

EUROPEAN PARLIAMENT



Directorate-General for External Policies

Policy Department

The International Arms Trade, the 1998 EU Code of Conduct on Arms Export Controls and Development

NOTE

Abstract: This note outlines some of the key issues on the role of the EU in relation to the International Arms Trade. In particular it examines the evolving EU level policy framework with a particular emphasis upon the relevance for developing countries.

The note highlights an increasing awareness within the EU on its responsibilities to regulate the global arms trade as it pursues its security ambitions. The challenge now for the EU is to balance these objectives in a way that is sensitive to development objectives. An important development in this respect was the 2003 'European Security Strategy' which also highlighted, amongst other issues, the importance of the security-development nexus where 'security is a precondition of development'.

EXPO/B/POLDEP/NOTE/2005_185

04/07/2005

EN

This note was requested by the Committee for Development.

It is published in the following languages:
English.

Author:

Dr Gerrard Quille
DG External Policies, Policy Department
ATR 09K 037
European Parliament, Brussels
Tel +32-2-28-32260
gquille@europarl.eu.int

Manuscript completed in July 2005

Copies can be obtained through: E-mail: ccalvo@europarl.eu.int

Brussels, European Parliament, 4 July 2005.

The opinions expressed in this document are the sole responsibility of the authors and do not necessarily represent the official position of the European Parliament.

Table of Contents

1. Introduction	4
2. The International Arms Trade	4
3. The International Arms Trade and the European Union	4
4. The role of the European Union in restraining the International Arms Trade	6
4.1. The 1998 EU Code of Conduct on Arms Exports.....	6
4.2. The EU Joint Action on Small Arms and Light Weapons (SALW)	8
4.3. The 2002 Joint Action on SALW.....	10
4.4. European Development Fund.....	10
5. Country specific challenges	11
6. Conclusion.....	11

1. Introduction

This note outlines some of the key issues on the role of the EU in relation to the International Arms Trade. In particular it examines the evolving EU level policy framework with a particular emphasis upon the relevance for developing countries.

The note highlights an increasing awareness within the EU on its responsibilities to regulate the global arms trade as it pursues its security ambitions. The challenge now for the EU is to balance these objectives in a way that is sensitive to development objectives. An important reference point in this respect was the adoption by the European Council in December 2003 of the 'European Security Strategy' which also highlighted, amongst other issues, the importance of the security-development nexus where 'security is a precondition of development'.¹

2. The International Arms Trade

In 2003 the Stockholm International Peace Research Institute (SIPRI) valued the international arms trade at between 38-43 billion US dollars.² The International Institute for Strategic Studies (IISS), states that amongst the world's top 10 arms exporters half of them are EU Member States.³ In particular the UK, France, Italy and Germany have been consistent top ranking arms exporters in the post-Cold War era. Their combined market share of arms deliveries in 2003 was 7.2 billion representing 25 % of the value of global arms deliveries for that year.⁴ Over the period 2000-2004 SIPRI ranked in order of size, Russia, the USA, France, Germany and the United Kingdom as the largest major conventional weapons suppliers representing collectively 81% of all transfers.⁵ During the same period 2000-2004, China was the largest recipient (14 per cent) with India in second place (10 per cent).

Whilst the UK, France, Italy and Germany have consistently been amongst the leading arms exporters in Europe, the addition of ten new member states on 1 May 2004 has also increased the importance of the EU as an arms exporter. Thus, the international arms trade has important political and economic consequences for the EU and its Member States.

3. The International Arms Trade and the European Union

The trade in arms exports is of high economic value for EU Member States. The position of Europeans amongst the world's top arms exporters is a legacy of the Cold War. The bi-polar conflict of the Cold War ensured that both NATO and the Warsaw Treaty Pact members were at a high state of military readiness and they, therefore, invested heavily in defence expenditure and equipment.

¹ European Council, The European Security Strategy: A secure Europe in a better world, 12 December 2003. Can be found at: <http://ue.eu.int/uedocs/cmsUpload/78367.pdf>

² Stockholm International Peace Research Institute (SIPRI), Yearbook, OUP, 2005

³ International Institute for Strategic Studies (IISS), Military Balance 2004-2005, OUP, 2004

⁴ International Institute for Strategic Studies (IISS), Military Balance 2004-2005, OUP, 2004, p. 359

⁵ Siemon T Wezeman and Mark Bromley, SIPRI, op cit., p. 418

The perceived need for 'security of supply', amongst NATO members, also meant that national defence industries were developed in almost all Allied countries. These national industries received guaranteed markets from their governments and were not subject to European or international competition.

This fact was incorporated into article 296 of the 1957 Treaty of Rome which exempts defence-related technologies from being subject to European or EC market regulation. The article states that:

'...any Member State may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production of or trade in arms, munitions and war material; such measures shall not adversely affect the conditions of competition in the common market regarding products which are not intended for specifically military purposes.'

This article remains the key reference point for understanding contemporary discussions at the EU level on both defence procurement and on current arms export controls. For arms procurement it is seen as an obstacle towards creating a level playing field for a competitive European Defence Market (EDEM), and for arms export controls it is seen as an obstacle to achieving greater transparency and data-exchange on national practices in order to strengthen and make more effective the 1998 EU Code of Conduct on Arms Exports (henceforth the 1998 EU Code).

The result is that industry finds itself working in nationally protected markets in individual EU member states but in competition with one another in tough international markets. With a consistent decline in defence spending (see Annex II) amongst the EU member states since the end of the Cold War, the so-called 'peace dividend', has meant that these national defence industries are under increased pressures to find new markets in the international economy.

The position of the UK, France, Italy and Germany amongst the top 10 Arms exporters testifies to their success in international markets. Nevertheless, this has had high political costs in some cases where arms exports from EU member states have ended up fuelling conflicts in unstable parts of the world.¹

Furthermore, in a competitive international environment the functioning of 25 separate defence markets is increasingly regarded as inefficient and unsustainable. In recent years international market forces, particularly in the aerospace sector, which has to compete with larger and more efficient US companies, have brought forth the issue of the creation of a European Defence Market (EDEM) on to the EU agenda. More recently the European Commission has reacted with a consultation exercise ('Green Paper on Defence Procurement') to identify a way forward on the creation of an EU-wide regulated market.²

High profile cases of European arms exports that have been used to fuel conflicts have also helped in the development of policies to restrain arms exports, in particular to areas prone to

¹ For an in depth account of the developments in the 1980s and 1990s on the arms trade and in particular the UK and arms to Iraq scandal see: Miller, D., 'Export or die: Britain's defence trade with Iran and Iraq', Cassell, 1996; See also the Davina Miller archive at: www.archiveshub.ac.uk/news/0300dma.html. More recent articles in particular looking at the arms trade and Africa can be found on the web-site of the Groupe de recherche et d'information sur la paix et la sécurité (GRIP) at: <http://www.grip.org/>

² The Green Paper on Defence Procurement and submissions to the consultation process can be found at: http://europa.eu.int/comm/internal_market/publicprocurement/dpp_en.htm

conflict or to regimes likely to use such equipment for repression of internal opposition. Prominent examples are the 1998 EU Code and the emerging support by some member states for an international Arms Trade Treaty (more below).

4. The role of the European Union in restraining the International Arms Trade

At the EU level the pressure to create an EU defence market big enough to support a European defence industry can be seen in the steps being taken by the Commission's Green Paper consultation and by the Member State's initiative in the European Council to set up the European Defence Agency (EDA). At the same time efforts to restrain the level of exports can be seen in the development and ongoing strengthening of the 1998 EU Code of Conduct on Arms Exports.

In this way the Member States intend to use the EU framework to support a Europe-wide market large enough to sustain their national defence needs (equipment and employment) as well as to restrain arms exports to vulnerable regions and states.

This note will focus more on efforts to restrain or tackle the flow of arms rather than on those new developments, such as the European Defence Agency and Green Paper on Defence Procurement, that are designed to help reform and revitalise the European domestic arms industry. Nevertheless, it should be stressed that such efforts to aid the development of the European arms industry should reflect the responsibility by the EU to regulate the challenges caused by the flow of conventional weapons into and within areas of instability and conflict.

4.1. The 1998 EU Code of Conduct on Arms Exports

The 1998 EU Code of Conduct on Arms Exports (the 1998 EU Code) is widely recognised as one of the most developed multilateral regional arms export control mechanisms in the world. It was developed from the Common Criteria agreed at the Luxembourg and Lisbon European Councils in 1991 and 1992. The 1998 Code is reviewed annually by the Member States in the Council of the European Union. The most recent review dates from December 2004 and is entitled the 'Sixth annual report according to operative provision 8 of the European Union Code of Conduct on arms exports'.¹

The 1998 EU Code includes unique features such as a denial notification and a consultation mechanism. On 13 December 2000, in accordance with Operative provision 5 of the 1998 EU Code, the Council adopted the Common Military List of equipment covered by the 1998 EU Code.² The 1998 EU Code is set out in two main sections on export criteria and operative provisions. The first section lists eight criteria EU member states are to take into account when

¹ OJ C316, Vol 47 21 December 2004, 'Sixth annual report according to operative provision 8 of the European Union Code of Conduct on arms exports'. Can be found at <http://europa.eu.int/eur-lex/lex/JOhtml.do?uri=OJ:C:2004:316:SOM:EN:HTML>

² OJ 191, Volume 43 8 July 2000, 'Council Declaration of 13 June 2000, issued on the occasion of the adoption of the common list of military equipment covered by the European Union code of conduct on arms export'. For the most recent list of military equipment see: OJ C127, 25 May 2005, COMMON MILITARY LIST OF THE EUROPEAN UNION (equipment covered by the European Union Code of Conduct on Arms Exports) adopted by the Council on 25 April 2005 (updating and replacing the Common Military List of the European Union adopted by the Council on 17 November 2003)

making export licensing decisions (these include human rights, internal and regional stability, risk diversion and sustainable development). The second section lists 12 Operative Provisions which mandate a number of procedures for implementing the criteria effectively (such as provision 2 that calls on states to consult one another on licence denials; and provision 7 which emphasises working within the CFSP framework to encourage convergence between member states on arms exports control policies).

The 1998 EU Code is a voluntary agreement and as such there are no standard legal requirements on minimum quantity and standards of information that are shared between the Member States. Nevertheless, the 1998 EU Code is seen as a work in progress and its development (through annual reports from the Council and response from the European Parliament as well as through a separate review process by the Member States during 2004) provides opportunities to further strengthen its application. An important feature of this process is the annual report and reply from the European Parliament. The European Parliament (EP) 'Report on the *N*th Annual Report on the Code of Conduct on Arms Exports' by the Committee on Foreign Affairs (AFET) usually contains specific measures for improving the Code. The EP is regarded as having developed an important expertise and contribution to the process of strengthening European arms export controls.

Important developments in the Council's 6th report include, *inter alia*: formalising the 2004 review process on a regular basis (in the new Operative Provision 13); creation of a new post-embargo 'toolbox'; the further development of the user's guide (and in particular a new Operative Provision 12); as well as efforts under 'priority guidelines' to create a best practices guide for implementing Criteria 8 and to focus upon harmonisation of national reports.

The European Parliament 'Report on the 6th Annual Report on the Code of Conduct on Arms Exports' by Rapporteur Romeva is expected to address each of these areas but also general concerns such as the need to strengthen the level of information exchange within the denial notification system and the need to address (in a new Operative Provision) a growing trend towards Licensed Production Overseas (LPO). A further general call expected in the report is for the Parliament to be more closely associated with the development and review of the Code and on the development of associated mechanisms such as a review of the implementation of the toolbox for post-embargoed states. Specific recommendations expected in the Romeva report include, *inter alia*:

- welcoming the new Operative Provision 13 for regular reviews (such as during 2004) of the 1998 EU Code, but warning that this should not be to the detriment of annual reviews under Operative Provision 8;
- welcoming the move towards establishing the Code in a Common Position;
- strengthening the post-embargo toolbox by creating a review mechanism to assess the use of the toolbox and to monitor the situation in the post embargoed state;
- calling for high standards of transparency in the exchange of data on using the post embargo toolbox;
- maintaining the EU arms embargo on China;
- welcoming the best practices guide for Criteria 8 of the Code and calling for best practice guides for all remaining Criteria as well as details on their application;
- calling for the quality of national reports to be substantially improved as well as the exchange of information on approved licenses and for a harmonisation of national reports and types of information exchanged;
- calling on the Council to ensure all national reports are published;

- calling for publishing data on a quarterly basis;
- calling for the extension of the code to incorporate components/goods and their onward export;
- calling for the further development of the Priority Guideline on post-export controls and establishment of a monitoring and verification system;
- further development of outreach activities including technical assistance to EU and non-EU states applying the 1998 Code;
- calling for the common application of the Common Position on arms brokering and for regular information exchanges on experiences in adopting it at the national level;
- calling for the extension of minimum standards for extraterritorial controls on arms brokering as well as extending controls on the financing and logistics related to brokering;
- calling on the Member States to support other national, regional and international processes to control arms transfers including the ECOWAS Moratorium, the Nairobi Protocol and the United Nations Programme of Action (UN PoA);
- further calling on the Member States to support the emerging international Arms Trade Treaty (ATT).

The last recommendation refers to an interesting new development at the international level for an Arms Trade Treaty (ATT). The ATT has broad backing including from amongst some EU member states (such as UK, Spain and Finland). It is being designed to fill a perceived gap at the international level for a legally based treaty on conventional weapons exports. According to Jack Straw the UK Foreign Minister, and prominent supporter of the ATT, the initiative should complement and build upon existing arms control arrangements (including the 1998 EU Code) as well as reflect 'security and development' concerns and be embedded in the UN system. As such he states:

'Those commitments should form the bedrock of international criteria to be contained in a new arms trade treaty. Such criteria should include whether exports may be used to abuse Human Rights or breach International Law; whether they may fuel internal or regional conflict or tension; and the risk of their being diverted to terrorists or other undesirable end-users. And the Treaty should include provisions on arms brokering; on transit and transshipment of arms; on licensed production; and on Government-to-Government transfers. ... the new treaty needs an effective mechanism for enforcement and monitoring.'

The ATT is liked by some EU member States because it would help harmonise international standards amongst the major arms producers. This would help level the playing field for applying rules to restrain the arms trade (as well as the enforcement of those rules) and ensure that EU arms manufacturers are not undercut by those producers exporting from countries outside the existing framework of the 1998 EU Code.

4.2. The EU Joint Action on Small Arms and Light Weapons (SALW)

The Stockholm International Peace Research Institute's (SIPRI) annual Yearbook noted that in 2004 there were 19 major armed conflicts in 17 locations with the majority in Africa and Asia (6 in each), and three in the Middle east, three for the Americas and one for Europe.

Whilst the five EU Member States are amongst the top five exporters of arms, the top 10 destinations for such arms are mostly in Asia and the Middle East. These recipients are in areas

of major geo-political importance and potential regional instability. Furthermore more than one of the recipients listed have ongoing disputes with one another, not least China and Taiwan.

The conflict prone region of sub-Saharan Africa features low on the list of recipients of major conventional arms exports. In fact recipients in the Horn of Africa (Sudan) begin to appear at number 32 on the list, followed by Ethiopia (No. 37), Eritrea (no. 42) and it is not until number 63 that the DRC appears, followed by Rwanda (number 108) and Burundi (Number 122).

An explanation as to why such conflict prone areas appear so low on the list of recipient countries can be explained by a) the application of international arms embargoes on these countries and regions and b) that in these areas the dominant form of conflict is intra-state (and cross-border) conflict, where the weapon of choice is from the category known as Small Arms and Light Weapons (SALW)¹ which are predominantly brought into the region and spread within the region by the illicit trade (i.e. one that does not respect arms embargoes).

The problem of SALW and its relevance to the development policies of the EU was captured by Koffi Annan's statement in the Millennium Report that:

'Small arms proliferation is not merely a security issue; it is also an issue of human rights and of development. The proliferation of small arms sustains and exacerbates armed conflicts. It endangers peacekeepers and humanitarian workers. It undermines respect for international humanitarian law. It threatens legitimate but weak governments and it benefits terrorists, as well as the perpetrators of organized crime.'²

In fact this reflects a visible international focus on tackling the *illicit* trade in SALW, rather than on the role of major conventional weapons, in developing countries and particularly in sub-Saharan Africa.

Furthermore, SALW and SALW-related issues (such a Demobilisation, Disarmament and Reintegration (DDR) and Security System Reform (SSR)) are increasingly recognised as critical aspects in development strategies. Nevertheless, as such countries stabilise and begin to reform their security systems (SSR), it will be important to monitor regional military balances in order to avoid arms races or instability returning.

At the international level tackling SALW issues has been channelled, since July 2001, through the Programme of Action to Prevent, Combat, and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects (PoA).³ All EU Member states contribute to this initiative and have been developing their own approach to SALW since the adoption in 1997 of the EU Programme for Preventing and Combating Illicit Trafficking in Conventional Weapons.

¹ Small arms and light weapons are revolvers and self-loading pistols; rifles and carbines; sub-machine-guns; assault rifles; light machine-guns; heavy machine-guns; hand-held under-barrel and mounted grenade launchers; portable anti-aircraft guns; portable anti-tank guns, recoilless rifles; portable launchers of anti-tank missile and rocket systems; portable launchers of anti-aircraft missile systems; and mortars of calibers less than 100 mm. Ammunition and explosives are considered to form an integral part of small arms and light weapons.

² 'We the Peoples: the role of the United Nations in the 21st Century', the *Millennium Report* by the Secretary General of the United Nations, p. 52, <http://www.un.org/millennium/sg/report/>.

³ Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, UN Document A/CONF.192/15, available at: <http://disarmament2.un.org/cab/poa.html>. Also since 2001 the European Community became a signatory to the UN Protocol Against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition which falls under the UN Convention against Trans-national Crime.

Currently, the European Union Presidency will present a common statement (including on the role of the European Commission) at the Biannual Meeting of States (BMS) Parties in July 2005. The EU statement is a strong commitment to tackling the illicit flow in SALW and signifies that the problem is a priority for the Union. The BMS, to which the European Parliament is sending a delegation, will prepare for a major Review Conference on the UN PoA planned for July 2006.

As well as supporting such international initiatives the EU also contributes to tackling SALW mainly through the 2002 Joint Action on Small Arms and on an *ad hoc* basis under the European Development Fund.

4.3. The 2002 Joint Action on SALW

Joint Actions fall under the Common Foreign and Security Policy (CFSP). However, the Joint Action on SALW is implemented on behalf of the Member States by the European Commission (DG RELEX). The 2002 key reference for current Joint Actions is the 12 July 2002 Joint Action on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons.¹ Between 1999 and 2004 there have been 18 projects, amounting to 12,998 million euros, that constitute direct EU SALW actions (including in Albania, Latin America and Cambodia as well as to the Belgrade based UNDP and Stability Pact 'South East Europe Regional Clearinghouse for Small Arms Reduction-SEESAC').

4.4. European Development Fund

In recent years SALW and SALW-related (DDR) programmes have been implemented on an *ad hoc* basis in the African Caribbean and Pacific countries (under the Cotonou Agreement) using the European Development Fund EDF). Exact figures for SALW specific projects are difficult to extract from Disarmament, Demobilisation and Reintegration (DDR) programmes. To complicate matters further some DDR programmes also fall under post-conflict development/rehabilitation programmes. Estimates for 2003-2004 identify seven new SALW related projects in ACP countries financed under the EDF amounting to 29, 248 million euros. Action on SALW is consistent with the Cotonou Agreement, in particular under Title II 'The Political Dimension' where article 11(3) states:

'...for demobilisation and reintegration of former combatants into the society, for addressing the problem of child soldiers, as well as for suitable action to set responsible limits to military expenditure and the arms trade, including through support for the promotion and application of agreed standards and codes of conduct. In this context, particular emphasis shall be given to the fight against anti-personnel landmines as well as to addressing an excessive and uncontrolled spread, illegal trafficking and accumulation of small arms and light weapons.'²

However, these SALW programmes are usually *ad hoc* which makes it difficult to identify a clear policy framework for addressing SALW issues and the complementarities with development programmes. A fuller examination of such issues is currently underway. The scope of the problem from an EU perspective is currently being examined in a Pilot Project being carried out by the UN Institute for Disarmament Research (UNIDIR) after the European

¹ OJ, L 191/1 19.7.2002, Council Joint Action of 12 July 2002 on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons and repealing JA 1999/34/CFSP.

² article 11 para 3. Can be found at: http://europa.eu.int/comm/development/body/cotonou/agreement_en.htm

Parliament and Council asked the Commission to carry out a project assessing the scope for European action in this area. The results of this research project will be presented at a conference (that will also examine WMD issues) co-hosted by the European Parliament, the European Commission and the UK Presidency on 6 and 7 December 2005.

A further twist to understanding the development of EU policies and programmes in relation to SALW occurred when the European Commission took legal advice on 'Action for Annulment by the Commission against Decision 2004/833/CFSP on SALW ECOWAS'. The Commission is seeking to bloc any CFSP action to support ECOWAS efforts to tackle SALW on the basis that this falls under the framework of the Cotonou Agreement and Community competence. The Council's response is to reject this claim. Whilst such legal action reflects strong tensions between the Council and Commission on overlapping competences, it does nevertheless pose a particular worrying obstacle to coherent and focussed efforts to tackle SALW challenges in the areas in most need of attention, such as that covered by ECOWAS and the ACP countries in general. Clearly security and development objectives should not be held to ransom over Brussels based legal and financial squabbling (which is likely to get worse with the inability to agree on the financial perspectives for 2007-2013).

5. Country specific challenges

The EU member states development of the 1998 EU Code is a regional effort that supports international norms and practices in restraining the arms trade. However, most other regions of the world do not have such a developed arrangement. This means that efforts to prevent illicit trade and to restrict the flow of weapons in the most affected parts of the world continue. Whilst arms dealers and brokers are the main vehicle for the illicit trade, some states also take part. Facts are usually thin on the ground but one such state accused of dealing in the illicit arms trade is Belarus. Recently Belarus has started to produce its own annual reports on arms exports, and it has in April 2004, according to the NGO Saferworld, committed to aligning its controls to the 1998 EU Code. Nevertheless, progress is slow and will take some time before Belarus reaches the levels of transparency that will provide confidence that it is applying the standards of the 1998 EU Code.

A separate country of interest in EU discussions and the arms trade is China. There is a strong debate going on within the EU about the role and effectiveness of the EU embargo on China. It was put in place after the suppression of democracy demonstrations in Tiananmen Square in 1989. The debate in the EU on whether to lift the embargo, whilst also reflecting broader questions about the rise of China as a trading partner and on technology transfers, focuses on whether the Chinese record on human rights has changed sufficiently to warrant the lifting of the embargo. The European Parliament, and the US Congress, clearly do not think it has. Others focus upon the argument that China is progressing, the sanctions are out of date and do not catch all relevant sensitive technologies. Therefore, by normalising relations with China, including on arms exports and sensitive technologies, the EU will help China along that progressive trajectory. However, the debate rages on and the EU, supported strongly by the European Parliament, remains committed to keeping the arms embargo in place.

6. Conclusion

Therefore the rise of the EU on security matters also brings with it an increasing awareness of its role in relation to the international arms trade. Not only do we have directly related policies and instruments such as the Code of Conduct or the EDA but we also have a growing understanding between the security-development nexus where 'security is a precondition of development'. The role of the EU as a regional organisation developing policies to tackle both the supply side export of weapons from Europe and the demand side (eg SALW, DDR and SSR) plays an important role in strengthening international responses.

On the latter it will be important to develop SALW policies that are complimentary to development objectives and that are fully resourced in order to avoid re-directing precious development funds. As the European Security Strategy states 'The challenge now is to bring together the different instruments and capabilities: European Assistance programmes and the European Development Fund, military and civilian capabilities from Member States and other instruments. All of these can have an impact on our security and on that of third countries. Security is the first condition for development.'

Annex I

Note on Methodology

Data collection on conventional weapons exports and sales vary considerably. Most problems associated with the data are of two forms a) reluctance of some governments to full transparency in this area; and b) an unregulated international trade flourishes where data on illicit flows of arms, in particular SALW, remain mainly anecdotal. Values of exports and imports can also be distorted by fluctuations in exchange rates in particular if one currency is used as the base value. For larger weapons platforms (ships, planes and tanks) prices can fluctuate depending on whether a country includes the years of R&D work done before the development of the system which may have been subsidised by a government research department budget. The practice of 'Off-sets' (where the export of an arms sale is part of a bigger contract where the importing or exporting state agrees to the purchase of a (un)related good or transferring of a (un)related technology) also distort the value of the global arms market. Nevertheless valuable sources for building up a picture on the international arms trade in conventional weapons include the UN Register of Conventional Weapons, IISS, SIPRI, Small Arms Survey. All have been used in drawing up this report.

Annex II

Post Cold War trends in defence spending

EU Defence Budgets since 1991, Source: SIPRI 2002

