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RECENT TRENDS IN ARMS TRANSFER : IMPLICATIONS FOR INTERNATIONAL SECURITY

Arms transfer as an aspect of international security and as an area of concern for strategists and policy planners, is an important topic of analysis. Arms transfer through evolution over the years has displayed shifting priorities guided by the dynamics of international politics. From being motivated solely by ideological factors and propelled by technological progress it has also gained a momentum of its own. Moreover, since arms transfer unlike most other commodity transfer is linked with security which is essentially state-centric such exchange almost invariably affects third states adding to the complexity in the study of the subject.

One study of Third World arms transfer portrays arms transfers¹ as product of state objectives. It categorizes donors into three purpose oriented sub-groups : hegemonic (searching for security of partial influence like the USSR and the United States) ; economic (France); and restrictive (e.g. Sweden which will not sell to states in conflict). Although recent trends indicate that arms transfer has become the product more of economic incentives, to deny the political nature of this would amount to short-sightedness. This can be substantiated by looking at the behaviour of the actors in the

1. Edward A. Kolodziej : "Arms Transfer and International Politics" in S J. Neuman and Robert E. Harkawy (eds). *Arms Transfer in the Modern World*, N. Y., Praeger, 1979, p, 13.

arms market which manifest, *inter alia*, the clash between arms export legislation and short term political or economic incentives. During 1986 the US for example, covertly supplied weapons to Iran with the active involvement of at least parts of the Reagan administration. According to Stockholm International Peace Research Institute (SIPRI) calculations, at least 27 countries have supplied both belligerents in the Iran-Iraq war with weapons or other support since the war began in September 1980.² In F. R. Germany it was revealed that two companies in the naval industry had sold submarine blue-prints to South Africa thus violating the UN embargo and West German arms export legislation.³

With increased concern being expressed by observers and analysts on the growing incidence of conflicts at national and regional levels, arms transfers, viewed to have direct bearing on such conflicts, need to be studied with greater urgency. Literature on arms transfer is profuse. Most of these mainly focus on the perspectives of suppliers and recipients. However, some of the recent trends including the rise of the new arms producers and the impact of the process of arms transfer itself on international security remain relatively under-researched.

The purpose of this paper is to examine the impact of the rise of the new arms producers and exporters, while highlighting the evolution of arms trade from the 1970s. The likely effects of this rise as well as the backdrop against which the development has taken place would provide insights and inputs to the analysis of effects it can have over international security in general and third world security in particular. Finally an attempt will be made to reflect on the emerging trends while analysing efforts aimed at

2. SIPRI Yearbook 1987. *World Armament and Disarmament*, Stockholm International Peace Research Institute, Oxford University Press, 1987, p. 179.

3. *Ibid*, p. 179.

limiting arms transfer in the larger context of disarmament, development and security.

Rationale for Arms Sale : Political, Strategic and Economic

Arms transfer has become an important sub-system in the existing set of multiple relations among states. An amalgamation of politico-strategic and economic factors determine the decisions of a sale or transfer.⁴ It would be pertinent at the outset to bear in mind that there is no necessary congruence between perceptions of various actors involved in the causes and conditions of transfer and the actual factors that determine the transfer. A single factor could have an edge over the other in turn being determined by the situations and positions of the parties concerned. There may be no effective impact of the transfer on the outcomes expected but the significance lies in the fact that such linkages are perceived and acted upon. Some of the important motivations for transfers are discussed below.

a) *Influence and leverage* : A major rationale for the arms transfer has been the influence the supplier gains over the recipient nation. As an announced objective regime support would appear to be one of the most pervasive motives underlying arms transfer behaviour of large and small suppliers. For example, the assistance provided by the United States and the Soviet Union mainly rests on the premise of maintaining friendly regimes in key states, that are considered to be important geo-politically and strategically. Arms can provide ways and means to influence political and military elites. In general, this would seem to have more significance in countries ruled by military or authoritarian regimes than in a democratic setting where the political participation is greater and influence more diffuse.

4. For a detailed analysis on the rationale of arms sales see : Andrew J. Pierre, *The Global Politics Of Arms Sales*, Princeton University Press, Princeton, New Jersey, 1982, pp. 14-27

Arms transfer can give substance to treaty commitments. An examination of the arms transfer relationship between the Soviet Union and India would bear out this point to a certain extent. However the most commonly noted benefit of arms transfer is the leverage acquired over recipient countries on specific foreign policy issues. The United States, for example, offered Israel large quantities of sophisticated arms in return for the latter's cooperation over the issue of Sinai Disengagement in 1975. The process of arms transfer offers two way susceptibilities, as the supplier and recipient both try to manipulate each other. Consequently arms transfer takes place more often under conditions of divergent security perceptions rather than their convergence. The United States in the 1950s for example supplied arms to Pakistan with the intention of containing communism while the Pakistani motive was the containment of Indian power.

b) *Economic Benefits* : Economic benefits are accorded growing importance while explaining motives for arms transfer. Arms sale have come to be viewed as an earner of foreign exchange and contributor to the balance of payments. In the early 1970s this was particularly true with respect to weapons sale to the Persian Gulf following the quintupling of the price of oil. Defence industries also provide sizeable employment opportunities. In addition the export of arms is seen as an excellent way to create economies of scale, thereby reducing the per unit costs of research and development. Ups and downs in trade cycles are important considerations in arms transfer.

However, the economic importance of arms sale cannot be stressed too much. By looking at statistics as contained in Table 1 it can be seen that arms exports are relatively small in terms of total exports and therefore their contribution towards adjusting and paying for higher bills would also be minimal. The presented data support the hypothesis that none of the main suppliers of major

weapons are heavily dependent upon arms export in terms of foreign exchange earning and generation of employment.⁵

Table 1. Indicators of Economic Importance of Military Exports

Country	Arms exports as % of total export	Arms exports as % of G.N.P
United States	4.50	0.32
France	0.50	0.16
United Kingdom	0.38	0.17
West Germany	0.26	0.06
Soviet Union	2.61	0.39

Source : Lawrence Franco, "Restraining Arms Exports to the Third World : Will Europe Agree?" *Survival*, vol. 22, No. 1, 1979, p. 13.

Whatever the strategic/political or economic pay offs from arms transfer, arms transfers are viewed to be an effective tool of policy and often play critical role in shaping the pattern of bilateral and multilateral relationships in the contemporary world. One way of understanding arms transfer is by looking at the trends of transfer.

Trends of Arms Transfer

Decade of the 1970s : Since the Middle East war in 1973 two major trends involving conventional armaments received increasing attention: (i) the development of a broad range of significantly new

5. According to a special study completed in 1977 by the Bureau of Labour Statistics of the United States Dept of Labour, foreign military sales accounted for only 0.3% of national employment. In France out of a total work force of 22m, only 90,000 are engaged in manufacturing weapons for customers abroad, in Britain it was 40,000 in 1975, *ibid* pp-26-27.

and improved conventional weapons and (ii) the rapid growth of arms transfer to the Third World.⁶

As available statistics indicate that arms trade witnessed a period of unprecedented growth in the 1970s. This growth was aided by the rise in the price of oil and the changed attitude of the main suppliers towards arm transfer policy. Briefly the US administration viewed arms transfer increasingly in terms of replacing direct foreign involvement while the Soviet Union came to view arms trade increasingly as a source of revenue. The flourishing arms trade was supported by a procurement drive. Demands for replacement of weapons transferred in the early decades grew. Technological innovations gave further impetus to this urge.

In the early 1970s, the post-War heirarchical structure of the arms market reached a point of all time high. However as the decade moved ahead, some other features of the arms market became more apparent in terms of increased competition among the producers and assumed less hierarchical structure. In quantitative terms arms imports continued to increase from the late 1970s to the early 1980s. In worldwide terms it grew from \$9.4bn in 1969 to \$19.1bn in 1978 (in constant \$)⁷. Much of the continuation of this rising trend can be attributed to the dynamics of political process. For example, there were the dynamics of local or regional arms races that accelerated in the first half of the 1970s, such as between Iran-Iraq, India-Pakistan or Argentina-Chile. Then there was in a number of cases the vicious circle of militarization.

Some Features of the 1980s : In the mid-1980s the arms market has witnessed less growth, stagnation and even decline. The number

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6. James L. Foster, "New Conventional Weapon Technologies: Implications for the Third World" in S J Neuman and Robert E Harkawy (eds.) *op. cit.*, p. 85.
 7. Michael Brozoska, "Current Trends in arms transfer" in Saadat Deger and Robert West (eds) *Defence, Security and Development*, Francis Printer (publishers), London, 1987, p. 162.

of suppliers have grown and more often than not, the financial and technological arrangements of a weapon sale became more important than the quality of the weapon itself. A case in the point is the Indian procurement of new Howitzers. In this case producers from Austria, France, the United Kingdom, the Soviet Union, the United States, Italy and Sweden—all demonstrated their products and negotiated financial terms.⁸ The arms market has for some time been characterised by the simultaneous presence of the factors (1) fierce competition among a growing number of producers and (2) general reduction in the demand for weapons system. This trend is largely attributable to the global economic recession of the early 1980s.

Finally, it can be said that recent years have made it apparent that the international arms market is evolving in ways that had not been anticipated. As in the past, government to government transfers continue to form the largest parts of the arms trade, but they tell less and less of the story. Small transactions are increasingly silent, and the gray and black market have matured into salient features. The hidden arms trade with its covert and illegal transactions is hardly anything new. But during the recent Iran-Iraq war it had gained particular salience. This market consists of two parts, first there is the gray market with about \$2bn trade annually. The gray market includes officially approved exports from governments which do not want to be associated with their actions. These deals are not illegal, only covert. Covert transfers can be very large and cover the full range of major weaponry. Second, there is the black market consisting mostly of small transactions that violate the laws of the nation from which they originate. Black market deals increasingly display a tendency to backfire upon the perpetrators, yet the impact of growing black and gray markets can be seen not only in the recipient countries but also in the countries from which these originate. As a result of a series of unhappy disclosures many

8. *Ibid*, p. 166.

nations are debating their arms trade policies and many have taken remedial action.

The international arms trade in military equipment and technology is, therefore, becoming less tidy. It has diversified into many new forms making the trade patterns less predictable and the trends harder to explain. The political factors that dominated the arms trade in the recent past are yielding to market forces, thereby weakening the influence of the national policy perspectives. Individual nations will now be less and less able to address their arms trade problems. Consequently, these transformations increase the need for multinational responses to the problems of arms trade.

By analysing the data on arms export and import (1982-1986) briefly we can deduce the following about the recent trends of arms transfer.⁹

1. World wide exports of major weapons remained at a steady level. Exports are still dominated by the superpowers. During 1982-86, the United States accounted for 34% while the Soviet share was around 31%.
2. The Soviet Union was the leading supplier to the Third World with a share close to 34% while the US share was in the area of 26%.
3. The combined share of the United States and the Soviet Union in exports to the Third World of major weapons decreased markedly compared to the preceding 5 year period : 59% in 1982-86 as compared to 69% in 1977-81 while their combined share in deliveries to the industrialized countries increased slightly from 75% to 77% in the same period.
4. The major West European suppliers, namely, France, the UK, FR Germany and Italy have increased their share in exports to the Third World. Comparing 1977-81 with 1982-86, the increase is

9. *SIPRI Yearbook 1987: World Armament and Disarmament*, Stockholm International Peace Research Institute, Oxford University Press, 1987, pp. 182-185.

from 23% to 28% with France accounting for 15% during 1982-86. 5. Other countries who have increased their share in sales to the Third World compared to 1977-81 are China (from 1.7% to 4.3% Spain from (0.2% to 1.6%) and the group of Third World suppliers (from 3.3% to 4.5%).

The statistics on major imports show that :

1. The Third World share of total imports has been steadily increasing from 65% to 70% throughout the past ten years but with slight decline from 1982.
2. Regional trends differ : South Asian imports are rising dramatically, while that of Middle East stagnated. In the Far East it remained unchanged, while in other regions the trend is one of decline.
3. Five leading importers of Third World during 1982-86 are Iraq, Egypt, India, Syria and Saudi Arabia accounting for 47% of total Third World import. During 1977-81 the share was 37%. These statistics about Third World imports is somewhat misleading so far as the general trend of Third World imports are concerned, as for the same period, if these five importers are excluded the

Table 2. The Leading Countries Exporting Major Weapons (values and respective shares 1982-86)

Country	Year	Total Value of exports	Export to Third world (%)
USA	1982-86	54,562	51.6
USSR	1982-86	48,850	76.1
France	1982-86	19,387	86.1
UK	1982-86	8,791	66.5
Third World	1982-26	5,220	95.3

Note : Figures are SIPRI trend indicator values as expressed in US \$ mln at constant 1985 prices, shares in %.

Source : *SIPRI Yearbook 1987, World Armament and Disarmament, op. cit*

combined share of Third World sales have declined by over 25% between the periods of 1971-81 and 1982-86.

As the statistics above indicate transfer to the Third World constitute a formidable portion of the total arms export of the leading exporters. A further breakdown of the statistics of the exporters and recipients would be revealing:

Table—3: Percentage Distribution of Third World Imports by Regions

Middle East	49.6 %
South Asia	13.7 %
Far East and Oceania	10.5 %
South America	9.2 %
North Africa	7.7 %
Sub-Saharan Africa	6.5 %
Central America	2.8 %

Source : *SIPRI Yearbook 1987, op. cit.*

Table—4: Exports to Third World by Supplier

USSR	33.6 %
USA	25.5 %
France	15.1 %
UK	5.3 %
Third World	4.5 %
China	4.3 %
F. R. Germany	3.9 %

Source : *SIPRI Yearbook 1987, op. cit.*

Its relevant to mention here that the temptation to enter the lucrative Third World arms market sometimes proves to be too strong even for an ideologically committed nation like France, a leading exponent of bringing a limit to the arms race. On June 11,

1984 France announced the sale of a record \$4.1bn worth of weapons systems to Saudi Arabia.¹⁰ This decision followed the declared emphasis of the French Defence Minister on the economic turn-offs from armaments industry, particularly as regards the number of of employment offered by the industry. If economic pay-offs apart from other ones are the motives for the supplier to enter the Third World market, the question that then comes up is why do the Third World states buy arms? A review of Table 3 will show that it is in the regions of conflict and rivalry as in the Middle East and South Asia regions that the import percentages are higher. It may be generally suggested that it is the national security factor, particularly actual or perceived threat perception across the border in the regional context with or without the involvement of extra-regional powers that mainly contribute to escalation of arms procurement by Third World states. In some cases domestic unrest, growing militarization

Table—5: Countries with Highest Ratio of Military Expenditure to Central Government Expenditure in 1971 and 1980.

Country	Percent	
	1971	1980
Soviet Union	67.3	48.3
Yemen	44.4	45.7
Oman	35.0	44.0
Ethiopia	21.2	42.6
U A Emirates	43.0*	41.4
Syria	29.1	35.4
Israel	42.1	34.2
Yemen	26.8	33.8
S. Korea	31.0	30.0

* 1972 figure

Source: *World Military Expenditures and Arms Transfer 1971-1980*.

10. Justus Van Der Kroef: "Arms Acquisition and War in the Third World", *Strategic Studies*, vol VIII, Autumn 1984, No.1, p.57.

in the face of political instability and lack of legitimacy and popular support of incumbent regimes also add to the process.

Taking the developing states as a group its share in global military expenditure climbed from 3.3% in 1955 to 16.6% in 1980. Viewed in absolute terms arms expenditure of the superpowers continue to dwarf those of the Third World but there are measurements that more precisely reveal the scope of the expenditures. These include share of military expenditure as percentage of government spending or as percentage of GNP. Applying these criteria among the 10 states that have the highest ratio of military expenditure to central government expenditure, eight are from the Third World.

For a more lucid explanation of rising arms expenditures in the developing states, it is useful to examine the arms supply policy of the two top suppliers to the Third World, the Soviet Union and the United States. Superpower influence in the Third World is hardly anything new. The recent improvement in superpower relations has inaugurated a period of relaxation in the competition for extending influence in various parts of the Third World. But the competition has not ended by any means and accordingly a major method for acquiring leverage and influence in the Third World continues to be the supply of arms.

The Soviet Union : Evidence is sparse that the Soviet Union has been guided by a single uniform policy in its arms transfer policy to different regions of the world over distinct operational periods and through various generations of rapidly evolving military technology. As far as the Third World is concerned arms transfer has been mainly used to expand influence. Arms transfer pattern suggest a complex picture. But priority is assigned to clients who have signed Treaties of Friendship and Cooperation. During 1982-86 Syria, India, Iraq received two-thirds of all transfer to the Third World. Another Soviet aim is to acquire base facilities, Vietnam being a case in the point.

Soviet Union is also supplying weapons to governments it supports and which face internal or external opposition such as Angola,

Ethiopia and Nicaragua. Soviet supplies to these states were stepped up when the Reagan administration declared them battlegrounds for Soviet influence in the Third World. The top recipients of Soviet transfers are a few clients. Three largest recipients accounted for 60% of total transfers in 1982 and by 1986 the share had risen to 77%¹¹.

Due to the dynamics of the international political and economic environment Soviet transfer to the Third World appear to be facing problems as reflected by the current structures and trends in the arms market. If not anything else, the comparative advantage of buying arms from the USSR—speedy delivery of large quantities of sturdy weapons on favourable credit terms—are diminishing.¹² Moreover, from the new Soviet leadership's point of view arms production for export diverts scarce resources from domestic economic and technological development projects. For the Soviet Union, like the United States political benefits have to be weighed against economic and technological risk even more than before. For Gorbachev's Soviet Union particularly, domestic material and consumer needs compete with the need to remain influential in the Third World. Despite such recent changes in Soviet perspectives, however, arms transfer continues to be indispensable, though not always reliable instrument of foreign policy.

The United States : Arms transfer is an important aspect of the United States foreign policy particularly in the Third World. In the aftermath of the Second World War, the United States arms transfer policy was based on the premise of containing communism. Since then, though the policy has undergone some reorientation, rivalry with the Soviet Union in the context of influence and leverage in the Third World has shaped United States arms transfer policy. However, the United States has gradually narrowed down its bulk of transfers to a few key clients although the policy fundamental remains more or less the same.

11. *SIPRI Yearbook 1987, op. cit.*, p. 188.

12. *Ibid.*, p. 188.

During 1982-86 United States arms exports to the Third World mainly concentrated in the Middle East and Far East. The United States tends as does the Soviet Union to favour a handful of key allies. The total value of transfer and the number of recipients have decreased as compared to the previous five year period. Overall, US arms supply to the Third World may suffer a further setback if

Table—6 : Recipient Shares in Soviet Exports of Major Weapons to the Third World (1982-1986)

Recipient	Share in%
Syria	24.7
India	20.3
Top 2	45.0
Iraq	19.3
Lybia	8.2
Cuba	4.8
Top 5	71.3

Note : Percentage shares are based on SIPRI trend indicator values as expressed in US \$ mln at constant (1986) prices.

Source : *SIPRI Yearbook 1987, op. cit.*

Table—7 : Recipient Shares in US Exports of Major Weapons to the Third World (1982-86)

Recipient	Share in%
Egypt	25.5
S. Arabia	17.0
Top 2	42.5
Israel	9.3
Taiwan	7.4
Pakistan	5.8
Top 5	65.0

Note : Percentage shares are based on SIPRI trend indicator values as expressed in US \$ m. at constant (1985) prices.

Source : *SIPRI Yearbook 1987, op. cit.*

the Congressional power is restored over arms transfer, pressure for which has mounted following the startling revelations of the Iran-Contra scandal.

Rise of the Third World Arms Producers and Their Impact on the Arms Market

Arms production in the Third World has grown substantially since the mid 1960s as the product of the complex network of international relations. It is obviously influenced a great deal by East-West rivalry. Third World arms race is also a fall-out of the super-power military strategies and arms export policies of these powers and their allies. Regional and sub-regional conflicts and in many cases domestic political unrest and militarisation also account for growing increase in Third World arms production. Impact of this rise in Third World arms production is enormous and multi-dimensional and encompasses the whole gamut of their external relations including those with neighbours and with the industrialized countries. More importantly, it influences the internal politics and economics of the countries themselves.

The annual value of the production of major weapons in the Third World has grown fairly substantially from 1950 to 1984. In 1950 the production was valued at about \$ 2.3m (in constant 1975 prices). In 1984 this value was about 500 times higher. Arms production in the Third World stood still at a low level in the early 1960s. It regained some momentum during the second half of the decade but growth in the production came to a halt in the 1980s, about the same time trade with the Third World ceased to grow.¹³ The main explanation for both changes in the trend are the same : first, the global economic crisis limited arms procurement budgets in most countries and second, some countries felt the effects of saturation in weapons which had been produced indigenously or purchased from abroad in the 1970s.

13. M. Brozoska and T. Ohlson (eds), *Arms Production in the Third World*, Taylor and Francis, London and Philadelphia, 1986, p. 9.

The Producers

The production of major weapons systems is concentrated in a very few Third World countries. The two leading producers—India and Israel—accounted for 54% of the total production value for the period 1954-1984 and for 47% in 1980-1984. The next group of three countries South Africa, Brazil and Taiwan accounted for 26% in 1950-80 and 17% in 1980-84. They are followed by another group of three—North Korea, Argentina and South Korea. These eight countries account for well over 90% of total Third World major weapon production. An interesting feature of Third World arms production is the fact that some producers of some advanced weapons system have reached the point where they were exporting weapons and competing with the major weapons exporters. However before going into that it might be pertinent to try to understand the motives underlying the relatively recent phenomenon of Third World arms production.

Motives

Third World defence production undoubtedly stems, as already indicated, from an amalgam of security, economic and political motivations. Among the most commonly noted motivations, however, is the desire to eliminate or reduce the dependence on the main supplier thus taking oneself out of vulnerable position. As Michael Moodie has observed "indigenous defence production is an expression of self-reliance and it is a means of reducing a state's vulnerability to military and political pressures during times of crisis."¹⁴ This motive for instance was behind the Indian decision to increase domestic arms production in the early 1960s and the South African efforts after the voluntary United Nations embargo in 1963.

Even in countries where economic motives such as export earnings seem to prevail today—in Egypt and Brazil, for example—

14. Michael Moodie, *Defence Industries in the Third World*, in Stephanie J. Neuman and Robert E. Harkawy (eds), *Ibid.*, p. 264.

the political aim of acquiring an independent arms production technology base and increasing self sufficiency originally prompted the establishment of their arms industries. Only in a few cases are the political motives absent or secondary. Some of the projects sponsored by the multinational corporations, for example, Tacoma (USA) in South Korea are cited as examples.

However, economic motives have acquired an independent importance in motivating Third World countries to undertake arms production. By manufacturing weapons local money can be saved. More attractive is the idea, if these weapons can be exported which can earn foreign exchange. It is pertinent to note here that arms production in Third World is open to dispassionate scrutiny from the point of view of cost-effectiveness. In most cases weapons produced locally can be costlier than those imported and be inferior in quality. Due to perceived political benefits arms production can nevertheless be allowed to continue even though uneconomical. However, economic arguments are often used to justify production and commercial considerations taken into account once production has started. Even when the political motives are stronger economic arguments may be put forward more forcefully. Once a decision to embark on domestic arms production has been taken, it becomes natural to stress the economic benefits that are claimed to be generated. The relative export success of some countries has therefore stimulated similar efforts by others for example Chile Egypt, Singapore and South Korea.

The technology transfer issue is another closely related economic argument used to promote domestic defence production. Many Third World countries maintain that by either receiving advanced technology or recreating it through reverse engineering they can force developments in certain areas.

Occasionally the argument is advanced that defence industry can promote regional dominance. This political rationale is closely related to prestige considerations on the part of the Third World

producers particularly those governed by military regimes. However, this should not be taken as general statement.

The level and magnitude of conflict may precipitate and accelerate the establishment of domestic programme. Important Third World producers such as Argentina and India operate in environments of either intermittent or continuous regional conflicts. In these circumstances indigenous arms production can be a means of guaranteed supply.

Nations may enter the arms business to reduce their political and security vulnerability, but they find themselves under growing pressure to export to maintain the economic viability of their defence industry. Accordingly some developing arms producers have turned into exporters. A few dominate however in the Third World exports of major weapons, 10 countries accounting for 96% of total

Table-8: The Top Ten Third World Supplier of Major Weapons 1982-86

Supplier	Share in total Third World Export of Major Weapons (%)
Israel	23.9
Brazil	23.3
Egypt	14.1
Jordan	7.3
Lybia	7.3
S. Korea	7.2
N. Korea	5.5
Syria	3.3
Singapore	2.1
Indonesia	1.6
Others	4.4

Note : Percentage shares are based on SIPRI trend indicator values as expressed in US \$ m at constant (1985) prices.

Source : *SIPRI Yearbook 1987, op. cit.*

Third World arms export in the period 1982-1986. The top 5 account for three quarters of the total.

Brazil and Israel are the leading Third World arms exporters accounting for almost half of the Third World exports of major weapons. They are also among the top 6 Third World arms producers. If re-exports are excluded from Third World arms exports total, then the dominance of Israel and Brazil are further accentuated. The Third World has steadily increased its share in total exports to itself from 33% in 1977-81 to 45% in 1982-86. At the same period the combined share of the United States and the Soviet Union in exports of major weapons to the Third World has fallen dramatically compared to the preceding five year period to 59% in 1982-86 from 69% in 1971-81.

The Third World exporters have focused their arms marketing on other Third World countries, although a number of them have succeeded in finding buyers among the advanced industrialized countries.¹⁵ However the bulk of their exports go to other Third World states. In 1982-86, 95% of the total Third World exports went to other Third World states.

Third World arms production has influenced the arms market in several ways, most importantly dependence on the main suppliers has changed from direct political dependence to an economic form of dependence. This is largely due to the fact that even in countries with large production capacities dependence on inflows of technology and components remain strong. In conjunction with other factors this emergence has facilitated the emergence of a buyers market and a new international division of labour. The gradual internationalization of the arms industries through intra-firm trade is a relatively recent phenomenon, which has had its impact on the arms market. Though Third World producers have become relatively significant actors in the international arms market it is quite unlikely

15. Brazil for instance has sold significant number of its EMB-312 Tucano trainer aircraft to Canada and the UK. See *SIPRI Yearbook 1985*, p. 376.

that the traditional suppliers will lose their dominant position as there are many limitations working against Third World arms production.

The main problems emerge from the present structure of the arms market. Difficulty arises from competing with the sales terms offered by the richer countries and the advanced technological progress particularly in the field of electronics. Arms sales can create difficulties between the Third World producers and the advanced industrialized manufacturers who supply it with sophisticated technological components. Additionally, Third World producers cannot produce the type of support particularly political in nature that makes doing business with the main suppliers so attractive. Again, political stigma is attached to the major Third World arms traders, Israel and South Africa being cases in the point.

The types of weapons the Third World states can best produce, small arms and ammunition, present a small market compared to the market for more advanced major weapon system. The competition at the lower end of the market has become more intense. The dilemma then is what can be efficiently produced is in low demand, while products in high demand cannot be produced. As a result, from 1983 the volume of Third World sales has declined somewhat in provisional figures. Nevertheless, the arms market is becoming less hierarchical and it is more multi-polar than an oligopolistic structure. There are many customers who because of lack of finance have little choice in selecting their suppliers but even at this end of the market things are changing. Exporters specially from the Third World specialise in upgrading, modernizing and production of low priced weapons. The overriding factor constantly working against the further erosion of the position of the main suppliers is technological progress in arms production.

Third World arms sale may not have altered the arms market but it has certainly affected it. The impact of successful Third World

defence exports has encouraged a reverse form of trade between the North and South. In 1981 for example, France decided to purchase 41 Brazilian Xingu aircraft over the established American Beech King Air model. Production of weapons by the Third World states has had an important effect on the growth of intra-Third World trade. Developing countries as already indicated, are the biggest buyers of Third World products. Moreover, the advanced Third World states are beginning to transfer not only military hardware but also the technology and infra-structure necessary to develop a defence industry. In October 1984, for example, Brazil and Saudi Arabia signed a five year military agreement for the technical training of Saudi workers in weapons assembly and the joint manufacture of ASTROS II multiple rocket launcher and Tucago trainer aircraft.¹⁶ The impact of the Third World production and export on the arms market has to be considered against the backdrop of the growing commercialization of the arms trade. Arms trade has changed colours, market forces have become more powerful, national policy tends to become weaker and as a result individual nations will be less and less able to address their arms trade problems. All these factors combine to give urgency to the consideration of the impact of arms trade on international security particularly in the context of the Third World.

Implications

In the last three decades the world has witnessed unprecedented militarization. A trend associated with militarization has been the emergence of Third World arms exporters and producers. In the 1970s such process of militarization were recorded in a number of Third World countries. Militarization can be described as an interactive process of increasing influence of the military sector on

16. Alan Riding, "Brazil and Saudi Arabia Sign Arms Pact", *The International Herald Tribune*, 14th Oct, 1984 quoted in Carol Evans, "Reappraising Third World Arms Production", *Survival*, IISS, Mar-Apr. 1986, Vol. XXVIII, No. 2, p. 114.

the various levels of society. For appropriate comprehension of militarization it is useful to distinguish among : (i) Military level proper, which measures the increase in the means to perform military actions such as fighting wars both internally and externally, (ii) an economic level capturing increasing costs of the military sector, (iii) an ideological and cultural level, on which an increased importance of military values or values connected are felt and finally, (iv) a political level on which an increased political influence of the military is felt.¹⁷

Modern weapons systems also play an important role in the process of militarization. They symbolize the usually outstanding technological competence of the military, have an effect on the need to modernize at least part of a country's industrial sector and underscore the need to train a share of the country's workforce in modern technology. The process of militarization in most cases fuels the demand for new weapons. However, for the Third World countries while the political demand for weapons remained high, the means to acquire them diminished. There was no favourable change for the Third World states in the international economic order. Prices of raw materials continue to fall, borrowing became widespread not only for developmental needs, but also for weapons, all leading to cumulative rise in indebtedness. It is widely believed that in the Third World context large scale arms spending which in most cases takes place on borrowed capital contributes to uneven development and continued under-development. As Asbjorn Eide comments "the present Third World militarization represents a process of waste and maldevelopment. It is wasteful in the sense that military hardware cannot be put to productive uses. It represents a formidable waste because weapons import have to be paid for out of exports, largely taken from agriculture which should have been used to satisfy the basic needs of the population"¹⁸

17. M. Brozoska, *op. cit.*, p. 64

18. Asbjorn Eide "Arms Transfer and Third World Militarization" *Bulletin for Peace Proposal*. Vol. 8, 1971, p. 99.

Governments and nation states have generally considered the two concepts development and (dis)armament as analytically separate. The primary objective of the state is to provide national security in the traditional sense that its citizens needed protection from internal threats. Third World governments have attached varying importance to growth and development, yet the needs of strategy and military security have been pressing and the theme is one of internal vigilance.

But in fact it is underdevelopment and poverty that constitutes one of the greatest threats to national, regional and international security. The canonical concept of security is concerned with the politico-military dimensions of the subject. But this narrow concept of security has to be extended to consider the broader socio-economic dimensions of security. Economic development can be one of the major bulwarks or guarantee of political independence which could save the Third World states from becoming pawns in the competition between the major powers. Economic development can contribute to strong political institution building and correspondingly acts as a contributing factor to political stability. In fact economic stability or security and political stability or security are mutually interdependent. Thus overstressing of the military aspect which attaches great importance to the question of armed security could result in the creation of a distorted concept of security. In the modern context security should rather be viewed in a holistic frame.

Arms acquisition can lead to arms race as it often does particularly between competitive powers like we see in South Asia. Both India and Pakistan are among the top five recipients of major weapons respectively from the USSR and the US. The resources spent in this competition could be better used for economic development and political institution building which could have contributed towards national integration efforts and security in the wider sense. Additionally, these types of arms races can be a major destabilizing factor of regional security including conventional wars and coup-connected violences. According to one estimate since 1945 there

has been 66 such wars claiming more than 16m civilian and military lives with all but three of these taking place in the Third World.¹⁹ The point to be made in this connection is that such wars were stimulated by, if not dependent upon the flow of conventional arms and the Third World is producing precisely those kind of weapons. Arms transfers have also contributed to the destructive intensity of many recent conflicts, the widespread availability of modern arms has made it easier for potential belligerents to choose the military rather than the diplomatic option when seeking to resolve local disputes. Examples of this phenomenon include Argentina's decision in 1982 to occupy Malvinas/Falklands, Israel's decision to invade South Lebanon and eruption of the Iran-Iraq war.

Disarmament, development and security must, therefore, be examined together. Disarmament can also contribute to lower threat perceptions since armaments can be seen as likely to trigger off an arms race and excess of arms could lead to lower strategic security. This idea is not new. The Final Document of the UN Special Session on Disarmament in 1978 claimed that the accumulation of weapons constitutes much more a threat than a protection. The time has, therefore, come to seek security in disarmament.

Over the past one and a half decade, the international economy has passed through a period of unprecedented turbulence. In the industrial market economies inflation has given way to stagnation with high unemployment and underutilized capacity. Third World countries have suffered a collapse of commodity prices an intensification of debt service burdens, a recurrence of famine and an inability to meet basic needs of significant parts of the population. Despite efforts by governments in developing countries and by international agencies to reduce poverty and spread the effects of growth over larger sections of the community, the record of improvement remains patchy. It is believed that around one billion people in the Third World live below a modest subsistence line, half the

19. Justus Van der Kroef, *op cit.*, p. 64.

world's population may not have access to safe drinking water, three quarters of the population of the world do not have adequate sanitary facilities and about 200 mln people lack basic shelter. Overall annual world wide defence spending has surpassed \$ 1 trillion. Though most of it is spent in developed economies developing countries have also seen exceptional rises in defence spending. During 1975-1980, the poorest economies within the Third World experienced an increase of 71% in their annual real military spending at a time of economic austerity and scarce credit. This sort of rise in defence spending exacerbates debt problem and precludes investments in pro-military development programmes.

Though it would be an over-simplification to believe that there is an automatic link between arms spending and underdevelopment. A substantial volume of research during the 1980s did however show that with careful planning, preparation and political will, disarmament and development could be conceptually interconnected. For the Third World there are many challenges and linkages that can arise from the twin concepts of disarmament and development. Some such as resource transfer are obvious while others such as co-operation among countries in both economic and military field are less evident. A summary of the linkages is given in Table 9. The multi-dimensional facets of the subject can be seen through the three-fold classification according to military strategic political and economic. The interconnections can unfold over the national economy, the regional blocs and the global system. It should be stressed that disarmament means a reduction in arms and a significant approach to it lie in controlling the arms trade.²⁰

20. For the further elaboration on the concepts of disarmament, development and security, see Saadat Deger, "The UN International Conference on the Relationship between Disarmament and Development" in *SIPRI Yearbook 1988, World Armaments and Disarmaments*, Oxford University Press, 1988, pp. 517-536.

Table 9 : Disarmament and Development in the Third World : The Potential Linkages

Sphere	Levels		
	National	Regional	Global
Military/ Strategic	<ol style="list-style-type: none"> 1. Reduction of Military expenditure 2. Use of defence personnel for civilian reconstruction 3. Conversion of military to civilian industries 	<ol style="list-style-type: none"> 1. Multilateral efforts to end local arms races. 2. Strengthening of regional security 	<ol style="list-style-type: none"> 1. Supplier control over arms transfer 2. East-West reduction leads to allies in developed countries having lower commitments. 3. UN peace keeping strengthened.
Political	<ol style="list-style-type: none"> 1. Less control by the military 2. Reduced internal threat to regime survival 	<ol style="list-style-type: none"> 1. Less interference in political structure of neighbouring countries. 	<ol style="list-style-type: none"> 1. Reduced importance of global power blocs.
Economic	<ol style="list-style-type: none"> 1. Release of domestic resources for additional consumption investment 2. Reduction of taxation, government borrowing and inflation. 	<ol style="list-style-type: none"> 1. Economic and strategic cooperation among allies 2. Economic recovery in North acts as 'locomotive' to growth in the South. 	<ol style="list-style-type: none"> 1. Resource transfer from reduction of military expenditure in developed countries.

Source : SIPRI Yearbook 1988

Conclusion

Arms transfer is an important aspect of international security. Whatever may be the exact rationale behind transfer, economic and political incentives both continue to influence decisions regarding arms production, exports or imports. The impact of arms transfers on international security are enormous and multi-dimensional. Particularly significant are the developmental implications of such transfers in the Third World context.

Arms transfer has been heading up a dead-end street for many years. The recent relaxation in super power relations could provide some optimism indirectly. But the increased number of arms producers in the world has rendered attempts to control proliferation of conventional weapons technology even more difficult. Technological know-how already acquired in many Third World countries and access to dual use technology would enable them to go on producing weapons even if multilateral supplier control could be implemented. Therefore, it is imperative for recipient cooperation in conventional arms control. Thus if Third World countries are to diminish the risks posed by regional conflicts and to invest more of their scarce funds to domestic economic development and thus build up their own security they must work together to curb the growth and flow of arms.

Growing commercialization has made the arms market less hierarchical. Public opinion remains focused and justifiably so on the need for control in nuclear arms while the question of limiting conventional weapons transfer particularly by and among the growing number of Third World armourers is much less discussed let alone suggested as a suitable topic for a major international diplomatic agreement. Perhaps the time has come to seriously think along these lines, and more so for the Third World countries in their own interest.