

## New Production and Current Holdings

A major criticism of the United Nations Register of Conventional Arms has been that it does not include provisions to record existing national holdings or subsequent production of weapons which add to national holdings.<sup>31</sup> Provision of such information is entirely at the discretion of each country, even more so than participation in the Register in the first instance. This is a touchy subject among many nations who see information about national military reserve stocks of weapons and munitions or production capability as sensitive for national security reasons. In other cases, collecting the necessary data would be a monumental, perhaps impossible, task in some countries and regions of the world given the size and scope of existing stocks and loose controls currently employed for light weapons.<sup>32</sup> Nevertheless, a light weapons register would likely be a more useful tool of transparency by including some indication of the capacity of reserve holdings and production capacity covering a particular time period.

Inclusion of information concerning the level of national production of new weapons and current holdings would help address differences among countries who have varying capabilities. Some argue that it is quite unfair (as is the case with the United Nations Register of Conventional Arms) to expect one country to declare imports while, at the same time, ignoring additions to national holdings from domestic production in another country. A false picture could be built up of the totality of light weapons arms inventories and transfers; transparency would not be served and mistrust could ensue.

Some countries which do have existing regulations on production and export have been reluctant to provide some such data to an international public register citing a concern about "proprietary" information and putting commercial producers at risk of unfair competition.<sup>33</sup> The counter argument is that nothing in a register of arms transfers, assuming that all transactions are carried on legally within the regulations of the state, should affect the normal course of international trade. It is accepted that there will be an arms trade and that some companies in some countries are still going to be active in this legitimate defence sector of business.

With regard to concerns about a loss of competitive business confidentiality, nothing in the proposed register should be construed as giving unfair economic advantage to business competitors if care is taken to record transactions after the fact. For example, the issuance of export permits reflected in the register will probably be noted after any business deal is finished and the product is ready for shipment. Therefore, there will likely be little or no prior unfair warning of impending business deals. While some observers would like to see prior notification of intent to transfer arms, this may be too idealistic an aim in the near term.<sup>34</sup>

Because arms industries are part of the legitimate economic fabric of many countries, it is argued that they deserve the protection of normal commercial confidentiality to protect business transactions from undue competitor interference. The issue appears to be one of timing of the reporting of transactions as well as of identifying specific business transactions. A solution may be to have submissions to the register cover only gross figures on completed transactions or