The Global Expansion of PMSCs: Trends, Opportunities, and Risks

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The past two decades have been marked by a rise in the outsourcing to private professionals of coercive violence functions that used to be the unique privilege of government military or law enforcement personnel. This outsourcing trend took place across the globe and was commissioned by states and non-state actors alike. It took different forms, from mercenaryism, through local tribes and militias, to legal contracts with international companies. The rise in privatized security and military functions also introduced an increase in regulation and inspection of this type of exchange. The gradual development of accountability mechanisms created some degree of standardization, as well as measurement tools, for states and the international community that use or monitor this type of service. This trend has pushed the type of engagement that might be identified as mercenaryism into a more regulated and standardized realm, de-facto, offering a pathway toward legitimization for practitioners and clients. This development corresponded with a worldwide increase in the number of private military and security companies (PMSCs).

In this report, we use a dataset of PMSCs produced by the Peace, War, and Social Conflict Laboratory at Texas Tech University (PWSCL-TTU) to explore past and current trends in PMSCs’ proliferation across the globe. We look at the type of services offered and the different types of privatization demanded by different clients. After explaining the trends, we examine the challenges and opportunities they present.
The PWSCL-TTU dataset covers over 1700 PMSCs worldwide, and accounts for the types of services they provide, their headquarters locations, and the dates of their foundation and (if applicable) their termination. Services are not restricted to direct combat and security functions, but include combat support and combat service support as well. Termination may take the form of mergers or acquisition by other companies. The dataset covers PMSCs operating from the year 1818 until 2016. It defines a PMSC as “any company which offers an array of services which were traditionally or are contemporarily performed by the military to support and conduct combat operations, and which could be and would have to be performed by the military if a contractor was not forthcoming.” The dataset includes only PMSCs that operate internationally.

The dataset does present a set of limitations that can influence the interpretation of the results presented below. Therefore, we advise the reader to take these limitations into account when considering the figures in the trend data section. First, the dataset does not include PMSCs that operate on the national level. This sub-sector is considerably larger than the sector of PMSCs that operate internationally. This means that a decline in a trend can be interpreted as the result of an active market gravitating toward domestic providers rather international ones; it may not at all indicate a general decline in PMSCs. Secondly, it takes time for PMSCs to get contracts abroad and to be recognized as such in open sources. Consequently, a decline in a trend can indicate that the new PMSCs had not yet broken through as of 2016, the ceiling year for the dataset, or that they did not receive media attention that allowed the researchers to clearly detect their presence in the market and incorporate that into the dataset.

**Trends through 2016**
Outsourcing military and security functions in the form of legal contracts for company services rather than outlawed interactions has become more prevalent since the end of the Cold War. Figure 1 illustrate this trend, showing a gradual increase in the total number of PMSCs worldwide. The post-Cold-War era opened the door for private entrepreneurs to market their security expertise more widely. The successful cases of Executive Outcomes in Sierra Leone and other regions in Africa, or MPRI and Brown and Root during the Kosovo War, opened the door for further privatization. The wars in Iraq and Afghanistan accelerated this trend by making extensive use of PMSC operatives. In those two conflicts the United States and its allies extended their reliance on PMSCs, creating an opportunity for new actors.

**Figure 1: The Number of PMSCs Across the Globe, By Year**

In 2003 the number of new international PMSCs created almost doubled, rising from 38 new companies in 2001 to 79 new companies in 2003. The wars in Iraq and Afghanistan were the main engines of this trend. Throughout those conflicts the number of private military and security contractors was equal to or exceeded the number of American soldiers. Given that the
number of American soldiers exceeded the 200,000 mark at some points during the Iraq War, PMSC manpower on the ground have accounted for more than double that number. The conclusion of the Iraq War brought with it two conflicting trends. The first was another influx of new PMSCs in 2011, when the dataset shows that 120 new PMSCs were created. Yet in the following years, the international PMSC market started shrinking, as many companies were terminated or merged. Figure 2 illustrates the balance of PMSCs' creation with their termination across the 20th and 21st centuries. It shows that, while the number of new companies created increased over time, the number of PMSC terminations, mergers, and acquisitions increased as well. Since 2011, the balance of PMSCs’ creation with their termination has taken a negative turn, indicating a shrinking of the international market.

**Figure 2. The Creation/Termination Balance of PMSCs Over Time**

Paradoxically, at the same time that this shrinkage in the overall international market is occurring, we also see the expansion of PMSCs to different regions across the globe. The 2000s boom of PMSCs was concentrated mostly in the U.S. and the U.K., which together account for
over 55% of PMSCs across the sample. The successful use of this form of outsourcing, along with the accompanying legal and regulatory frames, legitimized PMSCs and opened the door for the expansion of the industry and the creation of new local PMSCs in different countries. Figure 3 illustrates this trend, showing in gray and black those countries that hosted PMSCs’ main headquarters across the globe. It shows that 81 countries host at least one PMSC main headquarters within their territory and use its services. These countries represent about 41% of all the states in the global system today. PMSCs’ headquarters are located primarily in the countries that are part of the Global North, namely, North America, Europe, Russia, Australia and New Zealand. The PMSC trend is led by four countries, those marked in black in figure 3: the United States, the United Kingdom, China, and South Africa. Together these four countries account for about 70% of the entire industry.

**Figure 3: Global Spread of PMSCs Headquarters**

Experts and scholars recognize the versatility of the PMSC sector and the extensive range of services they offer. These services dictate PMSCs’ legal boundaries and the type of
intervention in conflicts that they are able to make. A listing of these different services, therefore, conveys a great deal about the relations between PMSCs and their clients. To shed some light on these relations and the PMSCs’ specialization trends, we divided PMSCs according to the services they provide, namely, into services for land, air, or maritime operations (Figure 4). These services include many different types of specialization such as security, IT, logistics, translation, training, and many others, designed to support or complement one of the three categories of operations (land, air, and maritime). Figure 4 shows that services related to land operations are the most prevalent, offered by about 83% of the PMSCs. Air-related services are offered by over 12% of companies in the sample, and maritime services by over 32%. These services are not mutually exclusive, and a cluster of companies offer two or even all three of these types of specialized services.

Figure 4: Percentages of PMSCs that offer land, air, and maritime related services

These findings suggest that land-based services are more common and that maritime, and especially air-related services, are rarer and more exclusive. Figure 5 examines the
specialization trend over time, looking at the number of specializations (land, air, maritime) by new PMSCs per year. This type of analysis, which focuses on services offered by new companies, allows for the exploration of market demand. Results indicate that the prevalence of PMSC land-based services was relatively low between the end of WWII and the 1980s, with small rises around the Korean War and the Vietnam War. The 1980s and 1990s show a more significant rise associated with the end of the Cold War. The 9/11 attacks and the following wars in Iraq and Afghanistan propelled forward a market that was already on the rise. The conclusion of the Iraq War then brought with it a decrease in market demand. The maritime trend is considerably more modest in comparison to the trend in land-based services. The provision of maritime services was relatively steady, and low, throughout most of the period examined in the dataset. As with the land-based services, the end of the Cold War heralded an expansion of maritime services.

**Figure 5 Number of New PMSCs By Specialization, By Year**
During the 1990s and early 2000s, maritime services present a volatile trend, with a general increase that peaked at the end of the Iraq War. Similarly to the trend for land-based services, maritime services dropped after 2011. As a more exclusive set of services, air-related services demonstrate a different trend. Figure 5 illustrates an exponential rise in the provision of air-related services, from a modest rise in the 1980s to a steady and exponential growth that begins in the 1990s and peaks in 2011.

**Takeaways:**

- The PMSC market presents an exponential growth trend that was propelled by several historical events, such as the end of the Cold-War and the Wars in Iraq and Afghanistan.
- The wars in Iraq and Afghanistan are the principal definers of the current trend in the PMSC market. The trend increases with the demand for PMSCs in those conflicts and decline, on the international plain, with the conclusion of the Iraq War.
- During the period of the wars in Iraq and Afghanistan multiple mergers and acquisition took place.
- At present the international trend of PMSCs is in decline due to the shrinking in the demand related to the end of the war in Iraq.
- While we see a general decline in the market we also see the proliferation of PMSCs across the globe.
• The current trend is led by four countries that account for about %70 of the PMSC market: United States, United Kingdom, China, and South Africa.

• The market has been providing mostly services related to land operations. The services related to air operations increased dramatically during the period of the wars in Iraq and Afghanistan.

Current Trends in the Utilization of PMSCs

PMSCs are providers of services, yet the way these companies are deployed varies across clients. We identify several trends regarding the way in which PMSCs are used; each of these offers a different interpretation of the relations between clients and PMSCs, and would suggest different regulatory and legislative implications and regimes. PMSCs specializing in the facilitation of coercive violence functions that are regularly associated with states and not private entities require careful monitoring, due to their significant potential implications for human rights. We identify four distinct trends of PMSC usage that are associated with different clients and aimed at different outcomes. Each trend captures the entire range of PMSC types and does not represent a sub-specialization in the industry, such as cyber security. While there are sub-trends in the industry, this review focuses on the major iterations in the current utilization of PMSCs. The four trends are: 1. Military support; 2. Border security; 3. Combat surrogates; and 4. International commercial support.

Military Support
The most common use of PMSCs by countries is for military support functions. This trend was prominent in the wars in Iraq and Afghanistan, where NATO and the United States-led coalition used PMSCs as force multipliers for military and security missions. In this trend, PMSCs focus on providing logistics, transportation, maintenance, construction, interpretation, training, and peripheral security, among other combat support services. The United States has been using the PMSC Valiant to provide interpretation services for its soldiers in Northern Iraq (Youssef 2020), Blackwater for VIP protection during the Iraq War (Singer 2007), and Askar Security Service to provide peripheral security to military bases across Iraq (Herbert 2016). This type of deployment of different PMSCs to accomplish different functions emphasizes the use of private military contractors for discrete supplementary or peripheral functions, reserving the core combat mission for national military forces (Kinsey 2009 and 2014). In this type of engagement, countries hire PMSCs to provide military and security support services to their armies or to their allies. For example, Turkey has been using the private firm SADAT to train Libyan forces (Eşiyok 2020). They can come under fire, due to the dangerous environment, yet they are not contracted as combatants. Having said that, there are a few instances where the same countries in the same arenas use PMSCs for combat functions or use them within the greyline between combat and combat support. Nonetheless, those cases are the exception and not the rule. The main combat functions in these conflicts are designated for standing armies and not outsourced to PMSCs.

**Border Security**

A second trend that gained momentum in the 2000s was the privatization of border security. This trend includes the incorporation of PMSCs into policies governing border security
and migration control, which traditionally have been state and military functions (Davitti 2019). Yet the outsourcing of border security and migrant detention now occurs in the United States (Hesson 2013; Doty and Wheatley 2013), European countries (Nielsen 2013; Delle Femmine 2017) and a few other countries as well. This trend translates into the domestic sphere PMSCs’ specialization in conflict, and includes the outsourcing of border terminals’ physical security and operation and of the installment, maintenance, secure transportation, and operation of technological security solutions for the border, such as cameras, sensors, and IT systems. The wave of global migration has also led to a specialized type of outsourced services, aimed at controlling migration both at the border and after entry; this trend has been documented in Australia (Siegfried 2014), in European countries, and in the United States (Business & Human Rights Resource Center 2018; Rawnsley and Ackerman 2018). Such services are concentrated around migrant processing and detention centers and include the centers’ physical security, their management and operation, and the transportation and subsequent incarceration of those aliens found to have entered illegally.

**Combat Surrogates**

The third trend is relatively small, yet presents considerable implications for this industry and how it has been utilized. This is the case where PMSCs are used as the principal forces on the ground in combat missions. They are commissioned to engage in battle and to coordinate the fighting effort with local military groups as well as with supporting auxiliaries, such as air support and artillery units. In this context PMSCs never operate alone and work closely with the local forces. The leaders of this trend are two specific countries, South Africa and Russia. The South African company Executive Outcomes led the offensive against the Sierra Leone rebel
groups in the 1990s while coordinating their efforts with local government and security forces (Harding 1997; Howe 1998). In 2015, South African companies led the military effort against Boko Haram in joint operation with Nigerian military and security forces (Smith 2015; Varin 2018). In Syria, Russia has been employing several PMSCs, among them Slavonic Corp and Wagner (Marten 2019; Sukhankin 2018; The Interpreter 2013), in its efforts to support the Assad regime in its fight against the Syrian rebels and the Islamic States. Russian PMSCs are also involved in various capacities in the Libyan Civil War, supporting the Russian-backed faction led by Khalifa Haftar (Wehrey 2019). This type of usage blurs the lines between mercenaries and PMSCs, when PMSCs are treated as part of the core military effort and not as a supplement to that core function. Furthermore, there is an appreciable difference between Nigeria's recent use of private contractors as a force multiplier in an operation seeking to reestablish peace and security within its own borders and Russia's utilization of private contractors to support one side against another in an internal conflict taking place in another country. The use of PMSCs to advance foreign policy interests abroad via full-scale combat in an undeclared war takes an alarming turn back toward mercenaryism and Cold-War-style proxy warfare.

**International Commercial Security**

The fourth trend focuses on the intersection of national and commercial security as it relates to foreign policy. This trend focuses on using PMSCs as Commercial Security Companies (CSC) at sensitive sites abroad. This type of service includes securing sites with sensitive and strategic importance such as logistical hubs, ports, airports, and energy facilities. The services offered include an umbrella of security and defense functions ranging from physical perimeter security with armed guards to sensors and cyber protection. Also implicated here is the
management of various aspects of these facilities such as logistics and maintenance. These types of services are common among companies that protect oil rigs or other sensitive equipment. Alternatively, states often contract with national or international PMSCs to run the perimeter security for sensitive and strategic assets within their territories. The novelty of the current trend is that it is commissioned and guided by states, yet contracted to be performed outside of their sovereign territory. China is leading this trend and dictating its boundaries as China's commercial and foreign policy agenda align in its investments across Africa and in the transnational Belt and Road project. China prefers using its own PMSCs to secure those investments, creating a new trend due to the magnitude of China’s usage of PMSCs for this purpose (Clover 2017). Chinese PMSCs provide the security umbrella for those investments, protecting Chinese workers and assets outside of China.

**Challenges**

These four trends present different iterations of state utilization of PMSCs in the contemporary security field. Each of these trends captures a different path that countries take as they decide to use PMSCs. As such each presents a different set of challenges to the international community. Out of the four trends, the first one of using PMSCs as military support functions is the most regulated and studied. It presents its unique challenges and limitation, yet those are not new and unfamiliar given this trend has been under the eye of scholars and experts for over two decades now. Those challenges are already established in literature, policies, contracts, and regulatory mechanisms, allowing the international community and states to conduct better informed oversight of these practices and entities. This oversight became formalized with the emergence of international associations for PMSCs, which offer standardization in practices and
a level of accountability. Furthermore, a series of legal precedents have now been set through several court rulings on PMSCs’ actions and services (Leander 2019); these precedents define some legal boundaries and expectations for the industry. By contrast, the other three trends are relatively new, and while they have been acknowledged by nongovernmental organizations and practitioners in several instances, they are not treated equally in the research and legal frames.

The second trend, that of outsourcing border security, has been recognized as a context in which human rights violations are likely to occur. The United Nations as well as several human rights’ nongovernmental organizations underscore the nexus between outsourcing border security functions to PMSCs and the rise in human rights abuses. Unlike the other trends, this one takes place domestically, and as such operates under different types of legal systems and expectations. The interaction between non-citizens, who do not enjoy the same rights as citizens, and contractors, who are not government officials, opens the door for ambiguous legal interpretation and weak oversight and accountability. States can hide behind the accountability shield of these contracted service providers while non-citizens are restricted in their access to the legal measures that would otherwise protect them. Hence the challenge here is two-fold. First, the domestic setting for this outsourcing leaves the sovereign state as the ultimate authority to interpret the legal boundaries of right and wrong in this interaction. Second, outsourcing here is utilized as a way to avoid the accountability discussion and to distance the state from the contractors’ actions.

The third trend, that of using PMSCs as combat surrogates, opens the door to legitimizing mercenaryism and the proliferation of mercenaryism as a practice in conflict areas. This type of contracted service brings the industry significantly closer to what we understand as old style mercenaryism. Using PMSCs as the main combat force blurs the lines, in an already
complicated field, between mercenaries and contractors. This aspect of the industry's engagement between clients and companies suffers from weaker regulation and less standardization. As such, it is more difficult to determine when PMSCs providing this type of service are in fact mercenaries, operating outside of the legal boundaries. Furthermore, this type of entirely privatized violence can easily lead to the exploitation of private military and security employees and to breaches of their contracts, when contractors are hired to provide security and then sent into a situation of full-scale combat. Actual examples of this wrongful practice have been documented in 2013 in Syria with the Slavonic Corps and also in 2020 in Libya with Sudanese contractors (Ahmed 2020; The Interpreter 2013). Moreover, outsourcing the core combat function can potentially encourage reciprocity by rivals or emulation by other actors, using different forms of outsourcing as a countermeasure. While we are discussing here outsourcing military and security functions to companies, the same functions can be outsourced to mercenaries, terrorist groups, militias, gangs, and other violent non-state actors that function as proxies. If states face PMSCs in battle and do not have similar mechanisms of outsourcing or opportunities to contract PMSCs, they can decide instead to utilize one of the less legitimate outsourcing options listed above in order to achieve the same outcome of going to war without using their state security forces or soldiers.

The fourth trend, that of using PMSCs for international commercial security, poses a clear challenge to state sovereignty. China, the principal client for this type of interaction, has been preferring to use Chinese PMSCs to protect its workers and assets across the transnational Belt and Road initiative, instead of relying on local protection provided by the host nation. By doing so, China couples its own commercial and military functions, creating a new hybrid. Given that these PMSCs are not operating domestically or in a declared conflict area, this type of
engagement challenges the sovereignty of the states in which these contractors are operating. Because of these states' reliance on China's investments and loans, China already exercises substantial power and influence there. Pairing that established influence with its capacity to use coercive violence in these countries, independently of their armed forces, we see a potential point of contention with ambiguous legal parameters. Unlike the other trends, which have been proven to have caused multiple cases of human rights abuse, this fourth trend has yet to show any such known cases. Given the novelty of this trend, and its association with a particular country, we see this trend as a potential point of contention.

**Opportunities**

These current trends also invite opportunities to regulate and control the outsourcing of military and security functions and the way they are used. PMSCs are flexible actors that alter their services and products according to market demand. Furthermore, the clients of PMSCs utilize these actors for different goals and purposes. This means that effective regulation needs to be adaptable in order to be able to respond simultaneously to different trends in the industry.

First and foremost, any future advances can build on the significant progress that has already been made in monitoring, regulating, standardizing, and creating mechanisms of accountability for PMSCs. The Montreux Document and similar initiatives, in consort with the creation of professional associations, plot the line toward sensible utilization of PMSCs in the contemporary international system and toward their oversight by standardizing what is expected behavior and what is not in international security and military missions. Further expansion and replication of this model across nations is the key to effective monitoring and responsible
deployment of PMSCs and their contracted employees. Professional associations and international treaties are efficient tools as long as they include most existing and future participants in the industry (in the case of professional associations) and as long as they continue to be ratified by more actors (in the case of treaties). We believe that the expansion of PMSC professional associations into countries that are prone to conflict or involved in conflict would pull actors marketing security-related services into the orbit of standardization and legitimacy. Instead of whitewashing mercenaries, professional associations can offer diverse actors a pathway toward legitimacy through their compliance with shared standards, norms, and international expectations.

Creating a regime of regulation and jurisprudence that will successfully account for the contemporary utilization of PMSCs would benefit from the involvement of those states that lead the different trends in employing these actors. To do so, there are two paths that can be used simultaneously. The first is to consult the states that lead these trends and models of usage directly, in order to address the potential challenges that each type of contracting presents, and the suggested solutions and countermeasures that these states could offer. Second, it will be necessary to shatter the plausible deniability or distance from events that states assume by using PMSCs as proxies. Demanding accountability from states for the actions of their proxies, domestically or abroad, will make inappropriate types of engagement less desirable.

The further expansion of the outsourcing of military and security functions has the potential to move in two opposing directions. One would be the whitewashing of mercenaries under the title of PMSCs; having actual mercenaries utilized as state proxies under the guise of legal military or security contracting. The opposing direction would be instituting an effective model of regulation for the outsourcing of war and security, one that would pull more
mercenaries and other rogue actors into the orbit of regulation and standardization, allowing for better oversight and accountability.

Works Cited


