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Conventional Arms Transfers to Developing Nations, 1997-2004

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Summary

This report is prepared annually to provide unclassified quantitative data on conventional arms transfers to developing nations by the United States and foreign countries for the preceding eight calendar years. Some general data are provided on worldwide conventional arms transfers, 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 1997-2004, the value of arms transfer agreements with developing nations comprised 62.7% of all such agreements worldwide. More recently, arms transfer agreements with developing nations constituted 57.3% of all such agreements globally from 2001-2004, and 58.9% of these agreements in 2004.

The value of all arms transfer *agreements* with developing nations in 2004 was nearly $21.8 billion. This was a substantial increase over 2003, and the highest total, in real terms, since 2000. In 2004, the value of all arms *deliveries* to developing nations was nearly $22.5 billion, the highest total in these deliveries values since 2000 (in constant 2004 dollars).

Recently, from 2001-2004, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first and Russia second each of the last four years in the value of arms transfer *agreements*. From 2001-2004, the United States made $29.8 billion in arms transfer agreements with developing nations, in *constant* 2004 dollars, 39.9% of all such agreements. Russia, the second leading supplier during this period, made $21.7 billion in arms transfer agreements, or 29.1%.

In 2004, the United States ranked first in arms transfer *agreements* with developing nations with nearly $6.9 billion or 31.6% of these agreements. Russia was second with $5.9 billion or 27.1% of such agreements. In 2004, the United States ranked first in the value of arms *deliveries* to developing nations at nearly $9.6 billion, or 42.6% of all such deliveries. Russia ranked second at $4.5 billion or 20% of such deliveries. France ranked third at $4.2 billion or 18.7% of such deliveries.

During the 2001-2004 period, China ranked first among developing nations purchasers in the value of arms transfer *agreements*, concluding $10.4 billion in such agreements. India ranked second at $7.9 billion. Egypt ranked third at $6.5 billion. In 2004, India ranked first in the value of arms transfer *agreements* among all developing nations weapons purchasers, concluding $5.7 billion in such agreements. Saudi Arabia ranked second with $2.9 billion in such agreements. China ranked third with $2.2 billion.

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Introduction

This report provides unclassified background data from U.S. government sources on transfers of conventional arms to developing nations by major suppliers for the period 1997 through 2004. It also includes some data on world-wide supplier transactions. It updates and revises the report entitled "Conventional Arms Transfers to Developing Nations, 1996-2003," published by the Congressional Research Service (CRS) on August 26, 2004 (CRS Report RL32547).

The data in the 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. Nonetheless, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers. During the period of this report, 1997-2004, conventional arms transfer agreements (which represent orders for future delivery) to developing nations have comprised 62.7% of the value of all international arms transfer agreements. The portion of agreements with developing countries constituted 57.3% of all agreements globally from 2001-2004. In 2004, arms transfer agreements with developing countries accounted for 58.9% of the value of all such agreements globally. *Deliveries* of conventional arms to developing nations, from 2001-2004, constituted 63.2% of all international arms deliveries. In 2004, arms deliveries to developing nations constituted 64.6% 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 1997-2004 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 2). U.S. commercially licensed arms exports values are incorporated in the main *delivery* data tables, and noted separately (see box note on page 15). 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 2.

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 both 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. (A U.S. *fiscal* year covers the period from October 1 through September 30). 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 for its figures. **Details on data used are outlined in footnotes at the bottom of Tables 1, 2, 8 and 9**.

CONSTANT 2004 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. In many instances, the report converts these dollar amounts (current dollars) into constant 2004 dollars. Although this helps to eliminate the distorting effects of U.S. inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not neutralized. **The deflators used for the constant dollar calculations in this report are those provided by the U.S. Department of Defense and are set out at the bottom of tables 1, 2, 8, and 9. Unless otherwise noted in the report, all dollar values are stated in constant terms.** Because all regional data tables are composed of four-year aggregate dollar totals (1997-2000 and 2001-2004), they must be expressed in current dollar terms. Where tables rank leading arms suppliers to developing nations or leading developing nation recipients using four-year aggregate dollar totals, these values are expressed in **current** dollars.

DEFINITION OF DEVELOPING NATIONS AND REGIONS

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

ARMS TRANSFER VALUES

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

Major Findings

General Trends in Arms Transfers Worldwide

The value of all arms transfer agreements worldwide (to both developed and developing nations) in 2004 was nearly $37 billion. This is a significant increase in arms agreements values over 2003, and is the first year that total arms agreements have increased since 2000 **(chart 1)(table 8A**).

In 2004, the United States led in arms transfer *agreements worldwide*, making agreements valued at nearly $12.4 billion (33.5% of all such agreements), down notably from $15.1 billion in 2003. Russia ranked second with $6.1 billion in agreements (16.5% of these agreements globally), up notably from nearly $4.4 billion in 2003. The United Kingdom ranked third, its arms transfer agreements worldwide standing at $5.5 billion in 2004, up significantly from $311 million in 2003. The United States and Russia collectively made agreements in 2004 valued at nearly $18.5 billion, about 50% of all international arms transfer agreements made by all suppliers (**figure 1)(tables 8A, 8B, and 8D)**.

For the period 2001-2004, the total value of all international arms transfer agreements ($130.2 billion) was lower than the worldwide value during 1997-2000 ($139.2 billion), a decrease of 6.5%. During the period 1997-2000, developing world nations accounted for 67.7% of the value of all arms transfer agreements made worldwide. During 2001-2004, developing world nations accounted for 57.3% of all arms transfer agreements made globally. In 2004, developing nations accounted for 58.9% of all arms transfer agreements made worldwide **(figure 1)(table 8A)**.

In 2004, the United States ranked first in the value of all arms *deliveries worldwide*, making nearly $18.6 billion in such deliveries or 53.4%. This is the eighth year in a row that the United States has led in global arms deliveries, reflecting the magnitude of U.S. post-Persian Gulf War arms transfer agreements which are now being implemented. Russia ranked second in worldwide arms deliveries in 2004, making $4.6 billion in such deliveries. France ranked third in 2004, making $4.4 billion in such deliveries. These top three suppliers of arms in 2004 collectively delivered over $27.5 billion, 79.3% 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 2004 was nearly $34.8 billion. This is a nominal decrease in the total value of arms deliveries from the previous year (a fall of $874 million). However, the total value of such arms deliveries worldwide in 2001-2004 ($131.2 billion) was substantially lower in the value of arms deliveries by all suppliers worldwide from 1997-2000 ($181.2 billion, a decline of over $50 billion). **(figure 2)(tables 9A and 9B)(charts 7 and 8)**.

Developing nations from 2001-2004 accounted for 63.2% of the value of all international arms deliveries. In the earlier period, 1997-2000, developing nations accounted for 71.8% of the value of all arms deliveries worldwide. In 2004, developing nations collectively accounted for 64.6% of the value of all international arms deliveries **(figure 2)(tables 2A, 9A and 9B)**.

The decline in weapons orders worldwide since 2000 has been notable. Global arms agreement values have fallen from $42.1 billion in 2000 to about $37 billion in 2004. Were it not for the conclusion of a few very large orders in 2004, the total for that year likely would have been lower than the previous year. Some of the major weapons orders placed in 2004 were deferred purchases that were finally concluded after years of negotiations. It has increasingly become the practice of developed nations in recent years to seek to protect important elements of their national military industrial bases by limiting arms purchases from other developed nations. They have placed greater 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, both for their own militaries, as well as for export. Some leading weapons producers have been forced to consolidate sectors of their domestic defense industry in the face of intense foreign competition, while other supplying nations have chosen to manufacture items for niche arms markets where their specialized production capabilities provide them with important advantages in the evolving international arms marketplace.

Because the arms market in recent years has become so intensely competitive, supplying states have come to emphasize sales efforts directed toward regions and nations where individual suppliers have had competitive advantages resulting from well established military support relationships with the prospective customers. The potential has developed within Europe for arms sales to nations that have recently become members of NATO, that are modernizing their basic force structures, and that are replacing obsolete systems. There are inherent limitations on these intra-European sales due to the smaller defense budgets of many of the prospective client states. Yet creative seller financing options, as well as the use of co-assembly, co-production, and counter-trade, to offset costs to the purchasers, has resulted in some contracts being signed. Competition seems likely between the United States and European countries or consortia over the prospective arms contracts within the European region in the years ahead. Such sales have the potential to compensate for lost contracts resulting from reduced demand for weapons from other clients in the developing world.

More recently, various developing nations have reduced their weapons purchases primarily due to their lack of sufficient funds to pay for such weaponry. Even those prospective arms purchasers in the developing world with significant financial assets continue to exercise caution before embarking upon new and costly weapons procurement programs. The spike in the price of oil, while a boon to the oil producing nations, has caused economic difficulties for many consuming states. The unsettled state of the world economy has influenced a number of developing nations to upgrade existing weapons systems in their inventories, while limiting their purchases of newer ones. There has also been a notable reduction in new arms agreements by a number of nations in the developing world, due to the substantial arms purchases these countries made in the 1990s. Several of them are curtailing their purchases while they absorb and integrate previously acquired weapons systems into their force structures.

Presently, there appear to be fewer large weapons purchases being made by developing nations in the Near East, while a relatively larger increase in purchases

are being made by developing nations in Asia, lead principally by China and India. While these apparent trends are subject to abrupt change based on the strength of either the international or regional economies, the strength of individual economies in various nations in the developing world continues to be a very significant factor in the timing of their arms purchasing decisions.

Some nations in Latin America, and, to a much lesser extent, in Africa, have expressed interest in modernizing important sectors of their military forces, yet many states in these regions also continue to be constrained by their limited financial resources. The limited availability of seller-supplied credit and financing seems likely to continue to be a factor that inhibits conclusion of major weapons deals in these regions of the developing world.

General Trends in Arms Transfers to Developing Nations

The value of all arms transfer *agreements* with developing nations in 2004 was nearly $21.8 billion, a significant increase over the $15.1 billion total in 2003. This was the highest annual total, in real terms, since 2000. **(chart 1)(figure 1)(table 1A)**. In 2004, the value of all arms *deliveries* to developing nations (about $22.5 billion) was a clear increase from the value of 2003 deliveries (nearly $20.8 billion), and the highest total since 2000 **(charts 7 and 8)(figure 2)(table 2A)**.

Recently, from 2001-2004, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first each of the last four years in the value of arms transfer *agreements*. From 2001-2004, the United States made $29.8 billion in arms transfer agreements with developing nations, 39.9% of all such agreements. Russia, the second leading supplier during this period, made $21.7billion in arms transfer agreements or 29.1%. The United Kingdom, the third leading supplier, from 2001-2004 made about $4.2 billion or 5.6% of all such agreements with developing nations during these years. In the earlier period (1997-2000) the United States ranked first with $34.6 billion in arms transfer agreements with developing nations or 36.8%; Russia made $17.3 billion in arms transfer agreements during this period or 18.4%. France made $11.1 billion in agreements or 11.8% **(table 1A)**.

During the years from 1997-2004, 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 every year during this eight year period. Russia has been a strong competitor for the lead in arms transfer agreements with developing nations, ranking second every year from 1999 through 2004. Despite the larger traditional client base for armaments held by other Major West European suppliers, Russia's successes in securing new arms orders suggests that despite the traditional marketing advantage held by Major West European competitors, Russia is likely to continue to rank higher in the value of new arms agreements than other key European arms suppliers, for the near term. However, Russia's largest value arms transfer agreements continue to be with two countries, China and India. Russian success in the arms trade with developed nations in the future will depend on its ability to expand its client base. To this end, Russia has sought to expand its prospects in Southeast Asia. The Russian government has also stated that it has adopted more flexible payment arrangements for its prospective customers in the developing world,

and is seeking to enhance the quality of its follow-on support services to make Russian products more attractive and competitive.

European arms suppliers such as France, the United Kingdom and Germany occasionally conclude notably large orders with developing countries, based on either long-term supply relationships or their having specialized weapons systems they can readily provide. Nevertheless, the United States continues to appear best equipped to secure new arms agreements with developing nations that are able to afford major new arms purchases. Prospects for purchases of new and highly expensive weapons by many developing countries seem likely to be limited in the near term, given the unsettled state of the international economy, and the paucity of funds for such undertakings in the procurement budgets of several developing nations. Consequently, the overall level of the arms trade with developing nations, which has been generally declining in the years since 2000, despite the notable level of agreements in 2004, is likely to remain relatively static or continue to decline in the near term, even though a few wealthier developing nations may make some significant arms purchases on occasion.

Arms suppliers in the tier below the United States and Russia, such as China, other European, and non-European suppliers, have participated in the arms trade with developing nations at a much lower level. However, these suppliers are capable, on occasion, of making an arms deal of significance. Most of their annual arms transfer agreements values totals during 1997-2004 have been relatively low, and are based upon generally smaller transactions of less sophisticated military equipment. It is unlikely that most of these countries will be able to rise to the status of a major supplier of advanced weaponry on a consistent basis **(tables 1A, 1F, 1G, 2A, 2F and 2G)**.

United States.

In 2004, the total value — in real terms — of United States arms transfer agreements with developing nations rose to nearly $6.9 billion from $6.5 billion in 2003. The U.S. share of the value of all such agreements was 31.6% in 2004, down from a 43.1% share in 2003 **(charts 1, 3 and 4)(figure 1)(tables 1A and 1B)**.

In 2004, the value of U.S. arms transfer agreements with developing nations was primarily attributable to a number of purchases by a wide variety of U.S. clients in the Near East and in Asia, instead of a couple of very expensive contracts with one or two countries. These arms agreement totals illustrate the U.S. advantage of having well established defense support arrangements with weapons purchasers worldwide. U.S. agreements with all of its clients in 2004 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 major weapons systems agreements the United States concluded in 2004 with developing nations were: with Egypt for three Fast Missile Craft, and associated weapons for $536 million; with Taiwan for two UHF long-range early warning radars for $436 million; with Brazil for 10 UH-60L Black Hawk helicopters for $183 million; with Egypt for 100 High Mobility Multi-purpose Wheeled vehicles for $105 million; with Egypt for the upgrading of four Chinook helicopters to the

CH47D configuration for $103 million; with Israel for 6 AH-64D Apache Longbow helicopters for $67 million; with Oman for 1 AN/AAQ-24 (V) NEMESIS Countermeasures system; and with Pakistan for 1 Cobra combat helicopter. The United States also concluded agreements for the sale of various missile systems to nations in both the Near East and in Asia.

It must be emphasized that the sale of munitions, upgrades to existing systems, spare parts, training and support services to developing nations worldwide account for a very substantial portion of the total value of U.S. arms transfer agreements. A large number of countries in both the developing and developed world have, over decades, acquired and continue to utilize a wide range of American weapons systems, and have a continuing requirement to support, modify, and replace them.

Russia.

The total value of Russia's arms transfer agreements with developing nations in 2004 was $5.9 billion, a notable increase from $4.3 billion in 2003, placing a strong second in such agreements with the developing world. Russia's share of all developing world arms transfer agreements decreased slightly, falling from 28.1% in 2003 to 27.1% in 2004 **(charts 1, 3 and 4)(figure 1)(tables 1A, 1B and 1G)**.

Russian arms transfer agreements totals with developing nations have been notable during the last four years. During the 2001-2004 period, Russia ranked second among all suppliers to developing countries, making $21.7 billion in agreements (in constant 2004 dollars). Russia's status as the second leading supplier of arms to developing nations stems from an increasingly successful effort to overcome the significant economic and political problems associated with the dissolution of the former Soviet Union. The traditional arms clients of the former Soviet Union were generally less wealthy developing countries valued as much for their political support in the Cold War, as for their desire for Soviet weaponry. Many of these traditional Soviet client states received substantial military aid grants and significant discounts on their arms purchases. After the breakup of the Soviet Union in December 1991 these practices were greatly curtailed. The Russia that emerged in 1991 consistently placed a premium on obtaining hard currency for the weapons it sold. Faced with stiff competition from Western arms suppliers in the 1990s, Russia gradually adapted its selling practices in an effort to regain and sustain an important share of the developing world arms market.

Russian leaders have made important efforts, in recent years, to provide more flexible and creative financing and payment options for prospective arms clients. It has 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 been met with mixed results. In the early 1990s, Russia developed a supply relationship with Iran, providing that country with Mig-29 fighter aircraft, Su-24 fighter-bombers, T-72 Main Battle Tanks, and Kilo-class attack submarines. Although new Russian sales to Iran were suspended for a period from 1995-2000 in accordance with an agreement with the United States, Russia now asserts its option to sell arms to Iran should it choose to do so. Despite discussions

held between Russia and Iran on prospective future arms purchases, there has not been, as of this date, major new Iranian procurement from Russia of advanced weapons systems, comparable to the types and quantities obtained in the early 1990s. Russia's arms sales efforts, apart from those with China and India, seem focused on Southeast Asia, where it has had some success in securing arms agreements with Malaysia, Vietnam and Indonesia, although recurring financial problems of some clients in this region have hampered significant growth in Russian sales to them. Similarly, Russian combat fighter aircraft sales have been made in recent years to Algeria and Yemen. Elsewhere in the developing world Russian military equipment still holds attractions because it ranges from the most basic to the highly advanced, and can be less expensive than similar arms available from other major suppliers.

Russia continues to confront a significant obstacle in breaking into arms markets traditionally dominated by Western suppliers, namely, its perceived inability to provide consistent high-quality follow-on support, spare parts, and training for the weapons systems it sells. There is an almost ingrained reluctance on the part of many developing nations to purchase advanced armaments from a supplier like Russia that is still engaged in reorganization and rationalization of its defense production base, when more stable, well-known, and established sources of such weapons exist. Aerospace systems continue to be Russia's strong suit in arms sales, but in the absence of major new research and development efforts in this and other military equipment areas future Russian foreign arms sales may be more difficult to make. Some military research and development programs do exist in Russia, but the other major arms suppliers in the West are currently in the process of developing and producing weaponry much more advanced than those in existing Russian programs.

Nonetheless, Russia continues to have very significant on-going arms transfer programs involving China and India, which should provide it with sustained business during this decade. On the basis of agreements concluded starting in the mid-1990s, Russia has sold major combat fighter aircraft, and main battle tanks to India, and has provided other major weapons systems though lease or licenced production. In 2004, Russia concluded a major agreement with India for the transfer, following modernization, of the aircraft carrier Admiral Gorshkov, together with 12 MiG-29K fighters, four MiG-29KUB training jets, as well as six to eight Ka-28 Helix-A and Ka-31 Helix-B helicopters for about $1.5 billion. China, however, continues to be a central client for Russia's arms export program, particularly in aircraft and naval systems. Since 1996, Russia has sold China Su-27 fighter aircraft and agreed to licensed production of them. It has also 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 2004, Russia sold China eight battalions of S-300PMU-2 Air Defense Missile Systems for nearly $1 billion. It also concluded a $900 million agreement with China for engines for the Chinese J-10 fighter aircraft.

China.

China was an important arms supplier to certain developing nations in the 1980s, primarily through arms agreements with both combatants in the Iran-Iraq war. From 2001-2004, the value of China's arms transfer agreements with developing

nations has averaged about $600 million annually, while fluctuating considerably from year to year. During the period of this report, the value of China's arms transfer agreements with developing nations peaked in 1999 at $2.9 billion. Its sales figures that year resulted generally from several smaller valued weapons deals in Asia, Africa, and the Near East, rather than one or two especially large sales of major weapons systems. Similar arms deals with small scale purchasers in these regions continue. In 2004, China's arms transfer agreements total was $600 million, consistent with its average total in most recent years. For most of the mid-1990s on, China's principal focus has not been on selling arms but on advancing a significant military procurement program, aimed at modernizing its own military forces, with Russia serving as its principal supplier of advanced combat aircraft, submarines, surface combatants, and air defense systems**(tables 1A, 1G and 1H)(chart 3)**.

Few clients for weapons with financial resources have sought to purchase Chinese military equipment during the eight year period of this report, because much is less advanced and sophisticated than weaponry available from Western suppliers or Russia. China does not appear likely to be a major supplier of conventional weapons in the international arms market in the foreseeable future. Its likely clients are states in Asia and Africa seeking quantities of small arms and light weapons, rather than major combat systems. At the same time, China is an important source of missiles in the developing world arms market. China supplied Silkworm anti-ship missiles to Iran. Credible reports persist in various publications that China has sold surface-to-surface missiles to Pakistan, a long-standing client. Iran and North Korea have also reportedly received Chinese missile technology. Credible reports of this nature 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. Given its continuing need for hard currency, and the fact that it has some military products — particularly missiles — that some developing countries would like to acquire, China can present an important 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.

Major West European Suppliers.

The four major West European suppliers (France, United Kingdom, Germany, and Italy), as a group, registered a significant increase in their collective share of all arms transfer agreements with developing nations between 2003 and 2004. This group's share rose from 5.5% in 2003 to 22% in 2004. The collective value of this group's arms transfer agreements with developing nations in 2004 was $4.8 billion compared with a total of $830 million in 2003. Of these four nations, the United Kingdom was the leading supplier with $3.2 billion in agreements in 2004, a substantial increase from essentially no agreements in 2003. An important portion of the United Kingdom's total in 2004 was attributable to a $1.8 billion agreement with India for 66 Hawk advanced jet trainers, and a large agreement totaling in excess of $1 billion with Saudi Arabia under the Al Yamamah military procurement arrangement. France increased its agreements total to $1 billion in 2004from $519 million in 2003, aided by a contract to provide support for Saudi Arabia's Crotale air defense systems, and Shahine ground-to-air missiles for about $410 million. Italy

increased its arms transfer agreements with the developing world from $311 million in 2003 to $600 million in 2004. Germany registered effectively no new developing world arms orders in 2004. **(charts 3 and 4)(tables 1A and 1B)**.

The four major West European suppliers collectively held a 22% share of all arms transfer agreements with developing nations during 2004. In the period after the Persian Gulf war, the major West European suppliers generally maintained a notable share of arms transfer agreements. But more recently this share has declined, despite the large collective values total for the four nations in 2004. During the 2001-2004 period, they collectively held 11% of all arms transfer agreements with developing nations ($8.2 billion). Individual suppliers within the major West European group have had notable years for arms agreements, especially France in 1998 and 2000 ($6.3 billion and $2.5 billion respectively). The United Kingdom also had a large agreement year in 2004 ($3.2 billion), and at least $1.2 billion in agreements in 1997, 1998, and 1999. Germany concluded arms agreements totaling $1.7 billion in 1998, with its highest total at $2.3 billion in 1999. For each of these three nations, large agreement totals in one year have usually reflected the conclusion of very large arms contracts with one or more major purchasers in that particular year (**table 1A and 1B)**.

Traditionally, Major West European suppliers have had their competitive position in weapons exports strengthened through strong government marketing support for their foreign arms sales. Since they can produce both advanced and basic air, ground, and naval weapons systems, the four major West European suppliers have competed successfully for arms sales contracts with developing nations against both the United States, which has tended to sell to several of the same clients, and with Russia, which has sold to nations not traditional customers of either the West Europeans or the U.S. 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. Furthermore, with the decline in demand by key Near East countries for major weapons purchases, the levels of new arms agreements by Major West European suppliers have fallen off notably.

As the result of these factors, some of these suppliers have begun to phase out production of certain types of weapons systems, and have increasingly engaged in joint production ventures with other key European weapons suppliers or even client countries in an effort to sustain major sectors of their individual defense industrial bases, even if a substantial portion of the weapons produced are for their own armed forces. The Eurofighter project is one example; Eurocopter is another. Some European suppliers have also adopted the strategy of cooperating in defense production ventures with the United States such as the Joint Strike Fighter (JSF), to both meet their own requirements for advanced combat aircraft, and to share in profits resulting from future sales of this aircraft.

Regional Arms Transfer Agreements

A major stimulus to new weapons procurements in the Near East region 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. It remains to be seen whether Gulf states' assessments of the future threat environment in the post-Saddam Hussein era in Iraq will lead to long-term declines in their arms purchases.

In recent years, the position of Saudi Arabia as principal arms purchaser in the Persian Gulf has notably leveled off. In the period from 1997-2000, Saudi Arabia's total arms agreements were valued at $4.9 billion. For the period from 2001-2004, Saudi Arabia's total arms agreements were $5.6 billion. In Asia, efforts in several developing nations have been focused on upgrading and modernizing defense forces, and this has led to important new conventional weapons sales in that region. Since the mid-1990s, Russia has become the principal supplier of advanced conventional weaponry to China — selling fighters, submarines, destroyers, and missiles — while maintaining its position as principal arms supplier to India. Russia has also made progress in expanding its client base in Asia, receiving aircraft orders from Malaysia, Vietnam, and Indonesia. India, has also expanded its weapons supplier base, purchasing in 2004 from Israel, the Phalcon early warning defense system aircraft for $1.1 billion. The data on regional arms transfer agreements from 1997-2004 continue to reflect that Near East and Asian nations are the primary sources of orders for conventional weaponry in the developing world.

Near East.

The Near East has historically been the largest arms market in the developing world. In 1997-2000, it accounted for 49.2% of the total value of all developing nations arms transfer agreements (about $37 billion in current dollars), ranking it first ahead of Asia which ranked second with 41.2% of these agreements. However, during 2001-2004, the Asia region accounted for 49.2% of all such agreements ($34.9 billion in current dollars), placing it first in arms agreements with the developing world. The Near East region ranked second with $28.5 billion in agreements **(tables 1C and 1D)**.

The United States dominated arms transfer agreements with the Near East during the 1997-2000 period with 61.1% of their total value ($22.6 billion in current dollars). France was second during these years with 14.9% ($5.5 billion in current dollars). Recently, from 2001-2004, the United States accounted for 65.9% of arms agreements with this region ($18.8 billion in current dollars), while Russia accounted for 9.1% of the region's agreements ($2.6 billion in current dollars) **(chart 5)(tables 1C and 1E)**.

Asia.

Asia has historically been the second largest developing world arms market. Yet in 2001-2004, Asia ranked first, accounting for 49.2% of the total value of all arms transfer agreements with developing nations ($34.9 billion in current dollars).

In the earlier period, 1997-2000, the region accounted for 41.2% of all such agreements ($30.9 billion in current dollars), ranking second. **(tables 1C and 1D)**.

In the earlier period (1997-2000), Russia ranked first in the value of arms transfer agreements with Asia with 36.9% ($11.4 billion in current dollars). The United States ranked second with 19.5% ($6 billion in current dollars). The major West European suppliers, as a group, made 24.9% of this region's agreements in 1997-2000. In the later period (2001-2004), Russia ranked first in Asian agreements with 48.1% ($16.8 billion in current dollars), primarily due to major combat aircraft, and naval system sales to India and China. The United States ranked second with 21.3% ($7.4 billion in current dollars). The major West European suppliers, as a group, made 9.7% of this region's agreements in 2001-2004. **(Chart 6)(table 1E)**.

Leading Developing Nations Arms Purchasers

India was the leading developing world arms purchaser from 1997-2004, making arms transfer *agreements* totaling $15.7 billion during these years (in current dollars). In the 1997-2000 period, the United Arab Emirates (UAE) ranked first in arms transfer agreements at $13.3 billion (in *current* dollars). In 2001-2004, however, China ranked first in arms transfer agreements, with a dramatic increase to $10.4 billion from $4.9 billion in the earlier 1997-2000 period (in *current* dollars). This increase reflects the military modernization effort by China, beginning in the mid-1990s, and based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1997-2004 was $152.2 billion in *current* dollars. Thus India alone was responsible for 10.3% of all developing world arms transfer agreements during these eight years. In the most recent period, 2001-2004, China made $10.4 billion in arms transfer agreements (in *current* dollars). This total constituted 14.6% of all arm transfer agreements with developing nations during these four years ($71.3 billion in *current* dollars). India ranked second in arms transfer agreements during 2001-2004 with $7.9 billion (in *current* dollars), or 11.1% of the value of all developing world arms transfer agreements. **(tables 1, 1H, 1I and 1J)**.

The values of the arms transfer *agreements* of the top ten developing world recipient nations in both the 1997-2000 and 2001-2004 periods accounted for the largest portion of the total developing nations arms market. During 1997-2000, the top ten recipients collectively accounted for 71.3% of *all* developing world arms transfer agreements. During 2001-2004, the top ten recipients collectively accounted for 67.9% of all such agreements. Arms transfer *agreements* with the top ten developing world recipients, as a group, totaled $16.8 billion in 2004 or 77.1% of all arms transfer agreements with developing nations in that year. This reflects the continued concentration of major arms purchases by developing nations within a few countries **(tables 1, 1I and 1J)**.

India ranked first among all developing world recipients in the value of arms transfer *agreements* in 2004, concluding $5.7 billion in such agreements. Saudi Arabia ranked second in agreements in 2004 at $2.9 billion. China ranked third with $2.2 billion in agreements. Five of these top ten recipients were in the Asian region, five were in the Near East **(table 1J)**.

The United Arab Emirates (U.A.E.) was the leading recipient of arms *deliveries* among developing world recipients in 2004, receiving $3.6 billion in such deliveries. Saudi Arabia ranked second in arms deliveries in 2004 with $3.2 billion. China ranked third with $2.7 billion **(table 2J)**.

Arms *deliveries* to the top ten developing nation recipients, as a group, were valued at $17.7 billion, or 78.8% of all arms deliveries to developing nations in 2004. Five of these top ten recipients were in Asia; four were in the Near East; one was in Africa **(tables 2 and 2J)**.

Weapons Types Recently Delivered to Near East Nations

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 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 66-70).

Weapons deliveries to the **Near East**, historically the largest purchasing region in the developing world, reflect the substantial quantities and types delivered by both major and lesser suppliers. The following is an illustrative summary of weapons deliveries to this region for the period **2001-2004** from **table 5** (page 68):

United States.

- 401 tanks and self-propelled guns
- 36 APCs and armored cars
- 2 major surface combatants
- 4 minor surface combatants
- 31 supersonic combat aircraft
- 12 helicopters
- 347 surface-to-air missiles
- 122 anti-ship missiles

Russia.

- 10 tanks and self-propelled guns
- 190 APCs and armored cars
- 30 supersonic combat aircraft
- 60 helicopters
- 1,000 surface-to-air missiles

China.

- 20 Artillery pieces
- 40 APCs and armored cars
- 5 minor surface combatants
- 70 anti-ship missiles

Major West European Suppliers.
- 300 tanks and self-propelled guns
- 70 artillery pieces
- 30 APCs and armored cars
- 5 major surface combatants
- 26 minor surface combatants
- 5 guided missile boats
- 30 supersonic combat aircraft
- 20 helicopters

All Other European Suppliers.
- 270 tanks and self-propelled guns
- 130 APCs and armored cars
- 1 major surface combatant
- 28 minor surface combatants
- 10 supersonic combat aircraft
- 540 surface-to-air missiles

All Other Suppliers.
- 270 APCs and armored cars
- 80 minor surface combatants
- 20 helicopters
- 40 surface-to-surface missiles
- 20 anti-ship missiles

Large numbers of major combat systems were delivered to the Near East region from 2001-2004, specifically, tanks and self-propelled guns, armored vehicles, major and minor surface combatants, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The United States and Russia made significant deliveries of supersonic combat aircraft and anti-ship missiles to the region. The United States, Russia, and European suppliers in general were principal suppliers of tanks and self-propelled guns, APCs and armored cars, surface-to-air missiles, as well as helicopters. Three of these weapons categories — supersonic combat aircraft, helicopters, and tanks and self-propelled guns — are especially costly and are an important portion of the dollar values of arms deliveries by the United States, Russia, and European suppliers to the Near East region during the 2001-2004 period.

The cost of naval combatants is also generally high, and 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 still deadly and can create important security threats within the region. In particular, from 2001-2004, the United States delivered 122 anti-ship missiles to the Near East region while China delivered 70. The United States delivered two major surface combatants and four minor surface combatants to the Near East, while the major West European suppliers collectively delivered five guided missile boats, 5 major surface combatants, and 26 minor surface combatants. Other non-European suppliers delivered 80 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

The United States *commercial deliveries* data set out below in this report are *included in the main data tables* for *deliveries* worldwide and for *deliveries* to developing nations collectively. They are presented separately here to provide an indicator of their overall magnitude in the U.S. aggregate *deliveries* totals to the world and to all developing nations. 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 approval, 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 *commercial deliveries* data are obtained from shipper's export documents and completed licenses returned from ports of exit by the U.S. Customs Service to the Office of Defense Trade Controls (PM/DTC) of the State Department, which makes the final compilation of such data. This process for obtaining commercial *deliveries* data is much less systematic and much less timely than that taken by the Department of Defense for government-to-government FMS transactions. Recently, efforts have been initiated by the U.S. government to improve the timeliness and quality of U.S. commercial deliveries data. The values of U.S. commercial arms *deliveries* to all nations and *deliveries* to *developing nations* for *fiscal* years 1997-2004, in *current* dollars, according to the U.S. State Department, were as follows:

Fiscal Year	Commercial Deliveries (Worldwide)	Commercial Deliveries (to Developing Nations)
1997	**$1,818,000,000**	**$1,141,000,000**
1998	**$2,045,000,000**	**$798,000,000**
1999	**$654,000,000**	**$323,000,000**
2000	**$478,000,000**	**$233,000,000**
2001	**$821,000,000**	**$588,000,000**
2002	**$341,000,000**	**$213,000,000**
2003	**$2,727,000,000**	**$342,000,000**
2004	**$7,618,000,000**	**$2,625,000,000**

Summary of Data Trends, 1997-2004

Tables 1 through 1J (pages 41-51) present data on arms transfer *agreements* with developing nations by major suppliers from 1997-2004. 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 52-62). **Tables 8, 8A, 8B, 8C and 8D** (pages 74-78) provide data on *worldwide* arms transfer *agreements* from 1997-2004, while **tables 9, 9A, 9B, 9C and 9D** (pages 79-83) 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 order of magnitude of arms transactions by arms suppliers with recipient nations expressed in *constant* dollar terms, unless otherwise noted.

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

Total Developing Nations Arms Transfer Agreement Values

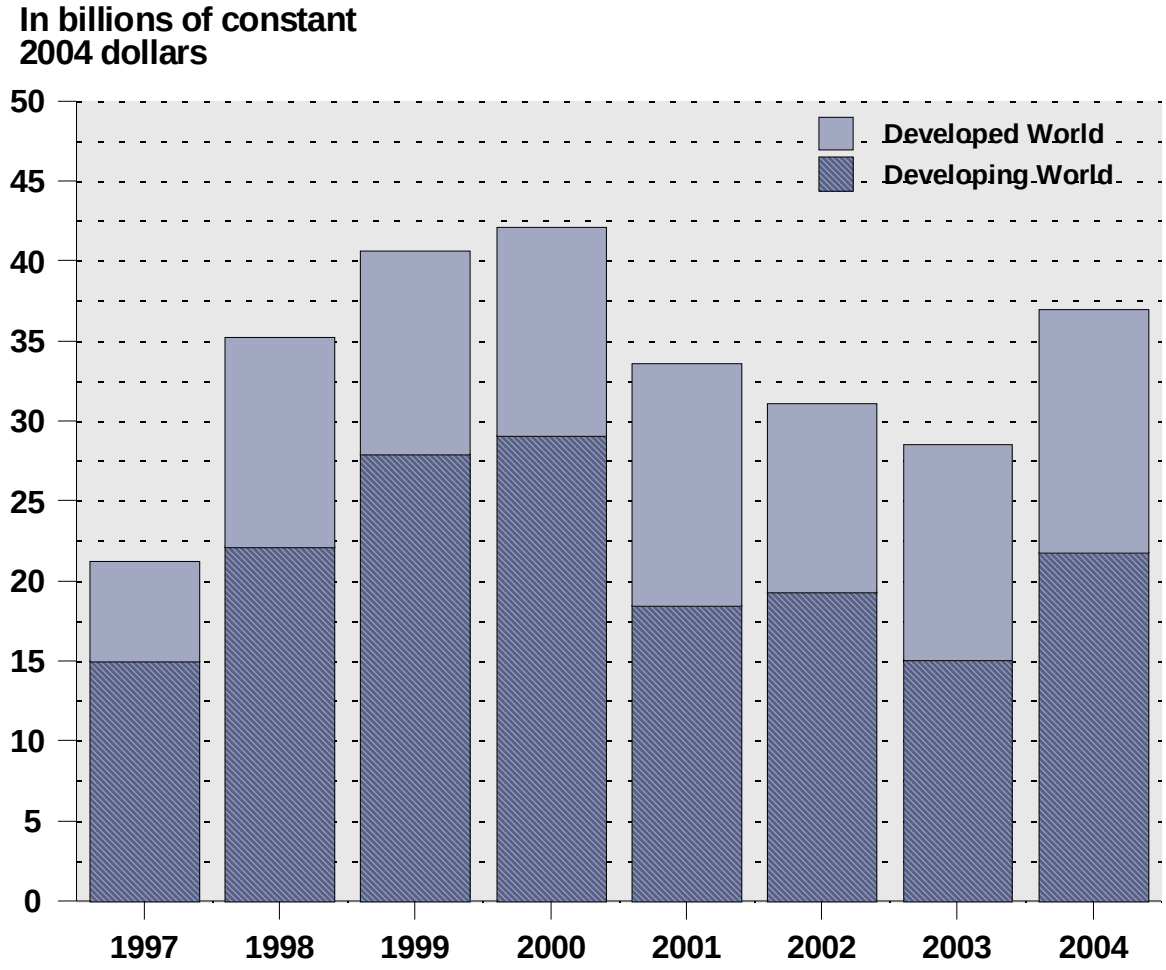
Table 1 shows the annual *current* dollar values of arms transfer agreements with developing nations. Since these figures do not allow for the effects of inflation, they are, by themselves, of somewhat limited use. They provide, however, the data from which **table 1A** (*constant* dollars) and **table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

- The value of all arms transfer agreements with developing nations in 2004 was $21.8 billion. This was a substantial increase over 2003, and the highest total, in real terms, for arms transfer agreements with developing nations since 2000 **(tables 1 and 1A)(chart 1)**.

- The total value of United States agreements with developing nations rose slightly from $6.5 billion in 2003 to $6.9 billion in 2004. The United States' share of all developing world arms transfer agreements fell significantly from 43.1% in 2003 to 31.6% in 2004 **(tables 1A and 1B)(chart 3)**.

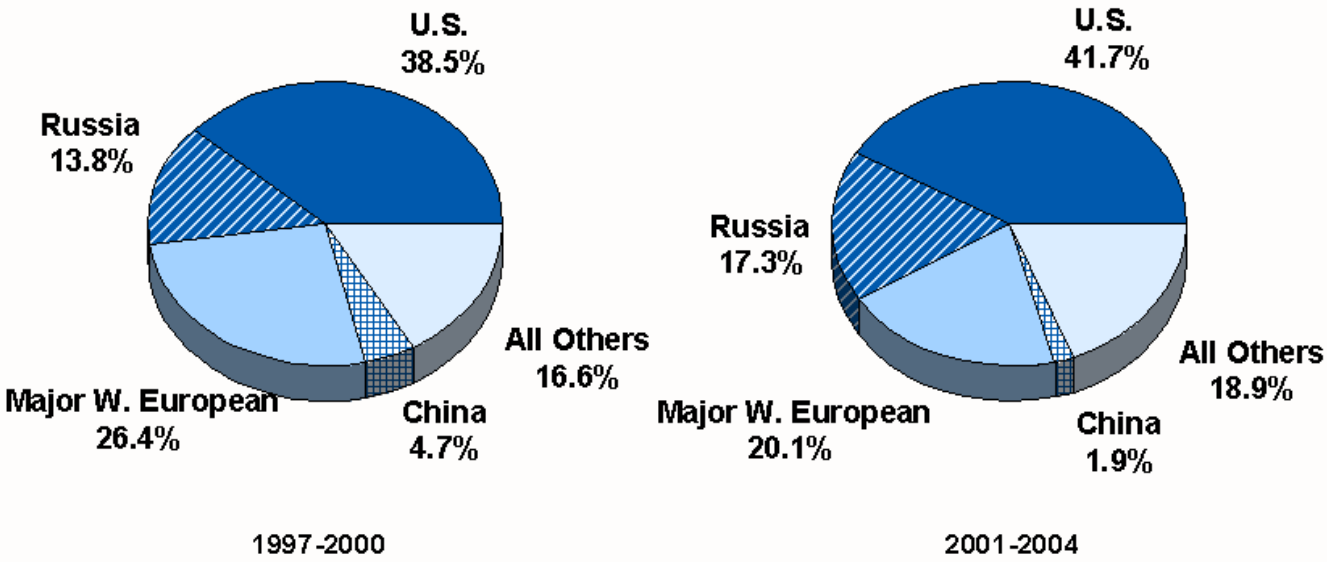
- In 2004, the total value, in real terms, of Russian arms transfer agreements with developing nations increased notably from the previous year, rising from $4.3 billion in 2003 to $5.9 billion in 2004. The Russian share of all such agreements declined from 28.1% in 2003 to 27.1% in 2004 **(charts 3 and 4)(tables 1A and 1B)**.

Chart 1. Arms Transfer Agreements Worldwide, 1997-2004
Developed and Developing Worlds Compared



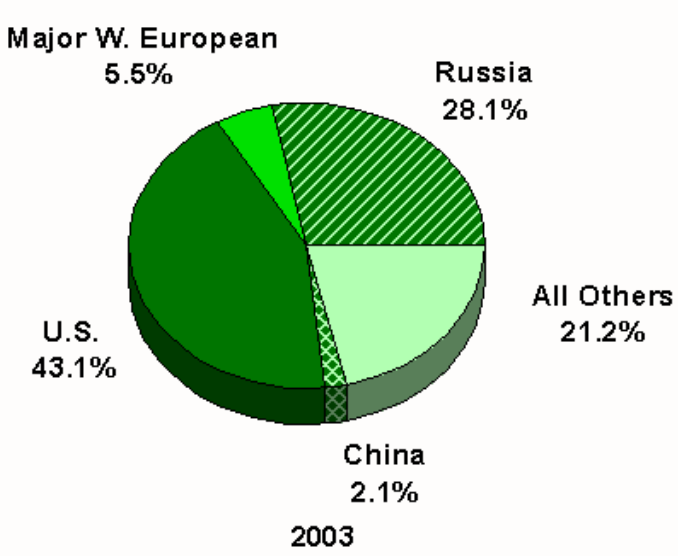
Source: U.S. Government

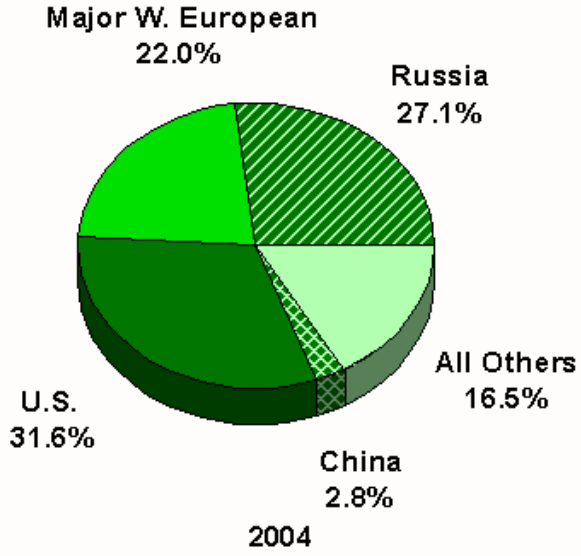
Chart 2. Arms Transfer Agreements Worldwide
(supplier percentage of value)



Source: U.S. Government

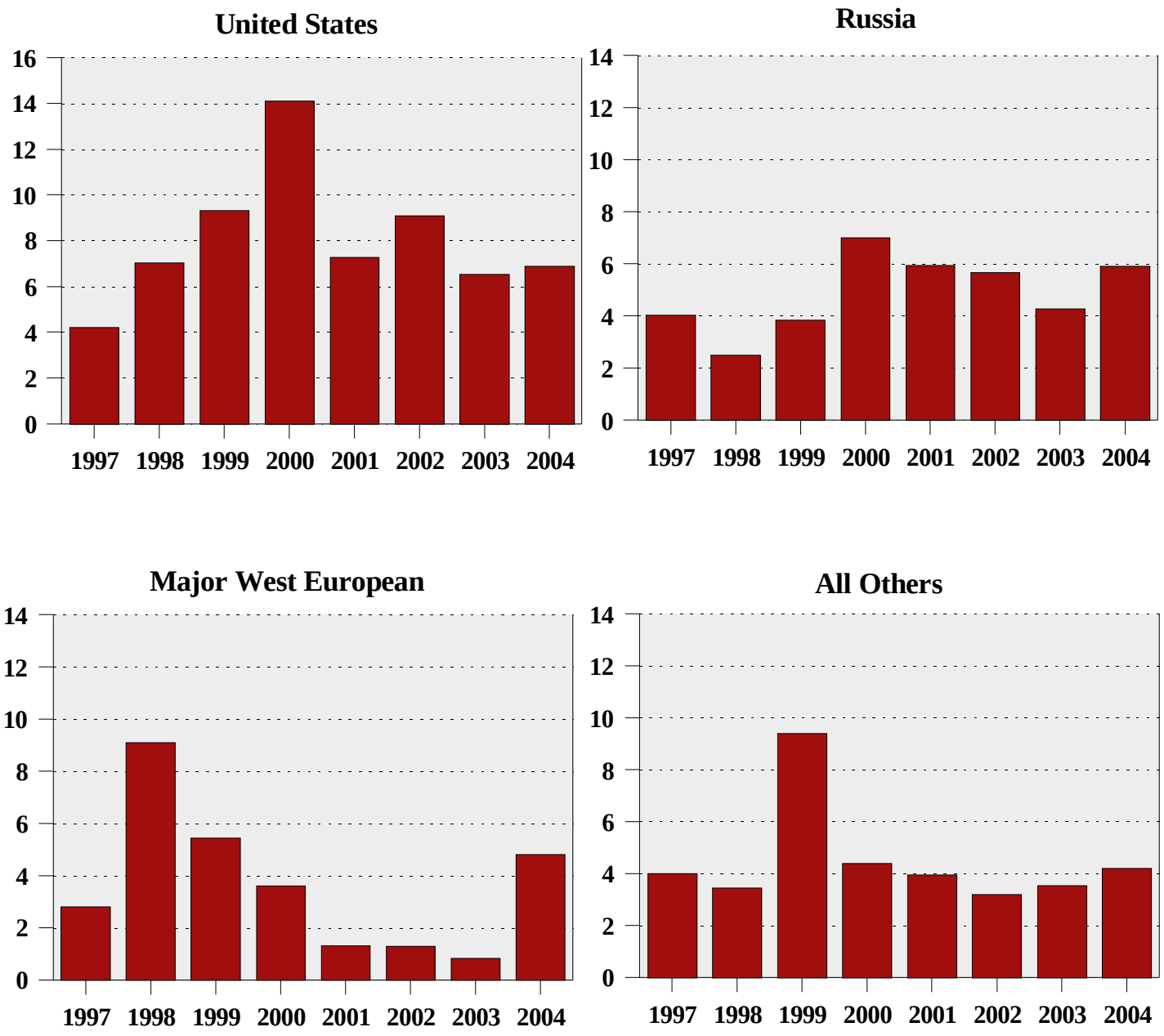
Chart 3. Arms Transfer Agreements With Developing Nations (supplier percentage of value)





Source: U.S. Government

Chart 4. Arms Transfer Agreements With Developing Nations by Major Supplier, 1997-2004 (billions of constant 2004 dollars)



Source: U.S. Government

Figure 1. Worldwide Arms Transfer Agreements, 1997-2004 and Suppliers' Share with Developing World
(in millions of constant 2004 U.S. dollars)

Supplier	Worldwide Agreements Value 1997-2000	Percentage of Total with Developing World
United States	53,588	76.50
Russia	19,200	90.60
France	15,633	71.20
United Kingdom	5,886	62.40
China	6,567	85.80
Germany	13,107	39.00
Italy	2,113	50.00
All Other European	15,659	60.40
All Others	7,428	82.80
TOTAL	**139,181**	**67.70**

Supplier	Worldwide Agreements Value 2001-2004	Percentage of Total with Developing World
United States	54,319	54.90
Russia	22,565	96.60
France	11,088	24.50
United Kingdom	7,105	58.60
China	2,434	100.00
Germany	5,277	41.00
Italy	2,749	41.10
All Other European	15,509	39.10
All Others	9,149	58.70
TOTAL	**130,195**	**57.30**

Supplier	Worldwide Agreements Value 2004	Percentage of Total with Developing World
United States	12,391	55.50
Russia	6,100	96.70
France	4,800	20.80
United Kingdom	5,500	58.20
China	600	100.00
Germany	200	0.00
Italy	600	100.00
All Other European	4,300	30.20
All Others	2,500	92.00
TOTAL	**36,991**	**58.90**

Source: U.S. Government

- The four major West European suppliers, as a group (France, United Kingdom, Germany, Italy), registered a significant increase in their collective share of all arms transfer agreements with developing nations between 2003 and 2004. This group's share rose dramatically from 5.5% in 2003 to 22% in 2004. The collective value of this group's arms transfer agreements with developing nations in 2004 was $4.8 billion compared with a total of $830 million in 2003 **(tables 1A and 1B)(charts 3 and 4)**.

- The United Kingdom registered a substantial increase in its share of all arms transfer agreements with developing nations, rising from essentially nil in 2003 to 14.7% in 2004. The value of its agreements with developing nations rose dramatically from essentially nil in 2003 to $3.2 billion in 2004 **(tables 1A and 1B)**.

- In 2004, the United States ranked first in arms transfer agreements with developing nations at $6.9 billion. Russia ranked second at $5.9 billion. **(charts 3 and 4)(tables 1A, 1B and 1G)**.

Regional Arms Transfer Agreements, 1997-2004

Table 1C gives the values of arms transfer agreements between suppliers and individual regions of the developing world for the periods 1997-2000 and 2001-2004. These values are expressed in *current* U.S. dollars.[1] **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 1997-2000 and 2001-2004. Among the facts reflected in these tables are the following:

Near East.

- The Near East has historically been the largest arms market in the developing world. In 1997-2000, it accounted for nearly 49.2% of the total value of all developing nations arms transfer agreements (about $37 billion in current dollars), ranking it first ahead of Asia which ranked second with 41.2% of these agreements. However, during 2001-2004, the Asia region accounted for 49.2% of all such agreements ($34.9 billion in current dollars), placing it first in arms agreements with the developing world. The Near East region ranked second with during 2001-2004 with $28.5 billion in agreements **(tables 1C and 1D)**.

- The United States dominated arms transfer agreements with the Near East during the 1997-2000 period with 61.1% of their total value ($22.6 billion in current dollars). France was second during these

[1] Because these regional data are composed of four-year aggregate dollar totals, they must be expressed in *current* dollar terms.

years with 14.9% ($5.5 billion in current dollars). Recently, from 2001-2004, the United States accounted for 65.9% of arms agreements with this region ($18.8 billion in current dollars), while Russia accounted for 9.1% of the region's agreements ($2.6 billion in current dollars) **(chart 5)(tables 1C and 1E)**.

- For the period 1997-2000, the United States concluded 75.5% of its developing world arms transfer agreements with the Near East. In 2001-2004, the U.S. concluded 66.2% of its agreements with this region **(table 1D)**.

- For the period 1997-2000, the four major West European suppliers collectively made 44% of their developing world arms transfer agreements with the Near East. In 2001-2004, the major West Europeans made 46.5% of their arms agreements with the Near East **(table 1D)** .

- For the period 1997-2000, France concluded 61.8% of its developing world arms transfer agreements with the Near East. In 2001-2004, France made 59.3% of its agreements with the Near East **(table 1D)**.

- For the period 1997-2000, the United Kingdom concluded 24% of its developing world arms transfer agreements with the Near East. In 2001-2004, the United Kingdom made 45% of its agreements with the Near East **(table 1D)**.

- For the period 1997-2000, China concluded 34.1% of its developing world arms transfer agreements with the Near East. In 2001-2004, China made 34.8% of its agreements with the Near East **(table 1D)**.

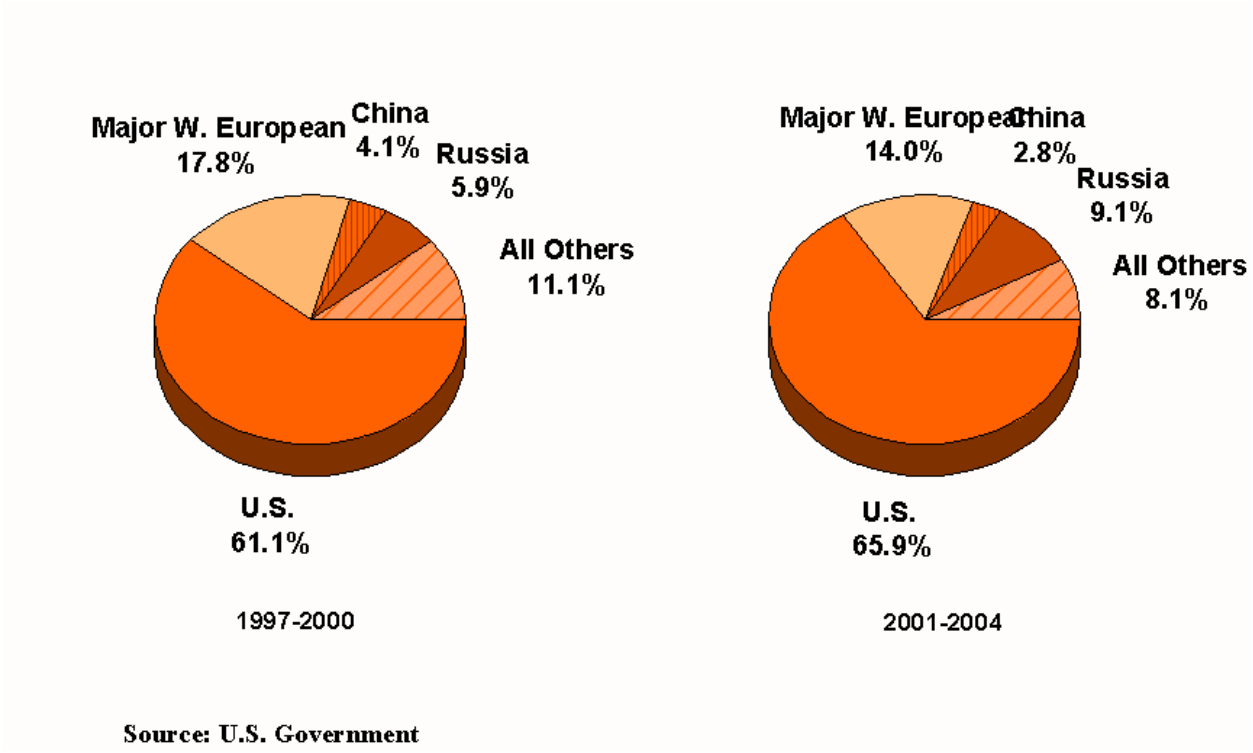
- For the period 1997-2000, Russia concluded 15% of its developing world arms transfer agreements with the Near East. In 2001-2004, Russia made 12.7% of its agreements with the Near East **(table 1D)**.

- In the earlier period (1997-2000), the United States ranked first in arms transfer agreements with the Near East with 61.1%. France ranked second with 14.9%. Russia ranked third with 5.9%. The major West European suppliers, as a group, made 17.8% of this region's agreements in 1997-2000. In the later period (2001-2004), the United States again ranked first in Near East agreements with 65.9%. Russia ranked second with 9.1%. The major West European suppliers, as a group, made 14% of this region's agreements in 2001-2004 **(table 1E)(chart 5)**.

Asia.

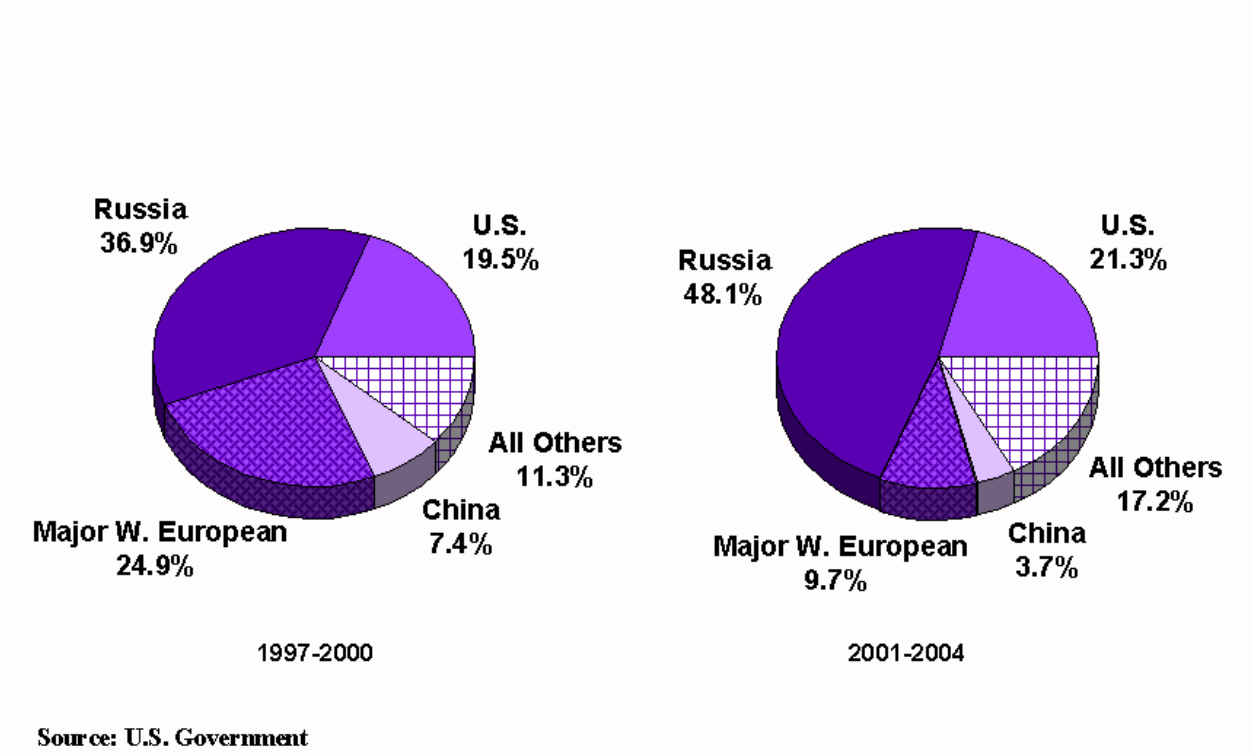
- Asia has historically been the second largest arms market in the developing world. Yet in 2001-2004, Asia ranked first, with 49.2% of the total value of all arms transfer agreements with developing nations ($34.9 billion in current dollars). In the earlier period, 1997-2000, the region accounted for 41.2% of all such agreements ($30.9 billion in current dollars), ranking second **(tables 1C and 1D).**

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



Source: U.S. Government

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



Source: U.S. Government

- In the earlier period (1997-2000), Russia ranked first in the value of arms transfer agreements with Asia with 36.9% ($11.4 billion in current dollars). The United States ranked second with 19.5% ($6 billion in current dollars). The major West European suppliers, as a group, made 24.9% of this region's agreements in 1997-2000. In the later period (2001-2004), Russia ranked first in Asian agreements with 48.1% ($16.8 billion in current dollars), primarily due to major combat aircraft and naval craft sales to India and China. The United States ranked second with 21.3% ($7.4 billion in current dollars). The major West European suppliers, as a group, made 9.7% of this region's agreements in 2001-2004. **(Chart 6)(table 1E)**.

Latin America.

- In the earlier period, 1997-2000, the United States ranked first in arms transfer agreements with Latin America with 36.7%. France ranked second with 12.1%. The major West European suppliers, as a group, made 15.1% of this region's agreements in 1997-2000. In the later period, 2001-2004, the United States ranked first with 42.5%. Russia ranked second with 10.7%. All other non-European suppliers collectively made 25.6% of the region's agreements in 2001-2004. Latin America registered a significant increase in the total value of its arms transfer agreements from 1997-2000 to 2001-2004 rising from $3.3 billion in the earlier period to $4.7 billion in the latter **(tables 1C and 1E)**.

Africa.

- In the earlier period, 1997-2000, Russia ranked first in agreements with Africa with 23.2% ($900 million in current dollars). China was second with 15.5%. The non-major European suppliers, as a group, made 33.5% of the region's agreements in 1997-2000. The United States made 2%. In the later period, 2001-2004, Russia and Germany tied for first in agreements with 20.3% each ($600 million each). China ranked third with 6.8% ($200 million). The major West European suppliers, as a group, made 27% of this region's agreements in 2001-2004 ($800 million). All other European suppliers collectively made 23.6% ($700 million). The United States made 5.4%. Africa registered a notable decline in the total value of its arms transfer agreements from 1997-2000 to 2001-2004, falling from $3.9 billion in the earlier period to about $3 billion in the latter (in current dollars). This decline is attributable to the fact that arms orders of South Africa, as part of its new defense procurement program, were placed during the earlier time period **(tables 1C and 1E)**.

Arms Transfer Agreements With Developing Nations, 1997-2004: Leading Suppliers Compared

Table 1F gives the values of arms transfer agreements with the developing nations from 1997-2004 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 — 1997-2000, 2001-2004 and 1997-2004. 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 2001-2004 ($28.4 billion), and first for the entire period from 1997-2004 ($58.3 billion).

- Russia ranked second among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($20.7 billion), and second from 1997-2004 ($35.6 billion).

- The United Kingdom ranked third among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($4.1 billion), and fourth from 1997-2004 ($7.2 billion).

- France ranked fourth among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($2.6 billion), and third from 1997-2004 ($12.1 billion).

- Israel ranked fifth among all suppliers to developing nations in the value of arms transfer agreements from 2001-2004 ($2.5 million), and seventh from 1997-2004 ($4.2 billion).

Arms Transfer Agreements With Developing Nations in 2004: Leading Suppliers Compared

Table 1G ranks and gives for 2004 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 year's top three arms suppliers — ranked by the value of their arms transfer agreements — collectively made agreements in 2004 valued at nearly $16 billion, 73.4% of all arms transfer agreements made with developing nations by all suppliers ($21.8 billion).

- In 2004, the United States ranked first in arms transfer agreements with developing nations, making $6.9 billion in such agreements, or 31.6% of them.

- Russia ranked second and the United Kingdom third in arms transfer agreements with developing nations in 2004, making $5.9 billion and $3.2 billion in such agreements respectively.

- Israel ranked fourth in arms transfer agreements with developing nations in 2004, making $1.2 billion in such agreements, while France ranked fifth with $1 billion.

Arms Transfer Agreements With Near East 1997-2004: 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 1997-2000 and 2001-2004. 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, 2001-2004, the principal purchasers of U.S. arms in the Near East region, based on the value of agreements were: Egypt ($5.7 billion), Israel ($4.4 billion), and Saudi Arabia ($3.8 billion). The principal purchasers of Russian arms were: Yemen($600 million), Iran ($400 million); Israel ($300 million); Egypt, Morocco, and Syria ($200 million each). The principal purchasers of arms from China were Egypt ($300 million); Iran and Kuwait ($200 million each). The principal purchasers of arms from the four major West European suppliers, as a group, were: Saudi Arabia($1.7 billion); Oman ($1.2 billion), and the U.A.E. ($500 million). The principal purchasers of arms from all other European suppliers collectively were the U.A.E. ($400 million); Egypt and Iraq ($200 million each). The principal purchasers of arms from all other suppliers combined were Libya ($300 million), and Kuwait ($200 million).

- For the period from 2001-2004, Egypt made $6.5 billion in arms transfer agreements. The United States ($5.7 billion), was its largest supplier. Saudi Arabia made $5.6 billion in arms transfer agreements. Its major suppliers were the United States ($3.8 billion), and the four major West European suppliers ($1.7billion). Israel made $4.8 billion in arms transfer agreements. Its principal supplier was the United States ($4.4 billion). Kuwait made $2.3 billion in arms transfer agreements. Its principal supplier was: the United States ($1.8 billion).

- The total value of arms transfer agreements by China with Iran fell from $600 million to $200 million during the periods from 1997-2000 to 2001-2004 respectively. The value of Russia's arms transfer agreements with Iran was $400 million in both periods.

- The value of arms transfer agreements by the United States with Saudi Arabia fell slightly from the 1997-2000 period to the 2001-2004 period, declining from $4.1 billion in the earlier period to $3.8 billion in the later period. Saudi Arabia still made 67.9% of all its arms transfer agreements with the United States during 2001-2004. Meanwhile, arms transfer agreements by the United Arab Emirates (U.A.E.) with all suppliers decreased significantly from 1997-2000 to 2001-2004, falling from $13.3 billion to $1.7 billion.

Arms Transfers to Developing Nations, 1997-2004: Agreements With Leading Recipients

Table 1I gives the values of arms transfer agreements made by the top ten recipients of arms in the developing world from 1997-2004 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 — 1997-2000, 2001-2004 and 1997-2004. Among the facts reflected in this table are the following:

- India was the leading developing world arms purchaser from 1997-2004, making arms transfer *agreements* totaling $15.7 billion during these years (in current dollars). In the 1997-2000 period, the United Arab Emirates (UAE) ranked first in arms transfer agreements at $13.3 billion (in *current* dollars). In 2001-2004, however, China ranked first in arms transfer agreements, with a dramatic increase to $10.4 billion from $4.9 billion in the earlier period (in *current* dollars). This increase reflects the military modernization program of China, beginning in the mid-1990s, and based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1997-2004 was $152.2 billion in *current* dollars. Thus India alone was responsible for 10.3% of all developing world arms transfer agreements during these eight years. In the most recent period, 2001-2004, China made $10.4 billion in arms transfer agreements (in *current* dollars). This total constituted 14.6% of all arm transfer agreements with developing nations during 2001-2004, which totaled $71.3 billion. India ranked second in arms transfer agreements during 2001-2004 with $7.9 billion (in *current* dollars), or 11.1% of the value of all developing world arms transfer agreements **(tables 1, 1H, 1I and 1J)**.

- During 1997-2000, the top ten recipients collectively accounted for 71.3% of *all* developing world arms transfer agreements. During 2001-2004, the top ten recipients collectively accounted for 67.9% of all such agreements **(tables 1 and 1I)**.

Arms Transfers to Developing Nations in 2004: Agreements With Leading Recipients

Table 1J names the top ten developing world recipients of arms transfer agreements in 2004. The table ranks these recipients on the basis of the total *current* dollar values of their respective agreements with *all* suppliers in 2004. Among the facts reflected in this table are the following:

- India ranked first among all developing nations recipients in the value of arms transfer agreements in 2004, concluding $5.7 billion in such agreements. Saudi Arabia ranked second with $2.9 billion. China ranked third with $2.2 billion.

- Five of the top ten developing world recipients of arms transfer agreements in 2004 were in Asia. Five were in the Near East .

- Arms transfer agreements with the top ten developing world recipients, as a group, in 2004 totaled $16.8 billion or 77.1% of all such agreements with the developing world, reflecting a continuing concentration of developing world arms purchases among a few nations **(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 1997-2004. The utility of these particular data is that they reflect transfers that have occurred. They provide the data from which **tables 2A** (constant dollars) and **table 2B** (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below.

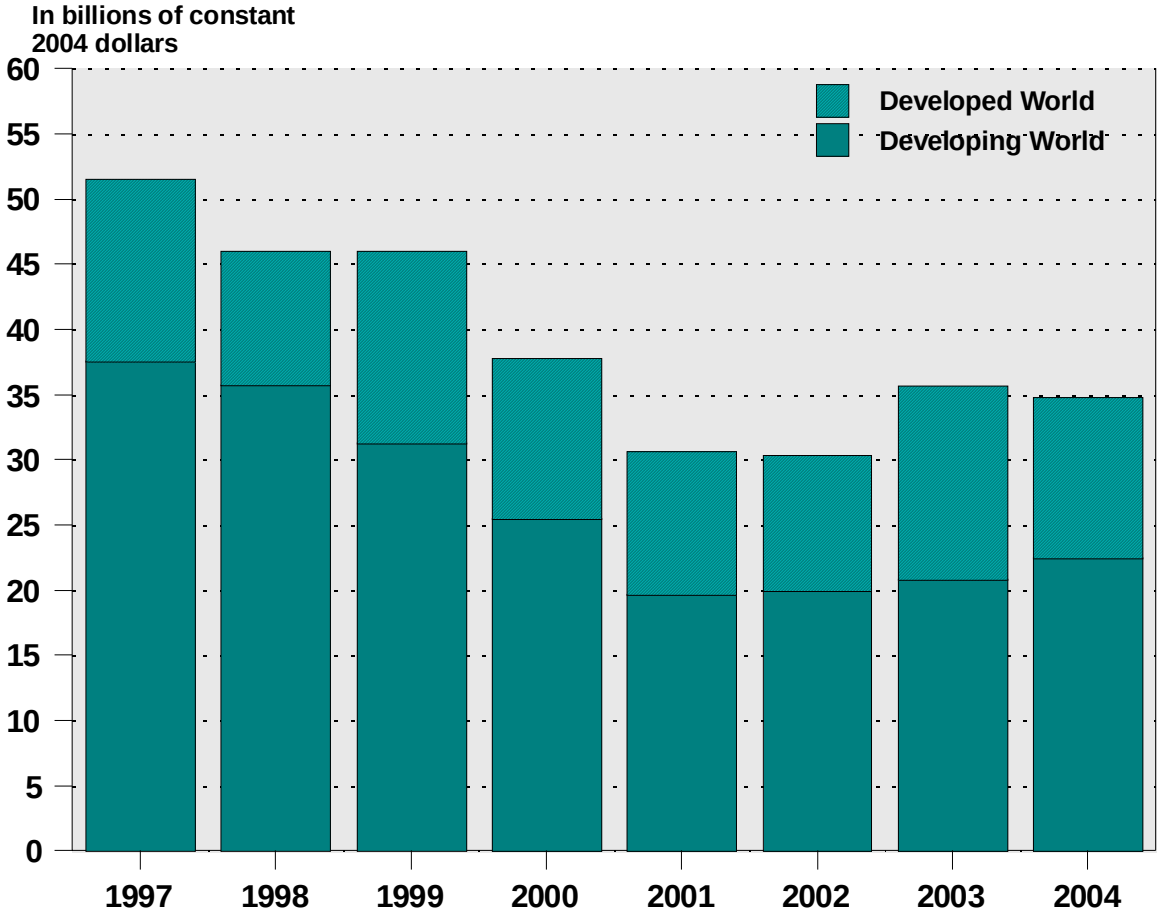
- In 2004 the value of all arms deliveries to developing nations ($22.5 billion) was a notable increase in deliveries values from the previous year, ($20.8 billion in constant 2004 dollars) **(charts 7 and 8)(table 2A)**.

- The U.S. share of all deliveries to developing nations in 2004 was 42.6%, a substantial increase from 30.1% in 2003. In 2004, the United States, for the eighth year in a row, ranked first in the value of arms deliveries to developing nations ($9.6 billion) (in constant 2004 dollars). The second leading supplier in 2004 was Russia at $4.5 billion. Russia's share of all deliveries to developing nations in 2004 was 20%, essentially unchanged from 2003. France, the third leading supplier in 2004, made $4.2 billion in deliveries. France's share of all arms deliveries to developing nations in 2004 was 18.7%, up from 12% in 2003. The share of major West European suppliers deliveries to developing nations in 2004 was 27.2%, down from 36% in 2003 **(tables 2A and 2B)**.

- The total value of all arms deliveries by all suppliers to developing nations from 2001-2004 ($82.9 billion in constant 2004 dollars) was dramatically lower than the value of arms deliveries by all suppliers to developing nations from 1997-2000 ($130.1 billion in constant 2004 dollars)**(table 2A)**.

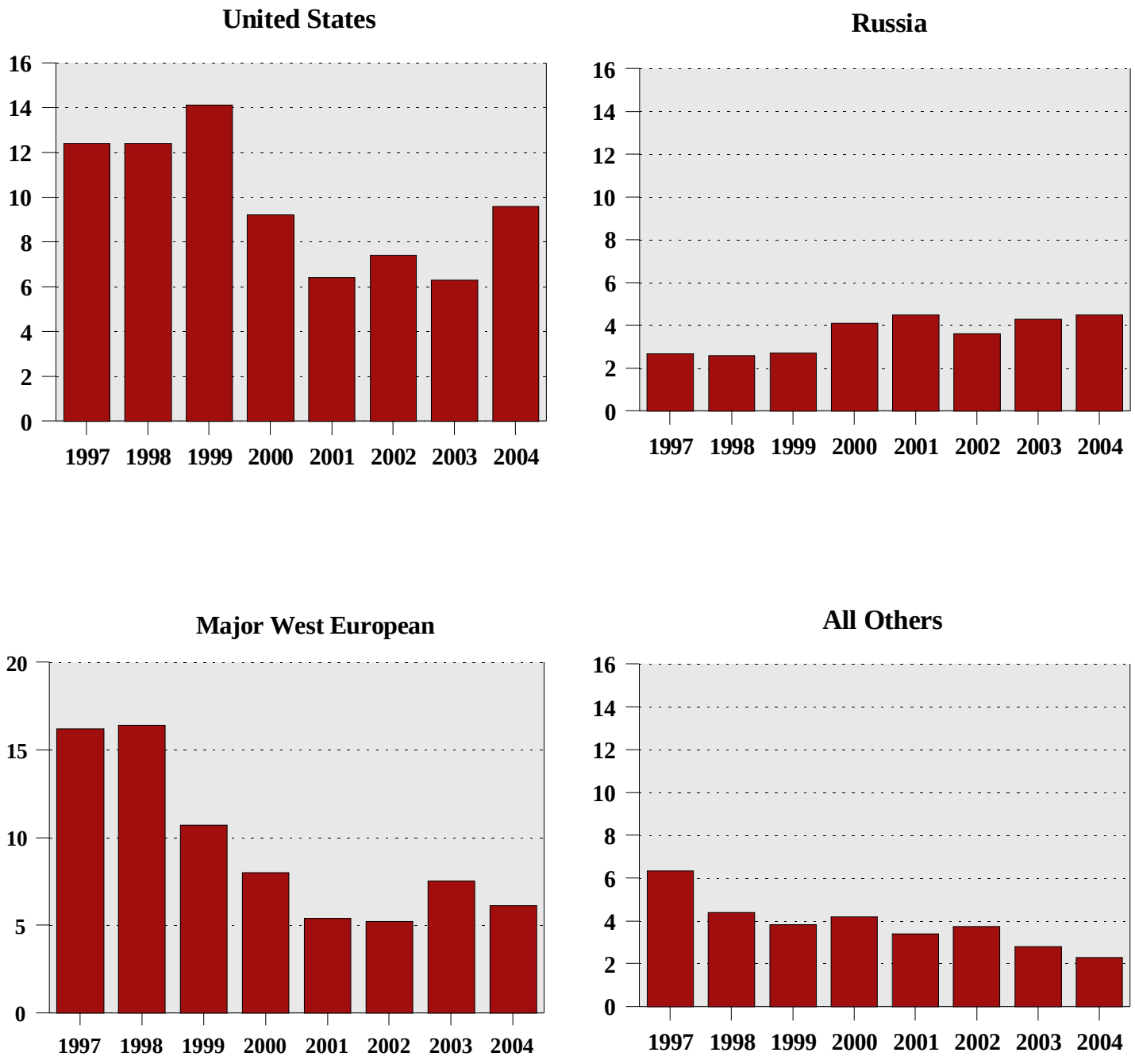
- During the years 1997-2004, arms deliveries to developing nations comprised 68.2% of all arms deliveries worldwide. In 2004, the percentage of arms deliveries to developing nations was 64.6% of all arms deliveries worldwide **(tables 2A and 9A)(figure 2)**.

Chart 7. Arms Deliveries Worldwide 1997-2004
Developed and Developing Worlds Compared



Source: U.S. Government

Chart 8. Arms Deliveries to Developing Countries by Major Supplier, 1997-2004 (in billions of constant 2004 dollars)



Source: U.S. Government

Figure 2. Worldwide Arms Deliveries, 1997-2004 and Suppliers' Share with Developing World (in millions of constant 2004 U.S. dollars)

Supplier	Worldwide Deliveries Value 1997-2000	Percentage of Total to Developing World
United States	76,202	63.20
Russia	14,807	81.10
France	24,969	87.80
United Kingdom	26,295	98.50
China	3,651	90.50
Germany	7,255	28.90
Italy	1,874	69.50
All Other European	15,989	67.70
All Others	10,205	44.90
TOTAL	**181,247**	**71.80**

Supplier	Worldwide Deliveries Value 2001-2004	Percentage of Total to Developing World
United States	53,967	54.90
Russia	17,625	95.70
France	11,626	78.90
United Kingdom	17,149	76.60
China	3,053	93.20
Germany	4,914	27.20
Italy	1,387	38.20
All Other European	11,096	36.30
All Others	10,400	51.60
TOTAL	**131,217**	**63.20**

Supplier	Worldwide Deliveries Value 2004	Percentage of Total to Developing World
United States	18,555	51.50
Russia	4,600	97.80
France	4,400	95.50
United Kingdom	1,900	68.40
China	700	85.70
Germany	900	55.60
Italy	100	100.00
All Other European	1,200	41.70
All Others	2,400	50.00
TOTAL	**34,755**	**64.60**

Source: U.S. Government

Regional Arms Delivery Values, 1997-2004

Table 2C gives the values of arms deliveries by suppliers to individual *regions* of the developing world for the periods 1997-2000 and 2001-2004. These values are expressed in *current* U.S. dollars.[2] **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 1997-2000 and 2001-2004. 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 1997-2000, it accounted for 56.1% of the total value of all developing nations deliveries ($60.6 billion in current dollars). During 2001-2004 the region accounted for 51.8% of all such deliveries ($41.1 billion in current dollars) **(tables 2C and 2D)**.

- For the period 1997-2000, the United States made 63.3% of its developing world arms deliveries to the Near East region. In 2001-2004, the United States made 58.4% of its developing world arms deliveries to the Near East region **(table 2D)**.

- For the period 1997-2000, the United Kingdom made 81.4% of its developing world arms deliveries to the Near East region. In 2001-2004, the United Kingdom made 96% of its developing world arms deliveries to the Near East region **(table 2D)**.

- For the period 1997-2000, 47.6% of France's arms deliveries to the developing world were to the Near East region. In the more recent period, 2001-2004, 91.1% of France's developing world deliveries were to nations of the Near East region **(table 2D)**.

- For the period 1997-2000, Russia made 24.3% of its developing world arms deliveries to the Near East region. In 2001-2004, Russia made 8.1% of such deliveries to the Near East **(table 2D)**.

- In the earlier period, 1997-2000, the United States ranked first in the value of arms deliveries to the Near East with 42.6% ($25.8 billion in current dollars). The United Kingdom ranked second with 25.3% ($15.3 billion in current dollars). France ranked third with 14.5% ($8.8 billion in current dollars). The major West European suppliers, as a group, held 41.6% of this region's delivery values in 1997-2000. In the later period (2001-2004), the United States

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[2] Because these regional data are composed of four-year aggregate dollar totals, they must be expressed in *current* dollar terms.

ranked first in Near East delivery values with 40.4% ($16.6 billion in current dollars). The United Kingdom ranked second with 29% ($11.9 billion in current dollars). France ranked third with 19.7% ($8.1 billion in current dollars).The major West European suppliers, as a group, held 48.7% of this region's delivery values in 2001-2004 **(tables 2C and 2E)**.

Asia.

- The Asia region has historically ranked second in the value of arms deliveries from most suppliers in both time periods. In the earlier period, 1997-2000, 36.8% of all arms deliveries to developing nations were to those in Asia ($39.8 billion in current dollars). In the later period, 2001-2004, Asia accounted for 39.6% of such arms deliveries ($31.4 billion in current dollars). For the period 2001-2004, Russia made 87.6% of its developing world arms deliveries to Asia. Germany made 50% of its developing world deliveries to Asia. China made 63% of its developing world deliveries to Asia, while the United States made 33.8% **(tables 2C and 2D)**.

- In the period from 1997-2000, the United States ranked first in the value of arms deliveries to Asia with 35.4% ($14.1 billion in current dollars). France ranked second with 23.9% ($9.5 billion in current dollars). Russia ranked third with 17.4% ($6.9 billion in current dollars). The major West European suppliers, as a group, held 35.2% of this region's delivery values in 1997-2000 ($14 billion). In the period from 2001-2004, Russia ranked first in Asian delivery values with 44.9% ($14.1 billion in current dollars). The United States ranked second with 30.6% ($9.6 billion in current dollars) **(tables 2C and 2E)**.

Latin America.

- In the earlier period, 1997-2000, the value of all arms deliveries to Latin America was $3.8 billion. The United States ranked first in the value of arms deliveries to Latin America with 37.3% ($1.4 billion in current dollars). Russia and Germany tied for second with 7.8% ($300 million each in current dollars). The major West European suppliers, as a group, held 18.3% of this region's delivery values in 1997-2000. In the later period, 2001-2004, the United States ranked first in Latin American delivery values with 53.7% ($2.1 billion in current dollars). Italy was second with 7.7% ($300 million). The major West European suppliers, as a group, held 10.3% of this region's delivery values in 2001-2004. All other non-European suppliers combined held 20.6% ($800 million). During 2001-2004, the value of all arms deliveries to Latin America was $3.9 billion, essentially the same as the $3.8 billion deliveries total for 1997-2000 **(tables 2C and 2E)**.

Africa.

- In the earlier period, 1997-2000, the value of all arms deliveries to Africa was over $3.9 billion. Russia ranked first in the value of arms deliveries to Africa with 23.1% ($900 million in current dollars). China ranked second with 15.4% ($600 million in current dollars).The non-major West European suppliers, as a group, held 33.4% of this region's delivery values in 1997-2000 ($1.3 billion). The United States held 2.4%. In the later period, 2001-2004, Russia tied for first with Germany in African delivery values with 20.3% each ($600 million each in current dollars). China ranked third with 6.8% ($200 million in current dollars). The United States held 5.2%. The other non-major European suppliers collectively held 23.7% ($700 million in current dollars). All other non-European suppliers collectively held 16.9% ($500 million in current dollars). During the 2001-2004 period, the value of all arms deliveries to Africa decreased from $3.9 billion in 1997-2000 to about $3 billion (in current dollars) **(Tables 2C and 2E)**.

Arms Deliveries to Developing Nations, 1997-2004: Leading Suppliers Compared

Table 2F gives the values of arms deliveries to developing nations from 1997-2004 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 — 1997-2000, 2001-2004 and 1997-2004. 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 2001-2004 ($28.4 billion), and first for the entire period from 1997-2004 ($69.4 billion).

- The United Kingdom ranked third among all suppliers to developing nations in the value of arms deliveries from 2001-2004 ($12.4 billion), and second for the entire period from 1997-2004 ($31.3 billion).

- Russia ranked second among all suppliers to developing nations in the value of arms deliveries from 2001-2004 ($16.1 billion), and fourth for the entire period from 1996-2003 ($26.9 billion).

Arms Deliveries With Developing Nations in 2004: Leading Suppliers Compared

Table 2G ranks and gives for 2004 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 France — the year's top three arms suppliers — ranked by the value of their arms deliveries — collectively made deliveries in 2004 valued at $18.3 billion, 81.3% of all arms deliveries made to developing nations by all suppliers.

- In 2004, the United States ranked first in the value of arms deliveries to developing nations, making $9.6 billion in such agreements, or 42.6% of them.

- Russia ranked second and France third in deliveries to developing nations in 2004, making $4.5 billion and $4.2 billion in such deliveries respectively.

- The United Kingdom ranked fourth in arms deliveries to developing nations in 2004, making $1.3 billion in such deliveries, while China ranked fifth with $600 million in deliveries.

Arms Deliveries to Near East, 1997-2004: Suppliers and Recipients

Table 2H gives the values of arms delivered to Near East nations by suppliers or categories of suppliers for the periods 1997-2000 and 2001-2004. 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, 2001-2004, the principal arms recipients of the United States in the Near East region, based on the value of their arms deliveries were Egypt ($5.3 billion) Saudi Arabia ($4.7 billion), Israel ($3.3 billion), and Kuwait ($1 billion). The principal arms recipients of Russia were Yemen ($400), Egypt and the U.A.E. ($200 million each). The principal arms recipients of China were Egypt ($300 million), Kuwait ($200 million), and Algeria, Iran, and Yemen ($100 million each). The principal arms recipients of the four major West European suppliers, as a group, were Saudi Arabia ($13.9 billion), and the U.A.E. ($5.6 billion). The principal arms recipient of all other European suppliers collectively was Saudi Arabia ($400 million). The principal arms recipients of all other suppliers, as a group, were Iran, Kuwait and Libya ($400 million each).

- For the period 2001-2004, Saudi Arabia received $19 billion in arms deliveries. Its principal suppliers were the United States ($4.7 billion), and the four major West Europeans, as a group ($13.9 billion). Egypt received $5.9 billion in arms deliveries. Its principal supplier was the United States ($5.3 billion). Israel received $3.4 billion in arms deliveries. Its principal supplier was the United States ($3.3 billion). The U.A.E. received $6.8 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group ($5.6 billion), and the United States ($800

million). Kuwait received $1.5 billion in arms deliveries. Its principal supplier was the United States ($1 billion). Iran received $500 million in arms deliveries. Its principal suppliers were Russia and China ($100 million each), all other non-major European suppliers collectively ($100 million), and all other non-European suppliers ($200 million).

- The value of United States arms deliveries to Saudi Arabia declined dramatically from $16 billion in 1997-2000 to $4.7 billion in 2001-2004, as implementation of major orders placed during the Persian Gulf war era were essentially concluded.

- The value of Russian arms deliveries to Iran declined dramatically from the 1997-2000 period to the 2001-2004 period. Russian arms deliveries fell from $1 billion to $100 million.

- Chinese arms deliveries to Iran dropped substantially from 1997-2000 to 2001-2004, falling from $400 million in 1997-2000 to $100 million in 2001-2004.

Arms Deliveries to Developing Nations, 1997-2004: The Leading Recipients

Table 2I gives the values of arms deliveries made to the top ten recipients of arms in the developing world from 1997-2004 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 — 1997-2000, 2001-2004 and 1997-2004. Among the facts reflected in this table are the following:

- Saudi Arabia and China were the top two developing world recipients of arms from 1997-2004, receiving *deliveries* valued at $54.7 billion and $13 billion, respectively, during these years. The total value of all arms deliveries to developing nations from 1997-2004 was $187.2 billion in *current* dollars (see **table 2**). Thus, Saudi Arabia and Taiwan were responsible for 29.2% and 6.9%, respectively, of all developing world deliveries during these eight years — together 36.1% of the total. In the most recent period — 2001-2004 — Saudi Arabia and China ranked first and second in the value of arms received by developing nations ($19 billion and $8.8 billion, respectively, in *current* dollars). Together, Saudi Arabia and China accounted for 35.1% of all developing world arms deliveries ($27.8 billion out of $79.2 billion — the value of all deliveries to developing nations in 2001-2004 (in *current* dollars).

- For the 2001-2004 period, Saudi Arabia alone received $19 billion in arms deliveries (in *current* dollars), or 24% of all deliveries to developing nations during this period.

- During 1997-2000, the top ten recipients collectively accounted for 68.3% of *all* developing world arms deliveries. During 2001-2004, the top ten recipients collectively accounted for 76% of all such deliveries **(tables 2 and 2I)**.

Arms Transfers to Developing Nations in 2004: Agreements With Leading Recipients

Table 2J names the top ten developing world recipients of arms transfer agreements in 2004. The table ranks these recipients on the basis of the total *current* dollar values of their respective agreements with *all* suppliers in 2004. Among the facts reflected in this table are the following:

- The United Arab Emirates (U.A.E.) was the leading recipient of arms deliveries in 2004 among developing nations, receiving $3.6 billion in such deliveries. Saudi Arabia ranked second with $3.2 billion. China ranked third with $2.7 billion **(tables 2 and 2J)**.

- Arms deliveries in 2004 to the top ten developing nation recipients, collectively, constituted $17.7 billion, or 78.8% of all developing nations deliveries. Five of the top ten arms recipients in the developing world in 2004 were in the Asian region; four were in the Near East region; one was in Africa **(tables 2 and 2J)**.

Table 1. Arms Transfer Agreements With Developing Nations, by Supplier, 1997-2004 (in millions of current U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	1997-2004
United States	3,463	5,936	8,020	12,490	6,631	8,564	6,290	6,876	58,270
Russia	3,300	2,100	3,300	6,200	5,400	5,300	4,100	5,900	35,600
France	900	5,300	1,100	2,200	700	400	500	1,000	12,100
United Kingdom	1,000	1,000	1,100	0	200	700	0	3,200	7,200
China	1,300	500	2,500	500	1,000	400	300	600	7,100
Germany	100	1,400	2,000	900	100	100	0	0	4,600
Italy	300	0	500	100	200	0	300	600	2,000
All Other European	1,300	1,400	4,000	1,400	1,000	1,300	2,200	1,300	13,900
All Others	700	1,000	1,600	2,000	1,600	1,300	900	2,300	11,400
TOTAL	**12,363**	**18,636**	**24,120**	**25,790**	**16,831**	**18,064**	**14,590**	**21,776**	**152,170**
*Dollar inflation Index:(2004=1.00)	0.8215	0.8432	0.8632	0.8860	0.9119	0.9382	0.9635	1	

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. *Based on Department of Defense Price Deflator.

Table 1A. Arms Transfer Agreements with Developing Nations, by Supplier, 1997-2004 (in millions of constant 2004 U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL 1997-2004
United States	4,215	7,035	9,291	14,097	7,272	9,128	6,528	6,876	64,442
Russia	4,017	2,489	3,823	6,998	5,922	5,649	4,255	5,900	39,053
France	1,096	6,281	1,274	2,483	768	426	519	1,000	13,847
United Kingdom	1,217	1,185	1,274	0	219	746	0	3,200	7,841
China	1,582	593	2,896	564	1,097	426	311	600	8,069
Germany	122	1,659	2,317	1,016	110	107	0	0	5,331
Italy	365	0	579	113	219	0	311	600	2,187
All Other European	1,582	1,659	4,634	1,580	1,097	1,386	2,283	1,300	15,521
All Others	852	1,185	1,854	2,257	1,755	1,386	934	2,300	12,523
TOTAL	**15,048**	**22,086**	**27,942**	**29,108**	**18,459**	**19,254**	**15,141**	**21,776**	**168,814**

Source: U.S. Government

Table 1B. Arms Transfer Agreements with Developing Nations, by Supplier, 1997-2004 (expressed as a percent of total, by year)

	1997	1998	1999	2000	2001	2002	2003	2004
United States	28.01%	31.85%	33.25%	48.43%	39.40%	47.41%	43.11%	31.58%
Russia	26.69%	11.27%	13.68%	24.04%	32.08%	29.34%	28.10%	27.09%
France	7.28%	28.44%	4.56%	8.53%	4.16%	2.21%	3.43%	4.59%
United Kingdom	8.09%	5.37%	4.56%	0.00%	1.19%	3.88%	0.00%	14.70%
China	10.52%	2.68%	10.36%	1.94%	5.94%	2.21%	2.06%	2.76%
Germany	0.81%	7.51%	8.29%	3.49%	0.59%	0.55%	0.00%	0.00%
Italy	2.43%	0.00%	2.07%	0.39%	1.19%	0.00%	2.06%	2.76%
All Other European	10.52%	7.51%	16.58%	5.43%	5.94%	7.20%	15.08%	5.97%
All Others	5.66%	5.37%	6.63%	7.75%	9.51%	7.20%	6.17%	10.56%
*[Major West European**	*18.60%*	*41.32%*	*19.49%*	*12.41%*	*7.13%*	*6.64%*	*5.48%*	*22.04%]*
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, 1997-2004 (in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1997-00	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**
United States	6,034	7,426	22,577	18,779	1,215	1,995	83	161
Russia	11,400	16,800	2,200	2,600	200	500	900	600
France	3,000	900	5,500	1,600	400	100	0	100
United Kingdom	1,800	2,200	600	1,800	0	0	100	0
China	2,300	1,300	1,500	800	0	0	600	200
Germany	2,500	100	400	100	0	100	0	600
Italy	400	200	100	500	100	200	100	100
All Other European	1,000	2,700	2,700	1,400	900	600	1,300	700
All Others	2,500	3,300	1,400	900	500	1,200	800	500
*[Major West European**	*7,700*	*3,400*	*6,600*	*4,000*	*500*	*400*	*200*	*800]*
TOTAL	**30,934**	**34,926**	**36,977**	**28,479**	**3,315**	**4,695**	**3,883**	**2,961**

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. The United States total for Near East in 1997-2000 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, 1997-2004

	Asia		Near East		Latin America		Africa		TOTAL	
	1997-00	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**
United States	20.17%	26.18%	75.49%	66.21%	4.06%	7.03%	0.28%	0.57%	**100.00%**	**100.00%**
Russia	77.55%	81.95%	14.97%	12.68%	1.36%	2.44%	6.12%	2.93%	**100.00%**	**100.00%**
France	33.71%	33.33%	61.80%	59.26%	4.49%	3.70%	0.00%	3.70%	**100.00%**	**100.00%**
United Kingdom	72.00%	55.00%	24.00%	45.00%	0.00%	0.00%	4.00%	0.00%	**100.00%**	**100.00%**
China	52.27%	56.52%	34.09%	34.78%	0.00%	0.00%	13.64%	8.70%	**100.00%**	**100.00%**
Germany	86.21%	11.11%	13.79%	11.11%	0.00%	11.11%	0.00%	66.67%	**100.00%**	**100.00%**
Italy	57.14%	20.00%	14.29%	50.00%	14.29%	20.00%	14.29%	10.00%	**100.00%**	**100.00%**
All Other European	16.95%	50.00%	45.76%	25.93%	15.25%	11.11%	22.03%	12.96%	**100.00%**	**100.00%**
All Others	48.08%	55.93%	26.92%	15.25%	9.62%	20.34%	15.38%	8.47%	**100.00%**	**100.00%**
*[Major West European**	*51.33%*	*39.53%*	*44.00%*	*46.51%*	*3.33%*	*4.65%*	*1.33%*	*9.30%*	**100.00%**	**100.00%]**
TOTAL	41.19%	49.15%	49.23%	40.08%	4.41%	6.61%	5.17%	4.17%	**100.00%**	**100.00%**

Source: U.S. Government

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

Table 1E. Percentage of Total Agreements Value by Supplier to Regions, 1997-2004

	Asia		Near East		Latin America		Africa	
	1997-00	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**
United States	19.51%	21.26%	61.06%	65.94%	36.65%	42.49%	2.14%	5.44%
Russia	36.85%	48.10%	5.95%	9.13%	6.03%	10.65%	23.18%	20.26%
France	9.70%	2.58%	14.87%	5.62%	12.07%	2.13%	0.00%	3.38%
United Kingdom	5.82%	6.30%	1.62%	6.32%	0.00%	0.00%	2.58%	0.00%
China	7.44%	3.72%	4.06%	2.81%	0.00%	0.00%	15.45%	6.75%
Germany	8.08%	0.29%	1.08%	0.35%	0.00%	2.13%	0.00%	20.26%
Italy	1.29%	0.57%	0.27%	1.76%	3.02%	4.26%	2.58%	3.38%
All Other European	3.23%	7.73%	7.30%	4.92%	27.15%	12.78%	33.48%	23.64%
All Others	8.08%	9.45%	3.79%	3.16%	15.08%	25.56%	20.60%	16.89%
*[Major West European**	*24.89%*	*9.73%*	*17.85%*	*14.05%*	*15.08%*	*8.52%*	*5.15%*	*27.02%]*
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, 1997-2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Agreements Value 1997-2000
1	United States*	29,909
2	Russia	14,900
3	France	9,500
4	China	4,800
5	Germany	4,400
6	United Kingdom	3,100
7	Sweden	2,400
8	Israel	1,700
9	Ukraine	1,300
10	Belarus	1,100
11	North Korea	1,000

Rank	Supplier	Agreements Value 2001-2004
1	United States	28,361
2	Russia	20,700
3	United Kingdom	4,100
4	France	2,600
5	Israel	2,500
6	China	2,300
7	Ukraine	2,000
8	Italy	1,100
9	Netherlands	1,100
10	Poland	900
11	South Africa	600

Rank	Supplier	Agreements Value 1997-2004
1	United States*	58,270
2	Russia	35,600
3	France	12,100
4	United Kingdom	7,200
5	China	7,100
6	Germany	4,600
7	Israel	4,200
8	Ukraine	3,300
9	Sweden	2,400
10	Italy	2,000
11	Belarus	1,300

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual 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 2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Agreements Value 2004
1	United States	6,876
2	Russia	5,900
3	United Kingdom	3,200
4	Israel	1,200
5	France	1,000
6	China	600
7	Italy	600
8	Ukraine	400
9	South Africa	400
10	Netherlands	400
11	Libya	300

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million.
Where rounded data totals are the same, the actual 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
1997-2000							
Algeria	0	600	200	0	500	100	**1,400**
Bahrain	600	0	0	0	0	0	**600**
Egypt	5,500	100	500	100	100	0	**6,300**
Iran	0	400	600	100	0	400	**1,500**
Iraq	0	0	0	0	200	0	**200**
Israel	4,900	0	0	0	0	100	**5,000**
Jordan	200	0	0	300	0	100	**600**
Kuwait	500	0	200	0	0	100	**800**
Lebanon	0	0	0	0	0	0	**0**
Libya	0	100	0	0	200	400	**700**
Morocco	0	0	0	100	300	0	**400**
Oman	0	0	0	300	0	0	**300**
Qatar	0	0	0	0	0	0	**0**
Saudi Arabia	4,100	0	0	0	800	0	**4,900**
Syria	0	300	0	100	100	100	**600**
Tunisia	0	0	0	0	0	0	**0**
U.A.E.	6,800	600	0	5,600	200	100	**13,300**
Yemen	0	0	0	0	200	200	**400**
2001-2004							
Algeria	0	200	0	0	0	100	**300**
Bahrain	300	0	0	100	0	100	**500**
Egypt	5,700	200	300	100	200	0	**6,500**
Iran	0	400	200	0	100	100	**800**
Iraq	0	100	0	300	200	100	**700**
Israel	4,400	300	0	0	100	0	**4,800**
Jordan	900	0	0	0	100	100	**1,100**
Kuwait	1,800	100	200	0	0	200	**2,300**
Lebanon	0	0	0	0	0	0	**0**
Libya	0	100	0	0	0	300	**400**
Morocco	0	200	0	0	0	100	**300**
Oman	1,000	0	0	1,200	0	0	**2,200**
Qatar	0	0	0	0	0	0	**0**
Saudi Arabia	3,800	0	0	1,700	0	100	**5,600**
Syria	0	200	0	0	0	100	**300**
Tunisia	0	0	0	0	0	0	**0**
U.A.E.**	700	100	0	500	400	0	**1,700**
Yemen	0	600	100	0	100	100	**900**

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 1997-2000 includes a $6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

Table 1I. Arms Transfer Agreements of Developing Nations, 1997-2004: Agreements by the Leading Recipients (in millions of current U.S. dollars)

Rank	Recipient	Agreements Value 1997-2000
1	U.A.E.*	13,300
2	India	7,800
3	Egypt	6,300
4	South Africa	5,100
5	Israel	5,000
6	Saudi Arabia	4,900
7	China	4,900
8	South Korea	4,900
9	Singapore	3,000
10	Malaysia	2,500
Rank	**Recipient**	**Agreements Value 2001-2004**
1	China	10,400
2	India	7,900
3	Egypt	6,500
4	Saudi Arabia	5,600
5	Israel	4,800
6	South Korea	3,300
7	Malaysia	2,900
8	Pakistan	2,500
9	Kuwait	2,300
10	Oman	2,200
Rank	**Recipient**	**Agreements Value 1997-2004**
1	India	15,700
2	China	15,300
3	U.A.E.*	15,000
4	Egypt	12,800
5	Saudi Arabia	10,500
6	Israel	9,800
7	South Korea	8,200
8	Malaysia	5,400
9	South Africa	5,300
10	Pakistan	4,300

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual 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 2004: Agreements by Leading Recipients (in millions of current U.S. dollars)

Rank	Recipient	Agreements Value 2004
1	India	5,700
2	Saudi Arabia	2,900
3	China	2,200
4	Egypt	1,700
5	Oman	1,000
6	Israel	900
7	Pakistan	800
8	Taiwan	600
9	Afghanistan	500
10	U.A.E.	500

Source: U.S. Government

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

Table 2. Arms Deliveries to Developing Nations, by Supplier, 1997-2004 (in millions of current U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL 1997-2004
United States	10,170	10,450	12,213	8,164	5,851	6,926	6,035	9,557	69,366
Russia	2,200	2,300	2,700	3,600	4,100	3,400	4,100	4,500	26,900
France	6,100	7,000	3,500	1,900	900	1,400	2,400	4,200	27,400
United Kingdom	6,400	3,300	4,500	4,700	3,700	3,400	4,000	1,300	31,300
China	1,100	600	400	700	700	800	600	600	5,500
Germany	400	200	700	500	100	0	700	500	3,100
Italy	400	200	500	0	200	100	100	100	1,600
All Other European	3,000	2,100	2,100	2,000	1,100	1,200	1,000	500	13,000
All Others	1,100	1,000	800	1,000	1,300	1,500	1,100	1,200	9,000
TOTAL	**30,870**	**27,150**	**27,413**	**22,564**	**17,951**	**18,726**	**20,035**	**22,457**	**187,166**
Dollar inflation index: (2004=1.00)*	0.8215	0.8438	0.8632	0.8860	0.9119	0.9382	0.9635	1	

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, and commercially licensed deliveries, 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, 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. *Based on Department of Defense Price Deflator.

Table 2A. Arms Deliveries to Developing Nations, by Supplier, 1997-2004 (in millions of constant 2004 U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL 1997-2004
United States	12,380	12,384	14,149	9,214	6,416	7,382	6,264	9,557	77,746
Russia	2,678	2,607	2,665	4,063	4,496	3,624	4,255	4,500	28,888
France	7,425	8,296	4,055	2,144	987	1,492	2,491	4,200	31,090
United Kingdom	7,791	7,585	5,213	5,305	4,057	3,624	4,152	1,300	39,027
China	1,339	711	463	790	768	853	623	600	6,147
Germany	487	237	811	564	110	0	727	500	3,436
Italy	487	237	579	0	219	107	104	100	1,833
All Other European	3,652	2,489	2,433	2,257	1,206	1,279	1,038	500	14,854
All Others	1,339	1,185	927	1,129	1,426	1,599	1,142	1,200	9,947
TOTAL	**37,578**	**35,731**	**31,295**	**25,466**	**19,685**	**19,960**	**20,796**	**22,457**	**212,968**

Source: U.S. Government

Table 2B. Arms Deliveries to Developing Nations, by Supplier, 1997-2004 (expressed as a percent of total, by year)

	1997	1998	1999	2000	2001	2002	2003	2004
United States	32.94%	38.49%	44.55%	36.18%	32.59%	36.99%	30.12%	42.56%
Russia	7.13%	8.47%	9.85%	15.95%	22.84%	18.16%	20.46%	20.04%
France	19.76%	25.78%	12.77%	8.42%	5.01%	7.48%	11.98%	18.70%
United Kingdom	20.73%	12.15%	16.42%	20.83%	20.61%	18.16%	19.97%	5.79%
China	3.56%	2.21%	1.46%	3.10%	3.90%	4.27%	2.99%	2.67%
Germany	1.30%	0.74%	2.55%	2.22%	0.56%	0.00%	3.49%	2.23%
Italy	1.30%	0.74%	1.82%	0.00%	1.11%	0.53%	0.50%	0.45%
All Other European	9.72%	7.73%	7.66%	8.86%	6.13%	6.41%	4.99%	2.23%
All Others	3.56%	3.68%	2.92%	4.43%	7.24%	8.01%	5.49%	5.34%
*[Major West European**	*43.08%*	*39.41%*	*33.56%*	*31.47%*	*27.30%*	*26.17%*	*35.94%*	*27.16%]*
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, 1997-2004 (in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1997-00	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**
United States	14,072	9,604	25,796	16,606	1,426	2,084	95	152
Russia	6,900	14,100	2,600	1,300	300	100	900	600
France	9,500	600	8,800	8,100	200	100	0	100
United Kingdom	3,200	500	15,300	11,900	200	0	100	0
China	1,400	1,700	800	800	100	0	600	200
Germany	500	600	1,000	0	300	0	0	600
Italy	800	100	100	0	0	300	100	100
All Other European	1,600	1,400	5,200	1,400	1,000	500	1,300	700
All Others	1,800	2,800	1,000	1,000	300	800	800	500
*[Major West European**	*14,000*	*1,800*	*25,200*	*20,000*	*700*	*400*	*200*	*800]*
TOTAL	**39,772**	**31,404**	**60,596**	**41,106**	**3,826**	**3,884**	**3,895**	**2,952**

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, 1997-2004

	Asia		Near East		Latin America		Africa		TOTAL	TOTAL
	1997-00	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**
United States	34.00%	33.76%	62.33%	58.38%	3.45%	7.33%	0.23%	0.53%	**100.00%**	**100.00%**
Russia	64.49%	87.58%	24.30%	8.07%	2.80%	0.62%	8.41%	3.73%	**100.00%**	**100.00%**
France	51.35%	6.74%	47.57%	91.01%	1.08%	1.12%	0.00%	1.12%	**100.00%**	**100.00%**
United Kingdom	17.02%	4.03%	81.38%	95.97%	1.06%	0.00%	0.53%	0.00%	**100.00%**	**100.00%**
China	48.28%	62.96%	27.59%	29.63%	3.45%	0.00%	20.69%	7.41%	**100.00%**	**100.00%**
Germany	27.78%	50.00%	55.56%	0.00%	16.67%	0.00%	0.00%	50.00%	**100.00%**	**100.00%**
Italy	80.00%	20.00%	10.00%	0.00%	0.00%	60.00%	10.00%	20.00%	**100.00%**	**100.00%**
All Other European	17.58%	35.00%	57.14%	35.00%	10.99%	12.50%	14.29%	17.50%	**100.00%**	**100.00%**
All Others	46.15%	54.90%	25.64%	19.61%	7.69%	15.69%	20.51%	9.80%	**100.00%**	**100.00%**
*[Major West European**	*34.91%*	*7.83%*	*62.84%*	*86.96%*	*1.75%*	*1.74%*	*0.50%*	*3.48%*	**100.00%**	**100.00%**
TOTAL	36.80%	39.58%	56.06%	51.81%	3.54%	4.90%	3.60%	3.72%	**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, 1997-2004

	Asia		Near East		Latin America		Africa	
	1997-00	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**	**1997-00**	**2001-04**
United States	35.38%	30.58%	42.57%	40.40%	37.27%	53.66%	2.44%	5.15%
Russia	17.35%	44.90%	4.29%	3.16%	7.84%	2.57%	23.11%	20.33%
France	23.89%	1.91%	14.52%	19.71%	5.23%	2.57%	0.00%	3.39%
United Kingdom	8.05%	1.59%	25.25%	28.95%	5.23%	0.00%	2.57%	0.00%
China	3.52%	5.41%	1.32%	1.95%	2.61%	0.00%	15.40%	6.78%
Germany	1.26%	1.91%	1.65%	0.00%	7.84%	0.00%	0.00%	20.33%
Italy	2.01%	0.32%	0.17%	0.00%	0.00%	7.72%	2.57%	3.39%
All Other European	4.02%	4.46%	8.58%	3.41%	26.14%	12.87%	33.38%	23.71%
All Others	4.53%	8.92%	1.65%	2.43%	7.84%	20.60%	20.54%	16.94%
*[Major West European**	*35.20%*	*5.73%*	*41.59%*	*48.65%*	*18.30%*	*10.30%*	*5.13%*	*27.10%]*
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, 1997-2004
Leading Suppliers Compared
(in millions of current U.S. dollars)

Rank	Supplier	Deliveries Value 1997-2000
1	United States	40,997
2	United Kingdom	18,900
3	France	18,500
4	Russia	10,800
5	China	2,800
6	Sweden	2,400
7	Germany	1,800
8	Ukraine	1,800
9	Belarus	1,400
10	Israel	1,100
11	Italy	1,100
Rank	**Supplier**	**Deliveries Value 2001-2004**
1	United States	28,369
2	Russia	16,100
3	United Kingdom	12,400
4	France	8,900
5	China	2,700
6	Israel	1,800
7	Germany	1,300
8	Ukraine	1,200
9	Brazil	500
10	North Korea	500
11	Italy	500
Rank	**Supplier**	**Deliveries Value 1997-2004**
1	United States	69,366
2	United Kingdom	31,300
3	France	27,400
4	Russia	26,900
5	China	5,500
6	Germany	3,100
7	Ukraine	3,000
8	Israel	2,900
9	Sweden	2,700
10	Belarus	1,600
11	Italy	1,600

Source: U.S. Government
Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual rank order is maintained.

Table 2G. Arms Deliveries to Developing Nations in 2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Deliveries Value 2004
1	United States	9,557
2	Russia	4,500
3	France	4,200
4	United Kingdom	1,300
5	China	600
6	Germany	500
7	Libya	300
8	Ukraine	300
9	Brazil	300
10	Israel	300

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual 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
1997-2000							
Algeria	0	500	100	0	700	100	**1,400**
Bahrain	600	0	0	0	0	0	**600**
Egypt	3,200	400	0	100	0	100	**3,800**
Iran	0	1,000	400	100	300	100	**1,900**
Iraq	0	0	0	0	0	0	**0**
Israel	3,800	0	0	1,000	0	200	**5,000**
Jordan	300	0	0	0	0	200	**500**
Kuwait	1,400	0	200	1,200	100	0	**2,900**
Lebanon	100	0	0	100	0	0	**200**
Libya	0	0	0	0	100	100	**200**
Morocco	100	0	0	100	200	200	**600**
Oman	0	0	0	200	0	0	**200**
Qatar	0	0	0	1,800	0	0	**1,800**
Saudi Arabia	16,000	0	0	17,100	2,600	0	**35,700**
Syria	0	300	0	100	0	100	**500**
Tunisia	100	0	0	0	0	0	**100**
U.A.E.	200	400	0	3,400	800	0	**4,800**
Yemen	0	0	0	100	200	100	**400**
2001-2004							
Algeria	100	100	100	0	100	0	**400**
Bahrain	300	0	0	0	0	0	**300**
Egypt	5,300	200	300	100	0	0	**5,900**
Iran	0	100	100	0	100	200	**500**
Iraq	0	0	0	0	100	100	**200**
Israel	3,300	0	0	0	100	0	**3,400**
Jordan	300	0	0	100	100	0	**500**
Kuwait	1,000	100	200	0	0	200	**1,500**
Lebanon	0	0	0	0	0	0	**0**
Libya	0	100	0	0	100	200	**400**
Morocco	100	0	0	100	0	100	**300**
Oman	100	0	0	100	0	100	**300**
Qatar	0	0	0	0	0	0	**0**
Saudi Arabia	4,700	0	0	13,900	400	0	**19,000**
Syria	0	100	0	0	100	100	**300**
Tunisia	0	0	0	0	0	0	**0**
U.A.E.	800	200	0	5,600	200	0	**6,800**
Yemen	0	400	100	100	100	0	**700**

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, 1997-2004: The Leading Recipients

(in millions of current U.S. dollars)

Rank	Recipient	Deliveries Value 1997-2000
1	Saudi Arabia	35,700
2	Taiwan	7,300
3	South Korea	5,100
4	Israel	5,000
5	U.A.E.	4,800
6	China	4,200
7	Egypt	3,800
8	Kuwait	2,900
9	Pakistan	2,800
10	India	2,200
Rank	**Recipient**	**Deliveries Value 2001-2004**
1	Saudi Arabia	19,000
2	China	8,800
3	U.A.E.	6,800
4	India	6,000
5	Egypt	5,900
6	Taiwan	3,900
7	Israel	3,400
8	South Korea	2,600
9	Pakistan	2,400
10	Malaysia	1,400
Rank	**Recipient**	**Deliveries Value 1997-2004**
1	Saudi Arabia	54,700
2	China	13,000
3	U.A.E.	11,600
4	Taiwan	11,200
5	Egypt	9,700
6	Israel	8,400
7	India	8,200
8	Pakistan	8,200
9	South Korea	7,700
10	Malaysia	3,000

Source: U.S. Government

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

Table 2J. Arms Deliveries to Developing Nations in 2004: The Leading Recipients (in millions of current U.S. dollars)

Rank	Recipient	Deliveries Value 2004
1	U.A.E.	3,600
2	Saudi Arabia	3,200
3	China	2,700
4	India	1,700
5	Egypt	1,700
6	Israel	1,500
7	Taiwan	1,100
8	Pakistan	900
9	South Korea	800
10	South Africa	500

Source: U.S. Government

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

Selected Weapons Deliveries to Developing Nations, 1997-2004

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 1997-2004 by the United States, Russia, China, the four major West European suppliers as a group, all other European suppliers as a group, and all other suppliers as a group **(tables 3-7)**.

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

Regional Weapons Deliveries Summary, 2001-2004

- The regional weapons delivery data collectively show that the United States was a leading supplier of several major classes of conventional weaponry from 2001-2004. Russia also transferred significant quantities of certain weapons classes during these years.

- The major West European suppliers were serious competitors in weapons deliveries from 2001-2004 making notable deliveries of certain categories of armaments to every region of the developing world — most particularly to the Near East, Asia, and to Latin America. In Africa, all European suppliers, China and all other non-European suppliers were major sources of weapons delivered.

- Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though the United States, Russia, and the four major West European suppliers tend to dominate the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers, and non-European suppliers, including China, are fully capable of providing specific classes of conventional armaments, such as tanks, missiles, armored vehicles, aircraft, artillery pieces, and the various missile categories, surface-to-surface, surface-to-air,

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

Noteworthy deliveries of specific categories of weapons to regions of the developing world by specific suppliers from **2001-2004** included the following:

Asia.

Russia delivered 370 tanks and self-propelled guns, 300 APCs and armored cars, 4 major surface combatants, 2 minor surface combatants, 1 submarine, 240 supersonic combat aircraft, 200 helicopters, 770 surface-to-air missiles, and 70 anti-ship missiles. The **United States** delivered 32 tanks and self-propelled guns, 91 artillery pieces, 6 major surface combatants, 2 minor surface combatants; 8 supersonic combat aircraft, 65 helicopters, 2,267 surface-to-air missiles, and 198 anti-ship missiles. **China** delivered 130 tanks and self-propelled guns, 300 artillery pieces, 310 APCs and armored cars, 10 minor surface combatants, 50 supersonic combat aircraft, and 500 surface-to-air missiles. The four **major West European suppliers** as a group delivered 1 major surface combatant, 7 minor surface combatants, 10 supersonic combat aircraft; and 20 helicopters. **All other European suppliers** collectively delivered 110 tanks and self-propelled guns, 260 APCs and armored cars, 1 major surface combatant, 24 minor surface combatants, 3 submarines, 10 helicopters, and 70 surface-to-air missiles. **All other non-European suppliers** collectively delivered 90 artillery pieces, 100 APCs and armored cars, 2 major surface combatants, 14 minor surface combatants, 40 supersonic combat aircraft, and 510 surface-to-air missiles.

Near East.

Russia delivered 190 APCs and armored cars, 30 supersonic combat aircraft, 60 helicopters, and 1,000 surface-to-air missiles. The **United States** delivered 401 tanks and self-propelled guns, 36 APCs and armored cars, 31 supersonic combat aircraft, 12 helicopters, 347 surface-to-air missiles, and 122 anti-ship missiles. **China** delivered 40 APCs and armored cars, 5 minor surface combatants, and 70 anti-ship missiles. The four **major West European suppliers** collectively delivered 300 tanks and self-propelled guns, 30 APCs and armored cars; 5 major surface combatants, 26 minor surface combatants, 5 guided missile boats, 30 supersonic combat aircraft; and 20 helicopters. **All other European suppliers** as a group delivered 270 tanks and self-propelled guns, 130 APCs and armored cars, 1 major surface combatant, 28 minor surface combatants, 10 supersonic combat aircraft, and 540 surface-to-air missiles. **All other suppliers** collectively delivered 270 APCs and armored cars, 80 minor surface combatants, 20 helicopters, 40 surface-to-surface missiles, and 20 anti-ship missiles.

Latin America.

Russia delivered 10 helicopters, and 30 surface-to-air missiles. The **United States** delivered 15 artillery pieces, 2 major surface combatants, 9 minor surface combatants; 4 supersonic combat aircraft, 14 helicopters, 22 surface-to-air missiles, and 16 anti-ship missiles. **China** delivered 10 minor surface combatants. The four **major West European suppliers** collectively delivered 3 major surface combatants, 1 minor surface combatant, and 10 helicopters. **All other European suppliers** collectively delivered 30 tanks and self-propelled guns, 10 helicopters, and 40 surface-to-air missiles. **All other non-European suppliers** as a group delivered 20 artillery pieces, 2 minor surface combatants, 10 helicopters, 40 surface-to-air missiles, and 30 anti-ship missiles.

Africa.

Russia delivered 10 tanks and self-propelled guns, 30 artillery pieces, 130 APCs and armored cars; 2 minor surface combatants, 60 helicopters, and 40 surface-to-air missiles. **China** delivered 21 minor surface combatants. The four **major West European suppliers** collectively delivered 50 APCs and armored cars; 4 major surface combatants, 6 minor surface combatants, and 10 helicopters. **All other European suppliers** collectively delivered 10 tanks and self-propelled guns, 800 artillery pieces, 370 APCs and armored cars, 4 minor surface combatants, 20 supersonic combat aircraft, 20 helicopters, and 20 surface-to-air missiles. **All other non-European suppliers** as a group delivered 50 tanks and self-propelled guns, 40 artillery pieces, 140 APCs and armored cars, 1 major surface combatant; 14 minor surface combatants, 10 supersonic combat aircraft, and 60 helicopters.

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

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1997-2000						
Tanks and Self-Propelled Guns	1,202	400	300	360	1,580	170
Artillery	180	520	230	50	640	1,360
APCs and Armored Cars	1,061	820	120	510	1,130	620
Major Surface Combatants	9	2	1	9	11	2
Minor Surface Combatants	3	5	21	38	99	58
Guided Missile Boats	0	0	3	18	0	2
Submarines	0	5	0	9	1	2
Supersonic Combat Aircraft	391	160	70	110	90	70
Subsonic Combat Aircraft	2	10	0	60	30	30
Other Aircraft	58	50	70	70	130	110
Helicopters	170	270	0	60	130	40
Surface-to-Air Missiles	1,111	1,510	850	1,760	1,290	820
Surface-to-Surface Missiles	0	0	0	0	0	20
Anti-Ship Missiles	247	200	160	320	0	20
2001-2004						
Tanks and Self-Propelled Guns	200	390	130	300	420	50
Artillery	175	40	320	100	920	150
APCs and Armored Cars	57	620	350	100	760	510
Major Surface Combatants	10	4	0	13	2	3
Minor Surface Combatants	15	4	46	40	56	110
Guided Missile Boats	0	0	0	5	0	0
Submarines	0	0	0	0	3	0
Supersonic Combat Aircraft	43	300	50	40	30	50
Subsonic Combat Aircraft	15	10	0	20	10	0
Other Aircraft	31	0	100	120	100	140
Helicopters	91	330	0	60	40	100
Surface-to-Air Missiles	2,636	1,840	500	10	670	550
Surface-to-Surface Missiles	0	0	0	0	0	40
Anti-Ship Missiles	336	70	80	10	0	50

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 Major Suppliers to Asia and the Pacific

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1997-2000						
Tanks and Self-Propelled Guns	369	30	100	0	330	20
Artillery	160	0	180	0	30	930
APCs and Armored Cars	28	70	120	120	70	100
Major Surface Combatants	7	2	1	7	1	2
Minor Surface Combatants	0	5	16	10	6	50
Guided Missile Boats	0	0	2	0	0	0
Submarines	0	4	0	4	1	2
Supersonic Combat Aircraft	279	100	50	80	0	50
Subsonic Combat Aircraft	0	0	0	50	10	0
Other Aircraft	12	20	30	10	30	50
Helicopters	62	110	0	10	10	0
Surface-to-Air Missiles	522	1,510	380	1,650	100	50
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	181	170	60	130	0	10
2001-2004						
Tanks and Self-Propelled Guns	32	370	130	0	110	0
Artillery	91	10	300	10	90	90
APCs and Armored Cars	20	300	310	20	260	100
Major Surface Combatants	6	4	0	1	1	2
Minor Surface Combatants	2	2	10	7	24	14
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	3	0
Supersonic Combat Aircraft	8	240	50	10	0	40
Subsonic Combat Aircraft	15	0	0	20	0	0
Other Aircraft	8	0	20	0	40	50
Helicopters	65	200	0	20	10	10
Surface-to-Air Missiles	2,267	770	500	0	70	510
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	198	70	10	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 Major Suppliers to Near East

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1997-2000						
Tanks and Self-Propelled Guns	111	350	0	280	260	30
Artillery	6	20	30	10	110	0
APCs and Armored Cars	1,019	580	0	250	570	40
Major Surface Combatants	0	0	0	1	2	0
Minor Surface Combatants	1	0	0	18	0	3
Guided Missile Boats	0	0	1	12	0	0
Submarines	0	1	0	3	0	0
Supersonic Combat Aircraft	112	20	0	30	40	0
Subsonic Combat Aircraft	0	0	0	10	0	0
Other Aircraft	21	10	20	20	40	10
Helicopters	56	40	0	30	20	10
Surface-to-Air Missiles	589	0	300	0	0	0
Surface-to-Surface Missiles	0	0	0	0	0	20
Anti-Ship Missiles	57	30	100	160	0	0
2001-2004						
Tanks and Self-Propelled Guns	401	10	0	300	270	0
Artillery	69	0	20	70	30	0
APCs and Armored Cars	36	190	40	30	130	270
Major Surface Combatants	2	0	0	5	1	0
Minor Surface Combatants	4	0	5	26	28	80
Guided Missile Boats	0	0	0	5	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	31	30	0	30	10	0
Subsonic Combat Aircraft	0	10	0	0	0	0
Other Aircraft	22	0	60	90	50	60
Helicopters	12	60	0	20	0	20
Surface-to-Air Missiles	347	1,000	0	0	540	0
Surface-to-Surface Missiles	0	0	0	0	0	40
Anti-Ship Missiles	122	0	70	0	0	20

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 theses two weapons delivery categories are not necessarily definitive.

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

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1997-2000						
Tanks and Self-Propelled Guns	0	0	0	80	360	20
Artillery	14	0	0	40	100	30
APCs and Armored Cars	14	30	0	140	40	0
Major Surface Combatants	2	0	0	1	8	0
Minor Surface Combatants	0	0	0	2	71	0
Guided Missile Boats	0	0	0	6	0	2
Submarines	0	0	0	2	0	0
Supersonic Combat Aircraft	0	0	0	0	10	0
Subsonic Combat Aircraft	2	0	0	0	20	20
Other Aircraft	17	20	0	30	50	30
Helicopters	52	80	0	20	40	0
Surface-to-Air Missiles	0	0	170	110	780	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	9	0	0	30	0	10
2001-2004						
Tanks and Self-Propelled Guns	0	0	0	0	30	0
Artillery	15	0	0	0	0	20
APCs and Armored Cars	1	0	0	0	0	0
Major Surface Combatants	2	0	0	3	0	0
Minor Surface Combatants	9	0	10	1	0	2
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	4	0	0	0	0	0
Subsonic Combat Aircraft	0	0	0	0	0	0
Other Aircraft	1	0	0	20	0	20
Helicopters	14	10	0	10	10	10
Surface-to-Air Missiles	22	30	0	10	40	40
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	16	0	0	0	0	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 theses two weapons delivery categories are not necessarily definitive.

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

Weapons Category	U.S.	Russia	China	Major West European	All Other European	All Others
1997-2000						
Tanks and Self-Propelled Guns	0	20	200	0	630	100
Artillery	0	500	20	0	400	400
APCs and Armored Cars	0	140	0	0	450	480
Major Surface Combatants	0	0	0	0	0	0
Minor Surface Combatants	2	0	5	8	22	5
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	40	20	0	40	20
Subsonic Combat Aircraft	0	10	0	0	0	10
Other Aircraft	8	0	20	10	10	20
Helicopters	0	40	0	0	60	30
Surface-to-Air Missiles	0	0	0	0	410	770
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	0	0	0
2001-2004						
Tanks and Self-Propelled Guns	0	10	0	0	10	50
Artillery	0	30	0	20	800	40
APCs and Armored Cars	0	130	0	50	370	140
Major Surface Combatants	0	0	0	4	0	1
Minor Surface Combatants	0	2	21	6	4	14
Guided Missile Boats	0	0	0	0	0	0
Submarines	0	0	0	0	0	0
Supersonic Combat Aircraft	0	30	0	0	20	10
Subsonic Combat Aircraft	0	0	0	0	10	0
Other Aircraft	0	0	20	10	10	10
Helicopters	0	60	0	10	20	60
Surface-to-Air Missiles	0	40	0	0	20	0
Surface-to-Surface Missiles	0	0	0	0	0	0
Anti-Ship Missiles	0	0	0	0	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, 1997-2004

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 1997-2004 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 1997-2000, 2001-2004, and 2004. 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, 1997-2004

Table 8 shows the annual *current* dollar values of arms transfer agreements worldwide. Since these figures do not allow for the effects of inflation, they are, by themselves, of limited use. They provide, however, the data from which **tables 8A** (constant dollars) **and 8B** (supplier percentages) are derived. Some of the more notable facts reflected by these data are summarized below. Unless otherwise noted, dollar values are expressed in *constant* 2004 U.S. dollars.

- The United States ranked first among all suppliers to the world in the value of arms transfer agreements from 2001-2004, and first for the entire period from 1997-2004 **(figure 1) (table 8C)**.

- Russia ranked second among all suppliers to the world in the value of arms transfer agreements from 2001-2004, and second from 1997-2004.

- France ranked third among all suppliers to the world in the value of arms transfer agreements from 2001-2004, and third from 1997-2004.

- In 2004, the value of all arms transfer agreements worldwide was $37 billion. This is the highest total for worldwide arms transfer agreements, in real terms, for any year since 2000.

- In 2004, the United States was the leader in arms transfer agreements with the world, making $12.4 billion in such agreements, or 33.5% of all arms transfer agreements. Russia ranked second with $6.1 billion in arms transfer agreements, or 16.5% of all arms transfer agreements. The United Kingdom ranked third with $5.5 billion. United States arms transfer agreements fell from $15.1 billion in 2003 to $12.4 billion in 2004. The U.S. share of agreements fell from 53% to 33.5%, the lowest U.S. worldwide arms market share since 1998. Russia's worldwide arms transfer agreements rose from $4.4 billion in 2003 to $6.1 billion in 2004 (**table 8A**)**(table 8B)**(**table 8D**).

- The United States, Russia, and the United Kingdom — the top three arms suppliers to the world in 2004 — respectively (ranked by the value of their arms transfer agreements) collectively made agreements in 2004 valued at nearly $24 billion, 64.9% of all arms transfer agreements made with the world by all suppliers (**table 8D**).

- The total value of all arms transfer agreements worldwide from 2001-2004 ($130.2 billion) was lower than the value of arms transfer agreements by all suppliers worldwide from 1997-2000 ($139.2 billion), a decline of 6.5% **(figure 1)**.

- During the period from 1997-2000, developing world nations accounted for 67.7% of all arms transfer agreements made worldwide. During 2001-2004, developing world nations accounted for 57.3% of all agreements made worldwide **(figure 1)**.

- In 2004, developing nations were recipients of 58.9% of all arms transfer agreements made worldwide **(figure 1)**.

Total Worldwide Delivery Values 1997-2004

Table 9 shows the annual *current* dollar values of arms deliveries (items actually transferred) worldwide by major suppliers from 1997-2004. The utility of these data is that they reflect transfers that have occurred. They provide the data from which **tables 9A** (constant dollars) **and 9B** (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below. Unless otherwise noted the dollar values are expressed in *constant* 2004 U.S. dollars.

- In 2004, the United States ranked first in the value of arms deliveries worldwide, making nearly $18.6 billion in such deliveries. This is the eighth year in a row that United States has led in such deliveries. The U.S. total, however, is a significant increase from 2003 when its delivery values totaled over $13.8 billion (**figure 2) (table 9A)(table 9D**).

- Russia ranked second in arms deliveries worldwide in 2004, making $4.6 billion in such deliveries.

- France ranked third in arms deliveries worldwide in 2004, making $4.4 billion in such deliveries.

- In 2004, the top three suppliers of arms to the world, the United States, Russia, and France collectively delivered $27.6 billion, 79.3% of all arms deliveries made worldwide by all suppliers **(table 9D)**.

- The U.S. share of all arms deliveries worldwide in 2004 was 53.4%, up significantly from its 38.8% share in 2003, and the largest percentage share of global arms deliveries for the entire period from 1997-2004. Russia's share in 2004 was 13.2%, up from 12.2% in 2003. France's share of world arms deliveries in 2004 was 12.7%, up from 8.5% in 2003 **(table 9B)**.

- In 2004, the value of all arms deliveries worldwide was $34.8 billion, a slight decline in the total value of deliveries from 2003 ($35.6 billion in constant 2004 dollars). **(chart 7) (table 9A)**.

- During the period from 1997-2000, developing world nations accounted for 71.8% of all arms deliveries received worldwide. During 2001-2004, developing world nations accounted for 63.2% of all deliveries worldwide **(figure 2)**.

- In 2004, developing nations as recipients of arms accounted for 64.6% of all arms deliveries received worldwide **(figure 2)**.

- The total value of all arms deliveries by all suppliers worldwide from 2001-2004 ($131.2 billion) was a significant decrease from the value of arms deliveries by all suppliers worldwide from 1997-2000 ($181.2 billion in constant 2004 dollars), a decline of 27.6% **(figure 2)(table 9A)**.

Table 8. Arms Transfer Agreements with the World, by Supplier, 1997-2004 (in millions of current U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL 1997-2004
United States	7,069	9,555	11,805	17,705	11,639	13,175	14,570	12,391	97,909
Russia	3,500	2,500	4,200	6,300	5,500	5,700	4,200	6,100	38,000
France	1,300	6,100	1,700	4,300	4,000	1,200	600	4,800	24,000
United Kingdom	1,000	2,000	1,400	600	500	700	300	5,500	12,000
China	1,300	700	3,100	500	1,000	400	300	600	7,900
Germany	600	5,000	4,400	1,200	1,200	900	2,700	200	16,200
Italy	300	600	700	200	1,100	300	600	600	4,400
All Other European	1,600	1,900	5,800	4,200	3,200	4,400	2,900	4,300	28,300
All Others	800	1,300	2,000	2,300	2,500	2,400	1,300	2,500	15,100
TOTAL	**17,469**	**29,655**	**35,105**	**37,305**	**30,639**	**29,175**	**27,470**	**36,991**	**243,809**
Dollar inflation index: (2004=1.00)*	0.8215	0.8438	0.8632	0.8860	0.9119	0.9382	0.9635	1	

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. *Based on Department of Defense Price Deflator.

Table 8A. Arms Transfer Agreements with the World, by Supplier, 1997-2004 (in millions of constant 2004 U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL 1997-2004
United States	8,605	11,324	13,676	19,983	12,763	14,043	15,122	12,391	107,907
Russia	4,260	2,963	4,866	7,111	6,031	6,075	4,359	6,100	41,765
France	1,582	7,229	1,969	4,853	4,386	1,279	623	4,800	26,721
United Kingdom	1,217	2,370	1,622	677	548	746	311	5,500	12,991
China	1,582	830	3,591	564	1,097	426	311	600	9,001
Germany	730	5,926	5,097	1,354	1,316	959	2,802	200	18,384
Italy	365	711	811	226	1,206	320	623	600	4,862
All Other European	1,948	2,252	6,719	4,740	3,509	4,690	3,010	4,300	31,168
All Others	974	1,541	2,317	2,596	2,742	2,558	1,349	2,500	16,577
TOTAL	**21,263**	**35,146**	**40,668**	**42,104**	**33,598**	**31,099**	**28,510**	**36,991**	**269,376**

Source: U.S. Government

Table 8B. Arms Transfer Agreements with the World, by Supplier, 1997-2004 (expressed as a percent of total, by year)

	1997	1998	1999	2000	2001	2002	2003	2004
United States	40.47%	32.22%	33.63%	47.46%	37.99%	45.16%	53.04%	33.50%
Russia	20.04%	8.43%	11.96%	16.89%	17.95%	19.54%	15.29%	16.49%
France	7.44%	20.57%	4.84%	11.53%	13.06%	4.11%	2.18%	12.98%
United Kingdom	5.72%	6.74%	3.99%	1.61%	1.63%	2.40%	1.09%	14.87%
China	7.44%	2.36%	8.83%	1.34%	3.26%	1.37%	1.09%	1.62%
Germany	3.43%	16.86%	12.53%	3.22%	3.92%	3.08%	9.83%	0.54%
Italy	1.72%	2.02%	1.99%	0.54%	3.59%	1.03%	2.18%	1.62%
All Other European	9.16%	6.41%	16.52%	11.26%	10.44%	15.08%	10.56%	11.62%
All Others	4.58%	4.38%	5.70%	6.17%	8.16%	8.23%	4.73%	6.76%
*[Major West European**	*18.32%*	*46.20%*	*23.36%*	*16.89%*	*22.19%*	*10.63%*	*15.29%*	*30.01%]*
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 8C. Arms Transfer Agreements with the World, 1997-2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Agreements Value 1997-2000
1	United States*	65,628
2	Russia	16,500
3	France	13,400
4	Germany	11,200
5	China	5,600
6	United Kingdom	5,100
7	Sweden	3,500
8	Israel	2,300
9	Spain	1,900
10	Italy	1,800
11	Ukraine	1,800

Rank	Supplier	Agreements Value 2001-2004
1	United States	39,956
2	Russia	21,500
3	France	10,600
4	United Kingdom	7,100
5	Germany	5,000
6	Israel	4,400
7	Ukraine	4,100
8	Italy	2,600
9	China	2,300
10	Sweden	2,200
11	Netherlands	2,000

Rank	Supplier	Agreements Value 1997-2004
1	United States*	105,584
2	Russia	38,000
3	France	24,000
4	Germany	16,100
5	United Kingdom	12,200
6	China	7,900
7	Israel	6,700
8	Ukraine	5,900
9	Sweden	5,700
10	Italy	4,400
11	Spain	3,600

Source: U.S. Government

Note: All foreign data are rounded to the nearest $100 million. Where rounded data totals are the same, the actual 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 2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Agreements Value 2004
1	United States	12,391
2	Russia	6,100
3	United Kingdom	5,500
4	France	4,800
5	Israel	1,400
6	Spain	1,200
7	Sweden	900
8	China	600
9	Netherlands	600
10	Italy	600
11	Austria	500

Source: U.S. Government

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

Table 9. Arms Deliveries to the World, by Supplier, 1997-2004 (in millions of current U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL 1997-2004
United States	16,622	17,220	18,060	12,969	9,673	10,294	13,327	18,555	116,720
Russia	2,600	2,500	3,400	4,200	4,500	3,500	4,200	4,600	29,500
France	6,700	7,700	4,200	2,500	1,900	2,000	2,900	4,400	32,300
United Kingdom	7,300	3,800	5,100	6,200	4,600	4,900	4,800	1,900	38,600
China	1,100	700	500	800	800	800	600	700	6,000
Germany	1,200	1,500	2,200	1,300	700	1,000	2,100	900	10,900
Italy	400	200	700	300	400	600	200	100	2,900
All Other European	4,000	3,300	3,300	3,000	3,000	2,400	3,900	1,200	24,100
All Others	2,400	1,900	2,200	2,200	2,300	2,900	2,300	2,400	18,600
TOTAL	**42,322**	**38,820**	**39,660**	**33,469**	**27,873**	**28,394**	**34,327**	**34,755**	**279,620**
Dollar inflation index: (2004=1.00)*	0.8215	0.8438	0.8632	0.8860	0.9119	0.9382	0.9635	1	

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, and commercially licensed deliveries, 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.
*Based on Department of Defense Price Deflator.

Table 9A. Arms Deliveries to the World, by Supplier, 1997-2004 (in millions of constant 2004 U.S. dollars)

	1997	1998	1999	2000	2001	2002	2003	2004	TOTAL 1997- 2004
United States	20,234	20,408	20,922	14,638	10,608	10,972	13,832	18,555	130,169
Russia	3,165	2,963	3,939	4,740	4,935	3,731	4,359	4,600	32,432
France	8,156	9,125	4,866	2,822	2,084	2,132	3,010	4,400	36,595
United Kingdom	8,886	4,503	5,908	6,998	5,044	5,223	4,982	1,900	43,444
China	1,339	830	579	903	877	853	623	700	6,704
Germany	1,461	1,778	2,549	1,467	768	1,066	2,180	900	12,169
Italy	487	237	811	339	439	640	208	100	3,261
All Other European	4,869	3,911	3,823	3,386	3,290	2,558	4,048	1,200	27,085
All Others	2,921	2,252	2,549	2,483	2,522	3,091	2,387	2,400	20,605
TOTAL	**51,518**	**46,007**	**45,946**	**37,776**	**30,567**	**30,266**	**35,629**	**34,755**	**312,464**

Source: U.S. Government

Table 9B. Arms Deliveries to the World, by Supplier 1997-2004 (expressed as a percent of total, by year)

	1997	1998	1999	2000	2001	2002	2003	2004
United States	39.28%	44.36%	45.54%	38.75%	34.70%	36.25%	38.82%	53.39%
Russia	6.14%	6.44%	8.57%	12.55%	16.14%	12.33%	12.24%	13.24%
France	15.83%	19.84%	10.59%	7.47%	6.82%	7.04%	8.45%	12.66%
United Kingdom	17.25%	9.79%	12.86%	18.52%	16.50%	17.26%	13.98%	5.47%
China	2.60%	1.80%	1.26%	2.39%	2.87%	2.82%	1.75%	2.01%
Germany	2.84%	3.86%	5.55%	3.88%	2.51%	3.52%	6.12%	2.59%
Italy	0.95%	0.52%	1.77%	0.90%	1.44%	2.11%	0.58%	0.29%
All Other European	9.45%	8.50%	8.32%	8.96%	10.76%	8.45%	11.36%	3.45%
All Others	5.67%	4.89%	5.55%	6.57%	8.25%	10.21%	6.70%	6.91%
*[Major West European**	*36.86%*	*34.00%*	*30.76%*	*30.77%*	*27.27%*	*29.94%*	*29.13%*	*21.00%]*
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, 1997-2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Deliveries Value 1997-2000
1	United States	64,871
2	United Kingdom	22,400
3	France	21,100
4	Russia	12,700
5	Germany	6,200
6	Sweden	3,800
7	China	3,100
8	Israel	2,400
9	Ukraine	2,200
10	Canada	2,200
11	Italy	1,600

Rank	Supplier	Deliveries Value 2001-2004
1	United States	51,849
2	Russia	16,800
3	United Kingdom	16,200
4	France	11,200
5	Germany	4,700
6	Ukraine	3,300
7	Israel	3,200
8	China	2,900
9	Canada	2,800
10	Sweden	1,800
11	Italy	1,300

Rank	Supplier	Deliveries Value 1997-2004
1	United States	116,720
2	United Kingdom	38,600
3	France	32,300
4	Russia	29,500
5	Germany	10,900
6	China	6,000
7	Sweden	5,600
8	Israel	5,600
9	Ukraine	5,500
10	Canada	5,000
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 actual rank order is maintained.

Table 9D. Arms Deliveries to the World in 2004: Leading Suppliers Compared (in millions of current U.S. dollars)

Rank	Supplier	Deliveries Value 2004
1	United States	18,555
2	Russia	4,600
3	France	4,400
4	United Kingdom	1,900
5	Germany	900
6	Canada	900
7	China	700
8	Israel	500
9	Libya	300
10	Brazil	300
11	Ukraine	300

Source: U.S. Government

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

Description of Items Counted in Weapons Categories, 1997-2004

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
Kampuchea (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/Mont.)

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

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

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