

Guns or Growth?

Assessing the impact of arms sales on sustainable development



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Excessive or inappropriate arms purchases are a drain on social and economic resources which developing countries cannot afford. Every state has a right to individual and collective self-defence, under Article 51 of the United Nations Charter. However, the UN Charter also requires all member states to 'promote universal respect for, and observance of, human rights and freedoms' in order to achieve 'economic and social progress and development' (Articles 1, 55 and 56), and 'to promote the establishment and maintenance of international peace and security with the least diversion for armaments of the world's human and economic resources' (Article 26). A majority of states have, in addition, ratified the International Covenant on Economic, Social and Cultural Rights to contribute to the progressive realisation of these rights through international assistance and co-operation.

The Millennium Development Goals (MDGs) agreed in September 2000 by all 189 UN member states will not be achieved if resources are diverted from this vital task by inappropriate arms transfers. According to James Wolfensohn, president of the World Bank, there is a 'fundamental imbalance' with the world spending US\$900bn on defence; around US\$325bn on agricultural subsidies and only US\$50bn to US\$60bn on aid.

The countries of Africa, Latin America, Asia, and the Middle East hold 51 per cent of the world's heavy weapons. While in some cases, spending on arms is required to meet legitimate security needs – needs which themselves can support development – the contrast between readily acquiring arms and spending directly on development needs is stark in much of the world. *Both* arms importers and exporters must ensure that arms transfers do not undermine sustainable development – a combination of economic growth and social progress that meets the needs of the present without compromising the ability of future generations to meet their own needs. For arms exporters, various export-control regimes already include this requirement, as does the proposed Arms Trade Treaty. However, it is shocking how **few governments make a serious attempt to consider the impact on development of their arms exports.** Paying lip service to such a commitment means that scarce resources are being diverted from the fight against poverty, and millions are suffering as a result. To protect the social and economic rights of people in developing countries, it is imperative that exporting governments apply an effective and systematic methodology to assess whether proposed arms transfers will affect sustainable development.

The assessment methodology must recognise that the potential consequences of an arms transfer are not always clear-cut, and weigh these consequences alongside the legitimate security needs of the country and respect for international human rights standards in the governance of its people. In many cases, countries that import arms may have legitimate security needs. However, the costs of meeting these needs, and the way in which they are met, have to be viewed in relation to the development situation of the country: are the benefits of the transfer in meeting legitimate security needs greater than their cost in terms of the impact on the development of the country? Even if the legitimate security needs of a state do take precedence, is the importing government likely to abide by international human rights and humanitarian law?

Security and development: weighing the costs

Arms transfers may be essential to support a state's legitimate security needs, or to improve the capacity of its security forces to protect its citizens. Research by the World Bank reveals that security is a main priority for poor people in all regions of the world and a necessary condition for improving their quality of life. **However, in order for arms transfers to support development, the potential security benefits must be weighed carefully alongside the wider development needs of the importing country and the human rights of its people.**

Spending by one country often leads to spending by its neighbour, even a non-hostile one, with a severe impact on government spending allocations. The governments of Chile and Brazil took advantage of the USA lifting its restrictions on advanced arms sales to Latin America, to purchase expensive F-16 fighter jets and AIM-120 missiles, despite pleas from their own electorates and from neighbouring countries.

Other World Bank research has concluded that 'military expenditure significantly reduces [economic] growth' and may divert resources from development programmes. The opportunity costs of some recent arms transfers underline this point.

In 2002, arms deliveries to Asia, the Middle East, Latin America, and Africa constituted 66.7 per cent of the value of all arms deliveries worldwide, with a monetary value of nearly US\$17bn; the five permanent members of the United Nations Security Council accounted for 90 per cent of those deliveries. Meanwhile, developing countries across these regions are struggling to meet their Millennium Development Goal targets:

- more than a billion people struggled to survive on less than a dollar a day;
- one child in five did not complete primary school;
- more than 14 million children lost one or both parents to AIDS in 2001;
- nearly 800 million people suffered from chronic hunger;
- half a million women died in pregnancy or childbirth.

Women and girls feel the most immediate consequences of cuts in social services, or the lack of services, because they are often expected to be responsible for the family's well-being. If there is no well near the village, women walk long distances to fetch water. If there are inadequate ante- and post-natal services, their health, and that of their baby, will be compromised. And it is generally young girls who are the lowest priority when it comes to attending school.

The reasons for such poverty and suffering are complex and numerous; however, governments' large expenditures on arms and other military equipment has meant there is less money available for public health, education, and poverty reduction.

When India signed a contract to buy a US\$1bn military radar system in October 2003, foreign aid agencies were still searching for US\$50m in donations to defeat the country's polio epidemic. The same year, in Pakistan, armed forces were updating their multibillion-dollar shopping list, including a request for US-made F-16 jets, while aid groups fighting a tuberculosis epidemic struggled to fill a lethal funding gap. Tuberculosis kills more than 50,000 Pakistanis a year and infects 250,000. **Both polio and tuberculosis could be eradicated in India and Pakistan if adequate vaccination programmes were funded.**

The purchase by Tanzania of the US\$40m Watchman radar system from the UK in 2001 was, according to experts, vastly too expensive and inappropriate for its use, and an unsuitable use of resources in a country in which 46 per cent of the population are undernourished. **US\$40m could have provided healthcare for 3.5 million people in Tanzania.**

In 1999, South Africa agreed to purchase armaments – including frigates, submarines, aircraft, and helicopters – from suppliers including Germany, France, Sweden, and the UK at a cost of the equivalent of R36bn (US\$6bn) in 2003. **The six billion dollars could have purchased treatment with combination therapy for all five million AIDS sufferers for two years.**

In 2001 the NGO Economists Allied for Arms Reduction-South Africa lodged a class action suit, challenging the decision by South Africa's Finance Minister Trevor Manuel to enter into this arms deal. They claim that the financial risks limit the state's ability to meet its socio-economic commitments laid out in South Africa's Bill of Rights. On 4 March 2004 the case was rejected by the Cape Town High Court. The economists have stated that they will appeal the decision.

Decreases in military spending may not necessarily translate into higher levels of social spending. This reality does not weaken the need to refuse arms exports to countries where there would be a negative impact on development, however.

Some arms transfers may have positive impacts on development. Where arms transfers are used by security services lawfully according to international standards, as set out in international human rights and humanitarian law, they can facilitate good governance, support human security, and hence help attract foreign investment, especially from foreign powers with an interest in the region, all of which can be beneficial to trade, investment, and aid.

Occasionally, arms transfers can also have *direct* positive development impacts. For example, the acquisition of two naval vessels by Ghana helped to protect local fishing waters, thus benefiting foreign exchange through fines for infringements, by conserving fish stocks, and preventing the dumping of toxic waste. However, such examples appear to be rare.

There may also be benefits in terms of offsets (the promise of future investment as an inducement to trade) and technology transfer – but these benefits are often oversold or fail to materialise, and developing countries are the least likely group to benefit from technology transfer and defence industrialisation.

The misuse of arms: cutting the costs

In all cases, arms transfers should *only* be allowed to countries where *competent* armed forces and law enforcement agencies are trained and accountable to uphold international human rights and humanitarian law, and therefore do not deliberately abuse or violently repress civilians.

Transfers to armed forces and law enforcement agencies where this is not the case may severely impede progress towards sustainable development. Arms may:

- **be used for grave human rights violations and impede good governance:** irresponsible arms transfers may encourage unaccountable and poorly trained military forces to suppress human rights and democratic development;
- **facilitate brutal resource exploitation:** diamonds, oil, copper, timber, coltan, gold, and other minerals that should have led to improvements in development have been used to fund conflict and repression in Angola, Sierra Leone, Papua New Guinea, Cambodia, Liberia, and the Democratic Republic of Congo;
- **contribute to environmental degradation:** destructive logging in Liberia has not only provided funds to purchase arms, but also jeopardises the future ecological integrity of this critically threatened rainforest habitat;
- **contribute to an increase in violence against women:** armed sexual violence is horrifically widespread in heavily armed environments.

In these cases, the development needs of the country continue to go unmet, and in some situations may increase still further. Lives may be shattered and property destroyed, poverty may deepen, inequalities may widen, access to basic services be further compromised, and livelihoods be threatened.

Promises in pieces

The right to sustainable development is enshrined in international human rights instruments and declarations. In addition, exporter governments, under numerous regional and multilateral arms export-control regimes, have made specific commitments to take into account the impact of arms exports on the sustainable development of importer countries when making arms licensing decisions. The 1993 Organisation for Security and Cooperation in Europe (OSCE) Principles Governing Conventional Arms Transfers, the 1998 EU Code of Conduct, the 2000 OSCE Document on Small Arms and Light Weapons, and the 2002 Wassenaar Arrangement Best Practice Guidelines

for Small Arms and Light Weapons all set out the foundations for taking sustainable development into account specifically in arms transfers. **In too many cases, however, exporting governments are failing to fully respect the commitments they have made.**

- Two of the world's biggest exporters of arms, including to developing countries – Russia, an OSCE member, and China – do not incorporate sustainable development considerations into their arms-export licensing regimes.
- Of 17 countries surveyed who are parties to the EU Code of Conduct and/or the OSCE Document:
 - only 10 would even consider denying a licence on the grounds of sustainable development;
 - only seven have actually incorporated the commitment from this regional agreement into their national licensing regime (through national policy, regulation and legislation);
 - only four have ever denied arms-export licences on sustainable development grounds (Bulgaria, the Netherlands, Sweden, and the UK);
 - only two (the Netherlands and the UK) have a stated policy of consulting the government department for development in the export decision-making process.

This is clearly unacceptable. There is an urgent need to take stock of the shortfall between the rhetoric and reality of action around sustainable development needs worldwide, and to ensure that policies and practice do more to address this gap. The role of arms transfers is often overlooked, but as the scale and the nature of the business illustrates, it is a key part of the picture. **If exporter governments are serious about their promises to improve sustainable development – as they have said they are, by committing themselves to the MDGs – they must act now to work towards adopting a thorough and transparent methodology for assessment that weighs carefully the impact of arms transfers on sustainable development alongside the legitimate security needs of the importing country and the human rights of its people.**

Sean Sutton/Oxfam



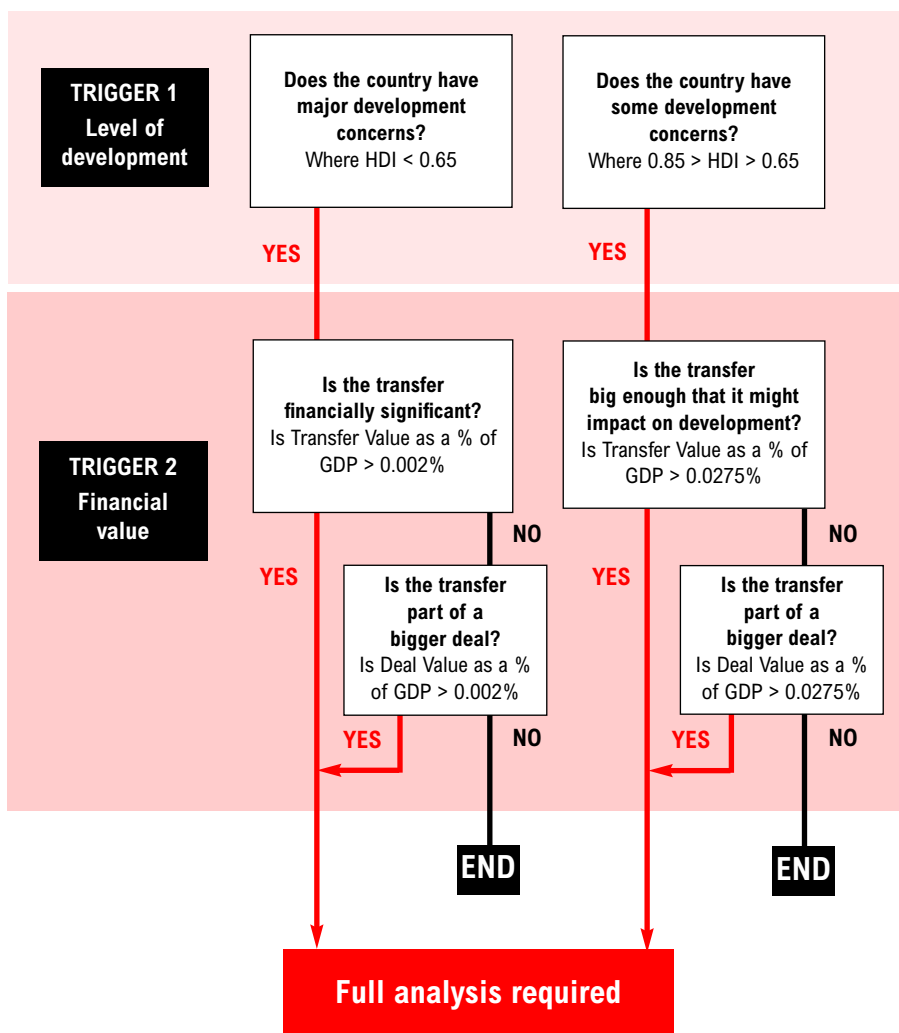
A woman in Angola prepares land for planting while a de-miner continues his clearance work

Promises into practice

The development and adoption of an international Arms Trade Treaty provides the opportunity to establish such a methodology, and to strengthen existing regional and multilateral export-control agreements. The Arms Trade Treaty proposed by Oxfam, Amnesty International, the Arias Foundation, Project Ploughshares, Saferworld, the Federation of American Scientists and other NGOs in the International Action Network on Small Arms focuses on the supply of arms in order to prevent arms being exported to destinations where they are likely to be used to commit grave violations of international human rights and humanitarian law. Once adopted, the Arms Trade Treaty will be an international means of control to ensure that all nations are working to the same standard of arms transfers. Article 4c of the proposed Arms Trade Treaty states that, excepting legitimate security needs, an arms transfer must not go ahead if it is likely to adversely affect sustainable development. **Research for this report has determined that three levels of analysis are key to the development of a methodology for making this assessment:**

- 1 **Identify arms sales of possible concern – using triggers.** Triggers should include questions that consider the significance of the financial value of the arms transfer, in combination with a consideration of the development situation of the importer country. No country should be singled out unfairly, but by using two triggers, the approach proposed here seeks to be as thorough as possible in identifying cases of concern without pre-supposing which countries might be involved.

Proposed methodology for assessing the impact of arms transfers on sustainable development: Is analysis required?



2 **Map the development and human security status of importing countries – using indicators.** Indicators should capture not only economic concerns, but also social and human development characteristics by incorporating an assessment of the importing country’s progress in achieving the MDGs, of gender in development, and of human security.

3 **Deeper context and deal-specific questioning of arms-procurement processes, to make an arms-export judgement – against key factors.** These should investigate responsible governance; arms-procurement decision making; import rationale and appropriateness, and affordability against this justification; and importer capacity in terms of industrial and technological capability, and military and law enforcement technical capacity.

This methodology should be agreed and implemented by all arms exporters with immediate effect, as a key tool to prevent arms being exported to where they will undermine sustainable development and thus the diversion of scarce resources from fighting poverty.

Proposed methodology for assessing the impact of arms transfers on sustainable development: What analysis is required?

	Economic	MDGs	Gender	Human Security
INDICATORS Gathering information	<ul style="list-style-type: none"> Public spending priorities Flows of aid, private capital, and debt Structure of trade Economic trends 	<ul style="list-style-type: none"> Poverty and hunger Maternal health Primary education HIV/AIDS, malaria, and other diseases Gender equality Environmental sustainability Child mortality Global partnership for development 	<ul style="list-style-type: none"> Inclusion, and the provision of services The prevalence of violence against women, including armed violence against women 	<ul style="list-style-type: none"> Number of IDPs Number of refugees The rate of violent crime and existence of a pattern of unlawful killings/injuries
FACTORS Making a judgement	<p>RESPONSIBLE GOVERNANCE To form a picture of the type of governance system – issues of:</p> <p>Security sector standards – Is there an informed, lawful, and transparent governance system in control of the security sector institutions and does the government observe civil and political rights and uphold the standards set in international humanitarian law?</p> <p>Responsible use of weapons – does history suggest that the imported weapons will be used for lawfully stated needs; responsibly by security personnel suitably qualified and trained to operate and manage imported equipment – according to international human rights and humanitarian law, and without widespread social and economic destruction?</p> <p>PROCUREMENT To start forming a detailed picture of the legitimacy of the decision to import – issues of:</p> <p>Transparency and accountability – how open and transparent is military expenditure and arms procurement and how accountable are the armed forces and law enforcement agencies in terms of international humanitarian law and international human rights standards?</p> <p>Corruption – is corruption an issue?</p> <p>Clarity – is there a clear approach to military and law enforcement budgeting, defence and law enforcement policy, and the country's legitimate security needs?</p> <p>Development commitment – is the state addressing development needs through PRSPs or other mechanisms consistent with its international obligations?</p> <p>Participation – is there wider involvement, including civil society and government departments responsible for development?</p> <p>RATIONALE To assess the suitability of the import against the stated and actual need – issues of:</p> <p>Appropriateness – how is the import justified – security, political, or other needs – and are these justifications legitimate?</p> <p>Affordability – will the import affect other government programmes, in particular development goals (PRSPs, MDGs)? Does the import represent value for money?</p> <p>Cumulative impact – does this import represent a worrying increase in military or law enforcement expenditure?</p> <p>CAPACITY To assess whether the importer can benefit from the import – issues of:</p> <p>Industrial and technological capacity – can the importer really reap potential positive benefits - offsets, industrialisation, and technology transfer?</p> <p>Technical capacity – does the importer have the skills/infrastructure to manage, use, operate, and maintain the imported equipment?</p>			



Arms are out of control

Arms kill more than half a million men, women, and children on average each year. Many thousands more are maimed, or tortured, or forced to flee their homes. The uncontrolled proliferation of arms fuels human rights violations, escalates conflicts, and intensifies poverty. The time for world leaders to act is now.

To confront this crisis, Oxfam, Amnesty International, and the International Action Network on Small Arms (IANSA) have together launched an international campaign calling for effective arms controls to make people genuinely safer from the threat of armed violence.

You can help us to put an end to this horrific abuse.

Log on to the control arms website and become part of the largest, most effective visual petition in the world.

Copies of this summary and of the full report are available to download on www.controlarms.org. A print version of the full report is available from Amnesty International UK section (email: info@amnesty.org.uk) and Oxfam GB (email: oxfam@oxfam.org.uk).

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