



“We all want an Arms Trade Treaty”

Industry



## The International Arms Trade Treaty: A Win-Win for the Defense Industry

### An International Common Language of Control

The majority of the world’s major conventional defense companies already operate in one of the most regulated markets in the world. However, this global industry does not operate in a global market. Every country has its own rules, providing for system shopping on the one hand and confusion on the other. **When defense industries consider their markets, there is no one standard, no one list. Rather, there is a global patchwork of systems ranging from very comprehensive to barely functioning.**

The production and procurement of the means of defense, based on the national right of self-defense constituted in Article 51 of the UN charter, is a necessary and legitimate business, but one which poses very specific challenges. Modern trade routes often traverse regions with little or no export enforcement, lacking even the most basic regulatory requirements. **This lack of control creates a risk that weapons might fall between the cracks and end up in the wrong hands causing devastating effects on civilians, perpetuating conflicts, and undermining development.** In addition, these loopholes are meticulously exploited by illegitimate arms traders, generating a hazardous environment for the legitimate and responsible members of the defense industry.

A well-drafted and implemented International Arms Trade Treaty (ATT) would provide an urgently needed solution to these challenges. **The treaty could effectively level the playing field in international arms transfers,** ensuring

that legitimate transfers are held to consistent standards, and that there is a clear distinction between the legitimate and illegitimate arms trade. **With an ATT, trading partners will be able to communicate in a common regulatory language, thereby facilitating operations, decreasing risk, and improving trading route security.** That is why the ATT makes perfect commercial sense and is thus starting to generate support from major defense companies.

### Strong International Transfer Controls as a Trade Advantage

Globalization affects the defense industry trade like any other business. Today’s major defense systems combine a plethora of different actors and countries to design, finance, build and deploy an end product. Twenty years ago, defense industries operated within a national framework with technological development, prototypes and final production carried out within a single country’s border. That is not the case today. By opening the process of development and production, one also opens the system to risk of diversion.

**A corporation’s reputation is one of its most valuable assets. Thus any potential diversion of the company’s product to nefarious actors represents a major concern.** Being regarded as a responsible and trustworthy trade partner is key for a successful business transaction and crucial for any company’s long term survival. Regulatory non-compliance can severely damage the brand and standing of the company as a whole. Having solid controls on strategic goods is widely accepted to confer a significant trade advantage. Companies go to great lengths to establish internal programs for

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compliance encompassing all of the different national strategic trade control systems. Starting with the same international terms of reference would make rules and regulations more identifiable and therefore substantially cut the costs for the establishment of such an internal compliance system. Companies could potentially build compliance with one standard as a foundation, rather than dozens.

### Access to Technological Gains

Arms and defense technologies are often some of the more technologically sophisticated equipment traded internationally. Cutting edge technology can give the combatant the winning hand in a conflict, but the same technology can also have a wide range of civilian applications. The military industry has in modern history yielded some of the most important civilian advantages in areas such as flight, navigation and cyberspace. Today the trend is often reversed with civilian inventions used for military purposes, but still the need for secure transactions remains. Finding the right balance between the need for protection of military equipment and national security as well as safeguarding legitimate civilian use is the dual-use dilemma that states, international organizations and companies have struggled with for decades. **Gaining access to these technological advantages is key to any company worldwide, but it must come with a sense of responsibility and proven commitment to legitimate business conduct.** Adherence and support to the international efforts to better safeguard the trade as such is therefore a logical and timely conclusion.

A strong and universally adopted ATT could provide an international standard for a regulated trade in conventional arms and could prevent the devastating effects that uncontrolled arms transfers have on civilian populations and regional stability. On October 30th, 2009, 153 United Nations members, cast a historic vote in favor of establishing an Arms Trade Treaty. In July 2010 the negotiations on the terms of the treaty are scheduled to start with an aim to have a treaty ready for the concluding UN Conference in 2012. **The defense industry has good reason to follow and support this process, chief among them being the potential to obtain more reliable trade routes through universal acceptance of strategic trade controls and to avoid inadvertent non-compliance to relevant rules because of the lack of a common and well-understood language.** By supporting an international, legally binding Arms Trade Treaty, modern-day defense equipment companies can contribute both to a safer world and a more secure global arms trade. ■

### The Center for International Trade and Security

The Center for International Trade and Security at the University of Georgia, USA endeavors to promote peace and prosperity through the use of research, training, and outreach focused on the mitigation of threats posed by the trade of weapons of mass destruction materials and technologies and other military-related transfers as well as the illicit trade in conventional arms. The Center (CITS) carries out its mission by engaging and informing policymakers, industry representatives, educators, students, and the general public, both in the United States and abroad, about the dangers of trade in and theft of weapons and weapons components.