

the Third World accounted for only 1.7 percent of world sales. In addition, Third World military products were not very sophisticated.

Brazil's military industry flourished during the war between Iran and Iraq. At this time, the arms trade between Brazil and Iraq was the biggest example of military cooperation between two developing countries, and yet Brazilian exports accounted for only 1.9 percent of all Iraqi arms. Since the end of this conflict, Brazilian arms exports had levelled off. According to SIPRI, Brazil was the world's eleventh largest exporter of arms, although its military leaders had a tendency to embroider national production statistics. Now that Embraer Corporation no longer produced military aircraft, Brazil might well slide further down the list.

In so far as Brazil's dual-purpose technologies were concerned, Mr. Dagnino said that they were largely directed toward military purposes and that civilian applications were rare. Production had been stimulated by the interest of military leaders, but Brazil's progress in high-tech sectors had been slowed by export controls instituted by the North on certain secret technologies. Mr. Dagnino admitted that the presence of the Brazilian military in the country's large research laboratories was impeding Brazil's economic development and damaging its security.

In short, Mr. Dagnino did not believe that Third World producers posed a threat on arms markets or that they had much of an effect on the control policies adopted by the industrialized countries.

William C. Potter of the Monterey Institute of International Studies examined new producers in the nuclear area. He pointed out first that only China was a major new producer, although Argentina and Spain were making progress, as was Japan.

He said that the drive to export arose in these countries when internal markets crumbled. However, the economic benefits of nuclear exports were usually quite meagre. There were usually very few transfers between new producers, to some extent because