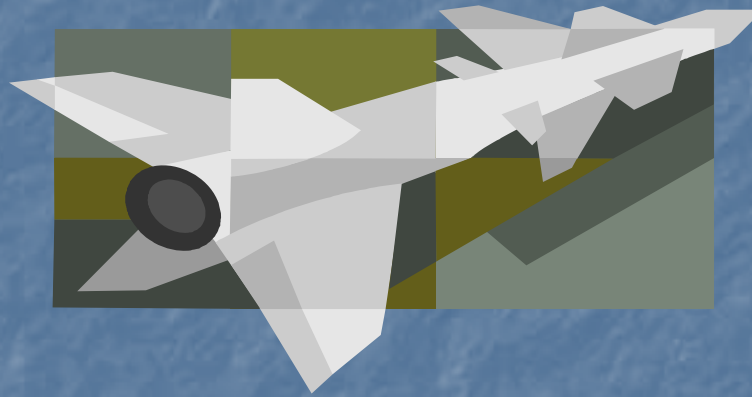


*Tenth International Export Control Conference
Istanbul, 25-27 June 2009*

Licensing: Brokering



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Overview

- What is brokering?
- Why do we need to regulate brokering?
- How is the international community addressing brokering?
- How can brokering activities be regulated?
- Summary

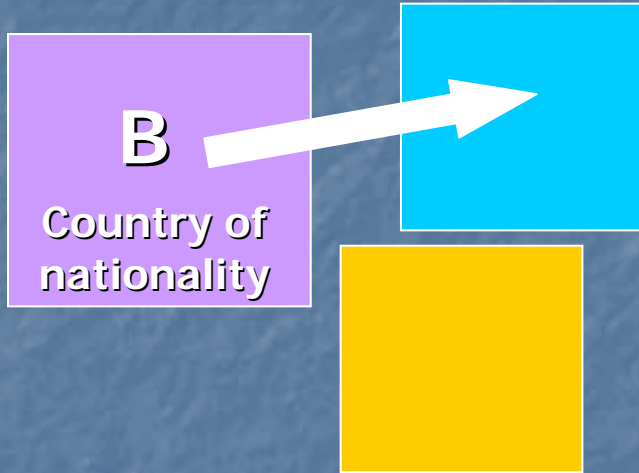


What is brokering?

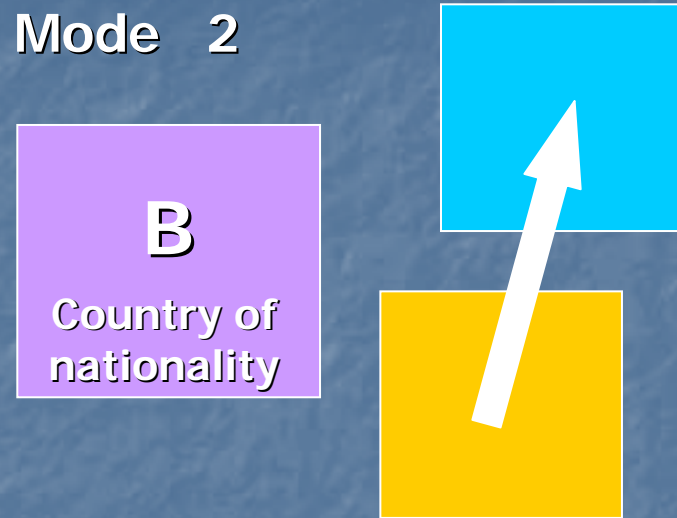
- Brokers negotiate or arrange contracts or services with regard to the transfer, import, export, financing or manufacture of arms, their components, or production equipment or technology
 - brokers do not necessarily acquire any of these, nor need the activities they arrange pass through the country from which they operate.
- Brokers often use 'front companies' and intermediaries to mask the end-use of exports and make the enforcement of export control difficult.
- There are several possible modes of brokering – related to the physical location of the broker, the source country and the destination country.

Modes of brokering

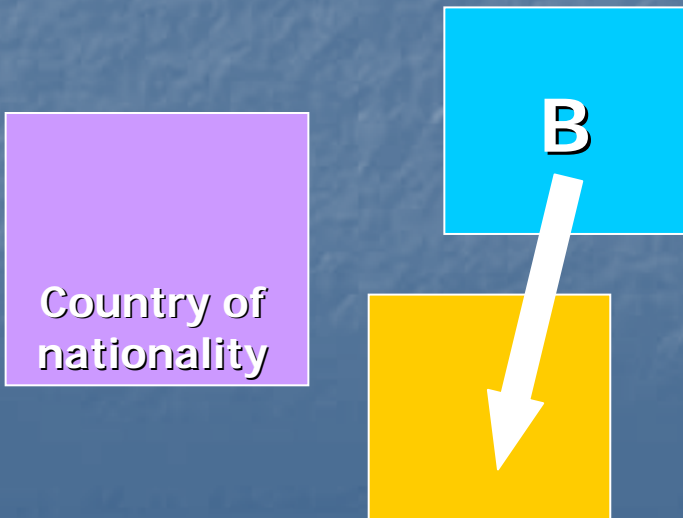
Mode 1



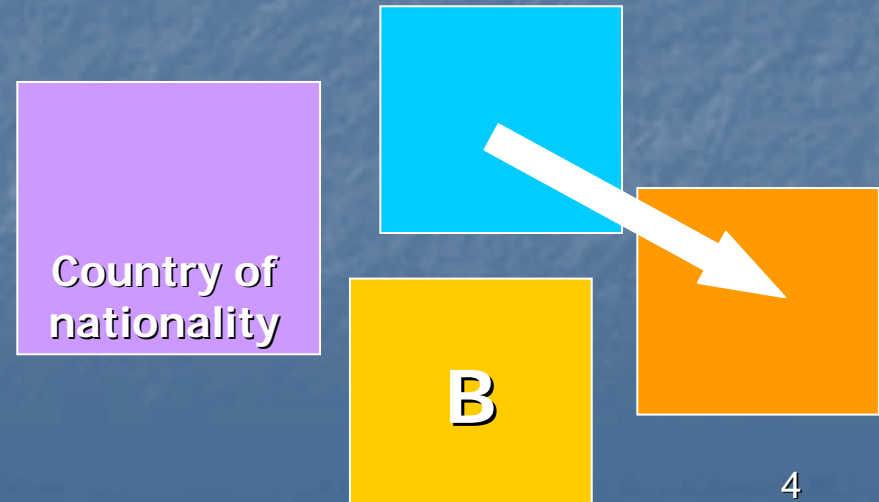
Mode 2



Mode 3



Mode 4

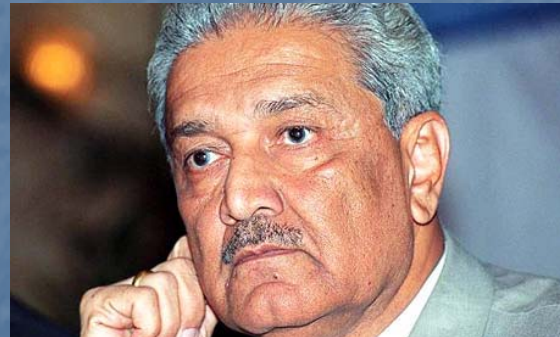


Why do we need to regulate brokering?

- Brokers have been involved in the unauthorised or illegal delivery of military equipment and WMD-sensitive items to embargoed countries, countries of proliferation concern, terrorist organisations and armed groups.
- Not many countries have laws and regulations designed to control the cross-border activities of brokers.



**Viktor Bout:
arms broker**



AQ Khan: nuclear weapons broker

How is the international community addressing brokering?

- UN First Committee resolution '*Preventing and combating illicit brokering activities*' (2008)
- UN Security Council resolution 1540 (2004)
- UN Programme of Action to prevent, combat and eradicate illicit trade in small arms and light weapons in all its aspects (2001)
- UN Protocol against the illicit manufacturing of and trafficking in firearms (2005)
- Export control regimes – the Australia Group, Missile Technology Control Regime, and the Wassenaar Arrangement.

How can brokering activities be regulated?

- Legislation and regulation - determine the activities to be controlled - preferably with a wide definition and scope.
- Administration – establish a central authority that is well equipped, and ensure good inter-agency cooperation.
- Mechanics – ensure clear guidelines to do with registration, licensing, end-user certificates and the denial of licenses.
- Law enforcement action and penalties – to help to ensure compliance.

Summary

- Failure to regulate arms brokering creates 'safe havens' for illicit brokering, and enables illicit arms brokers to operate with impunity, often with grave security consequences.
- Brokering regulations are an important part of an effective national export control system
 - such regulations should be wide in scope, straightforward to administer and be enforced effectively.
- As with export controls, brokering controls are an important responsibility of governments that are seeking to strengthen international security
 - these controls should not restrict legitimate commercial trade, but rather prevent illicit WMD and SALW trade.