transfer was missing prior to the beginning of Cold War. By and large, the export of weaponry prior to the beginning of Cold War was dominated by private arms traders and weapons manufactures who were branded as the 'merchants of death' due to the heavy havocs caused by their weapons during the two World Wars (Myrdal 1976: 143; Kinsella 2003: 1; ACDA 1973: 25; Buzan and Herring 1998: 46). These private firms were stigmatised and blamed for the continuous war, death and inhuman sufferings as witnessed during the two World Wars (Noronha and Rosa 2013: 287). As a result, the "governments themselves have taken the responsibility both for contracting production of arms and for promoting sales abroad" (Myrdal 1976: 143).

In other words, the trade in weaponry shifted from the private to the public sphere dominated by states (Kinsella 2003: 1; Bitzinger 1994: 170). This pattern was particularly manifested in the US arms export policies, as only about 20 percent of US arms exports were at that time negotiated by private manufactures who obtained export licenses from the State Department and the rest were sold by the government (Myrdal 1976: 144). Nevertheless, this new policy could not sustain for a very long period of time as very soon several powerful transnational capitalists entered in the arms market under forces of globalizing world (Bitzinger 1994: 170). However, except for the clarity in current chapter, this part is largely discussed in chapter 4.

The above-mentioned trend was the first of three broad trends in the pattern of arms trade evident throughout the Cold War (Stohl and Grillot 2009: 16). The second was the tremendous growth in the volume of arms transfers during the Cold War (Stohl and Grillot 2009: 16). The third one was a major shift in the consumer profile from North to South (Stohl and Grillot 2009: 16). Each of these trends is analytically described below in nutshell, under following heads:

3.2.1 Major Suppliers in International Arms Market

The combination of a number of factors gave arms transfers a greater saliency during the Cold War (Pierre 1981/82: 9). Amongst them, the first was the dominant position of the US and the USSR in the world's arms market. During the Cold War, an interesting trend was noticed with the beginning of Afghan war in 1978. Prior to it, the US market share of total arms transfers was more than the USSR but afterwards the USSR share dramatically eclipsed the US market share and the USSR turned into the biggest arms exporter. The Soviet Union and the US share of total global arms exports was 34.2 percent and 32.4 percent respectively during the ten-year period between 1971 to 1980 (ACDA 1983: 31). The Table 3.1 explains quantitatively the comparative arms export of these two superpowers.

The US and the USSR acquired this dominant position with the continuous fading of European colonial powers accelerated by decolonization and destruction of Second World War. Even though the Cold War started from 1945 onwards, the USSR domination could not happen until 1960 as Great Britain was still the second largest arms exporter after US (SIPRI 1978: 225). Following the USSR, France and West Germany were listed as the fourth and fifth major supplier of arms respectively (SIPRI 1978). France was indeed the leading exporter of submarines (ACDA 1973: 11). A significant contribution to the arms exports were also made by countries such as Czechoslovakia, East Germany, Hungary, Italy, Netherlands, Poland, Spain, Yugoslavia, Sweden, and Switzerland (Klare 1996: 861). By the end of 1980s, many Third World countries entered into the global market, such as Argentina, Brazil, Bulgaria, China, Egypt, Israel, South Korea, North Korea, Spain, and Yugoslavia (Keller and Nolan 1997-1997: 114; Myrdal 1976: 142). These countries together exported US$ 12.6 billion arms in 1980-1985 (SIPRI 2017a). During the same period China alone exported US$ 807 million arms (SIPRI 2017a). In the later period 1980-1990, these countries together exported US$ 11.6 billion arms in 1986-1990 (SIPRI 2017a).

3.2.2 Major Recipients in Arms Market

Prior to 1970s, about one third of total the US and Soviet arms went to the member states belonging to NATO and Warsaw Pact respectively (ACDA 1973: 4). The

annual arms import by the developed countries was averaged US$ 1.6 billion until 1970 and remained relatively stable onwards (ACDA 1973: 7). Thus, the arms trade broadly demonstrated the intra-alliance transfers (Klare 1996: 864; ACDA 1973: 7). In general, other than NATO members, the principal recipients of the US arms were the Republic of Vietnam, the Republic of Korea, the Republic of China and South Korea (Brown 1990: 19; ACDA 1973: 5-6). Likewise, other than Warsaw Pact members, the major recipients of Soviet arms were Egypt, the Democratic Republic of Vietnam, India, North Korea and Cuba (ACDA 1973: 5-6). From the Third World countries like Egypt, Iran, Israel, Kuwait, Saudi Arabia, South Korea, South Vietnam, Taiwan, Thailand and Turkey were the major recipients of the US arms while Afghanistan, Algeria, Angola, Cuba, India, Iraq, Libya, North Korea, North Vietnam and Syria were the major recipients of Soviet arms (Klare 1996: 864). Together, these Third World countries received about three-fourth of the total arms transferred to the Third World countries during the Cold War (Klare 1996: 864; ACDA 1973: 7).

The leading arms importing countries in 1980s were Saudi Arabia, Afghanistan, India, and Iraq respectively (ACDA 1992: 12). Saudi Arabia replaced Iraq as the largest importer in the Middle East (ACDA 1992: 10). The most significant change in the regional distribution of the arms transfers was noticed in South Asia as it raised from the smallest arms importing region in 1979 to the second largest in 1989 (ACDA 1992: 10). It is interesting to note that for the first time in world arms market in 1989, South Asia was ranked as the leading arms importer by replacing both the Middle East as well as Far East (SIPRI 1990: 221). India and Afghanistan were South Asia's largest arms importers and received US$ 16.1 billion and US$ 9.7 billion arms respectively (ACDA 1992: 11). In 1989, Afghanistan was the second largest arms importer and India was the third largest (ACDA 1992: 11). Both these countries were major clients of the Soviet Union and received two third of its export of major conventional weapons in 1989 (SIPRI 1990: 223). The main recipients of the US arms in 1989-1990 were Japan, Brazil, Pakistan and Taiwan (SIPRI 1990: 223).

Thus, the decades of 1980s and 1990s marked a significant change in the consumer profile of arms trade (Noronha and Rosa 2013: 288). Instead of supplying arms to developed countries, as it happened in the previous decade, developing countries received a major share of weapons in the 1980s (Noronha and Rosa 2013: 288).

Indeed, between 1971 and 1989 developing counties accounted approximately three quarters of total arms imports (Noronha and Rosa 2013: 288).

However, the expansion of arms trade which characterises the nature of great powers arms export policy during 1971-1990, cannot be explained merely by the increase in the number of new nations. The two polar powers competed with arms in regional conflict to gain new allies along with the motives of power and political influence in distant places. Even though superpower arms transfers policies at the regional level was at the core of this process, but in crucial situations, it was apparent that the ultimate motive of arms transfers was rooted in security threats from rival superpower.

Arms trade during 1970s and 1980s should also be seen in the context of North-South issues because arms were mostly transferred from producing countries belonging to Global North towards recipient countries belonging to Global South (Pierre 1981: 11). Arms dynamic in third world countries also reflected a pattern of dependence militarization in which the arms supplying developed countries used arms as means to exploit their dependant states through side by side injecting their military, political, cultural and ideological mechanisms (Rolls 2017: 1; Robinson 2007: 74). This pattern of dependence mechanism was found highest amongst two superpowers because they strongly linked their arms supply with ideological conformity from arms recipient country.

3.2.3 Growth in Arms Transfers from 1971-1990: A Quantitative Analysis

A credible analysis of the growth of arms transfers requires the examination of both the quantitative and qualitative aspects of arms transfers. The quantitative data in this section covers the value of international arms transfers during the period of 1971 to 1990 and the qualitative aspect covers some of the major changes in the consumer profile and direction of arms flows during the same period of time.

The arms transfers during the last two decades of Cold War increased tremendously. According to a report of the ACDA (1973), the value of total world arms trade increased from US$ 2 billion in 1961 to US$ 6 billion in 1971. This increase was most evident for Third World nations as their total imports increased from US$ 1.2 billion in 1961 to US$ 4.5 billion in 1971 (Klare 1986/87: 70; ACDA 1973). In the

case of the US, ACDA (1973) reported that arms transfers rose from US$ 1 billion in 1961 to US$ 3.4 billion in 1971. During the same period, the USSR arms transfers, as estimated by ACDA, increased from US$ 800 million in 1961 to US$ 1.5 billion in 1971 (ACDA 1973). Percentage wise, according to ACDA, while the US share in the world arms market was 54 percent, the USSR share was 24 percent in 1971 (Table 3.1). According to SIPRI analysis in 1975, the volume of US arms export increased to US$ 16.1 billion from US$ 11.5 billion in 1971 (Table 1.1). Similarly, according to SIPRI, in 1974, the volume of Soviet export increased to US$ 14.4 billion from US$ 11.9 billion in 1971 (Table 3.1). According to SIPRI the US alone exported US$ 15.6 billion arms in 1976 while the USSR exported US$ 9 billion arms around the world (Table 3.1). The US share of total arms exported to the Third World was 38 percent in 1970-1976, while the USSR share was 34 percent (SIPRI 1978: 225).

The Cold War rivalry between the US and the USSR spread to other parts of the world as these two superpowers tried to patronize the major inter-state and intra-state conflicts in different regions such as Africa, Asia and the Middle East. Accordingly, these regions became an integral part of the US and Soviet arms competition (Kirshin 1998: 44). The volatile Middle East was turned into an important theatre of Cold War enmity between the US and the USSR. According to a report of SIPRI, Middle East received 70 percent of the total US arms export to the Third World in 1974-1978 (SIPRI 1979: 177). Similarly, the Soviet had supplied tremendous amount of arms to Egypt and Syria in order to support the Arab states in their conflict with Israel (SIPRI 1973: 299). According to a report of SIPRI (1973: 299), Egypt accounted for 75 percent of total arms exports by the Soviet Union to the Middle East in between 1965 to 1971.

However, this pattern of Soviet arms transfers changed after the visit of Iraqi President Al Bakr to the Soviet Union in 1972. Once the USSR signed a treaty of friendship regarding military cooperation with Iraq, its arms transfers to Iraq increased significantly and Iraq became its major arms recipient country in Middle East (SIPRI 1973: 299). In a strong counter reaction to Soviet move to weaponise Iraq, the US and its Western allies increased arms supply to Iraq's rival Iran (Achuthan 1988: 152). This example undoubtedly triggered an automatic chain of action-reaction dynamic of superpower's arms transfers to the Middle East (Kinsella

1994: 557). By 1976, Iran replaced Israel as the largest arms importer from the US (SIPRI 1979: 177). Iran alone imported 23 percent of the total arms supply to the Third World in 1976 (SIPRI 1978: 231). However, very soon Iran was replaced by Saudi Arabia as the largest importer of the US arms. Arms transfers to Africa, while relatively small in comparison to Middle Eastern region had been gradually increasing since 1971. In 1977, 62 percent of the US Foreign Military Sales (FMS) went to Africa particularly to Sudan, 24 percent to Morocco and 14 percent was distributed among Ethiopia, Kenya, Zaire, and Nigeria (SIPRI 1979: 177). The USSR simultaneously increased its arms sales to Africa (Angola, Ethiopia, and Somalia), Libya, Syria, India, North and South Yemen (SIPRI 1979: 180). Latin American countries especially Cuba accounted for 40 percent of all Latin American arms imports from Soviet Union during 1960s (ACDA 1973: 9).

The upward trend in the USSR arms sales during 1971 to 1979 is also clear from several other statistics. The ACDA estimates show an average yearly increase of Soviet arms transfers from US$ 1 billion in 1971 to US$ 13 billion in 1979 (Table 3.1). Meanwhile, according to ACDA estimates, the US share decreased from US$ 9 billion in 1973 to US$ 7 billion in 1979 (Table 3.1). Indeed, the market share of Soviet led Warsaw Pact expanded dramatically and replaced NATO states as the major exporter of arms (ACDA 1982: 6). The share of Warsaw Pact in 1979 was 49 percent while the share of NATO was only 42 percent (ACDA 1982: 10). Accordingly, the total arms sales by the Soviet Union to the Third World countries increased rapidly, whereas the US arms sales were decreased by about five percent (ACDA 1982: 28). As per estimates of ACDA, the total arms transfers to the Third World from 1977 to 1980 was US$ 67.508 billion of which Soviet delivered US$ 27.529 billion and the US delivered US $17.26 billion worth of arms (ACDA 1982: 28). During the same period, the Soviet Union had signed arms trade agreements with 38 Third World countries which were strategically located in North Africa, Middle East and South Asia (ACDA 1982: 30). Few examples of these leading countries were Libya, Iraq and Syria (ACDA 1982: 5). In South Asia, India was the largest recipient of Soviet arms during that time (ACDA 1982: 30).

While the decade of 1970s (1971-1979) had shown a high growth rate, the decade 1980s marked a significant decline in the arms transfers. According to a report of

SIPRI, the Soviet's share in world arms export decreased from supplied US$ 16.9 billion arms in 1979, to US$ 14.6 in 1983 (SIPRI 2017a). The US share in world arms export increased to US$ 13.8 billion in 1983 from US$ 9.6 billion in 1979 (SIPRI 2017a). However in aggregate of five-year period (1979-1983) estimates, the Soviet Union supplied more arms than the US. According to a SIPRI report, in between 1979 to 1983, the Soviet Union supplied US$ 82 billion worth arms and the US supplied US$ 61 billion arms (Table 3.1; SIPRI 2017a). The Soviet Union was the largest supplier to the Third World, while the US was the leading supplier to the industrialized countries (SIPRI 1984: 176).

According to a report of ACDA, during the same period (1979-1983), the US share in world arms export increased from 18.6 percent in 1979 to 23.2 percent in 1983 and the USSR share decreased from 52.2 percent in 1979 to 38.8 percent in 1983 (ACDA 1992: 15). The total volume of world arms transfers estimated by the SIPRI in 1980 was US$ 41 billion which decreased to US$ 38 billion in 1985 (Table 3.1). Further it (SIPRI) reports that the volume of world arms transfers decreased once again to US$ 35 billion in 1989 and by the year 1990 it decreased to US$ 30 billion (Table 3.1). For the first time in the history of Cold War, the global trade in arms moved downward initially in the developing countries and then towards the end of the decade also in the developed world. According to a report of ACDA developing countries arms import fell from 84 percent in 1979 to 76 percent in 1989 (ACDA 1992: 9). During the same decade (1979-1989), developed countries arms imports grew at an annual rate of 2.4 percent; however, a sharp decrease was noticed during the last year (1989) of the decade (ACDA 1992: 11).

The Soviet Union supplied 45.6 percent of the total arms exported to developing countries, while the US exported 16.1 percent of the total arms in 1979-89 (ACDA 1992: 16). As observed by analysts at the ACDA (1983), there were two major fundamental differences in the arms exports policy of the US and the USSR. Firstly, while the US provided economic assistance at a larger value than the value of arms exported during the period 1976-1980, in contrast, the Soviet Union exported arms at value in excess of four times the value of financial assistance (ACDA 1983: 29). Secondly, in contrast to the US, the USSR supplied more varieties of weapons (ACDA 1983: 32). For example, Soviet Union supplied 895 combat aircrafts to

African countries while the US delivered just 20 in 1976-1980 (ACDA 1983: 32). In Latin America, while the US supplied the artillery and subsonic aircrafts, the USSR supplied different varieties of tanks, supersonic aircraft and Surface-to-air Missiles (SAMs) (ACDA 1983: 32).

The SIPRI estimates that the US arms exports to the Third World countries had increased since 1981, while estimates of Soviet arms exports indicated a slight downward trend since 1980 in terms of both world total exports and for exports to Third World countries (SIPRI 1984: 176-183). Similar trend of decline has also been noticed by a report of ACDA (Table 3.1). As per estimates of ACDA, arms transfers by the Soviet Union fell from US$ 27 billion in 1988 to billion US$ 22 billion in 1989 to US$ 16 billion in 1990 (Table 3.1).

The asymmetric distribution of arms is even more striking at the level of competition between the US and the USSR for friends and allies in different region (Howe 1984: 133). The US had showed an overwhelming superiority not only in terms of arms export but also in terms of allies, clients and friendly neutrals (Howe 1984: 133). This pattern of Soviet arms transfer, as compared to the US is illustrated by Ulrich Albrecht in the following word:

> The Middle East- North Africa region is the main recipient of Soviet weaponry: deliveries are concentrated on Syria, Libya, Iraq and Algeria. The main customers outside the region are India, Cuba and Vietnam. The Soviet Union has relatively few recipients for its arms sales. The SIPRI arms registers show that 26 countries currently buy arms from the Soviet Union. The corresponding figures for the United States and France, for example, are 73 and 86 respectively (quoted in Howe 1984: 134).

However, despite this decline, Table 3.1 shows that the Soviet Union's share in the world arms exports was higher than the US. As per estimates of ACDA, the US accounted for 19.73 percent of the world total arms export as compared to the USSR 40.16 percent in 1988 (Table 3.1) In 1989, according to ACDA, the USSR accounted for 38.98 percent and the US accounted for 26.58 percent (Table 3.1). However, in 1990, the SIPRI estimated that the USSR arms transfer had decreased as compared to the US (Table 3.1). The estimates of SIPRI in Table 3.1 shows that the Soviet Union share in the world arms exports in 1990 was 32.47 percent and the US share was 35.73 percent.

3.3 **Major Determinants of Arms Trade Patterns**

The pattern and direction of international arms transfers can be measured in terms of volume as well as in terms of several forces emanating from the international structure which were responsible for shaping the flow of arms. A deeper investigation in this regard suggests that there are three general sets of pressures on the basis of which we can analyse the pattern of arms transfers during the Cold War. These three pressures or factors include: the bipolar system, technological advancements and the nexus between regional and global interests. These determinants are explained below:

3.3.1 Bipolar International System

During the Cold War, we had a bipolar international system where two superpowers namely the US and the USSR constituted the opposite poles (Waltz 1964; Huntington 2003: 8). The bipolarity generated a perpetual great power competition between two superpowers (Dunne and Schmidt 2005: 170; Huntington 2003: 8). The great power competition under bipolarity was very strong, frequent and more dangerous amongst two superpowers because power struggle and ideological differences were ongoing simultaneously (Huntington 2003: 15). Huntington in his seminal work *The Clash of Civilizations* argues that state always pursue power in international system in consonance with their own political and economic ideologies (Huntington 2003: 11). Thus, both the superpowers had global ambitions to maintain their own ideological position and competed for influence in the rest of the world during Cold War period. This competition rapidly shifted towards arms exports (Sislin 1994: 674). In general, there were four objectives that dominated superpowers' arms supply activities during the Cold War (Carlton and Schaerf 1977: 162). The first was to enhance security, second to maintain the ideological position, third to extend political and diplomatic influence and finally, the fourth objective was to stimulate economic benefits (Kirshin 1998: 38; Carlton and Schaerf 1977: 162).

In the context of security, many scholars argue that the prevailing anarchy in the international system produces insecurity which leads to the search for advancement and development of new arms (Carlton and Schaerf 1977: 12). As Carlton and Schaerf (1977: 12) has argued, the USSR viewed the US as a threat to its security and always perceived the American military bases, high defence budgets and interventions in

member states of international community as danger to itself. The US shared similar apprehensions from the USSR. The mutual apprehensions between the US and the Soviet Union acted as catalyst in seeking more security for their bloc than the other while wishing to maintain some credible balance between them (Gasteyger 1985: 60). Consequently, it fueled the military competition which was continued by the US and the USSR through various technological means in the form of the arms race (Barr 1977).

Glaser (1994-1995: 50), while analyzing the impact of structure on arms race observes that states feel bound to respond to the pressures of international anarchy and thus pursue the policy of arms racing and gaining allies during peacetime instead of cooperating on arms control or adopting other approaches for common interests. Under global anarchy caused by the higher mutual suspicions between the two blocs, this rationale was considered to be the principal guiding force behind the arms transfers during Cold War. In most cases, arms transfers during Cold War were embedded in mutual security concerns. For instance, the bulk of arms were transferred between members of the formal military alliances like NATO and Warsaw Pact (Kinsella 2003: 13). These formal military relations were based on varying nature of cooperation such as joint research and development programmes of modern weaponry, sharing maritime facilities, basing and over-flight rights, joint military exercises as well as training programmes, sharing of intelligence services, the coordination of strategy and tactics and other forms of cooperation intended to enhance security of both the concerned parties (Noronha and Rosa 2013: 287; Kinsella 2003: 13).

The global competition in arms transfers between the US and the USSR was further enhanced by their aggressive promotion of rivalry throughout the world (Huntington 2003: 8). Motivated by their desire to dominate the world, both superpowers competed for influence in third countries (Huntington 2003: 8). In this regard, the arms sales or military aid became a preferred means of inducing potential rival states to fall within their respective bloc (Anderson and Vincent 2002: 1; Kinsella 2002: 213). A close examination of global arms trade politics played by the two superpowers shows that during Cold War, their principal motive was to establish and maintain close military ties with the rising powers from Third World (Klare 1996:

857). In this connection, nations that could not otherwise afford large amounts of arms, often did receive them by simply being a client state of the either of the two superpowers (Anderson and Vincent 2002: 1). As a result, arms supply by the two superpowers constituted a large share of the global weapons flow. Table 3.1 lists the total export values of arms sales by the US and Soviet Union during the last twenty-years of Cold War (1971-1990).

Two prominent Third World regions where most of the arms transfers happened during initial years of Cold War period were the Middle East and the South Asia. In the later phase of Cold War, the arms transfers also happened in other parts of Africa, Asia, and South America (Anderson and Vincent 2002: 1). In other words, this trend also reveals that the superpowers competed for arms markets to pursue geopolitical interests (Herkvey 1994: 20). The arms trade primarily happened in those regions which were either strategically located such as North Africa, Europe or where the two superpowers had major competitive interests such as oil rich Middle East. A significant amount of arms trade also happened in those regions where states preferred to engage with the superpowers as clients in form of proxies (Betts 1980: 87). For example, the bulk of US arms transfers went to clients such as Iran, Saudi Arabia, Israel, Pakistan, South Korea, and South Vietnam. Likewise, countries such as Syria, Iraq, North Korea as well as North Vietnam were the major clients of Soviet arms.

The impact of Cold War competition was not just limited to the transfer of weapons. The competition was also rooted in the volume of total arms productions and their technological sophistications. Kinsella argues that during Cold War period, the two greatest powers the US and the USSR through their high quality arms production and large scale transfers paved the way for setting a distinct pattern of arms transfers rooted in ideological insecurity (Kinsella 2013b: 111; Klare 1996: 857). The regions where the two superpowers supplied arms were subsequently sharply divided into two adversarial ideological groups along Cold War competition (Gasteyger 1985: 98). It is clearly manifested in case of North Korea and South Korea, Israel and Arab Countries, China and Taiwan. Even non-aligned countries such as India, Indonesia, Philippines, Malaysia, Singapore, Thailand, and Brunei were also affected by superpower's arms competition (Harkavy 1994: 19; Gasteyger 1985: 78).

Under bipolarity arms suppliers-recipients were divided on the basis of ideological blocs: those recipients that acquired weapons from East bloc, and those that acquired their arms from West bloc (Harkavy 1994: 15). For example, Soviets had generally preferred to supply arms to Marxist regimes such as Cuba, the Vietcong and Pathet Laos, and left-oriented regimes such as Indonesia, Egypt, Cambodia, Laos, and Ghana (Achuthan 1988: 7). Nonetheless, many analysts agree that, occasionally such transfer was also extended to rightist or semi-feudal recipients such as Afghanistan, Syria, Morocco, Yemen under the Imaamate, and Indonesia after the overthrow of Sukarno (Achuthan 1988: 7). Likewise, the US, a capitalist state, supplied arms to those recipients that adopted a capitalist economic system or pursued an anti-communist policy (Kirshin 1998: 39). For example, the bulk of the US arms went to Western Europe, NATO and other allies such as Japan, South Korea and South Vietnam. Certain other Gulf and Middle East countries like Iran and Saudi Arabia which were opposed to communism and were fighting against the expansion of communism in their regions also got US arms (Gupta 1985: 9). In some cases, country like Israel attracted significant attention of the US as it had similar democratic framework of government in line with Western political culture (Gupta 1985: 9). In a similar manner, the nature of their arms trade relationships was also marked by the superpower rivalry between the US and the USSR (Mathiak 1998: 76).

According to Kinsella and Herbert (1995: 309), bipolar international system encouraged the patron-client relationship in which both the superpowers employed arms transfers as ‘adaptive mechanisms’ to cope with anarchy and evade chaos and disorder. However, paradoxically, patron-client relationships also involved the asymmetrical ordering of the international system that made the arms recipient countries dependent on supplier countries for their security needs (Kinsella and Herbert 1995: 309). Similar dynamics are identified by Buzan and Herring (1998: 32) who argue that, since arms recipient countries cannot produce modern weapons necessary for their own security they make political alignments with a supplier country. As consequent of such political alignments, the military bases or financial resources of arms recipient countries are traded for arms assistance from supplier country. Thus, the major suppliers enjoy structural influence due to their technological superiority in the international arms market.

This patron-client relationship, according to Kinsella (1998: 8), resembles the pattern of dependent militarization in the arms-transfers. In many cases, this type of arms transfer relationship has also provided supplier states an opportunity to increase their influence on recipient countries (Achuthan 1988: 6). Currently, Israel enjoys such influence on US foreign policy. However, the influence of arms recipient on supplier country was very limited during Cold War period. It was mostly unidirectional where superpowers had wider influence on their arms recipient countries. This was quite evident during the Arab-Israeli war in 1973 when the US threatened to cut back military assistance to Israel if its forces did not accept a cease-fire in line with the US aspirations (Sislin 1994: 666). The US treated similarly to it's another arms recipient country that was Pakistan. On October 14, 1974 in New York, Pakistan's Prime Minister Zulfikar Ali Bhutto stated:

> If we were satisfied with our security requirements in conventional arms, we would not hazard our economic future and promote an economic and social upheaval by diverting vast resources for a nuclear programme (quoted in Debs and Monteiro 2016: 335).

Responding to Pakistan's pursuance of nuclear programmes, in 1977 the Carter administration threatened to cut back military assistance to Pakistan if it did not halt its desire for a nuclear reactor with help from France (Sislin 1994: 666; Achuthan 1988: 98).[9] These examples show how superpowers coerced their arms recipient countries to pursue certain political objectives which might not have been in interest of patronized clients.

The other important noticeable trend during Cold War was the transfer of large quantities of arms and weapons in the form of military aid or security assistance (Klare and Andersen 1996). Several countries received a large amount of military aid from the US as part of Washington Mutual Security Act of 1951 (Klare and Andersen 1996; Gupta 1998: 164). This Act authorised the US government to provide arms, weapons and military assistance to friendly countries in return for a promise to access their strategic ports and raw materials and to strengthen mutual defence cooperation against Soviet aggression (Klare and Andersen 1996). Gradually the US began to

[9] Nevertheless, this policy did not succeed as Pakistan carried out its nuclear test in 1998 (Bokhari 2016). Even, US did not stop supplying weapons to Pakistan as part of its traditional strategy to prevent nuclear proliferation. Similarly, Obama Administration has signed an arms deal with Riyadh in 2010 to discourage it from acquiring nuclear weapons (Black 2010; Cigar 2013).

create many policies to maximize arms sales by establishing new laws and marketing strategies (Noronha and Rosa 2013: 287). Examples included: Military Assistance Program (MAP), Excess Defense Articles (EDA) programme and Foreign Military Sales (FMS) (Brown 1900: 1; Klare and Andersen 1996).

The US also enacted the Foreign Assistance Act of 1961 in order to reduce the cost on collective security (Brown 1990: 20). These programmes led the foundation for the transaction of arms transfers on the commercial basis (Brown 1990: 20). The Reagan administration also introduced other forms of arms transfers such as MAP Merger funds that aimed to waive some payments allocated to the US government for FMS purchases (Klare and Andersen 1996). However, in contrast to the US, the USSR had provided a large amount of military assistance to the recipient countries (Brzoska 2004: 114). The Soviet Union, in particular, offered credit program for its arms imports with little or no interests (Noronha and Rosa 2013: 287). As a result, Soviet supplied more than two thirds of its arms either on credit or free of cost (Brzoska 2004: 115).

During the Cold War, the two rival powers also provided arms and military assistance to liberation movements or to rebel groups (Frigyes 2001: 110). These non-state actors included insurgent groups and revolutionary forces struggling for political power, freedom, independence or self-government (Kirshin 1998: 38-39). In order to harm or weaken rival bloc, the hostile activities of these groups were subsumed into the larger competition between the US and the USSR. Thus, arms transfer to these proxies became part of covert and overt foreign policy of two superpowers (Kirshin 1998: 38-39). Thus, while Soviet supplied arms to those groups who were engaged in internal armed struggles against colonialism, dictatorships and pro-imperialist states; the US supplied arms to those who were pro-capitalist (Kirshin 1998: 39). In many cases, arms transfers were used as a means to exaggerate conflict in a particular region (Klare and Andersen 1996). For example, Soviet Union provided military assistance to guerrilla forces in Cuba and the US provided military assistance to some Latin American countries against guerrilla warfare (Klare and Andersen 1996). Besides these, the Soviet supplied arms to the Palestinian liberation organization (PLO), whereas the US supplied arms to the UNITA (the National Union for the Total Independence of Angola), a rebel group in Angola (Frigyes 2001: 110).

3.3.2 Nexus of Regional and Global Interests

During the Cold War era, geopolitical calculations predominantly dominated arms trade (Keller and Nolan 1997-1998: 114). As to geographic direction, according to Achuthan (1988: 9), three major trends were visible during three different phases of Cold War: (i) Europe and East Asia (during the first phase), (ii) Middle East (during the Second phase) and (iii) South Asia (third phase). Initially, after the outbreak of Cold War, both the superpowers were involved in arms build-up in Europe. There was a time (in 1952 alone) when Washington provided around US$ 5 billion military assistance to European countries (Lash 2012: 19). Its primary focus was to maintain a stable military balance in Europe and preserve strong alliance to deter a westward invasion by the Warsaw Pact forces (Carlton and Schaerf 1977: 167). The major rational behind this policy of the US was to contain the communism that was identified as an ideological threat at once and by extension to the US national security (Brzoska 2004: 117). The Soviet, on the other, had its own viewpoint in explaining the arms build-up in Eastern Europe (Carlton and Schaerf 1977: 167; Achuthan 1988: 152). As one scholar, Lash (2012: 72) writes, the Soviet viewed the US as an enemy simply because the US was a capitalist nation and therefore the Soviet decision to arms build-up in Central Europe was a defensive reaction against aggressive foreign policies of the US. It is in this context Achuthan (1988: 152) has rightly asserted that "regardless of who sets the ball rolling the net result of all this is that it has a chain-reaction effect."

Political differences between the US and the USSR were further accelerated by the creation of military alliances, most notably NATO and the Warsaw Treaty Organization (Lash 2012: 72).[10] By establishing NATO, Washington provided a large amount of arms to its European allies to enhance inter-operability and the US capability for collective self-defence (Keller and Nolan 1997-1998: 114). Similarly,

[10] The North Atlantic Treaty Organization (NATO) is a military alliance established on 4 April 1949, by signing a treaty on defence cooperation (Lash 2012: 19). According to the treaty an armed attack against any member country shall be considered an attack against all member states (Lash 2012: 19). The treaty was signed by twelve countries, namely: the US, West Germany, Britain, Belgium, Canada, Denmark, France, Iceland, Italy, Luxemburg, the Netherlands, Norway, Portugal, Greece, and Turkey (Lash 2012: 19). As a reaction to the formation of NATO the USSR established the Warsaw military alliance on 14 May 1955. This treaty aimed to strengthen, mutual security assistance and military cooperation among the countries of the USSR, East Germany, Hungary, Albania, Bulgaria, Czechoslovakia, Poland, and Rumania.

the USSR reacted to the US armament of European allies by providing arms to Warsaw Pact nations (Lash 2012: 72).

However, the defining sphere of the arms transfers during the Cold War was not limited to any particular region (Rolls 2002: 1). As Rolls (2002: 1) asserts, they were characteristics of the international system as a whole at that time. Since the 1970s, the Middle East and other regions had been viewed by the two superpowers as an important strategic battle ground like the Europe (Ellsworth and Christine 1992: 223). George W. Ball remarks, the Middle East is an area which dominates the whole southern littoral of the Mediterranean and therefore, was the key to the defence of Western Europe (cited in Gupta 1985: 37). In this context, T. Mahan, a great American strategist believe "circumstances had caused the Mediterranean Sea to play a great part in the history of the world, both in a commercial and a military point of view, than any other sheet of water of the same size" (quoted in Gupta 1985: 37). With a motive to extract the existing geostrategic, economic and military benefit out of the Middle East, the US and the USSR started to accelerate the supply of arms to the region (Howe 1984: 129). As a result, by the 1970s, arms exports to the Middle East region doubled as compared to the previous decade (Stork and Paul 1983). The dramatic increase in the oil revenues of the Arab states further accelerated the arms import to this region (Stork and Paul 1983; Howe 1984:130; Gupta 1985: 5).

However, the causes of arms transfers to the Middle East were not only limited to these economic and military alliance factors. The various regional conflicts also added fuel to the fire. The conflict between Arab and Israel and Iran and Iraq became extra-regional affairs when the US and the USSR provided support to their respective clients through arms and weapons (Kinsella 2002: 213). According to a report of SIPRI (1990: 250), during the Arab-Israeli war in 1973, the Middle East alone accounted for US$ 10.4 billion arms exports. It further increased during the Iran-Iraq War. According to a report of SIPRI (1990), the arms exports to Middle East increased to US$ 12.8 billion in 1987 and it was in fact double as compared to US$ 6.0 billion in 1971. This trend in arms transfers as a whole was observed by Howe (1984: 129) as follows:

> The East-West military conformation is spilling over into the Third World. While the fundamental causes of Third World conflict are rooted in indigenous factors, it is the

> industrial nations who, at times, act in such a way as to make their resolution more conflict, and for the most part supply the weapons of war….A fairly recent development is a trend towards the spread of advanced weapons in the Third World.

The US and the USSR had pursued their own objectives in penetrating into these local conflicts (Kinsella 1994: 560). According to Kinsella (2002: 112), the superpowers saw local conflicts as extensions of their own rivalry and accordingly viewed the outcomes of these conflicts as major indicators of success or failure of their own wider struggle. For example, the US, a status quo power, provided significant amounts of arms to Israel and Iran, the status quo states in the Middle East and Persian Gulf respectively (Kinsella 1994: 560).[11] On the contrary, the USSR, a revisionist power, provided arms to those who pursued revisionist security orientations such as Egypt, Syria, and Iraq (Kinsella 1994: 560).

This strategic use of arms transfers as an instrument to maintain status quo and prestige was rather perceptively observed from the statement made by then the US Secretary of State Henry Kissinger (Khuri 2014). While explaining his decision to supply arms to Israel, Kissinger remarked that "the United States could not-either today or tomorrow allow Soviet arms to win a big victory, even if it was not decisive, against U.S. arms. This has nothing to do with Israel" (quoted in Khuri 2014: 2). Such a trend in arms trade, according to Kinsella reveals (1994: 560) 'supplier-recipient congruence'. In other words in such cases the motives of supplier and recipient are mixed in arms transfer relations.

After Middle East, Asia was next victim of the superpowers arms competition (Gasteryger 1985: 78). In Asia since 1979, there have been major conflicts and wars between China and Vietnam, Soviet Union and Afghanistan, South Korea and North Korea and also between India and Pakistan (Gasteryger 1985: 90). Kinsella argues that, "these regional rivalries in the Third World were, in effect, "nested" within the super-powers global rivalry and gave further stimulus to arms transfer" (Kinsella 2002: 214). According to a SIPRI (1990: 251) report in 1979, the Far East alone

[11] One of the most commonly held views regarding the cause of East-West conflict from the perspective of Realist scholars rest upon status quo or revisionist orientation of state behavior (Kinsella 1994: 559). Those states satisfied with the international distribution of power military wealth, territory, prestige and so on seek the preservation of the system recognized as status quo; while dissatisfied states seek its overthrow (Kinsella 1994: 559). The US has generally been classified as status quo power; where as the Soviet Union was a revisionist power.

imported US$ 5.9 billion arms out of the total US$ 22.2 billion arms exported to Third World countries.

3.3.3 Technological Imperatives

"When countries compete with each other in armaments whether as potential opponents in war or as competitors in the arms trade, they must also compete with a standard of technological quality that is moving forward" (Kinsella 2002: 220).

Throughout history, technological imperatives have been seen as a dynamic force behind the arms trade (Myrdal 1976: 155; Buzan and Herring 1998: 46). As one commentator claims, arms production, nevertheless, depends on the state's industrial capacity but without technological capacity, no state can enhance arms production for export (Kinsella 1998). During the Cold War, the major powers, mainly the US and the USSR set the global standard of technological advancement and acted as leading suppliers (Kinsella 2002: 211; Rolls 2017: 2).[12] However, the proliferation of advanced weaponry due to arms transfers did chisel away the superpowers own military technological advantages (Kinsella 2002: 215).

As Rolls (2002: 109) observes, "when the superpowers compete more intensively in the international arms market, they may even find it difficult to reserve all of their latest innovation for their own arms forces." Given to the uncertainty inherent in evolution of military technology, the producer states on both blocs feared that technological obsolescence could undermine their market position and security interest, and hence, they sought to keep up with the process of technological change by continuously modernizing their military-technologies (Kinsella 2002: 213; Rolls 2002: 2).

Arms transfers facilitate the modernization programs by providing financial support to the military-technological frontier (Kinsella 2002: 215). Consequently, arms trade has provided help to sustain high and continuously rising global standard of technological advancement (Rolls 2002: 2). It was clearly evident when Carter administration himself promoted arms export in order to reduce the cost on developing and producing the Airborne Warning and Control Systems (AWACs) and warning planes

[12] Leading states are those arms producers who have the resources to pursue high levels of research and development so as to keep themselves far ahead from others in the process of producing and innovating the cutting edge weapons (Rolls 2002: 102).

(Stork and Paul 1983). For example, an arms deal signed with Saudi Arabia during his regime estimated US$ 128 million for each warning plane and required that out of that money about US$ 60 million would go to the US treasury as partial repayment for government research and development expenditures (Stork and Paul 1983).

Paradoxically, the technological imperative may be apparent in the superpower rivalry itself. As both the superpowers defined their own military power relative to that of the other, both sides worried about asymmetry in military technological frontier (Kinsella 2002: 213). As Rolls (2002: 3) contends: "an increase in military strength (action) by one state will heighten the level of threat perceived by other states which, in turn, will expand their military strength (reaction)." The action-reaction dynamics also provided further impetus to secure new technological advantages through innovations (Kinsella 2002: 213). This intricacy has been rather perceptively observed by Kinsella (2002: 212) as he rightly asserts:

> The process comes full circle: states perceive threats to their security within an environment of military-technological advance, which generates demand for new weaponry, and the proliferation of this weaponry via the international arms market further erodes state security, generating incentive for continued military-technological innovation.

3.4 Arms Transfers and Political Motives of Two Superpowers

Having analyzed the pattern of Cold War arms transfers, it becomes necessary to examine some of the distinctive features of the US and the USSR arms transfer policies (Achuthan 1988: 4). The contrasting features of the Cold War pattern of arms transfers can be understood better from a close analysis of the politics related to the arms transfers of the two superpowers.

3.4.1 United States Arms Exports

Throughout the Cold War, the US has exported weapons worth billions of dollars to its allies and friendly countries. Exports included military aircraft and related parts, firearms, explosives and other form of arms transfers including technical assistance and military training (GAO 2010: 1). Arms transfers were seen by the US as an important instrument to contain Soviet aggression and preserve its national security interests (GAO 2010: 1). The underlying motive was that such transfers could help the US to escalate anti communist proxy wars in the periphery of the Soviet Union and as

a result it would be helpful to prevent the further communist expansion. This strategy, popularly known as containment policy governed the American arms transfer policy throughout the Cold War period (Hickey 1986: 1324). Speaking about genesis of this policy, the Encyclopedia of the New American Nation (2017) says:

> Containment held that the totalitarian Soviet system was forced by its very nature to seek domination over the rest of the world, and thus, in response, the United States had no choice but to join with other nations in resisting Soviet aggression.

Under this policy, the US led military alliance later known as NATO, was established. The US transferred one-third of its arms to the members of this newly formed NATO during 1961 to 1971. However, over the years, the US approach to arms transfers has undergone considerable change in scope, policy and geographic directions (Achuthan 1988: 9). The Vietnam War witnessed a major turning point in this regard.

Following the defeat in the Vietnam War, President Richard Nixon declared that, "while the objective of any American administration would be to avoid another war like Vietnam anywhere in the world but the United States should continue to supply arms and military assistance to its major allies" (Hartung 2008: 138; Stohl and Grillot 2009: 10). It resulted in a strategy of arming regional surrogates in Asia and other parts of the world to promote US interests (Hartung 2008: 138). The case of 1972 Tehran Arms Deal provides a clear illustration in this regard. It is reported that in May 1972, Richard Nixon during his visit to Teheran signed an arms deal with the Shah of Iran that allowed the Iranian monarch to purchase more sophisticated weapons from the US (Stephen 2013: 841; Pierre 1982: 48). Under this deal, the US supplied weapons worth billions of dollars to the Shah of Iran during 1978 and 1979 (Stephen 2013: 860; Keller and Nolan: 115). According to a report of SIPRI (1990: 224), in between 1970 and 1976, the US supplied 31 percent of its major conventional arms to Iran. In this regard, Stephen (2013: 860) has rightly asserted that it was Nixon who revolutionized the US arms transfer policy and set forth a new era in arms transfer relationship.

However, the containment policy was not the sole reason for arms sales by the US. During the Arab-Israel War in 1973, the Organization of Petroleum Exporting Countries (OPEC) imposed an oil embargo against the US for supporting Israel (Pierre 1982: 48). Faced with OPEC blackmail and threat, President Nixon appointed

an inter-agency committee headed by Deputy Secretary of Defence William P. Clements, Jr. (Pierre 1982: 24) with mandate to suggest measures so as to avoid long-term US dependence on foreign oil (U.S. Department of State 1969-1976: 1). The committee recommended to reduce the burden of higher oil costs by increasing exports, especially arms (Pierre 1982: 24; Howe 1984: 130). Arms sales were found to be helpful in strengthening of the US defence industrial base, reducing production costs and improving balance of payments (Stork and Paul 1983). The transfer of arms, therefore, was viewed by the US policy makers as rational strategy to protect and project their own interests in certain circumstances (Kolodziej 1980: 55; Vucetic and Tago 2014: 2).

National interest was the primary driving force behind the US arms transfer policy during Cold War. The perceived national security threat from growing proliferation of arms was another issue that dominated the US foreign policy discourse during the Cold War. The US growing concern for non-proliferation during this period was clearly reflected in its restrictive pattern of arms transfers to certain countries and regions. The case of Turkey provides a good example in this regard. When Turkey invaded Cyprus in 1974, the US government imposed an arms embargo on Turkey (Brown 1990: 22). To further enhance tighter controls over arms exports, the US government enacted the International Security Assistance and Arms Export Control Act (AECA) in 1976 (Brown 1990: 23). However, one major initiative in this regard took place in 1977, when President Jimmy Carter began a policy of unilateral restraint in arms transfers. According to him:

> Because of the threat to world peace embodied in this spiralling arms traffic, and because of the special responsibilities we bear as the largest arms seller, I believe that the United States must take steps to restrain its arms transfers. These controls will be binding unless extraordinary circumstances necessitate a Presidential exception (quoted in Betts 1980: 80).

Under this new policy of Carter administration, arms transfers were started to be seen as exception rather rule of foreign policy (ACDA 1982: 27). In order to implement this new policy, the US government initially constrained the arms transfers to various countries other than the NATO (ACDA 1982: 27). As a result of this restrictive policy, there came a reduction in volume of total US arms export (ACDA 1982: 27). Carter expected that the USSR would reciprocate with similar policy of disarmament.

However, instead of reducing the level of arms transfers, Soviet Union expanded its market position. For instance, the Soviet arms transfers to the Third World increased to approximately 52 percent from US$ 25 billion in 1977 to US$ 39 billion in 1980 (ACDA 1982: 28).

Unfortunately, following the fall of the Shah of Iran and the Soviet invasion in Afghanistan, the US again increased its arms sales (Betts 1980: 80). Just after few days of Soviet invasion in Afghanistan, Carter administration declared an Afghan covert-action programme for combating Soviet military forces in Afghanistan (Cogan 1993: 76). This programme authorized the US government to supply sophisticated lethal weapons to the Mujaheddin through Pakistan (Phythian 2000: 6; Cogan 1993: 76). Under this programme, the US supplied 303 Enfield rifles to Pakistan (Cogan 1993: 76).

The US interests on arms supply continued to increase under President Ronald Reagan. The general increasing trend in the US arms exports during the Reagan administration was also noticed by SIPRI and ACDA estimates (Table 3.1). According to a report of SIPRI, the US arms transfers increased from US$ 10 billion in 1980 to US$ 13 billion in 1981 (Table 3.1). ACDA reports that the volume of total arms transfers by the US increased to US$ 8 billion in 1981 from US$ 7 billion in 1980 (Table 3.1). It further reported that in 1983, the US arms transfers increased to US$ 15 billion from US$ 8 billion in 1982 (Table 3.1, Figure 1.1). By the end of 1983, according to a report of ACDA, US arms exports, increased to US$ 17 billion from US$ 15 billion in 1983 (Table 3.1).

According to SIPRI (1984: 176) President Reagan's unrestrained arms export policy was the major reason for this tremendous increase in the US arms export. President Reagan viewed arms sales as an indispensable component of his foreign policy (Phythian 2002: 6). His arms transfer policy contrasted sharply with Carter's policy on arms transfers (Pierre 1982: 277). President Reagan asserted that the US must not only strengthen its own military capabilities, but also should help its friends and allies to strengthen their capabilities through the transfer of US weapons (White House 1981: 1). According to him, the arms transfers complement the American security commitments and serve important objectives of the US (Hickey 1986: 1328).

One of the most important factors that influenced the US arms transfers during Reagan administration was the Iraq-Iran war of 1980-1988. When the war started the US officially stated that America did not have any diplomatic relations with either Iraq or Iran and was not providing any military support to either side through arms and weapons (Sterner 1984: 128). However, once Iran threatened to the US interest in the region following the rhetoric of Iraq's attack on its oil facilities and shipping, the Reagan administration allowed covert military actions to restrain further escalation (Sterner 1984: 129). The US involvement in the Iraq-Iran war was demonstrated in 1984 when the US provided support to Saudi Arabia to shoot down two Iranian warplanes (Sterner 1984: 129).

This shift in the trend of the US support in favor of Iraq was the result of Ayatollah Ruhollah Khomeini's anti-American Islamic revolution (Sterner 1984: 128). Though the US did not sell arms to Iraqi President Saddam Hussein, it indirectly motivated its NATO allies, the UK, French and other friendly countries to transfers weapons to the region (Keller and Nolan 1997-98: 115). In 1983, the Reagan administration launched Operation Staunch, in order to block arms transfers to Iran (Kemp 2010). Thus, Hickey (1986: 1328) has rightly asserted that the US arms transfer policy is very ambiguous and contradictory. According to him,

> American foreign policy is not static. As in all governments, American decision makers seek foreign policy strategies that best further the country's national interests. Indeed, when confronted with conflicting goals and objectives, decision makers may have to opt for policies that will produce the least harm rather than maximize net gains; one might characterize this as approximating 'damage limitation' (Hickey 1986: 1328).

However, the greatest contribution of President Ronald Reagan in the history of US arms transfers was his doctrine of providing military assistance to revolutionary freedom fighters in Angola, Cambodia, Nicaragua and Afghanistan (Hartung 2008: 138). The case of arms transfers to UNITA (rebel group in Angola) provides a good illustration in this regard (Phythian 2002). Justifying his decision to supply arms to UNITA, President Reagan Said:

> Well frankly I would provide them with weapons. It doesn't take American manpower. Savimbi [liberation fighter], the leader, controls more than half of Angola. I don't see anything wrong with someone who wants to free themselves from the rule of an outside power, which is Cubans and East Germans. I don't see why we shouldn't provide them with weapons to do it (quoted in Phythian 2002: 15).

In addition to these policies, it was Reagan administration that supplied Stinger, one of the most sophisticated anti-aircraft missiles to the anti-communist Afghan fighters (Phythian 2002). There were reports that during his regime, between 1987 and 1988, the US military aid to Afghanistan increased to US$ 400 million annually (Cogan 1993: 76). Overall, the US covert military support for the Afghan war was estimated at around US$ 2 billion in 1989 (Cogan 1993: 76-78). With the end of Cold War, however, the US arms transfers started to decline during1990s.

3.4.2 Soviet Union's Arms Exports

The USSR had long pursued arms exports as an instrument of foreign policy to advance its interests (Achuhan 1988: 4). According to the U.S. Department of Defense (1985: 7), the USSR supplied arms transfer with the motive to expand its influence and control throughout the world. World-wide Soviet foreign arms transfer policy was accompanied by a tendency to generate the military posture so as to support a widening range of Soviet's interest abroad (Achuhan 1988: 2).

Russia after its revolution in 1917 till Stalin's times advocated the concept of 'socialism in one country' and accordingly its arms export was primarily oriented towards its peripheral regions rather than exporting it outside (Achuhan 1988). Accordingly, the USSR regularly refused transfer of military aid to any non-communist Third World state (ACDA 1973: 35; Laird 1984: 201). However, Stalin's successors saw greater prospects for the Soviet role as a global power both in terms of political and military sense (Pierre 1982:74; Achuhan 1988: 2). Even though the Soviet rulers were less hopeful to replace capitalism in Western Europe, they never avoided opportunities for expansion of Soviet influence in the form of communism elsewhere such as Third World (Jervis 2001: 47).

Once decolonization started, many Soviet leaders such as Khrushchev, saw the opportunities in rising nationalism amongst newly independent states (Pierre 1982: 74). The nationalism of Third World countries was naturally centered on their dislike of colonial powers that happened to be the European capitalist states. Thus, Khrushchev believed that there was triumph of communism through these progressive nationalist movements in Third World (Jervis 2001: 47). Thus, Third World turned into Soviet's key battleground against US led capitalism (Pierre 1982: 80). The

expansion of military arms sales was perceived by the Soviet leaders as an appropriate means to accelerate decolonization and rapidly increase influence amongst newly independent Third World countries (Pierre 1982: 74; Laird 1984: 200).

From 1954 onwards, the Soviet strategy found concrete expression in their military assistance programmes for these countries (Achuhan 1988: 16). Since then, the Soviet Union signed number of arms supply agreements with non-aligned states such as Afghanistan, India, Egypt, Iraq and Syria (ACDA 1973: 36). According to a report of ACDA (1982: 30), by 1980, the Soviet Union had signed an arms agreement with 38 Third World countries. As per the estimates of ACDA, the Soviet accounted for US$ 10 billion arms export around the world in 1980 (Table 3.1).

Throughout the Cold War, the Soviet Union saw Third World as an important vehicle to spread communist ideas all over the world. The reason for this lies in the logic of deterrence and limited war doctrine (Laird 1984: 198). On the one hand, nuclear competition deemphasized other forms of war, on the other; it also increased the significance of conventional power as an instrument of limited war (Lash 2012: 11). The Soviets clearly understood that there existed conventional space below the nuclear threshold, which could be utilized as an instrument for violence in Third World (Menon 2004: 3). This strategy of the Soviet was explained by Colonel E. Rybkin as follows:

> Oppressed and dependent nations waging wars of liberation were no longer alone in the struggle against colonizers. They receive moral, political, economic, and, where possible and necessary, military assistance from countries of socialism (quoted in Laird 1984: 199).

This aggressive arms export policy of the Soviet Union was criticized by many strategists in the US as a master plan designed to weaken American strategic interests and alliances (SIPRI 1984: 181). In some cases it is evident that there were different dynamics that worked behind the Soviet arms transfer policies (Kinsella and Herbert 1995: 324). It is in this context Howe (1984: 134) writes that, the Soviet arms exports reflected its strong desire for expansion, hegemony and spread of communist revolution. To some extent the USSR's arms sales was also aimed to earn hard currency (Becker 1986: 3; Howe 1984: 133). In a report on Soviet arms exports, SIPRI (SIPRI 1984: 181) claimed that the USSR motive to transfer arms was guided

by a mixture of national security objectives and commercial considerations. This approach of Soviet arms exports is also supported by the ACDA data (ACDA 1982: 31).

According to a report of the ACDA (1982: 31), the importance of commercial considerations that the Soviet had assigned to its arms transfers policy during Cold War was reflected in several cash basis agreements with oil producing countries such as Iraq, Libya and Algeria. Arms sales to these countries yielded over US$ 1.5 billion hard currency for the USSR in 1978 (Pierre 1982: 79). Thus, many scholars argued that economic factors had also pushed the Soviet Union arms transfers rather than just bipolar rivalry with the US (Chan 1977: 131; Laird 1984: 197).In addition to this, arms sales had also played a key role in enhancing Soviet power projection capability. Lash (2012) and Pierre (1982) have described the interrelationship between Soviet military assistance and the modernization of the Soviet force structure in the following manner:

> During the early stage of the Cold War, the Soviet Union had a very limited capability to send arms to the Third world due to its very poor transportation system and low degree of mechanization (Lash 2012: 4). In the 1970s the Soviet Union greatly improved its capacity to transport arms over long distances by developing long- range cargo aircraft and by expanding its maritime capabilities (Pierre 1982: 77).

In 1973, the ACDA reported that the Soviet had acquired various landing and over flight rights, tracking stations and right to access naval facilities primarily in the Mediterranean sea and in the Indian Ocean (ACDA 1973: 36). According to a report of the U.S. Department of Defense (1985: 106), the Soviet Union at that time maintained some 45 ships and submarines in the Mediterranean Sea. Following the 1979 invasion in Afghanistan, Soviet naval presence in the Indian Ocean increased to some 30 ships by 1982 (U.S. Department of Defense 1985: 106). According to Pierre (1982: 77), these significant developments successfully demonstrated Soviet power projection capability. In other words, the change in force structure has also changed Soviet Union's self-perception of where it ought to be in the world political order (Lash 2012: 4).

In contrast to the US, the Soviet Union also commanded a number of advantages as a weapons supplier (ACDA 1985: 30). According to the ACDA report (1985: 30),

Soviet's "speed of delivery on the average was less than 12 months from contract to delivery of major systems as compared to 24-36 months for the United States." This comparative advantage of the Soviet with regard to defence production base made it more flexible in making policy choices with respect to the needs of Warsaw Pact consumers and Third World markets (ACDA 1985: 30). The ACDA (1985: 30) underscored this advantage under following words:

> The USSR can deliver significant amounts of weaponry very quickly as it showed recently Ethiopia and Vietnam and is now doing in Cuba. Moscow also can offer much more attractive loans than can Western suppliers. For nations not desiring the latest equipment, the USSR has kept open the production lines for selected arms, such as MIG-21 fighter, which is no longer in first-line Soviet units; it also maintains large quantities of older, refurbished weaponry.

Indeed, the Soviet Union exported arms more than any country during the decade of the 1970s (Laird 1984: 196). However, this competitive advantage began to decline after 1980s as subsequent circumstances became unfavourabe to USSR (ACDA 1985: 33). As per ACDA, While in 1973, the share of the USSR accounted for 40 percent of the world's total arms transfers as compared to the US with 37 percent, it declined to 35 percent in 1980 (Table 3.1). SIPRI reported that the value of Soviet Union arms transfers decreased from US$ 17 billion in 1980 to US$ 16 billion in 1981 (Table 3.1). Further, it reported that the value of Soviet Union arms transfers decreased from US$ 15 billion in 1982 to US$ 14 billion in 1983, but remained at relatively stable in 1984-86 and then again declined from US$ 13 billion in 1987 to US$ 12 billion in 1989 and US$ 9 billion in 1990 (Table 3.1). However, it is not difficult to identify the factors that led to decline in Soviet arms transfers during this decade (Laird 1984: 205).

The three most important factors responsible for this decline were: Firstly, after 1980, under the influence of President Mikhail Gorbachev and Foreign Minister Eduard Shevardnadze, the foreign policy of the Soviet Union underwent something a renaissance (Anthony 1998: 28). By the year 1985, President Mikhail Gorbachev had taken significant steps to reduce the intensity of arms race between the US and the USSR. He advocated the concept of reasonable sufficiency instead of strategic parity at the military technological frontier (Lash 2012: 65). This decision clearly indicted the USSR's desire to end the arms race with the US during Cold War (Lash 2012: 65). Consequently, the arms exports by the Soviet dropped considerably. In following years,

the US and the USSR started negotiations in arms control and resolve the destructive conflicts in Central America, South Asia and Southern Africa (Anthony 1998: 28).

The second reason was the economic crisis faced by many recipient countries in the Third World (SIPRI 1984: 183). Due to debt crisis, many Soviet arms clients had reduced their spending on arms imports (SIPRI 1990: 219). The sudden decline in oil prices further contributed to the reduction in arms imports (SIPRI 1990: 219). The USSR's struggling economy had also contributed to less generous attitude towards arms sales (SIPRI 1984: 183). According to a report of the ACDA, since 1982, the economic growth rate (GNP) of the USSR had been slowing down (ACDA 1982: 19). Realizing the burden of military buildup on the economy, the USSR started to reduce its defence budget (ACDA 1982: 19). In fact, some scholars believe that it was ultimately economic considerations that caused the Soviet Union to abandon arms competition with the US (Huntington 2008; Lash 2012: 68).

Thirdly, the end of several wars at the regional level notably the Iraq-Iran war and multiple arms embargo against states like Cuba also led to the decline in arms exports (ACDA 1991: 11). Nevertheless, Soviet remained the largest arms supplier to the Middle Eastern countries during the period of 1987-1991 and accounted for one quarter of the total arms export to this region (ACDC 1991: 11). However, the defeat of Syria by Israel in 1982 war led to a significant decline in Soviet arms transfers (Laird 1984: 205). Many recipients of Soviet arms expressed their concern over the performance of Soviet military equipments and at the same time started to receive weapons from other suppliers (Laird 1984: 205). In short, the USSR faced a serious crisis in the international arms market in 1980-1990.

3.5 Summary

This chapter argues that arms transfers were at the core of bipolar competition during the Cold War period. The examination of this chapter reveals that this central argument is validated on the basis of three pressure scenarios, firstly, the US and the USSR competed for arms transfers to Third World countries, secondly there existed geostrategic or geopolitical contestation between the US and the USSR and thirdly both felt need of technological superiority for arms sales. In all three scenarios, it was the complex nature of the Cold War rivalry itself which driven the US and the USSR

arms transfers. Empirically, this was manifested in the way they supplied arms to their respective allies for example, NATO and Warsaw Pact and other client states in the third world.

However, the relative weightage of each set of factors can be shown to have shifted during the course of time (Kolodziej 1980: 54). Nevertheless, throughout the Cold War, the struggle for political and military-security considerations dominated the arms trade policies of both the superpowers but later on the domestic and economic interests have progressively grown in importance. This, to some extent, is true in case of both the superpowers, where their arms transfer policies could be related to factors ranging from purely economic considerations such as the 1973 oil crisis to the conservation of financial resources for their own defense requirements.

By and large, the arms transfers during Cold War were mostly fuelled by competition between the US and the USSR and their associated regional rival powers. This chapter discusses how the Arab Israeli war, Iraq-Iran War wars and Afghan crisis provided sufficient ground for the supply of arms to these belligerent states. Whatever the strategic motives of the key suppliers were, one could not ignore the importance of third world countries in enlarging the flow of arms during the last two decades of the Cold War. In fact, international arms transfers, particularly to the Third World, appear to have grown significantly over this period (Bitzinger 1994: 186). The superpower's rivalry during Cold War existed at both the micro and macro level. At micro level, it was between the regional powers while at macro level, it was between the US and the USSR. However the principal driving force behind arms transfers operated at a macro level between the US and the USSR (Chan 1977: 131; Kinsella 1994: 558). In nutshell, during Cold War, in the words of Kinsella (2002: 214):

> Arms transfers were driven by superpowers' political struggle for global influence, and as they often went to balance opposing sides in regional rivalries, the arms transfer at times seemed to be reflections of the superpowers own rivalry, it was nothing but an extension of the superpowers direct arms competition.

Table 3.1

Comparison of the Two Major Arms Exporters: the US and the USSR, 1971-1990 (USD million)

	ACDA					SIPRI				
Year	World Total Arms Export	US		USSR		World Total Arms Export	US		USSR	
		USD	%	USD	%		USD	%	USD	%
1971	6156	3367	54.6	1486	24.1	33037	11576	35.0	11944	36.1
1972	20250	7781	38.4	5641	27.8	34002	10728	31.5	13317	39.1
1973	24305	9022	37.1	9759	40. 1	34865	11966	34.3	14531	41.6
1974	19963	7788	39.0	6942	34.7	35355	12273	34.7	14456	40.8
1975	19820	7452	37.5	6210	31.3	37290	16120	43.2	11205	30.0
1976	24518	8667	35.3	7785	31.7	35220	15670	44.4	9482	26.9
1977	27486	9435	34.3	9157	33.3	39794	14470	36.3	15180	38.1
1978	29933	8286	27.6	9947	33.2	43087	13963	32.4	17870	41.4
1979	31665	7503	23.6	13459	42.5	38245	9640	25.2	17144	44.8
1980	30393	7106	23.3	10933	35.9	41764	10639	25.4	17865	42.7
1981	34260	8300	24.2	9900	28.8	44998	13457	29.9	16567	36.8
1982	34198	8961	26.2	10281	30.0	45556	13922	30.5	15964	35.0
1983	69830	15230	21.8	27620	39.5	43990	13820	31.4	14663	33.3
1984	76550	14720	19.2	26440	34.5	41637	11781	28.2	14096	33.8
1985	65890	14200	21.5	22750	34.5	38466	10667	27.7	14737	38.3
1986	65330	12040	18.4	27530	42. 1	39037	11546	29.5	14622	37.4
1987	74350	17380	23.3	28670	38.5	39525	12178	30.8	13494	34.1
1988	67250	13270	19.7	27010	40. 1	36864	11767	31.9	12607	34.1
1989	58070	15440	26.5	22640	38.9	35662	11313	31.7	12343	34.6
1990	49520	14690	29.6	16770	33.8	30014	10727	35.7	9746	32.4

Sources: ACDA (1973: 2); ACDA (1991: 8, 12, 14), Ohlson and Brzoska (1984: 177); SIPRI (1998: 319); ACDA (1984: 53, 86, 91); ACDA (1995: 91,130,135); SIPRI (1991: 198); SIPRI (2016a).

CHAPTER 4

ARMS TRADE IN THE UNIPOLAR SYSTEM: US AND RUSSIA

> "The United States is the sole state with preeminence in every domain of power economic, military, diplomatic, ideological, technological, and cultural with the reach and capabilities to promote its interests in virtually every part of the world" (Huntington 1999: 36).

4.1 Introduction

Arms trade has always been an important instrument of the US foreign policy. Historically, in order to gain influence in the world and secure its national security interests, the US has exported arms to several countries. During the Cold War period, the US purposefully exported its military weapons and technologies to the key allies for containing the aggressive spread of communism led by the USSR. The ideological bipolar pattern of arms trade rivalry ended with the disintegration of the USSR, and consequently, the US became an unparalleled global power. In a favourable security environment where the US has no great rival, it became less interested in transferring arms with political motives.

In an unfavourable security environment the states make greater efforts on winning allies where arms trade plays an important role in mobilising support. In post-Cold War era, the preponderance of power in the hands of a single state (US) has undermined the importance of arms and traditional means of influencing foreign policy (Walt 2009). The US started a gradual shift in security driven arms export policies to profit oriented arms sales. In fact, the current motivations of the US arms export are primarily commercial and economic in nature (Anthony 1990: 7). With lesser budgetary defence spending, along with sudden decline in global demand of arms, led to the contraction of military industry in the US and Russia after the end of Cold War period. In such a scenario, exporting arms have become a critical corporate and government strategy for sustaining the national defense industrial bases (Bitzinger 1994: 171). The sustainable security of a nation warrants a sustainable economy to support it and vice versa. In other words, when there is mutual interdependence

between security and economy, the economic gain from arms trade could be a substitute for military power and vice-versa.

Concurrently, in post-Cold War period, the economic pressures and the traditional motive to exert influence have prompted Russia's efforts to expand its arms trade as a tool for increasing revenues as well as maintaining influence in world politics (Lansford 2002: 127). The re-emergence of Russia as a major arms exporter has certainly intensified the existing tension between Moscow and Washington in arms trade. At the same time, Beijing is also seen by the US as a potential adversary to its interests. The sustained growth of China's military capabilities including its economic power and the manner in which Beijing will wield this power has become centre of recent American foreign policy discourse (Thapliyal 2010: 3). This prompted the US to re-evaluate its arms trade policies in a continuously changing international environment and reassert the strategic importance of arms trade in the post Cold War era. In fact, some critics argue that the end of the Cold War has hardly affected the US interests to export arms without having political motives (Castro 1994: 345). Castro argues that the US has become more active in developing a new post-Cold War security structure through increased arms trade as a tool for expanding NATO, seizing new economic opportunities in Asia, accessing new arms markets formerly dominated by the USSR, combating rogue states and terrorism (Castro 1994: 342).

While analyzing the motives of the US arms exports, the purpose of this chapter is not to summarize the role of arms trade in general, but rather to find out what kind of systemic factors led to the much of the changes in the arms trade. For the sake of convenience to understand these issues and patterns, this chapter is divided into three sections. At first, particular attention is paid to the recent trends in the arms trade. Here, this section explores the changes that have occurred in the arms trade during the Cold War and post-Cold War periods. However, in order to understand this trajectory, one cannot ignore the major transition of world order from the bipolarity towards unipolarity, as it is one of the fundamental characteristic of present day global arms trade. Hence, this section attempts to bring forth these important changes in terms of the global arms trade vis- a- vis American and Russian role as a major supplier. The second section analyzes the driving motives behind the US arms transfers in a unipolar system with principal strategies and contemporary examples. The third

section analyzes Russia's re-emergence in the international arms market. This section also examines the economic and political pressures that have been responsible for exports of weapons in post Cold War period. The final section summarises the main arguments of the chapter.

4.2 An Overview of Arms Trade Pattern during Post-Cold War

In order to examine the recent post-Cold War trends in the arms trade as distinct from the Cold War period, it is imperative to consider the changes at the world arms bazaar. The deeper investigation in this regard suggests that there are four central aspect of current international arms market on the basis of which we can analyse recent trends in the arms trade. First, an obvious point is related to the quantitative change that have occurred after the collapse of Soviet Union, second is related to the pattern of weapons producer and consumer, third one is interrelated to the changes in the arms transfer relationship and final one is related to the motives for arms trade.

4.2.1 Quantitative Changes in Arms Transfers

The quantitative trend in the post-Cold War arms trade can be divided into two major periods. Firstly, there was a significant decline in arms trade by the end of the bipolar system in 1991 and secondly, a bottoming out around 1998 and an increase in 2005-2011 (SIPRI 2006: 397). This section covers both the major periods.

4.2.1.1 Decline in Arms Exports

The continued decline in global arms sales has been one of the most significant phenomena of the post-Cold War international arms market (Singh 1999: 24). After the end of Cold War, according to different estimates, arms trade went on a sharp decline over the first decade (ACDA 1995: 14; SIPRI 2000; SIPRI 2001; Brzoska 2004: 112; Figure 2.1). A major drop in arms export occurred in 1991, when global arms exports fell from US$ 74.3 billion in 1987 to US$ 56.1 billion in 1991 (Table 3.1: ACDA; Table 4.1: ACDA). The overall decline further increased in 1992 when arms exports fell from US$ 56.1 billion in 1991 to US$ 49.9 billion in 1992 (Table 3.1: ACDA; Table 4.1: ACDA). According to a report of ACDA the value of the world total arms export was US$ 47.4 billion in 1993 and US$ 43.4 billion in 1994 (Table 4.1). The SIPRI estimates also show the similar trend in world arms transfers

(SIPRI 2000; SIPRI 2001). According to SIPRI estimates, during 1991-1995, world arms exports declined rapidly but remained at a relatively stable level from the year 1995 to 1999 (Table 4.1). SIPRI further estimates that, the global arms transfers reached at the lowest point in 2002, accounting for only US$ 17.7 billion (Table 4.1; Figure 1.1). The downward trend in the arms trade got reversed in 2005 (SIPRI 2006); even though arms exports reached at US$ 21.6 billion in 2005, it still accounted for 45 percent of the decline as compared from that of 1987 (Table 4.1: SIPRI; SIPRI 2006).

Nevertheless, there are several explanations for this decline given by different scholars (SIPRI 1995:492; Hagelin *et al.* 2001; Singh 1999: 24). The most prominent cause of this decline is attributed to the fall of the Soviet Union (Hagelin *et al.* 2001). But this explanation by itself requires to be viewed with a degree of care because many other states including the US also have reduced its arms exports significantly during this period (Singh 1999: 24). Yet, reduction in the Soviet arms export has significantly impacted on the overall trend in arms transfers (Singh 1999: 24). According to one scholar on arms trade:

> By the end of the eighties the Soviet Union (Russia) lost both its economic ability and political intention of arming loyal third world countries for sake of influence. This led to the decrease of total arms transfers to the developing countries and therefore to the decrease of world total arms transfers (Frigyes 2001: 109).

According to a report of ACDA, Russia's share in world arms export has decreased from US$ 7 billion in 1991 to US$ 4 billion in 1995 (Table 4.1). According to another report of ACDA, while during the previous decade, the USSR share of the world's arms market was at around 32-39 percent, in 1991 its share fell to 13 percent, almost 74 percentage decrease than the decade high 39 percent share in 1987 (ACDA 1995: 18; ACDA 1994: 17).

However, in comparison to a report of the ACDA, the SIPRI estimates show that the USSR had exported US$ 5 billion arms around the world in 1991 (Table 4.1). Its successor Russia's share had further decreased to US$ 2 billion in 1992 and then increased to US$ 3 billion in 1993, and falling again to US$ 1 billion in 1994 (Table 4.1: SIPRI). In 1995, ACDA reported that the UK had replaced Russia as the second largest arms exporter in 1994 and Russia was ranked as the third largest arms exporter

in the same year (ACDA 1995: 19). The CRS report also notes that the UK ranked second in worldwide arms exports in 1995, supplying US$ 4.9 billion arms, Russia ranked third in 1995, supplying US$ 3.1 billion arms and the US ranked first in such deliveries in 1995, supplying alone US$ 12.5 billion arms (Grimmett 1996: 84). These top three arms suppliers collectively delivered 72.7 percent of all arms delivered world-wide in that year (Grimmett 1996: 84). In 2000 the SIPRI's data on arms transfers reported that Russia was the second largest arms exporter in 1995 as well as for the period 1995-1999; whereas ACDA reported that, Russia ranked third in arms deliveries in 1995, after the US and the UK (SIPRI 2000: 340; ACDA 1997: 22). However, the downward trend in Russian arms exports got reversed in 2000 as a result of the continuous increase in arms transfers from 1995 (SIPRI 2006: 450).

4.2.1.2 Growth in Arms Exports

In 1990s, the global export in conventional weapons started to increase again after 1995 (Betts 1980: 80). According to a report of ACDA, world arms export has increased by around US$ 80 billion in 1995 (Table 4.1). According to the CRS report the total value of arms transfers was over US$ 28.2 billion in 1995 (Grimmett 1996: 84). According to this report, it was the first time after the end of Cold War when the volume of world arms exports increased from the previous year 1988-95 (Grimmett 1996: 84). Next year in 1996, according to a report of the U.S. Department of State, arms export increased to US$ 68 billion from US$ 43 billion in 1994 (Table 4.1).

A contrasting trend was also noted here. While the imports by the developed countries rose to US$ 3 billion, the imports by the developing states fell around US$ 1 billion (ACDA 1997: 3). The US as a primary supplier of arms to the developed countries provided 58 to 80 percent of its total arms to fellow NATO members and other close allies such as Japan, Australia, South Korea, and Israel (ACDA 1994; ACDA 1997: 2-16). On the other, the developing counties imported 39 percent from the US in 1996 and 12 percent from Russia (ACDA 1997: 3). According to a report of CRS, while in 1988-91, Russia contributed for 29.1 percent arms exports as compared to 30.4 percent of the US, but in 1992-1995, Russia was ranked third followed by France (Grimmett 1996: 84).

The U.S. Department of State estimates show that the volume of Russian arms exports rose to US$ 4500 million in 1995 as compared to US$ 1854 million in 1994 (Table 4.1: U.S. Department of State). In that year, Grimmett (1996: 85) in the CRS report ranked Russia as the first supplier in terms of arms transfers agreements with the developing countries. According to this report, Russian share of arms export agreements to developing states increased from 16.7 percent in 1994 to 39 percent in 1995 (Grimmett 1996: 85).

This increase in Russia's arms export had also been noted by SIPRI (Holtom *et al.* 2012: 2). According to a report of SIPRI, Russia increased its arms exports from US$ 3 billion in 1996 to US$ 4.5 billion in 2000 (Table 4.1). In 2000, SIPRI estimates also show that the US export was dropped to US$ 7 billion as compared to US$ 10 billion in 1996 (Table 4.1). According to this report (SIPRI), overall during the period 2000-2004, Russia exported US$ 27 billion arms and the US exported US$ 30.6 billion worth of arms around the world (Table 4.1). Further it estimated that in 2005 the US alone accounted for 31.56 percent and Russia accounted for 24.09 percent of the total global arms exports (Table 4.1: SIPRI).

In 2006-2010, the IISS reported that Russia had exported US$ 28 billion worth of arms while the US exported US$ 65 billion (Table 4.1). However, in contrast to the report of the IISS, SIPRI's estimates show, Russia exported US$ 28 billion in 2006-2010 as compared with US exports valued at US $36 billion (Table 4.1). These differences might have occurred because of difference in valuation of contracts signed and actual supplies. SIPRI ranked Russia as the second largest arms exporter in the international arms trade, accounting for 24 per cent of the total exports during 2007 to 2011 (Holtom *et al.* 2012: 2). According to this report the five leading suppliers of major conventional weapons in 2007-11 were: the US, Russia, Germany, France and the UK (Holtom *et al.* 2012: 2; Table 1.1).

4.2.2 **Pattern of Arms Producers and Consumers**

4.2.2.1 United States Domination in Arms Market

American primacy in the global arms production is one of the most salient features of the post Cold War pattern of arms trade. The US dominated all sectors related to arms

such as budgetary support, production of weapons, market share in global arms sales, and developing cutting edge military technologies. On the export side of arms, the singular dominance of the US was notable in the year 1995 when it alone seized the record 65 percent (US$ 55 billion) share of global arms export (Khanna and Chapman 2008: 2; U.S. Department of State 2005). Never before in history of modern states, had any country monopolised the international arms trade as heavily as the US did in post-Cold War era (Kapstein 1994: 3). SIPRI report also explained about the nature of the US domination in arms trade and argued that US had become the biggest supplier of arms in both military and financial terms (SIPRI 2000: 35). The dominant position of the US in the international arms trade is well illustrated by SIPRI analyst Bromley (2009). According to him the US has consistently remained the most dominant player in international arms market through large spending on arms development and superior technological advantages (Bromley 2009). In addition, the US is also a major producer of both small arms and light weapons (Gabelnick *et al.* 2006: 1).

The US arms trade monopoly is also reflected in the regular ranking of the biggest arms exporters (Ozkan 2008: 111). Amongst the arms-exporting countries, the US alone accounted for over 50 percent of the global arms sales during 1990-1993 (Chaudhury and Singh 1995: 61). This share further reached to 58 percent in 1992-1993 with the end of the Cold War (ACDA 1997: 2; U.S. Department of State 2005). According to a report of the U.S. Department of State the US increased US$ 55 billion arms export in 1995 from US$ 30 billion arms in 1991 (Table 4.1). Similar conclusion has been made by a report of the CRS prepared by Grimmett. According to a report of CRS (Grimmett 1996: 84), the US was ranked first for global arms export during 1991-95.

According to a report of SIPRI, in 1996, the US alone exported US$ 10 billion worth of arms while Russia exported only US$ 3 billion arms (Table 4.1). The U.S. Department of State reported that between 1995 and 2005, the US arms export had increased from US$ 55 billion in 1995 to about US$ 76 in 2005 (Table 4.1). According to a report of IISS, the US alone accounted for 37 percent of the worldwide total arms export in 2005 (Table 4.1). During the five-year period from 2006 to 2010, the US exported US$ 36.9 billion arms (Table 4.1: SIPRI). The U.S. Department of State (2013) estimated that the US had supplied 77 percent of the global arms exports

during 2000-2010 and it was followed by the European Union (EU) with 12 percent, Russia with 5 percent and China with just 2 percent (Figure 4.1).

According to SIPRI's estimate, for the period 2007-2011, the US exported US$ 38 billion arms, while Russia exported US$ 31 billion for the same period (Table 4.1). In fact, the US transferred arms to 75 recipients in 2006-2010, more than any other supplier (Holtom *et al.* 2011: 2). In 2011, according to the another report of SIPRI, after two decades of the end of Cold War, the US signed the biggest arms deal with Saudi Arabia for export of 84 new and 70 rebuilt F-15SG combat aircraft (Holtom *et al.* 2012: 1).

The qualitative advantage of the sophisticated weapons produced by the US also played a crucial role in expanding share in the international arms market (Caverley 2007: 602). According to one scholar, the US has demonstrated its military technological capability on several occasions (Walt 2009: 109). For example, the stunning victory of the US forces during operation Desert Storm (Iraq war in 1991), the Kosovo War, the ouster of the Taliban, and operation Iraqi Freedom solidified the unmatched military superiority of the US (Walt 2009: 109).

The US dominant position in the global arms market also got strengthened by its leading arms producing industries (Ozkan 2008: 112). Most of the leading arms producing industries are located in the US (Ozkan 2008: 111, Table 4.2). While explaining the reasons behind the domination of the US companies, Battilega *et al.* (2005) gives credit to the higher demand from the US army, availability of top scientific research universities, easy availability of commercial communication and information technology and global outreach of US companies. In fact, the arms exports data from 2000 to 2010 suggests that the US owns over half of the global arms export market (77 percent) and its net share is more than aggregate sum of the major suppliers such as Russia, China and other European countries (Figure 4.1).

Relative military spending, arms production and technological capabilities in comparison with other major powers also demonstrates the underlying causes for growth of the US market in the international arms trade (SIPRI 2001: 223). According to a report of SIPRI (2001: 234) in 1996, during the era of Clinton administration, the US defence expenditures increased to 7 percent (SIPRI 2001: 223). It also notes that,

the US spending on research and development programmes to explore and develop new weapons and their potential for military applications over long period of time have been increasing continuously (SIPRI 2001: 223). Because of this, according to Escude (1998: 55-75), the technological gaps between the U.S. defence industry and defense industries of other developed countries has increased so heavily that the global defence industrial order, just like the international political order has now become unipolar.

4.2.2.2 *Shift in Consumer Profile*

The change in the global arms market with the end of Cold War also produced shift in the pattern of consumer profile (Ouasti 2012: 2). A shift in this regard has started to operate from the Middle East to Asia. In post 1990, Asia became one such region that showed upward trend in its arms imports. South East Asia alone imported 22 per cent (US$ 9 billion) of world's total arms sales in 1995 and was ranked third largest weapons market after the US, and Europe (Ollapally 2008).

Some countries like China, India, South Korea, Taiwan, Pakistan, Singapore and South Africa have been listed among the top global arms importers after 1990 (Ouasti 2012: 2; Figure 1.2; Table 1.2). According to a report of SIPRI among them, China and India were ranked as the world's two largest importers of conventional weapons in 1999-2003 and 2004-2008 (Bromley *et al.* 2009: 3). Further it reported that while in 1982 the share of five largest arms recipients namely Iraq, Libya, Egypt, Saudi Arabia and India was around 30 per cent of all imports, in 2005 the share of China, UAE, India, Israel and Greece increased to 41 per cent (Bromley *et al.* 2009).

Between 2004 and 2008 China, India, UAE, South Korea, and Greece accounted for 35 per cent of the world total arms imports (Bromley *et al.* 2009: 4). In another report SIPRI ranked India, South Korea, Pakistan, China and Singapore as the five largest arms recipients for the period 2007-11 (Holtom *et al.* 2012: 1; Table 1.1). Other major arms recipients in 2011 included Vietnam, Libya, Egypt, Syria, Morocco, and Turkey (Prakash 2013: 3). Despite this change in the structure of major importers after the end of Cold War, the Middle East region remained an important market for foreign arms sales (Grimmett 1996: 85). Iran, Iraq and Saudi Arabia still dominate the global arms import market (Khanna and Chapman 2008: 2).

4.2.2.3 Arms Transfer Relationship

"Nations have no permanent friends or allies, they only have permanent interests".

The above quote by former British Prime Minster Lord Palmerston, very aptly describes the nature of state to state relationship established through arms transfers (quoted in Willardson 2013b: 1). With the passage of time, according to Kenneth Waltz, a renowned Realist scholar, the nations change its form as well as purpose or interests under forces of technological advancements and improvement in weapons; and as a result there comes a disruption or formation of alliances (Waltz 1979: 66). When changes occur within nation state systems, it provides important variables to explain the changes in international political outcomes (Waltz 1979: 66). During the Cold War, arms trade played an important role for alliance formation. NATO and Warsaw pact are two examples of such alliance based on arms transfers.

With the collapse of the Soviet Union, many scholars predicted that Cold War driven arms alliances would weaken. John Mearsheimer in this context argued that since Soviet threat was the principal driving factor that kept NATO together, the Soviet's disintegration had taken away that binding threat (cited in Kapstein 2002: 141). In such scenario, the US was expected to abandon its major focus from Europe leading to the disintegration of NATO (Kapstein 2002: 141). Several scholars have however, explained about how NATO failed to these expectations and survived in post-Cold War period (SIPRI 2005: 287). Some gives credit to the reduced, yet, remaining threat from Russia, while others give credit to its diversifications of activities in changed global security environment. For example, NATO started playing an important role in war against transnational organized crimes such as terrorism, drug menace and arms smuggling. Like Mearsheimer, Haass (2008: 56) also asserted that in the absence of any major foreseeable threat, the outlooks, and obligations in a post Cold War period, alliances would lose much of their importance (Haass 2008: 56). According to him,

> It will become harder to classify other countries as either allies or adversaries; they will cooperate on some issues and resist on others. There will be a premium on consultation and coalition building and on a diplomacy that encourages cooperation when possible and shields such cooperation from the fallout of inevitable disagreements (Haas 2008: 56).

According to Haass, in absence of serious global threats, the relationships between arms supplying and recipient states would be more selective and situational (Haass

2008: 56). In this context, Sergounin and Subbotin (1994:194) pointed that, “the post-Cold War era is replete with uncertainties and paradoxes. Yesterday’s foes become friends and rivalry is growing between former allies.” The changing relationship between Russia and China, the US and Pakistan exemplify this paradox (Sergounin and Subbotin 1998: 194). China that was the ideological competitor of Soviet Union during Cold War has now become a major recipient of Russia’s arms since 1990. Together both formed a strategic partnership in 1996 (Lumpe 1999; Zhuravel 2012: 1). According to a report of the Institute of Defence Studies and Analysis (IDSA) prepared by Singh (1999: 46) during 1995-1999, these two countries have signed over 200 agreements. China and Russia have also signed a Treaty of Good Neighborliness and Friendly Cooperation in 2001 and regularly conduct joint military training programmes since 2005 (Zhuravel 2012: 1). Similar trend is seen in the relationship between US and Pakistan. According to IHS Jane’s, after the 9/11 terrorist attacks, the US lifted sanction against Pakistan that were imposed after its nuclear test and resumed its decision to sale F-16 fighters and other military equipments to Pakistan (Bokhari 2016).

4.2.2.4 Era of Consolidation and Competition among Arms Industries

The growing consolidation and concentration of arms industry is another noticeable trend in the international arms market after end of Cold War (Perlo-Freeman 2010: 250; Rosoboroneksport 2018). The deficit in the defence budget in 1990s forced the arms industries to enter into a new phase of reorganization in which a large number of small defence industries merged with large arms producing companies (Perlo-Freeman 2010: 250). The Mergers and Acquisitions (M &A) aimed to “provide the benefits of increased competition by keeping more firms alive by encouraging more dual-use technology development” (Caverley 2007: 160).

The US was the first country to restructure and consolidate its arms industry in a response to the new post-Cold War environment (Gartzke 2010: 12). Between 1997 and 1998, a wave of mergers and acquisitions in the US created corporations such as Lockheed Martin Marietta, Boeing and McDonnell Douglas Corporation (BMD) and Northrop Grumman (SIPRI 2001: 302; Boatner 1999; Schmitt 2000: 23).

In Europe, however, the process of consolidation is quite different from the US. Rather than American 'ethnocentric'[13] consolidation approach, European arms producing companies are seeking a more direct transatlantic forms of industrial alliances, such as the tie-nation European Aeronautic, Defence and Space Company (EADS) (SIPRI 2001: 303; Gartzke 2010).[14] Faced with serious challenges from the US companies, this cross-border EADS merger was seen by Gartzke (2010: 3) as a joint attempt by Germany and France to ensure the survival and autonomy of the European aerospace and defence industry. As a result, on several occasions a European aircraft producer Airbus had beaten the US companies like Boeing and sealed the deals worth billions from the US (Wezeman *et al.* 2009: 307). In 2009, SIPRI reported that European Airbus company received a very large order from the US (estimated between US$ 40 billion to US$ 80 billion) against Boeing for 179 large tanker transport aircraft (Wezeman *et al.* 2009: 307).

There is also another big player in the European arms industry: the UK based BAE Systems that was formed in 1999 (SIPRI 2001: 303). In 1999 the BAE Systems alone accounted for 77 percent arms sales (SIPRI 2001: 305). BAE Systems dominated the European arms industry, as it was ranked first in 2008 among the top 10 largest arms companies listed by SIPRI (Table 4.2). After the US$ 651 million worth acquisition by BAE Systems, the British tank maker Alvis lost its independent ranking since 2004 onwards (SIPRI 2006: 390). By far, the largest and most strategically noteworthy achievement was the acquisition of United Defense (US) by BAE Systems in 2005, a deal valued at US$ 4192 million (SIPRI 2006: 392). The SIPRI (2006: 392) termed it as the largest ever acquisition of the US defence company by a non- American company. Further it reported that, one of the most significant impacts of the deal was that the UK based company became the sixth largest contractor of the U.S. Department of Defense (SIPRI 2006: 392).

Steps were also taken to consolidate the Russian defence industry (SIPRI 2001: 325). For this purpose, a new state controlled export company, Rosoboroneksport, was created through the amalgamation of Promeksport and Rosvooruzheniye (SIPRI 2001: 325). According to SIPRI (2001: 325), this new company was responsible for about

[13] The term used by Hayward (2000) to explain the merger of companies within the same state's jurisdiction.
[14] French, German and Spanish have formed EADS in 2000 (SIPRI 2001: 303).

90 percent of Russia's arms transfers. Later on the Sukhoi and MiG combat aircraft companies that were operating outside its jurisdiction were also merged (SIPRI 2001: 325; IISS 2004: 298). In addition, Sukhoi has also jointly developed a new combat aircraft in India for use of both the Indian and the Russian air forces (SIPRI 2001: 327). In 2002-2004, Sukhoi exported about 140 aircrafts and accounted 30 percent of total Russian arms exports (SIPRI 2005: 422). Table 4.3 shows how several Russian companies improved their world wide ranking in international arms market since 2001 to 2016.

The studies in post-Cold War period show that Russian arms sales have kept an upward trajectory even though the domestic arms industry faced economic challenges. According to various reports of SIPRI, the Russian companies have improved their market share as well as ranking in recent years (SIPRI 2015; Table 4.3, SIPRI 2017b). According to a SIPRI report in 2015, 11 (up from 9) Russian companies were ranked within top 100 arms companies, accounting for a total global share of 10.2 per cent (Table 4.3, SIPRI 2015). The two newly ranked entrants were High Precision Systems (39th) and Radio Technical and Information (RTI) Systems (91st) (SIPRI 2015). The United Instrument Manufacturing Corporation (UIMC) that came with the merger of several companies got 24th position by replacing Sozvezdie (SIPRI 2015). The report suggests that with a 72.5 per cent increase in its arms trade, the Russian company Uralvagonzavod gained most remarkable growth in arms sales (SIPRI 2015). Another company named Almaz-Antey was ranked for 11th with approximately 23 per cent increase in its arms sales (SIPRI 2015). While highlighting the achievements of these 11 Russian companies, SIPRI's Senior Researcher Siemon Wezeman says they witnessed a combined growth of 48.4 percent (SIPRI 2015).

Another report of SIPRI (2014) noted some new changes in pattern of global arms industries and their sales. Earlier the arms producing companies were concentrated in European and North American region but in recent years, the companies outside from North America and Western Europe have also increased their activities in arms production as well as sales (SIPRI 2014: 209). The 2014 SIPRI's figures clearly exemplify this trend: the arms sales by one of the US largest company, KBR fell by 60 percent (SIPRI 2014: 207-210). The share of several other companies such as BAE Systems, General Dynamics had also decreased significantly in the same year (SIPRI

2014: 207-208). This drive has in turn led to an increase in Australia, Brazil, Japan, Ukraine and South Korean arms export (SIPRI 2014: 210-211). For example, Brazil's Embraer, one of the biggest suppliers listed in the top 100, raised its position from 84th in 2011 to 66th in 2012 (SIPRI 2014: 211).

4.3 **Nature and Trends in Arms Exports during Post Cold War**

4.3.1 United States Arms Exports

After the end of World War II, the collapse of the Soviet Union is another most important event of twentieth century which produced far reaching changes in international politics and significantly impacted the nature and pattern of arms trade (Wohlforth 1999: 5). The disintegration of the USSR and its sharp decline from superpower status advanced a hegemonic world order led by the US. In this hegemonic order, the US emerged as the sole superpower (Wohlforth 1999: 5). According to Rajagopalan and Sahni (2008: 8) the contemporary American power is founded on the bedrock of overwhelming superiority of its military capabilities. The US today has military capabilities which are very lethal, accurate and can reach to any part of the world in a very short span of time (Rajagopalan and Sahni 2008: 8). The military superiority in absence of any potential rival after the end of Cold War provided a unique opportunity for the US policy makers to reshape the international order facilitating the establishment of a strong American leadership (Kapstein 1994: 19; Mazarr 2017).

The US President George H.W Bush made the American intention very clear under his stated goal of developing a New World Order, wherein the US would aggressively provide American leadership against all those who dare to supplant the US endorsed rule of law with their rule of jungles (Prashad 2016: 12). The countries other than these so called rogue states were considered playing the rule based fair game and received frequent justifications by American officials for many arms sales (Lumpe 1999: 2). One key justification for the US arms sales to several states ruled by despotic rulers was cited as the need to deter these "rogue" governments (Lumpe 1999: 2). Thus, when the US blamed Iraq for not playing with rule of laws subsequent to its invasion of Kuwait in 1991, the US offered varieties of advanced arms to its

Arab allies for expelling Iraq from Kuwait and deterring it to do so again in the future (Grimmett 2011: 13). An analysis of post-Gulf War suggests,

> Deliveries to the Gulf increased by 14% from $43.5 billion during 1992-1995 to $48.0 billion during 1995-1999. This represents the weapons deliveries that were ordered prior to and immediately after the Gulf War. Saudi Arabia was number one in arms transfer agreements, the U.A.E. was third, and Kuwait was seventh (Smith 2001: 4).

Although the trend of world-wide arms transfers after the Gulf War has declined, the US remained as the world's largest exporter (Smith 2001: 4). The 1991 Gulf War demonstrated the huge military technological capability of the US. As a consequence, several countries purchased advance American weapons following the Gulf War (Grimmett 1993: 3). Thus, according to a report of the U.S. Department of State, over next five-year period, the US share in the global arms trade substantially increased from 30 billion in 1991 to 54 in 1994 (Table 4.1). Such unprecedented rise in the US share crossing over half of the total arms sales in global market after the end of Cold War period, led to some defence scholars to conclude that the global arms market has also become unipolar just like any other international system (Harkavy 1994; Escude 1998).

The end of the Cold War changed both the quantitative structure of international arms market as well as marketing tactics for arms sales. During the Cold War, planning was straightforward because it was more or less clear as to where and whom arms would be shipped. A scholar of Cold War times could easily see where the US arms sales would go. A region vital for the US strategic interests or where balance of power was tilted towards the USSR was likely to get more weapons from the US (Akins 1999: 99). The end of the Cold War ended this higher degree of predictability in arms sales based on the strategic importance of the region (SIPRI 2006: 398).

Since the US lost the incentives to transfer technology and arms to its allies after the end of Cold War, it sharply declined the defence and weapons procurement expenditures (Gartzke 2010: 15). In 1991, the US Office of Technology Assessment itself highlighted this trend before the Senate Committee on Armed Services as well as the House Committee on Government Operations. It's report argued for a readjustment in financing the defence spending in the light of ongoing deep recession

in global arms industry caused by a sharp decline in arms demands and overproduction in the past (Stohl and Grillot 2009: 29).

This declining delivery and demand for arms led to several efforts to restructure, reform, and refocus the role of arms as an instrument of foreign policy in the post-Cold War era. In 1993 through a *Report on The Bottom-Up Review: Forces For A New Era*, then Defense Secretary Les Aspin pitched for a mercantilist outlook of arms sales and advocated for carving out the role of US armed force in addressing the economic dangers to the country (Gartzke 2010: 133). This neo-mercantilist agenda played an important role in shaping Clinton's industrial and export promotion strategies in post-Cold War period (Gartzke 2010). Faced with economic strains during Clinton administration, responding to a question, one official said "if he [President] were to be reborn, he would like to come back as "the market" because that was clearly the most powerful player" (Nye 2002-2003: 551).

The most striking initiative in this regard was the consolidation of arms industry. In 1993, William Perry, the U.S. Deputy Secretary of Defense, openly announced before industry executives, that the Department of Defense (DOD) policy has come to be known as the 'last supper' to encourage consolidation (SIPRI 2006: 399; Deutch 2001: 138). As a result, high degree of consolidation was noticed between 1997-98 in the US, leading to large scale increase in America's overall value of arms sales (SIPRI 2001: 302).[15] According to a report of IISS, in 1998, US alone accounted for approximately 57.8 percent of the total worldwide arms export (IISS 2004: 359). However, this growth was caused by the acquisition of several arms producing units by larger companies and not because of any increase in total arms by the US (SIPRI 2001: 224).

However, as the deciding factor for supplying weapons switched from political to economic motives, traditional geopolitical view of balance of power remained no

[15] A major merger between Boeing and McDonnell Douglas (BMD) was negotiated in 1997 (Gartzke 2010: 2). However, in 1998, the US DOD unexpectedly reversed the consolidation policy and rejected the proposed merger of Lockheed Martin and Northrop and the proposed General Dynamics acquisition of Newport News Shipbuilding (Deutch 2001). In 2001, the General Dynamics and the Northrop/Litton together made Newport News Shipbuilding, thus reopened the industry consolidation policy for the Bush administration (Deutch 2001: 138). "Some companies were sellers, for example, General Dynamics, Loral (after 1996), Ford Aerospace, Texas Instruments, and North American Rockwell. Other companies were buyers, notably Raytheon, Martin-Marietta, Lockheed, Loral (before 1996) and Boeing" (Deutch 2001: 139).

longer only key driving rationale for the USA to export weapons. Caverley (2007: 599) argues along the same lines and says that the technological and commercial demands of modern weapons create a structural constraint that overrides the effects of the distribution of power as motives behind arms politics. Nevertheless, arms trade contributed in other ways, particularly in maintaining the US leadership in technological sphere (Akins 1999: 100). Historically, defence export has been very crucial for the development of the aerospace industry.

Since defence exports accounted for approximately 17 percent of the aerospace industry's total external sales during second quarter of 1998, John W. Douglas, then President of the Aerospace Industries Association, argued that in the absence of a viable defence export, the US leadership in the international aerospace industry would face serious adverse impacts (Akins 1999: 100). Clinton administration already took some steps in this direction as his administration increased arms sales up to 28 percent from US$ 12.2 billion in 1994 to US$ 15.6 billion by the end of 1995 (ACDA 1997: 19). During his second tenure in 1996-2000, the US accounted for 47 percent of the total global arms trade (SIPRI 2001: 325). A SIPRI report found that such increase was facilitated by raising the annual budget authority for arms procurement to over US$ 60 million by the end of the year 2000 (SIPRI 2001: 236). This increased budget for arms procurement was in furtherance of the Presidential Decision Directive (PDD) issued in 1995 that aimed at increasing arms supply for enhancing the capacity of the US defence industrial base so as to cope with the challenges of defence requirements and maintaining long-term military technological edge at a cheaper cost (ACDA 1995: 32; SIPRI 1995: 497; Appendix 2).

In addition, Clinton's administration also extended the US conventional arms transfer strategy to include new tasks and forces in the form of peace, arms control, human rights, democratization and other foreign policy objectives of the US that certainly aimed to supply arms. The decision to lift the ban on weapons sales to the three Baltic states, Romania and Bulgaria, and Albania by President Clinton provides a good example in this regard (Willardson 2013b: 136). All states where the weapons ban lifted by President Bill Clinton, were signatories of the Partnership for Peace (PFP) programme which was endorsed at the NATO summit in Brussels in January 1994 (Willardson 2013b: 136).

The Presidential Decision Directive (PDD) number 34, issued in 1995 also acknowledged the American moral obligations by advocating that the US would unilaterally restrict the flow of arms if it would come into serious conflict with human rights issues (Perkins and Neumayer 2010: 4). American policy makers argue that the US being the World's oldest and most widely respected democracy has a special obligation to set strict standards for other states even with regard to the global sales of arms (Hartung 2001: 1). Such self-imposed obligations often came into conflict with materialist American national interests (Perkins and Neumayer 2010: 4). In fact, from Middle East to Asia and from Central America to Africa, American arms exports had done far more harm than good for democracy and human rights (Hartung 2001: 1).

After a careful study of the flagrant violators of human rights as per the U.S. Department of State's human rights report, Hartung (2001: 7) listed the following major arms recipients of the US during Clinton administration who showed poor record on human rights: Malaysia, Indonesia, the Philippines, Singapore, Thailand, Jordan, Kuwait, Oman, Egypt, Saudi Arabia, UAE, Turkey, Chad, Ethiopia, Guinea, Rwanda, Uganda, Bolivia, Colombia, Peru and Ecuador. Even after consistently persecuting and violating the human rights of Kurdish people, Turkey remained one of the biggest recipients of the US arms (SIPRI 1990: 233; Hartung 2001: 9). The SIPRI report ranked Turkey as the third biggest arms recipient country in 1990-94 (SIPRI 1995: 494). The conflict between the US mercantilist interests and value interest were already perceived by the Jimmy Carter in 1976 when he argued that the US "can't be both the world's leading champion of peace as well as the world's leading supplier of arms" (Hartung 2001: 1). In other word, the emphasis was given on keeping arms supply as much as possible in accordance with American values.

Certainly, liberal visions of an ethically motivated arms transfer policy of the US goes against Neorealist assumptions that portray states as rational actors, primarily concerned with national security (Perkins and Neumayer 2010: 2). This is especially true in case of Clinton administration's conventional arms transfer policy. The decision to sale a cargo ship to Estonia in 1997 for the first time since the end of the Cold War that had once been a part of the Soviet sphere of influence provides a good example in this regard (Willardson 2013b: 136). The case of arms sale to Estonia was part of a larger push by President Clinton to develop and strengthen security ties with

the new states of Europe (Willardson 2013b: 195). And because of these arms sales, one defence analyst noted that Estonia joined NATO as a full partner in 2004 (Willardson 2013b: 136).

Wittkopf *et al*. (2007: 131) says that an analysis of American arms sales shows that the US had often subsidized its exports for economic reasons with little concern for foreign policy. Willardson (2013b: 136) has also asserted that the tremendous increase in arms sales during Clinton administration was part of his broader conventional arms transfer policy that included a commitment to advance economic interests of the US and buttress employment generation. The importance of economic incentive in Clinton's arms transfer policy was also illustrated by a report of the U.S. General Accounting Office (GAO) in 1999 that asked the government to reduce the costs of weapon procurement by the DOD through arms exports (SIPRI 2000: 351). It further notes that, exports of five major defence items saved the DOD at least US$ 342 million (SIPRI 2000: 351). Clinton administration also believed that supporting foreign military sales was a key national security concern, rather than a purely commercial matter (Grimmett 1995: 3).

The outline of PDD-34 that promotes the US desire to help friends and allies, deter or defend them against aggression, promote regional stability and increase military capability against those of the US clearly justify American concern for national security in the weapons export equation (SIPRI 1995: 497). The need for interoperability of the US and allied military forces had also become Washington's chief rationale for widespread arms exports during the Clinton era (Lumpe 1999). Interoperability had been an important feature of coalition warfare developed by the US with its allies during Cold War in order to contain the spread of communism (Lumpe 1999). In fact, interoperability is still an important tool of the US military policy. The US joint military doctrine requires American forces to intervene quickly anywhere in the world in coordination with its allies. For this purpose, the arms transfers and joint military training exercises are conducted with other states to gain access to the overseas bases and to establish the basic infrastructures necessary for the US forces to conduct the military operations (Lumpe 1999). In this context, Gregory M. Kausner, the Deputy Assistant Secretary, Bureau of Political-Military Affairs, remarks:

> Our security assistance enables us to operate together with partner militaries. In Iraq, Afghanistan, and Libya, we re-discovered the importance of interoperability on the battlefield. We are more effective when we can fight together, side by side using common platforms, because of the similarities in tools, training, tactics, techniques, and procedures (US Department of State 2014).

This pattern continued even during George W. Bush (Junior) administration. As like the Clinton era, arms sales under Bush administration remained a centerpiece of America's economic globalism. Arms producing companies of the US are still dominating the global arms market. According to a repot of SIPRI, out of top 100 arms producing companies in 2003, 38 belonged to the US (SIPRI 2005: 385). In contrast to 1990, these top 38 companies in 2003 increased their combined arms sales from 60 percent to 63 percent (SIPRI 2006: 411). In fact, according to this report, their combined share of arms sales also increased from 25 to 28 percent (SIPRI 2005: 385). It not only helped the US arms industry to retain the competitive edge in arms market but also assisted the American policy makers to secure their strategic goal of making America unparalleled power by adopting 'hegemonic approach' in arms transfers (Brzoska and Pearson 1994: 61). The dual objective of this American approach was to not only to earn revenue but also to keep allies dependent on the US by excluding any competitive potential adversary in arms market (Caverley 2007: 611). According to Caverley (2007: 611-612) the US leverages its market power to prevent the modernization of Chinese and Russian military.

The global dependency on the US arms also helps it to sell arms to smaller states in exchange of valuable cooperation. For example, the US had regularly used F-16s sales as an inducement to seek the support of Pakistan on its war on terrorism (Caverley 2007: 612). In 2004 the US recognized Pakistan as a major non-NATO ally, and signed a major arms deal worth over US$ 1 billion (Behera 2013: 25; SIPRI 2005: 427).[16] The US arms deal with Pakistan in 2004 included 6 C-130E transport aircraft, 8 P-3C Anti-submarine Warfare (ASW), 100 helicopters and 2000 TOW- 2 anti-tank missiles (SIPRI 2005: 427). After 10 more F-16A combat aircrafts were delivered in 2008, Pakistan accounted for 3 per cent of all US arms exports in 2004-2008

[16] Besides these, the Bush Administration has also rewarded many small states for their material or political support for US military efforts in Afghanistan and Iraq (Gabelnick *et al.* 2006: 1). It has lifted unilateral arms embargoes on Armenia, Azerbaijan and India and increased the flow of arms to small states such as Nepal, Yemen etc. (Gabelnick *et al.* 2006: 1). According to a report of SIPRI, the US provided roughly US$ 100 million arms to Yemen to support the fight against terrorism (SIPRI 2005: 428).

(Wezeman *et al.* 2009: 303). The US administration justified these sales as necessary measures for conducting successful anti-terrorist operations near porous borders of Afghanistan that had become safe havens for the remnants of the Afghan Taliban and al-Qaeda (SIPRI 2005: 427). In fact, the US used its war on terrorism as justifiable reason for expanding US share in the global arms exports from 34.7 percent in 2001 to unprecedented 53.04 percent in 2004 (Table 4.1).

The US arms trade policy suggests that even though US has kept changing its objectives from fighting communism, promoting democracy and fighting terrorism; it always employed increasing arms exports as means to achieve these objectives (Stohl 2008). Perhaps the biggest single factor that has shaped such strategic exporting in the current international system, since the end of the superpower confrontation of the Cold War has been the rise of a non-Western power China. Several defence studies project relative decline in US economic and military power compared to China (Kundu 2013; White House 2017; NATO 2017).

China is fast bridging the economic, military and technological gaps that exist against US. Riding over the strong economy, China has adopted several measures for modernizing its strong army through large scale shopping and indigenous development of ships, submarines, airplanes, air craft carriers and external military bases. In contrast, the US with the reduced forces and declining economy faces challenges in balancing China. Thus, the US is trying to increase its arms sales to the neighbouring states of China with the aim of deterring China as well as supporting its domestic economy (Jahnsen 2013: 36; Chambers-Hammond 2016: 23).

Some scholars argue that one reason why America had consistently increased its arms export to Taiwan was to contain the rise of China to a great power status in future (Jahnsen 2013: 36). The geographical location of the island is critical for securing the North-South trade routes and eliminating the Chinese hard power projection around Taiwan Strait (Chambers-Hammond 2016: 23). The relationship between Taiwan and the US demonstrates how the US has attempted to retain the regional military balance through arms transfers (SIPRI 2001: 332).[17] Historically, Taiwan has been one of the

[17] US military support to Taiwan is an essential aspect of its national security strategy in Asia (Chambers-Hammond 2016: 23). The Taiwan Relations Act 1979 "commits the United States to the

biggest recipients of the US arms (SIPRI 2000: 347). The US attempts to balance Taiwan military power vis-a-vis China could be seen on several occasions. For example, in counter reaction to Chinese procurement of Russian Su-27 combat aircrafts from Russia in 1997; the US delivered 150 F-16 aircrafts to Taiwan (SIPRI 2000: 347). Similarly, the Bush Junior administration countered the delivery of Russian Sovremenny Class destroyers to China by promising the delivery of Kidd Class destroyers to Taiwan (SIPRI 2001: 331).

In its analysis of US-Taiwan relationship, SIPRI (2001: 331) report argued that such action-reaction acquisition pattern had often heightened the tension in East-Asia. During the last phases of his tenure, Bush Junior administration agreed to supply arms to Taiwan on a very large scale. His assurances also included US$ 12 billion package as promised back in 2001 (Wezeman *et al.* 2009: 303). The policy remained the almost similar when President Obama was in the White House. The Obama administration approved US$ 154 million order for upgradation of Taiwan's Patriot SAM systems with an ABM (Anti-ballistic Missile) (Ministry of Defense, the Republic of China 2013; Wezeman *et al.* 2009: 303)

President Barack Obama continued his predecessor's strategies on arms transfer with certain improvements. In January 2014, the Obama administration replaced the 1995 directive issued by President Bill Clinton (Morley 2014: 37). Obama's new directive on conventional arms transfer echoes his goal of encouraging arms transfers that support the legitimate security requirements of the US and its partners and promotes the restraint amongst those who may destabilize or endanger the global peace and security (Morley 2014: 37). Thus, even though the US refused to sale AGH-84H air-launched cruise missiles having a range of 280 km to Saudi Arabia and UAE in 2013, it later approved the sale with justification to meet regional threats posed by Iran (SIPRI 2014: 276).[18] Nevertheless, the US publicly stated objectives of the sales were to improve the capabilities of Saudi Arabia and UAE (SIPRI 2014: 276-277).

Meanwhile, the Obama administration, in November 2011, announced a new approach for its foreign policy known as the strategic rebalancing (originally called a

defense of Taiwan and authorizes arms sales to aid its defense" (Ashby and Abramson 2010: 54). Arms sales are therefore critical, to provide help for Taiwan's self-defence (Chambers-Hammond 2016: 23).

[18] The US had refused to supply similar missiles to both Saudi Arabia and UAE in 1998 so as to preserve the Israel's qualitative military edge over Arab states (SIPRI 2014: 276).

pivot) to the Asia-Pacific region (Rinehart *et al.* 2015: 4). Under this new strategy, the US made robust efforts to develop new arms deals, particularly with countries of the Southeast Asian region as well as countries of wider Asia-Pacific region. According to a recent report of SIPRI (2014: 259), Asia and Oceania accounted for 45 percent of US deliveries of major arms in 2009-2013 and it was followed by Middle East and Europe. Moreover, four of the five largest recipients of US arms in Asia and Oceania in 2009-2013 were: Australia and South Korea with 10 percent each, Singapore with 6 percent and Pakistan with 5 percent (SIPRI 2014: 259). Meanwhile, the US has improved its strategic partnership with India and shown greater willingness to transfer a wide range of military equipment and technologies (SIPRI 2005: 426). The SIPRI study reveals that just within a period of four years from 2010 to 2014, the US had supplied 12 percent of India's total arms imports (Wezeman and Wezeman 2015: 6). According to this report:

> [Earlier] India barely received any major weapons from the USA. However, there now appears to be an upward trend in arms imports from the USA. Imports in 2010–14 were 15 times higher than in 2005-2009 and included advanced weapons such as anti-submarine warfare aircraft. In 2014 additional deals with the USA were agreed, including for 22 combat helicopters (Wezeman and Wezeman 2015: 6).

The National Democratic Alliance (NDA) government's return to power in 2014 brought a new synergy in Indo-US relationship. Both governments are now speeding the procurement and transfer of US arms by removing the necessary legal hurdles and creating new institutions to facilitate their coordination and cooperation. Recently, the Obama administration agreed to recognise India as a major defence partner after Prime Minister Modi's visit to America in 2016 (Rao 2016: 10). This recognition will bring India closer to US ally status facilitating India to have future licence free access to a wide range of dual use technologies for defence production (Rao 2016: 10). According to Nirupama Rao, India's former Foreign Secretary, this recognition signals a very dynamic phase in defence cooperation achievement within last few years (Rao 2016: 10). According to her, the tie-up for the co-production and co-development of technologies related to naval, air, and weapons systems under the Defence Technology and Trade Initiative (DTTI) with the Indian flagship programme of 'Make in India' is another notable positive development in Indo-US relationship (Rao 2016: 10).

The euphoria in Indo-US cooperation in arms transfer still faces Cold War hangover as Russia is still very trusted arms supplier to India (Zarzecki 1999: 262). During a span of four years between 2010 and 2014, Russia accounted for around 70 per cent of total India's arms imports while the US accounted for only 12 per cent (Wezeman and Wezeman 2015: 6). Russian economy, faced under US led sanctions, has recently speeded its arms transfer as substitute of loss occurring from Western countries refusal of purchase gas and oil in post-Crimea crisis. Disintegration of the USSR was a great setback to Russian nationalists and they always aspired to regain the lost glory in several fields including global arms market. In recent years, Russia has been very actively wooing the potential arms importing states to purchase its military hardware with its desire of resuming its former role as one of the world's top arms exporter (Kinsella 2002: 209).

4.3.2 Russia's Arms Exports

Russia's position in the international arms market has now changed significantly from that of the Soviet Union during the Cold War. According to a report of SIPRI, the share of Russia's arms export increased dramatically in 2000, pushing total sales to 32 percent and later on Russia became the largest exporter during the period 2000-2004 (SIPRI 2005: 418; Waldman 1998/1999: 12). The report also claimed that Russia had replaced the US, which was the largest arms exporter in the period 1996-2000 (SIPRI 2005: 418). In 2000, a commission was established to increase the Russian share in global arms export. President Putin's rationalization of arms exports process gave major boost to Russia's arms sales world-wide. In fact, during the period 2001-2005, Russia accounted for 31 percent while the US accounted for only 30 percent of total global shipment of arms (SIPRI 2006: 457). The defence policy thinkers believe that Putin's principal objective behind exporting large scale arms is to increase the Russian sphere of global influence in international decision making and restore the Russian credibility in arms market like its predecessor USSR (Waldman 1998/1999: 13; President of Russia 2012).

President Putin's vision of capturing a bigger share in the arms market has faced several domestic challenges such as a sluggish economy, lack of major capital infusion in arms industry, decreased scientific research base and passing of deadlines

with little achievements in prior launched projects. In such an environment, the skepticism exists as to how President Putin's ambitious pragmatic approach would transform into reality. India has shown keen interest in purchasing Russian fifth generation fighter plane PAK-FA which is not only significantly running behind the schedule but also its trial before Indian experts resulted in disaster when the demonstrating plane caught fire on air (Datt 2016). The plane also reportedly showed weakness in its engine, stealth capacity, and ability to carry required weapons (Gady 2016). According to Roy, several inherent contradictions and challenges within Russian arms industry, weaknesses in economic and technological set up, missing deadlines, unnecessary lengthy arms deal negotiations have adversely affected the Moscow's strategy to export its military wares (Roy 2013: 251).

Russian arms industry after the collapse of USSR faced stiff set of unfavourable challenges such as sudden reduction in the overall demand for arms in international market, inability of domestic military to afford large scale arms, disruption of arms manufacturing and export system caused by transition from state dominated to commerce oriented arms industry, strong competition from bigger US arms industry and international arms embargoes against its former reliable clients (Pierre 1998: 966). The financial crisis, at the same time aggravated the adverse impact on the Russian arms industry. According to a SIPRI report:

> For the first four years [after its disintegration], the [Soviet] experienced high rates of inflation, and for the entire period the government has been attempting to cope with sever budgetary problems. In early 1992, in an attempt to reduce the budget deficit, expenditure on military procurement was cut by approximately two-thirds and it has remained at a very low level ever since. As a consequence, the production by the defence industry of weapons and military equipment, including items of exports, has fallen sharply to less than 10 percent of the 1991 level (SIPRI 1998: 246).

In this uncertain economic environment, one can argue that the post-Soviet Union's competence to sell arms is very limited on account of its declining military prowess and lack of global economic competitiveness (Roy 2013: 251). However, despite the state of the sluggish economy, Russia has somehow managed to improve its relative position in the international arms market According to a report of ACDA (1997: 22), in 1995 Russia has supplied US$ 3 billion arms and showed almost no sign of revival from the extreme lows of US$ 1.5 billion in 1994 (ACDA 1997: 22). But, now SIPRI

ranks Russia as second biggest arms exporter with a market share of 23 percent of the total global arms export in between 2012 and 2016 (Fleurant *et al.* 2017).

Russia has been remained as first in arms transfer agreements with the developing countries during later years of 1990s (Grimmett 1996: 85). According to a report CRS, just within a decade, the Russian share of all developing world arms transfer contracts increased from a meager 16.7 percent in 1994 to more than 39 percent by 1995 (Grimmett 1996: 85). Such steep rise of Russian share in the world arms market led to some defence planners to conclude that Russian arms sales were on the mend and Moscow would once again become a major contender in the global arms market (Pierre 1998: 965).

In contrast the other Soviet era partners, India increased its economy very rapidly. Many scholars on arms transfers believe that Moscow's ability to manage its relationship with India has turned out to be a very big blessing for Russia in its attempt to repair, stabilize and consolidate the local arms industries (Anthony1998: 4). India is one of the most important recipient of Russian arms and it imported 25 percent of all its total exports during 2000-2004 (IISS 2010: 220; SIPRI 2005: 425). In fact, Russia accounted for 78 percent of India's imports during 2000-2004 (SIPRI 2005: 425). In 1993, Moscow signed a Treaty of Friendship and Cooperation with India that permitted Russia to continuously supply arms to India (IISS 2010: 219). The weapons that Russia sold India include - T-90 tanks, multiple launch rocket systems, howitzers, Su-30 MKI fighter aircraft, Brahmos anti-ship missiles, two Akula class submarines worth US$ 700 million and aircraft carrier Admiral Gorshkov worth US$ 675 million (IISS 2010: 220; SIPRI 2005: 425). The most significant arms transfer agreement that Russia made with India was related to the deliver 29 MiG-29K fighters for US$ 1.5 billion (Grimmett 2011: 9). The revenue earned from these sales thus had helped Russian manufacturers to keep the production line running. Arms transfers are, therefore, critical to Russia's defence industry.

Immediately after the end of Cold War, then Russian President, Boris Yeltsin expressed his desire to export arms as means of overcoming the dire financial conditions of Russia and save its defence industry (Schwan 1995: 38-44). He warned that since Russia had already decreased its military budget, a further cut in arms

production would bring millions on the verge of unemployment and that would create an atmosphere of panic and social tension (Schwan 1995: 38-44). In order to avoid any further catastrophes, the Russian policy makers convinced themselves that arms export on commercial lines was a high priority. Thus, an ideology driven communist state started transforming its weapon industry based on laissez-faire principle supplying arms to anyone who can pay regardless of their political orientations (Zarzecki 1999: 272). Indeed, Russian Vice President Aleksandr Rutskoy had warned the policy makers to overcome their Cold War hostility and shyness and prioritise sales of weapons to any state that want it (Gaddy and Allen 1993: 36).

As part of this policy, Russian defence planers renewed or opened new bilateral arms transfer relationships with countries such as China and Iran as well as with former Soviet clients like Vietnam and Syria (SIPRI 1995: 501-509). At the same time, with the help of arms exports Russia also broadened its diplomatic relationship with the Association of Southeast Asian Nations (ASEAN) countries such Malaysia, Indonesia, Thailand. However, among all ASEAN countries, Malaysia became very important partner for Russia (Buszynsk 2006: 286). According to a report of SIPRI, Russia made its first ever arms transfer agreement with Malaysia worth US$ 600 million in 1994 (SIPRI 1995: 509; SIPRI 2000: 352). The agreement permitted Malaysia to purchased 18 MiG-29 combat aircrafts from Russia in 1994 (SIPRI 2000: 352). Russian relationship with ASEAN was strongly supported by Malaysia because of the diplomatic influence Russia got through arms sales (Buszynsk 2006: 249).

Besides these countries, China is Russia's important recipient in Asia. Arms trade with China in recent period accounted for nearly 41 percent of Russia's exports (SIPRI 2005: 422). Several reports on arms transfers reveal that China and Russia concluded numerous arms deals regarding transfer of military products and related technologies (Balachandra 1995: 66; SIPRI 2006; IISS 2010). As of now, China purchases varieties of Russian arms such as Su-27 and Su-30 fighter aircraft, Sovremenny-class destroyers, Kilo-class diesel electric submarines, Mig-31 IL-76 transport planes, I1-78 tanker/ transport aircraft and 38 I1-76 long-range transports (SIPRI 2006: 454; IISS 2010: 220; Balachandra 1995: 66). Other than these military wares, China also acquired US$ 1.3 billion worth of 50 Mi-helicopters and AL-31F engines from Russia (Singh 2014: 120).

Russian arms sale to China in the post-Cold War period has been the key factor for much of the increase in Russia's overall share of the arms market. The CRS (Grimmett 2011: 14) report shows that during the period between 2003 and 2006, Russia acquired first ranking with regard to the total value of arms transfer agreements in Asia. It sold 36 percent (US$ 20 billion) worth of arms to Asia followed by the US which was ranked second with 17 percent (US$ 9 billion) (Grimmett 2011: 14; SIPRI 2005). The statistics partly explains how Russia successfully re-established itself in the global arms market (SIPRI 2005: 422). However, in the later period of 2007-2010, even though Russia ranked first in Asian agreements with 30 percent (US$ 18 billion), the share of the US increased to 25 percent (US$ 15 billion) (Grimmett 2011: 14).

According to a report of the U.S. Department of State (2005: 30), the shares of US arms exports to Asia increased from about 56 percent in 1996-1997 to about 76 percent in 2005. The shares of Russian arms exports to the continent increased from about 5 percent in 1997-1998, to about 11 percent in 2001. As discussed earlier, the US war in Iraq, Afghanistan and global terrorism has become the driving force for large scale American arms sales to Asian countries (SIPRI 2006). By and large, the driving force for Russia's arms export remained the same: earning revenue and spreading global influence through arms trade (Lansford 2002: 127). Many analysts have viewed this competitive approach to the arms transfers as a resumption of the global competition between the US and Russia (Sloan 1944-1998: 966).

The end of Cold War and the reset of Russian relationship with the West did not completely end the hostility between Russia and the US. The resurgence of Russia fuelled the mutual suspicions and mistrust towards each other (Roy 2013: 251). A number of factors and circumstances were responsible for these mistrusts. Most important amongst these factors were: America's arms-trade monopoly leaving little scope for Russian arms exports, the unilateral use of force against Russian allies, expansion of NATO, and Theatre High Altitude Area Defense (THAAD), Phased Array Tracking Radar Interceptor on Target (PATRIOT) missiles near Russia, the Western inference in Russia's conflict with Georgia and Ukraine, US-EU sanctions for Crimea takeover and the US pivot towards Asia (Roy 2013: 251). These

developments have brought fundamental shift in Russia's approach to the transfer of arms with renewed emphasis on a strategic shift towards the China.

Although the main rationale for Russia's arms sales to China is economic, but the importance of an emerging Russian-Chinese arms transfer relationship cannot be underestimated in the context of the overall Russian global arms trade policy (Rangsimaporn 2006: 479). In a rapidly changing world the US-Russia relations remain complicated by the NATO's expansion in eastwards. In this context, Russia sees Beijing as a political and military partner against further western ambitions on the world stage (Allen 2016). In fact the multi-polar world which Russian leaders have hoped to develop is founded on evolving China as primary ally (Freedman 2000). Nevertheless, it is also true that arms trade between any countries is motivated by supply and demand side as well (Jahnsen 2013: 3). Blank and Levitzky (2015: 66) notes that China needs Russian technology and weapons as it cannot access other western market due to the US and the European Union (EU) boycotts. Since the Tiananmen massacre in 1989, the US and other European countries imposed various arms embargoes on China (Jahnsen 2013: 48). However, it was the Russian willingness to supply arms to China that enabled Beijing to balance other military powers in the region like Taiwan, Japan and South Korea (Jahnsen 2013: 48). Arms trade with China in 2005 accounted for nearly 60 percent of Russia's arms exports and it clearly highlighted the Russia's monopoly over arms export to China (Wezeman 2017; SIPRI 2005: 422). It is, therefore, a win-win game for both countries.

It has rightly been asserted by Jahnsen (2013: 1) that Russia being a second-tier country got frustrated from a unipolar world order and it is now trying to create a favorable less hostile multipolar world order with the help of China. The exaggeration of perceived threat to China from US domination has been successfully exploited by Russia for developing its military relationship with China (Unnikrishnan and Purushothaman 2015: 3). But, at the same time many Russians are apprehensive about rise of an assertive China in their own neighborhood (Roy 2013: 261). Yevgeny Bazhanove, the head of the Institute of Contemporary Problems in the Russian Ministry of Foreign Affairs, in his analysis of Russian foreign policy contradictions notices that Russian proximity and arms sales to China has been helpful in balancing

US hostility but at the same time it may not be helpful to Russia in future because such arms transfer would transform China into similar hegemonic power in Asia and might pose direct threat to Russia (SIPRI 1993: 506). This is indeed the primary reason why Russia has not slowed down its arms exports to several countries with whom China has even territorial disputes. Thus, Russia has always continued its traditional practice of selling advanced weapons to India in order to subtly balance China (Blank and Levitzky 2015: 67; Rajagopalan and Sahni 2008: 21). According to Blank and Levitzky:

> For decades, whenever the Soviet Union/Russia sold weaponry systems to China it would sell more technologically advanced platforms of the same category to India. This was done in order to ensure that India had a favorable technological balance against China, and to thus maintain a militarily strong ally on China's southern border (Blank and Levitzky 2015: 67).

Nonetheless, in recent years Russia has been focusing more on building defence ties with China more than any other country in the Asia-Pacific including India (Roy 2013: 250). It is manifested in Russia's growing arms export to China. It is currently negotiating the sale of Sukhoi- 33 and Sukhoi -35 combat aircraft to China, two of the most cutting-edge technologies in the Russian arsenal (SIPRI 2006: 454; SIPRI 2006: 454; Blank and Levitzky 2015). This deal has caused considerable friction in India-Russia arms transfer relations. As experts and strategists in New Delhi believe that this deal could unnecessarily aggravate India's security dilemma (Blank and Levitzky 2015: 67). It has substantially pushed New Delhi to turn its defence cooperation with new providers. The best example of this is the developing relationship between the US and India.

The US exported around US$ 10 billion arms to India in last few years (Singh 2014: 120). The US is rapidly developing arms transfer relationship with India that has been perceived by Russian strategists as a conscious US effort to take out Russia from the international arms market. Aggrieved by the US move towards India and other clients, Russia has now improved its relationship with several estranged allies and partners of US. Such behaviour is clearly manifested when Russia expanded its arms trade with traditional American ally Saudi Arabia (Waldman 1998/1999: 12). According to a report of SIPRI (2009: 306) Russia exported US$ 2.2 billion arms to Saudi Arabia in 2008. Another example here is South Korea that has been traditionally dependent on

the US arms. According to few reports, after Russia approached South Korea with lucrative offers, it reduced its exclusive dependency on US arms (Waldman 1998/1999: 12). Russia used perceived threat of China against the US, India against China, Saudi Arabia against Iran and vice versa for its arms exports and balancing the region to its favour.

Overall, Russia has often exploited the global anti-Western positions for expanding its arms market share during conflicts caused by forced regime changes (Waldman 1998/1999: 12). More recently, the increased competitiveness of the current international arms market has generated hostility between the US and Russia. Both country are competing against each other for major arms contract and if one wins the other see it as threat to the regional peace and stability (Stohl and Grillot 2009: 62). Russian arms transfer to Iran at regular intervals while ignoring the western sanctions clearly exemplifies such hostility.

Iran had been one of the most important clients of Russian arms in the conflict ridden Middle East (SIPRI 1995: 501). As one of Russia's closest ally in the Middle East, Iran has regularly procured highly sophisticated military planes from Moscow including Su-24 fighter bombers (SIPRI 1995: 509). Some Middle East experts claim that Russia agreed to sale US$ 1 billion worth of SAMs to Iran by the end of 2005 despite harsh criticism from the US and the EU (SIPRI 2006: 456). The growing Russia's arms sales to Iran led to a widespread perception within the US government that Russia was providing help to Iran in developing its nuclear weapons (Lansford 2002: 129). Responding to such Russian moves, the US imposed sanctions on Russia's two biggest arms companies: Rosoboronexport and Sukhoi, for violating laws related to preventing the spread of the weapons of mass destruction (IISS 2007: 193).

Russia, however, does not hold the same view on Iran as Washington and has regularly considered Iran as a vital regional actor as well as closest ally in the Middle East (Jahnsen 2013: 48). Russia has earned the reputation of being anti-Islamic after its previous policies in Bosnia, Chechnya and Afghanistan (SIPRI 1995: 508-509). According to Russian strategists, the aim behind Russian attempt to improve its relationship with Iran, Afghanistan and other Muslim countries through arms transfer

is to avoid such unfavorable anti-Islamic stigma that restricts the achievement of broader foreign objectives (SIPRI 1995: 508-509).

In recent years, the Russian arms transfer to Syria has become a significant issue of contention between the Russia and the US (SIPRI 1995: 508-509). Russia in partnership with China strongly opposed the US led imposition of UN sanctions on Syria whereby the member states were obliged to exercise vigilance and restraint over arms transfers to Syria (SIPRI 2012: 276; Bromley *et al.* 2013: 13). Despite stiff opposition by US, NATO and Arab League members; Russia continued arms supply to the ruling Syrian government led by Bashar al-Assad throughout the violent Arab Spring that began in 2011. Apart from Syria, Russia also shipped arms to other states such as Egypt, Libya and Yemen who were affected by Arab Spring (SIPRI 2012: 275).

Likewise, the US also seized the opportunity from violent Arab Spring to rapidly increase its arms sales to Bahrain, Egypt and Tunisia (SIPRI 2012: 276). More recently the US has announced its intention to arm Syrian rebel groups with justification of calling them as groups belonging to moderate factions fighting for democracy (Erickson 2015: 129). The critics called such policy as one more step in creating chaos rather than helping democracy. The example of Syria reflects the modern day complex issues, competing and conflicting interests, tensions, murky ethics associated with arms trade (Erickson 2015: 129).

4.4 Summary

This chapter argues that the end of the Cold War has led to some major changes in Russian and American arms trade policies. This claim is made on the basis of the three key changes:

Firstly, the change occurred in global security order. The end of Cold War led to the collapse of the bipolar security order. The US stopped seeing Russia as it major security threat because a crumbled Russia was hardly able to compete the single hegemon. So the structural security environment in which arms trade operated in the post-Cold War era has drastically changed (Schmitt 2000: 5). The fall of the Soviet Union produced changes in three central aspects of the global arms trade: the pattern

of weapons producer; the rationale for arms transfers and the bases for the arms transfer relationship. In an environment of higher security threat during the Cold War, the US and USSR were willing to increase their arms sales to their respective ideological allies. The sudden decline of this higher threat led to significant changes in the interest of these two previous superpowers and they stopped seeing arms trade from the prism of ideological constraints. Overall, the net impact of this transformation has led to a decline in world-wide arms trade based on superpower's ideological rivalry that dominated the earlier arms market (Mathiak 1997: 73).

Secondly, the changes that occurred in the economic order, when USSR's economic system collapsed which adversely affected the competitiveness of every institution of Russia including military industry. The reduction of economic support system significantly reduced the Russian expenditure on developing cutting edge technologies, sustaining a big arms industry and providing military assistance to its allies through arms transfers. Similarly, the US also faced challenges to deal with the overproduction of military apparatus caused by Cold War rivalry in addition to the sudden recession in global demand of arms in post-Cold War period. These factors encouraged both the US and Russia to see arms industry as source of mitigating these challenges. In the post-Cold War period the US also started giving major push to liberalization of the global economic order. Thus, the motives behind arms sales driven by political constraints rooted in two rival ideological commitments gave way to the profit oriented export of arms trade.

In other words, after the Cold War period, the motives behind arms sales became less hegemonic and less security oriented (Frigyes 2001: 120). While Russia started using arms sales to improve economic sustainability of the country, the US started reducing its defence spending on arms production at least for the early phases of post-Cold War period. The important difference between pre and post-Cold War arms trade is that earlier arms sales were considered as tools for gaining strategic advantage but later it was being seen as a tool for supporting economy and other non-military sectors. In short, access to large market and financial gain not national or global security has now become the driving force behind the US and Russia's competition in global arms trade.

Thirdly, changes occurred in the nature of the arms industries. Earlier there existed several companies with strict government control to develop different weapons. In post-Cold War period, when governments relaxed this control the competition between states gave way to the competition between companies. This led to the collaboration, coordination and merger of several companies of different states to form a giant corporation with the aim of developing more lethal and more sophisticated weapons at low cost, in order to maintain the competitiveness in a liberalized global order (Mathiak 1997: 83; SIPRI 2006: 387).

In such an environment, the profit oriented big corporations became the important actors for supporting development and sales of arms on a global basis. The US and Russia both encouraged such kind of mergers and sales. The later phases of post-Cold War period witnessed some interesting changes and events such as resurgence of Russia, emergence of China as potential competitor of the US and global war on terrorism (Blanton 2005: 664). These factors to some extent reduced the euphoria of the US to sell arms simply for commercial profits. Nevertheless, the economic motives have remained the dominant factors in arms sales by the US as well as Russia with certain rare exceptions when security factors became decisive reason for determining the fate of arms trade deals

Table 4.1
Comparison of the Two Major Arms Exporters: the US and Russia, 1991-2011
(USD million)

U.S. Department of State/Arms Control and Disarmament Agency					
Year	World Total Arms Export	US		Russia	
		USD	Percentage	USD	Percentage
1991	56178	30600	54.4	7358	13.0
1992	49914	28620	57.3	2851	5.7
1993	47411	28280	59.6	3897	8.2
1994	43510	24220	55.6	1854	4.2
1995	80400	55700	69.2	4500	5.5
1996	68200	42800	62.7	4000	5.8
1997	77000	47700	61.9	3200	4.1
1998	70400	45900	65.1	2700	3.8
1999	79300	55500	69.9	3800	4.7
2000	79700	57400	72.0	4900	6.1
2001	81700	61800	75.6	5200	6.3
2002	82200	62800	76.3	4000	4.3
2003	91000	65700	72.1	4600	5.0
2004	92100	69700	75.6	5800	6.2
2005	95200	76200	80.0	3400	3.5
2006	107900	83400	77.2	6800	6.3
2007	97000	73700	75.9	5500	5.6
2008	113900	87500	76.8	6700	5.8
2009	113800	88100	77.4	5500	4.8
2010	159200	123900	77.8	7500	4.7
2011	181000	145300	80.2	9400	5.1

Stockholm International Peace Research Institute					
Year	World Total Arms Export	U.S.		Russia	
		USD	Percentage	USD	Percentage
1991	28234	12514	44.2	5652	20.0
1992	24097	14089	58.4	2605	10.8
1993	25873	13825	53.4	3441	13.2
1994	22774	11457	50.3	1478	6.4
1995	22849	11132	48.7	3889	17.0
1996	23875	10833	45.3	3527	14.7
1997	28900	14547	50.3	3347	11.5
1998	27806	15705	56.4	2040	7.3
1999	25241	11559	45.7	4261	16.8
2000	19396	7597	39.1	4503	23.2
2001	18954	5680	29.9	5419	28.5
2002	17786	4958	27.8	5622	31.6

2003	**19228**	5616	**29.2**	5297	**27.5**
2004	**21518**	6790	**31.5**	6250	**29.0**
2005	**21625**	6827	**31.5**	5210	**24.0**
2006	**24692**	7481	**30.2**	5154	**20.8**
2007	**26489**	7800	**29.4**	5568	**21.0**
2008	**24178**	6799	**28.1**	6265	**25.9**
2009	**24293**	6806	**28.0**	5070	**20.8**
2010	**25857**	8098	**31.3**	6172	**23.8**
2011	**30239**	9104	**30.1**	8695	**28.7**

International Institute of Strategic Studies					
Year	**World Total Arms Export**	**U.S.**		**Russia**	
		USD	**Percentage**	**USD**	**Percentage**
1991	**36922**	15110	**40.9**	7932	**21.4**
1992	**30680**	15093	**49.1**	2398	**7.8**
1993	**33706**	17506	**51.9**	3164	**9.8**
1994	**29600**	15275	**51.6**	1700	**5.7**
1995	**30200**	13300	**44.0**	3000	**9.9**
1996	**44553**	18148	**40.7**	3961	**8.8**
1997	**51518**	20234	**39.2**	3165	**6.1**
1998	**46006**	20408	**44.3**	2963	**6.4**
1999	**45945**	20922	**45.5**	3939	**8.5**
2000	**37775**	14638	**38.7**	4740	**12.5**
2001	**30566**	10608	**34.7**	4935	**16.1**
2002	**35261**	12037	**34.1**	4447	**12.6**
2003	**41635**	13109	**31.4**	5077	**12.1**
2004	**40618**	13594	**33.4**	6434	**15.8**
2005	**35441**	13219	**37.2**	3704	**10.4**
2006	**37694**	13396	**35.5**	6508	**17.2**
2007	**36735**	13003	**35.3**	5379	**14.6**
2008	**36704**	12239	**33.3**	6064	**16.5**
2009	**35083**	14383	**40.9**	3700	**10.5**
2010	**41234**	12138	**29.4**	6995	**16.9**
2011	**44260**	16160	**36.5**	8700	**19.6**

Sources: SIPRI (206); U.S. Department of State (2005); U.S. Department of State (2012); U.S. Department of State (2015); IISS (1996: 274); IISS (2004: 359); IISS (2006: 404); IISS (2011: 478); IISS (2013: 555).

Table 4.2

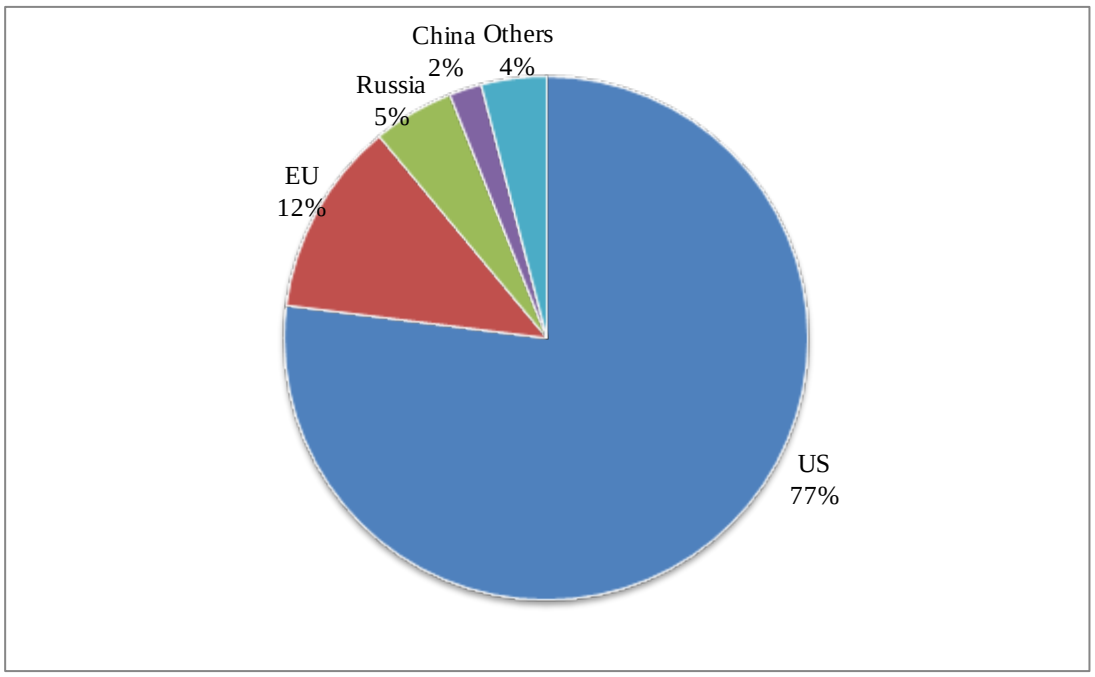
The Ten Largest Arms Producing Companies, 2001-2011 (USD million)

Year	1.Boeing (U.S.)		2.Lockheed Martin (U.S.)		3.Northrop Grumman (U.S.)		4.BAE Systems (UK)		5.Raytheon (U.S.)	
	USD	Rank	USD	Rank	USD	Rank	USD	Rank	USD	Rank
2001	20650	1	17860	2	8970	5	14440	3	11160	4
2002	23560	1	18870	2	17800	3	14070	4	12020	5
2003	25870	1	24910	2	20310	3	15760	4	13140	5
2004	28980	1	26150	2	22160	3	19840	4	14970	6
2005	29590	1	26200	2	23330	3	23230	4	16120	6
2006	30690	1	28120	2	23650	4	24060	3	17610	6
2007	30480	1	29400	3	24600	4	29860	2	19540	6
2008	30000	2	29880	3	26090	4	32420	1	21030	6
2009	39000	3	33430	1	26000	4	32540	2	23080	6
2010	30000	3	35730	1	26800	4	32870	2	22980	6
2011	30300	2	36270	1	20340	6	29150	3	22900	5

Year	6.General Dynamics (U.S.)		7.Thales (France)		8.United Technologies Corp. (U.S.)		9.EADS Trans-European		10.Honeywell International (U.S.)	
	USD	Rank	USD	Rank	USD	Rank	USD	Rank	USD	Rank
2001	7790	7	5630	8	5580	9	5510	10	3280	12
2002	9820	6	6840	7	5640	8	5630	9	3270	10
2003	13100	6	8350	7	6210	9	8010	8	*3970*	12
2004	15150	5	8950	8	6740	10	9470	7	4190	15
2005	16570	5	8940	8	6840	11	9580	7	4300	14
2006	18770	5	8240	10	7650	11	12600	7	4400	14
2007	21520	5	9350	10	8760	11	13090	7	5020	14
2008	21070	5	10760	10	9980	11	17900	7	5310	14
2009	23380	5	10200	11	10640	10	15930	7	5380	13
2010	23940	5	9950	11	10980	10	16360	7	5400	14
2011	23330	4	9480	11	11150	10	16400	7	5280	14

Sources: SIPRI (2016b).

Figure 4.1: The Share of Major Suppliers in the World Arms Market, 2000-2010



Source: The U.S. Department of State (2013:4).

Table 4.3
The Largest Russian Arms Producing Companies, 2001-2016

2001				
Sl. No.	**World-wide Rank**	**Company**	**Arms Sales *Note (a)**	**Employment**
1	94	Irkut	----*note (b)	-----
2	77	Aerokosmicheskoe Oborudovanie	-----	----
3	106	UMPO (Ufa Engine Industrial Association)	-----	-----
2002				
1	38	KnAAPO (Komsomolsk-on-Amur Aircraft Manufacturing Association)	960	20700
2	68	Irkut	490	16180
3	69	Aerokosmicheskoe Oborudovanie	480	42500
4	96	UMPO (Ufa Engine Industrial Association)	320	21100
2003				
1	31	Sukhoi	1430	35000
2	43	Almaz-Antey	960	1600
3	75	Aerokosmicheskoe Oborudovanie	490	44480
4	77	Irkut	480	16350
5	93	UMPO (Ufa Engine Industrial Association)	390	20660
6	100	Salut	340	15000
2004				
1	32	Sukhoi	1470	31360
2	43	Almaz-Antey	1190	93000
3	74	Irkut	580	14020
4	93	Aerokosmicheskoe Oborudovanie	440	42400
2005				
1	31	Almaz-Antey	1590	87500
2	67	Admiralty Shipyards	660	----
3	69	Irkut	630	15420
4	82	Sevmash	540	26300
6	87	Sukhoi	520	27000
7	100	Severnaya Verf	440	3500
2001				
1	94	Irkut	----*note (b)	-----
2	77	Aerokosmicheskoe Oborudovanie	-----	----
3	106	UMPO (Ufa Engine Industrial Association)	-----	-----

2002				
1	38	KnAAPO (Komsomolsk-on-Amur Aircraft Manufacturing Association)	960	20700
2	68	Irkut	490	16180
3	69	Aerokosmicheskoe Oborudovanie	480	42500
4	96	UMPO (Ufa Engine Industrial Association)	320	21100
2003				
Sl. No.	**World-wide Rank**	**Company**	**Arms Sales**	**Employment**
1	**31**	Sukhoi	1430	35000
2	**43**	Almaz-Antey	960	1600
3	**75**	Aerokosmicheskoe Oborudovanie	490	44480
4	**77**	Irkut	480	16350
5	**93**	UMPO (Ufa Engine Industrial Association)	390	20660
6	**100**	Salut	340	15000
2004				
1	**32**	Sukhoi	1470	31360
2	**43**	Almaz-Antey	1190	93000
3	**74**	Irkut	580	14020
4	**93**	Aerokosmicheskoe Oborudovanie	440	42400
2005				
1	**31**	Almaz-Antey	1590	87500
2	**67**	Admiralty Shipyards	660	----
3	**69**	Irkut	630	15420
4	**82**	Sevmash	540	26300
6	**87**	Sukhoi	520	27000
7	**100**	Severnaya Verf	440	3500
2011				
1	**16**	United Aircraft Corp.	4400	97500
2	**21**	Almaz-Antey	3990	93280
3	**28**	United Shipbuilding Corp.	3380	111000
4	**38**	Russian Helicopters	2740	40000
5	----	Sukhoi (United Aircraft Corp. Russia)	2520	26000
6	**65**	Rosatom	1370	---
7	**67**	United Engine Corp.	1330	---
8	**68**	Tactical Missiles Corp.	1260	---
9	----	Sevmash (United Shipbuilding Corp.)	1130	----
10	----	Irkut (United Aircraft Corp. Russia)	990	14110
11	**85**	Uralvagonzavod	900	----
12	----	RAC MiG (United Aircraft Corp. Russia)	770	----
2012				
1	**14**	Almaz-Antey	5810	95930
2	**17**	United Aircraft Corp.	4440	----
3	-----	Rostvertol (Russian Helicopters Russia)	3870	----
4	**25**	Russian Helicopters	3520	----
5	**42**	United Engine Corp.	2460	----

6	**45**	United Shipbuilding Corp.	2330	129000
7	-----	Sukhoi (United Aircraft Corp. Russia)	2310	----
8	**63**	KRET	1380	47260
9	**64**	Rosatom	1270	----
10	**S**	Sevmash (United Shipbuilding Corp.)	1170	----
11	**67**	Uralvagonzavod	1130	70000
12	----	Irkut (United Aircraft Corp. Russia)	1050	13620
13	**77**	Tactical Missiles Corp.	990	----
14	**98**	RTI Group	800	----
2013				
Sl. No	**World-wide Rank**	**Company**	**Arms Sales**	**Employment**
1	**12**	Almaz-Antey	8170	----
2	**15**	United Aircraft Corp.	5530	----
3	**16**	United Shipbuilding Corp.	5110	259000
4	**27**	Russian Helicopters	3500	41200
5	**37**	United Engine Corp.	2720	83400
6	----	Sukhoi (United Aircraft Corp. Russia)	2320	----
7	**47**	Tactical Missiles Corp.	2230	39890
8	**55**	KRET	1850	48550
9	-----	Irkut (United Aircraft Corp. Russia)	1370	13440
10	**64**	Rosatom	1230	----
11	----	UMPO (United Engine Corp. Russia)	1100	22380
12	---	Sevmash (United Shipbuilding Corp.)	1030	26000
13	---	RAC MiG (United Aircraft Corp. Russia)	950	----
14	**83**	Uralvagonzavod	940	---
15	**87**	Sozvezdie	910	17300
16	----	Admiralty Shipyards (United Shipbuilding Corp.)	860	6100
2014				
1	**13**	United Aircraft Corp.	6120	----
2	**14**	United Shipbuilding Corp.	5990	81700
3	**16**	Almaz-Antey	5130	104670
4	**23**	Russian Helicopters	3890	42000
5	**34**	Tactical Missiles Corp.	2810	41760
6	**40**	High Precision Systems	2320	25000
7	**43**	United Instrument Manufacturing Corp.	2290	40000
8	----	Sukhoi (United Aircraft Corp. Russia)	2250	----
9	**45**	KRET	2240	54000
10	**46**	United Engine Corp.	2240	80000
11	**63**	Uralvagonzavod	1450	----
12	----	Sozvezdie (United Instrument Manufacturing Corp. Russia)	1280	---
13	----	Irkut (United Aircraft Corp. Russia)	1240	---
14	----	UMPO (United Engine Corp. Russia)	1220	---
15	**69**	Rosatom	1180	---
16	----	Sevmash (United Shipbuilding Corp.)	1040	---
17	----	RAC MiG (United Aircraft Corp. Russia)	1020	---
18	----	Zvezdochka (United Shipbuilding Corp.)	990	----
19	----	Admiralty Shipyards (United Shipbuilding Corp.)	900	6520
20	**94**	RTI Group	840	----

2015				
1	**15**	United Shipbuilding Corp.	6080	86630
2	**17**	United Aircraft Corp.	4590	----
3	**24**	Russian Helicopters	3300	41800
4	**26**	Almaz-Antey	3280	44060
5	**35**	Tactical Missiles Corp.	2390	41500
6	**50**	United Instrument Manufacturing Corp.	1850	27300
7	**51**	High Precision Systems	1760	88500
8	**52**	United Engine Corp.	1760	50720
9	**53**	KRET	1690	----
10	-----	Sukhoi (United Aircraft Corp. Russia)	1650	----
11	-----	UMPO (United Engine Corp. Russia)	1050	---
12	**69**	Uralvagonzavod	1020	---
13	----	Irkut (United Aircraft Corp. Russia)	990	---
14	**94**	Rosatom	780	-----
15	-----	Admiralty Shipyards (United Shipbuilding Corp.)	720	6640
2016				
1	**13**	United Aircraft Corp.	5160	----
2	**19**	United Shipbuilding Corp.	4030	89650
3	**24**	Almaz-Antey	3430	125000
4	**29**	Russian Helicopters	2910	---
5	**35**	Tactical Missiles Corp.	2530	50610
6	**44**	High Precision Systems	1940	----
7	**50**	United Engine Corp.	1710	----
8	**52**	Uralvagonzavod	1680	----
9	**53**	KRET	1610	----
10	-----	Sukhoi (United Aircraft Corp. Russia)	1610	24000
11	**56**	United Instrument Manufacturing Corp.	1580	----
12	-----	Irkut (United Aircraft Corp. Russia)	1320	----
13	-----	UMPO (United Engine Corp. Russia)	970	----

Source: SIPRI (2017b).
*Note (a) - Arms Sales are in US$ million.
*Note (b) - A dash indicates (---) data is not available.

CHAPTER 5

ARMS TRADE POLICIES OF OTHER MAJOR POWERS: UK AND CHINA

> *"A great many arms sales were made not because anyone wanted the arms, but because of the commission involved en route"* (Gilby 2005: 8) [Originally not in italic].

5.1 Introduction

Arms export policies of every country differs according to the domestic and international pressures emanating from the local capabilities and overarching structural constrains. Accordingly, the policies which the US and the USSR adopted in their arms exports during Cold War period may not be valid for other powers. In this chapter an attempt is made to analyse the motives and patterns of arms supply by second-tier countries during and after the end of Cold War period with the help of exploring arms trade policies of China and the UK. While analyzing the export pattern of China and the UK, a simultaneous attempt is also made to understand how their pattern differs from those of the US and the USSR.

Generally, the commercial considerations play a significant role in Great Britain and Beijing's arms trade (Kamal 1992). These countries view arms export chiefly as a way to generate revenue and support defence industrial bases for their own security needs (Blank and Levitzky 2015). In Britain, the Prime Minister Tony Blair himself stated that since arms exports are very crucial for the overall success of the British defence industries, the labour government would try its best to win export orders from arms recipient countries (CAAT 2003: 3). Similarly, the economic pressures and a strong desire to modernize its military power have prompted Beijing to expand arms sales as a tool for earning revenues (Lansford 2002: 127). China is a relatively small player in global arms markets and nearly all of its arms are sold to poorer countries (Saferworld 2011: 44).

In the past few years, however, China has emerged as an important arms exporter in the global arms market. According to a report of the U.S. Department of State, China

has exported US$ 10 billion arms world-wide between 2007 and 2011 (Table 5.2). During the same period, Britain exported US$ 13 billion arms to it client states (Table 5.2). In contrast to increasing arms export of China, Britain's export is relatively decreasing. Indeed, in the latter period of 2008-12, China replaced Britain from the exclusive club of the five biggest weapons exporters (Krishnan 2013; SIPRI 2012: 254). After the end of Second World War, it was the first time when UK could not secure a rank within the club of top five arms exporters (Lehtinen 2013: 1). This trend illustrates what many scholars believe that the balance of power in armaments is shifting to Asia from Europe (Lehtinen 2013; Krishnan 2013).

While the major powers such as the US and Russia remain by far the most important actors in the arms trade, the role of secondary suppliers such as China is not insignificant (SIPRI 1991: 247). The implication of China as an arms supplier to certain developing countries is far greater than its overall importance within the global arms market (SIPRI 1991: 247). In 1992, arms proliferation expert Richard Bitzinger wrote in details about the burgeoning political complications arising out of Chinese military exports (Spiegel and Billon 2009: 323). According to him, China's willingness to sell arms to certain countries whose policies and actions are often viewed contrary to Western interests has generated several controversies (Bitzinger 1992: 84).

China provides sensitive weapons and defence technologies to a range of recipients such as Iran, Myanmar (Burma), North Korea, and Pakistan, against whom Washington has serious reservations (Medeiros and Gill 2000: 7). There is little doubt that China in such cases plays hard power politics through these arms transfers. The purpose of this chapter is not to analyse the pattern of British and Chinese arms trade in general, but try to assess the nature and extent of their arms trade relative to the US and Russia. For the sake of convenience, this chapter is divided into three sections. Asses

The first section analyses the major trends and driving factors in British arms exports since 1971 to 2011. In doing this, it also assesses the financial value of British arms exports. The main purpose of this section is to analyse the changing pattern of UK's arms exports over the last few years. The second section explores the rise of Beijing's

arms exports over the last few years. Even though, China has not yet achieved the status of a great exporter like the US and Russia in the international arms market, nevertheless, the country's arms export potential deserves to be studied in order to estimate where and to whom China is able and willing to sell its arms (Simunovic 1998: 128). In doing this, this section analyses the main motives and trends in China's arms export.

The final section summarises the main arguments of the chapter and concludes.

5.2 Motives and Trends in United Kingdom's Arms Exports

Great Britain has been a prominent producer and exporter of arms since the early industrialization in Europe. It had been ranked as the second largest arms exporter for some time after the World War II (SIPRI 1984: 189). During initial two decades of Cold War, arms trade provided the UK as a tempting mean to resolve the several strategic mess occurring outside Britain (Clare 2013: 204). On one hand, it had served as a powerful balancing tool against the Soviet bloc and other regional adversaries (Clare 2013: 204) ; on the other, it also helped UK to preserve the British imperial influence in its former colonies (Clare 2013: 204). The prime recipients of British arms during this decade were the NATO allies, former colonies and non-aligned countries.

Latin America, Argentina, Chile, Indonesia, India, Africa, Malaysia, Singapore, Egypt, Saudi Arabia, Iran and Iraq were also important recipients of British arms. There were also reports that Oman was also one of the main customers of British arms during Cold War time and it was actively supported by the British during the guerrilla war of the 1970s (SIPRI 1984: 190). SIPRI in its report, *The Arms Trade with the Third World, 1971*, estimates that Britain accounted for approximately 21 percent of the total major weapons exports to the developing countries during the nineteen fifties (SIPRI 1971: 216). However, Britain's share got reduced to 11 percent of total arms exports to developing countries during the sixties (SIPRI 1971: 216). For example, according to one study, during the 1950s, the UK accounted for 64 percent of the total value of India's arms imports but its share declined to 47 percent in 1955 (Kalyanaraman 2013: 231).

The outbreak of Cold War between the US and the USSR changed the British arms sales patterns. By the mid-1950s and early 1960s, Britain's arms exports began to fall mainly because of growing competition from major arms suppliers such as France and the USSR (Davis 2002: 121). The UK was surpassed by the USSR in 1955 and by France in 1975 (SIPRI 1984: 189). In the words of SIPRI:

> The erosion of Britain's traditional arms market was evidenced by its military aircraft sales to the Middle East and North Africa: between 1945 and 1955 the UK supplied 95 per cent of the aircraft to those regions, but in the following decade its share of the market fell to less than 10 per cent (Davis 2002: 121).

Over the years, the gap between the UK and other major suppliers most notably the US and the USSR increased significantly during the 1970s (Table 3.1; Table 5.1). Table 5.1 shows that there had been a sharp decline in the volume of Britain's arms exports since 1971. The UK sold US$ 307 million worth of arms in 1971 as compared to the USSR which exported US$ 1.4 billion arms (Table 3.1: ACDA; Table 5.1: ACDA). Again in 1975, the UK sold US$ 815 million worth of arms as compared to the USSR which exported US$ 6.2 billion arms (Table 3.1: ACDA; Table 5.1: ACDA). Similarly, according to ACDA, in between 1976 and 1980, while Britain exported US$ 7.4 billion arms world-wide during 1976 to 1980, the USSR supplied US$ 7.7 billion of arms for the year 1976 only (Table 3.1; Table 5.1). These changes in the supplier side of international arms market relegated the status of Britain from the world's first-tier supplier to second-tier in the arms supply hierarchy (Davis 2002: 114; Perlo-Freeman 2010: 250).

The UK's limited role in international arms trade during mid-decade of the Cold War was partly as a result of the steady decline in its relative power in the world politics (Kalyanaraman 2013: 229). Economic constrains and the consequent reduction in military expenditures further reduced UK's ability to carve out a robust role for itself in the international arms market (Kalyanaraman 2013: 229). Other major responsible factors for the decline as noted by SIPRI were: (a) decolonization; (b) shrinking military industrial base caused by budget cuts in the military expenditure; (c*)* reduction in demand of weapons for the British forces and little research and development in arms production; (d) imposition of various restrictions on arms transfers such as embargo against Britain's traditional customer Chile; (e) and finally the decision taken by the British Government in the mid-1960s to remove its armed

forces from East of the Suez canal that led the regional countries to turn toward other suppliers (SIPRI 1984: 189; SIPRI 1973: 300).

In this context, Davis (2002: 121) observes that Britain's growing smaller role in the world means it has become unable to match the massive military aid efforts of suppliers like the US, the USSR/Russia. Moreover, as discussed in chapter 3, during the Cold War, arms sales were primarily dominated by the two superpowers and it left little scope for small and medium suppliers such as the UK, China to play any major role in international arms trade. Accordingly, in such circumstances, the medium powers like Britain could only hope to maintain competition with the superpowers in the arms market by sticking strictly to commercial considerations subject to the only qualification being their own direct security needs (Evron 1970: 87).

From a purely security perspective, no state is expected to be dependent on arms imported from foreign countries (Stanley and Pearton 1972: 65). Thus, for most states, maintaining a reasonable volume of production for sustaining the local arms industry has been a matter of national security interests. For the UK, the arms industry has been a leading-edge, high-technology sector that offers multiple military benefits to the nation's security through ensuring a secure, assured and agile arms supply chain over the long term (Dorman *et al.* 2015: 3). Arms exports, thus, have long been seen by British policy makers as a matter of commercial pragmatism crucial for survival of defence industry (Erickson 2015: 77-78). Generally, a smaller domestic market for defence goods is necessary to maintain a sustainable domestic defense industry (Erickson 2015: 57). Commenting on the economic importance of a viable domestic arms market, two scholars on arms transfers Stanley and Pearton (1972: 65), argues that arms export benefits the balance of payments, lowers government expenditure on research and development; and finally reduces the cost of the government in its own defence procurements.

As a result, during final two decades of the Cold War, the UK tried to maintain its increasingly decaying military role in world politics through arms sales and in the subsequent years, arms exports were used to support the budget for retaining an independent defence industrial base (Davis 2002: 145). A government white paper in 1965 itself stated that the UK government had inherited a defence force that was

seriously overstretched and as a result wide gap had developed between political commitments and corresponding military resources (Clare 2013: 204). It further stated that:

> The general policy of H. M. government on the sale of arms is primarily governed by political and strategic considerations: only when these have been satisfied are economic considerations- i.e., the contribution of arms sales to export earnings-taken into account (SIPRI 1971: 215; Pierre 2014: 101).

Political and economic changes in the 1970s and 1980s redefined trends in British arms exports. The main incentive behind the British arms trade appears to be financial sustaining the growing arms industry in Britain (Evron 1970: 85). In this context, Defence Export Services Organization (DESO) (now called Defence and Security Organisation), had been very helpful in expanding Britain's share in the global arms market (Stohl and Grillot 2009: 65). During the 1980s, the DESO under Prime Minister Margaret Thatcher's regime successfully concluded number of arms deals with even those countries that were in serious conflict with human rights, democratic principles and non-proliferation (Stohl and Grillot 2009 Gabelnick *et al.* 2006: 4).

The Al Yamamah contract with Saudi Arabia pressed by DESO and Thatcher provides a good example in this regard (Davis 2002: 252). According to SIPRI (1988: 185), as a part of this deal, the UK sold 72 tornado tactical aircraft and trainers to Saudi Arabia in 1986. The UK also provided arms to even those states which were refused by two superpowers for political reasons (SIPRI 1978: 227). Arms export to Iraq-Iran War (1980-88), provides a good example in this regard. In this war, while the UK supplied arms to the both warring states, the US and USSR picked one of them to export their weapons in later phases of war. This trend in British arms exports can be very clearly observed from the statement of Gompert and Vershbow (1977: 8), as they rightly assert that unlike the two superpowers, the other exporters such as UK, France and China:

> Are under great pressure to reduce balance-of-payments deficits and to support national arms industries by maximizing sales; they are becoming less discriminating in their choice of arms-trading partners; they are selling better, newer weapons; they are less able to insist on restrictions on how the arms are to be used; they are less able to manipulate arms relationships for political ends; and they can no longer count on the fidelity of buyers to the political alignments and objectives that structure East-West relations.

Prime Minster Thatcher's commercial pragmatism helped the UK to improve its share in the international arms market and consequently the UK re-solidified its reputation as a leading second-tier arms exporter that it had lost in the 1960s (Pierre 1982:104; Davis 2002: 114; SIPRI 1988: 185).[19] The upward trend in the British arms sales during 1980s is also clear from several statistics. According to a report of SIPRI, British arms exports rose from US$ 1.6 billion in 1980 to US$ 2.3 billion in 1981 (Table 5.1). ACDA reported that the UK had increased its arms exports from US$ 1.9 in 1980 to US$ 2.6 billion in 1981 (Table 5.1). According to the ACDA estimates, the UK increased its global share of arms export from 2.82 percent in 1971 to 7.5 percent in 1981 (Table 5.1). The report further notes that in between 1981 and 1987, UK supplied US$ 23.2 billion arms around the world and its share in global arms market enlarged from US$ 2.6 billion in 1981 to US$ 6.3 billion in 1987 (Table 5.1: ACDA). These sales represent the picture of the UK's involvement in arming the Iraq-Iran War of 1980-88 (Davis 2002).

Iran, unlike Iraq, was a major customer for British defence apparatus prior to the outbreak of the Iran-Iraq war (Iraq Watch 2000-2007). Between 1971 and 1979, Britain exported worth US$ 3384 million arms to Iran (SIPRI 2016a). With the outbreak of war, however, the prospects for British defence sales to Iraq dramatically increased. The statistics suggest UK's arms export to Iraq increased from US$ 201 million in 1979 to US$ 322 million in 1980 and again from US$ 624 million in 1981 to US$ 874 million in 1982 (SIPRI 2016a). Between 1985 and 1990, according to the British government's own admission, it sold defence related equipment worth US$ 222 million to Iraq (Davis 2002: 149). SIPRI (1991: 248) reported that during the last decade of Cold War period (1980-89), the UK exported around 9 percent arms to the states at war which was much higher than the US with just 5 percent only. Yet, these sales represent only a small segment of the UK's total involvement in arming Saddam Hussein (Davis 2002: 149). While analyzing overall UK's involvement in Iraq, Davis (2002:149) in his SIPRI report observes:

[19] The enthusiastic support for arms exports by the British leaders characterized as 'commercial pragmatism' came under severe criticism (Kolodziej 1980: 54). Some scholars and critics argue that the British government exported arms to those who could simply pay for them while avoiding ethical considerations such as, "what the buyers do with the arms, what political approval the sales signify, and how the money could have been better spent appear irrelevant to the government and their arms companies" (CAAT 2011: 2).

> This figure does not include dual-use equipment, such as machine tools or industrial and scientific equipment, which were worth at least another $200 million….and more significantly; the figure of $222 million takes no account of the supply of weapons diverted to Iraq via Jordan. Three large arms deals were signed by Prime Minister Thatcher with Jordan in 1979, 1985 and 1987, and it is now clear- despite ministerial protestations at the Scott Inquiry that this was not known at the time- that 'a lot' of this equipment ended up in Iraq.

Arms exports to Iraq provoked widespread ethical and political controversy in UK (Chalmers *et al.* 2002: 343). Yet, the British government continued to promote the exports of UK's weapons around the world (CAAT 2005: 4). According to a report of the U.S. Department of State the Britain's share in world-wide arms exports increased from 8.51 percent in 1987 to 13.03 percent in 1994 (Table 5.1; Table 5.2). Although, the values of UK's arms exports appears larger when they are aggregated in terms of world's total arms exports; most of its annual arms transfer values had been comparatively low when they were listed as individual exporters during 1987-1994 (Theohary 2015: 7). For example, in 1994 ACDA listed the UK as the second biggest exporter in the world in terms of total arms export, but at the same time, it also suggests that as an individual exporter the UK's share decreased from US$ 6.3 billion in 1987 to US$ 5.6 billion in 1994 (ACDA 1996: 19).

A similar trend was also noted by SIPRI. According to its report, the UK's arms sales fell steadily from US$ 3.5 in 1987 to US$ 1.5 in 1994 (Table 5.1; Table 5.2). Nevertheless, the UK was ranked as world's second largest arms exporter especially after the end of Cold War. The principal factor that contributed to the UK's increased share in the 1990s was the change in supply structure caused by the collapse of Soviet Union (Davis 2002: 115). As discussed in previous chapter, with the collapse of Soviet Union world-wide arms exports decreased from US$ 74.3 billion in 1987 to US$ 49.5 billion in 1990 (Table 3.1: ACDA). As a result, according to the U.S. Department of State estimates, while the UK's share had improved in terms of total global arms exports from 8.51 percent in 1987 to 9.95 percent in 1990 and 14.16 percent in 1992; the Russia lost its status as second biggest arms exporter and it accounted for 5.71 percent of the total export in 1992 (Table 4.1; Table 5.1; Table 5.2).

By 1994, according to ACDA, while Russia remained the third biggest supplier accounting for 4.26 percent of the world total arms exports, UK came to second with

13.03 percent share (Table 5.1; Table 5.2). Several contemporary reports on arms trade show the similar trend in British arms exports. According to the SIPRI's data on arms transfers, the volume of the UK's arms exports rose from 6.75 percent in 1994 to 8.2 percent in 1997 (Table 5.2). More specifically, it estimates that the UK's export accounted US$ 1.5 billion arms in 1994 and US$ 2.3 billion in 1997 (Table 5.2: SIPRI).

The UK's position as a major exporter during this period was caused by its increased share of regional market. According to a report of ACDA (1996), the UK accounted for 44 percent of its total arms sales to Europe. In fact, the US also purchased arms from UK worth US$ 1.4 billion (ACDA 1996: 19). However, the major markets for the UK's weapons were those of the less-developed states (Freedman 1978: 138,). According to ACDA figures, in 1994 around 83 percent of Britain's arms sales went to the non-NATO countries, particularly to the developing countries belonging to the oil producing Middle East region (ACDA 1996: 19; Freedman 1978: 138). According to SIPRI (1991: 261), Middle East countries accounted for 64 percent of British arms exports during 1980-1990. Even a recent data in 2015 suggest Middle East imported 58 percent total UK arms exports during 2006-2015 (Figure 5. 1).

Riding over petro dollar, Saudi Arabia alone imported US$ 9.4 billion or 75 percent of all British arms exports during 1992-1994 (ACDA 1996: 19). Between the year 1994 and 1996, arms exports to Saudi Arabia accounted for 68 per cent of the total British arms sales to the developing world (Davis 2002: 116). This extensive market share of the UK with Saudi Arabia happened after successful negotiation of one big arms deal namely the Al Yamamah (Davis 2002: 116). Even though the deal was originally estimated to be worth US$ 7.6 billion, the value of the total package closed at US$ 20 billion (Davis 2002: 120). In exchange of oil shipments to UK under the deal, the British government procured the aircrafts from BAE systems (British Aerospace), the largest arms company in the UK and dispatched them along with spare parts, missiles and trainers to Riyadh (Davis 2002: 120). Arms exports to Iran were made on a similar barter basis (Snider 1984: 666). For example, the British Aircraft Corporation (BAC) company unveiled a joint deal with Shell Oil in November 1976, according to which the two companies would supply Iran, the Rapier

Surface-to-air Missile (SAM) at a price of US$ 640 million in exchange for 13,000 barrels of crude oil per day for eight years (Snider 1984: 666).

In 1996, the publication of *Sir Richard Scott Report of the Inquiry into the Export of Defence Equipment and Dual-Use Goods to Iraq and Related Prosecutions*, made some very harsh criticisms of British policies on arms export to Middle East (Davis 2002). Subsequent to the publication of Sir Richard Scott Report's criticism, the UK came under heavy pressure to regulate the arms trade policies by pursuing domestic and international efforts (Stohl and Grillot 2009: 63). Responding to his criticisms, the British government developed some new domestic policies governing arms exports, and also led international efforts to control the arms trade (Stohl and Grillot 2009: 63). In general, the UK government officially stated that it would refuse the export of weapons if there are reasons to believe that it might be used (Stanley and Pearton 1972: 16) :

(a) "Against Her Majesty's Government or it allies,

(b) For aggressive purpose generally, or

(c) For subversive purposes which might affect the stability of third countries" (Stanley and Pearton 1972: 16).[20]

Even though the UK has generally shown a commercial pragmatism, its commitment to allies more particularly to the US under NATO sometimes results in non export of arms for profits. In order to avoid the greater harms to its foreign policy, UK has also practiced a restrictive policy in its arms transfers on certain occasions. According to Stanley and Pearton (1972: 14), the strong strategic bonding in Anglo-American relationship sometimes causes the British government to either supply or restricts arms to certain recipients (ACDA 1973: 32). For example, in 1959 when the US took decision to suspend the arms supply to Cuba, the UK in agreement with other Western countries, refused to export its aircrafts to Cuba (Phythian and Jardine 1999: 39-55).

[20] UK in agreement with US and other Western powers sometimes follow common preventive action against certain recipients. For example, in 1950, the US, the UK, and France under a Tripartite Declaration tried to regulate and coordinate arms sales to the Middle East by linking arms transfers to the promises of non-aggression by the recipient states. The underlying "intention was to enable Middle Eastern states to resist the Soviet aggression, to maintain a balance between Israel and the Arab states, and to serve as a forerunner to a Middle East security network that would improve the West's strategic position" (Erickson 2015: 52). After the September 11, 2001, terrorist attacks on the US; the UK showed its unconditional support for the war on terrorism and joined hands with the US in the invasion of Iraq (Hollis 2011).

While justifying this decision, the UK cabinet itself remarked that although such decision would adversely affect British trade interests with Cuba, nonetheless, a failure to support the US where its direct strategic interest was involved might pose great harm to the UK economy (Phythian and Jardine 1999: 54).

Similarly, the UK also pursues certain common preventive policies with the US in its arms exports with regard to certain countries and accordingly does not sale arms on commercial lines. Because of its economic interest with EU and the US, Britain sometimes also halts its arms sales to India (Stanley and Pearton 1972: 17; Malhotra 2008). For instance, in agreement with Western countries, Britain also adopted an arms embargo policy against India for certain period of time after its Pokhran-II nuclear test in 1998 (Verbruggen 2015). Yet, the UK sometimes sold arms to countries whom the US did not sale its arms. As Theohary (2015: 11), asserts the UK sold several fighter aircrafts to Saudi Arabia in the mid-1980s especially when the US did not sale a comparable aircraft.

In 1997, under the Labour party, the British government committed itself to an 'ethical' and responsible weapon export policy (Dunne and Perlo-Freeman 2003: 4; Lunn 2017: 6; Appendix 4). The underlying principle of this so called ethical responsible arms trade policy was to restrict the licenses for arms exports if they might lead to violations of norms on human rights, international humanitarian law, sustainable development, or might be used as tool for external aggression by compromising regional stability (Dunne and Perlo-Freeman 2003: 4; Lunn 2017: 6).

However, it is very difficult to evaluate the overall impact of government's policy on the arms export (Dunne and Perlo-Freeman 2003: 5). UK's arms export went down since 1997 primarily because of external environmental factors primarily caused by the end of the Cold War (Dunne and Perlo-Freeman 2003: 5; Davis 2002: 117). Cessation of Cold War rivalry had an adverse impact on arms export at the global level. According to Perlo-Freeman (2010: 250), like other countries in the world arms market, the UK arms exports also got significantly dropped after end of bipolarity. According to the statistics of the U.S. Department of State, the sales value of UK arms exports was estimated to be around US $8.1 billion in 1997, US$ 5.1 billion in 1998, US$ 5.7 billion in 1999, US$ 6.7 billion in 2000, and US$ 4.8 billion in 2001 (Table

5.2). This reflects a trend of reduction from 10.51 percent in 1997 to 5.87 percent in 2001 (Table 5.2).

According to SIPRI figures, UK's arms export was falling by more than one half in 1998 compared to the preceding year, than remaining at a fairly steady level up to 2001 (Dunne and Perlo-Freeman 2003: 5). Similar trend of decline has also been noticed by several reports of IISS (Table 5.2). According to the IISS estimation, the UK's arms exports fell from US$ 8 billion in 1997 to US$ 4 in 1998 and then US$ 5 billion in 1999, US$ 6 billion in 2000 and US$ 5 billion in 2001 (Table 5.2). After 2003, even though the wars in Afghanistan and Iraq caused increase in arms sales, statistics shows that the export still remained in 2007 around 6 percent below to the level of 1987 (Perlo-Freeman 2010: 251). One explanation for this decline in UK's arms export, as noted by SIPRI was the falling demand of combat aircrafts (tornado aircrafts) which it last delivered to the Saudi Arabia in 1998 (SIPRI 2000: 342). As a result, the UK arms industry is facing a significant crisis in international arms market resulting in major domestic job losses (Perlo-Freeman 2010: 250).

The crisis in international arms trade forced the British arms industry to explore new market strategies (Perlo-Freeman 2010: 250). Accordingly, as discussed in chapter 4, the most important strategy taken by the UK's arms industries were the consolidation and concentration (mergers and acquisitions) amongst major arms-producing companies (Perlo-Freeman 2010: 250). This process led to the emergence of BAE Systems (the former British Aerospace) in 1999 (SIPRI 2001: 303). BAE Systems is the UK's largest weapons producing company, with annual exports worth exceeding US$ 20 billion in 2001 to 23 billion in 2002 to around 30 billion in 2011 (Table 4.2). The company was ranked as third largest arms producer in 2001 as well as in 2011(Table 4.2, SIPRI 2016b). In 2004, subsequent to the acquisition of the British tank maker Alvis by the BAE Systems at cost of US$ 651 million, it lost its independent ranking from that list (SIPRI 2006: 390). The most strategically noteworthy achievement in this context was the acquisition of United Defense (US) by BAE Systems in 2005 under a deal valued at US$ 4192 million (SIPRI 2006: 392). According to SIPRI (2006: 392), this deal was the largest ever acquisition of a US defense company by a non-US defence company at that time. Subsequent to this deal

a British company became the sixth largest contractor for the U.S. Department of Defense (DOD).

Other major British arms companies such as Rolls Royce, QinetiQ, GKN, VT Group, Cobham, Babcock International Group, Ultra Electronic, Meggitt and Chemring Group were also listed in the SIPRI's top 100 arms companies in the world in 2006-2016 (SIPRI 2017b ;War on Want 2008: 4). In addition to contributing to the defence market, the UK's defence industry also provides substantial economic value to the UK in terms of domestic employment, cutting edge high technologies, skills and financial contributions (Dorman 2015: 2). According to the United Kingdom Trade and Investment (UKTI) figures, the UK has retained a 20 percent average share of the global market over the last 10-year period (2002-2011) occupying the status of second largest defence exporter (UKTI 2012: 14). While supporting the economic value of arms trade, UKTI says defence and security companies are important pillar of UK's economy as they contribute with billions of pounds of export revenue each year and also through generating thousands of jobs (UKTI 2012: 14). According to the recent estimation of CAAT (2014: 7), arms industry provides 1, 70,000 jobs in UK, of which around 1, 15,000 are working in Ministry of Defence expenditure and 55,000 in arms export production.

Since British arms companies enjoy a unique privileged position in domestic economy, the promotion of their arms exports receives very high priority within the Ministry of Defence (Pierre 1982: 103). Denis Healey, then minister of defence himself stated that, "it is not only our right but our duty, to ensure that British defence industries have a market which enables them to survive and have a proper share of the international market" (Pierre 1982: 103). To do this the British government has set up Defence Sales organization (DSO) (now called Defence and Security Organisation), under the Ministry of Defence (Gilby 2005).[21] The intimate relationship between the government and the defence industry after establishment of DSO encouraged the exports and promotion of arms. Since establishment of DSO, the UK government has

[21] Defence Sales organization (DSO) also known as DESO (Defence Export Services Organization) was set up in 1966. However, in July 2007, it was closed by the then Prime Minister Gordon Brown (Stohl and Grillot 2009: 67). The United Kingdom Trade and Investment (UKTI), a government department is now dealing with the task of arms exports (CAAT 2011: 3). In 2008 the UKTI opened the Defence and Security Organisation (DSO) which now promotes arms exports on behalf of the UK arms companies (CAAT 2011: 3-4).

been intimately linked with the salesman at DSO and actively engaged in promoting arms exports. Several politicians whose political carrier was highly dependent on creating jobs for their constituents, strongly advocated for the defence based local economies (Erickson 2015: 6)

In order to promote arms exports, BAE had created a slush fund for Saudi royals so as to cement an arms deal in the 1980s that was pushed by DESO under Prime Minister Thatcher (Stohl and Grillot 2009: 65-66). Various reports also suggest that during the Iraq-Iran War in 1980-88, arms sales to Iraq were encourage by the British government itself **(**Iraq Watch 2000-2007). A report of Iraq Watch notes that during the Overseas and Defence Committee of the Cabinet (ODCC) meeting on 29 January 1981, ministers agreed to explore every available opportunity to exploit Iraq for potential export of British defence equipments (Iraq Watch 2000-2007). The successive UK governments have also played an active role in promoting British arms exports (Perlo-Freeman 2010: 250). In May 2007, British Prime Minister Tony Blair met with Libyan leader Qadhafi to discuss the possible sale of SAM systems and finally successfully lobbied for a deal estimated at US$ 900 million (Holtom *et al.* 2008: 304). The deal was signed between British Petroleum (BP) company and Libyan government (Holtom *et al.* 2008: 304). Similarly, in September 2007, the British government agreed to supply 72 Euro-fighter typhoon combat aircraft to Saudi Arabia under a deal called Project Al Salam valued at US$ 20 billion (Holtom *et al.* 2008: 304).

The government's willingness to permit export licenses to highly repressive regimes and regions of conflicts often comes in conflict with its own democratic credentials (Perlo-Freeman 2010: 261). The UK government's Annual Report on Human Rights in 2010, identified 26 'countries of concern' of which CAAT listed the following countries as major recipient of UK's arms: Israel, Libya, Pakistan, Russia and Saudi Arabia, Indonesia, and Sudan (CAAT 2011:2; Stohl and Grillot 2009: 65). For instance, according to a report of War on Want (2008: 6):

> In 2006 the UK government approved sales by UK arms companies to 19 of the 20 countries identified by the Foreign and Commonwealth Office as 'countries of concern' for human rights abuses. These countries included Saudi Arabia, Israel, Colombia, China and Russia. Deals have been approved in other conflict countries including Algeria, Turkey, Pakistan, Afghanistan, Indonesia and Georgia.

The CAAT (2011: 2) also listed the following regions where the UK's arms were highly used during conflicts:

(a) Argentina (Falklands War)
(b) Zimbabwe (war in the Democratic Republic of Congo)
(c) US (Invasion of Iraq)
(d) Indonesian military (Operations in East Timor, Aceh and West Papua)
(e) Israel (Gaza War, 2009)
(f) Libya (Against Rebels, 2011)

More recently, British arms export to the countries affected by the Arab Spring has led to severe criticism from across the world. In order to concede the protests, in March 2011, the Cameron government revoked 122 licenses for arms exports to the countries like Bahrain, Egypt, Libya, and Tunisia (SIPRI 2012: 278). However, after facing economic austerity at home and crisis in international arms market, Cameron government re-evaluated his arms exports policy to the Middle East region and visited countries like Oman, Saudi Arabia, and the UAE for the promotion of British arms exports to these countries (SIPRI 2013: 253). According to SIPRI (2013: 254), during his visit to these three countries in November 2012, Cameron successfully lobbied for a deal worth US$ 2.2 billion. It further notes that, as part of this deal, while Saudi Arabia ordered 22 hawk-100 trainer/combat aircraft worth US$ 1.6 billion, Oman ordered 12 typhoon combat aircraft, 8 hawk-100 trainer/combat aircraft worth US$ 2.5 billion (SIPRI 2013: 254).

More recently, the UK government has also authorized the sale of some non-lethal equipment to the Syrian National Coalition (SNC) (SIPRI 2014: 26). Another gulf country, Bahrain has also received military equipment from the UK after the outbreak of civil war (SIPRI 2012: 279). Overall, according to the SIPRI's estimation, Middle East received 31 percent of British exports during 2008 to 2012 (SIPRI 2013: 253). According to another report, in between 2006 to 2015, the UK exported 58 percent of its total arms to Middle East (Figure 5.1, Kift and Page 2016:6). The Cameron government's pragmatic approach to sale arms to the countries affected by the Arab Spring highlights the paradoxical nature of British arms trade. Thus, on one hand

while the British "government professes to welcome new democratic movements, [on the other] it continue to license the weapons sales to the same governments that brutally suppress them" (Michou 2012: 4).

It shows that "reconciling the conflict of interest between commercial diplomacy and support for democracy is the crux of present British arms export policy in the Middle East" (Michou 2012: 5). However, despite the Cameron government enthusiastic support for arms exports, Britain's status as a major supplier is declining in recent years. SIPRI (2013: 253) reported that, between 2003-2007 and 2008-2012, British arms exports increased by one percent. By the time of the compilation of 2013 report of the SIPRI, the UK fell from being the fifth largest supplier to the sixth largest and China rose to the fifth arms industry. This is the first time since 1950 that the UK has not been listed among the SIPRI's top five arms exporters (SIPRI 2013: 253). By and large, the British policy on exporting arms is not always consistent with its broad articulated principles based on ethical dimension. The domestic and external factors such as war, unemployment and pressure from human rights advocates also play critical role in shaping the British policy on arms exports.

5.3 Motives and Trends in China's Arms Exports

"China represents the vanguard of an increase in the significance of Asian suppliers in the international arms trade" (Bruck 2013: 10).

China is relatively a newcomer to the world's arms bazaar despite the fact that it invented the gunpowder as early as 850 AD and has long possessed a huge indigenous defence industry with varieties of weapon systems (Whipps 2008; Bitzinger 1992: 84). According to SIPRI, the early evidence of notable arms export by Beijing came during 1980s when it sold weapons on large scale to the both sides of the Iraq-Iran War (SIPRI 2006: 460).The apprehensions against motives of Western countries after the Islamic Revolution in 1979 forced Iran to look for friendly non-Western countries to meet the military needs. China exploited this opportunity and became one of the top arms suppliers to Iran during 1980s (SIPRI 2006: 461). As a result, China's arms exports increased suddenly in 1980s. According to a report of SIPRI, China exported US$ 6.7 billion arms around the world during 1980-1984 (Table 5.1). In between the period of 1984-1988, China alone supplied US$ 2.5 billion arms to Iran and US$ 2.8

billion arms to Iraq (ACDA 1991: 14). In 1987, SIPRI (2006: 460) ranked China as third largest exporter of major conventional weapons. SIPRI estimates in Table 5.1 shows that in 1987 China exported worth US$ 2.6 billion arms around the world.

A similar trend was noted by the ACDA (Table 5.1). According to ACDA report, China exported US$ 2.6 billion worth of arms in 1987, as compared to US$ 1.6 billion in the previous year in 1986 (Table 5.1). The total arms exports by China during1986 to 1990 reached to US$ 7.8 billion arms (Table 5.1: SIPRI). During this period (1986-90), SIPRI ranked China as fifth largest exporter of the major conventional weapons (SIPRI 1991: 217). In this five-year period, China delivered major conventional weapons to 22 countries and its main customers were: Iran, Saudi Arabia, Iraq, Pakistan, Thailand, and North Korea (SIPRI 1991: 217). Amongst all these, Pakistan had been the most prominent recipient of Chinese arms.

The period of 1986-90 also demonstrates dramatic rise and fall of Chinese arms exports. In contrast to 1986 when China exported US$ 1.8 billion arms, the sales fell to US$ 941 million by 1990 (Table 5.1: SIPRI). According to SIPRI's estimation China's share in global arms export market also decreased from 4.76 percent in 1986 to 3.13 percent in 1990 (Table 5.1). One of the principal reasons other than cessation of Iran-Iraq war as to why Chinese arms sales decreased in 1990s is that the US backed Western powers demonstrated several advance weapons during Gulf War, and hence, attracted many arms recipient countries for new deals (SIPRI 2006: 460). According to a report of SIPRI, China exported US$ 703 million arms and weapons in 1992 (Table 5.2). The growing availability of cheaper and more advanced Soviet weapons after its collapse also reduced demand for Chinese weapons (SIPRI 2006: 460; Byman and Cliff 1999).

According to a report of ACDA, China accounted for only 2.51 percent of the total arms exports in 1992 (Table 5.2). It further notes that, China exported around US$ 3243 million weapons during 1992-1994 and it accounted for 2.30 percent of total world sales (ACDA 1995: 20). Nevertheless, China remained as a dominant arms exporter to the developing country. In fact, during the period 1992-1994, 94 percent of its total sales went to the developing countries (ACDA 1995: 20). Amongst these developing countries, Pakistan imported arms worth US$ 875 million, Iran US$ 525

million, Burma (Myanmar) US$ 300 million and Saudi Arabia US$ 170 million (ACDA 1995: 20). Together these countries accounted for two-thirds of China's total arms export (ACDA 1995: 20). With export of arms worth US$ 5.5 billion during 1990-1994, China was ranked by SIPRI as the sixth biggest arms exporter (SIPRI 1994: 495; SIPRI 2017a; Table 5.1; Table 5.2). According to SIPRI estimates, the value of Chinese arms exports was US$ 1013 million in 1995, US$ 772 million in 1996, US$ 435 million in 1997, US$ 353 million in 1988, US$ 332 in 1999 and US$ 302 million in 2000 (Table 5.2). Mederios and Gill (2000: 80) on basis of a comparative analysis of SIPRI and CRS statistics on arms exports by China during 1990-1998, found different estimates for same time period because both these sources employed different methodologies in evaluating the monetary value of total arms exports (Figure 5.3). Mederios and Gill (2000: 78) found on basis of SIPRI statistics that Chinese arms export value had declined from over US$ 1000 in 1990 to less than US$200 in 1998.

However, during the period 2001-2005, SIPRI noticed that there was a sharp decline in China's arms export (SIPRI 2006: 460). China accounted for less than 2 percent of the total arms transfers during this period (SIPRI 2006: 460). According to the U.S. Department of State statistics, during the period of 2006-2007, China exported only US$ 3.3 billion arms around the world (Table 5.2). However, the recent reports of the U.S. Department of State suggest that China's arms exports are increasing. It shows that volume of Chinese arms exports rose to US$ 2200 million in 2008 as compared to US$ 1700 million in 2007 (Table 5.2). SIPRI estimates that China's share in the global arms exports has increased from 2.63 percent in 2008 to 4.84 percent in 2009 (Table 5.2). According to SIPRI, China exported US$ 636 million arms in 2008 and US$ 1178 million in 2009 (Table 5.2). SIPRI also estimates that, China's share in the global arms exports increased from US$ 1178 million in 2009 to US$ 1338 million in 2011 (Table 5.2). Because of these dramatic improvements in exports share, China was ranked among the five largest arms exporters during 2008-12 (Bruck 2013: 10). This is the first time since the period of 1986-90, when China is ranked fifth after the US, Russia, Germany and France (Bruck 2013: 10). Table 5.3 shows how the ranks of the top five suppliers have changed over the years.

The continuing rapid growth of China's military capabilities parallel to its economic power has created several concerns amongst foreign security experts (Thapliyal 2012: 3). One area where the action of China is likely to come to the fore is related to the arms transfers (Perkins and Neumayer 2008: 247). In last few years, China has emerged as an important arms exporter in the world arms bazaar. In fact, as mentioned earlier also, by overtaking UK, China occupied fifth rank amongst arms exporting countries during the period 2008-2012 (Bruck 2013: 10). Chinese arms supply in last few years far exceeds than arms export during entire Mao era from 1950 to 1970 (Woon 1989: 603; Medeiros and Gill 2000: 1; Bruck 2013: 10).

During the Mao era, China supplied arms to few handfuls of states from Third World (Bitzinger 1992: 85). Like other arms exporters, China's primary challenge during Cold War came from the superpower politics of the US and the USSR (Behera 2013: 11). As noted earlier, during Cold War, arms sales were dominated by the two superpowers and many of the potentially lucrative markets such as Latin America or Middle East were client states of either the US or the USSR (Bitzinger 1992: 109). In such circumstances, the People's Republic of China (PRC) had a very limited capability to penetrate the arms markets, and thus, it mainly concentrated on countries like Democratic Republic of Vietnam, North Korea, Tanzania, and few other Third World states for its arms exports (Bitzinger 1992: 109; ACDA 1973: 39). ACDA report shows that between 1971 and 1975, China exported only US$ 3 billion arms around the world, but during the same period, its ideological adversary the Soviet Union exported US$ 31 billion arms (Table 3.1; Table 5.1). These statistics make it clear that China was not an important player in the international arms trade at that time (Kamal 1992: 113).

China's arms exports policy during 1970s had apparently been designed to enhance its prestige as a major player amongst countries belonging to the non-aligned Movement so as to counter the Western influence (ACDA 1973: 39; Bitzinger 1992: 85). For example, between 1955 and 1977, China sold US$ 142 million of military equipment to Africa as part of its ideological support for the various liberation movements (Saferworld 2011: 49). China's key African arms recipients were Albania, the Republic of the Congo, Sierra Leone, Sudan, and Zaire (now the DRC) (Bromley *et al.* 2013: 36) In most of these countries, China provided arms either at very low cost

or in form of free military aid (Bitzinger 1992: 85). In fact, the PRC during this time often criticised the idea of making profit from foreign arms sales and Mao Zedong frequently criticised the US and the Soviet Union as being the 'merchants of death' (Bitzinger 1992: 85).

However, in practice, China also exported arms to earn hard currency (Blank and Levitzky 2015: 64). In this regard, Singh (1999: 45) asserts that, China's economic motives to supply arms are primarily fueled by a combination of two interconnected driving forces. First of them is to strengthen self-sufficiency of its defence industry and to accelerate its pace in arms production; and the second one is to enhance its own defence related technology through the massive military modernization programmes (Singh 1999: 45). The most striking and ambitious military programme in this regard was the 'Four Modernizations' initiate taken by the country's then leader Deng Xiaoping in 1978. This programme was primarily designed to push China towards a high-tech and advanced military technology (Blank 2009: 22). The Chinese strategists believe that:

> The Chinese military could not manage its own reform effectively and restructure itself into a modern fighting machine. Thus, selling arms became an obvious way to get those funds and the military-industrial complex, goaded by Deng Xiaoping, adopted an 'entrepreneurial' attitude (Kamal 1992: 113).

The statistics on arms export shows that China has now emerged as a major arms exporter.

As also mentioned earlier, China rose to third largest exporter of major conventional weapons in the year 1987 by exporting around US$ 2.6 billion arms around the world (SIPRI 2006: 460). A report on arms exports to the Third World prepared by Singh (1999: 44) also argues that China had been consistently doing extremely well in its defence exports, especially to the developing countries. According to this report, during the period 1989-1996, China exported US$ 7.6 billion worth of arms to the developing countries (Singh 1999: 44).

However, the increase of the volume of arms exports is not the only shift in the pattern of Chinese arms exports. Many scholars believe that the character of China's arms exports has actually begun to change after Mao's death (Bitzinger 1992: 86). Bitzinger (1992: 86) while analyzing changes in the character of China's arms exports

states that in the early Mao years, China sold arms mostly to Africans states such as Zambia and Zaire but now Beijing exports arms to several new customers elsewhere in the developing world such as Bangladesh, Myanmar and Zimbabwe. During the later phase of Cold War, SIPRI (1988: 86) in its report found some new clients for Chinese weapons such as North Korea, Thailand, and Pakistan (a major recipient of Chinese arms even before 1988).

Recently, the major recipients of Chinese arms were Saudi Arabia and Egypt. China is also often cited as major supplier of weapons to conflict regions for profit (Wezeman 2003: 3; Bromley *et al.* 2013: 22). The Iran-Iraq war in 1980-88 also provides a good example in this regard. Primarily due to China's role in delivering arms to the both sides in the Iran-Iraq War 1980-88, China was ranked as the fifth largest exporter of major conventional weapons worth US$ 7.8 billion during 1986-90 (SIPRI 1991: 217; Table 5.1). In many respects, the increase in China's arms trade during 1980s reflects a more pragmatic approach of its arms export policies (Medeiros and Gill 2000: 2). As SIPRI (1988: 186) noted:

> "Following the death of Chairman Mao Zedong, his successors steered the nation on a pragmatic course that allowed the country to become a genuinely neutral arms merchant. Politically neutral and low-cost weapons made China an appealing supplier to some."

However, with the end of the Iran-Iraq War in 1988, China's arms trade like many other arms suppliers had fallen swiftly (Medeiros and Gill 2000). The poor performance of Chinese arms in the Iran-Iraq War adversely affected the prospects for future arms export business (Sachar 2004: 294). In addition, Operation Desert Storm during Gulf War further demonstrated the disadvantages of Chinese weapons that were sold to Iraq (Sachar 2004: 294). Following this many recipient countries speculated that Chinese military weapons were not technologically sound. They were either defective or of poor quality and possibly several generations behind compared to those of the Western powers (Surry 2007: 3).

Chinese share in global arms market has decreased from 4.76 percent in 1986 to 3.13 percent in 1990 (Table 5.1: SIPRI). Yet, the depression of the arms trade in the 1990s could no longer demise the China's desire to supply arms. China still remained a major source of Small Arms and Light Weapons (SALW) to several conflicting states

such as Sudan, Sri Lanka, Liberia, Sierra Leone, and Zimbabwe (Bromley *et al.* 2013: 22). Sri Lanka and Sudan have been most important recipients of SALW from China (Bromley *et al.* 2013: 49). China's arms supplies to Sri Lankan government continued throughout its intra-conflict with the Liberation Tigers of Tamil Eelam (LTTE) (Bromley *et al.* 2013: 49).

According to Wezeman (2003: 37), from 1998 to 2002, China exported 10 CJ-6 trainer aircraft, six K-8 jet trainer aircraft, 36 Type-66 152mm towed guns, two Lushun class patrol craft, and three shanghai class patrol craft to Sri Lanka. Between 2003 and 2007, China supplied six K-8 and three A-5 light combat aircraft to Sudan (SIPRI 2008: 315). During the same period China accounted for 8 percent of Darfur arms imports (SIPRI 2008: 315). In addition, China's arms companies had also facilitated the expansion of Sudan's own capabilities to assemble and produce small arms, artilleries and armoured military vehicles (SIPRI 2008: 315). As an emerging economy, the primary motive for Chinese arms sales to Sudan was to have access to its natural resources particularly oil (Butts and Bankus 2009). In this context, Saferworld report (2011: 50) has rightly stated that there exists a clear link between oil and arms in China's affinity with Sudan.[22] According to this report:

> Sudan's military expenditures have risen dramatically since 1997, the year of its first oil exports. Much of the money for this shopping spree for weapons came from profits made from oil exports to China. And much of the money has gone directly back to China, form purchases of small arms and other military equipment by Sudan (Saferworld 2011: 50).

Like Sudan, in recent year China has started supplying arms to almost all major oil producers in Africa, namely Angola, Equatorial Guinea, Congo Brazzaville and Nigeria (Saferworld 2011: 50). Africa has been at the center of several catastrophic inter and intra conflicts caused by arbitrary boundary settlements (by colonial powers); ethnic, religious and sectarian hostilities; and desire to control local resources (Bayeh 2015). Traditional arms suppliers from Western democratic countries feel pressure at domestic and international level to justify the potential implications of arms sales (Midford and Soysa 2010). China, being a communist state does not feel such ethical pressure coming from democratic forces (Midford and

[22] Prior to the split of Sudan, it was producing around 500,000 barrels of crude oil per day. After the split in 2011, the 75 percent of the oil fields went to South Sudan. Statistics suggests that by end of 2012, China was importing 82 percent of South Sudan's total oil export (Walker 2012).

Soysa 2010). This particular characteristic of China makes it a reliable partner to the African war lords who often feel being ditched by Western countries on human rights grounds when conflicts start. Thus, despite some failures in marketing arms, China has remained as a reliable and aggressive supplier in the international arms market (Woon 1989: 606).

After the ceasefire in the Gulf War, Chinese arms demands from Iran and Iraq went down (Woon 1989: 606). Recognising the competitiveness of the global international arms market in post 1990s, China started massive military modernization programmes. These programmes accelerated its pace in arms production and enabled it to ride on the ladder of the top high-tech military exporter of 21st century (Singh 1999: 45).[23] In this context, the RAND (Research and Development) Corporation explains how the Chinese arms industry is no longer as backward as it was once widely thought by the security strategists (Surry 2003: 3). According to this study, the quality of Chinese arms has increased significantly in recent years and there are some specific sectors where China has made excellent progress (Surry 2003:3).

Some Chinese companies that have made remarkable progress in arms development sector are China North Industries Corporation (NORINCO), China South Industries Group Corporation, China Poly Group Corporation, and China Xinxing Import and Export Corporation (CXXC) (Sachar 2004: 295; Saferworld 2011: 490; Table 5.4). In 2014, SIPRI listed the name of ten major state owned Chinese companies that exported the great bulk of arms (Table 5.4). However, in absence of reliable information, SIPRI has not estimated the financial value of Chinese arms companies. Notwithstanding this, on the basis of the information collected from its financial reports, SIPRI (2013: 211) estimated that these ten companies had sold weapons worth around 1477 Yuan (US$ 233 billion) in 2011. Based on the available information from Chinese arms companies, it further stated that at least nine out of these ten companies would have been certainly in the list of top hundred, if figures for sales were available timely. Of these, four to six companies would have been probably in the top twenty and one company- the Aviation Industry Corporation of China (AVIC) might even had been ranked in the top ten (SIPRI 2013: 212).

[23] In fact, riding on the rapid growth of economy and the lesson from the Gulf War, China reduced the technological gap in its arms industry very fast. It acquired the almost same technology within last two decades what Western countries took a century to achieve (Shukla 2011).

There is now wide consensus that China owns the third largest defence industry in the world and it is capable of producing a full range of conventional weapons such as tanks, artillery, aircraft, missiles, war ships and submarines (Ollapally 2008). The US and Russia both are facing intense competition from China in global arms market. The U.S. Department of Defense (2015) itself acknowledges that Chinese weaponry has the potential to compete with the US on global arms market. Recently, China tested a second generation fighter prototype, known as J-31, which is an upgraded version of the J-20 (tested by the end of 2015) and appears to have incorporated the design characteristics of a US F-35 fighter (U.S. Department of Defense 2015: 12). The report, however, further notes that, it is unclear whether the J-31 is being developed for employment by the PLA, or as an export platform to compete with the US F-35 in the arms market (U.S. Department of Defense 2015: 12). There are also reports that China is actively developing and marketing its advance indigenous weapon systems such as J-10 combat aircraft in order to compete with Russia for sales of advance combat aircraft to middle income countries (SIPRI 2006: 461).

Indeed, a number of recent arms deals analysed by SIPRI suggest that China has the potential to challenge the established arms exporters by securing import orders from major recipients of global arms because it provides weapons with fairly similar technology at a much cheaper cost (SIPRI 2013: 255). For example, in 2010, Morocco purchased 54 type 90-2 tanks from China (SIPRI 2013: 255). It was China's first major arms deal with Morocco (SIPRI 2013: 255). Similarly, in 2012, Venezuela imported 8 Y-8 transport aircraft from China (SIPRI 2013: 255). China also reportedly agreed to supply armoured vehicles worth US$ 500 million to Venezuela (SIPRI 2013: 255). Because of this significant progress in its arms production capabilities, two SIPRI's researchers Wezeman and Wezeman (2012: 5) comment:

> China has become less dependent on arms imports and at the same time has increased the volume of its arms exports. Between 2002-2006 and 2007-11, China fell from being the largest to the fourth largest recipient of major conventional weapons, while the volume of its exports increased by 95 per cent, making it the sixth largest supplier, narrowly trailing the UK.

The statistics reveal China has fast become an acknowledged arms exporter (Muni 2013: 1). The Chinese overtook the UK for the first time in the year 2008-2012 and China's share in global arms export market has increased from 2 percent in 2003-

2007 to 5 percent in 2008-2012 (Muni 2013: 1; SIPRI 2013: 254). In many respects, the increase in Chinese arms exports not only reflects the changes in the international arms market, but also reflects the changes in China's international security situation (Medeiros and Gill 2000: 2). After the collapse of the Soviet Union, China grappled with a new form of 'local wars' (Manoharan 2012: 8). While commenting on the post-Cold War order, Deng Xiaoping, the former Chinese leader asserted that with the collapse of the Soviet Union in 1991, the "conflict between the superpowers was unlikely, an attack on China was unlikely, and the most likely form of conflict would be small in scale and limited to China's borders" (Singh 2013: 71). Because of this new thinking amongst Chinese strategists, China shifted its focus of arms exports from Middle East to Asia.

In post 1990, China actively used its arms export diplomacy to enhance its strategic space in Asia. According to a recent report of SIPRI, Asia, and Oceania received 74 percent of Chinese arms during the period of 2008 and 2012 (SIPRI 2013: 254). The report further notes that the major share (just over 68 per cent) of Chinese arms exports went to just three countries that share territories with India: Pakistan, Bangladesh and Myanmar (Wezeman and Wezeman 2015: 3). Of these, India's arch rival Pakistan under a long term military relationship with China successfully secured 64 per cent of Chinese arms exports during 2007-11. The exported weapons included 50 JF-17 combat aircraft, 3 F-22P (Zulfiquar) frigates and 203 MBT-2000 tanks (Wezeman and Wezeman 2015: 5). Pakistan has also received four Chinese frigates estimated at US$ 600-750 million (SIPRI 2006: 461). While commenting on the China-Pakistan relationship, a report of CRS found that China had made a contract with Pakistan for the production of J-17 fighter aircraft in 2007; and by 2008 sold an AWACS aircraft to Pakistan (Grimmett and Kerr 2012: 15). In 2009, Pakistan also purchased J-10 fighter planes from China (Grimmett and Kerr 2012: 15). By 2013, China supplied 42 JF-17 combat aircrafts to Pakistan and approved a deal to supply 100 more (Wezeman and Wezeman 2014: 6). Additionally, in terms of defence cooperation, Pakistan strives to comprehensively engage with China (Mishra 2015: 193). According to the U.S. Department of Defense (2015: 55):

> China engages in both arms sales and defense industrial cooperation with Islamabad, including F-22P frigates with helicopters, K-8 jet trainers, F-7 fighter aircraft, early warning and control aircraft, main battle tank production, air-to-air missiles, and anti-

ship cruise missiles. In June 2014, Pakistan started co-producing the first two of fifty Block 2 JF-17s, which is an upgraded version of the Block I JF-17.

Next to Pakistan, Myanmar is the second most important client of Chinese arms. In fact, Myanmar has considerably expanded its arms imports from China since late 1980s, and even surpassed Pakistan as the largest recipient of Chinese arms in 1995 (Gill 1998a: 27). According to different sources, Chinese exported arms to Myanmar primarily included 12 F-6 fighter planes in 1991, 29 F-7M air guard fighter between 1990-95, six FT-7 fighter trainer between 1990-95, 30 T-63 107mm multiple rocket launcher in 1993, 105 T-62 light tank in 1989-90, 80 T-69-II main battle tank in 1990-1995, 150 YW-531H armored personnel carrier in 1993, 1 JY-8A fire control radar in 1993 and 6 T-311 fire control radar in 1993 (Gill 1998a: 26). China also reportedly supplied military equipment to Myanmar including warships and 200 HY-5A portable SAM in 1991-92, 48 PL-2B air-to-air missile in 1990-92, 10 Hainan class patrol craft in 1991-93, 12 A-5M fighter/ground attack supplied in 1995 (SIPRI 1991: 216; Gill 1998a: 26).

According to a report of SIPRI (2001: 367), between the year 1999 and 2000, Bangladesh imported four F-7BS fighter aircrafts from China. In 2013, China supplied two submarines to Bangladesh (Wezeman and Wezeman 2014: 6). Other Chinese military systems that were supplied to Bangladesh included: A-5C Fantan fighter/ground attack BT-6 trainer, F-6 fighter, F-7M air guard fighter, T-62 light tank, HY-2 ship-to-ship missile system, HY-2 ship-to-ship missile, Square Tie surveillance radar, Hainan Class patrol craft, Huangfen fast attack craft, Huchuan fast attack craft and Jianghu class frigate (Gill 1998a: 26). China's arms sales to Pakistan, Bangladesh Myanmar, and Thailand constitute an interesting exception to China's long held rule of weapons for profit (Bitzinger 1992: 87). China with desire to encircle India is very well aware of the strategic importance of Pakistan, Bangladesh, and Myanmar and hence has engaged these countries in terms of both arms sales and defence industrial cooperation. All of these examples clearly reveal that China is a major supplier of arms to South Asian countries.

Even though China shifted its focus to Asia, Africa has remained important market for China's arms (Saferworld 2011: 44). It is mainly because China's rapid economic growth has made its economy dependent on imported raw materials particularly oil

and gas from Africa (SIPRI 2006: 461). Chinese arms sales (15 F-7 combat aircraft) to Nigeria for US$ 251 million in 2005 was part of its broader policy to secure access to the needed resources such as oil (SIPRI 2006: 461). In this regard Krishnan (2013) argues that China adopted a dual approach towards Africa, and thus while earlier it treated arms transfers as an extension of its political approach, the recent arms transfers have an economic proposition.

Besides India, China has also territorial disputes with Vietnam in the South China Sea (SIPRI 2014: 199). Since Vietnam's desire to secure its claim over Spratly Islands through acquisition of modern weapons overlaps with Chinese claim, Vietnam is regarded as another major threat to China in the South China Sea (SIPRI 2000: 346; SIPRI 2014: 199). Therefore, as predictable, China supplied arms to Thailand in order to strengthen its position against Vietnam (Sachar 2004: 297). In addition, China sought to strengthen its regional maritime security through arms exports to other Southeast Asian nations such as Indonesia (Sachar 2004: 300; SIPRI 2014: 200). According to a report of SIPRI (2014: 200), China has provided support to Indonesia for developing its own indigenous arms industry.

These arms exports make it clear that China aims to engage more robustly with countries from Southeast Asian region as well as the countries of the wider Asia-Pacific region in terms of economic, political, and strategic sense (Mishra 2015: 194). Growing arms transfers to the Asian countries have generated favorable political and economic leverages to the Chinese foreign diplomacy (Woon 1989: 609). An important example in this context can be seen with regard to the Chinese relationship with Bangladesh. According to Miller (2014) the rising tide of Sino-Bangladeshi defence cooperation came after Dhaka agreed to procure 2 submarines from China in 2013 (Wezeman and Wezeman 2014: 6). Subsequent to it, the two countries also made agreements on nuclear cooperation and space programmes (Verma 2015: 3). Undoubtedly, China's rising defence cooperation with Bangladesh poses significant threat to India's security and economic interests (Thapliyal 2010: 4). According to Verma (2015: 3) because of its growing military integration of Bangladesh, now China has surpassed India as the biggest trading partner of Bangladesh, and as a result, India is losing its leverage or influence in most important neighbouring country (Verma 2015: 3). However, as usual the Indian response has been largely tailored at

the more strategic concern on China, rather than the diminutive effect with Bangladesh (Miller 2014).

While commenting on emerging Sino-Bangladesh arms trade relationship, Paul J. Smith, a Professor of National Security Affairs at the US Naval War College (quoted in Miller 2014) comments: "I don't think the issue is the possession of submarines per se; it is China's increasing influence in Bangladesh including possibilities that China may be able to transform Chittagong into 'Gwadar East'." India's strategic analysts are also worrying about China's increasing access and strategic presence in a number of countries belonging to the Indian Ocean (Muni 2013: 2). For instance, China's financial support to build and upgrade ports in Pakistan (Gwadar), Sri Lanka (Hambantota), Bangladesh (Chittagong), and Myanmar (Sittwe) has come under intense scrutiny of Indian strategists (Muni 2013: 2). New Delhi's concerns has grown because Beijing's military ties with these countries are directed to supplement and reinforce Chinese strategic objectives against India (Sachar 2004: 298; Miller 2014).

The increase in Chinese arms supplies to Pakistan poses a direct security threat to its arch rival India. China's support for Pakistan is an essential aspect of its national security posture in Asia (Chambers-Hammond 2016). Chinese see India as their main regional competitor. Kumar (2009: 38) argues that China has always been worried about the big size of India's territory and the potential role it can play in South Asia. After Independence, the country's first Prime Minister, Jawaharlal said that the world would soon recognize the global role that India deserves (Katharina and Michaelowa 2011: 2; Allan and Peter 2013: 1307). While commenting about this statement of PM Nehru, Kumar argues that:

> China considers this statement as a reflection of 'hegemonic intentions of India'. China is against hegemony and Deng Xiaoping said that 'the contention for hegemony is the cause of the current world intranquillity war is closely associated with hegemonism. He maintains that there is global as well as regional hegemonism. Global hegemonism has created a problem for global peace and regional hegemonism will result in local wars. He further said that 'whosoever practices hegemonism, we will fight against him, and whoever commits aggression, we will fight against him (quoted in Kumar 2009: 38).

Moreover, Chinese believe that as the two neighbouring countries rise simultaneously, the competition between the two is natural (Thapliyal 2010: 11). This proposition is

further strengthen from the frequent assertions made by Chinese scholars that even though China and India can coexist in Asia, their being partners is unlikely (Thapliyal 2010: 11). Their competition found its way in arms exports as well (Sislin 1994: 674). Thus, it was natural that Beijing supplied arms to Pakistan so as to contain India's pre-eminence on the sub-continent (Chari 1977: 300; Rajagopalan 2016). The other and equally important Chinese motive is to offset Indian military power (Byman and Cliff 1999: 15).

In addition, the increasing security bonding between India and the US under several mechanisms has also increased insecurity for China. Since the turn of new century, India has imported approximately US$ 13 billion worth of arms from the US (Ministry of External Affairs 2016). The rapid Indian arms imports coupled with the US pivot to Asia have raised doubts in Chinese thinking regarding India's intentions (Kumar; 2009: 38; Singh 2014: 120). Thus, by strengthening Pakistan's military capabilities, China wants to put its "counter intervention" strategy into place (Singh 2014: 120). As with Pakistan, Beijing also exports arms sales to Myanmar to complicate India's internal security. Beijing has reportedly acted as an "interlocking chain for the illegal weapons flow from Yunnan in China via Myanmar to Northeast India" (Goswami 2013: 1). The SIPRI report on *China's Exports of Small Arms and Light Weapons* claimed that China had provided SALW to the Isak-Muivah faction of the Nationalist Socialist Council of Nagaland (NSCN-IM) in North Eastern region of India (Bromley *et al*. 2013).

Supply of Chinese arms to foment India's separatist movements in North East has raised the further danger of complicating India's internal security issues (Singh 2014: 114). In this respect, New Delhi's anxieties have been aggravated by a perception that growing prospect of the Chinese arms aid to insurgent groups would divert large number of soldiers in counter-insurgency operations and it will weaken India's conventional warfare potential against direct aggression from rival neighbouring countries (Manoharan 2012: 69). Indian policy makers have repeatedly expressed their concern over this issue. In a statement, G K Pillai, India's Home Secretary, said in public on 9 November 2009, that the Maoists in India were receiving small arms from China (Kanwal 2013: 2).

Similary, P Chidambaram, India's former Home Minister, also said in an interview in October 2009 that the "Maoists were acquiring weapons through Bangladesh, Myanmar and possibly Nepal since the Indo-Nepal border is a porous border" (Kanwal 2013: 2). Ajit Doval, India's current National Security Advisor has alleged that Chinese agents have continuously provided money and arms to the insurgent groups in India's remote and troubled northeast (Wilkes and Frank 2014). SIPRI's researchers have also reported that China made SALW such as caliber sniper rifles, millions of the rounds of ammunition, Rocket-propelled Grenades (RPGs) and Improvised Explosive Device (IED) had been supplied to non-state actors in Afghanistan and Iraq by the Iranian Revolutionary Guard Corps (Bromley *et al.* 2013: 52).

The potential political military impact of Beijing's arms transfers cannot be totally ignored (Bitzinger 1992: 108). For some experts, the rise of China's arms exports and its global efforts to wield hard power politics through arms transfers to the states which were closer to the USSR or had been close ally of the US, have caused a serious threat to the unipolar world order. The principal concern has been with regard to the China's increasing supply of conventional weapons to the Middle East region, particularly Iran, which could threaten US interests either by altering regional balances of power and or by triggering a conflict into which the United States could be drawn (Byman and Cliff 1999: 15). According to a report of SIPRI (2014: 276), with the added help of Chinese missile technology imported during Cold War times, Iran now produces ballistic missiles with a range up to approximately 2000 km. It further reports that even after the end of Iran-Iraq hostilities, China has been exporting large quantities of major weapons to Iran.

During the period 2001-2006, Iran received the largest amount of Chinese arms, worth approximately US$ 1155 million (SIPRI 2017a). CRS (2012: 58) estimates that China has provided US$ 200 million arms to Iran from 2004 to 2007. The greatest cause of concern for the US over China's arms exports to Iran lie in its objective to preserve Israel's qualitative military edge over Arab states and to prevent them from proliferations of the WMD (SIPRI 2014: 276).In this context, Medeiros and Gill (2000: 8) has rightly observed that "there is little doubt that China will employ these

types of transfers as a form of leverage in its discussions with U.S. officials on other issues related to areas of concern for China, such as U.S. arms sales to Taiwan."

China has also been expanding its relationship with Riyadh, one of the most important US clients in the Arab world. It was reported that China supplied CSS-2 and Dong-Feng-3 (DF-3) intermediate range ballistic missiles with ranges up to approximately 2500 km to Saudi Arabia in 1988 (Medeiros and Gill 2000; SIPRI 2014: 276). This deal helped China to persuade Saudi Arabia to subsequently switch recognition from Taiwan to Beijing (Sachar 2004: 297). The CSS-2 deal remained as a major foreign policy triumph for China (Woon 1989: 604).

In 2007, according to SIPRI (2014: 276), Saudi Arabia received new version of DF-21 and other ballistic missiles from China. The CRS reports that in contrast to the US which delivered US$ 4.3 billion arms to Saudi Arabia from 2004 to 2007, China delivered US$ 200 million arms to Saudi Arabia (CRS 2012: 58). This report explains that even though the volume of Chinese arms exports to Saudi Arabia is very low as compared to the US, it provides further proof that the Chinese arms sales policy is in conflict with US interests in Middle East region (Woon 1989: 613). However, in contrast to the Iran issue which directly threatens American strategic interests, the Chinese arms export to Saudi Arabia causes lesser visceral feeling amongst US strategic community (Woon 1989: 613).

Besides these, the rise of China's arms exports to Syria also caused considerable concern within the international community, particularly for the US (Gill 1998b: 55). A report of CRS claimed that China was playing an important role in arming Bashar al-Assad's military groups and it had provided US$ 300 million worth of arms between 2004 and 2007 (CRS 2012: 58; Brennan 2013). Regarding arms trade policy, Chinese foreign ministry and its diplomats at UN and other forum comments that:

> China has all along adopted a prudent and responsible attitude toward arms trade. As for arms export, China observes the following principles: the export of weapons must be helpful for the legitimate self-defense needs of the recipient; it must not impair the peace, security and stability of the relevant region and the world as a whole; and it must not be used to interfere in the recipient's internal affairs (Ministry of Foreign Affairs, the People's Republic of China 2010; Appendix 5).

But, while nullifying these principal objectives, China uses them as legitimate ground to supply arms to states engulfed with conflict.Many strategic analysts assert that

Beijing's arms sales to Bashar al-Assad in the midst of recent conflict in Syria, highlights the paradoxical nature of China's arms trade policy.

China's vote in the UN Security Council on the issue of arms embargo on Syria provides good example in this regard (Bromley *et al.* 2013: 13). As mentioned in the previous chapter, both China and Russia vetoed a draft resolution in October 2011 that called for the imposition of sanctions on Syria and asked member states to exercise vigilance and restraint over arms transfers to Syria (Bromley *et al.* 2013: 13). While giving explanation on veto, both countries stressed on the importance of respecting UN principle of non-interference in the internal affairs of states as enumerated in the charter and highlighted that sanctions might ultimately result in military intervention as earlier had happened in case of Libya (SIPRI 2014: 24).

Historically, Syria shares an affinity with Russia, Iran and an enmity with US and its ally Israel. Thus, while Beijing's arms trade with Syria is officially linked to its non-interference policy, it conveniently pushed the larger Chinese economic and security interests in the region (Ministry of Foreign Affairs, PRC 1998-2014; Brauner and Park 2015). The non interference policy advocated by Russia and China is certainly aimed at empowering the Bashar al-Assad regime and adversely affect the interests of the US and Israel because under non interference policy, Bashar al-Assad becomes the legitimate ruler to receive arms on behalf of Syria - a recognized UN member.

The major economic reason for China's growing military involvement with Bashar al-Assad is to secure Syria's oil resources. Syria's oil rich region of North and North-East part has come under rebel controls and it is now posing a major threat to the network of pipelines connecting the wells to the populous region (Brennan 2013). In order to strengthen the Assad's presence in these areas, China has consistently delivered arms to his military groups. In fact, even though weak, Assad still represents the legitimate government of Syria in UN. Thus, Chinese arms exports though comes in conflict with ethical principles, it is still protected by traditional international laws. China's willingness to exploit international rules to export arms and support its potential allies is similar to the Russia and US policies. In this regard Woon (1989: 613) argues that Chinese policy makers seemed to have analysed the US Security Assistance Manual, which says:

> As an instrument of (U.S.) foreign policy, security assistance helps our friends and allies to provide for their own defense, thus deterring possible aggression. It is tangible evidence of our support for the independence and territorial integrity of friendly countries, especially those whose continued survival constitutes a basic objective of our foreign policy.

Overall, the Chinese share in global arms market has still not crossed the two digit numbers. So its ability to affect global strategic environment through arms export is very limited. China is mostly using arms exports to further its economic interests or commercial gains for two reasons: first it does not want to exaggerate confrontation with the US; second its arms are still inferior compared to the US and Russia.

5.4 Summary

The analysis of this chapter brings out some important patterns of arms transfer by second-tier suppliers such as China and UK. The arms exports of UK and China suggest that the hegemonic motive for selling arms that we have noticed in the case of Russia and the USSR in previous chapters is less prominent in case of second tier suppliers. This is especially true in the case of UK. On several occasions the UK government officially stated that arms exports is crucial to defence industry's survival and it was actively promoted by both Labour and Conservative governments (Erickson 2015: 77-78). This led some analysts to even conclude that in the UK arms industry has always influenced the Whitehall, regardless of the party in power (Erickson 2015: 78).

The direction of British and Chinese arms flow also exemplifies significant differences from the rest (US/Russia) in case of the arms trade. The chapter shows that in most cases the UK and China delivered arms to those regions, where the two superpowers refused to supply arms for political and security reasons (SIPRI 1978: 227). This chapter illustrates how UK and China supplied arms to both Iraq and Iran during their conflict even though the US and the USSR initially avoided to take side but later took sides based on their ideological commitments. In addition, these two countries exported arms to states belonging to the world's most volatile regions such as Sudan, Iran and Iraq while disregarding the ethical dimension of humanitarian impacts.

In addition, while economic factors played major role in supplying arms, sometimes the domestic political and economic factors also acted as catalyst as well as constrain to the arms exports. While being a communist state China does not face the electoral pressure (as is the case with UK) based on human rights implications of arms, its territorial and ideological dispute with several countries act as constrain in exporting arms. For example, several of the largest arms importers including India, Japan, South Korea, and major European countries as well as the US do not consider China a suitable and reliable supplier (SIRPI 2014: 255).

China's economy and defense spending has boomeranged in recent years (Figure 5.4). Thus, while China like UK gives primacy to economic factors in exporting arms, with the rise of its economy and military powers, China is carefully also pursuing its strategic interests through arms exports. In its strategic calculation, China see India and US as it future regional and global competitor in economic and security domain. It is now actively practicing arms trade diplomacy against its future rivals through enhancing its strategic presence in a number of countries such as Sri Lanka, Bangladesh, and Myanmar.

In contrast to a receding power like UK which sees the economic benefits of arms deal as more lucrative, the ascending power like China is gradually adopting the pattern of superpowers such as USSR and US in exporting arms. In Chinese calculation the possibility of future war with regional competitor India and sole hegemon US is not discarded. As discussed in chapter 4, this possibility is further enhanced by the Asian pivot policy of US and Chinese arbitrary claim over large part of South China Sea in recent years. Accordingly, China is carefully selecting its arms recipient countries while keeping a strategic vision of future. The major recipients of its arms in recent years have been undoubtedly either neighbouring countries of India or those who share enmity with US such as Iran and Syria.

Table 5.1

Arms Exports Trend of the UK and China, 1971-1990 (USD million)

ACDA (US)						SIPRI				
Year	World Total Arms Export	UK		China		World Total Arms Export	UK		China	
		USD	%	USD	%		USD	%	USD	%
1971	**10862**	307	**2.8**	427	**3.9**	**33037**	2144	**6.4**	1240	**3.7**
1972	**20250**	894	**4.4**	1653	**8.1**	**34002**	2364	**6.9**	1187	**3.4**
1973	**24305**	1104	**4.5**	423	**1.7**	**34865**	2751	**7.8**	674	**1.9**
1974	**19963**	931	**4.6**	237	**1.1**	**35355**	2337	**6.6**	511	**1.4**
1975	**19820**	815	**4.1**	279	**1.4**	**37290**	2335	**6.2**	694	**1.9**
1976	**24518**	991	**4.0**	205	**0.8**	**35220**	2434	**6.9**	612	**1.7**
1977	**27486**	1214	**4.4**	152	**0.5**	**39794**	2285	**5.7**	224	**0.5**
1978	**29933**	1808	**6.0**	206	**0.6**	**43087**	2130	**4.9**	617	**1.4**
1979	**31665**	1429	**4.5**	154	**0.4**	**38245**	1448	**3.7**	560	**1.4**
1980	**30393**	1967	**6.4**	273	**0.8**	**41764**	1640	**3.9**	949	**2.2**
1981	**34260**	2600	**7.5**	370	**1.0**	**44998**	2336	**5.1**	642	**1.4**
1982	**34198**	1886	**5.5**	943	**2.7**	**45556**	2530	**5.5**	1504	**3.3**
1983	**69830**	2705	**3.8**	2278	**3.2**	**43990**	2514	**5.7**	1773	**4.0**
1984	**76550**	2862	**3.7**	2862	**3.7**	**41637**	2532	**6.0**	1929	**4.6**
1985	**65890**	2104	**3.9**	953	**1.4**	**38466**	2121	**5.5**	1278	**3.3**
1986	**65330**	4738	**7.2**	1665	**2.5**	**39037**	1968	**5.0**	1862	**4.7**
1987	**74350**	6330	**8.5**	2607	**3.5**	**39525**	3587	**9.0**	2606	**6.5**
1988	**67250**	5737	**8.5**	3586	**5.3**	**36864**	2551	**6.9**	1409	**3.8**
1989	**58070**	5604	**9.6**	2745	**4.7**	**35662**	3549	**9.9**	1040	**2.9**
1990	**49520**	4932	**9.5**	1644	**3.3**	**30014**	1867	**6.2**	941	**3.1**

Sources: SIPRI (2016a); ACDA (1973: 3); ACDA (1984: 53, 64, 91); ACDA (1995: 91,106,135).

Table 5.2

Arms Exports Trend of the UK and China, 1991-2011 (USD million)

U.S. Department of State/Arms Control and Disarmamet Agency

Year	World Total Arms Export	UK		China	
		USD	Percentage	USD	Percentage
1991	56178	5723	10.1	1635	2.9
1992	49914	7070	14.1	1254	2.5
1993	47411	5122	10.8	1225	2.5
1994	43510	5672	13.0	764	1.7
1995	80400	6500	8.0	1000	1.2
1996	68200	7700	11.2	900	1.3
1997	77000	8100	10.5	1300	1.6
1998	70400	5100	7.2	800	1.1
1999	79300	5700	7.1	600	0.7
2000	79700	6700	8.4	1000	1.2
2001	81700	4800	5.8	1000	1.2
2002	82200	5500	6.6	1000	1.2
2003	91000	7400	8.1	800	0.8
2004	92100	3100	3.3	1000	1.0
2005	95200	3700	3.8	900	0.9
2006	107900	5100	4.7	1600	1.4
2007	97000	2300	2.3	1700	1.7
2008	113900	2400	2.1	2200	1.9
2009	113800	2500	2.1	1800	1.5
2010	159200	3100	1.9	3400	2.1
2011	181000	3200	1.7	1800	0.9

SIPRI

Year	World Total Arms Export	UK		China	
		USD	Percentage	USD	Percentage
1991	28234	1523	5.3	1315	4.6
1992	24097	1180	4.8	703	2.9
1993	25873	1421	5.4	1436	5.5
1994	22774	1539	6.7	1111	4.8
1995	22849	1475	6.4	1013	4.4
1996	23875	1662	6.9	772	3.2
1997	28900	2386	8.2	435	1.5
1998	27806	1412	5.0	353	1.2
1999	25241	1367	5.4	332	1.3
2000	19396	1623	8.3	302	1.5
2001	18954	1377	7.2	515	2.7
2002	17786	1090	6.1	525	2.9
2003	19228	744	3.8	700	3.6

2004	**21518**	1206	**5.6**	400	**1.8**
2005	**21625**	1060	**4.9**	286	**1.3**
2006	**24692**	987	**3.9**	670	**2.7**
2007	**26489**	974	**3.6**	505	**1.9**
2008	**24178**	967	**3.9**	636	**2.6**
2009	**24293**	1050	**4.3**	1178	**4.8**
2010	**25857**	1151	**4.4**	1496	**5.7**
2011	**30239**	1040	**3.4**	1338	**4.4**

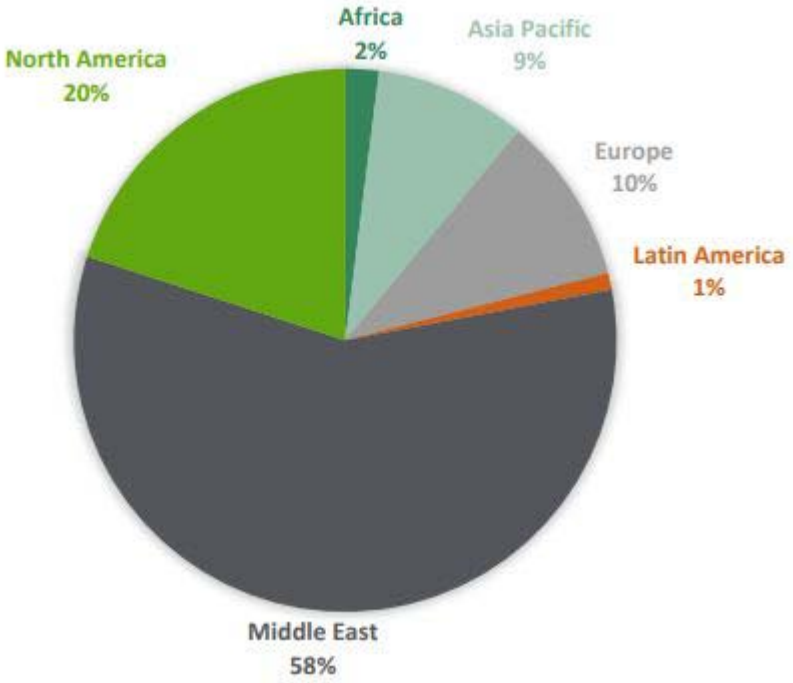
IISS

Year	**World Total Arms Export**	**UK**		**China**	
		USD	**Percentage**	**USD**	**Percentage**
1991	**36922**	5252	**14. 2**	1501	**4.0**
1992	**30680**	4797	**15. 6**	965	**3.1**
1993	**33706**	4491	**13. 3**	1123	**3.3**
1994	**29600**	4250	**14. 3**	800	**2.9**
1995	**30200**	4800	**15.8**	600	**1.9**
1996	**44553**	7801	**7.5**	840	**1.9**
1997	**51518**	8886	**7.2**	1339	**2.6**
1998	**46006**	4503	**9.8**	830	**1.8**
1999	**45945**	5908	**12.9**	579	**1.3**
2000	**37775**	6998	**18.5**	903	**2.4**
2001	**30566**	5044	**16.5**	877	**2.9**
2002	**35261**	6177	**17.5**	1112	**3.1**
2003	**41635**	8220	**19.7**	967	**2.3**
2004	**40618**	3744	**9.2**	1053	**2.5**
2005	**35441**	4153	**11.7**	1235	**3.4**
2006	**37694**	5207	**13.8**	1410	**3.7**
2007	**36735**	2109	**5.7**	2215	**6.0**
2008	**36704**	2252	**6.1**	2150	**5.8**
2009	**35083**	2200	**6.2**	1800	**5.1**
2010	**41234**	2839	**6.8**	2940	**7.3**
2011	**44260**	3000	**6.7**	1300	**2.9**

Sources: SIPRI (2016a); the U.S. Department of State (2002); the U.S. Department of State (2005); the U.S. Department of State (2012); the U.S. Department of State (2015); IISS (2011: 478); IISS (2013: 555); IISS (2006: 404); IISS (2004: 359); IISS (1996: 274).

Figure 5.1

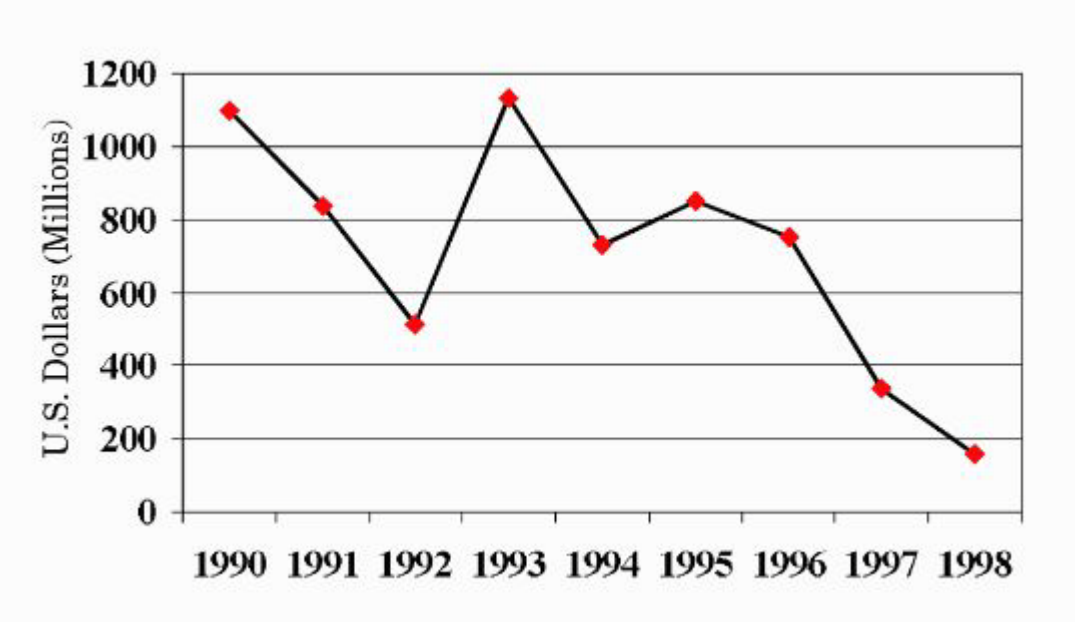
Regional Distributions of UK's Defense Exports, 2006-15 (Based on DIT DSO Statistics)



Source: Kift and Page (2016: 6).

Figure 5.2

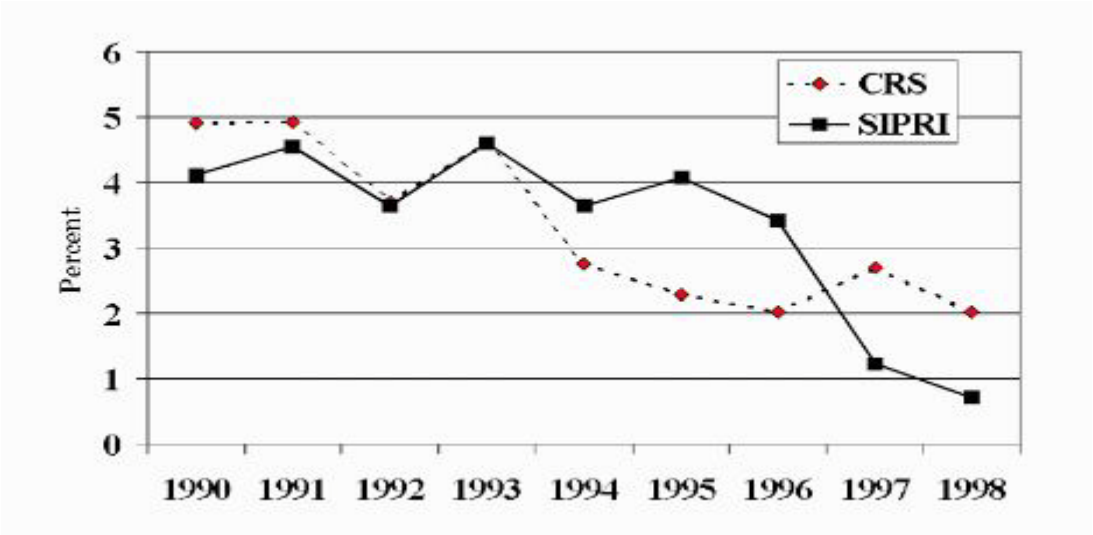
China's Arms Exports, 1990-1998 (Statistics from SIPRI)



Source: Medeiros and Gill (2000: 78)

Figure 5.3

CRS and SIPRI Data on China's Percentage of World Arms Transfers, 1990-1998



Source: Medeiros and Gill (2000: 80)

Table 5.3

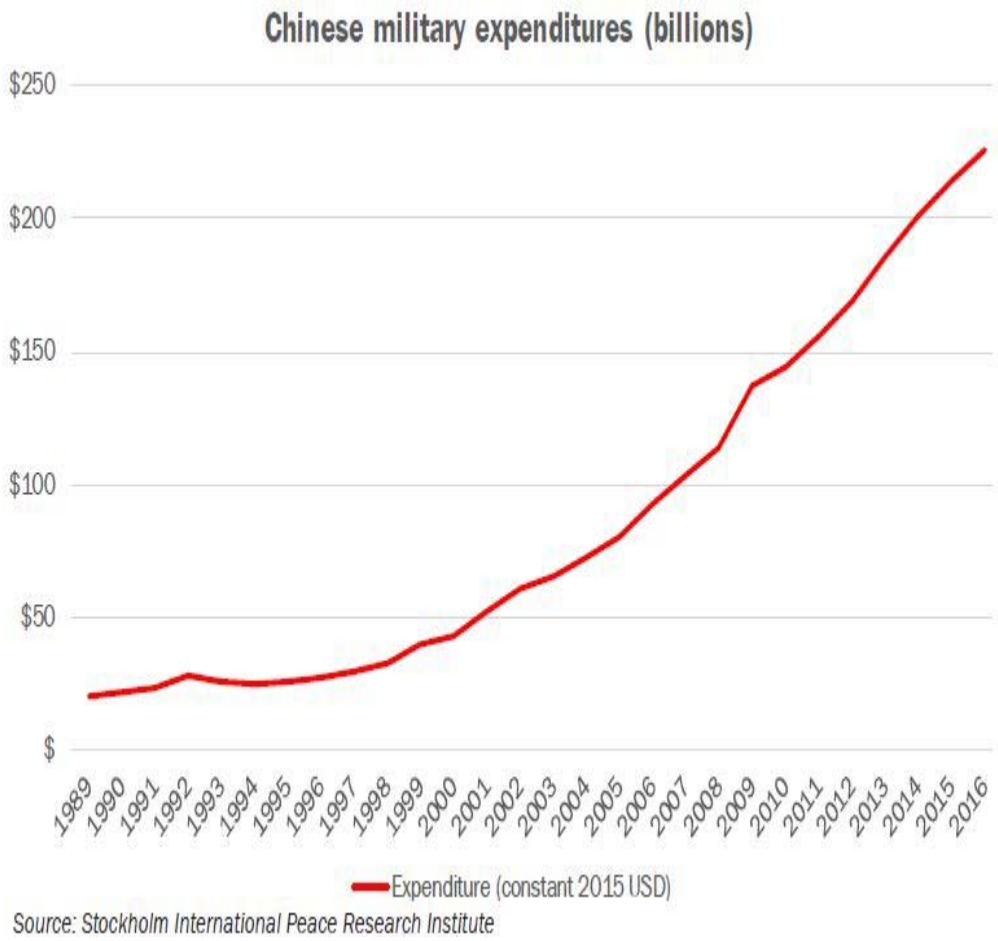
The Rank of the Top Five Arms Suppliers, 2008-2014 (SIPRI Statistics)

Sl. No.	Country	Global share 2008-12 (%)	Country	Global share 2009-13 (%)	Country	Global share 2010-14 (%)
1	U.S.	**30**	U.S.	**29**	U.S.	**31**
2	Russia	**26**	Russia	**27**	Russia	**27**
3	Germany	**7**	Germany	**7**	China	**5**
4	France	**6**	China	**6**	Germany	**5**
5	China	**4**	France	**4**	France	**5**

Sources: (Bruck 2013: 10); Wezeman and Wezeman (2014: 2); Wezeman and Wezeman (2015: 2).

Figure 5.4

Chinese Military Expenditures, 1989-2016 (USD billions)



Source: Jones *et al*. (2017: 3).

Table 5.4

The largest Chinese Arms Producing and Military Services Companies, 2011

Sl. No.	Company
1	Aviation Industry Corporation of China (AVIC)
2	China Aerospace Science and Industry Corporation (CASIC)
3	China Aerospace Science and Technology Corporation (CASC)
4	China Electronics Technology Group Corporation (CETC)
5	China National Nuclear Corporation (CNNC)
6	China North Industries Corporation (NORINCO)
7	China Nuclear Engineering and Construction Corporation (CNECC)
8	China Shipbuilding Industry Corporation (CSIC)
9	China South Industries Group Corporation (CSGC)
10	China State Shipbuilding Corporation (CSSC)

Source: SIPRI (2014: 212).

CHAPTER 6

CONCLUSION

Arms and their trade have remained an indispensable part of global politics since immemorial times. The traditional wisdom goes on that 'where there is politics, there is power'. Since weapons are the visible manifestation of invisible power; the innovations, modifications and sales of arms logically become crucial for determining which state would have the privilege of sitting on the high table of global politics responsible for managing the world affairs. This privilege is directly linked to the two core elements of national interest described by various scholars as national security and economic prosperity.

6.1 A General Overview

The study of arms trade under previous chapters suggests that a combination of certain systemic events, structures and domestic factors such as bipolarity and increased security risks; unipolarity and sudden decreased security risks, regional conflicts such as Arab-Israel wars, Iran-Iraq war, Afghan war; decolonization and pressure on maintaining large colonial British army, breakdown of the USSR and its struggling socio-economic conditions, and revival of geopolitics in twenty first century have either played as constraining or facilitating role in global arms exports. The impact of these variable factors has been explained in preceding chapters with the help of relevant statistics.

Arms trade before beginning of Cold War was primarily controlled by private merchants or sale agents who used to export arms for commercial profits. A few private companies such as British Vickers Company generated a huge fortune by selling arms to both sides during the First World War (Grant 2012). Because of human havocs caused by their weapons during Second World War, these sales agents were stigmatised as 'Merchants of Death' for their strong desire to earn profit over human tragedies. The uproar against these merchants and fear from Cold War led to the strong regulation of arms exports after the end of Second World War. Another

reason was to control spread of technology to rival countries. In fact, the private arms manufacturing companies were put under strict state regulation during Cold War period. The home state assumed responsibility to negotiate and exports arms on behalf of their private arms companies. Superpowers used arms as an instrument of foreign policy to pursue strategic objectives. Their control was so tight that in mid of 1970s, the private companies were authorised by the government to negotiate and export only 20 percent of the total US arms exports (Myrdal 1976: 144). The rest 80 percent were negotiated and sold by the US government on their behalf. Thus, arms export was elevated to the highest level of state polity. The superpowers used arms to not only to secure themselves but also to protect their friendly states. However, in post-Cold War period when the preponderance of power came in the hand of a single hegemon, it seriously undermined the importance of arms to influence foreign policy (Walt 2009).

A general analysis of SIPRI database from 1971 to 2011 shows several ups and downs in ranking and volume of arms exports (Table 5.3; Table 1.1; Table 3.1; Table 4.1; Table 5.1, Table 5.2). Nonetheless, according to the multiple sources such as SIPRI, ACDA, and IISS; the top two slots in arms exporting were most of the time occupied by the US and the USSR/Russia during and after the Cold War period (Table 5.3, Figure 4.1). The next ranking goes for other states such as the UK, France, Germany, and China (Table 1.1; Table 1.2; Figure 1.2). According to a report of SIPRI, the total volume of arms export in 1971 was worth approximately US$ 33.0 billion which later touched the US$ 28.2 in 1991 and finally reached to US$ 30.2 in 2011 (Table 3.1 ; Table 4.1). The SIPRI database as given in Table 3.1 and Figure 1.1 reveal that arms exports during Cold War period reached to the highest level in 1982 (US$ 45.5 billion).

The same figure and table mentioned above also show that barring a few short periods, the first decade of the post-Cold War period had relatively witnessed a decline in total volume of arms exports (caused by relative peace resulting from cessation of Cold War and economic integration of Europe) and reached to its historical lowest level in 2002 (US$ 17.7 billion). However, once again since 2003 the overall arms export had shown an upward trend and finally reached to US$ 30.239 in 2011 (Table 4.1). With turn of new century, the US, the USSR and China increased their arms exports under rise of their geopolitical entanglements and war on terrorism.

Country wise statistics are further explained in this concluding chapter while discussing about each prominent supplier's approach towards arms trade.

SIPRI (1971) classifies various arms exporters into three categories known as hegemonic (the US and the USSR), industrial (the UK, France, and Italy) and restrictive (Canada, Sweden, Switzerland, Germany, and Japan). According to SIPRI (1971), the motives of hegemonic suppliers in arms trade have been to influence the dependent arms recipient country to align their political and military objective in accordance with the supplier country. In contrast, the industrial supplier's motive is to use arms export as a means to overcome the financial difficulties faced by its domestic industrial military base. Finally, the restrictive countries supply arms as long as they are not party to the conflict. The analysis of previous chapters suggests hegemonic tendency in arms trade was heavily noticed among two superpowers during Cold War and mostly in case US after Cold war.

In general, arms suppliers and producers are classified into three tiers. While the first-tier countries are the centre of critical innovation (ability to produce original lethal arms), second-tier countries have potential to produce varied forms of modern weapons by application and mixing of existing innovative technologies. In contrast, third-tier countries are simply able to reproduce an existing weapon (Verbruggen 2015). States have often moved from one tier to another during different period of time. The wider consensus exists amongst scholars that during and after the end of Cold War period, the US and the USSR are only first-tier arms producers and suppliers. Since China is fast emerging as centre of military innovations under increasing arms exports and defense spending, it might be upgraded to first-tier in near future (Figure 5.4).

Historical and Theoretical Analysis of Arms Trade

Arms trade normally includes the transfer of weapons, associated services, technologies and spare parts from one state to another in the form of sales, loans, grants, trade concessions or gift. It must be kept in mind that any trade presupposes the existence of a needy buyer and an overproducing seller. Thus arms trade became a subject matter of serious study only when Europe under forces of industrialisation started producing more arms than it could consume itself. The overproduction of

conventional weapons encouraged the European industrial powers and companies to explore the outside market for their conventional arms. Thus, it intensified the European rush for colonialism, ultimately leading to the two catastrophic World Wars.

Historically, the main arms exporting countries since industrialization have been the UK, the US, the USSR and the other traditional colonial powers of the Europe. Marxist theorists often club these arms exporting countries as colonial or imperial powers representing the 'Global North'. The arms recipient countries are mostly decolonized countries often referred as 'Third World' countries representing the 'Global South' (Figure 1.3; Table 1.1; Table 1.2). Until late 19th century, nature of arms trade during industrial period was 'oligopolistic' because a few European countries such as Britain and France were able to wield very large influence over global supply of arms. These countries exported arms to other countries and their ethnic tribal groups so as to secure their trade routes and keep other colonial rivals away from their seized territories.

With the advent of 20th century, the US, Germany and Russia also emerged as significant players in global arms manufacturing and exporting industry. In fact, according to DSCA (2016: 3), the US alone supplied US$ 2.2 billion worth of arms to the European countries during August 1914 to March 1917. By the end of 1920, the US share in global arms export reached to approximately 50 percent (Kemp 1994: 148). During the phase of Second World War, the US supplied arms on large scale to European countries and even the USSR under the Lend Lease Act 1941, to defeat Nazism and Fascism (DSCA 2016: 4; Office of the Historian 1937-1945). By and large, the US was liberally exporting arms to all European countries until it discarded its neutrality after the attack on Pearl Harbour.

The preference for economic incentives under 'cash and carry policy', later found to be very destructive to the US security interests. For instance, the German submarines developed with the help of US aided Electric Boat Co. were responsible for causing death of more than 53,000 American soldiers during second world war (U.S. Congress, Senate 1936; U.S. Congress Senate 1934). The two World Wars made Europe dependant on US for economic revival as well as maintaining peace and

security in the region. It later paved grounds for hostilities between the US and the USSR. However, it must be noted that arms supply was instrumental in winning two World Wars as well as well as Cold War. The US arms exports tilted the balance of fire power against German allies during two the World Wars.

Private arms producing countries faced stiff government regulations during Cold War times. However, after the post-Cold War, under relaxed regulations they saw a cutthroat competition forcing them for consolidation in order to survive. For instance, between 1997 and 1998, through several mergers and acquisitions in the US helped the establishment of big military corporations such as Lockheed Martin Marietta, Boeing and McDonnell Douglas Corporation (BMD) (Gartzke 2010: 12). Similarly, Russian corporation Rosoboroneksport was created after amalgamation of Promeksport and Rosvooruzheniye (SIPRI 2001: 325). The competition from US and Russia encouraged UK's BAE to go for numerous mergers and acquisitions. The acquisition of United Defense (USA) in 2005 under a deal worth of US$4192 million is considered as the biggest achievement by the BAE Systems (SIPRI 2006:392). In fact, it was the largest ever acquisition of a US defence company by a non-US defence company at that time. Similarly, European Aeronautic, Defence and Space Company (EADS), was formed as a joint venture of France and German companies.

Chapter 2 has explored three key theories to explain the nature and motives behind arms trade. These theories are: Realism, Liberalism and Marxism. The Realists see states as rational actors trying to increase their power because in the absence of a central authority in international system, there exists 'anarchy characterised by might is right'. Survival of states in such conditions can be best guaranteed by self help and military alliances. Self-help depends upon strength of military and capability of local arms industry to produce quality weapons equipped with cutting edge technologies. Since arms transfers are conventionally considered as best way to bond friendship and remove distrust; military alliances are naturally facilitated by export of arms. Thus for Realists, arms transfers have primarily strategic objectives. In their understanding security promotes peace and peace promotes economic prosperity.

Liberalism got momentum under the forces of globalisation after cessation of Cold War rivalry. The central thesis of Liberalism is that every product has an economic

value. Thus, for Liberalists arms are nothing but economic commodity with a tag of certain price. Their rationale of security is in opposite order as compared to Realists. According to them state security is dependent upon size of defence budget and defence budget is dependent upon the health of economy. The economy of a state is further dependent upon the employment, innovation, production, and revenue surplus earned through export of manufactured products including arms. According to Liberals, a good economy prevents the major threat of unemployment and hunger resulting into civil war and outside intervention and aggression.

The economy and security are intertwined. Drastic imbalance on either side imperils the security of a state. Paul Kennedy in his seminal work, *Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000,* has brilliantly explained how several great powers declined because they were unable to balance their military expenses with domestic productive growth of economy (Kennedy 1989). According to him the simple tactics of fortification by smaller states during medieval times has raised military expenses on several great powers leading to the destruction of their defense supporting local economy. The analysis of arms transfers during previous four chapters suggests that Realist tendency has been highest amongst two superpowers (first-tier suppliers) during Cold War period. After Cold War period, the strategic motives behind arms transfers got relaxed and largely replaced by economic motives. By and large, the second-tier countries have followed economic motives in their arms transfers.

According to Marxists, global arms trade reflects a cycle of exploitative chain wherein very few arms producing countries from Global North, lying in the core of the world security system, try to first make the arms recipient peripheral countries from the Global South (Third World) dependent upon them for their security and then force them to achieve their political and economic objectives (for example plundering of natural resources of the dependant country). If we see the Cold War rivalry, we notice that principal rivals were countries from Global North (US, USSR and their European military allies). But, instead of fighting amongst themselves, they coerced their dependent states to fight their war. It led to the human catastrophes and miseries in Third World countries.

In the post-Cold War period, the increased competition to capture natural resources led the countries from Global North to weaken the Third World countries through increasing insecurities, regime change, and strengthening of their puppet or proxy regimes. Sometimes, Marxists also see arms trade as nexus between profit driven ruling elites of Global North and security driven despotic ruling elites from Global South. The relevance of a theory is contextual to the time and circumstance, threat perception and structural constrains. Only a synthesis of all these important theories can explain the nature, motives and various aspects of complex arms transfers during different time periods.

Superpower's Arms Transfers during Cold War Period

Chapter 3 discusses the nature and pattern of arms trade by the two superpowers during the Cold War period. The period after cessation of Second World War till the collapse of the USSR is generally termed by scholars as Cold War period. In this period, the US and the USSR competed with each other for military supremacy defined in terms of firepower capacity. Thus, the innovation, production and export of lethal arms inherently became part and parcel of their competition. The competition was broadly founded around two rival ideologies known as Capitalism and Socialism or Communism. The US sided with former while the USSR identified itself with later. The possibility of total destruction under nuclear parity coerced the US and the USSR to fight their rivalry in third countries.

Since the US and the USSR both wielded enormous clout in the international system, they formed two opposite magnetic poles around which other countries came for seeking protection and aids. The superpowers were highly concerned that overall balance of power remained tilted towards their ideological grouping. The superpowers rivalry got new momentum after establishment of their military alliances known as NATO and Warsaw Pact. There were two layers of rivalry one fought at global (macro) level between the US and the USSR and other at regional (micro) level between their respective allies such as Iran and Iraq, or Arab and Israel (Kinsella 1994: 558).

Even though superpowers were sensitive to the security interests of their allies, arms transfers were by and large determined by the security interest of superpowers rather

than their respective allies. Superpowers consistently refused to supply arms if respective allies deviated from the stated strategic objectives of the concerned superpower. In other words, bipolarity encouraged the patron-client relationship between superpowers and their arms recipients (Kinsella and Herbert 1995: 309). In this model, the clients were forced to pursue superpower's interest in order to receive patronage and arms security. Thus, under the US Mutual Security Act of 1951 the US sought the access to the military ports and raw materials from its arms recipients in exchange of arms. Arms recipient countries could not receive arms from the superpowers simply because of their heavy economic purse.

Statistics on volume of arms trade suggest that during 1961-71, the US exported more weapons than the USSR. Percentage wise, according to ACDA estimates, while the US share in the world arms market in 1971 was approximately 54 percent, the USSR share was around 24 percent (Table 3.1). The decadal period of 1971-80 was the period of very high growth in arms exports. In this period the USSR exported more weapons than the US. In this ten-years long period time, the export share of the USSR and the US was 34.2 percent and 32.4 percent respectively (ACDA 1983: 31). This change occurred because while the USSR signed numerous arms trade agreements with the Third World countries during this period, the US showed a greater restraint in arms transfers under Security Assistance and Arms Export Control Act of 1976, for securing world peace (Brown 1990: 23).

Jimmy Carter administration was criticised for this policy when the USSR entered in Afghanistan during his tenure. The next decade 1981-1990 saw a gradual decline in arms export for number of reasons. Few of them includes: unsustainable Soviet economy, no major regional wars, economic hardships faced by Soviet allies, ongoing disarmaments and insistence on a background check of arms recipient countries. During this period, President Mikhail Gorbachev also advocated for achieving 'reasonable sufficiency' in arms production and their export instead of 'strategic parity' (Lash 2012: 65). It is believed to come from his desire to end arms race and overcome the domestic economic hardships. However in this decade the US surpassed the USSR in arms exports. In 1989, US exported US$35 billion worth of arms while the USSR sold just US$ 22 billion arms (Table 3.1). Overall arms transfers were very high during Cold War due to the threat caused by bipolarity.

The analysis of decadal growth rate suggests that the nature of arms transfer prior to 1971 was intra-alliance as most of the arms were transferred to the developed countries of Europe belonging to NATO and Warsaw Pact. Before 1970s, around one third of the total US and the USSR's arms went to the member countries of these two military alliances (ACDA1973: 4). But, in between 1971 and 1989, developing countries held around three-quarter share of all global arms imports (Noronha and Rosa 2013: 288). It shows how in later decades of Cold War, the consumer profile of arms import shifted from developed to developing countries. By and large, the US was the biggest arms supplier to the industrialised countries from Europe. In contrast, the USSR was the principal arms supplier to the Third World countries (SIPRI 1984: 176).

Global events during Cold War period had largely changed the interests of suppliers and accordingly played important role in determining the nature and extent of arms transfers. The two decisive factors that had influenced the patterns of arms transfers during the Cold War were: the interstate rivalry between the US and the Soviet Union and the decolonization of many Third World countries. Together, these two factors were responsible for the US$ 44 billion worth of the US and Soviet arms transfers to Third World countries between 1977 and 1980 (ACDA 1982: 28).

Several other important events which heavily influenced the rise and fall of arms exports as well as change in the supplier and consumer profile were the Arab-Israel wars, the Afghanistan war, the Iran-Iraq war and the end of Cold War. Thus, in Middle East, Arab-Israel war turned Israel into the biggest arms importer from the US (SIPRI 1973: 299). To counter Israel, the USSR exported almost 75 percent of its total arms exports in Middle East to Egypt during 1965-76 (SIPRI (1973: 299). But, following Nixon's visit to Iran in 1972 and subsequent arms deals, Iran replaced Israel as top arms importer from US (SIPRI 1979: 177). However, after Islamic revolution in Iran; Iraq became arms recipient from US and Iran turned towards the USSR for arms imports. As we have seen in chapter 3, according to ACDA during the Iran-Iraq war (1980-1988) the value of total world arms export increased from US$ 30 billion in 1980 to US$ 67 billion in 1988 (Table 3.1). Further it (ACDA) reported that the value of total world arms trade increased from US$ 34 billion in 1981 to US$ 58 billion in 1989 (Table 3.1).

The USSR's entry in Afghanistan turned Soviet Union as much bigger arms supplier. In a period between1979 and 1983, while US supplied US$ 47.1 billion worth of arms, the USSR supplied US$ 72.1 billion arms (Table 3.1: ACDA). It proved to be very fatal to USSR in later years as it finally crumbled from within because of high investment in less productive arms production. Afghanistan war led President Carter to authorise an Afghan covert-action programme under which lethal weapons were supplied to the Mujaheddin in Afghanistan (Cogan 1993: 76; Phythian 2000: 6; Cogan 1993: 76). Thus, US share in global arms market increased to US$ 17 billion in 1983 from just US$ 7 billion in 1980 (Table 3.1: ACDA). President Ronald Regan almost relaxed the restraint on arms sales to US allies and even supplied lethal and sophisticated anti-aircraft Stinger missiles to Afghan Mujahedeen (Phythian 2002). These missiles proved to be very costly for the military helicopters of USSR.

The rivalry between superpowers was centred on maintaining an overall balance of power to their concerned block through military aids and arms transfers. Thus, the treaty of friendship between Soviet Union and Iraq over military cooperation acted as a catalyst for increasing the US arms supply to the Iran (Achuthan 1988: 152). Similarly, when the US provided around US$ 5 billion military assistance to NATO after the outbreak of Cold War in order to deter the Soviet aggression in Europe; the USSR responded aggressively by large scale shipment of arms to its allies of Warsaw Pact (Lash 2012; Carlton and Schaerf 1977: 167). These examples illustrate the never ending trend of an automatic chain of action-reaction dynamic of superpower's arms transfer competition during Cold War period (Kinsella 1994: 557).

US and Russia's Arms Exports in Post Cold War

Chapter 4 discusses about arms trade pattern of US and Russia during unipolarity. We have seen in chapter 3, that the decline in arms trade had already started during last decade of the Cold War period. It only escalated at faster rate after the collapse of USSR and American loss of peer opponent. One lost its ability to export arms while other (US) lost the strategic cause to export arms. The economic integration of Europe and its emphasis on control of arms transfers by its member states (traditional arms suppliers) further promoted the decline in arms trade. By and large, the first decade of the post-Cold War saw a decline in arms exports. Thus, the collapse of USSR reduced

total global arms exports from US$ 74.3 billion in 1987 to US$ 49.5 billion in 1990 (Table 3.1: ACDA). The world arms transfers reached at the lowest point in 2002 accounting for just US$ 17 billion (Table 4.1: SIPRI). After wards, the arms trade saw a general upward trend under the rise of global geopolitical rivalry between China and Russia on one hand and US on the other.

Russia's Arms Exports

During the first half of 1990s, Russia saw a sharp decline in its arms, yet it remained second biggest arms exporter till 1994 because it was able to sale over produced Soviet era arms. Poor economic conditions and establishment of US hegemony forced it to look for mercantilist approach in arms export to support its challenging domestic socio-economic polity (Pierre 1998). President Yeltsin and Vice President Aleksandr Rutskoy immediately after cessation of Cold War advocated for discarding the shyness in exporting arms for financial gains because it was the only way to sustain arms industry and avoid further breakdown of the country under civil chaos and rising unemployment (Schwan 1995: 38-44; Gaddy and Allen 1993: 36). Thus, under newly adopted laissez-faire principle, Russia started exporting arms to anyone who could pay regardless of his political orientations (Zarzecki 1999: 272).

In the second half of 1990s, there was a sharp decline in the global as well as Russian arms export. Russia was left with little Soviet arms and new arms production was stalled during previous five years in absence of economic support. By 1994, Russia's share in arms export market reached to US$ 1.8 billion in 1994 (Table 4.1: ACDA) and it was replaced by UK as second biggest arms exporter. Nonetheless, Russia under Putin injected revenue earned from oil and gas into arms industry and tried to improve its relationship with its two largest arms importer China and India (Bradshaw and Connolly 2016; Anthony1998: 4). He also established a commission to explore ways to increase arms exports in 2000 (SIPRI 2001: 325). Putin has consistently advocated for the export of arms to pursue the strategic interests of Russia and economic interests of its domestic arms industries (Appendix 4).

Putin's efforts were rewarded in first five years of the twenty first century. In fact, during the period 2001-2005 Russia accounted for around 31 percent while the US accounted for 30 percent of total global sales of arms (SIPRI 2006: 457). Russian

arms industries regained their strength and exported arms massively to India and China. According to a report of SIPRI, Russia accounted for 78 percent of India's imports in mid 2010s (SIPRI 2005: 425). In 2005, Russia alone supplied around 60 percent of its all major weapons to only China (Wezeman 2017).

In second five-years of twenty first century, Russia's arms export started facing three challenges –first, US increased its arms supply under global war on terrorism and geopolitical entanglement with China and Russia, second its top arms importer China turned into an exporter by allegedly reverse engineering on Russian arms, and third, long time arms importer India drifted away towards US for arms. By reverse engineering on Soviet arms and support coming from increasing defence budget, China reduced 25 percent arms import from Russia in 2009 as compared with 2007 (Wezeman 2017, Figure 5.4). Similarly, in between second tenure of both the second President Bush and Obama, India imported US$ 10 billion worth of arms from US (Singh 2014: 120).

Russia also wants to check the benevolent behaviour of China by exporting arms to India and benevolent behaviour of US by exporting arms to China and Iran. It shows dual motives of Russia in exporting arms, firstly to earn revenue and secondly to spread global influence through arms trade (Lansford 2002: 127). There are a number of scholars who see the political and economic both rationale behind growing arms trade relationship between Russia and China (Rangsimaporn 2006: 479; Blank and Levitzky 2015: 67; Rajagopalan and Sahni 2008: 21; Allen 2016). Nonetheless, under declining geopolitical weight and rise of new competitors, Russia now more heavily rely on arms exports on mercantilist principles to sustain its relevance in international politics. It is now exporting arms to various countries that are considered US allies since Cold War times. Examples include Saudi Arabia, UAE, South Korea and others (Waldman 1998/1999: 12; SIPRI 2009: 306). Thus, while to some extent there are political motives in arms exports, by and large Russia is aggressively adopting mercantilist policy in its arms exports. According to a latest report of SIPRI based on arms transfers between 2012 and 2016, Russia is still second most dominant arms exporter with a market share of 23 percent (Fleurant 2017, Figure 1.2).

United States Arms Exports

US hegemony was established in the world order after collapse of USSR. US tried to become a source of global power, legitimacy and inspiration. This made US to achieve a complex set of objectives in arms exports where it tried to secure its hegemony and legitimacy by supplying arms to establish peace, fight so called rogue states, counter terrorism and prevent threat from China and Russia. During first five years of 1990s, though there was an overall decline in global arms exports; US increased its arms sales both in terms of value and percentage (Figure 1.1). US liberally exported arms for commercial gains to overcome the global recession faced by its local arms industries after USSR collapse. In 1993, under a Report on *The Bottom-Up Review: Forces For A New Era*, then US defence secretary Les Aspin advocated for a commercial outlook of US arms sales (Gartzke 2010: 133).The Gulf War to free Kuwait was also responsible for increasing US arms export. Because of these factors, US export share (58 percent) reached to highest level between 1992 and 1993(ACDA 1997:2; U.S. Department of State 2005).

The second half of the 1990s saw a decline in US arms exports compared with first five-years. Since USSR share in global market declined heavily, US became more selective in arms exports to even to allies (Gartzke 2010: 15). Under a Presidential Decision Directive (PDD) number 34, issued in 1995 President Clinton also showed a restraint in exporting arms to countries with serious conflict with human rights (Perkins and Neumayer 2010: 4). He thought as a democratic leader of a free world, the US was obliged to pursue certain unilateral moral policies in arms exports (Perkins and Neumayer 2010). Nonetheless, in most of the time, US share in global arms export in1990s was over fifty percent (Balachandra 1995: 61). Several of US arms recipients were earlier part of USSR and Warsaw Pact. For instance arms embargo was lifted to few states in Baltic region under the Partnership for Peace (PFP) programme in 1994 (Willardson 2013b: 136). US arms sales to Estonia in 1997 later facilitated its joining of NATO (Willardson 2013b: 136). US became the top arms supplier to both developed and developing countries. During the Cold War period, the US was the primary supplier to industrialised countries and the USSR was primary supplier to developing or Third World countries. According to an estimate of

1996, developing counties imported arms more from US (39 percent) than Russia (12 percent) (ACDA 1997: 3).

However, in twenty first century with the revival of its traditional rival Russia and arrival of new rival China, US tried to mix its arms exports with both commercial and political motives. As part of this US exported weapons mostly to those states who share mutual threats from China. In recent years, US key arms importers are those states who have territorial or maritime disputes with China (Jahnsen 2013: 36). Thus, other than Taiwan who has been a regular US arms receiver, US in recent years have also supplied arms to India, Japan, Vietnam and Indonesia and South Korea (SIPRI 2009: 303). US arms exports to India in 2010 -14 were 15 times more than in 2005-2009 (Wezeman and Wezeman 2015). Now, an effort is going on to link Indian flagship programme 'Make in India' with US Defense Technology and Trade Initiative (DTTI) to explore possibility of joint arms productions (Rao 2016: 10).

By occupying major share in global arms exports in post-Cold War period US not only tried to prevent the rise of China and Russia but also kept its allies dependant on its arms by snatching away any other qualitative optional market available to them (Caverley 2007: 611).The increase of arms share in 1990s to keep Russian industries at disadvantage, arms embargo on China in post Tiananmen massacre to adversely affect modernisation of its local arms industries, developing proximity with India in 2010s to counter Russian-Chinese attempt to secure multipolarity, supplying arms to Pakistan to gain its support against terrorism are few notable examples where US tried to protect its global hegemony in arms exports as well as earn economic profits by applying a mix of political and economic motives in its arms transfers (Behera 2013: 25; SIPRI 2005: 427; Caverley 2007: 612). A few scholars believe that US has hardly left looking at arms export without the prism of political motives (Thapliyal 2012: 3; Castro 1994: 345). As part of Asian pivot to deter China, the US supplied 45 percent of its arms to countries belonging to Asia and Oceania in 2009-2013 (SIPRI 2014: 259).

Arms Exports by Second-Tier Suppliers

Chapter 5 of this thesis has explored the arms trade patterns of second-tier countries by analysing China and the UK. An intense competition between the US and the

USSR left little choice for the second-tier suppliers to compete for strategic space. The production and export share of arms was so heavily tilted in favour of these two superpowers that the second-tier countries were left with little choice other than exporting arms along economic motives. Even in post-Cold War period, the unprecedented high share of US in initial decade and revival of Russian arms export in later decade forced second-tier countries to export arms with financial motives. Bipolar and unipolar both structures were not favourable to the second-tier countries to export arms along strategic level. In case of bipolar word, the strategic space was heavily occupied by two superpowers and in case of a unipolar world; the strategic space was control by US with large scale arms exports. It was only in later years of the second decade of post-Cold War period when a small shift towards strategic motives in arms trade was seen from China's arms exports. Cessation of global ideological war and rise of liberalism in post-Cold War period also helped second-tier countries to export arms for economic profits.

Apart from the global structures that forced second-tier countries to sell arms for gaining profit, there were also domestic compulsions. In an atmosphere of economic recession under decolonisation, threat from the USSR, pressure to stall arms production, rising anti British feeling in former colonies; the policy makers in the UK found arms trade as the best way to overcome their domestic economic hardships, revive the ailing arms industries and regain the influence in their former colonies (Clare 2013: 204). A best example of how UK exported its arms exports along commercial motives in this context is India. UK has regularly supplied arms to India during and after post-Cold War period along economic lines even though UK was member of NATO and US had kept a distance from India after a friendship treaty with the USSR. The UK had also sold arms to India's rival Pakistan. There are other examples (such as Iran-Iraq war) also where the UK sold arms to both sides of the conflicts even though the USSR and the US took side of one party according to their perceived ideological inclinations. China like the UK did not bind itself in ideological constrains and sold arms for primarily earning revenue to modernise its army and support its economy. Both of them sold arms to both sides of conflicts during Iran-Iraq war in 1980-88. The primary motive in these cases was to exploit the conflict and increase the profit by arms exports.

China and UK's Arms Exports during Cold War

In terms of volume of export, according to the research estimates of SIPRI, in 1971 while the global market share of UK's arms export was 6.48 percent (2144 million), China's share stood at 3.75 (1240 million) (Table 5.1: SIPRI). In addition, during entire Cold War period after 1971, UK exported highest number of arms both in terms of global percentage (9.95 percent) and value (3549 million) in 1989 (Table 5.1: SIPRI). Likewise, during Cold War period, China sold highest number of arms both in terms of global percentage (9.95 percent) and value (3549 million) in 1987 (Table 5.1: SIPRI).

During early years of Cold war, China was not a prominent arms supplier. It supplied very small amounts of arms to few liberation revolutionaries from Africa and Asia fighting war against colonialism as part of its outreach to non-aligned Movement countries (ACDA 1973: 39; Bitzinger 1992: 85). Mao believed that arms sales for profits turn the supplier into 'merchant of death' (Bitzinger 1992: 85). Nevertheless, China hardly followed this policy and often exported arms in return of simple money. After the 'Four Modernizations' initiated of Deng Xiaoping in 1978, China started aggressively looking arms sales as a mean to modernise its army, support its arms industry and inject revenue in economy (Kamal 1992: 113; Lansford 2002: 127).Thus, a rapid shift towards economic motives in arms trade was noticed in Chinese arms export in the later years. China solidified its reputation as important arms exporting player in 1980s. The sudden increase in Chinese arms trade in 1987 was caused by its exploitation of Iran-Iraq war. In a period between 1984 and1988, China supplied US$ 2.5 billion worth of arms to Iran and US$ 2.8 billion worth of arms to Iraq (ACDA 1991: 14). In fact, during later years of Cold war (1986-90), China became fifth largest arms exporter by shipping US$ 6.818 billion worth of arms to 22 states and most prominent of them were countries like Iran, Saudi Arabia, Iraq, Pakistan, Thailand and North Korea (SIPRI 1991: 217).

UK has earned reputation of a prominent arms producer and supplier since the beginning of industrialisation in Europe. However, with intensification of Cold War between two superpowers, UK's arms export share in developing countries fell from 21 percent in nineteen fifties to just 11 percent in the sixties (SIPRI 1971: 216). In

fact, the UK's arms export was surpassed by the USSR in 1955 and by France in 1975 (SIPRI 1984: 189). In contrast to rising threat from the USSR that also sold arms worth US$ 11.576 billion in 1971, UK exported just US$ 307 million worth of arms in 1971 (Table 3.1: SIPRI; Table 5.1: SIPRI). It posed serious threat to the domestic arms industries and security of the UK (Clare 2013: 204). Defence industries were not only helpful in securing UK against enemies and providing employment but also keeping it ahead of others by discovering breakthrough technologies (Dorman *et al.* 2015: 3).

Under compelling circumstances, through a white paper in 1965, the UK government acknowledged that an imbalance had occurred in Britain where political commitments had far exceeded than military resources and it could only be remedied by generating revenues through exporting arms (SIPRI 1971: 215). This shift towards economic motives for arms transfer was later popularly termed as 'commercial pragmatism' (Erickson 2015: 77-78). In order to promote arms sales, Defence Export Services Organization (DESO, now called Defence and Security Organisation) was established (Stohl and Grillot 2009: 65). Under DESO and its successor, from Margret Thatcher to David Cameron government sold arms to several countries including those who were known as egregious violators of democracy and human rights. Thatcher's push for greater commercial pragmatism helped UK to increase its market share in the global arms market during 1980s. Her decision to sign more arms contracts and supply weapons liberally along economic lines to both parties to the conflicts in Iran-Iraq war helped UK to export arms worth around US$ 23.2 billion during 1981 and 1987 (Table 5.1: ACDA). Similarly, UK expanded its arms export value from US$ 2.6 billion in 1981 to US$ 6.33 billion (Table 5.1: ACDA). The overall analysis of UK's arms exports suggest that despite having ideological differences at domestic level, both labour and conservative party competed against each other to sale more weapons for economic profits (Erickson 2015: 77-78).

China and UK's Arms Exports during Post-Cold War

In post-Cold War period, there was a general decline trend in overall arms export. Accordingly, the arms export share of China and UK also fell down. Thus, according to SIPRI report, China's global arms export share declined from highest level in 1987

(6.59 percent, US$ 2606 million) to 2.51 percent (US$ 1254 million) in 1992 (Table 5.1: ACDA; Table 5.2: U.S. Department of State). Similarly, UK's global share fell from 9.95 percent in 1987 to 4.89 percent in 1992 (Table 5.1: SIPRI; Table 5.2: SIPRI). During post-Cold War period, according to SIPRI's calculation, China exported lowest arms in terms of global percentage (1.26 percentage) in 1998 (Table 5.2). However, in terms of values, the lowest Chinese arms were sold US$ 286 million in 2005 (Table 5.2: SIPRI). China sold highest arms both in terms of values (US$ 1496 million) and global percentage (5.78) in 2010 (Table 5.2: SIPRI). Similarly, UK sold highest arms in terms of values (US$ 2386 million) in 1997 and in terms of global percentage (8.36 percent) in 2000 (Table 5.2: SIPRI).

After the fall of USSR, China tried to fill the vacuum in arms supply created by ailing Russian arms industries especially in Third World. Accordingly, in period between 1989 and 1996, China exported US$ 7.6 billion worth of arms to the developing countries (Singh 1999: 44). However, in later years of 1990s, the cheaper arms supply from Russia, lucrative superior arms by Western countries, decreased global threats and Western embargo on transfer of arms and technologies after Tiananmen massacre in 1989 adversely affected the arms exports of China (SIPRI 2006: 240-460; Daniel and Cliff 1999; Sachar 2004: 294). After fall of USSR, UK for a short period of time since 1994 became second biggest arms supplier even though its total exports was decreasing compared with 1980s (ACDA 1996: 19). During mid of 1990s, UK accounted for 44 percent of total arms sales to Europe (ACDA 1996: 19) and 83 percent of its arms went to developing countries (ACDA 1996: 19). In post cold war period from 2006 to 2015, UK sold 58 percent of its arms to Middle East (Figure 5.1)

For its defence, China has largely relied on quality arms imported from Russia during post-Cold War period. However, with the help of certain illegal practices such as stealing technologies from the US and reverse engineering on soviet arms, China has strengthened its local military industries (Inserra 2013; Gertz 2016; Wezeman 2017). Chinese arms such as fighter plane Jian 11, Surface to Air Missile (SAM) systems and various other kinds of submarines are believed to be the unauthorized developed variants of Soviet/Russian Sukhoi 27, S-300, Project-877 and 636 Kilo class submarines (Wezeman 2017). In the recent years several Chinese arms companies

have shown a remarkable progress in exporting quality arms (Sachar 2004: 295; Saferworld 2011: 49).

Chinese arms quality also increased with regular support coming from rapidly growing defence budget and Chinese ability to race for advancing and innovating new technologies (Figure 5.4). In second half of 2010s, China showed a remarkable progress in exporting arms. In comparison to arms export in 2002-2006, China showed a 95 percent growth in volume of total sales in 2007-11 (Wezeman and Wezeman 2012: 5). In the same comparative period, China not only positively decreased its status from being largest arms importer to fourth largest arms recipient but also upgraded its ranking as sixth largest arms supplier (Wezeman and Wezeman 2012:5). China's primary motive to export arms has been to earn profits; receive economic concessions and access natural resources in Africa and Asia. It has exported small weapons to all major oil producers in Africa such as Angola, Equatorial Guinea, Congo Brazzaville and Nigeria (Saferworld 2011: 50).

With the revival of Russia and emergence of China as major player in arms exporting market during second half of 2010s, the UK found itself struggling to secure its position in arms market. On basis of arms trade between 2008-12, for the first time since Second World War, any country (China) replaced UK from the exclusive club of five biggest arms suppliers (Figure 5.3, Krishnan 2013; SIPRI 2012: 254; Lehtinen 2013: 1). It just strengthened the general trend of post-Cold War period which suggest that the economic and military power is shifting away from Europe to Asia. The ongoing economic slowdown in Europe and decreasing global economic-political weight of UK along with Brexit suggest that UK will adopt more commercial pragmatism in arms trade.

In recent years, under an increasing geopolitical competition with global rival the US and regional rival India, China has started exporting arms to those countries which are not only helpful to provide economic gains but also likely to serve the strategic interests of the China in long term. Thus, in last five-years prior to 2017, China exported around 72 percent of all arms to just three countries namely Pakistan, Bangladesh and Myanmar that share borders with India (Matthews and Ping 2017). Similarly, China has increased its arms supply to undermine US strategic interests by

favouring anti American states such as Iran in Middle-East (Medeiros and Gill 2000: 7). In past China has also illegally helped North Korea in East Asian region. China supplied arms to Thailand in order to gain strategic advantage against it's another regional rival Vietnam (Sachar 2004: 297). Arms supply by China from Saudi Arabia to Syria and various parts of Africa are also aimed either to make new ally or receive strategic gains in forms of accessing ports for warships, submarines or strengthen the regional balance against US. However, these are more recent developments and by and large China has primarily taken commercial motives to supply arms by end of 2011.

6.2 **Overall Assessment**

On basis of the analysis of previous chapters dealing with various facets of arms trade, during and after the Cold War period, impact of polarity on various aspects of arms trade can be summarized as following:

- *Impact on Superpower's Choices:* The higher threat and several military commitments caused by bipolarity left hardly any choice for superpowers than to threaten and be threatened from other. The cessation of Cold War under unipolarity eliminated this fear and broadened their choice to export arms for economic or strategic or both reasons.
- *Impact on Volume of Arms Trade:* The general economic principle of demand and supply when applied to the arms market, suggests that demand of arms supply has a proportionate relationship with degree of threat and instability. It means if threat is high, demand of arms will go up; and if it is low, demand of arms will be also go down. Thus, once Russia and the US stopped seeing each other as threat due to established US hegemony, the overall arms export saw a sharp decline at least during 1990s.

- *Impact on theories:* During Cold War, the arms trade is best explained by the Realist school of thought especially in case of superpowers. The two superpowers, under their perceived higher threat coming out of bipolar constrains pursued their national interests through arms transfers more in terms of security rather economic gains. Once the security threat of bipolarity ceased to exist, the Liberal school under prevailing laissez-faire norms of

globalization became more influential in explaining arms. Nonetheless, with turn of new century, under rising geopolitical uncertainties, the motives behind arms trade have become very complex and no single theory now remains very influential.

- *Impact on Nature of Conflicts and Weapons of Choice:* During bipolarity, arms conflicts were primarily inter-state because superpowers were more willing to interfere, protect and threaten to other party. Bipolarity encouraged arms trade for mostly conventional weapons. In contrast, under unipolarity, Russia was not able to afford protection to its former allies and US was little interested to intervene in small scale civil wars. Thus, the nature of war mostly shifted from interstate to intrastate. Our analysis of chapter 2 suggests that Economic motives to sale arms helped several violent and extremist groups along religious, ethnic and ideological lines to import light weapons and unleash a wave of violence under unipolarity.
- *Impact on arms companies:* Under bipolarity, with large scale arms production and export, arms trade was monopolized by superpowers. They used it as instrument of their foreign policy to advance strategic objectives.. The two superpowers assumed the responsibility to negotiate and decide whom to export and whom to not. The competition to produce and export weapons was more between states than between companies. The arms companies rarely established their branches outside their home state. Unipolarity helped the states to relax the strict rules on arms exports. It not only broadened the choice of arms companies to negotiate and export weapons but also pushed them towards an intense competition to capture arms market through a number of measures such as merger, consolidation, partnership within and beyond their natural state. The US was the first country to restructure and consolidate its arms industry in post-Cold War era and it was soon followed by others. The mergers and collaborations in post cold war period pushed the evolution of giant military corporations whose branches and manufacturing units are now spread over several countries.

6.3 Veracity of Hypotheses

In order to test the veracity of hypotheses, we have to understand the compelling structural constrains and rationale behind arms sales.

Bipolar System and Rationale behind Arms Sales

The superpowers saw the global order in form of anarchy emanating from high degree of threat from each other. In such an environment where threat was maximum, and cooperation was minimum; the only thing that could guarantee their security was prevailing over other through favorable balance of power. As a result, the policy makers of these two superpowers tried their best to use armed trade as mean to cement new military alliances so as to alter balance of power in their favour. The competition was so intense that arms supply to one state by a superpower was automatically a valid reason for opponent state to receive arms from other superpower. Constrained by opposite ideologies, the two superpowers clearly adopted a partisan approach in arms export during regional conflicts such as Arab-Israel war and Iran-Iraq war. They did not supply arms to both side of the conflict and took side of one based on their perceived ideological commitments. Thus, in an atmosphere of high degree of threat, the superpowers were primarily competing in terms of military superiority and not for economic gains. Thus, the first hypothesis of this thesis that "*strategic and political objectives were the primary reasons for arms supply by bipolar powers during the Cold War"* is logically valid.

Second-Tier Suppliers and Rationale behind their Arms Sales

Second-tier arms supplying countries are either the fading colonial powers such as UK or the emerging countries from Third World such as China. For both such kind of states maintaining defence industries, research and development programme and access to cutting edge technology and employment generation are very important considerations. In other words, all these are fulfilled by the profits earned through taxes on expansion and sales of arms. So these countries do not restrain themselves to any kind of ideological or strategic constrains as long as the arms recipient countries are not a direct threat to the supplying country. These countries are also regional great powers and are little interested in the havocs their weapons cause in other regions.

During analysis of arms trade pattern of China and UK in chapter 5, we saw that UK and China supplied weapons to both Iraq and Iran during the Iraq-Iran War even though the US and the USSR took sides based on their ideological and strategic concerns. Similarly both exported arms to Middle East and African states for receiving access to natural resources necessary for domestic economy such as oil. It exemplifies that the third hypothesis of which says "*commercial reasons are more important than political or strategic reasons for second-tier arms supplier"* is also logically valid.

However, some variations are also noticed in arms trade policies of UK and China. For example, unlike China, the UK as a democratic country sometimes concedes the pressure of democratic and rights activists by cancelling arms sales to certain states in serious conflict with human rights, democracy and rule of law.Similarly, as a rising global power, in recent times, China has started taking strategic and political considerations in its arms sales. For instance, it is one of the biggest arms exporters to Pakistan that is an arch rival of China's regional competitor India. Such arms transfers provide good examples of how the change in international geopolitical system brings out changes in state policies. Notwithstanding these exceptional cases, overall, these two states have given pre-eminence to commercial considerations over ideological or strategic considerations.

Unipolarity and Rationale behind Arms Sales by the US

In the post-Cold War era, the ideological competition ceased to exist and the single hegemonic power the US became the centre of global activities including arms exports. US lost existence of any peer competitor, and hence, supplied weapons to several states which were earlier block members of opposite ideology led by USSR. However, the US as a big player in the international arms market always tried to balance between the security interests and economic benefits. It has vetted cautiously the commercial pragmatism in light of future strategic threats to its hegemonic positions. It has regularly supplied arms to the neighbouring countries of Russia and China. In other words, unlike other arms suppliers, the US takes both the commercial and political interest into considerations for arms supply. For example, the US supplies arms to India, a formerly close partner of USSR, with the commercial

consideration as well as political consideration to balance China. Thus, the third hypothesis of my thesis- "*In the post-Cold War world, the unipolar power has a mix of commercial and political objective for arms transfers"*, can also be considered to have significant support.

6.4 **Future Patterns**

On basis of the research work in this thesis and ongoing contemporary trends in global politics, we may draw following possible trends in arms trade for coming future:

- Arms trade will remain a durable feature of international politics in the near future especially when power politics is growing from Europe to Asia and Africa. In such a environment, states would continuously employ the classical Realist justifications such as self-defence, survival, national security and balance of power as pretexts to accelerate their arms productions and their exports and imports.
- Today, states are living in the age of complex interdependence where cooperation and competition both are a part and parcel of their daily life. Great powers are fast rising and falling in international system than ever before. Breakthrough technologies are fast altering the balance of power in international system. For instance, China that was known for making inferior weapons is now fast capturing the arms market with production of quality weapons laced with modern technologies. The differences in strategic and commercial nature of arms trade is fast blurring. In this environment, it is too difficult to predict the future pattern of arms trade. Nonetheless, it is virtually certain that, the US and Russia will remain the dominant player in international arms market. This assessment is based on the fact that US (33 percent) and Russia's (23 percent) together control over fifty percent share and these statistics will not decline sharply especially when next challenger China holds only 6.2 percent share in global arms market (Figure 1. 2, Table 1.2).
- UK had been a great power and arms supplier during the nineteenth and twentieth century. However, it is now struggling with declining economic and political clout in international system. There is little hope that this trend will

change drastically in future. In such environment, UK will feel more pressure to rely on commercial exports of arms to remain a relevant shareholder in world arms market. Brexit may help UK to more freely export arms by overcoming the complex nature of EU rules. It will more frequently discard ethical dimension and support commercial pragmatism in arms exports.

- China will emerge as an important player in arms market. The cheaper and qualitative arms production may force several prominent European arms suppliers out of competition. Again, since China is rapidly closing the economic and military gap with the US, the world may witness the return of bipolar arms trade politics with some variations in pattern. The emergence of assertive China is likely to make Asia as major source of global arms supply. Rapid modernizations of Chinese arms industry with technological innovations make it clear that China would increase its status from second-tier to first-tier arms producer in coming years.
- The demand of small weapons will rapidly increase with intensification of violent conflict over scarcity of resources, identity and values. Thus, the analysis of illicit arms trade will get major attention from policy makers. Terrorism will also likely to give boost to military budget requiring purchase of more weapons particularly small weapons.

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APPENDIX 1

REPORT OF THE SPECIAL COMMITTEE ON INVESTIGATION OF THE MUNITIONS INDUSTRY (THE NYE REPORT), 1936

FINDINGS

I. NATURE OF THE MUNITIONS COMPANIES

The committee finds, under the head of "the nature of the industrial and commercial organizations engaged in the manufacture of or traffic in arms, ammunitions, or other implements of war" that almost none of the munitions companies in this country confine themselves exclusively to the manufacture of military materials. Great numbers of the largest suppliers to the Army and Navy (Westinghouse, General Electric, du Pont, General Motors, Babcock & Wilcox, etc.) are predominantly manufacturers of materials for civilian life. Others, such as the aviation companies and Colt's Patent Firearms Co., supply the greatest portion of their output to the military services. In addition to the manufacturers there are several sales companies which act as agents for various manufacturers. There are also brokers dealing largely in old and second-hand supplies. In case of war, other companies, not at present producing any munitions, would be called upon to furnish them.

The Army manufactures its own rifles, cartridges, and field artillery. The Navy manufactures most of its own propellant powder, its own guns, and half of the battleships.

II. THE SALES METHODS OF THE MUNITIONS COMPANIES

The Committee finds, under the head of sales methods of the munitions companies, that almost without exception, the American munitions companies investigated have at times resorted to such unusual approaches, questionable favors and commissions, and methods of "doing the needful" as to constitute, in effect, a form of bribery of foreign governmental officials or of their close friends in order to secure business.

The committee realizes that these were field practices by the agents of the companies, and were apparently in many cases part of a level of competition set by foreign companies, and that the heads of the American companies were, in cases, apparently unaware of their continued existence and shared the committee's distaste and disapprobation of such practices.

The committee accepts the evidence that the same practices are resorted to by European munitions companies, and that the whole process of selling arms abroad thus, in the words of a Colt agent, has "brought into play the most despicable side of human nature; lies, deceit, hypocrisy, greed, and graft occupying a most prominent part in the transactions."

The committee finds such practices on the part of any munitions company, domestic or foreign, to be highly unethical, a discredit to American business, and an unavoidable reflection upon those American governmental agencies which have unwittingly aided in the transactions so contaminated.

The committee finds, further, that not only are such transactions highly unethical, but that they carry within themselves the seeds of disturbance to the peace and stability of those nations in which they take place. In some nations, violent changes of administration might take place immediately upon the revelation of all details of such transactions. Mr. Lammot du Pont stated that the publication of certain du Pont telegrams (not entered in the record) might cause a political repercussion in a certain South American country. At its February 1936 hearings, the committee also suppressed a number of names of agents and the country in which they were operating, in order to avoid such repercussions.

The committee finds, further, that the intense competition among European and American munitions companies with the attendant bribery of governmental officials tends to create a corrupt officialdom, and thereby weaken the remaining democracies of the world at their head.

The committee finds, further, that the constant availability of munitions companies with competitive bribes ready in outstretched hands does not create a situation where the officials involved can, in the nature of things, be as much interested in peace and measures to secure peace as they are in increased armaments.

The committee finds also that there is a very considerable threat to the peace and civic progress of other nations in the success of the munitions makers and of their agents in corrupting the officials of any one nation and thereby selling to that one nation an armament out of proportion to its previous armaments. Whether such extraordinary sales are procured through bribery or through other forms of salesmanship, the effect of such sales is to produce fear, hostility, and greater munitions orders on the p art of neighboring countries, culminating in economic strain and collapse or war.

The committee elsewhere takes note of the contempt of some of the munitions companies for those governmental departments and officials interested in securing peace, and finds here that continual or even occasional corruption of other governments naturally leads to a belief that all governments, including our own, must be controlled by economic forces entirely.

III. THEIR ACTIVITIES CONCERNING PEACE EFFORTS

The committee finds, under this head, that there is no record of any munitions company aiding any proposals for limitation of armaments, but that, on the contrary, there is a record of their active opposition by some to almost all such proposals, of resentment toward them, of contempt for those responsible for them, and of violation of such controls whenever established, and of rich profiting whenever such proposals failed.

Following the peaceful settlement of the Tacna-Arica dispute between Peru and Chile, L. Y. Spear, vice president of Electric Boat Co. (which supplied submarines to Peru) wrote to Commander C. W. Craven, of Vickers-Armstrong (which supplied material to Chile):

It is too bad that the pernicious activities of our State Department have put the brake on armament orders from Peru by forcing resumption of formal diplomatic relations with Chile

When the proposal to control the international traffic in arms was made in 1924 the Colt licensee in Belgium wrote:

It is, of course, understood that our general interest is to prevent the hatching up of a new agreement plan “under such a form” (as Sir Eric Drummond says) "that it may be accepted by the governments of all the countries who manufacture arms and munitions of war.”

It then proposed methods of “lengthening the controversies” and to “wear out the bodies occupied with this question.”

The first great peace effort after the war was incorporated in the Treaty of Versailles and in the treaty of peace between the United States and Germany in the form of a prohibition on the manufacture, import, and export of arms by Germany. The manufacture and export of military powder by German companies, in violation of these treaty provisions first took place in 1924 and was known to the Nobel Co. (predecessors of Imperial Chemical Industries) of England and to the du Pont Co., but was not brought to the attention of the Department of State. The du Pont officials explained that the violation was allowed because of the close commercial relations between the British and German chemical companies. Later, United Aircraft licensed a German company for the manufacture of its airplane engines. Sperry Gyroscope also licensed a German company for the manufacture of its equipment. Both the engines and the equipment were of military availability. (See part V, B, secs. II and III.)

The second peace effort was made in 1922, when the Washington Disarmament Conference took place, not long after the American shipbuilding companies had received post-war awards of destroyers at a cost of $149,000,000, and while battleships whose construction was left pending in 1917 were being completed. The naval part of that conference succeeded in stopping a naval race. There was however, no effective action taken in regard to checking the use of poison gas, which was the other main subject for consideration. The committee’s record is incomplete on the activities of the munitions companies in this connection, but does show their opposition to proposals for control of the chemical industry and their interest in the choice of chemical advisers to the American delegation. The conference had been

preceded by the sale of all the German chemical patents to the American companies for a small sum, extensive propaganda and expenditures for high-tariff protection on grounds of national defense, and the instigation and writing of news stories from London and Paris designed to give the American public the impression that France and England were engaged in the construction of great poison-gas factories of their own to offset the German ones. Some of these were written by a du Pont agent under an assumed name. The Washington Conference operated in this atmosphere, and contented itself with repeating the declarations of The Hague conventions respecting the use of poisonous gases in warfare which had been violated during the war. Several delegations pointed out that this was no progress at all, but simply a reaffirmation of supposedly existing international law.

The embargo placed at the request of the Central (Nanking) Chinese Government on exports of arms to China was, according to the evidence, violated by American and European munitions companies. Shipments via Europe and Panama were frequently considered as a means of evading the embargo.

The Geneva Arms Control Conference of 1925 was watched carefully by the American and European munitions makers. They knew the American military delegates to the conference several weeks before the public was informed of their names, and one of them told the munitions makers that he believed a licensing system (the sine qua non of any control) to be undesirable. Du Pont representatives made known their objections to publicity. At a conference at the Department of Commerce (prior to the convening of the Geneva Conference) the objections of the munitions manufacturers were considered carefully and reservations to the draft convention to be discussed at Geneva were made. State Department documents not entered into the record, give credit to the American delegation to the Geneva Conference for weakening the proposed draft convention in two important respects. The du Pont representatives (who attended the meeting at the Department of Commerce) later remarked of the final draft of the convention regarding the arms traffic signed at Geneva in 1925:

> There will be some few inconveniences to the manufacture of munitions in their export trade, but in the main they will not he hampered materially.

The draft convention was widely advertised as a large step forward in the direction of control of the traffic in arms. It has, in 1936, not yet been ratified by sufficient States to put it into effect.

The influence of American naval shipbuilding companies on the Geneva Disarmament Conference of 1927 has been described in the committee's report on Naval Shipbuilding (74th Cong., Rept. 944). Their agent at Geneva claimed credit for the failure of that conference, which came at a time when the Big Three shipyards had been given orders by the Navy for $53,744,000 in cruisers, which would have been cut materially in case the conference had been a success. He was paid by the shipbuilders into 1929. The Navy has not denied to the committee that this agent of the shipbuilders was in possession of confidential Navy Department documents during the time of his activity at Geneva.

Following the Geneva conference an arms embargo resolution was introduced in 1928 by the chairman of the American delegation to that conference, Representative Burton of Ohio. The munitions manufacturers, cocky with their success at Geneva, consulted with such allied interests as the Sporting Arms and Ammunition Manufacturers Institute, and found it unnecessary to appear in the front ranks of opposition to this resolution. In 1932 Representative Fish introduced a resolution for a multilateral agreement renouncing the sale and export of arms. Du Pont representatives were active in lining up War and Navy opposition to it. In 1932-33 President Hoover supported an arms embargo which drew the comment from a du Pont representative:

> Regarding the attempts of Mr. Hoover and the “cooky pushers” in the State Department to effect embargoes on munitions sent out of the country, I do not believe there is the least occasion for alarm at present.

The munitions people were active in opposition to the arms embargo proposal which was adopted in the Senate without opposition. Senator Bingham of Connecticut succeeded in killing the bill on reconsideration and received the thanks of the munitions people and of their organization, the Army Ordnance Association. The War Department also opposed the embargo.

In 1932, another disarmament conference was held at Geneva. By this time the failure to prevent the rearmament of Germany, described above, had resulted in great profits to the French steel industry which had received large orders for the building of the continuous line of fortifications across the north of France, to the French munitions companies, and profits were beginning to flow into the American

and English pockets from German orders for aviation materiel. This in turn resulted in a French and English aviation race, and with Germany openly rearming the much-heralded disarmament conference which convened in 1932 has failed completely. It was pointed out by a committee member that Du Pont representatives were aware that:

The effect of the failure to check the [Versailles] treaty violation even goes to the extent of making a subsequent disarmament convention, if not improbable in its success, at least calculated to produce only an unworkable document.

In 1934, Congress adopted a joint resolution prohibiting, in effect, sales of munitions to Bolivia and Paraguay, then engaged in the Chaco War, for a period of almost 6 years. During these 6 years, the munitions companies had profited largely from the defeat of the Burton embargo proposal, offered in 1928.

The Chaco embargo, according to indictments issued by a Federal grand jury, was violated by the Curtiss-Wright Export Corporation and the Curtiss Aeroplane Motor Co. The lower court has held the embargo unconstitutional on the ground of delegation of power to the President.

Mayrink-Veiga, agents for many munitions companies in Brazil suggested that the embargo could be evaded by the shipment of planes to Europe first, stating that to be the Curtiss and Bellanca procedure.

In 1935, after a year of hearings by the special committee, a neutrality bill was passed including an embargo on arias, ammunition, and implements of war in the event of a state of war between two or more foreign states, and including a munitions-control board with power to issue export licenses. The Secretary of State has announced that not all the companies supposed to register under this law have done so. In 1936 an attempt was made to amend the neutrality law by holding the exports of necessary war materials (oil, copper, steel, etc.) to belligerents to normal quotas. This was defeated. Considerable quantities of those materials were already being exported to Italy, one of the belligerents in the Italo-Ethiopian War, and some of the exporting companies had connections and investments in Italy.

IV. THE EFFECT OF ARMAMENTS ON PEACE

The committee finds, under the head of the effect of armament, on peace, that some of the munitions companies have occasionally had opportunities to intensify the fears of people for their neighbors and have used them to their own profit.

The committee finds, further, that the very quality which in civilian life tends to lead toward progressive civilization, namely the improvements of machinery, has been used by the munitions makers to scare nations into a continued frantic expenditure for the latest improvements in devices of warfare. The constant message of the traveling salesman of the munitions companies to the rest of the world has been that they now had available for sale something new, more dangerous and more deadly than ever before and that the potential enemy was or would be buying it.

While the evidence before this committee does not show that wars have been started solely because of the activities of munitions makers and their agents, it is also true that wars rarely have one single cause, and the committee finds it to be against the peace of the world for selfishly interested organizations to be left free to goad and frighten nations into military activity.

The committee finds, further, that munitions companies engaged in bribery find themselves involved in the civil and military politics of other nations, and that this is an unwarranted form of intrusion into the affairs of other nations and undesirable representation of the character and methods of the people of the United States.

The export field of our munitions companies has been South America and China, with occasional excursions into Poland, Turkey, Siam, Italy, Japan, and other nations. There was less important dynamite loose in either South America or China than in Western Europe. The activities of the munitions makers in Europe were of greater importance to the peace of the western world than their activities in either South America or China. It will remain for commissions with full powers in the large European nations to report on the provocative activities of their companies, particularly to investigate the statements made in the French Chamber of Deputies, that Skoda in Czechoslovakia, a subsidiary of Schneider-Creusot, financed the Hitler movement to power, which, more than any one

other event, can be credited with causing the present huge rearmament race in Europe, so profitable to the European steel, airplane, and munitions companies.

In South America there have, in the post-war years, been moments of severe tension, occasionally breaking out into war. One of these moments apparently came directly after the World War, when Chile bought from Vickers a considerable battle fleet. This caused agitation in Brazil, Argentina, and Peru, with Vickers taking the lead in Chile and Argentina, and Electric Boat Co. in Peru and Brazil. The situation was apparently so delicate that an administration countermanded an offer from the United States Navy to sell destroyers to Peru inasmuch as the sale might encourage an outbreak of war between Chile and Peru (exhibits 54, 57).

Later tension developed between Peru and Chile over the Tacna-Arica matter and Aubry, the Electric Boat Co. agent, felt that if he brought the contracts for submarines for Peru:

It would be a great blunder going to Argentina, for instance, via Chile (In this business we have to be tactful and a little diplomatist) and so in regard to Brazil as well as to the Argentine now that affairs are going to take place at the same time (exhibit 69).

Mr. Carse, president of Electric Boat, recognized the danger of armament when he pointed out in regard to financing Peruvian purchases “the armament which this money could purchase would not insure victory, as the other nation has much stronger armament and would tend more to bring conflict to a point than if they did not purchase the armament” (exhibit 61). It was sold, nevertheless.

The spreading effects of such fears were reported by Vice President Sutphen of Electric Boat:

It appears that there has been quite an agitation in Bolivia, as you know, and a revolution has occurred there recently, and in the opinion of the bankers it has been instigated largely by Peru to have Bolivia join with her in opposition to Chile (ex. 60).

Chile was the country which bought the original increased armaments. It was in this connection that Spear wrote Craven of the “pernicious activities” of the United States Department of State in helping the resumption of diplomatic relations between Chile and Peru.

The naval armament had its military side. Evidence read into the record during the Colt Co. hearing in 1936 indicated an arms race with intense activity on the part of all machine-gun manufacturers. The country which was credited with starting military armament “out of all proportion with that of other countries in South America” was identified as a country whose officials were the most susceptible to bribes.

The Department of Commerce obligingly furnished Colts the information that the arms race was bringing about a cabinet crisis in one of the countries reluctant to participate in it.

The statement of a Federal Laboratories salesman that “the unsettled condition in South America has been a great thing for me" is the key, and also, "We are certainly in one hell of a business where a fellow has to wish for trouble to make a living.”

Colombia and Peru, at the time of the Leticia incident, were each kept well informed by the munitions companies of the proposed purchases of the other nation. The evidence of the Colt agent in Peru was that the Vickers agent, after unloading a huge armament order on Peru, had boasted to the Peruvians that he would sell “double the amount, and more modern, to the Chilean Government.” When a limited amount of materiel, such as machine guns, was available, Bolivia could be forced into ordering them on the threat that unless she acted quickly, Paraguay would get them. Killing the back-country Indians of South America with airplanes, bombs, and machine guns boiled down to an order to get busy because “these opera bouffe revolutions are usually short-lived, and we must make the most of the opportunity”

In China the munitions companies report that there was a certain amount of feeling between the Central (Nanking) Government and the Canton Government. The Boeing agent was able to sell 10 planes to the Canton Government. Referring to the Nanking (recognized) Government he wrote:

Their anger at us in selling airplanes to the Cantonese is more than offset by the fact that the Cantonese have gotten ahead of them and will have better equipment than they will have. In other words, the Canton sale is quite a stimulant to the sale up here.

The company, interested in making sales also to the recognized Nanking Government, replied:

> If the present deal with the Cantonese can be put through, without unreasonable demands being made upon us, it is to our advantage to successfully conclude the business if for no other reason but for the effect it would have on the Nanking Government.

All this may be little more to the munitions people than a highly profitable game of bridge with special attention on all sides to the technique of the "squeeze" play, but to a considerable part of the world's inhabitants there is still something frightful in death by machinery, and the knowledge that neighboring governments have acquired the latest and fastest engines of destruction leads to suspicion that those engines are meant to be used, and are not simply for play and show.

At the time a naval bill for $ 617,000,000 was before Congress, the president of the Bath Iron Works in Maine asked the publisher of a string of newspapers to reprint a Japanese war-scare story, although the Chinese source of that story had been thoroughly discredited editorially by the newspaper originally publishing it, the New York Herald Tribune. He thanked the publisher for playing up the scare story (Report on Naval Shipbuilding).

Attempts to sell munitions frequently involve bribery, which, to be effective, must go to those high in authority. This is apt to involve the companies in the politics of foreign nations. Federal Laboratories, by putting itself at the disposal of the administration of Cuba and two opposing factions, all at the same time, is a case in point. The Colt agent in Peru reported on his helping overthrow the general in charge of ordnance orders. American airplane companies reported on the political influence of French and English airplane companies, in a certain European country. Sperry Gyroscope's representative reported on Vickers' (English) political influence in Spain, as did also Electric Boat Co. officials.

The political power of the companies is best indicated, however, by a letter from Mr. John Ball, director of the Soley Armament Co Ltd., of England, in which he pointed out that "the stocks we control are of such magnitude that the sale of a big block of them could alter the political balance of power of the smaller States."

V. THEIR RELATIONS WITH THE UNITED STATES GOVERNMENT

The committee first, under this head, repeats its report on naval shipbuilding, in which "the committee finds, under the head of influence and lobbying of shipbuilders, that the Navy contractors, subcontractors, and suppliers constitute a very large and influential financial group", and "the committee finds that the matter of national defense should be above and separated from lobbying and the use of political influence by self-interested groups and that it has not been above or separated from either of them."

The committee finds, further, that the munitions companies have secured the active support of the War, Navy, Commerce, and even State Departments in their sales abroad, even when the material was to be produced in England or Italy.

The committee finds that by their aid and assistance to munitions companies the War, Navy, and Commerce Departments condone, in effect, in the eyes of those foreign officials cognizant of the details of the transactions the unethical practices of the companies which characterize their foreign sales efforts.

The committee finds that the munitions companies have constantly exerted pressure on the War Department to allow the exportation of the most recent American improvements in warfare, and have usuallybeen successful in securing it, and have also furnished plans of important new machines of war to their foreign agents in advance of any release by the War Department.

The committee finds that the War Department encourages the sale of modern equipment abroad in order that the munitions companies may stay in business and be available in the event of another war, and that this consideration outranks the protection of secrets. (General Ruggles was quoted: "It was vastly more important to encourage the du Pont Co. to continue in the manufacture of propellants for military use, than to endeavor to protect secrets relating to the manufacture.")

The committee finds that as improvements are developed here, often with the cooperation of the military services, and these improvements presumably give the United States a military advantage, we are in the anomalous position of being forced to let the other nations have the advantages which we have obtained for ourselves, in order to keep the munitions manufacturers going, so that the United States can take advantage of the same improvements which its companies have sold abroad.

The committee finds, from official documents it has not entered into the record, that the United States naval missions to Brazil and Peru have been given considerable help to American munitions makers, and that their participation and leadership in war games directed at "a potential enemy" have not advanced the cause of peace in South America, and that their activity can be misinterpreted by neighboring countries as support of any military plans of the nations to which they are attached.

The committee finds, from official documents which it has not entered into the record, that the sales of munitions to certain South American nations in excess of their normal capacity to pay, was one of the causes for the defaults on certain South American bonds; and that the sales of the munitions was, in effect, financed by the American bond purchasers, and the loss on the bonds was borne by the same people.

The committee finds that the Army Ordnance Association, consisting of personnel from the munitions companies, constitutes a self-interested organization and has been active in War Department politics and promotions.

The committee finds that the Navy League of the United States has solicited and accepted contributions from steamship companies, the recipients of subsidy benefits, and that it has solicited contributions from companies with large foreign investments on the ground that these would profit from a large navy and that its contributors have at times been persons connected with Navy supplies. The committee also finds that the Navy League together with various Navy officials have engaged in political activity looking toward the defeat of Congressmen unfavorable to Navy League and Navy views.

The committee finds, further, that any close associations between munitions and supply companies on the one hand and the service departments on the other hand, of the kind which existed in Germany before the World War, constitutes an unhealthy alliance in that it brings into being a self-interested political power which operates in the name of patriotism and satisfies interests which are, in large part, purely selfish, and that such associations are an inevitable part of militarism, and are to be avoided in peacetime at all costs.

The committee finds, finally, that the neutrality bill of 1936, to which all its members gave their support and which provides for an embargo on the export of arms, ammunitions, and implements of war to belligerents, was a much needed forward step, and that the establishment of a Munitions Control Board, under the Department of State, should satisfactorily prevent the shipment of arms to other than recognized governments.

VI. INTERNATIONAL AGREEMENTS OF MUNITIONS COMPANIES

The committee finds, under this head, that, among the companies investigated, the following have the most extensive foreign arrangements: F. I. du Pont do Nemours Co., Colt's Patent Firearms Co., Electric Boat Co., Sperry Gyroscope Co., Pratt & Whitney Aircraft Co.

The committee finds that the usual form of arrangement is a license to a foreign ally involving rights to manufacture and sell in certain parts of the world, together with more or less definite price-fixing agreements and occasionally profit-sharing arrangements, and that in effect the world is partitioned by parties at interest.

The committee finds that the granting of licenses to manufacture and sell to nations against which there were embargoes, such as Germany, was in practice a violation of the interest of such embargoes and nullified them.

The committee finds that the international commercial interests of such large organizations as du Pont and Imperial Chemical Industries may precede in the minds of those companies the importance of national policy as described publicly by the foreign office or State Department, and that such

considerations of commercial interest were apparently foremost in the rearming of Germany beginning in 1924 and in the sale of a process which could he used to manufacture cheaper munitions in Japan in 1932, shortly after Secretary of State Stimson had taken steps to express the disapproval of this Nation for Japan's military activities in Manchuokuo. Several aviation companies also licensed Japan for the use of their material in Manchuokuo at a time when the United States Government refused recognition to it. Recognition by munitions companies may be far more important than diplomatic recognition.

The committee finds that the licensing of American inventions to allied companies in foreign nations is bound to involve in some form the recurrence of experiences similar to those in the last war in which Electric Boat Co. patents were used in German submarines and aided them in the destruction of American lives, and ships, and that in peacetime the licensing involves the manufacture abroad, at lower costs, of American material.

VII. THE CHEMICAL INDUSTRY AND MUNITIONS

The committee finds a general acknowledgment of the importance of the commercial chemical industry to the manufacture of such instruments of warfare as high explosives and gasses, that most of the large industrial nations have granted their chemical companies considerable measures of protection in the interests of national defense, and that no effective control has to date been established over these large military resources.

These findings were concurred in by all members of the committee.

Source: U.S. Congress, Senate, United States of America (1936), *Report of the Special Committee on Investigation of the Munitions Industry (The Nye Report)*, 74th Congress, 2nd Session, 24 February, pp. 3-13, Washington, DC : Senate, U.S. Congress.

APPENDIX 2

UNITED STATES CONVENTIONAL ARMS TRANSFER POLICY, FEBRUARY 10, 1995

PRESIDENTIAL DECISION DIRECTIVE/ NSC-34

The President has approved a comprehensive policy to govern transfers of conventional arms. This policy, as detailed in the attached fact sheets, serves our nation's security in two important ways. First, it supports transfers that meet the continuing security needs of the United States, its friends and allies. Second, it restrains arms transfers that may be destabilizing or threatening to regional peace and security.

This policy reflects an approach towards arms transfers that has guided the Administration's decisions over the last two years. Specifically, the United States continues to view transfers of conventional arms as a legitimate instrument of U.S. foreign policy -- deserving U.S. government support -- when they enable us to help friends and allies deter aggression, promote regional security, and increase interoperability of U.S. forces and allied forces. Judging when a specific transfer will meet that test requires examination of the dynamics of regional power balances and the potential for destabilizing changes in those regions. The criteria guiding those case-by-case examinations are set forth in the attached guidelines for U.S. decision making on conventional arms transfers.

The centerpiece of our efforts to promote multilateral restraint is our initiative to work with allies and friends to establish a successor regime to Cocom. The new regime should establish effective international controls on arms sales and the transfer of sensitive technologies -- particularly to regions of tension and to states that pose a threat to international peace and security. While pursuing multilateral restraint through this and other mechanisms such as the UN conventional arms register and regional initiatives, the United States will exercise unilateral restraint in cases where overriding national security or foreign policy interests require us to do so.

CRITERIA FOR DECISION MAKING ON U.S. ARMS EXPORTS

Given the complexities of arms transfer decisions and the multiple U.S. interests involved in each arms transfer decision, the U.S. Government will continue to make arms transfer decisions on a case-by-case basis. These reviews will be guided by the criteria below.

General Criteria

All arms transfer decisions will take into account the following criteria:

-- Consistency with international agreements and arms control initiatives.
-- Appropriateness of the transfer in responding to legitimate U.S. and recipient security needs.
-- Consistency with U.S. regional stability interests, especially when considering transfers involving power projection capability or introduction of a system which may foster increased tension or contribute to an arms race.
-- The degree to which the transfer supports U.S. strategic and foreign policy interests through increased access and influence, allied burden sharing, and interoperability.
-- The impact of the proposed transfer on U.S. capabilities and technological advantage, particularly in protecting sensitive software and hardware design, development, manufacturing, and integration knowledge.
-- The impact on U.S. industry and the defense industrial base whether the sale is approved or not.
-- The degree of protection afforded sensitive technology and potential for unauthorized third-party transfer, as well as in-country diversion to unauthorized uses.
-- The risk of revealing system vulnerabilities and adversely impacting U.S. operational capabilities in the event of compromise.
-- The risk of adverse economic, political or social impact within the recipient nation and the degree to which security needs can be addressed by other means.

-- The human rights, terrorism and proliferation record of the recipient and the potential for misuse of the export in question.
-- The availability of comparable systems from foreign suppliers.
-- The ability of the recipient effectively to field, support, and appropriately employ the requested system in accordance with its intended end-use.
Upgrade Criteria

Upgrades of equipment -- particularly that of former Soviet-bloc manufacture -- is a growing segment of the market. The U.S. government should support U.S. firms' participation in that market segment to the extent consistent with our own national security and foreign policy interests. In addition to the above general criteria, the following guidelines will govern U.S. treatment of upgrades:

-- Upgrade programs must be well-defined to be considered for approval.
-- Upgrades should be consistent with general conventional arms transfer criteria outlined above.
-- There will be a presumption of denial of exports to upgrade programs that lead to a capability beyond that which the U.S. would be willing to export directly.
-- Careful review of the total scope of proposed upgrade programs is necessary to ensure that U.S. licensing decisions are consistent with U.S. policy on transfers of equivalent new systems.
-- U.S. contributions to upgrade programs initiated by foreign prime contractors should be evaluated against the same standard.
-- Protection of U.S. technologies must be ensured because of the inherent risk of technology transfer in the integration efforts that typically accompany an upgrade project.
-- Upgrades will be subject to standard USG written end use and retransfer assurances by both the integrator and final end user, with strong and specific sanctions in place for those who violate these conditions.
-- Benchmarks should be established for upgrades of specific types of systems, to provide a policy baseline against which (1) individual arms transfer proposals can be assessed and (2) proposed departures from the policy must be justified.

Source: The White House, Office of the Press Secretary, United States of America (1995), *Statement by the Press Secretary Conventional Arms Transfer Policy,* Presidential Decision Directives 3417, 17 February 1995, Washington. DC: The White House.

APPENDIX 3

MEETING OF THE COMMISSION FOR MILITARY TECHNOLOGY COOPERATION WITH FOREIGN STATES, 2012

PRESIDENT OF RUSSIA VLADIMIR PUTIN

Good Afternoon, Colleagues

This is the first meeting of the Commission for Military Technology Cooperation in its new composition. Dmitry Medvedev and Sergei Ivanov have been appointed deputy chairmen of the Commission, Yury Ushakov has become the Commission's secretary, and Alexander Fomin is his deputy.

I am sure the Commission will maintain continuity in its work, make active strides to carry out the projects and programmes already planned, and resolve systemic issues in order to make our work more effective in this strategic sector.

I propose that we take an overall look today at the current situation and prospects of our military technology cooperation with foreign states, with our traditional partners, and with new partners too.

Our goal is to expand Russia's presence on the global arms and military equipment market. This means expanding the number of countries we sell to, and expanding the range of goods and services we offer.

We also must make full use of military technical cooperation as a means for acquiring foreign technology and particular models that we need in order to develop our own defence industry and meet urgent specific equipment needs in our Armed Forces.

The arms market is complicated. Competition in this sector is very fierce. That Russia is the world's second biggest arms and military hardware exporter is thus all the greater an achievement. I think it is an important indicator of our country's industrial, technological, scientific, and political capabilities.

According to the Stockholm International Peace Research Institute, Russia is the world's second largest arms exporter with 24 percent of the global market. The USA is in first place with 30 percent. We are followed by Germany with 9 percent, France with 8 percent, and Britain with 4 percent. In other words, we are in a solid position.

Russia has a time-tested reputation as a top-class producer of the most sophisticated military hardware. I stress the point, what's more, that we always strictly respect all obligations we take on and fully comply with international law and the arms control and non-proliferation regimes.

We see active military technical cooperation as an effective instrument for advancing our national interests, both political and economic. Growing demand for the goods our defence industry and related sectors produce brings more money into our state budget and creates new jobs.

Russia's defence exports came to more than $6.5 billion in the first half of 2012, an increase of 14 percent compared to similar period last year. We must keep up this positive trend. Overall, annual exports of military products have increased more than two-fold over the last 7 years, from $6 billion in 2005 to $13.7 billion in 2011. Our exports over this whole period come to a total value of more than $44 billion.

We currently export arms and military goods to 55 different countries, including India, Algeria, China, Vietnam, Venezuela, and the United States. Overall, we have military technical cooperation ties with more than 80 countries around the world.

So far this year, we have already signed new export contracts for a total of $5.7 billion - $2.4 billion more than in the first half of 2011. Our total export orders portfolio comes to around $43 billion. This will give companies in our defence industry and related sectors more money for development and modernisation.

We are investing considerable funds in the defence industry's technological modernisation now. As you know, we have earmarked around 3 trillion rubles [more than $92 billion] in federal budget funds for this purpose over the coming years. The main goal of this work is to ensure that our defence industry is ready to carry out the large-scale programmes for re-equipping the Russian army and navy. But this investment should also bolster our defence industry's export potential.

If we want to develop further, we need to optimise the work of all actors within the military technical cooperation system. The key demand here is to raise the quality of the goods we supply, and modernise the list of items we offer our foreign partners. We hope for good results in this respect from the big sector-based holdings such as Rostekhnologii, which have state participation and were set up precisely to address these tasks.

We also need to make big improvements to our after-sales and maintenance services. This is a very profitable market that we cannot afford to ignore. I am referring to supplies of spare parts and assistance in repairing and upgrading equipment. In this respect I note the general systemic problem of work with potential customers.

The whole process of drafting contracts, examining official requests from customers, and getting all the various approvals sometimes drags on for too long. This is an issue we have raised many times already and we always find ourselves coming back to it. We need a clear and effective coordination and decision-making mechanism, and the working principles should be more flexible. Today, we will examine specific proposals on these matters.

I think the decisions and steps taken to give the companies and the authorities greater powers in the military technical cooperation sector are totally correct and justified, so long as they go hand in hand with greater responsibility for these decisions' and measures' implementation. Practice shows that this is an effective approach.

Some defence industry companies have obtained the right to export spare parts and provide repair and maintenance services for earlier deliveries directly. This led to an increase in exports of services of this kind, which came to $2.5 billion in 2011.

Quality service, after-sales maintenance and service, and training for specialists are all important means for promoting our goods on foreign markets. Today we will look at the situation with implementing the Commission's decisions to set up modern training and resource base for training foreign military specialists.

I note that the Defence Ministry has already carried out a lot of work in this area, with training now being provided for more than 170 types of new arms models, and more than 300 new classrooms opened for use. More than one billion rubles in federal budget money was invested in this work. As a result, the number of foreign specialists studying in the Russian Defence Ministry's institutes increased by more than half over the last three years.

There is big demand for Russia's training programmes for military specialists. For example, as part of the contract for delivering Mi-17 helicopters to Afghanistan's armed forces, our specialists are training Afghan Air Force technical personnel, which makes sense. This is a not the only example.

I think we need to look at developing conceptual approaches to training for foreign military personnel in Russia. We continue to provide training as in the past, but the system needs to be improved and should become a separate area of activity within the military technical cooperation system. The important thing here is to ensure that top-class specialists – instructors and military interpreters – work with foreign military personnel.

In short, we have plenty to discuss. Let's begin.

Source: President of Russia (2012), Meeting of the Commission for Military Technology Cooperation with Foreign States, 2 July, Moscow: Presidential Executive Office.

APPENDIX 4

THE STATEMENT OF MR. TONY LLOYD, THE MINISTER OF STATE, FOREIGN AND COMMONWEALTH OFFICE, HOUSE OF COMMONS DEBATE, APRIL 2, 1998

I am not sure whether I have been damned with faint praise or praised with faint damns, but I strongly welcome the motion tabled by the Liberal Democrats. I thank the hon. and learned Member for North-East Fife (Mr. Campbell) for his courtesy in making me aware of one part of his speech to which I otherwise would not have been able to respond.

Clearly, the Government do not oppose the motion. We welcome the Liberal Democrats' support for our work on the EU code of conduct for arms exports. The proposals which we and the French have tabled will set genuinely high common standards for exports from all EU member states. In so doing, they represent a break from anything that has existed in this area in the past.

Let me set the EU code of conduct on arms sales in a wider context. It is an important measure but it is only one part of the story which the Government have to tell on the regulation of strategic exports. When the Government came to power we were determined to add an ethical dimension to British foreign policy. That, inevitably, has implications across the range of international relations, from greater readiness to raise human rights in bilateral dialogue to support for ethical trading standards.

When talking about ethical trading standards, it is inevitable that they should apply specifically to arms exports. The hon. and learned Gentleman was right when he said that we do not recoil from the idea that we have a strong defence industry. The industry's recent export performance, which has increased under the Government's tight export regime, is one of Britain’s success stories. The International Institute for Strategic Studies estimates the United Kingdom's share of global arms exports in 1997 to be 22 percent of the global total, about half as much again as that of France and second only to that of the United States.

That is a tribute to the competitiveness of British industry. But it gives us--a point made by the hon. and learned Gentleman--a particular duty to manage arms exports responsibly. We need to ensure that arms exports are in line with UK interests and that jobs and prosperity, although important, are not bought at the cost of human rights abuses or international instability.

The hon. and learned Gentleman referred to the Scott report which partly inspired the Government's policy. There can be no doubt that that report revealed a scandal at the heart of the previous Government. I hope that, with time, that will become the common framework within which Britain judges the matter.

We are also aware that that was not the only scandal at the time. There were other areas in which arms exports were at best lax and at worst simply unacceptable. We were, and are, determined to ensure that the situation described by the Scott report does not happen again.

In February 1997, on the first anniversary of the Scott report’s publication, the then Labour Opposition committed themselves to a range of measures designed to achieve that. In our election manifesto we said that we would not permit the sale of arms to regimes which might use them for internal repression or international aggression.

On taking office, one of the Government’s first foreign policy priorities was to put that commitment into practice. We initiated a review of the criteria used in considering licence applications for the export of conventional arms and dual-use goods. In July last year, my right hon. Friend the Foreign Secretary announced the outcome of that, which was that the new criteria would give full weight to the UK's economic, commercial and financial interests. The Government are keenly aware of those.

The defence industry is a strategic part of the UK’s economic base. It supports more than 400,000 jobs. Its ability to export is crucial to the viability of the defence industry and to the preservation of those benefits. Defence exports help the national balance of payments and reduce the unit cost of equipment

for UK forces. They can also contribute to security and stability by helping to strengthen bilateral and collective defence relationships.

But the criteria--this is the important point about balance--also deliver in full on earlier commitments by stating that licences will be refused where there is a clearly identifiable risk that proposed exports might be used for internal repression, aggressively against another country, or to assert by force a territorial claim. Those are important changes in previous criteria and an important step forward in ensuring that Britain can claim to be staking out a position that balances national interest in terms of jobs and defence with national interest in terms of the promotion of human rights.

On the same day that my right hon. Friend the Foreign Secretary announced the new criteria for arms exports, he also announced another important step forward--a ban on the export or trans-shipment from the UK of weapons of torture, including such choice items as electric-shock batons and shields, stun guns, gang chains, leg irons, shackles and electric-shock belts. There is clear evidence that such equipment has been used to inflict torture or cruel, inhuman or degrading treatment on our fellow citizens in the world. Thus, another of our pre-election commitments was fulfilled by my right hon. Friend.

Source: Parliamentary Business, The Parliament of the United Kingdom (1998) *The Statements of Mr. Tony Lloyd, the Minister of State, Foreign and Commonwealth Offic**e,*** House of Commons Debate, 2 April, Westminster, London: The Parliament of the United Kingdom.

Source of Full debate: Parliamentary Business, The Parliament of the United Kingdom (1998), *International Arms Trade*, *House of Commons Debates*, 2 April, vol. 309 cc1435-68, Westminster, London: The Parliament of the United Kingdom.

APPENDIX 5

CHINA'S POLICY AND REGULATIONS ON ARMS TRADE, 2010

The Chinese Government has all along taken a prudent and responsible attitude in its arms export, and implemented strict and effective controls on such exports according to the "Regulations on export control of military items of the People's Republic of China". China has always observed the following three principles in its arms export: the exports should be conducive to the legitimate self-defence capability of the recipient country; the exports should not undermine the peace, security and stability of the region concerned and the world as a whole; and the exports should not be used as a means of interfering in the internal affairs of the recipient country.

China conducts conventional arms trade only with sovereign states, and makes explicit and strict requirements regarding the provision of the certificate of end user and purpose of exported arms by the recipient government, which shall commits not to transfer the arms imported from China to any third party without the prior consent of the Chinese Government. China never exports arms to countries or regions under arms embargo imposed by the Security Council of the UN. Furthermore, China never transfers arms to non-state actors or individuals.

Source: Ministry of Foreign Affairs, the People's Republic of China (2010), *China's Policy and Regulations on Arms Trade,* 27 May, Beijing: Ministry of Foreign Affairs.

APPENDIX 6

THE ARMS TRADE TREATY, 2013

PREAMBLE

The States Parties to this Treaty,

Guided by the purposes and principles of the Charter of the United Nations,

Recalling Article 26 of the Charter of the United Nations which seeks to promote the establishment and maintenance of international peace and security with the least diversion for armaments of the world's human and economic resources,

Underlining the need to prevent and eradicate the illicit trade in conventional arms and to prevent their diversion to the illicit market, or for unauthorized end use and end users, including in the commission of terrorist acts,

Recognizing the legitimate political, security, economic and commercial interests of states in the international trade in conventional arms,

Reaffirming the sovereign right of any State to regulate and control conventional arms exclusively within its territory, pursuant to its own legal or constitutional system,

Acknowledging that peace and security, development and human rights are pillars of the United Nations system and foundations for collective security and recognizing that development, peace and security and human rights are interlinked and mutually reinforcing, Recalling the United Nations Disarmament Commission Guidelines for international arms transfers in the context of General Assembly resolution 46/36H of 6 December 1991,

Noting the contribution made by the United Nations Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, as well as the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime, and the International Instrument to Enable States to Identify and Trace, in a Timely and Reliable Manner, Illicit Small Arms and Light Weapons,

Recognizing the security, social, economic and humanitarian consequences of the illicit and unregulated trade in conventional arms,

Bearing in mind that civilians, particularly women and children, account for the vast majority of those adversely affected by armed conflict and armed violence,

Recognizing also the challenges faced by victims of armed conflict and their need for adequate care, rehabilitation and social and economic inclusion,

Emphasizing that nothing in this Treaty prevents States from maintaining and adopting additional effective measures to further the object and purpose of this Treaty,

Mindful of the legitimate trade and lawful ownership, and use of certain conventional arms for recreational, cultural, historical, and sporting activities, where such trade, ownership and use are permitted or protected by law,

Mindful also of the role regional organizations can play in assisting States Parties, upon request, in implementing this Treaty,

Recognizing the voluntary and active role that civil society, including nongovernmental organizations, and industry, can play in raising awareness of the object and purpose of this Treaty, and in supporting its implementation,

Acknowledging that regulation of the international trade in conventional arms and preventing their diversion should not hamper international cooperation and legitimate trade in materiel, equipment and technology for peaceful purposes,

Emphasizing the desirability of achieving universal adherence to this Treaty,

Determined to act in accordance with the following principles;

PRINCIPLES

- The inherent right of all States to individual or collective self-defence as recognized in Article 51 of the Charter of the United Nations;

- The settlement of international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered in accordance with Article 2 (3) of the Charter of the United Nations;

- Refraining in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes of the United Nations in accordance with Article 2 (4) of the Charter of the United Nations;

- Non-intervention in matters which are essentially within the domestic jurisdiction of any State in accordance with Article 2 (7) of the Charter of the United Nations;

- Respecting and ensuring respect for international humanitarian law in accordance with, inter alia, the Geneva Conventions of 1949, and respecting and ensuring respect for human rights in accordance with, inter alia, the Charter of the United Nations and the Universal Declaration of Human Rights;

- The responsibility of all States, in accordance with their respective international obligations, to effectively regulate the international trade in conventional arms, and to prevent their diversion, as well as the primary responsibility of all States in establishing and implementing their respective national control systems;

- *The respect* for the legitimate interests of States to acquire conventional arms to exercise their right to self-defence and for peacekeeping operations; and to produce, export, import and transfer conventional arms;

- *Implementing* this Treaty in a consistent, objective and non-discriminatory manner,

Have agreed as follows:

ARTICLE 1

Object and Purpose

The object of this Treaty is to:

- Establish the highest possible common international standards for regulating or improving the regulation of the international trade in conventional arms;
- Prevent and eradicate the illicit trade in conventional arms and prevent their diversion; for the purpose of:
- Contributing to international and regional peace, security and stability;
- Reducing human suffering; – Promoting cooperation, transparency and responsible action by States Parties in the international trade in conventional arms, thereby building confidence among States Parties.

ARTICLE 2

Scope

1. This Treaty shall apply to all conventional arms within the following categories:
(a) Battle tanks;
(b) Armoured combat vehicles;
(c) Large-calibre artillery systems;
(d) Combat aircraft; (e) Attack helicopters;
(f) Warships; (g) Missiles and missile launchers; and
(h) Small arms and light weapons.

2. For the purposes of this Treaty, the activities of the international trade comprise export, import, transit, trans-shipment and brokering, hereafter referred to as “transfer”.

3. This Treaty shall not apply to the international movement of conventional arms by, or on behalf of, a State Party for its use provided that the conventional arms remain under that State Party’s ownership.

ARTICLE 3

Ammunition/Munitions

Each State Party shall establish and maintain a national control system to regulate the export of ammunition/munitions fired, launched or delivered by the conventional arms covered under Article 2 (1), and shall apply the provisions of Article 6 and Article 7 prior to authorizing the export of such ammunition/munitions.

ARTICLE 4

Parts and Components

Each State Party shall establish and maintain a national control system to regulate the export of parts and components where the export is in a form that provides the capability to assemble the

conventional arms covered under Article 2 (1) and shall apply the provisions of Article 6 and Article 7 prior to authorizing the export of such parts and components.

ARTICLE 5

General Implementation

1. Each State Party shall implement this Treaty in a consistent, objective and non-discriminatory manner, bearing in mind the principles referred to in this Treaty.

2. Each State Party shall establish and maintain a national control system, including a national control list, in order to implement the provisions of this Treaty.

3. Each State Party is encouraged to apply the provisions of this Treaty to the broadest range of conventional arms. National definitions of any of the categories covered under Article 2 (1) (a)-(g) shall not cover less than the descriptions used in the United Nations Register of Conventional Arms at the time of entry into force of this Treaty. For the category covered under Article 2 (1) (h), national definitions shall not cover less than the descriptions used in relevant United Nations instruments at the time of entry into force of this Treaty.

4. Each State Party, pursuant to its national laws, shall provide its national control list to the Secretariat, which shall make it available to other States Parties. States Parties are encouraged to make their control lists publicly available.

5. Each State Party shall take measures necessary to implement the provisions of this Treaty and shall designate competent national authorities in order to have an effective and transparent national control system regulating the transfer of conventional arms covered under Article 2 (1) and of items covered under Article 3 and Article 4.

6. Each State Party shall designate one or more national points of contact to exchange information on matters related to the implementation of this Treaty. Each State Party shall notify the Secretariat, established under Article 18, of its national point(s) of contact and keep the information updated.

ARTICLE 6

Prohibitions

1. A State Party shall not authorize any transfer of conventional arms covered under Article 2 (1) or of items covered under Article 3 or Article 4, if the transfer 5 would violate its obligations under measures adopted by the United Nations Security Council acting under Chapter VII of the Charter of the United Nations, in particular arms embargoes.

2. A State Party shall not authorize any transfer of conventional arms covered under Article 2 (1) or of items covered under Article 3 or Article 4, if the transfer would violate its relevant international obligations under international agreements to which it is a Party, in particular those relating to the transfer of, or illicit trafficking in, conventional arms.

3. A State Party shall not authorize any transfer of conventional arms covered under Article 2 (1) or of items covered under Article 3 or Article 4, if it has knowledge at the time of authorization that the arms or items would be used in the commission of genocide, crimes against humanity, grave breaches of the Geneva Conventions of 1949, attacks directed against civilian objects or civilians protected as such, or other war crimes as defined by international agreements to which it is a Party.

ARTICLE 7

Export and Export Assessment

1. If the export is not prohibited under Article 6, each exporting State Party, prior to authorization of the export of conventional arms covered under Article 2 (1) or of items covered under Article 3 or Article 4, under its jurisdiction and pursuant to its national control system, shall, in an objective and non-discriminatory manner, taking into account relevant factors, including information provided by the importing State in accordance with Article 8 (1), assess the potential that the conventional arms or items: (a) would contribute to or undermine peace and security; (b) could be used to: (i) commit or facilitate a serious violation of international humanitarian law; (ii) commit or facilitate a serious violation of international human rights law; (iii) commit or facilitate an act constituting an offence under international conventions or protocols relating to terrorism to which the exporting State is a Party; or (iv) commit or facilitate an act constituting an offence under international conventions or protocols relating to transnational organized crime to which the exporting State is a Party.

2. The exporting State Party shall also consider whether there are measures that could be undertaken to mitigate risks identified in (a) or (b) in paragraph 1, such as confidence-building measures or jointly developed and agreed programmes by the exporting and importing States.

3. If, after conducting this assessment and considering available mitigating measures, the exporting State Party determines that there is an overriding risk of any of the negative consequences in paragraph 1, the exporting State Party shall not authorize the export. The exporting State Party, in making this assessment, shall take into account the risk of the conventional arms covered under Article 2 (1) or of the items covered under Article 3 or Article 4 being used to commit or facilitate serious acts of gender based violence or serious acts of violence against women and children. 5. Each exporting State Party shall take measures to ensure that all authorizations for the export of conventional arms covered under Article 2 (1) or of items covered under Article 3 or Article 4 are detailed and issued prior to the export.

6. Each exporting State Party shall make available appropriate information about the authorization in question, upon request, to the importing State Party and to the transit or trans-shipment States Parties, subject to its national laws, practices or policies.

7. If, after an authorization has been granted, an exporting State Party becomes aware of new relevant information, it is encouraged to reassess the authorization after consultations, if appropriate, with the importing State.

ARTICLE 8

Import

1. Each importing State Party shall take measures to ensure that appropriate and relevant information is provided, upon request, pursuant to its national laws, to the exporting State Party, to assist the exporting State Party in conducting its national export assessment under Article 7. Such measures may include end use or end user documentation.

2. Each importing State Party shall take measures that will allow it to regulate, where necessary, imports under its jurisdiction of conventional arms covered under Article 2 (1). Such measures may include import systems.

3. Each importing State Party may request information from the exporting State Party concerning any pending or actual export authorizations where the importing State Party is the country of final

destination. Article 9 Transit or trans-shipment Each State Party shall take appropriate measures to regulate, where necessary and feasible, the transit or trans-shipment under its jurisdiction of conventional arms covered under Article 2 (1) through its territory in accordance with relevant international law. Article 10 Brokering Each State Party shall take measures, pursuant to its national laws, to regulate brokering taking place under its jurisdiction for conventional arms covered under Article 2 (1). Such measures may include requiring brokers to register or obtain written authorization before engaging in brokering.

ARTICLE 11

Diversion

1. Each State Party involved in the transfer of conventional arms covered under Article 2 (1) shall take measures to prevent their diversion.

2. The exporting State Party shall seek to prevent the diversion of the transfer of conventional arms covered under Article 2 (1) through its national control system, established in accordance with Article 5 (2), by assessing the risk of diversion of the export and considering the establishment of mitigation measures such as confidence-building measures or jointly developed and agreed programmes by the exporting and importing States. Other prevention measures may include, where appropriate: examining parties involved in the export, requiring additional documentation, certificates, assurances, not authorizing the export or other appropriate measures.

3. Importing, transit, trans-shipment and exporting States Parties shall cooperate and exchange information, pursuant to their national laws, where appropriate and feasible, in order to mitigate the risk of diversion of the transfer of conventional arms covered under Article 2 (1).

4. If a State Party detects a diversion of transferred conventional arms covered under Article 2 (1), the State Party shall take appropriate measures, pursuant to its national laws and in accordance with international law, to address such diversion. Such measures may include alerting potentially affected States Parties, examining diverted shipments of such conventional arms covered under Article 2 (1), and taking follow-up measures through investigation and law enforcement.

5. In order to better comprehend and prevent the diversion of transferred conventional arms covered under Article 2 (1), States Parties are encouraged to share relevant information with one another on effective measures to address diversion. Such information may include information on illicit activities including corruption, international trafficking routes, illicit brokers, sources of illicit supply, methods of concealment, common points of dispatch, or destinations used by organized groups engaged in diversion.

6. States Parties are encouraged to report to other States Parties, through the Secretariat, on measures taken in addressing the diversion of transferred conventional arms covered under Article 2 (1).

ARTICLE 12

Record keeping

1. Each State Party shall maintain national records, pursuant to its national laws and regulations, of its issuance of export authorizations or its actual exports of the conventional arms covered under Article 2 (1).

2. Each State Party is encouraged to maintain records of conventional arms covered under Article 2 (1) that are transferred to its territory as the final destination or that are authorized to transit or trans-ship territory under its jurisdiction.

3. Each State Party is encouraged to include in those records: the quantity, value, model/type, authorized international transfers of conventional arms covered under Article 2 (1), conventional arms actually transferred, details of exporting State(s), importing State(s), transit and trans-shipment State(s), and end users, as appropriate.

4. Records shall be kept for a minimum of ten years.

ARTICLE 13

Reporting

1. Each State Party shall, within the first year after entry into force of this Treaty for that State Party, in accordance with Article 22, provide an initial report to the Secretariat of measures undertaken in order to implement this Treaty, including national laws, national control lists and other regulations and administrative measures. Each State Party shall report to the Secretariat on any new measures undertaken in order to implement this Treaty, when appropriate. Reports shall be made available, and distributed to States Parties by the Secretariat.

2. States Parties are encouraged to report to other States Parties, through the Secretariat, information on measures taken that have been proven effective in addressing the diversion of transferred conventional arms covered under Article 2 (1).

3. Each State Party shall submit annually to the Secretariat by 31 May a report for the preceding calendar year concerning authorized or actual exports and imports of conventional arms covered under Article 2 (1). Reports shall be made available, and distributed to States Parties by the Secretariat. The report submitted to the Secretariat may contain the same information submitted by the State Party to relevant United Nations frameworks, including the United Nations Register of Conventional Arms. Reports may exclude commercially sensitive or national security information.

ARTICLE 14

Enforcement

Each State Party shall take appropriate measures to enforce national laws and regulations that implement the provisions of this Treaty.

ARTICLE 15

International Cooperation

1. States Parties shall cooperate with each other, consistent with their respective security interests and national laws, to effectively implement this Treaty. 2

2. . States Parties are encouraged to facilitate international cooperation, including exchanging information on matters of mutual interest regarding the implementation and application of this Treaty pursuant to their respective security interests and national laws.

3. States Parties are encouraged to consult on matters of mutual interest and to share information, as appropriate, to support the implementation of this Treaty.

4. States Parties are encouraged to cooperate, pursuant to their national laws, in order to assist national implementation of the provisions of this Treaty, including through sharing information regarding illicit activities and actors and in order to prevent and eradicate diversion of conventional arms covered under Article 2 (1).

5. States Parties shall, where jointly agreed and consistent with their national laws, afford one another the widest measure of assistance in investigations, prosecutions and judicial proceedings in relation to violations of national measures established pursuant to this Treaty.

6. States Parties are encouraged to take national measures and to cooperate with each other to prevent the transfer of conventional arms covered under Article 2 (1) becoming subject to corrupt practices.

7. States Parties are encouraged to exchange experience and information on lessons learned in relation to any aspect of this Treaty.

ARTICLE 16

International Assistance

1. In implementing this Treaty, each State Party may seek assistance including legal or legislative assistance, institutional capacity-building, and technical, material or financial assistance. Such assistance may include stockpile management, disarmament, demobilization and reintegration programmes, model legislation, and effective practices for implementation. Each State Party in a position to do so shall provide such assistance, upon request.

2. Each State Party may request, offer or receive assistance through, inter alia, the United Nations, international, regional, subregional or national organizations, non-governmental organizations, or on a bilateral basis.

3. A voluntary trust fund shall be established by States Parties to assist requesting States Parties requiring international assistance to implement this Treaty. Each State Party is encouraged to contribute resources to the fund.

ARTICLE 17

Conference of States Parties

1 A Conference of States Parties shall be convened by the provisional Secretariat, established under Article 18, no later than one year following the entry into force of this Treaty and thereafter at such other times as may be decided by the Conference of States Parties.

2. The Conference of States Parties shall adopt by consensus its rules of procedure at its first session.

3. The Conference of States Parties shall adopt financial rules for itself as well as governing the funding of any subsidiary bodies it may establish as well as fi nancial provisions governing the functioning of the Secretariat. At each ordinary session, it shall adopt a budget for the financial period until the next ordinary session.

4. The Conference of States Parties shall: (a) Review the implementation of this Treaty, including developments in the field of conventional arms; (b) Consider and adopt recommendations regarding the implementation and operation of this Treaty, in particular the promotion of its universality; (c) Consider amendments to this Treaty in accordance with Article 20; (d) Consider issues arising from the interpretation of this Treaty; (e) Consider and decide the tasks and budget of the Secretariat; (f)

Consider the establishment of any subsidiary bodies as may be necessary to improve the functioning of this Treaty; and (g) Perform any other function consistent with this Treaty.

5. Extraordinary meetings of the Conference of States Parties shall be held at such other times as may be deemed necessary by the Conference of States Parties, o r at the written request of any State Party provided that this request is supported by at least two-thirds of the States Parties.

ARTICLE 18

Secretariat

1. This Treaty hereby establishes a Secretariat to assist States Parties in the effective implementation of this Treaty. Pending the first meeting of the Conference of States Parties, a provisional Secretariat will be responsible for the administrative functions covered under this Treaty.

2. The Secretariat shall be adequately staffed. Staff shall have the necessary expertise to ensure that the Secretariat can effectively undertake the responsibilities described in paragraph 3.

3. The Secretariat shall be responsible to States Parties. Within a minimized structure, the Secretariat shall undertake the following responsibilities: (a) Receive, make available and distribute the reports as mandated by this Treaty; (b) Maintain and make available to States Parties the list of national points of contact; (c) Facilitate the matching of offers of and requests for assistance for Treaty implementation and promote international cooperation as requested; (d) Facilitate the work of the Conference of States Parties, including making arrangements and providing the necessary services for meetings under this Treaty; and (e) Perform other duties as decided by the Conferences of States Parties.

ARTICLE 19

Dispute Settlement

1. States Parties shall consult and, by mutual consent, cooperate to pursue settlement of any dispute that may arise between them with regard to the interpretation or application of this Treaty including through negotiations, mediation, conciliation, judicial settlement or other peaceful means.

2. States Parties may pursue, by mutual consent, arbitration to settle any dispute between them, regarding issues concerning the interpretation or application of this Treaty.

ARTICLE 20

Amendments

1. Six years after the entry into force of this Treaty, any State Party may propose an amendment to this Treaty. Thereafter, proposed amendments may only be considered by the Conference of States Parties every three years.

2. Any proposal to amend this Treaty shall be submitted in writing to the Secretariat, which shall circulate the proposal to all States Parties, not less than 180 days before the next meeting of the Conference of States Parties at which amendments may be considered pursuant to paragraph 1. The amendment shall be considered at the next Conference of States Parties at which amendments may be considered pursuant to paragraph 1 if, no later than 120 days after its circulation by the Secretariat, a majority of States Parties notify the Secretariat that they support consideration of the proposal.

3. The States Parties shall make every effort to achieve consensus on each amendment. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall, as a last resort, be adopted by a three- quarters majority vote of the States Parties present and voting at the meeting of the

Conference of States Parties. For the purposes of this Article, States Parties present and voting means States Parties present and casting an affirmative or negative vote. The Depositary shall communicate any adopted amendment to all States Parties.

4. An amendment adopted in accordance with paragraph 3 shall enter into force for each State Party that has deposited its instrument of acceptance for that amendment, ninety days following the date of deposit with the Depositary of the instruments of acceptance by a majority of the number of States Parties at the time of the adoption of the amendment. Thereafter, it shall enter into force for any remaining State Party ninety days following the date of deposit of its instrument of acceptance for that amendment.

ARTICLE 21

Signature, Ratification, Acceptance, Approval or Accession

1. This Treaty shall be open for signature at the United Nations Headquarters in New York by all States from 3 June 2013 until its entry into force.

2. This Treaty is subject to ratification, acceptance or approval by each signatory State.

3. Following its entry into force, this Treaty shall be open for accession by any State that has not signed the Treaty.

4. The instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.

ARTICLE 22

Entry into Force

1. This Treaty shall enter into force ninety days following the date of the deposit of the fiftieth instrument of ratification, acceptance or approval with the Depositary.

2. For any State that deposits its instrument of ratification, acceptance, approval or accession subsequent to the entry into force of this Treaty, this Treaty shall enter into force for that State ninety days following the date of deposit of its instrument of ratification, acceptance, approval or accession.

ARTICLE 23

Provisional Application

Any State may at the time of signature or the deposit of instrument of its of ratification, acceptance, approval or accession, declare that it will apply provisionally Article 6 and Article 7 pending the entry into force of this Treaty for that State.

ARTICLE 24

Duration and Withdrawal

1. This Treaty shall be of unlimited duration.

2. Each State Party shall, in exercising its national sovereignty, have the right to withdraw from this Treaty. It shall give notification of such withdrawal to the Depositary, which shall notify all other States Parties. The notification of withdrawal may include an explanation of the reasons for its withdrawal. The notice of withdrawal shall take effect ninety days after the receipt of the notification of withdrawal by the Depositary, unless the notification of withdrawal specifies a later date.

3. A State shall not be discharged, by reason of its withdrawal, from the obligations arising from this Treaty while it was a Party to this Treaty, including any financial obligations that it may have accrued.

ARTICLE 25

Reservations

1. At the time of signature, ratification, acceptance, approval or accession, each State may formulate reservations, unless the reservations are incompatible with the object and purpose of this Treaty.

2. A State Party may withdraw its reservation at any time by notification to this effect addressed to the Depositary.

ARTICLE 26

Relationship with other international agreements

1. The implementation of this Treaty shall not prejudice obligations undertaken by States Parties with regard to existing or future international agreements, to which they are parties, where those obligations are consistent with this Treaty.

2. This Treaty shall not be cited as grounds for voiding defence cooperation agreements concluded between States Parties to this Treaty.

ARTICLE 27

Depositary

The Secretary-General of the United Nations shall be the Depositary of this Treaty.

ARTICLE 28

Authentic Texts

The original text of this Treaty, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

Source: *United Nations Office for Disarmament Affairs, UNODA (2013), *The Arms Trade Treaty,* New York, USA: UNODA.