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DIRECTORATE OF INTELLIGENCE

24 September 1986
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MEMORANDUM FOR: See Distribution

FROM: [redacted] Chief,
International Security Issues Division
Office of Global Issues

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SUBJECT: Recent Trends in Soviet Arms Transfers [redacted]

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1. The attached memorandum responds to a request for information on recent trends in Soviet arms transfers to the Third World. Overall, the the value of Soviet arms transfers has been declining in recent years, even though the needs of Moscow's clients fighting wars are increasing. [redacted]

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2. A review of the methodology for estimating trade values of Soviet arms exports is almost finished. We believe this review will cause a rise of two-thirds or more in the values presented in this paper but will not alter the trends discussed. [redacted]

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3. Your comments and suggestions are welcome and may be addressed to [redacted] Arms transfers Branch [redacted]

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[redacted]

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[redacted]

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Attachment:

Recent Trends in Soviet Arms Transfers [redacted]
GIM 86-20220, 24 September 1986, [redacted]

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[redacted]

[redacted]

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SECRET

[Redacted]

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SUBJECT: Recent Trends in Soviet Arms Transfers [Redacted]

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Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

24 September 1986

Recent Trends in Soviet Arms Transfers [Redacted]

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SUMMARY

Moscow remains the largest exporter of arms to the Third World, but overall Soviet arms transfers to these countries have dropped recently. The needs of Moscow's Marxist-Leninist clients fighting insurgencies have grown, and the trend in deliveries to these countries has been up over the last several years. This trend has been overmatched, however, by the depressed, competitive, world arms market which is driving down Moscow's arms sales to key hard-currency paying customers in the Middle East. Soviet arms transfers probably will pick up in a year or two. The Soviets will continue to rely on arms exports because they have little else to use in pursuit of influence in the Third World, need the hard currency, and will not want to see their clients defeated in war. An increase in deliveries, however, probably will not gain Moscow much. Most transfers will serve to protect already established positions, and Moscow will have to offer financial concessions to garner additional sales. [Redacted]

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_____ This memorandum was prepared by [Redacted] Office of Global Issues. Information available as of September 24, 1986 has been used in its preparation. Comments may be directed to the Chief, Arms Transfers Branch, International Security Issues Division, [Redacted]

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Overview: The 80s

Moscow is the largest arms exporter to the Third World. Since 1981 Moscow has shipped over twice as many tanks, jet-fighter aircraft, and warships to LDCs as has the United States, the Third World's second largest supplier. Moscow also leads in the value of military equipment and materiel delivered.*

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We have grouped Moscow's 30 or so Third World arms recipients into several broad categories:

- o Favored Customers--Algeria, India, Iraq, Libya, and Syria are the most favored recipients and have received almost 60% of Soviet arms deliveries to the Third World in the last five years. They receive the best arms Moscow exports and are the first recipients of new types of weapons. Their favored treatment stems from their payment in hard currency (except India), from their ability to court Western suppliers, and from Moscow's desire to gain influence in politically important regions.
- o Marxist-Leninist Clients--Afghanistan, Angola, Cambodia, Cuba, Ethiopia, Laos, Mongolia, Mozambique, Nicaragua, South Yemen, and Vietnam receive close to 40% of Moscow's arms deliveries to the Third World. They generally receive less advanced arms than the favored countries but, except for Angola, pay little or no money for arms. (Even Angola is paying for a decreasing share of its military imports.) Moscow instead gains politically by having and supporting allies in the Third World and often gains access to military facilities as well. In addition, the USSR avoids political losses by providing arms to help many of these countries avoid military defeat.

*A review of our methodology for assessing Soviet arms transfers is almost finished; when this review is completed we believe the dollar value of our estimates will rise by about two-thirds in 1983 and 1984 and by over 80% in 1985. We lack data to accurately calculate changes for previous years. The changes reflect a better estimate of the values of ammunition and support equipment and a more systematic incorporation of all military tonnage into our estimates.

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o Minor Recipients receive less than a tenth of Soviet arms exports altogether. A few--notably Jordan and Kuwait--receive some relatively advanced arms and can bargain on terms because they pay in hard currency or offer the Soviets an opportunity to increase their presence in politically important regions. [redacted]

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Trends: The Recent Decline--And Why

We believe two--in part offsetting--external factors have been largely responsible for the pace of Soviet arms transfers. Moscow's support for Marxist-Leninist clients fighting insurgencies has grown over the last few years. Overall, however, the depressed and competitive World arms market is driving down Soviet arms sales. The key has been a drop in sales to Middle East customers. [redacted]

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The needs of Marxist-Leninist clients fighting insurgencies fluctuate, but despite a lull in 1986, the trend has been upward over the last few years. Most of these clients are fighting insurgencies (and South Yemen may join them soon), and some face external military threats as well. Measured in value, deliveries to these countries dropped in 1985 from 1984's level, but measured in tonnage (which more accurately tracks deliveries of the basic consumables and small equipment needed for low intensity conflict) deliveries remained constant. Deliveries of helicopters, a prime counterinsurgency weapon, also remained strong. Trends so far in 1986 illustrate the gearing of deliveries to need. Angola, Nicaragua and perhaps Afghanistan--countries facing "hot" wars or which appear to be preparing for offensives--have each already received more arms than in all of 1985. By contrast, Ethiopia, where the fighting has declined, has received fewer transfers. [redacted]

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The world arms market has both declined and become more competitive in recent years. Third World countries which actually buy arms have less money because of the drop in oil prices and the debt problem. Many have also recently completed weapon modernization cycles and thus their demands have been low. At the same time competition is growing as new vendors, notably Brazil and China, enter the market and established suppliers such as France aggressively push exports. [redacted]

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Outlook


In our view, Soviet arms transfers to the Third World will pick up in the next year or two. We believe that the USSR will continue to press arms transfers because of their value as a means of seeking political influence in the Third World, because it does not want to see its Marxist-Leninist clients defeated, and because it needs the hard currency it earns from the sales. Middle-Eastern countries such as Algeria, Libya, and Syria are trying to arrange large new arms deals despite the squeeze on their finances. In addition, Soviet clients fighting insurgencies will continue to need large quantities of arms to sustain their war efforts, as will Iraq. [redacted]

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An upturn in deliveries, however, probably will yield fewer gains for the USSR than in the past. A large majority of transfers to clients fighting insurgencies serve to defend established Third World positions rather than to bring new gains. (There is, however, some gain to Moscow in acting as a reliable ally.) We believe Moscow will have to make economic concessions in sales to its favored customers both because these customers have less money and because of stiff Western sales competition. If need be, we believe Moscow will deliver arms to these countries regardless of their ability to pay in order to protect its position. For example, Soviet deliveries to Iraq are on an upswing even though Baghdad cannot afford all the arms it is importing. 

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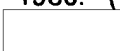


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Appendix: Tabular Data on Soviet Arms Transfers

Notes on the Tables

Value Estimates measure the trade value of Soviet arms transfers to the Third World, based on prices the Soviets actually quote. Our prices are based in rubles and converted to dollars at the official rate annually. The values in the tables are in current dollars, but because of changes in the dollar-ruble exchange rate inflation has been minimal in dollar prices--only 10% since 1980. (The drop in the dollar's value in 1986 will probably cause a 15% leap in dollar values.)



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Tonnage Estimates measure the gross weight of all Soviet military deliveries to the Third World. This measure is particularly useful for assessing arms transfers to countries fighting wars because it best tracks the fluctuations in deliveries of the munitions, spare parts, and support equipment needed in wars.

Equipment Number Estimates track actual numbers of weapons and other military items delivered. They provide the best measure of the quality of deliveries, of numbers of major weapons sent, and provide a third measure of magnitude as well.



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TABLE ONEVALUE OF SOVIET ARMS DELIVERIES TO THE THIRD WORLD: 1981-86

<u>Year</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986*</u>
<u>Total</u>	10.2	11.0	9.4	9.3	7.1	3.4
<u>Favored Cust.</u>	6.4	6.9	5.1	5.0	3.9	2.0
<u>Marxist Clients</u> <u>Fighting Insur.</u>	1.8	2.0	2.4	3.0	1.9	1.2
<u>Other Marxist</u>	1.1	1.1	1.1	0.8	0.6	0.1
<u>Other Recipients</u>	0.9	1.0	0.8	0.5	0.7	0.1

Values in \$US Billion
*First eight months

TABLE TWOVALUE OF SOVIET ARMS DELIVERIES TO MAJOR RECIPIENTS: 1982-1986

<u>Year</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986*</u>	<u>Total</u>
<u>Country</u>						
Third World	11000	9400	9300	7100	3400	40200
Afghanistan**	380	300	300	310	350	1640
Algeria	1115	395	350	215	60	2135
Angola	340	675	960	390	500	2865
Cuba	950	695	680	350	100	2775
Ethiopia	250	525	550	375	75	1775
India	1070	700	625	1180	900	4475
Iraq	1735	1435	1870	1110	800	6950
Jordan	230	70	NEGL	200	30	530
Libya	990	690	1005	575	275	3535
Mozambique	120	240	250	175	30	815
Syria	2030	1870	1185	750	150	5985
Vietnam	800	730	620	680	350	3180
Yemen (Aden)	30	405	90	205	25	755
Yemen (Sana)	175	310	55	75	50	665

Values in \$US Million

*1986--first eight months

**Afghanistan values uncertain 1983, 1985. Actual identified deliveries of less than \$150 million each year.

TABLE THREETONNAGE OF SOVIET MILITARY DELIVERIES TO THE THIRD WORLD

<u>Year</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Total</u>	590	555	527
Favored Customers	285	261	220
Marxist Clients Fighting Insurg.	187	200	197
Other Marxist Client	87	79	67
Other Recipients	31	15	43

Figures in 000s Metric Tons

TABLE FOURSOVIET TANK DELIVERIES TO THE THIRD WORLD: 1981-1985

<u>Year</u>		<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Total</u>		1257	1444	712	600	711
Fav. Cust.	T-72	788	454	284	230	386
	Other	238	236	61	23	0
All Marxist Clients		95	730	367	347	291
Other Recipients		136	24	0	0	34

"Other" Includes T-54/55, T-62, PT-76

Only Favored Customers have received the T-72.

TABLE FIVESOVIET FIGHTER AIRCRAFT DELIVERIES TO THE THIRD WORLD: 1981-1985

<u>Year</u>		<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Total</u>		425	334	359	570	162
Favored Cust.	OLD	196	108	79	170	48
	NEW	146	113	121	144	35
Marxist Cl.	OLD	69	84	104	210	29
	NEW	4	19	28	32	12
Other	OLD	10	10	27	14	12
	NEW	0	0	0	0	26

NEW includes MIG-23, 25, 27, SU-25
 OLD includes all other

TABLE SIXSOVIET HELICOPTER DELIVERIES TO THE THIRD WORLD: 1981-1986*

<u>Year</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Total</u>						
MI-8	141	100	96	57	37	8
MI-17	0	0	37	41	86	43
MI-25	40	67	40	62	56	6
MI-26	0	0	0	0	0	2
<u>Favored Customers</u>						
MI-8	81	58	41	19	19	7
MI-17	0	0	21	11	43	12
MI-25	40	36	7	36	20	0
MI-26	0	0	0	0	0	2
<u>Marxist Clients</u>						
MI-8	55	29	52	37	15	1
MI-17	0	0	16	30	43	31
MI-25	0	31	21	26	33	6
<u>Other Recipients</u>						
MI-8	5	13	3	1	3	0
MI-25	0	0	12	0	3	0

*First half 86