

MONITORING THE IMPLEMENTATION
OF SMALL ARMS CONTROLS (MISAC)

Small Arms Control in
Hungary

Hungary

1.1 Background and overview

Stockpiles and surplus SALW

Compared to other Central and East European countries, Hungary's defence industry is relatively small.¹ At its height in 1988, the defence sector in Hungary accounted for only 3 per cent of industrial production.² After the Cold War ended, Hungary, like its neighbours, lost its main external markets (primarily the Soviet Union, other Warsaw Pact members, and a few countries in the Middle East), as well as its domestic markets due to military downsizing. Moreover, due to defence industry restructuring, Hungary's defence complex lost its 'unconditional official backing'.³ About 60 defence companies remain in Hungary today, of which ten to 15 produce the overwhelming majority of military items. Of these, only seven produce SALW – mainly rifles, handguns, and ammunition.⁴

To many, surplus weaponry in Hungary is of greater concern than newly manufactured arms. Officials report that surplus weapons are exported regularly, although the surplus 'is not the best equipment – it is old and not in very good shape'.⁵ The problem, officials recognise, is that the only markets for such weaponry are current or potential conflict zones. Nonetheless, there are strong pressures in Hungary to sell surplus arms, because the costs of storage, maintenance, and destruction are quite high.⁶ Regarding the control and accounting of surplus weapons, officials admit that the procedures are complicated and not well understood. Several years ago, the State Property Agency was given authority over surplus arms, because government officials became concerned that the Ministry of Defence was regularly selling them. This agency reportedly caused a host of problems as well, given that ultimately Hungarian law does not address the issue of surplus weapons at all, and that there were huge gaps and discrepancies in this law as to how superfluous weapons should be handled.⁷ Despite the problems, however, Hungarian officials assert that because surplus weapons are subject to the same licensing requirements as newly manufactured arms, the problems surrounding surplus accounting and security 'are not as bad as they could be'.⁸

Accusations of illegal SALW transfers

In contrast to many of its CEE counterparts, allegations of improper Hungarian SALW transfers are significantly few in number. In 1999, Moldovan officials detained a Ukrainian cargo aircraft carrying 5,000 Hungarian-made handguns.⁹ The documentation that accompanied the transport stated the weapons were bound for Yemen, but the Moldovans suspected that the documents were false and that the shipment was actually headed for Yugoslavia. Moldovan officials, therefore, grounded the flight and entered into discussions with the Hungarians and Ukrainians to clarify the situation. Eight days later, after officials from the three countries agreed to better specify items on the documentation, the plane was released.¹⁰ Also in 1999, Hungary stood accused of illegal arms transfers to both Yugoslavia and the Kosovar Albanians. Hungarian officials, however, denied the allegations.¹¹ Despite these few reports of arms transfers in the late 1990s, 'no direct transfers of [Hungarian] arms to sensitive destinations have been detected since 1997'.¹²

1.2 Elements of the Hungarian SALW Control System

Legislative basis

In 1991, the Hungarian government established the legal basis for an arms export control system with Decree 48 on the 'Export, Import, and Re-export of Military Equipment and Services'.¹³ Since then, the decree has been amended and updated on several occasions in an effort to tighten control procedures and harmonise them with those of other countries and multilateral arrangements. Following Hungary's entry into the EU in May 2004, new legislation was introduced on 1 May 2004 in an attempt to bring Hungary's SALW legislation in line with the EU Code of Conduct on Arms Trade. The Government Decree 16/2004 (II.6) on the licensing of the export, import, transfer and transit of military equipment and technical assistance succeeds Decree 48 and attempts to control more comprehensively all activities that facilitate the supply or delivery of goods, included the previously unlegislated issue of transit, thus making the EU Code of Conduct part of Hungary's national legislation.¹⁴

Brokering, export criteria and licensing

The present licensing system has three steps, all of which are intended to be assessed against the EU Code of Conduct. The licensing process under Government decree 16/2004 (II.6) addresses some of the gaps in the previous legislation (Decree 48). It requires government approval for the transfer and transit as well as the import and export, (but still not re-export) of military equipment and technical assistance. Operating on three levels, licensing procedures obligate defence enterprises to apply for and receive licenses to: (1) engage in the arms trade; (2) enter into negotiations for an arms deal; and (3) actually export, import, or re-export specific military items. An updated license is required if at some point in the transaction additional partners are added.

The mandate for issuing all licenses related to trafficking in military equipment including ammunition and services is held by the Hungarian Trade Licensing Office. Licensing applications are considered and granted on a case-by-case basis, following the approval of the Inter-Ministerial Committee on the Foreign Trade in Military Equipment (ICTME). The ICTME is comprised of representatives from the Ministry of the Interior, the Ministry of Defence, the Ministry of Economy and Transport and the Ministry of Foreign Affairs, and is responsible for setting policy relating to the licensing of international trade in military equipment and technical assistance. 'Open' or 'general licenses' are not granted.¹⁵

Regarding the criteria that guide the licensing process in Hungary, no licenses will be granted for the export of arms: (1) to countries that are currently involved in violent conflict; (2) to countries where armed conflict is possible.¹⁶ Countries where armed conflict threatening international peace and security is expected to take place and where the UN Security Council, the Council of the European Union or the Organisation for Security and Cooperation in Europe have called upon parties concerned to resolve the dispute or have called upon the parties to resolve the dispute underlying the conflict, or has declared an embargo on the shipment of military equipment, military technical assistance and related training; and (3) in those cases where the transaction is contrary to the criteria embodied in the EU Code of Conduct on Arms Exports. Reapplication from a failed applicant within

six months of the first submission is automatically refused. No list of prohibited countries exists, however.

With regard to brokering, Hungary has a system of 'double-licensing', where brokers have to possess both an initial, general authorisation (permit), and a specific license (for each transaction) to carry out the intermediary activity.¹⁷ Hungary's brokering license system is not actually sanctioned by law but operates in practice.¹⁸

Civilian possession

In addition to weapons exports, imports, and re-exports, the Hungarian government also controls civilian possession of firearms. Gun possession among the general public is on the rise in Hungary, and previous government controls were perceived to be too lax.¹⁹ The growth in civilian possession has, some believe, led to an increase in violent crime and widespread fear among the population, which, some argue, leads to higher numbers of gun owners in response.²⁰ The government recently introduced new legislation to control civilian gun ownership. The Firearms and Ammunition Act No. 24/2004 codifies controls on the acquisition and possession of weapons by civilians. The Act stipulates that all firearms are marked at the time of manufacture and import. Inventories of all national military, police and sporting holdings are subject to strict security controls and registration.²¹

Border control

The Hungarian Customs Service, housed in the Ministry of Finance, is responsible for the verification of arms exports, imports, and re-exports. This includes the validation of documents such as end-user or international import certificates, as well as the confirmation of deliveries.²² Despite the Customs Service's authority to verify arms transfers, however, government officials report that they only verify an arms shipment 'when there is a huge question' about its validity. Ultimately, officials contend, 'verification is not seen as a crucial activity' given limited resources.²³

Despite apparent weaknesses with and negative attitudes about verification activities in Hungary with respect to weapons transfers, numerous reports have been published regarding Hungary's enforcement actions. Also a task of the Customs Service, enforcement of the provisions of the arms trade decree is evident. Numerous reports of seizures of weapons and arrests of arms smugglers have emerged.²⁴ Accounts of actual prosecution for the offences, however, are less obvious. In fact, government officials suggest that very few, if any, individuals who have been accused of violating the arms trade decree have actually been prosecuted to the full extent of the law. Penalties for such activities are outlined in the Penal Code (articles 261/A, 263, 263/A, 263/B, 264/C and 287). Unlike many other countries in the EU, Hungary does not provide monetary penalties for violations. Violations of brokering controls in Hungary are punishable in the aggregate with up to 15 years of prison.²⁵

Transparency

Hungary has become more transparent with regard to information on its import and export of SALW following its admission into the EU. It submitted a national report to the UN Department for Disarmament Affairs in both 2003 and 2004, in which it outlined category

of weapons, quantity and importer/exporter states for imports and exports.²⁶ This is a marked step up from the limited requirements of openness under Decree 48 which only made available information pertaining to large weapons sales, but there is of course room for improvement. Like other countries in the CEE region, Hungary would reportedly share more information and increase transparency if others, especially the US, would set the example and take the lead.²⁷

International cooperation

Hungary has been quite involved in international and regional activities regarding SALW. The country is a member of all international control regimes and subscribes to the UN, EU, NATO's Partnership for Peace, and OSCE processes concerning small arms. Hungarian officials consistently mention their interests in multilateral activity in this area, as they understand SALW proliferation as a transnational problem that requires collective solutions.²⁸ Accordingly, therefore, Hungary has taken some initiatives to enhance multilateral efforts in the region. The Hungarian government has been very involved, for example, in the South Eastern Europe Stability Pact's SALW activities. In November 2000, the Hungarian Ministry of Foreign Affairs, the Szeged Centre for Security Policy, and the international NGO Saferworld co-sponsored a regional meeting to tackle SALW availability in South-eastern Europe. What resulted was an informal course of action known as the 'Szeged Process', which centred around a concrete implementation plan to reduce the number and increase the control of small arms. In September of 2001, Hungary hosted a follow-up session to discuss progress that had been made in the area, and since that time has continued its efforts within the region.²⁹ In a further step towards regional cooperation, in June 2003, the Hungarian Ministry for Foreign Affairs organised an export control seminar for South Eastern Countries together with the US Department of State Bureau of Non-proliferation, Office of Export Control Cooperation. Hungary also hosted the Fifth International Conference on Exports in Budapest in September 2003. Involving over 40 countries and representatives of the multilateral export control regimes, industry and the NGO community, the conference focused on discussing new approaches in controlling conventional arms especially particular types of SALW such as MANPADS.³⁰

The Hungarian Police also adopt a pro-active regional stance on SALW controls. They cooperate with Interpol, Europol, and are a member of the SECI Regional Centre for Combating Trans-border Crime to design a system for South Eastern European Countries to exchange information on illicit SALW trafficking.

Civil Society

Civil society activities in Hungary on the issue of SALW are rather limited. Although there is only one Hungarian civil society organization, the Szeged Centre for Security Policy, registered with IANSA, government officials report that a few groups have expressed interest and participated in a couple of the government's meetings on SALW issues.³¹ Those same officials report, however, that the 'natural progression of political activity in Hungary is from the top down and not the bottom up.'³² They would not expect, therefore, to see much civil society involvement in this or any other issue. Nonetheless, the Hungarian government is reportedly supportive of 'civil society arms control initiatives and recommendations through its participation in relevant EU committees'.³³

1.4 Hungary's SALW Perspectives and Realities

Similar to other countries in the Central and East European region, national security concerns greatly motivate Hungarian behaviour in the area of SALW. Officials stress that they are very aware of conflict 'hotspots' in the international community, and recognise that armed hostilities can and do often spill over to affect other territories. Although Hungarian officials say they are not concerned about a direct armed attack, they are conscious of the indirect effects of warfare, such as refugees, immigration, crime, and economic pressures. The salience of regional and global terrorist activities has also risen in Hungary in the wake of the 11 September attacks – and officials draw direct connections between SALW proliferation and a greater potential for terrorist acts. Moreover, the increase in violent crime over the past several years in Hungary has enhanced government interest in controlling SALW availability domestically as well as internationally.³⁴

The control of SALW in Hungary is also seen as an obligation based on the principles, norms, and values of the international community. Irresponsible weapons activities, in other words, are considered inconsistent with the international obligations to which Hungary subscribes and reportedly adheres. Officials assert that they cannot simply 'pick and choose the international non-proliferation rules to abide by – all international rules and obligations are there to obey'.³⁵ Presumably, then, as international SALW rules, norms, and values strengthen, so will Hungary's efforts to live by them. Despite these positive sentiments, Hungarian officials do report that they are 'painfully aware' of the revenue they forego when implementing strict arms controls. This view is coupled with the perception on the part of some officials that 'the trade in small arms will always be with us, despite the best rules or best intentions'.³⁶

Table 1. Hungary's participation in Regional SALW Regimes and Regional Security Organisations

SALW Control Agreement/ Regional Security Organisation	Czech Republic's Commitment
EAPC	Yes
EU Code of Conduct on SALW	Alligned, 1998
EU Joint Action	Alligned, 1998
Ottawa Convention	Signed, 1997; Ratified 1997
OSCE SALW Document	Signed, 2000
OSCE Principals	Signed, 1993
Nato	Joined, 1999
PfP	Signed, 1994
Stability Pact Regional Implementation Plan	Yes
UN Convention Against Transnational Organised Crime	Signed, 14/12/2000; yet to ratify
Wassenaar Arrangement	Signed, 1995

Recommendations

- **Weapons destruction:** Weapons destruction must be made a greater priority. More than from seized illicit newly manufactured weapons, Hungary faces challenges from its surplus weapons stockpiles. Since it is more profitable to sell these than to store and/or destroy them, these defunct left-overs from the Soviet era are thus sold to any willing markets, which tend to be conflict zones. Cost of storage, maintenance and destruction must be reduced, through subsidies or specific incentive programmes, in order to reduce the motivation to sell surplus arms rather than destroy them.
- **Stockpile management:** Hungarian law does not address the issue of stockpile weapons at all. The gap in the existing law pertaining to procedure on handling stockpile weapons needs to be addressed. Guidelines must be drawn up, including provisions for a comprehensive record management system and regular reporting on numbers, types and the condition of surplus and seized weapons.
- **Export criteria:** Although Hungary has made significant progress on harmonising its firearms legislation with EU legislation, particularly since May 2004, it does not include a specific export criteria. A list of prohibited countries in accordance with UN, EU and OSCE regulations should be incorporated into national legislation, to formalise export licensing practice.
- **Greater enforcement:** There have been many reports of weapons seizures and interception of illicit arms transfers, however, levels of prosecution of perpetrators is disproportionately low. Greater priority and resources need to be directed at the successful prosecution of arms trade criminals.
- **Brokering legislation:** The current system for brokering licenses is not codified and there are requirements set out for the licensing of surplus weapons. Provisions must be set out to deal with licensing requirements for surplus weapons and Hungary's licensing system should be formalised into national law.

Endnotes

1. Author's interviews with Hungarian officials at the Ministries of Defence, Foreign Affairs, and Economic Affairs in Budapest, Hungary, March 2002; and Saferworld report on Hungary, at <http://www.saferworld.co.uk/Hungary.pdf>, p. 1.
2. Kiss, *op. cit.*, p. 80; and Saferworld report, p. 1.
3. Kiss, *op. cit.*, p. 85.
4. Author's interviews with Hungarian officials at the Ministries of Defence and Economic Affairs, March 2002; and Small Arms Survey, *op. cit.*, pp. 36–7. For more details about arms production, exports, and defence industry restructuring in Hungary, see Kiss, *op. cit.*, pp. 77–104 and the Saferworld report, pp. 5–7. For a list of the seven SALW producers in Hungary, see the Hungary country profile at <http://www.nisat.org>.
5. Author's interview with officials at the Ministry of Foreign Affairs, March 2002.
6. *Ibid.*; and interviews with officials at the Ministries of Economic Affairs and Defence, March 2002.
7. *Ibid.* For a report on the theft of military items from a surplus warehouse, see 'Large quantity of military explosive material stolen', 17 August 1999, in the Hungary country profile at <http://www.nisat.org>.
8. Author's interviews with officials at the Ministry of Foreign Affairs, March 2002.
9. Small Arms Survey, *op. cit.*, p. 176; Saferworld report, p. 7; and 'Moldova detains Ukrainian plane for arms smuggling', ITAR-TASS, 13 April 1999, at <http://www.nisat.org>.
10. 'Moldova releases Ukrainian planeload of Hungarian guns', UT-3 Television Network, 15 April 1999, at <http://www.nisat.org>.
11. 'Budapest denies illegal arms supply to Kosovar Albanians', MTV Television Network, 4 February 1999, at <http://www.nisat.org>; and 'Budapest denies arms export allegations', MTI, 5 February 1999, at <http://www.nisat.org>.
12. Saferworld report, p. 8.
13. For an English translation of the decree, see Appendix 1 of the Saferworld report; and the SIPRI database at <http://www.projects.sipri.se/expcon/natexpcon/Hungary/hun61.htm>.
14. see Hungary's National Report to the UN Department of Disarmament Affairs, available at disarmament.un.org
15. *ibid*
16. See Article 5 of Decree 48, and author's interviews with officials, March 2002.
17. 'Licensing of broeking activities', Small Arms Survey 2004, p. 153
18. *ibid*
19. Author's interviews with officials at the Ministry of Internal Affairs, March 2002; Kriszta Fenyo, 'Attempts to curb gun rule in Hungary', BBC, January 2000, at <http://www.nisat.org>; and 'Hungarian Interior Minister to increase weapon license stringency', Nepszabadszeg, 8 December 2000, in FBIS-EEU-2000-1209, at <http://www.nisat.org>.
20. 'Attempts to curb gun rule in Hungary', BBC, January 2000, at <http://www.nisat.org>; and 'Hungarian Interior Minister to increase weapon license stringency', Nepszabadszeg, 8 December 2000, in FBIS-EEU-2000-1209, at <http://www.nisat.org>.
21. *ibid*
22. 'Over 163,000 gun permits reportedly issued', MTI, 24 January 1996, at <http://www.nisat.org>; and 'Deteriorating security results in more illegal guns', MTI, 5 February 1998, at <http://www.nisat.org>.
23. See Article 3 of Act C of the 1995 Customs Law.
24. 'Budapest police seize "large amount" of arms, explosives', MTI, 15 November 1996, at <http://www.nisat.org>; 'Budapest police arrest members of arms-dealing gang', Kossuth Radio Network, 5 December 1997, at <http://www.nisat.org>; and 'Police confiscate whole arsenal in Budapest', Kossuth Radio Network, 15 November 1996, at <http://www.nisat.org>. Numerous other reports of enforcement activities can be found in the Hungarian country profile at <http://www.nisat.org>.
25. see Small Arms Survey 2004, p. 160
26. Available at disarmament.un.org
27. Author's interviews with government officials in the Ministries of Foreign Affairs, Economic Affairs, and Defence, March 2002.
28. *ibid*
29. *ibid*
30. see Hungary's National Report to the UN Department of Disarmament Affairs, available at disarmament.un.org
31. *Ibid.*
32. Author's interview with official in the Ministry of Foreign Affairs, March 2002.
33. Saferworld report, p. 5.
34. Author's interviews with government officials in the Ministries of Foreign Affairs, Economic Affairs, and Defence, March 2002.
35. Author's interview with official in the Ministry of Foreign Affairs, March 2002.
36. *Ibid.*