

2.3 - 2016 DISCREPANCY ANALYSIS

Accurate, comprehensive and timely reporting is a key tool for transparency States Parties can use to demonstrate that their arms trade policies are consistent with their ATT obligations. As identified in Chapter 2.1, some States Parties submitted 2016 Annual Reports that did not contain accurate and comprehensive information.

This section identifies significant discrepancies in information provided by States Parties in these Annual Reports and builds on analysis presented in previous ATT Monitor reports. It looks at the extent to which exports and imports reports are comparable. For example, if one State Party reports an export of assault rifles to another, does the second State Party also report the import?

As with last year, the analysis is aimed at highlighting discrepancies in the reports submitted by States Parties, and at using this analysis as a tool for assessing the quality and functionality of the reports with a view to assisting States Parties in effective and meaningful reporting.

CROSS-CHECKING THE 2016 ANNUAL REPORTS

The ATT Monitor Annual Report 2017 identified several major types of discrepancies in reported figures of exports and imports by States Parties to the ATT.¹ It examined 2015 Annual Reports submitted by States Parties that were identified by the Small Arms Survey as being among the largest exporters of small arms and light weapons (SALW) in the world.² It focused solely on SALW as an example category to illustrate reporting issues, as SALW are often considered to be the weapon type most susceptible to diversion, making accurate and comprehensive reporting in this area particularly important.³

This year's follow-up analysis uses and builds on the major types of discrepancies that were identified last year. The scope of the analysis has been expanded to include exports and imports from the 47 States Parties that submitted their 2016 Annual Reports and made them publicly available.⁴ Export and import information from these States Parties was considered only when data had been disaggregated by weapon-type

categories and by destination country, as some States Parties aggregated data to the extent that it was not possible to compare transactions.

While this section takes into account reporting on major conventional weapons, it acknowledges the lack of available information provided by States Parties in this category and will, therefore, focus primarily on SALW examples.

There were 1,923 separate export transactions of SALW and major conventional weapons reported in 2016 Annual Reports. Of these, only 172 reported exports, or 9 per cent, could be compared with imports reported by other States Parties (or vice versa). These comparable transactions include both 'mirrors' and 'partial mirrors'.

If a reported export corresponded exactly with a reported import and involved the same type of weapon and the same country, ATT Monitor analysis categorizes such transactions as 'mirrors'⁵ (for example, the Netherlands reported the export of 20 battle tanks to Finland, which reported the same as imports while both States Parties mentioned in comments that the country of origin was Germany). Transactions where the type of weapon and country are the same but quantities differ are categorized as 'partial mirrors' (for example, Germany reported the export of 90 sub-machine guns to Latvia, which reported the import of 70 sub-machine guns from Germany).

For the remaining 91 per cent of reported transactions, an export had no corresponding import of a similar type of weapon (or vice versa).

The transactions that could not be mirrored or partially mirrored contain some extraordinary discrepancies. Portugal reported the authorized export of 3,353 rifles and carbines to Spain, which did not report this import. Germany reported the authorized export of 794 assault rifles to Spain, which were not reported as an import by Spain. Table 2.1 shows more examples of notable discrepancies in transactions reported by the Czech Republic, Poland and Slovakia, where exports were not reported by the importing States Parties.

1 Control Arms Secretariat (2017). 'ATT Monitor 2017'. 11 September 2017. https://attmonitor.org/en/wp-content/uploads/2017/09/EN-ATT_Monitor-Report-2017_ONLINE-1.pdf, pg. 45.

2 See, for example, Small Arms Survey (2008). 'The Small Arms Survey 2008: Risk and Resilience'. Chapter 4: 'Deadly Deception: Arms Transfer Diversion'. pp. 112-153.

3 Control Arms Secretariat (2017). 'ATT Monitor 2017'. 11 September 2017. https://attmonitor.org/en/wp-content/uploads/2017/09/EN-ATT_Monitor-Report-2017_ONLINE-1.pdf, pg. 45.

4 Albania, Argentina, Austria, Australia, Belgium, Bosnia and Herzegovina, Bulgaria, Burkina Faso, Croatia, the Czech Republic, Denmark, El Salvador, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Mauritius, Mexico, Montenegro, the Netherlands, New Zealand, Norway, Paraguay, Poland, Portugal, Moldova, Romania, Serbia, Sierra Leone, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, the United Kingdom and Uruguay.

5 Control Arms Secretariat (2017). 'ATT Monitor 2017'. 11 September 2017. https://attmonitor.org/en/wp-content/uploads/2017/09/EN-ATT_Monitor-Report-2017_ONLINE-1.pdf, pg. 45.

***Table 2.1: Examples of reported exports not reported by importing States Parties**

Exporter	Importer	Type	Number of units
Poland	Czech Republic	Battle tanks	60
Poland	Czech Republic	Armoured combat vehicles	7
Poland	Czech Republic	Rifles and carbines	10,720
Poland	Czech Republic	Assault rifles	200
Poland	Czech Republic	Light machine guns	39
Poland	Czech Republic	Heavy machine guns	26
Poland	Czech Republic	Portable anti-tank guns	5
Poland	Czech Republic	Portable anti-tank missile launchers and rocket systems	117
Slovakia	Czech Republic	Large-calibre artillery systems	10
Slovakia	Czech Republic	Revolvers and self-loading pistols	4,108
Slovakia	Czech Republic	Rifles and carbines	119
Slovakia	Czech Republic	Sub-machine guns	7,000
Slovakia	Czech Republic	Mortars of calibres less than 75mm	59
Czech Republic	Poland	Revolvers and self-loading pistols	64
Czech Republic	Poland	Rifles and carbines	120
Czech Republic	Poland	Sub-machine guns	242
Czech Republic	Poland	Assault rifles	24
Czech Republic	Poland	Light machine guns	120
Czech Republic	Poland	Portable anti-tank guns	280

There were also instances of partially mirrored transactions that contained large discrepancies. Notably, Slovakia reported the export of 14,502 revolvers and self-loading pistols to Mexico, while Mexico only reported the import of 12 revolvers and self-loading pistols from Slovakia. Switzerland reported the export of 199 assault rifles to Germany, while Germany reported the import of only one such weapon type from Switzerland. Also, the United Kingdom reported the export of three rifles and carbines to New Zealand, which in turn reported the import of 479 rifles and carbines from the United Kingdom.

When States Parties provide additional information on the context of arms transfers, this sometimes provides explanations for discrepancies. For example, some States Parties used the 'comments' section to state that a transfer was temporary. Unfortunately, such additional information has not been provided for the transfers mentioned above (concerning the Czech Republic, Germany, Mexico, New Zealand, Poland, Portugal, Slovakia, Spain, Switzerland and the United Kingdom). Reasons for these discrepancies could be due to differences in reporting practices and data-collection methods, which may include factors such as different definitions of an export or import, or weapons sent to military stations abroad.

These present alternatives to criminal activity and deliberate misreporting. Below, this section outlines some of these possible causes of discrepancies in reporting data.

The analysis then compared those 172 transactions that could be mirrored or partially mirrored and looked at the quantities that had been reported by the exporter and importer. Only 31 of the reported 1,923 export transactions were 'mirrors' and not 'partial mirrors'. This means that only 1.6 per cent of all reported exports matched exactly with corresponding reported imports (for example, Serbia reported the export of 100 light machine guns to Slovakia, which also reported the import of 100 light machine guns from Serbia).

The remaining 141 transactions were partially mirrored. Of these, there were 114 transactions where an exporter and importer each reported a transaction of the same weapon type but there was a difference in the quantities reported.

- In eight transactions, the discrepancy was relatively minor, at less than 10 per cent (for example, the United Kingdom reported the export of 99 sub-machine guns to New Zealand, which reported an import of 102).
- In 27 transactions, the discrepancy was between 10 and 50 per cent.
- In 79 transactions, the discrepancy was 50 per cent or more (for example, Germany reported the export of 4,713 assault rifles to France, which reported the import of 484 assault rifles from Germany).

An additional 27 transactions were considered to be partially mirrored when the exporting or importing State Party reported transactions of one category of weapon in multiple entries, while the other State Party reported them in one single entry (for example, one State Party reported the export of a large number of large-calibre artillery in a single entry, while the importing State Party provided a breakdown of the imported artillery according to different calibres).

COMPARING 'NIL' REPORTS

States Parties that reported 'nil' exports or imports were not included in the above analysis of transactions. Eight States Parties⁶ submitted a 'nil' exports report and five⁷ reported 'nil' imports by ticking the relevant boxes in the reporting template (thereby declaring that the State Party did not transfer anything). However, there are inconsistencies within some of the reports. Some countries chose to indicate a 'nil' report but also entered transfer data. For example, Bosnia and Herzegovina and Croatia each submitted 'nil' reports for exports and imports but also reported data on at least one or more categories within major conventional weapons or SALW. Ireland and Sierra Leone submitted 'nil' reports for imports but also reported import data on one or more categories within major conventional weapons or SALW.

Although Ireland submitted a 'nil' report on imports, other States Parties reported exports to Ireland in their 2016 Annual Reports. Belgium reported exports to Ireland of €1,580,540 (US\$1,772,050)⁸ worth of SALW within the ML 1 category of the EU Common Military List (it did not provide quantities),⁹ while Switzerland reported the export of 125 'hand-held under-barrel and mounted grenade launchers'. Germany also reported the export of 90 sub-machine guns to Ireland.

Uruguay submitted 'nil' reports for both exports and imports, but Argentina and Austria listed combined exports of 4,131 units of SALW to Uruguay. Sierra Leone submitted a 'nil' report for exports. However, Switzerland reported the import of 20 revolvers and self-loading pistols from Sierra Leone.

As suggested in the ATT Monitor Annual Report 2017, this confusion could be addressed through an amendment to the reporting template that would allow States Parties to submit 'nil' reports on imports or exports for: (a) all weapon types (as in the current template), (b) major weapons only (categories 2a-g in the ATT), or (c) small arms only (category 2h).¹⁰



ONLY 1.6 PER CENT OF ALL REPORTED EXPORTS MATCHED EXACTLY WITH CORRESPONDING REPORTED IMPORTS

6 Bosnia and Herzegovina, Croatia, El Salvador, Latvia, Macedonia, Mexico, Sierra Leone and Uruguay.

7 Bosnia and Herzegovina, Croatia, Ireland, Sierra Leone and Uruguay.

8 Currency conversion via XE, reflecting conversion rate on 31 December 2016. <https://www.xe.com/currencytables/?from=EUR&date=2016-12-31>.

9 See Official Journal of the European Union, Reference No. 2015/C 129/01. Common Military List of the European Union. <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:C:2015:129:TOC>.

10 Control Arms Secretariat (2017). 'ATT Monitor 2017'. 11 September 2017.

https://attmonitor.org/en/wp-content/uploads/2017/09/EN-ATT_Monitor-Report-2017_ONLINE-1.pdf, pg. 35.

EXPLAINING THE DISCREPANCIES

Although discrepancies between reports by an exporter and importer may indicate cases of diversion, fraud or deliberate concealment of information, it is more likely that the reasons relate to differing definitions and record-keeping used by States Parties in their transfer control and reporting systems. As mentioned above, a lack of clarity around the use of the reporting template can also explain some of these discrepancies. A number of likely explanations were also identified in last year's ATT Monitor report.¹¹ With the expanded scope of this year's analysis, these explanations are expanded below.

WITHHOLDING OF 'SENSITIVE' INFORMATION

States Parties are able to withhold sensitive information from their Annual Reports. Because doing so risks undermining the transparency objective of the ATT, withholding of sensitive information is one of the most problematic types of discrepancies presented in this section. Ten States Parties¹² advised that they withheld sensitive information from their Annual Reports, and a further eight¹³ did not check the box to indicate whether they had or not. If one State Party withholds information and the other does not, a discrepancy is automatically produced.

Other States Parties may have withheld information but did not report doing so in their Annual Reports. Whether a State Party indicates it withheld information or not, there is no guarantee that all information was provided and consistent with the objective of transparency in the ATT. Additionally, some transfers may not be subject to standard authorization procedures and are therefore not included in Annual Reports. The identity of the buyer and/or seller and the nature of the transaction (for example, in the case of a Ministry of Defence disposing of surplus), may keep a State Party from reporting the transfer.

STATES NOT REPORTING IMPORTS

Austria and the United Kingdom did not report any imports. Austria did not submit the import section of the reporting template and the United Kingdom left the section blank. However, other States Parties reported exports of over 20,000 items to Austria and 2,877 items to the United Kingdom.

STATES ASKING FOR REPORTS TO BE KEPT CONFIDENTIAL

Liberia, Panama and Senegal each submitted an Annual Report to the ATT Secretariat on condition of it being kept confidential.

DIFFERING LEVELS OF AGGREGATION OF INFORMATION

Some States Parties (including Australia, Austria, Belgium, Bosnia and Herzegovina and Estonia) provided varying levels of aggregated information. Some aggregated information by weapon type or country, making information difficult or impossible to compare. Notable examples include:

- States Parties collectively reported a total of 45,729 units of arms exported to Belgium. However, Belgium aggregated imports by EU common military weapon type and by country, and it did not provide any quantities save for a very small number of imports.
- Austria reported the export of 88,704,572 units of SALW, without disaggregating data by specific weapon types within the broad SALW category.
- States Parties collectively reported exports of 78,826 units of arms to Norway. However, Norway only reported a very small number of imports and did not provide an exporting country.
- Australia reported imports of 97,125 units of small arms, aggregating the data by weapon type, and only stating 'various' in the exporting-country column (it provided only numbers and no specific country or countries for each weapon type).
- Spain reported the export of 500 portable anti-tank missile launchers and rocket systems to Estonia, which aggregated information by weapon type and country (Estonia provided the number of items and a list of exporting countries for each weapon type in most cases).

Aggregation makes it impossible to compare data with trade partners, and it is difficult to know in these cases exactly how many weapons are being exported, and to which country.

¹¹ Ibid. pp 45-51.

¹² Bosnia and Herzegovina, Burkina Faso, Croatia, Finland, Greece, Ireland, Italy, Norway, Sweden and Uruguay.

¹³ Austria, Australia, El Salvador, France, Mauritius, Montenegro, Poland and Spain.

AUTHORIZATIONS AND DELIVERIES

In Annual Reports, ATT States Parties can choose to report on either transfer authorizations (permissions granted by a government to export or import) or actual movements of arms across borders. A major cause of discrepancies in reporting is the difference in transfer data provided by States Parties who report authorized transfers, actual transfers, or any combination of information they are able or willing to provide. Many circumstances can present challenges in this instance:

- A transfer may be authorized with an agreement for arms deliveries to be made over a number of years.
- Quantities may be revised, or the transfer could be cancelled.
- Arms may be shipped in a reporting year that is different from the year an export authorization was granted.
- An exporter can obtain a license for more weapons than what was initially ordered by a buyer (in the expectation that the client may subsequently increase the order).

Table 2.2 shows an example of discrepancies in data reported by two States Parties – France and Germany. Germany reported authorized exports to France, and France reported actual imports from Germany. The relatively high number of exports reported compared with the relatively low number of imports suggests that circumstances such as the ones presented above could explain this discrepancy. Because neither France nor Germany provided additional information explaining the differences, it is impossible to confidently make that determination.

***Table 2.2: Comparing reported exports and imports by Germany and France**

Reported authorized exports by Germany to France	
Type	Number of units
Rifles and carbines	2
Sub-machine guns	2,386
Assault rifles	4,713
Hand-held under-barrel and mounted grenade launchers	35
Reported actual imports by France from Germany	
Rifles and carbines	0
Sub-machine guns	159
Assault rifles	484
Hand-held under-barrel and mounted grenade launchers	29



BRITISH RIFLES AND SHOTGUNS COLLECTED IN MUGBARAKA, SIERRA LEONE, AS PART OF THE 'ARMS FOR DEVELOPMENT' PROGRAMME, RUN BY THE UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP).

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A similar discrepancy concerns Finland and New Zealand. Finland reported the export of 4 rifles and carbines to New Zealand, which reported the import of 8,947 of the same weapons from Finland. Finland had reported actual exports, while New Zealand reported authorized imports.

MISMATCH BETWEEN PHYSICAL MOVEMENT AND TRANSFER OF TITLE OR CONTROL

The ATT reporting template allows States Parties to define whether an import or export concerns a change in title (or ownership) or control, or just the arms crossing a national border. The different understandings of what defines an export or import may explain some of the discrepancies between data reported by exporting and importing States Parties.

For example, Serbia, who defined exports as the 'Physical transfer of items across a national border' in its 2016 Annual Report, reported the export of 400 sub-machine guns to Germany. In the 'comments' section, the end user was identified as a US military base in Germany. This was not reported as an import by Germany, as the arms were presumably owned and controlled by the United States. Germany, however, defines imports in its 2016 Annual Report as a 'Physical transfer of items across a national border' rather than a change in title or control. Germany, therefore, should have reported the arms from Serbia having crossed its borders.

Likewise, Serbia reported the export of 900 assault rifles and two 'mortars of calibres less than 75mm' to Romania, which did not report any import from Serbia. Serbia mentioned under 'comments' that the end user for these transfers was a US military base in Romania. Though, as above, the transferred arms were presumably owned and controlled by the United States, Romania defined imports in its 2016 Annual Report as the 'Physical transfer of items across a national border' along with 'Transfer of title' and 'Transfer of control'. This definition should have prompted Romania to report all arms transfers moved into the country from abroad.

DIFFERENT DEFINITIONS OF SMALL ARMS

A small number of States Parties that provided details of national definitions of arms in their 2016 Annual Reports stated that they only report on small arms made for military use, such as sub-machine guns, and exclude recreational firearms, such as sporting shotguns.

14 See Small Arms Survey (2011). 'Research Note 8: Less-lethal Weapons'. July 2011. <http://www.smallarmssurvey.org/about-us/highlights/highlight-less-lethal-weapons.html>.

This year's analysis shows that other States Parties have similarly not reported on pistols, revolvers and sporting shotguns or rifles. The explanation for discrepancies concerning definitions is that one State Party may have reported the export of a certain type of small arms that was not covered by the importer's definition (or vice versa).

For example, Switzerland and the Netherlands respectively reported the import of 4,687 and 863 revolvers and self-loading pistols from Germany, neither of which was reported as exports by Germany. The explanation for this discrepancy can be found in the national definition given in Germany's 2016 Annual Report, which includes 'small arms and accessories specially designed for military use', along with a note in the report which specifically states that 'revolvers and self-loading pistols are not covered by the national definition of Small Arms and Light Weapons'.

There is also a case concerning weapons categorized as 'less lethal'.¹⁴ Switzerland reported the export of 4,181 'hand-held under-barrel and mounted grenade launchers' to France, 125 to Ireland, and 101 to Poland, using the description column to mention that these weapons were 'less lethal'. None of these was reported by the importing states. This may be due to these three States Parties not including 'less lethal' arms in their reports.

DIFFERENT DEFINITIONS OF MAJOR CONVENTIONAL WEAPONS

Discrepancies can also arise when States Parties use different definitions of major conventional weapons. For example, the Czech Republic reported the export of 110 armoured combat vehicles to Bulgaria under category II, while Bulgaria reported the import of 110 units of large-calibre artillery systems under category III. Bulgaria described the import as 'BMP' in the comments section, referring to a type of armoured combat vehicle.

WEAPON TYPES, ENTREPÔT TRADE AND ERROR

There are three further possible explanations for discrepancies that are not immediately apparent from information provided by States Parties in Annual Reports. First, when States Parties base their definitions of export and import on arms physically crossing borders, then discrepancies could arise from what is known as entrepôt trade.¹⁵ This occurs when arms are

shipped to a trading hub before being re-shipped to a different destination. This happens most often when States Parties base their reports on customs data and may record arms being moved in and out of trading hubs instead of the ultimate exporting or importing country (which may report the transfer in a different way). Second, it is possible that States Parties categorize weapons differently. For example, an assault rifle is commonly assumed to function as fully automatic rifles, though in some cases semi-automatic rifles may be defined as such, as they otherwise resemble fully automatic rifles. Likewise, some States Parties may classify assault rifles with folding stocks as being sub-machine guns while others may not. Lastly, human error may account for some differences between export and import reports.

CONCLUSION

It is important for States Parties to provide clear information in Annual Reports. There are failings in transparency when reports do not say what weapons are going where and in what quantities. Transparency is essential in assisting States Parties in their risk assessment under Articles 6 and 7 of the ATT and for making sure efforts are in place to mitigate potential risks involved.

The analysis here shows that some States Parties submitted Annual Reports in 2016 that did not contain accurate and comprehensive information. Some of the notable discrepancies include the use of different reporting templates, not providing clarification on certain transfers and not being clear with 'nil' reports. Comparison of all available data reveals that typically a large majority of the exports reported by a country have not been reported by the importing country claimed by the exporter. There is a great need to improve conformity in reporting standards.

Apart from the explanations for the widespread discrepancies, the main conclusion remains the same as in last year's report – States Parties reported exports and imports in different ways, as most have developed their own national transfer-control and record-keeping system. Possible solutions include encouraging States Parties to follow the ATT reporting template, reporting on both authorization and actual transfers, and providing as much additional information as possible on transfers within the ATT template (for example, by using the 'comments' section or annexes). Transparency and reporting are essential to the effective implementation of the ATT.

¹⁵ Control Arms Secretariat (2017). 'ATT Monitor 2017'. 11 September 2017. https://attmonitor.org/en/wp-content/uploads/2017/09/EN-ATT_Monitor-Report-2017_ONLINE-1.pdf, pg. 45.

**AN M1126 STRYKER COMBAT VEHICLE
AND AH-64 APACHE HELICOPTER
MOVE FORWARD TO SECURE AN AREA
DURING A MULTINATIONAL TRAINING
EVENT AT BEMOWO PISKIE TRAINING
AREA, POLAND.**

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