

Deadly Deception

ARMS TRANSFER DIVERSION

Arms transfer diversion is responsible for some of the largest and most lethal shipments of small arms and light weapons to conflict zones and regions plagued by violent crime and instability. In recent years, diverted shipments have stocked the arsenals of brutal regimes in Africa, violent groups in South America and marauding militias in the Horn of Africa. Some of these shipments are so large that they rival—in quantity and quality—the weapons available to the armed forces of small countries. This chapter takes an in-depth look at arms transfer diversion and the control measures pursued by governments to detect and prevent diversion schemes and shut down the trafficking networks that organize them.

Diversion takes many forms, ranging from small consignments of firearms components that are acquired legally and then illicitly assembled and sold online to the massive arms shipments organized by the so-called ‘Merchants of Death’ that are flown to remote jungle locations in Soviet-era military aircraft. The routes, methods, and modes of transport employed by traffickers also vary significantly from case to case. Some shipments are transported directly to the unauthorized recipient while others take a circuitous route, sometimes travelling thousands of extra miles. Similarly, some diversion schemes are complex, featuring intricate plans that are carried out by multiple conspirators located in several different countries, while other schemes are remarkably unsophisticated, succeeding only because of neglect or incompetence on the part of the exporting government. Diversion also occurs throughout the transfer chain—from the moment that the shipment is loaded onto ships or planes at the port of exit (point of embarkation) to years after the weapons are received by the intended end-user (post-delivery).

The ability of governments to effectively detect and prevent diversion varies from case to case. A survey of documented cases of diversion reveals that risk factors are related to the following four issues:

- the level of government involvement
- the stage of the arms transfer chain in which the diversion occurs
- the type of arms transfer
- the rigour of government transfer controls.

If involved in a diversion scheme, high-level or strategically placed government officials increase the likelihood that it will succeed by providing authentic documentation, taking temporary possession of diverted shipments, and arranging for access to key logistical assets, such as transport aircraft. Their involvement creates a façade of legitimacy that is often difficult to penetrate. In contrast, schemes that do not involve government officials are often much easier to detect and foil. A good example is the *Otterloo* incident—a 2001 case in which more than 3,000 Nicaraguan assault rifles and ammunition were diverted to Colombian paramilitaries by arms traffickers falsely claiming to represent the Panamanian National Police. The Nicaraguan government failed to take even basic steps to confirm the legitimacy of the transfer. ‘One telephone call could have prevented the entire arms diversion,’ concluded the Organization of American States.



International arms dealer Viktor Bout sits in the Bangkok Criminal Court as he waits to be transferred to a prison after his arrest in March 2008. © Sukree Sukplang/Reuters

The stage in the transfer chain in which the diversion occurs is another important factor. Because of the difficulties of systematically monitoring exported small arms after they are received by the authorized recipients, post-delivery diversions are often much more difficult for the exporter to detect and prevent than schemes in which weapons shipments are diverted in-transit.

The type of arms transfer also helps to determine vulnerability to diversion. Arms transferred through established, tightly controlled government-to-government export programmes are often the most difficult to divert. Thousands of these transfers occur each year without incident. Transfers through covert or *ad hoc* arms transfer programmes, which often lack procedural safeguards and oversight, are notably less secure, and covert transfers to insurgents and other armed groups are often the most vulnerable to diversion. Many armed groups lack the facilities, resources and will to establish safeguards that are routinely employed by many governments.

A final key risk factor is the rigour (or weakness) of the transfer controls of the exporting, importing and transit states. In most of the cases surveyed in the chapter, the right mix of transfer controls would have prevented the diversion scheme outright or at least detected it after the fact, allowing the exporter to avoid shipping additional weapons to (or through) the offending parties.

Preventing diversion requires rigorous controls over the entire transfer chain and throughout the life cycle of the weapon. These controls can be divided into three broad categories that roughly correspond with the segment of the transfer chain that they cover: pre-shipment; in-transit and point-of-delivery; and post-delivery controls. The cost and difficulty of implementing transfer controls varies significantly. Some require few if any resources or organizational changes to implement while others call for significant staffing, travel budgets and other resources. The chapter provides an initial assessment of these costs, using the US system as an example.

Detailed information about authorized arms transfers play an imperative role in furthering the transparency of the arms trade, which continues to be an area that can benefit from improvement. The chapter includes the annual 2008 Small Arms Transparency Barometer: the most transparent major small arms exporters are the United States, Italy, Switzerland, France, the Slovak Republic and the United Kingdom. The least transparent are Iran and North Korea, both scoring zero.

The top exporters of small arms and light weapons (those with an annual export value of at least USD 100 million) were the United States, Italy, Germany, Belgium, Austria, Brazil, the Russian Federation and China. The top importers of small arms and light weapons (those with an annual import value of at least USD 100 million) were the United States, Saudi Arabia, Canada, France and Germany.

Despite the importance of transfer controls in preventing diversion, recent studies suggest that implementation of even basic elements of an effective control system (e.g. authentication of end-user certificates, retransfer notification, and pre-license risk assessments) is partial at best. Until more states adopt strong transfer controls, diverted small arms will continue to find their way to terrorists, criminals and embargoed regimes. ■

Small Arms Trade Transparency Barometer Notes

* Major exporters are those countries that export at least USD 10 million worth of small arms, light weapons, their ammunition, and associated components annually, according to UN Comtrade data. The 2008 Barometer includes all countries that were among the major exporters at least once in their reporting covering the years 2001-05. For major exporters in 2005, see Annex 4.1 to the present chapter at <<http://www.smallarmssurvey.org/files/sas/publications/yearb2008.html>>; for those in 2004, see Annex 3, Table 3.1 of Small Arms Survey (2007, ch. 3) at <<http://www.smallarmssurvey.org/files/sas/publications/yearb2007.html>>; for those in 2003, see Small Arms Survey (2006, pp. 68-73); for those in 2002, see Small Arms Survey (2005, pp. 102-5); and for those in 2001, see Small Arms Survey (2004, pp. 103-6).

** X indicates that a report was issued.

Scoring system

The scoring system for the 2008 Barometer has not changed from the 2007 Barometer and is thus comparable to it. The following scoring system is used to provide accurate, measurable, and consistent thresholds for each category in the Barometer. This year, we further delineate the scoring thresholds below and within the categories.

(a) Timeliness (1.5 points total; score based on national arms export reports data only): A report has been published within the last 24 months (up to 31 December 2007) (0.5 points); information is available in a timely fashion (alternatively: 1 point if within 6 months of the end of the year in question or 0.5 if within a year).

(b) Access (2 points total): Information is: available on the Internet through UN Comtrade or national export reports (1 point); available in a UN language (0.5 points); free of charge (0.5 points).

(c) Clarity (5 points total): The reporting includes source information (1 point); small arms and light weapons distinguishable from other types of weapons (1 point); small arms and light weapons ammunition distinguishable from other types of ammunition (1 point); detailed weapons description included (1 point); reporting includes information on types of end users (military, police, other security forces, civilians, civilian retailers) (1 point).

(d) Comprehensiveness (6.5 points total): The reporting covers: government-sourced as well as industry-sourced transactions (1 point); civilian and military small arms and light weapons (1.5 points); information on re-exports (1 point); information on small arms and light weapons parts (1 point); information on small arms and light weapons ammunition (1 point); summaries of export laws and regulations and international commitments (1 point).

UN Comtrade scoring on Comprehensiveness categories is as follows:

Civilian/military (six sub-categories)

One sub-category (9301, military weapons) is mixed, containing both small arms and larger conventional weapons. It was replaced by four new categories in the newest revision of the UN Comtrade Harmonized System (HS 2002), facilitating differentiation between small arms and light weapons and other weapons. Some countries still use HS 1996; therefore, the calculations on which this table is based include data from HS 2002, HS 1996, and HS 1992 to account for all transfers of military small arms and light weapons reported to UN Comtrade.

HS 1996 data (military weapons, mixed category 9301): score 0.25

Civilian sporting and hunting weapons: score 0.5

Military weapons: score 0.5

Civilian or military weapons and revolvers and pistols (civilian and military mixed category): score 0.75

Mixture of civilian and military categories: score 1

Five or more categories: score 1.5

Ammunition (two sub-categories)

Shotgun cartridges or small arms ammunition: score 0.5

Both categories: score 1

Components (three sub-categories)

One category: score 0.5

Two out of the three, or all categories: score 1

(e) Information on deliveries (4 points total): Data disaggregated by weapons type (value of weapons shipped [1 point], quantity of weapons shipped [1 point]); and by country and weapons type (value of weapons shipped [1 point], quantity of weapons shipped [1 point]). Reporting to non-NATO countries only (0.5 points). Exports to Organization for Security and Co-operation in Europe (OSCE) countries only (0.25 points).

UN Comtrade scoring on Deliveries categories is as follows:

Deliveries (four sub-categories)

Sporting and hunting weapons: score 0.5

Military weapons: score 0.5

Partial data on mixed civilian and military weapons: score 0.75

All categories: score 1

(f) Information on licences granted (4 points total): Data disaggregated by weapons type (value of weapons licensed [1 point], quantity of weapons licensed [1 point]); and by country and weapons type (value of weapons licensed [1 point], quantity of weapons licensed [1 point]). Reporting to non-NATO countries only (0.5 points). Exports to OSCE countries only (0.25 points).

(g) Information on licences refused (2 points total): Data disaggregated by weapons type (value of licence refused [0.5 points], quantity of weapons under refused licence [0.5 points]); and by country and weapons type (value of licence refused [0.5 points], quantity of weapons under refused licence [0.5 points]).

Explanatory notes

Note A: The Barometer is based on each country's most recent arms exports that were publicly available as of 31 December 2007 and/or on 2005 customs data from UN Comtrade.

Note B: Under (d), (e), and (f), no points are granted for total number of shipments or number of licences granted or denied, as such figures give little information about the magnitude of the trade. The data is disaggregated by weapons type if the share of small arms and light weapons in the country's total arms trade is delineated (x per cent of the total value of the arms exports consisted of small arms and light weapons; x number of small arms and light weapons were exported in total). The data is disaggregated both by country and by weapons type if there is information on the types of weapons that are transferred to individual recipient states (x number or x USD worth of small arms was delivered to country y).

Note C: Under (d), (e), and (f), 'weapons type' means broader weapons categories (i.e. 'small arms' as opposed to 'armoured vehicles' or 'air-to-air missiles'), not specific weapons descriptions ('assault rifles' as opposed to 'hunting rifles').

Note D: The fact that the Barometer is based on two sources—customs data (as reported to UN Comtrade) and national arms export reports—works to the advantage of states that publish data in both forms, since what they do not provide in one form of reporting they might provide in the other. Points achieved from each of the two sources are added up. However, points are obviously not counted twice (e.g. if a country provides both customs data and export reports in a UN language, it gets 1 point for this under Access, not more).

Note E: The Barometer does not include country reports to other national, regional, and international mechanisms. However, it should be noted that the following countries report nationally on small arms and light weapons on a monthly or quarterly basis: the Netherlands (monthly), Sweden (monthly), and the United Kingdom (quarterly).

Note F: In some cases, countries do not export all category types of small arms and light weapons and thus only report on those categories relevant to them. In other cases, countries export more category types than they actually report. The Barometer is unable to distinguish between these cases.

Country-specific notes

1 US reports are divided into several documents, which pose complications for scoring in a consistent manner. For the purposes of the Barometer, the US annual report refers to the State Department report pursuant to section 655.

2 Switzerland published additional documentation on existing obligations and regulations in January 2008. This was not included in the current Barometer, as the information does not form part of its 2007 national report for 2006 exports, but is contained elsewhere on its Web site.

3 Germany did not publish detailed information on the quantity and value of small arms exports to NATO and NATO-equivalent countries; rather, it provides this information for exports to 'third countries'. Therefore, Germany received partial points in the licences granted category.

4 The Czech Republic and Serbia provided data in an aggregated format. Points on clarity and deliveries were not awarded for categories in which thresholds on specific details are required for scoring.

5 Spain makes public its report on small arms and light weapons exports to the OSCE as an annex to its arms export report. The report contains information both on licences granted (volumes by country and weapons type) and on actual deliveries (also volumes by country and weapons type). It covers only the OSCE states and, hence, a very limited number of transactions. Spain is therefore granted only part of the points on licences and deliveries. Other states make their OSCE reports public, but separately from the arms export reports. These are therefore not taken into account in the Barometer.

6 Australia, Canada, Portugal, Romania, and South Africa published national arms export reports in 2007 that pertained to the years 2003-05 (Canada); 2005 (Portugal and Romania); and 2002-04 (Australia and South Africa).

7 Austria's 2006 national arms export report does not contain information on its small arms exports (Austria, 2007).

8 Belgium has not published any national arms export report since 2002, because export control was regionalized into Brussels, Flanders, and Wallonia in September 2003. Each of these produces a regional report. The score for Belgium is therefore based on customs data submissions only.

Table 4.3 Small Arms Trade Transparency Barometer 2006, covering major exporters*

	TOTAL (25 max.)	Export report** (year covered)	UN Comtrade**	Timeliness (1.5 max.)	Access (2 max.)	Clarity (5 max.)	Comprehensiveness (6.5 max.)	Deliveries (4 max.)	Licences granted (4 max.)	Licences refused (2 max.)
United States'	21	X (06)	X	1.5	2	4	5.5	4	4	0
Italy	20	X (06)	X	1.5	1.5	5	6.5	3.5	2	0
Switzerland'	19.5	X (06)	X	1.5	2	3.5	4.5	4	4	0
France	18.5	X (06)	X	1	2	4	5.5	4	2	0
Slovakia	18.5	X (06)	X	1	1.5	2.5	5.5	4	4	0
United Kingdom	18.5	X (06)	X	1	2	4	5.5	4	2	0
Finland	17.5	X (06)	X	1.5	2	3.5	5	3.5	2	0
Bosnia and Herzegovina	17	X (06)	X	1.5	2	2.5	3.5	3.5	2	2
Germany'	17	X (06)	X	1	1.5	4	5.5	3	2	0
Norway	17	X (06)	X	1.5	1.5	3.5	6.5	4	0	0
Serbia'	16	X (05-06)	X	1	2	4	5.5	3.5	0	0
Sweden	16	X (06)	X	1.5	2	4	5.5	3	0	0
Netherlands	15	X (06)	X	1	2	2.5	5	3.5	1	0
Spain'	15	X (06)	X	1	2	3	5.5	3	0.5	0
Australia'	14.5	X (02-04)	X	0.5	2	2.5	5.5	4	0	0
Canada'	14.5	X (03-05)	X	0.5	2	2.5	5.5	4	0	0
Czech Republic'	14.25	X (06)	X	1	2	3.25	5.5	2.5	0	0

Austria ⁷	12.5	X (06)	X	1	1.5	2.5	4.5	3	0	0
Croatia	12	-	X	0	1	2.5	4.5	4	0	0
Portugal ⁸	11.25	X (05)	X	0.5	1.5	2.5	3.75	3	0	0
Brazil	11	-	X	0	1	2.5	4	3.5	0	0
Mexico	11	-	X	0	1	2.5	4	3.5	0	0
South Korea	11	-	X	0	1	2.5	3.5	4	0	0
Poland	10.5	-	X	0	1	2.5	3.5	3.5	0	0
Saudi Arabia	10.5	-	X	0	1	2.5	4	3	0	0
Turkey	10.25	-	X	0	1	2.5	3.75	3	0	0
Belgium ⁹	9.5	-	X	0	1	2	3.5	3	0	0
Japan	9.5	-	X	0	1	2	3	3.5	0	0
Thailand	9.25	-	X	0	1	2.5	2.75	3	0	0
Bulgaria	9	X (06)	-	1	1.5	2	1	2	1.5	0
China	9	-	X	0	1	2	3	3	0	0
Pakistan	9	-	X	0	1	2.5	2.5	3	0	0
Israel	8.5	-	X	0	1	2	2.5	3	0	0
Romania ⁸	8.5	X (05)	-	0.5	2	2	0	2	2	0
Russian Fed.	8.5	-	X	0	1	2	1.5	4	0	0
Ukraine	8.5	X (06)	-	1	1.5	3	1	2	0	0
Singapore	7	-	X	0	1	1.5	1.5	3	0	0
South Africa ⁸	4.5	X (03-04)	-	0.5	2	1	1	0	0	0
Iran	0	-	-	0	0	0	0	0	0	0
North Korea	0	-	-	0	0	0	0	0	0	0