

# Trade Update

## TRANSFERS, RETRANSFERS, AND THE ATT

Given the complex dynamics of the small arms trade, the impact of the Arms Trade Treaty (ATT) is difficult to predict. Yet this chapter, building on the considerable advances made in our understanding of the small arms trade in recent years, examines some of the factors that will determine the treaty's future impact on transfers, retransfers, and transparency. The chapter presents the annual review of the small arms trade and the 2014 edition of the Small Arms Trade Transparency Barometer.

**The value of the global trade in small arms and light weapons almost doubled between 2001 and 2011, according to UN Comtrade.**

### Authorized small arms transfers

Since 2001, the Small Arms Survey has provided annual information on authorized small arms transfers. The main findings of a review of a decade's worth of UN Comtrade data include:

- The value of the global trade in small arms and light weapons almost doubled between 2001 and 2011 (from USD 2.38 billion to USD 4.63 billion), according to UN Comtrade.
- As shown in Figure 4.2, the category of small arms ammunition saw the greatest increase—a hike of 205 per cent—between 2001 and 2011 (from USD 468 million to USD 1.43 billion).

The chapter also provides an overview of the top exporters and importers of small arms and light weapons in 2011:

- The top exporters of small arms and light weapons (those with annual exports of at least USD 100 million), according to available customs data, were (in descending order) the United States, Italy, Germany, Brazil, Austria, Switzerland, Israel, the Russian Federation, South Korea, Belgium, China, Turkey, Spain, and the Czech Republic.

**Figure 4.2 Changes in traded values for six categories of small arms and light weapons based on UN Comtrade (USD million\*), 2001-11**

■ Small arms ammunition (≤12.7 mm) ■ Pistols and revolvers ■ Military small arms and light weapons ■ Sporting shotguns  
■ Sporting rifles ■ Parts and accessories for pistols or revolvers

**VALUE OF TRADE (USD MILLION)**

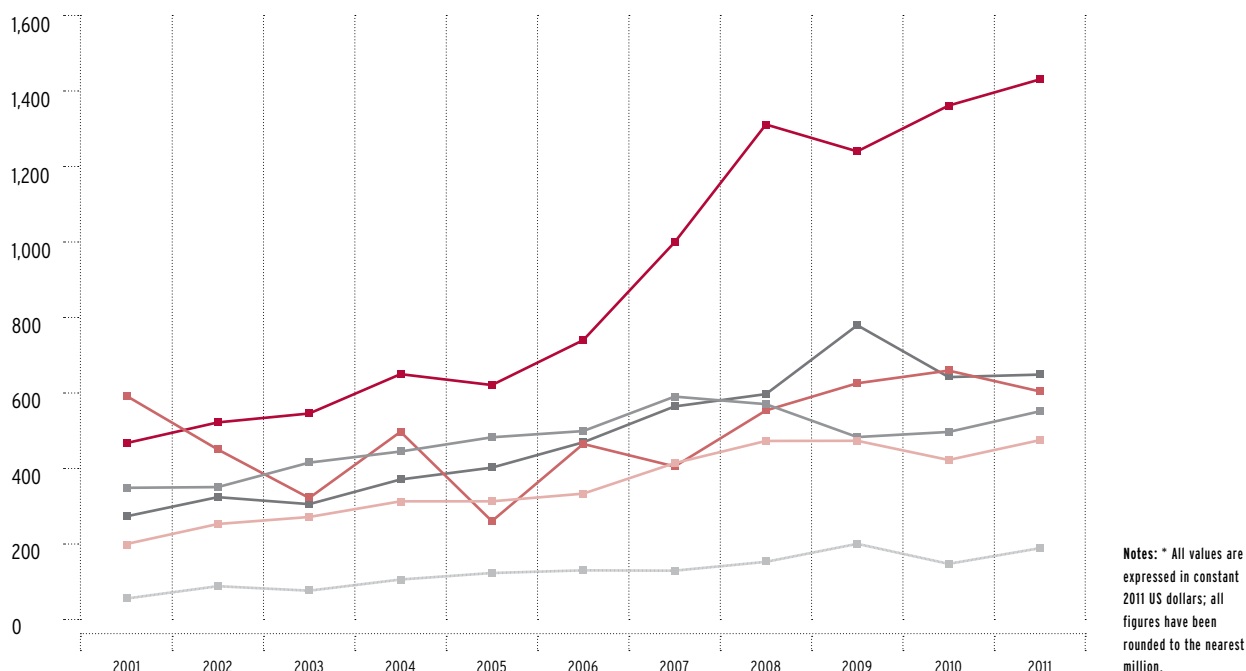


Table 4.7. Small Arms Trade Transparency Barometer 2014, covering major exporters\*

	Total (25.00 max)	Export report**/ EU Annual Report***	UN Comtrade	UN Register	Timeliness (1.50 max)	Access and consistency (2.00 max)	Clarity (5.00 max)	Comprehensiveness (6.50 max)	Deliveries (4.00 max)	Licences granted (4.00 max)	Licences refused (2.00 max)
Switzerland	20.00	X	X	X	1.50	1.50	4.00	5.00	3.00	4.00	1.00
Germany	19.75	X/EU Report	X	X	1.50	1.50	4.25	4.00	3.50	3.50	1.50
Serbia	19.50	X(II)	X	X	1.50	1.50	3.75	4.75	3.50	2.50	2.00
United Kingdom	19.50	X/EU Report	X	X	1.50	2.00	4.50	5.25	3.50	1.50	1.25
Netherlands	19.25	X/EU Report	X	X	1.50	2.00	4.25	5.00	2.50	2.50	1.50
Romania	19.00	X/EU Report	-	X	1.50	2.00	2.50	5.00	3.00	3.00	2.00
Croatia	17.25	X(II)	X	X	1.50	1.50	3.25	3.50	3.00	3.00	1.50
Norway	17.25	X	X	X	1.50	1.50	4.75	4.75	3.00	1.00	0.75
Italy	16.25	X/EU Report	X	-	1.50	1.50	3.50	6.00	2.50	1.25	0.00
Montenegro	16.25	X	X	X(II)	1.50	1.00	2.50	5.25	3.00	2.00	1.00
Spain	16.25	X/EU Report	X	X	1.50	1.50	2.50	3.75	3.50	2.00	1.50
Belgium*	16.00	X/EU Report	X	X	1.50	2.00	3.25	2.25	2.50	2.50	2.00
Slovakia	16.00	X/EU Report	X	X	1.50	1.50	2.50	3.50	3.00	2.00	2.00
United States*	15.75	X	X	X	1.50	1.50	4.25	4.00	2.50	2.00	0.00
France*	15.00	X/EU Report	X	X	1.50	1.50	4.00	3.75	2.50	1.25	0.50
Sweden	15.00	X/EU Report	X	X	1.50	1.50	2.75	4.25	2.50	1.50	1.00
Denmark	14.75	X(II)EU Report	X	X	1.50	1.00	4.25	3.50	2.50	2.00	0.00
Finland	14.75	X/EU Report	X	X	1.50	1.50	3.00	3.50	3.00	2.00	0.25
Czech Republic	14.50	X/EU Report	X	X	1.50	1.50	2.50	4.00	3.00	2.00	0.00
Poland	14.25	X/EU Report	X	X	1.50	1.00	3.00	3.75	3.00	1.50	0.50
Bulgaria	13.25	X/EU Report	-	X	1.50	1.50	2.25	3.25	3.00	1.50	0.25
Portugal	12.75	X/EU Report	X	X	1.50	1.50	3.00	2.50	3.00	1.00	0.25
Greece	11.75	EU Report	X	X	1.50	1.00	2.00	2.50	3.00	1.50	0.25
Australia	11.25	-	X	X	1.50	1.00	1.50	3.75	3.50	0.00	0.00
Hungary	11.00	X/EU Report	X	X	1.50	1.50	1.50	2.50	2.50	1.50	0.00
Austria	10.50	X(10)EU Report	X	X	1.50	1.00	2.25	1.75	2.50	1.50	0.00
Canada	10.25	-	X	X	1.50	0.50	1.50	3.75	3.00	0.00	0.00
Lithuania	10.25	EU Report	X	X	1.50	1.00	1.50	2.25	2.50	1.50	0.00
Russian Federation	10.25	-	X	X	1.50	1.00	1.50	3.25	3.00	0.00	0.00
South Korea	10.00	-	X	X	1.50	1.00	1.50	3.50	2.50	0.00	0.00
Luxembourg*	9.75	EU Report	X	X	1.50	0.50	1.50	2.75	2.00	1.50	0.00
Thailand	9.75	-	X	-	1.50	0.50	1.50	3.25	3.00	0.00	0.00
Pakistan	9.00	-	X	X	1.50	0.50	1.50	3.00	2.50	0.00	0.00
Israel	8.75	-	X	-	1.50	0.50	1.50	3.25	2.00	0.00	0.00

	Total (25.00 max)	Export report**/ EU Annual Report***	UN Comtrade	UN Register	Timeliness (1.50 max)	Access and consistency (2.00 max)	Clarity (5.00 max)	Comprehensiveness (6.50 max)	Deliveries (4.00 max)	Licences granted (4.00 max)	Licences refused (2.00 max)
Colombia	8.50	-	X	-	1.50	0.50	1.25	2.25	3.00	0.00	0.00
Turkey	8.50	-	X	X	1.50	0.50	1.50	2.50	2.50	0.00	0.00
India <sup>a</sup>	8.25	-	X	X	1.50	0.50	1.50	2.25	2.50	0.00	0.00
Mexico	8.25	-	X	X	1.50	1.00	1.50	1.75	2.50	0.00	0.00
Philippines	8.25	-	X	-	1.50	0.50	1.50	2.25	2.50	0.00	0.00
Argentina	8.00	-	X	X	1.50	1.00	1.50	1.50	2.50	0.00	0.00
Cyprus	8.00	-	X	X	1.50	1.00	1.00	2.00	2.50	0.00	0.00
Ukraine	8.00	X	-	X	1.50	1.50	1.00	2.00	2.00	0.00	0.00
Brazil <sup>a</sup>	7.00	-	X	X	1.50	0.50	1.00	1.50	2.50	0.00	0.00
China	7.00	-	X	-	1.50	0.50	1.00	1.50	2.50	0.00	0.00
Japan	7.00	-	X	X	1.50	1.00	1.25	2.25	1.00	0.00	0.00
Egypt	6.75	-	X	-	1.50	0.50	1.50	1.25	2.00	0.00	0.00
Singapore	6.50	-	X	X	1.50	1.00	1.00	1.00	2.00	0.00	0.00
Taiwan	4.75	-	X(11)	-	1.00	0.00	1.00	0.75	2.00	0.00	0.00
Malawi	3.75	-	X(11)	-	1.00	0.00	0.75	0.75	1.25	0.00	0.00
South Africa	3.50	X	-	X	1.50	1.50	0.50	0.00	0.00	0.00	0.00
Bosnia and Herzegovina	1.50	-	-	X	1.50	0.00	0.00	0.00	0.00	0.00	0.00
Iran	0.00	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
North Korea	0.00	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Saudi Arabia	0.00	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United Arab Emirates	0.00	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00

**Note:** The online version of the Transparency Barometer incorporates updates and corrections, all of which affect states' scores as well as their rankings. For these reasons, the online editions—rather than the printed version—should be considered definitive.

\* Major exporters are countries that export—or are believed to export—at least USD 10 million worth of small arms, light weapons, their parts, accessories, and ammunition in a given year. The 2014 Barometer includes all countries that qualified as a major exporter at least once during the 2001-12 calendar years.

\*\* X indicates that a report was issued; X(year) indicates that, as a report was not issued by the cut-off date, the country was evaluated on the basis of its most recent submission, covering activities for the period reported in brackets.

\*\*\* The Barometer assesses information provided in the EU's Fifteenth Annual Report, reflecting military exports by EU member states in 2012.

<sup>a</sup> The country submitted data to the UN Register for its 2012 activities, but its contribution was not available for analysis by the cut-off date. It is therefore evaluated on the basis of its most recent submission, when available, covering activities in 2011.

#### Scoring system

The scoring system for the 2014 Barometer remains the same as in 2013. The Barometer's seven categories assess: timeliness, access and consistency in reporting, clarity, comprehensiveness, and the level of detail provided on actual deliveries, licences granted, and licences refused.

#### Explanatory notes

Note A: The 2014 Barometer is based on each country's most recent arms export report, made publicly available between 1 January 2012 and 31 December 2013.

Note B: The 2014 Barometer takes account of national submissions to the UN Register from 1 January 2012 to 31 August 2013, as well as information states have submitted to UN Comtrade on their 2012 exports up to and including 29 November 2013.

Note C: The fact that the Barometer is based on three sources—national arms export reports, UN Register submissions, and UN customs data—works to the advantage of states that publish data in all three outlets. Barometer scores reflect the information provided to each of the three sources. The same information is not credited twice, however.

#### Country-specific notes

1. Serbia published a national arms export report in 2013 that was limited to 2011 activities.

2. In addition to the national report issued by the Belgian federal government, each Belgian region (Brussels, Flanders, and Wallonia) reports separately on its arms exports. As the Brussels and Flanders regions did not issue their arms export reports by the cut-off date, Belgium's 2014 score is derived from the Belgian national report and the report issued by Wallonia.

3. For the purposes of the Barometer, the US annual report refers to the State Department report, issued pursuant to Section 655 of the Foreign Assistance Act on direct commercial sales, and the report on foreign military sales, which is prepared by the US Department of Defense.

- The top importers of small arms and light weapons (those with annual imports of at least USD 100 million), according to available customs data, were (in descending order) the United States, Canada, Germany, Australia, Thailand, the United Kingdom, France, and Italy.

### Profiling unauthorized retransfers

An unauthorized retransfer is a type of diversion in which the arms are retransferred by the authorized importer or end user to an end user in another state (unauthorized re-export) or within the same state, in violation of commitments made by the authorized importer or end user prior to export. Unauthorized retransfers can lead to the same negative consequences as other types of diversion. Since 2011, considerable media attention has focused on unauthorized retransfers of arms and ammunition to Libyan and Syrian non-state armed groups.

The chapter highlights several international and regional instruments and good practice guidelines that outline measures that exporting and re-exporting states can take to prevent unauthorized retransfers. The best preventive measure remains the denial of an export licence if the risk of unauthorized retransfers is high. Post-delivery controls are an under-utilized measure.

**Switzerland, Germany, Serbia, and the United Kingdom are the most transparent countries.**

Guidance is scarce on how to respond to suspected or detected cases of unauthorized retransfers. National practices that have proven effective in responding to such cases could usefully be codified into multilateral measures and best practice documents.

If the ATT is to make a difference in this area, states parties will have to make it clear that they understand their responsibilities under the ATT to include the prevention of unauthorized retransfers. Sharing experiences, information, and best practices via ATT reporting mechanisms and Conferences of States Parties would help a wide range of states to utilize the treaty to this end.

### The 2014 Transparency Barometer

The chapter includes the 2014 Transparency Barometer, which assesses the transfer reporting practices of the 55 countries that have been major exporters at least once since 2001. This edition looks at reports on export-related activities carried out in 2012. The 2014 Transparency Barometer identifies Switzerland, Germany, Serbia, and the United Kingdom as the most transparent of the major exporters, while Iran, North Korea, Saudi Arabia, and the United Arab Emirates are the least transparent (see Table 4.7).

One-third of the countries have improved their scores compared to last year, and one-quarter have the same score, resulting in a slight overall improvement. However, more than half of the major exporters do not provide information on licences granted or refused.

### Transparency on small arms transfers under the ATT

Promoting transparency in the international arms trade is one of the declared purposes of the ATT. To meet this goal, the ATT requires states parties to make available an annual report on authorized and actual exports and imports of conventional arms, including small arms. The ATT does not indicate what specific types of information should be provided in the annual report; however, in view of reporting burden concerns, the treaty allows states parties to submit the same information that they provide to the UN Register of Conventional Arms.

If the ATT is to fulfil its goal of enhanced transparency in the international arms trade, states parties will need to draw inspiration from other frameworks for small arms transfer reporting, such as UN Comtrade and national arms export reports. ATT reporting practices that stop at the UN Register would fall well short of what is possible and feasible.

A standardized reporting template will probably be one of the first items that ATT states parties consider once the treaty enters into force. The template should reflect good practices relating to the provision of information on descriptions of items and end users in the UN Register and national arms export reports. Other steps can be taken to further reduce reporting burdens and utilize synergies with other UN frameworks. For example, the subcategories of UN Comtrade category for 'arms, ammunition, parts and components thereof' could be synchronized with the ATT arms categories, enabling states to provide their UN Comtrade data for ATT reporting. ■