



Arms transfers, and military spending (AMEX)

Away Day presentation and discussion on 7 February 2019 - van der Nootska

Future work priorities for AMEX:

1.) Arms Transfers Database

The first two AMEX priorities were related to the AT Database: a) expanding the SIPRI AT Database to a SIPRI Arms Procurement Database, and b) reviewing the methodology, especially for the TIV, and updating the actual TIVs for individual weapons.

The rationale for expanding the Arms Transfers Database to an Arms Procurement Database lies in the fact that only data on transfers cannot fully answer the basic questions that we try to answer (and which we are requested to answer): How and why are (arms trade and security) relations between countries developing over time? What is the impact of arms transfers on stability and security? How does the balance of arms transfers versus acquisition from local production change over time and what impact does that have on stability, security and arms control? Where do weapons used in (armed) conflicts come from?

It is suggested in the literature that there is a changing balance between arms transfers and acquisitions from local production, and that this has significant relevance for stability and security, as well as for influence and leverage of 'traditional' arms exporters and for conventional arms control. To remain at the forefront of analysis of arms and their impact, we cannot ignore the fact that countries make their own weapons. The need for arms procurement data is also clear from the questions Amex continually receives about impact of weapons and about procurement, as well as from the inclusion of transparency in arms procurement in confidence-building mechanisms (including the UNROCA). The rationale is compelling enough for Amex to see this idea a top priority.

The idea to map not only arms transfers but also arms acquisitions from local production is not new for SIPRI. It goes back to what was intended when the AT research was initially set up in SIPRI and was for example an important part of the analysis of arms transfers in the 1970s and early-1980s (including the 'standard' publications on arms trade and arms production in the developing world). Also in later years Amex has done smaller projects trying to answer some of the above questions for which it had to construct more specific temporary datasets.

A permanent arms procurement database seems feasible, using the structure and methodology of the current Arms Transfers Database as a basis. However, this task would be a big undertaking and would need due consideration of implementing it in a

way that is doable within the limited resources we have or are likely to get. Especially the scope and sustainability are important but difficult to implement points - to be a good tool for trend analysis the data set needs to cover a significant period and a wide group of countries. However, that would mean a long-term and likely substantial investment of resources. This could be made partly more doable with a rethinking of the AT methodology.

There are several reasons for reviewing the methodology and updating the actual TIVs for individual weapons. The main reason is that developments in weapon technology impacts on what needs to be or can be covered by our 'major arms' definition. Especially as electronics, software and networks become more important in weapons and as force multipliers. SIPRI has reset its definition several times since the late-1960s and there is a continuous internal Amex discussion in this issue. However, a more consistent concentrated effort is needed from time to time and at this moment possibly overdue.

The TIVs for individual weapons are continuously updated by Amex, but also there is a need to a) set aside time for a full resetting of all TIVs - realigning them within the TIV system, and b) as part of a wider methodology review and in the light of the weapon development mentioned above, to also review the whole TIV system.

Amex suggests to use the experience of the Milex and the AP workshops - funded by small grants from RJ - to discuss various needs and options for methodology updates and database expansions with a small group of experts and stakeholders. Amex could organize a similar workshop for the AT Database, possibly in 2020 as a first step. RJ is a potential source of funding.

2.) Military Expenditure Database

If work is to be done on arms transfers and procurement then AMEX will need to collect procurement figures and disaggregated data. Many states release yearly figures of their procurement but we are not sure if it covers every year. However, as some of this information is available we can start examining it. The relationship between transfers and procurement and military expenditure is very strong and it's interesting to look at it this way and get more synergies between the databases. One of the ways to expose the relationship is through procurement figures. We would need to develop new definitions and methodologies and check comparison of sources. Try to understand how the countries present their procurement figures and if they do? This would be a challenge and very time consuming and several countries do not give a figure. However, if we manage to have a good dataset of procurement in milex then it can be used for many different types of projects.

However, Nan suggested you look at capital versus current expenditure and you go from there. The main goal is to collect and disaggregate the military spending information into categories similar to those listed in the SIPRI Military Expenditure Questionnaire. Moreover, experience tells us most of the time the data collected for milex does not show exact procurement figures. To have a credible milex dataset it has to be consistent and cover all countries and be covered by a broad definition.

3.) Arms Industry

Building on the 2018 arms industry workshop the idea is to continue to implement suggestions. We have started by looking at the Fortune500 versus Top100 and also looking at data from the Chinese arms companies. This will continue but the Fortune500 versus Top100 is done and would be much the same observations every year. However, the Chinese arms industry data can be developed more if it is possible to find more data and we can try to dig for this. The biggest challenge from the arms industry workshop is how to publically present our data findings. Presenting a ranking of Top100 is a problematic way of presenting the arms industry. It can be interpreted, as the best of/worst of depending on perspective and this is not the message we want to send. There has been brainstorming on ways to present the Top100 outside of a ranking and AMEX have not yet found an alternative. AMEX spoke of doing it by regions but then this would have very much a Western focus along with some countries in Asia. AMEX invites suggestions if others have ideas on how to present this data better.

Blue-sky thinking!

Does AMEX have any other ideas? Is it possible to come up with other small-scale projects? Perhaps, looking at other topics or regions?

- There have been some discussions with Gary for example about the possibility of doing a milex budgeting Africa project and reviving this work.
- Two sub-goals are mentioned with the first being to create better visualization pages for the arms transfers and arms industry database, similar to what exists now for the milex database page. The second goal is to work further with other programmes to improve and develop the research. For instance, Nan has worked with Su Fei on Chinese arms industry and Alexandra is working with Annelies from the Sahel and West Africa Programme looking at military assistance to the Sahel states. This will include looking at arms acquisition and military expenditure but using knowledge and expertise from another programme. It is suggested this work may help AMEX set the foundation for the database expansion mentioned in the presentation.
- Based on an idea of looking at procurement data trends in arms production, it is suggested that looking to do further work related to new technologies would be interesting to AMEX. Vincent has suggested there are a lot of cross programme/project ideas that could be worked on together. Some of the work AMEX already does could be used to illustrate with drone proliferation used as an example. Some think tanks are already covering this but it would make sense for SIPRI to take advantage of the knowledge in-house. Thinking of the arms industry, one of the issues that often comes up is the fact that the civilian industry is really driving innovation. Trying to understand what is the current role of the arms industry in that context and to what extent is the civilian industry actually leading innovation of technologies? It's not fully the case

and we could try to illustrate this. It's important to have several datasets and compare them.

- Petr raised a discussion about the India nuclear weapons programme and how much it is costing. Is there a plan to continue this effort to understand the weapons price and budgets with regards to India? There is lack of research around the world in this area and this question may be attractive for funders. Common questions raised are, how much do countries spend on the nuclear industry, nuclear weapons industry, and for disarmament? This could be part of something bigger and connecting projects within the cluster. AMEX currently has no specific plans to develop further this area but discussion would be needed not just within the cluster but with SMT. Can data for India/Pakistan be found? There are some assessments available about general nuclear industries but one would need the combined data. In terms of milex spending on nuclear weapons programmes obviously some countries are more transparent than others. On milex spending with regards to nuclear programmes for India and Pakistan it is suggested there is more information than one might think for India but less for Pakistan. Milex spending on nuclear weapons is a very specialised niche and you would need specialised expertise to understand how it fits together both from industry side perspective and defence spending side.
- There are many ways to cooperate and integrate the work of AMEX within the cluster. As well as integrating further with nuclear work, on the technologies side there are interesting possibilities to connect the work. What are we seeing with regards to proliferation? Looking at issues such as MTCR – UAV – missile technology, AMEX can help provide a general picture. For example, in the forthcoming Factsheet related to the new SIPRI arms transfers' data coming on 11 March, there is a small section about China right now being biggest exporter of armed UAVs. Likewise for missiles AMEX can give the general information on who is providing them. Why is it that we discuss MTCR? Why is it that we discuss some states trying to prevent other states from arming? Really we want to discuss why all states want to arm themselves and what it means for peace and security. This links AMEX more with the arms control chapter, not just about exports but all types of arms control whether it's the INF treaty, the Wassenaar Arrangement, the ATT, etc. It is suggested we need to build up a better picture and cover the gap in how we cooperate. It would be very useful already to connect in the SIPRI Yearbook with some examples spoken about, such as MTCR and missiles, then one can use the data we have to illustrate that proliferation through trade is happening despite MTCR and one can try to make an assessment of that. Is the YB the right avenue? This is a separate discussion.
- Nan mentioned a long-standing ambition to do a bigger project looking at the global security web, an idea that formed the basis for a Wallenberg research proposal last year. A security web is variables that measure the influence of countries relative to each other. What variables define how safe you feel? It's subjective and in away measures perceptions of security. It was suggested

those who have an interest can be shared the proposal that went into Wallenberg.