

# BULGARIA

## MONEY TALKS

### Arms Dealing with Human Rights Abusers

I. SUMMARY AND RECOMMENDATIONS .....	3
Recommendations .....	5
II. A REVIEW OF BULGARIA'S ARMS TRADE .....	10
The 1970s and 1980s: Cold War Arms Sales .....	10
The Early 1990s: Arms Industry Crisis and Illicit Exports .....	11
1991-1992: Failed Arms Trade Reform Effort .....	12
Mid-to-Late 1990s: Undiscriminating Arms Exports .....	13
Late 1990s: Continued Arms Deals, Uncertain Future .....	15
III. THE ARMS INDUSTRY .....	17
Arms Production and Incentives for Export .....	17
The Trade in Surplus Weapons .....	20
Arms Trading Companies .....	22
Transport Companies and Transshipment .....	23
Arms Brokers .....	24
Illegally Obtained Weapons .....	25
IV. ARMS TRADE PRACTICES .....	26
National Arms Trade Controls .....	26
International Arms Trade Controls .....	29
Policy Gaps .....	30
Problems of Enforcement .....	32
V. THE ROAD AHEAD .....	39
Steps Toward Reform .....	39
Privatization .....	40
The Prospect of Joining NATO .....	42
VI. ARMS EXPORTS TO HUMAN RIGHTS ABUSERS .....	43
Angola .....	43
Burundi .....	47
Rwanda .....	47
Sierra Leone .....	49
Uganda .....	51
ACKNOWLEDGMENTS .....	53



## I. SUMMARY AND RECOMMENDATIONS

Bulgaria has earned a reputation as an anything-goes weapons bazaar where Kalashnikov assault rifles, mortars, antitank mines, ammunition, explosives and other items are available for a price—no matter who the buyers are or how they might use the deadly wares. In the 1990s Bulgaria has been a weapons source for armed forces in Iraq, the former Yugoslavia, Angola, and Rwanda, among other countries. It has been implicated repeatedly in weapons sales to regions of armed conflict, countries under international or regional arms embargoes, and armed forces known to commit gross violations of human rights and international humanitarian law. Bulgaria is an important source of small arms and light weapons, but it has also sold a considerable amount of surplus heavy weapons from its arsenal.

A new government elected in April 1997, eager to polish Bulgaria's poor image as an arms bazaar in the hopes of joining the North Atlantic Treaty Organization (NATO) and the European Union (E.U.), pledged to adhere to international arms trade control standards and improve regulatory controls. Bulgaria, however, has a legacy of arms dealing that is not easily shaken. During the cold war, Bulgaria supplied weapons to communist-backed governments and rebel groups on several continents. The end of the cold war hit Bulgaria's economy—including its state-owned arms industry—hard, and Bulgaria aggressively promoted arms exports in response. Income from arms deals—when it was not lining the pockets of corrupt government officials or arms industry representatives—helped keep the economy afloat by bringing in hard currency. It also provided jobs to tens of thousands of workers and kept alive an industry that was viewed as vital to national security. Arms were sold not only to legitimate buyers, but to practically *any* buyers, including countries under international embargoes. In the early 1990s, the state arms trading company, Kintex, arranged to sell weapons to Iraq, and reportedly to Libya and the former Yugoslavia, in violation of U.N.-imposed arms embargoes. Building on its cold war arms dealing contacts, Kintex circumvented the arms trade controls instituted by a short-lived reform-minded government that served from 1991 to 1992.

Later governments, which after 1994 were formed by the successor to the communist party, the Bulgarian Socialist Party, BSP, also failed to restrict the arms trade. The mid-to-late 1990s saw a flurry of arms sales, predominantly to areas of armed conflict in Africa, where the weapons were used by abusive forces. Some arms deals were not in violation of international arms embargoes or domestic Bulgarian law, and were therefore legal, but nevertheless represented irresponsible sales to governments known to violate international humanitarian law, while other deals violated international arms embargoes. For example, both sides in Angola's long-running civil war have obtained weapons from Bulgaria, at least since 1993, when the rebels were made subject to a U.N. embargo. Sales to abusive government forces were not covered by the embargo. The forces responsible for Rwanda's genocide—who have been under an international embargo since 1994—have since their flight to the Democratic Republic of Congo (the former Zaire) maintained a longstanding arms trade relationship with Bulgaria, including a deal Kintex arranged in 1995.

Bulgaria's current government, formed by a coalition led by the right-of-center Union of Democratic Forces (UDF) party, was elected after an economic crisis forced the prior government to step down in February 1997. The newly-elected government announced its intention to reform the economy, clean up rampant corruption, and integrate Bulgaria into western European institutions such as NATO and the E.U. As part of this broad agenda—and under considerable pressure from Western governments—the UDF government voiced its firm intention to implement a responsible arms trade policy. It clearly recognized that Bulgaria's longstanding reputation as an indiscriminate supplier of weapons could stand between it and membership in NATO and the E.U.

The government has responded to international scrutiny by stating that it would carefully review proposed arms transactions, following procedures outlined in existing legislation, and that it would strictly observe international arms embargoes. It announced in late 1998 that it would seek to tighten arms trade controls through draft legislation proposed by its cabinet, the Council of Ministers. Bulgaria also has made some important international commitments related to the arms trade, including a promise to adhere to the principles outlined in the nonbinding 1998 E.U. Code of Conduct on Arms Exports.

Despite the government's pledges to clean up the arms trade, the country has continued to be linked to deeply troubling weapons deals involving abusive armed forces. A February 1998 arms shipment from Bulgaria to Sierra Leone,

arranged by the British Sandline company, apparently breached a U.N. embargo. In addition, both sides in Burundi's bloody civil war have obtained arms via Bulgaria, as reportedly have rebels in Congo. Bulgaria has also continued to be an arms source to Angolan rebels, and a U.N. commission investigating arms flows to Rwanda's *génocidaires* since 1995 noted in its final report in November 1998 that it had received credible reports of illegal arms flights to those forces by Bulgarian airlines. Arms sales to Ethiopia and Uganda and arms flights to Eritrea have raised concerns that such weapons may fuel regional armed conflicts. (Ethiopia and Eritrea fought briefly in June 1998, and again in early 1999. Uganda sent its forces into the Democratic Republic of Congo in 1998, and has supported rebel forces in Sudan and Angola.)

If Bulgaria's UDF government has a strong interest in changing the country's image as an irresponsible arms supplier, how does one explain the continuing flow of weapons from Bulgaria into the hands of abusive forces? In part, the explanation lies in arms trade policies. By law the country's arms trade is subject to official controls, which include licensing requirements for arms trading firms and for individual arms transactions. Bulgarian law sets out guidelines for the review of arms license applications, but these guidelines do not incorporate Bulgaria's international commitments. For example, some of Bulgaria's arms deals directly contravene provisions of the E.U. Code of Conduct on Arms Exports, to which it subscribed as a non-E.U. member. The code limits weapons sales to regions of armed conflict and to governments or armed groups engaged in gross violations of human rights and international humanitarian law, but those restrictions are not binding. Bulgarian authorities have therefore approved arms deals that, while not forbidden by international embargoes or domestic law, are nevertheless irresponsible and contrary to Bulgaria's international commitment to exercise restraint in its arms exports. Absent domestic legislation implementing into law the international arms trade control commitments it has declared, Bulgaria is all but free to supply arms that embolden and enable abusive actors, and thereby encourage and facilitate grave violations of human rights and international humanitarian law.

Bulgaria's continued involvement in questionable arms deals, some of which have violated binding U.N. embargoes, also is rooted in poor regulatory enforcement. Arms brokers—some operating outside Bulgaria—have employed sophisticated methods to circumvent legal restrictions on the arms trade, such as the falsification of documents and transshipment of weapons through third countries. As in other arms exporting countries, such techniques repeatedly have been employed in Bulgaria to provide a cover of legitimacy for illegal weapons transfers to abusive armed forces, including by Bulgarian transport firms. Bulgarian authorities have failed to ensure that the arms approved for export or transport out of Bulgaria are not diverted to unauthorized end users. While it can be challenging for a relatively small country such as Bulgaria with few resources dedicated to arms trade enforcement to monitor arms deals, there also appears to be little will to track where weapons go after they leave Bulgaria. Top officials have repeatedly denied that the government is responsible for what happens to weapons once they leave Bulgarian soil. Officials stated that Bulgaria has not prosecuted anyone for violating arms trade laws, and that they had never denied an arms trading license to a petitioning company, but they pointed to a successful effort to stop a suspicious arms transaction in 1998.

Arms dealing in Bulgaria is reinforced by at least five key factors that drive the impulse to sell. First, the country's struggling state-owned arms manufacturing and trading firms have an overriding commercial interest in promoting sales, as do the few private firms that have been authorized to trade in arms. Similarly, the country's struggling military stands to earn much-needed funds through the sale of surplus weapons from its stocks. Third, many of the individuals involved in the arms trade have a personal financial stake in arms exports, as they stand to benefit from commissions, bribes, and kickbacks in exchange for facilitating arms deals. Fourth, some arms industry insiders and their supporters are additionally motivated to aggressively promote exports as a means to sustain the domestic arms industry and thereby protect Bulgaria from perceived national security threats. Finally, there is considerable domestic political pressure in Bulgaria—a country recovering from an acute economic crisis—to increase revenue and protect jobs in the arms industry, including through increased arms exports. The government is sensitive to criticism that its moves to enhance arms trade controls, as well as its announced plan to privatize the country's state-owned arms industry, will result in devastating losses of hard currency and jobs and may lead to civil discontent.

Meaningful arms trade reform will require overcoming difficult challenges: Bulgaria's arms trade practices are entrenched, incentives to export are strong, regulatory control is weak, enforcement is poor, and corruption is widespread. In this context, two new developments may only make matters worse. First, the planned privatization of the arms industry—if not closely monitored—could further weaken regulatory control and reduce government accountability. In addition, Bulgaria's aspirations to join NATO may spur new weapons purchases and increase the temptation to export surplus older weapons and those that are not NATO-compatible in exchange for badly needed hard currency, providing a potential source of weapons to abusive armed forces.

This report provides an analysis of the Bulgarian arms industry and presents examples that highlight the pattern of Bulgaria's exports to conflict-ridden regions and abusive armed forces, including rebel groups. It draws from the findings of Human Rights Watch field investigations in a number of countries, as well as publications by other nongovernmental organizations and accounts published by the international media. The report has benefited from interviews with Bulgarian government officials in Washington, D.C. and Sofia, as well as with diplomats, journalists, academic experts, and others familiar with Bulgaria's arms trade.

Human Rights Watch does not take a position against the production of arms, nor does it object in principle to the export, transport, or transshipment of weapons intended to meet legitimate defense needs. Rather, it holds that governments must ensure that they engage in the international arms trade responsibly and that they not provide military support to armed forces that commit serious violations of international human rights or humanitarian law, irrespective of whether these forces represent governments or rebel groups. It is morally unconscionable for states to continue to arm forces that have a record of abuse. Moreover, a continuous flow of weapons and other forms of military support encourages further abuses, as it provides the recipients not only with military materiel with which to wage war but also, importantly, a sense that the international community condones their activities, and thus a sense of impunity.

Human Rights Watch urges all countries engaged in the international arms trade—not only Bulgaria—to take firm action to ensure that their weapons are not made available to abusive armed forces. Human Rights Watch also believes that members of the international community must seek to enhance international arms trade controls. In this regard, multilateral institutions such as NATO and the European Union have a responsibility to define adequate arms trade norms for members. They also should view the membership bids of prospective new members, including Bulgaria, as an important opportunity to help those countries define and meet minimum arms trade control standards. If they fail to do so, these institutions risk being associated with future arms flows to forces that have a record of committing gross violations of human rights and international humanitarian law.

## **Recommendations**

Bulgaria has begun to take important steps to improve its arms trade controls, but the improvements it has announced fall well short of what is needed. If Bulgaria is to take responsibility for the enforcement of its arms trade policy and overcome the stigma of being known as a weapons supplier to some of the world's most abusive armed forces, it must make significant change on four fronts.

First, it must improve its arms control policy to take into account the human rights and humanitarian impact of Bulgaria's arms trade. Second, it must address the weaknesses in its regulatory system, including corruption and a low capacity for monitoring, that permit shady arms deals to receive authorization and to bypass controls. Third, it must undertake to hold responsible those who engage in arms trade activities that violate Bulgarian law or Bulgaria's international commitments. Finally, it must improve transparency with regard to the arms trade in order to enhance oversight. The following recommendations are designed to help Bulgaria fully address the problems with its arms export control regime.

### ***To the Government of Bulgaria***

#### **Introduce human rights considerations into arms trade law**

- Enact legislation to bar arms transactions destined to armed forces that have a record of committing gross violations of human rights and international humanitarian law, as well as those destined to countries that are suspected of reexporting weapons in violation of end-user agreements.
- Explicitly incorporate international arms control commitments into national law, including the otherwise nonbinding provisions of the E.U. Code of Conduct.

### **Improve regulatory controls**

- Create an independent government agency with oversight responsibility for the arms trade, and permit it access to all relevant information.
- Bar government officials with responsibility over arms trade controls from serving on the boards of directors or supervisory boards of arms trading companies.
- Introduce standards by which arms trade officials are prohibited from assuming positions in the arms industry for a period of at least three years after ending their regulatory responsibilities.
- Supplement case-by-case reviews of arms trade permit applications by: preparing and updating at regular intervals a list of companies, individual brokers, and/or countries with which Bulgarian firms are barred from engaging in arms transactions; disseminating it to all licensed arms trading companies and all government bodies with oversight responsibility for arms transactions; and publishing the list in the state gazette.
- Clarify lines of authority and improve coordination among government bodies responsible for implementing arms trade licensing and enforcement procedures.
- Build the capacity of arms licensing bodies to conduct thorough investigations before issuing arms trading licenses or individual arms transaction permits, including by providing technical resources and training.
- Increase training and technical support for customs officials, border police, and other authorities responsible for controlling arms transactions, including through exchanges, information-sharing, and training with foreign governments.
- Address the related problems of corruption, organized crime, and judicial reform, particularly as these relate to the arms trade.
- Improve safeguards on weapons stocks by requiring arms manufacturing companies and the Bulgarian armed forces to maintain inventory lists and submit these to authorities at regular intervals.
- Require Bulgarian arms transport firms to submit to arms trade control authorities flight plans and other documentation related to all arms deliveries, not merely those that pass through Bulgarian territory.

### **Improve legal accountability**

- Declare arms transactions that violate international arms embargoes illegal, as proposed in the draft amendments passed by the Council of Ministers.
- Define arms brokering activities in law, as proposed by the Council of Ministers, and explicitly apply the arms trade laws, including penalties for violations, to individuals and entities that engage in arms brokering activities in Bulgaria.
- Extend Bulgaria's arms trade laws extraterritorially to control the activities of Bulgarian arms brokers, be they individuals or entities, operating outside Bulgaria.

- Define the witting use of falsified documents, including the use of false end-user certificates, shipping documents, cargo manifests, and flight plans, as a crime of conspiracy to violate arms trade controls, and make it subject to stiff penalty.
- Rigorously investigate and prosecute violations of arms trade controls, including those that involve diversion of authorized arms shipments.

#### **Increase transparency**

- Repeal laws that define information about arms negotiations and completed deals as commercial and state secrets.
- Create a role for parliament to consider pending applications for arms transaction permits, in particular by: formally notifying it in advance of such applications, allowing for information exchanges about proposed arms transactions, and creating a mechanism by which parliament may veto pending applications.
- Prepare an annual report on all authorized arms exports and arms transport deals, including pending transactions, to parliament.
- Make public a descriptive annual summary of completed arms sales, including sales of weapons systems, artillery, and ammunition not included in the United Nations Register of Conventional Arms.
- Publish the list of authorized arms trading companies.
- Continue to report regularly to the U.N. Register of Conventional Arms.
- Make public the results of all investigations into abuses of arms trade controls, including past investigations.

#### **Dispose of surplus stocks in a responsible fashion**

- Agree to sell surplus stocks of arms only once strict export controls have been put in place.
- Convert surplus stocks of arms to nonmilitary use whenever possible.
- Destroy stocks of arms that cannot be responsibly sold or converted.

The Bulgarian government retains primary responsibility for its own trade in arms, but problems with its arms trade are linked to international conditions, including the challenges of verifying arms destinations, the lack of harmonization of arms trade controls, and the absence of effective implementation of international arms embargoes. The international community has a responsibility to act to improve international arms trade standards and to enhance controls over the range of actors involved in the flow of weapons to abusive armed forces.

#### ***To the United Nations Security Council***

- Ensure that the scope of international arms embargoes imposed by the U.N. Security Council is clearly defined and, furthermore, that member states enforce the embargoes.

#### ***To the United Nations Secretary-General***

- Instruct the U.N. Department of Disarmament Affairs to create and maintain an international registry of officials authorized by each government to sign end-user certificates, and make this registry available to all member states.

- Instruct the U.N. Department of Disarmament Affairs to develop a uniform end-user certificate, ensuring that it will be difficult to forge.
- Ask that all member states adopt the uniform end-user certificate as a requirement for arms trade transactions.
- Encourage member states to negotiate and ratify a convention on arms trafficking.
- Ask the Department of Disarmament Affairs to compile and publish information regarding violations of end-user certificate provisions, including the names of companies, countries, and individuals involved in the unauthorized retransfer of weapons to third parties.

***To the members of NATO***

- Review the arms trade control record of Bulgaria and other prospective new members, consider arms trade controls as an express criterion for membership, and identify clear minimum standards expected of new members.
- Provide incentives for aspirant members to dispose responsibly of surplus weapons, including those expected to be generated by military modernization and new procurement.
- Provide funds for the conversion or destruction of those stocks that cannot be sold responsibly.
- Work toward harmonization of arms trade control standards within the alliance, as well as with NATO's partners in the Euro-Atlantic Partnership Council, particularly with those who participate in NATO's Partnership for Peace (PfP) program.
- Provide training as well as customs, intelligence, and law enforcement cooperation to improve the arms trade controls of Bulgaria and other PfP countries that have been involved in questionable arms exports, or through which arms destined to abusive forces or diverted to unauthorized recipients have passed in transit.
- Increase information-sharing regarding unauthorized retransfers of weapons sold by NATO member states, and encourage NATO aspirants to take part in such information-sharing activities.
- Institute a requirement by which weapons transferred by NATO members to partners of the alliance be matched by the destruction of an equal number of surplus weapons from the stocks of the recipient country.

***To the members of the European Union***

- Review the arms trade control record of Bulgaria and other prospective new members, consider arms trade controls as an express criterion for membership, and identify clear minimum standards expected of new members.
- Make clear to those non-E.U. members who have agreed in principle to adopt the E.U. Code of Conduct that they are expected to fully implement its criteria, and monitor their compliance.
- Raise concerns about weapons flows that contravene the E.U. Code of Conduct at periodic meetings with associated countries, as has been agreed.
- Encourage associated countries that have agreed to adopt the principles of the E.U. Code of Conduct to abide fully by its operative provisions, including the requirements to submit annual reports, issue notifications of arms license denials based on the criteria of the code, and consult with any E.U. partners that have issued such denials before taking part in an arms transaction that they have rejected.
- Improve information-sharing regarding unauthorized retransfers of weapons sold by E.U. member states, and encourage E.U. aspirants to take part in such information-sharing activities.



- Make public any denials of arms export applications based on the criteria defined by the E.U. Code of Conduct.
- Publicize information about arms brokers involved in illegal activities.

***To the members of the Organization for Security and Cooperation in Europe***

- Make public the results of the OSCE survey on arms trade controls, including the names of member countries that have not replied.
- Encourage the harmonization of arms trade controls among member countries.

***To the members of the Wassenaar Arrangement***

- Make public the list of countries to which arms exports are prohibited under the Arrangement.
- Improve information-sharing mechanisms, particularly with regard to suspected or known violations of end-use agreements.

***To Interpol***

- Improve information-sharing mechanisms, particularly with regard to suspected or known violations of end-use agreements.

## II. A REVIEW OF BULGARIA'S ARMS TRADE

### The 1970s and 1980s: Cold War Arms Sales

During the cold war, Bulgaria's arms industry was the cornerstone of the national economy. According to one report, it employed over 100,000 persons in 1989 and earned nearly 20 percent profits on sales of over U.S.\$1 billion.<sup>1</sup> At its peak the industry's annual production capacity was estimated to be as high as U.S.\$5 billion.<sup>2</sup> The industry produced military equipment for the Bulgarian army, but most of its production was destined for export.<sup>3</sup>

Kintex, a state-owned trading firm, was Bulgaria's only authorized weapons export company during the communist period. It supplied Bulgarian-made weapons to the countries of the Warsaw Pact and Communist-backed governments and rebel groups on several continents. Although official figures are not available, it is believed that at its peak in the 1980s Bulgaria's arms industry brought in U.S.\$1 billion or more in earnings annually.<sup>4</sup> At that time, arms sales may have accounted for as much as 9 percent of the country's export earnings, more than any other industry.<sup>5</sup>

Much of Bulgaria's cold war arms trade alarmed Western governments, who maintained that the country was covertly supplying so-called terrorist groups. Kintex was closely tied to the Bulgarian secret service, thereby contributing to suspicions about its arms dealing.<sup>6</sup> Kintex's first post-communist director offered to trace whether arms it had sold to Libya, Syria, and Iraq were diverted to groups considered terrorists. He stated, "It is possible that these arms have reached such groups via governments we have supplied legally. If they are selling the weapons after we ship them, it is their responsibility."<sup>7</sup> Bulgaria's Interior Ministry said in a 1992 statement that during the communist period "arms and other military gear were given to assist totalitarian regimes and [the] development of international terrorism."<sup>8</sup> The statement said there had been Bulgarian involvement in the training of "terrorists" based in Angola, Cuba, Nicaragua, Yemen, and Tanzania.<sup>9</sup>

### The Early 1990s: Arms Industry Crisis and Illicit Exports

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<sup>1</sup> Antoaneta Dimitrova, "The Plight of the Bulgarian Arms Industry," *RFE/RL Research Report*, vol. 2, no. 7 (February 12, 1993), p. 50.

<sup>2</sup> Elisaveta Konstantinova, "End of Cold War Shatters Bulgaria's Arms Industry," Reuters European Business Report, November 2, 1992.

<sup>3</sup> In 1993, when export levels were much reduced as compared to the cold war period, an estimated 70 to 80 percent of arms industry production was intended for export. Kjell Engelbrekt, "Bulgaria and the Arms Trade," *RFE/RL Research Report*, vol. 2, no. 7 (February 12, 1993).

<sup>4</sup> Estimates of Bulgaria's peak arms exports vary widely, with conservative figures hovering around U.S.\$600 million per year and others going as high as several billion dollars per year. A figure used by international journalists is U.S.\$1 billion. See, for example, Engelbrekt, "Bulgaria and the Arms Trade;" Douglas L. Clarke, "Eastern Europe's Troubled Arms Industries: Part II," *RFE/RL Research Report*, vol. 3, no. 21 (May 27, 1994); and Konstantinova, "End of Cold War."

<sup>5</sup> "U.S. Report Describes Bulgarian Arms Sales," Associated Press, August 10, 1984.

<sup>6</sup> Human Rights Watch interview with Nicola Tcholakov, Deputy Chief of Mission, Bulgarian Embassy to the United States, Washington, D.C., December 4, 1998.

<sup>7</sup> A Western expert quoted in the *New York Times* expressed scepticism, stating: "I would be surprised if they didn't know where the arms really went....They're not asking a whole lot of questions. These people are concerned about the bottom line, and in hard currency." Chuck Sudetic, "Bulgarians to Share Data on Arms Sent to Terrorists," *New York Times*, August 2, 1990.

<sup>8</sup> "Bulgarian Communists Backed Terrorism—Interior Ministry," Reuters, June 10, 1992.

<sup>9</sup> Ibid. In addition, communist Bulgaria is believed to have supplied governments in Cuba, Ethiopia, Iran, Nicaragua, South Africa, and Yemen, as well as rebel groups in Algeria, Angola, Chad, El Salvador, and Mozambique, as well as the Palestine Liberation Organization (PLO), among others. Several reports have highlighted Bulgaria's cold war weapons sales to different governments and rebel forces. See, for example, Engelbrekt, "Bulgaria and the Arms Trade;" Ernest Beck, "Bulgaria Aims to Revamp Its International Image in the Legitimate Global Arms Market," *Wall Street Journal*, July 24, 1995; Raymond Bonner, "Arms for the Revolution," *New York Times*, February 10, 1994; Abdel Fatau Musah and Robert Castle, "Eastern Europe's Arsenal on the Loose: Managing Light Weapons Flows to Conflict Zones," BASIC Paper Number 26 (May 1998), available at <http://www.hrw.org/bpaper26.htm>; and Sudetic, "Bulgarians to Share Data." April 1999, Vol. 11, No. 4 (D)

The end of the cold war dramatically changed the landscape for Bulgaria's lead industry: once lucrative markets dried up, production capacity went unused, unsold inventory accumulated, and debts mounted. The collapse of communist governments and the loss of state subsidies closed many former markets and, in several cases, Bulgaria's former arms clients failed to pay for past arms purchases. Together with the expense of keeping its factories open, these circumstances saddled Bulgaria's arms industry with a heavy debt burden.<sup>10</sup>

Simultaneously Bulgaria undertook to convert its military industry to civilian production. Little financial support was available to facilitate conversion, and the country continued to view arms production as a vital industry. Consequently, conversion was half-hearted and incomplete, with many factories engaged simultaneously in military and civilian production.<sup>11</sup>

The industry incurred further heavy losses when newly negotiated sales could not be executed. For example, planned sales to Georgia, Estonia, and other former Soviet republics were halted under pressure from Russia, which reportedly feared the destabilizing impact of Bulgarian weapons, and orders from Iraq and Libya could not be legally fulfilled due to U.N. embargoes. The loss of these markets contributed to accumulating inventories of unsold weapons. In 1992, for example, the arms industry held arms stockpiles estimated to be worth more than U.S.\$800 million, and the price of Bulgarian weapons fell.<sup>12</sup>

For an industry that was and has continued to be highly export oriented, the loss of markets represented a serious blow. A number of arms factories suspended production, and others closed their doors, leading to worker protests in several Bulgarian cities in late 1992. Bulgaria was not alone in its predicament, as several of its former Warsaw Pact allies faced similar conditions and likewise struggled to sustain domestic arms industries that had once thrived. In a shift from the days when arms production by its allies was viewed as complementary, Bulgaria found itself competing with them for clients.<sup>13</sup>

The external constraints on arms exports—including the loss of markets, the imposition of international and regional arms embargoes, and the stiff competition for arms sales—combined with strong demand by rebel groups and embargoed governments to drive much of Bulgaria's arms trade underground in the early 1990s. Arms dealers often turned to Bulgaria to obtain arms for a variety of clients. They negotiated with state-owned firms to purchase Bulgarian weapons and, by providing fake or misleading documents, were able to bypass Bulgaria's poorly implemented arms export controls. Bulgarian authorities did not monitor exports to prevent unapproved retransfers, so its weapons could be diverted to rebel groups or countries under international embargo. In the arms market that emerged after the collapse of communism, Bulgaria had a reputation as a country where few questions would be asked. One arms dealer said, "They don't give a shit about embargoes and will sell anywhere."<sup>14</sup>

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<sup>10</sup> See Engelbrekt, "Bulgaria and the Arms Trade;" and Alexander Mladenov and Paul Beaver, "Industry Moves from Crisis to Confidence," *Jane's Defence Contracts*, June 1994.

<sup>11</sup> See Beck, "Bulgaria Aims to Revamp;" and Veselin Toshkov, "Strapped Bulgarians Look to Arms Again for Economic Boost," Associated Press, December 5, 1994.

<sup>12</sup> Mladenov and Beaver, "Industry Moves from Crisis to Confidence."

<sup>13</sup> See Konstantinova, "End of Cold War;" "Kintex Slims Down," *Mednews - Middle East Defense News*, vol. 5, no. 10 (February 17, 1992); Engelbrekt, "Bulgaria and the Arms Trade;" Douglas L. Clarke, "Eastern Europe's Troubled Arms Industries: Part I," *RFE/RL Research Report*, vol. 3, no. 14 (April 8, 1994); and Douglas L. Clarke, "Eastern Europe's Troubled Arms Industries: Part II."

<sup>14</sup> Portuguese arms trader José Saldanha, quoted in Peter Fuhrman, "Trading in Death," *Forbes*, May 10, 1993, and Andrew Human Rights Watch Markove, "Trends in the Arms Market: Part Two," *Jane's Intelligence Review*, Vol 1991, No. 4 (D) April 1991.

The Bulgarian government—through its government-appointed arms industry officials—engaged in embargo-busting activity in the early 1990s. In 1992, the government was forced to admit that Kintex had illegally sold more than U.S.\$15 million in weapons to Iraq on the basis of false end-user certificates and that the state-owned company was involved in other illicit arms deals.<sup>15</sup> *Forbes* magazine estimated that combined illicit arms deals arranged by Kintex that year with the embargoed countries of Iraq, Libya and the then Yugoslavia were worth U.S.\$100 million.<sup>16</sup> In September 1992, for example, Bulgarian authorities stopped an illegal shipment of weapons.<sup>17</sup> *Forbes* magazine reported that the shipment was destined to Croatia and was halted on the basis of a tip from U.S. sources, but that other illegal arms deliveries had already been completed.<sup>18</sup>

The Croatia case highlights the ease with which arms export controls could be circumvented. Bulgarian authorities permitted Kintex to export weapons despite the fact that the documents submitted to them contained seemingly obvious errors. The documents, ostensibly from Bolivia, included a number of spelling and punctuation errors and were signed with the name of a nonexistent Bolivian general. In addition, the orders were for Soviet-standard equipment, but the Bolivian armed forces utilize NATO-standard weaponry. Falsification did not end there: the contents of ships loaded with weapons were deceptively labeled as “technical equipment,” presumably to bypass customs controls.<sup>19</sup>

Kintex’s then director responded to allegations about the illicit arms shipments to Croatia by stating that he had “no idea where the weapons went, and anyway it’s not my problem.”<sup>20</sup> The use of falsified documents prepared by others permitted him to assert that his company had not knowingly engaged in illegal arms exports. Likewise, the regulatory authorities responsible for overseeing arms exports were able to insist that they had been misled. In this way, fake documents provided both the regulators and the regulated with “plausible deniability” with which to avoid responsibility for embargo-busting arms deals.

### 1991-1992: Failed Arms Trade Reform Effort

The illicit arms deals to Croatia and elsewhere occurred during the government of Prime Minister Philip Dimitrov. The government, formed in 1991 by a coalition of parties known as the Union of Democratic Forces (UDF), had declared a strong commitment to arms export control and announced new efforts to clean up Bulgaria’s arms trade. Prime Minister Dimitrov, on a visit to the United States, stated that the country would halt arms sales to the Middle East and other regions where Bulgarian weapons might have a destabilizing effect. The government also tightened licensing procedures for arms sales, reportedly halting several suspicious arms deals. Among other changes, the prime minister personally took over the chairmanship of a government arms control commission after its former head, Defense Minister Dimitar Ludzhev, resigned.<sup>21</sup>

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<sup>15</sup> A government official acknowledged in a press conference that Kintex had supplied false end-user certificates in more than one instance and that “it was the duty of the [government arms trade] commission to check these certificates but they did not do so.” Vladimir Zhelyazkov, “Bulgaria Admits Arms Sales to Iraq,” United Press International, September 8, 1992. See also, John Pomfret, “E. Europe’s ‘Merchants of Death’ Elude U.S. Sting,” *Washington Post*, April 24, 1993; and Kjell Engelbrekt, “Bulgaria Admits Arms Shipments to Iraq,” RFE/RL Newline, September 8, 1992, available via the Internet at: <http://www.friends-partners.org/friends/news/omri/1992/09/920908.html>.

<sup>16</sup> The deals were arranged using broker-provided fake documents that named Bolivia, the Philippines, and Mali as the purchasers. Fuhrman, “Trading in Death.”

<sup>17</sup> Zhelyazkov, “Bulgaria Admits.” See also, Fuhrman, “Trading in Death.”

<sup>18</sup> Fuhrman, “Trading in Death.”

<sup>19</sup> Ibid.

<sup>20</sup> Ibid. The official asserted in a subsequent interview that his company strictly abided by international regulations on the arms trade. BTA News Agency, April 26, 1993, in Foreign Broadcast Information Service (FBIS), East Europe, May 4, 1993; and Kjell Engelbrekt, “Forbes on Bulgarian Arms Trade,” RFE/RL Newline, April 26, 1993.

<sup>21</sup> According to one source, he resigned amidst allegations that he permitted illicit arms peddling. Engelbrekt, “Bulgaria and the Arms Trade,” pp. 45-46. At the time, Prime Minister Dimitrov attributed the resignation of his defense minister to a “clash of personalities.” Zhelyazkov, “Bulgaria Admits.” A Bulgarian official interviewed in 1998 concurred that the resignation was due to political disagreements with the prime minister, not allegations about arms deals. Human Rights Watch interview with an official Human Rights Watch, Bulgaria, Ministry to the United States, Washington, D.C., November 11, 1998. April 1999, Vol. 11, No. 4 (D)

In addition, the Dimitrov government created a supervisory board to oversee Kintex. An official who served on the board for several months explained that the creation of the board was “a first step that didn’t get far” because arms industry representatives resisted government control. He said that Kintex kept information hidden from it in order to protect its involvement in illicit deals. The former board member, currently a diplomat stationed in the United States, also stated that the arms industry had very strong ties to the former communist party and thus considered itself at odds with the Dimitrov government.<sup>22</sup>

Not only did the government’s efforts to control the arms trade fail to do so, they also rankled arms industry insiders, opposition politicians, trade union representatives, and others, who charged that Dimitrov’s government would drive Bulgaria’s once-great arms industry into the ground.<sup>23</sup> Ultimately, dissatisfaction over how he handled arms export policy together with an arms export scandal helped bring down the Dimitrov government.<sup>24</sup> In October 1992, the government lost a no-confidence vote in parliament over allegations of an attempted arms sale to the Former Yugoslav Republic of Macedonia, which was subject to a U.N. embargo on the former Yugoslavia.<sup>25</sup> The government that followed dismissed the Kintex board and reportedly loosened restrictions on Bulgaria’s arms trade.<sup>26</sup> According to one source, it approved arms deals without inspecting documents.<sup>27</sup>

### **Mid-to-Late 1990s: Undiscriminating Arms Exports**

After the demise of Filip Dimitrov’s proclaimed policy of arms export restraint, subsequent governments—which after 1994 were formed by the Bulgarian Socialist Party (BSP)—undertook to boost arms sales by aggressively promoting the country’s weapons. For example, Bulgaria sponsored its first ever arms fair in 1994, at which national arms manufacturers displayed their wares to potential clients. Such efforts began to pay off in that same year: according to a government official, Bulgaria’s arms exports in 1994 more than tripled the level of the previous year.<sup>28</sup>

In part, the government was politically motivated to assist the arms industry. Several observers have stated that the BSP was closely tied to the arms industry.<sup>29</sup> Although diminished, the industry represented an important source of hard currency earnings and jobs, and was considered vital to the country’s national security (see Arms Production and Incentives for Export, below).

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<sup>22</sup> Human Rights Watch interview with Nicola Tcholakov, Deputy Chief of Mission, Bulgarian Embassy to the United States, Washington, D.C., December 4, 1998.

<sup>23</sup> Engelbrekt, “Bulgaria and the Arms Trade,” and Dimitrova, “The Plight of the Bulgarian Arms Industry,” pp. 48-53.

<sup>24</sup> The arms scandal was the visible cause, but according to at least one analysis, the underlying reason for the ouster was the unpopularity of the Dimitrov government’s austerity program. Ian Traynor, “Eastern Europe: Hard Times Mean Good Times for the Old Guard in Eastern Europe,” *Guardian* (London), November 19, 1992.

<sup>25</sup> Tim Judah, “Bulgaria Seeks New Cabinet,” *Times* (London), October 30, 1992; “Dimitrov Government Falls,” *Facts on File World News Digest*, November 12, 1992; and Evgenia Manolova, “Arms Scandal in Bulgaria,” *Warsaw Voice*, November 18, 1992.

<sup>26</sup> Peter Fuhrman, “The Heart of the Illegal Trade,” *Forbes*, May 10, 1993.

<sup>27</sup> Human Rights Watch interview with Nicola Tcholakov, Deputy Chief of Mission, Bulgarian Embassy to the United States, Washington, D.C., December 4, 1998.

<sup>28</sup> “Bulgaria Hosts Its First Arms Exhibition,” *Reuter European Business Report*, November 8, 1994.

<sup>29</sup> Human Rights Watch interviews with Dimitar Abadjiev, Member of Parliament (UDF); a Bulgarian journalist; and a foreign diplomat, Sofia, February 1999. One official stated that the 1990 BSP government was closely aligned with the arms industry and most likely was involved in questionable arms trading practices. Human Rights Watch interview with Nicola Tcholakov, Deputy Chief of Mission, Bulgarian Embassy to the United States, Washington, D.C., December 4, 1998. No. 4 (D)

In its zeal to make the sale, successive Bulgarian governments appeared to display little concern about the humanitarian or human rights impact of the weapons it exported. The government in 1995 stated that it wanted to clean up the country's image,<sup>30</sup> but throughout the mid-to-late 1990s Bulgaria was involved in a number of deals to forces engaged in armed conflicts and/or serious human rights abuses. Deals acknowledged by the government included the sale of surplus tanks to Angola in 1993 and to separatist forces in southern Yemen in 1994 (see Surplus Weapons, below). Its supplies to war-torn countries also included weapons flows to Peru in 1995 and 1996 as it was rearming itself during peace talks to end a border war with Ecuador.<sup>31</sup> Bulgarian-made ammunition and weapons of possible Bulgarian origin were found among the stockpiles that Sudanese rebels claimed they had captured from Sudanese government forces in April 1997.<sup>32</sup> The previous year, a Bulgarian official stated that the planned sale to Sudan of Bulgarian weapons had been halted under U.S. pressure.<sup>33</sup> The *Washington Times* alleged that Bulgarian arms dealers working secretly with Czech military officials were attempting to supply Iraq with sophisticated radar equipment,<sup>34</sup> to which Bulgaria's trade minister responded by stating that the reported deal involved private Bulgarian arms dealers, not the Bulgarian government.<sup>35</sup>

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<sup>30</sup> Beck, "Bulgaria Aims to Revamp," *Wall Street Journal*, July 24, 1995.

<sup>31</sup> IN 1995 BULGARIA EXPORTED TO PERU TWENTY-ONE IGLA SURFACE-TO-AIR MISSILES (SAMs) and two rocket launchers for the country's armed forces. The following year Bulgaria sold more than 200 additional portable Igla SAMs to Peru. In both cases, Peru listed its purchases as "replacements." United Nations, "United Nations Register of Conventional Arms" (New York: United Nations, 1996), A/51/300, and United Nations, "United Nations Register of Conventional Arms" (New York: United Nations, 1997), A/52/312. In addition, Air Sofia, a private Bulgarian airline, was apparently involved in transporting weapons to Ecuador shortly after armed hostilities broke out between the two countries in March 1995 (see Transport Companies and Transshipment, below).

<sup>32</sup> The caches of weapons included types of anti-tank mines and assault rifles manufactured in Bulgaria and a few other countries. Human Rights Watch, "Global Trade, Local Impact: Arms Transfers to All Sides in the Civil War in Sudan," *A Human Rights Watch Short Report*, vol. 10, no. 4, August 1998, pp. 17-19.

<sup>33</sup> The arms deal, reportedly worth \$120 million, was negotiated by Kintex. According to the then industry minister of Bulgaria, Kliment Vuchev, a deal was finalized on April 26, 1996, shortly before the United States imposed a unilateral embargo on Sudan. *Kontinent* (Sofia), May 6, 1996, in FBIS, East Europe, May 9, 1996; BTA News Agency, May 22, 1996, in BBC Monitoring Service: Central Europe and Balkans, May 24, 1996.

<sup>34</sup> Bill Gertz, "Iraq Set to Buy Anti-Stealth Radar Systems," *Washington Times*, November 11, 1997.

<sup>35</sup> Bill Gertz, "No Deal with Iraq, Czechs Assure U.S.; Pentagon Foresees No Anti-Stealth Sales," *Washington Times*, November 14, 1997. The private individuals named in the *Washington Times* categorically denied the allegations. See *Standart News* (Sofia), November 13, 1997, in FBIS, East Europe, November 17, 1997; and *Kontinent* (Sofia), November 15, 1997, in FBIS, East Europe, November 19, 1997.

Bulgarian authorities openly acknowledged that Bulgarian weapons could be diverted to unauthorized end users.<sup>36</sup> False documents, including incorrect or misleading flight documents, were used in a number of instances to facilitate the flow of Bulgarian weapons to rebel groups and other non-state actors. For example, a British arms broker admitted transporting quantities of small arms from Bulgaria to separatist forces in southern Yemen during a brief 1994 civil war,<sup>37</sup> and in 1995 seventy-seven cases of weapons obtained in Bulgaria, purportedly for the Bangladeshi defense ministry, were airdropped over West Bengal, India near the headquarters of a group allegedly linked to terrorist attacks.<sup>38</sup> Bulgarian weapons were supplied via the former Zaire to the forces responsible for Rwanda's genocide (see Rwanda, below). In 1996 and 1997 Lithuanian arms brokers negotiated to illegally supply Bulgarian-made surface-to-air missiles (SAMs) to a Colombian drug cartel operating in the United States.<sup>39</sup>

Such examples raise questions about the extent to which Bulgarian officials and arms trading company representatives may have turned a blind eye to arms transactions based on deception. In the U.S. case, brokers operating from the United States arranged to purchase the SAMs from a state Bulgarian company, Armimex, on the basis of documents stating they were for use by the Lithuanian defense ministry. Armimex was able to secure an export permit from Bulgarian authorities on the basis of an end-user certificate purportedly signed by Lithuania's defense minister, despite the fact that the arms brokers were not licensed to import military weapons to the United States. (Instead, one of them was affiliated with a U.S. front company that could only legally import handguns and hunting rifles.) In addition, a man who identified himself as a broker for Armimex was closely involved in the illicit deal. He reportedly arranged to have a Cypriot shipping company send a vessel to pick up the cargo and deliver it to Puerto Rico. The owner of the shipping company, who had worked for Armimex before, was planning to use false documents stating that the cargo was bound for Lithuania. Court documents, including transcripts of taped conversations with the two Lithuanian brokers, indicate that the brokers' contacts in Bulgaria, Lithuania, and Russia were aware that the shipment was to be diverted. For example, the arms dealers repeatedly stated that their counterparts were only interested in their cut from the sale—not the ultimate destination—but that the Bulgarians insisted that all documents be in order so that they would not be exposed to charges of illicit arms trafficking.<sup>40</sup>

During the mid-to-late 1990s, corrupt government officials were suspected of facilitating arms sales. For example, Sri Lankan rebels allegedly procured weapons from Bulgaria with help from government officials in exchange for bribes.<sup>41</sup>

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<sup>36</sup> Beck, "Bulgaria Aims to Revamp."

<sup>37</sup> The broker, who stated he was ordered to submit false flight plans, admitted transporting more than 180 tons of weapons—including bombs, rocket mortars, and assault rifles—from Plovdiv airport in Bulgaria to the port of Al-Riyan in southern Yemen. Nic North and David Brown, "Gun-Running Secret of Jet Crash Boss," *Daily Mirror* (London), December 23, 1994.

<sup>38</sup> The weapons included more than 200 AK-47s and thousands of rounds of ammunition, as well as pistols, rocket launchers, handgrenades, sniper rifles, and landmines, which were supplied by Arsenal, a state-owned manufacturer, and flown out of Burgas airport. They are believed to have been destined for a Hindu religious sect that the West Bengal state government has accused of terrorist activities. David Graves, "Ruthless Gun Runner or Political Fall Guy? The Strange Case of Peter Bleach," *Daily Telegraph*, January 17, 1998; and Raymond Bonner, "Murky Life of an International Gun Dealer," *New York Times*, July 14, 1998. Documents obtained by Oxfam indicate that KAS Engineering, a Bulgarian state-owned arms firm, helped broker the deal. Oxfam, *Out of Control: The Loopholes in UK Controls on the Arms Trade* (London: Oxfam UK, December 1998), p. 7.

<sup>39</sup> This was the object of an undercover operation by U.S. Customs agents. The brokers also offered to sell undercover U.S. agents tactical nuclear weapons. For an analysis of this case as an example of how nuclear material can be smuggled, see "Russian Roulette," PBS Frontline, aired on February 23, 1999, available via the Internet at: <http://www.pbs.org/wgbh/pages/frontline/shows/russia>.

<sup>40</sup> Indictment and court documents submitted as evidence in the trial of Alexander Darichev and Aleksandr Pogrebezkiy, U.S. District Court, Miami. The indictment is available via the Internet at: <http://www.pbs.org/wgbh/pages/frontline/shows/russia/scenario/indictment.html>.

Bulgaria's trade ministry denied any wrongdoing, asserting that it had authorized the export of SAMs for delivery to Lithuania. See Ron Synovitz, "Bulgaria: Sofia Denies Wrongdoing in Arms Smuggling Case," RFE/RL, July 2, 1997; and "Miami Grand Jury Indicts Three in Arms Smuggle Plot," Reuters, July 10, 1997.

<sup>41</sup> A representative of the Tamil Tiger rebel movement who was killed in October 1996 reportedly traveled to Bulgaria to arrange arms deals, which were allegedly facilitated by Bulgarian officials. Rohan Gunaratna, "Sri Lanka: LTTE Fundraisers Still on the Offensive," *Jane's Intelligence Review*, December 1, 1997; and Raymond Bonner, "Rebels in Sri Lanka Fight with Aid of

A government “white paper” on Bulgarian security issues referred to “uncontrolled corruption at different levels of the Ministry of Defense, a number of known and unknown affairs and arms deals, and a lack of serious control over the military-industrial and industrial complexes.”<sup>42</sup>

#### **Late 1990s: Continued Arms Deals, Uncertain Future**

Buoyed by exports to areas of violent conflict in the mid-to-late 1990s, Bulgaria’s arms industry avoided collapse, but such sales did not erase industry-wide debts to national banks, nor ensure the sustainability of the industry. With the imposition of an International Monetary Fund-approved economic reform program in 1997 under the new UDF

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<sup>42</sup>Global Market in Light Arms.” *New York Times*, March 7, 1998.

<sup>43</sup>Human Rights Watch, reprinted by *Kontinent* (Sofia), March 24, 1995, in FBIS, East European Affairs, November 14, 1995.4 (D)



government, state subsidies to the arms industry were withdrawn and workers had to be laid off.<sup>43</sup> Arms exports to areas of violent conflict continued to be viewed as part of the solution to the arms industry's deteriorating position. Bulgaria exported, transported, or transshipped arms to conflict areas, particularly in Africa, and its weapons continued to make their way to abusive military forces, including government forces and rebel groups. For example, a British newspaper reported that in mid-1998, as war broke out in the Democratic Republic of Congo, a flight from Bulgaria delivered approximately thirty-eight tons of weapons to Congolese rebels.<sup>44</sup> Additional cases involving weapons flows to Angola, Burundi, Rwanda, Sierra Leone, and Uganda are described below (see Arms Exports to Human Rights Abusers below).

Despite such sales, the future of Bulgaria's arms industry remains uncertain. Privatization of the industry, announced in 1997, has heightened the concerns of some observers, leading them to assert that the once vital industry will be liquidated within a few years' time.<sup>45</sup> They were skeptical of the government's claim that privatization, foreign direct investment, and the switch to NATO-standard production would help the country's arms industry remain viable in the long term. The UDF government is sensitive to criticism—which it considers as politically-motivated—that its moves to enhance arms trade controls, as well as its plans to privatize the country's arms industry, will result in devastating losses of hard currency income and jobs.<sup>46</sup>

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<sup>43</sup> Human Rights Watch interviews with Bulgarian journalists, Sofia, February 1999.

<sup>44</sup> Mark Honigsbaum and Anthony Barnett, "UK Firms in African Arms Riddle," *Observer* (London), January 31, 1999. See also, Raymond Bonner, "Bulgaria Becomes a Weapons Bazaar," *New York Times*, August 3, 1998; and Chris Gordon, "Eastern Europe Aid Bolsters UNITA," *Mail and Guardian* (Johannesburg), distributed by Africa News Online, January 15, 1999. The forces backing the rebel Congolese Rally for Democracy (Rassemblement Congolais pour la Démocratie, RCD), which include troops from Uganda and Rwanda, have been responsible for massacres of civilians and other war crimes. See Human Rights Watch, "Democratic Republic of Congo: Casualties of War—Civilians, Rule of Law, and Democratic Freedoms," *A Human Rights Watch Short Report*, vol. 11, no. 1, February 1999.

<sup>45</sup> Human Rights Watch interviews with Bulgarian journalists, Sofia, February 1999.

<sup>46</sup> Human Rights Watch interview with Dimitar Abadjiev, Member of Parliament (UDF), Sofia, February 8, 1999. 4 (D)

### III. THE ARMS INDUSTRY

#### Arms Production and Incentives for Export

Bulgaria produces a range of weapons, munitions, and related military equipment, and most of its arms products are considered by military experts to be reliable and relatively inexpensive. The country is known for manufacturing handguns, assault rifles (including several models of the Kalashnikov, such as the AK-47 and AK-74), mortars, antitank mines, ammunition, and explosives. Its staple export items are small arms and ammunition, which use relatively simple technology and are correspondingly cheap. In addition, Bulgaria also produces more sophisticated optical, radar, and communication equipment, as well as surface-to-air missiles and armored personnel carriers. Most of Bulgaria's production is Soviet-standard equipment initially produced under Soviet license and now manufactured under Russian license, but in the 1990s Bulgaria began moving toward producing NATO-standard equipment. It was expected to continue to emphasize the production of small arms and light weapons.<sup>47</sup>

Aggressive efforts to boost Bulgaria's arms sales, including through sales to areas of violent conflict and participation in questionable deals over the course of the decade of the 1990s, reflect the complex web of factors driving the country's arms exports. In part, commercial interests have motivated the country's arms sales. As experience in the 1980s demonstrated, the global trade in weapons can be a highly lucrative venture. Although market conditions were less favorable in the 1990s, the country's arms manufacturers and exporters still had a direct stake in working to make the arms business thrive: aggressive promotion of arms sales offered arms company executives a way to keep their companies afloat during lean times. In fact, financial pressures on the industry may have increased the already considerable commercial incentives to accommodate suspicious arms deals.

The military has likewise been motivated to sell surplus weapons from its arsenal. Such weapons, aging stock left over from the national armed forces, are commonly resold by arms producing countries to clients seeking to purchase weapons cheaply. For Bulgaria, like other arms producers, selling surplus weapons is cheaper than storing or destroying the excess stock. For example, in November 1998 a defense official reportedly stated that destroying tanks and selling them for scrap cost U.S.\$4,000 per tank and earned a profit of only U.S.\$2,000, while exported tanks can fetch U.S.\$30,000 each without spare parts.<sup>48</sup> The profits from such sales are kept by the defense ministry and can offset shrinking budgets and help finance planned purchases of new equipment.<sup>49</sup> (See The Prospect of Joining NATO, below.)

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<sup>47</sup> Plamen Pantev, Valeri Ratchev, and Tilcho Ivanov, "Bulgaria and the European Union in the Process of Building a Common European Defence," September 1996, available via the Internet at: [http://www.isn.ethz.ch/isis/resstu03.htm#rs3\\_3.3](http://www.isn.ethz.ch/isis/resstu03.htm#rs3_3.3).

<sup>48</sup> The article attributed the information to Colonel Hristo Stanimirov, Chief of Staff of the Defense Economy Department, Ministry of Defense, who gave a press conference to announce sales of surplus equipment. "140 Tanks Sold to Africa," *Trud* (Sofia), November 27, 1998. See also, *Pari Daily* (Sofia), Reuters Business Briefing, November 27, 1998.

<sup>49</sup> Surplus weapons exports are negotiated directly by the Bulgarian defense ministry, which has been licensed to trade in weapons since the mid-1990s, or through authorized intermediaries (see Arms Trading Companies, below). Income from arms sales was deposited in a general defense fund until December 1998, when a separate Ministry of Defense account was established. Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, Sofia, Bulgaria, April 1999. Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, Sofia, Bulgaria, February 6, 1999.

Personal economic gain also has been a common factor. The liberal payment of commissions, bribes, and kick-backs to individuals who facilitate arms deals—ranging from the top executives who negotiate sales to the customs officers who let them pass out of the country—are a common feature of the global arms trade.<sup>50</sup> Bulgaria, with its widespread corruption, hardly has been immune from such practices. In fact, one defense analyst was quoted in 1995 as saying that it is easy to pay a customs official a year's salary to facilitate an illicit arms transaction.<sup>51</sup> In 1994 a scandal broke out over large commissions and bribes allegedly paid to military officers for a sale of surplus weapons to southern Yemeni forces.<sup>52</sup> In 1998 a military official was alleged to have illegally accepted U.S.\$50,000 from arms manufacturing companies,<sup>53</sup> and the head of a state-owned arms trading company reportedly was under investigation for misappropriation of funds.<sup>54</sup>

Historically some players in Bulgaria's arms trade have viewed the promotion of arms exports as vital to the national interests of the country. Faced with the industry crisis in the early 1990s, for example, many arms industry representatives and military officials advanced the argument that a domestic arms industry is essential to making the country strong and enabling it to counter threats. Arms exports, by this view, keep production lines open and thereby provide the means to keep alive an industry essential to the country's defense—despite the hidden costs.<sup>55</sup> In the late 1990s this view continued to be associated with some individuals in the military and the arms industry, as well as with members of opposition political parties, particularly the Bulgarian Socialist Party.<sup>56</sup>

The impulses described above, particularly those of the country's arms manufacturers and exporters, can overlap with the interests of the government. Because Bulgaria's arms manufacturing firms are state-owned, as are its major arms trading companies, their commercial success affects the government's coffers, as well as the overall state of the economy. In 1992, when arms exports were in sharp decline, the Kintex trading firm reportedly continued to be Bulgaria's largest single source of hard currency earnings.<sup>57</sup> Bulgaria, like many post-communist countries, needs foreign exchange earnings to service its large foreign debt.

The effect of arms sales on employment is illustrative. The 1990-92 period saw the loss of 50,000 arms industry jobs.<sup>58</sup> In response to fears about job security and wages, arms factory workers held strikes in late 1992 and called for government action to boost arms exports.<sup>59</sup> In 1995, after a year of expanded arms exports, the industry supported an estimated 500,000 jobs at a time of 12 percent unemployment.<sup>60</sup>

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<sup>50</sup> Hull and Markove, "Trends in the Arms Market."

<sup>51</sup> Beck, "Bulgaria Aims to Revamp."

<sup>52</sup> BTA News Agency (Sofia), September 2, 1994, in BBC Monitoring Service: Central Europe and Balkans, September 5, 1994.

<sup>53</sup> *Demokratiya* (Sofia), August 5, 1998, in FBIS, East Europe, August 6, 1998.

<sup>54</sup> "Bulgaria Press Digest," Reuters, December 10, 1998.

<sup>55</sup> The national security argument has been presented in a number of local Bulgarian commentaries. See, for example, *Duma* (Sofia), May 27, 1996, in FBIS, East Europe, May 30, 1996.

<sup>56</sup> Human Rights Watch interviews with an official at the Bulgarian Embassy to the United States, Washington, D.C., November 11, 1998; and with Dimitar Abadjiev, Member of Parliament (UDF), Sofia, February 8, 1999. In addition, other observers supported this claim. Human Rights Watch interviews with a Bulgarian journalist and a foreign diplomat, Sofia, February 1999.

<sup>57</sup> Peter Fuhrman, "The Heart of the Illegal Trade."

<sup>58</sup> Beck, "Bulgaria Aims to Revamp."

<sup>59</sup> "Bulgarian Railroad Blocked by Arms Workers," Reuters Library Report, November 20, 1992.

<sup>60</sup> Beck, "Bulgaria Aims to Revamp." In 1996, approximately 12 percent of Bulgaria's workforce was employed by the arms industry. Human Rights Watch News, "Associated Press, February 22, 1996. April 1999, Vol. 11, No. 4 (D)

In 1998 Bulgaria had some twenty arms manufacturing companies that employed approximately 42,000 people at over one hundred factories. These companies were engaged in civilian as well as military production, and eight of them did not produce arms for export. All of the companies were state-owned.<sup>61</sup> In addition, the Defense Ministry directly owned repair facilities that were also engaged in a combination of military and civilian production.<sup>62</sup>

Five major companies dominated Bulgaria's arms production and together accounted for approximately eighty percent of the country's arms exports.<sup>63</sup> One company, Arsenal, was especially prominent, producing small arms, including the Kalashnikov assault rifle, almost entirely for export, mostly to Africa.<sup>64</sup> Reportedly only 2 to 3 percent of its sales in 1997 were for the Bulgarian army,<sup>65</sup> and in 1998 Arsenal did not sell any weapons domestically.<sup>66</sup> This is not unusual; of Bulgaria's total arms production, it has been estimated that only about 4 percent is needed by the Bulgarian army.<sup>67</sup>

The arms sector continues to be a large employer, but the jobs it offers are not secure. In October 1998, for example, the government announced that 4,000 jobs in the arms industry would have to be eliminated.<sup>68</sup> Trade unions expressing concerns about unpaid wages and the possibility of more lay-offs threatened strikes in early 1999.<sup>69</sup> In this context, it would not be surprising if the government-appointed directors of Bulgaria's arms firms—as well as elected government officials—felt considerable pressure to generate income through arms exports in order to sustain the industry and the jobs it provides.<sup>70</sup>

According to Bulgarian officials and foreign diplomats, the government faces significant political pressure with respect to the national arms industry. They stated that opposition parties, particularly the BSP, criticized the government for not supporting the arms industry. In a climate in which the military is also undergoing painful changes and strong dissent against reforms has been voiced from some quarters, they fear that such criticisms have the potential to sow social unrest.<sup>71</sup>

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<sup>61</sup> Of those arms manufacturers that detailed their ownership structure in an industry catalogue, all were at least 70 percent owned directly by the state. The remaining shares were held by Metalchim Holding, a joint-stock company that is itself owned by state arms manufacturers. "Defense Industry Companies: Reference," Republic of Bulgaria, Ministry of Industry, undated (contains information current as of the third quarter of 1997). The industry catalogue lists twenty-two companies, but a government official indicated that there were twenty-five arms producers as of February 1999. "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

<sup>62</sup> Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, and Col. Todor Malchev, Head of Section, Procurement and Trade Department, Ministry of Defense, Sofia, February 5, 1999.

<sup>63</sup> Elisaveta Konstantinova, "Bulgaria Tries to Sell Its Arms Industry," Reuters, May 6, 1998.

<sup>64</sup> Three-quarters of its artillery armaments and more than 50 percent of its machine guns and ammunition are for the African market. Most of the remainder is exported to Asia. "Defense Industry Companies: Reference," p. 6.

<sup>65</sup> The company earned a profit of approximately U.S.\$500,000 (82 million Lv) from arms exports in 1998, according to its executive director. "Bulgarian Press Digest," Reuters Business Briefing, December 21, 1998, citing *Trud* (Sofia).

<sup>66</sup> Ibid.

<sup>67</sup> "International News," Associated Press.

<sup>68</sup> "Bulgarian Defense Workers to Lose Jobs," RFE/RL Newsline, October 14, 1998.

<sup>69</sup> One trade union expressed concern that as many as 20,000 jobs in the arms sector would be lost in the upcoming year. *Pari Daily* (Sofia), Reuters Business Briefing, December 2, 1998; *Duma* (Sofia), January 14, 1999, in FBIS, East Europe, January 20, 1999; and *Bulgarska Armiya* (Sofia), January 28, 1999, in FBIS, East Europe, February 1, 1999.

<sup>70</sup> In this light, it is interesting to note that, according to a local report, two deputies of the ruling UDF party traveled to central Bulgaria in early 1999 to announce that the Arkus arms company had negotiated a U.S.\$15 million deal to export ammunition to an unidentified "non-embargo country." The deal reportedly would sustain factory production for one year and allow the company to hire back some workers who had been laid off a few months earlier. *Pari Daily* (Sofia), January 8, 1999, in FBIS, East Europe, January 11, 1999.

<sup>71</sup> Human Rights Watch interviews with Vladimir Philipov, Foreign Affairs Secretary to the President of Bulgaria; Dimitar Abadjiev, Member of Parliament (UDF); Bulgarian journalists; and a foreign diplomat, Sofia, February 1999. Several news reports point to the dismissal of top military officers who allegedly did not support the government's military modernization package and opposed NATO membership as evidence of anti-reform attitudes. See, for example, *Demokratiya* (Sofia), March 17, 1998, in FBIS, East Europe, March 19, 1998; *Demokratiya* (Sofia), November 12, 1998, in FBIS, East Europe, November 13, 1998; and Human Rights Watch, November 14, 1998, in FBIS, East Europe, November 17, 1998. April 1999, Vol. 11, No. 4 (D)

## The Trade in Surplus Weapons

Most of Bulgaria's post-cold war exports of large military equipment, such as tanks and armored combat vehicles, have involved surplus weapons no longer required by the Bulgarian army. Although it often has to destroy what it cannot sell, Bulgaria has chosen to export its surplus weapons whenever possible.<sup>72</sup> Such sales have been prominent throughout the decade: of five confirmed sales by Bulgaria of tanks or armored combat vehicles from 1990 to 1997, four have comprised items from surplus Bulgarian stocks.<sup>73</sup> In 1993, for example, Bulgaria sold Angola twenty-four surplus T-62 tanks and twenty-nine surplus BMP-1 armored combat vehicles from its arsenal, and it also delivered twenty-one surplus BMP-1s originating in Belarus.<sup>74</sup> The arms exports were officially acknowledged by the Bulgarian government, which reported them to the United Nations the following year.

In 1994 the Defense Ministry sold more than sixty tanks as well as used mine-throwers from its surplus stocks to separatist forces in southern Yemen that fought a brief and unsuccessful civil war that year.<sup>75</sup> This was a highly lucrative deal that reportedly earned some military officials large commissions.<sup>76</sup> The deputy defense minister stated that—had they not been exported—the ministry would have had to destroy the tanks and sell them for scrap to meet its obligations under the 1990 Conventional Forces in Europe (CFE) Treaty.<sup>77</sup>

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<sup>72</sup> Human Rights Watch interview with Plamen Radonov, Deputy Minister of Defense, and Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, Sofia, February 9, 1999. In an earlier interview, Col. Stanimirov stated that roughly one-fifth of surplus military equipment was sold, with the remainder being scrapped. Human Rights Watch interview, Sofia, February 5, 1999. A news report in November 1998 indicated that sixty tanks, 150 howitzers, and twenty MiG-21 aircraft were to be destroyed by the end of 1998 because no buyers could be found. *Duma* (Sofia), November 16, 1998, in FBIS, East Europe, November 17, 1998.

<sup>73</sup> The Stockholm International Peace Research Institute (SIPRI) tracks confirmed transfers of major conventional weapons, as well as some other weapons systems, and reports on them annually. See, for example, Stockholm International Peace Research Institute, *SIPRI Yearbook 1998: Armaments, Disarmament and International Security* (New York: Oxford University Press, 1998).

<sup>74</sup> The sale of the T-62 tanks was arranged by Kintex, while Armimex negotiated the sale of the BMP-1s. United Nations, "United Nations Register of Conventional Arms" (New York: United Nations, 1994), A/49/352. The tanks and Bulgarian BMP-1s were surplus weapons belonging to the Bulgarian army, while the Belarussian armored combat vehicles came from surplus army stocks in Belarus. Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database.

<sup>75</sup> Fifty-six of the tanks were T-62s, and the remaining six were T-55s. Bulgaria originally negotiated to sell sixty-two T-62 tanks. Stockholm International Peace Research Institute, *SIPRI Yearbook 1995: Armaments, Disarmament and International Security* (New York: Oxford University Press, 1995), p. 553, and United Nations, "United Nations Register of Conventional Arms" (New York: United Nations, 1995), A/50/547.

<sup>76</sup> The value of the deal, which also included spare parts and munitions, was estimated to be U.S.\$20 million. Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database. A scandal later erupted over the size of commissions paid to military officers involved in the deal. Philip Finnegan, "Yemen - Govt is Asking Either Cash or Around \$100 Mil Worth of Military Weapons Ordered by [It] During Its 1994 Civil War," *Defense News*, April 7, 1997; and BTA News Agency (Sofia), September 2, 1994, in BBC Monitoring Service: Central Europe and Balkans, September 5, 1994.

<sup>77</sup> BTA News Agency (Sofia), September 2, 1994, in BBC Monitoring Service: Central Europe and Balkans, September 5,

The CFE Treaty established upper limits on the holdings of heavy military equipment of signatory countries. It required those countries, members of NATO and the former Warsaw Pact, to reduce inventories of several categories of weapons to prescribed levels by November 1995 and to maintain holdings at or below that level thereafter. At the time the treaty went into force in 1992, signatory countries were able to set aside any equipment that they declared as awaiting export and these were not counted toward their initial reduction requirements, but other heavy equipment in excess of treaty limits had to be destroyed.<sup>78</sup> After treaty reduction requirements were met for the 1995 deadline,<sup>79</sup> individual signatory countries were able to elect how to dispose of any subsequently created excess weapons stocks.<sup>80</sup>

Bulgaria has exported excess heavy weapons since late 1995, often citing its ongoing treaty obligations as a rationale for exporting such weapons.<sup>81</sup> According to a 1997 U.S. government report, Bulgaria declared that it had a considerable amount of surplus equipment awaiting export that year.<sup>82</sup> In April 1998 the Bulgarian Ministry of Defense reportedly announced that it was offering 200 old T-55 tanks for sale.<sup>83</sup> By the end of the year the government had sold 140 surplus T-55 tanks to Ethiopia and Uganda, at a profit of U.S.\$4.4 million, and had a deal pending for the sale of eighty more tanks.<sup>84</sup> In February 1999 Bulgaria announced that it would donate 150 tanks and 150 artillery pieces from its arsenal to the Former Yugoslav Republic of Macedonia.<sup>85</sup>

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<sup>78</sup> The treaty required signatory countries to destroy excess stocks or, alternatively, to dispose of them by exceptional means, such as conversion to nonmilitary use and use for target practice. Under the CFE Treaty, Bulgaria was obliged to reduce its stocks to 1,475 battle tanks, 1,750 artillery pieces, 2,000 armored combat vehicles, 67 attack helicopters, and 235 combat aircraft. As of January 1999, Bulgaria was reported to have 1,475 battle tanks, 1,744 artillery pieces, 1,986 armored combat vehicles, 43 attack helicopters, and 233 combat aircraft. Dorn Crawford, "Conventional Armed Forces in Europe (CFE): A Review and Update of Key Treaty Elements," U.S. Arms Control and Disarmament Agency, January 1999.

<sup>79</sup> Bulgaria was obligated to reduce its tank holdings by more than half to meet CFE requirements, but according to a U.S. intelligence assessment, Bulgaria held 600 more tanks than it had officially declared in 1992. Thomas F. Houlihan, "Weapons Acquisition Strategy—Bulgaria (U)," Defense Intelligence Reference Document, August 1994, declassified on May 20, 1997.

<sup>80</sup> Additional excess stocks might be generated through new production or through the import of heavy weapons, often inherited from other CFE signatories. The CFE Treaty permits excess military equipment to be exported or "cascaded" to other signatory countries within the same group (NATO or former Warsaw Pact). Bulgaria has been a beneficiary of cascaded weapons, particularly from the Russian Federation. For an explanation, see Stockholm International Peace Research Institute, *SIPRI Yearbook 1997: Armaments, Disarmament and International Security* (New York: Oxford University Press, 1997), p. 475.

<sup>81</sup> See, for example, BTA News Agency, September 2, 1994, in BBC Monitoring Service: Central Europe and Balkans, September 9, 1994; BTA News Agency, BBC Worldwide Monitoring, December 8, 1998; *Pari Daily* (Sofia), Reuters Business Briefing, December 8, 1998; Xinhua News Agency, Reuters Business Briefings, December 8, 1998; and "Bulgarian Defense Minister Rejects Allegations of Embargo-Busting," RFE/RL Newsline, December 9, 1998.

<sup>82</sup> U.S. Arms Control and Disarmament Agency (ACDA), *1997 Annual Report*, Chapter 7: Adherence To and Compliance With Arms Control Agreements, available via the Internet at: <http://www.acda.gov/reports/annual/chpt7.htm>.

<sup>83</sup> *Trud* (Sofia), April 21, 1998, in FBIS, East Europe, April 23, 1998.

<sup>84</sup> The deal first became known when a defense ministry official announced on November 26, 1998 that the ministry had sold tanks to unspecified African countries. Raymond Bonner, "New Weapons Sales to Africa Trouble Arms-Control Experts," *New York Times*, December 6, 1998, citing a report in *Trud* (Sofia) ten days earlier. The *New York Times* obtained confirmation of the sale from the Council of Ministers in a letter from Sylvia Beamish, International Media Relations, Government Information Office, Council of Ministers, dated December 3, 1998. For additional references, see Uganda, below.

<sup>85</sup> *Pari Daily* (Sofia), Reuters Business Briefing, February 23, 1999. The announcement was repeated by Bulgaria's defense minister, Vasil Todorov, in a press conference at the Bulgarian Embassy in Washington, D.C. April 1999, 1999, 11, No. 4 (D)

Such sales and transfers are likely to continue into the future. The country's military modernization plan, which is linked to its desire to join NATO, is expected to generate additional surplus stocks (see *The Prospect of Joining NATO*, below). In addition, discussions are underway to modify the CFE Treaty, in part by setting lower national ceilings for at least some countries.<sup>86</sup> If the new ceilings require Bulgaria to further reduce its national inventory of heavy equipment, treaty modification may enhance the country's incentives to export surplus items. Regardless, Bulgaria has announced its intention to export what it can from its surplus stocks: the defense minister was quoted in late 1998 as saying, "We are selling and will be selling these [surplus] weapons."<sup>87</sup>

### Arms Trading Companies

Three major state-owned trading firms dominate the country's arms trade. Kintex is the country's oldest and most important arms exporter. Since its founding in 1966 as Texim, the company has been responsible for the bulk of Bulgaria's arms exports, and it is the primary distributor for most of the country's small arms and light weapons. Kintex also ranks as one of the most notorious arms trading firms in the world,<sup>88</sup> with involvement in questionable arms deals—including illicit transactions—spanning several decades.<sup>89</sup>

Armimex, the second key arms trading company, was formed in 1992 as the successor to the Main Engineering Directorate of the Bulgarian Defense Ministry. It primarily exports small arms, but it holds a full arms trading license that permits it to trade in any category of weapon.<sup>90</sup>

The third major arms trading company is Teraton, which specializes in sales of more sophisticated optical and radar equipment. It markets itself as a broad-based arms trading firm offering arms and ammunition of Bulgarian or Russian manufacture.<sup>91</sup> Teraton and Kintex are directly state-owned: in both cases the board of directors is appointed by the government, and ownership is exercised by the trade ministry.<sup>92</sup> Armimex, while also state-owned, is constituted as a joint-stock company owned by a consortium of state arms manufacturers. It has both a board of directors appointed by the shareholder companies and a supervisory council appointed directly by the government.<sup>93</sup>

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<sup>86</sup> The Joint Consultative Group met in July 1997 at a regular CFE review conference and agreed to principles that would guide treaty adaptation, which the parties hope to complete by late 1999. Significant reduction in force levels was among the main objectives to which they agreed. Crawford, "Conventional Armed Forces in Europe (CFE)."

<sup>87</sup> BTA News Agency (Sofia), BBC Monitoring European-Political, December 8, 1998. This sentiment was echoed by the deputy defense minister and a military official responsible for surplus weapons. Human Rights Watch interview with Plamen Radonov, Deputy Defense Minister for Logistics and Acquisition, Ministry of Defense and Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, February 9, 1999.

<sup>88</sup> See, for example, Musah and Castle, "Eastern Europe's Arsenal." See also the statement by Bulgaria's ambassador in Arms Trade Practices below.

<sup>89</sup> Kintex was also alleged in the 1980s, in the context of cold war rivalries, to have links to the international drug trade. Rick Atkinson, "Heroin Source Alleged; U.S. Links Bulgaria, Drug Traffic," *Washington Post*, July 25, 1984. The article describes a report submitted by the U.S. Drug Enforcement Agency (DEA) to a congressional task force, and quotes the report as stating that Kintex's drug trafficking was used to generate hard currency and to "supply and support several dissident groups in the Middle East with western arms and ammunition." A 1984 report of a U.S. congressional hearing and a 1986 report by a U.S. presidential commission on organized crime both included allegations about Kintex's involvement in the international drug trade, attributing the claims to the Drug Enforcement Agency. According to a 1990 report in the *New York Times*, some Western diplomats have questioned the drug allegations. Sudetic, "Bulgarians to Share."

<sup>90</sup> A local news account in 1998 stated that Armimex's arms trading license would be taken over by Metalchim Holding. *Pari Daily* (Sofia), Reuters Business Briefing, March 18, 1998. Armimex has been sued by Russia's state-run arms trading company, Rosvooruzhenie, for U.S.\$3 million, and its assets were seized under orders of a Sofia court in 1998. RFE/RL Newsline, November 9, 1998.

<sup>91</sup> See <http://www.teraton.com>.

<sup>92</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 8, 1999.

<sup>93</sup> Human Rights Watch

Beyond these three major trading firms, other companies are also involved in Bulgaria's arms trade. These include smaller state-owned arms trading companies, such as Elmet Engineering, and a department of the defense ministry that is authorized to export excess equipment from Bulgaria's military arsenal.<sup>94</sup> They also include all of Bulgaria's arms manufacturing companies, which are government-owned.<sup>95</sup> The country's arms producers have been eligible for arms export licenses since 1994,<sup>96</sup> and have been active in the arms trade. For example, Arsenal—the renowned producer of the Bulgarian version of the Kalashnikov assault rifle and one of the country's largest weapons manufacturers—reportedly sells more than half its production independently.<sup>97</sup> Finally, private Bulgarian companies also are eligible for arms export licenses.<sup>98</sup> A total of approximately thirty companies—all but a few of them state-owned—held arms trade licenses as of February 1999.<sup>99</sup> The state-owned arms trading firms—particularly Kintex and Armimex—dominate the field, but it cannot be assumed that any of Bulgaria's arms transfers necessarily involve one of those firms.

### **Transport Companies and Transshipment**

Bulgaria's involvement in the international arms trade goes beyond the actions of Bulgarian trading companies to negotiate exports of Bulgarian arms. Bulgaria is also implicated in the shipment of weapons to regions of armed conflict and to abusive forces. Many times the weapons being shipped originate in Bulgaria, and the shipments therefore constitute direct Bulgarian exports, but this is not always the case. Weapons originating elsewhere also pass through Bulgarian territory on their way to their ultimate destination.

Bulgaria has repeatedly served as a country of transshipment. A number of cargo companies that until January 1998 were based at Ostend airport in Belgium used to go Bulgaria to pick up weapons.<sup>100</sup> In particular, Burgas airport in Bulgaria's free-trade area on the Black Sea has been an important hub for the collection of weapons for onward flight to Africa and elsewhere.<sup>101</sup> Similarly, a Ukrainian company reportedly arranged in 1995 for weapons to be transported to Sofia, from where they were said to have been flown to Kenya and Zaire (now the Democratic Republic of Congo) for use by Rwandan Hutu rebels (see Rwanda, below).

Bulgaria has also been implicated in arms deliveries through the actions of private Bulgarian transport companies. In 1994, for example, Bulgarian cargo planes were used to ferry weapons to the Angolan government (see Angola, below). Although other companies have been involved in arms deliveries, one private Bulgarian charter airline—Air Sofia—is known to be a major weapons carrier.

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<sup>94</sup> An arms trading license is held by the ministry's Defense Economy Department. Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, and Col. Todor Malchev, Head of Section, Procurement and Trade Department, Ministry of Defense, Sofia, February 5, 1999.

<sup>95</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999.

<sup>96</sup> Liliana Semerdjieva, "Bulgaria Passes New Arms Trade Licensing Policy," Reuters European Business Report, February 3, 1994.

<sup>97</sup> *Kontinent* (Sofia), January 24, 1998, in FBIS, East Europe, January 27, 1998.

<sup>98</sup> Press accounts suggest that private companies were first licensed to trade in weapons in March 1996, but an official interviewed in Bulgaria stated that private firms had been eligible for arms trade licenses since 1990. Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 8, 1999. See also, Stefan Krause, "Bulgarian Roundup," RFE/RL Newsline, March 1, 1996; and 24 *Chasa* (Sofia), "Bulgaria-Two Private Firms Receive Arms Trade Licenses," Periscope Daily Defense News Capsules, August 12, 1996.

<sup>99</sup> "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, transmitted on February 5, 1999.

<sup>100</sup> Human Rights Watch interviews with cargo personnel, Belgium, April-May 1998. Many cargo airlines have since moved from Ostend as a result of new European Community noise pollution regulations adopted in January 1998.

<sup>101</sup> Human Rights Watch interviews with a U.N. official, Nairobi, August 18, 1997; and with a pilot, Brussels, August 2,



Air Sofia has been chartered to deliver weapons to a range of destinations, from Africa to South America. In one prominent example, it was involved in repeated arms shipments to Eritrea in mid-1998.<sup>102</sup> In July 1998, one month after an armed border dispute broke out between Eritrea and Ethiopia, it shipped at least nine cargo loads of weapons from Bulgaria to Eritrea in a one-week period. The *New York Times*, which reported the arms flights later that month, stated that the airline ferried Bulgarian-made Kalashnikov assault rifles, ammunition, and grenades aboard Ukrainian cargo planes, and that it had ten more flights scheduled from Burgas to the Eritrean capital of Asmara in the following days.<sup>103</sup> One Air Sofia flight crashed near Asmara in the early hours of July 17, 1998, and it is believed that the plane carried weapons on board.<sup>104</sup>

The arms Air Sofia has ferried are not always manufactured in Bulgaria, nor flown through Bulgarian territory. On April 9, 1995, for example, an Air Sofia plane was detained in Cape Verde after one hundred tons of weapons were discovered on board during a stopover.<sup>105</sup> The flight was en route to Ecuador, where a border war with Peru had broken out a few weeks earlier.<sup>106</sup> The plane did not carry Bulgarian weapons, nor did it transit through Bulgaria; instead, it was said to have originated in Belarus.<sup>107</sup>

### Arms Brokers

Bulgaria is also involved in the arms trade through the actions of private actors who facilitate arms deals by acting as intermediaries between the exporter and the ultimate importer. Such arms brokers include private Bulgarian firms that hold arms trading licenses.<sup>108</sup> Individuals with military backgrounds or with past experience in the Bulgarian arms industry reportedly have established private companies to broker arms deals on the basis of past contacts.<sup>109</sup>

Although one would hope that most brokered arms deals are entirely legitimate, that is not always the case. For example, as noted above, two Lithuanian nationals operating from the United States brokered a deal to illegally supply Bulgarian surface-to-air missiles to a Colombian drug cartel in Miami, with help from a broker in Bulgaria who arranged transport for the planned shipment to Puerto Rico (see *Undiscriminating Arms Exports*, above.)

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<sup>102</sup> Eritrea has been alleged to provide weapons to Somali faction leader Hussein Mohamed Aideed, in violation of a U.N. arms embargo. Xinhua News Agency, "Weapons Flowing into Somalia," February 21, 1999.

<sup>103</sup> Raymond Bonner, "Despite Cutoff by U.S., Ethiopia and Eritrea Easily Buy Weapons," *New York Times*, July 23, 1998. The article attributed reports about Air Sofia arms flights to Western officials and Bulgarian press accounts. Turkish aviation officials, who granted permission for Air Sofia to fly in its airspace, were the source of the statement regarding scheduled Air Sofia flights from Burgas to Asmara. Arms flights from Bulgaria to Eritrea were also noted in Karl Vick, "On the Road to 'Mega Tragedy,'" *Washington Post*, January 10, 1999.

<sup>104</sup> A Ukrainian plane was used in the flight, which originated in Bulgaria. Several accounts indicate that the flight took off from Burgas airport. One report specified that the plane carried approximately ten tons of arms. "Arms Cargo Crash," *Africa Confidential* (London), vol. 38, no. 16 (August 1, 1997). See also, "Press Review," BTA News Agency, July 21, 1998, obtained via the Internet at: <http://www.b-info.com/places/Bulgaria/news/98-07/jul21e.bta>; and Bulgarska Televiziya (Sofia), July 21, 1998, in FBIS, Central Eurasia, July 23, 1998. For a more circumspect analysis, see Paul Harris, "Pointers-Ukraine-Concerns Over Crash Losses," *Jane's Intelligence Review*, September 1, 1998. Harris does note that a Bulgarian passenger who was "accompanying the cargo" was among those killed in the crash.

<sup>105</sup> The Portuguese news agency Lusa first reported the story, which was later carried by several media organizations. See, for example, "Portugal: Cape Verde Holds Bulgarian Cargo Plane," Reuters, April 10, 1995; "Cape Verde Still Holds Bulgarian Plane With Arms," Reuters, April 18, 1995; Stephan Krause, "Cape Verde Holds Bulgarian Cargo Plane," RFE/RL Newsline: OMRI Daily Digests, April 10, 1995; and BTA News Agency (Sofia), April 10, 1995, in BBC Monitoring Service: Central Europe and Balkans, April 11, 1995.

<sup>106</sup> The flight schedule indicated that Quito was the destination. "Cape Verde Holds Bulgarian Cargo Plane," Reuters. Cape Verdian authorities reportedly confirmed that Ecuador was expecting the shipment. "Cape Verde Still Holds Bulgarian Plane," Reuters.

<sup>107</sup> "Bulgarians Say Detained Arms are Not Bulgarian," RFE/RL Newsline: OMRI Daily Digests, April 11, 1995.

<sup>108</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 8, 1999.

<sup>109</sup> Human Rights Watch interview with a Bulgarian journalist, Sofia, February 1999. April 1999, Vol. 11, No. 4 (D)

The government has stated that in some cases private brokers acting outside government control—and sometimes outside Bulgaria's borders—have involved Bulgaria in arms supplies that are not sanctioned by the government. For example, the Bulgarian Embassy in the United States responded to evidence of Bulgarian weapons found in Sudan in 1997 by stating that such weapons may have been provided via private traders. More broadly, officials and others interviewed in Bulgaria said that they believe unscrupulous individuals, some of them associated with past governments—particularly the intelligence services—and the arms industry, have taken part in illicit or questionable arms deals. They stated that, while some foreigners were believed to be involved, most of these brokers were Bulgarian nationals. They did not specify whether these individuals were licensed to trade in weapons.<sup>110</sup>

### Illegally Obtained Weapons

Bulgarian press accounts describe illegal arms factories engaged in small-scale production, and other cases in which arms are stolen from factory or military stockpiles. Such illegally acquired weapons are generally used in cross-border arms trafficking.<sup>111</sup> In several cases, police sources have attributed cross-border arms smuggling to criminal networks.<sup>112</sup> In April 1997 Bulgaria's new interior minister stated that many top police and enforcement officials were linked to organized criminal groups suspected of engaging in cross-border arms smuggling and other illegal activities.<sup>113</sup>

Military equipment is occasionally stolen from military storage sites in Bulgaria. To the extent that weapons are illegally acquired from military stocks, such thefts may involve military personnel. An official audit commission uncovered large-scale military corruption and theft in a November 1997 report.<sup>114</sup> According to defense officials, however, such incidents are uncommon and involve small quantities of equipment that are usually destined to criminal groups in nearby countries rather than abusive military forces.<sup>115</sup> A diplomat who agreed that the problem was limited said that thefts of army weapons arose from the difficult circumstances of the military, which include lack of sufficient food for troops.<sup>116</sup>

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<sup>110</sup> Human Rights Watch interviews with government officials and with foreign diplomats, Sofia, February 1999. In March 1999 the Bulgarian ambassador to the United States declared, referring to Bulgarian-Russian intelligence ties: "We cannot guarantee as a whole that there are not still some remnants of such attachments. A good part of the former intelligence services moved to another job now: they formed what is known as the mafia." Philip Dimitrov, Ambassador to the United States, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>111</sup> See, for example, *Trud* (Sofia), January 11, 1996, in FBIS, East Europe, January 22, 1996; *Standart News* (Sofia), February 12, 1998, in FBIS, East Europe, February 15, 1998; *Capital Weekly* (Sofia), Reuters Business Briefing, July 11, 1998; BTA News Agency (Sofia), October 2, 1998, in FBIS, East Europe, October 6, 1998; Bulgarian Television (Sofia), October 5, 1998, in FBIS, East Europe, October 8, 1998; and *Standart News* (Sofia), FBIS, East Europe, November 21, 1998. For an older account of smuggling through Bulgaria, including cross-border gun-running, see "Drugs from the ex-Soviet Union," *Jane's Foreign Report*, August 20, 1992.

<sup>112</sup> *Standart News* (Sofia), FBIS, East Europe, November 21, 1998.

<sup>113</sup> Petko Georgiev, "Bulgaria: Mafia Scandal Overshadows Elections," RFE/RL, April 18, 1997.

<sup>114</sup> In a press conference, the defense minister and army chief of staff said these problems had been prevalent under the previous government. "Bulgarian Commission Unveils Corruption in Army," RFE/RL Newsline. Twenty-five officers were reportedly dismissed on the basis of the commission's findings. "Bulgarian President in Japan," RFE/RL Newsline, November 17, 1997, referring to an article in the November 14, 1997 edition of *Standart News* (Sofia).

<sup>115</sup> Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, and Col. Todor Malchev, Head of Section, Procurement and Trade Department, Ministry of Defense, Sofia, February 5, 1999.

<sup>116</sup> Human Rights Watch interview with a foreign diplomat, Sofia, February 1999. April 1999, Vol. 11, No. 4 (D)

## IV. ARMS TRADE PRACTICES

### National Arms Trade Controls

Bulgaria's arms trade—in theory at least—is governed by a strict set of legal regulations. Since November 1995 the country's arms trade control law has outlined a dual licensing procedure for international arms transactions.<sup>117</sup> First, Bulgarian law requires firms to gain authorization to participate in the arms trade.<sup>118</sup> Licenses to trade in arms are issued by the Interministerial Council on Defense Industry and Logistics at the Council of Ministers, a cabinet-level body that is broadly responsible for developing Bulgaria's national arms trade policy. (A second body, described below, issues permits for individual arms transactions.)

The deputy prime minister, who is also the industry minister, chairs the Interministerial Council. The permanent members of council include the deputy ministers of trade, industry, defense, foreign affairs, finance, interior, transport, development, and education and science, as well as the deputy head of the general staff of the Bulgarian army and the director of Bulgaria's intelligence service. The prime minister appoints a secretary to the Interministerial Council. In addition, three advisors serve the committee, but do not vote.<sup>119</sup>

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<sup>117</sup> These controls—embodied in the Law on the Control of Foreign Trade Activity in Arms and Dual-Use Goods and Technologies and the Regulation on Implementation of the Law on Foreign Trade Activity in Arms and Dual-Use Goods and Technologies—regulate the trade in both arms and dual-use goods and technologies, where the latter are items that may serve both civilian and military purposes. This report is primarily concerned with the trade in arms, and only addresses dual-use items in the context of sales that violate international arms embargoes. Unofficial translations of Bulgaria's arms trade control laws are available via the Internet at: [http://www.sipri.se/projects/natexpcon/Bulgaria/bulg\\_law95.htm](http://www.sipri.se/projects/natexpcon/Bulgaria/bulg_law95.htm) and [http://www.sipri.se/projects/natexpcon/Bulgaria/decrees\\_38.htm](http://www.sipri.se/projects/natexpcon/Bulgaria/decrees_38.htm).

<sup>118</sup> Two types of trading licenses are available for companies interested in exporting weapons: full licenses permit firms to trade in all categories of weapons; partial licenses are cheaper, but only permit trade in certain classes of weapons. Approximately thirty firms are authorized to engage in the arms trade. Human Rights Watch interview with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999.

<sup>119</sup> Human Rights Watch interview with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999.

The council meets on a monthly basis to review license applications or undertake other matters of concern. It considers applications on a case-by-case basis and makes decisions based on the vote of the majority. The chair does not exercise veto power. Arms trading licenses are granted for periods not longer than one year, and are then subject to renewal.<sup>120</sup> Several officials responsible for arms export controls stated that they had never revoked the arms trading license of a company, although it they may have postponed decision on an application or allowed licenses to expire in some cases.<sup>121</sup> The council secretary explained that licenses would be denied if the interior ministry, army security services, or the national intelligence services voiced objections to a company's application, if there was evidence that a company had been involved in misconduct, or if the company was suspected of involvement in dubious transactions.<sup>122</sup>

Authorized arms trading firms must also obtain a permit for each individual arms export transaction,<sup>123</sup> as is also the case for the Ministry of Defense when it arranges to directly sell surplus military equipment.<sup>124</sup> The application process is the same for commercial and government-to-government sales: export permits are issued by a commission under the Trade Ministry, known as the Commission for Control of Foreign Trade Transactions with Arms and Dual-Use Goods and Technologies. This commission is chaired by the trade minister and includes, in addition, one representative each from the ministries of trade, foreign affairs, industry, interior, and defense, as well two secretaries, one of whom specializes in arms export controls. (The other secretary is responsible for the activities of the commission with respect to the export of dual-use goods.) Three persons—the deputy ministers of trade, foreign affairs, and interior—serve on both the Interministerial Council and the trade ministry's Commission for Control.<sup>125</sup>

Applications for individual arms export permits presented to the trade ministry must include documentation about the proposed sale. As in many countries, firms must provide their arms trading licenses and an end-user certificate identifying the ultimate purchaser, as well as documentation showing that the purchaser is authorized to import arms.<sup>126</sup>

The trade ministry commission is responsible for reviewing each application and deciding whether to authorize the deal. When it chooses to authorize an arms export deal, the commission notifies the Interministerial Council, the

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<sup>120</sup> In 1998 several licenses were issued that were valid only for six months. Human Rights Watch interview with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999.

<sup>121</sup> In February 1999 an application submitted by a private company was held up because suspicions had been raised. Human Rights Watch interviews with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999; and with Dimiter Zhalev, Department of NATO, WEU, and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999. Under a past government, the arms trading licenses of Teraton and Armimex were reportedly revoked. 24 *Chasa* (Sofia), October 11, 1995, in FBIS, East Europe, October 20, 1995.

<sup>122</sup> "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

<sup>123</sup> Individual arms transaction permits are required for the export, reexport (transshipment), or importation of arms. The requirements are the same in each case. For the purposes of this report, "export permit" includes permits issued for either export or transshipment of arms.

<sup>124</sup> The Ministry of Defense can also sell its surplus weapons through a licensed arms trading company, as was the case in 1993 with the export of surplus armored vehicles to Angola (see *Surplus Weapons*, above).

<sup>125</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 8, 1999. It appears that a representative of one of Bulgaria's intelligence services also serves on both committees. Human Rights Watch interview with a Bulgarian government official, Sofia, February 1999.

<sup>126</sup> According to a Bulgarian official, the trade ministry commission requires that companies seeking an arms export permit submit the following documents: the export permit application, which specifies the quantity and type of goods, as well as the country of destination; a copy of the end-user certificate, signed and stamped by the petitioning arms trading company; copies of the company's arms trading license; a copy of the contract; and, if an intermediary is involved in the proposed transaction, a copy of the arms trade license of the broker company, signed and stamped by the petitioning arms trading company. Petitioning companies must also pay an application fee. "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

General Customs Directorate, and the Ministry of Internal Affairs of its decision. If it cannot reach consensus on an application, it refers the case to the Interministerial Council for decision.<sup>127</sup>

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<sup>127</sup> Human Rights Watch interview with Stoyan Nikolov, Chief Expert, Department of Military Economic Cooperation, and Secretary, Commission for Control of Foreign Trade in Arms and Dual-Use Technologies, Ministry of Trade, and Christo Atanasov, Chief Expert, Dual-Use Goods and Export Control Division, Ministry of Trade, Sofia, February 8, 1999. According to another official, the commission may also approach the Interministerial Council for advice on a pending application. Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Human Rights Watch, Sofia, February 8, 1999.

Under the arms trade law, the commission may deny or revoke arms export permits, which are valid for not longer than 180 days, under certain circumstances, including if the export violates Bulgarian law, harms state interests, contravenes international commitments or legal requirements, is based on a false or incomplete application, or deviates significantly from the terms of transfer under which it was approved. According to members of the Trade Ministry commission, applications for exports to certain countries—those subject to U.N. or E.U. embargoes—are automatically denied, as are applications about which they have strong suspicions that an illegal diversion of weapons may be planned.<sup>128</sup> In addition, a government official indicated that permits are denied when the end-user certificate is not issued by a government body.<sup>129</sup> Denials of export permits may be appealed to the Interministerial Council.<sup>130</sup>

The same dual-licensing procedure governs the actual shipment of weapons. Transport companies, including airlines such as Air Sofia, must first apply to the Interministerial Council for a license to transport weapons. For each individual arms transport transaction, they must obtain a transport permit from the Trade Ministry commission.<sup>131</sup> The Trade Ministry commission grants these permits on the basis of an application and related documentation, including the end-user certificate and the arms trading license of the petitioning company. As with an approved deal for the export of arms, the Trade Ministry informs the Interministerial Council, customs authorities, and the Interior Ministry that a permit has been granted. For arms transport transactions, the Interior Ministry issues a police permit for the transit of weapons from the point of storage to the designated point of export. Arms deals must also conform to customs regulations. For example, shipments of weapons must be declared as such on cargo manifests.

Violations of arms trade control laws are subject to penalties. Under the arms trade law enacted in 1995, license applicants—both trading and transport companies—and authorized end-users are subject to fines or property sanctions for failure to observe the terms under which the license was issued. The law calls for a maximum prison sentence of eight years and a maximum fine of U.S.\$600 for unauthorized arms trade activity, with lower penalties available for less serious violations.<sup>132</sup>

The Bulgarian government has responded to international concern over the country's continued involvement in questionable arms exports by seeking to adjust its arms trade laws.<sup>133</sup> For example, it modified the national list of arms and dual-use items subject to regulatory control to conform to international standards.<sup>134</sup> More importantly, the cabinet approved in December 1998 a set of draft amendments to tighten the arms trade control law, and in January 1999 Bulgarian authorities began consultations with foreign officials regarding the proposed change. As of March 1999, the parliament had not considered the draft legislation.

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<sup>128</sup> Human Rights Watch interview with Stoyan Nikolov, Chief Expert, Department of Military Economic Cooperation, and Secretary, Commission for Control of Foreign Trade in Arms and Dual-Use Technologies, Ministry of Trade, and Christo Atanasov, Chief Expert, Dual-Use Goods and Export Control Division, Ministry of Trade, Sofia, February 8, 1999.

<sup>129</sup> "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

<sup>130</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 8, 1999.

<sup>131</sup> Again, a fee is required with the application. "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

<sup>132</sup> The maximum fine is set at 1 million Lv. The fine was equivalent to approximately U.S.\$14,000 in 1995, but inflation significantly eroded its value.

<sup>133</sup> A government official explained: "Arms export controls are a political priority because we want to join the European Union and NATO." Human Rights Watch interview with Dimitar Zhalev, Department of NATO, WEU and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999. This view was reinforced by an advisor to President Petar Stoyanov. Human Rights Watch interview with Vladimir Philipov, Foreign Affairs Secretary to the President of Bulgaria, Sofia, February 4, 1999.

<sup>134</sup> Bulgaria's control lists have been aligned with those of the Wassenaar Arrangement and the European Union. "Export Control Lists," Human Rights Watch, Republic of Bulgaria, Ministry of Trade and Tourism, January 1999. April 1999, Vol. 11, No. 4 (D)

If passed by parliament, the draft amendments would modify the existing arms trade control legislation and amend arms trade regulations, as well as introduce changes to the criminal code.<sup>135</sup> In particular, the proposed changes would strengthen criminal penalties for violations of export controls, raising prison sentences as well as fines.<sup>136</sup> The draft changes would also more closely control arms brokering activities by requiring each arms trading company seeking an arms export permit to identify the names of intermediaries authorized to represent the parties involved in the proposed transaction and by explicitly defining arms brokering activities.<sup>137</sup> In addition, the amendments also would permit foreign-owned companies registered in Bulgaria to participate in arms trading activities, and would increase the minimum capital requirement for trading and transport companies engaged in arms transactions. The proposals would also align Bulgaria's legal framework more closely with its international arms trade obligations (see below).

### **International Arms Trade Controls**

Beyond its national legal arms trade regulations, Bulgaria is party to several international commitments that limit its arms dealing. Like all governments, Bulgaria is legally bound to respect United Nations Security Council resolutions, including those imposing arms embargoes. The arms trade law enacted in 1995 does not explicitly bar arms transactions that violate U.N. arms embargoes, but successive governments have asserted that they adhere to U.N. embargoes as a matter of policy. Bulgaria reportedly has enacted decrees on an ad hoc basis to implement U.N. arms embargoes,<sup>138</sup> but it does not have a practice of formally notifying arms trading companies of the countries subject to U.N. embargoes.<sup>139</sup>

Bulgaria is a member of the Wassenaar Arrangement (WA), which regulates the export of conventional weapons and dual-use goods to countries where such sales could prove destabilizing and provides mechanisms for countries to share information about arms deals.<sup>140</sup> The WA operates by consensus, and members have agreed not to sell weapons to Iran, Iraq, Libya, and North Korea. Since joining the WA in July 1996 Bulgaria has made regular declarations to the Wassenaar Secretariat, but it does not automatically share information about rejected arms deals.<sup>141</sup>

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<sup>135</sup> The proposed amendments exclude from control arms imports and exports intended for use in international, multilateral, or bilateral exercises, peacekeeping, or training missions to which Bulgaria is a party.

<sup>136</sup> Under the proposal, three-to-six-year prison sentences and fines of up to U.S.\$60,000 (100 million Lv) would be imposed for a first offense. Repeat offenders would be subject to five to ten years in prison and a fine of up to U.S.\$180,000 (300 million Lv).

<sup>137</sup> The proposed law would require that "representatives of the parties to the transaction and of the end user" be declared, expanding on an existing provision by requiring this information at the time the application is submitted. The definition proposed to be included in the implementing regulations of the arms trade control law reads: "Broker (middleman) activity shall include all activities, related to the implementation of the foreign trade transaction, including forwarding and transport services and financing, when the person performing such activities is not the actual exporter, importer, or reexporter." The draft amendments were presented to Human Rights Watch in Bulgarian, so these represent unofficial translations.

<sup>138</sup> In May 1998 Bulgaria enacted by decree a law implementing the U.N. arms embargo on the Federal Republic of Yugoslavia, which was imposed two months earlier. A government official asserted that similar decrees had been enacted on other occasions to outlaw violations of arms embargoes. Human Rights Watch interview with Dimitar Zhalev, Department of NATO, WEU, and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999.

<sup>139</sup> Human Rights Watch interview with Stoyan Nikolov, Chief Expert, Department of Military Economic Cooperation, and Secretary, Commission for Control of Foreign Trade in Arms and Dual-Use Technologies, Ministry of Trade, and Christo Atanasov, Chief Expert, Dual-Use Goods and Export Control Division, Ministry of Trade, Sofia, February 8, 1999.

<sup>140</sup> In particular, the text of the agreement states that its purpose is "to contribute to regional and international security and stability, by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies, thus preventing destabilizing accumulations."

<sup>141</sup> Such information is provided only on the recommendation of an interministerial team. Human Rights Watch interview with Dimitar Zhalev, Department of NATO, WEU, and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999.

Bulgaria also formally subscribes to the 1993 criteria on arms exports of the Organization for Security and Cooperation in Europe (OSCE), which call for transparency and restraint in arms transfers.<sup>142</sup> As an OSCE member, it is further expected to respect OSCE arms embargoes.<sup>143</sup>

In August 1998 Bulgaria declared its commitment to the principles outlined in the nonbinding European Union's Code of Conduct on Arms Exports.<sup>144</sup> The E.U. code, adopted in June 1998, outlines a set of principles and calls on states to limit weapons exports under a variety of circumstances, including sales to armed forces that abuse human rights, to regions embroiled in violent conflict, or to countries suspected of reexporting the weapons.<sup>145</sup> The code also calls on each E.U. member government to report annually on arms exports and implementation of the code, to inform other participants of deals that it rejects, and to consult with other E.U. member governments before taking part in arms deals that they have rejected.<sup>146</sup>

The legislative changes proposed by the Council of Ministers in late 1998 would formalize Bulgaria's obligations to adhere to certain international arms trade restrictions. In particular, they make observance of U.N. Security Council decisions mandatory, and they introduce into law a provision stating that restrictions derived from international agreements and from Bulgaria's membership in international organizations, including its participation in international arms export control regimes, are binding, as are restrictions arising from Bulgaria's pledges to join the decisions of international organizations of which it is not a full member. In addition, the draft legislation would introduce a provision giving the government the option to ban arms deals when the weapons are destined to "a state on whose territory there are military operations or which takes part in armed conflicts."

### **Policy Gaps**

Although national arms export regulations are in place and Bulgaria has repeatedly affirmed its commitment to abide by international arms trade standards, in three key areas Bulgaria's arms trade control policy fails to address fully the existing problems in the arms trade. These oversights help account for Bulgaria's continued involvement in questionable arms transactions.

### ***Lack of Attention to Human Rights and Humanitarian Considerations***

Bulgarian's arms trade control laws ignore the human rights and humanitarian impact of the use of the weapons the country licenses for export or transport. Armed forces that have been responsible for gross human rights abuses and violations of international humanitarian law can legally purchase weapons from Bulgaria. No provision exists restricting arms deal on the basis of human rights concerns, even if it is likely that the weapons will be used to commit atrocities, nor does the law allow Bulgarian officials the option to deny an application on human rights grounds alone. The draft amendments proposed by cabinet, described above, improve upon existing law to a very limited degree by permitting the government to introduce on an ad hoc basis restrictions on arms transactions with countries engaged in armed conflict. This provision, as proposed, does not address arms deals with countries that are preparing for war or are committed to a formal peace process. In addition, the new restriction does not address the human rights record of the armed force in question, only whether it is engaged in armed hostilities at the time the arms trade application is submitted.

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<sup>142</sup> Participating states pledge to avoid arms transfers that, among other conditions, would be likely to violate U.N. sanctions, prolong or aggravate an existing armed conflict, contribute to regional instability, be used for repression or to commit human rights abuses, or be diverted or reexported in a manner that contravenes the purpose for which the OSCE set the criteria. See <http://sipri.se/projects/expcon/oscecat.htm>.

<sup>143</sup> As of March 1999, OSCE arms embargoes were in effect on Armenia and Azerbaijan.

<sup>144</sup> In a joint statement, Bulgaria and twelve other non-E.U. member countries stated that they "align themselves to the criteria and principles contained in the Code, which will guide them in their national export control policies." Council of the European Union General Secretariat Press Release, 10754/98 (Presse 272-G), Brussels, August 3, 1998.

<sup>145</sup> In August 1998 Bulgaria's trade minister identified the countries to which E.U. restrictions apply as including China, the Democratic Republic of Congo (DRC), Nigeria, and Iran. *Demokratiya* (Sofia), August 7, 1998, in FBIS, East Europe, August 10, 1998.

<sup>146</sup> An official stated that Bulgaria, as a non-E.U. member, does not adhere to these reporting provisions. Human Rights Watch interview with Dimitar Zhalev, Department of NATO, WEU, and Security Issues, Ministry of Foreign Affairs, Sofia, February 1999.



This absence of explicit human rights and humanitarian considerations suggests that the draft arms trade control laws are part of a politically-driven strategy to show that Bulgaria adheres to Western standards, rather than a reflection of concern for the victims of abuses or an awareness that the country bears a measure of responsibility for the uses to which the weapons it sells are put. Indeed, none of the government officials with whom Human Rights Watch met expressed concern about abuses committed with Bulgarian-supplied arms.

### ***Poor Adherence to International Commitments***

Bulgaria has not incorporated its international arms trade commitments into domestic legislation. Its commitments—including its binding obligation to observe U.N. arms embargoes—are incorporated into law only by virtue of a provision that gives the government the option to introduce restrictions on arms sales to comply with international obligations. In addition, Bulgaria has thus far adopted a minimalist interpretation of its commitments under the nonbinding E.U. Code of Conduct. According to officials, no export permits have been denied since it joined the code.<sup>147</sup> To the contrary, arms deals to areas of violent conflict, such as the Horn of Africa, and to countries believed to reexport weapons, such as Uganda, have been approved since mid-1998, in contravention of provisions of the code.

Similarly, Bulgaria has done little to adhere to the spirit of the Wassenaar Arrangement. Bulgaria continues to sell weapons to conflict-plagued areas in Africa. These sales are not explicitly barred under the agreement, but contravene requests that members show “maximum restraint” in their arms transfers.<sup>148</sup>

Proposed legislative changes will address this problem, but only incompletely. The draft legislation provides a framework within which Bulgaria must abide by its international obligations, but it does not specify which restrictions are adopted, nor does it explicitly incorporate into national legislation the international commitments that Bulgaria has declared. For example, it is not apparent if—under the proposed changes—Bulgaria would adhere formally to all the provisions of the E.U. Code of Conduct, which include adherence to OSCE and E.U. arms embargoes, and the OSCE arms transfer criteria. In fact, the only clear ban imposed under the draft legislation that is derived from international commitments is the restriction on arms transactions that violate decisions of the U.N. Security Council.

### ***Narrow Focus Ignores Unauthorized Retransfers***

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<sup>147</sup> Human Rights Watch interview with Stoyan Nikolov, Chief Expert, Department of Military Economic Cooperation, and Secretary, Commission for Control of Foreign Trade in Arms and Dual-Use Technologies, Ministry of Trade, and Christo Atanasov, Chief Expert, Dual-Use Goods and Export Control Division, Ministry of Trade, Sofia, February 8, 1999.

<sup>148</sup> Human Rights Watch is made in Raymond Bonner, “New Weapons Sales.”

April 1999, Vol. 11, No. 4 (D)

Bulgaria also views its responsibilities narrowly with regard to the retransfer of weapons it authorizes for export or transport. For example, Bulgaria's trade minister asserted confidently in 1998 that "it is impossible for illegal arms exports to occur in Bulgaria" given official licensing requirements.<sup>149</sup> This statement ignores the prominence of deals in which authorized arms exports are diverted to unauthorized end users. Reflecting a similar attitude, a Trade Ministry spokesperson responded to charges of Bulgarian involvement in illicit weapons deals by stating that Bulgaria "cannot be held responsible" when arms legally sold to other countries are then resold,<sup>150</sup> adding that "[i]f indeed there are cases of reexport of Bulgarian arms, the responsibility rests entirely with the country named as consignee" in the application.<sup>151</sup> Bulgaria's defense minister declared, moreover, in March 1999 that Bulgarian laws require an end-user certificate before an arms export is approved, but that once a shipment leaves Bulgaria, "we don't know what happens afterwards."<sup>152</sup>

By this explanation, Bulgaria today is posing as the dupe of others, including arms brokers who negotiate deals for unauthorized clients through third-country intermediaries, or client governments that resell Bulgarian arms in violation of an end-user certificate. Such a defense of Bulgaria's role in questionable arms exports implies several dubious assertions. First, it falsely suggests that Bulgarian arms exports based on falsified documents, misrepresentation, or illegal intentions constitute entirely legal transactions. In fact, arms deals that are licensed but are then diverted to unauthorized clients must be considered "gray market" arms deals. Second, it implies that Bulgaria in all cases makes a good-faith and vigorous effort to enforce its regulations by carefully reviewing deals before approving them—including the scrutiny of the retransfer record of the purchaser identified by documents—and by monitoring arms deliveries and verifying compliance after arms have been exported. While Bulgaria has worked to improve enforcement under the current government, control continues to be incomplete (see Problems of Enforcement, below). Third, it suggests that the Bulgarian government bears no responsibility when arms industry and regulatory officials—whether through complicity, corruption, incompetence, or lack of resources—actively facilitate or passively permit arms transactions destined to unauthorized clients. A journalist who has interviewed Bulgarian arms traders noted that arms transactions intended for unauthorized clients are often arranged in compliance with the letter of the law, but that the traders were often aware that the weapons were to be rerouted or reexported. He said that Bulgarian arms dealers had explained that such deals were arranged on the basis of personal contacts and understandings, and that deals to clients considered particularly unsavory earned much higher commissions. He further noted that false documents provided the Bulgarian intermediaries with legal protection, as they could deny foreknowledge of the illicit retransfer of arms shipments they helped broker.<sup>153</sup>

Denials of Bulgarian involvement in any gray market arms deals and the notion that Bulgaria is not responsible for weapons once they leave its borders serve both to reinforce the practices that allow for illegal diversions and to reduce accountability. The absence of concern reflected in such denials informs regulatory practices that do not adequately monitor the deliveries of authorized exports, and helps shape legislation that does not address Bulgarian involvement in gray market arms transactions.

### Problems of Enforcement

Effective regulation of Bulgaria's arms trade depends upon rigorous enforcement of Bulgarian law and stated policy. Officials of the UDF government have publicly asserted that previous governments exercised poor control over arms

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<sup>149</sup> *Demokratiya* (Sofia), August 7, 1998, in FBIS, East Europe, August 10, 1998.

<sup>150</sup> "Bulgaria Denies Selling Arms to Terrorists," RFE/RL Newline, August 4, 1998. Such a defense of Bulgaria's involvement in questionable arms deals is consistent with claims made by prior governments that Bulgaria cannot be held responsible if weapons it authorizes for export are subsequently rerouted or reexported. See, for example, *Standart News* (Sofia), January 16, 1996, in FBIS, East Europe, January 23, 1996.

<sup>151</sup> BTA News Agency (Sofia), August 3, 1998, in FBIS, East Europe, August 5, 1998.

<sup>152</sup> Georgi Ananiev, Defense Minister, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>153</sup> Human Rights Watch interview with a Bulgarian journalist, Sofia, February 1999.

transfers,<sup>154</sup> but when describing controls under their own government, officials argue that they are doing all that they can under difficult circumstances to regulate arms transfers.

The government has four primary means with which to exercise authority. In particular, it is responsible for overseeing the predominantly state-owned arms industry (including some private trading firms but not manufacturers), licensing companies and transactions, monitoring exports, and punishing violations. In each of these areas, Bulgaria's controls are inadequate. In addition, effective controls are constrained by broader problems, which include confused lines of authority, corruption, and lack of transparency. Despite these serious constraints, there have been some successes that demonstrate that improvements can be achieved.

### ***Oversight***

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<sup>154</sup> An official asserted that Bulgaria's arms trade controls had been improved progressively over time, and that the government much more rigorously implemented regulations than had prior governments. Human Rights Watch interview with Colonel Venelin Velikov, Deputy Director, National Service for Combating Organized Crime, Ministry of Interior, Sofia, February 8, 1999. In addition, Bulgaria's ambassador to the United States wrote that the country's arms trade record was "far from satisfactory," except during the 1991-92 period in which he was the prime minister of Bulgaria. Philip Dimitrov, "Letter to the Editor of the *New York Times* Concerning 'A Weapons Bazaar Blooming in Bulgaria,'" unpublished and undated. Bulgaria's deputy industry minister also stated in an interview that the prior government may have approved "questionable" arms deals. See Human Rights Watch, "Human Rights Watch traffic d'armes au goût bulgare," *L'Express* (Paris), December 17, 1998, April 1999, Vol. 11, No. 4 (D).

The government appoints the directors of state-owned arms trading or manufacturing companies, and, according to officials, it uses such appointments to enhance control over the arms trade. In a practice that is common after changes in government, the UDF government replaced the directors of several major arms producing companies shortly after taking office.<sup>155</sup> It also later replaced the leaders of the country's leading arms trade companies in a move that was publicly linked to concerns about arms deals. Specifically, Bulgaria's ambassador to the United States stated in a letter to the *New York Times* in mid-1998 that two fired arms trading executives—from Kintex and Teraton—were linked to the former secret police, adding that their removal would help resolve problems with arms export violations.<sup>156</sup> In March 1999 that same official declared, referring to these two companies, that "It was the strong determination of the government to turn them from notorious companies to decent ones. We effected changes of directors and management. People had been there for a very long period and some of them were probably connected to the old regime."<sup>157</sup> The chief of the third major arms trading company, Armimex, was also replaced in 1998.<sup>158</sup>

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<sup>155</sup> The replacement of arms industry directors was viewed mostly as an effort by the new government to appoint industry leaders from its own party. *Duma* (Sofia), April 12, 1997, in FBIS, East Europe, April 15, 1997; and *Capital Weekly* (Sofia), Reuters Business Briefing, July 4, 1998. In at least one case, the newly appointed director replaced several top company managers. See *Kontinent* (Sofia), FBIS, East Europe, January 24, 1998. A government official concurred that the management changes were politically-motivated. Human Rights Watch interview with Nicola Tcholakov, Deputy Chief of Mission, Bulgarian Embassy to the United States, Washington, D.C., December 4, 1998.

<sup>156</sup> Philip Dimitrov, "Letter to the Editor." At the time they were removed, one press account stated that the reasons for the replacement had not been made public, while another account, which noted that the deputy director of Kintex took over leadership of the company, stated that the removals were due to the trading companies' poor economic performance. *Standart News* (Sofia), September 23, 1998, in FBIS, East Europe, September 24, 1998; and BTA News Agency (Sofia), July 3, 1998, in FBIS, East Europe, July 3, 1998.

<sup>157</sup> Philip Dimitrov, Ambassador to the United States, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>158</sup> Human Rights Watch (Sofia), FBIS, East Europe, September 24, 1998.

The government also appoints members of boards of directors or supervisory boards of arms industry companies. The UDF government replaced many of these board members.<sup>159</sup> In a pattern that bespeaks the institutional nature of Bulgaria's arms export control problems, a number of officials responsible for reviewing export applications submitted by arms trading companies simultaneously serve on the boards of those same companies. For example, the secretary of the Interministerial Council heads the supervisory board of Armimex, the senior advisor to the council is chairman of the board of Teraton, and another of the council's advisors sits on the board of Kintex. For their services to the companies, these officials receive a modest monthly salary (approximately U.S.\$40 per month) and stand to receive bonuses if the companies perform well. The officials' dual responsibilities present a direct conflict of interest, yet one of these officials maintained that serving on arms industry boards helps authorities monitor the activities of the companies they regulate. Likewise, he argued that the appointment of former licensing officials to head arms industry companies—including the naming of the former secretary of the Trade Ministry's arms export licensing body to serve as the director of Teraton—ensures that companies will strictly adhere to regulations. Highlighting the tension between the goals of the arms trade control bodies and the arms industry, the official stated that he personally felt that the arms industry must strictly abide by its legal obligations but that he recognized that “this has a negative effect on the military industry.”<sup>160</sup>

### ***Licensing***

As noted above, the Interministerial Council issues arms trading licenses, including to transport companies, and a commission of the Trade Ministry authorizes individual arms transactions. This dual licensing procedure provides an important mechanism by which government authorities control the arms trade. The first stage of the process offers the opportunity to deny authorization to trade in weapons to dubious companies, but such determinations require a thorough investigation. According to one source, the government conducts probes into all companies that petition for an arms trading license using information submitted in the application.<sup>161</sup> Officials from the Interministerial Council, however, suggested that such investigations were launched only where there were suspicions about a company.<sup>162</sup> Regardless, it is not clear what investigative resources are available for such inquiries, nor what standard of evidence is required to reject an application. Thus far, according to officials, no petitioning company has been denied an arms trading license.<sup>163</sup>

Some of the most important regulatory weaknesses become apparent at the second stage of the licensing process, the Trade Ministry's review of individual arms trade applications. One problem is that the review process, while multilayered, is not clearly defined. The secretary to the commission with responsibility for arms deals examines the application, including the documentation, and the commission then considers the application. The members of the commission have access to the documents and also may request that experts within their respective government ministries review the documents. The intelligence services also apparently are active in this review.<sup>164</sup>

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<sup>159</sup> Human Rights Watch interview with Nicola Tcholakov, Deputy Chief of Mission, Bulgarian Embassy to the United States, Washington, D.C., December 4, 1998. See also, *Demokratiya* (Sofia), July 6, 1998, in FBIS, East Europe, July 7, 1998.

<sup>160</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 8, 1999. In another example of the appointment of former arms trade control officials to arms industry posts, it was reported that a former member of the Trade Ministry commission was named to lead Armimex. *Standart News* (Sofia), September 23, 1998, in FBIS, East Europe, September 24, 1998.

<sup>161</sup> Human Rights Watch interview with a Bulgarian government official, Sofia, February 1999.

<sup>162</sup> The officials stated that an inquiry had been initiated about a petitioning company about which suspicions had been raised, and that this investigation would cause consideration of the application to be postponed. Human Rights Watch interview with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999.

<sup>163</sup> Human Rights Watch interviews with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999; and with Dimiter Zhalev, Department of NATO, WEU and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999.

<sup>164</sup> Human Rights Watch interview with a Bulgarian government official, Sofia, February 1999, Vol. 11, No. 4 (D)

The most important of these documents is the so-called end-user certificate (EUC) which identifies the purchaser and contains a provision guaranteeing that the arms it has ordered will not be retransferred to a third party without prior notification and approval from the exporter, in this case Bulgaria. Several officials interviewed by Human Rights Watch described the difficulty of authenticating documents submitted with applications for arms exports, particularly the EUC. One official noted that arms dealers are increasingly sophisticated, and that EUCs are not always accurate, making it difficult for authorities to differentiate between illicit and legal sales.<sup>165</sup> Another official admitted that he was aware that corrupt military officials in other countries would sign end-user certificates for purchases destined to other clients.<sup>166</sup> Officials said that, when possible, they verify the EUC by contacting the government that issued the document through its diplomatic mission to Bulgaria, which is sometimes located in a neighboring country,<sup>167</sup> but they acknowledged that they were not able to verify all end-user certificates prior to issuing an arms trade permit.<sup>168</sup>

Other officials noted that they are more likely to scrutinize applications if they learn that the country identified as the purchaser has a record of reexporting weapons in violation of end-use agreements.<sup>169</sup> According to the same officials, however, the Trade Ministry commission does not maintain a list of countries believed to have been involved in illegal retransfers. According to another official, the Trade Ministry commission will automatically deny an application on the basis of confirmed information that a proposed arms deal will be illegally retransferred, but reasonable suspicions based on a country's past reexport record are considered insufficient grounds for a denial.<sup>170</sup> Highlighting the lack of attention to the retransfer record of potential Bulgarian arms clients, two members of the Interministerial Council were unaware of what would happen if it was discovered that a country had provided a false end-user certificate.<sup>171</sup>

One official lamented more broadly that the Trade Ministry commission was unable to conduct effective investigations into pending arms deals. He said that this was primarily due to a lack of information and resources, but he also stated that a pending application could not be rejected on the basis of unconfirmed suspicions because the government might then be vulnerable to legal action by the parties to the transaction.<sup>172</sup> Such explanations suggest that Bulgaria does not comply with the principles of the E.U. Code of Conduct, which clearly bars arms deals to countries suspected of retransferring weapons (see International Arms Trade Controls, above).

## ***Monitoring***

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<sup>165</sup> Human Rights Watch interview with Col. Venelin Velikov, Deputy Director, National Service for Combating Organized Crime, Ministry of Interior, Sofia, February 8, 1999.

<sup>166</sup> Human Rights Watch interview with Bulgarian government official, Sofia, February 1999.

<sup>167</sup> Human Rights Watch interviews with Vladimir Tourtansky, Senior Advisor, Council of Ministers, Interministerial Council on Defense Industry and Logistics; Dimitar Zhalev, Department of NATO, WEU and Security Issues, Ministry of Foreign Affairs; and Stoyan Nikolov, Chief Expert, Department of Military Economic Cooperation, and Secretary, Commission for Control of Foreign Trade in Arms and Dual-Use Technologies, Ministry of Trade, and Christo Atanasov, Chief Expert, Dual-Use Goods and Export Control Division, Ministry of Trade, Sofia, February 8, 1999.

<sup>168</sup> Human Rights Watch interviews with Vladimir Tourtansky, Senior Advisor, Council of Ministers, Interministerial Council on Defense Industry and Logistics; and with Col. Venelin Velikov, Deputy Director, National Service for Combating Organized Crime, Ministry of Interior, Sofia, February 1999.

<sup>169</sup> Human Rights Watch interview with Stoyan Nikolov, Chief Expert, Department of Military Economic Cooperation, and Secretary, Commission for Control of Foreign Trade in Arms and Dual-Use Technologies, Ministry of Trade, and Christo Atanasov, Chief Expert, Dual-Use Goods and Export Control Division, Ministry of Trade, Sofia, February 8, 1999.

<sup>170</sup> Human Rights Watch interview with a Bulgarian government official, Sofia, February 1999.

<sup>171</sup> After the interviewer returned to the question repeatedly, the officials responded by stating that they presumed that the Trade Ministry commission would deny future applications for arms sales to that country. Human Rights Watch interview with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999. Similarly, Bulgaria's arms trade controls do not include clear penalties for arms brokers and arms trading companies that furnish false documents (see Legal Accountability, below).

<sup>172</sup> Human Rights Watch interview with Col. Venelin Velikov, Deputy Director, National Service for Combating Organized Crime, Ministry of Interior, Sofia, February 1999.

Once an arms export permit has been granted, authorities are tasked with supervising the completion of the transaction. Intelligence and customs officials monitor the movement of weapons across Bulgarian territory, as does the border police. For example, customs regulations stipulate that customs officers must confirm that the goods declared on the application and on the cargo manifest match.

Once a shipment leaves Bulgaria, however, little is done to verify its actual route. The government states that, using one or more of several indirect methods, it attempts to verify that the weapons consignment has been delivered to the authorized location. For example, authorities may inquire with the Ministry of Defense of the purchasing country to confirm receipt of the arms shipment for which it provided an end-user certificate.<sup>173</sup> Bulgarian authorities argue that they lack resources to monitor end-use violations and can do little once a shipment has left Bulgaria.<sup>174</sup> Direct physical inspection is prohibitively expensive, particularly as Bulgaria has few overseas embassies or trade missions, and is therefore rarely performed.<sup>175</sup> This is particularly true in Africa, which is the destination for a substantial portion of Bulgaria's arms exports.

These limitations point to the possibility, readily acknowledged by Bulgarian officials, that arms authorized for export may be retransferred to unauthorized end users once they leave Bulgarian soil. A representative from the Foreign Ministry stated that his agency is responsible for tracking the reexport of Bulgarian arms, but that it lacks information and resources with which to carry out its responsibilities. Most of the information it has received about suspected illicit arms trade activities, including suspected retransfers, has been provided by foreign governments, but the official claimed that this information had often proved unreliable. He, like others who admitted that Bulgaria has a low capacity for tracking arms transfers, expressed the need for additional training and technical assistance from other governments. Reflecting an attitude which pervades the Bulgarian government, one official argued that end-use monitoring was "an international problem," rather than Bulgaria's responsibility.<sup>176</sup>

### ***Accountability for Violations***

Despite Bulgaria's long history of involvement in suspicious or troubling arms transfers, none of the officials interviewed in Bulgaria was able to identify any cases in which violations had been prosecuted. The lack of enforcement of legal sanctions deprives the government of an important means by which to constrain arms trade activities.<sup>177</sup>

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<sup>173</sup> The other verification means described by a government official include: exercising licensing control over Bulgarian transport companies, when these are used to deliver the shipment; verifying through Bulgarian embassies or trade missions overseas, when foreign transport firms are used; monitoring the source of payment for the arms; checking the designated route of the shipment; and gathering intelligence through security services. "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

<sup>174</sup> Human Rights Watch interview with Plamen Radonov, Deputy Defense Minister for Logistics and Acquisition, Ministry of Defense, and Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, Sofia, February 9, 1999.

<sup>175</sup> Human Rights Watch interview with Dimiter Zhalev, Ministry of Foreign Affairs, Sofia, February 8, 1999.

<sup>176</sup> Dimiter Zhalev, Department of NATO, WEU and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999. Two other sources echoed the need for training. Human Rights Watch interviews with Vladimir Philipov, Foreign Affairs Secretary to the President of Bulgaria; and with a foreign diplomat, Sofia, February 1999. Some training programs have been undertaken or are underway (see Steps Toward Reform, below).

<sup>177</sup> In 1995 three military officers were arrested in connection with the disappearance in transit two years earlier of a consignment of Bulgarian weapons—including 10,000 mine throwers, 10,000 mines, and 250 sniper rifles worth an estimated U.S.\$670,000—destined for Albania, from where they were believed to have been illegally diverted to Bosnia or Serbia. A Bulgarian journalist stated that the investigation showed that the equipment had left Bulgaria in accordance with the law and then disappeared in the Former Yugoslav Republic of Macedonia, and that therefore the officers were not prosecuted. Human Rights Watch interview with a Bulgarian journalist, Sofia, February 1999. See also BTA News Agency, June 16, 1995, available via the Internet at: <http://www.hri.org/news/agencies/bta/95-06-16.bta.html#05>, and *Trud* (Sofia), November 14, 1997, in FBIS, *East European Rights Watch* 1997.

Again, officials and observers stated that institutional weaknesses were to blame. In this case, they said that the judiciary, which has responsibility for criminal prosecutions, lacks training and resources with which to perform its function. They noted that there is no effective cooperation between the judiciary and executive branch agencies. In part, this is because the judicial system is poorly regarded, even by others within government. According to a Bulgarian minister, the “widespread belief” is that the judiciary “remains clumsy, ineffective, and corrupt.”<sup>178</sup> It is therefore not surprising that it is unable to enforce arms trade laws.

A second consideration is that legal sanctions are only envisioned for unauthorized arms transactions. Bulgarian law does not clearly address cases of gray market arms transactions, those that are licensed but are then diverted to unauthorized clients. Arms trading and transport companies and authorized end users are subject to fines or property sanctions for failure to observe the terms under which the license was issued, but it is not clear how this provision is implemented in cases involving diversion or reexport of authorized arms shipments. In an August 1998 interview, the Bulgarian trade minister answered a question about penalties for companies that circumvent export regulations by stating that “such a company would lose its license, its director would be dismissed, and, in the case of more serious violations, may face court proceedings.”<sup>179</sup> A government official told Human Rights Watch in early 1999 that there had been no cases of Bulgarian involvement in illicit arms deals, and that diversions always took place outside Bulgaria’s borders and without the foreknowledge of Bulgarian arms trading companies.<sup>180</sup>

A third, and related, point is that Bulgaria’s arms trade controls do not apply to illicit arms transactions outside the country’s borders, even if these are arranged with the participation of Bulgarian nationals or Bulgarian companies. No changes are envisioned in the draft arms trade control amendments to criminalize the knowing use of falsified documents, or, more broadly, the conspiracy to divert weapons to unauthorized end users. Instead, the proposed changes would define arms brokering activities and require that the names of authorized intermediaries be declared in arms licensing applications, but without clarifying if such brokers would be held legally accountable for involvement in arms deals whose illegality is masked by deception.

### ***Confusion over Responsibilities***

Some observers state that the lines of authority are unclear among the multiple agencies responsible for monitoring arms transactions. For example, each of the ministries represented on the Trade Ministry’s commission for arms trade controls has staff designated to review applications, which is also the responsibility of the secretary to the commission. Approved applications are monitored by the Foreign Affairs Ministry, Trade Ministry, and Interior Ministry, as well as customs officials, border police, and the national intelligence services. While each of these bodies has a role to play, effective arms trade controls require coordinated efforts. Coordination in some areas reportedly has been improved (see Steps Toward Reform, below), but there remains significant room for improvement. Absent clear responsibilities and effective coordination, lower-ranking officials responsible for implementing various aspects of Bulgaria’s arms trade controls may find it easy to overlook their responsibilities, even if top officials are genuinely committed to improving those controls.

### ***Corruption***

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<sup>178</sup> “The Quality of Governance—The Challenge of the New Millennium,” presented by Mario Tagarinski, Minister of Public Administration, Republic of Bulgaria, to the International Conference on Fighting Corruption and Safeguarding Integrity Among Justice and Security Officials, Washington, D.C., February 24-26, 1999.

<sup>179</sup> *Demokratiya* (Sofia), August 7, 1998, in FBIS, East Europe, August 10, 1998.

<sup>180</sup> Human Rights Watch interview with a Bulgarian government official, Sofia, February 1999, Vol. 11, No. 4 (D).



Widespread corruption presents a serious problem for arms trade controls in Bulgaria. Corrupt practices permeate many government activities, but they have been especially apparent with regard to border controls. In a 1998 opinion poll, for example, 74 percent of respondents said that customs officers accept bribes.<sup>181</sup> One border official, responsible for a key checkpoint on the Black Sea coast through which weapons shipments pass, was reportedly arrested in early 1999 for corruption.<sup>182</sup> Several observers have attributed corruption to low living standards, including among government officials, noting that senior officials earn the equivalent of U.S.\$310 per month.<sup>183</sup> An official Bulgarian government statement, however, identifies the problem as rooted in institutional weaknesses—including poorly defined administrative standards and overlapping institutional responsibilities—as well as in a poor legal system.<sup>184</sup>

### ***Transparency***

Another key constraint on the effective implementation of arms trade controls is that access to information about arms deals is extremely limited, even within the government. The Trade Ministry arms trade licensing commission reports periodically on its activities to the Interministerial Council, but parliament is not made aware of pending arms export permits, nor is it informed of approved arms deals. Members of parliament can request such information on an informal, ad hoc basis only.<sup>185</sup>

More broadly, arms trade information is rarely made public. Bulgaria's arms trade is subject to secrecy laws, inherited from the communist era, that treat such information as a state secret. They permit each arms trading company to determine whether information about a particular arms deal can be made public. In almost all cases, particularly those involving commercial deals, the arms trading company elects to have the information treated as confidential. Arms deals are rarely announced, even after a deal is completed. A government official claimed that the presence of a free press in Bulgaria helps guarantee transparency with regard to arms deals,<sup>186</sup> but this statement was contradicted by journalists and foreign diplomats, who said that the media is not able to investigate arms deals because of arms trade secrecy laws and libel considerations, and because investigative journalists are subject to intimidation.<sup>187</sup> An official stated that the government is considering developing new laws that would not treat commercial arms transactions, including ones arranged by private companies, as state secrets.<sup>188</sup>

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<sup>181</sup> "Bulgarian Polls Suggest Widespread Corruption," RFE/RL Newsline, February 3, 1998.

<sup>182</sup> Human Rights Watch interview with a Bulgarian journalist, Sofia, February 1999.

<sup>183</sup> Western diplomats have told Human Rights Watch that corruption in Bulgaria reaches into the upper levels of government, and includes officials in the two commissions responsible for arms trade licensing. Human Rights Watch interviews with foreign diplomats, Sofia, February 1999.

<sup>184</sup> Tagarinski, "The Quality of Governance."

<sup>185</sup> Human Rights Watch interview with Dimitar Abadjiev, Member of Parliament (UDF), Sofia, February 8, 1999. See also, "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

<sup>186</sup> "Written Response to Questions Submitted by Human Rights Watch," prepared by Blagoy Guenov, transmitted on February 5, 1999.

<sup>187</sup> Human Rights Watch interviews with journalists and foreign diplomats, Sofia February 1999. See also, Human Rights Watch, *World Report 1999* (New York: Human Rights Watch, 1998), pp. 254-55, available via the Internet at: <http://www.hrw.org>.

<sup>188</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Foreign Trade of Ministers, Sofia, February 8, 1999. 41

## V. THE ROAD AHEAD

### Steps Toward Reform

The government that took power in 1997 has undertaken a number of steps that may help improve the country's arms trade controls. Some of these steps seek to address problems identified above. For example, the removal of executives and managers that may have been associated with past arms dealing practices offers the opportunity for improved oversight of the arms industry, although the appointment of regulatory officials to the boards of arms trading companies constitutes a serious conflict of interest.

In addition, Bulgaria launched an ambitious anti-crime campaign that focused on organized crime and government corruption, as well as a judicial reform effort.<sup>189</sup> To the extent that they are successful, such efforts may serve to reduce arms smuggling, enhance regulatory control over the arms trade, and help ensure accountability for violations of arms trade controls. In December 1998, the prime minister announced that his anti-crime initiative had sharply reduced the power of the country's organized criminal networks.<sup>190</sup>

As noted above, the government has undertaken to tighten its arms trade regulations. It also has worked to improve its regulatory capacity. It has been especially active in the area of customs controls, engaging in several joint border-control programs with its neighbors and entering into customs cooperation agreements with the United Kingdom, France, and the United States.<sup>191</sup>

In early 1999 Bulgaria accepted assistance from the United States aimed directly at improving arms trade controls, including customs enforcement training and software designed to help different ministries maintain and share arms licensing information. Previously the United States had provided a customs advisor who worked with Bulgarian officials over five months in 1998 in the area of nonproliferation of weapons of mass destruction. That long-term cooperation and training program, U.S. officials maintain, strengthened regulatory practices more broadly.<sup>192</sup>

Bulgaria also has benefited from the arms trade information it obtains through contacts with other countries. Bulgaria has active intelligence cooperation agreements with Russian and the United States.<sup>193</sup> Its also engages in regular information-sharing regarding arms deals through the Wassenaar Arrangement.<sup>194</sup>

Bulgaria has also worked to improve cooperation between government bodies. Planned changes in the country's customs administration reportedly will facilitate coordination between different customs bureaus,<sup>195</sup> and an official claimed in early 1999 that—by working together more effectively—the border police, the national security service, and the customs service had dramatically reduced the number of illegal arms transfers out of Bulgaria.<sup>196</sup>

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<sup>189</sup> See, for example, Tagarinski, "The Quality of Governance."

<sup>190</sup> "Bulgarian Premier Says Fight Against Corruption Successful," RFE/RL Newswire, December 21, 1998.

<sup>191</sup> In October 1998 the head of Bulgaria's customs department announced that the country would soon initiate customs cooperation programs with those three countries. *Pari Daily* (Sofia), October 10, 1998, in Reuters Business Briefing, October 11, 1998.

<sup>192</sup> Human Rights Watch interview with U.S. government officials, Washington, D.C., February 1999.

<sup>193</sup> Human Rights Watch interview with Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 8, 1999.

<sup>194</sup> Human Rights Watch interview with Dimiter Zhalev, Department of NATO, WEU and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999.

<sup>195</sup> *Pari Daily* (Sofia), October 10, 1998, in Reuters Business Briefing, October 11, 1998.

<sup>196</sup> Human Rights Watch interview with Col. Venelin Velikov, Deputy Director, National Service for Combating Organized Crime, Sofia, February 8, 1999.

A few examples suggest that Bulgaria's efforts to improve its regulatory practices have met with some success. In one case, the government halted a suspicious arms transaction in October 1998 before it was completed. The deal, which involved a shipment of surface-to-air missiles (SAMs) which they presumed was destined for an embargoed party in Africa, was first described in the local press after an official reported it at a press conference.<sup>197</sup> Several officials told Human Rights Watch that the deal was brokered by a U.S.-Ukrainian company registered in the United States, Miltex, which presented an end-user certificate showing Zambia as the final destination.<sup>198</sup> An investigation showed that Zambia's Ministry of Defense was not aware of the document, so authorities inferred that the SAMs might be diverted and therefore stopped the transaction before it could be completed.<sup>199</sup> Miltex's owner categorically denied his company's involvement in the deal, denied ever providing a false end-user certificate in other deals, and asserted that Miltex's deals were made on the basis of valid arms licenses.<sup>200</sup>

In a second case, authorities said they postponed consideration of an arms export application for a sale to an unidentified country in Africa in early 1999 after a review of the documents revealed that two official stamps did not correspond to each other.<sup>201</sup> Neither case led to a Bulgarian criminal investigation or prosecution in connection with the submission of false documents.<sup>202</sup> A final example offered by authorities was a shipment of military equipment for U.S. troops in the Former Yugoslav Republic of Macedonia that was held up in mid-1998 because documents were not in order.<sup>203</sup>

### Privatization

In 1997 the government presented plans to restructure its defense-related firms, mostly through the privatization of arms production companies. A moratorium on the privatization of such firms had been in place since 1993 but was lifted by parliament in 1996. The new government hoped that the injection of private investment would bring in revenue and help modernize the arms industry. The declared motive behind the privatization initiative was to help the arms industry recover from its heavy debt and permit it to become more competitive in the export market. Importantly, the government also viewed privatization as an element in its strategy for joining NATO.<sup>204</sup>

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<sup>197</sup> *Pari Daily* (Sofia), Reuters Business Briefing, December 23, 1998; and *Demokratiya* (Sofia), December 23, 1998, in BBC Monitoring Service: Central Europe and Balkans, December 24, 1998.

<sup>198</sup> Human Rights Watch interviews with Col. Venelin Velikov, Deputy Director, National Service for Combating Organized Crime, Ministry of Interior, Sofia, February 8, 1999; and with Plamen Radonov, Deputy Defense Minister for Logistics and Acquisition, Ministry of Defense, and Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, Sofia, February 9, 1999.

<sup>199</sup> Ibid.

<sup>200</sup> The owner of Miltex, Inc., furthermore stated that the company has no dealings in Africa, and instead sells weapons—including firearms purchased in Bulgaria—to markets in the United States and other Western countries. He suggested that competitors may be responsible for the allegations or, alternatively, that people with whom he had worked in the past might be freelancing using Miltex's name. The company, which had previously been based in La Plata, Maryland, relocated to Alexandria, Virginia, in 1999. Human Rights Watch telephone interview with Dale Stoffel, March 15, 1999. In 1998 Miltex, Inc., was Arsenal's U.S. trading partner and helped it market a new version of the Makarov pistol. "Privatization at Arsenal on Hold," *Small Arms World Report*, vol. 8, nos. 3 and 4 (Fall 1998/Winter 1998-1999), p. 12.

<sup>201</sup> As of early February 1999, Bulgarian authorities had attempted to verify the authenticity of the documents by contacting the country named in the application as the purchaser through its embassy in Moscow. Human Rights Watch interview with a Bulgarian government official, Sofia, February 1999.

<sup>202</sup> Human Rights Watch interview with Blagoy Guenov, Secretary, Interministerial Council on Defense Industry and Logistics, Council of Ministers, and Vladimir Tourtansky, Senior Advisor, Interministerial Council on Defense Industry and Logistics, Council of Ministers, Sofia, February 5, 1999.

<sup>203</sup> Ibid. Under the proposed legislative changes, Bulgaria's new arms trade controls would not apply to arms intended for use in peacekeeping and training missions (see National Arms Trade Controls, above).

<sup>204</sup> Brooks Tigner, "Bulgaria Planning to Restructure State-Owned Industrial Sector and Implement a Modern Weapons Program," *Defense News*, May 17, 1998. See also, BTA News Agency (Sofia), October 15, 1998, in BBC Monitoring Service: Central Europe and Balkans, October 17, 1998.

Under the government plan, some twenty-one arms manufacturing companies are scheduled to be privatized by January 2000 in a process overseen by the privatization agency.<sup>205</sup> The government has stated it plans to retain controlling interest (34 percent ownership) in five of the biggest arms producers, including Arsenal.<sup>206</sup> As part of the restructuring of the defense ministry, twelve military repair plants also will be privatized.<sup>207</sup> Sale of the major arms trading companies is not envisioned in the government's privatization plan.<sup>208</sup>

Privatization of the arms industry has proceeded slowly.<sup>209</sup> The process has been hampered by several constraints, including—most prominently—the need to modify the ownership structure of the arms manufacturing companies.<sup>210</sup> In addition, the government must negotiate payment for Russian arms production licenses, adopt legislation enabling foreign companies to purchase arms companies, and address the problems posed by current secrecy laws, which treat commercial arms trade information as a state secret.<sup>211</sup> It seems unlikely that the January 2000 deadline will be met, and expectations have been scaled back. The government, however, has affirmed its intention to privatize the industry as part of its overall economic reform plan.<sup>212</sup>

Contrary to claims by Bulgaria's ambassador to the United States,<sup>213</sup> privatization by itself is unlikely to improve implementation of arms trade controls. In fact, there are reasons to be concerned that privatization could weaken controls. Direct government oversight presumably would weaken, as the government would no longer name industry executives or board members for privately held firms. In addition, privatization may make it more difficult for regulatory authorities to adequately investigate companies that request arms trading licenses and to monitor their activities once licenses are issued.

Some observers also fear that companies linked to organized criminal networks, as well as past and current arms industry managers linked to arms trade abuses, could take ownership of arms manufacturing companies.<sup>214</sup> It is not known what steps, if any, the government has in mind to prevent such a possibility.

## The Prospect of Joining NATO

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<sup>205</sup> Some companies will be sold by an outside consulting firm, the Bulgarian-Russian Investment Bank (BRIBank). "Bulgaria in Talks with BRIBank on Arms Plants Sale," Reuters, August 10, 1998.

<sup>206</sup> Konstantinova, "Bulgaria Tries to Sell."

<sup>207</sup> Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, and Col. Todor Malchev, Head of Section, Procurement and Trade Department, Ministry of Defense, Sofia, February 5, 1999; and Georgi Ananiev, Defense Minister, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>208</sup> *Capital Weekly* (Sofia), Reuters Business Briefing, February 20, 1999.

<sup>209</sup> The sale of one company reportedly was arranged in 1998. Nikolay Pavlov, "\$750,000 To Be Paid for the First Defense Industry Plant," *24 Chasa* (Sofia), April 7, 1998, reproduced in *Monitor of Privatization and Foreign Investment*, issue 2 - 98, obtained via the Internet at: <http://www.online.bg/econ/privatization/monitor/issue/2-98/>. As of early 1999, the privatization of two arms factories had been halted. *Kontinent* (Sofia), January 4, 1999, in FBIS, East Europe, January 5, 1999.

<sup>210</sup> The arms manufacturing companies need to be restructured so that shares currently held by Metalchim Holding, an industry consortium, are transferred to the government. *Capital Weekly* (Sofia), Reuters Business Briefing, February 20, 1999.

<sup>211</sup> Ibid.

<sup>212</sup> For example, Deputy Prime Minister Alexander Bozhkov announced in January 1999 that privatization mechanisms were being prepared for arms industry companies. "Bulgarian Press Digest," Reuters Business Briefing, January 19, 1999, citing *Standart News* (Sofia) and *Sega Daily* (Sofia). Bulgarian officials confirmed in March 1999 that the government was committed to privatizing the arms industry. Georgi Ananiev, Defense Minister, and Philip Dimitrov, Ambassador to the United States, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>213</sup> Philip Dimitrov, "Letter to the Editor." Mr. Dimitrov argued that privatization would help improve government control over the arms trade. Mr. Dimitrov made a similar statement in early 1999. Philip Dimitrov, Ambassador to the United States, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>214</sup> Human Rights Watch with a Bulgarian Embassy official, Washington, D.C., November 11, 1998; and with a Human Rights Watch Bulgarian civil society organization, Sofia, February 1999. *Human Rights Watch*, April 1999, Vol. 11, No. 4 (D).

Bulgaria's arms industry has also been affected by a military modernization program undertaken in the hope of improving its prospects of being invited to join the North Atlantic Treaty Organization (NATO). Bulgaria's defense minister declared in March 1999 that: "We generally think the requirements [to join NATO] will be met by 2001 or 2002."<sup>215</sup> To meet that goal, Bulgaria is making changes to rationalize its force structure, obtain modern Western military equipment, and adapt its arsenal to conform to NATO standards.<sup>216</sup> Bulgarian defense officials anticipate that these changes will generate a stock of Warsaw Pact-standard weapons that the country's armed forces no longer require.<sup>217</sup>

For example, Bulgaria announced in 1997 that it was planning to reduce the size of the armed forces by one-third.<sup>218</sup> This force reduction is likely to generate increased stocks of surplus weaponry. In addition, the planned procurement of Western military equipment will relegate some of Bulgaria's outdated Soviet-era equipment to the surplus pile. The switch to NATO-standard calibers in its production lines, a process that is already underway, also can be expected to add to the stock of surplus weapons.

The surplus weapons created by these changes must be destroyed or stored at considerable expense, converted to civilian use, or disposed of through export. Beyond being the cheapest alternative, finding a market for such weapons offers Bulgaria the potential to recoup funds with which to finance its new arms purchases from the West. As noted above, Bulgaria has a long record of exporting surplus weapons to war-torn countries, and this practice has continued under the UDF government. Such sales demonstrate the potential for NATO-inspired military modernization to generate a dangerous "cascade" effect, providing a source of weapons to abusive military forces.<sup>219</sup>

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<sup>215</sup> Georgi Ananiev, Defense Minister, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>216</sup> Bulgaria's foreign minister, Nadejda Mihailova, stated in 1998: "We are already developing plans to reduce the size of the army, buy Western equipment and generally bring the military into line with NATO norms." "Invest in Bulgaria?" *Jane's Foreign Report*, March 26, 1998.

<sup>217</sup> Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, and Col. Todor Malchev, Head of Section, Procurement and Trade Department, Ministry of Defense, Sofia, February 5, 1999.

<sup>218</sup> "Bulgaria to Cut Personnel," *Jane's Defence Weekly*, September 10, 1997.

<sup>219</sup> Concerns about the export of surplus weapons are described in Joost Hiltermann, "NATO as Weapons Proliferator," editorial published in the *International Herald Tribune* (Paris), June 11, 1998. See also Musah and Castle, "Eastern Europe's

## VI. ARMS EXPORTS TO HUMAN RIGHTS ABUSERS

Given Bulgaria's longstanding reputation as a ready source of weapons for all, no questions asked, it is not surprising that many of the arms deals linked to Bulgaria are particularly troubling from a human rights perspective. Bulgaria has played a role in arms sales to forces known to commit gross violations of human rights or international humanitarian law, including some of the world's most egregious offenders. For example, Bulgaria was a source of weapons shipments to the forces that committed genocide in Rwanda in 1994 (see below). Such arms transfers not only permit known human rights abusers to continue their brutal behavior, causing further bloodshed and civilian casualties, but they also provide the recipients with a sense of invincibility and impunity for their actions. In some cases, Bulgaria has been a weapons source for both sides in a violent conflict.

As the following case studies demonstrate, Bulgaria's involvement in weapons flows to several countries since the UDF government came to power in 1997, including through its role as a transshipment point and transport hub for arms flows to abusive forces, reveals that the pattern of Bulgaria's past arms trade behavior has not been broken. In several instances, Bulgaria's arms trade relationship with abusive armed forces, begun long before the new government was elected, has been sustained.

Tracing the origin of weapons flows to abusive armed forces is no easy task. With few exceptions, the international arms trade is a highly secretive business. Governments are asked to report imports and exports of certain categories of heavy military equipment to the United Nations on a yearly basis, but voluntary declarations—when they are submitted—are often incomplete. No such formal reporting mechanism exists for international arms deals involving small arms and light weapons. In addition, the involvement of intermediaries—including arms brokers and transport companies—together with the prevalence of deceptive practices such as the use of false documentation, the routing of shipments through third countries, and the diversion of weapons from authorized end-users to unauthorized ones, make it difficult to document the ultimate destination of individual arms deals.

In this context, confirming Bulgaria's involvement in questionable arms deals is particularly challenging. The country's secrecy laws are strict and government officials are reluctant to discuss specific allegations. The case studies below therefore bring together information from both primary and secondary sources. In particular, they draw on Human Rights Watch field investigations, official investigations, eyewitness accounts, documentary evidence, research by other nongovernmental organizations, and media reports. Taken together, they illustrate the nature of Bulgaria's arms dealing with human rights abusers.

### Angola

Bulgaria has been an important source of weapons for both sides in Angola's long-running civil war. Its arms deliveries have fueled a war marked by gross and persistent human rights abuses and violations of international humanitarian law.

In addition, Bulgaria's involvement in arms shipments since 1993 to the Angolan rebels, União Nacional para a Independência Total de Angola (National Union for the Total Independence of Angola, UNITA), have breached a U.N. embargo. The acquisition of arms from Bulgaria and elsewhere by both sides also has violated the terms of a May 1991 Bicesse agreements, which collapsed in October 1992. After a subsequent cease-fire protocol was reached in November 1994, the U.N. Security Council called on both sides to cease importing weapons and war material.<sup>220</sup>

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<sup>220</sup> U.N. Security Council Resolution 976 was passed in February 1995. The 1994 Lusaka Protocol, which followed the 1991 Bicesse Accords, did not address the importation of weapons, but the resupplying of military forces with "any military equipment, lethal or otherwise," was prohibited under the terms of the Bilateral Cease-fire Modalities Timetable which accompanies the Lusaka Protocol. See Human Rights Watch Arms Project and Human Rights Watch/Africa, "Angola: Between War and Peace—Arms Trade and Human Right Abuses since the Lusaka Protocol." *A Human Rights Watch Short Report*, vol. 8, no. 1 (A).

Bulgaria's post-cold war arms trade with Angola's warring parties began during the late 1992 to 1994 period known as Angola's Third War, when it sold tanks and armored combat vehicles to the Angolan government (see Surplus Weapons, above). Bulgaria was also reportedly the point of origin for a 1994 shipment of missiles for the Angolan government that was held up in Cyprus until a dispute over freight charges could be resolved.<sup>221</sup> In 1994 Human Rights Watch witnessed Bulgarian cargo planes being used to ferry weapons to the Angolan government;<sup>222</sup> and Bulgaria is also believed to have been involved in weapons flows to UNITA from 1992 to 1994.<sup>223</sup>

Bulgaria has continued to be linked to arms flows to Angola. Bulgaria apparently renewed its arms trade ties with the Angolan government as fighting flared again in 1996. Human Rights Watch's reports that year that Bulgaria appeared to be involved in renewed arms flows to the Angolan government were later confirmed.<sup>224</sup> In February 1996 Angola's acting defense minister visited Sofia—the first visit by an African defense minister in five years—and signed a bilateral military agreement that restored “military-economic relations.”<sup>225</sup> As a result, Angola purchased light weapons and ammunition from Bulgaria, which were delivered aboard Air Sofia planes in a series of flights in April 1996 from Burgas and Sofia to Catumbela in Angola.<sup>226</sup> Despite concerns that violations of the cease-fire and escalation of violence could plunge Angola back into full-scale hostilities, Human Rights Watch is aware that multiple arms flights were scheduled from Burgas to Luanda in 1998.<sup>227</sup> (The war was reignited in January 1999.)

Several reports have linked Bulgaria to illicit arms supplies to UNITA. For example, the *Washington Post* reported that Zaire facilitated large-scale weapons supplies from Bulgaria to UNITA forces in 1996, with more than 450 tons of Bulgarian weapons smuggled to UNITA in October and November of that year through N'Djili airport in Kinshasa.<sup>228</sup> Earlier that year N'Djili airport was the site of the crash of a plane believed to carry military equipment from Bulgaria for delivery to UNITA.<sup>229</sup>

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<sup>221</sup> The shipment was said to be worth over U.S.\$7 million. Human Rights Watch Arms Project and Human Rights Watch/Africa, *Angola: Arms Trade and Violations of the Laws of War Since the 1992 Elections* (New York: Human Rights Watch, 1994), p. 45. The account appeared in a report, “Missiles Bound for Angola Stranded in Cyprus,” Reuters, September 14, 1994. Reuters did not publish a follow-up story, and a Reuters correspondent in Nicosia was not able to determine whether the shipment was released. Human Rights Watch telephone conversation with Michele Kambas, Reuters correspondent in Nicosia, Cyprus, February 9, 1999.

<sup>222</sup> During a field investigation in Angola in May and June 1994, a Human Rights Watch researcher witnessed large shipments of military equipment, including artillery pieces, being unloaded from cargo planes that were clearly marked as being from Bulgaria and other former Warsaw Pact countries. The origin of the arms themselves could not be confirmed. Human Rights Watch, *Angola: Arms Trade and Violations of the Laws of War*, p. 39.

<sup>223</sup> Ibid, p. 57. See also, Human Rights Watch, *World Report 1995* (New York: Human Rights Watch, 1994), p. 10.

<sup>224</sup> Human Rights Watch, “Between War and Peace,” p. 13.

<sup>225</sup> BTA News Agency (Sofia), February 21, 1996, in BBC Monitoring Service: Central Europe and Balkans, February 23, 1996.

<sup>226</sup> Human Rights Watch interviews with government officials in Angola, November 1996.

<sup>227</sup> Human Rights Watch interviews with an airline industry source, August and September 1998.

<sup>228</sup> James Rupert, “Zaire Reportedly Selling Arms to Angolan Ex-Rebels,” *Washington Post*, March 21, 1997. The article stated that cargo flights from Bulgaria arrived at the N'Djili airport several times a week for several weeks in mid-to-late 1996, delivering weapons and ammunition. According to a diplomatic source, the arms shipments included AK-47s and 60mm and 120mm mortars, as well as rocket-propelled grenades and launchers. Another diplomatic source quoted in the report stated that the cargo was repackaged for onward shipment to UNITA-held areas of Angola.

<sup>229</sup> A foreign pilot working for a Zaire-based company who witnessed the crash stated: “This particular load of arms came from Bulgaria. It was bound for Luzamba, in Angola, but weapons come in here all the time and they go everywhere.” John Fleming, “Zaire-Politics: No Shortage of Weapons,” Inter Press Service, August 12, 1996. See also, *De Standaard* (Brussels), August 26, 1996, in FBIS, Central Africa, August 29, 1996; and Human Rights Watch, *World Report 1997* (New York: Human Rights Watch, 1997), p. 17.

Following the ouster of President Mobutu Sese Seko in May 1997, UNITA was no longer able to rely on Zaire, which became the Democratic Republic of Congo (DRC), to facilitate its arms purchases. It increasingly has relied on alternative weapons routes but it has continued to purchase arms from Bulgaria.<sup>230</sup> For example, a South African arms researcher said that in March 1997 he saw small arms and ammunition of Bulgarian origin being loaded at a Mozambican airfield in Nampula, near the northern port of Nacala, onto light aircraft similar to ones seen flying into UNITA-held areas in Angola.<sup>231</sup> The same researcher stated that he believed private individuals and companies, mostly operating from South Africa, arranged the weapons shipments through Mozambique.<sup>232</sup> The Mozambican government has denied charges that weapons for UNITA have been transshipped through its territory.<sup>233</sup>

The Angolan government has alleged that Bulgarian weapons have been delivered to UNITA via Uganda. Specifically, Angola has asserted that Ugandan military airfields have received arms shipments from Bulgaria for delivery to UNITA.<sup>234</sup> This allegation was made after a major political realignment in mid-1998, when Angola began supporting the government of Laurent Kabila of the DRC against Ugandan-backed rebels. Uganda has denied that it has any links to UNITA.<sup>235</sup>

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<sup>230</sup> In addition to the sources cited below, see Lesley Wroughton, "Angola: Angolan Peace at Peril in Zaire Domino Effect," Reuters, June 13, 1997; and Ken Pottinger, "Angolan Rebels Raise Fear of New Civil War," *Daily Telegraph* (London), August 19, 1997.

<sup>231</sup> Jakkie Potgieter, senior researcher with the Institute for Security Studies in South Africa, said that markings on the crates in which the weapons were packed, as well as on the wrapping surrounding the crates, indicated that they were from Bulgaria. He said that some of the crates—whose contents he saw—contained assault rifles and rocket launchers. He stated that the arms shipment he witnessed was headed to Cazombo in central-eastern Angola, but he was unable to confirm their arrival in UNITA-held areas. Human Rights Watch interview, Eskom Conference Center, Midrand, South Africa, July 3, 1997, supplemented by a follow-up interview by telephone on February 23, 1999. Potgieter described the planes, which he also saw bringing in weapons from other points of origin in November 1996, as Cessna 210s and DC-3 transporters. See Peta Thornycroft, "SA Arms Going to UNITA," *Electronic Mail and Guardian* (Johannesburg), June 20, 1997, available via the Internet at: <http://www.mg.co.za/mg/news/97june2/20june-unita.html>.

<sup>232</sup> Jakkie Potgieter, "Letters," *Weekly Mail and Guardian* (Johannesburg), June 27, 1997, available via the Internet at: <http://web.sn.apc.org/wmail/970627/BUS43.html>.

<sup>233</sup> The government rejected charges that weapons for UNITA have been transshipped through its territory but stated in June 1997 that it would investigate such claims. See "Mozambique Investigates Alleged Arms Smuggling to UNITA," Agence France Press, June 26, 1997; and *Radio Maputo*, June 25, 1997, in BBC Monitoring Service: Africa, June 27, 1997. Mozambican army chief of staff Lieutenant-General Lagos Lidimo rejected as fabrications allegations that an arms network run by Portuguese businessmen through the Mozambican port of Nacala were linked to senior Mozambican officials. *SouthScan*, vol. 12, no. 25 (July 4, 1997). As of March 1999 the results of any such investigation by Mozambican authorities had not been made public.

<sup>234</sup> Pavel Myltsev, "Uganda: Ugandan President Admits Backing to UNITA," ITAR-TASS, September 9, 1998.

<sup>235</sup> "Uganda Denies Involving [sic] in War in Angola," Xinhua News Agency, December 21, 1998; and *New Vision* (Kampala), December 21, 1998, in BBC Monitoring Service: Africa, December 22, 1998. See also John Grobner, Tangeni Amupadhi, and Chris Gordon, "Jailed South Africans 'Flew Trucks to UNITA,'" *Weekly Mail and Guardian* (Johannesburg), May 1998, Rights Watch, available via the Internet at: <http://web.sn.apc.org/wmail/980501/NEWS11.html> April 1999, Vol. 11, No. 4 (D)



When the *New York Times* published an article in August 1998 naming Bulgaria as a source of weapons shipments to UNITA and other rebel forces,<sup>236</sup> officials at the Bulgarian embassy in Luanda, Angola, reportedly acknowledged that UNITA might have acquired Bulgarian weapons.<sup>237</sup> A few days later, the embassy released a statement categorically denying that Bulgaria had supplied arms to UNITA.<sup>238</sup> It stated that the country “is not linked to arms smuggling dozens [sic] of kilometers from Bulgaria’s borders,” adding that “Bulgaria can not take responsibility for the actions of others.”<sup>239</sup> Bulgaria’s trade minister also denied the charges: “We follow strictly all restrictions imposed by the U.N. Security Council, including the arms embargo on...Angola [sic]....”<sup>240</sup>

Subsequent revelations cast doubt on the truth of such blanket denials. In 1999 Bulgaria was again accused of supplying military equipment to UNITA when a captured Angolan rebel officer explained that his group had been able to conduct a rearmament drive beginning in 1996—despite being subject to a U.N. embargo imposed in 1993—in part because it could obtain Bulgarian weapons via an indirect route. Describing weapons cargoes flown into UNITA-held territory, he stated: “From what I managed to read, the boxes of munitions and arms indicated that they were from Bulgaria.”<sup>241</sup> In addition, a South African newspaper cited claims in January 1999 that UNITA had traded directly with Bulgarian companies to purchase weapons in exchange for diamonds, and named Arsenal in connection with arms flows to rebel groups.<sup>242</sup> Arsenal’s director denied that his company had supplied arms to UNITA rebels in Angola.<sup>243</sup> Human Rights Watch is also aware that a small UNITA delegation traveled to Bulgaria in 1998 and again in January 1999, purportedly for “sightseeing” purposes,<sup>244</sup> but in all probability to arrange arms deals. As noted, a shipment of surface-to-air missiles was halted by Bulgarian authorities in October 1998 on the suspicion that the weapons, purportedly destined for Zambia, might be diverted to a force under international embargo.<sup>245</sup> It is possible that the weapons were intended for UNITA.<sup>246</sup>

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<sup>236</sup> Bonner, “Bulgaria Becomes.”

<sup>237</sup> The Bulgarian ambassador was said to have admitted that UNITA might have obtained arms in Bulgaria from private sources. *Jornal de Angola* (Luanda), Reuters Press Digest, August 5, 1998. According to another account, the Bulgarian commercial attaché acknowledged that Bulgarian weapons, possibly supplied by Kintex and Arsenal, might be in use by UNITA rebels, Sam Mujuda, Brighton Phiri, and Goodson Machona, “Congo Conflict Worries Chiluba,” *Post of Zambia*, August 7, 1998, available via the Internet at: <http://www.zamnet.zm/zamnet/post.arch.12865/news/story4.html>.

<sup>238</sup> “Bulgaria Denies,” *Comércio Actualidade* (Luanda), August 15, 1998. See also, *Televisão Popular de Angola* (Luanda), August 10, 1998, in BBC Monitoring Service: Africa, August 12, 1998.

<sup>239</sup> Ibid.

<sup>240</sup> BTA News Agency (Sofia), August 12, 1998, in BBC Monitoring Service: Central Europe and Balkans, August 14, 1998. See also, “Bulgarian Press Digest,” Reuters Business Briefing, August 13, 1998 citing *24 Chasa* (Sofia); and *Televisão Popular de Angola* (Luanda), August 10, 1998, in BBC Monitoring Service: Africa, August 12, 1998.

<sup>241</sup> *Jornal de Angola* (Luanda), February 1, 1999, republished by Noticias de Angola web site, BBC Worldwide Monitoring Service: Africa, February 3, 1999. The commander was quoted elsewhere as stating “[T]he weapons came from a European country and passed through an African country, but I don’t know which. Bulgaria was written on the boxes.” See Rosa Ingwane, “Angolan Rebel Tells of Weapons Buys,” Associated Press, January 29, 1999. See also, “Captured Rebel Says African States Helped UNITA Arm,” Reuters, January 28, 1999. The information provided by the officer must be treated with caution as he made his reported statement while in the custody of the Angolan government.

<sup>242</sup> Based on statements by Paul Beaver, an arms trade expert for the Jane’s Information Group, the article stated that UNITA had bought weapons from eastern Europe and that Arsenal was known to have supplied rebels in South Yemen and the DRC. Chris Gordon, “Eastern Europe Aid Bolsters UNITA,” *Mail and Guardian* (Johannesburg), distributed by Africa News Online, January 15, 1999.

<sup>243</sup> *Demokratiya* (Sofia), January 18, 1999, in FBIS, East Europe, January 20, 1999.

<sup>244</sup> The delegation traveled via Lusaka and London. Human Rights Watch interview, London, January 1999.

<sup>245</sup> Human Rights Watch interviews with Col. Venelin Velikov, Deputy Director, National Service for Combating Organized Crime, Ministry of Interior, Sofia, February 8, 1999; and with Plamen Radonov, Deputy Defense Minister for Logistics and Acquisition, Ministry of Defense, and Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, Sofia, February 9, 1999.

<sup>246</sup> The government of Angola has repeatedly accused Zambia of serving as a country of transshipment to UNITA forces. See, for example, *Times of Zambia*, January 21, 1999, in Reuters Business Briefing, January 22, 1999, and Richard Waddington, “Angola Accuses Five African States of Aiding UNITA,” Reuters, January 23, 1999. In addition, a South African research

## Burundi

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institute reported in April 1998 that UNITA has received weapons via Zambia. Richard Cornwell and Jakkie Potgieter, "Angola—Endgame or Stalemate?" Institute for Security Studies Occasional Paper No. 3, April 1998, available via the Internet at: <http://www.iss.co.za/Pubs/PAPERS/30/Paper30.html>. Zambia has denied official involvement in weapons flows to UNITA, but in early 1999 it undertook to investigate whether individuals in Zambia might have smuggled weapons illegally. Xinhua News Agency, Rights Watch Business Briefing, January 29, 1999.

Bulgaria also played a role in arming Burundian armed forces, which were subject to a regional arms embargo from August 1996 until January 1999.<sup>247</sup> According to a U.N. official and a Belgium-based pilot interviewed by Human Rights Watch in 1996, weapons flights out of Burgas, flown by Belgium-based pilots, were then supplying the Burundian government as well as Hutu rebels via South Africa, Angola, and what was then Zaire.<sup>248</sup>

In a dramatic case in February 1998, a plane flying from Burgas to Bujumbura, Burundi, was grounded in Lagos, Nigeria, after weapons were discovered on board. The plane, a Boeing 707 operated by Trans Arabian Air Transport, left Burgas airport on or about February 18, 1998, and made a stopover in Ouagadougou, Burkina Faso, where part of its cargo was unloaded, before stopping in Lagos to refuel on its way to Burundi. A close aide to the Burundian president, military chief of cabinet Alfred Nkurunziza, was aboard the plane. He was detained by Nigerian authorities and held for one week. Nkurunziza was later promoted by President Buyoya to the post of defense minister.<sup>249</sup>

As noted, Burundian Hutu rebels also have received weapons shipments from Bulgaria. Such shipments have been facilitated by a tactical alliance these rebels have maintained with rebel forces from Rwanda (the perpetrators of the 1994 genocide in that country), allowing them to swap weapons, including those obtained from Bulgaria, depending on who can be reached at any given time by arm traffickers.<sup>250</sup>

### **Rwanda**

Repeated reports suggest that Bulgaria has breached a U.N. arms embargo on Rwandan forces responsible for the 1994 genocide. Human Rights Watch has previously reported a specific allegation, made by multiple sources, that Bulgaria was a transshipment point for an illegal arms shipment in July 1995.<sup>251</sup> Specifically, airport personnel in Nairobi and an arms trader who said he was involved in the deal indicated that an unspecified weapons cargo was loaded onto a plane in Sofia on or about July 7, 1995, and shipped to Kenya, from where it was transported to Goma for onward shipment to Rwandan rebel forces in eastern Zaire (now the Democratic Republic of Congo or DRC).<sup>252</sup>

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<sup>247</sup> On August 9, 1996, an ad hoc group of neighboring countries agreed to comprehensive sanctions on Burundi. Bulgaria itself was not subject to the embargo.

<sup>248</sup> Human Rights Watch interviews with a U.N. official, Nairobi, August 18, 1996; and with a pilot, Brussels, August 2, 1996.

<sup>249</sup> *De Standaard* (Brussels), March 13, 1998, in FBIS, West Europe, March 16, 1998. See also, "Burundi: In Brief—New Burundi Defense Minister," *Jane's Defence Weekly*, April 8, 1998.

<sup>250</sup> "Interim Report of the International Commission of Inquiry (Rwanda)," contained in United Nations Secretary-General, "Letter Dated 18 August 1998 from the Secretary-General Addressed to the President of the Security Council" (New York: United Nations, 1998), S/1998/777 (August 19, 1998), paras. 46-58.

<sup>251</sup> Human Rights Watch interview with Kenyan and expatriate airport personnel, Nairobi, February 27 and August 19, 1996; and interviews with an arms trader who said he was involved in the deal, Kampala, September 18 and 19, 1996, and by phone in Prague, December 1995-January 1996.

<sup>252</sup> Human Rights Watch. Allegedly was arranged by representatives of Viercom, a Ukrainian company, April 1999, Vol. II, No. 4 (D).

This flight may have been part of a larger pattern of arms shipments from Bulgaria to Rwandan Hutu forces. Amnesty International and Britain's Carlton Television reported in June 1995 that numerous flights carrying arms for Rwandan Hutu forces were flown from Bulgaria to Goma, Zaire, in early 1995.<sup>253</sup> They specified that the weapons flights originated in Plovdiv and Burgas in Bulgaria, and that one of the flights was received in Zaire by the ousted prime minister of Rwanda.<sup>254</sup> The Bulgarian government flatly denied the charges. The cabinet released a statement declaring that "Bulgaria has not violated its commitments and has not supplied arms and ammunition either to the [Rwandan] government or to the rebels in Rwanda."<sup>255</sup>

The role of Kintex in supplying weapons to Rwanda, in contravention of a U.N. arms embargo, became the subject of an investigation by the United Nations International Commission of Inquiry (Rwanda), known as UNICOI. It launched its investigation after a British television broadcast showed representatives of Kintex negotiating with a bogus British firm to arrange a weapons sale to Rwanda.<sup>256</sup> Then Kintex director Anton Saldjiiski stated that "neither Kintex nor any other Bulgarian company has ever supplied arms to Rwanda,"<sup>257</sup> and the government of Bulgaria responded to the charge by stating that its own investigation "proved that the allegations [were] unfounded."<sup>258</sup> It later clarified that the government had not authorized the deal recorded by Carlton Television and it was never completed. The official Bulgarian response to UNICOI characterized the videotaped discussions with Kintex officials as "a preliminary contact that did not result in further action," leaving aside the question of whether and how Kintex may have intended to proceed with the sale had the "client" been genuine.<sup>259</sup>

UNICOI also investigated reports of weapons flights from Bulgaria to eastern Zaire, possibly destined for Rwandan Hutu forces based there, in June 1996. It asked Egypt to furnish information about two Ukrainian-registered planes, carrying thirty tons of arms each, that were alleged to have flown from Bulgaria to Kinshasa, with a stopover in Egypt. One of the planes crashed in Kinshasa on the night of June 5-6, 1996, reportedly after unloading its weapons cargo at the airport. The government of Egypt replied that "the incident referred to did not take place," and that no registered flights from Bulgaria carrying weapons or ammunition en route to Zaire landed in Egypt during the period in question.<sup>260</sup>

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<sup>253</sup> The series of arms flights reportedly began in 1994, involving cargo planes registered in Ghana, Nigeria, the Ukraine, and Russia. The weapons flights into Goma, which were said to land on Tuesday nights, continued until at least mid-May 1995. These reports expanded on allegations first made in April 1995 by Robin Cook, then the United Kingdom's shadow foreign affairs minister. See Amnesty International, "Rwanda: Arming the Perpetrators of the Genocide" (London: Amnesty International, June 1995), p. 3; "Merchants of Death: The Cook Report," Carlton Television, United Kingdom, June 13, 1995; and Robin Cook, "The Danger of Another Rwanda," *Independent* (London), April 9, 1995. Note: Amnesty International's report describes allegations by Robin Cook and Carlton Television, as well as its own findings.

<sup>254</sup> Amnesty International, "Rwanda: Arming," p. 4.

<sup>255</sup> "Bulgaria Denies Amnesty Report on Arms to Rwanda," Reuters, June 13, 1995.

<sup>256</sup> The "British firm" was actually an undercover reporter for Carlton Television.

<sup>257</sup> Bulgarian Telegraph Agency, "Kintex Never Supplied Arms to Rwanda," Bulletin of News from Bulgaria, June 16, 1995, available via the Internet at: <http://www.hri.org/news/agencies/bta/95-06-16.bta>.

<sup>258</sup> Response as quoted in "Second Report of the International Commission of Inquiry (Rwanda)," contained in United Nations Secretary-General, "Letter Dated 14 March 1996 from the Secretary-General Addressed to the President of the Security Council" (New York: United Nations, 1996), S/1996/195. As of November 1998, when UNICOI submitted its final report, it had not received a response to its request for further information about Bulgaria's investigation. The request was made on August 6, 1996, as noted in "Third Report of the International Commission of Inquiry (Rwanda)," contained in United Nations Secretary-General, "Letter Dated 24 December 1997 from the Secretary-General Addressed to the President of the Security Council" (New York: United Nations, 1997), S/1997/1010. Human Rights Watch confirmed by telephone that UNICOI had not received a reply as of March 1999. Telephone conversation with a U.N. source close to the commission, March 9, 1999.

<sup>259</sup> Response as quoted in "Third Report of the International Commission of Inquiry (Rwanda)." See also "Bulgaria's Authorities Have Not Licensed Arms Sales to Rwanda," Bulgarian Telegraph Agency, March 29, 1996, available via the Internet at: <http://www.hri.org/news/agencies/bta/96-03-29.bta.html#06>.

<sup>260</sup> Response as quoted in "Addendum to the Third Report of the International Commission of Inquiry (Rwanda)," contained in United Nations Secretary-General, "Letter Dated 26 January 1998 from the Secretary-General Addressed to the President of the Security Council" (New York: United Nations, 1998), S/1998/53. April 1999, Vol. 11, No. 4 (D)

Bulgaria has continued to be associated with illicit arms shipments to the forces responsible for Rwanda's genocide. In September 1998 UNICOI raised concerns about allegations that two private Bulgarian airlines were involved in weapons deliveries to those forces.<sup>261</sup> As of March 1999, Bulgaria had not replied to the U.N. about these charges.<sup>262</sup> An official maintained that the matter was still under investigation, and indicated that a reply most likely would be sent to the U.N. secretary-general.<sup>263</sup> In addition, there has been speculation that an attempted shipment of surface-to-air missiles halted by Bulgarian authorities in October 1998 may have been bound for Rwanda.<sup>264</sup>

### Sierra Leone

Bulgaria was the source of an arms shipment to Sierra Leone in February 1998. The arms shipment was arranged by a London-based private military corporation, Sandline International, on behalf of the exiled president of Sierra Leone, Ahmed Tejan Kabbah. It arrived at Lungi airport near the Sierra Leonean capital of Freetown on February 23, 1998. The cargo, delivered by Sky Air Cargo Services, a British airline, included approximately thirty-five tons of assault rifles, ammunition, and other military equipment. This arms delivery apparently violated a comprehensive U.N. arms embargo, which was worded vaguely, as well as a United Kingdom law barring British citizens from supplying weapons to Sierra Leone.<sup>265</sup>

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<sup>261</sup> "Final Report of the International Commission of Inquiry (Rwanda)," contained in United Nations Secretary-General, "Letter Dated 18 November 1998 from the Secretary-General Addressed to the President of the Security Council" (New York: United Nations, 1998), S/1998/1096, para. 72.

<sup>262</sup> Human Rights Watch telephone conversation with a U.N. source close to the U.N. commission, March 9, 1999.

<sup>263</sup> Human Rights Watch interview with Dimitar Zhalev, Department of NATO, WEU and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999.

<sup>264</sup> *24 Chasa* (Sofia), December 23, 1998, included in a translation the same day of a report by *Demokratiya* (Sofia) in BBC Monitoring Service: Central Europe and Balkans, December 24, 1998. Information received by Human Rights Watch suggests that the shipment may have been destined for Angola (see above).

<sup>265</sup> A U.N. security council resolution imposing an arms embargo on all parties in Sierra Leone was proposed by the U.K. on October 8, 1997 and adopted as Resolution 1132 the same day. A subsequent U.K. Order in Council implemented the international embargo by banning British citizens from supplying arms to anyone "in or connected with" Sierra Leone without a license issued by the government. An independent inquiry launched in Britain to examine Sandline's claim that it acted with the approval of the British government established in July 1998 that the arms shipment violated the U.N. and British embargoes. A subsequent parliamentary investigation, completed in February 1999, reached the same conclusion regarding the illegality of the shipment. However, U.N. lawyers reportedly have offered a different interpretation suggesting that the Sandline shipment, if it were destined to a regional peacekeeping force (ECOMOG), would not have been illegal. As noted, Sandline was contracted by President Kabbah. For more information on the government inquiries, see Sir Thomas Legg and Sir Robin Ibbs, "Report of the Sierra Leone Arms Investigation," July 27, 1998, available via the Internet at: <http://www.fco.gov.uk/news/newstext.asp?1349> (hereafter, the "Legg Report"); and "Sierra Leone: Second Report," House of Commons Foreign Affairs Committee (London: The Stationery Office, February 3, 1999), hereafter, "House of Commons Report. For information on the U.N. ruling on the legality of the shipment, see Laura Silber and David Wighton, "UN Lawyers Rule on Sierra Leone Arms," *Financial Times*, May 23, 1998; Human Rights Watch, "Sandline is Given Support by UN," *Times* (London), May 25, 1998. April 1999, Vol. 11, No. 4 (D)

The arms shipment was received by the Nigerian-led peacekeeping force fighting to restore President Kabbah to power, the Economic Community of West African States Monitoring Group (ECOMOG), but there is some dispute as to whether the weapons might have been used by the Kamajors, a civilian militia that has fought alongside ECOMOG in support of President Kabbah.<sup>266</sup> An independent British inquiry found that the ECOMOG commander distributed some of the weapons—250 rifles, ten machine guns, and 100,000 rounds of ammunition—to the Kamajors and ordered the rest placed in storage.<sup>267</sup> A Sandline representative in Freetown contradicted this claim, stating in May 1998 that all the weapons remained stored under orders of President Kabbah.<sup>268</sup> With the continuation of hostilities in Sierra Leone, it was unclear whether the stored arms were later released for use by either ECOMOG or the Kamajors.<sup>269</sup>

The possibility that Bulgarian weapons may have been distributed to the Kamajors, either at the time the shipment arrived or subsequently, raises serious concerns. The Kamajors have been responsible for indiscriminate killings and torture since February 1998.<sup>270</sup> In addition, the U.N. has accused ECOMOG forces of serious abuses, including summary executions of suspected rebels.<sup>271</sup> Bulgaria therefore may be implicated not only in a breach of a U.N. embargo, but also in the provision of weapons to abusive armed forces.

The Bulgarian origin of the February 1998 arms shipment has been fairly well established. The head of Sandline acknowledged that his company procured the weapons, mostly AK-47 assault rifles, in Bulgaria.<sup>272</sup> The owner of Sky Air, the airline contracted by Sandline, admitted that his company delivered the weapons.<sup>273</sup> In addition, the British *Sunday Times* obtained documents that confirm details about the arms flight.<sup>274</sup> These documents reportedly show that on February 22, 1998, a Sky Air plane was loaded with weapons at Burgas airport.<sup>275</sup> The plane then departed for

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<sup>266</sup> "Legg Report," pp. 29, 72. President Kabbah organized the civilian militias supporting him into Civilian Defense Forces (CDF). The Kamajors constitute the largest and most powerful of the CDFs.

<sup>267</sup> Ibid.

<sup>268</sup> Sam Kiley, "Sierra Leone: Fred the Fijian's Unkillables Put Junta on the Run," *Times* (London), May 15, 1998, p. 16.

<sup>269</sup> One report, published in May 1998, stated that the weapons had been used by ECOMOG forces beginning in March 1998. Sam Kiley, "Sandline Weapons Still Being Used to Crush Rebel Force," *Times* (London), May 11, 1998, p. 11.

<sup>270</sup> The vast majority of abuses committed in Sierra Leone were perpetrated by members of two rebel groups, the Armed Forces Revolutionary Council (AFRC) and the Revolutionary United Front (RUF). The Kamajors have also been responsible for serious abuses. Human Rights Watch, "Sowing Terror: Atrocities against Civilians in Sierra Leone," *A Human Rights Watch Short Report*, vol. 10, no. 3 (A), July 1998, pp. 4-5, 23-25.

<sup>271</sup> Judith Miller, "U.N. Monitors Accuse Sierra Leone Peacekeepers of Killings," *New York Times*, February 12, 1999. A U.N. official stated that ECOMOG commanders had confirmed to him that troops under their command had been responsible for "excesses" and assured him that they had made one hundred arrests in connection with the charges, but ECOMOG later was reported to have denied that account. Xinhua News Agency, Reuters Business Briefing, February 19, 1999.

<sup>272</sup> Michael Evans, "Sandline Chief Insists He Had Official Approval," *Times* (London), May 20, 1998. It is interesting to note that Sandline had chartered planes operated by Air Sofia in connection with its planned operations in Papua New Guinea, where it was contracted to help quash an insurgency in 1997. One Air Sofia plane, a small Antonov 12 aircraft, reportedly delivered crates of sophisticated weapons to an airport near where a strike against rebels was to have been launched. "PNG Hires Mercenaries to Blast Rebels," *Australian* (Sydney), Reuters Business Briefing, February 22, 1997; "Downer's Tripwire Act," *Australian* (Sydney), Reuters Business Briefing, February 22, 1997; and Radio Australia (Melbourne), February 24, 1997, in BBC Monitoring Service: Asia-Pacific, February 25, 1997. Arms loaded onto a second Air Sofia plane, a larger Antonov 124 aircraft, were impounded in Australia, and the planned attack was canceled under public pressure. Alex Vines, "Mercenaries and the Privatization of Security in Africa in the 1990s," in Greg Mills (ed.), *The Privatization of Security in Africa* (Johannesburg: South African Institute of International Affairs, 1999).

<sup>273</sup> Patrick Wintour, David Connett, Michael Gillard, Jay Rayner, Shyam Bhatia, and Peter Beaumont, "Doing the Right Thing...the Wrong Way," *Observer* (London), May 10, 1998.

<sup>274</sup> Michael Jones, "Can Cook Beat Mercenaries?," *Sunday Times* (London), May 17, 1998.

<sup>275</sup> In Bulgaria Human Rights Watch obtained copies of air cargo documents showing that a Sky Air Boeing 707 plane was loaded with cargo at Burgas airport on February 22, 1998, before departing at 1:40 p.m. for Kano, Nigeria, as had been reported by the *Sunday Times*.

Kano, Nigeria, where it made a stopover before delivering its cargo to Sierra Leone.<sup>276</sup> Bulgarian customs documents obtained by the *Sunday Times* allegedly name Arsenal as the company that supplied the arms.<sup>277</sup>

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<sup>276</sup> Jones, "Can Cook Beat Mercenaries?" The *Sunday Times* article is the most detailed, but several other newspapers also reported that the arms were delivered from Bulgaria to Sierra Leone via Nigeria. See Nicholas Rufford, "Diamond Dogs of War," *Times* (London), May 10, 1998; Wintour et al., "Doing the Right Thing...the Wrong Way;" and "PRIVATE ARMIES, PUBLIC RELATIONS," *Africa Confidential* (London), vol. 39, no. 11 (May 29, 1998).

<sup>277</sup> Human Rights Watch, "Can Cook Beat Mercenaries?"

Contradicting such sources, Bulgarian Prime Minister Ivan Kostov denied his country's involvement in the affair: "Bulgaria has not exported military supplies to Sierra Leone; we find it implausible that a large shipment of arms can be loaded and exported behind the back of the customs authorities." He added that the arms export licensing commission at the Trade Ministry had not received any applications for weapons exports to either Sierra Leone or Nigeria, and that a review of the commission's records for the previous two years found that no Bulgarian arms firm had been involved in business deals with Sandline International.<sup>278</sup> He qualified his denial by asserting that Bulgaria "bears no responsibility" if Bulgarian-made weapons exported to another African country turned up in Sierra Leone.<sup>279</sup>

Bulgarian officials questioned about the incident in early 1999 maintained that they had no information suggesting Bulgarian involvement and said that they had not been contacted by British authorities investigating the affair.<sup>280</sup> British inquiries have focused on Sandline's allegation that the British government approved the arms deal rather than the origin of the weapons.<sup>281</sup>

## Uganda

The Bulgarian defense ministry arranged in 1998 to sell cold war-era T-55 tanks to Uganda.<sup>282</sup> A government spokesperson confirmed in December 1998 that Bulgaria's export licensing body had authorized the sale of "rather old types of tanks" to Uganda, as well as to Ethiopia, but declined to discuss details of the deal, citing commercial and state secrecy laws.<sup>283</sup> An estimated ninety tanks worth U.S.\$35 million were delivered to the Tanzanian coast in late 1998 aboard a Bulgarian ship, the MV Lady Juliet, then forwarded by rail to Uganda.<sup>284</sup> A private Israeli arms dealer was reported to have brokered that deal.<sup>285</sup> The origin of those tanks has not been confirmed, but some sources indicate that Bulgaria was the source.<sup>286</sup> Bulgaria was also reported to have sold tanks to Uganda in 1997.<sup>287</sup>

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<sup>278</sup> BTA News Agency (Sofia), May 12, 1998, in BBC Monitoring Service: Central Europe and the Balkans, May 18, 1998.

<sup>279</sup> "Bulgarian Premier Denies Breaking Arms Embargo," RFE/RL Newsline, May 18, 1998.

<sup>280</sup> Human Rights Watch interviews with Stoyan Nikolov, Chief Expert, Department of Military Economic Cooperation, and Secretary, Commission for Control of Foreign Trade in Arms and Dual-Use Technologies, Ministry of Trade, and Christo Atanasov, Chief Expert, Dual-Use Goods and Export Control Division, Ministry of Trade, Sofia, February 8, 1999; and with Dimiter Zhalev, Department of NATO, WEU and Security Issues, Ministry of Foreign Affairs, Sofia, February 8, 1999.

<sup>281</sup> See "Legg Report" and "House of Commons Report."

<sup>282</sup> The deal first became known when a defense ministry official announced on November 26, 1998 that the ministry had sold tanks to unspecified African countries. Raymond Bonner, "New Weapons Sales to Africa Trouble Arms-Control Experts," *New York Times*, December 6, 1998, citing a report in *Trud* (Sofia) ten days earlier. On the basis of a written response from the Bulgarian Council of Ministers, Bonner confirmed that the tanks were sold to Uganda and Ethiopia, as first reported by *Trud*. See also *Kontinent* (Sofia), November 27, 1998, in FBIS, East Europe, November 30, 1998; and BTA News Agency, Reuters Business Briefing, December 8, 1998.

<sup>283</sup> The spokesperson wrote: "As far as the question of profit and how many items are sold for each country, we are not allowed to submit this information because it is considered a state and commercial secrecy by Bulgarian laws." Letter from Sylvia Beamish, International Media Relations, Government Information Office, Council of Ministers, to Raymond Bonner, *New York Times*, December 3, 1998, unpublished.

<sup>284</sup> See, for example, Paul Harris, "Uganda Receives New Armor," *Jane's Intelligence Review*, January 1, 1999; "In Brief: Uganda Receives MBTs from Ukraine," *Jane's Defence Weekly*, December 23, 1998; *New Vision* (Kampala), December 17, 1998, in Reuters Business Briefing, December 18, 1998; Xinhua News Agency, Reuters Business Briefing, November 28, 1999; and "Tanks Bound for Uganda Seen Unloaded in Tanzania," Reuters, November 25, 1998. Some reports indicate that, as of early 1999, some sixty tanks had been delivered of a total consignment of ninety tanks. See, for example, *New Vision* (Kampala), BBC Monitoring Africa-Political, January 2, 1999.

<sup>285</sup> "Uganda Receives MBTs," *Jane's Defence Weekly*; *New Vision* (Kampala), December 17, 1998, in Reuters Business Briefing, December 18, 1998; *New Vision*, December 20, 1998, in Reuters Business Briefing, December 22, 1998; and Nikolai Chavdarov, "Bulgaria Involved in Arms Scandal," *Sega Daily* (Sofia), December 21, 1998.

<sup>286</sup> Human Rights Watch submitted written requests for confirmation to Blagoy Guenov, Secretary to the Bulgaria's Interministerial Council on Defense Industry and Logistics at the Council of Ministers on February 12, 1999, and to Amama Mbabazi, the Ugandan State Minister of Regional Cooperation, on February 18, 1999, but had not received a response from either official as of mid-March 1999. For press accounts naming Bulgaria as the likely source of the delivered tanks, see, for example, Chavdarov, "Bulgaria Involved in Arms Scandal;" and Nikolai Chavdarov, "The African Scandal in Which Bulgaria Was Involved



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Still Rumbles On," *Sega Daily* (Sofia), January 5, 1999. Several other reports published in late 1998 and early 1999 stated that the tanks originated in Ukraine, but a Ukrainian export control official denied that Ukraine had exported any tanks to Uganda in 1998, suggesting instead that a third party may have sold Ukrainian tanks. *Kiyevskiye Vedomosti* (Kiev), December 3, 1998, in FBIS, Central Eurasia, December 11, 1998. A journalist who has followed Uganda's military purchases for a leading defense trade publication believes that Bulgaria, working with the Israeli broker, arranged to sell tanks that originated in Ukraine, Bulgaria, and possibly Romania. Human Rights Watch telephone interview with Paul Harris, correspondent for *Jane's Intelligence Review*, March 4, 1999. See also, "Uganda Bought Soviet Tanks," Associated Press, December 17, 1999.

<sup>287</sup> According to a press account, an official audit of Uganda's 1997 military procurement reported that ten T-54 tanks purchased in Bulgaria were defective. "Audit of Military Expenses," *Indian Ocean Newsletter* (Paris), June 13, 1998. Bulgaria did not report tank exports to Uganda in 1997 to the U.N. Register of Conventional Arms.

The tank sales, while legal, are inconsistent with Bulgaria's repeated pledges to exercise restraint in its arms exports, as highlighted in a December 1998 *New York Times* article.<sup>288</sup> The tanks may serve to exacerbate Uganda's ongoing armed conflicts with several rebel groups, during which all the parties have committed serious human rights violations. Ugandan soldiers, for example, have been responsible for extrajudicial executions, rape, torture, and arbitrary arrests.<sup>289</sup>

Some sources, however, question whether Uganda bought the tanks for use within its own territory. Several reports have suggested that tanks purchased by Uganda in 1998 may have been intended for use in southern Sudan, where Uganda has assisted Sudanese rebels.<sup>290</sup> Other reports suggest that the tanks may be destined for use in the Democratic Republic of Congo (DRC), where Ugandan forces support the rebel Congolese Rally for Democracy (Rassemblement Congolais pour la Démocratie, RCD).<sup>291</sup> Responding to such concerns, President Laurent Kabila of the DRC unsuccessfully urged Tanzania to block the transshipment of tanks through its territory.<sup>292</sup> Both the Sudanese rebels and the forces backing the RCD—which include troops from the Ugandan army—have committed gross violations of international humanitarian law.<sup>293</sup> Uganda has rejected claims that it had diverted or planned to divert the tanks.<sup>294</sup>

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<sup>288</sup> Bonner, "New Weapons Sales."

<sup>289</sup> At least four rebel groups were active in 1998. The Lord's Resistance Army (LRA) was the largest of three rebel groups based in Sudan. In addition, the Allied Democratic Forces (ADF) operated from western Uganda and eastern DRC. For a review of their human rights record, see Human Rights Watch, *World Report 1999*, pp. 81-82, available via the Internet at: <http://www.hrw.org>.

<sup>290</sup> Bonner, "New Weapons Sales," and "Uganda, Asking the People," *Africa Confidential* (London), vol. 39, no. 24 (December 4, 1998). The Sudan People's Liberation Army (SPLA), an alliance of rebel groups in southern Sudan, has used tanks in operations against the Sudanese government. Uganda has strongly supported the SPLA and helped it acquire weapons. See Human Rights Watch, "Global Trade, Local Impact," pp. 17, 46-48.

<sup>291</sup> According to U.S. officials interviewed by the *New York Times*, Uganda has no need for used tanks. Bonner, "New Weapons Sales." See also, NTV (Moscow), November 28, 1998, in FBIS, Central Eurasia, December 2, 1998; Chavdarov, "Bulgaria Involved in Arms Scandal," *New Vision* (Kampala), Reuters Business Briefing, January 2, 1999; and Chavdarov, "The African Scandal."

<sup>292</sup> *Daily Mail* (Dar es Salaam), BBC Monitoring Service: Africa, December 3, 1998.

<sup>293</sup> See Human Rights Watch, "Global Trade, Local Impact," and Human Rights Watch, "Casualties of War."

<sup>294</sup> *New Vision* (Kampala), Africa News Service, Reuters Business Briefing, November 28, 1998; and Xinhua News Agency,

In Bulgaria, Defense Minister Georgi Ananiev reacted to criticism of the deal by stating that no embargo is in place against the countries to which it sold the tanks, and that the sales were consistent with the country's international commitments.<sup>295</sup> During a visit to the United States, he stated: "Of course we would be very much worried if we learned that weapons [sold to Uganda] were diverted" in violation of end-use guarantees.<sup>296</sup> Military officials interviewed by Human Rights Watch in February 1999 stated that they were unaware that Uganda had provided weapons to rebel forces, and asserted that they would no longer export to Uganda out of concern that Bulgarian weapons might be transferred to unauthorized parties.<sup>297</sup>

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<sup>295</sup> BTA News Agency, Reuters Business Briefing, December 8, 1998; *Pari Daily* (Sofia), Reuters Business Briefing, December 8, 1998; Xinhua News Agency, Reuters Business Briefing, December 8, 1998; "Bulgarian Defense Minister Rejects Allegations of Embargo-Busting," RFE/RL Newsline, December 9, 1998.

<sup>296</sup> Georgi Ananiev, Defense Minister, Press Conference at the Bulgarian Embassy, Washington, D.C., March 3, 1999.

<sup>297</sup> Human Rights Watch interview with Col. Hristo Stanimirov, Chief of Staff, Defense Economy Department, Ministry of Defense, and Col. Todor Malchev, Head of Section, Procurement and Trade Department, Ministry of Defense, Sofia, February 5, 1999.

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