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Small Arms, Big Business: Products and Producers

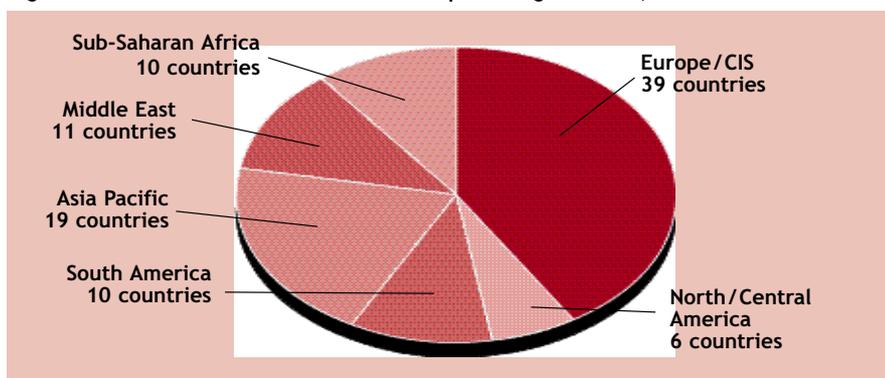
This chapter provides a comprehensive survey of global small arms production. It analyses the world's small arms industry in terms of geographic distribution and key trends, and estimates the current value and volume of global production.

The small arms industry is the mostly widely distributed sector of the global defence industry. The number of legal manufacturers appears to have increased in the last two decades, from less than 200 companies in 1980 to more than 600 today. At least 95 countries have the capacity to undertake the legal production of small arms. These figures would be greater if illegal manufacturers were included. More than half of the world's producers are located in the United States. Much of the growth in the number of companies that produce small arms has come from the spread of licensed production to more regions and countries and the rise of numerous small, niche manufacturers.



Reuters/Dimitar Dilkojff

Figure 1.2 Global distribution of small arms producing countries, 2000



Small arms are legally produced in more than 600 companies in at least 95 countries worldwide.

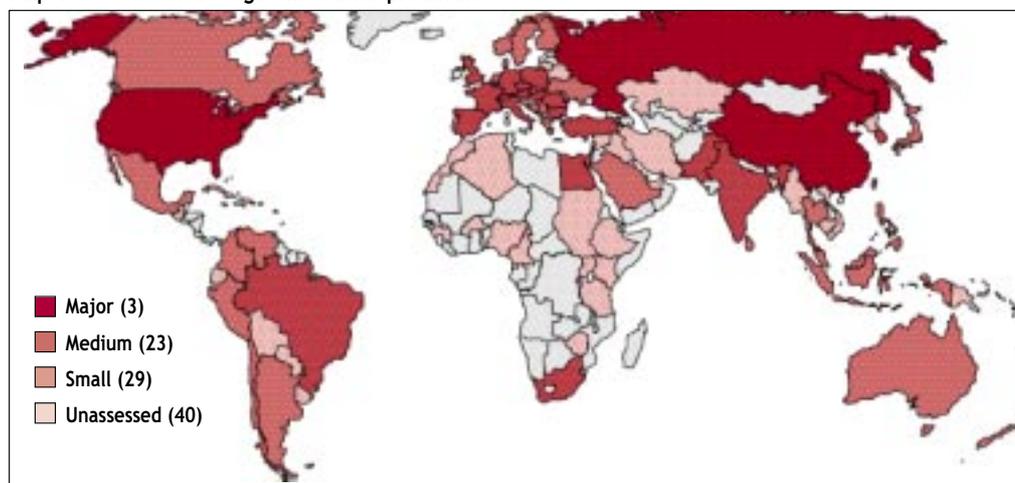
While the number of producers has grown, the absolute size of the industry and the total volume of its production have actually declined. According to available statistics, at least 347 million small arms were produced between 1945 and 2000. Although estimates of global production cannot be verified, it appears that during the years from 1980 through 1998, global production averaged some 6.3 million small arms annually. In 2000, however, production was around 4.3 million firearms. Of this, at least 75 per cent were made in the United States, largely for its domestic market.

The value of global small arms production in 2000 is estimated to be worth at least US\$ 1.4 billion. The value of global production of all types and calibres of small arms ammunition of some 15 billion units was at least US\$ 2.6 billion. The combined value of new production for small arms and ammunition in 2000 was worth at least US\$ 4 billion, and was almost certainly higher.

The total value of global small arms production, including ammunition, in 2000 was at least US\$ 4 billion.

The global small arms industry can be divided into four major categories, depending on the value and volume of production. At least three countries qualify as major producers: China, Russia and the United States. Another 20 or so countries, mostly in Europe and Asia, are medium ranking producers. Nearly 30 countries are small producers. At least 40 others have some production capacity, but cannot be assessed for lack of information.

Map 1.1 The world's legal small arms producers



The United States, for example, is home to over half the world's legal small arms manufacturers. However, small arms production is a minor part of the American economy, employing 16,770 people and shipping US\$ 2 billion worth of guns and ammunition in 1997. With the combination of shrinking demand and increasing numbers of suppliers, the small arms market is intensely competitive and even well-established firms in North America are experiencing financial difficulties.

The same is true of many other regions, such as South America, home to several medium and smaller producers. Their products serve mainly domestic markets, with most exports sales going to civilians in the United States. In Western Europe, production is distributed among a number of export-oriented medium-sized manufacturers such as Austria, Belgium, France, Germany, and Italy. Central and Eastern Europe are also home to several medium producers. The biggest exception for Europe is Russia, a major small arms producer about which little is known. In the Middle East, Sub-Saharan Africa, South Asia, Southeast Asia, East Asia, and the Pacific, little more is known than the names of manufacturers and their products.

Illicit production occurs in at least 25 countries and in some regions is a well-established alternative source of supply.

Illicit production of small arms takes place in at least 25 countries. In some regions, such as Southern Africa, South Asia, and Southeast Asia, illicit production is a well-established alternative. The patchy information available on the numbers of illicit guns—with data from countries such as Brazil and South Africa—show that homemade firearms account for between three to 16 per cent of illegal weapons. Illicit producers make it easier for anyone to obtain more sophisticated and lethal weapons than ever before. The highly competitive nature of the global small arms market, together with increasing numbers of producers, may undermine the efforts of the international community to tackle the small arms proliferation problem.

For further information and current developments on small arms issues please check our website at www.smallarmssurvey.org