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Arms Trade Reform Options for the New Administration

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President Joseph Biden’s recent announcement that the United States [would cut off](#) arms transfers that support the Saudi-led intervention in Yemen is one of his administration’s first major foreign policy decisions. Security cooperation—and particularly foreign military sales (FMS)—has long been a central and sometimes controversial tool of U.S. foreign policy that serves multiple, potentially conflicting, ends. During the Trump administration, the economic rationale of such sales was highly emphasized, and arms sales increased [as the administration released some restrictions on sales](#). Countries that do not have formal alliance arrangements with the United States, like Saudi Arabia and the United Arab Emirates (UAE), were the recipients of a significant portion of those sales.

In this context, yesterday’s suspension is a major break between the Trump and Biden administrations. However, we are still likely to see significant continuity over the next four years in security cooperation agreements between the United States and its democratic allies.

Q1: What arms trade controversies await the new administration?

A1: In recent years the biggest sales—and the most controversial—have been to countries in the Middle East. According to [the Stockholm International Peace Research Institute](#), 51 percent of U.S. arms deliveries between 2015-2019 went to the Middle East: half of these went to Saudi Arabia alone. The war in Yemen—where a Saudi-led coalition intervened in 2015 against a Houthi insurgency that had deposed the former president—is a locus of congressional attention. The [conflict in Yemen is a humanitarian disaster](#) and has left an estimated 110,000 dead and created widespread famine.

Some members [of Congress have expressed their opposition to the war](#) by imposing restrictions on arms transfers—perhaps most famously by using Congress’ [informal notification system to place a hold on](#) sales. When that system was overridden [by the administration’s waiver](#) certifying that the sales were in the United States’ national security interest, Congress passed [joint resolutions of disapproval](#), which were subsequently [vetoed](#). The administration signed additional agreements in 2020, including new sales to Saudi Arabia and to the UAE—both of which have participated in the war in Yemen. While the UAE has now withdrawn from the Saudi-led coalition, some in Congress separately fear that sales of F-35 fighter planes to the UAE could threaten Israel’s qualitative military edge.

Another source of controversy has been whether to grant sanction waivers to Turkey and India—respectively a closely integrated NATO ally and a coveted partner—to allow them to purchase weapons systems from Russia without facing penalties from the United States. The sanctions stem from the “Countering America’s Adversaries Through Sanctions Act” (CAATSA), which was passed [in response to ongoing Russian intervention in Ukraine](#). Among other actions,

[CAATSA](#) mandates sanctions on those engaging in “significant transactions” with the Russian security and intelligence sector—such as [Turkey’s 2017 purchase](#) of a Russian S-400 air defense system. However, though Congress amended CAATSA in 2019 to grant waiver authority to the president—which technically allows him to bypass sanctions under certain conditions—the administration was unable to reach a deal with Turkey that would have been [acceptable to the Hill](#). Ultimately, the Trump administration applied sanctions in [December 2020](#), but future waiver disputes loom. Russia is [second only to the United States](#) as a chief global exporter of arms. Many countries have existing military equipment of Russian origin, including some that also purchase arms from the United States. Perhaps [most prominently, India](#) also intends to buy a S-400 system from Russia and will be a high-stakes test case for whether—and at what price—U.S. unilateral efforts to decouple the global arms trade will succeed.

Q2: What are the foreign policy costs and benefits of U.S. arms exports?

A2: Under [the Arms Export Control Act](#), arms sales are a foreign policy tool, and the decision to export must take into account U.S. interests, the broader needs of the buyer, and the risk of causing an arms race or regional conflict. As that short list implies, policymakers face multiple, sometimes conflicting, imperatives. [Security cooperation](#) can increase interoperability among allies. This makes it easier for militaries to work together, builds the capacity of U.S. partners to take on the burden of defending against common security threats, and rewards hosting bases, intelligence, and counterterrorism cooperation. As mentioned, the [Trump administration also prioritized economic benefits](#), which have, unsurprisingly, [always been among the key considerations for arms exports](#). There is also an additional benefit for industry: though the market for most U.S.-produced weaponry is the Department of Defense (DoD), exports give the U.S. defense industry the benefit of a larger market that is less vulnerable to downturns in any U.S. spending.

However, potential economic and security cooperation benefits must be weighed against the inherent risk that weapons may be used after delivery [to facilitate human rights violations](#) or to destabilize neighboring countries, causing direct harm as well as damage to the United States’ reputation. Because a wide range of interests are at stake, the arms sales approval process is led by the State Department, with advice and implementation typically supplemented by DoD. However, [monitoring and enforcement by the State Department and DoD has been uneven](#).

Q3: Did the Trump administration’s effort to boost arms sales increase transfers?

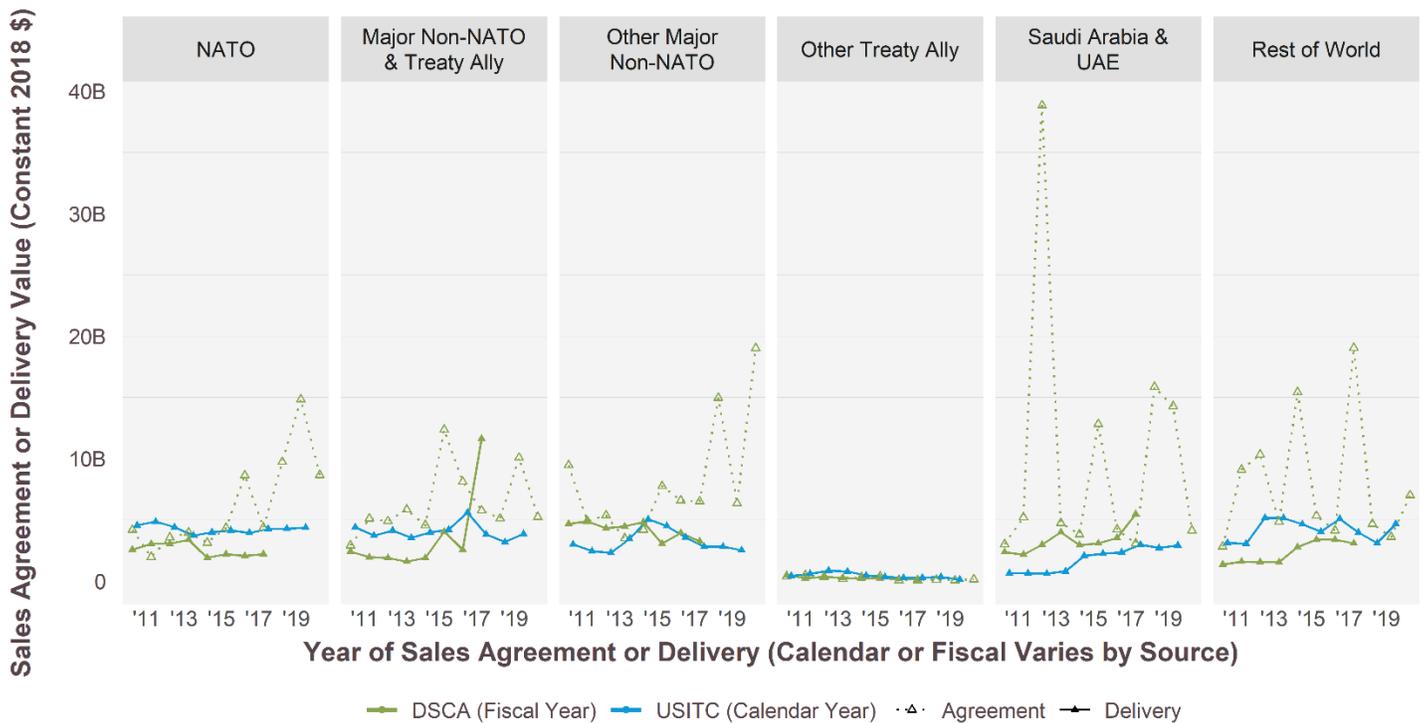
A3: While President Trump may have [“vastly inflated”](#) the size of U.S. arms deals, his administration was successful in [expanding sales of U.S. arms abroad](#). In 2020 alone, \$50.8 billion worth of government-to-government FMS agreements were made. The scale of agreements is even larger when including licenses for corporations selling to governments without employing the U.S. acquisition system, which is referred to as “direct commercial sales.” However, sales agreement numbers typically exceed actual transfers, as the relationship between the licensing of direct commercial sales and actual deliveries is especially murky. Weapon systems often take years to deliver, and the United States and, in practice, the recipient have broad discretion to suspend an agreement at any time, making previous deposits transferable to future agreements.

So how many weapons have actually changed hands? It’s hard to say. The [one-stop source on U.S. foreign military sales](#) ceased updating after 2017 [and its replacement](#), launched in 2020, makes some data quality improvements but no longer reports a variety of important details, including the value of deliveries. The quality of direct commercial

sales data had already been on the decline, and this change fits a larger Trump administration pattern of [reducing transparency](#).

Fortunately, other groups—notably the [Stockholm International Peace Research Institute](#) and the [Security Assistance Monitor](#)—help close the data gap. When analyzing trends in U.S. arms exports as part of a forthcoming study—and as shown in the figure below—our research found that growth in arms exports was mostly concentrated in countries that were neither treaty allies of the United States nor major non-NATO allies. In that figure, FMS sales agreements are illustrated by the dashed green line, and deliveries by the solid green line. The U.S. International Trade Commission’s (USITC) database reports another measure of deliveries, shown by the solid blue line. The blue line includes direct commercial sales but does not cover services or high technology exports—such as sensors or communication systems—unless they are part of a larger platform. Under the Trump administration, the growth in sales and deliveries to countries that are not officially allied with the United States, as seen in the right-most two columns of the figure, became normalized. While this trend began during the second term of the Obama administration, Trevor Thrall and Jordan Cohen of the CATO Institute, [found](#) that “the Trump administration . . . sold more weapons to a riskier portfolio of clients than either the Bush or the Obama administrations did.”

Figure 1. U.S. Arms Export Deliveries by Alliance Relationship with Buyer



Source: DSCA; USITC; CSIS analysis. DSCA deliveries reported through FY17, USITC deliveries complete through 2019. Note the standard for listing an agreement changed to require an initial deposit in 2015.

Setting aside controversial arms sales, the use of security cooperation to bolster alliances may be a point of continuity between the Trump administration and the new Biden administration. The State Department has [highlighted these partnerships in outgoing messages](#), and, as the graph above shows, agreements have grown and deliveries within the alliance system have remained steady across U.S. administrations, excluding one notable spike in deliveries to South Korea in FY 2017. This delivery stability, even amid the Covid-19 pandemic, speaks to the success of State Department efforts to [manage supply chains and remote operations](#). As [our past research](#) has found, collaborating with close

allies who possess advanced capabilities has lower risks and additional benefits such as access to a wider range of innovation.

Q4: In a more multipolar world, has the United States lost leverage over arms buyers?

A4: The suspension of some transfers to Saudi Arabia to pressure an end to the war in Yemen—as well as the threat of CAATSA standards against potential U.S. partners that buy Russian arms—are examples of conditionality in security cooperation. Even when the United States provides the financing for security assistance, the odds of U.S. pressure successfully changing recipient behavior rely on the [specific context, careful application of tools, and the vulnerability of the seller relative to the buyer](#). However, changes to the international system may undercut the effectiveness of conditionality around the world. In [response to congressional criticism](#) of arms sales, the Trump administration defended itself by noting, “[o]ur adversaries, including Russia and China, have adopted deliberate, long-term strategies of trying to disrupt our partnerships by seeking to replace the United States as the credible supplier of choice.”

While Russia was always a competitor in the arms sales market, China is increasingly a competitive provider of international security assistance and [has significantly increased its arms sales in recent years](#). The availability of alternate suppliers provides customers with “[exit options](#)”—a phenomenon studied by Alexander Cooley and Daniel Nexon. They write, “[e]ven when states do not actively switch patrons, the possibility that they could provides them with greater leverage.” Similarly, Melissa Dalton found this was also one of the two “[\[m\]ost critical variables](#)” reducing the influence of security assistance conditionality. This competition may undercut the persuasive ability of looming CAATSA sanctions against [India](#) and in Southeast Asia, where [Russia has been the leading arms supplier for much of the past decade](#).

However, for states like Saudi Arabia and the UAE that already possess large inventories of NATO-interoperable weapon systems and want the highest-quality military equipment, the [transition to Russian or Chinese systems is not appealing](#). Sensor and targeting interoperability is key to the effectiveness of cutting edge systems, but a Russian S-400 and a U.S. F-35 “[won’t talk to each other](#).”

Both technology proliferation and cyberattack risks are higher to these software-oriented systems, but the United States maintains a rigorous export control system, reinforced by intellectual property regulations that have gained power over time to [protect technology beyond the originating country’s borders](#). Even in a more multipolar environment, conditions on arms transfers give President Biden leverage [in pursuit of his goal](#) to “impose a ceasefire, open humanitarian channels, and restore long dormant peace talks” in Yemen. That said, the case of Turkey shows significant leverage does not guarantee a state will not undertake actions of which the United States highly disapproves.

Q5: What can the Biden administration do to manage risks and reinforce alliances?

A5: In his Senate nomination hearing to be secretary of state, [Antony Blinken argued](#) that “across administrations of both parties, Congress’s voice in foreign policy has been diluted and diminished” and that this “makes our country weaker.” Comments from [Blinken and Secretary of Defense Lloyd Austin](#) in their respective hearings upheld the emphasis that Biden placed on international alliances during his presidential campaign. That said, Blinken indicated that this support is not unconditional, warning that Turkey is “[not acting like an ally should](#).”

Some steps to manage risk pose little downside for the relationship with close allies and should apply across the board. Christina Arabia argues that [existing data can be better used](#): “the U.S. foreign policy community must push the State, Defense and Commerce Departments to publish more details in their annual reports, including the amount authorized and delivered by category, as well as by recipient country.” Similarly, these reports should be published in a machine-readable format rather than just in bulky PDFs. While efforts to strengthen oversight could—as a side effect—slow down the already ponderous pace of cooperation even with close allies, policymakers could take steps to bifurcate between higher risk and lower risk cooperation—that is, making cooperation easier with close allies who share U.S. democratic values and are capable of protecting technology while increasing oversight for weapons and countries that are greater sources of concern.

In the higher-risk sphere, Melissa Dalton, Hijab Shah, Tommy Ross, and Asya Akca have articulated actionable [recommendations on security sector assistance](#) that emphasize the importance of ongoing assessment, plausible goals, and metrics. That report followed steps in the 2017 National Defense Authorization Act to enhance assessment, monitoring, and evaluation. Whether or not the Biden administration favors proposals to [shift defense security cooperation aid budgets back to the State Department](#), this is an area where the State Department should not be allowed to fall behind. On the congressional notification process, there are many possible reforms, but Diane Ohlbaum and Rachel Stohl [capture a key principle](#): boost oversight powers on “a subset of these sales that, because of the nature of the equipment or the previous or potential conduct of the buyer, pose substantial risks of abuse.” Equipment that poses substantial risk can include high-end weapons but also those that are inexpensive and still have [a high global death toll](#). The [Biden campaign had committed to reversing a Trump administration decision to transfer responsibility for firearms to the Department of Commerce](#), which would [limit end-use monitoring tools](#) available for ensuring that weapons were not diverted by corrupt officials.

Such measures could increase congressional partnership while dovetailing with the Biden administration’s priority to “[Restore and Reimagine Partnerships](#)” and “fortify our collective capabilities” with our allies.

One approach to this fortification could be to streamline measures focused on trade and retransfers within alliance relationships. For example, the United States could [expand International Traffic in Arms Regulations exemptions](#) with Canada, the United Kingdom, and Australia, as well as build better infrastructure for technological cooperation with [Japan](#) and [South Korea](#). For the sizable portion of the arms trade that falls consistently within various congressionally endorsed treaty alliances, oversight is best focused at the program or relationship level rather than at the transaction level. Such streamlining would be more difficult to apply to retransfers outside of trusted networks. Coordinating concerns among competing exporters is easier said than done. However, the Biden administration could seek to build a common front among NATO-compatible arms suppliers on the war in Yemen and other areas of concern by undoing President Trump’s withdrawal from the yet-unratified international [Arms Trade Treaty](#) and building on present [German restrictions](#) and partial actions by [Canada](#) and the [United Kingdom](#).

Challenges like [the painful unwinding of the F-35 partnership with Turkey](#) are harder to address systematically. The next time the United States faces such a challenge, the results may not improve. In [a book on ending intractable conflicts](#), Dominic Tierney suggests a historical model can be found in the bipartisan team that negotiated the end to the War of 1812. Then-President James Madison selected a [mix of delegates](#) that had the trust of Congress’s different factions. While sending the speaker of the house abroad for multiple months is not practical today, President Biden’s interpersonal approach to politics may be well suited to assembling negotiating teams that can reach agreements, if possible, and bring their co-partisans along to support the outcome.

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