

# Tracing Corruption:

## Emerging Patterns in the Global Arms Trade

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# About

**The Corruption Tracker (CT)** is a women- and youth-led project that seeks to delegitimize and dismantle the arms trade using the lens of corruption. We aim to collate, document, and expose information on corruption in the arms trade. By doing so, we hope to be an invaluable and accessible resource for campaigners, journalists, human rights organizations, and researchers.

**The World Peace Foundation (WPF)** was founded in 1910, and today, seeks to redefine peace through research, advocacy and engagement that creates pathways for nonviolent futures. It is affiliated with the Fletcher School of Global Affairs at Tufts University.

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# Introduction

Corruption in the global arms trade is endemic and often hidden in plain sight, entrenched in procurement processes, obscured by national security exemptions, and sustained by opaque networks of private and state actors operating with minimal oversight. The scale and scope of corruption in arms trade deals is evident in the Corruption Tracker (CT) database of 59 separate cases documented by the CT research team. The cases cover 63 countries and 81 companies over the span of 45 years, and implicate industry and government actors, from purchasing and selling countries. While high-profile scandals or individual cases may occasionally capture media attention, the broader systemic patterns and their far-reaching implications remain insufficiently examined. This report seeks to fill that gap by analyzing emerging trends in arms trade corruption from across the cases in the CT database.

The report is composed of four sections, each authored by different members of the CT research team. The sections each begin with a recent case study of corruption, draw connections to other examples in the CT database, unpack the core issue, and assess the broader implications for understanding corruption in the arms trade.

Several contributions also offer concrete recommendations to policymakers and activists on how to enhance transparency, strengthen accountability mechanisms, and curb impunity. Collectively, the chapters illuminate how systemic patterns of corruption, such as bribery in procurement or offshore shell companies, fuel armed conflicts, divert public resources, and shield powerful actors from scrutiny. This report aims to contribute to a growing body of work challenging the legitimacy of the global arms trade.

The first section, “Captured by Design: Rethinking Corruption in the Military-Industrial System,” challenges one of the most widely used definitions of corruption and questions its applicability to the arms trade, arguing instead for a state-capture lens. The second section, “Inflating Uselessness,” analyzes key cases to expose how public funds are misused through specific arms projects, and illustrates how such practices contribute to a broader culture of corruption within the industry. The third section, “Internationalization,” explores three ways corruption in the arms trade intersects with the industry’s global expansion, highlighting both the challenges and opportunities this internationalization poses for accountability. The final section, “From Deferred Justice to Collective Power: Abolitionist Approaches to Arms Trade Corruption” demonstrates that deferred prosecution agreements (DPAs) are not simply failures of justice; they are deliberate tools within a legal and economic system designed to protect and preserve corporate power.

The analysis presented in this report is meant as a provocation in the current moment of increased global military spending and militarization, especially by Western countries. By addressing the structural corruption of the arms trade, the report shows the limits of treating discrete instances of corruption as standalone examples of malfeasance. It demonstrates that corruption and the corrupting influence of the arms trade are inherent to the industry as a whole.

# Captured by Design: Rethinking Corruption in the Military-Industrial System

RHONA MICHIE

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Corruption in the arms trade comes in many forms and is therefore notoriously difficult to define. To guide the Corruption Tracker (CT) case research, we adopt a working definition from Transparency International: “the abuse of entrusted power for private gain.”<sup>1</sup> It has broadly been applied by much of civil society, academia, and governmental or international bodies, such as Europol, U.S. Office of Government Ethics, European Commission, and the World Economic Forum. In a lot of anti-corruption work, the Transparency International (TI) definition is a useful one. It does not reduce the scope of corruption to money exchanging hands, and allows a reasonably broad level of interpretation. As the basis for case selection criteria, it has been very useful for the CT. Cases are prioritized for research based on team capacity, the quality of data in the public domain, and topical relevance. While this means the data at our disposal is far from randomized, the CT is still the broadest existing database of corruption in the arms trade, and meaningful conclusions can be drawn from the data held.

By analyzing the cases and trends that have emerged from the CT over the years, patterns can be identified around how corruption operates within the arms trade. The findings from the CT highlight the limitations of current approaches that focus primarily on the process of corruption. This section will explain why TI’s definition falls short and proposes a new framework for analyzing corruption in the arms trade.

## From Entrusted Power to Unquestioned Influence

The experience of the CT over the past five years has made it clear that this predominant framework for addressing corruption has some significant limitations. The first part of the problem is that corruption is sometimes treated as an unfortunate side-issue of the global arms trade. “Entrusted power” can be power that is given within the public sphere or within a corporation, but it implies a level of “trust,” a level of legitimacy for holding this power. In reality, in a largely western, privatized arms trade, executives oriented toward profit for

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1 Transparency International, “What Is Corruption?” accessed May 22, 2025, <https://www.transparency.org/en/what-is-corruption>.

their corporations are given a disproportionate amount of access to public power. Almost by definition, they are using access to public power and access to officials entrusted with power in the public space for private gain. Yet, business executives, lobbyists, and middlemen were never legitimately entrusted with this public power. Rather, they can hide behind official decision makers when things go wrong, concealing the role they play in creating the outcomes they believe will be beneficial to them.

These private actors are, in many cases, the instigators of corruption. An overemphasis on *entrusted* power can hide the systemic nature of abusing power for private gain that is at the heart of the relationship between a profit-oriented arms industry with unparalleled access to public power not entrusted to, but rather *appropriated* by them.

The second trend that CT data has shown is that, at least where the arms trade is involved, it is not sufficient to focus on purely “private” gain. The boundaries between government and corporate interests in the defense sector are often deeply blurred, particularly where national security and foreign policy objectives are concerned. In the arms industry, two major drivers emerge: the pursuit or reinforcement of strategic relationships and the generation of capital. The first (maintaining or strengthening geopolitical relationships) has been shown by Campaign Against Arms Trade as the primary factor behind arms export approvals in the UK, often overriding legal obligations to assess the potential harm caused by arms transfers.<sup>2</sup> The second motivator, profit (whether through arms sales, shareholder profits, or bribes) drives much of the global arms trade.

In pursuit of these (often intertwined) goals, “private gain” is an insufficient lens through which to understand potential benefits obtained through corruption. A corrupt contract may be pursued not for personal enrichment, but to achieve a perceived benefit to national security, to a state or corporation, to an ideology, or to a political party. Crucially, pursuing a deal while bypassing due process, overlooking illicit practices, approving or ignoring irregular payments, or sidestepping oversight, constitutes corruption, even if the intended outcome is framed as serving the public good. It is essential to recognize that a moral or ideological agenda, such as believing you are supporting your country’s national interests, does not preclude individuals or institutions from being corrupt, and should not exempt them from accountability.

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2 Sam Perlo-Freeman, *UK Arms Exports in 2022: A Research Briefing* (Campaign Against Arms Trade, 2023), <https://caat.org.uk/publications/annual-report-uk-arms-exports-in-2022/>.



## The Capture of Global Systems

In some cases, anti-corruption work itself has been left open to capture by those who use it to bolster colonial frameworks and support political agendas. As Anna Stavrianakis has explained,<sup>3</sup> there is a “basic asymmetry” in the dynamics of the arms trade, where the vast majority of weapons are produced in the Global North, and exported to the Global South. This dynamic itself is both a legacy and a driver of colonialism. Historically, there has been disproportionate focus on ‘buyer’ countries in the anti-corruption field, and not the “seller” countries or the vast multinational corporations who instigated the deals. The crucial point that is often missed is that corruption cannot occur without the participation of both the seller and the buyer. The disproportional focus on the Global South perpetuates supremacist colonial narratives about corruption and development.<sup>4</sup>

Trends shown by the CT evidence support Stavrianakis’ point and demonstrate the involvement of Global North arms-exporting countries in corruption scandals. More than 4 in 5 of the CT cases involve a NATO member and 69% involve at least one Global North country selling to one or more countries in the Global South.<sup>5</sup> However, when this data is compared to the Corruption Perceptions Index (CPI), the most widely used global corruption ranking in the world, two different pictures emerge.<sup>6</sup> The CPI ranks countries by perceived levels of public sector corruption amongst experts and businesspeople. 86% of CT cases involve a seller country that has been ranked in the 30 least corrupt countries by the CPI. The CT case “*Green Horizon: Fueling the Conflict in South Sudan*”, for instance, tells the story of retired Israeli Defense Forces Major General Israel Ziv allegedly leveraging his connections with South Sudan’s Defence and Agricultural Ministries, the Israeli Ministry of Defense, and Trafigura, a commodity trading company, to orchestrate the sale of \$150 million in weapons to both the South Sudanese government and its opposition.<sup>7</sup> While South Sudan is ranked as the most corrupt country in the whole world, Israel, led by a government mired in corruption scandals, and the registered country of many businesses that are involved in corrupt arms deals, enjoys its place in the bottom 30. Ranking based on perceptions, even those of experts, falls foul of a range of biases and misses significant hard evidence.

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3 Anna Stavrianakis, “The Arms Trade and the Transformation of Global Order: A Revitalised Research Agenda,” *Global Studies Quarterly* 5, no. 2 (2025), <https://doi.org/10.1093/isagsq/ksaf033>.

4 See further discussions in Elitza Katzarova, “From Global Problems to International Norms,” *Crime, Law and Social Change* 70 (2018): 299–313; and Gabriel O. Apata, “Corruption and the Postcolonial State: How the West Invented African Corruption,” *Journal of Contemporary African Studies* 37, no. 1 (2019): 43–56.

5 Global South as used here is defined by the Finance Centre for South-South Cooperation. Finance Centre for South-South Cooperation, “List of South-South Countries,” accessed July 15, 2025, [http://www.fc-ssc.org/en/partnership\\_program/south\\_south\\_countries](http://www.fc-ssc.org/en/partnership_program/south_south_countries).

6 Transparency International, *Corruption Perceptions Index*, accessed May 7, 2025, <https://www.transparency.org/en/cpi/2024>.

7 B. Arneson and Jack Cinamon, “Green Horizon: Fueling the Conflict in South Sudan,” *Corruption Tracker*, accessed May 8, 2025, <https://corruption-tracker.org/case/green-horizon-fueling-the-conflict-in-south-sudan>.

One of the more concerning aspects is the limited scrutiny applied to the companies that get involved in corruption. For instance, Transparency International's Defence Companies Index (DCI), which assesses the levels of public commitment to anti-corruption and transparency in the corporate policies and procedures of 134 of the world's largest defense companies, diverges from some of the evidence in our database. The companies most frequently featured on the Corruption Tracker - BAE Systems (8 cases), Leonardo (5 cases), and ThyssenKrupp (5 cases) - are ranked relatively favorably by the DCI. Leonardo is listed as the least corrupt arms company on the Index, while BAE and ThyssenKrupp both rank as "B", indicating a "high" commitment to anti-corruption and transparency. This raises questions about the reliance on self-published data and the extent of due diligence undertaken regarding a company's external public record. Without a more rigorous assessment process, such rankings may inadvertently limit the impact of anti-corruption efforts, and in some cases, risk undermining them.

## Towards a Systems Lens: The Capture of States and Systems

The arms trade is one of the best vehicles for corruption. It operates under a veil of national security-imposed secrecy and involves huge sums of money for often long-term, complex projects. In the West, the culture of militarism that underpins the arms trade has infiltrated not just the military-industrial complex but our bureaucracy, our media, and our academic institutions. This culture prioritizes the interests of national security over global access to safety and basic human rights. This produces the perfect storm of conditions for Klitgaard's formula for corruption: corruption = monopoly + discretion – transparency.<sup>8</sup> The corruption involved in the arms trade is more than an unfortunate side effect; it is woven into the very fabric of how the trade operates, even driving the making of war itself.

Rather than focusing on the process of corruption, the evidence in the CT database, as laid out here and throughout the rest of this report, supports a systems approach, utilizing an adapted framework of state capture. State capture refers to "the corruption of all levels of a state to the point where procurement and policy decisions are influenced to benefit the corrupters, facilitated by the systematic destruction/dilution of state oversight mechanisms that threaten this process."<sup>9</sup> As explained by Elizabeth Dávid-Barrett, this framework shifts the focus away from the corrupted and onto the corruptor.<sup>10</sup> More common anti-corruption approaches focus on the entrusted party, such as a politician, for withholding services until a bribe is paid. The CT has shown that the significance of this has been overstated. The creation of a captured system begins with industry, and the systemic impacts far outweighs the significance of the

8 Robert Klitgaard, "International Cooperation Against Corruption," *Finance & Development*, International Monetary Fund 35, no. 1 (March 1998).

9 Rhona Michie et al., "Shadow World Investigations: Tracking Corruption in the Arms Trade," in *Open Source Investigations in the Age of Google*, ed. Henrietta Wilson et al. (World Scientific, 2024), 329.

10 Elizabeth Dávid-Barrett, "State Capture and Development: A Conceptual Framework," *Journal of International Relations and Development* (Ljubljana) (2023), <https://doi.org/10.1057/s41268-023-00290-6>

corruption of individuals. Dávid-Barrett also describes three pillars of state capture: improper influence over the formation of policy; improper influence over the implementation of policy; and the disabling of accountability mechanisms. This improper influence and disabling of accountability is evident across various CT cases, such as the release of US military aid to Egypt, and the growing use of Deferred Prosecution Agreements detailed in the final section of this report.<sup>1112</sup> In this case, however, the reach of the arms trade far beyond individual states could be more appropriately termed “global systems capture.”

## A Systems and Cultures Approach

The work of the CT highlights worrying trends in the arms trade that warrant an expansion to the traditional definitions of corruption. The aforementioned limitations to “entrusted power” and “private gain” are exacerbated by the need for a systems approach, highlighting the capture of society, its institutions, and even predominant cultures. The arms trade and the governments and institutions that participate in it have become captured through not just traditional corruption, but a corruption of mentality.

One thing the CT makes apparent is that the misuse of public funds by any means should be seen as an inherent part of the corruption of the system. Moreover, the “behind closed doors” decision making that has become *de rigueur* in areas of national security should be considered a corruption of the democratic process. While arguments can be made for some secrecy in decision making, the access granted to industry representatives is starkly contrasted with the lack of accountability or recourse for the public to remove bad actors from office.

This national-security-imposed secrecy strengthens, and is strengthened, by a broader culture of corruption that underpins every facet of the global trade in arms. The prevalent mentality in much of the civil service is that corruption is “just how it’s done.” Civil servants are particularly vulnerable to social norms and these norms can “lead civil servants to engage in corrupt behaviours or to block efforts to prevent, investigate or sanction corrupt practices”.<sup>13</sup> This means that even amongst those not accepting bribes, corrupt practices go unchallenged

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11 Ruth Rohde and Jack Cinamon, “The Halal Meat Scandal,” *Corruption Tracker*, accessed July 11, 2025, <https://corruption-tracker.org/case/the-halal-meat-scandal>.

12 See also, for example, Valentina Azarova, “Strategic Litigation Against the Arms Trade,” in *Monstrous Anger of the Guns*, ed. Rhona Michie et al. (Pluto Press, 2024), 188–206, on the power of lobbyists in drafting the Arms Trade Treaty and the erosion of national and international accountability mechanisms; and Samuel Perlo-Freeman, “From Revolving Door to Open-Plan Office” (Campaign Against Arms Trade, 2024), [https://caat.org.uk/app/uploads/2024/09/OpenPlanOffice\\_FINAL.pdf](https://caat.org.uk/app/uploads/2024/09/OpenPlanOffice_FINAL.pdf), on the unfettered access to government decision-making enjoyed by weapons manufacturers.

13 Jared Miller et al., “The Role of Social Norms in Bureaucratic Corruption,” BESA (2024), <https://www.corruptionjusticeandlegitimacy.org/items/the-role-of-social-norms-in-bureaucratic-corruption%3A-a-research-to-practice-report>.

and even encouraged. In fact, in 2023 the House of Commons Defence Committee described the apparent culture of the UK defense procurement system as “institutionally averse to individual responsibility.”<sup>14</sup>

The culture of militarism further entrenches this.<sup>15</sup> The so-called “security” culture is dominated by a small group of individuals, with a culture entrenched in masculinist and white supremacist values<sup>16</sup>. These values only make it harder for whistleblowers to speak out, and when they do they often face hostility and stonewalling.<sup>17</sup> The corruption involved is not just an incidental & unfortunate side effect, but in fact a huge driver of the arms industry. The Saudi-Spain case - where the bribes paid on the deal amounted to more than double the original value of the deal itself - demonstrates how many parts of the industry become more about trading bribes, with arms just a handy conduit to do so<sup>18</sup>. And yet, conduits or no, real weapons are involved, with real violent impacts, either through their direct use or through fostering a violent militarized world order.

In conclusion, the need for a whole systems approach is not an academic one. Using the lens of state capture is vital to tie corruption into the other overarching concerns about the arms trade. The capture of global politics by the arms industry leads directly to the creation of violent policy agendas and budget priorities. In both seller and buyer countries, this violence is felt in police powers and in political choices made to fund warfare over welfare amidst growing inequality and climate breakdown. Beyond those countries, the war and devastation that these weapons wreak are felt by very real individuals, families and communities who suffer at the hands of this deadly trade.

As mentioned above, the narrower definition of corruption has its uses, and is applied in our own case research. But work on corruption in the arms trade that stops at this definition would be in danger of misrepresenting the nature of the trade.

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- 14 House of Commons Defence Committee, *It Is Broke: And It's Time to Fix It: The UK's Defence Procurement System*, 9th Report of Session 2022–23, July 11, 2023, accessed June 12, 2025, <https://committees.parliament.uk/publications/40911/documents/199247/default/>.
  - 15 See Paul Rogers and Judith Large, *The Insecurity Trap: A Short Guide to Global Transformation* (Hawthorn Press, 2024), 41–50.
  - 16 Nico Edwards, “Sex, Power & Play at Europe’s Largest Arms Fair,” *The Disorder of Things*, March 8, 2024, <https://thedisorderofthings.com/2024/03/08/sex-power-play-at-europes-largest-arms-fair/>, accessed July 24, 2025.
  - 17 Mark Smith, “I Saw Illegality and Complicity with War Crimes. That’s Why I Quit the UK Foreign Office,” *The Guardian*, February 9, 2025, <https://www.theguardian.com/commentisfree/2025/feb/09/uk-foreign-office-war-crimes-arms-gaza-yemen>.
  - 18 B. Arneson, Rhona Michie, and Jack Cinamon, “Defex’s Dirty Decades: Arms Sales to Saudi Arabia,” *Corruption Tracker*, accessed August 2025, <https://corruption-tracker.org/case/defexs-decades-of-corruption-in-arms-sales-to-saudi-arabia>.

Even applying TI's definition, our cases demonstrate that oversight isn't working, but they also demonstrate the need to question who the system *is* working for. Ultimately, the failings demonstrated by this report are generating vast profits and other benefits for a small, select few. It is the real people of the world who are losing out. We must not lose sight of the moral corruption underpinning this all. If the CT shows anything, it is that there is no benefit in fighting for a less corrupt and more efficiently run arms trade. The accountability we advocate for must at its core penalize harm wreaked on society at all levels.

# Inflating Uselessness

JACK CINAMON and CARLA MARTINEZ HERNANDEZ

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The proposed increases in defense spending across Western Europe, and indeed in many countries worldwide, in reaction to Russia's invasion of Ukraine are likely to be interpreted by the arms industry as a *de facto* blank cheque. The rapid influx of funding, in the absence of stringent regulation, effectively invites the industry to raise its prices, which will only result in further price inflation and wasteful spending.

At the Corruption Tracker, we have documented numerous high-profile and more obscure cases, where the arms trade has been plagued by price inflation and wasteful spending, all at great expense to the public. For example, the sustainment contracts awarded to Thales and BAE Systems' Australian subsidiaries for the maintenance of the now-decommissioned Adelaide-class frigates exemplify a troubling pattern of financial mismanagement and cost inflation in the arms trade.<sup>19</sup> In total, the maintenance of the frigates has cost the Australian Department of Defence (DoD) a suspected AUD \$170 million, up from AUD\$72 million.<sup>20</sup> The Australian DoD's internal evaluation reportedly found that BAE's Adelaide contract was "riddled with cost overruns, with the British company consistently invoicing questionable charges."<sup>21</sup> These contracts alone accounted for an estimated AUD\$79 million in unnecessary expenditure. Yet, this case is far from an anomaly.

The conditions of the arms trade create an environment where financial oversight is limited and opportunities for cost manipulation and price gouging are rife. What often goes unaddressed is how this climate of price inflation and lax monetary governance provides procurement officials and intermediaries with both the opportunity and the excuse to engage in corruption. When top-level government departments legitimize these behaviors, it fosters the social norms environment explored in the previous section. It is unsurprising that the USA, as the largest exporter in weaponry across the world, accounting for 43% of global arms exports,<sup>22</sup> suffers from huge financial mismanagement and losses on its arms procurement. In

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19 Jack Cinamon and Alexandra Fischer, "Australia's Adelaide-class Sustainment Contracts," *Corruption Tracker*, August 26, 2024, <https://corruption-tracker.org/case/australias-adelaide-class-sustainment-contracts>.

20 Joyce Moullakis and Ben Butler, "Defence Probes BAE over Inflated Expenses in Frigate Contract," *The Weekend Australian*, May 11, 2019, <https://www.theaustralian.com.au/business/bae-systems-probed-over-inflated-expenses-in-frigate-contract/news-story/df956589ebb2f35dd8b498b4efa7b9aa>.

21 Joyce Moullakis and Ben Butler, "Defence Probes 'Inflated' Contracts," *The Weekend Australian*, May 11, 2019, <https://www.theaustralian.com.au/nation/defence/defence-to-investigate-inflated-navy-contracts/news-story/eb3381b5df79b3fc66c7e1c4b3d34449>.

22 SIPRI, "Ukraine the World's Biggest Arms Importer; United States' Dominance of Global Arms Exports Grows as Russian Exports Continue to Fall," press release, March 10, 2025, <https://www.sipri.org/media/press-re>



fact, the Pentagon has failed its seventh audit in a row.<sup>23</sup> This level of financial mismanagement forms the environment that creates endless opportunities for financial exploitation.

By analyzing six key cases in the CT database, we expose the projects through which public funds are misused and demonstrate how these practices foster a broader culture of corruption in the global arms trade.<sup>24</sup> Understanding these patterns is crucial for holding arms companies accountable and ensuring greater transparency in military spending. On the rare occasion that arms trade corruption finds its way into public discourse, the focus is generally headline-grabbing scandals. Even less attention is paid to how the routine inflation of military expenses, from advanced weapons systems to basic supplies, lays the groundwork for systemic bribery and financial abuse on a global scale.

In the following section, we examine how seemingly minor instances of price gouging can accumulate into substantial costs in major arms trade projects, costs that are often squandered on ventures that either collapse entirely or persist despite offering little in strategic value.

## Price Gouging

Price gouging is a growing issue within the arms trade and the examples are vast. It is a persistent feature that often goes unpunished and receives minimal, if any, government oversight. The arms industry is small and highly consolidated, with government procurement departments frequently locked into sole-source contracts with a limited number of suppliers. This arrangement grants these companies the freedom to set whatever prices they wish. While price gouging is not a new phenomenon, recent cases highlight how deeply entrenched this practice remains. Take the US Pentagon as a case in point.

During the 1980s, the Pentagon became infamous for egregious overspending, such as \$640 for a toilet seat, \$7,600 for a coffee pot, and \$436 for a hammer.<sup>25</sup> But more recent examples

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lease/2025/[ukraine-worlds-biggest-arms-importer-united-states-dominance-global-arms-exports-grows-russian](#).

23 Brad Dress, "Pentagon Fails 7th Audit in a Row but Says Progress Made," *The Hill*, September 15, 2024, <https://thehill.com/policy/defense/4992913-pentagon-fails-7th-audit-in-a-row-but-says-progress-made/amp/>.

24 See Jack Cinamon, "Taiwan's Lafayette Frigate Affair," *Corruption Tracker*, accessed July 15, 2025, <https://corruption-tracker.org/case/taiwans-lafayette-frigate-affair>; Shadow World Investigations, "Indonesia AW101 Helicopter Deal," *Corruption Tracker*, October 1, 2024, updated October 25, 2024, <https://corruption-tracker.org/case/4575>; World Peace Foundation, "The Indian VVIP Helicopter Deal," *Corruption Tracker*, published December 2, 2020, updated May 2, 2025, <https://corruption-tracker.org/case/the-indian-vvip-helicopter-deal>; Organized Crime and Corruption Reporting Project (OCCRP), "Hacking Niger's Defence Budget," *Corruption Tracker*, published December 6, 2020, updated December 8, 2020, <https://corruption-tracker.org/case/hacking-nigers-defence-budget>; and Alex Fischer, "Missing Mortar Rounds in Ukraine," *Corruption Tracker*, published February 11, 2025, <https://corruption-tracker.org/case/missing-mortar-rounds-in-ukraine>.

25 Mandy Smithberger, "Testimony: Watchdog Report Makes Case for Pentagon Reforms," Project on Gov-

are equally if not more shocking. For example, TransDigm charged \$71.01 for a 4-cent metal pin, a staggering 177,000% markup;<sup>26</sup> and other cases include \$4,000 for a soap dispenser on Air Force planes,<sup>27</sup> \$52,000 for a trash can,<sup>28</sup> and \$90,000 for a bag of bolts normally priced at \$100.<sup>29</sup> According to Senator Chuck Grassley, the Air Force spent \$32,000 to replace just 25 cups.<sup>30</sup> However, one of the more shocking examples is the Air Force's \$23.7 million contract to replace two refrigerators on an Airforce One (the presidential fleet).<sup>31</sup>

These examples illustrate a systemic issue where arms companies exploit their market dominance to extract excessive profits. This could be interpreted as legalized bribery, siphoning huge amounts of unaccounted funds from the taxpayer to the shareholders of arms companies. Yet, these are smaller, more conventional items rather than actual weapons, the everyday products with familiar price points that the general public can easily compare. In contrast, most people cannot compare the costs of advanced weaponry because such items are not part of everyday life or civilian purchases.

## Big Projects

The issue of price inflation of course extends to the weapons, not only small and light weapons, but also the big projects, including all their components. Large-scale military programs are particularly vulnerable, with subcontractors further driving up expenses through inflated bids and hidden fees at multiple stages of the supply chain. This escalating trend of overpricing is especially evident in high-profile arms acquisitions.

In Australia, for example, the AUKUS trilateral security partnership, short for Australia, the United Kingdom, and the United States, is projected to cost approximately AUD\$368 billion by 2050. As part of AUKUS, Australia would be obliged to purchase up to eight nuclear-powered submarines. Prior to this, the Australian government terminated a €56 billion contract it already

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ernment Oversight, January 19, 2022, <https://www.pogo.org/testimonies/testimony-watchdog-report-makes-case-for-pentagon-reforms>.

26 Nick Schwellenbach, "Leaked Audit: Boeing Overcharged Army Up to 177,000 Percent on Helicopter Spare Parts," Project on Government Oversight, June 28, 2011, <https://www.pogo.org/investigations/leaked-audit-boeing-overcharged-army-up-to-177000-percent-on-helicopter-spare-parts>.

27 Julia Gledhill, "\$4000 Soap Dispensers on Air Force Planes? Just You Wait," Quincy Institute for Responsible Statecraft, November 4, 2024, <https://responsiblestatecraft.org/price-gouging/>.

28 Connor Echols, "The Pentagon's \$52,000 Trash Can," Quincy Institute for Responsible Statecraft, June 21, 2023, <https://responsiblestatecraft.org/2023/06/20/the-pentagons-52000-trash-can/>.

29 Forbes Breaking News, "VIRAL MOMENT: Michael Waltz Confronts Air Force Officials With Staggeringly Expensive Components," YouTube video, 5:33, posted April 7, 2024, <https://www.youtube.com/watch?v=hYWie-96j3aQ>.

30 Stephen Losey, "Battle over Air Force's \$1,300 Coffee Cups Heats Up," *Air Force Times*, October 22, 2018, <https://www.airforcetimes.com/news/your-air-force/2018/10/22/battle-over-air-forces-1300-coffee-cups-heats-up/>.

31 Matt Stevens, "Air Force One Needs 2 New Refrigerators. Together, They Cost \$24 Million," *The New York Times*, January 27, 2018, <https://www.nytimes.com/2018/01/27/us/politics/air-force-one-refrigerators.html>.



held with France for conventional submarines, incurring a €555 million penalty to Naval Group, a huge amount of money wasted.<sup>32</sup> Similarly, the Hunter-class frigate program, in which the Australian government would purchase multiple frigates from BAE Systems, has faced scrutiny for its soaring costs leaping from initial agreement of AUD\$35 billion to \$65 billion.<sup>33</sup> These large projects are not isolated instances but they reflect a broader pattern where the defense sector capitalizes on weak oversight to inflate prices continuously. As an example, the CT database includes at least 14 similar cases, including Tanzania's Air Traffic Control System,<sup>34</sup> The Indonesian AW101 Helicopter Deal,<sup>35</sup> and Missing Mortar Rounds in Ukraine.<sup>36</sup>

This phenomenon is further exacerbated by what can be described as "forever costs." Modern military equipment, especially those integrated with advanced software systems like drones, often requires continuous updates and maintenance. Larger units, such as fighter jets, naval vessels, and land vehicles require a constant stream of spare parts, maintenance, as well as training, sustainment, and operating personnel. These long-term obligations add to the financial burden, ensuring that the costs of large-scale defense programs extend indefinitely.

The most notorious example being the Lockheed Martin F-35 fighter jet, the most expensive weapons program in history. The cost of the F-35 program, which has now been extended to 2088, is expected to have a lifetime cost topping \$2 trillion, this includes \$1.6 trillion in sustainment costs and \$442 billion in acquisitions (as of April 2024).<sup>37</sup> This is a total cost equivalent comparable to the annual national budget of Germany, the largest economy in Europe. Not to mention that Lockheed Martin decided on a \$30 million settlement with the Department of Justice for massively inflating prices in relation to the F-35 program.<sup>38</sup> These cost overruns are not a rarity in the arms industry, but are a commonality; another US program being the production for a new generation of nuclear intercontinental ballistic missiles (ICBMs), currently projected to surpass nearly \$141 billion, 81 percent over the 2020 program

32 Anthony Albanese, "Naval Group Settlement," Prime Minister of Australia, June 11, 2022, <https://www.pm.gov.au/media/naval-group-settlement>.

33 Andrew Greene, "\$20 Billion Funding 'Hole' in Troubled Hunter Warships, Labor Claims," ABC News, February 19, 2024, <https://www.abc.net.au/news/2024-02-19/naval-fleet-review-funding-hole-hunter-frigates/103486288>.

34 World Peace Foundation, *Tanzania's Air Traffic Control System*, Corruption Tracker, accessed July 10, 2025, <https://corruption-tracker.org/case/tanzanias-air-traffic-control-system>.

35 Shadow World Investigations, *The Indonesian AW101 Helicopter Deal*, Corruption Tracker, published October 1, 2024; updated October 25, 2024, accessed July 11, 2025, <https://corruption-tracker.org/case/4575>.

36 Alex Fischer (pseudonym), "Missing Mortar Rounds in Ukraine", Corruption Tracker, accessed July 11, 2025, <https://corruption-tracker.org/case/missing-mortar-rounds-in-ukraine>.

37 William J. Astore, "The Pentagon's \$1.5 Trillion Addiction to the F-35 Fighter," The Nation, September 16, 2019, archived at <https://web.archive.org/web/20191206140954/https://www.thenation.com/article/f35-fighter-jet-pentagon/>.

38 Office of Public Affairs, "Lockheed Martin Corporation Agrees to Settle False Claims Act Allegations of Defective Pricing," U.S. Department of Justice, February 6, 2025, <https://www.justice.gov/opa/pr/lockheed-martin-corporation-agrees-settle-false-claims-act-allegations-defective-pricing>.

budget (\$214,000,000 per missile).<sup>39</sup> The prioritization of these expensive military acquisitions diverts funds from investments in critical public services and infrastructure, and channels them into the pockets of arms company shareholders. This blatant misuse of funds not only undermines broader national development goals, but also leaves us, the general taxpayer, bearing the cost.

Many of these larger projects are embedded with corruption more narrowly defined. Take for example, Taiwan's Lafayette Frigate and Mirage Scandal,<sup>40</sup> one of the largest naval contracting corruption schemes in modern history. Not only was there approximately \$520 million in kickbacks distributed to high-ranking officials in Taiwan, France and mainland China, but the contracts covering the purchase of 6 frigates and 60 jet fighters from France was also hugely inflated, from 10 billion Francs to 15 billion (USD 2 billion, although the contract was eventually USD 2.8 billion). Notably, eight suspicious deaths in relation to the case. These included members of the Taiwanese team who had inspected the frigates in France or were familiar with the contract clauses, as well as personnel from Thomson-CSF's Japan branch involved in negotiating the terms. Among them was also a French intelligence agent who fell to his death from a window just one day before a scheduled meeting with a journalist. The pattern of these deaths has long fueled suspicions of an alleged cover-up involving massive kickbacks and corruption surrounding the deal.

Between 2011 and 2019, the US contributed almost \$240 million to Niger's military budget as they went on a military spending spree that totaled about \$1 billion. However, according to the Inspection Générale's auditors, more than \$137 million had been lost to corruption, over-invoicing and wasteful spending.<sup>41</sup> They sourced a good deal of equipment from Russian, Ukrainian and Chinese state-run arms companies. Key figures within Niger's ruling party at the time effectively hijacked the country's defense budget, seizing the opportunity, just as so often happens in military procurement, to enrich themselves at the nation's expense.

It must be noted that arguably all of the arms deals that involve corruption in monetary value will involve cost inflation, if not just inflating the prices in price gouging, then in covering the costs of bribes and kickbacks.

Beyond the financial implications, the environment of inflated costs and limited transparency constitutes a form of legalized bribery (corruption in plain sight), while also creating fertile ground for illicit corruption and *quid pro quo* arrangements. Relaxed financial oversight and

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39 Taxpayers for Common Sense, "Pentagon Says Sentinel ICBM Is Certifiable—at 81 Percent Over Budget It Is Nuts," July 11, 2024, <https://www.taxpayer.net/national-security/pentagon-says-sentinel-icbm-is-certifiable-at-81-percent-over-budget-it-is-nuts/>.

40 Jack Cinamon, 'Taiwan's Lafayette Frigate and Mirage Scandal', *Corruption Tracker*, 6 November, 2024 <https://corruption-tracker.org/case/taiwans-lafayette-frigate-affair>

41 Organized Crime and Corruption Reporting Project (OCCRP), "Hacking Niger's Defence Budget," *Corruption Tracker*, December 8, 2020, <https://corruption-tracker.org/case/hacking-nigers-defence-budget>.

the normalization of excessive spending give procurement officials and intermediaries the means and justification to engage in illicit practices.

## Uselessness

The arms trade is a profit-driven industry sustained by uselessness: waste, corruption, and complicit institutions. Military procurement failures are not isolated incidents but systemic features of an industry where inefficiency, obsolescence, and corruption are structurally embedded in a self-fulfilling prophecy that perpetuates insecurity.

The pattern of uselessness suggests a fundamental paradox: defense budgets may be driven less by strategic necessity and more by an economic imperative to sustain insecurity. Procurement cycles and manufactured threats justify endless financial flows, embedding waste and obsolescence as fundamental components of the system. National security is not compromised by inefficiency, but rather it is built upon it, transforming war into a self-sustaining market where failure is not a flaw but a lucrative opportunity. Conflict and fear seem to become an asset, ensuring a continuous demand for weapons, technologies, and contracts that point to serve profit over purpose.

A closer examination of major failed military programs exposes how institutional complacency and financial self-interest drive systemic waste.

The US Army's cancellation of the Future Attack Reconnaissance Aircraft (FARA) in 2024 is a prime example of how entire military programs become obsolete before deployment, yet still absorb billions in taxpayer funds.<sup>42</sup> After a \$2.4 billion investment, the program was scrapped due to the growing role of drones in modern warfare, raising the question: why was such an outdated concept pursued for years? The answer lies in the procurement cycle itself, this is secure long-term funding, when obsolescence becomes undeniable, programs are quietly abandoned without financial repercussions for those involved. This pattern mirrors the infamous VH-71 Presidential Helicopter program, awarded to Lockheed Martin in 2004, whose costs ballooned from \$4 billion to \$13 billion before it was canceled in 2009, after approximately \$4.4 billion had been spent and nine aircraft delivered.<sup>43</sup> Despite this, Lockheed Martin and other contractors continued to secure lucrative defense contracts, reinforcing how the industry rewards failure. From skyrocketing costs that far exceed initial estimates to exorbitant maintenance expenses for equipment that has never even been tested, wasteful spending is a recurring issue.

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42 Jen Judson, "Army Officials Question Plan for Future Attack Reconnaissance," Defense News, April 26, 2024, <https://www.defensenews.com/digital-show-dailies/aaaa/2024/04/26/army-officials-question-plan-for-future-attack-reconnaissance/>.

43 Andrew Tarantola, "The \$13 Billion Presidential Helicopters We Scrapped and Sold to Canada," Gizmodo, August 8, 2013, <https://gizmodo.com/the-13-billion-presidential-helicopters-we-scrapped-an-978480541>.

The recycling of defective military equipment further exemplifies how inefficiency is monetized. No case highlights this more than the sale of Leonardo helicopters by Italy and the United Kingdom, first to India accompanied by a series of bribe payments before being deemed unfit by the Indian government (unable to fly at altitude over the Himalayas).<sup>44</sup> This very same helicopter was then resold to Indonesia, again accompanied by a series of bribes, where they have remained unused in a hangar ever since, incurring high maintenance costs despite never having flown a single mission.<sup>45</sup> Similarly, the US Navy's DDG-1000 Zumwalt-class destroyer program highlights how budgetary excess leads to inefficiency and abandonment.<sup>46</sup> Initially planned for 32 units, the program consumed an astonishing \$23.5 billion before being cut to just three ships, each suffering from technical failures and requiring additional costly modifications. Yet, despite this clear financial mismanagement, arms companies reaped immense profits from development and testing phases.

This was far from an isolated case: major budgets allocated to failed or inactive projects are plural. Take the UK's Ajax Armored Vehicle program,<sup>47</sup> which saw over £5.5 billion spent without producing a single working vehicle. Or Saudi Arabia's purchase of 72 Eurofighter Typhoons, with many jets still being grounded due to maintenance and training issues, with speculation that they will be replaced by F-35s.<sup>48</sup> Or Germany's Puma Infantry Fighting Vehicle,<sup>49</sup> developed at a cost of €6 billion, which saw every unit break down during NATO tests in 2022, yet additional funds continue to be funneled into repairs rather than accountability measures. Or India's Arjun Main Battle Tank,<sup>50</sup> developed over the course of 40 years, which still remains 75% inoperable despite continued procurement. Even Russia's Su-57 stealth fighter, marketed as a rival to the U.S. F-35's, has been largely kept out of the Ukraine war due to vulnerabilities, demonstrating how even cutting-edge projects often fail to deliver real strategic value.<sup>51</sup>

44 World Peace Foundation, "The Indian VVIP Helicopter Deal," *Corruption Tracker*, May 2, 2025, <https://corruption-tracker.org/case/the-indian-vvip-helicopter-deal>.

45 Shadow World Investigations, "The Indonesian AW101 Helicopter Deal," *Corruption Tracker*, October 25, 2024, <https://corruption-tracker.org/case/4575>.

46 John M. Donnelly, "Zombie Zumwalt: The Ship Program That Never Dies," *Roll Call*, May 21, 2018, <https://www.rollcall.com/news/policy/zombie-zumwalt-the-ship-program-that-never-dies>.

47 Louisa Brooke-Holland, "Ajax: The British Army's Troubled Armoured Vehicle Programme," *UK Parliament: House of Commons Library*, March 31, 2023, <https://commonslibrary.parliament.uk/research-briefings/cbp-9764/>.

48 Michael Evans, "The Sad Death of the Eurofighter Typhoon," *The Spectator*, November 17, 2024, <https://www.spectator.co.uk/article/the-sad-death-of-the-eurofighter-typhoon/>.

49 Deutsche Welle, "Technical Problems Plague Germany's Puma Armored Vehicles," December 18, 2022, <https://www.dw.com/en/technical-problems-plague-germanys-puma-armored-vehicles/a-64138126>.

50 *Armored Warfare*, "Armored Failures – Part 1: Arjun," February 11, 2020, <https://armoredwarfare.com/en/news/general/armored-failures-part-1-arjun>.

51 Brandon J. Weichert, "Russia's Su-57 Felon Stealth Fighter: Why Won't It Fight in Ukraine War?" *The National Interest*, October 5, 2024, <https://nationalinterest.org/blog/buzz/russias-su-57-felon-stealth-fighter-why-wont-it-fight-ukraine-war-213101/>.

While it is relatively rare, wasteful weapons procurement can occasionally spark political scandal. A notable example is the case of the Ugandan “Junk Helicopters” in the mid-1990s.<sup>52</sup> Uganda purchased four Mi-24 helicopter gunships, but only two were ever delivered, and even those were eventually grounded at Entebbe International Airport and labelled as “junk.” The deal cost the already cash strapped government \$8 million, with much of that money lost to corruption, as intermediaries profited by the millions.

Arms deals and transfers related to the Ukrainian war are no exception, and further illustrate the systemic inefficiency and corruption embedded in military procurement. While billions in international aid have been funneled into defense, significant portions have been rendered ineffective due to mismanagement, technological inadequacies, and outright fraud. A high-profile \$40 million corruption scandal within the Ministry of Defence of Ukraine further exemplifies the systemic flaws,<sup>53</sup> as fraudulent contracts and the misallocation of resources diverted critical funds away from frontline operations, sustaining a network of bureaucratic and corporate interests over national defense, as seen when the Ukrainian Ministry of Defence paid over \$4 million for 100,000 mortar rounds that never arrived with money being splurged into various accounts of intermediaries.<sup>54</sup>

Almost every link in the defense-procurement chain profits when costs balloon and equipment proves unusable. Prime contractors and their webs of subcontractors, including niche component suppliers, pad the margins. While private-equity owners and public shareholders reap the returns. Defense ministries and program offices, wary of admitting sunk costs, keep signing cost-plus contracts that reward overruns. Export-credit agencies and other state lenders underwrite overpriced deals, shifting repayment risk from the buyer to the exporting country's taxpayers; intermediaries, lobbying firms and commercial agents then fold their commissions into the final contract price, while offset packages and political “sweeteners” hide still more costs. Industry-funded think-tanks and consultancies churn out threat, justifying ever-new purchases. Military end-user branches inflate requirements to protect their budget share, and international procurement bodies spread the overruns across member states. Together, these actors form a self-reinforcing ecosystem in which “inflating uselessness” is not a flaw but a lucrative business model.

In conclusion, the arms trade and military procurement systems are deeply plagued by technological obsolescence, political corruption, and financial mismanagement. Lobby-driven inefficiencies, bribery, and inflated prices further perpetuate the cycle of failure,

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52 Jack Cinamon, “Ugandan Junk Helicopters,” *Corruption Tracker*, May 9, 2023, <https://corruption-tracker.org/case/ugandan-junk-helicopters>.

53 AP News, “Ukraine Says Corrupt Officials Stole \$40 Million Meant to Buy Arms for the War with Russia,” January 29, 2024, <https://apnews.com/article/ukraine-russia-war-corruption-476d673cc64a4b-005c7ee8ed5f5d5361>.

54 Alex Fischer, “Missing Mortar Rounds in Ukraine,” *Corruption Tracker*, February 11, 2025, <https://corruption-tracker.org/case/missing-mortar-rounds-in-ukraine>.

resulting in redundant projects that drain resources without providing strategic value other than the continuation of the market. These systemic issues not only undermine national defense but also sustain a profit-driven industry that prioritizes financial gain over the effectiveness and security of military operations.

# Internationalization

RUTH ROHDE

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Today, many arms companies are global enterprises that operate out of multiple countries, have production facilities all over the world, and co-develop arms with other nations and commercial companies. This increasing internationalization of the industry leads to a number of problems for arms export regulation. It also creates opportunities for both states and companies to obscure their roles in the global flow of weapons, and who profits from them. Far too little research examines the impacts of internationalization on the global arms trade from a critical perspective. In this section, we highlight a particularly under-researched question: what are the primary linkages between internationalization and corruption in the arms trade? To answer this question, we first discuss the concept of internationalization before highlighting three linkages between corruption and arms industry internationalization. These are offsets, accountability, and dependencies. If internationalization can both worsen corruption and improve accountability, then the key question is: under what conditions do these outcomes diverge?

First, we argue that offsets are a central pathway through which internationalization and corruption are linked. Next, we outline how internationalization can both hinder and, in some cases, support accountability for corruption. Finally, we explain how internationalization can deepen dependencies between arms-importing and arms-exporting countries, thereby increasing corruption risks. Throughout, we refer to cases and significant allegations of corruption in the arms trade covered by the Corruption Tracker.

## What is “Internationalization?”

Internationalization is a process by which arms development and production is transplanted from the national level to involve multiple nations.

As early as 1994, Richard Bitzinger recognized the decline in “wholly indigenous armaments production” in favor of “multinational arms production” since the mid-1980s. Bitzinger called this process the “globalization” of the arms industry. Of particular note to him was the movement away from *ad hoc* and towards more formal, and “more integrative transnational industrial linkages.”<sup>55</sup> The same year, Sköns and Wulf also published an article referring to

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55 Richard A. Bitzinger, “The Globalization of the Arms Industry: The Next Proliferation Challenge,” *ResearchGate*, 1994, <https://doi.org/10.2307/2539199>.



the “Internationalization of the Arms Industry” as a consequence of the end of the Cold War. Sköns and Wulf referred to three basic forms of internationalization: arms exports themselves, foreign direct investment, and international cooperation agreements.<sup>56</sup> They also noted cross-border mergers and acquisitions, which at the time were concentrated in Western Europe.

The internationalization of the industry is characterized by significant asymmetry. As Bitzinger has subsequently noted, the global weapons supply is increasingly dominated by a small number of multinational companies, while many states continue to produce or maintain equipment at lower technological levels or within niche markets.<sup>57</sup> Most recently, in her discussion of potential new research agendas on the arms trade, Anna Stavrianakis has further observed that today, practices of internationalization like subcontracting, joint ventures, mergers and acquisitions, and technology transfer agreements are still used most extensively in Western Europe and the United States. Stavrianakis further notes that US companies tend to have a strong presence in Europe, with Lockheed Martin being an outlier with a third of its foreign entities located in the Middle East.<sup>58</sup>

For the purposes of our present discussion, several pathways for internationalization should be highlighted. Some are government-driven, even if the companies involved are not entirely publicly owned. Some are driven by companies themselves.

There are also several forms of industrial development that can be described as internationalization. First are multinational arms development projects and partnerships. One of the earlier examples of this is the development of the Panavia Tornado fighter jet. Its development was driven by a multi-national company founded in 1969 by the United Kingdom, Germany, Italy and the Netherlands. However, some of these multinational partnerships are led by one country. For example, while the United States is the prime developer and main customer of the F-35 fighter jet, the project operates through a tiered partnership structure, with varying levels of financial contribution and production based on each partner’s tier.

Second, development and production by individual companies is becoming decentralized. Many leading arms manufacturers operate across borders, with some of the largest in Britain owned by American firms. In 2024, BAE Systems, an American-owned company, employed

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56 Elisabeth Sköns and Herbert Wulf, “The Internationalization of the Arms Industry,” *The ANNALS of the American Academy of Political and Social Science* 535, no. 1 (September 1, 1994): 43–57, <https://doi.org/10.1177/0002716294535001004>.

57 Richard A. Bitzinger, “New Ways of Thinking about the Global Arms Industry,” *Strategic Insights*, 2015, [https://www.files.ethz.ch/isn/194689/SI98\\_Global\\_arms\\_industry.pdf](https://www.files.ethz.ch/isn/194689/SI98_Global_arms_industry.pdf). For a compelling country-level study of Korea, see Chonghyun Choi and Soul Park, “Globalization of Arms Production and Hierarchical Market Economies: Explaining the Transformation of the South Korean Defence Industry,” 2023, [https://ueaeprints.uea.ac.uk/id/eprint/91486/1/SK\\_Defence\\_Industry\\_Transformation\\_Pacific\\_Affairs\\_2023\\_FINAL\\_Choi\\_Park.pdf](https://ueaeprints.uea.ac.uk/id/eprint/91486/1/SK_Defence_Industry_Transformation_Pacific_Affairs_2023_FINAL_Choi_Park.pdf).

58 Anna Stavrianakis, “The Arms Trade and the Transformation of Global Order: A Revitalized Research Agenda,” *Global Studies Quarterly* 5, no. 2 (April 8, 2025): ksaf033, <https://doi.org/10.1093/isagsq/ksaf033>.



49,600 people in Britain and 36,200 in the United States.<sup>59</sup> Some companies participate in and even promote “domestic” arms industries in rising powers through the establishment of local partnerships and technology transfers. Long-standing examples of this include Boeing’s and BAE Systems’ joint ventures in Saudi Arabia.

Third, is the direct selling and transfer of production capacity. This has been a long-standing practice where countries license the production of certain weapons systems directly to foreign customers. Some companies provide so-called turnkey production capacities where entire factories are exported and then handed over to a local customer.

Finally, like any industry, the arms industry today is heavily reliant on anything from microchips to specialized components.

## Links to Corruption

### Offsets

A primary link between arms industry internationalization and corruption are so-called direct offsets. Offsets are side-deals or countertrade arrangements that are made as part of an arms purchase. Arms purchases are exempt from the World Trade Organization’s Agreement on Government Procurement that bans offsets from being used for contract or tender selections.<sup>60</sup> Offsets can be either direct or indirect. Direct offsets involve investment in the arms industry of the purchasing country, while indirect offsets require investment in other sectors. According to the U.S. Commerce Department, about one-third of offset agreements reported in 2021 were direct, and two-thirds were indirect.<sup>61</sup> Direct offsets represent a form of internationalization in the arms industry, as they often involve the transfer of know-how, production capacity, and the establishment of international production arrangements. For example, the Airbus Indonesian Aircraft deal<sup>62</sup> led to the build-up of production capacities for Airbus military transport planes in Indonesia. The infamous Al Yamamah arms deal,<sup>63</sup> the largest ever UK arms export deal, contained an exceptionally complex series of offsets, overseen by an

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59 BAE Systems plc, Annual Report 2024, accessed July 28, 2025, <https://www.baesystems.com/home/2024>.

60 World Trade Organization, *WTO Agreement on Government Procurement* (2012), [https://www.wto.org/english/docs\\_e/legal\\_e/rev-gpr-94\\_01\\_e.pdf](https://www.wto.org/english/docs_e/legal_e/rev-gpr-94_01_e.pdf), see art. III, para. 1 (arms procurement exemption), and art. IV, para. 6 (rules on offsets).

61 Colby Goodman, “Blissfully Blind: The New U.S. Push for Defense Industrial Collaboration with Partner Countries and Its Corruption Risks,” Transparency International, accessed February 12, 2025, <https://us.transparency.org/resource/blissfully-blind-the-new-u-s-push-for-defense-industrial-collaboration-with-partner-countries-and-its-corruption-risks/>.

62 B. Arneson and Jack Cinamon, “Airbus: Indonesia Aircraft Deals,” *Corruption Tracker*, published April 5, 2022, accessed May 2, 2025, <https://corruption-tracker.org/case/airbus-indonesia>.

63 Sam Perlo-Freeman, “Al Yamamah Arms Deals,” *Corruption Tracker*, September 3, 2020, <https://corruption-tracker.org/case/al-yamamah-arms-deals>.

offsets committee chaired by the UK Ministry of Defense's Head of Export Services.<sup>64</sup>

A recent report from Transparency International identified the three primary risk factors for corruption in offset deals. These included: high-level and opaque negotiations over flexible inducements, the use of intermediaries, and complex, vague, and hidden rules for valuing and overseeing offsets.<sup>65</sup> Indirect offsets are considered to be more prone to corruption, but both direct and indirect offsets contain high corruption risks. Offsets allow money to be distributed through patronage networks with minimal oversight. They can also be used to launder bribes. Transparency International cite the Indian VVIP Helicopter Deal<sup>66</sup> as an example. In the deal, offset brokers were accused of bribing Indian military officials to rig the purchase of transport helicopters. The brokers allegedly received tens of millions from AugustaWestland and then created companies to provide fictitious offset projects in India to hide the bribe.<sup>67</sup> In another Indian case, the Franco-Indian Rafale Affair,<sup>68</sup> Hindustan Aeronautics Limited (HAL) was set to assemble Dassault Rafale fighter jets in India as part of a 50% offset clause. But at the last minute, HAL was replaced by another company, Reliance, whose majority shareholder and chairman, Indian billionaire Anil Ambani, has close ties to Prime Minister Narendra Modi. Dassault allegedly had no industrial interest in forming a partnership with Reliance, and only signed the deal to gain political influence.<sup>69</sup>

## Accountability

Internationalization has a particular impact on accountability for corruption. On the one hand, international company set-ups can make the flow of money, arms, and resources opaque and lead to avoidance of accountability. This goes beyond hiding money in offshore accounts, shell-companies and the use of intermediaries, which are a consequence more generally of international trade. The components of internationalization extend to international company set-ups in production, financial flows, and administration that are used to avoid accountability, as well as provide new opportunities.

64 *Offset Programme*, Hansard, UK Parliament, accessed May 2, 2025, <https://hansard.parliament.uk/Com-mons/1994-04-19/debates/6fde5004-4344-43dc-b2bc-db662c9adfa6/OffsetProgramme>.

65 Colby Goodman, "Blissfully Blind: The New U.S. Push for Defense Industrial Collaboration with Partner Countries and Its Corruption Risks," Transparency International, accessed February 12, 2025, <https://us.transparency.org/resource/blissfully-blind-the-new-u-s-push-for-defense-industrial-collaboration-with-partner-countries-and-its-corruption-risks/>

66 World Peace Foundation, "The Indian VVIP Helicopter Deal," Corruption Tracker (blog), published December 2, 2020, updated May 2, 2025, <https://corruption-tracker.org/case/the-indian-vvip-helicopter-deal>.

67 Colby Goodman, "Blissfully Blind: The New U.S. Push for Defense Industrial Collaboration with Partner Countries and Its Corruption Risks," Transparency International, accessed February 12, 2025, 3, <https://us.transparency.org/resource/blissfully-blind-the-new-u-s-push-for-defense-industrial-collaboration-with-partner-countries-and-its-corruption-risks/>

68 NSK, Jack Cinamon, and Ruth Rohde, "The Franco-Indian Rafale Affair," Corruption Tracker (blog), published December 13, 2021, updated September 12, 2022, <https://corruption-tracker.org/case/the-franco-indian-rafale-affair>.

69 Ibid.

The Ordnance Factory Board Scam illustrates how governments can conspire with private arms companies to evade accountability for corruption, particularly in countries that actively lobby for their arms industries abroad. In 2014, the German arms company Rheinmetall, which had been excluded from government procurement in India due to alleged corruption, reportedly sought and received support from the German Ministry of Economics to reverse the blacklisting. When questioned about its actions, the ministry claimed that the allegations only concerned Rheinmetall's Swiss subsidiary, not the German parent company.<sup>70</sup> This response reveals how the international structure of arms companies can be used strategically to deflect responsibility. By attributing misconduct to foreign subsidiaries, both companies and governments can distance themselves from wrongdoing and avoid meaningful accountability.

At the same time, internationally established arms companies can be investigated in multiple jurisdictions. This has been done with some success recently. Most significant has been the recent investigation of Airbus, an international arms company with significant shares held by the French, German and Spanish states. Airbus agreed to pay fines of USD 4 billion in a Deferred Prosecution Agreement with investigating French, British, and US authorities involving a corruption scheme in nineteen markets.<sup>71</sup> Those deals that involve arms are described on the Corruption Tracker. General advantages and issues with DPA's are discussed in the accountability section of this report. This is an example of a relatively successful prosecution in terms of establishing culpability on the part of an arms company through a coordinated international investigation. International investigations can be helpful as foreign states are less invested in other countries' arms industries, which can decrease political meddling with prosecutors.

A significant hurdle for these multi-jurisdictional investigations is the political situation in the United States. One of the oldest and most-consistently enforced pieces of anti-foreign bribery legislation is the US Foreign Corrupt Practices Act (FCPA). The Trump administration in February 2025 paused the enforcement of the FCPA. The impacts of the pause are yet to emerge in full.

## Dependencies

Major arms deals are especially susceptible to corruption for a multitude of reasons. One underexamined issue is the problem of dependency, which we argue, can be exacerbated through internationalization.

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<sup>70</sup> Wie Rheinmetall die Bundesregierung für Interventionen in Indien einspannen konnte," *stern.de*, March 6, 2018, <https://www.stern.de/wirtschaft/wie-rheinmetall-die-bundesregierung-fuer-interventionen-in-indien-einspannen-konnte-7887424.html>.

<sup>71</sup> B. Arneson, "Airbus: Ghana Aircraft Deals," Corruption Tracker (blog), published January 13, 2022, updated December 10, 2024, <https://corruption-tracker.org/case/airbus-ghana-aircraft-deals>.

A common argument for controversial arms exports is that supposedly they create leverage over the arms purchasing country. Research published in *War on the Rocks* suggests the opposite dynamic may apply to U.S. arms sales to the Middle East, with arms sales creating reverse leverage. The authors claimed that,

*Weapons transfers do not tend to occur in a vacuum, and frequently come alongside military training, weapons maintenance, and interoperability drills. These security relationships lead to a converging of interests: For the U.S. military to be secure, the recipient's military needs to be successful. The recipient country can use this convergence to request weapons systems and security cooperation more fruitfully, thereby creating a cycle where more weapons transfers lead to increased interdependence, which in turn leads to more arms sales.*<sup>72</sup>

Beyond training, maintenance, and interoperability drills, arms sales frequently come with industrial integration. In some cases, this interweaving can create extreme dependencies on specific foreign arms markets that these industrial ties have been established with. In any other industry, this could merely be a business risk. In the arms industry, even when companies operate as private entities, their enmeshment is backed by the state and shaped by political dynamics. This backing can make it nearly inconceivable for a company to fail in the market, creating dependencies that lead to conflicts of interest and heighten corruption risks, especially since arms companies are often supported by governments, even when privately owned.

The UK's dependence on arms exports to Saudi Arabia is a strong example. As mentioned above, the largest non-American arms company in Britain is BAE Systems. BAE systems is highly dependent on arms exports to Saudi Arabia, which is consistently its third most important sales destination behind the US and the UK. BAE also has a strong presence on the ground in the country, with just under seven thousand employees based there, 6% of BAE's global workforce as of 2024.<sup>73</sup> BAE's dependence on Saudi Arabia specifically as an export market has in the past contributed to major corruption risks, often with cover and support from the British government. The UK government on multiple occasions not only lobbied on BAE's behalf, but officials were quite openly involved in questionable transactions before the UK introduced foreign anti-bribery legislation. After 1994, guidelines were rewritten to put distance between officials and bribe payments. As the *Guardian* reported in the context of revelations about the infamous Al Yamamah arms deal,<sup>74</sup> "Officials would no longer visibly 'authorise' commission payments. Or correspond about them. Instead, they were to

72 Jordan Cohen and John Hoffmann, "Many Arms and Little Influence in the Middle East," *War on the Rocks*, August 11, 2023, <https://warontherocks.com/2023/08/many-arms-and-little-influence-in-the-middle-east/>.

73 BAE Systems Annual Report 2024, accessed May 7, 2025, [https://investors.baesystems.com/~/\\_media/Files/B/BAE-Systems-Investor/documents/bae-systems-annual-report-2024.pdf](https://investors.baesystems.com/~/_media/Files/B/BAE-Systems-Investor/documents/bae-systems-annual-report-2024.pdf).

74 Sam Perlo-Freeman, "Al Yamamah Arms Deals," *Corruption Tracker* (blog), September 3, 2020, updated April 18, 2023, <https://corruption-tracker.org/case/al-yamamah-arms-deals>.

merely 'consider' and 'advise.'"<sup>75</sup> Tony Blair infamously shut down the Serious Fraud Office's investigation into the arms deal, in which journalists alleged billions of pounds were paid in bribes.<sup>76</sup> Yet, in 2024 it was revealed that the British Ministry of Defense continued making obscure payments that may have been intended to fund a plane a Saudi prince had received from BAE systems until at least 2011.

BAE's ties with Saudi Arabia are strengthened through joint ventures and maintenance contracts. Other European and American companies also maintain joint-ventures in the Gulf monarchies. A simplified vision of the arms trade imagines weapons simply flowing from A to B with both origin and destination relatively interchangeable. This view contributes to the claims that "if we don't sell, someone else will," or that arms companies could just sell to less controversial customers in times of crisis. An example of such a relatively "simple" sale was Germany's sale of patrol boats to Saudi Arabia, which, after Germany imposed an embargo on the country, were instead sold to Egypt. Yet, applying this view to the entire arms trade is misleading, as industrial relationships and local production, a form of internationalization, are often desired by the purchasing country and can entrench arms export relationships over decades. When companies are entrenched and dependent on sales, especially to a specific market, this can create incentives to win a contract no matter the cost, even when the means are illegitimate.

In conclusion, this section discussed three ways in which internationalization in the arms industry can be linked to corruption. Specifically, we addressed the practice of offsets, the challenges and opportunities for accountability, and the entrenchment of arms relationships in the form of dependencies creating conflicts of interests and increasing the need for arms transfers as well as corruption to specific customers. The focus of this section has been on European and US companies, as internationalization is most prevalent in these regions. Significantly more work needs to be done to unveil how asymmetrical internationalization creates corruption risks, risks of hiding and laundering money in increasingly global and opaque financial flows, and states giving their arms industries supportive backing to the point of enabling, covering up or failing to investigate their crimes. More work is also needed on internationalization as a practice more broadly and what it means for an unequal world order dominated by a few powerful states and capital interests. The arms industry is an essential backbone of a world built on the state monopoly of force and ideologies that create hierarchies in the legitimate and illegitimate use of force often in the image of imperial interests.

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75 David Leigh and Rob Evans, "BAE's Secret Money Machine," *The Guardian*, accessed May 7, 2025, <https://www.theguardian.com/baefiles/page/0,,2095840,00.html>.

76 David Pegg and Rob Evans, "MoD Paid Millions into Saudi Account amid BAE Corruption Scandal," *The Guardian*, March 8, 2024, <https://www.theguardian.com/world/2024/mar/08/mod-paid-millions-into-saudi-account-amid-bae-corruption-scandal>.

# From Deferred Justice to Collective Power: Abolitionist Approaches to Arms Trade Corruption

B. ARNESON and ALEXANDRA FISCHER

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In 2019, Raytheon Technologies (now known as RTX), one of the largest arms manufacturers in the world, was served with a subpoena as part of a U.S. Securities and Exchange Commission (SEC) investigation into potential corruption.<sup>77</sup> The inquiry centered on two separate schemes, between 2012 and 2018, involving the defrauding of the U.S. government in relation to Patriot Missile fire units and a surveillance radar system. Raytheon inflated contract costs and paid bribes to a Qatari agent to secure the contracts, causing more than \$111 million in “financial harm” to the government through overpayments for defense products and services.<sup>78</sup> Numerous internal warnings, ranging from vague invoices to irregular consulting contracts, were reportedly raised but largely dismissed, allowing Raytheon’s operations to continue without disruption.

Despite extensive evidence of wrongdoing, Raytheon resolved the case through two Deferred Prosecution Agreements (DPA) with the U.S. Department of Justice. DPAs allow corporations to avoid criminal conviction by agreeing to certain conditions (usually financial penalties, compliance programs, and vague commitments to reform) without admitting guilt. These agreements effectively shield corporate actors from legal accountability while enabling business as usual.

Under the terms of Raytheon’s DPAs, the company avoided criminal prosecution in exchange for paying fines, admitting to certain facts, and agreeing to internal reforms and monitoring. The combined penalty (\$146.8 million in criminal fines and \$111.2 million in restitution)<sup>79</sup> amounted to little more than a slap on the wrist for a transnational corporation

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77 Ruth Rohde, “Raytheon’s Dirty Business in Qatar (The Qatari Agent),” *Corruption Tracker*, November 26, 2024, <https://corruption-tracker.org/case/raytheons-dirty-business-in-qatar-the-qatari-agent>.

78 United States v. Raytheon Company, No. 1:24-cr-10319-NMG (D. Mass. filed Oct. 16, 2024), Deferred Prosecution Agreement, [https://storage.courtlistener.com/recap/gov.uscourts.mad.276407/gov.uscourts.mad.276407.2.0\\_1.pdf](https://storage.courtlistener.com/recap/gov.uscourts.mad.276407/gov.uscourts.mad.276407.2.0_1.pdf).

79 Ibid.



that reported \$20.3 billion in sales in just the first quarter of this year.<sup>80</sup> This case exemplifies a broader pattern: arms manufacturers implicated in corruption routinely avoid meaningful consequences, protected by legal frameworks designed to preserve their profitability. These outcomes reveal how accountability, as currently practiced, upholds militarized power structures while failing to prevent harm or dismantle the conditions that enable it.

The Raytheon case is not an exception, but part of a systemic pattern in which mechanisms like fines, settlements, and corporate monitors serve as a facade of accountability. These tools rarely address endemic corruption and do nothing to disrupt the structural impunity granted to transnational arms dealers. Lower-level actors, especially those from non-Western, purchasing countries, are more likely to face punitive outcomes, while corporate executives, board members, and key decision makers routinely avoid individual liability.<sup>81</sup> When it comes to prosecution and incarceration, responses to international crimes mirror the racism and class inequality embedded in domestic carceral systems. This stark imbalance exposes a global economy sustained by militarism, surveillance, and incarceration, where legal systems selectively enforce accountability to protect capital and uphold state power.

In an era marked by escalating global violence, ballooning defense budgets, and expanding carceral systems, the lack of meaningful accountability for arms corporations is not a regulatory flaw, it is a deliberate feature. Shielding corporations from consequence entrenches militarized economies and contributes to the erosion of community safety, participatory oversight, and equity. Confronting this reality requires moving beyond technocratic reforms or simply imposing harsher, more “effective” carceral sentences. This section examines how DPAs function not as tools of justice but as mechanisms of impunity in the global arms trade. DPAs do not disrupt the systems that perpetuate harm. Rather, they prioritize stability for powerful institutions over justice for impacted communities. In exposing the legal, political, and economic dynamics that underpin these agreements, this section makes the case for an abolitionist approach to accountability, one that moves beyond carceral and financial remedies and toward justice, community repair, and demilitarization.

## DPAs and the Arms Trade: Instruments of Impunity

In response to the challenges of prosecuting powerful corporations, states have increasingly turned to DPAs as an alternative mechanism for resolving cases of corporate crime in the arms trade. While DPAs are now common in the U.S., U.K., France, and Canada, their global

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80 RTX Corporation, “RTX Reports Q1 2025 Results,” *RTX News Center*, April 22, 2025, <https://www.rtx.com/news/news-center/2025/04/22/rtx-reports-q1-2025-results>.

81 Sam Perlo-Freeman, “Corruption in the Arms Trade,” in *The Elgar Companion to the International Criminal Court*, ed. Margaret M. deGuzman and Valerie Oosterveld (Cheltenham, UK: Edward Elgar Publishing, 2020), 102–103, <https://www.elgaronline.com/edcollchap/edcoll/9781789900989/9781789900989.00015.xml>.

expansion reflects a dangerous normalization of impunity in high-stakes industries like defense and aviation.

Notable examples from the Corruption Tacker database include:

- Rolls-Royce (2017): The UK Serious Fraud Office (SFO) reached a DPA with Rolls-Royce over widespread bribery and corruption offenses spanning multiple countries and decades, with the company agreeing to pay a total of £497.2 million. The DPA, approved by Southwark Crown Court, required Rolls-Royce to pay penalties, disgorge profits, implement enhanced compliance measures, and cooperate fully with ongoing investigations. Despite the severity of the conduct, including senior executive involvement and the use of offshore payments, the court found the DPA “fair, reasonable and proportionate,” citing the company’s extensive cooperation, management overhaul, and commitment to reform (see Rolls-Royce Hawk Jet Deal<sup>82</sup>).
- Airbus (2020): Following a multi—year investigation by French, British, and U.S. authorities, Airbus admitted to a bribery and corruption scheme involving defense and aviation sales across at least 19 markets. The company ultimately entered into three DPAs, agreeing to pay nearly \$4 billion in penalties. No individual executives have been held accountable to date (see Airbus: Indonesia Aircraft Deals,<sup>83</sup> Airbus: Vietnam Aircraft Deal,<sup>84</sup> and Airbus: Ghana Aircraft Deals.<sup>85</sup>

These cases highlight how DPAs function as tools of regulatory theater, creating the appearance of accountability without challenging the structures that enable corporate profit.

DPAs are often presented as pragmatic alternatives to criminal prosecution, justified by the need to avoid economic disruption or protect national security. Through secretive, state-sanctioned negotiations, arms manufacturers and other powerful actors accused of serious harm are allowed to self-regulate, pay fines, and resume business as usual, keeping access to public contracts and strategic partnerships.

In the global arms trade, DPAs expose the deep entanglement between state power and corporate misconduct. Governments frequently fail to regulate the industry effectively and may even benefit from or enable corrupt practices. State actors’ political and strategic interests in arms deals complicate impartial investigation or prosecution. While prosecutors

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82 Jack Cinamon, “Rolls-Royce Hawk Jet Deal,” *Corruption Tracker*, accessed July 15, 2025, <https://corruption-tracker.org/case/rolls-royce-hawk-jet-deal>.

83 B. Arneson and Jack Cinamon, “Airbus Indonesia,” *Corruption Tracker*, April 5, 2022, <https://corruption-tracker.org/case/airbus-indonesia>.

84 B. Arneson, “Airbus: Vietnam Aircraft Deal,” *Corruption Tracker*, February 15, 2022, <https://corruption-tracker.org/case/airbus-vietnam-aircraft-deal>.

85 B. Arneson, “Airbus: Ghana Aircraft Deals,” *Corruption Tracker*, January 13, 2022, <https://corruption-tracker.org/case/airbus-ghana-aircraft-deals>.



may not personally profit, they often work within legal and political frameworks aligned with national security and economic priorities. Rather than disrupting corruption, DPAs serve to manage it discreetly, revealing a system designed not merely for enforcement failure but to protect dominant interests.

The opacity of DPAs compounds the harm. These agreements are typically negotiated behind closed doors, shielded from public scrutiny. Communities affected by the arms trade, whether through corruption, conflict, or displacement, are excluded from the process entirely. The rationale for settlements, the extent of wrongdoing, and the terms of so-called remediation are hidden from view.

More troubling still is how corporations entering into DPAs remain eligible for future government contracts. In the defense sector, where state contracts are a primary source of revenue, this continued access represents not just complicity but reward. DPAs do not deter misconduct; they normalize it, treating penalties as manageable costs of doing business. What is framed as “accountability” becomes a transactional process that strengthens corporate influence while failing to prevent further harm.

At a deeper level, DPAs reveal how national legal systems structurally favor the powerful with leniency while disproportionately punishing the poor and marginalized. Critics rightly describe DPAs as emblematic of a two-tiered system, one in which wealth and influence shield corporations from criminal consequence, while individuals, particularly in overpoliced and under-resourced communities, face incarceration for far lesser offenses. As Open Secrets notes, “When the criminal justice system imprisons those without money and resources but allows for a DPA for those with money, this undermines the legitimacy of the justice system itself.”<sup>86</sup>

Sam Perlo-Freeman, one of the few scholar-activists writing about DPAs in the context of corruption in the arms trade, argues that they are typically granted after misconduct is uncovered rather than in response to voluntary self-reporting, thereby undermining their intended legal function.<sup>87</sup> Examining DPAs more broadly, Branislav Hock and Elizabeth Dávid-Barrett describe them as part of a “compliance game,” where corporations consolidate multiple offenses into a single negotiation to mitigate risk.<sup>88</sup> This approach secures institutional

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86 Tabitha Paine and Ra'eesa Pather, “The Pros and Cons of Deferred Prosecution Agreements: Is It a Case of Justice Deferred Is Justice Denied?,” OpenSecrets, Daily Maverick, January 6, 2022, accessed July 28, 2025, <https://www.opensecrets.org.za/the-pros-and-cons-of-deferred-prosecution-agreements-is-it-a-case-of-justice-deferred-is-justice-denied/>.

87 Sam Perlo-Freeman, “Corruption in the Arms Trade,” in *The Elgar Companion to the International Criminal Court*, ed. Margaret M. deGuzman and Valerie Oosterveld (Cheltenham, UK: Edward Elgar Publishing, 2020), <https://www.elgaronline.com/edcollchap/edcoll/9781789900989/9781789900989.00015.xml>.

88 Branislav Hock and Elizabeth Dávid-Barrett, “The Compliance Game: Legal Endogeneity in Anti-Bribery Settlement Negotiations,” *International Journal of Law, Crime and Justice* 71 (2022): Article 100560, <https://doi.org/10.1016/j.ijlcrj.2022.100560>.

continuity while shifting blame from individuals to the abstract corporate entity. Taken together, these dynamics illustrate how DPAs not only fail to deliver justice but actively reproduce structural inequalities under the guise of legal accountability.

Ultimately, DPAs are not instruments of justice but tools of containment. While they may appear to address corporate misconduct, their actual function is to preserve the legitimacy of militarized economies by managing dissent and avoiding disruption. Their application within the arms trade, an industry inseparable from global violence, neocolonial extraction, and imperial enforcement, demands not reform but radical rethinking and experimentation.

## No Justice in Deals or Cells

While DPAs are often framed as pragmatic tools for corporate accountability, their real-world application, particularly in industries like the arms trade, where political power and militarized interests converge, exposes their inability to address the root causes of harm. DPAs, like other legal mechanisms, are embedded within systems that prioritize state and corporate stability over justice, and often operate to deflect scrutiny rather than confront violence or exploitation. Criminal charges are occasionally brought against individuals, as seen in illustrative cases from the CT database, such as Fraudulent Contracts for Peter the Great Cruiser Overhaul,<sup>89</sup> The Halal Meat Scandal,<sup>90</sup> or The Indonesian AW101 Helicopter Deal.<sup>91</sup>

Carceral sentences, long upheld as necessary for punishment and deterrence, are increasingly revealed to be both ineffective and harmful. The logic of general deterrence, based on the assumption that the threat of imprisonment discourages future wrongdoing, has been challenged by extensive criminological research. A 2021 meta-analysis of 116 studies found that incarceration either had no effect or slightly increased a person's risk of future crime compared to non-custodial sentences, across all demographics and facility types.<sup>92</sup> This data undermines one of the central justifications for punitive accountability and exposes prison as a site of compounded violence, not prevention.

This critique is especially salient when considering white-collar and corporate crime. In these contexts, the risk of detection is low, prosecution rare, and sentencing lenient—conditions that severely undercut the very notion of deterrence. As Pedro Gerson states, "White-collar

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89 World Peace Foundation, "Fraudulent Contracts for Peter the Great Cruiser Overhaul," *Corruption Tracker*, November 26, 2020, <https://corruption-tracker.org/case/fraudulent-contracts-for-peter-the-great-cruiser-overhaul>.

90 Ruth Rohde and Jack Cinamon, "The Halal Meat Scandal," *Corruption Tracker*, November 26, 2020, <https://corruption-tracker.org/case/the-halal-meat-scandal>.

91 Shadow World Investigations, "The Indonesian AW101 Helicopter Deal," *Corruption Tracker*, October 1, 2024, <https://corruption-tracker.org/case/4575>.

92 Damon M. Petrich et al., "Custodial Sanctions and Reoffending: A Meta-Analytic Review," *Crime and Justice* 50, no. 1 (2021): 353–424, <https://doi.org/10.1086/715100>.

crime is underenforced: not enough cases are brought, not many convictions are secured, and when they are, those who were convicted usually benefit from leniency not seen in other kinds of criminal wrongdoing.”<sup>93</sup> Similarly, Perlo-Freeman argues that prosecutions of arms-exporting companies for corruption are infrequent, typically limited to mid-level managers, while convictions of officials in recipient countries are more common and depend on local political dynamics and judicial independence.<sup>94</sup> This lack of accountability stems from both the complexity of transnational bribery cases and the political protection afforded to major defense firms considered vital to national security, as seen in the UK’s 2006 decision to halt the BAE-Saudi Al Yamamah investigation.<sup>95</sup>

Traditional approaches to corporate accountability, such as criminal prosecution and monetary sanctions, also carry significant social consequences that often disproportionately impact workers, communities, and those already economically vulnerable. Arms manufacturers, like other multinational corporations, are deeply embedded in national and regional economies, providing employment and infrastructure investment while simultaneously profiting from conflict, extraction, and displacement. Criminal sanctions that disrupt or dissolve such corporations are frequently avoided due to concerns over job loss or market destabilization.<sup>96</sup> But this logic reveals the state’s deeper investment in protecting militarized economic structures, even when they perpetuate violence. This is not unique to the arms trade; it echoes the post-2008 financial crisis, when major banks were deemed “too big to fail.” Today, arms manufacturers have joined the ranks of this corporate elite, seen as too strategically important to hold accountable, and increasingly treated as too big to even regulate. This exposes the contradiction at the heart of conventional accountability: justice is only pursued when it does not threaten capital accumulation or the authority of the state.

93 Pedro Gerson, “Less is More?: Accountability for White-Collar Offenses Through an Abolitionist Framework,” *Stetson Business Law Review* 2 (2023): 144–173, <https://scholarlycommons.law.cwsl.edu/fs/421>.

94 See Sam Perlo-Freeman, “Military Spending and Corruption,” *The Economics of Peace and Security Journal* 13, no. 2 (2018): 37–45, <https://doi.org/10.15355/epsj.13.2.37>; and Sam Perlo-Freeman, “Corruption in the Arms Trade,” in *The Elgar Companion to the International Criminal Court*, ed. Margaret M. deGuzman and Valerie Oosterveld (Cheltenham, UK: Edward Elgar Publishing, 2020), <https://www.elgaronline.com/edcollchap/edcoll/9781789900989/9781789900989.00015.xml>.

95 Ibid.

96 Refer to the commentary by Common Wealth and Anna Stavrianakis, which discusses recommendations for the US and UK to advance a just transition that balances worker support with ecological restoration, advocating for public ownership and repurposing of the arms industry alongside the state’s obligation to provide alternative employment pathways for military personnel. Patrick Bigger et al., “Less War, Less Warming. A Reparative Approach to US and UK Military Ecological Damages,” November 6, 2023, <https://www.common-wealth.org/publications/less-war-less-warming-a-reparative-approach-to-us-and-uk-military-ecological-damages>; Anna Stavrianakis, “Demand for Conversion: Economics and Ethics,” PRISME Initiative, accessed July 29, 2025, <https://prismeinitiative.org/publications/demand-for-conversion-economics-ethics-anna-stavrianakis/#sd-footnote20sym>

## Towards Abolitionist Accountability

An abolitionist approach refuses to treat harm as something that can be resolved through punishment, fines, or surface-level reforms. It rejects accountability frameworks that reduce justice to transactions between elites or procedural box-checking. Instead, abolitionist accountability demands dismantling the political and economic structures that enable and normalize widespread violence and exploitation. Justice is reframed not as discipline or punishment but as a collective, community-rooted process centering healing, reparations, and liberation.

Rather than preserving or legitimizing carceral and corporate institutions, abolitionist accountability calls for building new systems grounded in transparency, mutual care, and a radical redistribution of power and resources. It insists on solidarity with those most harmed by war, corruption, and incarceration, and on divesting from the industries and ideologies that sustain these violences. In the arms trade, this means rejecting not only DPAs but the entire illusion that justice can coexist with capitalism. It requires confronting and uprooting the systemic entanglements between governments and arms dealers and replacing them with global practices rooted in life-affirming alternatives, such as:

- **Dismantling economic and political power structures:** An abolitionist stance refuses reformist tinkering with the arms trade and instead targets the foundational systems that uphold it, ending defense industry influence on policy, divesting public funds from arms manufacturers, and challenging the normalization of weapons as instruments of diplomacy, development, and security. Next steps could include establishing uncompromising whistleblower protections and implementing legally binding, enforced mandates for divestment from contracts linked to corruption.
- **Community-led transparency and accountability:** True transparency goes beyond government mandates and corporate self-policing by centering the voices and leadership of communities most harmed by arms-related corruption and violence.<sup>97</sup> Accountability requires transformative tools such as people's tribunals, public hearings, and grassroots monitoring initiatives that actively dismantle systems of impunity. At a minimum, full and timely public disclosure of all DPA agreements, compliance monitoring, and regulatory decisions should be mandated, alongside the funding and empowerment of independent anti-corruption bodies that include community representatives in oversight roles throughout the entire accountability cycle.

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97 Most weapons are never used. This raises an important question: who constitutes the directly impacted community in such cases? In the context of the South African arms deal, Andrew Feinstein effectively argued that the harm was borne not by victims of direct violence, but by those deprived of state resources, such as the millions suffering from HIV/AIDS, who were denied adequate care due to corrupt arms procurement draining public funds. Andrew Feinstein, *The Shadow World: Inside the Global Arms Trade* (New York: Farrar, Straus and Giroux, 2011).

- **Transformative and restorative justice:** Instead of punishment, abolitionist frameworks prioritize healing, accountability, and relationship repair. Reparations for communities harmed by corruption and violence include financial compensation, community-driven investment, and justice processes that center collective care and transformative change. One potential approach could be establishing community-led reparations councils in regions impacted by arms-related corruption and violence, tasked with designing and distributing financial compensation, public acknowledgments of harm, and infrastructure investments tailored to local needs.
- **International solidarity and non-carceral responses to corruption:** Given the transnational nature of the arms trade, abolitionist accountability roots itself in international solidarity. It resists criminalization and carceral logics and calls for dismantling militarized borders, opposing arms-based authoritarianism, and developing shared non-carceral strategies to challenge both corporate and state violence.
- **Divestment and redistribution of resources:** Abolition demands defunding the arms industry and redirecting public investments toward life-affirming infrastructures (e.g., education, healthcare, housing, climate repair) and enacting strict bans on political contributions and government procurement contracts involving corrupt or abusive corporations.

Taken together, the evidence and arguments laid out in this section reveal that DPAs are not failures of justice, but expressions of a legal and economic order built to shield militarized corporate power. True accountability cannot be achieved through mechanisms designed to preserve impunity. If we are to meaningfully address the harms of arms trade corruption, we must reject frameworks that rely on punishment, opacity, and elite negotiation. Abolitionist approaches are not abstract ideals, they are necessary strategies for confronting entrenched power, restoring community safety, and transforming a global system that treats corruption and violence as normal.

# Concluding Remarks

This report investigated trends of corruption within the global arms trade by analyzing recent case studies from the Corruption Tracker. Traditional frameworks, which narrowly define corruption as the abuse of “entrusted power” for “private gain,” are inadequate for capturing the complexity and scale of corruption in this sector. Instead, what emerges is a pattern of global systems capture, where corporate and state interests collude to shape policy, suppress accountability, and legitimize violence under the dual banners of security and profit.

Such corruption is not incidental, but structural. It is sustained by a transnational culture of secrecy, impunity, and militarism that transcends national borders and systematically undermines democratic governance. To grapple with these realities, it is necessary to expand and redefine corruption beyond isolated acts of malfeasance. A more robust framework must center systemic abuse, collective harm, and the ideological capture of institutions, not only for analytical precision but as a moral imperative.

Viewed in this light, corruption within the arms trade is revealed not as a series of anomalies but as a constitutive feature of the industry itself. It operates within a global ecosystem where inefficiency, inflated costs, and procurement failures are not merely tolerated but normalized. From overpriced maintenance contracts and basic supplies to high-profile debacles such as the F-35 and FARA programs, the arms industry thrives on waste misrepresented as necessity. These are not aberrations; they are design features of a system that places corporate profit above public interest, recasting national security as a perpetual and highly lucrative business model rather than a public good. As governments escalate defense spending under the guise of deterrence and strategic advantage, it becomes ever more urgent to scrutinize the mechanisms through which public funds are misappropriated and misused. In the absence of genuine accountability and structural reform, state resources will continue to be funneled into a machinery that sustains insecurity, rewards failure, and inflates strategic irrelevance.

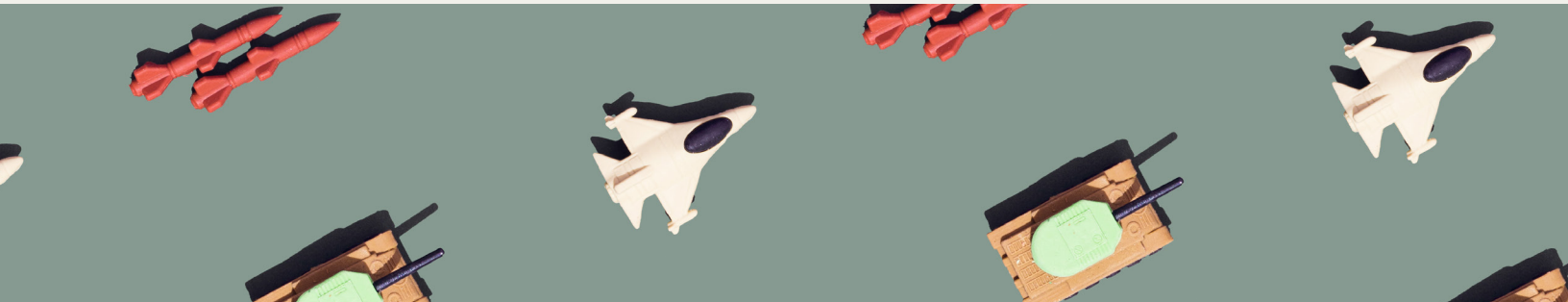
These systemic issues are further amplified by the globalized architecture of the arms industry. The internationalization of weapons production and procurement has reshaped the regulatory landscape, complicating efforts to ensure transparency and accountability. Transnational supply chains, multinational corporate partnerships, and the decentralization of manufacturing processes have created fertile ground for corruption, particularly through opaque ownership structures and convoluted offset arrangements. Although offsets are frequently promoted as mechanisms for industrial cooperation and national development, they often serve as vehicles for influence-peddling, rent-seeking, and elite patronage. The fragmentation of legal and financial jurisdictions further obstructs oversight, allowing

corruption to flourish. While high-profile cases such as the Airbus bribery investigation demonstrate the potential of coordinated enforcement, they remain rare exceptions. More troublingly, internationalization has deepened structural dependencies between arms-exporting states and authoritarian regimes, reinforcing geopolitical and commercial interests that are profoundly resistant to reform. Confronting these interdependencies is not only necessary—it is foundational to dismantling the systems of impunity that uphold the global arms trade.

In this context, addressing corruption in the arms trade requires moving beyond surface-level reforms and punitive legal settlements toward abolitionist accountability frameworks. Such approaches center community-led transparency, restorative justice, and the dismantling of political and economic systems that uphold militarized capitalism. They call for divestment from the arms industry and international solidarity that rejects carceral solutions in favor of collective power and healing.

Ultimately, the persistence of corruption and impunity in the global arms trade is not a failure of justice—it is a feature of a legal and economic order designed to protect militarized corporate power. Meaningful change demands a radical reimagining of accountability that prioritizes justice for affected communities, transparency, and the dismantling of entrenched systems of violence.





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