

# The Tangled Web of Illicit Arms Trafficking

By Rachel Stohl

Small arms trafficking in the 21<sup>st</sup> century is nothing if not a global operation.<sup>34</sup> In 2002, traffickers acquired 5,000 AK-47s from Yugoslavian army stocks and moved them from Serbia to Liberia under the guise of a legal transaction with Nigeria. One of the planes used in this shipment came from Ukraine and made a refueling stop in Libya while en route.<sup>35</sup> That same year, a group of West African gun smugglers persuaded the Nicaraguan government to sell it 3,000 assault rifles and 2.5 million rounds of ammunition by pretending to be brokering the deal on behalf of the Panamanian National Police. Instead, the illegal goods were routed to South America and sold to the United Self-Defense Forces of Columbia, an international terrorist organization.<sup>36</sup>

These – and thousands of similar incidents – combine to make black market small arms trafficking a \$1 billion-a-year global business.<sup>37</sup> But the financial profit comes at a tremendous cost to the world's security. Some 500,000 people are killed each year by the 639 million small arms in circulation, and in some conflicts up to 80 percent of casualties are caused by these weapons.<sup>38</sup> Moreover, small arms are today the weapons of choice for *all* warring parties around the globe – whether they be government armies, rebel forces, or terrorists – because they are cheap, widely available, extremely lethal, simple to use, durable, portable and concealable.<sup>39</sup>

In particular, small arms fuel regional instability. These persistent weapons often remain behind at the end of conflicts, thus enabling disputes to reignite or spread to neighboring countries. Even when further war is avoided, small arms become instruments for criminal violence and the disruption of development efforts. Ultimately, this kind of regional destabilization can cause states to fail and create the conditions in which terrorist organizations emerge and thrive.

Our efforts to curb small arms proliferation are clearly failing, but why? The answer lies in our inability to understand the nature of the networks that we are trying to disrupt. These complex and innovative networks have evolved in the shadows of globalization and are quick to exploit legitimate international channels, systems, and infrastructures where they already exist – and are equally quick to create new ones where they don't. Consequently, we must start thinking of these shadow networks as deeply integrated not only with one another, but with the entire global economy. By doing so, we will be able to start crafting a strategic policy for combating the illicit small arms trade.

## **Crossing the Threshold into the Black Market**

The vast majority of small arms on the black market were produced and traded legally before being diverted into an illicit network. There are seven primary ways in which this diversion occurs.

The first and most direct method of diversion involves shipping legally produced weapons directly to and through debarred countries. The U.N. sanctions panel on Angola and Liberia found numerous violations of arms embargoes, both by supplier states and those that allowed weapons to be transshipped through their countries.<sup>40</sup> Government officials accept bribes in exchange for export licenses for ineligible parties and other services. Cash payouts are particularly common in countries where government workers receive meager salaries or do not receive regular wages.

Second, poor stockpile security and management make government arsenals attractive to thieves and vulnerable to accidental loss. Weapons can flow from insecure government stockpiles into the hands of unscrupulous arms dealers or end up in the hands of organized crime syndicates, terrorists, or rebel groups.

Third, national arsenals can be looted during times of instability. For instance, in 1997, over half a million weapons were stolen from the Albanian national arsenal. These weapons quickly spread throughout the Balkans and beyond.

Fourth, weapons are sometimes simply lost by the government or military. From the United States to the Philippines, weapons are accidentally misplaced or unaccounted for. An estimated one million small arms are stolen or lost worldwide each year.<sup>41</sup> These weapons often end up on the black market.

Fifth, soldiers may sell weapons for cash. In countries where military personnel have not been paid, surplus weapons have not been collected from military stocks, or soldiers have sympathies to a rebel cause, weapons may be sold for cash. There are documented cases of Israeli military officers selling weapons to Palestinian fighters with full knowledge that these weapons were likely to be used against them.

Sixth, weapons are often stolen from both legitimate and illegal civilian owners. Known gun owners are attractive targets for those trying to get their hands on weapons quickly. Small-scale burglary alone enables half a million U.S. weapons to enter the black market every year.<sup>42</sup>

Seventh, domestic purchasing laws facilitate the entrance of small arms into the illicit market. In countries where there are no limits to how many guns a person may legally own or buy at one time, the phenomenon of “straw purchasing” has become common. Individuals buy several weapons at a time and then illegally resell the weapons, often bringing the weapons across international borders to sell in



countries where gun laws are more restrictive. This technique is commonplace between the United States, Mexico, and Canada.

### **Illicit Arms Networks**

Upon crossing into the world of the black market, these small arms become part of a much wider shadow economy in which weapons are just one of many commodities. These commodities include drugs, timber, diamonds, endangered species, and even human beings. The illegal trade in diamonds, for instance, links governments in Liberia, Togo and Burkina Faso to private arms smugglers in Bulgaria, Ukraine and Russia to precious stone dealers in Antwerp and Tel Aviv. In addition, rebel groups and terrorist organizations that take advantage of these illegal networks often use the profits from these commodities to purchase weapons and fund their operations. The Revolutionary Armed Forces of Colombia (FARC) earns approximately \$500 million through its drug operations, much of which is in turn spent on weapons. Between 1995 and 2001, Colombia's military seized more than 15,000 small arms that were circulating in its black market, along with 2.5 million rounds of ammunition.<sup>43</sup>

Arms trafficking networks rely on many different actors in many different countries. Pilots flying planes originating in Belgium, Ukraine, or South Africa traffic weapons originating in Eastern Europe and deliver them to clients from Africa to Afghanistan. R.T. Naylor explains the complexity of illicit arms networks:

The general result of the combination of new arms dealers and the spread of underground economic activity is that covert arms deals are likely to take place within a matrix of black-market transactions. Weapons might be sold for cash; bartered for teakwood, hostages, heroin, or religious artifacts; or countertraded for grain and oil. The deals can be transacted by go-betweens who are equally at home in smuggling gold to India, trafficking in counterfeit computer chips to the United States, or shipping toxic waste to Somalia. The ships hauling the arms are probably registered in a flag-of-convenience country boasting commercial secrecy, low registration fees, and the opportunity for rapid name and ownership changes. The payments can move through a series of coded bank accounts in the name of a global network of ghost companies and are protected by the banking and corporate secrecy laws of one or several of the many financial havens around the world.<sup>44</sup>

The complexity of these networks makes it impossible to only address the illicit trade in arms. These varied networks operate in many different countries with an international cast of characters. Always staying one step ahead of the law, these networks are conduits for a wide variety of goods and services.

### **Arms Brokers**

But who are these dealers and how do they operate? During the Cold War, governments utilized private arms brokers to facilitate covert arms deals. These arms traffickers, however, did not disappear when the Cold War ended, and the pipelines they developed remain operational to this day. In addition, over the

last fifteen years the world's black markets – like the world's legal markets – have become increasingly globalized. And as the various methods of transporting goods have become more integrated, traffickers have become quite adept at utilizing these networks for illicit means. Specialists in the arms trade have found that “cross-border mergers between airlines, marketing alliances, leasing, chartering, franchising and offshore registration of fleets, crews, and companies, all make it even more difficult to monitor and regulate the airspace and freighting industry.”<sup>45</sup>

In an effort to move their products without detection, brokers have come to rely primarily on counterfeit documents – or legitimate documents acquired through bribery – and on corruptible officials. They transport weapons using their false documents – bills of lading, fake end-use certificates, and incomplete manifests – roundabout routes and “friendly” transshipment countries. They often disguise their weapons shipments as humanitarian aid or other supplies.

Experts believe, moreover, that gone are the days when only veteran soldiers, former arms company executives, ex-intelligence operatives, or even war correspondents were arms brokers – now there is a generation of arms dealers who spend their entire lives learning the intricacies of black-market methods and putting the newest technologies to use.<sup>46</sup>

Fortunately, it seems that arms brokers are finally getting the attention that they deserve from the international community. Approximately 23 countries have passed anti-brokering legislation, and steps are being taken to address brokering at the international level through U.N. panels and processes. But such steps are late in coming. Arms brokers have been able to operate because many governments have thus far been unwilling to oversee the activities of arms brokers or arrest brokers and break up the existing trafficking networks. In addition to weak domestic controls of arms brokers by individual governments, arms brokers have benefited from poor border controls and lack of international cooperation.<sup>47</sup>

The whereabouts of several notorious arms brokers are well-known, but the lack of cooperation between countries has allowed these illegal actors to move freely around the countries in which they live. Victor Bout, for example, lives in Moscow and is able to operate his clandestine businesses with impunity.

## **Recommendations**

The illicit trafficking in small arms cannot be addressed unilaterally. The United States has very good – if not the best – policies with regards to export controls and arms brokers, but U.S. efforts alone cannot stop the global proliferation of small arms. Rather, stronger controls on legal sales must be developed and international cooperation must be increased. Moreover, strategies must be undertaken to minimize the illegal trade in other commodities as well.

Here are ten steps we should take immediately in order to reduce arms proliferation:

- Regional and international arms embargoes must be adhered to, monitored, and enforced. Currently, violators of U.N. arms embargoes act with impunity. The creation of a U.N. arms embargo monitoring unit could provide the infrastructure to monitor embargo enforcement and suggest consequences for violations.



- A common international system for the marking and tracing of weapons must be developed. Current international law allows for separate marking systems, making identification difficult. Effective marking and tracing can provide a trail for investigators to use in case of diversion or criminal use of weapons and allow law enforcement to punish those responsible. An international treaty on marking and tracing would require every country to adopt the same standard. An international clearinghouse for weapons tracing would allow states to quickly identify seized small arms and to verify the legality of the trade.
- Common international standards on the practices of arms brokers must be developed to ensure that middlemen cannot move weapons from conflict to conflict with impunity. Under current practice, arms brokers can move around and avoid prosecution under one country's laws by doing business in and through other, less regulated countries. An international treaty specifying the restrictions on arms brokers would allow states to prosecute those actors responsible for illicit trades to, from, and through their countries.
- Common international export criteria must be developed in order to prevent arms from getting into the hands of those who would use them abusively. Creating international standards to determine who is eligible to receive arms exports and an international system to prevent transfers to those actors deemed ineligible would prevent arms in the legal market from being easily diverted or used for unintended purposes.
- Strengthening national and international end-use monitoring (EUM) must be a top priority for arms exporting states. EUM is designed to ensure the proper use of exported weapons and encompasses all laws, policies, regulations, and procedures used to verify that a foreign government or the authorized foreign recipient of defense articles is using and controlling them in accordance with the terms and conditions of a transfer. Many countries have non-existent or weak end-use monitoring provisions. End-use monitoring must be conducted on a more systematic and complete basis – at both pre-shipment and post-shipment points. Moreover, a common end-user certificate that is not easily forgeable must be developed in order to ensure that trades are legitimate and that weapons end up in the hands of the intended user.
- Global small arms stockpiles must be adequately secured and managed. Many countries simply have no institutionalized system for ensuring that arsenals are safely secured and properly managed. Adequate structures must be built and training for personnel must be adopted to ensure that weapons are not systematically pilfered and diverted to the black market. Bi-lateral and multi-lateral programs on stockpile management and security have been developed, but these programs must be provided on an international, rather than an ad hoc basis.
- Countries must adopt practices to destroy surplus and obsolete weapons, particularly in conflict areas, and to reduce stockpiles of obsolete and surplus weapons in government arsenals. Such programs already exist on a bi-lateral and multi-lateral level, but these programs must be expanded and internationalized.

- National, regional, and multilateral governments and institutions must enhance cooperation and information exchanges. Governments, law enforcement, border security, and customs officials must work together to identify and eliminate trafficking routes and apprehend illicit arms brokers. Weapons must be seized at points of entry and transshipment, and false end-user certificates must be identified. Only with concerted cooperation can information about known routes, traffickers, and weapons be quickly transmitted to the relevant parties.
- The oversight of weapons issued to individuals must be a priority for governments. A regular accounting of military stocks and holdings must be implemented. Legal owners of small arms must be held accountable and report stolen or lost weapons to the proper authorities. Ensuring that individuals are held responsible for the weapons issued to them can deter people from selling weapons on the black market.
- States must eliminate craft production from within their borders. The illicit production of small arms, even on a small scale, can allow weapons to enter the black market, destabilize governments and contribute to conflict and lawlessness. Stamping out unauthorized production of small arms can limit the number of small arms available and minimize casualties.

