

Making a Killing: The Business of War

By Phillip van Niekerk

WASHINGTON, October 28, 2002 — In February 2002, Belgian authorities issued an international arrest warrant for Russian arms dealer Victor Bout on charges of money laundering and conspiracy. Days later, Bout – who allegedly also supplied weapons to the Taliban in Afghanistan – sauntered into the studios of a Moscow radio station a few blocks from the Kremlin to protest his innocence.

"What should I be afraid of?" he asked, live on air, as Russian police claimed they could not find him.

Bout believed he was untouchable, and with reason. In order to operate one of the largest arms-trafficking networks in the world, he had cultivated influential friends – from African heads of state to senior figures in Russia's post-Soviet intelligence world.

Bout's swagger is not altogether unique. He epitomizes a new breed of opportunists that has come to dominate the global landscape of conflicts since the end of the Cold War. Gone is the superpower ideological divide that once gave a strange sort of order to the world's wars. In its place are entrepreneurs, selling arms or military expertise and support, and companies, whose drilling and mining in some of the hottest spots often prolong conflict and instability. Additionally, the military downsizing that followed the end of the Cold War and the collapse of the Soviet Union flooded the market with surplus arms and trained soldiers looking for a job.

As Pete Singer, an Olin Fellow in the Foreign Policy Studies Program at the Brookings Institution, said: "This incredible dump of goods and services has made it much easier for non-state actors to fight a war."

A nearly two-year investigation by the Center for Public Integrity's International Consortium of Investigative Journalists into the business of war has found that these non-state actors – despite their appearance of being freelancers – have copious connections to intelligence services, multinational corporations, political figures and criminal syndicates in the United States, Western and Eastern Europe, Russia, Africa and the Middle East. Often, they work as proxies for national or corporate interests whose involvement is buried under layers of secrecy.

"Western chancelleries have not renounced their self-proclaimed right to influence the course of events," the French political scientist Jean-Francois Bayart wrote in the journal *African Affairs* in April 2000. "But they now prefer to act through private operators, including both commercial companies and non-governmental organizations, and even in the field of defense."

Private military companies, or PMCs as the new world order's mercenaries have come to be known, allow governments to pursue policies in tough corners of the world with the distance and comfort of plausible deniability. The ICIJ investigation uncovered the existence of at least 90 private military companies that have operated in 110 countries worldwide. These corporate armies, often providing services normally carried out by a national military force, offer specialized skills in high-tech warfare, including communications and signals intelligence and aerial surveillance, as well as pilots, logistical support, battlefield planning and training. They have been hired both by governments and multinational corporations to further their policies or protect their interests.

These companies do not represent the dark underbelly of war commerce and, indeed, their supporters argue that PMCs save lives and bolster security, all while being more cost-efficient than national militaries or international peacekeeping operations. But many operate in the same black hole of information that allows war profiteers like Bout to work with impunity.

War or criminality?



**A child soldier
in Sierra Leone**
(Reuters)

Much of what has been called war during the past decade – especially in places like Sierra Leone and Angola – is merely an extreme form of criminality. Some of the arms dealers and entrepreneurs tracked in the ICIJ investigation crossed regularly between the secretive worlds of war commerce, organized crime and terrorism.

One measure of their influence is the deadly trade in arms. Compared to the legal trade in arms, the number of weapons shipped illegally is small – about 10 percent of total world sales. But small arms have been the weapons of choice in 90 percent of the conflicts since 1990 and were responsible for almost 100 percent of the killing.

Arms dealers such as Bout, Leonid Minin and Jacques Monsieur have been at the forefront of the most extensive yard sale in history – a massive unregulated sell off of low price surplus armaments into the most fragile, conflict-ridden corners of the Earth.

The weapons, mostly from state-owned Eastern European factories, have found their way to Angola, Sudan, Ethiopia, Colombia, Congo-Brazzaville, Sri Lanka, Burundi and Afghanistan – conflicts in which up to an estimated 10 million people have died during the past decade.

It is hard to imagine that a few individuals could have such influence, but as Tom Ofcansky, a specialist at the U.S. State Department's Bureau of Intelligence and Research, pointed out: "The impact of a few planeloads of arms, as we've seen repeatedly in Africa, had a devastating impact on fragile African societies." Two helicopter gunships piloted by South African mercenaries, for example, altered the balance of war in Sierra Leone in 1999 in favor of the government.

Arms shipments were bolstered by highly trained soldiers and pilots – war veterans from apartheid South Africa, the Ukraine, the Israeli Defense Force, U.S. Special Forces and the British Special Air Services – who came onto the market, selling their services.

The entrepreneurs and their sponsors did not invent this world. Large parts of Africa and parts of South Asia and Latin America have experienced state collapse, where leaders are no longer able to impose law and order. However, developed nations have aided or, at a minimum, turned a blind eye to the activities of their nationals which are fueling wars.

"You have situations, where states are collapsing or completely out of control," said Johan Peleman, a Belgian arms investigator. "They invite the sort of investors that thrive on this lack of oversight, on this lack of control, on this lack of interest in the background of the investor."

Some African governments are little more than criminal syndicates – warlords such as Charles Taylor, the president of Liberia, or more sophisticated elites, such as the rulers of Angola. But to sell diamonds and timber and oil onto the world market requires foreign partners.

The people doing the extracting, the bribing, the arms dealing, and the deal-making are South African, Belgian, American, Israeli, French, Ukrainian, Lebanese, Canadian, British, Russian, Malaysian, and Syrian. They are a class of entrepreneur that operates beyond borders, often unaccountable to shareholders and unfettered by the regulation they would encounter in their own countries. They have become influential political players in the countries in which they operate.

"You have presidents that then attract investors that are just out to make a quick few million, mostly at the expense of the local population or the long-term situation of that country," says Peleman. "At the same time, real Mafia organizations and organized crime are attracted to this kind of situation."

The end of the Cold War led to a profound disengagement of the United States and its allies from formal involvement in the wars of the developing world. The West's reluctance to intervene in small wars was driven by the 1993 debacle in Somalia, when 19 U.S. soldiers and 1,000 Somalis died in a disastrous attempt at ridding the country of the warlord and food profiteer, Mohammed Farrah Aideed.

Even the notable exception to this trend, the Balkans, was left to fester for years before American and NATO power was brought to bear on the thuggish regime of Slobodan Milosevic, despite the fact that the former Yugoslavia was on Europe's doorstep and its implosion threatened the integrity of the Atlantic alliance.

In most instances, the big powers withdrew their direct sponsorship of rebel movements and regimes, which in turn had to become self-financing businesses to pay for the weapons, training and mercenaries they needed to overthrow governments or protect their tenuous hold on power.



Jonas Savimbi
(Reuters)

When Jonas Savimbi, the leader of Angola's rebel UNITA forces, refused to accept his defeat in elections in Angola 1992, he paid for his arms by seizing the diamond fields in the northeast of the country. He created an elaborate mining operation and buying system and imported a workforce from neighboring Zaire (now Congo). He also recruited a network of Belgian and South African diamond dealers, a structure that was replicated in Sierra Leone.

Wars that had been shaped by U.S.-Soviet competition were overtaken by wars in which governments, guerrilla groups and criminal organizations—sometimes interchangeable—battled it out for access to wealth, potential wealth or trafficking routes. Often the conflicts reached a point of equilibrium at which both sides could loot and profiteer.

David Keen of the London School of Economics wrote in an International Committee of the Red Cross book on war, money and survival that the perception of a civil war in which the combatants actively seek to win the war is increasingly faulty. "Civil wars spawn their own political economy, from which all sides of the conflict might benefit. As a result, some parties may become more anxious to prolong a war than to win it."

The Democratic Republic of the Congo went back to war in 1998 over political differences between President Laurent Kabila and his erstwhile mentors in Rwanda and Uganda. Yet the original cause of the conflict was obscured and forgotten as occupying armies on both sides looted the country's resources. War brought no one closer to developing the Congo. It could only support a plunder economy, the most basic of mining operations – digging for coltan or diamonds or stripping forests.

An orphan child

There have been notable attempts – in France, Switzerland and Italy – to clamp down on criminal networks that have profited from war. But these have been hampered by a lack of intelligence and law enforcement coordination.

When Minin, a Ukrainian arms dealer, was arrested with bags of cocaine and diamonds in his pockets and prostitutes on his lap in a hotel room in Monza, Italy, it took weeks for the authorities to find out that he already had been convicted of fraud in Germany, banned from Switzerland and Monaco, that there were bulging files on his criminal activities in Belgium and France, and that he was, in fact, wanted by the Italian police in connection with alleged Mafia activities and drugs and arms trafficking.

"The African arms trafficking issue was an orphan child in the greater scheme of things," Ofcansky, the U.S. State Department arms specialist, said.

The United States, despite having the best anti-arms trafficking legislation in the world, lost interest in the global trade outside its borders just as that trade was mushrooming, according to a senior U.S. Customs official who spent decades investigating the black market in weapons. Up until 1995, Customs agents tracked international weapons trafficking through intelligence and undercover operations, he said. During the Clinton administration, there was a change in emphasis – one that extended to the Bush administration. "The change of attitude by the administration severely restricted us in our work," the agent told ICIJ. "People were basically saying, why are we sticking our noses in these matters? Okay, there's a guy from Russia selling weapons to Ethiopia. Why should we care?"

Monitoring arms trafficking to Africa, one law enforcement official said, was a part-time job at Interpol.

International arms embargoes, meanwhile, were ineffective and seldom enforced. Although the United Nations resorted to publicly outing culprits like Bout, no one was prosecuted for violating U.N. arms embargoes. And Western intelligence agencies adopted a tolerant attitude when it suited them.

In September 2000, Monsieur, a Belgian arms dealer, told a French judge of having been contacted in Brussels by the CIA and, with the blessing of the French civilian intelligence agency, of having sent tens of millions of dollars in weapons to Croatia. From 1991 to 1995, he found his best markets in Croatia and Bosnia, even though the two countries were under a U.N. arms embargo to which the United States paid public lip service. Monsieur also dealt arms in Iran, Qatar, Zaire, Burundi and Congo-Brazzaville.

Indeed, the failure of intelligence agencies to share information hindered law enforcement. "Despite the fact that it is a secret world, we were at least able to find out some very interesting inner workings of the arms trafficking trade," said Ofcansky. "But, again, what does one do with that information? Much of it is highly classified and cannot be shared. I think this is another challenge facing the West in this proliferation of secret worlds. And there's going to have to be a rethink, a more generous declassification process eventually, to help come to terms with some of these problems."

The arms dealers cannot be viewed in isolation, however. The diamond industry took little action to police itself as gemstones became one of the prime currencies in Africa's wars and, it was later revealed, for terrorists. With so-called conflict diamonds being laundered through the exchanges of Antwerp and Tel Aviv, the industry responded only after it

was challenged by nongovernmental organizations such as Global Witness, whose campaign against blood diamonds created so much bad publicity that the industry was forced to devise measures to clamp down on stones from conflict zones.



A diamond miner in Sierra Leone
(Reuters)

Blue chip corporations were squeamish about investing in lawless societies, but large oil companies, which followed the natural deposits, had no choice but to engage. Most turned a blind eye to how their involvement helped fund various despots or conflicts. But, according to numerous court cases, statements by former officials and press exposés in France, the now-defunct French state oil company, Elf Aquitaine, went beyond indifference, financing the purchase of weapons and hedging its bets in Congo-Brazzaville and Angola by supporting and helping arm both sides.

September 11

The failed states within whose boundaries the wars were conducted helped launch new and dangerous movements, which thrived in a world of lax banking rules, secretive arms networks, and surreptitious financing methods.

Michael Westphal, the deputy assistant U.S. defense secretary for African affairs, warned in April 2002 that 40 out of 48 African states were too weak to prevent members of al Qaeda or other terrorist organizations from transiting, stationing themselves, or raising funds and planning operations from their territories.

"I think the September 11 tragedy underscored the fact that the West could no longer afford to ignore or give a very low priority to failed states," Ofcansky said. "These are breeding grounds not only of arms traffickers, organized crime, but also of terrorists."

The aftermath of the Sept. 11, 2001, terrorist attacks on the United States showed what could be achieved with greater political will. Bout, the Russian arms trafficker, operated with impunity for years in Africa's conflict zones.

Even when the United Nations cited him frequently in its reports on individuals and companies involved in the shady world of arms and diamonds dealing in Africa in 2000, Bout continued to ply his trade.

If he felt uncomfortable or under scrutiny, he would simply move his planes to a new base – from Belgium to South Africa to Swaziland to Equatorial Guinea. For years, his head office was in the United Arab Emirates because the free trade zone allowed him to come and go at will with very little oversight.

U.S. authorities in 1999 became aware that Bout was also supplying weapons to the Taliban and sought the assistance of Belgium and South Africa in investigating him. But after the Sept. 11 attacks, Bout was more than a bad guy, he was an enemy in the war on terrorism. He fled back to Moscow where, although he remains at large, his operation appears to be largely crippled.

Bush administration officials initially opposed international moves to impose strict controls on the purchase and sale of diamonds, but softened their stance after reports that Osama bin Laden made good use of the diamond trade in West Africa, employing the dealers and networks that had helped to fund rebel forces in Angola and Sierra Leone. U.S. Rep. Tony Hall, an Ohio Democrat who sponsored legislation to place trade sanctions on countries that sell diamonds to finance war or terrorism, said after the legislation was approved that reports on Bin Laden's role in the trade "put us over the edge."

But the ability to launder conflict diamonds through the official system remains. A U.S. government report in February 2002 found that the new process the industry has devised to police itself is inherently flawed.

And the evidence seems to suggest there will be less, not more, effort devoted to policing criminal networks trafficking in the war zones of the world.

While the wars in Angola and Sierra Leone ended in 2002, fresh conflict erupted in Liberia, Congo-Brazzaville, the Central African Republic, and fighting continues in Sudan and the Congo. Afghanistan continues to threaten a return to warlordism, and the United Nations, fearing a resumption of hostilities in Sierra Leone, has extended its peacekeeping mandate there.

Ofcansky, the U.S. State Department official, said there is a crying need for international law enforcement aimed at curbing global criminals.

"What are needed are U.N. inspection teams in ports and airports, with the authority to detain aircraft or ships, or arrest people – that requires a significant change in the international system. But that's not going to happen anytime soon."

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