



BRIEFING PAPER

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Arms industry statistics

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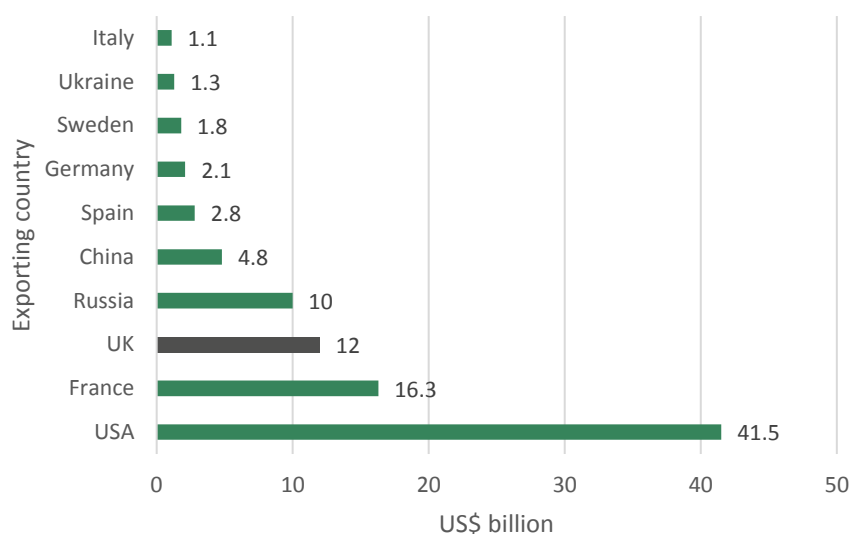
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1. Global defence export market

According to figures published by the Government on 26 July 2016, the global defence export market in 2015 was estimated to be worth more than £63 billion (\$97 billion). The five permanent members of the UN Security Council – the United States of America, Russia, China, France and the United Kingdom – are the world’s largest arms exporters. The UK is the third largest defence exporter in the world with its market share estimated at £7.7 billion (US \$12 billion), representing 12.8% of the estimated market share of the top ten defence exporters).¹

Figure 1: Defence exports by country in 2015

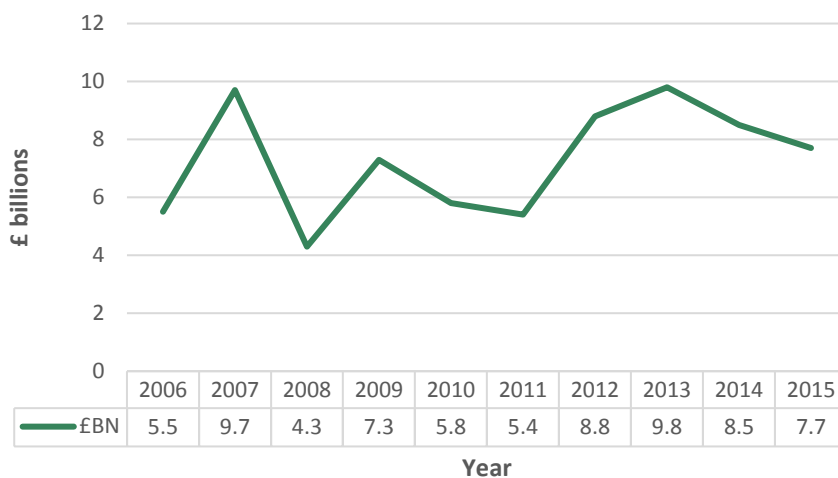


Source: Department for International Trade Defence & Security Organisation (DIT DSO), [Additional Statistics - Top Defence Exporters 2015: table](#), 26 July 2016

Government figures show that defence exports fluctuate year to year. **Figure 2** shows UK defence exports based on orders during the period 2006 to 2015. Annual exports averaged £7.28 billion during this period.

¹ UK Trade and Investment, [Additional Statistics - Top Defence Exporters 2015: table](#), 26 July 2016

Figure 2: UK defence exports (based on orders) 2006-2015



Source: [DIT DSO export statistics for 2015: tables](#)

An [arms industry database](#) published annually by the Stockholm International Peace Research Institute (SIPRI)², and containing information on the 100 largest arms-producing and military services companies in the world, shows that UK companies feature consistently in the top 100 listing.

Figure 3 shows figures for total arms sales and profit by all top 100 companies, and figures relating to UK companies within the top 100.

Figure 3: Total arms sales and profit by top 100 companies with focus on UK companies 2010-2014

Year	2010	2011	2012	2013	2014
Arms sales by top 100 companies (US\$m)	473,920	475,990	465,760	459,440	441,770
Arms sales by UK companies in top 100 (US\$m)	49,880	55,500	50,590	45,130	42,730
Sales by UK companies (% of total arms sales)	10.5	11.7	10.9	9.8	9.7
Profit by UK companies (US \$millions)	4,141	7,597	8,245	4,214	2,305
Employment by UK companies	312,990	378,690	381,340	357,820	354,560
Number of UK companies in top 100	10	15	14	11	9

Source: [SIPRI Arms Industry Database](#) [accessed 1 December 2016]

Figure 4 shows company specific data on the ranking, sales, profit, and employment figures of the 9 UK companies included in the top 100 listing for 2014.

² SIPRI is an independent international institute dedicated to providing data, analysis and recommendations on its research into conflict, armaments, arms control and disarmament.

Figure 4: Ranking, sales, profit and employment figures for the UK companies included in the top 100 listing in 2014³

Rank		Arms sales (\$m)	Total profit (\$m)	Total employment
2014	Company	2014	2014	2014
3	BAE Systems	25,730	1,238	83,400
16	Rolls-Royce	5,430	2,025	54,100
25	Babcock International Group	3,560	438	10,840
49	Serco	2,180	2,218	118,620
53	Cobham	1,860	338	12,710
72	QinetiQ	1,140	193	6,250
79	GKN	990	--	51,400
S	Thales UK (subsidiary of Thales France; excluded from ranking)	950	--	6,420
87	Meggitt	890	291	10,820
		42,730	2,305	354,560

Source: [SIPRI Arms Industry Database](#) [accessed 1 December 2016]

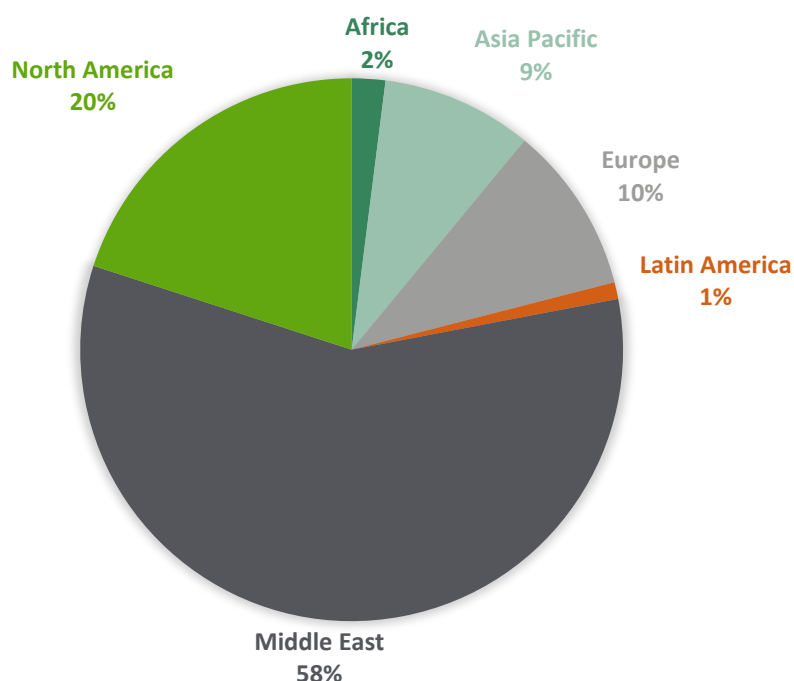
³ An 'S' denotes a subsidiary company

2. UK defence export market

According to Government figures, the UK's largest defence export market is the Middle East, responsible for an estimated 58% of orders between 2006 and 2015, followed by North America with an estimated 20% of orders.

Figure 5 shows the estimated total UK defence exports (based on orders/contracts signed) by region between 2006 and 2015.

Figure 5: Estimated total UK defence exports (based on orders/contracts signed) by region 2006-15



Source: [DIT DSO export statistics for 2015: tables](#), 26 July 2016

The Stockholm International Peace Research Institute (SIPRI) has developed a unit of measurement to measure volumes of arms exports: the trend-indicator value (TIV). The TIV is based on the known unit production costs of a core set of weapons in constant 1990 US dollars. Second hand-weapons which have been significantly reconditioned are given a value 66 per cent of that of a new weapon; those which have not been significantly reconditioned are given a value 40 per cent of that of a new weapon.⁴

Based on this, Saudi Arabia has consistently been the UK's top export market for the last 5 years, receiving two-thirds of the UK arms exports in 2015. **Figures 6 and 7** show the TIV of UK arms exports by country during the period 2010-15.

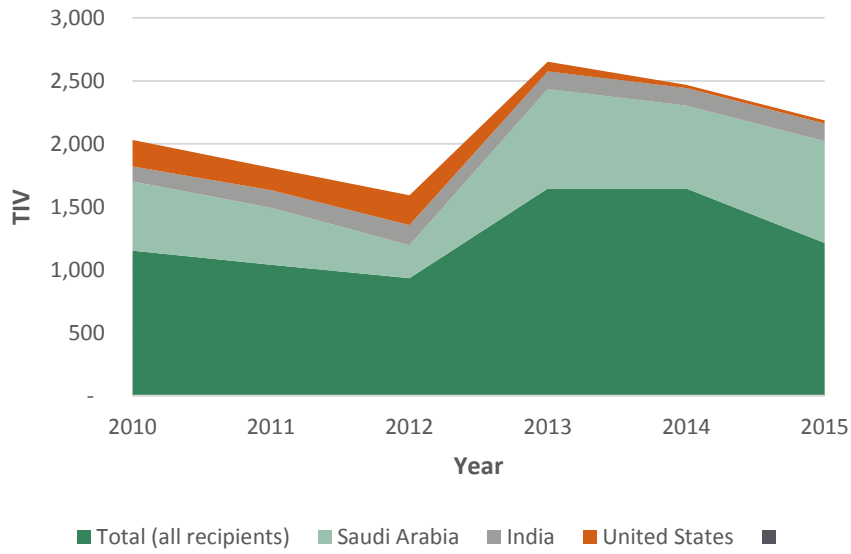
⁴ [SIPRI arms transfer database importer/exporter TIV tables](#), accessed 18 August 2016

Figure 6: Trend indicator value (TIV) of UK arms exports by destination, 2010-15

Recipient	2010	2011	2012	2013	2014	2015	Total
Saudi Arabia	550	453	261	791	660	808	3523
India	120	140	160	140	140	140	840
United States	211	177	236	76	24	24	749
Indonesia					541	24	565
Oman				289	145		434
China	40	40	40	40	40	40	240
Australia		80	49		17	2	148
Algeria	47	42	5			36	130
Brazil			77	40		2	119
Japan	33	13	8	33	16	13	115
Greece	50					50	100
Italy		30	22	12	12	12	88
Norway		40	40				80
Lithuania				73			73
Ireland					33	33	67
UAE				66			66
Thailand			5	50			55
South Korea				12	12	24	48
Turkey	25						25
Bangladesh	23						23
Canada	11	12					23
Sweden	6	6	6				18
Denmark	13						13
Spain			12				12
Poland				10			10
South Africa	6		4				10
Ecuador		4	4				8
Malaysia	8						8
Peru				4	4		8
Chile			6	1			6
Kuwait	3	3					6
Mozambique				6			6
Ukraine						6	6
Afghanistan	5						5
Somalia				2			2
Jordan	1						1
Latvia						1	1
Pakistan				1			1
Rwanda				0			0
Total	1151	1040	934	1645	1644	1214	7627

Source: [SIPRI TIV tables](#) [accessed 1 December 2016]

Figure 7: Trend indicator value (TIV) of UK arms exports by destination, 2010-15



Source: [SIPRI TIV tables](#) [accessed 1 December 2016]

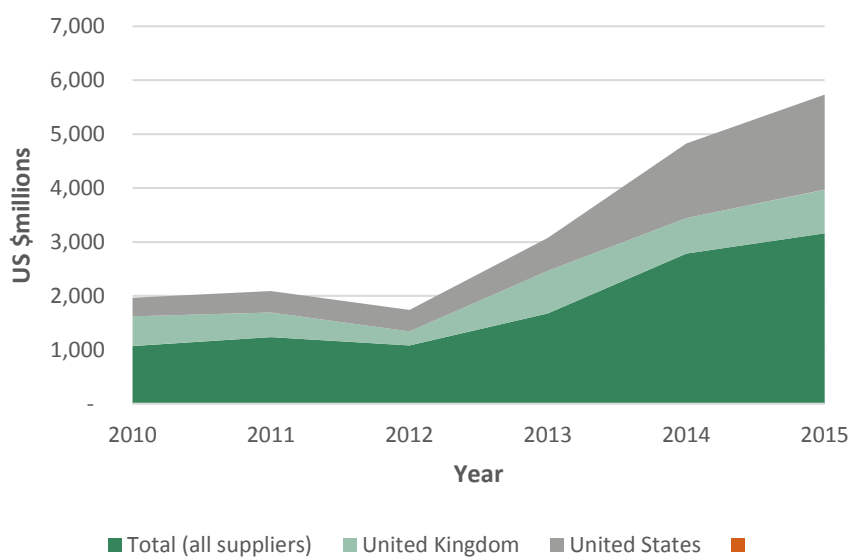
During the same period, UK companies have been second only to US companies in exporting arms to Saudi Arabia. **Figures 8 and 9** show the TIV of arms exports to Saudi Arabia by country during the period 2010-15.

Figure 8: Trend indicator value (TIV) of arms exports to Saudi Arabia by country, 2010-2015

Country	2010	2011	2012	2013	2014	2015	Total
United States	345	398	401	615	1,383	1,764	5,846
United Kingdom	550	453	261	791	660	808	4,010
France	89	84	25	53	183	160	681
Spain		98	196		98	196	588
Turkey	29	33	33	44	39	52	318
Germany (FRG)	12	73	71	71	64	1	299
Canada		33	40	43	70	64	283
Switzerland	40	40			83	83	257
Sweden	3	3			160		166
Netherlands		13	25	25	25	25	113
China						8	74
Belgium		7	21	21	10		66
Finland			6	10	6		22
South Africa		4			1		18
Pakistan							4
Austria	2						2
Italy			1				1
Total	1,070	1,237	1,080	1,672	2,782	3,161	12,746

Source: [SIPRI TIV tables](#) [accessed 1 December 2016]

Figure 9: Trend indicator value (TIV) of arms exports to Saudi Arabia



Source: [SIPRI TIV tables](#) [accessed 1 December 2016]

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