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Romania



Romania data profile

Population ¹	22.4 million (2000)
Territory ²	237,500 km ²
GDP ³	\$37.7 billion (2000)
Inflation rate ⁴	44% (1999 est.)
Current value of external debt ⁵	\$10,740 million (2000)
Unemployment rate ⁶	11% (1999 est.)
Defence budget (percentage of GDP) ⁷	2.1% (1999)

5.1 Introduction

DURING THE COLD WAR, Romania pursued a policy of self-sufficiency in armaments and made significant progress towards developing an independent domestic arms industry. By the end of the 1980s, most of Romania's military equipment was assembled and produced domestically, using Romanian designs or licensing arrangements with the Soviet Union and Western countries. Romanian arms production included fighter aircraft, armoured combat vehicles, multiple rocket launchers, small arms and ammunition. Besides contributing to Romania's greater independence from the Soviet Union, domestic arms production boosted the

1 The World Bank Group, www.worldbank.org/data.

2 www.emulateme.com/content/.

3 The World Bank Group, www.worldbank.org/data.

4 Consumer prices. www.emulateme.com/content/.

5 The World Bank Group, www.worldbank.org/data.

6 www.emulateme.com/content/.

7 *Jane's Sentinel*, www.janes.com.

country's exports and became a source of hard currency. In the early 1980s, arms exports averaged \$620 million, making Romania the world's ninth largest arms exporter. After years of steady increases, however, arms sales dropped dramatically in the late 1980s. This downward trend continued throughout the 1990s when the country's precarious economy reached crisis levels.

In 1997, the Romanian government embarked on a programme of structural reform and macroeconomic stabilisation that included liquidating large unprofitable industries, accelerating privatisation and the implementation of major agricultural and financial reforms. Yet reform proved to be a frustrating stop-and-go process. Attempts to revive the defence industry in Romania have so far failed. Several policy initiatives have fallen victim to the country's serious economic crisis and the government's tendency to shy away from implementing large-scale reforms in order to avoid the social consequences of mass redundancies. Meanwhile, Romania's economy has continued to suffer while the country has struggled to privatise banks and state enterprises, reform agriculture and balance the budget. On 14 September 2001 Prime Minister Adrian Nastase announced the latest round of restructuring: "the defence industry plants will enter a restructuring process, so that some of them will further preserve their profile, while others will switch to civil production, and those which are not viable will be declared bankrupt".⁸

The prospect of NATO membership, which is a strategic objective of Romania's defence and security policy,⁹ might provide an opportunity to bolster the Romanian defence industry by increasing the country's defence budget and the procurement of modern weaponry. As part of Romania's active and sustained efforts in preparing for NATO membership, the country is currently pursuing a policy of interoperability with NATO, mainly through exercises and activities within the framework of the Partnership for Peace (PfP) agreement.¹⁰ These include the Partnership Working Programme (PWP) set up by the EAPC, bilateral co-operation programmes with NATO countries, and the modernisation of the Romanian armed forces. Because of the independent foreign policy the country undertook during the Cold War, the armed forces were not too heavily dependent on Warsaw Pact countries for technology or training, so the required changes are less drastic than for other would-be NATO members.¹¹

However, despite being nominated as an aspiring member in July 1997, Romania's economic and political difficulties mean that full membership is probably some years away, for two reasons. Firstly, the country faces technical difficulties in achieving NATO compatibility. Before 1990, Romania produced 70 percent of the equipment used by its armed forces. Nowadays, however, the high specifications required by NATO mean that the Ministry of National Defence procures only 5 percent of its equipment from domestic companies. The formerly robust defence industry "continues to be a drain on the economy", which must now carry the cost of arms imports; according to *Jane's Defence Weekly* \$700 million was spent on imported equipment between 1997 and 2001.¹²

The demands placed on Romania by international financial institutions such as the International Monetary Fund (IMF) are another reason for delayed NATO membership. Simultaneous efforts to privatise banks and state enterprises, reform agriculture and balance the budget, are proving hard to meet. In the words of Ion Mircea Plangu, the former Romanian secretary of state for defence policy, Romania's "main difficulty is trying to implement military reforms at the same time as economic reforms".¹³ *Jane's Defence Weekly* concurs, describing Romania's president, Ion Iliescu, as "walking

⁸ 'Romania wields defence axe', *Jane's Defence Weekly*, 26 September 2001.

⁹ Romania is expecting to join NATO in about 2005, and hopes membership of the EU will follow. 'Interview: Gen Mircea Chelaru, Chief of the Romanian General Staff', *Jane's Defence Weekly*, 1 November 2000.

¹⁰ In 1994, Romania was the first country to sign up for PfP status.

¹¹ 'Romania sets its sights on NATO membership', Constantin Ene, Romania's Ambassador to the EU and Liaison Ambassador to NATO and EU. NATO Web edition No.6, Nov-Dec 1997, vol 45, pp 8-11.

¹² Op cit *Jane's Defence Weekly*, 26 September 2001.

¹³ 'Interview: Ion Mircea Plangu, Romanian Secretary of State for Defence Policy, *Jane's Defence Weekly*, 1 September 1999.

a tightrope between military reform and investment in defence infrastructure and maintaining fiscal responsibility through public spending controls and privatisation programmes".¹⁴ In 1998 the IMF suspended a \$410 million credit to Romania claiming that progress was insufficient,¹⁵ at the same time disrupting an ambitious military procurement programme.¹⁶ Romania has, however, continued to increase its defence budget – by 30 percent in February 2001 to \$1 billion, the highest level in the last ten years. Defence Minister Ioan Mircea Pascu commented that more than \$200 million will be allocated to “the effort for joining NATO”.¹⁷ As President Iliescu has said:

*“The problem is stark: Romania wants to join NATO in the next accession round, but with inflation running at 40 percent and state-run industries in disarray, there is little money to reform and re-equip the armed forces along NATO lines”.*¹⁸

It is not just NATO membership that is at stake. In December 1999, Romania was invited by the EU to start accession negotiations. Despite vocal support from the then EU commissioner for enlargement, and allies like France, Italy and Germany, the reports produced on behalf of the EU Commission claim extensive reforms are still needed. Among them are painful economic restructuring, action on corruption and action on lax border controls – all matters of great relevance to those concerned about arms trafficking.¹⁹ The government still optimistically hopes to be in a second wave of members by 2007, but analysts believe that Romania will require significant macro-economic recovery before the country can achieve its goal.

Steps towards economic recovery are being taken: the latest, a decision in December 2001 to radically restructure Romania’s defence industry, will see the number of jobs in the industry cut by approximately two-thirds, from 45,000 to 18,500.²⁰ Some 10,000 employees from various commercial arms companies are expected to lose their jobs, including a substantial proportion from the national defence company *Romarm*.²¹ Several towns whose economies are heavily dependent on defence firms will be particularly affected, and resentment at redundancies may lead to strike action. In October 2001, leaders of the defence industry trade unions threatened to send 37,000 workers onto the streets to protest against redundancies and concerns were raised that the lack of funds might even leave arms warehouses unattended. An emergency ordinance governing the restructuring was passed on 13 December 2001; according to the executive, the legislation’s aim is to meet the market economy’s efficiency criteria and conditions related to Romania’s strategic defence, and to alleviate the social impact the redundancies will have, with programmes such as severance payments and small and medium-sized enterprise loan prioritisation.²² Romania has also received help from international financial institutions for the downsizing of its military: in July 2001, Romania announced that the World Bank had agreed a loan package for Romanian Ministry of National Defence, to be used for a variety of small business start-up activities as well as retraining programmes for military personnel released from active service.²³

¹⁴ ‘Interview: Ion Iliescu, President of Romania’, *Jane’s Defence Weekly*, 9 May 2001.

¹⁵ *Mother Jones*, 28 March 2001, www.motherjones.com/arms/romania/html.

¹⁶ See section 5.4.

¹⁷ ‘Romanian defence budget increase’, *Jane’s Defence Weekly*, 14 March 2001.

¹⁸ Op cit *Jane’s Defence Weekly*, 9 May 2001.

¹⁹ *Jane’s Defence Weekly* Online Record Page, External Affairs, Romania, 9 February 2001.

²⁰ ‘The road to market economy asks for sacrifices: 26,000 people are leaving the armament factories’ [in Romanian], Mihaela Balea, *Bucharest Zilei* 15 December 2001, source: David Isenberg’s Weapons Trade Observer.

²¹ The 13 companies that are to make redundancies after 1 February 2002 are: CN *Romarm*, 7,500 redundancies; SC *Avioane Craiova*, 518 redundancies; SC *Elprof* Bucuresti, 25 redundancies; SC *IAR* Brasov, 380 redundancies; SC *IOR* Bucuresti, 267 redundancies; SC *Babeni*, 319 redundancies; SC *Marsa*, 70 redundancies; SC *Rompiro* Orastie, 15 redundancies; SC *Valenii de Munte*, 162 redundancies; SC *Dragasani*, 364 redundancies; SC *Filiasi*, 117 redundancies; SC *Mizil*, 103 redundancies; SC *Mangalia*, 160 redundancies. ‘Starting 1 February, benefiting from severance payments, 10,000 employees in the defence industry – unemployed’ [in Romanian], *Bucharest Adevarul* 3 January 2002, source: David Isenberg’s Weapons Trade Observer.

²² *Ibid.*

²³ ‘World Bank loan for Romania Ministry of Defence’, *Jane’s Defence Weekly*, 18 July 2001.

5.2 Normative and regulatory framework

5.2.1 Commitments to international control regimes

Legally and politically binding commitments undertaken by Romania	Year
Nuclear Non-proliferation Treaty	1970 ²⁴
Nuclear Suppliers Group	1991
Zangger Committee	1991
Chemical Weapons Convention	1995 ²⁵
Biological Weapons Convention	1979 ²⁶
Australia Group	1995
Wassenaar Arrangement	1996
Conventional Forces in Europe Treaty	1992 ²⁷
Ottawa Landmine Convention	2000 ²⁸
EU Code of Conduct	1998
EU Joint Action on Small Arms and Light Weapons	1998
OSCE Criteria on Conventional Arms Transfers	1993
OSCE Document on Small Arms and Light Weapons	2000

5.2.2 Legislation governing arms production and exports

The export control regime of conventional arms is governed by Government Ordinance No 158/1999 on the import and export of strategic goods, and Government Ordinance No 36/2000 on the amendment of Ordinance No 158/1999. Ordinance No 158/1999 regulates the following operations involving strategic goods: the export, import and re-export, on a commercial and non-commercial basis, of strategic goods using Romanian territory at any stage; commercial deals with foreign parties where strategic goods are acquired or sold without Romanian customs territory being used; international transit through Romanian territory; transshipment across Romanian territory; end-use and end-users of strategic goods falling into the above categories.²⁹

The control of imports and exports of strategic goods is conducted in compliance with:

- a) the fundamental directions of Romanian foreign policy;
- b) national economic and security interests;
- c) the principles of non-proliferation of weapons of mass destruction;
- d) the international agreements Romania is party to;
- e) the international commitments Romania has pledged to abide by;
- f) the principle of co-operation with countries that promote a similar non-proliferation policy in this domain.

Legal sanctions in the event of a violation of relevant laws and regulations on the import/export of strategic goods vary from cancellation of licences to fines and imprisonment.³⁰

5.2.3 The decision-making process and administrative structure for policy implementation

The main institutions with responsibilities in the field of enforcing export controls are: the National Agency for Control of Strategic Exports and Prohibition of Chemical Weapons (ANCESIAC), the General Customs Directorate and the Strategic Economic Investigations Division.

²⁴ Date ratified.

²⁵ Date ratified.

²⁶ Date ratified.

²⁷ Date treaty came into force.

²⁸ Date ratified. To date, Romania has made no progress in the destruction of its antipersonnel mine stockpiles. *Landmine Monitor Report 2001*, Landmine Monitor, www.icbl.org/lm/2001/exec/, Executive Summary.

²⁹ Government Ordinance No 158/1999 defines 'strategic goods'.

³⁰ The Penal Code of Romania establishes the framework for sanctions. The relevant laws are: article 302 covering the non-observance of legal provisions on import and export transactions; article 312 covering traffic in narcotic and toxic substances; Customs Code Act, Law No 30/1978 and Customs Regulation Decree No 337/1981 on infringements of export control customs procedures under which fines are allotted according to the consequences of an infringement. Government Ordinance No 158/1999 on the import and export regime of strategic goods sanctions offences that are not considered crimes under the law. Minor infringements are punishable by a fine of between 10 million lei (\$300) and 50 million lei (\$1,500) as of May 2000.

As an agency reporting directly to the prime minister, under the administrative direction of the Ministry of Foreign Affairs since January 2001, ANCESIAC has legal authority to control all exports, including those carried out by other government ministries and departments. ANCESIAC has established a Control Team comprising in-house specialists and often experts from outside. The team has access to any documents necessary to carry out its duties and carries out inspections to verify the claims made in applications to import and export strategic goods and the information supplied regarding end-use. The General Customs Directorate is situated within the Ministry of Finance, and is responsible for verifying documents relating to imports and exports of strategic goods and preventing, identifying, verifying, inspecting and analysing infringements of export controls. The Investigations Division, within the Ministry of the Interior, carries out necessary investigations and co-operates with the other bodies. The division's main task is to collect and process information on any infringements of the export control regulations and to pass this information on to authorities responsible for prosecutions and sanctions. Also involved in enforcing export control regulations are the Office for the Import and Export of Special Products within the Ministry of National Defence, the National Commission for Nuclear Activities Control and the Ministry of Trade and Industry.

According to the type of goods, any company wishing to carry out overseas trade in strategic goods must obtain authorisation from the Ministry of National Defence, the National Commission for Nuclear Activities Control or the National Agency for the Control for Strategic Exports and of Prohibition of Chemical Weapons. Two types of licence are set out in the export and import control regime. An Individual Licence allows a certain exporter to trade in one or more goods with a single foreign partner. A General Licence allows a certain exporter to trade in one or more goods with named states. General Licences can be issued for dual-use goods of a non-sensitive nature and are issued by order of the president of ANCESIAC. Licensing for temporary exports also takes place (eg arms fairs, exhibitions, tests) and is subject to the same restrictions as permanent exports.

In order to obtain an individual export licence, the exporter is required to apply for a licence to ANCESIAC. Depending on the nature of the goods to be exported, the licence is examined either by the Office for Control of Imports and Exports of Special Items within the Ministry of National Defence, or by the National Commission for Nuclear Activities Control. The applicant must supply a signed International Import Certificate issued by the relevant authorities in the importer's home country, or an equivalent document which attests that the goods will be used in that country for the purpose stated. The International Import Certificate is intended to prove the importer's commitment not to divert, transship or re-export strategic goods. After arrival, the exporter must obtain a Delivery Control Certificate or its equivalent which certifies the arrival of the goods. This must be presented to ANCESIAC within 120 days from the date of the goods' arrival.

ANCESIAC examines the legality of the export, including the regularity of the Import Certificate issued by the authorised body in the importer's country and submits the licence for approval to the Inter-ministerial Council for Export Control.³¹ The approval of the Council takes the form of a decision that allows the ANCESIAC president to approve or reject the licence application. The export licence is finally issued by the Ministry of Trade and Industry. The legislation also provides for controls on activities related to non-commercial transfer, international transit and trans-

³¹ The council, which meets monthly or as often as necessary, includes representatives from the Ministry of Foreign Affairs (Non-proliferation & Arms Control Division and Department of Foreign Trade); the Ministry of National Defence (Department for Armaments); the Ministry of Industry and Resources; the Ministry of Finance (General Customs Directorate); the Ministry of Interior (Strategic Economic Investigations Divisions); the Romanian Intelligence Service; the Romanian Foreign Intelligence Service; the Ministry for European Integration; the National Commission for the Control of Nuclear Activities.

shipment, and the president of ANCESIAC issues permits authorising these activities.³²

According to the president of ANCESIAC, the following issues are taken into account when licence applications are being considered: UN Security Council Resolutions; OSCE political decisions; the EU's regulations and decisions; unilateral embargoes by the USA; the EU Code of Conduct criteria regarding arms exports; guidelines and decisions adopted in international non-proliferation and export control regimes; the conduct of the state in which the end-user or importer is based; the conduct of the exporter, end-user and importer; and denials of licences issued by states party to the WA, NSG and AG.³³

5.2.4 Government guidelines and official policy on small arms and light weapons

Recognising that the production and transfer of small arms have to be strictly controlled as a means of tackling armed conflicts and humanitarian emergencies, the Romanian Government has committed itself to apply at national level the guidelines agreed upon within the framework of the WA, including the provisions of preventing transfer of small arms to forces engaged in conflicts in different regions of the world.

At the UN 2001 Conference on the Illicit Trade in Small Arms and Light Weapons in All its Aspects, the Romanian delegate emphasised that Romania “fully associates itself with the statement delivered... on behalf of the European Union and the associated countries”. In the opinion of the Romanian Government, the multi-faceted nature of trafficking in SALW requires a comprehensive response involving multilateral and co-ordinated action. Romania gave a thorough endorsement of the OSCE Document on SALW in its statement, believing it could be used as a basis for discussions around a UN programme of action. Stressing the need for collaboration and involvement of EU candidate and associate countries, the Romanian delegate declared that the Romanian Government “is strongly supporting and promoting a closer co-operation between the international and regional organisations such as the UN, OSCE, EU, NATO and the Council of Europe. We are looking for ways to improve consultation and co-ordination, to jointly improve the effectiveness of our actions.”³⁴

The delegate then went on to list the steps taken by Romania as part of the international community's efforts in the field. In addition to the Wassenaar co-operation noted above, Romania has:

- strengthened its national mechanism governing import and export of military and strategic products;
- supported debates and initiatives on SALW within the EAPC PfP, PWP and the Stability Pact for Southeastern Europe;
- promoted the creation of the South-eastern European Regional Centre for Combating Transborder Crime, within SECI, an intergovernmental organisation established in November 2000 with the aim of fighting organised crime, corruption and illicit firearms trafficking.³⁵

³² To obtain a permit for non-commercial transfer, applicants must supply a signed application for permit, documents explaining the nature of the planned transfer and some form of guarantee as to the final destination of the goods issued by the recipient partner. To obtain a permit for international transit, applicants must supply a signed application, documents explaining the nature of the planned transit, an external invoice, an export licence or equivalent from the exporting country, an import licence or equivalent issued by the country of final destination, documents authorising the transit issued by the country that will be transited once the goods leave Romania, approval from the National Commission for Nuclear Activities Control in the case of nuclear goods, and documents proving that sufficient security will be provided en route. For a permit of transshipment the applicant must supply a signed application for transshipment permit, documents explaining the nature of the transshipment, an export licence or equivalent issued by the authority in the country that transfers the goods, the import licence or equivalent issued by the authorities in the country of final destination and assent of the National Commission for Nuclear Activities Control in the case of nuclear goods.

³³ See appendix 1, section 5.7.1.

³⁴ See appendix 1, section 5.7.1.

³⁵ See appendix 1, section 5.7.1.

5.3 Transparency and parliamentary/ public accountability arrangements

Although in recent years unofficial data and general information on the state of the Romanian arms industry has become more available, official information on the production, holdings and exports of Romanian arms is very limited. Currently, there are no mechanisms in Romania that provide the parliament and the public with information on the authorisation of arms exports and their deliveries. The only official data available on arms exports are those transmitted to the UN for inclusion in the UN Register of Conventional Arms. There are no official data on small arms and light weapons transfers. However, the government is currently working on the production of its first report on arms which is due to be made publicly available in 2002. The report is expected to cover imports and exports of arms for 2000 and 2001.

5.4 Arms production

Romania's 80,000-strong defence industry workforce is to be cut by at least 34,000 in a major restructuring initiative.³⁶ Described by *Jane's Defence Weekly* as "a group of unwieldy state-owned companies",³⁷ the industry typically earns just over \$30 million per annum profit. As a result, the Romanian Government has proposed a mixture of bankruptcy, modernisation and conversion to civil production to rationalise the sector. The Romanian Government now wants only state-of-the-art equipment for the military. This means that deals with foreign companies, which involve technology transfer and co-production for third markets, are highly prized. Prime Minister Nastase, inaugurating the Expomil 2001 military technology exhibition in November 2001, said that imports in the defence industry "will continue to be made solely by way of the offset method", and "the plan is that exports be made in exchange for defence imports, so the trade balance will be maintained at a proper level".³⁸ Hardest hit will be the 35 largest factories, mainly state-owned, which belong to the Romarm national company.³⁹ Until recently these were controlled by the Ministry of National Defence, but control of defence production facilities has now been consolidated into a single national company subordinate to the Ministry of Trade and Industry.⁴⁰ The shake-up will also see some enterprises subordinate to the Ministry of National Defence transferred to the Ministry of Trade and Industry, and those firms undergoing privatisation will remain under the supervision of the State Ownership Fund.⁴¹ The government's strategy for privatisation envisions co-operation, domestically and abroad, to ensure financial sustainability: government officials believe that "privatisation and foreign investment will have to play a major role".⁴² President Iliescu commented that "it is clear that we cannot assure the reconstruction of this industry with only our own resources. We must see what aspects we can promote and modernise in partnership."⁴³ For example, the general director and president of *Aerostar SA*, a firm partially privatised in 2000, stated that *Aerostar's* success was dependent upon building on international co-operative programmes, such as those existing with France's *Thomson-CSF*, Israel's *Elbit Systems* and the European *Aeronautic Defence and Space* company.⁴⁴

Two state-owned companies, *Intreprinderea Aeronautica Romana SA (IAR)*, *Avione SA*,

36 This figure includes direct employment in weapons projects and indirect employment in supporting industries. See also *The Balkans – Romania, Jane's Sentinel Security Assessment*, Defence Production and R&D, and section 5.1, www.fore.thomson.com/janes/psrecord, site visited September 2001.

37 'Interview: Ion Iliescu, President of Romania', *Jane's Defence Weekly*, 9 May 2001.

38 'Searching for the import-export balance – the defence industry must be restructured, not remodelled', Anca Doicin, *Bucharest Azi*, 14 November 2001.

39 *Romarm* was created in October 2000 by the merging of two Romanian state-owned military companies, *Romarm National Company* and *Arsenalul Armatei Autonomous Administration*. The merger allowed the pooling of the two companies' resources, and the new company continues to be under the supervision of the Ministry of Trade and Industry. 'Romanian arms makers merge to make Romarm', *Jane's Defence Weekly*, 22 November 2000.

40 'Romania wields defence axe', *Jane's Defence Weekly*, p 15, 26 September 2001.

41 'Romanian defence output to be focused into one company', *Jane's Defence Weekly*, 4 October 2000.

42 'Aerostar set to take outsourcing route', *Jane's Defence Weekly*, 9 August 2000.

43 Op cit *Jane's Defence Weekly*, 9 May 2001.

44 Op cit *Jane's Defence Weekly*, 9 August 2000.

and two partially privatised firms, *Aerostar SA* and *Romaero SA*,⁴⁵ operate as the primary contractors for the manufacture of combat aircraft or the upgrading of aircraft and integration systems. In recent years, Romania's aviation industry, whose greatest achievement was the development in the late 1980s of the IAR-93 fighter aircraft, has increased licensed production and subcontracting work on a number of international collaborative projects. *IAR*, for instance, manufactures under licence the Eurocopter IAR-316B Alouette III, the IAR-330L and the Kamov Ka-126. In a highly controversial decision taken in July 1998, the government authorised the production under licence of 96 US attack helicopters to equip the Romanian army. Under the deal, whose cost has been estimated at \$1.5 billion, *IAR Brasov* and *Bell Helicopters* would co-produce AH-1RO Dracula helicopters derived from the Bell AH-1W Super Cobra. The helicopter procurement has yet to be implemented and its future prospects remain highly uncertain after the IMF urged the Romanian Government to abandon the programme due to concerns that Romania cannot afford such large-scale procurement. According to *Jane's Defence Weekly*: "external political pressure and lack of funds saw the procurement die a slow death in late 1998".⁴⁶ In July 2001, *IAR Brasov*, and the French company *Eurocopter* established the joint venture company *Eurocopter Romania*: state-owned at the time, *IAR Brasov*, had signed a joint venture agreement with *EADS Eurocopter* division in January 2001, paving the way for the establishment of *Eurocopter Romania*.⁴⁷

In a bid to overcome budget constraints and prop up the defence manufacturing industry through programmes of upgrading older equipment or developing new systems, Romania has brought in Western support. This has become particularly evident in the aerospace manufacturing industry. In 1993, Romanian aircraft repair specialists *Aerostar* and *Elbit Systems* of Israel signed a \$335 million contract with the Romanian Government for the upgrading of more than 100 MiG-21 fighter aircraft to 'Lancer' configuration.⁴⁸ Apart from the MiG 21 Lancer programme, *Aerostar* and *Elbit* have established a new joint venture, *AE Electronics*, which will supply avionics for MiG 21 Lancer jets and for Romanian-built military helicopters such as the IAR-330 Puma and the AH-1RO Dracula attack helicopter.⁴⁹ In a 1999 interview with *Jane's Defence Weekly*, the Romanian Minister of Defence was confident that the *Aerostar-Elbit* team would also upgrade aircraft for other customers.⁵⁰

In April 2000, *Jane's Defence Upgrades* reported that two Romanian companies, *Arsenalul Armatei* and *Romanian Military Equipment & Technologies Research Agency*, had teamed up with the Swiss company *Oerlikon Contraves AG* to market a low-level short range air defence (SHORAD) system.⁵¹ In 1997, the Romanian *Aerofina* company and the French *Matra* began a joint programme for the production of the air-to-air 'Magic' missile, one of the most modern and widely used in NATO aviation. In January 1999 a US-owned, British-based aircraft company named *Britten Norman* bought a 72.9 percent stake in Bucharest-based *Romaero SA*. *Britten Norman* paid \$80.5 million into the State Ownership Fund. The takeover assures continued production of Islander aircraft airframes by *Romaero*, but makes staff cuts among the 1,250 workers likely.⁵²

In an apparent bid to boost the prospects for exports, Romanian firm *IAV Craiova* recently subcontracted Jaffe Aircraft of San Antonio, USA to market its IAR Hawk turbojet trainer. However, it is not just Western manufacturers to whom Romania is

45 In 1999, *Britten Norman*, a US-owned British aircraft company, bought a 72.9 percent stake in *Romaero* from the State Ownership Fund. *Aerostar* shareholdings were transferred in February 2000, and the company remains partially privatised with the Romanian government retaining a 'golden share' and a veto in matters affecting defence production capacity. Op cit *Jane's Defence Weekly*, 9 August 2000.

46 *Jane's Defence Weekly*, 12 April 2000, p 19.

47 'IAE Brasov, Eurocopter sign joint venture', *Jane's Defence Weekly*, 17 January 2001.

48 'Eastern Europe looks for answers', *Jane's Defence Weekly*, 12 April 2000, p 19.

49 *Jane's Sentinel Security Assessment*, 10 December 1999.

50 'Interview with Victor Babiuc, Romania's Defence Minister', *Jane's Defence Weekly*, 20 January 1999.

51 'Romania offers SHORAD upgrade package', *Jane's Defence Upgrades*, 16 April 2000.

52 *Jane's Sentinel Security Assessment*, 10 December 1999.

looking for help. The IAR-93 Orao light-attack trainer was jointly developed by Yugoslavia and Romania, albeit with Western engines and avionics.⁵³ In 1995, Romania and Turkey jointly developed a 6 x 6 amphibious wheeled personnel carrier, the RN-94, whose production was sought to meet both countries' replacement needs. In the same year the government announced increased defence co-operation with Hungary, including plans for joint armaments production.⁵⁴

Other important arms companies include: *Ratmil*, an umbrella organisation of 16 factories, which manufacture a range of products from ammunition to MBTs; *Roman SA*, which produces various transport vehicles for civil and military use; the *Electro-mechanical Factory Ploiesti*, which specialises in the manufacture of guided weapons; and the prime contractor for the upgrades of the Romanian Army's TR-85 M1 main battle tanks, *Regia Autonoma Arsenalul Armatei*, which develops upgrade packages for combat vehicles.⁵⁵ At least three companies, *SC Electromagnetica SA*, *SC Elprof SA* and *SC IEMI SA*, operate in the telecommunications and/or radio-communications field.

The import-export company *Romtehnica* is the Ministry of National Defence's international marketing arm. It dominates the Romanian arms trade and, since it handles relations with foreign companies, it plays a key role in negotiating foreign contracts.⁵⁶ In addition to controlling the manufacture of ABAL combat vehicles, trailers and field kitchens, the company also manufactures a range of defence products for export, including: infantry and artillery ammunition; propellants; powder and explosives; armoured vehicles; helicopters and fighter aircraft; optical devices; NBC protection equipment; and personal security equipment. *Romtehnica* is also involved in the export of land and air combat systems that are being upgraded by Romanian companies, including the infantry armoured vehicle MLI, TR-85 tanks, the MiG-21 Lancer and IAR-330 Puma helicopters.

In order to aid the rehabilitation of its defence industry Romania signed defence industry co-operation agreements with Israel, in May 2000, and Canada, in November 1999.⁵⁷

5.4.1 Small arms and light weapons production

Romania also has important production capabilities in low-technology areas and produces a range of small arms and ammunition, including assault rifles, mortars and grenade launchers. The *2001 Small Arms Survey* ranks Romania in the category of medium producers of small arms.

Romanian producers include the state-owned company *Romarm* and the explosive manufacturer Military Equipment and Technologies Research Agency (ACTTM). ACTTM produces Hitex plastic explosive, flexible explosive charges designed for metal cutting and remote controlled ammunition defence systems as "an alternative solution to anti-personnel landmines".⁵⁸ *Romarm*, the National Company for Military Technique, produces assault rifles, in a design close to AKM models produced by other countries. It also manufactures a variety of pistols, including a tear gas model, infantry weapons, including sniper rifles, and ammunition for grenade launchers.

⁵³ 'Aermacchi, Dornier Pursue Advanced Trainer System', Jeffrey Lenorovitz, *Aviation Week & Space Technology*, 23 July 1990, pp 38–39.

⁵⁴ Reuters, *Jane's Defence Weekly*, 4 October 1995; Reference: 951005.024,951016.048.

⁵⁵ 'Romania develops upgrade package for MLVM', *Jane's Defence Upgrades*, 16–30 January 2000; 'Romania puts upgraded MBTs to the final test', *Jane's Defence Weekly*, 19 January 2000.

⁵⁶ Op cit *Jane's Defence Upgrades*, 16–30 January 2000.

⁵⁷ 'Romania and Israel sign defence co-operation', *Jane's Defence Weekly*, 14 June 2000; 'Romania-Canada sign agreement', *Jane's Defence Weekly*, 1 December 1999.

⁵⁸ The remote-controlled system is still in a development stage. ACTTM Promotional material distributed at the Expomil arms fair, Bucharest, 13 November 2001.

5.5 Arms exports

In the 1980s Romania produced weapons and military equipment under licence for its own use and for export to the Soviet Union, Soviet allies and non-aligned countries in the Middle East and Africa. The bulk of its sales of AK-47 and AKM assault rifles, BM-21 and M-51 multiple rocket launchers, TAB-72 armoured personnel carriers and related munitions and ordnance went to the Soviet Union, Vietnam, Iraq, Libya and North Korea. Algeria, Angola and Ethiopia received spare parts, under licence, for French Alouette II and Puma helicopters. This stable export market provided employment and hard currency. However, since leaving the Communist bloc and moving to a market economy and attempting Euro-Atlantic integration, Romanian arms exports have fallen dramatically compared with the early part of the 1990s. Government sources expected finished defence product exports to reach \$38 million in the year 2001,⁵⁹ but the actual figure was “slightly over \$30 million”.⁶⁰ The president of the National Strategic Export Control and Chemical Weapon Prohibition Agency commented that “a promotional programme is in order”,⁶¹ and according to Ion Joldea, the deputy director general in the Industry and Resources Ministry, an aggressive export drive could result in the value of Romanian weapon exports reaching \$70–100 million in 2002. On 6 November 2001, Mr Joldea was quoted as saying: “the Industry and Resources Ministry has a firm and aggressive sectoral policy for achieving performing and competitive products. The production has lately dwindled due to domestic and foreign factors but we take into account the increase in exports and the development of cooperation with foreign companies in the field.”⁶²

According to recent reports, a senior official has confirmed that Romania has signed a deal to sell unspecified weapons to Pakistan, a traditional market both during and after Romania’s communist government.⁶³ India is another new market Romania hopes to open up: General Decebal Ilina, the Romanian under-secretary of state at the Endowment and Procurement Department, commented that the Indian market “will be an oxygen tank for the Romanian armaments industry”.⁶⁴

Information on Romanian exports of major weapons platforms is available from official reports filed with the UN and from SIPRI. According to SIPRI data, between 1992 and 2000 Romania exported the following major weaponry (see table opposite).

Throughout the 1990s Romania was involved in a number of highly controversial arms transfers to conflict regions. In December 1998 the Romanian Ministry of National Defence admitted that a representative for the state company *Aerofina* had signed a contract in 1995 for short-range missile components, to be delivered to Iraq through a Jordanian company serving as an intermediary. The Ministry of National Defence statement added that the contracts and negotiations were halted in December 1996, and that an army general, two colonels and the army’s Head of Military Equipment Procurement had been sacked.⁶⁵ According to military experts, the sophisticated equipment from *Aerofina* would have increased Iraq’s missile capability and made it possible for the embargoed country to hit major Middle Eastern cities, including Teheran and Tel Aviv.⁶⁶

59 H.E. Ms Nineta Barbulescu speaking at a seminar taking place on 26–27 April 2001 on ‘Strategic Exports Control Regulations: Transparency, Communication, Co-operation With Economic Partners’; quoted in ‘Romania Exports 20 Times Fewer Arms Than in Ceausescu’s Time’, *Bucharest Ziaua*, 27 April 2001.

60 ‘Romanian defence industry exports ‘slightly’ exceed \$30 million in 2001’, *Bucharest Rompres*, 1446 GMT 17 January 2001, source: David Isenberg’s Weapons Trade Observer.

61 ‘Romanian weapons exports dropping’, *Jane’s Defence Weekly*, 9 May 2001.

62 ‘Value of Romanian armament exports amounts to about \$30–40 per year’, *Bucharest Rompres*, 1500 GMT 6 November 2001.

63 General Decebal Ilina announced the signing to the Mediafax news agency on 20 November 2001. ‘Romania signs deal to sell arms to Pakistan’, *Agence-France Presse*, 21 November 2001.

64 ‘Romania promotes upgrade programmes in India’, *Jane’s Defence Weekly*, 7 June 2000.

65 ‘Romania admits to arms negotiations with Iraq in 1994’, CNN, 3 December 1998, www.cgi.cnn.com/WORLD/meast/9812/03/teacup.01/.

66 ‘Romanian daily says weapons sales to Iraq allegations re-emerge as NATO expands’, *Bucharest Ziaua*, 19 June 2001, p 3. The allegations originally surfaced on CNN and in *The New York Times* where the scandal was known as ‘Operation Teacup’.

Romanian Exports of major conventional weapons by recipient country, 1992–2001Table created by Pieter Wezeman (SIPRI) for Saferworld, 23 November 2001⁶⁷ () Uncertain data or SIPRI estimate

Recipient Country	No ordered	Weapon designation	Weapon description	Year of order/licence	Year(s) of deliveries	No delivered/produced	Comments
Bosnia-Herzegovina	(18)	APR-40 122mm	MRL	(1997)	1997	18	Possibly financed by USA; no delivered could be 36 Ex-Romanian Army
	(8)	M-46 130mm	Towed gun	(1998)	1998	8	
Cameroon	(20)	BM-21 122mm	MRL	(1995)	1996	20	Ex-Romanian Army Ex-Romanian Army
	(12)	M-46 130mm	Towed gun	(1991)	1992	12	
Guinea	12	M-46 130mm	Towed gun	(2000)	2000	12	Probably ex-Romanian Army; delivered via Israeli company
Hungary	12	Yak-52	Trainer aircraft	1994	1994	(12)	
Moldova	18	D-30 122mm	Towed gun	(1992)	1992	18	Ex-Romanian Designation uncertain TAB-71M version; Ex-Romanian Army
	30	M-43 120mm	Mortar	(1994)	1995	(30)	
	(161)	BTR-60PB/TAB-71	APC	(1992)	1992–95	161	
Netherlands	4	LCU Mk-9	Landing craft	(1996)	1999	4	Designed in Netherlands for Dutch Navy; produced in Romania and assembled in Netherlands
Nigeria	(11)	APR-40 122mm	MRL	(1991)	1991–92	(11)	Ex-Romanian Army
	(4)	M-82 130mm	Towed gun	1991	1992	4	
UAE	10	SA-330 Puma	Helicopter	1993	1993–94	10	Ex-Romanian Air Force; for Abu Dhabi

⁶⁷ This register lists major weapons on order or under delivery, or for which the licence was bought and production was under way or completed during 1992–2001. 'Year(s) of deliveries' includes aggregates of all deliveries and licensed production since the beginning of the contract. Sources and methods for the data collection, and the conventions, abbreviations and acronyms used, are explained in SIPRI Yearbooks. Entries are alphabetical, by supplier, recipient and licensee.

5.5.1 Small arms and light weapons exports

A serious blow to Romania's arms end-use controls came in December 2000 when the UN Monitoring Mechanism on Angola Sanctions accused Romania of having been one of the main suppliers of arms to UNITA rebels.⁶⁸ In a two-year period from 1996, significant quantities of SALW and ammunition were supplied to UNITA through the West African countries of Togo and Burkina Faso. The Romanian authorities informed the UN during 2000 that Romanian companies had exported arms between 1996 and 1999 on the basis of end-user certificates from Togo and Burkina Faso. However, according to the UN, using a scheme of forged end-use certificates, the arms were later re-exported to UNITA forces in Angola. In October 2001, Human Rights Watch wrote: "After initiating prosecution in 2000 against an arms dealer accused of illegal arms sales, Romanian authorities unexpectedly released him in 2001 and he left the country. The dealer, who maintained he was innocent, has implicated former Romanian officials in the trade."⁶⁹

The following arms were exported from Romania under the said end-user certificates.

Exports from Romania to Togo (1996)⁷⁰

Date	Type	Quantity	Cost in \$
28/3/96	7.62mm rifle type: assault	2,000	156,000

"The broker of the arms purchased on the basis of the end-user certificate from Togo in 1996 was *Starco Investment and Trade*, registered in Israel. The shipment, labelled 'technical equipment', was transported on board MRV/601 (AVIA Services, Bulgaria) with the destination indicated as Lomé."⁷¹

Exports from Romania to Togo (1999)⁷²

Type	Quantity	Cost in \$
7.62 x 54 machine gun type PKNS	200	276,400
7.62 x 54 cartridges	2,000	180,000
40mm launcher type RPG 7	40	29,600
40mm HE rocket type OG7/40	80	3,520
7.62 x 54 semi-automatic rifle type PSL with 10 magazines	2	1,260
Total	2,322	490,780

The 1999 shipment was brokered by *East European Shipping Corporation*, a firm based in the Bahamas and represented in Europe by a UK-based company known as *Trade Investment International Limited*. The cargo labelled "technical equipment" was shipped on board the Panamanian vessel *Kuraka*, and again Lomé was indicated as the port of discharge.⁷³

Exports from Romania to Burkina Faso (22/03/1999)⁷⁴

Type	Quantity	Cost in \$
7.62 x 30mm cartridge		
SA 177 Strella	999,600	84,966
2A 94 (917232M)	40	124,000
Launcher Strella	10	20,000

⁶⁸ *UN Final Report of the Monitoring Mechanism on Angola Sanctions* (UN, S/2000/1225, 21 December 2000).

⁶⁹ 'Security concerns raised by arms transfers from candidate countries: open letter to European Union Foreign Ministers, Commissioners Prodi, Verheugen and Patten and High Representative Javier Solana', Human Rights Watch, 19 October 2001, www.hrw.org/press/2001/10/arms-eu-ltr1019.htm.

⁷⁰ Op cit UN p 15.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

Throughout the 1990s, massive quantities of Romanian small arms also entered other sensitive areas and regions of conflict. In 1995, India imported 100,000 assault rifles from Romania.⁷⁵ In 1998, citing articles published in the Romanian press, Amnesty International reported that in 1997 the Rwandan Army received 80 tonnes of armaments from Romania, including machine guns and ammunition, with the assistance of an Israeli company based near Tel Aviv. The cargo was allegedly transported by an aircraft hired from a Ukrainian company, which flew from the Romanian capital, Bucharest, to Kigali in April 1997.⁷⁶ Also documented were shipments of AK-47 ammunition, RPG-7 rockets and 40mm grenade launchers to Charles Taylor's National Patriotic Front of Liberia and 300 ADM assault rifles to the Ulster Volunteer Force.⁷⁷ More recently, there have been media reports that Romanian arms traffickers were operating in Athens having monopolised Greek channels for contraband products manufactured in ex-Soviet regions. This information was corroborated by the Greek representative to the UN who claimed that together, the Russian mafia and KGB reserve officers, Albanian gangs, Kosovo Liberation Army rebels and former members of UN units in FYROM were supervising the trade in people, drugs and guns.⁷⁸

As the result of a scandal uncovered by investigative journalists in 1998, state officials have fallen under suspicion of involvement in illicit arms trafficking. Arms for cigarettes deals came to light at Bucharest's Otopeni military airport and customs and security officials, including senior airport management, were implicated in the deals. Journalists suspected that cigarette cargoes captured in March and April 1998 at the airport were payment for a batch of 14.5mm air-defence guns flown to Yemen from there. That particular arms shipment was allegedly brokered by *Romtehnica* whose conduct is tightly controlled by the Ministry of National Defence.⁷⁹

Rumours of corruption are not uncommon in the Romanian defence sector. In December 2000, Romanian prosecutors started investigations into a series of aircraft upgrade contracts with *Elbit*, the Israeli firm favoured in spite of its "overly expensive" upgrade programmes for the Romanian military.⁸⁰

5.5.2 Arms fairs and exhibitions

Held in Bucharest every two years, the International Exhibition for Military Equipment, 'Expomil', combines an exhibition of equipment and technology in the defence sector with a series of conferences and demonstrations.⁸¹ The exhibition features many local companies, but is also attended by foreign firms. 97 firms and defence industry companies participated at the last exhibition which was held on 13–17 November 2001.⁸²

Romanian defence firms also participate in important arms exhibitions abroad. In September 1999, the Romanian Government came under strong criticism when it was revealed that the arms export agency, *Romtehnica*, had been advertising antipersonnel landmines, in contravention of the Ottawa Treaty, at the Defence Systems and Equipment International exhibition in Chertsey, UK.⁸³

⁷⁵ 'India missing target on self-sufficiency', *Jane's Defence Weekly*, 1 June 1997.

⁷⁶ RWANDA – *The hidden violence: "disappearances" and killings continue* (Amnesty International, AFR, 47/023/1998, 23 June 1998), p 10.

⁷⁷ 'Eastern Europe's arsenal on the loose', BASIC Paper No 26, May 1998.

⁷⁸ 'Romanian arms traffickers "monopolise" Greek market, compete with Albanians', *Bucharest Ziu*, quoting Greek *VIMAgazino*, 10 August 2001, source: David Isenberg's Weapons Trade Observer.

⁷⁹ 'Tabacu & Savaliuc' [in Romanian], *Bucharest Ziu*, 15 May 1998; Bucharest Curierul National, 15 May 1998.

⁸⁰ 'Romanian prosecutors investigate Elbit upgrade contract', *Jane's Defence Weekly*, 28 February 2001.

⁸¹ The latest exhibition was held on 13–17 November 2001.

⁸² 'Romanian PM Favours Keeping Some Domestic Defence Industry Capacity', *Azi* [in Romanian], 14 November 2001.

⁸³ 'Ministry of Defence investigates sale of landmines by Romanian firm at arms fair', *The Guardian*, 18 September 1999. The Romanian Ministry of National Defence issued a statement saying that the *Romtehnica* catalogue had not been updated and therefore it still included outdated lists of products which were no longer manufactured (*Reuters*, 19 September 1999). The General Manager of *Romtehnica*, later announced that two members of his marketing team had been dismissed (*Reuters*, 21 September 1999).

Arms Fair																										
Company	Africa Aerospace & Defence		Defence Services Asia		Euro-Satory		Expomil		FIDAE		Hemus		Ideas		IDEF		IDET		IDEX		Milipol		MSPO/IDIE		Shot Show	
	South Africa	Greece	Malaysia	France	Romania	Chile	Bulgaria	Pakistan	Turkey	Czech Republic	UAE	France	Poland	USA												
Arsenalul Armateira	1998	2000	2000	1999	1999	2000	2000	2000	2001	2001	1999	2001	2001													
Electromecanica Ploiesti				1999																						
IAR-Ghimrav													1997													
IAR-SA Brasov								1995																		
RATMIL	1998																									
Rom Arm (National Company for Military Technique) (SN Romarm SA)				2000				2000	2001	2001																
Romtehnica	1998	1996	2000	1998				2001	2001	1999	2001															
SC Aerofina								2000	2001																	
SC Aerostar									2001																	
SC Electromagnetica SA – Romania										2001			2001													
Societatea Comerciala Rompiro SA – Orastie				1999																						
Stimpex SA													2001													
UTI Group													2001													
Uzina Chimica Victoria				1999																						
Uzina de Produze Speciale Fagaras				1999																						
Uzina Mecanica Dragomiresti – Dragomiresti Mechanical Factory				1999																						
Uzina Mecanica Sadu – Gorj													2000													

Note: This table only provides an illustration of the companies that have attended a selection of MSP exhibitions (Military, Security, Police) between 1990 and 2001. It does not provide a totally comprehensive list of companies or exhibitions. Many companies will have attended other exhibitions and may have attended the selected exhibitions in different years. Table provided by the Omega Foundation.

5.6 Conclusions

In recent years, Romania has made important efforts to support and promote closer co-operation with international and regional organisations such as the UN, OSCE, EU and NATO. In July 1998, Romania aligned itself with the EU Code of Conduct and since then it has made positive steps to strengthen the national mechanisms for controlling the export and import of strategic goods. On occasions, however, progress towards better arms export controls has been overshadowed by the emergence of a number of scandals which have put in question the efficacy of these controls. In 2000, for instance, a UN panel uncovered evidence that between 1996 and 1999 Romanian arms companies had provided large quantities of SALW to UNITA rebel forces in Angola through neighbouring countries. There have also been recent cases where lack of transparency and corruption have been closely associated with the arms trade.

Alongside other countries in the region, Romania is facing the hard tasks of ensuring implementation of its arms export controls, adherence to the EU Code and improving end-user controls. The government authorities have to address difficult challenges. The precarious state of Romania's economy has determined drastic reductions in the annual budget allocations for the defence sector, while the planned restructuring of the industry is bound to cut thousands of jobs. Under the current circumstances, the incentives to export arms to absorb under-utilised production capacity and earn badly needed hard currency remain strong. There is a risk that under political pressure the Romanian Government might be forced to adopt an aggressive arms export policy to prop up its ailing defence industry.

There is an urgent need to support initiatives to strengthen the arms export licensing system, facilitate the restructuring of the defence industry and, where appropriate, support civilian conversion programmes. Such initiatives require political commitment and the allocation of significant resources. The EU and NATO countries should provide incentives, including financial assistance, to support Romania in tackling the socio-economic and political consequences that the implementation of Romania's new policies will entail, prior to the ultimate integration of Romania into NATO and the EU.

The need to exert greater control over arms exports also increases the importance of transparency, the promotion of which would encourage prudent restraint and reduce misunderstandings and tensions caused sometimes by lack of sufficient public information. It is encouraging that Romania is working on the production of an annual report on arms exports. It is to be hoped that the Romanian Government will take the opportunity to produce a comprehensive, detailed and clearly structured report which will allow informed judgement on what arms are exported and to which countries.

5.7 Appendices

5.7.1 Appendix 1

Statement by HE Mrs Nineta Barbulescu Secretary of State Ministry of Foreign Affairs, President of the National Agency for the Control of Strategic Exports and of Prohibition of Chemical Weapons, Romania

at the United Nations Conference on Illicit Trade in Small Arms and Light Weapons in All Its Aspects

New York, July 11, 2001

Mr President,

At the outset, allow me to congratulate you on your election as President of the UN Conference on the Illicit Trade in Small Arms and Light Weapons in All its Aspects. I am confident that under yours and other Bureau members skilful leadership, the Conference will make a real contribution to curbing the global problem posed by SALW. Let me assure you that the Romanian delegation will fully support you in this important capacity.

I would also take this opportunity to extend my gratitude to Ambassador Carlos Dos Santos for all his efforts during the Preparatory Committee meetings. From the very beginning, I would like to state once again that my delegation fully associates itself with the statement delivered by the distinguished delegation of Belgium on behalf of the European Union and the associated countries.

Excellencies and distinguished delegates,

The topic of the Conference – Illicit Trade in Small Arms and Light Weapons in All its Aspects – represents one of the most challenging issues of the new millennium. Taking into account its complexity and wide-range effects, the illegal flow of SALW appears to be an essential threat both to international security and to the lives of individuals from different countries or regions. Throughout the 1990s and into the dawn of the new century, millions of people have been killed in regional conflicts in Europe and throughout the world. The majority of the victims are civilians. SALW – such as revolvers, rifles, submachine guns, assault rifles, heavy machine guns, portable anti-aircraft guns and launchers and ammunitions therefore – are the most commonly used in the regional type of conflicts that some countries are facing today, as well as in repression, organised crime and terrorism.

The accumulation of SALW has a destabilising effect in many countries. According to the update reports, large quantities of such weapons were subject of illicit traffic throughout the world, sparking the flames of violence and blocking the efforts to bring peace in regions ravaged by wars or civil conflicts. The effects of their use are terrible: victims died or have been gravely injured; the regions where these people live are sources of instability, with inherent consequences on social and economic development, leading to the degradation of the human being. Even after the end of such conflicts, both demobilisation as well as reconciliation efforts are hindered by the flow of these low-expense weapons.

The multi-faceted dimension of trafficking in SALW requires an adequate, comprehensive and a pragmatic response. Even if the effects may be localised in specific conflict spots, they are of international nature and therefore need a multilateral answer. These common challenges demand a coordinated action, a strong partnership between government and civil society, as well as among regional and international organisations. At the same time, a comprehensive approach should be taken into account considering both the sources and the destinations of SALW.

As the effects of using and abusing small arms became increasingly devastating, in the last years, more and more initiatives were taken, at sub-regional, regional and global level, in order to reduce the illegal flow and the threat of SALW proliferation.

Ladies and gentlemen,

Recognising the gravity posed by SALW proliferation, since the early 1990s the international community has intensified the debates on this issue within the UN framework. As a result, certain measures like guidelines on international arms transfers were adopted by the Disarmament Commission in 1996, as well as a number of resolutions of the Security Council and of the General Assembly on specific situations of conflict.

An important step in this process was the establishment of the UN Register of Conventional Arms, designed to make the arms transfers and holdings as transparent as possible through national annual reports.

The latest UN achievement in the field is the 'Firearms Protocol' under the Transnational Organised Crime Convention, adopted on May 31 2001, as a legally binding agreement on measures to combat illicit trade in firearms.

Taking into account all these initiatives, the present conference represents a further step of the process. We strongly hope that the Program of Action to Prevent, Combat and Eradicate the Illicit

Trade in Small Arms and Light Weapons in All Its Aspects will be finalised during the conference, taking into account all relevant experiences. This achievement could be the starting point of a process of a better coordination, at the global level, of the efforts to eradicate the illicit traffic of SALW.

In this respect, regional experiences should also be taken into account. Among these, the OSCE Document on SALW, adopted on November 2000, is of a particular importance. This political document is a comprehensive one, aiming not only to combat illicit diffusion, but also to regulate the production and legal transfers of small arms. It establishes a mechanism of exchanging information on national systems of marking small arms, national control procedures of the manufacturing of SALW and on national legislation concerning exports. It sets up the basis for the control of brokering activities, technologies and procedures used to destroy these arms. In our view, the provisions of the OSCE document could serve as a good basis for our discussions and deliberations as far as the final version of the UN Program of Action is concerned.

Other measures, like the ones developed at the European level, may also be useful in our discussions. Among these, we should mention the three important initiatives for combating illicit arms trafficking and preventing the proliferation and use of small arms and light weapons, adopted by the EU:

- the Programme for Preventing and Combating Illicit Trafficking in Conventional Arms;
- the EU Code of Conduct on Arms Exports (July 1998) which also applies to small arms, followed by the adoption, two years later, of the very first common list of military equipment which includes, inter alia, SALW items;
- the Joint Action on Small Arms which aims to tackle the destabilising accumulation and spread of SALW.

Mr President,

Romania for its part has also brought its own contribution to this larger process. Allow me to shortly point out the most relevant measures taken by the Romanian authorities in order to join the international community efforts in this field:

- Strengthening the national mechanism for controlling the export and import of strategic products. The main responsibility in ensuring the respect of legal provisions in this field lies with the National Agency for the Control of Strategic Exports and Prohibition of Chemical Weapons, which was recently placed under the authority of the Romanian Ministry of Foreign Affairs.
- Romania joined the EU Code of Conduct in July 1998 and has amended accordingly its internal legislation, ie by introducing a “catch all” clause that provides the measures to monitor the product from the exporter to the final destination.
- Romania applies at national level the guidelines agreed upon within the framework of the Wassenaar Arrangement, including the provisions of preventing transfer of small arms to forces engaged in conflicts in different regions of the world.
- As a country participating in the PfP, Romania follows closely the developments in the field of small arms, as set up in the PWP approved by the Euro-Atlantic Partnership Council.
- Within the Stability Pact, Romania supports the debates on the issue of SALW in Table III, calling for concrete measures against the accumulation of such weapons in South East Europe.
- Romania promoted the creation of the South Eastern European Regional Centre for Combating Transborder Crime within SECI. The aim of the Centre, an inter-governmental organisation established in Bucharest since November 2000, is exactly to fight against organised crime, corruption and illegal firearms trafficking in our region.

Last but not least, Romania is strongly supporting and promoting closer cooperation between international and regional organisations such as the UN, OSCE, EU, NATO and the Council of Europe. We are looking for ways to improve consultation and coordination, to jointly improve the effectiveness of our actions on the fight against the illicit trade in SALW.

Mr President, Distinguished delegates,

In concluding, I would like to stress that the issue of illicit arms trafficking should remain on the priority agenda of the governments and it requests immediate action. National and regional strategies on public awareness and prevention, law enforcement and prosecution, protection and reintegration of the victims must become effective. We need to work together in a concerted and coordinated way in designing and implementing these strategies.

We are very much aware of the fact that there will be little progress in settling or avoiding armed conflicts and humanitarian emergencies if there is no joint effort to control production and transfer of small arms. In this respect, governments, international organisations and NGOs need to share their expertise and solutions, so that the resources of the international community are pooled together for solving such endemic problems.

Saferworld's research project on arms and security in EU Associate Countries

This chapter is part of a wider Saferworld report, entitled *Arms production, exports and decision making in Central and Eastern Europe* concerned with seven EU associate countries, namely: Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia. The report analyses the role of each country in the regional and international arms trade, including destinations, transit routes and end-users of concern; it also examines the progress achieved in strengthening legal controls and their actual implementation.

The complete report can be purchased for GBP 20 including postage and packaging. For further information please contact: general@saferworld.org.uk or www.saferworld.org.uk