



# STRATEGIC ASSET SIDELINED: TRANSPARENCY IN COMMERCIAL ARMS EXPORTS

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## **INTRODUCTION**

The rise of global insecurity and great power competition is elevating U.S. challenges in overseeing its commercial arms exports. To bolster alliances and deter adversaries, the State Department is increasing its approval of arms sales to foreign countries around the world, many of whom grapple with [weak defense sector governance](#) and significant corruption risks. Some U.S. defense companies are also searching for new supply partners without [sufficient checks](#) to ensure they do not engage in corruption or contribute to the diversion of U.S. defense technology. At the same time, State Department personnel charged with overseeing U.S. commercial arms sales have been frequently understaffed to handle the [increased sales](#) and enforce U.S. sanctions on arms exports to China and Russia. These factors call for diligent and diverse U.S. government efforts to ensure increased U.S. arms sales do not inadvertently undermine U.S. foreign policy goals and international security.

The State Department is taking important internal steps to address these challenges through the implementation of the [Conventional Arms Transfer \(CAT\) policy](#). However, it is simultaneously reducing commercial arms sales transparency, undermining a strategic tool to uncover arms trafficking networks, assess the risks of U.S. weapons being diverted, identify corruption, and position the United States as a responsible and accountable arms supplier. Critically, the State Department has gradually omitted or muddied information on the quantities, types, and dollar values of weapons sales in public congressional notices of proposed arms exports and in annual reporting (Section 655) on all authorized exports through its Direct Commercial Sales (DCS) program. These actions appear to be in contravention of U.S. law, inconsistent with U.S. government practice in other reports, and in some cases out of step with U.S. allied and partner countries. They also limit important U.S. Congress oversight of arms sales.

State Department officials have indicated that the reduction in commercial arms export transparency is due to objections from some U.S. defense companies and foreign partners. U.S. officials have reportedly been concerned about how the public release of certain information on arms exports could inadvertently provide adversaries with useful information on foreign partner weapon capabilities. They have also accepted questionable arguments that opacity is needed to protect U.S. companies' competitive position. However, U.S. officials have not provided clear examples of how decades or years of previous transparency on the quantities and types of weapons as well as the dollar values of arms sales have harmed U.S. companies or partner security. This issue brief aims to shed light on the wide range of ways transparency can support U.S. foreign policy goals and offers recommendations on how to bolster needed transparency without jeopardizing national security or defense company competitiveness.

## **BENEFITS OF TRANSPARENCY**

Transparency in arms exports has a broad range of benefits for U.S. foreign policy and international security. U.S. and foreign government officials have often recognized that transparency in international arms exports can “create mutual understanding and trust, [reduce misperceptions and miscalculations](#), and help to prevent military confrontation and to support regional and global stability.” Transparency can also support U.S. foreign policy by assisting non-governmental arms trade experts in uncovering U.S. arms trafficking networks, assessing the risks of U.S. weapons being misused or diverted to unauthorized users, identify corruption, understanding critical arms trade trends, and strengthening the legitimacy of U.S. arms sales. The examples below illustrate some of these key benefits.

- **Uncovering arms trafficking networks:** Detailed annual reports on arms exports help arms trade experts ensure U.S. arms embargoes are maintained. In 2006, Amnesty International used the State Department’s Section 655 reports to help identify the illegal trafficking of U.S. tear gas into [U.S. sanctioned Zimbabwe](#). After [discovering](#) many U.S. tear gas canisters in the private homes of people being forcibly evicted in 2004-5, Amnesty International researchers saw that the U.S. government had authorized the export of tear gas ([riot control equipment or chemicals](#)) to several Africa countries around the same time. This information was then shared with State Department officials, prompting a U.S. government investigation that uncovered and disrupted the trafficking network. In a similar situation unrelated to the United States, the Organized Crime Corruption and Reporting Project used [publicly obtainable arms export data from Poland](#) to help identify potentially illicit transfers of BRDM armored vehicles to East Africa in 2016 through Ukraine and the United Arab Emirates.
- **Enhancing oversight to mitigate misuse and diversion:** Transparency in congressional notifications of arms sales empowers experts to identify risks that government officials may have overlooked. For instance, in 2017, the Security Assistance Monitor (SAM) [flagged concerns](#) about the likely misuse or diversion of U.S. firearms in a [proposed \\$6.15 million sale of M4 carbines](#) to the Honduran police. At the time, there were [credible allegations](#) of police involvement in corruption and human rights abuses. This analysis helped encourage Congress to put restrictions on the sale. A similar intervention occurred in 2016, when SAM highlighted concerns about a proposed sale of a specific type of assault-style rifles to Mexico for civilian use, which appeared to conflict with Mexican laws limiting civilian firearm ownership of those rifles. Congress urged the State Department to rescind or revise the sale to avert the potential diversion of U.S. weapons into unauthorized hands.

- **Providing strategic insights into global trends:** Transparency in both congressional notifications and annual reports enhances understanding and risks of the global arms trade. The Stockholm International Peace Research Institute (SIPRI) relies on U.S. arms export reports and other data to produce its [annual report](#) on the volume of international arms transfers. These reports have provided valuable insights into influxes of potentially destabilizing arms into Middle East. U.S. government entities also regularly use these reports to help understand the [U.S. position](#) in the international arms trade compared to its competitors and the total amount and types of [weapons imports](#) to key U.S. partner countries. Separately, the Small Arms Survey used [U.S. submissions](#) to the UN Register of Conventional Arms (UNROCA) to estimate the volume of small arms and light weapons left in Afghanistan after the Taliban took Kabul in 2021. These analyses underscore the strategic value of transparency for both national and global security.

Outside of the above benefits, expert analysts in U.S. partner countries like [Taiwan](#) and Kuwait have used transparency in U.S. congressional notifications to foster a healthy debate about the benefits of the types, quantities, and costs of major U.S. weapons sales. This transparency can support security sector governance and help mitigate the risks of foreign partners purchasing U.S. equipment or training without the proper approval of their parliaments or other oversight entities as happened in [Croatia](#) and a few Latin American countries. [China](#) does not provide adequate transparency for its recipients of arms to engage in this critical oversight. Transparency about proposed weapon sales has also been useful for [investigative journalists](#) to corroborate information they receive from whistleblowers about potential bribery between brokers and government officials purchasing arms.

## **U.S. IMPLEMENTATION GAPS AND GLOBAL PRACTICES**

The United States has long been a strong supporter of transparency in U.S. and global arms exports to support effective export controls and responsible transfers. The U.S. Congress has created strong transparency measures in U.S. laws governing arms exports. Like previous CAT policies, the current one states that “the United States will continue to promote control, restraint, and [transparency](#) of arms transfers.” The U.S. government reviews countries requesting U.S. arms exports to see if they have a “demonstrated commitment to improving transparency and countering corruption in [their] defense acquisition system.” Many U.S. allied and partner countries also support transparency in arms exports, including by providing detailed information on the types and quantities of arms exported each year. However, the State Department has reduced public information on the types, quantities, and values of commercial arms exports over the past two decades



so much that it's difficult if not impossible in many cases for outside experts to support the U.S. government in identifying the risks and trends mentioned in the previous section.



The U.S. Congress requires the U.S. government to publicly disclose “the names of the countries and the [types and quantities of defense articles](#)” that receive a DCS arms export license in Section 38(e) of the Arms Export Control Act (AECA) (22 U.S.C. 2778(e)) to support the above transparency efforts. The State Department’s Directorate for Defense Trade Controls (DDTC) used to regularly incorporate information on the quantities of weapons and the specific types of weapons (i.e. the names or model numbers of weapons) in its Federal Register postings related to congressional notifications of arms sales through DCS. For instance, DDTC stated that it notified Congress of the proposed export of “[100 M-203 grenade launchers](#) and supporting equipment to the Italian Ministry of Defense, Military Police” in a 2004 Federal Register notice. By contrast, the quantities and specific types of weapons have been excluded from all DDTC’s notifications so far for Fiscal Year 2024. For several years, the U.S. Congress also [published the dollar values](#) of the notifications it receives to encourage the State Department to release such information. However, the State Department has only released the dollar values [of five to six DCS notifications](#) in its press statements about annual arms sales over the past few years.

Some State Department officials have said they do not need to provide public information on the types and quantities of weapons in congressional notifications because this information is included in the annual 655 reports to Congress. However, the State Department has effectively eliminated information on the specific types of weapons exports in these 655 reports, which undermines the utility of the information on quantities

and dollar values in these reports and raises serious questions about the Department's compliance with Section 38(e) of the AECA. In 2004, DDTC regularly included both the [narrow types of weapons](#) (i.e. night vision scopes) and the specific names or models of weapons (i.e. helicopter 205A-Bell series) in their annual 655 reports. It also provided more detailed information on [defense services](#) categories. By comparison, DDTC's most [recent annual report for 2023](#) only includes the quantities and values for broad categories of weapons, such as military electronics or aircraft. These broad categories can include thousands of different types of items or services. As a result, the reports provide no real insights on the type, quantity, and value of defense articles and services authorized and shipped to foreign countries around the world.

| Transparency Gaps in U.S. Reports on Commercial Arms Exports in 2024 |  |                                       |                                       |
|--|--|---------------------------------------|---------------------------------------|
| U.S. Report  | Types of Weapons                           | Quantities of Weapons                 | Value of Weapons                      |
| Congressional Notifications  | Yes, but no names of weapons or models     | No                                    | No                                    |
| Annual Reports   | No, only lists weapons by broad categories | Yes, but just of the broad categories | Yes, but just of the broad categories |

The State Department's practice of excluding the specific types of weapons in the 655 reports is inconsistent with annual reports the U.S. and many allied foreign governments provide to the United Nations. In 2023, the U.S. government's [annual report to the UNROCA](#) on conventional weapons exports included many specific types of arms such as M1A1 tank, M109 SP Howitzer, and AGM-158 missile. More than 20 [U.S. allied countries](#) around the world also include the specific types (including names or models) and quantities of weapons in their annual reports to the United Nations as part of the Arms Trade Treaty. The United Kingdom, for instance, reported that they exported one [BV206 All Terrain Articulated Tracked Carrier](#) to Germany in their 2023 report; Germany reported that they exported two [Frigate MEKO A-200](#) to Egypt in their 2023 report. The State Department's exclusion of the dollar values in congressional notifications also appears inconsistent with the Global Principles on National Security and the Right to Information (or "[Tshwane Principles](#)"). These principles highlight the critical need to disclose financial information on defense purchases and sales to combat corruption.

## **IMPEDIMENTS TO TRANSPARENCY**

The State Department has provided several different reasons for the increased opacity in commercial arms exports over the past decade. Initially, the State Department said their outdated computer software was preventing them from compiling more detailed annual reports. More recently, the Department said some U.S. foreign partners want less transparency in arms exports. U.S. officials have reportedly stated that it's important to ensure transparency does not inadvertently provide adversaries with "[exploitable insights](#)" on U.S. partner's weapon capabilities and plans. U.S. officials have also said opacity is needed to protect U.S. defense company's competitive position. These are important issues to consider in evaluating levels of transparency. However, the U.S. government's concerns appear to be greatly exaggerated, especially as they have yet to provide any specific examples of how transparency has harmed security or competition during the time there was greater transparency.

There are some potential concerns about revealing the types and quantities of weapons in congressional notifications and annual reports in countries on the precipice or actively participating in armed conflict. In a recent study by the Stimson Center, a couple of these concerns include "the risks of [revealing gaps](#) in a partner's existing defense capabilities and giving adversaries advance warning of the introduction of new capabilities and therefore, the ability to prepare countermeasures..." The disclosure though of the types and quantities of weapons planned for export often does not provide enough information to discern military capability gaps. An adversary would need to know a lot more about a partner country's existing arms stockpiles and military capabilities to make a clear gap assessment. The congressional notifications also do not provide public information on when or if the weapons will be delivered. In cases where notices may reveal the introduction of game-changing weapons technology, the release of such information could conversely serve as a deterrent against military confrontations.

U.S. government officials also frequently cite the need for opacity on the types of weapons and dollar values of congressional notifications to ensure U.S. defense companies competitiveness. One of the concerns is that the public release of the names or model numbers of weapons could reveal the specific defense companies behind a sale. However, weapons systems sometimes move from company to company or country to country obscuring the ability to identify defense companies. This concern also did not prevent the U.S. government from providing the specific names of weapons in annual reports to UNROCA. Another concern is that revealing the dollar value of the proposed sale could provide U.S. or foreign defense company competitors the ability to offer lower prices and win the final sale. While this is an important issue to review, U.S. defense companies though reportedly indicated that "[disclosing pricing information may not be so severe in](#)

[practice.](#)" This may be because defense companies already have a signed contract with the purchasing government before the notification. Defense companies also frequently obtain competitor price information from business intelligence publications or foreign government officials.

## **CONCLUSION AND RECOMMENDATIONS**

After years of supporting transparency in U.S. arms exports, the State Department has apparently accepted questionable arguments for opacity by significantly and broadly reducing public reporting on the types, quantities, and values of commercial arms exports. In doing so, it has weakened a strategic tool to help tackle the mounting challenges in overseeing U.S. arms exports and to show U.S. foreign partners that it is a responsible and accountable arms supplier. These actions also undermine U.S. legal commitments created by the U.S. Congress to help ensure U.S. commercial arms sales provide effective defense for U.S. foreign allies and partners and meet other U.S. foreign policy goals. The State Department should work quickly to reverse course and develop a new approach for transparency in commercial arms exports that more closely follows U.S. law and international practice. It should also evaluate the effectiveness of its current data management and software systems for quickly and accurately complying information for reports. Below, please find several recommendations for greater transparency without jeopardizing national security or defense company competitiveness.

- **Identify tangible benefits and costs of transparency on the types, quantities, and dollar values:** The State Departments should develop a list of the specific ways transparency in U.S. arms sales can benefit and harm U.S. foreign policy goals with real world examples in consultation with civil society, U.S. Congress, and defense companies. The above section on the benefits of transparency is aimed at supporting the creation of such a list of examples. However, this list is not exhaustive. At the same time, the Department should create a list of the ways transparency has and can substantially harmed U.S. foreign policy goals, specifically U.S. foreign partner's security and U.S. defense company's competitive position. In both scenarios, the Department should identify the specific types of transparency that helped or harmed U.S. foreign policy goals and the level of benefit or cost. The risk of U.S. defense company's being embarrassed about a sale does not seem like a valid reason for withholding this information from the public. U.S. officials should also evaluate the credibility of U.S. foreign partners requests to keep arms exports information confidential.
- **Reinsert specific and critical information on the types, quantities, and dollar values of arms exports in the annual 655 reports:** The U.S. and many U.S. allied and



partner countries already provide the specific types of weapons (i.e., narrow type such as grenade launcher, name of weapon, and/or model number) in annual reports to UNROCA or as part of the Arms Trade Treaty. As such, there does not appear to be any substantial concerns about regularly releasing such information to the public. The State Department should immediately move to provide the level of detail on the types of weapons previously included in the 655 reports from the early 2000s. In circumstances where there is a clear risk of substantial harm to U.S. foreign partners, the Department should seek to include the narrowest type of weapon possible. These reports should also include more detail on defense services such as types of licensed manufacturing, weapons repair and maintenance, and military training.

- **Add quantities and dollar values to public notices of congressional notifications:** The State Department previously included the quantities of weapons in congressional notifications for many years without any clear harm to U.S. foreign partners. Similarly, the U.S. Congress and the State Department has made public the dollar values of proposed arm sales in congressional notifications without tangible difficulties. The State Department should work to include this information and the specific branches of foreign military or security forces receiving weapons in the public notices after developing the detailed examples of how transparency substantially harmed U.S. foreign partner's security or U.S. defense company's competitiveness. Given the lack of legal clarity on releasing the dollar values in congressional notifications, the State Department may need to make a determination according to International Traffic in Arms Regulations 120.21(b) that the release of such values is in the U.S. national interest.

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