



How do the most recent changes in the Swiss arms exports regulation affect Switzerland's efforts to promote peace and security? ETH-NADEL students (MAS 'Development and Cooperation' 2016–18) found unexpected results. (Image: Fritz Brugger)

Policy Coherence for Development: **Switzerland and the Arms Trade**

“Sustainable development cannot be realized without peace and security; and peace and security will be at risk without sustainable development.”

(United Nations, 2015, p. 3).

Executive summary

The international arms trade is a multi-billion industry. In 2015, Switzerland was the 11th largest arms exporter by value and the second largest on a per capita basis. At the same time, Switzerland plays a key role in promoting global peace and security, including the high-profile Swiss engagement for an International Arms Trade Treaty (ATT). The analysis of recent policy decisions as well as Swiss arms exports to Pakistan and Yemen suggest that economic interests of the Swiss arms industry prevail over development commitments. We propose revoking the 2015-weakening of the arms export laws, the establishment of an independent arms export control body, and transparent

export licensing procedures to bridge the security - development divide. Although the arms industry is prominent in Switzerland, war material exports only accounted for 0.14 percent of Swiss exports in 2016 (SECO, 2017). It seems questionable that Switzerland puts its reputation as a promoter for global peace and security at risk for this relatively small share of its exports.

Introduction

Countries suffering from sustained levels of armed conflict missed the Millennium Development Goals (SIPRI, 2015, p. 13). The availability and proliferation of arms can undermine human security and slow down development. On the other hand, arms also provide a state's legitimate security forces with the necessary means to guarantee security and stability in its territory. Under this premise, arms trade does not necessarily have negative effects on socio-economic development. Exporting nations need to balance an importing state's legitimate security and defense needs with potential negative



A vicious cycle between armed violence and underdevelopment
(Image: <http://bit.ly/2ArRbty>)



Countries suffering from sustained levels of armed conflict missed the Millennium Development Goals
(Image: <http://bit.ly/2mXuA1X>)

effects on a country's welfare. To remain credible as a leading nation promoting global peace and security, Switzerland needs coherent and unambiguous policies that guide decisions on whether or not and to what extent arms exports should be granted.

Swiss arms export control mechanisms

In Switzerland, exports of arms, or war material, are regulated by the Swiss Federal War Material Act (WMA) and the related Ordinance (WMO). The act has as a twofold aim: on one hand to fulfil Switzerland's international obligations with regard to the preservation of peace, international security and regional stability and to respect its foreign policy principles of promoting human rights and providing development assistance by means of controlling the transfer of war material; on the other hand to maintain an industrial capacity in Switzerland that is adapted to the requirements of its national defense. Hence, there is an inherent trade-off between controlling arm exports and the economic and political importance of Switzerland's arms exporting industry.

To ensure policy coherence, the Swiss government committed itself to a "whole of a government approach" that requires different federal departments to participate in a common dialogue and coordinate their activities: the Federal Department of Foreign Affairs (FDFA) with the Swiss Agency for Development and Cooperation (SDC) and the Human Security Division (HSD), the Federal Department of Defense, Civil Protection and Sports (DDPS), and the Federal Department of Economic Affairs, Education and Research with the State Secretariat for Economic Affairs (SECO).

However, it is mainly SECO which is responsible for beyond aid security policies, by regulating the arms trade as a control and licensing agency. SECO can approve export

licenses in consultation with the FDFA and other Federal Departments depending on the content of the application. In case of disagreement within the administration SECO presents the request to the Federal Council for the final decision. Given the wide legal interpretation of the Swiss Federal War Material Act (WMA), there is a risk that economic considerations overthrow development sensitive aspects. For example, the fact that arms control is the responsibility of a unit within SECO's Foreign Economic Affairs Directorate, which promotes Swiss economic interests, might represent a risk of partiality.

Recent Swiss policy decisions promote peace and human security...

With the 'Dispatch on Switzerland's International Cooperation 2017–2020' (Schweizerische Eidgenossenschaft, 2016) peace and security have become a more explicit focal point of Swiss Official Development Assistance. For the first time, a specific framework credit (CHF 230 million, or 2% of ODA) has been devoted to 'measures to promote peace and security', implemented by the Human Security Division (HSD). The focus of HSD's work is on four objectives:

- (1) promotion of peace (transforming violent conflicts);
- (2) Improvement of humanitarian policies
(protect civilians, support the rule of law);
- (3) promotion of human rights;
- (4) protection of vulnerable and displaced persons.

At the international level, Switzerland has actively and successfully promoted the inclusion of Goal 16 into the Sustainable Development Agenda of 2015 stating that sustainable development cannot be realised without peace and security.

Further, Switzerland played a major role in developing the first binding international law to regulate global trade



Active citizenship: A global campaign brought about the UN Arms Trade Treaty (Details and Image: <http://bit.ly/2mXuA1X>)

of conventional arms and to prevent and curb illegal arms trade. The Arms Trade Treaty (ATT) requires signatory states to establish national control mechanisms to enforce the export criteria defined in the ATT and fosters cooperation among state parties. The entry into force of the ATT in 2014 was celebrated as a milestone for a more peaceful and stable world by states and NGOs alike.

...and lower arms export hurdles

After ratifying the ATT, the Swiss parliament has opted for less stringent – yet ATT conform – arms export legislations, by weakening two policies in the Ordinance detailing the implementation of the Federal War Material Act in late 2014:

1. Lawmakers removed the clause that prohibited exports of war material to countries that were listed as ‘least developed countries’ on the OECD list of aid receiving countries. SECO now only needs to take into account that “the country of destination is listed as one of the least developed countries on the current OECD list of countries in receipt of development aid” (Art. 5 par. 1 WMO) when evaluating the request for an export license.
2. The parliament weakened the ban on exporting war material to countries violating human rights in a systematic and serious manner (Art. 5 par 2b WMO) by introducing an exception (Art. 5 par. 4 WMO): A license may be granted if there is a low risk that the exported war material will be used to commit serious violations of human rights. In plain words, SECO can now grant export licenses to countries, which systematically violate human rights.

Arms export to critical countries have been increased after the ratification of the ATT

Close to 40% of the Swiss arms export were sold to developing and emerging economies in the period 2009 to 2016. Furthermore, after the ratification of the ATT Switzerland

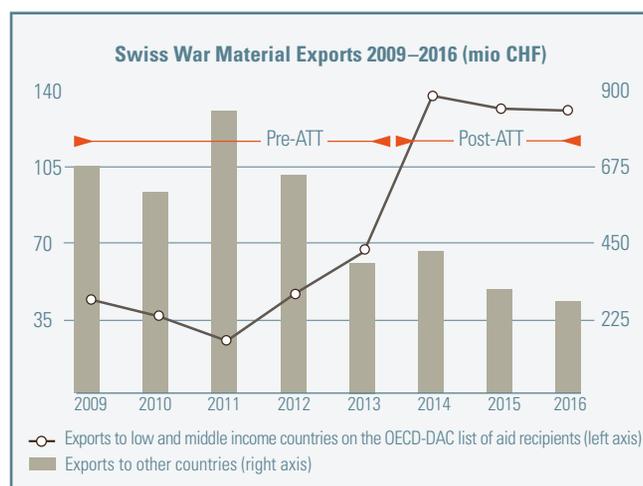


Figure 1: Swiss arms export to low and middle-income countries eligible for aid according to OECD-DAC has increased after the adoption of the ATT (data: SECO, OECD-DAC)

increased its arms export to countries with a high-risk that war material is deployed against its own population or transferred to states which are not allowed to receive war material under Swiss law (see Figure 1).

The cases of Pakistan and Yemen

The change of the ‘Ordinance of War Materials’ (WMO) might have contributed to increasing exports of war materials to Pakistan. From 2014 until 2016, arms exports to Pakistan has increased more than tenfold, reaching a total volume of CHF 25.5 million in 2016 (SECO, 2016a). The increase has taken place despite lingering conflicts, systematic violations of human rights (Human Rights Watch, 2016), and military expenditures accounting for 20% of Pakistan’s national budget. At the same time, Pakistan is a focus country of Swiss development cooperation (SDC, 2017). Swiss Development Cooperation is currently implementing programs to improve the human rights situation and to support non-violent means of conflict resolution. It is questionable whether the availability and proliferation of arms can lower violence in a context where institutions are weak (Human Rights Watch, 2016).

In 2015, Saudi Arabia lead a military offensive of a coalition of nine countries to influence the outcome of the Yemeni civil war. This activated Art. 5 par. 2 of the Swiss WMO which states that export licenses for war material shall not be granted „if the country of destination is involved in an internal or international armed conflict”. Switzerland immediately stopped Swiss war material exports to Saudi Arabia. Given that Saudi Arabia has been Switzerland’s second biggest buyer of war materials, the lobbyists of the Swiss arms export industry argued that the arms control regime was too strict compared to other European countries putting the Swiss industry at a competitive disadvantage (Häfliger, 2015).

The Federal Council abolished the moratorium in 2016 and approved arms exports to Saudi Arabia, which was still participating in the Yemen conflict (Gmür, 2016). The decision was justified by reinterpreting Art. 5 par. 2 (WMO), asserting that exporting war material to countries that are involved in internal conflicts of other countries should be allowed if it can be assured that the exported material would not be used in the conflict itself. It remains unclear how this assurance can be obtained in a credible way and who is responsible for collecting such evidence. The case of Saudi Arabia shows how much room the WMO leaves for interpretation and how individual parties or lobbies can push for their own interests despite a “whole-of-a-governance approach” to strengthen policy coherence for development.

New approaches to increase Policy Coherence for Development and the arms trade needed

A. Re-strengthen the Ordinance of War-Material (WMO)

Switzerland has lowered its own standards to the new international least common denominator. Given that a substantial amount of arms trade deliveries and arms trade transfer agreements are made with developing countries, Switzerland cannot neglect its responsibility in considering the possible negative impacts of arms exports. Regula-

tions such as the WMO need to be strengthened again as the case of Yemen illustrates. Hence, to be coherent with Swiss aid policies, Switzerland should go beyond the ATT standards, and take a leading role.

B. Create an independent arms-control division and enhance transparency

The fact that SECO represents the economic interests of the industry and at the same time is the licensing agency for the export of war material raises the question on its impartiality. To ensure independence and enhance transparency of the overall process, the arms-licensing unit should be separated from the departments representing specific interests.

C. Move from a whole-of-a-government to a whole-of-a-society approach

Arms trade in Switzerland remains a highly political topic with large conflict of interests across different governmental departments. We argue to rethink the ‘whole-of-government approach’ in arms trade, and expand it from the various governmental departments to include representatives from Swiss civil society. More stakeholders could lead to a more transparent and balanced discussion, promoting development – sensitive and responsible arms exports.

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Authors: Anna Abel, Alexander Krizan, Benjamin Meier

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ETH Zürich
NADEL Center for Development and Cooperation
Clausiusstrasse 37, 8092 Zürich
www.nadel.ethz.ch

ETH
Eidgenössische Technische Hochschule Zürich
Swiss Federal Institute of Technology Zurich

nadel
Nachdiplomstudium für Entwicklungsländer
Centre for Development and Cooperation