A Union of Arms Exports:

why European arms keep fuelling war and repression around the world
Stop Wapenhandel (Stop Arms Trade) is an independent Dutch research and campaign organization opposing arms trade and arms industry. It investigates the lobby, the financing and the alternatives. Of special concern is the role of the arms industry in militarizing border and climate policy. Stop Wapenhandel works together with peace and social justice movements, engaged scholars and policy makers. Stop Wapenhandel is part of the European Network Against Arms Trade (ENAAT).
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Why European arms keep fuelling war and repression around the world

1. **Foreign and military policy**
   Arms are exported to support regimes in countries where Europe has economic and military interests. For example countries with raw material supplies such as oil. Even if those regimes do not take human rights very seriously or are involved in wars.

2. **Economic interests**
   Profit and employment in the military industry is often considered more important than peace and human rights elsewhere in the world. Exports will increase production volumes which makes the arms industry more competitive.

3. **Strategic autonomy**
   European countries want their own independent arms industry. To this aim military research and arms production is subsidized. Arms exports are supported for example by providing export credit, by supporting arms fairs or by taking arms companies on trade missions.

4. **Lobby of the arms industry**
   Major arms companies are lobbying their government and the European Union against strict application of arms export treaties and for trade and industry support. The influence of arms companies is huge and difficult to control.

5. **Peace and human rights are undervalued**
   It is wrongly assumed that countries become more stable and safe if they have more arms. Rather the opposite: more weapons means more conflicts are likely to be settled by force. Money could better be spend on investments helping to build stable countries, such as for education.

6. **Rules can be circumvented**
   Rules are seldom watertight, and this certainly applies to arms export rules. Arms companies use loopholes of all kinds. For example, by exporting via a branch abroad, or by exporting arms components instead of an entire military system.

7. **Corruption**
   Arms trade is extremely sensitive to corruption. Deals often involves huge amounts of money and only a small group of people are involved in decision-making.
Introduction

In 2019 the Council of the EU reaffirmed “its commitment to promote cooperation and convergence in member states’ policies to prevent the export of military technology and equipment which might be used for internal repression or international aggression, or contribute to regional instability.”¹ That same year EU member states granted arms export licences worth €38 billion. Many countries involved in wars and authoritarian regimes, including Qatar, Saudi Arabia, Egypt, the United Arab Emirates and Turkey, were amongst the main destinations. Meanwhile, European arms were used in the wars in Afghanistan, Libya, Syria and Yemen, in many other internal conflicts and to repress opposition and dissent all around the world.

It is clear that the export restrictions don’t prevent many harmful exports to controversial destinations, to the detriment of peace, safety and human rights. While it is logical and necessary to look at the regulations and try to get stricter rules, we also have to look at this from another perspective. We do not only need to put forward why arms exports shouldn’t happen, but we also have to ask why they do happen.

This briefing looks at the drivers for arms exports, at EU and European state policies that prompt governments to allow, and even promote, arms sales all over the world and at the concrete measures they take to support and facilitate the arms industry and its exports.² Part 1 zooms in on arms exports, the rules and how the fail and are undermined. The second part focuses on the drivers for arms exports, the political and economical interests and the involvement of the lobby of the industry. And in part 3 arms export measures are investigated. Contributions from several of our co-member organisations of the European Network Against Arms Trade (ENAAT) tell about national patterns and examples in the context of these issues.

² While the UK is no longer part of the EU, it was for many years and it still broadly follows the EU arms export control policies; as such it is included in this briefing.
EU arms exports

Together the EU member states are the second largest arms exporter in the world, according to figures compiled by the leading Swedish research institute SIPRI. The USA is by far the largest arms exporter (34% of global total), followed by the EU (26%), Russia (24%), China (6%) and Israel (2%). During the decade 2010-2019 over 450 thousand arms export permits were granted, covering European arms exports worth €276 billion. Saudi Arabia is the largest customer for EU arms, followed by the US and the UK. Overall arms exports within the EU are good for about €76 billion of the total. The other €200 billion goes to countries all over the world. The most important export destination region is the Middle East and North Africa, with €91 billion worth of arms transfers.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Destination</th>
<th>Value (€ bn)</th>
<th>Rank</th>
<th>Destination</th>
<th>Value (€ bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Saudi Arabia</td>
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<td>11</td>
<td>South Korea</td>
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</tr>
<tr>
<td>2</td>
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<td>12</td>
<td>Brazil</td>
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</tr>
<tr>
<td>3</td>
<td>India</td>
<td>11</td>
<td>13</td>
<td>Oman</td>
<td>5.6</td>
</tr>
<tr>
<td>4</td>
<td>Egypt</td>
<td>10</td>
<td>14</td>
<td>Norway</td>
<td>5.0</td>
</tr>
<tr>
<td>5</td>
<td>Algeria</td>
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<td>15</td>
<td>Singapore</td>
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</tr>
<tr>
<td>6</td>
<td>United Arab Emirates</td>
<td>9.1</td>
<td>16</td>
<td>Indonesia</td>
<td>4.1</td>
</tr>
<tr>
<td>7</td>
<td>Canada</td>
<td>8.0</td>
<td>17</td>
<td>Israel</td>
<td>3.5</td>
</tr>
<tr>
<td>8</td>
<td>Qatar</td>
<td>7.9</td>
<td>18</td>
<td>Pakistan</td>
<td>3.5</td>
</tr>
<tr>
<td>9</td>
<td>Australia</td>
<td>6.5</td>
<td>19</td>
<td>Malaysia</td>
<td>2.5</td>
</tr>
<tr>
<td>10</td>
<td>Turkey</td>
<td>6.3</td>
<td>20</td>
<td>Thailand</td>
<td>2.4</td>
</tr>
</tbody>
</table>


A closer look at these destinations shows a worrying pattern of arms exports to countries at war or with internal conflicts, authoritarian regimes, human rights violators and poor countries. Saudi Arabia and the United Arab Emirates are leading belligerents in the Yemen War. India and Pakistan are regularly on the brink of war, and, as Israel and the United States, are nuclear weapons states. Many of the top clients for the EU arms industry are authoritarian regimes and/or are guilty of internal human rights violations, including Egypt, Algeria, Turkey, Malaysia, Brazil and Indonesia. Thailand is ruled by the military, while Oman and Qatar are absolute monarchies where all power resides with the royal families.

The table below demonstrates that most of the important destinations of EU arms exports show red flags on issues like democracy, human rights and women’s rights. Poverty is also a point of concern for some of these countries. Out of the 20 states, 14 are involved in international and/
Table legend:

**HDI rank**: Rank in Human Development Index over 2020 (189 countries in index).\(^6\) Ranking:
- very high (green);
- high (yellow);
- medium (orange);
- low (red)

**DI score**: Score in Democracy Index 2020.\(^7\)
Score from 0 to 10:
- 0–4 – authoritarian regime (red);
- 4–6 – hybrid regime (orange);
- 6–8 – flawed democracy (yellow);
- 8-10: full democracy (green)

**FIW score**: Score in Freedom in the World index 2020.\(^8\)
Score from 1 to 100:
- free (green);
- partly free (orange);
- not free (red)

**WPS rank**: Rank in Women’s Peace and Security Index 2019.\(^9\) Categories:
- first quartile (green)
- second quartile (yellow)
- third quartile (orange)
- bottom quartile (red) EU arms export licenses

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### Top 20 non-EU destinations EU arms exports (2010-2019)

#### Development, democracy, freedom, human rights, peace indexes\(^{10}\)

#### Involvement in military conflicts

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>91</td>
<td>3.77</td>
<td>32</td>
<td>2.31</td>
<td>0.611</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>8</td>
<td>8.96</td>
<td>97</td>
<td>1.47</td>
<td>0.844</td>
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<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>84</td>
<td>6.92</td>
<td>74</td>
<td>2.43</td>
<td>0.700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>16</td>
<td>9.24</td>
<td>98</td>
<td>1.33</td>
<td>0.876</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>116</td>
<td>2.93</td>
<td>18</td>
<td>2.40</td>
<td>0.583</td>
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<tr>
<td>India</td>
<td>131</td>
<td>6.61</td>
<td>67</td>
<td>2.55</td>
<td>0.625</td>
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<tr>
<td>Indonesia</td>
<td>107</td>
<td>6.30</td>
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<td>0.703</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>19</td>
<td>7.84</td>
<td>76</td>
<td>2.63</td>
<td>0.815</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>62</td>
<td>7.19</td>
<td>51</td>
<td>1.52</td>
<td>0.729</td>
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<tr>
<td>Norway</td>
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<td>9.81</td>
<td>100</td>
<td>1.44</td>
<td>0.904</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oman</td>
<td>60</td>
<td>3.00</td>
<td>23</td>
<td>1.98</td>
<td>-</td>
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<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>154</td>
<td>4.31</td>
<td>37</td>
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<td>0.460</td>
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<td></td>
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<tr>
<td>Qatar</td>
<td>45</td>
<td>3.24</td>
<td>25</td>
<td>1.61</td>
<td>0.730</td>
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<tr>
<td>Saudi Arabia</td>
<td>54</td>
<td>2.08</td>
<td>7</td>
<td>2.38</td>
<td>0.655</td>
<td>Yes</td>
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<tr>
<td>Singapore</td>
<td>11</td>
<td>6.03</td>
<td>48</td>
<td>1.35</td>
<td>0.843</td>
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<tr>
<td>South Korea</td>
<td>23</td>
<td>8.01</td>
<td>83</td>
<td>1.88</td>
<td>0.816</td>
<td></td>
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<tr>
<td>Thailand</td>
<td>79</td>
<td>6.04</td>
<td>30</td>
<td>2.21</td>
<td>0.707</td>
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<tr>
<td>Turkey</td>
<td>54</td>
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<td>32</td>
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<td>UAE</td>
<td>31</td>
<td>2.70</td>
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<td>United States</td>
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<td>7.92</td>
<td>83</td>
<td>2.34</td>
<td>0.851</td>
<td>Yes</td>
<td></td>
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</tbody>
</table>

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\(^6\) http://hdr.undp.org/en/content/latest-human-development-index-ranking
\(^7\) https://www.eiu.com/n/campaigns/democracy-index-2020/
\(^8\) https://freedomhouse.org/countries/freedom-world/scores
\(^10\) There has been some criticism of (aspects) of these indexes regarding methodology, criteria and possible bias.
or internal armed conflicts. This is not surprising. In a 2021 study for the World Peace Foundation Sam Perlo-Freedom concluded that “there is very little evidence that war or armed conflict leads to restraint in arms transfers by major exporters, regardless of whether their stated policies suggest they should”. He also noted that “European exporters sometimes displayed a pattern of selective, ‘low stakes’ restraint, including cases where they imposed arms embargoes in direct response to conflict or repression. These tended to be cases where opportunities for sales were in any case limited.”

The bleak, yet clear, conclusion is that European arms fuel war and human rights violations all over the world. This happens in spite of rules to prevent such exports. EU member states are bound to check each intended arms export against a set of criteria, listed in the EU Common Position on arms export controls (see text box below) to decide whether they can allow the export or not.

As the second part of this briefing will show, stricter EU arms export policies will remain very hard to achieve without looking at the bigger picture. There are plenty of ways to evade or undermine the Common Position. Even more important, the EU and its member states are predominantly committed to arms export promotion as part of their foreign policy, industrial policy and the policy of militarisation of the EU.

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**THE RULES: EU COMMON POSITION ON ARMS EXPORT CONTROLS AND THE ARMS TRADE TREATY**

The Common Position stipulates that “each Member State shall assess the export licence applications made to it, including those relating to government-to-government transfers […] on a case-by-case basis against” eight criteria, which are summarized as:

1. Respect for the international obligations and commitments of Member States, in particular the sanctions adopted by the UN Security Council or the European Union, agreements on non-proliferation and other subjects, as well as other international obligations and commitments.
2. Respect for human rights in the country of final destination as well as respect by that country of international humanitarian law.
3. Internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts. Member States shall deny an export licence for military technology or equipment which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination.
4. Preservation of regional peace, security and stability. Member States shall deny an export licence if there is a clear risk that the intended recipient would use the military technology or equipment to be exported aggressively against another country or to assert by force a territorial claim.
5. National security of the Member States and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries.

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13 In the Common Position all criteria are further explained, with points that have to be taken into account when applying them.
6. Behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances and respect for international law.
7. Existence of a risk that the military technology or equipment will be diverted within the buyer country or re-exported under undesirable conditions.
8. Compatibility of the exports of the military technology or equipment with the technical and economic capacity of the recipient country, taking into account the desirability that states should meet their legitimate security and defence needs with the least diversion of human and economic resources for armaments.  

In some instances the Common Position clearly determines that countries should deny an export license, for example when “there is a clear risk that the military technology or equipment to be exported might be used for internal repression”. Other criteria merely state that certain aspects, such as the buyers’ “compliance with its international commitments […] and with international humanitarian law” need to be taken into account when making a decision.

On a global level the Arms Trade Treaty (ATT) entered into force in December 2014. It is supported by the EU and ratified by all member states. While the treaty also includes some rules on exports, such as a prohibition to permit exports when a country “at the time of authorization” has “knowledge that the arms or items would be used in the commission of genocide, crimes against humanity, grave breaches of the Geneva Conventions of 1949, attacks directed against civilian objects or civilians protected as such, or other war crimes as defined by international agreements to which it is a Party”, it in general is even less strict and more open to interpretation than the Common Position.

Where large international NGOs have campaigned for the treaty and hailed it as “the dawn of a new era”, many anti-arms trade campaigners have been skeptical from the start. They have pointed to the room for interpretation, the lack of enforcement methods and the fact that the treaty ignores political reasons stimulating arms exports. According to the World Peace Foundation, “[t]he weakness of the Arms Trade Treaty […] is a further commentary on how states around the world, in particular those that are the biggest arms producers, so effectively manipulate the international regulatory environment in the interests of arms manufacturers rather than global citizens.” Or, in the words of Wendela de Vries (Stop Wapenhandel), such regulations “are more effective in ‘greenwashing’ arms exports than in seriously limiting the risk of exports to nasty destinations.”

In this sense, it is telling that the European arms industry has largely embraced the ATT. Lobby organisation ASD praised it as an instrument “increasing the number of countries operating common standards of control”, which “will provide more predictability and confidence for organisations that operate in a global market place and with global supply chains.” In other words: the ATT is good for the competitiveness of the European industry on the global arms market.

Failure of the rules

Many EU member states’ governments regularly pride themselves on their ‘high standards’ and ‘strict controls’ in applying the Common Position, in stark contrast with reality. The UK government, which after Brexit continues to roughly follow the Common Position, routinely states that it “operates one of the most rigorous arms export control regimes in the world”, while supplying billions worth of arms to Saudi Arabia to keep the Yemen war going as well as to many other controversial destinations. And the Dutch government strongly rejected the suggestion by the Socialist Party that it is not careful enough when assessing arms exports, saying that such assessments are “always based on the principle that security interests prevail over economic interests.” However, it sees no problems with arms exports worsening the security situation for people oppressed by the authoritarian governments of for example Egypt, Indonesia and Pakistan.

Germany, which is often seen as a country leading in more restrictive arms export policies within the EU, nevertheless has violated arms export regulations for decades, according to a 2020 investigation by the Peace Research Institute Frankfurt. German arms repeatedly turn up in wars or in the hands of authoritarian regimes.

This is no different for other EU countries. In a study done for the European Parliament’s Subcommittee on security and defence Lucie Beraud-Sudreau concluded that “there has been neither increased harmonization nor tighter controls since the adoption of the Code and the CP. The lack of harmonization is due mainly to the fact that the implementation of the CP rests on the authority of Member States, which entails divergence in the interpretation of the CP criteria. As a result, the human rights, democracy or conflict criteria do not appear to restrict European arms transfers, and some studies even suggest that the Code and the CP actually weakened common standards.”

19 https://rigorousrepetition.tumblr.com/about
22 Sou-Jie Brunnersum, Germany violated arms export regulations for decades, study says, DW.com, 19 July 2020
The UK government repeatedly claims to operate a “rigorous and robust” system of arms export controls, which it describes (as do many other exporters) as one of the strongest in the world. The criteria for evaluating licences, coming from those of the EU Common Position on arms exports (despite Brexit), may look strong on paper, but in practice are interpreted to allow arms to be freely sold to repressive regimes and countries in armed conflict.

The failure of the UK system to enact meaningful controls is most obvious in the case of Saudi Arabia, to which the UK has continued to supply combat aircraft, components, spare parts, support and maintenance for these aircraft, and bombs and missiles, for direct use in the war in Yemen. The government has employed elaborate interpretative sleight of hand to allow it to conclude that any violations of International Humanitarian Law (IHL) by the Saudi-led Coalition are mere “isolated incidents”, that do not represent a “clear risk” of future violations, which would prevent an export licence according to the criteria. This in spite of overwhelming evidence from Yemeni and international NGOs and the UN Panel of Experts on Yemen of repeated and severe violations of IHL, in which many clear patterns can be observed. Previously, they actually claimed that they did not need to assess allegations of previous violations of IHL to conclude that no clear risk existed. This absurd position was struck down by the Court of Appeal in 2019, in response to CAAT’s first legal case, and CAAT is now challenging the government’s (equally absurd) fall-back position.

These manipulations of logic and evidence by the government show that in practice they will go to any lengths to allow the continued sale of arms where important clients are concerned (with Saudi Arabia by far the UK’s largest arms customer). While the criteria may prevent arms sales in cases where the potential UK arms market would in any case be extremely limited (e.g. Myanmar or some sub-Saharan African countries), when it comes to the big deals, they serve more to facilitate and legitimise the arms trade than to control it.

This is a function of the enormous strategic importance that successive UK governments afford the arms industry, seeing an advanced domestic industry as essential to maintaining the UK’s place in the world as a major military power. It is also a function of the outsized voice (itself following from this strategic view) the arms industry enjoys in government, through joint policy forums, the “revolving door”, secondments of staff, continuous meetings between government and industry, and a dedicated arms sales unit within the Department for International Trade. The relationship is so close that in some ways the boundaries between government and industry blur and fade – indeed, the government’s recent Defence and Security Industrial Strategy document gives no indication that the government sees the relationship as one between customer and supplier, where the two parties have separate and sometimes conflicting interests; rather government and industry are all part of a single team working together for the greater glory of Global Britain.

Until this view of the arms industry as an essential foundation of the UK’s place in the world, and similarly the idea of being a great military power as core to the UK’s very identity, is challenged, it will be very hard to unpick this deeply entwined relationship between government and industry that renders the UK’s “rigorous and robust” export controls essentially meaningless when it comes to major customers and deals.
Evading and undermining export controls

Nicholas March (International Peace Research Institute, Oslo (PRIO)) sums up some ways in which arms export controls are evaded or undermined, including unauthorised re-export, diversion in transit, mis-identifying weapons (so that no export permit is needed) and licensed production.28

A common characteristic of evasion of arms export controls is the use of countries with less strict controls to export to countries outside the EU. This is facilitated by the ‘EU Directive on intra-EU-transfers of defence-related products’ of 2009, which aims to “simplify the rules and procedures applicable to the intra-Community transfer of defence-related products in order to ensure the proper functioning of the internal market” based on the assumption that national legislation hampers defence industry cooperation and has negative effects on the competitiveness of the European arms industry. The directive opens up the possibility to exempt certain intra-EU-exports from licensing requirements, for example when the armed forces of a member state are the supplier or recipient of the equipment, and introduces global and general licenses to allow companies to export arms without having to apply for a permit for each individual export.29

Licensing and offshoring

According to March, “production licences are often not controlled as strictly as direct exports, and when production has been set up in another country, it is very difficult to control whom the weapons could then be exported to.”30 The same is the case for offshoring of production in a more general sense: arms companies setting up production locations, subsidiaries or joint ventures in countries with less strict arms export control regimes to enable them to export arms to destinations which it might not get a permit for in its country of origin.31

Research by SIPRI from December 2020 shows that “arms companies have a presence that reaches far beyond the countries in which they are headquartered” (internationalization of the arms industry), presenting “a mapping comprising 400 foreign entities linked to the world’s [15] largest arms companies.” This includes the four largest European arms companies, Airbus, BAE Systems, Leonardo and Thales.

## International presence of the four largest European arms companies (2019)

<table>
<thead>
<tr>
<th>Company</th>
<th>Global rank</th>
<th>Arms sales</th>
<th>Headquarters</th>
<th>No. of foreign entities</th>
<th>No. of countries</th>
<th>Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAE Systems</td>
<td>7</td>
<td>UK</td>
<td>38</td>
<td>18</td>
<td></td>
<td>Americas, Asia and Oceania, Europe, Middle East</td>
</tr>
<tr>
<td>Leonardo</td>
<td>12</td>
<td>Italy</td>
<td>59</td>
<td>21</td>
<td></td>
<td>Africa, Americas, Asia and Oceania, Europe, Middle East</td>
</tr>
<tr>
<td>Airbus</td>
<td>13</td>
<td>Trans-European</td>
<td>41</td>
<td>24</td>
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<td>Africa, Americas, Asia and Oceania, Europe, Middle East</td>
</tr>
<tr>
<td>Thales</td>
<td>14</td>
<td>France</td>
<td>67</td>
<td>24</td>
<td></td>
<td>Africa, Americas, Asia and Oceania, Europe, Middle East</td>
</tr>
</tbody>
</table>

*Source: SIPRI*[^32]

Licensing, and more general the careless transfer of technologies and knowledge, can have far-reaching consequences as the example of Turkey shows. Under authoritarian president Erdogan the country has been busy expanding its own military industry, building on longstanding support of NATO-partners as the US, France, Germany, Italy, Netherlands, Spain and UK. With western knowledge and technologies Turkey has managed to become an arms producer and exporter of its own.[^33]

Although, as researcher Martin Broek notes, the Turkish military industry still needs foreign technology for its own arms production, it nevertheless gives the government of Turkey greater freedom in shaping its foreign and military policy by being less reliant on arms imports.[^34] This makes it less vulnerable to arms embargoes and other restrictions on arms exports and thus weakens the potential of the international community to impose effective sanctions.[^35] Where earlier arms embargoes prompted Turkey to prioritize military-industrial independence, restrictions by the EU and several member states in the wake of the Turkish intervention in North Syria in 2019 had less implications in this way.

### Components

Another form of evading arms export controls also involves production in other countries: delivery of components for weapon systems. This is a major part of international arms trade and production, with many specialized companies supplying components for integration in weapons systems by large arms companies.

Usually the export permit for the final weapon has to be granted by the country where the product is finished. According to MEP Hannah Neumann there can “be an incentive to opt for the end production to take place in a country with the least restrictive export practice.”[^36]

[^33]: Martin Broek, Turkish defence industry not a miracle, Stop Wapenhandel, 17 February 2020, https://stopwapenhandel.org/node/2373.
Countries which export components still have to look at the end user when giving an export license. Differing arms export policies between states of which companies are involved in producing arms together, can result in one blocking the export of the whole weapons system that consists components delivered from its industry. Often this is not the case, with the intra-EU-transfer directive stating that “as regards components, Member States should refrain from imposing export limitations as far as possible by accepting the recipient’s declaration of use, taking into account the degree of integration of such components into the recipient's own products.”

In general, EU member states tend to ‘trust’ arms export regimes from other member states (and by extension that of others, including the USA) and/or issue export permits for supplying components to arms companies in other states without knowing the end user(s) of the compiled weapons systems. Cops, Duquet and Gourdin (Vlaams Vredesinstituut) concluded that “most governments make a division in between traditional allied countries and other countries in determining whether the defence industry is accepted as last known end-user of the military goods, especially in case of components.”

However, there have been instances when conflicting opinions weren’t so easily moved aside. When Germany issued an export ban on arms to Saudi Arabia it led to tensions with France, which wanted to continue to sell arms with German components. In other cases also France showed increasing dissatisfaction with Germany’s more strict policies. French Economy Minister Bruno Le Maire warned that this could threaten arms production cooperation between both countries: “It is useless to produce weapons through better cooperation between France and Germany if one is not in the position to export them.”

Many arms companies echoed the same sentiments, stated that unilateral steps such as the German export ban undermine cross-border partnerships and EU defence cooperation as a whole. Alessandro Profumo, CEO of Leonardo, said: “What worries me more is that we risk fracturing the creation of a European defence system.” And Safran CEO Philippe Petitcolin added: “In a way Germany is keeping the other partners [in joint arms projects] hostage. If you belong to a community you have to respect the community.”

The relations were smoothed when Germany backed down, concluding the Treaty of Aachen (January 2019), in which both countries agreed that “they shall foster the closest possible cooperation between their defence industries on the basis of mutual trust” and that they “will develop a common approach on arms exports with regard to joint projects.” In October that year this was followed by a binding agreement on arms export rules, concluded at a joint ministerial meeting in Toulouse. This agreement stipulated that both parties should avoid disagreements on arms exports by increasing information exchange in early stages, should exercise restraint in objecting to exports of jointly produced arms (only when their “immediate inter-

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40 Sylvia Pfeifer, David Keohane and Tobias Buck, European defence industry wrongfooted by Saudi weapons ban, Financial Times, 2 June 2019, https://www.ft.com/content/5ba35bd2-7e23-11e9-81d2-7f85092ab560
ests or national security would be compromised”) and, most importantly, won’t block exports of common armaments if they contain less than 20% of components from the other (‘de-minimis-principle’).

It is possible that more countries will follow this example. In the Netherlands parliamentarians of coalition parties VVD and CDA in 2021 proposed a bill to join the Toulouse agreement and apply the same de-minimis-principle. With, on average 80% of Dutch arms exports consisting of components, adopting this bill would effectively end autonomous Dutch arms export policies. In general, such agreements undermine EU arms export controls and will make the most lax implementation of the criteria of the Common Position the leading one. In other words: another race to the bottom.

**Diversion of arms**

One of the criteria of the Common Position stipulates that member states need to take the “risk that the military technology or equipment will be diverted within the buyer country or re-exported under undesirable conditions” into account. Article 5 of the Common Position details that in this context “[e]xport licences shall be granted only on the basis of reliable prior knowledge of end use in the country of final destination. This will generally require a thoroughly checked end-user certificate or appropriate documentation and/or some form of official authorisation issued by the country of final destination.”

Still, this regularly goes wrong, due to false certificates, diversion, resales and a lack of controls by the authorities of the exporting country. One of the main clients of the European arms industry, the United Arab Emirates (UAE), is notorious for its practices of passing on weapons and ammunition to the various hotbeds in the Middle East. Arms delivered to UAE emerged in the wars in Syria and Libya. Bulgarian rifles, presumably delivered to the UAE under a 2010 deal, ended up with Libyan, Yemeni and Sudanese armed forces. In February 2019 Amnesty International wrote: “As the ground war evolves, weapons are not only being used by UAE forces in Yemen, but are also being passed on to completely unaccountable Coalition-allied militias, some of whom stand accused of war crimes.”

EU member states would need to take on more rigorous examinations of end-user certificates, to carry out post-shipment controls (which are very rare at the moment) and to impose sanctions against countries for diverting arms to be able to better prevent diversion risks.

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42 Abkommen zwischen der Regierung der Bundesrepublik Deutschland und der Regierung der Französischen Republik über Ausfuhrkontrollen im Rüstungsbereich, 23 October 2019, https://www.bmwi.de/Redaktion/DE/Downloads/A/ausfuhrkontrollen-im-ruestungsbereich.pdf; the agreement mainly covered large, jointly produced arms systems and excluded for example small arms, ammunition and projectiles.
43 Martin Broek, Race to the bottom on arms export control, Stop Wapenhandel, 8 April 2021, https://stopwapenhandel.org/RaceToTheBottom.
Denials, undercutting and failing embargoes

From 2010 to 2019 EU member states issued 453,672 arms export licenses. By contrast, only 3,309 applications (0.72% of the total) led to a refusal (‘denial’), mostly for small arms. Most refusals (over >100) concerned Russia, Pakistan, Ukraine, China, Thailand, Egypt and the UAE. Transparency about denials differs per country, but in general is less than about licenses which are granted. As SIPRI notes: “Since data on export licence denials can reveal information on who is interested in the acquisition of which type of military equipment, many states are reluctant to release it.”

Within the EU member states inform each other of so-called ‘denials’, to prevent undercutting. There have, however, been known instances of countries exporting arms while others refused to do so. The German government, for example, in 2013 gave the green light for the export of Leopard tanks to Indonesia, while the Dutch parliament had blocked negotiations between The Netherlands and Indonesia about the sale of surplus army Leopard tanks because of their possible use for internal repression.

More often the fear that other countries will allow exports to controversial destinations, to the disadvantage of national arms companies, preemptively leads to less restrictive policies. In 2013 the EU member states agreed upon a partial arms embargo against Egypt, consisting of a suspension of licences for export of any equipment which might be used for internal repression and of reassessing export licences for military equipment. However, the embargo was not legally binding and was left open to interpretation by member states’ governments, which generally were reluctant to apply it stricter than others. In a May 2016 report Amnesty International found that 12 EU member states had remained major suppliers of military and policing equipment to Egypt since the start of the embargo, amidst a deteriorating human rights situation. The warning of Brian Wood, Head of Arms Control and Human Rights at Amnesty, that “supplying arms that are likely to fuel [...] internal repression in Egypt is contrary to the Arms Trade Treaty, to which all EU states are party, and flouts the EU’s Common Position on arms exports” fell on deaf ears.

Corruption

Corruption in the arms trade contributes roughly 40 per cent to all corruption in global transactions. As Liang and Perlo-Freedom argued, “the arms business, due to its lack of transparency, connection to political power, and special features such as offsets, lends itself particularly...
well to the generation of [...] illicit, off-the-books sources of political finance.” They identify several reasons why companies pay bribes, including “to overcome political objections to an export, including relaxing or creating an exception to export control policies and practice” and “to gain political cover for a deal of dubious legality, where the sale may be prohibited by a UN embargo or national legislation, ensuring that regulatory authorities turn a blind eye”.54 It speaks for itself that such practices undermine arms export control and open the door for exports to controversial destinations, with all the possible consequences they come with.

Cases of corruption are often uncovered only years later. One more recent example Liang and Perlo-Freeman mention is that of former French president Sarkozy accepting €50 million in illegal campaign funding from then Libyan leader Gadaffi. In turn he allowed the export of internal security technology to the dictatorial regime and, as president, sealed numerous arms deals.55

Other problems

EU member states aren’t obliged to have a system for the control of arms transits via their territories. If they do have one, assessing applications should be done in the same way as with export licenses, by checking against the criteria of the Common Position.56 Nevertheless, it is quite common to do no or only very limited checks on arms transits, especially when they are coming from another EU member state and have been granted an export license by that state.

This is for example the position of the Dutch government. In recent years the harbour of Rotterdam has seen transits of, sometimes tens of millions of pieces of, ammunition to controversial destinations as Saudi Arabia, the UAE, Togo, Jordan, Malaysia, El Salvador, Chile, Turkey and the Ukraine. All without any checks by the Dutch government on possible use in wars or internal repression.57

Vranckx, Slijper and Isbister also pointed to a “longstanding loophole” in the Common Position: “non-military equipment is exported with the intention of being converted to military specifications and for military or security use in the destination state, without the need for authorisation”.58 This can be the case for for example vehicles and ships, but was also at hand when Thales Netherlands exported SOTAS communication systems to Saudi Arabia. While it was clear that these were meant for tanks, which were also used in the war in Yemen, the Dutch government said SOTAS, under EU rules, has no specific military characteristics as such couldn’t be subjected to an arms export check.59

54 Xiaodon Liang and Sam-Perlo Freeman, Arms trade corruption and political finance, World Peace Foundation, 9 July 2018, https://sites.tufts.edu/wpf/files/2018/07/Arms-Trade-Corruption-and-Political-Finance-20180705.pdf; ‘Political finance’ here refers to the sources of funding for political expenditure (“ all spending by political actors (individuals and organizations) made with a goal of achieving, maintaining, or increasing political power and influence”, and activities conducted in seeking such funding.

55 Op. cit.; only a part of the arms were delivered before the fall of Gadaffi and the outbreak of civil war.


Promoting arms exports: political and economical interests

While the application of the Common Position should restrict EU arms exports to controversial destinations, other aspects of EU policies are actually aimed at promoting arms exports. This starts with the Common Position itself, which preamble states that it should strengthen “a European defence technological and industrial base, which contributes to the implementation of the Common Foreign and Security Policy, in particular the Common European Security and Defence Policy”.

Arms exports can be part, for example, of the foreign or trade policy of the EU or of a member state. Regularly such policy considerations override the necessity of a restrictive arms export policy. It is also claimed that the European arms industry needs to export to the rest of the world to enhance its role in the militarisation of the EU itself. And arms exports may also be sold as necessary or useful for economical development of member states (or regions) and for employment.

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‘Strategic interests’: arms exports and foreign policy

Arming allies, externalising borders and waging the ‘War on Terror’

Arms exports in the context of foreign policy may be used to increase the military capacities of allies, strengthen alliances and diplomatic relations, and arming the enemy of an enemy.62 For the European side examples may be found in Israel and Saudi Arabia, traditional allies for western countries in the volatile Middle East region. Saudi Arabia is for example seen as a counterforce to Iran. Turkey, as a NATO ally, is another example. In spite of all the reasons not to export to these countries, including involvement in wars, internal conflicts, repression and human rights violations, they have been and remain important clients for European arms.

While some EU member states have put restrictions on arms exports to one or more of these states, many are very reluctant to take steps in that direction, also making it impossible to agree on EU embargoes against them. The government of the UK, while still part of the EU and as such bounded by the Common Position, argued in court that halting arms exports to Saudi Arabia would “create some risk that you may affect diplomatic relations with that country”.63

The ‘War on Terror’, in which human rights have often been pushed to the background in general64, has put a new dimension to all of this. Lucia Montanaro (Statewatch) signalled “a growing contradiction in the EU’s approach to conflict and crises”, where “strong commitments to promoting human rights, gender equality and arms control are increasingly overshadowed by efforts to boost the combat capability of authoritarian partners”, warning that “[t]his could endanger peace and stability in fragile states”.65

Military and security forces are key pillars of authoritarian regimes, ensuring their power. It is not uncommon that they also pose a threat to the regime, for example as the source of coup attempts. In this context governments tend to cater to the wants of their military establishments to keep them happy.66

Moreover, the role of the armed forces within authoritarian regimes is often even more extensive, they also penetrate into political and economic infrastructures. With the flow of foreign arms supplies, the supplying countries thus not only support the authoritarian regimes and armed forces, but also dig deep into the current militarized political and economic structures. Such arms deals also strengthen the grip of the armed forces on governance and society in these countries. To keep orders and payments going, it is also in the arms-supplying countries’ interests that the current authoritarian regimes remain in power and that the militarized economic structures continue to exist. This puts a conflicting commitment to democratization and human rights to the second level.67

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64 See for example: https://watson.brown.edu/costsofwar/costs/social/rights
65 Michael Peel, ‘We need arms’: Europe’s risky move to project its influence in conflict zones, Financial Times, 24 May 2021, https://www.ft.com/content/dd29eb4d-1fc0-4123-ada1-290c4c63d966
France and Germany are clear examples of EU countries which have sold and donated large amounts of arms to countries in the Middle East and North Africa, often coupled with military and security cooperation programmes.

Perhaps no one was more clear about arms exports as an instrument of foreign policy, at the cost of implementing the Common Position, than President Macron of France in December 2020. In a press conference with Egyptian president al-Sisi he stated that France “will not condition matters of defence and economic cooperation”, such as arms exports, on “disagreements” over human rights with Egypt. According to Macron, withholding arms from Egypt would “only reduce the effectiveness of one of our partners in the fight against terrorism”.  

**Security assistance, strengthening authoritarian regimes**

Another large arms exporter, Germany, has its eyes on strengthening security infrastructures in Africa, to promote regional stability, also as part of fighting terrorism. The ‘Strengthening Initiative of the Federal Government’ (‘Ertüchtigungsinitiative der Bundesregierung’) includes military and police cooperation, training, funding and donations of military and security equipment. Addressing the German parliament in 2019, Chancellor Merkel argued against restrictive arms export policies. She said: “I don’t think we can encourage stability and peace in Africa, yet refuse to supply any arms. We cannot train people who have to fight terrorists, only to say it’s up to them to see where they get their weapons.” She also urged other western countries to follow the same approach.  

Something similar was propagated in 2015 by Halbe Zijlstra, then an MP before his tenure as Minister of Foreign Affairs of The Netherlands. He said that Europe should cherish stable regimes in neighbouring countries, even if those are dictatorships, unless they endanger European economic and security interests. Zijlstra added that it was not wise to make a big issue out of human rights, rather seeing Europe work for gradual change, which requires cooperation with these regimes.  

This attitude not confined to member states. High Representative of the European Union Joseph Borrell said in February 2020: “We need guns, we need arms, we need military capacities and that is what we are going to help provide to our African friends because their security is our security”. In line with this, the EU increasingly uses foreign policy instruments, such as the Instrument contributing to Stability and Peace and the European Peace Facility, to donate military equipment and fund military purchases by non-EU-countries. Often, this funding ends up in the pockets of European arms companies providing the equipment.

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69 Daniele Hebbel, Die Ertüchtigungsinitiative der Bundesregierung, Bundesministerium der Verteidigung / Auswärtiges Amt, July 2019, https://www.bmvg.de/resource/blob/61338/83c5c00fd7761bad810c67be7cad6ba/b-02-03-ertuechtigungsinitiative-data.pdf
71 Andrea Shalal, Merker urges greater security role in Africa development policy, Reuters, 12 June 2017, https://www.reuters.com/article/uk-q20-germany-africa-ideukkbn19315g
As Saferworld has noted, such ‘security assistance’ comes with grave risks. Focusing on the Sahel it notes that it can “contribute to legitimising abusive governments that are not interested in building trust between the state and its citizens, addressing disputes behind intercommunal conflict and improving human security, but rather in cementing their power and wealth”, warning that “security assistance may embolden and legitimise repressive behaviour and violations.” Saferworld also concluded that “international security assistance risks entrenching the primacy of military solutions to political problems” and pointed to the fact that recent coups in Mali and Chad were admittedly condemned by European leaders, but “the swift resumption of security assistance before the return of power to civilian authorities showed that stabilisation of state forces is prioritised over democratic processes and the legitimacy of leaders.”

European Peace Facility

The European Peace Facility was established in March 2021. It is a €5 billion fund (2021-2027) which remains outside the official EU budget. Frank Slijper (PAX) and Roy Isbister (Saferworld) argue that “experience demonstrates that this type of military assistance can harm peace and development and rarely provides its intended leverage”, because “time and again we have seen examples of military aid transferred to further European geopolitical interests rather than in support of the human security needs of people in fragile states.” Indicative for this is that one of the first proposed uses of the Facility was funding training of, as well as possible donations of patrol vessels and aircraft to, the Libyan coast guard.

This coast guard is known for using violence against refugees, even shooting at boats, and returning them to Libya to end up in one of the horrendous detention centers. However, for the EU it is an important partner in stopping migration to its shores. More in general, European exports of military and security equipment are also a part of border externalisation efforts. The EU and its member states enlist third countries to act as outpost border guards to stop migration before people on the move even reach the EU external borders as part of its extensive and security driven militarised anti-immigration policies. To this end the EU funds many border security and control projects outside the EU, for example under the EU Emergency Trust Fund for Africa. Third countries get (money to purchase) equipment for border security, primarily delivered by European arms companies. Germany, again, has been at the forefront of this, donating equipment to Benin, Chad, Gambia Lebanon, Mauritania, Niger, Nigeria, Tunisia and Turkmenistan.

This has far-reaching consequences for refugees, who are met with violence, are forced to use more dangerous migration routes and are driven into the hands of unscrupulous smuggler networks. And, again, such exports legitimize and strengthen authoritarian regimes. For European arms companies they offer new profit opportunities and are used to gain access to new geographical markets in a broader sense.

76 Nikolaj Nielsen, EU mulls using new ‘peace’ fund to help Libyan coast guard, euobserver, 7 May 2021, https://euobserver.com/migration/151727
77 Mark Akkerman, Expanding the Fortress: The policies, the profiteers and the people shaped by EU’s border externalisation programme, TNI and Stop Wapenhandel, May 2018, https://www.tni.org/files/publication-downloads/expanding_the_fortress_-_1.6_may_11.pdf.
Arms exports and EU strategic autonomy

The EU has taken steps towards its own militarisation in the last few years. These include the establishment of PESCO, cooperation of differing groups of member states in specific projects, and of the European Defence Fund, aimed at financing research and development of new arms and military technologies. The underlying objective is to achieve European ‘strategic autonomy’, or, what this actually means: an EU that is a military power of its own, with less dependency on US military force and a larger role within NATO.78

Connected to this is the push within NATO for higher military spending by European member states. Starting under the Obama administration, with escalation under the Trump administration, the USA has constantly demanded that other NATO members take more ‘responsibility’ for their own safety and security and hence increase their military budgets. At the NATO Wales Summit in 2014 this culminated in a non-binding agreement in which member states promised to move towards spending 2% of their GDP on defence within a decade. Moreover, they agreed that “at least 20% of defence expenditures should be devoted to major equipment spending, including the associated research and development.”79 By 2020 ten NATO members spent at least 2% of their GDP on defence, and all members had seen large budget increases since 2014.80

Apart from this trend within NATO, the EU propagates the need for higher military budgets and stronger military cooperation between its member states by pointing to global and geopolitical developments, including the perceived threat from Russia and, to a growing extent, China, and instability and unrest in the Middle East and North Africa.81 Again according to the EU a stronger European military industry is an indispensable part of these efforts. Or, in the words of Thierry Breton, European Commissioner for Defence Industry and Space: “A more integrated, innovative and competitive European defence technological and industrial base is essential for a stronger, more resilient and strategically autonomous Europe.”82

This point of view has farreaching consequences for the EU’s policy regarding arms exports. “Without exporting arms there will not be a European defence industry”, said MEP Nathalie Loiseau, chairwoman of Subcommittee on Security and Defence of the European Parliament in 2019.83 This echoes the advisory report on EU funding for military research, which was written by a ‘Group of Personalities’ (GoP) installed by the European Commission and largely composed of representatives of the arms industry.

The GoP stated that “domestic demand coupled with export success is essential in order for Europe to retain viable and globally competitive defence industrial players” and “from an in-

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79 NATO, Funding NATO, last updated 7 May 2021, https://www.nato.int/cps/en/natohq/topics_67655.htm; for criticism of this 2% guideline, see for example: Wilbert van der Zeijden, NATO’s 2% target, PAX, 19 December 2016, https://protectionofcivilians.org/natos-2-target/
80 Michael Peel and Helen Warrell, Most Nato countries set to miss military spending target, Financial Times, 21 October 2020, https://www.ft.com/content/9b53fe51-f6c2-4c74-86b0-db2918e35745
dustrial viewpoint, access to international markets is a necessity, but not only as a means to compensate for a declining domestic market: export growth significantly contributes to sustaining the critical mass of European defence companies and highlights the competitiveness, capability, performance and reliability of European export products.” In this context “new cooperative programmes at the European level would [...] generate new export opportunities, providing both access to and leverage in international markets.”

Like many of the input from the GoP the EU adopted this viewpoint during the establishment of the European Defence Fund (EDF). In the European Defence Action Plan of November 2016 the European Commission, which announced the plan to launch the EDF, said that the European military industry needs support “to retain key skills and acquire new ones to be able to deliver high-tech defence products and services to meet security needs and compete in a global market long into the future.” In line with this the Commission proposal for the EDF regulation stipulated that it “is intended as an instrument to foster the competitiveness and innovativeness of the European defence technological and industrial base thereby contributing to the EU’s strategic autonomy.” And article 3 of the regulation clearly says that “the general objective of the Fund is to foster the competitiveness, efficiency and innovation capacity of the European defence industry [...]”.

In other words: according to the EU, to attain strategic autonomy (read: less dependency on the USA) it needs a strong European military industrial base. Such a base can’t be build on European orders alone and therefore needs arms exports to countries outside the EU. And this, in turn, makes export promotion and support for arms exports inevitable, next to the direct funding for research and development of new arms and technologies under the EDF.

Apart from the EU some member states also claim that arms exports are necessary for their own defence objectives. According to Mark Bromley and Mathieu Duchâtel, in a 2017 briefing for the European Council on Foreign Relations, “France, the UK, Germany, and Sweden have all – to a greater or lesser extent – identified expanding arms exports as essential if they are to maintain their existing defence capabilities. Maintaining sales abroad is therefore an element in European states’ own strategic considerations.”

Arms companies play into this thinking as well. Håkan Buskhe, CEO of SAAB, said: “If politicians reduce export opportunities for Swedish defense, we will not be able to develop some products. The Swedish Armed Forces will need to purchase them from other countries. This will then be more expensive for our defense, but Saab’s competitors will naturally be happy.”

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The Swedish government supports the national arms industry in a variety of ways. It can, for example, be through political representation, marketing support or by the state intervening as a reference customer. Authorities and state owned companies supply loans and export credits, which enables companies to enter into a deal that otherwise would pose a high financial risk. Actors facilitating arms export are e.g. the Ministry of Defense and its authorities, ministers working with foreign affairs, trade and business, as well as embassy staff and military attachés. The Royal Family has also played an essential role in arms sales to countries where the monarch has great political power. Visits from the Royal Family were key to the sale of the airborne radar system Erieye to Saudi Arabia, as well as fighter jets Jas Gripen to Brazil and Thailand. With the Crown Princess leading the trade delegation to Saudi Arabia it gave representatives from the Swedish arms company Saab access to the country’s political leadership. A stricter interpretation of the national regulation would be an effective measure to achieve a more restrictive and responsible Swedish arms export. Another important step would be to close the loopholes in the national regulation by assessing all arms exports equally as strict, regardless if the deal is related to previous export (follow-on deliveries) or as part of an international cooperation.
Trade and economic policies

Employment

Both in Belgium (Wallonia\textsuperscript{94}) and Spain governments explicitly invoked employment arguments to counter calls for a stop on arms exports to Saudi Arabia. In Wallonia prime minister Di Rupo in 2020 defended ongoing exports by saying he is seeking a “balance between the humanitarian aspect and the weight of employment in the Walloon arms industry”, in particular small arms producer FN Herstal.\textsuperscript{95} On several occasions NGO Vredesactie has published proof that Saudi Arabia has used FN Herstal firearms and ammunition from Mecar in the war in Yemen, but this hasn’t stopped the government from issuing new licenses, also ignoring repeated court decisions denouncing exports to Saudi Arabia.\textsuperscript{96}

In September 2018 Spanish minister of defense Robes canceled the export of 400 laser-guided bombs to Spain. Allegedly, Saudi Arabia threatened to cancel a €2 billion deal for five Spanish war ships in return. This prompted prime minister Sánchez to overrule the decision of Robes and reauthorize the bombs export, saying he prioritized the shipyard jobs.\textsuperscript{97}

In a more general sense many governments point to the economic importance of their national military industry and promote the expansion of this industry, often by more exports, as a way to increase employment. However Brown University’s Costs of War project concluded, in the US context, that “military spending creates fewer jobs than the same amount of money would have, if invested in other sectors. Clean energy and health care spending create 50 percent more jobs than the equivalent amount of spending on the military. Education spending creates more than twice as many jobs.”\textsuperscript{98} A study on employment in military production in the Netherlands showed that it mainly pulls away technical workforce from civil sectors.\textsuperscript{99}

Of course, arms production does provide employment, and it might be more difficult for people having non-highly technical jobs within this to quickly find other work if their jobs would end. It is however a cynical position to take to give these jobs more weight than the lives of people who will suffer from the consequences of arms exports. Conversion to civil production, helping people find other, more socially useful work and providing good social security could lift the false contradiction between either guaranteeing jobs at home or not fueling wars and repression elsewhere.

\textsuperscript{94} Belgium has decentralised decision-making on arms exports to three regions (Wallonia, Flanders and the Brussels Capital region).
\textsuperscript{95} Matthias Vanderaspolden, Waalse regering onder vuur door wapenexport aan Saudi-Aрабië, Nieuwsblad, 8 February 2020, https://www.nieuwsblad.be/cnt/dmf20200207_04839475
Countering the job creation argument  
by Chloé Meulewaeter (Centre Delàs d’Estudis per la Pau, Spain)

The job creation argument is the most prominent economic argument related to military investments, which would somehow justify the reasonableness and necessity of such investments. However, it is not so clear that the choice of the military sector for investment is the right one if the purpose is to create as many jobs as possible.

In an article published by two researchers from the Centre Delàs, based on a study by Heidi Garrett-Peltier of the Watson Institute at Brown University, employment multipliers are calculated for a million dollar investment in different sectors, one of which is the military sector.100

Thus, according to the study, for every million dollars of investment in the military sector, a total of 6.9 jobs would be generated for every million dollars of investment. If this investment were made in the solar energy sector, a total of 9.5 jobs would be created, while investment in infrastructure would represent the creation of 9.8 jobs. Even more striking is the job creation related to investments in the education and health sectors: for every $1 million of investment, 14.3 jobs would be generated in the case of investment in health, and 19.2 jobs would be created if the investment were made in primary and secondary education.

Of all, military investment is the option that generates the least employment, while other options, in addition to creating more jobs, are options that seem to be more in line with the major global challenges.

Economic importance: contribution to national income

In line with employment argument many governments also point to the perceived broader economic importance of the arms industry. This includes both its direct contribution to the national income and claims about more indirect effects, such as innovation and spin-off to civil production.

The organisation ‘Stop Fuelling War’ looked into these issues in the case of France. It concluded that the issue was hardly debated in the political arena and claims about the economic importance of the arms industry were seen as a given, without any evidence being provided and suffering from a serious lack of transparency. In reality, Stop Fuelling War argued, the contribution of arms production and exports to the French national income was modest and, moreover, based on government support. As such, “the prioritisation of armaments over other industries has led to the continued decline of many French industries, so that armaments and aeronautics are now the last bastions of the national industrial fabric.”101

Research by the Bonn International Center for Conversion (BICC) into the economic contribution of German arms exports in 2015 showed that they “represent a mere 0.26 percent of the entire GDP and are therefore of little importance to Germany’s economy.”102 For The Netherlands, the value of arms exports in 2019 was €923 million, or 0.11% of the country’s GDP.

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Belgium: strategic litigation puts dent in arms exports, but economic interests continue to drive export policies

*by Bram Vranken (Vredesactie)*

The Belgian arms industry is extremely dependent on exports to one major customer: the Saudi government. In 2019 almost 80 percent of all arms export licenses were designated for Saudi Arabia (in total 1,92 billion euros). These exports mostly consists of small arms, ammunition and turrets for armoured vehicles manufactured respectively by the companies FN Herstal, Mecar and John Cockerill Defence.

Two of these companies, FN Herstal and John Cockerill, are concentrated in the deindustrialized region around Liège. An area with a high levels of unemployment and economic deprivation. Because of the out-sized local economic importance of these companies, they have received strong political backing in spite of a long series of scandals and problematic exports. FN Herstal is completely state owned, while John Cockerill has two former ministers and a former member of parliament in its board of directors.

After the media extensively covered the use of Belgian weapons in the war in Yemen by the Saudi forces, a series of administrative court cases has been able to halt all exports by FN Herstal and Mecar to the Saudi regime. Annual exports to the Saudis has dropped substantially as well as the turnover of these two companies. Nevertheless, despite these legal victories, the Walloon government has consistently side-stepped these legal outcomes by handing out new arms export licenses for Saudi Arabia. While strategic litigation has been successful, these legal victories haven’t translated into a new arms export policies yet.

Hence, the direct contribution of arms exports to national GDPs in the EU is minimal. However, governments supplement this with claims about military research, development and production spurring general innovation and leading to spin off in civilian fields (ie the use of newly developed technologies, for example internet and GPS). It is doubtful whether this argument has even been economically valid, but in recent years, as the British Campaign Against Arms Trade (CAAT) notes, “[t]he cutting edge of technology lies clearly within the far larger civilian domain, with military technology rather depending on spin-ins from civil technology, especially in areas such as information and communications technology, and materials science.”

Arms and oil

Another reason for exporting arms, which lies on the intersection of foreign and economic policies, is access to resources available in the country of destination. Researchers Bove, Deiana and Nisticò found “the existence of a “local oil dependence”, which indicates that the amount of arms imported has a direct relationship with the amount of oil exported to the arms supplier”.

The clearest examples of this are literal arms-for-oil deals. The most wellknown is the Al Yamamah series of arms deals between the UK and Saudi Arabia, Britain’s largest arms deal ever. The deals, of which the first was concluded in 1985 and the most recent encompasses the sale of Eurofighter Typhoon fighter jets agreed in 2008, has earned prime contractor BAE Systems tens of billions of pounds. Saudi pays the UK by delivering up to 600,000 barrels of

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104 Vincenzo Bove, How the arms trade is used to secure access to oil, The Conversation, 4 May 2018, https://theconversation.com/how-the-arms-trade-is-used-to-secure-access-to-oil-95089.
crude oil per day. The deals have been surrounded by allegations of corruption. An investigation by the British Serious Fraud Office was aborted in 2006 under pressure of the Saudi and British governments.\textsuperscript{105}

However, the relation between arms exports and oil goes deeper than such direct deals, as Bove argues. When there is no direct oil-for-arms relation, oil dependent countries still tend to export more arms to oil rich states, on the premise that will help guarantee stability in these countries and prevent price increases. With this Bove reaches “the conclusion that the arms trade is an effective foreign policy tool to secure and maintain access to oil”.\textsuperscript{106}

In this context, protecting the interests of national companies might also be put forward as a reason to grant arms export licenses. When the Dutch government issued a permit for the controversial export of armoured patrol vessels to Nigeria in 2009, it bluntly stated that the boats were important to protect oil platforms of Shell in the Niger Delta.\textsuperscript{107}


\textsuperscript{106} Vincenzo Bove, How the arms trade is used to secure access to oil, The Conversation, 4 May 2018, https://theconversation.com/how-the-arms-trade-is-used-to-secure-access-to-oil-95089.

\textsuperscript{107} Tweede Kamer, Wapenexportbeleid, lijst van vragen en antwoorden, 22054 - nr. 157, 25 January 2010; eventually no vessels were delivered as the deal was riddled with corruption and company TP Marine went bankrupt: Martin Broek, When boatbuilders sell to bandits, Stop Wapenhandel, April 2019, https://stopwapenhandel.org/node/2266.
Arms lobby

The lobby of the European military and security industry has considerable influence on European Union institutions and policies, as a string of research reports has shown.\[^{108}\] In recent years the important lobby organisations – the AeroSpace and Defence Industries Association of Europe (ASD) and the European Organization for Security (EOS) – and large arms companies have largely concentrated their efforts on securing the European Defence Fund money for research and development of new arms and military technologies. However, arms exports aren’t off the radar.

ASD has repeatedly emphasized the importance of arms exports to non-EU-countries for the European military industry, playing into the EU’s wish for more strategic autonomy. It stated that “given the high R&D costs of many defence systems, certain production volumes are necessary to maintain the industrial capabilities that are needed to equip European armed forces at affordable prices and maintain a certain degree of strategic autonomy for critical technologies.”\[^{109}\]

In October 2019, at a conference organised by the European Commission on the 10th anniversary of the Defence and Security Procurement Directive, ASD Secretary General Jan Pie said that arms exports are “an economic necessity for European defence industry to compensate for shrinking home markets in Europe and for the tendency of many Member States to buy American.”\[^{110}\] The fact that the EU and member states now invest billions of euros extra in research, development and purchases of new arms under the European Defence Fund and as a result of the (NATO) drive to increase military budgets hasn’t led to less enthusiasm for exporting arms since then.

Level playing field and Europeanization of controls

On the level of member states the lobby of the military industry also targets export restrictions. A much heard complaint of companies is the lack of a so-called ‘level playing field’ between states: the vastly different implementations of the Common Position would disadvantage them, because they aren’t allowed to export to certain countries, while companies in other states do get permits to do so. As we saw, offshoring is one of the ways companies try to evade restrictions by letting exports go through states with less restrictive rules. However, they also lobby for a relaxation of rules in their home countries, often with the support of right-wing parties and sometimes even with those from the left, invoking employment arguments.

In this sense, the lobby for a level playing field is essentially aimed at reducing arms export policies to the level of the least strict implementation, a real ‘race to the bottom’. A same downwards spiral can be expected when the responsibility of arms export controls would be transferred from member states to the EU. Proposals to this extent increasingly pop up, not to the dismay of the arms industry, but run the risk to lead to less transparency, less democratic


control, greater influence of the industrial lobby and lowering standards to the lowest common denominator.\textsuperscript{111}

While being very persistent, as the arms industry also benefits from good relations with the state – in terms of domestic military purchases, funding for research activities and support for exports – it isn’t commonly inclined to (publically) take a hard stance against export restrictions. There are exceptions to this. Airbus on several occasions reacted furiously to the German government when it restricted arms exports to Saudi Arabia. In February 2019 then CEO Tom Enders accused the government of taking “a kind of moral high ground attitude”, where “the Germans think that only they have a responsible arms export policy.”\textsuperscript{112} A couple of months later the company even threatened to sue the German government to enforce the right to execute ongoing contracts.\textsuperscript{113}

\begin{tcolorbox}[colframe=blue!50!white,colback=blue!5!white]
\textbf{Why is it difficult to stop arms exports by legal means?}

\textit{by Barbara Happe (urgewald e.V.)}

... because the arms industry has a disproportionately strong lobby and the jobs argument is always used as a “killer argument”.

Germany does not depend economically on the arms industry. According to the SWP, the share of the defence and security sector in the gross domestic product is only one per cent. Approximately 200,000 jobs in Germany depend directly or indirectly on arms production. This is also not an enormously high figure of economic importance.

In Germany in particular, however, concerns about possible job losses and the clear commitment to a national defence industry prevent a restrictive arms export policy ... and also a more coordinated common European armaments policy.

A current example is the 2020 export of patrol boats from the Lürssen shipyard to Egypt. Originally, Saudi Arabia had ordered 35 such boats from the shipyard. However, due to the murder of the journalist Kashoggi and the war in Yemen, an arms export ban was imposed in 2018 and the boats, some of which had already been produced, could no longer be delivered. Two years later, the German government then approved the export of 10 boats to Egypt - regardless of the fact that Egypt, too, (has) supported the war in Yemen and Libya for years and violates human rights in its own country. After all, the preservation of hundreds of jobs would depend on the order, government officials said. This is just one example of how human rights are repeatedly sacrificed for arms exports in Germany, with the jobs argument being used as a “killer argument”.

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\textsuperscript{111} Stop Wapenhandel, Position paper: Who should control EU arms export?, https://www.stopwapenhandel.org/sites/stopwapenhandel.org/files/Position%20EU%20exports%20control_0.pdf


\textsuperscript{113} Reuters, Airbus considers legal action against Germany over Saudi ban: sources, 5 May 2019, https://www.reuters.com/article/us-germany-saudi-arms-airbus-idUSKCN15B0jA
Securitization agenda

The industrial lobby has also been pushing the process of securitisation of problems and challenges, such as climate change and migration, and the subsequent militarisation to deal with these issues. In terms of arms exports this is mainly beneficial when the EU and its member states are pushing this security-oriented approach on third countries, donating military equipment and stimulating (and sometimes financing) arms purchases.

EOS has for example argued that “support to Third Countries (e.g. African)” is “needed to better control their borders, reducing criminal risks (piracy, crime / smuggling, terrorism and better control irregular migration) to local European interests and citizens as well as limiting and addressing the proliferation of terrorism.”

More concrete was a proposal by ASD in 2016 to adapt the Instrument contributing to Security and Peace (IcSP), an EU fund for peace-building and crisis response in partner countries, to allow the supply of non-lethal security equipment and services ‘to strengthen the capabilities of both military and non-military security forces’ to work on ‘border control’ and ‘counter-terrorism’.

The European Commission adopted this proposal and has since broadened the scope of the IcSP to ‘extend the EU’s assistance to the military actors of partner countries’, including the supply of equipment, with the exclusion of ‘arms and ammunition or lethal equipment’. For this a new component, Capacity Building for Security and Development (CBSD), with a budget of €100 million was introduced.

In a September 2021 report Saferworld found that since this change IcSP funding has been used to “provide military and security forces with boats, ground vehicles, and communications and surveillance equipment”. €31 of the €100 million available was allocated to projects to build the capacities of military forces in Mali, Niger and Burkina Faso.

REVOLVING DOOR AND JOINT VENTURES

The close relations between governments, the military and arms companies can be illustrated by the ‘revolving door’ between public and private positions. Most commonly this translates as high-ranking government or military officials taking up positions with arms companies or lobby organisations, taking advantage of the networks, knowledge and standing originating from their previous job. This happens within member states, but also on EU level, as two prominent recent examples show.

Jorge Domecq was CEO of the European Defence Agency until 1 February 2020. Shortly after his departure from there he started a new job as lobbyist for Airbus. He did this before having received the required authorisation from the EU, breaking rules on conflicts of interest. Thierry Breton walked the other way by becoming European Commissioner for the Internal Market, which includes industry policy, defence and tech. Until his nomination for this position, Breton had been CEO of Atos, an IT company with a broad portfolio, including significant work in the field of defence and (border) security. As CEO he had lobbied on policies for which he would now be responsible, and as Corporate Europe Observatory warns there is a high risk of “potential privileged access and indeed influence that Atos stands to benefit from its CEO joining the EU Commission”.

Another way in which states and arms companies work closely together is by setting up joint ventures, confliscating the division between public and private interests. In 1974, the French government established the Societe Francaise d’Exportation de Systemes Avances (SOFRESA) to boost arms exports, in particular to the Middle East. Principally owned by the state, several large arms companies are also shareholders. From 2008 it’s role was largely taken over by a new company, L’Office français d’exportation d’armement (ODAS). The French state owns 34% of ODAS, with large arms companies as Airbus, MBDA, Dassault Aviation, DCNS and Thales as other shareholders. ODAS played an important role in concluding many large arms contracts between French companies and Saudi Arabia, until the latter wanted to get rid of the inbetween role of it to contract individual companies directly.

118 Peter Teffer, Former EU defence chief took up lobby job at Airbus without authorisation, Follow the Money, 9 December 2020, https://www.ftm.nl/artikelen/former-eu-defense-chief-eu-airbus
Facilitating arms exports

The drive to export arms is reflected in governmental support for the military industry. Many EU member states employ a variety of instruments to facilitate and promote arms exports. Those include support for arms fairs (organisation, invitations, official delegations, military equipment (ships)), trade missions for or with arms companies, use of embassies, government or military officials to promote arms and national arms companies and the use of export credits to finance deals.

Arms fairs

It is not uncommon for governments to issue invitations to other countries to visit arms fairs with official delegations. For one of the largest arms fairs in the world, the biennial Defence and Security Equipment International (DSEI) in London, the UK government always invites dozens of other countries to attend. The invitation list for the edition of 2021 includes many countries that can be considered to be controversial destinations for arms exports, as they are involved in armed conflicts and/or human rights violations. This includes six countries who were at that time marked as ‘human rights priorities countries’ by the UK Foreign Office (Bahrain, Bangladesh, Colombia, Egypt, Iraq and Saudi Arabia) as well as Brazil, Indonesia, Kazakhstan, Kenya, Kuwait, Malaysia, Mexico, Philippines, Turkey, the UAE and Ukraine.

Two years earlier, in 2019, the invitation to Hong Kong, where by then severe repression against democracy activists was a daily occurrence, was one that sparked a lot of protest. Andrew Smith of the Campaign Against Arms Trade (CAAT) pointed to the fact that “[t]he Hong Kong police are using UK-made arms against campaigners right now”, calling it “a disgrace that they have been invited to buy even more.”

Governments also often support the participation of national arms companies at arms fairs abroad. This can be done through financing such participation, but also with sending official delegations (including ministers and high military and other officials) to open doors and arrange meetings or by showing their own military equipment, such as vessels.

Trade missions and promotional activities

Governments also support arms exports by including arms companies in international trade missions and by promotional activities and networking by royals, ministers, military and embassy personnel and other officials. Much of this remains under the radar, with ministers and officials quietly contacting possible clients for arms sales, working together with companies and playing a role in negotiations about arms deals. Often such steps benefit from secrecy, as the example of Sweden shows.

Banker Markus Wallenberg, who is chairman of the board of SAAB, notably has been part of several Swedish trade missions aimed at arms exports. In 2017 Wallenberg met with Indian minister of Technology Chowdary and government officials of both countries to discuss ex-

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panding cooperation in the field of aerospace. At the time SAAB was one of the main contend-
erers for supplying the nuclear weapons state with new fighter jets, promising to outsource most
of the production to India. In the following years, Swedish ministers have kept on promoting
the Gripen jets from SAAB to their Indian counterparts.

While this all happened very publicly, the Swedish government’s facilitation of controversial
arms exports from SAAB to Saudi Arabia and Wallenberg’s role in this only became public
years after the main events. Crucial to this is a 2005 deal on military cooperation between the
two countries, which was surrounded by a lot of secrecy. Not a trade deal in itself it nevertheless facilitated the export of arms and technology to Saudi Arabia. Sales by companies Saab
and Ericsson would be helped by promising research cooperation and the transfer of technical
and engineering expertise in return. This included the proposal to help the country build an
advanced arms factory, under a secret project spearheaded by a dummy company created by
the Swedish Defence Research Agency (FOI) to avoid official involvement of a state agency and
public control. This model was proposed by a representative of Saab in Saudi Arabia.

In 2008 the Swedish government wanted to cancel the deal, after high-ranking of officials within the Agency for Non-Proliferation and Export Controls deemed the construction of an arms factory in Saudi Arabia unlawful. Wallenberg then visited Saudi’s vice minister of defence Prince Khaled and wrote a letter to the government telling that the Saudis were offended by the termination of the project and that this would affect possible other arms deals and Swedish business interests in general. Subsequently, the government retracted its decision and continued with the building of the arms factory.

While the agreement was renewed in 2010, the cooperation really only became public knowledge after investigations and publications by Sveriges Radio. It led to the resignation of Defence minister Tolfors, but not to an end of the deal. Only in 2015, amidst growing diplomatic tensions between Sweden and Saudi Arabia, the government decided not to renew the deal. It stressed however that the end of the agreement wouldn’t affect arms exports to Saudi Arabia. And, under pressure from industry, it worked on ‘normalizing’ relations with the Saudi establishment. So, in October 2016, when international calls for an arms embargo against Saudi Arabia because of its role in the Yemen war were rising, Sweden still included representatives of arms companies, including Wallenberg, in a trade mission to the country. This all also shows that a decision to support the arms industry can have longlasting consequences and maneuver a government in a difficult position.

127 Sveriges Radio, Sweden proceeded with Saudi deal after pressure from businessman, 17 August 2014, https://sverigesradio.se/artikel/5939748
STATE OWNERSHIP OF ARMS COMPANIES

Up until the end of the last century in most major western countries state ownership of the largest arms companies was a common occurrence. Many rounds of privatisation later, this has been strongly reduced. However, several states remain leading shareholders in arms companies, sometimes with special competences, for example to prevent foreign takeovers. The large three EU arms companies – Airbus, Leonardo and Thales – all still have governments (France, Germany, Italy, Spain) as their largest shareholders.

| State ownership of companies (% of total shares of company – September 2021) |
|-------------------------------|-----------------|-----------------|
|                              | Airbus | Leonardo | Thales |
| France                       | 10.9   |          | 25.7   |
| Germany                      | 10.9   | 25.7     |        |
| Italy                        | 30.2   |          |        |
| Spain                        | 4.11   |          |        |

According to Lemberg-Pedersen, Rübner Hansen and Halpern, retaining significant ownership stakes in arms producers ‘represents a strategic choice on the part of states. It allows states to pursue national political and economic interests through the companies, and conversely, to pursue company interests through state policies’. In turn, it also results in states having (economic) interests in keeping up and expanding business (including arms exports) of these companies.

Governmental support units

On EU level in January 2021 the Directorate-General for Defence Industry and Space (DG DEFIS) started working as a new directorate of the European Commission. As such, it has “responsibility for enhancing the competitiveness and innovation of the European Defence industry by ensuring the evolution of a stronger and more robust European defence technological and industrial base.”

The European Defence Agency, primarily established to “support the development of defence capabilities and military cooperation among the European Union Member States”, also has “stimulating defence Research and Technology (R&T) and strengthening the European defence industry” as one of its main objectives. This includes promotion of arms exports to countries outside the EU, while criticizing arms export control, with EDA writing back in 2012: “If the foreseeable growth in defence markets is, as it seems, to be found outside Europe then industry has to tap into these markets to stay competitive, innovative, and healthy. Better access to the

132 www.marketscreener.com – figures as of 14 September 2021
133 Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co.KG on behalf of the German government.
135 https://ec.europa.eu/defence-industry-space/en/defence-industry
136 https://eda.europa.eu/who-we-are/Missionandfunctions
global marketplace therefore has become crucial. At present, it is often hampered by various restrictions and obstacles embedded in national laws, rules, policies and practices as well as export control systems. Some of the challenges are just too great for industry to handle on their own.”\textsuperscript{137}

Many individual states also have organisations or divisions (partly) working to support the military industry and its arms exports. The UK has a special governmental body for arms export promotion, UK Defence and Security Exports (UKDSE). As the Campaign Against Arms Trade sums up, this unit involves itself with “coordinating government support, with access to the highest levels of government and the military, inviting military delegations to UK arms fairs, arranging UK delegations and/or exhibiting at overseas arms fairs, using the UK armed forces to demonstrate and sell weaponry for companies, identifying key markets for sales campaigns and implementing export campaigns for specific equipment.”\textsuperscript{138}

The British arms industry can also count on the support of the military. In May 2021 the UK Carrier Strike Group, a fleet of warships including its aircraft carrier HMS Queen Elizabeth, set off on a half year world tour. The tour is as much about showing off and military cooperation with allies as it is a trade mission to promote the British industry.\textsuperscript{139} This includes promotion of UK arms to controversial potential clients in for example Ukraine, Israel and Egypt.\textsuperscript{140}

This is not the first time the Royal Navy comes out in support of arms exports by UK companies to dubious destinations. In 2013, for example, a warship was sent to Libya to provide “an opportunity for UK defence and security to promote equipment and services to the Libyan navy on board a Royal Navy vessel in Tripoli” during a “defence and security industry day”, which would “attract key senior military personnel from the Libyan government”.\textsuperscript{141} Such industry days have also taken places in for example Algeria, the United Arab Emirates and Colombia, organised by the UKDSE.\textsuperscript{142}

The event in Libya followed a trade mission a year earlier, with arms companies BAE Systems, CAE, GD (UK), KBR, NATS, 3SDL, Selex Galileo, and Surrey Satellite Technology.\textsuperscript{143} These efforts were part of a drive by many European arms companies to secure military contracts from Libya, despite the internal chaos and fighting in the country, which erupted into an outright civil war, and an UN arms embargo being in place.

\textsuperscript{138} https://caat.org.uk/challenges/government-support/government-arms-promotion-unit/
\textsuperscript{140} https://twitter.com/rethinkingsecu1/status/1410580799162916867
\textsuperscript{142} https://caat.org.uk/challenges/government-support/government-arms-promotion-unit/
The help offered to arms manufacturers can take many forms, from setting up export promotion agencies to lobbying with customers. The Czech Ministry of Defense has found inspiration abroad and is preparing a “government-to-government” sales system in which the Czech government would mediate and guarantee foreign deals for the arms manufacturer. Foreign trips of ministers accompanied by the arms industry representatives are also frequent – some examples of this type of junket were the visit of Alexander Vondra, the then Minister of Defense, to India and Vietnam in 2012 together with a delegation of arms manufacturers, and the visit of the current Minister of Industry and Trade Karel Havlíček to Istanbul where he traveled together with arms manufacturers shortly before the Turkish invasion into northern Syria.

Another example was when Lubomír Zaorálek, when he was still the Minister of Foreign Affairs, took arms manufacturers to Egypt in 2016, just three years after more than eight hundred people died in a single day during the intervention of the local security forces against demonstrations. Zaorálek came to agree with the junta that was responsible for the massacre not only on the sale of tens of thousands of pistols and rifles from Česká Zbrojovka, but also on the licensed production of such weapons in one of the Egyptian factories. The junta could thus manufacture its own pistols for massacring demonstrators and would not have to lose time waiting for the Czech authorities to grant an export permit. The Czech minister justified this sale by claiming it was an attempt to help with the “stabilization of Egypt”, the fight against terrorism, and the safety of “locals as well as tourists”.

Export credits and loans

Export credit agencies (ECAs) are financial actors important to keep arms exports going. They provide government-backed loans, guarantees and insurance for international trade, making sure that companies get their money when purchasing government fail to pay. The exporting company pays a premium and, in the case of losses or damages, the national government pays compensation, which it then tries to retrieve from the foreign partner. In the case of arms deals, where credit guarantees are commonly granted before an export license is issued, this

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gives the government an incentive to allow the export. After all, it is financially disadvantageous to deny a permit and then have to pay for the loss of the company.\textsuperscript{152}

Export credits are frequently used to fund arms exports, often involving controversial destinations. As ECA Watch notes, “ECA-backed arms transfers are typically onerous debt-producing transactions for countries from the start because they are ‘non-productive expenditures’ that are not associated with economically productive activities that can contribute to debt repayment. Hence, in addition to fostering human rights abuses, these arms transfers can create a vicious cycle that can weaken a country’s economic health and in turn fuel more conflict.”\textsuperscript{153}

Egypt has financed many large arms purchases during the last few years with export credit guarantees and loans provided by EU member states. The controversial sale of dozens of armed Rafale fighter jets from French companies Dassault Aviation, MBDA and Safran to the country in 2015 and 2021 would likely not have been possible without export credit guarantees by the French government. For the latter deal, for 30 jets, Egypt had to pay 15% of the total sum to get a guarantee for the remaining 85%, worth €3.4 billion.\textsuperscript{154}

In 2019 Germany provided export credit guarantees to Egypt for the €2.3 billion delivery of six heavy frigates from ThyssenKrupp Marine Systems. Green MP Tobias Lindner criticized the decision, pointing to the hypocrisy of the German government which spoke out against arms exports to Saudi Arabia but sees no problem in selling frigates to the military dictatorship in Egypt.\textsuperscript{155}

Italy also gladly provides Egypt with money to keep arms flowing. In December 2020 it was announced that a deal between the Italian Export Credit Agency and the Egyptian government would include the loan of over €5 billion, to be used to finance half of a large arms deal. This deal includes the sales of vessels, aircraft and helicopters from Leonardo and Fincantieri.\textsuperscript{156}

\begin{thebibliography}{99}
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es...\bibitem{154} SLDinfo.com, Egypt to Buy More Rafale Fighter Jets, 5 May 2021, https://sldinfo.com/2021/05/egypt-to-buy-more-rafa
d-fighter-jets/
\bibitem{155} Bild, Weg frei für Milliarden-Deal mit Ägypten, 3 April 2019, https://www.bild.de/politik/inland/politik-inland/fregatten-lief-
erung-genehmigt-weg-frei-fuer-milliarden-deal-mit-aegypten-61027674.bild.html
\bibitem{156} Al Araby, 8 December 2020, https://www.alaraby.co.uk/politics/38-A-Union-of-Arms-Exports
Conclusion

European arms exports contribute to death and destruction around the globe. Countering such exports is not a question of merely stricter application of the current rules, or of strengthening the rules. While legal action sometimes helps to prevent certain exports, courts regularly refer to the power of governments to decide on arms export issues and dismiss civil society voices. And the use of this power is often more driven by political and economical interests in favor of allowing and promoting exports than by considerations of humanitarian consequences of these exports.

With this in mind, challenging current arms export policies is foremost a question of dismantling a system that is aimed at promotion of arms exports and the interests of the arms industry in a broader sense. As long as the EU and its member states promote and enable arms exports as a part of foreign, trade and military policies, a restrictive arms export policy remains an illusion. Challenging arms exports needs challenging these policies as well.