

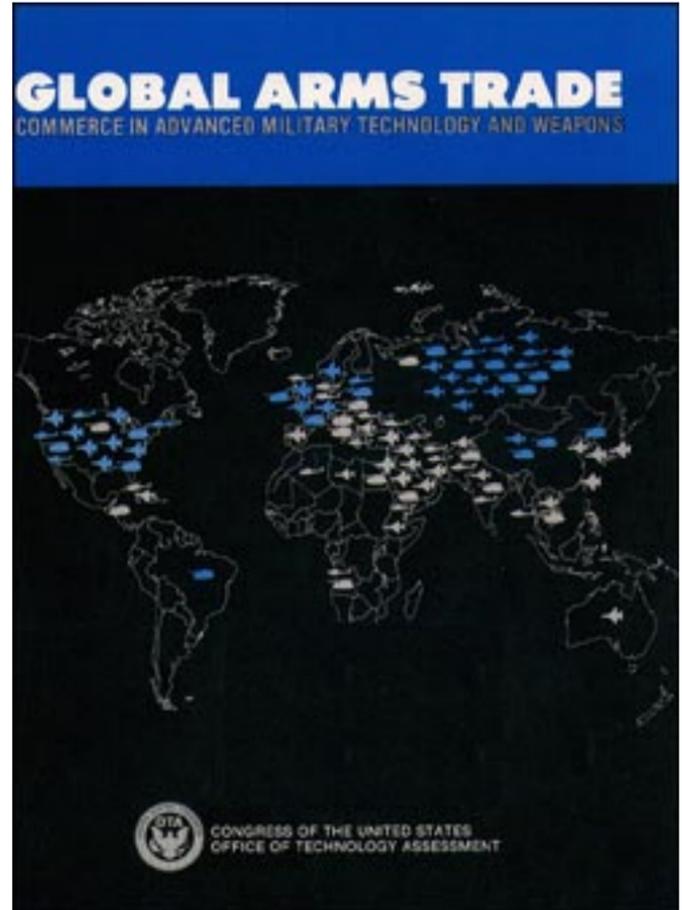
*Global Arms Trade: Commerce in  
Advanced Military Technology and  
Weapons*

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# Foreword

The recent war in the Persian Gulf has once again focused attention on the proliferation of advanced weapons and the international arms industry. Although Iraq had little or no defense industrial capability, it was able to obtain a vast arsenal of modern weapons from the Soviet Union, Western Europe, China, Eastern Europe, and a variety of arms producers in the developing world.

Today, the international arms market is a buyers' market in which modern tanks, fighter aircraft, submarines, missiles, and other weapons are available to any nation that can afford them. Increasingly, sales of major weapons also include the transfer of the underlying technologies necessary for local production, resulting in widespread proliferation of modern weapons and the means to produce--and even develop--them.

The end of the Cold War has brought profoundly decreased demand for weapons by the United States, the Soviet Union, and most European governments. In the United States, and elsewhere, some defense companies are seeking to increase their international sales as part of a strategy to adjust to the new realities of lower procurement budgets and less domestic demand for their products. But because of worldwide overcapacity in defense production, competition is fierce and sales arrangements are complex, increasingly bypassing government-to-government agreements.

Congress faces two very important and interconnected issues: 1) controlling the proliferation of modern weapons and defense technology and 2) the health of the U.S. defense industries. This report, the final product of OTA's assessment on international collaboration in defense technology, explores the form and dynamics of the international defense industry, the intricacies of technology transfer and equipment sales, and the implications for U.S. policy. An interim report, *Arming Our Allies: Cooperation and Competition in Defense Technology*, was published in May 1990.

This assessment was requested by the Senate Committee on Armed Services and the House Committee on Government Operations. OTA particularly wishes to acknowledge the assistance of the Foreign Affairs and National Defense division of the Congressional Research Service in preparing part of this report.

  
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