Analyses OSW

CENTRE FOR EASTERN STUDIES 14.12.2011 www.osw.waw.pl

New trends in German arms and military equipment exports

Justyna Gotkowska

On 7 December the German government published a report for 2010 on the export policy covering conventional arms products. According to the report, German exports were worth EUR 2.1 billion in 2010, which means an increase in comparison with the government's data for 2009 – EUR 1.34 billion. Also in 2010 permits for exports worth EUR 4.7 billion were issued. However, these data differ from information from centres which monitor the global arms industry such as Sweden's SIPRI or America's CRS. Nevertheless, the information from all sources show that Germany in 2010 maintained the position it has been occupying for several years of being the third (after the US and Russia) arms and military equipment exporter in the world. In German exports for 2010 the largest profits were brought by exports of ships and armoured vehicles. In recent years exports of electronic equipment have been also gaining importance.

Commentary

- Due to new circumstances on the domestic, European and global arms markets German arms companies are being forced to change the destinations of their exports. Firstly, the arms market in Germany has been shrinking, which is linked to reductions in the numbers of Bundeswehr soldiers. Secondly, the markets of the main recipients of German arms exports –NATO and EU countries – have also been growing smaller as these countries faced with the economic crisis are cutting defence spending. Thirdly, defence expenditure has been maintained on the same level or increased in countries outside the EU and the NATO, for instance in the Middle East countries and BRIC. Arms companies in Germany are therefore trying to enter the markets of developing countries, where however an intensified competition is also visible. In this regard German companies are lobbying the federal government in order to obtain permits for arms and military equipment exports to these countries and to be granted political and financial support for their transactions. The government seems to be meeting the demands of the German arms industry, which is displayed in the permits issued for Krauss-Maffei Wegmann and Rheinmetall for sales of approximately 200 Leopard 2A7+ tanks to Saudi Arabia; workshops organised by the federal police for Saudi Arabian security forces and linked to the Cassidian's contract for modernisation of the infrastructure of border guards; Chancellor Angela Merkel's support for sales of patrol boats to Angolan navy.

- While relaxing its own control system of arms and military equipment exports to developing countries Germany at the same time opposes the harmonisation of the EU export policy in this area. This is proven by the German government's reluctance to the European Commission's proposal of July this year to harmonise control of exports of double use products (for civilian and military use) which are now subject to national control regimes.

- The issue of arms exports is highly controversial in Germany. The government makes information public about the country's exports unwillingly and its annual reports are criticised by civil society organisations for containing insufficiently detailed data and the use of statistical methods which obscure the picture of German arms exports. The data featured in the governmental report (EUR 2.1 billion) diverge from the data for 2010 provided by Sweden’s SIPRI (US$ 2.3 billion) or America’s CRS (US$ 2.6 billion). In previous years the data provided by these organisations pointed to higher arms exports than the levels declared by the German government. Furthermore, the double use products are not included in the governmental report. In 2010 exports of these products in Germany were worth approximately EUR 4.8 billion.