

Paper for “The European Union and the struggle against Weapons of Mass Destruction and their carriers: New tools for supporting European action”

Round Table Three, 16 July 2008

Title: Air Cargo Carriers and WMD Proliferation: EU Threats and Solutions

By Mark Bromley and Hugh Griffiths

Countering Illicit Trafficking- Mapping Assessment Project (CIT-MAP)

Stockholm International Peace Research Institute (SIPRI)

Today I will present a short overview of the potential threats but also solutions when it comes to the EU, air cargo carriers and issues surrounding WMD proliferation.

First of all, I will clarify by saying that this presentation is based on a research project entitled Countering Illicit Trafficking - Mechanism Assessment Project, (CIT-MAP) funded by the Swedish MFA. This project maps efforts to identify and control arms brokers and shipping agents engaged in illicit and clandestine transfers of SALW transfers. One of the areas we are focusing on is air cargo entities .

In recent years substantial attention has been paid to the role of air cargo entities in transferring SALW to embargoed destinations and conflict zones.¹ These companies, based in a variety of Middle Eastern, African and Eastern European locations, and flying mainly Ilyushin or Antonov aircraft, are involved in what we can term trans-national organised crime networks. This means they are generally willing to transport a range of raw materials or products in an illicit manner.

They are of relevance to this conference because the business models applied by these entities, coupled with their owners lack of respect for the rule of law, means that they pose a threat to the EU in terms of WMD. This was recognised in a recent UN-funded report focusing on air cargo actors and clandestine small arms transfers which pointed out the risks as they relate to WMD.²

¹ For example, see Amnesty International 'Dead on Time – arms transportation, brokering and the threat to human rights', (ACT 30/008/2006), 10 May 2006.

² “Some air cargo entities, straddling a grey market sector soliciting licit and illicit goods deliveries have garnered a reputation in parts of the Middle East, Africa, Eastern Europe and South West Asia for having a “no questions asked” policy regarding the cargo they carry or the unauthorised individuals that accompany it. Trafficking in [small arms and

"Some air cargo entities, straddling a grey market sector soliciting licit and illicit goods deliveries have garnered a reputation in parts of the Middle East, Africa, Eastern Europe and South West Asia for having a "no questions asked" policy.... [they] leave themselves open to exploitation by extremist groups....the practices employed by a number of air cargo entities could provide avenues for schemes involving the airborne delivery of WMD-type devices or substances consisting of nuclear, biological or chemical components."³

The attitude of these operators was recently exemplified by Viktor Bout, probably the world's most famous alleged arms trafficker, in an interview he gave following his recent arrest:

"I used to run an air transport company. Perhaps there were guns on board, but I was only a transporter. If I was guilty of smuggling guns, then any taxi driver in Bangkok would have to be arrested if he has had a drug trafficker or arms merchant as a passenger."⁴

Certain air cargo entities pose a potential WMD-related threat to the EU on two counts.

First, air freight companies can assist in WMD proliferation through the transportation of dual use technology, along with related equipment and personnel.

There are already documented cases of air cargo carriers involved in these activities. Air Koryo, North Korea's national airline, which is actually under the control of the Korean People's Air Force (KPAF) operates a fleet of three Ilyushin 76 inter-continental aircraft together with five Antonov 24s.⁵

Air Koryo aircraft have been used to ship arms to Myanmar as well as smuggle cigarettes

light weapons] SALW represents but one commodity amongst a wide range of un-taxed, un-licensed or strictly prohibited raw materials or products that can be clandestinely transported via air. While a more typical example of poly-trafficking is [cigarette smuggling and weapons] documented in Case Study Q, these types of business practices and the methodologies that surround them leave themselves open to exploitation by extremist groups not governed by clandestine market principles motivated by profit. Certain cargo hubs in Western Europe, as well as the Middle East and Africa sometimes lack the level of monitoring and security checks now afforded the perimeters and terminals of airports largely devoted to passenger traffic. These vulnerabilities combined with the practices employed by a number of air cargo entities could provide avenues for schemes involving the airborne delivery of WMD-type devices or substances consisting of nuclear, biological or chemical components." (Griffiths, H. and Wilkinson, A. '*Guns, Planes and Ships: Identification and Disruption of Clandestine Arms Transfers*', SEESAC and UNDP, Aug. 2007, p. 11).

³ Ibid.

⁴ Litner, B., 'Chill sets in over US arms sting', *Sydney Morning Herald*, 16 June 2008.

⁵ See Scobell, A. and Sanford, J. M., 'North Korea's Military Threat: Pyongyang's Conventional Forces, Weapons of Mass Destruction, and Ballistic Missiles', Strategic Studies Institute of the US Army War College, April 2007, URL <<http://www.strategicstudiesinstitute.army.mil/pdffiles/pub771.pdf>>; and Aero Transport Data Bank (ATDB), URL <<http://www.aerotransport.org/>>

and other commodities.⁶ In 1998 Air Koryo aircraft also carried equipment, technologies and scientists to and from Pakistan and North Korea as part of the two states documented cooperation in the fields of missile technology.⁷

Second, the ease with which material and people may be smuggled on such planes in parts of Asia, the Middle East and Africa means that these cargo aircraft could be used as an airborne delivery device, or a vehicle for the purposes of facilitating a mass casualty event.⁸

However, the threat posed to the EU is not from state or military-controlled air cargo entities such as Air Koryo, but rather the myriad of non-governmental, commercial carriers, now flying cargo from bases in Eastern Europe, Central and South West Asia, the Middle East and Africa.

These companies form part of the transport revolution caused by processes associated with globalisation as states deregulated administrative and legal barriers to international trade.⁹ Air cargo networks involved in illicit flows have taken advantage of financial deregulation and a lack of inter-governmental monitoring and enforcement mechanisms. They operate numerous front companies, use different off-shore locations in weak states to channel funds and base assets.¹⁰

Many of the owners, senior managers or pilots are either former military officers, or belonged to intelligence or state security agencies in Eastern Europe, Central Asia or the Middle East. These companies operate as networks, sharing assets – such as planes and crew -when the need arises.¹¹

Here is an example of one part of one network.¹²

At the centre lies Jet Line International. Many of Jet Line International's aircraft are owned by corporations in tax-advantageous states in the US. But Jet Line International aircraft – including those formerly operated by Aerocom documented as involved in smuggling – were certified by the Moldovan Civil Aviation Authority and flew under a

⁶ Lintner, B., 'Pyongyang's 60 year obsession', *Asia Times*, 10 Oct. 2006; 'North Korea's quirky Air Koryo survives and increasingly, appears to thrive', *Associated Press*, 18 Apr. 2008; 'Smoke Signals from BAT's North Korean Venture', Saalman, L., *Asia Times*, Feb. 2006,; and Linter, B. and Crispin, S. W., 'Dangerous Bedfellows', *Far Eastern Economic Review*, 20 Nov. 2003.

⁷ 'North Korea's Nuclear Tests in Pakistan', *Association for Asian Research (AFAR)*, 30 April 2004.

⁸ Ibid.

⁹ 'Dead on Time – arms transportation, brokering and the threat to human rights', Amnesty International (ACT 30/008/2006)', 10 May 2006.

¹⁰ 'Guns, Planes and Ships', pp. i and 3- 5.

¹¹ Ibid. pp. iv – vii.

¹² This network diagram was first presented during a seminar held at the European Commission, Brussels, November 2006. 'Guns, Planes and Ships', p. 61.

Moldovan flag. To contact Jet Line International, you had to phone a telephone number in Kiev that was in an office other than its official address or sent an email to an account set up by a US software company that was actually read in the United Arab Emirates (UAE). Jet Line International's base of operations was Sharjah in the UAE and it was staffed by former Russian military and security officials.¹³

It had a fleet of its own aircraft, but also officially operated others belonging to secretive entities such as Asterias, formally registered in Greece and later Ukraine, Artic, registered in Canada and then Ukraine as well as Aeronord and Pecotox which were formally operating from Moldova, but in reality used by entities based in the Democratic Republic of Congo, Equatorial Guinea and other parts of Africa where the rule of law is weak.¹⁴

Jet Line International also acted as an air cargo broker and got other companies to fly on their behalf. They also serviced aircraft belonging to other's linked to illicit flows, such as Balkan smuggler Tomislav Damjanovic of Air Tomisko, documented as involved in arms and cigarette trafficking.¹⁵

Air Tomisko assets flew from Nis or Belgrade in Serbia, or from Sharjah, but payments went through a variety of shell companies based in Cyprus. Damjanovic, in turn, wet-leased aircraft from GST Aero.¹⁶

GST Aero have been cited in UN sanction committee reports covering the arms embargoes on Sudan and Somalia.¹⁷ They have leased or swapped planes with another carrier, Aerolift.¹⁸ At this point we begin to see a cross-over between trans-national organised crime and radical islamic groups. Aerolift aircraft, formerly of Sierra Leone, now based in South Africa but registered in the British Virgin Islands – are alleged to have transported masked Islamist fighters from Mogadishu and other conflict zones in Somalia to Eritrea and other destinations.¹⁹ These reports emerged at the same time as UN Monitoring Group on the Somalia arms embargo was reporting that Iranian aircraft

¹³ Ibid, p. 62.

¹⁴ Ibid., p. 63.

¹⁵ 'Guns, Planes and Ships', p. i, and pp. 3- 5; and Wood, N., 'For Balkans Shipping Agent, War is Good for Business', *New York Times*, 7 Oct. 2007.

¹⁶ 'Guns, Planes and Ships', p. 6.

¹⁷ 'Letter dated 10 September 2007 from the Panel of Experts on the Sudan addressed to the Chairman of the Security Council Committee established pursuant to resolution 1591 (2005) concerning the Sudan S/2007/584', p. 43; 'Letter dated 16 October 2006 from the members of the Monitoring Group on Somalia addressed to the Chairman of the Security Council Committee established pursuant to resolution 751 (1992)', page 56, report of the Monitoring Group on Somalia pursuant to Security Council Resolution 1676 (2006), S/2006/913, 22 November 2006

¹⁸ Page 56, Letter dated 16 October 2006 from the members of the Monitoring Group on Somalia addressed to the Chairman of the Security Council Committee established pursuant to resolution 751 (1992)report of the Monitoring Group on Somalia pursuant to Security Council Resolution 1676 (2006), S/2006/913, 22 November 2006

¹⁹ Swain, J., Johnson-Thomas, B., 'Arab states trained Al-Qaida men to fight in Somalia', *The Times*, 18 Feb. 2007

were transporting Islamic Court Union militias to fight alongside Hizbollah units during the 2006 Israeli incursion.²⁰

The problem the EU faces here is that air cargo aircraft often fly from places in south west Asia, central Asia, the Middle East or parts of Africa which are of higher risk. The individuals behind such companies may transport men or material in the knowledge that the operation is not wholly licit, but without knowing the true seriousness of the situation. Above all else, when such Ilyushins or Antonovs do succeed in filing flight plans into the EU, they are generally flying into air cargo hubs which lack the kind of monitoring and security to which passenger terminals and flights are now subject to following September 11, 2001.²¹

It is still possible to fly an Ilyushin from many locations in south west Asia, central Asia, the Middle East and parts of Africa without any physical inspection of the cargo deck, or the sections underneath the cargo deck until landing within the EU, at Vatry airport, for example, less than 140 kilometres from this conference hall.²²

However, we should not give up. There are some EU solutions here involving things that the EU is good at doing, such as regulation and systematised information-sharing. These measures have gone a long way towards cracking down on air carriers which have been involved in illicit transfers of SALW. Airlines which, because of their modus operandi, have the potential to pose a WMD-related threat to the EU.

For example, of the airlines mentioned in this presentation, all except one no longer function, having lost their Air Operating Certificate (AoC). Jet Line, Pecotox and Aeronord were disqualified by Moldova, following a visit to Chisinau by EU experts last year.²³

GST Aero's Kazakhstan AoC was lost last year²⁴ and, after Mr. Damjanovic's face appeared on the front page of the *International Herald Tribune*, his company has also run into problems because of air safety regulations in Serbia. Aerocom was the first company to lose its AoC due to EU member state reporting to the Moldova CAA back in August 2004, while Aerolift is on the EU aircraft blacklist and therefore should not be

²⁰ Report of the Monitoring Group on Somalia pursuant to Security Council Resolution 1676 (2006), S/2006/913, 22 Nov. 2006,

²¹ 'Guns, Planes and Ships', p. 11.

²² Ibid.

²³ Commission Regulation (EC) No 787/2007 of 4 July 2007 amending Commission Regulation (EC) No 474/2006 establishing the Community list of air carriers which are subject to an operating ban within the Community

²⁴ Commission Regulation (EC) No 235/2007 of 5 March 2007 amending Regulation (EC) No 474/2006 establishing the Community list of air carriers which are subject to an operating ban within the Community

able fly into the EU.²⁵ Air Koryo, the first example I gave you, has also been blacklisted by the EU.²⁶

At CIT-MAP we are studying the efficacy of air safety regulation enforcement on certain air cargo actors. Already with the preliminary data we can say that relatively speaking, they have been more comprehensive and thus more effective than other forms of blacklisting.

However, there are other parts to this network and other networks altogether. As in the past, planes are moved, they are re-registered, new aircraft are bought and a new generation of air cargo operators involved in illicit flows begins to emerge. The EU has taken the first steps to counter this new threat. The EU Joint Situation Centre (SITCEN) has issued a list of air cargo operators for all EU members to keep a close eye on if they land there.²⁷ However, more resources could be made available to identify those carriers which are engaging in illicit transfers of SALW and to make that information available to the relevant authorities.

In December 2007 the Wassenaar Arrangement agreed a set of 'Best Practices to Prevent Destabilising Transfers of Small Arms and Light Weapons (SALW) through Air Transport'.²⁸ These best practices are aimed at encouraging export licensing authorities to be more systematic in demanding that companies applying for export licences for transfers involving the movement of SALW via air transport provide detailed information on the air carriers that they will be using and the routes they will take.

If states can be convinced to implement these best practices effectively at the national level they will serve a double purpose. First, they will help licensing authorities to identify licence applications which should be denied, either because of risks associated with the air carrier being used or the route being taken. Second, they will help to generate future lists of 'air carriers of concern' for distribution, both among EU member states and beyond.

From what we know of the non-governmental sector I have tried to describe, we believe that the threat of airborne proliferation or delivery of WMD-type materials,

²⁵ Aerolift was blacklisted while the entity was registered with the Sierra Leone Civil Aviation Authority (CAA). The airline now flies using South African issued registration numbers issued by the South African CAA.

²⁶ Commission Regulation (EC) No 474/2006 of 22 March 2006 establishing the Community list of air carriers which are subject to an operating ban within the Community referred to in Chapter II of Regulation (EC) No 2111/2005 of the European Parliament and of the Council.

²⁷ Council of the European Union, 'Fourth Progress Report on the implementation of the EU Strategy to Combat Illicit Accumulation and Trafficking of SALW and their Ammunition', 16409/07, 11 Dec. 2007, p. 6.

²⁸ Wassenaar Arrangement, 'Best Practices to Prevent Destabilising Transfers of Small Arms and Light Weapons (SALW) through Air Transport (Agreed at the December 2007 plenary)', URL <<http://www.wassenaar.org/publicdocuments/index>>.

technologies or devices comes from rather specific air cargo operators, rather than a repeat of the kind of extreme events of September 11 which involved passenger aircraft.

To conclude, this is an area where the EU is already acting collectively. Threats associated with air cargo are gradually being recognised within the EU. However, considering the resources allocated to monitoring and securing passenger aircraft over the past seven years, more needs to be done. Certain air cargo operators already offer a platform for any group with the material, knowledge and sophistication to take full advantage.