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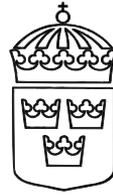
STRATEGIC EXPORT CONTROLS

– Military Equipment and Dual-Use Products



Government Communication

2007/08:114



Strategic Export Control in 2007 – Military
Equipment and Dual-Use Products

Skr
2007/08:114

The Government hereby presents this Communication to the Riksdag.

Stockholm, 13 March 2008

Fredrik Reinfeldt

Ewa Björling
(Ministry for Foreign Affairs)

Brief Summary of the Communication

In this Communication, the Swedish government reports on Sweden's export control policy with respect to military equipment and dual-use products in 2007. The Communication also contains a presentation of actual exports of military equipment in 2007 and describes the ongoing cooperation in the EU and other international fora on matters relating to military equipment and dual-use products.

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1 The Government Communication on Strategic Export Control

This is the twenty-third year that the Government is reporting on Sweden's export control policy in a Communication to the Riksdag. The first Communication was presented in 1985. Sweden is not under any formal obligation to present a report on the practical conduct of export control policy. Nevertheless, it was one of the first countries in Europe to present transparent reports on the preceding year's activities in the export control sector. The aim has always been to provide a basis for wider discussion of issues related to export controls and non-proliferation of military equipment and dual-use products.

The form and content of the Communication have changed out of all recognition since 1985. The Communication was then a very brief summary of Sweden's exports of military equipment. The annexed tables gave a general picture of the latest statistics, but they contained no detailed explanations or comparative data. Today, the Communication is a rather detailed report on Swedish export control policy as a whole. More statistical data are also available nowadays thanks to an increasingly transparent policy and more effective information processing systems. The Government constantly seeks to improve and make the information that is presented to the Riksdag more transparent. Analyses are made of the proposals and comments made by Members of Parliament and other readers. Consultations on the Communication are held every year with interest organisations. Discussions also take place with other EU member states about the structure of their reports. The innovations and changes that are made every year are the result of this process.

The Communication consists of three parts and a set of annexes. The first part contains an introduction and summary of the year's activities (section 1-3). The second part deals with the implementation of export controls in Sweden (section 4-6), and the third part reports on international cooperation in this area (section 9-21). The annexes include statistics on Sweden's exports of military equipment and dual-use products (since 1996, the basis for these statistics has been provided by the Swedish Inspectorate of Strategic Products, ISP), the relevant Swedish and European international regulatory frameworks and a list of international arms embargoes.

As part of the continued efforts for increased transparency in the field of export control, this year's Communication has been further expanded compared with last year. At the request of the Government, ISP and the Swedish Nuclear Power Inspectorate (SKI) have contributed broader material for the Communication. New for this year are more detailed information on arms brokering and a section on implementation of sanctions in the sphere of non-proliferation. This year, information is also included on approved onward export of Swedish military equipment.

2 Exports of military equipment and export controls of dual-use products in 2007

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The multilateral agreements and instruments relating to disarmament and non-proliferation are important results of the international community's efforts towards disarmament and prevention of the proliferation of weapons of mass destruction and uncontrolled flows of other weapons. However, there is also a need for strict and effective export controls to achieve the declared objectives. Export controls are therefore a key instrument for governments when it comes to meeting their international obligations with respect to non-proliferation.

The export controls themselves are implemented at the national level. Sweden is under an obligation to make sure that its export controls are responsible and reliable. In order to make sure that the Swedish rules relating to military equipment remain appropriate and realistic, the Government appointed a commission of inquiry in 2003 to undertake a review of Swedish legislation on military equipment in the light of the changes that have taken place in recent years in foreign, security and defence policy. The commission presented its report in February 2005, KRUT A reformed regulatory framework for trade in defence equipment (SOU 2005:9). The report has been subsequently circulated for comment and the comments received are being considered at the Government Offices.

Sweden also takes an active part in and responsibility for international efforts in the export control sector. Efforts to effectively prevent proliferation must be pursued at different levels and in different international fora. Sweden is therefore active both in the multilateral export control regimes and at the EU level to further strengthen export control as an instrument for combating non-proliferation and uncontrolled flows of conventional weapons.

Common European legislation has applied since 2000 in all EU member states to exports of dual-use products. As regards exports of military equipment from the Union, the politically binding European Union Code of Conduct on Arms Exports provides guidance for a more convergent application of relevant national legislation in the Member States. The EU Commission has presented a proposed directive to simplify conditions for transfer military equipment within the Community.

This Communication reports on Swedish exports of military equipment and dual-use products in 2007. The Swedish Inspectorate for Strategic Products (ISP) has submitted documentation for this report and gives its view on important trends in Swedish and international export control in an annex to the Communication (see Annex 2).

Military equipment

Nowadays Sweden's defence procurement takes place in the framework of international cooperation, in which Sweden contributes with leading-edge technology in certain niches. Sweden makes sure, through international cooperation, that the country's defence, security and foreign policy interests and needs are met. But for Sweden to maintain its

position as a leader in certain technologies some exports are necessary in addition to international cooperation. Controls of these exports are necessary in order to ensure that the products exported from Sweden go to approved countries. Exports of military equipment are thus only permitted if they are justified for security or defence reasons and do not conflict with Sweden's foreign policy. It is of key importance to ensure that the guidelines for arms export are complied with.

Details of Sweden's exports of military equipment are presented in the annexes. Figures for recent years are also included to put the statistics into context. Individual sales of large systems cause considerable fluctuations in the annual statistics. To identify a long-term trend it is therefore necessary to compare the statistics for a particular year with those from previous years.

The information in the annual report is based on the reports that manufacturers of military equipment are required to submit by law. The Swedish Inspectorate of Strategic Products (ISP) has collated the reports and submitted documentation for the statistical data on exports of military equipment presented in this Communication.

In all, 57 countries received deliveries of Swedish military equipment in 2007, the same number as in 2006, compared with 55 in 2005. Of the 57 countries, around 10 only received hunting and sport shooting ammunition and/or ammunition for competition shooting to a value of SEK 10 million (of which Russia accounts for SEK 8 million).

The regional development of exports shows the normal pattern which is that the largest part of Swedish exports of military equipment is to EU member states, other European countries and North America. In 2007, 52.4% of total exports (just over SEK 5 bn) went to the EU including Switzerland and Norway) compared with 45.8% in 2006.

The value of the Swedish defence industry's invoiced sales of military equipment (both in Sweden and abroad) in 2007 totalled SEK 16 661 million, which represents a reduction of 14.6% compared with 2006. The value of actual export deliveries of military equipment in 2007 was SEK 9 604 million, a decrease of just over 7% at current prices compared with the previous year. A breakdown into military equipment for combat (MEC) and other military equipment (OME) shows that MEC increased by 25% while OME decreased by 20%. This means that the category OME, i.e. equipment which is not destructive, accounted for 62% of total exports in 2007. Exports of MEC go almost exclusively to the EU Member States, the US and Australia. The largest single recipient country of Swedish military equipment in 2007 was South Africa (SEK 1 333 million), followed by the Netherlands (SEK 1 143 million), the United States (SEK 858 million), Denmark (SEK 748 million) and Finland (SEK 706 million). These five countries together accounted for 57% of the total Swedish exports of military equipment

The group of "largest recipient countries" varies from year to year. The explanation for this is that large single orders can have a very sharp impact on the statistics in a particular year. An example of this is Hägglund's successful exports in recent years of Combat Vehicle 90 to Norway, Switzerland and Finland. In 2007, South Africa was the largest recipient country of SEK 1 333 million of exports due to an order for

JAS 39 Gripen. At present, exports mainly consist of preparations for equipping aircraft which will be delivered at a later date. Skr. 2007/08:114

Exports to Pakistan sharply decreased in 2007 compared with the previous year, from SEK 1 201 million in 2006 to SEK 679 million in 2007. This is due to the political development in the country, which does not at present permit any new export transactions. Pakistan uses the air defence system RBS70, marine command and control systems, torpedoes and Swedish Giraff radar. This leads to deliveries of spare parts.

Other countries in Asia have also increased in importance as export markets. The exports of military equipment in question here are mainly surveillance systems and marine systems such as radar, command and control systems and AA cannons. In the case of Singapore, exports mainly consisted of underwater technology.

Export of military equipment to Thailand decreased during 2007 to SEK 3.6 million compared with SEK 27.8 million in 2006.

In all, ammunition and light anti-tank weapons were exported for just over SEK 500 000 000 in 2007. France, the United States and Australia were the largest recipients of AT4 light anti-tank weapons, ammunition and spare parts for the Carl Gustaf medium anti-tank weapon.

There has been a reduction of exports to some traditional recipient countries, in particular France, but also Finland. Exports to the United States decreased in 2007 to SEK 858 million, compared with 2006, when they amounted to SEK 953 million. In 2007, exports to Denmark have increased sharply compared with 2006, from SEK 95 million to SEK 74 million due to delivery of the Combat Vehicle 90.

The value of the exports for which licences were granted in 2007 was SEK 6 832 million, a substantial decrease (55%) compared with 2006 when they amounted to SEK 15 034 million. The value of the export licences granted can vary greatly from year to year, while the value of actual export deliveries is less variable. The explanation for this is that a single export licence often covers deliveries extending over two or more years.

Dual-use products

Export controls of dual-use products aim to prevent the proliferation of products that are manufactured for civilian use but can also be used to produce weapons of mass destruction and military equipment and for use etc. of these weapons. Effective export controls in this sphere are necessary to prevent exports of this kind. The fight against terrorism has sharpened the focus on export controls. There is a significant risk of proliferation of weapons of mass destruction.

Cooperation on export controls of dual-use products takes place mainly through a number of international bodies - multilateral export control regimes (see section 17). There is a regular discussion within these regimes of which products and technologies should be controlled and which states may be sensitive from the point of view of non-proliferation. These efforts have, in addition, focused increasingly on preventing terrorists (who may exist in every country) from gaining access to sensitive products that could be used for the production of weapons of mass destruction. The

threat of terrorism and the increasing globalisation of the world economy have demonstrated the need for deeper cooperation on export controls across national boundaries. Active work in the export control regimes the Zangger Committee (ZC), the Nuclear Suppliers Group (NSG), the Australia Group (AG), the Wassenaar Arrangement (WA) and the Missile Technology Control Regime (MTCR) continued during 2007. The EU has continued to make the question of membership, among other issues, a priority in these regimes since a number of new EU member states are still not members of some of these regimes. Eight EU member states (Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, Slovenia and Romania) are still not members of MTCR and Cyprus is not a member of WA.

Ten new members were admitted to the EU in 2004 and an extensive review was then carried out of their national export control systems. This work was an important part of the EU's strategy against proliferation of weapons of mass destruction that was adopted in 2003. Extensive work has taken place during 2005 and 2006 to identify needed improvements in the European regulatory framework. In 2006, the Commission prepared a proposal for amendments to the EC regulation concerning dual-use products. This proposal was examined and initial negotiations between Member States started during 2007. The negotiations are continuing in 2008.

3 Information activities

Information activities relating to the trade in military equipment are undertaken at both national and international level. The Government's annual report to the Riksdag on Swedish exports of military equipment is published in the context of its efforts to achieve greater transparency in this area. The annual report is published in Swedish and English and is available on the websites www.ud.se, www.isp.se, www.lagrummet.se, www.regeringen.se as well as www.riksdagen.se.

The annual report that is issued within the framework of the EU Code of Conduct for Arms Exports is an important instrument for increasing transparency at the European level. Sweden has called for continuous improvement and expansion of this report. The report provides an overall picture of the export control policy of the member states within the EU and towards third countries. The annual report is published in the Official Journal of the European Communities (OJEC). The latest report was published in OJ C 253, 26.10.2007, p. 1.

To promote information access in this area at the international level, the Government has, since the 1960s, provided funding for the database managed by the Stockholm International Peace Research Institute (SIPRI), which contains information on national and international export control regimes and some statistics on holdings and exports. The database is available on the Internet at www.sipri.org.

The Swedish Inspectorate for Strategic Products (ISP) works nationally to disseminate information about export controls to the general public and to the companies concerned. In 2007, the ISP has reinforced its

organisation with a communicator to improve its ability to disseminate information on export control issues. ISP also makes available up-to-date regulatory frameworks and lists both of military equipment and dual-use products on its website www.isp.se. As usual, ISP has arranged seminars and information meetings during the year about its activities targeted in the first place on leading executives in industry. In order to increase transparency in connection with exports of military equipment, the ISP now publishes concise monthly data on export licences granted for military equipment.

4 Swedish exports, export controls and export aid

Export controls apply to strategic products and technologies, including military equipment and dual-use products.

According to the Military Equipment Act (1992:1300), export controls cover the manufacture, supply and export of military equipment as well as certain agreements on rights to manufacture military equipment etc. Under the same Act, a licence is required to carry out training with a military purpose. The Act covers weapons, ammunition and other materiel designed for military use, which constitutes military equipment in accordance with regulations issued by the Government (See section 4.1).

Export controls of dual-use products and of technical assistance in connection with these products, are provided for in the Act (2000:1064) concerning Control of Dual-Use Products and of Technical Assistance. The Act contains supplementary provisions to the Council Regulation (EC) no. 1334/2000 setting up a Community regime for control of exports of dual-use items and technology.

4.1 Export control of military equipment

For defence, security and foreign policy reasons, Sweden has decided to permit exports of military equipment to a certain extent.

But a country that exports arms is also responsible for making sure that they do not fall into the wrong hands. Two things are required to present this. First, it is necessary to define what the “wrong hands” are, i.e. in what circumstances Sweden considers that arms must not be exported to a certain recipient. Second, an implementation system must be developed to make sure that the rules are obeyed.

The Swedish rules consist of the Military Equipment Act (1992:1300), with the appurtenant Ordinance (1992:1303), and the Swedish government’s guidelines on exports of military equipment, which have been approved by the Riksdag. Within the framework of the implementation system, an independent authority, the Swedish Inspectorate of Strategic Products (ISP), considers applications for export licences in accordance with these rules.

However, it is not enough for Sweden to design and apply export controls at the national level. In order to discharge its responsibility for preventing undesirable proliferation of arms, it must also take an active part in international cooperation in this area. The world has changed drastically since the end of the cold war, and the opportunities for transparency and cooperation between countries have never been better. For example, the EU member states agreed in 1998 on a politically binding Code of Conduct on Arms Exports. The Code is applied together with the Swedish national guidelines when ISP makes its assessment of licence applications (see section 9 and Annex 5). This is applied together with the Swedish national guidelines (see Annex 5) when the ISP considers applications for consent. The Code of Conduct was revised in 2004 and 2005 to further reinforce it as an instrument for export control. A modernised and updated text is now ready. Agreement has been reached to adopt the Code of Conduct as a common position in accordance with the EU Treaty, although the date for adoption has not yet been set. It is hoped that it will be adopted as a common position as soon as possible. In this way, the Code will have the status of international law in Sweden.

A security policy perspective on the defence industry and the role of exports

The political map of Europe has changed since the early 1990s, and Sweden has had to modify its positions on international issues accordingly. Our foreign, security and defence policy assessments have changed, and this also entails consequences for the Swedish defence industry.

During the Cold War, the aim was to have a domestic defence industry that was independent of other countries, which designed and developed specifically Swedish solutions. According to today's security and defence policy assessments, this does not seem either possible or desirable when taking into consideration Sweden's overall interests. In view of the principle of non-participation in military alliances, it is now in Sweden's security interests to collaborate with like-minded countries, both within and outside the EU, on joint security-promoting activities and crisis management. Such collaboration is carried out with civilian and military means. The new security and defence policy realities also necessitate collaboration on defence equipment supplies. The principle of self-sufficiency as regards equipment for Sweden's defence has been replaced by a growing need for cooperation with like-minded states and neighbours.

Nowadays Sweden's defence procurement is adjusted to the capacity of our defence for international operations and its need of resources to defend our territorial integrity. International cooperation on defence equipment procurement is essential for a flexible defence and adaptability in the face of new threats and risks that may arise. The adaptability of Sweden's defence has been given high priority by the Riksdag. It therefore lies in Sweden's security interests that we should maintain long-term and continuous cooperation with like-minded

countries. This mutual cooperation, including collaboration projects, is based on both exports and imports of military equipment. Skr. 2007/08:114

Continued participation in international cooperation on military equipment will promote Sweden's long-term foreign, security and defence policy interests, in among other ways by collaboration with countries that are of fundamental importance for Sweden's security and defence policy interests. The defence policy aspects are based, inter alia, on Sweden's non-participation in military alliances and the need for a high level of Swedish defence technology. The foreign and security policy interests in this area include Sweden's ability to contribute to international peace and security by effective participation in international peace-promoting activities.

Equipment procurement, both in Sweden and in other countries, is nowadays based on agreements and mutual dependence. Cooperating countries are mutually dependent on supplies of components, subsystems and complete systems, as well as products manufactured in each country. Sweden will only remain an attractive international cooperation partner – and a partner in the mutual equipment supply collaboration framework that we desire – if it can maintain an internationally competitive level of technology.

A competitive level of technology can only be maintained if there are sufficient financial resources for the domestic industry to survive and develop, as well as a certain amount of cooperation with other countries. Exports are considered an essential factor for ensuring that Swedish technology remains internationally competitive.

International competitive technology also offers better opportunities in connection with international cooperation for Sweden to exert influence on international export control cooperation. This applies especially to the EU, but also in a broader international context.

By participating in the Six-Nation Initiative between the six largest industrial countries in Europe, Sweden can actively influence the development of defence industry and defence export policies in Europe. In the long run, this will affect the emerging EU common defence and security policy both directly and indirectly.

The results achieved by the Six-Nation Initiative will subsequently be handed over to the EDA, the European Defence Agency. The EDA does not have competence in the area of export control, however.

Previous decisions taken by the Government and the Riksdag

The two bills *Renewal of Sweden's Total Defence* (Gov. Bill 1996/97:4, p.154) and *The New Defence* (Gov. Bill 1999/2000:30) established that in the light, inter alia, of diminishing appropriations for military equipment for Sweden's armed forces and the contracting international market, closer international cooperation was crucial for the survival of Sweden's defence industry and the future adaptability of its armed forces.

The first of these Bills also stated that it is important for the Government and the Swedish authorities to support the defence industry's export efforts in an active and structured manner, provided

that they are consistent with the existing guidelines for Swedish exports of military equipment. Skr. 2007/08:114

The Riksdag agreed with the recommendations of the Parliamentary Standing Committee on Defence in its report (1998/99:FöU1) to take further measures in order to promote export successful major military equipment projects, such as the JAS 39 Gripen aircraft. The Defence Commission has also emphasised the importance of active government measures to support

Export promotion

An essential condition for state export promotion is that the export is approved from the point of view of export control by the competent authority.

The final report of the Commission on Military Equipment Supplies (SOU 2001:21) observed that exports of military equipment are important from the point of view of Sweden's security and defence policy since they contribute to maintaining the domestic enterprises' capability and capacity. Successful exports also contribute to the domestic industry's image as a partner in international cooperation. Active export promotion measures by the Government and the relevant authorities were considered necessary to improve the industry's prospects of marketing and selling equipment abroad.

There are several reasons for the Government to involve itself in export support activities, and these are summarised in the Bill Continued Renewal of the Total Defence (Government Bill. 2001/02:10). For example, exports help to lay a sustainable technological and industrial foundation for new development, as well as to maintain and further develop existing equipment systems. Furthermore, exports are an important element in strengthening the international competitiveness of the domestic industry. It is also an advantage to broaden the customer base for equipment that is used by the Armed Forces, since this offers opportunities for sharing development costs, coordinating training and maintenance and exchanging experience concerning the use of equipment.

4.2 Control of dual-use products and of technical assistance

Non-proliferation policy and export control

The multilateral agreements on disarmament and non-proliferation of weapons of mass destruction, e.g. the Ottawa Convention on the prohibition of the use, stockpiling, production and transfer of anti-personnel mines and the UN Programme of Action on Small Arms and Light Weapons are central international instruments for the protection of peace and security in the world. They are important results of the international community's efforts towards disarmament and prevention

of the proliferation of weapons of mass destruction and uncontrolled flows of other weapons. However, there is also a need for strict and effective export controls in order to achieve the declared objectives.

The export controls themselves are always implemented at the national level. However, a major coordinating exercise is in progress in the multilateral export control regimes and the EU (see sections 17 and 19 below).

Dual-use products

Dual-use products are goods that are produced for legitimate civil uses, but can also be used for military purposes, for example, for the production of weapons of mass destruction and military equipment. The international community has in recent decades developed various cooperation arrangements for the purpose of limiting the proliferation of these products. This task is performed mainly by the export control regimes, which adopt control lists of products for which a licence must be obtained. One of the reasons why such controls are necessary is the fact that some countries have developed weapons of mass destruction programmes despite having signed international agreements prohibiting such activities. The countries in question have often acquired the necessary capacity by importing civilian products that can be used for military purposes. An example of dual-use products is impregnating agent for fire protection clothing, which can also be used in a chemical laboratory to produce nerve gas. History shows that countries that acquire military capacity by using civilian products imported those products from exporting countries that were not aware that they were contributing to the development of weapons of mass destruction. Often the same application was sent to different countries, some of which were refused an export licence, while others granted a licence. There was obviously a need for closer cooperation and information-sharing between producer countries. This need resulted in the establishment of the export control regimes.

The inclusion of a product on in a control list does not automatically mean that exports of the product are prohibited; listing is rather a way of indicating that this is a sensitive and risky product. The need for more rigorous control has been underscored in recent years by the threat of terrorism. In the EU, the control lists adopted by the various regimes are incorporated into the Annex to Council Regulation (EC) No. 1334/2000 and constitute a basis for decisions for granting or denial of export licences. (This Annex was most recently updated by Council Regulation (EC) No. 1183/2007 of 18 September 2007 amending and updating Regulation (EC) No. 1334/2000 setting up a Community regime for the control of exports of dual use items and technology).

The regimes, like the EU, also used a mechanism that makes it possible to control products that are not included in the lists in the event of it coming to the knowledge of the exporter or the licensing authorities that the product is or may be intended for military use or in connection with weapons of mass destruction. This mechanism is known as a catch-all mechanism.

Much of the work done at national level and in the EU, as well as in the regimes themselves, consists of internal and external outreach activities directed at industry and at other countries on the need for export control and developing export control systems (see section 20).

4.3 The Military Equipment Commission

On 10 July 2003, the Government established the terms of reference for a government commission of enquiry to review the legislation on Swedish military equipment and to adapt the current guidelines on the export of military equipment in the light of the security policy changes in Europe, Swedish membership of the European Union and the development of European defence cooperation (dir. 2003:80). The commission of enquiry adopted the name KRUT (The Military Equipment Enquiry).

In February 2005, KRUT presented its report, A reformed regulatory framework for trade in defence equipment (SOU 2005:9). The report has been circulated for comment and is being considered at the Government Offices. The Government intends to present a bill concerning the part relating to ISP's fee system in the spring of 2008.

5 Sweden's defence industry – structure and products

Background and development

The Swedish defence industry developed to its present size and competence during the Cold War. Sweden's neutrality policy, as formulated after the Second World War, required strong armed forces, which in turn required a strong national defence industry. The ambition was maximum independence from foreign suppliers. The defence industry became an important part of Swedish security policy.

The collapse of the Soviet Union and the dissolution of the Warsaw Pact were the starting signal for a total reorganisation of the armed forces, which led in turn to extensive restructuring of the defence industry.

The undoubtedly largest change was the merger between Saab and Celsius where aircraft, robot and avionic manufacture were concentrated at Saab, while artillery activities, including intelligent ammunition was transferred to BAE Systems Bofors. Saab has become the clearly predominant defence industry company with the focus on defence, aircraft, space and security. The acquisition of Ericsson Microwave Systems 2006 and its unique radar and sensor activities have reinforced the picture of Saab as a complete supplier of defence and security systems.

On the naval side, both surface ship and submarine development has been concentrated at Kockums

Ammunition and gunpowder manufacture is now located at the Norwegian-owned Nammo Sweden. Skr. 2007/08:114

On the vehicle side, BAE Systems Hägglunds has acquired a leading position in the field of combat and tracked vehicles, not least by sale of Combat Vehicle 90 to Sweden, Denmark, Finland, Norway, Switzerland and the Netherlands.

The larger companies also include Volvo Aero with its expertise both in the sphere of military and civil aircraft engines, Peltor, with activities relating to hearing protection (this is now a hi-tech field) and Logica Sweden, specialist in system designs and IT solutions.

An additional two large companies joined the association Swedish Security and Defence Industry, namely PartnerTech, specialised in electronic and mechanical components and sub-contractors to both civil and military producers and EuroMaint which is a company that delivers high-level maintenance services.

The picture of an advanced Swedish defence industry must be complemented by a large number of small and medium-sized enterprises (SMEs), which are important sub-contractors but which also develop and sell their own civil and military products.

Sectors

The main sectors in Sweden's defence industry today are:

- Network-based command and control systems,
- Public security systems
- Telecommunications systems, including electronic counter-measures,
- Combat aircraft; manned and unmanned,
- Aircraft engines,
- Command and control systems for land, marine and air applications,
- Systems for exercise and training,
- Telecommunications war systems; passive and active,
- Signal adaptation (e.g. camouflage systems); UV, VIS, NIR, TIR and radar,
- Surface vessels and submarines built with stealth technology,
- Combat vehicles, tracked vehicles,
- Short and long-range weapons systems; land, sea and air-based,
- Land and sea-based and airborne radar and IR systems,
- Small-bore and big-bore ammunition,
- Smart artillery ammunition,
- Gunpowder and other pyrotechnical material,
- Support systems for operation and maintenance.

The ownership structure of the Swedish defence industry has changed in parallel with the rationalisation and consolidation of the defence industry. Starting in 1997, the Government has sold all state-owned interests and international ownership has increased sharply, as has Swedish ownership of foreign companies.

BAE Systems plc, through its US company BAE Systems Inc, thus owns the companies BAE Systems Bofors and BAE Systems Hägglunds, coordinated in Sweden under BAE Systems AB. BAE Systems plc also owns 20% of Saab. Kockums is owned by the German company ThyssenKrupp Marine Systems. Nammo Sweden is owned by the Norwegian Nammo A/S, Logica Sverige by the British Logica CMG and Peltor by the American Aearo. Volvo Aero, with PartnerTech and EuroMaint are today the only large defence industry companies wholly owned by Swedish industrial interests. The large Swedish ownership stake in Saab (80%), the clearly predominant company, means, however, that around 70% of the industry's total turnover can be said to originate from Swedish-owned parts of the industry.

International operations

Globalisation can be clearly noted in the industry's activities. At the same time as there is a relatively large foreign ownership in Sweden, Swedish companies are making large investments abroad. Examples that can be given are Saab's companies in Australia, the United States, South Africa, Germany, Norway, Denmark and Finland, Volvo's in the United States and Norway and PartnerTech's in Poland, the UK, Finland, Norway and the United States.

The defence industry plays an important part in the procurement of military equipment for the Swedish armed forces. However, not everything can be developed and produced in Sweden. According to the Riksdag's decision, Sweden shall endeavour to participate in international cooperation programmes in order to be able to share costs and ensure interoperability.

A well-balanced import and export of defence equipment is a means for mutual interdependence and confidence, which are both cornerstones of Swedish procurement of military equipment. Export of defence equipment contributes to maintaining the competence and capacity of the domestic companies to maintain, further develop and adapt the equipment of the Armed Forces. The share of exports has increased in recent years and, in the statistics for 2007, continued to exceed 50 per cent.

Export successes, as well as research and technology developed for the needs of the Swedish armed forces, also contribute to the domestic defence industry being perceived as an attractive partner in international cooperation. It also reinforces the industry's position in a cross-border network of defence industries, which serves as the basis for establishing long-term relations and increasing reliability of delivery.

Since 1986, the major part of the defence industry has been organised in the association Swedish Security and Defence Industry. A lot has happened since then. The world and the threat scenario are different and the political situation has changed. Companies have continuously endeavoured to adapt themselves to the new reality.

The word security has an expanded meaning today. It is now about public security as a whole which is maintained by both civilian and military resources. To underline this expanded perspective, the Association of Swedish Defence Industries changed its name to Swedish Security and Defence in 2007.

6 Swedish companies that work with dual-use products

It is difficult to provide an overall picture of industries that work with dual-use products in Sweden, since the major part of products are sold in the EU market or exported to markets covered by the general licence EU 001 according to Annex II of Council Regulation (EC) 1334/2000. The general licence EU 001 applies with some exceptions to all products in annex I destined for export to Australia, Japan, Canada, New Zealand, Norway, Switzerland and the United States.

Unlike the companies which are subject to the military equipment legislation, no basic licences are required for companies that work with dual-use products. These companies are not either obliged to make a declaration of delivery. However, a company is obliged to make a fee declaration if the company has manufactured controlled products, subject to supervision by ISP, invoiced value of products of this kind sold by the manufacturer during the year exceeds SEK 2.5 million. This includes sales within and outside Sweden. In 2007, 24 companies submitted fee declarations. According the information currently available from 23 companies, sale of dual-use products amounted to SEK 32,403 million in 2007.

The predominant part of the dual-uses products exported with a licence from ISP consists of telecommunications equipment, primarily encryption and heat-seeking cameras that are controlled within the Wassenaar arrangement. Another product, which is large in terms of volume, is heat exchangers and these are controlled within the Australia group. Other products such as isostatic presses, chemicals and separation equipment for satellites are not so large in terms of volume but can still be very resource-intensive when considering licence applications.

With respect to recipient countries, there are no restrictions as long as there is no doubt that the product is wholly intended for a civilian end use and not for weapons of mass destruction. When the end use is military, the same criteria and guidelines are applied as for other military equipment.

Background

In connection with the establishment of the Swedish Inspectorate for Strategic Products (ISP) on 1 February 1996, the agency took over responsibility for the major part of the matters previously decided upon by the Government after consideration by the Inspectorate-General of Military Equipment (KMI) and subsequently the department within the Ministry for Foreign Affairs that was responsible for strategic export controls.

ISP is still the central administrative authority for matters and supervision under the Military Equipment Act (1992:1300) and the Dual-use Products and Technical Assistance Act (2000:1064), unless another authority has this task. The Swedish Nuclear Power Inspectorate (SKI) is responsible for corresponding issues relating to especially sensitive nuclear equipment and material. The Swedish Defence Research Agency (FOI) assists ISP with specialist technical expertise and the Swedish Security Service, *inter alia*, assist ISP with information.

In addition, ISP is the competent national authority responsible for performing the tasks provided for in the Act and the Ordinance concerning Inspections in accordance with the United Nations Convention on the Prohibition of the Development, Stockpiling and Use of Chemical Weapons (1994:118 and 1997:121 respectively). This activity of ISP is not dealt with in more detail in this document.

From 1 January 2008, new directives apply for ISP: Ordinance (2007:1219). Most of the changes are adjustments arising from the new Government Agencies (2007:515) that applies for central government agencies from yearend 2007/2008.

A new component of ISP's directives is that the agency's responsibility for Sweden's undertakings according to the decision on certain international sanctions has been clarified.

Contacts with companies

The ISP maintains regular contacts with the companies whose exports are subject to control.

Companies are required to provide the ISP with regular reports on their marketing of military equipment in other countries. The companies' obligations are governed by the Military Equipment Ordinance (1992:1303). These reports form the basis for the ISP's periodic briefings with the companies regarding their export plans. Besides processing applications for licences, the ISP reviews the notifications that companies are required to submit at least four weeks before submitting tenders or signing contracts for export of military equipment or other cooperation with foreign partners in this field. Finally, exporters of military equipment must notify the deliveries of military equipment that are made under the export licences issued to them. In its supervisory role,

the ISP has carried out 20 inspection visits in 2007 at companies to monitor their internal export control organisation. This activity takes place in close cooperation with the Board of Customs and with the Police in certain cases.

There is also close cooperation between the ISP and the companies that manufacture dual-use products. There are some differences between the Control of Exports of Dual-Use Products Act and the Exports of Military Equipment Act that affect the arrangements for contacts between the Inspectorate and the companies concerned. It is, for example, not always easy for a company to decide whether it is affected by the law. This is because dual-use products include a range of categories of products and are more difficult to classify than military equipment. The control lists that are drawn up pursuant to EC Regulation 1334/2000 on dual-use items state the product categories that are subject to licence for export outside the EU. No licence is required to purchase or manufacture dual-use products, neither to sell them within Sweden or – usually – within the EU.

Within the framework of its outreach activity, the ISP has participated in a seminar at SIPRI on the topic “Export controls today – a global responsibility” in 2007. ISP also participated in two seminars together with the Security Service (SÄPO) on sanctions, two lectures on export controls at universities and taught a course arranged by the International Chamber of Commerce on export controls.

Financing

The ISP is financed by annual fees paid by the companies manufacturing military equipment and dual-use products. These fees are assessed on the basis of the total value of controlled products delivered by the respective company in excess of SEK 2.5 million per year. The fees are calculated on the basis of deliveries both in Sweden and abroad. The agencies are granted an appropriation in the usual way and cost coverage is achieved by charging the companies annually in arrears

In 2006, the review of the fee system initiated in 2005 has resulted in a report by a working group recommending a changed fee system for financing ISP’s activities. A Government Bill was prepared during 2007, which is expected to be able to be submitted to the Riksdag for consideration during 2008.

Applications

The number of applications to ISP is shown in the following table.

	No. of ME applications	No. of DUP applications
2007	1070	508
2006	1038	305
2005	1141	371
2004	1042	366

In 2007, the number of export licence applications for military equipment (ME) was slightly higher than the previous year. A global project licence has been introduced as a result of an implementation agreement on transfer and export within the framework of the Six-Nation Agreement. To date, only a small number of applications have been received for such licences. The ISP therefore intends to improve information about this type of licence.

An increase in the export of dual-use goods subject to licence can be noted. This increase has taken place within the framework of the Wassenaar agreement and the Australia Group and within the framework of the sanctions that the ISP processes since the summer of 2007.

In 2007, the ISP continued its efforts to rationalise licensing procedures in order to simplify the administrative process for routine licences. The Inspectorate's aim is to process applications for licences of a routine nature within two weeks. The introduction of a new organisation and new working methods during the year have changed the previously negative trend for processing times. The proportion of cases which have been submitted electronically by companies was 70% for military equipment and 50% for dual-use products.

The Export Control Council (EKR)

The Riksdag passed a Bill (1984/85:82) in 1984 that proposed greater transparency and consultation in matters relating to exports of military equipment and the establishment of an Advisory Board on Exports of Military Equipment. The Board was reorganised on 1 February 1996 in connection with the establishment of the National Inspectorate of Strategic Products (ISP) and was renamed the Export Control Council (ECC). The rules on the composition and activities of the Board were included in the directives for the ISP. Since 2003, all parliamentary parties have been represented on the ECC, which is chaired by the Director-General of the Inspectorate. An up-to-date list of the members of the Council is shown below.

The Director-General of the Inspectorate consults with the Export Control Council in those applications which are selected for consultation. The Director-General shall consult the Council before the Inspectorate submits an application to the Government for consideration under the Military Equipment Act or the Dual-Use Products Act. The Director-General shall also keep the Council informed of the Inspectorate's activities with regard to export controls.

At meetings with the Export Control Council, the Ministry for Foreign Affairs presents assessments of the relevant recipient countries and the Ministry of Defence contributes assessments of the defence policy aspects. The Director-General can also request other experts to attend. The Council seeks to interpret the guidelines in order to provide further guidelines for the ISP.

The members have unrestricted access to the documentation of all export licence application proceedings. The Director-General reports all export licence decisions continuously, as well as advisory opinions not previously reported in the Export Control Council and applications

decided in accordance with guideline practice (tender notifications and cooperation agreements). From 2005, the ISP has also started to report all preparatory proceedings for dual-use products in the Export Control Council.

All in all, this procedure ensures parliamentary insight into the application of the Military Equipment Act and the Dual-Use Products Act and ensures that decisions that the Director-General intends to make comply with the Government's guidelines for export of military equipment.

The purpose of the Swedish system, which is unique in that Members of Parliament can discuss potential export transactions in advance, is to build a broad consensus on export control policy and promote continuity in the conduct of that policy. By contrast with many other countries, the Export Control Council deals with cases at a very early stage, even before a concrete transaction is being considered. Since it would harm the export companies if their plans were made known before they had concluded a deal, the discussions with the Export Control Council are not public. Apart from this, the assessments of individual recipient countries are subject to confidentiality in relation to foreign affairs.

The Advisory Council on Foreign Affairs, and not the Export Control Council, is still consulted in cases where this is prescribed by the Instrument of Government.

Nine meetings of the Export Control Council were held in 2007.

The composition of the Council during the period 2003-06 is shown in Government Communication 2006/07:114, page 24. On 1 February 2007, the Government decided to appoint the following persons to the Export Control Council. These appointments apply until further notice, although at the longest until 31 December 2010:

Jan Andersson (c), MP
 Annicka Engblom (m), MP
 Lars Johansson (s), MP
 Björn Leivik (m), MP
 Göran Lenmarker (m), MP
 Else-Marie Lindgren (kd), MP
 Peter Pedersen (v), MP
 Lennart Rohdin (fp), ex-MP
 Tone Tingsgård (s), MP
 Majléne Westerlund Panke (s), ex-MP
 Lars Ångström (mp), ex-MP

[Christian Democrat (kd), Moderate Party (m), Social Democratic Party (s), Centre Party (c), Green Party (mp), Left Party (v), Liberal Party (fp)]

The Technical and Scientific Council (TVR)

The Technical and Scientific Council, which consists of representatives of several institutions with expertise in technological applications for both civilian and military uses, has assisted the National Inspectorate of Strategic Products in connection with decisions concerning the

classification of military equipment and dual-use products. Three meetings were held in 2007. An up-to-date list of the members of the Council will be found on ISP's website.

During 2006, the composition of the Technical and Scientific Council was changed and all members have been appointed until the end of 2008. According to ISP's new directives, which came into force on 1 January 2008, the agency is responsible for appointing Council members after their period of office has expired. Since the main task of the Council is to take a position on very technical classification issues, the Government considers that the agency should decide itself which technological and scientific expertise it needs.

8 The Swedish nuclear industry and the Swedish Nuclear Power Inspectorate

The Swedish nuclear industry

The Swedish nuclear industry operates in an open, international and commercial market. Nowadays there is both private and state ownership, which operate both nationally and internationally.

There are now ten nuclear reactors in operation in Sweden. State-owned Vattenfall is the main owner of Forsmark Kraftgrupp AB (three reactors) and Ringhals AB (four reactors). German E-on is the main owner of OKG AB, Oskarshamn (three reactors).

Westinghouse Electric Sweden AB in Västerås produces nuclear fuel for reactors, certain reactor components and carries out service work at nuclear power plants. Their customers are both in Sweden and abroad. The Swedish company is a subsidiary of the US Westinghouse Electric Company, LLC, which is owned by the Japanese Toshiba Corporation. Studsvik Nuclear AB (which is the direct successor to the previously state-owned AB Atomenergi) carries out research and development work in the field of nuclear safety and decommissioning and dismantling. The company has customers both in Sweden and abroad and, among other things, carries out analyses and tests of reactor fuel. Studsvik also processes low-level radioactive waste resulting from nuclear activity. Kärnkraftsäkerhet och Utbildning AB (KSU) in Nyköping trains nuclear power staff and makes analyses of operating experiences. A number of other Swedish companies – including Uddcomb Engineering AB, the Elajo Group and SQC Kvalificeringscentrum AB – carry out service, and produce analyses and reports, etc. for the nuclear power industry. AB Sandvik Steel provides zirconium alloy pipes specially intended for production of nuclear fuel and Wedholm Medical AB in Nyköping makes neutron detectors for nuclear reactors.

All export from the EU of nuclear substances (uranium and plutonium) and nuclear technology products are regulated in the Council Regulation (EC) no. 1334/2000 (EC) setting up a Community regime for control of exports of dual-use items and technology. This regulation also deals with transfers within the EU of special sensitive nuclear material and of all nuclear equipment. These transfers are subject to licence since these products are considered to be especially sensitive. They are listed in Annex IV in the Regulation's control list.

Special sensitive nuclear material refers to uranium enriched to more than 20 % and separated plutonium. Other nuclear material (including ordinary reactor fuel) may be transferred within the EU without an export licence. This was decided through Council Regulation (EC) 2889/2000 amending Regulation (EC) no. 1334/2000. The reason given for this in the Regulation (EC) 2889/2000 (see EGT L 336, 30.12.2000, p. 14) was that it has become apparent that intra-Community controls of less proliferation-sensitive nuclear materials were hampering trade without improving the level of protection already conferred by the Euratom Treaty. The controls imposed on such materials could therefore be abolished.

When making decisions whether or not to grant export licences under Regulation (EC) no. 1334/2000, member states shall, under Article 8 of the regulation, take into account all relevant aspects including the obligations and commitments they have each accepted as a member of the relevant international non-proliferation regimes and export control arrangements, or by ratification of relevant international treaties.

Applied to nuclear material and nuclear products, this means that Sweden is to take into consideration all the obligations and commitments that Sweden has made in international non-proliferation, including those that follow from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Basic regulations in such decisions are stated in the guidelines issued by the Nuclear Suppliers Group (NSG), which the Participating Governments have approved.

NSG Guidelines mean that Sweden, when exporting nuclear material and nuclear products to a state, which has acceded to NPT, but which is not a recognised nuclear-weapon state under the Treaty, must obtain certain specified assurances from the government of the recipient country before an export licence can be granted. The recipient country must give an assurance

- that the products will not be used for the production of nuclear weapons,
- that the IAEA has full right of inspection in the country,
- that nuclear material in the country has adequate physical protection,
- not to reexport the products obtained from Sweden, or nuclear products produced with the aid of the products exported from Sweden, without obtaining the corresponding assurances.

When nuclear material and nuclear equipment are imported to Sweden, the exporting country's government requires the corresponding assurances from the Swedish government.

The most recent further development of the NSG Guidelines approved by the participating governments and which, inter alia, entail more rigorous control of equipment for isotope separation, came into effect during 2007. The guidelines have been published as IAEA document INFCIRC/254/Rev.9/Part 1.

The governmental assurances provided for in the NSG Guidelines can be obtained from the recipient government on each occasion of export or by bilateral or multilateral agreements.

The Swedish Nuclear Power Inspectorate (SKI) has been commissioned by the Government to obtain assurances from the recipient country's government for nuclear exports, and to design and provide the Swedish government's assurance to the government of the exporting country on import of such material. SKI shall do this in the event of repeated transactions with a country. The Ministry for Foreign Affairs shall obtain the assurance for export and provide the assurance for import for the first transaction. This commission to SKI applies until the end of 2009 when SKI is to report on its experiences to the Government.

All EU Member States have acceded to the treaty establishing the European Atomic Energy Community (The Euratom Treaty), the main purpose of which is to establish a common market for special material and equipment in the field of nuclear energy and to guarantee that nuclear material is not used for other than the intended purposes. Under the Euratom Treaty, nuclear activity within the EU are subject to the EU Commission's safeguard control, which, among other things, ensures that nuclear material transferred between EU member states is only used for civilian purposes. Moreover, all EU member states have ratified the Non-Proliferation Treaty (NPT) and, accordingly, the EU's non-nuclear-weapon states have assured that they do not intend to manufacture or otherwise acquire nuclear weapons. Nineteen of the EU's non-nuclear-weapon states and Euratom also have a common control agreement with the IAEA with full right of control including expanded inspection rights (see INFCIRC/193 and INFCIRC/193/Add.8 published by the IAEA). The other six non-nuclear-weapon states have previously concluded similar arrangements on control rights, including inspection rights.

All EU member states have undertaken to report all export of nuclear material and nuclear equipment to the IAEA. For Sweden, this means that the EU Commission, through its safeguard control under the Euratom Treaty, shall report all export of nuclear materials to the IAEA and that the Nuclear Power Inspectorate shall report all export of nuclear equipment to the IAEA.

Sweden considers that that the existing licensing procedure for trade within the EU according to Regulation (EC) no. 1334/2000 and the commitments of the member states within the framework of Euratom normally provides sufficient security in transfers of nuclear material and nuclear equipment between EU Member States and is in accordance with the NSG Guidelines. In the normal case, the Swedish government therefore does not need to obtain additional assurances from the recipient

government in the event of such transfers. This would cause unnecessary barriers to trade without increasing security. Skr. 2007/08:114

Within the framework of the Euratom Treaty, the EU has the right to enter into agreements with third countries. Bilateral agreements on the peaceful use of nuclear energy have been concluded between the EU and a number of other states (The United States, Canada, Australia, Japan, Ukraine and Uzbekistan). These agreements cover import and export of nuclear substances, and, in certain cases, nuclear equipment. In the agreements, the recipient country guarantees that the nuclear material and the nuclear equipment will only be used for peaceful purposes and not for the development of nuclear explosive devices. These guarantees are often complemented with additional assurances which mainly accord with the NSG Guidelines (see the four points above). If Euratom's agreement with third countries includes the NSG Guidelines, Sweden need not obtain additional assurances from the government of the third country in the event of exports.

The Swedish Nuclear Power Inspectorate

The Swedish Nuclear Power Inspectorate (SKI) decides on licences for export to countries outside the EU or transfer within the EU of nuclear material and nuclear products except in certain special cases or cases involving matters of principle where the Government decides. The products are listed in Annex 1 to Regulation (EC) nr 1334/2000 on dual-use items. SKI's tasks in connection with exports of nuclear material and nuclear products are stated in Ordinance (2000:1217) on Control of Dual-Use Products and of Technical Assistance. Licence applications shall be submitted to SKI. An application for consent to export or for transfer within the EU of spent nuclear fuel must include particulars of the final disposal of the material. With regard to material deriving from nuclear activity in Sweden, the application is to include an assurance that the exporter will take it back if it cannot be taken care of in the intended way. During 2008, SKI will be merged with the Swedish Radiation Protection Authority, SSI, and the new Radiation Protection Authority will commence operations on 1 July 2008.

The transportation of nuclear material is also regulated by Swedish legislation, which complies with international standards, to prevent radiological accidents and to ensure that there is adequate physical protection.

A table showing particulars of export licences granted by SKI is appended as Annex 4 of this document.

The EU Code of Conduct on Arms Exports

Under Article 296 of the EC Treaty, any member state may exempt manufacture of or trade with weapons, ammunition and military equipment from the rules normally applicable under the EC treaty with reference to the essential interests of its security. On the basis of this article, the EU member states have adopted national rules for export of military equipment. However, the EU member states have to some extent undertaken to co-ordinate their export policies. The present version of the EU Code of Conduct on Arms Export (see Annex 5), adopted in 1998, specifies politically binding common criteria for exports of military equipment that are to be applied in connection with national assessments of export applications. These criteria represent a minimum regulation in the area of export controls and there is nothing to prevent individual member states from applying their own more stringent guidelines.

Contents of the Code of Conduct

The Code of Conduct consists of two parts. The first part contains eight criteria which are each to be taken into account before a decision is made on permitting arms export to a country. These criteria concern

- The situation in the recipient country (criteria 2, 3, 7 and 8)
- The situation in the recipient country's region (criterion 4)
- The exporting country and the recipient country's international undertakings (criteria 1, 5 and 6).

With respect to the situation in the recipient country, account is to be taken of respect of human rights, whether there are tensions or armed conflicts in the country, the risk of the weapons being diverted or re-exported and whether the export would seriously hamper the sustainable development of the recipient country.

The situation in the region refers to stability in the area and the risk of the recipient using the weapons in a regional conflict.

Finally, international undertakings of the exporting and the recipient country are to be taken into account, e.g. by respect for arms embargoes, consideration taken to the national security of member states and the behaviour of the recipient country with regard to the international community. The latter concerns, among other things, the country's attitude to terrorism, the kinds of alliances it has, and respect for international law.

The Code also includes a list of the products that are to be controlled in accordance with the Code (EU's common list of military equipment, which is available, among other places, at the website <http://www.consilium.europa.eu/exportcontrols>) and a user's guide that provides more details on implementation of the agreements in the Code

on exchange of information and consultations and on how these criteria for export control shall be applied (see below). Skr. 2007/08:114

Exchange of information on denials

Under the Operative Provisions of the Code, member states are to exchange notifications of denials, i.e. normally rejections of applications for export authorisation. If another member state is considering granting a licence for an essentially identical transaction, consultations are to take place before the licence can be granted. The consulting member state must also inform the notifying state of its decision. The exchanges of notifications of denials and the following consultations on the notifications tend to make the EU's export policy more transparent and uniform. The consultations promote a consensus on the various export destinations, and the fact that the member states notify each other of the export transactions they deny reduces the risk of export controls being undermined due to the granting of an export licence by another member states in such cases. The system is intended to prevent an export being approved by another member state, after it has been denied. The ISP is responsible for issuing Swedish denials and arranging consultations.

In 2007, Sweden received 401 notifications of denials from 16 member states. Sweden rejected six applications for export licences in 2007. These denials concerned the following countries and criteria: Algeria (criterion 3), Azerbaijan (criterion 3), Bangladesh (criterion 3), United Arab Emirates (criterion 7), Jordan (criterion 3) and Libya (criterion 7). The fact that exports to a certain buyer country have been denied in a specific case does not mean that the country is not eligible for Swedish exports in other cases. The Swedish export control system does not use country lists, i.e. lists of countries that are either approved or not approved as recipients. Each export application is considered on a case-by-case basis in accordance with the guidelines adopted by the Government for exports of military equipment and the EU Code of Conduct on Arms Exports.

User Guide

To complement the Code of Conduct, there is, as mentioned above, a User Guide available to assist the licensing authorities in the member states. This is available at the website 'Security-related export control' in the section on the common foreign and security policy on the Council's website: <http://ue.eu.int>. The guide specifies procedures to improve the system for information about denials and consultation and clarifies the responsibility of member states in these respects. The guide also contains more detailed guidelines for application of the criteria of the Code of Conduct. The User Guide is regularly updated, most recently in July 2007.

The Commission's proposed directive on conditions for transfer of military equipment within the Community.

Skr. 2007/08:114

After the usual consultation process in which the member states, the defence industry, NGOs, etc. have made comments on a consultation paper, the Commission presented a proposed directive at the end of 2007 on simplification of the conditions for transfer of defence equipment within the EU. This proposal, which is less far reaching than the original ideas in the consultation paper, constitutes, together with a proposed directive on procurement in the field of defence and security, part of the strategy to strengthen the competitiveness of the European defence industry.

An overarching objective of the Commission's proposal is to facilitate the mobility of defence equipment and defence equipment services between EU member states. The Commission points out that there are at present 27 different licensing systems within the EU and that this diversity is considered to be an administrative burden for companies and hampering the competitiveness of the European defence industry as a whole. The proposal therefore aims to reduce barriers to transfer of defence equipment and defence equipment services within the EU by simplifying and harmonising conditions and procedures for obtaining consent.

One major point of the proposal is that consent for transfer of defence equipment within the EU shall be based on a new system that harmonises and simplifies export control regimes. It is proposed that consent for transfer of defence equipment within the EU shall be granted in the form of general, global or individual transfer licences. General licences mean that a company does not need to apply for consent to transfer certain predetermined defence equipment intended for a recipient approved in advance (certified by the recipient state). Global permits cover one or more transfers of defence equipment to one or more recipients in another member state. Individual licences cover one transfer to a single recipient. According to the proposal, this type of licence shall be used when it is necessary to protect important security interests or to comply with relevant international non-proliferation agreements, export control arrangements or treaties. The proposal also contains a provision on re-export to countries outside the EU. Member states shall ensure that the recipient of defence equipment which applies for an export licence confirms to the competent authorities, in those cases when the defence equipment obtained from another member state is subject to export restrictions, that they have complied with the conditions for these restrictions.

Negotiations on the proposal will be initiated during the spring of 2008.

COARM's activities

The Council Working Group on Conventional Arms Exports (COARM) is a forum in which the member states of the EU regularly discuss the implementation of the Code of Conduct, exchange views on individual

export destinations and draft common guidelines on the member states' regulatory framework on export controls. Information about this work, about agreements that have been concluded and statistics on the member states' exports of military equipment are published in an annual report in compliance with the EU Code of Conduct on arms exports. The report is discussed at COARM's meetings, which also review the operation of the Code of Conduct and identifies any improvements that need to be made. The annual reports show that the Code of Conduct, has led to significant changes in the member states' national rules and export policy. The most recent report was published in EUT C 253 26.10.2007 p 1. The report also gives an account of the decisions taken during the year in COARM.

A great deal of effort was made during 2004 and early 2005 to update and modernise the text of the Code for the first time since it was adopted in 1998. Sweden took an active part in this work. The proposed new text contains a number of clarifications, and certain provisions, especially the operational provisions, have been tightened up. It is proposed, for example, that the Code should be declared applicable to licences for arms brokering and to all types of transfers of military equipment, including transfers in the form of licensing agreements, transit or drawings transmitted via the Internet. As regards the criteria, the proposals include a new text to the effect that recipient countries' respect for international humanitarian law should be taken into account. The revised text was adopted by Coreper on 30 June 2005. Agreement has been reached on adopting the Code of Conduct as a common position, although the date of adoption has not yet been established. Sweden has endeavoured for the Code to be adopted as soon as possible.

Since the criteria in the Code of Conduct extend over a number of different policy areas, it is aimed to achieve increased and clear agreement between these areas. Sweden is making active efforts to achieve a common approach by the member states with regard to interpretation of the criteria of the Code of Conduct. As a first step, in 2004, Sweden took the initiative, with the United Kingdom, of producing guidelines for implementation of criterion 8 of the Code, the development criterion. During the latter half of 2005 Sweden has led the work of a sub-working group of COARM responsible for preparing guidelines for application of criterion 7 (the risk of re-exporting to undesirable destinations and recipients) and actively participated in another working group on guidelines for implementation of criterion 2 (respect of human rights). In autumn 2006, Sweden participated in a working group under the leadership of the Netherlands on guidelines for application of criteria 3 and 4 of the Code concerning the internal situation in the recipient country and maintenance of regional peace and stability. In spring 2007, the work of producing best practices for interpretation of the Code of Conduct by introduction of guidelines for application of criterion 1 of the Code (the arms embargo) 5 (the national security of member states) and 6 (the conduct of the recipient country in the international community) was concluded.

The member states have also decided to systematise the EU's outreach activities in non-EU countries in order to maintain a dialogue on export control policy (see section 20). This work has continued in 2007. The purpose is to encourage other countries to develop export control systems

on the lines of the Code of Conduct. Systematic outreach activities involve identifying countries as destinations for visits and seminars, contacting them and setting up a database for these activities, whether they are undertaken jointly by several EU member state or on a bilateral basis between a single EU member state and a non-EU country. The aim is to make outreach activities more effective and to provide opportunities for the EU to speak with one voice on export control and the values on which EU cooperation is based. The holder of the EU presidency and a number of member states also organised several outreach seminars together with neighbouring and candidate countries during the year.

With a view to further coordination, the Portuguese Presidency presented a proposal in autumn 2007 on a joint action for outreach activity. This proposal is being considered in COARM. According to the proposal, an EU outreach seminar will be held during the Swedish EU presidency in 2009.

The following have been identified as priorities for the work in COARM during 2008:

- Efforts to increase information and quality of the statistics submitted to the annual report and for the report to be published as early as possible during the year,
- Monitoring of the implementation of the EU Common Position on Arms Brokering,
- Monitoring of the Commission's proposal concerning transfers of military equipment and related products within the Union,
- Continued measures to promote a global Arms Trade Treaty, inter alia, through the contact group for the arms trade treaty and active support the group with government experts,
- Continued efforts to promote the principles and criteria of the Code of Conduct in third countries, in particular those who have acceded to the Code,
- Further development of the dialogue with the European Parliament,
- Continued close collaboration and consultation with concerned third parties, including international NGOs and the defence industry.

Control of arms brokering

To tackle the problem of uncontrolled arms brokering and avoid circumvention of arms embargoes, the EU countries have decided to adopt the Council's Common Position 2003/468/CFSP in 2003 on control of arms brokering. According to the Common Position, the member states undertake to take necessary measures to control arms brokering on their territory. Control of arms brokering in Sweden was already good due to the provisions of the Military Equipment Act (1992:1300). Within COARM, an appropriate mechanism for exchange of information between states on registered arms brokers is at present being produced. In Sweden, 32 companies are registered as brokers of

products classified as military equipment. See Annex 3 for more information about individual permit holders. Skr. 2007/08:114

Export controls and global development policy

In its report 2005/06:UU12, the Parliamentary Committee on Foreign Affairs emphasised the importance of Swedish arms export not counteracting the work to achieve the goal of equitable and sustainable global development. The Committee further emphasised that the annual report on export controls should contain an assessment of the extent to which the export of military equipment accords with the overarching goals with respect to agreement between different policy areas in the policy for global development. The Committee took this matter up again in its report 2006/07:UU12.

The policy for global development gives all policy areas the task of finding ways to strengthen the Swedish contribution to equitable and fair development within the framework of the particular goals for their field. The Government also endeavours to avoid effects that are negative for the efforts to contribute to equitable and sustainable global development. These important aspects are to be included in the assessments made, not least through the application of the EU Code of Conduct, whose eighth criterion highlights the technical and economic capacity of the recipient country and the need to take into account whether there is a risk that sustainable development will be hampered. Sweden has been and is active for the politically binding Code of Conduct to be accepted as a common position and for it to be interpreted and applied in a uniform way by the EU member states. As mentioned, Sweden was one of the states that took the initiative to drawing up guidelines for application of the eighth criterion of the Code. These guidelines are now included in a user's guide for application of the Code. Overall, the Government considers that, the Common Code, vouches for the goals, perspectives and main features of the Swedish policy for global development being expressed in Swedish export control policy.

10 International reporting on arms transfers

The UN Register and other international reporting on arms transfers

In December 1991, the United Nations General Assembly adopted a resolution on transparency in the arms trade urging member states to voluntarily report both their imports and exports of major conventional weapon systems to a Register of Conventional Arms administered by the UN Department for Disarmament Affairs. Trade in the following seven categories of weapons is reported: tanks, armoured combat vehicles, heavy artillery, combat aircraft, attack helicopters, warships and missiles/missile launchers. After a review by the United Nations, most recently in 2006, the definitions of the categories have been broadened to

include more weapon systems. It has also been made possible to report trade with small arms and light weapons. Particular importance is now placed on portable anti-aircraft rockets (MANPADS) which have been included in the category missiles/missile launchers since 2003. The voluntary reporting also includes information on the weapons of the categories in question held by states and procurements from their own arms industry. In consultation with defence agencies, and the ISP, the Ministry for Foreign Affairs therefore compiles annual information which is submitted to the UN in accordance with the above-mentioned resolution.

The frequency of reports has varied over the years. The largest number of countries, 126, reported on their arms trade in 2001. Altogether 170 states have submitted a report at some time since 1992. In the fifteenth year of the UN Register, 2006, 110 of the 192 UN member states have presented a report. Since reports have been made by all of the large exporters, with the exception of North Korea and from most large importers, it is estimated that at least 95 % of the world's trade in heavy conventional weapon systems is covered by the Register.

Sweden's share of world trade with major conventional weapon systems continues to be modest. In 2007, Sweden reported exports of 51 combat 90 vehicles to Finland, the Netherlands and Denmark, 99 tracked carriers 206 S to Germany and Italy and 20 tracked carriers S10 to the Netherlands. In addition, leasing of eight JAS Gripen to Hungary were reported. RBS 15 missile was sold to Poland and RBS 70 missile to Australia, Latvia, the Czech Republic and Finland. In 2006, Sweden did not report any imports in any of the seven weapon categories.

The information submitted to the UN Register is available at <http://disarmament.un.org/cab/register.html>.

An annual report on major conventional weapons systems is made to the Organisation for Security and Co-operation in Europe (OSCE) in the same way as to the United Nations.

The reporting mechanism for military equipment used by the Wassenaar Arrangement is largely based on the seven categories reported to the UN Register, although a breakdown into subcategories has made some categories more detailed and an eighth category has been added for small arms and light weapons. The member states have agreed to report twice yearly in accordance with an agreed procedure and to include further information on a voluntary basis. The purpose of this agreement is to bring destabilising accumulations of weapons to the notice of the member states at an early stage. Exports of dual-use products and technology are also reported twice yearly.

What are arms embargoes and when are they imposed?

Sometimes events in a country or region make it necessary for the international community to take measures to show that the actions of one or more governments are unacceptable and to persuade them to desist from these actions. One measure that can be taken is to impose an embargo on a country, which entails a decision not to allow, for example, trade with a certain country. An embargo is in the nature of things a temporary, exceptional measure and may be more or less comprehensive. Arms embargoes are a special type of embargo under which one or more countries decide not to permit exports of arms to a recipient country. An embargo can apply to all types of military equipment and related services, or to specific categories. There may often be exemptions for deliveries of specific military equipment, which is to be used for humanitarian purposes or for protection, or which is for international peacekeeping forces in the country in question. The embargo is reviewed at regular intervals and a decision made as to whether it should continue to apply, whether the conditions should be changed or whether the embargo should be lifted altogether.

An embargo is usually applied when other international forms of applying pressure have failed. Embargoes should be clearly defined and of a temporary nature. Their purpose is therefore not to permanently regulate exports of military equipment to a particular country. The lifting of an embargo does not necessarily mean that arms can be exported to the country concerned. The national laws and rules of each exporting country determine the terms on which exports can be approved.

A decision by the UN Security Council, by the EU or by the OSCE (Organisation for Security and Cooperation in Europe) on an arms embargo is an unconditional barrier against Swedish exports according to the Swedish guidelines for export of military equipment. The member states of the EU also fully comply with binding political decisions of this kind on arms embargoes.

In certain cases, arms embargoes that are stricter than those imposed by the Security Council are agreed upon unanimously within the framework of the Common Foreign and Security Policy. These EU decisions may be regarded as an expression of the member states' resolve to adopt common responses to various security policy issues. An arms embargo imposed by the EU is implemented in accordance with each member state's national export control rules. EU arms embargoes normally also include a prohibition against export of technical and financial services relating to military equipment. These prohibitions are regulated in EC regulations.

For a list of embargoes, see the website http://ec.europa.eu/comm/external_relations/cfsp/sanctions/measures.htm SIPRI's website also contains information about embargoes, see <http://www.sipri.org/contents/armstrad/embargoes.html>.

In 2007 Sweden applied 18 arms embargoes against 17 countries (one embargo relates to Usama bin Laden and members of al-Qaida). Fifteen of these embargoes have been decided upon within the EU (often, more than one organisation imposes an embargo on the same country). Annex 6 contains a summary of the international embargoes that were in force in 2007.

The EU arms embargo against China was introduced as a result of the events in Tienanmen Square in 1989. It is not comprehensive and does not define the type of military equipment covered by the embargo. This has led some EU countries to interpret it as meaning that certain categories of military equipment are not covered by the embargo and they therefore export this kind of material to China. However, Sweden has elected to apply the embargo strictly and has not allowed any exports of military equipment to China. In the conclusions from the meeting of the European Council in December 2004, it was agreed that the union should work to lift the embargo, although this should not lead to an increase in arms exports to China, neither in qualitative nor quantitative terms. The conclusions also emphasise the importance of the EU Code of Conduct for arms exports and, in particular, the criteria which apply to human rights, stability and security in the region. The intention to work for the embargo to be lifted was repeated at the European Council meeting in June 2005. The discussions on lifting the embargo have subsequently come to a halt. One cause of this has been China's adoption of a new law directed against Taiwan's ambitions to become independent, the 'Anti-secession Act'. Renewed discussion took place on the embargo during autumn 2006. As there was no reason to reassess the previous standpoints, lifting the embargo did not come into question. The issue of lifting the embargo has not been discussed during 2007.

On 14 October 2006, the UN Security Council introduced, inter alia, an arms embargo against North Korea in Resolution 1718. The EU adopted a Common Position on arms embargo against North Korea on 20 November 2006. Implementation of the arms embargo by the EU was completed during 2007 by adoption of Council Regulation (EC) no. 329/2007.

At the end of 2006, the UN Security Council adopted resolutions with decisions on sanctions against Iran (resolutions 1737 and 1747). The background was the suspicions that Iran was in the process of building up a capacity to develop nuclear weapons and weapon carriers for nuclear weapons systems. To implement the sanctions in the EU, the Council of the European Union has adopted common positions (2007/140/CFSP and 2007/246/CFSP), which mainly comply with the resolutions of the Security Council, although they clarify the sanctions or make them more rigorous in some respects. With respect to export of military equipment to Iran and associated technical and financial assistance, the decisions of the Security Council only entail a request to the member states to be alert and restrictive. However, the EU has, in line with the EU's previous policy of not selling military equipment to Iran, decided on a prohibition of export military equipment etc. to and from

Iran (see the Council's Common Position 2007/246/CFSP). The EU embargo is thus more rigorous than the Security Council resolution. Skr. 2007/08:114

As in the case of other arms embargoes decided upon in the EU, the prohibition against export of military equipment to Iran is introduced in the member states' legislation, in Sweden by the Military Equipment Act (1992:1300). The prohibition on providing technical and financial services relating to military equipment has been carried out in a Council Regulation [EG] no. 423/2007, in its wording according to Council Regulation [EC] no. 628/2007). Pursuant to the Act (1996:95) concerning Certain International Sanctions, Swedish provisions, inter alia, on prohibition of purchasing from Iran, importing or transporting military equipment have been introduced through the Ordinance (2007:704) concerning Certain Sanctions against Iran.

In collaboration with Uppsala University, SIPRI has produced a study on UN arms embargoes and the result that these have had. This report, "United Nations Arms Embargoes: Their Impact on Arms Flows and Target Behaviour" was presented in New York in November 2007.

12 The international arms trade

The Stockholm International Peace Institute (SIPRI) compiles statistics on trade in military equipment in its Yearbook and in a database. These statistics are based on trend indicator values and relate to transfers of major conventional weapons. According to the most recent information from the SIPRI Arms Transfers database, transfers of major conventional weapons decreased from USD 26 765 million in 2006 to USD 24 210 million in 2007.

During the period 2003-2007 Sweden was ranked in 8th place in SIPRI's annual list of exporters of major conventional weapons (aircraft, warships, artillery, armoured vehicles, missiles and target acquisition and radar systems) with 1.92% of world export, which totalled USD 111 532 million during the same period. The largest exporter, the United States, accounted for 30.9% of global exports during that period followed by Russia (25.4%), Germany (9.8%), France (8.6%), and the United Kingdom (4.3%).

The leading importer of major conventional weapons during the period 2003-2007 was China, which accounted for 12.1%, followed by India (8.2%), the United Arab Emirates (6.7%), Greece (6.4%) and South Korea (3.5%). Sweden was in 49th place during the period with 0.3% of total imports of major conventional weapons. More information is available in the SIPRI Arms Transfers database on the website www.sipri.org.

Costa Rica's then president Oscar Arias proposed in 1997 that the states of the world should enter into a legally binding treaty to regulate the international arms trade. This was intended to reduce the suffering caused by the uncontrolled proliferation of small arms and light weapons.

In response to a British proposal, the EU foreign ministers decided in 2005 to work for the UN to make a decision at the meeting of the General Assembly in autumn 2006 to start work on a global, legally binding treaty for control of the arms trade (Arms Trade Treaty). This was intended to regulate international trade with military equipment by common criteria and agreed principles. In December 2006, the UN General Assembly adopted a resolution, according to which a process was to begin with a view to initiating negotiations on a global instrument for import, export and transfers of conventional weapons. This resolution was adopted by 153 states, including all EU member states. Only the United States voted against it, while 24 states abstained (including India, China and Russia). The UN Secretary-General has subsequently obtained points of view from UN members. Support was expressed for the proposal in Sweden's response of April 2007. An international expert group (Group of Governmental Experts, GGE) has been appointed to make proposals for further work.

14 Efforts to combat the proliferation of small arms and light weapons

The term 'small arms and light weapons' (SALW) basically refers to firearms, which are intended to be carried and used by one person, and light weapons which are intended to be carried and used by up to three persons. Examples of the former category are pistols and automatic carbines, examples of the latter category are heavy machine guns, medium anti-tank weapons and portable anti-aircraft rockets. It has not been possible to adopt any generally accepted and recognised definition of the term.

Work is in progress in various international forums with a view to preventing and combating destabilising accumulations and uncontrolled proliferation of small arms and light weapons. No other types of weapons cause more suffering than these, which are used every day in local and regional conflicts, mainly in developing countries. Armed conflicts in the third world prevent economic and social development. The UN estimates the number of persons killed by light weapons at at least 300 000. The number of wounded and maimed is not even included in UN statistics. These weapons are inexpensive, easy to carry and easy to smuggle.

In 2001, the United Nations adopted a programme of action to combat the illegal trade with light weapons. In 2002, the EU decided to revise the Joint Action from 1998 on combating the destabilising accumulation and spread of small arms and light weapons with a view to also including

ammunition for these weapons. An EU strategy with an action plan on the same topic was adopted by the European Council in December 2005.

In 2000, the Organization for Security and Cooperation in Europe (OSCE) adopted a document on light weapons relating to control of manufacturing and export and rules for market, keeping registers, traceability and exchange of information, safekeeping and surplus equipment. In 2003, the OSCE adopted a similar document for conventional ammunition. Furthermore, the OSCE adopted three decisions during 2004 intended to further reinforce work against illicit spread of small arms and light weapons, including MANPADS. Within the Wassenaar Arrangement, there is an obligation to report on trade with these weapons.

Sweden is endeavouring for each country to set up and implement a responsible export policy with comprehensive laws and regulations. The goal is for all countries to have effective systems that control manufacturers, vendors, purchasers, agents, brokers and intermediaries.

Follow-up of the UN's programme of action

One of the aims of the UN's work on small arms and light weapons is to raise awareness of their destabilising effects in conflict regions. Non-proliferation of such weapons is also important in the struggle against criminality and terrorism. In accordance with the action programme, a review conference was held in New York in 2006. At a review conference, the participating states were unable to agree on a final document and the proposal to expand the action programme could not therefore be adopted. However, the action programme continues to be implemented. In autumn 2007, the UN General Assembly decided that the next biennial meeting that states are to hold according to the action programme will be between 14 and 18 July 2008.

Swedish exports of small arms and light weapons

As part of the continuous efforts to achieve increased transparency in the sphere of export controls, this Government Communication has been expanded with information about small arms and light weapons for 2006. Swedish exports of small arms and light weapons are presented in Annex 1. The value of exports of such weapons from Sweden in 2007 amounted to SEK 1 267 million.

Swedish export of MANPADS (Man-Portable Air Defence Systems)

Swedish exports of man-portable air defence systems, MANPADS (according to the definition in the UN Weapons Register) is also shown in Annex 1. The value of exports from Sweden of such weapons in 2007 amounted to SEK 459.9 million.

The six-nation initiative – Letter of Intent (LoI)

In July 2000, the six large defence industry nations in Europe, France, Italy, Spain, the United Kingdom, Sweden and Germany signed the most important defence industry cooperation agreement so far at government level, the Framework Agreement. This agreement was negotiated as a result of the Six-State Initiative, adopted by the countries' defence ministers in 1998. The purpose of the agreement is to promote the rationalisation, restructuring and operation of the European defence industry, and it focuses mainly on the supply side, i.e. the states delivering the products. Six working groups have subsequently worked to put the principles of the framework agreement into practice. The areas covered are security of supplies, export controls, security protection, defence-related research and technology, treatment of technical information, harmonisation of military requirements and protection of commercially sensitive information.

In 2007, work continued in four of the six working groups, with continuous reports to the international executive committee that has existed since 1998. Sweden held the Presidency of the Executive Committee from July 2006 to June 2007. During 2007, the working group for export control issues, under the French Presidency, has continued to study the prerequisites for facilitating a flow of military equipment products between the six countries, which would be extended to all EU member states at a later stage. Some progress has been made during the year concerning a broad licence for components. In accordance with the implementation provisions in the cooperation agreement, Sweden and Germany issued a first global project licence (GPL) in 2007.

The European Defence Agency (EDA)

The EU Council of Ministers decided to establish the European Defence Agency (EDA) in 2004. The Government has decided that Sweden should participate in the EDA, which has the following main tasks.

- To develop a joint defence capability for crisis management,
- To support and develop European cooperation on defence equipment,
- To reinforce the defence technology and industrial base with a view to creating an international competitive European market for military equipment,
- To promote efficiency in European research development and technology.

The EDA has a board consisting of a representative of each participating member state and a representative of the European Commission. The

board is EDA's decision-making body. Matters concerning the EDA are dealt with by the Ministry of Defence and Sweden is represented on EDA's board by the minister of defence. The board also meets in other constellations. Unlike most international organisations involved in defence cooperation, decisions are made in the EDA by qualified majority. Votes are counted in the same way as in corresponding systems in the EU.

EDA has now completed its third year of operations and has a staff of just under 100. During the year, the member states within EDA have adopted a strategy for the defence industrial base, which is now being further developed. Furthermore, a framework for defence research strategy has been adopted. This framework will now be given a content. Work on a European Capacity Plan, based on the long-term vision adopted in 2006, has continued. Concrete results of this work is expected in the middle of 2008. The common research fund to increase research on protection of military forces has awarded its first contract. The Swedish contribution over three years is SEK 15 million. In all, the fund contains around SEK 500 million. The EDA has, inter alia, started work aimed at enabling unmanned flying craft to operate in controlled airspace. This work may only be conducted at the European level since it affects safety in the common airspace

Information about EDA is available on the website www.eda.eu.int.

16 Combating corruption in the international arms trade

Sweden has been engaged in close cooperation with the UK section of the NGO Transparency International (TI-UK) for a number of years to combat corruption in the arms trade. In 2005, TI has started the work with Swedish funding of producing a model for an Integrity Pact in the area of military equipment. Through an Integrity Pact, an agreement is drawn up between the purchaser, often a central government agency, and the tenderers on transparency in the tendering procedure and guarantees against bribes and other undue benefits. The parties also conclude an agreement that a third party, often a prominent lawyer, shall monitor the process. Sweden has also made a financial contribution to a TI project in Poland for an Integrity Pact in procurement of aircraft.

An agreement has been concluded within the framework of the Euro-Atlantic Partnership Council (EAPC) on in-depth discussion of use of various integrity instruments with the support of TI. The Government views this development very positively.

What are weapons of mass destruction?

The issue of non-proliferation of weapons of mass destruction has been high on the international agenda ever since the late 1980s. The main reasons for this are that certain countries in unstable regions seek to acquire weapons of mass destruction and there are signs that non-state actors are increasingly interested in acquiring such weapons too. Terrorist threats have become the main focus of attention following the attacks of 11 September 2001.

The term 'weapons of mass destruction' means nuclear, chemical and biological weapons. Efforts to prevent the proliferation of such weapons usually extend to the means of delivery such as long-range ballistic missiles and cruise missiles too.

Multilateral measures to prevent proliferation have in particular been sanctioned by a number of multilateral conventions and promoted by the export control regimes with their less formal mandate.

International agreements

Among the international agreements, special mention may be made of the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the 1972 Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their destruction (BTWC) and the 1993 Convention on the Prohibition of the Production, Development, Stockpiling and Use of Chemical Weapons and their destruction (CWC). Sweden is a party to all three conventions (see Sweden's Agreements with Foreign Powers 1970:12, 1976:18 and 1993:28).

Under the NPT, non nuclear-weapon states undertake not to receive or manufacture nuclear weapons, and the five nuclear-weapon states commit themselves to disarmament. Furthermore, the parties also undertake not to provide source or special fissionable material, or equipment or material especially designed or prepared for the processing, use or production of special fissionable material to any non-nuclear weapon state, unless the source or special fissionable material or equipment is subject to the International Atomic Energy Agency (IAEA) safeguards.

In BTWC, the parties undertake not to transfer, either directly or indirectly, equipment that can be used for the production of biological weapons.

Similarly, CWC imposes a general obligation on the parties never to transfer directly or indirectly, chemical weapons to anyone.

Although the primary objective of these international agreements is to prevent proliferation of weapons of mass destruction and disarmament, the agreements mentioned above contain provisions encouraging the parties to promote trade for peaceful purposes. The reason for this is that

The multilateral export control regimes

For the purpose of facilitating international cooperation on non-proliferation of weapons of mass destruction, about forty countries have joined five multilateral export control regimes: the Zangger Committee (ZC), the Nuclear Suppliers Group (NSG), the Australia Group (AG), the Missile Technology Control Regime (MTCR) and the Wassenaar Arrangement (WA). Details of the membership of these export control regimes will be found in Annex 5.

The purpose of the regimes is to identify products and technologies that can be used to produce weapons of mass destruction, exports of which should therefore be subject to coordinated control, and to exchange information on proliferation risks. This work also includes contacts with third countries in order to promote the regimes' non-proliferation aims.

However, unlike the conventions in this area, the export control regimes are not based on internationally binding agreements. Their activities are based, rather, on a common political desire to prevent the proliferation of weapons of mass destruction by national legislation on export controls for products and technologies that are identified as strategic products. Participation in these regimes also makes it easier to meet the international legal obligation laid under the above-mentioned international conventions to refrain from assisting other states, directly or indirectly, to acquire weapons of mass destruction.

Basic concepts used by the regimes

Two key concepts in this multilateral cooperation are 'denials' and 'no undercut'. The latter term means that a member of a regime which denies an export licence for a specific transaction with reference to the regime's objectives is expected to inform the other members of its decision. The other members of the regime are expected to consult the state that has issued this denial before deciding whether to grant the export licence for a similar transaction. This consultation procedure is referred to as the 'no undercutting principle' and is intended to prevent another country granting an export licence for the same product.

Export control regimes after 11 September 2001

The terrorist attacks in New York and Washington on 11 September 2001, caused mass destruction without the use of weapons of mass destruction in the conventional sense. The circulation of anthrax bacteria in the USA during the autumn of 2001 demonstrated that biological material that can be used in biological weapons had fallen into the wrong hands. In the light of these events and the risk of terrorists gaining access to weapons of mass destruction by export, cooperation in the multilateral

export control regimes now focuses to a great extent on terrorist threats. The first step has been to declare explicitly in the regimes' basic documents that one of the purposes of their activities is to prevent the spread of dual-use products to terrorists. Another measure is to expand information exchange to include the risk of items being transferred to non-state actors, who may be present in any country.

Catch-all clauses

In order to further strengthen export controls, the regimes have also introduced a catch-all clause in their guidelines. Catch-all clauses provide a legal basis for carrying out export controls of products and technologies that are not included in the regimes' control lists where there is reason to suspect that they may be used for the production of weapons of mass destruction or related weapons carriers. The EU, which had already provided for this mechanism in EC Regulation 1334/2000 on dual-use items, played an active part in promoting these efforts.

The Zangger Committee

The Zangger Committee (ZC), which was established in 1974, deals with export control matters within the framework of the Nuclear Non-Proliferation Treaty (NPT). The Committee defines the meaning of equipment or material especially designed or prepared for reprocessing, use or production of special fissionable material. The NPT lays down that such equipment, as well as source and special fissionable material, may only be exported to a non-nuclear state, if the fissionable material is subject to IAEA safeguards. The equipment and material are specified in the Committee's control list, which is continuously updated in the light of technological developments. The list can be found in the IAEA's information circular no. 209 (INFCIRC/209/Rev.2).

In 2007, work continued within ZC on a review of the Committee's role and activities, among other things, in the light of similar work carried out by the Nuclear Suppliers Group (NSG). Information about the ZC can be found on the website www.zanggercommittee.org.

The Nuclear Suppliers Group

The Nuclear Suppliers Group (NSG), which was originally called the 'London Club', was established in the mid-1970s partly in response to India's explosion of a nuclear device in 1974. The NSG focuses on export control of products that can be used to produce nuclear material for use in weapons and of dual-use products that can be used for the production of nuclear weapons. These items are listed in the IAEA's information circular no. 254, which includes a control list for each group of items (INFCIRC/254/Rev.9/Part 1 and INFCIRC/254/Rev.7/Part 2).

NSG's work in 2007 included, among other things, exchange of information and analysis of current proliferation threats. Special attention

was devoted to implementation by member states of the UN Security Council resolutions on Iran and North Korea (see section 19 below). Skr. 2007/08:114

The initiative of the United States and India on cooperation on the civil use of nuclear energy has also been taken up. The United States has informed about the legislation on civilian nuclear energy cooperation with India which was adopted by the US Congress in December 2006 and about the "123 Agreement" signed by the United States and India in 2007. In order to be able to carry out this initiative, an exemption must be made for India from the conditions of the NSG guidelines for export control that all nuclear facilities in a country receiving nuclear material and equipment must be under the supervision of the IAEA.

During 2007, the NSG also continued work aimed at strengthening the regime's guidelines with respect to export control of particularly sensitive equipment. Sweden (FOI) has led the work of a technical working group which is to report to the plenary meeting in 2008. Information about NSG is available on the website www.nuclearsuppliersgroup.org.

The Australia Group

The Australia Group (AG) was formed in 1985 at the initiative of Australia. Its aim is to harmonise its members' export control to prevent the proliferation of chemical and biological weapons both to states and to terrorist groups. Originally, it was only concerned with chemical and chemical production equipment. However, the members of the Group decided in 1990 to extend its control to include microorganisms, toxins and certain manufacturing equipment for biological weapons.

At the centre of the AG's work in 2007 were, among other things, continued exchange of information on the development of new technologies with potential for CBW-related activities. Work continues to update the regime's control lists. At the year's plenary meeting, a proposal was adopted to modernise the criteria for future inclusion of chemical substances on the control list. Interesting papers were presented on new technology on different encapsulation methods for delivering biologically active substances to prevent detection. It was noted that a number of countries had kept abreast of the most recently technology in various fields of life sciences. The matter of trade with used chemical production equipment was discussed. A proposal from Canada on control of oligonucleotides aroused great interest. However, the proposal was not adopted since it was considered that the entire issue of synthetic biology required clarification in a broader perspective. Iran and its capacity in the sphere of biotechnology was also the object of great interest. Assessment on mobilisation capacity, offensive research and development were discussed. Russia's interest in becoming a member of AG also met with resistance on the part of a number of member countries since they considered that Russia did not fully comply with the criteria for membership. In the work during the year, a number of strategies were also adopted for AG's contacts with third countries.

Information about AG is available on the website www.australiagroup.net.

The Missile Technology Control Regime (MTCR) was set up as a result of an American initiative in 1982. It focuses on export controls of complete missile systems (including ballistic missiles, space launch rockets and missiles and sounding rockets) and other unmanned aircraft (including cruise missiles, target and reconnaissance platforms) with a range of 300 kilometres or more. Controls also extend to components of such systems and other products that can be used to produce such missiles.

During 2007, work continued in MTCR on reviewing the content of the lists of controlled products, exchanging information on sensitive proliferation of missile equipment, technological development, national programmes, procurement strategies and engaging in outreach activity targeted on a number of countries. At present, there is a large number of identified non-member states which have been proposed for outreach activities. Attention was given during the year to work on verification of end-user certificates with a view to producing appropriate guidelines. At the plenary meeting in 2007, the members noted the increased risk for proliferation of weapons of mass destruction and missiles, in particular in north-east and southern Asia, as well as in the Middle East. The 34 member countries again confirmed their willingness to reinforce export control of equipment which can have this kind of use. A number of proposals were made on how to best deal with the issue of proliferation risks with respect to missiles and unmanned aircraft (UAVs), as well as the matter of increased risks with Iranian front companies. Members emphasised the importance of checking intangible transfers of technology and software via Internet and agreed that MTCR's guidelines applied to both physical and intangible transfers.

A number of EU member states still remain outside the MTCR. Their membership continued to be blocked in 2007 for political reasons.

Greece took over the Presidency of MTCR after Denmark for 2007/08 and will subsequently be succeeded by Australia. It was considered that the Danish Presidency Year 2006/07 was organised in an exemplary way. Information about MTCR is available on the website www.mtcr.info.

The Wassenaar Arrangement

The Wassenaar Arrangement (WA) was created in 1996 as a successor to the multilateral export control cooperation that had previously taken place within the framework of the Coordinating Committee on Multilateral Export controls (COCOM).

The regime's aim is to contribute to regional and international security and stability by promoting transparency and responsible action with regard to transfers of conventional weapons and dual-use products, thus helping to avoid destabilising accumulations. The WA's activities are based on the principle that trade in the items in the control lists should be permitted, but must be controlled.

The WA targets a broader product portfolio than the other export control regimes. Two control lists are attached to the basic document:

Munitions List, which covers conventional military equipment, and the List of Dual-Use Products and Technologies, which covers technologies with civilian and military uses that are not included in the control lists of the other control regimes.

During 2007, work in WA was focused to a great extent on evaluation and review of its activities. This evaluation work emphasised issues such as re-export control, transparency, best practices, and outreach. Consensus was achieved in certain areas, while work remains to be done in other areas – including the Swedish proposal for transparency and ammunition. New guidelines were adopted for intangible transfers and final user assurances. A large number of supplements were made to the control lists and special attention was given to products that could conceivably be used by terrorists. Contacts took place with a number of third countries to promote the regime's goals. At the plenary meeting, certain application supplements were adopted concerning guidelines for export control of portable air defence missiles, known as MANPADS.

Information about the Wassenaar arrangement is available on the website www.wassenaar.org.

18 UN and EU sanctions with respect to non-proliferation and export control

International sanctions

Sanctions are a valuable instrument for international efforts to secure peace and security. Sanctions enable the international community to attempt to influence a state's conduct peacefully by various economic and political measures.

The intention of imposing sanctions is to persuade a state to cease a particular conduct or to carry out certain reforms. This may, for instance, involve persuading a state to cease systematic violations of human rights or to attempt to persuade a state to adopt certain democratic principles.

For a number of years, the international community has primarily imposed what are usually referred to as targeted sanctions to attempt to exert influence. Targeted sanctions are focused on a particular product, organisation or individual, instead of on a country in general. In this way, the effect of the sanctions on the civilian population can more easily be avoided at the same time as the sanctions send a clear signal to those they are intended to influence.

In the case of sanctions targeted on individuals, special consideration must be given to the aspects of legal security and respect for fundamental rights and freedoms.

UN and EU sanctions

Chapter 7 of the UN Charter serves as the basis for the sanctions of the international community. When the Security Council has decided on

sanctions, the member countries are obliged according to international law to take steps to incorporate these provisions into their domestic legislation.

The EU may decide on international sanctions within the framework of the Common Foreign and Security Policy. This may entail decisions to implement UN sanctions or independent decisions on sanctions. This takes place through the EU Council of Ministers adopting a Common Position. The measures that fall within the competence of the Community are then implemented in an EC regulation which is directly applicable in Swedish domestic legislation. The EC regulation can stipulate that certain tasks are to be carried out by special competent authorities in every member state. Other measures fall under the competence of the member states and are implemented in national legislation.

North Korea

As a result of North Korea's atomic weapon test on 9 October 2006, the UN Security Council decided on 14 October 2006 on sanctions against North Korea (Resolution 1718). Within the framework of the Common Foreign and Security Policy, the EU member states have decided to impose common sanctions (The Common Position of the European Council 2006/795/CFSP). The decisions of the UN and the EU entail, inter alia, that

- it is prohibited to export military equipment to North Korea
- it is prohibited to export material or technology that may contribute to North Korea's programme relating to nuclear weapons, other weapons of mass destruction or ballistic robots
- it is prohibited to provide technical and financial services relating to such material or technology or military material
- it is prohibited to purchase such material or technology from North Korea
- assets and economic resources belonging to certain persons, units or bodies participating in or supporting the North Korean programmes shall be frozen, and it is prohibited to put assets or financial resources at their disposal
- member states shall collaborate to inspect freight to and from North Korea.

The prohibitions against, inter alia, export of material, technology and services can contribute to North Korea's programme relating to nuclear weapons, ballistic robots or other weapons of mass destruction and the provisions freezing assets etc. are regulated in EC regulation (EC) no. 329/2007 which is directly applicable as law in Sweden. The regulation contains certain possibilities for exceptions from the sanctions. ISP, the Swedish Nuclear Power Inspectorate (SKI), the Swedish Financial Supervisory Authority and the Swedish Social Insurance Agency have been appointed as competent authorities for, inter alia, granting of consent under the regulation.

At the end of 2006 and beginning of 2007, the UN Security Council adopted resolutions (1737 and 1747 respectively) with decisions on sanctions against Iran. Iran had then not complied with the UN Atomic Energy Agency's repeated resolutions, urging Iran, inter alia, to suspend activities to enrich uranium and had not either accepted a proposal for negotiations. The background was suspicions that Iran was building up a capacity to develop nuclear weapons and weapon carriers for missile systems. The intention of the resolutions is to influence Iran to act in such a way as to restore the trust of the international community that Iran's nuclear activities have solely civil and peaceful aims. Most of the sanctions introduced are mandatory for the UN member countries.

These sanctions were introduced in the EU through two Common Positions (2007/140/CFSP and 2007/246/CFSP) and EC regulations (regulation nos. 423/2007 and 618/2007). The EC regulations are directly applicable in Sweden and apply as domestic Swedish legislation. These regulations contain some possibilities for exceptions from sanctions. ISP, the Swedish Nuclear Power Inspectorate (SKI), the Swedish Financial Supervisory Authority and the Swedish Social Insurance Agency have been appointed as competent authorities for, inter alia, granting of consent under the EC regulations.

A considerable part of the sanctions are closely related with the Government's efforts for non-proliferation and export control of goods and technologies, which can be used in connection with weapons of mass destruction. This applies to:

- Prohibition of export and import of dual-use products listed by the export control regimes NSG and MTCR;
- Prohibition of development assistance and investments related to dual use-products listed by NSG and MTCR;
- Licence requirement for export of certain other dual-use products;
- Licence requirement for development assistance and investments relating to certain dual use-products;
- Prohibition against development assistance associated with weapons and appurtenant equipment.

The sanctions regime also includes freezing of financial assets for individuals and units associated with Iran's programme for weapons of mass destruction, including a prohibition of making assets available for these.

As reported in section 11, the sanctions against Iran also include an arms embargo, which is mainly implemented in domestic legislation. Applicable rules in Sweden's case are contained in the Military Equipment Act (1992:1300) and the Ordinance concerning Certain Sanctions against Iran (2007:704). The regulation contains, inter alia, provisions prohibiting the purchase, import or transportation of military equipment etc, from Iran and against delivering, selling or transferring paramilitary equipment to Iran. The ordinance authorises ISP, the Swedish Customs, the Swedish Nuclear Power Inspectorate (SKI), the Swedish Financial Supervisory Authority, the Swedish Civil Aviation Authority and the Swedish Maritime Administration to be responsible for

supervision within their spheres of responsibility. In their supervision, these agencies shall consult one another and provide the information they need for supervision.

Information about sanctions

The Ministry for Foreign Affairs has compiled information about the implementation of sanctions against North Korea and Iran on the website www.ud.se/sanktioner. The ISP also provides information about sanctions on the website www.isp.se.

UN Security Council Resolution 1540 and PSI

In April 2004, the United Nations Security Council adopted Resolution 1540, which is intended to prevent state and non-state actors obtaining access to weapons of mass destruction and the means of delivery for these weapons. The resolution, which is binding on the member countries of the United Nations, makes it incumbent on these countries, under Chapter VII of the UN Charter to undertake a series of measures to prevent proliferation. With respect to export control, it is established that all states are to establish, develop, review and maintain appropriate effective national controls of exports, transit, trans-shipment and re-export and controls on providing funds and services related to such export and trans-shipment. End-user controls are also to be introduced. All states are also to introduce appropriate penal or administrative penalties for violations of such export control laws and regulations. The resolution also contains provisions on assistance in implementing the provisions of this resolution.

It was also decided through Resolution 1540 to set up a committee of the Security Council, the 1540 Committee, with the task of reporting to the Council for its examination of the implementation of the resolution. Furthermore, the member countries of the United Nations were urged to report to the Committee on the steps that they had taken to implement the resolution. The Committee consists of representatives of all members of the Security Council.

The great majority of the United Nation's member countries, including Sweden, have reported to the 1540 Committee. The European Commission has reported on such matters that in the area that comes under the EU's first pillar. The 1540 Committee has also obtained supplementary information from the UN's members in the course of its work. Through Resolution 1673 adopted on 27 April 2006, the UN decided to extend the mandate of the 1540 Committee by two years to 27 April 2008. This resolution decided, inter alia, that the 1540 Committee should intensify its efforts to facilitate full implementation of Resolution 1540 by all member states. The resolution contains undertakings that many countries, including Sweden, do not at present wholly comply with. In the case of Sweden, export control of dual-use products is governed by EC Regulation 1334/2000, which does not include provisions for the control of arms brokering, transit and trans-shipment.

The EC regulation is currently being reviewed (see section 19 below). The Government Offices is making a review of Swedish implementation of Resolution 1540 as regards the parts of the Resolution on non-proliferation and export control, in order to be able to assess whether the EU rules should be supplemented with Swedish domestic provisions in these areas. Skr. 2007/08:114

An international activity which has a number of points of contact with, and also partly overlaps Resolution 1540 is the Proliferation Security Initiative (PSI). The EU and Sweden support this initiative, which aims at preventing transport of weapons of mass destruction and components for these within the framework of international and national law. The Swedish authorities concerned are co-ordinating their work in this sphere.

19 Cooperation in the EU on dual-use products

The export control regimes and the EU

The EU's work on export controls of dual-use products is closely connected with the international work of the export control regimes. The work carried out in Brussels is coordinated, in particular, by two working groups - CONOP (*Council Working Party on Non-proliferation*) which deals with non-proliferation issues in general and WPDU (*Working Party on Dual-use Goods*) which works with policy issues and updates the control lists provided for by EC Regulation no. 1334/2000 of 22 June 2000 setting up a Community regime for the control of exports of dual-use items and technology. The following section takes up the work in WPDU.

This year's work on the control lists

The alterations to the regimes' control lists are inserted in the annex to the EC Regulation and are thus legally binding in all EU member states. Alterations in the regime lists up to the end of 2006 have been inserted in the EU's control list by Regulation (EC) no. 1183/2007 amending and updating Regulation (EC) no. 1334/2000, which came into force in Sweden in November 2007.

Activities in 2007

The European Council's plan of action and the strategy against proliferation of weapons of mass destruction include an undertaking to strengthen the effectiveness of export control for dual-use products in Europe.

The review of the national export control systems carried out during 2004 was examined in December of the same year by the Council. The Council then stated that the recommendations of the review should be

implemented without delay. One fundamental reason for improving export control is that the EU is a large manufacturer of sensitive products and technologies that could be misused for production of weapons of mass destruction. The export control measures required in the EU must at the same time be proportional in relation to the proliferation risk and not unnecessarily disturb the development of the internal market or the competitiveness of European companies. Within this framework, the activities in the WPDU in 2007 have consisted of:

- continued work on a database with member states' notifications of denials of applications for export licences under Regulation (EC) no. 1334/2000. A pilot version is at presently in use containing member state denials in the Australia Group and the Nuclear Suppliers' Group;
- information provided by member states to the Commission on their internal regulatory frameworks;
- coordination between member states with regard to handling control of products not included in the control lists. This has mainly concerned establishing more in-depth collaboration to prevent proliferation of nuclear products and missile products to Iran;
- outreach activity to the business sector has been reinforced;
- contacts between member states and the Commission have been intensified in connection with the Commission preparing proposals for amendments to EC regulation no. 1334/2000 on dual-use items. Initial negotiations took place during 2007.

EU coordination within the regimes

According to the EU strategy to prevent proliferation of weapons of mass destruction of 2003, member states shall work to become key partners of the export control regimes. This should take place, in among other ways, by coordination of EU positions within the regimes. A joint action on the part of the EU in the different regimes has in line with this become increasingly common in recent years. The sphere of EU countries usually has co-ordinating meetings in connection with regime meetings. In recent years, EU initiatives have, among other things, led to members in the respective regime being able to agree to maintain export control also for products outside the control lists (catch-all), if these can be assumed to be used in connection with weapons of mass destruction). Another area where the EU has been successful is that the members of the regimes have agreed on strengthening the guidelines for export control to prevent terrorists gaining access to sensitive products on the regimes' control lists. EU has also endeavoured to strengthen the exchange of information between member countries in the regimes.

The EU has for long time taken the view that all EU member states should be invited to join all regimes, whose decisions serve as a basis for the control lists in EC Regulation no. 1334/2000. The main reason is the endeavour to maintain a harmonised and effective national export control based on the regimes' control lists, guidelines for export control and exchange of information on proliferation risks. The EU has therefore strongly advocated that all EU member states can become members in all regimes.

The EU area is a home market for the great majority of dual-use products. Trade within the EU is not export. However, transfer of goods and technology to a third country is export. The EU member states are therefore dependent on one another's export control systems. Effective Swedish export control could be undermined through ineffective export control in another EU country. This is an additional reason why membership in the export control regimes has a particularly important dimension.

By a decision of NSG and AG, all EU countries are now members of their regimes. The equivalent decision has not yet been made in MTCR with regard to Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia, Slovenia and Romania. With regard to the Wassenaar Arrangement, the same applies to Cyprus.

The Nordic-Baltic cooperation

The Nordic-Baltic cooperation on export controls has broadened and deepened. As part of this work, regular meetings now take place between representatives of the Nordic and Baltic countries. These meetings provide opportunities for exchanges of information and views concerning topical export control issues with reference to both military equipment and dual-use products.

20 Raising awareness about export control policy

An EU-coordinated information activity and technical assistance on export controls

The ISP accounts for much of the information about export controls in Sweden, but a great deal of information internationally is also provided by a number of countries and organisations. The purpose of these activities is to strengthen the international export control system by raising awareness of the need for export controls and what this involves. These efforts are directed primarily at countries and regions that are not currently involved in multilateral activities in the regimes or in the field of military equipment. These countries often have a well-established national export control system, but lack international contacts. Apart from the information value of the seminars and meetings that are arranged in this connection, they also offer opportunities for more open discussions of various problems and proliferation risks. This promotes broader international cooperation on issues that are of interest to most responsible exporting countries.

For several years, the EU's member states have engaged in outreach activities and sent deputations to non-EU countries to discuss export control policy. The main focus of these activities in the field of military equipment has been on the EU Code of Conduct on Arms Exports and

how it works in practice. During autumn 2007, a proposal was presented on common action relating to outreach activity. This proposal is now being considered within the council working group COARM.

In the area of dual-use products, the focus has been on informing about Council Regulation (EC) no. 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology and how it is applied in particular Member States. Within the framework of the EU strategy against proliferation of weapons of mass destruction, work has been initiated in recent years aiming at strengthening national export control in third countries by seminars and technical assistance on the part of the EU. This work is also based on UN Security Council Resolution 1540 (2004). The projects in question have to date concerned Russia, China, Ukraine, Bosnia and Herzegovina, Serbia, Macedonia, Morocco, Montenegro, The United Arab Emirates and Pakistan. Sweden contributes actively with technical expertise, in particular through ISP.

During 2007, ISP has participated in the EU projects aimed at exchanging experiences within the field of export control of dual-use products. The three projects have been led by BAFA (Bundesamt für Wirtschaft und Ausfuhrkontrolle), Germany's equivalent to ISP.

The ISP has worked together with the following countries during 2007

- Albania where it has collaborated in a comparison between legislations
- Serbia, Montenegro and Macedonia where it has collaborated on routines for granting licences
- Russia, China and Ukraine where it has collaborated in seminars with industry in these countries.

The Swedish contributions have been greatly appreciated by the cooperating countries and the project leadership. Sweden has been able to offer high-level broad expertise, one variant for how export control can be conducted within the EU regulatory framework and how export control can be carried out in a small country. ISP has continued to work with the countries with which we already cooperate to achieve a long-term approach through these projects.

Information activities in the export control regimes

The regimes are keen to have a good dialogue with non-members and interest organisations. The purpose of these contacts is to create a transparency of the regimes' activities, promote their non-proliferation objectives, including accession to the regimes' guidelines for national export control and, where necessary, offer technical assistance in order to strengthen national export control systems. These activities are pursued within the framework of the regimes' outreach programmes.

The question of controls of intangible transfers, i.e. of software or technology, is a subject that has come to the fore again in recent years in the work of most of the export control regimes and in the EU. Such transfers may involve both military equipment and dual-use products. Transfers between countries are made mainly by electronic media (computer networks and the Internet) from one country to another. Technology can also be transferred orally (person to person) by researchers, consultants and other experts.

Special attention needs to be paid to the electronic transmission of software and technology in connection with export controls. For non-state actors, for example, terrorists and organised crime, electronic transmission is simple, inexpensive and safe to use for their purposes.

The Wassenaar Arrangement (WA) has reinforced its guidelines in this area in the form of adoption of “best practices” in connection with member countries’ handling of export control in intangible transfers of technology via Internet. This document has been published on WA’s website: <http://www.wassenaar.org>.

WA emphasises that there must be national legislation with clear definitions and a description of what constitutes export. Member states must cooperate and inform industry and academia and promote self-regulation by industry. It is also important to exercise surveillance and monitor transfers by industry and academic institutions. These must keep records of transfers of sensitive technology and identify all recipients of such technology. Training must be provided to enforcement authorities and there must be rules on sanctions.

MTCR reached agreement on similar guidelines and advice at its plenary meeting in autumn 2006, although these were rather a number of options that member states may consider when handling export controls for intangible transfer of technology and software via the Internet. MTCR has subsequently clarified the provision of advice to Member States. A dialogue at a technical level on these matters has been initiated between WA and MTCR.

In the work within the EU, the revised regulation of dual-use items, which is being drafted, includes proposals aiming at clarifying and making more rigorous the regulations for control of intangible transfers. Sweden fully supports these efforts.

Annexes

Annex 1 Swedish exports of military equipment in 2007

Introduction

The National Inspectorate of Strategic Products (ISP) continuously monitors Swedish companies' marketing and exports of military equipment and dual-use products, and it supplies the Government with the statistical data for the annual report on exports of Swedish military equipment and dual-use products. Material for this year's report has also been provided by the Swedish Nuclear Power Inspectorate (SKI).

The enterprises that are authorised to manufacture military equipment - currently 162, some 50 of which are active exporters - are required to submit various kinds of information about their operations to the ISP.

Explanations to the tables, etc. (categories of military equipment, export licences, actual deliveries, follow-on deliveries, leasing, transfers of manufacturing rights and cooperation, military-oriented training)

Categories of military equipment

To make it easier to compare the statistics for Sweden's exports of military equipment with those reported by other EU member states, the categories of equipment are those used in the EU Common Military List. A comparison between the Swedish categories and this list will be found in Table 18. The most important product types are also listed for each category. More detailed information on the content of each category (Annex 1 to the Military Equipment Ordinance (1992:1303)) will be found in Annex 5.

Unlike the Swedish classification, no distinction is made in the EU Military List between the categories of military equipment for combat purposes (MEC) and other military equipment (OME). The MEC category consists of destructive equipment, including sights, and firing control equipment. The OME category consists of parts and components for equipment for combat purposes and equipment that is not directly destructive in a combat situation.

When a table relates to export licences or exports associated with a specific category, this means that the export licences were granted for one or more of the products, or related subcomponents, in an equipment category. But it does not mean that export licences were granted for all the products in each category.

The data do not permit far-reaching conclusions about export trends, since the volume of exports is not sufficiently large to ensure uniform equipment flows in all the categories produced in Sweden; rather, the figures indicate a random emphasis that shifts over time depending on the export contracts won by the industry.

Export licences

Export licences are granted, on the one hand, for many small transactions involving items such as spare parts or ammunition, and on the other hand for a small number of very large transactions involving major systems that are delivered over a period of several years. A few large transactions, which do not necessarily occur every year, can thus have a very significant effect on the results in a given year. There are therefore considerable differences in the statistics on export licences from one year to another. However, actual exports of Swedish military equipment do not fluctuate to the same extent from one year to the next. The reason for this is that the exports associated with a high-value export licence are usually spread over several years.

In cases where only one or two licences were granted, an approximate value is given in order to protect commercial interests or defence secrets.

Actual deliveries

The ISP's export statistics are based on the statements on the invoiced value of equipment supplied that the export companies are required to submit.

Changes in the statistics from one year to another cannot be used as a basis for long-term assessments of export trends. Individual sales of large systems give rise to substantial fluctuations in the statistics.

Swedish exports of military equipment are also recorded in the general foreign trade statistics which are based on information supplied by the customs authorities to Statistics Sweden (SCB). However, SCB statistics differ from those reported by ISP. SCB's statistics, which are reported under the heading of "Weapons and Ammunition" include both products classified as military equipment and civilian products. Military aircraft, vehicles and ships are reported under other headings. Furthermore, SCB's statistics include products which have entered or left Sweden as repairs are to be carried out in Sweden or abroad, which are not reported as export for sale in ISP's statistics. These figures cannot be compared with ISP statistics and are not included in this report.

Follow-on deliveries

It can sometimes be of interest to examine in more detail how large a part of export licences for sale to a particular country consist of follow-on deliveries. Table 8 provides this kind of report for a number of countries. It also shows the type of equipment covered by new licences.

As part of the continuous efforts to increase transparency in the sphere of export control, this year's communication has been expanded with information about leasing, as below.

The Swedish defence industry as well as the Defence Materiel Administration (FMV) have, in recent years, increasingly entered into various forms of leasing contracts with foreign customers. The background to this can be sought in the international development in recent years where international operations often entail immediate operational needs for equipment and there is no time for a normal procurement procedure.

Modern equipment manufactured for the Swedish armed forces has also become available as a result of the reduced size of the organisation and the changed threat scenario without an immediate threat to Sweden.

An example of this is the leasing of the radar reconnaissance aircraft to Greece at the beginning of the 2000s in conjunction with Greece acquiring this system. Another example is the leasing that took place to the United Kingdom, Canada and Italy of artillery location radar a few years ago.

During 2005, FMV has delivered 14 JAS 39 Gripen to the Czech Republic due to the leasing agreement for the period 2005-2015 concluded between Sweden and the Czech Republic in 2004. The contract value was around SEK 5.7 billion.

During 2007, FMV made the final delivery of 6 (out of a total of 14) JAS 39 Gripen to Hungary (will pass over to purchase in 2016). Furthermore, a licence was granted to Saab Microwave System to lease 2 Radar AMB Giraffe to the United Kingdom until the end of 2010.

Leasing contracts with foreign customers are not included in the basis for the export statistics since no sale is involved. However, contracts can mean a considerable income for the defence industry and the state, as shown above.

Transfers of manufacturing rights, cooperation, etc.

Eight licences were granted in 2007 for the transfer of manufacturing rights to other countries. The countries concerned were Denmark, Finland, India, Malaysia, the Republic of Korea (3) and Singapore.

Furthermore, 13 cooperation agreements were examined and authorised for joint development or production in 2007. The agreements relate to cooperation between Swedish and foreign companies and are distributed by country as follows: Denmark, India, Japan, Norway (6), South Africa (3) and Hungary.

In assessments of cases involving the transfer of manufacturing rights or cooperation with foreign partners, the stricter criteria applied to exports of military equipment for combat purposes are applied irrespective of the type of export, because this kind of cooperation normally results in a lengthier commitment than in the case of regular exports. The scope of such agreements, their duration, re-export clauses etc. are examined in detail in such cases.

Under the Military Equipment Act (1992:1300), entities which have transferred manufacturing rights for military equipment to a party in a foreign country or have entered into a cooperation agreement with a foreign partner are required to report on an annual basis whether the agreement is still in force, whether production or other cooperation under such an agreement still takes place and how such cooperation is carried on.

In addition to the expanded information on leasing, additional information has also been provided on the granting of manufacturing rights and collaboration agreements through the tables under 9 about the companies and products concerned.

Military-related training

Under the Military Equipment Act foreign subjects must not be given military-oriented training within or outside Sweden without the permission of the National Inspectorate of Strategic Products. The prohibition does not apply to training related to the sale of military equipment for which an export licence has been obtained.

No licence for military-oriented training has been granted during 2007.

Statistical tables

Tab. 1. Value of export licences granted, 2003-2007, broken down into military equipment for combat purposes (MEC) and other military equipment (OME)

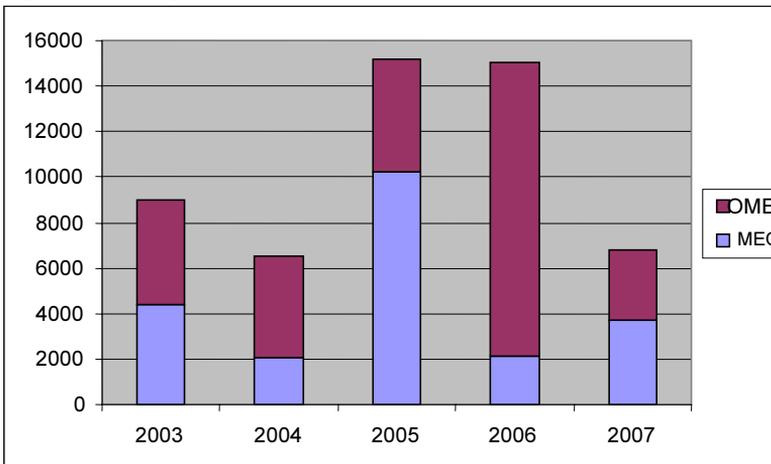
Year	Amount in current prices, SEK million			Change in %		
	Total	MEC	OME	Total	MEC	OME
2003	9 021	4 383	4 638	+53,4	+41,8	+66,4
2004	6 491	2 077	4 413	-28	-53	-5
2005	15 147	10 214	4 933	+133	+571	+12
2006	15 034	2 132	12 902	-0,7	-79	+162
2007	6 832	3 679	3 153	- 55	+73	-76

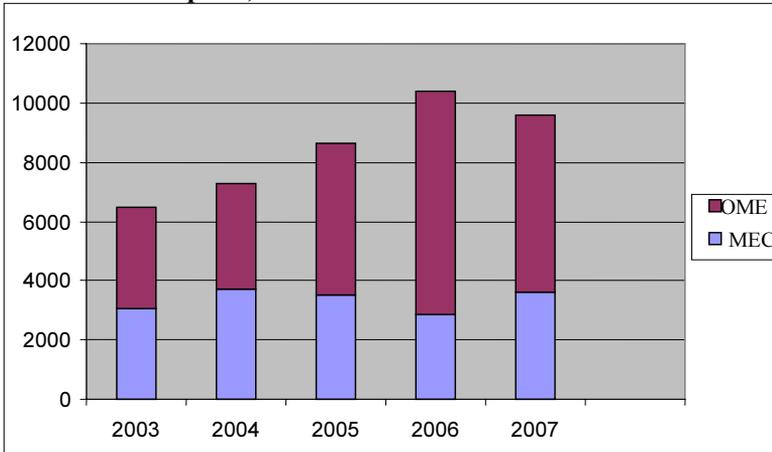
Tab. 2. Actual exports, 2003-2007

Year	Sweden's total exports of goods (current prices) SEKm	Exports of military equipment						
		Share of total exports, %	Current prices, SEK million			Change in %		
			Total	MEC	OME	Total	MEC	OME
2003	825 800	0.78	6 479	3069	3410	+88.3	+174	+46.9
2004	904 000	0.81	7 291	3740	3551	+12	+22	+4
2005	972 900	0.88	8 628	3533	5095	+18	-5	+43
2006	1 087 000	0.95	10372	2877	7495	+20	-18	+47
2007			9 604	3609	5995	-7	+25	-20

Tab. 3. Export licences and actual exports between 2003 and 2007, broken down into Military equipment for combat (MEC) and Other military equipment (OME)

Export licences granted 2003-2007 in SEK million



Tab. 4 . Actual exports, 2003-2007 in SEK million**Tab. 5. Export licences and actual exports in 2007 by recipient region and country, including statement of product categories**

Amounts in SEKm

Region / country	Licences granted			Actual exports	
	No. of licences granted	Main category for which export licences were granted (EU military list)*	Value of licensed items, SEKm	Main category of exported equipment (EU military list)	Export value, SEKm
EU	343		3779		4 690.9
Belgium	6	8	24	3, 5, 8	4.5
Bulgaria	6	3	4.3	3	0.6
Cyprus	-		-	-	-
Denmark	35	1, 3, 5, 6, 8, 18, 21	2 493	1, 3, 5, 6, 8, 9, 10, 21	747.9
Estonia	9	1, 3, 5, 6	58.6	1, 3, 5, 14	1.6
Finland	42	1, 2, 3, 4, 5, 6, 7, 8, 15	77.4	1, 2, 3, 4, 5, 6, 8, 10, 14, 15	706.3
France	30	1, 3, 5, 6, 8, 15	80	1, 3, 5, 6, 8, 10, 15	343.3
Greece	3	2, 5, 6	1.8	2, 5, 6	82.2
Ireland	4	3, 4, 6	25.6	2, 3, 6, 14	39.4
Italy	8	1, 5	4.5	1, 3, 5, 6, 10, 15	237.5
Latvia	9	1, 3, 5, 6	56	3, 4, 5, 14	152.8
Lithuania	4	3, 6, 14	55	3	1
Malta	1	1	0.02	1	0.02

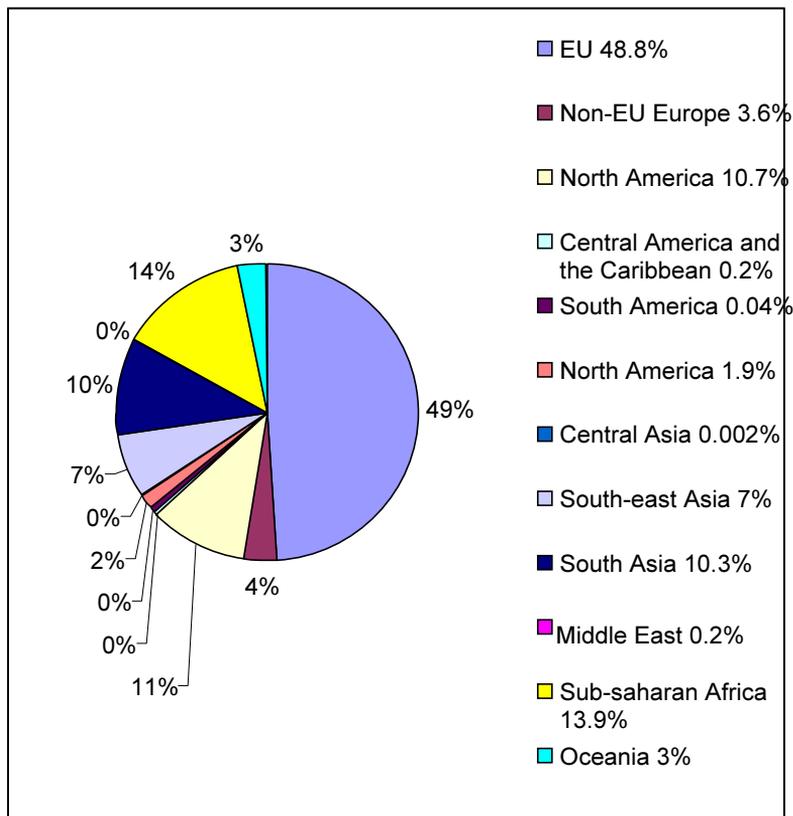
* A comparison between the EU military list and the Swedish military list is shown in Table 18. The Swedish military list is shown in Annex 5.

Region / country	Licences granted			Actual exports	Export value, SEKm
	No. of licences granted	Main category for which export licences were granted (EU military list)*	Value of licensed items, SEKm	Main category of exported equipment (EU military list)	
Netherlands	16	1, 5, 6, 8	11.9	1, 3, 5, 6, 8, 10, 14	1 143.4
New Caledonia (F)	2	3	1.2	3	0.3
Poland	13	2, 3, 8, 14	10.5	2, 3, 4, 5, 8, 14	9.8
Portugal	7	1, 3	7.5	1, 3	1.7
Romania	2	3	0.5	3	0.2
Slovakia	4	3, 8	1.3	3, 8, 13	2.2
Slovenia	4	3, 5, 15	24	3, 5, 14	19.3
Spain	14	3, 4, 6, 8, 13	101.7	3, 4, 5, 6, 8, 13	16.5
United Kingdom	33	2, 3, 6, 8, 10, 11, 14	427	2, 3, 5, 6, 8, 10, 14, 15	263.3
Czech Republic	7	1, 3, 5, 8	9	1, 3, 4, 5, 8, 10	231
Germany	65	1, 2, 3, 4, 5, 6, 8, 9, 10, 15, 13, 14, 18, 21	284	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 18	669.8
Hungary	4	8, 15	13	3, 8	2.1
Austria	15	1, 3, 5, 6, 13	7.2	1, 3, 4, 5, 10, 13	14.2
Non-EU Europe	84		772.3		344.5
Iceland	2	3	1.6	3	0.2
Croatia	6	3, 5	3	3, 5	0.3
Norway	49	1, 2, 3, 8, 9, 10, 21	724	2, 3, 5, 6, 8, 9, 10	310.1
Russia	6	3	14.4	3	7.9
Switzerland	14	1, 3, 5, 21	23.7	1, 3, 5, 6, 10, 14	24.6
Turkey	4	3, 8, 18	4.8	8, 18	0.9
Ukraine	3	3	0.8	3	0.5
North America	83		1 187		1 025.9
Canada	14	2, 3, 5, 8, 11, 14, 21	209	2, 3, 5, 8	167.4
USA	69	1, 2, 3, 5, 8, 11, 14, 15, 18, 21	978	1, 2, 3, 5, 6, 8, 9, 10, 11, 14, 18, 21	858.5
Central America and the Caribbean	2		20.8		22.5
Mexico	2	3, 9	20.8	2, 3, 5, 9	22.5
Sydamerika	11		16.2		42.6
Argentina	3	2, 14	1.3	-	-
Brazil	7	3, 5, 8	2.6	2, 3, 5	14
Chile	1	3	12.3	2	0.07
Venezuela	-		-	3, 14	28.6

Region / country	Licences granted			Actual exports	Export value, SEKm
	No. of licences granted	Main category for which export licences were granted (EU military list)*	Value of licensed items, SEKm	Main category of exported equipment (EU military list)	
North-east Asia	17		249.5		179
Hongkong, China	1	1	0.02	1	0.02
Japan	9	2, 3, 8, 14, 18	16.5	2, 3, 8, 10, 14	107.9
Republic of Korea	7	5, 18, 21	233	5, 8, 18	71.1
Central Asia	1		1.8		0.2
Kazakhstan	1	3	1.8	3	0.2
South-east Asia	36		201		669
Brunei	-		-	-	-
Indonesia	3	3, 4	19.2	3, 4	1.3
Malaysia	12	2, 5, 13, 15, 18	82	2, 5, 13	24.4
Singapore	13	2,,4, 5, 8, 9, 13, 14	76.6	2, 4, 5, 8, 9, 13, 21	639.7
Thailand	8	2, 4, 5, 18, 21	23.2	2, 5, 18	3.6
South Asia	19		198.7		989.7
India	17	2, 3, 5, 6, 18	172	2, 5, 6, 18	310.5
Pakistan	2	4	26.7	4, 5, 10	679.2
Middle East	13		216.3		17.1
Bahrain	1	5, 18, 21	37.6	5	1.0
Egypt	1	1	0.01	1	0.01
United Arab Emirates	6	1,5, 18, 21	123.5	1, 5, 18	5.1
Oman	3	1, 5, 13	1.2	5	0.8
Saudi Arabia	2	1, 5, 14	54	14, 15	10.2
North Africa	-		-		-
Tunisia	-		-	-	-
Sub-saharan Africa	19		39.9		1 333.6
Mauritius	2	3	0.6	3	0.01
Namibia	2	3	0.8	3	0.1
South Africa	15	1, 3, 5, 8, 10, 15, 18, 21	38.5	1, 3, 5, 8, 10	1 333.5
Oceania	26		149		289.5
Australia	22	1, 2, 3, 5, 8, 9, 11, 21	143	1, 2, 3, 4, 5, 8, 9, 18, 21	288.8
New Zealand	4	2, 3, 5	6	2, 3, 5	0.7
TOTAL	654		6 832		9 604.5

Tab. 6. Pie chart of exports of military equipment, broken down by regions as a percentage of their value, 2007

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Tab. 7. Export of military equipment 2005-2007 by country and broken down into MEC and OME

Amounts in SEKm

Region / country	2005			2006			2007		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
EU	1 197	2 754	3 951	1 559	2 776	4 335	2 589.3	2 101.6	4 690.9
Belgium	6.6	2.4	9	0.2	2.3	2.5	2.7	1.8	4.5
Bulgaria			See Non-EU Europe			See Non-EU Europe	0.1	0.5	0.6
Cyprus	-	-	-	-	0.005	0.005	-	-	-
Denmark	3.3	87.8	91.1	42.5	52.9	95.4	476.4	271.5	747.9
Estonia	0.05	2.3	2.4	6.2	3.3	9.5	0.1	1.5	1.6
Finland	527.5	298	825.5	491.1	436.0	927.1	524.3	182	706.3
France	52.1	609.9	662	240.2	499.2	739.4	145.8	197.5	343.3
Greece	490.9	101.3	592.2	1.9	87.1	89.0	-	82.2	82.2
Ireland	4.5	34.6	39.1	0.4	4.8	5.2	-	39.4	39.4
Italy	1.2	218.2	219.4	1.9	192.4	194.3	0.008	237.5	237.5
Latvia	0.01	0.8	0.8	0.02	35.6	35.6	124.6	28.2	152.8
Lithuania	0.02	0.6	0.6	0.02	1.7	1.7	0.02	1	1
Malta	-	-	-	-	-	-	-	0.02	0.02
Netherlands	0.06	578.6	578.6	400.1	618.6	1 018.7	976.2	167.2	1 143.4
New Caledonia	-	0.2	0.2	-	0.2	0.2	-	0.3	0.3
Poland	2.7	0.6	3.3	2.8	53.9	56.7	8.5	1.3	9.8
Portugal	0.01	0.3	0.4	5.9	1.2	7.1	0.5	1.2	1.7
Romania			See Non-EU Europe			See Non-EU Europe	0.04	0.2	0.2
Slovakia	0.002	0.3	0.3	0.2	0.3	0.5	1.3	0.8	2.2
Slovenia	0.07	2.5	2.6	0.01	0.9	0.9	1.1	18.2	19.3
Spain	0.1	34.2	34.3	0.3	11.5	11.8	0.8	15.7	16.5
United Kingdom	67.1	286.3	353.4	48.3	107.8	156.1	67.5	195.8	263.3
Czech Republic	14.7	36.2	50.9	262.2	2.9	265.1	229.2	1.8	231
Germany	26	417.2	443.2	53.9	650.8	704.7	29.3	640.5	669.8
Hungary	0.3	1.2	1.5	0.4	2.2	2.6	0.6	1.5	2.1
Austria	0.5	40	40.5	0.7	10.5	11.2	0.2	14	14.2
Non-EU Europe	1 326	280	1 606	242	184	426	175.3	169.2	344.5
Bulgaria	0.02	0.1	0.2	-	0.5	0.5			See EU
Iceland	0.02	0.08	0.1	0.03	0.2	0.2	0.01	0.2	0.2
Croatia	-	0.4	0.4	0.03	0.3	0.3	0.1	0.2	0.3
Norway	67.1	164	231.1	242.1	95.8	337.9	174.7	135.4	310.1

Region / country	2005			2006			2007		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
Romania	-	-	-	-	0.3	0.3			Se EU
Russia	-	3.5	3.5	-	3.1	3.1	-	7.9	7.9
Switzerland	1 258.6	112	1 370.6	0.1	82.9	83.0	0.2	24.4	24.6
Turkey	-	0.2	0.2	-	-	-	0.3	0.6	0.9
Ukraine	-	0.05	0.05	-	0.4	0.4	-	0.5	0.5
North America	461.2	335.1	796.3	617	453	1 070	589.2	436.7	1 025.9
United States	458.7	286.6	745.3	597.9	355.2	953.1	566.3	292.2	858.5
Canada	2.5	48.5	51	19.0	97.6	116.6	22.9	144.5	167.4
Central America and the Caribbean	-	19.6	19.6	0.6	-	0.6	1.2	21.3	22.5
Mexico	-	19.6	19.6	0.6	-	0.6	1.2	21.3	22.5
South America	32.6	5.5	38.1	9.7	9.7	19.4	28.6	14	42.6
Brazil	0.5	3.3	3.8	2.5	9.0	11.5	-	14	14
Chile	17.5	2.1	19.6	7.2	0.7	7.9	-	0.07	0.07
Venezuela	14.7	-	14.7	-	-	-	28.6	-	28.6
North-east Asia	117.7	9.2	127	95.2	10.2	105.4	26.3	152.7	179
Hongkong. China	-	-	-	-	0.006	0.006	-	0.02	0.02
Japan	117.7	9.2	126.9	13.8	8.1	21.9	16	91.9	107.9
Republic of Korea	-	-	-	81.5	2.1	83.6	10.3	60.8	71.1
Central Asia	-	0.05	0.05	-	0.2	0.2	-	0.2	0.2
Kazakhstan	-	0.05	0.05	-	0.2	0.2	-	0.2	0.2
South-east Asia	11	184.5	193.5	98.9	470.3	569.2	13	656	669
Brunei	-	0.002	0.002	-	0.005	0.005	-	-	-
Indonesia	-	18.3	18.3	-	3.8	3.8	-	1.3	1.3
Malaysia	-	12.7	12.7	-	16.1	16.1	11.6	12.8	24.4
Singapore	1.2	147.8	149	80.7	440.8	521.5	1.4	638.3	639.7
Thailand	9.7	5.7	15.4	18.2	9.6	27.8	-	3.6	3.6
South Asia	177	56.5	233	-	1 567.5	1 567.5	-	989.7	989.7
India	177	34.8	211.8	-	366.0	366.0	-	310.5	310.5
Pakistan	-	21.6	21.6	-	1 201.5	1 201.5	-	679.2	679.2
Middle East	2.4	72	74.4	0.005	51.6	51.6		17.1	17.1
Bahrain	-	1.6	1.6	-	0.7	0.7	-	1.0	1.0
Egypt	-	-	-	-	12.2	12.2	-	0.01	0.01
United Arab Emirates	0.6	64.5	65.1	0.005	3.2	3.2	-	5.1	5.1
Oman	1.8	1.5	3.3	-	32.6	32.6	-	0.8	0.8
Saudi Arabia	-	4.5	4.5	-	2.9	2.9	-	10.2	10.2
North Africa	0.08	3.1	3.2	-	2.5	2.5	-	-	-
Tunisia	0.08	3.1	3.2	-	2.5	2.5	-	-	-

Region / country	2005			2006			2007		
	MEC	OME	Total	MEC	OME	Total	MEC	OME	Total
Africa, Sub-saharan	0.8	1 200	1 200.3	1.3	1 862	1 863	1.7	1 331.9	1 333.6
Botswana	-	-	-	-	-	-	-	-	-
Mauritius	-	0.05	0.05	-	0.06	0.06	-	0.01	0.01
Namibia	0.03	0.3	0.3	-	0.6	0.6	-	0.1	0.1
South Africa	0.7	1 199.2	1 200	1.3	1 861	1 862	1.7	1 331.8	1 333.5
Oceania	207.5	176	383.5	253.1	108.2	361.3	184.7	104.8	289.5
Australia	207.5	173.3	380.8	249.6	104.3	353.9	184.3	104.5	288.8
New Zealand	0.01	2.7	2.7	3.5	3.9	7.4	0.4	0.3	0.7
Other countries	-	-	-	-	-	-	-	-	-
TOTAL	3 533.5	5 095.2	8 628.7	2 877	7 495	10 372	3 609.3	5 995.2	9 604.5

Tab. 8. Follow-on deliveries in 2007

Country	No. of licences	Of which, follow-on licences	Of which, new licences
Bahrain	1	1	
Egypt	1		1 (attachments for small arms)
United Arab Emirates	6	4	2 (hand-engraved hunting weapons, calibration equipment for marine systems)
Hongkong, China	1	1	
India	17	16	1 (CISM ammunition for military shooting competitions)
Indonesia	3	3	
Mexico	2	2	
Oman	3		3 (C protective equipment, camouflage products, hand-engraved hunting weapons)
Pakistan	2	2	
Saudi Arabia	2	2	
Thailand	8	8	

Transfer of manufacturing rights, cooperation agreements in 2007**Tab. 9a. Licences issued by ISP for grants manufacturing rights outside Sweden in 2007**

Country	Company	Extent
Denmark	BAE Systems Bofors AB	Sights and weapon platform
Finland	Filtrator AB	C-protective equipment
India	N. Sundin Dockstavarvet AB	Combat vessel 90
Malaysia	Saab Bofors Dynamics AB	84 mm ammunition
Republic of Korea	BAE Systems Bofors AB	57 mm marine anti-aircraft cannon
Republic of Korea	BAE Systems Bofors AB	40 mm marine anti-aircraft cannon
Republic of Korea	Saab Bofors Dynamics AB	Carriages for robot system
Singapore	Saab Bofors Dynamics AB	84 mm ammunition

Tab. 9b. Partnership agreements with foreign countries approved by ISP in 2007

Country	Company	Extent
Denmark	Saab AB	Saab Gripen for Denmark
India	BAE Systems SWS Defence AB	Upgrading of anti-aircraft cannon
Japan	Kockums AB	Technology transfer
Norway	Saab AB, Saab Aerosystems	Communication system in Gripen's demonstration programme
Norway	Saab AB, Saab Aerosystems	Part-system for Gripen
Norway	Saab AB, Saab Aerosystems	Flight test system
Norway	Saab AB, Saab Aerosystems	Part system for Gripen
Norway	Saab AB, Saab Microwave Systems	Radar system
Norway	Saab Bofors Dynamics AB	Demonstrator for next generation of AA cannon
South Africa	Saab AB, Saab Aerotech	Technology transfer, production and purchase of test systems for Gripen's export programme
South Africa	Saab AB,. Saab Avitronics	Technology transfer between parties
South Africa	Saab AB, Saab Systems	Command system for South African defence
Hungary	Volvo Aero AB	Collaboration project for aircraft engines

Tab. 10. Value of actual exports during 2006-2007 by product category

Amounts in SEK million

Military equipment for combat (MEC)		2006	2007	Other military equipment (OME)		2006	2007
Swedish military list	EU military list			Swedish military list	EU military list		
MEC1	1	-	-	OME 21	1	21.3	11.1
MEC2	2	383.4	306.6	OME 22	2	429.8	340.4
MEC3	3	829.8	585	OME 23	3	380.3	499.4
MEC4	4	282.2	330	OME 24	4	287.1	345
MEC5	5	524.9	417.3	OME 25	5	918.5	780
MEC6	7	0.3	0.1	OME 26	13	101.8	1.6
MEC7	8	138.9	141	OME 27	8	2.9	0.3
MEC8	9	27.0	66	OME 28	9	421.2	647.4
MEC9	10	-	-	OME 29	10	3 618.0	2 155
MEC10	6	690.6	1 763	OME 30	6. 17	1 046.8	836
MEC11	19	-	-	OME 31	19	-	-
				OME 32	13	-	-
				OME 33	15	74.5	88.8
				OME 34	15	-	1.1
				OME 35	14	163.0	244.3
				OME 36	18. 22	3.4	21.4
				OME 37	21	26.3	23.2
Total MEC		2 877.1	3 609	Total OME		7 494.9	5 995

Tab. 11. Swedish exports in 2007 of small arms and light weapons as defined in the UN Register of Conventional Arms¹

Category according to UN Register	
Small arms	
1. Revolvers and automatic pistols	No exports
2. Rifles and carbines	No exports
3. Sub-machine guns	No exports
4. Assault rifles	No exports
5. Light machine guns	No exports
6. Other During 2007, ammunition, components for ammunition, attachments for sights, etc., have been exported for a total value of over SEK 500,000,000 to the following states: Australia, Belgium, Brazil, Canada, Denmark, Estonia, Egypt, Finland, France, Iceland, Italy, Japan, Kazakhstan, China (Hong Kong), Croatia, Latvia, Lithuania, Malta, Mauritius, Namibia, Netherlands, Norway, New Caledonia, Poland, Portugal, Romania, Russia, Switzerland, Slovenia, Slovakia, United Kingdom, Spain, South Africa, Czech Republic, Germany, Ukraine, Hungary, USA, Czech Republic and Austria.	

Country	Product	Export licence	Amount in SEK 000s
Light weapons			
1. Heavy machine guns (12.7 mm)			
Norway	Ammunition 12,7 mm	1	827
Total		1	827
2. Grenade attachment for mounting on weapons (40 mm grenade attachment)			
Australia	Ammunition – parts	1	86
Canada	Ammunition - parts	1	133
Switzerland	Ammunition - parts	1	13
Total		3	232
3. Portable anti-tank guns		No exports	
4. Recoilless weapons (medium anti-tank weapon systems)			
Australia	Medium anti-tank weapons, ammunition etc.	6	176 405
Canada	Medium anti-tank weapons, ammunition mm	6	134 638
Denmark	Ammunition, spare parts, etc.	1	43 869
Estonia	Training equipment	1	835
Greece	Sighting instrument	1	1 327

¹ This information has been obtained manually from the delivery declarations which companies are obliged to provide to ISP.

India	Components	1	198 499
Ireland	Training equipment	1	7 473
Japan	Spare parts, training equipment, etc	2	174
Norway	Medium anti-tank weapons, spare parts, etc.	1	2 630
New Zealand	Medium anti-tank weapons, spare parts etc.	2	466
New Zealand	Ammunition	1	3 465
Poland	Medium anti-tank weapons, ammunition mm	1	2 996
Singapore	Spare parts	1	42
USA	Medium anti-tank weapons, ammunition mm	3	28 659
Venezuela	Ammunition, training equipment, etc.	2	28 603
Total		30	630 081

5. Portable anti-tank weapons			
Finland	Light anti-tank weapon	1	2 240
USA	Light anti-tank weapon	3	126 493
Austria	Spare parts	1	230
Ireland	Components	1	648
Norway	Components	2	1 302
United Kingdom	Components	2	2 457
Total		10	133 370
6. Mortar with calibre less than 75 mm		No exports	
7. Other (hand grenades)			
Norway	Smoke grenade	3	2 410
Finland	Smoke grenade, without igniter	1	5
Total		4	2 415

Tab. 12. Compilation of decisions on approved re-export of Swedish military equipment

During 2007, the ISP has received the following applications for re-export of Swedish military equipment, which have all been approved.

Application from	Relates to equipment	Destination
Latvia	Small calibre ammunition (MEC 3)	Other central government agency in the country
Netherlands	40 mm cannons (MEC 2)	Thailand
Norway	RBS 70 (MEC 4)	Ireland
Denmark	J-35 draken (MEC 9)	Germany (museum)

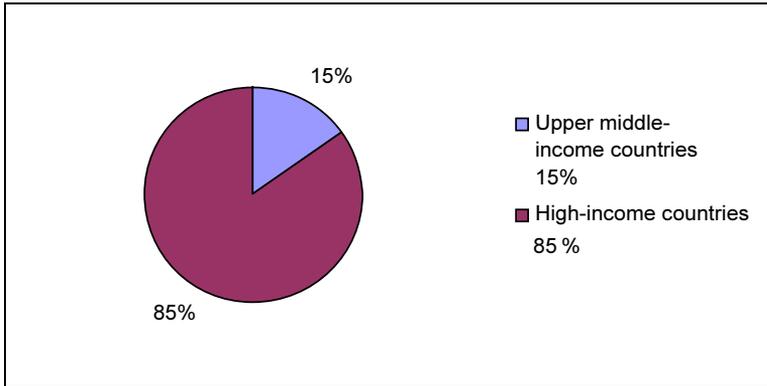
Tab. 13. Swedish export in 2007 of MANPADS (Man-Portable Air Defence Systems) as defined in the UN Register of Conventional Arms

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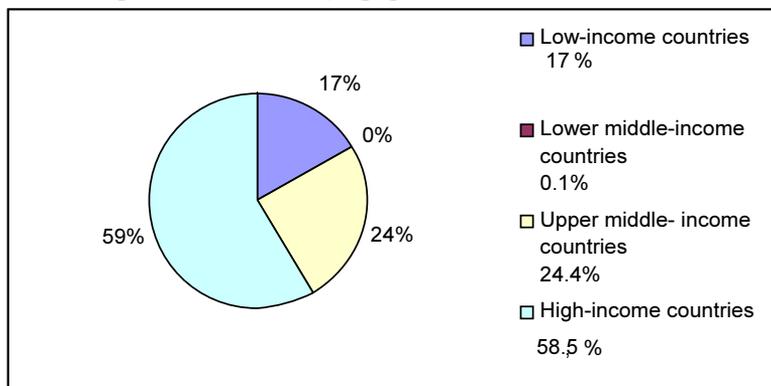
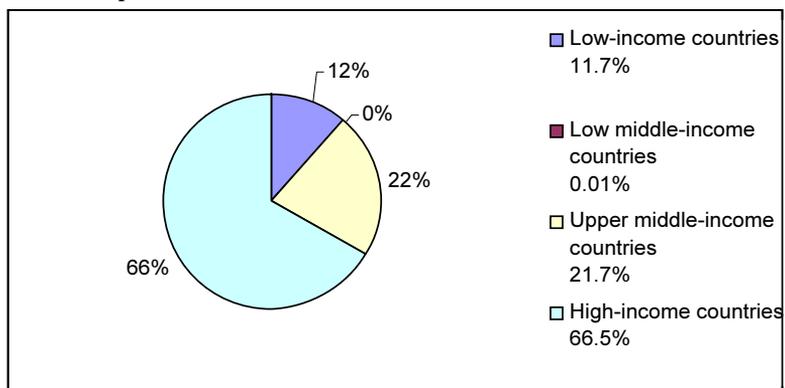
Country	Equipment	Export licence	Amount, SEK 000s
Australia	Spare parts, robots etc.	3	53 295
Indonesia	Spare parts	1	895
Latvia	Firing units, robots etc.	1	148 828
Pakistan	Spare parts	1	1 798
Singapore	Spare parts	1	1 459
Czech Republic	Firing units, robots etc.	2	131 478
Finland	Firing units, robots etc.	1	122 157
Total		10	459 910

Tab. 14. Export of military equipment in 2007 broken down by country according to income²

Export of military equipment for combat (MEC)



² Country groupings are based on the World Bank's country classification by economic status. A complete list of country groupings can be found at the website www.worldbank.org. The countries that Sweden exports military equipment to or has granted an export licence to in 2007 comply with the grouping: **High-income countries:** Australia, New Zealand, Saudi Arabia, United Arab Emirates, Bahrain, Singapore, Republic of Korea, Japan, Hong Kong, Canada, USA, Norway, Iceland, Austria, Germany, United Kingdom, Spain, Slovenia, Portugal, New Caledonia (FR), Netherlands, Italy, Ireland, Greece, France, Finland, Denmark, Belgium, Estonia, Malta, Switzerland. **Upper middle-income countries:** Mauritius, South Africa, Oman, Malaysia, Chile, Mexico, Russia, Romania, Croatia, Hungary, Czech Republic, Slovakia, Poland, Lithuania, Latvia, Bulgaria, Brazil, Turkey, Venezuela, Kazakhstan. **Lower middle-income countries:** Namibia, Egypt, Thailand, Indonesia, Ukraine. **Low-income countries:** Pakistan, India.

Tab. 15. Export of other military equipment (OME)**Tab. 16. Export total**

Tab. 17. Exporting companies in 2007**Companies with exports exceeding SEK 10 million, in SEK million**

Company	MEC	OME	Total
BAE Systems Hägglunds AB	1 763	882	2 645
Saab AB	144	1 442	1 586
Saab Bofors Dynamics AB	750	582	1 332
Kockums AB	66	626	692
Saab AB, Saab Surveillance Systems	-	562	562
Saab AB, Saab Microwave Systems	96	383	479
BAE Systems Bofors AB	218	255	473
Vanäsverken AB	340	-	340
BAE Systems SWS Defence AB	-	237	237
Saab AB, Saab Systems	81	101	182
Norma Precision AB	7	148	155
EURENCO Bofors AB	132	-	132
Volvo Aero AB	-	106	106
Saab AB, Saab Aerotech	-	103	103
Saab AB, Saab Avitronics	-	95	95
Saab Training Systems AB	-	81	81
FFV Ordnance AB	-	60	60
FLIR Systems AB	1	42	43
Exensor Technology AB	-	40	40
Saab Barracuda AB	-	35	35
Nammo LIAB AB	-	35	35
Scania CV AB	-	33	33
Botnia Production AB	-	25	25
N. Sundin Dockstavarvet AB	-	20	20
Polyamp AB	-	17	17
Countermine Spare parts AB	-	11	11
Aimpoint AB	2	9	11
Degerfors Formnings AB (Deform)	-	10	10

The following companies exported for between SEK 1 million and SEK 10 million in 2007:

Nammo Vingåkersverken AB, Saab Underwater Systems AB, ACR Aviation Capacity Resources International AB, Airsafe Sweden AB, Schill Reglerteknik AB, PartnerTech Karlskoga AB, Befyraem Technologies AB (B4M), VO Vapen AB, Cross Country Systems AB, BAE Systems C-ITS AB, Applied Composites AB, INM Mekaniska AB, Åkers Krutbruk Protection AB, Norabel Ignition Systems AB.

A number of companies exported for less than SEK 1 million in 2007: Skr. 2007/08:114

Ekenäs Mekaniska AB, Loxitec AB, Waltreco AB, New Pac Safety AB, Filtrator, Värme & Vent AB, Trelleborg Protective Products AB, Comtri Produktion AB, Lesjöfors Fjädrar AB, Chematur Engineering AB, Sundström Safety AB.

Tab. 18. Categories of military equipment – the Swedish military list and the EU list³, description of types of products

EU military list	Swedish military list (MEC)	Swedish military list (OME)	Swedish military list	Type of equipment
1	1	21	MEC1	Small-calibre barrel weapons
2	2	22	MEC2	Canons, anti-tank guns
3	3	23	MEC3	Ammunition
4	4	24	MEC4	Missiles, rockets, torpedoes, bombs
5	5	25 a-b, d	MEC5	Firing control equipment
6	10	30a-c,e	MEC6	NBC weapons
7	6	26 a(part), b	MEC7	Gunpowder and explosives
8	7	27	MEC8	Warships
9	8	28		Combat aircraft
10	9	29	MEC10	Combat vehicles
11		33 part of MEC 4, 10, OME 28, 29	MEC11	Directed energy weapon system
12			OME21	Small-calibre barrel weapons, parts etc.
13		26 a (part), c-d, 32	OME22	Cannons, anti-tank guns, weapons, etc.
14		35	OME23	Exercise ammunition, etc.
15		33,34	OME24	Training rockets, sweeping equipment etc.
16			OME25	Reconnaissance and measurement equipment, etc.
17		25 c, 30d	OME26	Protective equipment, etc.

³ There is a link to the EU military list at the website <http://www.consilium.europa.eu/export-controls>

18		36a-b	OME27	Gunpowder and explosive components
19	11	31	OME28	Surveillance vessels etc
20			OME29	Aircraft designed for military use etc.
21		37	OME30	Vehicles designed for military use, etc.
22		36c	OME31	Directed energy weapon system
			OME32	Fortifications
			OME33	Electronic equipment for military use
			OME34	Photographic and electrooptic equipment
			OME35	Exercise material
			OME36	Manufacturing equipment
			OME37	Software

Annex 2 The Swedish Inspectorate of Strategic Products on trends in Swedish and international export control

The following text is a contribution from ISP (Swedish Inspectorate of Strategic Products), where the agency presents its view on important trends in Swedish and international export control during 2007.

Important trends in Swedish and international export control

ISP's vision: A responsible control of strategic products – our contribution to a safer world

In tandem with the climate issue, the proliferation of weapons of mass destruction (WMD) appears as a major global threat. It is important that Swedish industry and research institutions do not unconsciously or deliberately contribute to this proliferation by export of dual-use products (PDA) and technologies to states or non-state actors with WMD ambitions. Likewise, it is important that the products of the Swedish defence industry do not end up in countries that may use them for aggressive purposes or to oppress their own population.

The task of the ISP, the Inspectorate of Strategic Products, is to manage Swedish export control. This should be carried out in an efficient and responsible manner. At the same time as export control is to prevent proliferation of WMD and Swedish military equipment falling into the wrong hands, it is important that this control does not become a barrier to academic contacts, legal trade or legitimate bilateral or multilateral cooperation projects in the sphere of military equipment. The following section presents the most important trends in Swedish and international export control with respect to dual-use products and military equipment and the ISP's role.

Dual-use Products (PDA)

Background

Export control of dual-use products – civilian products with a military use – is in principle managed in two ways: based on the product or on the end use. **A product-specific approach** means working with lists of products considered

to have an important military significance. For Swedish export control, this is based on the list in Annex 1 to the European Council Regulation (EC) 1334/2000. This list includes all agreements that exist regarding control of products within the Wassenaar Arrangement, MTCR, NSG, the Australia Group and CWC. An export licence is required if anyone wishes to export a product which is listed in Annex 1 to a country outside the EU.

Taking **end use** as the basis means that it is known or suspected that there are military projects in the recipient country to which Sweden does not wish to contribute. To manage this control, the ISP and the collaborating agencies must acquire knowledge of the businesses, organisations and individuals that serve as channels for procurement for the undesirable end use. In accordance with Article 4 of Regulation 1334/2000, the ISP is able to place unlisted dual-use items under control to a defined recipient if it is suspected that the product may be used in a mass destruction programme or for a missile programme (“catch all”).

In order to manage export control efficiently, close **collaboration** between the ISP, the Swedish Customs, SÄPO, MUST, FRA and FOI is of key importance and this collaboration must be continuously further developed. The focus is on both products and the end use. This cooperation is a key prerequisite for efficient and responsible use of the “catch-all” instrument as above. The ISP has produced a process an evaluation model for “catch-all” cases with a view to further quality assurance of this type of case.

In recent years the ISP has developed forms for **global licences**. Global licences are broad licences granted to companies with a well-developed internal control programme. Thanks to the use of global licences, resources are freed at ISP for the more complex licensing issues at the same time as it enables efficient use of resources at the exporting companies. A continued high quality of export control is ensured by supervision of the companies’ internal control programmes.

The current situation

The number of enquiries about the suitability of a particular export or not increased sharply in 2007. This was a

consequence of increased awareness due to Council Regulation 423/2007 and the UN resolutions adopted in recent years: Resolution 1540, which requires all member countries to control products associated with weapons of mass destruction and missiles and Resolutions 1696, 1737, 1747 and 1695 respectively and 1718 which are aimed at **Iran's and North Korea's nuclear and missile programme respectively**. These resolutions are partly based on product lists although it is the emphasis placed on end use control which is of greater interest for future development.

In the light of this, the ISP was given a new task by the Government in July 2007⁴ as the competent authority with respect to restrictive measures against Iran, the Democratic People's Republic of Korea, Burma, Liberia and Somalia. All of these countries are subject to UN sanctions. The tasks placed on the ISP according to this decision concern technical or financial assistance relating to a particular activity. Product control has been expanded, financing has been placed under control and organisations, companies and persons have been listed with which it is prohibited to do business.

The UN sanctions against Iran are based on suspicions that Iran is building up a capacity to develop nuclear weapons and weapon carriers for nuclear weapon systems. The ISP had already previously a very restrictive attitude with respect to export of sensitive products to Iran, although the two UN resolutions and **EC Regulation 423/2007** contributed to putting additional focus on Sweden's economic contacts with Iran. The sanctions thus introduced are targeted on persons, units and bodies that are directly linked to or support Iran's nuclear activities or development of systems of weapon carriers. It is prohibited to trade with them and their assets and financial resources are frozen. It is also prohibited to export products and technology NSG's and MTCR's lists to Iran. In addition to this, there are now licensing requirements for additional products and technology which have not previously been subject to licence, and licensing requirements for technical assistance and appurtenant financial support.

⁴ Government Decision 12 July 2007 UD2007/24890/NIS

On the basis of UN Resolution 1540, work is in process within the EU to update Resolution 1334/2000. Requirements are made here on introduction of control of transit, transshipment and brokering. Regardless of the further treatment of the UN resolution by the EU, the Swedish legislation should be reviewed to enable central elements of this to be incorporated into the Swedish regulatory framework.

The future

The focus can be expected to remain on non-proliferation issues in the coming years. Product control will continue to serve as the basis for Swedish export control at the same time as there is a trend, which places increasing focus on end use control. The following components in particular deserve to be particularly emphasised as regards export control in a future perspective:

Product control

An increasing emphasis will be placed on industry's knowledge of its customers and how they may use the products sold. In this context, expanded responsibility will be required of the companies' **internal export control programmes**. In certain cases, an end user certificate may not be sufficient but the companies must provide guarantees that the exported products really will be used in the intended way at the designated facilities. This development is necessary because of the increasing complexity of cases. The ISP's role in this situation will be to make guideline decisions, to grant broad licences with frameworks for the activity and to provide training, information and support to those responsible for export control at the companies. One means of carrying out this work is to utilise and guide the companies' quality processes – e.g. ISO 9000 – and to monitor their control processes during inspection visits. This means that the already expanding supervisory activity will be even more extensive and important.

End use control

Enquiries about the suitability of a particular export to a particular end user and thus potential **"catch all"** applications will increase. This increase is based on greater awareness of the problem of proliferation depending on the work in the UN and the EU and the information provided to business and academic institutions by the Board of Customs, the Swedish Security Service (SÄPO) and ISP. In

the past year, the Board of Customs has been more active in the sphere of export control. It will accordingly become increasingly common for the Board of Customs to stop a consignment to check whether it can be permitted to a particular recipient. This places new demands on the ISP in the form of shorter response times. It also makes new demands for improved communication between the relevant agencies.

The export controllers at the exporting companies will have to work in a similar way as when the Board of Customs stops and checks a consignment. If they notice that a planned delivery deviates from the normal pattern in one or another way, they should stop it. The export controller can then seek assistance and possibly a decision from the ISP. Part of the companies' increased self-control is also that all staff should be aware of the risks of proliferation and export control.

Product-end user-financing control

The EC's Iran Regulation 423/2007 considerably expands the products subject to control and prohibits direct business transactions or financial contacts with listed companies and persons. This model of export control involves a new approach, which can be expected to be applied to an increasing extent in the next few years.

To sum up, it can be noted that we can expect a continued strong focus on non-proliferation issues. Product control will become increasingly important, but it must be supplemented with an increased end user control with respect to non-listed products. This makes new demands on responsible agencies as regards methods of cooperation and communication. In the appropriation directions for 2008, the ISP has therefore been given a special task to develop, together with other agencies concerned, well-functioning forms of cooperation including routines for exchange of information.

Military equipment – exports and international cooperation

Skr. 2007/08:114

Background

Since the Military Equipment Act (1992:1300) came into force on 1 January 1993, the EU has been expanded from 12 to 27 member states. In the preparatory legal materials to the act, it is stated that foreign policy impediments were not considered to exist for export of military equipment to countries within the EU, the Nordic countries or to traditionally neutral countries in Europe. As more new countries have become members of the EU, the number of recipient countries for which there is a positive presumption on this basis, has more than doubled, which has naturally affected Swedish exports of military equipment. It may be noted in this context that exports can vary sharply from year to year – both in terms of value and with respect to country distribution. The main explanation for this is that one single large export order can have a pronounced effect on the total export statistics in any one year.

Export of military equipment 2007

Swedish export of military equipment totalled around SEK 9.6 billion in 2007, which is a decrease of around 8 per cent (SEK 10.4 billion) compared with 2006. The export of military equipment to the EU – including Switzerland and Norway – accounted over SEK 5 billion (52.4 per cent) of total exports compared with SEK 4.7 billion (45.9 per cent of exports) in 2006.

The largest recipients of Swedish military equipment in 2007 were **South Africa** (SEK 1.3 billion) and **the Netherlands** (SEK 1.1 billion) followed by the **United States** (SEK 843 million), **Denmark** (SEK 748 million) and **Finland** (SEK 706 million). It may be noted in this context that the proportion of military equipment for combat (MEC) in 2007 amounted to 38 per cent and the proportion of other military equipment (OME) to 62 per cent compared with 27 per cent MEC and 73 per cent OME in 2006. It is also worth noting that exports of MEC-classified products went almost exclusively to established recipient countries within the EU and to the United States and Australia.

As regards export statistics, it may be further noted that **Singapore** and **Pakistan** were also important recipients of

military equipment during 2007. In Singapore's case, this was mainly underwater technology and, in Pakistan's case, completion of Saab's contract for airborne reconnaissance radar (Erieye). With respect to the latter country, it may be noted that the ISP, due to the political development of the country in mid-November, announced that no new export transactions would be approved until further notice. At the same time, the Inspectorate announced that existing agreements would be honoured and that any follow-on deliveries would be dealt with in the usual way.

Restraint has also been observed in relation to **Thailand** due to the military takeover of power in 2006. However, it has been possible to approve certain follow-on deliveries during 2007 at the same time as a gradual return to civilian government took place in the country; in August, a new civil constitution was adopted and in December parliamentary elections took place with a high level of participation. The election was monitored by international election observers and was regarded as correct. At the beginning of February 2008, a new civilian government took office. In the light of this development, the situation in Thailand may be considered as having normalised and new export transactions may come into question.

As regards **exports of light weapons**, it may be noted that exports of the Carl Gustaf medium anti-tank weapon and AT 4 light anti-tank weapons totalled SEK 730 million during the year. The most important recipient countries were Australia, the United States, Canada, India and Denmark. Export to India consisted mainly of components.

International collaboration

The Riksdag has established (Government Bill 2004-2005/5) that Sweden's international equipment collaboration should be focused on the countries that can best meet our national needs for expertise in the provision of equipment. The countries stated here were mainly the countries within the **six-nation collaboration Lol/FA** (France, Italy, Germany, Spain, United Kingdom and Sweden), **the Nordic countries** and **the United States**. In the case of these countries, this may entail Swedish export of part-systems and components for industries for integration in military equipment systems for subsequent use in Sweden and in the collaborating country, but which may also come into question for export to a third country. Before export of a military equipment system

of this kind takes place from a collaborating country, a joint assessment is made of suitable purchasing countries on the basis of legislation in Sweden and the collaborating country.

International collaboration on military equipment is also affected by the increasing multilateralisation of the defence industry and of the European cooperation efforts including the establishment of the European Defence Agency. In the case of Sweden, all large Swedish defence industries are also wholly or partly owned by foreign interests.

A consequence of the increased collaboration in the sphere of military equipment with common procurement projects and increasingly internationalised production in joint projects is that export control also needs to be adapted to these circumstances. This takes place through regular consultation with the ISP's sister agencies, inter alia in the six-nation sphere (FA/Lol). A framework for **global project licences** (GPL) has also been established and, at present, work is being completed to introduce a new form of export licence mainly intended to facilitate transfer of components between the defence industries in the collaborating countries.

It may be noted in this context that in parallel with the work of simplification, there is a contrary trend towards increased requirements for **end user certificates for components**. For example, an agreement in Wassenaar has led to new requirements for end user certificates being also made on components for MANPADS with a view to preventing proliferation of such weapons. Similar demands have been made in other contexts, which make international cooperation more difficult and entail a burden on companies. This procedure does not contribute to more efficient export control.

Alongside the Lol collaboration, there is also an expanding collaboration within the **Nordic sphere** (including Estonia, Latvia and Lithuania). Within the framework of the ongoing restructuring of the Swedish armed forces, consideration is being given to stronger Nordic collaboration both for unit production and collaboration on equipment. The ISP considers that the Nordic dimension will gradually become more and more important with respect to dealing with export control issues. It may be noted in this context that almost 20

per cent of the Swedish exports of military equipment in 2007 went to Denmark, Finland and Norway (2006: 13 %) Skr. 2007/08:114

Furthermore, a special export control annex has been linked to MoU drawn up with the **United States**. This agreement is mainly to be viewed in the light of the Swedish import of high-technology for the needs of the armed forces and the defence industry. Within the framework of this collaboration, the ISP has regulated, with the United States, re-export of high-quantity ammunition without a Swedish identity. With respect to the US export control, it may be further noted that the two agreements which the United States signed in 2007 with the United Kingdom and Australia concerned simplified procedures mainly for export of technology. Both these agreements must be approved by Congress in the United States and by Parliament in the U.K. and Australia. Various studies are at present taking place in the United States on the feasibility of simplifying US export control. This work may have consequences for Sweden.

In the light of the increased collaboration with **South Africa**, the ISP has signed an export control annex with the South African ministry of defence as well. This annex is intended to simplify collaboration between the Swedish and South African defence industry and at the same time to ensure that equipment and technology from the respective country is not re-exported without the requisite licence. At present, negotiations are in process with **Australia** on a similar export control annex. The ISP has requested the Government for consent to conclude an agreement of this type with Australia. The need for additional bilateral export control agreements and agreements linked to the "user clubs" needs to be considered and developed. In the light of this, the ISP intends to develop a strategy for international export control collaboration.

A Swedish-led combat group is in a state of readiness within the EU from the yearend (**Nordic Battle Group**, NBG) with participation from Sweden, Finland, Norway, Estonia and Ireland. In preparation for any use of the Battle Group, ISP has, in response to an application by the Swedish Armed Forces, issued an export licence allowing Swedish military equipment to be made available to the participating countries. This is an example of a new type of end user relationship. The ISP has regulated end user issues in a corresponding way with NATO's logistic organisation

NAMSA with regard to reacquisition of spare parts, etc. where deliveries may be made with NAMSA as intermediary to end users previously approved by ISP. Skr. 2007/08:114

Simplification of conditions for transfer of military equipment within the EU

In December 2007, the EU Commission presented a proposal on simplification of the conditions for transfer of military equipment within the EC ("**Intra-community transfer/ICT**"). This proposal is intended to strengthen the competitiveness of the European defence industry by facilitating transfer of military equipment between the member states. The major change for Swedish export control, according to the proposal, would be the introduction of a general licence for trade with military equipment between EU member states, i.e. consent would not only be given after application to the ISP. This type of licence has not been used for military equipment previously although it has been used for dual-use products.

If the EU Commission's proposal were to be implemented, it would not entail any crucial change with respect to the country distribution of exports of military equipment. Under the Military Equipment Act (1992:1300) and current guidelines (Government Bill 1991/92/175), there is already a positive presumption for export of military equipment to countries within the EU sphere. Neither would the proposed directive necessarily entail a weakening of the Swedish regulatory framework. However, certain clarifications are needed in the directive. It must be clearly stated that exceptions may be made for national security interests through a clear reference to Article 296. And it must be clarified how export to a third country is to be dealt with. In addition, it must be ensured that the directive does not restrict the ability for further collaboration within, for instance, the LOI sphere but also within the Nordic sphere.

Development of customary practice

The ISP has now been an independent agency for 12 years. In order to ensure political insight, the **Export Control Council** (EKR) was established with members for all parties represented in the Riksdag. Today, this council consists of eleven members, of which the Moderates and the Social Democrats have three members each while the other parties have one member each.

In 2007, EKR met nine times and considered a total of 13 cases. Two negative advance decisions were notified in these cases. Three cases were adjourned for further consideration. The other EU member states were informed of the negative decisions. EKR has based its deliberations on the Swedish guidelines for export of military equipment. The Code of Conduct for Export of Military Equipment adopted by the EU in 1998 has also been taken into consideration.

During 2007, the ISP has furthermore, after consultation with EKR, submitted a case to the Government recommending that Saab be granted permission to submit a binding tender for export of JAS Gripen to India. The Government shared the view of the Inspectorate and took no further action. This was the first case submitted to the Government since 2000.

EKR obtains insight into all current cases as regards export of military equipment to established recipient countries. At the same time, the Council is able to discuss new or less frequent recipient countries as well as export to countries where the political situation has fluctuated in such a way that there are special reasons to consider the prerequisites for export. In this connection, the equipment-specific aspects will be discussed as well as new threats to Sweden's security that have been identified.

When the Swedish Military Equipment Act came into force in 1993, the **security concept** was still shaped by the conceptual framework of the cold war. Subsequently, a more global perspective on security has developed, where natural disasters, terrorist attacks, piracy or international organised crime abroad may also be considered as having effects on Sweden. Drugs from abroad are sold on Swedish streets and school playgrounds. Natural disasters may have global overtones. The supply of energy may be disrupted or the distribution of food or other important goods since shipping is not operating normally.

An **equipment-specific approach** provides reason to consider how the type of surveillance system initially only used to analyse military situations could also be used for civilian purposes. Examples of products of this kind are sensors, radar equipment, both on land and at sea and systems for improved border monitoring. Could Swedish-

manufactured surveillance systems contribute to counteracting piracy or terrorist attacks in the Strait of Malacca or the Strait of Hormuz? Could airborne reconnaissance radar (Erieye) contribute to counteracting organised crime in northern Latin America? Although it is possible to see new important areas of use for Swedish military equipment, it is extremely important that the products of the Swedish defence industry do not end up in countries where they will be used for aggressive purposes or to oppress their own population.

Finally, it may be noted that during 2008, an expert group within the UN will start a study on the prerequisites for an international treaty on the arms trade, Arms Trade Treaty (ATT). This work will probably make slow progress since a number of important players still do not support the proposal.

To sum up, there can be expected to be a continued focus on and discussions about Swedish exports of military equipment. The ISP's vision, "Responsible export control – our contribution to a safer world", must not just remain a proud slogan but must also permeate Swedish export control. In this context, it is important to carry on working with the aim of "making it simpler" in order to be able to focus on the difficult cases. The Commission's proposal on "Intra Community Transfer" as well as Lol and the Nordic collaboration are important building blocks here. These processes must lead to a simplified and non-bureaucratic collaboration between the European countries at the same time as it must not lead to a weakening of Swedish export control, which is rigorous in an international comparison.

Swedish arms brokers

To tackle the problem of uncontrolled arms brokering, the European Council adopted the Common Position 2003/468/CFSP on control of arms brokering on 23 June 2003. According to the Common Position, the member states undertake to take necessary measures to control arms brokering on their territory. Under Article 5 of the Common Position, a system was stipulated for exchange of information between member states with respect to national legislation in this area, registered arms brokers, lists of brokers and denials of applications.

Licencing of arms brokering takes place in accordance with the Military Equipment Act (1992:1300). In 2007, 32 companies were registered as suppliers (brokers) of products classified as military equipment.

Registered brokers in 2007

AB Arnheim, ACAL AB, ACR Aviation Capacity Resources International AB, BAE Systems SWS Defence AB, Baltic Alloys AB, Chematur Engineering AB, Compomill Nordic Components AB, Countermine Operations AB, Dalasteel, Ericsson Saab Surveillance Systems AB, Fastighetsaktiebolaget Stefan Persson, FFV Ordnance AB, Gripen International KB, Gripen International KB, Henry Wallenberg & Co AB, Interplan AB, LISCO Sweden AB, Millesvik Maskin & Trading AB, Milmac Sweden AB, MP-SEC International, MvP Enterprises, Naverviken Logistic AB, Norabel Ignition Systems AB, Renajs Scandinavia AB, Rybro International Limited, Scandinavian Aerospace & Industry AB, SOURIAU Sweden AB, SwETech AB, SYSS, Södermanlands regementes museiförening, Trilog, and Åkers Krutbruk Protection AB.

Tab. 19. Report on individual licences in 2007

Number	Value	ML categories⁵	Countries
12	It is not always possible to state a value since this is not demanded by ISP	1, 2, 3, 5, 6, 8, 13	Denmark Estonia Finland France United Arab Emirates Ireland Netherlands Norway Oman Poland Switzerland United Kingdom South Africa Germany USA Austria

⁵ Current equipment consists mainly of subcomponents, mainly to sub-contractors in cooperation projects.

Export control of dual-use products in 2007

It is not possible to give a complete account of exports of dual-use products, similar to that provided for military equipment, since control of dual-use products is based on the freest possible trade and control only when it is justified. In the most sensitive nuclear area, a large part of trade is to EU member states and all trade outside the EU is subject to licence. These rules are also applied to other particularly sensitive products and technologies. No licence is required for trade to other EU member states for other dual-use products and technologies (the predominant part of the area). Export of other dual-use products to certain countries, such as the United States, are usually covered by general licences.

Activities of the Inspectorate of Strategic Products

Licences in the EU

Trade with dual-use products within the EU is normally not subject to licence. However, licences are required for export to another EU member state of products and technologies as specified in Annex IV of EC Regulation 1334/2000.

General licences

There are two types of general licence. The general licence that applies in accordance with the EU regulatory framework (included in Annex II of EC Regulation 1334/2000) and a national Swedish general licence (included in the Board of Customs Code of Statutes TFS 2000:24 with appurtenant amendment TFS 2004:35).

The EU general licence (EU 001) applies to products in Annex 1 of EC Regulation 1334/2000. This licence applies for exports to Australia, USA, Japan, Canada, New Zealand, Norway and Switzerland.

The national Swedish licence covers, as ISP has stipulated, a large number of products which are controlled in accordance with the Wassenaar Arrangement list and applies to 44 countries. The licence can be used for temporary export for repair or replacement, temporary export for demonstration and export after repair or demonstration that has taken place in Sweden. Licences of temporary export for demonstration only apply to products with a civil use.

The general licence applies without it being necessary to make an application. The exporter who intends to export a product which is covered by a licence to an approved country only needs to stipulate this in the export declaration.

This policy is being currently reviewed since all other EU member states require a company that uses general licences to be registered at the export control authority.

Catch-all rules are also used in cases where the exporter wishes to use a general licence. A general licence may not be used if the exporter has been notified by the Swedish authorities that the products in question may wholly or partly be intended for use in connection with, for instance, the development or proliferation of weapons of mass destruction under Article 4.1-3 of EC Regulation 1334/2000, or if the exporter in question knows that the products are intended for such use. (This is the '*catch-all*' clause). According to the same article in EC Regulation 1334/2000, special rules also apply in the event of there being an arms embargo against the recipient country.

Global licences

Global licences are company specific licences, which can apply to an unlimited quantity of defined products. The form of the global licences can differ according to the company's needs and the sensitivity of the products. Some licences only apply to one recipient, others for several countries and recipients. Global licences are only granted for civil end-use. These licences can be valid for several years. Most global licences granted are for products that are controlled in accordance with the Wassenaar Arrangement list.

To obtain a global licence, a company must have a documented and inspected export control organisation. Moreover, the licence is conditional on, for instance, the exporter verifying the undertakings on final use to avoid re-export of the products to undesirable end-users.

Individual licences

Individual licences usually only apply to a single contract that the exporter has with one customer. Careful examination takes place and a licence is only granted in the cases where it is considered that there is no risk of misuse of the product to produce weapons of mass destruction or military equipment. The same grounds of assessment are used for military end-use as for export of other military equipment.

Report on dual-use products

Tab. 20. Number of export applications received for dual-use products (DUP) 2005-2007

Export applications	2005	2006	2007
Total , export licences, global and individual, of which:	371	305	508
Wassenaar Arrangement	144	173	277
Missilte Technology Control Regime	10	16	5
Nuclear Suppliers Group (Part 2)	9	13	11
Australia Group	208	103	190
Sanctions			25

Tab. 21. Number of individual licences for permanent export of dual-use products (DUP) 2007

Country	Control regime	Number
Algeria	WA	3
Bangladesh	AG	3
Brazil	AG, WA	5
Colombia	AG, WA	3
Costa Rica	WA	1
Democratic Republic of Congo	WA	1
Dominican Republic	WA	1
Ecuador	WA	1
Egypt	AG, WA	3
Guatemala	WA	1
The Philippines	WA	1
People's Republic of China	AG, NSG, WA	53
United Arab Emirates	WA	4
Hong Kong, China	AG, WA	8
India	AG, WA	29
Indonesia	AG	8
Iraq	WA	1
Iran	AG, WA, sanctions	24
Israel	AG	6
Jordan	AG, WA	2
Kazakhstan	AG	1
Kuwait	WA	1
Lebanon	WA	1
Malaysia	AG, WA	9
The Maldives	AG	1
Mexico	AG, WA	2
Namibia	AG	1

Oman	AG	1
Paraguay	AG	1
Peru	AG, WA	2
Qatar	AG, WA	2
Republic of Korea	AG, WA	14
Russian Federation	AG, NSG, WA	14
Saudi Arabia	AG	4
Serbia	WA	5
Singapore	AG, WA	11
Sudan	WA	1
South Africa	AG, WA	3
Syria	WA	1
Taiwan	AG, WA	10
Thailand	AG, WA	14
Tunisia	AG	1
Turkey	AG, WA	17
Ukraine	AG	1
Uruguay	AG	1
Uzbekistan	AG	1
Vietnam	AG	4

Tab. 22. Number of advance rulings and enquiries about uncontrolled products

	2002	2003	2004	2005	2006	2007
Total number of advance rulings	43	43	35	61	64	118
Of which number of enquiries about uncontrolled products					50	103

Tab. 23. Number of applications concerning requests for advance rulings –controlled and uncontrolled products in 2007

Non-controlled products

Controlled products

Country	No action	"Catch all", denial	"Catch all", licence	List product, positive	List product, negative	Total
Iran	73	13	3	1	1 ⁶	91
Sudan	1					1
Serbia	1					1
Vietnam				2		2
China	5			1		6
Pakistan	1			2		3

⁶ Controlled product according to Annex II of Council regulation (EC) 423/2007.

Kazakhstan				1		1
Saudi Arabia				1		1
Nigeria				1		1
Algeria				1		1
Bangladesh	1					1
Bolivia				1		1
Israel	1					1
Syria	1					1
South Korea	1					1
Lebanon	1					1
Ethiopia	1					1
India				2		2
Hong Kong				1		1
Total	87	13	3	14	1	118

Tab. 24. No. of denials (controlled products) and Catch-all denials (uncontrolled products)

Country	Denials	Catch all denial
Iran	1	13 (MTCR, NSG, AG)

Activity at the Swedish Nuclear Power Inspectorate

In the nuclear area, a large part of trade to EU member states and all export outside the EU is subject to licence. The products and technologies concerned are listed in Annex IV to Regulation (EC) no. 1334/2000. General licences may not be granted.

Tab. 25. Export licences granted for products on NSG's list 1 from companies in Sweden to recipient countries' (reported by the Swedish Nuclear Power Inspectorate)

Recipient country	2005 Exporting company, no. of licences	2006 Exporting company, no. of licences	2007 Exporting company, no. of licences
Germany	Uddcomb Engineering, 2 Westinghouse,4	Uddcomb Engineering, 1 Westinghouse,2	Wedholm Medical, 3 Westinghouse,1
USA	Westinghouse, 19	Westinghouse, 18 AA Inter- national, 1	Westinghouse, 27 Studsvik, 1

Norway	Studsvik Nuclear, 2 Westinghouse, 1	Westinghouse, 4	Westinghouse, 3 Studsvik, 3 Wedholm Medical, 1
Finland	Westinghouse, 1	Westinghouse, 3	Westinghouse, 2
Japan	Sandvik Materials Technology, 1	Westinghouse, 2	Westinghouse, 3 Sandvik, 1
Switzerland	Westinghouse, 1	Westinghouse, 2	Westinghouse, 3
All EU member states, USA, Norway, Switzerland (global licence)		Westinghouse, 1 (only to EU and USA)	
Germany, France, Spain, USA			Uddcomb Engineering, 1
Spain		Westinghouse, 3	Westinghouse, 2
China		Sandvik Materials Technology, 1	
South Africa			Westinghouse, 2
Ukraine			Westinghouse, 1
France			Uppsala University, 1
Netherlands			Studsvik, 1
Malaysia			Svenska Tanso, 1

The Military Equipment Act

The manufacture and exportation of military equipment are governed by the Military Equipment Act (1992:1300) and the corresponding Ordinance (1992:1303). Both these statutory instruments entered into force on 1 January 1993, replacing the Control of the Manufacture of Military Equipment etc. Act (1983:1034), the Prohibition of Exports of Military Equipment etc. Act (1988:558) and the corresponding ordinances.

The present Act is essentially based on the previous legislation and previous practice. However, it applies a broader definition of military equipment and simplifies, clarifies and updates the provisions relating to the control of manufacturing and cooperation on military equipment with foreign partners.

The Military Equipment Act stipulates that military equipment must not be manufactured without a licence. A licence is also required for all types of defence industry cooperation with foreign partners. The term 'cooperation with foreign partner' covers both export sales and other arrangements for supplying military equipment (for instance transfer of ownership or brokering). It also includes the grant or transfer of manufacturing rights, agreements with a party in another country on the development of military equipment or production methods for such equipment together with or on behalf of that party, and agreements on joint manufacture of military equipment. Lastly, with certain exceptions, a licence is required for the provision of military-oriented training.

The Act divides military equipment into two categories: Military Equipment for Combat Purposes (MEC) and Other Military Equipment (OME). The Military Equipment Ordinance contains provisions specifying the types of equipment that are assigned to the two categories. The MEC category consists of destructive equipment, including sights, and firing control equipment. The OME category consists of parts and components for military equipment for combat purposes and equipment that is not directly destructive in a combat situation.

Under the EC Regulation (1334:2000) on the control of exports of dual-use products, export licences are required in some cases for items that do not fall within the definition of military equipment but are associated with military equipment that is exported.

Until 31 January 1996 decisions on export licences were taken by the Government. As of February 1 1996, decisions relating to exports of military equipment are normally taken by the Inspectorate of Strategic Products (ISP) except in cases that are deemed to be of interest from the point of view of principle or of particular importance for other reasons, which are referred to the Government for decisions.

Under paragraph 1 section 2 of the Military Equipment Act (1992:1300) licences may only be granted if the export transaction in question is justified for security or defence reasons and does not conflict with Sweden's foreign policy. The principles applied when examining applications have been established by government practice and are described in the Government's Guidelines on exports of military equipment and other cooperation arrangements with foreign partners, which have been approved by Parliament (cf. Gov. Bill 1991/92:174, p. 41 ff., Gov. Bill 1995/96:31, p. 23 ff. and Report 1992/93:UU1). The full text of the guidelines follows after this report.

General and assessment criteria

The Guidelines are interpreted on the basis of broad parliamentary support and are applied by the ISP in connection with the processing of applications for export licences under the Military Equipment Act and the Military Equipment Ordinance.

The guidelines contain two general criteria for the granting of licences under the Act, namely that cooperation with foreign partners is considered necessary to meet the Swedish armed forces' need of military equipment or know-how or is otherwise desirable for reasons of national security, and that collaboration does not conflict with the principles and objectives of Swedish foreign policy. These general criteria may be regarded as a clarification of section 1 (2) of the Military Equipment Act.

The guidelines also specify the factors that should be taken into account in connection with the consideration of individual applications. One basic condition is that all the relevant circumstances in a particular case must be considered, whether or not they are explicitly mentioned in the guidelines. These criteria also apply to collaboration with persons or enterprises in other countries on the development or manufacture of military equipment.

The guidelines emphasise in particular the importance that should be attached, in connection with the assessment of the foreign policy aspects of each application, to the human rights situation in the recipient country. The human rights criterion must always be taken into account, even in cases involving exports of equipment which in itself cannot be used to violate human rights.

Absolute obstacles to exports

The guidelines specify three types of absolute obstacles which, if they exist, are deemed to rule out the possibility of exports. These are: decisions by the UN Security Council, international agreements to which Sweden has acceded (e.g. EU sanctions), and bans imposed under international law on exports from neutral states during war.

The definition of military equipment was extended in 1993 to include some equipment for civilian or partly civilian uses. As a result of this extension of the definition, previously unregulated exports are now subjected to political scrutiny and appear in the statistics on exports of military equipment. The extension of the definition was accompanied by a division of military equipment into two categories, which are treated slightly differently in the guidelines concerning exports.

In the case of military equipment for combat purposes (MEC) the Government should not grant licences for exports to a state that is involved in an armed conflict with another state or in an international conflict that may lead to an armed conflict, or to a state in which internal armed disturbances occur. A licence should be revoked if the recipient state becomes involved in an armed conflict or internal armed disturbances. However, revocation of a licence may be waived if this is consistent with international law and with the principles and objectives of Swedish foreign policy. Licences should not be granted for exports to a state in which widespread and serious violations of human rights occur. These conditions are the same as those applied before 1993, except that previously it was only necessary to take violations of human rights into account if the equipment itself could be used to violate human rights. Sweden differs from some other EU member states in this respect.

In the case of exports of Other Military Equipment (OME), which consists largely of items that were not subject to control prior to 1993 (such as reconnaissance radars and simulators for training purposes), licences should be granted for exports to countries that are not involved in armed conflicts with other states and in which internal armed disturbances and widespread and serious violations of human rights do not occur. The risk of armed conflict is not applied as a criterion in assessments of exports of other military equipment.

Owing to the differences in the guidelines for MEC and OME, a larger number of countries may be considered as potential recipients of OME, i.e. equipment that is non-destructive, than of MEC.

Follow-on deliveries and "Swedish identity"

As regards follow-on deliveries, the guidelines state that "licences should be granted for exports of spare parts for equipment exported previously under a licence, unless an absolute obstacle exists. The same applies to other deliveries, for example of ammunition, linked to previous exports of equipment, or otherwise in cases where it would be unreasonable to deny permission".

With respect to cooperation with foreign partners, exports to third countries should be assessed in accordance with the Swedish guidelines if the identity of the item is predominantly Swedish. If its identity is predominantly foreign, or if Sweden has a strong defence

Full text of the Swedish guidelines

Licences for exports of military equipment or for other cooperation arrangements with foreign partners involving military equipment should only be granted where such exports or cooperation:

1. are considered necessary to meet the Swedish armed forces' need of military equipment or know-how or are otherwise desirable for reasons of national security; and
2. do not conflict with the principles and objectives of Swedish foreign policy.

When considering an application for a licence, the Government shall make an overall assessment of all the relevant circumstances, taking into account the basic principles mentioned above.

There is no obstacle from the point of view of foreign policy to cooperation with, or exports to, the Nordic countries and the traditionally neutral countries of Europe. In principle, cooperation with these countries may be considered consistent with Sweden's security policy. As cooperation with the other Member States of the European Union develops, the same principles regarding cooperation with foreign partners and exports should be applied to these countries too.

Licences may only be granted to governments, central government agencies or government-authorized recipients, and an End User Certificate or an Own Production Declaration should be presented in connection with exports of military equipment. A state which, despite undertakings given to the Swedish Government, allows, or fails to prevent, unauthorised re-exportation of Swedish military equipment shall not in principle be eligible as a recipient of such equipment from Sweden as long as these circumstances persist.

Licences for exports or for other cooperation arrangements with foreign partners pursuant to the Military Equipment Act must not be granted if this would contravene an international agreement to which Sweden is a party, a Resolution adopted by the United Nations Security Council or provisions of international law concerning exports from neutral states during a war (absolute obstacles).

Licences for exports of military equipment or for other cooperation arrangements with foreign partners must not be granted where the recipient country is a state in which widespread and serious violations of human rights occur. Respect for human rights is an essential condition for the issuance of licences.

Licences for exports of Military Equipment for Combat Purposes or for other cooperation arrangements with foreign partners involving Military Equipment for Combat Purposes or Other Military Equipment should not be granted where the state in question is involved in an armed conflict with another state, regardless of whether or not war has been declared, is involved in an international conflict that may lead to an armed conflict or is the scene of internal armed disturbances.

Licences should be granted for exports of equipment designated as Other Military Equipment provided that the recipient country is not involved in an armed conflict with another state, that it is not the scene of internal armed disturbances, that widespread and serious violations of human rights do not occur there and that no absolute obstacles exist.

A licence that has been granted should be revoked not only if an absolute obstacle to exports arises, but also if the recipient country becomes involved in an armed conflict with another country or becomes the scene of internal armed disturbances. Exceptionally, revocation of a licence may be forgone in the last two cases if this is consistent with international law and with the principles and objectives of Swedish foreign policy.

Licences should be granted for exports of spare parts for equipment previously exported under a licence, unless an absolute obstacle exists. The same applies to other supplies, for example of ammunition, linked to previous exports of equipment, or otherwise in cases where it would be unreasonable to refuse a licence.

As regards agreements with a foreign party on joint development or production of military equipment, the basic criteria mentioned above are to be applied when licence applications are considered. Exports to the cooperating country under the agreement should be permitted unless an absolute obstacle arises. If an agreement with a foreign party is linked to exports from the cooperating country to third countries, the question of such exports should, provided that the identity of the equipment concerned is predominantly Swedish, be considered in accordance with the guidelines for exports from Sweden.

As regards equipment with a predominantly foreign identity, exports from the cooperating country to third countries should be considered in accordance with the export rules of the cooperating country. If Sweden has a strong interest in cooperation for reasons of defence policy, and certain exports from the cooperating country are a condition for cooperation, exports to third countries may, depending on the circumstances, be allowed under the export rules of the cooperating country in other cases too.

In cases where cooperation on military equipment with a foreign partner is extensive and important to Sweden, an intergovernmental agreement should be concluded between Sweden and the cooperating country. The Advisory Council on Foreign Affairs should be consulted before such agreements are concluded.

The European Union Code of Conduct on Arms Exports

**EUROPEAN UNION
THE COUNCIL**

**Brussels, 5 June 1998
(OR.en)**

8675/2/98

**EUROPEAN UNION
CODE OF CONDUCT
ON ARMS EXPORTS**

THE COUNCIL OF THE EUROPEAN UNION,

BUILDING on the Common Criteria agreed at the Luxembourg and Lisbon European Councils in 1991 and 1992,

RECOGNIZING the special responsibility of arms exporting states,

DETERMINED to set high common standards which should be regarded as the minimum for the management of, and restraint in, conventional arms transfers by all Member States, and to strengthen the exchange of relevant information with a view to achieving greater transparency,

DETERMINED to prevent the export of equipment which might be used for internal repression or international aggression or contribute to regional instability,

WISHING within the framework of the Common Foreign and Security Policy (CFSP) to reinforce cooperation and to promote convergence in the field of conventional arms exports,

NOTING complementary measures taken against illicit transfers, in the form of the EU Programme for Preventing and Combating Illicit Trafficking in Conventional Arms,

ACKNOWLEDGING the wish of Member States to maintain a defence industry as part of their industrial base as well as their defence effort,

RECOGNIZING that States have a right to transfer the means of self-defence, consistent with the right of self-defence recognized by the UN Charter,

HAS DRAWN UP the following Code of Conduct together with Operative Provisions:

CRITERION ONE

Respect for the international commitments of Member States, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations

An export licence should be refused if approval would be inconsistent with, inter alia:

- (a) the international obligations of Member States and their commitments to enforce UN, OSCE and EU arms embargoes;
- (b) the international obligations of Member States under the Nuclear Non-Proliferation Treaty, the Biological and Toxin Weapons Convention and the Chemical Weapons Convention;
- (c) the commitments of Member States in the framework of the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group and the Wassenaar Arrangement;

- (d) the commitment of Member States not to export any form of anti-personnel landmine. Skr. 2007/08:114

CRITERION TWO

The respect of human rights in the country of final destination

Having assessed the recipient country's attitude towards relevant principles established by international human rights instruments, Member States will:

- (a) not issue an export licence if there is a clear risk that the proposed export might be used for internal repression.
- (b) exercise special caution and vigilance in issuing licences, on a case-by-case basis and taking account of the nature of the equipment, to countries where serious violations of human rights have been established by the competent bodies of the UN, the Council of Europe or by the EU;

For these purposes, equipment which might be used for internal repression will include, inter alia, equipment where there is evidence of the use of this or similar equipment for internal repression by the proposed end-user, or where there is reason to believe that the equipment will be diverted from its stated end-use or end-user and used for internal repression. In line with paragraph 1 of the Operative Provisions of this Code, the nature of the equipment will be considered carefully, particularly if it is intended for internal security purposes. Internal repression includes, inter alia, torture and other cruel, inhuman and degrading treatment or punishment, summary or arbitrary executions, disappearances, arbitrary detentions and other major violations of human rights and fundamental freedoms as set out in relevant international human rights instruments, including the

CRITERION THREE

The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts

Member States will not allow exports which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination.

CRITERION FOUR

Preservation of regional peace, security and stability

Member States will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim.

When considering these risks, Member States will take into account inter alia:

- (a) the existence or likelihood of armed conflict between the recipient and another country;
- (b) a claim against the territory of a neighbouring country which the recipient has in the past tried or threatened to pursue by means of force;
- (c) whether the equipment would be likely to be used other than for the legitimate national security and defence of the recipient;

(d) the need not to affect adversely regional stability in any significant way. Skr. 2007/08:114

CRITERION FIVE

The national security of the Member States and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries

Member States will take into account:

- (a) the potential effect of the proposed export on their defence and security interests and those of friends, allies and other Member States, while recognizing that this factor cannot affect consideration of the criteria on respect for human rights and on regional peace, security and stability;
- (b) the risk of use of the goods concerned against their forces or those of friends, allies or other Member States;
- (c) the risk of reverse engineering or unintended technology transfer.

CRITERION SIX

The behaviour of the buyer country with regard to the international community, as regards in particular its attitude to terrorism, the nature of its alliances and respect for international law

Member States will take into account inter alia the record of the buyer country with regard to:

- (a) its support or encouragement of terrorism and international organized crime;

- (b) its compliance with its international commitments, in particular on the non-use of force, including under international humanitarian law applicable to international and non-international conflicts;
- (c) its commitment to non-proliferation and other areas of arms control and disarmament, in particular the signature, ratification and implementation of relevant arms control and disarmament conventions referred to in point (b) of Criterion One.

CRITERION SEVEN

The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions

In assessing the impact of the proposed export on the importing country and the risk that exported goods might be diverted to an undesirable end-user, the following will be considered:

- (a) the legitimate defence and domestic security interests of the recipient country, including any involvement in UN or other peace-keeping activity;
- (b) the technical capability of the recipient country to use the equipment;
- (c) the capability of the recipient country to exert effective export controls;
- (d) the risk of the arms being re-exported or diverted to terrorist organizations (anti-terrorist equipment would need particularly careful consideration in this context).

The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources

Member States will take into account, in the light of information from relevant sources such as UNDP, World Bank, IMF and OECD reports, whether the proposed export would seriously hamper the sustainable development of the recipient country. They will consider in this context the recipient country's relative levels of military and social expenditure, taking into account also any EU or bilateral aid.

OPERATIVE PROVISIONS

1. Each Member State will assess export licence applications for military equipment made to it on a case-by-case basis against the provisions of the Code of Conduct.
2. The Code of Conduct will not infringe on the right of Member States to operate more restrictive national policies.
3. Member States will circulate through diplomatic channels details of licences refused in accordance with the Code of Conduct for military equipment together with an explanation of why the licence has been refused. The details to be notified are set out in the form of a draft pro-forma set out in the Annex hereto. Before any Member State grants a licence which has been denied by another Member State or States for an essentially identical transaction within the last

three years, it will first consult the Member State or States which issued the denial(s). If following consultations, the Member State nevertheless decides to grant a licence, it will notify the Member State or States issuing the denial(s), giving a detailed explanation of its reasoning.

The decision to transfer or deny the transfer of any item of military equipment will remain at the national discretion of each Member State. A denial of a licence is understood to take place when the Member State has refused to authorize the actual sale or physical export of the item of military equipment concerned, where a sale would otherwise have come about, or the conclusion of the relevant contract. For these purposes, a notifiable denial may, in accordance with national procedures, include denial of permission to start negotiations or a negative response to a formal initial enquiry about a specific order.

4. Member States will keep such denials and consultations confidential and not use them for commercial advantage.
5. Member States will work for the early adoption of a common list of military equipment covered by the Code of Conduct, based on similar national and international lists. Until then, the Code of Conduct will operate on the basis of national control lists incorporating where appropriate elements from relevant international lists.
6. The criteria in the Code of Conduct and the consultation procedure provided for by paragraph 3 of these Operative Provisions will also apply to dual-use goods as specified in Annex 1 to Council

Decision 94/942/CFSP⁷, where there are grounds for believing that the end-user of such goods will be the armed forces or internal security forces or similar entities in the recipient country.

7. In order to maximize the efficiency of the Code of Conduct, Member States will work within the framework of the CFSP to reinforce their cooperation and to promote their convergence in the field of conventional arms exports.
8. Each Member State will circulate to other Member States in confidence an annual report on its defence exports and on its implementation of the Code of Conduct. These reports will be discussed at an annual meeting held within the framework of the CFSP. The meeting will also review the operation of the Code of Conduct, identify any improvements which need to be made and submit to the Council a consolidated report, based on contributions from Member States.
9. Member States will, as appropriate, assess jointly through the CFSP framework the situation of potential or actual recipients of arms exports from Member States, in the light of the principles and criteria of the Code of Conduct.
10. It is recognized that Member States, where appropriate, may also take into account the effect of proposed exports on their economic, social, commercial and industrial interests, but that these factors will not affect the application of the above criteria.
11. Member States will use their best endeavours to encourage other arms exporting states to subscribe to the principles of the Code of Conduct.

⁷ OJ L 367, 31.12.1994, p. 8. Decision as last amended by Decision 98/232/CFSP (OJ L 92, 25.3.1998, p. 1).

12. The Code of Conduct and Operative Provisions will replace any previous elaboration of the 1991 and 1992 Common Criteria.

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Details to be notified

.....[name of Member State] has the honour to inform partners of he following denial under the EU Code of Conduct:

Destination country:

Short description of equipment, including quantity and where appropriate, technical specifications:

.....

Proposed consignee:

Proposed end-user (if different):

Reason for refusal:

Date of denial:

The Swedish military list

Annex 1 to the Military Equipment Ordinance (1992:1303) (point A and B, point C is not included in this Communication)

A. List of military equipment for combat purposes (MEC) in accordance with the Military Equipment Act (1992: 1300)

MEC1. Barrel weapons of less than 20mm calibre, etc.

- a. Rifles and carbines manufactured later than 1937 which are designed for combat since they feature facilities for the firing of grenades, have a bayonet mounting or are in other ways specially adapted for military combat, and are also fully automatic weapons such as automatic carbines, sub-machine guns, light machine guns and machine guns,
- b. Mechanisms, barrels and boxes for the above weapons.

MEC2. Barrel weapons of 20mm calibre or greater, etc.

- a. Artillery pieces, such as cannon and howitzers, mortars, and also anti-tank weapons such as recoilless anti-tank guns and light anti-armour weapons,
- b. Flame-throwers,
- c. Barrels, mechanisms, gun-carriages, ground plates and recoil mechanisms for the above weapons.

MEC3. Ammunition and warheads for barrel weapons, etc.

- a. Ammunition for combat purposes which may be used with MEC 1 and MEC 2 equipment,
- b. Projectiles, shell bodies, homing devices and submunitions for the above ammunition.

MEC4. Missiles, rockets, torpedoes, bombs. etc.

- a. Missiles, rockets, torpedoes, bombs, hand grenades, rifle grenades, land mines and naval mines for combat purposes,
- b. Apparatus and arrangements designed for the arming, deployment and launching of the above equipment,
- c. Homing devices, warheads, submunitions, fuses, proximity fuses, motors, control systems, barrels and carriages for the above equipment.

MEC5. Apparatus and gear for the aiming and control etc. of military equipment for combat purposes

- a. Firing control equipment functionally integrated in weapons systems and essential for the aiming of weapons under MEC 1, MEC 2 and MEC 4, such as sights, gun-laying instruments, apparatus for gun-laying calculations or trajectory calculations and also sensors,
- b. Target tracking and target illumination systems, and also localisation equipment which provide weapons systems with final targeting information.

MEC6. ABC weapons, etc.

- a. Nuclear charges, and also radiological, biological and chemical weapons,
- b. Apparatus and other arrangements for the dissemination of radiological, biological and chemical weapons,
- c. Special components and substances for the above materiel.

MEC7. Gunpowder and explosives, etc.

- a. Military gunpowder and fuels for ammunition, missiles, rockets, torpedoes, etc.,
- b. Military high explosives for nuclear charges, ammunition, missiles, rockets, torpedoes, bombs, shells, mines, etc.,
- c. Military destructive charges and military pyrotechnics,
- d. Military fuel thickening agents, including substances (e.g. octal) or mixtures of such substances (e.g. napalm) which are especially designed to produce gel-type incendiary material when mixed with petroleum products, for use in bombs, shells or flame throwers or for other combat purposes.

MEC8. Warships, etc.

Vessels, boats and other surface and submarine craft designed for combat in that they are armed or prepared for the fitting of weapons, or in other respects equipped for the deployment, laying or launching of military materiel.

MEC9. Combat aircraft, etc.

Aircraft and spacecraft designed for combat in that they are armed or prepared for the fitting of weapons or equipped or designed to carry military equipment covered by MEC 4 and MEC 6.

MEC10. Combat vehicles, etc.

Combat vehicles and other armed or armoured vehicles, and also vehicles prepared for the fitting of weapons or designed for the launching or laying of weapons.

MEC11. Directed energy weapon systems

Laser beam, particle beam or micro-wave systems especially designed to damage or destroy targets in the course of military combat.

B. List of Other Military Equipment (OME) in accordance with the Military Equipment Act (1992:1300)

For the purposes of this list, a structural, electrical or mechanical change which involves the replacement of a component by at least one specially designed military component, or the addition of at least one such component is referred to as "specially modified for military use".

A product is considered to be specially designed for military use if it has been primarily developed or designed on the basis of military

specifications or objectives, irrespective of whether it also has civilian applications.

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The term "special parts and components" refers to parts and components which have been specifically designed for military use or have been modified for such use in accordance with the above definition and have also been subject to final processing to comply with the intended specifications or are incomplete in that only one or a few minor operations are required to achieve completion. However, machine components and electrical and electronic components of standard type do not constitute military equipment if the modification is of a minor nature and does not significantly change the function of the component.

OME21. Barrel weapons of less than 20 mm calibre etc.

- a. Rifles and carbines manufactured prior to 1938 or designed for hunting and sport purposes and also hand operated firearms such as revolvers and pistols; with the exception of antique firearms manufactured prior to 1890, reproductions of such weapons, smooth-bore weapons for hunting and sport purposes and also air guns and spring-powered weapons or carbon dioxide weapons with an impact force of less than or equal to 10 joules at a distance of 4 metres from the muzzle.
- b. Special parts for weapons covered by sub-section a. which are subject to the provisions of the Weapons Act,
- c. Special parts for weapons included in MEC 1.

OME22. Barrel weapons of 20 mm calibre or greater etc.

- a. Barrel weapons of a type covered by MEC 2 but exclusively designed for the launching of non-destructive ammunition,
- b. Special parts and equipment for barrel weapons of 20mm calibre, etc. as above and as covered by MEC 2.

OME23. Ammunition, etc.

- a. Smoke, flare and training ammunition for weapons covered by MEC 1, MEC 2 and MEC 4,
- b. Expanding bullet ammunition of a type employed for hunting or sporting purposes,
- c. Safety and arming devices, fuse and detonation chain connections.
- d. Special parts for ammunition as above and as covered by MEC 3.

OME24. Bombs, torpedoes, rockets and missiles, etc.

- a. Training, smoke, flare and foil versions of equipment covered by MEC 4a and 4b,
- b. Apparatus and devices for the localization, discovery, sweeping, clearing, disarming or exploding of equipment covered by MEC 3 and MEC 4,
- c. Special parts and equipment for materiel as above and as covered by MEC 4.

OME25. Reconnaissance and measurement equipment, etc. which is specially designed or modified for military applications, etc., including

- a. Distance, position and altitude measuring equipment, discovery, recognition and identification equipment and also equipment for sensor integration,
- b. Electronic, electro-optical, gyro-stabilized, acoustic and optical observation equipment,
- c. Equipment to suppress acoustic, radar, infra-red and other emissions,
- d. Special parts for equipment as above and as covered by MEC 5.

OME26. Protective equipment, etc.

- a. Equipment designed for military applications providing protection and defence against conventional weapons and also against biological agents, chemical weapons or radioactive materials covered by MEC 6,
- b. Equipment designed for military applications for the discovery and identification of biological and chemical agents and radioactivity,
- c. Designs involving specially composed combinations of materials to provide protection for military systems against the effects of weapons,
- d. special components for the above equipment.

OME27. Explosives, etc.

- a. Special products contained in military explosives, gunpowder and fuels, such as additives and stabilizers, also other substances and mixtures specifically used for the manufacture of products covered by MEC 7.

OME28. Surveillance vessels. Specially designed or modified components and equipment for warships and also special naval equipment, etc.

- a. Vessels for surveillance purposes which are not designed for military action,
- b. Motors which are specially designed or modified for permanent installation in warships and also submarine storage batteries,
- c. Apparatus for the detection of objects under water which are specially designed for military purposes and control equipment for such apparatus,
- d. Submarine and torpedo nets,
- e. Compasses, course indicators and inertial navigation equipment specifically designed for submarines,
- f. Special parts for the above equipment and equipment as covered by the MEC 8.

OME29. Aircraft and helicopters specially designed or modified for military applications, etc.

- a. Aircraft, helicopters and other air vessels, including those designed for military reconnaissance, military training and military maintenance,
- b. Aircraft engines specially designed for use in military aircraft and helicopters covered by sub-section a,

- c. Unmanned air vessels and auto-guided, programmable air vessels and their launchers, ground equipment and communications and control equipment,
- d. Equipment for high pressure respiration and pressure suits for use in aircraft and helicopters, G-suits, military air helmets and protective masks, oxygen equipment for aircraft, helicopters and missiles and also catapults and other ejection equipment for personnel rescue purposes,
- e. Parachutes for combat personnel, the air dropping of loads and speed reduction,
- f. Special parts for the above equipment and equipment as covered by MEC 9.

OME30. Vehicles which are specially designed or modified for military applications, etc., including

- a. Towing vehicles,
- b. Artillery trucks and traction vehicles especially designed to pull artillery pieces and combat vehicles,
- c. Amphibious vehicles, vehicles for deep-fording and also hovercraft,
- d. Mobile workshops especially designed for servicing military equipment,
- e. Special parts for the above equipment and equipment as covered by MEC 10.

OME31. Directed energy weapons systems, etc.

- a. Special parts for directed energy weapons systems.

OME32. Fortification facilities, etc.

- a. Fortification facilities primarily designed for armed defence measures or for the direct command of such measures,
- b. Production data for the above facilities.

OME33. Electronic equipment especially designed for military applications, etc.

- a. Jamming equipment and equipment for countermeasures against jamming, including electronic jamming equipment (ECM) and equipment for countermeasures (ECCM),
- b. Countermeasure equipment for submarine applications, including acoustic and magnetic jamming equipment and decoy targets which are designed to produce alien or false signals in sonar receivers,
- c. Security equipment for computers and for transmission equipment and signal links which employ cryptography,
- d. Special parts and components for the above equipment.

OME34. Photographic and electro-optical image equipment especially designed for military use, etc.

- a. Aerial reconnaissance cameras and associated equipment,
- b. Film development and copying apparatus,
- c. Infra-red, thermal image and light amplification equipment and also countermeasures against such equipment,
- d. Special parts and components for the above equipment.

OME35. Training equipment, etc.

- a. Equipment designed for military applications involving training in the use of equipment covered by this list,
- b. Special parts and components for the above equipment.

OME36. Equipment for the manufacture of military equipment, etc.

- a. Specially designed or modified manufacturing equipment and special parts and components for such equipment,
- b. Specially designed environmentally determined test facilities for certification, qualification or testing,
- c. Production data for the manufacture of military equipment.

OME37. Software

Software which is specially designed or modified for the development and production of or use in equipment or materiel covered by this list,

b. Special software as follows:

1. Software specially designed for military command, communications, control or intelligence applications,
2. Software specially designed for the simulation of the operating sequence of military weapons systems,
3. Software to determine the effects of conventional, nuclear, chemical and biological weapons.

Regulation (EC) No. 1334/2000 on Control of Exports of Dual-use Products

Community law

In 2000 the Council of the European Union issued Council Regulation (EC) No 1334/2000 setting up a Community regime for the control of exports of dual-use items and technology (OJ No L 159, 30.6.2000, p. 1). The Regulation entered into force on 28 September 2000, replacing Council Regulation (EC) No 3381/94 setting up a Community regime for the control of exports of dual-use items, which entered into force in 1995. Unlike the multilateral export control regimes that were described in previous sections, the Regulation is legally binding on Sweden, as well as the other EU member states. Its purpose is as far as possible to establish free movement for controlled items in the internal market while strengthening and harmonising the various national control systems for exports to third countries.

The Regulation combines the Member States' undertakings within the framework of the multilateral export control regimes with the freest possible movement of goods in the internal market. Developments in the regimes (the AG, MTCR, NSG, and WA) are taken into account by continuous alterations and updates of the lists of items annexed to the Regulation. The annexes to the new Regulation are adopted within the framework of Community cooperation under the first

pillar, which means that they become directly applicable at the national level. The annexes are to be updated on an annual basis. Skr. 2007/08:114

The Regulation of 2000 introduced several new elements. The processing of licence applications is now simpler since the regulation includes common criteria that must be taken into consideration by member states when processing applications. However, licences are granted nationally, see below. Furthermore, a general community authorisation for export of specific products to certain third countries was introduced. This type of authorisation has simplified matters for exporters since one and the same authorisation can be referred to regardless of the EU country from which the products are exported. This has also led to a better consensus in the EU on this type of exports.

Swedish legislation

In Sweden, the Control of Dual-Use Products and Technical Assistance Act (2000:1064) and the associated Ordinance (2000:1217) complement the Council Regulation at the national level. Both the Act and the Ordinance entered into force on January 1 2001, replacing the Strategic Products Act (1998:397) and the Strategic Products Ordinance (1998:400).

Unlike the legislation on military equipment, in which export licences represent exemptions from a general prohibition of exports, the reverse applies under the rules for control of dual-use goods. In such cases export licences are granted unless they are prejudicial to foreign or security interests within the meaning of the EC Regulation.

Licences must be obtained for exportation and transfer of dual-use goods, and the granting authority is the Inspectorate for Strategic Products (ISP). However, in the case of nuclear material and materials etc. listed in Category 0 of Annex 1 to the Council Regulation, licences are granted by the Swedish Nuclear Power Inspectorate.

Like the previous legislation, the Dual-use goods and Technical Assistance Act does not include any provisions concerning the possibility of obtaining advance notification of whether or not an export licence will be granted in the event of exportation of dual-use goods to a specific destination. However, in practice the ISP gives companies advance notifications nonetheless.

The catch-all clause

Under Article 4 of EC Regulation 1334/2000 and the relevant Swedish legislation, a licence may also be required for exports of items that are not specified in the annexes to the Regulation ('non-listed products') if the exporter has been informed by the Swedish authorities that the item is or may be intended to be used in connection with the production of weapons of mass destruction or missiles that are capable of carrying such weapons. This provision, which allows for controls of non-listed items, is known as a catch-all clause and has been added to ensure that the aims of the Regulation are

not circumvented due to the fact that item lists are seldom exhaustive in view of rapid technological developments. Skr. 2007/08:114

For the catch-all clause to be applicable, the exporter must have been informed by the Swedish authorities of the use of the product. However, the exporter is also required to inform the Swedish authorities if he is aware that an item is intended, in its entirety or in part, for a use referred to in Article 4.1-3. In that case the ISP must decide whether or not an export licence is required.

The catch-all clause also lays down special conditions for licences in certain cases for exports related to military end use or military equipment, or exports of non-listed products which are or may be intended for use in a country that is subject to an embargo imposed by the UN, the EU or the OSCE (Organisation for Security and Co-operation in Europe) and for exports of non-listed products which are or may be intended to be used as parts or components for military equipment that has been illegally exported. On the basis of this provision, the EU has endeavoured to introduce catch-all clauses in the various export control regimes.

Tab. 26. Membership of multilateral export control regimes in 2007

Country	ZC	NSG	AG	MTCR	WA
Argentina	x	x	x	x	x
Australia	x	x	x	x	x
Belgium	x	x	x	x	x
Brazil	-	x	-	x	-
Bulgaria	x	x	x	x	x
Cyprus	-	x	x	-	-
Denmark	x	x	x	x	x
Estonia	-	x	x	-	x
Finland	x	x	x	x	x
France	x	x	x	x	x
Greece	x	x	x	x	x
Ireland	x	x	x	x	x
Iceland	-	-	x	x	-
Italy	x	x	x	x	x
Japan	x	x	x	x	x
Canada	x	x	x	x	x
Kazakhstan	-	x	-	-	-
China	x	x	-	-	-
Korea (Rep.)	x	x	x	x	x
Croatia	x	x	-	-	x
Latvia	-	x	x	-	x
Lithuania	-	x	x	-	x
Luxembourg	x	x	x	x	x
Malta	-	x	x	-	x
Netherlands	x	x	x	x	x
Norway	x	x	x	x	x
New Zealand	-	x	x	x	x
Poland	x	x	x	x	x
Portugal	x	x	x	x	x
Romania	x	x	x	-	x
Russia	x	x	-	x	x
Switzerland	x	x	x	x	x
Slovakia	x	x	x	-	x
Slovenia	x	x	x	-	x
Spain	x	x	x	x	x
United Kingdom	x	x	x	x	x
Sweden	x	x	x	x	x
South Africa	x	x	-	x	x
Czech Republic	x	x	x	x	x
Turkey	x	x	x	x	x

Germany	x	x	x	x	x
Ukraine	x	x	x	x	x
Hungary	x	x	x	x	x
USA	x	x	x	x	x
Belarus	-	x	-	-	-
Austria	x	x	x	x	x
TOTAL	36	45	39	34	40

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The European Commission participates as an observer in the Australia Group, in the Nuclear Suppliers Group and the Zangger Committee.

International weapon embargoes in 2007

The table below lists the international arms embargoes that were in force for the whole or part of 2007, their period of application and the decision under which the embargo was imposed and, in some cases, changed or lifted. References are also included to the legislation including prohibitions against providing technical assistance for military activity and prohibition against supplying equipment that can be used for internal repression. The table also shows whether there are any exemptions from the embargoes. Such exemptions are usually related to humanitarian assistance or peacekeeping operations. For details concerning exemptions, see www.un.org, www.europa.eu.int or www.osce.org depending on the type of embargo.

Tab. 27. International weapon embargoes in 2007

Country	Type of embargo	Period of application in 2007	Reference
Armenia	UN embargo (non-binding)	The whole year	UNSCR 853 (1993)
	OSSE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno-Karabakh	The whole year	CSOOSCE (1992)
Azerbaijan	UN embargo (non-binding)	The whole year	UNSCR 853 (1993)
	OSSE embargo on supplies of weapons and ammunition to the combatant forces in Nagorno-Karabakh	The whole year	CSOOSCE (1992)

Country	Type of embargo	Period of application in 2007	Reference
Burma/Myanmar	EU-embargo. Some exceptions.	The whole year	General Affairs Council Declaration of 29 July 1991 Common Position 2006/318/CFSP <i>changed by:</i> -Common Position 2007/248/CFSP -Common Position 2007/750/CFSP Council Regulation (EC) nr 817/2006 <i>changed by:</i> -Council Regulation (EC) no. 1411/2006 - Council Regulation (EC) no. 830/2007

Country	Type of embargo	Period of application in 2007	Reference
Ivory Coast	UN embargo. Some exceptions. EU embargo. Some exceptions.	The whole year The whole year	UNSCR 1572 (2004) UNSCR 1643 (2005) UNSCR 1782 (2007) Council's Common Position 2004/852/CFSP <i>changed by:</i> - Common Position 2006/30/CFSP - Common Position 2007/761/CFSP Council Regulation (EC) no. 174/2005
Democratic People's Republic of Korea (North Korea)	UN embargo EU embargo. Some exceptions.	The whole year The whole year	UNSCR 1718 (2006) Council's Common Position 2006/795/CFSP Council Regulation (EC) no. 329/2007

Country	Type of embargo	Period of application in 2007	Reference
Democratic Republic of Congo (formerly Zaire)	UN embargo. Some exceptions.	The whole year	UNSCR 1493 (2003) UNSCR 1533 (2004) UNSCR 1596 (2005) UNSCR 1649 (2005) UNSCR 1771 (2007)
	EU embargo. Some exceptions.	The whole year	Declaration 33/93, 7 April, 1993 Council's Common Position 2005/440/CFSP <i>changed by:</i> -Common Position 2005/846/CFSP - Common Position 2006/624/CFSP - Common Position 2006/654/CFSP Council Regulation (EC) no. 889/2005 <i>changed by</i> - Council Regulation (EC) no. 1377/2007

Country	Type of embargo	Period of application in 2007	Reference
			<p><i>changed by:</i> - Common Position 2006/518/CFSP - Common Position 2007/93/CFSP</p> <p>Council Regulation (EC) no. 234/2004</p> <p><i>changed by:</i> -Council Regulation (EC) no. 1126/2006 - Council Regulation (EC) no. 866/2007</p>
Rwanda	UN embargo. Some exceptions. Restrictions on sales of weapons to persons in neighbouring states if the weapons are for use in Rwanda	The whole year The whole year	UNSCR 918 (1994) UNSCR 997 (1995) UNSCR 1011 (1995)
Sierra Leone	UN embargo on transfers to non-government forces in Sierra Leone. Some exceptions EU-embargo. Some exceptions	The whole year The whole year	UNSCR 1171 (1998) UNSCR 1299 (2000) UNSCR 1793 (2007) Council's Common Position 98/409/CFSP
Somalia	UN embargo. Some exceptions.	The whole year	UNSCR 733 (1992)

Country	Type of embargo	Period of application in 2007	Reference
	EU embargo. Some exceptions.	The whole year	UNSCR 1356 (2001) UNSCR 1425 (2002) UNSCR 1725 (2006) UNSCR 1744 (2007) Council's Common Position 2002/960/CFSP <i>changed by:</i> - Common Position 2007/94/CFSP - Common Position 2007/391/CFSP Council Regulation (EC) no. 147/2003 <i>changed by:</i> - Council Regulation (EC) no. 631/2007
Sudan	UN embargo. Some exceptions. EU embargo. Some exceptions.	The whole year The whole year	UNSCR 1556 (2004) UNSCR 1591 (2005) Council's Common Position 2005/411/CFSP Council Regulation (EC) no. 131/2004 <i>changed by:</i>

Country	Type of embargo	Period of application in 2007	Reference
			- Council Regulation (EC) no. 1353/2004 - Council Regulation (EC) no. 838/2005
Usama bin Laden, al-Qaida and the Taliban	UN embargo	The whole year	UNSCR 1390 (2002) UNSCR 1333 (2000) UNSCR 1452 (2002) UNSCR 1526 (2004) UNSCR 1617 (2005) UNSCR 1735 (2006)
	EU embargo	The whole year	Council's Common Position 2002/402/CFSP <i>changed by:</i> -Common Position 2003/140/CFSP Council Regulation (EC) no. 881/2002
Uzbekistan	EU-embargo. Some exceptions.	The whole year	Council's Common Position 2007/734/CFSP Council Regulation (EC) no. 1859/2005
Zimbabwe	EU-embargo. Some exceptions.	The whole year	Council's Common Position 2004/161/CFSP

Country	Type of embargo	Period of application in 2007	Reference
			<i>changed by:</i> - Common Position 2006/51/CFSP - Common Position 2007/120/CFSP Council Regulation (EC) no. 314/2004

Catch-all. This mechanism makes it possible to subject dual-use goods that are not included in the export control lists to export controls. An exporter must apply for an export licence if the export control authority has informed it that the item that it wishes to export may be intended for the production of weapons of mass destruction. The same applies where the exporter is aware that the item is intended for production of such weapons.

Denial. Refusal to grant permission for a company's exports of military equipment to a particular country. Members of multilateral cooperation structures are expected to inform co-members of denials.

Export control regimes. There are currently five such regimes: the Zangger Committee (ZC), the Nuclear Suppliers Group (NSG), the Australia Group (AG), the Wassenaar Arrangement (WA) and the Missile Technology Control Regime (MTCR). Their objective is to identify goods and technologies that should be made subject to export controls, to harmonise the export control, to exchange information about proliferation risks and to promote non-proliferation in contacts with countries that do not belong to the regimes.

Export licences. When applying for export licences companies state the amount for which a contract has been concluded with another country. Usually, deliveries then continue for several years and seldom start in the same year as the contract was concluded. Therefore, the goods covered by export licences are not the same thing as actual deliveries; they merely indicate the volume of orders won by Swedish companies in the international market in a given year.

Intangible transfers. Transfers of software or technology from one country to another with the help of electronic media, fax, telephone or person to person.

Non-proliferation. Measures that are taken in various international (multilateral) forums in order to prevent the proliferation of weapons of mass destruction. The main results of these measures are a number of international agreements and cooperation in several export control regimes.

No undercut. When a denial is issued, the other members of the multilateral regime are expected to consult the issuing state if they are considering an application for an export licence in respect of a similar transaction. The purpose of this is to make sure that the refused buyer does not try to find a supplier in another country and that countries' export controls do not lead to competitive distortions.

Outreach. Activities designed to raise awareness, provide information or services to citizens or interest individuals or organizations in the context of export control.

Weapons of mass destruction. Nuclear, biological and chemical weapons. Efforts to prevent the proliferation of weapons of mass destruction also address certain weapon carriers such as long-range ballistic missiles and cruise missiles.

AG	Australia Group
ATT	Arms Trade Treaty
BAFA	Bundesamt für Wirtschaft und Ausfuhrkontrolle
BTWC	Biological and Toxin Weapons Convention
COARM	Council Working Group on Conventional Arms Exports
CBW	Chemical and biological weapons
COCOM	Coordinating Committee on Multilateral Export Controls
CONOP	Council Working Group on Non-proliferation
CWC	Chemical Weapons Convention
EAPC	Euro-Atlantic Partnership Council
EDA	European Defence Agency
EKR	Export Control Council
EURENCO	European Energetics Corporation
FOI	Swedish Defence Research Agency
IAEA	International Atomic Energy Agency
ISP	Inspectorate for Strategic Products
MEC	Military Equipment for Combat Purposes
LoI	Letter of Intent
MANPADS	Man-Portable Air Defence Systems
MTCR	Missile Technology Control Regime
NPT	Nuclear Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
OECD	Organisation for Economic Cooperation and Development
OJ	Official Journal of the European Union
OME	Other military equipment
OPCW	Organisation for the Prohibition of Chemical Weapons
OSCE	Organisation for Security and Co-operation in Europe
PSI	Proliferation Security Initiative
SALW	Small Arms and Light Weapons
SIPRI	Stockholm International Peace Research Institute
SKI	Swedish Nuclear Power Inspectorate
SME	Small and Medium-Sized Enterprises
SÖ	Sweden's International Agreements
TI	Transparency International
WEAG	Western European Armaments Group
WEAO	Western European Armaments Organization
WA	Wassenaar Arrangement
ZC	Zangger Committee
WPDU	Working Party on Dual-Use Goods

Annex 9 A guide to other sources

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Further information about the subject matter of this Communication can be found on the websites listed below. Most of these belong to organizations outside the Government Offices. Consequently, the Government Offices are not responsible for the content or accuracy of the information contained in these websites. The references listed below should therefore be regarded as an optional guide for interested readers.

Australia Group	www.australiagroup.net
European Defence Agency	http://eda.europa.eu/
European Union	http://europa.eu/
Export Control Council	http://www.isp.se/sa/node.asp?node=525
United Nations	www.un.org
International Atomic Energy Agency	www.iaea.org
Inspectorate of Strategic Products	www.isp.se
Lagrummet – Joint website for Swedish legal texts	www.lagrummet.se
Missile Technology Regime	www.mtcr.info
Nuclear Suppliers Group	www.nuclearsuppliersgroup.org
Organisation of Economic Co-operation and Development	www.oecd.org
Organisation for the Prohibition of Chemical Weapons	www.opcw.org
Swedish Nuclear Power Inspectorate	www.ski.se
Stockholm International Peace Research Institute	www.sipri.org
Swedish Government	www.regeringen.se
The Riksdag (Swedish Parliament)	www.riksdagen.se
Ministry for Foreign Affairs	www.ud.se
World Bank	www.worldbank.org
Wassenaar Arrangement	www.wassenaar.org
Zangger Committee	www.zanggercommittee.org



REGERINGSKANSLIET

**Ministry for Foreign Affairs
Sweden**

103 39 Stockholm

Telephone: +46 8 405 1000, website: www.sweden.gov.se/mfa

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