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A Comparative Look at the Post Cold War Chinese and US Arms Trade

A Capstone Project Submitted in Partial Fulfillment of the
Requirements of the Renée Crown University Honors Program at
Syracuse University

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and Renée Crown University Honors
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Honors Capstone Project in International Relations

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ABSTRACT

The arms trade involves the international sale or importation of conventional arms. This means the proliferation of any non-nuclear, biological, or chemical weapons. Today the global transfer of arms is a multi-billion dollar a year industry. The US has the world's largest military expenditure and is known as the world's greatest proliferator of conventional weapons. China in the past few years has maintained a position as one of the world's largest importers of arms, and has recently taken the spot as the world's second largest military expenditure.

Data from watchdog organizations suggests that the world is currently in a period of militarization that is fast approaching, militarization levels during the Cold War. Africa, Asia, the Middle East, the Americas, and Europe are all showing general patterns of increasing arms transfers. The reasoning behind the build up is difficult to say. Insecurity due to terrorism, scarce resources, wars in the Middle East, payment of bribes, or shifting foreign policies may all influence a nation's decision to increase arms transfers.

Transfers of weapons between nations often give some insight into the overall relations between the two nations. China and the US have a history of uncertainty and distrust, and thus actual arms transfers and military agreements between these two nations are relatively uncommon. Nations that have long standing relationships tend to transfer arms on a more frequent basis. Therefore, by analyzing the global arms market one may better understand foreign relations.

The arms trade is a very lucrative business for the manufacturing companies. The US alone is home to nearly fifty of the world's 100 most profitable arms companies. China does not have a single company in the world's top 100, however China is still a major factor in the arms transfer arena (due to high importation of weapons). China's combined surplus of foreign trade dollars and extensive production capabilities make China potentially one of the greatest proliferators of conventional weapons in the future.

The production of these weapons, while lucrative, is often destructive and counteractive to democracy. Unfortunately, the majority of arms deliveries are sent to developing nations that are more prone to human rights abuses and violations of international law. This disregard

for human suffering demands international attention, but lack of transparency of this unethical trade has left many uninformed. In an attempt to increase transparency and knowledge about the arms trade, this paper provides some little known information about two of the world's most influential participants.

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Introduction to the Arms Trade:

The sale or delivery of conventional military weapons, information and technology around the world is referred to as the arms trade.

Conventional weapons include tanks, aircraft, missiles, rifles, explosives, etc. Basically conventional weapons include everything except nuclear, chemical, or biological weapons, which fall under different regulations regarding their transfer to foreign nations.

In the post Cold War world China and the US, two of the world's most influential nations, are also two of the most active members in the arms trade. What role do China and the US actually play in the global arms trade? This is the main question that this paper addresses. By comparing the arms transfers of the US and China, in a post Cold War

world, we may be able to elucidate future trends in the arms transfer arena and foreign relations.

What set up the arms market boundaries? How do the values of China and the US' arms sales and arms procurement compare? Who is profiting from arms sales? Where are their weapons being delivered, and how are they being used? Who is responsible for how these weapons are being used: the manufacturers, the government, or the weapons users? These are some other questions that need to be addressed because the arms trade is a multi-billion dollar a year industry riddled with gray area and destructive potential.

Comparing the arms transfers of the US and China, two of the arms trades' most influential players, in a post Cold War world is all about bettering the future. If trends in the arms sale can be deciphered then it may be possible to create legislation to curb the transfer of weapons, which may be used for abuses of international and domestic laws. The US is the world's number one supplier of weapons and China is one of the world's largest recipients of weapons. These two nations are also at the forefront of international policy, security, and finance. By analyzing the arms trade of these two countries, trends in foreign policy (of which the

arms trade is often closely linked) may be illuminated allowing increased opportunity for preemptive actions.

Before diving too far into the extremely complicated arms trade there is some general information that must be brought to attention. First is that facts and figures utilized are often speculative. This is because there is often a lack of transparency in arms deals. Often only government-to-government deals are recorded. This means that commercial sales from an arms manufacturing company to a foreign country are not recorded. The contracts between a foreign country and a manufacturer must be approved by the state but they are often not kept track of beyond that.

There are also deals that are classified, which will never be available for public knowledge. China in particular, is one country in which solid information about arms importations and exports are difficult to come by. Much of China's foreign policy and military movements are deemed classified by the government, making access to this information on a privileged basis only. The US is more open, and access to arms information from watchdog organizations is more accessible, however, unless you go specifically searching for figures you will have no idea what transpires in the arms industry.

There is also a lack of transparency in the arms trade because nations don't want to be associated with the weapons they have sold. The vast majority of arms are sold to developing nations, which are more prone to human rights abuses. Nations don't want to be associated with the sale of weapons to people engaging in violations of human rights, because it may cause increased opposition to the sale of arms, which is bad for their businesses.

For these reasons: unrecorded commercial sales, classified sales, and illicit weapons sales, accurate information about arms sales is often hard to come by. Arms transfer values must also be taken with a grain of salt because published figures are often lower than actual figures. Arms transfer is an extremely profitable business albeit a controversial one. Despite the controversy surrounding the arms trade there have been steady increases in the procurement and sale of arms around the world.

The second piece of information that will be helpful in understanding the arms sale is that, monetary values used for the arms trade are not the same as a nations military expenditure. You may have heard about military expenditure, which does include arms sales but also includes the cost of maintaining troops and facilities and other domestic costs. Military expenditure is helpful to look at because it often is

representative of overall military trends. There is likely a relationship between arms transfers and military expenditure, however, it can't be said that there is a direct link. This is important to keep in mind when looking at military costs because it is very easy to confuse military expenditure values with military arms transfer values.

Monetary Motivation:

If arms sales are such a controversial business with such potentially destructive results, then why would manufacturers continue to sell weapons? Clearly the main driving force behind the manufacturing companies is profits. There is no doubt that the global arms sale is a profitable venue to be part of. In 2007 the global financial value of the arms trade was \$51.1 billion representing .03% of world trade (Bromley and Holtom, 2009). This is the monetary value of the arms trade that we know about. The actual value is likely to be much greater because many nations don't provide accurate information on arms deals and illicit trade of arms is not properly tracked. In 2007 alone the US exported \$12.8 billion worth of arms and China \$1.3 billion worth (Bromley and Holtom, 2009). Clearly someone is profiting from these sales. The financial value of arms sales in 2006 by the 100 largest military companies was \$315 billion

(Bromley and Holtom, 2009). US firms accounted for 63.5% of the value (Bromley and Holtom, 2009).

In 2008, the biggest defense groups had arms sales of \$385 billion, which was “more than three times the size of the total development aid of the Organization of Economic Co-operation and Development (BAE, 2010).” BAE systems (a British company) alone had sales that were greater than the gross domestic product of 105 countries (BAE, 2010).

While the arms industry is a multi-billion dollar a year industry it must be said that it is the manufacturers of the weapons that seem to profit the most. The arms industry provides relatively little for the nation that is producing the weapons. This is because the government heavily subsidizes these weapons. The citizens of a nation are the ones that are paying for these companies to rake in billions in profits. These companies also provide relatively little in terms of jobs, as arms are a capital-intensive industry. So why do governments continue to subsidize these companies? It is likely that their political influence causes the government to subsidize them. Governments want to maintain their international influence over foreign nations because it is advantageous militarily and economically. To do this arms sales are used to sweeten deals and maintain foreign influence. Lobbyists and high-level military officials also benefit from the

military industry. So what you have is a government that is going to continue to push for militarization because of personal gains and political influence. This is a dangerous combination that may lead to governments that are more willing to be trigger happy because of the possible monetary and political gains.

US Companies

When you look at the top defense contractors around the world you see an amazing amount of domination by US companies. Of the top ten defense manufacturers for the 2008 fiscal year, seven were US companies ("Defense News," 2009). Taking the number one spot was Lockheed Martin with 2008 defense revenue at \$39.55 billion dollars ("Defense News," 2009). "Lockheed Martin topped the *Defense News* list for fourteen years in a row ("Top Defense," 2009)." The US also took the third through sixth spots with Boeing, Northrop Grumman, General Dynamics, and Raytheon ("Defense News," 2009). The company defense profits for the 2008 fiscal year were \$31.062 billion, \$26.579 billion, \$22.854 billion, and \$21.552 billion respectively ("Defense News," 2009). The US is home to 43 of the top 100 defense manufacturers for the 2008 fiscal year

with the next closest being the UK with 12 of the top 100 (“Defense News,” 2009).

What is interesting is that according to the Project on Government Oversight, which tracks misconduct in contract fraud, environmental, ethical, and labor violations, nine of the top ten largest federal contracts in 2007 went to US companies committing misconduct (what type of misconduct was not specified) (“Top 100,” 2009). These top ten contractors with misconduct were all US defense manufacturers except one, which was BAE Systems, a UK defense company (“Top 100,” 2009). The top five companies are Lockheed Martin (50 incidents and \$577.2 million in misconduct), Boeing Company (34 incidents and \$1.588 billion in misconduct), Northrop Grumman (29 incidents and \$821.9 million in misconduct), General Dynamics (10 incidents and \$63.2 million in misconduct), Raytheon Company (20 incidents and \$479.2 million in misconduct) (“Top 100,” 2009). The US is continuing to award its largest contracts with companies that have large accounts of undisclosed misconduct.

There is no doubt that the arms industry is one of the most profitable businesses in the world. These companies are raking in billions of dollars in profits every year thanks to US and foreign contracts. The

wars in Iraq and Afghanistan have increased the need for large contracts and these wars have driven the profits of these companies. In essence these manufacturers are profiting off the death of American, Iraqi, Afghani and foreign soldiers and peoples around the world.

Chinese Companies

China, unlike the US, does not have any manufacturing companies on the list of top 100 manufacturers. Actual accounts of Chinese arms manufacturer profits were not found, but the general top manufacturers are known. This is because “with the approval of the State Council on 01 July 1999, the Chinese government split the top five Defense and Technology Corporations into ten new enterprises. These corporations are all large State Owned Enterprises (SOE's) under direct supervision of the State Council. These SOE's are the China National Nuclear Corporation (CNNC); the China Nuclear Engineering & Construction Group Corporation (CNEC); the China Aerospace Science and Technology Corporation (CASC); the China Aerospace Machinery and Electronics Corporation (CAMEC); the China Aviation Industry Corporation I (AVIC I); the China Aviation Industry Corporation II (AVIC II); the China State Shipbuilding Corporation (CSSC); the China Shipbuilding Industry

Corporation (CSIC); the China North Industries Group Corporation (CNGC); and the China South Industries Group Corporation (CSG) (“Institutional Trends,” 2009). These companies are the major defense manufacturers in China. Norinco is not mentioned but it is also a major defense manufacturer in China. It is possibly the largest but due to lack of transparency on profits it is difficult to determine.

What is interesting about China is that some military companies work “entirely outside” of the Chinese government (“China’s Proliferation,” 2007). If you remember from above, the companies were referred to as State Owned Enterprises (SOE’s). This would go against the statement that they are outside of government control, but this policy was put in place immediately after the initial split in 1999. Since then the government has often pursued a policy of increased separation between the defense contractors and the government (“Institutional Trends,” 2009).

It is questionable how much any company is able to work outside of governmental control in China, but if the government could claim these companies were not controlled by them, the Chinese government could not be held responsible for whom the weapons were being sold to.

“The PLA officially divested itself of all commercial activities some years ago. However, the people who run Polytechnologies [a major

defense manufacturer] are almost entirely former military, people who are related to the military, and I would say without getting into the detail too much, that they are certainly very closely aligned with many parts of the military industrial complex (“China’s Proliferation,” 2007).

We see in this statement that, while ‘officially’ the government does not control these military companies, they certainly have very strong connections with military personnel.

Chinese companies often have to fight with sanctions imposed on them by the UN and the US making profitability and advancement in the industry more difficult. While these sanctions are said to be imposed for violations of arms regulation agreements, competition for arms contracts may be part of a hidden push to keep Chinese companies from easily entering world markets. As of 2007 there were nine Chinese companies under sanction from the Iran and Syria Nonproliferation Act (ISNA) (“China’s Proliferation,” 2007). Among the most recently sanctioned Chinese companies, China National Precision Machinery Import/Export Corporation (CPMIEC), Shanghai Non-Ferrous Metals Pudong Development Trade Co. Ltd., and Zibo Chemet Equipment Company (“China’s Proliferation,” 2007).

Despite sanctions and the lack of technology China is making headway. As of 2008 the Chinese defense budget became second only to the US. While profits for Chinese companies were not found, there is likely a strong correlation between the increases in Chinese defense budget and increases in Chinese defense manufacturer profits.

The Arms Trade Arena:

Now that the motivational force for arms manufacturing companies has been discussed, it is now time to look at the world stage and foreign policy implications of arms sales. The world stage includes, but is not limited to, the social, political, economic, and military context of the time period. These factors and more must all be taken into account when analyzing the arms market. This is because government directed arms contracts are all carefully considered for their strategic importance.

For instance, one of China's major recipients in the 1980's was Iran. Iran had large oil resources and gave Beijing a foothold in the Middle East that provided China military access to other parts of the world (Byman, 1999). China sold billions of dollars worth of weapons to Iran during the Iran-Iraq war giving China substantial amounts of badly needed foreign currency. The US has maintained a close relationship with Israel for many

years. Israel has provided the US with a strategic military influence in the Middle East, as well as potential access to Middle Eastern oil. This illustrates how foreign policy, as well as the commercial and strategic importance of an arms contract is carefully considered.

Providing arms to a nation is also used as a way to aid a warring nation without directly becoming involved in the struggle. From the 1980s-1997 China's main recipients of foreign military assistance were Pakistan, Iran, Iraq, North Korea, Myanmar, and Thailand. China was using arms transfers to strengthen countries against states that are Beijing's rivals (Byman, 1999). In the case of these countries the rival is the Soviet Union, which occurred after the Sino-Soviet split. Providing military support to an enemy of an enemy is not an uncommon occurrence. By providing weapons and technology to a rival of your enemy you are helping to influence the outcome of a feud while not actually becoming entangled in it.

To give a US example of this, the US provided arms to Afghanistan in an attempt to counter Soviet expansion. Unfortunately though, it may have led to the development of rogue groups in Afghanistan, which the US is currently combating. The US has maintained a close relationship with Israel for many years. Israel has provided the US with a strategic

military influence in the Middle East, as well as potential access to Middle Eastern oil. This illustrates how foreign policy plays a major factor in arms sales.

Even after the collapse of the Soviet Union in 1991, the remnants of Cold War conflict continued to influence foreign policy and thus the sale of military technology and arms around the globe. However it must be said that arms deals change quickly. UN sanctions, newfound allies, new enemies, and changes to the world stage all rapidly influence the arms market. In the period 1989-1998, following the end of the Cold War, global military spending decreased by approximately one-third (Bromley and Holtom, 2009). This is likely due to the fact the Soviet Union was no longer trying to keep pace with the US militarily. Although the Soviet Union was no longer trying to militarize, it had a massive stockpile of weapons that needed to be sold to try to cover economic deficits.

This is likely the reasoning that following the Cold War, Chinese arms sales saw large decreases. "From 1990 to 1998 Chinese arms exports fell 75% with the entry of inexpensive Russian arms in to the market. Also, the poor performance of Chinese arms in the Iran-Iraq War and the Persian Gulf War negatively impacted sales ("China and," 2010)." China also began to take part in more international organizations regulating

sales of arms to foreign nations, joining the Comprehensive Test Ban Treaty (CTBT) in 1996, the Non-Proliferation Treaty in 1992, and the Chemical Weapons Convention in 1993 (Byman, 1999).

While there are a number of recorded possible violations of the signed treaties (China along with the US and other nations have all been implicated in violations of signed treaties), China was seen as recognizing the need for increased control of arms sales. China also is said to have wanted to become more integrated into the international community, which would never have been allowed with accusations of gross violations of arms treaties (Byman, 1999). China may have also realized the nations it was supplying military weapons and technology to be within close proximity, and at some point may become a potential adversary.

Despite the initial drop in arms sales immediately following the Cold War it appears as if the world in more recent years is on the path to re-arm to the same level as the Cold War. One of the most important facts to keep track of is that “global military spending has increased 45% in real terms over the period 1997-2007 [see Figure 1] (Bromley and Holtom, 2009).” What is interesting is that according to the SIPRI database the US is the primary reason for the steady increase in military expenditure.

Accordingly the US has been credited with 63% of the increase in global military spending 2001-2006 (Bromley and Holtom, 2009).

The increase in total global military expenditure by region is not as significant as the US increases in actual amount of expenditure, but there is still a significant percentage of increase globally [see Figure 2]. The percentage tells us the only how much a particular nation's expenditure has changed in a given time period.

Eastern Europe saw the greatest percentage of military expenditure increase at 162% 1998-2007 (Bromley and Holtom, 2009). North America saw a 59% increase, the Middle East saw a 62% increase, Africa saw a 51% increase, and East Asia saw a 51% increase all over the 1998-2007 timeframe (Bromley and Holtom, 2009). China alone increased its military expenditure by 202% (Bromley and Holtom, 2009). This information shows a general increase in military spending at a remarkable rate but globally there has also been an increase in economic growth, which likely attributes to the increase in military expenditure. This because arms have been deemed a commodity. When economies of nations are on the rise they are more willing to spend on arms, so per individual country the increase in arms transfers is likely to closely mimic an increase in economic growth and vice versa for economic decline. Total military

expenditure increased significantly since 1998, but what has the global arms trade looked like in connection with this data?

According to SIPRI, following the end of the Cold War arms transfer volume reached its greatest low in 2002, which was only 38% of the highest point of arms transfers previously in 1982 [see Figure 3] (Bromley and Holtom, 2009). This seems to run counter to the military expenditure that we saw increasingly steadily from 1998-2007, however it appears as if the arms market followed on a short delay because following 2002 there has been a “steady increase in arms transfers (Bromley and Holtom, 2009).” This seems more like the military expenditure we saw from 1998-2007. The delay in the increase of the volume of arms transfers compared to military expenditure may have been due to a number of things such as, production delays in weapons, or time needed to conduct transfer deals with new foreign nations that were now opened to the US market following the Soviet collapse. The reasoning is not fully known but the important point is to realize that overall volume of arms transfers have increased since 2002 shortly following after the military expenditure increase from 1998-2007.

From 1993-2008 the top five suppliers of conventional weapons have stayed the same. They are the US, Russia, Germany, France and the

UK [see Figures 4 & 5]. These nations have maintained control over the arms market for a remarkably long time.

From 1980-1984 Iraq, India, Libya, Syria, and Egypt were the top five largest recipients of arms and from 2004-2008 China, India, the UAE, South Korea, and Greece were the top five importers of arms [see Figures 6 & 7] (Bromley and Holtom, 2009). According to SIPRI China was the largest recipient of major conventional arms, followed by India for the time period (1999-2008) (Bromley and Holtom, 2009).

African imports increased from 6% to 7% of global imports from (99-03 to 04-08), while the Americas imports increased from 8% to 11% (Bromley and Holtom, 2009). Transfers to South America increased by 94% in the timeframe, while the USA jumped from the 14th largest global importer to the 7th (Bromley and Holtom, 2009). Asian states decreased from 40% to 37% of global imports during the same time period (Bromley, 2009). The Middle East received 18% of global imports (2004-2008), which was 38% higher than in 1993-2003 (Bromley and Holtom, 2009). It is unclear how the global arms market will begin to shift but it is interesting to note that in 2007 and 2008 South Korea became the world's largest importer of conventional weapons (Bromley and Holtom, 2009). China was the world's largest importer for the (1999-2008) time period, but

transfers to China in 2007 and 2008 “were less than half their annual volume from (2002-2006) (Bromley and Holtom, 2009). We could be seeing a decreasing trend in arms transfer to China, as China has imported significantly fewer arms in 2007 and 2008 compared to 2002-2006. As China slows its importation of arms other nations like South Korea will begin to take the top tiered spot in arms importation.

[Figure 1]

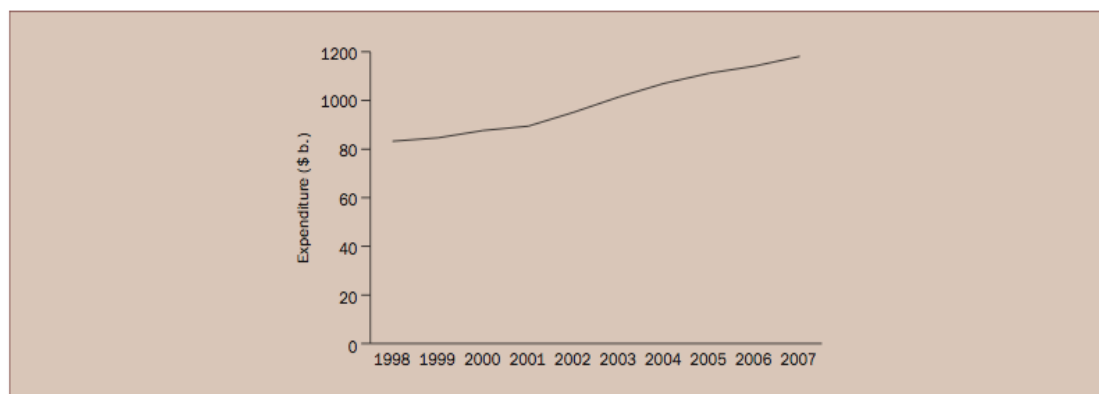


Figure 4. World military expenditure, 1998–2007

Source: SIPRI Military Expenditure Database, <<http://milexdata.sipri.org/>>.

[Figure 2]

Table 8. Military expenditure by region in constant (2005) US dollars, 1998–2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
World total	834	843	875	892	947	1 013	1 071	1 113	1 145	1 214
Africa	11.1	11.9	12.3	13.5	14.3	14.1	15.8	16.0	15.8	16.8
North Africa	4.3	4.0	4.1	5.2	5.2	5.4	5.9	6.2	6.0	6.6
Sub-Saharan Africa	6.8	7.9	8.3	8.4	9.1	8.7	9.9	9.8	9.7	10.1
Americas	367	367	382	387	431	481	522	548	559	598
North America	340	341	354	357	399	453	493	516	525	562
Central America	3.5	3.7	3.9	3.7	3.6	3.6	3.4	3.4	3.6	4.0
South America	23.3	22.1	23.9	26.7	27.5	24.6	25.8	28.1	30.1	32.0
Caribbean	..	..	..	..	..	..	..	..	..	..
Asia and Oceania	132	135	139	146	153	160	166	176	186	200
Central Asia	0.6	0.5	..	0.6	..	0.8	..	..	..	..
East Asia	100	101	104	110	116	122	127	132	140	152
South Asia	19.6	21.9	22.8	23.5	23.6	24.2	25.0	28.2	29.7	30.7
Oceania	11.4	11.9	11.8	12.2	12.7	13.2	13.8	14.3	15.1	16.4
Europe	276	280	287	288	295	302	306	306	311	319
Western Europe	245	250	251	249	253	258	261	257	258	261
Eastern Europe	15.6	15.9	21.4	23.3	25.8	27.6	28.9	32.0	35.6	40.8
Central Europe	15.1	14.7	14.8	15.5	15.8	16.2	16.3	16.8	17.1	18.0
Middle East	48.8	48.1	54.3	56.7	54.3	56.0	60.3	67.2	73.9	79.0

Source: SIPRI Military Expenditure Database, <<http://milexdata.sipri.org/>>.

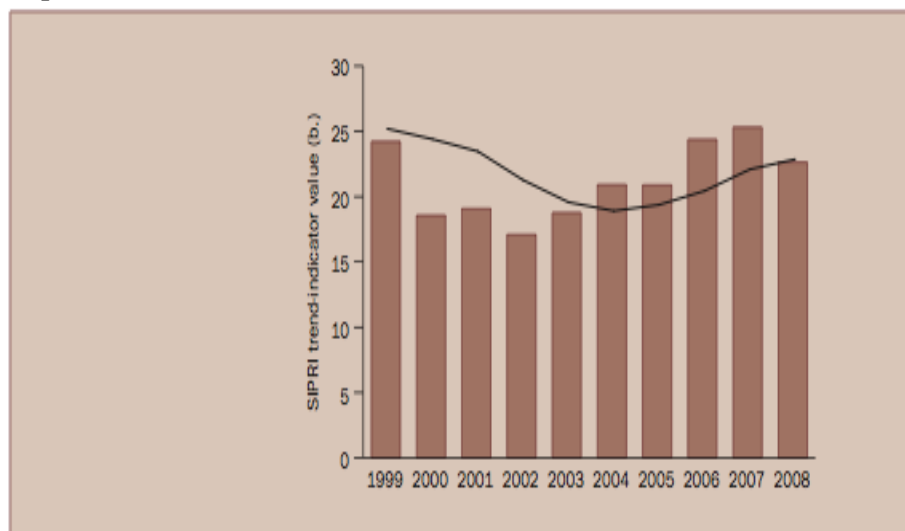
[Figure 3]**Figure 1. The trend in transfers of major conventional weapons, 1999–2008****[Figures 4 & 5]**

Table 1. The top 5 suppliers of major conventional weapons and their largest recipients, 2004–2008

Supplier	Share of global arms exports (%)	Total no. of recipients	Main recipients (share of supplier's transfers)		
			1st	2nd	3rd
United States	31	69	South Korea (15%)	Israel (13%)	UAE (11%)
Russia	25	46	China (42%)	India (21%)	Algeria (8%)
Germany	10	47	Turkey (15%)	Greece (13%)	South Africa (12%)
France	8	39	UAE (32%)	Singapore (13%)	Greece (12%)
United Kingdom	4	37	United States (21%)	India (14%)	Chile (9%)

Table 2. The top 5 suppliers of major conventional weapons and their largest recipients, 1999–2003

Supplier	Share of global arms exports (%)	Total no. of recipients	Main recipients (share of supplier's transfers)		
			1st	2nd	3rd
United States	35	77	Taiwan (9%)	Egypt (8%)	Japan (8%)
Russia	26	47	China (44%)	India (23%)	Iran (4%)
Germany	7	56	Turkey (14%)	Australia (11%)	South Korea (7%)
France	7	55	UAE (21%)	Pakistan (12%)	Turkey (11%)
United Kingdom	6	44	Canada (18%)	United States (12%)	Turkey (10%)

Source: SIPRI Arms Transfers Database, <<http://armstrade.sipri.org>>.

[Figures 6 & 7]

Table 3. The top 5 recipients of major conventional weapons and their largest suppliers, 2004–2008

Recipient	Share of global arms imports (%)	Total no. of suppliers	Main suppliers (share of recipient's transfers)		
			1st	2nd	3rd
China	11	6	Russia (92%)	France (3%)	Ukraine (2%)
India	7	11	Russia (71%)	United Kingdom (9%)	Israel (6%)
UAE	6	13	United States (54%)	France (43%)	Germany (1%)
South Korea	6	8	United States (73%)	Germany (12%)	France (9%)
Greece	4	13	Germany (31%)	United States (24%)	France (24%)

Table 4. The top 5 recipients of major conventional weapons and their largest suppliers, 1999–2003

Recipient	Share of global arms imports (%)	Total no. of suppliers	Main suppliers (share of recipient's transfers)		
			1st	2nd	3rd
China	12	9	Russia (92%)	France (3%)	Ukraine (2%)
India	8	14	Russia (78%)	Uzbekistan (5%)	Germany (3%)
Greece	5	13	United States (52%)	Russia (17%)	Netherlands (10%)
Turkey	5	10	United States (54%)	France (15%)	United Kingdom (11%)
South Korea	4	10	United States (67%)	Germany (11%)	France (11%)

Source: SIPRI Arms Transfers Database, <<http://armstrade.sipri.org>>.

US and Chinese Arms Transfers Data:

Now that the world stage has been set up it is time to finally look at some actual data on arms transfers of the US and China. Just to clarify it is not the arms transfers between the two States that are being looked at.

This is because China and the US have had relatively little positive military contact.

Historically speaking the height of Chinese-US military contacts came in the 1980's when the US sold weapons to China in a joint effort against the Soviet Union (Kan, 2009). Contacts began to fall apart in 1989 with the incident in Tiananmen Square (Kan, 2009). Relations with the

Chinese in a military sense have taken a lot of ups and downs. Problems occurred during the “Taiwan Straits problem in 1995-96, the mistaken NATO bombing of a PRC embassy in 1999, the EP-3 aircraft collision crisis in 2001, and aggressive naval confrontations (including in March 2009) (Kan, 2009).” In 2007, despite various incidents, China agreed to a “hotline”, a direct phone line with the US, which was seen as a major step forward in military relations (Kan, 2009).

Despite the new hotline there are still tensions between the US and China, particularly in relation to Taiwan. The US continues to supply arms to Taiwan despite major objections from the Chinese government. The government policy towards China has always been one of cautious optimism. There is a desire to work with the Chinese particularly as they become more economically powerful, but there is still a lot of fear on both sides of what will come in the future.

The fear and uncertainty between the two nations has kept arms transfers between them very low. So it is not the arms transfers between the two nations that are being looked at, but their individual arms sales and imports with other nations. Arms agreements and deliveries the two nations conducted with other nations will be provided in a sort of side-by-side view so that data can be clearly compared. This will hopefully

provide the clearest view at the arms transfers the US and China are conducting individually as well as comparatively.

While this paper is largely concerned with the developments of China and the US arms sales from 2000 on, it is helpful to look at a quick overview of the important information regarding their specific arms sales shortly after the collapse of the Soviet Union. The following data about arms deals to the developing world from 1993-2000 comes from the Congressional Research Service's (CRS) report *Conventional Arms Transfers to Developing Nations, 1993-2000* (Grimmett, Sept 2001) (Unless otherwise stated). This is a report put out every few years detailing the transfer of arms and services to developing nations. The (CRS) report breaks the overall 1993-2000 timeframe into two even smaller time frames 1993-1996 and 1997-2000 to better show any changes in the trends of arms transfers.

There are two types of arms transfer discussed. There is arms transfer agreements and arms transfer recipients. The recipients represent the actual value of arms being received by a nation and the arms transfer agreements is the value of arms contractually agreed upon. The overall picture of arms transfers to a nation can be roughly determined by either one of the values (recipient or agreements) although the numbers are slightly different. To clarify that if it was said that China was an exporter

of \$40 million in arms agreements, that would mean that China and a foreign country agreed that China would sell the foreign country \$40 million in arms. If it was said that China was a recipient of \$40 million in arms agreements, this would mean that China and a foreign country agreed that China would purchase \$40 million in weapons from that foreign country. The values of agreements and received arms are usually very similar but the values can be different, as you will see.

US and Chinese Arms Transfers 1993-2000

Monetary values in 2000 constant US dollars

General Arms Agreements with Developing Nations

For the time period 1993-1996 China's total arms transfer agreements totaled \$2.5 billion placing China in the number seven spot for arms transfer agreements with the developing world (93-96) after the US, France, Russia, the United Kingdom, Germany, and Israel respectively. What is interesting about these arms transfer agreements is that 100% of them were conducted with nations defined as 'developing nations.'

The US conducted 58.7%, of the total \$60.93 billion arms transfers agreements, for the same time period, with developing nations. The US takes the number one spot in arms transfer agreements with the

developing world as well as with the total arms transfer agreements with the world.

What this information may suggest is that for some reason China was unable to sell its weapons to developing countries. This is likely due to the fact that according to the 1993-2000 CRS report on transfers to developing nations at this time China was considered a developing country as well. China's markets could not include the more advanced nations, which had military technology far beyond China's capabilities; China had to focus on other developing nations that also did not have advanced technology.

Regional Arms Agreements with Developing Nations

The US overshadowed the Chinese in percentage of total agreements with developing nations in all corners of the world except one, Africa. From 1993-96 US agreements with Africa amounted to only 2.99% of total African agreements while Chinese agreements amounted to 7.46% of total African arms agreements. Then again from 1997-2000 Africa was the only region China had a higher percentage of agreements (12.37%) in than the US (1.08%). Africa received the least amount of military agreements from the US during these time periods. It appears at

this time the US was focused largely on dominating the arms supplies to the Near East, taking 50.38% in (93-96) and 60.89% in (97-00) of total military agreements in the area. This amounted to (74.76% (93-96)), and (76.6% (97-2000)) of total US agreements. Although China had a larger presence in Africa during these time periods the majority of their military agreements were conducted in Asia with 59.9% of total Chinese agreements going to Asian nations in (93-96) and 48.98% in (97-00). US dominance in the Near East is likely due to the fact that at this time it was the largest arms market in the developing world.

Summary of Data on Percent Agreement Distribution by Region.
Data from *Conventional Arms Transfers to Developing Nations, 1993-2000*

	% of Suppliers Agreements by Region			
	China 93-96	US	China 97-00	US
Asia	59.09%	20.80%	48.98%	18.97%
Near East	27.27%	74.76%	28.57%	76.60%
Latin America	4.55%	4.18%	0.00%	4.11%
Africa	9.09%	0.26%	22.45%	0.31%
	% of Global Agreements by Region			
	China 93-96	US	China 97-00	US
Asia	4.28%	21.22%	7.87%	18.97%
Near East	1.31%	50.38%	3.65%	60.89%
Latin America	1.92%	24.93%	0.00%	36.29%
Africa	7.46%	2.99%	12.37%	1.08%

Arms Agreements by Region

The total arms agreements, with the world in (93-00) (roughly \$260 billion), conducted by the US were \$101.09 billion in current 2000 US dollars. Total agreements conducted by China equaled \$7.6 billion [see figure 8]. This gave the US control of 50.36% of all military agreements while China maintained only 1.09% of military agreements [see Figure 9]. This placed the US in the number one spot for total world arms agreements while China held the number six spot for total world agreements (93-00).

China during the discussed time frames was not only the fifth largest exporter of military agreements with developing nations it was the developing world's third largest recipient from (93-00), falling behind Saudi Arabia and the United Arab Emirates. In this timeframe China was the recipient of \$12.6 billion worth of agreements.

[Figure 8]

Table 8. Arms Transfer Agreements with the World, by Supplier, 1993-2000
(in millions of current U.S. dollars)

	1993	1994	1995	1996	1997	1998	1999	2000	TOTAL 1993-2000
United States	20,558	12,505	8,777	10,956	7,324	10,030	12,379	18,562	101,091
Russia	2,400	4,000	7,500	4,600	3,600	2,600	3,900	7,700	36,300
France	5,000	8,700	2,600	2,500	4,700	3,300	900	4,100	31,800
United Kingdom	2,800	700	800	5,000	1,000	2,000	900	600	13,800
China	500	600	200	900	1,300	1,100	2,600	400	7,600
Germany	1,300	1,400	400	200	600	5,000	4,000	1,100	14,000
Italy	400	200	1,200	400	300	900	800	100	4,300
All Other European	1,000	2,500	2,900	3,800	2,000	1,700	6,200	3,100	23,200
All Others	800	800	2,100	3,000	1,500	1,600	1,000	1,200	12,000
TOTAL	34,758	31,405	26,477	31,356	22,324	28,230	32,679	36,862	244,091

[Figure 9]

Table 8B. Arms Transfer Agreements with the World, by Supplier, 1993-2000
(expressed as a percent of total, by year)

	1993	1994	1995	1996	1997	1998	1999	2000
United States	59.15%	39.82%	33.15%	34.94%	32.81%	35.53%	37.88%	50.36%
Russia	6.90%	12.74%	28.33%	14.67%	16.13%	9.21%	11.93%	20.89%
France	14.39%	27.70%	9.82%	7.97%	21.05%	11.69%	2.75%	11.12%
United Kingdom	8.06%	2.23%	3.02%	15.95%	4.48%	7.08%	2.75%	1.63%
China	1.44%	1.91%	0.76%	2.87%	5.82%	3.90%	7.96%	1.09%
Germany	3.74%	4.46%	1.51%	0.64%	2.69%	17.71%	12.24%	2.98%
Italy	1.15%	0.64%	4.53%	1.28%	1.34%	3.19%	2.45%	0.27%
All Other European	2.88%	7.96%	10.95%	12.12%	8.96%	6.02%	18.97%	8.41%
All Others	2.30%	2.55%	7.93%	9.57%	6.72%	5.67%	3.06%	3.26%

US and Chinese Arms Transfers 2000-2008

Monetary values in constant 2008 US dollars unless otherwise stated.

The following data concerns the arms transfers of the US and China from the 2000-2008 time period. This data is the main focus of the paper because it is the most contemporary data available. The arms trade

changes rapidly so it is important to use the latest data available to try to understand the global arms market.

The information in the following section comes from the Congressional Research Service's report on *Conventional Arms Transfer to Developing Nations 2001-2008* (Grimmett, Sept 2009). (Unless otherwise stated)

Arms Transfer Agreements US and China 2000-2008

During the years 2001-2004 the US conducted \$60.78 billion in worldwide arms transfer agreements. During the years 2005-2008 the value of US arms agreements increased to \$94.1 billion. In (01-04) 53.5% of the value of US arms agreements was conducted with developing nations. In (05-08) the value of arms agreements with developing nations increased to 59.9% [see Figure 10].

The total value of Chinese arms agreements increased from \$3.64 billion in (01-04) to \$6.46 billion in (05-08). In the period (01-08) 100% of China's arms transfer agreements were again conducted with the developing world. This was seen in previous data for the years (93-01) perhaps suggesting that China still does not have the military products to compete with other nations.

While China may be focusing on transfers to developing nations, China's sales between the two periods still nearly doubled. The US also saw a huge increase, around \$30 billion, in its arms agreements. In fact, of the top suppliers of arms agreements (US, Russia, France, UK, Germany, China, and Italy) the only nation to show a decrease in arms agreements between the two time periods is Germany, decreasing from \$9.94 billion to \$6.31 billion. We have already recognized that there has been a steady increase in the volume of arms transfer globally, and here we can see the increases in arms transfer agreements specifically.

[Figure 10]

Table I. Worldwide Arms Transfer Agreements, 2001-2008 and Suppliers' Share with Developing World

(in millions of constant 2008 U.S. dollars)

Supplier	Worldwide Agreements Value 2001-2004	Percentage of Total with Developing World
United States	60,780	53.50%
Russia	27,467	95.70%
France	12,684	32.60%
United Kingdom	9,263	85.90%
China	3,644	100.00%
Germany	9,943	4.8%
Italy	3,211	39.80%
All Other European	17,516	42.20%
All Others	11,554	65.00%
TOTAL	156,062	58.40%

Supplier	Worldwide Agreements Value 2005-2008	Percentage of Total with Developing World
United States	94,102	59.90%
Russia	36,356	96.50%
France	18,563	60.20%
United Kingdom	17,651	99.40%
China	6,461	100.00%
Germany	6,318	63.00%
Italy	7,842	38.50%
All Other European	22,775	49.80%
All Others	11,295	68.50%
TOTAL	221,362	69.20%

Source: U.S. Government

Arms Transfer Deliveries US and China 2000-2008

[Summary of transfers see Figures 12 & 13]

The above data shows the worldwide arms transfer agreements with the developing world. The figures are slightly different from the value of worldwide arms deliveries to developing countries. This information represents the value of the military materials actually

received by the recipient country during that time frame. These numbers can be deceiving when looked at with arms agreement numbers because the agreed upon arms transfer may be conducted over large time periods. This may mean that during the time frame (01-04) an agreed value of \$5 billion was determined for a recipient, but that recipient may receive only \$2 billion out of the \$5 billion in that time period with the remaining \$3 billion to come later or not at all depending on if the arms contracts are revised. This was just to explain the difference in values of agreements and deliveries for these time periods.

The US value of deliveries for (01-04) was \$49.32 billion and the value for (05-08) was \$51.29 billion. The actual value of military equipment delivered showed only a moderate increase from (01-04) to (05-08). This is very different from the arms transfer agreement increase of around \$30 billion between the two time periods. The value of the arms delivered to developing nations in (01-04) was 60.2% of the US total deliveries. In (05-08) 63.4% of US total deliveries went to developing nations [see Figure 11]. This is a moderate increase from the anticipated levels from the arms agreements. It shows the US continue to target the developing nations as their main source of military arms agreements and transfers.

China delivered \$4.02 billion in (01-04) and \$4.97 billion in (05-08).

These numbers like the US numbers of deliveries are less than the agreement numbers but this is not uncommon, as was explained. What is notable about Chinese deliveries is that in (01-04) and (05-08) only 91.1% and 97.9% respectively, of China's total delivered value went to developing nations [see Figure 11]. This seems to be unusual data because 100% of arms agreements for this time were conducted with developing nations. This means that China delivered weapons to already developed nations despite the fact that China's agreements were only conducted with the developing world. In fact if you were to look back even 1993-2000 the CRS report had 100% of Chinas arms agreements with developing nations. It appears that China snuck some deliveries of weapons to the developed world; this could mean Europe nations or the US, in during this time period.

The reason for the discrepancy in agreements to deliveries is not provided nor is the information about which developed nation the Chinese delivered arms to. This could show a potential change in China's arms transfers and the global arms market. Delivering weapons to a developed nation suggests that China finally has some sort of weapon technology that developed nations want. China was seen as being

relatively behind in weapons technology for many years and thus China could often only deliver its weapons to the still developing nations, because the developed nations already had the same technology. This was not seen in the previous time periods, suggesting that China will begin to shift arms deliveries to developed nations as China becomes one of the most technologically advanced nations.

[Figure 11]

Table 2. Worldwide Arms Deliveries, 2001-2008 and Suppliers' Share with Developing World

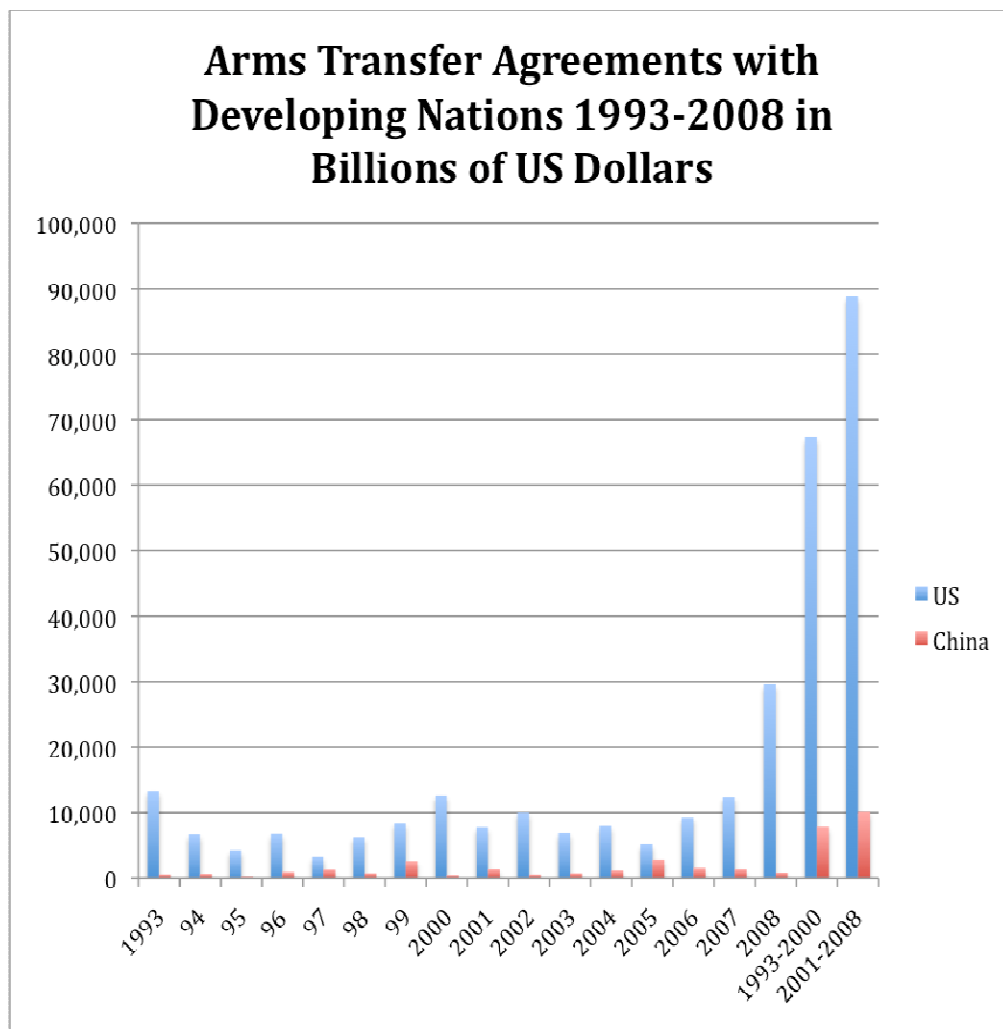
(in millions of constant 2008 U.S. dollars)

Supplier	Worldwide Deliveries Value 2001-2004	Percentage of Total to Developing World
United States	49,324	60.20%
Russia	21,458	94.50%
France	13,297	78.40%
United Kingdom	23,075	76.90%
China	4,021	91.10%
Germany	7,028	33.10%
Italy	2,027	35.20%
All Other European	14,790	51.40%
All Others	13,212	50.90%
TOTAL	148,232	66.90%

Supplier	Worldwide Deliveries Value 2005-2008	Percentage of Total to Developing World
United States	51,279	63.40%
Russia	21,006	95.00%
France	7,591	50.50%
United Kingdom	12,855	69.30%
China	4,977	97.90%
Germany	10,700	26.10%
Italy	2,637	23.70%
All Other European	15,297	34.80%
All Others	10,861	29.40%
TOTAL	137,203	59.80%

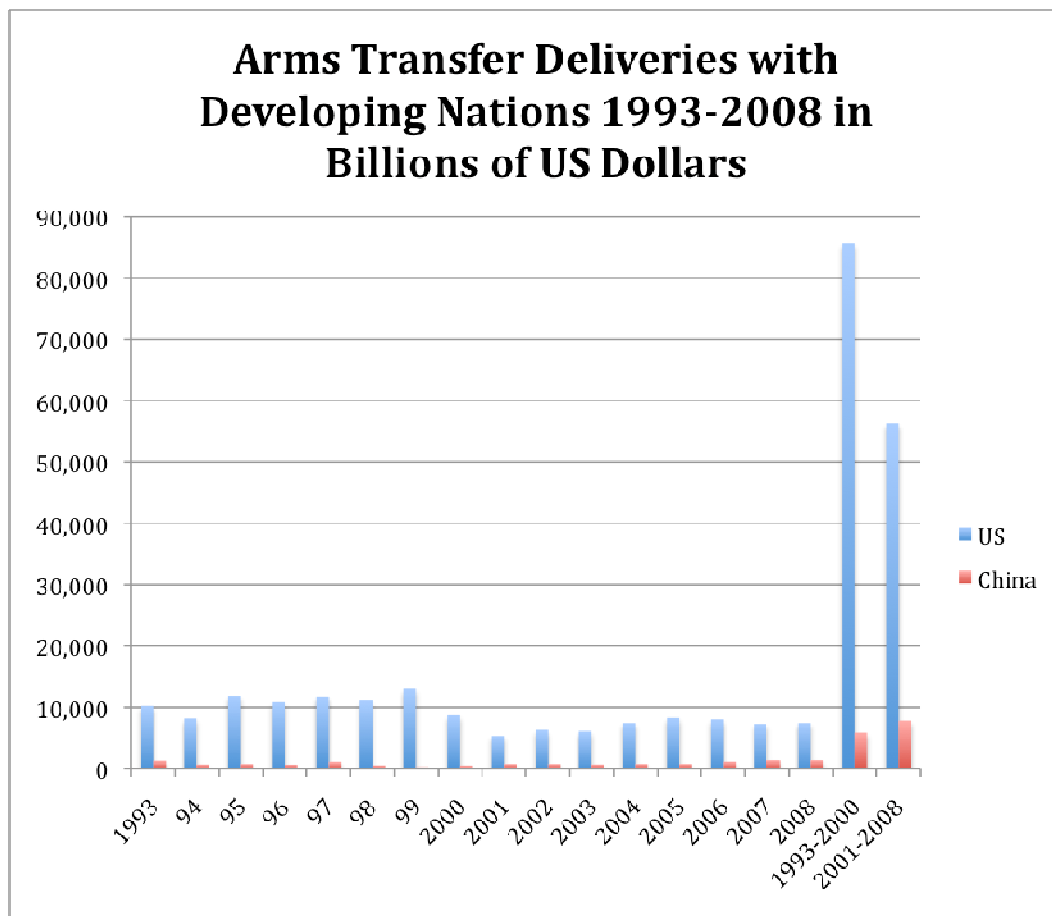
Source: U.S. Government

[Figure 12]



Source: Data came from *Conventional Arms Transfer to Developing Nations 1993-2000 and 2001-2008*

[Figure 13]



Source: Data came from *Conventional Arms Transfer to Developing Nations 1993-2000 and 2001-2008*

Regional Arms Transfer Agreements and Deliveries 2000-2008
[Summary of transfers see Figures 14 & 15]

The above information puts arms transfers and deliveries with the developing world on a more global scale. Now we will begin to look at what regions of the world these two countries were focusing on.

Africa

Again in the years 2001-2008, as in the years 1993-2001, the only region of the world that the Chinese had greater arms transfer agreements in than the US, was Africa. China's valued arm agreements totaled \$600 million in (01-04) (20% of their total agreements) and \$900 million in (05-08) (14.75% of their agreements). The US arms agreement value in Africa totaled \$156 million (0.57% of their agreements) and \$158 million (0.29% of their agreements) in the same time frames. China was the single greatest supplier to Africa for (05-08).

Deliveries to regions of the world again were heavily dominated by the US in all regions except Africa. This is the only region the Chinese had greater delivery values \$400 million (12.9%) (01-04) and \$700 million (15.22%) (05-08). The US delivery values in Africa were \$110 million (.44%) (01-04) and \$154 million (.5%) (05-08).

Asia

The US arms agreements with Asia in (01-04) were \$7.14 billion and in (05-08) arms agreements were \$12.0 billion. This represented 25.9% and 21.8% of US sales. China's agreements with Asia were \$1.6 billion and \$3.2

billion in the respective time periods. This represented 53.3% and 52.5% of China's arms agreements. This represented China's greatest buyer of arms agreements.

US deliveries to Asia were \$8.5 billion (33.85%) and \$9.91 billion (31.86%) in the (01-04) and (05-08) timeframes. Chinese deliveries to Asia were \$1.9 billion (61.29%) and \$2.2 billion (47.83%) in the same timeframes. China provided its greatest amount of agreements and deliveries to Asian nations. Asia was the US's second greatest area for arms sales and deliveries.

Middle East

The US made up the majority of their arms agreements with the Middle East amassing \$19.04 billion in (01-04) (69.2% of their agreements) and an astounding \$40.73 billion in arms agreements in (05-08) (73.9% of their agreements). The Chinese value in the Near East only valued \$800 million (26.7% of their agreements) and \$1.5 billion (24.59% of their agreements) in their respective time periods. The difference in arms agreements in the Near East is the largest difference in arms transfer agreements between the US and China in all regions of the world.

US deliveries to the Middle East were \$15.9 billion (63.1% of US deliveries) and \$19.7 billion (63.33% of US deliveries) in the given time frames. Chinese deliveries to the Middle East were \$800 million (25.8% of Chinese deliveries) and \$1.3 billion (28.26% of Chinese deliveries) in the same timeframes. Although Chinese deliveries to the Middle East represented a significant chunk of Chinese deliveries (roughly $\frac{1}{4}$) they still cannot compete with the US dominance in the Middle East, which beats Chinese deliveries by approximately \$19 billion.

Latin America

US arms agreements with Latin America were \$1.18 billion and \$2.19 billion (01-04) and (05-08). This represented 4.29% and 3.98% of total US arms agreements. Chinese arms agreements were \$0.0 million and \$500 million representing 0.0% and 8.2% of total Chinese arms agreements for their respective timeframe.

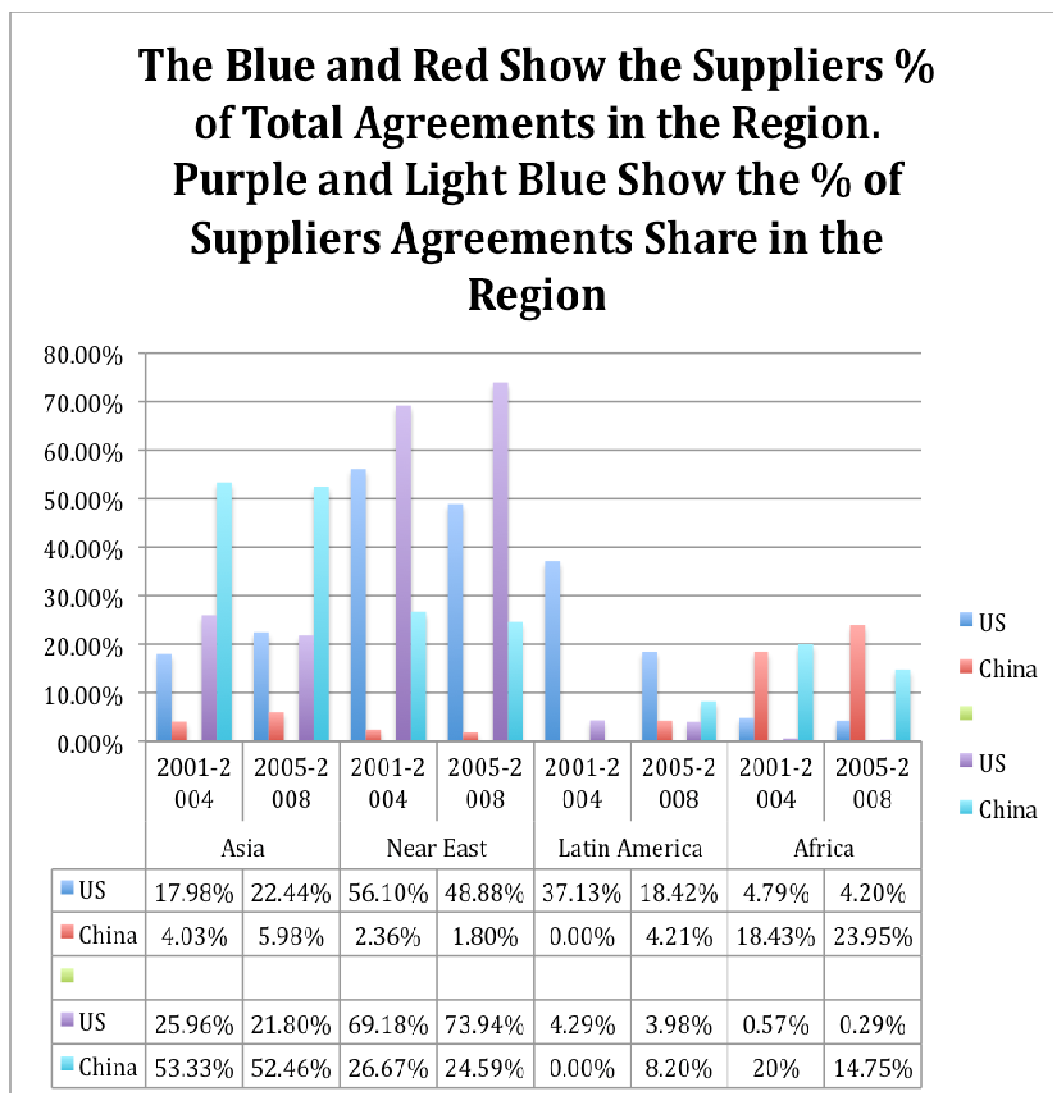
Deliveries to Latin America from the US were \$666 million (01-05) (2.64% US agreements) and \$1.34 billion (05-08) (4.31% US agreements). Deliveries from China were \$0.0 million (0%) and \$400 million (8.7%). It is interesting to see how much China increased its presence in Latin America in the second half of the timeframe. The US also substantially increased its

presence in Latin America during the second half nearly doubling deliveries between the two periods.

Regional summary

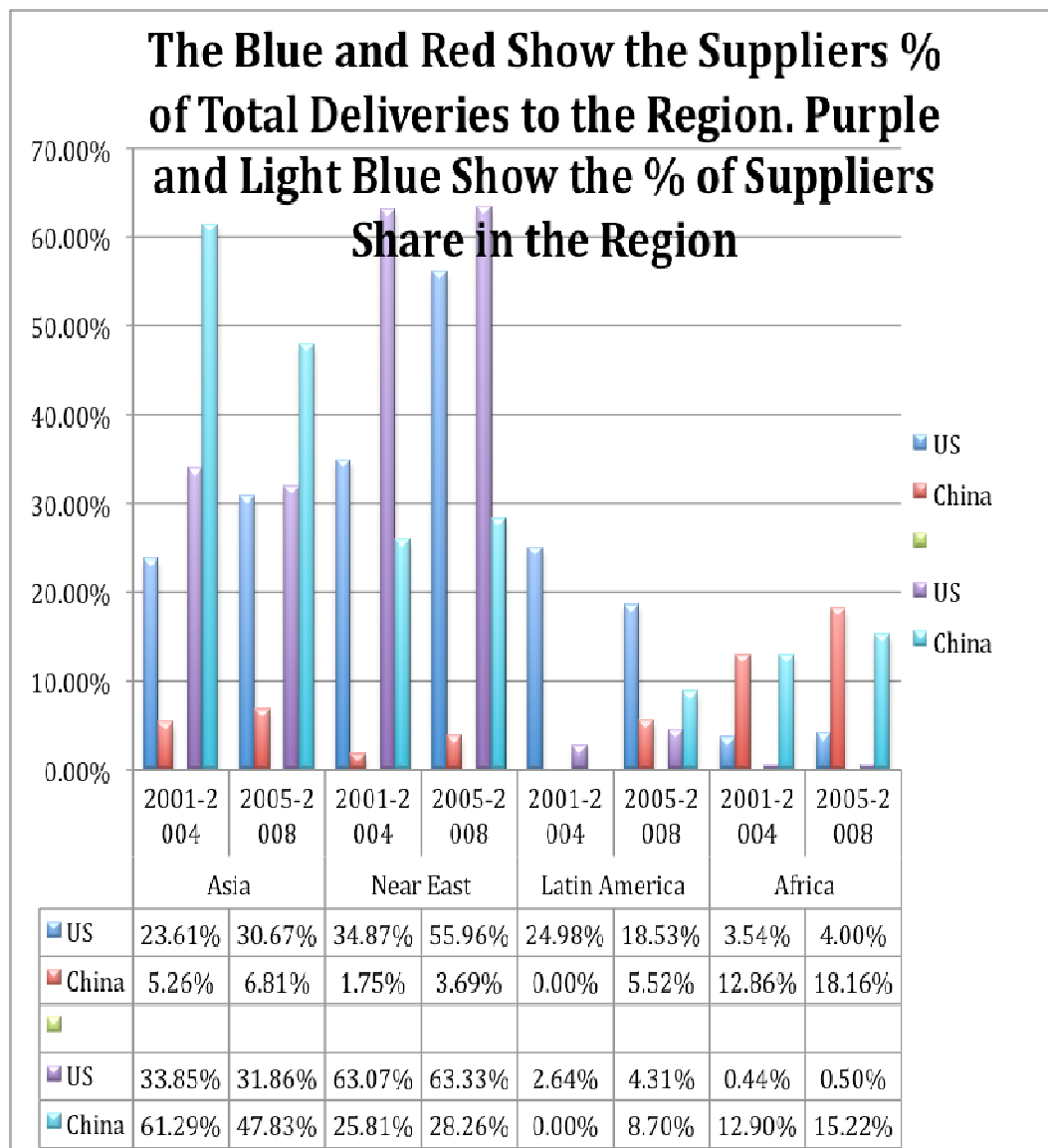
The US continued to focus on the Near East with the majority of their deliveries roughly 63%. Africa received the least percentage of US deliveries and while Africa does not represent as significant a percentage of Chinese deliveries the Chinese still edged out the US and the rest of the world in deliveries (05-08). Latin America received the least percentage of Chinese deliveries. Latin America also received an insignificant percentage of US deliveries. A notable trend was the increase in arms deliveries to Latin America by the US and the Chinese. In fact US and Chinese deliveries to all regions of the world increased between (01-04) and (05-08).

[Figure 14]



Source: Data was taken from *Conventional Arms Transfer to Developing Nations 2001-2008*

[Figure 15]



Source: Data came from *Conventional Arms Transfer to Developing Nations 2001-2008*

Total Worldwide Agreements and Deliveries US and China 2000-2008
 [Summary of transfers see Figures 16 & 17]

The total value of arms transfer agreements with developing nations from 2001-2008 was \$82.6 billion from the US, the world's number one supplier, and \$9.2 billion from the Chinese, the world's number five

supplier to developing nations in this time frame. Russia, the United Kingdom, and France took the second through fourth spots.

While this data shows arms agreements with the developing world the data of arms transfer agreements with the entire world is slightly different. For (01-08) China maintained the number eight spot in total world arms transfer agreements at \$9.2 billion. The US was number one at \$142.83 billion followed by Russia, France, the United Kingdom, Germany, Italy, and Israel.

China took the number five spot for value of deliveries to developing nations with a total of \$7.8 billion (01-08). The US supplied developing nations with \$56.31 billion in deliveries (01-08).

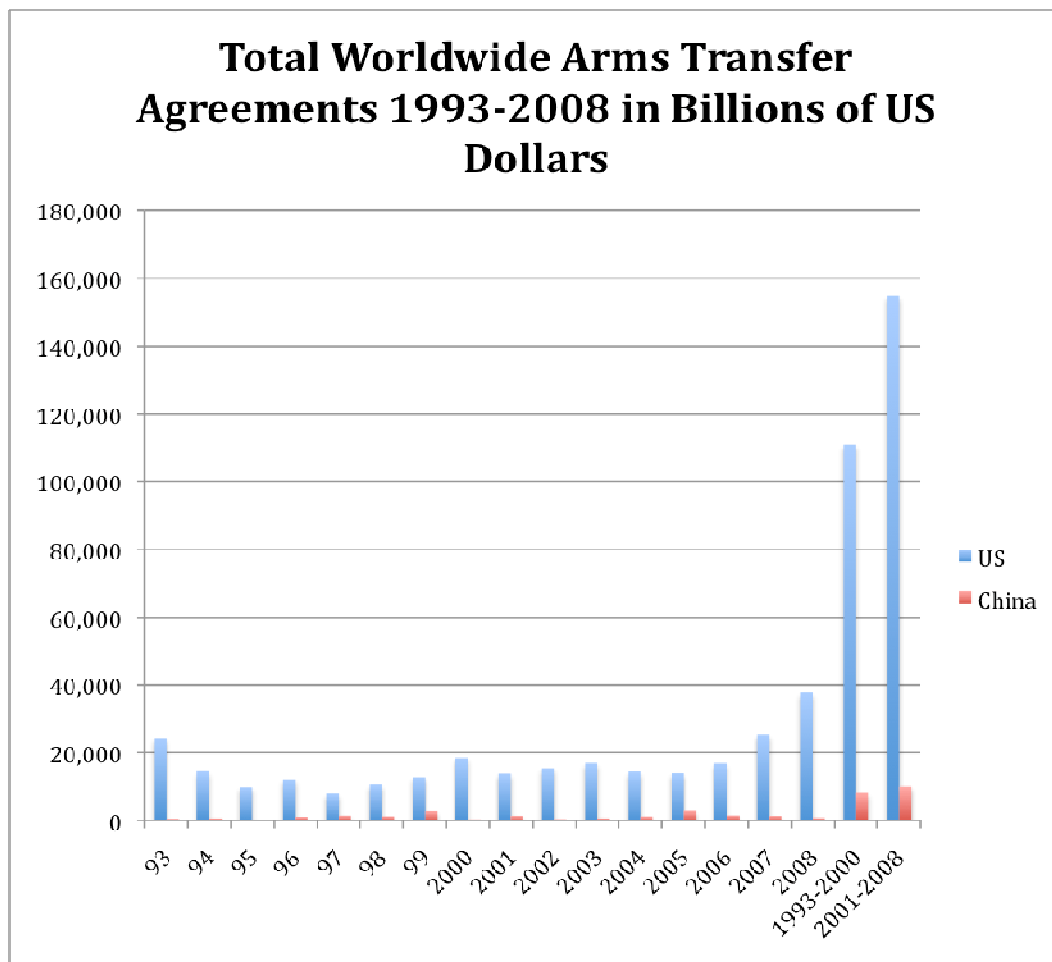
In terms of total world deliveries the US was again number one with \$90.96 billion (01-08) and China was number six with \$8.2 billion. Russia, the United Kingdom, France, and Germany were between the US and China.

In 2008 alone China delivered \$1.4 billion taking the number three spot for deliveries to developing nations. The US maintained the number one spot with \$7.47 billion in deliveries in 2008.

When you break the value of the deliveries to developing nations down by year you will notice that in 2001 the US delivered \$6.58 billion in

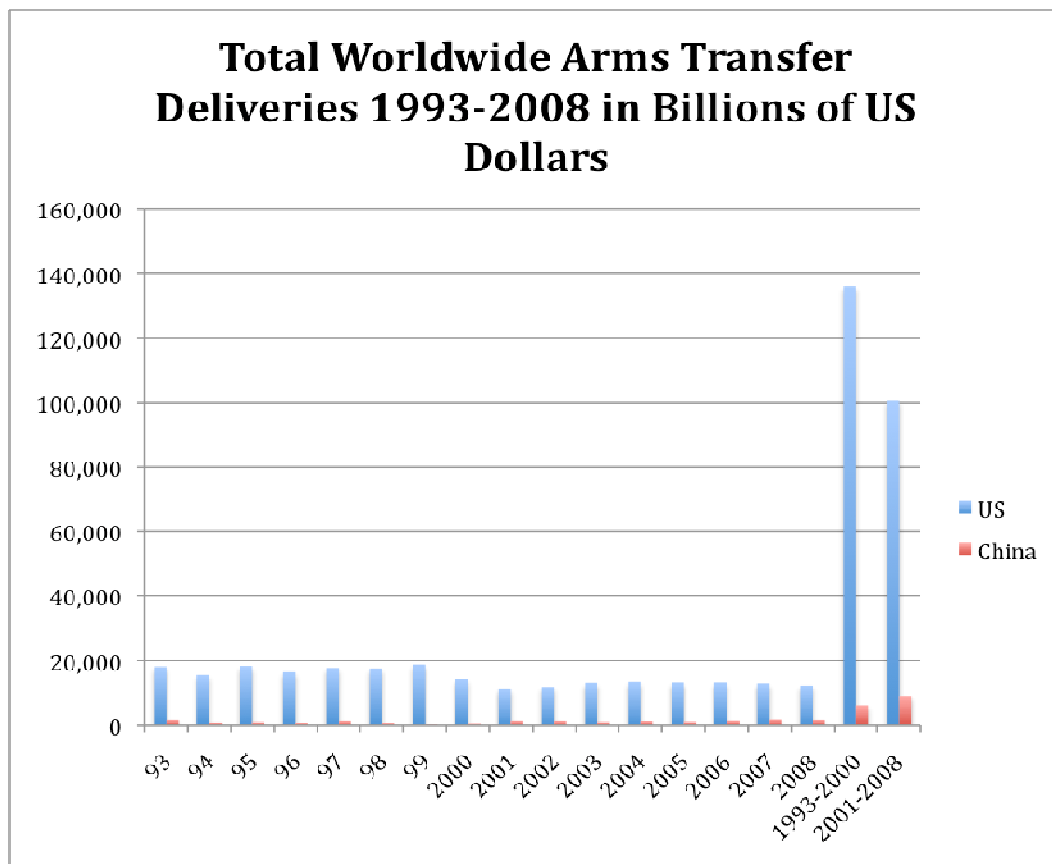
arms. This is the year with the least amount of deliveries. In 2005 the US saw its highest levels of arms deliveries at \$9.11 billion. The final year 2008 the US delivered \$7.47 billion worth of arms to developing nations. China delivered their least amount of arms to developing nations in 2003 at only \$819 million. China delivered its largest amount in 2007 at \$1.44 billion. China's arms deliveries appear to jump around quite a bit but it appears as if they are really beginning to increase deliveries in their later years 2006-2008. The US deliveries seem to peak in the years (04-06) and have fairly similar values (01-03) and (07-08).

[Figure 16]



Source: Data came from *Conventional Arms Transfer to Developing Nations 1993-2000 and 2001-2008*

[Figure 17]



Source: Data came from *Conventional Arms Transfer to Developing Nations 1993-2000 and 2001-2008*

Arms Imports:

The next aspect to look at in the arms transfer arena is imports.

What, how much and from who are China and the US importing weapons from? Imports represent the second half of the arms transfer arena. The US and China are proliferators of weapons but they also receive large amount of weapons from foreign nations.

The US receives the majority of its arms domestically but the US is also a major importer when compared to other nations. The US was the 7th largest importer of conventional weapons 2004-2008. This was a marked increase from the 14th largest importer 1999-2003 (Bromley and Holtom, 2009). Nearly half of US imports 2004-2008 came from EU states (Bromley, 2009).

The US system differs slightly from other nations. The US buys the majority of its contracts from EU states but then produces the products in the US with EU guidance or outsources the easier made products to smaller nations (Bromley, 2009).

The US's high importation is likely a product of their high level of outsourcing. The US provides technology and know-how to build conventional weapons to developing nations so that they can be imported for cheaper costs than making them domestically. For example a SIPRI database estimated that 60-80% of all military rifles are produced by nations that received the technology from another country (Bromley and Holtom, 2009).

This suggests that the developed countries are outsourcing the production of weapons that are not technologically advanced, and thus not a major threat. The US was the number one importer of small and

light weapons (SALW) in 2003 at \$602.5 million [see Figure 22] (Berrigan, 2004). These weapons include handheld weapons that are easily transported or hidden, such as rifles or handguns. One of the US's largest suppliers of SALW is Israel. Israel is one of the United State's greatest importers as well as a major exporter to the US (Perlo-Freeman, 2009). Another major supplier of US rifles and handguns is Croatia. In 2007 Croatia was the world's largest exporter of SALW due to its exports of "528,766 revolvers and self-loading pistols, 120,300 rifles and carbines, and 100 heavy machine guns to the US (Holtom, 2009)." This just shows how much the US does import from foreign nations.

During the (01-08) time period China was not only the number five supplier of arms agreements to developing nations, China was also the number four developing nation recipient of arms transfer agreements [see figure 18]. China was a recipient of \$12.9 billion in arms transfer agreements for this time period. What's interesting is that in the year 2008 China is not even in the top ten for developing nations recipients. When you look closely China was also not a top ten recipient of arms transfer agreements from (05-08) either [see Figure 19]. China went from the second largest recipient in (01-04) to not even in the top ten for (04-08) and (08). This is according to the CRS, however the SIPRI database has China

as the number one importer of conventional weapons in 2004-2008 [see Figure 20] (Wezeman, Siemon). Chinese imports constituted 11% of the global arms industry with most of these imports (92%) coming from Russia (Wezeman, Siemon, 2009). The transfer of conventional weapons only includes actual arms it does not include military training and education and information technology that the CRS includes and this may account for the difference in numbers.

The value of China's agreements for (01-08) totaled \$12.9 billion with \$10 billion of that coming in the (01-04) period. This data shows a sharp decline in the value of arms transfer agreements China is receiving in its more recent years. This again may be a sign of China's development as a whole. As China become more advanced it will rely less and less on foreign arms agreements, choosing to build its own weapons.

This data however is difficult to analyze. In (01-04) China was the number two recipient of arms deliveries of \$9.2 billion and then again in (05-08) China was number two at \$7.0 billion. During the year 2008 China received only \$1.1 billion in arms deliveries taking the number seven spot. So while we see a major decline in arms agreements with China we see that China is still receiving significant deliveries from previously made agreements.

According to SIPRI databases China was the number one arms importer of major conventional weapons 1993-2008 (Bromley and Holtom, 2009). This database calculates the total volume of conventional arms imports to a nation. In this respect for the time period 1993-2008 China was the largest importer, however in 2007 and 2008 China imported “half the annual volume in 2002-2006 (Bromley and Holtom, 2009).” Again the information is difficult to analyze but suggests that over the large timeframe of 1993-2008 China maintained control as the number one importer. As we begin to shorten that timeframe particularly in more recent years we see that China is importing fewer conventional weapons.

While China may be importing fewer conventional weapons China is certainly importing other materials. “Last year [2006], US high-tech exports to China grew by 44% to \$17.7 billion. China is or will soon be the largest market in a number of critical technology sectors (Segal, 2007). This technology can potentially be adapted to military uses in missiles, command centers, or space technology (Segal, 2007). Much of these technology imports are not included in arms transfer data because they have dual use applications. They can be used for military equipment but they may be designed for the public sector. This is another reason that arms transfer values are not as accurate as some may like. This again may

be showing a shift in China from conventional arms transfers to more technologically advanced weaponry.

[Figure 18]

Arms Transfer Agreements with Developing Nations, 2001-2008: Agreements by the Leading Recipients (Continued)

(in millions of current U.S. dollars)

Rank	Recipient	Agreements Value 2001-2008
1	Saudi Arabia	36,700
2	India	30,800
3	U.A.E.	15,300
4	China	12,900
5	Egypt	12,300
6	Pakistan	11,800
7	Israel	7,100
8	Syria	6,500
9	Venezuela	5,800
10	Algeria	4,900

Source: U.S. Government

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

[Figure 19]

**Table 12. Arms Transfer Agreements with Developing Nations, 2001-2008:
Agreements by the Leading Recipients**
(in millions of current U.S. dollars)

Rank	Recipient	Agreements Value 2001-2004
1	India	10,600
2	China	10,000
3	Saudi Arabia	8,400
4	Egypt	6,100
5	Israel	3,600
6	South Korea	3,200
7	Malaysia	2,600
8	U.A.E.	2,500
9	Pakistan	2,300
10	Kuwait	2,200

Rank	Recipient	Agreements Value 2005-2008
1	Saudi Arabia	28,300
2	India	20,200
3	U.A.E.	12,800
4	Pakistan	9,500
5	Egypt	6,200
6	Venezuela	5,600
7	Syria	5,200
8	Morocco	5,000
9	Algeria	4,600
10	South Korea	4,400

Source: U.S. Government

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

[Figure 20]

Table 3. The top 5 recipients of major conventional weapons and their largest suppliers, 2004–2008

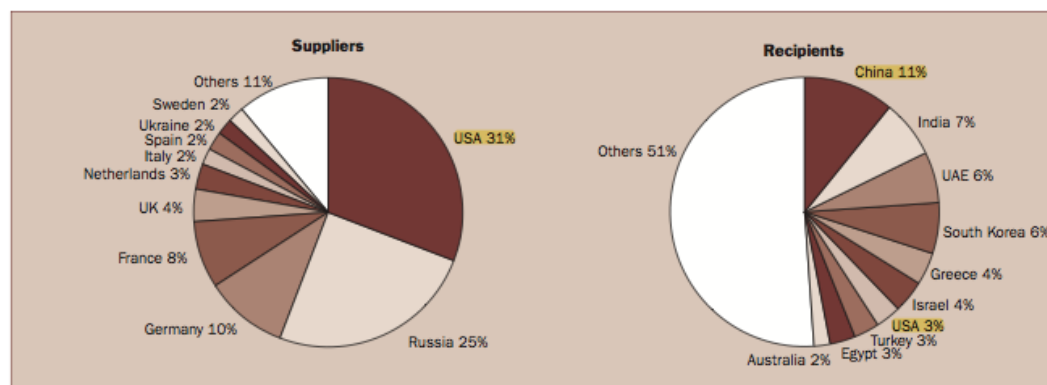
Recipient	Share of global arms imports (%)	Total no. of suppliers	Main suppliers (share of recipient's transfers)		
			1st	2nd	3rd
China	11	6	Russia (92%)	France (3%)	Ukraine (2%)
India	7	11	Russia (71%)	United Kingdom (9%)	Israel (6%)
UAE	6	13	United States (54%)	France (43%)	Germany (1%)
South Korea	6	8	United States (73%)	Germany (12%)	France (9%)
Greece	4	13	Germany (31%)	United States (24%)	France (24%)

Table 4. The top 5 recipients of major conventional weapons and their largest suppliers, 1999–2003

Recipient	Share of global arms imports (%)	Total no. of suppliers	Main suppliers (share of recipient's transfers)		
			1st	2nd	3rd
China	12	9	Russia (92%)	France (3%)	Ukraine (2%)
India	8	14	Russia (78%)	Uzbekistan (5%)	Germany (3%)
Greece	5	13	United States (52%)	Russia (17%)	Netherlands (10%)
Turkey	5	10	United States (54%)	France (15%)	United Kingdom (11%)
South Korea	4	10	United States (67%)	Germany (11%)	France (11%)

Source: SIPRI Arms Transfers Database, <<http://armstrade.sipri.org>>.

[Figure 21]

**Figure 2.** The suppliers and recipients of major conventional weapons, 2004–2008

Source: SIPRI Arms Transfers Database, <<http://armstrade.sipri.org>>.

[Figure 22]

Table 6. Significant importers of small arms and light weapons based on UNROCA submissions, 2007

State	USA	Iraq	Mexico	UK	France
SALW units imported	1 548 253	98 877	72 664	60 557	44 134
Share of all units transferred (%)	68	4	3	3	2

Source: UNROCA online database, <http://disarmament.un.org/UN_REGISTER.nsf>.

Analysis:

So why is all of this information about arms sales, transfers, and deliveries important? One reason is that analysis of the data will bring out any significant information. By reviewing the data researchers may see that China is focusing large amounts of its arms transfers on Africa. After realizing this researchers may then wonder why, and decide to look at the reasoning behind this. This significant information can then be used to add to the understanding of the global arms arena.

Another reason for analysis is trending. By analyzing the arms transfers and market in conjunction with the social and political stage at the time, trends can be deciphered. These trends give policy makers insight into future arms sales, foreign relations, military structure, and legislation. By analyzing the vast amounts of data hopefully future trends will be accurately predicted. Knowing future trends then gives time for preemptive actions that will hopefully be used to silence at least part of the currently massive military industrial complex.

While the data of US and Chinese arms transfers was presented side-by-side to give a direct comparison of values, the trends must be

analyzed separately. This allows a more in depth view at the arms transfers of these countries individually. This also allows for the most significant information to be further brought to attention.

Analysis of US Trends

We will begin by taking a look at the US. US military sales are negotiated between the State Department, the Pentagon, and Congress (Wayne, 2006). There are a few different forms of military assistance provided by the US. The largest program is the Foreign Military Finance (FMF) program (Berrigan and Wingo, 2005). "This refers to congressionally approved grants given to foreign governments to finance the purchase of American-made weapons, services and training (Hartung, 2005)." International Military Education and Training (IMET) are grants to "foreign governments to pay for professional education in military management and technical training on US weapon systems (Hartung, 2005)." There are also Foreign Military Sales (FMS), which are negotiated, government-to-government and Direct Commercial Sales (DCS), which are agreements made between a manufacturer and a foreign country (Hartung, 2005).

The US has dominated the arms market since 1989 as the largest exporter and as one of the largest importers of weapons, but recently Russian involvement has begun to increase to near US levels. In 2004-2008 the US controlled 31% of international arms sales and Russia took 25% of international arms sales (Bromley, 2009). Despite Russian increases the US still maintains its position as the world's largest exporter of weapons.

The single most important factor influencing contemporary US foreign arms sales begins with September 11th. This led to what has been coined the "Bush Effect." The Bush administration has used military assistance to reward nations that have joined the global fight on terror. This means restrictions on nations are being lifted so that they can 'join the fight.' There was also the start of the War in Afghanistan followed by the Iraq War in 2003, which had a major impact on the domestic production of US weapons. These factors contributed to US militarization domestically and internationally. Estimates put the global arms sales at \$37 billion in 2004, the greatest amount since 2000 (Berrigan, 2005).

One of the largest jumps in US arms sales came in 2005 when \$21 billion arms sales agreements were signed, up from \$10.6 billion in 2004 (Wayne, 2006). One of the largest orders in 2005 came from Pakistan, which was previously banned from purchases due to its nuclear weapons

programs (Wayne, 2006). "Besides Pakistan, India, Tajikistan, Serbia, Montenegro, Armenia, and Azerbaijan have all had bans lifted since 9/11 (Wayne, 2006)." Supplying these nations with arms was deemed more important than the potential risks.

The rise in oil prices have also allowed states with oil reserves like Saudi Arabia and the United Arab Emirates to increase their purchases of US arms. Some nations are increasing military spending because of insecurity due to terrorism. The Middle East is currently a hot bed for terrorism and the insecurity that it creates often causes fear driven militarization. The Bush ultimatum of "your either with us or against us" has a lot of nations stepping up their military capabilities in the face of uncertainty.

Significant US Arms Transfers with Africa

In Africa we can see an amazing increase in arms agreements with Kenya. In (01-04) Kenya purchased \$18 million worth of arms agreements and in (05-08) \$30 million ("US Arms," 2008). Then in 2008 alone Kenya purchased \$26 million worth of US arms agreements ("US Arms," 2008). This show an unbelievable increase in US arms purchases between (01-08). Of the top five African purchasers of US arms Kenya is the country with

the greatest amount of growth. The total value purchased by the top five African purchasers (Nigeria, Kenya, South Africa, Djibouti, and Guinea) in (01-04) was \$74 million (“US Arms,” 2008). In (05-08) the top five purchasers (Kenya, Djibouti, Ethiopia, Senegal, and Botswana) purchased only \$68 million worth of US arms. While the top five African purchases decreased, overall arms agreements with Africa increased substantially (“US Arms,” 2008).

In 2000 only one African nation was receiving (FMF) at \$12 million (Hartung). By 2005 ten African nations were receiving (FMF) at \$26.3 million (Hartung). In terms of (IMET) in 2000 there were thirty-six African nations receiving \$8.1 million worth of (IMET) (Hartung, 2005). By 2005 43 nations were involved at \$10.8 million (Hartung, 2005). This data shows an overall increase in US arms influence in Africa 2000-2005.

Significant US Arms Transfers with the Middle East

“More than a third of US deliveries of major conventional weapons for the period 2004-2005 went to the Middle East, including around 207 combat aircraft and over 5000 guided bombs (Wezeman and Bromley, 2008). Then in 2004-2008 the Middle East received just over half of total US deliveries (Perlo-Freeman, 2009).” The Middle East share in global arms

market has increased from 15% to 18% in the past few years and this is largely a result of changes in US policies and increased militarization guided by the US. It is important to remember that with the US even small increases in % represent millions of dollars.

Israel received the largest share of US deliveries for 2004-2008 taking 35% of all US deliveries (Perlo-Freeman, 2009). "The US supplied nearly 99% of Israel's major conventional weapons imports (Perlo-Freeman, 2009)."

Pakistan had a long-standing tradition of arms trade with China, but in 2004-2008 "40% of Pakistan's imports of major conventional weapons came from the USA (Wezeman and Bromley, 2008). Interestingly "41% of all transfers to Pakistan over the past five years took place in 2008 (Wezeman and Bromley, 2008). "

So overall what we are seeing from the US is an increased desire to arm as many nations as possible, despite the fact that they may have recently been banned due to violations of international law. The US is upping its transfers of arms in all areas of the world but particularly the Middle East and Africa. The reasons are all speculative but it is likely that terrorism, need for resources, wars, and global insecurity have all

contributed to the increased militarization. It is important to remember that with the US even small increases in % represent millions of dollars.

Analysis of Chinese Arms Transfers

An important fact to remember about Chinese military policy is that the Chinese attempt to avoid traditional alliances (Gunness, 2006). This allows the Chinese the freedom to pursue political and military interests without the restraints of other nations. Despite the desire to avoid restraints from foreign nations China has become increasingly involved in international arms control agencies that regulate a nation's ability to easily sell or import weapons.

China has continued to use weapons for political gains, economic pressures for the lifting of international embargos, and military modernization to compete on a global scale with the world's largest militaries. Chinese officers are making visits worldwide to sixty plus countries to try to increase military contacts (Gunness, 2006). Chinese officers are also studying in foreign military academies in attempts to raise the level of officer military education (Gunness, 2006). China is engaging in a rapid military modernization that may eventually compete with America for the number one spot on military spending.

An interesting piece of data is that in 2008 for the first time China became the world's second largest military expenditure budget, at 6% of global military expenditure, after the US at 42% (Wezeman, Oct 2009). This shows just how dominant the US is militarily. It is important to remember that numbers developed by the SIPRI database (especially for China) are largely speculative because China's published budget is considered to be devalued. This is because it often doesn't include "expenses for strategic forces, foreign acquisitions, military-related research and development, and China's paramilitary forces ("Military Power," 2007)." To point out the discrepancy we will look at China's 2003 military budget. The published budget was \$22.3 billion while international estimates had the budget somewhere between \$30.6 billion and \$141 billion ("Military Power," 2007). In 2007 the Defense Intelligence Agency pegged the Chinese budget at \$85 to \$125 billion ("Military Power," 2007). The lack of transparency in military expenditure makes accurate information difficult to come by. Regardless if China's budget is quite a bit larger, China is still roughly 36% lower in military expenditure than the US. This is a huge difference, especially when you are already talking in billions of dollars.

The Congressional Research Service states that China is unlikely to be a supplier of major conventional weapons in the future but the steady increase in Chinese arms deals may suggest otherwise. It is impossible to tell but China has one of the fastest growing economies. In 2006 “according to the World Bank, China became the world’s fourth largest economy surpassing Great Britain by .004% in national production (“Military Power,” 2007).” China also owns billions in US debt and with a 2006 trade surplus of \$232 billion; China is able to fund its rapid military modernization and can potentially become the US’ number one competitor in the arms industry (“Military Power,” 2007).

“According to the Pentagon China has become an active buyer in information technology, micro electronics, aerospace, and other commercial technologies that can be adopted for military purposes (Wezeman and Bromley, 2008). China is growing all around the board. Chinese corporations are beginning to compete worldwide especially in information technology, and ship building (Wezeman and Bromley, 2008).

In the near future we might begin to see a sudden surge in Chinese military sales around the world as “the annual [military expenditure] budget increases (11.8%) exceed significantly the growth of the overall economy (9.2%) [1996-2006] (“Military Power,” 2007).”

“China is thought to be one of the world’s largest producers and exporters of SALW” with a strong focus on closer Asian nations (Wezeman, Oct 2009). As a supplier of mainly small weapons China may not see the profit margins that other nations selling more advanced technology see. For this reason Chinese arms sales must be looked at through their potential foreign policy advantages as well as their commercial value.

Significant Chinese Arms Transfers with Africa

“Reflecting concerns over energy and resource needs, 2006 saw the largest annual increase in new energy contracts signed by China, including new agreements with Saudi Arabia and several African countries (“Military Power,” 2007).”

One such area where the Chinese are looking to increase political influence is Africa. Africa may soon become an area of contention in the arms trade between the US and China as both of these nations have dire needs for oil resources and both nations use weapons for political gains. One estimate put Africa as a supplier of a ¼ of US oil in 2020 (Hartung, 2005). Clearly access to African resources will be an influential factor in arms contract allocation in the next few years.

Africa is the only region of the world where the Chinese have continued to provide larger arms agreements than the US. China provides Africa with largely Small Arms and Light Weapons (SALW), which as we have discussed don't carry as much financial power as other weapons systems and therefore are often used for their political influences. China has a longer relationship with Africa, realizing the resource potential, but as the US begins to move in and challenge the Chinese with more advanced and larger weapons technology Africans may begin to transfer their support.

Significant Chinese Arms Transfers with Russia

After the Sino-Soviet split Chinese-Russian relations began to falter but in present day times relations are beginning to warm up again. In 2005 China and Russia conducted "Peace Mission 2005" a joint anti-terror military training drill that attracted a great deal of attention (Gunness, 2006). This newfound contact is part of China's goal of military modernization. "Defense spending has increased at a double digit rate for the last fifteen years. Most visible, destroyers, fighter jets and submarines have been bought, primarily from Russia (Segal, 2007). Russia, 1999-2008 has been China's single largest supplier of conventional weaponry

(Bromley and Holtom, 2009). Russia provided around 92% of China's conventional weaponry with France the next closest at 3% and Ukraine at 2% (Bromley and Holtom, 2009).

Significant Chinese Arms Transfers with the Middle East

The Middle East is an area that has traditionally been dominated by the US. Historically China has had a long-standing military sales relationship with Pakistan, Iran, and Iraq. Iran and Pakistan receive the largest share of Chinese arms in the Middle East.

Most notably China's greatest amount of arms agreements came during 2005 at \$2.8 billion. This large amount is attributed to sales to Pakistan of J-17 fighters (Grimmett, Conventional 2001-2008). In 2008 according to the CRS report the "most notable Chinese arm contract was the sale of an Airborne Warning and Control System (AWACS) to Pakistan for \$278 million (Grimmett, Sept 2009).

Significant Chinese Arms Transfers with Asia

Asia in the period 2004-2008 was the region with the greatest arms imports taking 39% of the global arms market (Wezeman, Oct 2009).

China is the largest arms supplier within the Asian geographic region.

Exporters in the Asian region tend to supply arms to importers also within the Asian region. The key factors attributed to Asian nations controlling the majority of the global arms markets in 2004-2008 is the amazing economic growth of the Asian nations as well as increased tension in the region between India and Pakistan, the Korean peninsula, and the Taiwan Straits (Wezeman, Oct 2009).

Accountability for Weapons Use:

How are weapons being used and who should be held accountable for their use? This is a very difficult question to address, as today the arms trade has become a very profitable business. The trafficking of arms has been implicated in high crime rates, civil war usage, and terrorism.

Particularly troubling is that according to the Small Arms Survey conducted in Geneva in 2005 the illicit trade in small arms and light weapons accounted for an estimated 60-90% of the 100,000+ conflict deaths each year and tens of thousands of additional deaths outside of war zones. Small arms and light weapons include handheld rifles like the American M-16 and the Russian AK-47, as well as handguns and other handheld weaponry. These weapons are light easily concealed and easy to access.

One estimate by Frida Berrigan, a research associate with the Arms Trade Resource Center, put small arms as responsible for 500,000 deaths a year in conflicts, homicides, and suicides (Berrigan, 2004). Frida Berrigan also argued that they are responsible for another 1.5 million wounds (Berrigan, 2004). Clearly we need to be concerned with the use of small arms and not just major weapons systems.

Many of the nations that are buying arms, like Afghanistan and Iran and many African nations, don't have stable government that are capable of safe-guarding their stockpiles of weapons. This leads allows thieves and terrorists access to these weapons. In the US War in Iraq soldiers have reported large stockpiles of weapons in peoples homes. These weapons are extremely dangerous in the wrong hands and the fact that they are spread out in small groups makes them difficult to find and destroy.

US

The US in particular, as the world's largest supplier of arms needs to be mindful about how their arms are being used and where they are actually ending up. The US needs to be concerned with nuclear and biological weapons as well as SALW. The US supplied \$741.1 million in

sales of small and light arms in 2003, and the US also imported \$602.5 million in small arms making the US the largest exporter and importer of small arms (Berrigan, 2004).

Today Israel is one of the US most problematic buyers of weapons; it is also one of the largest. From 1999-2000 military aid to Israel totaled over \$18 billion (Reingold, 2009). Israel has been implicated multiple times in human rights abuses and using excessive force. The Human Rights Watch (HRW) (Deen, 2006) has also accused Israel of using cluster munitions in populated areas in Lebanon (Deen, 2006). These munitions are inaccurate and dangerous to civilians in populated areas.

“Every war fought in the Middle East in recent decades has involved the extensive use of foreign-supplied armaments. Most recently, US-supplied equipment-including F-16 aircraft, Hellfire missiles, guided bombs and white phosphorus shell-was used by Israel in its assault on the Gaza strip in December 2008 and January 2009. It also made extensive use of US-supplied equipment in the war in Lebanon in 2006 and uses US-supplied armored vehicles to maintain its occupation of the West Bank (Perlo-Freeman, 2009).” In hypocrisy that angers many, the US decided to increase its military aid to Israel in 2006 at the same time the US was beginning to provide humanitarian aid to the nations Israel was attacking

(Deen, 2006). These kinds of actions infuriate nations around the world and cause the US to lose an immense amount of international legitimacy.

There are also worries that Israel supplies nations, which are not on friendly terms with the US, military supplies that are of US origins. The US needs to worry about reverse engineering, which is the taking apart of military goods bought from the US and copying the technology to develop new military goods. Israel is China's second largest supplier of arms and the Chinese have been sold fighter jets and other military equipment that have striking similarities to US products sent to Israel (Reingold, 2009). This is just an example of government-to-government sales that need to be monitored because of where arms actually end up.

The US needs to be mindful of whom they are distributing weapons to, especially in an age of terrorism. Unbelievably it appears as if the Bush administration has decided to go the opposite direction and just arm everybody possible (the 'Bush Effect'). "The US has ramped up sales to some of the world's most repressive and undemocratic regimes (Aslam, 2005)." The US is attempting to foster international support by supplying countries with military rewards for backing the US in the War on Terror or the wars in Iraq or Afghanistan. "US geopolitical interests and access to

resources are trumping concerns about human rights, ongoing conflict and the pressing need for development (Berrigan, 2005).”

Arming undemocratic nations is potentially very dangerous because if the government is to crumble then arms will end up in the people’s hands. This is “just like what happened in the 1980’s in Iraq and Panama, as well as with the right-winged fundamentalist ‘freedom fighters’ in Afghanistan, many of whom are now supporters of al-Qaeda (Berrigan, 2005).” Despite the historical evidence against such transfers of arms in 2003 the US delivered \$2.7 billion in weapons to ‘undemocratic nations’, which have poor human rights records (Berrigan, 2005). The US supplied weapons to 18 of the 25 countries engaged in some form of active conflict in 2003 (Berrigan, 2005). When a nation is supplying weapons to potentially destructive forces with one hand and policing the world with the other, that nation loses immense international credibility!

Interestingly enough “according to the Mexican government, about 90% of all the weapons that it seizes from Mexican drug cartels comes into the country illegally from the USA (Bromley, 2009).” With the gang and drug violence currently engulfing the streets of Mexico, one would think there would be tougher laws on arms in the US itself.

Another unbelievable piece of information is that according to a Government Accountability Office the “US Department of Defense had lost track of around 190,000 rifles supplied to the Iraqi Army since 2004, around 30% of total supplies (Perlo-Freeman, 2009).” How can such negligence be allowed in a situation like this? It is possible that Iraqi freedom fighters are killing Americans with the weapons we supplied them with.

China

While China provides roughly 1/30 of what the US provides in arms deals around the world, China, as with all arms dealers, still needs to be responsible with where its weapons are being sold. China has a long-standing military relationship with Pakistan, Iran and Iraq. The US is currently fighting a war in Iraq where small groups of well-armed militants are causing immense problems. The US is also engaged in intense diplomacy with Pakistan, which is often viewed as a safe-haven for terrorists. In the 1980's China sold weapons to both Iran and Iraq during the Iran-Iraq War (Grimmett, Sept 2009). China's arms sales no doubt fueled the conflict and caused unknown casualties. Today China's supplies to Iran had been implicated in use by Iraqi fundamentalist.

China is currently in control of missile technology that certain nations have the strong desire to purchase. According to the Congressional Research Service China may have provided nations like Pakistan and North Korea with missile technology violating the Missile Technology Control Regime (MTCR) guidelines. (Grimmett, Sept 2009).

In a 2006 incident in which Israeli ships were attacked by Hezbollah, Chinese provided missiles were identified as the weapons used in the attack (Wezeman, Oct 2009). China may not supplied missiles to Hezbollah directly but this just shows how weapons can fall into the hands of suspected terrorist organizations.

China may have assisted Pakistan in the acquisition of nuclear weapons ("China's Proliferation," 2007). Proliferation of nuclear weapons is a grave concern to security of all peoples around the world. When one country proliferates nuclear technology the country receiving the technology may then turn around and spread the technology to another country. This may have been the case with Pakistan receiving nuclear technology from China, and then spreading it to other nations like North Korea ("China's Proliferation," 2007).

Attempts need to be made to keep nuclear technology from spreading to nations like Pakistan and North Korea, both of which have been known to engage in human rights abuses.

The US, China, and all arms proliferators around the world need to be more responsible. How can suppliers of weapons reprimand and criticize the violators of human rights when they are supplying the weapons to do the violating? The arms industry is so large and dangerous and yet in recent years it has only increased. Where are the lawmakers to regulate the spread of weapons? We are rapidly approaching militarization levels of the Cold War and that was almost the single most destructive event the world had ever seen. Why did we not learn about the problems of militarization from the last event?

Regardless of our inability to learn arms sales have ethical restraints that need to be honored. There should be no question of who is responsible for arms sales. Arms should never be sold to nations engaging in any type of violation of human rights, nor should they be sold to unstable governments, nor should they be sold to nations with high murder rates. There needs to be more accountability for arms sales and to do that the gray areas need to be made black and white.

Conclusion

It is difficult to say where future military relations with the US and China will lead. The arms industry is very complex and changes rapidly depending on the socio-political context of the world. Today the US maintains the control of the arms industry but this by no means guarantees it will be so in the next decade, because with modern day technology everything changes so fast. Due to the recession in the US and an overreaching military we may begin to see a decline in the US military-industrial complex in the next few years.

The Chinese control over the arms industry is roughly 1/30 of the US control. This does not mean the Chinese can be forgotten. The Chinese have nuclear technology and military capabilities that other nations want. Some of these nations are not on friendly terms with the US. In the next decade we may see an explosion in the Chinese arms industry. It is certainly advantageous for China to compete with the US militarily. The arms industry is extremely profitable and allows the supplying nation to exert political influence over the receiving nation. Arms deals give nations

a foothold in an area like say Africa, which has precious resources that an industrial nation needs.

There is no telling what the future holds but in a world that is increasingly unstable due to increased terrorism, decreasing resources, and increasingly destructive weapons systems, it is in China's best interest to try to catch up to and overcome the US militarily.

Over the last twenty years the Chinese have been importing large quantities of weaponry from around the world. In the more recent years it appears as if this importation is slowing down and exportation is increasing. As the Chinese economy continues to grow and China becomes an even greater power in the world political, economically, and militarily we are likely to see the Chinese become the US' number one competitor in the arms industry. China has a devalued currency, a massive work force, and the infrastructure to carry out the manufacturing of arms on a rapid, large-scale basis. The last piece, technology, has been accumulated in the last twenty years, so the stage is set for US competition in the arms industry.

We have seen that there has been an overall increase in militarization globally in the past few years. Whether the reason is changes in foreign policy, terrorism, oil price increases, insecurity, or war

we can see a definite increase in defense budget spending globally in the last ten years.

The arms industry has continued to develop and is one of the most profitable businesses in the world today, but where is the industry headed? "In January 2007, China successfully tested a direct-ascent anti-satellite (ASAT) missile against a Chinese weather satellite, demonstrating China's ability to attack satellites operating in low-Earth orbit ("Military Power," 2007)." This is important because it marks China's commitment to provide defense against attacks from space. The 1967 Outer Space Treaty bans nuclear weapons and other weapons of mass destruction from space" but the USA, in February 2008, denied a new treaty that would prevent all arming of weapons in space (Bodell, 2009). It would appear that space is the next frontier in the expansion of the arms industry and with US fear of China's ability to knockout satellites, cooperation on space programs is off to a bad start.

This comparison sought to shed some light on the arms transfers of China and the US. By understanding the arms transfers of a nation one can gain insight into foreign policy directives as well. This information is advantageous to predicting future trends so that foreign policies can be conducted to work with these predicted trends.

With the predicted trends on the arms trade legislators may be able to enact policies to slow the military-industrial complex. The best way to do something like this is information. It is likely that people would be appalled if they knew just how much arms the US supplies to foreign nations. Especially if they knew those weapons were being used for human rights abuses. One of the best ways to increase awareness may be to require arms manufacturers to label all of their products. This way every time a human rights abuse or murder is conducted with one of their weapons it could be traced back exactly to the source. A data base compiling all of the times that one of these weapons were used in violation of laws would also show just how destructive they are. This is the problem, weapons are not followed once they are sold and thus largely cannot be traced back to a source alleviating any manufacturer from possible consequences.

Profitability of these weapons also needs to be curbed. With billions in profits in every year these companies can afford to pay a much higher level of taxes. Exports of weapons and technologies need to be heavily taxed. The taxes should then be used to fund UN programs that work to rebuild areas destroyed by war or violence. It would be nice if the UN could effectively regulate the arms trade but it is often believed that the

UN's bark is far worse than their bite, making the UN a poor route to control the arms trade. Really the best way seems to be increased transparency to cause change. Watchdog organizations are the best suppliers of information currently but without total access to figures they are not as effective as they could be.

There was a lot of useful information about the arms trade, specifically on the US side, but there is still a lot of undocumented territory. There is a lot of secrecy behind the arms industry, due to its moral and social implications. The lack of transparency in the arms industry is a major problem for all nations. The average person has no idea just how profitable this industry is and just how destructive it can be. There needs to be stronger controls on the transfer of arms to all nations, particularly those that are developing and have been accused of human rights violations. Despite the possible negative consequences the US and China have continued to supply arms to these nations for profits or for political influence. With the lack of transparency these actions can occur without the average person ever hearing about it. We need to subject the arms industry to strong controls, increased transparency, watchdog organizations, and a moral conscious if we want to have any chance at slowing the global militarization that is occurring.

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Capstone Summary:

This project really was focused on trying to expose some aspects of the arms trade of China and the US. The lack of exposure the arms trade receives makes it a relatively unknown topic. This is extremely dangerous because in the arms trade you are potentially selling death. Not only is this a shady practice to begin with but also this sale brings in billions of

dollars in revenue every year. It is not the families affected by the use of weapons, nor the citizens of a nation, nor the government that receives billions in profits; it is the manufacturing companies.

Human issues aside, arms transfers also have immense foreign policy implications. Issues of foreign security, diplomacy, and even finance are all affected by arms sales and yet manufacturers are relatively unregulated and free to fit the needs of their customers. The government may impose sanctions on who can be sold to, but in more recent years these regulations are being continually loosened. This downgrading of restrictions is being carried out under the premise that it is pointless to restrict sales to possibly dangerous nations because they will inevitably gain access to the weapons from somewhere else. Using this justification manufacturers are allowed to sell to increasingly dangerous buyers because 'we might as well be the ones who profit if they are going to get these weapons anyway.'

So the goal was to provide information on the arms sale and expose some of its profitability and detrimental effects, but finding accurate information was by no means an easy task. The obvious reason that information is not readily available is because manufacturers and governments are peddling weapons, which have a very distinct purpose:

to kill. No government or manufacturing company wants to be associated with murder or war or human rights violations, but that is what they are selling. For this reason accurate information is best found by looking at watchdog organizations. The Stockholm International Peace Research Institute is one of the best sources of information about the global arms trade. The SIPRI website provides access to amazing amounts of unbiased information detailing the arms market around the world. The Congressional Research Service also puts out a report detailing the US' arms transfers, but it must be taken into consideration that the nation authorizing the report is the one the report is about. It is generally a bad idea to have the watchdog of a company being paid by the same company, but it is likely the information in the report is fairly accurate.

China posed a particular problem in finding accurate information. China is very closed and censored and because of that, reports put out by the Chinese government are very broad, and don't have any facts or figures rendering them effectively useless for analyzing China's involvement in the arms market. While reports detailing China's involvement in the arms transport and militarization would have been a nice addition to the paper, the majority of necessary information was found using SIPRI and other international arms monitoring sources.

After finding the necessary information the next important step was to analyze it to determine trending patterns. Trending patterns show how a nation has been involved in the arms trade for a period of years. The paper used 1999-2000 and 2001-2008, each broken up into two smaller sections, to analyze trends. The most important trends discerned from the available data were that the US is the world's number one conventional arms proliferators, and that nearly 50% of the increase in militarization since the Cold War was driven by the US. The most important trend in Chinese arms transfers suggests that China, which was one of the world's largest importers of conventional weapons, (post Cold War) is starting to slow its importation of foreign weapons. At the same time China is becoming the world's second largest military budget. What this could mean is that China is coming to the point where it no longer needs to import weapons technology, but can produce and export its own weapons. Of course this is all speculation but by analyzing the data predictions can be made about future scenarios, which allows for increased time to prepare for them, or avoid them if necessary.

This paper is significant in that it attempts to compile large amounts of somewhat controversial data about the US and Chinese arms trade and arrange it in a manner so that they can be compared. In this way

it may be easier for a reader to realize what the arms trade looks like globally and specifically how the US and China influence the arms market respectively. This is important because arms deals tend to reflect foreign relations. Changes in arms trends may suggest an upcoming change in foreign policy or vice versa. It appears as if in many instances weapons are merely given to a foreign nation as a 'gift.' They are sometimes used to sweeten deals or given to allies who are fighting a common enemy. They are sometimes even used as a way to gain access to resources. Regardless of their use they are closely linked to the international relations scene and although the arms trade changes as rapidly as foreign policy, trends can be deciphered to determine future deals and relations.

Accountability is another reason this information is useful and significant. One of the most difficult questions to address is: Who is responsible for how these weapons are used? Every year foreign weapons are used in violation of international and domestic laws, yet the weapons industry is only expanding. Why are we not shutting down the transfer of weapons to foreign nations, particularly those with high murder rates or high incidents of human rights abuses? This trade needs to be further exposed because the lack of transparency and accurate information has kept this deadly industry relatively under the radar for too long.

Hopefully the information provided in this research paper provides the reader with eye opening information that will drive them to become more involved and aware of the expansiveness of the arms trade.