

ARMS SALES MONITOR

Highlighting U.S. government policies on arms exports and conventional weapons proliferation.

Under Attack!!! U.S. Arms Export Controls Targeted on All Fronts

Over the past year and a half, the U.S. arms export control system has become the subject of increasingly virulent and misguided criticism. Joining forces with the Pentagon and conservative think tanks, the arms industry is waging a terrible campaign against what they believe to be inordinately high levels of regulation on their exports.

Criticism has centered upon the length of time it takes to get an export license for weapons and technology transfers. Industry argues that long delays cost them overseas business opportunities, including the ability to team up with foreign companies in joint development projects. The Pentagon adds that the current controls impede interoperability with allies.

Absent from these complaints is a recognition of the serious foreign policy and national security reasons for having a careful, if sometimes long, licensing process. Nor have critics made a sound case about how speeding up the export process will help improve the U.S.' already dominant place in the world market, or why it is the U.S. government's responsibility to make this a priority.

For example, according to the General Accounting Of-

fice (GAO), the Pentagon has not proven how changes to the export control system would improve interoperability with allies. In a report issued last August, the GAO criticized this and a number of other arguments and examples being put forward by the Pentagon and industry to justify major "reforms" (see www.fas.org/asmp/resources/govern/NSIAD-00-191.pdf). What remains clear is that any attempts to significantly weaken export controls could further prevent the U.S. government from ensuring that U.S. weapons and technology will not be used by abusive or aggressive states or diverted unwittingly to potential U.S. adversaries.

Defense Trade Security (aka "Streamlining") Initiative

Despite large holes in their argument, the defense industry won the first battle, and in the spring of 2000, the Clinton administration determined that the license approval process did need to be "streamlined." Under the leadership of then Deputy Secretary of Defense John Hamre and Deputy Under Secretary of Defense for Acquisition and Technology David Oliver, the Department of Defense (DoD) (*See Export, page 2*)

Arms Sales to Follow

In the early stages of his administration, President Bush faces several critical decisions on arms exports and military aid allocations. These bellwether choices will not only have a significant impact on the countries in question, but will also provide important signals about the foreign policy we can expect under the Bush administration.

Foreign governments often place enormous political weight on the U.S. government's decision to authorize an arms transfer, interpreting the result as an implicit approval or condemnation of their practices. A positive decision also signals tacit endorsement of the state's spending priorities, especially in developing states. Finally, arms export approvals—especially of high-tech weaponry—can indicate strong U.S. support for an ally. Other states in the region may therefore view U.S. export decisions as a sign of a strategic commitment that goes beyond the sale at hand.

Taiwan

The most obvious case in point was the recent arms package approved for Taiwan. This past April, as the administration was conducting its annual review of Taiwan's requested arms purchases, a Chinese fighter jet collided with

a U.S. surveillance plane off the coast of China. A difficult decision about a long list of powerful weapons systems was made all the more complicated by this tense standoff, which in turn was exacerbated by the pending U.S. decision.

China of course objects to U.S. arms sales to an island it considers part of its own territory. Beijing calls on the U.S. to respect a 1982 Sino-U.S. communiqué in which the U.S. government pledges not to sell Taiwan arms in greater "quality or quantity" than were sold at that time. But in a time of tense relations with the U.S. military, China also believes that U.S. arms transfers to Taiwan are linked to (*See Sales, page 6*)

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pushed through a series of changes to export licensing system, called the Defense Trade Security Initiative (DTSI). ("Security" replaced less politically correct, but more telling "Streamlining" of earlier drafts.) The DTSI policy changes ranged from creating new export licenses for entire weapons systems to expediting license reviews for NATO members, Japan, and Australia.

The most far-reaching DTSI change was to exempt favored allies from most U.S. arms export license requirements. The initiative was touted as a way to *prevent* weapons proliferation by offering a "carrot" (license free U.S. arms exports!) to U.S. allies in exchange for their adoption of U.S. standards in areas like arms retransfers, sharing of weapons technology, and controlling arms brokers.

Security conscious members of Congress suspected that the Pentagon was more interested in expediting sales to allies than safeguarding exported U.S. weapons and technology. So Congress passed a law that would only allow license-free arms exports to states that have signed a bilateral agreement with the U.S. in which they commit to meet specific export standards. Congress' foresight paid off. The Pentagon was in such a rush to reach agreements with the first countries on the list (UK and Australia) before the Clinton administration left, that it would probably have tossed aside some of the originally articulated standards to speed up negotiations. Indeed, DoD is now signalling that it wants to make changes to the pesky law.

In the end, no agreements were reached with the UK or Australia before the end of 2000. But Secretary of State Powell has committed to moving ahead once again with negotiations. The Pentagon has also begun talking with several other European states about qualifying for license-free exports, perhaps as a way to put the pressure on the UK.

USML on the Chopping Block

DTSI also required that the U.S. Munitions List (USML)—those items requiring a State Dept. export license—be reviewed in cycles of no more than four years. The goal of this provision was to cut down the number of items requiring an export license, ostensibly to focus attention on those technologies that most need protection.

DTSI stipulated that the list be brought into line with DoD's Military Critical Technologies List, which defines what is critical to U.S. security or unique to U.S. capabilities. DoD argues that the U.S.' primary strength revolves less around hardware and more on systems integration and technical skills. In other words, the DTSI recommendation would be to stop controlling weapons or components that are not linked to systems integration or high technology.

The Pentagon now appears to be charging right ahead toward this goal without properly thinking it through. According to a source in the State Department, the Pentagon has proposed taking off the USML most spare parts for aircraft. Yet many of the criminal cases on review at Customs for violations of the Arms Export Control Act are for spare parts. (For example, last December Customs charged two persons with conspiring to smuggle F-14 spare parts to Iran and F-5 and F-4 parts to unknown states.)

The Pentagon is proposing to decriminalize these types of violations, or at least to move them to Commerce's list of controlled items, which receive less priority for investigation by Customs agents. This would be good news for the Irans of the world that are in desperate need of spare parts for their aging U.S.-origin equipment, but potentially bad news for the U.S. military that might face renewed threats.

Licensing Time

As part of the broad push to "reform" the export process, DoD reduced its average time for license re-

views to 10 days. Strict deadlines were imposed to ensure that license reviewers did not take too long to make decisions. The State Department also moved to decrease license review times by doubling the number of licensing officers in the Office of Trade Controls, where over 40,000 licenses are processed each year.

Yet a draft GAO report leaked to the press in May 2001 argues that the State Department did not deserve its bad reputation for long license processing. In fiscal year 2000, State took slightly less time to review license applications—an average of 46 days—than the Commerce Department, which is not the object of such harsh criticism. And the State Department handled four times as many applications with half the staff!

Allies in the Attack

The Pentagon has allies in its attack on the arms export control system. From conservative think tanks to defense industry associations and members of Congress feeling pressure from industry, the word is that the current export system is broken and needs major repairs. Not only do these agents fail to make a compelling case for an impending implosion of the system, but the drastic remedies they propose are also completely disproportionate to the problems they identify.

CSIS Leading the Charge

The Center for Security and International Studies (CSIS) has put itself at the forefront of the "reform" debate. Now head of CSIS, former top DoD official John Hamre is advocating even more radical ideas than he could get into the DTSI. In a report released on May 1 entitled, "Technology and Security in the 21st Century: U.S. Military Export Control Reform," CSIS advocates a complete overhaul of the U.S. export licensing system. The report

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complements a congressionally mandated study on multilateral arms export controls recently put out by CSIS and the Stimson Center, which also calls for fundamental changes to U.S. export controls.

The CSIS report asserts that U.S. national security would actually be strengthened by *reducing* controls on U.S. weapons and technology transfers. The “logic” behind this argument is that innovation in the defense industry—which is critical to U.S. security—would be best enhanced by increased cooperation with European partners. And in their view, cooperation depends on lifting most restrictions on technology transfers.

The CSIS assumes that globalization makes the spread of weapons and technology inevitable, and that the U.S. will miss out on valuable sales opportunities if it tries to unilaterally promote restraint. But rather than trying to plug holes in the current system, the reports asks the Pentagon to give up the fight to control weapons proliferation.

In place of the current system, CSIS proposes permitting the defense industry to send most exports without a license, subject to government audits and oversight. The proposal comes at a time when several major arms exporters are under investigation for breaches of the Arms Export Control Act, including illegal transfers of technology to China.

Supporting the Pentagon's efforts to cut the USML, the CSIS also suggests that arms that do not pose risks to national security should no longer be on the U.S. Munitions List. This is one of several indications that the report fails to recognize the critical role foreign policy should play in arms controls. For instance, small arms and light weapons are low-tech and commonly available, but must be controlled because of their potential use by abusive forces.

The report also recommends changing the U.S. law requiring foreign

states to seek U.S. permission before re-exporting U.S. weapons or technology. CSIS suggests re-export authorization should only apply to those cases where U.S. content is above 25% or the weapon is considered “Significant Military Equipment.”

Yet U.S. allies do not always share American military threat assessments or foreign policy goals. Unless U.S. permission for re-export is always required, there will surely be instances of U.S. arms and technology ending up in the hands of governments that could not get them directly from the U.S. Witness Israel's arms sales to China over the past several years, including Python missiles (based on U.S. technology) that ended up on the fighter plane that brought down the U.S. EP-3 plane in April. (see p. 7)

Another good U.S. government practice CSIS recommends weakening is the informal congressional notification process, which it finds too long and opaque. But this process of consultation with congressional staff helps ensure that potentially embarrassing debates about the reliability of end-users are kept confidential. It also enables real congressional input, since the 15-30 day period for Congress to formally oppose a sale is entirely too short to pass a resolution needed to stop it.

Industry

The defense industry, with the most to gain from weakened export controls, has been at the forefront of attacks on the current system. Harping on a few examples of long lag times for export licenses (the ones discredited by the GAO, see above), they are making increasingly strident demands for change.

This March, the Aerospace Industries Association (AIA) released a set of proposed legislative and administrative changes to the export control system “to allow U.S. companies rapid access to the international market for their products and services,” and for non-American companies to team up with

U.S. firms without worrying about “the extraterritorial reach of U.S. regulations.” The suggested areas for reform—congressional notifications, third country transfers, the U.S. Munitions List, interagency coordination, and export license waivers—closely follow the CSIS recommendations.

The American Institute of Aeronautics and Astronautics (AIAA) also stresses the links between globalization and export reforms in its “Blueprint for Action,” based on an AIAA Defense Reform conference held in February 2001. Among other suggestions, it proposes “streamlining the export license application and approval process” and encouraging the sharing of technology between U.S. and European firms.

In addition to direct advocacy, industry has used more “neutral” forums to put forward their proposals, including the Sam Nunn Policy Forum in 2000 and other conferences, Pentagon advisory boards, and of course the CSIS study. In this way, they have been able to transform their pro-industry message into allegedly pro-security rhetoric.

The AIA even pretends to be on the conservative side of the reform debate. They note in an April 2001 newsletter that although they would support the development of a new export control system being proposed by “other organizations” (i.e., CSIS), their own modest proposals are “more realistic in today's political environment.”

Prognosis for Change

Many of the proposals being put forward by CSIS and the defense industry would require changes to the Arms Export Control Act. Fortunately, House International Relations Chair Henry Hyde (R-IL) is skeptical about changes to the system. As far as the administration is concerned, however, AIA is predicting that under the Bush administration, there will be a “climate for significant change.”

For more information, see

www.fas.org/asmp/campaigns/control.html

Your Tax Dollars at Work: Foreign Operations Budget for FY 2002



President Bush views this as a time of great opportunity for America—a time to shape “a balance of power that favors freedom.” Given the FY2002 foreign aid budget, this appears to be a nifty euphemism for using U.S. tax dollars to strengthen ties with foreign militaries. Almost one third of the President’s \$23.9 billion budget request for International Affairs was slated for security assistance.

Total Security Assistance (\$ in thousands)

	FY2002 (Requested)
Foreign Military Financing	\$3,674,000
Economic Support Fund	2,289,000
International Narcotics and Crime	948,000
Nonprolif., Demining and Anti-Terrorism	332,000
Int'l Military Education and Training	65,000
Peacekeeping Operations	150,000
Total	\$7,458,000

Foreign Military Financing

Foreign Military Financing (FMF)—or grants given to foreign governments to finance the purchase of American-made weapons, services and training—makes up the vast majority of the security assistance budget. For the second year in a row, the administration requested a hike of around \$100 million for FMF, a nice boon for U.S. arms makers, which see most of this money turn into orders for their products.

As usual, the vast majority of FMF continues to support Israel and Egypt to reward them for making a cold peace in 1979 and to “support Middle East peace.”

Financing for Western Hemisphere countries is up \$13 million from last year. Much of these funds are for anti-drug activities, including, ironically, aid for Andean and Central American countries to “counter the ‘spill-over’ security problems” caused by U.S.-funded Plan Colombia.

FMF is also on the rise for the Philippines—from under \$2 million in FY01 to \$19 million in FY02. The increase is sure to please Rep. Dana Rohrabacher (R-CA), who has been speaking out for the need to give more support to the Philippine military. Rohrabacher feels the U.S. needs to reward the Philippine military for its maturity during the impeachment process of ex-President Joseph Estrada and to boost its ability to counter China’s influence in the South China Sea.

In FY02, most of the military aid to Africa will go to Nigeria and South Africa. The funds for South Africa will go in part to maintain U.S. origin C-130 transport planes used during the flood relief in Mozambique and for “military reform efforts.” The Nigerian military will receive funds to “enhance its role in Nigeria’s transition to democracy,” a paradoxical way to help Nigeria reduce the role of the military in its fledgling democracy.

Economic Support Fund

Something is askew when economic aid to Israel is approximately \$170 per capita and only \$.17 to India, yet the U.S. continues to give Israel and Egypt large amounts of aid through the Economic Support Fund. The bulk of the proposed \$2.3 billion for ESF will help Egypt and Israel defray the costs of weapons bought from U.S. companies. Ecuador’s ESF allocation rose from \$5,481 to \$30,000, in part, according to a State Dept. official, to address spillover effects from the fighting in Colombia. Another \$25 million was budgeted to support Iraqi opposition.

International Narcotics and Crime

Proposed aid to fight narcotics trafficking and other international crime decreased from \$1.3 billion in FY01 to almost \$950 million in FY02. FY 2001’s allotment included the large emergency supplemental package for Colombia, whereas the proposed anti-drug budget for FY 2002 distributes the funds more evenly through the Andean region. The new Andean Counterdrug Initiative allots more funds for al-
(See *Foreign Aid*, page 5)

Foreign Military Financing - FY 2001 & 2002

	FY01 (Estimated)	FY02 (Requested)
Near East Asia	\$3,354,193	\$3,422,000
Egypt	1,293,592	1,300,000
Israel	1,980,000	2,040,000
Jordan	74,630	75,000
Morocco	2,488	3,500
Tunisia	3,483	3,500
Europe	\$115,629	\$140,000
Bosnia	2,985	2,500
New NATO States	30,300	39,000
Partnership for Peace	79,507	97,500
East Asia	\$5,771	\$22,000
East Timor	1,791	1,000
Mongolia	1,990	2,000
Philippines	1,990	19,000
Africa	\$17,911	\$19,000
Africa Regional Stability	17,911	3,000
Nigeria	-	10,000
South Africa	-	6,000
Western Hemisphere	\$4,975	\$18,000
WHA Regional Stability	-	4,000
WHA Conflict Prevention/Response	-	5,000
Other	\$38,808	\$53,000
Policy Initiatives	-	10,000
Enhanced Int'l Peacekeeping Initiative	5,970	8,000
Administrative Costs	32,838	35,000
Total FMF	\$3,576,000	\$3,674,000

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ternative development and institution building, though over half will still go to interdiction efforts. In other words, the decrease in targeted military aid for Colombia does not mean that the U.S. government is abandoning the military-based strategy set forth in last year's aid package.

Non-Proliferation, Demining, and Related Programs

This category of funding provides support for a variety of security-related foreign policy objectives. Included in this year's budget is a renewed request for \$2 million to help destroy small arms in post conflict areas.

International Military Education and Training (IMET)

For the second year in a row, the international military training was raised by over \$5 million. With 127 states set to receive training, IMET is the most comprehensive U.S. military aid program. But many of the trainees are from regimes with severe human rights problems, making it un-

Dual-Use Exports Liberalized

Congress is once again trying to rewrite the Export Administration Act (EAA), the law governing exports of commodities that have both civilian and military uses, from high-speed computers to crime control equipment. First passed in 1979, the EAA expired in 1994 and only remains in force thanks to repeated presidential executive orders, next set to expire this August 20th. Congress has tried unsuccessfully in past years to rewrite the law, hampered by a deep schism between conservatives that fear the transfer of sensitive materials to potential adversaries like China and business proponents that want to ease export restrictions on high-tech goods.

S.149, introduced by Senators Mike Enzi (R-WY), Paul Sarbanes (D-MD), Phil Gramm (R-TX), and Tim Johnson (D-SD), represents the pro-business side of the debate. As currently drafted, it would significantly loosen export controls. It would place imposing and repetitive burdens on the president to justify controlling items that are considered widely available or that need to be controlled primarily for foreign policy reasons. The authors of the bill make no attempt to conceal that the bill's goal is to liberalize exports of all but the most sensitive goods. As Senator Gramm articulated, "we need to build higher walls around a smaller number of things." The bill also encouraged the use of export control advisory committees with "the widest possible participation by the business community."

Arms control and human rights advocates are therefore seriously concerned that the bill would limit the government's ability to control potentially dangerous items, including police and security equipment commonly used for torture. The bill passed the Senate Banking Committee 19-1, but

clear whether the U.S. is helping them professionalize or become more efficient killers. For example, the administration is proposing training for almost every country in sub-Saharan Africa, including Sierra Leone, Angola, Rwanda, Burundi, Congo (Kinshasa), Cote D'Ivoire, and Zimbabwe, countries plagued with some of the worst violence on earth.

Renewed training is also planned for Indonesia, despite the fact that Congress cut off U.S. military aid until the government addresses the crimes committed by troops in East Timor. But the U.S. is still budgeting funds under the rosy assumption that the military will soon meet the strict conditions and training can begin again. The FY02 budget doubled funding to \$400,000 perhaps to make up for lost time.

Peacekeeping Operations

These funds provide voluntary support for international peacekeeping activities. The FY02 budget is up \$250 million because of added funding for peacekeeping operations in Africa.

debate on the Senate floor on April 26th showed greater to bipartisan opposition, leaving a full Senate vote pending.

The new version of the EAA differs from the original Act in its heavy emphasis on foreign market availability and its disdain for unilateral export controls. Under the new version, there would be no more unilateral controls on goods that are deemed to have "foreign availability" or "mass market" status by the Commerce Secretary. The President can override this determination for specific items, but only if he reports to Congress on the reasons for his decision *and* begins multilateral negotiations to reduce foreign availability of the goods in question. He must reaffirm the need for controls and the status of negotiations every six months.

If the President seeks to control items for foreign policy reasons, he must follow similarly rigorous reporting and negotiating requirements—and he may not delegate these tasks. Fortunately, the bill was amended to explicitly require an export license for crime control equipment (such as shackles or electroshock equipment). But an exception was made for NATO states, Japan and Australia, despite well documented cases of torture in at least one of those states.

The idea of basing export control policy on such purely commercial criteria has led some Senators to hesitate. During the Senate floor debate, Sen. Fred Thompson (R-TN) pointed out that the U.S. firms do not need to make questionable sales just because other countries permit them. "It raises a question...as to whether or not there is a moral dimension to our foreign policy," he commented, adding, "I would not feel any better to find American troops shot down with technology supplied by American companies if I knew there was mass marketing of those products." Sen. John McCain (R-AZ) noted, "It brings into question the influence of big money and big business in American politics."

Sales, from page 1

U.S. military support for the island. Most importantly, China felt that Taiwan's number one item on its wish list—four Arleigh Burke-class destroyers equipped with the Aegis battle management system—would not only shift the balance of power in the region toward Taiwan, but could lead to a much closer military relationship between American and Taiwanese forces since the Aegis system would be capable of integration into a theater missile defense network under development by the U.S.

In the end, President Bush decided not to approve the sale of Arleigh destroyers at this time. But this somewhat conciliatory gesture was undermined by Bush's surprise announcement that the U.S. military would potentially use force to defend Taiwan against attack. In addition, President Bush offered the largest package of weapons to Taiwan since his father sold 150 F-16 fighter jets to the island in 1992. The offer included four Kidd-class destroyers, twelve anti-submarine planes, up to eight diesel-powered submarines, mine-sweeping helicopters, torpedoes and amphibious assault vehicles. He also agreed to provide technical briefings for Taiwan on the newest version of Patriot anti-missile missiles, the PAC-3s, still in development.

Predictably, China reacted angrily to this sale, setting the stage for future confrontations with China under the Bush administration. Failure to approve the Aegis system cannot compensate for the fact that the U.S. is providing sophisticated weaponry—and not all of a purely defensive nature—to a place that the U.S. government technically considers part of China. Bush's decision is likely to raise tensions across the Strait and increase the likelihood that the long-standing dispute will be resolved through the threat or use of force, not through peaceful negotiations.

Chile

Since 1997, when President Clinton overturned a moratorium on high-tech weapons sales to Latin America put in place by President Carter, U.S. weapons producers have been seeking opportunities to make the first big sale. An economic downturn in the region prevented large purchases in the late 1990s, but several South American states now appear ready to dive in. First in line, Chile is set to spend 90% of its arms procurement budget (and nearly 3% of Chile's annual export earning) on 10-12 fighter jets and related munitions.

Chile's need for expensive fighter jets is not readily apparent given the lack of security threats in the region. Nor is it clear why Chile is insisting on purchasing advanced medium-range air-to-air missiles (AMRAAMs), or power projection amenities such as a deep strike targeting system and extra large fuel tanks that would allow Chile to send fighter jets far into neighboring countries.

The decision on the F-16 sale and AMRAAMs will be a key indicator of how the Bush administration plans to promote stability and development in Latin America. The Defense Department under former Secretary Cohen actively encouraged "modernization" of South American arsenals despite the lack of external threats and the dire need for investment in social and physical infrastructure. A decision by President Bush to continue this practice would increase pressure on Brazil and Argentina to catch up with the Chileans.

On the other hand, Bush could decide to promote regional confidence-building through a regional arms control regime. This forum could allow for open discussion of states' military needs coupled with talks on mutual arms reductions. Such a policy change would show that America's true interest lay in enhancing stability in the region, not bringing in addition income for the U.S. arms industry.

Other pending sales and aid packages to look out for:

Colombia

Administration officials have admitted that President Bush's desire to emphasize enhanced trade with Latin America could be jeopardized by a counter-drug policy that expands conflict in the region. Bush also acknowledged that treating drug demand in the U.S. is critical to reducing the drug trade. But his foreign operations budget shows a continued emphasis on military aid to the region. (see p. 4)

Indonesia

Violence is on the rise in Aceh and Moluccas, and justice still hasn't been served for the military's abuses in East Timor. But the administration may be tempted to put military ties back on track with this strategically placed island. (see p.5)

Israel

The Bush administration has stated that it will play a less active role in the negotiations between Israel and the Palestine Authority. But in the meantime, will it take action to ensure that U.S. weapons are no longer used to target civilian areas and assassinate suspected terrorists without trial?

Philippines

Foreign military aid requests to the Philippines are on the rise, but so is the potential for human rights problems in a country dealing with two rebel movements? (see pp. 4 & 7)

Turkey

Turkey is planning on "modernizing" its military with billions of dollars worth of attack helicopters, tanks, and unmanned aerial vehicles, but is plagued with a financial crisis, a terrible human rights record, and a still-festering internal conflict. U.S. arms export decisions will pit the prospect of lucrative sales against support for restraint and reform in Ankara.

For more information, visit our web site at www.fas.org/asmp/campaigns/hotspots/hotspots.htm

Legislative Update: Aid & Training

Security Assistance Bill - A Mixed Bag

As usual, the Security Assistance bill brings both good and bad news for arms control advocates. This year it has been included in the State Dept. Authorization bill for FY 2002-03 (H.R. 1646), which was approved by the House International Relations Committee (HIRC) on May 2.

On a positive note, the bill includes provisions to:

- reinstate quarterly Price and Availability estimates, which provide congressional staff (and hopefully the public) with early information on planned arms exports;
- provide more funding and staff to strengthen the arms export licensing process at the State Department; and
- require the President to notify HIRC of planned changes to the U.S. Munitions List (see article, p.2).

The bill also strengthens the reporting requirement for the International Code of Conduct Act of 1999, mandating progress reports to Congress no matter where negotiations stand. As currently written, the law only requires reports upon commencement of official negotiations, which could be indefinitely postponed.

On the other hand, the bill would:

- change an annual requirement for reporting on foreign military training to one triggered only by request of the HIRC Chair, and only for specified countries;
- double the monetary threshold for congressional notification of potential arms transfers to NATO members;
- elevate Taiwan to the level of "major non-NATO ally" for arms transfers (quite a feat for an entity not recognized by the U.S. government!);
- add the Philippines to the list of states given priority for excess defense article transfers;
- approve U.S. excess warship transfers to Brazil, Poland, Turkey, and Taiwan; and
- overturn President Bush's decision not to have an annual review of arms sales to Taiwan and require the president to consult with Congress on arms transfers to the island.

Cleaning Up Foreign Military Training

Representative Joe Moakley (D-MA), an outspoken opponent of the infamous School of the Americas, is now leading another effort to improve accountability and oversight of U.S. foreign military training programs. He recently introduced H.R. 1594, the "Foreign Military Responsibility Act," which would require the administration to keep a database on the records of foreign military and police trainees, report on foreign training by U.S. private contractors, and declassify important items in the annual foreign military training report.

The text of these bills can be found at www.fas.org/asmp/resources/billlaws.html.

Submarine Production Resurfacing

After a long break, U.S. shipbuilders may be getting back into the diesel-powered submarine market, but not because of a pressing U.S. military requirement. The U.S. Navy has only used nuclear-powered subs since the 1950s. If two potential deals go forward, these submarines would be for foreign customers only.

For many years, the Navy resisted requests from other states for these powerful offensive weapons. But it has finally agreed to the sale of diesel-powered submarines to Egypt. The Ingalls shipyard in Mississippi is likely to get the contract, but after being out of the business for so long, it will—if given authorization by the State Department—build the subs using Dutch designs. Egypt prefers going this route over buying them directly from the Netherlands because it can use U.S. taxpayer dollars to fund the expensive purchase through the Foreign Military Financing program.

With the Egypt precedent set, President Bush also approved the sale of up to eight diesel subs to Taiwan. But it is unclear where the plans will come from. The Bush administration contends that it has a country willing to provide the needed technology, but the most likely suppliers—the Netherlands and Germany—are unlikely to comply because of pressure from Beijing. China is rightly concerned that the subs could enhance Taiwan's offensive capabilities.

Just as troubling as the renewed practice of exporting submarines is the idea of building weapons systems only for export. Gone would be the usual rationale for U.S. arms exports—that they help make up for reduced U.S. demand, keeping production lines open and lowering per unit costs for future U.S. procurement. Since U.S. demand for these subs is not likely to return, this type of production would boil down to a purely commercial exercise.

Boomerang Effect in China

As the China spy plane debacle was winding down, the U.S. released pictures of the Chinese F-8 fighter plane that collided with the American EP-3E surveillance jet, in an attempt to show that the Chinese jet was in fact at fault. But the real news was that attached to the wings of the F-8 plane were Israeli Python missiles, built under license in China. Israel designed the Pythons by studying the technology of U.S. Sidewinder missiles, sold to Israel many years earlier. So like a boomerang, U.S. arms exports to a trusted ally came back to threaten U.S. military forces in a most unexpected place.

When asked about the sale of Israeli missiles to China, Pentagon officials complained that they would have liked to have had a say in the early 1990s transfer. But until the Pentagon puts its foot down on these type of third party transfers, states will continue to feel that they have free rein to sell weapons based on U.S. technology.



UN Conference on Small Arms

The abusive use of small arms and light weapons leads to the death, injury, and psychological trauma of hundreds of thousands of people each year. This July 9-20, the UN will hold the first global meeting to address the issue – the “Conference on the Illicit Trade in Small Arms and Light Weapons *in All its Aspects*.” Given the last part of the title, nongovernmental organizations (NGOs) had hoped that the conference would treat links between government-authorized sales and the illicit trade, including arms export criteria, arms brokers, and public information on arms exports. But it looks like this will not happen.

At the third and final preparatory meeting held in New York from March 19-30, 2001, governments expressed their interest in keeping the Conference’s Program of Action short, simple, and focused on the *illicit* trade. So much time was spent on what should *not* be included in the action plan that many issues were left undecided, with no clear mechanism in place to resolve them before July. While governments bickered over semantics, NGOs felt that the real point of the conference—saving human lives—had been lost.

In any case, the Conference will provide an excellent opportunity for civil society to gather together, highlight the damage done by small arms, and plan for future action. All activists, especially in the area, are urged to attend.

For more information, visit www.iansa.org or www.fas.org/asmp/campaigns/smallarm.html.

A New International “Code” of Arms

Led by the Oscar Arias Foundation for Peace and Human Progress in Costa Rica, FAS and other NGOs have developed a draft convention on arms sales. The Framework Convention on International Arms Transfers builds on the International Code of Conduct endorsed by 18 Nobel Peace Laureates in the late 1990s. The original set of standards—while remaining the ideal—proved to be over ambitious in the current international climate. The new text focuses on states’ *current obligations* under international law, codifying principles already explicitly or implicitly laid out in the UN Charter, humanitarian and human rights law, and other international conventions.

For more information see www.armslaw.org.

What’s New on the Web Site



The Arms Sales Monitoring Project’s web site is filled with up-to-date information and analysis on U.S. arms exports and policy changes. Check out the following new pages:

* **Troublesome arms transfers in the works:** Analysis of upcoming weapons or aid packages of particular concern. www.fas.org/asmp/campaigns/hotspots/hotspots.htm

* **Searchable database on U.S. arms transfers:** Sales data over the past 10 years to any state or region. www.fas.org/asmp/profiles/sales_db.htm

* **Congressional notifications database:** A searchable database of notifications to Congress of pending arms exports. www.fas.org/asmp/profiles/world.html

* **Map of the Corporate Stars:** City and state listing of arms producers’ recent contracts for exports. www.fas.org/asmp/profiles/Industry/us.htm

* **Public source news on arms sales:** The latest news and documents from the U.S. and UN relating to the arms trade. www.fas.org/asmp/resources/news/2001/index.html

* **FY99 “655 Report” on U.S. arms exports:** The annual report to Congress on U.S. arms transfers. www.fas.org/asmp/profiles/655-99/655rep.html

* **Action Alert sign-up:** Enter your e-mail to receive urgent calls to action related to the arms trade. <http://www.fas.org/asmp/campaigns/actionalert.html>

* **Government Documents page:** An updated list of U.S. government documents of interest to the conventional arms control community (previously found on the ASM back page). www.fas.org/asmp/resources/govtdocs.htm

* **Foreign Operations Budget for FY 2002** www.fas.org/asmp/profiles/aid/aidindex.htm

And finally, to keep on top of these and other changes to the web site, check out the **What’s New?** page. www.fas.org/asmp/about/what'snew.htm

FAS Fund Arms Sales Monitoring Project

Founded in 1945, the Federation of American Scientists Fund is a public interest organization of natural and social scientists and engineers dedicated to the responsible use of science and technology. Since 1991, the Arms Sales Monitoring Project at the FAS Fund has worked for a reduction in global weapons production and trade.

Tamar Gabelnick, Director of the Project, edits the newsletter with contributions by Research Assistant Pamina Firchow and intern Bryan Stewart. You may reproduce and cite this publication freely.

All newsletters can be found on our web site at: www.fas.org/asmp/library/armsmirror.html.

FAS is moving! After May 28, you can find us at:

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