

REPORT ON FINNISH ARMS CONTROL IN 2014

EXECUTIVE SUMMARY OF 'SUOMEN ASEVALVONTARAPORTTI 2015.'

Finnish arms trade is growing rapidly. In the last two years, arms trade was worth over 220 million euros annually. Cooperation between different Finnish authorities in granting export licenses is becoming more vital.

SaferGlobe Research Network's seventh annual report on Finnish arms exports (published on October 26th, 2015) reveals potential shortcomings in the Finnish arms export controls, discusses several case studies demonstrating weaknesses related to international arms transfers, and introduces for the first time an analysis of arms imports to Finland.

SHORTCOMINGS IN ARMS EXPORT CONTROL

The main shortcomings in the Finnish arms export control system were insufficient reporting regarding exports of civilian firearms and the division of responsibilities among several public authorities. For example, the Ministry of Defence (MOD) issues export licenses for military goods whereas export licenses for civilian firearms are issued by the National Police Board. The National Police Board, however, does not report the monetary value of the licensed goods nor does it report the actualised exports.

A comparison between the Finnish and other Nordic states' arms export control mechanisms revealed common shortcomings. Particularly, the end-use of the arms exports is not currently systematically controlled or reported. On-site inspections and verifications to ensure that the actual end-use complies with the end-use certificate take place rarely and only in some countries. Additionally, obligations to restrict the re-export of the arms are not always being included in the export licenses. The absence of restrictions on re-export helps enable the proliferation of Nordic arms to conflict areas.

INCREASING EXPORTS OF ARMS AND DUAL-USE GOODS IN 2014

The value of Finnish arms exports has risen considerably in the years 1999–2014. The five-year average from 1999 to 2003 was about 41 million euros in exports annually. In contrast, the five-year average from 2010 to 2014 was 144 million euros annually. The last two years marked high points in the exported value of arms with 224 and 223 million euros respectively. At the same time, the export of dual-use goods increased as well. In 2014, the total number of granted dual-use goods export licenses was 673 marking a near doubling from the previous year (2013) when 374 licenses were granted and a considerable increase from the 434 export licenses granted in 2012.

About half of the arms exports in 2014 consisted of the export of armoured vehicles to Sweden. Other exports included, notably, several shipments to the Middle East. Several deals with Persian Gulf countries were also under negotiations during 2014.

CASE STUDIES REGARDING FINNISH ARMS EXPORTS

The report includes five case studies. These case studies are i) exports to the Persian Gulf area; ii) an export to Brunei; iii) denial of licenses to Thailand, iv) illegal transshipments of military goods and v) an export license to Ukraine. These demonstrate different weaknesses in current arms export control as well as highlight central questions of arms export policy.

According to the EU's Common Position on arms export controls, exporting countries should regard the human rights situation (criterion two of the Common Position) when considering whether to grant the export license.

Despite this common position, Finland issued several export licenses to the Persian Gulf in 2014. The United Arab Emirates received six Patria Nemo Advanced Mortar Systems, which were fitted on Swedish-designed Ghannatha multirole combat vessels. Ruukki received a license to export 500 tonnes of Ramor 500 protection steel to Saudi Arabia and another 50 tonnes of protection steel to the United Arab Emirates. The shipment of 32 Patria Nemo Advanced Mortar Systems to Saudi Arabia began in 2014 (the license was issued in 2011). These mortar systems are to be fitted in Canada on LAV-2 armoured vehicles before being delivered to the end user. This last example has received considerable attention in Finland due to Saudi Arabia's poor human rights record and its military intervention in Yemen.

Despite criticism, Finnish arms deals with Saudi Arabia are likely to continue. In June 2015, the Finnish Ministry of Defence signed a memorandum of understanding with the Saudi Arabian MOD regarding co-operation in defence materials.

Similar human rights concerns can be raised with Brunei under the rule of Sultan Haji Hassanal Bolkiah. Despite potential concerns, the Finnish company Boomeranger Boats exported five rigid inflatable boats to Brunei in a deal valued at more than two million euros. The large value of the deal meant that the export license was issued by the Finnish government, and the deal itself thus approved of by the government.

In October 2014, Finland denied two export licenses to Thailand due to the military coup in May. The human rights situation in Thailand had had deficiencies for years already. The security situation in the country deteriorated in 2013, as demonstrators streamed the streets in Bangkok in order to protest against the Thai government. The change of export policy raises the question whether licenses should have been denied earlier since the unstable political situation was apparent already in late 2013. Another question is whether Finland should have revoked licenses granted in January 2014, before the military coup.

In 2014, the CEO of the Finnish company C.P.E. Productions was found guilty of illegal re-export of 50 US-manufactured night vision devices to Spain. The case reveals several

peculiarities. The most notable question is why these devices were shipped to Finland in the first place. In another case in 2014, an illicit shipment from Vietnam to the Ukraine consisting of air-to-air missile seekers was intercepted in Finland.

In spring 2015, the Russian foreign ministry criticised Finland for granting an export license for a thousand laser range finders to a Ukrainian private company. The first exports, this time two range finders, took place already in 2014. The Russian criticism was seen by Finnish Ministers of Defence and Foreign Affairs as odd and out of place as the range finders were not considered weapons. However, the receiving Ukrainian company Thermal Vision Technologies seems to market similar and various other devices for military purposes.

DEFENCE PROCUREMENT FROM ISRAEL RAISES ETHICAL QUESTIONS

The Finnish national budget for defence procurement in 2014 amounted to 428 million euros, which was 230 million euros less than in the previous year 2013. According to the Stockholm International Peace Research Institute (SIPRI), the main suppliers to Finland were USA, France, Norway, Sweden and Italy. In 2014, the emphasis in imports to Finland was on air defence systems. In addition to price, other important factors influencing the procurement decisions are NATO-compatibility and co-operation with other EU and Nordic countries.

An example of Nordic co-operation in defence procurement is the Finnish deal with the Israeli company Fibrotex Ltd. on advanced multispectral camouflage systems. Fibrotex is an important supplier of the Israeli armed forces and can be seen as supporting the Israeli arms industry. The deal included an option for Denmark to buy the same system for the same price. Ethical questions are to be considered a vital part of defence coordination. Fibrotex is an important supplier of the Israeli armed forces. The deal with Fibrotex can be seen as supporting the Israeli arms industry, which may be considered problematic because of the on-going conflict with the Palestinians and the allegations of human rights violations by Israeli armed forces.