

“Made in Germany” inside Components – the forgotten arms transfers

Executive Summary of the report by Oxfam Deutschland and Berlin information-center for Transatlantic Security (BITS)

German arms exports have been subject to committed and critical debates for many years now. In particular, the export of entire weapon systems has been at the centre of attention. Heated discussions regularly ensue on the political and moral acceptability of shipping tanks, rockets, submarines or personnel carriers abroad. In this context it is surprising that the implications of exporting military components are hardly ever observed in public discourse or politics. Export projects involving weapons electronics, tank-tracks or ammunition components rarely reach public attention and are therefore seldom subject of a controversial public debate.

The present study is a first attempt to close this awareness gap. It is intended to stimulate a process of comprehensive analysis and assessment. Unfortunately, the relevant information is scattered, incomplete and difficult to access because the public accountability of government and industry is limited and the access to useful statistical data is restricted. Nevertheless, the main findings of this study indicate the following:

- Military components make up a quantitatively and qualitatively significant share of German arms exports.
- With regard to military components, the recipients that prove to be problematic are different from those countries receiving entire weapon systems.
- Considering past examples of export licensing for military components, it can be concluded that the government applies less rigorous standards to component transfers than to the export of complete weapons systems.
- There is an urgent need for public debate and government action if the proliferation of German arms technology is to be handled according to the principles of a restrictive arms export policy.

One surprising result of the paper is that components covered at least half of the total value of the arms export licenses issued between 1999 and 2003. A considerable amount of data points to an even higher ratio, approaching 75 per cent. "Made in Germany" features much more frequently inside foreign weapon systems than is visible from the outside.

Furthermore, the research indicates that with respect to military components, countries such as Botswana, Chile or Uzbekistan are in fact not the primary recipients to be concerned about. Instead, countries such as France, Great Britain and the U.S., usually considered to be unproblematic destinations, should be treated with caution. In this context the group of "tiger states", including e.g. Brazil, Israel, South Africa and South Korea, should also be considered carefully given their growing arms production capacities and their increasing role as re-exporters of military goods. These states are also important customers of the German arms industry.

These results alone are sufficient to underline the urgent need for action. There is a great need to investigate German foreign trade in military components and to insist on greater transparency in government reporting. Furthermore, adequate conclusions have to be drawn by the government with regard to the legal regulations of military foreign trade. A number of prerequisites have to be set in order to ensure a restrictive handling of military component exports.

In the past, military components have been neglected in the public debate on arms export policy. This has contributed to the fact that the bulk of German arms exports has eluded a systematic survey and critical evaluation. The focus of public debates on export policy has been limited to large weapon systems and their recipients in poorer and less developed countries. Consequently, the German government could portray itself as a champion of restrictive arms export policy. This has been used as an excuse for postponing urgent reforms.

An analysis of available statistics and specific arms trade deals shows that the Federal Government and its agencies apply a double standard. Components are treated as "armaments lite" in the export licensing process compared to entire arms systems. This neglects the fact that their long-term negative consequences for human rights, peace, prevention of violence and sustainable development match those of complete weapons. For example, in comparison to artillery systems, fuses, charges and cartridges for ammunition are usually considered less harmful despite the fact that they determine its effectiveness. It has long been ignored that in general, weapons are only the sum of their components and that the technical production know-how has a longer life-span than the weapon itself. This differentiation does not consider the long term side effects and spin-offs of such transfers. Furthermore, in many cases it is the quality of a single integrated component which determines whether a weapon system will be purchased, its utility value for the military and the probability of its use in combat. There are no absolutely harmless components, as there are no absolutely defensive weapons.

Many examples quoted in this study underline the problematic consequences of the irregular licensing procedures for the export of weapons components and entire weapons and systems. One good example is the legal delivery of German diesel engines for military land vehicles and submarines to the Chinese armed forces despite an EU embargo.

The application of these double standards for licensing decisions is encouraged by the dual legal structure of a restrictive War Weapons Control Act and the Foreign Trade Act which facilitates exports. In the course of time this overlapping complex legal structure produced a variety of export-conducive special licensing regulations and policies. Among others, these included general "Distribution Licences" for NATO states, a more or less guaranteed lifelong supply of spare parts, including enhanced components for customers of German weapons, as well as a permanent transfer of German arms technology through licensed production overseas. The "Policy Principles of the Government of the Federal Republic of Germany for the Export of War Weapons and Other Military Equipment" (in short: "Policy Principles"), which are only a political declaration of intent, have not been able to rectify these shortcomings and in fact have even exacerbated some of the weaknesses. One example is the privileged status granted to EU-, NATO- and NATO-equivalent states by the "Policy Principles". This bears a great risk for the proliferation of German arms components. The export of military components to NATO-states like the U.S. or Turkey and their subsequent integration into new

weapon systems make up one aspect of this controversy over component exports, given that Germany lacks the means to control their re-exports or usage in conflict.

From this it follows that the "restrictive arms export policy" postulated by the Federal Government has turned out to be mere window dressing. With the "Policy Principles" the Federal Government has officially committed itself to a value-oriented approach towards arms exports, including the respect for human rights, prevention of violence and sustainable development. But in fact, the government pursues a policy that is primarily oriented towards economic efficiency and alliance compatibility.

If the present status quo is maintained, a further increase in problematic arms exports can be expected. Due to changing demand patterns, new arms industrial production processes and capacities there will be an increase in the significance of military components for German arms trade and the German export share will rise.

The current political and legal instruments available to the German government are not suited for the challenges created by the increasing Europeanisation of military structures and the transnationalisation of the arms industry. Looming ahead is the danger of an adaptation of present German export norms to a lower European standard. In addition, the present opaque structure of German component exports could become even less transparent. Therefore, serious attention should be paid to the fact that issues of accountability and transparency play only a marginal role in the present deliberations of the Federal government and German industry on the future of the arms trade and arms industry in Germany and Europe.

The legal and political regulations contain too many – politically tolerated – loopholes conducive to a continuation of the unrestrained proliferation of German arms technology. If the Federal Government really believes in the need to establish a restrictive arms export policy, the following measures should be implemented:

1. Incorporation of the Foreign Trade Act and War Weapons Control Act in a single arms exports law according to the tougher stance of the WWCA.
2. Legal application of the criteria and standards postulated by the "Policy Principles of the Government of the Federal Republic of Germany for the Export of War Weapons and Other Military Equipment" of January 2000.
3. Introduction of better controls for, and a more restrictive issuing, of general "Distribution Licences" and other associated special bulk licences for military components exports.
4. Improvement of the present end-use certification and control system.
5. Tying any further liberalisation of the internal European market for military goods to the creation of standardised and restrictive common European regulations for arms exports.
6. Providing a greater transparency in licensing procedures and in the registration and publication of arms export deals.