

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.
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Deadly Deception

ARMS TRANSFER DIVERSION

4

INTRODUCTION

On 17 March 1999 a Ukrainian-registered Ilyushin-76 cargo aircraft was nearing the end of its transcontinental flight from Amman, Jordan, to Iquitos, Peru, when something very unusual happened. As the lumbering aircraft passed over southern Colombia, it disgorged several parachute-rigged pallets, which floated down into the rebel-infested jungles below. On the pallets were hundreds of surplus assault rifles ostensibly destined for the Peruvian military, but diverted by high-ranking Peruvian officials to the Revolutionary Armed Forces of Colombia (FARC), a 40-year-old insurgent group known for its involvement in drug trafficking and kidnapping. Over the next five months, the Ilyushin would make three more trips over Colombia, delivering a total of 10,000 AKM rifles to the FARC before the Jordanian government learned of the diversion from Colombian officials and impounded the rest of the weapons. Had the Colombian military failed to uncover the scheme, the FARC might have received the other 40,000 rifles—an arsenal 'comparable . . . to what a regular army might have', observed Peruvian president Alberto Fujimori, who was subsequently forced into exile after news of his regime's involvement in the diversion scheme became public (LAWR, 2000).

Few crimes capture the imagination more than the massive small arms diversions arranged by the so-called 'Merchants of Death' (Farah, 2007; Farah and Braun, 2006). These shipments, the largest of which are organized by a complex and ever-shifting web of brokers, financiers, and shipping companies scattered across the globe, stock the arsenals of terrorists and abusive governments; prolong civil war; and, when they are exposed, embroil governments in scandal. This chapter explores the phenomenon of small arms diversion in all its forms, from crates of assault rifles flown to remote jungle locations by lumbering Soviet-era cargo planes to the online sale of knock-off AR-15s illicitly assembled from legally acquired component parts.

Arms transfer diversions merit special attention because they are responsible for some of the largest illicit small arms transfers in recent years and because responsible governments are often better positioned to prevent diversions than strictly black market transfers—where opportunities for government intervention are fewer—and intentional illicit transfers organized by irresponsible governments, which are often difficult to deter, especially when the exporting government views the transfers as critical to its national security.

The objectives of this chapter are twofold: to shed light on diversions as a subset of illicit arms transfers and to identify and evaluate the tools and strategies adopted by states to detect, deter, and prevent diversions. The chapter begins by defining diversion and providing a brief overview of the sources, major players and their tactics, modes of transport, and the consequences of major diversions. Four key risk factors—the stage of the transfer, the type of transfer, the level of government involvement in the diversion scheme, and the transfer controls of the exporting state—are then explored in the context of actual cases. The chapter then assesses the various control measures pursued by governments at each stage of the transfer chain and concludes with an evaluation of the costs and benefits of key measures.

Major findings of this chapter include the following:

- Diversions occur throughout the transfer chain, from the time that the arms are loaded onto boats and planes for delivery to years after the authorized end user takes custody of them.
- The risk of diversion is not limited to major arms-exporting states. States that do not produce or export small arms are also targeted.
- Covert arms transfers to non-state groups are particularly vulnerable to diversion.
- Most diversions can be prevented with the right combination of transfer controls and, in some cases, with no more than a few telephone calls.
- The top exporters of small arms and light weapons (those with an annual export value of at least USD 100 million) according to available data and estimates for 2005—the latest year for which customs data is available for analysis—were the United States, Italy, Germany, Belgium, Austria, Brazil, the Russian Federation, and China.[1] The top importers of small arms and light weapons (those with an annual import value of at least USD 100 million)[2] for 2005 were the United States, Saudi Arabia, Canada, France,[3] and Germany. See the top and major exporter and importer tables online in the Annexe to this chapter.[4]
- The 2008 Small Arms Transparency Barometer reviews the reports of 40 'major' small arms exporters (i.e. a country believed to have exported USD 10 million or more of such material for at least one year during the period 2001–05). The 2008 Barometer, assessing the period 2005–06, shows that the most transparent major small arms exporters are the United States, Italy, Slovakia, the United Kingdom, and France. The least transparent are Iran and North Korea, both scoring zero on the Barometer.

DEFINING DIVERSION

For the purposes of this chapter, arms transfer diversions are defined as *the transfer of controlled items authorized for export to one end user, but delivered to an unauthorized end user or used by the authorized end user in unauthorized ways*. The operative word in this definition is *unauthorized*—which separates diversions from (unauthorized) black market transfers. Note that the definition used here encompasses the concept of use as well as possession—specifically where a recipient uses transferred weapons in violation of commitments it made prior to export.[5]

Most diversions can be prevented with the right combination of transfer controls.

At first glance, the need for this distinction may not be apparent. Diversions have much in common with other illicit transfers: they often result in the delivery of large quantities of small arms to terrorists, criminals, insurgents, and embargoed countries; exploit the same modes of transport and employ the same deceptive practices; and are widely condemned by the international community. However, diversions differ significantly from other illicit arms transfers in at least one crucial area—control strategies. Preventing diversion requires a very different set of strategies and tools from other forms of illicit transfer, such as authorized but covert state-sponsored arms transfers to terrorists and insurgents. Strategies for preventing diversion include rigorous pre-shipment licence reviews, in-transit monitoring of exported shipments, and post-delivery end-use monitoring, none of which are particularly relevant to covert transfers purposefully arranged by the exporting government.

Excluded under this definition are domestic diversions (i.e. those not involving *international* transfer), and illicit transfers of domestically acquired weapons that were never authorized for export by relevant government authorities.

The *unauthorized* retransfer of imported weapons would qualify as diversion—but not in cases where the original exporter imposes no restrictions in relation to re-export.

DIVERSION: AN OVERVIEW

A survey of UN arms monitoring reports and other credible sources reveals that diversion takes many forms and occurs at different points in the transfer chain. Individual diversions range in size and content from hundred-ton shipments of military-grade small arms and light weapons to small packages of component parts for civilian firearms. The sources of diverted weapons are also diverse. While the massive surplus stocks of cold war-era weaponry in Eastern Europe have been targeted repeatedly in recent years, investigators have also documented major diversions from military and civilian stocks in Africa, Asia, the western hemisphere, and the Middle East. Even countries with little or no indigenous small arms production capacity occasionally fall victim to diversion schemes, as illustrated by the diversion of 1,000 recently imported Slovakian sub-machine guns from Uganda to Liberia in November 2000 (see Box 4.1).

Diversion occurs at most points in the transfer chain. In recent years, investigators have documented the diversion of large arms shipments: in the origin country (point of embarkation); en route to the ostensible end user (in transit); at the time of or shortly after delivery to the intended recipient (point of delivery); and some time after importation (post-delivery). Table 4.1 includes examples of each type of diversion. It is important to note that most diversions are conceived and executed across several stages of the transfer chain. Diversions that occur while the shipment is in transit, for example, are often set up well before the ship or aircraft carrying the weapons leaves the port or airport. Similarly, plots to retransfer illicitly arms received by legitimate end users are often hatched well before the first consignment of weapons is received by the original recipient. Thus, the cases in Table 4.1 are categorized according to the pivotal moment of the diversion (i.e. the moment at which physical control or custody of the shipment shifts from the exporter or authorized end user to an unauthorized third party).

The modes of transport and routing used in documented cases of diversion vary depending on the destination, the size of the shipment, and the point in the transfer chain at which the diversion occurs. The majority of in-transit and point-of-delivery diversions are transported by air or sea. Soviet-era military transport and passenger planes (e.g. Ilyushin-18s and -76s and Antonov 124s) have featured prominently in recent cases, although non-Warsaw Pact aircraft have been used as well. According to the South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC), the types of



An Ilyushin-76 cargo aircraft like this one dropped 10,000 AKM rifles to the FARC in Colombia in 1999. © Reuters



The Panamanian ship Otterloo, which was used in the November 2001 diversion of Nicaraguan assault rifles to Colombia, is seen on the north mouth of the Panama Canal in May 2002. © Tomas Munita/AP Photo

ships used in illicit transfers vary, but most are so-called 'tramp vessels'—ships with no fixed schedules or ports of call (Griffiths and Wilkinson, 2007, p. 13). Once the aircraft or ship arrives in the destination country, the weapons are often divided into smaller bundles and transported by aircraft, boat, or truck to the final recipient.

Aircraft and ships used in major diversions are often registered under flags of convenience and owned by offshore shell companies that frequently change their names and shift their locations and assets from country to country. A good example is the *Otterloo,* which was used in the November 2001 diversion of Nicaraguan assault rifles to Colombia (see Table 4.1). The *Otterloo* was the sole ship registered to Trafalgar Maritime, Inc., a front company established in Panama in July 2001, just a few months prior to the diversion. After delivering the rifles to Colombia, the *Otterloo* sailed to Panama and five months later was sold by Trafalgar, which was dissolved at around the same time (OAS, 2003).

The routing of diverted arms shipments depends upon the mode of transport, the destination, and the complexity of the diversion scheme. Some planes and ships travel directly from the source to the recipient, while other schemes involve circuitous routing that covers several continents. An example of the latter is an elaborate November 2000 diversion that resulted in the delivery of 1,000 sub-machine guns from Uganda to Liberia. The Ilyushin-18 that transported the weapons began its roundabout journey in Moldova on 4 November. From there, it flew to the United Arab Emirates (UAE) and then on to Entebbe, Uganda, where the guns were loaded onto the aircraft. It was then flown to Monrovia, arriving on 22 November—a 19-day, 7,000-mile trip to deliver weapons from a source country 3,000 miles away (see Box 4.1).

Box 4.1 **Pecos, Liberia, and Uganda's sub-machine guns**

In 2000, the Ugandan military imported a large consignment of sub-machine guns[6] from Slovakia through an Egyptian arms broker named Sharif al-Masri. When the weapons arrived, the military discovered that they did not meet specifications in the contract and requested that al-Masri return them to the manufacturer. Instead of arranging for the guns to be shipped back to Slovakia, however, the broker sold them to Pecos, a Guinean brokering company later linked to a series of illicit arms transfers to Liberia. Pecos then diverted the sub-machine guns to Liberia through an elaborate 'bait-and-switch' scheme that spanned three continents (UNSC, 2001).

The events that converged in the sanctions-busting delivery of 1,000 sub-machine guns to Liberia developed along two parallel tracks, one originating in Moldova and the other in Liberia (see Map 4.2). In Moldova, Vichi Air Company, a private agent of the Moldovan government, sought and received permission to charter an Il-18 airliner to another Moldovan company, MoldTransavia, which claimed that the aircraft was needed as a substitute for a damaged Tupolev-154 originally scheduled to fly passengers from the UAE to Moldova. The Il-18 departed from Moldova on 4 November. When it arrived in the UAE, however, its crew were informed that the Tu-154 had been repaired and had already flown back to Moldova with its passengers. Representatives of Vichi claim that the crew were then approached by a representative of Centrafrican Airlines, Serguei Denissenko, who offered them a new contract to fly cargo (identified as 'Technical Equipment') to Uganda and then on to Liberia. According to UN investigators, the contract was signed on 9 November, and the Il-18 departed for Uganda shortly afterwards (UNSC, 2001).[7]

Map 4.1 **One thousand sub-machine guns to Liberia**



The Liberian end of the diversion scheme appears to have been coordinated by Sanjivan Ruprah, an arms dealer with close connections to the Liberian government. On 8 November—the day before Centrafrican Airlines chartered the Ilyushin from Vichi—Ruprah signed another charter contract for the Ilyushin with Centrafrican. According to UN investigators, the charter contract listed a cargo of 14.5 tons, 'the exact weight if the plane had flown the full amount of rifles to Liberia' in two separate flights, and the same routing specified in the contract with Vichi. Ominously, the contract also referred to 'the performance of several air transportations', an apparent reference to additional arms transfers (UNSC, 2001).

Shortly after the Ilyushin arrived in Entebbe, it was loaded with 'seven tons of sealed boxes' containing 1,000 of the 2,250 sub-machine guns that the Ugandan government believed were being returned to the manufacturer in Slovakia. Instead, the plane headed west, arriving in Monrovia on 22 November. Three days later the crew returned to Uganda for the rest of the guns, only to be informed that the flight had been cancelled. Sometime during the Ilyushin's three-day trip to Liberia, the Ugandan government had learned of Masri's unauthorized side deal with Pecos. Upon further investigation, Ugandan authorities also discovered discrepancies between the purported destination (Guinea) and the flight plan, which suggested the plane was bound for Liberia. The Ugandans subsequently impounded the plane, interrupting the diversion scheme and denying Charles Taylor's embargoed regime an additional 1,250 sub-machine guns (UNSC, 2001).

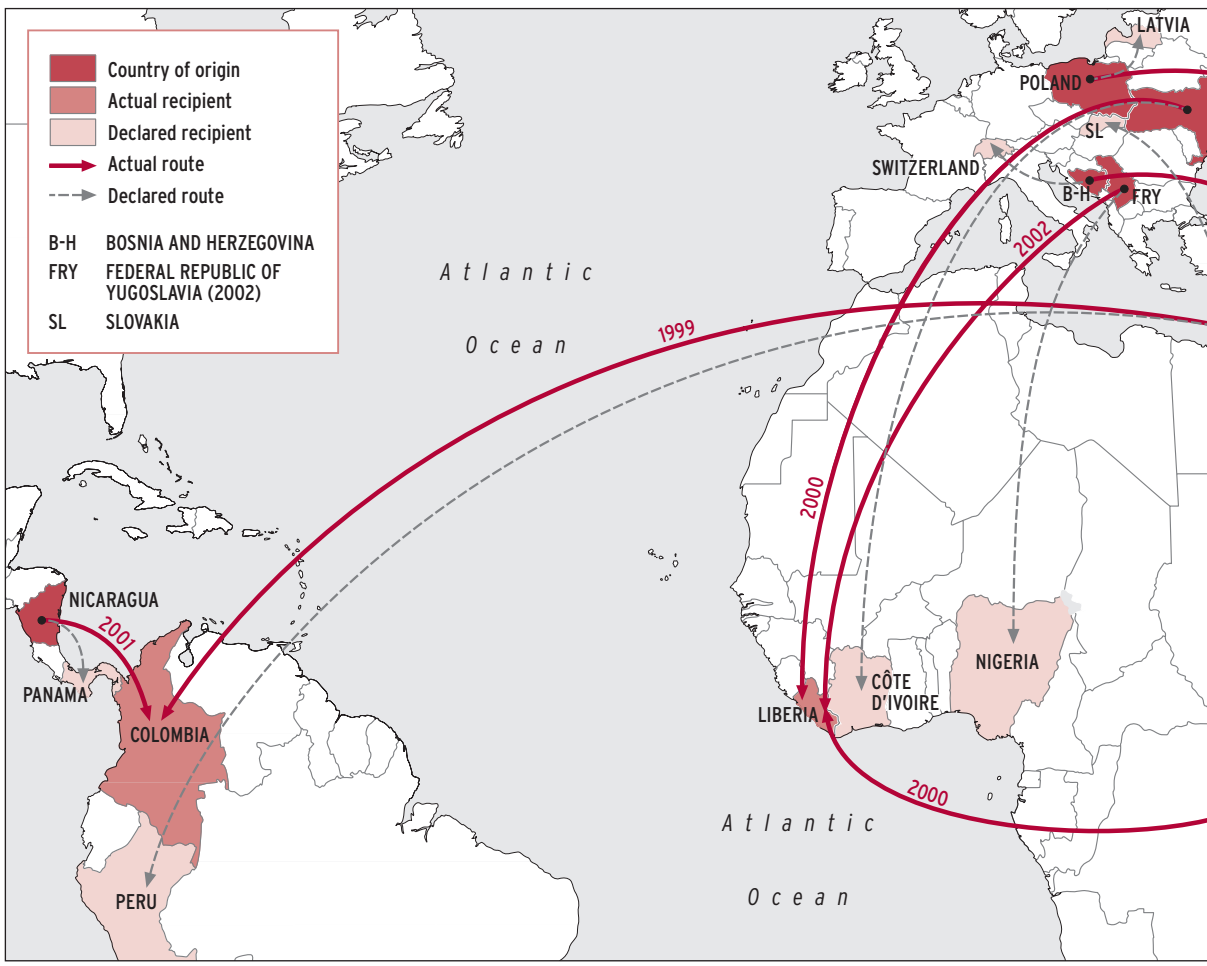
Consistent with the other cases profiled in this chapter, the diversion featured a host of witting and unwitting accomplices; forged and fraudulent documentation; and extensive involvement by Viktor Bout's loose, global confederation of brokering and air transport companies. Centrafrican Airlines was reportedly owned by Bout and was run by one of Bout's protégés. MoldTransavia was managed by Pavel Popov, a former employee of Bout's 'flagship entity', Air Cess (USDoS, 2005; UNSC, 2001). Another company, West Africa Air Services, was set up specifically for smuggling operations and was represented by Sanjivan Ruprah, 'a close business associate of Bout', according to UN investigators (UNSC, 2001). UN investigators have found evidence implicating all three of these companies in other illicit arms deals.

This case also highlights the challenge for exporting states of preventing diversion after importation. Even rigorous post-delivery end-use controls, such as regular physical inventories and on-site inspections, would not have prevented this diversion. Similarly, retransfer notification requirements would have made little difference, since the Ugandan government believed it was simply returning the weapons to the Slovakian manufacturer. Instead, responsibility for preventing the diversion rested primarily with the Ugandan government, its broker Sharif al-Masri, the crew of the Ilyushin, and possibly Vichi Air Company, over which the Slovakian government had little control.

Document abuse is another hallmark of diversion, particularly those instances that occur in transit or at the point of delivery. As explained in Chapter 5 (END-USER CERTIFICATION), these documents—end-user certificates, bills of lading, flight plans, etc.—are used to create a facade of legitimacy, obscure or misrepresent key details about the shipment or the parties involved, and corroborate crucial details of the diversion scheme. They range from authentic documents issued specifically for the diversion and signed by the appropriate (but often corrupt) government officials to poor-quality forgeries created by the traffickers themselves. Some complex diversion schemes involve complete parallel sets of documentation. In one such case, brokers compiled one set of documents—manifests, bills of lading, and two Nigerian end-use certificates—aimed at convincing Yugoslav officials that a 200-ton consignment of surplus small arms and ammunition was bound for Nigeria, and a second set—compiled for the transport agent—that correctly identified Liberia as the final destination of the six shipments arranged to transport the weapons, but falsely indicated that the cargo was 'mine drilling equipment' (UNSC, 2002, pp. 18–22).

Also uniting many of these cases are the profound military and security implications of the diverted weapons. Some schemes deliver consignments of weapons to armed groups and rogue regimes that are comparable with or

Map 4.2 **Selected transfer diversion routes**



even larger in size than some government arsenals. The 5,000 assault rifles diverted to Liberia as a result of a single diversion scheme in 2002 exceed recent peak procurement rates of rifles for many militaries in small countries, including the neighbouring government of Sierra Leone, which fought a brutal civil war against rebels armed with weapons from Liberia (Small Arms Survey, 2006, p. 29). Some diversions also augment significantly the quantity and sophistication of weapons on the black market that are suitable for use in terrorist attacks. A good example is the diversion of US Stinger missiles from Afghanistan in the late 1980s and early 1990s. Of the estimated 2,500 Stingers distributed to Afghan rebels from 1986 to 1988, 600 missiles remained unaccounted for as of 1996—the rough equivalent of about 10 per cent of *all* man-portable air defence systems (MANPADS) estimated to be outside of government control in 2004 (Coll, 2004, p. 11; USGAO, 2004, p. 10).

Table 4.1 contains a list of major cases of diversion that illustrate the diversity of sources, weapons, points in the transfer chain when diversion occurs, and recipients. This list is not exhaustive and does not necessarily reflect the most common source countries, recipients, or types of diversion. The cases were selected based on their illustrative value; they are not a proportional representation of all diversions. Map 4.1 illustrates selected diversion routes.

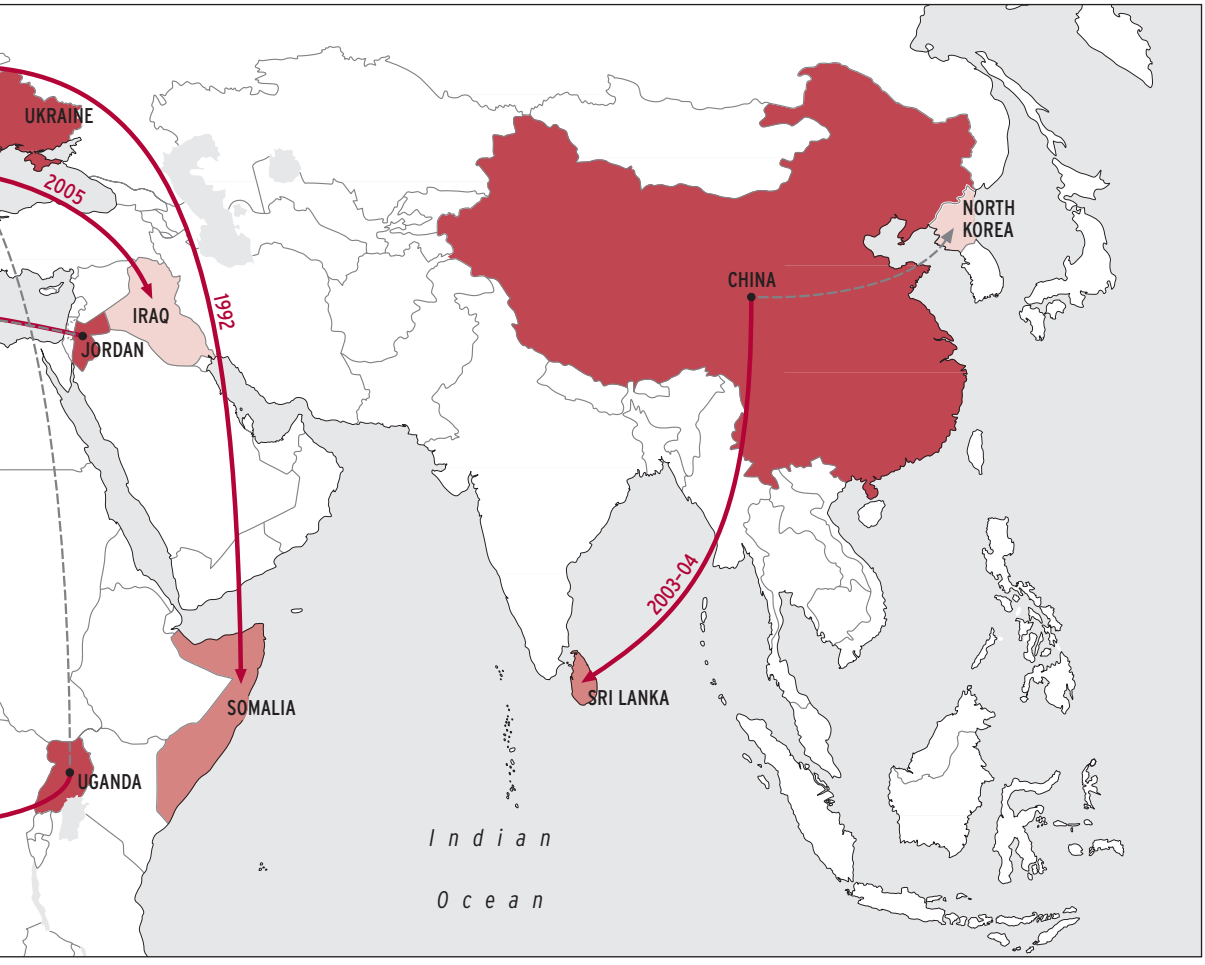


Table 4.1 **Significant diversion cases, 1987–2007**

Origin	Authorized recipient	Unauthorized recipient	Commodities	Type of diversion	Date
United States	**Afghan rebels**	**Various governments and non-state groups**	**Surface-to-air missiles**	**Post-delivery**	**1987 onward**
From 1986 to 1988 the US government sent hundreds of Stinger MANPADS to rebels in Soviet-occupied Afghanistan. The missiles proved extremely effective against Soviet and Afghan government aircraft, bringing down nearly 270 helicopters and aircraft in just two years. Even before the Soviets left Afghanistan in 1988, however, the missiles started disappearing. Despite the best efforts of the Central Intelligence Agency (CIA), dozens, possibly hundreds, of the missiles were diverted to hostile states, terrorists, and other unauthorized end users.[1] As of 1996, independent observers reported that approximately 600 of the estimated 2,000–2,500 missiles distributed to the Afghan rebels were still missing.[2] Sources: Coll (2004); Schroeder et al. (2006); Hunter (2001); Kuperman (1999)					
Poland	**Government of Latvia**	**Somalia**	**Rifles, pistols, sub-machine guns, rocket-propelled grenades, mortars, and ammunition**	**Point of delivery**	**1992**
According to UN investigators, in 1992 international arms broker Monzer al-Kassar and two co-conspirators arranged for the illicit retransfer of thousands of Polish weapons and millions of rounds of ammunition from Latvia to Somalia. One of the alleged conspirators was the chief of procurement for the Latvian armed forces, who signed documents falsely identifying the Latvian military as the final end user of the shipment in exchange for 300 AK-47 rifles and 250,000 rounds of ammunition. The weapons were shipped to Latvia on the MV *Nadia,* which departed from Poland on 10 June. When the ship arrived in Latvia, the procurement chief's share of the AK-47 rifles and ammunition was unloaded, and the rest of the weapons were forwarded to the coast of Somalia, where they were incrementally off-loaded onto a fishing vessel for onward delivery to Adale, Somalia. Sources: UNSC (2003); Baltic News Service (2002)					
Jordan	**Peru**	**Colombian rebels**	**Assault rifles**	**In transit**	**1999**
In 1999, 10,000 AKM assault rifles—part of a consignment of 50,000 surplus rifles approved for export to Peru—were diverted in transit to Colombian insurgents by high-ranking Peruvian officials, including the former head of the National Intelligence Service, Vladimiro Montesinos. The rifles were air-dropped over Colombia during four flights from March to August 1999 in a Ukrainian-registered Ilyushin-76 allegedly linked to Viktor Bout. The Colombian military seized some of the rifles shortly after the first delivery and were able to trace them back to Jordan. Upon learning of the diversion, Jordan cancelled the deal, thereby preventing the diversion of an additional 40,000 rifles. Sources: Austin (2001); Farah (2007); Abdallah (2000); NYT (2000); Rempel and Rotella (2000)					
United States	**Western Europe[3]**	**Various countries**	**Components for semi-automatic rifles**	**Post-delivery**	**1999–2007**
In 2007 a series of suspicious licence applications for US firearms components submitted by a European company prompted the US State Department to launch an investigation into suspected end-use and retransfer violations. Using publicly accessible online resources and information collected during interviews of the company's employees conducted by US embassy personnel, investigators uncovered an extensive operation involving the illicit manufacture of dozens, possibly hundreds, of imposter AR-15 and M4 semi-automatic assault rifles that were illegally sold over the Internet to buyers in at least six countries on two continents (see Box 4.3). Source: Interviews with US government officials, 2007					

Uganda	Slovakia	Liberia	1,000 sub-machine guns	Post-delivery	2000
In 2000 the Ugandan military received a large shipment of Slovakian sub-machine guns that did not meet contractual specifications and requested that the Egyptian arms broker return the weapons to the manufacturer. Instead of arranging for the guns to be shipped back to Slovakia, however, the broker sold them to Pecos, a Guinean brokering company linked by UN investigators to a series of illicit arms transfers to Liberia. Pecos then diverted 1,000 of the guns to Liberia through an elaborate 'bait-and-switch' scheme that spanned three continents. An additional 1,250 guns were impounded after the Ugandan government learned of the arms broker's unauthorized side deal with Pecos (see Box 4.1). Source: UNSC (2001)					
Ukraine	**Côte d'Ivoire**	**Liberia**	**Ammunition**	**Point of delivery**	**2000**
In July 2000 five million rounds of 7.62 mm ammunition were legally transferred from Ukraine to Côte d'Ivoire and then illicitly re-exported to Liberia in violation of a UN arms embargo. UN reports indicate that the diversion was jointly devised and implemented by the government of Côte d'Ivoire, Liberia's ambassador-at-large, arms trafficker Leonid Minin, and an associate of Viktor Bout. In exchange for Abidjan's role in the diversion, the Ivorian military were allotted an unspecified percentage of the ammunition. The rest was divided into bundles and flown–in eight separate flights–to Monrovia, where it was delivered to the embargoed regime of then Liberian president Charles Taylor. Source: UNSC (2001)					
Nicaragua	**Panama**	**Colombian paramilitaries**	**Assault rifles and ammunition**	**In transit**	**2001**
Often referred to as the '*Otterloo* incident' after the ship used to deliver the weapons, this in-transit diversion was organized by two Panamanian-based arms brokers, one of whom claimed to be acting on behalf of the Panamanian National Police. In 2000 the Nicaraguan government authorized the sale of 3,000 surplus AK series assault rifles and 2.5 million rounds of ammunition to the Panamanian National Police after receiving a falsified end-user certificate from one of the brokers. Instead of shipping the rifles to Panama, however, the captain of the *Otterloo* sailed to Turbo, Colombia, where the weapons were delivered to the United Self-Defence Forces of Colombia (AUC), an illegal paramilitary group implicated in numerous human rights abuses. Source: OAS (2003)					
Federal Republic of Yugoslavia	**Nigeria**	**Liberia**	**Rifles, pistols, machine guns, grenades, missile launchers, mines, and ammunition**	**In transit**	**2002**
From May through August 2002 two hundred tons of old Yugoslav small arms, light weapons, and ammunition were ferried from Belgrade to Monrovia in six separate flights. Yugoslav authorities had approved the transfer based on documents that identified the Nigerian Ministry of Defence as the end user. The Nigerian government later confirmed to UN investigators that the documentation–airport stamps, end-use certificates, and cargo manifests–were forgeries. The scheme was devised and implemented by brokers, freight forwarders, and other parties operating out of at least three different countries. Source: UNSC (2002)					
China	**North Korea[4]**	**Sri Lanka**	**Rifles, ammunition, and other weapons**	**Point of embarkation**	**2003–04**
According to media reports, middlemen acting on behalf of Sri Lankan rebels used North Korean documentation to divert two large consignments of Chinese assault rifles, rockets, light artillery, and ammunition to the Liberation Tigers of Tamil Eelam, a violent Sri Lankan secessionist group designated as a terrorist organization by the European Union (EU) and the United States (US Treasury, 2007). The weapons were loaded onto cargo ships in China and taken to the coast of either Thailand or Indonesia, where they were off-loaded onto smaller vessels and transported to rebel-held territory in Sri Lanka. A third shipment scheduled for spring 2007 was reportedly scuttled by Chinese officials after the president of Sri Lanka brought the scheme to their attention. The Chinese government is currently investigating the alleged transfers. Source: AP (2007b)					

Bosnia and Herzegovina	**Switzerland**	**Iraq**	**Assault rifles and ammunition**	**Unclear**	**2005**
In 2005 a Swiss import certificate was used in the apparent diversion of 9,400 AK series assault rifles and more than 24 million rounds of ammunition. According to SEESAC investigators, a broker supposedly operating out of Croatia used the import certificate and other Swiss documents to acquire a Bosnian export licence that was, in turn, used to procure the weaponry, which was ostensibly destined for Switzerland. However, cargo manifests and transport requests identify the Iraqi Ministry of the Interior as the final recipient. The Swiss and Belgian governments have launched investigations into this incident, including whether the weapons were delivered to Iraq. Source: Griffiths and Wilkinson (2007, pp. 91–92)					
Bulgaria and Romania	**Nicaragua**	**Colombia**	**Rifles, machine guns, pistols, grenades, and surface-to-air missiles**	**In transit[5]**	**2007**
In early 2006 the United States initiated an undercover operation against alleged arms trafficker Monzer al-Kassar. The operation involved a fictitious plot to divert thousands of AKM assault rifles, RPK machine guns, Dragunov sniper rifles, Makarov pistols, rocket-propelled grenade launchers and rounds, RGO-78 hand grenades, and Strela-2M MANPADS to Colombian rebels. Al-Kassar and his alleged accomplices told US government sources posing as representatives of the rebels that the weapons would be acquired from sources in Bulgaria and Romania with the help of authentic Nicaraguan end-user certificates furnished by that government for the operation. The weapons were to be delivered to Colombia on a ship, a schematic of which was provided to the Drug Enforcement Administration sources by the boat's captain, who is identified as a co-conspirator. Al-Kassar and two of his alleged co-conspirators were arrested in June 2007. Sources: US District Court (2007); USDoJ (2007)					

Notes:

[1] Information on the covert aid programme through which the Stinger missiles were delivered is classified, but public sources suggest that the missiles were acquired (or retained) illicitly by the governments of Qatar, Iran, and possibly China and North Korea, as well as Chechen separatists, the Liberation Tigers of Tamil Eelam, the Taliban, and al Qaeda (Hunter, 2001; Schroeder et al., 2006, pp. 88–89).

[2] The CIA has not revealed the number of missiles shipped to Afghanistan, but estimates range from 800 to 2,500 (Kuperman, 1999; Coll, 2004).

[3] The State Department has not released the names of the suspects or identified the country in which they operated.

[4] It is not clear from the source if the 'North Korean documents' used in the diversion were North Korean import documents or forged documents indicating a different destination country that were produced by or obtained through North Korean sources (AP, 2007b).

[5] Transfer of the fictitious weapons was supposed to take place in transit. While the diversion plot was fictitious, and no actual weapons were transferred, the traffickers' apparent access to weapons, transport, and possibly end-user certificates suggests that, despite greater government and public awareness of the threat posed by diversions, traffickers still have access to the weapons.

DIVERSION: MAJOR RISK FACTORS

While limitations on existing data sources preclude a comprehensive and definitive assessment of the variables that determine the relative vulnerability of a given arms transfer to diversion, a survey of UN, media, and NGO reports reveals four key variables, or risk factors, that appear to be particularly important: the stage of the transfer, the presence (and degree) of government involvement in the diversion scheme, the type of transfer, and the rigour of relevant national transfer controls.[8] Below is a brief assessment of each.

Stage of the arms transfer

As the cases in Table 4.1 illustrate, the arms transfer chain is only as strong as its weakest link, and major diversions occur at all points of the chain (i.e. the point of embarkation, in transit, the point of delivery, and post-delivery). For example, the shipment of 3,000 AK series assault rifles diverted to Colombian paramilitary forces en route to the

Panamanian National Police in 2001 was roughly comparable in size and significance to the five million rounds of Ukrainian 7.62 mm ammunition diverted to Liberia shortly after arriving in Côte d'Ivoire in 2000 and the 1,000 Slovakian sub-machine guns illicitly retransferred from Uganda in the same year (OAS, 2003; UNSC, 2001). All of these cases resulted in the acquisition of significant quantities of deadly small arms and ammunition by embargoed governments and groups accused of human rights abuses and other atrocities.

What does vary from link to link is the ability of exporters to combat diversion effectively. Exporting states have more tools at their disposal for detecting, preventing, and deterring diversions that occur at the point of embarkation and in transit than at the point of delivery and post-delivery. As explained in the next section, even relatively sophisticated in-transit diversions can be prevented or deterred through, *inter alia,* rigorous pre-licence checks, physical accompaniment of the weapons delivery, remote monitoring, and delivery verification procedures—control measures that are largely ineffective against diversions that occur after the shipment is delivered to the ostensible end user.

A good example of a sophisticated in-transit diversion that may have been prevented by such control measures is the delivery of Jordanian assault rifles to Colombian rebels organized by Vladimiro Montesinos (see Table 4.1). Compared to many other diversions, there were few problem indicators that would have been apparent to Jordanian officials during pre-licence reviews of the proposed transfer. Montesinos' men—some of whom were former members of the Peruvian military—furnished documentation confirming that the Peruvian armed forces were the end users, and the involvement of the former spy chief, who was a close adviser to Peruvian president Alberto Fujimori, would have buttressed the claim. Furthermore, the request for 50,000 AK series assault rifles was not inconsistent with Peru's ad hoc procurement of Warsaw Pact weaponry and was not necessarily excessive for a 115,000-member military (IISS, 1999). Furthermore, before finalizing the sale, Jordanian officials consulted a local US intelligence agent, who reportedly endorsed the transfer (NYT, 2000).

In some cases, government involvement salvages schemes that otherwise would have failed.

Nonetheless, the Jordanian government could have thwarted (or at least delayed) the diversion by simply sending a government representative to accompany the shipment until it was officially received and signed for by an official representative of the intended recipient, the Peruvian military. This extra step would have been warranted, given the nature and quantity of the weapons being sold, Peru's proximity to Colombia's civil war, and the attendant black market demand for military small arms, as well as the criminal history of the broker who arranged the sale. It would have cost the Jordanian government little more than the price of a return airline ticket between Jordan and Peru—a small fraction of the USD 5 million that Jordan reportedly charged for the rifles (Rempel and Rotella, 2000).

In contrast, point-of-delivery and post-delivery diversion can be significantly more difficult to prevent, as illustrated by the scheme that resulted in the diversion of five million rounds of Ukrainian ammunition from Côte d'Ivoire to Liberia in 2000. Like the Montesinos case, high-level government involvement created a facade of legitimacy and ensured that the documentation provided as part of the transfer was authentic and complete.[9] Unlike the Montesinos case, however, in-transit control measures were of little use. Apparently aware of the diversion risk associated with the transfer, the Ukrainian government sent a representative to accompany the ammunition during the trip to Abidjan, Côte d'Ivoire. Shortly after taking custody of the ammunition, however, the Ivorian military simply loaded it onto a Liberian-registered Ilyushin-18 plane, which promptly returned to Monrovia (UNSC, 2001, pp. 47–49).

The most effective way to detect and deter point-of-delivery and post-delivery diversion is through on-site physical inspections, which require a consular presence in recipient states or frequent travel abroad by inspectors from the exporting country and a willingness on the part of recipient governments to cooperate with the inspections.

However, many governments lack the network of embassies and the budgets to conduct this type of monitoring routinely or else avoid it for fear of offending importing governments. Exporting states can reduce the risk of point-of-delivery and post-delivery diversion through the adoption of strong arms transfer eligibility criteria,[10] careful pre-licence screening of individual requests, and retransfer notification requirements, but these measures are often inadequate substitutes for on-site inspections.

Government involvement

Another key factor is the involvement of high-level officials from the (ostensible) recipient government in the diversion (STOCKPILE DIVERSION). High-level or well-placed government officials support diversion schemes by furnishing authentic documentation, taking custody of the shipment at the port of debarkation, and arranging for delivery of the weapons to the actual (unauthorized) end user—key components of the diversions that would be difficult or, in some cases, impossible for private arms traffickers to arrange on their own. Montesinos' men not only provided authentic end-user certificates, letters of credit, and other documents identifying the Peruvian government as the end user, but also arranged—through a Russian military attaché in Lima—for the use of the specially modified Ilyushin-76 cargo aircraft that air-dropped the weapons over Colombia (Rempel and Rotella, 2000).[11] Similarly, the Ivorian government played an integral role in the November 2000 diversion of ammunition to Liberia, providing the necessary cover story, documentation, and staging ground for the diversion (UNSC, 2001).

In some cases, government involvement salvages schemes that otherwise would have failed, such as the 1992 diversion of hundreds of Polish small arms and millions of rounds of ammunition to Somalia (see Table 4.1). According to UN investigators, arms broker Monzer al-Kassar's first attempt to acquire the weapons ended in failure after Polish officials rejected the blatantly fraudulent documentation submitted as part of the scheme. In response, al-Kassar and his accomplice recruited the chief of procurement for the Latvian armed forces, which was scheduled to receive a large donation of small arms and ammunition from the government of Poland, to assist with the diversion. UN investigators claim that, in exchange for a percentage of the weapons, the procurement chief signed an export contract that the brokers used to secure the release of the shipment from a Polish port. When the ship carrying the weapons arrived in Latvia, the official then cleared the shipment for onward delivery to 'Yemen', i.e. Somalia (UNSC, 2003; Baltic News Service, 2002).

Diversion schemes in which officials from the ostensible recipient governments are not involved are often much easier to foil. A good example is the November 2001 diversion of Nicaraguan assault rifles to Colombia, which apparently was orchestrated without the knowledge of the authorized end user, the Panamanian National Police. Had the Nicaraguan government conducted even basic pre-licence checks, it probably would have uncovered the scheme in time to prevent the diversion. In the words of Organization of American States (OAS) investigators, '[o]ne telephone call could have prevented the entire arms diversion' (OAS, 2003).

Type of arms transfer

While all types of arms transfers are potentially vulnerable to diversion, some are clearly more vulnerable than others. At one end of the spectrum are government-to-government arms sales carried out through established, transparent, and rigorously controlled export programmes. Thousands of these transfers take place each year without incident. At the other end of the spectrum are arms transfers arranged through ad hoc or clandestine programmes that are exempt from the rules and regulations that apply to arms transferred through conventional programmes. These transfers are often extremely vulnerable to diversion, as illustrated by the disappearance of Stinger missiles provided

to rebels in Soviet-occupied Afghanistan in the 1980s and, more recently, by the reported diversion of small arms provided to the Iraqi Ministry of the Interior via the US train-and-equip programme (see Table 4.1 and Box 4.2).

The diversion of the mujahideen's Stingers underscores the extreme difficulty of retaining control over weapons covertly transferred to non-state actors. Covert military aid programmes are often run by agencies and through programmes that lack the oversight and accountability afforded to routine arms transfers, increasing the likelihood of ill-conceived or mismanaged arms transfers. Not only were US export controls not applicable to weapons distributed by the CIA, but few members of Congress had access to detailed information about the covert arms programme through which the Stingers were distributed, and those who did were strictly forbidden from sharing that information with the public. To this day, the CIA has refused to divulge even basic details about the programme, including the number of missiles originally distributed and still unaccounted for.

In many cases, the nature of guerrilla warfare also precludes the application of the physical security, stockpile management, and end-use monitoring requirements imposed on arms exports to conventional end users.[12] The

Box 4.2 US-funded weapons in Iraq

The *Small Arms Survey 2007* called attention to reports of serious deficiencies in the stockpile security and accounting procedures for small arms and light weapons distributed as part of the US-funded train-and-equip programme for Iraqi security forces. The reports, which were compiled by the Special Inspector General for Iraq Reconstruction, indicated that the US military had failed to log properly the serial numbers of most of the 370,251 small arms purchased for the Iraqi security forces and questioned the accuracy of the military's inventories of MP-5 machine guns, 9 mm pistols, and M1-F assault rifles (SIGIR, 2006, pp. 14, 17).

Since then, government and media investigations have revealed more fully the extent of the stockpile security and accountability problems in the train-and-equip programme. In July 2007 the US Government Accountability Office (USGAO) reported that the Defense Department did not establish a centralized record of weapons distributed to Iraqi forces until December 2005 and failed to 'consistently collect supporting documents that confirm when the equipment was received, the quantities of equipment delivered, and the Iraqi units receiving the equipment' (USGAO, 2007a). The USGAO also found large discrepancies between the centralized records (the 'property books') and data compiled by the former commander of the train-and-equip programme. Based on these discrepancies, the USGAO concluded that the Defense Department 'cannot fully account for at least 190,000 weapons reported as issued to Iraqi forces' (USGAO, 2007a).[13]

While it is still unclear how many, if any, of the unaccounted-for weapons have been diverted to unauthorized end users, firearms issued to Iraqi security forces are reportedly turning up in the hands of criminals not only in Iraq, but also in neighbouring Turkey. According to Turkish officials, dozens of Glock pistols—tens of thousands of which were issued to Iraqi security forces—have been recovered from criminals and militants. Serial numbers from the seized pistols reveal that at least some of them were issued to members of the Iraqi police in 2004–05 (IHT, 2007).

Since late 2005, the US military has taken several steps to improve controls on weapons distributed to Iraqi security forces. These measures include 'implementing increased supervisory checks, balances and physical security redundancies, internal control monitoring, issuance of standing operating procedures, introduction of . . . automated tools, and collaboration with other DOD [Department of Defense] organizations on accountability-related issues' (USGAO, 2007a). Information on most of these measures is scant, but those that have been described in detail appear to be quite robust. For example, coalition forces are not only recording the serial numbers of each weapon issued, but are also taking retinal scans and fingerprints of each recipient and inserting all of the data collected through these procedures into a single database (Benjamin, 2007). The Defense Department has also started channelling small arms transfers to Iraq through the Foreign Military Sales programme, the controls on which are more clearly defined and relatively rigorous, and has launched an open-ended, on-site investigation into allegations of lax stockpile security and small arms diversion (Garamone, 2007; USDoD, 2007c). The Pentagon has also bolstered its staff on the ground in Iraq to improve oversight of weapons transfers. In December 2007 the number of staff at Multi-National Security Transition Command-Iraq's security assistance office jumped from 6 to nearly 70 personnel (AP, 2007c).

These efforts come none too soon. In May and September 2007 the Defense Department notified Congress of plans to sell an additional 575 million rounds of small arms ammunition, 120,000 M16 assault rifles, 12,000 M4 carbine rifles, 74,000 mortar rounds, 50 tons of C4 explosives, and 180,000 HEDP (high-explosive dual-purpose) grenades to Iraq—a massive influx of new weaponry that could, if not properly secured, fuel violence and criminality throughout the region (USDoD, 2007a; 2007b).

informal and often transient relationship between governments and non-state actors is another barrier to proper accountability. Shortly after the Soviet Union pulled out of Afghanistan, the alliance of convenience between the United States and the mujahideen—who shared no values and objectives other than the expulsion of the Soviet Union from Afghanistan—deteriorated until most US assistance was cut off in 1992. By the time the United States attempted to retrieve the Stingers in the early 1990s, it had no meaningful leverage over the mujahideen and, consequently, efforts to retrieve the missiles were only partially successful, despite large payouts of USD 100,000 or more per missile (Coll, 2004).

Ad hoc or newly established arms transfer programmes that lack the procedures, regulations, and safeguards of more established programmes may also be more vulnerable to diversion, as evidenced by accountability problems with weapons distributed through the US Defense Department's Iraq Relief and Reconstruction Fund. The Defense Department's decision to bypass established avenues for exporting and monitoring arms in the case of Iraq contributed to serious shortcomings in the procedures and safeguards that help to prevent diversion. While the magnitude and implications of these shortcomings are still unclear, the reported seizure of dozens of Glock pistols issued to Iraqi security forces from criminals and militants in neighbouring Turkey and anecdotal accounts of large-scale thefts from US-stocked arms depots and police armories suggests that at least some of the poorly managed and tracked weapons were diverted (IHT, 2007; NYT, 2007; see Box 4.2).

Ad hoc arms transfer programmes may be more vulnerable to diversion.

Export controls

A final, critical factor in determining (and mitigating) the risk of diversion is the exporting country's transfer control system. An analysis of the diversions in Table 4.1 reveals enough irregularities and other warning signs of diversion to have merited special scrutiny and safeguards on the part of exporters, the rigorous pursuit of which would likely have prevented at least some of the diversions.

For example, warning signs in the Peruvian diversion included:

- Peru's proximity to the civil war in Colombia and the attendant black market demand for military small arms in the region;
- attempts by Peruvian officials to pay Jordan's broker in cash;
- the retrofitting of the Il-76 to air-drop large quantities of small arms near an insurgent stronghold;
- the reported misrepresentation of retired Peruvian generals as active duty officers;[14] and
- the broker's criminal history.[15]

There were similar warning signs of the Ivorian diversion, including Côte d'Ivoire's proximity to several conflict zones, the prevalence of Western European firearms in the Ivorian military's arsenals[16] and the large size of the order.[17] In the case of the diverted Nicaraguan assault rifles, irregularities in the (forged) Panamanian purchase order, the fly-by-night nature of the shipping company,[18] and the unlikely end user (a police force) were obvious red flags, as were discrepancies between the Swiss import certificate and other documentation used in the apparent diversion of Bosnian small arms to Iraq (OAS, 2003; Griffiths and Wilkinson, 2007, pp. 91–92).

Vulnerability to post-delivery diversion is often much more difficult to detect ahead of time. It is highly unlikely that the Slovak government could have foreseen the chain of events that led to the diversion of its sub-machine guns to Liberia. In some cases, however, the danger of post-delivery diversion is fairly obvious. The routine diversion of weapons by the Afghan rebels prior to the arrival of the Stingers, for example, was a not so subtle sign that the missiles were vulnerable.

The exporting state's ability to spot the warning signs of diversion and respond effectively is therefore another critical determinant of diversion. In most cases, some combination of transfer controls would have prevented (or at least delayed) the diversion. The telephone call to the Panamanian police that OAS investigators chided the Nicaraguan military for not making is an obvious and easily implemented example (OAS, 2003). Similarly, in-transit monitoring of the small arms shipments to Peru, North Korea, Slovakia, and Nigeria would have made these diversions more difficult or prevented them outright. Preventing the Ivorian diversion of Ukrainian ammunition and the diversion of Polish arms from Latvia would have been more difficult, but the credible threat of on-site post-delivery end-use monitoring might have deterred Ivorian government officials and the Latvian procurement chief from participating in their respective diversion schemes. At a minimum, end-use monitoring would have revealed the diversion after the fact and allowed the respective exporting governments to pursue corrective and punitive measures. Controlling the Stinger missiles distributed to the Afghan rebels through conventional means would have been impossible. While the surest way to prevent the diversion of weapons distributed to armed groups is to refrain from supplying them in the first place, governments can significantly reduce the threat posed by certain types of light weapons, including MANPADS, through the development and installation of technical controls that limit the pool of permissible users, the duration of use, or the geographical region in which a weapon can be operated (Sherman, 2003; Schroeder et al., 2006, pp. 96–98; Bonomo et al., 2007, pp. 87–96).[19]

None of these measures is foolproof: even robust licensing and end-use monitoring programmes occasionally fall prey to diversion schemes, as evidenced by the diversion of AR-15 rifle components from the United States (see Table 4.1). But, taken together, these cases strongly suggest that the right transfer controls can significantly reduce the risk of diversion.

PREVENTING DIVERSION: THE KEY ROLE OF SMALL ARMS TRANSFER CONTROLS

Transfer controls are the sine qua non of efforts to curtail diversion.

Transfer controls are the sine qua non of national and international efforts to curtail diversion. The most rigorous systems monitor and control the end use of small arms and light weapons from 'cradle to grave', i.e. throughout their life cycle. The controls that comprise such systems can be divided into three categories that roughly correspond with the applicable stage of the transfer: (1) pre-shipment; (2) in transit and point of delivery; and (3) post-delivery. The most effective systems are also often the most transparent, as explained at the end of this section.

Pre-shipment controls

Pre-shipment controls include the steps taken to monitor and control the end use of arms transfers prior to their arrival at a port of exit. These steps include the registration of arms exporters, brokers, and other parties to the transfer and the various checks on individual transfer requests that are part of national licensing and authorization processes.

Requiring that manufacturers, exporters, brokers, shippers, distributors, and other parties to arms transfers register with the relevant government agencies and carefully vetting these applications is important for at least two reasons. Firstly, it allows government officials to exclude potential bad actors from the pool of export applicants. Secondly, it enables authorities to take action against those actors that fail to register, but engage in arms transfers anyway. According to UN investigators, registration requirements enacted by Slovakia in 1998 had a notable effect on Joy Slovakia, an arms brokerage company implicated in illicit arms sales to Liberia. 'Since then,' reported UN investigators

in 2001, 'Joy Slovakia has become less active' (UNSC, 2001).[20] Despite these advantages, many states do not require key parties, including brokers, to register. This failure not only precludes up-front exclusion of potential bad actors, but also denies the government the use of important punitive measures.

Rigorous arms transfer licensing systems are another critical tool for preventing diversion. While national licensing systems vary significantly in form and rigour, there is broad international consensus on the need for them. Most major multilateral agreements on small arms transfers call on member states to ensure effective control over them (END-USER CERTIFICATION). It appears that most countries have, in fact, established at least rudimentary systems to this end. According to data compiled by the Biting the Bullet project, 111 states had laws and procedures for controlling the export of small arms and light weapons as of 2006 (Bourne et al., 2006).

Proper documentation—and a thorough review of that documentation by trained licensing officers—is the foundation of any effective review process. Licensing applications and accompanying documents facilitate the systematic and expeditious review of arms transfer requests and the identification of debarred parties and other bad actors. These documents are also critical to the prosecution of arms export violations. As explained by former Deputy US Assistant Attorney General Bruce Swartz, licensing requirements

> *mak[e] it necessary for exporters intent on circumventing the law to take affirmative steps to evade the [US Arms Export Control] Act's proscriptions—typically by lying on the license application or on shipping documents . . . thus creating a domestic evidentiary trail upon which any ensuing prosecution can be based.* (US House of Representatives, 2004)

Forged and fraudulent documentation is endemic to diversion schemes.

While an international consensus on which documents should be required as part of the licensing process remains elusive, most multilateral agreements and best practice guides call for some combination of a written application, an original end-user certificate (or an international import certificate), an import licence, and a transit authorization (or a written notice from the transit state indicating that it has no objection to the transfer). These instruments often also urge states to confirm that end-user documentation is valid (END-USER CERTIFICATION), a critically important step that, if adopted by all governments, would thwart many of the least sophisticated diversion attempts. Some states, such as Argentina, already have relatively rigorous verification procedures. Before issuing an export licence, the Argentine government requires that the exporting company submit a government-issued end-user certificate or an international import certificate, which is then authenticated by Argentine consular staff in the importing country. Authentication procedures include certifying the authenticity of the signatures on the end-user certificate and confirming that the signatories are, in fact, authorized to issue import documentation (Argentina, 2007).

As illustrated by many of the cases in Table 4.1, forged and fraudulent documentation is endemic to diversion schemes. Some of these documents are quite sophisticated, while others are relatively easy to spot. A good example of the latter is an end-user certificate from the 'People's Democratic Republic of Yemen' provided to Polish authorities as part of a 1992 diversion scheme allegedly organized by Monzer al-Kassar. As UN investigators pointed out, the People's Democratic Republic of Yemen merged with the Arab Republic of Yemen two years earlier and did not exist at the time of the diversion. But, as this case attests, even glaring errors can pass undetected through lax licensing systems. According to UN investigators, the licensing officer who approved the sale later admitted that Polish authorities 'did not check the veracity of foreign documents with their foreign embassies' (UNSC, 2003).

Yet even authentic documentation issued at the highest levels of the importing government is not an iron-clad assurance of propriety, as illustrated by the diversions arranged by Ivorian government officials and Peruvian spy

Table 4.2 US Blue Lantern end-use monitoring programme basic warning flags*

Unfamiliar private end user	Commodities in demand by embargoed countries
Reluctance or evasiveness by US applicant or purchasing agent in providing end-use or end-user information	Especially sensitive commodities (e.g. night-vision equipment, unmanned aerial vehicles, or cruise missile technologies) whose diversion or illicit retransfer could have a negative impact on US national security
Payment in cash or at above-market rates	Trans-shipment through multiple countries or companies
Scanty, unavailable, or derogatory background information on end user's business	Location of end user or consignee in a free trade zone
Incomplete/suspect supporting documentation	New/unfamiliar intermediary
Unfamiliarity of end users with the product or its use	Vague or suspicious delivery dates, locations (such as PO boxes), shipping instructions, packaging requirements, etc.
End user declines usual follow-on service, installation, warranty, spares, repair, or overhaul contracts	Designation of freight forwarders as foreign consignees or foreign end users
Requested commodities or services appear excessive or inconsistent with end user's or consignee's inventory, line of business, or needs	Foreign intermediate consignees (trading companies, freight forwarders, export companies) with no apparent connection to the end user

* For a summary of the Blue Lantern programme, see Box 5.3 in Chapter 5 of this volume (END-USER CERTIFICATION).
Source: Correspondence with US State Department official, 2008

chief Vladimiro Montesinos. In these cases, the (apparently) authentic end-user certificates and other documents provided by Peruvian and Ivorian government officials created a veneer of legitimacy that actually *facilitated* the diversion (UNSC, 2001; Rempel and Rotella, 2000). Thus, robust licensing systems require export officers to do more than simply collect documentation and verify its authenticity. They also consider the national and regional political and security contexts, compare the requested items against the military doctrine and procurement history of the purported recipient, and look for specific warning signs of diversion. Through its Blue Lantern end-use monitoring programme (END-USER CERTIFICATION), the US government has developed a standard list of 16 problem indicators or 'flags' that licensing officers look for when evaluating licence requests (see Table 4.2).

The presence of one or more flags often triggers an end-use check by compliance officers, who check the bona fides of the end user or consignee, confirm that the purported end user actually ordered the items, and take other steps to confirm the legitimacy of the order and the applicant. Similarly, the European Tracking Initiative has developed detailed sets of risk factors, ratings, and checklists as part of its Arms Transfer Profiling Indicator System (ATPIS). Users of the system have access to indicators that assign risk ratings for, *inter alia,* ports of call, aircraft type, civil aviation registries, document falsification, and brokering location. ATPIS is updated frequently and is accessible to any (approved) user with access to the Internet (Griffiths and Wilkinson, 2007, pp. 54–60).

Most, if not all, of the cases profiled in Table 4.1 would have triggered (or did trigger) a Blue Lantern check. In the case involving Ukrainian ammunition exported to Côte d'Ivoire, the 7.62 mm ammunition was largely incompatible with the Ivorian military's firearms stocks (which consisted primarily of NATO-calibre weaponry), and the AK series assault rifles purportedly requested by the Panamanian National Police during the *Otterloo* incident were ill-suited for police work (UNSC, 2001; OAS, 2003). Similarly, in aggregate, the quantities of AR-15 components requested by the Western European arms dealers were excessive for any purpose other than illicit manufacture.[21] In three other

Box 4.3 The dual-edged Internet: online evidence of illicit AR-15 sales

In 2007 a series of licence requests for US firearms components from a European company caught the attention of a vigilant State Department compliance officer, who noticed that the company had no manufacturing agreement with the State Department. Concerned that the company might be engaged in the illegal manufacture and retransfer of firearms constructed with US components, the officer launched an informal online investigation into the company and its dealings. Over the course of a week, the officer collected enough information just from publicly accessible Internet sources–the company's Web site, gun blogs, forums, and commercial sites–to trigger a formal end-use check through the State Department's Blue Lantern programme (END-USER CERTIFICATION). Compliance officers in Washington then asked embassy officials to check if the company was manufacturing firearms with US-origin components. After initially refusing to talk to US officials, the proprietor of the company eventually admitted that he was indeed using legally imported US firearms components in the illicit manufacture and sale of imposter AR-15 and M4 semi-automatic assault rifles. While the full scope of the operation is still unclear, US officials estimate that dozens, possibly hundreds, of the rifles–which featured US bolts, receivers, and accessories–were illegally sold over the Internet to buyers in at least six countries on two continents. According to one compliance officer, the company 'appears to have been operating in this manner for at least eight years, and had stayed out of suspicion by ordering components in small quantities'. The State Department subsequently placed the company on a watch list and put it under a 'policy of denial' for future transfers.[22]

This case highlights the Internet's potential as both a marketing tool for arms traffickers and a research tool of law enforcement and export control officials. Over the past few years, US officials have noticed a growing number of Web sites hawking specialty firearms and accessories, often without being properly registered. This observation is echoed by Griffiths and Wilkinson, who note that 'a surprising number of those involved or complicit in clandestine deliveries are to be found advertising one or more of their services on the internet' (Griffiths and Wilkinson, 2007, p. 4). At the same time, the Internet has become an increasingly rich source of data regarding the possible misuse of controlled items. Valuable information, including phone numbers, email addresses, and physical addresses of arms brokers and shipping companies and data on ships and planes used in diversions, are available online, often at no charge (Griffiths and Wilkinson, 2007).

This case also underscores the need to monitor and control the transfer of small arms components as well as fully assembled weapons. According to US officials, the frequency of suspected diversion attempts involving firearms components is growing.[23]

cases, the regional security context—Peru's proximity to Colombia's civil war, the embargoes and armed conflicts in West Africa, and the instability and sectarian strife in Iraq—would also have been grounds for heightened scrutiny.

Spotting the sometimes subtle signs of diversion requires training,[24] detailed and up-to-date information on other countries' military procurement and weapons inventories, and a wide array of regional and thematic expertise. Since few (if any) licensing bureaus have all of the necessary resources and expertise in-house, some governments have established a process whereby certain licence requests are sent to several agencies for review. In some countries, this process is formalized and provides the different agencies with significant influence over the licensing process. In Croatia, requests for import and export licences are reviewed by an interagency group consisting of representatives from the Ministry of Defence, the Ministry of Interior Affairs, and the Ministry of Economy, all of whom have de facto veto power over the request (Croatia, 2007).

Licensing officers also seek information from other governments, input that can have a decisive influence on decisions about specific transfers. While reviewing a licence request for the sale of 300 handguns to a Latin American company in 2005, US licensing officers learned from the host government that lost and stolen firearms were factoring heavily in a recent surge in violent crime. In response, the State Department determined that the order was excessive, given the crime surge, and persuaded the seller to reduce the size of the sale (USDoS, 2006).

Another hallmark of strong licensing systems is the routine screening of *all* parties to the transfer: exporters, freight forwarders, intermediate consignees, brokers, shipping agents, and end users. While exporters, brokers, and

the ostensible end users usually get the most attention, other parties to arms exports, such as consignees, also play critical roles in diversion schemes. Furthermore, the involvement in a proposed arms transfer of certain freight forwarders and shippers implicated in other illicit transfers can serve as an important red flag for licensing officers. Searchable databases, or 'watch lists', of suspected and confirmed criminals, arms traffickers, parties on UN sanctions lists, and other questionable actors are particularly useful in this regard.

A final feature of strong licensing systems is the routine inclusion of storage, use, retransfer, and disposal requirements, or provisos, in licences and other documentation. Specific requirements vary significantly, not only from country to country, but also from item to item. Standard provisos in sales contracts for US Stinger and Javelin missiles, for example, include rigorous and exhaustive physical security requirements normally not applied to other exported small arms and light weapons. These provisos require importing governments to, *inter alia,* conduct monthly physical inventories of *all* their Stinger stocks, employ a full-time guard force (or a combination of a guard force and an intrusion detection system), and notify the US government before assembling the missiles for training, lot testing, and in the event that they are lost or stolen (USDoD, 2003). Some exporting states conduct physical inspections of the proposed recipient's facilities before weapons are shipped to ensure that the recipient is capable of implementing specific requirements. Canada, for example, requires consular staff to visit the premises of commercial enterprises seeking to import sporting firearms if the enterprise submits an end-use statement instead of a government-issued end-user certificate (Canada, 2006).

Other states restrict (or at least require notification of) the retransfer of their exported weapons.[25] Egypt requires that all retransfers be licensed and that the licence identify the serial numbers and types of weapons being retransferred, the route and time of the retransfer, and additional conditions attached to the retransfer by Egyptian authorities (Egypt, 2006). Given the prominence of surplus weaponry in diversion schemes, provisos that condition the sale of new small arms and light weapons on the destruction of old stocks are also important. These and other end-use requirements help to ensure that the end user understands the exporter's expectations concerning storage, use, retransfer, and disposal of controlled items, and—assuming that the provisos are enforceable and compliance is monitored—afford the exporting country a degree of control over exported items long after they are received by the end user.

Involvement of certain shippers can serve as an important red flag.

In-transit and point-of-delivery controls

Transfer controls in this category monitor and protect weapons shipments from the time they leave the warehouse until they are officially received by the intended end user. Such controls include:

- stringent physical security requirements (e.g. transport of arms and ammunition in separate vehicles, use of vehicular alarm systems and container seals, physical inspection in transit and at the point of delivery, etc.);[26]
- scrutiny of arms shipments and documentation by customs agents in the exporting, transit, and importing states;
- close coordination (formal or informal) with the governments of the countries through which the shipment travels; and
- delivery notification.

Monitoring the location of small arms shipments en route can be accomplished in several ways, including physical accompaniment and remote monitoring via satellite. For large shipments, accompaniment by armed guards

with proper security clearances and supplemented by satellite tracking is warranted, given the risk and consequences of diversion. Such arrangements would probably have prevented all four of the point-of-embarkation and in-transit diversions described in Table 4.1. For small, low-risk shipments, remote monitoring via satellite along with rigorous physical security requirements, careful screening of shipping companies, and delivery confirmation are often adequate.

Satellite tracking and container security services are available from several commercial suppliers, including Comtech Mobile Data Corporation, which offers portable systems that it claims are compatible with most aircraft, including the Ilyushins and Antonovs used in many of the diversions identified above. According to Comtech, it has sold tracking systems to more than a dozen countries, several of which use them to track munitions.[27] Other systems, such as the Powers SeaCure Satellite System, not only claim to monitor the progress of the cargo to its destination, but also automatically alert authorities of hijackings and unauthorized container breaches (Powers International, 2006).

Some exporters, like the US military, use their own transportation infrastructure and robust transport security systems to protect and monitor small arms exports. While the shipments are in the United States, they are monitored via the Defense Transportation Tracking System—a Defense Department programme that continuously tracks the movement of sensitive material, including small arms, via satellite and provides 24-hour emergency response (US Army Transportation School, 2004). After the shipments reach a US military-controlled point of embarkation, most are loaded directly onto a customer country-controlled ship or aircraft by US military personnel, who require that a high-ranking member of the carrier's crew sign for the shipment. All foreign carriers must meet minimum safety and security standards and must be pre-screened by the US military. If the weapons are classified, the purchasing country must provide a transportation plan that is approved by Defense Department officials in advance. For certain types of



FARC rebels check a machine gun near San Vicente del Caguan, Colombia, in January 1999. © AP Photo

weapons (e.g. shoulder-fired anti-tank and anti-aircraft missiles) or when clients lack the capacity to transport the arms securely themselves, the Defense Department delivers the shipment to the importing state (either to a port-of-delivery [debarkation] or to a final inland delivery point) using its own aircraft and ships (USDoD, 2004).

If the Defense Department routinely schedules an airlift of its own materiel to or through the purchaser's country (i.e. if US forces are present), the transport costs are not exorbitant. In other cases, however, the shipment must be transported via a Special Assignment Airlift Mission—US military aircraft chartered specifically for the delivery. This service is so costly (USD 500,000 or more per flight) that customers are often unwilling or unable to pay the entire fee themselves and may have to wait to receive their orders until the weapons can be consolidated with other cargo bound for the same destination. In one extreme case, a shipment of sniper rifles purchased by a sub-Saharan African military was delayed for five years and still cost the recipient approximately USD 500,000.[28]

Post-delivery controls

Post-delivery end-use monitoring includes routine on-site verification visits, annual physical inventories of exported weapons, and investigations of suspected violations of end-use and retransfer restrictions. Post-delivery end-use monitoring enables exporters to detect incidents of diversion and take steps to prevent additional diversions, such as scrutinizing future export requests from violators more thoroughly, helping violators to improve their stockpile security and export control procedures, and banning exports to egregious or uncooperative violators. Such checks also help to deter diversions in the first place. Governments are less likely to violate retransfer and end-use restrictions if the likelihood of getting caught—and thereby possibly losing access to key arms supplies—is high.



A Colombian paramilitary fighter is armed with a Kalashnikov assault rifle, February 2003. © Jason Howe/WPN

Post-delivery end-use monitoring is particularly important in cases of diversion in which high-level government involvement renders pre-shipment and in-transit checks less effective. In the July 2000 diversion of Ukrainian ammunition to Liberia (see Table 4.1), for example, pre-licence checks by the Ukrainian government probably would have yielded few clues of the diversion, since the documentation was authentic and complete, and the Ivorian military had indeed placed the order. Even the extraordinary step of sending a representative to accompany the ammunition during the trip to Côte d'Ivoire had little effect, because the diversion did not occur until after importation. Short of denying the sales request altogether (which may have been prudent, given the many contextual red flags), the diversion could have been prevented through the credible threat of post-delivery inventory checks.

The Montesinos case is another good example of the need for post-delivery checks. Had the conspirators scratched off the serial numbers on the rifles in the first shipment, the scheme might not have been detected and exposed in time to prevent the delivery of the remaining 40,000 rifles (LAWR, 2000). An on-site verification visit by Jordanian officials soon after the weapons' supposed delivery to Peru, however, almost certainly would have revealed the diversion.

When diversions are detected (either during post-delivery checks or at any time during the arms transfer process), the capacity to sanction the offenders, be they governments or private entities, becomes essential. Punishments for diversions and related violations of transfer controls range from warning letters to fines, debarment, and imprisonment for private entities; and include



Syrian businessman Monzer al-Kassar–seen at his home in Spain in May 1998–was arrested in June 2007 on charges of conspiring to provide weapons to the Revolutionary Armed Forces of Colombia. © Paul White/AP Photo

Peru's former spy chief Vladimiro Montesinos–seen here on trial in January 2004–was sentenced to 20 years for his part in the diversion of assault rifles to Colombian rebels. © Pilar Olivares/Reuters





Lebanese arms broker Sarkis Soghanalian–pictured in Jordan in 2003–was tried in absentia for his alleged role in the diversion for which Montesinos was sentenced. © Christopher Anderson/Magnum Photos

demarches, extra scrutiny of future requests, provisos in future contracts, and embargos or sanctions for offending governments.

While most states have criminalized the illicit trade in small arms,[29] prosecuting violators of transfer controls is notoriously difficult, especially when the accused is not a citizen of the country in which the offence is being prosecuted and the weapons never enter the territory of the prosecuting country. Weak, narrow, or non-existent national laws on brokering; barriers to extradition; and a lack of political will can delay or derail attempts to prosecute even the most notorious arms brokers. Despite an Interpol arrest warrant, Viktor Bout remained conspiculously at large until March 2008, and it is still unclear whether he will stand trial (Farah, 2007, pp. 205, 252–53; Reuters, 2008). Famed trafficker Leonid Minin's arrest in 2000 led to a conviction for the illegal possession of diamonds, but charges stemming from his suspected role in the diversion of small arms and light weapons to Liberia were dropped after Italian judges ruled that, since the arms shipments in question never entered Italy, the courts lacked jurisdiction (AI and TransArms, 2006). Sanjivan Ruprah, who allegedly assisted with the diversion of Slovakian sub-machine guns to Liberia, was arrested in February 2002 in Belgium, but fled to Italy after being released on bail two months later. He was rearrested in Italy, but released on bond shortly afterward. Ruprah is now reportedly at large in Africa (Farah and Braun, 2006). Other representatives of front companies accused by UN investigators of contributing to the diversion of small arms to countries under UN embargoes have been arrested but have been released for various reasons, including a lack of evidence (ČTK, 2001).

Despite these obstacles, some of the arms traffickers profiled in this chapter have been tried and, in a few cases, convicted of arms trafficking-related offences. In September 2006 Peruvian spy chief Vladimiro Montesinos was sentenced to 20 years in prison for his role in the diversion of Jordanian assault rifles to Colombian guerrillas. Sarkis Soghanalian, the Lebanese arms broker accused of participating in the same diversion, was tried in absentia by the Peruvian government, which is seeking his extradition from the United States (AP, 2006). Most recently, the 'Prince of Marbella', Monzer al-Kassar, was arrested in Madrid in June 2007 after a lengthy international undercover operation. In addition to his alleged role in a fictitious plot to provide Colombian rebels with thousands of small arms, the US government claims that al-Kassar has stocked the arsenals of terrorists, rebels, and dictators in Bosnia, Brazil, Croatia, Cyprus, Nicaragua, Iran, Iraq, and Somalia over the past 30 years (USDoJ, 2007). Al-Kassar currently awaits extradition to the United States (AP, 2007a).

Transparency

Transparency is a critical component of efforts to prevent diversion.

Transparency is another critical component of national, regional, and international efforts to prevent diversion. Past editions of the *Small Arms Survey* have looked at several aspects of transparency in the small arms trade and chronicled the evolution of key transparency mechanisms, such as the UN Register of Conventional Arms. This section builds on this analysis by assessing the benefits of transparency in identifying, investigating, and preventing diversion. The section is followed by an update of the Small Arms Trade Transparency Barometer.

For the purposes of this chapter, transparency is relevant in relation to:

- decisions regarding authorized arms transfers;
- the policies, procedures, and practices that comprise arms export control systems; and
- failures of such systems, including cases of diversion.

Transparency in decisions to authorize arms transfers

Transparency in the authorized arms trade serves several purposes: it calls attention to potentially excessive accumulations of weaponry, increases the political cost of arms transfers to irresponsible recipients, and facilitates scrutiny of irresponsible small arms transfers, in particular those authorized despite a significant risk of diversion (Small Arms Survey, 2007, ch. 3). Detailed information about authorized transfers—including the model, manufacturer, calibre, and serial (or batch) number of weapons; the date of the transfer; and the recipient—helps intelligence and law enforcement agencies to identify quickly the origin and trans-shipment points of diverted weapons. In the Montesinos case, for example, access to information about the Jordanian assault rifles seized from Colombian rebels allowed US and Colombian intelligence officials to uncover the diversion scheme in time to prevent the 40,000 additional rifles awaiting delivery to Latin America from reaching the FARC (LAWR, 2000).

Transparency in the authorized defence trade takes many forms, including data submissions to the UN Commodity Trade Statistics Database (UN Comtrade) and the UN Register of Conventional Arms, information exchanges among members of regional or multilateral institutions, ad hoc information sharing between two or more governments, and reports issued by national governments.

Transparency in arms export control regimes

Public dissemination of the laws, policies, procedures, and practices that comprise national export control regimes also helps to prevent diversion, albeit less directly. Transparent regimes contribute to the development of multilateral

agreements, international best practices, and national control regimes by providing time-tested examples of effective export controls. Transparency also facilitates intra-governmental and public oversight of national export control systems, which, as explained above, are critically important for preventing diversion. Gaps and weaknesses in licensing procedures, end-use monitoring practices, and other controls essential for preventing diversion are easier to spot and correct in transparent systems than in systems that are more opaque.[30] Transparent systems are also less vulnerable to manipulation and evisceration by small, well-connected groups that view rigorous export controls as an impediment to their own (often parochial and self-serving) goals.

Transparency in arms export regimes is achieved through the publication and broad dissemination of laws, policies, and regulations, and any changes to them; and national reports on implementation of multilateral agreements such as the UN *Programme of Action* and other regional instruments. Internal and external monitoring of the production and dissemination of these documents and reports helps to ensure that they are timely and informative.

Transparency in investigations of export control violations

Intergovernmental exchanges of information on diversions and other export violations increase awareness among intelligence and law enforcement agencies of arms traffickers and their methods and facilitate intergovernmental action against such transnational trafficking networks. Similarly, the public dissemination of non-sensitive information about diversions and other export control violations facilitates research into the illicit trade and highlights best practices and shortcomings in national export control procedures. Few countries regularly report on export control violations. One noteworthy exception is the US State Department, which compiles an annual report on its Blue Lantern end-use monitoring programme. The report provides a detailed statistical overview of 'unfavorable' determinations (e.g. end-use checks that reveal suspicious or unauthorized activity, including diversion) by geographical region, commodity category, and type of unfavorable determination. It also includes case studies and, in recent years, a 'lessons learned' section (USDoS, 2007).

Transparent systems are less vulnerable to manipulation by small, well-connected groups.

In sum, transparency is crucial to investigating and preventing the diversion of weapons. Detailed information about authorized arms transfers, the export control regimes through which these transfers are approved, and the failures of these systems (i.e. cases of diversion) play an imperative role in furthering the transparency of the arms trade. However, as demonstrated below, transparency continues to be an area that can benefit from improvement.

SMALL ARMS TRADE TRANSPARENCY BAROMETER

The Small Arms Trade Transparency Barometer is a tool to assess the transparency in reporting by countries on exports of small arms, light weapons, and ammunition. It is based on governments' customs submissions to UN Comtrade[31] and annual national arms export reports.[32] Points are awarded for timeliness, accessibility, clarity, comprehensiveness, and deliveries, as well as licences granted and refused.

The scoring system remains the same as for the 2007 Barometer.[33] The 2008 Barometer includes transparency scores for all major exporters in 2001–05 (governments are given two years to report customs data to UN Comtrade). The maximum score is 25 points. Details of the scoring system are provided in the footnotes following Table 4.3. In keeping with previous practice, the UN Comtrade data includes 2005 exports,[34] and the national report data is based on 2006 exports.[35] Only national arms export reports published within the last 30 months are included.[37] As a result,

Table 4.3 **Small Arms Trade Transparency Barometer 2008, 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[1]	**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[2]	**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[3]	**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[4]	**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[5]	**15**	X (06)	X	1	2	3	5.5	3	0.5	0
Australia[6]	**14.5**	X (02-04)	X	0.5	2	2.5	5.5	4	0	0
Canada[6]	**14.5**	X (03-05)	X	0.5	2	2.5	5.5	4	0	0
Czech Republic[4]	**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[6]	**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[8]	**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[6]	**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[6]	**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

* 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 Annexe 4.1 to the present chapter at <http://www.smallarmssurvey.org/files/sas/publications/yearb2008.html>; for those in 2004, see Annexe 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).[36]

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 annexe 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.

Sources

Australia (2006); Austria (2007); Bosnia and Herzegovina (2007); Bulgaria (2007); Canada (2007); Czech Republic (2007); Denmark (2007); Finland (2007); France (2007); Germany (2007); Italy (2007); Netherlands (2007); NISAT (2008); Norway (2007); Portugal (2007); Romania (2007); Serbia (2007); Slovakia (2007); South Africa (2007); Spain (2007); Sweden (2007); Switzerland (2007); Ukraine (2007); UK (2007); USDoS and USDoD (2007); UN Comtrade (2007; 2008)

the transparency of major exporting countries that have not published an annual export report in this timeframe is assessed only on the basis of their UN Comtrade reports. This is the case even if these countries have issued previous national arms export reports.

As its name indicates, the Barometer is designed to measure—and to promote—*transparency*. It does not pretend to address the *veracity* of the data provided. It is also a useful tool for highlighting trends.

The 2008 Barometer includes 40 countries' reporting on their small arms exports. This is an increase of three states from last year's account. According to UN Comtrade data, in 2005 Poland, Slovakia, and Ukraine all exported

USD 10 million or more of small arms and thus merited inclusion in our analysis.[38] Not only did Slovakia join the ranks of major exporters, but the country ranked as one of the most transparent countries: due to a tie between three of the final scores, there are six countries that fall within this category. The others included the United States—which has held the top spot for a fifth consecutive year—Italy, Switzerland, France, and the United Kingdom. Bosnia and Herzegovina broke into the 'Top 10', and, further, it is the only country to report on the value and quantity of licence refusals in a way that is consistent with the Barometer scoring criteria.[39] Bulgaria and South Africa, which received scores of zero last year, were awarded 9 and 4.5 points, respectively. North Korea retained its 'perfect' record of not reporting, while Iran joined North Korea as the only other country to receive a score of zero.[40]

Trends in reporting show some improvements this year. For example, Serbia produced its first-ever national report, and Romania has adapted its reporting structure to include more information. There is increased publishing of data by new and candidate EU member states as they officially align themselves with *EU Code of Conduct* criteria and practices on exports and reporting.[41] Canada, the Czech Republic, Slovakia, and South Africa produced annual reports after a gap of at least one year or more.[42] South Africa is the only country on the African continent to produce a national report currently. The Barometer continues to offer a standard for exporters and to provide a record of these evolutions in reporting transparency.

Governments face many challenges in establishing and maintaining transfer control systems.

PROSPECTS FOR PREVENTING DIVERSION

While data on implementation of the measures described above is incomplete, recent studies suggest that the transfer controls of most countries are insufficient to prevent, deter, and detect diversion. A comprehensive study of implementation of the UN *Programme of Action* by the Biting the Bullet project found evidence of serious shortcomings in key national transfers controls and other laws, procedures, and practices critical to preventing diversion. Of the 180 countries assessed by Biting the Bullet, only 111 have procedures and laws controlling the export of small arms and light weapons (Bourne et al., 2006). Considering that most states, even those that do not manufacture small arms, are potential exporters of surplus weapons, this is worrying. Furthermore, only a small percentage of these countries appear to have even basic elements of an effective transfer control system. Only 58 countries reportedly require authenticated end-user certificates; only 37 have enacted specific controls on brokers; and only 30, as importers, notify the exporter in advance of retransfer (and fewer still, as exporters, routinely require retransfer notification from recipients) (Bourne et al., 2006; Greene and Kirkham, 2007). Of particular importance to preventing diversion are the study's findings on pre-licence risk assessments and post-delivery checks. Only about 40 states claim that their export controls include a risk assessment of diversion, and 'few states report to use [sic] delivery and post-delivery checks' (Bourne et al. 2006).

Governments face many challenges in establishing and maintaining transfer control systems that are sufficiently robust to prevent diversion. As Greene and Kirkham point out, the task of assessing the risk of diversion is often, in practice, complex, time-consuming, and resource-intensive. The authenticity and legitimacy of all documentation must be verified, shipping routes and agents must be individually reviewed, and the willingness and capacity of the end user to safeguard and use the imported items as intended must be evaluated (Greene and Kirkham, 2007). As UN investigators have repeatedly documented, many states lack the resources and infrastructure to control their own borders and airspace, let alone possess the intelligence assets, integrated databases, and network of embassies to

screen exports adequately before they are shipped and monitor their use and whereabouts after they are delivered.[43] For major exporters, this problem is compounded by the sheer volume of exports. In 2006 the US State Department processed nearly 65,000 licence requests for munitions,[44] including more than 7,400 for firearms (USGAO, 2007b).

Nonetheless, there are plenty of steps that all states can take to mitigate the risks and consequences of diversion. Some steps can be applied across the board with minimal additional cost, while budget and infrastructure constraints would limit the application of more resource-intensive steps to high-risk cases. The 2001 diversion of Nicaraguan assault rifles is just one of several recent examples of schemes that could have been foiled through basic pre-licence checks, many of which require little more than Internet access and a few telephone calls. Other control measures are more costly and difficult to implement, but even the most resource-intensive are feasible for most major producers and exporters.

An analysis of data on the US export control system sheds some light on the cost of implementing the control measures identified above, at least for governments with established export control systems and large overseas consular networks.[45] Further research, particularly with regard to governments with limited resources and other constraints, is needed to determine more precisely the costs of implementing these measures globally.

According to US officials, export requests for firearms and ammunition account for more than 11 per cent of commercial arms export licences processed by the State Department in 2007.[46] The Directorate of Defense Trade Controls (DDTC)—the office that regulates the US arms trade and issues licences for commercial arms exports—has five people solely dedicated to reviewing firearms licences, a process that routinely includes most of the pre-shipment control measures identified above (e.g. confirming the authenticity of documentation, checking parties to the transfer against watch lists, reviewing the request for warning flags, etc.).[47] In total, reviewing and processing the 9,000 small arms and ammunition licences received by DDTC in the 2007 calendar year cost approximately USD 3 million dollars, or an average of USD 330 per licence. This figure includes IT and maintenance of the IT infrastructure, DDTC personnel costs, and embassy personnel time (for Blue Lantern checks).[48]



All: Colombia, October 2005. © USDoS.

The Blue Lantern team and Indumil officials observe ammunition inspection and packaging.



An Indumil employee inspects new rifles.



Newly manufactured and sorted Indumil ammunition.



Indumil managers tell the Blue Lantern team about manufacturing and plant security.

Also illuminating is data on the US military's post-shipment end-use monitoring of Stinger MANPADS.[49] As explained in Chapter 5, Box 5.3 (END-USER CERTIFICATION), the US Defense Department subjects certain exported weaponry to particularly rigorous, or 'enhanced', end-use monitoring. In the case of Stinger missiles, this monitoring includes annual on-site physical inventories of nearly all exported missiles. The time and expense associated with such monitoring varies according to recipient country. In some countries, a single Defense Department official can inventory all the Stingers in the host government's arsenals in less than a week and with minimal travel, while inventorying large, dispersed national inventories of missiles requires extensive staffing and travel. In one extreme case in which the country's Stinger missiles are stored in 80 different locations, the Defense Department has assigned a full-time major to do nothing but inventory missiles year-round. This disparity is reflected in data on Stinger end-use monitoring compiled by the various combatant commands. According to recent data from the Defense Department, staff time and travel expenses associated with end-use monitoring for Stinger missiles range from 6 hours and USD 2,600 at the low end to 1,916 hours and USD 71,000 at the high end.[50]

Table 4.4 ranks 11 key transfer controls in terms of their approximate cost and difficulty of implementation.[51]

Figure 4.1 **Transfer controls flowchart**

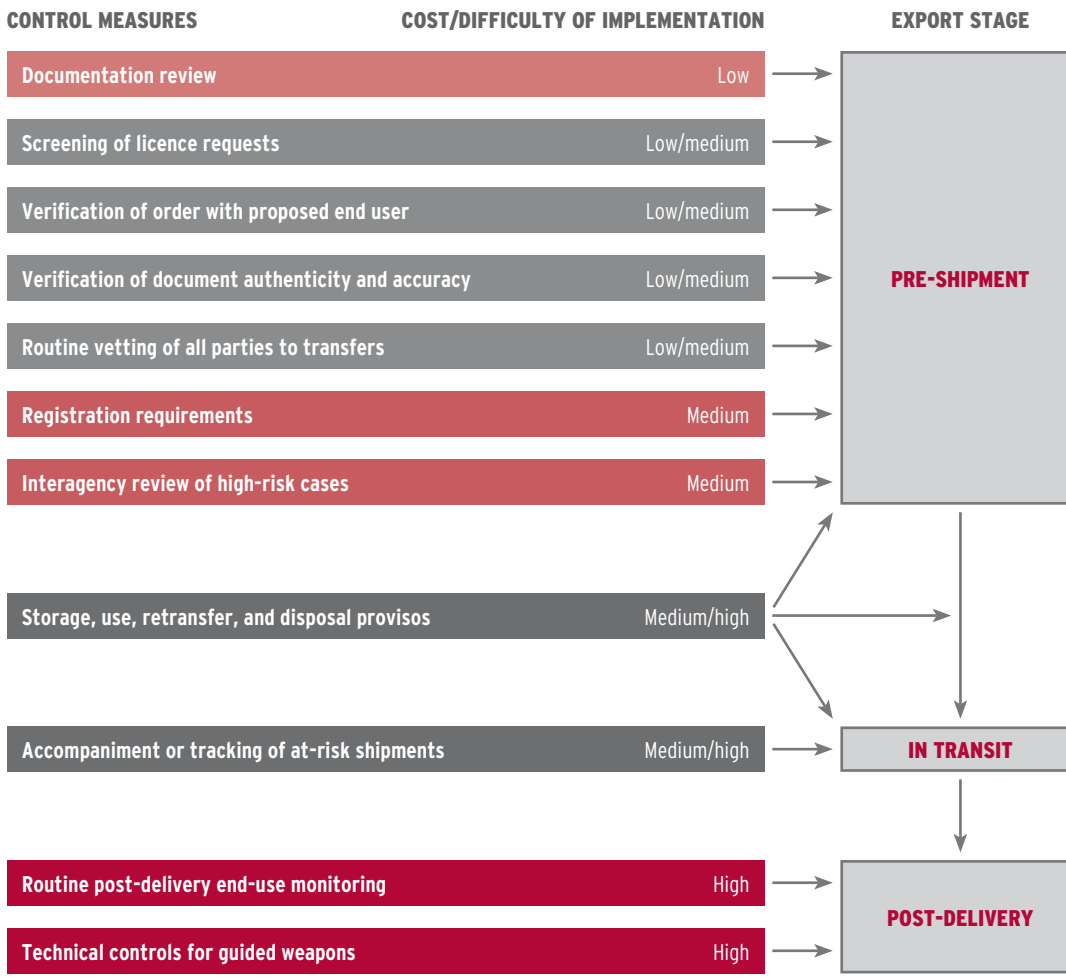


Table 4.4 **Transfer controls in terms of cost and difficulty of implementation**

Control measures	Export stage	Cost/difficulty of implementation
Collation and review of all documentation by a single agency	Pre-shipment	Low
Screening of licence requests against lists of warning flags	Pre-shipment	Low/medium[1]
Verification of order with proposed end user	Pre-shipment	Low/medium[1]
Verification of authenticity and accuracy of key documents, including end-user certificates	Pre-shipment	Low/medium[1]
Routine vetting of all parties to transfers against watch lists	Pre-shipment	Low/medium
Registration requirements for exporters, brokers, and other key parties	Pre-shipment	Medium[2]
Interagency review of high-risk cases	Pre-shipment	Medium
Routine inclusion and enforcement of storage, use, retransfer, and disposal provisos	Multi-stage	Medium/high[3]
Physical accompaniment or remote tracking of at-risk shipments	In transit	Medium/high[4]
Routine on-site post-delivery end-use monitoring	Post-delivery	High
Technical controls for guided weapons	Pre-delivery	High[5]

Notes:
Low: requires few resources and organizational changes.
Medium: may require some staffing and infrastructure development (e.g. database construction and management) and some organizational and procedural changes (e.g. the promulgation and implementation of new regulations and procedures).
High: involves significant staffing, infrastructure (e.g. embassies), investment in key hardware or technologies (e.g. GPS units, technical controls), and/or funding. May also have diplomatic or defence-industrial implications.

[1] The cost and difficulty of performing these checks varies depending on the licence request, i.e. simple requests for non-sensitive items from familiar applicants require fewer resources to process than requests for sensitive items from unfamiliar applicants. The volume of licence requests and complexity of the exports also have an effect.

[2] In the case of the United States, activities associated with the registration of the 5,200 registered US defence manufacturers and exporters require six full-time staff (interview with US government official, February 2008). Data on the percentage of these entities involved in the manufacture or sale of firearms is not readily available.

[3] The cost and difficulty of storage, use, retransfer, and disposal provisos varies depending on the type of proviso and the procedures adopted to monitor and enforce these provisos. For example, provisos that require 100 per cent annual on-site physical inventories of imported weapons by the exporting government are more difficult and costly to implement than retransfer notification requirements.

[4] The cost and difficulty of in-transit control measures varies from extremely resource-intensive to minimal. Deliveries made through the Department of Defense's Special Assignment Airlift Mission, for example, can cost USD 500,000 or more, while the costs of simple, informal delivery verification measures (e.g. a phone call to the intended recipient confirming that they received the items) are minimal. More research is needed to determine the costs for the full range of in-transit control measures and the optimal combination of such measures for shipments of varying levels of sensitivity.

[5] Robert Sherman, former director of the US Arms Control and Disarmament Agency's Advanced Projects Office, estimates that developing use control devices for Stinger missiles in the 1990s would have cost less than a million dollars, and that the costs of installing the devices at the time of manufacture would have been 'immeasurably small'. Verifying this estimate is difficult, however, as little has been written on technical controls for light weapons. Also factored into the cost/difficulty ranking is the fact that technical controls may have implications for foreign arms sales, especially if potential importers believe that the device could negatively affect the operation of the weapon or provide the exporter with a means of preventing the use of the weapon by the importer (Schroeder, 2006, p. 97).

CONCLUSION

As illustrated by the cases in Table 4.1 and throughout the chapter, diversion occurs at every stage in the arms transfer chain and ranges in size from multi-ton shipments of fully assembled weapons and ammunition to small quantities of component parts. The recipients of the diverted weapons also vary significantly, as do the exporting states that fall victim to diversion schemes. The sophistication and complexity of the schemes also vary from case to case. Some

are simple, crude, and relatively easy to spot, while others are remarkably complex and difficult to detect. The bait-and-switch scheme organized by Pecos, for example, required precise timing and coordination by participants operating in at least four countries on three continents. Yet many of the schemes profiled above also had much in common, including the use of falsified or forged documentation, front companies established in countries known for lax oversight, and the exploitation of weak or poorly executed transfer controls.

These cases also reveal that some diversions are clearly more difficult to prevent than others. Schemes in which the ostensible government end user has no knowledge of (or involvement in) the transfer are often the easiest to foil. Even routine pre-licence checks consisting of a few phone calls to the purported recipient are likely to uncover these attempts. Diversions that occur after importation or that involve high-level government officials from the recipient state are notably more difficult to prevent. In these cases, post-delivery end-use checks may be necessary. Arms exported via unconventional transfer programmes are also more vulnerable to diversion, especially when the programmes lack transparency, oversight, and clearly defined security and accountability requirements. Weapons that are transferred covertly to non-state actors are often the most vulnerable to diversion, as illustrated by the CIA's largely futile attempt to monitor and control the Stinger missiles distributed to Afghan rebels.

While the difficulty of detecting and thwarting diversion attempts varied significantly, in most of the cases discussed in this chapter there were warning signs and contextual red flags that portended the diversion. In at least four of the cases in Table 4.1, one or more parties to the transfer had criminal or otherwise suspect histories. In two other cases, the requested weapons appeared to be excessive or incompatible with the recipient's existing inventory, and in at least one other case, the documentation submitted as part of the sale was filled with irregularities. Few of these warning signs were conclusive proof of diversion, but all of them were cause for greater scrutiny and tighter controls.

To their credit, several governments recognized these signs and disrupted the diversion schemes, preventing some or all of the targeted weapons from being diverted. In other cases, however, the exporting government's failure to conduct even the most basic of pre-licence screening or post-delivery checks resulted in the delivery of thousands of weapons to terrorists and rogue regimes. A lack of data on national export control practices precludes even a rough estimate of how many states would have spotted the diversions had their arsenals been targeted, but recent studies suggest that few governments routinely conduct even basic pre-licence checks, let alone the extensive end-use monitoring necessary to ensure that exported weapons are not misused or retransferred. Until more states put in place the essential components of an effective transfer control system, diverted weapons will continue to find their way to terrorists, criminals, and rogue regimes worldwide.

LIST OF ABBREVIATIONS

ATPIS	Arms Transfer Profiling Indicator System	NISAT	Norwegian Initiative on Small Arms Transfers
CIA	Central Intelligence Agency	OAS	Organization of American States
DDTC	Directorate of Defense Trade Controls	OSCE	Organization for Security and Co-operation in Europe
EU	European Union		
FARC	Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia)	SEESAC	South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons

MANPADS	Man-portable air defence system(s)	UAE	United Arab Emirates
MNSTC–I	Multi-National Security Transition Command–Iraq	USD	United States dollar
		USGAO	US Government Accountability Office

ENDNOTES

1 China and the Russian Federation report only limited, if any, customs information on their small arms and light weapons exports. In order to reflect properly these two countries' importance in the small arms trade, the Small Arms Survey does not limit itself to analysing UN Comtrade data for the period under review. See, for example, Small Arms Survey (2004, ch. 4, Annexe 4.1) and Pyadushkin (2006).

2 Cyprus, after ranking among the top major importers for the last four consecutive years (Small Arms Survey, 2004, p. 109; 2005, p. 107; 2006, p. 75; 2007, pp. 73–115) has decreased its total imports from USD 448 million (Small Arms Survey, 2004, p. 109) to USD 20 million this year.

3 France's imports from 2005 UN Comtrade data reflected USD 33 million worth of military firearms exported by Côte d'Ivoire to France. We believe that this 'exported' material was owned and in use by French peacekeeping troops during the period in question and transferred from their mission back to France or to one of the French peacekeeping depots on the continent. For this reason, Côte d'Ivoire was not included in the major exporter list (over USD 10 million).

4 Data, estimates, and sources regarding top and major exporters and importers are provided in the Annexe to the present chapter at <http://www.smallarmssurvey.org/files/sas/publications/yearb2008.html>. The methodology follows that used in both the 2006 and 2007 *Small Arms Surveys*. For detailed explanations of the methodology used to deal with the UN Comtrade data and national reports, see Small Arms Survey (2005, pp. 97–102), Glatz (2006, p. 72), and Marsh (2005).

5 The definition employed in the *User's Guide to the European Union Code of Conduct on Arms Exports* similarly includes 'function (end-use)' (EU Council, 2007, sec. 3.7.3).

6 Human Rights Watch identifies the firearms as AK-47 rifles (Human Rights Watch, 2004, p. 10).

7 While is not clear who signed the contract on behalf of Vichi, the signer apparently did not consult the Moldovan government, which claimed to know nothing of the flights to Africa until informed of them by UN investigators.

8 As with most illicit activity, data on arms transfer diversions is incomplete. Credible, publicly available accounts of illicit arms transfers are few in number and focus primarily on the areas of the world actively monitored and publicly reported on by UN monitoring groups (the mandates of which are usually limited to a handful of countries and non-state actors) and a handful of NGOs and journalists. Of these accounts, only a small percentage are detailed enough to determine if the transfer conforms to the above definition of diversion. Fewer still provide enough information to compare and evaluate all possible risk factors.

9 According to UN investigators, the end-user certificate used for the shipment was the original, was signed by the president of Côte d'Ivoire himself, and was authenticated by the Ivorian ambassador to Moscow (UNSC, 2001).

10 Eligibility criteria that limit exports to governments with good stockpile security and non-proliferation records are particularly relevant in these cases.

11 According to Sarkis Soghanalian, the broker who arranged the deal, the plane was modified specifically for the diversion. According to a report in the *Los Angeles Times,* 'the belly was refitted so that it could be depressurized at high altitude. Rollers were installed so that pallets could simply slide out through the tail cargo door' (Rempel and Rotella, 2000).

12 The incompatibility between traditional transfer controls and arms transfers to non-state actors was highlighted by US Senator Dennis Deconcini's attempt to impose on the mujahideen the same rigorous stockpile security requirements applied to typical Stinger sales. In 1986 Deconcini introduced a bill that would have required the mujahideen to adhere to the same rigorous security standards that apply to government recipients of Stinger missiles: separate storage of missiles and launchers, storage facilities that feature reinforced concrete magazines, 'class five steel doors', intruder detection systems, and restrictions that limit access to the missiles to personnel with 'the proper security clearances'—requirements that could not possibly be met by a ragtag militia fighting a guerilla war in an underdeveloped, occupied country. The bill also required an annual physical inventory of all missiles by US personnel, despite the prohibition on trips to Afghanistan by US government officials because of the need to maintain 'plausible deniability' of US involvement in the arming of the mujahideen. The bill was soundly defeated, but it did underscore the difficulty of safeguarding the missiles and their extreme vulnerability to diversion (Schroeder et al., 2006, pp. 81–83).

13 A November 2007 audit by the Defense Department's own inspector general also found significant discrepancies in weapons accountability in equipment contracts, including contracts for small arms and light weapons. In two particular contracts reviewed in the course of the audit, the

inspector general found that 'MNSTC–I [Multi-National Security Transition Command–Iraq] could not prove that ISF [Iraqi security forces] received 12,712 of the 13,508 weapons procured', which consisted of firearms, assault rifles, rocket-propelled grenades, and machine guns (USDoD, 2007a, p. 9). Additionally, the Defense Department audit revealed that MNSTC–I had only a single auditor and 16 comptrollers to oversee its USD 5.5 billion budget for the 2007 financial year (USDoD, 2007a, p. iii).

14 There is some debate over whether the 'legitimate and acting Peruvian generals' identified by the Jordanians as their contacts in this transfer were indeed 'legitimate' or 'acting'. When the story of the diversion broke in August 2000, President Fujimori claimed that one of Jordan's principal Peruvian contacts on the deal—Lucio Olivera—did not exist, i.e. there was no Peruvian army general by that name. Soghanalian also reportedly acknowledged that the individuals were former soldiers representing themselves as active-duty officers (AFP, 2000; *Los Angeles Times,* 2000).

15 In 1981, Soghanalian was indicted on three counts of fraud associated with the sale of .50 calibre machine guns to Mauritania and sentenced to five years' probation (NYT, 1985). Ten years later, he was sentenced to six years in prison for conspiring to sell helicopters and missiles to Iraq (Austin, 2001).

16 According to *Jane's Infantry Weapons,* the Ivorian military had four types of rifles in its inventory at the time of the transfer: the 5.56 mm SIG 540, 7.5 mm MAS 49/56, 7.62 mm G3, and 7.62 mm FN 30-11, none of which is chambered for the 7.62 x 39 mm Ukrainian ammunition. The fact that the Ivorian military received a small portion of the ammunition may suggest that it had Warsaw Pact firearms as well, but most of the arms appear to have been incompatible with the large quantity of imported ammunition (Gander and Cutshaw, 2000; UNSC, 2001).

17 According to the International Institute for Strategic Studies, Côte d'Ivoire's armed forces consisted of an army of 6,800, a navy of 900, an air force of 700, and 12,000 reserves at the time of the diversion. While not necessarily out of line with the annual ammunition needs of a military that size, it appears excessive given the large number of NATO-calibre weapons in the military's inventory at the time (IISS, 2000).

18 Trafalgar Maritime, Inc. appears to have been established specifically and solely for the purpose of diverting the assault rifles to the Colombian paramilitaries. It was established shortly before the diversion under a well-known open registry, had only one ship to its name, and was dissolved several months after the diversion (OAS, 2003).

19 Proposals for technical controls for MANPADS date back at least to the mid-1980s. One such proposal calls for the development of a chip-level device for the missile's guidance system that would require the entry of an electronic code in order for the missile to function properly. The device, which is reportedly similar to anti-theft technology used in car radios, would allow legitimate end users to enable the missile for any period of time—days, weeks, or months—but after the code expires, the missile would be inoperable until the code is re-entered. If widely adopted, such devices (often referred to as controllable enablers) would reduce the lifespan of diverted missiles for unauthorized users from many years to a few months or less. To date, however, there is no publicly available evidence that any MANPADS producer has developed controllable enablers or similar technology (Sherman, 2003; Schroeder et al., 2006, pp. 96–98).

20 Registration requirements themselves rarely shut down the operations of arms traffickers, who simply shift their operations to countries with less rigorous controls. When Slovakia tightened its laws on arms traffickers, the owner of Joy Slovakia simply relocated his operations to Guinea, where his new company, Pecos, allegedly organized the diversion of Slovakian rifles from Uganda to Liberia (UNSC, 2001).

21 Interviews with US government officials, September and October 2007.

22 Interviews with US government officials, 26 September and 3 October 2007.

23 Interviews with US government officials, 26 September and 3 October 2007.

24 Training programmes are not only useful for government officials. Private sector parties to arms transfers—shippers, brokers, aircraft crew members, airport employees, etc.—are often privy to telltale signs of diversion that licensing officers and other government officials are not. Teaching these individuals to recognize these signs and to alert the proper authorities when they encounter them therefore make up a critical component of national and international efforts to prevent diversions.

25 Thirty governments have reported that they notify the exporting country in advance of retransferring small arms and light weapons (Greene and Kirkham, 2007).

26 See OSCE (2003, pp. 9–10).

27 Interview with Comtech spokesperson John Pylant, January 2008.

28 Interview with US Army official, January 2008.

29 The Biting the Bullet project concluded that, as of 2006, at least 119 countries had criminalized the illicit trade in small arms and light weapons (Bourne et al., 2006, p. 178).

30 A difficult dilemma associated with transparency is that transparent systems tend to receive more scrutiny and negative attention than less transparent ones. Countries with more transparent exports and export controls are scrutinized (and criticized) much more frequently by the media and civil society than other major arms exporters, even though these countries often exercise more restraint in their arms sales and monitor the delivery and end use of their weapons more closely. Examples include the United States, the United Kingdom, France, and Norway.

31 For more information, see UN Comtrade (2007).

32 The Barometer includes countries' national export reports that have been published in the public domain. It does not include countries' reporting to other mechanisms, such as the EU Council, the Wassenaar Arrangement, or the UN Register of Conventional Arms. EU member states are required to report their arms exports in accordance with Operative Provision 8 of the *EU Code of Conduct on Arms Exports*. The *EU Code of Conduct* is a regional mechanism, and non-EU countries would be at a disadvantage if data from its reports were included in the Barometer. The same is true for the Wassenaar Arrangement and the Organization for Security and Co-operation in Europe. The UN Register to date is optional for countries to report on small arms and light weapons since 2003 (for further information, see <http://disarmament.un.org/cab/register.html>).

33 The internal notes used for awarding partial points (0.25 and 0.75) were not published in previous years, but are now found in the explanatory notes at the end of the Barometer.

34 The most recent and complete UN Comtrade data available is for 2005.

35 Some countries did not produce a 2007 report with their 2006 export data. Therefore, the most recent published export reports available were used to score.

36 For further information on monthly reports, see <http://www.sipri.org>, and for UK quarterly reports, <http://www.smallarmssurvey.org>.

37 The cut-off dates for the Barometer are 31 December 2007 for national arms export reports and 15 January 2008 for UN Comtrade data.

38 For the situation regarding Côte d'Ivoire's exports, see endnote 3.

39 Several countries provide some information on licence refusals; however, it is not in accordance with our Barometer scoring criteria and thus does not score points in this category.

40 Iran received 10.5 points in the 2007 Barometer. As of the 15 January 2008 UN Comtrade cut-off date, Iran had not reported its 2005 data.

41 For further information on the *EU Code of Conduct* and criteria, see <http://www.smallarmssurvey.org/files/portal/issueareas/measures/Measur_pdf/r_%20measur_pdf/European%20Union/EUCodeofConduct%20080698.pdf>.

42 Major exporters that produced a national report are Austria, Bosnia and Herzegovina, Bulgaria, Canada, the Czech Republic, Finland, France, Germany, Italy, the Netherlands, Norway, Portugal, Romania, Serbia, Slovakia, South Africa, Spain, Sweden, Switzerland, Ukraine, the United Kingdom, and the United States. Canada and South Africa published national arms export reports in 2007 that pertained to the years 2003–05 (Canada) and 2002–04 (South Africa). Slovakia produced two reports in 2007 that pertained to transfers in 2005 and 2006, respectively. The Czech Republic published a report in 2005 and in 2007.

43 Even governments with established and comparatively well-funded export control programmes often struggle to balance the often-conflicting need for robust screening and expeditious processing of requests. The US Directorate of Defense Trade Controls, for example, has struggled to meet target times for processing the 60,000+ licence requests it receives each year, despite a staff of over 130 full-time and contract personnel and an annual budget of around USD 10 million (USDoS, 2007). The delays have prompted calls from the defence industry for a relaxation of US defence trade controls, which are often held up as models for preventing illicit arms trafficking, including diversions (Schroeder, 2007).

44 Commodities categorized as munitions by the US government are listed on the US Munitions List, which is available at <http://pmddtc.state.gov/docs/ITAR/2007/official_itar/ITAR_Part_121.pdf>.

45 It should be noted that the US system is not necessarily representative of transfer control systems worldwide. The rigour and scope of US controls, the volume of transport requests received and processed each year, and the assets and infrastructure available to US officials that coordinate arms exports and export controls (e.g. military transport networks, an extensive global network of embassies, etc.) exceed those of most exporters.

46 This data includes only firearms and ammunition authorized for export through the State Department's Direct Commercial Sales Program. Arms transferred through the Foreign Military Sales Program, through which the Defense Department arranges government-to-government arms transfers, and other, more minor, arms export programmes are not included.

47 In each case, licensing officers review the licence itself and other required documents, including the government-issued import certificate (an original or certified copy when available—several countries do not issue import certificates), the contract (or purchase order or letter of intent), and technical information. All parties identified on these documents are manually screened against watch lists. (DDTC is currently evaluating word-matching software that would automate this process, but does not currently have this capacity.) The request is reviewed to ensure that the type and quantity of items requested are appropriate for the requested end user and the requested end use. If so, the validity of the paperwork is then checked. For example, import certificates are compared against examples of authentic certificates from various countries that the State Department has on file and screened for telltale signs of forgery or falsification. An experienced licensing officer can review a simple firearms licence request in roughly 30–45 minutes (on average), but more complex or potentially problematic cases can take much longer (interview with US government official, February 2008). If the ostensible end user is an unfamiliar private entity or the request is suspicious in other ways, a pre- or post-shipment end-use check may be conducted under the Blue Lantern Program (END-USER CERTIFICATION). In 2006

the State Department initiated 613 end-use checks, including an undisclosed number of cases involving firearms and ammunition (USDoS, 2007, p. 3). Embassy personnel often perform these checks, which consist, *inter alia,* of visits to the end user's delivery address.

48 Interview with State Department official, February 2008.

49 Stinger missiles are fired from several different platforms, not all of which are man-portable. All Stinger missiles are subjected to enhanced end-use monitoring, however.

50 Interview with Defense Department official, 31 January 2008. The official did not name the two combatant commands.

51 The chart is based on data from interviews with current and former US government officials conducted in January and February 2008. However, the rankings are the opinion of the author and are not endorsed by the government officials or their agencies.

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