

CRS Report for Congress

Conventional Arms Transfers to Developing Nations, 1999-2006

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Summary

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

Developing nations continue to be the primary focus of foreign arms sales activity by weapons suppliers. During the years 1999-2006, the value of arms transfer agreements with developing nations comprised 66.4% of all such agreements worldwide. More recently, arms transfer agreements with developing nations constituted 65.7% of all such agreements globally from 2003-2006, and 71.5% of these agreements in 2006.

The value of all arms transfer *agreements* with developing nations in 2006 was nearly \$28.8 billion. This was a decrease from \$31.8 billion in 2005. In 2006, the value of all arms *deliveries* to developing nations was \$19.9 billion, the lowest total in these deliveries values for the entire 1999-2006 period (in constant 2006 dollars).

Recently, from 2003-2006, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first for 3 out of 4 years in the value of arms transfer *agreements*, with Russia ranking second for 3 out of these same four years. From 2003-2006, the United States made \$34.1 billion in arms transfer agreements with developing nations, in *constant* 2006 dollars, 32.4% of all such agreements. Russia, the second leading supplier during this period, made \$25.8 billion in arms transfer agreements, or 24.5%. Collectively, the United States and Russia made 56.9% of all arms transfer agreements with developing nations during this four year period.

In 2006, the United States ranked first in arms transfer *agreements* with developing nations with \$10.3 billion or 35.8% of these agreements. Russia was second with \$8.1 billion or 28.1% of such agreements. The United Kingdom was third with \$3.1 billion or 10.8%. In 2006, the United States ranked first in the value of arms *deliveries* to developing nations at nearly \$8 billion, or 40.2% of all such deliveries. Russia ranked second at \$5.5 billion or 27.7% of such deliveries. The United Kingdom ranked third at \$3.3 billion or 16.6% of such deliveries.

In 2006, Pakistan ranked first in the value of arms transfer *agreements* among all developing nations weapons purchasers, concluding \$5.1 billion in such agreements. India ranked second with \$3.5 billion in such agreements. Saudi Arabia ranked third with \$3.2 billion.

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Conventional Arms Transfers to Developing Nations, 1999-2006

Introduction and Overview

This report provides Congress with official, unclassified, background data from U.S. government sources on transfers of conventional arms to developing nations by major suppliers for the period 1999 through 2006. It also includes some data on worldwide supplier transactions. It updates and revises CRS Report RL33696, *Conventional Arms Transfers to Developing Nations, 1998-2005*.

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

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

The data in this report illustrate how global patterns of conventional arms transfers have changed in the post-Cold War and post-Persian Gulf War years. Relationships between arms suppliers and recipients continue to evolve in response to changing political, military, and economic circumstances. Where before the principal motivation for arms sales by foreign suppliers might have been to support a foreign policy objective, today that motivation may be based as much on economic considerations as those of foreign or national security policy.

In this context, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers. During the period of this report, 1999-2006, conventional arms transfer agreements (which represent orders for future delivery) to developing nations comprised 66.4% of the value of all international arms transfer agreements. The portion of agreements with developing countries constituted 65.7% of all agreements globally from 2003-2006. In 2006, arms transfer agreements with developing countries accounted for 71.5% of the value of all such agreements globally. *Deliveries* of conventional arms to developing nations, from 2003-2006, constituted 73.3% of all international arms deliveries. In 2006, arms deliveries to developing nations constituted 73.6% of the value of all such arms deliveries worldwide.

The data in this new report supersede *all* data published in previous editions. Since these new data for 1999-2006 reflect potentially significant updates to and revisions in the underlying databases utilized for this report, only the data in this most recent edition should be used. The data are expressed in U.S. dollars for the *calendar* years indicated, and adjusted for inflation (see box notes on page 3). U.S. commercially licensed arms export delivery values are excluded (see box note on page 20). Also excluded are arms transfers by any supplier to subnational groups. The definition of developing nations, as used in this report, and the specific classes of items included in its values totals are found in box notes on page 3. The report's table of contents provides a detailed listing and description of the various data tables and summaries which can guide the reader to specific items of interest.

CALENDAR YEAR DATA USED

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

ARMS TRANSFER VALUES

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

DEFINITION OF DEVELOPING NATIONS AND REGIONS

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

CONSTANT 2006 DOLLARS

Throughout this report values of arms transfer agreements and values of arms deliveries for all suppliers are expressed in U.S. dollars. Values for any given year generally reflect the exchange rates that prevailed during that specific year. The report converts these dollar amounts (current dollars) into constant 2006 dollars. Although this helps to eliminate the distorting effects of U.S. inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not neutralized. **The deflators used for the constant dollar calculations in this report are those provided by the U.S. Department of Defense and are set out at the bottom of tables 1A, 2A, 8A, and 9A. Unless otherwise noted in the report, all dollar values are stated in constant terms.** The exceptions to this rule are all regional data tables that are composed of four-year aggregate dollar totals (1999-2002 and 2003-2006). These tables are expressed in **current** dollar terms. And where tables rank leading arms suppliers to developing nations or leading developing nation recipients using four-year aggregate dollar totals, these values are expressed in **current** dollars.

Major Findings

General Trends in Arms Transfers Worldwide

The value of all arms transfer agreements worldwide (to both developed and developing nations) in 2006 was \$40.3 billion. This was a decrease in arms agreements values over 2005, a decline of nearly 13% (**Chart 1**)(**Table 8A**).

In 2006, the United States led in arms transfer *agreements worldwide*, making agreements valued at \$16.9 billion (41.9% of all such agreements), up from \$13.5 billion in 2005. Russia ranked second with \$8.7 billion in agreements (21.6% of these agreements globally), up from \$7.5 billion in 2005. The United Kingdom ranked third, its arms transfer agreements worldwide standing at \$3.1 billion in 2006, up from \$2.9 billion in 2005. The United States, Russia, and the United Kingdom collectively made agreements in 2006 valued at \$28.7 billion, 71.2% of all international arms transfer agreements made by all suppliers (**Figure 1**)(**Tables 8A, 8B, and 8D**).

For the period 2003-2006, the total value of all international arms transfer agreements (\$160 billion) was higher than the worldwide value during 1999-2002 (\$156.7 billion), an increase of 2.1%. During the period 1999-2002, developing world nations accounted for 67.1% of the value of all arms transfer agreements made worldwide. During 2003-2006, developing world nations accounted for 65.7% of all arms transfer agreements made globally. In 2006, developing nations accounted for 71.5% of all arms transfer agreements made worldwide (**Figure 1**)(**Table 8A**).

In 2006, the United States ranked first in the value of all arms *deliveries worldwide*, making \$14 billion in such deliveries or 51.9%. This is the eighth year in a row that the United States has led in global arms deliveries. Russia ranked second in worldwide arms deliveries in 2006, making \$5.8 billion in such deliveries. The United Kingdom ranked third in 2006, making \$3.3 billion in such deliveries. These top three suppliers of arms in 2006 collectively delivered nearly \$23.1 billion, 85.6% of all arms delivered worldwide by all suppliers in that year (**Figure 2**)(**Tables 9A, 9B, and 9D**).

The value of all international arms deliveries in 2006 was \$27 billion. This is a increase in the total value of arms deliveries from the previous year (a rise from \$26.2 billion), but still the second lowest deliveries total for the 1999-2006 period. Moreover, the total value of such arms deliveries worldwide in 2003-2006 (\$120.7 billion) was substantially lower in the value of arms deliveries by all suppliers worldwide from 1999-2002 (\$144.8 billion, a decline of over \$24 billion) (**Figure 2**)(**Tables 9A and 9B**)(**Charts 7 and 8**).

Developing nations from 2003-2006 accounted for 73.3% of the value of all international arms deliveries. In the earlier period, 1999-2002, developing nations accounted for 71.7% of the value of all arms deliveries worldwide. In 2006, developing nations collectively accounted for 73.6% of the value of all international arms deliveries (**Figure 2**)(**Tables 2A, 9A, and 9B**).

Worldwide weapons orders declined in 2006. The total of \$40.3 billion, fell from \$46.3 billion in 2005, a decline of nearly 13%. Global arms agreement values for the years other than 2006 ranged from \$46.3 billion in 2005 to \$31.7 billion in 2003. Of the major arms orders secured in 2006 most were made by the traditional major suppliers. In some instances these orders represented significant new acquisitions by the purchasing country. In others they reflected the continuation of a longer term weapons acquisition program.

A decline in new weapons sales can also be explained, in part, by the practical need for some purchasing nations to absorb and integrate major weapons systems they have already purchased into their force structures. The need to do this may, at the same time, increase the number of arms contracts related to training and support services, even as it reduces the number of large and costly orders for new military equipment.

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

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

Some developing nations have reduced their weapons purchases in recent years primarily due to their limited financial resources to pay for such equipment. Other prospective arms purchasers in the developing world with significant financial assets have exercised caution in launching new and costly weapons procurement programs. Increases in the price of oil, while an advantage for major oil producing states in funding their arms purchases, has, simultaneously, caused economic difficulties for

many oil consuming states, contributing to their decisions to defer or curtail new weapons purchases. The state of the world economy has induced a number of developing nations to choose to upgrade existing weapons systems in their inventories, while reducing their purchases of new ones. This approach may curtail sales of new weapons systems for a time, but the weapons upgrade market can be very lucrative for some arms producers, and partially mitigate the effect of losing major new sales.

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

Latin America, and, to a much lesser extent, Africa, are regions where some nations continue to express interest in modernizing important sectors of their military forces. Some large arms orders (by regional standards) have been placed by a few states in these two regions within the last decade. But in Latin America and Africa, as with most nations in the developing world, nations are constrained in their weapons purchases by their existing financial resources. So long as there is limited availability of seller-supplied credit and financing for weapons purchases, and national budgets for military purchases remain relatively low, it seems likely that major arms sales to these two regions of the developing world will remain sporadic in nature.

General Trends in Arms Transfers to Developing Nations

The value of all arms transfer *agreements* with developing nations in 2006 was nearly \$28.8 billion, a decrease from the \$31.8 billion total in 2005 **Chart 1**(**Figure 1**)(**Table 1A**). In 2006, the value of all arms *deliveries* to developing nations (\$19.9 billion) was lower than the value of 2005 deliveries (over \$20.3 billion), and the lowest total for the 1999-2006 period (**Charts 7 and 8**)(**Figure 2**)(**Table 2A**).

Recently, from 2003-2006, the United States and Russia have dominated the arms market in the developing world. The United States ranked first for 3 out of 4 years during this period, while Russia ranked second for 3 out of 4 of these years in the value of arms transfer *agreements*. From 2003-2006, the United States made \$34.1 billion in arms transfer agreements with developing nations, 32.4% of all such agreements. Russia, the second leading supplier during this period, made \$25.8 billion in arms transfer agreements or 24.5%. The United Kingdom, the third leading supplier, from 2003-2006 made \$10.5 billion or 10% of all such agreements with developing nations during these years. In the earlier period (1999-2002) the United States ranked first with \$45.4 billion in arms transfer agreements with developing nations or 43.1%; Russia made \$25.4 billion in arms transfer agreements during this period or 24.1%. France made \$5.5 billion in agreements or 5.2% (**Table 1A**).

From 1999-2006, most arms transfers to developing nations were made by two to three major suppliers in any given year. The United States has ranked first among these suppliers for seven of the last eight years during this period, falling to third place in 2005. Russia has been a continuing strong competitor for the lead in arms transfer agreements with developing nations, ranking second every year from 1999 through 2004, and first in 2005. Despite its lack of the larger traditional client base for armaments held by the United States and the major West European suppliers, Russia's recent successes in concluding new arms orders suggests that Russia is likely to continue to be, for the short term at least, a significant leader in arms agreements with developing nations. Russia's most significant high value arms transfer agreements continue to be with China and India, Russia has had some success in concluding arms agreements with clients beyond its principal two. Russia continues to seek to expand its prospects in North Africa, the Middle East, and Southeast Asia.

Most recently Russia has increased sales efforts in Latin America, despite having essentially abandoned major arms sales efforts there following the Cold War's end. Venezuela has become a significant new arms client gained by Russia in this region. The Russian government has further stated that it has adopted more flexible payment arrangements for its prospective customers in the developing world, including a willingness in specific cases to forgive outstanding debts owed to it by a prospective client in order to secure new arms purchases. Furthermore, Russia continues its efforts to enhance the quality of its follow-on support services to make Russian products more attractive and competitive, and to assure its potential clients that it can effectively provide timely service for weapons systems it exports.

Major West European arms suppliers, such as France and the United Kingdom, have concluded large orders with developing countries over the last eight years, based on either long-term supply relationships or their having specialized weapons systems they can readily provide. Germany has been a key source of naval systems for developing nations. Despite increased competition between the United States and the other major arms suppliers, the U.S. appears likely to hold its position as the principal supplier to key developing world nations, especially those able to afford major new weapons. Because the United States has developed such a wide base of arms equipment clients globally it is able to conclude a notable number of agreements annually to provide upgrades, ordnance and support services for the large variety of weapons systems it has sold to its clients for decades. Thus, even when the U.S. does not conclude major new arms agreements in a given year, it can still register significant arms agreement values based on transactions in these other categories.

The wealthier developing countries continue as the focus for new arms sales by the principal supplying nations. Arms transfers to the less affluent developing nations also continue to be constrained by the scarcity of funds in their defense budgets, and the unsettled state of the international economy. The overall decline in the level of the arms agreements with developing nations that began in 2001 and continued until 2004, appears to have halted. There was a rise in arms agreements with the developing world in 2004 and again in 2005. Although there was a decline in arms agreements with the developing world in 2006, the overall level of arms agreements with such nations from 2004-2006 has been on the increase.

China, other European, and non-European suppliers, such as Sweden and Israel, appear to have increased their participation in the arms trade with the developing world in recent years, albeit at a much lower levels, and with uneven results, than those of the major suppliers. Nevertheless, these non-major arms suppliers have proven capable, on occasion, of making arms deals of consequence. Most of their annual arms transfer agreement values during 1999-2006 have been comparatively low, although larger when they are aggregated together as a group. In various cases they have been successful in selling older generation equipment, even while they procure newer weaponry to update their own military forces. These arms suppliers also are more likely to be sources of small arms and light weapons, and associated ordnance, rather than routine sellers of major military equipment. Most of these arms suppliers are not likely to consistently rank with the traditional major suppliers of advanced weaponry in the value of their arms agreements and deliveries (**Tables 1A, 1F, 1G, 2A, 2F, and 2G**).

United States. The total value — in real terms — of United States arms transfer agreements with developing nations rose from \$6.5 billion in 2005 to \$10.3 billion in 2006. The U.S. share of the value of all such agreements was 35.8% in 2006, up from a 20.4% share in 2005 (**Charts 1, 3 and 4**)(**Figure 1**)(**Tables 1A and 1B**).

In 2006, the total value of U.S. arms transfer agreements with developing nations was attributable to a couple of major deals with clients in Asia, particularly with Pakistan, and in the Near East. A substantial number of smaller valued purchases by a wide number of traditional U.S. arms clients throughout the Near East and Asia contributed notably to the overall U.S. agreements total. The arms agreement total of the United States in 2006 illustrates the continuing U.S. advantage of having well established defense support arrangements with weapons purchasers worldwide, based upon the existing variety of U.S. weapons systems their militaries utilize. U.S. agreements with all of its clients in 2006 include not only sales of major weapons systems, but also the upgrading of systems previously provided. The U.S. totals also include agreements for a wide variety of spare parts, ammunition, ordnance, training, and support services which, in the aggregate, have significant value.

Among the larger valued arms transfer agreements the United States concluded in 2006 with developing nations were: with Pakistan for the purchase of 36 F-16C/D Block 50/52 fighter aircraft for \$1.4 billion; a variety of missiles and bombs to be utilized on the F-16 C/D fighter aircraft for over \$640 million; the purchase of Mid-Life Update Modification Kits to upgrade Pakistan's F-16A/B aircraft for \$890 million; and for 115 M109A5 155mm Self-propelled howitzers for \$52 million. Other U.S. arms agreements in 2006 were with Saudi Arabia for re-manufacturing and upgrading its AH-64A APACHE helicopters to the AH-64D model, together with associated equipment for \$340 million; for 165 LINK MIDS/LVT communications terminals and associated equipment for \$134 million; with the United Arab Emirates for Evolved Seasparrow Ship to Air missiles for \$106 million; with Singapore for a variety of missiles, bombs and associated support for its F-15 fighter aircraft for \$191 million, as well as for pilot training and support its F-16s for \$104 million; and with South Korea for 58 Harpoon Block II missiles for \$114 million.

Russia. The total value of Russia's arms transfer agreements with developing nations in 2006 was \$8.1 billion, a increase from \$7.2 billion in 2005, placing Russia second in such agreements with the developing world. Russia's share of all developing world arms transfer agreements increased, rose from 22.6% in 2005 to 28.1% in 2006 (**Charts 1, 3, and 4**)(**Figure 1**)(**Tables 1A, 1B, and 1G**).

Russian arms transfer agreement totals with developing nations have been notable during the last four years. During the 2003-2006 period, Russia ranked second among all suppliers to developing countries, making \$25.8 billion in agreements (in current 2006 dollars) (**Table 1F**). Russia's status as a leading supplier of arms to developing nations stems from an increasingly successful effort to overcome the significant economic and political problems associated with the dissolution of the former Soviet Union. The traditional arms clients of the former Soviet Union were generally less wealthy developing countries valued as much for their political support in the Cold War, as for their desire for Soviet weaponry. Many of these Soviet-era client states received substantial military aid grants and significant discounts on their arms purchases. After 1991 Russia consistently placed a premium on obtaining hard currency for the weapons it sold. Faced with stiff competition from Western arms suppliers in the 1990s and the early part of this decade, Russia gradually adapted its selling practices in an effort to regain and sustain an important share of the developing world arms market.

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

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

In spite of these potential difficulties, Russia continues to have important arms development and sales programs involving China and India, which should provide it with sustained business throughout this decade. Through agreements concluded

in the mid-1990s, Russia has sold major combat fighter aircraft, and main battle tanks to India, and has provided other major weapons systems through lease or licensed production. It continues to provide support services and items for these various weapons systems. In 2006, Russia largest arms agreement with India was for the sale of 3 Talwar-class frigates for an estimated \$1.3-1.6 billion.

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

Russia's other key arms client in Asia has been China, especially for advanced aircraft and naval systems. Since 1996, Russia has sold China Su-27 fighter aircraft and agreed to licensed production of them. It has sold the Chinese quantities of Su-30 multi-role fighter aircraft, Sovremenny-class destroyers equipped with Sunburn anti-ship missiles, and Kilo-class Project 636 submarines. Russia has also sold the Chinese a variety of other weapons systems and missiles. In 2005, Russia agreed to sell China 30 IL-76TD military transport aircraft and 8 IL-78M aerial refueling tanker aircraft for more than \$1 billion. Russia also signed new arms transfer agreements with China for a number of AL-31F military aircraft engines for \$1 billion, and agreed to sell jet engines for China's FC-1 fighter aircraft at a cost in excess of \$250 million. Chinese arms acquisitions are apparently aimed at enhancing its military projection capabilities in Asia, and its ability to influence events throughout the region. These acquisitions continue to be monitored by U.S. policymakers. The U.S. policy interest is, among other things, ensuring that it provides appropriate military equipment to U.S. allies and friendly states in Asia to help offset any prospective threat China may pose to such nations, while keeping the U.S. military aware of any threat it may face in any confrontation with China.² In 2006 there were no especially large Chinese arms agreements with Russia, possibly because the Chinese military is focused on absorbing and integrating previous arms purchases from Russia into its force structure.

Among the most significant arms transfer deals Russia made in 2006, was with Algeria. This package of agreements included the sale of 28 Su-30MKA fighter aircraft, 36 Mig-29SMT fighter aircraft, 16 Yak-130 advanced training aircraft; 8 battalions of S-300 PMU-2 SAM systems, a number of Pantsir-S1 (SA-22) air-defense missile systems, and a number of T-90S Main Battle Tanks. The total cost of all of these weapons and associated equipment is estimated at \$7.5 billion.

¹ For detailed background see CRS Report RL33515, *Combat Aircraft Sales to South Asia: Potential Implications*, by Christopher Bolkcom, Richard F. Grimmett, and K. Alan Kronstadt; CRS Report RL32115, *Missile Proliferation and the Strategic Balance in South Asia*, by Andrew Feickert and K. Alan Kronstadt; and CRS Report RL30427, *Missile Survey: Ballistic and Cruise Missiles of Selected Foreign Countries*, by Andrew Feickert.

² For detailed background see CRS Report RL30700, *China's Foreign Conventional Arms Acquisitions: Background and Analysis*, by Shirley Kan, Christopher Bolkcom, and Ronald O'Rourke; and CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities — Background and Issues for Congress*, by Ronald O'Rourke.

However, about \$4.7 billion of this total is being paid through forgiveness of Algerian debt to Russia, thus lowering the overall value of the sales package.

In 2006, Russia also made substantial new arms sales to Venezuela. Venezuela has major oil reserves. It, therefore, has the means to pay for advanced, and expensive, military equipment, making it a very attractive customer for Russia. During 2006 Russia reached a significant agreement with Venezuela for the sale of a package of military aircraft. Key elements of this agreement included the sale of 24 Su-30MK2V fighter aircraft for an amount in excess of \$1 billion, together with the purchase of a number of attack and transport helicopters, including Mi-17, Mi-26, and Mi-35 models, collectively costing in excess of \$700 million. Russia also sold Venezuela a substantial number of AK-103 assault rifles, and agreed to establish a factory in Venezuela for the production of both AK-103 assault rifles and the production of 7.62mm ammunition at a cost in excess of \$500 million. Venezuela's populist President, Hugo Chavez, has taken a hostile approach to relations with the United States in recent years. Thus his decision to seek advanced military equipment from Russia is a matter of U.S. concern. Chavez appears embarked on a effort to make Venezuela an important military force in Latin America. And since he has made clear that he plans to obtain additional advanced weapons systems from Russia, there is concern that such purchases could stimulate other states in the region to seek comparable weapons systems as a counterweight to Chavez's military buildup.³

China. In the 1980s the Iran-Iraq war provided the opportunity for China to become an important supplier of less expensive weapons to certain developing nations. During that conflict China demonstrated that it was willing to provide arms to both combatants in the war, in quantity and without conditions. From 2003-2006, the value of China's arms transfer agreements with developing nations averaged about \$1.3 billion annually, a figure skewed by a very large agreements total of \$2.6 billion in 2005. During the period of this report, the value of China's arms transfer agreements with developing nations peaked in 1999 at \$2.8 billion. China's sales figures that year, and in 2005, generally resulted from several smaller valued weapons deals in Asia, Africa, and the Near East, rather than one or two especially large agreements for major weapons systems. Similar arms deals with small scale purchasers in these regions are continuing. In 2006, China's arms transfer agreements total was \$800 million, a figure reflecting a variety of smaller sales to a range of established customers (**Tables 1A, 1G, and 1H**)(**Chart 3**).

Few nations with significant financial resources have sought to purchase Chinese military equipment during the eight year period of this report, because most Chinese weapons for export are less advanced and sophisticated than weaponry available from Western suppliers or Russia. China, consequently, does not appear likely to be a major supplier of conventional weapons in the international arms market in the foreseeable future. Its most likely clients are states in Asia and Africa seeking quantities of small arms and light weapons, rather than major combat systems. At the same time, China has been an important source of missiles in the developing world arms market. China supplied Silkworm anti-ship missiles to Iran.

³ For detailed background on Chavez's policy initiatives in Venezuela, and U.S. concerns see CRS Report RL32488, *Venezuela: Political Conditions and U.S. Policy*, by Mark P. Sullivan and Nelson Olhero.

Credible reports persist in various publications that China has sold surface-to-surface missiles to Pakistan, a long-standing and important client. Iran and North Korea have also reportedly received Chinese missile technology, which has increased their capabilities to threaten other countries in their respective neighborhoods. The continued reporting of such activities by credible sources raise important questions about China's stated commitment to the restrictions on missile transfers set out in the Missile Technology Control Regime (MTCR), including its pledge not to assist others in building missiles that could deliver nuclear weapons. Since China has some military products — particularly missiles — that some developing countries would like to acquire, it can present an obstacle to efforts to stem proliferation of advanced missile systems to some areas of the developing world where political and military tensions are significant, and where some nations are seeking to develop asymmetric military capabilities.⁴

China, among others, has been a key source of a variety of small arms and light weapons transferred to African states. Although the prospects for significant revenue earnings from these arms sales are limited, China views such sales as one means of enhancing its status as an international political power, and increasing its ability to obtain access to significant natural resources, especially oil. Controlling the sales of small arms and light weapons to regions of conflict, in particular to some African nations, has been a matter of concern to the United States. The United Nations also has undertaken an examination of this issue in an effort to achieve consensus on a path to address it.⁵

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

These European arms supplying states, particularly France, view arms sales foremost as a matter for national decision. France has also frequently used foreign military sales as an important means for underwriting development and procurement

⁴ For detailed background on the MTCR and proliferation control regimes and related policy issues see CRS Report RL31559, *Proliferation Control Regimes: Background and Status*, coordinated by Sharon Squassoni, and CRS Report RL31848, *Missile Technology Control Regime (MTCR) and International Code of Conduct Against Ballistic Missile Proliferation (ICOC): Background and Issues for Congress*, by Andrew Feickert.

⁵ For background on China's actions and motivations for increased activities in Africa see CRS Report RL33055, *China and Sub-Saharan Africa*, by Raymond W. Copson, Kerry Dumbaugh, and Michelle Lau. For background on U.S. policy concerns regarding small arms and light weapons transfers see CRS Report RS20958, *International Small Arms and Light Weapons Transfers: U.S. Policy*, by Richard F. Grimmer.

of weapons systems for its own military forces. So the potential exists for policy differences between the United States and major West European supplying states over conventional weapons transfers to specific countries. Such a conflict resulted from an effort led by France and Germany to lift the arms embargo on arms sales to China currently adhered to by members of the European Union. The United States viewed this as a misguided effort, and vigorously opposed it. The proposal to lift the embargo was ultimately not adopted, but it proved to be a source of significant tension between the U.S. and the European Union. Thus, arms sales activities of major European suppliers continue to be of interest to U.S. policymakers, given their capability to make sales of advanced military equipment to countries of concern to U.S. national security policy.⁶

The four major West European suppliers (France, the United Kingdom, Germany, and Italy), as a group, registered a decline in their collective share of all arms transfer agreements with developing nations between 2005 and 2006. This group's share fell from 34.4% in 2005 to 19.1% in 2006. The collective value of this group's arms transfer agreements with developing nations in 2006 was \$5.5 billion compared with a total of \$10.9 billion in 2005. Of these four nations, the United Kingdom was the leading supplier with \$3.1 billion in agreements in 2006, an increase from \$2.9 billion in agreements in 2005. A substantial portion of the United Kingdom's \$3.1 billion agreement total in 2006 was attributable to orders placed under the Al Yamamah military procurement arrangement with Saudi Arabia. Germany's \$1.8 billion in arms agreements in 2006 resulted from an agreement with Brazil for licensed production of a Type ILK 214 submarine and the upgrading of five existing Type 209 submarines, and from an Israeli order for two Type 800 Dolphin class submarines (**Charts 3 and 4**)(**Tables 1A and 1B**).

The four major West European suppliers collectively held a 19.1% share of all arms transfer agreements with developing nations during 2006. For four years after 1999, the major West European suppliers continued to lose their relative share of arms transfer agreements. In 2004 and 2005 this decline was dramatically halted, with the 2005 market share of arms agreements with developing nations (34.4%) being the highest share the four major West European suppliers have held since 1999. During the 2003-2006 period, they collectively held 23% of all arms transfer agreements with developing nations (\$24.2 billion). Individual suppliers within the major West European group have had notable years for arms agreements, especially France in 2000 and 2005 (\$2.6 billion and \$6.7 billion respectively). The United Kingdom also had large agreement years in 2004 (\$4.4 billion), in 2005 (\$2.9 billion), and \$3.1 billion in 2006. Germany concluded arms agreements totaling nearly \$2 billion in 1999, and \$1.8 billion in 2006. In the case of each of these three European nations, large agreement totals in one year have usually reflected the

⁶ For detailed background see CRS Report RL32870, *European Union's Arms Embargo on China: Implications and Options for U.S. Policy*, by Kristin Archick, Richard F. Grimmett, and Shirley Kan. It should be noted that members of the European Union, and others, have agreed to a common effort to attempt some degree of control on the transfer of certain weapons systems, but the principal vehicle for this cooperation — the Wassenaar Arrangement — lacks a mechanism to enforce its rules. For detailed background see CRS Report RS20517, *Military Technology and Conventional Weapons Exports Controls: The Wassenaar Arrangement*, by Richard F. Grimmett.

conclusion of very large arms contracts with one or more major purchasers in that particular year (**Table 1A and 1B**).

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

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

Some European arms suppliers have begun to phase out production of certain types of weapons systems. Such suppliers have increasingly engaged in joint production ventures with other key European weapons suppliers or even client countries in an effort to sustain major sectors of their individual defense industrial bases — even if a substantial portion of the weapons produced are for their own armed forces. The Eurofighter project is one example; the Eurocopter is another. Other European suppliers have also adopted the strategy of cooperating in defense production ventures with the United States such as the Joint Strike Fighter (JSF), rather than attempting to compete directly, thereby meeting their own requirements for advanced combat aircraft, while positioning themselves to share in profits resulting from future sales of this new fighter aircraft.⁷

Regional Arms Transfer Agreements

The markets for arms in regions of the developing world have traditionally been dominated by the Near East and by Asia. Nations in the Latin America and Africa regions, by contrast, have not been major purchasers of weapons, except on rare

⁷ For detailed background on issues relating to the Joint Strike Fighter program see CRS Report RL30563, *F-35 Joint Strike Fighter (JSF) Program: Background, Status, and Issues*, by Christopher Bolcom.

occasions. The regional arms agreement data tables in this report demonstrate this. United States policymakers have placed emphasis on helping to maintain stability throughout the regions of the developing world. Thus, the U.S. has made and supported arms sales and transfers it has believed would advance that goal, while discouraging significant sales by other suppliers to states and regions where military threats to nations in the area are minimal. Other arms suppliers do not necessarily share the U.S. perspective on what constitutes an appropriate arms sale. For in some instances the financial benefit of the sale to the supplier trumps other considerations. The regional and country specific arms transfer data in this report provide an indication of where various arms suppliers are focusing their attention, and who their principal clients are. By reviewing these data, policymakers can identify potential developments which may be of concern, and use this information to assist their review of options they may choose to consider given the circumstances. What follows below is a review of data on arms transfer agreement activities in the two regions that lead in arms acquisitions, the Near East and Asia. This is followed, in turn, by a review of data regarding the leading arms purchasers in the developing world.

Near East.⁸ The principal catalyst for new weapons procurements in the Near East region in the last decade was the Persian Gulf crisis of August 1990-February 1991. This crisis, culminating in a war to expel Iraq from Kuwait, created new demands by key purchasers such as Saudi Arabia, Kuwait, the United Arab Emirates, and other members of the Gulf Cooperation Council (GCC), for a variety of advanced weapons systems. Egypt and Israel continued their modernization and increased their weapons purchases from the United States. The Gulf states' arms purchase demands were not only a response to Iraq's aggression against Kuwait, but a reflection of concerns regarding perceived threats from a potentially hostile Iran. Since the fall of Saddam Hussein, for many, the conventional ground threat from Iraq has diminished and the perceived threat from Iran has increased. This has led the GCC states to emphasize acquisition of air and naval defense capabilities over major ground combat systems.⁹

Most recently, the position of Saudi Arabia as principal arms purchaser in the Persian Gulf region has been re-established. In the period from 1999-2002, Saudi Arabia's total arms agreements were valued at \$4 billion (in current dollars), less than the levels of the U.A.E., Egypt and Israel. For the period from 2003-2006, Saudi Arabia's total arms agreements were \$12.4 billion (in current dollars), making it the leading Near East purchaser once again.

The Near East has generally been the largest arms market in the developing world. However, in 1999-2002, it accounted for 36.5% of the total value of all developing nations arms transfer agreements (\$29.7 billion in current dollars),

⁸ In this report the Near East region includes the following nations: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen. The countries included in the other geographic regions are listed at the end of the report.

⁹ For detailed background see CRS Report RL31533, *The Persian Gulf States: Issues for U.S. Policy, 2006*, by Kenneth Katzman.

ranking it second behind Asia which was first with 47.6% of these agreements. But, during 2003-2006, the Near East region accounted for 46.6% of all such agreements (\$46.7 billion in current dollars), again placing it first in arms agreements with the developing world. The Asia region ranked second in 2003-2006 with \$38.8 billion in agreements or 38.7% (**Tables 1C and 1D**).

The United States dominated arms transfer agreements with the Near East during the 1999-2002 period with 68.4% of their total value (\$20.3 billion in current dollars). Russia was second during these years with 8.1% (\$2.4 billion in current dollars). Recently, from 2003-2006, the United States accounted for 48.9% of arms agreements with this region (\$22.8 billion in current dollars), while the United Kingdom accounted for 16.5% of the region's agreements (\$7.7 billion in current dollars). Russia accounted for 13.7% of the region's agreements in the most recent period (\$6.4 billion in current dollars) (**Chart 5**)(**Tables 1C and 1E**).

Asia. Efforts in several developing nations in Asia have been focused on upgrading and modernizing defense forces, and this has led to new conventional weapons sales in that region. Since the mid-1990s, Russia has become the principal supplier of advanced conventional weaponry to China — selling fighters, submarines, destroyers, and missiles — while maintaining its position as principal arms supplier to India. Russian arms sales to these two countries have been primarily responsible for the increase in Asia's overall share of the arms market in the developing world. Russia has expanded its client base in Asia, receiving aircraft orders from Malaysia, Vietnam, and Indonesia. India has also expanded its weapons supplier base, purchasing the Phalcon early warning defense system aircraft in 2004 from Israel for \$1.1 billion, and numerous items from France in 2005, in particular 6 Scorpene diesel attack submarines for \$3.5 billion. A multi-billion dollar sale in 2006 by the United States to Pakistan of new F-16 fighter aircraft, weapons, and aircraft upgrades, together with Sweden's sale to it of a SAAB-2000 based AWACS airborne radar system for over a billion dollars has placed Pakistan in the forefront of recent Asian buyers. The data on regional arms transfer agreements from 1999-2006 continue to reflect that Near East and Asian nations are the primary sources of orders for conventional weaponry in the developing world.

Asia has traditionally been the second largest developing world arms market. In 2003-2006, Asia ranked second, accounting for 38.7% of the total value of all arms transfer agreements with developing nations (\$38.8 billion in current dollars). Yet in the earlier period, 1999-2002, the region ranked first, accounting for 47.6% of all such agreements (\$38.8 billion in current dollars) (**Tables 1C and 1D**).

In the earlier period (1999-2002), Russia ranked first in the value of arms transfer agreements with Asia with 45.4% (\$17.6 billion in current dollars). The United States ranked second with 24.4% (\$9.5 billion in current dollars). The major West European suppliers, as a group, made 12.6% of this region's agreements in 1999-2002. In the later period (2003-2006), Russia ranked first in Asian agreements with 37.1% (\$14.4 billion in current dollars), primarily due to major combat aircraft, and naval system sales to India and China. The United States ranked second with 18.6% (\$7.2 billion in current dollars). The major West European suppliers, as a group, made 19.3% of this region's agreements in 2003-2006. (**Chart 6**)(**Table 1E**).

Leading Developing Nations Arms Purchasers

India was the leading developing world arms purchaser from 1999-2006, making arms transfer *agreements* totaling \$22.4 billion during these years (in current dollars). In the 1999-2002 period, China ranked first in arms transfer agreements at \$11 billion (in *current* dollars). In 2003-2006 India ranked first in arms transfer agreements, with a large increase to \$14.9 billion from \$7.5 billion in the earlier 1999-2002 period (in *current* dollars). This increase reflects the continuation of a military modernization effort by India, underway since the 1990s, based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1999-2006 was \$188.9 billion in *current* dollars. Thus India alone accounted for 11.9% of all developing world arms transfer agreements during these eight years. In the most recent period, 2003-2006, India made \$14.9 billion in arms transfer agreements (in *current* dollars). This total constituted 14.4% of all arm transfer agreements with developing nations during these four years (\$100.3 billion in *current* dollars). China ranked second in arms transfer agreements during 2003-2006 with \$12.4 billion (in *current* dollars), or 12.4% of the value of all developing world arms transfer agreements (**Tables 1, 1I, and 1J**).

During 1999-2002, the top ten recipients collectively accounted for 69.8% of *all* developing world arms transfer agreements. During 2003-2006, the top ten recipients collectively accounted for 64.4% of all such agreements. Arms transfer *agreements* with the top ten developing world recipients, as a group, totaled \$22.2 billion in 2006 or 77.1% of all arms transfer agreements with developing nations in that year. These percentages reflect the continued concentration of major arms purchases by developing nations among a few countries (**Tables 1, 1I, and 1J**).

Pakistan ranked first among all developing world recipients in the value of arms transfer *agreements* in 2006, concluding \$5.1 billion in such agreements. India ranked second in agreements at \$3.5 billion. Saudi Arabia ranked third with \$3.2 billion in agreements. Four of the top ten recipients were in the Near East region; four were in the Asian region; two were in the Latin American region (**Table 1J**).¹⁰

Saudi Arabia was the leading recipient of arms *deliveries* among developing world recipients in 2006, receiving \$4.1 billion in such deliveries. China ranked second in arms deliveries in 2006 with \$2.9 billion. Israel ranked third with \$1.5 billion (**Table 2J**).

Arms *deliveries* to the top ten developing nation recipients, as a group, were valued at \$14.3 billion, or 71.9% of all arms deliveries to developing nations in 2006. Six of these top ten recipients were in Asia; three were in the Near East; one was in Latin America (**Tables 2 and 2J**).

¹⁰ For countries included in the Asia region and the Latin American region see the listings of nations by regions given at the end of this report.

Weapons Types Recently Delivered to Near East Nations

Regional weapons delivery data reflect the diverse sources of supply and type of conventional weaponry actually transferred to developing nations. Even though the United States, Russia, and the four major West European suppliers dominate in the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers and some non-European suppliers, including China, are capable of being leading suppliers of selected types of conventional armaments to developing nations (**Tables 3-7**) (pages 72-76).

Weapons deliveries to the **Near East**, historically the largest purchasing region in the developing world, reflect the quantities and types delivered by both major and lesser suppliers. The following is an illustrative summary of weapons deliveries to this region for the period **2003-2006** from **Table 5**:

United States.

- 349 tanks and self-propelled guns
- 715 APCs and armored cars
- 2 major surface combatants
- 5 minor surface combatants
- 71 supersonic combat aircraft
- 66 helicopters
- 465 surface-to-air missiles
- 87 anti-ship missiles

Russia.

- 120 APCs and armored cars
- 20 supersonic combat aircraft
- 30 helicopters
- 1,240 surface-to-air missiles

China.

- 20 artillery pieces
- 50 anti-ship missiles

Major West European Suppliers.

- 120 tanks and self-propelled guns
- 60 APCs and armored cars
- 4 major surface combatants
- 46 minor surface combatants
- 10 guided missile boats
- 30 supersonic combat aircraft
- 20 helicopters
- 40 anti-ship missiles

All Other European Suppliers.

- 300 tanks and self-propelled guns
- 1,250 APCs and armored cars
- 20 minor surface combatants
- 2 guided missile boats

- 10 supersonic combat aircraft
- 10 helicopters
- 320 surface-to-air missiles
- 10 anti-ship missiles

All Other Suppliers.

- 640 APCs and armored cars
- 98 minor surface combatants
- 30 helicopters
- 40 surface-to-surface missiles
- 10 anti-ship missiles

Large numbers of major combat systems were delivered to the Near East region from 2003-2006, specifically, tanks and self-propelled guns, armored vehicles, major and minor surface combatants, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The United States and Russia made deliveries of supersonic combat aircraft to the region. The United States, China, and the European suppliers delivered many anti-ship missiles. The United States, Russia, and European suppliers in general were principal suppliers of tanks and self-propelled guns, APCs and armored cars, surface-to-air missiles, as well as helicopters. Three of these weapons categories — supersonic combat aircraft, helicopters, and tanks and self-propelled guns — are especially costly and are a large portion of the dollar values of arms deliveries by the United States, Russia, and European suppliers to the Near East region during the 2003-2006 period.

The cost of naval combatants is also generally high, and the suppliers of such systems during this period had their delivery value totals notably increased due to these transfers. Some of the less expensive weapons systems delivered to the Near East are, nonetheless, deadly and can create important security threats within the region. In particular, from 2003-2006, the United States delivered 87 anti-ship missiles to the Near East region, China delivered 50, and the four major West European suppliers delivered 40. The United States delivered two major surface combatants and five minor surface combatants to the Near East, while the major West European suppliers collectively delivered four major surface combatants, 46 minor surface combatants and 10 guided missile boats. The non-major West European suppliers collectively delivered 10 anti-ship missiles. Other non-European suppliers collectively delivered 640 APCs and armored cars, 98 minor surface combatants, as well as 40 surface-to-surface missiles, a weapons category not delivered by any of the other major weapons suppliers during this period to any region.

UNITED STATES COMMERCIAL ARMS EXPORTS

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

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

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

Summary of Data Trends, 1999-2006

Tables 1 through 1J (pages 47-57) present data on arms transfer *agreements* with developing nations by major suppliers from 1999-2006. These data show the most recent trends in arms contract activity by major suppliers. *Delivery* data, which reflect implementation of sales decisions taken earlier, are shown in **Tables 2 through 2J** (pages 58-68). **Tables 8, 8A, 8B, 8C, and 8D** (pages 80-84) provide data on *worldwide* arms transfer *agreements* from 1999-2006, while **Tables 9, 9A, 9B, 9C, and 9D** (pages 85-89) provide data on *worldwide* arms *deliveries* during this period. To use these data regarding agreements for purposes other than assessing general trends in seller/buyer activity is to risk drawing conclusions that can be readily invalidated by future events — precise values and comparisons, for example, may change due to cancellations or modifications of major arms transfer agreements. These data sets reflect the comparative magnitude of arms transactions by arms suppliers with recipient nations expressed in *constant* dollar terms, unless otherwise noted.

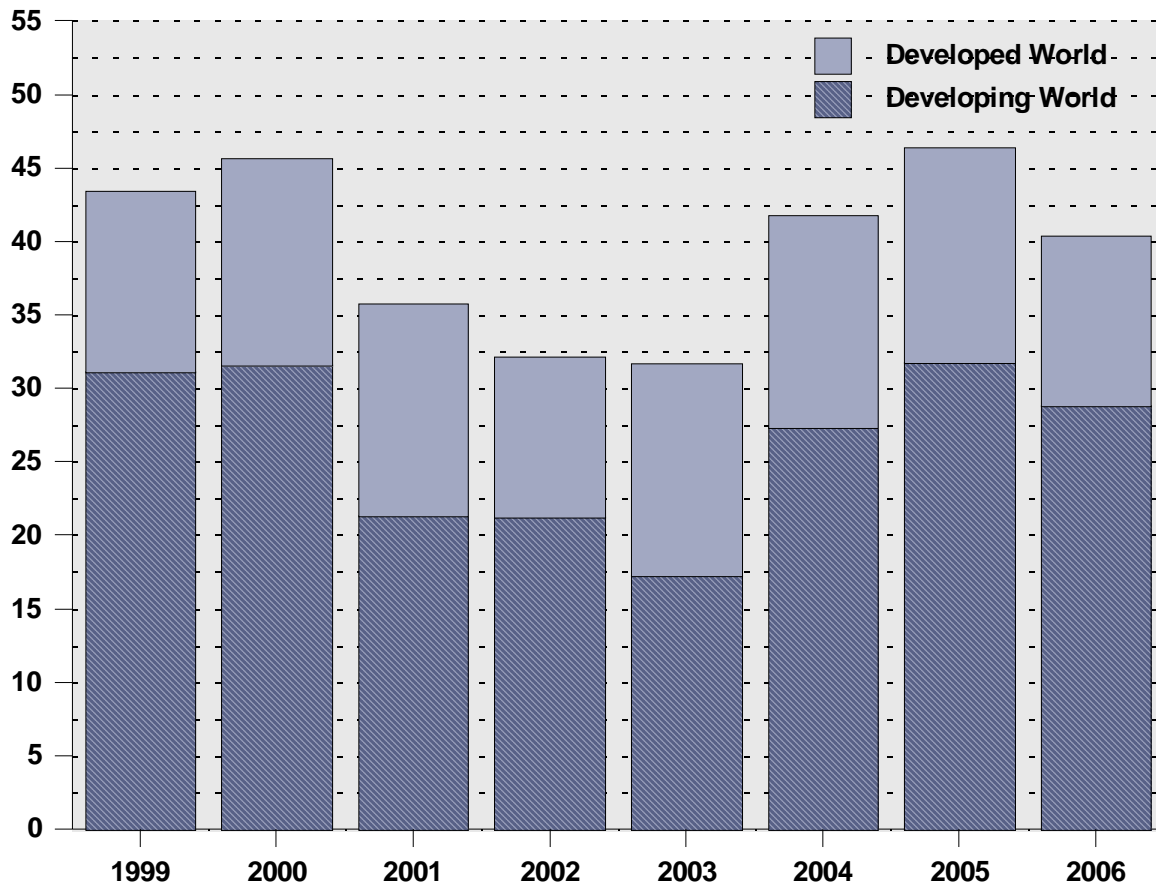
What follows is a detailed summary of data trends from the tables in the report. The summary statements also reference tables and/or charts pertinent to the point(s) noted. Where graphic representations of some major points are made in individual charts, their underlying data are taken from the pertinent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

Total Developing Nations Arms Transfer Agreement Values

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

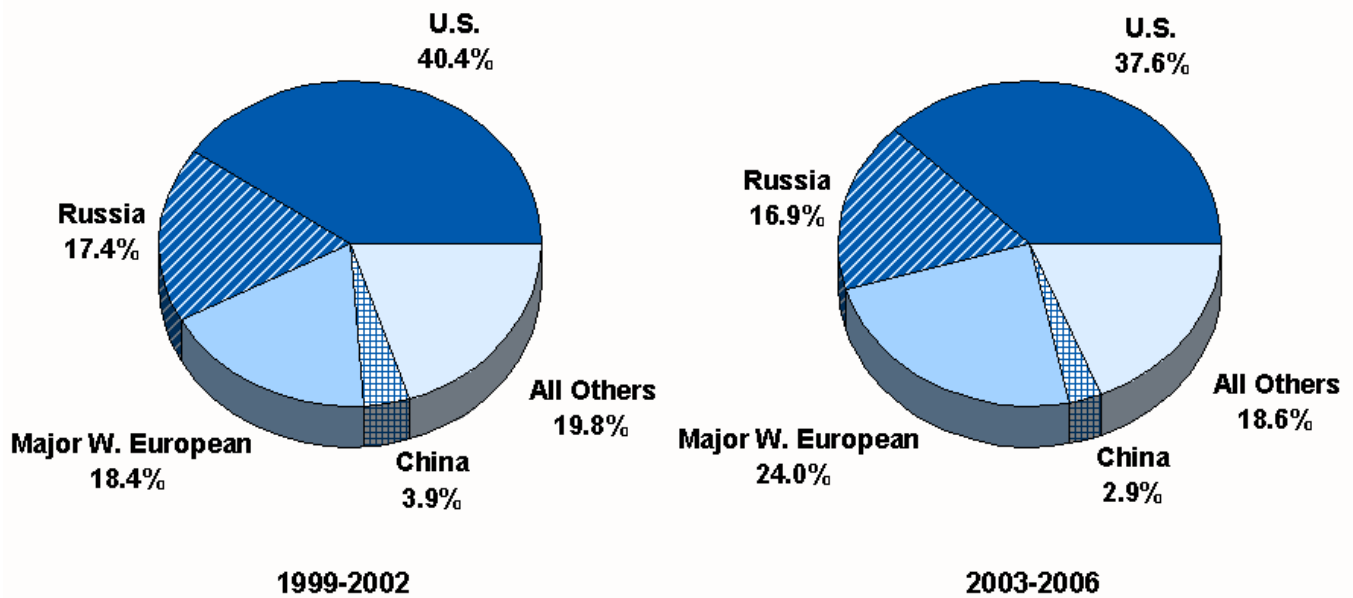
- The value of all arms transfer agreements with developing nations in 2006 was \$28.8 billion, a decrease from the \$31.8 billion total in 2005 (**Tables 1 and 1A**)(**Chart 1**).
- The total value of United States agreements with developing nations rose from \$6.5 billion in 2005 to \$ 10.3 billion in 2006. The United States' share of all developing world arms transfer agreements in 2006 was 35.8%, up from 20.4% in 2005 (**Tables 1A and 1B**)(**Chart 3**).
- In 2006, the total value, in real terms, of Russian arms transfer agreements with developing nations increased from the previous year, rising from \$7.2 billion in 2005 to \$8.1 billion in 2006. The Russian share of all such agreements increased from 22.6% in 2005 to 28.1% in 2006 (**Charts 3 and 4**)(**Tables 1A and 1B**).

Chart 1. Arms Transfer Agreements Worldwide, 1999-2006
Developed and Developing Worlds Compared
In billions of constant
2006 dollars



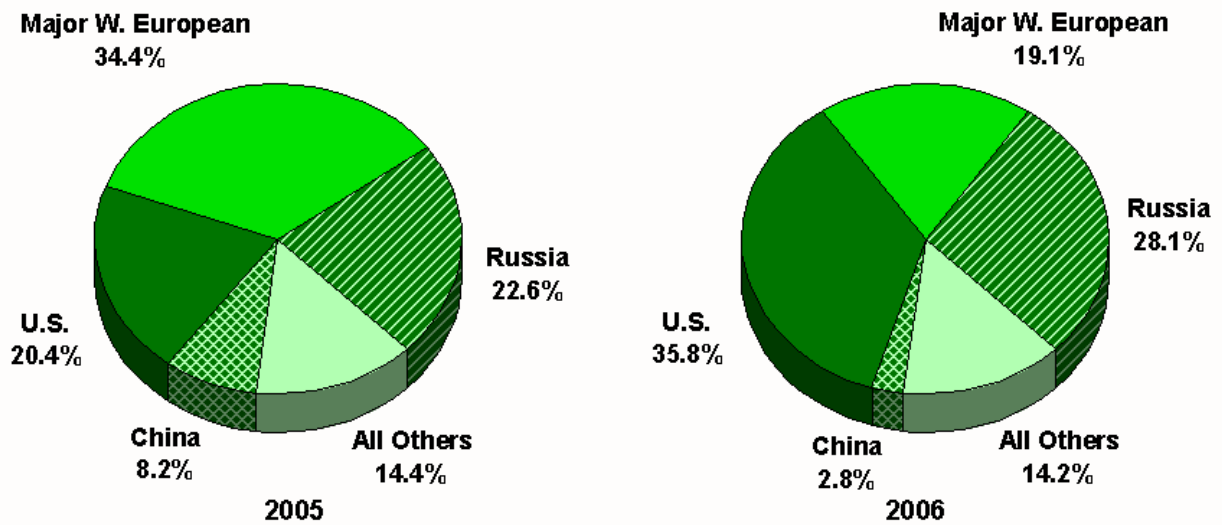
Source: U.S. Government

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



Source: U.S. Government

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



Source: U.S. Government

Chart 4. Arms Transfer Agreements With Developing Nations by Major Supplier, 1999-2006
(billions of constant 2006 dollars)

Source: U.S. Government

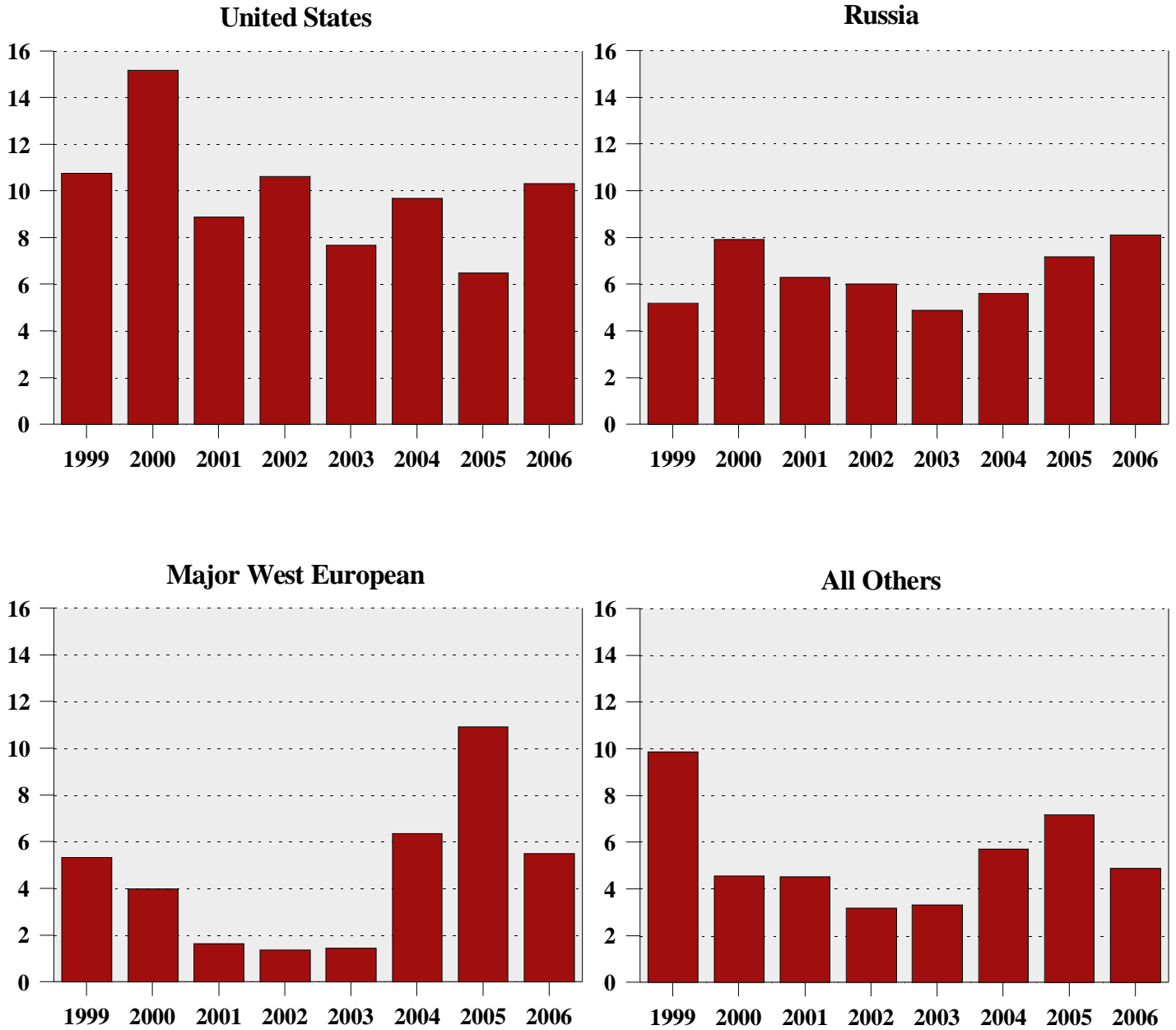


Figure 1. Worldwide Arms Transfer Agreements, 1999-2006 and Suppliers' Share with Developing World (in millions of constant 2006 U.S. dollars)

Supplier	Worldwide Agreements Value 1999-2002	Percentage of Total with Developing World
United States	63,401	71.60
Russia	27,324	93.00
France	12,953	42.50
United Kingdom	4,065	61.70
China	6,153	88.00
Germany	8,911	38.20
Italy	2,839	29.80
All Other European	20,095	46.60
All Others	11,002	67.00
TOTAL	156,743	67.10

Supplier	Worldwide Agreements Value 2003-2006	Percentage of Total with Developing World
United States	60,143	56.70
Russia	26,991	95.40
France	13,962	65.40
United Kingdom	13,563	77.70
China	4,708	100.00
Germany	7,162	38.30
Italy	3,667	49.00
All Other European	20,555	43.90
All Others	9,272	79.50
TOTAL	160,023	65.70

Supplier	Worldwide Agreements Value 2006	Percentage of Total with Developing World
United States	16,905	61.00
Russia	8,700	93.10
France	500	60.00
United Kingdom	3,100	100.00
China	800	100.00
Germany	1,900	94.70
Italy	900	33.30
All Other European	5,200	40.40
All Others	2,300	87.00
TOTAL	40,305	71.50

Source: U.S. Government

- The four major West European suppliers, as a group (France, United Kingdom, Germany, Italy), registered a decline in their collective share of all arms transfer agreements with developing nations between 2005 and 2006. This group's share fell from 34.4% in 2005 to 19.1% in 2006. The collective value of this group's arms transfer agreements with developing nations in 2006 was \$5.5 billion compared with a total of \$10.9 billion in 2005 (**Tables 1A and 1B**)(**Charts 3 and 4**).
- The United Kingdom was the European leader in arms transfer agreements with developing nations in 2006, its share rising from 9.2% in 2005 to 10.8% in 2006. The value of its agreements with developing nations increased from \$2.8 billion in 2005 to \$3.1 billion in 2006 (**Tables 1A and 1B**).
- In 2006, the United States ranked first in arms transfer agreements with developing nations at \$10.3 billion. Russia ranked second at \$8.1 billion. The United Kingdom ranked third with \$3.1 billion (**Charts 3 and 4**)(**Tables 1A, 1B and 1G**).

Regional Arms Transfer Agreements, 1999-2006

Table 1C gives the values of arms transfer agreements between suppliers and individual regions of the developing world for the periods 1999-2002 and 2003-2006. These values are expressed in *current* U.S. dollars.¹¹ **Table 1D**, derived from **Table 1C**, gives the percentage distribution of each supplier's agreement values within the regions for the two time periods. **Table 1E**, also derived from **Table 1C**, illustrates what percentage share of each developing world region's total arms transfer agreements was held by specific suppliers during the years 1999-2002 and 2003-2006. Among the facts reflected in these tables are the following:

Near East.

- The Near East has generally been the largest arms market in the developing world. However, in 1999-2002, it accounted for 36.5% of the total value of all developing nations arms transfer agreements (\$29.7 billion in current dollars), ranking it second behind Asia which was first with 47.6% of these agreements. But, during 2003-2006, the Near East region accounted for 46.6% of all such agreements (\$46.7 billion in current dollars), placing it first again in arms agreements with the developing world. The Asia region ranked second in 2003-2006 with \$38.8 billion in agreements or 38.7% (**Tables 1C and 1D**).
- The United States dominated arms transfer agreements with the Near East during the 1999-2002 period with 68.4% of their total value

¹¹ Because these regional data are composed of four-year aggregate dollar totals, they are expressed in *current* dollar terms.

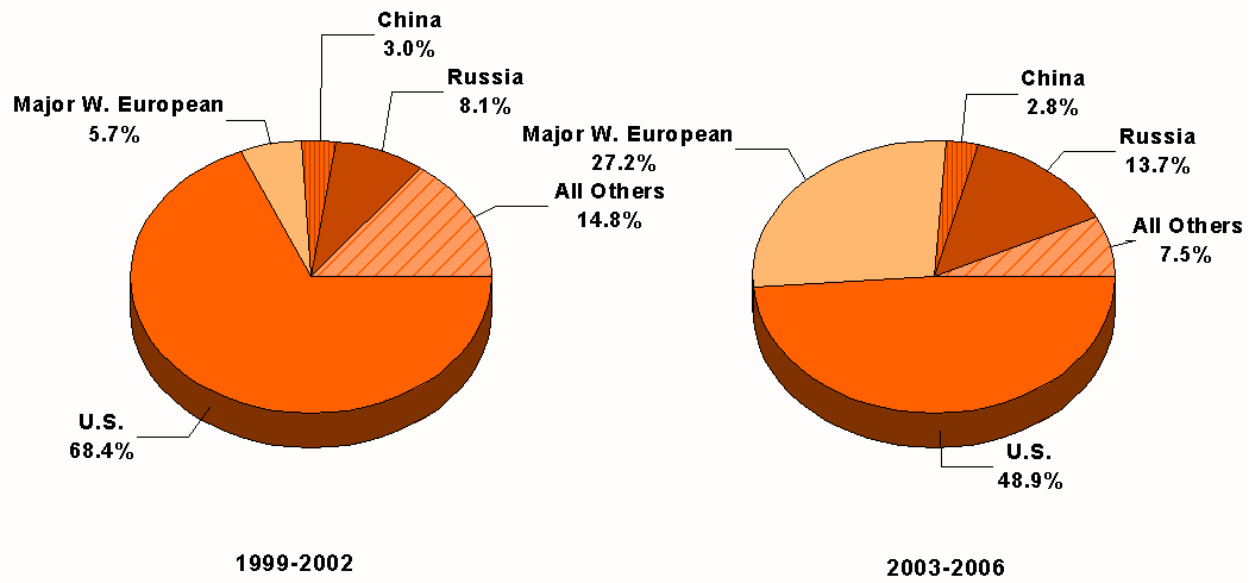
(\$20.3 billion in current dollars). Russia was second during these years with 8.1% (\$2.4 billion). Recently, from 2003-2006, the United States accounted for 48.9% of the value of arms agreements with this region (\$22.8 billion), while the United Kingdom accounted for 16.5% of the value of the region's agreements (\$7.7 billion). Russia accounted for 13.7% of the value of the region's arms agreements from 2003-2006 (\$6.4 billion)(**Chart 5**)(**Tables 1C and 1E**).

- For the period 1999-2002, the United States maintained 64.3% of the value of its developing world arms transfer agreements with the Near East. In 2003-2006, the U.S. had 70.4% of the value of its agreements with this region (**Table 1D**).
- For the period 1999-2002, the four major West European suppliers collectively made 16.8% of the value of their developing world arms transfer agreements with the Near East. In 2003-2006, the major West Europeans made 55% of their arms agreements with the Near East (**Table 1D**).
- For the period 1999-2002, France concluded 17.4% of the value of its developing world arms transfer agreements with the Near East. In 2003-2006, France made 31.4% of its agreements with the Near East (**Table 1D**).
- For the period 1999-2002, the United Kingdom concluded 35% of the value of its developing world arms transfer agreements with the Near East. In 2003-2006, the United Kingdom made 76.2% of its agreements with the Near East (**Table 1D**).
- For the period 1999-2002, China concluded 20% of the value of its developing world arms transfer agreements with the Near East. In 2003-2006, China made 28.9% of its agreements with the Near East (**Table 1D**).
- For the period 1999-2002, Russia concluded 11.2% of the value of its developing world arms transfer agreements with the Near East. In 2003-2006, Russia made 26% of its agreements with the Near East (**Table 1D**).
- In the earlier period (1999-2002), by value, the United States ranked first in arms transfer agreements with the Near East with 68.4%. Russia ranked second with 8.1%. The major West European suppliers, as a group, made 5.7% of this region's agreements in 1999-2002. In the later period (2003-2006), by value, the United States again ranked first in Near East agreements with 48.9%. The United Kingdom ranked second with 16.5%. Russia ranked third with 13.7%. The major West European suppliers, as a group, made 27.2% of this region's agreements in 2003-2006 (**Table 1E**)(**Chart 5**).

Asia.

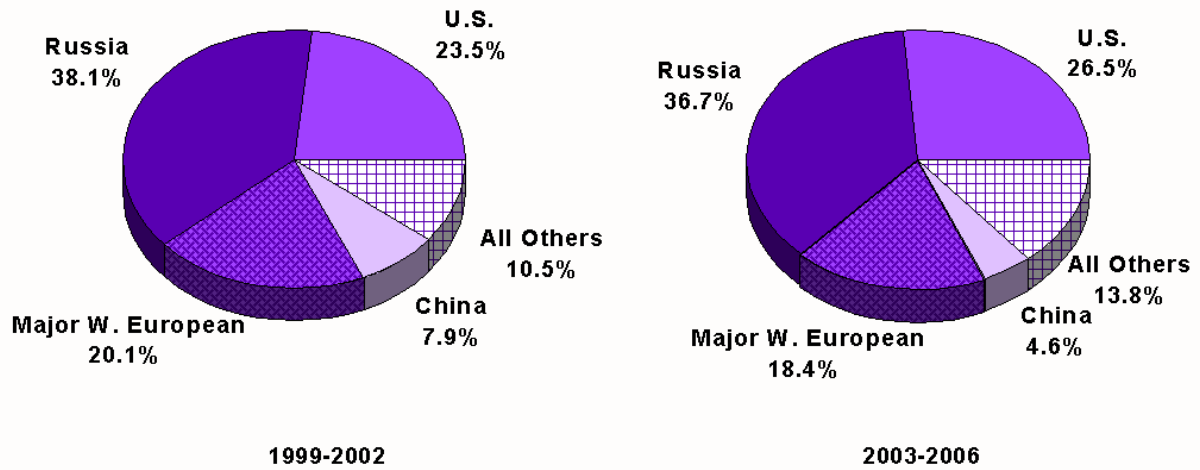
- Asia has traditionally been the second largest developing world arms market. In 2003-2006, Asia ranked second, with 38.7% of the total value of all arms transfer agreements with developing nations (\$38.8 billion in current dollars). In the earlier period, 1999-2002, the region accounted for 47.6% of all such agreements (\$38.8 billion in current dollars), ranking first (**Tables 1C and 1D**).

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



Source: U.S. Government

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



Source: U.S. Government

- In the earlier period (1999-2002), Russia ranked first in the value of arms transfer agreements with Asia with 45.4% (\$17.6 billion). The United States ranked second with 24.4% (\$9.5 billion). The major West European suppliers, as a group, made 12.6% of this region's agreements in 1999-2002. In the later period (2003-2006), Russia ranked first in Asian agreements with 37.1% (\$14.4 billion), primarily due to major combat aircraft and naval craft sales to India and China. The United States ranked second with 18.6% (\$7.2 billion). The major West European suppliers, as a group, made 19.3% of this region's agreements in 2003-2006 (**Chart 6**)(**Table 1E**).

Latin America.

- In the earlier period, 1999-2002, the United States ranked first in arms transfer agreements with Latin America with 50.3%. Russia and Germany tied for second with 5.8% each. The major West European suppliers, as a group, made 8.8% of this region's agreements in 1999-2002. In the later period, 2003-2006, Russia ranked first with 30.6%. The United States ranked second with 19.8%. Germany ranked third with 9%. All other non-major European suppliers collectively made 24.3% of the region's agreements in 2003-2006. Latin America registered a substantial increase in the total value of its arms transfer agreements from 1999-2002 to 2003-2006 rising from \$3.4 billion in the earlier period to \$11.1 billion in the later, trebling the value of their arms agreements, led by major sales by Russia to Venezuela (**Tables 1C and 1E**).

Africa.

- In the earlier period, 1999-2002, Germany ranked first in agreements with Africa with 16.7% (\$1.6 billion). Russia was second with 12.5% (\$1.2 billion). China was third with 8.3%. The non-major European suppliers, as a group, made 35.4% of the region's agreements in 1999-2002. The four major West European suppliers collectively made 33.4%. The United States made 1%. In the later period, 2003-2006, France and China were tied for first in agreements with 25.1% each (\$900 million each). Russia was second with 11.1% (\$400 million). The major West European suppliers, as a group, made 30.7% of this region's agreements in 2003-2006 (\$1.1 billion). All other European suppliers collectively made 13.9% (\$500 million). The United States made 5.2% (\$186 million). Africa registered a substantial decline in the total value of its arms transfer agreements from 1999-2002 to 2003-2006, falling from \$9.6 billion in the earlier period to about \$3.6 billion in the later period. This decline is attributable to the completion of large arms orders of South Africa during 1999-2002, as part of its defense modernization program (**Tables 1C and 1E**).

Arms Transfer Agreements With Developing Nations, 1999-2006: Leading Suppliers Compared

Table 1F gives the values of arms transfer agreements with the developing nations from 1999-2006 by the top eleven suppliers. The table ranks these suppliers on the basis of the total *current* dollar values of their respective agreements with the developing world for each of three periods — 1999-2002, 2003-2006, and 1999-2006. Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms transfer agreements from 2003-2006 (\$32.4 billion), and first for the entire period from 1999-2006 (\$70.8 billion).
- Russia ranked second among all suppliers to developing nations in the value of arms transfer agreements from 2003-2006 (\$24.6 billion), and second from 1999-2006 (\$46.1 billion).
- The United Kingdom ranked third among all suppliers to developing nations in the value of arms transfer agreements from 2003-2006 (\$10.1 billion), and fourth from 1999-2006 (\$12.2 billion).
- France ranked fourth among all suppliers to developing nations in the value of arms transfer agreements from 2003-2006 (\$8.7 billion), and third from 1999-2006 (\$13.3 billion).
- China ranked fifth among all suppliers to developing nations in the value of arms transfer agreements from 2003-2006 (\$4.5 billion), and fifth from 1999-2006 (\$9 billion).

Arms Transfer Agreements With Developing Nations in 2006: Leading Suppliers Compared

Table 1G ranks and gives for 2006 the values of arms transfer agreements with developing nations of the top eleven suppliers in *current* U.S. dollars. Among the facts reflected in this table are the following:

- The United States, Russia, and the United Kingdom, the top three arms suppliers—ranked by the value of their arms transfer agreements—in 2006 collectively made agreements valued at nearly \$21.5 billion, 74.7% of all arms transfer agreements made with developing nations by all suppliers in that year (\$28.8 billion).
- In 2006, the United States ranked first in arms transfer agreements with developing nations, making \$10.3 billion in such agreements, or 35.8% of them.

- Russia ranked second and the United Kingdom third in arms transfer agreements with developing nations in 2006, making \$8.1 billion and \$3.1 billion in such agreements respectively.
- Germany ranked fourth in arms transfer agreements with developing nations in 2006, making \$1.8 billion in such agreements, while Israel ranked fifth with \$1.3 billion.

Arms Transfer Agreements With Near East 1999-2006: Suppliers and Recipients

Table 1H gives the values of arms transfer agreements with the Near East nations by suppliers or categories of suppliers for the periods 1999-2002 and 2003-2006. These values are expressed in *current* U.S. dollars. They are a subset of the data contained in **Table 1** and **Table 1C**. Among the facts reflected by this table are the following:

- For the most recent period, 2003-2006, the principal purchasers of U.S. arms in the Near East region, based on the value of agreements were: Saudi Arabia (\$4.5 billion), Egypt (\$4.3 billion), and Israel (\$3 billion). The principal purchasers of Russian arms were: Algeria (\$2.3 billion), Iran (\$1.5 billion), Syria (\$700 million), Egypt and Yemen (\$500 million each). The principal purchasers of arms from China were Egypt and Iran (\$400 million each), and Saudi Arabia (\$200 million). The principal purchasers of arms from the four major West European suppliers, as a group, were: Saudi Arabia (\$7.6 billion); the U.A.E. (\$2 billion), and Oman (\$1 billion). The principal purchasers of arms from all other European suppliers collectively were Iraq (\$500 million) Egypt (\$400 million), and Jordan (\$300 million). The principal purchasers of arms from all other suppliers combined were Syria (\$500 million), Iraq and the U.A.E. (\$300 million each).
- For the period from 2003-2006, Saudi Arabia made \$12.4 billion in arms transfer agreements. Its major suppliers were the four major West European suppliers collectively (\$7.6 billion), and the United States (\$4.5 billion). Egypt made \$5.7 billion in arms transfer agreements. Its principal supplier was the United States (\$4.3 billion). Israel made \$4.2 billion in arms agreements. Its principal supplier was the United States (\$3 billion). The U.A.E. made \$3.7 billion in arms transfer agreements. Its principal suppliers were: the four major West European suppliers collectively (\$2 billion) and the United States (\$1.2 billion).
- The total value of arms transfer agreements by Russia with Iran increased substantially from \$100 million in 1999-2002 to \$1.5 billion in 2003-2006. The value of China's arms transfer agreements with Iran rose from \$100 million in 1999-2002 to \$400 million in the 2003-2006 period.

- The value of arms transfer agreements by the United States with Saudi Arabia rose notably from the 1999-2002 period to the 2003-2006 period, rising from \$2.7 billion in the earlier period to \$4.5 billion in the later period. Saudi Arabia made 36.3% of all its arms transfer agreements with the United States during 2003-2006. Meanwhile, arms transfer agreements by the United Arab Emirates (U.A.E.) with all suppliers collectively decreased by a significant degree from 1999-2002 to 2003-2006, falling from \$8.8 billion to \$3.7 billion.

Arms Transfers to Developing Nations, 1999-2006: Agreements With Leading Recipients

Table II gives the values of arms transfer agreements made by the top ten recipients of arms in the developing world from 1999-2006 with all suppliers collectively. The table ranks recipients on the basis of the total *current* dollar values of their respective agreements with all suppliers for each of three periods—1999-2002, 2003-2006, and 1999-2006. Among the facts reflected in this table are the following:

- India was the leading developing world arms purchaser from 1999-2006, making arms transfer *agreements* totaling \$22.4 billion during these years (in current dollars). In the earlier 1999-2002 period, China ranked first in arms transfer agreements at \$11 billion (in *current* dollars). In 2003-2006, India ranked first in arms transfer agreements, with a substantial increase to \$14.9 billion from \$7.5 billion in the earlier period (in *current* dollars). This increase reflects the continuation of a military modernization effort of India, beginning in the 1990s, and based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1999-2006 was \$188.9 billion in *current* dollars. Thus India alone accounted for 11.9% of all developing world arms transfer agreements during these eight years. In the most recent period, 2003-2006, India made \$14.9 billion in arms transfer agreements (in *current* dollars). This total constituted 14.8% of all arm transfer agreements with developing nations during 2003-2006, which totaled \$100.3 billion. Saudi Arabia ranked second in arms transfer agreements during 2003-2006 with \$12.4 billion (in *current* dollars), or 12.4% of the value of all developing world arms transfer agreements (**Tables 1, 1H, 1I, and 1J**).
- During 1999-2002, the top ten recipients collectively accounted for 69.8% of *all* developing world arms transfer agreements. During 2003-2006, the top ten recipients collectively accounted for 64.4% of all such agreements (**Tables 1 and 1I**).

Arms Transfers to Developing Nations in 2006: Agreements With Leading Recipients

Table 1J names the top ten developing world recipients of arms transfer agreements in 2006. The table ranks these recipients on the basis of the total *current* dollar values of their respective agreements with *all* suppliers in 2006. Among the facts reflected in this table are the following:

- Pakistan ranked first among all developing nations recipients in the value of arms transfer agreements in 2006, concluding \$5.1 billion in such agreements. India ranked second with \$3.5 billion. Saudi Arabia ranked third with \$3.2 billion.
- Four of the top ten developing world recipients of arms transfer agreements in 2006 were in the Near East. Four were in Asia. Two were in Latin America.
- Arms transfer agreements with the top ten developing world recipients, as a group, in 2006 totaled \$22.2 billion or 77.1% of all such agreements with the developing world,. These percentages reflect the continuing concentration of arms purchases by developing world states in a few such states (**Tables 1 and 1J**).

Developing Nations Arms Delivery Values

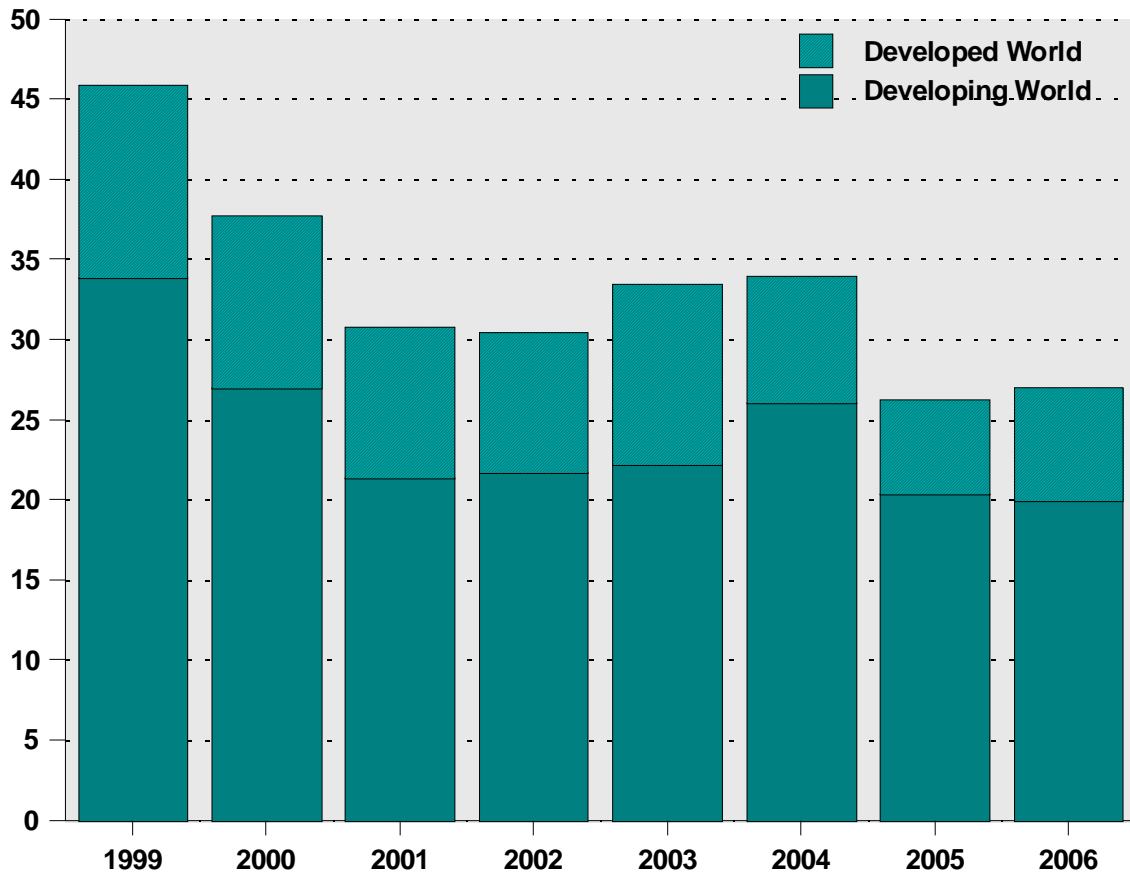
Table 2 shows the annual *current* dollar values of arms *deliveries* (items actually transferred) to developing nations by major suppliers from 1999-2006. The utility of these particular data is that they reflect transfers that have occurred. They provide the data from which **Tables 2A** (constant dollars) and **Table 2B** (supplier percentages) are derived. Some of the facts illustrated by these data are summarized below.

- In 2006 the value of all arms deliveries to developing nations (\$19.9 billion) was a decrease in deliveries values from the previous year, (\$20.3 billion), and the lowest annual deliveries total for the entire period from 1999-2006 (**Charts 7 and 8**)(**Table 2A**).
- The U.S. share of all deliveries to developing nations in 2006 was 40.2%, a decrease from 42.3% in 2005. In 2006, the United States, for the eighth year in a row, ranked first in the value of arms deliveries to developing nations (nearly \$8 billion). The second leading supplier in 2006 was Russia at \$5.5 billion. Russia's share of all deliveries to developing nations in 2006 was 27.7%, an increase from 14.8% in 2005. The United Kingdom, the third leading supplier in 2006, made \$3.3 billion in deliveries. The United Kingdom's share of all arms deliveries to developing nations in 2006 was 16.6%, up from 13.8% in 2005. The share of major West European suppliers' deliveries to developing nations in 2006 was 21.6%, down from 25.6% in 2005 (**Tables 2A and 2B**).

- The total value of all arms deliveries by all suppliers to developing nations from 2003-2006 (\$88.5 billion in constant 2006 dollars) was significantly lower than the value of arms deliveries by all suppliers to developing nations from 1999-2002 (\$103.8 billion in constant 2006 dollars)(**Table 2A**).
- During the years 1999-2006, arms deliveries to developing nations comprised 72.4% of all arms deliveries worldwide. In 2006, the percentage of arms deliveries to developing nations was 73.6% of all arms deliveries worldwide (**Tables 2A and 9A**)(**Figure 2**).

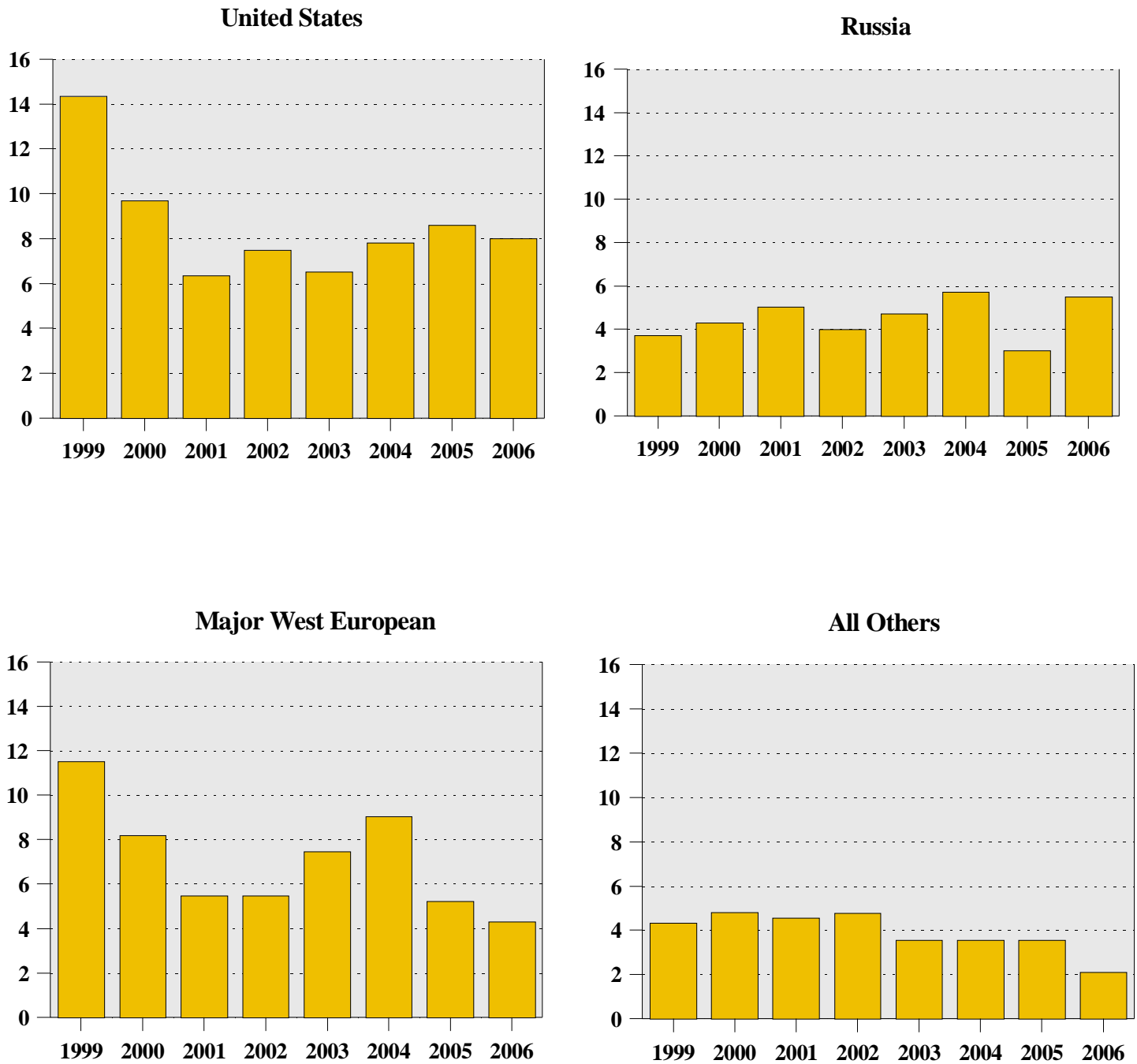
**Chart 7. Arms Deliveries Worldwide 1999-2006
Developed and Developing Worlds Compared**

In billions of constant
2006 dollars



Source: U.S. Government

Chart 8. Arms Deliveries to Developing Countries by Major Supplier, 1999-2006
 (in billions of constant 2006 dollars)



Source: U.S. Government

Figure 2. Worldwide Arms Deliveries, 1999-2006 and Suppliers' Share with Developing World
(in millions of constant 2006 U.S. dollars)

Supplier	Worldwide Deliveries Value 1999-2002	Percentage of Total to Developing World
United States	57,640	65.60
Russia	19,041	89.30
France	11,744	74.80
United Kingdom	21,813	85.50
China	3,767	84.30
Germany	5,969	32.20
Italy	2,254	53.10
All Other European	14,217	67.60
All Others	8,377	67.30
TOTAL	144,822	71.70

Supplier	Worldwide Deliveries Value 2003-2006	Percentage of Total to Developing World
United States	50,032	61.70
Russia	19,713	95.80
France	11,053	90.30
United Kingdom	14,103	91.50
China	3,381	96.80
Germany	5,780	47.70
Italy	1,071	30.20
All Other European	9,219	49.60
All Others	6,303	77.70
TOTAL	120,655	73.30

Supplier	Worldwide Deliveries Value 2006	Percentage of Total to Developing World
United States	14,008	57.00
Russia	5,800	94.80
France	400	50.00
United Kingdom	3,300	100.00
China	700	100.00
Germany	1,000	80.00
Italy	100	0.00
All Other European	1,200	75.00
All Others	500	100.00
TOTAL	27,008	73.60

Source: U.S. Government

Regional Arms Delivery Values, 1999-2006

Table 2C gives the values of arms deliveries by suppliers to individual *regions* of the developing world for the periods 1999-2002 and 2003-2006. These values are expressed in *current* U.S. dollars.¹² **Table 2D**, derived from **Table 2C**, gives the percentage distribution of each supplier's deliveries values within the regions for the two time periods. **Table 2E**, also derived from **Table 2C**, illustrates what percentage share of each developing world region's total arms delivery values was held by specific suppliers during the years 1999-2002 and 2003-2006. Among the facts reflected in these tables are the following:

Near East.

- The Near East has generally led in the value of arms deliveries received by the developing world. In 1999-2002, it accounted for 55.1% of the total value of all developing nations deliveries (nearly \$48 billion in current dollars). During 2003-2006 the region accounted for 53.7% of all such deliveries (\$44.9 billion in current dollars) (**Tables 2C and 2D**).
- For the period 1999-2002, the United States made 60.5% of its developing world arms deliveries to the Near East region. In 2003-2006, the United States made 65.8% of its developing world arms deliveries to the Near East region (**Table 2D**).
- For the period 1999-2002, the United Kingdom made 87.9% of its developing world arms deliveries to the Near East region. In 2003-2006, the United Kingdom made 95.9% of its developing world arms deliveries to the Near East region (**Table 2D**).
- For the period 1999-2002, 73% of France's arms deliveries to the developing world were to the Near East region. In the more recent period, 2003-2006, 83% of France's developing world deliveries were to nations of the Near East region (**Table 2D**).
- For the period 1999-2002, Russia made 13.3% of its developing world arms deliveries to the Near East region. In 2003-2006, Russia made 12.3% of such deliveries to the Near East (**Table 2D**).
- In the earlier period, 1999-2002, the United States ranked first in the value of arms deliveries to the Near East with 40% (\$19.2 billion). The United Kingdom ranked second with 28.8% (\$13.8 billion). France ranked third with 11.3% (\$5.4 billion). The major West European suppliers, as a group, held 42.3% of this region's delivery values in 1999-2002. In the later period (2003-2006), the United States ranked first in Near East delivery values with 43% (\$19.3

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

billion). The United Kingdom ranked second with 25.8% (\$11.6 billion). France ranked third with 17.4% (\$7.8 billion). The major West European suppliers, as a group, held 43.9% of this region's delivery values in 2003-2006 (**Tables 2C and 2E**).

Asia.

- The Asia region has historically ranked second in the value of arms deliveries. In the earlier period, 1999-2002, 37.4% of all arms deliveries to developing nations were to those in Asia (\$32.6 billion). In the later period, 2003-2006, Asia accounted for 36.2% of such arms deliveries (\$30.3 billion). For the period 2003-2006, Russia made 79.3% of its developing world arms deliveries to Asia. Germany made 53.9% of its developing world arms deliveries to Asia. China made 50% of its developing world deliveries to Asia, while the United States made nearly 28% (**Tables 2C and 2D**).
- In the period from 1999-2002, Russia ranked first in the value of arms deliveries to Asia with 35.3% (\$11.5 billion). The United States ranked second with 34.7% (\$11.3 billion in current dollars). The United Kingdom ranked third with 5.8% (\$1.9 billion in current dollars). The major West European suppliers, as a group, held 14.1% of this region's delivery values in 1999-2002 (\$4.6 billion). In the period from 2003-2006, Russia ranked first in Asian delivery values with 46.8% (\$14.2 billion). The United States ranked second with 27.1% (\$8.2 billion) (**Tables 2C and 2E**).

Latin America.

- In the earlier period, 1999-2002, the value of all arms deliveries to Latin America was \$2.7 billion. The United States ranked first in the value of arms deliveries to Latin America with 41.8% (\$1.1 billion). France and Italy tied for second with 7.3% (\$300 million each). The major West European suppliers, as a group, held 18.2% of this region's delivery values in 1999-2002. The other non-major European suppliers collectively held 29.1%. In the later period, 2003-2006, the United States ranked first in Latin American delivery values with 32.4% (\$1.7 billion). Russia was second with 17.4% (\$900 million). The major West European suppliers, as a group, held 13.5% of this region's delivery values in 2003-2006. All other non-European suppliers combined held 17.4% (\$900 million), as did all other non-major European suppliers collectively (\$900 million). During 2003-2006, the value of all arms deliveries to Latin America was \$5.2 billion, a substantial increase over the \$2.7 billion deliveries total for 1999-2002 (**Tables 2C and 2E**).

Africa.

- In the earlier period, 1999-2002, the value of all arms deliveries to Africa was nearly \$3.8 billion. Russia ranked first in the value of

arms deliveries to Africa with 21.1% (\$800 million). China ranked second with 13.2% (\$500 million). The non-major West European suppliers, as a group, held 37% of this region's delivery values in 1999-2002 (\$1.4 billion). The United States held 2.3%. In the later period, 2003-2006, Germany ranked first in African delivery values with 27.7% (\$900 million). Russia ranked second with 18.4% (\$600 million). China ranked third with 15.4% (\$500 million). The United States held 4.7% in this later period. The major West European suppliers collectively held 40% (\$1.3 billion). All other European suppliers collectively held 12.3% (\$400 million). During the 2003-2006 period, the value of all arms deliveries to Africa decreased from \$3.8 billion in 1999-2002 to \$3.3 billion (**Tables 2C and 2E**).

Arms Deliveries to Developing Nations, 1999-2006: Leading Suppliers Compared

Table 2F gives the values of arms deliveries to developing nations from 1999-2006 by the top eleven suppliers. The table ranks these suppliers on the basis of the total *current* dollar values of their respective deliveries to the developing world for each of three periods — 1999-2002, 2003-2006, and 1999-2006. Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms deliveries from 2003-2006 (\$29.4 billion), and first for the entire period from 1999-2006 (\$61.1 billion).
- Russia ranked second among all suppliers to developing nations in the value of arms deliveries from 2003-2006 (\$17.9 billion), and second for the entire period from 1999-2003 (\$32.3 billion).
- The United Kingdom ranked third among all suppliers to developing nations in the value of arms deliveries from 2003-2006 (\$12.2 billion), and third for the entire period from 1999-2006 (\$27.9 billion).

Arms Deliveries With Developing Nations in 2006: Leading Suppliers Compared

Table 2G ranks and gives for 2006 the values of arms deliveries to developing nations of the top ten suppliers in *current* U.S. dollars. Among the facts reflected in this table are the following:

- The United States, Russia, and the United Kingdom—2006's top three arms suppliers to the developing world—ranked by the value of their arms deliveries—collectively made deliveries in 2006 valued

at nearly \$16.8 billion, 84.4% of all arms deliveries made to developing nations by all suppliers.

- In 2006, the United States ranked first in the value of arms deliveries to developing nations, making about \$8 billion in such deliveries, or 40.2% of them.
- Russia ranked second and the United Kingdom third in deliveries to developing nations in 2006, making \$5.5 billion and \$3.3 billion in such deliveries respectively.
- Germany ranked fourth in arms deliveries to developing nations in 2006, making \$800 million in such deliveries, while China ranked fifth with \$700 million in deliveries.

Arms Deliveries to Near East, 1999-2006: Suppliers and Recipients

Table 2H gives the values of arms delivered to Near East nations by suppliers or categories of suppliers for the periods 1999-2002 and 2003-2006. These values are expressed in *current* U.S. dollars. They are a subset of the data contained in **Table 2** and **Table 2C**. Among the facts reflected by this table are the following:

- For the most recent period, 2003-2006, the principal arms recipients of the United States in the Near East region, based on the value of their arms deliveries were Israel (\$5.2 billion) Egypt (\$5.1 billion), Saudi Arabia (\$4.4 billion), and Kuwait (\$900 million). The principal arms recipients of Russia were Algeria (\$500), Yemen (\$400 million), Iran and Syria (\$300 million each). The principal arms recipients of China were Egypt (\$300 million) Iran and Kuwait (\$200 million each). The principal arms recipients of the four major West European suppliers, as a group, were Saudi Arabia (\$13.5 billion) and the U.A.E. (\$5.4 billion). The principal arms recipient of all other European suppliers collectively was Saudi Arabia (\$700 million). The principal arms recipients of all other suppliers, as a group, were Iraq, Syria, and the U.A.E. (\$200 million each).
- For the period 2003-2006, Saudi Arabia received \$18.7 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group (\$13.5 billion), and the United States (\$4.4 billion). The U.A.E. received \$6.6 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group (\$5.4 billion), and the United States (\$600 million). Egypt received \$5.8 billion in arms deliveries. Its principal supplier was the United States (\$5.1 billion). Israel received \$5.4 billion in arms deliveries. Its principal supplier was the United States (\$5.2 billion). Kuwait received \$1.1 billion in arms deliveries. Its principal supplier was the United States (\$900 million). Oman received \$900 million in arms deliveries. Its principal suppliers were the United States (\$600

million), and the four major European suppliers collectively (\$300 million).

- Iran received \$700 million in arms deliveries. Russia and China were its principal suppliers, delivering \$300 million and \$200 million respectively.
- The value of United States arms deliveries to Saudi Arabia declined from \$8.9 billion in 1999-2002 to \$4.4 billion in 2003-2006, as implementation of major orders placed during the Persian Gulf war era were essentially concluded.
- The value of Russian arms deliveries to Iran declined from the 1999-2002 period to the 2003-2006 period. Russian arms deliveries fell from \$400 million to \$300 million.

Arms Deliveries to Developing Nations, 1999-2006: The Leading Recipients

Table 2I gives the values of arms deliveries made to the top ten recipients of arms in the developing world from 1999-2006 by all suppliers collectively. The table ranks recipients on the basis of the total *current* dollar values of their respective deliveries from all suppliers for each of three periods — 1999-2002, 2003-2006, and 1999-2006. Among the facts reflected in this table are the following:

- Saudi Arabia and China were the top two developing world recipients of arms from 1999-2006, receiving *deliveries* valued at \$45.8 billion and \$17.1 billion, respectively, during these years. The total value of all arms deliveries to developing nations from 1999-2006 was \$171 billion in *current* dollars (see **Table 2**). Thus, Saudi Arabia and China accounted for 26.8% and 10%, respectively, of all developing world deliveries during these eight years—together 36.8% of the total. In the most recent period—2003-2006—Saudi Arabia and China ranked first and second in the value of arms received by developing nations (\$18.7 billion and \$8.9 billion, respectively, in *current* dollars). Together, Saudi Arabia and China accounted for 33% of all developing world arms deliveries (\$27.6 billion out of \$83.7 billion—the value of all deliveries to developing nations in 2003-2006 (in *current* dollars).
- For the 2003-2006 period, Saudi Arabia alone received \$18.7 billion in arms deliveries (in *current* dollars), or 22.4% of all deliveries to developing nations during this period.
- During 1999-2002, the top ten recipients collectively accounted for 76.8% of *all* developing world arms deliveries. During 2003-2006, the top ten recipients collectively accounted for 75.4% of all such deliveries (**Tables 2 and 2I**).

Arms Transfers to Developing Nations in 2006: Agreements With Leading Recipients

Table 2J names the top ten developing world recipients of arms transfer agreements in 2006. The table ranks these recipients on the basis of the total *current* dollar values of their respective agreements with *all* suppliers in 2006. Among the facts reflected in this table are the following:

- Saudi Arabia was the leading recipient of arms deliveries in 2006 among developing nations, receiving \$4.1 billion in such deliveries. China ranked second with \$2.9 billion. Israel ranked third with \$1.5 billion (**Tables 2 and 2J**).
- Arms deliveries in 2006 to the top ten developing nation recipients, collectively, constituted \$14.3 billion, or 71.9% of all developing nations deliveries. Five of the top ten arms recipients in the developing world in 2006 were in the Asia region; three were in the Near East region; two were in the Latin America region (**Tables 2 and 2J**).

**Table 1. Arms Transfer Agreements With Developing Nations, by Supplier, 1999-2006
(in millions of current U.S. dollars)**

	1999	2000	2001	2002	2003	2004	2005	2006	1999-2006
United States	8,695	12,630	7,638	9,362	6,900	8,992	6,239	10,306	70,762
Russia	4,200	6,600	5,400	5,300	4,400	5,200	6,900	8,100	46,100
France	1,100	2,200	900	400	900	1,100	6,400	300	13,300
United Kingdom	1,200	0	200	700	100	4,100	2,800	3,100	12,200
China	2,300	600	1,200	400	500	700	2,500	800	9,000
Germany	1,600	1,000	100	100	0	100	800	1,800	5,500
Italy	400	100	200	0	300	600	500	300	2,400
All Other European	4,000	1,300	1,100	1,400	1,300	2,200	3,000	2,100	16,400
All Others	1,700	1,900	1,600	1,000	1,200	2,400	1,400	2,000	13,200
TOTAL	25,195	26,330	18,338	18,662	15,600	25,392	30,539	28,806	188,862

Source: U.S. Government

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

Table 1A. Arms Transfer Agreements with Developing Nations, by Supplier, 1999-2006
(in millions of constant 2006 U.S. dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL 1999-2006
United States	10,739	15,158	8,891	10,619	7,658	9,673	6,489	10,306	79,533
Russia	5,187	7,921	6,286	6,012	4,883	5,594	7,176	8,100	51,159
France	1,359	2,640	1,048	454	999	1,183	6,656	300	14,639
United Kingdom	1,482	0	233	794	111	4,410	2,912	3,100	13,042
China	2,841	720	1,397	454	555	753	2,600	800	10,119
Germany	1,976	1,200	116	113	0	108	832	1,800	6,146
Italy	494	120	233	0	333	645	520	300	2,645
All Other European	4,940	1,560	1,280	1,588	1,443	2,367	3,120	2,100	18,398
All Others	2,100	2,280	1,862	1,134	1,332	2,582	1,456	2,000	14,746
TOTAL	31,116	31,601	21,346	21,168	17,314	27,315	31,762	28,806	210,428
Dollar inflation Index:(2006=1.00)*	0.8097	0.8332	0.8591	0.8816	0.9010	0.9296	0.9615	1	

Source: U.S. Government

*Based on Department of Defense Price Deflator.

**Table 1B. Arms Transfer Agreements with Developing Nations, by Supplier, 1999-2006
(expressed as a percent of total, by year)**

	1999	2000	2001	2002	2003	2004	2005	2006
United States	34.51%	47.97%	41.65%	50.17%	44.23%	35.41%	20.43%	35.78%
Russia	16.67%	25.07%	29.45%	28.40%	28.21%	20.48%	22.59%	28.12%
France	4.37%	8.36%	4.91%	2.14%	5.77%	4.33%	20.96%	1.04%
United Kingdom	4.76%	0.00%	1.09%	3.75%	0.64%	16.15%	9.17%	10.76%
China	9.13%	2.28%	6.54%	2.14%	3.21%	2.76%	8.19%	2.78%
Germany	6.35%	3.80%	0.55%	0.54%	0.00%	0.39%	2.62%	6.25%
Italy	1.59%	0.38%	1.09%	0.00%	1.92%	2.36%	1.64%	1.04%
All Other European	15.88%	4.94%	6.00%	7.50%	8.33%	8.66%	9.82%	7.29%
All Others	6.75%	7.22%	8.73%	5.36%	7.69%	9.45%	4.58%	6.94%
<i>[Major West European*</i>	17.07%	12.53%	7.63%	6.43%	8.33%	23.24%	34.38%	19.09%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: U.S. Government

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

Table 1C. Regional Arms Transfer Agreements, by Supplier, 1999-2006
(in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006
United States	9,472	7,203	20,341	22,847	1,723	2,201	94	186
Russia	17,600	14,400	2,400	6,400	200	3,400	1,200	400
France	3,100	4,700	800	2,700	100	300	600	900
United Kingdom	600	2,000	700	7,700	0	400	700	0
China	2,700	2,200	900	1,300	100	100	800	900
Germany	1,100	400	100	1,400	0	1,000	1,600	0
Italy	100	400	100	900	200	100	300	200
All Other European	1,600	3,400	2,200	1,800	400	2,700	3,400	500
All Others	2,500	4,100	2,200	1,700	700	900	900	500
<i>[Major West European*</i>	4,900	7,500	1,700	12,700	300	1,800	3,200	1,100]
TOTAL	38,772	38,803	29,741	46,747	3,423	11,101	9,594	3,586

Source: U.S. Government

Note: All foreign data are rounded to the nearest \$100 million. The United States total for Near East in 1999-2002 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

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

Table 1D. Percentage of Each Supplier's Agreements Value by Region, 1999-2006

	Asia		Near East		Latin America		Africa		TOTAL	
	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006
United States	29.95%	22.21%	64.31%	70.43%	5.45%	6.79%	0.30%	0.57%	100.00%	100.00%
Russia	82.24%	58.54%	11.21%	26.02%	0.93%	13.82%	5.61%	1.63%	100.00%	100.00%
France	67.39%	54.65%	17.39%	31.40%	2.17%	3.49%	13.04%	10.47%	100.00%	100.00%
United Kingdom	30.00%	19.80%	35.00%	76.24%	0.00%	3.96%	35.00%	0.00%	100.00%	100.00%
China	60.00%	48.89%	20.00%	28.89%	2.22%	2.22%	17.78%	20.00%	100.00%	100.00%
Germany	39.29%	14.29%	3.57%	50.00%	0.00%	35.71%	57.14%	0.00%	100.00%	100.00%
Italy	14.29%	25.00%	14.29%	56.25%	28.57%	6.25%	42.86%	12.50%	100.00%	100.00%
All Other European	21.05%	40.48%	28.95%	21.43%	5.26%	32.14%	44.74%	5.95%	100.00%	100.00%
All Others	39.68%	56.94%	34.92%	23.61%	11.11%	12.50%	14.29%	6.94%	100.00%	100.00%
<i>[Major West European*</i>	48.51%	32.47%	16.83%	54.98%	2.97%	7.79%	31.68%	4.76%	100.00%	100.00%]
TOTAL	47.56%	38.71%	36.48%	46.64%	4.20%	11.07%	11.77%	3.58%	100.00%	100.00%

Source: U.S. Government

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

Table 1E. Percentage of Total Agreements Value by Supplier to Regions, 1999-2006

	Asia		Near East		Latin America		Africa	
	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006
United States	24.43%	18.56%	68.39%	48.87%	50.34%	19.83%	0.98%	5.19%
Russia	45.39%	37.11%	8.07%	13.69%	5.84%	30.63%	12.51%	11.15%
France	8.00%	12.11%	2.69%	5.78%	2.92%	2.70%	6.25%	25.10%
United Kingdom	1.55%	5.15%	2.35%	16.47%	0.00%	3.60%	7.30%	0.00%
China	6.96%	5.67%	3.03%	2.78%	2.92%	0.90%	8.34%	25.10%
Germany	2.84%	1.03%	0.34%	2.99%	0.00%	9.01%	16.68%	0.00%
Italy	0.26%	1.03%	0.34%	1.93%	5.84%	0.90%	3.13%	5.58%
All Other European	4.13%	8.76%	7.40%	3.85%	11.69%	24.32%	35.44%	13.94%
All Others	6.45%	10.57%	7.40%	3.64%	20.45%	8.11%	9.38%	13.94%
<i>[Major West European*</i>	12.64%	19.33%	5.72%	27.17%	8.76%	16.21%	33.35%	30.67%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: U.S. Government

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

**Table 1F. Arms Transfer Agreements with Developing Nations,
1999-2006: Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 1999-2002
1	United States*	38,325
2	Russia	21,500
3	France	4,600
4	China	4,500
5	Germany	2,800
6	United Kingdom	2,100
7	Sweden	2,100
8	Israel	1,900
9	Ukraine	1,800
10	North Korea	1,200
11	Italy	700

Rank	Supplier	Agreements Value 2003-2006
1	United States	32,437
2	Russia	24,600
3	United Kingdom	10,100
4	France	8,700
5	China	4,500
6	Israel	3,500
7	Germany	2,700
8	Spain	2,000
9	Italy	1,700
10	Netherlands	1,400
11	Sweden	1,200

Rank	Supplier	Agreements Value 1999-2006
1	United States*	70,762
2	Russia	46,100
3	France	13,300
4	United Kingdom	12,200
5	China	9,000
6	Germany	5,500
7	Israel	5,400
8	Sweden	3,300
9	Ukraine	2,700
10	Italy	2,400
11	Spain	2,300

Source: U.S. Government

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

**Table 1G. Arms Transfer Agreements with Developing Nations
in 2006: Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 2006
1	United States	10,306
2	Russia	8,100
3	United Kingdom	3,100
4	Germany	1,800
5	Israel	1,300
6	Sweden	1,100
7	China	800
8	Spain	300
9	Italy	300
10	France	300
11	Poland	200

Source: U.S. Government

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

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

Recipient Country	U.S.	Russia	China	Major West European*	All Other European	All Others	Total
1999-2002							
Algeria	0	300	0	0	100	100	500
Bahrain	500	0	0	0	0	0	500
Egypt	6,500	400	500	100	100	0	7,600
Iran	0	100	100	0	0	600	800
Iraq	0	100	0	0	300	0	400
Israel	6,700	0	0	0	0	0	6,700
Jordan	300	0	0	300	0	100	700
Kuwait	1,600	100	200	0	0	200	2,100
Lebanon	0	0	0	0	0	0	0
Libya	0	200	0	0	200	600	1,000
Morocco	0	0	0	0	0	100	100
Oman	800	0	0	400	100	0	1,300
Qatar	0	0	0	0	0	0	0
Saudi Arabia	2,700	0	0	500	800	0	4,000
Syria	0	200	0	100	0	200	500
Tunisia	0	0	0	0	0	0	0
U.A.E.	7,100	800	0	400	400	100	8,800
Yemen	0	200	100	0	200	0	500
2003-2006							
Algeria	0	2,300	100	0	0	0	2,400
Bahrain	200	0	0	100	0	0	300
Egypt	4,300	500	400	0	400	100	5,700
Iran	0	1,500	400	0	100	200	2,200
Iraq	1,000	0	0	300	500	300	2,100
Israel	3,000	300	0	800	100	0	4,200
Jordan	1,000	100	0	0	300	100	1,500
Kuwait	1,300	0	0	0	0	100	1,400
Lebanon	0	0	0	0	0	0	0
Libya	0	200	0	200	100	100	600
Morocco	100	200	0	400	0	200	900
Oman	200	0	0	1,000	0	0	1,200
Qatar	0	0	0	0	0	100	100
Saudi Arabia	4,500	0	200	7,600	0	100	12,400
Syria	0	700	0	0	0	500	1,200
Tunisia	0	0	0	0	0	0	0
U.A.E.**	1,200	0	0	2,000	200	300	3,700
Yemen	0	500	0	0	200	100	800

Source: U.S. Government

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

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

**The United States total for 1999-2002 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

**Table 11. Arms Transfer Agreements of Developing Nations,
1999-2006: Agreements by the Leading Recipients
(in millions of current U.S. dollars)**

Rank	Recipient	Agreements Value 1999-2002
1	China	11,000
2	U.A.E.*	8,800
3	Egypt	7,600
4	India	7,500
5	Israel	6,700
6	South Africa	5,100
7	South Korea	5,000
8	Saudi Arabia	4,000
9	Singapore	3,300
10	Pakistan	2,800

Rank	Recipient	Agreements Value 2003-2006
1	India	14,900
2	Saudi Arabia	12,400
3	Pakistan	8,100
4	China	6,400
5	Egypt	5,700
6	Venezuela	4,400
7	Israel	4,200
8	U.A.E.	3,700
9	Algeria	2,400
10	Malaysia	2,400

Rank	Recipient	Agreements Value 1999-2006
1	India	22,400
2	China	17,400
3	Saudi Arabia	16,400
4	Egypt	13,300
5	U.A.E.*	12,500
6	Israel	10,900
7	Pakistan	10,900
8	South Korea	6,700
9	South Africa	6,100
10	Singapore	4,000

Source: U.S. Government

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

Table 1J. Arms Transfer Agreements of Developing Nations in 2006: Agreements by Leading Recipients (in millions of current U.S. dollars)

Rank	Recipient	Agreements Value 2006
1	Pakistan	5,100
2	India	3,500
3	Saudi Arabia	3,200
4	Venezuela	3,100
5	Algeria	2,100
6	Israel	2,100
7	Brazil	1,100
8	Iraq	900
9	Indonesia	600
10	South Korea	500

Source: U.S. Government

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

Table 2. Arms Deliveries to Developing Nations, by Supplier, 1999-2006
(in millions of current U.S. dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL 1999-2006
United States	11,611	8,054	5,457	6,594	5,879	7,224	8,266	7,987	61,072
Russia	3,000	3,600	4,300	3,500	4,200	5,300	2,900	5,500	32,300
France	3,500	1,900	1,000	900	1,900	5,200	2,000	200	16,600
United Kingdom	4,600	4,300	3,400	3,400	3,900	2,300	2,700	3,300	27,900
China	400	800	700	800	700	800	900	700	5,800
Germany	700	500	100	300	800	800	200	800	4,200
Italy	500	100	200	200	100	100	100	0	1,300
All Other European	2,300	2,100	1,800	1,900	1,500	800	1,100	900	12,400
All Others	800	1,100	1,400	1,500	1,000	1,700	1,400	500	9,400
TOTAL	27,411	22,454	18,357	19,094	19,979	24,224	19,566	19,887	170,972

Source: U.S. Government

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

Table 2A. Arms Deliveries to Developing Nations, by Supplier, 1999-2006
(in millions of constant 2006 U.S. dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL 1999-2006
United States	14,340	9,666	6,352	7,480	6,525	7,771	8,597	7,987	68,718
Russia	3,705	4,321	5,005	3,970	4,661	5,701	3,016	5,500	35,880
France	4,323	2,280	1,164	1,021	2,109	5,594	2,080	200	18,770
United Kingdom	5,681	5,161	3,958	3,857	4,329	2,474	2,808	3,300	31,567
China	494	960	815	907	777	861	936	700	6,450
Germany	865	600	116	340	888	861	208	800	4,678
Italy	618	120	233	227	111	108	104	0	1,520
All Other European	2,841	2,520	2,095	2,155	1,665	861	1,144	900	14,181
All Others	988	1,320	1,630	1,701	1,110	1,829	1,456	500	10,534
TOTAL	33,853	26,949	21,368	21,658	22,174	26,059	20,349	19,887	192,298
Dollar inflation index: (2006=1.00)*	0.8097	0.8332	0.8591	0.8816	0.9010	0.9296	0.9615	1	

Source: U.S. Government

*Based on Department of Defense Price Deflator.

**Table 2B. Arms Deliveries to Developing Nations, by Supplier, 1999-2006
(expressed as a percent of total, by year)**

	1999	2000	2001	2002	2003	2004	2005	2006
United States	42.36%	35.87%	29.73%	34.53%	29.43%	29.82%	42.25%	40.16%
Russia	10.94%	16.03%	23.42%	18.33%	21.02%	21.88%	14.82%	27.66%
France	12.77%	8.46%	5.45%	4.71%	9.51%	21.47%	10.22%	1.01%
United Kingdom	16.78%	19.15%	18.52%	17.81%	19.52%	9.49%	13.80%	16.59%
China	1.46%	3.56%	3.81%	4.19%	3.50%	3.30%	4.60%	3.52%
Germany	2.55%	2.23%	0.54%	1.57%	4.00%	3.30%	1.02%	4.02%
Italy	1.82%	0.45%	1.09%	1.05%	0.50%	0.41%	0.51%	0.00%
All Other European	8.39%	9.35%	9.81%	9.95%	7.51%	3.30%	5.62%	4.53%
All Others	2.92%	4.90%	7.63%	7.86%	5.01%	7.02%	7.16%	2.51%
<i>[Major West European*</i>	33.93%	30.28%	25.60%	25.14%	33.54%	34.68%	25.55%	21.62%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: U.S. Government

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

Table 2C. Regional Arms Deliveries by Supplier, 1999-2006
(in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006
United States	11,293	8,213	19,190	19,312	1,147	1,679	86	152
Russia	11,500	14,200	1,900	2,200	100	900	800	600
France	1,700	1,000	5,400	7,800	200	500	100	100
United Kingdom	1,900	200	13,800	11,600	0	0	0	300
China	1,500	1,500	700	900	0	100	500	500
Germany	500	1,400	1,000	300	100	0	0	900
Italy	500	100	100	0	200	200	100	0
All Other European	1,200	1,200	4,600	1,900	800	900	1,400	400
All Others	2,500	2,500	1,300	900	200	900	800	300
<i>[Major West European*</i>	4,600	2,700	20,300	19,700	500	700	200	1,300]
TOTAL	32,593	30,313	47,990	44,912	2,747	5,179	3,786	3,252

Source: U.S. Government

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

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

Table 2D. Percentage of Supplier Deliveries Value by Region, 1999-2006

	Asia		Near East		Latin America		Africa		TOTAL	TOTAL
	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006
United States	35.61%	27.98%	60.51%	65.79%	3.62%	5.72%	0.27%	0.52%	100.00%	100.00%
Russia	80.42%	79.33%	13.29%	12.29%	0.70%	5.03%	5.59%	3.35%	100.00%	100.00%
France	22.97%	10.64%	72.97%	82.98%	2.70%	5.32%	1.35%	1.06%	100.00%	100.00%
United Kingdom	12.10%	1.65%	87.90%	95.87%	0.00%	0.00%	0.00%	2.48%	100.00%	100.00%
China	55.56%	50.00%	25.93%	30.00%	0.00%	3.33%	18.52%	16.67%	100.00%	100.00%
Germany	31.25%	53.85%	62.50%	11.54%	6.25%	0.00%	0.00%	34.62%	100.00%	100.00%
Italy	55.56%	33.33%	11.11%	0.00%	22.22%	66.67%	11.11%	0.00%	100.00%	100.00%
All Other European	15.00%	27.27%	57.50%	43.18%	10.00%	20.45%	17.50%	9.09%	100.00%	100.00%
All Others	52.08%	54.35%	27.08%	19.57%	4.17%	19.57%	16.67%	6.52%	100.00%	100.00%
<i>[Major West European*]</i>	17.97%	11.07%	79.30%	80.74%	1.95%	2.87%	0.78%	5.33%	100.00%	100.00%
TOTAL	37.41%	36.24%	55.09%	53.69%	3.15%	6.19%	4.35%	3.89%	100.00%	100.00%

Source: U.S. Government

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

Table 2E. Percentage of Total Deliveries Value by Supplier to Regions, 1999-2006

	Asia		Near East		Latin America		Africa	
	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006	1999-2002	2003-2006
United States	34.65%	27.09%	39.99%	43.00%	41.75%	32.42%	2.27%	4.67%
Russia	35.28%	46.84%	3.96%	4.90%	3.64%	17.38%	21.13%	18.45%
France	5.22%	3.30%	11.25%	17.37%	7.28%	9.65%	2.64%	3.08%
United Kingdom	5.83%	0.66%	28.76%	25.83%	0.00%	0.00%	0.00%	9.23%
China	4.60%	4.95%	1.46%	2.00%	0.00%	1.93%	13.21%	15.38%
Germany	1.53%	4.62%	2.08%	0.67%	3.64%	0.00%	0.00%	27.68%
Italy	1.53%	0.33%	0.21%	0.00%	7.28%	3.86%	2.64%	0.00%
All Other European	3.68%	3.96%	9.59%	4.23%	29.12%	17.38%	36.98%	12.30%
All Others	7.67%	8.25%	2.71%	2.00%	7.28%	17.38%	21.13%	9.23%
<i>[Major West European*</i>	14.11%	8.91%	42.30%	43.86%	18.20%	13.52%	5.28%	39.98%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: U.S. Government

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

**Table 2F. Arms Deliveries to Developing Nations, 1999-2006
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Deliveries Value 1999-2002
1	United States	31,716
2	United Kingdom	15,700
3	Russia	14,400
4	France	7,300
5	Sweden	2,800
6	China	2,700
7	Germany	1,600
8	Ukraine	1,500
9	Israel	1,400
10	Belarus	1,000
11	Italy	1,000

Rank	Supplier	Deliveries Value 2003-2006
1	United States	29,356
2	Russia	17,900
3	United Kingdom	12,200
4	France	9,300
5	China	3,100
6	Germany	2,600
7	Israel	1,600
8	Sweden	800
9	Ukraine	800
10	Brazil	500
11	Netherlands	400

Rank	Supplier	Deliveries Value 1999-2006
1	United States	61,072
2	Russia	32,300
3	United Kingdom	27,900
4	France	16,600
5	China	5,800
6	Germany	4,200
7	Sweden	3,600
8	Israel	3,000
9	Ukraine	2,300
10	Italy	1,300
11	Belarus	1,100

Source: U.S. Government

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

**Table 2G. Arms Deliveries to Developing Nations in 2006:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Deliveries Value 2006
1	United States	7,987
2	Russia	5,500
3	United Kingdom	3,300
4	Germany	800
5	China	700
6	Netherlands	300
7	France	200
8	Israel	200
9	Spain	200
10	Brazil	100

Source: U.S. Government

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

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

Recipient Country	U.S.	Russia	China	Major West European*	All Other European	All Others	Total
1999-2002							
Algeria	0	400	200	0	400	100	1,100
Bahrain	500	0	0	0	0	0	500
Egypt	4,500	200	200	100	100	0	5,100
Iran	0	400	100	0	0	400	900
Iraq	0	0	0	0	100	100	200
Israel	3,300	0	0	900	0	100	4,300
Jordan	200	0	0	100	0	100	400
Kuwait	1,300	100	200	600	0	200	2,400
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	200	100	400
Morocco	0	0	0	100	200	0	300
Oman	0	0	0	0	100	0	100
Qatar	0	0	0	200	0	0	200
Saudi Arabia	8,900	0	0	15,200	2,900	100	27,100
Syria	0	200	0	100	100	0	400
Tunisia	0	0	0	0	0	0	0
U.A.E.	200	300	0	2,700	400	100	3,700
Yemen	0	200	100	100	100	200	700
2003-2006							
Algeria	0	500	100	0	0	0	600
Bahrain	300	0	0	100	0	0	400
Egypt	5,100	100	300	0	200	100	5,800
Iran	0	300	200	0	100	100	700
Iraq	0	0	0	0	200	200	400
Israel	5,200	100	0	0	100	0	5,400
Jordan	400	0	0	0	100	100	600
Kuwait	900	0	200	0	0	0	1,100
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	100	0	200
Morocco	100	100	0	100	0	100	400
Oman	600	0	0	300	0	0	900
Qatar	0	0	0	0	0	0	0
Saudi Arabia	4,400	0	0	13,500	700	100	18,700
Syria	0	300	0	0	0	200	500
Tunisia	0	0	0	0	0	0	0
U.A.E.	600	200	0	5,400	200	200	6,600
Yemen	0	400	0	0	100	100	600

Source: U.S. Government

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

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

**Table 2I. Arms Deliveries to Developing Nations, 1999-2006:
The Leading Recipients
(in millions of current U.S. dollars)**

Rank	Recipient	Deliveries Value 1999-2002
1	Saudi Arabia	27,100
2	China	8,200
3	Taiwan	5,900
4	Egypt	5,100
5	South Korea	5,000
6	Israel	4,300
7	U.A.E.	3,700
8	India	2,900
9	Pakistan	2,500
10	Kuwait	2,400

Rank	Recipient	Deliveries Value 2003-2006
1	Saudi Arabia	18,700
2	China	8,900
3	India	7,200
4	U.A.E.	6,600
5	Egypt	5,800
6	Israel	5,400
7	Taiwan	4,100
8	South Korea	2,800
9	Pakistan	2,100
10	Malaysia	1,500

Rank	Recipient	Deliveries Value 1999-2006
1	Saudi Arabia	45,800
2	China	17,100
3	Egypt	10,900
4	U.A.E.	10,300
5	India	10,100
6	Taiwan	10,000
7	Israel	9,700
8	South Korea	7,800
9	Pakistan	4,600
10	Malaysia	3,700

Source: U.S. Government

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

**Table 2J. Arms Deliveries to Developing Nations in 2006:
The Leading Recipients
(in millions of current U.S. dollars)**

Rank	Recipient	Deliveries Value 2006
1	Saudi Arabia	4,100
2	China	2,900
3	Israel	1,500
4	Egypt	1,400
5	Taiwan	1,000
6	India	800
7	Chile	800
8	Venezuela	700
9	South Korea	600
10	Malaysia	500

Source: U.S. Government

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

Selected Weapons Deliveries to Developing Nations, 1999-2006

Other useful data for assessing arms transfers are those that indicate *who* has actually *delivered* specific numbers of *specific classes* of military items to a *region*. These data are relatively “hard” in that they reflect actual transfers of military equipment. They have the limitation of not giving detailed information regarding either the sophistication or the specific name of the equipment delivered. However, these data show *relative trends* in the delivery of important classes of military equipment and indicate *who* the leading suppliers are from region to region over time. Data in the following tables set out actual deliveries of fourteen categories of weaponry to developing nations from 1999-2006 by the United States, Russia, China, the four major West European suppliers as a group, all other European suppliers as a group, and all other suppliers as a group (**Tables 3-7**).

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

Regional Weapons Deliveries Summary, 2003-2006

- The regional weapons delivery data collectively show that the United States was a leading supplier of several major classes of conventional weaponry from 2003-2006. Russia also transferred large quantities of certain weapons classes during these years.
- The major West European suppliers were serious competitors in weapons deliveries from 2003-2006 making deliveries of certain categories of armaments to every region of the developing world—most particularly to the Near East, Asia, and to Latin America. In Africa, all European suppliers, Russia, China and all other non-European suppliers were sources of weapons delivered.
- Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though the United States, Russia, and the four major West European suppliers tend to dominate the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers, and non-European suppliers, including China, are capable of providing specific classes of conventional armaments, such as tanks, missiles, armored vehicles, aircraft, artillery pieces, and the various missile categories, surface-to-surface, surface-to-air, and

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

Deliveries of specific categories of weapons to regions of the developing world by specific suppliers from **2003-2006** included the following:

Asia.

Russia delivered 200 tanks and self-propelled guns, 200 APCs and armored cars, 5 major surface combatants, 3 minor surface combatants, 8 submarines, 100 supersonic combat aircraft, 100 helicopters, 700 surface-to-air missiles, and 300 anti-ship missiles. The **United States** delivered 108 artillery pieces, 6 major surface combatants, 6 minor surface combatants; 7 supersonic combat aircraft, 22 helicopters, 556 surface-to-air missiles, and 181 anti-ship missiles. **China** delivered 200 tanks and self-propelled guns, 200 artillery pieces, 100 APCs and armored cars, 11 minor surface combatants, and 600 surface-to-air missiles. The four **major West European suppliers** as a group delivered 1 major surface combatant, 15 minor surface combatants, 1 submarine, 20 supersonic combat aircraft, and 20 helicopters. **All other European suppliers** collectively delivered 50 tanks and self-propelled guns, 570 APCs and armored cars, 90 artillery pieces, 18 minor surface combatants, 2 submarines, 10 supersonic combat aircraft, 10 helicopters, and 90 surface-to-air missiles. **All other non-European suppliers** collectively delivered 60 APCs and armored cars, 1 major surface combatant, 19 minor surface combatants, 10 supersonic combat aircraft, and 340 surface-to-air missiles.

Near East.

Russia delivered 120 APCs and armored cars, 20 supersonic combat aircraft, 30 helicopters, and 1,240 surface-to-air missiles. The **United States** delivered 349 tanks and self-propelled guns, 715 APCs and armored cars, 2 major surface combatants, 5 minor surface combatants, 71 supersonic combat aircraft, 66 helicopters, 465 surface-to-air missiles, and 87 anti-ship missiles. **China** delivered 20 artillery pieces, 50 APCs and armored cars, and 50 anti-ship missiles. The four **major West European suppliers** collectively delivered 120 tanks and self-propelled guns, 60 APCs and armored cars; 4 major surface combatants, 46 minor surface combatants, 10 guided missile boats, 30 supersonic combat aircraft, 20 helicopters, and 40 anti-ship missiles. **All other European suppliers** as a group delivered 300 tanks and self-propelled guns, 1,250 APCs and armored cars, 20 minor surface combatants, 2 guided missile boats, 10 supersonic combat aircraft, 10 helicopters, and 320 surface-to-air missiles. **All other suppliers** collectively delivered 640 APCs and armored cars, 98 minor surface combatants, 30 helicopters, 40 surface-to-surface missiles, and 10 anti-ship missiles.

Latin America.

Russia delivered 20 helicopters, and 30 surface-to-air missiles. The **United States** delivered 79 artillery pieces, 9 minor surface combatants; 10 supersonic combat aircraft, 34 surface-to-air missiles, and 21 anti-ship missiles. **China** delivered 10 minor surface combatants. The four **major West European suppliers** collectively delivered 4 major surface combatants, 1 minor surface combatant, 2 submarines, 10 helicopters, and 10 anti-ship missiles. **All other European suppliers** collectively delivered 2 major surface combatants, 2 minor surface combatants, 2 submarines, and 10 anti-ship missiles. **All other non-European suppliers** as a group delivered 2 minor surface combatants, 10 supersonic combat aircraft, 10 helicopters, 40 surface-to-air missiles, and 30 anti-ship missiles.

Africa.

Russia delivered 20 supersonic combat aircraft and 50 helicopters. **China** delivered 200 artillery pieces, 190 APCs and armored cars, 33 minor surface combatants, and 20 supersonic aircraft. The four **major West European suppliers** collectively delivered 50 APCs and armored cars; 4 major surface combatants, 13 minor surface combatants, 1 submarine, 10 helicopters, and 10 anti-ship missiles. **All other European suppliers** collectively delivered 140 tanks and self-propelled guns, 1,150 artillery pieces, 220 APCs and armored cars, 17 minor surface combatants, 10 helicopters, and 150 surface-to-air missiles. **All other non-European suppliers** as a group delivered 40 tanks and self-propelled guns, 50 artillery pieces, 200 APCs and armored cars, 1 major surface combatant; 6 minor surface combatants, 1 guided missile boat, and 10 helicopters.

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

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
1999-2002						
Tanks and Self-Propelled Guns	462	290	100	390	1,230	140
Artillery	264	500	570	80	710	730
APCs and Armored Cars	109	680	350	110	1,170	580
Major Surface Combatants	8	3	0	6	10	3
Minor Surface Combatants	2	4	17	35	120	91
Guided Missile Boats	0	0	1	9	0	0
Submarines	0	2	0	7	2	0
Supersonic Combat Aircraft	244	250	50	30	100	100
Subsonic Combat Aircraft	17	10	0	50	10	0
Other Aircraft	51	40	70	170	120	140
Helicopters	144	390	10	80	120	40
Surface-to-Air Missiles	2,884	1,740	550	1,200	900	1,040
Surface-to-Surface Missiles	0	0	0	0	0	40
Anti-Ship Missiles	423	180	130	290	0	20
2003-2006						
Tanks and Self-Propelled Guns	375	200	200	120	490	40
Artillery	228	0	430	50	1,290	110
APCs and Armored Cars	769	320	290	110	2,040	900
Major Surface Combatants	8	5	0	13	2	2
Minor Surface Combatants	20	3	54	75	57	125
Guided Missile Boats	0	0	0	10	2	1
Submarines	0	8	0	4	4	0
Supersonic Combat Aircraft	88	140	20	50	30	20
Subsonic Combat Aircraft	2	0	0	20	0	10
Other Aircraft	71	10	100	10	100	120
Helicopters	91	200	0	60	30	50
Surface-to-Air Missiles	1,055	1,970	600	0	560	380
Surface-to-Surface Missiles	0	0	0	0	0	40
Anti-Ship Missiles	289	300	50	70	20	40

Source: U.S. Government

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

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

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
1999-2002						
Tanks and Self-Propelled Guns	200	180	30	0	170	20
Artillery	173	10	330	10	90	170
APCs and Armored Cars	24	320	300	20	140	170
Major Surface Combatants	6	3	0	3	1	3
Minor Surface Combatants	0	2	2	2	15	30
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	2	0	3	2	0
Supersonic Combat Aircraft	149	200	50	30	10	70
Subsonic Combat Aircraft	15	0	0	50	0	0
Other Aircraft	4	20	30	10	40	50
Helicopters	104	250	0	20	10	10
Surface-to-Air Missiles	2552	1310	460	1110	160	270
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	287	150	20	130	0	10
2003-2006						
Tanks and Self-Propelled Guns	0	200	200	0	50	0
Artillery	108	0	200	10	90	20
APCs and Armored Cars	54	200	100	0	570	60
Major Surface Combatants	6	5	0	1	0	1
Minor Surface Combatants	6	3	11	15	18	19
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	8	0	1	2	0
Supersonic Combat Aircraft	7	100	0	20	10	10
Subsonic Combat Aircraft	2	0	0	0	0	0
Other Aircraft	20	0	0	10	20	40
Helicopters	22	100	0	20	10	0
Surface-to-Air Missiles	556	700	600	0	90	340
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	181	300	0	10	0	0

Source: U.S. Government

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

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

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
1999-2002						
Tanks and Self-Propelled Guns	157	70	0	330	300	30
Artillery	65	20	80	50	0	0
APCs and Armored Cars	70	200	50	30	360	20
Major Surface Combatants	0	0	0	1	1	0
Minor Surface Combatants	2	0	0	16	21	31
Guided Missile Boats	0	0	1	9	0	0
Submarines	0	0	0	3	0	0
Supersonic Combat Aircraft	91	40	0	0	40	0
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	22	10	20	90	40	40
Helicopters	4	40	0	40	0	10
Surface-to-Air Missiles	332	390	50	0	540	0
Surface-to-Surface Missiles	0	0	0	0	0	40
Anti-Ship Missiles	124	30	110	160	0	10
2003-2006						
Tanks and Self-Propelled Guns	349	0	0	120	300	0
Artillery	41	0	20	20	50	40
APCs and Armored Cars	715	120	0	60	1250	640
Major Surface Combatants	2	0	0	4	0	0
Minor Surface Combatants	5	0	0	46	20	98
Guided Missile Boats	0	0	0	10	2	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	71	20	0	30	10	0
Subsonic Combat Aircraft	0	0	0	10	0	0
Other Aircraft	31	0	60	0	50	40
Helicopters	66	30	0	20	10	30
Surface-to-Air Missiles	465	1240	0	0	320	0
Surface-to-Surface Missiles	0	0	0	0	0	40
Anti-Ship Missiles	87	0	50	40	10	10

Source: U.S. Government

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

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

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
1999-2002						
Tanks and Self-Propelled Guns	0	0	0	60	340	20
Artillery	26	0	0	20	90	20
APCs and Armored Cars	15	0	0	40	40	0
Major Surface Combatants	2	0	0	2	8	0
Minor Surface Combatants	0	0	6	3	62	0
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	1	0	0
Supersonic Combat Aircraft	4	0	0	0	0	0
Subsonic Combat Aircraft	2	0	0	0	0	0
Other Aircraft	17	10	0	60	20	30
Helicopters	36	30	0	10	50	0
Surface-to-Air Missiles	0	0	40	90	40	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	12	0	0	0	0	0
2003-2006						
Tanks and Self-Propelled Guns	0	0	0	0	0	0
Artillery	79	0	10	0	0	0
APCs and Armored Cars	0	0	0	0	0	0
Major Surface Combatants	0	0	0	4	2	0
Minor Surface Combatants	9	0	10	1	2	2
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	2	2	0
Supersonic Combat Aircraft	10	0	0	0	10	10
Subsonic Combat Aircraft	0	0	0	0	0	10
Other Aircraft	20	10	0	0	20	30
Helicopters	3	20	0	10	0	10
Surface-to-Air Missiles	34	30	0	0	0	40
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	21	0	0	10	10	30

Source: U.S. Government

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

Table 7. Number of Weapons Delivered by Suppliers to Africa

Weapons Category	U.S.	Russia	China	Major West European*	All Other European	All Others
1999-2002						
Tanks and Self-Propelled Guns	0	40	70	0	420	70
Artillery	0	470	160	0	530	540
APCs and Armored Cars	0	160	0	20	630	390
Major Surface Combatants	0	0	0	0	0	0
Minor Surface Combatants	0	2	9	14	22	30
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	10	0	0	50	30
Subsonic Combat Aircraft	0	10	0	0	10	0
Other Aircraft	8	0	20	10	20	20
Helicopters	0	70	10	10	60	20
Surface-to-Air Missiles	0	40	0	0	160	770
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	0	0	0
2003-2006						
Tanks and Self-Propelled Guns	0	0	0	0	140	40
Artillery	0	0	200	20	1150	50
APCs and Armored Cars	0	0	190	50	220	200
Major Surface Combatants	0	0	0	4	0	1
Minor Surface Combatants	0	0	33	13	17	6
Guided Missile Boats	0	0	0	0	0	1
Submarines	0	0	0	1	0	0
Supersonic Combat Aircraft	0	20	20	0	0	0
Subsonic Combat Aircraft	0	0	0	10	0	0
Other Aircraft	0	0	40	0	10	10
Helicopters	0	50	0	10	10	10
Surface-to-Air Missiles	0	0	0	0	150	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	10	0	0

Source: U.S. Government

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

Worldwide Arms Transfer Agreements and Deliveries Values, 1999-2006

Ten tables follow. **Tables 8, 8A, and 8B** and **Tables 9, 9A, and 9B**, provide the total dollar values for arms transfer agreements and arms deliveries worldwide for the years 1999-2006 in the same format and detail as do **Tables 1, 1A, and 1B** and **Tables 2, 2A, and 2B** for arms transfer agreements with and arms deliveries to developing nations. **Tables 8C, 8D, 9C, and 9D** provide a list of the top eleven arms suppliers to the world based on the total values (*in current dollars*) of their arms transfer agreements and arms deliveries worldwide during calendar years 1999-2002, 2003-2006, and 2006. These tables are set out in the same format and detail as **Tables 1F and 1G** for arms transfer agreements with, and **Tables 2F and 2G** for arms deliveries to developing nations, respectively.

Total Worldwide Arms Transfer Agreements Values, 1999-2006

Table 8 shows the annual *current* dollar values of arms transfer agreements worldwide. Since these figures do not allow for the effects of inflation, they are, by themselves, of limited use. They provide, however, the data from which **Tables 8A** (constant dollars) and **8B** (supplier percentages) are derived. Some of the more facts reflected by these data are summarized below. Unless otherwise noted, dollar values are expressed in *constant* 2006 U.S. dollars.

- The United States ranked first among all suppliers to the world in the value of arms transfer agreements from 2003-2006, and first for the entire period from 1999-2006 (**Figure 1**)(**Table 8C**).
- Russia ranked second among all suppliers to the world in the value of arms transfer agreements from 2003-2006, and second from 1999-2006.
- The United Kingdom ranked third among all suppliers to the world in the value of arms transfer agreements from 2003-2006, and third from 1999-2006.
- In 2006, the value of all arms transfer agreements worldwide was nearly \$40.3 billion. This is a decrease in arms agreement values over 2005, a decline of nearly 13%.
- In 2006, the United States was the leader in arms transfer agreements with the world, making \$16.9 billion in such agreements, or 41.9% of all arms transfer agreements. Russia ranked second with \$8.7 billion in arms transfer agreements, or 21.6% of all arms transfer agreements. The United Kingdom ranked third with \$3.1 billion. United States arms transfer agreements rose from \$13.5 billion in 2005 to \$16.9 billion in 2006. The U.S. share of agreements rose from 29.1% to 41.9%. Russia's worldwide arms transfer agreements rose from \$7.5 billion in 2005 to \$8.7 billion in 2006 (**Table 8A**)(**Table 8B**)(**Table 8D**).
- The United States, Russia, and the United Kingdom—the top three arms suppliers to the world in 2006—respectively (ranked by the value of their arms transfer agreements) collectively made agreements in 2006 valued at \$28.7 billion, 71.2% of all arms transfer agreements made with the world by all suppliers (**Table 8D**).

- The total value of all arms transfer agreements worldwide from 2003-2006 (\$160 billion) was higher than the value of arms transfer agreements by all suppliers worldwide for the period 1999-2002 (\$156.7 billion), a nominal increase of 2.1% (**Figure 1**).
- During the period from 1999-2002, developing world nations accounted for 67.1% of all arms transfer agreements made worldwide. During 2003-2006, developing world nations accounted for 65.7% of all agreements made worldwide (**Figure 1**).
- In 2006, developing nations were recipients of 71.5% of all arms transfer agreements made worldwide (**Figure 1**).

Total Worldwide Delivery Values 1999-2006

Table 9 shows the annual *current* dollar values of arms deliveries (items actually transferred) worldwide by major suppliers from 1999-2006. The utility of these data is that they reflect transfers that have occurred. They provide the data from which **Tables 9A** (constant dollars) and **9B** (supplier percentages) are derived. Some of the facts illustrated by these data are summarized below. Unless otherwise noted the dollar values are expressed in *constant* 2006 U.S. dollars.

- In 2006, the United States ranked first in the value of arms deliveries worldwide, making \$14 billion in such deliveries. This is the eighth year in a row that United States has led in such deliveries (**Figure 2**)(**Table 9A**)(**Table 9D**).
- Russia ranked second in arms deliveries worldwide in 2006, making \$5.8 billion in such deliveries.
- The United Kingdom ranked third in arms deliveries worldwide in 2006, making \$3.3 billion in such deliveries.
- In 2006, the top three suppliers of arms to the world, the United States, Russia, and the United Kingdom collectively delivered \$23.1 billion, 85.6% of all arms deliveries made worldwide by all suppliers (**Table 9D**).
- The U.S. share of all arms deliveries worldwide in 2006 was 51.9%, up from its 45.6% share in 2005, and the largest percentage share of global arms deliveries for the entire period from 1999-2006. Russia's share in 2006 was 21.5%, up from 12.3% in 2005. The United Kingdom's share of world arms deliveries in 2006 was 12.2%, up from 11.5% in 2005 (**Table 9B**).
- In 2006, the value of all arms deliveries worldwide was \$27 billion, an increase in the total value of deliveries from 2005 (\$26.2 billion in constant 2006 dollars), but still the second lowest total for the entire 1999-2006 period (**Chart 7**)(**Table 9A**).
- During the period from 1999-2002, developing world nations accounted for 71.7% of all arms deliveries received worldwide. During 2003-2006, developing world nations accounted for 73.3% of all deliveries worldwide (**Figure 2**).
- In 2006, developing nations as recipients of arms accounted for 73.6% of all arms deliveries received worldwide (**Figure 2**).

- The total value of all arms deliveries by all suppliers worldwide from 2003-2006 (\$120.7 billion) was a notable decrease from the value of arms deliveries by all suppliers worldwide from 1999-2002 (\$144.8 billion in constant 2006 dollars), a decline of 16.7% (**Figure 2**)(**Table 9A**).

**Table 8. Arms Transfer Agreements with the World, by Supplier, 1999-2006
(in millions of current U.S. dollars)**

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL 1999- 2006
United States	11,518	17,483	11,487	13,067	14,548	12,674	12,939	16,905	110,621
Russia	5,100	6,700	5,600	5,700	4,500	5,400	7,200	8,700	48,900
France	1,600	4,600	4,200	500	2,500	2,200	8,000	500	24,100
United Kingdom	1,500	600	600	700	600	6,400	2,800	3,100	16,300
China	2,900	600	1,200	400	500	700	2,500	800	9,600
Germany	4,000	1,200	1,200	1,000	1,500	1,700	1,700	1,900	14,200
Italy	700	200	1,100	400	600	600	1,400	900	5,900
All Other European	5,700	4,100	2,700	4,400	2,100	6,500	5,800	5,200	36,500
All Others	2,100	2,500	2,600	2,100	1,700	2,600	2,200	2,300	18,100
TOTAL	35,118	37,983	30,687	28,267	28,548	38,774	44,539	40,305	284,221

Source: U.S. Government

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

**Table 8A. Arms Transfer Agreements with the World, by Supplier,
1999-2006**
(in millions of constant 2006 U.S. dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL 1999- 2006
United States	14,225	20,983	13,371	14,822	16,147	13,634	13,457	16,905	123,543
Russia	6,299	8,041	6,518	6,466	4,994	5,809	7,488	8,700	54,316
France	1,976	5,521	4,889	567	2,775	2,367	8,320	500	26,915
United Kingdom	1,853	720	698	794	666	6,885	2,912	3,100	17,628
China	3,582	720	1,397	454	555	753	2,600	800	10,860
Germany	4,940	1,440	1,397	1,134	1,665	1,829	1,768	1,900	16,073
Italy	865	240	1,280	454	666	645	1,456	900	6,506
All Other European	7,040	4,921	3,143	4,991	2,331	6,992	6,032	5,200	40,649
All Others	2,594	3,000	3,026	2,382	1,887	2,797	2,288	2,300	20,274
TOTAL	43,372	45,587	35,720	32,063	31,685	41,710	46,322	40,305	316,764
Dollar inflation index: (2006=1.00)*	0.8097	0.8332	0.8591	0.8816	0.9010	0.9296	0.9615	1	

Source: U.S. Government

*Based on Department of Defense Price Deflator.

Table 8B. Arms Transfer Agreements with the World, by Supplier, 1999-2006
(expressed as a percent of total, by year)

	1999	2000	2001	2002	2003	2004	2005	2006
United States	32.80%	46.03%	37.43%	46.23%	50.96%	32.69%	29.05%	41.94%
Russia	14.52%	17.64%	18.25%	20.16%	15.76%	13.93%	16.17%	21.59%
France	4.56%	12.11%	13.69%	1.77%	8.76%	5.67%	17.96%	1.24%
United Kingdom	4.27%	1.58%	1.96%	2.48%	2.10%	16.51%	6.29%	7.69%
China	8.26%	1.58%	3.91%	1.42%	1.75%	1.81%	5.61%	1.98%
Germany	11.39%	3.16%	3.91%	3.54%	5.25%	4.38%	3.82%	4.71%
Italy	1.99%	0.53%	3.58%	1.42%	2.10%	1.55%	3.14%	2.23%
All Other European	16.23%	10.79%	8.80%	15.57%	7.36%	16.76%	13.02%	12.90%
All Others	5.98%	6.58%	8.47%	7.43%	5.95%	6.71%	4.94%	5.71%
<i>[Major West European*</i>	<i>22.21%</i>	<i>17.38%</i>	<i>23.14%</i>	<i>9.20%</i>	<i>18.21%</i>	<i>28.11%</i>	<i>31.21%</i>	<i>15.88%</i>
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: U.S. Government

Note: Columns may not total due to rounding.

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

**Table 8C. Arms Transfer Agreements with the World,
1999-2006: Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 1999-2002
1	United States*	53,555
2	Russia	23,100
3	France	10,900
4	Germany	7,400
5	China	5,100
6	Sweden	4,000
7	Ukraine	3,800
8	United Kingdom	3,400
9	Israel	3,400
10	Italy	2,400
11	Spain	2,100

Rank	Supplier	Agreements Value 2003-2006
1	United States	57,066
2	Russia	25,800
3	France	13,200
4	United Kingdom	12,900
5	Germany	6,800
6	Israel	5,200
7	China	4,500
8	Austria	4,000
9	Sweden	3,900
10	Spain	3,600
11	Italy	3,500

Rank	Supplier	Agreements Value 1999-2006
1	United States*	110,621
2	Russia	48,900
3	France	24,100
4	United Kingdom	16,300
5	Germany	14,200
6	China	9,600
7	Israel	8,500
8	Sweden	7,900
9	Italy	5,900
10	Spain	5,600
11	Ukraine	5,100

Source: U.S. Government

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

**Table 8D. Arms Transfer Agreements with the World in 2006:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 2006
1	United States	16,905
2	Russia	8,700
3	United Kingdom	3,100
4	Germany	1,900
5	Israel	1,700
6	Austria	1,500
7	Sweden	1,100
8	Italy	900
9	China	800
10	Spain	700
11	Netherlands	600

Source: U.S. Government

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

Table 9. Arms Deliveries to the World, by Supplier, 1999-2006
(in millions of current U.S. dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL 1999-2006
United States	16,743	12,650	9,024	9,941	10,571	11,468	11,495	14,008	95,900
Russia	3,600	4,200	4,700	3,600	4,300	5,500	3,100	5,800	34,800
France	4,100	2,400	1,900	1,400	2,400	5,300	2,200	400	20,100
United Kingdom	4,700	5,400	3,800	4,500	4,400	2,700	2,900	3,300	31,700
China	500	900	900	900	700	900	900	700	6,400
Germany	2,000	1,200	600	1,200	2,000	1,800	600	1,000	10,400
Italy	700	200	500	500	400	200	300	100	2,900
All Other European	3,200	2,900	3,100	2,800	3,800	1,600	2,000	1,200	20,600
All Others	1,600	1,600	1,900	2,000	1,600	2,100	1,700	500	13,000
TOTAL	37,143	31,450	26,424	26,841	30,171	31,568	25,195	27,008	235,800

Source: U.S. Government

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

Table 9A. Arms Deliveries to the World, by Supplier, 1999-2006
(in millions of constant 2006 U.S. dollars)

	1999	2000	2001	2002	2003	2004	2005	2006	TOTAL 1999- 2006
United States	20,678	15,182	10,504	11,276	11,733	12,336	11,955	14,008	107,672
Russia	4,446	5,041	5,471	4,083	4,772	5,917	3,224	5,800	38,754
France	5,064	2,880	2,212	1,588	2,664	5,701	2,288	400	22,797
United Kingdom	5,805	6,481	4,423	5,104	4,883	2,904	3,016	3,300	35,916
China	618	1,080	1,048	1,021	777	968	936	700	7,148
Germany	2,470	1,440	698	1,361	2,220	1,936	624	1,000	11,749
Italy	865	240	582	567	444	215	312	100	3,325
All Other European	3,952	3,481	3,608	3,176	4,218	1,721	2,080	1,200	23,436
All Others	1,976	1,920	2,212	2,269	1,776	2,259	1,768	500	14,680
TOTAL	45,873	37,746	30,758	30,446	33,486	33,959	26,204	27,008	265,477
Dollar inflation index: (2006=1.00)*	0.8097	0.8332	0.8591	0.8816	0.9010	0.9296	0.9615	1	

Source: U.S. Government

*Based on Department of Defense Price Deflator.

**Table 9B. Arms Deliveries to the World, by Supplier 1999-2006
(expressed as a percent of total, by year)**

	1999	2000	2001	2002	2003	2004	2005	2006
United States	45.08%	40.22%	34.15%	37.04%	35.04%	36.33%	45.62%	51.87%
Russia	9.69%	13.35%	17.79%	13.41%	14.25%	17.42%	12.30%	21.48%
France	11.04%	7.63%	7.19%	5.22%	7.95%	16.79%	8.73%	1.48%
United Kingdom	12.65%	17.17%	14.38%	16.77%	14.58%	8.55%	11.51%	12.22%
China	1.35%	2.86%	3.41%	3.35%	2.32%	2.85%	3.57%	2.59%
Germany	5.38%	3.82%	2.27%	4.47%	6.63%	5.70%	2.38%	3.70%
Italy	1.88%	0.64%	1.89%	1.86%	1.33%	0.63%	1.19%	0.37%
All Other European	8.62%	9.22%	11.73%	10.43%	12.59%	5.07%	7.94%	4.44%
All Others	4.31%	5.09%	7.19%	7.45%	5.30%	6.65%	6.75%	1.85%
<i>[Major West European*</i>								
	30.96%	29.25%	25.73%	28.31%	30.49%	31.68%	23.81%	17.77%]
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: U.S. Government

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

**Table 9C. Arms Deliveries to the World, 1999-2006:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Deliveries Value 1999-2002
1	United States	48,358
2	United Kingdom	18,400
3	Russia	16,100
4	France	9,800
5	Germany	5,000
6	Sweden	4,300
7	China	3,200
8	Ukraine	2,300
9	Canada	2,200
10	Italy	1,900
11	Belarus	1,000

Rank	Supplier	Deliveries Value 2003-2006
1	United States	47,542
2	Russia	18,600
3	United Kingdom	13,300
4	France	10,300
5	Germany	5,400
6	China	3,200
7	Canada	3,000
8	Israel	2,300
9	Ukraine	2,200
10	Sweden	1,900
11	Italy	1,000

Rank	Supplier	Deliveries Value 1999-2006
1	United States	95,900
2	Russia	34,800
3	United Kingdom	31,700
4	France	20,100
5	Germany	10,400
6	China	6,400
7	Sweden	6,200
8	Canada	5,200
9	Israel	4,900
10	Ukraine	4,500
11	Italy	2,900

Source: U.S. Government

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

**Table 9D. Arms Deliveries to the World in 2006:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Deliveries Value 2006
1	United States	14,008
2	Russia	5,800
3	United Kingdom	3,300
4	Germany	1,000
5	China	700
6	Canada	600
7	France	400
8	Netherlands	300
9	Israel	200
10	Spain	200
11	Sweden	200

Source: U.S. Government

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

Description of Items Counted in Weapons Categories, 1999-2006

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Regions Identified in Arms Transfer Tables and Charts

ASIA

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

NEAR EAST

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

EUROPE

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

AFRICA

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

LATIN AMERICA

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