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Despite Slump, U.S. Role as Top Arms Supplier Grows

By THOM SHANKER

WASHINGTON — Despite a <u>recession</u> that knocked down global arms sales last year, the United States expanded its role as the world's leading weapons supplier, increasing its share to more than two-thirds of all foreign armaments deals, according to a new Congressional study.

The United States signed weapons agreements valued at \$37.8 billion in 2008, or 68.4 percent of all business in the global arms bazaar, up significantly from American sales of \$25.4 billion the year before.

Italy was a distant second, with \$3.7 billion in worldwide weapons sales in 2008, while Russia was third with \$3.5 billion in arms sales last year — down considerably from the \$10.8 billion in weapons deals signed by Moscow in 2007.

The growth in weapons sales by the United States last year was particularly noticeable against worldwide trends. The value of global arms sales in 2008 was \$55.2 billion, a drop of 7.6 percent from 2007 and the lowest total for international weapons agreements since 2005.

The increase in American weapons sales around the world "was attributable not only to major new orders from clients in the Near East and in Asia, but also to the continuation of significant equipment and support services contracts with a broad-based number of U.S. clients globally," according to the study, titled "Conventional Arms Transfers to Developing Nations."

The annual report was produced by the nonpartisan <u>Congressional Research Service</u>, a division of the <u>Library of Congress</u>. Regarded as the most detailed collection of unclassified global arms sales data available to the general public, it was delivered to the House and Senate on Friday, ready for members' return from the <u>Labor Day recess</u>.

The overall decline in weapons sales worldwide in 2008 can be explained by the reluctance of many nations to place new arms orders "in the face of the severe international recession," wrote Richard F. Grimmett, a specialist in international security at the Congressional Research Service and author of the study.

Mr. Grimmett's report stated that the growth of weapons sales by the United States was "extraordinary" in a time of global recession and resulted from new arms deals as well as the sustained cost of maintenance, upgrades, ammunition and spare parts to nations that bought American weapons in the past.

In the highly competitive global arms market, nations vie for both profit and political influence through weapons sales, in particular to developing nations, which remain "the primary focus of foreign arms sales activity by weapons suppliers," according to the study.

Weapons sales to developing nations reached \$42.2 billion in 2008, only a nominal increase from the \$41.1 billion in 2007.

The United States was the leader not only in arms sales worldwide, but also in sales to nations in the developing world, signing \$29.6 billion in weapons agreements with these nations, or 70.1 percent of all such deals.

The study found that the larger arms deals concluded by the United States with developing nations last year included a \$6.5 billion air defense system for the United Arab Emirates, a \$2.1 billion jet fighter deal with Morocco and a \$2 billion attack helicopter agreement with Taiwan. Other large weapons agreements were reached between the United States and India, Iraq, Saudi Arabia, Egypt, South Korea and Brazil.

Russia was far behind in 2008 with \$3.3 billion in weapons sales to the developing world, about 7.8 percent of all such agreements. The report says that while Russia continues to have China and India as its main weapons clients, Russia's new focus is on arms sales to Latin American nations, in particular to Venezuela.

France was third with \$2.5 billion in arms sales to developing nations, or about 5.9 percent of weapons deals with these countries.

The top buyers in the developing world in 2008 were the United Arab Emirates, which signed \$9.7 billion in arms deals; Saudi Arabia, which signed \$8.7 billion in weapons agreements; and Morocco, with \$5.4 billion in arms purchases.

The study uses figures in 2008 dollars, with amounts for previous years adjusted for inflation to give a constant financial measurement.

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