



6

FIREARMS

FIREARMS

The trafficking of firearms is unlike many of the other forms of trafficking discussed in this report because firearms are durable goods.¹ Unlike drugs, rhino horn, or counterfeit pharmaceuticals, a well-maintained AK-47 will last indefinitely. As a result, there is little need for a continuous contraband flow. Trafficking tends to be episodic, often from an established stockpile to a region descending into crisis.

In addition, the modern pistol or assault rifle represents a “mature technology,” so current weapons holders do not need to regularly update their stock to remain competitive. There has been very little innovation in small arms design in the last 50 years – it appears there are few ways to make small arms more accurate or more deadly than they are today. Consequently, the number of new small arms purchased each year is only about 1% of those already in circulation. Even the world’s most innovative militaries only update their small arms every second decade or so.

As the global turnover in the licit arms industry is limited, the same is likely true for the illicit arms industry. Many still-functional weapons were distributed in developing countries during the Cold War and thereafter, and since weapons destruction has been limited in many parts of the world, there is little need to import new weapons into these regions today. The value of the documented global authorized trade in firearms has been estimated at approximately US\$1.58 billion in 2006, with unrecorded but licit transactions making up another US\$100 million or so.² The most commonly cited estimate for the size of the illicit market is 10%-20% of the licit market, which would be about US\$170 million to US\$320 million per annum.³

There are two primary markets for illicit arms – those who need weapons for criminal purposes, and those who need them for political ones.

Firearms for crime

For criminals, there are often more immediate sources of firearms than those trafficked internationally. In most cities in the developed world, there is limited use for military-type weapons (see Box), and so the demand is for concealable handguns. For example, despite availability of a wide range of small arms in the United States, including semi-automatic assault rifles, 88% of firearm murders in 2008 were committed with handguns,⁴ and earlier studies have found the same for 87% of all violent firearms

offences.⁵ Firearms used in crime are often diverted from the legal handgun market that exists in many countries. If handgun controls are tight in a country, they may be looser in a neighbouring one, and while the trans-border movement of these weapons could be considered trafficking, the volumes are rarely big or concentrated enough to be deemed an organized trafficking flow.

To get a sense of the relative value of the market for firearms compared to other forms of contraband, it helps to look at some concrete examples. On 16 November 2009, the Nicaraguan Government made what was hailed as “one of the largest seizures of weaponry ever made by the Nicaraguan authorities”⁶ – a consignment of arms for the local representatives of the Mexican Sinaloa cartel. The shipment comprised 59 assault rifles, two grenade launchers and 10 grenades, eight kilos of TNT and nearly 20,000 rounds of ammunition. While this sounds impressive, the total value of this shipment was likely less than US\$200,000 at point-of-sale. Three days later, the Nicaraguan navy seized 2.4 tons of cocaine off the Caribbean coast. The value of this shipment was at least 400 times as much, around US\$80 million in US wholesale markets.

One area where criminal weapons flows could conceivably provide attractive long-term profits for organized groups is the movement of weapons from the USA to Mexico, one of the two trafficking flows discussed further below. Due to a constitutional provision that asserts that the right to bear arms must be protected in a free state, the United States has the most heavily armed civilian population in the world, and so opportunities for diversion by theft are plentiful. But, as will be discussed, it appears that most of the guns trafficked into Mexico are actually purchased legally and then transported clandestinely across the border.

Firearms for conflict

The second source of demand for illicit weapons – demand from groups whose objectives are political rather than criminal – emerges when a set of militants finds the resources to equip an unauthorized force, or when a state subject to international embargoes attempts to circumvent these controls. Similar to criminals, insurgents may be able to access the weaponry desired from local sources, either stealing, renting or purchasing weapons from the police and military. In particular, poorly resourced insurgents may have to fall back on whatever is available locally. State actors and some insurgent groups may have state allies willing to shuttle

FIG. 119:

CIVILIAN FIREARMS OWNERSHIP, 2006 OR LATEST YEAR AVAILABLE

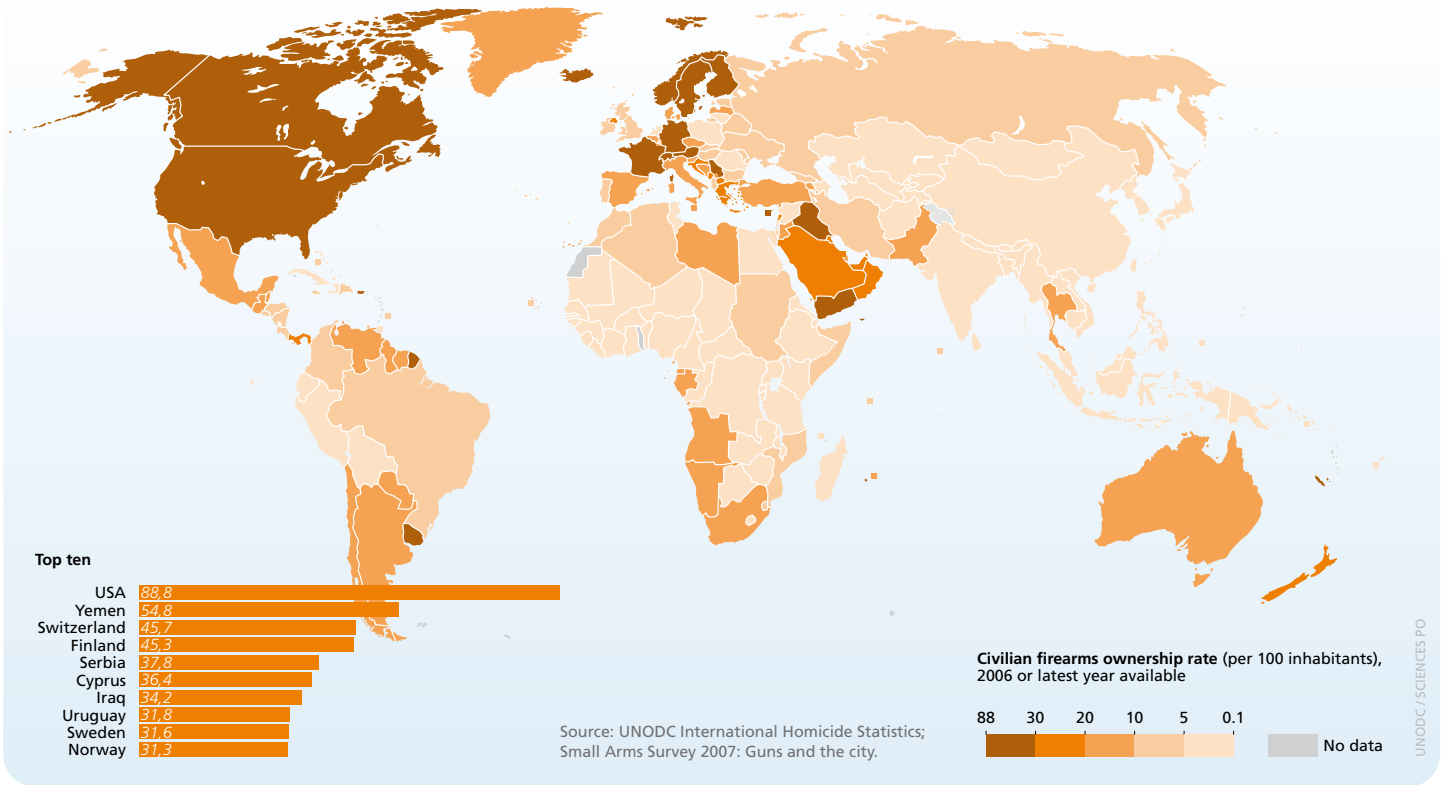
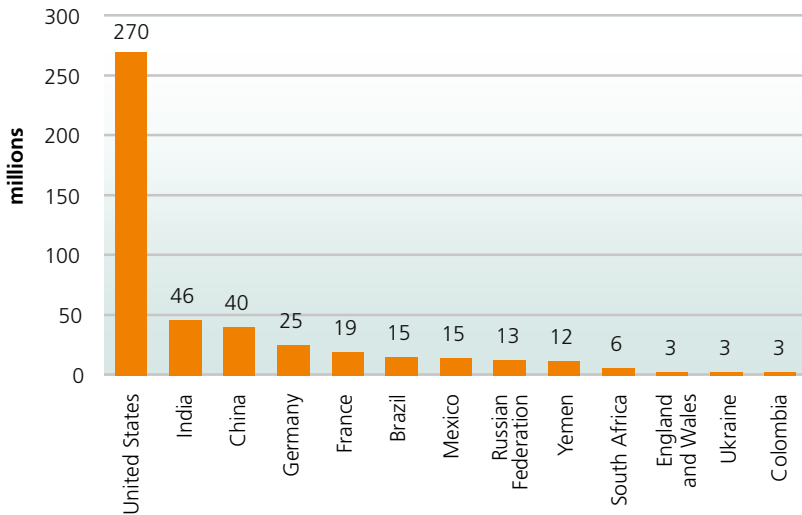


FIG. 120:

TOTAL CIVILIAN FIREARMS HOLDINGS, SELECTED COUNTRIES



Source: Elaborated from estimates in Small Arms Survey 2007

weaponry around the international agreements in what is often referred to as the “grey market”. It remains unclear what share of transnational arms trafficking could be considered organized crime, and what share can be attributed to those with political, rather than economic, motivations.

In practice, firearms trafficking is similar in nature to the trafficking of any other ostensibly licit good.

Although clandestine cross-border movement does occur, it is often easier to ship the weapons through regular commercial channels, relying on false or fraudulently acquired paperwork and/or corrupt officials to ensure passage. To get to their final users, a combination of licit shipping and clandestine movement may be required. But, in theory, the “organized crime group” responsible for the trafficking could be as small as one well-placed broker and his conspirators on the receiving end. The rest of the people in the trafficking chain may be comporting themselves entirely within the ambit of the law.

Firearms flows should be relatively easy to document compared to consumables, since each weapon should contain unique serial numbers that could be traced back to the manufacturer and original owner. At the very least, the make and model of the weapon should give some clues as to its origin when a criminal seizure is made. But, remarkably, no international database of firearms seizures exists. To document contraband flows, analysts rely on other sources of information.

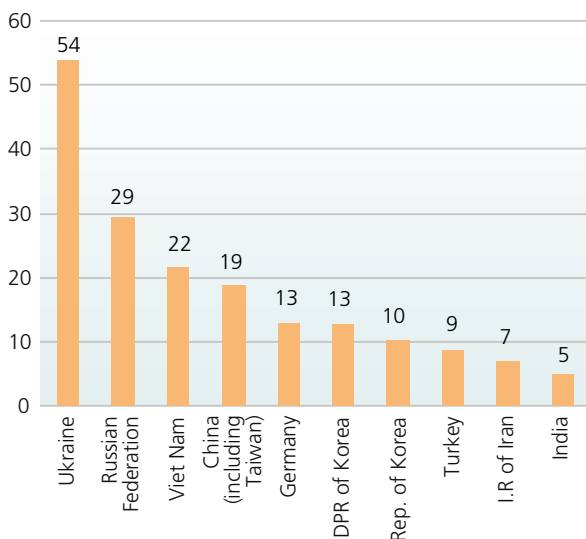
Some information on firearms stocks is available, for example, and these data give an indication as to the most likely sources of military arms. A key source historically has been the armouries of the

former Soviet Union and Eastern Bloc countries. After the end of the Cold War, many of these states were left with considerable stockpiles in an environment of declining military spending, low regulation, and high economic insecurity. These resources were quickly exploited by those with the logistic capabilities to transport them to combat zones, such as the civil wars that afflicted Africa in the 1990s. But many of these stockpiles remain, and grow as countries in transition continue to downsize their militaries.

To get a sense of where the stockpiles are most acute, estimates of the size of the largest firearms arsenals in the world can be compared to the size of the active military in each country. Where there are many more weapons than there are soldiers to use them, this could be seen as a potential point of vulnerability to firearms trafficking.

FIG. 121:

FIREARMS PER ACTIVE DUTY SOLDIER, TOP 10 NATIONAL ARSENALS



Source: Elaborated from data from Small Arms Survey and International Institute for Strategic Studies

In this analysis, Ukraine emerges as the country with the most spare firearms per active duty soldier.⁷ The absolute size of the surpluses in China and the Russian Federation are larger, but, given the size of their militaries, it is more likely that these surpluses might be reabsorbed in the future. Eastern Europe is thus the focus of the second flow study in this chapter.

Are military weapons used in street crime?

Handguns have obvious advantages over long arms for use in street crime. They can be concealed and carried constantly; they are easier to use at close quarters; and they are every bit as deadly. But they can be difficult to find in many developing countries, since few can afford them. Criminals wishing to use firearms in poorer countries would have to make use of military arms left over from past conflicts, or somehow access (buy, rent, steal) handguns from the police. Given that most people are unarmed and bullets are expensive, bladed weapons, which may also have agricultural uses, may be more commonly used in crime. For example, in South Africa, a country with very high murder rates and widespread availability of both military and civilian firearms, the majority of murders are still committed with sharp instruments, and less than 30% are committed with a gun.⁸ In 2007/2008, for the first time, docket research indicated that guns had outpaced knives as the most common weapon used in robberies in South Africa.⁹

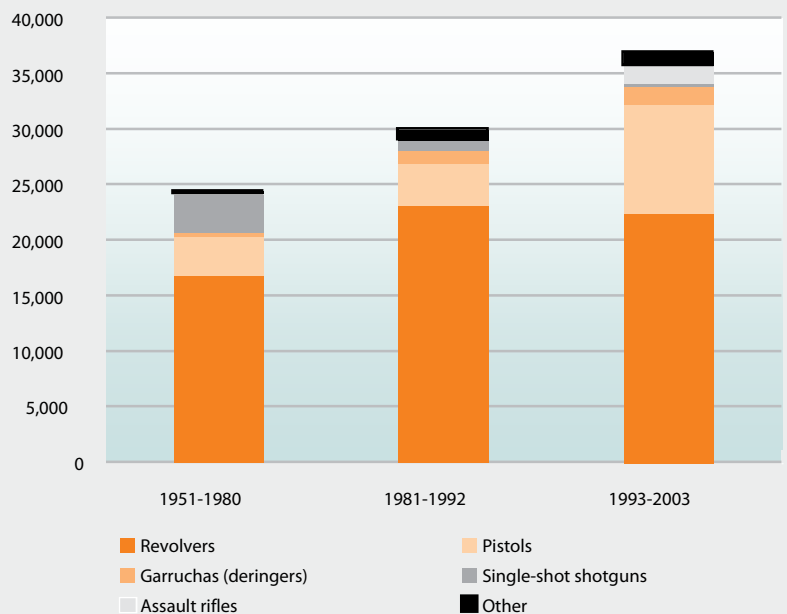
In states where handguns are accessible, most criminals prefer to use them. Military weapons may be used, however, when criminal conflict becomes tantamount to a low intensity military conflict. Some of the best known examples include conflicts in the favelas of Brazil and some states in Mexico. The Mexican example is discussed in the flow study below.

In Brazil, an analysis of over 200,000 firearms seized between 1974 and 2004 in the state of Rio de Janeiro found that just under 92% were civilian-type arms (68% were revolvers, 16% pistols, and 8% shotguns). Less than 2% were assault rifles or submachine guns, and 82% were manufactured in Brazil. Some 70% of the weapons seized chambered either 38 short or 32 short rounds. In other words, in one of the areas best known for the use of military arms, smaller weapons were far more commonly seized by the police.¹⁰

An updated study found that assault rifles had indeed increased their share of the weapons seized in crime in the city of Rio de Janeiro after 1992, but only to 4%. The share of pistols also increased while the share of revolvers decreased.

BREAKDOWN OF FIREARMS SEIZURES IN RIO DE JANEIRO OVER TIME

Source: Small Arms Survey, Viva Rio, ISER¹¹



In short, even in those few countries where military weapons are used by criminals, handguns still seem to be preferred for most forms of street crime.



6.1. From the United States to Mexico

Route

Source:

Firearms shops and gun shows along the south-east border of the United States, especially in Texas, California and Arizona

Vector:

Land (private vehicles)

Destination:

Mexico, especially the states of Michoacán, Tamaulipas, Sinaloa, Sonora, Baja California and Chihuahua

Value

Annual market volume:

20,000 weapons

Annual value at destination:

US\$20 million

Traffickers

Groups involved:

Small autonomous groups of US and Mexican citizens

Residence of traffickers:

South-west United States and Mexico

Threat

Estimated trend:

Stable

Potential effects:

Deaths in Mexico's drug cartel wars

Likelihood of effects being realized:

High

What is the nature of this market?

Addressing the United Nations Security Council, Mexican President Felipe Calderón recently said:

Trafficking of small arms and light weapons causes around three thousand deaths every day globally. Mexico exhorts to the members of the Security Council to look for formulas to restrain this illicit trade, notwithstanding the right of each State to buy the armaments necessary for its legitimate defense, to maintain public order, and protect the rights of the citizens.¹²

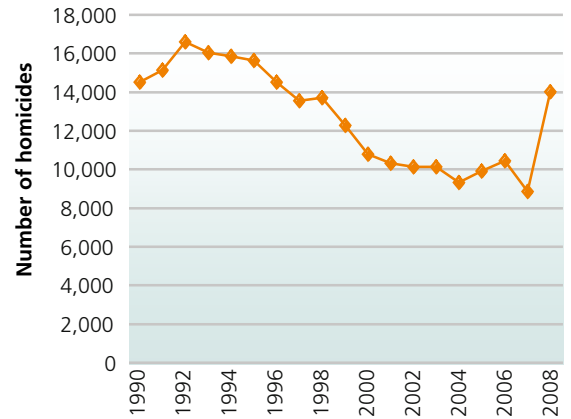
He was clearly thinking of his own country, where, despite tough firearms laws, armed violence related to the drug cartels is said to have dramatically reversed a long-term decline in homicide and resulted in over 10,000 deaths in recent years.

The United States is a convenient source of weapons for criminals in Mexico. The United States is the world's largest exporter of small caliber ammunition and military small arms and light weapons. It is also the world's largest importer of small caliber ammunition, sporting shotguns, and pistols and revolvers.¹³ As noted above, it has the most heavily armed civilian population in the world, with about one quarter of all adults having at least one firearm. The gun trade in the United States is subject to competitive pressures, so weapons are also inexpensive in comparison to countries where firearms sales are highly regulated, like Mexico.

Firearms are relatively easily acquired in the United States. Firearms ownership is restricted for those convicted of serious crimes, but every other adult

FIG. 123:

NUMBER OF HOMICIDES IN MEXICO, 1990-2008



Source: Instituto Nacional de Estadística y Geografía¹⁴

American has the right to own as many firearms as desired. Although the operation of licensed gun shops is regulated by the national government, firearms can also be legally acquired from private individuals at gun shows. For these sales, no background check is conducted and the sale is not recorded or registered. In contrast, there are no retail gun shops in Mexico. The military has the monopoly on legal sales and private handgun ownership is restricted to the lower caliber weapons (.38 or below).

For obvious reasons, criminals in the United States avoid using weapons registered in their names. Research among convicts in the United States shows that some purchased their weapon directly from a licensed dealer, but most acquired it through social networks or from criminal sources.¹⁵ There is a large market in stolen firearms in the US: the FBI received an average of over 274,000 reports of stolen firearms per year between 1985 and 1994, most of which were handguns.¹⁶

Although US criminals may favour stolen firearms, those involved in trafficking US firearms internationally seem to prefer to purchase from licit sources, perhaps because ownership tracing is less of a concern. Large numbers of weapons can be safely and predictably acquired this way. Federally licensed firearms dealers are required to report the sale of two or more handguns to the same individual in a five-day period, but the large number of retailers makes it possible to employ people to make a series of purchases from different establishments. In addition, an unlimited number of long guns, including semi-automatic assault weapons, can be purchased without a reporting requirement.

In 2000, the United States Department of Alcohol, Tobacco, and Firearms (ATF) conducted a study of

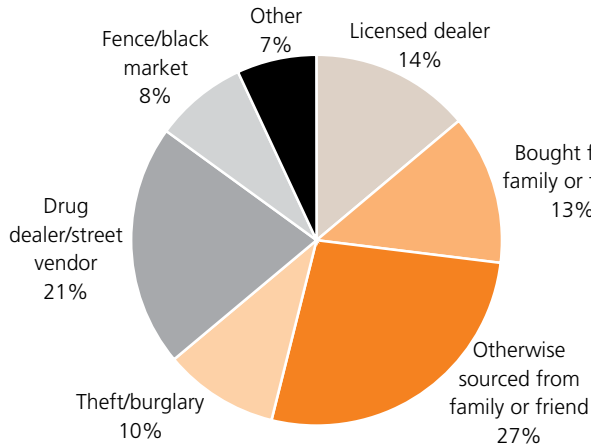
FIG. 122:

FIREARMS TRAFFICKING FROM THE USA TO MEXICO



FIG. 124:

STATE PRISONERS' REPORTS ON THE SOURCE OF THE WEAPON USED IN THE OFFENCE FOR WHICH THEY WERE CURRENTLY INCARCERATED (USA)



Source: United States Bureau of Justice Statistics 2002¹⁷

federal gun trafficking investigations in the United States, and found that licensed dealers were involved in trafficking the largest share of the firearms investigated. Also common were “straw purchasers” – citizens with clean records sent to buy weapons for those who could not purchase them on their own behalf – and purchases made at gun shows. Research has repeatedly shown that a large number of the licensed weapons used in crime were purchased from a small number of distributors, suggesting that some retail owners may be complicit in straw purchases. Theft was implicated in only 10% of the firearms investigated.¹⁸

As discussed below, it appears that the flow of firearms from the United States to Mexico is largely conducted by straw purchasers, who pass the weapons on to cross border smugglers.

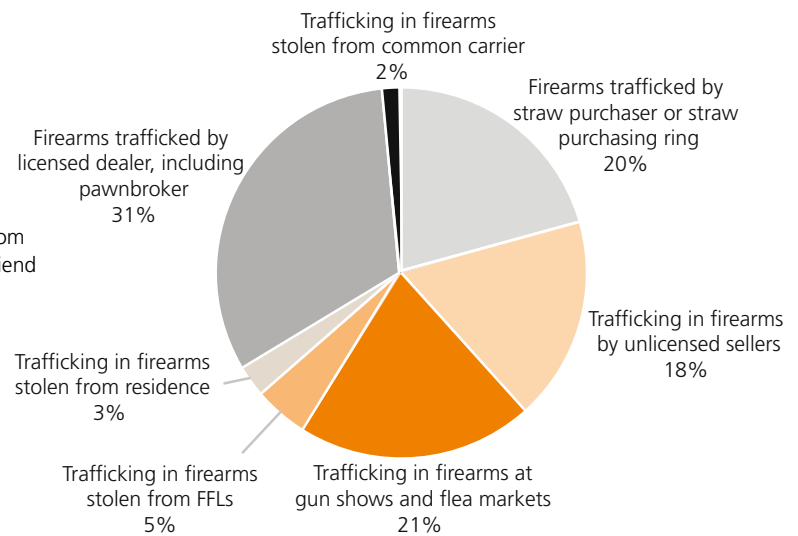
How is the trafficking conducted?

Subcomandante Marcos, the Zapatista spokesman, has said that the most common way of importing firearms for the rebel cause was through *hormiga* (ant) trafficking from the United States.¹⁹ This technique also appears to be popular with criminal traffickers.²⁰ A large number of legal buyers pass on the weapons to a large number of cross border smugglers, who drive very small batches of weapons across the border concealed in private vehicles.

It appears that most of the weapons are acquired near the border. There are 6,700 gun dealers along the border with Mexico, accounting for 12% of the 55,000 registered dealers in the United States.²¹ Some 70% of the firearms seized in Mexico and

FIG. 125:

TYPE OF TRAFFICKING BY NUMBER OF WEAPONS INVOLVED IN ATF INVESTIGATIONS (USA)



Source: ATF 2000²²

traced to the United States between 2004 and 2008 came from just three border states: Texas (39%), California (20%) and Arizona (10%).²³

While thousands of illegal migrants make their way into the United States at unauthorized crossing points each year, it appears that most of the weapons entering Mexico do so at the official points of entry. Most of the firearms recovered at the border have been seized in small amounts during inspections of private vehicles entering Mexico.²⁴ Traffickers move the weapons in consignments as small as two guns per car, since these shipments are less likely to attract attention if detected.²⁵ About 88 million passenger cars cross the border each year,²⁶ and most of those crossing the border do so every day, because many work on one side of the border and live on the other. A single smuggler following this ebb and flow can transport more than 500 weapons per year in loads too small to be suspected as organized trafficking.

On entering Mexico, it seems that many of the weapons remain close to the border: Tamaulipas has been the source of some of the largest seizures of firearms and ammunition. The rest are trafficked by road to points further south along well established routes. According to one US government agency:

Once in Mexico, the firearms are generally deposited in border towns or trafficked along major highways to their destinations. The transporter drops off the firearm or firearms at a set location for pick up and use by members of a drug cartel.²⁷

Who are the traffickers?

There is some dispute concerning the extent to which the cartels coordinate the importation of firearms to Mexico. According to the United States Bureau of Alcohol, Tobacco, and Firearms:

[Drug trafficking organizations (DTOs)] *operating in Mexico rely on firearms suppliers to enforce and maintain their illicit narcotics operations. Intelligence indicates these criminal organizations have tasked their money laundering, distribution and transportation infrastructures reaching into the United States to acquire firearms and ammunition. These Mexican DTO infrastructures have become the leading gun trafficking organizations operating in the southwest United States.*²⁸

But according to the Attorney General of Mexico:

*At the present time, we have not detected in Mexico a criminal organization, domestic or foreign, dedicated to arms trafficking...Drug trafficking organizations do not control firearm trafficking; their distribution networks contact people who buy weapons. These people are necessarily linked to the organization, but they work semi-independently.*²⁹

Given the agreement that *hormiga* trafficking is the order of the day, it seems unlikely that the *carteles* orchestrate the purchasing and smuggling of weapons. Coordinating the actions of hundreds of buyers and smugglers would be a logistical nightmare. On the other hand, if it were well-known in the border underworld that a firearm bought in the US could be sold for much more on the other side of the border, then a large number of players could be coordinated by nothing more than the invisible hand of the market.

A 2009 review of 21 cases of firearms trafficking from the United States to Mexico concluded, “The vast majority of the firearms listed in the court documents were acquired from Federal Firearms License holders, mainly through the use of straw buyers...”³⁰ Straw buying is illegal in the United States, and it is greatly facilitated by willing blindness on the part of complicit retailers. Research has repeatedly shown that a very small number of retailers are responsible for a very large share of the traceable weapons that are used in crime. So the first element in the “organization” would be a well-known network of licensed vendors who do not ask questions when clients buy from a shopping list. But even with a cooperative source, there is value in novelty when conducting straw purchases, espe-

cially if handguns are the target. So there is probably substantial turnover in the small army of people making straw purchases. The same pertains to the smugglers, moving arsenals across the border a gun or two at a time. It is likely these people play a role similar to drug mules. They are disposable tools, rather than decision makers, in the gun trade.

The consistent players in this market are independent brokers, who communicate with the *carteles*, arrange financing, coordinate the lesser players and conduct the final sale. As in most industries, there are probably more and less successful brokers operating in parallel, coordinating both large and small operations, although the *hormiga* method likely constrains growth. This is undoubtedly organized crime, but organized crime of a type frustrating for law enforcement, since there are too many loosely connected players to make much headway through arrests and seizures.

In the end, the cross-border trade in arms is best seen as a market, rather than a single criminal enterprise or a series of enterprises. The barriers to entry in this market are low: any US citizen with a clean record can buy an unlimited number of firearms, and anyone with a car can drive them across the border. Brokers only need a connection to a single buyer in Mexico. If any element of this chain were to be removed, they are very easily replaced.

How big is the flow?

There are two sources of data from which a firearms trafficking flow could be estimated: data on demand and data on seizures.

Starting with demand, there is a limit to the amount of new firearms the Mexican criminal market can absorb. As discussed in the opening section of this chapter, there is little need to import firearms into areas where substantial quantities of weapons already reside. According to expert estimates, despite having restrictive firearms ownership laws, Mexico has the seventh largest civilian firearms holdings in the world, some 15,500,000 firearms, about one third of which are registered.³¹ This suggests around 10 million unregistered weapons, or enough to arm one in three of the adult males in the country. Mexico’s underworld appears to be well armed, and further import would be necessary only to replace lost or stolen firearms or to access specialty weapons.

The consensus among both US and Mexican authorities is that the primary client of the gun traffickers are the major drug cartels. Calculating the number of cartel members should give a rough

understanding of the number of firearms needed to arm them. Depending on how they are counted, there are between four and ten large cartels, which periodically incorporate, fragment into, or eliminate smaller groups. The Mexican federal authorities use a simplified classification in which the cartels are reduced to four major groups:

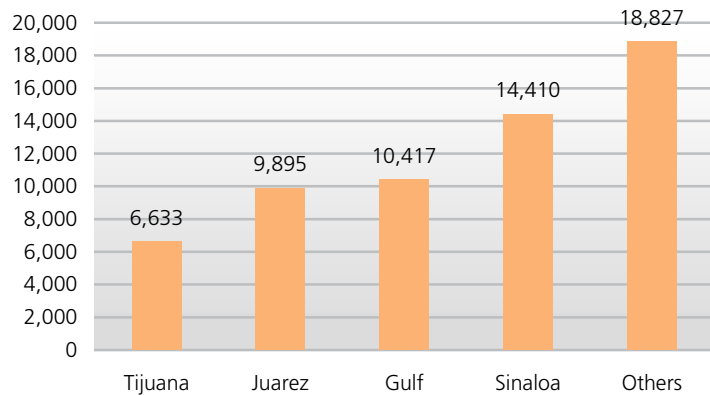
- the Arellano Felix Organization (also known as the Tijuana Cartel)
- the Pacific Cartel (including the Beltran Leyva Organization, also known as the Sinaloa Federation)
- the Gulf Cartel (including the Zetas and La Familia Michoacana)
- the Carrillo Fuentes Organization (also known as the Juarez Cartel)

Between 1 December 2006 (when President Calderon took office) and 15 February 2009, over 40,000 members of these four organizations have been arrested. This represents just under 20,000 arrests per year. The number of drug trafficking arrests has doubled since 1993, and for the past two years has also been around 20,000 per annum. The question is: what share of total members do these arrests represent?

To understand the interdiction capacity of the Mexican government, it is useful to look at the amount of drugs entering and exiting the country. According to United States estimates, in 2007 between 545 and 707 tons of cocaine left South America for the US, of which 90% transited the Central America/Mexico corridor.³² That same year, the Mexican

FIG. 126:

CARTEL MEMBERS AND OTHERS ARRESTED FOR OFFENCES AGAINST PUBLIC SAFETY (DRUG CHARGES), 1 DECEMBER 2006-15 FEBRUARY 2009



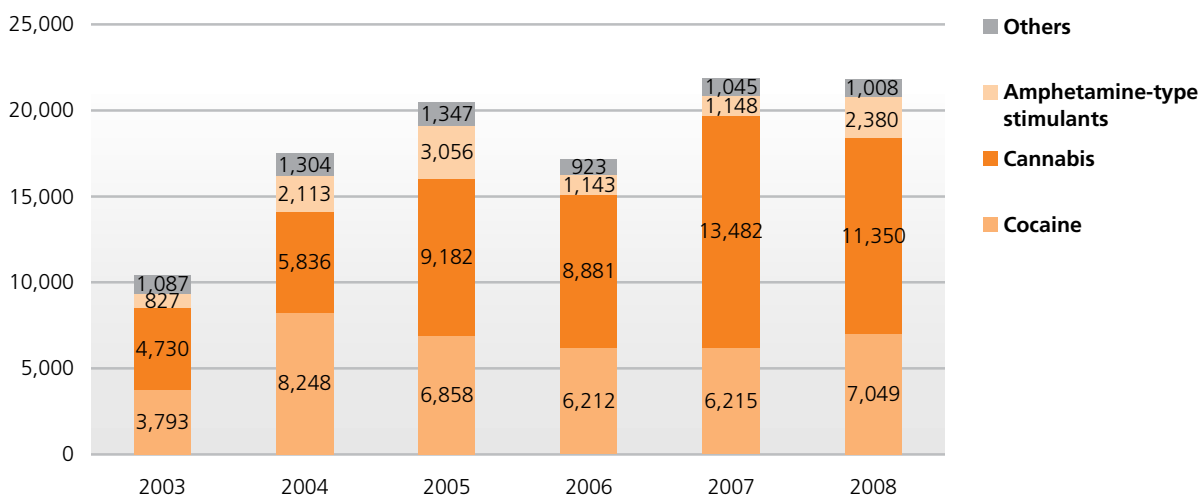
Source: Attorney General of Mexico

government seized 48 tons of cocaine.³³ This represents some 8-10% of the cocaine entering the country. If the share of cocaine seized corresponds to the share of cartel members arrested, then one in ten cartel members would be arrested each year. This suggests a total cartel membership of about 200,000 members, larger than most estimates. To equip each with a firearm would require 200,000 weapons, or about 2% of the unregistered weapons in the country. This represents the minimum cartel demand for illicit weapons.

With regard to firearms seizures, there has been a dramatic increase in recent years. According to Mexican federal law enforcement, between 1 December 2006 and 1 April 2009, they seized 38,404 small

FIG. 127:

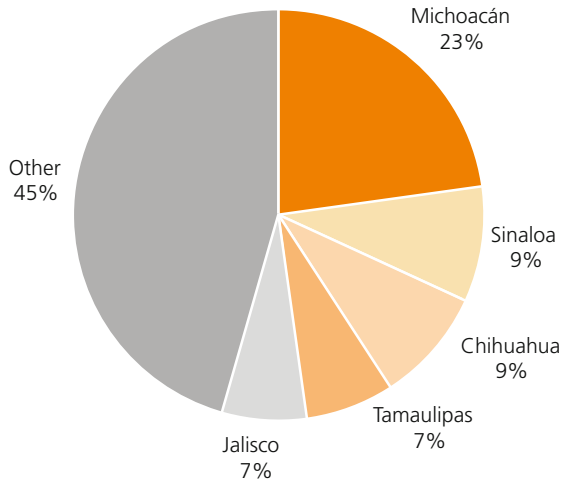
DRUG TRAFFICKING ARRESTS IN MEXICO, 2003-2008



Source: UNODC ARQ

FIG. 128:

DISTRIBUTION OF FIREARMS SEIZURES IN MEXICO BY STATE, DECEMBER 2006 TO MARCH 2010

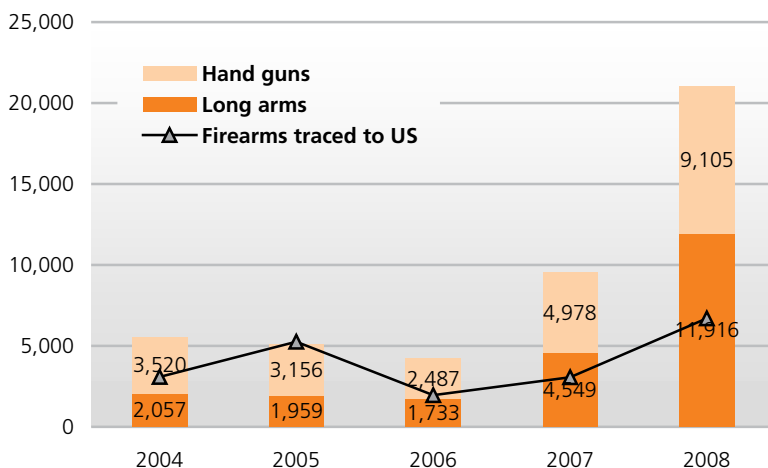


Source: Attorney General of Mexico

arms from organized crime groups. Of these, over half (21,308) were long arms, of which the “majority” were assault rifles.³⁴ These are weapons seized by federal law enforcement, which focuses on organized crime, particularly drug trafficking. Most of these weapons are therefore likely to have been seized from drug traffickers and cartel members. The Mexican government placed national seizure total during the Calderon administration at 78,961 in March 2010, which would amount to about 25,000 per year, of which about half were handguns. Most of these weapons were seized in small quantities. By far the single largest seizure, made in November 2008 in Reynosa, was only 424 firearms, less than 1% of the national seizure total.

FIG. 129:

NUMBER OF FIREARMS SEIZED IN MEXICO BY THE FEDERAL AUTHORITIES VERSUS FIREARMS TRACED TO THE UNITED STATES FROM ALL SOURCES, 2004-2008



Source: Attorney General of Mexico

But not all of these weapons were imported from the United States. A frequently cited statistic is that 90% of the firearms submitted by the Mexican government and successfully traced by US authorities were found to have originated in the United States. But, as has been discussed extensively elsewhere, this does not mean that 90% of the weapons in Mexico came from the United States. Since the US tracing process involves searching the federal firearms databases, which are largely comprised of sales records submitted by federally licensed firearms dealers, it should be expected that almost *all* of the traceable weapons came from the United States. But two thirds of the weapons seized by the Mexican authorities were never submitted for tracing. In 2008, 27,721 firearms were seized by the Mexican federal authorities, of which 7,200 were submitted to the ATF for tracing. Given that tracing was selective, it is unlikely that many firearms would be submitted that were clearly not from the United States. As a result, the pool of firearms submitted for tracing cannot be said to be representative of the firearms seized or the firearms in circulation.

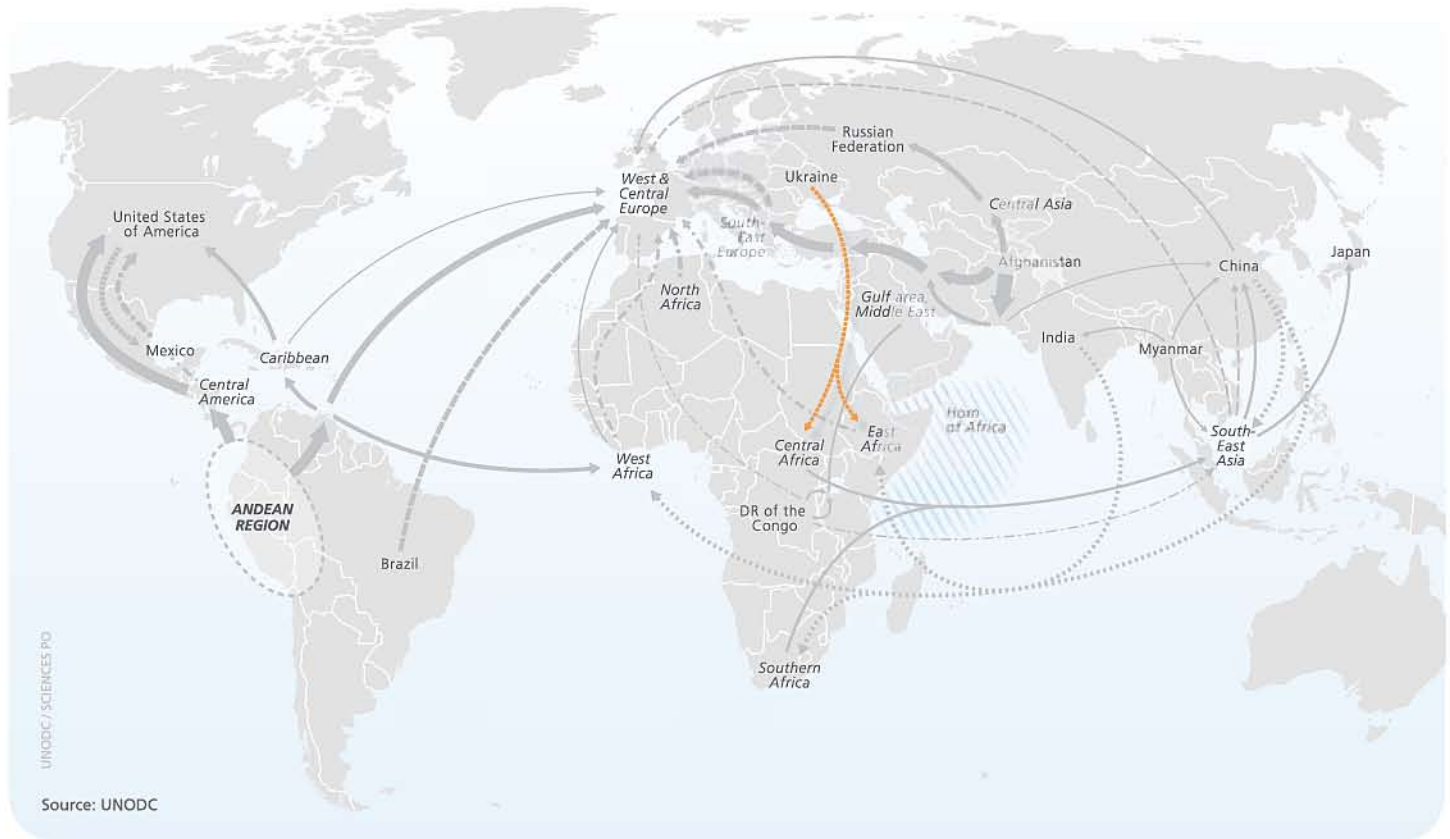
According to the ATF, about 75% of the weapons traced between financial years 2005 and 2007 were handguns, with only 25% being long guns, some of which could have been military weapons. In financial year 2008, however, about 25% of the weapons traced were semi-automatic variants of AK-47 and AR-15 rifles. As of 2008, the Mexican authorities had submitted 25 machine guns for tracing, of which six were traced back to US military sources.³⁵ The 7.62x39 mm ammunition used in the AK-47 has been seized in large quantities in Matamoros on the US border. Tamaulipas leads Mexican states in ammunition seizures, including the single largest in the country’s history: nearly one million rounds seized in Reynosa in November 2008. Over half a million rounds were seized in Mexicali in January 2009.

In addition to these US sources, there are a number of possible alternative sources for weapons, particularly the military weapons that appear to be growing in popularity in the cartel wars. Some may have been diverted from the Mexican military, perhaps alongside the sort of desertion of troops to the *carteles* that gave birth to the Zetas. In fact 1.74% of the weapons (403 firearms) submitted to the ATF turned out to be Mexican military arms.

There is also growing evidence of importation of military arms, including grenades, from the considerable stocks left over from the civil wars in Guate-

mala, El Salvador and Nicaragua, or from corrupt elements in the military of these countries. During the Calderon administration, the government has seized nearly 1,500 firearms, some 850 grenades, and over 140,000 rounds of ammunition in Chiapas, on the border with Guatemala. Military weapons could be trafficked along with cocaine all the way from Colombia or the Bolivarian Republic of Venezuela, or even alongside ephedrine from China.³⁶ If half the long arms were from countries other than the United States, at most 75% of the seizures made in Mexico were of US origin, or about 21,000 arms in 2008.

The seizures include not only weapons imported in 2008, but rather are drawn from the pool of all weapons available to organized criminals in the country. If a similar interdiction rate is taken for guns as for drugs and cartel members (10%), then there would be about 210,000 US weapons held in stock by the cartels. Since this is adequate to meet basic demand, and firearms have been trafficked into the country for many years, it is likely that the current flow is simply to compensate for attrition. The various US agencies involved in border control also seized about 10,000 arms in 2008, so it appears that about 30,000 arms are purchased in the United States, of which some 20,000 make it to Mexico to be sold. This would represent just under five firearms from each of the licensed dealers operating along the border, although in reality the sales are much more likely to be concentrated in a few complicit dealerships. At a liberal price of US\$1,000 per weapon, this would represent a flow worth US\$20 million per year, or about 10% of the global estimate for the value of the illicit firearms market.



6.2. From Eastern Europe to the world

Route

Source:	<i>Eastern Europe</i>
Vector:	<i>Air, sea, land</i>
Destination:	<i>Conflict zones, especially in East, Central and West Africa</i>

Value

Annual market volume:	<i>At least 40,000 Kalashnikovs in 2007/2008</i>
Annual value at destination:	<i>At least US\$33 million in 2007/2008</i>

Traffickers

Groups involved:	<i>International arms traffickers</i>
Residence of traffickers:	<i>Highly mobile: often tax havens or other jurisdictions unlikely to prosecute</i>

Threat

Estimated trend:	<i>Declining, as the prevalence of conflict is declining globally</i>
Potential effects:	<i>Death and instability</i>
Likelihood of effects being realized:	<i>High</i>

What is the nature of this market?

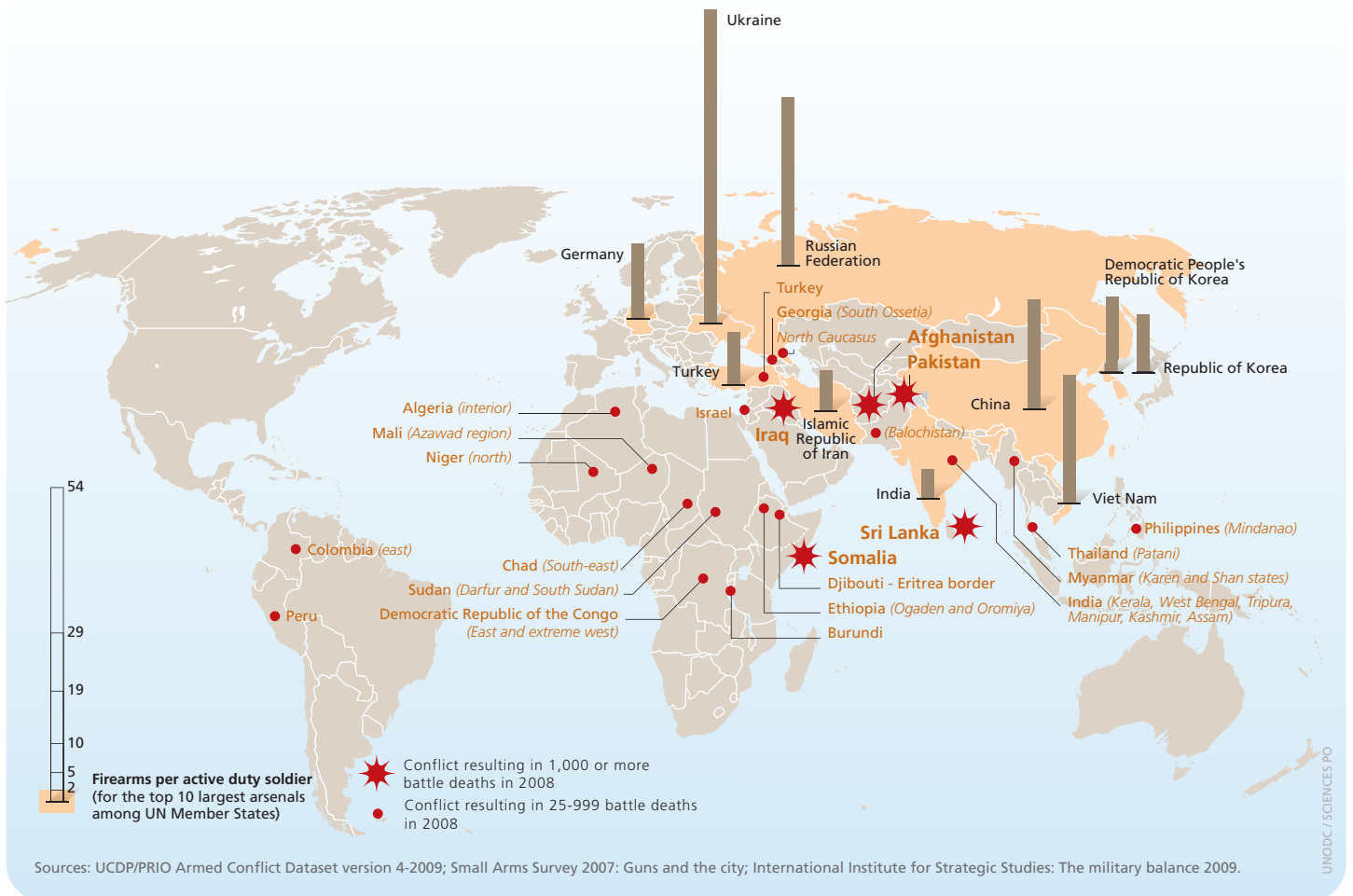
The dissolution of the former Soviet Union left many of the new countries with an unwanted legacy: large stockpiles of aging, but still functional, arms and ammunition. Safely destroying these surpluses remains a mammoth and costly task, and in the disorderly years of early independence, many of these weapons found their ways into the wrong hands.³⁷ At the same time, Africa was experiencing a particularly bloody decade, and surplus arms added fuel to the fire.

Many cases of trafficking or questionable transfers have been linked to the region. In addition to the legacy arsenals of the former Soviet Union, Eastern Europe also saw an influx of weapons during the Yugoslav Wars (1991-1995), and an estimated 8 million small arms remain in the former Yugoslav countries. While many of these weapons might be considered out-of-date, they may still be sold to combatants in civil wars in developing countries, and so are vulnerable to trafficking.

Ukraine is a case in point, a country burdened with weapons stocks far in excess of what the local military can possibly use. A large share of the Soviet small arms arsenal was placed in Ukraine, the westward frontier of the Union. After dissolution, Ukraine essentially inherited 30% of the Soviet military-industrial complex. This consisted of 1,810 enterprises with a combined work force of 2.7 million people, including research specialists.³⁸ The country currently holds an estimated 7 million small arms, as well as larger weapons systems; in absolute terms, the third largest stockpile in the world, after China and the Russian Federation.³⁹

Despite Ukrainian and international efforts to reduce these stocks, the ageing firearms pose a risk because these stocks have proven vulnerable to weapons trafficking in the past. Since the early 1990s, there have been numerous reports of attempted or completed transfers to states subject to sanctions or involved in regional conflicts, particularly in Africa. These reported transfers were illicit, destabilizing, or subject to a high risk of diversion.

FIG. 130: ACTIVE CONFLICTS AND MILITARY FIREARMS STOCKPILES, 2008



In addition, individuals and companies of Ukrainian origin have been involved in illicit trafficking or destabilizing transfers from Ukraine and other states, although much of this activity has occurred outside the territorial control of Ukraine.⁴⁰ Similar issues are found in a number of Eastern European countries.

Thankfully, both transnational and domestic wars and conflicts have declined since the early 1990s. Many of the current conflicts are longstanding, reducing the demand for trafficked weapons.⁴¹ But as noted above, there have been few innovations in firearms design in recent years, so weapons from the Cold War retain their attraction, particularly in developing countries. Eastern Europe therefore remains vulnerable to trafficking.

Due to weaknesses in the international system, this trafficking can occur despite the best efforts of the source countries to prevent it. Returning to the Ukrainian example, the Government has taken measures to address the flow of guns to embargoed areas, yet it appears to continue. There is evidence that weapons originally sourced in Ukraine have recently been transferred to the Democratic Republic of the Congo⁴² and South Sudan.⁴³ In addition, foreign arms traffickers who have been identified as international arms traffickers by the United States Government and others have continued to access surplus Ukrainian small arms at least as recently as 2008.⁴⁴

Further, exports have occurred to countries which, while not embargoed, may have been diverted to embargoed parties. The countries supplying the arms cannot entirely prevent this from happening,

but by exercising caution in questionable cases, they can possibly avoid fuelling violence. For example, between 2004 and 2008, Ukraine was apparently the most significant source of arms for Chad, a country where it appears that weapons are being diverted to fuel the conflict in Darfur.⁴⁵ Equatorial Guinea is another such country where weapons transfers have recently been detected.⁴⁶ Another example is the 2008 MV Faina affair (see Box), which saw shipping of AK-type weapons from Ukraine to Kenya, despite the fact that the Kenyan forces use the NATO-standard ammunition. The tanks that accompanied this shipment were later found to have been trafficked to South Sudan.⁴⁷ Similarly, in 2009, the United Kingdom began an investigation into companies registered in the UK that were sourcing arms from Ukraine for states in Africa in violation of British controls.⁴⁸ Similar cases can be found for other Eastern European countries.

How is the trafficking conducted?

To arm a revolution or embargoed military, a large number of military weapons is required. These weapons are either produced by tightly regulated companies or drawn from stocks controlled by a national military. In either case, it is generally difficult to steal and clandestinely traffic sufficient quantities to make the venture worthwhile. As a result, most military arms “trafficking” takes place under a veneer of legality.

Like other commodities where the legality of a shipment is entirely dependent on paperwork, most large-scale arms trafficking hinges on corruption.

Leonid Minin and Dmitri Streshinsky

Although his case is dated, Leonid Minin still provides an instructive example of the way firearms and other weapons are trafficked. Dmitri Streshinsky is less notorious, but his activities follow a similar pattern.

In 1999, Minin shipped 68 tons of small arms to Burkina Faso, ultimately bound for Liberia, at that time under embargo. The Ukrainian government issued an export licence based on an end user certificate allegedly issued by the Burkina Faso authorities. According to the contract, the Burkina Faso Ministry of Defence had authorized an offshore, Gibraltar-based company called “Chartered Engineering and Technical Services” to act as intermediaries. Upon delivery in Burkina Faso, the arms were shipped onwards in a BAC-111 aircraft with an operating certificate from the Cayman Islands. The company that owned the aircraft, LIMAD, was registered in Monaco and belonged to Minin. Minin was also involved in the Liberian timber trade.⁴⁹

In 2000, Minin coordinated a similar delivery of 113 tons of small arms to West Africa from Ukraine, including 10,000 AK-47-type assault rifles. He chartered a company owned by an associate, Aviatrend, to transport small arms to Côte d’Ivoire, also under embargo at that time. He was arrested later that year in Italy for possession of cocaine.⁵⁰

Streshinsky also set up an offshore company, Global Technologies Limited, registered in Panama but with an office in Kyiv. He acquired weapons from Progress, a subsidiary of Ukraine’s state-owned arms export company Ukrspetsekспорт, using end user certificates from Morocco and Egypt. Despite warnings from the Ukrainian state security service (SBU), both export licenses were granted. The weapons were promptly shipped to Croatia, then (1992) under international embargo. The second shipment was intercepted by the Italian navy due to a tip-off from the SBU, and included some 30,000 AK-47s. The subsequent arrests included a number of Streshinsky’s associates who were managing bank accounts located offshore on the UK Channel Island territory of Jersey.

The primary mechanism of international arms control is the “end user certificate” – a document that verifies that the end user of the weaponry sold is a legitimate buyer and not an embargoed state or rebel group. But much of the diversion of arms occurs after the delivery to the nominal end users, a practice known as “Post Delivery Onward Diversion” (PDOD). In these cases, corrupt elements within the named destination state are complicit. If all the paperwork is in place, there may be no legal reason for the vending state to refuse the request for export.

Another method is Point of Departure Diversion (PDD), where unauthorized or fake end user certificates provide arms traffickers with the documentation necessary to obtain arms export licenses. Rather than being delivered to the specified destination, the weapons are directly diverted to an embargoed state or group. This technique only works when the exporting state is negligent in verifying that the country named in the end user certificate has actually requested the arms. Corruption in the exporting country is implicit.

Both forms of trafficking have been seen in firearms exports from Eastern Europe. PDD is controllable if the official request for export is verified. Even in cases where the request is documented as genuine,

there may be other reasons to deny permission. The requesting state may be known to favour one party or another in the conflict, or it may be known to suffer from high-level corruption. The traffickers involved may be known to be shady, and there may be obvious signs that the transaction is something other than what it purports to be. As with arms trafficking anywhere in the world, these cases often involve the use of offshore holding companies to transfer and receive the money, as well as vessels flying flags of convenience. Although perhaps two thirds of maritime vessels are registered in low-vigilance countries, the same is not true for aircraft, so the use of these planes should raise suspicion. Any of these considerations can provide a basis for denying the export request.

Since the shipments are ostensibly legal, the full range of mainstream mechanisms for shipping legitimate goods is available. By land, sea or air, the port of departure and routing is entirely dependent on the location of the buyer and ordinary commercial concerns. Air transport is particularly favoured, using craft owned by the trafficker or his associates, as arms traffickers prefer to control all aspects of the transaction from procurement to delivery.

Who are the traffickers?

Because large-scale arms trafficking is dependent on corruption, most transactions involve a combination of officials and international arms traffickers. These traffickers sell their connections, their access to fraudulent paperwork and their transportation services to both insurgent groups and embargoed states. The traffickers and their support organizations can clearly be described as transnational organized crime groups, and may be involved in other forms of shady commerce, particularly involving natural resource extraction and money-laundering.

The traffickers themselves are a diverse group, with some originating in countries with large arms surpluses, some in regions with stability problems, and some from the wealthier nations. Most are multilingual and hold a number of passports. They operate chains of shell companies and often own small fleets of surplus planes and other vehicles (in particular, the Antonov and Ilyushin cargo aircraft that were sold off after the dissolution of the Soviet Union). Because warring parties may lack an international currency, traffickers may take payment in the form of natural resource concessions, making money on both the sale of the arms and the sale of exported commodities. As a result, they may have a background in dealing in natural resources.

The MV Faina case

One recent case of arms trafficking would never have been detected if the vessel had not been hijacked en route. The MV Faina was a cargo ship flying a Belizean flag of convenience, owned by a Panama-based company, managed by a Ukrainian firm and crewed mostly by Ukrainians. It was hijacked by Somali pirates in September 2008 and its crew was held hostage until February 2009, when a ransom of US\$3.2 million was allegedly paid. The vessel was carrying approximately US\$33 million worth of grenade launchers, small arms ammunition and 33 battle tanks, allegedly bound for Kenya. Paperwork subsequently emerged indicating that the true destination was South Sudan. Two European transportation agents involved in the transfer have also confirmed that they were aware of the final destination.⁵¹

The T72 tanks, the largest and most easily identifiable element of the shipment, were repeatedly sighted by observers on their way to Sudan⁵² and Small Arms Survey reports that the Sudanese People's Liberation Army has since confirmed the transfer.⁵³ The shipment captured was apparently the third in a series declared by Ukraine in its annual arms export report as licensed for export to Kenya. At least three contracts were signed with Ukrainian state-owned arms exporter Ukrimash. These contracts included 40,000 AKM assault rifles, ammunition, and many heavier weapons, including the tanks.⁵⁴ The two other vessels involved in the three shipments were the Radomyshl and the Beluga Endurance, both of which sailed in late 2007. The Beluga Endurance sails under the Antigua and Barbuda flag of convenience and was chartered for the shipment by an off-shore company based on the Isle of Man. The Radomyshl sails under a Ukrainian flag and was chartered by a UK shell company comprised of two British Virgin Island companies.

How big is the flow?

As stressed above, arms trafficking to political combatants is episodic, and so it is difficult to speak of a consistent flow. During a crisis, demand may be high, only to subside as peace is restored. It is necessary to look at concrete figures for recent years and discuss volumes and values on that basis.

Since almost all of the weapons diverted to embargoed parties go through the formal export procedure, these exports are reported. For example, since 2004, the Ukrainian Government has published an annual report on its arms sales, which is more comprehensive than those provided by most other major arms exporters. In 2004, the Ukrainian Defence Ministry reported that their arms export control authorities received between 5,000 and 8,000 export applications every year from Ukrainian arms manufacturers and stockpile vendors alone. Of these, only 2,500-3,000 are subsequently assessed as requiring an export licence. In 2003, some 2 or 3% were rejected because they involved countries subject to international sanctions.⁵⁵ In other words, at that time, between 55 and 90 export license applications were made on behalf of sanctioned clients every year, highlighting the ongoing attraction of these arms to embargoed parties.

At the end of 2005, the head of the Ukrainian parliamentary commission investigating cases of illegal arms and munitions sales declared that between 1992 and 1997, approximately US\$32 billion worth of military equipment and munitions was stolen and illegally sold abroad. According to the commission, the main reason for such uncontrolled criminal activity was the “absence at the time of relevant export control legislation regulating arms transfers.” Illegal arms sales peaked in 1996, when 114 companies were engaging in weapons transfers, but only 20% of the transactions were carried out by entities officially authorized by the Ukrainian government.⁵⁶

Much progress has been made since that time, but shipments like the MV *Faina* show that large-scale exports may continue to wind up in the hands of combatants. The contracts detail shipments to Kenya in 2007/2008 totaling 40,000 AKM assault rifles, hand-held RPG-7Vs, 14.5 mm and 23 mm anti-aircraft weapons. In addition to these lighter arms, the contracts covered 100 T-72 main battle tanks, BM-21 “Grad” 122 mm multiple-launch rocket systems, as well as trucks, spare parts and large quantities of ammunition.⁵⁷ The value of this single deal has been estimated at more than US\$2.5 billion, but most of this value derives from the

tanks and other heavy arms. The assault rifles alone were worth at most US\$40 million at destination.

IMPLICATIONS FOR RESPONSE

It is clear in both examples that the large numbers of weapons available renders both the United States and Eastern Europe vulnerable to trafficking. It follows that reducing this availability would undermine organized criminal activity. In both instances, there are controls in place to prevent the misappropriation of weapons, but there are clearly problems with the implementation of these controls. Traffickers have found ways of skirting the regulations and moving guns across borders without drawing excessive attention from the authorities.

With regard to the trafficking of handguns and other weapons used by criminals, tighter domestic regulation may be appropriate. Firearms suppliers clustered around border areas should expect more than the usual amount of scrutiny, for example. Firearms trade associations should establish and enforce good practice guidelines. Those who gain a competitive advantage by looking the other way should be expelled and identified to the authorities. All sales should be registered and national records kept of these transactions, including the identity of the purchaser. Those buying firearms should be compelled to identify the beneficial owner, limitations should be placed on immediate re-sale, and those who make false claims should face prosecution. Large purchases by individuals of any type of firearm should be flagged and investigated. All this is simply good accounting in a field where commercial gains can have devastating social consequences.

With regard to the trafficking of military weapons, the international system itself could be improved. At present, embargoed parties can still access weapons, even when all involved comply with the letter of the law. Since securing an embargo is a difficult and time-consuming process, a less formal system of information-sharing and good practice between the countries that supply arms could be beneficial. As these countries may be competing for business in other respects, an international body could act as a mediator in this exchange.

No matter how sound the regulatory system is, corruption can be its undoing. In both of the flows discussed above, corruption is implicated: in the US, on the part of the Federal Firearms License holders, and in Eastern Europe, among some of those charged with authorizing weapons shipments. More effective measures taken to address corruption, including the use of sting operations, could dampen the flow of guns.

Mexico already has many weapons, and the cartels could import them from a number of other sources even if the US supply were completely cut off. But even though US gun stores cannot be said to be the cause of the cartel violence, the problem remains: an under-regulated supply of guns is allowing criminals to arm themselves, and criminals are making money by trafficking these weapons internationally. By further investigating the ways traffickers are beating the system, the system can be strengthened to stop this abuse.

The countries of the former Soviet Union did not ask for the burden of these weapons, and cleaning them up is an international responsibility. Rebel groups have made a kind of an icon out of the Kalashnikov, but the legitimate demand for Soviet-era weapons is limited. Decommissioning the stockpiles is a politically sensitive task, and progress to date has been slow, but the excellent work done on nuclear armaments illustrates the potential for further progress on small arms. Though expensive, the costs of destroying these firearms pales next to the damage they could inflict in the wrong hands.