Introduction

The Security Assistance Monitor’s Latest Arms Sales Trends report find that U.S. foreign military sales (FMS) rose to an astounding $110.9 billion in calendar year 2020, an unprecedented surge in arms offers. The contrast with prior years is stark. FMS sales averaged $63 billion per year in the first three years of the Trump administration, versus $61.5 billion per year under Obama, measured in 2019 dollars. The comparable inflation-adjusted figure for 2020 is $109.4 billion, nearly 75% more than the average figures for the Obama administration and the first three years of the Trump administration.

Regional Trends

The Middle East and North Africa was the top region for U.S. arms offers in 2020, increasing from $25.5 billion in 2019 to $39.7 billion in 2020, for a 35.8% share of total U.S. offers. Offers to East Asia and the Pacific grew from $27.2 billion in 2019 to $38.4 billion in 2020, for a 34.6% share of total U.S. sales. Europe and Eurasia's arms offers from the U.S. more than doubled from $11.9 billion in 2019 to $27.9 billion in 2020, for a 25.2% share of total U.S. arms offers for 2020. Offers to the Western Hemisphere and South and Central Asia were 2.4% and 2.2% of total U.S. sales respectively.

Top Recipients

The top five recipients of U.S. arms sales offers in 2020 by dollar value were the United Arab Emirates ($24.1 billion), Japan ($23.2 billion), Finland ($12.5 billion), Switzerland ($8.8 billion), and Taiwan ($5.9 billion). The largest sales by value were for major combat aircraft, most notably for the F-35 Joint Strike Fighter. The Finnish and Swiss received offers for either F-35s or F-18s, only one of which will eventually be completed in each case.¹

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Total Notification Value</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>UAE</td>
<td>$24,076,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>$23,228,311,000</td>
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<tr>
<td>3</td>
<td>Finland</td>
<td>$12,500,000,000</td>
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<tr>
<td>4</td>
<td>Switzerland</td>
<td>$8,780,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Taiwan</td>
<td>$5,861,300,000</td>
</tr>
</tbody>
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Arms Sales and Jobs

The Trump administration routinely exaggerated the number of U.S. jobs associated with overseas arms sales. Most egregious was the case of Saudi Arabia, where the president claimed hundreds of thousands of jobs tied to Saudi sales, when the real figure was 10 to 20 times less. Overall, arms transfers account for less than one-tenth of one percent of U.S. employment. Notably, this figure does not fully account for overseas production of components of U.S. systems under offset and coproduction agreements, which further reduces the domestic jobs tied to overseas sales. In essence, the economic impacts of overseas arms sales are primarily of import to one industry—and a number of major contractors within that industry—rather than the economy as a whole.

¹. To avoid over-counting, the analysis for this report includes only the value of the smaller sales offer, which in both cases was for F-35s.
There was a sharp shift in the types of weaponry offered to foreign customers in 2020 compared to 2019. Over $78 billion in deals—almost three-quarters of all FMS offers—were accounted for by offers that primarily involved major combat aircraft. This compares with $46 billion in aircraft deals for 2019, which accounted for approximately two-thirds all U.S. FMS sales for that year. This high figure for 2020 was driven by offers of F-35s to Finland, Switzerland, Japan, the UAE, and Singapore. Aircraft deals to these five countries alone accounted for over $55 billion in offers during 2020, representing half of all FMS offers for the year.

A handful of companies—Lockheed Martin, Boeing, and Raytheon Technologies—were the main beneficiaries of U.S. arms deals in 2020. The three firms taken together were the primary suppliers in deals worth $87 billion dollars, more than three-quarters of the value of U.S. arms offers for 2020. Systems driving this trend included sales of F-35 combat aircraft, Apache attack helicopters, precision guided munitions, and tactical missiles. Not all of the revenues from these deals accrued to these companies, but their role as primary suppliers underscores the degree to which they profit from foreign arms sales. Half of all FMS deals for 2020 measured by dollar value were for offers of Lockheed Martin F-35s to just five countries: Japan, Finland, the UAE, Switzerland, and Singapore.

2020 Recommendations

- Expand the administration’s review of pending arms transfers to include scrutiny of all planned transfers prior to delivery, to account for the overwhelming number of newly approved sales and transfers over the last year;
- Develop and release a new conventional arms sales policy directive that prioritizes human rights and international humanitarian law (IHL) and alignment with broader foreign policy goals, and de-emphasizes industry concerns;
- Recommit to the global Arms Trade Treaty;
- Apply the Leahy Law—which blocks security assistance and training to security force units that have engaged in gross violations of human rights—to all arms transfers;
- Require a risk assessment of all proposed transfers that includes consideration of human rights, IHL, potential for corruption, possible unauthorized transfers to third parties, and risks to foreign policy goals;
- Strengthen end-use monitoring procedures and include consideration of the use of U.S.-origin equipment in human rights abuses, corruption, and civilian harm, in addition to whether U.S.-supplied arms are diverted to third parties;
- Restore State Department authority over firearms exports, require Congressional notification of firearms deals worth $1 million or more, and provide detailed reporting on the destination and equipment transferred for all firearm sales;
- Provide public reporting on Direct Commercial Sales notifications and deliveries;
- Notify Congress 60 days in advance of deliveries of FMS or Direct Commercial Sales;
- Require detailed reporting on offset and coproduction agreements tied to foreign arms sales, including dollar value and specific components produced; and
- Work with Congress to reform the Arms Export Control Act to “flip the script” by requiring affirmative Congressional approval of a subset of risky sales—as proposed by President Biden when he served in the Senate.