

European Communities

---

EUROPEAN PARLIAMENT

# Working Documents

1983 - 1984

---

27 June 1983

DOCUMENT 1-455/83

REPORT

drawn up on behalf of the Political Affairs Committee

on arms procurement within a common industrial policy  
and arms sales

Rapporteur: Mr Adam FERGUSON

PE 78.344/fin.



The European Parliament referred the following motions for resolution tabled pursuant to Rule 47 of the Rules of Procedure to the Political Affairs Committee as the committee responsible:

- on 26 September 1979, the motion for a resolution tabled by Mr Druon and others on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-340/79);
- on 26 September 1979, the motion for a resolution tabled by Mr Jaquet and others on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-350/79);
- on 26 September 1979, the motion for a resolution tabled by Mr Marchais and others on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-352/79);
- on 27 September 1979, the motion for a resolution tabled by Mr Fergusson and others on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-357/79);
- on 21 May 1980, the motion for a resolution tabled by Mr Ghergo and others on the protection of the civilian population against possible attacks by atomic, chemical or bacteriological weapons (Doc. 1-169/80/rev.);

On 4 May 1981, the European Parliament authorized the Committee on the Environment, Public Health and Consumer Protection to draw up an opinion on this motion for a resolution.

- on 26 June 1980, the motion for a resolution tabled by Mr Lomas and others on arms sales to third world countries (Doc. 1-262/80);
- on 6 July 1981, the motion for a resolution tabled by Mr Vandemeulebroucke on the supply of Belgian military equipment to Uruguay (doc. 1-354/81);
- on 17 February 1982, the motion for a resolution tabled by Ms Clwyd on the use and production of chemical weapons (Doc. 1-1026/81);
- on 16 June 1982, the motion for a resolution tabled by Mr d'Ormesson and others on the need to provide better civil defence for the peoples of Europe (Doc. 1-356/82).

This motion for a resolution was also referred to the Committee on the Environment, Public Health and Consumer Protection for its opinions.

- on 15 December 1982, the motion for a resolution tabled by Mr Vandemeulebroucke on the arms trade (Doc. 1-1017/82);
- on 16 December 1982 the motion for a resolution tabled by Sir Peter Vanneck and Mr Fergusson on cooperation between the Assembly of the Western European Union and the European Parliament (Doc. 1-1050/82).

At its meeting of 18 and 19 December 1979, the Political Affairs Committee decided to draw up a report on:

- armaments procurement within a common industrial policy,
- sales of arms,
- institutional matters,
- protection of the peoples of the European Community against atomic, bacteriological and chemical weapons.

On 23 January 1980, Mr Fergusson was appointed rapporteur.

The European Parliament authorized:

- on 11 October 1982, the Committee on Economic and Monetary Affairs,
- on 10 January 1983, the Committee on External Economic Relations

to draw up an opinion on this report.

The Political Affairs Committee considered an initial draft report on these matters at its meeting of 19 and 20 October 1982.

At its meeting of 29-30 November and 1 December 1982, it decided to submit a report on the first two items mentioned above namely arms procurement within a common industrial policy and arms sales.

This draft report was considered at the meetings of 19-21 January 1983, 14-16 March 1983 and 13-14 June 1983. At the last of these meetings the motion for a resolution as a whole was adopted by 21 votes to 13.

The following took part in the vote: Mr Rumor, chairman; Mr Beyer de Ryke (deputizing for Mr Haagerup), Mr Bournias, Mr Calvez (deputizing for Mr Donnez), Mrs Charzat (deputizing for Mr Jaquet), Mr De Pasquale (deputizing for Mr Pajetta), Mr Deschamps, Mr Gawronski (deputizing for Mr Berkhower), Mrs Gredal, Mr Habsburg, Mr Hänsch, Mr Hammerich, Lord Harmar-Nicholls (deputizing for Lord O'Hagan), Mr von Hassel, Mr van den Heuvel, Mr Klepsch, Mr Lalor, Mrs Lenz, Mr Ligios (deputizing for Mr Antoniozzi), Mr Macario (deputizing for Mr Penders), Mr de la Malène, Mr Moorhouse (deputizing for Lord Bethell), Mr d'Ormesson, Mr Piquet, Mr Plaskovitis, Mr Prag (deputizing for Lady Elles), Sir Brandon Rhys Williams (deputizing for Mr Fergusson), Mr Schall, Mr Schieler, Mr K. Schön (deputizing for Mr Barbi), Sir James Scott-Hopkins, Sir Peter Vanneck (deputizing for Mr Newton Dunn), Mr Walter and Mr Zagari.

The opinions of the Committee on Economic and Monetary Affairs and the Committee on External Economic Relations are attached; the Committee on the Environment, Public Health and Consumer Protection does not intend to deliver an opinion.

This report was submitted on 20 June 1983.



## C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION .....	5
B. EXPLANATORY STATEMENT .....	9

## A N N E X E S

Annex I : List of 18 items of equipment presented by the US to the IEPG .....	32
Annex II : Table showing rank order of arms exporters .....	34
Annex III : MOTION FOR A RESOLUTION tabled by Mr Druon and others, on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-340/79) .....	36
Annex IV : MOTION FOR A RESOLUTION tabled by Mr Jaquet and others, on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-350/79) .....	37
Annex V : MOTION FOR A RESOLUTION tabled by Mr Marchais and others on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-352/79) .....	38
Annex VI : MOTION FOR A RESOLUTION tabled by Mr Fergusson and others, on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-357/79) .....	39
Annex VII : MOTION FOR A RESOLUTION tabled by Mr Ghergo and others, on the protection of the civilian population against possible attacks by atomic, chemical and bacteriological weapons (Doc. 1-169/80/rev.) .....	40
Annex VIII : MOTION FOR A RESOLUTION tabled by Mr Lomas and others, on arms sales to third world countries (Doc. 1-262/80) ....	42
Annex IX : MOTION FOR A RESOLUTION tabled by Mr Vandemeulebroucke on the supply of Belgian military equipment to Uruguay (Doc. 1-354/81) .....	43
Annex X : MOTION FOR A RESOLUTION tabled by Ms Clwyd concerning the use and production of chemical weapons (Doc. 1-1026/81)' ...	44
Annex XI : MOTION FOR A RESOLUTION tabled by Mr d'Ormesson and others, on the need to provide better civil defence for the peoples of Europe (Doc. 1-356/82) .....	45
Annex XII : MOTION FOR A RESOLUTION tabled by Mr Vandemeulebroucke on the arms trade (Doc. 1-1017/82) .....	48
Annex XIII : MOTION FOR A RESOLUTION tabled by Sir Peter Vanneck and Mr Fergusson on cooperation between the Assembly of the Western European Union and the European Parliament (Doc. 1-1050/82) .....	49

O P I N I O N S

Page

I.	- OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS .....	52
II.	- OF THE COMMITTEE ON EXTERNAL ECONOMIC RELATIONS .....	59



The Political Affairs Committee hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on arms procurement within a common industrial policy and arms sales

The European Parliament,

- having regard to the following motions for resolution:
  - the motion for a resolution tabled by Mr DRUON and others, on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-340/79);
  - the motion for a resolution tabled by Mr JAQUET and others, on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-350/79);
  - the motion for a resolution tabled by Mr MARCHAIS and others, on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-352/79);
  - the motion for a resolution tabled by Mr FERGUSON and others, on Community armaments procurement programmes within the framework of industrial policy (Doc. 1-357/79);
  - the motion for a resolution tabled by Mr Ghergo and others, on the protection of the civilian population against possible attacks by atomic, chemical and bacteriological weapons (Doc. 1-169/80/rev.);
  - the motion for a resolution tabled by Mr LOMAS and others, on arms sales to third world countries (Doc. 1-262/80);
  - the motion for a resolution tabled by Mr VANDEMEULEBROUCKE on the supply of Belgian military equipment to Uruguay (Doc. 1-354/81);
  - the motion for a resolution tabled by Ms CLWYD concerning the use and production of chemical weapons (Doc. 1-1026/81);
  - the motion for a resolution tabled by Mr d'ORMESSON and others, on the need to provide better civil defence for the peoples of Europe (Doc. 1-356/82);
  - the motion for a resolution tabled by Mr VANDEMEULEBROUCKE on the arms trade (Doc. 1-1017/82);
  - the motion for a resolution tabled by Sir Peter VANNECK and Mr FERGUSON on cooperation between the Assembly of the Western European Union and the European Parliament (Doc. 1-1050/82),

- having regard to the report of the Political Affairs Committee and to the opinions of the Committee on Economic and Monetary Affairs and the Committee on Economic and External Relations (Doc. 1-455/83),

- (I)
- A. recalling its resolution of 14 June 1978 on European armaments procurement<sup>1</sup>;
  - B. recalling the Greenwood report on a policy for promoting defence technology cooperation among Western European countries, transmitted to Parliament by the Commission in December 1980;
  - C. noting the results achieved by the Independent European Programme Group (IEPG) concerning armaments production cooperation;
  - D. noting that defence purchasing is the single most important field where action is required to ensure that European industries, especially in the area of information technology, shall be able not only to compete with US and Japanese firms but shall also be able to strengthen Europe's own defence capability;

Calls upon the Council, as concerns conventional armaments procurement within a common industrial policy

- 1. To encourage Member governments taking part in the work of the IEPG to give its Panel I - concerned with equipment planning - the functions of a European Defence Analysis Bureau which would serve as a clearing house for information on defence needs and military production capabilities, identifying collaborative procurement possibilities and analysing the options available;
- 2. To approve the eighty directives that relate to the internal market and to technical barriers to trade;
- 3. To urge those Member governments taking part in the work of the IEPG:
  - (a) to replace bilateral Memoranda of Understanding between the individual members of the Atlantic Alliance by Memoranda in which the European participants act collectively vis-à-vis the US and Canada;
  - (b) to develop dual production programmes, under which European consortia would produce US-designed equipment and the US would produce European designed equipment, through the enlargement of the present IEPG list of sets of equipment suitable for production in this way;and

<sup>1</sup> KLEPSCH report (Doc. 83/78), OJ No. C 163, 10.7.1978

- (c) to attempt to reach an agreement between the US and the IEPG aimed at the development of types and groups of weapons, which together with the points suggested above, would strengthen the so-called triad approach;

**Calls upon the Commission, as concerns the same subject**

1. to ensure that the market for all defence contractors operates smoothly by
  - a) extending the principle of the Second Supplies directive, relating to public procurement, into the defence contracts field;
  - b) removing the many barriers to trade resulting from differing standards and from national testing and certification procedures;
  - c) continuing to put forward proposals and securing agreement on measures to improve the operation of the internal market;
2. to continue its work on fundamental research and development in the Joint Research Council having particular regard to the requirements of the defence sector, as defined by the IEPG, as well as to those of Europe's overall technological base, viz. ESPRIT (European Strategic Programme of Research on Information Technology);
3. to increase its efforts towards joint European research in areas involving a particularly large degree of innovation;
4. to carry out research into the areas of technology which could most usefully be developed in Western Europe, possibly also in cooperation with Japan and the USA;
5. to develop a programme concerning computer-aided design and manufacturing systems and artificial intelligence;
6. to promote research, financed by the Community, into the development of advanced software, and to investigate ways and means of bringing together companies from different Community countries in collaborative research and development projects;
7. to report annually, in writing, to the European Parliament on the action taken to implement this resolution.

(II)

- A. considering the continuing differences between the national arms sales policies of the Member States of the European Community;
- B. considering the need for the Member States of the European Community to agree on fundamental principles governing their arms exports to third countries;
- C. recognizing that arms sales policies pursued individually by some Member States without regard to the common interest or the interests and policies of others may lead to instability or war elsewhere in the world;
- D. believing that competitive arms sales outside the Alliance could be limited to those politically desirable or justifiable if a coherent Community procurement policy were established;
- E. recognising that arms sold by Member States have, in some cases been used for aggressive and oppressive purposes;
- F. recognising the enormous economic cost and the dangers to security caused by competitions to acquire armaments in the Middle East, Latin America, Asia and Africa, where local conflicts are sometimes exacerbated by super-power intervention and promoted by competitive arms sales;

Calls upon the Council, at the level of the Ministers of Defence and otherwise, as concerns arms sales

1. to establish rules governing the export of arms from Member States to third countries;
2. to agree on the restrictions to be placed on the export to certain third countries of specified types of arms;
3. to keep these restrictions continually under review.

o

o o

4. Instructs its President to forward this resolution to the Ministers of Foreign Affairs of the Community Member States meeting in political cooperation and to the Council and to the Commission.

## EXPLANATORY STATEMENT

### I. Armaments Procurement within a Common Industrial Policy

1. On 14 June 1978 the European Parliament adopted a resolution accompanying the Klepsch report, on European Armaments Procurement, which called "on the Commission to submit to the Council in the near future a European action programme for the development and production of conventional armaments within the framework of a common industrial policy."

2. In response to Parliament's resolution and the Klepsch report, the Commission asked the Director of the Centre for Defence Studies at Aberdeen, Mr David Greenwood, to prepare a report on a policy for promoting defence technological cooperation among West European countries. This report was transmitted to the European Parliament by the Commissioner, Viscount Davignon, in December 1980 with a covering note on industrial policy and defence matters.

3. The Greenwood report took the Klepsch report as its starting point, then analysed the general problem of armaments procurement cooperation and concluded with a number of proposals. Its underlying philosophy is that "rather than striving to devise elaborately integrated arrangements for the demand and supply sides of the European defence market, the policy emphasis should be on formally separate but concerted efforts to obtain the military and industrial benefits sought".

4. One of its main conclusions is that there is a reasonably close correlation between the defence purchases of the Nine and their output or sales. Quoting from a previous study of which Mr Greenwood was co-author the report considers that : "If the aggregate demand were coordinated ... and the research, development and manufacturing capacities which constitute the EEC production potential could be similarly coordinated, military needs might be satisfied more efficiently and more effectively (or both)". As opposed to the "grand institutional innovation approach" of the Klepsch report, the Greenwood report proposed two alternatives. One was the pursuit of "separate but concerted" moves towards the desired ends. The other was to attempt modest institutional innovation, evolutionary rather than radical in character. According to Greenwood, the most useful actions to promote the necessary military/industrial developments would be based on (a) greater and more systematic encouragement of case-by-case collaboration in defence procurement and production; and (b) more energetic exploitation of public contracts to promote in the EEC a sound and balanced structure of high technology industries.

5) The Greenwood report concludes that there are two main institutional requirements :

- (1) a European Defence Analysis Bureau. This would serve as a clearing house for information on defence needs and military productive capabilities. It would help to identify collaborative procurement possibilities, and would independently analyse the options open.
- (2) A European Public Procurement Task Force. This would contrive the most effective use of Governments' purchasing power in civil and military matters in order to maintain and sustain a high technology base.

6) Greenwood defines the purpose of the former of these bodies as being to make sure that, in the defence field, "no opportunity for cooperative procurement goes unidentified and no collaborative programme option is rejected on the basis of merely intuitive or impressionistic assessment of its merits." The aim of the latter "would be to define the arrangements necessary to ensure that with the furtherance of industrial policy objectives in mind, no civil or military public procurement choice is made without explicit attention to those objectives."

7) It is somewhat suprising that the Greenwood report rejects two of the main aims underlying the Klepsch report : the reduction of financial waste caused by overlapping research and development costs; and the achievement of greater military efficiency in trying to rationalise or make inter-operable the very varied types of equipment used by the armed forces of European states and by Canada and the United States.

8) In a speech made at St. Andrew's University on 14 May 1981, Mr Tugendhat, Vice-President of the Commission, set out a number of suggestions which complemented the Klepsch and Greenwood reports. In particular Mr Tugendhat suggested that within Community industrial policy as a whole (not merely that of arms procurement) : "There is considerable scope for the procurement programmes of the ten governments to be established on the basis of common criteria with complementary objectives and open to companies from all Member States. Obviously they would not all be the same. Their scale and interests are too diverse. But they should be designed and regulated in such a way as to secure benefits for the industries concerned on a Europe-wide basis. The achievement of this aim will require careful negotiation as each Member State must feel that in opening up its own market it is securing commensurate opportunities for its national companies in others."

9) In an outspoken passage of his speech Mr Tugendhat stated : "The Community has responsibilities in the industrial field, for example on industrial policy generally, on state aids to industry, and on research in certain areas of high technology. The Commission has within its services a supply of expertise and experience in some of these areas. Could not this expertise and these responsibilities be of relevance to European cooperation in the defence industries as well as in the civil industries?"

10) "Governments and parliaments rightly look to the Commission to be active in the industrial field. If we are to develop European industry, particularly the modern high technology industries, on a Community-wide basis in order to be able to hold our own against American and Japanese competition, then we must accept that the defence and defence-related industries will be involved as well. We cannot draw an artificial line between the civilian and defence industrial sectors".

11) Mr Tugendhat concluded : "If ... we succeed in restructuring the budget to reflect the new priorities of the 1980's, and if we can put into effect common policies for maintaining Europe's industrial competitiveness, then there may well be gains in terms of cost effectiveness and rationalisation in the defence field too .... we need to accept that there is a Community dimension to Europe's defence, particularly defence industrial problems, and we should not allow preconceived institutional constraints to prevent us from seeking the most cost-effective and politically natural means of tackling them."

a) The Independent European Programme Group

12) These remarks are highly relevant to the latest developments in armaments procurement within the Western world - particularly to moves within the Independent European Programme Group (IEPG) and to the growing possibility of the entry of Japanese industry into defence technology.

13) Because it took the IEPG some time to achieve a series of breakthroughs concerning arms procurement cooperation, it became fashionable, in political and academic circles, to write it off as ineffective. This dismissive attitude was mistaken. Against the proposition that the IEPG can only become a vital force in arms procurement if it is institutionalised and given a permanent secretariat, must be set the new and growing cooperative relationship between European states and the USA pioneered by the IEPG.

14) In the context of the trans-atlantic relationship, to which the Klepsch report attached such importance, the IEPG started, in 1978, a dialogue with the USA. This covered in the first place work on the abolition of institutional obstacles to cooperation and co-production. More positively, it embraced a "triad approach" which consists of : (a) work on bilateral Memoranda of Understanding (MOU's) between all IEPG countries<sup>1</sup> and the United States and Canada; (b) dual production programmes, under which European consortia would produce U.S. designed equipment, and the U.S. would, in turn, produce European-designed equipment<sup>2</sup>; (c) "Families of weapons" under which U.S. and European partners would undertake the development of separate items within an agreed "family" of related equipment.

15) Within the framework of the triad approach the U.S. presented a list of 16 items of equipment to the members of the IEPG in 1978. The list has since grown to the 18 items set out in Appendix I. Most of them competed with systems under development or in production in Europe and have not therefore been taken up; IEPG project groups have been established in four cases - AIM 9-L (which is now being produced), M-483, STINGER and MAVERICK 'D'. Of greater significance, in the terms of reference of the present report, the members of the IEPG decided, in July/August 1981, on an initial list of 8 sets of equipment that could be produced under dual production programmes.

16) Each of these systems involve collaboration between two or more IEPG members and are either in or about to enter production in Europe. However, the latter list is only a starting point : it is confidently expected , within the IEPG, that further items of equipment can be added to it within the near future as equipment now at the R & D stage approaches production. The items on the IEPG list are not yet public. The IEPG countries consider that whereas the U.S. could purchase and produce some European-designed equipment for their home-based forces, they could also buy additional items for use by their armed forces in Europe.

17) The real breakthrough made by the IEPG in establishing its expandable first list is that agreements have been hammered out between rival governments representing competing industrial firms over the manufacture and sales

---

<sup>1</sup> Belgium, Denmark, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Norway, Portugal, Turkey, United Kingdom.

<sup>2</sup> European production of U.S. equipment and U.S. production of European equipment can, in the former case, be more economical than direct purchase and can possibly lead to savings in the European R & D effort. The latter case can help to sustain the vitality of the European advanced industrial base and redress the imbalance in transatlantic defence equipment traffic.



of the equipment. In doing this those European countries involved have shown a degree of self-denial and self-discipline which has not characterised their procurement policies in the past.

18) The main purpose of the "family of weapons" idea is to assess types of weapons with overlapping tasks so as to share their development between the IEPG on one hand and the U.S. and Canada on the other thus avoiding duplication of research and development. This does not exclude the possibility of parallel production of the same equipment in North America and in Europe.

b) The Japanese Factor

19) The possibility of Japanese entry into defence technology poses a new threat to European advanced technology, particularly in the field of electronics. At the centre of the potential Japanese threat lies the development of 5th generation computers<sup>1</sup>. The 5th generation computers are planned to be capable of "artificial intelligence" or of being able to communicate directly with people. They are planned to be able to accept voice commands in any language and to be able to read and interpret abbreviations. They are planned also to be able to repair and maintain themselves, to operate in secrecy and to thwart computer crime, unauthorised use and outside interference. It is supposed that computers of this type would have much more efficient memories than existing computers and would be capable of operating very much faster. Quite apart from the civil application of 5th generation computers, it is clear that the new technology will have significant military implications, particularly as far as aircraft and missile guidance and control goes, and also in respect of electronic warfare.

20) It is understood that Mr George Keyworth, Chief Scientific Adviser to President Reagan, has already asked the Japanese if the United States could share their technology for defence purposes. British scientists have recently visited Japan to study the Japanese 5th generation computer programme and have been holding "talks about talks" on possible cooperation. Not only should the Community also obviously be represented, as an entity, in talks with the Japanese about 5th generation computers; but the Commission should also seek to develop a possible programme, in cooperation with the Japanese, centering on computer aided design and manufacturing systems, artificial intelligence and its application, systems analysis and testing

---

<sup>1</sup> 1st generation computers used tubes, 2nd - semi-conductors, 3rd - integrated circuits and the 4th generation large scale integrated circuits.

methods and equipment as well as control mechanisms and procedures.

21) Further, the Commission should promote joint Community research into the development of advanced software, as this is the largest single cost component in telematics, micro-electronics and computer systems. It could usefully investigate ways and means of funding such research, and of bringing companies together in collaborative R & D ventures<sup>1</sup>. Moves of this type would not cause competition problems since the firms involved, having cooperated on research and development, would be free to compete in the market place in much the same way as Renault, Peugeot and Volvo, having developed a jointly produced engine, compete with each other with their finished products.

22) Such action could be taken by the Commission under the general heading of innovation policy, on which it has already been at work following the go-ahead given by the European Council in December 1980. European priorities for research and development at Community level can be fixed by the Commission following its evaluation of the Japanese programme. The military implications of Japanese advances should also be considered by the most appropriate body, which would seem to be the IEPG. Your rapporteur develops this point in the conclusions to the present chapter.

23) The Commission might also be called upon to draw up a more general report on Community-wide industrial and commercial cooperation. This could assess the barriers to cooperation, establish models for it, and ascertain what practical action the Commission could take to foster it. The Commission might consider reviving its proposals for a European Company Statute and a European Cooperation Grouping. It would also be useful for the Commission to establish the numbers of those employed in "strategic industries" together with an assessment of the current employment trends. In line with the suggestions made by Mr Tugendhat referred to earlier, the Commission could also examine existing policy on public procurement and investigate ways of achieving its more effective use and smoother working.

24) It is necessary here to underline the significance of the defence industry for employment. As Mr David Greenwood comments in his report for the Commission, although the picture is fairly clear for Britain and France, this is not the case for other Community countries. British and French official sources lead the Greenwood study to conclude that employment generated directly from domestic defence requirements stands at about

---

<sup>1</sup> One precedent is the Industrial Memorandum of Understanding between Aérospatiale, Agusta, MBB and Westland on helicopter production and the subsequent Declaration of Principles signed by the respective governments.

200,000 jobs in Britain and the same number in France. From unofficial sources Mr Greenwood suggests that the figure for Germany is about the same. In Britain approximately another 200,000 are employed on sub-contracted work relating to defence. Mr Greenwood has estimated that both in France and Germany the comparable figure is 100,000 for each. Mr Greenwood has suggested, on the basis of the size of other defence equipment budgets, that some 50,000-60,000 persons are directly employed on the production of national defence equipment in Italy and a similar number, taken together, in Belgium, Denmark, the Netherlands and Greece.

25) All in all, then, even if it is hard to provide precise figures of the number of jobs provided by the defence and defence-related industries in the Community, the figures quoted above do give some impression of the very important employment implications.

26) Before setting out any precise conclusions concerning armaments procurement one or two general points should be made. Careful consideration of both the Klepsch proposals and the Greenwood report suggests that it would be advisable for the Parliament and the Commission to strike a balance between the far-reaching proposals of Dr. Klepsch and the modest à la carte approach proposed by Mr Greenwood. If it is true, as Greenwood suggests, that the ambitious nature of the Klepsch proposals has not found an adequate echo at the level of government, in view of their lack of the necessary political will, it is nonetheless true that Dr. Klepsch's grand institutional scheme at least provides the Community with an aim that could be valid for tomorrow if not for today. Likewise, although the down to earth pragmatism of Greenwood is impressive his approach is not sufficiently dynamic or radical to enable a major breakthrough to be made in the field of armaments procurement. Above and beyond this, it is necessary to bear in mind the progress that has recently been made within the IEPG, which could yet lead to the establishment of a "two-way street" between Europe and North America in arms development and sales.

27) Some particularly appropriate comments were made once more by Mr Christopher Tugendhat, Vice-President of the Commission, at the "Gesellschaft für Auswärtige Politik" at Bonn on 20 October 1981. Mr Tugendhat referred there to the development of the Community in general, and not specifically to arms procurements policy; but the sense of his remarks remains valid in the context of this chapter. He said: "In the short-term, 'Europe à la carte' has attractions, especially for impatient heads of government, anxious to see quick results or to avoid difficulties at home. It means that those Member States which want to work together on something and are ready to do so can move ahead without waiting for others.

By the same token those which have difficulty in doing so can opt out. How much easier it all sounds than the endless negotiations that at present attend the birth and implementation of Community policies. But in the longer term, and not very long at that, such an approach would destroy the whole Community ideal. If the Member States become free to choose which policies to participate in and which not, they will soon join in only those from which they expect to derive tangible benefits. By the same token governments will increasingly tend only to work with those of their partners with whom cooperation is easy and not with the rest. The concept of working, negotiating and conciliating together to widen the area of common activity and range of common purposes will die. As it does so the Community will disintegrate into a collection of overlapping inter-state relationships. As such it could provide neither the framework for common internal action nor the basis for external initiatives that the founding fathers envisaged and the times demand."

28) If the step by step approach of the Greenwood report may be regarded as a corrective to the ambitious institutional design of the Klepsch report, so, in turn Mr Tugendhat's remarks place the Greenwood report in a wider and more communautaire context.

#### PROPOSALS

29) The following proposals might form the basis of a draft resolution:

- (a) The public procurement programmes of the Ten governments must be established on the basis of common criteria and thrown open to companies from all Member States. This would enable public contracts to be exploited to ensure the establishment of a sound and balanced structure for high technology industries throughout the Community<sup>1</sup>.
- (b) The European Defence Analysis Bureau proposed by the Greenwood report should, in effect, take the form of the further development of panel I of the IEPG - preferably with a small permanent secretariat being provided for it.
- (c) The Greenwood report also proposed a European Public Procurement Task Force to devise a policy for the most effective use of governments' purchasing power - for civil and military production- aimed at maintaining and sustaining a high technology industrial base. The Commission might be the body best equipped to undertake

---

<sup>1</sup> This proposal would seem to accord with the conclusions of the European Council at its meeting of March 1982, when the President stressed the need for industrial strategies as well as policies on advanced technology and innovation.

this task. This further modification of the Greenwood proposals would avoid the creation of additional institutions.

- (d) IEPG governments should do everything within their power quickly to develop further the triad approach, as explained above. In particular, thought could be given to the replacement of bilateral Memoranda of Understanding by Memoranda of Understanding in which the European participants act collectively vis-à-vis the United States and Canada.
- (e) The useful start that has already been made on dual production programmes should be rapidly developed through the enlargement of the present IEPG list of eight sets of equipment.
- (f) Likewise, it would be useful for the United States and its European partners to agree on more "families of weapons".
- (g) Within both the IEPG and the Commission studies should now be made listing (a) the types of technology which we should try to promote in Western Europe and (b) the types of technology in which it would make sense for Europe to collaborate with the USA.

## II. Arms Sales to Third Countries

30. The sale of conventional arms to countries outside the Community by Member States with significant armaments industries is a matter of continuing controversy. The trade causes both political and commercial difficulties between Member States and with their Allies, while its morality is a vexed question with which the Community has not come to terms.

31. The Community has no common policy on the supply of arms to third countries, such as might or should automatically follow any agreed common foreign policy towards a particular country, region or problem. The absence of a common arms sales policy is perhaps most notable in areas of endemic tension - such as the Middle East, the Gulf, Southern Africa, and Central America. In these sectors, antagonists may frequently be found to have arms supplied by different Member States; while, on occasion, one Member State may be discovered to have supplied both sides.

32. Any cynicism which this state of affairs may induce deserves to be moderated in the light of two considerations. The first is that, in the absence of a common procurement policy, external sales of arms can be an important, even vital, means of meeting the costs of national defence.

The second is that where countries and regions have been deliberately destabilised by arms supplied by third countries the transfer of arms is often a political necessity for the restoration and maintenance of stability. The perennial exculpation, "If we don't sell arms, others will", has its own grim logic, especially when so many producers and clients are in the game. Whereas in many cases (including "pariah" nations) arms embargoes have promoted the growth of indigenous arms industries, several of the newly industrialised countries, notably South Korea, Brazil and Israel, are seeking arms export markets. However, merely because producer countries operate their arms trade under a variety of principles, there is no justification for not examining how a common Community policy might be devised. Clearly this would have to take account of the attitudes of the other major principals in this field, notably the US and the Soviet Bloc.

a) Arms Sales by Member States

33. In 1980 all Nine Member States were recorded by the Commission as having exported a quantity of arms and ammunition. The figures, however, related to "declared trade", and excluded transactions regarded as confidential and whose value and volume have not been disclosed.

34. Of this declared trade, the states with the three largest export figures in value were Italy, Germany and the Netherlands; in terms of volume of total exports, Italy and the Netherlands and Denmark, the only countries for whom such arms represented more than one percent of the total trade.

35. Since the total of declared trade for 1980 for the entire EEC amounted to only 391,039,000 EUA, it is evident that these figures are of limited significance.

36. The SIPRI figures for exports to the Third World during the 1970's give a better overall picture. They place (after the US and USSR) France, Britain, Italy and Germany in that order among the major arms exporters to the Third World. It is evident from the tables annexed (see Annex II) that the arms exports of China, the Netherlands, Australia, Canada and Sweden are not negligible. The EEC total is considerably less than Russia's exports, and only half of the United States'. France's total makes up nearly half of all Community exports, and Britain's nearly one-quarter.

b) Sales Policies Followed by Member States

37. The principal manufacturing and exporting EEC countries are France, the UK, Germany, Italy, the Netherlands and Belgium. The following notes are selective, with different aspects of each country's approach being

highlighted, not in order to emphasise contrasts, but in order to illustrate particular points.

## France

38. In defence matters the most determinedly independent of the Western Allies, France may argue a greater need than most to augment through arms sales its policies of loyalty to its friends and determination to be self-reliant in defence.

39. In September, 1981, the Prime Minister, Mr Mauroy, told the Institut des Hautes Etudes de la Défense Nationale (IHEDN): "France intends to remain faithful to her allies, amongst the foremost of which are the United States ... the policy of France is in no way neutralist ... Aggression against France does not merely start when the enemy invades her own national territory ... Faithful to her alliances, conscious of forming part of the European geographical area, France means to remain independent in her choices and decisions in military policy, the last recourse of foreign policy. France's nuclear deterrent constitutes the basis of her autonomy of decision."

40. Nuclear independence is echoed at the conventional level, which accounts for the fact that during the seventies France's arms exports to the Third World constituted 10 percent of all such sales - twice as large as Britain's share. As Mr Mitterrand said in an interview in September 1981: "The French army would not possess such modern equipment if the French armaments industry had to depend only on its own national market ... If France were to abandon her overseas markets someone else would take her place - America, Russia or one among many others."

41. However, a month later, the French Minister of Defence, Mr Hernu, saying that he was examining the policy of arms sales, laid down the following principles:

- (1) Past agreements would be respected, except in the case of "equipment for land forces sold to Chile". UN Resolution 418 regarding South Africa would also be observed.
- (2) The moral aspect of arms sales would be considered. In particular, the possibility that military material might be used to suppress popular movements would be taken into account.
- (3) New approaches would take account of what arms exports would contribute to the cost effectiveness of equipping France's own forces, to industrial employment and to diplomatic activity, "in the service of the principles of the independence

and the sovereignty of states."

- (4) Sales operations taken in cooperation with other democratic States should be examined as a matter of priority, with due regard to the sovereignty of each partner.

42. Mr Mauroy (op.cit.) summed it up thus :

"France, to be sure, has no vocation to be an arms salesman. But France cannot decide to refuse to export military equipment ... The extension of the international presence of our armaments industry results, in the first place, and let us not forget it, from the independence of France. Within this framework, the government has nonetheless decided, whilst respecting scrupulously the contracts it has signed, not to deliver military equipment to countries which do not respect the most elementary human rights."

43. The French arms industry, according to SIPRI, employs 300,000 people.

#### The United Kingdom

44. The United Kingdom Government appears to observe only two criteria in limiting arms sales - beyond the observance of the list drawn up by the allied co-ordination committee (COCOM). The first covers armaments that can be used for internal repression by regimes of which the government disapproves: that is, grenades, rifles, armoured cars and the like. The second covers armaments that might be used against the UK or against her allies in a wider conflict. Periodically, the UK government comes under domestic and external criticism for permitting sales to certain countries (especially those with Right-wing governments). It does not indulge itself in an overall philosophical approach to the matter.

45. This somewhat loose attitude to arms sales policy may well be reviewed in the light of the crisis on the South Atlantic in the Spring of 1982.

#### West Germany

46. The policy of the West German government was described early in 1981 by the Foreign Minister, Herr Genscher, in these words : "Arms export policy can be an instrument for safeguarding our security and energy interests. Stability may be increased in an area of tension by providing a country with the means to defend itself. After all, if one side is much stronger than the other the effect is destabilising - and we must consider the fact that the Soviet Union's worldwide effort to gain power creates worldwide tension."



51. By the same token, the White Paper pointed out that purchaser countries gained confidence in Italian industry from the knowledge that the Italian armed forces used those same weapons.

#### Netherlands

52. In the spring of 1981 the Dutch government came under all-party pressure to release details of arms exports, which had risen markedly to a level of Fl.500m (£100m) in 1979 from about a quarter of that sum the year before. The government had recently approved export permits for two submarines for Taiwan and six Fokker F-27s to Bolivia.

53. The Foreign Minister made two points which indicated his country's approach to arms sales to third countries: first, that he would only consider providing information to Parliament on a confidential basis; second, that the Netherlands did not consider arms sales to be part of foreign policy.

54. Like other Member States, the Netherlands approaches sales on an ad hoc basis, perhaps to ban exports to areas of tension or potential tension, and to countries with poor records in human rights.

#### Belgium

55. An excerpt from the newly published "Global Politics of Arms Sales" by Andrew J. Pierre (Princeton, 1982) reads as follows:

"Belgium, which manufactures chiefly light arms, grenades, mines and machine guns, is noteworthy because it exports 95 percent of its production. Its small arms are to be found throughout the world and are of a type that can easily be smuggled into strife-torn countries, such as Lebanon. Belgium has perhaps the least restrictive policy of all nations, yet ... its exports remain comparatively small, only 10 percent of those of France."

#### c) EEC Arms Exports Compared with Other Suppliers

56. The SIPRI Yearbook of 1980 noted that two-thirds of the international trade in major armaments involve transfers from the industrialised world to the Third World. The arms business has been one of the fastest growing sectors of the world economy for some time now, with total military equipment production of all types now amounting to over \$120,000m.

47. "As far as Germany is concerned, arms deliveries to the Middle East must also take into consideration the particular significance of Israel's security interests and our historical responsibility towards the Jewish people."

48. Herr Genscher added that he wished every country had as cautious an export policy as Germany, and noted that a German initiative at the UN had urged the setting up of an arms export register.

49. This modesty is not entirely recognised by others. A US Congressional study released at the beginning of 1982 (by the General Accounting Office, Congress Investigative Agency) describes West Germany as a major seller of arms, and notes that 40 percent of her sales have been to countries which the US refused to supply because they were adversaries of Israel. Between 1973 and mid 1978, says the study, these particular sales amounted to US\$ 1,080m, including in 1977 \$ 240m of anti-tank missiles to Syria. Another 20 percent of West Germany's sales went to Latin America: the study says that 625 million of the 862 million dollars in recent sales in that region were to countries to whom the US would not sell. In 1975/79, German deliveries have been to Argentina, Chile, Colombia, Peru, Ecuador and Venezuela. In annual amounts West German exports had risen from \$ 200m in 1971 to \$ 800m in 1977 (compared with US figures of \$ 4.7bn and \$ 6.5bn, all at 1976 values). The study adds that "their low level of sophistication shows a deliberate effort to minimise the break with [West Germany's] own policy". Cuts in German defence spending programmes are, as elsewhere, likely to increase pressure to extend foreign sales.

### Italy

50. The Italian Ministry of Foreign Trade issues licences for military exports to such industries as request them, but requires the approval of certain other Ministries first, notably those of Foreign Affairs and Defence.

51. In the seventies the government openly acknowledged the importance of military exports to the defence of the country; and in a White Paper (1977) pointed out the consequent benefits:

- a reduction of the costs for Italy's own armed forces,
- the maintenance of the national industry at a high and competitive technological level, even when this level could not be guaranteed by the limited national demand,
- a flow of hard currency.

57. Although the reality remains that the industrialised countries are by far the largest customers for arms, and by far the most heavily armed, the Third World is in absolute terms as well as in terms of sophistication, buying more and more. So long as the arms are available, it is cheaper for them than developing their own arms industries would be.

58. The three largest sources of supply are the US, the Soviet Union and the Community, in that order. In the seventies, the US exported 45 percent of the total to the Third World; the USSR 27.5 percent; and the EEC about 23 percent (of which France 10, UK 5, Italy 3, W. Germany 2.3 percent). SIPRI reckons that there are 43 "major arms exporters" in the world. About 24 developing countries produce arms of one type or another, mostly under licence. Yet the US, USSR and EEC account for all but a tiny proportion of all manufactures.

#### United States

59. US arms aid and exports have been subject to much criticism in other countries. In practice, American policy is subject also to continual criticism at home, in the Senate and Congress, according to what is perceived as the best interests of the United States or of their protégés or friends. In Latin America, the Middle East, Africa and the Far East there are numerous countries in respect of whom an arms embargo is exercised; just as there are others whose governments the US makes a point of supporting in this matter. As in the case of the Soviet Union (see below) arms exports are a means for influencing events both positively and negatively. As with the Soviets, arms exports, especially to the Third World, are small compared with overall defence expenditure, in the US about 4 percent of all defence spending. Russian exports represent about 5-6 percent of theirs. (On the other hand the US claims that two thirds of this spending consists of support and services. Soviet customers generally find themselves, too, with a large alien military presence to service the weapons they have bought).

60. In the mid-seventies, two thirds of the US arms sales programme was directed to Saudi Arabia, putting a more modest complexion on the sales to other clients. As with the USSR, American arms exports policy has moved to a commercial basis in recent times.

#### Soviet Union

61. Arms sales are very much an instrument of Soviet foreign policy, which may be summarised as aiming at the erosion and replacement of

Western influence in the Third World; counteracting the Chinese challenge; and the promotion of Soviet Communism in the lesser developed countries. One of the most remarkable contrasts between Soviet and American policies towards the Third World are their respective ratios between military and non-military aid. Of the US \$ 32,000m spent by Russia (1978 prices) in the Third World since 1954, \$ 24,000m have been "military related". In the seventies, the balance was 5 to 2 in favour of arms. Military transfers have brought prestige with them; and the military web has quickly entangled those regimes whose survival depended on it.

62. Unlike Soviet economic or project aid, arms have generally been rapidly provided - in the past, at discounts of from 40 to 75 percent, repayable at 2 percent interest or in commodities needed by Russia.

63. Currently, the largest share of Russian military exports goes to the Middle East and Africa - notably Libya, Syria, Iraq and Ethiopia. Since the sixties, arms sales have assumed commercial importance, because of the ability of OPEC countries to pay for them. Sales doubled between 1969/73 and 1974/78. Libya has been the largest buyer since 1973.

64. Peru seems to be the only Latin American governmental customer for Soviet arms at first hand (most recently of S22 fighter bombers). It is known that subsidies and subventions to support the Castro regime in Cuba cost over \$ 1,000m a year on oil alone in 1980; but there are no figures for the amount paid in hard currency and the amount of military equipment provided for Cuban adventures and support for revolutionary movements in Africa and Latin America.

65. In 1977/78, 30 percent of total Soviet arms sales went to Ethiopia, and 55 percent to Libya, Algeria, Syria and India - totalling about \$ 4,000m per annum. The balance went to Afghanistan, South Yemen, Iraq, Tanzania and Peru. By then, military hardware had become the Soviet Union's most important export to the Third World.

66. It is true that there were two exceptional non-military assistance programmes in 1978 (the \$ 2,000m Moroccan phosphate deal which guarantees Russia 10m tons a year for 30 years; and the \$ 1,200m deal with Turkey). But, bearing in mind the unknown amount of military and other aid poured into Vietnam, set against these sums, it is apparent that at present more than three quarters of Soviet assistance to the Third World is military, and that, of the rest, more than three quarters goes to Cuba, an overtly militarist state.

d) The Moral Dilemma

67. It cannot be the purpose of this chapter to attempt to solve the moral dilemma in which arms suppliers find themselves. As the above notes on arms sales policies show, there are many reasons and many motives behind the trade; and no State has a monopoly of rectitude or blame.

68. What is quite clear is that, if a few states - or the EEC itself - were to withdraw their products from the world market, there would certainly be enough suppliers left to enjoy even more profitable business and yet to give the buyers enough freedom of choice to prevent their becoming dangerously dependent on any one source. If the Community were to withdraw it would presumably reduce our ability to counteract destabilisation wherever it occurs.

69. However, the proliferation of arms suppliers, the availability of arms, and the poor prospects for organising world-wide control of the arms market indicate that the dilemma is not a very concrete one except in strictly ethical terms. The dilemma becomes divisive - for example, in the European Parliament - when the supply of arms is linked to making the political choice between two regimes nearly equally abhorrent to parliamentarians (as in Cambodia or in Central America).

70. The dilemma is pharasaic, however, in its assumption that the countries of the Third World in general have less valuable an appreciation of what they require for their security than outsiders do. It may be true that "increasing arms expenditure by Third World countries reduces the resources available to feed, house and care for their people" - but that does not make a policy of disarmament in the face of a serious internal or external threat a necessarily responsible act of government. Arms may increase instability; but they may restore balance. The ideal of stability and disarmament is unexceptionable: but the one does not always lead automatically to the other.

71. One resolution tabled in the Parliament called on Member States "to curtail arms production and switch resources to socially useful products", and "to stop all arms sales to regimes which violate human rights".

72. Appeals of this kind, however well meant, ignore the complexities of the problem. Beating swords into ploughshares (the late prophet Isaiah's less prosaic version of the first proposition, [Chapter II, verse 4], repeated without acknowledgement by the prophet Micah, [Chapter IV, verse 3]), is all very well for a nation with no external threat to meet or obligation to fulfil.

73. As to an arms embargo on states which violate human rights: which countries do not, from time to time, transgress in this way? Several Member States, as has been pointed out, do restrain exports to countries of whose internal policies they disapprove.

74. However, there is little consistency in a principle which links human rights to arms sales but to no other trade which might equally support a repressive regime; or which links arms sales to the infringement of human rights but not, for example, to aggression against other states. In any case, most Western governments would consider that the degree to which human rights are infringed may be set against the desirability of maintaining stability in the region in question. The states, or their clients, who most threaten world stability themselves have far from clean records where human rights and democratic practices are concerned.

e) Towards a Common Arms Sales Policy

75. A common sales policy, whether of political, economic or moral motivation, appears to be a desirable development to complement the growth of a common Community foreign policy through European Political Cooperation.

76. The clue to how it might come about lies in a paragraph from the Dankert Report on Arms Procurement made to Western European Union in 1977, and quoted in the Klepsch Report to the European Parliament a year later :-

"The Committee believes that, together, the European countries of the Atlantic Alliance provide an arms market large enough for economic production that would be independent of exports to the Third World, thus enabling such exports to be terminated or limited to those deemed to be in the interest of Europe according to a commonly defined external policy."

77. It must be presumed - for this is the tenor of the rest of this Report - that a rational arms procurement policy will eliminate the need of Community arms manufacturers to look outside the Alliance for their survival. Equally, it must be hoped that the development of a common external policy would enable all Community arms sales to third parties to be consistent with the goals of world and regional peace and stability.

78. It would thereafter be expected that Third World countries would at least be released from some of the sales pressure and competitive drive to which they are naturally at present subject. Consequentially, it might be possible for the Community to adopt a detached and more influential

position in respect of lowering tension in sensitive areas of the world, and in contriving the reduction - the "de-escalation" - of local conflicts and disputes. The existence of the oligopoly of the US, the USSR and the EEC in arms manufacture could be the essential condition for governing the world trade in arms.

79. Although recently the Dutch government has stated its view that arms sales do not form part of Dutch foreign policy, this does not mean that for the Community, whether negatively or positively, they cannot, do not or should not. The subject in due course could usefully find its way on to the agenda of the Foreign Ministers meeting in Political Cooperation.

80. Specialisation in European arms manufacture would engender the large production runs and economies of scale that could, coupled with the development of a structured trans-atlantic armaments market, reduce or eliminate dependence on arms exports outside the Atlantic Alliance. A rationalised Community arms industry would make possible the fair sharing of such arms export opportunities as the pursuit of joint exports policy dictated.

f) The Falklands War

81. The South Atlantic crisis of the spring, 1982, provided a case history with a bearing on almost every one of the problems of arms sales to third world countries. Argentina had bought arms and military equipment in substantial amounts from at least six Member States in addition to the United States, Switzerland and Israel.

82. Precise figures are hard to come by and reports vary. However, it seems that from France Argentina obtained 3 frigates; 32 Mirages and Super Entendard attack aircraft; 12 Alouette and Puma helicopters; 30 Lama and Puma transport

helicopters; and an uncertain number of assorted missiles, including Exocets. From West Germany she obtained 2 submarines, sundry artillery and armoured vehicles. More frigates are in construction. West Germany is probably Argentina's largest supplier.

83. From Holland she bought her aircraft carrier, the 25th of May; which was built in Britain. From Italy she had 18 Aermacchi and 3 G222 attack aircraft; and 13 Sea King/Agusta attack helicopters.

84. From the United Kingdom, she had bought two destroyers; 9 Canberra bombers; 2 Lynx helicopters; and a quantity of missiles, including Tigercat, Sea Cat and Sea Dart.

85. The bulk of the Argentine navy is of American origin. America also supplied 82 helicopters, 92 Cessnas, 7 Hercules transports, and 84 Skyhawks. Israel supplied 26 Dagger Mirages, based on the French product, and an assortment of missiles. Argentina also had a fleet of 130 Pucara aeroplanes built domestically and used for internal control as well as in the Falklands battles.

86. Argentina is a totalitarian state with an appalling record in respect of human rights. She also has long-standing claims on the territory of Chile as well as on the Falklands. It is relevant to the determination of any Community arms sales policy that the Falklands are the sovereign territory of a Member State and associated to the Community by an Annex to the Treaty.

87. Both the British destroyer, HMS Sheffield, and the British merchant vessel, Atlantic Conveyor, were destroyed by Exocet missiles, a highly sophisticated weapon against which they carried no effective or reliable counter-weapon.



The advanced technology of the Exocet, and the fact that the Argentine airforce had it at its disposal, may well be of more relevance than the sad fact that ships of one Member State were attacked and (finally) sunk by weapons of another: the destroyer might have been no less vulnerable to a British missile deployed by Argentina.

88. It is said that 1800 Exocets have been sold by France to 23 countries - following corresponding Mirage exports - including Iran, Pakistan, Peru and Argentina. They are to be found especially in Libya, and the Middle and Far East.

89. Crucial components of the Exocet are manufactured in Britain.

90. At any rate, in the course of the battles over the islands, British ships, aircraft and commandos were attacked by aircraft, ships, missiles and other weapons exported to Argentina by the Community as well as by other allied or friendly nations. Some of these arms were being delivered almost up to the eve of the invasion of the islands: there is no question (as was the case of Iran) of there having been an arms export policy on the part of any Member State which a sudden change of regime could have invalidated.

91. By 1980, Argentina was spending about £280 million a year on arms purchases. With rocketing inflation even before the invasion, she could perhaps less afford such expenditure, especially to undertake such adventures, than any Latin country.

92. One direct consequence of the invasion was the Community's instant agreement on an arms embargo towards Argentina. Although it was an interim arrangement, it could be an important precedent for future agreements on sales limitations in respect of arms customers.

93. It is evident that in this case - in which the Argentine regime apparently required to divert the attention of the nation from fearsome internal problems (including los desaparecidos) - the capacity to make war led to the reality of the unprovoked aggression.

94. It is also noteworthy that with her Pucara aircraft, which were used for the suppression of internal terrorism, Argentina had already developed a substantial arms industry of her own. Israel, another country unprepared to rely on outsiders entirely for her security, has equally developed an aircraft industry - and, more significantly, exactly like Member States of the Community, is using arms sales to third countries to help meet the costs of her independent defence capability.

95. Altogether it is evident that, in part because of the indiscriminating, uncoordinated and in many respects fecklessly competitive arms sales policies pursued by many Member States, not only was peace in the South Atlantic arena dangerously broken: the territory of a Member State was invaded; lives of Community citizens were lost; and the Community's future good relations with Latin America were seriously put at risk.

96. It must be clear that the sale of arms - however sophisticated, to whatever type of regime - does not of itself cause war. It may on rare occasions make it more likely (given the political circumstances), just as it may make it less likely. It presumably does make it more possible, in that without weapons man is reduced to battling with his fists.

97. Like many wars in history, the Falklands war seems to have been undertaken by Argentina through her miscalculation of Britain's willingness to resist the seizure of the islands. Such miscalculations will clearly happen again. In seeking its

own security, and in accepting its responsibility - especially as an arms exporter - for peace elsewhere in the world, the Community must address itself now to the fundamental need for a coherent common approach to arms sales.

98. At the very least, we must ensure that the arms supplied to third parties are not on such a scale that we cannot, individually or jointly, control any conflict in which they might be used. This implies careful discrimination both in respect of the customers for Community arms exports and in respect of the technological sophistication of the arms and equipment with which they are supplied. To sell weapons to which there is, or we have, no known counter-weapon, seems to be spitting into the wind.

99. Since the coordination of Community policy in this area is fundamental to its success, and since the decisions which must guide it are bound to be technical no less than political, it seems inevitable that the assembled Defence (or equivalent) Ministers of the Member States ought regularly to apply themselves to this matter. It is suggested elsewhere that they might meet, like the Foreign Ministers, "in political cooperation".

100. That would appear to be a necessary first step towards extending a similar practice throughout the West.



LIST OF 18 ITEMS OF EQUIPMENT PRESENTED  
BY THE U.S. TO THE IEPC

Advanced Attack Helicopter (AAH)  
High-Speed, Anti-Radiation Air-to-Surface Missile (HARM)  
Helicopter-Borne Anti-tank Missile with laser Seeker (HELLFIRE)  
Infantry Fighting Vehicle (IFV)  
Standoff Target Acquisition System (SOTAS)  
BLACKHAWK Tactical Transport Helicopter  
VIPER Light, Short-Range Unguided Antitank Rocket  
M-483 155mm Cannon Launched Munitions  
AIM 9-L SIDEWINDER Air-to-Air Missile  
Forward Looking Infrared Seeker for Missiles (MOD FLIR)  
PATRIOT Surface-to-Air Missile  
STINGER Surface-to-Air Missile  
Tank Ammunition (M-735)  
Joint Tactical Information Distribution System (JTIDS)  
Anti-Personnel Mines (M-692/M-731)  
Remote Anti-Armour Mines (M-718/M-741)  
MAVERICK 'D' Air-to-Ground Missile  
COPPERHEAD 155mm Cannon Launched Munitions

TABLE 1

Rank order of all major exporters of weapons to the Third World, 1970-79

Figures are SIPRI trend indicator values, as expressed in constant US \$ million, at constant 1975 prices.

Exporting country	Total value	Percentage of Third World total
1. USA	27 727	45
2. USSR	16 914	27.5
3. France	5 894	10
4. UK	3 044	5
5. Italy	1 868	3
6. Third World exporters	1 805	3
7. FR Germany	1 444	2.3
8. China	787	1.3
9. Netherlands	515	0.8
10. Australia	421	0.7
11. Canada	323	0.5
12. Sweden	196	0.3
13. Czechoslovakia	154	0.2
14. Spain	110	0.2
15. Poland	80	0.1
16. Switzerland	55	-
17. Yugoslavia	47	-
18. New Zealand	13	-
19. Belgium	5	-
20. Japan	3	-
Total	61 000	100.0

TABLE 2

ANNEX II

WEAPONS DELIVERED TO THE THIRD WORLD  
BY CATEGORY, 1972-1978

Equipment Description	United States	U.S.S.R.	Major West European Nations
Tanks and self-propelled guns	6,110	8,570	2,090
Artillery	3,715	6,310	955
Armoured cars and personnel carriers	9,735	6,975	2,430
Major surface combatants	83	7	17
Minor surface combatants	157	94	247
Submarines	24	9	20
Guided missile boats	0	60	15
Supersonic combat aircraft	11,160	1,990	355
Subsonic combat aircraft	925	390	35
Helicopters	1,730	575	1,180
Other aircraft	1,520	260	855
Surface-to-air-missiles (SAMs)	6,240	15,745	1,065

SOURCE: US Congress, Senate, Committee on Foreign Relations, Prospects for Multilateral Arms Export Restraint, Staff Report, 96th Cong. 1st sess. April 1979, p.11.

TABLE 3

Exports of arms and ammunition  
(Chapter 93 Nimexe: January-December 1980)

	Value in 1 000 EUA	% of volume of total exports
FR Germany	98 725	0.07
France	38 757	0.04
Italy	113 557	0.20
Netherlands	76 602	0.14
Belgium and Luxembourg	20 467	0.04
United Kingdom	30 221	0.03
Ireland	18	0.00
Denmark	12 692	0.10
The Nine	391 039	0.08

Source: EUROSTAT

TABLE 4

Value of Exports of Weapons to Third World  
(1972-81)

Figures are SIPRI trend indicator values, as expressed in US \$ million, at constant (1975) prices.  
A = yearly figures, B = five-year moving averages.

Country <sup>b</sup>		1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
USA <sup>c</sup>	A	1 166	1 061	1 404	2 343	3 892	4 826	5 244	2 046	2 794	2 670
	B	1 214	1 431	1 973	2 705	3 542	3 688	3 760	3 516	-	-
USSR <sup>c</sup>	A	1 225	1 537	1 930	2 160	1 554	2 156	3 682	3 631	3 774	2 420
	B	1 469	1 673	1 681	1 867	2 296	2 637	2 959	3 133	-	-
France <sup>c</sup>	A	351	538	449	593	553	1 282	1 236	879	1 008	1 220
	B	363	441	497	683	823	908	992	1 125	-	-
Italy	A	52	56	139	72	159	348	553	549	516	383
	B	66	72	96	155	254	336	425	470	-	-
UK	A	369	316	579	647	587	536	488	453	431	226
	B	368	461	500	533	567	542	499	427	-	-
FR Germany	A	37	3	116	138	131	60	87	210	159	283
	B	36	64	85	90	106	129	133	164	-	-
Netherlands	A	27	39	33	42	29	72	64	169	103	59
	B	29	35	34	43	48	75	87	93	-	-
China <sup>c</sup>	A	158	27	104	63	57	66	142	26	73	147
	B	83	92	82	63	86	71	73	91	-	-
Canada <sup>c</sup>	A	39	6	1	6	34	29	117	28	17	39
	B	28	21	17	15	37	43	45	46	-	-
Sweden	A	5	1	6	21	21	5	15	51	85	18
	B	7	6	11	11	12	21	33	33	-	-
Czechoslovakia	A	14	1	15	6	6	-	18	45	45	22
	B	15	10	8	6	9	15	23	26	-	-
Switzerland	A	2	2	*	1	8	5	6	25	23	25
	B	2	1	3	3	4	9	13	17	-	-
Japan <sup>c</sup>	A	-	-	3	-	3	-	14	21	-	-
	B	1	1	1	1	4	7	7	7	-	-
Third World	A	18	20	276	185	202	134	391	338	249	385
	B	67	103	140	163	238	251	263	300	-	-
Other industrialized, West	A	11	19	11	13	46	162	110	62	27	106
	B	18	20	20	50	68	79	81	93	-	-
Other industrialized, East	A	-	-	-	2	30	18	5	32	46	33
	B	1	1	6	10	11	17	26	27	-	-
Total <sup>d</sup>	A	3 473	3 627	5 064	6 304	7 512	9 699	12 165	8 585	9 350	8 036
	B	3 762	4 435	5 156	6 401	8 109	8 813	9 422	9 567	-	-



MOTION FOR A RESOLUTION (Doc. 1-340/79)

tabled by Mr DRUON, Mr DEBRE, Mr MESSMER, Mr LALOR, Mr NYBORG and Mrs EWING  
on behalf of the Group of European Progressive Democrats  
with request for an early vote pursuant to Rule 47(5) of the Rules of Procedure  
to wind up the debate on Oral Question 1-300/79  
on Community armaments procurement programmes within the framework of industrial  
policy

The Assembly of the European Communities.

- whereas none of the provisions of the Treaty of Rome gives any of the Community bodies competence in matters of defence,
  - whereas not all the Community Member States, in particular the Republic of Ireland, belong to NATO or to the Western European Union,
  - whereas within the institutional structure established more than thirty years ago as a basis for European union, the European governments expressly called for a strict allocation of responsibilities among the various organizations, above all in the security sector; recalling in this connection that Article 1, paragraph D of the Statute of the Council of Europe, adopted in London on 5 May 1949, states that matters relating to national defence do not fall within the competence of the Council of Europe,
  - whereas, furthermore, it is clear from the Treaty of Brussels of 17 March 1948 and from the Protocol amending and supplementing this Treaty, signed in Paris on 23 October 1954, that the Western European Union, to which seven Member States of the Economic Community belong, is at present the only European organization within the European institutional structure whose mandate covers matters of defence and collective security in Europe,
  - whereas any attempt by the Assembly of the European Communities to concern itself with defence questions can only provoke insuperable difficulties between the Governments of the Member States and undermine the necessary spirit of solidarity among the people of Europe,
  - whereas matters relating to armaments, even when considered from the point of view of the common industrial or commercial policy provided for in the Community Treaties, are by their very nature closely linked to defence policy options, which do not concern the Assembly of the Communities,
1. Feels that the Commission has no authority to establish contacts either with NATO or with the responsible services of the Member States with a view to preparing Community armaments procurement programmes;
  2. Instructs its President to forward this resolution to the Commission and Council and to the Governments of the Member States.

MOTION FOR A RESOLUTION (Doc. 1-350/79)

tabled by Mr JAQUET, Mr SARRE, Mr MAUROY, Mr ESTIER, Mr M. FAURE, Mrs CASTLE, Ms CLWYD, Mr LOMAS, Mr SEAL and Mr BOYES

with request for an early vote pursuant to Rule 47(5) of the Rules of Procedure to wind up the debate on Oral Question Doc. 1-300/79 on Community armaments procurement programmes within the framework of industrial policy

The European Assembly,

- whereas the Treaties establishing the European Communities do not give the Community institutions any competence in matters of defence,
  - whereas several Community Member States do not belong to the North Atlantic Treaty Organization,
1. Feels that it is neither desirable nor possible for the Commission to establish contacts with NATO;
  2. Notes, therefore, that in the interests of European cooperation it is not appropriate for the Assembly of the European Communities to deliver an opinion on this matter.

MOTION FOR A RESOLUTION (Doc. 1-352/79)

tabled by Mr MARCHAIS, Mr ANSART, Mr BAILLOT, Mr CHAMBEIRON, Mr DAMETZ, Mrs DE MARCH, Mr DENIS, Mr FERNANDEZ, Mr FRISCHMANN, Mr GREMETZ, Mrs HOFFMANN, Mrs LE ROUX, Mr MAFFRE-BAUGE, Mr M. MARTIN, Mr PIQUET, Mrs POIRIER, Mr PRANCHERE, Mr VERGES and Mr WURTZ

with request for an early vote pursuant to Rule 47(5) of the Rules of Procedure to wind up the debate on oral question Doc. 1-300/79

on Community armaments procurement programmes within the framework of industrial policy

The Assembly of the European Communities,

- whereas matters of defence do not under any circumstances fall within the European Community's terms of reference,
  - whereas national defence must remain the exclusive responsibility of the national parliament of each Member State of the EEC,
1. Disclaims the right, therefore, to place on its agenda any matter relating to defence;
  2. Considers it unacceptable for the Commission to deal in any way - including the joint production of armaments - with questions of defence;
  3. Instructs its President to forward this resolution to the Council and Commission and to the Governments of the Member States.

MOTION FOR A RESOLUTION (Doc. 1-357/79)

tabled by Mr FERGUSSON, Sir Peter VANNECK, Mr R. JACKSON, Mr NORMANTON, Mr COTTRELL and Mr WELSH

pursuant to Rule 25 of the Rules of Procedure

on Community armaments procurement programmes within the framework of industrial policy

The European Parliament,

1. Asserts its competence to examine policies for defence procurement within the framework of the Community's industrial policy;
2. Calls on the Commission to engage in the necessary consultations with the responsible defence and industrial services in the Community and to report to the appropriate committees of Parliament;
3. Instructs its President to forward this Resolution to the President of the Council, to the President of the Commission and to the Governments of Member States.

## MOTION FOR A RESOLUTION (Doc. 1-169/80/rev.)

tabled by Mr GHERGO, Mr ADONNINO, Mr ALBER, Mr BARBI, Mr COSTANZO, Mr DALSSASS, Mr DIANA, Mr FILIPPI, Mr I. FRIEDRICH, Mr GIAVAZZI, Mr GIUMMARRA, Mr HABSBURG, Mr HAHN, Mr LANGES, Mr LIGIOS, Mr MICHEL, Mr PEDINI, Mrs RABBETHGE, Mr SÄLZER, Mr SASSANO, Mr SCHALL, Mr WAWRZIK and Mr von WOGAU

pursuant to Rule 25 of the Rules of Procedure

on the protection of the civilian population against possible attacks by atomic, chemical or bacteriological weapons

The European Parliament.

- stressing that Europe desires peace and is working to preserve it,
  - noting, however, that the continuing arms race and the recent serious events which have taken place in various sensitive areas in the world are a matter of grave concern for people and governments and give rise to increasing fears of a possible conflict, with the danger of the use of atomic, chemical, bacteriological or other weapons,
  - pointing out that, according to the press, the super-powers have drawn up and in part already carried out vast programmes for the protection of the civilian population against the dangers of atomic, bacteriological and chemical warfare,
  - pointing out that, in Europe, Switzerland has an efficient and wide-spread network of fallout shelters including underground hospitals which can be put into use immediately, with 65,000 beds and 830 operating theatres,
  - noting that the problem of civil defence has not yet been tackled adequately in the Member States of the Community,
  - aware that the lack of coordinated overall measures on this subject, as well as creating differences between the various Member States, also detracts, because of the climate of insecurity which results from it, from the 'harmonious development of economic activities' and related 'continuous and balanced expansion' laid down in Article 2 of the EEC Treaty as primary aims of the Community,
1. Asks the Commission to disclose the steps it has taken or intends to take as a matter of urgency to promote closer cooperation between Member States as regards protecting the civilian population against the risks of attack by atomic, chemical or bacteriological weapons;

2. Asks the Commission to draw up as a matter of urgency an effective Community action programme on this subject accompanied by suitable financial and technical provisions;
3. Instructs its President to forward this resolution to the Commission.

MOTION FOR A RESOLUTION (Doc. 1-262/80)

tabled by Mr LOMAS, Mr MEGAHY, Mr CABORN, Mr GALLAGHER, Mr KEY, Mr ENRIGHT, Mr ROGERS, Mr BALFE, Miss QUIN, Mrs BUCHAN, Mr ADAM, Mr BOYES, Mr SEAL, Ms CLWYD, Mr COLLINS and Mrs CASTLE

pursuant to Rule 25 of the Rules of Procedure  
on arms sales to Third World countries

The European Parliament.

- Notes that arms sales from EEC Member States to Third World countries are increasing,
- Recognises that this can lead to increasing the danger to peace in the world,
- Notes that this increasing expenditure by Third World countries reduces the resources available to feed, house and care for their people,
- Notes that Member Governments have 'Arms Salesmen' in order to persuade Third World countries to buy more arms.

1. Calls on Member States -

- To curtail arms production and to switch resources to socially useful products
- To stop all arms sales to regimes which clearly violate the basic human rights of their people
- To increase the powers of their nationally elected Parliaments in order to give far more public control over the sale of arms;

2. Instructs the President to send this Resolution to Member Governments.

MOTION FOR A RESOLUTION (Doc. 1-354/81)  
tabled by Mr VANDEMEULEBROUCKE  
pursuant to Rule 47 of the Rules of Procedure  
on the supply of Belgian military equipment to Uruguay

The European Parliament,

- dismayed by the delivery of a new consignment of Belgian weapons in particular 90mm guns and tank turrets, to Uruguay in June 1981,
  - whereas this delivery had been preceded by repeated consignments of military supplies, including 13 tanks to Uruguay on 24 March 1980 and military equipment worth 7,500,000 EUA,
  - whereas Uruguay is constantly perpetrating violations of human rights, arbitrary imprisonments and political murders,
  - considering that the supply of Belgian armaments to Uruguay seriously compromises peaceful cooperation with the Third World and undermines the credibility of the Community's demands that third countries respect human rights,
1. Expresses its deep concern at the supply of military equipment to dictatorships, in particular to Uruguay,
  2. Requests the Council of Ministers to convey to the Belgian Government its indignation at the supply of Belgian arms to Uruguay and its condemnation of the growing Belgian arms trade with Third World countries, in particular those countries where there are conflicts.



MOTION FOR A RESOLUTION (Doc. 1-1026/81)

tabled by Ms CLWYD

pursuant to Rule 47 of the Rules of Procedure  
concerning the use and production of chemical weapons

The European Parliament,

- alarmed at the recent statement by the U.S. assistant deputy Army Secretary, that the American Defence Science Board wishes to see the new nerve gas bomb deployed on US Air Force bases in Britain,
- noting that after a 12 year halt in the production of new chemical weapons, the US has begun preparations for renewed production,
- recognising that both NATO and Warsaw Pact forces are prepared and equipped to fight in a chemical war environment in Europe,
- concerned by reports that US Army scientists are believed to be designing a nerve gas warhead, which could be carried by ground launched Cruise Missiles,
- believes that the US chemical weapons programme only makes sense if at least one European country agrees to host the weapons, yet several - including W. Germany - have already clearly stated their opposition to this new development,
- wishes to alert the people of Europe and to promote a public debate on the use of offensive weapons of this kind,

Calls on the Council of Ministers to take active initiatives to promote current negotiations for a treaty prohibiting chemical weapons, that would complement the 1972 Biological and Toxin Weapons Convention. To this end we urge the following actions:

- (a) Withdrawal of the reservation of the right to retaliate in kind made by some countries when ratifying the 1925 Geneva Protocol;
- (b) Resubmission of the draft Chemical Weapons Convention tabled by Britain in 1976, revised to incorporate new proposals on verification, consultation, scope and confidence-building measures;
- (c) The opening of specific negotiations on the withdrawal of chemical weapons from both sides of Europe.

MOTION FOR A RESOLUTION (Doc. 1-356/82)

tabled by Mr d'ORMESSON, Mr BARBI, Mr von HASSEL, Mr SCHALL, Mr HABSBERG,  
Mr CROUX and Mr DESCHAMPS

on behalf of the Group of the European People's Party (Christian-Democratic Group)  
pursuant to Rule 47 of the Rules of Procedure

on the need to provide better civil defence for the peoples of Europe

The European Parliament,

- A. aware that in the years to come, the deterioration of the balance of military power between East and West, the spread of terrorism and international violence and the proliferation of nuclear weapons increase the risk factors facing the civilian populations of Europe,
- B. convinced that there can be no effective defence and no plausible means of deterrence unless there is popular support for the defence effort and the commitment to deterrence,
- C. disturbed by the almost total lack, in the countries of the European Community, of an operational civil defence organization which would be able to protect people, ensure the continuity of national life and thereby prevent the outbreak of panic, the blockage of lines of communication and, above all, the loss of human lives on a massive scale in the event of a conventional or nuclear conflict,
- D. whereas the current vulnerability of civilian populations is incompatible with a genuine strategy of deterrence which presupposes not only the existence of adequate military resources but also the will to use them in the event of an attack without this riposte resulting in the extermination of the peoples it is designed to protect,
- E. stressing the fact that the lack of a nationwide civil defence system would reduce populations to the status of hostages in any conflict,

- F. whereas it is paradoxical for European governments to spend considerable sums of money on arms whilst failing to equip themselves with a civil defence system,
- G. whereas experts have estimated that 1 to 2% of European countries' overall defence budget would create the possibility of providing fallout shelters for civilians, planning evacuation procedures, setting up a secure command network and establishing emergency services,
- H. whereas neutral countries such as Switzerland or Sweden, and major powers such as the Soviet Union and China, have set up civil defence systems which place their populations in a position of safety far greater than that of the EEC countries,
- I. considering that precisely because the Soviet Union does not rule out the possibility of using nuclear chemical or bacteriological weapons and accepts the risks involved in its territory by limiting its civilian losses, the urgency and the need for civil defence in our countries becomes all the more pressing,
- J. whereas the destinies of the free peoples of Europe would be just as closely linked in solidarity in wartime as they have become in peace and whereas a conflict which struck one of them would necessarily affect the others, particularly in the event of mass evacuations or bacteriological epidemics,
- K. whereas at all events the introduction at Community level of a civil defence network would be most useful, even in peacetime, to provide relief for the victims of natural disasters (earthquakes, floods, volcanic eruptions, tidal waves, marine pollution etc.).

1. States that it would be dangerous and undemocratic for the conditions for the survival of the peoples of Europe to be kept from public debate.
2. Calls on the Member States to introduce civil defence programmes efficient enough to restore the credibility of their defence systems, which are based on deterrence;
3. Calls on the Member States to exchange information and to begin work on a coordinated plan to create a civil defence area at Community level;
4. States the advisability of the standardization of civil defence equipment at Community level;
5. Instructs its President to forward this resolution to the governments of the Member States and to the Foreign Ministers meeting in political cooperation.

## MOTION FOR A RESOLUTION (Doc. 1-1017/82)

tabled by Mr VANDEMEULEBROUCKE

pursuant to Rule 47 of the Rules of Procedure  
on the arms trade

The European Parliament,

- A - considering the special role of Europe as regards peace, as defined during the European Summit in The Hague in 1969 and the Conference of Heads of State and Government in Paris 1972,
  - B - considering the Luxembourg Joint Declaration of 5 April 1977 in which the European Institutions committed themselves to respecting the fundamental human rights and freedoms,
  - C - noting however that arms trade is occupying an increasingly large place in the Member States' external trade, that supervision of the arms trade has repeatedly been put forward by the General Assembly of the UN In 1965, 1968, 1970 and 1972 and recalling the innumerable opinions of representative bodies such as the World Council of Churches, the Synod of Bishops, the World Congress of major religions, the Council of the French episcopacy, Amnesty International, Pax Christi and so many others,
  - D - noting that measures have repeatedly been proposed in UNCTAD to counter the present-day arms trade, the influence of which is considered disastrous,
  - E - noting that the arms trade also has economic disadvantages for the countries of the Third World which spend their scarce resources on the acquisition of weapons,
  - F - noting that the various Member States are failing to reduce their arms deliveries and that, moreover, there are great differences from one Member State to another in legislation on trade in, and the export of, military weapons,
  - G - noting the numerous resolutions of the European Parliament against violations of human rights which however fail to condemn the complicity of Member States which supply arms to repressive regimes,
1. Requests the Commission and the Council immediately to draw up a directive subjecting trade in war weapons and materials with non-Member States to strict rules with a checkable export licence system under which an immediate embargo can be imposed for any instance of export and sale to countries whose regimes fail to respect human rights;
  2. Asks Council to give extensive consideration at its next meeting to the problem of trade in weapons and war materials and to examine all the measures which could be taken to ensure that the legal, political and moral values underlying the European Community shape the basic principles of the necessary common guideline for trade in weapons, munition and war materials with non-Member States;
  3. Instructs its President to forward this resolution to the Commission and the Council.



MOTION FOR A RESOLUTION (Doc. 1-1050/82)

tabled by Sir Peter VANNECK and Mr FERGUSON

pursuant to Rule 47 of the Rules of Procedure

on cooperation between the Assembly of the Western European Union and the European Parliament

The European Parliament,

- A - considering that world peace can be safeguarded only by creative efforts commensurate with the dangers that threaten it,
- B - convinced that the contribution which an organized and vital Europe can make to civilization is indispensable to the maintenance of peaceful relations,
- C - recognizing that Europe can be built only through practical achievements which will first of all create real solidarity, and through the establishment of common bases for economic development,
- D - anxious to help, by expanding the technological base of the Community's manufacturing industries, and to raise the standard of living and further the works of peace,
- E - recalling the resolution of the Treaty establishing the European Coal and Steel Community to substitute for age-old rivalries the merging of their essential interests, to create the basis for a broader and deeper community among peoples long divided by bloody conflicts and to lay the foundations for institutions which will give direction to a destiny henceforward shared,
- F - mindful of the commitment of Member States to the Charter of the United Nations,
- G - mindful of the responsibility of the Assembly of the Western European Union for defence matters under the modified Brussels Treaty,
- H - mindful of the Treaties establishing the European Community,

- I - mindful of the proposal of the European Commission for a programme of research and development in the aeronautical sector, Doc. 319/75,
  - J - mindful of the proposal by the Commission for a research and development programme in the field of informatics, Doc. COM(79) 650 final, Doc. COM (80) 421 final,
  - K - mindful of its report on cooperation in European armaments procurement, Doc. 83/78,
  - L - mindful of its report on equipment manufactured in the Community which can be used for the inspection of fishing activities in Community waters and the surveillance of other activities affecting the common system for the conservation and management of fishing reserves, Doc. 442/78,
  - M - mindful of its report on the surveillance and protection of shipping routes for supplies of energy and strategic materials for the countries of the European Community, Doc. 1-697/80,
  - N - mindful of the decision of the European Council in Copenhagen, December 1973, to develop more actively a common policy on industrial, scientific and technological cooperation,
  - O - in the expectation that Spain will contribute to European Union through adherence to the treaties establishing the European Community and to the North Atlantic Treaty Organization,
1. Welcomes the recommendation of the Assembly of the Western European Union, 2 December 1981, to pave the way for establishing a European Union based on harmonization of the Rome and Brussels Treaties;
  2. Accepts the call by the Assembly of the Western European Union, 2 December 1981, for cooperation with the European Parliament without prejudice to any decisions which member countries might subsequently take;



3. Believes that cooperation between the Assembly of the Western European Union and the European Parliament can be mutually strengthening in the pursuit of peace, détente, cultural and economic cooperation in Europe and in determining the development of European Union;
4. Invites the President of the European Parliament to contact the President of the Assembly of the Western European Union to ensure:
  - a) that invitations are sent regularly to observers from the Assembly of the Western European Union to attend plenary sessions of the European Parliament when the agenda includes debates on matters affecting Europe's security and vice versa;
  - b) that invitations are sent regularly to observers from the Assembly of the Western European Union to attend meetings of the Political Affairs Committee when the agenda includes matters affecting Europe's security;
  - c) that a standing committee drawn from the Assembly of the Western European Union and the European Parliament should be set up by the most appropriate means to ensure harmonization of their work, including regular meetings of the secretariats of both institutions, at least twice yearly;
5. Invites its President to make the necessary contacts with the President of the Assembly of the Western European Union with a view to harmonization of views on economic and political matters which affect Europe's security.



OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

Draftsman: Mr Nordmann

On 8 October 1982 the Committee on Economic and Monetary Affairs was authorized to draw up an opinion on the report on arms procurement within the common industrial policy being prepared by the Political Affairs Committee.

On 24 November 1982 the Committee on Economic and Monetary Affairs appointed Mr NORDMANN as draftsman of its opinion.

The Committee considered the draft opinion at its meeting on 18 - 19 January 1983 and adopted it on that date by a vote of 13 in favour to 3 against with 2 abstentions.

**PARTICIPATED IN THE VOTE:**

Mr. HOPPER (first Vice-chairman and acting chairman); Mr MACARIO (vice-chairman); Mr DELEAU (vice-chairman); Mr. NORDMANN (draftsman); Mr. BEAZLEY; Mr BONACCINI; Mr CABORN; Mrs DESOUCHES; Mr FORTH (deputizing for Mr Welsh); Mr FRIEDRICH; Mr HERMAN; Mr PAPANTONIOU; Mr ROGALLA (deputizing for Mr Mihr); Mr SCHNITKER; Mr Van ROMPUY; Mr VERGEER; Sir Frederick WARNER (deputizing for Miss Forster); and Mr WEDEKIND (deputizing for Mr von Wogau).

## Introduction

1. The Committee on Economic and Monetary Affairs has been asked to comment on the economic aspects of the draft text prepared by Mr FERGUSSON (PE 78.344/rev.II) on behalf of the Political Affairs Committee. This text covers a wide range of topics, but it is the understanding of your draftsman that the Political Affairs Committee will be dividing it in two parts, and be considering these two parts within separate time limits. Your draftsman will limit his comments, therefore, to that part of the report dealing with arms procurement within the common industrial policy, (and, to a much lesser extent to that part dealing with arms sales), which is to be considered first by the Political Affairs Committee. Your draftsman points out, however, that certain topics to be covered at a later date, such as civil defence policy, have important economic implications, and that a further opinion from the Committee on Economic and Monetary Affairs may well be necessary on that occasion.

## Economic importance of the defence equipment industry for the Community

2. The economic importance of the defence equipment market within the Community hardly needs underlining. This was discussed in some detail in the previous opinion of the Committee on Economic and Monetary Affairs<sup>1</sup>, and also in the study prepared for the European Commission on "European Technological Cooperation and Defence Procurement; Statistical and Institutional Analysis of Defence Procurement and Production in the European Community"<sup>2</sup>. The latter study's conclusions are summarised in a further report to the Commission by Mr David Greenwood of the Aberdeen Centre for Defence Studies on "A policy for promoting defence and technological cooperation among west European countries"<sup>3</sup>. This pointed out that expenditures by the Nine on major items of defence equipment amounted to some 11 billion EUAs in 1978, and that if one

---

<sup>1</sup> Draftsman Mr NORMANTON contained in Doc.8378/78 on European armaments procurement cooperation, KLEPSCH report.

<sup>2</sup> By Mr D. Greenwood with Mr. R. Angus, the so-called Aberdeen study, June 1979

<sup>3</sup> III - 1499/80

uses a wider interpretation of what constitutes procurement spending aggregate EEC demand in 1978 was around 18 to 19 billion EUAs. On the supply side, aggregate defence-related sales in 1978 amounted to 22 billion EUAs.

3. Yet while this aggregate data illustrates the importance of the defence equipment market for the Community economy it hides a number of other significant issues. One such issue is the high level of dependence of the Community on the United States with regard to large missile systems and equipment, and consequently with great imbalance in the Community's arms trade with the United States. The Aberdeen study cited above estimated sales of \$1,183 million from the United States to Europe compared with US purchases from Europe of only \$125 million.

4. The various studies have all pointed then to the potential advantages for the Community, not just in military but in general economic terms, of greatly enhanced cooperation in this field:

- being able to take full advantage of the Community market in order to reduce overlap and waste and to achieve the necessary division of labour and economies of scale in both research and development and in the actual production process. The consequent achievement of much greater efficiency than if the various member countries of the Community continued to go their own way, and only collaborated on an ad hoc basis, with the Community thus being able to get more for the same funds, or the same amount for less funds;
- a reduction of that dependence on the United States for advanced military equipment which is costly for the Community in both financial and technological terms. The consequent achievement of a real "two-way street" with the Americans, and of a division of labour between the Americans and the Europeans based much more on real underlying comparative advantage than on the current situation of unnecessary fragmentation of the Community defence industry;
- increased spill overs from defence applications to other sectors of the economy in, for instance, such fields as micro-electronics and telecommunications, aerospace, raw materials usage, and so on: the consequent improvement in Community competitiveness in advanced technological sectors of crucial importance for the future.

5. Nevertheless, while these advantages of enhanced cooperation are generally accepted there is clearly no consensus on the best strategy for the Community to follow. As the explanatory statement to the FERGUSSON report points out there is a division between advocates of an ambitious approach, exemplified by the report of Mr KLEPSCH, which called on the Commission to submit to the Council a European action programme for the development and production of conventional armaments within the framework of a common industrial policy, and advocates of a more cautious approach, exemplified by the report of Mr Greenwood which would reject "grand institutional" designs, and emphasise instead "separate but concerted policy initiatives" and "modest institutional innovation".

6. Mr FERGUSSON himself speaks in his text of the need to find a balance between these two different approaches while indicating that his sympathies lie much closer to the far-reaching proposals put forward in the KLEPSCH report. On the other hand, Mr DAVIGNON, in his foreword to the GREENWOOD report on behalf of the Commission, shows himself to be an advocate of the more limited approach, that would concentrate on improving the flow of needed information within the Community, possibly through the creation of a "Defence Procurement Analysis Unit", and on further coordination of public purchasing at Community level.

7. Your draftsman does not believe that it should be the role of the Committee on Economic and Monetary Affairs to get involved in a detailed discussion of the merits of either of these two approaches.

8. Nevertheless, one general comment can be made. Those who advocate a more sweeping approach have argued that a Community programme for the development and production of armaments would have multiplier effects throughout a whole range of important industrial sectors, and be a powerful stimulus to the development of Community industrial policy in general.

If the political will were there to establish such a programme this would undoubtedly be true. Unfortunately, when one assesses the likelihood of such a political will developing, a reverse argument can be used. If the Community is having such great difficulties in developing industrial strategies for sectors in severe crisis or for advanced technology

sectors, in both of which categories enhanced Community cooperation is clearly essential, it is hard to see how there can be consensus on the even more controversial area of defence procurement. In this field the key decisions are taken to an even greater degree by national governments, cooperation tends to take the form of bilateral agreements rather than through Community mechanisms, and any increased Community involvement would be looked at with great suspicion not only by individual governments, but by a considerable segment of public opinion.

9. Your draftsman does believe, however, that it should be the role of the committee to point out those measures which must be taken and effectively implemented, if there is to be any form of progress at all, and so that, if, and when, the necessary political decisions are taken to have much closer coordination of the arms procurement needs of Member States at Community level, a better industrial environment for such initiatives would already exist.

10. Inevitably this means putting the emphasis on the Community's continuing failure, as outlined above, to develop any form of coherent industrial strategy either in general terms or in terms of specific sectors. In some areas much remains to be done, in others little has been achieved at all.

The need to make progress on this front has been emphasised on numerous occasions by the European Parliament, and by the Committee on Economic and Monetary Affairs in particular. The steps that must be taken include:

- reinforcement of the internal market, through the promotion of standardisation, through the removal of existing barriers to trade and the prevention of new barriers;
- effective implementation of the adopted directives on public work and supplies, and further liberalisation of public procurement: Here it should be pointed out that there is a current blockage at Council level in the field of telecommunications, and that the Commission itself admits<sup>1</sup> that its work on public procurement in the context of its multiannual programme on data processing has not even begun, years after the approval of the programme;

---

<sup>1</sup> In its latest report on this Parliament Doc. 1-553/82

- coordinated Community efforts to help promote key technologies of the future, such as the new information technologies, which also have important defence implications. Again it must be pointed out that little has been achieved, that the multiannual data processing programme referred to above has only progressed slightly and on a much more limited scale than originally envisaged, and that the much heralded ESPRIT project is still in its infancy;
- progress in developing a proper European company law;
- Commission examination of other barriers to innovation and what could be done to remove them

11. These are just a few of the most obvious steps that must be taken that would help to enhance the Community's defence capabilities even in the absence of an explicit Community armaments policy, and that would greatly facilitate its implementation if such a policy were to be agreed upon.

#### Arms sales to third countries

12. Your draftsman does not consider it appropriate for the Committee on Economic and Monetary Affairs to enter into a detailed discussion on the controversial subject of arms sales to third countries. He would, however, like to make one point, stemming from the argument in paragraph 80 of the explanatory statement of the FERGUSSON report, where it is stated that "specialisation in European arms manufacture would engender the large production runs and economies of scale that could, coupled with the development of a structured transatlantic armaments market, reduce or eliminate dependence on arms exports outside the Atlantic Alliance". While your draftsman would agree that the current inability of individual Community countries to be able to take full advantage of the scale of the Community market does give them an additional incentive to export arms to third countries, he is sceptical of whether the creation of a more integrated European market would reduce such arms sales to third countries in practice. Indeed, any increased efficiency that would accrue might create a spur to step up rather than to reduce overall exports.



## Conclusions

13. In the light of the comments made above the Committee on Economic and Monetary Affairs makes the following observations on the relevant sections of the draft motion for a resolution from the Political Affairs Committee.

14. The committee agrees with the draft motion's emphasis on strengthening the internal market, through promoting standardisation and removing barriers to trade. It believes that a high emphasis should also be put on further coordination of public procurement policies, and insists, in particular, on real progress in this respect in the two key fields of telecommunications and data processing.

15. The committee considers that the draft report puts insufficient emphasis on the failure of the Community to establish and to implement coherent industrial policy objectives, and in particular those high technology sectors such as the new information technologies, which are of such direct relevance to defence procurement.

16. In this context the committee expresses considerable doubts about the suggestion in the draft motion that the Commission should develop a programme, in cooperation with Japan, on computer-aided design and manufacturing systems and artificial intelligence. The committee believes, rather, that the Community needs to build up its independent capability in these spheres which will be of considerable importance for the maintenance of its competitiveness in the future. The already adopted Community micro-electronics support programme, and the proposed ESPRIT programme already include activities in the sphere suggested in the draft motion from the Political Affairs Committee, including the promotion of increased cooperation between Community firms. The central need therefore, is to properly implement and build upon these programmes.

17. The committee believes that if these measures were taken the European arms procurement industry would be placed in a much stronger position. If the necessary political decisions were then taken to enable bolder steps towards true Community-wide coordination of arms procurement and production a number of important obstacles would already have been removed or reduced.

O P I N I O N

(Rule 101 of the Rules of Procedure)  
of the Committee on External Relations

Draftsman: Mrs Wieczorek-Zeul

On 19 January 1983 the Committee on External Economic Relations appointed Mrs Wieczorek-Zeul draftsman of the opinion.

The committee considered the draft opinion at its meetings of 23 and 24 February, 23 and 24 March and 19 April 1983. On 19 April 1983 it approved the proposals in Chapter I by 12 votes to 7 with 3 abstentions.

The following took part in the vote: Sir Fred Catherwood, chairman; Mrs Wieczorek-Zeul, vice chairman and draftsman; Mrs Baduel-Glorioso, Mr Bonaccini (deputizing for Mr Galluzzi), Mr Gauthier (deputizing for Mr Anglade), Lord Harmar-Nicholls (deputizing for Miss Hooper), Mr Jonker, Mr Lenz (deputizing for Mr Lemmer), Mr Mommersteeg, Mrs L. Moreau, Mr Pelikan, Mrs Phlix (deputizing for Mr Majonica), Mr Pasmazoglou, Mrs Pruvot, Mr Radoux, Mr Rieger, Prince Sayn-Wittgenstein, Mr Spencer, Sir Jack Stewart-Clark, Mr Vankerkhoven (deputizing for Mr Stella), Mr Welsh (deputizing for Sir Fred Warner) and Mr Ziagas.

I. Community and international measures proposed by the Committee on External Economic Relations

(1) The need for international action to limit conventional arms transfers

1. The report of the Independent Commission on Disarmament and Security issues ('Common Security') (1) rightly points out that the scale of arms transfers has more than doubled in the last ten years, that supplies in 1981 represented an overall value of almost 30,000 million dollars, that orders were placed for an even greater amount and that more than three quarters of arms supplies were to developing countries.

Action by the Member States of the European Community alone would therefore be an important step towards limiting arms transfers but at the same time it would need to be augmented by an international system of guidelines for and restrictions on arms exports which was binding above all on the two major arms exporters, the USA and the USSR.

2. The Foreign Ministers of the Community meeting in political cooperation should therefore take steps internationally in the following areas: (2)

(1) The supplier states should embark on negotiations designed to bring about a general limitation on arms supplies to the Third World. The aim should be to reduce continually the level of arms exports.

(2) The United States and Soviet Union should resume without preconditions their talks on the transfer of conventional weapons (CAT-Round, Conventional Arms Transfer Talks which took place from 1977 to 1980 and then were broken off). Other major suppliers, e.g. the relevant Member States, should take part in these talks.

(3) At the same time talks should begin between the supplier and recipient states in regions where the situation is particularly precarious.

(4) The recipient states should be encouraged to develop their own guidelines to prevent arms supplies and avoid new regional arms races.

---

(1) Report of the Independent Commission on Disarmament and Security Issues ('Common Security') p. 175

(2) See Andrew J. Pierre, op. cit. p.p. 291 et seq

(2) Proposal for a Community convention on arms exports

3. The Committee on External and Economic Affairs emphasises the need pointed out by the rapporteur Mr Ferguson in Section II of his report to draw up joint rules for arms exports and restrictions on the export of specific types of weapons to certain Third Countries. In particular it shares its view that the arms sales policy pursued by certain Member States without consideration of common interests or the interests and policies of other countries may lead to instability or war in other parts of the world. The following proposal for a European Convention against arms exports might serve to lend concrete expression to this view. At the same time it is a proposal which should be developed in the context of European Political Cooperation (EPC). For it is scarcely conceivable that the Community could be given responsibility for matters relating to arms exports, which are closely linked with the foreign policies of individual countries, until a common foreign policy has been formulated.

There is not necessarily any connection between restrictions on arms exports to Third Countries and the call for specialization of European armaments production made by Mr Ferguson in the main part of his report. Possibly as the draftsman of the opinion for the Committee on Economic and Monetary Affairs, Mr Nordmann, remarks there is a contradiction between the two: 'Any increased efficiency that would accrue might create a spur to step up rather than reduce overall exports' (1). In its opinion, however, the Committee on External and Economic Relations has only considered the question of arms exports that fall within its terms of reference and not considered the other question of arms procurement within a common industrial policy which is dealt with in the opinion of the Committee on Economic and Monetary Affairs.

4. In the view of the Committee on External Economic Relations the Community Foreign Ministers should agree as part of EPC on the following common guidelines to restrict arms exports:

- Arms exports are permissible between Members States of the European Community within the boundaries of the law.

---

(1) PE 81.975/fin., (Committee on Economic and Monetary Affairs)

- Other states may be accorded the same status. These shall be shown on a standard list. Decisions on this are to be taken by the national governments following consultation in EPC and consultation with the European Parliament. Arms exports to such states are permissible within the boundaries of the law provided they appear on the special list of countries.
- Exports of weapons to other countries should be restricted. Exceptions should only be possible following consultation in EPC, following consultation of the European Parliament, provided that the governments can demonstrate a compelling need in terms of important European foreign and security policy interests and that there is no obstacle in the internal situation of the country concerned.

(3) Proposal for a European arms-exports control agency

5. In the view of the Committee on External Economic Relations the Foreign Ministers should take steps to create a European arms-exports control agency which would supply information on arms exports. This could at the same time lead to greater approximation of the national policies of the Member States in this sector.

It could also consider all the consequences for the labour market of converting armaments capacity into non-military production and research capacity.

6. In the event of the USA and the USSR resuming negotiations on the sale of conventional weapons and achieving an agreement on restricting their sales of such weapons, in particular to the developing countries, the Member States should undertake to accede to that agreement. The Council of Foreign Ministers meeting in political cooperation should, as of now, initiate moves for a resumption of negotiations on a general restriction on arms supplies to developing countries.

## II. Justification for the proposal for a Community convention on arms exports

7. For the purposes of this proposal, weapons of war are defined according to the list of arms applied in the weapons control law of the Federal Republic of Germany, i.e. 'weapons of war include atomic weapons, chemical weapons, weapons with a calibre over 90 millimeters (such as cannons, howitzers etc), missiles, mines, bombs, armoured vehicles, warships, military aircraft, weapons with a calibre up to 90 millimeters, anti-tank weapons, military helicopters and the main components of weapons, explosives, etc. Weapons of war are objects, materials and organisms capable in isolation or in combination with each other or with other objects, materials and organisms of destroying or causing damage to persons or materials and serving as a means of employing violence in armed confrontation between states'. (Weapons control law of the Federal Republic of Germany, 20 April 1961).

The EPC arrangements would not apply to a large number of other armaments (including hand held firearms and ammunition) although comparable arrangements in this area would certainly be desirable. Restrictions on weapons of war, however, would be a first step. It would also be desirable to have EPC regulations analogous to those for weapons applying to the issue of licences to export armaments manufacturing equipment. States placed on an equal status with Community Member States and which are then allowed to receive exports of weapons should be required to give a binding commitment on the final destination. (No further transfer).

The proposal for consultation in EPC and of the European Parliament is to prevent current national practice being continued by using the loophole of exceptions to a general ban on arms exports and to ensure that aspects of a European foreign policy gradually emerge.

In practice, consultation of the European Parliament could be carried out by means of a small committee which would include the chairmen of the groups and one additional representative from each.

The principle that exceptional approval for arms exports should not be given where objections can be made to the internal situation of the country concerned is to ensure that such decisions are ruled out if there is a danger that weapons will be used by the recipient country to violate human rights.

8. Derogations from the principle of preventing arms exports should be allowed only if all the four criteria mentioned (European interests, external policy interests and security interests, and the internal situation of the country concerned) are satisfied.

At all events, it will be necessary to ensure that arms exports allowed by way of exception do not harm another Member State militarily or threaten its security and territorial integrity.

### III. Justification for a common approach by the Member States

9. A common approach to the export of weapons and armaments to third countries by all Member States is necessary and would be useful for the following reasons:

As the commercial scale of arms exports by Community countries has clearly grown, solely national provisions are producing distortions and imbalances of competition which also affect other sectors and areas of the economy.

The example of 'barter trading' (weapons for oil) shows that unilaterally favourable national terms can be gained for the supply of important raw materials.

Such barter transactions may well violate the provisions of Article 223 of the EEC Treaty which is intended to rule out distortions of competition on the common market.

- At the same time a binding agreement between the Member States would provide the best protection against restrictive arrangements on arms exports of one Member country (e.g. the Federal Republic of Germany) being circumvented.
- A common approach would also reduce the possibility of one Member State concluding arms export deals on behalf of another which refuses to indulge in such transactions for one reason or another.

- In the case of military conflict in areas of the Third World the uncoordinated and extensive supply of arms from various Member States with different foreign policy objectives represents a threat to the solidarity of the Community itself. A ban on supplies for weapons which is only imposed once a conflict has already broken out makes little sense if supplies are continued to other regions thus preparing the next conflict.
  
- And finally: a regional approach - notwithstanding the need for worldwide restriction on arms transfers - has far greater chance of succeeding than the global approach. Because the interest of the states involved can far more easily be coordinated than the global interests of the two super-powers.

#### IV. Justification for a general assessment of arms exports

##### (1) The legal position under the Treaty of Rome

10. Section 1(b) of Article 223 of the EEC Treaty allows any Member State to take such measures as it considers necessary for the protection of the essential interest of its security which are connected with the production of or trade in arms, munitions and war material.

This section goes on to say that such measures shall not adversely affect the conditions of competition in the common market regarding products which are not intended for specifically military purposes. Under Article 223(2), during the first year of entry into force of the Treaty, the Council, acting unanimously, was to draw up a list of products to which Community provisions did not apply. This implies that trade in the war material included in this list would not be subject to the provisions of the Treaty while material not on this list and material not specifically intended for military purposes would fall under the provisions of the Treaty including provisions relating to competition.

11. On 15 April 1958, the Council drew up the list of goods (weapons, munitions, war material) to which the provisions of Article 223(1)(b) of the EEC Treaty applied. As this Council decision was based on Article 189 of the EEC Treaty, the list was not published. As far as the Community's powers in



this sphere are concerned we may quote Article 225 of the EEC Treaty: 'If measures taken.....have the effect of distorting the conditions of competition in the common market, the Commission shall, together with the State concerned, examine how these measures can be adjusted to the rules laid down in this Treaty.'

Moreover, the Commission (or a Member State) can bring the matter directly before the Court of Justice if it considers that a Member State is making improper use of the powers provided under the Treaty. So far neither the Council nor the Commission has adopted either regulations or directives.

## (2) International agreements

12. This type of exception to supranational or international provisions is also found in international trade agreements. For example Article XXI of GATT allows the parties to the agreement to withhold information which they believe would run counter to their essential security interest and to take such measures as they believe necessary to protect their essential security interests in relation to fissile materials or raw materials from which these can be produced. The same applies to trade in weapons, munitions and raw materials and all trade directly or indirectly serving to supply the armed forces with other goods or materials. This also includes measures taken on the basis of the commitment by countries under the charter of the United Nations to maintain international peace and international security.

13. One exception is the procedure by the NATO states and Japan in the field of East-West trade where what is known as a CoCom list has been drawn up (CoCom = Coordination Committee for East-West Trade Policy) which has led to a joint agreement on limiting the export of strategically important equipment and technology such as electronic products, computers, semi-conductors, glass fibres, optical products and advanced metallurgical goods from the NATO states and Japan to the member states of the Warsaw Pact.

## (3) Armaments cooperation between industrialized countries

14. Although the various national governments are responsible for parliamentary control of the export of defence and other strategically important material, there is growing bilateral, and more recently trilateral,

cooperation between the various Member States of the Community and with the USA in the field of armaments research, development and production.

At the present time the strongest links in arms cooperation are between France and the Federal Republic of Germany and France and the United Kingdom.

Notwithstanding this bilateral cooperation, there are no joint agreements on supplying jointly-developed products to third countries. The only exception is the (quasi) final destination clause which requires consent for exports to third countries in the case of the Anglo-German-Italian joint project, MRCA (Tornado).

15. Despite the increasing level of arms cooperation, most internal NATO or Community transactions are imports of weapons from the USA. Italy with an arms import quota of 12.1% of all arms imports by industrialized countries is the leading importer of US arms followed by Greece with 10.6%, the Netherlands with 5.9%, Belgium with 5.6%, the Federal Republic of Germany 4.2%, United Kingdom 3.2% and finally Denmark with 2.2% (1).

#### (4) Member States as arms exporters

16. Although imports by Member States of weapons and armaments from the USA are clearly the main category of arms dealing within the alliance, the four major Community countries - France, Italy, the United Kingdom and West Germany - are nevertheless net exporters in the armaments sector. The other Member States are by comparison relatively little involved in arms exports, for example Belgium with arms exports of \$ 70 m compared to arms imports of \$ 290 m, Greece with \$ 5 m and \$ 380 m or Denmark with 0 and \$ 30 m (2).

17. France, Italy, the United Kingdom and West Germany in this order are among the leading exporters of major weapon systems. France with 10.8% and third place in the world (following the USA and the USSR), Italy with 4% and fourth place, the United Kingdom 3.7% in fifth place and West Germany with 3% in sixth place (3). France's main exports of major weapon systems consist of

---

(1) See SIPRI Armaments Yearbook 1981/82, p. 196

(2) ACDA (US Arms Control and Disarmament Agency) World Special on Military Expenditures, 1979

(3) SIPRI Armaments Yearbook 1981/1982, p. 184

aircraft and missiles which account for 57% and 20% respectively of all arms exports, Italy with aircraft and missiles of 36% and 34%, the United Kingdom with aircraft and ships for 33% and 34% and West Germany with tanks and ships for 45% and 38 (1).

18. The regional distribution of major weapon systems imports by third world countries is as follows:

Middle East: 48%  
Far East: 17%  
North Africa: 9.2%  
Southern Africa: 9%  
South America: 9%  
Southern Asia: 6.4%  
Central America: 1.4% and  
Australasia: 0.01% (2)

19. Arms exports to developing countries represent a major proportion of the overall arms exports of the four largest Member States, namely for

France 76.5%  
Italy 76.5%  
United Kingdom 81.7% and  
West Germany 37.6% (3)

#### (5) Trends in arms exports

20. Within recent decades, arms exports to developing countries have more than doubled whereas imports to the industrialized nations have barely risen. At the same time the level of military aid granted to third world countries has steadily fallen; this applies in particular to the USA, France and the United Kingdom (4). Moreover both the USA and the USSR now grant less economic aid than the level of their arms sales (5). The qualitative changes in world arms exports have been just as dramatic over this period as quantitative changes.

(1) SIPRI Armaments Yearbook 1981/1982, p. 185

(2) SIPRI Armaments Yearbook 1981/1982, p. 135

(3) SIPRI Armaments Yearbook 1981/1982, p. 184

(4) See The Global Politics of Arms Sales, Andrew J. Pierre, 1982 p.p. 9 and 10

(5) See The Global Politics of Arms Sales, Andrew J. Pierre, 1982, p. 5

Whereas until 1970 the beneficiary countries received almost exclusively obsolete equipment dating back to the Second World War or the period immediately after, they are now receiving quite sophisticated weaponry from the supplier countries. For example in 1960 only four developing countries possessed supersonic aircraft whereas by 1977 there were 47. There is a further qualitative transformation from the steady growth of transfers based on joint production and licensing. This system for acquiring expertise and procuring Western systems now extends to more than two dozen states in the third world (1) which results in the rapid proliferation of particularly highly sophisticated weapon systems.

21. It is striking that foreign orders often enjoy higher priority than domestic orders and play a central role in the decision to develop products which are then also used to equip the armies of the various supplier countries.

A further change has taken place as regards the flow of armaments. Until the middle of the 60's the exported weapons went to developed countries which were partners of the USA and NATO or in an alliance with the Soviet Union but in the late 70's the flow of armaments shifted towards the developing countries. Three-quarters of international arms exports now go to the Third World - the Persian Gulf, the Middle East and Africa and Latin America - and there is no region of the world which has not experienced a growth in arms imports(2). One reason for this is that the purchase of new weapon systems in one region compels neighbouring states to acquire comparable weapon systems (3).

---

(1) See *The Global Politics of Arms Sales*, Andrew J. Pierre, 1982, p. 11

(2) A. Pierre op. cit., p.p. 12 and 13

(3) Report by Independent Commission for Disarmament and Security ('Common Security', also known as the 'Palme Report'), p. 108:

'the value of arms imports by developing countries in the years 1975 to 1979 amounted to US \$ 65,200 m at 1978 prices of which US \$32,300 m were in OPEC countries and US \$32,900 m in other developing countries. In 1970 the developing countries imported at the dollar exchange rate of 1978 weapons worth US \$5,600 m and in 1979 the equivalent of US \$ 16,100 m.'

22. Arms exports clearly represent one aspect of the recycling of oil revenue (see Palme and also the 'Independent Commission on Disarmament and Security Issues'). This explains the trend for growing arms exports both to oil-producing developing countries and oil importing developing countries. The following figures show that the increase in arms exports is by no means restricted to the former category:

Between 1977 and 1979 six oil-importing developing countries, including two with a per capita income of less than US \$ 200 per year, imported weapons to a value of over \$ 1,000 m (1). Pierre concludes that as far as the supplier countries are concerned, particularly in the Community, and contrary to official political pronouncements, it is a question of commercial interests whereas in the case of the superpowers the main priority is political competition in the Third World.

(6) Economic aspects of arms exports

23. The general conclusion of the study by Pierre (2) is that no supplier country is heavily dependent on arms exports either in terms of foreign trade, where arms exports only represent between 3% and 5% of the total exports of industrialized countries, or to the extent that the balance of payments is kept in balance or employment safeguarded by arms exports.

If it is true that the increase in arms exports in the middle of the 70's was related to the increased price of oil, then there is no evidence that arms exports were a major source of earnings to compensate for the deficit on the balance of payments. On the contrary the adjustment of the balance of payments to increased oil prices took place particularly quickly in Japan, a country which exports relatively few arms exports (3). Pierre rightly points out the following. 'Arms exporters also run the risk that oil prices will be increased to pay for expensive weapons' (4).

(1) 'Independent Commission on Disarmament and Security Issues', p. 109

(2) See Pierre, 'The Global Politics of Arms Sales', Section II, particularly pages 68, 78-87, 100-101, 109-116

(3) See Pierre 'The Global Politics of Arms Sales' p. 24

(4) See Pierre 'The Global Politics of Arms Sales' p. 26

24. From the macro-economic point of view the claim that the arms industry creates and safeguards jobs is unfounded. If armaments play a major role in the overall economy this tends to exert a restrictive effect on non-military branches of industry because the necessary resources, for example for modernizing productive equipment, are lacking and research and development in non-military spheres of industry is neglected. A number of studies therefore conclude that there is a significant correlation between a high proportion of GNP for military expenditure and high rates of unemployment.

These studies also highlight the relationship between a high percentage of GNP as military expenditure and low productivity growth rates and vice versa (1). Nor is it true to claim that a large number of jobs depend on arms exports if one considers the precise figures for the proportion of overall manufacturing accounted for by the armaments industry in:

France: 2.72%

United Kingdom: 2.26%

Italy: 1.33%

Federal Republic of Germany: 0.43%

which represents 1.7% of all French exports and 1.5% of all U.K. exports (2). The number of those employed in the armaments industry is 436,000 in France, 630,000 in the United Kingdom, 161,000 in Italy and 238 000 in West Germany (3).

The number of those employed directly for arms exports is as follows: 151,000 in France, 168,000 in the United Kingdom, 76,000 in Italy and 39,000 in the Federal Republic of Germany (4). The armaments industry is however concentrated in certain sectors and regions. And Pierre is certainly right when he observes : 'The data on direct employment only tells part of the

---

(1) ACDA (Arms Control and Disarmament Agency) op cit: SIPRI Armaments Yearbook 1981/1982, pp 148 et seq

(2) and (3) Pierre 'The Global Politics of Arms Sales' pp 25 et seq, ILO, Yearbook of Labour Statistics 1978, Geneva 1979

(4) Michael Brzoska, Peter Lock, Herbert Wolf; Rüstungsproduktion in Westeuropa, (Arms production in Western Europe), Hamburg University.

story, for they say nothing about the multiplier impact of jobs in one industry upon those in another.' (1) But he also notes : 'Yet for none of the main suppliers do arms exports occupy as important a role in the national economy as is often assumed by those who believe that economic imperatives must overrule any attempt to restrain arms sales'(1).

25. In contradiction to the claims made arms exports tie up resources in the supplier countries which could be used more effectively and usefully in other sectors: arms exports require guarantees, preliminary financing and subsidies from the state because most weapons are sold on the world market at below the production price and the credit rating of the clients (recipient countries) is by no means such that arms can be delivered without state guarantees. This also means that safeguarding, let alone increasing, employment in the armaments industry is extremely expensive and with the shortage of public financing has to be paid for by unemployment in other sectors of the economy in the Member States. A further factor is that with modern, largely electronic weapons technology and equipment, the armaments industry is one of the most capital-intensive branches of the economy so that subsidies paid to this sector have very little effect in terms of creating employment.

26. Nor is there any justification for the argument that arms supplies to foreign countries open up new markets for other products, as it is often the case, particularly in the poor and poorest developing countries, that financial resources are depleted to such an extent that there is nothing left for other sectors.

Moreover, countries which adopt a restrictive policy towards arms exports are clearly not unable to export other goods. Conversely arms exports by no means lead to follow-up deals in other sectors. For example the Federal Republic of Germany refused to supply the Leopard tank to Iran; instead Iran bought British Chieftain tanks. Nevertheless the Federal Republic has received several orders for major non-military projects in preference to the country

---

(1) Pierre 'The Global Politics of Arms Sales' p 27

which supplied the tanks. In his study, Pierre therefore comes to the following conclusions . 'It may be however that the economic importance of arms sales - the 'explanation' most often given for their existence and expansion - is not so great as it is often believed to be. The widespread perception that high levels of arms sales are necessary for the national economies of the principal suppliers is based upon vague, general notions rather than on hard data. Closer investigation, as undertaken on a country-by-country basis suggests that the economic benefits are less than is generally assumed. Accordingly, limited restraints on sales may have a relatively small economic impact.' (1)

The European trade unions are unequivocally against a policy which sees arms exports as a form of labour market policy. They point out that arms exports cannot overcome the structural crisis. The European metalworkers unions formulated the following standpoint on the subject of jobs, armaments and arms exports (2) :

'There is hardly any precise information on the effect of employment in individual sectors and regions.

Various studies have however shown that the same resources could be used in other sectors to create far more employment.

Moreover there are a number of examples of the lack of security of employment in the arms industries. The fluctuating level of orders for the domestic market and the lack of stability of international markets has time and again lead to major shifts in employment in virtually all sectors of the arms industry.....'

---

(1) Pierre 'The Global Politics of Arms Sales' p 25

(2) Joint statement of the European metalworkers unions on restricting arms exports of 19 June 1981



They suggest among other things :

- '- preventing any increase in capacity production as this normally leads to greater employment problems;
- refusal to export arms to developing countries and to countries where democratic rights are violated. The transfer of large quantities of weapons and war material heightens the risk of conflict and threatens peace;
- legal provisions should be introduced or tightened up to control arms production, arms exports and the exports of parts, manufacturing equipment and expertise;
- controls should be introduced relating to the final destination of weapons to prevent re-export;
- export restrictions should also apply to arms produced as part of international cooperation;
- a study should be made as to what extent cooperation in the armaments industry offers scope for reducing capacity in the interests of the employees.'

The metalworkers unions see the following as possible ways of reducing the threat to employment in the existing armaments industry:

- longterm capacity and utilization planning for research, development and production which would end the cyclical pattern of ordering :
- regulations on maintaining and increasing the proportion of non-military manufacturing;
- gradual changeover from military to non-military production on the basis of existing sophisticated technology.'

(7) Arms exports from the point of view of regional security and stability

27. One of the arguments often adduced for arms exports is that this helps to create regional spheres of influence and offers the recipient countries an alternative between the two superpowers. But we have seen in the past that the success of this form of 'foreign policy' can be unexpectedly brief, for example the development between Egypt and its previous supplier, the USSR, and the reversal of friendly relations between Iran and the USA as its major supplier at the end of the 70's and relations between the USA and Ethiopia in the mid 70's. If one considers the situation in the Middle East, a further fact becomes obvious : arms supplies to one country may enhance that country's security and restore balance, but for another country it can be the cause of imbalance and an additional threat which it seeks to offset by renewed efforts to import weapons. The country which feels itself at a disadvantage normally seeks to obtain comparable weapons from the other superpower. This leads to a further round in the regional arms race and also entails the risk that, should a conflict arise, the supplier countries which are represented by advisers and technicians and are also under an obligation to provide replacements may become involved in the conflict with the danger of the conflict being transferred to the alliances. Pierre observes in this connection: 'The transfer of arms can go so far as to make the supplier hostage to the recipient' and on the subject of the dependence of the recipient country he quotes a report by the Senate Foreign Relations Committee of 1978 on US arms supplies to Iran . 'It is not clear who really has influence over whom in times of an ambiguous crisis situation.' (1)

28. Given the wide variety and complex causes for conflicts, which essentially however arise from political, economic, territorial or ideological rivalry, there is the danger that it will prove impossible to restrict and control regional conflicts and that these will extend to other regions including the European region.

Since 1945 all conflicts and confrontations involving armed force have taken place in countries or regions of the third world with weapons which were supplied almost exclusively by the industrialized nations. Exports of arms and armaments and the continual updating of equipment neither prevented these wars nor did it give the supplier countries control.

---

(1) Pierre, op. cit. p. 18

(8) Effects on recipient countries

29. The burden of the arms race and arms exports and imports are particularly pronounced for the recipient countries in the third world and has serious consequences. In practically all developing countries this expenditure makes worse the deprivation and shortages which already exist. Expenditure on armaments even prevents developing countries with relatively high earnings from promoting economic growth and development. Particularly in those countries in the third world which do not produce oil military expenditure can only be financed at the cost of infrastructure and the satisfaction of basic requirements. 'With low production as a result of inadequate resources it is only possible to devote a high proportion of national earnings to the military sector by cutting back other forms of demand such as private consumption and capital formation.' (1).

30. The unique nature of the highly-sophisticated weapons systems delivered to countries in the Third World which increased steadily throughout the 70's mean that new forms of dependence from the supplier countries have been created. Training and maintenance by specialists from the supplier countries and supplies of spare parts at high prices have since become a further additional burden on the recipient countries.

Moreover, unlike in the period following the Second World War, these states no longer receive imported weapons as military aid but have to pay for them in the same way as normal goods with convertible currency, normally dollars, or with strategically important raw materials at severely depressed prices or have to use their export earnings from important raw materials for arms. The developing countries spend twice as much on arms imports as the industrialized nations. (2) Arms imports cost foreign currency irrespective of whether this is borrowed or earned and these resources are then no longer available for other, non-military purposes. When arms imports are supplied on credit, the loans have to be paid back, in some cases at high interest rates. And loans granted for the purchase of weapons, unlike those for the purchase of capital goods do not enable a country to earn more foreign currency to pay off its old debts and further develop its own economy.

---

(1) Independent Commission on Disarmament and Security Issues, p 112

(2) SIPRI Annual report 1981/82; Palme report;

ACDA: World Military and Social Expenditures 1980

A further fact is that export earnings in the developing countries are continually falling and thus many countries have to take up new loans at higher rates of interest on the international capital market with severe social consequences. This further hinders growth in the developing countries. Between 1977 and 1979, the value of arms imports into oil importing countries in the Third World exceeded the sharp rise in the balance of payments deficit (1).

31. Increased military expenditure leads not only to lower general investments but also to a drop in agricultural production: in 69 countries of the Third World an increase of 1% GNP for military expenditure led to an average drop in investment of 0.23% and a drop in agriculture of 0.18%. (1)

These figures show that limiting arms exports is in the interests not only of the supplier and recipient countries but also of world trade as a whole: the production and export of non-military goods is productive, helps to earn foreign currency and stimulates demand.

---

(1) Lance Taylor: Military Economics in the Third World; Study for the Independent Commission on Disarmament and Security Issues