

Lock, Stock, and Barrel

How British Arms Components Add up to Deadly Weapons

Since 1997, the UK has introduced robust criteria aimed at preventing the sale of weapons to countries where they could fuel conflict, undermine development, and violate human rights. But in today's global arms trade, weapons are increasingly assembled from components from many countries. Between 1998 and 2002, there was a four-fold increase in licences for the export of assault-rifle components from the UK. The UK applies weaker standards when licensing arms components than it applies to complete weapons. This is a potentially dangerous loophole which could allow UK components to contribute to suffering around the world. To prevent this, the UK should apply the same criteria in licensing components as it applies to complete weapons systems.

Summary

Every day, millions of men, women, and children around the world are living in fear of armed violence. Every minute, someone is killed. The uncontrolled proliferation and misuse of arms by government forces and armed groups takes a massive human toll in lost lives, lost livelihoods, and lost opportunities to escape poverty. Every day in our work around the world, Amnesty International UK, IANSA and Oxfam witnesses the abuse of arms which fuels conflict, poverty, and violations of human rights.

The UK is the world's second largest arms-exporting country¹, and as such it has a particular responsibility for ensuring that its arms sales do not contribute to human suffering. Since 1997, the government has introduced robust criteria aimed at preventing the sale of weapons to countries where they could fuel conflict, undermine development, and violate human rights.

This report focuses on the licensing of arms components – an increasingly important aspect of UK arms sales, given the globalisation of the arms trade, which means that weapon systems are increasingly assembled from components sourced from many countries.

The UK is a key supplier of components, having found itself something of a niche market for defence contractors. This report highlights substantial growth in the number of components licensed, noting an eleven-fold increase between 1998-2002, and a four-fold rise in assault-rifle component licensing over the same period. While some of this increase could be due to better reporting in later years, the overall trend is both substantial and significant, and raises concerns over the accuracy and transparency of government arms-sales reporting.

This report details a number of ways in which the government applies different, and weaker, standards to licensing decisions for arms components. It concludes that the government:

- applies less rigorous standards to the export of components than to exports of complete weapons systems to the same country;
- applies less rigorous standards to the export of components incorporated into weapons systems that are subsequently re-exported.

Oxfam, Amnesty International and IANSA are concerned that these weaker standards of licensing create a potentially dangerous new loophole that will allow UK-manufactured components to contribute to suffering around the world. The organisations recommend that the government should apply the same criteria to decisions regarding the licensing of components as it applies to major weapons systems.

This report has been written by Oxfam GB for the Control Arms Campaign in the United Kingdom. It is part of a series of reports produced by Amnesty International, Oxfam, and the International Action Network on Small Arms (IANSA) during the Campaign.

¹ *Conventional Arms Transfers to the developing world, 1995-2002*, CRS Report to Congress, September 2003.

Introduction

The export of military components² is an ever-increasing part of the global arms market. Since the end of the Cold War, key quantitative and qualitative changes have occurred within the arms industry, both globally and within the UK. The industry has undergone wholesale restructuring, leaving it more diversified and internationalised than before.

As the defence industry becomes globalised, subcontracting, both nationally and internationally, has grown to be increasingly important as defence contractors outsource. Companies new to this sector are becoming involved in defence work, and supply chains are extending across the world. Networks have developed internationally, making the existence of a comprehensive production capability within any one country very rare. Weapons systems are now, more than ever, assembled from components sourced from a global market place.

The UK is a key supplier of weapons components, finding itself in something of a niche market for defence contractors. As such, the export of components is becoming increasingly important in the government's licensing decisions. The Defence Manufacturers Association of Great Britain, in their Memorandum to the Defence Select Committee of 25 November 1999, argues:

The UK especially demonstrates great strength in the high technology sub-systems sphere, where it has a particularly strong record in most sectors. In consequence, a considerable proportion of defence export contracts won each year have been for subsystems, components, spares etc. and there are very few major Western high-technology programmes which do not have some level of British subcontractor participation.³

This issue was highlighted in July 2002, when Foreign Secretary Jack Straw initiated new guidelines specific to the export of arms components. These introduced a significant weakening of export controls in relation to components and subsystems, especially to items destined for incorporation into weapons systems made by foreign manufacturers. It appears that the government now operates a different policy with respect to the export of components and weapons subsystems from the policy applied to complete weapon systems. In short, the government:

² Components include subsystems, electronics, software, production equipment and technology, and engines – anything that is not a weapons system, a weapons platform, a weapon, or ammunition. Components also include spare parts and upgrades of equipment already in service

³ See www.parliament.the-stationery-office.co.uk/pa/cm199899/cmselect/cmcaff/100/100ap30.htm

- applies less rigorous standards to exports of components than to exports of complete systems to the same country;
- applies less rigorous standards to exports of components incorporated into other products that are re-exported.

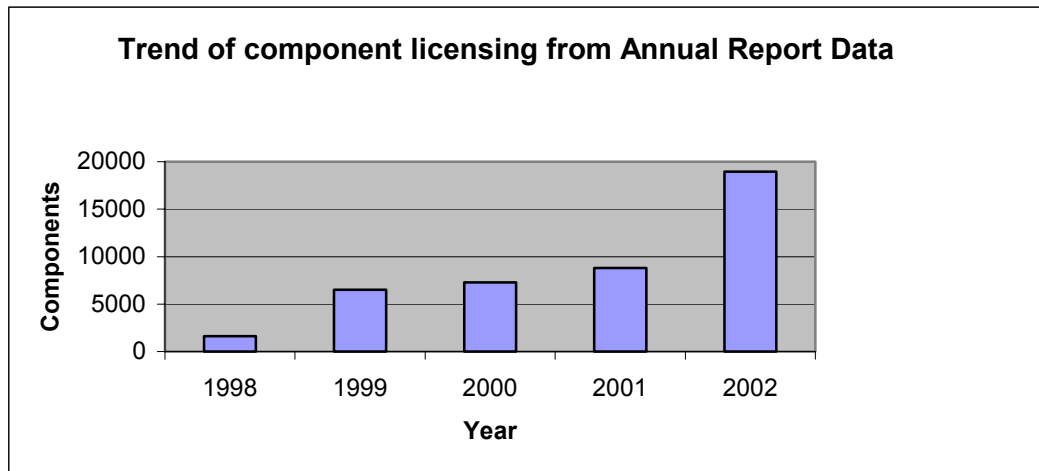
Clearly components present a major challenge for national export-controls systems, not least because many countries are often involved in the manufacture of a single weapons system. Components are also likely to be less visible in the final product, making it much harder to monitor whether or not such items have been misused. Every day in our work around the world, our organisations witness the abuse of arms which fuel conflict, poverty, and violations of human rights. We are concerned that weaker standards of the licensing of these items, especially given their increased prominence in the export market, create a dangerous new loophole that will allow UK-provided arms components to contribute to suffering around the world.

Trends in components licensing 1998 – 2002

There is also evidence that components are increasingly prominent in export licensing decisions. An analysis of the five annual UK government reports on arms exports⁴ has shown a dramatic rise in the number of components being licensed in the UK.

⁴ The government's annual reports on Strategic Export Controls can be accessed from the FCO website, at www.fco.gov.uk

Figure 1: Trends in the licensing of components⁵



Note: from the government's reports it is not possible to identify the number of licences that have been issued for components only, because this information is not available. The data contained in this table represent the number of times components have been reported as being licensed.

These figures are extremely significant, demonstrating an eleven-fold increase between 1998 and 2002. The most significant increase occurred from 2001 to 2002, the year when the weaker guidelines for components were introduced. In 2002 the number of components reported as being licensed doubled from the previous year. It is possible that some of this increase is due to improvements in reporting, but the trend is so significant that this cannot be the only explanation. It seems clear from the government's own data that such increases are evidence of the growing importance of components exports. To our knowledge, this is the first time that analysis of this kind has been conducted.

Weaker standards and the direct export of components

The application of weaker standards in these cases takes several forms, including: the loose interpretation by the government of arms embargoes; licensing exceptions for the supply of spares and upgrades; weak government monitoring of the use of UK-supplied equipment; disregard for the cumulative effect of licences issued over time; and less rigorous licensing standards for components intended to be incorporated and re-exported from third countries. These issues are elaborated upon in the sections below.

⁵ Information for both Single Individual Export Licences (SIELs) and Open Individual Export Licences (OIELs). SIELs allow a single export, whereas OIELs allow the exporter to make multiple shipments. Both licence types are valid for two years from the date of issue

Interpreting embargoes

There is evidence that exports of components are also treated differently from exports of whole systems or items in cases of destinations subject to arms embargoes. For example, China is subject to an EU Arms Embargo. A memo dated 26th February 2002 to a joint parliamentary select committee,⁶ examining the 2000 Annual Report on Strategic Export Controls, states that the UK interprets the embargo as including:

- Lethal weapons such as machine guns, large-calibre weapons, bombs, torpedoes, rockets and missiles;
- Specially designed components of the above, and ammunition;
- Military aircraft and helicopters, vessels of war, armoured fighting vehicles and other such weapons platforms;
- Any equipment which might be used for internal repression;
- All defence exports to China to be assessed on a case by case basis against the consolidated EU and national arms export licensing criteria.⁷

However, while components for 'lethal weapons' are banned, components for other military equipment are not. The 2001 Annual Report lists a number of components, technology, software, and related systems for weapons platforms licensed for export to China that year. These include categories of equipment that would clearly be for use in or with a weapons platform which would itself be subject to embargo.⁸

The supply of spares and upgrades

Spares and upgrades for previously licensed equipment are treated differently from new equipment, including all complete weapons systems and platforms⁹. This is explicitly stated in the terms of the EU

⁶ This committee is known as the Quadripartite Committee (or QSC) and draws its membership from Foreign, Trade, and Defence and Development select committees. These are the select committees with a specialist interest in arms sales

⁷ See www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmdfence/718/718ap07.htm

⁸ Components licensed to China and identified in the 2001 annual report include aircraft, military communications equipment, components for airborne radar, components for aircraft, military communications equipment, components for aircraft radar, components for combat aircraft simulators, components for destroyers, components for military aero-engines, components for military infrared/thermal imaging equipment, general military vehicle components, military aero engines.

⁹ Spares differ slightly from components: spares are generally post-sale items whereas components are normally inputs into new weapons systems, although spares can also be components. The difference is that exporter governments can justify keeping previously exported systems working, because otherwise they will get a bad reputation.

embargo against countries intervening in the conflict in the Democratic Republic of Congo (DRC):

The Government will not grant export licences for new military equipment to countries intervening in the Democratic Republic of Congo (Angola, Burundi, Rwanda, Uganda, Zimbabwe) if there is a clear risk that it would be used in the Democratic Republic of Congo. Applications for Standard Individual Export Licences to provide spares for UK equipment already supplied under pre-existing contracts will be examined on a case-by-case basis against our national criteria and the EU Code of Conduct on Arms Exports. In reaching decisions on such applications, the government will take into account the wider implications of forcing UK companies to break existing obligations.¹⁰

The argument that refusal to supply spares would create an impression of UK companies as unreliable suppliers, and that the government was duty-bound to honour existing contracts, was given by the government in 2000, to justify the licensing of Hawk spares to Zimbabwe. In 1998, Robin Cook, then Foreign Secretary, used essentially the same argument to justify continued exports to Indonesia, including a variety of spares and components for Hawk jets and military vehicles.

Easier licensing

There is strong evidence to suggest that components are receiving export licences for equipment that would not receive one if it were exported as a complete system, given the likelihood that such equipment could be used to fuel conflict and poverty, or used against civilians to violate human rights. For example, licences issued to Israel in 2001 included components for bombs, combat aircraft, armoured fighting vehicles, and combat helicopters. Without information to identify exactly for which systems these components were intended, or whether those specific systems had previously been used against the Palestinian population living in the West Bank and Gaza Strip, it is hard to see how the government could have any degree of confidence that the weapons into which they were incorporated would not be used in this way. In response to letters received from Amnesty International and Oxfam supporters, the Foreign and Commonwealth Office (FCO) is quoted as saying: 'the UK has not sold main equipment such as tanks, aircraft, warships or artillery to Israel since this Government came to power in May 1997.'¹¹

Licences for aircraft components to Indonesia raise similar concerns, because of its armed forces' past or present use of aircraft in East Timor, West Papua and Aceh. The UK government appears to have found it easier to license components than, for example, British-made Hawk jets.

¹⁰ As quoted in the 2001 Annual Report on Strategic Export Controls.

¹¹ Letter from Foreign and Commonwealth Office, 12 August 2002.

In a parliamentary answer on 14 December 2000, replying to a question on arms sales to Indonesia, former Foreign Office Minister Peter Hain noted that the majority of licences issued in 1999 were for components, and that there were no main equipment sales.

These responses from the government clearly suggest that a distinction is being drawn between components and exports of complete systems.

Lack of end-use monitoring

The UK government does not systematically attempt to monitor end-use of equipment, arguing that it is too late to prevent misuse once the equipment has been delivered, and that the emphasis should be put on the licensing.¹² While the government does use its overseas posts to conduct follow-up monitoring of the end-use of UK supplied arms, this is neither systematic nor frequent. No end-use controls appear to be in place for the re-export of UK-supplied equipment from third countries. This is demonstrated by the following exchange in the House of Commons:

Mr. Gardiner: To ask the Secretary of State for Trade and Industry if, as part of her proposals for the secondary orders to the Export Control Act 2002, she will create a binding agreement with countries that receive arms exports from the UK that they will not re-export weapons of UK origin without first informing the UK Government. [131134]

Nigel Griffiths: The Government has no plans to introduce such binding agreements. The surest way to minimise the risk of UK arms being re-exported and ending up in the wrong hands is to carry out a rigorous assessment of export licence applications at the licensing stage.¹³

The use to which components are put is clearly more difficult to monitor than the end-use of complete systems. For complete weapons systems the government states that if UK weapons platforms and systems were used against civilians, or for aggressive action against neighbours, similar equipment would not be licensed in the future. However, the government claims that dealing with components is more difficult. It recognises that abuse of components is much less likely to be detected than abuse of complete systems, and therefore the future licensing of components is much less likely to be blocked. A letter from the FCO to the Foreign Affairs Select Committee on 21 March 2002, regarding the modification of UK Centurion tanks (licensed by a previous

¹² Nigel Griffiths, speaking for the Government on 9 July 2001, defended this: 'Sadly, that is the best example of shutting the stable door after the horse has bolted. End-use or follow-up monitoring can confirm misuse or illegal diversion only after they have taken place, when it offers minimal opportunity for effective action.'

¹³ Hansard, 6 Oct 2003 : Column 1067W.

government) into armoured personnel carriers (APCs) for use in the West Bank, notes:

Many UK exports [to Israel] have been for components for pieces of technology, which can be embedded in other systems and are therefore not visible.¹⁴

Cumulative effect of licences issued over time

A further problem relates to the case-by-case nature of decisions on Standard Individual Export Licence (SIELs) applications, and the possible cumulative effect a large number of component licences might have. The most pertinent example of this, which exposed the government to some of the strongest criticism from the Foreign Affairs Select Committee, is that of India and Pakistan.¹⁵ These countries came close to war in 2002, and licences for a large number of components, but no complete systems, were granted to both countries.¹⁶

There is no evidence that the cumulative effect of these licences ever led to a reduction in arms sales, even during the periods of highest tension between the two countries.¹⁷

Incorporation: weaker standards for re-export to a third country

Since the introduction of 'incorporation' guidelines by Foreign Secretary Jack Straw in July 2002, weaker standards now exist for the export of components for incorporation into a complete system, which may then be re-exported to a third country. The government has explicitly confirmed that it will apply standards to these exports differently than those applied to direct exports.

¹⁴ A memorandum from the FCO answering written questions from the Quadripartite Committee, relating to the Foreign Secretary's verbal evidence on 21/3/2002.

See www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmcaff/718/718ap11.htm

¹⁵ See www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmcaff/718/71805.htm

¹⁶ See 2001 Annual Report on Strategic Export Controls, available at www.fco.gov.uk

¹⁷ The Committee's 2002 Report on the Government's Annual Report for 2000 concluded:

'... if the situation in India and Pakistan in the spring of this year did not fully engage Criterion Four [relating to international aggression], it is difficult to conceive of circumstances short of all out war which would do so... The stand-off over Kashmir should in our view have led to its application with very great rigour... we are concerned that in recent months there is little real evidence of the terms of the Criterion being applied in proportion to the rise in regional tension.' See www.parliament.the-stationery-office.co.uk/pa/cm200102/cmselect/cmcaff/718/71809.htm

While the EU Code of Conduct¹⁸ on licensing decisions for components is still to be taken into account, five additional factors will also be considered:

- the export-control policies and effectiveness of the export-control system of the incorporating country;
- the importance of the UK's defence and security relationship with the incorporating country;
- the materiality and significance of the UK-origin goods in relation to the goods into which they are to be incorporated, and in relation to any end-use of the finished products which might give rise to concern;
- the ease with which the UK-origin goods, or significant parts of them, could be removed from the goods into which they are to be incorporated; and
- the standing of the entity to which the goods are to be exported.

19

These factors place the UK's defence industry and security interests above respect for the core principles of the EU Code of Conduct: sustainable development, human rights, and regional stability. This makes the new guidelines extremely significant, allowing components to be assessed and licensed differently from whole systems. This now means that the government can approve exports for components destined for incorporation if it thinks the sale is too important for the arms industry to lose, or is of significant political and strategic interest, even when the equipment could be used to fuel conflict, violate human rights, and undermine development in the country of final destination. Moreover, given the reluctance to place binding agreements to inform the UK of the re-export of UK-supplied equipment, this now creates a significant new loophole in UK arms controls.

At the same time that the new guidelines for components were announced, Jack Straw also announced a decision to allow the sale of British components (electronic Head-up Displays, or HUDs) to be incorporated into American F-16 fighter aircraft for onward sale to Israel. This represented a change in policy by the government, the reason given being that failing to license the HUDs would jeopardise the UK's defence relationship with the US, and also the UK's defence industrial base. It is likely that the government was concerned for

¹⁸ The EU Code of Conduct on arms exports, agreed by the EU Council in June 1998, provided the criteria against which arms licenses are judged. Licences should not be granted where there are concerns that the equipment for export could be used to commit human-rights violations, fuel internal or external armed conflict, or increase poverty by undermining development. The EU Code forms part of UK arms-licensing guidelines referred to as the Consolidated Criteria.

¹⁹ See Hansard, 8 Jul 2002 : Column: 651W.

Britain's participation in projects such as the Joint Strike Fighter (JSF)²⁰. Just four months earlier these planes had been used in raids on the West Bank and Gaza Strip, and there is clear evidence that they were used against civilians.²¹

In February 2002, after it was revealed that British tanks were deployed by Israel in the Occupied Territories, Jack Straw announced that the government would no longer recognise assurances from Israel that British equipment would not be misused.²² It therefore seems extremely doubtful that the UK government would license the sale of the components directly to Israel. However, it could still justify their indirect sale via the USA, as was the case in July 2002. By exporting arms equipment to another country first, and not insisting on any UK government control over the final destination, British arms could theoretically be exported to any country in the world.

Industry observers have claimed that many of the components sold to Israel from the UK are also destined for incorporation by Israeli defence companies for re-export, which reduces the risk that UK-supplied equipment could be used in the West Bank and Gaza Strip. However, Israel is becoming a significant exporter of defence equipment, exporting nearly \$US 7 billion worth of arms between 2002 and -2003.²³ Evidence from its returns to the UN Register of Conventional Weapons²⁴ suggests that Israel operates considerably weaker export controls than the UK. For example, between 1998 and 2002 Israel exported artillery systems to Uganda, Turkey, India, and Cameroon. The UK has not exported similar equipment to these destinations, but has licensed components for the manufacture of such equipment to Israel.²⁵ This raises a real concern that UK components could be used in these systems, effectively bypassing UK controls on the export of artillery systems to sensitive countries.

Clearly, concerns about incorporation are most acute where there is a direct relationship, either through licensed production agreements, joint ventures, or other formal co-operation agreements between UK defence companies and foreign counterparts. In such circumstances, it is more

²⁰ The government's position was set out in detail in a Parliamentary Answer by Foreign Secretary Jack Straw, described in Section 2.

²¹ For example "Israeli operations timeline", BBC News Online, news.bbc.co.uk/2/hi/middle_east/1860497.stm

²² See Jack Straw's answer to Gerald Kaufman, Hansard 16 Apr 2002 : Column 469.

²³ "Israel's second best year for arms sales", Jane's Defence Weekly, February 04, 2004.

²⁴ The UN Register contains details of imports and exports of major weapons systems including artillery, missiles, warships, aircraft and vehicles.

²⁵ UK Annual Reports for 2001 and 2002 show licences for components for large-calibre artillery ammunition, components for bombs, components for artillery rocket control equipment, components for artillery rocket launching equipment.

likely that UK components would be incorporated into complete systems for re-export.

Oxfam has previously reported on the example of Land Rover and Otokar in Turkey.²⁶ In 1994, Otokar started producing machine-gun-mounted armoured vehicles based on a Land Rover design with components supplied from the UK; Otokar military vehicles are known to have been exported to Pakistan and Algeria. The government should ensure that other countries manufacturing military vehicles based on Land Rovers under licensed production agreements²⁷ are not exporting these vehicles to destinations that would violate the criteria contained within the EU Code of Conduct. For example, such vehicles are produced under licence in Malaysia²⁸ and Jordan²⁹, and both countries have received export licences for military vehicle components.

In 1999, Vickers Defence Systems bought South African company Reumech, South Africa's largest military vehicle manufacturer.³⁰ Through its South African company, Vickers Defence Systems now offers the following South African armoured vehicles for sale:³¹ the RG-12 APC, Casspir APC, and the Mamba APC. Since 1999 South Africa has exported these vehicles to many destinations which would contravene the criteria stipulated in the EU Code of Conduct, including Uganda and India. There have been no direct exports from the UK of armoured vehicles to these countries, and it seems highly likely that licences would have been refused on grounds of armed conflict, regional stability, humanrights concerns, or low levels of sustainable development. Table 1 lists exports of vehicle components to South Africa since 1998, including several open licences, which allow multiple shipments of equipment to take place.

²⁶ 'Out of Control: The Loopholes in UK Controls of the Arms Trade', Oxfam policy paper, December 1998.

²⁷ Licensed production operates in the following way: a company in country A contracts with a company in country B to undertake the legal production of its products. In terms of a licensed production agreement, the licensing company in country A usually provides technical data or copies of the products to be produced in country B, and sometimes provides machine tools, or assists in the setting up of production facilities. This definition is taken from Small Arms Survey, 2001, p9.

²⁸ Malaysia is known to produce a Land Rover based Special Operations Vehicle (SOV), which was displayed for the first time at an arms fair in Malaysia in 2002. According to Sibexnews on March 26 Land Rover Malaysia would display its SOV and Rapid Intervention Vehicle at DSA 2002.

²⁹ King Abdullah II Design & Development Bureau (KADDB) is a large company producing a range of military vehicles – including the Land Rover-based special operations vehicle. The Middle East, Nov 2000, p40 'MILIPOL returns to Qatar'.

³⁰ See for example, 'More orders for RG-12 APC', Jane's Defence Weekly, May 22 2002; 'BAE buys strategic Alvis stake', Guardian City Pages, August 23 2003; and 'Vickers set to benefit from defence alliance', The Northern Echo, September 10 1999.

³¹ www.sovereign-publications.com/vickers.htm

Table 1: Components for military vehicles licensed to South Africa, 1998 – 2002		
Year	Licence	Description
1998	OIEL	General military vehicle components
1999	SIEL	Components for armoured fighting vehicle
	OIEL	Components for military utility vehicles
2000	SIEL	Component for turret Components for armoured fighting vehicle
	OIEL	General military vehicle components
2001	SIEL	Components for armoured fighting vehicles, General military vehicle components
	OIEL	General military vehicle components
2002	SIEL	Components for armoured fighting vehicles Components for armoured personnel carriers General military vehicle components
	OIEL	General military vehicle components Components for military utility vehicles

It seems highly likely from government reports that UK components will have been incorporated into these South African vehicles re-exported to countries that would not have received a direct export licence from the UK for military vehicles.

With regard to direct exports, the Annual Report enables the reader to assess, at least in part, how well the government has followed a responsible export policy. Where components exported for incorporation are involved such detailed scrutiny is more or less impossible, adding a further layer of opacity into the UK's export control system.³²

Small arms components: the transparency gap

Over recent years, much attention has been focused on the export of small arms and light weapons, because of the devastating impact of these weapons in conflict and human rights crisis zones throughout the

³² This point is illustrated by a lengthy parliamentary exchange between Ann Clwyd and Nigel Griffiths on 13 June 2002, in which Ms Clwyd tried to establish what sorts of licence had been issued to one country, with other countries as the end-user, with little meaningful result.

world. In 1998, Oxfam's "Small Arms, Wrong Hands"³³ report was highly critical of the quality of UK armstrade data on the export of small arms and light weapons. While there have been some improvements in transparency for complete weapons, the same level of transparency has not been extended for small arms components.³⁴

We do not have a clear breakdown of precisely what small arms components are being licensed, as the government's annual reports fail to provide this data. It does, however, appear that equipment related to weapons sights, gun mountings, and silencers are recorded separately, leading us to conclude that licences for small arms components would include items relating to proofed barrels, butts, firing and trigger mechanisms, ammunition chambers, and magazines. It is difficult to argue that components such as these are therefore not central to the weapons' functionality and lethality. There is therefore no defence for treating small arms components any differently from exports of whole items.

A key finding in this paper is that the increasing importance of components to the UK arms trade seems also to be applicable to the export of small arms components. Figures 2 and 3 clearly show a dramatic upward trend for the licensing of assault rifle components since 1998.³⁵

³³ 'Small Arms, Wrong Hands. A Case for Government Control of the Small arms Trade', Oxfam GB Policy Paper, April 1998

³⁴ Small arms components include parts for assault rifles, sniper rifles, shot guns, general-purpose and heavy machine guns, revolvers, and pistols.

³⁵ For the purposes of these data, we have chosen to focus only on assault rifles. However, we are concerned that similar trends are likely to be applicable to other categories of small arms and light weapons, including machine guns, sniper rifles, shotguns, pistols, and revolvers.

Figure 2: Comparison and trends for licences issued for complete assault rifles and for assault-rifle components

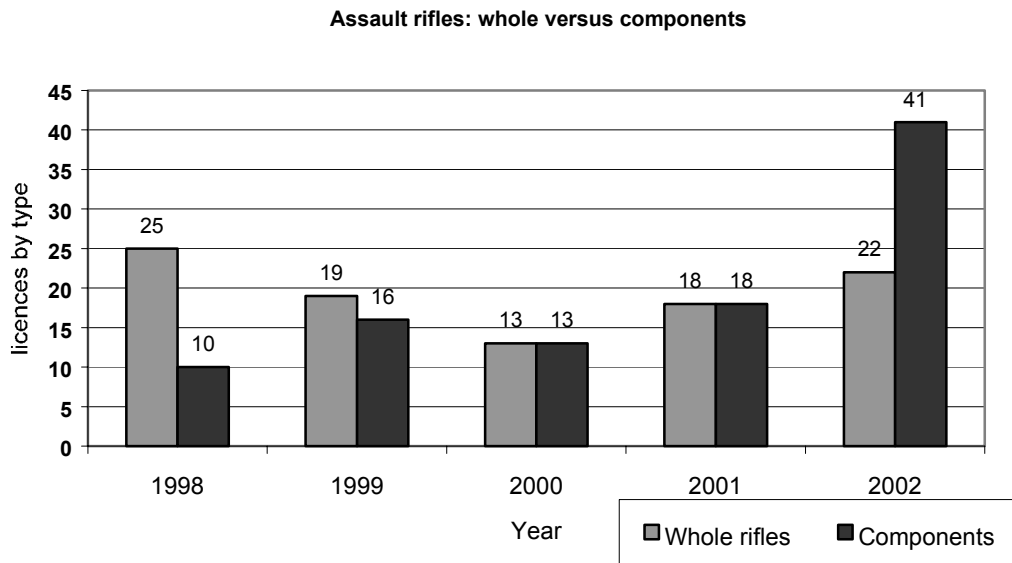
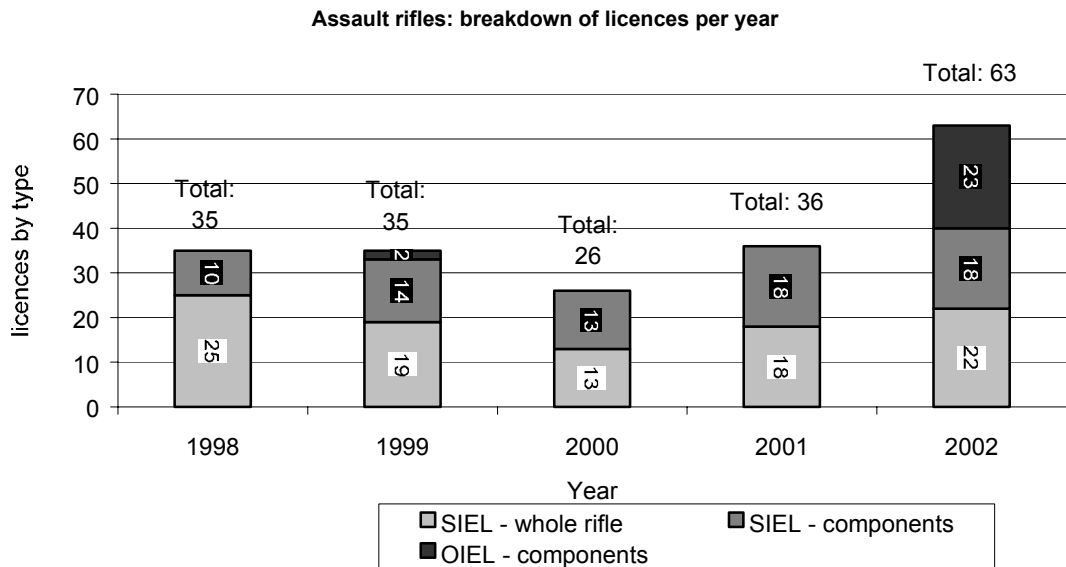


Figure 3: Assault rifles and components by total and licence type



As shown in Figures 2 and 3, the issuing of licences for assault rifle components has risen dramatically, rising from ten issued in 1998³⁶ to 41 in 2002, which represents a 410 per cent increase. The figures for

³⁶ While data do exist for 1997 in the government's first Annual Report on Strategic Exports, these data do not contain complete records for a full calendar year, so have not been included.

Open Individual Exports Licences (OIELs) for assault rifle components are even more significant, rising from only two in 1999 to 23 in 2002, which represents an 11-fold increase (or 1150 per cent). Open licences allow the exporting company to make multiple shipments to specified destinations, and the amount of equipment exported under these licences is not recorded by the Department for Trade and Industry (DTI). Indeed, in 2002, OIELs for assault rifle components accounted for approximately one-third of all licences issued for assault rifles.

Small arms components are subject to a much lower level of reporting than complete weapons are. For example, since the 2000 Annual Report on Strategic Exports, the government has included in its annual reports numbers of small arms licensed for export, a fact which has increased the transparency of its reporting on small arms exports, as it helped to identify whether they were licensing very small numbers of weapons for hunting purposes, or significant quantities of military weapons to state forces. However, this additional information about the number of small arms items does not include components, nor does it cover items exported under open licences.

Our organisations are concerned that, since there has been a requirement to report the numbers of small arms licensed in each application, the number of licences issued has remained relatively constant, with a slight downward trend. This contrasts significantly with the dramatic increase in the numbers of components licensed, where no such numerical reporting requirement exists. This is a major failing in the transparency of the government's annual reports. As a result, we cannot identify whether they are licensing a small batch of hunting rifles and their associated spares, or significant quantities of spare components to maintain existing small arms arsenals; or in fact many hundreds of components to be incorporated or assembled in small arms produced abroad for export on to the world market.

Another failing of the current reporting system is that small arms components are not included in the data provided on physical exports of small arms from the UK. This is highly misleading, and is even more alarming, given the dramatic increase in open licences for small arms components, as there is currently no other way of identifying the volume of equipment exported using these licences. Currently information on exports for small arms and light weapons is compiled based on aggregate figures issued by Customs and Excise.³⁷ These data are often used by the government to suggest that the UK is not a major exporter of small arms and light weapons.

³⁷ Figures for small arms exports are aggregated from the following Customs Tariff Codes:

9301 0000 (Military Weapons – including artillery weapons, continuous rapid-fire weapons, rifles and carbines, and other projectile weapons); 9302 0010 (Revolvers and pistols: 9mm calibre and higher); 9302 0090 (Revolvers and pistols below 9mm calibre).

While the quality of this information is questionable³⁸ – not least because Customs and Excise uses a coding system for goods that is different from the DTI licensing system³⁹ – there is specific information available for the export of small arms components which is not included in the government’s arms sales figures.⁴⁰ It seems bizarre that the government has chosen to aggregate small arms exports with other items such as howitzers and mortars, and has not included data on small arms components, especially given that the data already exist and are inherently more useful in identifying the scale of the UK’s small arms exports. The effect of this selective reporting is that British involvement in the global small arms trade may appear less significant than in fact it is.

Small arms components to sensitive destinations

Conventional wisdom would suggest that the UK has a fairly robust policy with regard to the export of small arms to sensitive destinations. Significant increases in components licences to non-sensitive destinations call into question current levels of transparency but do not necessarily raise concerns about the UK’s contribution to the proliferation and misuse of small arms and light weapons. However, when examining licences issued for small arms components since 1998, it is clear that some destinations that we believe would be classified as sensitive under the EU Code of Conduct for arms exports⁴¹ are receiving licences for small arms components. For example, the following destinations have received licences for components for small arms that include assault rifles, machine guns, shotguns, revolvers, and pistols:

³⁸ Researchers have noticed a considerable disparity between the numbers of small arms being licensed and the numbers of small arms being reported as exported. It seems that far fewer small arms are being reported for export than those being licensed. It is not clear why this should be the case, but it highlights further potential problems with the reliability and accuracy of information presented to us.

³⁹ HM Customs and Excise data on imports and exports are categorised by a range of 8- or 9-digit codes that are harmonised across the EU. The DTI uses a Military List classification system for export licences, in common with 33 major exporters within the Wassenaar Arrangement. As a result, it is impossible to directly compare DTI licensing data with Customs and Excise data, and therefore impossible to comprehensively track arms and equipment between the two data sets.

⁴⁰ Customs Codes for small arms components include: 9305 1000 (Parts and accessories for revolvers and pistols); 9305 9010 (Parts and accessories for military weapons within heading 9301 and other military weapons); 9306 3010 (Cartridges and parts thereof for revolvers and pistols within heading 9302 and for sub-machine guns within heading 9301).

⁴¹ The EU Code of Conduct on arms exports, agreed by the EU Council in June 1998, provided the criteria against which arms licenses are judged. Licences should not be granted where there are concerns that the equipment for export could be used to commit human-rights violations, fuel internal or external armed conflict, or increase poverty by undermining development.

Brazil, Colombia, Egypt, Honduras, India, Jamaica, Kenya, Morocco, Nepal, Pakistan, Philippines, Sri Lanka, Turkey, and Zambia.⁴²

While this is not an exhaustive list, clearly much more information is needed on the amounts and types of small arms equipment exported from the UK, and the uses to which they are put.

The risks of incorporation of small arms components into finished items

At least 16 countries that manufacture small arms (including assault rifles, machine guns, and revolvers) have received export licences for small arms components from the UK since 1998. Although many of these manufacturers are located within Europe or North America, where export control systems are fairly robust and transparent, countries where export controls are not so stringent, including Brazil, Turkey, Pakistan, Singapore, and South Korea have also received these export licences. Since 1998, each of these countries have exported arms to at least one sensitive destination, including Burma, Indonesia, Guatemala, Philippines, Sri Lanka, and Sudan.⁴³

Past licensed production agreements, for example involving Heckler & Koch⁴⁴, have certainly led to the export of arms designed by UK-owned companies to countries to which the UK would not directly export. Oxfam has previously detailed such cases⁴⁵. One example was the production under licence, by MKEK of Turkey, of Heckler & Koch infantry rifles, agreed in 1998, by the current UK government. In 1999, MKEK sold 500 MP3 sub-machine guns to Indonesia at a time when violence in East Timor prevented the export of such arms to Indonesia from the UK.

Clearly, it is extremely hard to identify components within small arms. Serial numbers make it relatively easy to trace a weapon back to its source, but serial numbers identify only the end manufacturer, not the suppliers of components that may have been incorporated into the finished weapon. Given the devastating consequences of the uncontrolled proliferation of small arms in particular, it is imperative that the UK government provides more quantitative and qualitative data

⁴² See also PLOOM World Conflict and Human Rights Map 2001/2002, UNDP Human Development Report 2002, and Amnesty International Annual Human Rights report 2002, available at www.amnesty.org/ailib/aireport/index.html

⁴³ Information on small arms exports obtained from a variety of sources including, for example: UN Commodity Trade Statistics Data base (Comtrade), available at <http://unstats.un.org/unsd/comtrade/>; Jane's Intelligence review, Jane's Defence Weekly and individual company information.

⁴⁴ Heckler and Koch, one of the world's leading manufacturers of small arms and light weapons, although a German company by origin was owned by BAe systems (Royal Ordnance) until December 2002.

⁴⁵ 'Out of Control: The Loopholes in the UK Controls of the Arms Trade', Oxfam Policy Paper, December 1998.

about its exports of small arms components, to ensure that parts made in the UK do not contribute to human rights violations or attacks against civilians.

Conclusions and recommendations

Components are becoming increasingly important to the UK arms trade. Each year a dramatic increase in the licensing of components for small arms and light weapons undermines efforts to improve transparency in exports in this sector. This demonstrates the government's more permissive policy for the export of components than for complete weapons systems, creating a new loophole in its export control system that could allow arms suppliers to bypass tough licensing criteria by exporting parts of arms rather than whole systems.

Arms components are clearly central to the operation and maintenance of weapons systems, and if it is wrong to export a whole system then it is equally wrong to license the parts that make that system work. This is particularly applicable to small arms and light weapons, where there are relatively few working parts, and they are all central to the weapons' operation and lethality.

The increasingly global nature of arms manufacturing, and the importance of UK-manufactured components to this process make legally-binding international standards essential in order for the government to be confident that UK-supplied equipment will not be misused.

- The government should not operate different licensing standards for components than for major systems.
- The government should dramatically improve its end use monitoring. Government posts overseas should be mandated to check the use of British-supplied equipment, with a formal requirement to report back as part of the licensing process. End-use assurances must be legally binding, and breaches should render all contracts null and void, with all future export licences suspended. Components incorporated into other weapons should not be re-exported without the prior approval of the UK government.
- The government should improve the way it provides information on components in its annual reporting. It should specify whether the components are for spares and upgrades, or if they are destined for incorporation into other products. For example, items exported under temporary licences are now flagged by the letter "T". Other coding for upgrading, servicing, or incorporation could easily be added.

- For small arms and light weapons, the government should provide a further breakdown of what equipment has been licensed (e.g. trigger mechanisms, or proofed barrels) and it should also provide the quantity of items that it has licensed, as is currently the case for whole small arms. Customs data, used to report the physical exports of small arms, should also include components in order to provide a realistic and accurate assessment of the UK's involvement in the small arms trade. Open licences for small arms components should not be granted without these changes, because this is currently the only way to identify the volume of exports made under these licences.

At an international level, the government should support efforts to establish a new international Arms Trade Treaty. Exports of components for "incorporation" into arms destined for re-export should be conditional on the receiving country signing up to this treaty.

We welcome the government's introduction of robust ethical criteria to prevent the sale of weapons to locations where they could fuel conflict, poverty, and human rights abuses. Britain's economic and strategic interest in having a safe world, as well as the need to protect civilians around the world, means that the government must follow its own criteria for exporting arms, whether they are whole systems or components.

However, new relaxed licensing for arms components, rather than for whole systems, especially those to be included in weapons systems that are subsequently re-exported, is creating a new loophole within the British arms export control system. This is increasing the likelihood that UK-supplied defence equipment will be misused and that exports will be able to evade tough licensing criteria.

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This paper was written by Oliver Sprague of Oxfam GB for the Control Arms Campaign. The text may be freely used for the purposes of campaigning, education, and research, provided that the source is acknowledged in full

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Email: info@amnesty.org.uk



The International Action Network on Small Arms is the global movement against gun violence - more than 500 civil society organisations working in 100 countries to stop the proliferation and misuse of small arms and light weapons. IANSA seeks to reduce the impact of small arms through advocacy, promoting the development of regional and thematic networks, supporting capacity building and raising awareness.

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Lock, Stock, and Barrel

How British Arms Components Add up to Deadly Weapons



Arms are out of control

Arms kill more than half a million men, women, and children on average each year. Many thousands more are maimed, or tortured, or forced to flee their homes. The uncontrolled proliferation of arms fuels human rights violations, escalates conflicts, and intensifies poverty. The time for world leaders to act is now.

To confront this crisis, Oxfam, Amnesty International, and the International Action Network on Small Arms (IANSA) have together launched an international campaign calling for effective arms controls to make people genuinely safer from the threat of armed violence.

You can help us to put an end to this horrific abuse.

Log on to the control arms website and become part of the largest, most effective visual petition in the world.

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