



By: *Tomorrow's Affairs Staff*

The wars in Ukraine and the Middle East are raising the global demand for weapons to an all-time high



Israel's war against Hamas has further raised the trend of growing demand for weapons in the global framework and the expectations for the growth of the budget for their purchase.

Due to the crisis that Russia's aggression against Ukraine has triggered and its global security ramifications, which forced even far away nations to build up their arsenals, there is already a greater demand for weapons worldwide.

The conflict in the Middle East has further increased caution, prompting states to spend more on weapons and acquire new quantities in line with increased security risks.

NATO Secretary General Jens Stoltenberg said at the recently concluded NATO Industry Forum in Stockholm that the members of the Alliance have been increasingly investing in the procurement of weapons for 3 reasons: to support Ukraine, to ensure their capacities for national and allied defence and to keep pace with technological development.

Long-term growth of military budgets

The first reason has recently been supplemented by the need to support Israel in its conflict with Hamas. Even though only the US is currently involved in the supply of some types of weapons to the Israeli army, a possible longer duration of the conflict in the Middle East would require solidarity with Israel from all members of the Alliance.

The military budgets of the European members of NATO and Canada have been continuously growing for 9 years, Stoltenberg said at the regular meeting of the leaders of the Alliance with the largest arms manufacturers.

Since the NATO summit in Lithuania last summer, the threshold of 2% of GDP for defence spending is no longer a goal that members should reach, but a minimum they would have to provide.

This obligation means that the group that includes the largest consumers but also the largest producers and exporters of weapons will maintain the growing trend in the global arms trade in the long term.

But can the global arms production capacity keep up with the growing demand due to the spread of high-intensity conflicts?

Could the industry meet the growth in demand?

Within the 50-member coalition to support Ukraine, which is led by the US, almost from the start of the Russian aggression, there have been concerns about the national army stocks replenishment, that is, about maintaining the combat readiness of the donor countries.

Even though they have internal political problems regarding the continuation of massive military aid to Ukraine, the US is dictating a pace to its partners so that there is no slowing down in the delivery of weapons to Kyiv and invest even more in production.

The administration of President Biden is currently seeking the approval of Congress for a large package of aid to Ukraine and Israel of as much as \$106 billion. If approved, it will be a significant boost for the industry and a strong personal example the US expects its NATO partners to follow.

This is also a response to the joint assessment of the heads of the military industry expressed at the forum in Stockholm that only a significant state investment in production could reduce the gap between the growing demand and the limited capacities of the military industry to meet it.

Global military spending has been increasing due to new conflicts, primarily in Ukraine. Last year, it amounted to \$2.2 trillion, according to the Stockholm International Peace Research Institute (SIPRI).

With the outbreak of conflict between Israel

and Hamas, it will no doubt increase not only in the region but also globally.

Pushing Russia out of the global market

This growth takes place in the changed long-term structure of the largest exporters, considering that Russia, as the second largest global arms exporter, has almost entirely dropped out of the market.

This happened largely because it has exhausted its own production to run operations in Ukraine. However, the sanctions against its military industry - which have been in place for years- are an equally significant factor.

Paradoxically, Russia's arms production has been steadily increasing since 2022. However, this is not reflected in its exports, as the focus is on supplying its own units on the Ukrainian front.

This led to the fact that Russia dropped from the second to the third place of the list of the world's largest arms exporters last year, and France took its place (SIPRI).

Sanctions against Russia, imposed after its occupation of Crimea in 2014, caused its arms exports to drop by as much as 70% by 2022 and its market to reduce from 35 to 12 importing countries.

Russia remains a significant player in the export of low-quality and low-tech weapons (ammunition and small arms) to markets prone to circumventing international sanctions, primarily in Africa.

The displacement of Russia as a principal arms exporter has led to changes in the market, primarily through the growth of the share of, until recently, smaller producers, such as Turkey and South Korea.

On the other hand, some traditionally large buyers of Russian weapons have been forced

to reorient themselves towards Western manufacturers. India and Indonesia are at the forefront of that transition, both as major buyers and significant geopolitical factors in the Indo-Pacific region, where security tensions have also been rising.

In these circumstances, the US remains the world's largest exporter of weapons, with about 45% of the market share and with the prospects of increase, partly due to increased demand, partly due to the acquisition of buyers who, until recently, were oriented towards the Russian military industry.

Given the increased wariness of the spread of the conflict among traditionally large buyers in the region, such as Saudi Arabia, the war between Israel and Hamas appears as a new, additional factor increasing the demand for weapons from American and Western European manufacturers.