

ARMS TRANSFERS TO THE AMERICAS

MARK BROMLEY

I. Introduction

United Nations member states are currently discussing the feasibility of an arms trade treaty (ATT), which would seek to create better controls on international arms transfers. To support this process, the European Union (EU) is funding a series of six regional seminars, organized by the United Nations Institute for Disarmament Research (UNIDIR), to increase the awareness of an ATT among UN member states, regional organizations, civil society and industry, and to promote international discussions about the proposed treaty.

This paper is part of a series of region-specific Background Papers produced by SIPRI to inform discussions during these meetings. Specifically, this paper provides background information for the regional meeting on the Americas.¹ It gives a general overview of international arms transfers to, from and within the Americas in recent years (section II) followed by an assessment of the transparency of these transactions (section III). Section IV includes brief conclusions.

II. Arms transfers to and from states in the Americas

Arms imports

As the world's sole remaining superpower, the United States dominates the region in terms of military spending, arms production and arms transfers. US military expenditure increased from \$329 billion in 1999 to an estimated \$549 billion in 2008 (in constant 2005 prices; see table 1). While much of this increase is attributable to spending on military operations in Afghanistan and Iraq, the core military budget has also risen significantly.²

Although the USA acquires the majority of its equipment domestically, it was still the largest importer of conventional weapons in the Americas for the period 2004–2008, and the seventh largest in the world, up from 14th place for 1999–2003.³ Almost half of US imports for the period 2004–2008 came from EU member states. Nominally European products have been

¹ For the purpose of this paper the Americas include Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, the United States, Uruguay, and Venezuela.

² Stålenheim, P., Perdomo, C. and Sköns, E., 'Military expenditure', *SIPRI Yearbook 2008: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2008), pp. 179–85.

³ This figure is based on an assessment of open source information on international arms transfers that is gathered in the SIPRI Arms Transfers Database, <<http://armstrade.sipri.org/>>. Except where specified, information on arms transfers presented in this paper is taken from the Database.

SUMMARY

● United Nation member states are currently discussing the feasibility of an arms trade treaty (ATT) which would seek to create better controls on international arms transfers. This Background Paper is one of a series produced by SIPRI to inform these discussions.

Arms transfers to the Americas, particularly to South America, have risen sharply in recent years. The United States is by far the biggest arms-producing and arms-exporting state, but other states in the region have production and export capabilities. Illicit transfers of small arms and light weapons can have a particularly destabilizing effect on all states in the region, but various steps have been taken to tackle this problem.

A number of transparency and confidence-building measures have been developed in the Americas. But the increase in arms imports to the region means that states must be more consistent in their engagement with these mechanisms in order to limit the potential for mistrust or misunderstanding.

Table 1. Military expenditure in the Americas, 1999–2008

Figures are in US\$ m. at constant 2005 prices and exchange rates for 1999–2008 and in the right-most column (marked *) in current US\$ m. for 2008. Figures are for calendar years, with the exception of those for the United States.

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2008*
Argentina [§]	2 125	2 082	2 048	1 692	1 748	1 813	1 912	1 776	1 738	2 077	2 500
Bahamas	38.2	31.5	30.4	31.9	33.7	35.4	35.7	43.5	55.6	44.8	49
Barbados	22.9	24	25.2	25.8	25.3	24.9	25.9	24.6	..	..	32
Belize	..	8.1	8.3	8.6	9.1	9.8	10.7	11.6	..	..	14
Bolivia	147	144	173	175	187	181	175	177	197	175	250
Brazil	11 919	12 910	14 879	14 998	12 089	12 392	13 381	12 720	14 737	15 477	23 302
Canada	11 598	11 412	11 709	11 771	11 986	12 440	12 986	13 590	14 817	15 940	19 290
Chile [§]	2 881	3 050	3 166	3 377	3 428	3 975	4 266	4 996	4 864	4 778	5 952
Colombia	2 719	3 431	3 786	4 023	4 687	4 621	4 782	5 422	5 579	6 568	9 076
Costa Rica	..	..	..	..	..	..	..	..	..	..	..
Cuba	..	..	..	..	..	..	..	..	..	..	..
Dominican Republic	164	218	261	294	186	140	220	194	219	240	266
Ecuador	350	314	436	573	777	727	954	922	1 243	1 364	1 548
El Salvador	120	132	124	122	116	111	109	112	112	101	..
Guatemala	181	229	269	199	217	130	104	127	125	149	188
Guyana	..	..	..	..	..	..	..	..	..	..	..
Haiti	..	..	..	..	..	..	..	..	..	..	..
Honduras [†]	..	41.0	46.8	60.4	57.4	53.6	53.3	52.4	75.2	77.1	96
Jamaica	50.7	49.8	53	63.9	66.6	61.8	59.3	70.6	78.2	65.6	80
Mexico [†]	3 240	3 344	3 310	3 199	3 191	3 076	3 123	2 929	3 931	3 938	4 333
Nicaragua	29.5	32.5	30.2	34.3	38.1	34.5	33.9	33.4	35.2	33	42
Panama	119	..	..	..	..	..	..	..	..	..	..
Paraguay [†]	69.7	67.7	61.5	59.3	53	62.9	56.2	63.7	65	71.8	132
Peru	961	1 078	1 044	975	988	1 047	1 159	1 193	1 145	1 301	1 599
Trinidad and Tobago	..	..	..	..	..	..	..	..	..	..	..
Uruguay	290	243	278	242	232	225	233	237	242	273	393
USA	329 416	342 167	344 927	387 297	440 806	480 444	503 353	511 171	524 591	548 531	607 263
Venezuela	1 209	1 484	1 500	1 102	1 072	1 520	2 054	2 709	2 262	1 987	3 317

.. = data not available; † = all figures exclude military pensions; § = all figures are for the adopted budget, rather than actual expenditure.

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

favoured over rival US products in several recent high-profile competitions, including for EC-145 helicopters and C-27J transport aircraft. However, most of the actual production under these contracts will take place in the USA.

In South America, following prolonged periods of extensive militarization during the many military dictatorships of the 1970s and 1980s, military spending remained low during the 1990s and early 2000s (see table 1). Activity in the global arms import market was also limited as the new civilian governments sought to assert control over defence policies. However, in recent years there has been a significant rise in both military spending and arms imports in South America. Military spending rose to \$48.1 billion in 2008; over the decade 1999–2008, military spending increased by 50 per cent, which was almost double the rate of increase of the previous decade.⁴

⁴Perlo-Freeman, S. et al., 'Military expenditure', *SIPRI Yearbook 2009: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2009), p. 201.



Military spending in Central America has increased at a much lower rate: between 1999 and 2008 it rose by only 22 per cent.

Key to the increase in military spending in South America has been the high prices of commodities—especially copper, soya and oil—in recent years, which have boosted the revenues of countries such as Brazil, Chile, Ecuador and Venezuela.⁵ The increase in military spending has funded a raft of major arms acquisitions in recent years, particularly by Brazil, Chile and Venezuela. Arms transfers to South America were 94 per cent higher in 2004–2008 than in 1999–2003.

Chile was the second largest importer of conventional weapons in the Americas for the period 2004–2008 and the 11th largest in the world, up from 36th place for 1999–2003. Chile's defence budget nearly doubled in size between 1997 and 2007, funding a wave of major arms acquisitions under an ambitious force modernization programme. Venezuela was the third largest importer of conventional weapons in the Americas and the 18th largest in the world, up from 55th place for 1999–2003. In 2008 Venezuela took the final delivery of several weapon systems ordered from Russia in 2006 and 2007. During 2008 there was considerable speculation about follow-on deals with Russia, but no new contract was signed.

Other states in South America are also undergoing force-modernization programmes, indicating that the volume of transfers to the region will remain high for the foreseeable future. Most significantly, in December 2008 Brazil signed an €8.6 billion (\$11.3 billion) agreement with France for the licensed production of 50 EC-725 helicopters, 4 conventional submarines and a nuclear-powered submarine.

Significant arms purchases by Brazil, Chile and Venezuela in recent years have given rise to speculation about an arms race in South America. While there are some signs of competitive behaviour in the region, the majority of the acquisitions states have made have been primarily motivated by efforts to replace or upgrade military inventories in order to maintain existing capabilities; respond to predominantly domestic security threats; strengthen ties with supplier governments; boost domestic arms industries; participate in peace-keeping missions; or bolster the country's regional or international profile.⁶

Suppliers

Russian deliveries to South America increased by around 900 per cent between 1999–2003 and 2004–2008. The majority of these transfers went to Venezuela. While Russia's recent success in Venezuela has gained headlines, it has long been an important supplier to several other countries in the region. Indeed, while the USA is the biggest supplier to the region, the arms market in South America has never been dominated by a single producer.

European and Israeli companies have long had a strong presence in South America, and they have often taken advantage of the USA's unwillingness to supply certain advanced military technology. As far back as 1967, Peru acquired Mirage 5 combat aircraft from France when the USA refused to sell advanced combat aircraft.

⁵ Perlo-Freeman et al. (note 4), p. 202.

⁶ Holtom, P., Bromley, M. and Wezeman, P. D., 'International arms transfers', *SIPRI Yearbook 2008* (note 2), pp. 304–309.

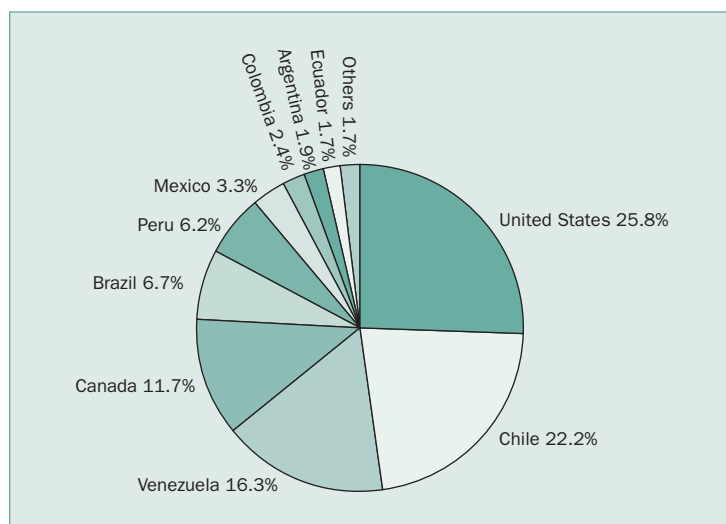


Figure 1. National shares of the volume of imports of major conventional weapons by states in the Americas, 2004–2008

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

Arms exports

Since 1989 the USA has consistently been the world's largest arms exporter, although increases in Russian transfers have narrowed its lead considerably. For the period 2004–2008, the USA accounted for 31 per cent of all international arms exports, while Russia accounted for 25 per cent. More than one-third (37 per cent) of US exports during this period went to the Middle East, including around 207 combat aircraft armed with advanced munitions. Several major new deals were under discussion in 2008, including the sale of Patriot Advanced Capability-3 (PAC-3) and Terminal High Altitude Area Defense (THAAD) anti-ballistic missile (ABM) surface-to-air missile systems to the United Arab Emirates (UAE).⁷

Although several South American states are continuing efforts to increase their autonomous capability in arms production, none plays a significant global role as an arms exporter. Brazil was the 11th biggest supplier in the world for the period 1984–88, but its industry contracted rapidly in the early 1990s. Recently, the Brazilian Government has placed a strong emphasis on revitalizing the country's domestic military sector. For example, Brazil has stated that purchases of military equipment from abroad will be dependent on significant transfers of technology to boost its domestic industry.⁸

International transfers of small arms and light weapons

Since the mid-1990s global attention has become increasingly focused on transfers of small arms and light weapons (SALW), which have come to be regarded as the type of conventional weapon that can cause the most political and criminal violence in a country or region.⁹ The following examples present two cases where illicit transfers of SALW have had an impact on the security of states in the Americas.

The Otterloo incident

In 2000 Nicaragua authorized the sale of 3000 AK-47 rifles and 2.5 million rounds of ammunition to the Panamanian National Police. However, the end-user certificate had been faked. The weapons were actually shipped, onboard the *Otterloo*, to Turbo, Colombia, where they were delivered to the United Self-Defence Forces of Colombia (Autodefensas Unidas de Colombia, AUC). A second deal was called off after the launch of a joint investigation by Panamanian, Colombian and Nicaraguan authorities.¹⁰

⁷ Agence France-Presse, 'Pentagon proposes sale of THAAD to UAE', *Defense News*, 13 Sep. 2008.

⁸ 'Brazil and France sign arms deal', BBC News, 23 Dec. 2008, <<http://news.bbc.co.uk/2/7798286.stm>>.

⁹ See e.g. UN General Assembly Resolution A/RES/50/70, 15 Jan. 1996.

¹⁰ Organization of American States, Report of the General Secretariat of the Organization of American States on the Diversion of Nicaraguan Arms to the United Defense Forces of Colombia, 6 Jan. 2003, <http://www.fas.org/asmp/campaigns/smallarms/OAS_Otterloo.htm>; and Anders, H.



Illicit SALW transfers to Mexico

In 2008, 5376 people died in drug-related violence in Mexico, including 505 military and law enforcement officials. According to the Mexican Government, about 90 per cent of the weapons that it seizes from Mexican drug cartels come into the country illegally from the USA.¹¹ Both the Mexican and US governments are devoting significant resources to stemming the flow of illegal weapons into Mexico.¹²

III. Transparency in arms transfers

Every state in the Americas has submitted information to the UN Register of Conventional Arms (UNROCA) at least once since 1998.¹³ However, participation by some countries has been inconsistent and the overall number of submissions from states in the Americas has fallen significantly, from a high of 28 in 2001 to only 13 in 2008 (see table 2). Meanwhile, only 12 states in the Americas have submitted background information on their imports or exports of small arms and light weapons since states were invited to do so in 2003.

In 1999 the member states of the Organization of American States (OAS) adopted the Inter-American Convention on Transparency in Conventional Weapons Acquisitions (OAS Transparency Convention), a regional intergovernmental information-sharing mechanism that develops and improves on the model created by UNROCA.¹⁴ The reporting requirements of the OAS Transparency Convention cover both indigenous acquisitions and imports. Unlike UNROCA, which is a voluntary instrument, the convention is legally binding and requires states parties to report on all acquisitions within 90 days of their incorporation into the armed forces. However, participation has been far from universal: to date 20 of the 34 OAS member states have signed the Convention and only 12 have ratified it.

The practice of producing national reports on arms exports has yet to take hold in the Americas.¹⁵ The United States was the first country to publish such a report, and US reporting on arms exports remains among the most detailed in the world. According to Section 655 of the 1961 Foreign Assistance Act, the US Government is required by the US Congress to prepare an

and Cattaneo, S., *Regulating Arms Brokering: Taking Stock and Moving Forward the United Nations Process* (Groupe de recherche et d'information sur la paix et la sécurité (GRIP): Brussels, 2005).

¹¹ Feinstein, D. and Durbin, R., 'Senators Feinstein and Durbin request Senate Committee to take up Inter-American Convention against Illegal Arms Trafficking', Press release, 10 Mar. 2009, <<http://feinstein.senate.gov/public/index.cfm?FuseAction=NewsRoom.PressReleases>>.

¹² Wilson, S., 'For Obama, Calderón, a meeting of minds', *Washington Post*, 17 Apr. 2009.

¹³ UNROCA was established in Dec. 1991 'to prevent excessive and destabilizing accumulation of arms... in order to promote stability and strengthen regional or international peace and security [and to] enhance confidence, promote stability, help states to exercise restraint, ease tensions and strengthen regional and international peace and security'. Each year states are requested to submit to UNROCA information on their imports and exports of certain categories of major conventional weapons. UN General Assembly Resolution A/RES/46/36L, 6 Dec. 1991.

¹⁴ Inter-American Convention on Transparency in Conventional Weapons Acquisitions, adopted on 7 June 1999, entered into force on 21 Nov. 2002, text available at <<http://www.oas.org/juridico/english/treaties/a-64.html>>.

¹⁵ Several states, particularly in Europe, have responded to parliamentary and public pressure for greater oversight of national arms export policies and have begun to publish national reports on their arms exports. Links to the available reports are given at <http://www.sipri.org/research/armaments/transfers/researchissues/transparency/national_reports/>.

Table 2. Participation of states in the Americas in the UN Register of Conventional Arms, 1998–2007

The table lists only those states that reported at least once during the period.

Country	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Antigua and Barbuda			x	x	x	x		x	x*	x*
Argentina	x	x	x	x	x	x	x	x		x*
Bahamas				x		x	x		x	
Barbados	x		x	x	x	x				
Belize		x	x	x	x	x	x	x	x	x
Bolivia			x	x	x	x	x	x	x	
Brazil	x	x	x	x	x	x	x	x	x	x
Canada	x	x	x	x	x	x	x	x	x*	x*
Chile	x	x	x	x	x	x	x	x	x	x*
Colombia										x*
Costa Rica	x	x	x	x	x	x	x	x	x	
Cuba	x	x	x	x	x	x	x	x	x	
Dominica		x		x						
Dominican Republic	x	x								
Ecuador	x	x	x	x	x	x		x		
El Salvador						x			x	x*
Grenada		x	x	x	x		x	x		x
Guatemala	x	x	x	x	x	x	x	x	x	x
Guyana		x	x	x		x	x	x		
Haiti				x	x				x*	
Honduras	x	x	x	x	x	x				
Jamaica		x	x	x	x	x	x	x	x*	
Mexico	x	x	x	x	x	x	x	x	x*	x*
Nicaragua								x	x	
Panama			x	x	x				x*	
Paraguay		x	x	x	x	x	x	x	x	
Peru	x	x	x	x	x	x	x			
Saint Kitts and Nevis			x	x				x		
Saint Lucia					x		x	x	x*	
Saint Vincent and the Grenadines				x			x	x	x	
Suriname		x	x	x	x	x		x	x	x
Trinidad and Tobago		x	x		x	x	x	x	x*	
United States	x	x	x	x	x	x	x	x	x	x
Uruguay	x	x	x	x	x					
Venezuela					x					
Americas total	15	22	25	28	26	23	20	23	22	13
World total	85	100	118	126	123	115	117	118	113	91

x = report submitted; * = report includes background information on small arms imports and exports.

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

annual report on military assistance, military exports and military imports.¹⁶ Canada has published an annual report on arms exports since 1990. However, to date no other state in the Americas has produced a public national report on its arms exports.

¹⁶ The Foreign Assistance Act of 1961, US Public Law 87-195, was signed into law on 4 Sep. 1961. Section 655 was added as an amendment in 1996. The text of the act as amended is available at <<http://www.usaid.gov/policy/ads/faa.pdf>>.



IV. Conclusions

Despite recent increases in South America, and with the exception of North America, military spending in the Americas is low in comparison with other regions. Meanwhile, most of the interstate disputes over border demarcation that led to conflicts in previous years have been resolved.¹⁷ Despite these advances, states in the Americas, particularly in South America, continue to keep a close watch on the arms acquisitions of other states for signs of potential changes to the regional military balance. While the region has taken steps to develop transparency mechanism to help mitigate mistrust and misunderstandings, implementation of these mechanisms remains inconsistent.

As the world's biggest arms exporter, the United States is a far larger supplier than any other state in the region. Nonetheless, other states maintain active defence industries and are seeking to increase their capacities further. Moreover, illicit transfers of both newly produced and surplus small arms and light weapons can have serious repercussions throughout the Americas.

The proposal for an arms trade treaty has received strong support from states in the Americas. All states voted in favour of the October 2008 UN General Assembly resolution on the ATT, with the exceptions of the USA, which voted against, and Venezuela, which abstained.¹⁸ According to a US official, any global arms trade treaty would be 'so far below what we are already required to do under US law that we had to vote against it in order to maintain our higher standards'.¹⁹ While not supporting the ATT initiative, the USA has led the way in several key areas in the field of arms export control. For example, it was the first state to enact national controls on arms brokering.²⁰

States in the Americas have already developed a range of agreements that are designed to tackle the problems which an ATT would seek to address. One example is the 1997 Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.²¹ Among other things, this Convention requires states parties to establish laws governing the import, export and tracing of firearms, ammunition, explosives and other related materials, along with enforcement mechanisms.²² There is also a significant amount of bilateral cooperation, particularly in the field of SALW tracing.²³ Finally, as noted above, states have created the OAS Transparency Convention, a more developed version of the UNROCA. However, as the cases of UNROCA and the OAS Transparency Convention demonstrate, maintaining national participation in internationally agreed instruments remains a problem in the Americas.

¹⁷ Arévalo de León, B., 'Good governance in security sector as confidence building measures in the Americas: towards pax democratica', Conference paper, Geneva Centre for the Democratic Control of Armed Forces (DCAF), Geneva, 16 Oct. 2002, p. 14.

¹⁸ UN General Assembly Resolution A/RES/63/39, 17 Oct. 2008.

¹⁹ Dent, J., 'Britain welcomes UN arms control vote', *The Guardian*, 27 Oct. 2006.

²⁰ Schroeder, M. and Stohl, R., 'US export controls', *SIPRI Yearbook 2005: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2005).

²¹ Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials, opened for signature 14 Nov. 1997, entered into force on 1 July 1998, text available at <<http://www.oas.org/juridico/english/treaties/a-63.html>>.

²² Schroeder, M., *Small Arms, Terrorism and the OAS Firearms Convention*, Occasional Paper no. 1 (Federation of American Scientists: Washington, DC, Mar. 2004), p. 15.

²³ US Embassy to Barbados and the Eastern Caribbean, 'U.S. and nine Caribbean islands sign agreement to help trace illegal guns', 31 Mar. 2009, <<http://barbados.usembassy.gov/pr03312009.html>>.

SIPRI is an independent international institute for research into problems of peace and conflict, especially those of arms control and disarmament. It was established in 1966 to commemorate Sweden's 150 years of unbroken peace.

The Institute is financed mainly by a grant proposed by the Swedish Government and subsequently approved by the Swedish Parliament. The staff and the Governing Board are international. The Institute also has an Advisory Committee as an international consultative body.

GOVERNING BOARD

Ambassador Rolf Ekéus,
Chairman (Sweden)
Dr Alexei G. Arbatov (Russia)
Ambassador Lakhdar Brahimi
(Algeria)
Jayantha Dhanapala
(Sri Lanka)
Dr Nabil Elaraby (Egypt)
Professor Mary Kaldor
(United Kingdom)
Ambassador Wolfgang
Ischinger (Germany)
The Director

DIRECTOR

Dr Bates Gill (United States)



STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE

Signalistgatan 9
SE-169 70 Solna, Sweden
Telephone: +46 8 655 97 00
Fax: +46 8 655 97 33
Email: sipri@sipri.org
Internet: www.sipri.org

SIPRI BACKGROUND PAPER

ARMS TRANSFERS TO THE AMERICAS

MARK BROMLEY

CONTENTS

I. Introduction	1
II. Arms transfers to and from states in the Americas	1
Arms imports	1
Suppliers	3
Arms exports	4
International transfers of small arms and light weapons	4
III. Transparency in arms transfers	5
IV. Conclusions	7
Figure 1. National shares of the volume of imports of major conventional weapons by states in the Americas, 2004–2008	4
Table 1. Military expenditure in the Americas, 1999–2008	2
Table 2. Participation of states in the Americas in the UN Register of Conventional Arms, 1998–2007	6

ABOUT THE AUTHOR

Mark Bromley (United Kingdom) is a Researcher with the SIPRI Arms Transfers Programme, where his work focuses on European arms exports, European arms export controls and South American arms acquisitions. Previously, he was a Policy Analyst for the British American Security Information Council (BASIC). His publications include *The European Union Code of Conduct on Arms Exports: Improving the Annual Report*, SIPRI Policy Paper no. 8 (November 2004, co-author), 'The Europeanisation of arms export policy in the Czech Republic, Slovakia, and Poland', *European Security* (June 2007), and *The Impact on Domestic Policy of the EU Code of Conduct on Arms Exports: The Czech Republic, the Netherlands and Spain*, SIPRI Policy Paper no. 21 (May 2008).