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**SUMMARY:**

Transparency is essential for effective congressional and public oversight of the arms trade, and the US government is widely (and rightly) praised for its reporting on arms exports. Yet there is also significant room for improvement. Reporting on US arms exports and international arms transfers funded or authorized by the US government is often incomplete, unclear and hampered by overly aggregated data. The Obama Administration is clearly committed to improving transparency in government. Whether this commitment will translate into meaningful improvements in data on the arms trade remains to be seen. This issue brief provides eight recommendations for improving transparency in US arms transfers. Implementing these recommendations would correct many of the problems with current reporting practices.

## Eight Recommendations for Improving Transparency in US Arms Transfers

Transparency is essential for effective congressional and public oversight of arms exports. Without complete and accurate data on the quantity, type and recipients of exported defense articles and services, it is impossible to assess the extent to which arms transfers further national security and foreign policy. The US is widely recognized as one of the most transparent arms exporting countries in the world, and rightly so; few governments routinely publish as much data on arms transfers as the US government. Yet there is also significant room for improvement. Reporting on US arms transfers is often incomplete, unclear, and hampered by overly aggregated data. This is particularly true of information released to the public. The Obama Administration is clearly committed to improving transparency in government.<sup>1</sup> Whether this commitment will translate into meaningful improvements in data on the arms trade remains to be seen.

Below are eight recommendations for improving reporting on US arms transfers, many of which could be implemented at little or no cost. The first five recommendations focus on the *Annual Military Assistance Report*, also known as the “Section 655 report.” Section 655 of the Foreign Assistance Act requires the compilation of an annual report on

weapons and other defense technology exported by the US.<sup>2</sup> It includes data on deliveries of items sold through the Foreign Military Sales (FMS) program, licenses issued for commercial sales, items authorized and furnished through the Excess Defense Articles Program, and Drawdown Assistance. This report is among the most detailed and comprehensive sources of data on US arms exports available to the public, yet it suffers from several significant shortcomings that limit access to – and the utility of – the data in the report. The first five recommendations would address many of these shortcomings. The final three recommendations address gaps in data on certain programs and authorities (Recommendation #6), highlight the need for an overhaul of congressional notification requirements for major arms sales (Recommendation #7), and call for annual submissions of data on transfers of small arms and light weapons to the UN Arms Register (Recommendation #8).

<sup>1</sup> See “Promoting Transparency in Government,” <http://www.whitehouse.gov/blog/2009/12/08/promoting-transparency-government>.

<sup>2</sup> Activities reportable under title V of the National Security Act of 1947 are explicitly excluded.

**Recommendation 1: Publish detailed delivery data on commercial arms sales in the Section 655 report**

The Section 655 report provides disaggregated data on licenses issued for commercial arms exports but not on orders placed – or deliveries made against – those licenses. To its credit, the State Department recently began publishing annual aggregate dollar values of deliveries by country, but this data is of limited utility as it reveals nothing about the type and quantity of exported weapons. Detailed data on commercial sales agreements and deliveries should be routinely included in the Section 655 report. Minimally, this data should be broken out by country and commodity, and should specify the total number of units exported.

**Recommendation 2: Revise the commodity categories used in the Section 655 report so that they are clear, consistent, narrow and specific**

Many of the current commodity categories used in the Section 655 report are vague and overly broad. Other categories aggregate data on several different commodities, or on similar items with vastly different capabilities and characteristics. For example, in Part I of the State Department’s report on commercial arms sales, the category labeled “Category III: Ammunition/Ordnance” combines data on licenses issued for items ranging from cartridges for .22 caliber rifles to 120 mm mortar rounds. Similarly, the Defense Department’s section on FMS contains commodity categories with labels such as “other services” and “other supplies.” The commodity categories in the Section 655 report should be systematically reviewed and revised. A good first step would be to base the commodity categories for commercial sales on DDTC’s Commodity Codes rather than USML sub-categories.

FOR OFFICIAL USE ONLY		
DSCA SECURITY ASSISTANCE SALES		
DETAILED DELIVERIES FOR FISCAL YEAR 2008		
AFGHANISTAN		
CL CATEGORIES/DESCRIPTION	FY 2008 QUANTITY	VALUE
U OTHER COMMUNICATIONS EQP	0	56
TOTAL COM EQPT (+ SP)	0	56
U CONSTRUCTION	0	15,459
TOTAL CONSTRUCTION	0	15,459
U OTHER SUPPLIES	0	1,293
TOTAL OTHER EQPT(+ SP)	0	1,293
U OTHER SERVICES	0	4,298
U TECHNICAL ASSISTANCE	0	730
TOTAL OTHER SERVICES	0	5,028
U LOGISTICS MGMT EXPENSES	0	572
U SUPPLY OPERATIONS	0	7
TOTAL SUPPLY OPER	0	580
U TRAINING	0	147
TOTAL TRAINING	0	147
U SPARES, VEHICLE & SUPPORT	0	3
TOTAL VEH + WPHS (+ SP)	0	3
<b>TOTAL AFGHANISTAN</b>		<b>22,564</b>

Source: Section 655 Report for Fiscal Year 2008

**Recommendation 3: *Convert the Section 655 report into an online database***

Through its Open Government Initiative, the Obama Administration is urging government agencies to publish high-value information "...in the most accessible forms and formats."<sup>3</sup> The Departments of State and Defense should heed this call by converting the data normally published in the public (redacted) version of the Section 655 report into an online database that is cumulative and is searchable by recipient country, commodity and other criteria.<sup>4</sup> An online, searchable database would allow congressional staff, journalists and private researchers to instantly pull up all data on arms transfers to a particular country or region for multiple years, or identify all of the recipients of a particular defense article or service. Using the Section 655 report's current (PDF) form, such research can take hours as each year's report is individually opened, key word searches conducted, and data is individually copied and pasted into a spreadsheet.

**Recommendation 4: *Automatically prepare and release a public version of the data on Foreign Military Sales, Excess Defense Articles and Emergency Drawdowns in the Section 655 report***

Currently, only the State Department automatically prepares and releases a public version of its contribution to the Section 655 report. Redacted versions of the Defense Department's sections are released only in response to annual Freedom of Information Act requests filed by the Federation of American Scientists (FAS).<sup>5</sup> The processing time for FOIA requests is usually several months, during which the public is deprived of the data. In response to the Obama Administration's call for the "...proactive[e] use modern technology to disseminate useful information, rather than waiting for specific requests under FOIA,"<sup>6</sup> the Defense Department should routinely post its contribution to the Section 655 report on the Defense Security Cooperation Agency's website – in redacted form if necessary and preferably as an online, searchable database – shortly after it is delivered to Congress.

**Recommendation 5: *Revise the Section 655 report to make it more clear and user-friendly***

In its current form, the Section 655 report is often difficult to interpret and understand. The public (redacted) version of the Defense Department's report on Foreign Military Sales provides little background information and no detailed methodological overview. The State Department's section of the report contains a brief overview, but additional information would be helpful. A detailed overview and methodology section for the Defense Department's contributions to the Section 655 report should be added, and the overview section of the State Department's contribution should be expanded. Minimally, the overview and methodology sections should include the following:

- (a) A list of all programs and authorities reflected (and not reflected) in the data.
- (b) A list of any reporting exemptions or gaps, including all commodities and/or recipients for which data is missing or excluded.

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<sup>3</sup> See "Memorandum for the Heads of Executive Departments and Agencies," Executive Office of the President, Office of Management and Budget, M-10-06, 8 December 2009, p. 8.

<sup>4</sup> Recognizing the value of such a database, the Senate included a provision to the Security Assistance Act of 2008 requiring that unclassified portions of the 655 report be made available to the public "...in the form of a database that is available via the Internet and that may be searched by various criteria (See Section 114 of S3563).

<sup>5</sup> A DSCA official told the Federation of American Scientists that, as far as she knows, the only publicly available copy of the Defense Department's contribution to the Section 655 report is the redacted version obtained by the FAS each year under FOIA.

<sup>6</sup> "Memorandum for the Heads of Executive Departments and Agencies," p. 2.

- (c) A detailed explanation of the process used to collect and compile the data, and to check it for accuracy.
- (d) A comprehensive list of terms and definitions.
- (e) A detailed list of all items included under each commodity category.

***Recommendation 6: Report annually on ALL international arms transfers exported from the US or funded by the US government***

Currently, publicly available data on international arms transfers funded by or authorized under certain US government programs and authorities is incomplete or difficult to find and compile. These reporting gaps hinder public and congressional oversight of US arms transfers. With the exception of classified and other extremely sensitive arms transfers, data on all defense articles exported from the US, or purchased with US government funds, should be compiled at least annually and made available to the public, either as part of the Section 655 report or as a separate report. Minimally, the data should be disaggregated by importing country and commodity, and should identify the type, model and quantity of transferred items.

***Recommendation 7: Revise the congressional notification requirements in Section 36 of the Arms Export Control Act***

While important, the process by which Congress is notified of major arms sales<sup>7</sup> is in need of an overhaul. Many of the current notifications are of little interest to lawmakers or the public, and other sales that fall below the dollar value thresholds may be of significant interest. Under the current requirements in Sections 36(b) and 36(c) of the Arms Export Control Act, the Defense Department must notify Congress of a potential sale of MRAP (Mine Resistant Ambush Protected) vehicles to the United Kingdom, but a potential sale of 1000 M72 anti-tank rockets to a non-NATO country probably would not require a notification. These thresholds should be modified to reflect today's threat environment and foreign policy goals. However, recent proposals for amending Section 36 simply raise dollar value thresholds; they do little to improve congressional and public oversight of transfers of sensitive items that fall below current or future thresholds. A more nuanced and balanced approach is needed.<sup>8</sup>

***Recommendation 8: Submit data on international transfers of small arms and light weapons to the UN Register of Conventional Arms***

Nearly 50 states submitted information on transfers of small arms and light weapons to the UN Register in 2007. These submissions provide valuable information on arms flows from secretive exporting states, such as China, which arm abusive dictators and other problematic recipients. Greater participation by UN member states in the UN Arms Register would make it increasingly difficult for countries like China to hide their arms transfers, with obvious benefits for US foreign policy. Yet the US government currently does not submit its own data on small arms transfers to the UN Register. This policy is puzzling, especially since fairly detailed data on some US small arms transfers is already made available to the public through the Section 655 report and online summaries of congressional notifications. The US should submit detailed data on transfers of small arms and light weapons to the UN Arms Register.

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<sup>7</sup> See Sections 36(b) and 36(c) of the Arms Export Control Act.

<sup>8</sup> One possible approach is to lower thresholds to \$1 million for potential sales of Major Defense Equipment to countries other than NATO members, Japan, Australia, and New Zealand.

Minimally, this data should identify the type, model and quantity of all transferred items, along with the origin and destination country.

## About the Author

**Matt Schroeder** is the Manager of the Arms Sales Monitoring Project. Since joining FAS in February 2002, he has written more than 80 books, articles and other publications on US arms transfers, arms export policies, and the illicit small arms trade. He is a co-author of the book *The Small Arms Trade* (Oxford: Oneworld Publications, 2007) and is the editor of *Missile Watch*, an online e-newsletter that tracks the illicit proliferation and use of man-portable air defense systems (MANPADS). He is a consultant for the Geneva-based Small Arms Survey and is coordinating a multi-year assessment of the authorized international trade in small arms and light weapons for the Survey.