

# Price Watch

## ARMS AND AMMUNITION AT ILLICIT MARKETS

The prices of illicit firearms and their relation to security dynamics have attracted interest among journalists and researchers for some time. Price increases often spur speculation that the local security situation will soon deteriorate. Analysts also argue that prices provide an indication of arms availability. Statistical analysis has even suggested that lower Kalashnikov rifle prices lead to an increased risk of civil war.

Despite continued coverage of arms prices, analysis has been constrained by the difficulties inherent in gathering information from illicit markets. Most research has relied on second-hand data, often prices quoted in media reports. The fact that data collectors generally cover different locations and periods of time—while speaking to different sources—further hampers the comparability of the data. Information on prices for illicitly sold ammunition is particularly scarce.

**Multiple factors—including political unrest, activities of armed groups, and official corruption—influence illicit market prices.**

This chapter seeks to advance current knowledge through a preliminary analysis of unpublished price data collected by the Small Arms Survey at illicit markets in Lebanon, Pakistan, and Somalia between February 2011 and September 2012. Consistent with previous research, surveyed arms dealers and observers identified a series of factors that help to explain variations in the price of arms and ammunition, including political unrest, activities of armed groups, and official corruption. While recognizing the plurality of these factors, the chapter focuses on the following two questions, drawing primarily from the quantitative data gathered over the 20-month period:

- Do prices of arms and ammunition exhibit similar variations over time and across locations?
- Is there a relationship between local security-related conditions and the prices of illicit arms and ammunition?

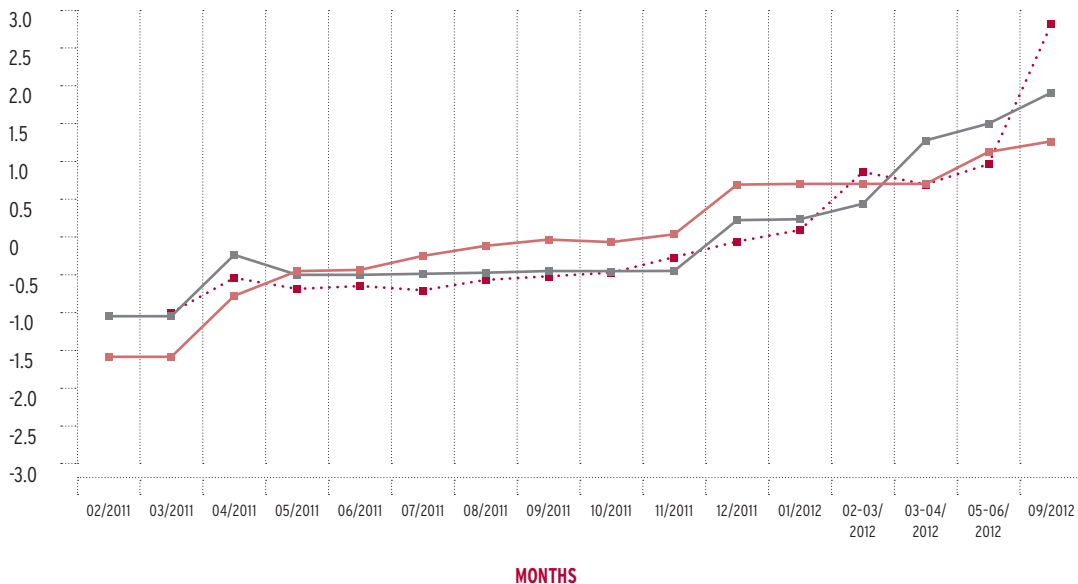
Main findings include:

- Within each surveyed location—Lebanon, Pakistan, and Somalia—the prices of arms and ammunition generally exhibited similar trend lines.

**Figure 11.5 Fatalities in Syria vs. arms and ammunition price trends in Lebanon, February 2011–September 2012**

■ Reported fatalities (Syria) ■ Ammunition (Lebanon) ■ Weapons (Lebanon)

**PRICE INDICES AND CASUALTIES EXPRESSED AS STANDARDIZED Z SCORES**





An arms dealer who began trading at the age of ten at his stall in Bakara market, Mogadishu, Somalia, June 2006. © Hannah Allam/Getty Images

- Ammunition prices in Lebanon were strongly correlated with reported conflict casualties in neighbouring Syria (see Figure 11.5).
- Behind the generic 'Kalashnikov' label hides a variety of models with very different price tags. When different Kalashnikov variants are available, those chambered for the  $7.62 \times 39$  mm cartridge are much less expensive than models that use the more recent  $5.45 \times 39$  mm round.
- In addition to calibre, determinants of weapons prices include their condition, the country of manufacture, and the type of stock (such as wooden or folding)—yet reliable information on some of these features is often hard to obtain from arms dealers.
- Local perceptions and beliefs associated with particular models also influence arms prices.
- Technical characteristics and local perceptions seem to play a lesser role in determining ammunition prices, resulting in smaller price ranges for ammunition than for arms.

This chapter shows that difficult research conditions at illicit markets do not preclude the creation of a regular data-collection system or the application of basic controls to improve the quality of data. A careful review of gathered information shows that arms prices depend on a greater set of variables than ammunition prices, including their technical features, local symbolism associated with particular models, and the availability and price of the associated ammunition. In some cases, sudden, unusual shifts in ammunition prices corresponded with a reversed shift in the price of the associated military rifles. Variations in the prices of different types of ammunition also appear to be more consistent, and thus more predictable, than trends in arms prices.

Data limitations constrain the analysis of the relationship between illicit arms and ammunition prices and local security conditions. Yet available information shows a clear link between illicit market prices in Lebanon and conflict deaths in Syria. The particularly strong correlation between ammunition prices in Lebanon and fatalities of the first 19 months of the conflict in Syria provides additional evidence of the value of monitoring ammunition prices. In this context, at least, prices for ammunition appear to be a significant indicator of local insecurity, especially during the outbreak of war. Yet available reporting from conflict zones has tended to neglect this important piece of the puzzle, focusing on prices for the most common weapons instead.

The chapter illustrates that a focus on prices for 'Kalashnikov' rifles is fraught with limitations, a finding that may be especially relevant to researchers and reporters. Due to the large number of weapon models possibly falling under this label, the price range tends to be relatively broad. These weapons are priced and sold based on local preferences and criteria rather than on precise technical features that would enable their identification. Monitoring a more diverse selection of arms and, importantly, the corresponding ammunition promises to generate a richer analysis of illicit markets and of their linkages with local insecurity. ■