

The Empowerment of Private Military Companies (PMCs) as a Risk for Illegal Weapons Trafficking in Albania

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Abstract

The paper is focused on the role of private military companies (PMCs) in a newly globalized world. It is made a comparison between the privatization of security in the weak and in the efficient state. The main discussion of the paper consists between the empowerment of PMCs and the global risk that they represent in a shifting global environment. It includes a description of a local case study (the ammunition depot in Gerdec, Albania) which is taken as a special case of the operation of transnational private military companies. Based on that, the paper analyses the connections between the local and the global in two prospects: the linear and the vertical level. The linear is presented by the global trade and the war as a perpetual and cheap consumer of the goods and services provided by PMCs, which empowers them with extended rights in the weak countries. The vertical, more than the practical side, represents the challenge for regulation of the position of Private Military Companies in the international arena, as a mean to escape the global risks created by their undefined global position.

Keywords: Private Military Companies (PMCs), Privatization of Security, Global Risk, Interconnectedness, New Wars, Albania.

Introduction

The enlargement of the globalization process is made visible today in every country although with different paces and in different levels of its structure. Gradually the state is losing its domination in fields that some time ago were closely related with the name of the state and its main activities. By the other side, there are the transnational companies, every day more independent and powerful in the global arena, offering different services and products, that in our days includes also military and security services. As P. W. Singer (2002) put it 'the support for security needs in our days come not from a state or even an international organization but rather by the global marketplace' (p.186). Even though, in the past there have been in use private contractors in the military, their function as transnational corporation is practically recent. According to Caroline Holmqvist (2005) 'the rise of the contemporary international private military and security industry began in the early 1990s, with the emergence of private security providers with clear corporate structures' (p.2).

In the major part of literature about Private Military Companies (PMCs), authors tend to make a classification between their activities in North vs. South, 'weak' vs. 'efficient' countries, domestic vs. foreign policy and in most of the cases they also make an analyse if we should consider them a problem or one opportunity. Despite of these classifications, the relations between these entities are extremely complicated and can be discovered and analysed only through the three global themes: risk, consumption and empowerment. It is true that there are differences in the causes of this phenomenon in the North and South or

between 'efficient' and 'weak' states (most used classification in the literature). Thus, in the focus of this paper will be the privatization of security in a weak state through the intermediation of the transnational PMCs and its impact on the global level, in relation to a local place in a small unknown village near Tirana, Albania, named Gërdec. From this local case study will take place the analyses and discussions of the role of PMCs in the global level. As P. W. Singer points out 'much of what has been written on private military firms focuses on individual company case studies and is confined to specific regions (usually in Africa), not on the industry more broadly' (p.186). Thus, this case study presents the Balkan region and in a more large focus it represents the privatization of security in the former East bloc.

Firstly, it is important to assess that the term private military company (PMC) does not exist within any current international legislation or convention (Schreier and Caparini, 2005). Different authors use different names for them. P.W. Singer uses the term 'privatized military firm' (PMFs) which according to him 'are profit driven organizations that trade in professional services intricately linked to warfare' (Singer, 2002:186). Another author makes a distinction between private military companies (PMCs) and private security companies (PSCs) arriving at the conclusion that the two terms are linked with each other and this author chooses to use the term PSC as more a general concept (Holmqvist, 2005:5).

In this paper, the term PMC is used as it is defined by the Geneva Centre for the Domestic Control of Armed Forces (DCAF) which refers to 'a company that provides, for a profit, services that were previously carried out by a national military force, including military training, intelligence, logistics, and offensive combat, as well as security in conflict zones' (DCAF, 2005:18). At practice, there is no consensus what constitute a PMC and not all them are alike, nor do they offer the same services (Ibid.). Because PMC operations are often controversial, some firms try their utmost to cover up the scope of their activities (DCAF, 2005:18). Also there is a lack of international legislation on PMCs. The most frequently cited international legal documents in the literature on private security are the UN conventions on mercenary activities. Neither convention is ultimately applicable to the activities of contemporary PMCs (Holmqvist, 2005:44). Generally the researchers of PMCs conclude that although they are problematic, there is no point of return for them, but remain the challenge regarding the regulation of their position at the international arena.

Gërdec: Case Description

There are many PMCs operating in Albania since the collapse of communist regime, and they role has changed through times in different fields of security from training, to the aid to destroy the ammunition of the Cold War. Albania has huge stocks of armaments, much of it provided by China in the 1960s and 1970s (Chivers, 2008). However, since in the middle of 1990s have been implemented various demilitarization projects funded by the United Nations and according to the 2008 statistics of the Ministry of Defence of Albania there are 100 000 tons ammunition still to destroy (Panorama, 2008). The first PMCs in Albania were introduced by the aid programs funded by the international organizations as UNDP, EU and NATO etc. The ways that PMCs were operating in Albania were unknown for the public and lacked transparency since in March 15, 2008 when in Gërdec, a small village near the capital Tirana, an enormous explosion of ammunition happened, 26 persons died and thousands of houses were destroyed.

What does this small unknown village interesting as a case study of PMCs is the involvement there of two American PMCs (SAC and AEY) and a mysterious PMC based in Cyprus (EVDIN), one Albanian subcontractor (ALBADEMIL) and an investigation of the New York Times for illegal weapons trafficking from Albania to Afghanistan in the days that

followed the explosion. It must be said that the factory of destruction of ammunitions in Gërdec was closed after the explosion and two different investigation processes has began from the Albanian and American authorities. In Albania there are other factories as Gërdec that continue their work and other PMCs are contracted, but it is impossible to get information on the transparency of this process since the last published information date on the activities of foreign PMCs in Albania is in 2004. For Gërdec there is more information because of the investigation that was made by New York Times and the official publications of institutions of the countries involved in the so-called scandal. The names of the PMCs contracted were also made public from the press conferences of the Albanian authorities in the day of the explosion (Ibid.).

The activity of ammunition destruction was hold in Gërdec from June 2007. For several months was collected ammunition from all parts of the country to be destroyed by an American PMC, the South Ammunition Company (SAC), which was chosen from the Albanian Ministry of Defence. SAC subcontracted the Albanian company ALBADEMIL, which managed the situation in the factory of ammunition destruction in Gërdec (Ibid.). The workers contracted by the local Albanian company were working in very bad conditions and risking their lives, without any security measure. This was reported in the local newspapers by the workers who survived from the explosion (Ibid.). The employers were simple peasants, without any training or control from the SAC or the Albanian Ministry of Defence, only in the control of the ALBADEMIL, an Albanian company specialized not for military services but for scrap (Ibid.).

Ten days after the explosion, *New York Times* published an investigative article, discovering the ties of a more huge scandal based in Gërdec. According to the authors of this article another American PMC named AEY won a \$ 298 million contract from Pentagon to supply with ammunition the local army in Afghanistan (Defense Industry Daily:2008). The point of the article was that the AEY has provided ammunition that was more than 40 years old and in decomposing package, and according to the American and Afghan interviews of *New York Times* (2008) with American and Afghan officials, much of the ammunition came from the aging stockpiles of the Communist Bloc, including stockpiles that the American State Department and NATO have determined to be unreliable and obsolete and have spent millions of dollars to have destroyed. ALBADEMIL sold the ammunition to an another company EVDIN Ltd, based in Cyprus with a Swiss owner, accused in the past by private groups including Amnesty International, of arranging illegal arms transfer under a shifting portfolio of corporate names (Ibid.), then the EVDIN Ltd. sold the ammunition to AEY.

In June 2008, three months after the explosion of Gërdec and the *New York Times* article, 'the 22 year old president of AEY and three other people were charged with selling prohibited Chinese ammunition to the Pentagon to supply Afghan security forces' (NYT: 2008), by the American authorities because 'army contract and the American law prohibit trading in Chinese arms' (Ibid.). In Albania were arrested the president of ALBADEMIL and the director of the state agency of export – import of ammunition. The Albanian Minister of Defence resigned two days after the explosion.

Basing on the Albanian legislation, the subcontractor shares the responsibility with the direct contractor, but until this moment there are no charges for the American company SAC by the Albanian courts. It should be assessed that there is no Albanian law on the activity of PMCs. Exists only a law No. 8671, Date 26 October 2000 'For the Command and Authority of the Armed Forces' which has a very short paragraph regarding the transfer of weapons within the country. This law says also that the procedures and the responsibilities are determined by the decision of the Albanian Council of Ministers (Albanian Law No.8671). SAC was contracted by the Albanian Ministry of Defence by direct procurement, without any tender or competition.

Name of the game: Interconnectedness (How Local Can Become Global)

In a general theoretical view, the complexity of the case above-mentioned is explainable through the concept of interconnectedness as a part of the process of globalization. As Eriksen points out ‘through trade, communication and movement, most of the world is increasingly interconnected, with political, economic and cultural consequences’ (Eriksen, 2007:89). As he writes ‘some theorists compare the complex webs of connectedness in the current era to chaos and complexity of physics, mining complexity theory for models that can be used to understand social change’ (Ibid, 69). The main aim of the analysis of this case study will be based on the clarifying of this ‘chaos’ through the explanation of the relations between three global themes: risk, empowerment and consumption, which make up the triangle of global interconnectedness.

On the other hand there are also two other dimensions to consider: the linear and the vertical level. Usually, as Jeffrey S. Lantis points out exist a ‘horizontal spread of conventional weapons technology across borders – these are often legitimate transfers of weapons from sellers to buyers in the international arms market’ (Snarr and Snarr, 2009:18). The vertical is represented, at the most of cases, by the international global institutions which interact in practice with the global empowerment, global risk and global consumption of PMCs services and products, in a shifting global environment. Each of these three variables has its mutual relations with the other two. Thus, the framework of the analysis has in its focus the interaction between consumption and the other two global themes: empowerment and risk, empowerment in relation with the other two, and in the end will be the discussion of PMCs as a risk in relation to empowerment and consumption, making a full image of the triangle in that chaos that was created by the above mentioned case study.

At the same time the case study of Gërdec is a good example to examine the theories on the privatization of security and the changing nature of conflict and war, which are linked directly with the theories on the role of nation – state with a particular focus on the de-stationization of war, a concept used by Herfried Münkler (2005). Not in the sense that the state is disappearing, because as P.W. Singer points out ‘the power of PMFs has been utilized as much in support of state interests as against them’ (Singer, 2002:187). In a more narrow direction the paper will represent also the theories and dilemmas regarding domestic policies and to give some different aspects between the ‘efficient’ and ‘weak’ democracies, and their different pace in the globalization process.

Discussion & Analysis

There is a very large trade of legal and illegal conventional arms. According to Jeffrey S. Lantis, in 2006, just three advanced industrialized countries – the United States, Russia, and the United Kingdom – were responsible for 71 percent of global arms dealers. In the recent decades, the main customers for all these weapons are the Middle East and Asia (Snarr and Snarr, 2009:19). The Eastern Europe countries are also included in the weapons market, as it is the Albanian case. This because as Münkler (2005) points out the new wars are generally fought with light weapons (automatic rifles, landmines, multiple rocket launches) and use the civilian infrastructure in such a way that pick – ups take the place of jeeps, light trucks and armoured personnel carriers. Where the occasional heavy weapons is deployed, it is usually an item left behind by one of the powers in the East – West conflict, something that otherwise would have no more scrap value (p.74). According to him there is scarcely any demand for heavy weapons, because the new wars are not waged against a similarly armed

enemy but mainly employ long – term violence against large parts of the civilian population (Ibid.).

One of the main conditions to make consumption global is cheap raw materials, which sustain the consumer cornucopia (Behrens et al, 2007:447). Thus is comprehensible in the linear transfer between Albania to Afghanistan with the helping link of an American PMC. As in almost every case of using PSMs, both weak and strong states have a stake: the companies generally operate in a weak state but are based in a strong state, paid for by a strong state or used by a strong state to help implement its external policy (Holmqvist, 2005:10). But the trade of weapons has its risks within the global market. PMCs activity in arms trade has helped to fuel the privatization of political violence which undermines – or makes more difficult – the reestablishment of the state monopoly on legitimate violence (DCAF, 2005:5). Perhaps the most important factor in the recent rise of PMCs and PSCs industry is the normative shift toward the marketisation of the public sphere: the privatisation revolution – the ultimate representation of neo – liberalism – which provides the logic, legitimacy, and models for the entrance of markets into formerly public sector domains (Ibid.). As Caroline Holmqvist (2005) points out one impediment to perfect market conditions is found in the highly personalized nature of relations within the industry. PSCs executives, often with high – level experience from national militaries, are often well connected both with governments and among themselves (p.30).

The lack of competition in these kinds of businesses, the main client of which are states, makes the operation of PMCs a global risk. This gives some explanations about the contraction of PMCs in Albania and especially of those operating in Gërdec. In Albania there was a direct procurement of the Ministry of Defence without any tender or any other competition. In US the lack of competition in these kinds of businesses is also present, referring to Holmqvist ‘only 40 per cent of US contracts between financial years 1998 and 2003 were awarded on the basis of ‘full and open competition’ (p.30). Subcontracting leads to a further dispersal of authority in policy implementation and leaves the original ‘client’ with limited means of oversight (Ibid., 31). In a further complication, there is a general trend towards awarding so-called ‘infinite – delivery, infinite – quantity’ (IDIQ) contracts, also known as ‘umbrella contracts’; where a price is fixed in advance to cover an unspecified number and nature of tasks for a certain period (Ibid., p.31).

Today we can speak about one empowerment of PMCs using the same words that World Bank uses to define it in a broader sense ‘an expansion of freedom of choice and action’ (World Bank, 2002), in places and territories that before were not possible acting for these private military companies. The arrival of international private security actors in weak states signals the availability of an alternative to the public provision of security (Holmqvist, 2005: 15). As DCAF (2005) points out ‘globalization and deregulation of international markets have been instrumental in facilitating and restructuring of mercenary activities and has made it possible for PMCs do constitute large corporate groups’ (p.7).

The fragmented nature of PMCs and the diversity of their clients has make difficult to be framed within a legislation or regulatory act in the international arena. Bjorn Möller (2005) ranks at least three causes of this process. First Möller enlists the pressure of international organizations on the Third World countries to liberalize and privatise their economic systems in conformity with the neo – liberal ‘Washington consensus’; seeking to further participatory democracy the North also promotes civil society organizations, thereby weakening the role of the state; [and] both development aid and emergency relief from North to South is increasingly being channelled via NGOs and / or private companies (Moller, 2005:4). This is very clear in the case of Albania. The strategy of demilitarization was done under the instructions of NATO, and was one of the conditions for Albania to be a member of it (Panorama, 2008). The irony of fate was that Albania had the invitation as an official

member of NATO was made a month after the Gërdeci explosion at NATO Summit Bucharest in 2008.

The market is empowering PMCs because they are seen as the cheaper option (Holmqvist, 2005: 30). But the effectiveness of the market forces in ensuring that costs are kept down in the security industry is disputable. For market forces to lead to cost depression there needs to be effective competition (Holmqvist, 2005: 30). At the same time the market feeds the empowerment of PMCs. As P.W. Singer (2002) points out the expansion of the private military industry has been acyclical, with revenues continually rising (p.199). That was also the example of AEY case explained above, described by New York Times as one of many previously unknown defence companies to have thrived since 2003, when the Pentagon began dispensing billions of dollars to train and equip indigenous forces in Afghanistan and Iraq (NYT, 2008). The rising incomes and purchasing power are necessary for consumerism. This dynamic may fall apart if consumers do not spend enough (Behrens et al, 2007:449). But this seems impossible, wars have always existed and they have becoming cheaper with the help of PMCs, although the risk that they represent is always present.

The empowerment of PMCs represents a risk for the future role of the state and its transnational cooperation. As Möller points out 'the most significant change is that they [PMCs] no longer interact with the rest of the world via their respective states, but partly establish their own external relations, both with their counterparts in other countries and with other types of actors' (Moller, 2005:5). This shifting environment makes it difficult to isolate the problem only in one local level and to find the real responsible in case of failure. In this circumstances, as Holmqvist point out it is necessary that the 'interests of the 'host state (the state where PSCs operate) and its population must be taken into account. This applies particularly to weak states, where PSCs are likely to be operating under contracts from external actors' (p.49). In some other cases, PMCs are at least nominally tied to their home states through laws requiring registration, periodic reporting and licensing of foreign contracts (DCAF, 2005).

Often it is perceived that the global risk of PMCs will be diminished by the market forces, and its invisible hand will ultimately ensure an informal punishment of 'bad' private security behaviour and for this reason regulation of the market is unnecessary (Holmqvist, 2005:42). It is also thought that the avoidance of the risk can have an impact on the consumption. For example, as Münkler (2005) explains, the embargo policy pursued for a time by the West and as well as United Nations failed in almost every case to confirm the prognosis that increased consumption of resources in wars would put an end to them more swiftly (p.10). The war in Afghanistan is one example of the lasting of it also in times of embargos from the UN.

Still now this market has shown very large asymmetries and the invisible hand can spread and extend it horizontally but cannot make any vertical legislative regulatory by itself without the help of global international institutions. According to Holmqvist, this market would not be capable of addressing the wider questions of accountability (p.42). Though states are the mainly consumers of PMCs, the risk is perceived more by the local populations. In the Gërdeci case, it was the American state which contracted a PMC to buy ammunitions for the Afghan army, on the other hand the Albanian state also contracted two PMCs to destroy and to sold ammunitions but it was only the local population who was affected by the ammunitions explosions. When the state fails to carry out its hoped – for role in the implementation of policy, the price for extensive reliance on the private sector is high in practical and political terms. The cost of failure is compounded when the efficient state's policy is being exercised in a foreign country (Holmqvist, 2005:33).

Also it is true that the risks differ in the efficient and the weak state. For Holmqvist the central problems of the efficient state's use of private security services are: the problem of

establishing clear mandates, the lack of PSCs accountability, problems of oversight and control in a skewed market and problems of basic and practical coordination of efforts both among private actors and between PSCs and regular forces (p.25). These are the cases of Iraq and Afghanistan wars, considered as “gold mine” of PMCs that by the other side in a pejorative sense are called as ‘dogs of war’.

One of the main features of the global risk is its interconnected nature. The local case study of Gërdec has this implication. It shows how a local problem of a weak state, trying to escape from a local risk finds itself dealing with transnational companies empowered by the global consumption of weapons. Through the horizontal interconnectedness of global trade the risk becomes global affecting three countries in three different continents: US, Albania, Afghanistan. In the end this global risk is a challenge for vertical international measures on PMCs that now are extending horizontally without a regulatory legislation.

Conclusion

This paper explained the interaction of PMCs in a global world. It was given a picture of the problems and opportunities that these companies represent today. In the beginning was presented the local problem of Gërdec and the problematic operations of PMCs there. In the second and in the third part was first explained the causes and consequences of this local problem and then an analysis was made regarding the interconnectedness of the problem at the global level. This was done with the help of the three global themes: risk, consumption and empowerment and the mutual relations between them.

The first conclusion was that the cheap nature of wars has increased the global consumption of weapons, empowering in this way the PMCs, which offer these goods and services. On the other hand the marketization of security has become a risk for the control of the private military companies, not only by the state but also by the international institutions. Secondly, was analysed the freedom of action of PMCs in the international arena, surviving and increasing their incomes in a shifting environment which represents a risk for the populations of the countries who contract them. Although their empowerment, the services that they offer did not have a real competition and thus the prices did not fall down. Lastly it was mentioned that the global risk can be reduced only by diminishing consumption resources as for example establishing wars embargos. PMCs constitute a global risk and a challenge for the future, especially regarding providing international regulation on the field of privatization of security.

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