CAMPAIGN AGAINST ARMS TRADE

UK arms exports in 2021

A research briefing

The overall picture is that UK arms exports clearly declined in 2020 and 2021, and in particular exports of major platforms and systems are at a historically low level. However, the trade in subsystems, components, and services continues at a high level, with Saudi Arabia remaining a primary customer

Regarding transparency, in some areas, such as the level of detail on export licences, the UK compares favourably with many other major arms exporters. However, in other areas, such as the reporting of deliveries, which is regularly provided by most EU states and until recently by the US, it falls short.

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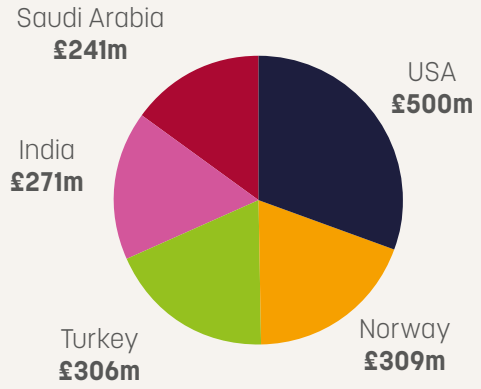
The value of Single Individual Export Licences for military goods issued in 2021 was £4.1 billion, a fall of 12% compared with 2020

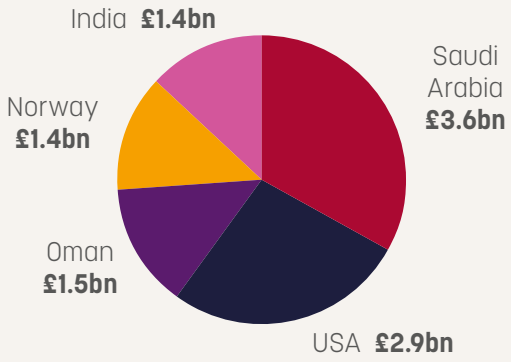
This figure does not include goods exported using open licences, which allow for unlimited deliveries, and which probably account for at least half of UK arms exports on average.

The top 5 recipients of SIELs by value in 2021 were:



Source: CAAT UK arms export licences browser

The top 5 recipients of SIELs by value over the 5-year period 2017-21 were:



Source: CAAT UK arms export licences browser

According to SIPRI, the UK was the 7th largest exporter of major conventional weapons from 2017-21, accounting for 2.9% of the volume of transfers. This was down 41% compared with the period 2012-16.

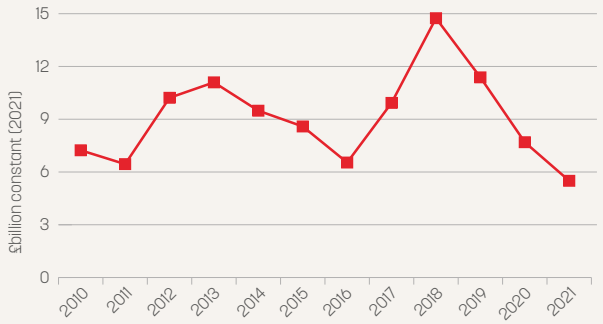
SIPRI figures for arms transfers are not a financial measure, but use their own Trend Indicator Value measure of the value of transfers in military terms. SIPRI do not cover small arms and light weapons, components of military equipment, or military services. The latter account for a large proportion of UK arms exports, which explains why SIPRI places the UK lower in international rankings than other measures.

UK major conventional weapons exports are currently at their lowest level since SIPRI data begins, from 1950.

The value of arms export contracts won by UK companies in 2021 was

£5.5 billion,

a fall of 27% compared with 2020



Source: UK Defence & Security Export Statistics

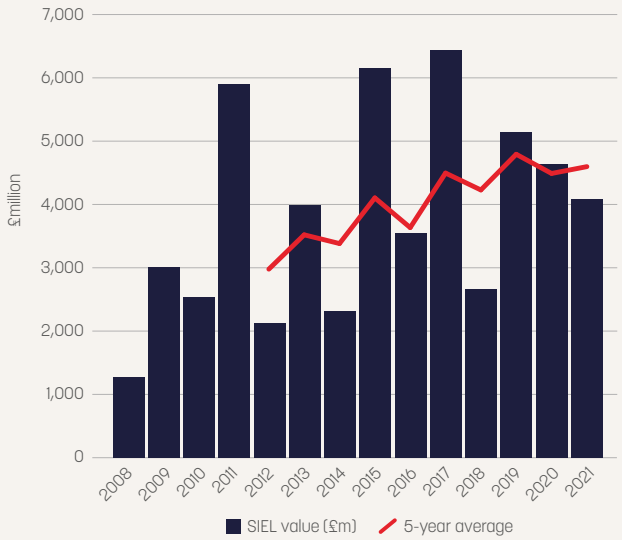
The total value of contracts over the 10-year period 2012-21 was

£88 billion

Over the period 2012–21, the value of permanent Single Individual arms export licences was £40 billion, less than half the value of contracts.

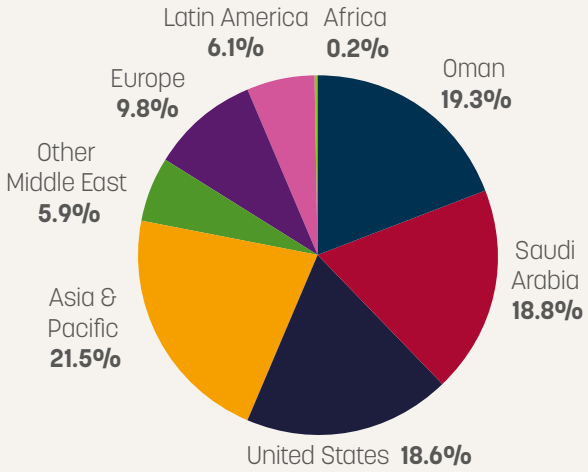
For the Middle East and North America the ratio of contract value to single licence value was 3.5:1 and almost 3:1 respectively, suggesting that the great majority of UK arms exports to these regions goes via open licences.

Value of SIEL arms export licences 2008–2021



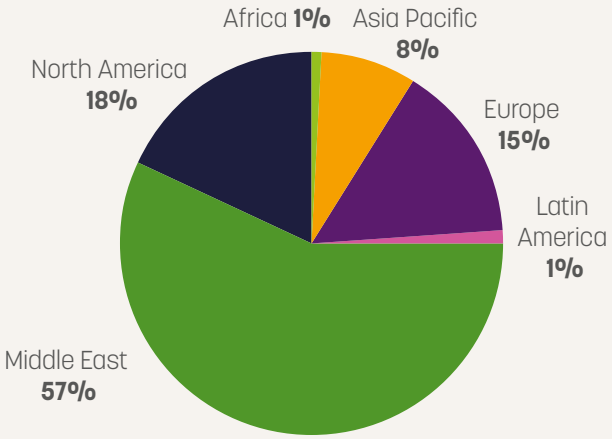
Source: CAAT UK arms export licences browser

The three largest recipients of UK major conventional weapons exports from 2017-21 were Oman, Saudi Arabia, and the USA, each recieving 19% of UK exports. The Asia Pacific region accounted for 21.5% of UK exports.



Source: SIPRI Arms Transfers Database

The dominant recipient region for UK arms exports during 2012-21 based on the value of contracts was the Middle East with 57%, followed by North America with 18%, and Europe with 15%.



Source: UK Defence & Security Export Statistics

UK arms export information is available from several sources, of which the most important are:

- Export licence data from the Department of International Trade
- A survey of arms export contracts by UK Defence & Security Exports
- Information on transfers of major conventional weapons from the Stockholm International Peace Research Institute (SIPRI)

Tables of new UK orders and deliveries of major conventional weapons in 2021 are shown in the report.

Introduction

This briefing sets out information and data on UK arms exports in 2021 from a variety of sources. It discusses the strengths and weaknesses of each source, and analyses trends in these data.

Much of the information comes from official UK government sources, including annual and quarterly reports on arms export licences, and an annual survey of defence and security export contracts. However, this information is partial and incomplete, and often hard to interpret. While a substantial amount of detail is available on export licences in particular, this masks a serious lack of transparency in some respects. Official information can be supplemented by that from other sources, such as the Stockholm International Peace Research Institute (SIPRI), to help give a more rounded picture, but even so there are significant gaps in what it is possible to know in the public domain. This briefing therefore sets out what it is and is not possible to know about UK arms exports through the various available sources.

Sources of information

Information on arms exports, when made available, can be found in at least three forms:

1) Information on *export licences* issued by the government – the type of licence, the types of equipment licenced, the destination(s), the value of equipment licenced, etc.;
2) Information on arms export *contracts* (or orders), including potentially the destination, the equipment ordered, and the value;
3) Information on *deliveries* of arms to export customers;

Each type of information can include both *quantitative* (value, amount of equipment) and *qualitative* (type, category, brand of equipment) information.

Such information can come from exporting governments, importing governments, companies, media, or civil society. The types, quantity, and level of detail of information available varies enormously from country to country, especially in terms of information provided by exporting governments. This briefing discusses information on UK arms exports from the government and other sources, under the following headings:

1) Export licence information from the UK government
2) Information on the value of arms export contracts from the UK government
3) Information from the UK Government's Annual Report on Strategic Export Controls
4) Data from the Stockholm International Peace Research Institute (SIPRI) on orders and deliveries of "major conventional weapons"
5) Information from the UK's returns to the UN Register of Conventional Armaments (UNROCA)
6) The BAE Systems Annual Report.

1 Arms export licences

1.1 About arms export licences

The export of controlled goods, i.e. military goods and dual-use goods, requires an *export licence* from the government to be legal. This includes equipment, software, and technology. "Military" goods refer to goods that are specifically designed or adapted for military use, while "Dual-Use" goods refer to certain categories of goods that have both military and civilian applications.

Other types of licences, called *trade control licences* (sometimes described as brokerage licences), are required for individuals or companies who are either based in the UK or are UK citizens, who wish to sell, or arrange or facilitate the sale, of military or dual-use goods from one country to another outside the UK, without the goods ever being physically present in the UK. These will not be discussed in detail in this briefing, nor will *transhipment licences*, which are sometimes required to transit military or dual use goods through the UK, from one country to another.

1.2 Types of export licence[1]

There are three principle types of export licence:

1) Single Individual Export Licences (SIELs). These authorise the transfer of a fixed quantity of specified goods (equipment, software, and/or technology) to a specified end-user, for a specified value, during the period of validity of the licence, which is generally 2 years. These are the only type of export or trade control licence to which a financial value is attached.

   Some SEILs are listed as for *incorporation*, which means that, after the equipment is exported to the recipient country, some or all of it is intended for incorporation into larger systems (e.g. an engine is exported to be included in an aircraft, boat, or vehicle), which is then authorised for export to one or more third countries.

1 This information is taken from the 2020 Annual Report on Strategic Export Controls, https://www.gov.uk/government/publications/uk-strategic-export-controls-annual-report-2020

2) Open Individual Export Licences (OIELs). These authorise the transfer of unlimited quantities of specified goods to end-users in one or more destination countries, with no limit on value, for the period of validity of the licence, which is generally either 3 or 5 years.
3) Open General Export Licences (OGELs). These are pre-issued licences, covering one or more destinations and a specified list of goods or categories of goods. Companies may register for these OGELs, subject to certain conditions. Once registered, companies can export unlimited quantities and values of goods covered by the licence to destinations covered by it, subject to certain conditions.[2]

Some OGELs relate to specific programmes (e.g. Eurofighter Typhoon, the A400M transport aircraft, the F-35 combat aircraft, and the Turkish TF-X fighter aircraft). Others relate to specific, limited purposes, such as export for repair under warranty and subsequent return to the UK, export back to the customer after repair in the UK, or export for, or after, demonstration at an exhibition (arms fair). Others allow export of a broad range of equipment (typically components) to a wide range of destinations considered less "sensitive".

A full list of OGELs currently applicable can be found **here**.

1.3 Information on export licences

The UK government (specifically, the Export Control Joint Unit) provides an online searchable database of export licences for military and dual-use goods, covering SIELs and OIELs, as well as brokerage and transit licences.[3] This database does not cover OGELs, for which information is presented separately (see link above). The government also publishes quarterly reports on export licencing, which provide the same information as is available in the database for 3-month periods.[4]

The database is difficult to use, and severely limited in requiring a minimum 30-day search period. CAAT has therefore, since 2011, reproduced all the information in its own online data tool. This automatically 'scrapes' data from the ECJU database, carrying out multiple overlapping searches, allowing information to be refined to the level of what has been licenced to each recipient country on each individual day.[5]

The information provided by the CAAT online database (all ultimately derived from the official source) includes, for each recipient country:

- For SIELs, a list of the *item descriptions* of all goods licenced to that country on that day (item descriptions can include things like 'components for combat aircraft', 'military support vehicles', 'military radars', etc.), with the Military List category of each item, and the number of licences issued that day covering that item.
- A breakdown of the *financial value* of SIELs issued that day, by ML category.
- SIELs for incorporation can be identified separately from those where the goods are authorised only for end users in the original recipient countries.

2 These include, among others, full record keeping, compliance with security requirements relating to goods with classified status, and compliance with key tenets of UK export control laws, including those relating to non-proliferation of WMD, and the UK's obligations under international treaties banning landmines and cluster munitions.
3 https://www.exportcontroldb.trade.gov.uk/sdb2/fox/sdb/
4 https://www.gov.uk/guidance/strategic-export-controls-licensing-data
5 As more than one licence is often issued to the same country on the same day, it is not always possible to identify individual licences.

The categories of military goods

A complete list of goods subject to strategic export controls (military and dual use) is available here. Military and Dual-Use goods are classified according to a number of categories and sub-categories. A summary of the main Military List (ML) categories is listed below. Generally, each category also includes components, accessories, and related equipment for the goods covered by the category.

ML1	Small arms, including rifles, handguns, sub-machine guns, and volley guns
ML2	Light weapons. including larger guns, howitzers, cannon, mortars, anti-tank weapons, projectile launchers, military flame throwers, and larger rifles, recoilless rifles and smooth-bore weapons;
ML3	Ammunition and fuse-setting devices
ML4	Bombs, torpedoes, rockets, missiles, other explosive devices and charges. (Also includes equipment for e.g. bomb detection and disposal, and other countermeasures),
ML5	Fire control equipment and related alerting and warning equipment, and related counter-measures. This category includes e.g. weapons sights, weapons control systems, target-acquisition systems, and surveillance and tracking systems for targeting.
ML6	Military land vehicles
ML7	Chemical and biological agents for military use
ML8	“Energetic materials”, such as explosives
ML9	Military naval vessels and naval equipment, including surface ships and submarines
ML10	Military aircraft, including fixed-wing aircraft, helicopters, and UAVs
ML11	Military electronic equipment, and spacecraft
ML12	High velocity kinetic energy weapon systems
ML13	Armoured or protective goods and constructions for military use (e.g. armoured plate)
ML14	Military training equipment, including simulators
ML15	Imaging equipment for military use, and countermeasures to such
ML16	Forgings, castings and other unfinished goods, specially designed for goods in categories ML1-4, 6, 9, 10, 12, or 19
ML17	Miscellaneous goods, materials, and “libraries”
ML18	Production equipment and environmental test facilities for military goods
ML19	Directed energy weapons, e.g. lasers and particle beams
ML20	Cryogenic and superconductive equipment
ML21	Software for military use, and for development, production, or operation and maintenance of military goods
ML22	Technology for military goods and software, including for development, production, operation and maintenance, etc.
PL5001	Other security and paramilitary police goods, e.g. anti-riot and ballistic shields and other riot-control equipment and vehicles

With these licences, the CAAT data tool is sometimes able to identify definite final incorporation destinations (where the larger system containing the goods will be exported to), and in some cases only *possible* incorporation destinations. This is due to limitations on the information on incorporation destinations provided by the government database.

- For small arms only, figures for the *number* of each item licenced to each destination (e.g. assault rifles, submachine guns, sniper rifles, etc.)
- A list of OIELs issued for the destination, with the item descriptions and ML codes covered by each OIEL
- For both SIELs and OIELs, a list of licences (or item descriptions) *refused* to the country in question, along with the criteria for refusal in the government's export control rules, and information on items which were licenced but where the licence was subsequently *revoked*.
- Any additional information and footnotes associated with the licences.

As discussed above, only SIELs have a financial value attached. It is not possible to know either the amount or the value of equipment exported under OIELs or OGELs, both of which allow for unlimited deliveries of the specified equipment to the specified recipients.

As well as presenting a more fine-grained version of the government database, the CAAT data tool is far more interactive and user-friendly in both use and presentation of results. It can be filtered by destination, date, categories on the Military and Dual Use list, types of licence, item descriptions, whether licences were issued, refused, or issued and later revoked, whether licences were for incorporation, and a number of other criteria. It also allows filtering by keywords within item descriptions.

CAAT's database is very widely used, including by the media, civil society, academics, and parliamentarians. We believe that it provides a valuable tool for transparency on the arms trade, which is essential for proper scrutiny and debate of government policy.

1.4 Export licence data for 2021

The value of Single Individual Export Licences (SIELs) issued in 2021 for items on the Military List was £4.1 billion, a fall of 12% compared with 2020.[6] As SIELs are only one type of licence, probably accounting for only about half of UK arms exports (see chapter 3), not too much weight should be placed on the value of single licences in one year. As figure 1 shows, the value of SIELs issued often fluctuates dramatically from year to year, and indeed in every year from 2008-2020, an increase was always followed by a decrease and vice versa. The second consecutive fall in the value of SIELs in 2021 was a break in this pattern, though whether it indicates a generally declining trend is too early to say.

As figure 1 also shows, the five-year average in the value of SIELs rose slightly. Generally, this figure has shown an increasing trend over the past decade.

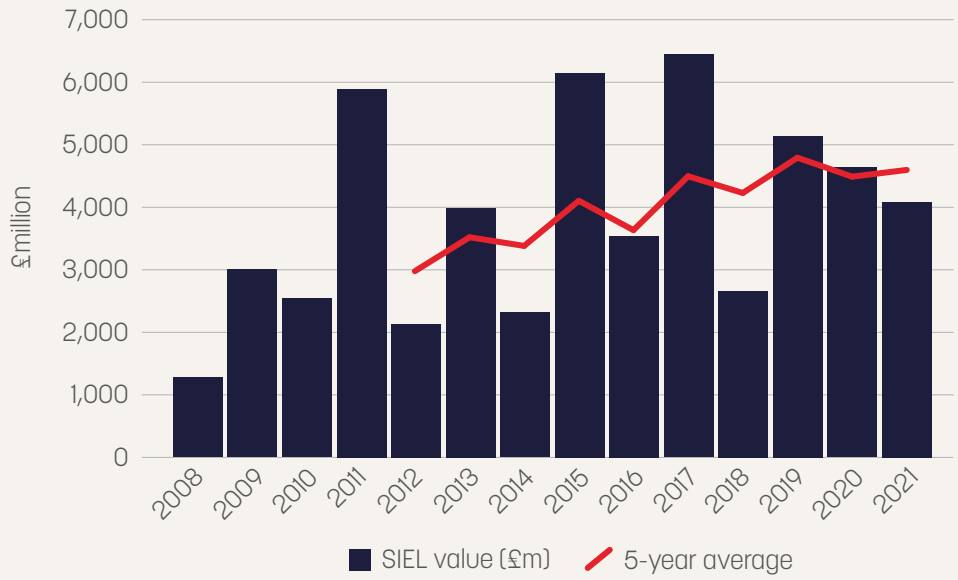
A total of 1,014 Open Individual Export Licences (OIELs) were issued in 2021 for items on the Military List, an increase of 37% over 2020.[7] The number of OIELs issued may give some indication of the level of arms exports covered by this type of licence,

6 All data in this section is taken from CAAT UK arms export licences browser, based on UK government export licence data

7 The figures given here are for the number of OIEL destinations; OIELs frequently authorise exports to multiple destinations, so, for example, a single OIEL with 10 destinations included is counted here as 10 towards the total.

Figure 1 Value of SIEL arms export licences 2008–2021

Source: CAAT UK arms export licences browser



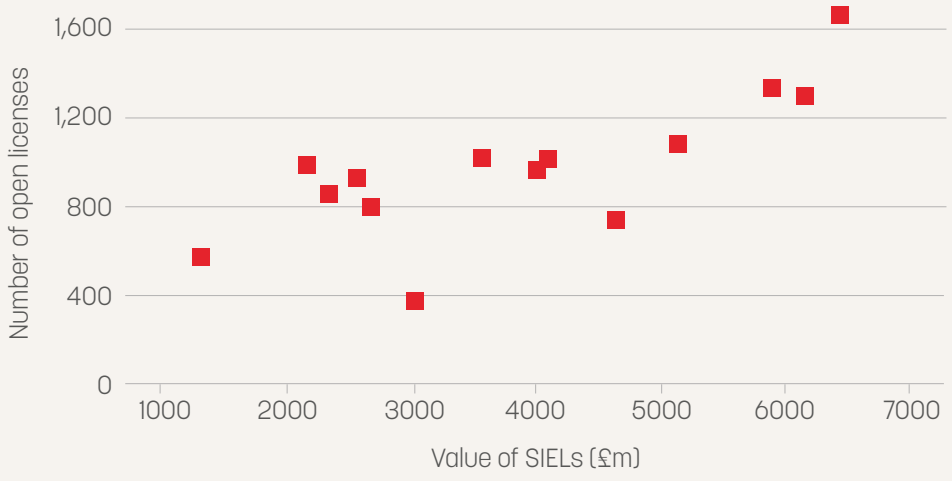
but this should be treated with caution, as no information is provided on the value of exports conducted under an individual OIEL; some may be used frequently to export high value equipment, while others may be used only occasionally to export low-value equipment. Moreover, as OIELs are valid for 3-5 years, exports will most likely have been conducted in 2021 using OIELs issued as far back as 2016. A total of 192 "trade control", or brokerage licences (single and open) were issued, compared with 233 in 2020.

The figures from 2008 onwards show no clear trend in the number of OIELs issued in any one year. However, there is a moderately strong positive correlation between the value of SIELs and the number of OIELs issued in each year (see figure 2), suggesting that these are complimentary rather than substitutionary aspects of arms export activity, so that an increase or decrease in both may be indicative of a trend. In 2021, these indicators moved in opposite directions.

A significant, but unknown, proportion of UK arms exports is also conducted using Open General Export Licences (OGELs, see Section 1.3). The number of OGELs that are valid at any one time for military list items is fairly steady, and changes do not give any indication of an increase or decrease in the level of exports.

Figure 2 Number of open licenses vs value of SIELs 2008–2021

Source: CAAT UK arms export licences browser

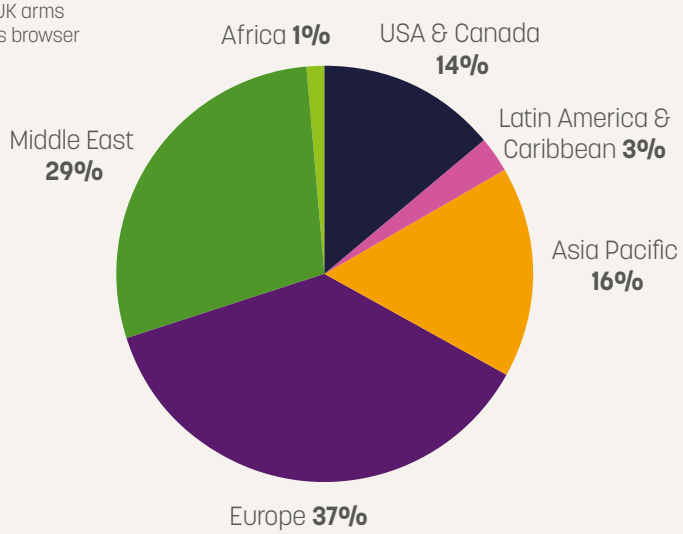


The top 10 destinations for SIELs by value in 2021, and the top ten for the 5-year period 2017-2021, are shown in tables 1 and 2. The USA was the top destination for SIELs in 2021, followed by Norway, Turkey, India, and Saudi Arabia. This is rather different from the 2017-21 period, where the top destinations were Saudi Arabia, the USA, Oman, Norway, and India. While the relative share of the USA has remained fairly similar, Saudi Arabia and Oman have dropped while Norway, Turkey, and Qatar have moved up the list. This is partly due to the major deliveries (conducted under SIELs) of Eurofighter Typhoon aircraft to Saudi Arabia and Oman in 2017-2018. Ongoing servicing work for these aircraft, and the accompanying spare parts and components exports, are likely mostly carried out using open licences. Both in 2021 and in the period 2017-2021, open licences have been most commonly issued for export to the US and European recipients, although some Middle Eastern recipients such as Saudi Arabia have also been the destination of a substantial number of OIELs. India has also become a much less significant recipient, both in terms of SIELs and number of OIELs.

Breaking down the figures by region, 37% of the value of SIELs in 2021 were for exports to Europe, 29% for the Middle East, 16% for the Asia & Pacific region, 16% for the US and Canada, 2.9% to Latin America and the Caribbean, and 1.2% to Africa.

Figure 3 Value of SIEL licences by region

Source: CAAT UK arms export licences browser



In terms of the categories of equipment on the military list represented by SIELs, the category ML10 (aircraft and components) remains the largest category by value, followed not far behind by by ML4 (bombs, missiles, and countermeasures), both in 2021 and for the period 2017-21. However, in 2021 the categories ML11 (electronic equipment) and ML5 (sensors and targeting equipment etc.) increased their share of the total relative to ML10 and ML4. This also reflects the major deliveries of Typhoons to Saudi Arabia and Oman in 2017-18 for ML10, while 2017-20 also saw particularly high levels of deliveries of bombs and missiles to Saudi Arabia for use in the Yemen war (as well as some major licences for air-to-air missiles, which are not likely to be used in Yemen). While this has continued in 2021, it has not been at such a high level.

Table 1: Top 10 destinations for SIELs by value 2021

Source: CAAT UK arms export licences browser

Rank	Recipient	SIELs 2021 Value (£m)	% of total
1	United States	500	12.2
2	Norway	309	7.6
3	Turkey	306	7.5
4	India	271	6.6
5	Saudi Arabia	241	5.9
6	Qatar	220	5.4
7	UAE	212	5.2
8	France	200	4.9
9	Italy	166	4.1
10	Spain	123	3.0

Table 2: Value of SIELs by destination 2017-21

Source: CAAT UK arms export licences browser

Rank	Recipient	SIELs 2017-21 Value (£m)	% of total
1	Saudi Arabia	3555	15.5
2	United States	2922	12.7
3	Oman	1483	6.5
4	Norway	1444	6.3
5	India	1361	5.9
6	Italy	1291	5.6
7	Turkey	1101	4.8
8	UAE	851	3.7
9	France	819	3.6
10	Sweden	644	2.8

The figures for the value of SIELs do not include arms exported using open licences, i.e. OIELs and OGELs. As can be seen from other data sources, a high proportion of UK arms exports use such open licences, and for some recipient countries, a large majority. Therefore, while useful, the SIEL data is of limited value in assessing overall levels and trends in arms exports.

2 Contracts data from UK Defence & Security Exports

2.1 About the data

UK Defence and Security Exports (UKD&SE) is an agency within the DIT that supports UK companies engaged in military and security exports, and helps promote such exports. UKD&SE produces annual statistics, based on a large survey of exporting companies, on the value of arms export contracts. It also provides figures, from an externally-conducted survey, on exports of security equipment, services, and technology.[8]

The main value of the UKD&SE arms export figures is that they give a far more comprehensive picture of the size of the UK arms trade than do figures for export licences. As discussed in section 1, a significant proportion of UK arms exports are conducted using open licences – OIELs and OGELs – to which no financial value is attached, and which permit unlimited quantities and values of exports. No data is collected, let alone published, by the government on how much is actually exported using any type of export licence.

The UKD&SE data, in contrast, does not depend on what type of export licence arms exports are conducted under. It is a survey of the value of contracts signed. For some large, ongoing, government-government contracts, such as the Saudi-British Defence Cooperation Agreement and the Al-Salam programme, which cover the sale and support of UK-made Tornado and Typhoon aircraft respectively to Saudi Arabia, an annual figure is included based on the value of specific supplies and services provided that year under the contracts. This means that the annual figures include a meaningful assessment of the actual value of the trade each year relating to these deals.

Up to and including 2018, the UKD&SE figures excluded sales made as part of collaborative international arms programmes, to partner countries in those programmes. For example, the Eurofighter Typhoon is a collaboration between the

8 https://www.gov.uk/government/collections/uk-defence-and-security-exports-statistics. All data in this section is taken from this source, or from previous editions thereof.

UK, Germany, Italy, and Spain, with parts of the aircraft manufactured in different countries, and final assembly in each country. Thus, sales of Typhoon components from the UK to Germany, Italy, and Spain, for inclusion in planes manufactured in those countries, were not included. However, from 2019 onwards, such sales are included. Previous figures were not revised in line with the new methodology.

UKD&SE have estimated that they capture around 93% of relevant arms exports through their survey.

The main limitation of the UKD&SE figures is its almost complete lack of detail. There is no information of the equipment covered by contracts, and there is not even a breakdown of the total figure for the year by recipient country. The only disaggregation of the data provided is the percentage to each recipient region (Africa, Asia Pacific, Europe, Latin America, Middle East, and North America), and by "domain" (Land, Naval, Aerospace).

2.2 Data for 2021

The latest UK Defence & Security Exports statistics on the value of arms export contracts were published on 8 December 2022.[9] The value of UK arms export contracts fell to £5.5 billion in 2021, from £7.5 billion in 2020, the third consecutive decline from a record £14 billion in 2018 (see figure 4). The annual figure for contracts is the lowest it has been since 2008. Over the longer term, however, from when this data begins in the 1980s, there has been a steady rising trend in the 5-year average of the contract values, in real terms (figure 5), although this figure has also declined since a high point in 2020.

Over the period 2012-21, the Middle East remained the dominant destination for UK arms exports, at 57% of the total, followed by North America and Europe at 18% and 15% respectively. Africa and Latin America are extremely minor recipients of UK arms exports (Figure 6).

The share of contracts with the Middle East has been much lower than usual in 2020 (14.4%) and 2021 (34.2%); in every previous year from 2013, when single-year regional breakdowns have been reported, the figure for the region was at least 49%. In 2020, Europe and North America were the main recipient regions, at 43% and 30%.

The figure for the Middle East for 2020 and 2021 are somewhat anomalous, in that it implies actual levels of contracts at around £1.1 and £1.9 billion. However, BAE Systems' annual reports show the company receiving revenues from the Saudi Ministry of Defence and Aviation alone of £2.4 - £2.5 billion each year. As noted above, the figures from UKD&SE are supposed to includes an annual value for sales under the UK-Saudi government-to-government contracts, Al Salam and the Saudi British Defence Cooperation Programme.[10] The fact that the figure for Middle East contracts is lower than the BAE revenue suggests that either the full value of work done under these programmes has not been properly counted, or there is some mismatch between the way BAE revenues are reported, and the "customer-approved claims" and "fixed price purchase orders" measured by the UKD&SE statistics.

9 https://www.gov.uk/government/statistics/uk-defence-and-security-exports-for-2021

10 According to the methodology, "a figure is included annually for exports achieved under the G2G programmes (Salam Project and the Saudi British Defence Co-operation Programme). These are based on customer-approved claims submitted against budgetary provisions included within various underlying agreements for goods and services and fixed priced purchase orders. See https://www.gov.uk/government/statistics/uk-defence-and-security-exports-for-2020/defence-export-figures-for-2020-methodology

Figure 4 UK arms export orders 2010–2021

Source: UK Defence & Security Exports statistics 2021

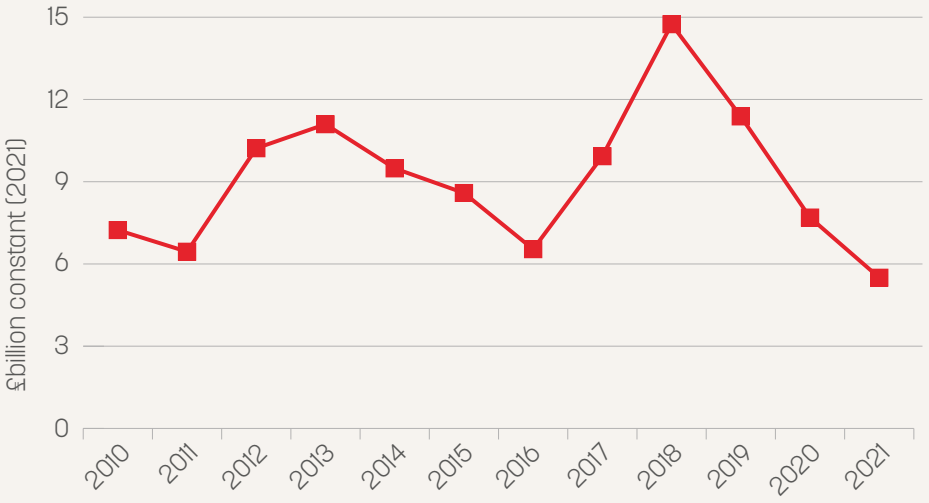


Figure 5 UK arms exports 1987–2021

5-year rolling average, constant prices **Source:** UK Defence & Security Exports statistics 2021

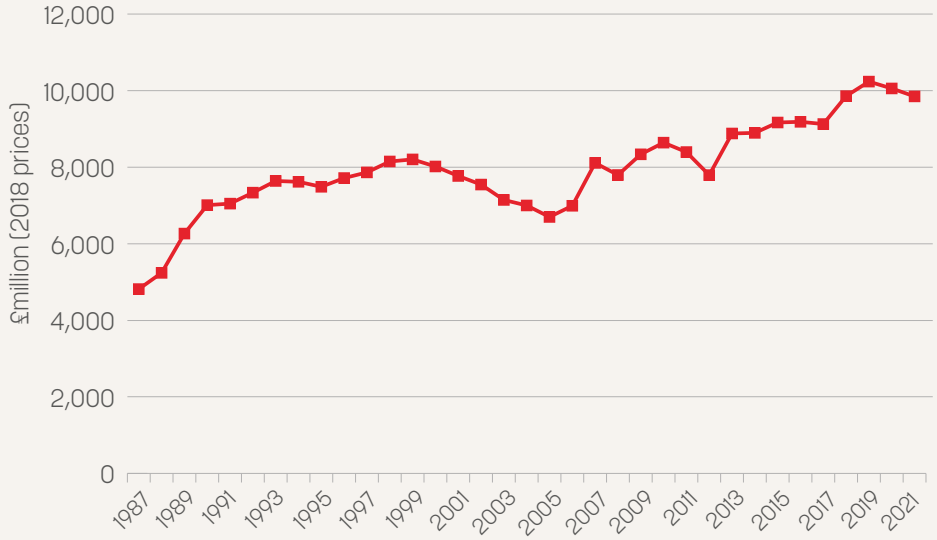
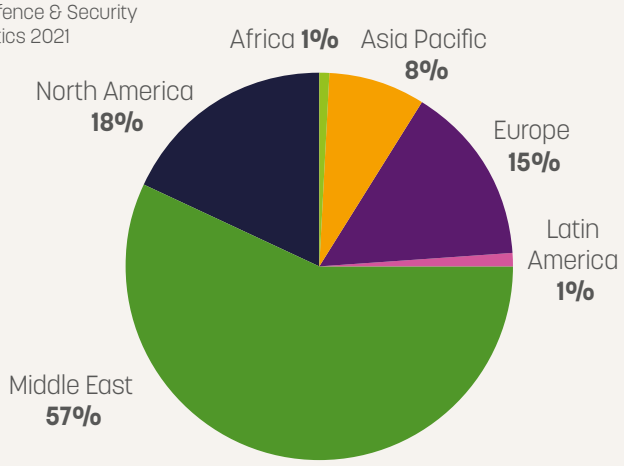


Figure 6 UK arms export contracts 2012–2021

Source: UK Defence & Security Exports statistics 2021

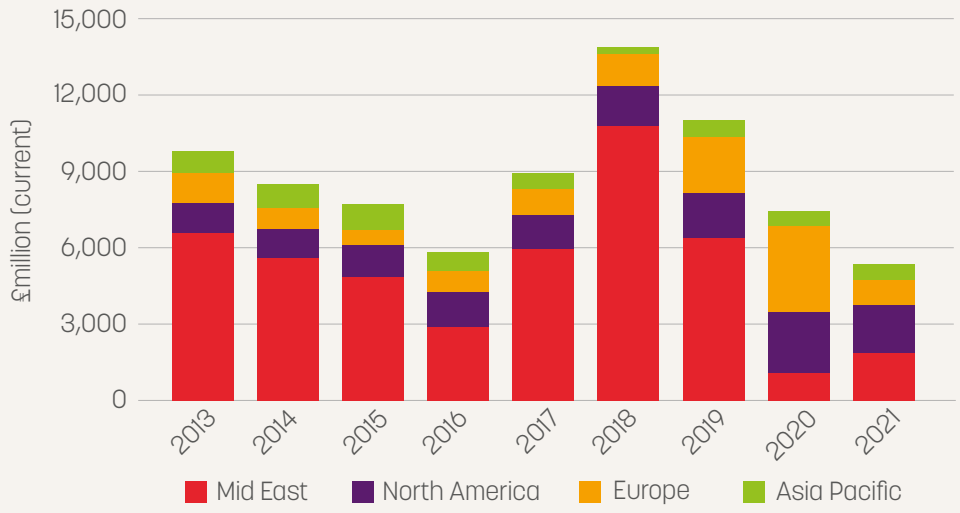


The regional breakdown in contract value is given in percentage terms, rounded to the nearest whole percentage point. (Figure 6) Taking the implied actual value of contracts to each region in each year (bearing in mind that there is a margin of error of 0.5% of the total value for the year),[11] we see that, as well as in percentage terms, there has been a substantial increase in the level of exports to Europe and North America (i.e. the US and Canada) in recent years, while there has been a major fall to the Middle East (Figure 7). 2018 was a particularly high figure for both the Middle East and exports as a whole, in part because of the £5 billion contract for Eurofighter Typhoons signed with Qatar that year.

Figure 7 UK arms export contracts by region 2013–2021

Based on % shares from UK Defence & Security Exports

Source: UK Defence & Security Exports statistics 2021



2.3. Licences vs contracts

Comparing the value of Single Individual Export Licences issued over the 10-year period 2012-21 with the value of contracts reported by UKD&SE, the latter is over twice the value, at £88 billion compared with £41 billion for single licences. There is considerable regional variation, however (Table 3), with the implied contract value for the Middle East (based on the percentage share) being 3.5 times the licence value. Contracts with the US and Canada are 2.95 times the licence value, but for Asia Pacific the ratio is only 1.2:1, and for Europe the licence value is actually higher than the contract value.

These ratios should be interpreted with caution, as licences are frequently not issued in the same year a contract is signed; usually they will come after the contract, though in some cases a company may apply for a licence in expectation of a contract. Thus, a single-year comparison in particular is not meaningful, although the ten-year comparison provided here is more so. Nonetheless, some contracts signed in the latter part of the 10-year period (for example the £5 billion Eurofighter sale to Qatar) had not yet had licences issued in 2021,[12] while conversely some licences issued in the early years will be the subject of contracts signed before 2012.

11 More accurate figures for the percentage share, to several decimal points, have been given for 2020 and 2021 in the most recent data, and these are used, so these years do not have this in-built 0.5% margin of error.

12 In fact, licences for at least some of the Typhoons for Qatar were issued in May 2022, with the first three planes delivered in August.

Nonetheless, the sheer size of the difference between the two figures, and the consistently much higher contract value in virtually every year, demonstrates clearly that the data for contracts is capturing a fuller picture of UK arms exports (though still incomplete, as the survey methodology states, capturing an estimated 93% of all exports), than does just counting single licences, and suggests that, as a ballpark figure, at least half of all UK arms exports must be conducted using open licences (OIELs and OGELs). Moreover, the share of open licences appears to be higher for the Middle East and North America, which is consistent with the major OGELs for the US-UK Defence Cooperation treaty and the OGELs for government-government programmes and for Eurofighter Typhoon which apply to Saudi Arabia, Oman, and Qatar.

The fact that, for Europe, licence and contract figures are almost identical should not be taken to mean that open licences are not used for exports to Europe. One key factor is that, up to 2018, exports of components for collaborative programmes (such as Eurofighter Typhoon and the A400M transport aircraft) to European partner nations were not counted in the contract values. While many such exports will have been conducted using open licences, and therefore will not be included in the SIEL values either, there were at least two major SIELs, worth £1.7b each, issued in 2017, for exports of "components for military support aircraft" (almost certainly the A400M) to France. Thus, if the current methodology for counting exports on collaborative programmes were applied to the whole period, the contract figure would be much higher, including both those two SIELs, as well as all collaborative programme exports using open licences.

Table 3: Value of SIELs vs implied value of contracts 2012-21

Source: UK Defence & Security Export Statistics, and UK government export licensing data

Region	Contracts (£m)*	Value of SIELs (£m)†	Ratio contracts: licences
Africa	440 – 1,320	1,366	0.32 – 0.96
Asia Pacific	7,032	5,843	1.2
Europe	13,185	12,928	1.02
Latin America	440 – 1,320	980	0.45 – 1.35
Middle East	50,108	14,162	3.54
North America	15,822	5,357	2.95
Total	87,900	40,636	2.16

* Based on the percentage share of sales to each region given in the UKD&SE figures. These figures are given to the nearest whole percentage. For Africa and Latin America, the figure is only 1% each, so the true figure could be anywhere between 0.5% and 1.5%. The figures for these regions are thus uncertain, and are given as a range.

† Permanent licences only

3 The UK Government's Annual Report on Strategic Export Controls

The Annual Report on Strategic Export Controls,[13] published by the Department of Industry and Trade, provides a variety of information on arms exports and export licensing. This includes overall statistics on numbers of export licences of different types, data on processing times and outcomes of export licensing information, data on export licensing enforcement actions, and a variety of information on the legal, regulatory, and policy framework around export controls. It also includes case studies of specific countries or issues that are considered particularly noteworthy.

The Annual Report does not provide detailed data on export licences, which is published elsewhere (see section 1). Some additional information on arms transfers is however included in the annual reports that is not available from the data discussed in section 1 above. These are:[14]

a) Gifted controlled equipment, i.e. military (or dual use) equipment given to foreign governments as military aid. These must be assessed against the export licensing criteria, but do not require an export licence.
b) Disposal of MOD surplus – surplus equipment given or sold by the MOD to foreign armed forces, or to commercial entities overseas (e.g. components for use in maintaining equipment in the recipient country). These transfers are subject to licencing controls.
c) Equipment exported as part of government-government projects, e.g. equipment transferred under projects supported by the Ministry of Defence Saudi Armed Forces Project (MODSAP). These exports take place subject to export licences applied for by industry.

While in the case of b) and c) there will be some information on such transfers in export licence data, the Annual Report often provides more specific information, such as quantities and more details on the specific equipment transferred. (E.g. one annual report recently gave details of the transfer of 2,323 spare parts for Tornado

13 https://www.gov.uk/government/collections/united-kingdom-strategic-export-controls-annual-report
14 See e.g. Annual Report for 2020, https://www.gov.uk/government/publications/uk-strategic-export-controls-annual-report-2020, Section 6, pp 35-37

aircraft to Saudi Arabia,[15] while the corresponding export licence only reported "components for combat aircraft", with no quantity given).

The Annual Report for 2021 was published in July 2022.[16] In relation to equipment transferred under categories a) to c) above, most items listed were of relatively minor significance. Under gifted equipment, the most notable item is a range of equipment delivered to the Somali National Police under the Conflict, Stability and Security Fund and the Counter Terrorism Programmes Fund, including ballistic helmets, ballistic plates, 'red dot' sights, and headsets.

Under government-government projects, the report notes (p35) the delivery of 139 missiles to Saudi Arabia under projects supported by the Ministry of Defence Saudi Armed Forces Projects (MODSAP). These would have required an export licence applied for by the exporting company. It is not clear whether these are air-to-surface missiles, licenced in August 2020, or air-to-air missiles, licenced in September 2020, or both.

For the most part, the Annual Report provides little additional data on UK arms exports. However, it is the most authoritative source of collated information about the export control system, and developments in that system and government policy each year.

15 Annual Report for 2019, p30, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/940273/uk-strategic-export-controls-annual-report-2019-web-accessible-version.pdf

16 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1092717/united-kingdom-strategic-export-controls-annual-report-2021.pdf

4 SIPRI data on transfers of major conventional weapons

4.1 The SIPRI Arms Transfers Database

The Stockholm International Peace Research Institute (SIPRI) maintains an Arms Transfers Database (ATDB), which is the only publicly-available source of comprehensive, comparable, and consistent arms trade data with global coverage.[17] It provides both qualitative and quantitative data, broken down to each supplier-recipient pair.

The SIPRI ATDB covers only "major conventional weapons" (MCW) – this largely consists of complete weapons and weapons systems, such as military aircraft, naval vessels (surface and submarine), tanks and armoured vehicles, missiles, air defence systems, and artillery. However it covers some major subsystems, such as military radars (e.g. for surveillance or targeting), and engines for military aircraft, ships, and vehicles.[18]

What the ATDB does *not* cover is small arms and light weapons, components and subsystems (except those mentioned above), military command, control, and communications systems (unless they can be classified as radars or similar), and military services.

SIPRI collects information on both contracts and deliveries of MCW from a variety of open sources, including official government sources, general and specialist media, company sources, and occasionally photo and video images. From this data, users can generate Trade Registers showing all orders and deliveries of MCW over a given period from or to any supplier/recipient, or pairs thereof. Information includes the type of weapons system, the name/make of the system, the order and delivery years, numbers ordered and delivered (sometimes estimated), the price where available, and additional information such as licenced production arrangements.

17 https://sipri.org/databases/armstransfers
18 For a full description of what is covered by SIPRI's data, and the sources and methods used, see https://sipri.org/databases/armstransfers/sources-and-methods

To provide a comparable quantitative measure of the volume of arms transfers between each supplier and recipient and in total, SIPRI constructs its own bespoke "Trend Indicator Value" (TIV) measure. This is necessary because price information is not always publicly available. The TIV is not a financial measure, and should never be cited as if it is a dollar or other financial figure. Rather, it attempts in some sense to measure the military value of equipment transferred.

The starting point for the TIV measure is US weapons systems, where unit costs are typically publicly available information. The TIV value of US systems is the unit production cost of the system expressed in constant 1990 US$. TIV values are usually quoted in millions. (i.e. a TIV of 10, for US equipment, means systems with total production cost of $10 million in 1990 prices). For non-US systems, the TIV value is assigned based on SIPRI's assessment of the nearest equivalent US system, in terms of a range of key capability measures. For example, a Eurofighter Typhoon is given about the same TIV as a US F-35 Joint Strike Fighter.[19]

While not perfect, the TIV at least gives some meaningful way, in the absence of comparable financial data for the arms trade, of comparing both the total volume of arms imports and exports between different countries and over time, and the level of transfers between specific pairs of countries. Such data is not available in any other form.

The fact that the SIPRI database only covers MCW, however, is a significant limitation, and in particular means that it fails to capture large parts of the UK arms trade. Military services cover a large proportion of UK arms exports, most notably the billions of pounds of services provided by BAE Systems in Saudi Arabia to support and maintain the Saudi Air Force. Thus, the SIPRI TIV tends to understate the relative level of UK arms exports compared with other major exporters.

What is invaluable from the SIPRI data is the trade register, which gives details of the actual systems ordered and delivered from the UK, which is not easily obtained from other sources.

4.2 SIPRI data on UK arms exports in 2021

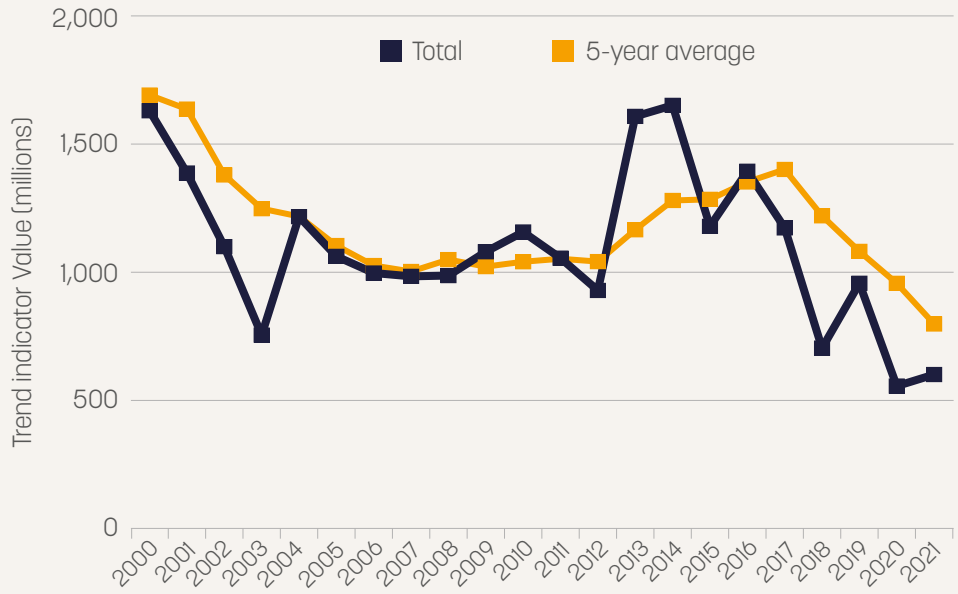
According to SIPRI's most recent data release,[20] the UK accounted for 2.9% of global deliveries of major conventional weapons systems, as measured by SIPRI's non-financial measure, the Trend Indicator Value (TIV) (see Section 4.1). This was the lowest share recorded for the UK since SIPRI's data begins from 1950. The UK was in 7th place in the list of major exporters, again its lowest position, behind the US, Russia, France, China, Germany, and Italy.

In absolute terms, the TIV of UK exports fell by 41% for the period 2017-21, compared with 2012-16. Looking at more detailed annual data, the 5-year moving average of UK exports has been falling sharply over the past few years, since a recent peak in 2017, which was the result of deliveries of Typhoon aircraft to Saudi Arabia and Oman. (See figure 8). Again, the 5-year total is the lowest value for UK major conventional weapons exports since SIPRI's database began in 1950.

19 The TIV value of any system of which at least one example has been delivered for export can be found in the Excel download version of the SIPRI ATDB, available at https://armstrade.sipri.org/armstrade/html/tiv/index.php.
20 SIPRI factsheet

Figure 8 TIV value of UK arms exports 2000–2021

Source: SIPRI Arms Transfers Database



SIPRI's definition of MCW, as well as excluding items such as small arms and light weapons, also excludes components, most subsystems (except radar and sonar systems, engines, air-refuelling systems, and a few others), and military services, including BAE's massive Saudi revenue from supporting their air force. This helps explain the disconnect between the rather high levels of UK exports as measured by contract value, which would place the UK either second (as the government claims) or third (based on official Russian government figures for their own arms exports) in the list of arms exporters; and the much lower relative level as measured by SIPRI.

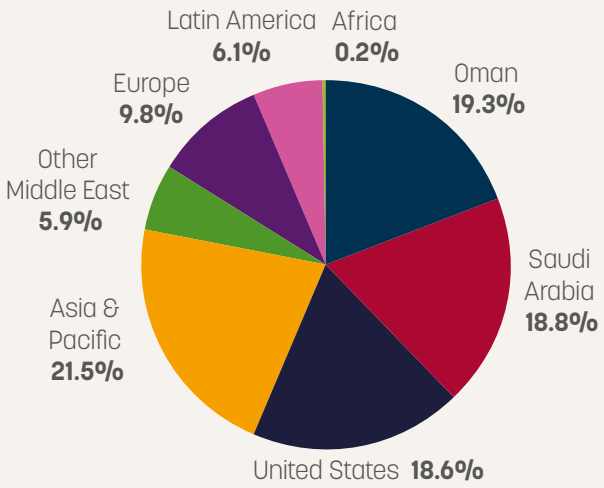
Nonetheless, SIPRI's recent data shows a dearth of major new equipment contracts secured by the UK; most of the TIV value over the past couple of years is made up of items such as engines, radars, air-refuelling systems, and missiles, rather than major platforms. However, some major deliveries are in the offing, including Typhoon aircraft to Qatar, due to begin in 2022, and Global Combat ships to Australia and Canada (although these will be made in the recipient countries, to UK design). The recent AUKUS deal between the US, UK, and Australia, whereby the US and UK will sell nuclear submarines to Australia, may well also generate significant contracts for UK companies (e.g. perhaps engines for the submarines), but this is not certain. Still, overall it is clear that the UK's main role in the international arms market appears to be shifting towards a provider of major subsystems, components, and of services for previously supplied platforms.

4.3 Principal recipients

The top recipients of UK exports of major conventional weapons between 2017-21, according to the SIPRI data, were Oman, Saudi Arabia, and the USA, each with around 19% of the total (see figure 9), far higher than the rest. The Typhoons were the main deliveries to Oman and Saudi Arabia, while air-refuelling systems for KC-46 transport/tanker aircraft and engines for warships were the main deliveries to the USA.

Figure 9 Recipients of UK major conventional weapons exports 2017–2021

Source: SIPRI Arms Transfers Database



Asia and the Pacific in general was a major destination for UK exports, accounting for 21.5% of the total, with India, Singapore, and China the leading recipients with 4.6%, 3.3%, and 3.0% respectively,[21] followed by South Korea, Bangladesh, Japan, and Thailand. Europe received 9.8% of UK deliveries, with France, Poland, Greece, Italy, and Germany the largest recipients. The rest of the Middle East (excluding Oman and Saudi Arabia) received 5.9%, the majority to Qatar (4.2%), followed by Bahrain (1.1%). The other significant recipient of UK arms was Brazil, at 4.2%, the majority of the 6.1% in total delivered to Latin American recipients. Exports to Africa were very low.

By comparison, over the period 2012-16, Saudi Arabia was overwhelmingly the top UK recipient, with 47% of the total (including the bulk of deliveries of Eurofighter Typhoons and other equipment under the 2007 Al Salam contract), followed by India with 10.8% (including Hawk trainer/light attack aircraft), Indonesia with 9.4% (including 3 second-hand frigates), Oman (6.4%, frigates and Hawk jets), the USA (5.7%, including warship engines), and China (5%, see note 21 below).

The large fall of 41% in total UK exports between the two periods is largely accounted for by a huge drop in deliveries to Saudi Arabia, of 76%, i.e. to less than a quarter of the previous level, as deliveries of Typhoon aircraft under Al Salam wound up. Apart from Saudi Arabia, the fall in UK exports was only 9%. Of course, the ongoing maintenance and support of the Saudi Air Force, together with continuing deliveries of bombs and missiles,[22] both critical to Saudi Arabia's ability to conduct its war in Yemen, means that the Kingdom remains a lucrative customer for the UK arms industry.

21 UK exports to China consisted of engines for combat aircraft that are produced in China under a 1975 licenced production agreement. It is not clear if the licence remains valid, or if China is continuing to produce these engines without permission.

22 A comparison of UK licence data with the SIPRI trade register suggests that not all UK deliveries of bombs and missiles to Saudi Arabia are being captured by the SIPRI data, in that major new licences for such equipment continued to be issued up to 2021, although the last deliveries recorded by SIPRI for such items are from 2019. It may be that the fact that such exports are conducted under existing contracts (i.e. Al Salam), and that deliveries (unlike, say, of aircraft themselves) tend to be conducted without publicity or easy visibility, makes it difficult for SIPRI to gain information on them.

Deliveries of major conventional weapons in 2021

The following deliveries of MCW by the UK are recorded by SIPRI in 2021:

Table 4 – deliveries of MCW by the UK in 2021

Source: SIPRI Arms Transfers Database

Recipient	Producer	Description	Other info
Bangladesh	Leonardo	1 Seaspray maritime patrol aircraft radar	For Do-228 MP aircraft from Germany
Brazil	Leonardo	4 Raven ES-05 combat aircraft radar	For Gripen combat ac from Sweden
(Brazil)	Leonardo	(1) Seaspray maritime patrol aircraft radar	For modernization of P-95M MP aircraft
(Chile)	MBDA	(50) Common Anti-air Modular Missile (CAMM) missiles	For modernized type-23 frigates
(China)	AECC (China)	10 Spey turbofan engines	Produced in China by licenced production
France	Rolls Royce	2 Trent turbofan engines	For MRTT tanker/ transp. ac prod in France
(Germany)	Cobham	(1) air-refuelling system	For A400M tanker/transp. ac prod in Germany
India	MBDA	(90) BVRAAM missiles	For Rafale combat ac from France
India	BAE Systems	65 UFH/M-777 155mm towed guns	Some produced in India under licence
Japan	Cobham	1 aerial refuelling system	For KC-67 transport/tanker ac from US
(Latvia)	2nd hand	(20) Scimitar light tanks	
(Latvia)	2nd hand	(20) Spartan APCs	
(New Zealand)	MBDA	2(0*)CAMM SAM missiles	For modernized MEKO-2000 frigates
Pakistan	Siemens	2 RK-270 diesel engines	For Kashmir OPV from China
Poland	BAE Systems	(16) AS-90M turrets	Produced under licence in Poland for Krab self-propelled guns
Qatar	BAE Systems	(4) Hawk-100 trainer aircraft	
Saudi Arabia	BAE Systems	(12) Hawk-100 trainer aircraft	
South Korea	Rolls Royce	2 MT-30 gas turbine engines	For Daegu frigates produced in Korea
Sweden	Leonardo	(2) Raven ES-05 combat ac radars	For Gripen combat ac prod. in Sweden
UAE	Leonardo	1 Seaspray maritime patrol ac radar	For Global Eye airborne early warning/control ac from Sweden
USA	Rolls Royce	2 MT-30 gas turbine engines	For US Littoral Combat Ship frigates
(USA)	BAE Systems	(18) UFH/M-777 155mm towed guns	
USA	second-hand	1 Boeing-707 transport aircraft	
USA	Cobham	1 aerial refuelling system	Licenced prod. in USA for US KC-46 tanker ac

(25) – indicates number delivered is an estimate

(Brazil) – Indicates delivery year is uncertain

New contracts

A few new contracts for major conventional weapons exports from the UK were identified by SIPRI in 2021. These are shown in Table 4 below.

Table 5 – new orders for UK MCW in 2021

Source: SIPRI Arms Transfers Database

Recipient	Producer	Description	Other info
Brazil	MBDA	4 Common Anti-air Modular Missile (CAMM) SAM systems + missiles	For 4 MEKO frigates from Germany
Canada	MBDA	CAMM SAM missiles (unknown quantity)	
Chile	(2nd-hand)	2 E-3D Sentry AEW&C aircraft	
Egypt	(2nd-hand)	Fort Rosalie and Fort Austin auxilliary support ships	
Greece	MBDA	Meteor Beyond Visual Range Air-Air Missiles (quantity unknown)	For Rafale combat aircraft from France
Indonesia	Babcock/ PT PAL	2 Arrowhead 140/Type 31 frigates	Produced in Indonesia under licence. $720m.
Indonesia	Cobham	2 aerial refuelling systems	For 2 A400M transport aircraft from Spain
Italy	Cobham	2 aerial refuelling systems	For 2 KC-767 transport/ tanker aircraft from USA
Spain	Airbus/ Cobham	3 aerial refuelling systems	For upgrade of 3 Spanish A-330 transport aircraft to A-330 MRTT transport/tanker aircraft
UAE	Airbus/ Cobham	2 aerial refuelling systems	For 2 A-330MRTT tanker/aircraft from France
UAE	Rolls Royce	4 Trent-700 turbofan engines	For 2 A-330MRTT aircraft from France
USA	(2nd-hand)	1 second-hand Boeing-707 transport aircraft	
USA	(2nd-hand)	5 Global Express transport aircraft	

5 The UN Register of Conventional Armaments (UNROCA)

5.1 About UNROCA

The UN Register of Conventional Armaments[23] was established in 1991, with the aim of promoting greater transparency in international arms transfers. It is a voluntary instrument, where UN member states are invited to submit annual returns on their exports and imports of 7 categories of major conventional weapons: battle tanks; armoured combat vehicles; large-caliber artillery systems; combat aircraft and unmanned combat aerial vehicles; attack helicopters; warships; and missiles and missile launchers. It is much narrower than the SIPRI coverage, for example excluding military transport, reconnaissance, and refuelling aircraft, subsytems such as radars and sonars, and most air defence systems, except MANPADS.

In addition, since 2003 states have been invited to report on their imports and exports of small arms and light weapons (SALW).

Unfortunately, a majority of states do not report on either major weapons or SALW. The UK has submitted reports on its exports of MCW to UNROCA every year since 1993. It has reported on exports of SALW every year since 2006.

A limitation of the UK reports to UNROCA is that, like UK arms export data in general, they are based on licences issued and not actual deliveries, which is in theory what UNROCA ask to be reported. This means that transfers from open licences are not included at all, as no numerical limits are attached to these. In most cases, transfers of complete major weapons systems are made using SIELs, rather than open licences, and thus would be included in the UK's UNROCA returns; however, some systems such as missiles are sometimes the subject of open licences, and thus will not be included.[24]

The UK's returns to UNROCA provide little information in terms of transfers of major conventional weapons that is not also available from the SIPRI Arms Transfers Database. Moreover, on a number of occasions, they have been the subject

23 https://www.unroca.org/

24 For example, an OIEL was issued in August 2014 for the export of air-to-surface missiles to Saudi Arabia, among other things.

of significant reporting errors, misclassifications, repetitions of previous years' entries, reporting the return of repaired/upgraded equipment as if it were a new export, and other issues.[25] Thus, caution must be exercised in interpreting these entries, and careful comparisons made with the export licence database and the SIPRI Arms Transfers Database.

Nonetheless, in some cases, the UNROCA report allows one to put numbers to export licences for major equipment, which are not reported in the licence database. It also provides an official source for such information, and represents participation by the UK in one of the few international transparency mechanisms on the arms trade. In addition, the information on exports of SALW is not available from SIPRI, and is presented in a much clearer form than can be derived from the export licensing database.

5.2 The UK's UNROCA return for 2021

The UK submitted its return for 2021 to the UN Register of Conventional Arms in May 2022. Much of the entry confirms information from the SIPRI ATDB (section 4), and will not be repeated here.

There are however a number of entries that are not included in the SIPRI database. This can be for a number of reasons (assuming that the UNROCA entry is essentially accurate): the export may genuinely have been missed by SIPRI, something which can easily happen with smaller items such as missiles, where SIPRI usually has to estimate delivery numbers; the equipment may have been licenced in the year in question, perhaps late in the year, but not yet delivered; or the equipment may not be covered by the SIPRI database. The entries listed below appear to match export licences issued in 2021, and are thus probably genuine exports, but are not included in the SIPRI ATDB:

- 16 armoured combat vehicles (type unspecified) to Saudi Arabia. This would appear to correspond to a £56.3m licence in June 2021.
- 2 Gazelle helicopters to Ghana law enforcement, probably second-hand. These appear to correspond to a £500,000 licence in February 2021. Although these are military helicopters, because they were delivered to the police rather than the military, they are not included in the SIPRI database.
- 36 air-to-air missiles to Greece. There is a £96.3m licence for such missiles in December 2021, so they were almost certainly not delivered until 2022 or later. SIPRI lists Greece as having ordered Meteor BVRAAMs from the UK for their Rafale combat aircraft from France.
- 48 air-to-air missiles to Oman. There is a £31.7m licence for such missiles in July 2021. These are not listed by SIPRI, although it is possible they had not been delivered by the end of 2021.

25 Email correspondence with Pieter and Siemon Wezeman of the SIPRI Arms Transfers Project, and with Christopher Chew, Head of Policy at the Export Control Joint Unit, Department for International Trade. For example, an entry of 8 "attack helicopters" to Norway in the 2021 report then describes the delivery of 1 AW101 helicopter, which is one of 13 search and rescue helicopters delivered from an order of 16. ECJU has confirmed that this entry was in error, and was in fact a SAR helicopter rather than an attack helicopter.

- 100 air-to-air missiles to Qatar. There is a £217m licence for such missiles in November 2021, so again they may not have been delivered until 2022. SIPRI reports various air-to-air missiles as being on order by Qatar from the UK, to arm the Typhoon aircraft also from the UK, which commenced delivery in 2022. These missiles are therefore most likely for the Typhoons.
- 180 Man Portable Air Defence System (MANPADS) missiles to Saudi Arabia. There is a licence in June 2021 worth £28.6m covering these missiles.
- 142 missiles and/or missile launchers to Saudi Arabia. Export Control Joint Unit has clarified that these were exported under a licence issued in quarter 3 of 2021, but that since they were exported under a government-government project, they were, unusually, able to report actual deliveries rather than licences. In fact, the correct number was 139, as reported in the Annual Report on Strategic Export Controls (see above).[26]

26 Email correspondence with Christopher Chew of ECJU.

6 The BAE Systems Annual Report

BAE Systems' Annual Report for 2021 was published on 30 March 2022.[27] One piece of information regularly provided in these reports is the company's revenue from the Kingdom of Saudi Arabia Ministry of Defence and Aviation, which can thus be taken as a measure of the value of BAE's arms exports (of goods and services) to Saudi Arabia. In 2021 (p209), their revenue from the Saudi MODA was £2,380, compared with £2,559 in 2020. The figure has been broadly steady since 2018, following the final deliveries of Typhoon aircraft in 2017. The continuing revenue of around £2.4-2.5b a year likely reflects the ongoing supply of components, maintenance, support, and training for the Hawk, Tornado and Typhoon aircraft supplied under previous contracts. Between 2015, the year in which Saudi Arabia entered the Yemen war, and 2021, BAE has received £20.0 billion in revenue from the Saudi MOD.

BAE does not publish information on revenue from any other export customers; however, it does publish information on revenue from certain locations. Most relevant for UK exports are £1,014m in revenue from Qatar, which is likely to be related to the sale of Eurofighter Typhoons and Hawks – in particular, SIPRI records the delivery of an estimated 4 Hawk trainer/light attack aircraft to Qatar in 2021. For other locations, it is impossible to know the breakdown of revenues from BAE's UK and US operations (as a very large proportion of BAE's production is located in the US); sales to the US and Australia are likely to be predominantly from the company's subsidiaries in those countries, and therefore not represent exports from the UK. However, the Saudi and Qatar exports are almost certainly almost all related to their UK business, producing and supporting military aircraft.

The fact that BAE's revenue from Saudi Arabia in 2021 exceeds the value of SIELs issued by a factor of nearly 10 shows that the vast majority of BAE's activities in Saudi Arabia are covered by open licences, or represent service activities in Saudi Arabia that do not involve exports of equipment, software, or technology. Moreover, of the £241m in SIELs to Saudi Arabia, £125m was for ML4 equipment that is mostly not provided by BAE. Similarly, the revenue from Qatar of over £1 billion in 2021 exceeds the value of SIELs to the country over the whole 5-year period 2017-21.

27 https://investors.baesystems.com/~/media/Files/B/Bae-Systems-Investor-Relations-V3/PDFs/results-and-reports/results/2022/bae-ar-complete-2021.pdf

7 Summary and conclusions

The various sources of information on UK arms exports discussed above each provide different, partial pictures of the UK arms trade. Together, these provide a host of valuable qualitative and quantitative information on the UK arms trade. However, the information is highly incomplete. Deliveries are not reported. The high level of use of open licences means that it is impossible to know the full scale of UK arms sales in total or to individual countries. Comparison with BAE's revenue shows that this seems to be particularly true for Saudi Arabia, where the vast majority of their business must be conducted via open licences. While UKD&SE contract figures are more comprehensive as an estimate of total UK arms exports, they are not broken down by recipient. Very little information is provided on the specific equipment transferred (as opposed to general item descriptions such as "components for combat aircraft"), except for certain types of major conventional weapons reported (sometimes inaccurately) to UNROCA.

Looking at the data, the overall picture, taking into account export licences, SIPRI data, and contract data from UKD&SE, is that UK arms exports clearly declined in 2020 and 2021, and in particular exports of major platforms and systems are at a historically low level. However, the trade in subsystems, components, and services continues at a high level, with Saudi Arabia remaining a primary customer, especially for military services. Generally, exports to the Middle East and to the UK's US and European allies dominate exports, with lower levels of sales to Asia and the Pacific, and very low levels of exports to Latin America and Africa.

Regarding transparency, in some areas, such as the level of detail on export licences, the UK compares favourably with many other major arms exporters. However, in other areas, such as the reporting of deliveries, which is regularly provided by most EU states and until recently by the US, it falls short. Examples such as Italy, which as well as providing delivery data also provide details of the nature of equipment and the companies involved in export licences, and the detailed US reporting of specific contracts agreed for Foreign Military Sales, show that far greater levels of transparency are possible.

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